

Payday and Auto Title Lending in Texas

State of Texas 2018

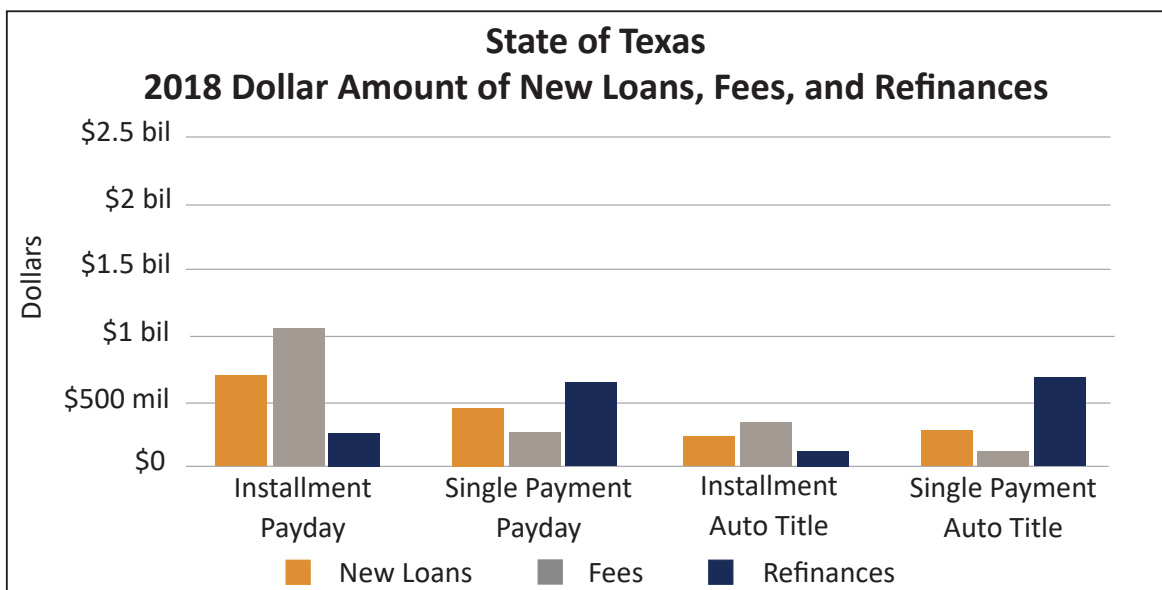


- **Store Locations:** 1,937
- **New Loans:** \$1,642,301,697
- **Fee Charges:** \$1,858,264,030
- **Refinances:** \$1,690,508,274
- **Repossessions (Auto Title):** 37,669 or 724 cars per week
- **Repossession Rate:** 15% of borrowers had car repossessed

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.**

- **Statewide, refinances make up 57% of single payment loan transactions.**
- **Installment loan borrowers paid a total \$1.482 billion in fees for \$922 million in new loans, an average of \$161 in fees for every \$100 borrowed.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$584 to \$1,197. 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 Texas range from 204% to 523% (see table on back).



Payday and Auto Title Lending in Texas

Texas 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)	142	21	155	30
Average Fees per \$100	\$135.52	\$23.57	\$114.79	\$15.93
Ave. Annual Percentage Rate (APR)	523%	420%	417%	204%
Amount Repaid with No Refinances	\$1,197.10	\$620.76	\$1,095.10	\$583.76
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	6.88%	41.44%	9.96%	49.16%
Average Refinances per Borrower	4.39	6.44	5.21	5.29
Amount Repaid with Ave. Refinances	\$4,259.63	\$1,398.18	\$4,195.66	\$1,027.11
Refinances as Percent of Total Number of Loan Transactions	18%	54%	30%	70%

Market Volume Ticks Up with Installment Loan Growth; Repossessions Increase

The total value of new loans, fees, and refinances increased by 3% from 2017 to 2018. During that same time period, the dollar value of new loans increased by 8%, fees increased by 5% and refinances fell by 3%. The number of vehicles repossessed by auto title lenders increased by 16%. The proportion of total dollars lent through installment payday lending increased from 23% in 2017 to 28% in 2018, coinciding with a decline in dollars lent for single payment payday loans, from 43% of the market to 33%. Installment auto title lending grew from 6% of the total dollars lent in 2017 to 10% in 2018. Installment lending continues to generate high fees, reaching 80% of total fees collected in 2018.

