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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
- Parents with a child at university spend on average USD7,631 every year on their education
- 49% of parents say funding their children's education is more important than contributing towards their own retirement savings
- Nearly a third (32%) of parents would be least likely to sacrifice paying for their children's education if they had to cut back on their outgoings

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. Countries with the highest proportions of parents contributing are Egypt (97%), Singapore (95%) and France (91%), while the lowest proportions are in the UK (67%) and Australia (58%). 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%).

The amount parents spend each year towards their child's university education on average is USD7,631, and is as high as USD18,360 in the UAE, USD16,182 in Hong Kong and USD15,623 in Singapore. However, more than one in four (27%) parents globally do not know how much they spend on their child's university education each year, rising to nearly one in two (48%) parents in the UK, 42% in Australia, and 40% in France.

More than three quarters (78%) of parents are primarily funding their child's education from day-to-day income.

### **Parents prioritise their child's education over their own financial wellbeing**

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%). Nearly a third of parents rate funding their child's education as more important than paying their mortgage/rent (30%) or household bills (31%). The highest proportions of parents who rate paying for their child's education as more important than paying the mortgage/rent are in Egypt (59%), China (55%) and Taiwan (43%).

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.

### **Commenting on the findings, Charlie Nunn, HSBC's Global Head of Wealth Management 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. However, parents need to make sure that this financial investment is not made to the detriment of their own future wellbeing.

"By having a financial plan to meet their family's overall needs and reviewing it regularly, parents will be better placed to support their children's studies without compromising on their own long-term financial goals."

<b>Country</b>	<b>% of parents willing to go into debt to fund their child's university education</b>	<b>Average amount parents say they are spending towards their child's university education (USD per year)</b>
<b>Average</b>	<b>60%</b>	<b>7,631</b>
China	81%	5,718
Mexico	74%	3,807
India	71%	3,211
Hong Kong	67%	16,182
Indonesia	66%	2,655
Taiwan	64%	8,188
UAE	64%	18,360
Egypt	62%	1,210
USA	60%	14,678
Malaysia	57%	8,720
Canada	54%	5,990
Singapore	52%	15,623
France	46%	5,465
Australia	44%	5,146
UK	43%	6,566

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**Notes to editors**

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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