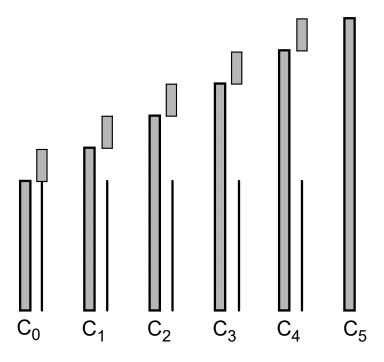
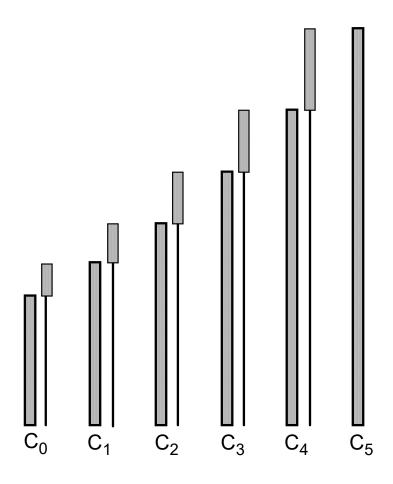
Simple interest



Interest paid at the end of the nth compounding period is based on the **initial** capital C₀.

Compound interest



Interest paid at the end of the nth compounding period is based on the **previous** capital C_{n-1}.