



International Conference on  
FUNDING, EQUITY AND EFFICIENCY OF HIGHER EDUCATION  
Portorož, Slovenia, 21-24.11.2007

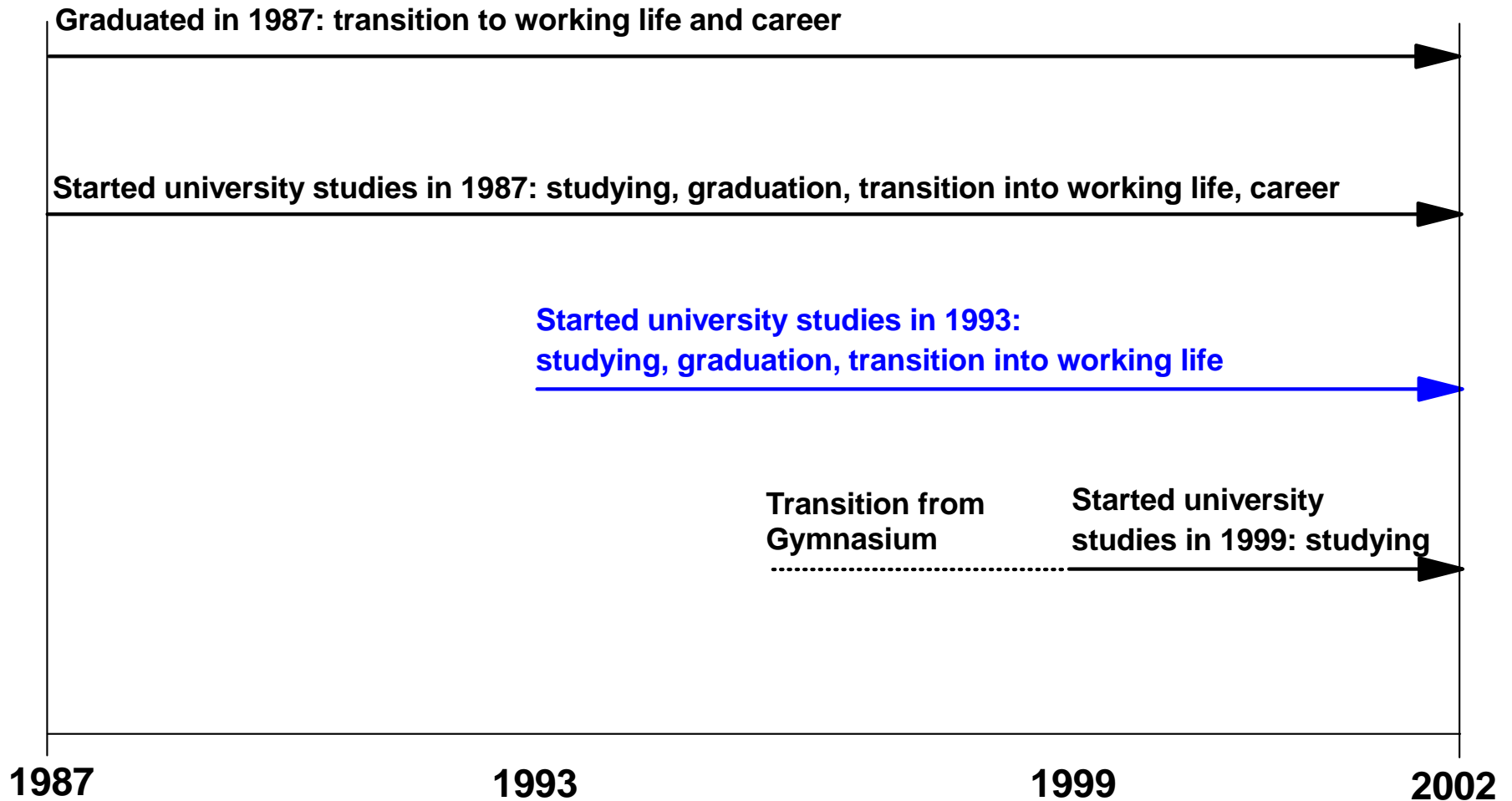
# **Student Loans and Students' Investments in University Education: Evidence from Finnish Cohort Data**

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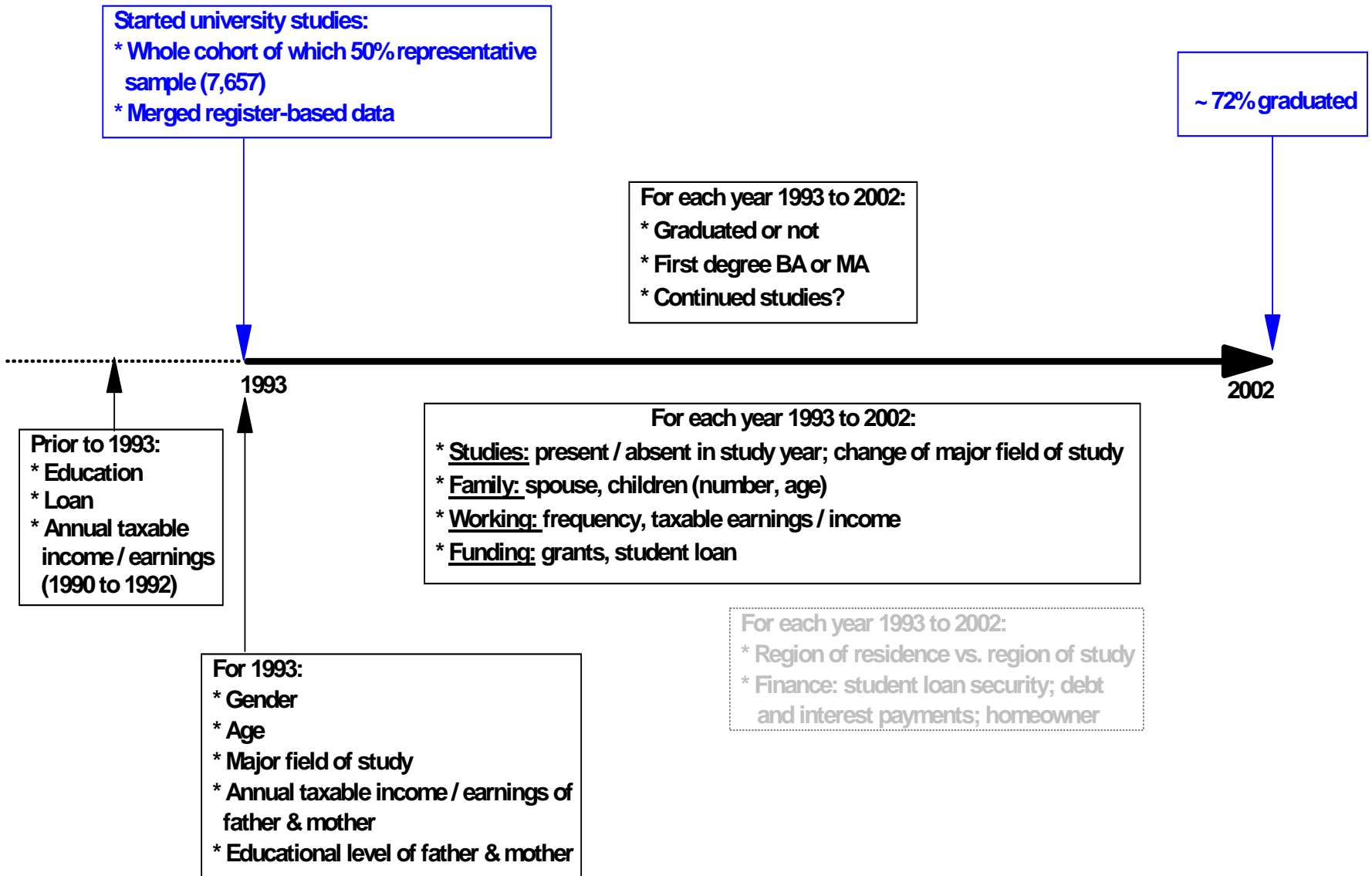
# A snapshot on student financing of university studies in Finland

- Public institutions / high rate of government subsidies
- **No tuition fees**
- **Non-means-tested grants** to all eligible students.
- Eligibility for grants carry over to ***loan security***, i.e. government-subsidised bank loans, **upon request**.
- ***Parents' contributions*** are quite **substantial**; negligible difference between students from different socio-economic backgrounds. (EUROSTUDENT Report 2005)
- ***Part-time working frequent***, but earnings quite low (affect grants!); negligible difference between students from different socio-economic backgrounds. (EUROSTUDENT Report 2005)

# Structure of our data



# Content of our data

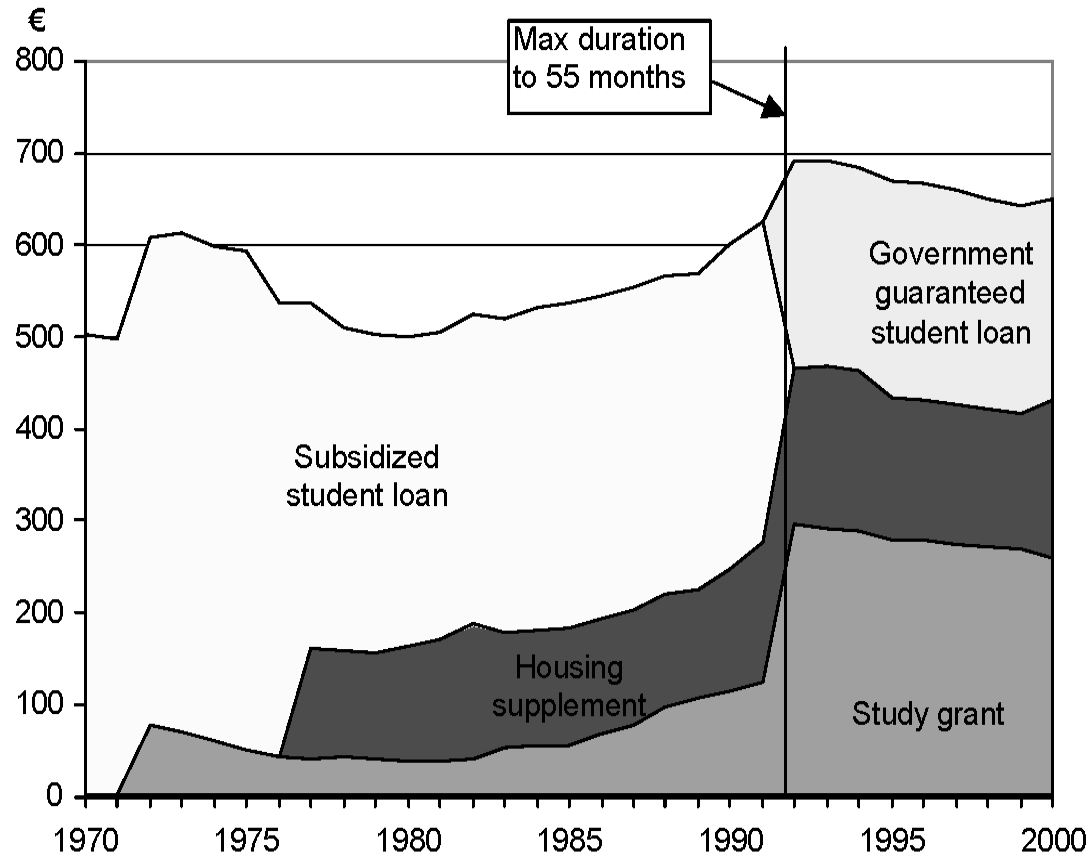


# Initial focus of the study: effectiveness of student loans as a funding strategy

- The effect of benefiting from a student loan on the *likelihood* of graduation.
- The effect of student loans on *how long (time-to-degree)* it takes students to graduate (possible trade-off between student loans (indebtedness) and part-time work while studying).
- The effect of the students' *socio-economic* background: Are student loans a means of reducing inequality in opportunities?

# Ultimate focus: effect of changed student financing

Maximum amount (in euros) of student financial aid in Finland in 1970–2000



In 2000 prices deflated by the cost-of-living index.

Source: Häkkinen and Uusitalo (2003, Figure 1, p. 18)

11/30/2007