

## Video Transcript

# Compound Interest

So Declan, for those of us who can't quite remember school, what is compound interest?

Compound interest Marty, is basically interest, which is charged on interest.

So you borrow a hundred thousand today, and in one month's time, the monthly interest is added on.

So then, so that's say a figure of say €580.

So the balance then of the loan is 100,580. So for the next month, that's what the interest is calculated on. That's added on then.

So each month, the amount of interest charge grows.

Now if you paid the interest fully every month, there's no compound interest.

Of course.