

TEXAS USA



A Prime Environment for Payday Loan Growth –
Naviating Both Promise and Complexity

INTRODUCTION

Texas boasts a robust economy and a dynamic fintech landscape, making it a focal point for consumer non-bank lending. The state's large population and pro-business environment have cultivated a thriving market for alternative lenders. Importantly, Texas law features unique regulatory nuances – most notably, no interest rate cap for certain institutions.

This regulatory freedom, combined with high demand consumers, has made Texas "a major profit center for the payday and auto title lending industry nationally," accounting for an outsized share of lenders' profits.

The state's attractive market conditions are tempered by challenges as well: consumer advocacy pressures, sustained profitability challenges, and heightened competition.

Despite these challenges, Texas continues to draw interest from new entrants – including international players.



Discover more

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TEXAS IN NUMBERS

Texas stands as the 8th-largest economy in the world, supported by a diverse and rapidly expanding economic base. With a population of nearly 32 million and 76% living in urban areas, the state offers a broad and dynamic consumer market. Its \$2.77T GDP and strong GDP per capita of ~\$87K underscore a robust economic environment.

The state continues to lead the nation in exports, job creation, and energy production, while being home to over 3.3M small businesses and more than 50 Fortune 500 headquarters. In 2024–2025, Texas demonstrated strong economic momentum with 6.8% GDP growth, low inflation, and stable banking indicators.

Combined with no personal or corporate income tax and a strong labor force of over 15.5M people, Texas provides a resilient foundation for financial services expansion—offering substantial opportunity, even amid emerging economic challenges.

31.9M
Population

\$2.7T
Nominal GDP,
2024

2.9%
Inflation rate,
Jul 2025

76%
Urban population

\$86,960
GDP per capita,
2024

0.94%
Non-performing loans
in banking sector,
Q2 2025

35.8
Median
age

6.8%
GDP growth,
Q2 2025

CREDIT INSTITUTION LANDSCAPE

Texas has a diverse and highly active non-bank credit sector regulated by the Texas Office of Consumer Credit Commissioner (OCCC). This landscape includes regulated lenders, property-tax lenders, credit access businesses (payday and title loan facilitators), and pawn shops—each playing a distinct role in consumer lending.

The sector is sizable, with thousands of institutions operating under specific chapters of the Texas Finance Code. In 2024 alone, these entities originated millions of loans, with total loan volume of \$29B.

This ecosystem reflects both the depth of consumer credit demand and the breadth of financial products available to Texas residents, highlighting opportunities for financial innovation while underscoring the need for responsible lending practices.

Institution type	Regulated Lenders	Property Tax Loans	Credit Access Businesses/ Payday and Title Loans	Pawn Loans
Regulator / licensing	OCCC (TEXAS OFFICE OF CONSUMER CREDIT COMMISSIONER)			
Statutory Provision (Chapter of Texas Finance Code)	342-E, 342-F, 342 G, 346, 348, 345, 347	351	393	371
Number of companies (2024)	781	53	1524	1,347
Number of loans (2024)	6.3M	10.3K	3.0M	5.3M
Value of Loans (2024)	\$25.0B	\$281.3M	\$2.5B	\$1.2B

Source: [OCCC: 2024 Report on Availability, Quality, and Pricing of Certain Financial Services and Consumer Loan Products](#)

Loan Comparisons* – Examples of Pricing and Restrictions

FEATURES	Credit Card	342-E (larger installment loans)	342-F (small installment loans)	371 (pawn loans)	393 Title Loan*	393 Payday Loan*
Example APR	22%	44%	92%	180%	262 - 366%	365 - 496%
Example Payment	11 pmts: \$28 1 pmt: \$1,521	12 pmts: 157	12 pmts: 195	11 pmts: \$225 1 pmt: \$1,725	11 pmts: \$327 1 pmt: \$1,827	11 pmts: \$457 1 pmt: \$1,957
Example Finance Charge	\$329	\$381	\$845	\$2,700	\$3,921	\$5,486
Total Repayment	\$1,829	\$1,881	\$2,345	\$4,200	\$5,421	\$6,986
Security Required				Personal Property	Car Title	Check or ACH
Consumer protections						
Ability to Repay Analysis			✓	✓		
Additional Fees limited			✓	✓	✓	
Discount of Finance Charge for Early Payoff		✓	✓	✓	✓	
Contracts are written in plain language			✓	✓	✓	
Eligible to Military		✓	✓			
No ancillary products allowed				✓	✓	

*For this loan comparison, an average emergency expense of approximately \$1,500 is used as a benchmark

CREDIT ACCESS BUSINESS

1. Borrower Applies Via CAB

The borrower starts the process by submitting a loan application directly through the CAB, not the lender.

2. CAB Connects Borrower to Lender

The CAB acts as a broker, matching the borrower with a licensed third-party lender who will fund the loan.

3. Lender Funds the Loan

Once approved, the lender disburses the funds to the borrower-usually via direct deposit or cash, depending on the agreement.

4. Borrower Pays Interest to the Lender

The borrower pays interest to the lender, which is capped by federal rules-typically no more than 10% APR.

5. Borrower Pays a CAB Fee

In addition to interest, the borrower pays a service fee to the CAB-commonly \$20-\$30 per \$100 borrowed. This covers loan facilitation and ongoing service.

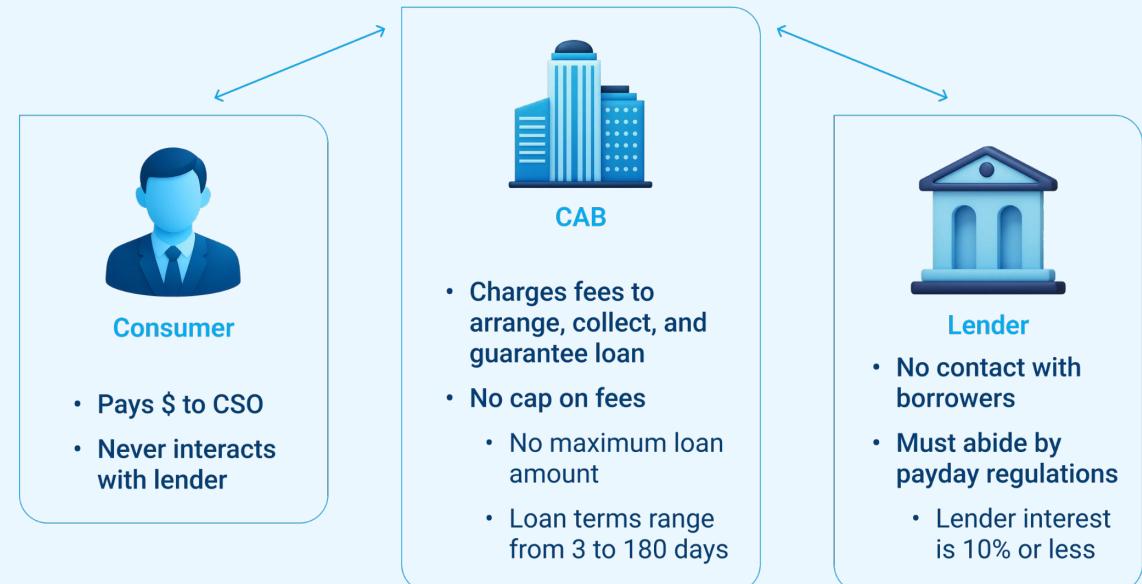
6. CAB Manages Servicing

The CAB handles ongoing tasks like collecting payments, managing renewals, handling defaults, and maintaining compliance.

7. Oversight by the OCCC

The Texas Office of Consumer Credit Commissioner (OCCC) regulates the entire process-licensing CABs, monitoring fee structures, and enforcing consumer protections.

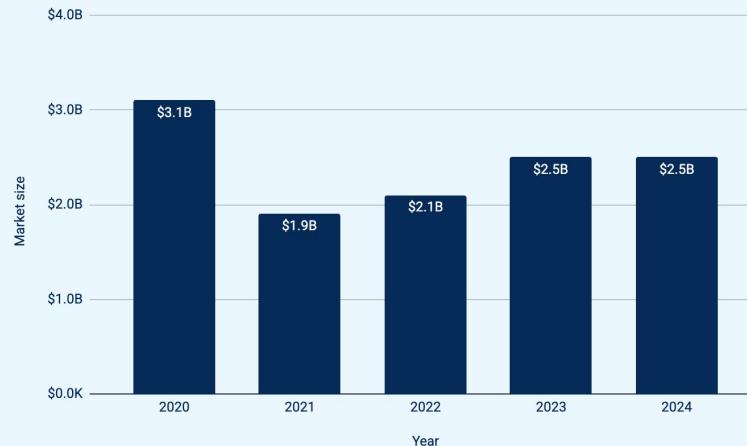
The CAB Business Model



SNAPSHOT OF CAB' MARKET SIZE IN TEXAS

Since FY 2019, the number of companies licensed as CABs decreased by 45%. Industry consolidation and the growth of internet lending account for some of this decline, but a portion also reflects companies that previously held CAB licenses and now operate solely as CSOs, relying on the 2019 Attorney General opinion to arrange other forms of consumer credit without being licensed as CABs.eased access to capital due to heightened investor interest.

Dynamics of issued loan volume by CABs in Texas, 2020 - 2024



1524

CAB-licensed locations, 2024

\$2B

CAB Fees Charged, 2024

1.2M

Consumers Assisted
in Obtaining Credit, 2024

CAB ACTIVITY SUMMARY 2024

Credit Access Businesses (CABs) play a major role in facilitating short-term credit in Texas, supporting over 1.17M consumers in 2024 across payday and auto-title loan products. The CAB market is dominated by installment structures, which account for the majority of fees and loan volumes.

In 2024, CABs generated fees exceeding \$2B, driven primarily by installment deferred presentment and installment auto-title loans. Total loan value across all CAB products surpassed \$2.3B, reflecting strong demand for short-term, high-cost credit. This segment remains a significant component of Texas's non-bank lending landscape, serving consumers who often lack access to traditional credit options.

Features	Single-Payment Deferred Presentment	Installment Deferred Presentment	Single-Payment Auto Title	Installment Auto Title
CAB Fees Charged	\$42.6M	\$1.3B	\$236.7M	\$449.4M
Consumers Assisted in Obtaining Credit	68.9K	941.4K	65.4K	93.9K
Value of Loans Originated	\$184.7M	\$1.2B	\$664.1M	\$435.3M

Source: [OCCC: 2024 Report on Availability, Quality, and Pricing of Certain Financial Services and Consumer Loan Products](#)

REGULATORY POLICY

Allowable Charges

- Fees charged by broker are uncapped (lender interest is 10% or less)
- APR can exceed 400%
- Late charge is 5% of payment or \$7.50 (whichever greater). Late charges may be assessed 10 days after the due date.
- Filing fees and non-sufficient fund fees
- Consumer may have the option to purchase insurance or motor club memberships

Loan Terms

- No maximum loan amount (typically \$400 - \$1,200)
- Loan terms range from 3 - 180 days
- Entire amount may be due in a single payment
- Prepayment allowed but fees may be non-refundable

Regulatory body	<u>Texas Office of Consumer Credit Commissioner</u>
Documents	<u>Texas Finance Code:</u> <u>Tex. Fin. Code Ann. §341</u> <u>Tex. Fin. Code Ann. §342</u> <u>Fin. Code Ann. §393</u> 7 Tex. Admin. Code §83, Subchapter B

LEADING CAB's in Texas

Brand	Website	Type	Monthly users	Year launched	Max daily interest	Annual interest rate, %	Late payment fee 5% or \$7.5 (whichever amount is greater)	Dishonored item charge	Min loan, \$	Max loan, \$	Min period, days	Max period, days	Product type	Other available products
Credit Ninja	creditninja.com	Online	986.7K	2017	1.3	470.12	Yes	\$25 to \$40	300	5000	N/a	730	Installment	-
Advance America	advanceamerica.net	In-store & online	984.0K	1997	1.8	664.22	N/a	\$25	100	1800	14	30	Short	Installment Loans Title Loans Line of Credit
Speedy Cash	speedycash.com	In-store & online	972.2K	1997	2.0	730.8	N/a	N/a	100	3000	14	31	Short	Title Loans Installment Loans
Title Max	TitleMax	In-store & online	853.3K	1998	1.78	649.7	Yes	\$30	100	2500	N/a	180	Short	Car Title Loans Car Title Pawns Motorcycle Title Loans Motorcycle Title Pawns
Cash Net USA	cashnetusa.com	In-store & online	765.5K	2004	1.1	409.25	Yes	\$30	300	2500	N/a	180	Installment	-
Possible Finance	possiblefinance.com	Online	307.3K	2017	0.7	248.67	0	\$0	50	750	N/a	56	Installment	Credit Card

PRODUCT DETAILS OF SELECTED CAB's in Texas

Brand	Website	Type	Monthly users	Year launched	Max daily interest	Annual interest rate, %	Late payment fee 5% or \$7.5 (whichever amount is greater)	Dishonored item charge	Min loan, \$	Max loan, \$	Min period, days	Max period, days	Product type	Other available products
Ace Cash Express	acecashexpress.com	In-store & online	288.5K	1968	1.8	661.69	Yes	\$30	100	2000	9	35	Short	Installment Loans Title Loans
Net Pay Advance	netpayadvance.com	In-store & online	195.2K	2007	2.0	739.91	Yes	\$30	N/a	1200	7	31	Short	Installment Loans Line of credit
Check City	checkcity.com	In-store & online	145.5K	1986	1.7	610.18	N/a	N/a	250	2500	150	180	Installment	-
Wise Loan	wiseloan.com	Online	107.8K	2015	2.2	799	N/a	\$30	200	3500	30	180	Installment	-
SunUp Financial	balancecredit.com	Online	100.9K	2015	1.8	649.7	N/a	N/a	500	4000	N/a	540	Installment	-
Power Finance Texas	powerfinancetexas.com	In-store & online	33.2K	1992	2.2	789.9	Yes	\$30	100	1250	-	175	Installment	-

FINANCIAL PERFORMANCE OF SELECTED LENDERS

Website	Parent Company	Year launched	2020 Revenue	2021 Revenue	2022 Revenue	2023 Revenue	2024 Revenue
cashnetusa.com	Enova International, Inc.	2003	\$597.5M	\$947.7M	\$1.00B	\$1.04B	\$1.2B
oportun.com	Oportun Financial Corp.	2005	\$525.3M	\$579.1M	\$859.5M	\$877.5M	\$763.6M
aviocredit.com	Community Choice Financial	1997	\$788.2M	\$743.7M	\$905.4M	\$571.8M	N/A
balancecredit.com	Elevate Credit, Inc.	2015	\$465.3M	\$416.63M	N/a	N/A	N/A

Website	Parent Company	Year launched	2020 Net Profit	2021 Net Profit	2022 Net Profit	2023 Net Profit	2024 Net Profit
cashnetusa.com	Enova International, Inc.	2003	\$377.84M	\$256.3M	\$207.4M	\$175.1M	\$209.4M
oportun.com	Oportun Financial Corp.	2005	-\$45.08M	\$47.4M	-\$77.7M	-\$179.9M	-\$78.68M
aviocredit.com	Community Choice Financial	1997	\$75.7M	\$59.3M	-\$185.5M	-\$266.7M	N/A
balancecredit.com	Elevate Credit, Inc.	2015	\$20.6M	-\$33.6M	N/A	N/A	N/A

STATE OF THE FINTECH

Fintech snapshot

Number of fintechs: **2980**

Funding raised: **\$17.3B**

Number of unicorns: **4**

Alternative lending snapshot

Number of companies: **492**

Funding raised: **\$4.61B**

Prominent alternative lending companies

Brand	Website	Founded Year	Short Description	Total Equity Funding	Company Stage
Self	self.inc	2015	Online marketplace for credit builder loans	\$127.0M	Series E
Hello Alice	helloalice.com	2015	Online networking platform for businesses to launch and grow	\$43.4M	Series C
Billd	billd.com	2018	SaaS-driven financing solution for construction material suppliers	\$142.0M	Series B
Founderpath	founderpath.com	2018	Online lending solutions for business loans	\$20.0M	Series A
Turnkey Lender	turnkey-lender.com	2014	AI-driven loan origination and management software for banks and non-bank lenders	\$18.1M	Series A
Floatme	floatme.com	2018	Online platform for cash advance loans	\$20.2M	Series A
Lendflow	lendflow.com	2019	Provider of cloud-based lending solutions	\$13.0M	Series A
Vault	vault.co	2013	Student loan benefits platform	\$17.5M	Series A
Onramp Funds	onrampfunds.com	2019	Online lending platform providing working capital loans for e-commerce sellers	\$66.3M	Series C
Visio	visiolending.com	2011	DSCR lender empowering real estate investors with tailored financing solutions	\$13.0M	Series B
Fig Loans	figloans.com	2014	Installment loans service	\$4.7M	Seed
Meritize	meritize.com	2016	Online education loans platform	\$20.1M	Series B
StellarFi	stellarfi.com	2021	Online platform offering credit repair solutions for consumers by reporting bill payments	\$25.7M	Series A

RECENT DEVELOPMENTS: REGULATIONS

- The Finance Commission of Texas adopted amendments to the rules governing Credit Access Businesses (CABs) in Texas. These adopted changes relate primarily to license applications, denial processes, criminal history review, and consumer disclosures.
- Rule on Bounced Payday and High-Cost Loan Payments went into Effect. This rule (applicable in Texas) prohibits lenders from making more than two consecutive failed attempts to debit a borrower's account without new authorization.

Figure: 7 TAC §83.6007(a)

CAB NAME HERE

Payday Loan
\$ _____, One Payment

Cost Disclosure

Cost of this loan:

Borrowed amount (cash advance)	\$ _____
Interest paid to lender (interest rate: _____ %)	\$ _____
Fees paid to <u>CAB name here</u>	\$ _____
Total of payments (if I pay on time)	\$ _____

APR	_____ %
Term of loan	_____
If I pay off the loan in:	
2 Weeks	\$ _____
1 Month	\$ _____
2 Months	\$ _____
3 Months	\$ _____
I will have to pay interest and fees of approximately:	
I will have to pay a total of approximately:	

Cost of other types of loans:

Least Expensive	Credit Cards ↓	Secured Loans ↓	Signature Loans ↓	Pawn Loans ↓	Auto Title Loans ↓	Payday Loans ↓	Most Expensive
22%	30%	89%	180%	223%	415%	Average APR	
\$1.82	\$3.55	\$13.38	\$15.00	\$19.45	\$34.14	Average fees & interest per \$100 borrowed over 1 month	

Repayment:
Of 10 people who get a new single-payment payday loan:

	5 % will pay the loan on time as scheduled (typically before 30 days)
	1 ½ will renew 1 time before paying off the loan
	1 ½ will renew 2 to 4 times before paying off the loan
	1 will renew 5 or more times or will never pay off the loan

This data is from 2022 reports to the OCCC.

Before getting this loan, ask yourself:

- Do I need to borrow this money?
- Can I pay back the loan *in full* when it is due?
- Can I pay my bills and repay this loan?
- Can I afford late charges if I miss a payment?
- Do I have other credit options?

OCCC notice:

- This company is regulated by the Texas Office of Consumer Credit Commissioner (OCCC).
- OCCC Consumer Helpline: (800) 538-1579, consumer.complaints@occc.texas.gov
- Visit occc.texas.gov for more information.
- This disclosure is provided under Texas Finance Code Section 393.223.

Source: [OCCC, National consumer law center](http://occc.texas.gov)

The figure represents the required Consumer disclosure

RECENT DEVELOPMENTS: M&As

Date	Acquired company name	Acquirer	Sum of deal	Reason / Comments
June 2021	Liberty Bank (Utah)	KMD Partners (parent of CreditNinja)	not publicly disclosed (Liberty Bank had only US\$11.7 M in assets)	KMD / CreditNinja aimed to use the insured bank charter to offer checking/savings, credit cards and possibly lower-cost banking services – intending to provide a full “digital banking + lending” ecosystem to underserved borrowers.
July 2022	CURO’s “Legacy U.S. Direct Lending Business” (brands including Speedy Cash, Rapid Cash, Avio Credit)	Community Choice Financial	\$345M	CURO divested short-term, higher-risk payday/short-loan brands to focus on longer-term installment lending via acquisition of near-prime lender First Heritage Credit.
March 2023	Elevate Credit, Inc.	Park Cities Asset Management	~\$67M	Park Cities aimed to continue Elevate’s business as a private company – providing flexible capital and supporting Elevate’s non-prime online credit offerings under existing brand.
August 2025	H&T Group plc (UK pawn-shop operator)	FirstCash Holdings, Inc.	\$468M	FirstCash’s first entry into European market – expanding its pawn-store footprint to over 3,300 retail locations globally, and extending geographic diversification beyond U.S./Latin America.

RECENT DEVELOPMENTS: OTHERS

UPSTART (NASDAQ: UPST)

the lending marketplace, announced a programmatic purchase commitment from funds managed by Blue Owl Capital Inc. Blue Owl's Alternative Credit strategy will purchase up to \$2B of consumer loans on the Upstart platform over 18 months. The transaction includes an initial acquisition of a \$290M personal loan portfolio, which closed in September 2024.

ACE CASH EXPRESS vs CONSUMER FINANCIAL PROTECTION BUREAU

Irving-based ACE Cash Express (Populus Financial Group), one of Texas's largest payday chains, is embroiled in litigation with the CFPB. The Bureau sued ACE in 2022 alleging it hide free repayment plan options from borrowers. In July 2024, ACE/Populus moved to dismiss the case, arguing the CFPB's funding was unconstitutional.(This argument came after the Supreme Court upheld the CFPB's funding in late 2023, and the case is ongoing).

FIRSTCASH

the Texas-based pawn and small-loan operator opened and acquired around 70 pawn stores in Mexico.

AVENTUS GROUP

European-based international lending group is preparing for the US expansion, starting from Texas.

NOTABLE FUNDING ROUNDS IN FINTECH (2025)

Round Date	Company Name	Domain Name	Round Name	Round Amount (USD)	Total Funding (USD)	Overview	Founded Year
Nov 06, 2025	Billd	billd.com	Series B	Undisclosed	\$142M	SaaS-driven financing solution for construction material suppliers	2018
Aug 28, 2025	Turnkey Lender	turnkey-lender.com	Series A	Undisclosed	\$18.1M	AI-driven loan origination and management software for banks and non-bank lenders	2014
Jul 02, 2025	Billd	billd.com	Series B	7.48M	\$142M	SaaS-driven financing solution for construction material suppliers	2018
May 19, 2025	Lendflow	www.lendflow.com/	Conventional De...	15M	\$13M	Provider of cloud-based lending solutions	2019
Mar 31, 2025	Car Capital Technologies	carcapital.com	Series A	73.2K	\$12.6M	Online platform to streamline purchase and finance of car.	2020
Jan 31, 2025	Novumhomeloans	novumhomeloans.com	Seed	200K	\$200K	Provider of a financial solutions for lending management	-

KEY TAKEAWAYS

Strong economy

Texas' strong economic performance supported by a 31.9M population, a \$2.7T GDP, and 6.8% growth creates a robust foundation for consumer activity and credit demand.

High demand for short-term loans

Consumer surveys indicate that many households face unexpected expenses in the range of \$1K to \$2K. About 37% of adults report they could not cover a \$400 emergency expense with cash or its equivalent. Analyses from the JPMorgan Chase Institute similarly show that only about one-third of lower-income households could absorb a \$1,600 expense without turning to credit.

The least restrictive regulations in the US

It lets payday lenders claim a license as a credit access business (CAB). A credit access business serves as an intermediary between consumers and third-party lenders. In Texas, there are virtually **no limitations at the state level on the fees they can charge.**

Installment loans dominate CAB industry

Installment loans dominate the CAB market, generating 64% of all CAB fee revenue (\$1.3B) and 58% of loan volume (\$1.2B) in 2024. Loans with terms up to 180 days—offered with weekly, bi-weekly, semi-monthly, or monthly repayment schedules—remain the clear industry cornerstone.

Profitability remains a challenge nationwide

While the analysis is based on a limited data set of large, publicly-traded lenders, the trend is unmistakable: profitability remains severely challenged. Companies are consistently reporting net losses or sharp declines in profit, even as top-line revenue may grow.

KEY TAKEAWAYS

Regulatory scrutiny is tightening

- The Finance Commission of Texas adopted amendments to Credit Access Business (CAB) rules that strengthen oversight of licensing, clarify denial criteria, expand criminal history review procedures, and update required consumer disclosures to improve transparency.
- Rule on Bounced Payday and High-Cost Loan Payments went into Effect. This rule (applicable in Texas) prohibits lenders from making more than two consecutive failed attempts to debit a borrower's account without new authorization.

Expansion of EU-based companies

Aventus Group, European-based international lending group is preparing for the US expansion, starting from Texas.

Key trends in M&A

Strategic consolidation and evolution within the non-prime and alternative lending sector. From 2021 to 2025, key players have focused on enhancing digital capabilities, divesting high-risk short-term lending operations to prioritize longer-term installment products, and pursuing geographic diversification—such as FirstCash's expansion into Europe. These moves underscore an industry shift toward building resilient, scalable ecosystems that better serve underserved borrowers while mitigating regulatory and market risks, ultimately fostering greater stability and global reach in fintech lending.

ABOUT MD FINANCE

We are a fast-growing technology company providing financial services across global markets, combining proven business models with AI-powered solutions. Since 2015, we have been serving thousands of people, empowering them through fast and simple financial products.

MISSION

We create easy-to-use financial products to address real-life needs as they come up – fast and without any hassle.

VISION

We envision a world where people move freely toward their goals, supported by financial solutions that are always ready, always simple, and always there when needed.

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