

WHAT SHOULD I CONSIDER BEFORE APPLYING FOR A CONSUMER LOAN?

Before applying for a consumer loan,
think about whether you really need to make that purchase.

For example:

- Is that trip necessary?
- Do I really need to buy a motorbike to avoid traffic jams?

Also think about how you are going to pay for that purchase.

What do I do if I want to buy something but can't pay for it all at once?

If you decide to buy something
and you don't want to or can't pay for it all at once,
you can pay for it in **monthly instalments**.

That means paying a part each month,
instead of making one large payment.

To do this, you can apply for **consumer loan**.

How do I choose the best consumer loan?

Once you have decided to make the purchase, the next step is to **choose the loan** that best suits you.

You should consider the following:

1. THE MONTHLY INSTALMENT

The **instalment** is the amount of money you will pay each month to repay the money lent to you by the bank or financial institution.

It includes:

- The price of the product or service you have purchased.
- Any interest charged by the bank.
- Other costs or fees associated with the loan, if any.

When you take out a consumer loan, you can choose how long you want to take to pay it back.

- If you pay it back over a longer period, the instalments will be lower, but you will end up paying more interest.
- If you pay it back in less time, the instalments will be higher, but you will end up paying less interest.

Tip:

Adjust the instalment to what you can afford based on your income and expenses.

This will ensure you avoid problems if you have any unexpected expenses.



2. THE TIME TO REPAY THE LOAN

The time to repay the loan must make sense based on what you have purchased.

For example:

- It doesn't make sense to pay for a trip over 3 years.
- But it may make sense to pay for a mobile phone over 12 months.

3. NIR AND APR

- **NIR** is the nominal interest rate.
That is, it is the price that the bank or financial institution charges you for lending you the money.
- **APR** is the annual percentage rate.
This includes the NIR and other costs and fees charged by the bank or financial institution.