

A Mismatch between the Scale of Higher Education and the Level of Household Incomes

Causes of Proliferation of Online College Student Loans in China

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DOI: <https://doi.org/10.15354/si.23.co008>

Funding: No funding source declared.

COI: The author declares no competing interest.

“Education is one thing no one can take away from you.”

–Elin Nordegren

Keywords: Higher Education; Family Income; Student Lending; Online

Science Insights, 2023 February 28; Vol. 42, No. 2, pp.799-800.

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OVER the past decades, Chinese higher education has undergone a dramatic expansion. According to *An Overview of Chinese Education: National Education Development in 2020* issued by the Ministry of Education of P. R. China, there were 2738 higher education institutions in China in 2020, with an admission rate of 54.4% and a total enrollment of 41.83 million students (1). With the rapid popularization of higher education, numerous issues have emerged on college campuses. The unreasonable proliferation of online student loads is one of them.

College student lending is a common financing practice in the world. In the USA, about 93% students have applied for student loans during their college life (2). According to the *Report on the Economic Well-Being of U.S. Households in 2018* published by the US Federal Reserve, 53% of college students and graduates depended on student loans or partially so to complete their higher education (3). However, few countries have experienced such chaos as China regarding college students' borrowing for school fees and living expenses. The widespread online lending has severely affected students' learning and life and even caused some extremely tragic incidents including

online loan-induced dropping out and suicide (4). *Risks in Online College Student Lending in China and Coordinated Regulation* in this issue described the problems with online student loan platforms in China and explained the underlying causes (5).

Generally, the development of education is positively correlated with the growth of social economy. Scientific planning is crucial to the healthy and orderly development of education. An exorbitantly high speed of growth in education that mismatches the country's economic level often leads to unmanageable consequences (6). Despite that China's per capita GDP was about 12,700 USD in 2022, there are still roughly 600 million Chinese people who have a less than 1,000-CNY household per capita income (7). Household education expenditure is directly related to the family's economic status (8). Even though there are many reasons for the irrational online borrowing behaviors of Chinese college students, low family income is one of the main factors. Hence, it is not advisable to blindly expand the scale of education, outpacing the increase in financial capacity of average families. ■

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Received: January 11, 2023 | Revised: January 19, 2023 | Accepted: January 26, 2023
