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A time to pay up

FOR the students who may have otherwise been stretched to their budgetary limits on being offered a place to pursue tertiary studies, the National Higher Education Fund Corporation or PTPTN has been their white knight. It has soothed the distress of many prospective undergraduates and their families by disbursing study loans, more than RM11 billion since its establishment in 1997, for all. The corporation certainly deserves accolades for its smooth handling of this mammoth task and for continuing to improve. It recently undertook measures to ensure its 1.14 million borrowers do not feel the financial pinch in these austere times and this resulted in a cabinet announcement on Wednesday that the service charge for PTPTN loans will now be at a flat rate of one per cent, down from three to five per cent. With these generous terms, borrowers should have no problems servicing their loans upon being gainfully employed. But going by current statistics and prevailing practices, this does not appear to be a likely prospect, not by far.

It is staggering, the amount of loans owed by student borrowers. Of the RM1.7 billion in loans which had been disbursed by PTPTN, only RM855 million or 49 per cent had been recovered. While there has been some improvement since the imposition of stringent recovery methods, repayment has not come up to the desired level. There is only that much legal notices of demand, court summonses, the publishing of names in newspapers and travel bans can do when the problem has everything to do with attitude, and nothing with the conditions of repayment. As Malaysians are used to all kinds of scholarships, grants, bursaries and financial aid, they have come to perceive the financing of their further studies as the government's responsibility and the money viewed as a privilege rather than a debt that has to be settled. The idea that an education loan has to be repaid in the same manner as a housing or car loan remains a concept alien to these people.

The corporation has done the best it plausibly can under the circumstances to put in place an effective mechanism to recover the loans given out. The more challenging task is to ensure students are taught from a young age about responsibilities to themselves and to the country, and that is to repay what they have borrowed after having reaped the benefits. The PTPTN has made repayment significantly less painful for borrowers. They now have absolutely no good reason, or indeed excuse, to not pay up upon completing their education.