

ADVANTAGES AND DISADVANTAGES OF BORROWING - ANSWERS

What are the different ways I can borrow	What are the advantages?	What are the disadvantages?
Bank or building society	Lower rate of interest I know how much it will cost me as payments will be fixed	May not give me the loan Even though payments are fixed if my situation changes I may not be able to afford them May not give me a loan if not been with them long
Use a store card	Immediate credit Might give me credit when I cannot get it anywhere else Entitled to discounts on goods	High APR It can only be used to buy goods and services from that particular store
Use a credit card	Immediate credit You can pay it back as much or as little as you want	Might not be able to pay off all at once Meeting the minimum repayments means paying a <i>lot</i> of interest
Borrow from a credit union	Lower rate of interest	May need to save for a while before I can borrow
Borrow from a licensed moneylender	Get your hands on money straight away. Small repayments	Very high rate of interest
Unlicensed money lender (Loan shark)	Get your hands on money straight away. No questions asked!	It is Illegal!
A credit agreement from a store offering credit deals	Get credit when can't get it anywhere else	Risk of hidden costs and very high interest
From a catalogue	Repay in small amounts	Often more expensive than on the high street
Friends	No interest to pay perhaps	If you don't pay then you may lose a friend (Even if you repay, you may lose a friend just because he keeps on having to ask you.)
Pawnbroker	Immediate advance	You may not get a good value for the item you are pawning, you may lose the item to the pawnbroker if you can't afford the repayments