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Students' Loan in Nigerian' Tertiary Institutions: Benefits and Problems

Victor Olugbenga Ayoko
Department of Educational Foundations, Faculty of Education, National open university of Nigeria
victorayoko@gmail.com

A B S T R A C T
The paper discussed the students' loan Nigerian tertiary institution: benefits and problems. The paper used secondary data. The secondary data were collected from both print and online publications. Content analysis was used to analyze the selection of literature for the study. The paper concluded expand access to tertiary education; reduction in government expenditure, limited Social vices behavior and support economic development are the benefits students' loan in the Nigerian tertiary institutions. The paper also identified inadequate funding, corruption and delay in payment. Based on the findings, the paper recommends that the federal government should increase the budgetary allocation of the programme. Technology should be deploy to enhance effectiveness and efficiency of the programme. Federal government should involve all anti-corruption agencies in the running of the programme.

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1.0 Introduction

Tertiary education as the education given after Post Basic Education in institutions such as Universities and Inter-University Centres such as the Nigeria French Language Village, Nigeria Arabic Language Village, National Institute of Nigerian Languages, institutions such as Innovation Enterprise Institutions (IEIs), and Colleges of Education, Monotechnics, Polytechnics, and other specialized institutions such as Colleges of Agriculture, Schools of Health and Technology and the National Teachers' Institutes (NTI) (National Policy on Education FRN 2013).

The goals of tertiary education according (National Policy on Education FRN, 2013) shall be to: Contribute to national development through high level manpower training; provide accessible and affordable quality learning opportunities in formal and informal education in response to the needs and interests of all Nigerians; provide high quality career counseling and lifelong learning programmes that prepare students with the knowledge and skills for self-reliance and the world of work; reduce skill shortages through the production of skilled manpower relevant to the needs of the labour market promote and encourage scholarship, entrepreneurship and community service; forge and cement national unity; enhancing students' project-based learning skills; and promote national and international understanding and interaction.

In order to address challenges of student' higher education financing problem in Nigeria, the Nigerian government reintroduce students loans in tertiary institutions. The bill on students' loans in tertiary institutions was passed and it was accented to by the Nigerian president and the student loan programme has officially taken off. The bill, sponsored by the Speaker of the House of Representatives, Femi Gbajabiamila, purportedly seeks to ease access to public education by providing tuition loans to students whose family annual income is less than N500,000; over 133 million Nigerians are in this category. learning has received a mixed reception as stakeholders differ on the potential benefits it proposes to

offer. The (Access to Higher Education) Loan Bill was passed by the country's National Assembly, comprising the Senate (upper legislative chamber) and the House of Representatives (lower legislative chamber) at the end of November 2022 (Ogunode, Ukozor, & Ayoko 2023).

The overall objective of the bill is to provide equal education access to Nigerian students, regardless of their gender, religion, tribe, position or disability of any kind. It will achieve this objective through the provision of interest-free education loans to students in tertiary institutions through the Nigerian Education Bank, which shall be established for this purpose. The House of Representatives had passed the bill earlier this year and forwarded it to the Senate for November. Subsequently, the bill was transmitted to the Nigerian President for assent. It is important to discuss the necessary things that the government should put down before the bill will be finally ascent by the present of Nigeria for take-off. This paper is aimed to discuss students' loans in tertiary education in Nigeria and the Preconditions for effective implementation. Students who are eligible for this tuition loan are expected to apply through their respective tertiary institutions, and the tuition will forthwith be paid directly into the account of the applicant's institution of learning. The Nigerian Education Loan Fund (NELFUND) which manages the Nigerian students' loan ecosystem established by the Student's Loan Act of 2024. NELFUND was established by the federal government of Nigeria to manage the students' loan funds (Ogunode, et al 2023). The take-off of the of the students' loan programme in Nigerian tertiary institutions under the management of NELFUND have been confronted with a lot of challenges. This paper aimed to examine the benefits and the challenges of the students' loan programme in Nigeria.

2.0 Literature Review

The Student Loan is a loan provided for students of tertiary institution to enable them finance their educational programme. Students' loan scheme is a special loan designed for students especially those in tertiary education to finance their education and repay the loans after graduation. The students' loan scheme comes in different model. Some students' loan scheme is free interest rate while others are with interest rate (Ogunode,.Dahiru, & Jogbojogbo, 2023). Students' loan programme is a financial support that comes in form of loan to the students in tertiary institutions to enable them finance their higher education and after graduation repay the loan facilities (Ogunode, Awah & Suleiman, 2024).

The objectives of students' loans differ according to countries but specifically to help students' access education. The reasons for opting for the student loan schemes are diverse. State-supported student loan scheme not only eases government budget, but also helps the students and their families because, besides easing the pressure on public funds, it would enable students study now and pay for their education later when they are in receipt of the higher salaries that generally accrue to university graduates (Ogunode,.et al 2023). Objectives of the Student Loan according to Oshone, (2023); Ogunode, Olatunde-Aiyedun, Ayeni, and Kingsley Edinoh (2025) includes; to provide financial tertiary institutions within Nigeria. These loans aim to: Increase access to education; reduction in the financial burden on students and their families. The introduction of student loans in Nigeria is highly impactful due to its long-term benefits. The repayment terms are manageable, allowing students to complete their education before repayments begin.

1. Increasing Higher Education Enrollment: – The loans have the potential to significantly increase higher education enrollment rates by reducing financial barriers.
2. Contributing to a Skilled Workforce: – By promoting education, these loans contribute to the development of a skilled workforce, which is essential for national development.
3. Opportunities for the Less Privileged: – Student loans provide opportunities for students from less privileged and disadvantaged backgrounds to access higher education.
4. National Development: – Student loans contribute to economic growth, create responsible citizens, and encourage positive social behavior. – They improve the standard of living and lead to overall national development (Oshone, 2023).

3.0 Method

This paper discussed the students' loan Nigerian tertiary institution: benefits and problems. The paper

depends on secondary source of data which relied on secondary evidences inform of published books, journal articles, newspapers, government official documents, seminar papers, conference papers as well as related information from the internet.

4.0 Result and Discussion on Benefits of Students' Loan Scheme

There are many benefits of students' loans scheme in Nigeria. Some of the benefits include; expand access to tertiary education; reduction in government expenditure, limited Social vices behavior and support economic development

Expand access to tertiary Education

The Nigerian student loan system can play a crucial role in widening access to higher education, enabling students from various backgrounds to pursue their academic goals. This submission is supported by (Daily Trust, 2023) who observed that student loans provide access to education for individuals who may not have the immediate financial resources to fund their studies. By allowing students to borrow the necessary funds, it creates a pathway for upward mobility, enabling talented individuals from lower-income backgrounds to pursue higher education and secure better employment prospects. Access to financial aid through student loans could make education more affordable and accessible for students who might not have the means to pay for their expenses upfront. This could increase enrolment rates and help more students pursue higher education (Abdulrahma & Nwachukwu 2023). Additionally, student loans can provide an incentive for students to complete their education as they would be motivated to repay their loans once they secure employment. This could contribute to a more skilled workforce and overall economic development (Oluwole 2023).

Reduction in Government Expenditure

One of the benefits of students loan scheme programme is that it reduces the government expenditure on higher education since students are expected to share in the cost of services (Ogunode,.et al 2023). According to (Hua Shen, 2008), students' loan relieves greatly most of the pressure on the national budget as it facilitates greater cost sharing through the raising of tuition and other university fees. The burden of up-front fees payment is also avoided as payment is deferred until the student receives salary after obtaining a university degree. Another importance or relevance of the students' loan scheme is that its share cost-financing of tertiary education with the beneficiary.

Limited Social Vices behaviour

The students' loan programme if accessible by many youth across Nigeria has the capacity to reduce the high rate of crime which have been linked to youth restiveness. The scheme will make it possible for many Nigerian youths to have access to higher education and this may likely reduce the high rate of social vices in the country (Ogunode, et al 2023).

Support economic development

The students' loan scheme if implemented properly can help to develop the economy. The implementation of the scheme will help to increase number of skills and knowledgeable people in Nigeria. The scheme will make possible to produce more category of professional that will add value to the economic development of the country. Literature agreed that the higher the citizens access higher education the higher the country experience development in technology, health and social development (Ogunode,.et al 2023). Daily Trust, (2023) submitted that student loans can stimulate economic growth. When students invest in their education, they acquire skills and knowledge that can contribute to the overall development of a nation. A more educated workforce can lead to increased productivity, innovation, and competitiveness in the global marketplace. Researchers agree that the exponential growth in higher education enrolment can be attributed to generous student loans. Under the Students Loan Trust Fund (SLTF), the government provides loans to higher education students to pay for tuition, boarding, lodging, books, equipment and other related expenses. Access to higher education will increase earning capacity and income capacity of the people.

Challenge facing Militating against Students' loan Programme

Inadequate Funding

There may be financing problem with the students' loan scheme in the nearly future due to increment in population and increment in number of applicant. The sources of funds available for the scheme may not be possibly enough to meet up with the high number of students seeking the loans for higher education. Is the students' loan scheme sustainable in the nearest future with dwindling revenue and high debt of 1 trillion?. Programme like TETfund presently complaining of revenue shortage to finance its programme in the tertiary institutions in Nigeria (Tribune online 2022). Another problem is that Nigeria has not diversity its economy to have more options for financing the students' loan programme. High debt serving and low revenue generation may likely affect the financing of students loan programme. Aiyedun at al. (2021) identified some finance problems in many Africa Universities where students' loan programme are in operation. The evidence (for example from Tanzania, South Africa, Ghana) showed that in many cases, governments do not allocate sufficient financial resources to enable loans schemes to meet their statutory obligation of issuing loans to needy students. The majority of schemes in Africa operate with lean budgets that cannot cover their operational costs and absorb the rising cost of higher education and expanded enrollments in many universities. Inadequate financial resources are largely due to dependence on government funding (Ogunode, et al 2023).

Corruption

Corruption in the management and administration of the funds is another big problem that may likely face the students' loan programme in Nigeria considering programme of such before. Ogunode, et al. (2022) noted that corruption is a pervasive and unethical practices that contribute to the substantial occurrence of financial misconduct within Nigerian public universities, leading to a significant increase in corruption-related activities. Punch (2023) maintained that corruption, poor management, and the non-repayment kill all intervention credit schemes in Nigeria. A students' loan scheme introduced in 1974 with advances repayable 20 years after graduation crashed. In the United States, Forbes reported that Americans owed up to $1.7 trillion in student loan debt as of May 2023. Agbetiloye (2023) noted that **d**ue to a prevailing trust deficit between the Nigerian government and its citizens, skepticism remains regarding the new student loan as a potential channel for corruption by those in positions of power. Nigeria's social investment programmes have always been used as a conduit for corruption.

Delay in payment

Another problem militating against the students loan programme in Nigeria is the delay in the release of the monies to the students nationwide. This delay have affected the smooth implementation of the programme. The students have to wait for a long time to access the loans in the various schools.

Conclusion and Recommendation

The paper discussed the students' loan Nigerian tertiary institution: benefits and problems. The paper used secondary data. The paper concluded expand access to tertiary education; reduction in government expenditure, limited Social vices behavior and support economic development are the benefits students' loan in the Nigerian tertiary institutions. The paper also identified inadequate funding, corruption and delay in payment.

Based on the findings, the paper recommends that the federal government should increase the budgetary allocation of the programme. Technology should be deploy to enhance effectiveness and efficiency of the programme. Federal government should involve all anti-corruption agencies in the running of the programme.

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