

## **Malaysian Challenges and Experiences with National Higher Education Fund Corporation's Educational Loan Default**

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**Abstract :** This paper attempts to explore the factors causing student loan defaults among NHEFC borrower besides measuring the enforcement actions that have been took by NHEFC to improve repayment rate. It starts by reviewing the causes of student loan default from the perspective of the loan borrowers besides finding out about the effectiveness of approaches taken by NHEFC (National Higher Education Fund Corporation) until now in order to increase the repayment rate and recover student loan default. The results gathered from the research used to investigate or identify the relationship between job statuses, gender, and ethnicity of the borrowers with repayment status, enforcement from the NHEFC side in the sense of student loan repayment; and respondent's opinion about enforcement in encouraging repayment of student loan and recover loan default. A combination of unemployment, financial constraint, inefficient repayment method and some other reasons of student loan defaults were discovered through this research. It finishes by presenting the reality whereby a student loan default is a result of inability to pay back and not about willingness to pay back.

**Keywords :** loan default, loan recovery, loan repayment, national higher education fund corporation

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