

## Factors Affecting Loan Repayment Defaults Among Students at Guangdong Preschool Normal College in Maoming

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**Abstract:** The purposes of this research were 1) To study the current situation of student loan default in China. 2) To study the influencing factors of student loan default. The population/sample for this research were 1150 graduates of M higher vocational colleges in Guangdong. The sample group was 374 graduates from Guangdong Preschool Normal College in Maoming. The research instruments were literature analysis and questionnaire survey. Statistical analysis is performed using statistical methods such as mean, S.D.

The results were found that : 1. The research finds that, from the statistical data of overdue cases, different colleges and universities differ in the sense of repayment and responsibility of students, and it is necessary to conduct targeted education and guidance according to the characteristics of different colleges and universities. 2. The satisfaction results of loan students on economic status, credit status, employment status and regional differences show that among the four dimensions, students' employment status and economic status are medium, while students' credit status and regional differences are high.

**Keywords:** Default status, influencing factors.

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### 1. Introduction

As an important financial policy to help poor students complete their studies, the national student loan has played an irreplaceable role in the popularization of higher education in our country. However, in the operation of the policy, especially the recovery of funds after loan, there have always been defaults. With the continuous improvement of the popularization of education and the continuous rise of the cost of higher education, the importance of the national student loan as an important financial tool to support the students from poor families to complete their studies has become increasingly prominent. Since its implementation, the national student loan policy has effectively alleviated the economic pressure of many poor students and promoted educational equity and social progress. However, with the widespread implementation of the student loan system, the problem of loan default has gradually surfaced and become the focus of attention from all walks of life.

At present, the national student loan has achieved remarkable results, formed a relatively complete policy system and service system, and provided millions of poor students with valuable study financial support. However, with the continuous expansion of the loan scale and the complex changes of the graduate job market, some students have difficulties in repaying their loans after graduation, resulting in frequent defaults. According to Wang heshi (2014), the causes of post-loan defaults of students can be attributed to objective restrictions and subjective intentions. The objective restrictions include severe employment situation, low repayment ability, family economic difficulties, great economic pressure, defect of repayment system, and large repayment burden. Subjective intention includes low awareness of integrity and lack of motivation for repayment. Some students mistakenly believe that student loans are supported by the government, the consequences of default are light, and will not have a significant impact on personal credit records, so the sense of repayment is reduced. At the same time, they think that the loan has a long repayment period and grace period, so they have plenty of time to raise funds or repay until the economy improves, so they are relaxed about the current repayment. In addition, in the social environment, some students are affected by the surrounding classmates, friends or Internet public opinion, and learn that others are not severely punished for default, and even have a lucky mind, thinking that their own default can be easily passed, thus reducing the initiative of voluntary repayment. Guangdong M Vocational College is located in the Pearl River Delta region, the rapid economic development, competition pressure, graduates due to the severe employment situation, family economic difficulties, economic pressure, repayment system defects, repayment burden, low sense of integrity, lack of repayment motivation and other factors, leading to their default after the loan.

### 2. Literature Review

**2.1 Default behavior:** refers to the borrower's failure to fulfill the repayment obligation according to the agreed time, amount and manner in the student loan contract signed with the lender, including but not limited to late

repayment, insufficient repayment, refusal to repay, etc. Pang Haiquan (2022) pointed out in his research that post-loan defaults of national student loans in colleges and universities are common. According to his survey data, the default rate of student loans in a certain university continues to rise in recent years, and the default rate in 2021 will reach a staggering 6.8%. This data reflects that some students fail to fulfill their repayment obligations on time due to various reasons after obtaining student loans, which brings no small economic losses and credit risks to banks and schools.

**2.2** The influencing factors of loan default are the various factors that guide the borrower to fail to repay the principal and interest according to the loan contract. These factors can be divided from multiple dimensions, including but not limited to the borrower's personal factors, loan characteristics, external environment factors, etc. Tian Zhilei, He Tingting and Song Feiqiong (2019) focus on the default of student loans in the place of student origin and its influencing factors. Through empirical research, they found that factors such as students' family background, academic performance, place of employment and loan amount are significantly correlated with the default rate of student loans in the place of origin. In addition, they also paid attention to the impact of policy enforcement and regional differences on the default rate. The study provides a basis for formulating more accurate student loan policies.

### **3. Methodology**

#### **3.1 Population and sample group**

##### **Population**

The object of this study is the graduates of M higher vocational colleges in Guangdong, including 1150 graduates.

##### **Sample**

Sample randomly. The sample group was 374 graduates from Guangdong Preschool Normal College in Maoming

#### **3.2 Research Instruments**

##### **Questionnaire**

The questionnaire consists of two parts:

**Part 1:** The first part is a single choice of general information for the respondents. In this part, the survey items include gender, residence, grades and examination methods for entering universities to understand the basic profile of the respondents

**Part 2:** The second part is to investigate the factors affecting student loan default in Guangdong Maoming Kindergarten Teachers College. It is divided into four aspects: 1) students' economic status; 2) Students' employment situation; 3) The student's credit status; 4) Regional differences. A five-level scale was designed to investigate the satisfaction of students about whether they could repay on time.

#### **3.3 Data Collection**

A random sample of 374 students in Guangdong Maoming Preschool Normal College who applied for loans was selected to conduct a questionnaire survey. Questionnaires were collected from the respondents, and invalid questionnaires were screened and excluded. Statistics were made on the data collected from valid questionnaires, and the data were input into analysis software for data analysis.

#### **3.4 Data Analysis**

Through statistical analysis, the paper obtains the specific dimensions of students' satisfaction in Maoming Preschool Normal College, Guangdong Province, and analyzes students' economic status. Students' employment situation, students' credit status and regional differences are compared.

### **4. Results of Analysis**

The success rate of analysis results is 100%. The researchers sent questionnaires to 374 students who took out loans, and returned 374 of them

#### **4.1 Analysis of respondents' basic personal information**

General information statistics: In the first part of the questionnaire, the general information includes gender, family population, school during schooling, family income, etc. In this study, the researcher used frequency distribution and percentage to analyze the data, as shown in Table 4.1. The questionnaire is as follows:

**4.2he first part is about the basic situation analysis of students who apply for loans**

Table 4.1 The percentage of students who apply for loans

Item	Category	Frequency	Percentage
Gender	female	268	71.75%
	male	106	28.25%
Graduation time	5 years and above	20	5.38%
	3-5 years	126	33.69%
	1-3 years	192	51.34%
	1 year or less	36	9.62%
The department where the loan student attended school	School of Computer science	21	5.61%
	Faculty of Arts	32	8.56%
	College of science	16	4.28%
	School of Foreign Languages	81	21.66%
	School of Tourism Management	11	2.94%
	School of Finance and Economics	16	4.28%
	Academy of fine Arts	20	5.35%
	School of Educational Sciences	145	38.77%
	Conservatory of music	13	3.48%
Physical education institute	19	5.08%	
The residence of the loan student before enrollment	city	80	21.4%
	rural area	294	78.6%
The highest level of education of a parent (other than himself)	university and above	9	2.4%
	high school	17	4.5%
	middle school	325	86.9%
	elementary school and below	23	6.5%
The size of the student's family (including the student)	2 people and less	10	2.67%
	3 people	23	6.15%
	4 people	67	17.91%
	5 people and more	274	73.26%
The annual income of the student's family	10,000 yuan and below	35	9.35%
	10,000 to 30,000 yuan	317	84.76%
	30,000 to 50,000 yuan	17	4.55%
	50,000 yuan and above	5	1.34%
Loan student's current income	Temporarily out of work	44	11.77%
	3000 yuan and below	306	81.81%
	3000 to 5000 yuan	21	5.61%
	5000 yuan and above	3	0.8%

According to the collected questionnaires, the researchers made statistics on the basic situation of students applying for loans, as shown in Table 4.1. A total of 374 students participated in the questionnaire survey. According to the data in Table 4.1, it can be seen that the majority of students participating in this questionnaire are female students, 4.1, it can be seen that the majority of students participating in this questionnaire are female students, accounting for 71.75%, and male students account for 28.25%. Female students are more inclined to choose education majors, which may be related to female's traditional advantages and interests in the field of education. The majority of students are from the College of Education and Science, accounting for 38.78%, followed by the College of Foreign Languages, accounting for 21.66%, and the College of Tourism Management, accounting for only 2.94%. This is because the major orientation of the school is closely related to the early childhood teacher education, and the overall orientation of the school is highly consistent with the professional characteristics. More students choose students majoring in education, so the College of Education Science accounts for the main proportion among all the respondents. From the perspective of the household registration type of loan students, more of them are agricultural population, reaching 78.88%. From the perspective of family income, the annual household income of loan students is mainly concentrated between

10,000 yuan and 30,000 yuan, the total family size is more than 5 people, and the education level of parents is also below junior middle school. Due to their low income, these families often have difficulty in supporting their children's education. Therefore, these families generally have a higher application rate of student loans, which is consistent with the essence of national student loans to achieve educational equity. In terms of the current income of students, the middle and low income groups account for 69.51%, while the high income groups account for only 5.88%. In the survey sample, low-income students occupy the dominant position and may face greater pressure of repayment. Low income can cause them to struggle to pay their loans on time, increasing the risk of default; A small percentage of students in the survey sample have relatively high levels of income, but they have relatively high levels of income and may be better able to repay their loans. However, this does not mean that they will not default, because default behavior can also be affected by a variety of other factors, such as personal credit, loan conditions, and willingness to repay.

#### 4.3Part 2 The current situation of student loan default in China

Current situation of national student loan defaults in Guangdong M higher vocational colleges 2024 data collection			
college	Valid head count	Overdue number	Overdue amount
School of Computer science	21	0	0
Faculty of Arts	32	1	6500
College of science	16	0	0
School of Foreign Languages	81	1	5400
School of Tourism Management	11	0	0
School of Finance and Economics	16	0	0
Academy of fine Arts	20	0	0
School of Educational Sciences	145	1	6400
Conservatory of music	13	1	1100
Physical education institute	19	2	1400

From: China Development Bank and Guangdong M higher vocational college funding management center.

School of Computer Science, School of Tourism Management, School of Finance and Economics, School of Fine Arts, College of science: These five schools have no overdue cases, indicating that students in these schools have a high sense of consciousness and responsibility in repayment of student loans. College of Liberal Arts: The number of valid statistics is 32, the number of overdue is 1, accounting for 3.12% of the total number, and the amount of overdue is 6500 yuan. School of Foreign Languages: The number of valid statistics is 81, the number of overdue is 1, accounting for 1.23% of the total number, and the amount of overdue is 5400 yuan.

School of Education Science: The number of valid statistics is 145, the number of overdue is 1, accounting for 0.69% of the total number, and the amount of overdue is 6400 yuan.

Conservatory of Music: There are 13 valid statistics, 1 overdue, accounting for 7.69% of the total, and the overdue amount is 1100 yuan.

College of Physical Education: The number of valid statistics is 19, the number of overdue is 2, accounting for 10.53% of the total number, and the amount of overdue is 1400 yuan.

Through the above analysis, we can more clearly understand the current situation of national student loan default behavior of Guangdong M vocational colleges, and provide certain basis for the better development of Guangdong M vocational colleges.

#### 4.4Part 3 Data analysis of students' satisfaction with the description of the reasons for default behavior of national student loans. Presented in the form of average values.

Table 4.2 Statistical table for each variable

Items	M	S. d. 姆	meaning 姆
1. loan students Financial status	3.376	0.804	medium
2. Student's employment situation	<b>3.233</b>	0.634	medium
3. Student credit status	3.912	0.757	high
4. Regional variation	3.531	0.7451	high
Total	3.513	0.735	high

According to Table 4.2, this study investigated the influencing factors of national student loan default among higher vocational college students in Guangdong Province. The survey covers four dimensions: students' economic status, credit status, employment status and regional differences are at a high level ( $M = 3.513$ ,  $S.D. = 0.735$ ). In order of student satisfaction from high to low, students' credit status ( $M = 3.912$ ,  $S.D. = 0.757$ ), regional differences ( $M = 3.531$ ,  $S.D. = 0.745$ ), students' economic status ( $M = 3.376$ ,  $S.D. = 0.804$ ), students' employment status ( $M = 3.233$ ,  $S.D. = 0.634$ ).

Table 4.3 The Average Value (M) and Standard Deviation (S.D.) of loan students Financial status (n=374)

Items	M	S. d. 姆	meaning
1.The extent to which financial stress (e.g., low income, unemployment, etc.) contributes to student loan defaults	4.160	0.835	high
Financial support from your family members for your repayments	2.599	0.949	medium
3.There are special events in life, in such an emergency situation your ability to repay	3.259	0.894	medium
4. You understand the potential consequences of default, such as credit losses and legal liability	4.104	0.787	high
5.Your current economic level determines the degree of attention and awareness of your responsibility for repayment	4.430	0.690	high
6. Your current financial situation determines how satisfied you are with your current repayment ability	2.939	0.866	medium
7.The extent to which you are satisfied with your current living expenses (e.g. accommodation, transportation, etc.)	3.206	0.763	medium
8. You are satisfied with your current socio-economic situation	3.027	0.802	medium
9.A match between your current job and your interests	3.059	0.737	medium
10. Your satisfaction with your current job security	2.981	0.715	medium
Total	3.376	0.804	medium

According to Table 4.3, The study found that "the satisfaction of financial situation" was not high ( $M=3.376, S.D.=0.804$ ), in which students' economic level determined the degree of attention and awareness of students' repayment responsibility at a higher level ( $M=4.43$ , standard deviation =0.69), indicating that students attach great importance to the impact of repayment responsibility awareness on loan default. The second is the impact of economic stress (such as low income, unemployment, etc.) on student loan default ( $M=4.16$ , standard deviation =0.835). Students with loans generally believe that financial stress has a greater impact on loan defaults. Students' satisfaction with their repayment ability ( $M = 2.939$ , standard deviation = 0.866), cost of living satisfaction ( $M = 3.206$ , standard deviation = 0.763), socioeconomic status satisfaction ( $M = 3.027$ , standard deviation = 0.866) = 0.8.2), The level of future career prospects ( $M = 3.059$ , standard deviation = 0.737) and stability ( $M = 2.981$ , standard deviation =0.715) are the same, and satisfaction is generally not high. These factors also have an impact on loan default.

Table 4.4 Mean (M) and Standard deviation (S.D.) of student's employment situation

Items	M	S. d. 姆	meaning姆
1.The uncertainty of the current job market, low income, etc., how difficult it is for you to repay your student loans	3.861	0.734	high
2. Your knowledge of your industry and career prospects	3.479	0.607	medium
3.You are satisfied with your current job	3.088	0.631	medium
4. A match between your current job and your interests	3.078	0.677	medium
5.You are satisfied with your current work environment (e.g., co-workers, company culture, office facilities, etc.)	3.163	0.551	medium
6. Your satisfaction with the base salary and benefits package you received	3.003	0.619	medium
7. A match between your current job and your major	3.286	0.660	medium

Items	M	S. d. 姆	meaning姆
8. Your preference for different types of businesses or organizations in addition to your current job	3.184	0.508	medium
Your specific requirements for your work place (such as domestic or foreign, remote mountainous areas, etc.)	2.976	0.752	medium
10. You adapt to the intense demands of the job	3.214	0.597	medium
Total	<b>3.233</b>	0.634	medium

According to Table 4.4, The satisfaction level of “student's employment situation ”is not high (M=3.233, S.D.=0.634). Among them, students rated the uncertainty of the job market and low income as the most difficult to repay student loans (M=3.861, S.D.=0.734), followed by knowledge of the industry and career (M=3.479, S.D.=0.607). The degree of job satisfaction and job content matching with their own interests is basically the same (M=3.088, S.D.=0.631), and the degree of satisfaction with the working environment (M=3.163, S.D.=0.551). Basic salary and benefits (M=3.003, sd =0.619), etc. In addition to their current work, the degree of preference for different types of enterprises or institutions (M=3.184, S.D.=0.508), the specific requirements for the workplace (such as domestic or foreign, remote mountainous areas, etc.) (M=2.976, S.D.=0.752), the degree of adaptability to high-intensity work requirements (M=3.214, S.D.=0.597).

Table 4.5 Mean (M) and Standard deviation (S.D.) of student credit status.

Items	M	S. d. 姆	meaning姆
1, your credit awareness and the importance you place on your personal credit history	4.337	0.728	high
2. The restraining effect of today's social credit system on default behavior	4.174	0.764	high
3, the level of credit education you have	4.265	0.711	high
4, how much you know about credit policy	3.973	0.739	high
5. Your tolerance for default	4.056	0.785	high
Your satisfaction with the credit counseling services offered by your financial institution	3.636	0.776	high
7, financial institutions to provide you with a loan, taking into account your ability to repay the degree	3.511	0.818	high
8, the binding strength of the social credit system on default	3.832	0.740	high
9. The existing credit reporting system accurately reflects the extent of your credit standing	3.751	0.743	high
10, the degree of satisfaction with the efficiency of financial institutions in handling credit disputes	3.583	0.766	high
Total	3.912	0.757	high

According to Table 4.5, the satisfaction of “students' credit status” is at a relatively high level (M=3.912, S.D.=0.757), among which students' credit awareness and importance are the highest (M=4.337, sd =0.728), followed by higher credit education (M=4.265, sd =0.711). The restraint effect of social credit system on default behavior (M=4.174, S.D.=0.764), students' tolerance of default behavior is low (M=4.056, S.D.=0.785), and their understanding of credit policy is high, but compared with other items, the average value is slightly lower (M=3.973, S.D.=0.764). S.D.=0.739), students believe that the social credit system has a strong constraint on default behavior (M=3.832, S.D.=0.74); Overall satisfaction with credit counseling services provided by financial institutions (M=3.636, sd =0.776). When financial institutions provide loans, there is still room for improvement (M=3.511, standard deviation =0.818). Students who took out loans considered the social credit system to be highly binding on default (M=3.751, S.D.=0.743). Students with loans are generally satisfied with the efficiency of financial institutions in handling credit disputes (M=3.583, sd =0.766), but there is still room for improvement.

Table 4.6 Mean (M) and Standard deviation (S.D.) of regional variation

Items	M	S. d. 姆	meaning 姆
1. The difference in local economic level, the extent of the impact on your repayment ability	3.653	0.790	high
2. The extent to which local government policies support your repayment	3.576	0.781	high
3. Quality educational resources can provide you with a better platform for learning and development, and you are satisfied with the distribution of local educational resources	3.581	0.781	high
4. School buildings in your area	3.420	0.787	express
5. The degree of sustainability and stability of local government education funding policies	3.52	0.753	high
6. The extent to which population distribution and differences influence policy making	3.471	0.669	express
7. The satisfaction of the local government's governance ability	3.505	0.749	high
8. The extent to which historical legacies have led to regional policy differences	3.595	0.705	high
9. The extent to which the region participates in international exchanges and cooperation and is therefore affected by international rules and standards	3.613	0.762	high
10. The social and cultural background of different regions affects the acceptance degree and implementation effect of policies	3.519	0.674	high
Total	3.531	0.7451	high

According to Table 4.6, "regional variation" the degree of satisfaction is also high (M=3.531, S.D.=0.7451), and the difference of local economic level has a certain impact on students' repayment ability (M=3.653, standard deviation =0.790). Local government policies have a certain supporting effect on students' repayment, and the degree of support is slightly higher than the medium level (M=3.583, S.D.=0.7451). Standard deviation =0.781). The degree of satisfaction with the distribution of local educational resources is higher (M=3.581, standard deviation =0.781), while the degree of perfection of school construction in residential areas (M=3.42, standard deviation =0.787) is slightly lower than the degree of satisfaction with the distribution of educational resources.

The sustainability and stability of local government education funding policies are relatively high (M=3.52, standard deviation =0.753), and loan students believe that population distribution and difference have a certain impact on policy making (M=3.471, standard deviation =0.669). Students with loans have higher satisfaction with local government governance ability (M=3.505, standard deviation =0.749), and students with loans believe that problems left over from history lead to regional policy differences to a certain extent (M=3.595, standard deviation =0.705). Students with loans believe that local governments are affected by international rules and standards to a certain extent (M=3.313, standard deviation =0.722), while students with loans believe that social and cultural backgrounds in different regions have a greater impact on the acceptance degree and implementation effect of policies (M=3.519, standard deviation =0.764).

#### 4.2 Results of Data Analysis

Data analysis Results Through the analysis of questionnaire data, the researchers found that the overall satisfaction level of national student loan default factors in M vocational colleges in Guangdong Province was high. Through the observation data, it is found that the employment status and economic status of students are medium, and the credit status and regional differences of students are high. To succinctly summarize the results of the data analysis on student satisfaction, provide the following details:

1. The employment situation of students is at a moderate level, and the uncertainty of the job market and low income increase the difficulty of repaying loans.
2. Students' financial situation directly affects their ability to repay loans, and students with high financial stress are at increased risk of default.
3. The higher students' credit awareness, the more likely they are to avoid default. Improving credit awareness and repayment willingness is the key.

4. Regional differences have a significant impact on students' repayment ability, and loan students generally believe that local economic differences affect their repayment ability.

### **Conclusion**

The researchers summarized their findings in the following two parts:

The research finds that, from the statistics of overdue cases, there are no overdue cases in the School of Computer Science, the School of Tourism Management, the School of Finance and Economics, the School of Fine Arts and the School of Science. By contrast, there are some overdue cases in other schools, such as the School of Literature, the School of Foreign languages, the school of music and the school of Physical education, and the proportion and amount of overdue cases are different. The research shows that there are differences between different colleges in the sense of repayment and responsibility of students, and it is necessary to conduct targeted education and guidance according to the characteristics of different colleges.

Through the investigation of students' satisfaction with the factors affecting the default of national student loan, it includes four dimensions: students' economic status, credit status, employment status and regional differences. In order from highest to lowest, they are: Student credit status ( $M = 3.912$ ,  $S.D. = 0.757$ ), regional differences ( $M = 3.531$ ,  $S.D. = 0.745$ ), student economic status ( $M = 3.37$ ,  $S.D. = 0.804$ ), and student employment status ( $M = 3.233$ ,  $S.D. = 0.634$ ). The results of the study indicated that students' employment status and financial status were assessed as medium, and students' credit status and regional differences were assessed as high.

### **Recommendations**

According to the study results, the researchers ranked the results of the four areas covered in this study from highest to lowest. The results show that the satisfaction of "student credit status" is at a high level, followed by "regional difference", "economic status", and "student employment situation". To solve the problems in various aspects, the following suggestions are put forward:

1. Regional differences: Pay special attention to loan students from economically underdeveloped or remote areas, and provide them with more educational resources and employment support, such as setting up special scholarships, providing internship and employment opportunities, so as to narrow the education and employment gap between regions.

2. Students' credit status: Schools should continue to strengthen credit awareness education, ensure that students with loans understand the importance of credit, establish a sound credit evaluation system, and strictly manage the credit behavior of students with loans.

3. Economic status: Measures such as strengthening financial education and planning, providing economic support and assistance, and flexibly adjusting repayment plans can improve students' satisfaction with financial status and repayment ability, and reduce the risk of loan default.

4. Student employment: Set up a special employment guidance department to provide personalized career planning and employment counseling for loan students to help them understand the job market and career development trends. At the same time, strengthen cooperation with enterprises to provide more internship and employment opportunities for loan students, especially special recruitment activities for loan students, to improve their employment competitiveness and employment rate.

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