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Sometimes taking out a loan is a necessity that cannot be avoided, whether it is to help you to afford a property, to help you with your business, or enable you to pay off another debt even - sometimes our personal finances just can't cover our requirements and we need to look elsewhere for funds.

However sometimes the loan itself can also be an expense too many, and if the APR is too sky high it can end up getting people into even more trouble. Fortunately there are several steps that borrowers can take in order to reduce the cost of their various loans, here we will look at a few of those.

Collateral: One thing that can help to reduce the cost of the loan is to take out a secured loan. This basically means that you are taking out a loan and saying that the bank can seize and sell your property if you fail to pay it off. This then in turn ensures that you are able to get a loan more cheaply because you are offering the lenders an almost 'sure thing'. In this case your property becomes a security interest, but it's important to ensure that you fully understand the terms and are confident you can pay off the loan.

Shop Around: Of course APR varies depending on who you take your loan out with and while some lenders will be unreasonably priced others might have good deals. Different companies are also better for people in different circumstances, so it's worth calling a few and speaking in person.

Credit Rating: Your credit rating tells a loans company how reliable you are based on previous history when it comes to paying off loans etc. If this rating is poor then you will appear to be more of a risk to lenders and they will cover themselves for this by charging you more, whereas if you have a good credit rating you will appear more reliable so they will want your custom. Thus if you can't afford a loan it makes sense to try and improve your credit rating and there are a number of ways to do this.

Amount: One of the simplest ways to get a cheaper loan? Ask for less. This way your percentage may be the same, but it will be a percentage of a smaller number. Think about ways you can raise the money yourself by asking for loans from parents or friends, or by working more or selling things.

Repayment: APR stands for Annual Percentage Rate. In other words you pay a percentage on top of your loan each year, which in turn means that you are paying more the longer you take to pay. If you can afford to arrange the repayment to be quicker, then the APR matters less as a result. Of course though this also requires you to have more money more quickly to pay (this is another reason smaller loans are better - as they are quicker to pay off).

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