

The Dodd-Frank Wall Street Reform and Consumer Protection Act Benefits Women

Too many responsible women have paid the price for an outdated regulatory system that left our financial system vulnerable to collapse and left families without adequate protections. In the summer of 2009, the Obama Administration put forward a legislative proposal crafted to rein in excessive risk on Wall Street and preserve economic opportunity on Main Street. A year later, the President signed into law a bill aligned to a remarkable degree with that original proposal. This comprehensive financial reform, which put in place the strongest consumer financial protections in history, included the creation of a new, dedicated Consumer Financial Protection Bureau (CFPB).

The CFPB, an independent entity within the Federal Reserve, will have one mission: to protect consumers by promoting transparency and consumer choice and preventing abusive and deceptive practices. It will have broad authority to write and enforce new consumer financial protection rules. The CFPB will use these authorities to promote financial stability and protect consumers – including women – from the unfair practices that contributed to the financial crisis.

Women and the Financial Crisis

- **Women made up 30% of borrowers for mortgages of all types in 2005 and 38.8% of borrowers with subprime loans.** [Consumer Federation of America, "[Women are Prime Targets for Subprime Lending](#)" (December 2006) ("CFA")]
- **Women were 32% more likely to have received subprime mortgages of all types than men, regardless of income.** About a third (32.0%) of all women received subprime (3 percentage points above the Treasury threshold) mortgage loans of all types compared to about a quarter (24.2%) of men. [CFA]
- **Women were 41% more likely to have received high-cost subprime loans, regardless of income.** 10.9% of women received high-cost subprime (5 percentage points over the Treasury threshold) mortgages compared to 7.7% of men. [CFA]
- **Women disproportionately turn to payday loans, tax refund anticipation loans, and title loans.** [AARP, "[The Alternative Financial Services Industry](#)" Issue Brief (August 2001)] Based on analysis of the 2007 Survey of Consumer Finances, the Center for American Progress reported that "payday loans are disproportionately taken out by families headed by single women, followed closely by married couples." Of families who borrowed from a payday lender, 41% were headed by single women, just 19% were headed by single men, and the remainder were headed by a married couple. By contrast, 59% of families who did not take out a payday loan were headed by married couples while only 27% were headed by single women and the remainder were headed by single men. [Center for American Progress, "[Who Borrows from Payday Lenders](#)," (March 2009)]

Women and Long-Term Financial Security

- **Women are at a higher risk for retirement insecurity.** According to research from the National Institute on Retirement Security, "Women remain at a higher risk for retirement insecurity as compared to men." [National Institute on Retirement Security, "[Shattering the Retirement Glass Ceiling](#)" (May 7, 2009) ("NIRS")]
- **Women need to accumulate more retirement assets than men because they are likely to live longer.** According to research from the National Institute on Retirement Security, women tend to live longer than men and therefore need to accumulate more retirement assets. [NIRS]
- **Research has shown that on average women had nearly \$47,000 less in their 401(k) plans than the average balance for men.** [Hewitt Worldwide, "[Hewitt Research Shows Women Much Less Prepared To Retire Than Men](#)" (July 9, 2009)]

The Wall Street Reform and Consumer Protection Act of 2010 Is Beneficial for Women

- **Fair markets for women:** One pillar of the CFPB's mission will be to ensure that markets for consumer financial products and services operate transparently and efficiently to facilitate access for all Americans, including women. The CFPB will enforce fair lending laws that protect women from discriminatory lending practices. The CFPB will also be empowered to focus on improving disclosures and cracking down on abusive practices to make it easier for families to identify and avoid high cost, high risk products that don't meet their needs.
- **For women who want to buy a home:** The CFPB will consolidate and simplify with plain language two overlapping and sometimes inconsistent federal mortgage. The CFPB will, for the first time, provide ongoing federal oversight of both nonbank companies and banks in the mortgage market and protect borrowers from unfair, deceptive or other illegal mortgage lending practices.
- **For women using alternative financial services:** The CFPB will establish for the first time robust federal supervision and oversight over larger alternative financial service companies such as check cashers and payday lenders. The CFPB will be able to combat abusive practices that harm consumers, helping families avoid hidden fees and keep more money in their pocketbooks.
- **For women without bank accounts:** The CFPB will be able to rein in practices that may drive some women away from banks—including by stopping banks from enrolling customers in expensive overdraft programs without their consent.
- **For women with credit cards:** The CFPB will prevent evasion of the Credit CARD Act of 2009, which bans arbitrary rate hikes on existing balances and other unfair practices. For women who have used credit cards to get by when times are tight, the law will give them clarity on the interest rates they are charged.
- **For women caught by unexpected overdraft fees:** The CFPB will prevent evasion of new rules that give consumers a real choice as to whether to join expensive overdraft programs so that they are not unknowingly charged unnecessary fees.
- **For women who must take out loans to cover the costs of higher education:** The CFPB will be able to supervise private student lenders, fight unfair lending practices, and require lenders to follow fair rules of the road and give students the information they need to make smart choices.
- **Empowering women to make smart financial choices by promoting financial education and financial literacy:** The CFPB will promote consumer financial education and financial literacy, with a dedicated office focused on ensuring that the CFPB's expertise and research are used to help raise awareness, and educate and empower consumers to avoid unfair practices and make smart financial choices.
- **Protecting women's retirement security, savings and investments:** The Wall Street Reform and Consumer Protection Act strengthens investor protection by empowering the Securities and Exchange Commission (SEC) to:
 - Raise the standards for brokers and investment professionals when giving advice so that they have a fiduciary duty and are required to act in the interests of investors, rather than their own; and
 - Require brokers to disclose costs and risk factors to investors prior to selling a product, instead of after it is purchased.

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