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Survey and Thought on Graduates' Repayment Awareness of Student Loan in Agricultural Universities and Colleges

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Abstract To find out graduates' repayment awareness of student loan, we conducted a questionnaire survey for those graduates who applied for student loan in Zhongkai University of Agriculture and Engineering. The survey has following results. First, the national student loan plays an important role in assisting poor students in finishing their study. Second, graduates value social function of personal credit. Third, trustworthiness education activities carried out by colleges and universities are effective. Fourth, economic income is a major factor of graduates repaying capital with interest. Fifth, bank's student loan management system is not perfect. Sixth, the national student loan system remains to be improved. In line with these results, we put forward five countermeasures and suggestions: strengthen the trustworthiness education of students; standardize the credit investigation management of students' personal credit; establish student information management mechanism; standardize banks' payment reminder administration behavior; and perfect national student loan system.

Key words Agricultural colleges and universities, National student loan, Repayment awareness, Trustworthiness education, Personal credit, China

Since it is implemented in 1999, the national student loan system has been playing a major role in helping poor students, especially those in agricultural colleges and universities, to smoothly finish their study. However, due to weak repayment awareness, low repayment ability and other factors, there is a high rate of graduates in breach of student loan contract. To further control the rate of violation of student loan contract, prevent loan risks, and promote benign cyclic development of national student loan, we carried out a special questionnaire survey for 2011 graduates of student loan and those graduates who repay the loan due in 2011 in Zhongkai University of Agriculture and Engineering.

1 Organization of questionnaire survey

This questionnaire survey is organized by Zhongkai University of Agriculture and Engineering and implemented by Center for Student Assistance Administration. Survey time: April to June of 2011. Survey object: 2011 graduates of student loan and those graduates who repay the loan due in 2011 in Zhongkai University of Agriculture and Engineering. Survey method: overall survey method with distribution of questionnaire as the major way, assisted with individual special interview and telephone consultation. Survey contents: students' knowledge of nature of student loan, understanding of loan policy, factors influencing repayment, students' subjective awareness, personal credit system, trustworthiness education, cognition of banks' operating system and loan system. In this survey, totally 430 copies of questionnaire are distributed and 412 valid copies are received. The rate of recovery is 96%.

2 Survey results and analyses

2.1 Important role of national student loan in assisting poor students in finishing their study In the option "Function of the national student loan in helping you to finish study", 29% students select "Without loan, I can't finish my study"; 56% students choose "Great help"; 12% and 0.3% students separately choose options "It plays an ordinary role" and "It's all the same whether there is loan or not". These indicate that students on loan have a deep understanding of function of the national student loan. They have recognized the importance of national loan in assisting poor students in finishing their study, and consciously realized the role of the Party and state assistance policy in promoting equal access to education.

2.2 High enthusiasm of students on loan for repaying capital with interest For option "Are you willing to repay the loan in time after graduation?", 90% students choose "Quite willing" and "Willing" and "Basically willing" and the rest 10% choose "Will repay if have money" and "It depends". This indicates that most students on loan have high subjective awareness of repaying capital with interest, and they are very willing to repay the loan. However, there are a certain proportion of graduates who have unclear idea about whether they can repay capital with interest on schedule for some reasons. The proportion of "will repay if have money" has an increase of 8% compared with that in 2010, possibly because students realize complex process of repaying principal and interest and unstable system of the bank.

For question "If you have difficulty in repaying the loan, how will you do?", 64% students select "Get in touch with banks to adjust mode of repayment", 29% students choose "Repay the loan through borrowing money", 3% students choose "Wait till bank notice", and 3% students select "Not

repay as much as possible". These show that although in difficulty, students still will take an active attitude and try every means to repay the loan. Nevertheless, there are still some students who have the idea of delaying the repayment.

2.3 Graduates valuing social function of personal credit

In the option "What influence do you think the bad credit record will have on your future life?", 56% graduates choose "Possibly be rejected when applying for loan from bank", 59% graduates think that "Bad record will accompany them for a whole life", 36% graduates select "It will influence subjective judgment of employing unit in job hunting", and 39% graduates believe that "It may bring negative influence to insurance business". These show that most graduates have realized great influence of bad record of personal credit on future life and significant role of personal credit in survival and development of individuals, so they highly value personal credit.

In the option "Which way is effective in punishing persons with bad credit?", 59% students select "Not allowed to borrow or overdraw from bank", 36% students choose "Fine", 42% selects "Investigate and affix legal liability", and 43% selects "Disclose black list of students with bad credits". These indicate that students approve punishment of those with bad credit. Students have highly realized that establishment of credit supervision and discredit punishment system is the demand of market economy. Thus, it is required to take necessary economic and legal means to punish bad credit persons.

In the option "What do you think if schools establish the personal credit file for students, and some enterprises ask your credit record when you apply for a job?", 76% students believe that "It is necessary, but preferable not put into personal file", 11% students think that "It is quite necessary and may be put into personal file, but only for reference", 7% students choose "No idea", and the rest 6% students select "Not necessary". These indicate that students pay close attention to treatment of their personal credit file. To some extent, students care about privacy problem. If personal credit data is needed when applying for loan, it is required to protect private information from leaking.

2.4 Significant effect of trustworthiness education activities carried out by colleges and universities

For the option "What do you think the effect of trustworthiness education activities for student loan policy?", 67% students choose "Very effective", 30% students choose "Moderately effective" and "Basically no effect", and the rest 3% chooses "Totally ineffective". These show that it is very important to carry out trustworthiness education activities for students during school time. Through trustworthiness education activities, it can improve students' trustworthiness and promote overall qualities of students. However, some students think that the education has little effect, indicating that colleges and universities seldom carry out such activities, and some activities are simply in methods and not deep in contents^[1].

In the option "Which way of trustworthiness education do you think is more effective?", 40% students select "Workshop", 21% students choose "Elective course", 23% students

choose "Compulsory course", 33% students select "Distribute propaganda materials to have a self-learning", and 32% students choose "Annually launch one time of trustworthiness education activities". These indicate that colleges and universities should carry out trustworthiness education activities for graduates on loan, and incorporate trustworthiness education into school course, no matter compulsory course or elective course.

2.5 Economic income being a major factor of graduates repaying capital with interest

In the option "Which reason is a major one for your delayed repayment?", 70% students select "No ideal job, no fixed source of finance" and "Low income fails to cover the loan", and 13% chooses "Not smooth capital turnover". 10% students choose "Do not know how to handle repayment procedure", and 7% students select "Forget the repayment deadline". These indicate that wage income is major factor of graduates repaying capital with interest, and wage is material base of students repaying capital with interest on schedule. If graduates have a good job with high wage, they will have economic capability to repay the loan, so graduates should raise their competitive power of employment and consolidate basic ability of employment.

In the option "If you feel difficult to repay capital with interest after graduation?", 16% students choose "Very difficult", 48% students think it is "Difficult", 27% students choose "Not so difficult", and the rest 12% select "No difficulty". Combining these data with advance repayment data handled by students during school, it can be seen that graduates of agricultural colleges and universities have certain difficulty in job hunting. Some graduates find jobs in rural areas or small and medium-sized enterprises, so wage income is low. In addition, most students on loan come from countryside and their families have financial difficulties before. The wage income from first employment can barely maintain their living expenses, thus it hard to say repayment. As to interest, graduates should pay certain interest, and the interest rate is high, so they have heavy economic burden.

2.6 Imperfect banks' student loan management system

In the option "How to avoid problem of violation of student loan contract?", 63% students select "Establish repayment reminder system and loan follow-up system". 29% students choose "Notify work unit to urge them repay the loan". 15% students choose "Put repayment contract into personal file", and 24% students select "Reduce or even cancel to provide loan for students". These indicate that students hope that banks can establish and perfect the post-loan management system. Before expiration of principal and interest, banks can remind students of repayment, to prevent them forgetting the repayment time due to work or for other reasons.

In the option "Can you remember to pay the interest on annual December 20 after graduation, and repay the principal on October 20 according to term of loan", 2% students select "Ignore them", 15% students choose "Possibly forget", 30% students select "Care about", and the rest 54% students select "Must remember and will repay the principal with interest

on time". These data show that most students have awareness of abiding by the loan contract and subjectively are willing to repay capital with interest. However, some students think that it is not easy to remember such varied repayment time. Besides, the system is not stable and operation is difficult, so many students are unwilling to remember the repayment time, and even few students just ignore the system operation.

2.7 National student loan system to be improved In the option "What do you think of the loan rate?", 44% graduates think it is "Too high", 36% graduates consider that "It should be lower than commercial loan rate", 15% graduates choose "The interest should not be collected, but rather subsidized by finance", and only 5% graduates feel "It is acceptable". These data indicate that most students think the rate of national student loan is high. The penalty interest rate on overdue loan payment is up to 8.32%. For graduates of agricultural colleges and universities, bad employment situation and low economic income make them feel pressure of paying the interest. The proportion of "It is acceptable" is 3% higher than that in 2010, indicating better employment and wage income of graduates.

In the option "What do you think of the allowance of national student loan?", 61% students express "Sometimes they can't get loan", 29% students think it is required to "Raise the allowance of loan to satisfy demands of students", 10% students choose "Acceptable" and 20% choose "Small loan amount fails to meet demands". These show that many students in agricultural colleges and universities still fail to get the assistance of national student loan. According to statistics, poor students in agricultural colleges and universities account for 29% of the total students in these schools. If we still use 20% to allow the loan, it will not satisfy demands of poor students in agricultural colleges and universities.

3 Countermeasures and suggestions

3.1 Strengthen the trustworthiness education activities

Colleges and universities should take the trustworthiness education as a major work. First, it is required to establish long-term mechanism for trustworthiness education. This includes ideological and political work to enhance students' honesty awareness, to achieve regular, systematic and institutional trustworthiness education. Second, it is proposed to carry out various trustworthiness education activities. For instance, trustworthiness public lecture, workshop and commemorative activities. Third, it is recommended to enhance students' sense of social duty. Besides, we can carry out thanksgiving education activity. We encourage students to carry out love relay and various public activities. For example, article soliciting activities for loan and thanksgiving, social practice, donation activities, etc. It is expected to help students set up correct philosophy of life and sense of value, consciously serve society, understand their social value, improve ideological level, and bring into play functions of imparting knowledge and educating people.

3.2 Standardize the credit investigation management of students' personal credit The personal credit investigation is a personal information bank set up by competent authority for collection, processing and arrangement of personal credit information. The personal credit investigation system is better established in developed countries, while that in China is just started

from 2006, so both contents and forms of credit report are not perfect, and connection with data of many industries and fields is not achieved. Therefore, it is necessary to establish personal credit investigation system for student loan in colleges and universities. For instance, the student credit file must correctly record students' loan and repayment information, and be connected with national personal credit investigation system. We should speed up the process of student loan legislation and establish legal sanction mechanism of loan contract violation, to punish contract violation acts, reduce costs incurred from student dis-credit and reduce the rate of loan contract violation^[1].

3.3 Establish student information management mechanism

3.3.1 Strictly perform work duties. *Opinions on Perfecting the National Student Loan Work* states that when students on loan graduate, universities and colleges should organize students to handle the repayment confirmation procedure with corresponding banks, help students to handle graduation procedure, and record the loan information into student personal file. Besides, universities and colleges should cooperate with banks to urge students to repay the loan and provide banks with valid contact address of first job of students or valid contact address of students' family if no job is found by those students^[2]. Therefore, universities and colleges should perform their duties of management after loan.

3.3.2 Strengthen the connection between colleges and universities and graduates. Colleges and universities should establish information platform through poster, show window, radio, network resources, including webpage, MSN, BBS, work blog, etc. It is expected to help students understand policies, get to know procedure, and contact and make an inquiry of repayment information and relevant financial information for graduates. Colleges and universities can organize classes to carry out information contact and set up QQ groups or information network, to keep contact with students.

3.3.3 Establish two-level payment reminder system in colleges and universities. Due payment reminder or interest payment reminder are major tasks of post-loan management. Colleges and universities should establish two-level management system to strengthen payment reminder work. It is required to take counselors of schools and departments as main forces to carry out payment and interest reminder work. Universities provide relevant information for schools and cooperate with schools to solve actual problems, establish appropriate payment reminder reporting system and repayment incentive mechanism, to guarantee implementation of all tasks^[3].

3.4 Standardize banks' payment reminder management behavior

3.4.1 Standardize banks' management system. At present, administering bank of national student loan is mainly China Development Bank. Due to different economic and social situations of every universities and colleges and provinces and cities, China Development Bank adopts different management methods, for instance, different credit risk compensation fund rate, which leads to increase of financial pressure of colleges and universities and regions. In addition, China Development Bank only has branch bank in each province and no office room, so its business is basically entrusted to agricultural bank, Alipay company or education department. What's worse,

there are few business control persons, so management is not put in place. Consequently, the post-loan management is difficult and it is very passive to conduct fund management and post-loan management. Therefore, to strengthen student repayment management, banks should perfect corresponding system, simplify repayment procedure, provide convenience and improve working efficiency.

3.4.2 Establish notice system for payment due. Graduates ask banks to establish notice system for interest due or expired loan, to notify them through information network or short message of mobile phone, indicating amount, repayment method and operation method, for fear of students forgetting.

3.4.3 Establish responsibility system for payment reminder work. Banks use over 10% of finance and loan amount paid by colleges and universities as of credit risk compensation fund (mortgage), to shift risk and responsibility to colleges and universities. After graduation and stepping into society, students seldom get in touch with colleges and universities. If banks still ask those colleges and universities to remind students of repayment, it will push up costs of those colleges and universities. To some extent, colleges and universities become agents of banks. Therefore, banks should establish payment reminder mechanism and assume major responsibility for reminding payment, to reduce management cost of colleges and universities.

3.5 Perfect the national student loan system Established in 2004, the current national student loan system mainly conforms to universal problems of China's economic and social conditions at that time. Nevertheless, along with development of economy and society, some parts of education reform cannot satisfy demands of graduates any more. Therefore, we must perfect the national student loan system. First, we can expand the volume of credit. Many graduates believe that poor students in agricultural colleges and universities are many more than that in other colleges and universities. The current provision that 20% loan proportion obviously cannot satisfy demands of poor students, so the state should expand the volume of credit, for instance, raise the proportion to 35%, to satisfy demands of many more poor students. Besides, the credit limit may be adjusted according to tuition fees of disciplines, for example, to increase the total loan for art discipline to 15 000 yuan/year. Second, we can extend the credit period. In line

with difficulty in graduate employment, low quality of employment, low wage income, difficulty in living, as well as repayment capability, it is required to properly extend the credit period to 10 to 15 years, to alleviate pressure of loan repayment. Third, we can cut down the loan interest rate. Graduates think that the advantage of education loan can be reflected by lower interest rate of national student loan. Some students state that the entire interest should be paid by the finance in agricultural colleges and universities, to show the favorable policy towards students of agricultural colleges and universities. Alternatively, we do not adopt the current borrowing rate of commercial bank and reduce the annual interest (for example) to 2%^[1].

3.6 Establish financial preferential policy

3.6.1 We should raise subsidy for poor students in agricultural colleges and universities. Those students are disadvantaged groups in employment, so colleges and universities should provide financial support to help them have a normal daily life during school. In addition, in teaching and learning, it is required to strengthen professional knowledge, organize students to take part in social activities and part-work and part-study, guide them to find jobs and increase wage income, finally to raise their loan repayment capability.

3.6.2 Government should establish financial preferential policies. The state should make policies to reduce or cancel tuition fees of graduates who go to rural areas to work, to reduce burn of students in agricultural colleges and universities. We should encourage students to engage in agricultural discipline and encourage those schools to cultivate excellent talents for agriculture. In addition, we should encourage graduates of agricultural colleges and universities to work in rural areas, to promote agricultural economic and social development in rural areas.

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