Payday and Auto Title Lending in Texas

Killeen MSA 2018
Killeen-Temple-Fort Hood

- Store Locations: 28
- New Loans: $11,109,225
- Fee Charges: $11,255,639
- Refinances: $15,965,490
- Repossessions (Auto Title): 575 or 11 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. Fees for one installment loan are often the same as fees charged for 5 to 12 single payment loans.

- In the Killeen MSA, refinances make up 60% of single payment loan transactions.
- Installment loan borrowers paid a total of $8,347,007 in fees for $5,810,673 in new loans, an average of $144 in fees for every $100 borrowed.
- Across all four loan types, the average cost to repay a $500 loan with no refinances is $590 to $1,121. 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 Killeen MSA range from 220% to 432% (see table on back).

![Killeen MSA 2018 Dollar Amount of New Loans, Fees, and Refinances](chart)

Source: Texas Appleseed analysis of Texas Office of Consumer Credit Commissioner 2017 and 2018 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 2018, and includes only active licensed locations in Texas.
Market Volume Increases with Growth in Installment Auto Title Lending

The total value of new loans, fees, and refinances increased by 16% from 2017 to 2018. During that same period, the dollar value of new loans increased by 10%, refinances grew by 18%, and fees increased by 19%. There was an 11% increase in the number of vehicle repossessions by auto title lenders, and the repossession rate increased from 16% auto title borrowers losing a car to repossession in 2017 to 17% in 2018. Installment lending dominated the market, with continued growth in installment auto title loans. Installment lending made up 36% of total dollars lent and 74% of fees collected in 2018, compared to 33% of loans and 69% of fees in 2017.