



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **Student loan interest rates**

DATE **12 May 2023**

BY **Jeremy Miles MS, Minister for Education and Welsh Language**

The Welsh Government must ensure that interest rates on student loans do not exceed the prevailing market rate.

We have acted several times in the past two years to cap the rate on student loans to protect students. Most recently, I made an announcement on 8 February 2023 to confirm a cap at 6.9% for another three months from 1 March 2023. These caps were also announced by UK Government for English students.

As interest rates remain high, the rate on loans taken out by undergraduate students since 2012, and by postgraduate students, will be capped at 7.1% between 1 June 2023 and 31 August 2023. Further rate caps may be applied if the prevailing market rate continues to be below student loan interest rates after that date.

Changes to interest rates do not affect monthly student loan repayments, which are charged as a fixed proportion of income. Loan repayments are income contingent. Students repay their loan only if they earn above a threshold, and remaining debts are written off after thirty years.

Living costs should never be a barrier to studying at university, which is why the Welsh Government provides the most generous living costs grants in the UK. Welsh students have less to repay on average than their English peers. The Welsh Government also provides a debt write-off of up to £1,500 for each borrower entering repayment, a scheme unique in the UK.