

# News Release

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## **MORE THAN THREE-FOURTHS OF PARENTS ARE PRIMARILY FUNDING THEIR CHILDREN'S EDUCATION FROM DAY-TO-DAY INCOME**

*\*\*\*Nearly a third of parents do not know how much they spend on their children's university education\*\*\**

*\*\*\*78% of parents in Hong Kong have a preferred occupation in mind for their children\*\*\**

For many parents, their children's education always comes first. Parents have high expectations for their children's higher education and future careers, and they take on most of the funding responsibility. According to *Foundations for the future*, the latest report in The Value of Education series from HSBC, 84% of parents in Hong Kong contributing towards the cost of their children's university education. More than three quarters (77%) are primarily funding their children's education from their day-to-day income, and about two-thirds (67%) would be willing to get into debt to fund their children's university or college education.

Most parents started making decisions about funding their children's education at an early stage. Sixty-two per cent of parents in Hong Kong started planning how to fund their a child's education before they started school, including 14% parents who made decisions about funding before the child was born, and 15% when the child was born.

Commenting on the findings, Greg Hingston, Head of Retail Banking and Wealth Management, Hong Kong at HSBC said, "As the primary contributor to their children's education cost, it is good to see parents in Hong Kong have started planning how to fund their children's education well before they start school. However, they tend to use their income as the source for the funding and many also consider taking on debt. By having a financial plan to meet their family's overall needs and reviewing it regularly, parents can be better placed to support their children's studies without compromising on their own long-term financial goals."

"For parents who would like to send their children abroad, they could also consider acquiring foreign currency in batches over a longer period of time to help avoid incorrect market timing and reduce the risk of exchange rate fluctuations," he added.

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

While many parents find paying for their children's education difficult, it takes priority over their other financial responsibilities. Many would be least likely to sacrifice funding their children's education if they had to cut back on their expenses. Half of the parents in Hong Kong say that their children's education

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is the financial commitment they would be least likely to sacrifice, compared to only 32% of parents globally.

About half of the parents surveyed say funding their children's education is more important than their own retirement savings (48%) or household bills (45%). Nearly a third of parents (32%) rate funding education as more important than paying their mortgage or rent.

The amount parents spend each year towards their children's university education has reached HKD125,411 in Hong Kong, which is the highest amount in Asia-Pacific. However, nearly a third (29%) of parents do not know how much they spend each year on their children's university or college education.

### **Parents have a preferred occupation for their children driven by job security**

The majority (78%) of parents in Hong Kong have a preferred occupation in mind for their children, with the three most popular choices being: Medicine (23%), Government (11%) and Finance (10%). Their preferences are mostly driven by the job security an occupation can offer (46%) and their children's own choices (32%).

Many parents encourage their children to go into occupations that will provide them with comfortable levels of income and job security, but which also often require a lengthy university education. A lot of parents would also consider topping up a domestic university education with a study abroad programme to increase their children's chances of succeeding in their future careers, with 54% of parents considering sending their children to university abroad.

"These ambitions mean higher costs, and parents should have a realistic plan in place for funding their children'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," Greg remarked.

<b>Country</b>	<b>% of parents willing to go into debt to fund their children's university education</b>	<b>Average amount parents say they are spending towards their children's university education (HKD per year)</b>
<b>Average</b>	<b>60%</b>	<b>59,140</b>
China	81%	44,315
Mexico	74%	29,504
India	71%	24,885

<b>Hong Kong</b>	<b>67%</b>	<b>125,411</b>
Indonesia	66%	20,576
Taiwan	64%	63,457
UAE	64%	142,290
Egypt	62%	9,378
USA	60%	113,755
Malaysia	57%	67,580
Canada	54%	46,423
Singapore	52%	121,078
France	46%	42,354
Australia	44%	39,882
UK	43%	50,887

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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.

**The Value of Education**

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.

**The Hongkong and Shanghai Banking Corporation Limited**

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