Payday and Auto Title Lending in Texas

Austin MSA 2015

- Store Locations: 152
- New Loans: $51,257,119
- Fee Charges: $68,705,226
- Refinances: $87,003,443
- Repossessions (Auto Title): 1,587 or 31 cars per week
- Repossession Rate: 17% 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.

- In the Austin MSA, refinances make up 65% of single payment loan transactions.
- On average, installment borrowers paid $1.91 in fees for every dollar borrowed.
- Across all four loan types, the average cost to repay a $500 loan with no refinances is $587 to $1,482. 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 Austin MSA range from 212% to 586% (see table on back).

Source: Texas Appleseed analysis of Texas Office of Consumer Credit Commissioner 2014 and 2015 Credit Access Business Quarterly and Annual Data Reports. Store location data is based on the Office of Consumer Credit Commissioner CAB licensing data for December 2015, and includes only active licensed locations in Texas.
### Austin MSA at a Glance: Profile of Loan Terms and Repayment, $500 Loan

<table>
<thead>
<tr>
<th></th>
<th>Installment Payday</th>
<th>Single Payment Payday</th>
<th>Installment Auto Title</th>
<th>Single Payment Auto Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Loan Term (Days)</td>
<td>163</td>
<td>18</td>
<td>169</td>
<td>30</td>
</tr>
<tr>
<td>Average Fees per $100</td>
<td>$191.94</td>
<td>$22.49</td>
<td>$95.37</td>
<td>$16.61</td>
</tr>
<tr>
<td>Ave. Annual Percentage Rate (APR)</td>
<td>586%</td>
<td>466%</td>
<td>330%</td>
<td>212%</td>
</tr>
<tr>
<td>Amount Repaid with No Refinances</td>
<td>$1,482.02</td>
<td>$614.83</td>
<td>$1,000.02</td>
<td>$587.08</td>
</tr>
<tr>
<td>Percent of Borrowers Who Refinance (Ave. of Quarterly Rates)</td>
<td>6.37%</td>
<td>49.47%</td>
<td>8.82%</td>
<td>46.45%</td>
</tr>
<tr>
<td>Average Refinances per Borrower</td>
<td>3.19</td>
<td>6.11</td>
<td>4.65</td>
<td>5.94</td>
</tr>
<tr>
<td>Amount Repaid with Ave. Refinances</td>
<td>$4,617.25</td>
<td>$1,315.99</td>
<td>$3,323.43</td>
<td>$1,104.71</td>
</tr>
</tbody>
</table>

### Installment Payday Loans Major Fee Driver

The dollar amount of new payday and auto title loans decreased by 24% from 2014 to 2015, total fees were down 21% and refinances down 30%. Installment payday loans continued to hold the largest share of fees charged compared to other loan products. In 2015, installment payday loans made up 21% of the total dollars lent, but 59% of the fee charges. The cost of installment payday loans decreased from 2014 to 2015, from 605% APR to 586% APR. In contrast, installment auto title loans saw an increase in cost, from 309% APR in 2014 to 330% APR in 2015. Depending on the loan terms, fees for one installment loan are often the same as fees charged for 5 to 12 single payment loan transactions.

### 2015 Comparison of Total Dollars Lent to Total Fees

- **Installment Payday**: 49%
- **Single Payment Payday**: 21%
- **Installment Auto Title**: 6%
- **Single Payment Auto Title**: 25%

- **Total Fees**: 59%
  - **Installment Payday**: 18%
  - **Single Payment Payday**: 11%
  - **Installment Auto Title**: 12%
  - **Single Payment Auto Title**: 12%

Source: Texas Appleseed analysis of Texas Office of Consumer Credit Commissioner 2014 and 2015 Credit Access Business Quarterly and Annual Data Reports. Store location data is based on the Office of Consumer Credit Commissioner CAB licensing data for December 2015, and includes only active licensed locations in Texas.