

on the borrowed sum. Interest charge generally comes in two forms:

A VARIABLE INTEREST RATE

This makes the interest payment rise or fall in line with changes in interest rates.

A FIXED INTEREST RATE

This means the interest payment stays the same throughout the term of the loan, regardless of any changes in the level of interest rates.

Watch out for unexpected fees: Ask your lender carefully about fees connected with drawing up the loan documents, or other costs.

You pay interest on a loan.

You can always negotiate to get a lower interest rate on your loan. Compare the loan terms offered by your lender with those of other competitors and then negotiate the best deal.

WHAT TYPES OF LOANS ARE AVAILABLE TO YOU?

There are two types of Loans:

Unsecured Loans: This is a loan arrangement in which collateral or guarantee is not pledged. The loan is granted on the good credit of the borrower.

Secured Loans: These are loan arrangements in which collateral or guarantee is pledged.

THE TERM OF A LOAN

The term of a loan is the repayment period. This means it is the length of time during which you are required to pay back the loan e.g. a 3 year personal loan.

WHY ARE LOANS TAKEN?

Many people invest their savings to enable them achieve a financial goal like buying a house, buying a car or starting a business. There are, however, times that the investment so far made is insufficient to help us meet our financial goals including kick-starting a wealth creation process.

Taking a loan can help you meet your financial goal, but only when you carefully consider the responsibilities associated with taking the loan. It is, therefore, advisable to take a loan only when all other options for accessing resources including your savings or investments have been fully explored and your financial outlook justifies taking on this further responsibility.

Use the loan for the intended purpose.

Before you sign for the loan, ask yourself if you really need the loan. Is it something you could save up for? Chances are you may not need the loan as badly as you think you do. Get a loan only when you need it and when it is the only option left.

Do not take more than one loan. Too many loans may strangle you.

As much as possible do not borrow multiple loans as you may face problems making multiple loan repayments at the same time.

HOW AND WHERE CAN YOU TAKE A LOAN?

There are many financial institutions that offer loans to individuals. These include banks, building societies, micro finance institutions, leasing companies etc.

A variety of loan arrangements are offered by different financial institutions and they are always happy to advise you on what best suits your specific need and how you should go about your loan application and relevant arrangements.

It always helps to operate an account at the financial institution you hope to borrow from.

Before you go to the lender, make sure you know your exact purpose for the loan, how much you need, how long it will take you to repay the loan and what collateral you can provide.

PAYING BACK THE LOAN

Every loan taken must be paid back. The financial institution gives you the loan from the savings or investments other people have made with it. You must therefore pay back your loan so that others who provided the funds to the financial institution can be paid. Again the financial institution uses the same pool of funds to give loans to its customers, it is therefore when you pay back your loan that other customers including your friends and relatives can also be granted loans by the financial institution.

A loan always comes with a repayment schedule which indicates the loan instalment amount and dates that the borrower must repay the loan. If you fail to meet the repayment schedule of your loan, you lose the trust of the lender and a penalty may be imposed on you. If you persist in failing to meet the repayment schedule, the lender may take legal action against you.

If you pay your loan on time, your financial institution can provide loans to other clients.

Avoid late repayments to avoid payment of penalties.

Ask your financial institution about the types of loans they offer and determine which of them is suitable for you.

WHO CAN ACCESS A LOAN?

Everyone can seek to obtain a loan but loans are normally given to people who are considered to be in a position to pay back the loan, e.g. someone gainfully employed or self-employed.

Carefully read the terms and understand the type of loans that best suits your needs.

Traditionally, lenders look at what are called the 5 "Cs" of credit namely;

Capacity: This is what makes the lender confident that a borrower has the resources and ability to pay back the loan.

The borrower's ability to generate sufficient cash flow is what the borrower uses to convince the lender of their ability to pay back the loan.

Character: This is what makes the lender confident that the borrower is credible and responsible and will not suddenly disappear if he/she runs into financial problems.

Collateral: To ensure that borrowers pay back loans they have taken, they may be required to put up a personal or business asset that may be used to secure the loan. This asset may be used to offset the unpaid loan if the borrower defaults in paying back the loan. Collateral may be in the form of equipment, buildings, vehicles, inventories or stocks of goods. Financial assets, such as shares and bonds may also be accepted by lenders as collateral.

Capital: This is a measure of financial strength of a borrower. It is concerned with the tangible net worth (assets – liabilities) and ratio analysis of the borrower's most recent financial statements.

Conditions: This refers to the lender's assessment of the changes in the industry, the general economic conditions; seasonal fluctuations in income or cashflow, and specific industry/employment characteristics that affect a borrower's ability to repay the loan regularly.

GUARANTEE

Sometimes financial institutions ask their borrowers to provide "guarantors" to further strengthen their security requirements. The guarantor is usually someone who is gainfully employed. He or she accepts to make good the loan to financial institution in the event that the borrower defaults in payment. As a borrower you are not supposed to make any payment to the guarantor if he or she offers to be a guarantor.

Think twice before borrowing against your home or retirement account. Never offer something as security that you cannot live without. Usually, lenders base their lending decision on good credit and character of a borrower. They use collateral only as a last resort. For example, in granting a loan to a worker who has an assured salary, the lending institution will look for that worker's pay slip and a letter from his/her employer that his/her salary will be paid through the bank. For a self employed person, the lender would usually request for business registration documents as well as statements of his/her earnings or bank accounts.

When requesting a loan, you should try to put yourself in the potential lender's position. You know your business, and you are confident about its results and your ability to repay the loan. You need to convey that same confidence to the lender.

HOW TO MANAGE YOUR LOAN

Every day we are confronted with many situations for which money is required. We may always be tempted to apply a loan amount to a totally unrelated need. For example, you may take a loan for your business with the intention of paying it back with revenues from the business but find yourself spending it on your wedding. This may create problems for you. There are some things you can do to ensure that the loan you have taken does not end up becoming a burden for you. They include the following:

Apply the loan amount in a way that enables you to pay it back as agreed with the financial institution (the lender).

Negotiate for payment options that fit your income stream or your business operating cycle. For example, if you collect cash every 90 days, then opt for a quarterly payment on interest and principal.

Make payments on time! This boosts your credit rating and improves your chances of getting future loans at lower interest rates.

A financial institution can make a mistake, so keep records of your payments. Closely review your bank statements and other correspondence from your lender. This will help you detect errors, unauthorized withdrawals, and matters you might want to question or challenge.

TAKING A LOAN - SOME BASIC STEPS

Below we present the basic steps for taking a loan from a financial institution:

1. Ask an official of the institution about the different forms of loans they offer.
2. Once you receive the information either orally or in writing, take a bit of time to think about it and relate it to your current situation and your financial need.
3. Select the loan option that best fits your life situation.
4. Make a loan application to the financial institution for your loan request to be approved.
5. The staff of the financial institution will give you a form to complete and will help you to complete it.
 1. This form usually requires the following information:
 - a. Name;
 - b. Date of birth/age;
 - c. Occupation;
 - d. Address
 - e. Identification e.g. National Registration Card, passport, birth certificate.

The financial institution may verify your personal information and address using any one or more of the following methods: Utility bills such as an electricity, water, telephone or property rate bill. Some financial institutions may also accept any of the mentioned bills in the name of your landlord; Obtaining a reference from a professional or a letter from your employer or school; A known customer of the regulated institution; or A customary authority, civic or community leader that knows you.

Once you have gone through the formalities, a loan agreement or contract will be prepared for you to sign to enable you to have access to the loan amount granted you.

Do not lie in your loan application; be honest about the reason you want the loan.

To lower your risk and improve your chances of getting a loan, you need to present the lender insights into your income that may enable him to easily approve your loan.

Watch out for unexpected fees! Ask your lender carefully about fees connected with drawing up the loan documents, or other costs.

Before you sign the paper work, find out about the loan processing fees which may be payable in lump sum at the time the loan is disbursed.

FINANCIAL EDUCATION FOR ZAMBIA



YUKILAPO BINTU BIKWABO PA BYO MWAKONSHA KUTAMBULA LONI

(KAONDE)

KNOW MORE ABOUT LOANS



YUKILAPO BINTU BIKWABO PA BYO MWAKONSHA KUTAMBULA LONI!

Twambe'mba mubena kukeba mali avula a kushimikilamo nzubo, kupaina mwanenu ku sukulu mukatampe, kupota bipe bya mu nzubo, mali a kuyilapo ku sukulu mukatampe jikwabo, kupota bya kwingijisha pa fwamu nangwa kupota motoka pano bino kafwako ko mwakonsha kufumya mali. Kutambula loni jo jishindatu jonka jakonsha kwimukwasha. Loni o mali akonsha kwimukongweshamuntu.

Jishinda jayukanyikwa bingi ja kusengelamo mali ke kutambula ku kampanyi kengila na kipao ko baswisha ku kafulumende nabiji banki. Jishinda jikwabo ke kutambula ku muntu nangwa ku kipanyi kikongweshamali.

Muntu, kipanyi nangwa kampanyi kakonsha kutambula loni. Mwakonsha kubwezha loni mu moba, mu milungu, bañondo nangwa mu myaka yo mwalayañana.

Muntu nangwa kipanyi kyonse kutambula loni ku bapana maloni kabiji balayañana amba batambula loni bakabikapo akwabo mali pa kubwezha kubwezha. Amba bababwezhanga pachepache.

Muvulukenga kyakatazha bingi kutambula loni kimye kitanshi. Javula bapana maloni bakeba kupa boba batambulapo kala kabiji babwezha monka mu moba o balayañene kubwezha.
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Mwafwainwa kuyuka bulongo mwakubwezhezha loni. Nanchi mwakonsha kubwezha loni inge pamweka kintu kyakonsha kulengela mwina mali kukeba'mba mubwezhe loni ponkapotu nyi? Nanyi kimye kyakonsha kupimpulwa bintu kabiji kuba'mba munungepo akubikapo?

 Nengezezhai jimo! Kunengezha ne kutambula loni kutayako kimye.
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UBENA KOKONGOLA NE UBENA KUKONGWESHA

Muntu watambula loni ye ubena KUKONGOLA mali, awa ubena kupana loni ye ubena KUKONGWESHA mali.

Javula wakongola upana ne kubikapo nsubu yo balayañana pa ñondo pa ñondo, ko kuba'mba (mali o akongwele) pamo na nsubu.

Ambilai ubena kwimukongwesha kwimulumbulwila bulongo bintu byo biji. Umvwe byubilo byanji kechi mwibitemwa ne, mwakonsha kuya kukwabo.
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NSUBU

Kimye kyonse kyo mubena kubwezha loni pekala nsubu. Nsubu o mali o mwalayañana amba ubena kubwezha o akabikapo pa kubwezha loni. Nsubu iji pabiji:

NSUBU YAKONSHA KUPIMPULWA

Ino nsubu yakonsha kuilako peulu nangwa kubwelako panshi kwesakana na mutengo wa mali.

NSUBU IBULA KUPIMPULWA

Ko kuba'mba ino nsubu kechi ipimpulwa pa kubwezha loni nangwatu mutengo abweleko panshi nangwa kuilako peulu ne.

Jimukai na bya kupana mali akubula kuketekela ne: ipuzhai ye mubena kutambulako loni byo mukabwezhanga mali pa kunemba ne kusaina loni.
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 Mukabikangapo nsubu pa kubwezha loni.
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Mwakonsha kumwañana kwimubwezhezhako nsubu yo mukabikangapo pa kubwezha loni. Esakanyi mashinda akubwezhezhamo loni emubula ubena kwimukongwesha loni na mashinda a bakwabo bakongwesha maloni pa kuba'mba musalepo bulongo.

ÑANYI MALONI AJIKO?

Maloni ajitu abiji:

LONI YABULA KYA KUKWACHILAMO:

Uno loni kafwako kya kukwachilamo ne. Uno waimena pa muntu ubena kutambula byo ayukanyikwa.

LONI YE BAKEBA KYA KUKWACHILAMO:

Uno loni bakeba kyo bakonsha kulama kufikila mwabwezha loni.

BYA KUBWEZHA LONI

Loni iji na moba akubwezhezhamo. Kino ke kimye kyo mwakonsha kubwezhezhamo. Kimo kimye bakonsha kwimubula'mba mukabwezha loni mu myaka isatu.

MAMBO KA AKUTAMBWILA LONI?

Bantu bavula bafyapo mali amo kuba'mba bakapotemo nzubo, motoka na kutendekelamo busulu. Nangwa byonkabyo, mali akonsha kukepa kya kuba muntu wakankalwa kupota kintu kyo abena kukeba nangwa kukankalwa kutendeka busulu.

Kutambula loni kwakonsha kumukwasha kupota kintu kyo abena kukeba nangaw kutendeka busulu bo akeba, pano bino mwafwainwa kulangulukishapo bulongo saka mukyangye kufuukulapo kutambula loni. Nanchi kutambula loni kanatu inge kya kuba mali aji mu akaunti wenu ku banki nangwa o mwabika mu bintu kechi awaina ne, kabiji mubena kusakisha mali nyi?

 Ingijishai loni kwesakana na kyo mwiitambwila.

Saka mukyangye kufuukulapo kutambula loni, mwakonsha kulangulukishapo bingi umvwe mubena kusaka loni. Nanchi mwakonshatu kulama mali a kubilamo byo byo bintu nyi? Mwakonsha kutana amba kimo kimye kechi mwafwainwa kutambula loni ne. Mwakonsha kutambulatu inge mubena kwiikeba kabiji mwakankalwa kwa kutana mali.

 Mwafwainwa kutambula loni imotu. Kutambula maloni avula kukemutwezha mu lukatazho.

Kechi mwafwainwa kutambulangutu maloni ne, mambo kimo kimye mwakonsha kukankalwa kubwezha.
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MWAKONSHA KUTAMBULA BYEPI LONI KABJI KWEPI KO MWAKONSHA KUTAMBULA?

Tumpanyi twavula twa kipao tupana maloni ku bantu. Tuno tumpanyi ke mabanki, bipanyi bikongwesha mali acheche, tumpanyi nabiji building societies, ne tumpanyi tukwabo kusenga bantu mali.

Maloni avula kabiji tumpanyi kwa kutambula maloni twavula. Kuno koko mwakonsha kutana bashayuka bakonsha kwimulumbulwila bulongo loni imuwaina, byo mwakonsha kuba pa kuba'mba mutambule loni ne byo mwakonsha kubwezha loni.

Kyanema bingi kwikala na akaunti ku kampanyi ka kipao ko mubena kutambula loni. Saka mukyangye kufuukulapo kutambula loni, monai kuba'mba mwayuka kine kintu kyo mubena kutambwila loni, mali o mubena kukeba, moba o mukabwezhezhamo loni ne kintu kikalaminamo ubena kwimupa loni kufikila mwabwezha.
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KUBWEZHA LONI

Muntu wafwainwa kubwezha loni yo atambula. Tumpanyi twa kipao tupana maloni kwingijisha mali abikamo bantu bakwabo. Onkao mambo, mwafwainwa kubwezha loni pa kuba'mba bakwabo nabo babikamo bakebape. Kabiji tumpanyi twa kipao kwingijisha mali antu amo kupana maloni ku bantu bakwabo. Onkao mambo umvwe mwabwezha mali, o mali o bakapa bakwenu kuvwangakotu balunda nenu ne balongo benu babena kukeba kutambula loni ku konka kampanyi ko mwatambulako.

Kimye kyonse kyo mwatambula loni bakemubula mali o mukabwezha ne moba o mukabwezhezhamo loni. Umvwe mwakankalwa kulondela byo bemubula, wimukongwesha loni kechi ukemuketekala ne, kabiji ukakonsha kwimupa mpanyishi. Umvwe mwakankalwa jibiji wimupa loni ukemutwala ku kije kya mambo.

 Umvwe mwabwezha loni kwesakana na moba o mwalayañene kubwezhezhamo, kampanyi ka kipao kakapa maloni bantu bakwabo.
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Kechi mwakonsha kukelwanga kupana mali ne, pa kuba kechi bemupa mpanshi ne.
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BYO MWAKONSHA KUFUUKULAPO KUTAMBULA LONI IMUWAINA.

Mwakonsha kutambula loni kwesakana na kimino, mali o mufola, lukatazho lo mubena kukeba kupwisha kabiji yo mwakonsha kubwezha nangwa kya kuba bintu bisolomokatu bimumwekela.

Isambai na kampanyi ka kipao muyuke maloni ako apa musalepo imuwaina.

BAÑANYI BAKONSHA KUTAMBULA LONI?

Muntu yense wakonsha kutambula loni, pano bino bapana maloni ku bantu bo bamona'mba bakabwezha, nabiji muntu wingila nkito nangwa wingijila kabiji wikala na mali kimye konse.

 Tangai mizhilo kabiji umwishai maloni awama o mwakonsha kutambula.
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Bakongwesha batala pa bintu bitanu;

Bulume bwa Kubwezha: Kino kyo kitundaika ubena kukongwesha kuketekala ubena kukongola kwikala na butala ne bulume bwa kubwezha loni. Bulume buji na ubena kukongola bwa kwikala na mali bo bulengela ubena kukongwesha kumona amba mukabwezha loni.

Ubena Kukongola byo Ayukanyikwa: Kino kilengela ubena kukongwesha kuketekela amba ubena kukongola wakishinka kabiji waketekelwa kuba'mba kechi ukanyema ne, umvwe bintu byaya munsunya.

Kipe: Kuketekela kuba'mba muntu wakongola ukabwezha loni, bakonsha kumubula kunembapo kintu kya mutengo kyobaji nakyo nangwa busulu bwakonsha kutambula ubena kukongwesha inge kya kuba wakongola wakankalwa kubwezha loni. Bakonsha kupotesha kino kintu pa kuba'mba babwezhe nkongole yakankwalwa kubwezha wakongwele. Kino kintu kyonse kwikala kipe, kishimikwa, motoka nangwa butala bwa bipe. Bapana maloni bakonsha kutambula ma share ne ma bond inge muntu wakankwalwa kubwezha.

Bunonshi: Bunonshi bumwesha bulume buji na ubena kutambula loni. Bamona bipe byo muji nabyo (byo muji nabyo – bintu) ne mapepala a bunonshi buji na ubena kukongola.

Biji Bintu: Kino kibena kulumbulula ubena kukongwesha mali kumona bibena kwenda busulu ko kuba'mba biji bunonshi; kupimpulwa kwa mali abena kwiya mu kipao, bibena kumweka pa kampanyi ne byalamata kutwezha ba mingilo byakonsha kulengela wakongola kukankalwa kupanangako loni yo atambwile.

WAKWIMENAKO

Kimye kimo tumpanyi twa kipao twakonsha kwimubula kukeba "wakwimimenako" pa kuba'mba batondwe'mba muji na bulume bwa kubwezha. Wakwimimenako wakonsha kwikala wa mingilo ufola mali avula. Witaba kubwezha loni ku kampanyi ka kipao inge kya kuba wakongola wakankalwa kubwezha. Ubena kukongola kechi wafwainwa kufweta ubena kumwimenako inge kya kuba waitaba kumwimenako.

Mwafwainwa kulangulukapo bulongo saka mukyangye kufuukulapo kupana nzubo nangwa mali enu a penshonyi amba o akengila kubwezhezhamo loni nge kya kuba mwakankalwa kubwezha. Kechi kyawama kubikapo kipe kyanema mu bwikalo bwenu ne. Javula bakongwesha bemena pa nkuwa ya ubena kukongola ne byubilo byanji. Bakonsha kutambulatu kintu kana kafwapo mo bakonsha kubila ne. Pa kupana loni ku muntu wingila kabiji ufola kampanyi kapana maloni katala pa pepala ye afolelapo ne nkalata yak o engila ya kuba'mba mali anji bakatumanga ku banki. Umvwe kya kuba muntu wingijilatu mwine kampanyi ka maloni kakeba kumona pepala wa busulu bo oba ne pepala ubena kumwesha mali o aji nao ku banki.
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Umvwe mwafuukulapo kutambula loni mwakonsha kumwena bintu mubena kwibimwesha ye mubena kutambulako loni. Mwayuka bulongo busulu bwenu ne mali asubukako kabiji kechi mubena kuzhinauka kubwezha ne. Byo byo mwakonsha kubula ye mubena kutambulako loni pa kuba'mba emuketekela.

BYA KWINGIJISHA LONI YE MWATAMBULA

Mukobanga bintu bikeba mali pa juba pa juba. Kimo kimye makonsha kukeba kwingijisha mali a loni ku bintu bikwabo byabula kulamata kintu kyo mwatambwila loni. Kimo kimye mwakonsha kutambula loni wakutwajilamo busulu bwenu palutwe ne kulanguluka'mba busulu bwenu bo bomukengijisha kubwezhezhamo loni. Kabiji uno mulanguluko wakonsha kwimulengela kwingijisha loni ku masongola enu. Kino kyakonsha kwimutwezha mu lukatazho. Byavula byo makonsha kuba pa kuba'mba loni ye mwatambula kechi wimutwezha mu lukatazho ne. Bino byo bimo byo mwakonsha kuba:

- Ingijisha loni mu jishinda jakonsha kwimulengela kubwezha loni kwesakana na byo mwalayañene na kampanyi ka kipao kyo mwatambwileko (kemukongweshe).
- Isambai pa byo mwakonsha kupanangako mali kwesakana na o mufola nangwa o asubuka mu busulu bwenu. Umvwe mutambula mali inge papita moba 90, layañanai amba mukapanangako mali ne nsubu inge bañondo basatu kabiji bañondo basatu byonkabyo.
- Saka mupana jonse kwisakana na byo mwaitabanzhana! Kino kikalengela bemuketekela bingi kabiji kechi bakakankazhama kwimupa loni mukwabo nangwa kwimubwezhezhako nsubu ne.
- Kampanyi ka kipao nako kimo kimye kakonsha kulubankanya. Onko mambo saka munemba onse mwapanako. Saka mutako muchima ku mapepala onse a ku banki ne mapepala afuma ku bemupele loni. Kino kikemukwasha kuyuka umvwe pa mweka lukatazho. Umvwe mwafuma mali o mwabujile kwitabanzhanya nangwa bintu bikwabo byo mwakonsha kukeba kuyuka nangwa'mba bemulumbulwilepo bimo.

KUTAMBULA LONI – BYA KUBA

Bino byo bintu bimo byo mwakonsha kuba pa kutambula loni ku kampanyi ka kipao:

- Isambai na kampanyi ka kipao muyuka maloni o kapana.
- Umvwe bemulumbulwila pa kanwa nanwa kwimupa po banemba, langulukaipo mumone inge mwakonsha kutambula loni nangwa ne.
- Salai loni yakonsha kuwama kutambula kwesakana na bintu byo biji mu bwikalo bwenu.
- Nembai mapepala a kutambwilapo loni ku kampanyi ka kipao pa kuba bakemupe loni ye mukeba.
- Ba mwingilo wa mu kampanyi ka kipao bakemupa mapepala akunembapo kabiji kemukwasha byo mwakonsha kunemba.

Bino byo byo mwakonsha kunemba pa mapepala:

- Jizhina;
- Juba ja kusemwa/myaka ya kusemwa;
- Nkito;
- Keyala
- Kayukilo nabiji National Registration Card, passport, pepala wa kusemenwapo.

Kampanyi ka kipao nangwa ku banki bakonsha kukeba kuyuka'mba byonse byo mwanemba pa mapepala bya kine kwingijisha ano mashinda:

- Mapepala o musonkelelapo malaichi, mema, foni nangwa nzubo. Tumpanyi tumo tutambula mapepala asonkelelapo bene bena nzubo yo musonkela;
- Bakonsha kukeba muntu wingila nkito kwimimenako nangwa nkalata ko mwingila nangwa ku sukulu;
- Ufisha mali ku kampanyi ka kipao; nangwa
- Mfumu, kitumbafumi nangwa ntomesha wa mu kimasamasa.

Umvwe mwanemba bonse bakemunengezezha pepala wa lulayañano wa kutambwilapo loni pa kuba'mba mwasainapo ne kutambula mali a loni yo bemupa.

Kechi mwafwainwa kunemba bya bubela pa pepala wa kutambwilapo loni ne; ambai kine kintu kyo mubena kutambwila loni.
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Mwafwainwa kubulañana bishinka byonse kwesakana na mali o mufola nangwa asubukako pa kuba'mba kampanyi ko mubena kutambulako loni kamone amba kechi mukekatazha kubwezha ne, kabiji pa kuba'mba kemuketekela. Kino kikalengela bemupe loni.
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Jimukai na bya kupana mali akubula kuketekela ne: ipuzhai ye mubena kutambulako loni byo mukabwezhanga mali pa kunemba ne kusaina loni.
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Saka mukyangye kusaina pepala mwafwainwa kuyuka inge kwikala kupanako mali pa kwimunengezezha loni ne o mukapanako kimye kitanshi pa kutambula loni.

LUFUNJISHO LWA BYA KWINGIJISHA MALI MU ZAMBIA
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KNOW MORE ABOUT LOANS!

Imagine desperately needing money to construct your home, pay for your child’s college fees, acquire household items, finance your further studies, buy farming equipment, or a car and finding that you have nowhere to obtain it from. What you may wish to do is to take a loan. A loan is an amount of money that an individual borrows.

The most common source for borrowing money is a licensed financial institution such as a bank. Other sources include another person or a group of people.

A loan can be granted to an individual, a community group, a company or an organization. A loan is usually for a specific time frame which can be a number of days, weeks, months, or years.

The person or organisation taking the loan initially receives an amount of money from the one providing the loan and agrees to pay it back, in regular installments to the one who provided the loan.

Bear in mind that the first loan is usually the hardest to get. In general, lenders prefer to lend money to borrowers who have borrowed at least once and have paid back the loan on time.

Be sure you understand what the terms of the loan are. For instance, are there circumstances under which the lender requires the entire loan to be paid off? Under what circumstances and by how much can the interest rate change?
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 Plan ahead! Processing of loans takes time.
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BORROWER AND LENDER

In the loan arrangement the person taking the money is the BORROWER and the one giving the money is the LENDER.

Typically, the borrower pays back a certain fixed amount per month which includes a portion of the principal (or amount borrowed) plus interest.

Ask the lender to explain any unclear terms. If you don’t like a lender’s attitude, go elsewhere.
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INTEREST CHARGE

A loan always comes with an interest charge. Interest is an agreed amount the borrower pays in addition to payments