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HSBC SURVEY UNCOVERS THE REAL COST OF INTERNATIONAL EDUCATION FOR AFFLUENT FAMILIES IN ASIA

The cost of overseas study can eat into as much as two-thirds of retirement savings

Just half of affluent parents in Asia have a savings plan for education needs

A growing number of parents in Asia are prioritising international education as a significant investment in their families, but not without substantial financial strains, says HSBC Global Quality of Life Report 2024.

The survey, which interviewed about 11,500 affluent in 11 markets worldwide, highlights that a three- or four-year degree program in popular overseas study destinations – the US, UK, Australia and Canada – can cost between USD192,000 to USD256,000 per child. The cost of international schooling can use up to 66% of parents' retirement savings in markets like India and Indonesia and around 20% in Hong Kong.

This aligns with a recent HSBC survey in Hong Kong, which focused on how parents prepare for their children's education in the UK, a top destination for Hong Kong students. According to that survey, parents earmarked an average HKD3.6 million per child to fund a 7.1-year UK education, including pre-university or postgraduate studies.

Only half of affluent families have a plan in place

The survey also shows that only 55% of affluent parents in Asia have an education saving plan. Nearly a third (31%) expect their child to take on student loans, 45% are hopeful for scholarships and 22% would even consider selling assets to fund their child's education.

On top of securing the required funding, juggling multiple tasks, such as helping their child select the right course and university and ensuring they meet the admission criteria for the desired university, significantly contribute to the stress levels of Asian parents.

Financial concerns are top of mind even when children are overseas

While parents have concerns about different aspects of their child's wellbeing overseas, financial concerns (95%) are high on their minds, compared to social or mental concerns (75%) and physical or health concerns (71%). The ability to set up essential banking services in their new location (41%), keeping safe from financial scams (39%), and maintaining an emergency fund for unexpected costs (38%) are the top three financial concerns.

Renee Yung, Head of Customer Propositions, Wealth and Personal Banking, Hong Kong, HSBC, said: "International education is an important aspect of family planning for our Asian customers, including those in Hong Kong. Our support includes financial planning to build an education reserve, as well as advisory services through

partnerships with leading education consultants. Recently, we have teamed up with the British Council in Hong Kong to engage our customers' children in various cultural, language, and student mobility activities. Our goal is to help prepare them for their education journey in the U.K., a top destination for Hong Kong students.”

Australia and Singapore as prime destination in Asia for international education

The survey further highlights that Australia ranks within the top five preferred education destinations for students from Hong Kong, Singapore, Mainland China, Malaysia, the UAE, and Indonesia. Similarly, Singapore emerges as a top choice for educational pursuits among individuals from Mainland China, India, Indonesia, Malaysia, and Taiwan.

Preparing for overseas study?

Create a realistic budget, then plan

Crafting a budget that considers the full set of expenses, such as tuition, accommodation, living costs, and travel is imperative. This provides a more holistic picture of overall costs and payment timings to help plan savings, payments and cash flow before and during overseas study. For families navigating the complexities of funding international education for the first time, it is prudent to consult with financial advisors or educational consultants even as early as ten years before application and enrolment. Their expert advice can provide additional insights and specialist support to help you make informed choices regarding financing an education overseas.

Start children with the financial basics

Instilling financial responsibility early on is essential to prepare children to thrive on their own. Opening a bank account before moving abroad and having a debit and/or credit card on hand will not only provide financial peace of mind but more importantly, can teach personal finance basics such as saving, smart spending and setting financial goals. Parents can also digitally transfer allowances in real time offering convenience and a quick response to emergency situations.

Well-being matters – for your child and you

Moving away from home can be a daunting experience for both you and your child. Make sure to stay connected and communicate openly about any feelings of homesickness or anxiety. Remember to also take care of yourself by staying in touch with friends and family and engaging in self-care activities.

Securing comprehensive insurance before their departure provides parents the security that health needs and other unexpected circumstances will be covered and that children will be able to pursue their academic goals and focus on school activities with the least stress.

Be wary of scams

Enhancing your child's financial literacy is crucial for safeguarding them against scams, including credit card fraud and identity theft. Help them recognise the various red flags such as sharing One-time passwords (OTPs), their bank account pins, passwords, or any confidential information.

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Note to editors

About HSBC Global Quality of Life Report 2024

In March 2024, we interviewed about 11,500 mass affluent (investable assets of USD100K – USD 2M) and HNW (investable assets of USD 2M+) respondents from 11 markets worldwide to understand the interest in sending their children abroad for education. The survey explored the anticipated or actual expenses of overseas education, and identified the main challenges encountered in planning for such studies. The markets surveyed include mainland China, Hong Kong, Taiwan, India, Singapore, Malaysia, Indonesia, United Arab Emirates, the United Kingdom, United States and Mexico.

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- Use their HSBC credit history from their previous country to apply for a credit card in their new country with HSBC (subject to local regulations, Premier status and applicable channels)
- Manage their banking needs in different time zones across multiple countries with global support
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For more information please visit: <https://internationalservices.hsbc.com/>

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