

INVESTIGATING PRIVATE UNIVERSITY
STUDENTS' INTENTION TOWARDS EDUCATION
LOAN REPAYMENT

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BY

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A final year project submitted in partial fulfilment of
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DECLARATION

We hereby declare that:

- (1) This undergraduate FYP is the end result of our own work, and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.
- (2) No portion of this FYP has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
- (3) Equal contribution has been made by each group member in completing the FYP.
- (4) The word count of this research report is 17560 words.

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Besides, we would like to express our deepest thanks and appreciation to our supervisor, Dr Tan Suang Sin. We are profoundly grateful to our supervisor for her unwavering support, invaluable guidance, and insightful feedback throughout this project. Her expertise and encouragement have been instrumental in shaping the direction of our research and refining our skills. We are indebted to Dr Tan for her patience, dedication, and belief in our abilities. Her mentorship has not only enriched our academic experience but also inspired us to pursue excellence in our future endeavors.

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DEDICATION

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LIST OF ABBREVIATIONS

B40	Bottom 40% of Income Earners
CGPA	Cumulative Grade Point Average
FAS	Faculty of Arts and Social Science
FBF	Faculty of Business and Finance
FICT	Faculty of Information and Communication Technology
HEIs	Higher Education Institutions
IPTA	Malaysian Public Universities
JPA	Ministry of Public Service
M40	Middle 40% of Income Earners
MARA	Majlis Amanah Rakyat
MOHE	Ministry of Higher Education
NHEFC	National Higher Education Fund Corporation
PESP	Petronas' Education Sponsorship Program
PHC	Population and Housing Census
PIDN	Program Ijazah Dalam Negara
PTPTN	Perbadanan Tabung Pendidikan Tinggi Nasional
SACCO	Savings and Credit Cooperative
SPM	Sijil Pelajaran Malaysia
SPP	Skim Pinjaman Pelajaran
SPSS	Statistical Package for the Social Sciences
T20	Top 20% of Income Earners
UTAR	Universiti Tunku Abdul Rahman
VIF	Variance Inflation Factor
YTAR	Yayasan Tunku Abdul Rahman

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PREFACE

Our research project is titled “Investigating Private University Students’ Intention towards Education Loan Repayment”, and this research is being conducted under the supervision of Dr Tan Suang Sin.

Intention to repay education loans refers to a person's desire or preparedness to attempt, perform, or plan to pay education loan. Educational loan helps the students to support their studies and have a better life. However, some of the students are not willing to repay the educational loan, they believe that the amount of the loan they borrow will impact their choice to buy a new automobile, get married, and start a family. Examining the causes of the high default rate among educational loan recipients is critical for solving the challenges posed by nonpayment. Our research is undertaken to obtain deeper insight into how UTAR students intend to design strategies for repaying their student loans and assess the determinants influencing their intention to reimburse the study loan. In our research, intention to repay education loan is chosen as the dependent variable, while the independent variables are student attitudes, parental influence, perceptions toward loan agreements, perception of life after graduation and financial literacy.

We truly believe our study effort will provide beneficial insight to the Malaysian government, officials, parents, and pupils, as well as serve as a framework for subsequent research into the factors that lead to students defaulting on their education loans.

ABSTRACT

This study is carried out to discover the factors affecting university students' intention towards education loan repayment. The factors affecting the university students' intention to repay education loan which included student attitude, parental influence, perception toward loan agreements, perception toward life after graduation and financial literacy. Theory of Planned Behaviour, Human Capital Theory and Ability to Pay Theory is applied to explain the independent variables and dependent variable. The undergraduate students in UTAR are selected as targeted respondents in this study which are from Faculty of Business and Finance (FBF), Faculty of Arts and Social Science (FAS) and Faculty of Information and Communication Technology (FICT), with an aim to collect at least 138 of the questionnaire survey respondents. The data would be analysed using IBM SPSS Statistic version 29.0.0.0. The questionnaire data were analyzed utilizing descriptive analysis, reliability test, normality test, multicollinearity test, Pearson's correlation coefficient and multiple regression analysis. The findings suggest that the independent variables of student attitude, parental influence, and perception towards life after graduation have a positive relationship with university students' education loan repayment intention. According to R square, 54.3% of UTAR Kampar campus student' intention to repay the education loan can be explained by student attitude, parent influence, perceptions toward loan agreement, perception of life after graduation and financial literacy. This research additionally addresses the research's shortcomings and recommendations so that future researchers can acquire a better knowledge of UTAR students' intentions regarding education debt repayment.

CHAPTER 1: RESEARCH OVERVIEW

1.0 Research Background

With the progression of the country, both the government and citizens are placing increasing emphasis on education. It is widely recognized that education is a pivotal pathway to improving an individual's life prospects and transitioning from lower to higher levels of income and wealth (Tukiman et al., 2022). With many workplaces now requiring a minimum level of education at diploma or degree level, a majority of post SPM (Sijil Pelajaran Malaysia) students opt for tertiary education. The pursuit of higher education is a matter of personal choice; individuals can elect to further their education or enter the workforce (Hamid, 2021). Higher education is viewed as an investment that augments an individual's capacity to compete for career opportunities and achieve higher income levels (Hamid, 2021).

According to Table 1.1, enrollment in Malaysian Higher Education Institutions (HEIs) before the emergence of the COVID-19 pandemic increased by 16% from 2010 to 2019, reaching a total of 1.3 million students. Overall, tertiary education enrollment in Malaysia displayed an upward trajectory from 2010 to 2016, and it has since stabilized up until 2020. However, the global impact of the COVID-19 pandemic led to a decline in enrollment figures. In 2019, there were 1,323,449 students enrolled in Malaysian tertiary institutions. This number decreased by 7.5% to 1,224,098 in 2020, and further dropped to 1,207,131 the following year. Over the course of a decade, enrollment at HEIs increased by 10.3% in 2022. These statistics indicate a growing trend of individuals pursuing higher education and a heightened awareness of its importance (Ministry of Higher Education, 2022).

Table 1.1:

The Number of Enrolments in HEIs from 2010 to 2022

Type of Institution	Public University	Private HEIs	Polytechnic	Community College	Total
2010	462,780	541,629	87,542	18,200	1,110,151
2011	508,256	428,973	89,292	6,319	1,032,840
2012	521,793	454,616	92,148	22,380	1,090,937
2013	560,359	484,963	89,503	21,468	1,156,293
2014	563,186	493,725	92,181	17,985	1,167,077
2015	540,638	580,928	96,069	18,529	1,236,164
2016	532,049	695,026	99,551	20,232	1,346,858
2017	538,555	666,617	99,606	20,921	1,325,699
2018	552,702	668,689	96,370	26,069	1,343,830
2019	567,625	633,344	96,362	26,118	1,323,449
2020	584,576	537,434	85,936	16,152	1,224,098
2021	589,879	517,580	84,556	15,578	1,207,593
2022	595,624	513,523	77,816	15,239	1,202,202

Source: Ministry of Higher Education, 2022

Nonetheless, individuals aspiring for higher education are confronted with the hurdles of escalating tuition fees and mounting student loans. Both parents and students alike may be anxious about shouldering the financial burden of university fees as well as living expenses (Tukiman et al., 2022). Those in lower income brackets often lack the resources to cover the substantial costs associated with university studies, and they may also struggle to navigate the process of securing loans from financial institutions. As a result, some students resort to taking on part-time employment, while others seek work during semester breaks (Tukiman et al., 2022). This underscores the necessity of educational loans, which serve as a means to facilitate access to higher education for individuals from economically disadvantaged backgrounds.

These educational loans play a crucial role in providing financial assistance to students for their academic expenses and living costs. They serve as a form of economic support, particularly benefiting underprivileged students who lack the means to afford the expenses associated with higher education (Zolkeplee et al., 2018). Additionally, student loans offer deserving students the opportunity to pursue higher education under reasonable terms and conditions (Tukiman et al., 2022). As students aspire for top-tier education, educational loans are gaining popularity in helping financially constrained students attend prestigious universities within the country or even pursue studies abroad (Srivastava & Dhamijab, 2021). This allows students to leverage education loans in order to enroll and pursue their

educational aspirations in well-regarded institutions both domestically and internationally (Srivastava & Dhamijab, 2021).

Governments and organizations offer various forms of loans to assist students in covering their educational expenses (Tukiman et al., 2022). In order to facilitate students' access to tertiary education, financial aid is provided by a range of entities including the Ministry of Public Service (JPA), Majlis Amanah Rakyat (MARA), Yayasan Tunku Abdul Rahman (YTAR), Petronas, Telekom Malaysia, Tenaga Nasional, Khazanah Nasional, and various foundations (Hamid, 2021). The JPA PIDN (Program Ijazah Dalam Negara) Education Loan, administered by the Department of Public Service (JPA) under the Ministry of Public Service in Malaysia, aims to offer financial assistance to students pursuing undergraduate programs at Malaysian public universities (IPTA) or polytechnics. This program is designed for deserving students with potential who require financial support for their studies.

The MARA Study Loan Programmes, or Skim Pinjaman Pelajaran (SPP), were introduced in 1966 when Majlis Amanah Rakyat (MARA) was established. These loans are considered one of the most suitable options for Malaysian students seeking financial aid for higher education. They offer more flexibility compared to scholarships, making them accessible to students who may not meet all the criteria for loans. Additionally, PTPTN, or Perbadanan Tabung Pendidikan Tinggi Nasional (National Tertiary Education Fund Corporation), is a prominent government program providing study loans primarily for Malaysian tertiary education students (Zulfaris et al., 2020). The creation of PTPTN aimed to guarantee effective financial assistance for qualified students attending higher learning institutions, aligning with the government's objective of removing any financial barriers to accessing higher education (Hamid, 2021).

Moreover, Malaysian students often seek support from various funding sources to pursue their higher education, including foundations, bank scholarships, and similar avenues. As an illustration, in 2018, Maybank dedicated RM27 million towards scholarships for students (Tukiman et al., 2022). Additionally, as of December 2018,

CIMB had granted RM10.6 million in scholarships to 16 students pursuing undergraduate programs at esteemed institutions worldwide (Tukiman et al., 2022). According to Petronas' Sustainability Report for 2018, more than 36,000 students globally have been granted financial support through Petronas' Education Sponsorship Program (PESP), with 387 students receiving sponsorship in 2018. Of these, 45% attended international universities, while 55% attended Universiti Kebangsaan Malaysia (Zakaria et al., 2020). These funding institutions play a vital role for individuals with limited financial means. Without access to educational loans from such agencies, there is a significant risk that they may be unable to continue their education.

As of February 2019, approximately RM 56 billion has been earmarked to support the higher education pursuits of around 3 million students (Farhanah Mohd Idres et al., 2019). According to Jan (2020), an average of 160,000 to 180,000 students annually become new borrowers from PTPTN, leading to an annual borrowing range of RM3 billion to RM3.5 billion. Since the inception of PTPTN, over 3 million students have benefited from its loans, with a cumulative disbursement exceeding RM 56 billion. On average, 55% of the borrowers belong to the economically disadvantaged "bottom 40%" or B40 group. Due to receiving the highest loan amounts, they also accounted for 60% of the disbursements. The "middle 40%" or M40 group constituted 38% of the borrowers and received 35% of the disbursements, while the "top 20%" or T20 group represented only 7% of the borrowers and received a mere 5% of the disbursements (Jan, 2020). This indicates that the primary beneficiaries of PTPTN loans are individuals in the lower income brackets (Jan, 2020). For low-income groups, PTPTN plays a pivotal role in enabling their pursuit of higher education; without PTPTN loans, they would likely face significant barriers to continuing their education.

Given that student loans are specifically allocated for educational purposes, prudent and thoughtful financial planning is imperative to ensure their optimal use (Zulfaris et al., 2020). Misappropriation of these funds can lead to financial challenges during one's studies, potentially resulting in an inability to cover education-related expenses. For example, literature has noted instances where students with PTPTN

loans choose to allocate these funds towards luxury items (Selvaratnam et al., 2013; Naradin et al., 2018). College students may have a propensity to spend on items like designer goods and dining at upscale restaurants. In the absence of a well-structured financial strategy, many students find it necessary to take on part-time employment to supplement their income and sustain this off-campus lifestyle (Zulfaris et al., 2020). This financial behavior may indirectly signal a borrower's capacity to fulfill their educational loan obligations, potentially leading to repayment difficulties.

The borrower is responsible for repaying the education loan, as these funds are meant to be recycled by PTPTN to provide loans for future generations. Repayment typically commences once borrowers graduate and secure employment, often following an annuity payment structure (Tukiman et al., 2022). The majority of financial institutions employ the ordinary annuity method to compute installment amounts and interest rates for student loans (Tukiman et al., 2022). Borrowers are granted a 12-month grace period post-graduation before they are required to initiate repayments (Jan, 2020). This grace period is designed to offer borrowers some relief as they seek employment. For example, the repayment sum is determined by PTPTN based on the loan amount and the agreed-upon repayment period, resulting in monthly installments ranging from RM167 to RM417 (see Table 1.2). It is important to note that the repayment amount is not contingent on the borrower's total salary, but rather determined by PTPTN (Ismail & Hamid, 2015).

Table 1.2:

Example of PTPTN Loans, Payback Period and Monthly Installment

No.	Amount of Higher Education Loans	Payback Period	Monthly Instalment
1.	RM10,000 (USD2,994)	60 months (5 years)	RM167 (USD50)
2.	RM22,000 (USD6,586)	120 months (10 years)	RM184 (USD55)
3.	RM50,000 (USD14,970)	180 months (15 years)	RM278 (USD83)
4.	RM100,000 (USD29,940)	240 months (20 years)	RM417 (USD125)

Source: Ismail & Hamid (2015)

However, the overall allocation of education funds for financing tertiary education in Malaysia has been decreasing due to several factors. Firstly, PTPTN offers loan repayment waivers for high-achieving students, such as those with a CGPA of 3.5 or above, who are exempted from repaying their loans (Ghazali et al., 2014). Additionally, a fifteen percent discount will be provided for settling the outstanding debt in full, and a ten percent discount will be offered for paying at least fifty percent of the outstanding debt. Furthermore, borrowers who repay their debts either directly or through payroll deduction are eligible for a ten percent discount (Hanafi et al., 2018). Additionally, other borrowers are required to make repayments based on the loan amount. Nevertheless, in 2017, only 312,068 students engaged with PTPTN and commenced repaying a total of RM 967.9 million (Mohanraj et al., 2023). In contrast, during the same year, 586,863 students were placed on a blacklist due to outstanding debts, accumulating to a total of RM11.6 billion (Hanafi et al., 2018).

In 2018, the National Higher Education Fund Corporation (PTPTN) registered approximately RM6.4 billion in education loans that were not being repaid, involving 616,000 borrowers. Of this total, RM2.8 billion was attributed to borrowers who had not made any payments, while the remaining RM3.6 billion came from individuals who had not consistently met their loan repayment obligations (Mohanraj et al., 2023). A significant portion of borrowers, 51%, either made irregular payments or failed to make any payments at all (Jan, 2020). By the end of 2018, the amount collected through repayments amounted to only 58% of the total outstanding sum (Jan, 2020). The unpaid balance has since increased to RM6.3 billion, with 68% of defaulters failing to make payments for more than a year (Jan, 2020). It is stated that the education funding deficit further increased by RM46 billion by the year 2020 (Hamid, 2021).

Consequently, PTPTN faced limitations in extending the same volume of new loans as in previous periods, resulting in the rejection of around 50,000 new applications (Jan, 2020). To address this challenge, PTPTN has implemented significant reductions in loan amounts, with a 5% decrease for students in public colleges and a 15% reduction for those in private institutions (Jan, 2020). Given this scenario,

there arises a necessity for a study aimed at examining the factors influencing students' intentions regarding education loan repayment. Such research would not only enrich the existing body of knowledge on intentions to repay education loans, but it would also benefit UTAR and its students. UTAR could develop pertinent policies to enhance students' awareness and compliance with student loan (PTPTN) repayment, consequently reducing default rates. Furthermore, this study would be valuable for lending institutions, offering recommendations for tailoring their policies effectively.

1.1 Research Problem

The oversight of educational loans is entrusted to the National Higher Education Fund Corporation (NHEFC), managed by the Malaysian government to oversee the entire process. Nevertheless, the system has encountered difficulties in terms of effective loan repayment retrieval. This challenge arises from Malaysia's economic landscape as well as the diverse characteristics of student loans borrowers (Baum & O'Malley, 2003). The characteristics of student loan borrower has been hindered by subpar loan retrieval connected to those who fail to repay (Baum & O'Malley, 2003). Also, it was characterized by uncertain financial prospects for graduates and a significant incidence of unemployment among them. Consequently, numerous students are unable to meet their loan obligations (NHEFC, 2008). The situation has exacerbated with the ongoing economic recession in Malaysia, resulting in an upswing in unpaid loans. In the end, the government faced the problem of education funds shortage to be lent to the future university or college students in need. Even though there is a notable rate of defaults and substantial government subsidies, educational loans remain crucial—particularly for low-income or medium level families aspiring to pursue higher education.

As indicated by Hamid (2020), the most pressing concern arising from extended non-repayment is the anticipation of a considerable deficit in the NHEFC fund. As per the PTPTN 2019 report, the repayment of PTPTN loans has declined, with only RM817.56 million collected in 2018, a decrease from RM1.324 billion in 2017

(Zakaria et al., 2020). By 2020, it is implied that the deficit in education funding raised to RM46 billion (Hamid, 2020). As of May 2023, the outstanding study loan balance stood at RM66.9 billion, a rise of default amounting RM20.9 billion. If the total default amount could be reimbursed, it could support around 2.5 million new students, a concern highlighted by our Prime Minister, Dato Seri Anwar, regarding the diminished repayment rates for PTPTN loans (“PM: Repayment of”, 2023). Hamid (2020) also found out that one of the contributing factors to this deficit include the disparity between loan repayment periods (ranging from five to ten years) and the actual repayment duration (spanning from five to twenty years). Additionally, another main factor was low refunds result from payers failing to make timely monthly installment payments. This looming predicament poses a substantial challenge for the Malaysian government.

The establishment of NHEFC comes with drawbacks for individuals (students), society, and the nation. One such drawback involves individuals (students) who opt for student loans from the NHEFC, finding themselves burdened with debt upon graduation. This indebtedness becomes especially onerous when graduates face uncertainties like unemployment, financial constraints, and the rising cost of living. Additionally, negative societal consequences might arise, encompassing political unrest, a surge in indebted individuals, and an uptick in crime rates. Indirectly, these social issues, such as heightened indebtedness, economic recession, political turmoil, and an elevated crime rate, can tarnish the country's reputation (Haniesah et al., 2019).

If the current rate of loan defaults persists, the impact would disproportionately affect students from economically disadvantaged backgrounds, amplifying their challenges compared to students hailing from more affluent circumstances. In order to mitigate this issue, Malaysia government came out with other initiative regarding on PTPTN repayment with the motive of encouraging active repayment from borrower. According to the latest Budget 2024, Malaysia government had provided discounts for PTPTN loan repayment starting from 14 October 2023 until 31 March 2024 (Ministry of Finance, 2023). The initiative encompasses four eligible categories, which include: a 20 percent discount on the remaining debt for full loan

settlement; a 15 percent discount for settling at least 50 percent of the total outstanding debt; a 15 percent discount for repayments facilitated through salary deduction or direct debit; and a five percent discount for repayments made via the myPTPTN application (“PTPTN loan repayment”, 2023). This strategic move is expected to empower the NHEFC with sufficient resources to support forthcoming students.

A study carried out by Abu Bakar et al. (2006) indicated that the willingness of borrowers towards educational debt repayment remains a significant topic deserving additional investigation. They assert that borrowers' willingness to repay holds greater significance than their repayment capabilities, supported by Volkwein and Szelest (1995). Ismail et al. (2011a) extended this perspective by highlighting that if policy makers overestimate or overly rely on hopeful assumptions regarding borrowers' intention to repay, it could potentially disrupt the entire educational loan framework and hinder goal achievement. Consequently, delving into the factors underlying borrowers' intention to repay is of utmost importance.

1.1.1 Research Gap

Woo (2002) revealed a relationship between intention to pay and borrowers' delinquency, wherein delinquency denotes a delayed payment for a debt or financial obligation. Notably, each instance of delinquency amplifies the probability of non-payment by 4.8%. The exploration of intention was further elaborated upon by Baum and O'Malley (2003), who assert that graduates' intent to repay fades when a considerable portion of their monthly earnings needs to be allocated toward loan repayment. Despite being a topic of study interest over the past thirty years, the study in Malaysia lacked comprehensive and rigorous discussion, and it did not deeply analyse the context of students' willingness to repay loans within the framework of study loans.

There are several research gaps that we aim to address. Firstly, there has been a lack of recent empirical studies examining students' intentions to repay educational loans.

Essentially, there is a deficiency in comprehending the rising instances of defaults on student education loans and the challenges associated with repayment in recent times. Additionally, previous research has primarily focused on students from public universities, whereas our study predominantly centers on students from private university. This unique sample selection approach offers fresh insights and contributes to the existing body of literature. Moreover, the results of this research will provide a basis for future comprehensive research efforts in this field.

From a policymaking gap view, this study establishes a significant role in bridging the information void in the realm of policymaking concerning student education loan defaults. Drawing from its empirical discoveries, it puts forth alternative policies aimed at tackling the escalating issue of unsustainable levels of education loan defaults in Malaysia. In an indirect manner, the study holds the potential to influence the policymaking landscape surrounding education loan defaults and repayment strategies.

The researcher identified a knowledge gap in the existing research regarding the factors that influence the willingness of Malaysian university students to reimburse their educational loans. Previous studies mainly focused on students' attitudes towards repayment intentions (Ismail et al. 2011a; Zainal et al. 2012; O'Loughin et al. 2006) and validated the parsimonious construct of Theory of Reasoned Action in forecasting the repayment of educational debt by integrating financial understanding and financial behavior (Jumat et al., 2022). In contrast to earlier studies, this research combines attitudes, parental influence, perceptions of loan agreements, financial literacy, and post-graduation perspectives. Current research considers extending the evaluation of the influence of other adopted models such as Theory of Planned Behavior, Human Capital Theory and Ability to Pay Theory. This is the first attempt to explain the student's loan repayment behaviour comprehensively.

Our study will concentrate on examining private university students' intentions towards education loan repayment in UTAR Kampar, Malaysia. This research endeavors to delve further and deeper into this area, focusing on private university from a fresh perspective to address the aforementioned research gap.

1.2 Research Objectives & Research Questions

To fulfil our general objectives, the following specific objectives are constructed:

1. To examine whether there is a significant relationship between **students' attitudes** and the university student's intention to repay the education loan among undergraduate students in UTAR.
2. To examine whether there is a significant relationship between **parental influence** and the university student's intention to repay the education loan among undergraduate students in UTAR.
3. To examine whether there is a significant relationship between **perceptions toward loan agreement** and the university student's intention to repay the education loan among undergraduate students in UTAR.
4. To examine whether there is a significant relationship between **perception towards life after graduation** and the university student's intention to repay the education loan among undergraduate students in UTAR.
5. To examine whether there is a significant relationship between **financial literacy** and the university student's intention to repay the education loan among undergraduate students in UTAR.

1.3 Research Significance

This research holds significant importance in fostering student awareness regarding loan repayment. It sheds light on the prevalent issue of graduates defaulting on their loan obligations and outlines the repercussions of such non-repayment behavior. Additionally, the study imparts essential knowledge about debt for some borrowers who may have been unaware of loan terms and agreements. The aim of this study is to cultivate a sense of responsibility regarding repayment among college students and equip them with the knowledge needed to effectively manage their finances.

This research holds great importance for the government, particularly the National Higher Education Fund Corporation (NHEFC), which was founded by the Malaysian government to offer loans to students. The study's findings offer valuable insights into the factors contributing to borrower defaults on student loans. These insights can be leveraged by NHEFC to develop suitable guidelines and strategies. NHEFC has the potential to enhance loan agreement terms and conditions prior to disbursing loans to students, as well as to reinforce penalties for those who default on repayments, thereby increasing borrowers' awareness of their repayment responsibilities. Consequently, NHEFC can tailor its loan policies more effectively to address repayment arrears, ensuring that loanable funds are managed under stable and propitious conditions. By doing so, it can alleviate the challenge of underfunding lending institution and make financial assistance accessible to a larger number of students seeking higher education opportunities.

The findings of this study carry substantial consequences for society. As previously discussed, it could alleviate the issue of limited available funds for lending institutions, thereby expanding the pool of students eligible for financial aid. This, in turn, has the potential to uphold or even enhance the overall educational standard in Malaysia. Conversely, society would recognize the importance of timely repayment, as defaulting would have far-reaching repercussions for individuals, society, and even the nation. One such consequence is that some individuals may forfeit the opportunity to pursue further education due to the government's inability to approve PTPTN applications. This could place a financial burden on low-income families, leading students to halt their academic pursuits. Consequently, a significant number of students may leave universities, resulting in a decline in the country's overall educational attainment and an increased likelihood of criminal activity. These various outcomes would heighten societal awareness regarding the significance of responsible repayment behavior. This research enhances our comprehensive understanding of how loan repayment impacts society, empowering the public to make more informed borrowing decisions and manage debt prudently. The community would collaborate to decrease default rates, thereby reducing financial instability and fostering socio-economic advancement.

CHAPTER 2: LITERATURE REVIEW

2.0 Underlying Theories

2.0.1 Theory of Planned Behaviour

Ajzen (1991) instigated Theory of Planned Behaviour by referring to Theory of Reasoned Action which was created by Fishbein and Ajzen (1975). This theory is applied to scrutinize an individual's action preference and behavioural intention (Ajzen, 1991). The more powerful an individual's desire to act in a behaviour, the higher possibility the person to take action. According to the Theory of Planned Behaviour, a person's proclivity for specific behaviours is determined by three factors: their attitudes, the influence of social norms, and their views of behavioural control. Attitudes are the thoughts of people towards a specific activity and their evaluations on those behaviour whether is favourable or unfavourable. Subjective norms are the social pressures that an individual feels from his or her significant others to shape their decision to behave in life. Perceived behavioural control relates to a person's confidence in his or her capability to govern particular aspects that allow him or her to engage in the activity (Ajzen & Fishbein, 1980).

The Theory of Planned Behaviour is utilized to scrutinize the fundamental mechanisms that contribute to the decision to repay debts (Ismail et al., 2011b). This theory can be used to explain why intention is the direct forerunner of behaviour, and whether tutees perceive a good or negative attitude about loan payback. According to the Theory of Planned Behavior, a student's attitude influences his or her desire to return the loan. For example, if tutees perceive a positive attitude toward repaying the loan, such as recognizing their responsibility to repay the debt, paying close attention to the terms of the contract, and understanding the consequences of failing to repay debts, this will positively influence their intention

to repay the loan, particularly educational debt (Jumat et al., 2022). A person's attitude determines his or her abilities and objectives. Borrowers' views toward numerous matters can influence their inclination to default, including indebtedness (Volkwein and Szelest, 1995).

Individuals are frequently influenced by the groups they belong to or aspire to, such as relatives, friends, neighbours, coworkers, and the media, all of which affect a student's perception of loan repayment (Ng'ang'a, 2016). According to this notion, parental influence impacts students' willingness to return the debt. This is because if the offsprings have the support and acceptance of their parents, they are more likely to return the loan.

Perceived behavioural control allude to an individual's credence in their ability to complete an action. In this study, perceptions of loan agreements and life after graduation predispose students' intentions to repay the loan. This is because some students are unaware of the loan repayment schedule and penalties, and they believe that loan repayments will limit their future life alternatives, thereby influencing their repayment intention. Students who have the necessary knowledge and resources to repay the debt are more likely to do so (Ismail et al., 2011b).

In general, the more favorable the attitude toward the specific behavior, the higher the social approbation; the easier it is to recognize the behavior, the stronger the behavioral intention, and they will perform the behavior (Ismail et al., 2011b). In this hypothesis, the subjective norm relates to parental influence and perceived behavioral control, as indicated by perceptions of loan agreement and life after graduation, which were found to influence the intention to repay education (Ismail et al., 2011b).

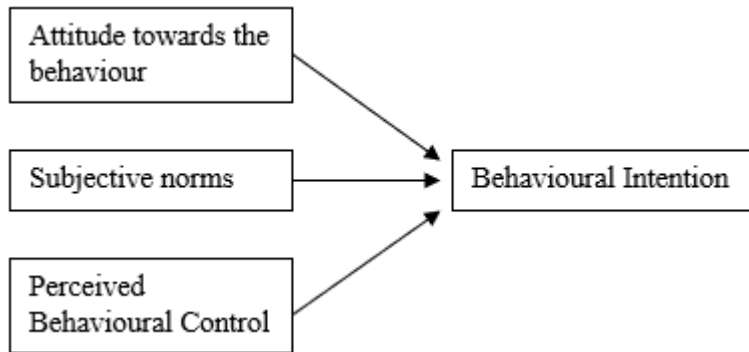


Figure 2.1. Theory of Planned Behaviour. Adapted from Ajzen (1991).

2.0.2 Human Capital Theory

According to human capital theory, parents make reasonable investments in their children's education (Becker, 1993). According to this hypothesis, people will opt to invest in human capital when the perquisite of education surpass the costs. Li and Qiu (2018) propose that parents pass on their socioeconomic position and educational goals to their children. In the context of financial aid resolution, the theory of efficient human capital investment posits that providing financial support can boost the educational attainment of offspring whose parents are not interested in their education (Brown et al., 2012). Brown et al. (2012) discovered that when the parental contribution falls short of expectations, students encounter greater difficulties in funding college, resulting in a higher demand for financial aid.

Education improves the likelihood of securing more lucrative employment opportunities, making the money invested in education today akin to an investment that yields substantial returns in the future. This concept posits that individuals will allocate resources to develop their human capital if the potential advantages outweigh the expenses linked with acquiring an education. These expenses encompass both repaying the borrowed principal amount and the associated interest. Investing in advanced education heightens the probability of securing post-graduation employment, enabling students to eventually settle their debts once they enter the workforce (Ng'ang'a, 2016).

This theory also applies to low-income students who show strong academic inclination and a willingness to pursue higher education. Human capital involves costs, such as repaying education loans taken to finance education. Parents also invest their time and money in educating their children, recognizing that education is a pathway to higher-paying jobs. Hence, the money spent on education is viewed as an investment that yields significant returns in the future (Srivastava & Dhamijab, 2021). Therefore, human capital perception is the higher education would increase the skill and knowledge and results in employment and earning of higher income (Ng'ang'a, 2016). In order to attain Vision 2030 Kenya would require professionals across all occupations such as doctors, teachers and engineers who would be important to our country's future prosperity, and education is pivotal to cultivate those professionals (Ng'ang'a, 2016). Investment in education leads to better job and better income (Ng'ang'a, 2016). This better income earned by graduates will assist them to settle debt incurred while they were undertaking their education (Ng'ang'a, 2016).

According to human capital theory, investment in education would bring significant return to the students, thus they would have positive attitude toward life after graduation, and they are more inclined to repay the loan. It posits that the perception of life after graduation would bring significant impact to the willingness to repay the debt. This theory also explained that the money spent on education provides a comprehensive financial knowledge to the students for them to better understand the loan agreements and schedule loan repayment to manage their loan prudently. An individual might allocate their expenses to pay off the loan in order to maintain a good credit profile, thereby enjoying the benefits of early repayment such as repayment discount, and a good credit report. In this study, the human capital theory posits that financial literacy may influence the students to repay the education loan because they possess the financial literacy to manage their loan in order to take the benefits of timely repayment. Financial literacy educates people with the knowledge, abilities, and resources needed to effectively manage their money, enabling them to formulate informed financial decisions and advocate for enhanced financial services. If the students are lack of good financial knowledge, they might not manage their

debt and schedule the debt repayment, therefore, they would have a low intention to repay loan.

2.0.3 Ability to Pay Theory

Individuals make consumption decisions based on their prospective earnings rather than their current earnings. As a result, students may choose to borrow money to fund their post-secondary education, expecting to pay off the student loan later. Schwartz and Finnie (2002) illustrated investments in higher education as risky because not all students may graduate, and even among graduates, not everyone may find well-paying jobs. Moreover, unforeseen changes in health, the economy, or family situations can disrupt life plans, leading to reduced income for borrowers. The ability to repay loans builds upon the amount of income received and the individual's capacity to cover living expenses while adhering to the loan repayment schedule. In some cases, a student may find it difficult to maintain a standard of living while repaying the loan, making the debt unmanageable.

The ability-to-pay theory provides the conceptual foundation for comparing different financial capabilities and is the major model used to investigate adequate debts, overdue loans, and non-payment. Nonpayment of loans can occur when a student prioritizes certain costs, such as vital living expenses, over loan repayment. Individuals' ability to pay off all debts varies, and while debtors may not have complete control over certain situations, they do have some say in whether regular payments are made, or the debt is defaulted on. Misbehaviour and nonpayment are therefore caused by the borrower's financial capabilities (Ng'ang'a, 2016).

In terms of student loan controllability, income-linked repayment arrangements benefit student borrowers by matching mandatory repayments with their income and financial capability. Studies in the United States revealed that lower income levels or wages are associated with an increased likelihood of loan default (Woo, 2002). The key challenge lies in determining how much income would be sufficient for an individual to maintain a suitable standard of living.

According to ability to pay theory, the perception towards life after graduation would influence the student's repayment intention. If the graduate student's perceived that they have a low-income job, they would have a low intention to repay loan. As they perceived a low-quality life after paying loan, they would choose to default loan because they intend to maintain a good quality of life. Default on student loans are beneficial to those who refuse to make payments because they could utilize the additional resources for spending or paying off other debt (Ionescu & Ionescu, 2014).

2.1 Literature Review

2.1.1 Intention to Repay Education Loan

Table 2.1:

Literature Review on Variables

Variables	Author	Findings
Intention to Repay Education Loan	Wong, Nasharuddin & Ismail (2015)	Attitudes about educational debt repayment, opinions of effect of loan repayment affordability toward post-graduation quality of life, and views of the loan agreement influence the educational debt repayment.
Intention to Repay Education Loan	Hanafı, Shahimi, Anuar, Kuah & Shum (2018)	The loanee's mindset influences their desire to repay the PTPTN loan.
Intention to Repay Education Loan	Jumat, Gazali & Amboala (2022)	Attitude, parental influence, and financial literacy are all positively connected with the willingness to repay the loan.
Student Attitudes	Wong, Nasharuddin & Ismail (2015)	There is a positive association between attitudes about repaying college loans and intentions to repay PTPTN loans.

Student Attitudes	Hanafi, Shahimi, Anuar, Kuah & Shum (2018)	The data show a strong correlation between the borrower's attitude and their willingness to pay the PTPTN loan.
Student Attitudes	Haniesah (2019)	The study found a statistically significant positive relationship between personal attitudes and intention to repay student education loans.
Student Attitudes	Idres, Haron & Ismail (2019)	The findings demonstrated that the recipient's stronger willingness to repay the loan connects positively and significantly with the intention to repay the loan.
Student Attitudes	Jumat, Gazali & Amboala (2022)	The debtor's attitudes were discovered to have a favorable and significant association with their willingness to repay the education debt.
Parental Influence	O'Loughlin and Szmigin (2006)	Parents directly impacted children's attitude and behaviour with respect to the debt.
Parental Influence	Jorgensen & Savla (2010)	Family financial communication patterns significantly impact the repayment of student loans.
Parental Influence	Ismail, Serguieva & Singh (2011b)	Parental influence has positive effect on intention to repay loan.
Parental Influence	Zolkeplee, Hamed & Ogunbado (2018)	Parental influence correlates significantly with students' perceptions of educational loan repayment.
Parental Influence	Idres, Haron & Ismail (2019)	There is a significant and direct relationship between parental guidance and the intention to repay educational loans.
Parental Influence	Jumat, Gazali & Amboala (2022)	Parental influence also demonstrates a noteworthy association with the repayment of educational debt among young scholars.

Loan Agreement	Abu Bakar, Masud & Md Jusoh (2006)	The terms of the PTPTN loan agreement are a contributing factor that influence borrower's loan repayment behaviour.
Loan Agreement	Ismail, Serguieva & Singh (2010)	A good understanding about loan agreement has vital influence on university students' attitude toward loan repayment.
Loan Agreement	Wong, Nasharuddin & Ismail (2015)	The insight of affordability and knowledge about the loan agreement were revealed as the most important component that impacted a graduate's intention of loan repayment.
Perception towards Life after Graduation	Abu Bakar, Masud & Md Jusoh (2006)	Perception towards life after graduation is an important predictor of debt repayment.
Perception towards Life after Graduation	Ismail, Serguieva & Singh (2011b)	Perceptions of how loan repayment will affect students' quality of life after graduation are found to be directly related to students' attitudes toward loan repayment and intention to return the loan.
Perception towards Life after Graduation	Wong, Nasharuddin & Ismail (2015)	Borrowers are more likely to prioritize other, more important factors that have a direct impact on their lives, such as consumption or repayment, this includes mortgages, car loans and other lifestyle decisions that incur costs
Financial Literacy	Baidoo, Yusif & Ayesu (2020)	There is a favourable and significant association between financial literacy and successful loan repayment.
Financial Literacy	Balami (2022)	There is a positive and significant association between financial literacy and loan payback.
Financial Literacy	Jumat, Gazali & Amboala (2022)	These findings highlight the importance of financial knowledge in debt management, which will have a favorable impact on college loan repayment.

Financial Literacy	Gomera & Ngollo (2023)	Loan repayment is positively and significantly related to financial literacy and social impact.
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Source: Developed for study

Intention is expounded as a person's inclination or preparedness to attempt, perform, or plan to engage in a behavior (Mamman et al., 2016). The largest source of funding for college and university students is educational loans. Educational loan helps the students to support their studies and have a better life. However, some of the students are not willing to repay the educational loan, they believe that the amount of the loan they borrow will impact their choice to buy a new automobile, get married, and start a family (Hanafi et al., 2018).

Examining the root of the elevated nonpayment rate among educational loan recipients is critical for solving the challenges posed by nonpayment. Our research is undertaken to obtain deeper insight into how Malaysian students intend to design strategies for repaying their student loans and assess the determinants influencing their intention to reimburse the study loan. According to Wong et al. (2015), 300 graduates from a major public university in Malaysia had participated in the self-administered questionnaires. The findings shown that student's attitudes, attitude towards post-graduation life, and perceptions towards loan agreement were the primary predictors of educational debt reimbursement intentions. In the research of Hanafi et al. (2018), a total of 500 surveys were distributed to both academic and non-academic participants throughout Malaysia using convenience sample methods, and 215 responses were collected to investigate the factors influencing educational loan repayment intentions. The results stated that loanee's attitude influence the loanee's willingness to repay the educational loan (Hanafi et al., 2018). According to Jumat et al. (2022), a quantitative methodology was used to collect data via Google Forms. A total of 258 responses were received to the self-administered online survey. They concluded that students' attitudes, parental influence, and financial literacy are the main factors affecting the willingness to repay educational loans.

Therefore, it is important to investigate borrowers' intentions to repay and the factors that impact them. Most studies on the willingness to reimburse study loans focused on Theory of Reasoned Action, while this research would consider Theory of Planned Behaviour, Human Capital Theory and Ability to Pay Theory. This portion inspects the literature on several determinants of intention to repay education loans, with a focus on student attitudes, parental influence, perceptions toward loan agreements, perception of life after graduation and financial literacy.

2.1.2 Student Attitudes

In the subject of social psychology, it is widely acknowledged that attitudes influence human behavior. According to Altmann (2008), attitude could be alternatively described as a psychological state consciously or unconsciously, a value, belief or emotion, and a tendency to behave or act. Attitudes in this context refer to borrowers' attitudes toward various things that may affect their tendency to default, encompassing debts (Volkwein and Szelest, 1995).

According to Wong et al. (2015), Haniesah et al. (2019), Idres et al. (2019), and Jumat et al. (2022), repayment attitudes were found to have a positive significant effect on repayment intentions. The study of Wong et al. (2015) employed the Theory of Reasoned Action (TRA) based on the research of Fishbein and Ajzen (1980) to forecast the impact of attitude on behavioural intention. The research was a descriptive study based on 300 public university graduates in Malaysia to investigate the mind process of people in making repayment decisions (Wong et al., 2015). While the study of Hanafi et al. (2018) distributed a combined total of 500 surveys were distributed to both academic and non-academic individuals across Malaysia employing convenience sampling methods, resulting in the collection of 215 responses. The results demonstrated that attitude is an importance factor influencing the willingness to pay back education loan.

In the study of Hanafi et al. (2018), students' attitudes on debt reimbursement could be either positive or negative. Students have positive attitudes toward loans when

they perceive that they add value to their lives (Hanafi et al., 2018). Diverse study had revealed that student debts were beneficial to students if they could realize value in their life through them (Baum & O'Malley, 2003; Christman, 2000). In the research of Livingstone and Lunt (1992), it shows that those borrowers who are willing to repay debt are more implicated with personal accomplishment and self-reliance. Borrowers with a positive attitude toward loan repayments would manage and repay their debt in accordance with the repayment schedule in order to utilize their financial resources wisely and achieve their own financial objectives. A favorable outlook among borrowers, which includes recognizing their responsibility to repay the debt, paying close attention to the terms of the contract, and understanding the consequences of failing to repay debts, would positively influence the intention to repay the loan, especially educational debt (Jumat et al., 2022).

However, some of borrowers have bad or unfavourable attitude regarding loan repayment. In the study of Idres et al. (2019), the literature review mentions some respondents are with bad attitudes, firstly, they are influenced by their friends to default on repayment, secondly, they are influenced by the subsidy mentality to default on repayment, and thirdly, they are borrowers who are cheating and injudicious. The attitude of their seniors and friends also affects them to become irresponsible borrower. Moreover, the respondents believes that the duty of the loan institution is more to serve the charity rather than to burden them (Idres et al., 2019). This mentality creates a rationale for respondents to default on their loans, making them think that their living expenses could be supported by the loans while they are not working. Some of them give more priority to other loans, such as car, housing, or computer loans, than to the study loans they receive from the government (Idres et al., 2019).

In conclusion, the majority of current literature agrees that there is a significant relationship between the two variables. Our study will conduct a questionnaire survey to determine students' attitudes towards repayment intentions.

H1: There is a significant relationship between attitude and intention to repay education loans.

H0: There is no significant relationship between attitude and intention to repay education loans.

2.1.3 Parental Influence

The human being is a social creature and experiences pressure from significant individuals in their life, such as family, friends, relatives, peers, and neighbours. These anticipations profoundly influence an individual's conduct (Nguyen, 2007). Parental influence plays a crucial role in determining a student's willingness to reimburse their education loan. When the social environment supports the repayment of education loans, it is more likely that students would have the intention not to default on their loans.

According to Ismail et al. (2011a), Zolkeplee et al. (2018), Idres et al. (2019), and Jumat et al. (2022), the research demonstrated that parental influence correlates significantly with the willingness to repay the loan. O'Loughlin and Szmigin (2006) conducted interviews with students and found that parents exert an immediate influence on students' financial decision-making and overall financial habits throughout their higher education. Jorgensen and Savla (2010) proved that family financial communication patterns hold significance due to their capacity to act as significant indicators of children's financial attitudes, beliefs, values, and actions. This includes aspects such as the accumulation and repayment of student loans (Fan & Chatterjee, 2019; Jorgensen & Savla, 2010). Children who regularly engage in positive discussions with their parents are more likely to exhibit good behaviour compared to those who do not have such conversations. Additionally, parents' perspectives on their children's financial upbringing indicates that most parents feel that children aged 12 to 17 are prepared to participate in family financial matters. This suggests that parents might indirectly impact their children's financial decisions through observations, participation, or providing intentional instructions.

In today's context, an increasing number of college graduates are depending on their parents for continued financial support, particularly due to the rising burden of student loan debt (Fingerman et al., 2015, 2016). Given this situation, the focus has shifted towards parent-child financial interactions, as they play a crucial role in preparing young adults for the financial responsibilities associated with college. Parents' own responsible financial behaviour also serves as an important model for their children (Rudi et al., 2020). During this transition to adulthood, these young adults might need continuous parental support to steer clear of substantial financial challenges that could affect their academic achievements in college (Dwyer et al., 2013). A study revealed that guardians perform a decisive role in financing their offspring's education, and they must consider the management of increasing education costs (Srivastava & Dhamijab, 2021). To conclude, by demonstrating a favourable attitude towards debt repayment, parents could positively influence their children's willingness to repay debt.

Additionally, research in financial socialization highlights how some parents avoid having financial conversations with their children, leading to the perception of finances as an unmentionable topic among family members (Romo, 2011; Romo & Vangelisti, 2014; Trachtman, 1999). This approach to handling finances as a personal affair creates the thick privacy boundaries around financial topics, making children less likely to discuss financial matters openly (Plander, 2013). So, parents that exhibit negative attitudes, behaviours, or lack comprehension about debt repayment could adversely affect their children's disposition regarding loan reimbursement (Jumat et al., 2022).

It is proved that there is a significant relationship between parental influence and university students' intentions towards education loan repayment, supported by Idres et al. (2019) findings revealed that parental influence plays a crucial role in motivating loan recipients to fulfill their loan obligations.

H2: There is a significant relationship between parental influence and university students' intentions towards education loan repayment.

H0: There is an insignificant relationship between parental influence and university students' intentions towards education loan repayment.

2.1.4 Perceptions towards Loan Agreement

A loan agreement constitutes a legally enforceable pact between the borrower and the lender, delineating the terms of the loan such as repayment schedules, interest rates, and additional stipulations (Ismail et al, 2011a). It is crucial for policymakers and universities to understand the extent to which students are aware of PTPTN loans in order to identify the reasons for delinquency (Ghazali et al., 2014). This is because a good understanding of the PTPTN loan, especially the content of the agreement, will help students develop a sense of repayment after graduation (Ghazali et al., 2014).

Based on Wong et al. (2015) and Ismail (2010), they elaborated that perceptions towards loan agreement have a significant relationship with the students' intention towards education loan repayment. According to Abu Bakar et al. (2006), university students possess knowledge regarding the loan contract and the process of loan repayment. Research has demonstrated that students' opinions and feelings about these loan agreements are connected to how well they understand the loan's affordability and terms (Abu Bakar et al., 2006). When students ask for the language in these documents to be simpler and clearer, they are essentially expressing the need for greater transparency and better understanding (Wong et al., 2015). This is crucial to ensure that students truly comprehend the terms they are agreeing to. An agreement that is clear and easy to understand encourages students to make well-informed decisions and minimizes the risk of misunderstandings (Ismail et al., 2011a). Therefore, the students who read and understand the loan agreement comprehensively would be aware of the consequences of nonpayment, and they are more likely to repay the loan.

A large portion of students are aware of the loan contract, but there is a small portion of students who do not acknowledge the basics of the loan they have taken

(Yamunah & Onn, 2020). Students are ignorant of the amount borrowed, interest rates, and other terms and conditions stated in loan agreement. Those students who are unaware of the loan repayment schedule are more likely to default on the loan repayment. This could be corroborated by the study's findings, which indicated that there were students who remained unaware of the fundamental details of the agreement (Ghazali et al., 2014). 45% of the students were unaware that the repayment period of loan is ten years and 5% of the students provide the incorrect answers, while 50% of respondents failed to notice the repayment period of PTPTN loan (Ghazali et al., 2014). In addition, 50.7% of students incorrectly responded the date of repayment (Ghazali et al., 2014). This could be explained by the fact that most of the respondents had incorrect information about the date of commencement of repayment (Ghazali et al., 2014). About 25% of the students did not know that they had to repay the loan 6 months after graduation (Ghazali et al., 2014). Overall, a quarter of the respondents were not concerned about the repayment schedule (Ghazali et al., 2014). According to the findings' result, since the borrowers do not realize the loan repayment related matters, there is a substantial likelihood that they would fail on their loan payments. They are unwilling to repay the debt because they are unconcerned about the implications of nonpayment, including the penalty.

Therefore, if students understand the terms and conditions in the loan agreement, they would be equipped with the knowledge of repayment and develop a sense of repayment. Our research should explore this further to demonstrate whether there is a significant relationship between the loan agreements and the educational loan repayment intention.

H3: There is a significant relationship between perceptions towards loan and university students' intentions towards education loan repayment.

H0: There is an insignificant relationship between perceptions towards loan and university students' intentions towards education loan repayment.

2.1.5 Perception towards Life after Graduation

Perceptions about life after graduation are equally important in determining a student's willingness to repay school loans. The influence of a deterioration in quality of life on repayment ability is referred to as quality of life after graduation (Wong et al., 2015). According to research on Pell recipients' repayment intentions, loans might have a negative impact on another parts of Pell beneficiaries' post-college lives, as a higher percentage of limited-income borrowers stated that their debt loads have caused them to delay purchasing a car, getting married, and having children (Baum and O'Malley, 2003). A loan owed by students that is carried through after graduation has become a key factor in their job choices, because students have various worries about reimbursement of the debt (Hira et al., 2000).

According to several research, students' attitudes regarding school debt repayment are influenced by their conceptions of life after graduation. Ismail et al. (2011a) examine primary data from 428 Malaysian university students to test the association between perceptions of life after graduation and reimbursement intentions. According to the study's findings, students' perceptions of how loan repayment affects their quality of life after graduation have a significant correlation towards their willingness to reimburse the loan. It is supported by Abu Bakar et al. (2006) research, which found that three-fourths of students believed loans would influence their work choices after graduation. Nearly 70% of students stated that repaying their debts would cause them to postpone the purchase of a car, 43.6% said that repaying their loans would cause them to postpone their marriage, and 36.1% claimed that repaying their loans would cause them to postpone the birth of their children (Abu Bakar et al., 2006). The results suggest that borrowers believe that loan repayments will have an impact on their living quality, and they are more likely to default on their loan because they prioritize their desire for a high quality of life.

Additionally, according to Wong et al. (2015), borrowers are more likely to prioritize other, more essential issues that have a direct impact on their lives, such as consumption or repayment, which includes house loans, vehicle loans, and other cost-involved lifestyle decisions. They also treat student loans as a load that will restrict their options after graduation. Their negative thoughts and beliefs towards life after graduation might have an impact on their repayment. Due to lack of studies,

we still refer to researchers' findings in the 1990s. Furthermore, outstanding loans have been shown to create burden in students in their future life (Livingstone & Lunt, 1992). Anxious lives due to significant debt have also been observed to influence students' assessments of their quality of life, resulting in repayments are postponed (Tokunaga, 1993). Concerns have been raised concerning how undergraduate loan debt operates as a barrier for student borrowers who want to buy cars, invest in real estate, start children, or move out of their parents' houses after finishing their studies (Baum & Sounders, 1998).

Many studies have verified that student loan payments will have a direct impact on their lives, such as preventing them from purchasing automobiles, purchasing a property, procreating, or moving out of their parents' home after graduation. Most graduates refuse to repay their loans because they believe that debt repayment would lead to diminished wealth and long-term financial instability. Researchers would explore students' perceptions of their quality of life as well as repayment intentions.

H4: There is a significant relationship between perception toward life after graduation and intention to repay education loans.

H0: There is no significant relationship between perception toward life after graduation and intention to repay education loans.

2.1.6 Financial Literacy

Financial literacy is an essential survival skill in today age of financial complexity. Financial literacy is the ability to understand how money works, how people go about earning or making money, how to manage money and how to invest money (Idris et al., 2016). Financial literacy educates people with the knowledge, abilities, and resources needed to effectively manage their money, enabling them to formulate informed financial decisions and advocate for enhanced financial services. The absence of financial literacy could impede the ability to make sound financial judgments (Jumat et al., 2022). Notably, in prior research, the terms financial

literacy and financial knowledge have often been utilized interchangeably (Hales, 2021). Mohta (2020) found that persons with higher levels of financial literacy would excel in budgeting, debt repayment planning, and understanding loan terms.

Findings from earlier studies had implications for financial literacy in relation to loan repayment (Baidoo et al., 2020; Balami, 2022; Jumat et al., 2022; Gomera & Ngollo, 2023). According to Baidoo et al. (2020), the 2010 Population and Housing Census (PHC) report shown that 800 questionnaires were printed and distributed in the two regions, namely Greater Accra and Ashanti. The findings revealed a favourable and strong association exists between financial literacy and successful debt repayment. In the research of Balami (2022), a sample of 116 from a population of 279 which comprised of Weltane Ambo SACCOs Union. There was a strong positive connection between financial literacy and loan repayment among borrowers of SACCOs. When all SACCO members or borrowers are knowledgeable about debt management, they are able to assess the interest rates on various loans, they are aware of the consequences of defaulting on repayments, and they are able to discuss with financial providers when they experience financial difficulties in repaying their loans on time (Balami, 2022).

Financially literate borrowers are more likely to proactively address late payments, as they are cognizant of their financial predicament and understand that they could seek assistance from the financial institution or department to restructure their payments. According to a study by Gomera and Ngollo (2023), those with greater levels of financial literacy were more likely to have a defined plan for repaying debts and were less prone to falling behind on payments. This finding was reinforced by the research of Jumat et al. (2022), which discovered a pivotal association between the intention to repay education debt and financial literacy. Engaging in prudent financial behaviours like managing spending, saving, monitoring monthly income, and budgeting for debt could substantially contribute to an individual's overall well-being and financial success. This implies that being financially literate plays a crucial role in one's ability to effectively manage debt and achieve financial stability.

According to the findings of earlier studies, the majority of these investigations have solely engrossed on the impact of literacy prior to indebtedness. There is still a lack of research to prove that financial literacy has a significant impact on students' willingness to repay their education loans (Jumat et al., 2022). In conclusion, this research aims to determine whether there is a substantial association between financial literacy and university students' intention to repay their college loans.

H5: There is a significant relationship between financial literacy and intention to repay education loans.

H0: There is no significant relationship between financial literacy and intention to repay education loans.

2.2 Proposed Conceptual Framework

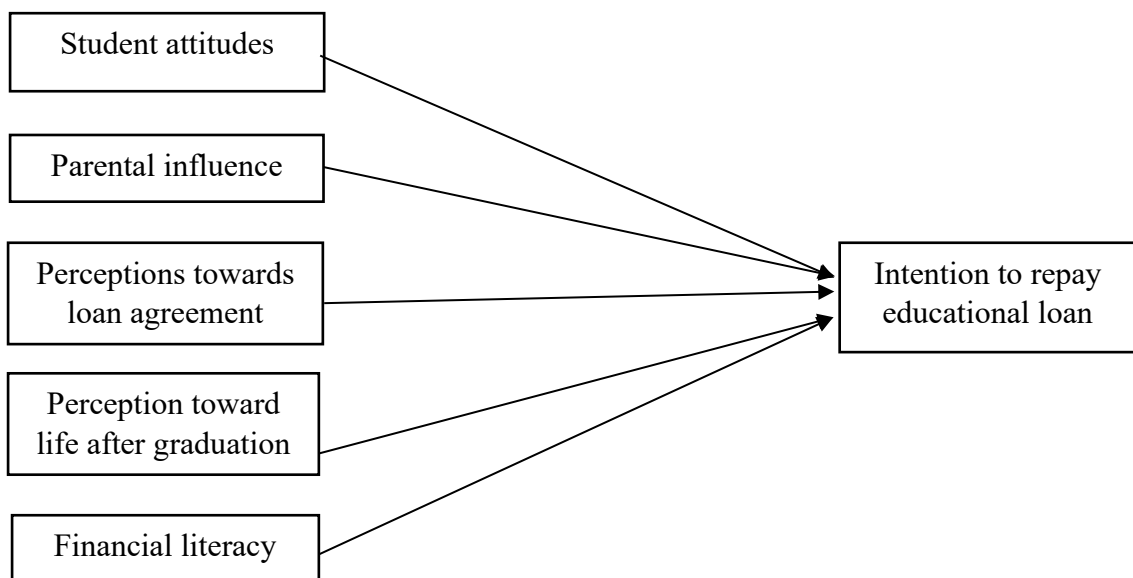


Figure 2.2. Proposed Conceptual Framework. Source: Developed for study

The conceptual framework presents the direct relationship between independent determinants (student's attitudes, parental influences, perception towards loan agreement, perception towards life after graduation, and financial literacy) and dependent variable (intention to repay educational loan). This framework is constructed based on the Theory of Planned Behaviour, Human Capital Theory, and ability to pay theory.

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Research design

This research aims to investigate the relationship between variables affecting the university students' intention toward education loan repayment. Research design is primarily related to goals, purposes, objectives, intentions, and plans within the realistic constraints of location, time, capital, and researcher availability (Hakim, 2000). The researchers design the studies and methodology based on research objectives and questions. It characterized a research design as an investigation plan, structure, and strategy that is employed with the goal of obtaining solutions to research questions through optimum control of variables ("Research Guides: Organizing", n.d.).

There are three groups of research design which are qualitative, quantitative and mixed method research design. Quantitative research is determining relationship, testing hypotheses, the opinions, attitude, and the large size of populations, while the qualitative research is determined by formulating the hypotheses and theories on describing the decision-making or communication processes (Verhoef & Casebeer, 1997). Quantitative research is an experimental method and survey methods in order to test the specific hypotheses on general principles (Verhoef & Casebeer, 1997). Quantitative research has a strong sense of inductive reasoning and can build and broaden theories about the relationships between predictions and observations (Verhoef & Casebeer, 1997). In this research, the research design utilized quantitative research, which is best suited to the research endeavor as the study aims to test the hypotheses among the variables affecting the repayment of educational loans.

We collect the data from primary sources. Primary data are data first acquired through direct effort and experience, specifically to address their research questions.

Survey research determined the population characteristics accuracy by engaging the scientific sampling and questionnaire design. Survey research includes “random” sampling of respondents which is in the large population selected the specific probability for sampling. The survey research is conducted in UTAR Kampar Campus based on convenience and affordability. The question in the survey questionnaire could be categorized as two sections, which are multiple choice questions and five-point Likert scale questions. Each question will provide 2 to 5 options for respondents to choose for each question. Multiple choice questions in this research are focused on demographic information such as gender, ethnicity, education loan types and amount, study level and the students’ faculty. Five-point Likert scale question is constructing closed-ended questions and ensuring that all options cover all possibilities. Respondents are given the option of selecting consecutive answers such as “Strongly Disagree,” “Disagree,” “Neutral,” “Agree,” or “Strongly Agree.”

3.1 Sampling design

In this research, the objective is to investigate the intention to repay the education loan among the students in UTAR Kampar Campus. The undergraduate students in UTAR are selected as targeted respondents in this study which are from Faculty of Business and Finance (FBF), Faculty of Arts and Social Science (FAS) and Faculty of Information and Communication Technology (FICT). Furthermore, it’s important to note that this study is not a case study, but it can be further reference for future study of UTAR Kampar campus due to the heavy dependence of students from different faculties, different education background and most of the students hold the National Higher Education Fund Corporation (PTPTN) loan programme. There are several reasons why we select the Faculty of Business and Finance (FBF), Faculty of Information and Communication Technology (FICT), and Faculty of Arts and Social Sciences (FAS) as the target populations for our topic at the UTAR Kampar campus. First, these three faculties have more populated student at the UTAR Kampar campus. Secondly, these three faculties we selected are relevant to the topic of education loan repayment intentions. Students at these faculties have

different education backgrounds, career aspirations and levels of financial literacy, all of which influence their repayment behaviour. Thirdly, by including students from different faculties, we can capture a broader range of perspectives and experiences related to education loans and repayment. For instance, students in FBF may have a stronger understanding of financial management and may approach loan repayment differently compared to students in FICT or FAS.

3.1.1 Sampling Size

Sample size is which choosing the number of observations to include in the research (Kaur, 2021). This is impractical when organizing questionnaire from a large proportion of respondents and collecting their responds. Therefore, this study needs to pick a random sample of students with accuracy of sample size. If there are large of sample size, the research will more complicated and has an inaccuracy result (Singh & Masuku, 2013) and waste time and resources for minimal gain. In this research, the software program Gpower was utilized to calculate statistical power, determining the capabilities of various statistical tests including chi-square, F-tests, and t-tests. The sample size necessary to achieve 95% power to detect a medium effect in a linear multiple regression, with a significance level of $\alpha = 0.05$, was determined to be 138 respondents based on the findings of the a priori power analysis conducted using Gpower.

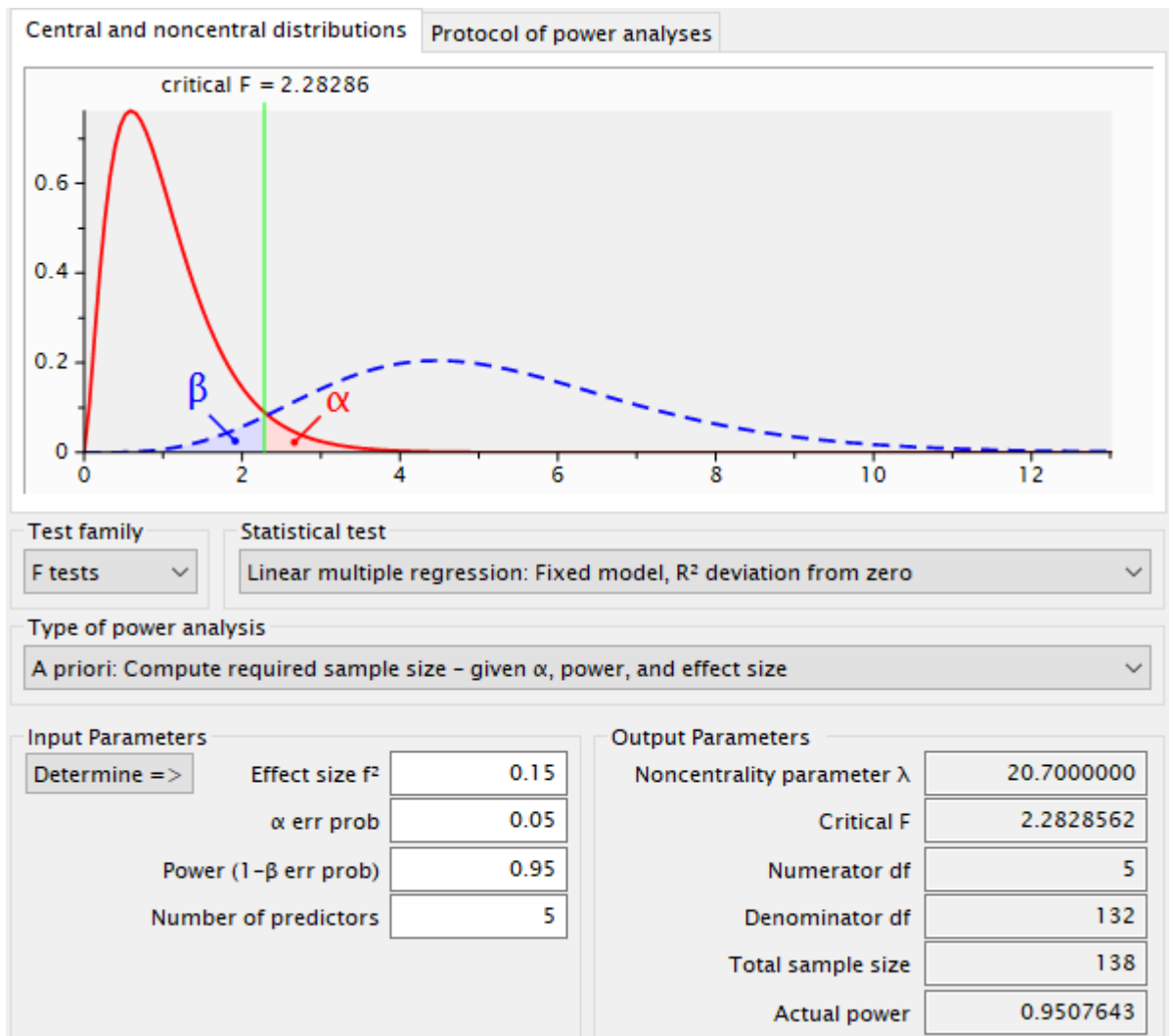


Figure 3.1. Gpower Result. Source: Developed for study

3.1.2 Sampling Technique

Taherdoost (2016) defined that probability and non-probability sampling can do in this research. Probability sampling means that the items in the population has included the equal possibility in the sample (Taherdoost, 2016). Non-probability sampling is related to the research and qualitative research (Taherdoost, 2016). The study needs to focus on small samples and examine the real-life phenomenon, and not to use statistical inferences to relate in populations.

Other forms of non-probability sampling which include purposive sampling, quota sampling, and snowball sampling, whereby these sampling is chosen to use in some

predetermined criteria (Omair, 2014). The data used in this study was collected through a questionnaire designed for degree-seeking students. Quota sampling, which is a non-probability sampling technique, was used in this study to select the respondents at UTAR Kampar Campus. Quota sampling involves the selection of respondents based on some specific characteristics selected by the researcher (Bhardwaj, 2019). In addition to faculties, the respondents in this study differed in terms of gender. The survey minimum data collection from a total of 138 respondents, distributed across three faculties: Faculty of Business and Finance (FBF), Faculty of Information and Communication Technology (FICT), and Faculty of Arts and Social Science (FAS). Each faculty had an equal representation of male and female respondents, with 23 males and 23 females in each faculty. This balanced sampling approach ensures that the data collected is representative and allows for meaningful comparisons across faculties and genders. Quota sampling is more cost-effective and time-efficient than other sampling methods, such as random or stratified sampling. Because researchers select participants based on predetermined quotas rather than through random selection, they may not need to enumerate the entire population or use complex sampling techniques. This means that the time and monetary resources needed for research can be saved to some extent, while also reducing the complexity and technical requirements needed to implement the study. Quota sampling is therefore widely used in practice, particularly for research projects that require large-scale data collection with limited time and cost.

Table 3.1:

Table of Sample Size

Sample Size						
Faculty of Business and Finance (FBF)		Faculty of Information and Communication Technology (FICT)		Faculty of Arts and Social Science (FAS)		Total respondents
Male	Female	Male	Female	Male	Female	138
23	23	23	23	23	23	

Source: Developed for study

3.2 Data collection procedures

In this study, the intention towards education loan repayment among UATR students in Malaysia will be investigated through the online questionnaire method, which would be less costly and time consuming compared to other methods such as interviews. Therefore, we can save the research design cost and time by applying the online questionnaire survey method, and the questionnaire survey helps to collect quantitative data in a standardized analytical method. In addition to this, the identity of the respondents will be hidden, and confidentiality is maintained. The survey will be carried out at Universiti Tunku Abdul Rahman (UTAR), Kampar Perak, Malaysia. Our total target group is 138 students respectively. We conducted the online survey by creating a Google Form with 7 sections of 46 questions in the questionnaire. The survey questions include demographic questions as well as dependent and independent variables. The questionnaire employed in this study employs a 5-point Likert scale, it ranged from 1-strongly disagree, 2-disagree, 3-neither disagree nor agree, 4-agree, and 5-strongly agree. Refer to Table 3.2 for the items measuring education loan payment, student's attitude, parental influence, perception towards loan agreement, perception towards life after graduation and financial literacy. This table contains the specific details and items related to these aspects, providing valuable information for your understanding and analysis.

Table 3.2:

Table of Questionnaire on Variables

Construct (Variables)	Items (Questions)
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<p>Education Loan Repayment Intention (Ismail, 2011)</p>	<ol style="list-style-type: none"> 1. I will make repayment because it is my priority. 2. I will find any job after I graduate to pay back my student loan. 3. If I am unemployed after I graduate, my parents will make repayment, and I will continue paying the remainder after I get a job. 4. I will save part of the loan during study, so that I can make repayments immediately after I graduate. 5. I will make regular payments through salary deduction. 6. I will make regular payments to reduce debt. 7. I will make regular payments to avoid problems in the future. 8. I will make regular payments after graduate to avoid burdening my parents in the future.
<p>Student Attitude (Abu Bakar et al., 2006; Baum & O'Malley, 2003)</p>	<ol style="list-style-type: none"> 1. I always declare my debts. 2. Given the precise information from the relevant authority, I prefer to pay my debt timely. 3. If there was a need to maintain a good credit history, I would declare my debts timely. 4. I always follow the procedures to repay back the student loan. 5. I am willing to repay the loan after completion of my studies.
<p>Parental Influence (Ismail, 2011)</p>	<ol style="list-style-type: none"> 1. My parents advised me after I graduated to find a job to pay the loan first. 2. My parents advised me after I graduated to make regular payments to reduce the debt. 3. My parents advised me to save from the PTPTN loan whilst as a student, so that I can make payments immediately after I graduate. 4. My parents' experiences with loans influence me to make repayment after I graduate.

	<p>5. My parents remind me of the importance of making loan repayment after I graduate.</p> <p>6. My parents remind me to pay back the loan after I graduate to avoid problems in the future.</p>
Perceptions toward Loan Agreement (Ismail, 2011)	<p>1. I think the loan agreement was written too long.</p> <p>2. The loan agreement was difficult to understand.</p> <p>3. The time given to complete the loan agreement form was not enough.</p> <p>4. The loan agreement need to use the language that is more easily understood.</p> <p>5. The loan agreement content is not clear.</p> <p>6. I only depend on the information given from briefing organised by the university to fill up the loan agreement form.</p> <p>7. Term used in loan agreement is only suitable for Law students.</p>
Perception towards Life after Graduation (Abu Bakar et al., 2006; Baum & O'Malley, 2003; Ismail, 2011)	<p>1. Loan repayment will affect my decision on the selection of the place to stay.</p> <p>2. Loan repayment will affect my decision on job options.</p> <p>3. Loan repayment will affect my decision on when to get married.</p> <p>4. Loan repayment will affect my decision on when to buy my first car.</p> <p>5. Loan repayment will affect my decision on when to have my first child.</p> <p>6. Loan repayment will affect my decision on buying a house.</p> <p>7. Loan repayment will affect my decision on how much money I will contribute to my parents.</p>
Financial Literacy (Mohta, 2020)	<p>1. I know about managing loan repayment schedule.</p> <p>2. I have a better understanding of how to manage my credit use.</p>

	<p>3. I have adequate skills in managing my finances.</p> <p>4. I have a budget I follow before making loan repayment.</p> <p>5. I receive financial training before acquiring microloans.</p> <p>6. I can prepare my loan repayment schedule.</p> <p>7. I am knowledgeable about loan procedures.</p>
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Source: Developed for study

3.3 Method of analysis

In this research, two distinct statistical approaches will be employed for data analysis: descriptive statistics and inferential statistical analysis. As outlined by Kaliyadan and Kulkarni (2019), descriptive statistics serve to depict and comprehend the characteristics of a given dataset, offering a concise overview of sample data and measurements. When employing descriptive statistics, researchers are advised to convey data using a blend of graphical representations, tabular summaries, and statistical explanations. Key descriptive statistics encompass measures of centrality such as mean, median, and mode. Consequently, descriptive statistics are used to ascertain the average value for analysing each statement in the study.

For example, our dependent variable is “intention of private university students to repay educational loans in UTAR, Kampar campus”, descriptive statistics will help in understanding the average level of intention among the student population. Measures such as the mean, median, and mode will provide insights into the typical level of loan repayment intention among students. Similarly, descriptive statistics will be applied to the independent variables, including student attitude, parental influence, financial literacy, perception towards loan agreements, and perceptions towards post-graduation life. These statistics will offer a comprehensive overview of the distribution and characteristics of each independent variable within the sample. Measures of central tendency will indicate the typical attitude, level of

parental influence, financial literacy, perception towards loan agreements, and perception towards post-graduation life among the student population.

The method of Inferential statistical analysis is adopted to scrutinize the research hypotheses in this investigation. Several tests were conducted to assess the relationships between the dependent variable (intention of private university students to repay educational loans in UTAR, Kampar) and independent variables (student attitude, parental influence, financial literacy, perception towards loan agreements, perceptions towards post-graduation life). Various tests were conducted in this study to invest its objectives. To accomplish these goals, the IBM SPSS Statistics version 29 (14) software was employed to process the data.

3.3.1 Reliability Analysis

3.3.1.1 Alpha Cronbach Value

The process of reliability analysis constitutes a crucial step for researchers in assessing and establishing the consistency of questions within variables (Holgate et al., 2000). In the context of this study, Cronbach's alpha is chosen as the method for evaluating reliability. It necessitates the numerical coding of data (Zhang et al., 2011). Cronbach's alpha, also referred to as coefficient alpha, operates within the framework of internal consistency reliability. Essentially, it acts as a vital indicator for gauging the reliability of the research results (Gliem & Gliem, 2003). This approach is particularly well-suited for data acquired through Likert scales.

Table 3.3:

Rules of Cronbach's Alpha

Alpha's value	Level of Reliability Coefficient
$\alpha < 0.5$	Unacceptable

$\alpha > 0.5$	Poor
$\alpha > 0.6$	Questionable
$\alpha > 0.7$	Acceptable
$\alpha > 0.8$	Good
$\alpha > 0.9$	Excellent

Source: Gilem & Gilem (2003)

Furthermore, it is important to note that Cronbach's alpha values typically fall within the range of 0 to 1.0 (Tavakol & Dennick, 2011). As demonstrated in Table 3.3 by Gliem and Gliem (2003), the interpretative thresholds for alpha's value are as follows: values less than 0.5 are considered unacceptable, values above 0.5 but less than 0.6 indicate poor reliability, those above 0.6 but less than 0.7 are considered questionable, values surpassing 0.7 are deemed acceptable, and levels of 0.8 and 0.9 are viewed as reflecting good and excellent reliability coefficients. The authors propose 0.8 as a reasonable benchmark for the alpha value to strive for. However, a previous study by Hulin et al. (2001) suggests that an alpha level between 0.6 and 0.7 can be considered satisfactory, while values above 0.8 are indicative of good reliability. Consequently, it can be inferred that a suitable reliability level for the study lies around 0.6 and above. Tavakol and Dennick (2011) further point out that when facing low values, researchers can enhance Cronbach's alpha by eliminating unnecessary questions or variables from the analysis.

3.3.2 Inferential Analysis

3.3.2.1 Pearson's Correlation Analysis

Correlation coefficients serve to quantify the strength of a linear relationship between two variables, denoted as x and y . These coefficients can assume values in the range of -1.0 to 1.0 , with values exceeding 1.0 or falling below -1.0 being impossible. An absolute correlation value of 1.0 signifies a perfect positive correlation, while a value of -1.0 indicates a perfect negative correlation. A positive association is observed when the correlation coefficient is greater than zero. The negative connection when it is less than zero. Conversely, a value of 0 signifies the absence of any relationship between the two variables (Nickolas, 2021).

Among the various types of correlation coefficients, the Pearson correlation coefficient (denoted as ' r ') is the most common. This parametric test is appropriate when the variables demonstrate normal distribution and exhibit a linear relationship. Alternatively, if these conditions are not met, non-parametric tests like the Kendall and Spearman correlation should be used instead. Pearson correlation calculated the ratio of the levels and direction of the linear relationship between two variables to the products of standard deviation (Jaadi, 2019).

To reach a conclusion, conducting a statistical significance test is essential. This test assesses whether the findings from the sample can be considered representative of the larger population, typically achieved through hypothesis testing. If the calculated p -value falls below the significance level (often set at 0.05), null hypothesis is rejected. Consequently, the conclusion asserts the presence of a statistically significant relationship (Jaadi, 2019).

Table 3.4:

Table of Pearson's Correlation Analysis

Range of correlation level	Relationship
0.80 to 1.00 or -0.80 to -1.00	Very strong positive or negative relationship
0.60 to 0.79 or -0.60 to -0.79	Strong positive or negative relationship

0.40 to 0.59 or -0.40 to -0.59	Moderate positive or negative relationship
0.20 to 0.39 or -0.20 to -0.39	Weak positive or negative relationship
0.00 to 0.19 or 0.00 to -0.19	Very weak positive or negative relationship

Sources: Kowang et al. (2015)

3.3.3.2 Multiple Regression Analysis

Econometric model

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6$$

Y = Intention towards education loan repayment

B_0 = Intercept

X_1 = Student attitude

X_2 = Parental influence

X_3 = Perceptions toward loan agreement

X_4 = Media awareness

X_5 = Perception of life after graduation

X_6 = Financial literacy

$B_1, B_2, B_3, B_4, B_5, B_6$ = Slope coefficient

Source: Developed for study

According to the econometric model above, it represents the relationship between the intention towards education loan repayment (dependent variable) and student attitudes, parental influence, perceptions towards loan agreement, media awareness, perception of life after graduation, and financial literacy (independent variables). Multiple regression is a statistical technique that can analyze the relationship between a dependent variable and multiple of independent variables (Moore et al., 2006). The purpose of multiple regression analysis is to forecast the value of a dependent variable using the multiple independent variables to read the value (Moore et al., 2006). Each predicted value is weighted, and the weights indicate their

relative contribution to the overall prediction (Moore et al., 2006). The hypothesis test result is based on the multiple regression analysis. This method can test the statistical significance of each independent variable. This will test whether the unstandardized or standardized coefficient is equal to zero in the aggregate. The conclusion of the coefficient is statistically significant different from zero value if the p-value is less than 0.05.

CHAPTER 4: DATA ANALYSIS

4.1 Descriptive Analysis

Descriptive analysis summarized the characteristics of the respondents to the study. It included the respondent's demographic data amassed from the survey form. The result of demographic data would be presented by using table.

4.1.1 Respondent's Demographic Data

4.1.1.1 Gender

Table 4.1:

Respondents' Gender

Gender	Frequency	Percent (%)
Male	50	32.9
Female	102	67.1
Total	152	100.0

Source: Developed for study

Based on Table 4.1, it shows that 32.9% (50 out of 152) of our UTAR respondents are male respondents, and 67.1% (102 out of 152) are female respondents. We can conclude that female respondents are more than male respondents involved in this research.

4.1.1.2 Ethnicity

Table 4.2:

Respondents' Ethnicity

Ethnicity	Frequency	Precent (%)
Malay	8	5.3
Chinese	139	91.4
Indian	1	0.7
Bumiputra	4	2.6
Total	152	100.0

Source: Developed for study

Based on Table 4.2, the ethnicity of the UTAR respondents is categorized into 4 groups which are Malay, Chinese, Indian and Bumiputra (Orang Asli and Iban). The result shows that 5.3% (8 out of 152) respondents are Malay, 91.4% (139 out of 152) of respondents are Chinese, 0.7% (1 out of 152) respondents are Indian, and 2.6% (4 out of 152) respondents are Bumiputra. Chinese placed a high percentage among our respondents is due to the fact that most UTAR students are Chinese.

4.1.1.3 Type of Education Loan

Table 4.3:

Respondent's Types of Education Loan

Types of Education Loan	Frequency	Percent (%)
PTPTN	141	92.8
JPA	4	2.6
Other	7	4.6
Total	152	100.0

Source: Developed for study

As demonstrated on Table 4.3, the result indicates that almost 92.8% of UTAR respondents are holding PTPTN in proceeding their study at campus. Furthermore, a total of 4.6% of our respondents hold other types of education loan, followed by JPA loan, representing 2.6% of total respondents, which is the lowest.

4.1.1.4 Total Education Loan

Table 4.4:

Respondents' Total Education Loan

Total Education Loan	Frequency	Percent (%)
RM 15000 and below	18	11.8
RM 15001 – RM 20000	27	17.8
RM 20001 – RM 25000	16	10.5
RM 25001 and above	91	59.9
Total	152	100.0

Source: Developed for study

According to Table 4.4, there are a total of 4 categories lies under the total education loan of the UTAR respondents which are RM 15000 and below, RM 15001 – RM20000, RM 20001 – RM 25000, and RM 25001 and above. The result shows that most of the UTAR respondents belong to RM25001 and above group, which contains 59.9% (91 out of 152) respondents. Moreover, it follows 17.8% (27 out of 152) of respondents categorized under RM15001- RM20000 group, and 11.8% (18 out of 152) of respondents borrow RM15000 and below. Lastly, only 10.5% (16 out of 152) of participants borrow between RM 20001- RM25000. The total loan borrowed can vary based on the respondent's total education fees and percentage allowed for borrowing by PTPTN statutory.

4.1.1.5 Study Level

Table 4.5:

Respondents' Study Level

Study Level	Frequency	Percent (%)
Undergraduate	141	92.8
Doctorate Degree	6	3.9
Foundation	5	3.3
Total	152	100.0

Source: Developed for study

As illustrated on Table 4.5, the result indicates that most of our UTAR participants are undergraduate students in UTAR, representing 92.8% (141 out of 152). It follows doctorate degree holders that denote 3.9% of total UTAR respondents and 3.3% of respondents are foundation students in UTAR, Kampar Campus.

4.1.1.6 Faculty

Table 4.6:

Respondents' Faculty

Faculty	Frequency	Percent (%)
FBF	49	32.3
FICT	50	32.9
FAS	53	34.9
Total	152	100

Source: Developed for study

Based on Table 4.6, there are a total of 3 different main campus under UTAR, Kampar, namely FBF (Faculty of Business and Finance), FICT (Faculty of Information and Communication Technology), and FAS (Faculty of Arts

and Social Science). We can conclude that we had received an average data from UTAR respondents in each faculty, with 32.3% of respondents from FBF, 32.9% of respondents from FICT and 34.9% of participants from FAS. In this way, we can collect data from different study background respondents which make our study more interesting.

4.2 Scale Measurement

4.2.1 Reliability test

Reliability testing involves assessing the consistency or stability of a measurement or result across varying timeframes or conditions. Evaluating dependability in such scenarios entails assessing the probability of obtaining consistent results upon repeating a measurement or test. Ensuring the consistency and replicability of study findings is paramount. Therefore, reliability tests are employed to ensure the validity and dependability of the collected data (Middleton, 2019).

Table 4.7:

Reliability Analysis's Result

Construct	No. of item	Mean	Std Deviation	Cronbach's Alpha
Education Loan Repayment Intention	8	4.2574	0.47891	0.708
Student Attitude	5	4.1829	0.56425	0.659
Parental Influence	6	4.2379	0.53694	0.692
Perceptions toward Loan Agreement	7	4.0075	0.48265	0.767
Perception towards Life after Graduation	7	4.2641	0.41650	0.789
Financial Literacy	7	4.2190	0.57259	0.910

Source: Developed for study

The general Cronbach Alpha rule states that a value of 0.6–0.7 is still regarded as an acceptable degree of dependability, while 0.8 or more indicates a very excellent level (Ursachi et al., 2015). Table 4.7 reported that the parental attitude and student attitude Cronbach's Alpha values range from 0.6 to 0.7, or 0.659 and 0.692, respectively. As a result, their level of dependability is deemed to be acceptable. Furthermore, the Cronbach's Alpha values for financial literacy, perception towards life after graduation, perception towards loan agreement, and education loan repayment intention (DV) are 0.910, 0.789, 0.767, and 0.708, respectively. It made it rather clear that they are all highly reliable.

4.2.2 Normality test

The normal distribution, a widely used probability distribution in research, is employed to represent various natural phenomena such as measurements, errors, and random variables that exhibit symmetry around the mean. This choice is made due to the challenge of obtaining accurate and reliable results necessary for drawing conclusions about population parameters when the data does not conform to a normal distribution (Ghasemi & Zahediasl, 2012). By looking at the skewness and kurtosis values, one may determine whether the data is normal. A skewness results of -2 to +2, and a kurtosis value of -7 to +7 (with a high sample size), imply that the data is regularly distributed.

Table 4.8:

Result of the Normality Test

Variables	Skewness	Kurtosis
Intention	-0.565	-0.224
Attitude	-0.566	-0.295
Parent	-0.823	0.443
Agreement	0.064	-0.596
Life	-0.487	0.376
Literacy	-2.295	6.831

Source: Developed for study

By looking at the skewness result generated, Intention (-0.565), attitude (-0.566), parent (-0.823), agreement (0.064) and life (-0.487) are all within the range of -2 to +2, excepting literacy (-2.295), slightly lower than -2. Meanwhile for kurtosis, all variables lie between -7 to +7, with intention (-0.224), attitude (-0.295), parent (0.443), agreement (-0.596), life (0.376) and literacy (6.831) respectively. We can conclude that most of these variables are normally distributed as skewness and kurtosis requirement had been fulfilled in the best range.

4.2.3 Multicollinearity Test

When two or more independent variables in a multiple regression model have a substantial association with one another, this is known as multicollinearity. When researchers attempt to determine the best use of each independent variable in comprehending the dependent variable, this phenomenon may result in skewed or misleading results (Shrestha, 2020). The variance inflation factor (VIF) and tolerance value are the two techniques utilised in this study to find multicollinearity problems.

If the Variance Inflation Factor (VIF) falls between 1 and 10, it means that the independent variables are not multicollinear. For the tolerance value, it stated that a tolerance below 0.4 has a high multicollinearity and above 0.4 has a low multicollinearity (Shrestha, 2020).

Table 4.9:

Collinearity Statistic

Independent variables	Collinearity statistic	
	Tolerance	VIF
Attitude	0.696	1.436
Parent	0.651	1.537

Agreement	0.694	1.442
Life	0.533	1.874
Literacy	0.540	1.852

Source: Developed for study

Based on Table 4.9, the independent variables include attitude (1.436), parents (1.537), agreement (1.442), life (1.874), and literacy (1.852) have VIF values that lies between 1-10. Furthermore, the tolerance value for attitude (0.696), parents (0.651), agreement (0.694), life (0.533), and literacy (0.540) are all higher than 0.4. So, we may infer that among the five independent variables, the multicollinearity problem does not occur.

4.3 Inferential analysis

4.3.1 Pearson's Correlation Coefficient

These coefficients can take on values between -1.0 and 1.0; values that fall outside of this range or over 1.0 are not possible. A perfect positive correlation is represented by an absolute correlation value of 1.0, while a perfect negative correlation is represented by a value of -1.0. On the other hand, 0 denotes that there is no link at all between the two variables (Nickolas, 2021). According to Table 3.4 in Methodology, the correlation levels of 0.00-0.19, 0.20-0.39, 0.40-0.59, 0.60-0.79, and 0.80-1.00 are classified as extremely weak, weak, moderate, strong, and extremely strong correlations, respectively.

Table 4.10:

Pearson Correlation Result

	Intention	Attitude	Parent	Agreement	Life	Literacy
Intention	1					
Attitude	0.643**	1				

Parent	0.612**	0.521**	1			
Agreement	0.009	-0.052	0.151	1		
Life	0.236**	0.108	0.194*	0.519**	1	
Literacy	0.307**	0.261**	0.39**	0.394**	0.609**	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Developed for study

The result from Table 4.10 shows positive correlation relationship between student's intention to repay education loan and all independent variables except perceptions toward loan agreement. It demonstrates that the attitude (0.643) and parent (0.612) are strongly correlated with intention. Meanwhile, life (0.236) and literacy (0.307) have a weak positive relationship. Only perceptions of loan agreements do not have any correlation with a significant value, as it is insignificant at (0.009). In summary, student attitude, parent influence, perception of life after graduation, and financial literacy have a positive correlation relationship with between student's intention to repay education loan.

4.3.2 Multiple regression analysis

Table 4.11:

R Square

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	0.737 ^a	0.543	0.527	0.32933

Source: Developed for study

The percentage of variance in students' intentions to repay education loans that is interpreted by student attitude, parental influence, perceptions towards loan agreements, perceptions towards life after graduation, and financial literacy is indicated by the R-squared statistical measure, which shows how well the regression model fits the observed data (Taylor, 2023). In other words, R square shows how well the data fits the regression model (goodness of fit). Based on Table

4.11, R^2 is valued at 0.543, which represents that 54.3% of UTAR Kampar campus student' intention to repay the education loan can be explained by student attitude, parent influence, perceptions toward loan agreement, perception of life after graduation and financial literacy.

Table 4.12:

ANOVA Model

ANOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.798	5	3.760	34.663	<.001 ^b
	Residual	15.835	146	.108		
	Total	34.632	151			

Source: Developed for study

The high F-value (34.663), as seen in Table 4.12 above, indicates that there is a difference in the group means, indicating that the model adequately fits the data. The level of significance α is generally determined to be 0.05. The P value (Sig<0.001) is less than the α value of 0.05, as the Table 4.12 demonstrates. This might be taken to indicate that the model consistently and well fits the data, demonstrating the model's validity and capacity to adequately explain the variability of the dependent variable.

Table 4.13:

Coefficients

Variable	β	Std. Error	Beta	T-test	Sig.
(Constant)	0.920	0.354		2.603	0.010
Attitude	0.360**	0.057	0.424	6.328	< 0.001**
Parent	0.340**	0.062	0.381	5.488	< 0.001**
Agreement	-0.115	0.067	-0.116	-1.721	0.087
Life	0.218*	0.088	0.190	2.476	0.014*
Literacy	-0.019	0.064	-0.022	-0.295	0.768

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Developed for study

According to Table 4.13, the results can be interpreted as following:

$\beta_1 = 0.424$. When the student attitude becomes more positive by 1%, the student's intention to repay the education loan will increase by 42.4%, *ceteris paribus*.

$B_2 = 0.381$. When the parent influence becomes stronger by 1%, the student's intention to repay the education loan will increase by 38.1%, *ceteris paribus*.

$B_3 = -0.116$. When the perceptions toward loan agreement is more positive by 1%, the student's intention to repay the education loan will decrease by 11.6%, *ceteris paribus*.

$B_4 = 0.190$. When the perception of life after graduation is stronger by 1%, the student's intention to repay the education loan is better by 19%, *ceteris paribus*.

$B_5 = -0.022$. When financial literacy increases by 1%, the student's intention to repay the education loan will decrease by 2.2%, *ceteris paribus*.

The findings of the research indicate that there is a strong and positive relationship between a student's attitude ($B = 0.360$, $p\text{-value} < 0.001$), parental influence ($B = 0.340$, $p\text{-value} < 0.001$), and perception of life after graduation ($B = 0.218$, $p\text{-value} = 0.014$) with student's intention to repay the education loan. Conversely, factors such as perceptions of loan agreements and financial literacy were not found to have a significant impact on this intention.

CHAPTER 5: DISCUSSION, CONCLUSION, AND IMPLICATIONS

5.0 Discussion of Major Findings

The findings indicate that students attending private universities in UTAR, Kampar who have a good attitude towards repaying student loans are more likely to repay education loan in the future. This is because some students believe that they have a duty to return their college loans. They take the responsibility of repaying a debt seriously and are aware that doing so includes an obligation. Previous researchers' research supports this conclusion. Jumat et al. (2022) found that borrowers' intention to repay education loans is positively influenced by their positive attitude, which is demonstrated by their careful consideration of contract terms, thorough understanding of their duty to repay, and recognition of the consequences for non-payment. Additionally, Hanafi et al. (2018) demonstrated a strong and positive correlation between students' attitudes and their desire to repay. It was said that when students use borrowing to accomplish good things in their lives, they will exhibit favourable attitudes.

In addition, parents' influence is a major factor in determining a student's decision to return student loans. This is due to human being is a social creature and experiences pressure from significant individuals in their life, such as family, friends, relatives, peers, and neighbours. These anticipations profoundly influence an individual's conduct (Nguyen, 2007). When the social environment supports the repayment of education loans, it is more likely that students will have the intention not to default on their loans. Therefore, parents served as a role model for their children for financial responsibility and debt management aspect in life. For example, parents who display responsible financial behaviours shapes children to adopt similar practices and attitude of repayment in life.

Furthermore, it is implied that students' opinions on loan agreements will influence or change their desire to repay student loans. Our research indicates that it has little influence on students' propensity to return study loans. A quarter of respondents were unconcerned with the repayment plan, and the majority of respondents provided false information on the start date of payback (Ghazali et al., 2014). Students may disregard the future costs related to loan repayment in favour of the short-term benefits of obtaining a higher education. As such, individuals can undervalue the need of carefully reviewing the conditions stated in the loan agreement.

Moreover, our study emphasises how important it is for students' perception towards life after graduation to influence their desire to pay back student loans. This is consistent with research by Abu Bakar et al. (2006), which found that students believed loans would affect their ability to choose a career, when to make large expenditures like vehicles, get married, and have a family. Students prioritise finding employment that would provide a steady income after graduation due to concerns about repaying their student loans. To speed up debt payback, they could choose higher-paying jobs and modify their spending patterns appropriately. Recognising that loan repayments would consume a portion of their future earnings, students may postpone major expenditures like marriage, a family, or a car in order to reduce debt and expedite loan payback. To put it simply, students fear that having to repay their loans would affect their choice of employment and cause them to put off important life events because they are worried about their future security and financial strain. This might change the way they make decisions.

Our research suggests that financial literacy has no discernible effect on students' propensity to return their school debts. Prior studies have mostly concerned on the influence of literacy before debt, but there hasn't been any solid proof that literacy has a major impact on students' desire to pay back student loans (Jumat et al., 2022). This intricacy results from a number of variables that affect students' intents to repay their loans, such as their individual financial situations, work opportunities, income levels, loan periods, and quantities. The real influence of financial literacy may be hidden if it is considered a single influential element. This problem is further

complicated by the time it takes for the benefits of financial literacy to materialise and by changes in students' post-graduation financial circumstances. Many obstacles, including study difficulty and data availability, are brought about by the dearth of studies identifying the precise causal link between students' repayment intentions and financial literacy. Comprehensive studies that take into account a variety of influencing elements are essential for the future in order to obtain deeper insights into the function that financial literacy plays in affecting students' attitudes towards loan repayment.

5.1 Implications of the Study

Repayment of PTPTN loans is the responsibility of every borrower. As PTPTN loan repayment rates continue to decline, the funds available for prospective university students are decreasing. The study aims to scrutinize the determinants of university students' intentions to repay educational debt. In order to examine the relationship between intentions to repay educational loans, five independent variables were selected, namely student attitudes, parental influence, perceptions of agreement, perceived quality of life after graduation, and financial literacy. In this study, data was collected through an online questionnaire distributed to UTAR students with 7 sections of 46 questions in the questionnaire. The questionnaire employed in this study employs a 5-point Likert scale, it ranged from 1-strongly disagree, 2-disagree, 3-neither disagree nor agree, 4-agree, and 5-strongly agree. 152 respondents were collected, and the data would be analysed using SPSS Statistic version 29.0.0.0. The questionnaire data were analyzed utilizing descriptive analysis, reliability test, normality test, multicollinearity test, Pearson's correlation coefficient and multiple regression analysis. In this study, according to the results of SPSS, the independent variables of student attitude, parental influence, and perception towards life after graduation have a positive relationship with university students' education loan repayment intention. These findings are able to contribute to the government efforts to increase student intention to pay education loans.

Firstly, the crucial role of student attitudes may contribute to the government's attempts to increase students' intentions to repay loans. Positive attitudes of borrowers, such as knowing that they are obligated to repay their debts, paying more attention to the details of the contract, and understanding the penalties that will be enforced for not repaying their debts, will have a positive impact on the willingness to pay back their loans, especially educational debts (Jumat et al., 2022). As evidenced in our findings, borrower attitudes often prioritize maintaining a favorable credit history and show concern for potential penalties. The borrower knows the ramifications of a low credit score, which might delay future loan applications and result in higher interest rates and stresses the necessity of keeping a solid credit profile ("Malaysian Financial Planning", 2021). A positive student attitude toward loan repayment contributes to economic stability by assuring timely repayments, which support government loan programs and allow for sustained investment in education for future generations. To bolster student commitment to repaying educational loans, the government could fortify the rules and regulations of PTPTN. This includes providing detailed information about loan terms, repayment schedules, and the penalties of not making payments on time. PTPTN could also spearhead education and awareness efforts to underline the need of a positive attitude toward loan repayment. Through these measures, the government promotes a culture of financial responsibility among borrowers, thereby supporting the integrity of the education loan system.

Furthermore, the relevance of parental influence could help the government increase students' intentions to repay loans. Parents' good financial behavior serves as a vital role model for their children (Rudi et al., 2020). Parents must inculcate financial education in their children and demonstrate good personal money management. As the key influencers in financial affairs, parents play a critical role in imparting solid financial habits and values, laying the framework for responsible conduct that emphasizes the need of debt repayment. Parents should encourage their children to develop saving habits and have an awareness of money management. When children are raised with a sense of financial responsibility, they are more likely to meet debt payback commitments. By engaging in frank discussions about budgeting, saving, and debt management, parents provide their children with the

knowledge and skills they need to overcome financial obstacles, including loan payback. The conversation between parents and children emphasizes the necessity of meeting financial obligations, such as loan repayments, and addressing any questions or misconceptions that their children may have. Parents can help ease their children's fears and uncertainties regarding debt repayment by providing support, counsel, and comfort, so boosting their resolve to meet their financial obligations.

The perceptions of students regarding their life after graduation play a significant role in influencing their willingness to repay education loans. Concerns have been raised concerning how undergraduate loan debt operates as a barrier for student borrowers who want to buy cars, invest in real estate, start children, or move out of their parents' houses after finishing their studies (Baum & Sounders, 1998). When students expect steady career options and the possibility of earning a suitable income after finishing their studies, they are more inclined to prioritize debt repayment to ensure their financial security. However, their long-term goals and aspirations, such as business, higher education, or homeownership, can influence their views about debt repayment. Borrowers need appropriate financial resources to attain their long-term goals and maintain a high standard of living. As a result, government activities targeted at promoting awareness and supporting post-graduate alternatives, such as job placement aid, entrepreneurship programs, or income-based repayment options, might influence students' opinions of life after graduation. The perception of tangible government help can boost students' confidence in their capacity to handle debt payments. Understanding and addressing students' impressions of life after graduation allows the government to adjust its efforts to effectively enhance student intention to repay education loans, thereby encouraging financial responsibility and the long-term viability of education financing systems.

However, the independent variables of perceptions toward agreement and financial literacy insignificantly affect the university students' intention to repay education loan. Finally, our findings provide useful insights for government measures aimed at increasing student commitment to repaying school loans. Student attitude,

parental influence, and post-graduation perceptions all have a pivotal impact on students' loan repayment intentions. It is critical to instil a favorable attitude in pupils regarding debt repayment. Parents should be empowered to teach borrowers about financial responsibility and excellent personal finance management techniques. Developing a good view for life after graduation is critical, and government assistance is required to increase students' willingness to repay their college loans. By exploiting these three elements, the government can successfully increase students' desire to repay their loans.

5.2 Limitations of the Study

There are several noteworthy limitations of this study. Firstly, it is important to recognize that the results of the study are only applicable to students enrolled in Universiti Tunku Abdul Rahman, Kampar. This limitation greatly reduces the generalizability of the findings as they cannot be generalized to students in other universities in Malaysia. One of the major constraints encountered during the study was the limitation of time and financial resources. Unfortunately, this excluded the possibility of expanding the study to other universities in Malaysia. As a result, the scope of the survey was limited to a specific population, limiting its wider applicability and relevance. In addition, inherent constraints had an impact on the sample size. Although the G Power analysis recommended a sample size of at least 138 respondents, it must be recognized that larger sample sizes are often preferred to improve the accuracy and reliability of research findings. Unfortunately, due to time constraints, the sample collection process was abbreviated, affecting the statistical soundness of the study's findings. Given these limitations, it is important to exercise caution when interpreting and extrapolating study results. While these findings may provide valuable insights within the context of the population studied, they cannot be generalized with certainty to a broader setting or population.

5.3 Recommendations for Future Research

There are few recommendations for future research that enrich our understanding of this topic and contribute to more comprehensive insights. First, future investigations could strive to expand the sample to include students from a variety of educational institutions, including public and private universities. This inclusive approach would help explore a wider range of perspectives, contexts, and experiences, thereby enriching the depth and breadth of the findings. Expanding the sample size to include a more diverse group of students has the potential to increase the generalizability of the research findings. By capturing a broader group of students, future findings will be more representative of the collective attitudes, beliefs, and behaviors of a wide range of Malaysian students. The expanded scope of the study will provide policymakers and stakeholders with valuable insights into the subtle dynamics affecting students' perceptions and behaviors, thereby facilitating a more informed decision-making process.

Another recommendation for future research is to explore the relationship between other variables, such as the terms and conditions of NHEFC loans, and students' intention to repay their education loans. This would require an in-depth study of the specific terms, requirements, and regulations outlined in the loan agreements administered by the NHEFC and how these factors affect students' repayment intentions. By investigating the impact of PTPTN (Perbadanan Tabung Pendidikan Tinggi Nasional) loan terms and conditions on students' intention to repay their loans, researchers can clarify the relationship between policy frameworks and individual decision-making processes. For example, factors such as interest rates, repayment schedules, loan waiver options, and eligibility criteria can have a significant impact on students' perceptions of the repayment process and their intentions to invest their financial obligations. By identifying the key drivers and barriers that influence students' repayment perspective, policymakers can refine existing loan policies and develop targeted interventions to promote better compliance with repayment requirements. Therefore, future in-depth research could provide assistance and support to accelerate policy decisions by the National Higher

Education Fund Corporation (NHEFC) to encourage loan repayment by PTPTN holders.

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APPENDICES

Appendix 3.1 Survey Question Permission Letter



UNIVERSITI TUNKU ABDUL RAHMAN DU012(A)

Wholly owned by UTAR Education Foundation (200201010564(578227-M))

Faculty of Business and Finance
Jalan Universiti, Bandar Barat, 31900 Kampar, Perak

Phone: 05-468-8888

<https://fbf.utar.edu.my/>

11 September 2023

To Whom It May Concern

Dear Sir/Madam,

Permission to Conduct Survey

This is to confirm that the following students are currently pursuing their Bachelor of Business Administration (Honours) Banking and Finance program at the Faculty of Business and Finance, Universiti Tunku Abdul Rahman (UTAR) Perak Campus.

I would be most grateful if you could assist them by allowing them to conduct their research at your institution. All information collected will be kept confidential and used only for academic purposes.

The students are as follows:

<u>Name of Student</u>	<u>Student ID</u>
Lim Wen Xi	20ABB01854
Pang Jing Xuan	20ABB03163
Tea Xing Ru	20ABB02797
Yong Zhi Yu	20ABB02351

If you need further verification, please do not hesitate to contact me.

Thank you.

Yours sincerely,

Mr Chong Tun Pin
Head of Department
Faculty of Business and Finance
Email: chongtp@utar.edu.my

Administrative Address: Jalan Sg. Long, Bandar Sg. Long, Cheras, 43000 Kajang, Selangor D.E.
Tel: (603) 9086 0288 Homepage: <https://utar.edu.my/>

Appendix 3.2 Survey

A Study of the Intention towards Education Loan Repayment among University Students in Malaysia

Introduction

We would like to conduct a research study to examine the factors affecting education loan repayment among university students in Malaysia.

Procedures and Confidentiality

The following questionnaire will require approximately 15 minutes to complete. All information provided will remain as private and confidential. The information given will only be reported as group data with no identifying information and only use for academic purpose.

Participation

All the information gathered will remain anonymous and confidential. Your information will not be disclosed to any unauthorized person and would be accessible only by group members. Participant in this study is voluntary, you are free to withdraw with consent and discontinue participation in anytime without prejudice. Your responses will be coded numerically in the research assignment for the research interpretation. Your cooperation would be greatly appreciated.

If you choose to participate in this project, please answer all the questions as honestly as possible and return the completed questionnaire promptly.

* Indicates required question

1. Email*

Personal Data Protection Statement

Please be informed that in accordance with Personal Data Protection Act 2010 (“PDPA”) which came into force on 15 November 2013, Universiti Tunku Abdul Rahman (“UTAR”) is hereby bound to make notice and require consent in relation to collection, recording, storage, usage and retention of personal information.

Notice:

1. The purposes for which your personal data may be used are inclusive but not limited to:-

- For assessment of any application to UTAR
- For processing any benefits and services
- For communication purposes · For advertorial and news
- For general administration and record purposes
- For enhancing the value of education
- For educational and related purposes consequential to UTAR
- For the purpose of our corporate governance
- For consideration as a guarantor for UTAR staff/ student applying for his/her scholarship/ study loan

2. Your personal data may be transferred and/or disclosed to third party and/or UTAR collaborative partners including but not limited to the respective and appointed outsourcing agents for purpose of fulfilling our obligations to you in respect of the purposes and all such other purposes that are related to the purposes and also in providing integrated services, maintaining and storing records. Your

data may be shared when required by laws and when disclosure is necessary to comply with applicable laws.

3. Any personal information retained by UTAR shall be destroyed and/or deleted in accordance with our retention policy applicable for us in the event such information is no longer required.

4. UTAR is committed in ensuring the confidentiality, protection, security and accuracy of your personal information made available to us and it has been our ongoing strict policy to ensure that your personal information is accurate, complete, not misleading and updated. UTAR would also ensure that your personal data shall not be used for political and commercial purposes.

Consent:

1. By submitting this form you hereby authorise and consent to us processing (including disclosing) your personal data and any updates of your information, for the purposes and/or for any other purposes related to the purpose.

2. If you do not consent or subsequently withdraw your consent to the processing and disclosure of your personal data, UTAR will not be able to fulfill our obligations or to contact you or to assist you in respect of the purposes and/or for any other purposes related to the purpose.

3. You may access and update your personal data by writing to us at lwenx.15@lutar.my (Lim Wen Xi), zhiyuyong@lutar.my (Yong Zhi Yu), xingru0915@lutar.my (Tea Xing Ru), calynpang0404@lutar.my (Pang Jing Xuan).

2. Acknowledgement of Notice *

Mark only one oval.

I have been notified by you and that I hereby understood, consented and agreed per UTAR above notice.

I disagree, my personal data will not be processed

Section A: Demographic Information

The following questions refer to the demographic profile of the respondents. Please provide the appropriate information by placing a (√) in the bracket provided to represent your answer.

3. Gender *

Mark only one oval.

Male

Female

4. Ethnicity *

Mark only one oval.

Malay

Chinese

Indian

Bumiputera

Other

5. Education Loan *

Check all that apply.

- PTPTN
- JPA
- MARA
- Other

6. Total Education Loan *

Mark only one oval.

- RM15,000 and below
- RM15,001-RM20,000
- RM20,001-RM25,000
- RM25,001 and above

7. Study Level *

Mark only one oval.

- Undergraduate
- Doctorate degree
- Foundation
- Other

8. Faculty *

Mark only one oval.

- FBF
- FICT
- FAS

Section B: Factors affecting the intention towards education loan repayment among university students in Malaysia.

Note: Scale 1 indicates that you strongly disagree with the statement and 5 indicates you strongly agree with the statement

[Strongly disagree = 1, Disagree = 2, Neutral = 3, Agree = 4, Strongly agree = 5]

Sub-section 1: Education Loan Repayment Intention

9. 1) I will make repayment because it is my priority. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

10. 2) I will find any job after I graduate to pay back student loan. *

Mark only one oval.

- Strongly Disagree

- Disagree
- Neutral
- Agree
- Strongly Agree

11. 3) If I am unemployed after I graduate, my parents will make repayment, and I will continue paying the remainder after I get a job. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

12. 4) I will save part of the loan during study, so that I can make repayments immediately after I graduate. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

13. 5) I will make regular payments through salary deduction. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

14. 6) I will make regular payments to reduce debt. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

15. 7) I will make regular payments to avoid problems in the future. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

16. 8) I will make regular payments after graduate to avoid burdening my parents in the future. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Sub-section 2: Student Attitude

17. 1) I always declare my debts. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

18. 2) Given the precise information from the relevant authority, I prefer to pay my debt timely. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

19. 3) If there was a need to maintain a good credit history, I would declare my debts timely. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

20. 4) I always follow the procedures to repay back the students loan. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

21. 5) I am willing to repay the loan after completion of my studies. *

Mark only one oval.

- Strongly Disagree

- Disagree
- Neutral
- Agree
- Strongly Agree

Sub-section 3: Parental Influence

22. 1) My parents advised me after I graduate to find any job to pay the loan first. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

23. 2) My parents advised me after I graduate to make regular payments to reduce the debt. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

24. 3) My parents advised me to save from the PTPTN loan whilst as a student, so that I can make payments immediately after I graduate. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

25. 4) My parents' experiences with loan influence me to make repayment after I graduate. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

26. 5) My parents remind me of the importance of making loan repayment after I graduate. *

Mark only one oval.

- Strongly Disagree
- Disagree

- Neutral
- Agree
- Strongly Agree

27. 6) My parents remind me to pay back loan after I graduate to avoid problems in the future. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Sub-section 4: Perceptions toward Loan

28. 1) I think the loan agreement was written too long. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

29. 2) The loan agreement was difficult to understand. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

30. 3) The time given to complete the loan agreement form was not enough. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

31. 4) The loan agreement need to use the language that is more easily understood. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

32. 5) The loan agreement content is not clear. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

33. 6) I only depend on the information given from briefing organised by the university to fill up the loan agreement form. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

34. 7) Term used in loan agreement is only suitable for Law students. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Sub-section 5: Perceived Quality Life after Graduation

35. 1) Loan repayment will affect my decision on the selection of the place to stay. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

36. 2) Loan repayment will affect my decision on job options. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

37. 3) Loan repayment will affect my decision on when to get married. *

Mark only one oval.

- Strongly Disagree
- Disagree

- Neutral
- Agree
- Strongly Agree

38. 4) Loan repayment will affect my decision on when to buy my first car. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

39. 5) Loan repayment will affect my decision on when to have my first child.

*

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

40. 6) Loan repayment will affect my decision on buying a house. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

41. 7) Loan repayment will affect my decision on how much money I will contribute to my parents. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Sub-section 6: Financial Literacy

42. 1. I know about managing loan repayment schedule. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

43. 2. I have a better understanding of how to manage my credit use. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

44. 3. I have adequate skills in managing my finances. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

45. 4. I have a budget I follow before making loan repayment. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

46. 5. I receive financial training before acquiring microloans. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

47. 6. I can prepare my loan repayment schedule. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

48. 7. I am knowledgeable about loan procedures. *

Mark only one oval.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree