

# FNB reports student loan applications up 6% in 2013

According to FNB, students, and their parents, are increasingly turning to student loans to fund their tertiary studies.



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With a 24% unemployment rate for South Africa and double that for young people, the good news is that a good education improves your prospects significantly. A recent study showed young graduates to have an unemployment rate of only 6%. Each matriculant who can study further should strive for the best possible qualifications to give themselves the future they dream of. However, studies are expensive and many people need some finance to enable these studies.

FNB reports they have seen a 6% increase in student loan applications, with 42% coming from Gauteng and the Western Cape in second place at 15%. The majority of students are studying towards a diploma (24%), followed by 14% studying for a BA degree and 9% studying towards a computer science qualification.

"Student loans are a sound investment in a student's future and a convenient way to pay for tuition fees, computers, books and sometimes even accommodation. On average, loans are taken over 12 months for around R50,000. These loans are easily accessible providing the student's parent or guardian earns more than R6,000/month and the application meets NCA criteria," says CEO of FNB Personal Loans, Pieter du Toit.

## Greater emphasis on tertiary qualifications

The FNB Life Start Student Loan offers a six-month payment holiday on the capital portion of loan from the date of graduation. Interest payments must be made from the date of taking the loan. The minimum loan amount is R4,000.

FNB is seeing strong demand for student loans, mostly from matriculants who are starting to register at universities and technicons for 2014. The bank notes that demand for student loans has increased as families are placing a much greater emphasis on tertiary qualifications in a competitive labour market.

"A higher education is critical to child's future employment and career opportunities. This is not limited to typical academic qualifications, but includes growing numbers of students seeking diplomas in high-demand areas such as trade skills and

specialist computer skills. Very often these students and their families struggle to purchase laptop computers, specialist equipment and books. Although loans can be used for any student requirements, caution is required to keep the total debt manageable and affordable" concludes du Toit.

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