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Cover Page Footnote

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Understanding Undergraduate Student Borrowing in China: A Qualitative Analysis

By Hanwen Zhang, University of Hong Kong

As China moved from elite to mass higher education, student borrowers as the product of state intervention have surged. Yet little attention has been paid to their voices. This study conducts reflexive thematic analysis with a qualitative inquiry into lived experiences of 41 current borrowers. A five-factor typology of debt attitudes yields a dynamic explanation of debt and repayment complexities. Students perceive borrowing as an investment in human and social capital. They are, however, cautious of consumer credit. Far from being a deterrent or added burden, educational indebtedness grants them a measure of freedom and autonomy in college. And they consider debt repayment manageable, mainly if a family safety net exists.

Keywords: debt attitudes, student loans, loan repayment, reflexive thematic analysis

Recent decades have seen a worldwide trend toward mass higher education and massification in developed and developing economies (Tight, 2017; Xu, 2021). China inevitably mirrored this global trend to expand its tertiary education sector around the turn of the century, with new entrants from impoverished households and rural areas rising significantly. On the other hand, traditional arrangements based on means-tested scholarships and grants would be unsustainable in times of unprecedented expansion and fiscal constraints. Student loans have gradually replaced the previous non-repayable regime.

China's student loan borrowers are expanding by 10 percent yearly, with more than 5.3 million college students taking out student loans in 2021 (China's Ministry of Education, 2022). Those borrowers are already viewed by many as the *product* of state intervention in higher education. A long list of reasons has been advanced to justify mass and universal higher education. Among them, success stories are many and thus demonstrate that college education can and is indeed a vehicle for upward socioeconomic mobility across generations. Accordingly, some justify the arrival of tuition fees and student loans as a progressive social policy (Christie & Munro, 2003): public and financial resources are limited, and higher education consumption has traditionally been skewed toward the more affluent middle-class (Piatt & Robinson, 2001). Low-income students can benefit from financial aid (Dynarski et al., 2022). In addition to fostering opportunity equality and intergenerational equity, optimal student aid programs can even be self-sustaining in terms of efficiency, negating the need for the general equity-efficiency tradeoffs inherent in needs-based approaches (Colas et al., 2021).

By contrast, some have voiced concern that forcing prospective students to incur higher education costs, mainly through enrolling disadvantaged students in student loans, would run counter to widening access to higher education (Boatman et al., 2022; Jones, 2016). For historically underrepresented groups, student loans are more of a deterrent, alienating low-income students from higher education because debt, a middle-class lifestyle, is unfamiliar to poverty-stricken families (Burdman, 2005). When combined with uncertain returns on human capital investment, cost-sharing mechanisms place an additional financial burden on students and their families (Mettler, 2014), rendering student loans neither class-nor culture-neutral modes of college finance (Reay et al., 2001).

Interestingly enough, domestic propaganda operations in China often portray underprivileged college students as diligent, aspiring, and conscientious borrowers (Lei & Cao, 2023). Policymakers seem to think otherwise: the student loan cap is primarily intended to prevent the moral hazard of overborrowing. Portraits of student loan borrowers oscillate like a pendulum, from hard-working college students to the inherently self-indulgent. Despite their size and uniqueness as a group, their perceptions and attitudes toward student debt remain hidden in China's massification of higher education. How are they faring and responding to adversity? Will they benefit from student financial aid? Those worn-out, overused, and oversimplified images may not be part of natural life. Their authentic voice is worth a visit: a need to understand what student debt means for those academically competent but economically disadvantaged young adults. For this reason, two research questions guide this qualitative inquiry:

1. What are the attitudes of Chinese final-year student loan borrowers toward college debt?
2. How do Chinese final-year student loan borrowers perceive their repayment obligations?

Policy Context

The marketization of the economy, the privatization of state-owned enterprises, and the deregulation and liberalization of public services have been recurring themes in China since reform and opening began in 1978. Cost-sharing mechanisms have been driving college funding practices since the 1980s as part of reforms in the education sector (Min, 1991; Xu, 2021). Mass higher education may also be a sensible response to the economic turmoil caused by Southeast Asia's 1997-98 financial crisis, which boosts the economy by encouraging additional investment in education and training (Postiglione, 2011). It also echoes booming private and public demand for broader access to a college education in society.

Chinese families prioritize college education as a transformative force. As a policy response to social needs, China's student financing is a complex package of financial aid that covers a wide range of programs and projects, including government-subsidized student loans, national and school-level grants and scholarships, tuition reimbursement and loan forgiveness for grassroots employment, work-study programs, and free teacher training initiatives. As primarily need-based aid, the student loans scheme is the chief pillar of student funding to access college. Nearly one-third of 2021 student aid funding comes from government-sponsored student loans (China's Ministry of Education, 2022).

China initially imitated the Federal Family Education Loan Program from the United States in the late 1990s, but implementation ran into unexpected problems. At the time, student loans offered an RMB 6,000 (U.S. \$900) credit line to pay tuition and living expenses. Eligible debtors were low-income, full-time students enrolled in public institutions, and repayment was anticipated within four years after graduation. However, commercial lenders still hesitated to engage in the transactions just of a simple fact: thin margins but high risks. Each loan totaled 24,000 yuan (U.S. \$3,600), but the estimated debt burden exceeded 36 percent of new graduates' monthly income (Cheng, 2011), 4.5 times greater than what is commonly referred to as excessive debt burden (Price, 2004).

Moreover, the absence of a trace and punishment regime increased the likelihood of default. The pilot program stalled in 2003 when commercial lenders withdrew from the market after default rates exceeded 25 percent (China's National Center for Student Financial Aid, 2014). The under-representation of government input was blamed for low participation and high default rates. Government interventions have intensified since then. The first intervention modifies the exclusive risk-taking of commercial lenders by instituting risk compensation funds. Continually extending repayment terms is the second measure to alleviate student debt burdens.

After decades of change and modification, borrowers can now file for student loans upon admission to college (residence-based) or arrival at college (school-based). For decades, tuition for arts and sciences degrees at public educational institutions has ranged between 5,000 and 8,000 yuan (U.S. \$ 750 – 1,200) yearly. Tuition in private institutions, however, has soared. The annual fee for undergraduate majors is roughly 15,000 yuan (U.S. \$ 2,250) (Zhan & Yu, 2022). Student debt allows tuition and accommodation with a threshold of RMB 12,000 (U.S. \$1,800) for undergraduates and RMB 16,000 (U.S. \$2,400) for postgraduates per year. Interest is fully subsidized during college and discounted after graduation. This mortgage-like obligation can be paid off within 22 years plus a 5-year grace period. The government believes the prolonged repayment time will significantly lessen the financial strain on Chinese graduates, who typically owe a student loan debt of 24,000 yuan (U.S. \$3,600) (Zhou et al., 2014) and an average monthly income of 5,000 yuan (U.S. \$750) (Zhang, 2021).

Literature Review

College debt is becoming more common, but perhaps more importantly, the dissuasive effect of education debt is often a disincentive to college access, especially for traditionally underprivileged groups (Boatman et al., 2022; Callender & Mason, 2017; Forsyth & Furlong, 2003). This disincentive, or deterrent, to college, manifests itself in resistance to student loans (Callender, 2015; Mo & Xia, 2015). Debt attitude is also associated with student loan defaults. A review of 41 peer-reviewed articles credits loan counseling and financial literacy programs to help reduce student loan defaults but adds that attitudes toward debt need to be better-studied (Gross et al., 2010). Therefore, the construction of attitudes toward student debt is particularly significant for college access and broader participation.

The first attempt to characterize the structure of attitudes toward debt as either pro-debt or anti-debt, a single dimension of debt tolerance, was made with a pseudo-longitudinal study on British college students. It concluded that borrowing behavior changes attitudes toward debt rather than the reverse: with increasing years on campus, attitudes toward debt become more tolerant (Davies & Lea, 1995). While this research reported .79 internal consistency reliabilities (Cronbach's alpha), other researchers have experimented with lower alphas in the context of Brazil and the United States (Norvilitis & Mendes-Da-Silva, 2013) and New Zealand (Haultain et al., 2010).

As research has progressed, the description of unidimensional attitudes to debt extends into bidimensional concepts, namely fear of debt and debt utility. Debt utility is the extent to which an individual appreciates the usefulness of student debt in paying for otherwise unaffordable tuition costs. Under this approach, college attendance reduced student borrowers' fear of debt, but their perceptions of debt utility remained unchanged (Haultain et al., 2010). In addition, three independent sub-scales of debt attitudes are revealed: *loan initiative* (students can voluntarily pay off their debts), *loan acceptance* (positive attitudes toward debts), and *loan resignation* (negative attitudes toward debts). Norvilitis and Batt (2016) found that students with higher levels of loan initiative and loan resignation experienced more debt accumulation.

Likewise, another three-factor subscale using cross-sectional pharmacy school data indicated that fear of debt and knowledge of student loans contribute to more outstanding indebtedness (Chisholm-Burns et al., 2017). In addition to education debt, other studies have investigated student borrowing by gauging business debt, such as student credit card use (Norvilitis & Mao, 2013). Evidence indicated that social status and impulsivity are positively correlated with credit card borrowing (Peltier et al., 2013).

Unfortunately, two consecutive quantitative studies concluded that neither unidimensional nor bidimensional scale helps predict student borrowing levels for samples from the United States (Norvilitis et al., 2006) and China (Norvilitis & Mao, 2013). Similarly, studies in Canada and the United Kingdom attempting to gauge debt attitudes revealed that debt aversion had minimal influence on student loan borrowing (Chudry et al., 2011; Eckel et al., 2007). The psychological construct of attitudes to debt has produced mixed results across cultures (Kaur & Arora, 2019; Lim et al., 2019).

Contrary to popular belief, evidence indicates that affluent communities, which might otherwise have a relatively lower price elasticity of demand, are more sensitive to the dissuasive effects of student debt (Eckel et al., 2007). Interestingly enough, those more disadvantaged peers, on the other hand, are less consumer price-sensitive (Harrison, Chudry, et al., 2015). These findings may suggest that the construction of debt attitudes is more complex than a simple aversion or favor. Instead, the rationale behind constructing student debt attitudes is to understand their college decision-making process so that low-income students can receive more effective college counseling regarding college access and choice. Thus, the scales may not be appropriate if a study aims to explore experiences of educational indebtedness, as the Likert-type scales focus primarily on constructing an abstract concept of student debt.

Beyond unidimensional or bidimensional debt attitude scales, a qualitative inquiry proposed a six-point typology of student borrowers' attitudes to debt, naming them from more prevalent in debt-positive, debt-savvy, debt-resigned, and debt-oblivious to less common in debt-anxious and debt-angry (Harrison, Chudry, et al., 2015). Students named *debt-positive* detailed their belief that college education is worth taking out student loans to invest in as it benefits their future lives. Likewise, *debt-savvy* students are more financially

literate regarding their borrowing arrangements, but their positive attitudes toward debt are far lower than the former group. *Debt-resigned* students view borrowing for college as a necessary evil, and *debt-oblivious* students express a seeming indifference to their debt because everyone is in the same boat. *Debt-anxious* and *debt-angry* students, though uncommon, exhibit perverse attitudes toward their financial obligations.

Nevertheless, there is a slight overlap between the six broad categories, and debt attitude may drift from one to the other as the environment changes (Harrison, Chudry, et al., 2015). Borrowers tended to view student loans as essential (Baum & O'Malley, 2003), with many believing student debt afforded them a better lifestyle (Hira et al., 2000; McKinney & Burrige, 2015) and upward mobility prospects (Carales et al., 2020; Walsemann et al., 2015). On the other hand, perceptions regarding education debt are prone to change, even if student borrowers become more debt-tolerant over time (Davies & Lea, 1995) and are confident about repaying their debt (Fernandez et al., 2015). When borrowers feel encumbered by repayment (Baker, 2019), they are less satisfied with the benefits of borrowing for college (Abu Bakar et al., 2006; Volkwein & Szelest, 1995). Such dissatisfaction with education debt, even discontent with higher education institutions, may result in student loan defaults upon graduation (Christman, 2000).

Adding to borrowing attitudes, there has been literature on financial literacy, awareness, and perceptions of student borrowing. State-funded student loans have expanded access to universities (Dynarski et al., 2022): financial literacy and perceptions of college borrowing among socioeconomically disadvantaged groups also influence their college access and choice. Student borrowers in the United States demonstrated inadequate knowledge about their accumulated education debt (Andruska et al., 2014; Fox et al., 2017); this ignorance of rule restrictions, though, is not significant in predicting loan defaults (Hira et al., 2000; Zerquera et al., 2017).

In addition, community college students experience difficulty understanding their loan arrangements (McKinney et al., 2015). Some student loan holders only learned about their possible monthly debt burden after taking up student loans (Robb et al., 2018). In Malaysia, however, most student loan borrowers are often well-informed and knowledgeable about their borrowing arrangements (Abu Bakar et al., 2006). Exposure to financial education, including financial literacy, math, and economics, predicts a rise in student loan borrowing and debt repayment among young Americans (Brown et al., 2016).

Accordingly, low-income students build and raise awareness of student loans through parents, professionals, friends, peers, and mass media (McKinney & Burrige, 2015). Generally, the longer borrowers have access to student loans, the more informed and aware they become about financial aid (Ismail, 2011). Debt attitudes are passed down over generations (Almenberg et al., 2021). Parental influence is vital in the college decision-making process, including paying for college; however, debt-averse parents will directly shape negative attitudes toward education debt, discouraging low-income American families from using student loans (Mo & Xia, 2015). In some cases, aversion to debt frequently begins with parents, not with students themselves, as starting adulthood in debt is a negative way of life in the eyes of the parental generation (Burdman, 2005). However, parental influence can also shape a positive attitude toward debt repayment after taking out a student loan (Ismail, 2011), meaning diverse family origins can lead to varied college access and choice.

Decades have passed since the policy shift from non-repayable grants to repayable student loans, with student loans now constituting the majority of student funding packages. Surprisingly, some students perceive student loans as not a component of the financial aid packages (Burdman, 2005). Borrowers' perceptions of student loans are not always in line with those assumed and desired by policymakers. The wide gap in understanding between benefactors and recipients needs to be clarified in both the application and repayment processes.

Awareness, perceptions, and attitudes toward student borrowing may vary by region, country, and culture. More attention should be given to the voices of this sizable and distinctive group of Chinese student borrowers. The student loans scheme in China has undergone multiple revisions along a more liberal and flexible route, although several improvements kept traditional or foreign practices in place. The perception of student borrowers as primary stakeholders needs to be addressed. Few Chinese studies have examined debt attitudes among low-income students from financial literacy (J. Li et al., 2017), credit behavior (Xiaohui

Peng & Wang, 2019), and educational attainment (Xie et al., 2018) perspectives. Now is the moment to bridge the gap between research and policymaking.

Methodology

This study aims to capture and conceptualize evolving patterns of perception, attitudes, and lived experiences in tertiary education among contemporary student borrowers. To that end, it allows for a constructivist inquiry paradigm. The researcher believes that multiple realities exist since individuals actively construct their knowledge: experiences, ideas, intuitions, and interactions enable them to create unique world conceptions.

In this regard, qualitative research methods are particularly suited to the current study. Qualitative inquiry explores personal experience and appreciates truth from an individual's perspective (Kvale, 1996); otherwise, practical knowledge derived from personal experience would not exist. Thus, a face-to-face interview is a powerful verbal exchange process that captures authentic voices and facilitates information elicitation through questioning, where informants make sense of their unique experiences and points of view (Longhurst, 2016). The premise is that final-year student borrowers may have a wealth of stories and experiences to share regarding their debt-ridden college years. Repayment can seem urgent for graduating seniors and distant for other first- and second-year students since borrowing and repaying are interrelated but independent aspects of the student loan process (Carales & Molina, 2023).

As a scientific technique, triangulation increases confidence in a more precise interpretation of results. This contributes to the trustworthiness and validity of research (Thurmond, 2001). Triangulation of data sources is achieved in data collection by collecting data from various types of informants at the individual, group, household, or community levels (Carter et al., 2014). The attitudes of student loan borrowers are then investigated through focus group discussions at the group level and in-depth interviews at the individual level, respectively.

Sampling Strategy

In addition, the active pursuit of the most informative participants to answer the research question is, therefore, a guarantee of both data quality and credibility in research. A purposive sampling strategy was used to recruit student participants for follow-up focus groups and interviews.

At a more detailed level, focus group discussions bring together a small group of individuals who share common experiences or backgrounds. The focus groups were then conducted using the homogeneous sampling strategy. However, stratified purposeful sampling was employed for in-depth interviews by capturing significant variation. Randomization may only sometimes be involved in qualitative research, but sample representativeness should still be considered. As tuition burdens vary, student loan borrowers from different institutions or academic programs are expected to have different perceptions of their debt, which may provide a more complex and complete picture regarding the phenomenon of interest.

Data Collection

After obtaining Human Research Ethics Committee (HREC) approval, the researcher recruited student participants via WeChat or QQ groups (Chinese super apps with messaging and social media functions by Tencent Holdings Ltd.), with permission from two levels of gatekeepers at the study site: student finance officers and student counselors. Eligible student borrowers were advertised and encouraged to participate in this investigation by school officials through group chat, but all participation was entirely voluntary and free from coercion.

The first round of data collection took place in November 2019. The second round had to be postponed until April 2020 due to the coronavirus pandemic. The last round of data collection was conducted in February 2021 for representativeness and data saturation concerns. Forty-one participants

were recruited from eight educational institutions: three 4-year public universities, two 3-year public technical colleges, two 4-year private colleges, and one 3-year private vocational college, representing the major types of institutions within a Chinese higher education system. Then in most cases, focus groups and interviews took place in a school office and a café on or off campus.

The in-depth interviews were conducted through a semi-structured approach where the interview protocol (moderator guide) guided the process and allowed the conversation to flow appropriately to the research question. The interview guide was pilot tested with two sophomore students to strengthen construct validity and ensure that interview questions were accessible and relevant. The interview followed the funnel approach, where broad questions came before specific ones, and suggestions for improvement were pushed to the end (Roller & Lavrakas, 2015).

Data pseudonymization and confidentiality are ethical requirements of the interview. Then participants were all reminded that there were no right or wrong answers: this study aimed to seek their opinion or experiences, and they should feel free to express their innermost feelings and thoughts. Probes and prompts were frequently used to balance a free-form conversation and a structured research session, digging deeper for answers beyond predetermined questions.

Audio recordings were made to document what was said during focus group discussions and personal interviews, as it allowed for attention to the interaction and reference to the complete interview data as needed. Notetaking was also maintained to underline some particular impression, behavior, or nonverbal cue during the interview, supplementing the audio-recorded data for analysis. Each interview lasted approximately fifty-five to seventy-five minutes, and the focus group session lasted 135 minutes. The interviews were conducted in Mandarin or Sichuan dialect and verbatim transcribed via iFlyrec 3.0. The transcripts were translated into English for data analysis and then into Chinese to ensure accuracy and consistency. Due to the emergent design nature of qualitative inquiry (Creswell & Poth, 2018), some participants added additional context or information to validate the interpretation of data, but they did not provide feedback on the findings.

Data Analysis

Following a constructivist stance that social realities and their meaning-making system are socially and culturally constructed, thematic analysis (TA) is suitable for exploring patterns of meaning or themes in qualitative data. Thematic analysis is not a singular approach (Braun & Clarke, 2016) but an umbrella term encompassing different approaches. In their series of writings (2006, 2016, 2021), Braun and Clarke distinguish their reflexive thematic analysis from two other broad categories of thematic analysis, namely, *coding reliability* TA and *codebook* TA. In contrast to TA approaches that have captured a philosophical position of (post-)positivism, Braun and Clarke's reflexive thematic analysis (RTA) emphasizes that the researcher's role in analyzing and interpreting data should be proactive as opposed to reactive (Braun & Clarke, 2006; Byrne, 2021).

As codes and themes are not pre-existing conditions that reside in the qualitative dataset and await discovery, the old platitudes about themes emerging from the data and the search for diamonds scattered in the sand are not appropriate metaphors for generating themes in reflexive TA (Braun & Clarke, 2016, 2021). Instead, the RTA researcher takes an active and meaningful role in interpreting the codes and developing themes, guided by their philosophical position in answering the research question. Braun and Clarke proposed a six-phase analytic process as a data analysis framework (Braun & Clarke, 2006) that applies to a variety of qualitative designs in nursing, user research, and cultural studies (Chandi & Trehan, 2022; Oka et al., 2022; Penn-Jones et al., 2021; Rangiwai et al., 2021). The presented study is a worked example of applying RTA via a six-phase approach to describing and interpreting qualitative data in an educational context. Reflexive TA's organic and flexible nature guides the analytical process and data interpretation, with guiding theories as a lens through latent and semantic coding. Instead of an either-or situation, the orientation of data interpretation is a mix of inductive and deductive reasoning.

After the initial stage of data familiarization, Word (.docx) transcripts were imported into NVivo 11 Plus (Windows) to generate NVivo-formatted coding and memos. Memos recorded my initial thoughts, feelings, and reflections on the data and their connections, which can be compared or contrasted later. A two-layer coding process was utilized to generate descriptive and analytic codes (nodes in NVivo): line-by-line open coding and immediately following focused coding (Corbin & Strauss, 2014). Open coding is a more inductive analytical process where I coded the data line by line. I did not consult the literature extensively to avoid the open coding process being shaped by preconceived notions of existing research. In the focused coding that follows as particular deductive reasoning, I re-coded transcripts using existing research and theory as a lens to identify recurring patterns and relevant points to address the research question. Accordingly, a few similar or repetitive nodes in NVivo were expanded and merged into one large node. Several nodes that were primarily irrelevant to the research question were then uncoded. In the final stage of reflexive TA, a thematic map deploying themes and sub-themes logically and meaningfully was presented following iterative and recursive theme development.

Results

Participants

Forty-one final-year borrowers from eight institutions participated in semi-structured interviews. This figure included the six female students who participated in focus groups, but the two sophomores who took part in the interview protocol trial were excluded. Twenty-two participants were female, and four belonged to minority ethnic groups. They ranged in age from 21 to 23 years, except for a 25-year-old participant. The 41 participants qualify as first-generation college students for whom neither parent attended college. Eighty-three percent of the participants originated from rural areas. A rural farmer and an urban migrant worker comprised one-fourth of the households. Almost forty percent of the participants came from one-child families. Descriptive statistics for the characteristics of 41 interview participants are presented in Table 1.

Table 1

Characteristics of Interview Participants (N=41)

Characteristics	N	(%)	Characteristics	N	(%)
Gender			Institution		
Male	19	(46)	3-year Private	3	(7)
Female	22	(54)	3-year Public	10	(24)
Race/Ethnicity			4-year Private	9	(22)
Han	37	(90)	4-year Public	19	(47)
Tibetan	1	(2.5)	Major		
Tujia	2	(5)	STEM	25	(61)
Uyghur	1	(2.5)	Humanities	16	(39)
Residence(Hukou)			Degree		
Rural	34	(83)	Associate	13	(32)
Urban	7	(17)	Bachelor's	28	(68)

Typology of Debt Attitudes

Data analysis indicates that Chinese student borrowers share many unique characteristics of a working-class and rural upbringing in a changing Chinese society. A resulting five-factor typology of debt attitudes ranging from debt-favorable to debt-hostile provides a more dynamic explanation of the complexities of attitudes and perceptions surrounding student debt and repayment. Briefly, government-sponsored student loan programs receive more positive reviews from most participants. Their attitude to borrowing is as follows:

Debt-favorable

Debt-favorable student borrowers widely believe that taking out student loans for college is the right choice and will benefit them in their future personal and professional lives. DING Xiang, for example, remembered her summertime employment at a factory, “Compared to repetitive and monotonous assembly line work, the college-acquired training enabled me to pursue a teaching position that interests me. Not what a high school diploma would give me.”

In addition, “College not only prepares you for the workforce but also is an investment in experience,” as described by CHEN Hui. “Living in a comfortable, or rather, less stressful atmosphere for four years, you can come across people you would never get to have at your little high school pond. This valuable experience can never be replicated.” Similarly, YANG Yi ascribed social capital buildup to social interaction or socialization through college access, believing that “borrowing for college is well worth the cost.”

Campus life affords me numerous opportunities to engage in social activities. I’d never tried something like this before, where I met people from all walks of life. It motivates me to make new friends and fit into new surroundings ... I like the campus atmosphere.

Several participants mentioned that college life got off to a virtually trouble-free start, as student loans help them attend college, in particular, alleviate the financial burden on families. In addition, some participants further noted that student loans span aspects of financial assistance and moral support required to complete their studies. On the one hand, student loans ease feelings of guilt about placing financial burdens on families. Debt may also serve as an academic motivation to focus on schoolwork and achieve higher educational attainment. SU Ting, a female senior majoring in biology at a highly selective public university, encountered family financial restrictions:

My parents work on construction sites. During the pandemic, they had to stay home for months, unemployed and without payment. Life is tough. I feel pangs of guilt about attending college ... spending too much money. I am so old, but I can’t make money on my own like others [non-college-bound] my age ... Thanks to student loans, my parents probably have more cash on hand, relieving me of the emotional stress of spending their money [to make a living] ... It has been a great help to my family.

Reducing the financial burden on college students has been a recurring theme throughout the interview. In addition to its financial support function, education debt was also viewed as a distinct spiritual assistance. “I may have a lower starting point ... [education] indebtedness brings me a form of power [motivation]. The debt situation is only temporary, and it is within my ability to resolve it,” said XIAO Mi, a final-year female student born in the late 1990s.

The path to debt resolution is to study hard, as recommended by several borrowers: a higher GPA on the transcript can help job applicants secure a better career to pay off educational debts. “I have to study hard because repayment is spurring me on, much as the silkworm is driven to spin cocoons.” Consequently, several borrowers perceive student debt as a motivator to prioritize schoolwork, expecting that academic success and subsequent employment opportunities will enable them to pay off their debt right after graduation.

Education debt can bolster high diligence in schoolwork and build independence and self-reliance into adulthood. Half of the participants mentioned “responsible,” “independent,” “self-reliant,” and “standing on your own feet” in their responses to taking out student loans. They pointed out that the defining moment of adulthood is the age of 18 when college-related adult duties increase. SHEN Meng is in his last year at a more selective university. He experienced spiritual support:

But [student] loans allow me to pursue education on my own. Just like my high school teachers did, making their college payments. Borrowing is equivalent to adults paying their university fees. I shall necessarily acquire greater freedom. I feel proud of my efforts to pay my way through college.

In addition, a few participants also linked a sense of independence to investing in education. They distinguished post-secondary education from primary education. They viewed this non-compulsory training as a long-term investment. “Just as people buy annuities, they invest in their retired lives. Now that you’re an adult, you’re planning for your future. Borrowing for college is an investment in adult life,” said LU Qinqin, an economics student in a joint sino-foreign program.

Debt-utilized

Student borrowers, known as debt-utilized, also report a pro-debt attitude, similar to the debt-favorable group outlined above. What sets them apart from debt-favorable, however, is that the utility and accessibility of education debt motivate them to participate in subsidized student loans. It is evident to them that student loans are offered on very favorable terms, primarily “interest-free loans are desirable.” WU Yue’s close cousin pushed her to take out college loans:

My cousin borrowed money to go to college. She said it’s getting common. Student debt carries no interest [throughout school]. Your family finances won’t be too strained, and you’ll have extra cash. Why not pay it off upon graduation or negotiate a deferment in graduate school?

ROZI Mamat (Uygur) is a senior in agricultural sciences at a reputable public university. He missed his first-year application but took out a school-based student loan as a sophomore.

I come from the southern border of Xinjiang, a poverty-stricken backland. I had no clue what a student loan was in my hometown, so I was first apprehensive about applying for one ... After careful consideration, I opted to pick it up because the cumulative amount is manageable. There is also a [36-month] grace period and, more importantly, no interest. I am ideally placed to take advantage of this sound policy.

Student loans were referred to as “[financial] aid,” “benefits,” and “subsidies” in interviews with three other participants studying economics. Those students are not relegated to categories of extreme poverty; in other words, their indebtedness is a voluntary choice: comparable to eligible beneficiaries who receive public subsidies despite being able to afford college.

A second striking aspect of the response is their comprehension of the time value of money, either in plain expression or professional answers. “I have a hunch that the yuan is constantly depreciating, so student loans are a more efficient way for college,” or, more to the point, “Money is worth more today than it will be tomorrow. Inflation erodes its value and purchasing power. Interest is used to compensate, but student loans are interest-free.”

Debt-utilized students believed that they were exactly in a position to benefit from subsidies. However, debt-favorable student borrowers downplayed this speculation. “I am against saving what you should be paying to earn extra money.” DING Xiang remarked, “Student loans are set up to help those truly in need.”

In this study, 25 participants (out of 41) are classified as debt-favorable, whereas 14 are considered debt-utilized borrowers. They feel safe, secure, and comfortable with student borrowing. They believe that student loans are an explicit endorsement by the government, and educational indebtedness has become a

normalized part of college life, “just as you choose to buy something you want.” Specifically, there are two outliers diametrically opposite to the mainstream response.

QI Min is a Hmong ethnic minority student from the Miao and Tujia Autonomous Counties. College is a thousand miles from his town. “Every high school friend in my hometown applied for [student] loans. Then you are never seen as inferior to anyone else.” Unexpectedly, very few college classmates around him filed for student loans. “When you enter a distinct minority [in college], you have to admit that debt is now playing a marker of disadvantage. Your family is not as well off as others,” he added.

LI Ningbo traveled from northeast to southwest China to pursue his bachelor’s degree from a prestigious university, majoring in civil engineering. He was in student debt for the first three years, accumulating 24,000 yuan (U.S. \$3,600) but withdrew in his last year. Laughingly referring to himself as an “unlucky hedonist,” he replied, “I thought borrowing money for college would help my parents. Student loans paid for my education, and my parents sent me money to live on. But the reality is quite different.”

LI felt trapped in overconsumption. “When you have more pocket money, you may be tempted to buy [impulsive items] ... My roommate [non-borrower] might think twice or save for two months, but I bought these sneakers right away,” he said, citing Nike Jordan’s 900 yuan (U.S. \$135) price tag, “I rarely trim unnecessary expenses; you see, borrowing for college is not such a big advantage, at least it fails to save me money.”

Student borrowers perceive consumer debt and education debt differently. Student loan debt may be the first financial product for borrowers who have never been exposed to middle-class living. Numerous credit options are available to college students upon enrollment. Students receive the first debit or credit card of their lives. Students may also approach micro-loans to facilitate the shopping experience. However, this aggressive and leveraged approach to student debt has given way to less interest in, or aversion to, retail debt. It is still difficult to assert that student loan borrowers have become more tolerant of credit and debt after being exposed to student loans.

Before delving into the participants’ consumer views, briefly introducing China’s current popular consumption patterns is necessary. Credit cards used to be a trendy style for college students to spend money in the early 2000s. However, after financial regulators banned student credit card applications in 2009, e-commerce giants soon took over the student market through their FinTech revolutionaries. In 2014, JD Finance pioneered an online lending product named JD Baitiao, allowing users to purchase products on its e-commerce platform. Later followed by Ant Financial in April 2015, Alipay’s Huabei offered its online shoppers the option of buy now, pay later (BNPL) to enjoy the post-payment shopping experience through installments of 3 to 12 months with or without interest (Xinyan Peng, 2022).

This disruptive BNPL trend by top-tier FinTech unicorns, such as Afterpay in Australia, Klarna in Europe, and Affirm in the United States, is growing in popularity and sweeping the globe with advanced financial experiences for online consumers. In a cashless environment, Alipay’s Huabei and JD’s Baitiao, supported by their e-commerce platforms, are fast becoming ubiquitous in Chinese BNPL payment. This tech-savvy cohort of 18-to-29-year-olds, who make up to 36 percent of credit-service clients in China, is embracing the shifting consumer behavior (Academic Center for Chinese Economic Practice and Thinking [ACCEPT], 2019).

Debt-acceptable

Thirty-three participants in the current study reported that they use or have used online credit from time to time. Borrowers labeled debt-acceptable take a neutral or relatively pro-debt stance on individual consumer credit. Consumer finance, which exists to address the financial needs of personal emergencies and life events, was supported by 26 (out of 41) participants. However, they also repeatedly emphasized sticking to the budget. As students, they practiced “living within your means,” which guided them to spend less emotionally or impulsively on groceries, electronics, and luxuries. They agreed that online credit facilities were convenient while efforts were made to control excessive consumption. MA Bing seldom used Alipay’s Huabei before beginning his internship:

Huabei is the more common one. In the past, I paid for day-to-day expenses through Huabei for convenience and promotion ... Now, I might have to rent a room off-campus for an intern while being paid very little. Sometimes I seem unable to cope in the days leading up to the payroll's arrival. Huabei exists as an instant payday loan to close the financial gap between paychecks ... Have you heard? Alibaba is being penalized for monopoly. My [Alipay] spending limit has dropped to 2,000 yuan (U.S. \$300). But that's enough. I no longer rely on my parents.

Similarly, some borrowers who rely on parental support to study also participate in Huabei's online service. "The pocket money from home sometimes gets delayed, so I use Huabei [to fill the gap]. But I'll pay it off as soon as money comes in, and, you know, owing money bothers me," one added.

Interestingly, LI Ningbo found student loans far less beneficial than he expected, but he still thought the commercial installments to be reasonable if he did manage to afford them. "I have to make the minimum payment through Huabei's installment plan for twelve months after Singles' Day," the most prominent online shopping festival in the country, celebrated on November 11, similar to Black Friday and Cyber Monday. "I was spending too much on sales that day and too much as everyone."

Outside the busiest shopping season, several borrowers reported occasional use of Huabei for online purchases such as snacks, books, and clothing but never for luxury purchases such as branded handbags and packaged vacations. "Seeing my friend's struggling experience paying off debts, I dare not spend too much [on luxuries]. I cannot pay back." In a cash-strapped environment, payments through Huabei are the preferred option, but student loan borrowers typically maintain a frugal lifestyle and are cautiously optimistic about consumer borrowing. "Consumption credit is barely satisfying, but that is all," as MA Bing concluded, "[consumer] debt enables me to cope with emergencies, but over days and weeks, it eats away at my well-being. It is always there, rolling from month to month, causing more stress than student loans," he said, "as opposed to being in debt, having enough money in my bank account fills my heart."

As well as the trend to buy this month, pay next month, and enjoy a long interest-free period, some participants also mentioned that they have developed saving patterns while using the BNPL service. "I use Huabei to pay as well as Yu'E Bao to invest," said DU Fei, a senior male student, "I saved more than I spent [laughing] because I often work part-time. I know the value of money." Compared to Huabei (*just spend* in Chinese), Yu'E Bao, or *leftover treasure* in Chinese, linked with a monetary fund, is a low-risk investment that profits from the interbank market (Wu, 2022, p. 34). The seamless integration of this financial product with Alibaba's e-commerce platform facilitates and simplifies personal finance. Like DU, this giant payment platform simultaneously cultivates consumerism and savings behaviors among student borrowers.

Debt-avoidant

Even though FinTech trends dominate the consumer behaviors of China's millennials and Gen Z (ACCEPT, 2019), twenty percent of the participants still reported never using online credit services. In addition, credit cards are now disfavored by the overwhelming majority of participants, with only one individual reporting receiving a credit card but never activating it. The borrower type has been grouped thematically as debt-avoidant. They viewed consumer credit skeptically and with constant vigilance. They believed that "wisely spending is a good idea" and that "those on a tight budget can still keep from going into debt." They refused to use BNPL service or credit cards as "the pocket money sent in from parents probably covers the basics." To avoid "potential overspending or default," they decided not to open an online Huabei account.

Interestingly, seven of those BNPL users froze, suspended, or directly canceled their accounts to end credit dependency. DENG Xian, for example, an urban adolescent whose parents were both laid off from state enterprises, closed his Huabei account:

I suddenly realized that the more often Huabei used, the poorer I got, so I am determined to shut it down for good. Well, that becomes more challenging when you've gotten used to it. The first month was difficult, as I had to reduce my day-to-day expenditure to make it through. Now I feel more at ease with no balance of payments.

Likewise, YU Tao from the same college also responded:

Huabei has effectively numbed the pain of paying, but it hurts more when payment is due. Overspending creates a vicious cycle in which too little is made, but too much is spent. It is a bottomless pit that can never be filled ... I closed the Huabei account to escape this [debt] spiral. If I didn't, I was still trapped in this never-ending loop. It's getting better now. Freedom from debt!

In addition to this blunt denial of online credit services, most participants declined to use credit cards. They recognized Huabei as a virtual credit card service but responded, "Why bother with a plastic card when you can pay cashless?" Credit cards are becoming increasingly archaic and less attractive to millennials and Gen Z (Meng et al., 2021; Xinyan Peng, 2022). "I keep a distaste for credit cards," ZHENG Lei gave a deprecating shrug, "I don't know why. I have no warmth to them but indifference."

Debt-hostile

Toxic borrowing, like loan sharks on campus, has been active for some time, almost guaranteed to end in a debt trap. Rumors and scandals, threats of violence, brutal intimidation, and suicide attempts by the victims have exacerbated this public problem, necessitating massive government intervention (M. Li & Xu, 2017). Participants learned about the financial scandals of toxic borrowing and the nationwide regulatory crackdown through social media, newspaper headlines, and campus propaganda campaigns. Likewise, almost everyone distrusted getting involved with notorious moneylenders. HUANG Yulin transferred his college major mid-way through, allowing him to interact with more students. He reiterated that loan sharks were met with much resistance on his campus.

I'm sure no one in the class borrowed money from the Internet loan to cover their expenses. If you're rich, that's your freedom to spend too much on cool stuff like handheld gaming consoles. But you're broke and borrowing money to play video games? That's not cool. You're putting yourself at risk with those loan sharks. No one does that.

In addition, Chinese law prohibits borrowing at an annual interest rate greater than 24 percent. YU An also shared his experience as a part-time telephone debt collector.

You may not believe debt collectors are everywhere. They approach your [phone] contacts, call and send lousy messages directly to people you know, and use harassment and coercion to push you to pay back. You can call the police, but high-interest rates are not illegal at all, as these exorbitant service charges are permitted but cannot be explained ... The people I met were loafers in their 40s and 50s, very few at my age.

Some participants pointed out that borrowing money from shady moneylenders is entirely incomprehensible. "You may be struggling financially, but private moneylenders shouldn't be seen as lenders-of-last-resort. They won't be able to drag you from the abyss. On the contrary, they encumber not only you but your family." Parents were considered approachable and able to offer help, as "they won't sit

on the sidelines and do nothing.” This group thoroughly consented to the necessity of vigilant watchfulness for predatory moneylenders. A thematic map of themes and sub-themes with debt attitudes is shown in Figure 1.

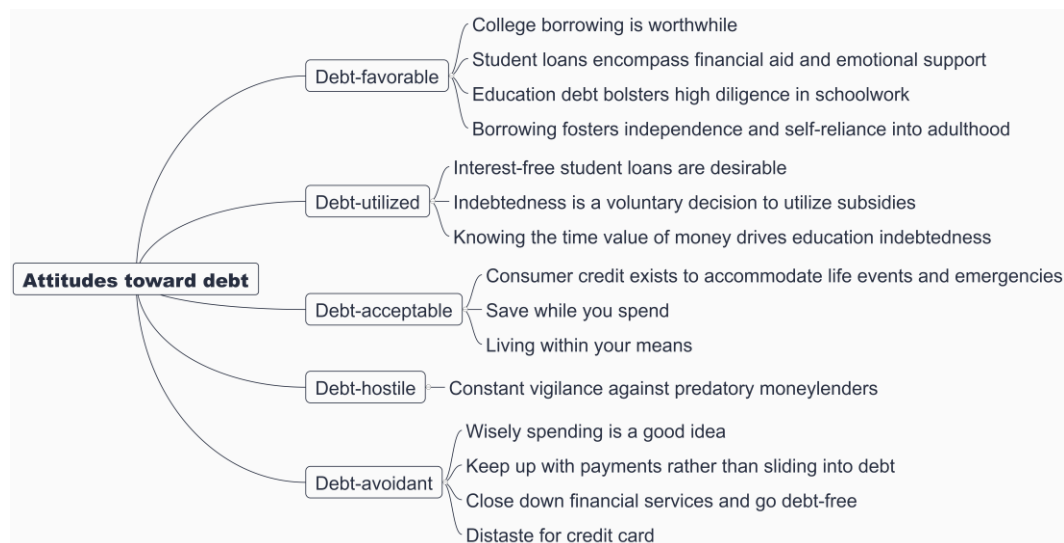


Figure 1. *Thematic Map Illustrating Attitudes Toward Debt*

Factors Influencing Student Borrowing

Research participants exhibit mixed attitudes toward debt. Debt-favorable and debt-utilized borrowers are particularly prevalent in education debt. In contrast, there are three distinct approaches to commercial debt, ranging primarily from debt-acceptable to debt-hostile. Other contributing factors to credit and debt, including the role of parents and the impact of peers and friends, are presented as follows.

Parental Influence on Borrowing

Data analysis presents that parental perspective and commitment to finance attempted to influence their children’s attitudes toward credit and debt, either positively or negatively. While most student loan borrowers view educational indebtedness as an investment in human capital for the future, some parents need more foresight to prepare their children financially for college. Seven out of 41 participants reported making critical financial decisions to borrow for college because their parents did not know much about financial aid. Eight participants reported that their parents still strongly doubted student loans, so much work had to be done to convince parents to agree to borrow. LUO Ning shared his efforts in trying to convince his parents to borrow; else wise, he would be a college dropout:

I have five brothers and sisters, and I’m second in line to an older sister who is also in college that same year. My family prevented me from even going to college. But I wanted to go, so I asked around and learned about student loans. My parents are peasant farmers, probably illiterate, so they can’t figure out things like [credit and debt]. I told them that I would pay it back myself. There’s no burden on the family, allowing a very long to pay it off. Then I’m here; if not, I would be flipping burgers somewhere.

Likewise, DU Fei and his parents engaged in a small-scale rural enterprise, attributing parental reluctance to student loans to stereotypes and debt anxiety.

The parental generation had only received a junior school education; they couldn't believe things like interest-free loans. They have anti-debt perceptions from TikTok, sharing the potential pitfalls of buying a home through a mortgage. They accept brainwashing of these short-form videos without screening ... There is no need to borrow. The family is not too poor to afford college; why do you have to end up with tens of thousands of yuan by the time you graduate?

The parental generation seems more conservative about educational indebtedness, not to mention their extreme anxiety about business debt. "My mom called me that morning and said she dreamed I owed the bank too much money," one participant shared, "how is that possible? I haven't even got a credit card. My mom spends her days scrolling through TikTok ... Debt is the devil there. I can understand her concern."

On the other hand, households with a debt history appear to be more tolerant of college borrowing. LIU Yao, whose parents grow tobacco on the plantation, reported her parental influence as follows:

Student debt isn't the first debt my family has ever created. In high school, we borrowed about 80,000 yuan (U.S. \$12,000) to build a house in the village. So when I needed to borrow, my dad showed an open mind and was more pro-debt. My mum encouraged me to borrow because she didn't believe it would be worrisome if I studied well and got my dream job.

Even so, there is another way to understand parents in fear or repugnance of any debt, as parents often feel obligated to educate their children. As HUANG Yulin explained,

Parents may worry that their children will be looked down on in school for being poor and behind in adulthood. After all, graduating with debt is indeed a burden. Parents think their bodies are still resilient, so they can keep working until they can't. The responsibility of paying for college falls squarely on their shoulders, and if they can work more, save more, and practice the strictest frugality, then there is no point in trying to pass the buck on to children.

Impact of Family Members and Peer Support

The results suggest that close family members and peers impact student borrowers' perception of credit and debt. Since most parents did not have access to higher education, their immediate or extended family members serve as role models for college-bound borrowers. LIU Suhua's father is a truck driver, and her mother is a farmhand at home in poor health. Her elder brother studied advertising design in Shanghai and earned a bachelor's degree last year.

My brother was a bigger influence. He took up [student] loans and paid them back himself. He told me to pay the college bills by borrowing and working weekends to save money for future payback. It would be a satisfying sense of accomplishment.

SU Ting shared a similar experience: "I have an uncle who is the first in our [extended] family to go to college," she said. "He also applied for student loans and now works for a state company with a steady paycheck. He's been my family's rock and role model, inspiring me to attend college."

In addition, Huang Yulin claimed that his confidence to borrow money for college was inspired by his peers' student debt: "My high school classmates have always been very supportive, perhaps the most prominent supporter. They are children of [township] school teachers or hospital physicians." He explained, "Perhaps their parents knew more about [student funding] policies. I figured out we were in the same boat, so no need to worry too much."

Interestingly, a few borrowers, in turn, acted as promulgators of information or disseminators to influence others. “I’ve got friends who are a year behind me in college. I encouraged them to take out [student] loans. This good policy favors us. We can take advantage of it if we need to.”

Some participants, of course, assumed there was no need to share borrowing experience. They treated borrowing as personal and directly related to the individual, “It’s not a big part of life and will not show up in everyday conversation. Payback, after all, is a post-graduation something; perhaps we’re not far-sighted, but it is indeed remote and delayable.” A thematic map of the factors that influence student borrowing is presented in Figure 2.

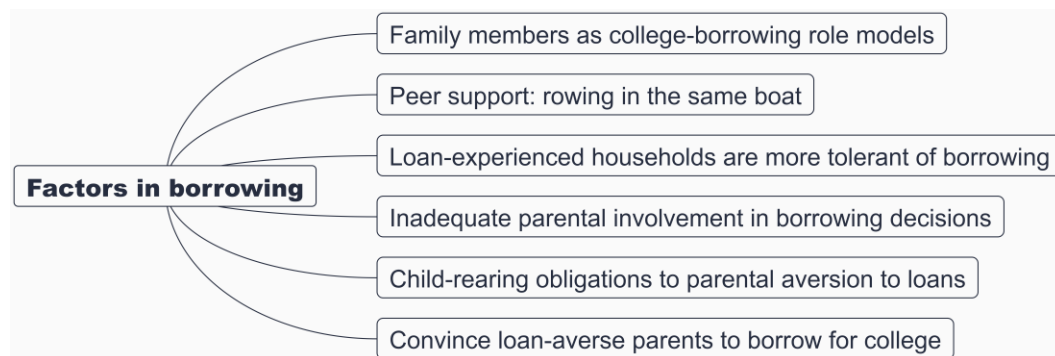


Figure 2. *Thematic Map Illustrating Factors in Borrowing*

Debt Solutions Available

Student debt, as the term implies, is borrowed money that must be repaid with interest at some point. Student debt is not a source of free money, and therefore, repayment obligations may be extended in financial distress but seldom waived. This section examines student knowledge and perspectives on repayment plans.

Rudimentary Financial Literacy on Debt Obligation

More than 70 percent of the participants could not accurately state the duration of their loans and when and how they would make their payments. But they had their own words, “I cannot remember the terms very clearly; after all, it’s after I get my degree. I can figure everything out when I make my payments.”

For a potential risk of default, no more than twenty percent of participants could specify the penalty of interest and possible legal liability for default. Few participants reported being unaware of default consequences, but several often link default to college credentials, saying that “failure to pay on time will fail to graduate.” Along with concerns about damage to personal credit and reputations, nine more participants expressed confidence in paying off student debt or intended to do so upon graduation, leaving them uninformed of loan commitments.

Blissful Ignorance Toward Debt Repayment

Three participants reported experiencing stress related to educational indebtedness. As one borrower mentioned, “How would you, in this complex world, not be worried about debt? Pressure is more or less there.” They were concerned that student debt would further strain their starting incomes. “I have just over 2,000 yuan (U.S. \$300) in internship pay; I still have to pay for food, transport, and rent, then monthly [student] debt payment is still concerning.” As a result, “I intended to pay it myself, but the miserly income compelled me to turn to my parents,” one added.

Most other participants, however, remained more optimistic about debt repayment. This confidence and blissful ignorance in repayment rest mainly on a manageable debt burden and family financial support.

Since student funding policies cap the size of student loans equivalent to tuition fees to discourage excessive borrowing, participants felt their total borrowing was not excessively high. Their payment amount also accounts for a small part of the monthly income. The maximum cumulative loan amount in the study was 32,000 yuan (U.S. \$4,800), while average monthly starting salaries for associate and bachelor's degree holders in 2021 were 4,400 yuan (U.S. \$660) and 5,800 yuan (U.S. \$870), respectively (Zhang, 2021).

YOU Rui is an engineering student at a private university. She was granted postgraduate admission to a northeast public university. Despite her 32,000 yuan undergraduate debt, she intended to continue borrowing for graduate school.

I'll keep taking out loans. I can afford to repay the student debt myself as I'm still young. Nothing should concern the young. When I finish my master's degree at twenty-five, I'll choose monthly mortgage repayment since it's a couple of hundred bucks; although my take-home pay may be only five or six thousand yuan per month, this is not a huge strain. I am definitely putting my heart at ease.

Again, debt repayment is of little concern to MA Bing:

I probably wouldn't if I didn't have a steady income, but that's no longer a concern. After all, a combined total of 24,000 yuan (U.S. \$3,600) is not a particularly large sum when one has a stable career. My parents have always wanted to pay back that money in one lump sum, but I decided to take on as much as possible. I'd rather owe money to my parents than to a bank. The benefits are apparent: I have no credit risk if I owe my parents, and no extra interest is paid after a one-time payment.

Family Support as Safety Net for Repayment

MA's case is representative of those participants. More than a third of borrowers (13 of 41 participants) reported that parents would wipe out their student loans in a one-time payment upon graduation. "My mom will pay my debt first, and then I will pay her back later. She'd rather pay faster through a lump sum out of concern that a few missed payments could instantly destroy my credit." Interestingly, multiple participants shared a similar perspective: "What the kids owe the parents, it's not a real debt."

Two-thirds of the remaining participants plan to pay off their student loans themselves. LUO Ning started college, promising his parents that he would repay student loans and not strain their precarious family finances further. He now has a job with a local grid company. He still has a monthly spending plan despite earning barely over 2,000 yuan (U.S. \$300) during his probation period:

I have two direct payroll expenses: caring for my younger brother and paying off my debt. My parents do not need special care for now, as they are just entering their 50s ... The ten-year repayment period is quite long, but I'd prefer to live frugally throughout the early years to save money and pay it off faster. I would rather not live under the stress of bank debt.

And, of course, among these self-reliant borrowers, nearly half also believed that family is a safety net for student debt. Their parents would step up and pay back the student loans in a nightmare scenario. One participant recalled, "I plan to pay it off in a year or two. My parents won't sit idly by if I get into financial trouble. I'm sure they're helping me [pay it down], but I'd like to rely on myself." In this instance, family support safeguards against low incomes or high repayment levels, alleviating economic hardship and potential default.

Pay Off What You Owe

In correspondence with the overall positive attitudes toward educational indebtedness, not surprisingly, participants were pessimistic about defaulting and even called for harsh penalties to be imposed on defaulters. Most participants recognized debt repayment as a legal obligation, though they could not spell out the potential consequences of default. They claimed non-compliance is unacceptable behavior that should adversely affect one's credit.

As one participant put it, "You've viewed borrowing realistically from the beginning, as debt implies repayment. Debt isn't free money. One should realize the value of good credit for modern living, particularly with a college degree." In addition, "It is an interest-free loan, and the free interest [throughout college] is a subsidy. Banks take money to help you, and I can't see not paying it back." Others recognized the loan contract as a swap, as "you trade money for education, and then repayment becomes your legal obligation. Now you're an adult with no excuse to violate the contract." They understood "society functions like this."

Borrowers mostly held a straightforward notion of paying off what they owed. It was the family, they say, that created this sense of conformity. As ZHAN Xixi observed,

My parents never openly warn me about the dangers of default. They are simple farmers who are honest and firm in their moral principles. It is only natural for them to think that paying down debt is the right thing to do. I grew up with them, so I am also such a person, as they have cultivated me in their nature [daily behaviors], I mean, the cultivation of integrity and a down-to-earth approach to life.

Still, some argued that the penalty for default must be appropriate; roughly ruining the credit ratings of youthful student borrowers who defaulted was deemed excessive. "I read in the news that violators are not allowed to fly on bullet trains or planes," LU Qinqin expressed her confusion, "but transportation is a necessity of life. How can someone repay a debt if they are unable to work? It's weird." MA Bing also proposed, "Student loans go straight into the college account, bypassing the hands of borrowers. It is unlikely to squander that money on gambling, luxuries, or other vices." Student loans, he argued, are designed to assist rather than penalize borrowers; otherwise, "College was a waste of time."

In summary, student loan borrowers spoke optimistically about debt repayment in most cases as fixed monthly payments make up only a fraction of income, and their family also serves as a safety net. One-time payment upon graduation is also a standard option for borrowers whose parents back them up. This guarantees their future financial security; hence, borrowers strongly believe they will never default on their student loans. Figure 3 depicts a thematic map of potential debt solutions.

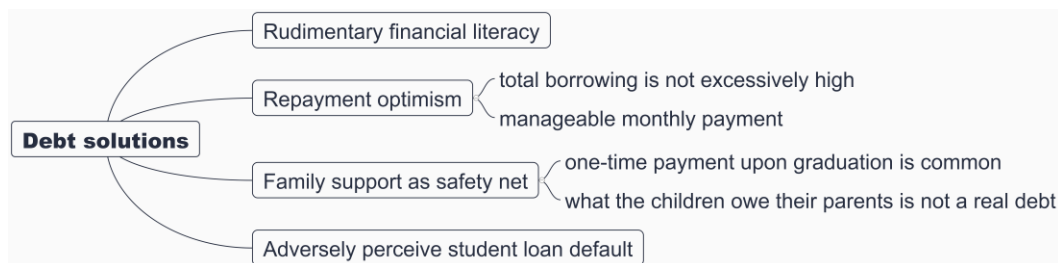


Figure 3. *Thematic Map Illustrating Debt Solutions*

Discussion

This study reveals that indebted Chinese participants exhibit a multidimensional nature of debt attitudes, in line with previous studies of New Zealand high school graduates (Haultain et al., 2010) and British

undergraduates (Harrison, Agnew, et al., 2015). Likewise, existing literature has consistently demonstrated that American and Indian college students approach education loans and credit cards multifacetedly (Kaur & Arora, 2019; Lim et al., 2019).

Most student participants, despite their lack of forms of capital, expressed a strong interest in higher education and believed that college is worth the cost. Accordingly, five-factor debt attitudes stand out as particularly prominent in a Chinese context: most participants have demonstrated an aggressive and positive attitude toward their educational indebtedness. They are categorized as debt-favorable and debt-utilized, respectively. Their attitudes toward consumer credit fall into a more conservative category: debt-acceptable, debt-avoidant, and debt-hostile. This is likely the basis for the two mindsets, aggressive and conservative: low-income students often view education debt as an investment in human capital (Harrison, Chudry, et al., 2015; Kaur & Arora, 2019), yet their consumer debt is deemed as consumption and revolving debt, not an investment.

Changing Patterns of Debt Attitude

Two familiar yet opposing narratives regarding low-income students and debt prevail. The first dominating image, already circulated in the state media, portrays student borrowers as vibrant, upward, and positive characters: they have mobilized the learning initiative to achieve academic success and social mobility (Lei & Cao, 2023). Those preconceived or stereotypical images only tell part of the story. Not all low-income students in China fit this preconception, though. That this is a positive stereotype makes it no less a stereotype and, therefore, undesirable.

The second, more common on social media, depicts college students leading a hedonistic lifestyle: poor but extravagant, spending too much but unable to repay. This ambivalent vanity and comparison mentality make them victims of loan sharks (J. Li et al., 2017). Indeed, college students trapped in consumer debt are a public problem that has prompted government intervention (M. Li & Xu, 2017). Social headlines, however, do not represent all facets of social life.

Admittedly, some beneficial characteristics, including diligence, commitment, responsibility, and frugality, as well as a degree of hedonism, have been identified in the current study. Indeed, many participants from underprivileged backgrounds expressed great satisfaction with the higher education opportunities that were open to them. Students who took out student loans to enter college fit into the debt-favorable category but cannot replace the debt-utilized group. For example, some also suggested using student loans as a non-interest utility. Some others delved into the time value of money as part of their debt obligations. Notably, this debt-utilized group interprets their borrowing practically, distancing them from the stereotyped *positive character* portrayed in national media advertising. Interestingly, not all student borrowers support this utilitarian approach. Debt-favorable advocates contend that student aid should be a redistributive measure that assists people in genuine financial need.

Research participants are wary of consumer credit as opposed to favoring student loans because they can readily discern between subsidized student debt and real retail debt. Some participants actively use consumer credit but are also cautious about over-consumption (debt-acceptable). To avoid possible dependence, some have already withdrawn from business credit (debt-avoidant). Both groups live a more modest lifestyle as they have ubiquitous and pervasive impressions of their families living in poverty and their parents' hard labor at the subsistence level.

As a consequence, they spend roughly one thousand yuan monthly, a far cry from the culture of vanity and excess propagated in 2016 by college students paying more than 40,000 yuan (U.S. \$6,000) yearly via Alipay (P. Li & Wu, 2017). By mirroring families' simple and frugal lifestyles, they also see little need to borrow from the money market. It has also unfolded in stark contrast to hedonic adaptation, where reckless expenditure by low-income students was interpreted as parental spoiling (Xiaohui Peng & Wang, 2019).

In addition, no participants are subject to credit fraud. They have recognized that it may be improper, even illegal, and refuse to engage with it (debt-hostile). The timing of the interview might have

contributed to their resentment. By this point, the government had interfered in toxic borrowing in 2017 (Hao & Xi, 2022), allowing the public to influence the participants' mindsets.

The current study, however, is at odds with the findings on educational indebtedness, which has little to do with academic work effort. Students at a public university in Southern California acknowledged the relevance of their degrees to future job prospects but did not accord their grades the same status (Brint & Rotondi, 2008). Even then, a mixed study of roughly 2,000 samples at leading Chinese universities revealed no substantial difference in academic success between rural and urban students (Xie et al., 2018).

Further, several participants have stressed that good grades are closely related to career opportunities in this qualitative inquiry. Student debt causes them to put more time and effort into their schoolwork because a good GPA on their academic transcript will give them an edge in the job market. Their emphasis on academic achievement reflects the fierce competition in the labor market. It also depicts that the concept of college education as human capital accumulation is deeply ingrained in the minds of student borrowers. Their opportunity-oriented mindset boils down to a connection between a strong GPA, a college degree, and the potential for a good job.

Moreover, rather than a unidirectional relationship, prior literature indicated that the effect of fear of debt, or debt aversion, on college enrollment decisions is very varied. Some studies pointed to aversion to loans and the amassing of substantial amounts of education debts that prevent students from lower socioeconomic backgrounds from getting into college (Boatman et al., 2022; Burdman, 2005; Callender & Jackson, 2005, 2008; Callender & Mason, 2017). Loan aversion is class-related: Students from disadvantaged backgrounds are more debt-averse than those from other social classes. Their reduced confidence sometimes stems from unfavorable family traditions toward indebtedness.

Other literature, however, also questioned the higher deterrent effect of debt aversion on college enrollment. Credit may not be averse in low-income populations (Boatman et al., 2017), and student debt aversion has no negative impact on access to higher education (Carales et al., 2020; Chapman & Ryan, 2002; Dente & Piraino, 2011). They pointed out the situation is far more complex than this deterrence scenario may predict (Harrison, Agnew, et al., 2015).

Indeed, indebted Chinese participants have painted a mixed picture of debt. Individual borrowers generally perceive college enrollment as a long-term investment in human capital as opposed to a revolving obligation. Therefore, education debt is not necessarily a deterrent to attending college. Interest-free status, manageable repayment schedules, and government endorsement backing student debt have all made higher education more appealing to those low-income borrowers. In their response, student loans have been touted as one of the least financially risky products because a college degree holds out the promise of positive returns.

In addition to human capital accumulation, participants consider college a valuable life experience. College experiences involve classes and coursework, to be sure, but also more time spent on socializing: meeting new friends, attending campus events, participating in extracurricular activities, and experiencing a different life than before. From this perspective, education debt has never been a psychological deterrent or an economic burden. Instead, debt relieves financial stress, eliminates money worries, and opens up more opportunities to facilitate a full college experience. Student loans may now be seen as more than just a method to assist students in paying for college, but they might also help bridge the gap between the haves and the have-nots, paving the way for access to cultural and social capital through formal schooling.

Therefore, the association of student loans with financial autonomy and individual freedom may be more relevant for comprehending a contemporary student debt culture (Brint & Rotondi, 2008). First, student borrowers learn independence and self-reliance because they have to. Student status often indicates financial reliance on family. When low-income families make limited contributions, student loans enable them to shoulder at least part of tuition costs, bringing them commitment, responsibility, and a sense of accomplishment that participants in the current study particularly valued. The potential for agency fuels the transition to college and urban life. That is the essence of the transformative nature of college education (Wong & Liao, 2022).

Second, this financial autonomy is mutual. Student loans, to some measure, liberate students and their families from one another (Dente & Piraino, 2011). Families with loans have more money left over and are better off over the following three to four years without worrying about tuition. Although borrowing alienates low-income students (Forsyth & Furlong, 2003), student loans work well in conjunction with the desire to exercise will and make changes.

Third, financial incentives, like interest subsidies and extended repayment terms, lower the fear of debt and payback pressure. It creates awareness that student loan debt is a manageable legal obligation, thereby reducing the likelihood of dropout and expanding college access for low-income students (Ziderman, 2015).

Participants constructed a positive image of educational indebtedness using China as a context. They see college education as a chance to invest in human capital and a powerful agency of prospective socialization. Meanwhile, student debt allows them to achieve some freedom at college and reciprocal financial independence from their family. However, this flexible structure of debt attitude allows for a variety of voices, at least two very different points of view, to emerge. Some participants saw student loans as symbolizing economic inferiority. Some admitted that student loans gave them financial independence but also cost them more money in everyday life.

Collectively, student participants have demonstrated tolerance, if not fondness, for their college debt. This tolerance is likely a trend for younger generations, as empirical analysis also detected that acceptance of student loans among prospective U.K. undergraduates in 2015 was up from 2002 (Callender & Jackson, 2005; Callender & Mason, 2017). Perhaps this is one clear manifestation of mass and universal higher education. Young people have no choice but to go to university. Debt tolerance must be enforced as the existing financing structure shifts to repayable student loans. That is, declining loan aversion is likely to characterize universal higher education and represent a substantial change in borrowing patterns (Harrison, Agnew, et al., 2015): education debt is steadily gaining acceptance as a necessary part of student life.

Interestingly, while no fear of debt was discovered among indebted participants, their replies clarified that debt aversion was widespread among inexperienced parents who were apprehensive about getting into debt. To the extent that the parent generation is reluctant to see their children enter adulthood with debt, this finding confirms Burdman's (2005) assertion that resistance to student debt often originates with parents, not students.

Nevertheless, those exposed to commercial debt were relaxed and more willing to support their children's college loan applications. It echoes a similar claim that once borrowers pass the initial psychological barrier and start borrowing, in many cases, this fear of debt alone is not enough to drive down their subsequent participation (Almenberg et al., 2021; Forsyth & Furlong, 2003). Likewise, Chinese student borrowers are relatively well informed about student debt compared to their unschooled parents. With a worry-free mindset, they view school debt as normal (Harrison, Chudry, et al., 2015) as peers rowing in the same boat. They follow in the footsteps of successful role models (Alvarado, 2021).

Graduating with Manageable College Debt

In addition, several participants also exhibit relatively poor levels of financial literacy, in line with previous studies in the United States (Brint & Rotondi, 2008; Fox et al., 2017) and Australia (Rasmussen, 2006) on the extent to which borrowers comprehend student loan conditions. They had limited knowledge of the loan duration, interest rate, or the ramifications of a probable default. Few participants correctly named the lender and the repayment procedure, among other simple questions. The efficacy of required entrance and exit counseling, contract signing, and classroom lectures seems restricted (Fernandez et al., 2015; Harper et al., 2021).

Participants have their take on inaccurate information or misconceptions about student loan terms. Few individuals took the time to read through state-backed contract terms with a streamlined application process. In certain respects, student loan debt is more amorphous (Rasmussen, 2006). It lacks temporality

since payback will take a decade to complete and looks far off. As Zerquera et al. (2017) note, only when the time for payback arrives will they have a closer look at that specific understanding.

Previous research on repayment and defaults has yielded mixed results. The ability-to-pay model based on human capital theory assumes that the income levels of students and their families substantially impact their college choice and repayment practices (Volkwein & Szelest, 1995). Australian undergraduates expressed little concern about the quantities of student debt they accumulated, believing that their monthly payments were still manageable under income-contingent repayment (Rasmussen, 2006). This is similar to research on borrowing patterns in England, where income-contingent repayment plans reduced risk and increased confidence in borrowing (Boatman et al., 2022). Coincidentally, Chinese student loan borrowers also demonstrate comparable optimism about payback obligations and live in blissful ignorance (Harrison, Agnew, et al., 2015) of debt burdens.

Although China's repayment structure still follows a conventional mortgage type, it has also exhibited some superior qualities akin to the income-contingent plan. Participants in this study expressed general confidence that their repayment installments would always be manageable, identical to what their Australian and American counterparts believed (Fernandez et al., 2015; Rasmussen, 2006). The debt level is reasonable: installments constitute a small fraction of their post-graduation income. Several participants are more likely to pay off debt faster based on savings and family contributions to avoid overpaying interest or adverse credit by skipping payments. This saving motive enables repayment and comes first (Carales & Molina, 2023).

Significantly, numerous participants claimed they would never consider defaulting on their student loans since their parents would come to their aid if they struggled financially to pay off their obligations. Parental support, whether explicit or implicit, has given Chinese student borrowers a more relaxed mindset toward debt repayment. This East Asian family culture and ties (Furuta, 2021) set repayment apart from previous literature.

Boatman et al. (2022) stressed the importance of institutional design in student loan schemes. In some ways, the provision of Chinese student loans is characterized by predictability, flexibility, and facilitation. Students from low-income families have an appetite for borrowing and insist that if they do well in college, they will be able to locate well-paying jobs, suggesting that they are more likely to pay back their debts. This can be ascribed to favorable repayment terms, which permit a grace period of 5 years following graduation and prolong the repayment periods to more than 20 years with a discount interest rate during the payback. All these mitigating efforts, together with mobile payment options, make financial aid more accessible to low-income students.

Limitations

Although this study provides some insight into the opaque nature of debt attitudes among underprivileged young adults, the design flaws suggest several areas for follow-up research. This study emphasizes the success stories of students from disadvantaged backgrounds: all participants were matriculated college students who had already managed to overcome financial constraints, cultural obstacles, and social barriers to admission. Hence, they may all exhibit the courage to confront education debt.

Exploring made-it experiences may provide original, unique, and challenging insights into college experiences (Rasmussen, 2006), but its inherent flaws make it very unconvincing to explain those excluded from higher education. Thus, the flip side of the success story is non-borrower attitudes toward student debt and perceptions of post-secondary choices. Concern exists for two non-borrowing groups: those who gave up college plans to contribute to family income and those who have enrolled but do not borrow so.

Furthermore, this qualitative study seeks to clarify changing patterns of perception, attitude, and lived experiences across student borrowers over a given period and place. The analysis then describes a snapshot of an individual borrower at a certain point before graduation. Attitudes and perceptions, however, change across time and space (Harding, 2011) and may not necessarily determine the consequences of behavior (Callender & Mason, 2017). Just as a five-way typology of debt attitude proposed in current work,

they are not simply discrete entities. Instead, they overlap slightly and sometimes interweave with certain social events. Seven individuals, for example, strayed from the debt-acceptable category to eliminate credit dependency.

Finally, this analysis uses data describing only eight central and western Chinese institutions. Therefore, the results of this work are not intended to be generalizable to more institutions or other regions, nor should the voices of the 41 participants be interpreted as necessarily representative of all low-income and first-generation college students; after all, student loan borrowers number in the millions in China. Instead, as illustrative examples of the storytelling process, their struggle, wandering, resilience, and persistence may be of some assistance to other low-income individuals who are planning college enrollment as a route to a profession or who have already embarked on their college voyage.

Conclusion

The multifaceted perspective of borrowing attitudes is by no means unidirectional. Research indicates ambivalence still abounds on both sides of the pro-and anti-debt spectrum. A five-way typology of debt attitude is proposed, with aggressive and positive attitudes regarding college debt being prevalent. Debt attitude aligns with a more persuasive argument for human capital accumulation: higher education is an investment no one can easily disentangle oneself from once obtained (Becker, 1993).

Correspondingly, younger borrowers still live in blissful ignorance and are entirely optimistic about paying off their debt, as the debt burden appears manageable in the distant future. Student borrowing is anticipated to follow a changing pattern in which education debt has become more acceptable to contemporary young adults. Given higher education's mass and universal nature, student loan debt is not so much a deterrent to college entry as it is a measure of autonomy and freedom for low-income students. Education debt alleviates financial stress and psychological burden to a large extent, and this financial autonomy allows them to facilitate a whole college experience.

The stark difference in attitudes between education debt and commercial credit comes as a surprise: early exposure of low-income borrowers to student loans did not spark their strong interest in commercial credit. The crux is whether borrowing is viewed as an investment or a liability. Student loan borrowers view educational indebtedness as a pivotal career investment with the potential to yield positive returns. Consumer credit, on the other hand, is simply an expression of consumerism. For many, a fleeting moment of delight from spending followed by an agonizing cycle of repayments exemplifies the ambivalence of many college students toward consumerism.

To conclude, the results solidify the conclusion of how education debt becomes a measure of financial autonomy. Individual liberty has also added to the developing debate over whether or not student loans prove to be a deterrent to higher education participation. The outcomes function as a voice-over vehicle that speaks for those who are silent: their deep and authentic voices can inform policy and practice with practical knowledge, enabling those who teach, mentor, counsel, and inspire young people to achieve their academic potential and aspirations through higher education.

Nexus: Connecting Research to Practice

- Current admissions counseling needs to be more targeted to assist low-income students with financial literacy, especially for those without direct prior family college experience.
- School counselors and college admissions officers can design more accessible and usable educational outreach programs for future students. Student loan debt letters can be a comparatively novel intervention to connect with prospective students (Taylor et al., 2021).
- Strategies need to be put in place to educate and encourage debt-averse parents to consider financial aid programs for their children, particularly student loans.

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