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Original Article

Perceptions of Students on the Effectiveness of Higher Education Student Loans in Malawi

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ABSTRACT

This phenomenological study examined the perceptions of students from selected public and private universities in Malawi regarding the effectiveness of the student loan scheme administered by the Higher Education Students Loans and Grants Board (HESLGB). This study followed a qualitative methodology and specifically used semi-structured interviews and document analysis to generate data. Semi-structured interviews involving 16 students from four universities in Malawi revealed that prior to receiving loans, many students faced significant financial challenges that adversely affected their academic performance and well-being. However, upon receiving a loan, students reported improvements in their academic outcomes and financial situation. Furthermore, this study has unveiled challenges in accessing loans, such as technical issues during the application process and delays in loan disbursement. The findings suggest that while the student loan scheme has positively impacted many students, there is a critical need for improved awareness and enhanced support systems to ensure equitable access to higher-education financing. Therefore, HESLGB should strive to address the concerns of students to ensure the effectiveness of the student loan scheme in Malawi.

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INTRODUCTION

Higher education is widely recognized as a key driver of economic development. This assertion is supported by extensive empirical research linking human capital to economic growth (Cooray, 2009; Adeleye et al., 2022; Wirajing et al., 2023; Bah, 2023). The Sustainable Development Goals (SDGs), adopted by the United Nations in 2015, emphasize the critical role of education in sustainable development through Goal 4: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all." This goal recognizes education as a fundamental human right and a vital driver for achieving all other SDGs (United Nations, 2015). Ozturk (2001) argues that education is one of the fundamental factors of development in that any country attains sustainable economic development only when it invests substantially in human capital. Education helps people to understand themselves and the world they live in and that the quality of life for an individual and a society depends on education. Education also enhances productivity, creativity, entrepreneurship, and technological advancement.

In recognition of the critical role played by education, countries, including Malawi, have been actively promoting higher education by reducing barriers to access. The government of Malawi recognizes that education plays a crucial role in economic development as such education has been embedded in key policies of the nation. Malawi Vision 2063 (MW2063) envisions "an inclusively wealthy and self-reliant industrialized upper middle-income country" by 2063. The vision identifies seven enablers for its achievement and one of the enablers outlined is human capital development. It cites the development of human capital and skills through education as an important factor in the transformation of the economy (National Planning Commission, 2020). Other national legal frameworks that promote higher education include the National Education Policy, National Education Sector Plan, Higher Education Act, and Education Act.

In recent years, enrollment in higher education institutions in Malawi has shown significant growth. The 2021/22 academic year recorded a total enrollment of 56,624 university students, and by 2023, the total number of undergraduate students reached 74,200, with 40,938 enrolled in public universities and 33,262 attending private universities (Ministry of Education [MoE], 2023). The number of universities has also increased, and the existing ones have been expanded. Currently, the country has 19 public and 33 private higher learning institutions (National Council for Higher Education, 2024).

Despite this increase in enrollment, financial challenges remain a major obstacle for some students pursuing higher education. Poverty continues to be a significant barrier, limiting access and retention in both public and private institutions. Arguably, Malawi is one of the low-income countries, and many Malawians cannot afford the relatively higher expenses associated with tertiary education. To promote equitable access to education, the Malawian government offers financial assistance through the Higher Education Students' Loans and Grants Board. This board is responsible for providing loans to economically disadvantaged students who cannot afford tuition fees at accredited public and private universities (HESLGB, 2021).

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Over the years, the number of students benefiting from these loans has steadily increased. For example, in 2018, a total of 13,035 students (8,212 males and 4,823 females) from both public and private universities were awarded loans (MoE, 2020). The latest figures show that the number of university loan beneficiaries has further increased by 14 percent from 22,742 in the 2022/23 academic year to 25,978 in the 2023/24 academic year (Chithyola, 2024). These efforts aim to bridge financial gaps and ensure that higher education remains accessible to all eligible students, regardless of their socio-economic background.

The financing of higher education in Malawi through student loans can be traced back to 1985 with the introduction of a cost-sharing model. Before this change, students received full government scholarships that covered tuition, stipends, and allowances for textbooks and stationery. However, under economic pressure from the Structural Adjustment Programs, the Government of Malawi restructured its approach to higher education financing. As a result, students were required to contribute to their education costs, raising concerns about the affordability for students from low-income families (HESLGB, 2021).

This change led to the introduction of student loans to reduce dropout risks and ensure continued access to education. Initially, these loans were managed by the University of Malawi (UNIMA) Central Office, which lacked the mechanisms to recover loans from beneficiaries. Later, the Ministry of Education assumed this responsibility, but similar challenges persisted. Public University Students' Loan Trust (PUSLT) was subsequently created in 2005, but it also struggled to recover loans effectively and was discontinued in 2009. During this period, Malawi Savings Bank was briefly engaged to administer the loans, but its efforts were hampered by the absence of a legal framework governing loan recovery. Due to these challenges, loan beneficiaries often perceive financial support as non-repayable grants, which worsens collection problems (HESLGB, 2021).

In response to these historical shortcomings, the Higher Education Students Loans and Grants Board (HESLGB) was established in 2015 through Act No. 2 of Parliament. The HESLGB operates with a clear legal mandate to administer, supervise, and recover loans, aiming to create a sustainable revolving fund. It focuses on providing financial aid to students from economically disadvantaged backgrounds, ensuring that financial barriers do not hinder access to higher education. This emphasizes the leave no one behind mentality.

Despite the government providing loans for years in Malawi, the literature on the effectiveness of these loans is limited. Studies on student loans in other countries have revealed both successes and challenges (Bomer et al., 2015; Kosse and Ishengoma, 2017; Onenomer et al., 2021). In Zimbabwe, Muchimba and Liestiawati (2024) recently revealed that grants and loans significantly boosted college enrolment among economically disadvantaged groups; however, barriers such as complex applications, debt concerns, and uncertain employment prospects were discovered. However, the literature is silent on the experiences of university students benefiting from government loans in Malawi. It is in this context that this study sought to explore the effectiveness of Malawi's student loan scheme through the perspectives of students enrolled in public and private universities. This study provides valuable insights into HESLGB for enhancing its services. It offers practical recommendations to policymakers for revising the current student loan policy and formulating new strategies to improve loan disbursement and recovery.

This paper is arranged as follows: following this introduction, section 2 reviews related literature, section 3 presents the methodology, and the subsequent sections present the findings, discussion, and conclusion.

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Main Research Question

What are the perceptions of students from public and private universities in Malawi regarding the effectiveness of the student loan scheme?

Supportive Research Questions

- What has been the impact of student loans on students' academic performance and financial well-being?
- How do students enrolled in private universities in Malawi perceive and understand the repayment terms and conditions of the available student loan schemes?
- What are the main challenges and barriers encountered by students when accessing student loans?
- What strategies can be implemented to ensure that the loans are more effective?

LITERATURE REVIEW

This section reviews some of the literature related to the study. The first section to be explored will be theoretical literature related to this study and the second section will explain the empirical literature on student loans.

Theoretical Framework

This study is guided by human capital theory. Schultz (1961) defined human capital as a source of additional income generated through the knowledge, skills, and abilities of individuals. Human Capital Theory posits that investments in education enhance an individual's skills and knowledge, which subsequently increases their productivity and economic output (Becker, 1962). Expenditure on human capital is considered as an investment rather than consumption. This theory is particularly relevant in the context of student loans because they serve as a financial mechanism intended to facilitate access to higher education. Student loans are viewed as an investment in human capital, enabling students to acquire qualifications that can lead to better jobs. A study by Sokolovska et al. (2019) highlights that grants and loans play a crucial role in bridging the financial gap for students lacking resources to pursue higher education. This financial support enhances their human capital, increasing their potential for higher income and productivity in the future.

Student loans contribute to the development of a skilled workforce, which is essential for economic growth. Malawi's 2063 vision recognizes the key role played by human capital in economic development. Hence, the provision of loans is in tandem with the vision of the nation. However, the effectiveness of this investment is contingent upon the effectiveness of the loan scheme.

In summary and application of the Human Capital Theory, the theory is crucial in the context of student loans in that it recognizes the role of education in enhancing an individual's skills and knowledge consequently increasing their productivity and economic output. This encourages the government to prioritize student loans for its economic well-being and the good of its citizens.

Higher Education Student Loans Act in Malawi

The provision of student loans in Malawi is regulated by the Higher Education Student Loan Act of 2015. According to the Student Loans Act, to be eligible for a student loan in Malawi, applicants must meet certain criteria. These criteria include being a citizen of Malawi, being accepted into a recognized institution of higher education, and demonstrating financial need. Additional factors such as academic performance may also be considered during the application process (Government of Malawi, 2015).

The process of applying for a student loan in Malawi involves filling out an application form, submitting the necessary supporting documents, and passing through a selection process conducted by HESLGB. Once approved, the loan is disbursed

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directly to the institution on behalf of the student (Government of Malawi, 2015).

Loan beneficiaries are obligated to repay their debts to the government through the Board. They must begin repayment within two years of completing their course whether successfully or not, or upon early termination of their studies. The total repayment amount is calculated based on a formula provided by the Board. Self-employed beneficiaries have similar obligations; they must start making monthly payments to the Board within two years of beginning self-employment. (Government of Malawi, 2015).

Empirical Studies on Student Loans

Studies highlight the role of student loans in improving access to higher education, particularly for students from underprivileged backgrounds (Wanyama et al., 2016; Mgaiwa & Ishengoma, 2023; Fatimayin et al., 2024). Onen et al (2015) studied the management of loan schemes in Kenya, South Africa, Ghana, and Namibia. He argued that there is no doubt regarding the effectiveness of student loan schemes as these loans played a significant role in expanding access to higher education, increasing retention rates among disadvantaged students, diversifying funding sources for educational institutions, and contributing to the development of human resources in key sectors across different nations.

Solis (2017) found that credit access in Chile led to a 100% increase in immediate college enrollment and a 50% increase in the probability of ever enrolling. Similarly, in Ghana, Alhassan (2016) found that the student loan scheme facilitated increased enrollment at Kwame Nkrumah University of Science and Technology by reducing financial barriers. Canton and Blom (2004) also confirmed that student loans enhanced access to education by alleviating financial constraints, especially for low-income students in Mexico. A study in Nigeria by Fatimayin et al. (2024) has recently revealed that student loans improve students' retention rates by providing financial support to students. In Zambia, Masaiti et al. (2016) revealed that Zambian students support the introduction of the student loan scheme, viewing it as a cost-effective measure to assist students from vulnerable backgrounds.

Despite loans having generally increased access, loan schemes are facing various challenges. Loan repayment challenges are a common theme in student loan programs in Africa. Financing systems across Africa face similar issues, including complicated application processes, delays in loan disbursement, and inadequate mechanisms for identifying deserving applicants (Onen et al., 2015). In Kenya, Nganga (2016) identified demographic factors, such as income levels and employment status as key determinants of students' ability to repay their loans. High unemployment rates and inadequate financial literacy further exacerbate repayment issues, leading to higher default rates. Similarly, in Tanzania, Kossey and Ishengoma (2017) and Mapunda (2019) found that the lack of a national identification system and poor record-keeping hinder effective loan recovery. These challenges are compounded by systemic issues such as corruption, insufficient coordination among government agencies, and public resistance to repayment. Repayment challenges hinder the ability of the loan schemes to be a revolving fund. The National Student Financial Aid Scheme (NSFAS) in South Africa is crucial for addressing educational disparities but Onen et al. (2015) reported the scheme faced challenges such as unpaid loans from graduates and reduced funding for current students.

Mgaiwa and Ishengoma (2023) have reported that despite increasing numbers of loan applicants in Tanzania and a growing budget for student loans, some students are unable to secure loans due to factors such as government budget constraints. The study revealed that the screening mechanisms used to identify needy students are ineffective, often excluding some eligible applicants who lack the knowledge or ability to appeal their cases. As a

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result, many students are denied access to higher education, exacerbating inequalities. Furthermore, the loan issuance processes employed by the Tanzania Higher Education Students' Loans Board (HESLB) are flawed and inconsistent, often barring qualified applicants from receiving financial support and deepening social inequities. The loan scheme falls short of providing sufficient and equitable financial support to all eligible students. The timely loan disbursement also emerged as a challenge. Bomer et al. (2021) showed that delays in loan disbursements in Kenya negatively affected students' ability to register for courses, attend classes, and manage personal expenses, ultimately impacting academic performance. In Nigeria, Fatimayin et al. (2024) have reported that students in Nigeria face challenges with repayment terms, corruption, and insufficient infrastructure, which limit the effectiveness of these loans. Chirwa et al., (2022) reported Malawi faced problems in recovering student loans, demand for loans exceeding available resources, limited compliance with repayment obligations by former beneficiaries and employers, misconceptions that the loans are government grants, and difficulties in tracing former beneficiaries before the introduction of National Identity cards in 2017.

There is a lack of sufficient studies that have assessed the attitudes of students toward tertiary loans except for Abu et al. (2006) who examined Malaysian students' attitudes toward loan repayment. The study revealed that while many students understood the terms of their loans, a significant proportion viewed repayment as burdensome. The findings indicated that negative perceptions of loan obligations could limit students' life choices after graduation. Enhancing public awareness and providing financial counselling could address these concerns by promoting responsible borrowing and repayment practices (Bomer et al., 2021).

Studies underscore the importance of financial literacy in the success of student loan programs. Griffiths (2022) argued that enhancing financial literacy among students reduces stress and empowers them to manage their debt more effectively. Similarly, Bostick et al. (2021) explored the experiences of Black graduate women in the U.S. and noted that targeted financial literacy programs could mitigate the psychological stress associated with educational debt. These findings highlight the need for integrating financial education into university curricula to equip students with essential financial management skills.

Conclusion

The literature indicates that while student loan programs have significantly enhanced access to higher education, persistent challenges related to repayment, management inefficiencies, and systemic barriers threaten their long-term sustainability. While there exists literature on student loans in other countries, in Malawi there is a critical gap. The question of whether higher education student loans are effective or not is yet to be answered.

RESEARCH METHODOLOGY

Research Approach

This study employed a qualitative research approach, specifically utilizing a phenomenological design. Phenomenological research aims to explore and describe the lived experiences of individuals regarding a specific phenomenon, allowing researchers to uncover the essence of these experiences (Creswell, 2017). This approach was particularly relevant for understanding the perceptions of students regarding the effectiveness of student loans in both public and private universities in Malawi.

Population and Sample

The study targeted 16 students from four universities in Malawi: Nkhoma University, Malawi Assemblies of God University (MAGU), Mzuzu University (MZUNI), and Lilongwe University of Agriculture and Natural Resources

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(LUANAR). The former are privately owned while the latter two are public universities. Participants were selected using purposive sampling, focusing on students who had benefited from student loans to ensure that their insights were relevant to the research objectives and based on their experience with student loans so that they could provide meaningful insights into the effectiveness of loans. Table 1 shows population demographics.

Table 1: Population Demographics

Universities	Participants	Sex	Year
Nkhoma university	A	M	2
	B	M	2
	C	F	4
	D	F	3
MAGU	A	M	2
	B	M	3
	D	F	3
	C	F	3
MZUNI	A	M	3
	B	M	4
	C	F	4
	D	F	4
LUANAR	A	M	2
	B	M	2
	C	F	2
	D	F	2

Data Collection Methods

The primary data collection method for this study was semi-structured interviews. Semi-structured interviews were conducted to gather in-depth qualitative data. This approach allowed for open-ended questions while providing the flexibility to explore emerging topics (Creswell, 2017). The interviews aimed to capture participants' views and experiences regarding student loans. Each interview was audio-recorded (with consent) and transcribed for analysis, ensuring accurate representation of participants' voices. In addition to interviews, document analysis was utilized to complement the qualitative data. This method involved reviewing relevant materials such as the Higher Education Student Loans Act and strategic plan.

Data Analysis Techniques

Thematic analysis was employed to analyze the data collected from interviews. Thematic analysis is a qualitative analytical method that identifies, analyzes, and derives themes within data (Braun & Clarke, 2013). This method allowed for a systematic examination of participants' responses, facilitating the identification of common patterns and themes related to their experiences with student loans.

Ethical Considerations

Ethical considerations were important in this study. The researchers obtained permission from the targeted universities and sought informed consent from all participants before conducting interviews. Participants were assured that their information would be treated with the highest confidentiality and used solely for research purposes. Additionally, they were informed about their right to withdraw

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from the study at any time without any repercussions.

RESEARCH FINDINGS

The findings are organized according to four major parts: impact on academic performance and financial well-being, understanding of loan repayment terms, challenges in accessing student loans, and strategies to enhance loan effectiveness.

Impact of Student Loans on Academic Performance and Financial Wellbeing

The study sought to establish the impact of loans on students' academic performance and financial well-being. Through interviews, students consistently reported having financial challenges prior to receiving loans, which significantly affected their academic performance and well-being. Many students expressed that their financial circumstances were not good before receiving the loan, affecting both their academic performance and financial well-being. Many participants indicated an inability to afford tuition fees, leading to restricted access to classes and academic resources. For instance, from LUANAR, student A recalled, *"Before the loan, I was unable to attend classes since I lacked money for my school fees, and my performance was not good at all…."* Others echoed these struggles, such as student A from Mzuzu University who stated, *"We did not know what to do together with my family. The future of my education was at risk."* Similarly, student D from MAGU highlighted that, *"I had no hope to continue with my education. My parents had the responsibility of paying fees for my younger siblings, and they were not working. It affected my performance."*

The students interviewed reported significant changes after receiving loans. After receiving loans, students reported notable improvements in their academic performance. Beyond academics, loans also alleviated stress and facilitated better living conditions. At LUANAR, student B explained that: *"After acquiring the loan, my academic performance changed such that I managed to get a distinction and became one of the best-performing students at the university. My daily life was also positively impacted. I started living a happy life and attending classes with my fellow students."* Others emphasized how loans enabled them to participate more actively in academic activities. Student A from MAGU shared, *"Due to the loan, I was not blocked from Google Classroom, where assignment instructions are posted, and submissions are made. I was able to attend all my academic assignments on time."* Student C also at MAGU noted a noticeable improvement in academic performance, *"My GPA improved from 2.60 to 3.2."*

However, some participants from private institutions shared mixed sentiments. They highlighted that the loans were insufficient to cover all essential needs, such as textbooks and living expenses. This financial shortfall, according to students, has affected their ability to study effectively. Student B from MAGU stated, "*We receive the same loan amount as those in public universities, but our tuition is higher. It's not really enough."* This indicates that while the loans provide relief, students in private universities still experience financial strain, which can undermine academic outcomes.

Understanding and Perception of Repayment Terms and Conditions

Research question number two sought to explore if students understood the repayment terms and what they perceived of them. Students demonstrated a basic understanding of the loan repayment terms, particularly regarding the repayment duration and their understanding of loan repayment terms varied. Student A from LUANAR when asked if he understood the terms of the loan, stated: *"The money will be paid two years after graduation with a 15 percent interest."* Student (C) from LUANAR claimed to be aware of more detailed conditions, saying, *"I am aware of repayment terms, including the need to start repaying six months after completing my studies."* There were inconsistencies

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in how repayment durations were articulated, with some students lacking clarity on the timeline.

Some participants reported being unclear about specific repayment conditions. Student B from Nkhoma University admitted, "I know I need to repay the loan within a specific period after graduating, but I'm still unclear about some of the details regarding interest rates and penalties for late payments." This lack of certainty suggests that some students have general knowledge of the terms of the loan, but not specific details.

Interest rates were a recurring topic, with students often mentioning the 15% annual rate. Student B from Mzuzu University highlighted, *"After two years of either successful or unsuccessful completion of my studies, I must return the money. In addition to that, there will be an interest of 15% annually attached to the loan."* However, discrepancies were observed, as Student D from the same institution referred to a 13% rate. This suggests variations in how students understand the loan terms. Many students also expressed concerns about how these rates might affect the total repayment amount, with student C from Nkhoma University describing the interest rate as *"daunting."*

Furthermore, while interest rates were considered fair by some, others felt uneasy. *"Yes, they are fair because we will pay back without any interest,"* noted Mzuzu University student (C). However, a different perspective from student C from Nkhoma University suggested a need for more flexibility: *"I wish there were options for lower rates or no interest during periods when a graduate is struggling to find work."* All in all, this study revealed that there was also confusion about repayment conditions.

The study also revealed that students were concerned about their future due to the loan conditions. Student D from MAGU pointed out the challenge of employment: *"Some students will be unemployed, making it hard to repay. Payment should be extended to three years to allow graduates to start a business since we are taught entrepreneurship."* Student B from Nkhoma University noted, "I don't find the terms confusing, but I'm concerned about the consequences of missing a payment. I've heard horror stories about that."

On the other hand, several students praised the repayment terms for their flexibility and supportiveness. For instance, Student B from Lilongwe University remarked, *"The terms are good, and they are really helping the students,"* while Student A from Mzuzu University highlighted the grace period, stating, *"They are good in such a way that they give enough time before students begin repaying the loan."*

The study generally finds that not all students have a good understanding of the terms of the loan, but they generally perceive the interest rates as fair. However, there were concerns about accumulating debt over time and how it might affect them in the future.

Challenges Encountered When Accessing Student Loans

Students reported various challenges during the loan application process, including network issues, confusing requirements, delays in the disbursement of loans, and extensive documentation needed for submission. Many expressed frustrations with online application systems that were difficult to navigate. Technical issues were among the most frequently cited problems.

At LUANAR, students encountered technical difficulties as stated by student B: "During the online application, there were network problems. Some students faced challenges due to a lack of internet bundle, making network issues the most challenging part." Similarly, overloading of the student loan website was reported as a significant issue, as noted by Student C from Mzuzu University: *"The crash of the online system sometimes makes the loan application hard."*

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Logistical challenges, such as gathering necessary documentation, were also a recurring theme. At MAGU, student B stated *".... Applying students must draw a map for their home instead of using Google Maps, which is difficult. There are also times when students do not have national IDs, which delays applications and leads to missed deadlines."* The financial burden associated with the application process was another significant concern. Students also criticized the application fee, saying, "The application fee of MK7,000 is too much for a struggling student. Why should you be asked to pay this fee when you're already struggling financially?" (Student C, MAGU). Student D from Mzuzu University said, *"The requirement for an application fee is a challenging issue since other students cannot afford to pay".* Delay in disbursement of loans was also cited as a concern. Student A from Mzuzu University stated that, "*the delay in the disbursement of student loans is a significant problem from my experience. I have seen my Friends failing to register for their courses on time because tuition fees are not paid promptly. I depend on the upkeep allowance to buy groceries and cover other expenses. When there is a delay, it increases my stress levels and affects my ability to focus on my studies. The situation worsens when the upkeep allowance takes a month or more to be released after the bonding process, making it hard to manage daily expenses and concentrate on academics*."

Strategies for Enhancing Loan Effectiveness

Participants offered several suggestions to improve the student loan scheme. Many students proposed an increase in the loan amount for those in private universities. Student A from Nkhoma University recommended:

"I feel students from private universities should also be given loans for all semesters like in the public universities. There are two semesters in a year: students from private universities pay for one semester and get a loan in another semester.

Additionally, students expressed the need for improvement of the loan process. "I believe the loan application process and repayment terms need improvement...offering flexible repayment plans would enhance the system's effectiveness" (LUANAR, Student C). Student D from Nkhoma University added, "One aspect that often needs improvement is the loan repayment process. Many students struggle with unclear terms, high interest rates, and lack of flexibility in repayment options after graduation."

Students also called for guidance during the application process. A student from MAGU noted that more guidance on applying through online portals would be beneficial*: "We were not taught enough on how to apply through a portal" (Student A). Similarly, student A from Nkhoma stated, "I think HESLB needs to simplify the application process and provide more guidance and support to students. They could also offer more information about the repayment terms and make the interest rates more affordable."*

DISCUSSION OF RESEARCH FINDINGS

The study sought to investigate the effectiveness of student loans in Malawi. The first research question aimed at exploring the impact of student loans on academic performance and overall well-being, utilizing human capital theory as a framework. The findings of this study highlight the critical role of student loans in mitigating financial barriers to education. The study has found that loans not only improved academic outcomes but also enhanced students' overall well-being. The findings indicate that student loans enable students to pay tuition fees, participate actively in academic activities, and access vital resources such as virtual learning platforms. This financial support is crucial, as it aligns with human capital theory by facilitating educational attainment. This theory argues that investments in education enhance individuals' skills and productivity, ultimately leading to improved economic outcomes for both individuals and society. Previous studies have shown that financial

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support enhances educational outcomes by reducing financial stress (Bomer et al., 2021; Alhassan, 2016). By alleviating stress, student loans allow students to focus on their studies. Furthermore, the study revealed that financial well-being improved among students after receiving loans, which contributed to increased mental well-being. Many participants reported feelings of happiness and emotional stability following loan disbursements. Bostick et al. (2021), observed that financial burdens extend beyond academics and impact emotional health.

The study also finds that some students do not have a good understanding of loan repayment terms. Their articulation of the repayment terms differed from the obligations stated by HESLGB in the Higher Education Student Loans Act. The Act states that students must begin repayment within two years of completing their course, whether successfully or not, or upon early termination of their studies. The total repayment amount is calculated based on a formula provided by the Board (Government of Malawi, 2015). The confusion expressed by some of the students suggests that knowledge gaps persist among students. Abu Bakar et al. (2006) revealed that many Malaysian students were uncertain about repayment timelines and there was a need for clear communication. A study by Batizani and Quetishat (2022) done in a Malawian college found that many of the undergraduate students were lacking in terms of financial knowledge and competencies. As found by Griffiths (2020) and Jia (2020), targeted financial education programs could empower students to better manage their loan obligations and reduce financial stress. The analysis also reveals that while students generally perceive the loan terms as fair, there were concerns about debt accumulation and employment uncertainties highlighting the need for enhanced communication and flexibility in repayment terms. Despite these benefits, concerns about high interest rates and post-graduation repayment obligations were prevalent among students. A study by Yankovich (2019) revealed that students lose confidence in their ability to repay larger loans, leading to increased stress levels. Abu Bakar et al. (2006) revealed that many Malaysian students viewed loans as burdensome.

The study identifies several barriers that hinder students' access to loans, including high application fees, network connectivity issues, and burdensome administrative processes. These challenges are consistent with the findings of Kossey and Ishengoma (2017), who reported similar obstacles in Tanzania's loan scheme. Other challenges like poor internet access and the need to submit maps echo findings from Fatimayin et al. (2024) in Nigeria, where administrative inefficiencies hinder effective loan access. Muchimba & Liestiawati (2024) reported that students in Zimbabwe often perceive application procedures as lengthy, bureaucratic, and confusing, which leads to discouragement and feelings of being overwhelmed. The study also found that the loans are inadequate. Particularly, students from private universities were burdened by the Board’s decision to pay fees for one semester. The inadequacy of student loans confirms the findings of Akumu (2017) in Kenya. It was also reported that the Board disburses loans late thereby inconveniencing students. These challenges potentially make the student loan scheme in Malawi ineffective.

The study also showed that students were of the view that student loan amounts should be increased, and the process of loans should be improved. Guidance during the whole process was cited as necessary.

In summary, while the student loan scheme in Malawi offers meaningful financial support that improves academic and financial well-being, significant challenges persist. These include students' uncertainty regarding repayment obligations, and technical challenges, all of which have been observed in similar programs internationally.

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Implication to Research and Practice

The study highlights the critical role played by student loans in enhancing academic performance and financial well-being among students in Malawi. However, the challenges revealed in this study imply that HESLGB needs to improve. The findings of this study imply that the student loan scheme is a work in progress. Much as it has improved the plight of many students, there is still room for improvement. The board should address challenges such as inadequate loan amounts and unclear repayment terms. Addressing the challenges that have been highlighted in this study can improve the effectiveness of the loan scheme.

CONCLUSION

This study explored the effectiveness of student loans in Malawi by getting perceptions from its beneficiaries. The study involved 16 students from four universities in Malawi. The study finds student loans enable students to remain in school, improve their academic performance, improve their financial well-being, and maintain mental well-being. However, gaps in students' understanding of repayment terms, combined with challenges in accessing loans, indicate areas that require immediate attention. For the student loan scheme to be more effective, several interventions can be employed. The HESLGB needs to provide clearer communication of repayment terms, improve the loan application process, and address the concerns of students from private universities.

Recommendations

Based on the findings of this study, this study makes the following recommendations:

- The HESLGB should focus on simplifying the loan application process, improving the communication of repayment terms, and addressing connectivity.
- HESLGB should introduce financial education initiatives for students to bridge knowledge gaps
- Revising loan disbursement policies, particularly for private university students, to ensure equitable support

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