

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

Parents can spend anything from just under USD 8,000 to just over USD 200,000 depending on location and whether provision is state or privately funded

- 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

The amount parents can expect to spend on educating a child in different countries and territories around the world can vary from USD 7,891 for state-funded education in Indonesia to USD 211,371 for paid-for education in Hong Kong, according to *Higher and higher*, HSBC's new report in The Value of Education series.

Parents contribute an average of USD 44,221* (USD67,502 if paid-for, USD32,647 if state-funded) towards all aspects of their child's education costs from primary school up to the end of university, including school/university tuition fees, educational books, transport and accommodation. Of 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.

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
Mainland 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 nine out of 10 (91%) parents are considering postgraduate education for their child, and 76% of these expect to contribute to the cost. Almost eight 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 mainland 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 mainland 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 mainland 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.”

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 mainland 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.

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

“While parents recognise that educating a child can be expensive, it is easy to underestimate the full and long-term costs. Parents in mainland China are the best prepared when it comes to financial planning, however internationally many parents are not planning ahead leaving them in danger of neglecting other priorities to help their child reach their full potential. In nine of the 15 countries surveyed, paying for their child’s education is most likely to be parents’ biggest financial commitment, above others such as mortgage/rent payments and household bills.

“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, mainland 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 mainland 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.

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