

News Release

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Hong Kong parents keen to boost their children's opportunities for success

*****41% of parents think their children have it harder than they did to find a job*****

*****Almost eight in ten have paid or are willing to pay for additional tutoring*****

*****78% would consider sending children to study abroad*****

Parents in Hong Kong are keen to offer their children the best career opportunities as suggested by the latest HSBC Value of Education – *Learning for life* report, which reveals that 41% of Hong Kong parents believe it will be harder for their children's generation to find a job than it was for their own generation. In order to increase their children's chances of standing out from their peers, parents are willing to give additional support to their children's education in order to build a sound foundation for a successful life.

To stay competitive, parents are considering topping up a domestic university education and providing extra educational support for their children. 78% of the Hong Kong parents say that they will consider sending their child to university abroad for either undergraduate or postgraduate study.

Another way parents choose to boost their children's achievement potential is through extra tuition. Nearly four in five (78%) have either paid or would consider paying for additional tutoring during at least one stage of their children's education. In total, over half (56%) of parents have paid for additional tutoring at least once during their children's education. Three in five (60%) parents have paid for additional tutoring at primary school level, while seven in 10 (70%) have paid for tutors to supplement secondary school education. One in five (20%) have paid for tutoring for children at university.

Medicine, law and finance are parents' most preferred careers

Parents in Hong Kong also have clear ideas about what career paths they would like for their child. The report reveals that 82% of the parents in Hong Kong have a specific occupation in mind for their child. Even parents of very young children have given thought to their future careers. Four in five (80%) have a preferred occupation for their pre-primary or primary school child.

When it comes to the preferred occupations in parents' minds, professional careers – which traditionally combine good income-earning potential with a high level of job security – take the top spots. Medicine is the most favoured occupation, with nearly one in five (19%) Hong Kong parents preferring it, followed by law (13%), finance (11%) and government (10%).

To achieve the goals they wish for their child, parents see university education as an essential requirement. 85% of parents see an undergraduate degree or higher qualification as essential to their child achieving important goals in their life, and 40% think a postgraduate degree (master's or higher) is necessary.

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Good intention but lack of proper planning

Parents recognise the need to save to pay for their child's education but they face difficulties when putting this into action.

Over three-quarters (77%) of parents of pre-primary school children think they will fund their children's future university costs through savings, and only one in 10 (10%) think they will rely entirely on day-to-day income. However, among parents whose children are currently at university, just under two thirds (66%) are using or plan to use saved funds, and over a quarter (27%) are reliant or expect to rely entirely on day-to-day income, a potential consequence of lack of planning or underestimating how much is needed.

The struggle to save, and the difficulty of paying for university costs from day-to-day income, leads many parents to seek to borrow money to fund university education. 22% of Hong Kong parents whose children are currently at university have taken out a loan or expect to have to do so.

Parents who expect to borrow, or are currently borrowing, to pay for university costs expect to spend on average 6.6 years repaying the debt after their children have finished their education. The financial burden might affect parents' other financial goals such as saving for retirement.

Diana Cesar, HSBC's Head of Retail Banking and Wealth Management in Hong Kong, said, "Most parents hope to be able to save enough in advance to pay for their child's university education. But circumstances may often fall outside of expectations. Some parents may not be able to save enough, and end up taking out loans or relying on day to day income which may have an impact on their cash flow and retirement savings."

"To ensure that the ambitions parents have for their children turn into reality, they should put in place a long-term savings plan early and stick to it. Starting early to invest or save for education would give a benefit of achieving yield and return with more diversified choice of solutions over a longer time span."

Tips for child's education

Prepare Early and safeguard education fund

Know your options and the fund that you need. Don't forget to factor in inflation when you save. The current cost for studying university in Australia is estimated to be more than HKD900,000. But due to impacts of cumulative inflation, it might cost you nearly HKD1.4 million when your child enters a university¹. Parents may also consider education plans that have a protection element which ensures that the plan will not be impacted by unfortunate events such as unemployment or critical illness.

Foreign currency management

Foreign currency rates are unpredictable but impact substantially the cost for overseas education. Define your budget in the currency term of the target country and save or invest in that currency. When setting aside budget for overseas education, you have to take into account the foreign currency needs depending on the country you are considering. Seek advice from a trusted advisor to explore the best way to manage FX rate movements.

Easy start

Parents may feel stressful when child is about to depart for international education as there are lots to prepare. To ease the pressure, you could arrange international banking facilities without leaving Hong Kong. You or your child could access banking services once you reach your destination.

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Notes to editors

1. Source: HSBC Education Booklet

About Value of Education Survey

The Value of Education Learning for life, was published in July and represents the views of 5,550 parents in 16 countries and territories around the world: Australia, Brazil, Canada, China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, Turkey, United Kingdom, United Arab Emirates and United States. Hong Kong findings were based on a nationally representative survey of 358 parents.

The survey was conducted online in 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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