

# Payday and Auto Title Lending in Texas

## Waco MSA 2018

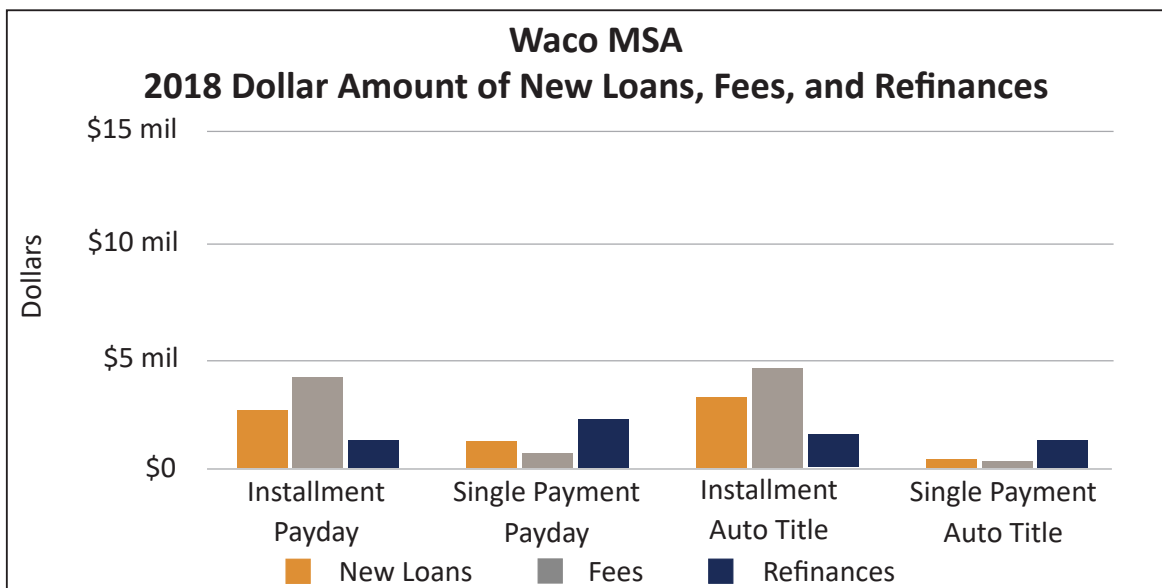


- **Store Locations:** 20
- **New Loans:** \$7,323,497
- **Fee Charges:** \$9,420,071
- **Refinances:** \$6,079,692
- **Repossessions (Auto Title):** 399 or 8 cars per week
- **Repossession Rate:** 14% of borrowers had car repossessed

### 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 Waco MSA, refinances make up 57% of single payment loan transactions.
- Installment loan borrowers paid a total of \$8,455,017 in fees for \$5,727,670 in new loans, an average of \$148 in fees for every \$100 borrowed.
- Across all four loan types, the average cost to repay a \$500 loan with no refinances is \$615 to \$1,280. 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 Waco MSA range from 278% to 483% (see table on back).



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## Waco MSA 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)	167	18	154	30
Average Fees per \$100	\$151.33	\$22.40	\$108.82	\$22.02
Ave. Annual Percentage Rate (APR)	483%	464%	399%	278%
Amount Repaid with No Refinances	<b>\$1,279.58</b>	<b>\$614.49</b>	<b>\$1,065.23</b>	<b>\$614.22</b>
Ave. % of Borrowers Who Refinance in Same Quarter They Take Out a Loan	5.95%	35.30%	7.46%	49.78%
Average Refinances per Borrower	3.58	4.80	6.41	1.73
Amount Repaid with Ave. Refinances	<b>\$4,070.58</b>	<b>\$1,163.77</b>	<b>\$4,689.33</b>	<b>\$812.36</b>
Refinances as Percent of Total Number of Loan Transactions	14%	53%	28%	73%

## Overall Market Volume Increases; Auto Repossessions Soar

The total value of new loans, fees, and refinances increased by 13% from 2017 to 2018. During that same period, the dollar value of new loans increased by 11%, refinances grew by 28%, and fees increased by 6%. There was a 171% increase in the number of vehicle repossessions by auto title lenders, from 147 in 2017 to 399 in 2018. The repossession rate more than doubled from 6% of auto title borrowers in 2017 to 14% in 2018. Installment lending continued to dominate the market, making up 62% of the total dollars lent and 90% of fees collected in 2018.

