

## Be careful when borrowing money!

You should always repay money which you borrow. With interest! So eventually you pay back more than you have borrowed. If you need money, you can also save up for it, look for a cheaper alternative or consider to borrow money. When you borrow money, you should consider beforehand whether you can bear the costs and how you can do this in a responsible way. Take into account the fixed costs which you are already incurring monthly, like for instance costs for food, beverages, rent and electricity. Make sure that you can continue to pay these costs.

A financial adviser can help you when taking out a loan. They are allowed to give you advice only when they know how much money you earn and what costs you incur monthly. Therefore you yourself should make a list of your own costs and expenses.



When you are unable to (continue to) pay the costs, the bank will not give you a loan because that would not be sensible. At that moment it might be unpleasant but it will prevent you from getting into financial trouble. That you are no longer able to pay important expenses, like your rent and electricity bill.

## Please observe the following items before you borrow money:

- Borrowing money involves risks. Those who borrow money, pay interest and redemption.
- Using savings is always cheaper than borrowing. The one alternative costs money, the other does not.
- Do not let yourself get pressured into signing but carefully read everything at home first. You do not understand something? Then you should consult a financial adviser about this.

Does the lender have a license? Check this on:

[www.afm.nl/caribisch-nederland-register](http://www.afm.nl/caribisch-nederland-register)

- What are the total costs? How high is the effective interest rate; this is the interest rate on an annual basis including all costs of the loan. What are the additional costs?
- When has the loan been paid off and are you allowed to redeem sooner?
- How long does the interest rate apply, can this increase?
- Ask for different offers for a loan. You then can compare the interest rates offered, but also the conditions.
- It is not sensible to borrow money if you want to buy something which will last for a shorter period of time than the duration of the loan.



## Borrowing money and the supervision of the AFM

Financial products can be complicated and as a result they can be difficult to assess. Advertisements about loans, for example, should not be misleading. There also are rules about the costs which you should pay when taking out a loan. The Autoriteit Financiële Markten (AFM; the Netherlands Authority for the Financial Markets) is an independent



supervisory authority which monitors whether financial companies on Bonaire, St. Eustatius, Saba and in the Netherlands observe the rules. This is a statutory task. The AFM makes sure that a bank, insurer or intermediary acts in your interest and gives the right information about the risks and costs of a financial product.

For more information  
please visit:

[www.afm.nl/caribisch-nederland](http://www.afm.nl/caribisch-nederland)