

Paper Title: Gender-Based Sorting in the Credit Card Market

Abstract:

We document new facts on the distinct ways in which women and men interact with the credit card market, resulting in gender disparities in aggregate borrowing capacities. Using unique credit bureau data, which tracks consumers from initial entry to subsequent participation in the credit card market, we document significant gender-based sorting across credit card products: women are 35% more likely than men to open a retail store credit card as opposed to a general-purpose credit card when they first enter the credit card market. This gender-based sorting is not explained by observable credit quality, the timing of credit card opening, location, and other observable consumer characteristics such as age, education, and income proxies; but is smaller among consumers with more education and credit-related experience. While men and women receive similar credit terms from the *same* lender, the gender-based sorting *across* card types results in a 14% gender gap in borrowing capacities due to significant cross-lender dispersion in credit limits even conditional on observable credit quality. This gender gap in borrowing capacities is relatively persistent across time and is associated with a gender gap in consumption smoothing through credit cards.

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