

China Will Join With Private Banks to Offer Student Loans

By BETH McMURTRIE

Washington

China will start a new, bank-financed student-loan program this fall, marking the country's first partnership with the private sector in higher education, an official with the country's Ministry of Education announced Thursday.

Speaking at a conference of international educators here, Sun Ping Shen, a finance specialist, said China's government wanted to insure that all high-school students were able to afford a college degree. Currently, 40 per cent of all high-school graduates in China proceed to college.

"We are fully aware that in the next century, success depends on knowledge," Mr. Ping Shen said.

Until now, students have borrowed money from the government to pay for their education. But without private-sector support, Mr. Ping Shen said, there is simply not enough money to reach all students in need. The average tuition at a Chinese university is 2,500 yuan, or about \$300 per year. By comparison, a typical urban family earns only 10,000 yuan, or \$1,200, per year, while rural families earn an average of 2,000 yuan, or \$240.

During the past 13 years, China has gradually shifted from a free university system to one in which all of China's 1,032 colleges charge tuition. At the same time, the government has slowly expanded access to higher education by spreading government funds to reach more students.

Diane Gilleland, director of the Global Higher Education Policy Center, which was a sponsor of the conference, said the announcement marked a significant change for China. Not only is the country sharing its internal reforms with the rest of the world, she said, but it is using private capital to finance what once was a government-run program.

Chinese Industrial and Commercial Bank will provide loans to students attending one of the institutions supported by the central government. The program will start in eight cities, but eventually expand to reach all of the country's college and universities, Mr. Ping Shen said.

To make such loans palatable to commercial banks, the government will guarantee the loans of the poorest students. Students who are slightly better off and show academic promise may have their loans guaranteed by the university and the Student Loan Center, a new non-profit agency backed by the government. The Student Loan Center will also manage the loan program.

Students will be charged a low, government-subsidized rate, and are expected to repay the loans within four years of graduation.



Easy-to-print version



E-mail this story