

News Release

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71% parents in India would take on debt to fund their children's university education

- *71% of parents were willing to go into debt to fund their children's university education*
- *41% of parents said that funding their children's education is more important than contributing towards their own retirement savings*
- *86% of parents fund their child's education*
- *Only 1% of children currently at university help to fund their own education*

HSBC's latest edition of the Value of Education *Foundations for the future* study found that a vast majority (71%) of parents in India were willing to go into debt to fund their child's university or college education. This rose to 76% among those parents considering a university education abroad for their child.

The study found that fathers (78%) and younger parents aged 34 or under (77%) were more likely to consider getting into debt to fund their child's university or college education, than mothers (64%) and parents aged 35 or over (68%).

Of the total number of parents surveyed in India, 41% felt that funding their child's education was more important than contributing to their own retirement savings. The study found that mothers (45%) were more likely than fathers (37%) to believe that contributing to their own retirement savings was less important than funding their child's education.

Many parents (65%) said that paying for their child's education made it more difficult to keep up with other financial commitments. Parents with a child at university or college were spending around INR 205,000 a year on average on their child's education. However, nearly one in 10 (9%) parents did not know how much they spent each year on their child's university or college education.

HSBC's study found that parents shoulder most of the financial responsibility when it comes to paying for their child's education, and while the majority (70%) fund it from their day-to-day income, many have saved towards it or would be willing to get into debt to fund their child's university or college education. In India, a vast majority of parents (86%) fund their child's education.

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The Hongkong and Shanghai Banking Corporation Limited



While nearly all (97%) parents surveyed in India expected to be the main contributor of funding should their child go to university, over one in eight (13%) expected their child to contribute to funding their own university costs. However, only 1% of children currently at university help to fund their own education.

The survey also found that over two in five (44%) parents were concerned about how to fund their child’s education (e.g. from day-to-day income, loans or savings) and a similar proportion (41%) were concerned about how much it will cost them. Other concerns parents had about funding their child’s education included, what to fund (39%) and how it would affect their household’s other financial commitments (37%). Parents considering a university education abroad for their child were the most concerned about how much it will cost them (44%).

S. Ramakrishnan, Head of Retail Banking and Wealth Management, HSBC India said:

“The financial sacrifices that parents are willing to make to fund their children’s education are proof of the unquestioning support they will give to help them achieve their ambitions. However, parents need to make sure that this financial investment is not made to the detriment of their own future wellbeing.”

“By having a financial plan to meet their family’s overall needs and reviewing it regularly, parents will be better placed to support their children’s studies without compromising on their own long-term financial goals.”

Global Highlights:

| Country | % of parents willing to go into debt to fund their child’s university education | % of parents who believe that contributing to their retirement savings is less important than their child’s education | % of parents currently funding their children’s university education | % of parents funding their children’s education from day-to-day income | Average amount parents say they are spending towards their child’s university education (USD per year) |
|----------------|---|---|--|--|--|
| Average | 60% | 49% | 84% | 78% | 7,631 |
| China | 81% | 61% | 89% | 81% | 5,718 |
| Mexico | 74% | 53% | 87% | 83% | 3,807 |
| India | 71% | 41% | 86% | 70% | 3,211 |
| Hong Kong | 67% | 48% | 85% | 77% | 16,182 |
| Indonesia | 66% | 35% | 89% | 84% | 2,655 |
| Taiwan | 64% | 49% | 77% | 89% | 8,188 |
| UAE | 64% | 41% | 87% | 70% | 18,360 |
| Egypt | 62% | 59% | 97% | 90% | 1,210 |
| USA | 60% | 37% | 79% | 61% | 14,678 |
| Malaysia | 57% | 38% | 86% | 80% | 8,720 |
| Canada | 54% | 43% | 81% | 66% | 5,990 |
| Singapore | 52% | 55% | 95% | 71% | 15,623 |
| France | 46% | 70% | 91% | 86% | 5,465 |
| Australia | 44% | 54% | 58% | 75% | 5,146 |
| UK | 43% | 47% | 67% | 77% | 6,566 |

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Notes to editors

The Value of Education *Foundations for the future* report was published in June 2016 and represents the views of 6,241 parents in 15 countries and territories around the world: Australia, Canada, China, Egypt, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, United Arab Emirates, United Kingdom and United States. The findings are based on a survey of parents from a nationally representative sample in each country who have at least one child aged 23 or younger currently (or soon to be) in education. Over 350 parents (including 150 with a child at university or college) were surveyed in all countries. The research was conducted online by Ipsos MORI in February and March 2016, with interviews in Egypt conducted face-to-face. .

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