



FINANCIAL LITERACY **FOR YOUTHS**

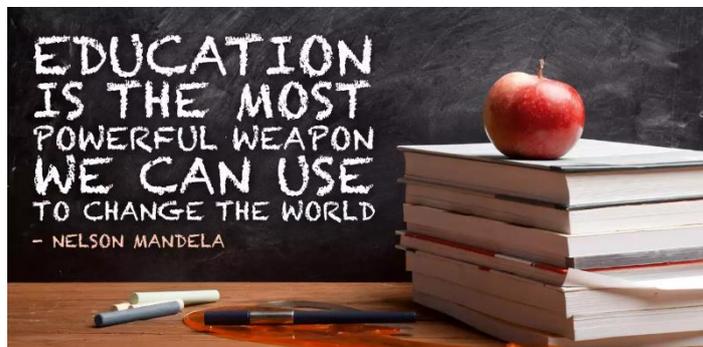


Funding Your Education



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Introduction



Source: Life Vest Inside

Education is universally recognised as one of the most important investments in human capital. An educated individual can potentially contribute to the socioeconomic development of the individual and the society as a whole, culminating to improvements in personal development and being more efficient in work (Tan and Mingat, 1992). Due to the vast benefits being portrayed by getting education, parents are eager to let their children experience the best possible choices in their education journey.

However, with the rising cost of goods and services, paired with a nearly stagnant real wage growth rate, as low as less than 1% in some communities (Zahiid, 2016), Malaysians are left with lesser disposable income as the years passed. This poses a significant problem for low and middle class families as they might not be able to save enough to fund the tertiary education expenses of their children. A counter-argument to this would be to send their children to local public universities, which costs a lot lesser than private or overseas universities. In reality, competition is intense for places in public universities. Not everyone is qualified enough to pursue their desired course there, which leads to the drastic increase in enrolment of private and overseas universities.

Fortunately, with the combined forces of both the public and private sectors, solutions are laid out to ease the burden financing a student's education.

2.0 Loans

Loans, the act of borrowing from a source for a specific period of time, should only be used to finance a short term need, or when the benefits outweigh the costs of borrowing.

Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN)



Source: PTPTN

PTPTN, also known as the National Higher Education Fund Corporation, is mainly responsible for issuing and recollecting loans for tertiary education purposes. It is a no-brainer for families due to the extremely low financing cost of as low as 1% interest rate per annum for PTPTN's loan. This is mainly for students who are pursuing their tertiary education in Malaysia, whether it is a public or private university.

For students who have achieved a first class honours in their courses, PTPTN offers them a chance to convert the full amount of their loans into a scholarship, subjected to terms and conditions as listed by the PTPTN. Other than being a golden opportunity for a high achiever to pounce on, some students have exploited it to gain some extra cash for their future needs.

It is also essential to know that if, unfortunately, the student failed to meet the requirements for a scholarship conversion, he or she must start to finance their loans 6 months after graduating from their course or face serious repercussions. According to The Star (2016), a staggering 97% of university graduates who took study loans between years 2014 and 2016 failed to repay their study loans and now have their names listed in the Central Credit Reference Information System (CCRIS). If your

name is found in CCRIS, you will instantly lose credibility on any loan applications due to your poor credit record in the past. Trust me, you would not want that to happen due to a naïve mistake.

Personal Loans

Of course, loans can be obtained from banks as well. While you are given more flexibility on the choices of universities (personal loans does not pose restrictions on your usage anyway), the financing costs of these loans will be off the roof, with interest rates ranging from 7-12% per annum (iMoney, 2016). Unless you are confident that the monetary returns arising from the course you read can the full amount of your personal loan, this method is highly unadvisable. You might end up defaulting your personal loan and eventually find your name in CCRIS, making your life harder.

Scholarships

Scholarships are awarded when a student achieves above average results, often paired with active extra-curricular activities, which persuades an institution to fund their studies.

Public Sector

Jabatan Perkhidmatan Awam (JPA) is sole scholarship provider from the public sector. Its scholarships ranges from catering the needy students (Program Dermasiswa B40), to sponsoring students who are top achievers in the public examination (Program Penajaan Nasional). However, it is sad to see the KPM Bursary being scraped off as it is one of the most lucrative scholarships available offered by the public sector.



Private Sector

CATEGORY 1: SCHOLARSHIP (Bond)

Features:

- Full education financial assistance from Pre-University/Foundation studies up to degree level at local and overseas institution (tuition fees, laptop, accommodation, and living allowance)
- Career Preparatory Suite (Internships, business assignment, presentation impact and effective communication)
- Bond period of 3 to 5 years (varies according to schemes)

Requirements:

- Minimum 6As in SPM 2015 or equivalent
 - Total annual household income of not more than RM150,000
 - Leadership experience in co-curricular activities
- Applicant must not be a recipient of any other scholarship or award from other organisation(s) or foundation

Field of Studies:

Accounting, Finance, Management, Marketing, IT, Economics, Banking, Actuarial, Mathematics, Human Resource, Psychology, Business, Law, Statistics, Investment, Risk Management, Engineering

Source: Maybank

If you are unable to find or secure a suitable scholarship from the public sector, you are always welcomed to try out scholarships offered by the private sector. Banks and large corporations in particular have offered scholarships for a wide range of purposes with the intention to fulfil their social responsibilities, further promote their brand name, and potentially benefit from a tax shield.

You will most likely be able to find a scholarship that suits you here. But bear in mind that the competition will be intense, and you will need to be the *crème de la crème* of all the applicants to impress the evaluator and get the scholarship. Moreover, scholarships that are offered in large amounts by the private sector usually comes with a bond to the company, which may be risky for you as you are unsure if the working environment suits you. On the bright side, you need not worry about employment post-graduation as you need to serve your sponsor.

Colleges and Universities

There are also scholarships offered by the education institution itself. From awarding academic merits to commending outstanding achievements, the institution is ready to keep the brightest talents to itself and provide the best education experience possible for the student. Furthermore, it also helps to promote the education institution itself as high achievers can potentially get achievements while bearing the name of the institution.



Working part-time

If you are still a little short of the amount required to pursue tertiary education, you might want to consider working part time to finance the remaining bits. Sales and promoting jobs are readily available for various entities, especially during weekends as they are eager to promote their products to a larger crowd compared to weekdays. It would be a plus point if these jobs have commission clauses upon reaching a certain sales threshold. You will not only be able to earn your fees, working hours will not affect your school hours as well, and you can also gain valuable real life working experience, effectively killing 3 birds with 1 stone.

Conclusion

Financing your education may sound tedious, but with the various options available, nothing is impossible. Of course, you can still rely on your parents' funding, but it is not advisable for them to spend too much on your education if you can find ways to reduce their burden. It is also important to choose a path that is most appealing to you before enrolling into any course to avoid any unnecessary wastage of both time and money. Malaysians from various sectors are willing to invest in the education field for the goodwill of the next generation, hence we, as students, should grab every opportunity available and transform them into bright futures.



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