

## Financing adult learning database

<b>Name of the instrument - Local language</b>	Diákhitel
<b>Name of the instrument - English translation</b>	Student loan
<b>Scheme ID</b>	105
<b>Country</b>	 Hungary
<b>Reporting year</b>	2015
<b>Type of instrument</b>	Loan
<b>Type of entry</b>	Single instrument

<b>Short description</b>	Persons younger than 40 years old and enrolled in accredited public or private higher education institution in Hungary can apply for a loan. The Student Loan Centre (a company owned by the Hungarian State) manages the scheme and provides the loans. The funds for lending are raised from the money and capital markets. There are two types of loans: one can be spent on anything freely, the other can only be used only for financing education purpose. The latter loan can be taken for the period of 10 semesters. It has variable interest rate but the individual pays only 2 % while the remaining part of the interest rate is paid by the State. There is no upper limit for the amount of the loan; it can vary depending on education costs. The State provides guarantee in case of default.
<b>Short description of the related instruments</b>	nap

<b>Level of operation</b>	National
<b>Name of a part of the country</b>	nap
<b>Name of the region (for regional instruments)</b>	nap
<b>Name of the sector (for sectoral instruments)</b>	nap
<b>Relevance</b>	Key scheme

<b>Legal basis</b>	Government Decree 1 of 2012 on the Student Loan Scheme
<b>Objective(s) and target(s)</b>	<p>To provide all young people with a chance to participate in higher education regardless of their or their family's ability to take on financial burden; increase the number of people with higher education degree.</p> <p>To support the Government in creating and maintaining suitable conditions in the long term for a sustainable, generally accessible, high-quality higher education system with a view to improving the Hungarian economy.</p>
<b>Year of implementation</b>	2001
<b>Year of latest amendment</b>	2012
<b>Operation/management</b>	<p>Responsible body: Student Loan Centre (Diákhitel Központ); Student Loan Centre Ltd is a company operating in the form of a single person, private limited company based on the provisions of Act IV of year 2006 on companies. The owner and shareholder of the Student Loan Centre Ltd is the Hungarian State. The owner rights are exercised on behalf of the State by the Hungarian Development Bank Plc (MFB)/ as of June 17 2010.</p> <p>The Student Loan Centre operates the system relying on the involvement of a tested and proven network of multiple partners. Raising the funds from the money and capital market, the student lending system has always operated with the State as the owner and according to the non-profit principle, in order to lend loans at the lowest possible cost.</p> <p>The role of the State/ Student Loan Centre: setting rules (eligibility, repayment etc.), providing loan guarantees (as a safeguard against defaults), financing subsidy (student loan 2, see financing formula), financing administration costs and paying interest rate for specific target groups (the Ministry of Human Resources provides funds from its own budget for targeted interest subsidies payable on the principal debts of clients entitled to pregnancy-confinement benefit, childcare benefit or childcare allowance).</p> <p>Starting 2012, there are two types of student loans:</p> <ul style="list-style-type: none"> <li>- student loan 1: may be spent on anything freely; each person younger than 40 years old, who is an active student, can receive funding</li> <li>- student loan 2: shall only be utilised for financing the cost of education; each person younger than 40 years old, who enrolled to self-financed education and has an active student legal relationship, can receive this funding</li> </ul> <p>For both types of loans, there is no loan application evaluation.</p> <p>There is no need for a guarantor and there is no need for any other collateral either.</p>
<b>Eligible group(s)</b>	Persons younger than 40 years old who are enrolled in self-financed education and have an active student legal relationship in higher education; Hungarian citizens, or

	<p>recognized as the refugees, or having a residence or immigration permit or a citizens of another member state that is signatory to the European Economic Area Agreement.</p> <p>Individuals are not eligible for a student loan when a loan contract made by them earlier has been terminated and they have outstanding student loan debts.</p>
<b>Group(s) with preferential treatment</b>	None
<b>Education and training eligible</b>	Higher education
<b>Source of financing and collection mechanism</b>	<p>State guaranteed funds; bonds issued by the Student Loan Centre are available for purchase by legal entities and private individuals alike.</p> <p>MFB participates in funding the Student Loan.</p> <p>Additionally, large banks also grant loans to finance the lending activities of the student loan scheme. The European Investment Bank has been participating in ensuring the funds of the Hungarian student loan scheme since 2005.</p> <p>Individual repay loans from their future incomes.</p>
<b>Financing formula and allocation mechanisms</b>	<p>Student loan 1: The maximum time a student may benefit from this loan is 10 semesters (5 months each). The loan may be accessed through monthly rates or per semester. From the academic year of 2012/2013, a maximum of HUF 250 000 (approx. EUR 833) for one semester/ HUF 50 000 per month may be applied for, independently from the type of education. The Student Loan has a variable interest rate. The interest rate was reduced to 7.5% in the first and second semester of 2013. The repayment of the loan may begin 4 months after the student has completed his/her studies at the earliest and must begin before the borrower reaches the age of 40. In the first 2 calendar years of the repayment, the instalments are adjusted to the national minimal wage; subsequently, they are adjusted to the annual income that was earned by the individual 2 years before. The State provides guarantee in case of default.</p> <p>Student loan 2: The maximum time a student may benefit from this loan is 10 semesters. The available loan amount flexibly adapts to the education costs, the loan amount has no upper limit. The requested loan amount is disbursed by the Student Loan Centre directly to the university/college. Student Loan 2 has a variable interest rate and is subject to governmental interest subsidy. The interest rate paid by the borrower is 2%, the payment of the remaining part of the interest is taken over by the State. Similarly to Student Loan 1, in the first 2 calendar years of the repayment, the instalments are adjusted to the national minimal wage; subsequently, they are adjusted to the annual income that was earned by the individual 2 years before. The State provides guarantee in case of default.</p> <p>When a student participates in a single, undivided course with qualification criteria requiring a training period exceeding 10 semesters, the borrower's eligibility period</p>

	<p>will be equal to the training period and must not exceed 14 semesters.</p> <p>Conditions for loan forgiveness: loan write-off of 100% in case of retirement, disability or death.</p>
<b>Eligible costs</b>	Specific arrangement
<b>Volumes of funding</b>	<p>Total volume of loans for higher education students in 2014 was HUF 12 244 000 000 for student loan 1 and HUF 4 543 000 000 for student loan 2; in 2013: student loan 1: HUF 15 500 000 000, student loan 2: HUF 3 021 000 000; in 2012, student loan 1: HUF 18 400 000; student loan 2: HUF 1 054 000 000.</p>
<b>Beneficiaries/take up</b>	<p>From the start of student lending (2001) until the last day of 2013, 392 003 students received a loan.</p> <p>In 2014, 38 104 students received student loan 1 and 13 309 students received student loan 2  - male: student loan 1: 18 117, student loan 2: 5 914;  - female: student loan 1: 19 987, student loan 2: 7 405.  In 2013, 48 913 students received student loan 1 and 5 064 student loan 2  - male: student loan 1: 22 586 student loan 2: 4 144;  - female: student loan 1: 26 327, student loan 2: 5 486</p> <p>In 2012, 59 942 students received student loan 1 and 5 003 students student loan 2  - male: student loan 1: 27 223, student loan 2: 2 092;  - female: student loan 1: 32 720, student loan 2: 2 911;  - age 15 to 19: student loan 1: 518, student loan 2: 384;  - age 20 to 24: student loan 1: 32 593, student loan 2: 3 730;  - age 24 to 34: student loan 1: 23 150, student loan 2: 889;  - age 35 to 54: student loan 1: 3 681</p>
<b>Organisation responsible for monitoring/evaluation</b>	The Supervisory Board of the Student Loan Center and the Ministry of Human Resources.
<b>Monitoring/evaluation reports available</b>	<p>Annual reports 2013 and 2012  <a href="http://www.diakhitel.hu/images/dokumentumok/kiadvanyok/dh_eves-jelentes...">http://www.diakhitel.hu/images/dokumentumok/kiadvanyok/dh_eves-jelentes...</a>  <a href="http://www.diakhitel.hu/images/dokumentumok/kiadvanyok/dh_eves-jelentes...">http://www.diakhitel.hu/images/dokumentumok/kiadvanyok/dh_eves-jelentes...</a></p>
<b>Most relevant webpage - in English</b>	<a href="http://www.diakhitel.hu/en/">http://www.diakhitel.hu/en/</a>
<b>Most relevant webpage - local language</b>	<a href="http://www.diakhitel.hu/">http://www.diakhitel.hu/</a>
<b>Recent changes</b>	In 2012, student loan 2 was introduced.
<b>Sources</b>	<p>Webpage of Student Loan Centre  <a href="http://www.diakhitel.hu/en/">http://www.diakhitel.hu/en/</a></p> <p>Cedefop (2012): Loans for vocational education and training in Europe.  <a href="http://www.cedefop.europa.eu/files/5520_en.pdf">www.cedefop.europa.eu/files/5520_en.pdf</a></p>

DIE-FIBS (2013): Developing the adult learning sector. Lot 2: Financing the adult learning sector.  
[https://www.hm.ee/sites/default/files/financing\\_the\\_adult\\_learning\\_sect...](https://www.hm.ee/sites/default/files/financing_the_adult_learning_sect...)

Cedefop: Financing adult learning  
<http://www.cedefop.europa.eu/FinancingAdultLearning/>

Data received directly from Student Loan Centre