



Credit



What is a credit?

Credit is a contractual agreement in which a borrower receives something of **value** now and agrees to repay the lender at some later date with consideration, generally with interest.

The main function of credit

The main function of credit is to relieve the constraint imposed by balanced budgets on economic agents, that is, to meet the financial requirements of investors who have to spend more on trade and investment than their own savings.





Lending

Lending is a [financial relationship](#) in which one party, the lender, lends the loan in [cash](#) or in kind, while the other party, the borrower, uses the loan provided on a repayment and retaliation basis.

Principles of lending:

1. Recurrence
2. Payment
3. Urgency
4. Principle of purpose
5. Principle of material security



History of credit

The loan arose due to the expansion of society into poor and rich. Rich people lent money to the poor and benefited from it, while the poor received material satisfaction.

