

# Press Release

Jakarta, 22 August 2017

## Education increasingly determines the future, Indonesian parents to spend approximately Rp 239 million for funding children's education from primary to bachelor's degree (S1)

- 96% of Indonesian parents are expecting their children to complete their master's degree/post graduate.
- 84% of Indonesian parents disburse their routine income to fund their children education.

The recent HSBS study entitled The Value of Education, Higher and Higher, reports that the average cost to spend by parents in Indonesia to fund children's education from primary level to bachelor's degree is approximately USD 18.422 or equivalent Rp 239.486.000,- (USD 1 = Rp 13.000). The expense includes tuition fee, books, transportation and accommodation. It is still lower compared to that spent by parents at the global level which reaches USD 44.221 or approximately Rp 547.873.000. Parents in Hong Kong are reported to spend the largest education spending, totaling USD 132.161 or approximately Rp 1.718.093.000,-

Countries	Average parental spending (USD)*
Global	44.221
Hong Kong	132.161
United Arab Emirate	99.378
Singapore	70.939
United States	58.464
Taiwan	56.424
China	42.892
Australia	36.402
Malaysia	25.479
England	24.862
Mexico	22.812
Canada	22.602
India	18.909
Indonesia	18.422
Egypt	16.863
France	16.708

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Worldwide, the main source of current education cost is from parents themselves (87%) and 85% of them are committed to providing education cost up to university level. Regardless of loans facilities for high school and university students, it is reported that only 15% of them are funding their own education, 16% from government scholarship, whereas the remaining 8% rely on university scholarship.

**Steven Suryana, Head of Wealth Management, PT Bank HSBC Indonesia, says “ Parents believe that complete and quality education is a key success for children in the highly competitive work market. HSBC realises that parents’ commitment throughout the world, including Indonesia, is exceptionally high. They are willing to invest their time and money, even sacrificing other needs for their children’s best education and bright future.”**

## **MEDICAL STUDIES ARE THE PARENTS’ FAVORITE DEPARTMENT FOR THEIR CHILDREN’S SUCCESS.**

Parents’ ambition to their children’s future is observed from their preferable department they choose for them. Globally or in Indonesia, the medical department is still the favorite choice. In Indonesia, the medical department is on the top list (21%), followed by informatics (18%), business, management and finance (12%), engineering (9%), architecture (6%).

Post graduate/master’s degree is believed by 91% of parents worldwide as the best preparation for their children’s future. The importance of post graduate studies to ensure the future job is also shared highly by parents in Indonesia (91%), China (91%) and Mexico (90%).

## **LOWER LEVEL OF PLANNING AWARENESS**

Despite their high commitment to provide the best education for their children, few parents haven’t prepared special funding to meet the needs. Almost three fourth of parents worldwide (74%) rely on their monthly income to finance their children’s education, whereas almost one fourth (22%) admit that they do not know the size of contribution they have to save annually. Many parents (82%) eventually have to be willing to sacrifice their personal needs for the sake of their children’s education, such as reducing allocation for leisure (40%), slashing allocation for savings and investment (20%), or increasing work hours (21%) and searching new extra job (18%).

“Parents, including those in Indonesia, need to be encouraged to have a long-term, strategic financial planning to make the education spending a priority without sacrificing other needs. Amid the decreasing interest rates, the majority of parents in Indonesia still rely on their time deposit to meet their children’s education. Under various products, the Wealth Management program from HSBC is able to assist parents to have a better planning,” says Steven.

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