

Payday and Auto Title Lending in Texas

State of Texas 2020

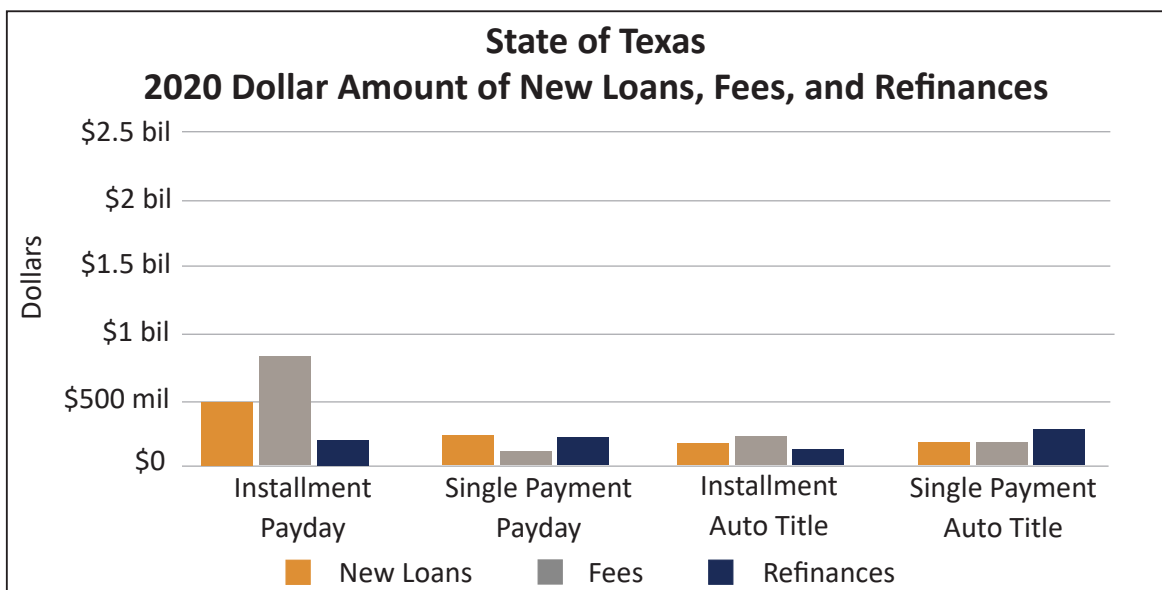


- **Store Locations:** 1,785
- **New Loans:** \$1,069,637,182
- **Fee Charges:** \$1,394,578,472
- **Refinances:** \$847,043,023
- **Repossessions (Auto Title):** 34,629 or 666 cars per week
- **Repossession Rate:** 23% of borrowers had car repossessed

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 46% of single payment loan transactions.**
- **Installment loan borrowers paid a total of \$1.14 billion in fees for \$651 million in new loans, an average of \$176 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 \$1,234. 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 194% to 499% (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)	153	22	158	30
Average Fees per \$100	\$142.66	\$23.32	\$110.14	\$15.11
Ave. Annual Percentage Rate (APR)	499%	397%	403%	194%
Amount Repaid with No Refinances	\$1,234.24	\$619.57	\$1,072.33	\$579.64
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	6.71%	30.36%	10.43%	27.65%
Average Refinances per Borrower	3.88	6.01	4.66	7.87
Amount Repaid with Ave. Refinances	\$4,080.20	\$1,338.00	\$3,739.63	\$1,206.24
Refinances as Percent of Total Number of Loan Transactions	17%	43%	29%	57%

Market Volume Declines; Repossession Rate Increases

The total value of new loans, fees, and refinances decreased by 36% from 2019 to 2020. During that same time period, the dollar value of new loans increased by 36%, fees decreased by 42% and refinances fell by 31%. The number of vehicle repossessed by auto title lenders decreased by 19%, but the repossession rate increased from 18% of auto title borrowers losing a car in 2019 to 23% in 2020. Installment payday lending was the major driver of high fees statewide, making up 36% of the total dollars lent, and 64% of the total fees collected.

