

# CardRatings outlines the past, present, future of women's financial independence

By Liz Taurasi, CardRatings Contributor

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The challenges women have encountered for centuries have varied when it comes to their independence and opportunities for self-sufficiency. And, while it's true great strides have occurred in the past 100 years, it may come as a surprise that significant hurdles to their financial independence remained in place until just decades ago. Even now, while they've overcome many of these struggles, women still face challenges today that their male counterparts do not usually confront.

Believe it or not, a bank could refuse to issue and unmarried woman a credit card simply because of her gender; even married women needed their husbands to cosign for a credit card. The Equal Credit Opportunity Act or 1974 finally prohibited banks from determining eligibility for services based on gender alone, thereby establishing some protection for women wanting to bank independently. This act came about 54 years after women were granted the right to vote in 1920, and 11 years after the passage of the Equal Pay Act, which officially eliminated pay disparity based on gender.

Surprised? Here are some other facts you may not know when it comes to women and finances:

## What was the impact of the Equal Credit Opportunity Act on women

The Equal Credit Opportunity Act didn't exist before 1974 which meant before then, women couldn't easily bank on their own. Until its passage banks could refuse to issue a single woman a credit card and if she was married, her husband would be required to cosign for it.

"Prior to 1974, it was difficult, if not impossible, for women to obtain credit cards separate from their husbands," said Charlotte DeMocker, financial literacy expert and chief operating officer and co-founder of Penny. "Think about that – as unimaginable as that may be right now, the truth is that this was the reality that we lived under until very recently."

Following its passage, women were granted the right to obtain credit cards separate from their husbands. The act also made it illegal for lenders to discriminate based on marital status, sex, age, race, or nationality.

"This was a huge step in the furtherance of financial freedom for women," DeMocker added. "It is not something we should take for granted – especially since there is still a significant gender pay gap, as well as a substantial underrepresentation of women in management, executive and board-level roles across corporate America as a whole."

Jenn Uhen, founder of The Pledgettes, a community of supportive women making money moves to achieve their biggest financial goals, says she often talks about the Equal Credit Opportunity Act when speaking about the Gender Wealth Gap and the progress that's been made for women's equality.

"When I share that this didn't exist before 1974, people are shocked that it was that recent," she says. "And that's an important thing to remember because, without access to building credit in their own name, women couldn't use it as a means to build wealth."

Having credit history and building a strong credit score is essential to earning favorable rates when taking on a mortgage, more credit cards or loans," Uhen says. "Women can't wait to own real estate or leverage debt until they have a man to co-invest with them. We need to build wealth on our own, in our name."

Today, 84% of women reported having at least one credit card according to the Federal Reserve's [2019 Survey of Household Economics and Decisionmaking](#).

## A history of women's financial independence

Several other laws have had a significant impact on women's financial freedom and personal finances.

Enacted by Congress in 1963, the Equal Pay Act made it illegal for employers to pay women lower wages than their male counterparts for equal work. In 1964, Congress passed the Civil Rights Act prohibiting employment discrimination based on sex. Still, almost 60 years later, pay gaps do still exist DeMocker says.

"The Equal Pay Act of 1963 prohibits gender-based wage discrimination. While this has certainly played a big role, the fact is that a pay gap still exists – and there is still more work to do if we are serious about achieving true gender equality," DeMocker said.

Colorado recently enacted the [Equal Pay for Equal Work Act](#) to implement measures to prevent pay disparities in the workplace.

"I'm proud to live in a state, Colorado, that just enacted the Equal Pay for Equal Work Act at the beginning of this year," Uhen said. "Requiring that, among other things, pay history can't be a factor in determining employee's compensation."

## Women and property ownership

Women couldn't be the sole holders of a mortgage until individual states started passing Married Women's Property Acts back in 1839. With women previously considered to be their husband's property, all of their property also became their husband's. These new laws gave married women the freedom to own property, keep their income and engage in business.

In the early days, state law determined women's rights. In 1769, women, once married, became their husband's property. Only he was considered a citizen and had legal rights, plus, any inheritance the wife obtained would automatically become her husband's. In 1771, New York became the first state to require a woman's consent if her husband tried to sell property she brought into the marriage.

Sixty-eight years later in 1839 [Mississippi became the first state](#) to allow women to own property in their own names.

Married women in Maine became the first in the states to [win the right to "separate economy"](#) just a few years later in 1844.

New York helped women gain the right to file patents in 1845, and the passage of the state's [Married Women's Property Act of 1948](#) went on to serve as a model for other states passing their own versions by 1900.

According to [analysis looking at the growth of homeownership among single women](#), today more women are looking at homeownership first before marriage. That analysis of homeownership rates among single women hit a low point of 49% in the aftermath of the Great Recession in 2016. In 2020 homeownership rates rebounded to just over 52%, outpacing overall homeownership growth rates over the same period of time.

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Today, female homeownership is on the rise.

[Modernize Home Services](#), a leader in the home improvement and home services industry, recently surveyed more than 1,100 women about their journey to homeownership.

Modernize found 78% of participants are the sole owners of their home and 76% had the mortgage in their name alone. More than 90% said they were the primary decision-maker for their upcoming home improvement project.

The survey found 39% of respondents became homeowners at or over the age of 50. More details into sole homeownership by age as follows:

- ages 18-22: 7%
- ages 23-29: 23%
- ages 30-39: 12%
- ages 40-49: 19%

"It is empowering to see so many women making financial decisions based on their best interests, and that includes homeownership," said Cassie Morien, senior homeowner insights analyst for Modernize. "Of the women we surveyed, 30% became independent homeowners between the ages of 18 and 29. These young, self-reliant women can help reshape the stereotypical narrative around homeownership. Women can reach this milestone independently and serve as an inspiration to future generations of women."

## Women and personal finances

When it comes to personal finances, there are still areas where women are falling short according to DeMocker and Uhen. They both agree taking risks with investments and setting goals is important to building wealth.

"Studies show that women are a lot less likely to take risks with investment decisions," DeMocker said. "This was probably because we are socially conditioned to be homemakers, a role that creates a bias towards saving and conservative financial habits. Not that saving is bad – but no one ever became a millionaire purely by saving."

Uhen agrees. "Unfortunately, there is a lot of messaging to women on personal finances to be a good saver, a good budgeter and thrifty," she said. "And while those are valuable money lessons, nobody is going to save their way to retirement. They need to set big goals, take on some risk and build wealth."

A [2019 study from London's Cass Business School and the University of Bristol](#) found women are more cautious than men when it comes to taking risks. The study found when it came to gains, women are more risk-averse than men in the same age group. The study also found the degree of risk aversion was influenced by marital status and that single women are more risk-averse than single men or married couples.

## Significant figures in the fight for women's financial independence

Many significant figures in history helped pave the way for the financial independence of women from the 1800s through today.

In 1809 [Mary Kies](#) became the first woman to receive a U.S. patent for her method of weaving straw with silk to make and sell hats.

[Rebecca Lukens](#) took control of the nearly bankrupt Brandywine Iron Works and Nail Factory in Coatesville, Penn., in 1825 after the deaths of her husband and father, turning the nearly bankrupt company into the country's premier manufacturer of boilerplate.

In 1903, [Maggie Lena Walker](#), born to enslaved parents, became the first woman to own a bank in the United States when she founded the St. Luke Penny Savings Bank.

In 1967, [Muriel Siebert](#) became the first woman to own a seat on the New York Stock Exchange. In 1969 she founded the exchange's first female-owned and -operated firm, Muriel Siebert & Company.

Both Uhen and DeMocker say Ruth Bader Ginsburg was the most significant figure in helping modern women gain financial independence as she played a huge role in shaping today's legal system as far as gender issues are concerned.

"Even before [Ginsburg] became a judge, she famously co-founded the Women's Rights Project at the ACLU as a lawyer, and brought many cases that led the Supreme Court to affirm and entrench protections against gender discrimination," DeMocker said.

"Ruth Bader Ginsburg is a shining example of a woman who identified inequities and challenged herself to make a difference with the skills she had," Uhen said. "Understanding the laws, strategizing the arguments to persuade those in power, and ultimately earning a spot on the Supreme Court."

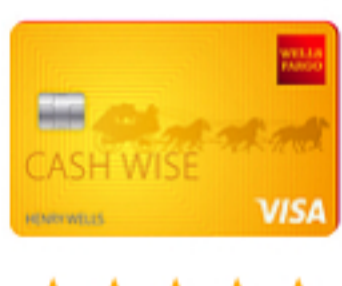
DeMocker says she believes change is only possible when there are role models to emulate.

"The emergence of high-profile female business executives, investors and entrepreneurs has certainly showed the world that glass ceilings can be broken – which, in turn, provides inspiration to young women and girls," she said. "From Carly Fiorina to Sheryl Sandberg to Indra Nooyi, and more recently, Whitney Wolfe Heard, there have been many trailblazing women whose success reminds us that there are those who have gone before us and that we, too, can aspire to great heights simply by applying ourselves and never giving up."


*Survey Methodology: CardRatings partnered with Modernize Home Services to survey 1,146 Modernize homeowners between March 10 through March 15, 2021. Surveys were conducted through Modernize.com.*

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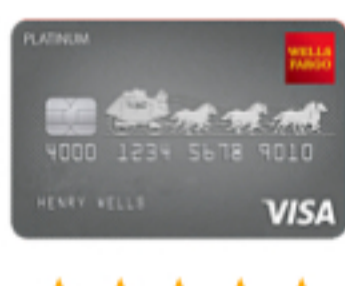


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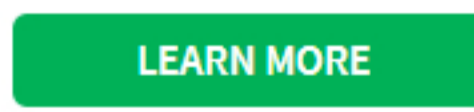
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