

# Payday and Auto Title Lending in Texas

## Waco MSA 2016

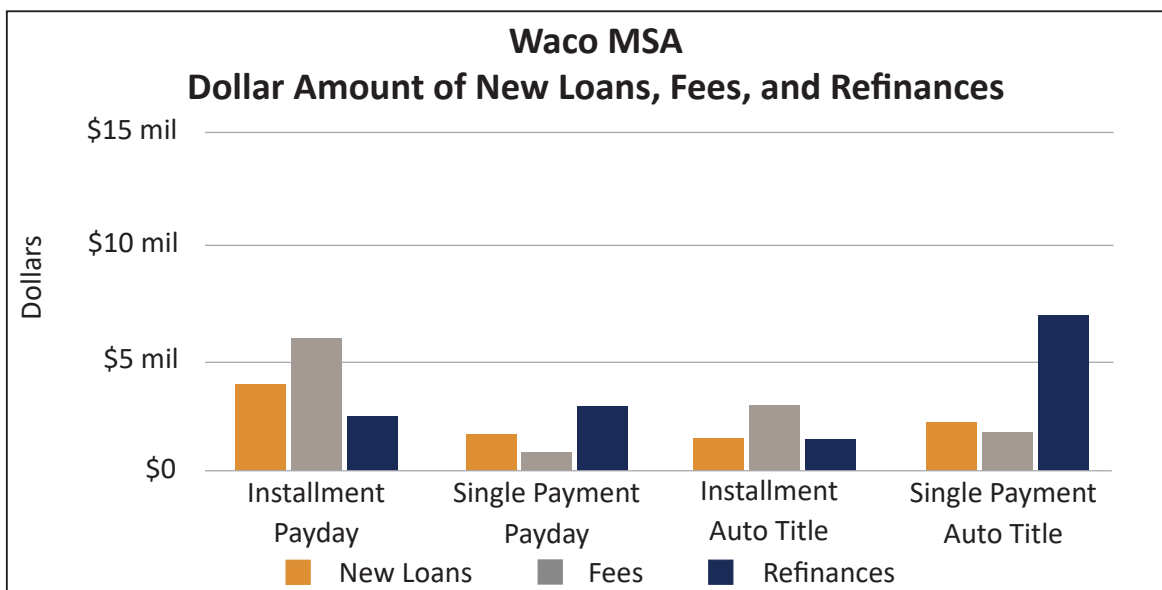


- **Store Locations:** 20
- **New Loans:** \$9,104,979
- **Fee Charges:** \$11,385,332
- **Refinances:** \$13,661,379
- **Repossessions (Auto Title):** 367 or 7 cars per week
- **Repossession Rate:** 12% of borrowers had car repossessed

### 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 Waco MSA, refinances make up 57% of single payment loan transactions.**
- **On average, installment borrowers paid \$267 for every \$100 borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$600 to \$1,380. 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 Waco MSA range from 188% to 535% (see table on back).



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## Waco 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)	168	19	163	30
Average Fees per \$100	\$171.44	\$22.72	\$110.27	\$19.10
Ave. Annual Percentage Rate (APR)	535%	446%	372%	188%
Amount Repaid with No Refinances	<b>\$1,380.23</b>	<b>\$616.21</b>	<b>\$1,073.70</b>	<b>\$599.57</b>
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	7.71%	34.34%	13.34%	49.93%
Average Refinances per Borrower	4.11	4.50	5.10	4.73
Amount Repaid with Ave. Refinances	<b>\$4,996.60</b>	<b>\$1,139.55</b>	<b>\$3,999.21</b>	<b>\$1,070.31</b>
Refinances as Percent of Total Number of Loan Transactions	19%	52%	38%	66%

## Overall Market Continues to Shrink; Installment Auto Title Loan Fees Increase

The total dollar value of new loans, fees, and refinances decreased by 28% from 2015 to 2016. During the same time period, new loans decreased by 23%, fees decreased by 22%, and refinances fell by 34%. The number of vehicles repossessed by auto title lenders decreased by 22%. The market share of installment lending continued to grow. Installment payday and auto title lending made up 40% of the total dollars lent and 78% of total fees in 2016, compared to 28% of dollars lent and 64% of fees in 2015. Installment auto title lending saw sharp growth in fees. While the dollar value of new installment auto title loans increased by 6%, fees jumped by 22%.

