

# WHAT IS APR?

**APR** is the **annual percentage rate**.

It helps you to understand how much a loan will cost you per year.

It includes:

- The NIR, the interest on the loan.
- Other costs and fees that must be paid.

## Why is the APR important?

The APR helps you to compare different loans and find out which one is best for you.

The lower the APR, the cheaper the loan.

### Example: buying an electric bike

Imagine you want to buy an electric bike that costs €3,000.

You are offered two consumer loans to pay for it.

**First consumer loan:**

- NIR of 10 %
- €65 fee for assessing and arranging the loan
- APR of 15 %
- Total amount payable: €3,230

**Second consumer loan:**

- NIR of 10 %
- No fees or extra costs
- APR of 10.50 %
- Total amount payable: €3,165

**Which of the two options is better?**

The second option is better because you will pay less money.

Even though the NIR is the same,  
the APR is lower because there are no extra costs.

**Remember:**

Always look at the APR to find out how much you will pay in total.

