The Value of Education

Global factsheet

The price of success

Parents are taking on extra work, sacrificing holidays and turning to borrowing to help pay for the full cost of their children's university education. Students meanwhile are spending several hours a day in paid employment to help keep up with costs and improve their job prospects.

The Value of Education is HSBC's global study into education trends, examining parents' hopes and fears for their children's education, and their attitudes and behaviours towards funding. This year's survey also explores students' own experiences while studying.

These findings are from the fifth survey in the series and represent the views of 10,478 parents and 1,507 university students in 15 countries and territories.

There are also some practical tips to help parents better prepare for their children's education.

Key findings

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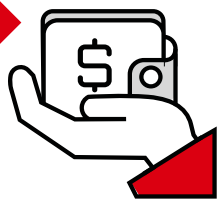

USD 34,658
the average amount students say they spend over the course of a degree

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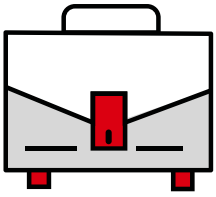

83%
of students are working in paid employment while studying

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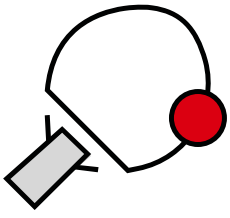

53%
of parents stopped or reduced their leisure activities to support their child's university education

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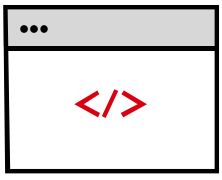


71%
of parents believe computer programming is a necessary skill in today's world

HSBC

The cost of education

The bank of mum and dad

From tuition fees and day-to-day living expenses to laptops and textbooks, parents' spending on their children's university education covers a wide variety of costs. Across all countries and territories surveyed, parents say they contribute on average USD16,338 towards their child's undergraduate or postgraduate university education. Parental spend is highest in Hong Kong, UAE and Singapore.

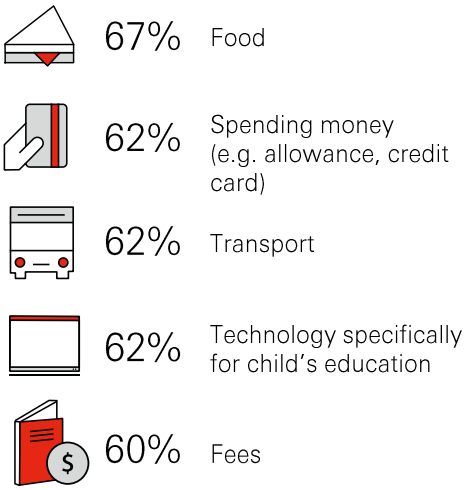
Parents spend significantly on their child's university education

Country or territory	Annual spend (USD)	Typical course length (years)	Whole course spend (USD)
Average	**4,804**	**N/A**	**16,338**
Hong Kong	12,914	4	51,656
UAE	9,799	3	29,398
Singapore	8,792	3	26,377
Mainland China	5,262	4	21,046
USA	4,329	4	17,314
Taiwan	5,370	3	16,109
Turkey	3,366	4	13,462
Australia	4,375	3	13,124
Canada	3,981	3	11,942
UK	3,610	3	10,830
France	3,519	3	10,558
Indonesia	1,578	4	6,313
Mexico	1,442	4	5,768
Malaysia	1,869	3	5,606
India	1,853	3	5,560

Q. Earlier you said the following were contributing to your child's education, approximately how much do each of them contribute in total each year towards your children's education? A. Me and/or my partner, my ex-partner/my child's other parent (Base: Parents with allocated child in university education)

Parental contributions also include 'care packages' sent during term time. Sixty-nine per cent of students globally receive packages from their parents. Parcels such as these are most likely to include money (48 per cent), groceries (36 per cent) or food/delicatessen items such as chocolate, biscuits or home country specialities like Vegemite (35%).

Living expenses are top of the parental funding list



Q. Which of these expenses relating to your child/children's education are you currently contributing towards?
(Base: Parents funding child's university education)

Funding gap

The cost of university life can add up. On average, students say they spend USD34,658 over the course of their degree, covering a range of expenses including tuition fees, accommodation, bills and lifestyle costs. Taking into account the amount parents say they contribute, this leaves students around the world with an average funding gap of USD18,320. This must be filled by bursaries, loans, other family members and students' own income or savings. Seven per cent of parents say that their child's grandparents contribute towards their university education.

Students in the USA face the biggest funding gap, where there is a major USD82,103 shortfall between what parents say they contribute and what students say they spend.

Around the world there is a shortfall of USD18,320 between what parents say they contribute and what students say they spend.

Students face a significant funding gap through their university education

Over a typical university course

Country or territory	Parents' spend (USD)	Students' spend (USD)	Funding gap (USD)
Average	**16,338**	**34,658**	**18,320**
USA	17,314	99,417	82,103
Canada	11,942	58,865	46,923
UK	10,830	53,105	42,275
Australia	13,124	38,574	25,450
France	10,558	28,299	17,741
Mainland China	21,046	33,744	12,698
Turkey	13,462	24,065	10,603
Malaysia	5,606	15,724	10,118
Mexico	5,768	13,327	7,559
Singapore	26,377	33,625	7,248
Taiwan	16,109	23,044	6,935
India	5,560	11,944	6,384
UAE	29,398	34,600	5,202
Indonesia	6,313	10,631	4,318

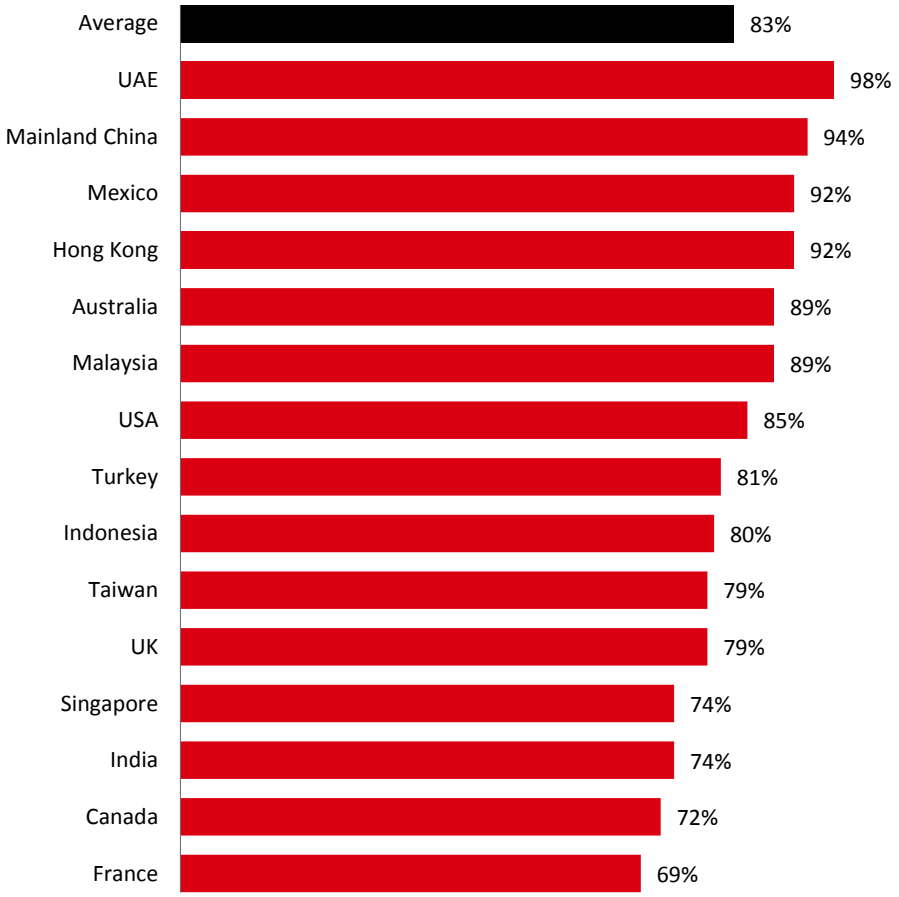
No shortfall reported between what parents say they contribute and what students say they spend in Hong Kong.

Q. Earlier you said the following were contributing to your child's education, approximately how much do each of them contribute in total each year towards your children's education? A. Me and/or my partner, my ex-partner/my child's other parent (Base: Parents with allocated child in university education)
Q. How much do you spend in a typical month on each of the following? (Base: All students)

Working advantage

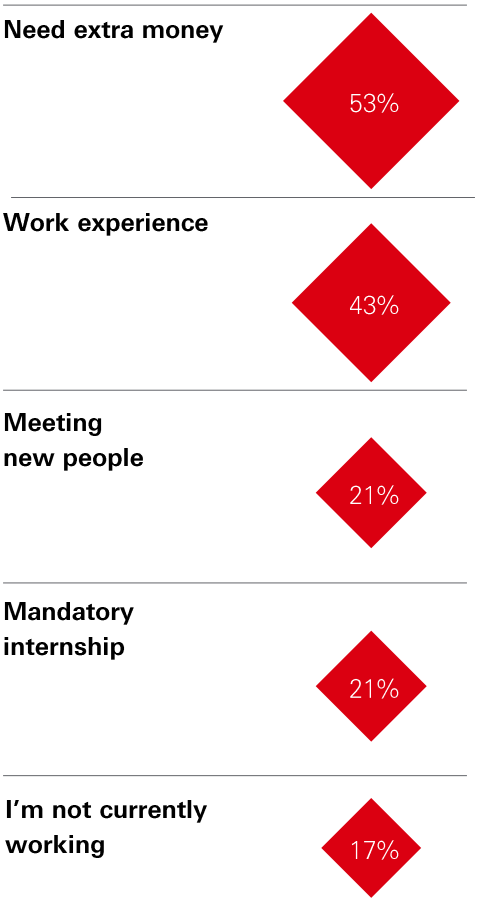
Many university students rely on extra-curricular jobs to cover their costs. More than 4 in 5 (83 per cent) students are working in paid employment while studying, and for the majority (53 per cent) this is out of financial necessity.

Most students are working while studying



Q. If you are working whilst studying, why? (Base: All students)

Students are primarily working for extra income:



Q. If you are working whilst studying, why? (Base: All students)

Not all students work for extra cash. Many dip into the world of work to enhance their employability. Around the world, 43 per cent of students work to gain experience that will help them get a job after university. This is especially true in Mainland China where 75 per cent of students are doing paid work while studying, to make themselves more employable after their degree. In the UK, just 24 per cent of students are working to improve their future job prospects.

Volunteering is also popular among the current generation of students, with 64 per cent undertaking some kind of unpaid volunteer work at the same time as studying.

The right balance?

Today's students face a big challenge balancing work and study. On an average day, students spend 3.4 hours in paid employment. That's more than they spend in lectures, the library or studying at home.

However, most parents with a child at university would prefer them to concentrate on their education, with 77 per cent saying they plan to take care of their child's basic living costs so they can focus on their university studies.

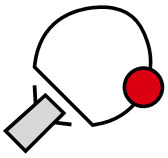
Sacrifices and spending

Tightening the belt

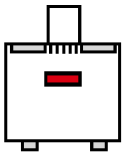
Parents are going the extra mile to support their child at university. The vast majority (84 per cent) of parents are contributing towards their child's university education from day-to-day income, as opposed to savings or borrowing. Only 20 per cent are funding from a specific education savings or investment account.

Personal sacrifices are common among parents who are funding their child's university education. Fifty three per cent have stopped or reduced their leisure activities and a further 49 per cent have taken fewer holidays to support their child's education, while 35 per cent have taken on extra hours at work and/or a second job.

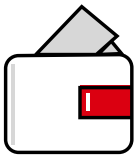
Parents are sacrificing personal time to support their child's university education



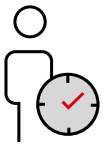
53%
Reduced or stopped leisure activities



49%
Took fewer holidays



41%
Took less expensive holidays



40%
Forfeited me-time and/or gave up hobbies

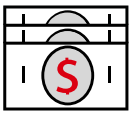
35%
Worked extra hours and/or took a second job

Q. Which, if any, of the following have you/your partner ever done to support your child's education? (Base: Parents funding child's university education)

In addition, more than a third (35 per cent) have taken on some kind of debt to help fund their child's university education.

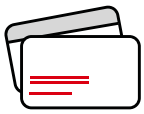
The main reason for borrowing is to help cover their child's university tuition fees (66 per cent), while educational tech purchases like tablets or laptops are also common (36 per cent).

Loans and credit cards are the most common form of borrowing



15%
Taken out a short term loan

12%
Taken out a long term loan



13%
Borrowed on a credit card

11%
Borrowed from family/friends

Q. Which, if any, of the following financial actions have you/your partner ever have taken to help fund your child's education? (Base: Parents funding child's university education)

It's not all work and no play for students. Over the course of a degree, students say they splash out USD2,285 on going to restaurants or takeaways, USD1,612 on clothes and make up and USD1,378 on entertainment such as going out to bars, nightclubs or the cinema.

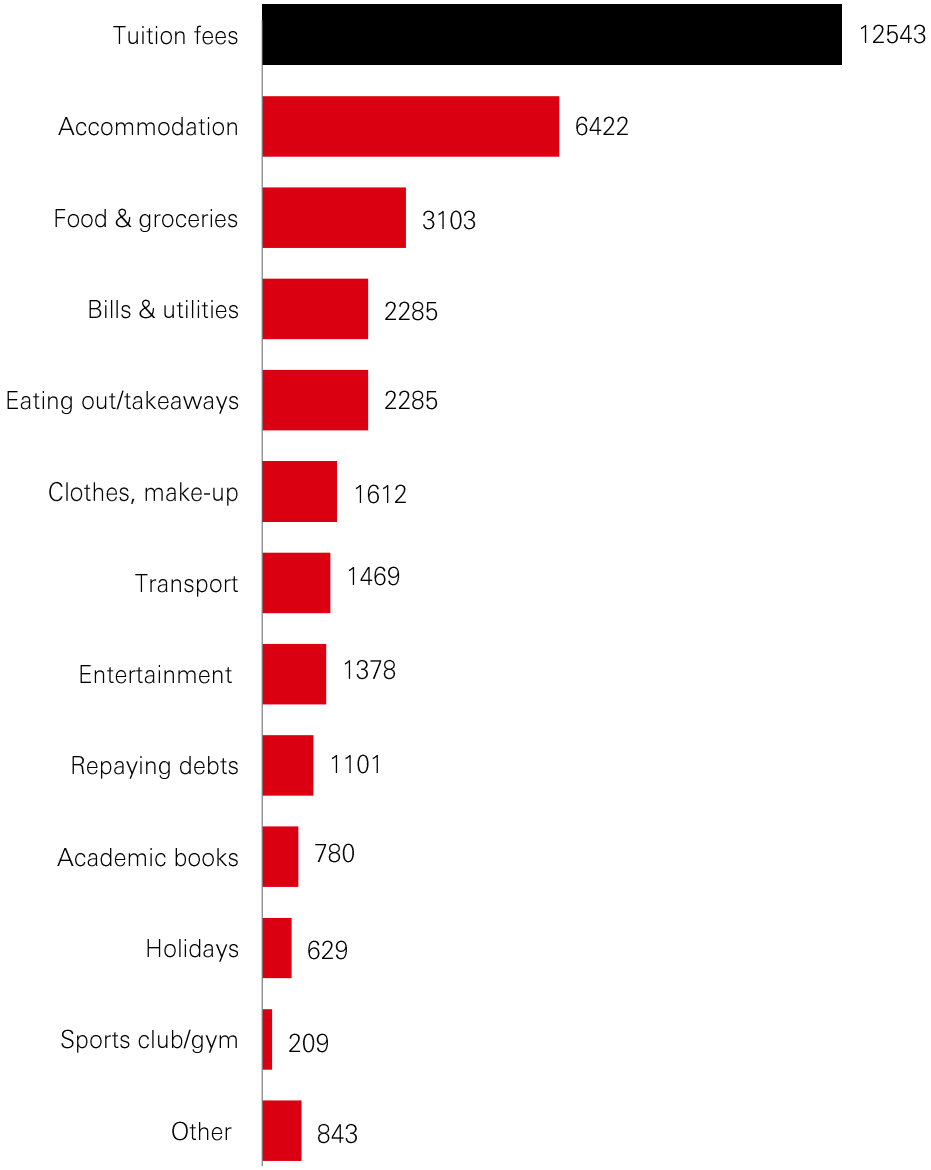
Budgeting for the full range of lifestyle and education costs can be an expensive learning curve for students. On average, students spend more on paying back credit cards, personal loans and student debt (USD1,101 over a full degree) than they do on academic books (USD780). In the USA, students spend USD4,321 on repaying debts during their time at university.

Across a whole degree, students spend more on paying back credit cards, personal loans and student debt than they do on academic books.

Students spend most on tuition fees

Whole course spend

USD34,658



Q. How much do you spend in a typical month on each of the following? (Base: All students)

Honest conversations

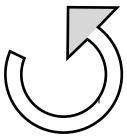
Proactive planning and upfront conversations could ensure better financial outcomes for parents and students alike.

Almost half (49 per cent) of parents funding a child at university wish they had started saving earlier for their child's education, while 44 per cent wish they had saved money more regularly. Just over a quarter (26 per cent) wish they had taught their children more about managing money.

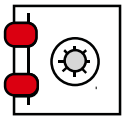
Almost half (48 per cent) of parents with a child at university worry that they don't have the financial resources to support them and more than a quarter (26 per cent) of parents who are contributing do not know how much they or others are spending.

> 48% of parents with a child at university worry that they don't have the financial resources to support them.

Many parents wish they had been more financially prepared for their child's university education



49%
Wish they had started saving for their child's education earlier



48%
Worry they don't have the financial resources to support their child's education

44%
Wish they had saved more regularly

26%
Don't know how much their child's education is costing

26%
Wish they taught their children more about managing money

Q. Thinking about funding your child's education, what if anything would you have done differently? (Base: Parents funding child's university education)
Q. Here are some statements parents have made about their children's education. To what extent do you agree or disagree with each of them? (Base: Parents with allocated child in university education)
Q. Earlier you said the following were contributing to your child's education, approximately how much do each of them contribute in total each year towards your children's education? (Base: Parents with allocated child in university education)

Value for money

Despite the significant cost and sacrifices involved in studying at university, both parents and students agree it's a worthwhile investment.

Sixty-eight per cent of parents with a child at university and 70 per cent of students agree that a university education is worth the money. These students believe that university leads to better opportunities to secure a first job (59 per cent), better job prospects throughout their career (53 per cent) and valuable life experiences (41 per cent).

Students who are doing paid work alongside their studies are more likely to agree that university education is worth the money (72 per cent) than those who are not working (64 per cent).

> 70% of students agree that a university education is worth the money.

Living the student life

Spinning plates
Students across the globe are juggling their studies, paid work and personal lives. Achieving the right balance can be difficult and student experiences vary dramatically across countries and territories.

University students in India are the hardest working, spending more than eight and a quarter hours each day in the library, at lectures and studying at home.

Students in India find the time by doing less paid employment, just two and a half hours compared to the average of around three and a half hours a day. This can perhaps be explained by the strong saving discipline of parents in India, 85 per cent of whom have paid, either now or in the past, into a specific education account or fund for their child currently at university. This is one of the highest proportions around the world after Indonesia (90 per cent) and Malaysia (also 85 per cent).

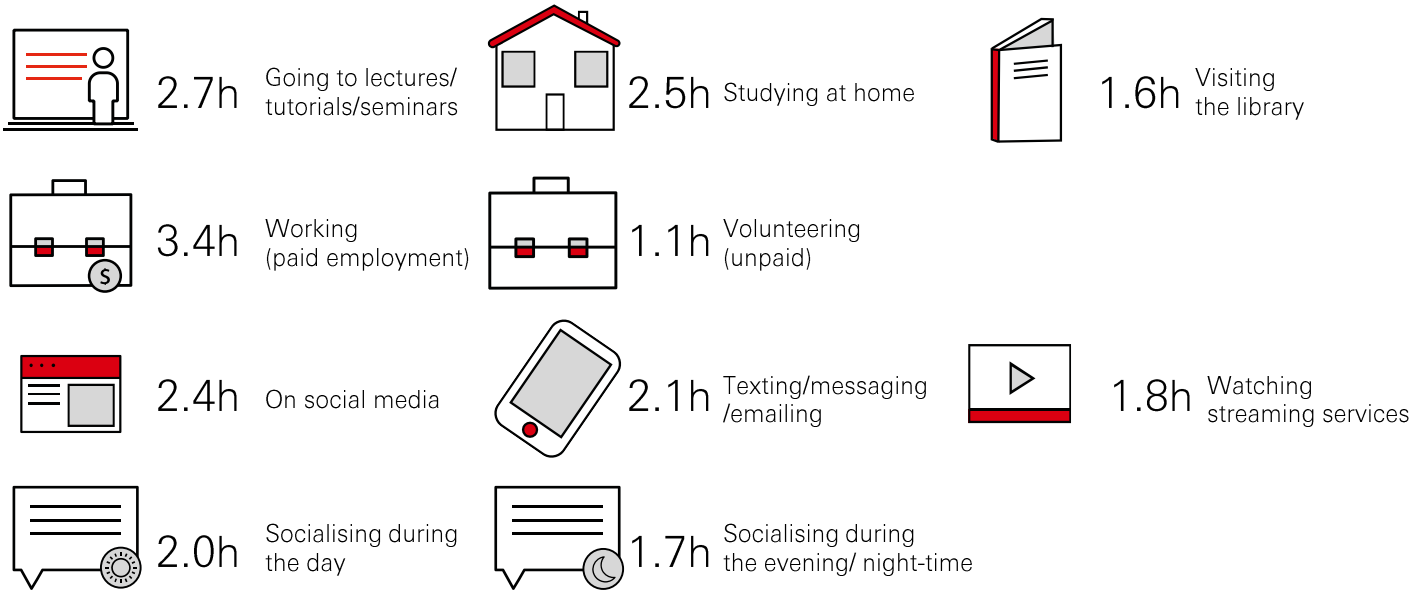
Students in Malaysia and Australia are also hard workers. They spend around eight hours a day learning, going to lectures, studying at home, or in the library; around an hour and a quarter longer on average than students around the world. These students are potentially making the grade by losing out on sleep, getting around five and a half hours a night, at least half an hour less than average.

Students in the UK spend a little over six hours studying a day, with one and a half fewer hours in lectures, tutorials and seminars than students in India. UK students meanwhile spend more than four hours a day on average in paid employment, where 59 per cent say they are working because they need the extra income.

Across all countries and territories, students spend more time interacting virtually than they do face-to-face. Students on average spend almost four and a half hours a day texting, emailing or on social networks, versus just under three and three quarter hours socialising IRL (in-real-life).

Students on average spend almost four and a half hours a day texting, emailing or on social media.

How students spend their days
On an average day students spend…



Q. On average, how long do you spend doing the following each day? (Base: All students)

The future of skills

The road ahead

Parents are divided when it comes to thinking about the future impact of artificial intelligence and robots on their children's lives. Over two in five parents (41 per cent) remain sceptical and are worried about the impact it will have on their child's future career. However, just under four in 10 parents (39 per cent) believe that AI and robots will make their child's life better.

When it comes to the importance of computer skills, most parents (71 per cent) believe that computer programming is a necessary skill in today's world.

Parents are divided on the benefits of AI and robots, but value computer programming

71%
of parents agree that computer programming is an important skill in today's world

41%
of parents worry about the impact of artificial intelligence and robots on their child's future career

39%
of parents believe artificial intelligence and robots will make their child's life better

Q. Below is a list of statements some parents have made. To what extent do you agree or disagree with each of the following statements? A. Agree or strongly agree (Base: All parents)
Q. Here are some statements parents have made about their children's education. To what extent do you agree or disagree with each of them? A. Tend to agree or strongly agree (Base: All parents)

People skills

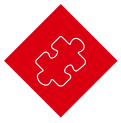
Thinking ahead to 2030, parents are less optimistic than students about the role of education in preparing their children for the future world of work.

Three-fifths (60 per cent) of university students agree that their education to date has prepared them for the world of 2030 and beyond. In comparison, just over two in five (43 per cent) parents believe that education so far has prepared their child for the future. In addition, more than half (51 per cent) of parents worry that universities are not preparing students for the jobs of the future.

For parents and students who agree that education so far has prepared their child/themselves for the future, both believe it is the softer skills required to solve problems and build social relationships that education should focus on for 2030 and beyond.

Future education should focus more on softer skills

Parents: top 3 skills education should focus on for 2030



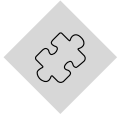
55%
Problem solving

50%
Social skills

49%
Foreign language skills

Students: top 3 skills education should focus on for 2030

53%
Critical thinking



51%
Problem solving

51%
Social skills

Q. Which of the following skills do you think your child's/ your education should focus on to better prepare them/ you for the world of 2030 and beyond? (Base: All parents/ students who agree education has prepared their child/them for 2030)

Practical steps

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

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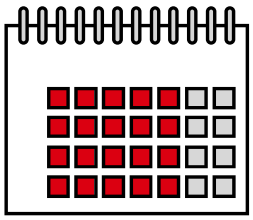


Start planning early

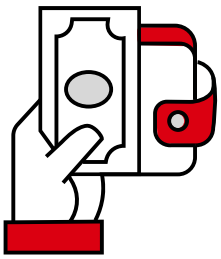
Early planning and saving for education can help your children fulfil their potential and limit the strain on family finances. Seeking professional advice can help you plan and make better informed choices.

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.

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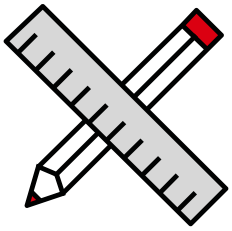

Invest in a range of skills

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

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.

These findings are from the fifth survey in the series and represent 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 findings are 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. The research was conducted online by Ipsos MORI in March and April 2018.

Country or territory factsheets are also available.

Definitions

University education: Covers university undergraduate, university postgraduate, business/engineering school and technical/vocational college.

Figures have been rounded to the nearest whole number.

To calculate parents' spend, parents currently contributing to funding any aspect of their child's university education were asked approximately how much they contribute each year. This annual figure was multiplied by the typical course length in that country or territory to derive the total amount spent over their child's university education.

To calculate students' spend, students were asked how much they spend on a list of different items in a typical month, which was multiplied by 12. This annual figure was multiplied by the typical course length in that country or territory to derive the total amount spent over their university education.

The exchange rates used are based on the OFX2017 average yearly rate.

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