

PARENTS SPEND USD 44,221 ON THEIR CHILD’S EDUCATION, FROM PRIMARY TO UNDERGRAD

- *87% of parents around the world are helping to fund their child’s education*
- *76% of parents considering postgraduate education expect to contribute towards funding it*
- *74% of parents use day-to-day income to fund their child’s education costs*
- *The majority (82%) are ready to make personal sacrifices for their child to succeed*

Parents are spending an average of USD 44,221 on their child’s education from primary school up to university undergraduate level, according to *Higher and higher*, HSBC’s new report in The Value of Education series. Of the over 8,400 parents in 15 countries and territories surveyed, parents in Hong Kong (USD 132,161), followed by the UAE (USD 99,378) and Singapore (USD 70,939), contribute the most towards all aspects of their child’s education costs.

The majority of parents (87%) contribute towards the cost of their child’s current stage of education, with 85% also contributing towards their university or college education.

Apart from student loans, only 15% of students in tertiary education contribute towards funding their own education, while 16% benefit from government/state support (via a scholarship, sponsorship, bursary or grant) and 8% from similar school or university support.

Although Armenia is not included in the HSBC report, it is interesting to compare the results of the study with some local data.

In 2015, parents in Armenia spent on average AMD 3 467 a month per child from 5th to 9th grades and AMD 6,300 a month during final years of high school.

Even though compulsory education is free in Armenia, many parents still find it difficult to fund their child’s recurrent education costs. In 2015, 13.8% of young people in Armenia aged 15-17 did not attend any educational institution. 3.7% of them found tuition fees to be unaffordably high. In 2016-2017 academic year, 357,052 school students went to public schools and 7,816 were enrolled in private schools.

Paul Edgar, HSBC Armenia’s CEO noted, “The HSBC report shows that parents around the world acknowledge that education is key to having a successful future in this increasingly competitive job market. Today more than ever before parents are ready to go the extra mile to finance their children’s education at the expense of personal sacrifices if needed. However, to limit the strain that children’s education can have on family finances, it’s important to have a long-term financial plan and start saving ahead.”

PATH TO SUCCESS

When thinking about the courses they would like their child to study at university, parents show their ambition. Medicine (13%), business, management and finance (11%), and engineering (10%) are the most preferred.

In addition, more than nine out of 10 (91%) parents are considering postgraduate education for their child, and 76% of these expect to contribute to the cost. Almost eight in 10 (78%) parents

think completing a postgraduate degree is important for their child to get full-time employment in their chosen occupation.

Parents in Asia are most likely to be optimistic about their children fulfilling their potential. While 75% of parents worldwide are confident their child will have a bright future, they are 87% in India and 84% in China to say so. In contrast, parents in France are more cautious, with only 42% being confident of a bright future for their child. Similarly, 85% of parent in India and 78% in China feel confident their child will get a great job, compared to global average of 68%. In France, only 36% of parents feel confident their child will get a great job.

PLANNING AHEAD

While parents are willing to support their children to help them get ahead in their careers, many are not planning ahead by saving to meet the significant costs associated with their child's continuing education.

Nearly three-quarters of parents (74%) are using their day-to-day income to help fund their child's education, while nearly a quarter (22%) admit they don't know how much is contributed each year. Many parents are making or have made financial sacrifices including reducing their spend on leisure activities (40%), working longer hours in their existing job (21%), contributing less to their own long-term savings or investments (20%) and taking on a job/second job (18%) to help fund their child's education. Additionally, 82% of parents are ready to make personal sacrifices for their child to succeed.

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Notes to editors:

*Spending on education (methodology)

To calculate spending on education, parents who are currently contributing to funding any aspects (e.g. school/university fees, educational books, transport, accommodation) of their child's primary, secondary and tertiary education (up to undergraduate level) were asked approximately how much they contribute each year.

The average yearly amount spent by parents on each stage of education in each country was multiplied by the typical length of each educational stage in that country, to derive the total amount spent on a child's education.

The exchange rates used are based on the NZForex 2016 average yearly rate.

The Value of Education

The Value of Education is an independent consumer research study into global education trends, commissioned by HSBC. *Higher and higher*, the fourth report in the series, was published in June 2017 and represents the views of 8,481 parents in 15 countries and territories around the world:

Australia, Canada, China, Egypt, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, UAE, UK and USA.

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, drawn from nationally representative online panels in each country or territory. At least 500 parents (including 150 with a child at university or college), were surveyed in all countries. In the UK, 1,001 parents (including 202 with a child at university or college) were surveyed. In China, 946 parents (including 504 from the Pearl River Delta region) were surveyed.

The research was conducted online by Ipsos MORI in February 2017, with interviews in Egypt conducted face-to-face.

¹ Data about Armenia is taken from the following sources:

“Armenia. Not Tangible Poverty” and “Activity of Public Institutions in the 2016/2017 Academic Year”

http://www.armstat.am/file/article/poverty_2016a_4.pdf

http://www.armstat.am/file/article/sv_03_17a_5150.pdf

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