



The Value of Education

Learning for life

Global Report

HSBC 





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Foreword

University education is the gateway to a successful and happy future. Equipping young people with the core and softer skills they need to enter their careers and achieve their goals, it also benefits the wider society, as highly educated graduates will help improve medical care, foster innovation or run successful businesses.

Decisions made at the earliest stages of a child's education can ensure they make the most of this opportunity. At HSBC, we help parents plan ahead so they can help their children fulfil their potential.

I am therefore delighted to introduce the second report in The Value of Education series, a global consumer research study commissioned by HSBC. *Learning for life* explores parents' hopes and expectations for their children's education and beyond, with a focus on how parents can help children get what they need to achieve their life goals.

The findings reveal that parents aspire to professional careers for their children, whether in traditional fields like medicine, engineering or law, or in newer sectors like business management or computer science.

However, parents are also conscious that, in many ways, their children have it tougher than they did. An increasingly competitive job market means that a standard undergraduate degree is seen as necessary but not sufficient. Young people need to do more to stand out from their peers. Postgraduate qualifications and studying abroad are ways to do this, but they can be costly and so require careful advance planning.

Parents also realise that their children need to graduate with life skills as well as academic qualifications to be attractive to employers. They need to leave university as confident, responsible and well-rounded adults.

Independence – including financial responsibility – is viewed as the most valuable asset with which a child can leave university. Children can gain an initial grasp of this through contributing to their own university costs, with many parents expecting their children to save up or get a job in order to share the funding.

However, it is parents who take the primary responsibility for funding their children's university education. While the majority have or expect to have a solid plan in place for doing so, even the best laid plans can go awry. Parents often find that, by the time their children reach university age, they have not saved as much as they intended. The result is that both they and their children are faced with borrowing more and paying off debt for longer than they had planned.

I hope the insights in this report will help parents appreciate the long-term impact of their decisions and put practical measures in place to ensure their children can fulfil their potential.

Charlie Nunn

Group Head of Wealth Management, HSBC





Key findings

64%

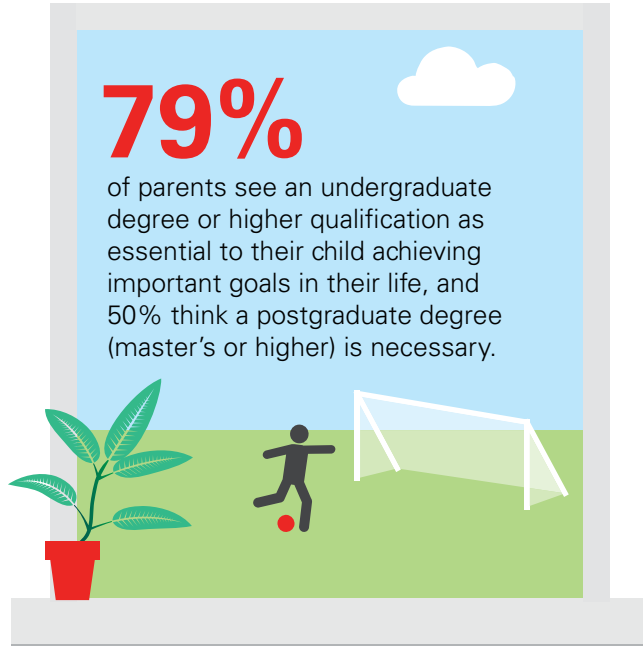
of parents say that being happy in life is one of the most important goals they have for their child, compared to only 30% who say career success.

83%

of parents have a specific occupation in mind for their child, with medicine (19%), engineering (11%) and computer science (8%) the most popular.

79%

of parents see an undergraduate degree or higher qualification as essential to their child achieving important goals in their life, and 50% think a postgraduate degree (master's or higher) is necessary.



58%

of parents would most like their child to study one of the following five degree subjects: medicine; business, management and finance; engineering; computer and information sciences; or law.

39%

of parents have paid for additional tutoring for their child at primary school stage, 44% at secondary school, and 23% at university.

66%

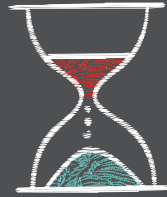
of parents have sought advice about their child's university education and, of these, 72% learned of new options they had not considered.





42%

of parents think that a university education offers poor value for money.



Parents who think they will borrow money to fund their child's university costs expect to be paying it off on average for

6.7 years

after their child graduates, and expect their child to be paying off their own university debt for

7.5 years



77%

of parents would consider sending their child to study at university abroad and, of these, 24% would be willing to pay at least half as much again, compared to the cost of educating their child in their home country.

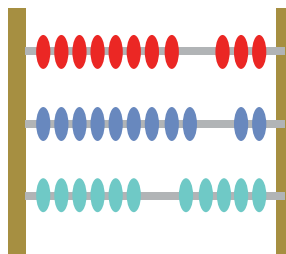
58%

of parents think that a university education is unaffordable for the majority of people in their country.



72%

of parents with a pre-primary school child think they will save up to cover their future university costs; however, only 53% of those with a child at university are funding their contribution from savings.



45%

of parents think that enhanced confidence and social skills are the most valuable aspects of a university education in preparing students for life after graduation.

Making the grade

Happiness, health and financial well-being

Most parents want a happy life for their children – almost two thirds (64%) around the world say that being happy in life is one of the three most important goals they would like their children to achieve as an adult.

This goal is particularly important for parents in developed economies. In France, nearly nine in 10 (86%) parents say that being happy in life is the most important goal they have for their children, a desire shared by around three-quarters of parents in Canada (78%), the UK (77%), Australia (77%) and the USA (72%).

Physical well-being and financial security also figure highly in parents' aspirations for their children. More than a third (35%) of parents around the world want their children to lead a healthy lifestyle and a similar proportion (34%) want them to earn enough to enjoy a comfortable life.

In some places, health beats happiness. Almost three-quarters (72%) of parents in China and more than half in Turkey (55%) rate leading a healthy lifestyle as an important goal for their

children – a higher proportion than being happy (63% and 52% respectively). In contrast, just over one in 10 (13%) parents in Indonesia and one in five (21%) parents in France and Mexico say that leading a healthy lifestyle is a top goal for their children, a far lower proportion than say happiness (56%, 86% and 65% respectively).

Financial security rates highly in some parents' hopes for their children. In France, three in five (60%) parents rank earning enough money to enjoy a comfortable life as an important goal, as do over two in five parents in Hong Kong (43%), Australia, Canada and Taiwan (all 41%). In contrast, far fewer parents in China (16%), Mexico (20%), the UAE (20%) and India (22%) say earning enough to live comfortably is a top three desire for their children.

Seeking success

In many emerging economies, parents hope for their children to be successful in their career almost as strongly as they do for them to be happy in life. In India, career success (51%) is actually the most popular goal parents have for their children, out-scoring a happy life (49%).

Parents in Mexico (52%), Malaysia (45%), the UAE (43%) and Indonesia (41%) also rate career success for their children highly, although they rank it as the second most important goal, behind being happy in life.

Other parents rank different goals more highly. Rather than being successful in their career, they are hoping for their children to fulfil their potential, to achieve the highest possible academic qualifications, or to make a difference to society.

In many developed economies, parents prioritise their children fulfilling their potential over achieving career success. Half of UK parents (50%) and around two in five parents in Canada (45%), the USA (40%), Australia (40%) and Singapore (37%) say this is an important goal, one that is ranked higher than pure career success.

The desire for children to achieve the highest possible academic qualifications is strongest in the UAE, where a third (33%) of parents say this is an important goal for their children, as it is for parents in Malaysia (29%) and India (28%).

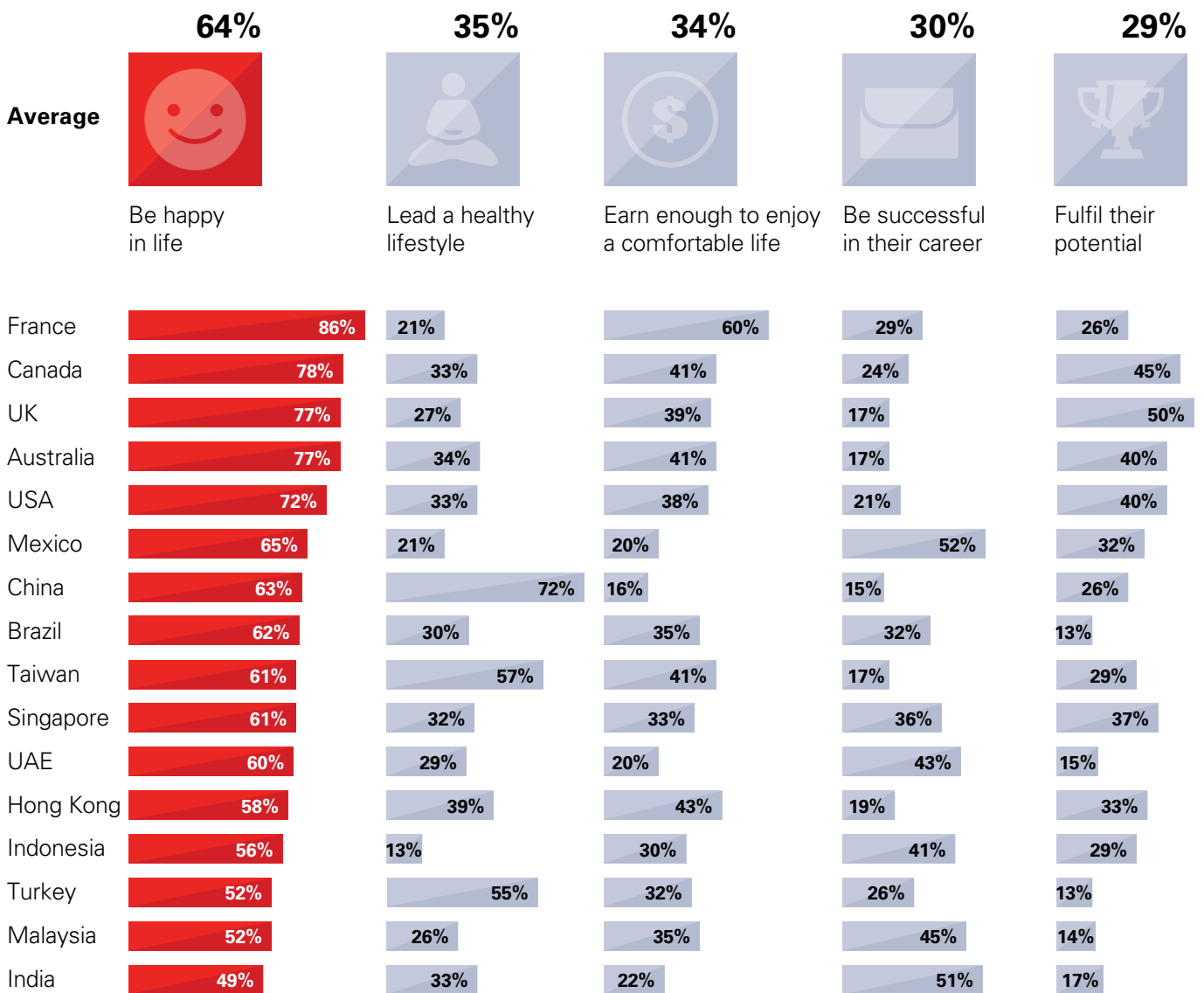
Making a difference to society is important to two in five (38%) parents in Indonesia and to just under a quarter (22%) of parents in Turkey and India.

64%

of parents rank being happy in life as one of their top three goals for their child



The ultimate goal parents have for their children is to be happy in life



Q: What are the three most important goals that you want your child to achieve as an adult?

A: Ranked 1, 2 or 3. (Base: All parents)



83%

of parents have a specific occupation in mind for their child

Career ambitions

When it comes to the occupations that parents would most like their children to go into, more than four in five (83%) have a specific type of job in mind. In emerging economies, this proportion is even higher, with more than nine in 10 parents in Indonesia (97%), Mexico (95%), China (94%) and Malaysia (92%) having a specific occupation in mind for their children.

Parents in developed economies are less focused on this. Fewer than two thirds (62%) of parents in Australia and fewer than three-quarters (72%) in the UK and Canada have a specific job in mind for their children. This is also the case for Taiwan (72%).

Parents' career preferences for their children are based on several factors. More than a third (35%) say that income-earning potential is a key consideration. A similar proportion think that the job's benefit to society (35%) and how well-suited it is to their child's individual strengths (34%) are important.

Income-earning potential exerts a much stronger influence on parents' job preferences for their children in certain countries. Just under half of parents in India (49%), Singapore (48%), Malaysia (46%) and Indonesia (44%) say this is a key consideration, compared to around a quarter in Turkey (26%), France (25%) and Mexico (24%).

Parents in Asia tend to favour occupations for their children that deliver benefits to society. Almost three in five parents (59%) in Indonesia think this way, as do more than two in five in Malaysia (49%), China (45%) and Turkey (44%). In contrast, just 13% of parents in France and less than a quarter in Canada (24%), the USA (23%) and the UK (23%) share this view.

Parents in developed economies are more likely to take into account their child's individual strengths when considering a desired occupation. Over half of parents in Australia (55%) and more than two in five in the USA (45%) and Canada (44%) think about how well an occupation suits their child's personal strengths. However, only around a quarter of parents in Brazil (25%), Malaysia (25%) and Taiwan (24%), and an even smaller proportion in Hong Kong (14%), say this is a consideration in their career preferences for their child.

Doctors, engineers and IT experts

Professional, science-based careers – which traditionally combine good income-earning potential with a high level of job security – take the top spots in parents' preferences for their child. Medicine is the most favoured occupation, with around a fifth (19%) of parents preferring it. Engineering (11% of parents) and computer science (8%) are also popular.

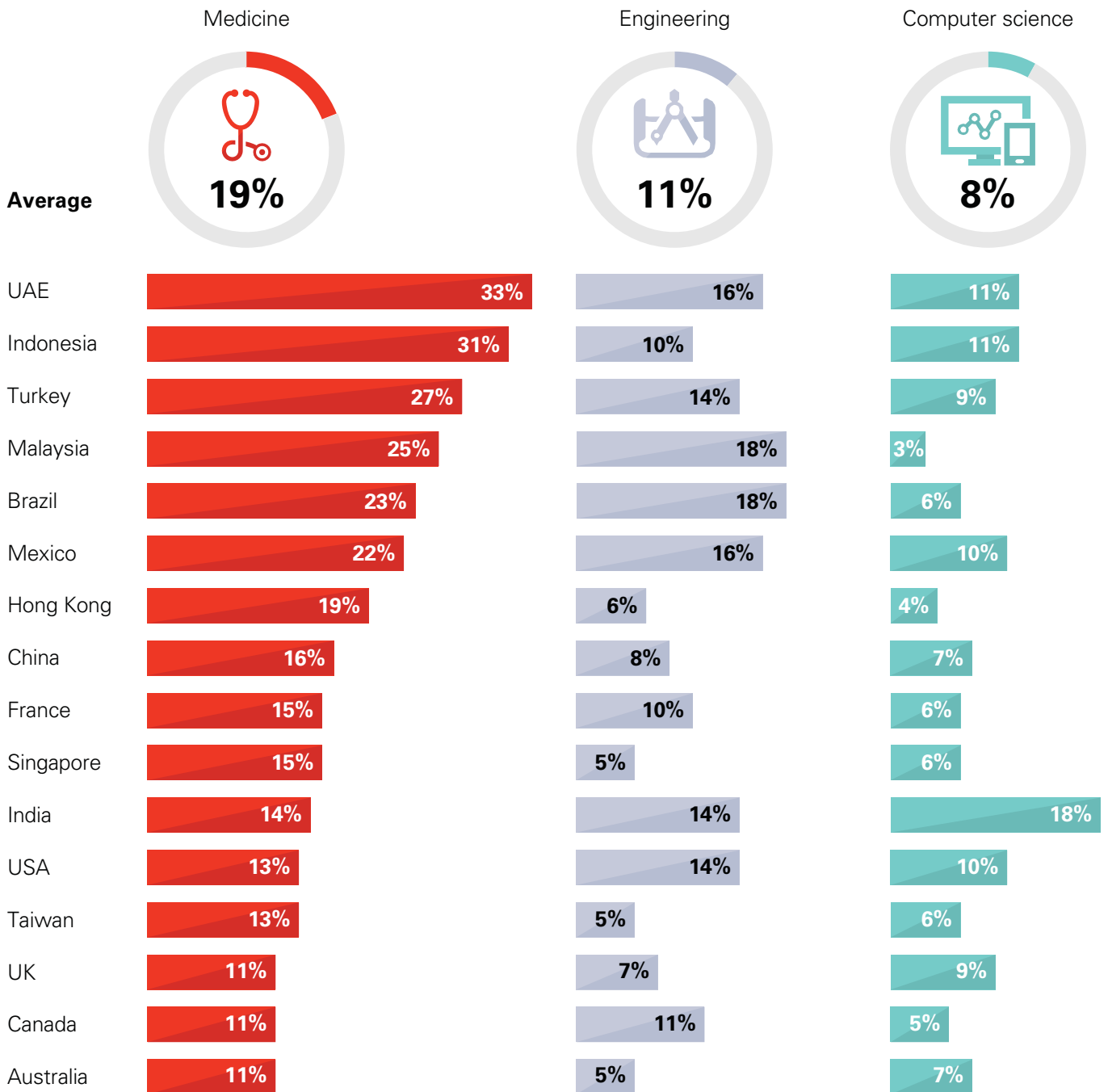
Around three in 10 parents in the UAE (33%), Indonesia (31%) and Turkey (27%) say they would most like their children to get a job in medicine. This compares to just over one in 10 (11%) in Australia, Canada and the UK, where parents are more concerned with their children finding a job that suits their individual strengths.

A job in engineering is the most preferable for almost a fifth of parents in Brazil (18%), Malaysia (18%), the UAE (16%) and Mexico (16%), compared to just 5% of parents in Australia, Singapore and Taiwan.

Parents in India – a country renowned for its emerging technology sector – are more than twice as likely as the average to want their children to go into a job in computer science. Nearly one in five (18%) see this as the preferred career for their child, compared to just 8% across the world.

There is also a distinct gender gap when it comes to career preferences. Parents are more likely to want their daughters to go into medicine (22%) than they are for their sons (15%). They are, however, more likely to want their sons to go into engineering (15%, compared to 6% for daughters) or computer science (10%, compared to 5% for daughters). This is true regardless of parents' own gender.

Medicine, engineering and computer science are parents' top career preferences for their children



Q: Which, if any, of these specific types of occupation would you most like your child to go into? (Base: All parents)

Forging their own path

While the majority of parents have a clear idea of the career they would most like their children to go into, more than four in five (83%) parents around the world would prefer their child to enter a different occupation from their own. This figure rises to around

nine in 10 in Australia (90%), Turkey (88%) and Canada (87%).

Parents in certain jobs are particularly unlikely to want their children to go into the same field. Only around one in 10 parents who work in sales and marketing (12%), the non-profit sector (11%), education (11%) or a professional trade (9%) – and only 4% who work in retail, tourism and catering – would like

their children to follow in their footsteps.

For other parents, however, following the family tradition is a desirable goal. Almost half (46%) of parents who work in medicine want their child to enter the same profession, as do around three in 10 of those practising law (31%), engineering (28%), science (28%) and computer science (28%).



50%

of parents think their child needs a postgraduate qualification to achieve their life goals

Higher education: a recipe for success and happiness

The road to achievement

As access to undergraduate education improves throughout the world¹, parents have come to see it as an essential requirement for their children to achieve the goals they wish for them. Almost four in five (79%) parents who have specific goals for their child think that an undergraduate degree or higher qualification is necessary.

In many countries, the necessity of having at least an undergraduate degree is almost universally accepted by parents, with more than nine in 10 in China (97%), Mexico (96%), Indonesia (96%), Turkey (93%), Malaysia (92%), the UAE (92%) and India (91%) seeing it as an essential step to achieving

life goals. However, this view is shared by fewer than half of parents in Canada, Australia and the UK (all 48%).

In an increasingly challenging job market², many parents believe that a postgraduate qualification (master's degree or higher) is also crucial to help their children stand out. Half (50%) of parents around the world think that a postgraduate degree is now a requirement for their children to achieve their goals in life.

This is particularly evident in emerging economies: nearly nine in 10 (88%) parents in India deem a postgraduate qualification a necessity, as do four in five (80%) parents in the UAE and around two thirds of parents in Mexico (69%), Indonesia (67%) and Malaysia (65%).

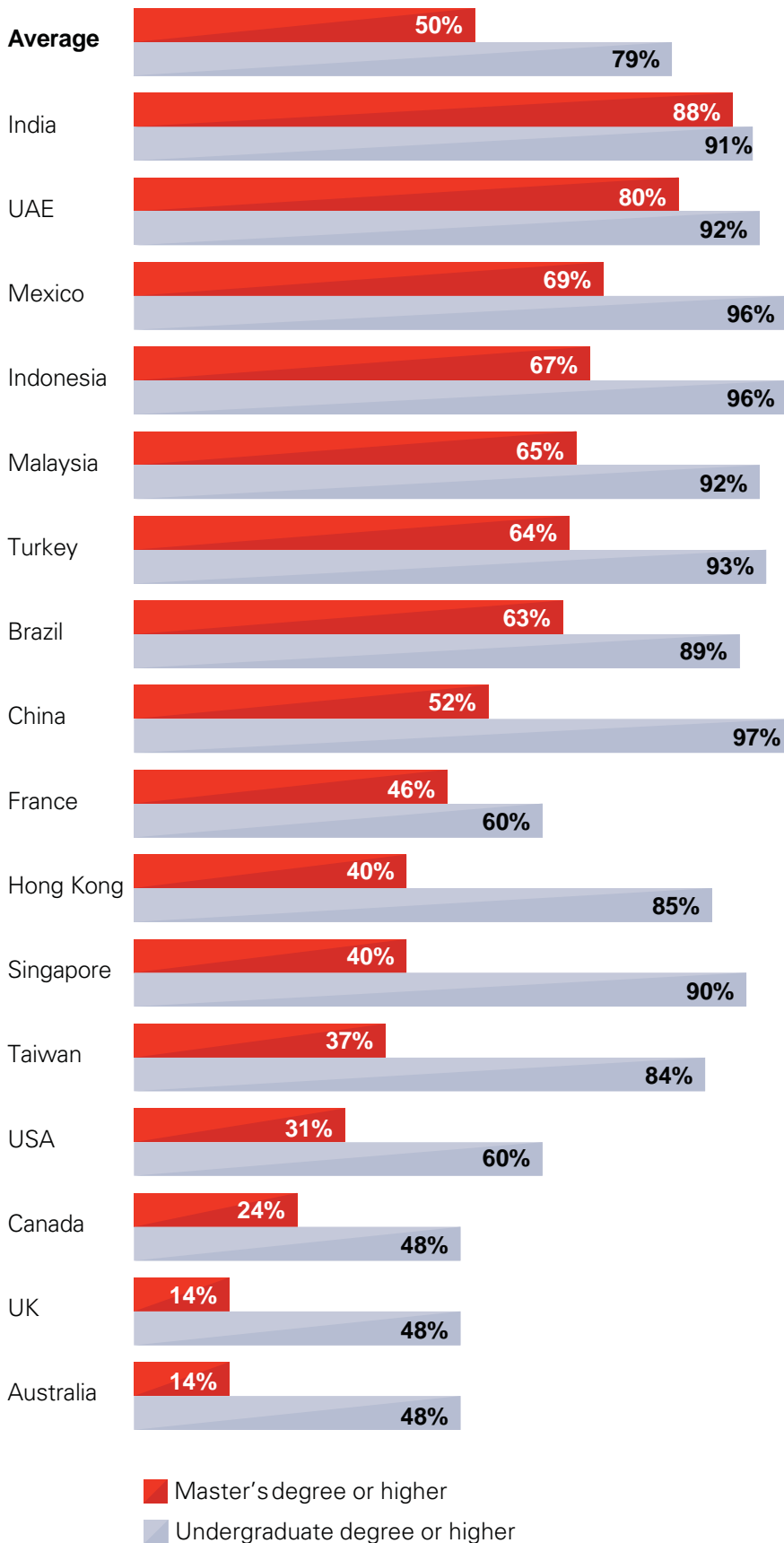
Some parents are less convinced that a postgraduate education is a prerequisite for their children to achieve their life goals. Only around one in 10 in Australia and the UK (both 14%), and just under a quarter (24%) of Canadian parents, think that their children need a postgraduate degree to achieve their future goals.

In countries where parents are less likely to see university as a necessity, there is a wider acceptance of vocational training as a means of children achieving their life goals. Over three in 10 parents in Canada (38%) and the UK (33%), and around one in four in Australia (26%), France (26%) and the USA (25%), think that this is the highest level of education necessary, compared to a tiny proportion of parents in China (1%), Turkey (1%), Mexico (2%) and Indonesia (2%).

¹ In OECD countries, the tertiary education graduation rate has risen from 20% to 39% between 1995 and 2010 (www.uis.unesco.org/Education/Documents/oeceag-2012-en.pdf - p 68)

² Almost 202 million people were unemployed in 2013 around the world, an increase of almost 5 million from 2012 and on course to increase to more than 215 million by 2018 (www.ilo.org/wcmsp5/groups/public/-dgreports/-dcomm/-publ/documents/publication/wcms_234107.pdf)

Half of parents think a postgraduate degree is necessary for their children to achieve their life goals



Q: What are the three most important goals that you want your child to achieve as an adult? Q: What level of education do you think is necessary for your child to achieve these goals?

(Base: Parents who have specific goals for their children to achieve as adults)

Quality, cost and reputation: finding the right balance

Given the importance parents place on their children getting a university degree, the choice of academic institution is one for careful consideration. The quality of teaching on offer, the reputation of the institution, the cost of tuition and the cost of living are among the most significant factors feeding into the final decision.

The quality of teaching is a strong consideration for the majority of parents. Almost nine in 10 parents (86%) say this is important when choosing a university. Nearly three-quarters say the university's graduate employment rate (73%), its academic specialism (72%) and its facilities/equipment (72%) are also important.

The prestige and reputation of an institution is also a key factor. More than two thirds (69%) of parents across the world consider this when deciding which university their children will go to, a figure that rises to over four in five in China (85%), Turkey (83%), and India (81%).

Just under two thirds (65%) of parents see tuition costs as an important consideration. This is especially important for parents in the USA (81%), as well as for those in Malaysia (77%), Indonesia (77%) and Singapore (76%). The cost of living is deemed important by a similar proportion of parents (62%), and particularly so by parents in Malaysia (79%), Indonesia (72%), Turkey and India (both 69%).

Subjects matter

While the choice of a university is important, parents also feel that the subjects they study will have a major impact on their children's future success.

Nearly three in five (58%) parents around the world would most like their children to study one of the following five subject areas at university: medicine; business, management and finance; engineering; computer and information sciences; or law.

In countries where there is a greater emphasis on career success as a goal, this figure is even higher – around three-quarters of parents in India (77%), the UAE (73%), Malaysia (72%) and Indonesia (68%) would like their children to study one of these five degree subjects.

Medicine is the most highly favoured subject globally (17%), with a particularly strong preference for this degree in Indonesia (29%), the UAE (28%) and Turkey (25%).

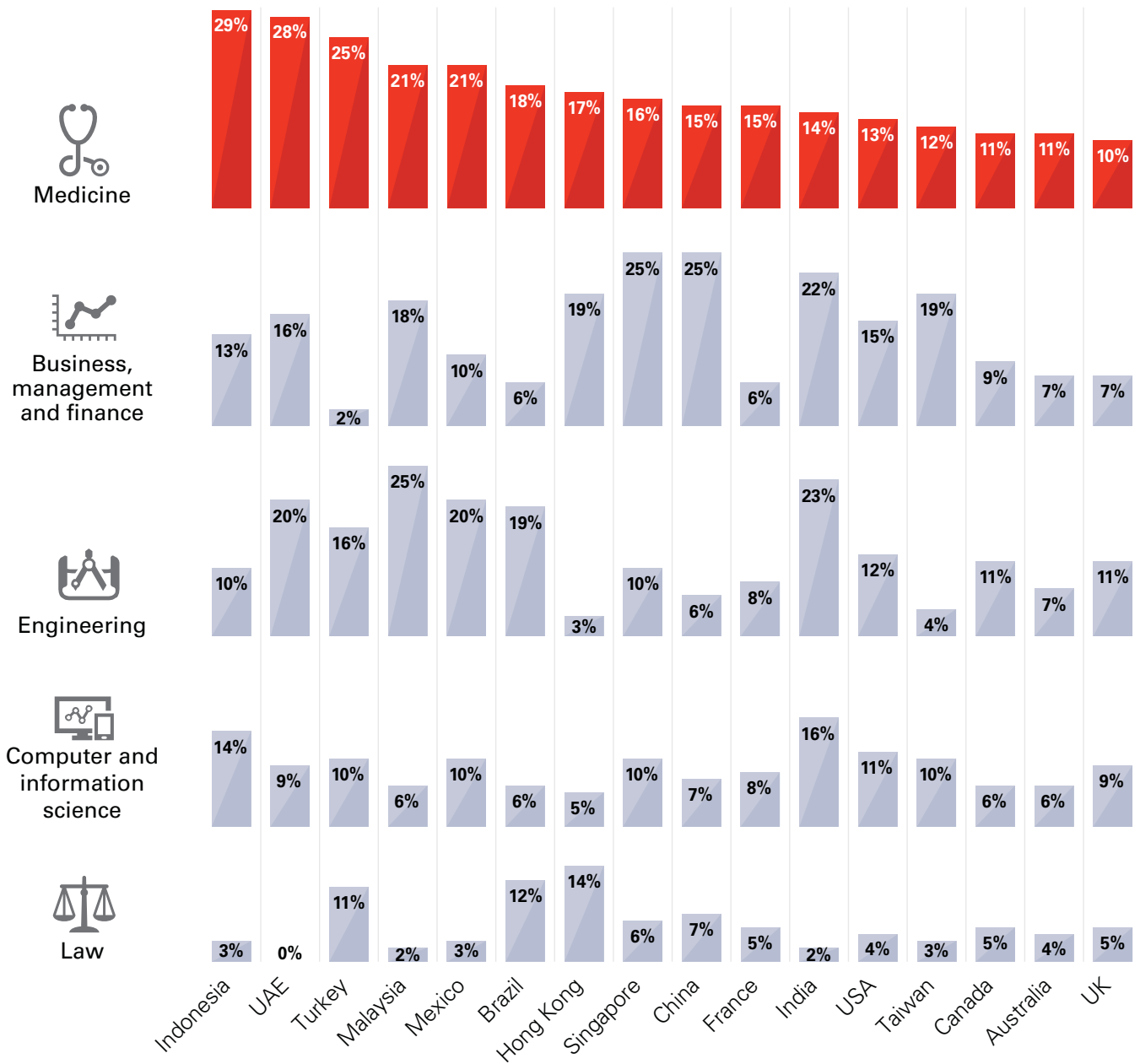
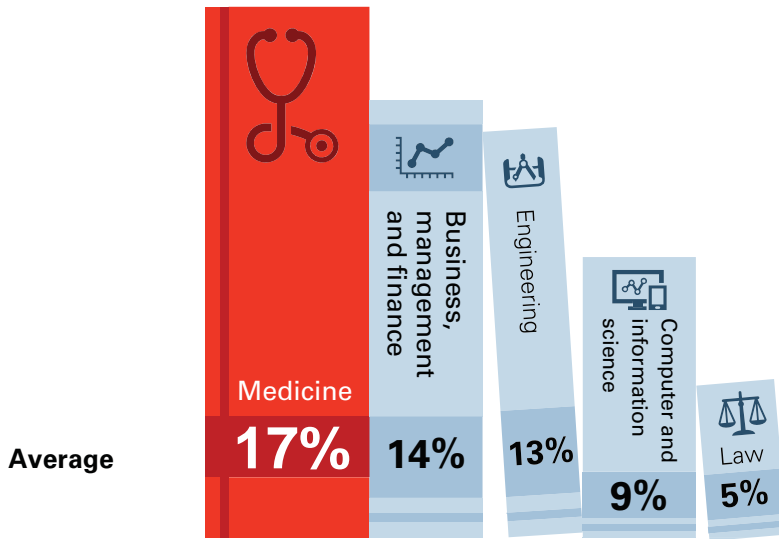
Business, management and finance is ranked second globally (14%), but is the top preference in China (25%), Singapore (25%), Taiwan (19%) and Hong Kong (19%). Engineering – ranked third globally (13%) – is parents' first preference in Malaysia (25%), India (23%), Brazil (19%), and the UK (11%), and is ranked equal first with medicine in Canada (11%).

17%

of parents would like their child to study medicine at university



Career-focused degree subjects are the most popular with parents



Q: Which, if any, of the following subject areas would you most like your child to study at university? (Base: All parents)

Asking for advice

Almost two thirds (66%) of parents have sought advice about their children's university education. Parents in Asia are the most likely to have done so – more than eight in 10 in China (88%), Indonesia (87%), India (85%) and Malaysia (82%). In contrast, only around half this proportion in the UK and Australia (both 42%) have sought any advice about their children's university education.

Of parents who obtained advice, more than seven in 10 say that they learned of possibilities and options they had not previously considered (72%), that it gave them a more realistic view of the options available (71%) or that it increased their confidence (71%). Around two thirds say that, by seeking advice, they avoided making mistakes (67%), relieved their worries (67%), gained a better understanding of the financial implications (66%), or were alerted to barriers and complications they had overlooked previously (65%).

The various sources of advice consulted by parents offer

different benefits. Advice from personal contacts is the most effective at relieving parents' worries about their children's university education. Over a third (37%) of parents who sought advice from family say it relieved their worries, as do a similar proportion who consulted friends (35%), teachers (33%) and other parents (31%).

Financial advisers are the most likely to deliver a better understanding of the monetary implications of a university education (40%). New possibilities are most likely to be suggested online – via an advice website (38%) or discussion forum (35%) – or by specialists, such as teachers and education advisers (both 36%).

Giving an extra boost

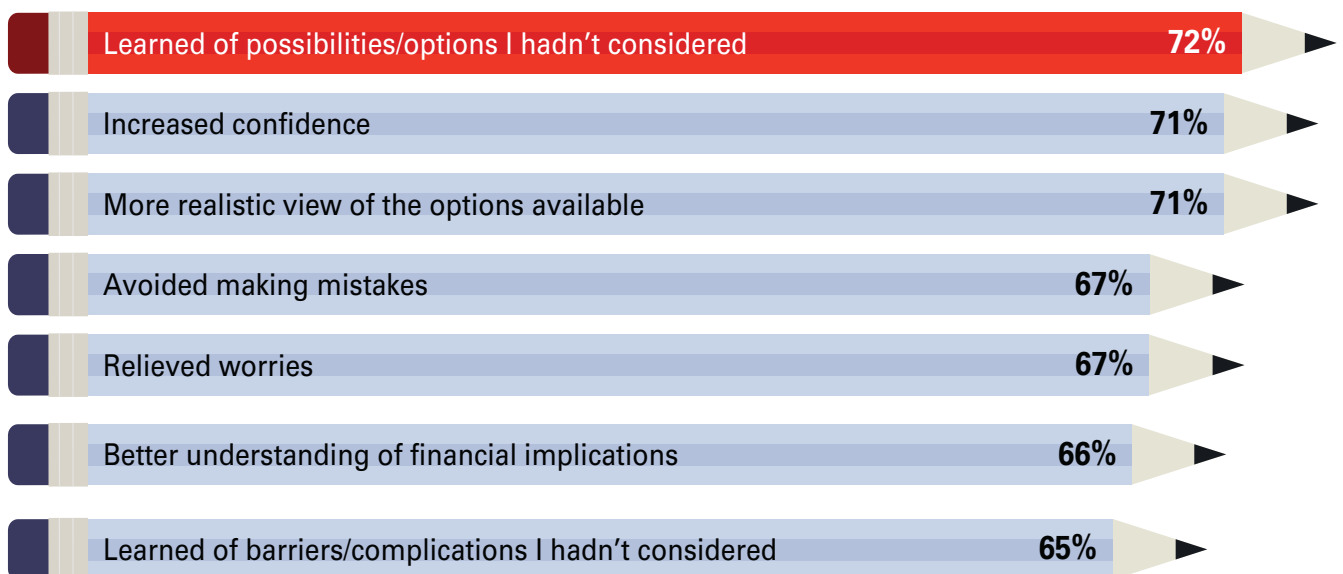
Parents are keen to provide extra educational support for their children. Nearly four in five (78%) have paid or would consider paying for additional tutoring during at least one stage of their children's education. This rises to around nine in 10 parents in China (93%), Indonesia (92%), India (89%) and Malaysia (88%).

Among parents whose child is primary school age or older, nearly two in five (39%) have paid for additional tutoring at the primary level. A larger proportion (44%) of those with a child currently at secondary school or university have paid for tutors at the secondary level. Nearly a quarter (23%) of those with a child at university have paid for tutoring to supplement their university education.

In total, almost half (46%) of parents around the world with children across all educational stages have paid for additional tutoring for a child during at least one stage, a proportion that rises to over seven in 10 in China (74%), India (71%) and Indonesia (71%).

In contrast, only around one in four parents in the USA (26%), the UK (23%) and Canada (23%), and one in five parents in Australia (21%) and France (20%), have paid for tutoring. There is, however, clearly appetite for additional tutoring in these countries, with at least a further two in five parents in each country open to considering the option (UK 42%, USA 43%, Canada 44%, France 49% and Australia 50%).

Parents benefit by seeking advice about their children's university education



Q: What benefits, if any, did you get from the sources of advice that you used? (Base: Parents who have sought advice about their child's university education)

66%

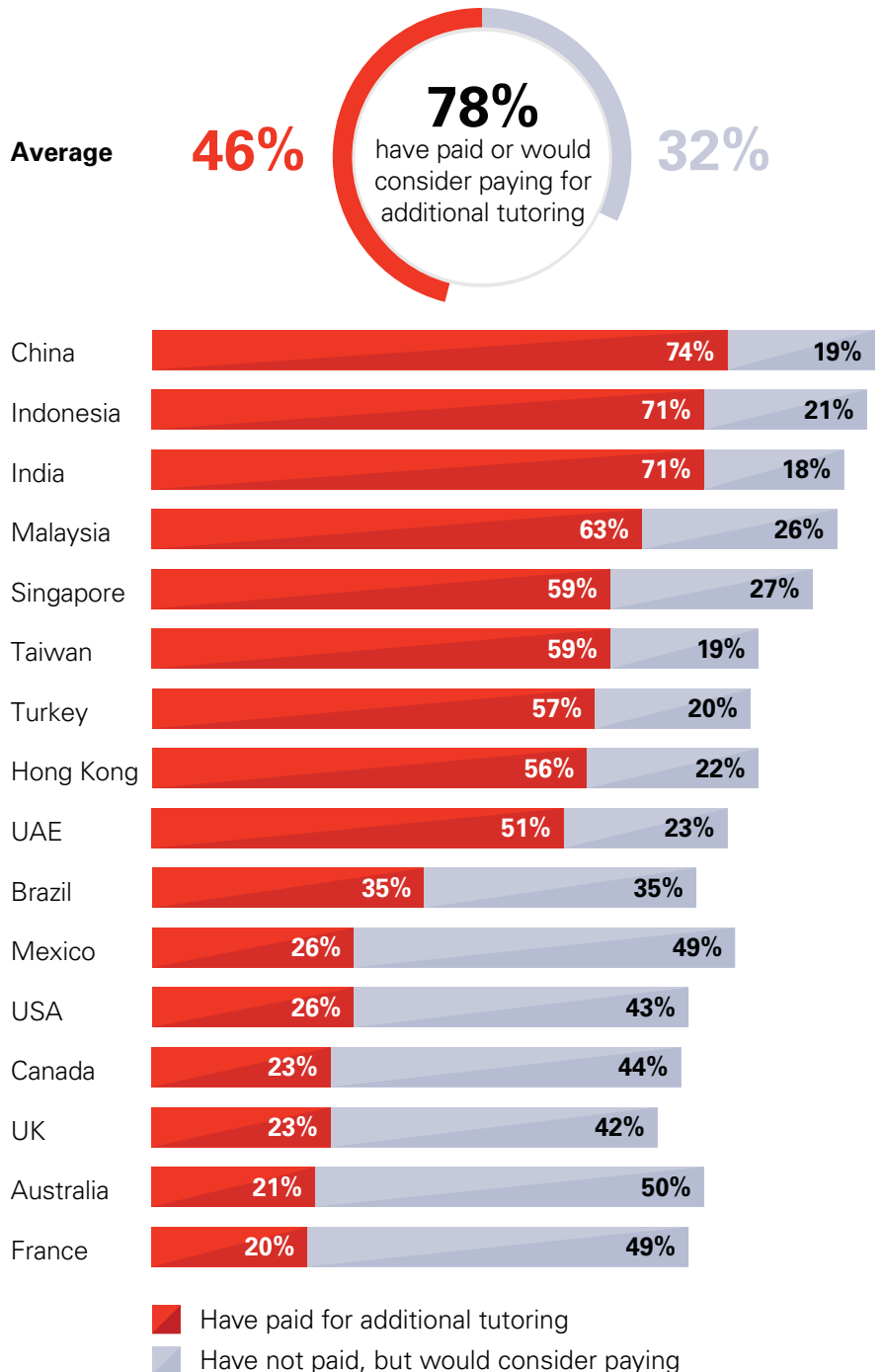
of parents have sought advice about their child's university education

Not all parents think extra tutoring is necessary. Among those who would not consider it, two in five (40%) think their child does well in school without extra help, and a third (33%) simply do not want to push their child too hard. This reluctance to overburden children is strongest among parents who would not consider tutoring

in China (68%), Taiwan (59%), Malaysia (49%) and India (46%).

The cost of tutoring is also a barrier for nearly one in five (19%) parents who are not considering it. This is particularly the case in the UK (36%), Turkey (32%), France (31%) and Australia (30%).

Most parents have paid or would consider paying for additional tutoring for their children



Q: Have you paid or would you consider paying for any additional tutoring for your child at any of the following stages of their education: primary school, secondary school or university? (Base: All parents)

Sound foundations for a successful life

The path to adulthood

Parents view university as a rite of passage into adulthood for their children. Non-academic softer skills – such as the ability to live independently, to manage their money responsibly and to socialise with confidence – are seen as even more important than traditional academic learning.

For more than four in five parents, what is most important for

their children to gain from their university education is that they become independent (86%), that they learn to be financially responsible (84%) or that they become socially confident (83%). While independence is highly valued across the world, it is important to an especially high proportion of parents in Indonesia (95%), China (93%), Taiwan and Mexico (both 91%).

Developing IT skills is important too – nearly three-quarters (71%) of parents think this is an

important benefit of the university experience, with this proportion even greater in the emerging economies of Malaysia (88%), Turkey, India (both 86%), Mexico (83%) and Indonesia (81%).

Fewer parents think participating in creative arts (52%) or sports (51%) is important, showing that organised extra-curricular activities are not necessarily required to foster the independence, responsibility and confidence they want their children to gain from university.

Parents see independence as the most important quality students gain from university



86%

Becoming independent



84%

Learning to become financially responsible



83%

Being socially confident



78%

Becoming knowledgeable about the wider world



75%

Developing strong leadership skills



72%

Mixing with people from a diverse range of backgrounds



71%

Developing IT skills



70%

Excelling academically

*Q: How important, if at all, do you think it is for students to gain or experience the following from their university education?
A: Important or extremely important. (Base: All parents)*



47%

of parents think their child's generation faces a tougher job market than they did

Wider skills for a tougher market

Parents see the job market as increasingly competitive, regardless of the educational stage of their children. Nearly half think it is harder for their child's generation to find a job after finishing their education than it was for their own generation (47%) or that it is more necessary to have a postgraduate degree to stand out in the job market (43%).

Only around a fifth think the job market was tougher (19%) and

that a postgraduate degree was more necessary (21%) for their own generation. Just over a third think that there is no difference between the two generations in terms of the job market (34%) or the necessity of a postgraduate degree (36%).

In this perceived tougher job market, pure academic achievement is no longer seen as enough to give students a competitive edge: parents expect universities to equip their children with a broader set of abilities. Enhanced confidence/social skills are the most essential,

with almost half (45%) of parents ranking these within the top three most valuable aspects of university in preparing students for life after graduation.

Analytical thinking is also valued highly (40% of parents rank it in the top three), as is learning to study independently (41%) and live independently (39%).

In contrast, course-specific skills are seen as less important. Fewer than three in 10 (29%) parents rank this in the top three things that help students prepare for life after graduation.

Getting the balance right

Many parents think students work too hard and so are concerned their children do not have enough time to develop the softer skills they need to succeed in the job market.

Around the world, more than a quarter (28%) of parents with children in college or university education feel that their child spends too much time on independent study outside their taught classes, compared to a fifth (20%) who feel they do not spend enough time on it.

In most countries, parents are more likely to think that their child

is working too hard at university, than that they are not working hard enough.

In Asia and the Middle East, this imbalance is particularly pronounced. In the UAE, 39% of parents think their child spends too much time on independent study at university, compared to only 5% who think they do not spend enough time. There is also a wide gap in Indonesia (36% compared to 10%), Singapore (30% compared to 10%), India (29% compared to 17%) and Hong Kong (42% compared to 26%).

In contrast, parents in France are more likely to think their child does not spend enough time on independent study at university

(30%) than that they spend too much time (21%). This is also true of parents in Canada (23% compared to 17%) and Taiwan (35% compared to 28%).

Of those parents who would prefer their children to spend less time on independent study at university, over half (56%) say it is to reduce their stress levels. However, parents also want their children to have more time for hobbies and interests (46%), to develop social skills (38%) or to gain real-world experience (37%).

Conversely, half (50%) of those parents who think their children should spend more time studying outside of their taught university classes say this is to better prepare them for the demands of



20%

of parents with a child at university think their child does not spend enough time on independent study



the real world. Achieving the right balance to best prepare students for adulthood is an ongoing challenge for universities.

Universities: could do better

Given the large numbers of parents hoping that their children will study to university level, a key question is whether universities offer a good return on investment.

Many parents believe that this is not the case – more than two in five (42%)³ parents around the world think that a university education offers poor value for money. This view is particularly

strong in Taiwan (72%), Mexico (63%), Turkey (61%), Brazil (58%) and France (52%).

Parents of children in state-funded education (at any stage) are more likely to think university offers poor value for money (45%) than do those whose children are being privately educated (37%)⁴.

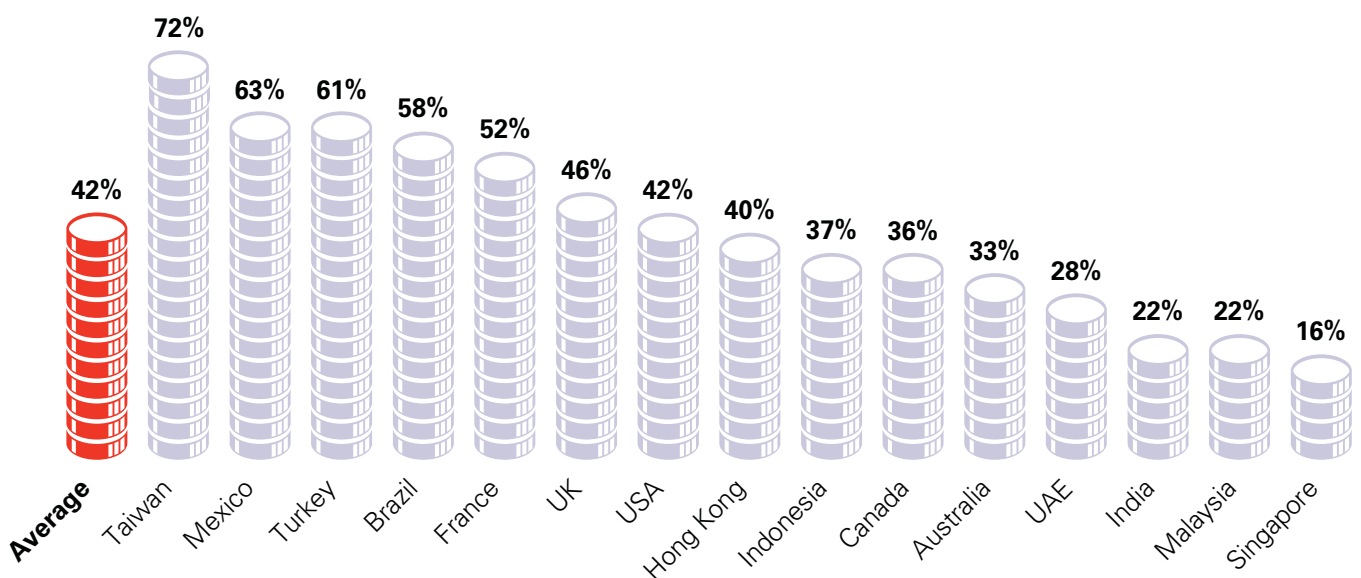
Of parents who think that a university education represents poor value, nearly half (48%) believe that it does not teach skills that are applicable in the real world, while a similar proportion (45%) think it does not do enough to enhance career prospects, and a third (33%) think that academic standards are not high enough⁵.

In countries where a university education is seen as offering poor value by the majority of parents, the concern that it does not teach applicable real world skills is strongest in Taiwan (59%), Turkey (52%) and France (48%). Parents in Taiwan are particularly likely to think university does not do enough to enhance their children's career prospects (64%), while there is heightened concern that academic standards are not high enough in Brazil (56%), Turkey (47%) and Mexico (46%).

By not equipping students with the right skills to stand out in the job market, universities risk failing to meet the demands of the modern world.

^{3, 4, 5} Data excludes mainland China

In many countries, parents think a university education offers poor value for money



Q: Do you think a university education in your country offers good value for money, or not?

A: Fairly or very poor value for money. (Base: All parents, excluding mainland China)



58%

of parents think a university education is unaffordable for most people in their country

Funding the future

Out of reach

Although some parents doubt whether going to university offers good value for money, many others see it as a pathway to future success for their children. However, a university education comes at a significant cost – which is not always seen as being within financial reach.

Globally, almost three in five (58%)⁶ parents think that a university education is unaffordable for most people in their country. This view is particularly strong in Europe and the Americas, with 79% of parents in France and 71% in the UK, USA and Mexico believing that university is unaffordable.

Parents in Asia feel differently. Only around two in five parents in Taiwan (44%), Singapore (41%)

and Malaysia (38%) think that university is unaffordable for most people in their country, with this figure dropping to just over a third (34%) in Hong Kong.

Who pays?

When it comes to funding a university education, typically it is parents who provide the money.

More than nine in 10 (95%) parents who are expecting their children to go to university plan to contribute to their tuition fees and/or living costs. Among parents who already have a child at university, the same proportion (95%) say that they are currently contributing or planning to contribute to the cost.

Almost one in five (19%) parents whose children are yet to reach university anticipate

that grandparents will share the financial burden; however, among those with children currently at university, only 13% say that grandparents are contributing or expected to contribute. Parents of university students in China (41%), Turkey (31%) and India (23%) are the most likely to say grandparents are sharing or expected to share the cost.

More than two in five parents (41%) whose children are in secondary school or below expect their children to contribute towards their own future university costs, while under a third (32%) of parents with children currently at university say their children are actually making or expected to make a financial contribution. University students are most likely to bear at least part of the cost themselves in the USA (62%), Canada and Australia (both 59%).

⁶ Data excludes mainland China

The need to save

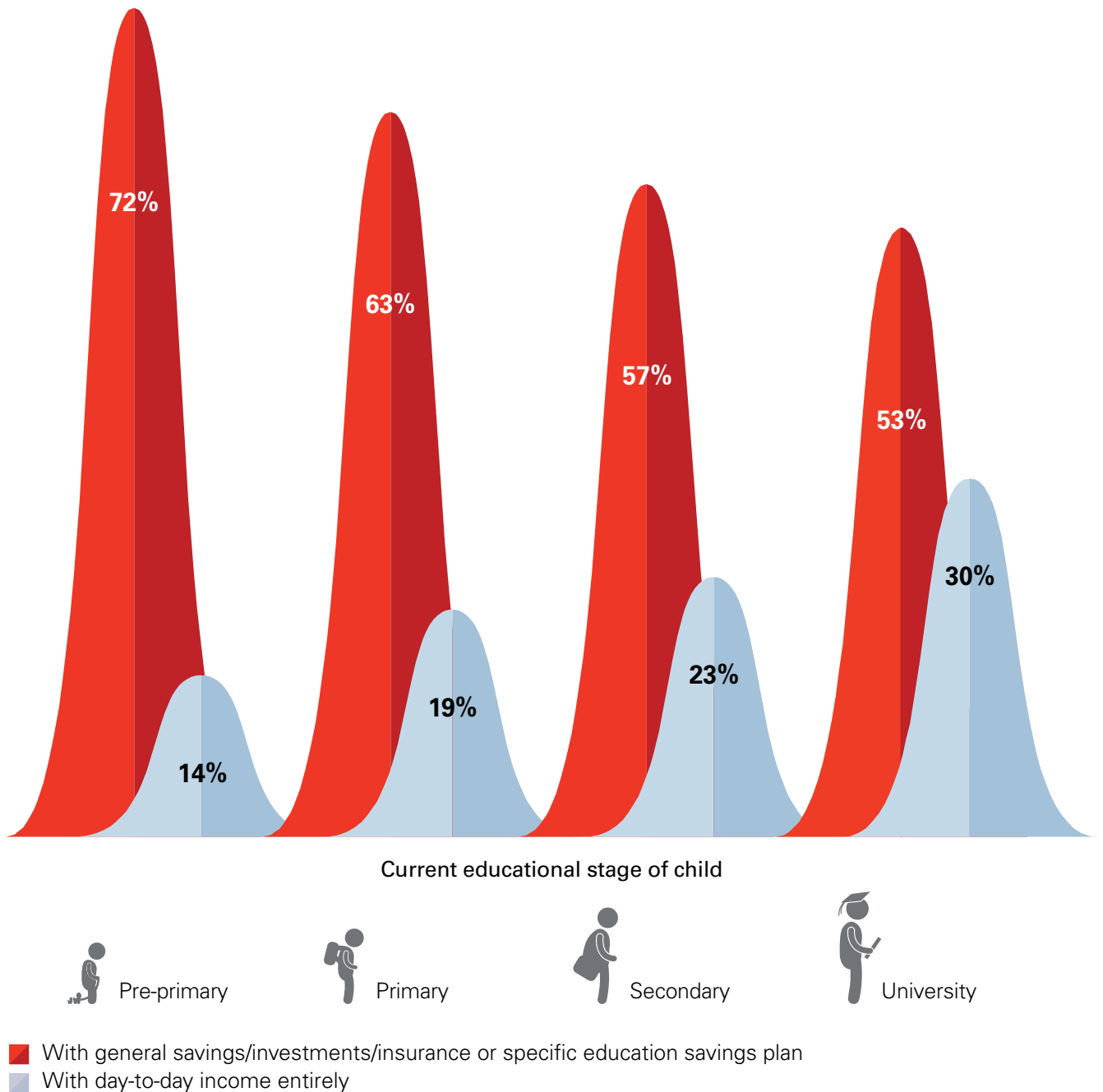
Parents recognise the need to save to help pay for their children's university education – but many do not put this into action.

Almost three-quarters (72%) of parents of pre-primary school children think they will fund their

children's future university costs through savings, and only 14% think they will rely entirely on day-to-day income. However, among parents whose children are currently at university, just over half (53%) are using or plan to use saved funds, and three in 10 (30%) are reliant or expect to rely entirely on day-to-day income.

Among parents with children at university who have not yet saved anything towards the cost, over half (52%) say they did not have enough money left to do so after paying day-to-day bills, while nearly a quarter (23%) say they had just not given it any thought.

Parents' expectations to fund their children's university costs with savings and investments do not always reflect reality



Q: Thinking about the people who may cover or contribute towards your child's university education costs, where do you think this money will come from? A: Parents' contribution from: General savings/investments/insurance, Specific education savings plan, Day-to-day income entirely (e.g. from full/part-time job).

(Base: Parents who think they will contribute or are currently contributing to their children's university costs)

The need to borrow

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.

More than a quarter (27%) of parents of pre-primary school children who are expecting their children to go to university think they will have to take out a loan, while the same proportion (27%) of 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 recognise the implications, expecting to spend on average 6.7 years repaying the debt after their children have finished their education. However, estimated repayment times vary considerably by country: parents expect to be paying off their debt for over nine years in China (9.8 years), Australia (9.3 years) and Malaysia (9 years), but for only around four years in Indonesia (3.9 years), Turkey (4.2 years) and the UAE (4.4 years).

First steps to financial independence

Learning to become financially responsible – which 84% of parents believe to be an important benefit of a university education – can start with children contributing to the cost of their own university studies.

For many parents, the expectation that children will contribute to their own university costs exists before they even begin primary school education. More than two in five (43%) parents of pre-primary school children expect that, once their child reaches university, that child will personally contribute to their own tuition fees and/or living costs. However, only a third (33%) of parents with



a child at university say that their child is actually contributing or expects to contribute.

Less than a third (31%) of parents with pre-primary school children think that their child will save up to contribute towards the cost of their own university education. This mirrors reality, with a similar proportion (28%) of parents saying their university age children are using or expect to use their own savings to contribute.

Getting a job while at university is another way for children to fund their university education. Nearly half (45%) of parents of pre-primary school children think that their children will have to work, either part time or full time, while they are studying, which is consistent with the 47% of parents who say their child is currently contributing or expected to contribute to their university costs through their earnings from paid work.

Loans to study

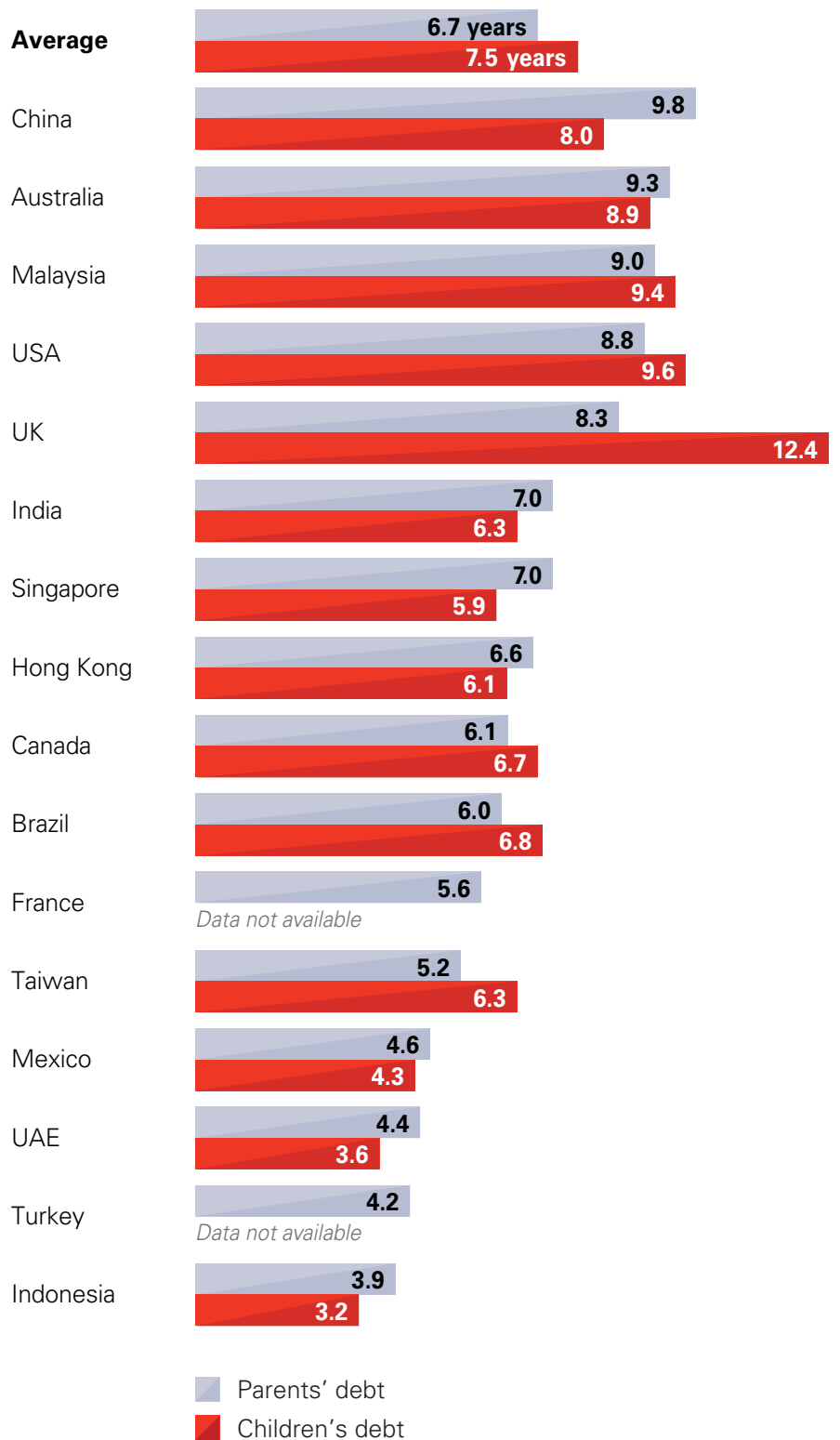
Parents know their children may have to borrow money to fund their university studies. More than two in five (42%) parents with pre-primary school children think their children will fund their own university costs through borrowing, as do an equal proportion of parents whose children are currently at university (42%).

Parents are aware that their children's borrowing may not be confined to specific student loans, and could also include general debt such as personal loans and credit cards. Just over one in 10 (11%) parents of pre-primary school children expect this to be the case, as do a similar proportion (13%) of parents with children currently at university.

27%

of parents supporting a child at university think they will need to borrow money to cover the tuition and/or living costs

Parents expect their own and their children's university debts will take years to repay



Paying it back

Parents expect their children to be repaying their own university debt on average for 7.5 years after they finish their university education. In some countries, the timescales are less optimistic – parents in the UK believe it will take their children 12.4 years to pay off their university debts, those in the USA 9.6 years, and in Malaysia 9.4 years. Repayment periods are expected to be much shorter in Indonesia (3.2 years), the UAE (3.6 years) and Mexico (4.3 years).

Parents tend to underestimate how long it will take their child to repay their university debts. Those with pre-primary school children expect it will take 7 years on average for them to repay their loans after graduating. However, parents whose children are currently at university, and so can be expected to have a more realistic assessment, anticipate it will take 8.9 years.

Q: You mentioned that you/your partner are funding or expect to fund your child's university costs through borrowing. How long do you expect it to take to pay off this debt once your child finishes their university education? (Base: Parents who expect to borrow money or have borrowed money to fund their child's university education)

Q: You mentioned that your child is funding or expected to fund their university costs through borrowing. How long do you expect it to take them to pay off this debt once they finish their university education? (Base: Parents who expect their children to borrow money or whose children have borrowed money to fund their own university education)

Broadening horizons: higher education abroad

Increasing opportunities

Half (50%) of parents around the world believe that their children's generation has more opportunity for study or travel abroad than their own generation did at the same age.

Less than a fifth (16%) say that this opportunity was greater for their own generation, while the remainder (34%) think that the level of opportunity is the same for their children's generation as it was for theirs.

This difference between generations is strongest in Turkey, where two thirds (66%) of parents think there is more opportunity for their children's generation, while just over one in 10 (11%) have the opposite view. There is a similar generational difference in France (64% and 10%) and China (64% and 19%).

Parents see important experiences to be gained by students who take advantage of this increased opportunity to study at university abroad.

More than three-quarters (78%) rate students becoming knowledgeable about the wider world as a key benefit of a university education, while over half (51%) value the opportunity to live abroad and to experience different cultures.

When to go, and for how long

Given these benefits, it is not surprising that over three-quarters (77%) of parents – including the majority in each country surveyed – would consider sending their child to university abroad for either undergraduate or postgraduate study.

Nearly two thirds (64%) of parents would consider sending their child abroad for undergraduate study, while even more, seven in 10 (70%), would consider it for postgraduate study.

Parents in Asian countries are most receptive to the idea of sending their child abroad for undergraduate study. Four in five parents in Malaysia (80%) and nearly three-quarters in Hong

Kong (74%), Indonesia (74%) and Singapore (74%) would consider the idea. In contrast, only around half of parents in Canada (51%), Australia (52%) and France (53%) would consider it.

When it comes to postgraduate study, an especially high proportion of parents in India (88%), Turkey (83%), Malaysia and China (both 82%) would consider sending their child abroad to study, compared with lower proportions in Australia (52%), Canada (53%) and the USA (59%).

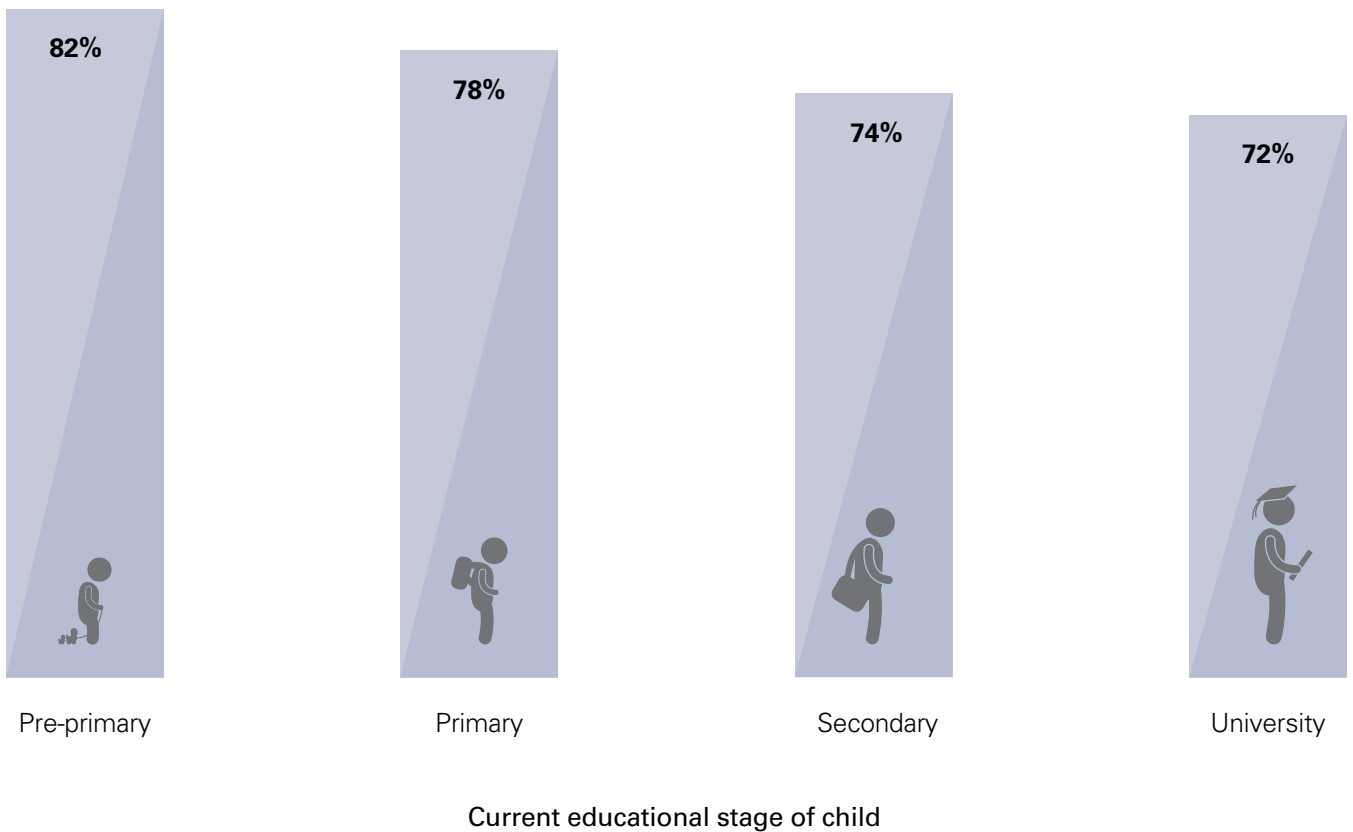
However, parents' ambitions of an international education vary according to the age of their children. Although more than four in five (82%) parents with pre-primary school children would consider sending their child abroad to university, the proportion is smaller for parents with older children, with less than three-quarters of parents whose children are currently in secondary school (74%) or university (72%) saying they are considering an international university education.

77%

of parents would consider sending their child to university abroad



Parents' hopes of an international university education for their children vary with age



*Q: Would you consider sending your child to university abroad, for either undergraduate or postgraduate study? A: Yes.
(Base: Parents who expect their children to go to or whose children are currently at university)*



34%

of parents who would not consider sending their child to university abroad say cost is a barrier

Cost is a barrier

For parents who would not consider sending their child to study at university abroad, cost is the main barrier. Over a third (34%) around the world say that they would like to but cannot afford it, and this proportion is higher still in Hong Kong (40%), Malaysia (43%) and Mexico (48%), rising to nearly three in five in Turkey (59%) and Indonesia (58%).

Parents with older children are more conscious of this cost barrier. Of those with pre-primary school children who would

not consider sending them to university abroad, less than a third (31%) say they would like to but cannot afford it, while among parents with children of university age, this proportion is higher (42%).

The quality of education available is also a factor in deterring parents from considering an international university education for their children. Of parents who would not consider this option, over a quarter (26%) think that their home country offers a superior university education; rising to around half in Singapore (53%), Malaysia (48%) and India (47%).

A similar proportion of mothers (24%) and fathers (21%) say that they would not consider sending their child to study at university abroad, but for different reasons. Mothers are more likely to say that they do not want their child to be so far from home (25%, compared to 21% of fathers). Fathers are more inclined to think it is not worth the money (16%, compared to 11% of mothers) or that it does not deliver any benefit (15%, compared to 12% of mothers).

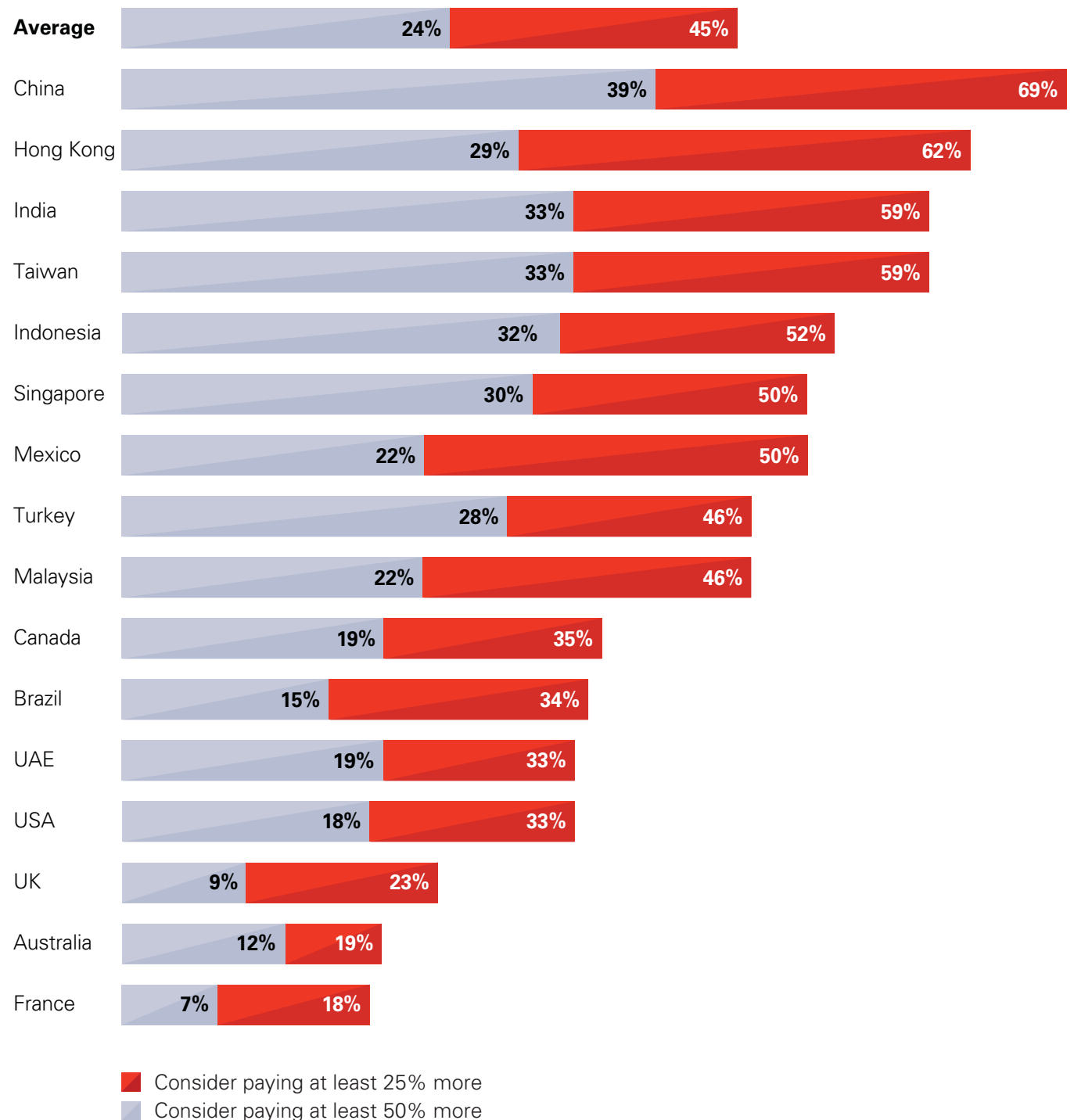
Worth paying more

The benefits to be gained from studying abroad come at a cost. Four in five (80%) parents who are open to the idea of an international university education would consider paying more for it

than they would to educate their child in their own country. Around half (45%) would consider paying at least a quarter more, while nearly a quarter (24%) would consider paying at least half as much again for their children to go to university abroad.

More parents in China (69%), Hong Kong (62%), India and Taiwan (both 59%) would consider paying at least a quarter more for their children to study at university abroad.

Parents would consider paying extra for their child to have an international university education



Q: Compared to the cost of going to university in your own country, how much extra, if anything, would you consider paying for your child to go to university abroad? (Base: Parents who would consider sending their child to university abroad)

Practical steps for planning your child's education

Here are some important insights and practical actions drawn from the research findings, for parents to consider when planning for their children's education.

1

Plan for higher ambitions

Half (50%) of parents say a postgraduate qualification is a necessity for their children to achieve important goals in their lives.

Think about the financial implications of your children staying at university for longer, and have a plan for meeting these costs.

2

Ask for advice

Around seven in 10 parents who sought advice about their children's university education say that they learned about possibilities and options they had not considered (72%) or became aware of barriers and complications they had overlooked (65%).

Don't be afraid to seek advice. Make the most of the many resources available to give yourself a better idea of the opportunities and pitfalls involved in making university choices.

3

Allow for extra

Nearly two in five (39%) parents have paid for additional tutoring for their primary school children. However, almost one in five (19%) parents who would not consider tutoring say this is due to the cost.

Be sure to allocate sufficient money to support your child's educational development from the earliest stages.

4

Encourage independence

More than four in five parents say that becoming independent (86%) or learning to become financially responsible (84%) are important benefits of a university education. Nearly a third (32%) of children currently at university are helping or planning to help fund their education through saving, borrowing, paid work or other means.

Becoming financially responsible is an essential step towards adulthood. Start teaching your children how to manage their finances from an early age.

5

Save more, repay quicker

Parents anticipate that money they borrow to fund their child's university costs will take an average of 6.7 years to repay. Nearly three-quarters (72%) of parents with a pre-primary school child think they will use savings to cover their future costs; however, only 53% of those with a child currently at university are using or planning to use savings.

To minimise the impact of borrowing, start saving early and don't let your plans get derailed.

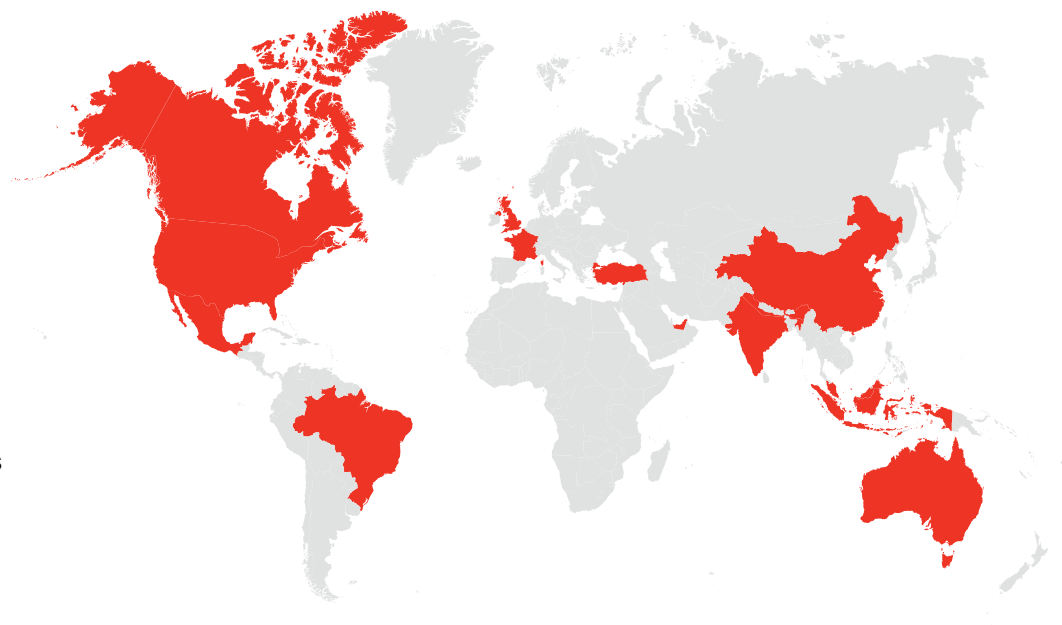


The research

The Value of Education is an independent consumer research study into global education trends, commissioned by HSBC. It provides authoritative insights into parents' attitudes and behaviour towards their children's education around the world.

This report, *Learning for life*, is the second in the series and represents the views of 5,550 parents in 16 countries and territories:

- Australia
- Brazil
- Canada
- China
- France
- Hong Kong
- India
- Indonesia
- Malaysia
- Mexico
- Singapore
- Taiwan
- Turkey
- United Arab Emirates
- United Kingdom
- United States



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. The research was conducted online by Ipsos MORI in March and April 2015, with additional face-to-face interviews in the UAE.

Global figures are the average of all countries and territories surveyed, unless otherwise stated. Figures have been rounded to the nearest whole number.

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from over 6,100 offices in 73 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa. With assets of US\$2,670bn at 31 March 2015, HSBC is one of the world's largest banking and financial services organisations.



Definitions

Here are definitions of some of the words and phrases used in this report:

State-funded education

Educational institutions funded fully or partially by taxation, and where places are offered to most/all children without further charge.

Private education

Educational institutions funded fully or partially by charging tuition fees, and where places are offered selectively.

Pre-primary education

From birth through to pre-school or kindergarten.

Primary school

Also known as elementary school.

Secondary school

Also known as high school.

Vocational college

Also known as trade, technical or career college.

University

Also known as further education, higher education or college.

The Value of Education programme

Since The Value of Education programme began in 2014, more than 10,000 parents worldwide have been surveyed.

The research findings have helped HSBC to understand and meet the needs of its customers worldwide.

The Value of Education 2014

Springboard for success was the first report and represented the views of 4,592 parents in 15 countries and territories. It focused on parents' attitudes to education, and their expectations of what education should deliver at each stage of their children's academic career. It also explored parents' feelings towards privately-funded and international education, and their approaches to funding these options.

Key findings included:

- More than half (58%) of parents say that paying for a child's education is the best investment you can make.
- When presented with different options for supporting their child financially in life, parents would ideally allocate 42% of their funds to education, much more than for anything else.
- More than half (51%) of parents wish they had started to plan and save earlier for their child's education.
- The USA is regarded as offering the highest quality education in the world, with 51% of parents ranking it in their top three countries. This is followed by the UK (38%), Germany (27%), Australia (25%) and Japan (25%).



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