

Distinguish, differentiate, compare and explain what is the difference between Bond and Loan. Comparison and Differences.

Differences between Bond and Loan

S.No.	Bond	Loan
1	Bonds can be sold by governments or firms.	Loans are taken out by firms and consumers looking to borrow money.
2	Interest rate are usually fixed on a bond for the period of bond.	Loans can be of fixed rate, but often are variable - changing with basic rates.
3	Bonds can be sold on bond market to public / financial institutions.	Most loans are given by banks.
4	Bonds are often bought and sold on bond market. Value of bond can go up and down.	Loans are usually fixed with original bank.
5	Examples: 10-year US Treasury bond.	Examples: Variable bank loan.
6	Government bonds yields likely to be lower interest rate and are seen as safe investment.	Bank loans on unsecured lending can be quite high.

Similarities between Bond and Loan

Both are methods for firms or government to borrow money. The firm / government will pay annual interest rate payments on both bonds and loans.