



# TYPES OF LOANS

## Secured loans



- Backed by assets and normally easier to obtain
- In the event of default, the lender will be able to take possession of that asset and sell it to recover the loan
- Examples of secured loans are housing loan and car loan

## Unsecured loans



- Not backed by any assets
- Rely on your ability to repay the loan and your credit background
- Generally smaller in amount, shorter in tenure and have higher interest rates
- In order to mitigate the high risk, sometimes require a loan guarantor
- Examples of unsecured loans are credit card and personal loan

