

Students Loan (Access to Higher Education) Act, 2023 Simplified

- The Students Loan Act 2023 was passed into law on June 12, 2023
- The Act ensures that indigent Nigerians have easy access to higher education as they will be able to take advantage of interest-free loans from the Nigerian Education Loan Fund established under the Act. **(Section 1)**
- The Act aims to create a legal framework for the grant of loans to indigent or low-income Nigerians in order to facilitate the payment of their tuition fees. **(Section 3)**



Nigerian Education Loan Fund

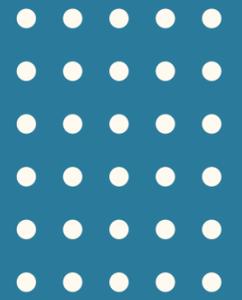
The Act establishes the Nigerian Education Loan Fund, which shall be domiciled with, managed, and administered by the Central Bank of Nigeria (CBN) through the money deposit banks in Nigeria. **(Section 5)**

- The Governor of the Central Bank of Nigeria shall set up a Special Committee to perform the functions of the fund and establish regulations and guidelines for the management, administration, disbursement, and recoupment of student loans under the Act. **(Section 5(5))**
- The Special Committee for the Fund shall be chaired by the Governor of the Central Bank of Nigeria, who shall appoint the Secretary of the Fund. Other members of the Committee shall include the Minister for Education, Minister for Finance, Chairman of the National Universities Commission, Auditor-General for the Federation, representatives of Vice-Chancellors Forum of all Nigerian Universities, Rectors Forum of all Nigerian Polytechnics, Provost's Forum of all Colleges of Education in Nigeria, the Nigerian Labour Congress, Nigerian Bar Association, and Academic Staff Union of Universities.



It is important to note that despite the wide functions and powers of the Committee under the Act, the President of the Federation is empowered to alter the decision of the Committee or give such directives to the Committee as he deems fit if he is satisfied that it is in the interest of the Committee or the public. **(Section 10)**

Objectives of the Nigerian Education Loan Fund. (Section 13)



- Facilitate the mobilization of funds to provide interest-free loans to students of institutions of higher learning in Nigeria, and
- Ensure constant provision of loans to qualified students



Sources of the Nigerian Education Loan Fund

The Fund shall be funded by multiple streams under the Act. **(Section 10)**. They include:

- Education bonds
- Education endowment fund schemes
- 1% of all taxes, levies, and duties accruing to the Government of the Federation from the Federal Inland Revenue Service (FIRS), Nigerian Immigration Service, and Nigerian Custom Services.
- 1% of all profits accruing to the Government of the Federation arising from oil and other minerals.
- All sums accruing to the Fund by way of donations, gifts, grants, endowments or otherwise
- Other revenue accruing to the Fund from any other source.

Application Requirements And Process (Section 14)

To be eligible to apply for the student loan, the following conditions must be satisfied:



- The applicant must have **secured admission** into any of the Nigerian Universities, polytechnics, colleges of education, or any vocational school established by the state or federal government.
- The applicant's income or family income must be **less than N500,000 per annum** to qualify.
- In addition, he/she must **provide at least two guarantors**, each of whom shall be a civil servant of at least level 12 in the service, a lawyer with at least 10 years post-call experience, and a judicial officer or justice of the peace.



Grounds for Disqualification. (Section 15)

An applicant is disqualified from accessing the loan if:

The applicant has proven to have defaulted in respect of any previous loan granted by any organization.

The applicant has been found guilty of exam malpractice by any school authority.

The applicant has been convicted of a felony or any offense involving dishonesty or fraud.

The applicant has been convicted of drug offenses

The applicant whose parents have defaulted in respect of a student loan granted to the student



Mode of Application (Section 16)

All applications must be submitted through the applicant's bank to the Chairman of the Committee, accompanied by a cover letter signed by the head of the institution and the student affairs officer of the institution. The application shall be accompanied by the following documents:

1. Copy of the student's admission letter
2. A letter by the guarantors addressed to the Chairman of the Committee
3. Two Passport photographs from each of the guarantors, name of employer, and evidence of employment
4. Particulars of the guarantor's business registration with the Corporate Affairs Commission or any other appropriate authority and his bankers where the guarantor is self-employed.



The processing of an applicant's application and subsequent disbursement shall be done within 30 days of receipt of the application by the Chairman of the Committee. However, disbursement shall be subject to the availability of funds.
(Section 17)

Repayment Plan (Section 18)



- Beneficiaries of the Student Loan under the Act shall commence repayment two years after completion of the National Youth Service Corps (NYSC) program.
- This shall be done by directly deducting 10% of the beneficiaries' salary at the source by the employer and credited to the fund.
- Where the beneficiary is self-employed, he shall remit 10% of his total profit monthly to the fund.

It should be noted that any self-employed person who fails to send information such as the name of business, address, registration documents, name of bankers, name of partners, name of directors, and name of shareholders to the Committee within 60 days of assuming that status commits an offense and is liable on conviction to a fine of N500,000 or imprisonment for a term of two years, or both.