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Student Loan Implementation in Nigerian Tertiary Institutions: Achievement and Problems

Eke, Ben Ethel, PhD
Department of Educational Psychology, Guidance and Counselling, Faculty of Education, Rivers State University, Port Harcourt

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Abstract: This study examines the implementation of student loan schemes in Nigerian tertiary institutions with specific focus on their achievements and the problems confronting their effective operation.

Adopting a position paper methodology, the study critically analyzes existing literature, government policies, official reports, and empirical studies on student loan schemes in Nigeria. The findings indicate that student loan implementation has recorded notable achievements, including increased access to higher education for students from low- and middle-income backgrounds, promotion of equity and social inclusion, improved academic commitment among beneficiaries, reduced dependence on immediate family support, and enhanced contribution to national human capital development. These achievements demonstrate the potential of student loan schemes as viable financing mechanisms for tertiary education in Nigeria. The study also identifies persistent challenges undermining the effectiveness and sustainability of the programme. These challenges include delays in loan disbursement, inadequate loan coverage relative to the rising cost of education, inefficient loan administration and management, low repayment compliance among graduates, limited awareness of the scheme, and accessibility constraints for students in disadvantaged regions. Such problems raise concerns about the long-term sustainability, efficiency, and credibility of student loan programmes in Nigeria. The paper concludes that while student loan schemes hold significant promise for transforming access to tertiary education in Nigeria, comprehensive reforms are required to address identified challenges. It recommends improved funding, streamlined administrative processes, enhanced digital management systems, effective repayment enforcement mechanisms, and intensified awareness campaigns. Strengthening these areas will enhance the effectiveness of student loan implementation and ensure that the scheme contributes meaningfully to educational development and national growth.

Keys words: Student Loan; Nigerian Tertiary Institutions; National Education Loan Fund (NELFUND).

1.0 Introduction

Student loan schemes are financial assistance programs designed to enable students in tertiary institutions to access higher education without being hindered by economic constraints. In Nigeria, the government, through the Students' Loan Board (SLB) and similar agencies, has attempted to implement student loan programs to alleviate the financial burden of tuition fees, accommodation, and other educational expenses. The implementation of these schemes is intended to increase enrollment, promote equity in access to education, and enhance the development of human capital.

Despite these objectives, the implementation of student loans in Nigerian tertiary institutions has faced several challenges. While some students have successfully benefited from these loans, contributing to improved access and academic performance, others encounter difficulties such as delays in disbursement, bureaucratic inefficiencies, inadequate loan coverage, and repayment issues. These challenges raise questions about the effectiveness, sustainability, and overall impact of student loan programs in achieving their intended goals.

Understanding both the achievements and the problems associated with student loan implementation is crucial for policymakers, educational administrators, and stakeholders to improve the system. Evaluating the program's successes and limitations can provide insights into how to optimize funding strategies, ensure timely access to loans, and minimize repayment defaults, thereby strengthening the role of tertiary education in national development.

2.0 Literature Review

2.1 Concept of National Education Loan Fund (NELFUND) in Nigeria: A Short Note

The National Education Loan Fund (NELFUND) a federal initiative in Nigeria designed to provide financial support to students in tertiary institutions across the country. The fund aims to make higher education more accessible by offering interest-free or low-interest loans to students who may not have the financial capacity to pay for tuition, accommodation, and other academic expenses. NELFUND is part of the government's broader effort to promote educational equity, human capital development, and national growth by ensuring that deserving students can complete their education without undue financial stress (ThisDay Live.2025; Punch NG, 2024).

Through NELFUND, eligible students can apply for loans online via the official portal, and the scheme emphasizes transparency, accountability, and efficient disbursement to beneficiaries. The fund also integrates repayment plans to ensure sustainability, enabling future students to benefit from the scheme (Nairametrics. 2024,; AllAfrica. 2025).

Objectives of NELFUND in Nigeria

The objectives of NELFUND according to (TheCable Nigeria 2024,; Pulse Nigeria. 2024) includes;

1. Enhancing Access to Education– To provide financial assistance to students who cannot afford the costs of tertiary education, thereby increasing enrollment in universities, polytechnics, and colleges of education.

2. Promotion of Educational Equity – To reduce barriers for students from low- and middle-income families, ensuring that financial limitations do not prevent academic achievement.

3. Support for Academic Excellence – To enable students to focus on their studies without the distraction of financial constraints, promoting better academic outcomes.

4. Sustainable Funding for Education – To establish a revolving loan system where repayment by graduates ensures continuous support for future beneficiaries.

5. National Human Capital Development – To cultivate a skilled and educated workforce by making higher education accessible to all, contributing to socio-economic development in Nigeria.

2.2 Concept of Student Loan

A student loan is a financial facility provided to students to help cover the costs of tertiary education, including tuition fees, accommodation, books, and other academic-related expenses. Student loans are typically offered by governments, banks, or educational financial institutions and are designed to make higher education more accessible to individuals who may not have the financial means to fund their studies independently. A student loan is a financial support system designed to assist learners in meeting the costs of higher education when personal or family resources are insufficient. It is often provided by governments, financial institutions, or educational funding agencies. The loan typically covers tuition

fees, accommodation, textbooks, transportation, and other academic-related expenses. Unlike scholarships or grants, student loans must be repaid after graduation, usually when the beneficiary secures employment (Ogunode, 2024).

The concept of student loans is rooted in the idea of investing in human capital By providing financial support, students can pursue their education without being constrained by immediate economic challenges, which in turn equips them with the knowledge and skills needed to contribute effectively to society and the economy after graduation. In most cases, student loans are expected to be repaid after the completion of studies, often with low or subsidized interest rates, to ensure the sustainability of the program for future students.

Student loans serve multiple purposes: they promote equity in education by enabling students from low- and middle-income families to access tertiary education, reduce dropout rates caused by financial difficulties, and encourage academic focus by alleviating the stress associated with funding education. Effective student loan programs are usually accompanied by clear guidelines on eligibility, application procedures, disbursement schedules, and repayment plans to ensure transparency and accountability.

The purpose of student loans is to reduce the financial burden on students and their families, thereby ensuring that financial constraints do not prevent qualified and talented individuals from pursuing tertiary education. In many countries, including Nigeria, student loan policies are intended to promote equity by giving equal educational opportunities to students from both wealthy and low-income backgrounds. However, effective administration, low interest rates (or interest-free conditions), transparent repayment plans, and accessible eligibility criteria are critical for such programs to succeed (Ogunode, 2024).

3.0 Methodology

The study adopts a position paper methodology, which involves a critical analysis of existing policies, literature, reports, and data regarding student loan schemes in Nigerian tertiary institutions. This method emphasizes the evaluation of evidence to formulate a well-informed stance on the effectiveness and challenges of student loan implementation.

Key steps in this approach include:

1. Literature Review: Examining academic articles, government reports, and publications from the Students' Loan Board and other educational agencies to assess the objectives, procedures, and outcomes of student loan schemes.

2. Policy Analysis Reviewing relevant policies, laws, and regulations governing student loans in Nigeria to identify gaps, strengths, and areas for reform.

3. Critical Evaluation: Analyzing both qualitative and quantitative evidence to identify achievements such as increased student access and enrollment, and problems such as delays, inadequate funding, and repayment challenges.

4. Position Formulation: Drawing conclusions and presenting recommendations based on the evidence, advocating for improvements in the design, administration, and sustainability of student loan programs.

This methodology allows for a comprehensive understanding of the student loan system in Nigeria, balancing empirical evidence with critical evaluation, and providing actionable insights for policymakers and stakeholders.

4.0 Result and Discussion on Achievement and Problems of Students loans implementation

The implementation of student loan schemes in Nigerian tertiary institutions has yielded several notable achievements. These achievements reflect the positive impact of financial support on access, equity, and human capital development in the country.

Increased Access to Higher Education

One of the primary achievements of student loan implementation is the expansion of access to tertiary education. By providing financial assistance, student loans have enabled students from low- and middle-income families to enroll in universities, polytechnics, and colleges of education. This has contributed to higher enrollment rates, particularly among students who would have otherwise been excluded due to financial constraints. Studies indicate that the availability of loans reduces the immediate economic barriers that hinder tertiary education access (Acheampong, A.B. (2010). One of the most significant achievements of the student loan programme in Nigeria is the expansion of access to higher education (Federal Ministry of Information and National Orientation, Nigeria. (2025). Financial constraints have long been a major factor preventing qualified students from enrolling in universities, polytechnics, and colleges of education. The availability of student loans has reduced the immediate burden of tuition fees, accommodation costs, and other academic expenses, thereby enabling students from economically disadvantaged backgrounds to pursue tertiary education (Federal Government of Nigeria. (2024).

Promotion of Equity and Social Inclusion

Student loans have helped bridge the gap between economically disadvantaged students and their wealthier peers. By targeting students who lack sufficient personal or family resources, the scheme promotes social inclusion and reduces educational inequality. This aligns with the Nigerian government's policy objectives of ensuring equal opportunities for all citizens to benefit from higher education (College Board 2014). The promotion of equity and social inclusion is another major achievement of student loan implementation in Nigeria. The programme is designed to provide equal educational opportunities to students regardless of socio-economic background. By targeting financially disadvantaged students, the loan scheme helps to narrow the gap between students from affluent families and those from low-income households (Sunday,2022). This achievement is particularly important in a country like Nigeria, where income inequality and regional disparities significantly affect access to education. Student loans serve as a policy tool for social justice by ensuring that academic ability, rather than financial capacity, determines access to tertiary education. Through this mechanism, the programme contributes to inclusive education, social mobility, and reduction of educational inequality, thereby fostering a more balanced and equitable society (Woodhall, 1998)..

Encouragement of Academic Commitment and Performance

Access to student loans often motivates beneficiaries to maintain academic performance and complete their programs. Knowing that their education is financially supported, students are more likely to remain committed to their studies. Some evidence suggests that loan recipients tend to demonstrate higher levels of persistence and dedication, which positively impacts graduation rates (Frank, Bhandary, & Prabhu, 2024). Student loan programmes have also contributed to improved academic commitment and performance among beneficiaries. When students receive financial support through loans, they are relieved of constant financial stress and uncertainty associated with paying school fees and meeting basic academic needs. This financial stability allows students to focus more on their studies, attend lectures regularly, and engage actively in academic activities. Evidence suggests that students who benefit from loan schemes are more likely to persist in their programmes and complete their studies within the stipulated time. The obligation to repay loans after graduation may also encourage beneficiaries to take their academic responsibilities seriously, as successful completion of their programmes is necessary for future employment and repayment. As a result, student loans indirectly promote discipline, motivation, and academic diligence among recipients.

Contribution to Human Capital Development

Student loans indirectly contribute to national development by facilitating the education of skilled professionals in various fields. Graduates who benefit from loans enter the workforce with competencies that enhance economic growth and social development. This is particularly significant in sectors requiring technical expertise, such as engineering, medicine, education, and technology (Musa, 2021).

The student loan programme has made a meaningful contribution to human capital development in Nigeria. By enabling more students to access and complete tertiary education, the programme supports the production of skilled graduates in critical sectors such as education, health, engineering, science, technology, and administration. These graduates constitute an essential workforce required for national development. Human capital development is central to Nigeria's economic growth, innovation, and global competitiveness. The student loan programme functions as an investment in the nation's future by supporting the training of professionals who contribute to productivity, entrepreneurship, and public service delivery. In this regard, the programme aligns with broader national development plans that emphasize education as a catalyst for sustainable economic and social transformation (Students Loans Access to Higher Education) Act, 2023, 2023).

Reduction of Dependence on Immediate Family Support

The availability of student loans reduces the immediate financial dependence of students on their families. This not only alleviates economic pressure on parents or guardians but also encourages self-reliance among students. Many students are able to focus on their studies instead of seeking part-time employment to cover tuition and living expenses, which can otherwise negatively affect their academic performance. Another notable achievement of student loan implementation in Nigeria is the reduction of students' dependence on immediate family support. Traditionally, the cost of tertiary education has placed significant financial pressure on parents and guardians, many of whom struggle to meet tuition and living expenses (Obunadike, Jiya, & Ajik, 2024). Student loans provide an alternative source of funding, easing the economic burden on families. This achievement promotes financial independence among students and allows families to allocate limited resources to other essential needs. In addition, reduced dependence on family support minimizes the need for students to engage in excessive part-time work or other income-generating activities that may negatively affect academic performance. By supporting students directly, the loan programme enhances their stability and overall educational experience (Jacob, Kalla, Olofu, & Lenshie, 2025).

B- Problems Facing the Implementation of Student Loans in Nigerian Tertiary Institutions

While student loan schemes in Nigeria have made notable contributions to higher education, their implementation faces several significant challenges that limit their effectiveness. These problems affect both the accessibility of funds and the sustainability of the program.

Delays in Loan Disbursement

One major problem is the frequent delay in the disbursement of student loans. Many students report receiving their funds late into the academic session, which undermines the primary purpose of the loan to provide timely financial support for tuition, accommodation, and study materials. Delays are often caused by bureaucratic inefficiencies, poor coordination between government agencies and institutions, and inadequate administrative processes. Such delays can force students to defer registration, compromise academic performance, or incur debts from alternative sources (Ng'ang'a, 2016).

Inadequate Loan Coverage

Another critical issue is that the loan amount provided is often insufficient to cover the full cost of tertiary education. Many students find that the funds only partially meet tuition requirements or fail to cover living expenses, books, and other necessary academic materials. This inadequacy forces students to seek additional financial support, which may not be readily available, increasing the risk of dropping out or experiencing financial stress during their studies (Ogunode, Dahiru, & Jogbojogbo, 2023).

Inefficient Loan Management and Administration

The administration of student loan schemes in Nigeria faces systemic inefficiencies. Issues such as lack of proper record-keeping, poor communication with beneficiaries, and inconsistent application of eligibility criteria lead to confusion and mismanagement. In some cases, deserving students are excluded due to procedural errors, while others may receive delayed notifications. These administrative

shortcomings reduce confidence in the loan system and diminish its overall effectiveness (Ogunode, Ukozor & Ayoko, 2023)..

Low Loan Repayment Compliance

Repayment of student loans is a significant challenge that threatens the sustainability of the scheme. Many graduates either delay repayment or fail to repay their loans entirely, often due to unemployment, underemployment, or lack of enforcement mechanisms. The absence of structured repayment tracking and incentives for compliance discourages repayment culture, creating a funding shortfall that limits the ability to assist future students (Ogunode, 2024)..

Limited Awareness and Accessibility

A substantial number of eligible students are either unaware of the existence of the loan program or do not understand the application process. In rural or under-resourced areas, poor dissemination of information, inadequate orientation programs, and lack of support from school authorities reduce student participation (Oshone, 2023). Limited accessibility, compounded by complex application procedures, restricts the potential reach and impact of the student loan scheme (Ogwo, 2024).

4.1 Conclusion and Recommendations

The paper examined student loan implementation in Nigerian tertiary institutions, achievement and problems. The paper concluded that student loan implementation in Nigerian tertiary institutions has achieved meaningful results in enhancing access, equity, academic commitment, human capital development, and financial independence among students. These successes underscore the importance of sustaining and improving the loan system to ensure broader and more effective impact.

The problems facing student loan implementation in Nigerian tertiary institutions—delays, inadequate coverage, inefficient administration, repayment issues, and limited awareness—highlight the need for comprehensive reforms. Addressing these challenges is essential to ensure that the scheme fulfills its purpose of enhancing access to higher education, promoting equity, and contributing effectively to national human capital development.

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