

## **Socio-Economic Impact of Credila's Education Loans on Customers**

Education financing in India is a growing industry, yet there exists limited empirical research on its impacts across dimensions. My research paper aimed to address this gap through a large-scale survey as an intern at Credila, India's largest education loan NBFC. Over 8 months, I examined the long-term socio-economic impacts of education loans on three interconnected dimensions: career trajectory, financial security, and overall quality of life through a mixed-methods survey conducted through email, telephone interviews, and video testimonials. Alongside capturing demographic and product-related information, the survey, which was distributed among 100,000+ customers, measured qualitative as well as quantitative metrics, which, with the help of members of the Product department at Credila, I analysed and consolidated into a research paper whose findings were eventually included in Credila's Annual Report.

The three metrics were evaluated based on the following questions:

### **Career trajectory:**

To your knowledge, did Credila's loan help you secure admission to a better quality institution? How significantly do you believe your current professional position is affected by your education?

How does your current income compare to what you earned before pursuing your education? Do you attribute your career advancements, promotions, or job transitions, if any, directly to your education?

Approximately 70% of respondents reported that Credila's education loan enabled them to pursue a degree at higher-quality institutions than they would have otherwise attended, with over 65% of these individuals attributing significant career advancements and promotions directly to this education. Reported income gains from customers averaged 55% compared to their pre-higher-education incomes. Thus, these loans served as mechanisms to expand access to prestigious institutions, enabling borrowers to effectively convert borrowed financial capital into quality higher education and subsequent career advancement.

### **Financial Security**

How manageable was your repayment schedule?

What additional aid did you use to finance your education?

How has Credila's loan affected your financial security?

How do you view the overall return of your loan with Credila, considering the total cost of borrowing relative to your current income and/or future job prospects?

Respondents' results demonstrated a *J-curve pattern*: 40% reported financial strain in the short-term (during repayment), but 80% of these respondents reported a net positive gain in the long-term. 70% found repayment schedules manageable, and 75% viewed the cost of borrowing as relatively justified considering income gains and career advancement. Despite the financial strain caused during the repayment period, the economic costs are clearly outweighed by the reported longer-term gains.

### **Quality of Life**

How has your education affected your overall quality of life and sense of personal fulfilment?  
Has your education given you an immediate sense of control over your life choices?

85% of respondents reported a marked improvement in their overall quality of life and personal fulfilment, as predicted by Amartya Sen's capability approach framework, with 60% of lower-income earners reporting heightened agency and increased control of life choices as well. Thus, Credila's education loans expanded opportunities beyond careers and substantially improved the quality of life, especially among low-income earners.

In conclusion, through this research, I found a substantial positive impact of Credila's loans on its customers: the education made possible by its loans has decisive net-positive effects on all three metrics of career trajectory, financial security, and quality of life, consistent with the human capital literature.