

Revisiting Malaysia as an Education Hub

In recent years, the Malaysian higher education industry has witnessed a huge growth in the number of international students seeking quality higher education in a peaceful country.

Considering the economic and scientific/academic impact of having international students and staff, the Malaysian higher education system has performed well in attracting international talent and making the country an ideal education hub in Southeast Asia. The statistics published by the Ministry of Higher Education, however, clearly shows that the students mainly come from the countries which are experiencing hard times due to a wide range of issues such as domestic war, conflicts, and sanctions.

Our observations in the last five years show that students from these countries have faced a lot of problems in Malaysia with respect to banking and insurance matters. Although insurance issues, to an acceptable extent, have been sorted out through the establishment of Education Malaysia Global Services (EMGS), banking remains a challenge for the students. Specifically, after these international students arrive in Malaysia, pay their tuition fees, and register as a student, they start facing obstacles with banks. They are unable to get their application for full banking facilities approved by a bank in Malaysia. To be exact, only Maybank allows these students to open a bank account, but only provides minimum banking services (i.e., providing students with just a passbook), albeit after getting the necessary approvals from its headquarters. Thus, these students may not be able to purchase, pay their bills, housing rent, fees, or use online banking systems. They are not even provided with a simple debit card to take care of their immediate financial needs. Given the current unprecedented Covid-19 pandemic situation, this becomes more critical. Due to the Movement Control Order (MCO) and Standard Operating Procedures (SOPs), these students may not be able to go to the bank's branch to withdraw money. Consequently, there is a high level of dissatisfaction among affected students, with many contemplating alternative countries to pursue higher education (e.g., Australia and New Zealand). This means that the number of international students in 2020 and 2021 would considerably decrease.

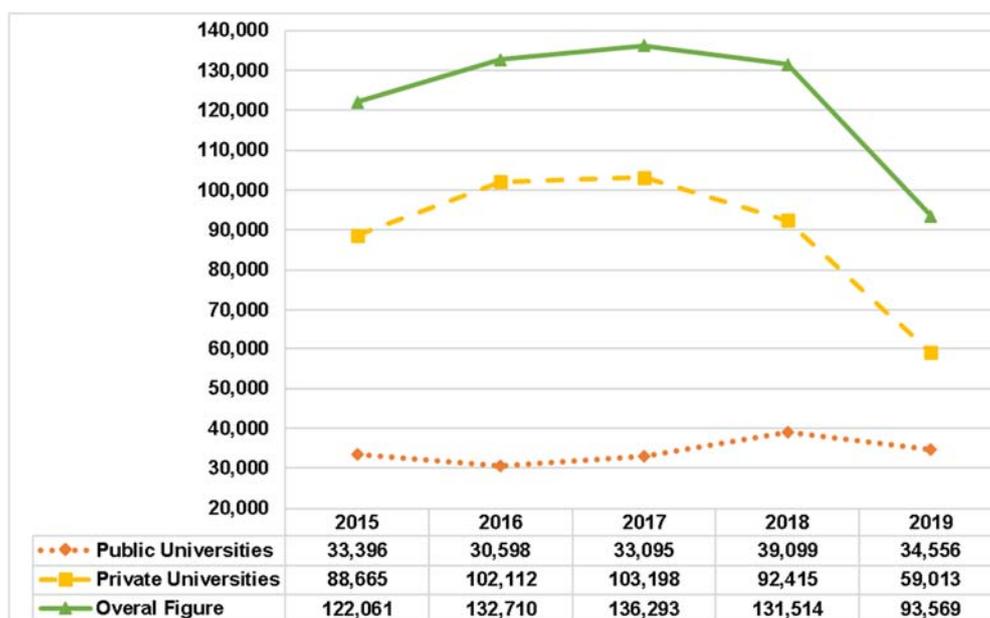


Figure 1: Number of international students in Malaysian public and private universities from 2015 to 2019

Table 1: The top 10 countries of origin from 2015 to 2019

Year	2015	2016	2017	2018	2019
Top 1	Bangladesh	Bangladesh	Bangladesh	Bangladesh	China
Top 2	Nigeria	Nigeria	China	China	Indonesia
Top 3	China	China	Nigeria	Nigeria	Bangladesh
Top 4	Indonesia	Indonesia	Indonesia	Indonesia	Yemen
Top 5	Yemen	Yemen	Yemen	Yemen	Pakistan
Top 6	Iran	Pakistan	Pakistan	Pakistan	Nigeria
Top 7	Pakistan	Iran	Libya	Iraq	India
Top 8	Iraq	Iraq	Iraq	Libya	Egypt
Top 9	Libya	Libya	Sudan	India	Saudi Arabia
Top 10	Sudan	Sudan	Iran	Iran	Iraq

In 2019, a circular was sent to all the banks in Malaysia by the Education Ministry indicating that any in-detailed verification regarding international students enrolled in Malaysian Higher Education Institutions (HEIs) can be directly done with the EMGS. This is to avoid creating problems to the students by rejecting their bank account applications. Nevertheless, when these students go to the bank, they are told by bank officials that due to sanctions imposed by the United States (US), the bank may not provide any services to the students. It is noteworthy that in 2019, banks were forced to close students' accounts¹. Interestingly, there are many international students from countries such as Iran, Nigeria, and Iraq, studying in the US and other places who have not experienced problems with such severity. For instance, according to Al-Monitor², Iranian students who are studying in the US have not faced banking problems and difficulties at all. Although, after the US withdrawal from the Iranian nuclear deal and renewing their sanctions against the country, Iranian students in some other countries started to face some banking problems³, those problems did not last for long. In fact, our interviews with some students and employees in different countries indicate that, at present, they do not face major difficulties with banking institutions. Hence, the situation in Malaysia may be an indication of an overreaction of Malaysian banks to the imposed sanctions on countries which are important sources for international students in Malaysia. This overreaction will have negative implications for Malaysian higher education system. Talent from those countries will be attracted by other countries and Malaysia may lose its status as an important education hub in the Southeast Asia.

Ideally, when a student is offered a higher education program from any universities in Malaysia, all the essential services (banking, insurance, health, etc.) should be provided for them at the highest possible level so that they can have a conducive environment for their studies. That is what an international education hub is all about. Relevant government agencies need to work in sync to ensure the sustainability of Malaysia as an education hub for international students.

Prepared by:
Majid Ghasemy, IPPTN, USM

Footnotes:

¹<https://www.nst.com.my/news/nation/2019/10/534437/dr-m-malaysia-forced-close-bank-accounts-iranians>

²<https://www.al-monitor.com/pulse/originals/2019/01/iran-students-sanctions-impact-banks-europe-us-visa.html>

³<https://www.euronews.com/2020/02/13/italian-banks-are-closing-iranian-citizens-accounts-over-us-sanctions-is-it-legal>