

Financial sector staff slow to pay student loans

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An estimated 17,000 employees at one financial services firm owe the National Students Financial Aids Scheme (NSFAS) more than R500m.



Image source: www.pixabay.com

On Tuesday, 1 August, the NSFAS said it had been struggling to retrieve student loans from many private sector employees who had been employed for a long time.

The fund provides financial aid for needy tertiary students. The NSFAS requires of beneficiaries to start repayment once they earn R30,000 a year.

Acting NSFAS CEO Lerato Nage said more than R390m had been recovered in 2016 but there had been challenges with repayments by graduates.

NSFAS spokesman Kagisho Mamabolo said debtors with private sector jobs were not coming to the table, particularly in the financial services sector.

One company in this sector employed more than 17,000 NSFAS debtors, he said.

The NSFAS had furnished the company's CEO and human resources executives with a list of employees traced on the tax authority's database who were in their employ. Once feedback was received the NSFAS would proceed to contact the debtors.

The retail sector was also highlighted as having high numbers of employees who were refusing to pay back their loans, even years after graduating and finding employment.

Another challenge has been that the introduction of the National Credit Act repealed certain sections of the NSFAS Act, making it impossible for the NSFAS to automatically deduct loan repayments without getting positive consent from debtors.

It is now compulsory for NSFAS applicants to give positive consent before they are allocated their loans.

The South African Society of Bank Officials was not available for comment.

Meanwhile, the NSFAS opened its application window for the 2018 academic year on Tuesday. It will close on 30 November. In 2016 the NSFAS was inundated with applications from more than 700,000 applicants seeking student loans.

The organisation has partnered with the National Youth Development Agency to use the agency's centres countrywide for aspiring students to complete online applications and drop off manual applications.

The NSFAS will announce its new CEO in the next few weeks, following the resignation of Msulwa Daka in January.

Source: Business Day

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