

Secured Loans v/s Unsecured Loans



People who are applying for loans, can choose from either secured & unsecured loan options. Both are beneficial in their own ways, so one must take the decision wisely after considering their requirements. Here are a few key differences between secured and unsecured loans.

Secured Loans

Unsecured Loans

Since the collateral is pledged, the interest rates are quite low.

Interest Rates

Interest rates are higher as they vary depending upon loan amount & tenure.

These loans are easily available as they are given against collateral.

Availability

One must have a good credit score & strong banking relationships in order to get an unsecured loan.

Tenure period can be short or long depending on the customer's requirements.

Tenure Plan

One can opt for short to medium tenure plans.

Loan amount is higher since it is calculated after considering the value of collateral.

Loan Amount

Depends upon credit score & monthly income of borrower, so the cap is comparatively low.

There are relatively lower chances of rejection as it depends upon the availability of collateral.

Chances Of Rejection

There are higher chances of rejection if one doesn't fulfill the set parameters.

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