

How can I use the RRI function in Excel?

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The RRI function in Excel is a powerful tool that allows users to calculate the effective annual interest rate of an investment or loan. This function takes into account the initial investment, the regular payments, and the total number of periods to accurately determine the rate of return. By inputting the required information, users can easily compare different investment options and make informed financial decisions. The RRI function is a valuable feature in Excel that can be used by individuals, businesses, and financial professionals to analyze and evaluate the potential profitability of various investments. Its simple and efficient calculation process makes it a practical tool for financial planning and decision-making.

This article describes the formula syntax and usage of the RRI function in Microsoft Excel.

Description

Returns an equivalent interest rate for the growth of an investment.

Syntax

RRI(nper, pv, fv)

The RRI function syntax has the following arguments.

Nper Required. Nper is the number of periods for the investment.

Pv Required. Pv is the present value of the investment.

Fv Required. Fv is the future value of the investment.

RRI returns the interest rate given nper (the number of periods), pv (present value), and fv (future value), calculated by using the following equation:

$$\frac{Fv^{(1/Nper)}}{Pv} - 1$$

Remarks

If argument values are not valid, RRI returns the #NUM! error value.

If arguments are not using valid data types, RRI returns the #VALUE! error value.