

Name _____

Decoding Personal Loans: Your Passport to Financial Flexibility

Multiple Choice Questions

1. What is a personal loan primarily based on when determining eligibility and interest rates?
 - a) Collateral
 - b) Income
 - c) Employment history
 - d) Savings account balance

2. What is one advantage of personal loans?
 - a) Lower interest rates than secured loans
 - b) Fixed monthly payments
 - c) No credit check required
 - d) Longer loan terms

3. How are personal loans typically repaid?
 - a) In variable monthly installments
 - b) In a lump sum at the end of the loan term
 - c) In fixed monthly installments
 - d) Through automatic deductions from your paycheck

4. What is one potential risk of taking out a personal loan?
 - a) Lowering your credit score
 - b) Guaranteed approval
 - c) Lower interest costs
 - d) No impact on your financial health

5. What should borrowers consider when choosing a personal loan?
 - a) The highest interest rate available
 - b) The longest loan term possible
 - c) Monthly payments that fit their budget
 - d) The number of credit checks required

