

Educational Lending - US - December 2019

Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



"College tuition costs are steadily rising, and the need for student loans continues. Delinquencies are on the rise as well, and borrowers are finding it more difficult to pay down their loans than they expected. Students and parents, however, are willing to make sacrifices in order to send themselves, or their sons and daughters, to college."

**- Jennifer White Boehm, Associate Director -
Financial Services -**

This report looks at the following areas:

- the status of education loans in the US
- loan payment behaviors
- attitudes toward educational lending and debt

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

Educational Lending - US - December 2019

Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

What you need to know

Executive Summary

Market overview

Top takeaways

There's a continued need for educational loans

Both parents and students are willing to sacrifice for their education

Brands outside the education industry can play an active role

What it means/what's next

The Market – What You Need to Know

Total student debt nears \$1.5 trillion

Student loan delinquencies steadily on the rise

Median household income about \$40K for recent grads

Market Size

Total student debt nears \$1.5 trillion

Figure 1: Total US student-loan debt, Q1 2009 - Q2 2019

After housing, student loans are US consumers' largest form of debt

Figure 2: Total US non-housing consumer debt, by type, Q1 2009 - Q2 2019

Market Breakdown

Student loan delinquencies steadily on the rise

Figure 3: Percent of balance 90+ days delinquent, by loan type, Q1 2009-Q2 2019

Figure 4: Percent of student loan balance 90+ days delinquent, Q1 2009-Q2 2019

US families spent over \$25,000 on college from 2018 to 2019

Figure 5: Typical family spending, average amount spent from college funding sources, 2019

College enrollment numbers increase, but have settled around 40%

Figure 6: College enrollment among adults aged 18-24, 1977-2017

FAFSA® applications amount to nearly 19 million

Figure 7: Total number of FAFSA® applicants, 2008-09 cycle through 2017-18 cycle

Market Factors

Median household income about \$40K for recent grads

Figure 8: Median household income, by age of householder, 2017

Consumers still think they need college to get "a good job"

Figure 9: Percentage who agree in necessity of college degree for "good job", by generation, March 2019

Market Factors: Gen Z Highlight

A quarter of teenagers are already starting to save

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Educational Lending - US - December 2019

Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 10: Percentage of teens who are saving money for college, across demographics, March 2019

Key Players – What You Need to Know

- Brands step in to help with employee degrees
- Rising tuition costs could convince students to opt out of higher education
- Personalized financial management for young consumers

What's Happening?

- Brands step in to help with employee degrees
 - Starbucks
 - Figure 11: Starbucks Jobs tweet, September 2019
 - Chipotle
 - Figure 12: Chipotle "Now serving debt-free degrees" announcement, October 2019
- Sallie Mae launches credit card for students and recent grads
 - Figure 13: Sallie Mae direct mail, September 2019

What's Struggling?

- Student loan debt still exists
- Rising tuition could convince students to opt out of higher education
 - Figure 14: Average total tuition, fees, room and board rates charged for full-time undergraduate students in degree-granting institutions in current dollars, 2009-17

What to Watch

- Personalized financial management for young consumers
 - Figure 15: Generation Wealthy, as of October 2019
- Results of the 2020 presidential election could drastically change higher ed financing

The Consumer – What You Need to Know

- Under 20% of US adults currently have student loan debt
- Federal student loans are most frequently used form of lending
- A third of borrowers are paying full monthly installments
- Majority of borrowers would not have been able to attend college without additional funds

Status of Educational Loans

- Under 20% of US adults currently have student loan debt
 - Figure 16: Financial account ownership, October 2019
- A quarter of 18-24s have student loans to pay down
 - Figure 17: Student loan ownership, by age, October 2019
 - Figure 18: Ally's "Do It Right" Community – blog post on student debt, September 2019
- Federal student loans are most frequently used form of lending
 - Figure 19: Types of higher education funding, October 2019
- Borrowers still paying down all varieties of loans
 - Figure 20: Type of outstanding educational debt, October 2019
- Educational loans will take another nine years to pay down

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
 APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com

Educational Lending - US - December 2019

Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Nearly 20% of consumers still owe more than \$20,000 in student debt

Figure 21: Total amount of outstanding educational debt, October 2019

Current Payment Behaviors

A third of borrowers are paying full monthly installments

Figure 22: Current loan payment behaviors, October 2019

Payment schedules are dictated by age, life stage

Younger borrowers more likely to defer payments

Parents who still owe on their loans are typically following full payment schedule

Figure 23: Current loan payment behaviors, October 2019

Figure 24: SoFi "Save thousands on your student loans" Tweet, September 2019

Consumers with a higher household income are more likely to pay full monthly installment

Figure 25: Current loan payment behaviors, by age and household income, October 2019

Handling Student Loans

Students are willing to work while in school in order to pay down loans

Figure 26: Current student loan payment behaviors, October 2019

Nearly 40% of borrowers receive help from their employer

Figure 27: Outside help in paying down loans, October 2019

Majority of borrowers would not have been able to attend college without additional funds

Figure 28: Ability to pay for college, October 2019

Over half of borrowers would consider newer or less traditional forms of funding

Figure 29: Willingness to try new lenders or non-traditional forms of education funding, October 2019

Parental Role in Educational Lending

Parents are actively involved in helping their children pay for college

Figure 30: Parental involvement in paying for child's higher education, October 2019

Figure 31: Discover Bank direct mail to parents, May 2019

Attitudes toward Educational Lending

Borrowers are finding paying down their student debt to be difficult

Figure 32: Attitudes toward paying down debt, October 2019

Parents are worried about the cost of higher education, and are willing to pull from their own retirement funds

Figure 33: Parental attitudes toward cost of college, October 2019

Consumers prefer federal loans when compared to private

Figure 34: Attitudes about loans to pay for higher education, October 2019

A Non-Borrower's View of Student Loans

Non-borrowers are familiar with increasing student debt

Figure 35: Attitudes of consumers who do not have student loans, October 2019

Choosing a Private Lender

Recommendations rule in private lender selection

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Educational Lending - US - December 2019

Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 36: Factors in selecting private lender, October 2019

Appendix – Data Sources and Abbreviations

Data sources

Consumer survey data

Direct marketing creative

Abbreviations and terms

Abbreviations

Terms

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com