

STUDENT LOAN DEFAULTS IN THAILAND: PROBLEMS AND GUIDELINES FOR SOLUTIONS

การผิดนัดชำระเงินกู้ยืมเพื่อการศึกษาในประเทศไทย : ปัญหาและแนวทางในการแก้ไข

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Abstract

The purpose of this research is to study the causes of Thai Student Loans Fund (SLF) defaults, analyze problems and their effect on the stakeholders, and guidelines for solutions. This is a documentary research with data collected from previous researches, articles, news, and other published materials from 1995-2014 and was analyzed by using inductive analysis.

The research findings related to the causes of defaults for repayment of SLF were: (1) Unethical mind of student debtors who intended to default. (2) Personnel in Financial Aid & Scholarship Division of high vocational schools and universities involved with screening and granting loans are dishonest and do not strictly conform to the rules and policies, coupled with commercial concentration of institutions. (3) Lack of updated and complete data base of borrowers, lack of systematic and proper information pool. (4) Inefficiency in not only procedures and policies of allocation and distribution of SLF but also in the systems used in collecting the loan repayments.

The guideline solutions are: (1) Inculcating sense of ethics and moral to student borrowers by educate them with ethics course and ethics training to convey knowledge and understanding of the policies and procedures in using the funds and strictly repayment of loans, awareness of the strong punishments in monetary and non-monetary terms; (2) Characteristics of implementing agencies with the right organizational structure: less bureaucracy with professional workers, open communication, leadership, teamwork, organizational culture, strategic plan, monitoring and public performance evaluation plan; (3) Proper and systematic procedure in repayment of loans which are accurate, updated, verifiable data pool among grantor, employer, revenue department, debt collector, and educational institutions.

Keywords: Student Loan Fund, Defaults, Problems, Solutions

บทคัดย่อ

วัตถุประสงค์ของงานวิจัยนี้เพื่อศึกษาสาเหตุของการผิดนัดชำระหนี้ ผลกระทบ และแนวทางการแก้ไขปัญหาเงินกองทุนให้กู้ยืมเพื่อการศึกษา การวิจัยนี้เป็นการวิจัยเอกสาร ศึกษาค้นคว้า การวิเคราะห์แบบอุปนัย จากงานวิจัย ข่าวสาร วารสารและสิ่งพิมพ์ที่เผยแพร่ ในช่วงระหว่างปี พ.ศ. 2538-2557

ผลการศึกษาพบว่าสาเหตุของการผิดนัดชำระหนี้เงินกองทุนให้กู้ยืมเพื่อการศึกษาเกิดจาก(1)การไร้ศีลธรรม จริยธรรมของผู้กู้ มีเจตนาเบี่ยงหนี้ (2)การคัดกรอง และการจัดสรรเงินให้กู้ยืมแก่นักศึกษาของหน่วยงานด้านการช่วยเหลือทางการเงินและทุนการศึกษา ปฏิบัติหน้าที่โดยขาดความซื่อสัตย์ ไม่เคร่งครัดตามกฎ ระเบียบ ข้อบังคับ แต่เมื่อเน้นผลในเชิงพาณิชย์แก่สถาบันการศึกษาเป็นหลัก (3) ขาดข้อมูล และฐานข้อมูล ที่ครบถ้วน ทันสมัย อันนำไปสู่ปัญหาการติดตาม รับชำระหนี้ และความผิดพลาดในการสื่อสารของสารสนเทศ (4) การขาดประสิทธิภาพในกระบวนการ นโยบาย การจัดสรร คัดสรร การแจกจ่าย ระบบการติดตามทวงหนี้ และการชำระหนี้ของกองทุนให้ทุนกู้ยืมเพื่อการศึกษา

แนวทางในการแก้ไขปัญหา คือ(1)การสอน การอบรมศีลธรรม และจริยธรรมเพื่อเป็นการ ปลูกฝัง และสร้างจิตสำนักให้นักศึกษาผู้กู้ โดยให้ความรู้สร้างความเข้าใจ และหน้าที่ที่ต้องชำระหนี้เงินกู้ การรับรู้ ทราบถึงผลกระทบ รวมทั้งบทลงโทษทั้งในรูปแบบทางการเงิน และรูปแบบอื่น (2) ความเหมาะสมสมของคุณสมบัติบุคคลการในหน่วยงานเงินกองทุนฯ มีความรอบรู้ มีความสามารถ ในการปฏิบัติหน้าที่อย่างมืออาชีพ มีประสิทธิภาพสูง ปราศจากการบริหารจัดการที่มีพิธีการมากเกินไป การทำงานเป็นทีม มีวินัย มีวินัย มีระเบียบแบบแผน ทำงานอย่างเป็นระบบสามารถตรวจสอบและติดตามผลได้(3) มีกระบวนการขั้นตอนการรับชำระเงินกู้ที่ชัดเจน เหมาะสม มีความถูกต้อง ทันเวลา และมีฐานข้อมูลที่สามารถติดตามผลได้อย่างเป็นรูปธรรม และเป็นปัจจุบันจากผู้ที่เกี่ยวข้องฝ่ายกองทุน นายจ้าง กรมสรรพากร ผู้รับชำระหนี้ และสถาบันการศึกษา

คำสำคัญ : เงินกองทุนให้กู้ยืมเพื่อการศึกษา การผิดนัด ปัญหา การแก้ไข

Introduction

Economic and social development of Thailand will be a continuous growth with a higher potential; it will depend on the development of human resource by granting and supporting their education. In a speech of Nelson Mandela he said "Education is the most powerful weapon which you can use to change the world"(Source: "Lighting your way to a better future: Speech delivered by Mr. N R Mandela at launch of Mindset Network," July 16, 2003). It implies that education plays an important role in the improvement, and development of economics, politics, social, and all aspect of a country. There are many student loan programs that have been developed; loans schemes that have been in place based on economic logic. Since additional educational qualifications enhance labor market earnings, loans enable students to delay payments for education until they can earn after their graduation. The loan will subsidize students' tuition

fees and also their living expenses.

The main objective of loan schemes varies from country to country. The strongest case for the introduction of loan schemes can be made where its purpose is to facilitate greater cost recovery and lower public expenditure by enabling educational institutions to raise tuition fees. Student loans aim at encouraging youngsters to access and continue their education to higher levels up to minimum undergraduate level. For long term, it expects greater social and income equality.

In Thailand there are two types of loan schemes, the first is Student Loan Fund (SLF) where the government acts as a guarantor for student loans provided by banks or, equivalently, loans provided by the government to be repaid within fixed time periods for 15 years. It was initiated in 1996. The second type is an income contingent loan in which repayments are collected through the income tax system, with repayments dependent on student debt-

ors' future economic circumstances.

In Thailand, the national economic and social development plan which included "Student loan fund" plan was implemented in 1995 when Mr. ChuenLeekpai was the prime minister. The student loan fund was approved and granted on March 28, 1995, for the purpose of expanding and providing education to all young people especially for students who come from low income families where parents are not able to give financial support. It started granting loans in the academic year 1996, the student loan fund is a working capital as stated in article 12 of Treasury Act B.E. 2491, and it was announced and had legal action as "Student Loan Fund ACT B.E. 2541" under the regulatory and control by Ministry of Finance. It approved of granting student loans for students who came from families whose earnings per year was less than baht 200,000. The amount of grant included tuition fees, and living allowance which was provided to students in high vocational schools and universities in undergraduate level only. After the students graduate, they must repay their loan with simple interest at an annual rate of 1 percent on the principal, repayment within 15 years, and two-year grace period after graduating. Even with longer periods of repayment and lowest rate of interest at 1 percent from the borrowers, it still reveals that the defaults in loan repayments are continuously increasing.

The main purpose of granting student loans to Thai students is to give educational opportunities to students who come from the low income families, to give them an opportunity to further their studies at higher levels. We believe that the higher the level of education of students, the better is the

development of human resources that not only affect the quality of their personal life, but also reduces the problems of poverty and criminals in society which is necessary for economic development and security of the country. The current situations related to the student loan funds in Thailand are the high subsidized interest charges on loans, default on loan repayments and high administration costs which have resulted in low repayment proportion of the loan.

The results of granting student loans in Thailand for the past 19 years, since 1995, have revealed that the number of students who have defaulted from 1999 up to March 10, 2014 were 2,773,409 persons out of total 4,336,020 student debtors. (Wichairat Thitim, SLF Manager, 2014) They were composed of partially owed 76%, fully owed 24% and most of the overdue debtors from the private higher education institutions were about 37% and from vocational schools 28% (Thongroj Chavanee, July 2, 2014). It also found that 48% of amounts due from loan repayments were defaulted. It is still doubtful whether borrowers have an unethical mind and intend to refuse repayments or if they have a financial problem, or what could be the actual cause of their default.

Research Objectives

The objectives of this study are as follows:

1. Examine the causes of student loan defaults, and analyze their effect on the stakeholders, and
2. Guideline solutions to solve the student loan default problems.

Contributions

This research is expected to benefit the following stakeholders:

1. Student debtors who acknowledge and realize their incapacity for loan repayments when it is due, and try to detect, protect and avoid the problem.

2. Academic advisors, lecturers who can advise, educate and inculcate in the students an ethical mind and behavior with high personal and social responsibility.

3. Educational personals and staff who are involved in financial aid and granting student loan funds to help them realize the default problems and enhance their ability in screening and granting funds efficiently and effectively to meet the objectives and enable them to grant to target persons.

4. Education Loan Fund committee, the Office of the Education Council who are regulatory bodies to help reform student loan policies and procedures and develop the best and most effective solutions.

Literature Review

1. Objectives and expectations of student loan schemes

Most of the educational institutions in developing countries are under-financed due to national budgetary constraints. Social demand for higher education increase, leads to expansion of student enrolments. The growth rate of students does not match with the commensurate additional government funding. The amount of loan must cover tuition fees, education expenses and living expenses and the repayment burden is eased by the expected enhancement of earnings that the additional education makes possible. The different loan

schemes will not only influence the design and operation, but also its financial sustainability. There are five different loan scheme objectives and policies as follows: 1) Pure cost recovery, 2) Facilitating the expansion of the higher education system, 3) Meeting specific manpower needs, 4) Easing student financial burdens, and 5) Social objectives – improving equity and access for the poor. (Adrian Ziderman, 2004)

Pure Cost recovery, it should be remarked that loan schemes principally concerned with cost recovery are also generally subsidized and targeted to the poor. But these elements are not an essential part of a cost recovery loans scheme. The principle in loans scheme is that it should be available to all students and be offered at market interest rates.

Facilitating higher education expansion, the growing social demand for education expansion requires more expenditure. The private educational institutions can help for the education expansion, but it affects the high tuition fees and living expenses. The loans are given to students who attend private institutions, which lead to expanding the overall access to higher education.

Manpower needs, the purpose of loans schemes is to providing support for students who intend to work in areas of social importance or to study in fields of national manpower priority.

Easing student financial burdens, many students face the financial burden of not only tuition fees, but also living expenses. The problem of financial pressures always faced, is a negative effect on student performance and encouragement. Increasing in availability of loans can solved this problem.

Social objectives, a student loans scheme which is highly subsidized for poor students due to low enrolment of poor students in the university level or non-compulsory education. The distinct financial incentives should be purposed to cover all expenses during their studying which are not only tuition fees.

Loans need to be proposed at attractive rates in order to increasing the education access for the poor. The defensive for subsidized loans, in terms of grace periods for repayment, keep interest rate and repayment below-market rates in current. But these subsidies will result in only a partial recouping of loans, overall. That part of the loan that is not repaid may be seen as a 'hidden grant' to the borrower. The larger the loan subsidy, the greater is the hidden grant element. It also occurred that the higher the administrative costs of loans compared with grants, the higher is the probability of repayment default. Therefore, it raises the question of a grant become a more cost-effective instrument than subsidized loan at what level of subsidy?

2. Thailand's student loan fund scheme

2.1 Background and History

Upgrade human capital is achieved by giving higher education to the youngsters who come from lower, moderate and high income households. Giving an opportunity to all of them especially for the poor students by fully subsidizing or lending by government with low interest is important. To ensure that low- moderate income students in Thailand have access to loans, governments have implemented and provided 2 student loan schemes. The first is Student Loan Fund (SLF) initiated in 1996. Student Loan Fund is a mortgage-type loan

which borrowers are committed to return their debts over a given time period of 15 years. The second is an income contingent loan; repayments rely on mortgagors' future economic circumstances, which repayments are collected over the income tax system. Income contingent loan system was implemented in Thailand in 2006, based on Higher Education Contribution Scheme (HECS). It is known as the Thai Income Contingent Allowance and Loan (TICAL) system. After one year of operation TICAL was discontinued, after a new form of the SLF was implemented, in 2007. Another reason for discontinued operation of TICAL is because the problem with interest rate and repayment conditions, which leads from large subsidies and unwillingness of income tax authorities to collect an income-contingent loan.

In March 1995, under the government regulatory authority of Mr. Chuen Leekpai as the Prime minister, government set a low interest Human Resource Development loan fund of ten billion baht of which seven billion baht was allocated for commodity and construction loans for institutions, the remaining three billion baht was for student loans fund. The loans covered all educational expenses; tuition fees and personal educational allowance. The student loans fund was jointly managed by the Ministry of Finance (MOF), the Ministry of Education (MOE) and the Ministry of University Affairs (MUA) which is now the Office of Higher Education Commission (OHEC). It began to operate in May 1996. The funds were provided to Thai students who came from low income households where the family earnings were less than two hundred thousand baht per year. It was provided to students in grade 10-12 and vocational school level, as well as undergrad-

uate degree levels for both government and private educational institutions.

Thai student loan funds' objective aims to expanding accessibility of the poor students to reach higher educational level (Clause 5 of Student Loans Fund Act, March1998). The qualifications of applicants are students who:(1) holding Thai nationality, (2) study in Thailand,(3) never have held a bachelor's degree before, (4) parents or guardian income combined must not exceeding 200,000 baht per annum , (5) have collateral or a guarantor, (6) not working during studying, (7) not have been

in prison or bankrupt, (8) have good academic performance or pass the standard evaluation of the former educational institution, (9) have been admitted to the educational institution which submitted fund application .

The loan repayment conditions are extremely generous, implying an extensive loan subsidy. The fixed repayment is once a year and spread over 15 years following a two-year grace period, with the repayment percentage fixed over time as shown in table 1; repayments are in nominal terms and the rate of interest charged is only 1 percent.

Table 1 Percentage of fixed repayment of Student loan fund

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Percentage of Payment	1.5	2.5	3.0	3.5	4.0	4.5	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0

The central organization for debt collection is Krung Thai Bank (KTB). Within 30 days after starting employment, student is required to report job and salary status to the KTB. Before the due date in each month, KTB will informs student the amounts of money to be repay. For debtors who default, follow-up by mail and phone will be is made.

2.2 Objectives of the Thai student loans fund scheme

Student Loans Fund Act (March, 1998) explains its purpose: "... there is a need to develop human resources in order to achieve economic growth and to increase the competitive capacity of the country. Given these needs, educational development needs to be accelerated. Existing problems of educational inequality within society can be solved by enlarging the educational opportunities of

students from low-income families. This will play a major part in improving general living standards."

The main objective of student loans scheme (SLS) is social: increasing the availability of student loans for better educational opportunities for the poor, higher standard of living and better degree of equality in the population. It expects to increase access of poor students and to prevent student dropout. The student loans scheme is highly subsidized owing to the extremely favorable repayment conditions.

The long term objectives are (1) Economic objective, increasing the nation's competitiveness and development in human capital. But the human capital development will be secured through targeting on the needy and (2) Social objective.

2.3 Characteristics of the Thai loans scheme

SLF strongly emphasize on social objectives with the scheme covering upper-secondary schooling and tertiary education. Student loans schemes almost exclusively relate to tertiary education. Availability of the loans element in the total aid package to students is very small, while upper-secondary schooling loan schemes are unusual, it lead to higher fall in enrolment rate and higher risk of drop-out during non-compulsory schooling level. Poor students are usually under higher risk, because studying has higher opportunity costs than working. For this reason, upper-secondary education is provided by the government as a subsidy of the private costs, especially of the poor, is seen as an important element of social policy; the question is whether targeted at the poor (rather than grants) for subsidized loans create the best instrument for reaching the desired outcome.

Implying from extensive loan subsidy, the loan repayment conditions are extremely generous. Repayments are spread over 15 years following a two-year grace period, with the repayment percentage fixed at very low rates initially and rising progressively over time as mention in table 1. The SLF repayments are in nominal terms and the rate of interest charged is only 1 per cent. The introduction of these soft repayment terms may have resulted from the conception of the loans scheme as one that has essentially social objectives, with considerably less weight given to the financial aspects of the scheme. The open issue however is the resulting size of the loan subsidy; an over-large subsidy not only brings the financial viability of the whole scheme into question; it

may indicate that a regime of grants offers a more cost-effective alternative.

Effective implementation requires careful preparation and planning spread over a period of time; but this will mean delaying the supply of the needed service, during what might be a lengthy preparation period. If there was such a trade-off between more effective implementation and swifter implementation in the setting up of the loans scheme, the path taken veered towards the latter course.

The scheme functioned in its initial years of operation on an ad hoc basis, without a formal Act, without full-time management or senior staff and without premises. There is no monitoring system; it is not known how far the scheme is achieving its objectives of adequately reaching the poor. Finally, the decision in favor of quick implementation may account for another characteristic of the scheme: the decision to use existing administrative and organizational structures rather than design new ones aimed directly to achieve the purposes of the scheme. Thus while the guidelines for the operation of the scheme are set by the new Central Loans Committee, its actual operation, and particularly loans budget allocation, is in the hands of the Ministries of Education and University Affairs. The system works to ensure that, as it were, a 'fair share' of the loans budget is received at each level of the ministry's organizational hierarchy, down to the level of the educational institution itself, which actually distributes the loans to students. But, with the partial exception of MOE loans budget allocation to the provincial offices, this loans budget allocation system essentially ignores the scheme's central objective of targeting the poor.

2.4 Policy Implementation Theory

Pressman & Wildavsky (1974) and Van Horn & Van Meter (1975) define policy implementation as the outcomes of policy decisions and the implementation process, including activities of both the government and private sector. There should be ex-ante and ex-post policy evaluation, besides ongoing policy monitoring, in order to reduce the risk of unexpected policy outcomes. This can also prevent external negative effects from distorting policy implementation. Recently, some policy management theories have suggested employing quality evaluation methods to prevent and solve problems related to policy implementation failures. Self-Assessment Rating (SAR) is one form of internal organizational quality evaluation. The UK Department of Education and Skills specifies that the self-assessment process must be effectively led and managed, and should be an integral part of the organization's management. The nature of self-assessment will vary according to the scale and nature of the provision for which each provider is responsible. The self-assessment report results form a basis for action to improve the organization.

Talasophon Sakulrat (2011) studied and scrutinized Thai SLS policy implementation factors based on literature and theoretical reviews are:

- 1) Clear policy objectives / consistency with labor market demands and the national education plan,
- 2) Budgets and resources,
- 3) Characteristics of implementing agencies and the right organizational structure (i.e. less bureaucratic with more professional workers, open communication, effective leadership, teamwork, a goal-oriented organizational cul-

ture, and a feasible strategic plan),

- 4) Inter-organizational relationships including dependency, compatibility, tolerance of differences in opinion, and written agreements based on law, and
- 5) Monitoring and evaluation, including public performance evaluation.

2.5 The overall SLF administration process in Thailand

Student Loan distribution is processed directly through two sub-committees that use different practices. At first, all application documents were recorded manually, but in 2008, e-Student loans were introduced to replace most paper processes. Last, policy makers did not prepare a good long-term plan in advance for collecting loans. A recommendation is needed as to who should handle loan collection effectively so to ensure sufficient revolving funds in the future.

A mutual understanding between the Thai Student Loans Fund Office (SLF) and the Krung Thai Bank (KTB) was initiated in 1996. KTB has rarely been able to efficiently manage all loans disbursement and repayments during the past twelve years. As a result, many researchers have noticed four interesting and obvious characteristics of Thai SLF scheme implementation as follows: (1) the Thai scheme usually covers Grades 10-12 as well as tertiary-level education. Yet when the scheme for G 10-12 was implemented, the enrolment rates for the G 10-12 level have fallen off drastically, and the risk of drop-out has still increased; (2) Thai SLS loan repayment conditions are extremely generous. The repayments pattern is spread over 15 years following a two-year grace period, with the repayment percentages fixed at

very low rates. It results in an overly large loan subsidy that not only brings the whole financial viability of the scheme, and also indicate that the government's grant regime is not cost-effective;(3) many schemes were introduced, the effective implementation requires careful preparation and planning spread over a period of time. The scheme functioned in its initial years of operation on an ad hoc basis, without a formal Act, without full-time management by senior staff, and without premises; and (4) the quick decision on policy implementation may account for the scheme's distorted characteristics. The scheme's operational guidelines are set by the Ministries of Education (MoE) and Office of Higher Education Commission (OHEC).

The system operate to make sure that the loans budget which is received at each level of the ministry's organizational hierarchy is a 'fair share', down to the level of the educational institution itself, which responsible for distributes the loans to students. But in fact, the complicated distribution channels distort the SLF Committee's plan, and essentially ignore the scheme's targeting of the poor. Finally the system achieves horizontal inequity.

2.6 Performance of the Policy

William N. Dunn (1994, p. 282) studied efficiency and effectiveness of SLF, he classifies effectiveness and efficiency as criteria for policy recommendations and he states that: Efficiency refers to the amount of effort required to produce a given level of effectiveness. Efficiency, which is synonymous with economic rationality, is the relationship between effectiveness and effort, with the latter often measured in terms of monetary costs. Efficiency is often determined by calculating the costs per unit

of a product or service. Policies that achieve the greatest effectiveness at the least cost are always said to be efficient.

According to this definition and application of efficiency and effectiveness, Thai SLS efficiency can be roughly measured by the number of student loan borrowers (outputs) over the amount of budget (monetary resources input) in regards to its objectives: the numbers of students who access each level of education in comparison to the budget plan; and the number of students whose financial burdens are eased. However, it is obvious that Thai SLF implementation hardly meets the criteria for effectiveness. There is no evidence either that the Thai SLF has determined that the availability of student loans would increase standard of living and educational opportunities for the poor, as well as enhanced national competitiveness and increase degree of equality in the population.

Moreover, financial viability is another key performance measurement of every recently established loans scheme operation. It is about being able to generate sufficient income to meet operating payments, debt commitments, and where applicable, to allow growth while maintaining service levels. Assessment of financial viability is an integrated process involving a review of a provider's audited financial statements, financial performance reports, business plans, and other information that supports financial analysis.

Salmi (2003) and Ziderman (2004) identified and analyzed three factors affecting the financial viability of all public loan schemes. The first is comprised of heavy subsidies, fixed interest rates, and generous grace periods with lengthy loan repayment periods. Second, there

are other uncontrolled situations from outside factors such as economic downturns and political turmoil that reduce borrowers' ability to repay their debts. The last is a low level of managerial efficiency, especially in public agencies, which results in high administrative costs.

Shen and Zideman (2009) set out three ratios. The loan repayment ratio measures how much of a loan an average borrower is required to repay: it is defined as the ratio of the required repayment to the loan size received, both measured in terms of present values. The hidden grant ratio (how much of the loan does not need to be repaid) is equal to 100% minus the repayment ratio. And the recovery ratio is measured by the ratio of total (discounted) repayment to total (discounted) outlays. Nevertheless, Thai SLS has not yet taken these ratios seriously in terms of its financial viability.

2.7 Thailand's Student Loan Fund interest rate subsidies and repayment

Bruce Chapman, Kiatanantha Lounkaew, Piruna Polsiri, Rangsit Sarachitti, Thitima Sitthipongpanich (2010) found analysis Thailand's SLF the implicit interest rate subsidy is about 66 per cent, with much of this being due to the fact that the scheme charges only a 1 per cent per annum nominal interest rate. The repayment hardships of SLF measured as the proportion of a graduate's income allocated to servicing the debt, are around 4 per cent for female and 3 per cent for male. Using a cross-country panel, found that gender differences in labour supply responses to tax policy can explain differences in aggregate labour supply and years of education across countries.

3. Loan default literature

Jacob P. K. Gross, Osman Cekic, Don Hossler, and Nick Hillman (2009) review of the research literature under their topic of research of "What Matters in Student Loan Default". They found that factors influencing student loan default rates are: (1) students' financial status and the amount of debt they have; (2) students' employment and income after graduating as well as their overall debt which includes loans and other forms of consumer debt; (3) students' college experiences: type of institution, field of study, educational outcomes; and (4) the students' characteristics: family income, race/ethnicity.

3.1 Literature of defaulting based on Student Characteristics and Background

Age. As students' age increases there is more likelihood of loan default (Christman, 2000; Flint, 1997; Harrast, 2004; Herr & Burt, 2005; Podgursky et al., 2002; Steiner & Teszler, 2005; Woo, 2002a, 2002b). It is a contrast with the study of Steiner & Teszler (2003) found that younger students are three times more likely to default than older students. The negative relationship between age and student loan repayment can be explained by several research literatures. Herr and Burt (2005) stated that student who have greater age are seem to have better financial obligations for family's support than younger student. The increase in total amount owed can effect on higher likelihood of default (Choy & Li, 2006). Therefore, younger students may be less likely to default because they owe less than their older counterparts.

Gender. Several studies show no relationship between gender and loan default. (Harrast, 2004; Volkwein & Szelest, 1995; Wilms

et al., 1987), even after considering women's comparatively lower average earnings and greater repayment problems (Schwartz & Finnie, 2002). More recent work suggests women take longer to repay loans (Choy & Li, 2006), and a number of studies found evidence that men are more likely than women to default on loans (Flint, 1997; Podgursky et al., 2002; Woo, 2002a, 2002b).

Students' socioeconomic contexts; family structure, the parents' education, the parents' marital status, and the family's eligibility for federal assistance. Defaulting on loans can be affected by family structure. The likelihood of loan default will increase when the number of dependents claimed by a student is higher. (Dynarski, 1994; Volkwein&Szelest, 1995; Woo, 2002). Volkwein and Szelest (1995) stated that the probability of default loan increased by 4.5 percent per dependent child. Another factor that related to loan default is to being single parent. (Volkweinetal., 1998). The probability of loan default will be increasing by more than 7 percent if parent are being divorced, separated, or widowed. (Volkwein&Szelest, 1995).

Parental Education. Education and loan default have a positive relationship to each other. students, whose parents are highly educated were less likely to default. (Choy&Li, 2006; Volkwein et al., 1998; Volkwein&Szelest, 1995).

Income. Student from high-income families tend to have lower risk to default. (Knapp &Seaks, 1992; Wilms et al., 1987; Woo, 2002a, 2002b). Once the loan repayment begins, students with low income will feel more burdened. (Baum & O'Malley, 2003b). After student graduated, student tends to has lower

risk to be default. (Boyd, 1997; Choy & Li, 2006; Dynarski, 1994; Lochner& Monge-Naranjo, 2004; Volkwein et al., 1998; Woo, 2002a, 2002b). In contrast, unemployment will leading to the opposite outcome. Working success is critical key to student repayment. (California Postsecondary, 2006; Dynarski, 1994; Monteverde, 2000).

Debt burden. The likelihood of default will increase when debt burden increase. (Choy & Li, 2006; Dynarski, 1994; Lochner& Monge-Naranjo, 2004). Default is highly correlated with manageability of monthly payments. (Dynarski, 1994).

The higher number of borrower, the higher chance of default.(Harrast, 2004). Most of the research result shows that graduating a post-secondary program is the most important factor for not default, regardless institution type (California Postsecondary, 2006; Dynarski, 1994; Greene, 1989; Knapp &Seaks, 1992; Volkwein et al., 1998; Woo, 2002). Students are less likely to default if they are well prepared academically.

3.2 Attitudes and Awareness Regarding Education Debt

Relatively few studies have explored the relationship between students' attitudes about debt and the likelihood of default. One study concluded from interviews that student attitudes, including ignorance about the borrowing process were related to default (Christman, 2000). A more robust analysis of a national sample of students found, however, that not knowing a loan had to be repaid did not predict likelihood of loan default (Volkwein et al., 1998).

From the study on relationship between forms of debt with education level found that students who have high debt usually carry significant credit card debt (Pinto & Mansfield, 2006). The result also shows that students prioritize the repayment of credit card over loan debt. More research found that loan counseling or consumer education programs have a significant relationship with lower rate of default (Podgursky et al., 2002; Seifert & Worden, 2004; Steiner&Teszler, 2005; Wilms et al., 1987).

3.3 Financial Aid and Education Debt

Financial aid and default have a significant relationship to each other. The result from a study show that debt burden, such as decrease in grants and scholarships, can affect likelihood of default. Another study found that probability of default will decrease if student received grants and scholarship (Greene, 1989).

3.4 Related previous research

The previous researches related to the SLF in Thailand are summarized in table 2

Table 2 Student Loan Fund researches in Thailand

Researcher (Year)	Finding
Ziderman (2003)	<p>It found that SLF in Thailand lack suitable administration system: Allocating the fund does not agree with the target to serve the social issues, screening the recipient, lack of analysis for financial prediction and budgeting. Procedures for granting loan are not suitable, it leads to the following problems:</p> <ol style="list-style-type: none"> 1) The unsuitable screening of recipients, educational institutions especially private universities grant loans to many students whose family earnings are higher than 200,000 baht per year. 2) Intentionally omits the name list of borrowers as expired or retired from the fund and makes some excuse as accidentally omitted. 3) The personal expenditure of the recipient is over and unnecessary spending.
TanprawatAmara (2001)	<p>Factors affecting the problems and obstacles of SLF repayment of students in higher education in Bangkok.</p> <ol style="list-style-type: none"> 1. Low income of student borrower. 2. Unethical mind for loan repayment of student borrower. 3. Lack of knowledge and understanding of the criteria of loan repayment. 4. Lack of public relation information, procedures, and follow up of the loan repayment. 5. Lack of efficient and sufficient information of fund, and coordination between SLF, institution, and borrower. 6. No attractive incentives and motivation for repayment of loan when the debt is due according to low interest rate and lack of strong punishment in case of default.

Table 2 Student Loan Fund researches in Thailand (Con't)

Researcher (Year)	Finding
Tangkijvanich Somkiat & Manusbunpermpun Ariya (2006)	<p>The abuse of SLF:</p> <ol style="list-style-type: none"> 1. The administrators of institutions had misallocated the quota of SLF to students and granted to unqualified persons. 2. Misuse of money by the recipients, not meeting the objectives by using in non-academic activities.
LalipoSuprapol, Samakkeethum Somsak (2012)	<p>The causes of SLF failure are:</p> <ol style="list-style-type: none"> 1. The requirements for the qualification of borrowers in granting loans to students are not in line and do not cover directly the target of poor students, and also the screening process cannot meet the really poor or low income families. 2. The monitoring and investigating of SLF are not complete for all levels and are not careful or concise. 3. Defaulters intend to refuse the payments due to unemployment and other burdens from dependent members in family
Muksikasin Benjapa (2004)	<p>The problems related to operation of SLF of private higher education institutions from the perspective of administrators, staff and students are:</p> <ol style="list-style-type: none"> 1. Problems of unclear in criteria, rules, and regulations of SLF 2. Problems of unfair in allocation of granting loans to students 3. Problems of insufficient in public relations, grating, contracting and cultivating the moral and ethics
Chairat Suratsawadee (2011)	<p>Problems and obstacles of collection of SLF were affected by the management of SLF in following viewpoints: 1 Credit analysis;2 Loan repayment criteria;3.Loan collection</p> <p>The recommendations for management development for loan collections are 2 categories:</p> <ol style="list-style-type: none"> 1. The operation of SLF of institutions: Complete and precise information in public relations, and loan repayment criteria. 2. Reform the mechanism of SLF operation by providing more benefits to loyal and honest borrowers who did early repayment or liquidated all of their debts before it is due. Also have strong punishments for the intend defaulters. <p>Furthermore, provide trainings and advise careers to the unemployed borrowers.</p> <p>Credit analysis. The competent SLF staff is required to analyze credit in educational institutions by verifying students' family income, follow up the education performance, behavior after the fund is granted, and provide information clearly.</p> <ol style="list-style-type: none"> 1. Clearly specified the qualification of borrowers who have the right to get SLF, and inform the stakeholders in institution. 2. Clearly specified the GPA of borrower.

Table 2 Student Loan Fund researches in Thailand (Con't)

Researcher (Year)	Finding
	<p>Loan repayment procedures, follow up are divided into 3 viewpoints:</p> <ol style="list-style-type: none"> 1. Operation of KTB and SLF. They prepare the updated report for loan repayments to regulators, educational institutions, and other related stakeholders. 2. SLF operational strategies. Auditing, monitoring and evaluating performance of KTB, and educational institutions consistently. 3. Systematic recording and updating all SLF data base at centers of regulatory authorities and link to information pool to Revenue department and Social Security Welfare.
Phuangprayong Kanokwara (2011)	<p>1) The evaluation of SLF into 3 categories based on IPOO model by evaluation in the view points of students, management of institutions, and lecturers.</p> <p>Input (I) evaluation, the necessary and sufficient of funds provided to students, also were useful and valuable.</p> <p>Process(P) evaluation, the service process of granting the funds to students is very good.</p> <p>Output(O) evaluation, allocating and distributing loans meet only some targets of SLF objectives.</p> <p>Outcome(O) evaluation, the outcome of operation of SLF affects the satisfaction of students and lecturers in educating their students in cultivating ethics and responsibility of using funds for academic and punctuality in repayment of loan.</p> <p>2) Problems, obstacles and recommendations of operation of SLF</p> <ol style="list-style-type: none"> (1) Insufficiency of SLF distributed to educational institutions which does not meet students demands (2) Insufficient and incomplete information provided by SLF to educational institutions. (3) Insufficient and incompetent staff in institutions operating the SLF. (4) Lack of knowledge and understanding in the criteria and procedures in applying and getting the SLF. (5) The inefficiency of internet and IT system in educational institutions. <p>3) Recommendation for the operation.</p> <ol style="list-style-type: none"> (1) Government should increase the budget provided for SLF to meet the student's demands. (2) The systematic operation with the cooperation among all related parties. (3) Sufficient staff in institutions providing the services to students. (4) Good public relations that provide complete information on the understanding of the processes and procedures of granting Fund. (5) Improving the internet and IT system in institutions.

Research Methodology

This is a documentary research in which documentary analysis was conducted of research reports, announcements related to rules and procedures of loans, news, and other published materials. Collected data was limited from 1995-2014 and was analyzed by using inductive analysis. Explanatory and description of the phenomena on the procedures of distributing loans to educational institutions, screening, granting, and collecting of funds were synthesized and analyzed in three dimensions or viewpoints of borrowers, educational institutions, and Thailand's Loan for Education Fund committee, the Office of the Education Council who is the regulatory body.

Qualitative analysis of data.

This study uses Analytic Induction approach which related to a systematic examination of similarities between various social phenomena in order to develop concepts or ideas, search for those similarities in broad categories and then develop subcategories and finally infer general conclusions from particular instances. Analysis of defaulting loan repayment from many previous research and all published data provided by regulators, academician, and related stakeholders by using I-E-O model (Alexander W. Austin,1993): (1) Input(I) is the process of loans budget allocation by the Ministries of Education and University Affairs , loans budget distribution to each level of the ministry's organizational hierarchy, down to the level of the educational institution, and finally screening of distribution of the funds to

students;(2) Environment (E) is the process of providing or granting funds, collecting all data, reporting the performance to the SLF committee, and procedure for collecting the loan repayment by Krung Thai Bank; and (3) Output (O) is the outcome or result of the granting of SLF, information system that keeps records as data base including preparation of the reports to regulatory authorities, and the efficiency in collecting from the student debtors on the due date.

Limitation and scope of the research

The scope of this study is limited as follows:

1. This study focus only on the defaulting of student loan fund, excluding an income contingent loan which is another loan scheme in Thailand.
2. Secondary data were collected from various sources of documents, research, news, regulations, rules, and other published reports related to Thai SLF from 1995 to 2014

Discussion

1. Defaulting student loan data and analysis

The problem of defaulting occurred since 1999 when the first batch of debts was due, with 253,579 persons who owed 276 million baht. The latest data disclosed as of March 10, 2014(WichairatThitima, SLF Manager,2014),status of students borrowers for total amount of 439,794 million baht SLF granted for 18 years (1996-2014) is shown in table 3

Table 3 Students Borrowers' Status of Student Loan Funds as of March 10, 2014

Status of Borrower	Student borrowers	
	Number	Percent
SLF Due borrowers	2,773,409	64.0
General/Regular	2,019,059	72.8
Postpone	3,849	0.2
Negotiate/ Restructure of debt	123,171	4.4
Litigation	627,330	22.6
Not due and studying in academic year 2013 borrowers	765,301	17.6
Grace period borrowers	520,376	12.0
Honored and full settlement borrowers	247,840	5.7
Disability/Handicap borrowers	1,670	0.04
Died borrowers	27,424	0.6
Total Student loan borrowers	4,336,020	100

The real percentage of debts paid to debts due has steeply declined, total amount due of 71,854 million baht, 33,304 million baht was collected which represent 46 percent, and uncollectible amount of 38,550 million baht which represent 54 percent. The debt data indicates less revolving funds and high administrative costs for uncollectible debts management. WichairatThitima (October 7,2013) disclosed that SLF was unable to collect the amounts due from student borrowers up to 70 percent in the year 2013, the reduction of SLF by 6,700 million baht budget provided by the government in 2014 budget out of the total requested 23,000 million baht. This affected the 140,000 old borrowers who could not get SLF in the year 2014.

2. Causes of defaulting SLF repayment problem and guideline solutions

The causes and guideline solution of loan defaults are presented based on: (1) Input(I) relates to loans budget allocation,

distribution, and screening of the funds to students;(2) Environment (E) relates to procedure of providing or granting funds, collecting all data, reporting the performance, and collecting the loan repayment by Krung Thai Bank; and (3) Output (O) relates the outcome or result of granting SLF, information system that keep records as data base including preparation of the reports to regulatory authorities, and the efficiency in collecting from the student debtors on the due date.

2.1 Input

2.1.1 Causes: The problems of incompetent human resources, organizational culture and team work. Inefficient procedure and system in allocating, distributing and collecting loan repayment.

Guideline solutions:

1. The Thai SLF must be a professional organization and has to be guided by the right leadership, the right information in the strategic plan, policy targets, implementing regulation

transfers. The cooperation of all organizations should be strengthened, starting from the top at the Ministry level with integration of national outcome indicators of the Ministry of Finance. The cooperation of the SLF and the MoE must extend to the lower levels of faculties, local educational institutions, central loan allocations, provincial loan committees, other Ministries, and the Bangkok Department. It requires a good understanding by all implementers; student loans officers, students, KTB, and other authorities concerned with loans allocation, distribution, and repayment.

2. Good and open communication is needed among the SLF Committee, KTB, MoE, OHEC, and educational institutes. This will build good inter-organizational relationships.

3. Strict regulation and screening, restructuring loan distribution channels, use of local networks for selecting students, and more development of Student loans to improve Thai SLF performance in terms of inter-organizational relationships.

4. Three policies are recommended for detecting and protecting the defaulting loans (TalasophonSakulrat, 2011)

4.1) Training the staff members who implement Thai SLS policy in many institutes, to give them a good understanding of how to carry out the SLF process properly,

4.2) Increasing the channels through which borrowers can easily pay back their loans,

4.3) Changing the loan repayment duration from 15 years to life-long repayment without being sued, but sending delinquent debtors' names to credit bureaus if they have not made payments for more than ten years.

5. Reducing loan allocations to educational institutes with high defaulting numbers, and making this linkage a regulatory require-

ment.

2.1.2 Cause: Problems in management, policy, and regulation (PalikarnSuprapol, SamukkeethamSomsak, 2012) identified the causes of following problems:

1. Management of SLF, the administration of screening process of loans does not meet the target poor students.

2. The incapability of loan repayment of student debtors. Furthermore, students have the burden of supporting members in the family.

3. Laws and regulations related to loan repayment .The low interest charge of 1 percent is not an incentive to repay the debt on the due date, better to repay or use others debts.

4. Policy problems, long term repayment with 2 years grace period with low interest charge and no motivation for early repayment and on time payment coupled with no strong punishment for defaulting.

Guideline Solutions:

1. The investigation process and auditing must be strictly followed for granting loans to poor students, not concentrating on commercial purpose for earning revenues from the tuition fees derived from SLF students.

2. Providing SLF to students who study in the field that will serve the required career which will lead to borrowers being employed with high earnings that will be sufficient for the repayment.

3. An adequate budget or resources for implementing the Thai SLS must be provided by the government.

4. Characteristics of implementing agencies with the right organizational structure: less bureaucracy with professional workers, open communication, leadership, teamwork,

organizational culture, and strategic plan.

Ziderman (2003); TangkijvanichSomkiat, ManusbunpermpunAriya (2006) recommended the key factors affecting Thai SLF implementation:

1. More clear policy objectives and consistency with labor market demands, provide grants for the really poor, while soft loans should be furnished for lower middle class families.

2. The student loan scheme should be divided into two schemes (2.1) the first scheme should be loans for students who are not poor, but have a good education performance.(2.2) another is grants for the really poor students who have good education and behavior performance.

3) Good repayment process depends on suitable loan collectors with the pattern of generous, more channel and convenience for debt repayment.

SakulratTalasophon (2011) recommends

1. Major policy reforms by changing its target-setting practices, with clear targets definition. Setting the right criteria and conditions for obtaining honest and capable borrowers who have an ethical mind and have the ability for loan repayment after graduation. The distribution channels of loan should be clearly stipulated by law and controlled, with monitoring and evaluation reports. The Revenue Department is the most appropriate body for collecting the debts. Commercial banks are also considered to be another institution for efficient loan collection.

2. Three policies for detecting and protecting the defaulting loans that may incur in the future are as follows:

2.1) Training the staff members who implement Thai SLS policy in institutes, to give

them a good understanding of how to carry out the SLS process properly,

2.2) Increasing the channels through which borrowers can easily pay back their loans,

2.3) Changing the loan repayment duration from 15 years to life-long repayment without being sued, but sending delinquent debtors' names to credit bureaus if they have not made payments for more than ten years.

2.1.3 Cause: The lowest interest rate of 1 percent is not an incentive for motivation to repay, it is better to defer the payment and use the money to repay other debts or necessary expenditure.

Thai Student loans fund scheme is highly subsidized; the implicit interest rate subsidized is about 66 percent. It is far different from the fact that SLS charges at 1 percent nominal interest rate per year. (Bruce Chapman,et al, 2010)The low average loan recovery ratio in the Thai SLF which is far below market rates, repayments in nominal rather than real terms, and the long period for repayment resulting from subsidization of the SLF, may be the result of financial negligence and more that of deliberate design intended to further the social objectives of the scheme.

So (May 28, 2013) raised the problems related to the failure of loan repayments as follows: 1) The computer system of repayment does not allow early payments before the debts are due; 2) No benefits or advantages for early payment; 3) Low interest rate at 1 percent per annum, even though debtors have enough money for repayment, so it would be better to deposit the money in banks due to the interest earned at the rate (1.5-3%). 3). No motivation for early retirement due to low rate of interest, better to repay other types of debt

with higher interest charge; 4) More benefits to debtors, according to the later installment payment, the larger amount of principal repayment with lower interest. It is opposite of normal repayment of loans to all banks, earlier period payment, higher amount of interest with lower amount of principal. It means that SLF repayment can postpone the principal for longer time, but no accrued interest on unpaid principal; and 5) From the view point of time value of money, inflation rate is more than 1 percent. It implies that the benefit is given to borrowers.

Guideline Solutions:

Guideline solution for more incentives and motivation for early retirement of SLF are: 1) Adjusting and modifying the computer software program to more flexible instructions for accepting early repayment transactions; 2) Regulatory authorities set new rules and regulations which are more favourable or beneficial to student borrowers who require early retirement of their debts. The reduction of interest rate charges for early collection of loan repayment that expect to reduce the operational cost of collection and follow ups of the loan, and also increases more opportunities for providing the SLF to the next generation due to availability of the funds; 3) Regulatory authorities set stricter rules and regulations and strong punishments for defaulting loan repayments. Revision of interest rate of 1 percent simple interest to compound interest according to concept of time value of money.

2.2 Environment

2.2.1 Cause: Thai SLF has failed in both its allocating and technical efficiency.

It cannot provide student loans with the right characteristics to match its targets. Its performance is also inefficient in deliver-

ing cost-effective loan distribution and loan repayment processes. The financial viability is problematic after ten years of implementation with low repayment ratios, high hidden grants, and low recovery ratios. These ratios can be used as KPIs for Thai SLS management but cannot be used as a measure and tool for evaluation. (TalasophonSakulrat, 2011)

Guideline Solutions:

LuenkeaKeitanan (April 8, 2014) reveals that from economics viewpoint, the sustainability of STF depended on the following factors: Design the debt installment payment plan to agree with the level of borrowers' revenue earned by reducing the payment to 4-6% of their revenues. As the current repayments are: (1) for the low and moderate level income borrowers, installment payment should not exceed 8% of their revenues (2) for the high level income borrowers, installment payment should not exceed 15%. The reason is that 1/3rd of undergraduate degree level have lower income with their salaries less than 15,000 baht. They have no income remaining after payment for their living expenses and supporting others in the family, which affects the default of SLF up to 40-50%.

TalasophonSakulrat (2011) recommends (1) a proper and systematic procedure in repayment of loan which have a linkage data among the granter, employer, revenue department, Krungthai bank, and educational institutions. All data base must be accurate, updated, and verifiable. The best solution is using the identity code of borrowers to record all procedures which facilitate auditing and follow ups of all stakeholders. Furthermore, measures to motivate and provide incentives for early payment by giving some allowance and benefits to borrowers who are loyal and able to repay debt before it is due. (2) Development of IT

and IS to better facilitate policy implementation, (3) Recruit highly competent SLF staff with strong professional skills and reform the organizational structure, and (4) Restructure the national loans budget so that the ratio allocated to professional studies: general studies is set at 70:30.

ChairatSurasawadee, (2011) recommend to set up the criteria to motivate early repayment by providing benefits such as reducing the interest rate and maintaining a good credit record in the bank's data base, and to help the unemployed borrowers by providing counseling and training sessions in cooperation with the Labor division.

2.2.2 Cause: Authorize the educational institutions for selecting and screening the borrower without any punishment or make them responsible for the mistake of selection.

Guideline Solutions:

ChairatSurasawadee, (2011) gives guideline solution by (1) providing a systematic auditing of educational institutions for selecting and screening borrowers. If they do not strictly conform to the rules and procedures, the punishment will be given. Set up the criteria to motivate early repayment and honesty for repayment on time, finally to minimize the amount owed by the institution's borrowers; (2) A clear criteria in screening and granting loans to borrowers which is same and fair for all institutions, (3) Auditing and verifying additional evidence in case of lack of documents from the guarantor.

2.2.3 Cause: Incomplete data base and information, lack of monitoring and evaluating the performance

Guideline Solutions:

Ziderman (2003), TangkijvanichSomkiat & ManusbunpermpuAriya (2006). Monitoring the public performance evaluation plan in the right direction. The pre-post evaluation applied to each factor to inform all stakeholders, and also the ongoing monitoring process, and comprehensive evaluation is needed.

SamkositWaraporn (2013) recommend to keep all records of borrowers data base provided by the government and the credit bureau company based on the identification code, asking other implementing agencies such as the Social Security Office and employers to provide SLS delinquent debtors' salary information data. The effective method is to authorize the Thai Revenue Department to collect SLS debt payments for the government.

ChairatSurasawadee(2011) gives the guideline solution (1) Borrowers' follow up system, updating the profile of borrowers consistency by checking their behavior and academics records and reporting to the responsible unit in the institution; (2) Maintain all records through the Revenue Department and Social security and Welfare data base which facilitates collecting the payment in the same manner as withholding tax; (3) Identify the status of borrowers in the transcript as SLF student; (4) KTB must send the updated payment reports to institutions; (5) SLF Committee must audit all the performance in the collection of loan repayment by KTB.

2.3 Output

Cause: Unethical mind of student debtors

SakulratTalasophon (2011) classified the defaulting loan into four types in two main categories which are 1) intentional; debtors are willing to pay, but not able to pay as (1.1) they are unemployed (waiting for jobs and not

qualified for jobs), and (1.2) underemployed but have the burden of feeding many members in their families and 2) unintentional debtors; (2.1) debtor is able to pay, but doesn't intend to pay is called "strategic delinquent debtors". They intend not to comply with the payment requirements and (2.2) debtor forgets to pay, do not really understand that they must pay their debts, or are dead.

Guideline Solutions:

SakulratTalasophon (2011) gives guideline solutions for solving the student loan default problems

1. The guideline solutions for serious problem unethical mind borrowers were:

(a) Educational institutions must educate them with an ethics course;

(b) Student loan fund managements must implement ethics training session in the meetings with the student debtors before and after granting loan, set clearly procedures in borrowing and repayment. If they default, the strong punishment must be made in terms of monetary and non-monetary.

2. The SLF committee and related regulatory authority must force and compel them to repay the debt when due. The first stage before the lawsuit is negotiation with the defaulted borrower for restructuring of debt; it due to 6,500 baht cost for the fees of litigation each case and also takes time for resolution. However, Thai SLF had spent more than 800 million baht in administration for the defaulting loan.

3. Non-legal solutions to let debtors aware of their duties and responsibilities towards debt repayment by sending letters of debt notification, more channels of public relation by broadcasting on television and radio, internet and other electronic media.

4. A long term guideline solution is asking Thai Revenue Department to collect SLF debt payments, and Social Security Office and employers to provide SLF delinquent debtors' salary information data.

SamkositWaraporn (2013) gives the guideline solutions for solving the default payment are:

1. Advising and educating borrowers before granting loan, giving a clear understanding of the objectives and making them realize the value of the loan , it is not free grant without repayment, value to next generation, value in developing country, the effect of defaulting.

2. Keep record of all the borrowers in the credit bureau system, black-listed recorded in case of default that affects their future credit and loan.

3. Unemployed or banned the black-listed borrower to work in private companies by rechecking from data pool provided by the government and Credit Bureau Company based on the identification code.

4. Unaccepted the black-listed borrower to apply and work in government organizations, due to the policy of government that government employee should be honest.

WichairatThitima, Manager of SLF (2014) recommends the guidelines for solutions:

1. Increase repayment channels via post office. To facilitate and make the payment of loan more efficient, borrowers can pay at any branch of the post office which total 1400 branches in Thailand since June 16, 2557.

2. Using bar code system to facilitate the payment system. it is more convenient for all post offices and recipients for recording the repayment efficiently and effectively.

Conclusion and Recommendation

The causes of defaults for repayment

of SLF mainly were the unethical mind of student debtors; financial problems due to unemployment after graduating in the field or career with low demand or less job opportunities; economics, social and cultural problems due to low income with the high burden of supporting the members in family. Educational institutions who are involved with screening and granting loan were not honest and did not strictly conform to the rules, policies, and objectives of regulatory body. They were concerned more for institutions earning and commercial concentration rather than the ability of students for further study in the proper faculty and potential to get the job and earnings after graduation. Furthermore, no updated and completed profile of borrowers by the institutions, and no systematic and efficient information pool of data base that lead to the problem of follow ups and miscommunication. In addition, inefficient procedures and policies in allocation and distribution of SLF and an improper system in collecting loan repayment. The guideline solution for solving the default of loan repayment are: (1) Cultivating ethics and moral to student borrowers by educating them with the ethics course, implementing ethics training session before and after granting loan, clear information on the knowledge and understanding of the policies and procedures of using the funds and repayment of loan, punishment for defaults in both monetary and non-monetary terms such as black-listed records in the credit bureau system; (2) characteristics of implementing agencies with the right organizational structure: less bureaucratic with professional workers, open communication, leadership, teamwork, organizational culture, strategic plan, monitoring and public performance evaluation plan with pre and post evaluation applied to each factor to inform all

stakeholders, and also ongoing process monitoring; (3) proper and systematic procedure in repayment of loans which are accurate, updated, and verifiable data pool among all stakeholders by (a) using the identity code of borrowers to record all procedures which facilitate follow ups and auditing, (b) modify the software to make it more flexible for early payment and others, (c) set incentive policies to motivate for early repayment debt and on time repayment, (d) asking other implementing agencies such as the Social Security Office and employers to provide SLS delinquent debtors' salary information data, and authorize the Thai Revenue Department to collect SLS debt payments, (e) increase repayment channels via post office through 1400 branches in Thailand since June 16, 2014, and (f) Using bar code system to facilitate an accurate and more efficiency and effectively payment system.

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