

# *Literature Review on Systematic Management Analysis of National Student Loans in China from the Perspective of Credit Investigation*

**Hongmei Zhou**

*Guangdong Technology College, Guangdong, China*

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**Abstract:** With the deepening of the reform of China's higher education tuition system, the problem of poor repayment of national student loans has attracted high attention from universities and all sectors of society. Based on the comprehensive literature research and the practical experience of post-loan management of national student loans in colleges and universities, this paper summarizes the research and analysis of post-loan management of national student loans in China from the perspective of credit investigation, and puts forward some solutions, such as strengthening the education of loan students, improving the loan repayment consciousness of loan students, reducing the loan default rate, and preventing credit risks. A scientific and feasible credit investigation management system for student loans should be constructed from the perspective of credit information system management analysis.

## **1. Introduction**

State student loans have played an important role in helping poor students to complete their college studies, but they also attract great social attention due to the high overdue default phenomenon of loan students. According to relevant statistics, since the implementation of the student loan system with government discount interest, the national default rate of loan repayment students is as high as 20%. Poor repayment of loans has become an important factor hindering the healthy and sustainable development of national student loans. Poor repayment of national student loans will inevitably affect the financial sustainability of loans, so the government needs to continuously increase its investment to curb the need of the state to expand the scale of higher education. What causes the loan-receiving students to frequently default has become a crucial problem to be solved in the management of national student loans, and it has also become a topic that scholars pay attention to and study. The national student loan policy has been implemented in China for nearly ten years, and there are many special studies on loan repayment. Most of the initial studies are the introduction of foreign experiences, which can provide reference for perfecting the national student loan repayment policy in China. Later, with the deepening of the student loan work

and the large-scale loan graduates entering the loan repayment period, the loan risk began to appear, the problem of poor repayment of student loans became increasingly prominent, and more and more studies were made on repayment. In the process of literature collection, the author found that, among many research literatures, there are relatively few related research papers on the management and analysis of the national student loan system from the perspective of credit information because the establishment of the citizen credit information system in China is not too long. The high default rate of loan students has seriously disturbed the sustainable development of national student loans. This paper comprehensively sums up and summarizes the problem of poor loan repayment from the perspective of previous studies and from the perspective of credit investigation, it is of urgent practical significance to explore how to establish a post-loan system management system, do a good job of post-loan management, and promote the benign development of national student loan work.

This paper studies the management analysis of China's national student loan system from the perspective of credit information by using the methods of literature research and logical analysis. Through careful study of the selected literature samples, it is found that there are basically two kinds of research done by scholars. One is to summarize the factors that affect the repayment of national student loans in China from different angles, and put forward their own suggestions. The other is to introduce the advanced experience of foreign countries and put forward the enlightenment to our country. According to the characteristics of the research on student loan repayment, this paper divides the literature samples into four categories. The first category is about the research status of student loan post-system management analysis at home and abroad, the second category is about the research summary of foreign student loan system management experience, the third category is about the integrity of the factors that affect the repayment of national student loans, and the last category is about the measures to solve the poor repayment of national student loans from the perspective of credit reporting. Based on the detailed analysis of the above four parts, the author's humble opinion is expounded.

## **2. Research Status of Post-Student Loan System Management Analysis from the Perspective of Credit Investigation at Home and Abroad**

From the foreign research situation, compared with the Chinese government to establish the citizen credit investigation system in the early 21st century, the credit investigation industry in foreign developed countries is much more developed. Britain established the world's first credit investigation company in the 19th century, and most countries in Europe and the United States have established a relatively perfect credit investigation system in the 20th century. Foreign research on student loans has a history of more than 50 years. For the post-loan management, foreign developed countries attach great importance to the perfect citizen credit investigation mechanism to restrict the loan students. For example: "The foreign student loan risk prevention mechanism experience to our country" (He Hong, 2012) and "The Chinese college student loan personal credit investigation system construction: the experience of Europe and America and its enlightenment" (Huang Yaxiong, 2010), all these have studied the experience of the developed countries in Europe and America in the post-loan management of student loans, is worthy of reference and learning in our country. At present, there are many studies on the post-loan management of student loans in China. For example, dozens of papers such as "Research on the Post-loan Management of National Student Loans" (Wu Ling, 2008) and "Thoughts on the Post-loan Management of student Loans under the New Situation" (Yang Congcong, 2013) have studied the post-loan management of student loans.

However, because the establishment of the citizen credit system in China is not too long, there are relatively few related research papers on the management analysis of the national student loan system from the perspective of credit reporting. "Enlightenment of the experience of post-loan management of student loans from the perspective of foreign credit information system to China" (Yang Ming, 2016) and "Construction of China's student credit information system" (Luo Qing, 2015) are a few academic papers related to the management of national student loan system from the perspective of credit information system.

### **3. A probe into the Reasons of Poor Repayment of National Student Loans**

By comparing and summarizing the views of scholars, and based on the analysis of the default behavior of borrowing college students, the main body of repayment behavior, we can sum up the factors that affect the poor repayment of student loans into external factors and internal factors. According to the analysis of China's traditional policy of student loan repayment and the relevant data collected, it can be found that the imperfect mechanism of student loan repayment and the management mechanism of student loan recovery are the two main external factors that affect the loan repayment. The internal factors that affect the loan repayment of college students are mainly employment status, income and honesty consciousness. However, by comparing the existing literature, the author finds that the literature shows that students' weak sense of good faith is the main reason for loan default.

The national student loan is a pure credit loan, and the good faith of college students is the premise of the implementation of the student loan. The repayment of the loan mainly depends on the loan students consciously fulfilling the contract. In the period when the personal credit information system in China has not yet formed, there is a lack of restraint on students' credit awareness, and a few students think that bad faith behavior will not have much impact on themselves. Coupled with the influence of bad thoughts in the society, bad faith behavior is common. A small number of college students have the ability to repay themselves, but they are malicious in default or evasion, and think that the national student loan is deserved and can not be repaid; There are still quite a few delinquent students who think that there are so many bad debts in banks every year, and what they escape is nothing. After graduation, they neither take the initiative to repay the loan, nor contact the lending bank, and try their best to escape the recovery of the bank. The weak sense of honesty among college students has become a factor that we should pay special attention to when studying the causes of low repayment quality of student loans. The current college students lack of integrity phenomenon is serious, most students show dishonest behavior in real life and recognize the importance of inconsistency, need to strengthen the integrity education of college students, embodied in the following aspects:

#### **3.1 Unideal Cognition of the Credit Investigation System Knowledge for College Students**

The survey data shows that most of the highly educated college students do not know or not familiar with the credit investigation system. However, when the concept of the credit investigation system is explained in the questionnaire, the vast majority of college students think that it is very important for the state to establish a citizen credit investigation system, and generally support the establishment and improvement of the credit investigation system. In view of the above situation, the author believes that it is urgent for the government and universities to increase the publicity of the relevant knowledge of the credit investigation system through various ways, so that college students can understand the adverse consequences of being caused by citizens' dishonest financial

behaviors, and strengthen the awareness of college students to keep their promises and repay loans on time.

### **3.2 The Wrong Attitude towards the Tolerance of College Students' Repayment of National Student Loans and Breach of Contract**

Overdue state student loans should be morally condemned and punished by law, but unfortunately, only a small number of college students have a correct understanding of this, about half said they can "depend on different circumstances", and even favor the wrong view of "not understandable". In view of the above situation, colleges and universities should not only strengthen the moral integrity education, but also strengthen the legal education.

### **3.3 Families and Schools Attach Great Importance to the Integrity Education of Children and Students, but the Effect is not Very Ideal**

The survey shows that families pay attention to children's integrity education, and schools carry out integrity education for students through various ways, but the effect is not very ideal. Families and schools in the process of growing up of college students should unswervingly carry out integrity education, strengthen their awareness of integrity, and establish a long-term mechanism to carry out integrity education.

### **3.4 The lack of Integrity of College Students for Various Reasons, and the Most Important Thing is the Impact of the Social Environment**

The survey shows that a variety of reasons cause the lack of integrity of college students, the most important is the impact of the social environment, the lack of self-restraint and personal moral cultivation, the lack of integrity, the lack of education, the influence of parents and family. The analysis of the reasons for the lack of integrity of college students is the premise and basis to solve the problem of cultivating college students' integrity and improving their integrity consciousness.

## **4. Overview of the Post-System Management Experience of Student Loans from the Perspective of Foreign Credit Investigation**

According to the Enlightenment of the Post-loan Management Experience of Foreign Credit Investigation System to China (Yang Ming, 2016), the advanced experience of the post-loan management of the credit investigation system in foreign developed countries has a reference role for the post-loan management of national student loans in China:

### **4.1 Student Loans Have a Benign Interaction with the Personal Credit Investigation System**

Student Loan information of college students in developed countries in Europe and the United States is fully shared among government management, universities, banks, guarantee, debt collection and credit investigation, so as to effectively control all kinds of risks. As long as the benign interaction between student loans and personal credit investigation system is realized, the competent government departments can firmly grasp the initiative of post-loan management.

#### **4.2 Developed Countries in Europe and The United States Have Established a Relatively Perfect Student Loan Risk Prevention Mechanism, with Different Rewards and Punishments to Prevent Post-Loan Risks**

The risks of student loans are mainly divided into two categories: economic risk and moral risk. Major developed countries have established a relatively perfect risk prevention mechanism for student loans to reduce risks and strengthen management.

#### **4.3 There are Many Feasible Ways to Recover the Overdue Student Loans, and the Trust-Breaking Loans should be Recorded in the Government Integrity Files, and the Overdue Loans Should Be Recovered with the Deterrent Power of the Law**

In the management of student loan issuance and recovery in major developed countries such as the United States, Japan and Europe, the loan scope is clearly defined, and the credit investigation of applicants and joint guarantees in the loan qualification examination is very strict. On the one hand, the delinquent with justifiable reasons should delay or reduce the repayment as appropriate; on the other hand, the malicious delinquent should be severely punished, including reporting the arrears to the credit bureau, recording the student credit, exposing the name of the delinquent on the media, until resort to law, and enforced by the court.

### **5. Measures to Solve the Poor Repayment of National Student Loans from the Perspective of Credit Information**

"The Construction of Student Credit Information System for Student Loans in China" (Luo Qing, 2015) holds that the construction of personal credit information system for student loans is to collect the personal credit records scattered in different credit institutions, educational institutions, administrative agencies and so on into a database through a certain mechanism, so that credit institutions can conveniently and quickly obtain complete and true information when making credit decisions, thus preventing credit risks and reducing transaction costs. It includes the collection, utilization and utilization of personal credit information. In the construction of the credit information system for student loans, we should pay special attention to the role of the university where the students are located, emphasize the responsibility of the university, and do a good job in collecting and maintaining the basic information of the personal credit information system for student loans.

Based on relevant literature and data, the credit investigation system management analysis to improve the management measures after China's student loan can have the following aspects:

First, on the one hand, we should strengthen the credit system organization and increase the training of credit management personnel; on the other hand, promote the construction of credit information platform. Vigorously promote the construction of credit basic information platform, increase information collection and sharing, and give full play to the functions of publicity, publicity, inquiry and other functions of college students' credit files. At the same time, the credit files of college students should be effectively connected with the existing citizen personal credit investigation system, so that the integrity of college students can become a resource and continuously accumulated and stored.

Secondly, enhance the interaction between the student loan and the credit investigation system. For college students who apply for student loans, they can not intuitively feel the credit investigation system behind the loan system. The relevant government departments should timely

release the credit information to the credit students according to the data analysis of the credit investigation system, and encourage the students to consciously understand and use the credit investigation system through the appropriate verification work. The dishonest behaviors of borrowed students during study and life should be fed in real-time through the credit investigation system. More importantly, the relevant government departments should continuously expand the effectiveness of the credit investigation system, closely combine the personal credit of college students with learning evaluation, employment recommendation and various economic activities, and give full play to the all-round constraint role of the credit investigation system.

Finally, establish a loan default early warning mechanism. The financial aid management departments of colleges and universities must be more detailed and deeply grasp the ideological dynamics and performance of the borrowed students, and implement the classified management of the more complete files and the regular conversation system. Once it is found that the loan students have bad behavior tendency, the early warning mechanism should be started immediately, and try to take corresponding measures to deal with the loan period during the term and in school. If this opportunity is missed, the follow-up recovery work will be difficult to be effective.

Pay equal attention to credit education and credit consciousness cultivation. The competent government departments and colleges and universities attach great importance to the integrity education of student loans. Every semester, they will improve the integrity awareness of credit students by issuing credit books, conducting credit lectures, essays and publicizing credit models. Constantly strengthen the cultivation of the credit awareness of the loan of students. First of all, students should have a deep understanding of the use of personal credit files and credit investigation system, and realize the profound impact of credit on the future of individuals. Secondly, specific measures should be introduced to closely link the personal credit of the borrowed students with the loan amount, study evaluation, financial aid application, and employment recommendation, so that the credit can truly become a resource, rooted in the life, study and ideology of the borrowed students.

## 6. Conclusion

This paper reviews the research achievements made by scholars in this subject from four parts: the research status of the post-loan system management analysis at home and abroad, the research on the integrity of the factors influencing the repayment of national student loans, the summary of the research experience of foreign student loan system management from the perspective of credit information, and the measures to solve the ineffective repayment of national student loans from the perspective of credit information. The conclusion of this paper shows that:

(1) Scholars have analyzed the factors that affect the repayment quality of student loans from the perspective of honesty. As the national student loans have not been running for a long time, they don't know enough details about the situation of repayment arrears, and the latest data are often hard to get, which directly affects the in-depth research and makes the research lack important data support. Finally, there are many studies on foreign student loans in the relevant literature, but there is almost no analysis of the factors affecting the credit of loan repayment, which makes our research lack of important reference.

(2) International research on the management experience of student loan system from the perspective of credit reporting.

The research on the international situation of student loan repayment from the perspective of credit information mainly focuses on the introduction of student loan repayment in developed

countries in Europe and America and the brief introduction of foreign successful experiences. There are not many in-depth studies, which need further research and discovery. The author thinks that the research on the international experience of student loan repayment, first of all, our research on the successful practices of foreign countries should not only stay on the surface to make some simple introductions, but also conduct more in-depth research, especially some related case studies. Only by knowing the background of the implementation of foreign student loan policies in detail and combining with their specific implementation status, can we find out the real reasons for their success, and then put forward some enlightenment suitable for China's specific situation according to the actual situation of national student loan repayment in China. Secondly, scholars should not only pay attention to the successful experience in the world, but also conduct in-depth analysis and research on the cases of countries with poor repayment of international middle school students' loans, and sum up the lessons, which can play a guiding role in the recovery management of national student loans in China.

To sum up, improving the integrity consciousness of college students is an important subject worthy of the common attention of the whole society, which requires the joint efforts of the society, universities and college students. The government should extensively publicize the credit investigation knowledge in the whole society through various ways, And to further improve the credit investigation system, Establish and improve the punishment system for citizens' lack of integrity, including overdue default of loans, There are laws to follow, Violations of the law must be investigated and dealt with; Colleges and universities should establish a long-term mechanism of credit investigation knowledge publicity among students, Strive to create an honest campus atmosphere; Integrate credit investigation knowledge into the formal education system, Setting up the elective courses, Through formal teaching means to train students to correctly use modern financial means to do a good job in life and career planning; The student education management department should make full use of the students' positive psychology of recognizing the importance and advocating honesty, Organize a variety of colorful integrity education activities among students, In the process of activities, pay attention to the effectiveness of the activity; especially to strengthen the awareness of integrity, Organize the loan students to strengthen the study of credit investigation knowledge, Cultivate loan students to establish the integrity of glorious, shameful consciousness. As the main body of college students should strengthen the integrity consciousness of self education and cultivation, improve the law-abiding consciousness and self-discipline, should realize the integrity is the foundation of the character, commitment, trustworthiness, honesty, internalization, externalized, starts from yourself, start from small, practice everything honesty, honesty, honesty, do honesty, with the quality of integrity and integrity of the people around, and promote the pace of integrity social construction.

In a word, it is urgent to strengthen the study of credit investigation knowledge among college students through various ways, strengthen the cultivation and education of integrity consciousness and quality of college students, especially loan students, further establish and improve the citizen credit investigation system and the punishment system for lack of integrity, and promote the construction of honest society.

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## Author Introduction

Hongmei Zhou (1971.09-), Female, Han nationality, Hunan Province, PhD candidate, Guangdong Technology College, 526114, Associate Professor, Main Research Fields: Higher Education research, Innovation and Entrepreneurship Education for College Students

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