



Perception of Undergraduate Students on Implementation of Student Loan Programme in Tertiary Education in Nigeria

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Abstract: This paper examines undergraduate students' perceptions of student loan implementation in Nigerian tertiary institutions. Utilizing a survey research design, two higher institutions in North-central Nigeria were surveyed, with a total sample size of 180 undergraduate students. Purposive sampling was employed to select 90 students each from the University of Abuja and College of Education, Zuba. Data were collected using a validated questionnaire and analyzed using descriptive statistics. Results indicate that student loans could improve access to tertiary education, particularly for underprivileged students, and potentially enhance retention and completion rates. However, challenges such as loan repayment, corruption, funding, personnel expertise, infrastructure, and emigration may hinder the implementation of student loan programs. Recommendations include government commitment to realizing student loan programs, provision of seed funds, establishment of modern infrastructure, diversification of the economy for employment opportunities, and efficient fund disbursement by relevant government agencies to curb corruption.

Keywords: student loan, tertiary institution

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1. Introduction

Tertiary institutions student loan scheme is a global program with objectives of increasing accessing to tertiary education. The student loans are common forms of financial aid that help students cover the costs of their education. They typically involve borrowing money for tuition fee, books, living expenses, and miscellaneous expenditures. These loans are usually repaid with interest after the student completes their education or when they enter the workforce [1].

There are different reasons for resorting to student loan. Government funded student loan scheme has multiple benefits ranging from easing the pressure on government budget to helping the students to study now and pay later after graduating and getting a gainful employment as a graduate as well as reducing the pressure on the family and public funds [2,3]. Apart from the above reason, student loan schemes were introduced in African countries to cut the cost in public expenditure on higher education and transfer the costs to the major beneficiaries; enhance the quality of higher education to measure up with global best practices and make tertiary education more efficient and accessible to all [4]. There is no denying the fact that student loan schemes in Africa is being faced with several challenges which at the end affect adversely the noble intention

for instituting the scheme; but if strategically and effectively implemented, the scheme remains the most viable and sustainable system of student financing [5,6].

There are many investigations on student loan programme across the globe. For instance, a study on the factors affecting repayment of higher education loan by university students in Kenya was conducted by Ng'ang'a [2]. The study was guided by three objectives which focused on how to give out the loans, loan repayment policy and perception towards Higher Education Loan Board (HELB) affects repayment of the loans. Related literatures bothering on the background of student loan financing, loan defaulters, success and failure of student loan programmes and other issues relating to student loan financing were extensively reviewed. A population of 261,933 university graduates who were beneficiaries of higher education loans with their loan maturation date scheduled for 2015 was used. Descriptive research design and random sampling technique was used in getting the sample size while structured questionnaire was developed and administered on the targeted respondents for data collection. Exploratory Factor analysis was done using SPSS version 20 after which a Multivariate regression was fitted on the data to determine the relationship between the dependent and independent variables. Defaulting in repayment agreement by beneficiaries of the loan after graduation has been a major hindrance in making funds readily available for other students who need funds for their studies too. The availability of funds for needy students is subject to the funds repaid by past beneficiaries of the loan. Non-recovery of loans leads to non-sustainability of the education fund which leads to a number of loan applicants unable to get the loans which are meant to assist them cater for their learning expenses.

Kossey & Ishengoma [5] carried out a study that centered on Tanzania Higher Education Student Loan Board with a specific focus on the challenges facing students financing system. The study revealed that the greatest challenges of the scheme are; limited resources; lack of jobs to loan beneficiaries after graduation thereby making it difficult to repay the loan; increased loan applications from new students; absence of a comprehensive national students' data; emigration of loan beneficiaries; poor policy and legal frameworks; and corrupt practices among loan beneficiaries and staff of HESLB. The study recommended that the Higher Education Student Loan Board (HESLB) should diversify their source of funding in order to reduce the pressure on government; legislations on recovery of loan repayment by beneficiaries should be strictly adhered to in order to make funds available to other loan applicants, systematic deduction from beneficiaries' salary at source; higher interest than the inflation rates should be charged, and massive public orientation campaigns should be embarked on to enlighten the public and students community on the importance and benefits of the loan scheme and loan repayments.

Sadiq [7] carried out a study that sought to ascertain whether the Student Loan Trust Fund (SLTF) has enhanced applicants' desire in acquiring higher education in Ghana with specific reference to Kwame Nkrumah University of Science and Technology (KNUST). 285 students who were already on the Student Loan Trust Fund (SLTF) were randomly sampled and administered with questionnaire designed for the study. Descriptive statistical tool was used to analyze the data and the outcome shows that SLTF has tremendously increased access to tertiary education in Ghana. It was also discovered that the SLTF is so managed well to meet its purpose of enhancing accessibility to new loan seekers. The study further revealed that the amount released to beneficiaries per academic year was not enough to meet all their needs. In spite of the limitations discovered, the study gave an important insight on how to improve the SLTF in Ghana. It was also recommended the amount given out in loan to beneficiaries should be increased while the beneficiaries should comply with prompt repayment plan to enable other students benefit from the loan scheme too.

Ogunode, et al. [8] observed that in 1972 Nigeria government established a loan program with the objectives of providing loan for tertiary institutions students. The

student loan program of 1972 was faced with a lot of problems; majorly was poor repayment of the loans by beneficiaries. In 2019, the Nigeria House of Representatives sponsored another student loan Bill and the Bill was passed into law. In 2023, the Nigerian presidents signed the Bill into law for implementation. Since the signing of the bill into law for implementation in Nigeria, there have been contentions among students, parents and tertiary education stakeholders on the implementation of the student loan programme about its failure and success.

1.1. Statement of the problem

The Student Loan Bill, signed into law on June 12, 2023, by Nigerian President is to facilitate interest-free loans for Nigerian students, particularly those from indigent backgrounds. The aim is that financial constraints do not hinder access to tertiary education. The Nigerian Education Loan Fund, established under the law, is to be managed and administered by various stakeholders, including the Central Bank of Nigeria and commercial banks. It reportedly includes mechanisms for monitoring academic performance, ensuring timely loan repayment, and preventing fraudulent practices. The first batch of the loans will be disbursed in 2024 for 2023/2024 academic session. The signing of the Bill into law for implementation has generated a lot of concerns about tertiary education stakeholders. Some are of the opinion that the student loan programme will be like the first student loan programme of 1972 that failed to achieve its objectives while others stakeholders thinks the implementation will not be possible considering failure of some other federal government led scheme like, scholarship for tertiary institution programme, N-power and You-Win programme. It is based on this doubt, that this paper is aimed to assess the perception of undergraduate students of tertiary institutions on efficiency of student loan scheme in Nigeria.

1.2. Research questions

This study is guided by the following research questions;

- 1) What is the perception of undergraduate students of tertiary institutions on if student loan can grant wider attendance of tertiary institutions in Nigeria?
- 2) What is the perception of undergraduate students of tertiary institutions on the possible problems that may hinder the successful execution of student loan scheme in Nigeria?

1.3. Purpose of the study

The purpose of this paper is to assess the perception of undergraduate students of universities on the implementation of student loans in Nigerian tertiary institutions. The specific objectives are:

- 1) Find out the perception of undergraduate students of tertiary institutions on if student loan can grant wider attendance of tertiary institutions in Nigeria;
- 2) Enquire from undergraduate students of tertiary institutions the possible problems that may hinder the successful execution of the student loan scheme in Nigeria.

2. Method

The survey research design was used for this study while two higher institutions from North-central Nigeria, namely University of Abuja and College of Education, Zuba, were involved in the study. A total of 180 undergraduate students from the two tertiary institutions in the study area formed the population for this study. 90 undergraduate students from the University of Abuja and 90 undergraduate students from College of Education, Zuba were selected using purposive sampling technique. A self-constructed questionnaire named Perception of Undergraduates of Tertiary Institutions on Implementation of Student Loan Questionnaire (PUSTIISLQ) which was face-validated

by an expert in educational research was used to collect the data. The instrument had two sections. Section A required the personal data of respondents such as gender, age, year of study, parents/guidance occupation. Section B consisted of 10 items. Nine of the items had five (5) response options each whereas, one (1) was the least score and four (4) the highest score. The items required the respondents to indicate their perception of understanding of undergraduates of tertiary institutions on the implementation of student loan and the possible problems. The instrument was administered on the respondents in their various institutions by the researchers. Copies of the questionnaires were filled and returned on the spot. All the 180 copies of the questionnaires were retrieved, edited and found valid for analysis. The response rate achieved was one hundred (100) percent. The data were analyzed using the descriptive statistics (means and standard deviation) method where any item from 3.0 and above in mean rating was adjudged significant while items with a mean rating below 3.0 was adjudged to be insignificant.

3. Results and Discussion

3.1. Data analysis

Table 1. If student loan can widen access to tertiary education in Nigeria

S/N	ITEM	MEAN	S.D	DECISION
1	Student loan scheme will enhance access to tertiary education	3.8	1.99	Agreed
2	Student loan scheme will help underprivileged students to access tertiary education	3.6	1.86	Agreed
3	Student loan scheme will increase retention rate in tertiary institutions	3.3	1.83	Agreed
4	Student loan scheme will increase completion rate in tertiary institutions	3.7	1.98	Agreed
Total Mean		3.8		Agreed

The result presented in Table 1 above revealed that item 1, 2, 3, and 4 had a mean scale of 3.8, 3.6, 3.3 and 3.7 and with a total cumulative mean of 3.8 which indicated that respondents agreed that student loan scheme will enhance access to tertiary education, student loan scheme will help underprivileged students to access tertiary education, student loan scheme will increase retention rate in tertiary institutions and student loan scheme will increase completion rate in tertiary institutions in Nigeria.

Table 2. Possible problems that may militate against implementation of student loans in Nigeria

S/N	ITEM	MEAN	S.D	DECISION
1	Repayment	3.3	1.78	Agree
2	Corruption	3.1	1.72	Agree
3	Funding	3.0	1.62	Agree
4	Personnel (Expertise on student loan)	3.2	1.77	Agree
5	Infrastructure	3.7	1.84	Agree
6	Emigration	3.5	1.81	Agree
Total Mean		3.8		Agreed

Result from Table 2 disclosed that item 1, 2, 3, 5 and 6 had scores of 3.3, 3.1, 3.0, 3.2, 3.7 and 3.5 with a total cumulative score of 3.8. The result disclosed that respondents' perception is that loan repayment, corruption, funding, personnel (Expertise on student loan), infrastructure and emigration may likely militate against the execution of student loan scheme in Nigeria.

3.2. Discussion

The result obtained showed that student loan scheme will enhance access to tertiary education, student loan scheme will help underprivileged students to access tertiary education, student loan scheme will increase retention rate in tertiary institutions and student loan scheme will increase completion rate in tertiary institutions in Nigeria. This finding is in line with Ogunode, Dahiru, & Jogbojogbo [8], they concluded that student loan programme would increase attendance in tertiary institution resulting in economic development and elimination or reduction to the barest minimum of social vices among undergraduate students who are beneficiaries of the student loan scheme in Nigeria. Carlson [9], Chandran [10], Chung and Hung [11], Oluwole [1], and Abdulrahma & Nwachukwu [12], are also of the view that disbursement of funds through student loan scheme will make education more easy and accessible for beneficiaries who has no means of paying for their studies as at when due. This will definitely affect positively the number of enrolments in tertiary institutions and serves as a motivation for those that have the desire but lack the means. In addition to this, the loan scheme will motivate beneficiaries to repay their loan upon graduation and securing employment thereby making more funds available for needy students who will all contribute to the skilled workforce and all-round economic development of the country.

Also, the result disclosed that loan repayment, corruption, funding, personnel (Expertise on student loan), infrastructure and emigration may likely militate against the actualization of student loan scheme in Nigeria. This is in agreement with the submission of Dzikus [13], Ismail, Serguieva, & Singh [4], and Ogunode, Dahiru, & Jogbojogbo [8], who identified problem that will militate against student loan programme to include defaulting in repayment by the beneficiaries, corrupt practices by the loan officials and even the beneficiaries, lack of student loan experts, and the problem of funds to be used for the loans. Also, Agbetiloye [14] pointed out the loss of mutual trust between the Nigerian government and her citizens, pessimism as to the practicality of the student loan scheme execution since such programmes in the past has been a conduit for siphoning public funds by those in authority.

4. Conclusion and Recommendations

The aim of this paper is to assess the perception of undergraduate students of tertiary institutions on the implementation of student loans in Nigerian tertiary institutions and the result collected revealed that the student loan scheme will enhance access to tertiary education, students loan scheme will help underprivileged students to access tertiary education, student loan scheme will increase retention rate in tertiary institutions and students loan scheme will increase completion rate in tertiary institutions in Nigeria. Also, the result disclosed that loan repayment, corruption, funding, personnel (Expertise on student loan), infrastructure and emigration may likely militate against the implementation of student's loan programme in Nigeria.

Based on these findings, the paper recommended the following:

- 1) The federal government should ensure full execution of the tertiary student's loan scheme in Nigeria because the programme has the potential to increase access to tertiary education.
- 2) The government should provide adequate capital to kick-start the student tertiary institution loan programme. Modern infrastructure facilities should be provided in all the offices of the fund. The economy should be diversity to create employment opportunity to graduate for easy repayment of the loan and the relevant fiscal agencies of the government should have oversight assignments in ensuring the proper disbursement of funds meant for the programme to check corrupt tendencies and practices.

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