

## Introduction – Interest Free Loans

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This is the simplest product from a learning perspective.

Terms are available from Ikano from 6 to 60 months although your own specific packages will be shown on the finance package slides.

The amount the customer borrows is paid over monthly instalments to the term agreed on the initial contract.

EG. If the loan advance was £1200.00 the payments would be 11 payments of £100.00 followed by a final payment of £100.00. Total amount payable £1200.00. *(dependent on the amount borrowed the final payment can be less to ensure an accurate finish to the loan)*

The 1<sup>st</sup> repayment is due 1 month after installation.

The minimum payment is made by direct debit.

The customers APR is 0% and they pay no interest on the loan.

Additional payments can be made into the account although there is no benefit to the customer as there is no interest to save.

Customer signs a satisfaction note to and this is the authority for Ikano to pay the retailer



## Introduction – BNPL Loans

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The Buy Now Pay Later facility gives the customer the choice of simply having a period before they pay in full for the product and incurring no extra cost or enjoying a payment holiday and then repaying over an agreed term with an affordable payment.

This therefore allows customers that may have monies due in the future to buy your product now.

Dependent on the deferred period (see product slides) the customer can choose to repay the loan advance within the deferred period and all they will pay is what they borrowed. No interest will be added to the loan.

If they don't make any payments within the deferred period then the loan will roll onto an interest bearing agreement over a term agreed at application stage. EG you may have a deferred period of 6 months with a loan period of 120 months making the duration of the agreement 126 months.

It is essential to note that the deferred period starts at the date of ACCEPTANCE.

Interest is calculated daily and charged monthly from day 1 of the loan (acceptance) however it is only applied to any balance that is not paid off within the deferred period.

## Introduction – Accelerated Repayment Loans

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The accelerated payment loans are designed to give the customer the ability to purchase your product at an affordable repayment.

All loans can be written on 36,48,60 and 120 months although the choice of terms is decided by your company.

The longer the term of the loan the cheaper the monthly repayment is.

If the customer was to take the loan over 120 months then they would commit to the lowest monthly payment available. This payment is payable by direct debit.

This however is the minimum payment and maximum term.

The customer can make additional payments over and above the minimum repayment. These additional payments come directly off the balance.

The key point is that the interest is **NOT FRONT LOADED** – the interest calculates **DAILY** and charges **MONTHLY** – therefore the more of the balance that is cleared the less interest that will be paid.

You will see from the product slides that the factor per £1000 over 120 months is quoted – so if your factor is £13.00 then a £1000 loan would cost £13.00 per month over 120 months. A £2000 loan would cost £26 and a £3000 loan £39 etc.

You will also see examples of accelerated payments that shows how much extra the customer would need to pay to reduce the term from its original term.