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Not many will say that a prudent and wise way to start the important Endeavour of buying your dream car is by deciding on the nature of the car loan. By nature it is implied that the amount should be enough in the hands of the prospective buyer to be able to finance the car of their choice at the same time should be just the right size that it will enable easy repayment. But the fact remains that most of the people embark on choosing their car first and subsequently hunt for avenues to finance it. On the outside, this approach may seem fine and obvious, but people of the trade do not recommend it. On the contrary, they make a case of selecting a car loan prior to the make and model of the car; according to them it makes financial sense.

According to analyst, it allows the prospective customer better options along with a greater leverage with the dealer. From the sustainability point of view, this methodology will act as a hedge against the possibility of having a car loan which is beyond the means of the loan availing entity.

Typically, car loans are secured loans which imply that the lending authority has the security in the shape of the car till the time the entire amount is paid back.

The logical next step is to choose the tenure of the car loan. One may choose the tenure depending on their financial state and forecast, it may vary from one year up to seven years. One must however be cognizant of the fact that the interest rate on car loan is inversely proportional to the number of year the loan is availed for. If one prefers to increase the repayment period, the amount paid as car loan EMI is reduced and therefore the car loan interest rate increases and the same is vice versa.

Also one must note that there are many car loan EMI calculators available on the internet wherein one can easily find their eligibility, the amount of loan, tenure of the loan and rate of interest. It is a very useful and handy tool which must be utilized by most of the people availing car loan. Needless to say that one must be aware of such a useful tool

What are the factors that may affect the car loan interest rate?

One of the important aspect that must be dealt with due precaution is the car loan interest rate. It is an important factor which weighs down heavily on your finances lest everything gets off board. The car loan interest rate changes from lender to lender. The type of loan also will decide the rate of interest, a secured loan will bear lower rate of interest and vice versa. Another aspect is the credit value of the applicant. The higher is the credit value of the applicant, the lower rate of interest will be asked from them. Credit value means the ability to repay the loan amount in stipulated time period.

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The author is a seasoned professional in the financial sector and through his writings guides people in securing good a car loan , personal loan etc. In his writings he articulates aspects such as car loan interest rates, personal loan rates that are insightful to customers while seeking personal / car

finance.

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