



UNIVERSITI TEKNOLOGI MARA

**FACTORS INFLUENCE
GRADUATES' REPAYMENT
BEHAVIOUR TOWARDS
EDUCATION LOAN, PTPTN IN
KLANG VALLEY**

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ABSTRACT

Starting last year, 2016, National Higher Education Fund Corporation (PTPTN) has stopped giving full loans to students pursuing studies at a higher level. This is due to the continuous trend of poor rate of repayment by graduates. This research is conducted to investigate the factors that influence graduates' repayment behavior towards education loan, PTPTN. The factors influence are independent variables for this paper which are perceptions that loan repayment affected the quality of life after graduation, attitude towards education loan, and belief towards loan agreement. The graduates' repayment behavior is the dependent variable. The population consists of local graduates who were Malaysian from a public and private universities/college staying or working in Klang Valley. This study is a descriptive study using questionnaire based on 100 participants. The types of investigation are correlation relationship. The study setting is non-contrived with minimal researcher interference. The time horizon for this study is cross-sectional and the unit analysis is individuals. This paper expects to know the significant factors that influence graduates' repayment behavior towards education loan, PTPTN. The expected findings were all independent variables (perceptions that loan repayment affected the quality of life after graduation, attitude towards education loan, and belief towards loan agreement) has a relationship with the dependent variables, graduates' repayment behavior.

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TABLE OF CONTENTS

	Page
LETTER OF SUBMISSION	i
AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v-vii
LIST OF TABLES	viii
LIST OF FIGURES	ix
CHAPTER ONE: INTRODUCTION	
1.1 Introduction	1
1.2 Background of Study	1
1.3 Problem Statement	2
1.4 Research Question	3
1.5 Research Objective	3
1.6 Significance Of Study	4
1.7 Scope of Study	4
1.8 Limitation of Study	4
1.9 Summary	5
CHAPTER TWO: LITERATURE REVIEW	
2.1 Introduction	6
2.2 Factors Influence Graduates' Repayment Behavior Towards Education Loan, PTPTN in Klang Valley	6
2.3 Perception That Loan Repayment Affected Quality of Life After Graduation	7
2.4 Attitude Towards Education Loan, PTPTN	9
2.5 Belief Towards Loan Agreement	10
2.6 Graduates' Repayment Behavior	10
2.7 Research Framework	11
2.8 Summary	11

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

For many years, students from all over Malaysia have been relying on National Higher Education Fund (PTPTN) to finance their studies at the higher level. PTPTN was established under the National Higher Education Fund Corporation Act 1997 (566 Act) and operational on November 1997 (Perbadanan Tabung Pendidikan Tinggi Nasional) with a total fund of RM100 million (Bernama, 1997). The establishment of PTPTN was a historic event as financially incapable students can finally pursue their education at the tertiary level with the assistance from PTPTN. However, PTPTN faced difficulties in collecting debts from borrowers throughout the years since 1997. Many collecting measures have been taken to draw the attention of the borrowers into making loan repayment, but the number of defaulters keeps increasing years by years.

1.2 BACKGROUND OF STUDY

The increasing number of public and private universities/college in Malaysia has caused the increment in the number of students applying for PTPTN education loan. PTPTN became student's choice of education loan due to low interest charged which is 4 percent compared to other financial institution's education financing (Bernama, 1997).

However, PTPTN faced difficulties in collecting debts from borrowers in spite of low interest charged. Many actions have been taken by the government in order to solve this critical issue. In 2015, PTPTN started to use Central Credit Reference Information System (CCRIS) as one of the solutions. The PTPTN Deputy Chief Officer (policy and operations), Mastura Mohd Khalid stated that all borrowers would be listed in CCRIS once it was time for them to start repaying their education loans (Rajendram, 2016). PTPTN also barred defaulters from leaving the country by entering their name on the Immigration Department's Suspected List since 2008 (Rajendram, 2016).