Refinances and High Fees Drive Costs

Payday and auto title businesses in Texas offer two main loan types: single payment loans, due in full in 2 weeks or 1 month, and installment loans, due in a series of payments over a period of up to 6 months. Longer loan terms mean installment loans have fewer refinances, but even higher fees.

- In the Amarillo MSA, refinances make up 62% of single payment loan transactions.
- On average, installment borrowers paid $1.17 in fees for every dollar borrowed.
- Across all four loan types, the average cost to repay a $500 loan with no refinances is $615 to $1,089. For borrowers who refinance, the average cost to repay a $500 loan can reach over $3,000. Average APRs for payday and auto title loans in the Amarillo MSA range from 228% to 494% (see table on back).
New Trend: Installment Payday Loans

Installment payday loans made up 10% of dollars lent for all types of loans in 2013, but 25% of total fees, indicating that this product is a huge fee driver. Depending on the loan terms, fees for one installment loan are often the same as the fees charged for 5 to 12 single payment loan transactions.