



United Way of
Central Texas



Texas Fair Lending Alliance



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Press Release:

New Study Finds Payday and Auto Title Loans Drain \$1.6 Billion from Texas Economy and Result in Employment Losses Equal to 21,304 Job-Years

Belton, Texas — Texas law permits some of the highest rates in the country for payday and auto title loans. The loans average 200% to 500% APR, and there is no cap on their charges. The individual financial and mental health impacts of these predatory loan products are clear through story after story of Texans getting trapped in debt. In addition to the costly debt trap, according to 2021 data, over one in four auto title loan borrowers—28%—had their car repossessed, often losing their only way to get to work, take kids to school, or see a doctor. “People from our community are coming through the doors of our United Way partner agencies desperate for help to get out of these loans,” said Stephanie O’Banion, CEO of the [United Way of Central Texas](#), “They are small business owners, grandparents, and young families struggling to make ends meet, and these loans often turn a bump in the road into a financial catastrophe.”

But what does payday and auto title lending actually cost our state and local economies? A new groundbreaking study from The Perryman Group sheds light on this important question. “Predatory lending practices drain resources from local economies and harm vulnerable segments of our population” Dr. Ray Perryman, President and CEO of [The Perryman Group](#) shared. “The data show that payday and auto title loan businesses harm local economies. The result is that they pull financially vulnerable Texans deeper into poverty, deprive local firms of sales, and diminish the prospects for economic growth.”

[The study](#), which looks at a decade of data for the State of Texas, as well as 16 regions around the state, found that payday and auto title lending is a drain on the state and local economies. The Perryman Group estimates that payday and auto title loans have caused a decrease in business activity in Texas of an estimated -\$1.6 billion in annual gross product and -21,304 job-years—an average of more than 2,100 jobs per year (including multiplier effects) over the last 10 years. For the Central Texas region covered by the Killeen-Temple Metropolitan Statistical Area, a U.S. Census Bureau geographic designation for the region, losses include an estimated -\$48.9 million in annual gross product and -685 job-years.

“[The Texas Fair Lending Alliance](#) has worked for more than a decade supporting policies to rein in payday and auto title lending abuses,” noted Ann Baddour, Director of the Fair Financial Service Project at [Texas Appleseed](#). “Our partners, who include faith and community leaders, have highlighted time and again the struggles these loans create for Texans, yet the Texas Legislature has not taken action to address abuses in the market. We hope this session will be different and that this new study will help to drive home the need for reforms.”

About the United Way of Central Texas

United Way of Central Texas improves lives by mobilizing community partnerships and resources to advance the common good. We envision a community where all individuals and families achieve their human potential through health, education, and financial stability. Visit <https://www.uwct.org/> for more information.

About the Texas Appleseed

As one of the most trusted resources for data-driven policy analysis and solutions, Texas Appleseed advocates at the state and local level for fair, just, and equitable laws. Our work has shaped hundreds of laws and positively affected millions of Texans by breaking down barriers through transformative policy solutions. Visit www.TexasAppleseed.org for more information.

About the Texas Fair Lending Alliance

The Texas Fair Lending Alliance (TFLA) believes in a Texas market that encourages informed financial choices that are successful for both borrowers and lenders. TFLA is a coalition of over 60 organizations and individuals working to transform the Texas payday and auto title loan market from one based on a cycle of debt, to one that thrives on a cycle of success. Web: www.texasfairlending.org; Twitter: @TXFairLending

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