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UK PARENTS STRUGGLE TO SEND CHILDREN TO UNIVERSITY ABROAD

- Two thirds of UK parents would consider sending their child to university abroad
- Parents say they are willing to spend 18% more for an overseas education
- But actual cost is 74% more, leaving a £34,090 shortfall

Two thirds (67%) of UK parents would consider sending their child to university overseas, and more than nine in ten (91%) parents plan to contribute to their children's tuition fees and/or living costs. However, UK parents fall short of the amount needed to send a child to university abroad by over £34,000, according to new analysis by HSBC.

Parents say an overseas education offers their children the chance to become more knowledgeable about the wider world, learn another language and experience different cultures, but the cost could be prohibitive for many when compared to an education at home in the UK.

The total cost of an undergraduate degree in the UK (including tuition fees and living costs) for a domestic student is £60,876. Out of the sixteen countries researched by HSBC, this makes the UK the third most expensive destination for undergraduates studying in their own country, beaten only by the UAE (£61,457) and Hong Kong (£62,755).

On average, UK parents are willing to spend 18% more than the cost of a domestic undergraduate degree – or £10,958 – to send their child to university abroad. While seemingly generous, parents in the UK are willing to spend the least extra on this. Parents in India, who are the most generous when comes to paying extra for an overseas education, are prepared to spend 60% more.

This is also far below the amount that is actually needed to send a student to study at a university abroad. The USA is one of UK parents' preferred destinations¹ for an overseas education and is also the most popular overseas study destination among students². The cost of an undergraduate degree here is 74% or £45,048 more than it is in the UK, with a total cost of £105,924. As a result, UK parents face a shortfall of £34,090 between the amount they are willing to spend and the amount required for an overseas education.

With 44% of parents saying they have not yet started saving any money towards their child's university costs, bridging this gap will be a tall order for most.

Table 1: Cost of an undergraduate degree in the UK and abroad

¹ The USA was rated highly by UK parents for quality of education

² OECD Education at a Glance report, 2014

Total cost of undergraduate degree in UK for domestic student (tuition fee + living cost)	Amount extra parents are willing to pay ³	Amount extra needed to fund degree in USA	Total cost of undergraduate degree for international student (tuition fee + living cost)	Shortfall
£60,876	£10,958 (+ 18%)	£45,048 (+74%)	£105,924	£34,090 (56%)

Caroline Connellan, Head of UK Wealth for HSBC, said:

"Most parents today recognise that children have great opportunities to travel and experience different cultures as part of their education. Many parents believe an international education can help their child stand out from their peers in a job market which has become increasingly difficult.

"This is why many parents are willing to send children abroad at university to study, and pay more for the experience compared to what they would pay to educate their child at home.

"Parents need to be realistic and understand the significant financial commitment sending a child to university, home or abroad, can be.

"Being prepared by understanding options available to save and taking action early can give parents the confidence that they can help support their children through future education."

- ENDS -

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Notes to Editors

Methodology

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.

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US\$2,572bn at 30 June 2015, HSBC is one of the world's largest banking and financial services organisations.

³Compared to the cost of a domestic university education