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 Laredo MSA, refinances make up 63% of single payment loan transactions.
- Installment loan borrowers paid a total of $6,227,953 in fees for $3,000,621 in new loans, an average of $208 in fees for every $100 lent.
- Across all four loan types, the average cost to repay a $500 loan with no refinances is $592 to $1,543. 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 Laredo MSA range from 224% to 616% (see table on back).
Market Volume Declines; Installment Lending Continues as Top Fee Driver
The total value of new loans, fees, and refinances decreased by 40% from 2019 to 2020. During that same period, the dollar value of new loans decreased by 38%, refinances fell by 39%, and fees fell by 41%. There was a 15% decrease in the number of vehicle repossessions by auto title lenders, but the rate of repossessions per borrower increased from 16% of auto title borrowers losing a car in 2019 to 23% in 2020. Installment payday and auto title lending continue to dominate fee charges, making up 33% of the total value of dollars lent in 2020 and 69% of the total fees collected.