Payday and Auto Title Lending in Texas

Austin MSA 2013
Austin-Round Rock-San Marcos

- Store Locations: 217
- New Loans: $75,490,713
- Fee Charges: $73,403,797
- Refinances: $92,589,279
- Repossessions (Auto Title): 1,678—32 cars per week
- Repossession Rate: 9% of borrowers had car repossessed

Refinances and High Fees 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.

- In the Austin MSA, refinances make up 65% of single payment loan transactions.
- On average, installment borrowers paid $1.76 in fees for every dollar borrowed. The dollar amount of fees for all installment loans increased by 212% from 2012 to 2013. Fees for installment payday loans increased by 301%.
- Across all four loan types, the average cost to repay a $500 loan with no refinances is $602 to $1,377. 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 Austin MSA range from 257% to 580% (see table on back).
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New Trend: Installment Payday Loans
Installment payday loans made up 21% of dollars lent for all types of loans in 2013, but 52% of total fees, indicating that this product is a huge fee driver. Depending on the loan terms, fees for one installment loan are often the same as the fees charged for 5 to 12 single payment loan transactions.