



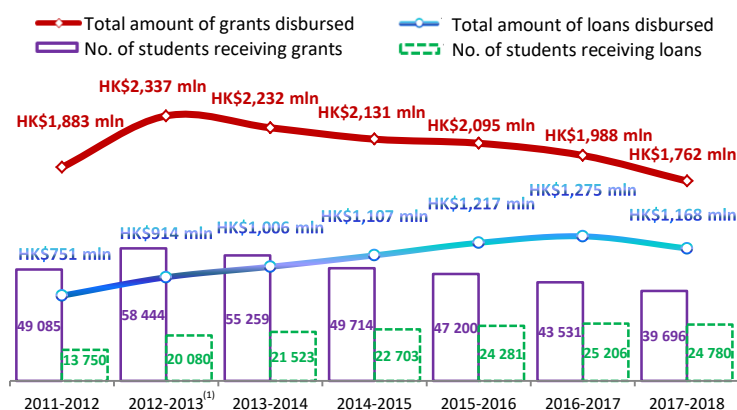
## Financial assistance for post-secondary students

### Figure 1 – Financial assistance schemes for post-secondary students

	Eligibility	Mode	Assistance provided
TSFS	Full-time publicly-funded post-secondary programmes	Means-tested	Grant for tuition fees <sup>(1)</sup> ; and loan for living expenses
NLSFT		Non-means-tested	Loan for tuition fees
FASP	Full-time locally-accredited self-financing post-secondary programmes	Means-tested	Grant for tuition fees <sup>(1)</sup> ; and loan for living expenses
NLSPS		Non-means-tested	Loan for tuition fees

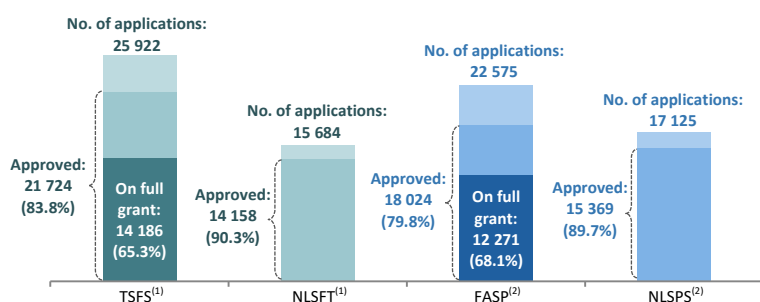
Note: (1) For families with income and/or net asset values above the minimum threshold, a discount factor is applied to the grant/loan disbursed.

### Figure 2 – Number of students receiving grants/loans for tuition and total amount disbursed, 2011-2012 to 2017-2018



Note: (1) 2012-2013 was a double cohort year in which the first cohort of students sitting the Hong Kong Diploma of Secondary Education ("HKDSE") Examination and the last cohort of day school students sitting the Hong Kong Advanced Level Examination ("HKALE") completed their secondary education at the same time.

### Figure 3 – Accessibility of grants/loans for post-secondary students in 2017-2018



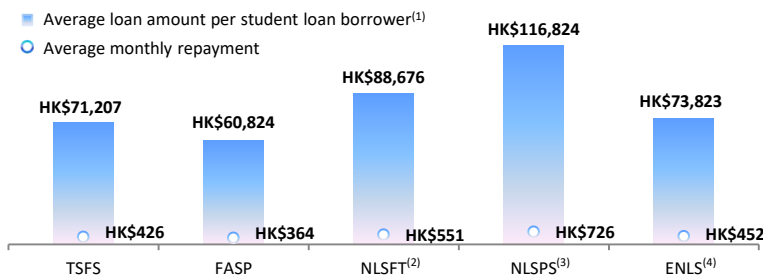
Notes: (1) The student population for publicly-funded post-secondary programmes eligible for TSFS and NLSFT was 101 104.  
(2) The student population for self-financing post-secondary programmes eligible for FASP and NLSPS was 73 511.

## Highlights

- The Working Family and Student Financial Assistance Agency ("WFSFAA") currently provides financial assistance to needy post-secondary students through (a) the Tertiary Student Finance Scheme – Publicly-funded Programmes ("TSFS"); (b) the Financial Assistance Scheme for Post-secondary Students ("FASP"); (c) Non-means-tested Loan Scheme for Full-time Tertiary Students ("NLSFT"); and (d) Non-means-tested Loan Scheme for Post-secondary Students ("NLSPS") (Figure 1). In 2017-2018, some HK\$3.29 billion was disbursed in the form of grant and/or loan to cover needy students' tuition fees and living expenses.
- The amount of **loans** disbursed for tuition under the above four schemes has increased steadily from 2011-2012 (Figure 2), due in part to the Government's measures in 2012 to lower the interest rate charged and extend the repayment period for non-means-tested loan schemes. Yet, the amount of **grants** disbursed for tuition has been on the decline since 2012-2013, notwithstanding an initial surge in number of recipient students due to the double cohort.
- The approval rates for student grant applications under TSFS and FASP have both remained at around 80% in recent years. In 2017-2018, TSFS was made available to 21 724 or 21.5% of the total number of students in publicly-funded programmes (Figure 3). Likewise, FASP covered 18 024 or 24.5% of the total number of students in self-financing programmes. Among the successful grant applicants of TSFS and FASP, 65.3% and 68.1% of them respectively received full subsidy for their tuition fees.
- For specific post-secondary/continuing and professional education courses not covered by the above schemes, the Government also provides the Extended Non-means-tested Loan Scheme ("ENLS"). In 2017-2018, ENLS disbursed around HK\$389 million to 6 430 students.

## Financial assistance for post-secondary students (cont'd)

**Figure 4 – Debt burden of graduates in 2017-2018**



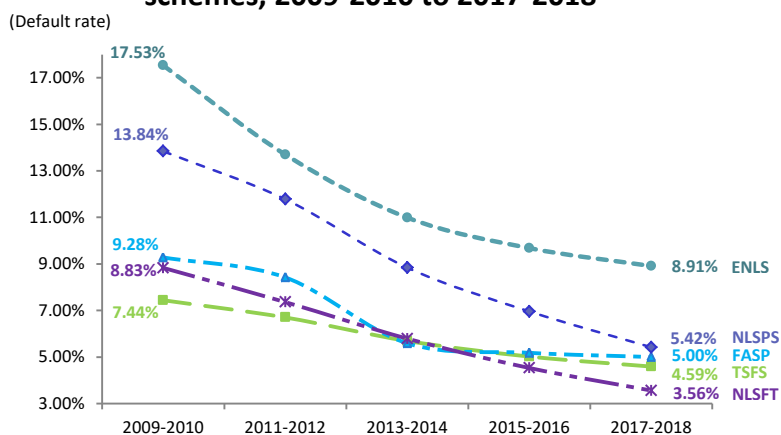
Notes: (1) The amount refers to the average amount of loan disbursed to a student loan borrower when he or she commences repayment. For non-means-tested loan schemes, some students may take out a smaller amount of loan because their tuition fees are already covered in part by grant.  
 (2) The tuition fees for full-time publicly-funded programmes ranged from HK\$15,040-HK\$42,100 per year in 2017-2018.  
 (3) The annual tuition fees of full-time locally-accredited self-financing programmes ranged from HK\$41,000-HK\$286,763 per year in 2017-2018.  
 (4) Since ENLS covers a wide range of eligible courses, information about the average annual tuition fees is not readily available.

**Figure 5 – Debt collection by the Government, 2009-2010 to 2017-2018**

	2009-2010	2011-2012	2013-2014	2015-2016	2017-2018
Expenditure involved in recovering student loans (HK\$ million)	12.5	20.6	24.3	28.8	35.7
<b>Default cases<sup>(1)</sup></b>					
No. of default cases where WFSFAA initiated recovery action	N/A	8 881	4 089	2 713	2 599
No. of default cases where legal recovery action was initiated	N/A	7 760	9 847	9 482	8 114
Total no. of default cases	17 374	16 641	13 936	12 195	10 713
Amount in default (HK\$ million)	284.7	284.1	224.1	191.5	159.3
<b>Write-off cases</b>					
Total no. of write-off cases	74	56	102	58	13
Amount in write-off (HK\$ million)	2.8	1.8	5.1	1.9	1.0

Note: (1) In general, student loans overdue for more than six months are considered as default cases.

**Figure 6 – Default rate of student financial assistance schemes, 2009-2010 to 2017-2018**



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## Highlights

- Student loans are generally repayable in 15 years by equal monthly instalments. Since 1 July 2012, the interest rate for means-tested schemes has been set at 1% per annum, whereas the prevailing rate for non-means-tested schemes is 1.231%. Due to low interest rate and long repayment period, the average repayment amount for student loans ranged from HK\$364 to HK\$726 per month in 2017-2018 (Figure 4), accounting for roughly 1.8%-5.5% of a post-secondary graduate's average monthly salary. However, some graduates reportedly faced heavier burden because they studied in multiple programmes and had taken out loans from more than one scheme.
- The debt burden of graduates may in part be reflected in the number of default cases handled by the Government, which totalled 10 713 in 2017-2018 (Figure 5). Yet, the number has eased somewhat from a high of 17 374 cases in 2009-2010, as WFSFAA has since 2010 strengthened its debt recovery action by deploying more resources to handle serious cases and expediting referral of cases to the Department of Justice. While the move incurred additional staff cost, the number and financial amount for default and write-off cases decreased over the period.
- Analysed by financial assistance scheme, the default rate of ENLS has been consistently higher than other schemes (Figure 6). This is in part due to the wider range of institutions, courses, and applicants covered by the scheme, which reportedly may render it more susceptible to fraud. As a means to further tackle defaults in ENLS and other schemes, it has been suggested that the Government step up its verification of indemnifiers, and/or forward negative credit data of loan defaulters to credit reference agencies.

Data sources: Latest figures from the Education Bureau and Working Family and Student Financial Assistance Agency.