# ACUMEN'S KEY TRENDS IN SOUTHEAST ASIA

2024

acumen.education

ACUMEN
PART OF SANNAM S4 GROUP

# CONTENTS

# SECTION 1: OVERVIEW & SUMMARY

We are delighted to present "Acumen's Key Trends in Southeast Asia 2024", Acumen's first annual report on five key trends shaping international education in Southeast Asia.

Southeast Asia is a major source region for outbound international students and a key region for transnational education programmes (TNE). Many international institutions are increasingly looking at Southeast Asia with diversification objectives in mind, including market diversification, delivery models, subject areas and levels of study.

Our Key Trends report is designed to provide the international education sector a birds' eye view of developments in the region and how these may impact engagement in Southeast Asia in the coming years.

The five trends we have chosen are of course subjective but taken collectively aim to address key themes - competition, delivery modes, market channels - across key markets in Southeast Asia, with a particular focus on Malaysia, Vietnam and Indonesia.

Together with our 2023 Vietnam Voices report on Consumer Attitudes towards TNE, this report is a further demonstration of Acumen's commitment to supporting international education sector in Southeast Asia. We hope you find the report insightful!

**HAIKE MANNING**

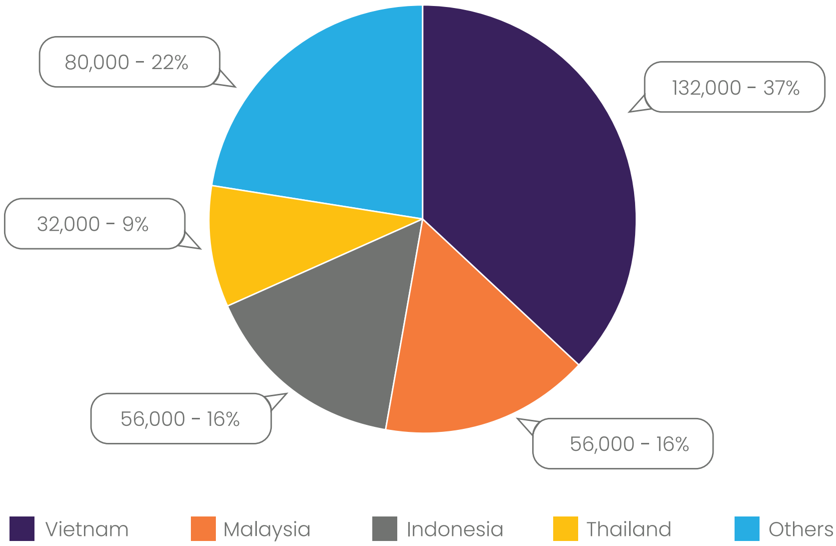
*Executive Director Southeast Asia*

Acumen January 2024

## 1.1 THE REGION

In 2022, more than 350,000 students from Southeast Asia were studying higher education abroad, making Southeast Asia the third largest region globally for outbound student mobility, after China and India. Within the region, Vietnam is by far the largest market for outbound students, with Indonesia, Malaysia and the Philippines also major outbound markets.

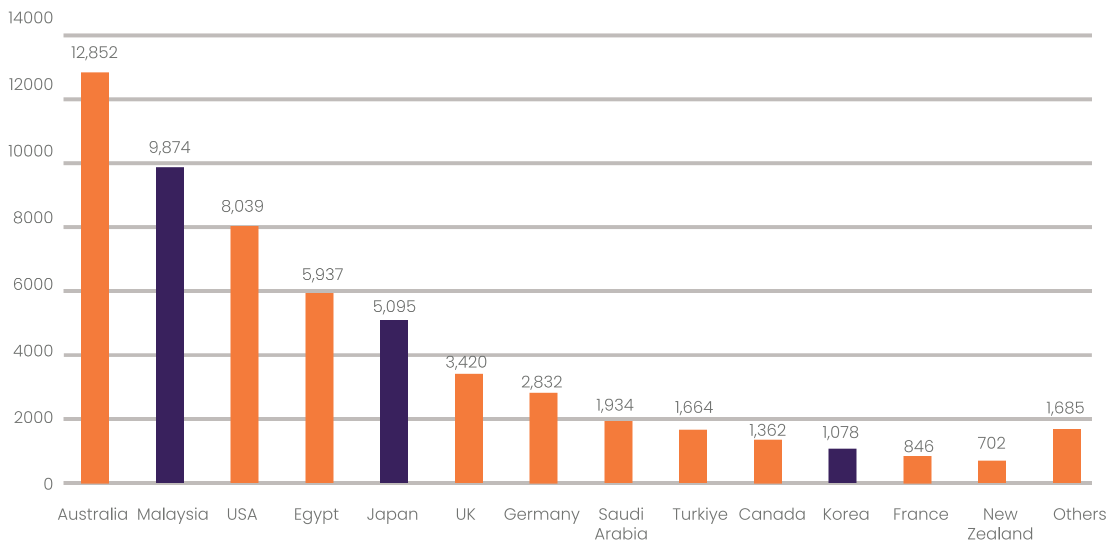
### Outbound Higher Education Student Flows From Southeast Asia By Source Country




Source: UNESCO global student flows 2021/22, accessed Oct 2023

While traditional English speaking destinations are popular for outbound students, what the data also shows is the increasing popularity of destinations within Asia, such as Korea, Japan and Malaysia, for example in the case of Indonesia below:

### Key Study Abroad Destinations for Indonesian Students (2021)

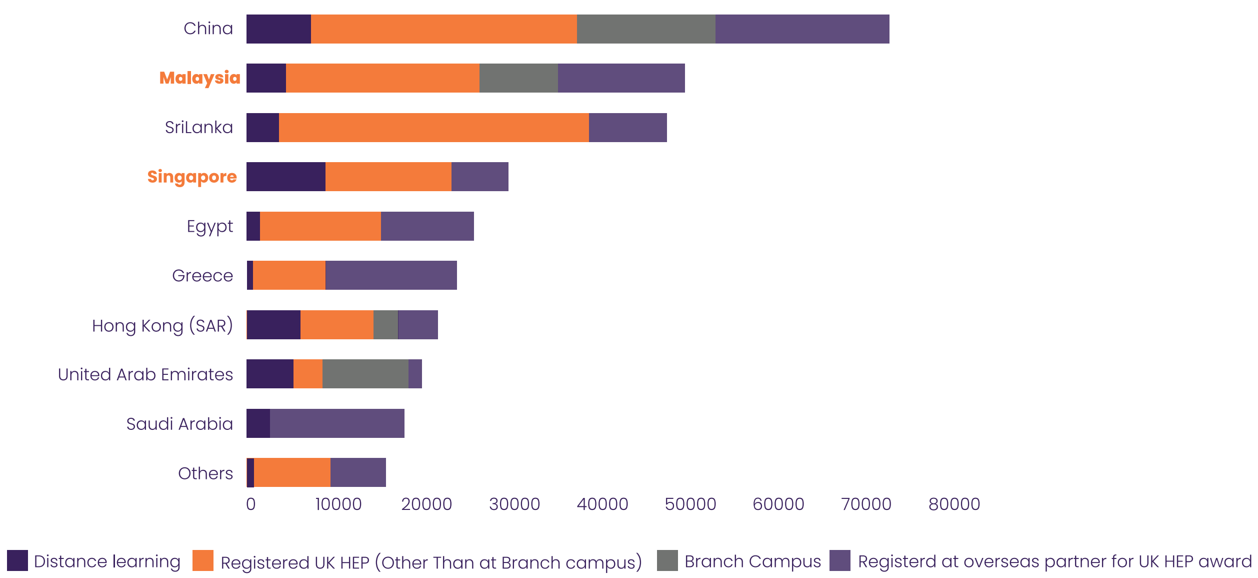



Source: UNESCO global student flows

The region is also a major focus for Transnational Education (TNE); for example:

- Two of the UK's top 10 TNE markets globally are in Southeast Asia, while Vietnam has been the UK's fastest growing TNE market globally in recent years and is now the UK's 3rd largest TNE market in the region.

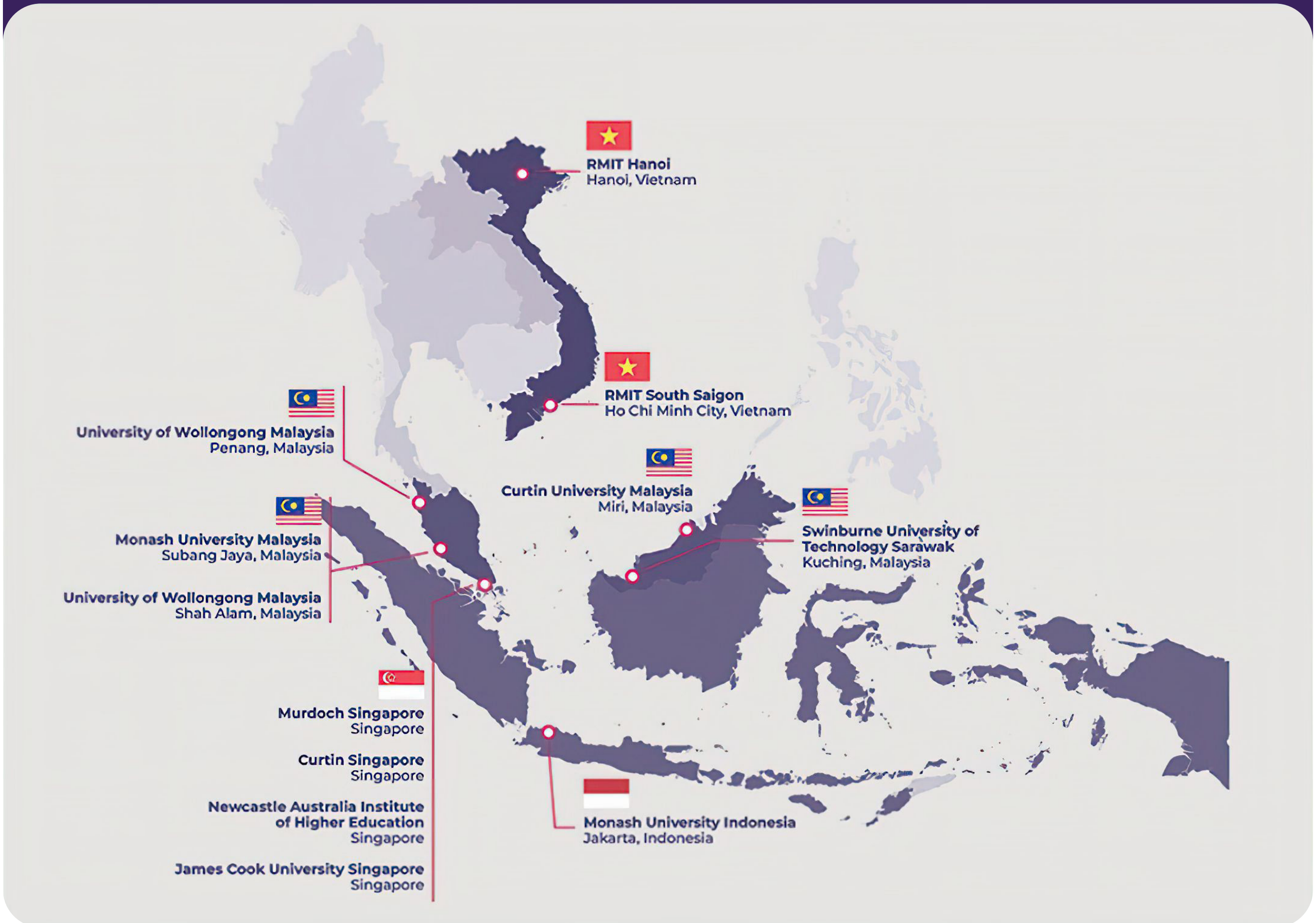
## Top 10 Host Countries For UK TNE (2021/2022)




Source: British Council (2023) based on HESA data

- Southeast Asia is also a key region for provision of Australian TNE, with an increasing number of branch campuses established across Singapore, Malaysia, Vietnam and Indonesia. In 2021, more than 53,000 students were studying Australian TNE programmes in Singapore, Malaysia and Vietnam.

## Australian branch campuses in Southeast Asia




Source: Australia's Southeast Asia Economic Strategy to 2040, September 2023

- In large emerging markets such as Vietnam and Indonesia, in the last three years there has been a noticeable uptick in activity to move towards in-country provision, with the growth in the 'campus within a campus' model in Vietnam, and the establishment of four branch campuses in Indonesia: three from Australia, and one a joint venture between Lancaster University and Deakin University.

## 1.2 KEY DRIVERS FOR INTERNATIONAL EDUCATION IN SOUTHEAST ASIA

**The following key drivers underpin continued strong growth in international education:**

### 1 DEMOGRAPHICS

Southeast Asia is experiencing a youth bulge, with a large and growing population of young people seeking higher education. This demographic trend fuels the demand for both international and transnational education options.

- There are 168 million young people (0-14 years) in Southeast Asia, representing 25% of the total population

Source: ADB Key Indicator Databases 2023

### 2 ECONOMIC AND INCOME GROWTH

The region's economic development has led to a rising middle class with the financial capacity to pursue higher education, including TNE programmes offered by foreign institutions. Southeast Asia is home to some of the fastest growing economies in the world, led by Indonesia, Vietnam, and the Philippines.

- Over the past 30 years, Vietnam's economy has grown at an average of 6.8% per year; the second fastest growing economy in the world during this time, after China.

Source: Southeast Asia's Pursuit of the Emerging Market's Growth Crown, Bain & Co (2022)

### 3 GOVERNMENT SUPPORT

Governments in Southeast Asia are actively supporting TNE initiatives by implementing policies that encourage partnerships, collaborations, and the establishment of branch campuses. These policies create a conducive environment for institutions to expand their TNE offerings.

### 4 SUPPLY SIDE CONSTRAINTS

Some local education systems in Southeast Asia face both capacity and quality constraints, opening up further opportunities for international education providers.

- In 2021/2022 only 550,000 places were available for new enrolments at Vietnamese universities, for 795,000 applicants - a shortfall of almost 250,000 places.

Source: Vietnam Ministry of Education & Training figures

### 5 INTERNATIONAL OUTLOOK

Many families in the region (particularly parents) are now more familiar with international education and the opportunities presented by student mobility and foreign qualifications. This makes both study abroad and TNE attractive options.

- 85% of Vietnamese parents surveyed for Acumen's 2023 Vietnam Voices report expressed an openness to international education delivered in Vietnam, with a clear preference for international programmes over local programmes.

## 1.3 INTRODUCTION TO THE FIVE KEY TRENDS

**This report offers readers our take on five of the key trends we assess will impact the international education sector in Southeast Asia in 2024, relating to student mobility as well as transnational education. Our five key trends are:**

### 1 THE RISE OF INTRA-ASIAN STUDENT MOBILITY

The post-pandemic era has reshaped study preferences, ushering in a new era of intra-Asia student mobility. Travel hesitancy, financial constraints, the rise of regional transnational education options and growing soft power (think K-Pop) are contributing to increased demand from students in Asia seeking to study within Asia.

- How might this trend impact outflows of international students to traditional English speaking destinations?
- What opportunities does this present for innovative transnational education in Southeast Asia?

### 2 THE NEXT GENERATION OF TNE

Southeast Asia is a major region globally for TNE, dominated by Australia and the UK. Singapore and Malaysia have led the way; some Malaysian institutions in particular are now engaging in TNE in other developing countries, such as Vietnam and Bangladesh. At the same time the large emerging markets of Indonesia and Vietnam are witnessing rapid growth in TNE delivery in all its forms.

- Where are the opportunities for TNE in the region?
- How are modes of TNE provision changing?

### 3 THE GROWTH OF INTERNATIONAL AND BILINGUAL SCHOOLS

The number of international, dual curricula and bilingual schools has grown substantially in key Southeast Asian markets in recent years, providing better preparation and efficient pathways for students seeking international tertiary education options. It also signals that a growing cohort of parents have the financial means to invest significant amounts in their children's education for many years.

- How does this impact market segmentation and recruitment strategies?

## 4 SHIFTING PATTERNS OF DEMAND IN MALAYSIA

Malaysia has been an important source of international students for Australia, New Zealand and the UK for many years. The UK in particular has been a study destination of choice, particularly for undergraduate studies. The total number of Malaysian students going abroad for study has not however recovered to pre-pandemic levels.

- Is there a shift in preference towards postgraduate programmes and employability outcomes?
- How are local pathways to international study changing?
- Are there changes in programme preferences?

## 5 THE EVOLVING ROLE OF EDUCATION AGENTS

Consumers are becoming increasingly sophisticated and savvy to the many international education options available to them, and are now able to do much of the initial research on study options themselves. International education providers are able to engage directly with consumers in ways that were never possible before. There remains however a strong desire from consumers for agents to offer counsel on the best options, and to provide guidance and support throughout the enrolment and visa application process.

- How are agents responding to this, and where do they see they are able to add most value to their customers?
- What does this mean for institutions that work closely with agents?

## 1.4 KEY INSIGHTS FOR INTERNATIONAL PROVIDERS

**The impacts of these key trends on international providers are described in more detail in section 2 of this report, but our key insights can be summarised as follows:**

### 1 INTRA-ASIA MOBILITY

Japan and Korea are now top 5 destinations for outbound higher education students from Vietnam, Indonesia, and Malaysia.

Competition for Southeast Asian students from within the region is set to increase, with more active engagement by regional economies such as Japan, Korea, Hong Kong and Taiwan, and a strong focus on employment outcomes.

### 2 TRANSNATIONAL EDUCATION (TNE)

TNE remains a key part of the international education landscape in Southeast Asia. Market dynamics are increasing the focus on TNE as a cost-effective, safe option in established markets such as Malaysia, while regulatory changes in Vietnam and Indonesia, coupled with a demand/supply gap will see significant opportunities for international providers in those markets.

### 3 SCHOOLS

In recent years there has been significant growth in international and bilingual schools across the region, particularly in markets in Vietnam and Indonesia. The considerable growth in the number of enrolled students at these schools (for example, 56% in Vietnam in the 5 years to July 2023) demonstrates that these markets are perhaps not as price sensitive as they are presented to be; it also means that many students from these markets will be far better prepared for international tertiary study in future.

### 4 MALAYSIA

The Malaysian market remains overwhelmingly an undergraduate market for outbound students, although we are seeing an increase in the proportion of Malaysian students undertaking postgraduate studies abroad. Within Malaysia itself however there is increasing recognition of the importance of postgraduate studies for employment outcomes. Malaysia remains the 3rd most important market for outbound higher education students from the region.

### 5 AGENTS

Education agents play a key and evolving role in the international education sector in Southeast Asia. Institutions should be aware of (and be able to respond to) the trends towards vertical integration of services throughout the customer journey, along with an ever increasing focus on customer experience.

*16% of the world's top 200 institutions are now in Asia according to the 2024 THE World University Rankings.*

## 1.5 OUR TOP LINE RECOMMENDATIONS

**Here are our overall top line recommendations for how institutions might respond to these trends in Southeast Asia.**

1. **Improve the customer experience across all touchpoints of the customer journey:**
   - Invest in agent relationships and provide active, timely support.
   - Focus on activities that will lift offer to enrolment conversion: responsiveness is key.
2. **Emphasise the ROI of study at your institution:**
   - The unique features and benefits - including life experience - of studying at your institution.
   - The work integrated learning and employment opportunities that may result from study at your institution.
3. **Provide more study pathway options:**
   - Consider new TNE and transfer options to provide flexible pathways to study at your institution, at different price-points. This is an important response to shifts in the Malaysia market.
   - Ensure that new and existing TNE programs are fully meeting local and home country quality standards, as the focus on quality will grow.
4. **Balance your investment between established and emerging markets in Southeast Asia:**
   - Focus investment on emerging as well as established markets in the region, particularly those with large young populations, such as Indonesia, Vietnam and the Philippines, where the addressable market will continue to increase.
5. **Be visible & present:**
   - Building trust and being easily available to meet with stakeholders is key to all markets within the region.
   - Understanding the diverse cultural landscape is key in ensuring brand visibility.

## NEXT STEPS

**We hope you find this report informative and would welcome your feedback. We are particularly interested to know which of the five trends is of most interest to you. Please complete our brief survey via the QR code on how you rank the five trends in terms of impact on your institution; we will share the aggregated responses in future updates.**

**FOR MORE SPECIFIC RECOMMENDATIONS, ADVICE, OR COMMENTS PLEASE REACH OUT TO OUR TEAM:**

# SECTION 2: ACUMEN'S FIVE KEY TRENDS

## TREND #1 Growth in Intra-Asia student mobility

### OVERVIEW

Intra-Asia student mobility is on the rise.

Southeast Asia and North Asia, both key source regions for English-speaking study destinations, are becoming destinations in their own right for international students from across the region.

Japan is now a top 5 study destination for higher education students from Vietnam, Indonesia and Malaysia, while Korea is a top 5 destination for Vietnamese students.

Proximity and affordability, along with enhanced reputations for academic excellence and student safety, are key decision factors for Asian parents and students alike.

*"Students can now enjoy the 'Best of Both Worlds' in Asia, a blend of cultural comfort and academic excellence. They benefit from the academic excellence and global reputation of renowned institutions [both local and via transnational education] while remaining within the comfort and familiarity of their own cultural and geographical surroundings."*

**SHEIKH FAHMY BIN SHEIKH MOHAMED**
*Vice President*
Group Strategy Office, UCSI Group (Malaysia)

# KEY FACTORS

**Traditionally, students from Southeast Asia have sought education opportunities in English-speaking destinations such as Australia, Canada, New Zealand, the United Kingdom, and the United States. While demand for these prestige destinations remains solid in Southeast Asia, alongside this, we are seeing growth in intra-Asia student mobility due to a combination of factors.**

## TRAVEL HESITANCY

Post pandemic travel restrictions and unpredictability, coupled with health and safety concerns, have contributed to heightened travel hesitancy among students and their families. As a result, many students and parents across the region now prefer study destinations which are closer to home.

## FINANCIAL CONSTRAINTS

Rising living costs, coupled with global economic challenges, have placed some families in Southeast Asia under more financial strain. Weaker local currencies against the US dollar are impacting the cost of study in the United States. For families 'on the margins', destinations within the region are shaping up as a cost effective and practical choice.

## EMERGING ACADEMIC EXCELLENCE

Education institutions across Asia are enhancing their reputation for academic excellence. In the 2024 THE World University Rankings, two Chinese universities featured in the top 15 for the first time and a total of 33 Asian universities ranked within the top 200, up from 28 in the previous year. In the 2024 QS World University Rankings, the National University of Singapore ranked #8, becoming the first Asia-based university to break into the global top 10.

## INCREASED SUPPLY OF TRANSNATIONAL EDUCATION (TNE)

Malaysia, Singapore and arguably Vietnam are established TNE hubs, through which foreign institutions from Australia and the UK in particular deliver stand-alone qualifications via branch campuses or programmes that facilitate a pathway to study abroad. These programmes provide students in the region with the convenience and affordability of studying close to home as well as greater choice of provider and price points.

## SOFT POWER

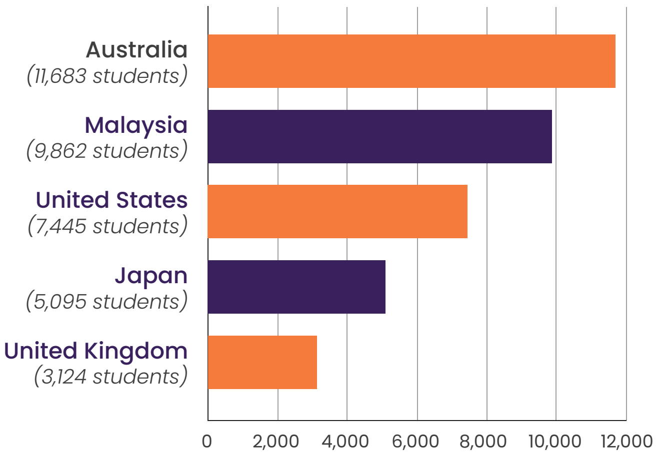
Many countries across Asia have been successfully exporting music, gaming, films and streamed content. These cultural phenomena attract international students to experience the country first-hand and also boost interest in language learning, especially for Japan and South Korea. Alongside pop culture, scholarship schemes are also an important soft power tool. Japan for example provides scholarships to students from across ASEAN for high school exchanges, full degree university study and research partnerships.

## EMPLOYMENT OPPORTUNITIES

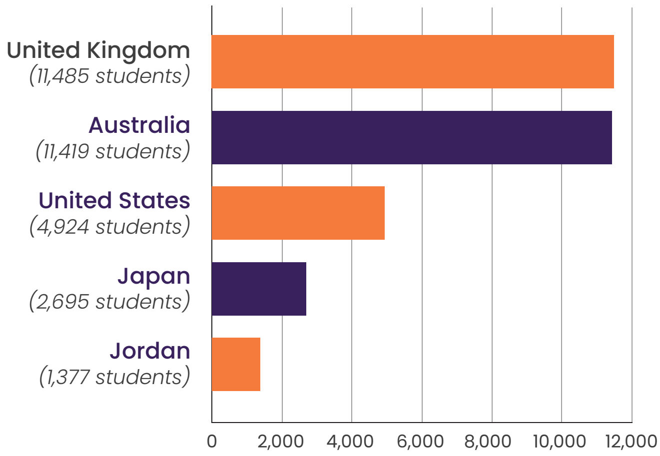
Countries such as Japan and Korea are also more directly linking study to work opportunities, as a response to labour market shortages as their populations age. This can create a compelling ROI story, in which students not only benefit from lower tuition fees but also a clear pathway to employment post-study.

## DESTINATION TRENDS

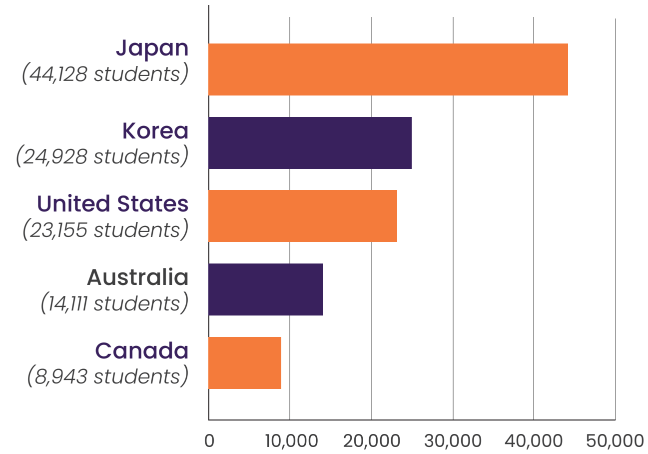
### Top 5 destinations for Indonesian students




### Top 5 destinations for Malaysian students




### Top 5 destinations for Vietnamese students




Source: UNESCO Institute for Statistics, accessed 3 October 2023

Note: Singapore and China do not report inbound student flow data to UNESCO, however, both are likely to be top five study destinations for students from across the region.

## JAPAN

*In April 2023,* the Japanese Government recommended increasing international students in Japan to 400,000 a year, up from the 318,000 pre-pandemic level.

## SOUTH KOREA

In 2023, international student numbers in South Korea hit an all-time high of more than 200,000 and there are now plans to ***attract 300,000 international students*** by 2027. Kyuseok Kim from SUNY's Korea Campus points to a steady increase in the enrolment of international students in South Korean higher education institutions over the past two decades; a significant leap from 12,314 students in 2003. South Korean and Indonesian institutions are increasingly collaborating on transfer programmes and other partnerships, and some South Korean universities are also promoting themselves to Vietnamese students as pathways to the United States.

## TAIWAN

In September 2023, Taiwan launched ***a plan to attract 320,000 international students by 2030.*** There were approximately 19,000 international students in Taiwan in 2022 and pre-pandemic the figure was close to 57,000. The plan also includes setting up 10 overseas offices including in Indonesia, the Philippines and Vietnam. Some Taiwanese universities are now also promoting themselves to Vietnamese students as pathways to the United States.

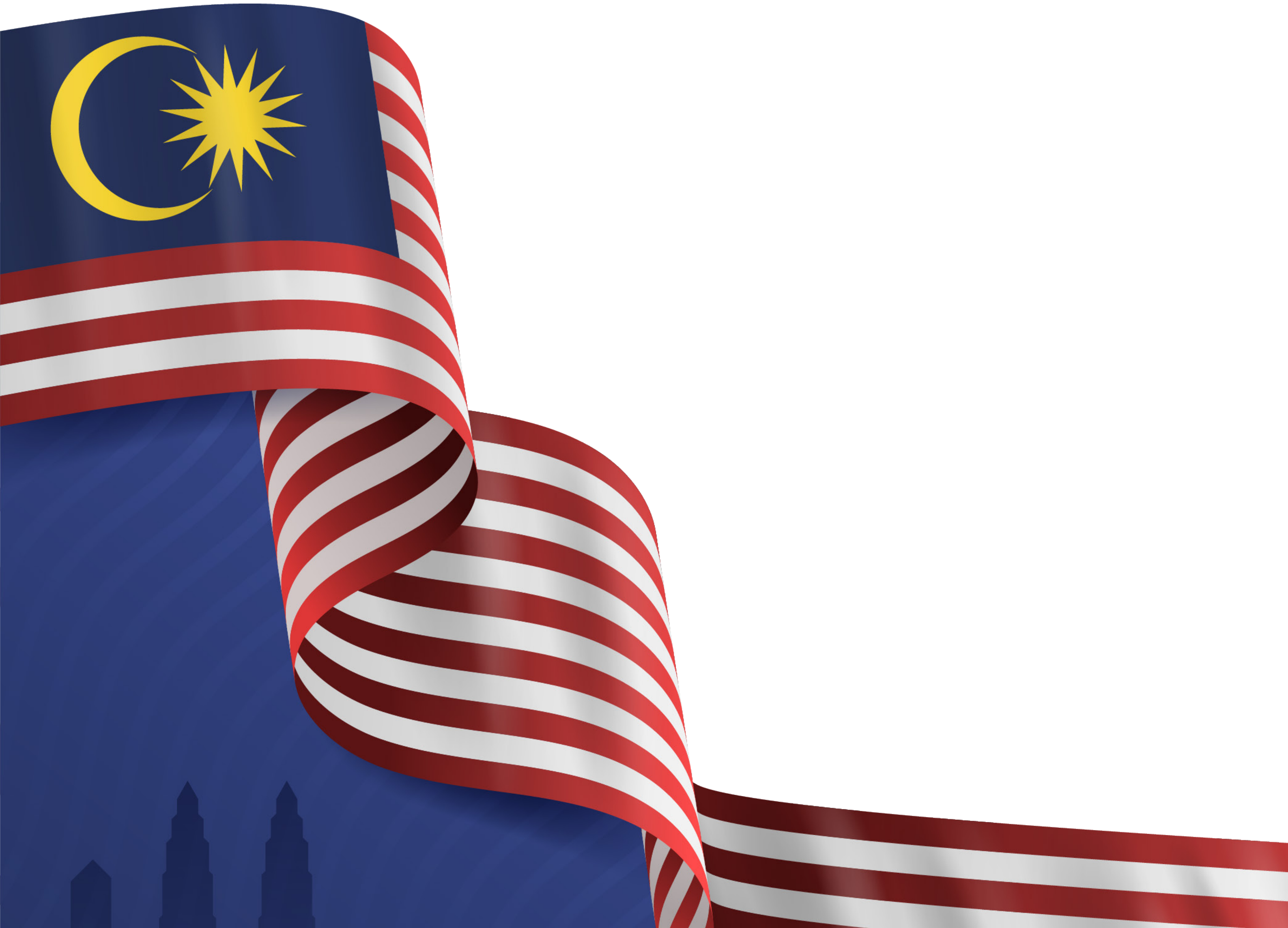
**MALAYSIA** and **SINGAPORE** attract significant numbers of international students from across Southeast Asia, who can opt for stand-alone qualifications or to study in these countries as part of their student journey to a traditional English-speaking market.

## IN-MARKET INSIGHT

*"As an established international education hub in the region, Malaysia has for many years been attracting large numbers of international students from China, particularly into higher education TNE options. In Malaysia's international schooling sector, we are also now seeing increasing numbers of South Korean and Japanese students. Alongside this, Malaysia is an important source market for Australia, the UK and the US. This two-way flow of students characterises Malaysia's international education landscape.*

*Twenty years ago, Malaysia focused on affordability, cultural proximity and flexibility as its unique value propositions for inbound students. Now the message to incoming international students is 'study your entire undergraduate degree in Malaysia and take your Masters abroad' and we're seeing the market respond positively."*

**KENNY CHOO**
*Senior Manager Customer Experience,*
Acumen Malaysia



## IMPLICATIONS FOR INTERNATIONAL EDUCATION PROVIDERS

**While there will continue to be solid demand for traditional English speaking destinations, there is also a contestable market segment increasingly subject to competition from destinations within the region. Responses to this competition may include:**

1. Emphasising the return on investment (ROI) of study at your institution:
   - The unique features and benefits - including life experience - of studying at your institution
   - The work integrated learning and employment opportunities that may result from study at your institution
2. Establishing new TNE and transfer options to provide flexible pathways to study at your institution, at different price-points.
3. A renewed focus on emerging as well as established markets in the region, particularly those with large young populations, such as Indonesia, Vietnam and the Philippines, where the addressable market will continue to increase.

**TREND #2** The Next Generation Of Transnational Education (TNE)

## OVERVIEW

TNE is transforming the way international education is delivered in key Southeast Asian markets, including Indonesia, Malaysia, Singapore and Vietnam.

TNE offers the opportunity for institutions to diversify their delivery modes and provide flexible pathways and different price-point options, and reach an adjacent/overlapping market segment to the traditional study abroad market.

Acumen's 2023 Vietnam Voices report highlighted that Vietnamese parents had a strong preference for international programmes over local programmes, with 85% indicating an openness to international education delivered in Vietnam. We assess this trend is similar across many key markets in Southeast Asia.


**CHECK OUT THE VIETNAM VOICES REPORT HERE**

Recent regulatory changes have contributed to rapid growth in TNE in Vietnam and Indonesia; in the 3 years between 2018-19 and 2021-2022 the number of students undertaking UK TNE in Vietnam grew by 141%.

We are also seeing growth in TNE that caters to a professional segment rather than a student segment, through executive education, professional certifications, micro-credentials and postgraduate qualifications. This includes such pilot initiatives being funded via the Australian Government in Malaysia and Vietnam.

> *"We are seeing significant and sustained interest from international institutions to engage in TNE partnerships in Vietnam, including increased interest from higher ranked universities, as well as from local universities for full in-country delivery of international degrees."*

**HAIKE MANNING**
*Executive Director Southeast Asia*
Acumen

# BACKGROUND

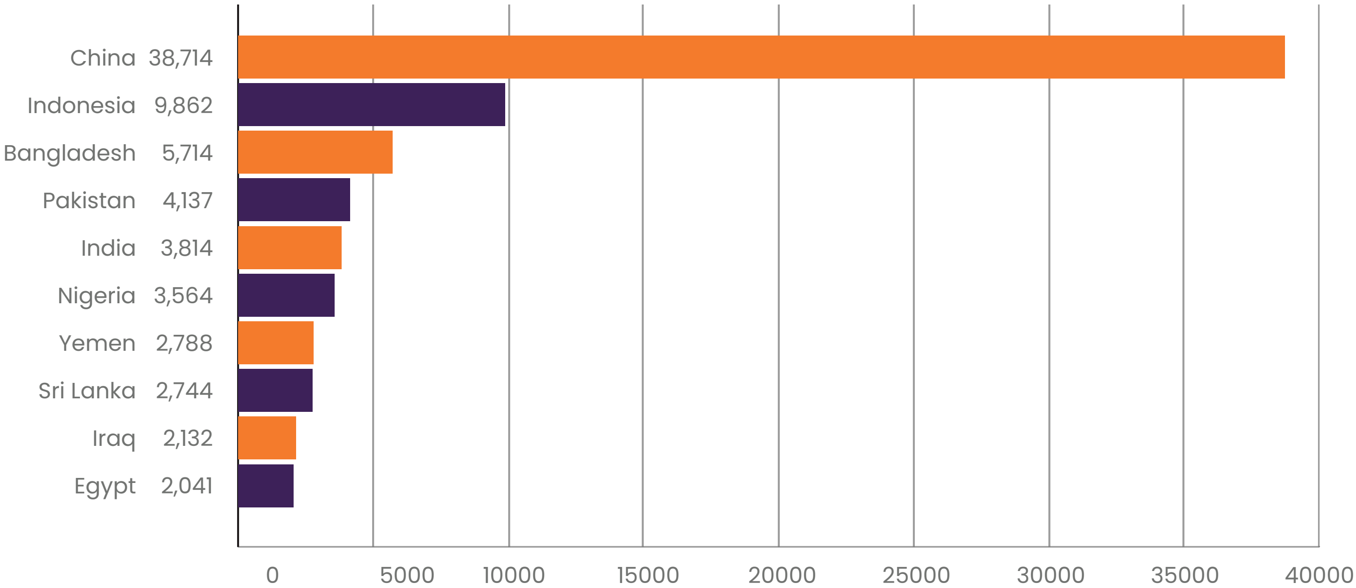
## MALAYSIA

Malaysia's TNE landscape is mature, highly competitive and attracts Malaysian students alongside international students from across the region as well as from the Middle East and Africa. Malaysia's private sector hosts the vast majority of TNE programmes.

Malaysia is home to 10 international branch campuses, 8 of which are British or Australian, and many franchise and transfer degree options. With the exceptions of branch campuses in Sarawak and EduCity in Johor, most TNE programmes are offered in Kuala Lumpur.

In comparison to traditional study destinations, Malaysia is a lower cost option for international students from South Asia, and is also positioned as a modern, safe Islamic society for students from the Middle East and across Asia. China accounts for by far the largest number of inbound students undertaking higher education in Malaysia.

### Top Ten Source Countries of International Students In Malaysia




Source: UNESCO, accessed October 2023

Although it is unlikely that Malaysia will reach its target of hosting 250,000 international students by 2025, the 2022 estimated figure of between 130,000 and 170,000 reinforces Malaysia's position as a key international education hub in the region.

Malaysian universities are also becoming active in global TNE ecosystems: UCSI University has opened an offshore campus in Bangladesh and Limkokwing University operates campuses across Africa, Cambodia, Sri Lanka, Yemen, and the United Kingdom. Malaysian institutions are also becoming more active in Vietnam, including through British University Vietnam (owned by Taylor's,) and with franchise TNE programmes. An example is Open University Malaysia degrees being offered in Ho Chi Minh City via HUTECH, a Vietnamese private university.

## INDONESIA

TNE has been slower to emerge in Indonesia largely due to previous restrictive and complex regulations.

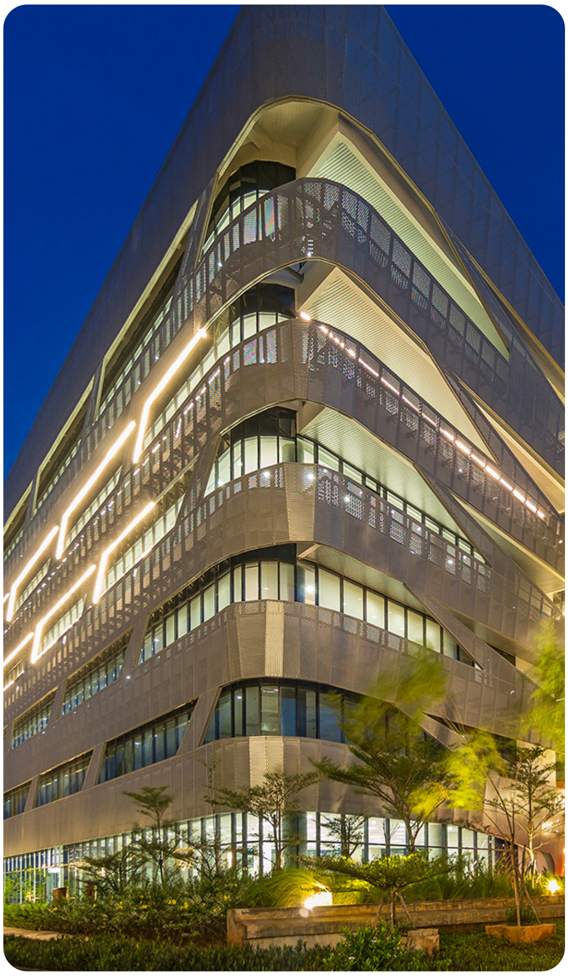
The recent easing of Indonesia's regulatory environment for TNE, however, has driven a shift in the market, with 100% foreign-owned university branch campuses permitted since 2018. Monash University was the first foreign owned branch campus to open in Indonesia; its licence to operate was granted in November 2020 and its first Masters cohort commenced in October 2021. Monash Indonesia offers Masters and PhD programmes in business innovation, digital technology and data science, public health, public policy and urban design as well as tailored executive education and micro-credentials.

Following Monash, three other Australian campus projects were been announced in 2023: Deakin University, which plans to partner with Lancaster University to deliver pathway and undergraduate programmes in Bandung, Western Sydney University which plans to deliver undergraduate programmes in Surabaya and Central Queensland University which plans to establish a campus offering specialised programmes in Balikpapan.

## WHAT'S NEXT?

- TNE programmes are likely to increase in Indonesia in the coming years to meet growing demand for international education options delivered locally and at a lower price point. With a 2022 population of 275 million including 69 million children (0-14 year age bracket), Indonesia's demographics, combined with growing wealth and a cultural preference for staying close to home, suggest good opportunities for growth in TNE provision.

- The UK government is promoting a stronger focus on TNE partnerships in Indonesia; a number of transfer programmes have been established such as University of Glasgow's joint MBA programme with ITB and University of Dundee's joint programme in life sciences with i3L. To support this, the British Council has published a list of 50 leading Indonesian universities for international collaboration. Franchise/validation is however not permitted in Indonesia, which is a key TNE delivery method for many UK providers.



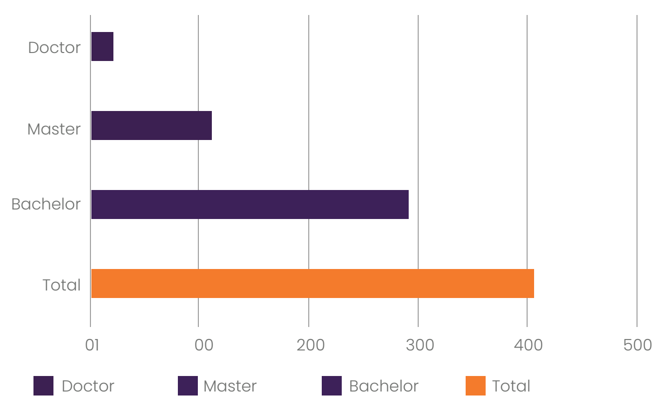
# VIETNAM

Vietnam is emerging as a key player in the next wave of TNE in Southeast Asia, driven by a huge appetite for international education, alongside capacity and quality constraints in the local education system.

There is an increasing openness and appetite from the Vietnamese Government and from the market for TNE in all its forms, as outlined in Acumen's 2023 Vietnam Voices report. While the Vietnamese Government has traditionally encouraged collaborative TNE delivery models, primarily through Joint Training Programmes (JTPs), it is also increasingly calling for new foreign branch campuses to be set up in Vietnam, but the current regulations under Decree 86 - particularly investment thresholds and the approval process - remain challenging for branch campus establishment.

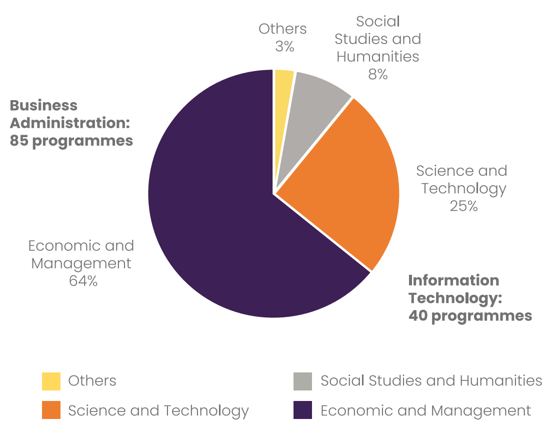
The Ministry of Education and Training reports over 400 'active' JTPs, led by institutions from the UK, US, Australia and France, but only 5 foreign invested campuses (including RMIT, British University Vietnam and some government sponsored campuses such as the Vietnam German University). 70% of JTPs are in undergraduate programmes, with the bulk of those focused on business or STEM subjects.

## JOINT TRAINING PROGRAMME BY QUALIFICATIONS & MAJORS




**PROGRAMME BY QUALIFICATIONS**

Source: *Ministry of Education & Training, last public figures*




**PROGRAMMES BY MAJORS**

Australia in particular has seen strong growth in recent years; in 2023, Acumen estimates 20,000 Vietnamese students are now undertaking Australian TNE programmes in Vietnam, led by RMIT, Swinburne, and Western Sydney University.

## WHAT'S NEXT?

### Three TNE trends to watch for in Vietnam are:

1. **The Rise Of Private Universities**

   Private Vietnamese universities are looking to improve the quality of their programmes/ institutions and see international cooperation as a key mechanism to achieve this. The number of programmes being taught in English is increasing rapidly.

2. **'Campus Within A Campus' Model**

   Strategic partnerships or "Learning Centres" are becoming increasingly popular given the regulatory challenges with establishing international branch campuses. For example the Swinburne-FPT strategic partnership, which sees a range of Swinburne degrees taught entirely in-country. Delivery of international degrees fully in Vietnam (at a lower price) caters to a new and rapidly growing market segment.

3. **Quality**

   There will be an increasing focus on ensuring the quality of international programmes taught in Vietnam, both from foreign institutions, the Vietnamese government as well as foreign accrediting bodies. This was a key theme at the UK-Vietnam TNE Forum in Hanoi in October 2023.

## IN-MARKET INSIGHT

*"Acumen estimates Vietnam's current market size for higher education TNE at US$550 to US$650 million per year (fees only). Although many joint programmes have already been established, TNE delivered at scale remains a greenfield opportunity. RMIT Vietnam and British University Vietnam in particular enjoy strong positions in the market.*

*We are seeing significant and sustained interest from international institutions to engage in TNE partnerships in Vietnam, including increased interest from higher ranked foreign universities. Private universities will become increasingly important TNE partners in the future given their agility and ability to invest in international partnership growth."*

**HAIKE MANNING**
*Executive Director*
Southeast Asia, Acumen

## IMPLICATIONS FOR INTERNATIONAL EDUCATION PROVIDERS

1. TNE (including progression agreements) should be seen as an important recruitment channel in key Southeast Asian markets such as Vietnam, Malaysia and Indonesia, alongside direct recruitment. This is particularly the case in Malaysia where financial constraints and post-pandemic travel hesitancy mean this option is becoming increasingly attractive.

2. The 'greenfield' state of Vietnam's TNE market presents considerable opportunities in Vietnam for institutions able to offer full in-country delivery, through branch campus, 'campus within a campus' models, franchise and other types of 4+0 arrangements.

3. Interest by working professionals in postgraduate degrees, executive education and micro-credentials will increase as graduates choose to study whilst also progressing their careers. This market segment will be interested in online, blended and stackable learning options.

## TREND #3 The Growth Of International And Bilingual Schools

### OVERVIEW

The number of international, dual curricula, and bilingual schools has grown substantially in key Southeast Asian markets in recent years, providing better preparation and efficient pathways for students seeking international tertiary education options.

In 2022, there were 1,905 international schools in Southeast Asia, up nearly 25% in 2017, and catering for nearly 600,000 students across the region. These schools are either offering a fully international curriculum or a dual curriculum alongside the local high school diploma, in English. A large percentage of these students will be preparing for international tertiary education.

The international/bilingual schools trend varies by market. In Vietnam for example, the fastest growing market segment has been premium bilingual schools (rather than full international schools.)
In Malaysia, which has a mature international school segment, A-levels are becoming less popular due to a range of factors. This includes the emergence of alternative and more cost-competitive university pathways, as well as the academic rigour of A-levels, which is less attractive to some students seeking a less challenging route to tertiary education.

**The growth in international/bilingual schools is significant in 3 key respects:**

1. It demonstrates the growing ability and willingness of families to pay for an international education, at an earlier age.
2. Students are better exposed to an international system of education and learning in English, which prepares them better for further international study.
3. Traditional foundation pathways are facing intense competition from this market segment.

*"The rise of international and bilingual schools in Southeast Asia is emblematic of the shifting educational landscape, driven by parents' aspirations for more advanced and globally-oriented education."*

**SHEIKH FAHMY BIN SHEIKH MOHAMED**
*Vice President*
Group Strategy Office, UCSI Group (Malaysia)

## BACKGROUND

In some markets, such as Singapore, local students are only able to study at international schools under certain circumstances, whereas these restrictions do not apply in other markets, including Indonesia and Vietnam (although quotas do apply in Vietnam.)

International schools offer a non-local curriculum, such as the International Baccalaureate (IB), the UK's General Certificate of Secondary Education (GCSE) and General Certificate of Education Advanced Level (A Levels) as well as country/state specific curricula such as the South Australia Certificate of Education.

Some schools are dual-curricula, offering these qualifications alongside local curricula. International and dual-curricula schools provide greater choice for parents and students who are aspiring to international tertiary studies, particularly in English-speaking countries. They are marketed and perceived in Southeast Asia as 'global education passports' which do not lock students into a single institution, which some foundation pathways are perceived as doing.

## VIETNAM

As of 2021, there were more than 100 international schools across Vietnam, catering to both local and international students. Student numbers have grown 56% in the last 5 years to July 2023.

### International School Growth in Vietnam

(5 year growth to July 2023)

| SCHOOLS | STUDENTS | STAFF |
|---|---|---|
| 65% | 56% | 57% |

Source: *ISC Research,* 2023

Private bilingual schools have been the fastest growing K-12 segment in Vietnam in recent years, with the premium bilingual school segment (classified as charging between US$8,000 to US$12,000 for annual tuition) registering 30% year on year growth in Ho Chi Minh City during 2016-2020.

In 2020, L.E.K. Research estimated 40,000 students were enrolled in private bilingual schools in Ho Chi Minh City alone.

## IN-MARKET INSIGHT

*"Vietnamese parents seek international schooling for their children which 'maximises' their higher education options. Demand from Vietnamese parents is focused on private schools that use international curricula to supplement local programmes of study. The price point these schools offer is often much lower than international schools and students can still access highly sought after local university places, which are not available to graduates from international schools.*

*Partnering with existing private schools is a sound strategy and one where we've seen Cambridge International really succeed."*

**DR. RODERICK CROUCH**
*International education leader and consultant*

## INDONESIA

In October 2023, the Indonesian government reported 900+ registered 'Joint Cooperative Schools', known as SPK, which implement dual curricula. As in Vietnam, growth in demand stems from local Indonesian families and not expatriates. Key drivers of the growing number of international schools and student enrolments in Indonesia include:

- Indonesian parents who aspire to international higher education options for their children are generally dissatisfied with local school options and seek alternatives.
- International school qualifications are perceived as offering more flexibility and portability for students than foundation pathways, which are perceived as locking students into a particular institution.
- International schools mitigate against post-pandemic travel hesitancy and the increasingly younger age of children whose parents seek international study options, which may necessitate complex guardianship requirements abroad.
- Schooling which uses English as a medium of instruction is looked upon favourably and is not guaranteed in local systems.

## SINGAPORE

Singapore's dynamic international school ecosystem experienced strong growth in the five years between July 2018 and July 2023. The number of international schools in Singapore grew by 34% and student enrolments by 19% according to ISC Research.

Recent enrolment growth has been impacted by the pandemic and post-pandemic economic conditions which has slowed the movement of expatriate families into Singapore, who are key consumers of international schooling in this market.

International schools in Singapore are instead seeing increasing enrolments of secondary school students from mainland China and Hong Kong. These students typically live in Singapore away from their families in boarding halls or other residential accommodation. Many of these students use Singapore's international schooling options as a stepping stone to higher education in English-speaking destinations such as Australia, Canada, New Zealand, the United Kingdom, and the United States.

For these students and their parents, the proximity of Singapore to China, widespread use of Chinese language in Singaporean communities and Singapore's global reputation for academic excellence are paramount. An emerging challenge for international schools in Singapore is maintaining cultural and linguistic diversity within their school community.

## IMPLICATIONS FOR INTERNATIONAL EDUCATION PROVIDERS

### The growth in international/bilingual schools across Southeast Asia:

1. Demonstrates that more families can afford international education for longer, challenging the prevailing myth of price sensitivity in key markets like Indonesia and Vietnam.

2. Means that increasing numbers of students from the region are better prepared for international tertiary study (either abroad or via TNE.)

3. Presents a competitive challenge to traditional foundation providers, and offers new opportunities for institutions to engage directly with the fast-growing, second tier of dual curricula bilingual schools, particularly in Indonesia and Vietnam.

**TREND #4** Shifting Patterns Of Demand In Malaysia

## OVERVIEW

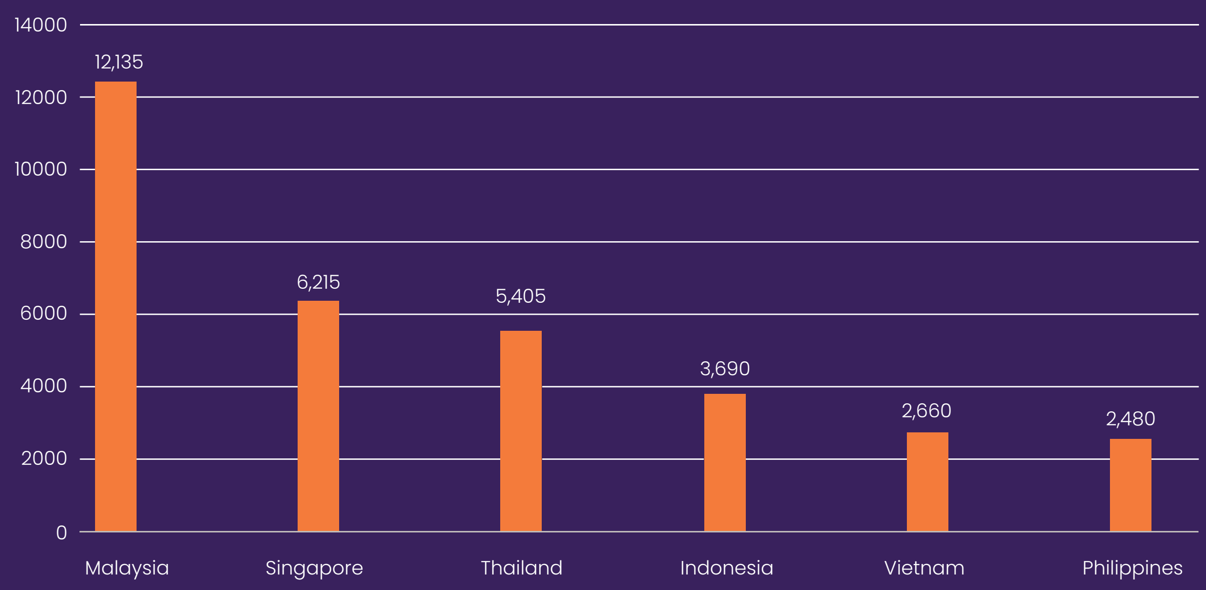
Malaysia is a long-established player in international education, both as a source market for international students and as a destination market offering an increasingly diverse range of transnational education options.

While the total number of outbound students from Malaysia has declined in recent years, Malaysia remains a key market in Southeast Asia, as the third largest outbound market for higher education students, after Vietnam and Indonesia.

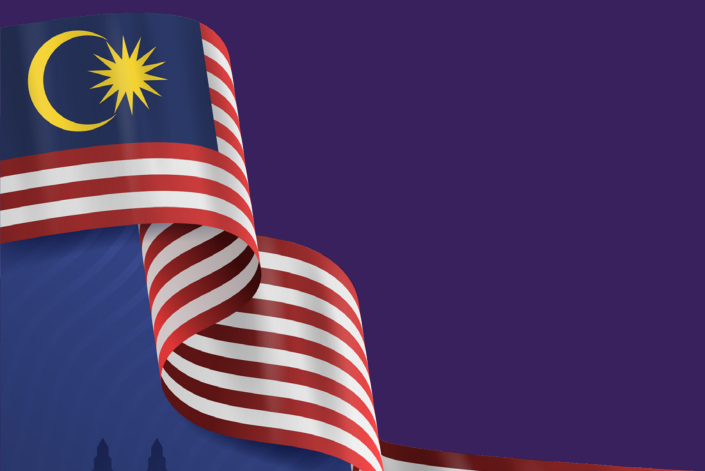
However, there have been recent shifts in the preferences and behaviours of Malaysian students pursuing international education.

For the UK, it remains by some distance the UK's most important market in Southeast Asia, both for outbound students and TNE.

Higher Education Enrolments in the UK from Southeast Asia 2021/2022




Source: *HESA*

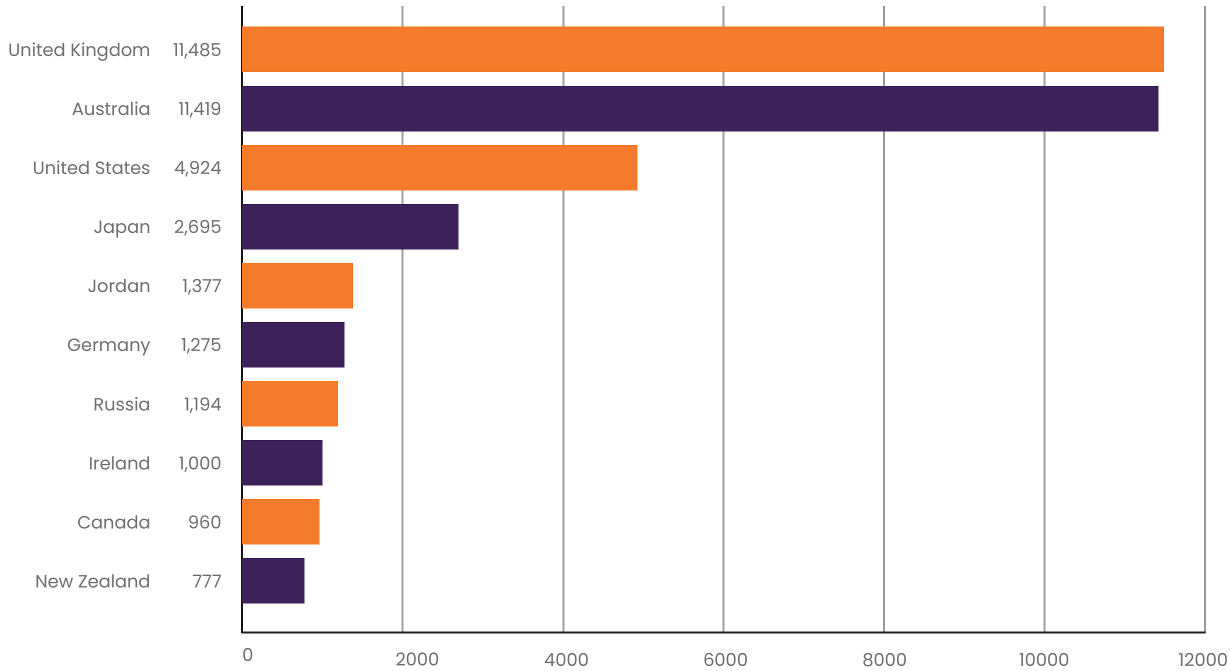


# BACKGROUND

## Most Popular Destinations for Malaysian Students

Australia and the United Kingdom remain the key outbound destinations for Malaysian students, with Malaysian cohorts studying in both markets dominated by undergraduate students. Together, these two destinations receive more than 45% of all Malaysian outbound students.

### Top study destinations for Malaysian higher education students

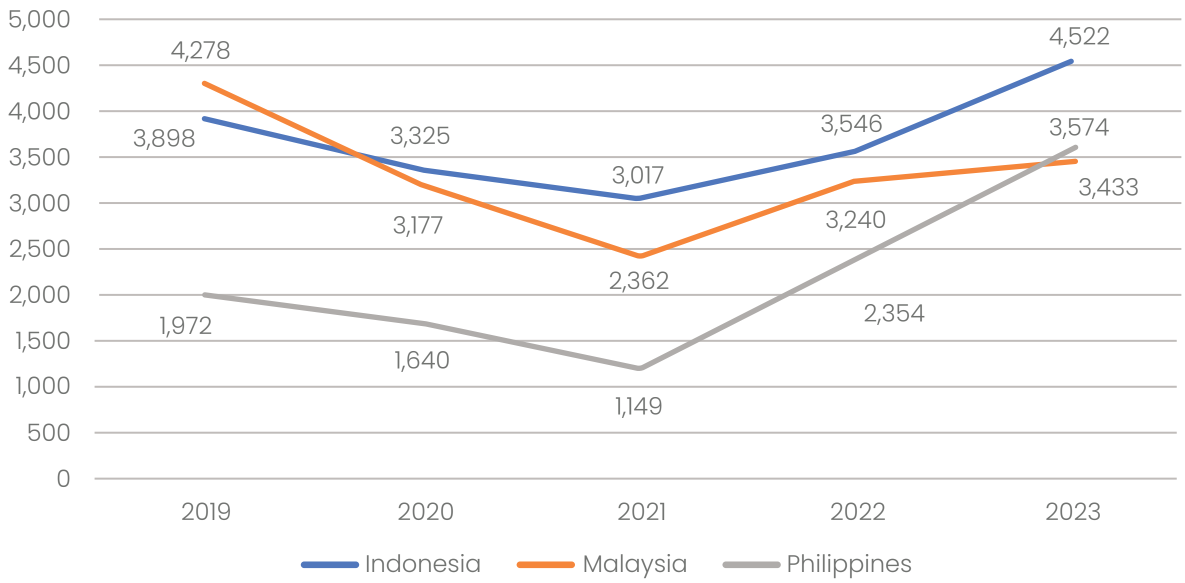



Source: UNESCO Institute for Statistics, accessed 3 October 2023

Two recent trends to note are:

- Commencement data from Australia suggests a post-pandemic recovery (consistent with recovery across other markets in the region.) It is not yet clear whether this is due to Australia taking a larger market share or whether the Malaysian outbound market is itself rebounding.

**Higher Education Commencements in Australia from Malaysia, Indonesia and The Philippines (YTD September)**




Source: Department of Education

- The number of Malaysian students pursuing undergraduate studies in the US dropped significantly between 2018 and 2022; recovery of these numbers is currently hampered by a strong US dollar against the Ringgit.

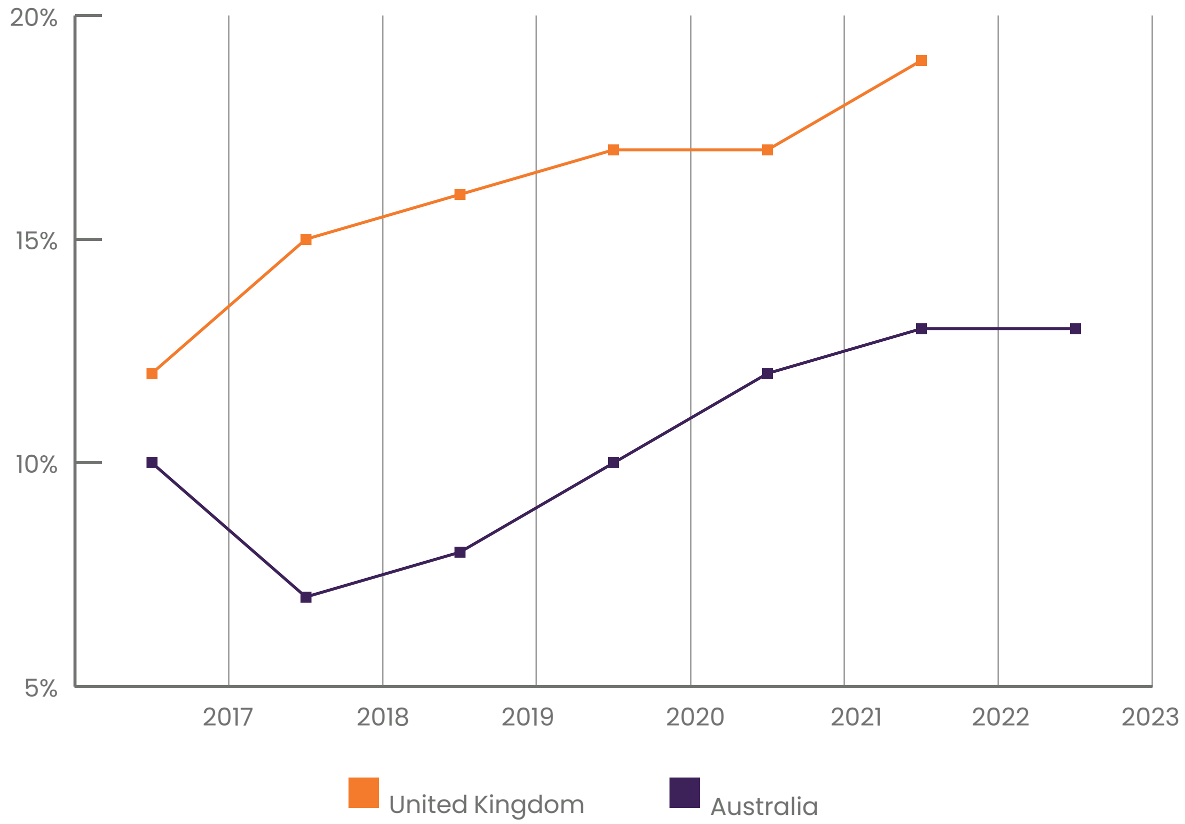
### Is Malaysia shifting from an undergraduate to a postgraduate market?

Anecdotally, there is a perception that more Malaysian students are seeking international postgraduate study options than in the past.

In the case of the US, UK, and Australia however, the total number of students undertaking Postgraduate studies (coursework/taught programmes) has remained relatively stable over the past 5 years. Malaysia remains overwhelmingly an undergraduate market for the UK and Australia.

What has increased is the proportion of Malaysian students undertaking Postgraduate studies; for the UK, in the 5 years between 2017 and 2022, the proportion increased from *12% to 19%*.

**% of Malaysian Students Enrolled in Taught Postgraduate Programs 2017-2023**




Source: Department of Education (Australia) & HESA (UK)

The widespread availability of quality international undergraduate degrees in Malaysia (via branch campuses and other forms of TNE) may be stimulating a tendency towards postgraduate study abroad, as parents still wish for their children to get an overseas study experience. They are able to achieve this with an investment of 1 or 2 years via postgraduate study rather than the much higher investment of 3-4 years for undergraduate study.

There is a broader trend underway in Malaysia, with a growing emphasis within public universities in Malaysia towards postgraduate programmes, with more seats now available for students. In addition the Malaysian government is encouraging students to pursue postgraduate studies, for example via the *reintroduction of the MyBrain sponsorship programme* in 2024.

An increasingly competitive labour market - and employer preferences - are also stimulating greater interest in postgraduate studies.

*"We are seeing a shift towards postgraduate programmes and employability outcomes among Malaysian students. This shift is driven by the increasing recognition of the value of higher education and its competitive advantage in the job market. In terms of employability outcomes, there is a growing emphasis on the practical application of knowledge and skills."*

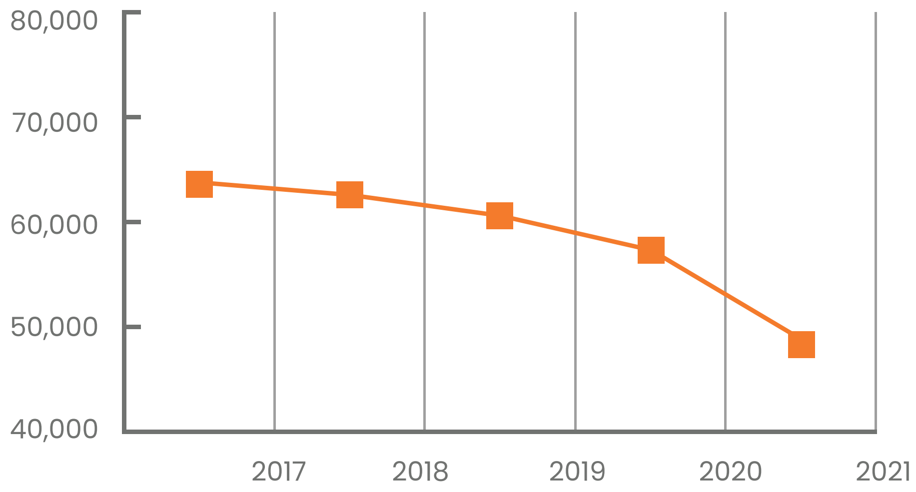
**JEAN WU**
*Country Director*
AUG

## Is there a shift in preference towards TNE rather than offshore study?

While there has been a decline in the total number of Malaysian students studying outside of Malaysia in recent years, this has been offset by stable TNE enrolments in Malaysia.

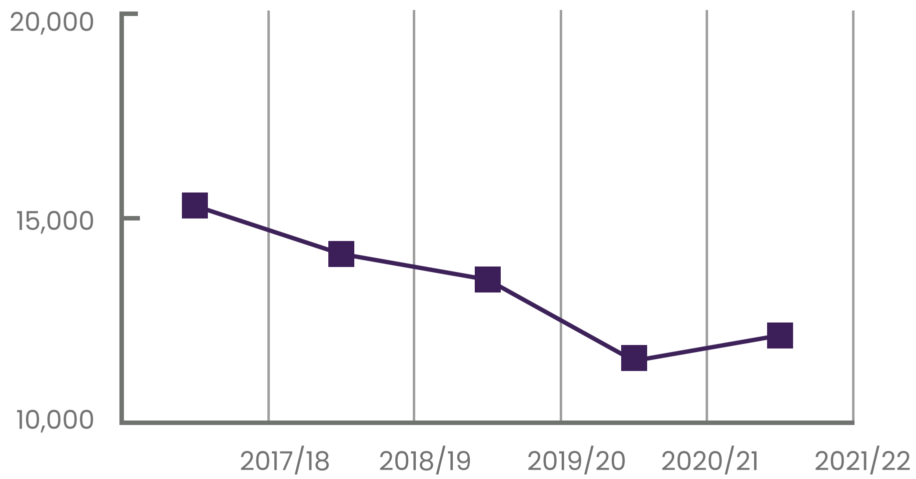
This is most evident in the numbers from the UK; Malaysia is the UK's second largest market globally for delivery via TNE through branch campuses, dual award and validation.

### Total Malaysian Tertiary Students Studying Internationally



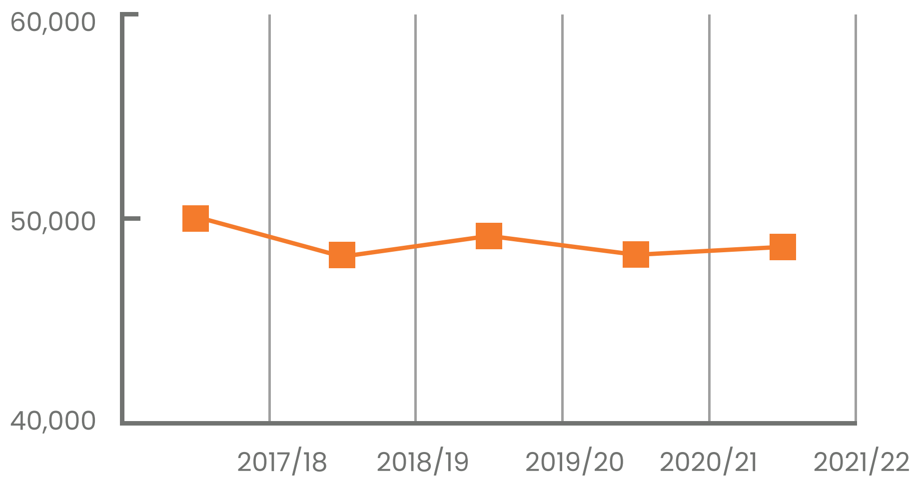

Source: UNESCO, accessed 3 October 2023

### Malaysian students enrolled in UK higher education providers (UG and PG)




Source: HESA

### Student enrolments in UK TNE programmes located in Malaysia




Source: Universities UK,The Scale of UK transnational education, (excludes Oxford Brookes)

## Fields of Study

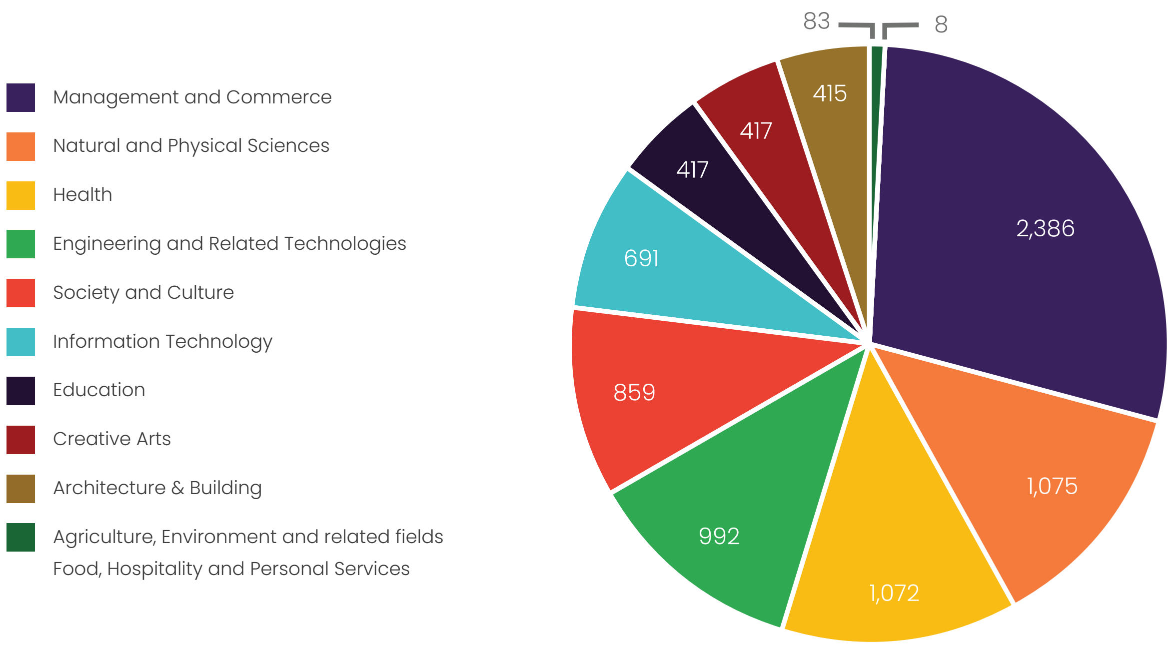
There is also evidence of changing preferences in fields of study by Malaysian students who opt to study in traditional English-speaking markets.

For Australia, the largest growth in the five years between 2018-2022 was in education (+42%), while management and commerce saw a sizable decline (-48%).

Management and commerce remains by some distance however the most popular field of study for Malaysians studying in Australia. In 2022, the top 5 fields of study for Malaysian students in Australia were:

- Management and commerce
- Natural and physical sciences
- Health
- Engineering
- Society and culture

### Malaysian Enrolments in Australia by Field of Study (2022)




Source: Australian Department of Education data

Anecdotal insights from industry players in Malaysia suggest increased interest in social sciences as well as AI, data science, cyber security, sustainable energy, biotechnology, and digital media. Employment prospects appear to be of growing importance when families and students are selecting a field of study.

## IN-MARKET INSIGHT

*"In my opinion, shifting patterns of demand in Malaysia's international education landscape can be attributed to changing parent profiles. Many Malaysian parents are now international alumni themselves and they want this experience for their children (and indeed, have been saving for it since their birth).*

*They are highly sophisticated in their knowledge of international education products and they are seeking these for their children from increasingly younger ages, including during their schooling. These parents also understand the flexibility and affordability that TNE options can provide and appreciate the greater diversity of courses that are now available in Malaysia."*

**CECILIA PEREIRA YATES**
*Director Client Success,*
Acumen UK and Europe

## IMPLICATIONS FOR INTERNATIONAL EDUCATION PROVIDERS

1. A focus on undergraduate students remains a sound strategy as Malaysia remains predominantly an undergraduate market.
2. Institutions should however also consider how to respond to the growth in interest in postgraduate coursework programmes, with a focus on ROI and employability outcomes.
3. TNE should be a part of the mix for any recruitment strategy for Malaysia, given the popularity and maturity of TNE delivery in Malaysia.
4. Institutions should keep a close eye on emerging preferences for new or niche subject areas, which can assist international education providers to diversify their international student body across fields of study.

**TREND #5** The Evolving Role of Education Agents

## OVERVIEW

Agents act as intermediaries connecting students and their families to institutions abroad, and are critical partners for the international education sector in Southeast Asia.

For many years, a number of stakeholders have predicted that increasing automation and digitalisation in international education, from comparing courses offered by different institutions to applying for programmes and student visas, would diminish the value proposition of agents.

In many key markets in Southeast Asia, the role of agents continues to strengthen and evolve to meet the changing demands of families. The emphasis on customer experience has become paramount.

### There are important shifts occurring in:

- The services that agents offer;
- How agents are structured, with agent aggregators, the rise of sub-agents and independent counsellors;
- Their role in the local ecosystem, including in TNE, transfer programmes, and schools.

> *"Students and parents in Malaysia have become increasingly sophisticated and as agents we have evolved to better meet the needs of our customers. At MABECS in the last few years we have begun running test preparation workshops and are currently working on a new super curricular programme for our school and college partners. Agents are playing a more important role in the student decision making process as the depth and breadth of the services we provide has increased significantly. "*

**DEVINA SIVAGURUNATHAN**
*Executive Director*
MABECS Malaysia

## BACKGROUND

Education agents play a crucial role in guiding students and families through the complex processes involved in studying abroad, from navigating institutional and visa applications to facilitating foreign currency payments for tuition fees and living costs. Agents also provide English language support and are increasingly involved in providing pastoral care, accommodation advice and ensuring the wellbeing of the students they serve, with a trend toward 'vertical integration' of services.

Institutions from the United Kingdom, Australia, and New Zealand use agents as their primary recruitment channel for international students:

- In **Australia**, national ***Student Experience Surveys*** in 2020, 2021 and 2022 show that a consistent 86% to 87% of undergraduate international students used an agent. Among this group, 92% to 93% rated the service provided by their agent positively.
- In the **United Kingdom,** it is ***estimated that 45% to 55%*** of international students have had the support of an agent in planning their studies and that the use of agents is increasing.

There is immense pressure for parents in Southeast Asia to make the 'right decision' about their child's – and their family's – future. This is made more complex by the limited English language proficiency of many parents across this region and the increased importance placed on student safety in recent years:

### INFORMATION OVERLOAD

Many students and parents are overwhelmed by the sheer amount of information available on international study options. This is compounded by TNE options within their home country which can provide considerable savings to families, but also introduces additional locations of study. Families in Southeast Asia seek the 'human touch' to guide them through this complexity.

### HEALTH AND SAFETY

The pandemic highlighted the risks of children residing in a separate country to their families as well as the unpredictability and uncertainty of living abroad. Many institutions in destination markets are not able to provide customised, one-on-one services to families, providing opportunities for agents to step in.

### CULTURAL CONSIDERATIONS

The use of agents and other intermediaries in Southeast Asia across a number of sectors such as banking, wealth management, insurance and real estate, is culturally ingrained. International education is no different. Southeast Asian families expect individualised, humanised service which is difficult for education providers to deliver from a different country and time-zone and without a deep understanding of local cultural preferences.

While agents are an essential part of the education landscape in Southeast Asia, their role is not always openly discussed or endorsed by other stakeholders, despite the evidence that there are good actors as well as bad actors.

## FUTURE DIRECTIONS?

One major Hanoi-based international education agent sees his company's future role more as a 'companion' to Vietnamese families throughout the entire student journey rather than merely assisting families at the start of the process. A relationship between a family and an agent might commence during a child's early secondary schooling with advice on preparatory requirements, as well as international school and TNE options available prior to the start of undergraduate study.

### Vertical Integration of Services:

As consumers sharpen their focus on ROI from international education, agents will become less focused on providing general information to families and will concentrate instead more on specialised advice, pastoral care and graduate outcomes, beyond what institutions may be able to offer directly.

### Strength of Master Agents:

The rise of master agents and aggregators has increased agents' market reach, supported by a sizable network of sub-agents and independent counsellors; many of these independent counsellors are not regulated or registered and are therefore reliant on the master agents and aggregators.

### Role of Agents in TNE:

Agents are increasingly acting as intermediaries in TNE and transfer programmes. In Vietnam, many local universities now have formal agreements with agents to provide recruitment and downstream services for their international programmes.

## IN-MARKET INSIGHT

*"We increasingly focus on providing personalised, comprehensive and specialised services to our students. This includes offering tailored advice on best education options (e.g. conducting MBTI test for our students,) assisting with visa application, pre-departure briefing, enrolment process and ongoing support throughout the student journey. We are not only involved in the initial stages of the process but also in the later stages, such as providing support and guidance once the student has arrived overseas, such as dealing with any issues or challenges that arise, and offering advice on pathways after graduation."*

**JEAN WU**
*Country Director*
AUG Malaysia

## IMPLICATIONS FOR INTERNATIONAL EDUCATION PROVIDERS

1. Agents are an essential part of the international education landscape in Southeast Asia, and their role is evolving - not diminishing - to meet consumer demands. International education providers should tailor their agent engagement to meet the specific market requirements and characteristics of each market in Southeast Asia.

2. International education providers should invest in relationships with high-quality agents and recognise the 'vertical integration' of services that families are increasingly looking for.

3. There is considerable competition among institutions to keep the attention of high quality agents. Institutions that are able to support agents in offering the best possible customer experience (including through good communication, speedy admissions processes, personalised service) to families are more likely to improve the performance of their agent channels.  Having an in-market representative who speaks the local language and is able to provide 365 day on ground support to agents offers significant advantages.

# SECTION 3: ABOUT ACUMEN IN SOUTHEAST ASIA

Explore and expand globally with the most-trusted brand in education internationalisation.

Since our story began in 2008, Acumen, part of Sannam S4 Group has offered deep in-market insights, a people-first approach, and fully compliant international services across multiple markets in Asia and beyond.

The Acumen team in Southeast Asia is ready to help, with an established presence across four key markets in the region (Vietnam, Malaysia, Indonesia and Singapore) operated by a vastly experienced team, led by our Executive Director for Southeast Asia, Mr. Haike Manning, the former New Zealand Ambassador to Vietnam. A strong network of partnerships enables us to support our clients in other markets in the region.

## We offer a full suite of services including:

### PRESENCE:

- Your dedicated in-market presence – a low risk high value solution with strong in-country management and support, and access to key stakeholders in the market via Acumen's University Partner Connect (AUPC.)
- A cost effective 'Runner' service - providing you with a high quality local resource to support your operations for a fixed number of days per year.

### ENROLMENT SERVICES:

- We support our clients to manage key points in the admissions funnel, from enquiry management and lead nurture through to conversion.

### CONSULTING:

- Market insight reports which inform effective engagement in the student recruitment and TNE markets in the region, competitive benchmarking, as well as market strategy development.
- TNE partner matching as well as facilitation and support for partnership agreements.

## We also offer the following immersive programmes:

- Vietnam Rising: for global university leaders to get a longer term strategic view of one of the world's most existing international education markets.
- Diversify Southeast Asia: supporting university leaders to understand how best to achieve diversification objectives operating across this critical diversification region.

FOR MORE INFORMATION, PLEASE VISIT

acumen.education

## SOURCES FOR THE REPORT

We acknowledge with deep appreciation the contributions from industry experts who have been quoted in this report, both external as well as within Acumen. You can view the sources we have drawn from here.

View Report Sources

ACUMEN

PART OF SANNAM S4 GROUP

acumen.education