

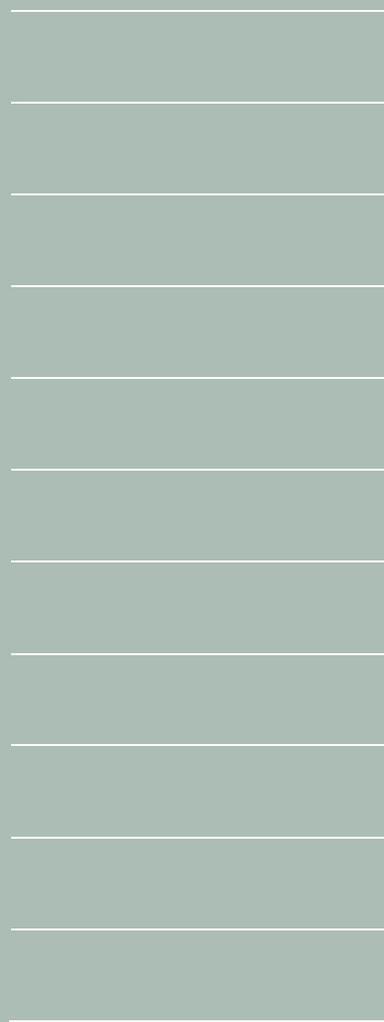


LIETUVOS BANKAS
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REVIEW OF THE SURVEY OF HOUSEHOLDS

2017

2



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AIMS, METHODS AND PRINCIPLES OF THE SURVEY

The financial situation and behaviour of households¹ have a significant impact on the stability of Lithuania's financial system. According to Bank of Lithuania data, in July 2017 loans to households extended by credit institutions operating in Lithuania amounted to 40.5 per cent of the entire portfolio of loans to Lithuanian residents issued by such institutions, while deposits – 59.5 per cent of all deposits of Lithuanian residents. In order to adequately assess the financial habits of households, reasons for their formation, and future expectations, the Survey of Households is prepared on a biannual basis²; it is the basis for the review of the survey results.

In the survey, the terms 'respondent' and 'household' are synonymous. For the purposes of the survey, only Lithuanian household members aged 18 or older that knew the most about the financial situation of the household were surveyed. Vilnius, Kaunas, Klaipėda, Šiauliai, and Panevėžys are referred to as large cities, other cities and regional centres – as other cities, whereas rural locations and farmsteads – as villages. Tables 1 and 2 below indicate the distribution of respondents by age, place of residence and household income.

Table 1. Distribution of surveyed respondents by age and place of residence (percentages)

Age group	Place of residence			Total
	Large cities	Other cities	Villages	
18–29 y.	8.9	6.5	5.4	20.8
30–49 y.	13.9	7.8	8.7	30.4
50 y. or older	18.0	11.8	19.0	48.8
Total	40.8	26.1	33.1	100.0

Table 2. Distribution of surveyed respondents by household income

Household income, EUR	Distribution, %
Less than 350	14.4
351–600	17.3
601–900	20.5
More than 900	29.1
Do not know, did not answer	18.7
Total	100.0

The Annex to this Survey with data tables in Excel format is available on the Bank of Lithuania [website](#).

¹Household – an individual living separately or a group of individuals living together in one home, who share their expenditure and collectively procure the necessary means to live. Familial or marital relations among household members are not mandatory.

²The survey was conducted on behalf of the Bank of Lithuania by the public opinion and market research company *UAB Baltijos tyrimai*. The survey was carried out in July 2017. 1,002 households were surveyed.

REVIEW OF THE SURVEY RESULTS

Every second household considered housing or other real estate to be the most attractive investment. This was mostly reported by higher income earners (EUR 900 per month or more) and younger residents (18–29 y.) (65 and 57% of these groups respectively). Slightly more than a tenth of households viewed gold as the most attractive type of investment, while younger residents also considered securities to be a rather attractive investment (12%).

Many residents (every second resident) still managed to save at least part of their income. The majority of respondents still indicated the potential future deterioration in their financial situation as the main reason for saving, yet its relevance diminished (from 57 to 47%). The wish to have enough money for contingency expenses was indicated as the most important reason for saving by both young (18–29 y.) and middle-aged residents (30–49 y.) (47 and 40% respectively). Slightly more than a fourth (28%) of the surveyed households saved to achieve long-term goals (e.g. for retirement). Respondents indicated that they saved, on average, from EUR 31 to EUR 150 per month (as in the previous year) – this was reported by half of the respondents that managed to save in the previous half-year. Approximately a tenth of the surveyed managed to save more than EUR 300 per month.

Key saving means remained the same as before – almost two thirds of households continue to hold their savings in an account, as a deposit at a credit institution, or in cash at home. Residents younger than 64 indicated that they save via pension funds or life assurance (19 and 22% respectively). Having lost their main source of income, two out of three households (66%) would manage, without having to borrow money, for only less than three months. A similar share of the surveyed expressed the same views in the previous survey.

Respondents mostly claimed that they would be happy with the living conditions in Lithuania should their income be at least two times larger than now. Every third (34%) household would be satisfied with the living conditions in Lithuania if its income would amount to EUR 901–1,500 per month. Residents earning less than EUR 350 per month mostly believed (54%) that to earn EUR 351–600 per month would suffice. Currently slightly more than every third (37%) higher income family (EUR 900 per month and more) would prefer to earn at least EUR 2,000 per month so that it would be able to set aside at least a part of it.

More than half (61%) of households claimed that their income over the previous half-year has remained unchanged. 18 per cent of respondents indicated that their income diminished, while 13 per cent indicated an increase. The share of households that expected their income to remain unchanged in the upcoming half-year reduced from 76 to 56 per cent. 12 per cent of respondents expected a drop in income in the next half-year, while 7 per cent – an increase (in the previous survey – 10 and 7% respectively). Household expectations about basic expenses in the upcoming half-year deteriorated – six out of ten households stated that their expenses will increase (in the previous survey the share of those having the same opinion was 49%). The greatest concerns for households within the upcoming half-year will remain the rise in food prices, as stated by 43 per cent of households. There were more of those indicating that rising utility prices will pose concern – this was reported by almost every fourth (24%) household.

Every third household believed that it is better to sell than buy housing. The more a household earned per month, the more it was inclined to state that currently it is better to sell housing – this was indicated by almost every second (48%) larger income household (EUR 900 per month and more). Every fourth (27%) household stated that now it is a better time to buy housing.

Almost every second (48%) household stated that in the last 12 months at least one of their closest relatives had emigrated from Lithuania. This was mostly indicated (53%) by those respondents that live in other cities (as opposed to villages and large cities). Slightly less than every third (30%) household stated that in the next 12 months some of their family members plan to emigrate from Lithuania. Relatives that shared this view accounted for 35 per cent of households in other cities and villages, and 23 per cent – in large cities.

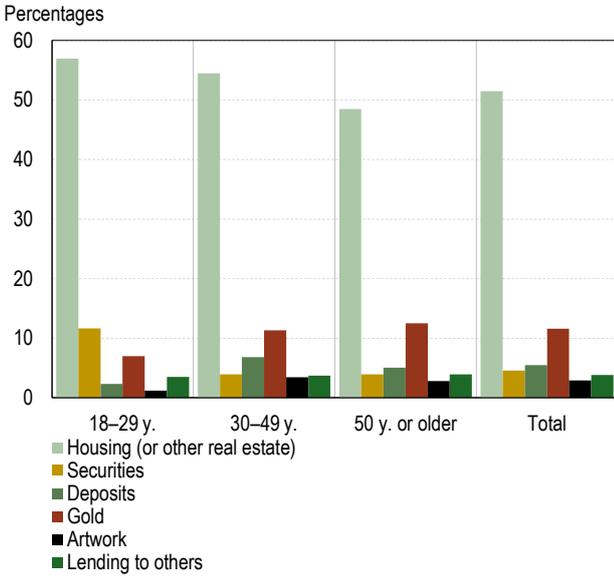
The opinion of households on housing price dynamics in the next half-year remained unchanged – more than half of the surveyed still indicated that they expect a rise in housing prices. The share of households expecting a drop in housing prices remained the same – 8 per cent. Slightly more than every fifth (23%) household believed that housing prices will increase by up to 5 per cent, while every fifth resident (22%) stated that they will remain unchanged.

Three out of five households (62%) viewed their financial situation as good or average. Last year the share of households to have stated the same was very similar (60%). Families that earned EUR 900 per month or more assessed their financial situation in the most positive terms – nine out of ten of such households stated that their financial situation is good or average (this share remained basically unchanged compared to results of the previous survey). Overall, slightly less than every second (45%) household indicated having enough money for food and clothes, yet they would not be able to make a larger-value purchase (e.g. TV, refrigerator). Every third respondent stated that their family does not have enough money for food or has enough money for food but not enough for clothes. The share of households with income below EUR 350 and stating that they do not have enough money for food decreased from 30 to 23 per cent. This time the survey asked how many times members of a household managed to go on a holiday abroad: more than half (54%) of the surveyed households did not take a holiday abroad as they could not afford it.

KEY CHARTS

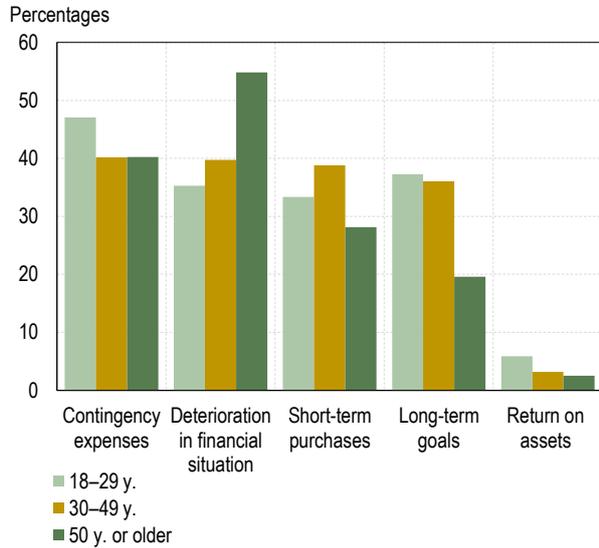
Housing (or other real estate) is the most attractive investment for residents

Distribution of households, the most-earning member of which belongs to an indicated age group, by most attractive type of investment (% of all households within a respective age group)



Older residents usually save to secure against a possible drop in income, while the younger ones – for contingency expenses

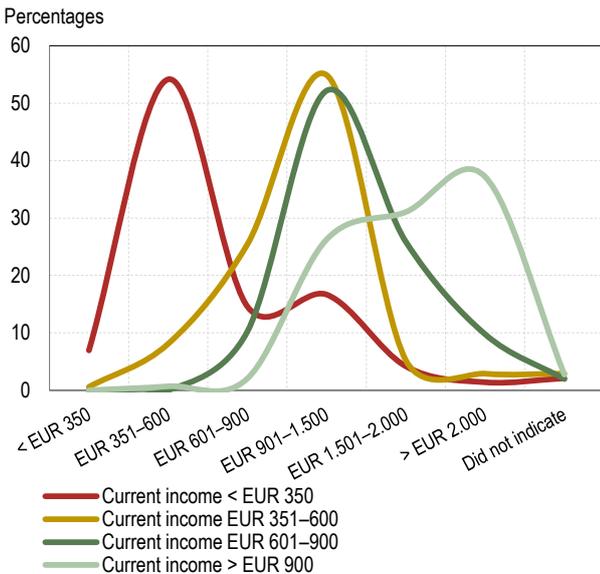
Distribution of households, the most-earning member of which belongs to an indicated age group, by reason for saving (% of all households that managed to save within a respective age group)



*Note: One household may indicate several reasons.

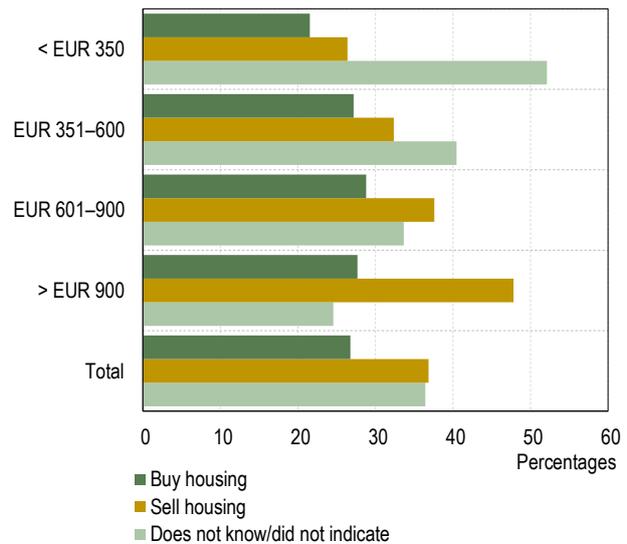
Every third household would be satisfied with its living conditions in Lithuania if its income would amount to EUR 901–1,500 per month

Distribution of households, the most-earning member of which belongs to an indicated income group, by lowest income a household should get to be satisfied with its living conditions Lithuania (% of all households within a respective income group)



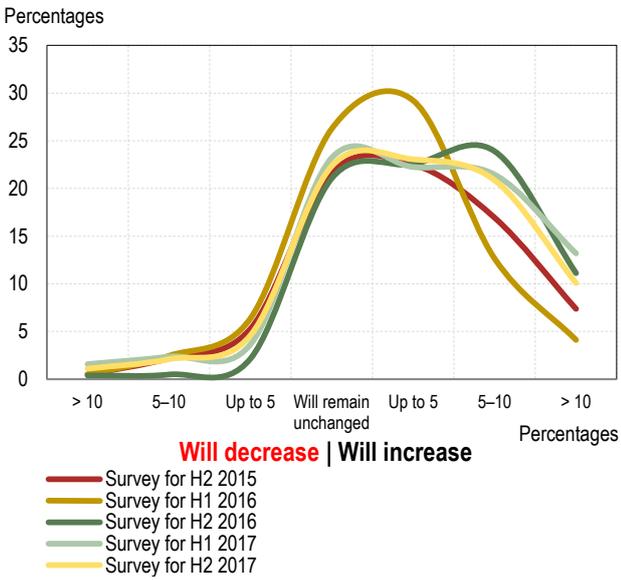
More than every third household believes that currently it is better to sell than buy housing

Distribution of households, the most-earning member of which belongs to an indicated income group, by whether currently it is better to buy housing or to sell it (% of all households within a respective income group)



Majority of respondents believe that housing prices will rise by up to 5 per cent in the next 12 months or will remain unchanged

Distribution of households by housing price projection over the next 12 months (% of total surveyed)



Less than every second household can afford to take a holiday abroad

Households that has had a holiday abroad over the last 12 months (% of total surveyed)

