

# News Release

31 July 2017

## PARENTS IN MALAYSIA SPEND AN AVERAGE OF RM109,470 ON THEIR CHILD'S EDUCATION

Parents are spending an average of RM109,470 (USD25,479) 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 RM567,394 (USD132,161) are ranked number one globally followed by the United Arab Emirates RM426,650 (USD99,378) and Singapore RM304,568 (USD70,939), who contribute the most towards all aspects of their child's education costs, including school/university tuition fees, educational books, transport and accommodation. Malaysia is ranked eighth in this table.

| Country   | Average parental spend on their child's education (USD)* |
|-----------|--|
| Global    | 44,221   |
| Hong Kong | 132,161  |
| UAE       | 99,378   |
| Singapore | 70,939   |
| USA       | 58,464   |
| Taiwan    | 56,424   |
| China     | 42,892   |
| Australia | 36,402   |
| Malaysia  | 25,479   |
| UK        | 24,862   |
| Mexico    | 22,812   |
| Canada    | 22,602   |
| India     | 18,909   |
| Indonesia | 18,422   |
| Egypt     | 16,863   |
| France    | 16,708   |

In Malaysia, the majority of parents (97%) contribute towards the cost of their child's primary school education, with 93% also contributing towards their university or college education. Globally though, the figures are lower with 89% of parents contributing towards the cost of their child's primary school education while for university or college education, it's 85%. Last year, parents' contribution towards the cost of primary school education was a little higher at 98% while contribution towards university or college education was lower at 86%.

This news release is issued by

**HSBC Bank Malaysia Berhad**

(Company No. 127776-V)

Registered Office and Head Office:

2 Leboh Ampang, 50100 Kuala Lumpur, Malaysia.

Web: [www.hsbc.com.my](http://www.hsbc.com.my)



## **ROAD TO SUCCESS**

When thinking about the courses they would like their child to study at university, Malaysian parents show their ambition. Medicine (16%), engineering (14%) and business, management and finance (12%) are the most preferred. This sentiment by parents is shared globally too with medicine being the most preferred course at 13%. This trend is also similar to last year's report where Malaysian parents choose medicine as the preferred course.

In addition, 95% of parents are considering postgraduate education for their child which is a slight drop from last year's figure of 96%, and 80% of them expect to contribute to the cost. Nonetheless, 86% of parents think completing a postgraduate degree is important for their child to get full-time employment in their chosen occupation. The importance of a postgraduate degree to their future job prospects is also shared among parents in China (91%), Indonesia (91%) and Mexico (90%).

Parents in Malaysia are very optimistic about their children fulfilling their potential. While 82% of parents in Malaysia are confident that their child will have a bright future, this sentiment is equally shared by India 87% and China, 84%. 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, followed closely by Malaysia at 75%. In France, only 36% of parents feel confident their child will get a great job.

## **PLANNING AHEAD**

Australia is the most popular choice for Malaysian parents to send their children for overseas university education at 67% followed by United Kingdom (38%) and United States (24%). Globally though, United States is the most popular choice for countries such as Chinese Taipei (70%), China (61%) and Canada (61%) to send their children for overseas university education.

Many parents, when considering university education abroad for their child, have specific criteria in mind when selecting a university – the quality of teaching on offer (67%), the courses the university offers (61%) and the prestige associated with the university (55%). However, 31% of parents do not know how much it would cost for their child to study abroad.

Another option parents have now are digital learning where 69% would consider a university degree for their child which is completely online or incorporates some online modules. This figure is even higher than the global average of 60%. If the online degree is cheaper than the cost of a traditional campus-based degree, it influences a large part in Malaysian parents' consideration (67%) compared to the global average of 60%.

Many parents are making or have made financial sacrifices including reducing their spend on leisure activities (58%), working longer hours in their existing job (31%), contributing less to their own long-term savings or investments (65%) and taking on a job/second job (32%) to help fund their child's education. Globally though, the figures are lower with 40% reducing their spend on leisure activities and 21% working longer hours in their existing job. Additionally, 89% of parents are ready to make personal sacrifices for their child to succeed compared to the global figure of 82%.

"Education is important for many parents judging by the sacrifice they make in terms of time and money to ensure their children gets the best education. Knowing today's highly competitive global job market,

sacrifices and going the extra mile are key drivers for parents to ensure they have the best interests of their child at hand.

Knowing also that the education landscape in Malaysia has changed over time, many parents are willing to pay good money to ensure that their child have the best education, both in terms of academic and lifestyle, something which they couldn't experience in their students days," said Lim Eng Seong, Country Head, Retail Banking and Wealth Management, HSBC Bank Malaysia.

## **Practical steps**

HSBC's research identified four actions that parents can 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.

### **2. Be realistic about the costs**

The costs of educating your children from school to university can be very expensive. Be sure to allocate enough money to support their development and attainment through all stages of their education

### **3. Consider university abroad**

A university education abroad can help your children to be independent and enhance their job prospects. Make sure to plan for all the implications including higher tuition fees, international travel and exchanges rates.

### **4. Prepare for the long term**

Parents can still be paying for their children's education well into their twenties. Understand the extra costs of them studying for longer and consider putting plans in place to fund these should the unexpected happen.

## **Notes to editors:**

### **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.

-Ends-

**Media enquiries:**

Marlene Kaur

+603 2075 3351

[marlenekaur@hsbc.com.my](mailto:marlenekaur@hsbc.com.my)

Gary Mark Nagan

+603 2075 3595

[gary.mark.nagan@hsbc.com.my](mailto:gary.mark.nagan@hsbc.com.my)**About HSBC in Malaysia**

HSBC Bank Malaysia Berhad was locally incorporated in 1984 and is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited (a company under the HSBC Group). In 2007, HSBC Bank Malaysia was the first locally incorporated foreign bank to be awarded an Islamic banking subsidiary licence in Malaysia, and HSBC Amanah Malaysia Berhad, a full-fledged Islamic bank wholly owned by HSBC Bank Malaysia, commenced operations in August 2008. HSBC in Malaysia has a network of 68 branches nationwide, of which 26 are HSBC Amanah Malaysia Berhad branches. HSBC Amanah Malaysia Berhad also has offsite ATMs established in 25 locations nationwide. In 2006, HSBC was the first foreign bank to be awarded a Takaful (Islamic insurance) license in Malaysia. HSBC Amanah Takaful (Malaysia) Sdn Bhd, a joint venture between HSBC Insurance (Asia Pacific) Holdings Limited (49% shareholding), Jerneh Asia Berhad (31% shareholding) and Employees Provident Fund Board of Malaysia (20% shareholding) commenced operations in August 2006.