

Embargoed until 10:45am – 3 April 2007

## Full repayments

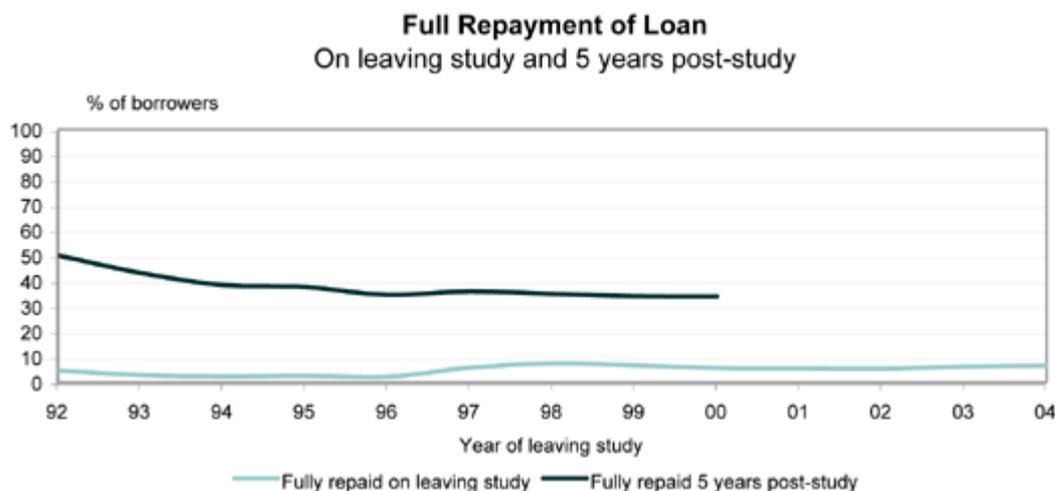
### 1992–2005

#### Introduction

This is one of four background web pages supporting the *Student Loans and Allowances: 2005* Hot Off The Press. The other three pages are:

- [Student financial support](#)
- [Borrowers overseas](#)

This page looks at the proportion of students who have fully repaid their loan on leaving study and/or five years post-study.



#### Plateau in students who fully repaid their loans on leaving study since 1997

Between 1992 and 2004 the number of borrowers with a debt outstanding on leaving study increased from 11,103 to reach 64,413. The number of borrowers who had repaid their loan in full on leaving also increased from 543 to reach 4,569. The proportion of all borrowers who had fully repaid their debt on leaving study was around 3 percent between 1992 and 1996. This increased in 1997 and has remained relatively steady at around 6 percent until 2004 (the latest year for which full repayment at the point of leaving study information is available). There is no noticeable change in behaviour from 2001 when the zero interest while studying policy was introduced.

The proportion of males and females who had repaid their loan on leaving study was very similar, with females fractionally higher for some years (up to 1 percentage point).

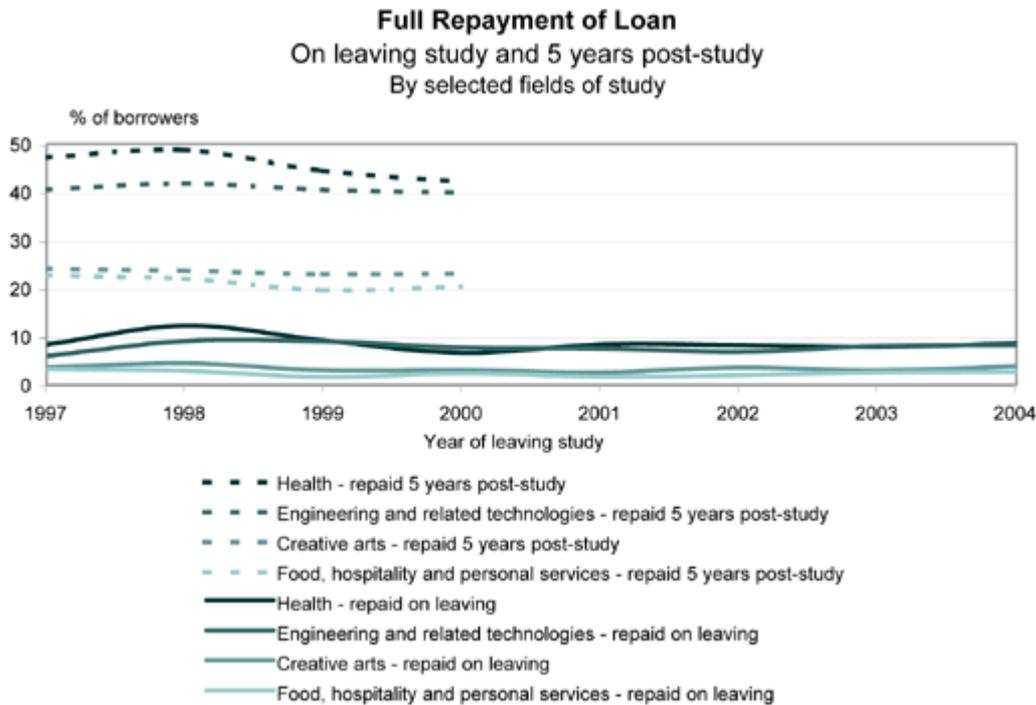


### Decline in proportion fully repaying loan five years post-study

The proportion of those who had fully repaid their debt five years post-study decreased from 50 percent for those who left study in 1992 (5,829 out of 11,643 borrowers) to 34 percent for those who left in 2000 (14,082 out of 41,421 borrowers). Just 6 percent of borrowers who left study in 2000 had repaid their loan on leaving study (2,328 borrowers).

The decline in full repayments from 1992 to 1994 is partly due to the number of years available in which people could borrow. The Student Loan Scheme began in 1992, therefore, those leaving study in 1992 to 1994 had fewer years of borrowing to repay than those leaving in later years. By 1994, this effect had decreased markedly as three years of borrowing would have been available. The proportion of those who had fully repaid their loan five years post-study declined from 39 percent for those who left study in 1994 to 34 percent for those who left study in 2000. In part, this reflects the increase in leaving debt over that time, in response to growth in fees from 1992 to 2000.

Although females had a lower income than males, five years post-study, the proportion who have paid off their loan during this time is no less than for males, and for some years is higher (up to 4 percentage points). For those who left in 1992, 52 percent of females had fully repaid their loan in 1997, compared with 48 percent of males. However, for later years (for those leaving in 1998, 1999 and 2000) the proportion of males and females who repaid their loan five years post-study was the same (around 34 percent).



## Health has highest full repayment rate on leaving study and five years post-study

The health field of study had the highest proportion of borrowers who had fully repaid their loan on leaving study in 2004 (around 8 percent), followed closely by those in the engineering and related technologies, and the education fields of study. Those studying in health and engineering were also most likely to have repaid their loans in full five years post-study.

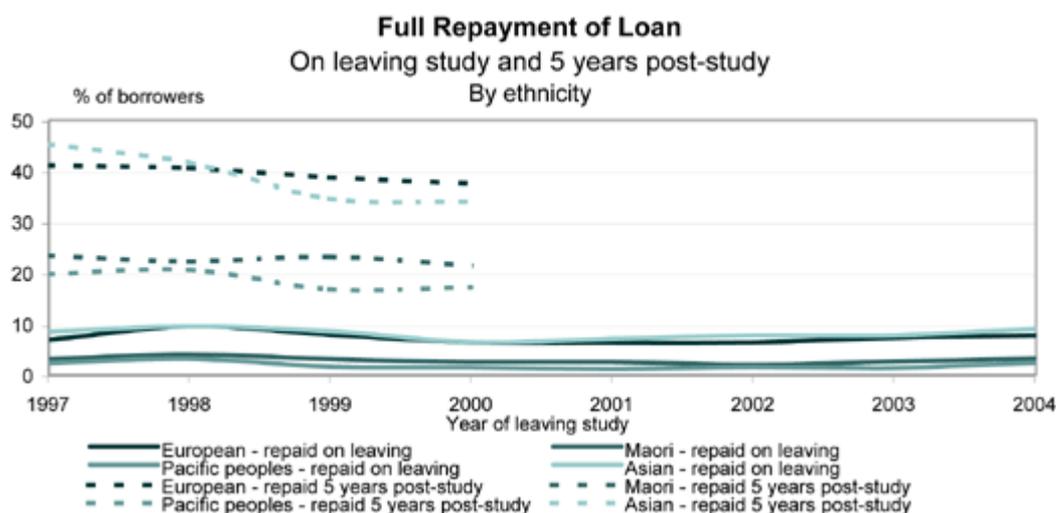
For borrowers leaving the health field of study in 1997, just under half (48 percent) had fully paid off their loan five years post-study. After a peak of 49 percent for those who left in 1998, the number of health field of study borrowers who had fully repaid their loan five years post-study decreased to 42 percent for those who left in 2000.

For those in the engineering field of study, the proportion of borrowers who had fully paid off their loan five years post-study was generally around 41 percent (for those who left between 1997 and 2000).

## Lowest proportion of full repayment on leaving study and five years post-study

Food, hospitality and personal services had the lowest proportion of borrowers who had fully repaid their loan on leaving study, ranging between 2 and 3 percent over the period 1997 to 2004. This was only slightly higher for creative arts, with full repayment rates between 3 to 4 percent over the same period.

For those leaving study between 1997 and 2000, the proportion of borrowers who had repaid in full five years post-study was lowest for those in the food, hospitality and personal services, and the creative arts courses. For both these fields of study, the proportion of borrowers who had repaid their loan in full five years post-study was under 25 percent for each year. For those who left study in 2000, the lowest full repayments were from those who were in the food, hospitality and personal services field of study (21 percent), followed by those from the creative arts field (23 percent).



### **Higher proportions of Europeans and Asian borrowers fully repaid their loans**

In 2004, the highest proportions of borrowers who had repaid their loan on leaving study were 9 percent for Asian borrowers (693 out of 7,710 borrowers) and 8 percent for European borrowers (3,405 out of 43,791 borrowers).

The proportion of borrowers who left study in 1997 and had repaid their loan five years post-study in 2002, was highest for Asian borrowers (46 percent). However, the proportion of Asian borrowers who had repaid their loan five years post-study declined markedly over four years, down to 34 percent in 2005 for those who left study in 2000. This compares with European borrowers who decreased from 41 percent to 38 percent over the same period, making European borrowers the most likely to repay their loans five years post-study.

### **Lower proportions of Pacific peoples and Māori borrowers fully repaid their loans**

In 2004, the lowest proportions of borrowers who had repaid their loan on leaving study were for Pacific peoples (2 percent) and for Māori borrowers (3 percent). The proportions of borrowers who had repaid their loan five years post-study were consistently lowest for Pacific peoples and for Māori. For Pacific peoples who left study in 2000, 18 percent (561 out of 3,192 borrowers) had paid off their loan in 2005, compared with 22 percent of Māori borrowers (1,683 out of 7,716) in the same year.