

COST OF INTERNATIONAL UNIVERSITY EDUCATION FAR GREATER THAN PARENTS EXPECT

Over three-quarters (77%) of parents surveyed in the latest HSBC Value of Education report would consider sending their child abroad to university, but many underestimate the extra cost. New research from HSBC across 16 countries reveals that on average the extra cost¹ of an international undergraduate education is 6.3 times more than parents would consider paying.

This year's Value of Education report *Learning for life* shows how much extra parents would consider paying to send their child to university abroad. By comparing this expectation with the actual cost of completing an undergraduate degree as an international student², it is clear that many parents have unrealistic expectations.

The US is regarded as offering the best quality of education worldwide, but the total cost of attaining an undergraduate degree there as an international student can exceed USD165, 000³, making it the most expensive destination globally. For parents in China, the additional cost of sending their child to university in the US, rather than to a domestic university, is eight times greater than the premium they would consider paying. In Malaysia, parents regard the UK as offering the highest quality education, but the extra cost of sending their child to university there rather than in Malaysia is 8.7 times more than they anticipate.

The additional funding required by parents to send their child to university abroad can vary significantly between countries. Parents in India are the most likely to consider paying the greatest premium (60%), but they also face the biggest shortfall, with the actual premium being 12.6 times this amount. This is because in India, where a domestic university education is the least expensive of the 16 countries, parents regard the most expensive destination overall – the US – as offering the highest quality education.

¹ Compared to the cost of domestic university education

² Comparisons are based on the country parents regard as offering the highest quality education, HSBC's The Value of Education *Springboard for success*, 2014

³ Total cost (USD) for typical undergraduate degree tuition fees (international student) + living cost

Revealing a major gap between parents' funding expectations and reality, the study also shows that many families are underprepared to face this important investment: over a fifth (22%) of parents have not started saving towards children's university education.

An international university education, especially in English-speaking countries, is a significant financial investment but one that pays off. Canada offers the best career prospects, ranking first of 16 countries for alumni employment⁴. The US, Singapore, the UK and Australia respectively rank second, third, fourth and sixth.

Philippines may be a minor player as consumer and provider in the international student market, accounting for less than half a per cent of the total international student movements in 2008. However, it has seen a 21% growth of Filipino students studying abroad from 2004 to 2008.⁵

Charlie Nunn, Group Head of Wealth Management, HSBC, commented:

“Parents recognise the value of an international university education for their children, but often underestimate the costs associated with such an opportunity. Tuition fees are not the only costs to consider: living expenses in the country and air fare home are additional charges families will need to cover. Starting to save early, and seeking professional advice, can help parents unlock the opportunity of university education abroad for their child.”

Gigi Pio de Roda, Country Head of Retail Banking & Wealth Management, HSBC Philippines commented:

There is a growing population of Filipino students who are pursuing higher education in foreign universities or colleges, either through formal degree programmes or student exchanges programmes. The top destinations for Filipino students are the US, Australia and the UK, with Canada gaining popularity. As the Philippine economy continues to grow and creates more wealth for families, we expect overseas study to gain appeal. With the significant costs of studying and living abroad, it is essential for parents to plan ahead and seek professional advice to help them meet these goals.

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⁴ [Center for World University Rankings](#) - Top 1000 Universities, 2015

⁵ [International Mobility of Students in Asia and the Pacific](#). UNESCO. 2013

A	B	C	D	E	F	G	H	I
Country	<u>Domestic student</u> Total cost (tuition fees + living costs) for undergraduate degree (average, USD)	Country regarded as offering the highest quality education	<u>International student</u> Total cost (tuition fees + living costs) for undergraduate degree in country regarded as offering the highest quality education (average, USD)	Extra that parents would consider paying for their child to go to university <u>abroad</u> (average, %)	Extra it would cost for child to go to university in country regarded as offering the highest quality <u>education</u> (average, %)	Cost gap (average, percentage points)	Alumni employment ranking in home country	Alumni employment ranking in country regarded as offering the highest quality education
India	19,199	USA	165,231	60	761	700	5	2
Turkey	32,504	USA	165,231	40	408	368	13	2
Malaysia	24,820	UK	119,513	44	382	338	=8	4
Brazil	37,456	USA	165,231	28	341	313	11	2
Indonesia	38,969	USA	165,231	35	324	289	=14	2
Mexico	42,464	USA	165,231	38	289	251	=14	2
France	48,451	USA	165,231	20	241	221	12	2
Taiwan	44,863	USA	165,231	48	268	221	10	2
China	51,136	USA	165,231	28	223	196	7	2
Canada	66,596	USA	165,231	28	148	120	1	2
Australia	84,987	USA	165,231	18	94	77	6	2
UK	94,827	USA	165,231	18	74	56	4	2
Singapore	90,153	USA	165,231	48	83	36	3	2
UAE	95,731	UK*	119,513	45	25	-20	=14	4
Hong Kong	97,753	UK	119,513	50	22	-27	=8	4
USA	85,960	China	52,366	27	-39	-66	2	7
Average	-	-	-	36	228	192	-	-
Sources / definitions	University websites, Expatriata .	HSBC, The Value of Education <i>Springboard for success</i> , 2014. Top ranked among 15 countries.	University websites, Expatriata .	HSBC, The Value of Education <i>Learning for life</i> , 2015	(Column D – Column B) / Column B	Column F – Column E	Center for World University Rankings 2015 . Alumni employment is measured by the number of a university's alumni who have held CEO positions at the world's top companies relative to the university's size	

* UAE was not surveyed in VOE 2014. UK is top destination for UAE students according to www.jie.org/en/Services/Project-Atlas/United-Arab-Emirates

Media contacts

Auriane Maigne
Jessica Blas
Claro Fernandez

auriane.maigne@hsbc.com
jessicaoblas@hsbc.com.ph
clarofernandez@hsbc.com.ph

Note to editors:

The research

The Value of Education is a global consumer research study which explores parents' attitudes and behaviours towards children's education.

The Value of Education *Learning for life* report, published in July 2015, is available on www.hsbc.com > Retail Banking and Wealth Management.

The 16 countries in the league table are those surveyed in The Value of Education Learning for life report - Australia, Brazil, Canada, China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, Turkey, United Kingdom, United States, United Arab Emirates. The survey was conducted online in by Ipsos MORI in March and April 2015, with additional face-to-face interviews in the UAE. 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. There was a minimum sample of 300 parents in each country.

League table calculations

1.Tuition fees/living cost. The total cost for students in each country is the sum of the average university tuition fees and the average cost of living, divided by the average number of years required to complete an undergraduate degree.

Annual tuition fees data for each university are either sourced from the university website, by phone via their Admissions Departments or from other credible websites. The average cost has been calculated separately for both domestic and international students.

The annual cost of living for students in each country is sourced from: www.expatistan.com (assumed to be the same for domestic and international students).

2.Quality of education. The country regarded as offering the highest quality of education is that most frequently ranked in parents' top three in The Value of Education Springboard for success report, published in April 2014.

3.Cost gap. The extra percentage that parents would consider paying to send their child to university abroad, compared to the cost of a domestic education, is an average calculated from responses to The Value of Education Learning for life report, published in July 2015.

The extra percentage it would cost to send a child to university in the country regarded as offering the highest quality education is the difference between the undergraduate cost for domestic students in the home country and the undergraduate cost for international students in the destination country, expressed as a percentage of the cost for domestic students in the home country.

4.Alumni employment ranking is calculated from the Center for World University Rankings (CWUR) 2015 list of the world's top 1,000 universities: www.cwur.org/methodology/

A more detailed methodology is available on request.

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