

# Only 1% admin charge

## Cabinet agrees on new rate for PTPTN loan applicants

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**PUTRAJAYA:** Students will now have to pay only a 1% administration charge for National Higher Education Fund Corporation (PTPTN) loans.

Higher Education Minister Datuk Seri Mohamed Khaled Nordin said the Cabinet had agreed to the new rate at its meeting last week and its effective date was backdated to June 1.

"Students will pay a flat rate of 1% now compared to the 3% levied for first-degree courses and 5% for post-graduate programmes previously," he told a news conference at his ministry yesterday after chairing the post-Cabinet meeting.

Khaled said a flat rate would be less burdensome to students compared to the previous method, which was calculated on a reducing rate basis.

"Under the reducing rate, students who did not settle their instalments on time or missed one or two pay-

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DATUK SERI MOHAMED  
KHALED NORDIN

ments ended up paying more."

He said the new rate would be applicable to new and existing students as well as borrowers who had already graduated but were still paying off their study loans.

"For students who obtained loans

before the new rate was introduced, their applications will be processed according to the old rate but adjustments will be made once the new system is up and running in December.

"Borrowers who are still studying and those who have already graduated will get fresh loan agreements from January based on the new rate. They will be given one month to choose the new option," said Khaled. PTPTN currently has 1.04 million borrowers.

Khaled also said the new method of calculation was determined after consultations with the National Fatwa Council, which had stated that it was compliant with syariah law.

"We hope that the new rate will encourage more students to pay back their loans promptly. We will also give incentives to those who repay their loans quickly," he said.

Currently, the rate of repayment of PTPTN loans is below 50%. Borrowers have up to 20 years to repay the

loans depending on the amount.

Khaled also said that PTPTN would give out loans to help students pay for their insurance premiums under the fund.

On Tuesday, students from Masterskill College of Nursing and Health in Kuala Lumpur held a protest over the deduction of insurance premiums from their loan amounts.

They claimed that the deductions of up to RM1,300 had resulted in some of them not having enough money for their cost of living expenses.

"The situation happened because the students were paying this year for the higher, accumulated insurance premiums introduced last year.

"To help these students, PTPTN will offer them a higher loan amount to cover their insurance premiums. However, they will have to repay it later," he said.

The students also turned up at the ministry in Putrajaya yesterday to highlight their plight.