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62% Egypt parents willing to get into debt to finance their children's education

- *Parents in Egypt perceive paying for their children's education as more important than contributing to their own retirement savings*
- *9 in 10 parents in Egypt are funding their children's education from day-to-day income*
- *Nearly half (48%) have paid into a savings account specifically for their children's education*

Cairo, Egypt: Despite the different burdens borne by parents in Egypt, education for their children is perceived by most as one of their biggest and most important commitments. Parents are doing what they can to ensure their children get a proper head start for their careers, hoping that education will increase their chances of employability and income generation in the future.

The Value of Education: Foundations for the Future, a survey of 6,241 people across 15 countries and territories, including 353 parents in Egypt, provides insights into parents attitudes and behaviours toward their children's education around the world. The annual report published by HSBC found that parents in Egypt are willing to go into debt to finance their children's education.

Aspirations of parents

An overwhelming majority of parents in Egypt have a preferred occupation in mind for their children (91%), and this preferred occupation is mostly based on income-earning potential (52%), and the perceived benefit to society (52%).

To improve their children's employability, most parents (88%) agree that their child gaining work experience specific to their chosen occupation will increase their chances of finding full time employment in that occupation. Learning a foreign language (90%), completing an undergraduate degree (90%), taking an accredited training course (88%), as well as post-graduate degrees (81%) are all seen by parents as strong drivers of their children's employability.

While a majority of parents (93%) view completing a university education abroad with benefits such as increasing confidence (49%), foreign language skills (49%), and improved income-earning potential (45%), only 10% parents in Egypt would consider a university education for their child abroad, compared to a global average of 35%. This number can be attributed to economic factors, culture, and the existence of a number of relatively strong educational institutions in Egypt.

Allan Goodman, President and CEO of the Institute of International Education comments: “Egypt has not had a strong tradition of pursuing education abroad, and, despite growing interest, recent economic challenges and currency fluctuations make it less likely that Egyptian students will look outside of their own country for higher education opportunities at this time unless they are able to secure financial assistance.”

With the growing presence of private learning institutions (especially undergraduate), education in Egypt is clearly becoming more costly than it used to be. Funding it requires better preparation and increased resources.

Funding – where does the money come from?

The vast majority of parents (90%) are funding their children’s education from day-to-day income and given the high cost of education this option seems unsustainable. As a result, over three in five (62%) parents would be willing to go into debt to support their child through university or college education.

Mustafa Ramzi, Head of Retail Banking and Wealth Management of HSBC Egypt, commented on the report, saying: “It is encouraging to see that nearly half (48%) of Egypt parents have paid into a savings account specifically for their children’s education. However, considering a majority are using day-to-day income and 62% are willing to get into debt, parents need to not only start saving early, but they also need to save wisely. Planning ahead and speaking to expert financial advisors will help parents avoid surprises and allow them to meet the aspirations they have for their children’s education and careers.”

Balancing commitments

Parents in Egypt prioritise saving for children’s education over retirement savings (59%), or paying household bills (59%) and credit card bills (58%). This varies with gender. Mothers (64%) are more inclined than fathers (55%) to believe that paying for their children’s education is more important than paying the rent.

This variance manifests itself across different income levels. Households with a monthly income of more than 10,000 EGP are more likely to put funding their child’s education ahead of their own retirement savings (71%), than households with an income of less than 5,000 EGP (57%).

Yet when it comes to holidays, parents would be more likely to sacrifice paying for their children's education than sacrifice paying for their holidays, if they had to cut back on their expenses. 9% say that their child's education is the financial commitment they would be least likely to sacrifice, while in contrast 14% would not give up paying for their holidays or other trips.

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