

News Release

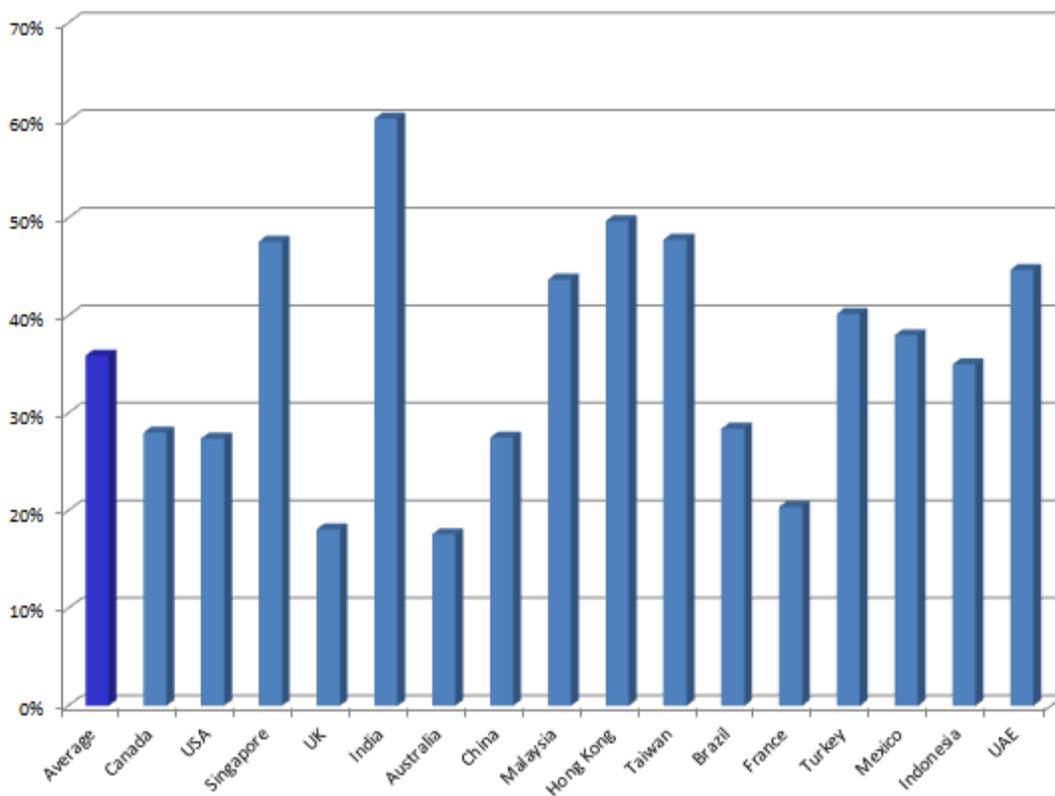
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HSBC SURVEY SHOWS HONG KONG PARENTS CONSIDER PAYING 50% EXTRA FOR INTERNATIONAL UNIVERSITY EDUCATION

*** 12% of Hong Kong parents have not started saving towards their child's university education ***

University education is viewed by most parents as a vital step in their child's future success. Many parents would consider sending their child to university abroad, and they believe the US and the UK offer the best quality of education. The latest HSBC Value of Education report *Learning for life* shows that Hong Kong parents face the most expensive cost of domestic university education, which averages more than HKD 757,000¹. Studying overseas as an international student will usually require higher education cost than studying in a domestic university. Nevertheless, Hong Kong parents would still consider paying 50 per cent extra, on average, for their child to go to university abroad.

Figure 1: Extra cost parents would consider paying for their child's international university education (average %)



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The report surveyed more than 5,500 parents across 16 countries. It reveals how much extra parents would consider paying to send their child to university abroad, relative to the cost of sending their child to a domestic university.

Over three-quarters (78%) of Hong Kong parents surveyed in the latest HSBC Value of Education report would consider sending their child abroad to university. Three quarters (75%) of them regarded the UK as the country that offers the highest quality of education, which costs more than HKD926,000² for an international student to attain an undergraduate degree. The additional cost for a child to go to university in the UK is 22% higher than in Hong Kong.

International university education pays off with better career prospects

In fact, an international university education, especially in English-speaking countries, is a significant investment but one that could pay good returns. Canada offers the best career prospects, ranking first of 16 countries for alumni employment³. The US, Singapore, the UK and Australia, respectively, rank second, third, fourth and sixth.

Although parents in Hong Kong face the challenge of paying a high price for their child's university education, both domestically and internationally, and they are willing to pay a high premium for their child's university education abroad – the research shows that not all families are well prepared for this important investment, as 12 per cent of parents said they have not contributed to any type of savings towards their child's university education so far.

Diana Cesar, HSBC's Head of Retail Banking and Wealth Management in Hong Kong, said: "Most parents in Hong Kong are keen to pay extra to give their children's studies a boost. A large proportion of parents also harbour ambitions for their children to receive an international university education. However, the benefits of studying abroad come at a higher cost. It is important for parents to take action as early as possible: put in place a long-term savings plan and stick to it."

"There are different ways to build up an education fund. In addition to time deposits, there are various investment vehicles with stable cash flow available in the market. Parents should review their savings plan regularly and can consider seeking professional advice to understand the most suitable financial choice at different stages."

Tips for children's education

Prepare and plan early

Costs can vary significantly across different destinations, so parents should first decide where they would like their child to get their undergraduate education, then factor in inflation and rising education costs. Beginning to plan as early as possible will also allow more time to accumulate the necessary savings and compounding returns.

Diversify investment portfolio

As with any investment portfolio, parents can consider a variety of financial solutions to manage and grow savings for their child's education funds based on their own risk appetite. Parents who are preparing funds for children's overseas education should stay focused and stick with their plans such as monthly contributions.

Manage foreign exchange risk

It would be beneficial to accumulate savings and investments in the currency of their destination for international study to avoid the real risk of exchanging currency at an unfavourable rate.

Protect against the unexpected

Parents must protect themselves against the unexpected. The right insurance plan can offer such a safeguard and provide a guaranteed cash payout should the unexpected happen.

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Notes to editors:

1. Currency shown in Hong Kong dollars was converted from US dollars at a rate of USD1 = HKD7.75.
2. Total cost (USD) for typical undergraduate degree tuition fees (international student) + living cost. The cost is the sum of university tuition fee and cost of living, which include six main categories: Food, Housing, Clothes, Transportation, Health, and Entertainment.
3. [Center for World University Rankings](#) - Top 1000 Universities, 2015

The research

The Value of Education is a global consumer research study that explores parents' attitudes and behaviours towards children's education.

The Value of Education *Learning for life* report, published in July 2015, is available on <http://www.hsbc.com/news-and-insight/2015/higher-ambitions>

The 16 countries surveyed in The Value of Education Learning for life report include: Australia, Brazil, Canada, China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, Turkey, United Kingdom, United States and United Arab Emirates. The survey was conducted online by Ipsos MORI in March and April 2015, with additional face-to-face interviews in the UAE. The findings are based on a nationally representative survey of parents in each country who have at least one child aged 23 or younger currently (or soon to be) in education, and who are solely or partially responsible for making decisions about their child's education. There was a minimum sample of 300 parents in each country.

The Hongkong and Shanghai Banking Corporation Limited

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