

Payday and Auto Title Lending in Texas

El Paso MSA 2017

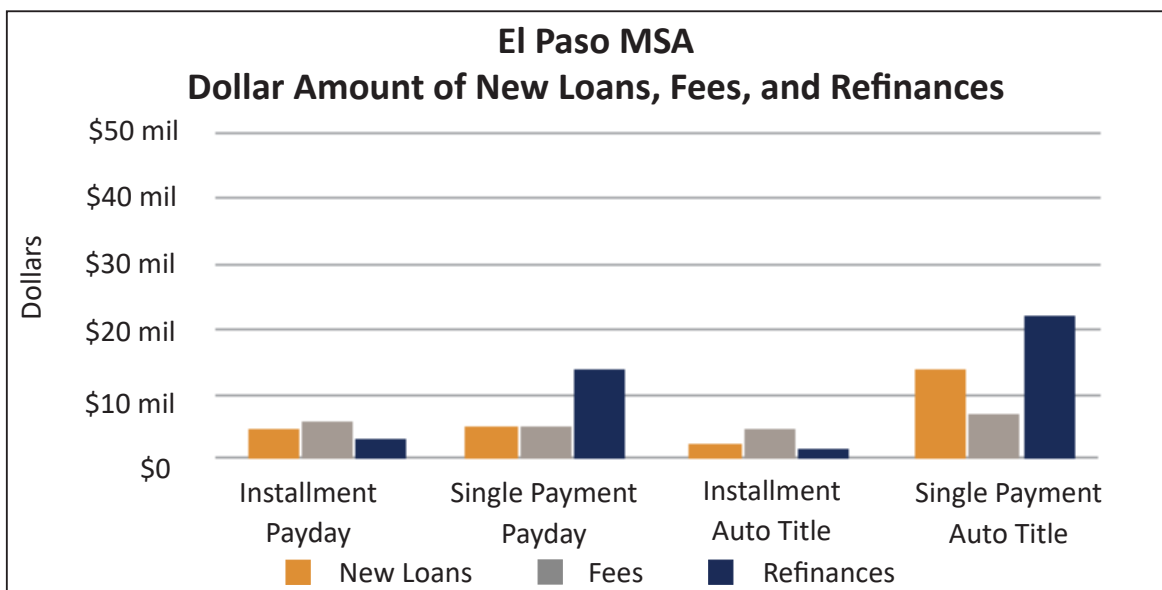


- **Store Locations:** 81
- **New Loans:** \$23,589,631
- **Fee Charges:** \$19,811,612
- **Refinances:** \$38,496,517
- **Repossessions (Auto Title):** 1,123 or 22 cars per week
- **Repossession Rate:** 14% of borrowers had car repossessed

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 El Paso MSA, refinances make up 62% of single payment loan transactions.**
- **On average, installment borrowers paid \$250 for every \$100 borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$578 to \$1,158. 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 El Paso MSA range from 191% to 551% (see table on back).



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El Paso 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) | 156 | 17 | 161 | 30 |
| Average Fees per \$100 | \$99.74 | \$25.19 | \$127.12 | \$14.84 |
| Ave. Annual Percentage Rate (APR) | 371% | 551% | 396% | 191% |
| Amount Repaid with No Refinances | \$1,020.03 | \$628.25 | \$1,157.60 | \$578.29 |
| Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan | 5.18% | 57.79% | 8.86% | 42.77% |
| Average Refinances per Borrower | 6.85 | 5.86 | 6.53 | 3.31 |
| Amount Repaid with Ave. Refinances | \$4,582.27 | \$1,379.41 | \$5,450.35 | \$837.25 |
| Refinances as Percent of Total Number of Loan Transactions | 21% | 66% | 32% | 53% |

Overall Market Volume Shows Little Change; Uptick in Single Payment Auto Title Lending

The total value of new loans, fees, and refinances stayed the same from 2016 to 2017. During that same period, the dollar value of new loans increased by 24%, refinances fell by 9%, and fees fell by 5%. There was a 58% increase in the number of vehicle repossessions by auto title lenders, but the repossession rate held steady with 14% of auto title borrowers losing a car to repossession. Single payment auto title lending dominated the dollar value of new loans, making up 56% of the market in 2017. Installment payday and auto title lending continue to dominate fee charges, making up just 16% of the total value of dollars lent in 2017 and 46% of the total fees collected.

