

# **HOW TO GENERATE INTEREST**

# HOW TO GENERATE INTEREST

- There are two ways that the system can generate interest for active loans.
  - Manual generation of interest during payment
  - Automatic monthly generation of interest during every end of the month

# HOW TO GENERATE INTEREST

- In Manual generation during payment, the interest calculated will be from the loan release date(first payment – within the loan release date month) or from the last interest generated until the generation date you will select in the Generate Interest Tab.
- Example:
  - If Loan Release Date = November 8, 2011 and the customer will pay on November 23, 2011, the interest calculated will only be for 19 days.

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- If last generated interest is November 30, 2011 and the customer will pay on December 21, 2011, then the calculated interest will be 21 days.

# **HOW TO MANUALLY GENERATE INTEREST**

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The screenshot shows a software window with three tabs: 'Payment', 'Add Loan Payment', and 'Generate Interest'. The 'Generate Interest' tab is active. Below the tabs is a 'Save' button and a 'Close' button. The main area is titled 'Payment Schedule' and contains three input fields. The first field is 'Date:' with the value '11/30/2011'. The second field is 'Remaining Loan Balance (Php):' with the value '10,000.00'. The third field is 'Computed Interest Due (Php):' with the value '80.00'. A red text annotation is present: 'On the Generate Interest Tab, select the date until when the system will generate interest.'

Payment Schedule	
Date:	11/30/2011
Remaining Loan Balance (Php):	10,000.00
Computed Interest Due (Php):	80.00

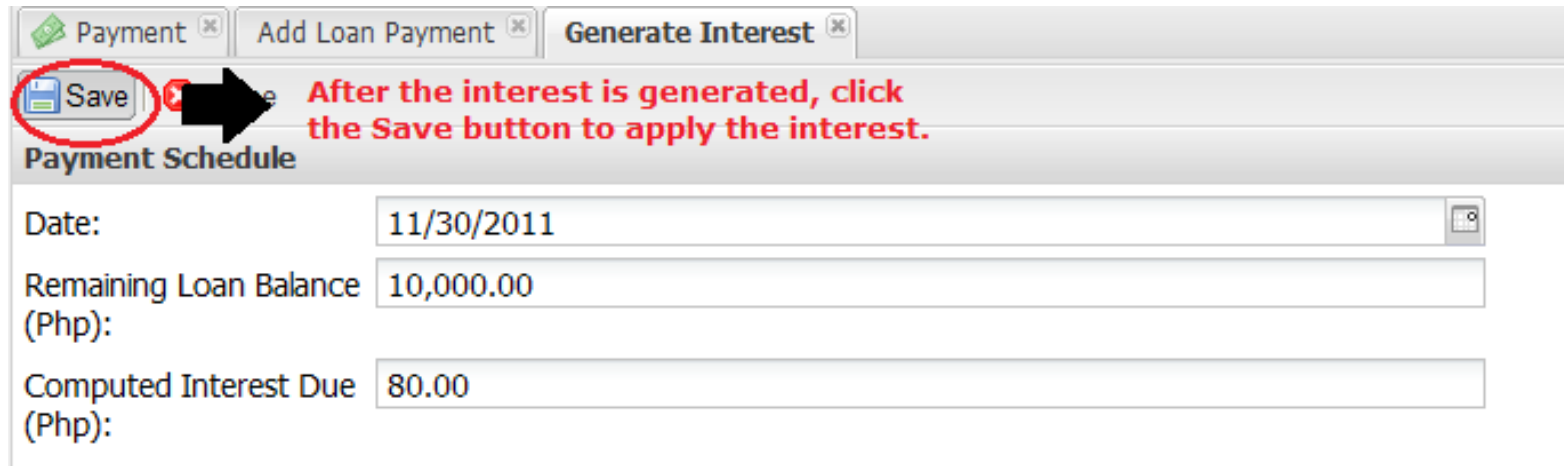
**Note:**

In generating interest, the grace period in the System Settings is considered.

In this case wherein the grace period is equal to 5 days, the system will still calculate interest from November 24 to November 30 since the loan release date did not fall 5 days before November 30.

- In this scenario, the loan release date is Nov.24, 2011, Grace Period is 5 days and the Generation Date for the interest is November 30, 2011 (assuming that the system did not automatically calculate interest for the end of the month).


# HOW TO MANUALLY GENERATE INTEREST





The screenshot shows a software interface with three tabs: 'Payment', 'Add Loan Payment', and 'Generate Interest'. The 'Generate Interest' tab is active. Below the tabs, there is a 'Payment Schedule' section. It contains three input fields: 'Date' with the value '11/30/2011', 'Remaining Loan Balance (Php)' with the value '10,000.00', and 'Computed Interest Due (Php)' with the value '80.00'. A red circle highlights the 'Save' button, and a black arrow points from it to a red text instruction: 'After the interest is generated, click the Save button to apply the interest.'

- Since the no. of days between Loan Release Date and the Interest Generation Date (6 days) is greater than the 5 days Grace Period, the system will calculate interest for the 6 days (Nov. 24 – Nov.30)
- With an interest rate of 4% and loan amount of 10,000,  
$$10,000 \text{ (principal amount)} * 0.04 \text{ (interest rate)} = 400$$
$$400 \text{ (total interest)} / 30 \text{ (days)} = 13.333 * 6 \text{ (days)} = \textbf{P80.00 (interest)}$$

# HOW TO MANUALLY GENERATE INTEREST

 Payment

 Add Loan Payment

 **Generate Interest**

Save | Close

**Payment Schedule**

Date:	11/30/2011
Remaining Loan Balance (Php):	10,000.00
Computed Interest Due (Php):	80.00

**Status**  
Receivable records was successfully created.  
OK

**After saving, an alert message will inform you that the action was successful.**