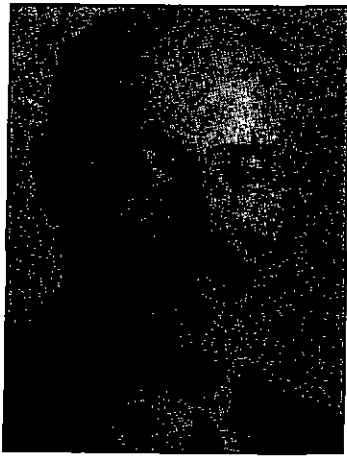


INCUBATING A GLOBAL Financial Aid Strategy



Keith Jepsen

Director of Financial Aid
New York University

New York University made news recently by enabling some of its international students in four countries to borrow at home in local currency under local laws. Three school/lender alliances have been formed to launch spring '98 pilots in Japan, South Korea, China, and Taiwan. Each of NYU's lender partners, Citibank, Chase Manhattan, and American Express has a global reach with consumer loan products and savvy in many nations abroad. Each has electronic networks that can be tweaked to make the proceeds flow across borders and end up in

student-friendly accounts and currencies. Each has add-on and follow-on products and services that students want.

Credit NYU's Keith Jepsen with no small amount of strategic vision. Keith sold the idea to the lenders and continues to participate in much of the spadework associated with launching the pilot tests.

What circumstances led to this global pilot?

First of all, we are a global organization. We're conducting higher ed business in more than 30 countries physically and we enroll more than 4,000 students in New York from all over the world each year. Second, we've been cultivating quality relationships with lenders who can help us meet needs such as those of our international students.

What helped you get the cooperation of such major players?

We've been steadily shrinking the number of lenders with whom our students do business. The list was as long

as 150. Our preferred lender list now includes four. Overall our students are happy with four choices. Even divided four ways, the university's volume with each lender produces significant customer clout for us. That was real obvious to me when I heard Citibank's Carl Levinson tell the roomful of international Citibank'ers whom I had just addressed, "Look people, your largest customer is telling you what he needs. How can we make this work?"

Why three lenders instead of one?

It's a big world out there, and competition is healthy. Each of the lenders would prefer it if there were no others

And we may end up with just one after the pilot. I'm also sure each of the lenders we've partnered with will want to leverage success with us into partnerships with other schools.

What are the key benefits to students?

Ease, convenience, and familiarity. Citibank's Japan offering is a co-signed consumer loan transacted completely in the private marketplace. Today's private marketplace in Japan offers interest rates well under subsidized FFEL rates in the US. As we speak I'm clicking on a 4.625% APR for Citibank Japan's web page for NYU loans.

What are some other loan features?

In Japan, the loan limits are 1 million to 6 million yen (\$8,000 - \$50,000). A Japanese co-maker is often necessary. The overall repayment period is 2 - 10 years. Early-year repayments may be interest-only.

What are the benefits to NYU?

There's no paperwork in our financial aid office. Other than providing enrollment verification electronically through the National Student Loan Clearinghouse, we are not involved in the approval process, and we have no records to keep. We also provide no recourse. Credit-checking, credit-testing, and default prevention are lender responsibilities performed by lender personnel.

And for the future?

As we work out the bugs and test our demand estimates, we'll be looking to replicate home-country lending elsewhere. Students from dozens of foreign countries attend our New York campuses. I'm also eager to see international students who attend NYU in Madrid, Florence, Paris, Prague, and our other sites abroad benefit as well.

NYU's web site (www.nyu.edu) has more information about this private loan innovation as well as links to NYU's lender partners' web pages.