

## **Recognize These Three Risks Before Sending Your Child to Study Abroad**

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In recent months, I have frequently been asked about the prospects of sending children to study overseas. Naturally, these questions are often directed to me because studying abroad is closely tied to financial planning. However, this time, I also encountered a new concern: the safety and security of destination countries for children's education. After several discussions, I realized one thing, deciding to send children abroad has now become a more complex matter for parents.

As a mother of two children currently studying abroad, I understand these concerns well. In the past, affluent families in Indonesia mainly focused on preparing sufficient funds to secure degrees from prestigious international universities. This goal was considered a major investment, symbolizing success and social status. An HSBC survey<sup>1</sup> revealed that parents are even willing to allocate up to 66% of their retirement savings to finance their children's education abroad.

For context, a three- or four-year program in the "big four" destinations United States, United Kingdom, Australia, and Canada can cost up to USD 256,000 per child. Such a significant investment calls for a more thoughtful approach to avoid disappointing outcomes.

Yet today, I believe parents need to broaden their perspective in light of global uncertainties from economic conditions to political dynamics in destination countries. The rapidly shifting global landscape can affect a child's international education plan. Imagine if all the funds were ready, but suddenly your child could not pursue their studies due to policy changes that tightened international student visa requirements.

### **Three Key Risks**

In today's turbulent world, new perspectives can be adopted through risk management. At least three main risks call for more proactive strategies. First, exchange rate risk. I still recall the panic among parents during the 2008 financial crisis when the rupiah depreciated sharply, with the USD/IDR rate jumping by 33% from IDR 9,000 to IDR 12,000.

Given today's ongoing trade tensions, drastic currency fluctuations remain a possibility. This would inevitably increase tuition fees and living costs for children studying abroad.

Second, geopolitical risk in destination countries. Recently, we witnessed sudden changes to student visa policies in the US and Canada, stemming from geopolitical tensions. Such risks are not limited to US – China relations. In several countries, the risk of war remains, while political unrest can break out unexpectedly threatening both children's safety and the continuity of their studies.

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<sup>1</sup> [The HSBC Quality of Life Report 2024](#)

Third, domestic economic and political risks. A family's ability to finance education abroad ultimately relies on domestic stability. The slowdown in global growth has already affected Indonesia's economy. The World Bank projects global growth at only 2.3% in 2025, lower than previously forecast<sup>2</sup>.

### **Adopting New Perspectives**

Borrowing Daniel Kahneman's concept in *Thinking, Fast and Slow*, parents may benefit from adopting a slower, more deliberate way of thinking - marked by conscious effort and deep analysis before finalizing education plans. Sudden global shifts are inevitable, but applying financial intelligence with careful consideration can minimize risks for children pursuing studies abroad.

For example, currency risk can be mitigated through diversification. Affluent families can expand their portfolios across multiple foreign currencies, global equities, or other instruments less sensitive to rupiah movements. Parents may also consider saving regularly in several currencies as a hedge against depreciation.

*The Family Barometer*<sup>3</sup> survey by PwC and Julius Baer highlights that wealthy families also diversify assets geographically to hedge against geopolitical turbulence. Families prefer asset allocations in politically stable countries to safeguard their wealth from devaluation risks.

Beyond safety concerns, political unrest may also lead to unforeseen costs. For instance, in case of riots requiring urgent medical care, families may face significant additional expenses since university-provided insurance often covers only basic health services.

Another crucial step is recalculating education budgets in detail. Traditionally, affluent families only considered tuition fees and living expenses. Now, given the volatile global environment, unexpected costs must be factored in. For example, if visa restrictions prevent a child from entering their planned destination, parents may need emergency funds to redirect them elsewhere—where costs could differ greatly.

As geopolitical and trade dynamics shift, new destinations are emerging. Recently, many Indonesian families have shown a preference for Singapore due to its proximity. An HSBC survey found that 62% of affluent families are willing to compromise on university rankings as long as the location is closer to home. This reflects a shift away from the "big four" destinations (U.S., UK, Australia, and Canada).

Asian universities in Singapore, China, Hong Kong, and South Korea are gaining popularity due to rising global rankings<sup>5</sup>. Other positive factors include lower living costs, faster visa processes, geographical and cultural proximity, and more English-language program options.

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<sup>2</sup> <https://www.worldbank.org/en/publication/global-economic-prospects>

<sup>3</sup> <https://www.pwc.ch/en/insights/fs/family-barometer-2024.html>

Opportunities for part-time work during and after graduation are also greater in countries like South Korea and Japan, which face shortages of working-age populations<sup>6</sup>. Choosing Asian universities allows parents to reallocate savings from lower tuition and living costs toward better housing arrangements.

Parents should carefully weigh whether to rent or buy property abroad, especially if they expect their children to build careers or businesses there after graduation. Property investment decisions must be well thought out to avoid disrupting other financial allocations.

The world may be unstable, but that does not mean international education plans are unattainable. Developing new perspectives, especially financial intelligence provides a practical way to reduce parental anxiety about children's futures.

In a more connected yet unpredictable world, it is vital for parents to adopt a strategic mindset one that children can observe and learn from for their own futures. Sending children

abroad is not merely about spending money. For affluent families, it is also an opportunity to transfer both intellectual and financial wealth across generations.

Beyond being a symbol of success and social status, parents hope that international education will equip their children with valuable experiences and networks. Ultimately, their wish is the same: that overseas education will empower their children to multiply and sustain the family's business and assets for generations to come.

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<sup>4</sup> <https://mail.hsbc.com.hk/id/emailblast/MKT/2024/tnc/HSBC-Quality-of-Life-2024-Report.pdf>

<sup>5</sup> <https://monitor.icef.com/2025/03/asian-universities-continue-to-rise-in-latest-qs-subject-rankings/#:~:text=The%20latest%20QS%20World%20University,%2C%20Singapore%2C%20and%20South%20Korea.>

<sup>6</sup> <https://monitor.icef.com/2024/10/beyond-the-big-four-how-demand-for-study-abroad-is-shifting-to-destinations-in-asia-and-europe/>