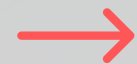


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# CLIENT FINANCIAL EDUCATION CIRCULAR

Understanding Your Loan Terms



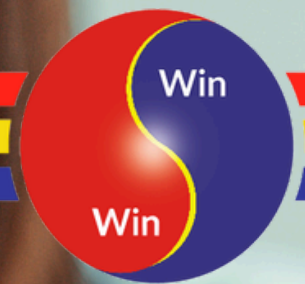
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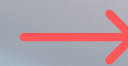


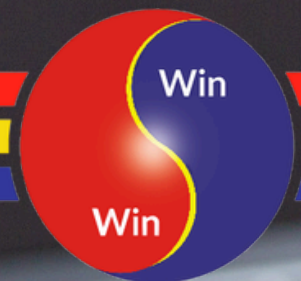
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# Understanding Your Loan Terms

At **AML Finance Limited**, we are committed to supporting our clients with not only financial solutions, but also the knowledge needed to use them effectively. Understanding your loan terms is essential in managing your finances responsibly and avoiding unnecessary costs.

To help you understand better, the following are important areas to consider in your loan terms:



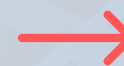


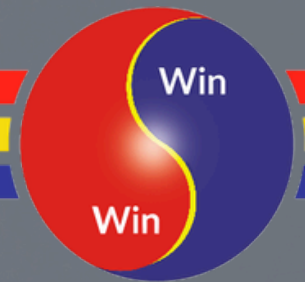
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## 1. Loan Tenure (Repayment Period)

**Loan tenure** refers to the agreed period within which you are required to repay your loan in full.

- Loan tenures vary depending on the product and agreement.
- The length of your loan affects your repayment structure:
  - Shorter tenure results in higher instalment amounts but lower total interest.
  - Longer tenure results in lower instalments but higher total interest over time.





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## Our advice:

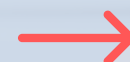
Select a repayment period that aligns with your income and cash flow to ensure consistent and timely payments.

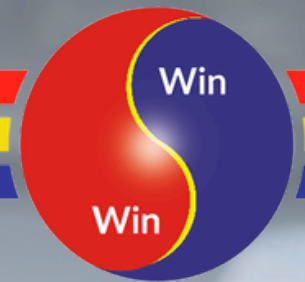
### Example:

If you take a loan of TZS **10,000,000/=** with monthly interest rate of **4.5%**:

- Repaying over **3** months may require about TZS **3,638,000/=** per month
- Repaying over **6** months may require about TZS **1,939,000/=** per month

If your monthly income comfortably supports TZS **3,638,000/=**, the shorter tenure will save you money on interest. If not, the longer tenure may help you repay on time but with higher interest.



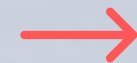


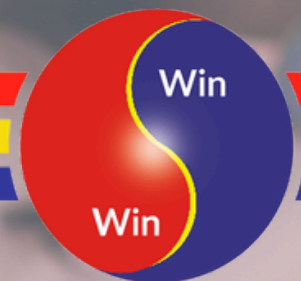
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## 2. Interest (Cost of Borrowing)

**Interest** is the cost charged for accessing the loan facility.

- It is calculated as a percentage of the loan amount.
- Depending on your loan agreement, interest may be applied on a monthly basis and calculated using different methods.





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## Our advice:

Ensure you fully understand how interest is applied to your loan. Timely repayments will help you manage and minimize your overall borrowing cost.

### Example:

If your loan attracts **4.5%** interest per month on TZS **10,000,000**:

- You will pay TZS **450,000** as interest each month.
- Delaying repayment may increase the total amount you pay over time.

Paying on schedule ensures you avoid additional costs and keeps your loan manageable. 



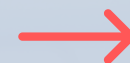
### 3. Default Interest (Charges for Non-Compliance)

**Default Interest** are additional charges imposed on a borrower when they fail to meet the loan terms as agreed.

Default Interest may include:

- Late repayment fines.
- Charges for paying less than the required amount.
- Other charges as stated in your loan agreement default interest can affect your ability to repay because they increase your financial burden.

Also, repeated delays may affect your credit history and reduce your chances of getting another loan in the future.



## Our advice:

Make all payments on or before the due date. If you anticipate any challenges, contact your lender promptly so that appropriate guidance can be provided.

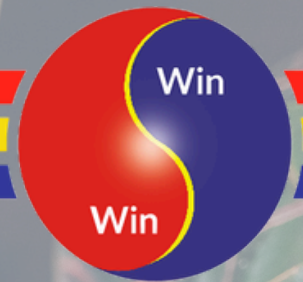
### Example:

If your monthly instalment is due on the 5th of each month and you delay payment:

- A default interest fee may be added after the due date
- Continued delay may increase your outstanding balance and affect your eligibility for future loans

Communicating early can help you avoid these additional costs.





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## Important Things to Consider

- Borrow according to your ability to repay
- Understand all terms before accepting a loan
- Pay on time to avoid extra costs
- Communicate with your lender regularly





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- Fire & Allied Perils Insurance
- Bonds Insurance
- Engineering Insurance
- Machine Breakdown Insurance
- Property Insurance



## We Are Ready to Serve You

For more information or assistance,  
please visit our offices or contact us.

We are always ready to serve you.

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**Financial access for all**

