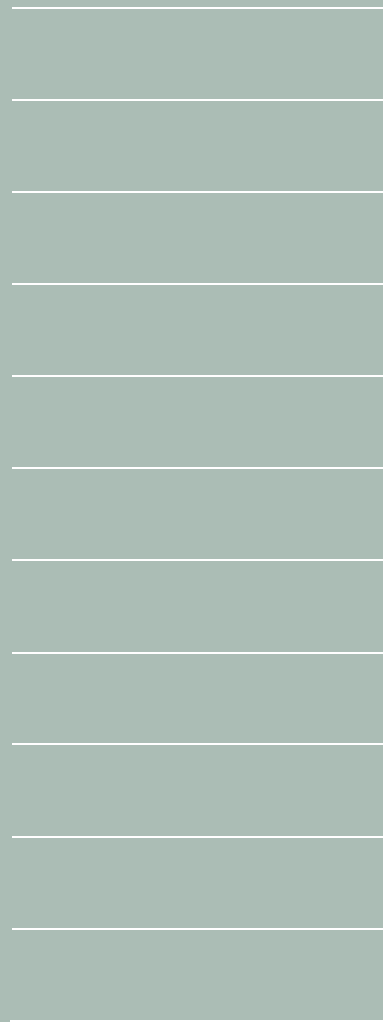




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REVIEW OF THE SURVEY OF HOUSEHOLDS

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REVIEW OF THE SURVEY OF HOUSEHOLDS 2018 / 1

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AIMS, METHODS AND PRINCIPLES OF THE SURVEY

The financial situation and behaviour of households¹ has a significant impact on the stability of Lithuania's financial system. According to Bank of Lithuania data, in January 2018, loans to households extended by credit institutions operating in Lithuania amounted to 39.4% of the entire portfolio of loans to Lithuanian residents issued by such institutions, while deposits – 59.9% of all deposits of Lithuanian residents. In order to adequately assess the financial habits of households, reasons for their formation, and future household 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 the 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	5.7	5.1	19.7
30–49 y.	13.9	7.2	9.4	30.5
50 y. or older	17.2	13.8	18.8	49.8
Total	40.0	26.7	33.3	100.0

Table 2. Distribution of the surveyed respondents by household income

Household income, EUR	Household income, EUR
Less than 350	11.4
351–600	14.4
601–900	19.6
More than 900	32.9
Do not know, did not answer	21.7
Total	100.0

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

¹ Household – 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.

² The survey was conducted on behalf of the Bank of Lithuania by the public opinion and market research company UAB Baltijos tyrimai. It was conducted in January 2018. 1,012 households were surveyed.

REVIEW OF THE SURVEY RESULTS

Over the last two years, households' assessment of their financial situation has been increasingly better. A total of 66% of households indicated that their financial situation is good or average (two years ago – 58%). Similarly to previous surveys, families earning €900 per month or more assessed their financial situation in the most positive terms (87%). The share of households that lack money for food and of those that have enough money for food but not enough for clothing has decreased from 9% to 5% and from 29% to 25% respectively. The number of families that have enough money to make a larger-value purchase (such as a TV or a refrigerator) has slightly risen. The share of families that are unable to make a large-value purchase (e.g. a flat or a holiday home) has increased from 15% to 18%.

Housing and other property have remained the most attractive type of investment, as reported by almost every second household. This was mostly indicated by respondents who are not living in a large city and earn between €351 and €600 per month (58% and 56% of respondents from these groups respectively). According to every tenth household, gold and artwork are the most attractive investments.

Every second resident was able to save at least part of their income. Almost half of respondents (47%) that managed to save in the last six months reported that the monthly amount they put aside ranged from €31 to €150. The share of households that were able to put aside between €151 and €300 per month increased from 14% to 20%. The majority of respondents still indicated a potential future deterioration in their financial situation and the wish to have enough money for contingency expenses as their main reason for saving (52% and 47% respectively). The most important reason for saving among younger residents (those aged 18–29) was short-term purchases and other future expenses.

Every third household claimed that if it was to lose its main source of income, it would be able to live without borrowing for no longer than one month. This was most often indicated by those who earn the least (up to €350 per month) and younger residents (aged 18–29), totalling 57% and 44% respectively. Two thirds of households still kept their savings in an account or as a fixed-term deposit. The share of residents who reported that they keep their savings in cash at home has been at its lowest in the last two years (56%).

Residents would be happy with the living conditions in Lithuania should their income be 1.5–2.0 times larger. A third (37%) of respondents claimed they would be happy if their income exceeded €1,500 per month. Another third (31%) of households would be satisfied with the living conditions in Lithuania if their income reached €901–€1,500 per month. Every second respondent earning between €351 and €900 per month indicated that they would be satisfied with the living conditions in Lithuania if their income was between €901 and €1,500 per month. Two out of three families (63%) with a higher income (€1,500 per month or more) would like to earn at least €2,000 per month so that they would be able to put aside at least part of their income for saving.

The share of households claiming that in the last six months their income increased has risen from 13% to 20%. An increase in income was mostly reported by younger residents (aged 18–29) and respondents earning between €351 and €600 per month (26% and 25% respectively). A decrease in income over the previous half-year was indicated by 14% of respondents (compared to 18% in the previous survey), while 61% claimed that their income remained unchanged. More than half of households (59%) believed that their income would not change in the upcoming six months. There are almost two times more respondents who are expecting a rise in income in the next six months than those who are expecting a drop (14% and 8% respectively). Household expectations regarding their basic expenses in the upcoming six months have remained almost unchanged, with six out of ten households (62%) stating that their expenses will potentially increase. The rise in food and utility prices will continue to pose the greatest concern (41% and 22% of respondents respectively). The potential decrease in income and the rise in fuel prices will pose concern for every tenth resident.

Three out of four respondents stated that they live in their own home which they purchased without a mortgage. Nine out of ten older residents (aged 50 or more) and every third younger resident (aged 18–29, totalling 37%) reported that they are living in housing which was purchased without taking out a mortgage. Those who claimed to be living in rented accommodation were most often younger residents – this was reported by every third household in this age group (36%). Every tenth large city resident (11%) stated that they are living in their own housing which was purchased with a mortgage.

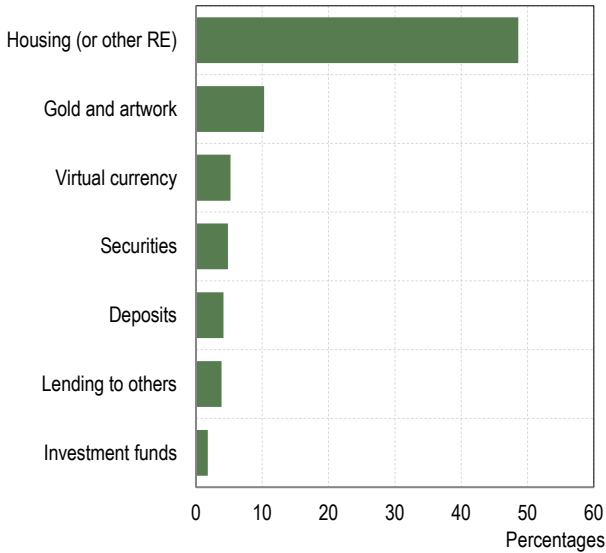
A third of households (34%) believe that now is a better time to purchase housing, but almost the same share (32%) stated that it is better to sell. The number of respondents who believed that now is a better time to buy housing has increased (in the previous survey the number of such respondents was 7 percentage points lower). Four out of ten large city residents and higher-earning households (earning €900 per month or more) claimed that now is a better time to buy housing.

More than half of respondents expected a rise in prices within the next year; however, although very gradually, the share of such households is decreasing. The share of households anticipating a decrease in housing prices within the next year has not changed (similarly to the previous survey it comprised 8%). Slightly more than every fifth household (23%) believed that housing prices would increase by up to 5%, while every fifth resident (21%) stated that they would remain unchanged.

KEY CHARTS

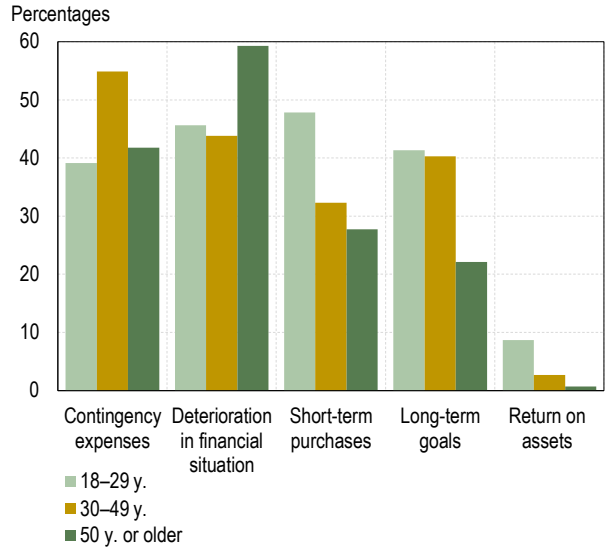
Virtual currencies are a somewhat more attractive form of investment than securities

Most attractive form of investment according to households (% of total surveyed)



Younger residents usually save for short-term purchases, while older residents save to secure against a potential future deterioration in their financial situation

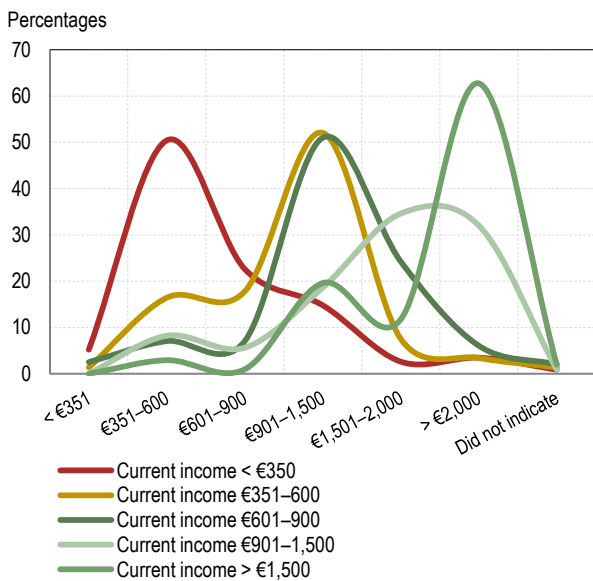
Distribution of households, the most-earning member of which belongs to an indicated age group, by reason for saving (% of all households that managed to save within a respective age group)



Note: A single household may indicate several reasons.

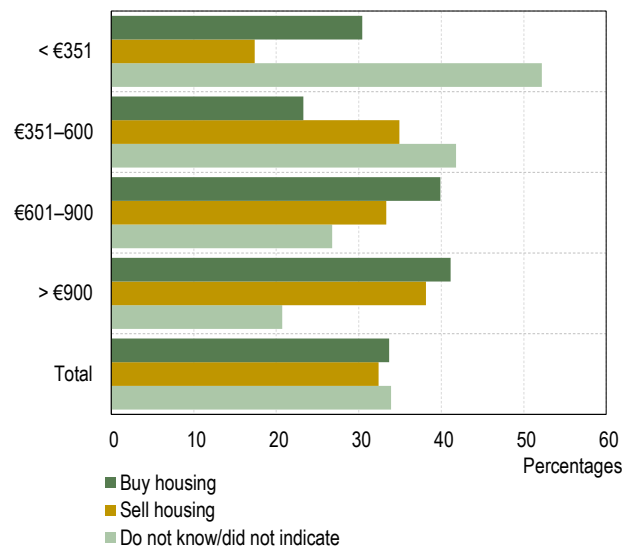
Every fourth household would be satisfied with living conditions in Lithuania if it earned €901–1,500 per month

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 living conditions in Lithuania (% of all households within a respective income group)



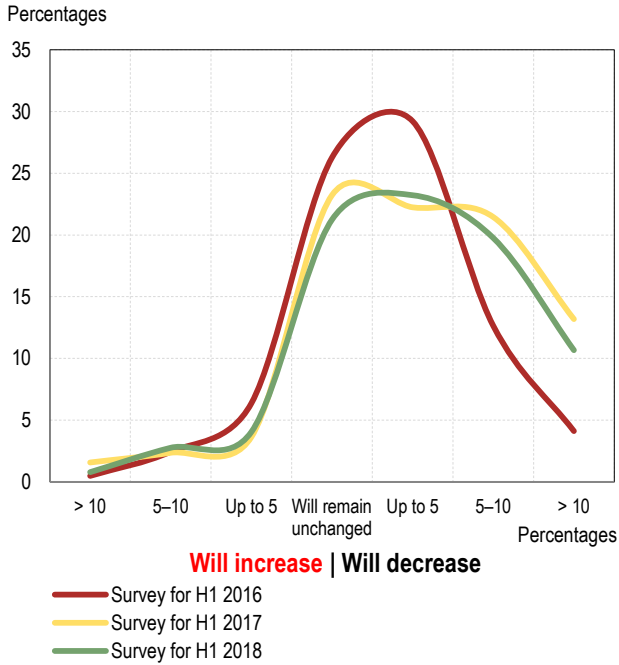
Households believe that now is a good time to both buy and sell housing

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



Projections for housing prices remain the same – the majority of respondents believe that housing prices will rise by up to 5% in the next twelve months or will remain unchanged

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



Every third younger resident lives in rented accommodation

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

