**What is the PMT Function?**

The PMT Function[[1]](https://corporatefinanceinstitute.com/resources/excel/pmt-function/" \l "citation-pmt-function-0214da64-9a63-4996-bc20-214433fa6441) is categorized under financial [Excel functions](https://corporatefinanceinstitute.com/topic/excel/). The function helps calculate the total payment (principal and interest) required to settle a loan or an investment with a fixed interest rate over a specific time period.

**Formula**

**=PMT(rate, nper,** **pv, [fv], [type])**

The PMT function uses the following arguments:

1. **Rate**(required argument) – The interest rate of the loan.
2. **Nper**(required argument) – Total number of payments for the loan taken.
3. **Pv**(required argument) –  The present value or total amount that a series of future payments is worth now. It is also termed as the principal of a loan.
4. **Fv**(optional argument) – This is the future value or a cash balance we want to attain after the last payment is made. If Fv is omitted, it is assumed to be 0 (zero), that is, the future value of a loan is 0.
5. **Type**(optional argument) – The type of day count basis to use. The possible values of the basis are:

