

# Payday and Auto Title Lending in Texas

## State of Texas 2019

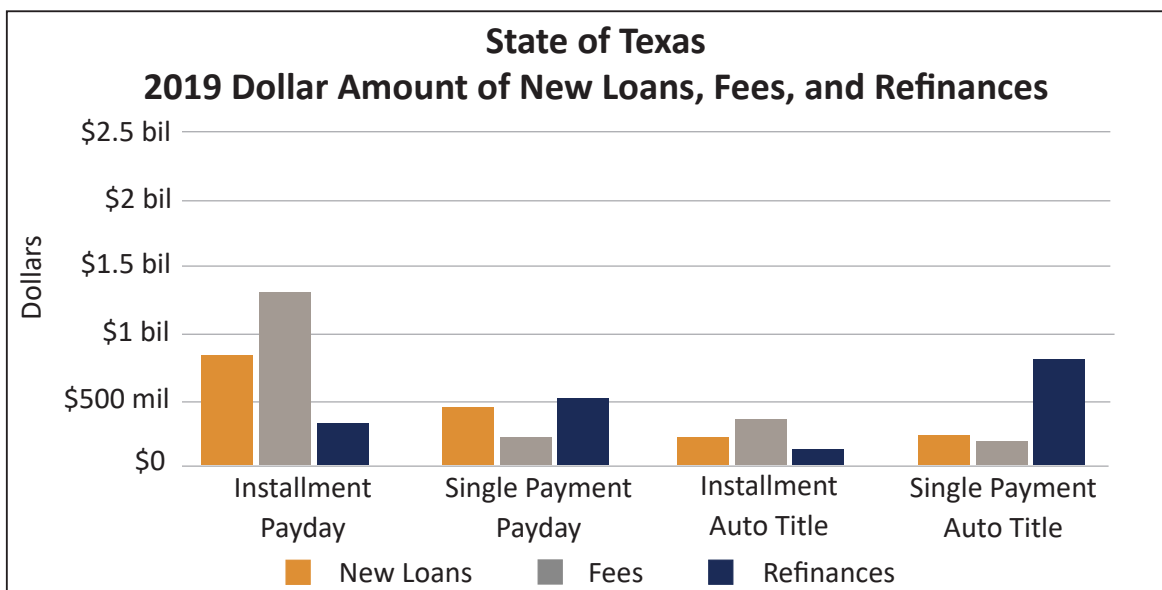


- **Store Locations:** 1,927
- **New Loans:** \$1,683,044,368
- **Fee Charges:** \$2,029,040,818
- **Refinances:** \$1,455,121,930
- **Repossessions (Auto Title):** 42,878 or 825 cars per week
- **Repossession Rate:** 18% of borrowers had car repossessed

### 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 56% of single payment loan transactions.**
- **Installment loan borrowers paid a total of \$1.64 billion in fees for \$1.03 billion in new loans, an average of \$160 in fees for every \$100 lent.**
- **Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$580 to \$1,220. 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 195% to 490% (see table on back).



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## 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)	151	22	157	30
Average Fees per \$100	\$139.81	\$22.67	\$114.99	\$15.23
Ave. Annual Percentage Rate (APR)	490%	386%	418%	195%
Amount Repaid with No Refinances	<b>\$1,219.73</b>	<b>\$616.33</b>	<b>\$1,096.40</b>	<b>\$580.26</b>
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	7.16%	33.42%	10.20%	46.12%
Average Refinances per Borrower	4.04	8.89	5.04	6.54
Amount Repaid with Ave. Refinances	<b>\$4,128.23</b>	<b>\$1,651.76</b>	<b>\$4,098.61</b>	<b>\$1,104.96</b>
Refinances as Percent of Total Number of Loan Transactions	18%	54%	30%	66%

## Fees Increase, Driven By Growth in Installment Payday Loans; Auto Repos Surge

The total value of new loans, fees, and refinances was stable from 2018 to 2019. During that same time period, the dollar value of new loans increased by 2%, fees increased by 9% and refinances fell by 14%. The percent of borrowers losing a car to repossession jumped from 15% in 2018 to 18% in 2019. Installment lending continues to dominate the market, making up 46% of the dollar value of new loans and refinances and 81% of the total fees collected.

