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THREE IN FIVE PARENTS WOULD TAKE ON DEBT TO FUND THEIR CHILDREN'S UNIVERSITY EDUCATION

- *60% of parents willing to go into debt to fund their children's university education*
- *49% of parents say funding their children's education is more important than contributing towards their own retirement savings*
- *35% of parents would consider university education abroad for their children*
- *40% of parents say better career prospects are a key benefit of an international university education, 35% say improved income-potential*

The majority (60%) of parents around the world would be willing to go into debt to fund their child's university or college education, according to *Foundations for the future*, the latest report in The Value of Education series from HSBC. Based on a survey of over 6,200 parents in 15 countries, the report reveals that those in Asia and Mexico are the most likely to be willing to go into debt to fund their child's university education: 81% in China, 74% in Mexico, 71% in India, and 67% in Hong Kong. Parents in the UK (43%), Australia (44%) and France (46%) are the least likely to be willing to go into debt.

The main responsibility for funding children's university education lies with parents: 84% contribute towards the cost. Nearly a third (31%) of parents with a child yet to go to university expect that their child will shoulder some of the cost of their own university education. However, only 13% of students now at university contribute towards their funding. Countries with the highest proportions of students contributing are Canada (39%), USA (37%) and Australia (22%), while the lowest proportions are in Egypt (less than 1%), India (1%), Hong Kong (4%) and Singapore (5%).

Nearly nine in ten (88%) parents around the world would consider a postgraduate university education for their child. This is almost as many parents as those who would consider an undergraduate education (95%). Parents consider a postgraduate degree as the key to unlocking career opportunities: over two thirds (69%) think this qualification would increase the chances of their child finding full-time employment in their chosen occupation.

Over a third (35%) of parents would also consider sending their child abroad to university.

The highest proportions of parents considering this are in Indonesia (60%), UAE (58%) and Hong Kong (54%), while the lowest proportions are in Egypt (10%), France and Australia (both 16%). In addition, nearly half (44%) of parents would consider a study abroad programme, with parents in Asia the most likely to consider this type of

international experience for their child: Indonesia (58%), Malaysia (56%) and Singapore (53%).

Parents recognise the benefits of an international university education for their child's future career: better job prospects (40%) and improved income-earning potential (35%) are seen as key benefits.

Parents put their child's education at top of their financial priorities and most worry about cost when sending their child to study abroad

Paying for their child's education is ranked by almost half of parents (49%) as more important than contributing to their own retirement savings. Countries where parents are most likely to prioritise paying for their child's education over saving for retirement are France (70%), China (61%), Egypt (59%) and Singapore (55%).

If they had to cut back on their financial outgoings, nearly a third (32%) of parents globally would be least likely to sacrifice paying for their child's education. Parents in Asia are the least likely to sacrifice this: China (59%), Indonesia (52%) and Hong Kong (50%). This compares to only 9% of parents in Egypt and 12% in the UK.

Among the parents who consider sending their child for education abroad, the higher cost associated with an international university education is seen as a barrier: parents say the higher cost to them (48%) or to their child (34%) is a potential barrier. Parents in Malaysia (64%) and Singapore (63%) are the most likely to say that higher cost is a potential barrier to them. Managing finances between countries is also seen a barrier: a fifth (20%) of parents say the complexity of managing finances between different countries/currencies is a potential barrier to completing an international university education.

Cost to cover school fee and living expenses is also the biggest concern among Vietnamese parents, besides place for their child's stay and public transportation in a country different to the one they reside.

Despite the concerns, Vietnamese are more and more investing in their children's education and considering sending their children abroad for international educational exposure. More than 110,000 students are studying in 47 countries around the world, spending an estimated US\$3 billion a year. Each student spends between US\$30,000-40,000 on average per year on tuition and living expenses¹. Vietnam ranks sixth (after China, India, South Korea, Saudi Arabia, and Canada) among all sending countries at US institutions, mostly colleges and universities but also boarding and day schools. Australia and Canada are also the favourite countries for Vietnamese to study abroad². English-speaking environment is one of the main reasons for their choice of such countries since English has become the dominant foreign language in Vietnam.

Commenting on the findings, Kris Werner, Head of Retail Banking and Wealth Management, HSBC Vietnam, said:

“The financial sacrifices that parents are willing to make to fund their children’s education are proof of the unquestioning support they will give to help them achieve their ambitions. Many would also consider topping up a domestic university education with a study abroad programme to increase their child’s chances of succeeding in their future careers.

“These ambitions mean higher costs, and parents should have a realistic plan in place for funding their child’s higher education. By saving early and by seeking professional advice when necessary, parents will be better placed to support their high ambitions and support all career opportunities for their children.”

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Notes to Editors:

1. Vietnam Business Forum 2015

<http://www.thanhniennews.com/education-youth/vietnamese-spend-3-billion-a-year-to-study-abroad-report-54463.html>

2. Student and Exchange Visitor Program – SEVP By the Numbers – General Summary Quarterly Review November 2015

The Value of Education *Foundations for the future* report was published in June 2016 and represents the views of 6,241 parents in 15 countries and territories around the world: Australia, Canada, China, Egypt, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, United Arab Emirates, United Kingdom and United States. The findings are based on a survey of parents from a nationally representative sample in each country who have at least one child aged 23 or younger currently (or soon to be) in education. Over 350 parents (including 150 with a child at university or college) were surveyed in all countries. The research was conducted online by Ipsos MORI in February and March 2016, with interviews in Egypt conducted face-to-face.

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HSBC Vietnam

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