

Analysis of President University Students' Perception of Interest Rate Offered by Danacita as a Student Loan Provider

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Article Info	Abstract
<p>Keywords: Danacita; Student Loan; Interest Rate; Students' Perception</p> <hr style="border: 0.5px solid black;"/> <p>DOI: 10.33830/elqish.v1i1.157.2023</p>	<p>This study aims to explore the perceptions of students at President University towards the interest rates offered by Danacita, a prominent education loan provider. Given the increasing importance of higher education and the financial challenges associated with it, understanding students' perceptions of education loan providers is crucial. The study evaluates the effectiveness and fairness of Danacita's loan system, considering its impact on students' financial well-being. The research employs a qualitative approach gathering results from a questionnaire distributed among President University students revealing insights into the efficiency of the loan application system, an assessment of interest rates, and students' satisfaction levels. It is hoped that this study offers valuable insight for future research in advancing equitable and well-managed educational financing systems.</p>

1. Introduction

In the world of education, an important issue has emerged that could potentially affect the lives of students and their future education. This problem is related to the cost of education and how students can finance their education. For example, students at Institut Teknologi Bandung (ITB) are currently facing a heavy challenge related to the Single Tuition Fee they have to pay (Kompas, 2024). To help students overcome this challenge, ITB offers the option to use online loans through the Danacita platform. However, this raises new concerns because the interest offered by the platform is very high, which could add to the financial burden for students. Danacita is a Financial Technology company that provides staggered educational loans to college students and training participants with educational credit. According to CNBC (2024), Danacita has collaborated with approximately 148 universities, one of which is President University. Like most online loans, there is certainly interest offered in these educational loans. If someone applies for funds amounting to Rp12.5 million with a tenor of 12 months, then the borrower must pay Rp1,291,667 per month. Accumulated over 12 months, the borrower must return Rp15,500,004. It is informed that the monthly platform fee is 1.75% and the approval fee is 3% of the total loan (Puspadini, 2024).

With high-interest rates that pose a burden to students, there are differences between the student loan schemes in Indonesia and those abroad. As explained by financial planner Andy Nugroho, in the United States, for example, loan repayments commence

only after the student has graduated and entered the workforce, offering a more lenient approach. In contrast, in Indonesia, repayments are required while the individual is still a student or even immediately upon securing the loan (detik Finance, 2024). The payment scheme in Indonesia is characterized by a shorter duration and payments made before the student graduates. Meanwhile, in foreign countries, there is no fixed timeframe for repayment, and the focus is more on the borrower's graduation rather than the repayment schedule (Ayuningrum, 2024). These challenges not only impact students' lives today but also have long-term implications for their future. With financial burdens increasing, students may feel overwhelmed and stressed, which can affect their academic performance and mental well-being. Moreover, the decision to take out an online loan can also affect their ability to manage finances in the future. The researcher's objective is to evaluate the effectiveness and fairness of the loan system provided by the Danacita platform, including the interest rates and fees. The researcher's contribution could include developing a research design to investigate the impact of education costs and financing methods on students. This could serve as a model for future studies in this area.

Fintech, an abbreviation for financial technology, emerges from the integration of financial services with technological advancements, transforming conventional business models into more modern ones (Bank Indonesia, 2018). Bank Indonesia has established three regulatory frameworks for the operations of fintech companies. These are outlined in Bank Indonesia Regulation No. 18/40/PBI/2016, which addresses the implementations of Payment Transaction Processing, Bank Indonesia Circular Letter No. 18/17/PBI/DKSP, which concerns Digital Financial Service Providers, and lastly Bank Indonesia Regulation No. 18/17/PBI/2016, which focuses on Electronic Money. Fintech encompasses various types, one prominent example being Peer-to-Peer (P2P) Lending. This type entails the direct lending of funds to unrelated individuals, or "peers," without the intermediary role of traditional financial institutions such as commercial banks. P2P lending predominantly operates through online platforms equipped with specialized credit evaluation tools tailored for the purposes of these lending entities (Wang et al., 2015).

Student Loan is a loan scheme, both subsidized and unsubsidized, provided to students to assist in financing their education, covering expenses such as tuition fees, books, study materials, and other related costs (Salim, 2024). The main goal of the student loan is to provide access to students to pursue higher education without having to pay all education costs directly. Thus, the student loan plays a crucial role in reducing educational access gaps and ensuring that educational opportunities are more easily accessible (Sebayang, 2019).

Loan interest is a burden that must be borne when borrowing money. It is generally determined as a percentage of the amount of money borrowed (Abdullah, 2019; Syirfana & Nurhasanah 2021). Therefore, interest, which is manifested as a percentage of the loan amount, not only becomes an additional burden in borrowing but also serves as a major determinant in deciding whether the loan is feasible or not. According to Ruqoyah et al., (2023), the high interest rates can trap users in a debt cycle that is difficult to overcome. This is particularly applicable to Education Loans, where the interest rate can significantly impact the long-term financial burden borne by students and their families. Furthermore, the psychological stress associated with large debts can have serious implications on the mental health of students and their families (Kim & Chatterjee, 2021). The fear of falling into a debt trap can lead to anxiety and depression, negatively impacting individuals' overall well-being. As Ruiz Alvarado et al., (2020) mentioned, the students from low-income families who rely on loans for their education face several challenges. They may end up with higher overall costs compared to wealthier students, bear a significant

financial burden that affects their stability post-graduation, have limited resources during their college years which can impact their academic and social engagement, and accumulate substantial debt that could influence their future financial decisions and opportunities. Therefore, it is crucial for OJK to carefully consider the implications of loan interest rates, especially in the education field. By ensuring that loans are affordable and manageable, we can make education more accessible and equitable for all.

2. Research Method

The research method used qualitative research. Furthermore, data analysis using a questionnaire is categorized as a closed questionnaire because the respondents' answer choices have already been determined (Abubakar, 2021). The questionnaire was conducted online via Google Forms. The total number of respondents was forty people, with thirty-two from the batch 2022 and eight from the batch 2023. Respondents for this questionnaire were gathered from President University students by dividing based on their year of study. The questionnaire consisted of questions designed to measure the perception of President University students regarding the loan interest offered by Danacita. The questions also were categorized into three parts. This questionnaire was accomplished by establishing a linear scale of answer categories ranging from 1 to 5. A score of 1 represents 'Strongly Disagree', 2 stands for 'Disagree', 3 is 'Neutral', 4 indicates 'Agree', and 5 signifies 'Strongly Agree'. This format provides a clear and structured way for respondents to express their level of agreement or disagreement

3. Results and Discussion

The data obtained from the distribution of the questionnaire includes 40 respondents. The questionnaire consists of questions divided into three categories, as shown in the following table.

Table 1. Efficiency and Flexibility of Danacita's Loan Application and Approval System

Question	Answer	Result
Does the Danacita system clearly explain the terms and conditions of the loan?	Strongly Disagree	1
	Disagree	3
	Neutral	10
	Agree	15
	Strongly Agree	11
Is the loan application process with Danacita very easy from start to finish?	Strongly Disagree	1
	Disagree	4
	Neutral	13
	Agree	16
	Strongly Agree	6
Do you feel that the approval time for Danacita loans is sufficient?	Strongly Disagree	1
	Disagree	4
	Neutral	10

	Agree Strongly Agree	18 7
Is Danacita very practical in assisting students with the loan process?	Strongly Disagree Disagree Neutral Agree Strongly Agree	1 2 9 18 10
Did you encounter any difficulties during the loan application process with Danacita?	Strongly Disagree Disagree Neutral Agree Strongly Agree	4 10 17 6 3

From the results of this table, the conclusions from each question provided in the questionnaire are as follows:

1. Based on the first question’s data analysis, it can be concluded that approximately 37.5% of the respondents indicated that the terms and conditions of the loan were clearly explained. According to research by Fatimah (2021), every online loan company clearly shows their terms and conditions. The Danacita website itself clearly shows the terms and conditions for applying for a loan with them.
2. Based on the second question’s data analysis, it appears that around 40% of the respondents generally agree/found the loan application process to be easy. According to research by Nurdina & Amailah (2023), the factors that draw individuals towards online loans include the straightforward borrowing process with uncomplicated prerequisites, and swift allocation of funds without the need to visit a financial institution.
3. Based on the third question’s data analysis, it can be concluded that about 45% of the respondents were satisfied with the approval time for Danacita loans. The importance of efficient and accurate loan approval processes, which could lead to customer satisfaction (Yamparala et al., 2023). When the requirement documents are complete, the final approval will be given within 2x24 working hours in Danacita. This means that the approval is fast and facilitates students.
4. Based on the fourth question’s data analysis, around 45% of the respondents found Danacita to be practical in assisting students with the loan process. Danacita partners with campus authorities with the aim that when students take out loans from Danacita, they will directly pay the campus authorities.
5. Based on the fifth question’s data analysis, it can be concluded that approximately 42.5% of the respondents neutrally or expressed a moderate stance in difficulties during the loan application process.

Table 2. Evaluation of the Interest Rate Offered by Danacita

Question	Answer	Result
Are the interest rates offered by Danacita reasonable for education financing?	Strongly Disagree	4
	Disagree	9
	Neutral	7
	Agree	17
	Strongly Agree	3
Do you feel that additional fees, such as monthly fees and approval fees, have been clearly explained?	Strongly Disagree	1
	Disagree	8
	Neutral	12
	Agree	15
	Strongly Agree	4
Is the interest rate from Danacita too high? (For example, if applying for a loan of Rp12.5 million for 12 months with a monthly fee of 1.75% and an approval fee of 3%, the monthly payment is Rp1,291,667. The total repayment in 12 months is Rp15,500,004.)	Strongly Disagree	0
	Disagree	2
	Neutral	4
	Agree	15
	Strongly Agree	19
Does the interest rate affect your decision to use Danacita's services?	Strongly Disagree	0
	Disagree	0
	Neutral	4
	Agree	15
	Strongly Agree	21
Does the interest rate from Danacita affect your ability to repay the loan?	Strongly Disagree	0
	Disagree	1
	Neutral	4
	Agree	18
	Strongly Agree	17

From the results of this table, the conclusions from each question provided in the questionnaire are as follows:

1. Based on the first question's data analysis, it is discerned that 42.5% of the respondents perceive the interest rates presented by Danacita as being reasonable.
2. Based on the second question's data analysis, 37.5% of the respondents perceive the elucidation of the supplementary charges, such as monthly fees and approval costs, to be adequately clear.
3. Based on the third question's data analysis, 47.5% of respondents harbor the perception that the interest rates imposed by Danacita are deemed excessively substantial. According to a study by Tjandra (2020) highlights the issue of high

interest rates, which can pose a significant barrier for potential borrowers, making loans less affordable.

4. Based on the fourth question's data analysis, 52.5% strongly indicate that the rates offered by Danacita significantly influence their decisions to utilize the service. According to a study by Huda et al., (2019), the level of interest rates can influence a customer's decision to take out a loan. Higher interest rates can lower the public's interest in borrowing, while lower interest rates can increase the public's interest in borrowing.
5. Based on the fifth question's data analysis, approximately 45%, concur that Danacita's interest rates have a notable impact on their ability to repay loans. According to a study by Putra et al., (2023) highlights the interest rate on loans has a significant influence on the smooth repayment of loans because high interest rates can increase the risk of borrowers having difficulty in repayment.

Table 3. Level of Satisfaction of President University Students with the Use of Danacita for Tuition Fee Financing

Question	Answer	Result
Does using Danacita provide significant benefits in meeting educational fund needs, especially related to tuition fees (UKT)?	Strongly Disagree	2
	Disagree	3
	Neutral	3
	Agree	17
	Strongly Agree	15
Does Danacita offer payment options and terms that align with your financial needs?	Strongly Disagree	0
	Disagree	5
	Neutral	8
	Agree	18
	Strongly Agree	9
Is your satisfaction level with using Danacita proportionate to the benefits obtained?	Strongly Disagree	3
	Disagree	3
	Neutral	6
	Agree	20
	Strongly Agree	8
Do you have plans to reuse Danacita's services for future funding needs?	Strongly Disagree	5
	Disagree	7
	Neutral	13
	Agree	10
	Strongly Agree	5
Would you recommend the use of Danacita to friends or fellow students?	Strongly Disagree	3
	Disagree	6
	Neutral	14
	Agree	14
	Strongly Agree	3

From the results of this table, the conclusions from each question provided in the questionnaire are as follows:

1. Based on the first question's data analysis, it can be concluded that 42.5% of the respondents find Danacita is beneficial in meeting their educational fund needs, especially in relation to tuition fees.
2. Based on the second question's data analysis, it can be concluded that 45% of the respondents indicated that Danacita's payment options and terms are generally considered to be in alignment with the financial needs.
3. Based on the second question's data analysis, it can be concluded that 50% of the respondents indicated that Danacita's payment options and terms are generally considered to be in alignment with the financial needs.
4. Based on the fourth question's data analysis, it can be concluded that 32.5% indicated that some respondents are still considering reusing Danacita's services for future funding needs.
5. Based on the fifth question's data analysis, it can be concluded that 35% of respondents would recommend Danacita to friends or fellow students.

4. Conclusions

The students of President University have expressed that the loan application and approval system of Danacita is efficient and flexible. The system provides a comprehensive explanation of the terms and conditions of the loan, making it easy for students to understand their obligations and rights. The loan application process is straightforward, allowing students to complete it without unnecessary complications. Furthermore, the approval time for loans is deemed adequate, ensuring that students can secure their loans in a timely manner. These factors collectively indicate that Danacita's loan application and approval system is designed with the user's convenience and understanding in mind. The interest rates offered by Danacita are reasonable for education financing and that additional fees have been clearly explained. However, the interest rate from Danacita is too high. This perception influences their decision to use Danacita's services and raises concerns about their ability to repay the loan in the future. This suggests that while Danacita's interest rates may be high, there is a need for further communication and education to help students understand the implications of these interest and additional rates. The use of Danacita provides significant benefits in meeting educational fund needs, particularly in relation to tuition fees (UKT). Danacita offers payment options and terms that align with the students' financial needs, making it a viable option for students seeking financial assistance for their education. However, the responses are mixed when it comes to plans to reuse Danacita's services for future funding needs. While some students express a willingness to continue using Danacita's services, others are hesitant. Similarly, while some students would recommend the use of Danacita to friends or fellow students, others are more reserved. This mixed response suggests that while Danacita is seen as a beneficial service, there may be aspects that could be improved to increase user satisfaction and loyalty.

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