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## PARENTS SPEND USD 44,221 ON THEIR CHILD'S EDUCATION, FROM PRIMARY TO UNDERGRAD

- 87% of parents around the world are helping to fund their child's education
- 76% of parents considering postgraduate education expect to contribute towards funding it
- 74% of parents use day-to-day income to fund their child's education costs
- The majority (82%) are ready to make personal sacrifices for their child to succeed

Parents are spending an average of USD 44,221\* on their child's education from primary school up to university undergraduate level, according to *Higher and higher*, HSBC's new report in The Value of Education series. Of the over 8,400 parents in 15 countries and territories surveyed, parents in Hong Kong (USD 132,161), followed by the UAE (USD 99,378) and Singapore (USD 70,939), contribute the most towards all aspects of their child's education costs, including school/university tuition fees, educational books, transport and accommodation.

Country	Average parental spend on their child's education (USD)*
Global	44,221
Hong Kong	132,161
UAE	99,378
Singapore	70,939
USA	58,464
Taiwan	56,424
China	42,892
Australia	36,402
Malaysia	25,479
UK	24,862
Mexico	22,812
Canada	22,602
India	18,909
Indonesia	18,422
Egypt	16,863
France	16,708

The majority of parents (87%) contribute towards the cost of their child's current stage of education, with 85% also contributing towards their university or college education. Apart from student loans, only 15% of students in tertiary education contribute towards funding their own education, while 16% benefit from government/state support (via a

scholarship, sponsorship, bursary or grant) and 8% from similar school or university support.

**Charlie Nunn, HSBC's Group Head of Wealth Management, said:**

“In today’s highly competitive global job market, education for young people has never been more important. Parents across the world appreciate this and are willing to invest time and money to help their children get the best start in life. Their unwavering support shows in the personal, lifestyle and financial sacrifices they are making. From forfeiting ‘me time’ to giving up hobbies or reducing leisure activities, parents are going the extra mile to help their child succeed.”

**PATH TO SUCCESS**

When thinking about the courses they would like their child to study at university, parents show their ambition. Medicine (13%), business, management and finance (11%), and engineering (10%) are the most preferred. In addition, more than 9 out of 10 (91%) parents are considering postgraduate education for their child, and 76% of these expect to contribute to the cost. Almost 8 in 10 (78%) parents think completing a postgraduate degree is important for their child to get full-time employment in their chosen occupation. The importance of a postgraduate degree to their future job prospects is even more widely recognised among parents in China (91%), Indonesia (91%) and Mexico (90%).

Parents in Asia are most likely to be optimistic about their children fulfilling their potential. While 75% of parents worldwide are confident their child will have a bright future, they are 87% in India and 84% in China to say so. In contrast, parents in France are more cautious, with only 42% being confident of a bright future for their child. Similarly, 85% of parent in India and 78% in China feel confident their child will get a great job, compared to global average of 68%. In France, only 36% of parents feel confident their child will get a great job.

**Commenting on the findings, Professor Colin B. Grant, Vice President (International), University of Southampton, said:**

“The distinctive, knowledge-based economies of several Asian countries create huge demand for high quality, highly employable graduates. This also includes places with relatively small populations such as Singapore, Hong Kong, and Taiwan, where high fliers are focused on developing international skills and experiences to give them a real competitive advantage.

“Parents play a crucial role in shaping their children’s success through their high expectations, but also by making dreams a reality through their willingness to financially support their child’s education up to postgraduate level.

“The drive to achieve success also shines through in the clear preference towards STEM (science, technology, engineering and mathematics) and business/finance university

courses – subjects where demand for highly skilled experts, and their value in the employment market, is set to continue to rise in the coming years.”

What happens in Vietnam reflects the global picture. Vietnamese parents place a great importance on their child’s education with spending on education accounting for nearly a half (47%) of the total household expenditure<sup>1</sup>. In their efforts to improve the quality of education for their child, more and more parents consider studying abroad. By the end of 2016, the number of Vietnamese students abroad had reached 130,000 with a mere 4% of them being state funded<sup>2</sup>. The countries with the highest number of Vietnamese students belong to Japan, Australia, the US, China and the UK. Furthermore, whether they study domestically or overseas, Vietnamese students have a strong preference for STEM. For example, according to 2016 Top Markets Report Education<sup>3</sup>, STEM ranked second in the fields chosen by Vietnamese students in the US (28.4%), just after business and management (32.6%).

## **PLANNING AHEAD**

While parents are willing to support their children to help them get ahead in their careers, many are not planning ahead by saving to meet the significant costs associated with their child’s continuing education. Typically, tuition fees for a two-year postgraduate degree in engineering can be USD 26,400 in UAE, USD 21,000 in the USA and USD 19,700 in Australia.

Nearly three-quarters of parents (74%) are using their day-to-day income to help fund their child’s education, while nearly a quarter (22%) admit they don’t know how much is contributed each year. Many parents are making or have made financial sacrifices including reducing their spend on leisure activities (40%), working longer hours in their existing job (21%), contributing less to their own long-term savings or investments (20%) and taking on a job/second job (18%) to help fund their child’s education. Additionally, 82% of parents are ready to make personal sacrifices for their child to succeed.

Parents in China are the most financially prepared, with over half (55%) funding their child’s education through general savings, investments or insurance, and over two-fifths (43%) through a specific education savings plan. In contrast, less than one in 10 parents in the UK (5%), Australia (8%) and Mexico (8%) are funding their child’s education through a specific education plan.

**Sabbir Ahmed, Head of Retail Banking and Wealth Management, HSBC Vietnam, said:**

“As an emerging economy, Vietnam has been increasingly integrating into the global market, resulting in an evolving need for high quality labour resource. Investing in the

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<sup>1</sup> Nielsen, August 2016

<sup>2</sup> Ministry of Education and Training of Vietnam

<sup>3</sup> 2016 Top Markets Report Education by International Trade Administration, Department of Commerce, The United States of America

education, therefore, is considered as the key to building that resource, as well as enhancing the competitiveness of individuals. I observe that Vietnamese parents realise the fact. Also, they share the concern of parents around the world that educating a child can be expensive and the lack of planning ahead could leave parents in danger of neglecting other priorities to help their child reach their full potential.

“To limit the strain that children’s education can have on family finances, it’s important to plan and save ahead. Seeking professional advice can help parents make more informed choices and develop a longer term financial plan.”

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**Notes to editors:**

**\*Spending on education (methodology)**

To calculate spending on education, parents who are currently contributing to funding any aspects (e.g. school/university fees, educational books, transport, accommodation) of their child’s primary, secondary and tertiary education (up to undergraduate level) were asked approximately how much they contribute each year.

The average yearly amount spent by parents on each stage of education in each country was multiplied by the typical length of each educational stage in that country, to derive the total amount spent on a child’s education.

The exchange rates used are based on the NZForex 2016 average yearly rate.

**The Value of Education**

The Value of Education is an independent consumer research study into global education trends, commissioned by HSBC. *Higher and higher*, the fourth report in the series, was published in June 2017 and represents the views of 8,481 parents in 15 countries and territories around the world: Australia, Canada, China, Egypt, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, UAE, UK and USA.

The findings are based on a sample of parents with at least one child aged 23 or younger currently (or soon to be) in education, drawn from nationally representative online panels in each country or territory. At least 500 parents (including 150 with a child at university or college), were surveyed in all countries. In the UK, 1,001 parents (including 202 with a child at university or college) were surveyed. In China, 946 parents (including 504 from the Pearl River Delta region) were surveyed.

The research was conducted online by Ipsos MORI in February 2017, with interviews in Egypt conducted face-to-face.

**HSBC Holdings plc**

HSBC Holding plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from approximately 4,000 offices in 70 countries and territories in our geographical regions:

Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of \$2,416bn at 31 March 2017, HSBC is one of the world's largest banking and financial services organisations.

**HSBC Bank (Vietnam) Ltd.**

HSBC has been in Vietnam for more than 140 years – the bank first opened an office in Saigon (now Ho Chi Minh City) in 1870. HSBC was the first foreign bank to launch its locally incorporated entity on 1 January 2009 as HSBC Bank (Vietnam) Ltd. The bank's current network includes two branches and five transaction offices in Ho Chi Minh City, one branch and four transaction offices in Hanoi, and three full-service branches in Binh Duong, Can Tho, and Da Nang. HSBC is one of the largest foreign banks in the country in terms of investment capital, network, product range, staff and customer base.

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