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ASSESSING THE POTENTIAL IMPACT OF INTEREST-FREE STUDENT LOAN PROGRAM ON ACADEMIC PERFORMANCE: A PRE-IMPLEMENTATION STUDY

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Abstract

The general objective was to assess the potential impact of interest-free student loans on academic performance, focusing on the pre-implementation period. The study employs a cross-sectional survey design, utilizing questionnaires and interviews for data collection. The sample comprises students from Federal University Dutse and Bayero University Kano, with a total of 60 participants. Results indicate a significant positive relationship between interest-free student loans and academic performance. Additionally, socioeconomic backgrounds do not exert a significant influence on this relationship. The study identifies challenges such as accommodation expenses, fair access, and administrative complexities, alongside opportunities like effective communication strategies. The findings suggest that interest-free student loans can positively transform access to education, but strategic interventions are needed to address challenges. The conclusion emphasizes the need for continuous commitment to program optimization and inclusivity. Recommendations include targeted interventions for identified challenges and ongoing support for successful implementation. Finally, suggestions for future research propose exploring the post-implementation period to assess the long-term effects of interest-free student loans on academic outcomes.

Keywords: Student Loan, Interest Free Loan, Academic Performance and Long Term Financial Planning

1. Introduction

Access to quality education remains a cornerstone of national development and global progress. Yet, the rising cost of tertiary education continues to hinder equitable access for students, particularly in developing countries like Nigeria (Kwame & Tawiah, 2023). Globally, Furuta (2024) student loan programs have been established to mitigate financial barriers, but many are often interest-based, which can lead to long-term debt burdens and discourage academic focus. In response to these concerns, several governments and institutions have begun exploring interest-free student loan schemes as an alternative financing model aimed at promoting educational equity, reducing student indebtedness, and potentially improving academic performance (Asamoah et al. 2023).

In Nigeria, the introduction of an Interest-Free Student Loan Program represents a significant policy shift in higher education financing Obunadike et al (2024). Proposed to alleviate financial constraints among undergraduates and support academic success, this initiative aligns with the broader global movement toward more inclusive and sustainable education funding mechanisms. However, as the program is yet to be fully implemented, there remains a critical need to understand its potential academic and socioeconomic implications Robin et al (2024).

The global landscape of student loan programs, evident in both developing and developed nations underscores their critical role in fostering access to higher education (Joensen & Mattana, 2019). In developed countries like the United States, despite a decrease in government support for funding, the

demand for a highly educated workforce, driven by technological advancements and globalization, necessitates robust student loan programs. Sandy and Kathleen (2012) The United States, in recent years, has witnessed a trend in student aid with a growing number of beneficiaries primarily relying on grants and federal loans. However, there has been a decline in both the number of beneficiaries and the amount spent on disbursed loans reveal that, on average, students receive around \$13,218 in financial aid, with grants covering approximately \$3,932 and federal loans about \$5,056.

Shifting focus to Africa, Tanzania's Higher Education Student Loans Board (HESLB) has been instrumental in financing higher education. However, the growing number of students dependent on loans has led to exclusion criteria challenges, resulting in reduced sponsorships and delayed disbursements (Chatama, 2014). In Nigeria, as in many other countries, the cost associated with pursuing tertiary education has been a significant barrier for qualified students. This financial challenge has hindered access to higher education for many, leading to disparities in enrollment rates among different demographic groups. In response to this challenge, the Nigerian National Assembly passed the "Access to Higher Education Loan Bill" in November 2022. This landmark legislation, now accented to by the President, represents a significant step toward addressing the financial barriers that hinder access to higher education for Nigerian students. The bill's primary objective is to ensure equal access to education for all Nigerian students, regardless of their gender, religion, tribe, position, or disability (Muftahu & Jamil 2020). It proposes the establishment of the Nigerian Education Bank, which will administer interest-free education loans to students in tertiary institutions. These loans are intended to provide financial support for students to pursue their education and repay the loans after graduation. The Nigerian Education Bank, as proposed in the bill, will have various functions, including overseeing, coordinating, and monitoring the management of student loans, screening loan applications, approving and disbursing loans to qualified applicants, and ensuring compliance with repayment schedules (Ogunode et al. 2020).

Arising cost of tertiary education continues to present a significant barrier to access and completion, particularly among students from low- and middle-income households (Mulligan et al, 2023). In Nigeria, the financial burden of tuition, accommodation, textbooks, and other associated costs often leads to high dropout rates, academic underperformance, and in some cases, complete exclusion from the higher education system. While various scholarships and grants exist, they are limited in scope and often insufficient to meet the growing demand for financial aid.

Pernagallo (2024) student loan programs have served as a primary mechanism for funding higher education. However, the interest-bearing nature of most traditional loan schemes has attracted widespread criticism due to their long-term financial consequences, including chronic indebtedness and diminished post-graduation quality of life. Empirical evidence from both developed and developing economies shows that student loan debt can contribute to anxiety, reduced academic focus, and delayed socioeconomic advancement.

In response to these challenges, interest-free student loan programs are emerging as a potentially transformative alternative. Such models aim to relieve financial pressure while upholding the principle of equitable access to education. In Nigeria, the recent proposal to implement an interest-free student loan scheme has been received with cautious optimism. However, there is a lack of empirical research on how such a policy might affect students' academic behavior and outcomes in the Nigerian context.

Assessing the Potential Impact of an Interest-Free Student Loan Program on Academic Performance: A Pre-Implementation Study. While the specific objectives of this research are as follows are:

- i. To investigate the impact of interest-free student loans on the academic performance of students.
- ii. To examine the influence of students' socioeconomic backgrounds on the relationship between interest-free student loans and academic performance.

- iii. To systematically identify, analyze, and assess the key challenges and opportunities in the implementation of interest-free student loan programs in Nigeria.

2. Literature Review

2.1 Conceptual Definitions

Concept of Student Loan

According to Collins English Dictionary, student loan is a government loan that is available to students at a college or university in order to help them pay their expenses. Students' loans are available in various forms, with terms and conditions that can vary significantly based on the lender and the country's regulations. These loans are an important resource for students seeking to invest in their education and improve their future prospects. However, borrowers should carefully consider the terms, interest rates, and repayment options associated with these loans to make informed financial decisions.

Types of Students Loans

Although there are a variety of education loans, they can be broken down generally into two basic types: federal loans (sponsored by the federal government) and private loans.

Federal Student Loans

Federal student loans, often referred to as government student loans, are a cornerstone of financial assistance for higher education in the United States. These loans are administered by the U.S. Department of Education and are intended to help students and their families cover the costs of college or university. There are two primary types of federal student loans: Direct Subsidized Loans and Direct Unsubsidized Loans. Direct Subsidized Loans are awarded based on financial need, and the government pays the interest on the loan while the borrower is in school, during deferment, and in some other specific situations. Direct Unsubsidized Loans, on the other hand, are not based on financial need, and interest accrues while the borrower is in school. Federal student loans offer favorable terms, such as fixed interest rates and flexible repayment options, making them a common

choice for students seeking financial support for their education.

Private Student Loans

These loans are provided by private financial institutions, such as banks or credit unions. They may have variable interest rates and require a credit check. In some cases, the student loan package that a student is issued through the federal government may suggest that the borrower applies for additional funds through private lenders. Private student loans also include state-affiliated lending nonprofits and institutional loans provided by the schools. These types of loans will generally follow a more standard application process (like what is typical of any private-sector loan). Applications for private student loans typically require a credit check.

Borrowers can apply directly to individual private-sector lenders for funds. Similar to federal funds, the approved amount will be influenced by the school a borrower is attending. If approved, funds for educational expenses will first be disbursed to the school to cover any pending bills; the remaining amount is then sent directly to the borrower.

Measuring the Impact of Student Loans:

Academic Performance

Academic performance is a multidimensional construct that plays a pivotal role in the education system. It is a measure of a student's achievements in various educational domains, typically assessed through metrics like grade point average (GPA), standardized test scores, course completion rates, and overall academic achievement (Hattie, 2009). Academic performance serves as a critical indicator of a student's ability to acquire, retain, and apply knowledge in educational settings, and it can significantly influence future educational and career opportunities.

The determinants of academic performance are complex and multifaceted. They encompass a wide range of factors, both internal and external to the student. Internal factors include a student's cognitive abilities, motivation, study habits, and time management skills (Bandura, 1997). External factors encompass the quality of education, teaching methods,

curriculum design, class size, family background, socioeconomic status, and access to educational resources. These factors can interact and influence academic performance in various ways. For example, a student's motivation to succeed may be positively or negatively affected by family support, financial stress, or peer influence. Measuring the impact on financial well-being involves assessing post-graduation financial stability, employment rates, and income levels of borrowers. This can indicate the extent to which loans impact financial outcomes.

"Research has shown that the financial well-being of borrowers can be influenced by the burden of student loan debt, impacting employment choices and income levels" (Looney & Yannelis, 2015)

Long-term Financial Planning:

The impact on long-term financial planning involves evaluating the ability of borrowers to save for retirement, invest, and build financial security while managing student loan debt.

Economic Mobility:

Research can assess the impact of student loans on economic mobility, which reflects the ability of borrowers to move up the socioeconomic ladder over time. This measurement is significant in understanding the long-term consequences of student loans.

2.2 Empirical Review

Several studies have explored the impact of student loan debt on academic performance. In the study conducted by Bårdsen, Lindset, and Resch (2023), the authors explored the association between student debt and academic performance. Their findings indicated a negative relationship, as students with debt were significantly less likely to achieve a GPA above 3.0 compared to those without debt.

Smith (2018) also conducted a longitudinal study of undergraduate students in the United States and found a significant negative correlation between increasing student loan debt and academic performance, as measured by GPA. This suggests that as student loan debt levels rise, academic performance tends to decline. Similarly, Johnson et al. (2019) conducted a cross-sectional study, focusing on the

psychological stress associated with student loans. They found that higher levels of student loan debt were associated with increased stress, which, in turn, negatively affected academic performance.

The study by MaryKate Marshall (2021) brought to light a significant correlation between socioeconomic factors and the impact of student loans on academic performance. Their research revealed that students originating from lower socioeconomic backgrounds showed a heightened susceptibility to the adverse effects of student loans on their academic success. The analysis underscored that the financial strain resulting from loan obligations contributed to increased stress levels, ultimately hindering the overall academic performance of these students.

An empirical study by Brown and Wilson (2020) examined the academic performance of students with federal subsidized loans versus those with private loans. They found that students with federal subsidized loans had more favorable academic outcomes compared to students with private loans. The more flexible repayment terms and lower interest rates of federal loans seemed to mitigate the negative impact on academic performance.

In a related study, Anderson and Davis (2021) investigated the effects of interest rates on academic performance. They found that students with loans carrying higher interest rates exhibited a more pronounced negative impact on their GPA than those with lower interest rates.

Socioeconomic factors often interact with the relationship between student loans and academic performance. Gomez and Rodriguez (2017) conducted a study focusing on low-income students and found that while student loans were associated with increased access to higher education, academic performance was influenced by the financial stress and additional work obligations faced by these students. The socioeconomic background of the students influenced how student loans impacted their academic outcomes.

Patel and Martinez (2022) conducted a longitudinal analysis, examining how financial literacy programs and counseling services impacted the relationship between socioeconomic factors, student loans, and academic performance. Their study revealed that providing financial education and

support could mitigate the negative impact of student loans on academic performance for students from disadvantaged backgrounds.

Bennett, McCarty, and Carter (2012) conducted research on the effect of financial stress on course grades. From the sample of 231 students, 43.7% reported that they were financially stressed and they felt that their financial stress affected their academics. The average course grade of these students was 71.7 compared to an average course grade of 78.3 for students who reported that financial stress did not affect their academic performance. The students who reported that financial stress did interfere with their academic performance, “significantly higher percentages were female and minority” and first-generation students.

Jackson and Reynolds (2013) explore a similar question but with the additional factor of racial differences. Their findings suggest that using student loans increases the likelihood of graduation, particularly for black students. Although the effect of student loans is positive, black students usually accumulate larger amounts of educational debt and are more likely to default on their loans. This finding supports the dual-nature of student loans as presenting both a benefit and a cost to students. Jackson and Reynolds argue that overall, the effect is positive and the benefit outweighs the cost.

In a study by Dwyer, McCloud, and Hodson (2012) using data from the National Longitudinal Survey of Youth 1997 Cohort, including 1,898 young adults. They found that using student loans increases the chances of graduating. But their analysis showed a twist: the positive impact of loans diminishes at high debt levels, around \$10,000. Beyond this threshold, taking on more debt reduces the likelihood of graduation. Zhan (2014) finds evidence that supports the non-linear effect of student loans on college graduation and the threshold of about \$10,000 that Dwyer, McCloud, and Hodson (2012) found.

Stoddard's (2018) research, conducted over 36 consecutive semesters from 2002-2012, draws attention to the correlation between student loans and lower GPAs. However, limitations in data collection, specifically the exclusion of private loan data, and neglect of other potential factors impacting academic

performance, suggest the need for a more inclusive approach in future studies. Baker and Montalto's (2019) study address the impact of financial stress on academic performance, highlighting the significant effect on GPA. However, the study falls short in accounting for the socioeconomic status of individuals, which is a crucial factor influencing both academic performance and attitudes toward stress.

Zhan, Xiang, and Elliott's (2018) exploration of educational loans and graduation rates among racial and ethnic minority students adds a layer of complexity. The positive relationship between loans and graduation rates up to a certain threshold (\$19,753) indicates a nuanced interplay, emphasizing the need to consider race and ethnicity when analyzing educational outcomes.

Norvilitis and Batt's (2016) survey, focusing on psychological and attitudinal variables in student loan debt, unveils students' perceptions and beliefs about loans. However, the study's limitation lies in its reliance on self-reported attitudes, leaving room for the exploration of longer-term outcomes and observed behaviors in future research. Houle & Warner's (2017) study on boomeranging sheds light on the consequences of student debt beyond academic realms. The economic strain, risk of college no completion, and delayed transitions underscore the multifaceted impact of student loans on individuals' lives, with racial disparities magnifying these effects.

Fasules, Huie, and Troutman's (2017) examination of the economic value of bachelor's degrees from the University of Texas (UT) System emphasizes the importance of informed decision-making regarding college majors. This suggests that empowering students with relevant information may influence their choices and subsequent outcomes. The "Student Financial Wellness Survey" (Klepfer, et al., 2018) focuses on the broader context of financial wellbeing, indicating the interconnectedness of financial stress, academic performance, and institutional support. The study encourages institutions to proactively address financial concerns to enhance student outcomes

Moore's (2004) findings further reinforce the centrality of class attendance in academic success. Even without extra credits as incentives, students with

regular attendance exhibited higher grades. Latif and Miles (2013) extend this narrative by highlighting the significance of class attendance in technical subjects, such as statistics. Their study, based on Canadian students, emphasizes that attending classes significantly contributes to improved grades, underlining the broader impact of regular attendance on academic performance.

Demographic and socio-economic factors also play a role in academic outcomes. Gender, age, working status, socio-economic background, financial literacy (Xu and Zia, 2012; Lusardi et al., 2010), and optimism (Chamorro-Premuzic & Furnham, 2008) are all associated with varying levels of academic success. Denning and Jones (2021) question the impact of federal student loans on academic outcomes, suggesting no evidence that additional loans affect student GPA, persistence, or graduation.

2.3 Theoretical Framework

The Life Cycle Model

Is an economic framework that emphasizes how individuals make education investment decisions while considering their lifetime financial circumstances? It underscores the importance of financial support and credit availability in shaping these decisions. In accordance with this model, when individuals encounter challenges in borrowing against their future income to fund their current educational investments, they tend to invest less in education. Given the substantial rise in college tuition costs in recent years, financial support in the form of parental contributions, grants, or student loans has become crucial for students to successfully complete their college education. A study by Keane and Wolpin (2001) examined the disparities in college completion rates between students from high-income and low-income families.

They discovered that the variances in completion rates were primarily explained by parental financial support, while the availability of credit had a minimal impact. However, research by Lovenheim (2011) revealed that low-income students' college enrollment rates increased when they had access to additional home equity credit. Lovenheim found that a \$10,000 increase in the value of their homes boosted

college enrollment rates by 5.7% for low- and medium-income families, compared to just a 0.7% increase for all families on average. This suggests that the availability of credit can indeed be a limiting factor for college access for students from low- and medium-income backgrounds. In the context of education, it means that people evaluate the cost of obtaining an education (such as college tuition) against the potential future benefits (higher earning potential, career opportunities). However, in this model, it's assumed that individuals may face difficulty borrowing against their future income to finance their education. In practical terms, this means that if students or individuals cannot easily access loans or credit to pay for their education, they might under invest in education. This is because they might be deterred by the immediate financial burden of educational expenses, even if it could lead to greater earnings in the long run.

Human Capital Theory

Human capital theory (Becker, 1993) supports a rationality assumption of parents investing their time and resources in their children. The theory suggests that an individual will make investments in human capital if the potential benefits exceed the costs associated with education. The status attainment model (Sewell & Hauser, 1980) posits that parents' socioeconomic status and educational expectations are passed on to their children. Related to decisions on financial aid, the theory of efficient human capital investment implies that financial aid increases the educational attainment of children whose parents do not contribute to their education (Brown, Scholz, & Seshadri, 2012). Brown et al. (2012) have found that as the unmet expected family contribution increases, the child has more difficulty in financing college.

This leads to an increase in the demand for financial aid since the timing of investment in human capital can occur early (for children's education) or later (for college education), some studies have investigated the relationship between early and late investment in human capital. Cunha and Heckman (2007) posited that the relationship could be complementary or substitutable. If it is complementary, human capital investment made early

in the developmental stage will increase investment at later stages. However, if it is substitutable, an increase in early human capital investment would shift investment away from later stages. Caucutt and Lochner's (2012) study supported the complementary hypothesis. In this study, a \$10,000 increase in annual family income from a child's birth to age 11 would increase the child's likelihood of college attendance and completion by 4–6 percentage points (Caucutt & Lochner, 2012). In general, there is a consensus that higher education is an important investment for younger individuals to equip them for better job prospects and higher income potential (Brown, Haughwout, Lee, Scally, & van der Klaaw, 2014). Jepsen, Troske, and Coomes (2014) studied the labor market returns to community college education in Kentucky and found large earnings returns on associate's degrees and diplomas only for women.

3. Methodology

A research design is the overall strategy utilized to carry out research that defines a succinct and logical plan to tackle established research question through the collection, interpretation, analysis and discussion of data (Kothari, 2008). It is also referred to as a set of rules and procedures upon which research is based and against which claims for knowledge and assumption are evaluated for most decision making. The study adopted the use of a descriptive design approach. This is because this approach observes, concludes and report information within a definite context. According to Mathoko *et al.*, (2017) research design is a framework of decisions and techniques which are lied down by the researcher to state methods to be used in collecting and analysing data. The study uses questionnaire and interview to gather information related to the study.

The population of the study encompasses students of Federal University Dutse (FUD) and

Bayero University Kano (BUK) respectively. The population targeted for investigation at FUD includes students who are yet to pay the remaining 40% of their tuition fees for 2022/2023 academic session, and these students were identified through interviews. For BUK, no specific criteria were applied; all students were considered for inclusion in the study. For the scope of this research, a Simple Random Sampling method was employed for statistical sampling. Sixty questionnaires were distributed. The distribution was as follows; with thirty questionnaires distributed to Students of Federal University Dutse, and the remaining thirty to Students of Bayero University Kano.

To ensure the comprehensiveness and consistency of the research the data was edited, coded then put into the data processor to be processed with the help of Statistical Package for Social Sciences (SPSS). According to Cohen and Manions (2018), editing of responses is intended to identify and eliminate errors made by the interviewers or respondents. Descriptive statistics which involve the use of frequencies, percentage and means were used to analyses information extracted from the respondents, Regression analysis was also adopted to understand the relationship between different variables.

4. Results and Discussion

This comprised of data analysis, findings and interpretation. Results were presented in tables. The analysed data was arranged under themes that reflected the research objectives.

Response Rate

The questionnaires that were given out were 60. All of the 60 were given back fully filled. This represented an overall successful response rate of 100%. According to Mugenda and Mugenda (2016) a response rate of above 50% is adequate for aresearch.

Table 1: Response Rate

Response	Frequency	Percent
Returned	60	100%
Unreturned	0	0%
Total	60	100%

Source: Survey Data (2023)

Demographic Profile of Respondents**Table 2: Sex Distribution of Respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	37	61.7	61.7	61.7
	Female	23	38.3	38.3	100.0
	Total	60	100.0	100.0	

Source: field Survey, 2023

The above table depicts that, Among the 60 survey respondents, 61.7% were identified as male (37 individuals), while 38.3% were identified as female (23 individuals).

Table 3: Age Distribution of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
16-25	43	71.7	71.7	71.7
26-35	17	28.3	28.3	100.0
Total	60	100.0	100.0	

Source: field Survey, 2023

The above table depicts that out of 60 respondents, 71.7% were in the 16-25 age group (43 individuals), and the remaining 28.3% were in the 26-35 age group (17) individuals).

Table 4: Students Academic Level Distribution

	Frequency	Percent	Valid Percent	Cumulative Percent
LEVEL1	19	31.7	31.7	31.7
LEVEL2	8	13.3	13.3	45.0
LEVEL3	10	16.7	16.7	61.7
LEVEL4	23	38.3	38.3	100.0
Total	60	100.0	100.0	

Source: field Survey, 2023

The above table depicts that, out of 60 respondents, the majority of students were distributed across different academic levels. Specifically, 31.7% were in

LEVEL1, 13.3% in LEVEL2, 16.7% in LEVEL3, and the largest group, comprising 38.3%, was in LEVEL4.

Table 5: Departmental Distribution of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
ACCOUNTING	7	11.7	11.7	11.7
ACTUARIAL SCIENCE	1	1.7	1.7	13.3
BANKING AND FINANCE	7	11.7	11.7	25.0
BUSS ADMINISTRATION	1	1.7	1.7	26.7
TAXATION	11	18.3	18.3	45.0
ENTREPRENEURSHIP	6	10.0	10.0	55.0
PHYSICS	3	5.0	5.0	60.0
MATHEMATICS	2	3.3	3.3	63.3
ANATOMY	1	1.7	1.7	65.0
ZOOLOGY	2	3.3	3.3	68.3
CHEMISTRY	2	3.3	3.3	71.7
LINGUISTIC	1	1.7	1.7	73.3
LIBRARY	1	1.7	1.7	75.0
CROP SCIENCE	1	1.7	1.7	76.7
BOTANY	1	1.7	1.7	78.3
MBBS	2	3.3	3.3	81.7
FORESTRY	1	1.7	1.7	83.3
CRIMINOLOGY	2	3.3	3.3	86.7
HUMAN PHYSIOLOGY	1	1.7	1.7	88.3
ANIMAL SCIENCE	1	1.7	1.7	90.0
POLITICAL SCIENCE	4	6.7	6.7	96.7
ENGLISH	1	1.7	1.7	98.3
INSURANCE	1	1.7	1.7	100.0
Total	60	100.0	100.0	

Source: field Survey, 2023

The above table depicts that, in the survey with 60 respondents, the distribution across various academic departments is diverse. The most represented departments include Accounting (11.7%), Actuarial Science (1.7%), Banking and Finance (11.7%), Business Administration (1.7%), Taxation (18.3%), and Entrepreneurship (10.0%). Other represented departments include Physics (5.0%), Mathematics (3.3%), Anatomy (1.7%), Zoology (3.3%), Chemistry

(3.3%), Linguistics (1.7%), Library (1.7%), Crop Science (1.7%), Botany (1.7%), MBBS (3.3%), Forestry (1.7%), Criminology (3.3%), Human Physiology (1.7%), Animal Science (1.7%), Political Science (6.7%), English (1.7%), and Insurance (1.7%). This wide array of departments contributes to the overall comprehensive representation of academic disciplines in the study.

Table 6: Marital Status Distribution of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
MARRIED	12	20.0	20.0	20.0
SINGLE	48	80.0	80.0	100.0
Total	60	100.0	100.0	

Source: field Survey, 2023

The Above table depicts that, In the survey involving 60 respondents, marital status varies with 20.0% of individuals reporting as married (12 respondents), and

the majority, 80.0%, indicating a single marital status (48 respondents).

Regression/Test of Hypothesis

Table 7: Regression Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
AP	.273 ^a	.074	.058	.97949

Source: field Survey, 2023

The R squared value of 0.074 indicates that the factors considered in the model, including students' loan, collectively explain 7.4% of the variability in students' academic performance. This implies that while there is

a positive correlation, the model does not capture a substantial portion of the factors influencing academic outcomes, which means other factors may also play a significant role in determining students' performance.

Table 8: ANOVA (Hypothesis 1)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.470	1	4.470	4.659	.035 ^b
	Residual	55.646	58	.959		
	Total	60.116	59			

Source: field Survey, 2023

The statistical significance ($p = 0.035$) indicates that student loans have a significant impact on Students academic performance. This underscores the meaningful influence of student loans on the variability observed in academic outcomes

The results of the analysis lead to the simultaneous acceptance of the alternative hypothesis (H1) and rejection of the null hypothesis (H0). The outcome reveals strong evidence that interest-free student loans have a significant positive impact on students' academic performance.

Table 9: Regression Coefficient (Hypothesis 1)

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Error Std.	Beta	t	
1	(Constant)	2.959	.437		6.769	<.001
	SL	.238	.110	.273	2.159	.035

Source: field Survey, 2023

The coefficient for student loans is 0.238. This means that for each unit increase in student loans, there is an estimated increase of 0.238 units in the dependent variable (academic performance). The Beta value of 0.273 is the standardized coefficient, representing the

strength and direction of the relationship. The t-value of 2.159, along with a significance of 0.035, indicates that the coefficient for student loans is statistically significant at the 0.05 level. The regression model suggests that student loans have a significant positive

impact on academic performance. The positive coefficient (0.238) indicates a positive relationship, and

the significance level (0.035) supports the idea that the relationship is unlikely to be due to random chance.

Table 10: ANOVA (Hypothesis 2)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.878	3	1.626	1.648	.189 ^b
	Residual	55.238	56	.986		
	Total	60.116	59			

Source: field Survey, 2023

The result suggests that, socioeconomic background (SEB), does not provide a statistically significant improvement in explaining the variability between students' loan and academic performance (AP). This is

based on the F-statistic of 1.648 and a significance level of 0.189, which is greater than the common threshold of 0.05. significance level.

Table 11: Regression Coefficient (Hypothesis 2)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.071	.797		3.854	<.001
	SL	.220	.127	.252	1.736	.088
	SEB	-.002	.198	-.001	-.009	.993
	moderator	-.083	.132	-.085	-.632	.530

Source: field Survey, 2023

The model, which includes student loans as a predictor and socioeconomic background (SEB) as a moderator, yields a weak positive correlation between student loans, SEB, and academic performance. Socioeconomic background (SEB), serving as the moderator lacks a

significant influence on the relationship between student loans and academic performance ($B = -0.002$, $p = 0.993$). Thus, the results suggest that socioeconomic background do not significantly impact the relationship with academic performance.

Table 12: Hypothesis 3

	1	2	3	4	5
Valid	60	60	60	60	60
Missing	0	0	0	0	0
Mean	3.78	3.80	3.65	3.90	3.70
Std. Deviation	1.303	1.286	1.175	1.205	1.225

Source: field Survey, 2023

Table 13: Means and Standard Deviation analysis

Items	Mean	Standard Deviation	Rank
I think public awareness and understanding of interest free student loans may be a challenge in Nigeria	3.78	1.303	4 th
I anticipate that ensuring fair and equal access to interest free student loans maybe a challenge in Nigeria	3.80	1.286	2 nd
I believe that administrative complexities may pose challenges in the implementation of interest free student loans in Nigeria	3.65	1.175	5 th
I anticipate that challenges related to accommodation may pose significant concerns for students, even with the availability of interest free students' loans specifically for tuition fees.	3.90	1.205	1 st
I foresee that feeding expenses may remain a notable challenge for students, despite the implementation of interest free student loans targeted at tuition fees.	3.70	1.225	3 rd

Source: field Survey, 2023

Table 14: (Hypothesis 3)

	1	2
N Valid	60	60
Missing	0	0
Mean	4.13	4.32
Std. Deviation	1.049	.676

Table 15: Means and Standard Deviation Analysis

Items	Mean	Standard Deviation	Rank
I believe there are significant opportunities associated with interest free students loan implementation in Nigeria	4.13	0.676	2 nd
I believe that a well-designed communication strategy can be an opportunity for the successful implementation of interest free student loan in Nigeria	4.32	1.0490	1 st

Source: field Survey, 2023

The table reveals that while there are difficulties to overcome, there are also positive aspects that, if utilized effectively, can lead to successful implementation and impact. Therefore, we accept our alternate hypothesis, indicating that there are significant challenges and

opportunities associated with the implementation of interest-free student loan programs in Nigeria.

5. Conclusion and Recommendations

Interest-Free Student Loans have a significant and positive relationship with Students' Academic Performance. Students' socioeconomic backgrounds do not play a significant role in influencing the relationship between interest-free student loans and academic performance. The study identifies both significant challenges and opportunities linked to the implementation of interest-free student loan programs in Nigeria. These conclusions underscore the potential positive impact of Interest-Free Student Loans on academic outcomes, regardless of students' socioeconomic backgrounds. However, acknowledging and addressing challenges while leveraging opportunities will be crucial for the successful implementation and effectiveness of such programs in the Nigerian context. Continuous commitment to the aforementioned recommendations will contribute to the broader goal of enhancing educational outcomes through financial empowerment.

The Government should implement clear guidelines, incorporating transparent criteria, to ensure the fair and equal distribution of interest-free student loans. This will mitigate potential disparities, fostering equitable access and opportunities for students across varying socioeconomic backgrounds. The Government should Recognize and address broader financial pressures on students beyond tuition costs. Explore

additional support mechanisms for accommodation and feeding expenses to create a comprehensive financial support system. The Government should also Develop and implement a well-designed communication strategy to maximize the positive impact of interest-free student loans. Collaborate with relevant institutions to create awareness and foster a positive perception of the program. The Government should develop streamlined administrative processes to mitigate challenges related to administrative complexities upon implementation. This may involve simplifying application procedures and ensuring efficient disbursement of loans.

In the future, researchers could explore what happens after the interest-free student loan program is implemented. This study focused on understanding the potential impact of these loans on students' academic performance before they were implemented. A valuable next step would be to conduct a follow-up study once the program is in operation. This would provide insights into the actual effects of the program on students' academic achievements and whether any new challenges arise during its implementation. It's like looking at the 'after' scenario to gain a comprehensive understanding of how interest-free student loans continue to influence students' grades and overall experiences. This type of study could involve tracking students over an extended period to observe how dynamics change over time.

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