

THE TRUE COST OF EDUCATION: PARENTS TAKING ON SECOND JOBS AND DITCHING DATE NIGHT TO PUT KIDS THROUGH UNIVERSITY

- ***1 in 3 parents taking on second jobs and working overtime to fund their children's university education***
- ***Students spend more paying off debt than on textbooks, but takeaways take the biscuit***
- ***Over a quarter (26%) of parents wish they had taught their child more about managing money***

Parents are taking on extra work, sacrificing holidays and turning to borrowing to pay for all aspects of their children's university education, while students estimate they spend more on takeaways than they do on textbooks over the course of a degree, HSBC's *The Value of Education - The Price of Success* report reveals.

Parents with a child in university who have a specific education savings account

Average – 58%

Top 4

Indonesia – 90%

India – 85%

Malaysia – 85%

Mainland China – 76%

Bottom 4

France – 42%

Turkey – 38%

Australia – 37%

UK – 35%

According to HSBC's study of 10,000 parents and 1,500 students across 15 countries, 4 out of 5 parents (84%) rely on their day to day income to support their child's university education, with 41 per cent having no specific education savings fund at all.

With parents spending an average of USD16,338¹ on their child's tertiary education, many are forced to make some significant sacrifices. Contribution is highest in Hong Kong, where parents are prepared to spend an enormous USD51,656, followed by UAE (USD29,398), Singapore (USD26,377), and Mainland China (USD21,046).

Over one third (35%) of parents globally say they have taken on debt to put their kids through university, with technology devices, such as laptops, PCs and tablets the second biggest driving source, behind tuition fees. Fifteen per cent of parents said they've taken out a short-term loan, 13 per cent have borrowed on a credit card and 11 per cent have turned to family or friends for funds.

¹ Including postgrad

In the face of financial pressure and lack of long-term planning, many parents are forced to make personal sacrifices to support their children during their studies. Amongst these parents, more than half (53%) say university has sounded the death knell for date nights, with the cost forcing them to reduce leisure activities such as eating out at restaurants and trips to the cinema, while 47 per cent have taken fewer holidays and 35 per cent have taken on extra hours at work and/or a second job.

When it comes to how students prioritise their money at university, those surveyed generally estimate they spend as much as USD2,285 on going to restaurants or ordering takeaways over the course of a degree, more than they spend on textbooks (USD780). In addition, students say they spend an average of USD1,107 on entertainment, such as bars, nightclubs or the cinema, and USD1,612 on clothes and make up over the course of a degree.

While student expenditure might be high, many are turning to part-time employment to fund their lifestyle and keep up with costs. More than 4 in 5 students (83%) globally are working while studying, most commonly for extra money (53%). On average, students spend 3.4 hours in paid employment, more than they spend in lectures (2.7 hours), studying at home (2.5 hours) or at the library (1.6 hours). However, most parents prefer for their children to concentrate on their studies instead, with 77 per cent of those with a child at university saying they plan to look after their child's basic living costs so they can focus on their studies.

Worryingly, students are also turning to borrowing, estimating they spend USD1,101 over a full degree paying back credit cards, personal loans and student debt. This is particularly high in the USA, where students estimate they spend as much as USD4,321 paying back loans.

University marks the first time that many young adults are financially independent, with over a quarter of respondents (26%) admitting they wish they had taught their child more about managing money, while 17 per cent said they should have talked to their child earlier about finances. In addition, almost half of parents (49%) surveyed wish they had started saving earlier for costs associated with their child's university education. Many of these parents (48%) worry they will not have the financial resources to support their child's education, and 26 per cent who are contributing do not know how much they or others are spending on tertiary education.

Is university education worth the money? (parent with child in university vs student comparison)

UK – 49% v 68%
USA – 71% v 82%
India – 85% v 81%
Australia – 59% v 67%
Singapore – 69% v 65%
Canada – 73% v 64%
UAE – 69% v 89%
Hong Kong – 77% v 62%
Taiwan – 75% v 64%
France – 32% v 48%
Mexico – 87% v 86%
Indonesia – 74% v 66%
Malaysia – 60% v 66%
Turkey – 59% v 53%
China – 89% v 90%

Despite the significant investment, the value of tertiary education is still clear in the eyes of both parents and students, with 68 per cent of parents with a child at university and 70 per cent of students saying that a university education is worth the money.

Stelios Pirpinias, Head of Retail Banking & Wealth Management and Marketing commented: *“The survey reveals that parents worldwide believe that tertiary education of their children deserves the sacrifices they do. However, they find that university studies are particularly expensive. Traditionally, parents in Greece treat their children’s education as a priority. Especially in the current economic circumstances, to be able to meet the increased costs parents need to prepare a realistic funding plan to finance their children’s studies. At HSBC, we have the tools and the necessary experience to support parents in the demanding planning process”.*

Practical steps

Here are some practical steps drawn from the research findings, for parents to consider when planning for their children’s education:

1. Start planning early

Early planning and saving for education can help your children fulfil their potential and limit the strain on family finances. Seeking professional advice can help you plan and make better informed choices.

2. Be realistic about the costs

The cost of university education for your children can be expensive. Take into account all the costs when planning how to financially support them through higher education.

3. Instil good financial habits

Help your children to plan and manage the costs of student life by taking advantage of the budgeting tools and calculators available online.

4. Invest in a range of skills

Help your children choose an educational route that will equip them with the softer skills needed for the workplace of the future like problem solving and social skills as well as the specific skills for their chosen career.

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Note to editors:

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' and students' attitudes and behaviour towards education around the world.

The findings are from the fifth survey in the series which represents the views of 10,478 parents and 1,507 students in 15 countries and territories: Australia, Canada, Mainland China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, Turkey, United Arab Emirates, United Kingdom, United States.

The research is based on a sample of parents with at least one child aged 23 or younger currently (or soon to be) in education, and on a sample of students aged 18 to 34 in university undergraduate and postgraduate education, drawn from nationally representative online panels in each country and territory.

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