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A0297

Title: A measure for the extra-costs to evaluate the global cost of credit

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Abstract: The aim is to measure the impact of the extra-costs payment on the Effective Annual interest Rate (EAR) of a consumer instalment credit. We show that EAR can be approximated by augmenting the credit rate with an extra-costs rate addendum. This latter addendum is a function of the Macaulay duration of the extra-costs payments.