FUDMA JOURNAL OF ACCOUNTING AND FINANCE RESEARCH [FUJAFR]
VOLUME 2, ISSUE 3; ISSN: 2992-4693 (ONLINE); 2992-2704 (PRINT)

A Study of Students Loan Procedure in Selected Countries for Effective Implementation of Nigeria Education Loan Fund (NELF)

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https://doi.org/10.33003/fujafr-2024.v2i3.124.172-184

Abstract
Nigerian students' loan board was created in 1972 to provide financial support to Nigerian students in different tertiary institutions. The Nigerian Government reactivated the students loan scheme by passing a bill in 2023. It is therefore, necessary to examine the loan procedures in other countries for better implementation in Nigeria. This work examined the loan procedures from five selected countries. The intention was to extract relevant information on best practices and weaknesses of students' loan scheme in those countries for effective implementation of the Nigeria Education Loan Fund (NELF). The work was based on secondary data; thus, information was collected from articles in journals, Books, internet and other related publications. The study revealed that most students loan scheme in Africa are faced with several problems such as difficulties to create credible loan board, identifying right loan beneficiaries, sustainability, reliable database, instituting an effective and efficient loan disbursement and loan recovery. The work thus provides suggestions on how to strengthen Nigeria Education Loan fund from information extracted from the study.

Keywords: Funding, Higher Education, Management, Student Loans.

1.0 Introduction

The global challenge faced in financing educations is tremendous, this is common in both developed and developing economies. To provide equal access to education, especially the lower class who may not be able to fund their tertiary education; various countries have instituted education loan for their citizens. The loans are established based on legal frameworks that guarantee access to finance for education while the beneficiaries are expected to repay after graduation (Wang et al., 2023). Though the nomenclature of the scheme varies across many jurisdictions, the common features are the access to finances for qualified candidate and repayment after graduation.

Africa has had not much challenge with education financing; this was partly due to low pursuit for higher education and the abundant naturally resources that made education to almost be free, even at the graduate levels. The case of Nigeria is an example. Records have it that Nigerian education system was paid for by the government for most part. Many students were on scholarship during the 1960s to 1970s when the oil made the country to afford free education. However, as the population increased and the revenue of the government dropped, funding for education has reduced, pushing the burden to the citizens. The gradual withdrawal of government funding has led to increase in fees the students pay and the cost of living. These challenges have and are having negative impact on the enrolment numbers in tertiary educations in Nigeria.

As a response to challenges Nigerians face in financing their education, and to the improve access to higher education in the midst challenging economy, the government of President Bola Tinubu passed and signed the Student Loans (Access to Higher Education) (Repeal and Re-enactment) Bill, 2024. The bill is a legal framework that guarantee access to loan for financing education and management of recovery of the loans. The law requires that applicants will be authenticated by the schools, JAMB national Identity Number etc. One key missing element of the current loan system is lack of modalities to determine applicants with high repayment probability.

Most of the nations have ensure that the legal framework on the loan provides for sustainability of the scheme by stating necessary eligibility criteria for applicant and credible database for verification of the applicants' identity and other claims (Benjamin et al., 2019). However, many of the developing countries have not developed strong and reliable databases which can support such system and have suffered from disappearance or untraceable beneficiaries (Benjamin et al., 2019)

The global crisis on repayment of students' loan which as affected the countries like Japan (Armstrong et al., 2019), China (Wang et al., 2023), USA (Woo, 2002), and Tanzania (Mgaiwa & Ishengoma, 2023) necessitate the need for research into proper legislation, strong databases for verification of the applicants and the estimation possibilities of repayment.

This review focuses on the similar loan schemes in African, Europe, USA, and India. This will both guide the government in strengthening regulations that provides for sustainability of the scheme and in selecting the genuine beneficiaries with high probability of repayment.

2.0 Literature Review

History of the Nigeria Students Loan Scheme and Procedure

As earlier stated, the history of student loan scheme began during the military era; in the regime of General Yakubu Gowon in 1972 (Opeyemi, 2024). The then military government established the Nigerian Students Loans Board to provide loans to students, however, the recovery of those loans posed too difficult for the board. Several education loan schemes were established in Nigeria between 1972 to 2024 (Benjamin et al., 2019), however, many of them were not successful either due to lack of proper legislation or implementation.

The recent loan passed and assented to by President Bola Tinubu in 2024 contains a comprehensive framework for the eligibility and loan recovery strategies. The Act establishing the scheme provides for a body known as Nigeria Education Loan Fund (NELFUND) which can sue and be sued, having every legal right to acquire properties and source funds to finance the loans. It also established a fund into which 1% of all taxes collected by Federal Inland Revenue service will be deposited. This fund will be used to fiancé the student loan. The applicants can apply for tuition and other fees which are to be paid directly to the beneficiary's institution while the living expenses are to be paid directly to the students.

The scheme requires every eligible applicant to be a Nigerian studying or having gain admission to any higher institution of learning, their identities being verified by JAMB and National Identity Management Number (NIN). The recovery process begins 2 years after the national youth service corps (NYSC). There is a provision for debt forgiveness if the beneficiary is incapacitated and cannot pay off in the case of death. Repayment of advances will start two years after understudies have finished necessary National Youth Service Corps (NYSC). For independently employed graduates, the bill requires recipients to dispatch 10% of their aggregate month to month benefit to the bank. The bill cautions that defaulting loan recipients will be prosecuted, and if discovered liable will confront jail sentences of up to two years or a fine.

One major challenge of the scheme is the eligibility criteria which obviously excluded the students in private institution and the process of recovery which many believe may not yield much. One example of this issue is Rwanda Education Board (REB) whose loan scheme is claimed to have supported 66,750 people since 1980. Out of this number, 41,819 individuals could not be traced for loan recovery (Benjamin et al., 2019).

Students Loan Models around the World

i. Ghana

The first version of student education loan in Ghana was proposed in 1971 with some modification few years later (Onen et al., 2015). The initiative represents one of the early forms of education loan scheme in Africa. However, unlike other nations with government funded loan scheme or dual form, the loan was facilitated by commercial bank (Atuahene, 2007) and collapsed not long after taking off.

With the folding of the first version of the loan, another loan scheme was established in 1989. The system was managed by Social Security and National Insurance Trust (SSNIT) and more recently Students Loan Trust Fund (SLTF) in 2005. The loan covered both fees and living cost for Ghana citizens studying approved course in public schools. The eligibility requirement among other things included being a citizen of Ghana, and further condition of being a full-time student. The law also contains a clause under SSNIT that provides access loan for part-time student, with approval from minister of education.

Though the scheme was intended for education purpose, the loans were based on various interest rates which ranged from 3-6% (Onen et al., 2015), but like many nations of the world have faced with loans repayment issues (Armstrong et al., 2019; Benjamin et al., 2019; Burr et al., 2023; Woo, 2002), the loans posed too challenging to recover and the scheme collapsed.

ii. Kenya

While countries like Ghana began educational loan scheme with private sector as the facilitator, Kenya government established a body called Higher Education Loans Board (HELB) in 1995 (Benjamin et al., 2019). This was the second initiative of the national government after independence and was directly funded through government budget. The loan required that only needy students studying within the country or other recognized institution outside Kenya could be supported, as such, many were not eligible. This eligibility criterion depended on the information from students and presupposed that the information provided will be truthful. This was a key and fundamental error which has hinder loan recovery. The first version of the loan after the independence was in 1974, this scheme was made for granting loans and bursary to students of tertiary education in Kenya and east Africa (Onen et al., 2015). Though there was a legal framework that established the loan, loan recovery too challenging for the authorities (Benjamin et al., 2019) and had to be replaced.

The colonial government of Kenya had a form of student loan in 1959 under the body Higher Education Loans Fund (HELF) (Benjamin et al., 2019; Mgaiwa & Ishengoma, 2023; Onen et al., 2015). The scheme was made to support the citizens who were studying in countries like UK, USA, India and south Africa. The loans also supported those studying outside of listed countries but stated that they have to present a security or collateral.

The current scheme manage by HELB splits the disbursement into school fees with other charges and student living cost. The school fees are paid to the institution while the living expenses are paid to students. The body stipulates that the loan repayment begins 2 years after graduation for studying having no job while studying. Those who earn salary as a student were expected to complete repayment 4 years after the loan has been disbursed (Benjamin et al., 2019). The loan also operates on various form of interest: 2-4%.

iii. South Africa

An independent body called National Student Financial Aid Scheme (NSFAS) manages the South African government student financial aid and loan. The body, which was established in 1991 provides bursary and loan to student (Gurgand et. Al 2023) with objective to improve access to higher education for disadvantaged students (black).

The requirement states that eligible applicants mut be a South African and must demonstrate financial need. This is assessed through a mean test which evaluates the income and financial status of the student's household. The aim is to support students from low-income backgrounds who cannot afford higher education costs. If Annual household income is below R350,000, the student is placed on bursary, but if it exceeds R350,000 but less than R600,000, the student qualifies for Loan. The loan covers only certain type of courses (Onen et al., 2015). Also, eligible students must be enrolled or accepted at a public higher education institution recognized by NSFAS, thereby excluding private institutions and international institutions. NSFAS funding is often directed toward programs in fields identified as having critical skills shortages. However, most accredited programs at eligible institutions are covered.

The students who win the scholarship or are given the loan are paid through several means. Tuition fees and other institutional charges are paid to the schools while personal expenses and living cost are paid directly to the students. The loan interest varies according to the rate of inflation plus an additional 2% to cover administrative and long-term unemployment and default costs (Onen et al., 2015).

Graduates are required to start repayment once they begin earning above a certain income threshold. This threshold is set to ensure that repayments are manageable based on the borrower’s financial situation. Some schemes use income-contingent repayment models, where repayments are based on a percentage of the borrower’s income. This helps in accommodating varying income levels and financial circumstances. The South African Revenue Service (SARS) is often involved in collecting loan repayments through tax returns. Employers may also be required to deduct loan repayments directly from salaries. Loan recovery faces challenges due to high default rates. Factors contributing to defaults include unemployment, low wages, and other financial difficulties faced by graduates. One of the weaknesses of the scheme is a gap between the demand for financial aid and the available funding for the students, this often led to inadequate support for all eligible students. The scheme faces high loan default rates due to economic conditions such as high unemployment and underemployment among graduates. This puts strain on the system and affects its sustainability. The eligibility criteria and funding caps may exclude some students who are in need but do not meet all requirements.

iv. USA

There are several students’ financial aids or loans in the USA, which could be facilitated by private or public sector. The Federal student loans which is funded by US government accounts for the largest form of student loans globally. As of 2020, the loan has debt or default of more than 1.3 billion dollars (McPherson, & Schapiro, 2021). There are four types of Federal student loan: direct subsidized loans, direct unsubsidized loans, direct PLUS loans, and direct consolidation loans. Students who are running undergraduate programmes could borrow up to US$12,500 each year in Direct Unsubsidized loans, using Direct PLUS Loans to cover any other costs at college, while the post graduate counterparts can borrow up to US$20,500.

The eligibility of the applicant emphasized parameters like enrolment into full or part-time programme, be a U.S. citizen, permanent resident or eligible non-citizen (Prisco et. Al, 2002; Watson, 2019). Just like the new student loan act of Nigeria 2024, the students or parent financial history or credit does not have effect on the eligibility. The loan does not forecast the future employability of the student, nor does it consider the credit score or set income threshold for qualification. This accounts for many defaults experienced in the federal loan. The PLUS loans on the other hand have more stringent requirement. The applicant must be a citizen with good credit score and history.

The disbursement of the loan is done directly to the school of the applicant and other boards. Only living expenses are paid to students' account.

v. United Kingdom (UK)

Just like Nigeria which established an independent body to manage the student loan scheme, student loans and grants are managed in UK by Student Loans Company (SLC). This is a government established cooperation (Callender, 2023; Richards, 2002). The support from the scheme takes an annual cost of £10 billion, with exterminated debt of about £100 billion.

The eligibility requirement is based on citizenship or residency, course of study and whether undergraduate or graduate studies. Student with status of residency many have tuition fee loan or/and living cost. There is a maximum loan amount an applicant can get if the programme is not cover (Afe, 2024), If a student chooses a course that costs more maximum, it is up to the student to pay any difference between the course tuition fees. The repayment in the UK differs from Nigeria which set 2 years after graduation, the UK government set a threshold which graduates earnings must exceed before repayment begins (Bolton, 2019). The tuition fees are paid directly to students' university or education provider while the maintenance loan is paid directly to students' bank account in instalments.

vi. INDIA

The India national government operate student loan scheme under what it called "Education Loan Scheme". This loan is provided for pursuing full-time professional/technical courses in recognized. In variance with other nations that release students' loan annually to students or on instalment, the India loan is provided as one-time assistance. The scheme covers tuition Fee, living expenses and travel allowance for those travelling abroad (Varghese, 2021; Panakaje, 2023).

To qualify for the loan, applicant should be an Indian national and must have secured admission to professional/technical courses through entrance test/selection process. There is also emphasis on course and institution being approved. The loan provides up to Rs.30.00 lakh (for studies in India) and Rs.40.00 lakh (for studies abroad) or 90% of course fee, whichever is less. Unlike other countries, the loan is one time and charged interest, the maximum repayment period under the Educational Loan Scheme varies, it can be up to Rs.10 lakhs within 10 years or 12 years for loans above Rs. 10 lakhs.

Review of Related Works

In a study by Agusniati (2022), the authors determined the effect of education financing on the quality of education in Indonesia. The study used a quantitative research method with a descriptive approach. Data collection techniques in the study used questionnaires and literature studies. The research data were then analyzed using the SPSS software The results showed that education financing significantly influenced the quality of education. Education funding affects the quality of education because it is very necessary for school programs, procurement of facilities and infrastructure, teacher salaries, employee salaries, the need to support the achievement of the school's vision and mission and create quality human resources.

In a similar study by Sangeetha and Raghurama, (2018), the study attempted to understand and compare the student loan schemes introduced and implemented in India and Australia either through the commercial banks or through the government. The student loan schemes were compared based on criteria followed in both countries. The major similarities outlined from both countries are: the scheme is framed to provide financial help to pursue higher education for the needy students who are the citizens of the respective country and the default risk is the main constraint faced by both the countries. The major differences observed are: the commercial banks are authorized to execute the loan scheme in India, whereas in Australia, Department of Education administers the student loan scheme. The target group for the loan under HELP is students in Commonwealth Supported Places (CSP) in public and in some private HEIs whereas, in India, it is the students in both public and private institutions with recognition. In Australia, a student can apply for a CSP through the Tertiary Admissions Centre or may apply directly to the institution. In India loan applications are directly submitted to the banks by the students. The study concluded that the student loan procedures followed in other countries can also be considered with suitable modifications for the improvement of our education loan scheme at present.

The study by Onen, et al, (2015) was triggered by recurring challenges younger loan schemes experience despite available lessons to draw from older ones. Literature search and desk study were used to collect data. Study results revealed that besides the usual legal challenge that virtually every younger loan scheme appears to face, there are several problems loan schemes in Africa face including the difficulties to: create credible loan boards, identify the right loan beneficiaries, determine appropriate loan amounts, create reliable databases, and institute an effective and efficient loan disbursement and recovery systems. These made the authors conclude that the problems faced by younger loan schemes in Africa are embedded within the political, social and economic systems and unless these structural difficulties are addressed, younger loan schemes are poised for gruelling challenges.

A paper by Dearden and Nascimento, (2019) simulated student loan schemes for Brazil. A copula approach was applied to simulate dynamic earnings paths for graduates. Repayment patterns were then simulated for time-based and income-contingent loan designs. The result shows that the Brazilian time-based scheme involved unsustainable repayment burdens for many graduates and contributed to the scheme's high default rates. The study also showed that the new income-contingent scheme is also likely to involve high taxpayer subsidies. Alternative designs with different strengths and weaknesses but favour an income-contingent scheme with a loan fee, repayment rates at 50% of current income tax rates and an interest rate at the government's cost of borrowing upon graduation and above initial tax threshold was considered. The study concluded by emphasizing that full involvement of the federal revenue system is more desirable than the present approach of employer withholding. This would increase the earnings base and reduce costs, which is important for Brazil's current precarious fiscal situation.

Similarly, Been and Knoef, (2023), investigated the effect of student loans on students' (financial) behaviour. For causal identification, the study exploited quasi-experimental evidence using a nudge in the take-up of student loans in higher education in the Netherlands. The study estimated an instrumental variable (IV) model with a first-stage Difference-in-Differences design. The study found that a decline in the default student loan reduced monthly student borrowing by 141 euros. A 1-euro decline in student loans reduced students' expenditures by 61 cents, but also led to a substantial increase of parental financial contributions (43 cents). Especially expenditures on leisure activities were affected. There is no evidence for increased labour earnings among students, on average. Self-reported indicators of academic performance do not worsen in response to the reform; students' GPA even improves.

The Japanese government has introduced some measures including grants and a partial income-contingent loan (ICL) scheme to help alleviate these problems. While the ICL scheme is a positive development, the paper by (Armstrong et al, 2019) shows that it requires further refinement and broader coverage if it is to adequately address the challenges facing higher education financing in Japan. The paper showed that an affordable and universal ICL system could be introduced in Japan that avoids problems with the current partial income-contingent loan scheme and would help alleviate access issues for those from disadvantaged backgrounds. Importantly, the unique features of the Japanese labour market have to be carefully considered, especially the large gender wage gap for married women. By introducing dynamics into modelling graduate earnings and using carefully selected parameters, they demonstrated that it is possible to have a universal ICL which achieves a balance between access and affordable repayment with minimal long-run costs to taxpayers.

Also, a unique dataset with data on types of loan and rich information on students' backgrounds and their attitudes to debt was analysed by Gayardon et al, (2019). It considered the loan take-up by type of loan. The study estimated the strength of the association of loan take-up with each of students' family income, indicators of family wealth (home ownership, private education, not living in a deprived area, social class), parental education, gender, ethnicity and debt aversion. Of these, only social class is found to have no independent effect. The study found that these associations can differ according to the type of debt. The study also found that, while students from some disadvantaged groups are less likely to take out maintenance loans, the association is accounted for by students living at home while studying, a prime mechanism for debt avoidance.

3.0 Methodology

In this work, a review and analysis on loan procedure in existence in other countries were taken in order to identify best practices as well as weaknesses in some of the loan schemes in order to draw lessons. The countries were selected based on sustainability of the scheme in those countries and geographical distribution. The study was designed using the Preferred Reporting Items for Systematic Reviews (PRISMA) guidelines. The PRISMA goal is to assist researchers to generate reliable documents that can be used for research. The technique was published in 2009, and its latest version was released in 2020. The PRISMA guidelines were originally designed to assess studies and documents relating to the health sector. Due to the efficiency of this methodology, it has now been applied in many other areas. This methodology ensures that all the information relevant to the topic under study is correctly itemized and summarized. The work was based on secondary data; thus, information was collected from articles in journals, Books, internet and other related publications.

4.0 Results and Discussion

Comparison of Student Loan Procedure from Selected Countries

The student loan procedures from five different countries were compared based on different criteria followed in the countries. Table 1 shows the comparison of student loan procedures from selected countries.

Table 1: Comparison of Student Loan Procedures from selected Countries.

Criteria	Australia	Kenya	Tanzania	India	South Africa	Ghana
Name of Scheme	Higher Education Loan Programme (HELP)	Higher Education Loan Board (HELB)		Education Loan Scheme	National Students Financial Aid Scheme (NSFAS)	Student Loan Trust Fund (SLTF)
Year	1989	2005	2005	2001	1991	2005
Product Type	Loan	Loan	Loan	Loan	Loan	Loan
Eligibility	An Australian citizen, a New Zealand citizen or the holder of a permanent visa; enrolled in an eligible course at an approved institution	Kenyan Citizen with admission to recognize d	Poor Tanzania students	The student should be Indian national, should get admission to a higher education course in recognised institutions in India or abroad	For all black students	Open to all students pursuing approved courses in approved tertiary institutions
Admin Bodies	All scheduled public/priva te sector banks as per IBA regulations	HELB office	Government through Ministry of education and technology	Departmen t of Education, and ATO	National Students Financial Aid Scheme (NSFAS)	Managed by (SLTF)
Course Eligibility	All courses	All courses	Depends on Manpower needs	All courses	All courses	All courses, higher funds for science related courses
Target Groups	All Students enrolled in an eligible course at an approved institution.	poor students in recognize d public higher education	Poor and the Needy	Meritoriou s, poor students in recognized public or private higher	For all black students	Open to all students pursuing approved courses in approved

		institutions in Kenyan		education institutions in India/ abroad		tertiary institutions
Disbursement	Student's bank account			directly to their institution on the student's behalf		
Loan Amount	Specified	Specified	Specified	Specified	Specified	Specified
Expenses Covered	Tuition Fees, services and Amenities	Tuition fees and upkeeps	Tuition fees and living Cost	Tuition fees and upkeeps		Tuition fees and living Cost
Repayment Time	9 years	Not Specified	10 years	10 – 15 years (2015)		15 years
Repayment Holiday	When income is above repayment threshold	One year	One year	Course period + 1 year or 6 months after getting a job, whichever is earlier.	After Employment	One year
Method of Repayment	Calculated based on criteria	Calculated based on criteria	8% of Basic income	Monthly instalments	Monthly deductions	Monthly deductions
Guarantor	Required			Required		Required
Mode of Application	Students submits request to the loan body	Students submits request to the loan body	Students submits request to the loan body	Applications will be received either directly at bank branches or through online mode.	Students submits request to the loan body	Students submits request to the loan body

Processing Period	Within the application date	6 – 8 week	Within the application date	15 Days	Within the application date	Within the application date
Interest Rate	Based on Consumer Price Index	4%	Interest Free	0.5% - 1%	Charges subsidized rates	Fixed and subsidized interest rate
Challenges	Default Risk	Default risk, adequacy	Poor Implementation Policy, Strategic deferred debt, minimal Planning and Lack of self-sustainability	Default risk, adequacy,	Insufficient funds, high dropout rate of beneficiaries, poor allocation formula	Insufficient funds, late loan disbursement, low loan recovery and weak system of identifying beneficiaries

Table 1 shows the major differences and similarities between the education loan procedure and the constraints faced by the different countries. The major similarities are: the scheme is framed to provide financial help to pursue higher education for the needy and eligible students who are the citizens of the respective nations. The default risk is the main constraint faced by all the countries.

It was also observed that the students loan scheme especially in Africa have many challenges among which are: shortage of funds to meet loan demand by the growing number of students, single source of funding, identification of the right students that desire the loan, low recovery rate and poor legal foundation to assist in loan recovery.

Some challenges of Nigeria student loan scheme

One major challenge of the scheme is the eligibility criteria and the process of recovery which many believe were poorly crafted in the law. The possibility of defaulting may confront Nigeria due to poor database. The current database relied on by Nigeria government includes among others National Identification Number and JAMB databases; however, foreign names from neighbouring countries like Niger, Chard, Benin Republic and Cameroon have been wrongly captured into these databases as citizens of Nigeria. This is due to open border and shared cultures and languages like Hausa and Yoruba by these nations. This will pose a major challenge to recovery of loan to those whose identity were not properly verified as foreigners but were granted the loan. The is like the case in other African countries like Rwanda where the scheme is claimed to have supported 66,750 people since 1980 but out of this number, 41,819 (more than 60%) individuals could not be traced for loan recovery.

Also, if the current law establishing the student loan scheme in Nigeria is to be comply with as written, it excludes both students in private Universities, polytechnics, colleges and other higher institutions. It clearly states that only those admitted into government own institutions can apply. Though in some countries like India and south Africa, emphasis is placed on certain areas, most countries allow private institutions to benefit from the loan if the course of study is approved. Also, the loan scheme excludes foreign students or residents in Nigeria. This not the case in countries like US, UK which permits foreigners and permanent residents to apply for the loan.

It is mostly claimed that Nigeria is one of the cheapest countries to train anybody in science, technology, engineering and medicine. This fact provide ground for people to train and migrate to other parts of the world to practice. However, the law does not connect important bodies like Immigration services to the scheme to ensure that those who are yet to offset their debts are prevented from travelling outside the country. Therefore, there is need to strengthen the regulations guiding the scheme by involving more agency to ensure that the beneficiaries are eligible Nigerians who can be traced and that such people do not vanish after graduation.

The Loan Scheme from 1972 till date has also depend on the government to fund and managed the system without the private sector input, while the developed countries involved private banks to cover more individual and different modes of loan scheme.

Also, nations like US, and UK are facing the problem of loan default due to inability of some graduates to repay. Yet the schemes were so framed that it is able to sustain itself. In developing nations like Nigeria, Ghana, Rwanda, etc, there seem to be a continual incidence of collapse or folding or loan scheme. This primarily has been attributed to 2 factors: no accurate database to trace beneficiaries after graduation and lack of sustainable funding strategy for the scheme.

Suggestions To Strengthen The Education Loan Scheme In Nigeria

i. Higher institution Educations should be involved in the student loan scheme;
ii. Higher Educations should help to track the loan beneficiaries after graduation and help in loan recovery;
iii. Banks should be involved in the student's loan;
iv. Bankers and institution should keep track of employed students to avoid wilful default;
v. Credit worthiness of students who seeks the loan and that of parents must be strictly assessed;
vi. The loan should be paid directly to the school;
vii. The loan should target indigent and intelligent students;
viii. Maintain a robust database;
ix. Broaden sources of funding; and
x. Allow the fund to access information from other government agencies form easy recovery of loan.

5.0 Conclusion and Recommendations

Globally, student loan as a source of financing higher education plays an important role in increasing access to tertiary education, especially among students from families of low socio-economic status. The students are provided sufficient funds in time to continue and complete their higher education. The student loan procedures followed in other countries can also be considered for the improvement of our education loan scheme at present. The pros and cons of such procedures can be tested in the light of the present economic situation of the country. With suitable modifications, such procedures can be adopted to ensure that the needy students will get the higher education which shapes their life as well as contributes to the development of the economy.

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