

Texas Faith *for* Fair Lending

Texas Baptist Christian Life Commission

Texas Impact

Texas Catholic Conference

Facts about Payday Lending in Texas

Late Backup

Who uses payday loans in Texas?

Due to the lack of regulation in this state, there is very little definitive data about who uses payday and auto title loans. However, a survey of 5,000 low and moderate income Texans from 2008 showed:

- The majority of respondents who needed short-term credit used it to pay for recurring basic expenses such as utilities, food and housing.
- Nearly one in 10 payday borrowers use payday loans monthly.
- 58% of the payday borrowers roll over or extend their loans at least once before they can pay them off
- Nearly one in four payday borrowers roll over loans multiple times. As a result, the cost to borrow money frequently exceeds the original loan principal.
- 59% of borrowers are women, many of them single women and single mothers.
- Although payday borrowers include all major ethnic groups, a disproportionately high percentage is African American. A majority of payday borrowers are in their 20s and 30s.

Texas payday borrowers are much more likely to file for Chapter 13 bankruptcy because the loans often create a deeper financial crisis for borrowers already in desperate straits.

In Texas, the average payday borrower pays \$840 for a \$300 loan.

It is estimated that Texans borrow \$3 billion annually. Many lenders have their headquarters in this state.

Texas Headquarters

Ace Cash Express, Irving | Cash America International, Ft. Worth | The Cash Store, Irving |
Cottonwood Financial, Irving | EZ Corp, Austin | First Cash Financial Services, Arlington

For fiscal year 2008 Cash America International reported \$1 Billion in revenue. For the fourth quarter of 2009 alone, in the midst of the recession, Cash America's profits more than doubled to \$33.7 million. According to Daniel Feehan, CEO *"The moons don't often align for all business units on a diversified portfolio like ours, but everything did come together."*

Austin's EZ Corp was recently named the #87 fastest growing company in America by Fortune Magazine. The payday lender posted revenues of \$673.9 million over the past four quarters representing a 3 year annual growth rate of 25%.

Other States

Many states more tightly regulate payday and auto title lending and have reporting requirements including information about borrowers.

Oklahoma - According to data published in March of 2009, payday borrowers used 9.3 loans on average and over 77% of payday lender business came from borrowers using 9 or more loans every year. The borrowers with the highest number of loans used more than 40 in a one-year period.

Colorado - 70% of all loans went to borrowers who had 11 or more loans in the past 12 months.

Florida - The average payday loan customer took out 8 loans in a 12 month period.

Find out more at www.texasfaithforfairlending.org