



MBM suggests flexible income-based repayment scheme to tackle education loan arrears

By [Latifah Arifin](#) - October 4, 2024 @ 5:53pm



Malaysian Youth Council (MBM) president Mohd Izzat Afifi Abdul Hamid, said this approach can help as a 'way out' for graduates from public universities or technical institutions facing financial difficulties. NSTP/HAIRUL ANUAR RAHIM

KUALA LUMPUR: Implementing a flexible income-based repayment scheme presents a practical solution to addressing the issue of outstanding education loans.

Malaysian Youth Council (MBM) president Mohd Izzat Afifi Abdul Hamid, said this approach can help as a 'way out' for graduates from public universities or technical institutions facing financial difficulties.

"Some struggle to repay their loans due to low wages, unemployment, or leaving the workforce to become full-time homemakers," he told Berita Harian.

"Considering the financial situation of borrowers, MBM suggests introducing an income-based repayment scheme like those in other countries, for instance, countries like Australia and New Zealand have successfully implemented systems where the government collects payments once borrowers earn above a certain income," he added.

The Skills Development Fund Corporation (PTPK), deputy chairman Rajiv Rishyakaran yesterday said that a total of 115,780 borrowers' accounts for the funding have been found to be in default on their repayments and this brings the total unpaid arrears of PTPK borrowers since its establishment in 2000 to RM933.9 million.

Additionally, Mohd Izzat Afifi said that reforms to the loan scheme should be implemented, taking into account the current job market conditions and the rising cost of living.

He said the issue of student loan arrears is not unique to Malaysia. Even the United States student debt has reached US\$1.5 trillion, with many graduates struggling to repay their loans due to an unstable job market and low starting salaries.

"In South Korea, about 90 per cent of young people pursue higher education, leading to a faster rise in student debt compared to other forms of consumer debt.

"In this situation, various countries have introduced income-based repayment schemes to ease the financial burden on students and prevent a rise in loan defaults, which could negatively impact the national economy," he said.