Open the Financial application.

Tap **Edit**, **Clear All**.

Tap **Compound Interest**.

Tap the **Format** tab.

Check the settings are as shown. If not, adjust.

Suppose a student wishes to purchase a car priced at $4000. The student has no savings but due to a part-time job can afford to repay $350 every month. A bank offers the student a loan of $4000 at an annual interest rate of 15% compounded monthly. How many complete months will it take the student to repay the loan?
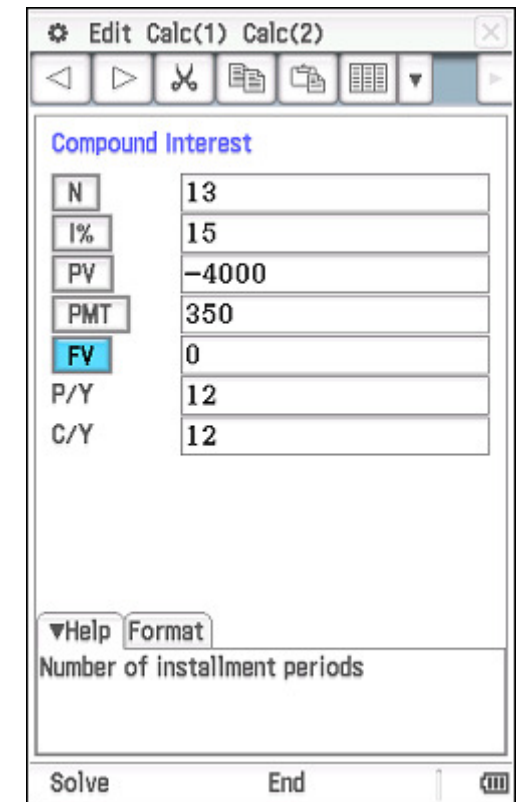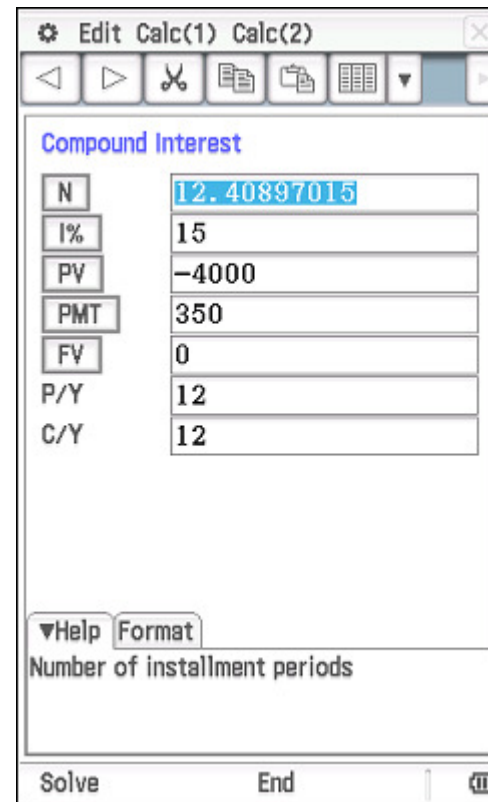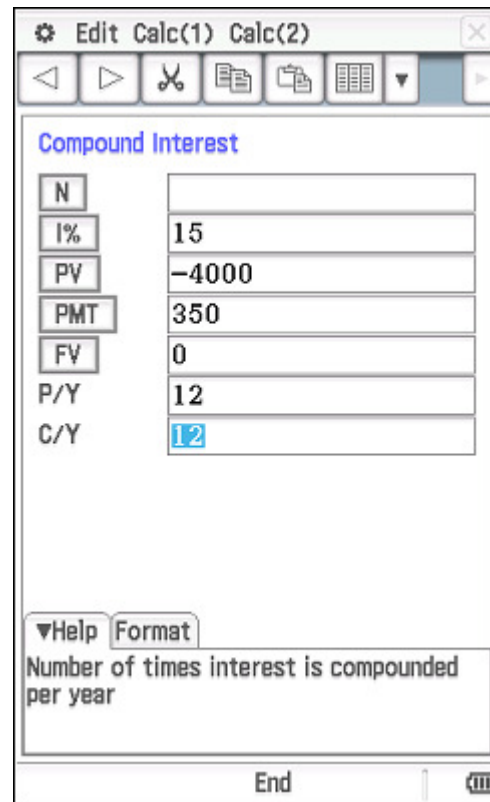
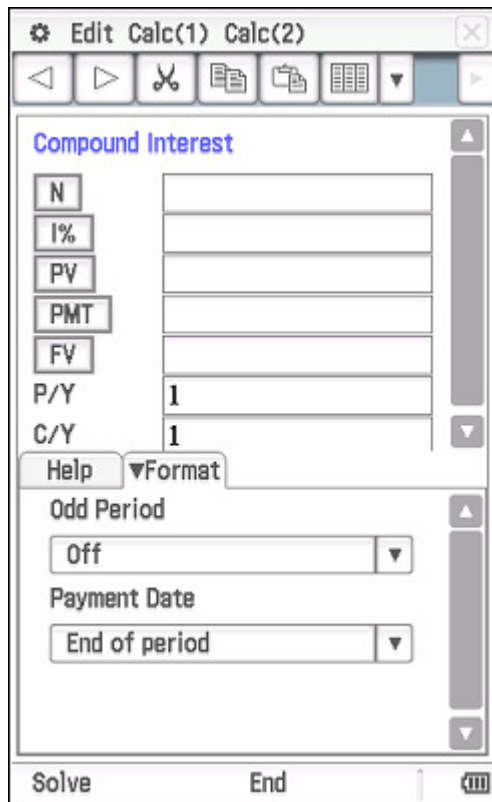Tap the **Help** tab.

Enter the values shown.

As you enter each value, the Help box at the bottom of the page explains the meaning of each variable.

Tap the ⊠ icon.

Since the number of installment periods must, in practice, be a whole number, 12.41 is rounded up to a solution of 13 months.

Determine how much interest will be paid in total on the loan.

Set **N** to exactly **13** and tap the ⊠ icon.

We can now see that the final payment of $350 was $206.33 too much, and so in should have been $143.67.

The total repaid was 13 payments of $350 less $206.33 ($4343.67).

The total interest paid is $343.67 - the total repaid less the original loan of $4000.

Determine the monthly repayment to repay the loan in exactly 12 months.

Set the **FV** = **0, N = 12** and tap on the PMT icon.

12 monthly payments of $361.03 would pay off the loan.

How much could be borrowed if the student could afford $400 repayments for 12 months?

Set the PMT to 400 and tap on the PV icon.

The student could afford a loan of just over $4430.