

Payday and Auto Title Lending in Texas

Amarillo MSA 2019

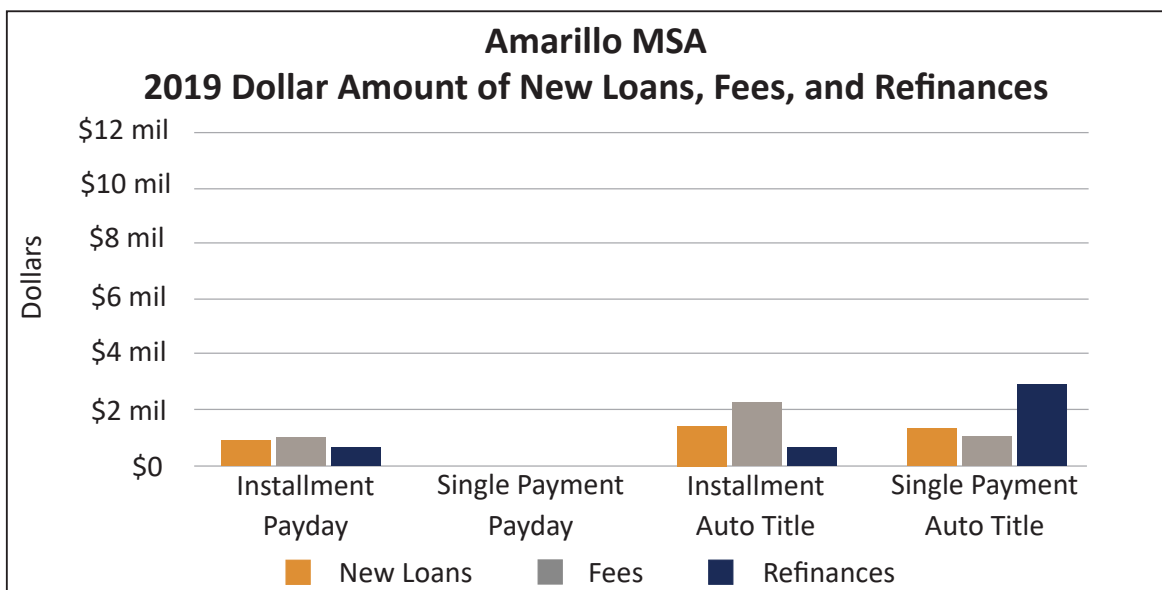


- **Store Locations:** 14
- **New Loans:** \$3,749,477
- **Fee Charges:** \$4,416,317
- **Refinances:** \$4,302,848
- **Repossessions (Auto Title):** 418 or 8 cars per week
- **Repossession Rate:** 23% of borrowers had car repossessed

Refinances and High Fees Continue to 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. Fees for one installment loan are often the same as fees charged for 5 to 12 single payment loans.**

- **In the Amarillo MSA, refinances make up 53% of single payment loan transactions.**
- **Installment loan borrowers paid a total of \$3,355,499 in fees for \$2,382,338 in new loans, an average of \$141 in fees for every \$100 lent.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$577 to \$1,162.** Average APRs for payday and auto title loans in the Amarillo MSA range from 188% to 456% (see table on back).



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Amarillo MSA at a Glance: Profile of Loan Terms and Repayment, \$500 Loan

	Installment Payday	Single Payment Payday	Installment Auto Title	Single Payment Auto Title
Average* Loan Term (Days)	159	-	155	30
Average Fees per \$100	\$127.96	-	\$109.86	\$14.63
Ave. Annual Percentage Rate (APR)	456%	-	400%	188%
Amount Repaid with No Refinances	\$1,161.59	-	\$1,070.48	\$577.25
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	0.67%	-	5.26%	36.92%
Average Refinances per Borrower	-	-	7.97	4.62
Amount Repaid with Ave. Refinances	-	-	\$5,614.53	\$934.04
Refinances as Percent of Total Number of Loan Transactions	11%	-	27%	53%

*Where fewer than four quarters of data are available, all averages reflect the average of quarters with available data.

Auto Title Lending Continues to Dominate Market; Repossessions Increase

The total value of new loans, fees, and refinances decreased by 7% from 2018 to 2019. During that same time period, the dollar value of new loans decreased by 11%, refinances fell by 18%, and fees increased by 12%. There was a small uptick in repossessions by auto title lenders, increasing from 405 total cars repossessed in 2018 to 418 in 2019, a 3% increase. The repossession rate, reflecting the percentage of auto title loan borrowers who had a car repossessed, also increased, from 20% of the total number of auto title borrowers in 2018 to 23% in 2019. Auto title lending dominated the market in 2019, making up 80% of the dollars lent and 75% of the fees collected.

