



Australian Government
Department of Home Affairs



Strengthening the Genuine Student requirement and financial capacity framework

Consultation paper

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Introduction

The Department of Home Affairs is seeking views on potential reforms to Ministerial Direction 106 and the financial capacity requirements.

International education makes an important contribution to Australia's economy, communities, research capability and international relationships. The student visa program supports access to Australian education while providing assurance that visa applicants are coming for a temporary stay to study and are properly prepared for the academic and financial commitments involved.

The Government has requested the Department undertake consultation to inform advice as to whether current settings provide sufficiently clear and predictable expectations for applicants and education providers, and sufficient assurance that students have genuine and sustainable access to funds for tuition and living costs.

The consultation brings together two connected but distinct areas: the principles that could inform any future revision of Ministerial Direction 106, which guides the Genuine Student assessment, and options to strengthen the financial capacity framework. The Department is considering a possible interim measure to strengthen financial requirements for primary applicants from Evidence Level 3 countries while longer-term reforms are developed.

No decisions have been made on these proposals. This paper provides background information and identifies the issues on which stakeholder views are now sought.

When providing your submission, you are invited to consider the following questions:

1. Genuine Student requirement

How could the Genuine Student framework better support consistent assessment of whether study is the primary purpose of a Student visa application? Should different considerations apply to commencing students and students continuing or returning to study?

Which existing considerations in MD106 should be retained, consolidated or removed, and what principles should govern any future revision?

2. Financial capacity architecture

Which of the four financial capacity options would provide the best balance between assurance, access and implementation practicality, including the proposed Australian bank account models?

3. Detailed design

What funding threshold, account access, managed disbursement, verification, safeguards and recognised education finance settings should apply?

4. Interim financial assurance

Should the Government introduce the proposed interim measure for primary applicants from Evidence Level 3 countries while the longer-term Australian account architecture is developed, should the Department decide to go ahead with that architecture?

Background

The Student visa program

The student visa program enables international students to undertake study in Australia. Student visa applications are assessed individually against the requirements for visa grant, including enrolment, English language, health, character, financial capacity and the Genuine Student criterion, where applicable.

The visa framework supports Australia's international education sector while maintaining confidence that temporary study is the primary purpose of the visa and that students have realistic arrangements to meet tuition, living and associated costs.

How the framework operates

Framework component	Function
Student visa criteria	Establish the legal requirements that must be satisfied for visa grant.
Financial requirements instrument	Specifies the financial capacity required by applicants and the forms of evidence that can be provided.
Ministerial Direction 106	Guides decision-makers when assessing the Genuine Student criterion.
Policy and public guidance	Explains how requirements apply and what evidence may be relevant.

Why is this consultation occurring?

The Department is seeking settings that can be easily understood by applicants and education providers and give confidence that students have realistic arrangements to meet tuition and living costs. The proposed reforms are intended to support genuine students and quality providers, improve the quality and completeness of applications, and reduce reliance on unreliable or poorly verifiable financial arrangements. These are intended to support better applicant self-assessment of visa requirements and give assurance to applicants of likely visa outcomes.

Principles for a future Genuine Student Ministerial Direction

The Government is testing a revised structure that keeps the current requirement for a holistic assessment of the visa applicant's circumstances, while simplifying the Direction and focusing on the most relevant considerations for commencing and continuing or returning students.

For example, a revised Direction could distinguish between applicants commencing a new Australian study pathway and students continuing or returning to study, so the assessment focuses on evidence most relevant to each applicant's circumstances.

What could change under a revised MD106

The proposed revision would retain a holistic, individual assessment but organised around the factors most relevant to the applicant's stage in the student journey. The changes being considered include those summarised below.

Issue	Current MD106 setting	Proposed direction of change
Assessment structure	Applies a common set of factors to primary and secondary Student visa applicants. Relevant factors are considered holistically and are not intended to operate as a checklist.	Retain holistic, individual assessment but distinguish more clearly between applicants commencing a new Australian study pathway and students continuing or returning to study.
Commencing students	Assessment considers home country and Australian circumstances, the value of the course, immigration history and other relevant matters.	Focus assessment more directly on the credibility and achievability of the proposed study pathway, including educational rationale, preparedness, course and provider choice, pathway study, costs, intended outcomes and information credibility.
Continuing or returning students	Previous Student visa holders may receive closer scrutiny. Decision-makers consider prior engagement, completion, course progression, study gaps and course or provider changes.	Place greater weight on demonstrated conduct in Australia, educational commitment, progression, study outcomes, course changes, gaps, employment and financial patterns, enrolment history and the value of further study.
Course and career pathways	Consistency with previous education and employment, course value and expected remuneration may be considered, while allowing for reasonable changes in career or study pathways.	Add positive weighting to transnational education in the Genuine Student assessment, where supported by evidence of genuine course progression and good study outcomes. Transnational education does not, in itself, guarantee a visa grant; applicants must still satisfy all requirements for visa grant.
Work and hardship	Decision-makers may consider whether the visa is being used to maintain ongoing residence, and whether circumstances provide incentives to seek entry for purposes other than study.	Clearly delink financial capacity from anticipated future earnings from work in Australia: as with current requirements, possible future earnings do not satisfy financial requirements. Give weight to whether the proposed study and funding arrangements are sustainable in the context of there being no guarantee of work in Australia or of an extension of stay in Australia, to guard against students committing to circumstances likely to lead to financial hardship or welfare concerns.
Financial capacity	Financial circumstances may inform the Genuine Student assessment alongside the separate prescribed financial-capacity criteria.	With revised financial requirements, the Direction can reduce focus on genuine financial capacity. This can return the focus to whether the study pathway and overall circumstances are credible, while prescribed financial requirements would determine whether sufficient, genuine and sustainable funds are evidenced.

Issue	Current MD106 setting	Proposed direction of change
Applicant information	Assessment commonly draws on application responses, supporting documents and additional information requested where closer scrutiny is appropriate.	Use revised application questions and supporting evidence to elicit relevant information, remove reliance on formulaic Genuine Student statements and make reasons for decisions clearer.
Scrutiny and evidence	Closer scrutiny may be applied where intelligence, immigration history, unrelated study, inconsistencies, certain current visas or previous Student visas indicate concern.	Targeted scrutiny aligned more closely with the most relevant cohort requirements.

Strengthening Financial Capability

Stakeholders' views are sought regarding a revised financial capacity architecture that would provide stronger assurance that students have genuine, accessible and sustainable funds for their studies.

A key feature of the proposed architecture would be the use of an eligible Australian bank account or prescribed financial product. Under the first three options, applicants would ultimately be required to hold the relevant funds in an Australian account in their own name. The options differ in the amount required, the length of time the funds must be held, and whether access to the funds would be managed.

The fourth option would provide a controlled pathway for recognised education finance arrangements. It could complement the Australian account models or operate as a limited alternative where it is not reasonable or practicable for an applicant to establish or fund an Australian account.

All four options would:

- require evidence of financial capacity when the visa application is lodged
- assess the amount, source, form, ownership, accessibility and sustainability of funds
- require ownership, balance history and relevant transactions to be capable of verification
- assess financial capacity independently from provider Evidence Level settings
- exclude prospective earnings from work in Australia as a substitute for essential study and living funds
- recognise genuine scholarships, government support and approved education finance
- allow verified overseas accounts to be used as a transitional arrangement before an Australian account model is operational

Illustrative financial capacity options

Option	Amount required	Account and access	Overall effect
1. Managed 50% model	50% of total tuition and prescribed living costs for the full course or package of courses.	Eligible Australian account in the applicant's name with funds for at least one month before visa lodgement. Funds released on a prescribed schedule.	Highest assurance, but the greatest product design, liquidity, consumer protection and implementation impacts.
2. Flexible 50% model	50% of total tuition and prescribed living costs for the full course or package of courses.	Eligible Australian account in the applicant's name with funds for at least three months. No mandatory release schedule.	High assurance with greater flexibility but still requires strong account-verification and compliance capability.
3. First-year assurance	100% of tuition and prescribed living costs for the first 12 months, or the remaining course if shorter.	Eligible Australian account in the applicant's name with funds for at least three months before visa lodgement. Managed release could be targeted to defined cohorts.	Strengthens the universal baseline with lower liquidity and implementation impacts than the 50% models.

Option	Amount required	Account and access	Overall effect
4. Recognised education finance	Prescribed costs met through recognised financial institutions, personal funds or a combination.	Transfer to an Australian account preferred where practicable; direct reliance permitted in limited circumstances.	Preserves access to a wider range of financial tools but requires recognised providers, direct verification and consumer safeguards.

What would change from current settings

The core shift would be from a largely document-based and Evidence Level-dependent model to a more consistent and verifiable assurance framework.

Element	Current setting	Change common to the reform options
Funding basis	Show 12 months of tuition, prescribed living costs, travel and family costs, via bank deposit or loan approval or a set level of annual income confirmed through official documents.	A move to products that are less susceptible to misrepresentation of applicants' finances, while still providing effective pathways for genuine students. A clear funding threshold would be based on either 50% of full-course costs, first-year costs or recognised education finance.
Who provides evidence	The combined country and provider Evidence Level determines whether evidence is required at lodgement or only if requested.	Required evidence would be provided at lodgement for the cohorts covered by the new model, independently of provider Evidence Level.
Account and history	No specific account or minimum holding period applies to tuition, living, and travel funds. There is limited control over the financial products accepted. Genuine access must be demonstrated.	The first three options use an eligible Australian account, with a one- or three-month holding period and verifiable ownership, balance and transaction history.
Access to funds	No prescribed release schedule applies.	Access could be managed, flexible, or targeted depending on the option and cohort.
Source and finance	Existing pathways permit personal or family funds, scholarships and eligible loans, subject to genuine-access requirements.	Sources, ownership, and continuing availability would be more clearly prescribed and independently verifiable. Recognised finance would be governed by an approved provider framework. A separate pathway could be available for government scholarships.
What would not change	Financial capacity is a separate legal requirement from the Genuine Student assessment.	The framework would continue to cover tuition, living, travel and relevant family costs and recognise genuine scholarships and approved finance.

The models are illustrative and are not settled Departmental positions. Detailed design would need to address pre-arrival account opening, identity verification, fees, exchange rates, privacy, information

sharing, refunds, exceptional expenses, course or provider changes, visa refusal, deferral, withdrawal and non-travel.

Questions for stakeholders

- Which of the four options would provide the most appropriate balance between financial assurance, access and implementation practicality?
- Are the proposed funding thresholds—50 per cent of full-course costs or 100 per cent of first-year costs—appropriate?
- Are pre-arrival Australian account arrangements workable for students in different countries and markets?
- Should funds be subject to managed disbursement, flexible access or different controls for defined cohorts?
- What safeguards are required for fees, privacy, refunds, disputes, exceptional expenses and changing student circumstances?
- How should recognised education finance providers and products be approved, verified and monitored?
- In what limited circumstances should an applicant be permitted to rely directly on recognised education finance without first transferring funds to an Australian account?
- What impact would these changes have on international student recruitment already underway, and what timeframes should be considered?
- Should there be a two-track model that applies either a requirement for evidence of finances or a disbursement into an Australian bank account, and if so under what circumstances?

Possible interim strengthening for Evidence Level 3 applicants

The longer-term Australian account architecture would require further legal, banking, systems and implementation work. An interim measure is now being considered for primary applicants from Evidence Level 3 countries while the longer-term framework is developed.

The interim measure would retain the current prescribed financial amounts but materially strengthen the nature, source, history and verification of the evidence required in order to provide a stronger objective basis for visa outcomes. It would be a separate, earlier measure and would not predetermine which of the four longer-term options should ultimately proceed.

Intended outcome

Improve the quality and completeness of applications, provide stronger assurance about financial preparedness, and reduce avoidable refusals while longer-term reform is developed.

Measure	Current setting	Possible interim setting for Evidence Level 3 applicants
Who must provide evidence	Upfront financial evidence depends on the combined country and provider Evidence Level.	All primary applicants from Evidence Level 3 countries would provide prescribed financial evidence at lodgement, regardless of provider Evidence Level.

Financial amount	Existing prescribed living, tuition, travel and family amounts apply, with an annual-income pathway also available.	Existing prescribed amounts would initially be retained. The change would focus on evidence quality and genuine access to funds rather than an immediate increase in the threshold.
Account history	There is no uniform minimum transaction history or holding period requirement for all funds.	Deposits would be supported by at least six months of transaction history, with a longer period required in higher-risk circumstances.
Source and ownership	Sources are not uniformly limited across all financial pathways.	Reliance would generally be limited to the applicant, spouse, parents or another prescribed supporter, with evidence of relationship, ownership, source, access and continuing capacity.
Financial institutions	Evidence may be provided by a broad range of financial institutions.	Deposits or lending could be restricted to prescribed, recognised or otherwise verifiable institutions where appropriate verification channels are available.
Verification and sustainability	Verification generally occurs during assessments where concerns arise.	Independent verifiability, genuine access, continuing availability, and sustainable capacity would become core features of the requirement.
Loans and education finance	Loans from financial institutions or governments may be accepted.	Unsecured personal lending and non-disbursed loans would generally not be accepted. Greater reliance would be placed on secured lending, government-backed lending or recognised education finance arrangements.

Questions on the interim measure

- Should all primary applicants from Evidence Level 3 countries provide financial evidence at lodgement, regardless of provider Evidence Level? Or should some cohorts be considered for a pilot?
- Would six months of transaction history provide sufficient assurance, and when should a longer period apply?
- Which financial supporters, institutions, loans and education finance products should be accepted?
- What verification mechanisms would be workable across different Evidence Level 3 markets?
- What safeguards or exceptions would be needed to ensure the measure remains proportionate?

Making a submission

The Department welcomes written submissions addressing any or all of the questions in this paper. Respondents do not need to support the approaches outlined. Evidence, alternative approaches, and practical advice are encouraged.

Closing date and submission method

Submissions close

12pm AEDT on 23 November 2026

Email: student.visa.consultation@homeaffairs.gov.au

What to include

- the name of the individual or organisation making the submission
- contact details
- the sector, student cohort or area of expertise represented
- responses to relevant consultation questions
- supporting evidence, data, examples or alternative proposals

Publication, privacy and confidentiality

The Department will not publish submissions on its website. Personal contact details will not be published.

Accessibility and enquiries

Questions about the consultation process, including requests for accessible formats, may be directed to student.visa.consultation@homeaffairs.gov.au

Next steps

Feedback will inform advice to Government on whether reforms should proceed and, if so, their scope, sequencing and detailed design. Any preferred approach would be subject to government consideration and work on legal authority, instruments, guidance, forms, systems, verification, training, communications, transition and review.

Key terms

Term	Meaning in this paper
Genuine Student requirement	The visa criterion concerned with whether study is the primary reason for seeking a Student visa.
Ministerial Direction 106	The direction guiding decision-makers in assessing the Genuine Student criterion.
Evidence Level	A setting within the Student visa evidentiary framework that affects whether specified evidence is generally required at lodgement.
Financial capacity	The ability to demonstrate sufficient, genuine, accessible and sustainable resources for tuition, living and associated costs.
Recognised education finance	A loan or finance arrangement accepted under a framework providing appropriate oversight, verification and safeguards.