



**LA FE POLICY RESEARCH AND  
EDUCATION CENTER**

**PAY DAY LENDING  
USAGE EXPERIENCE IN SAN ANTONIO  
NEIGHBORHOODS**

**November 2013**

1313 Guadalupe Street, San Antonio, Texas 78207

[www.lafepolicycenter.org](http://www.lafepolicycenter.org)

## I. Introduction

The La Fe Policy Research and Education Center (La Fe PREC) concern for the *bienestar* (well-being) of Hispanic families permeates its interest in the apparent unregulated Payday and Auto title Loan financial marketplace. As an unregulated marketplace, reports appear to be weighted more to the conclusions that low-income families and people of color are the most negatively impacted. At best, these groups are regulated to low-income status for longer periods; at worst, they are in a continuance spiral of poverty and further unable to achieve improved financial security.<sup>1</sup>

La Fe PREC partnered with the Martinez Street Women Center, Inc. (MSWC) to assist in conducting a pay lending survey with residents of West and East Side of San Antonio. The neighborhoods in these 2 areas are predominately people of color, with the majority populated by Hispanics. The short-term lending survey was supported by Texas Impact, Inc. for the purpose of understanding the utilization rates and patterns of pay day lending in Texas communities and the scope of abuse by the Pay Day Lending business institutions. The initiative is a key component of the Texas Faith for Fair Lending Coalition.

Originally developed by Catholic Charities, the ten questions survey (Appendix 1) was conducted in English and Spanish for the targeted community. The surveys were conducted by 3 trained *Animadors* (Community Facilitators) at different community activities that included nutrition bingos, neighborhood resident meetings, and community issues meeting. They were conducted during the months of September and October 2013.

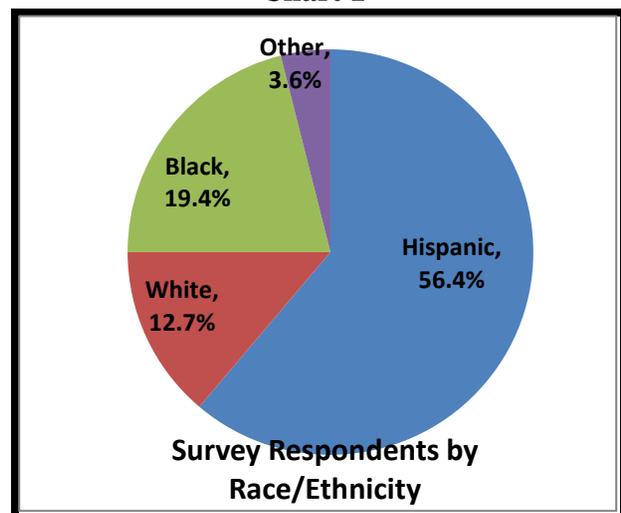
## II. Survey Sample Demographics

A total of 165 adults participated in the survey conducted during the 2 month period. Of survey respondents, 117 (71%) were female and 48 (29%) males. The majority (56.4%) of the survey respondents were Hispanic as noted by Table 1 and Chart 1, followed by Black's and White at 19.4% and 12.7% respectively.

**Table 1**

Total	165	Percent
Hispanic	93	56.4%
White	21	12.7%
Black	32	19.4%
Other	6	3.6%
Blank	7	4.2%

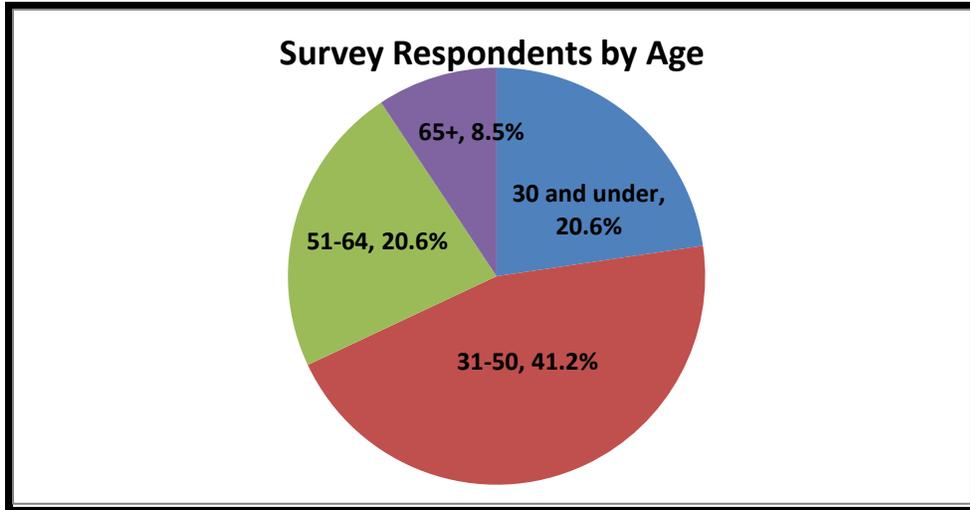
**Chart 1**



<sup>1</sup> Payday Lending in America, The PEW Charitable Trusts, July 18, 2012; Profiting from Poverty, National People's Action, January 2012; and Do Payday Lenders Target Minorities?, Liberty Street Economics, February 8, 2012.

Chart 2 illustrate the ages of the survey respondents. Over 41% were between the ages of 31 and 50. Those at age range 30 and under, and 52-64 were 20.6% each respectfully; and 8.5% were age 65 and above.

**Chart 2**



### III. Payday Loan Usage Experience

Chart 3 illustrates that a large percent of the total survey respondents acquired either a pay day (PD) or auto title (AT) loan across all race and ethnicity groups. Whites acquired slightly more loans at 38.1% than either Hispanic's or Black's. Specifically, utilization and type of loans among respondents illustrated:

- Blacks and Hispanics at 3 or 4 times that of Whites – 21.9% and 16.1% versus 4.8% respectfully to get a pay day loan.
- Whites, Blacks and Hispanics acquired AT loan at 19%, 16.1% and 15.6% respectively.
- Whites (14.3%) acquired a PD and AT loan to a greater degree than Hispanics (5.4 %) or Blacks (0%).

**Chart 3**

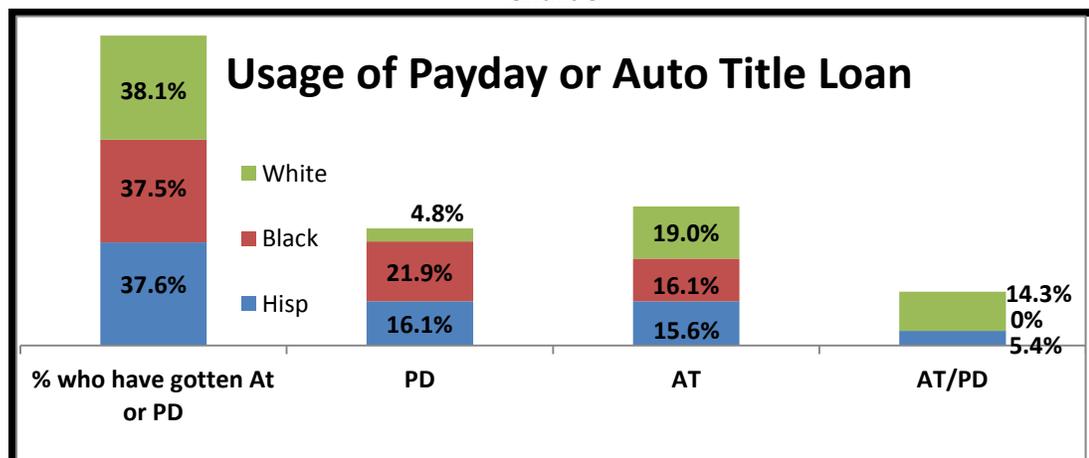
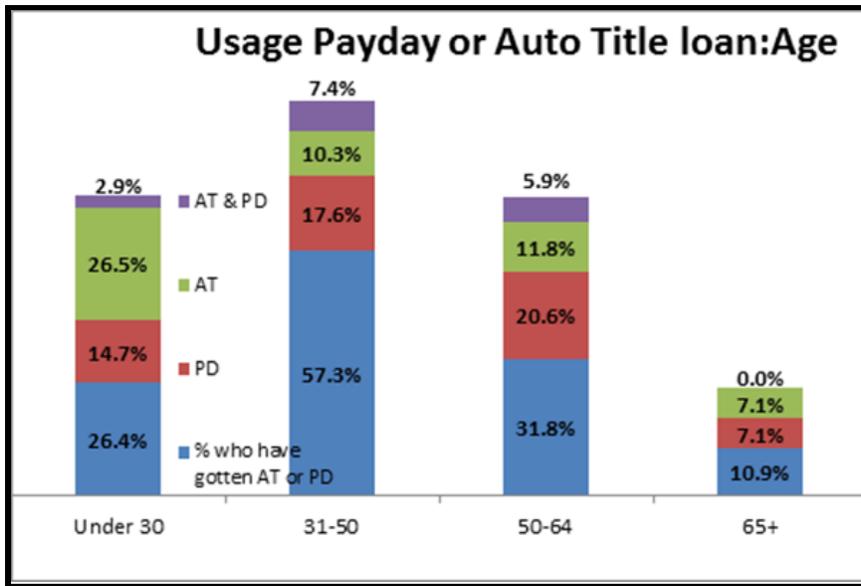


Chart 4 illustrates a disturbing result; a pay day, auto title, and both types of loans were acquired by ages “30 and Under” respondents alarming rates at 42%, 23.3% and 8% respectively. Older respondents indicated less utilization:

- The age group 31 – 50 acquired a PD and AT loans at 17.6% and 20.6% followed by age group 50 -64 at 10.3% and 11.8% respectively.
- Overall, more individuals in the age group 50-64 acquired either a pay day or auto loans at 26.5% which was much greater than all other age groups.

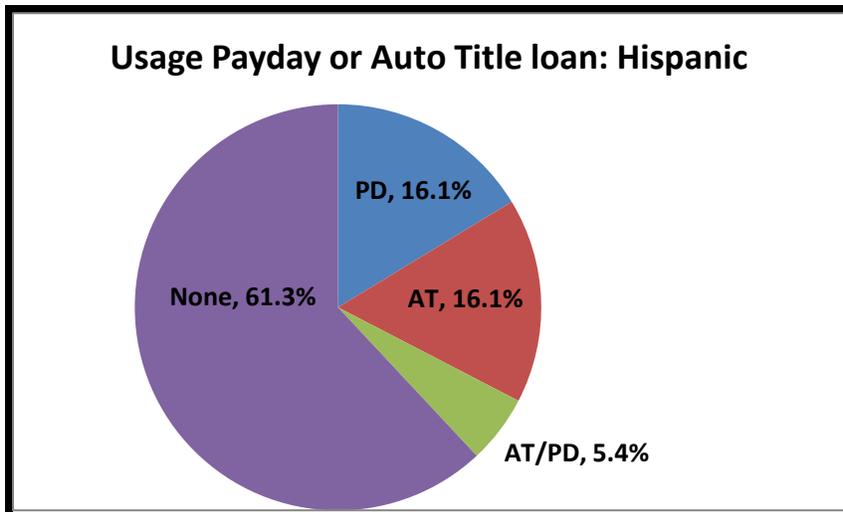
**Chart 4**



Among the total Hispanic survey respondents, 61.3% had not acquired any short-term payday or auto title lending loan (Chart 5). Of those that did acquire a loan:

- 16.1% acquired a payday loan and another 16.1% acquired an auto title loan.
- Only 5.4% acquired both an auto and payday loan.

**Chart 5**



The amount currently owed among the total and Hispanic survey respondents are illustrated in Chart 6. The pattern line is similar across both groups reflecting the following:

- Outstanding loans of \$300.00 were the largest among the total and Hispanic respondents at 20.5% and 18.4% respectively.
- Outstanding loans of \$2,000.00 were the largest among the total and Hispanic respondents at 4.5% and 2.6% respectively.
- Outstanding loans of \$501.00 to \$1,000.00 were the 2<sup>nd</sup> largest among the total and Hispanic respondents at 13.6% and 10.5% respectively.

Chart 6

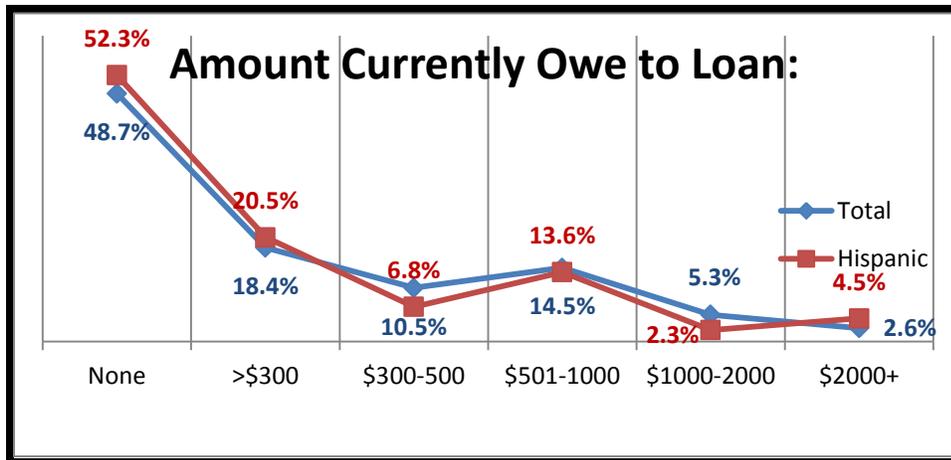
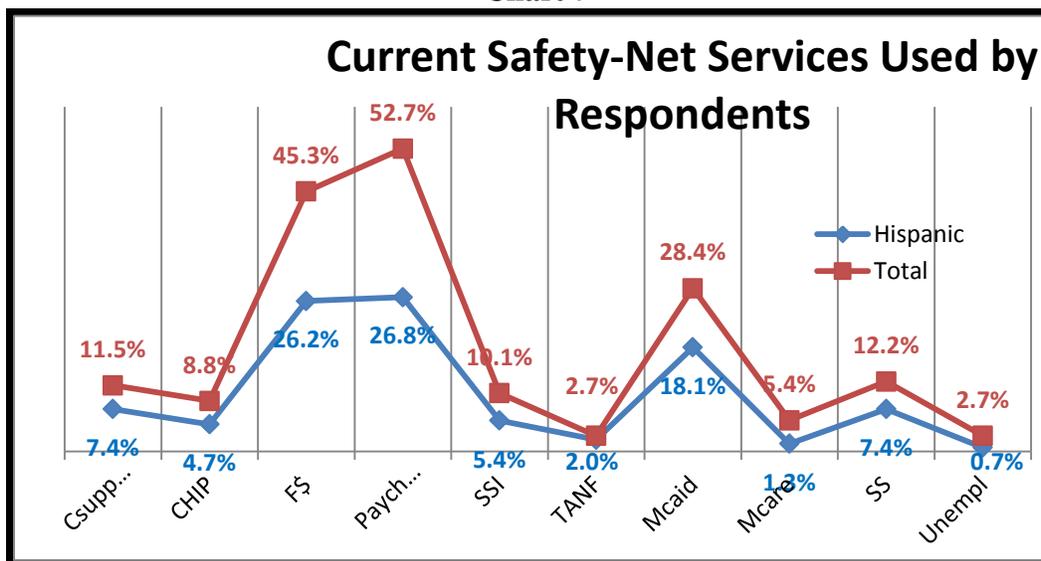


Chart 7 illustrates the safety-net services that the total and Hispanic survey respondents (households) are receiving. The pattern line for the percent and type of safety-net services is generally similar for the total and Hispanic respondents. Among Hispanics:

- 26.8% had a regular source of income from a paycheck, 26.2% were receiving Food Stamps (F\$), and 18.1% had Medicaid.
- Unemployment, Medicare, and TANF were safety-net benefits less utilized among Hispanic respondents.

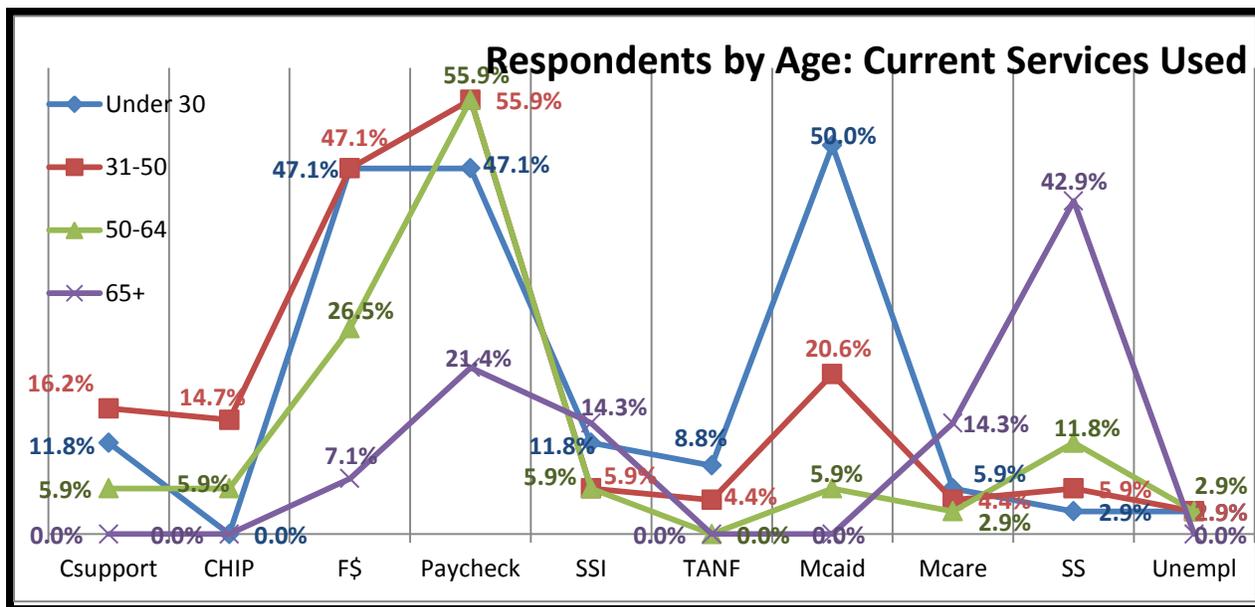
Chart 7



Overall, Chart 8 illustrates that the age group “30 and under” as using safety-net services to a larger degree than the other age groups. It’s intuitively surmised that ‘risk’ to acquire a payday loan is higher when a family’s economic situation is worst.

- Based on survey responses, younger respondents were utilizing social services more frequently but were less likely to attain an AT or PD loan. This seems counter to of what would have been expected given their economic situation and social service usage.
- Whereas, those respondents with a regular source of income from a job were more likely to attain an AT or PD loan. A working poor paradox.

Chart 8



#### IV. Payday Loan Frequency and Pay-Back Experience

The frequency, length of time, and any trouble in paying the payday loans was ask of the survey participants. Below are some highlights from the respondents.

- Among all respondents, 45% attained an AT or PD loan at least once a year. With over half of Hispanic (52%) were likely to attain an AT or PD loan at least once a year. Acquiring a AT or PD loan at least once a year was most like among all age groups, except for 50-64 who were more likely every 2 to 3 months (17.6%).
- The more likely you were to attain an AT or PD loan the more trouble you have paying it back. For example, this was particularly true among the 31 to 50 years and 51-64, who had a 22% and 23.5% trouble paying back the full amount when due.
- There are some interesting correlations that best exemplify the duration to pay off a loan.
  - For respondents 30 and under, it took 20.6% 3 to 6 months to pay off the loan in full even though they less likely to get a loan and more likely to utilize social services.

- While for 17.6% of 31-50 year old respondents less than 6 months and for 14.7% of 51-64 year olds around 1 to 2 months. These age groups were among the most likely to attain a loan, having a paycheck and use less social services.
- The likely to attain a loan were also the most sporadic in how long it took to repay back in full. Among oldest respondents, there was a 3 way tie at 7.1% in the less than a month, 1 to 2 months and less than 6 months.
- Over half, received threaten calls relating to AT or PD loan.
- Hispanic took less time to pay their loans than all respondents; e.g., 34% took less than a month to pay off compared to 16.5% of all respondents.

## V. Summary

The results of the aforementioned payday lending survey approximate the results of other national and state<sup>2</sup> reports regarding usage by income level and race and ethnicity. Low income populations and Hispanics are major users of the payday loan marketplace, and are at greater risks to be negatively impacted by this industry if unregulated in its loan methods. State and local ‘fair lending’ coalitions are working in applying pressure and implementing local city policies and ordinance to stop loan abuses while still providing access to fair loans that help families achieve progress toward improve financial security. However, the payday loan industry has been shown to be very creative in often skirting the regulations. Statewide regulatory legislation would do much to help preventing such circumventions, reduce loans abuses, and help families out of poverty.

“Under current state law, Texas has no limits on Credit Access Businesses fees, interest rates, loan amount size, refinances or ability to repay based upon income.”<sup>3</sup> This needs to change!

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<sup>2</sup> The State of Payday and Auto Title Lending in Texas, Center for Public Policy Priorities, September 15, 2013.

<sup>3</sup> Abid, page 1.

Gender:  Male  Female Age: \_\_\_\_\_

# of children in household: \_\_\_\_\_

**APPENDIX 1**

Short-term Lending Survey

**Please answer honestly. Your answers will in no way affect the services you receive from us.**

- 1. Have you or any member of your household ever gotten a payday or auto title loan at places like Ace Cash Express, Cash America, Lone Star Title, pawn shops or others?**  
(select all that apply)

Payday  Auto Title  None

- 2. Please check all types of public assistance or compensation your household currently receive:**

Medicare                      Medicaid                      CHIP                      TANF                      SSI  
Unemployment              Social                      Food                      Child                      Paycheck  
Compensation              Security                      Stamps                      Support                      from a job

- 3. Are you interested in building up emergency savings?**  Yes  No

**If you or any member of your household have used a payday or auto title loan in the last two years, please answer the following questions:**

- 4. How often have you used payday or auto title loans in the last two years?**

Once per year or less  2 or 3 times a year  Every few months  Once or more a month

- 5. Do you have trouble paying back the full payday or auto title loan amount when it comes due?**

Yes, often  Yes, sometimes  No

- 6. How long does it usually take you to pay off a payday or auto title loan?**

Less than a month  1 to 2 months  3 to 6 months  More than 6 months

- 7. How much money do you currently owe payday or auto title lenders?**

None  \$300 or less  \$300-\$500  \$500-\$1000  \$1000-\$2000  Over \$2000

- 8. Does having payday or auto title loans make it hard for you to cover your other bills?**

Yes  No

- 9. Did you receive an information sheet that was separate from the loan contract, about the total cost and interest rate of the loan, how it compares to other kinds of loans, and the office to contact for complaints?**

Yes  No

- 10. Related to the loan, have any of the following happened to you? (please check all that apply)**

Threatened w/criminal              Threatened w/car              Car                      Harassing phone calls for  
charges                      repossession                      repossessed                      debt collection

**THANK YOU FOR PARTICIPATING**

Género:  Masculino  Femenino

Edad: \_\_\_\_\_ # de niños en el hogar: \_\_\_\_\_

### Encuesta de Préstamos a Corto Plazo

Puede contestar las preguntas con plena confianza. De ninguna manera sus respuestas afectarán los servicios que usted reciba de nosotros.

1. **¿Alguna vez usted o cualquier persona en su hogar ha usado un préstamo de día de pago o de título de auto por parte de negocios como Ace Cash Express, Cash America, Lone Star Title o casas de empeño?**

Día de pago  Título de auto  Ninguno

2. **Por favor indique los tipos de asistencia pública o compensación recibidos actualmente en su hogar:**

Medicare	Medicaid	CHIP	TANF
Compensación por desempleo	Seguro Social SSI	Cupones de alimentos	Manutención de niños Cheque del trabajo

3. **¿Le interesaría ahorrar para un fondo para emergencias?**

Sí  No

**Si usted o un miembro de su familia ha usado un préstamo de día de pago o título de auto durante los pasados dos años, favor conteste las siguientes preguntas:**

4. **¿Cuántas veces ha usado un préstamo de día de pago o título de auto durante los pasados dos años?**

Una vez o menos al año  2 o 3 veces al año  Más de 2 o 3 veces al año  Una vez o más al mes

5. **¿Ha tenido dificultad en pagar la cantidad total del préstamo de día de pago o título de auto cuando se cumple el plazo para pagarlo?**

Sí, a menudo  Sí, a veces  Nunca

6. **¿Cuánto tiempo le toma usualmente pagar un préstamo de día de pago o préstamo de título de auto?**

Menos de un mes  1-2 meses  3-6 meses  Más de 6 meses

7. **Actualmente, ¿cuánto dinero debe en total en préstamos de día de pago o préstamos de título de auto?**

Nada  \$300 o menos  \$300-\$500  \$500-\$1000  Más de \$2000

8. **¿Se le hace más difícil cubrir sus otros gastos por tener uno de estos préstamos?**

Sí  No

9. **¿Ha recibido una hoja informativa -- por separado del contrato de préstamo -- sobre el costo total y tasa de interés del préstamo y cómo el mismo compara con otros tipos de préstamo, además de la oficina para someter quejas?**

Sí  No

10. **Con relación al préstamo, ¿le ha ocurrido cualquiera de las siguientes situaciones? (por favor marque todas la que apliquen)**

Amenaza de cargos criminales	Amenaza de reposición del vehículo	Reposición del vehículo	Llamadas amenazantes de cobradores de deudas
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**GRACIAS POR PARTICIPAR**