



LIETUVOS BANKAS
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REVIEW

OF THE SURVEY OF HOUSEHOLDS

2018

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 August 2018 loans to households comprised 38.5% of the entire portfolio of loans to Lithuanian residents granted by credit institutions operating in Lithuania, while deposits – 60.0% 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.

For the purposes of the survey, the terms “respondent” and “household” are synonymous. Only household members aged 18 or older that knew the most about the financial situation of their household were surveyed. Vilnius, Kaunas, Klaipėda, Šiauliai, and Panevėžys are referred to as large cities, other cities and regional centres – as other cities, 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 respondents by age and place of residence (percentages)

Age group	Place of residence			Total
	Large cities	Other cities	Villages	
18-29	6.8	2.9	3.3	13.0
30-49	17.2	11.5	9.5	38.2
50 or older	18.2	11.6	18.8	48.8
Total	42.4	26.0	31.6	100.0

Table 2. Distribution of respondents by household income

Household income, EUR	Distribution, %
Less than 401	13.7
401-800	26.2
801-1,200	21.2
1,201-1,600	13.6
More than 1,600	12.8
Do not know, did not indicate	12.5
Total	100.0

The annex to this review 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.

² Commissioned by the Bank of Lithuania, the survey was conducted in August 2018 by the public opinion and market research company UAB BERENT Research Baltic. The total sample size was composed of 1,000 households.

REVIEW OF THE SURVEY RESULTS

According to respondents, their financial situation has been improving, with three quarters of households describing their financial situation in positive terms. Families in the 30-49 age group were the most satisfied with their financial situation (81%). The share of households that lack money for food remained unchanged at 5%. Respondents who claimed having enough money for food but not enough for clothing decreased from 25% to 19%. For the second consecutive half-year the share of households that have enough money for a larger-value purchase (such as a TV or a refrigerator) yet not enough for a large-value purchase (e.g. a flat or a holiday home) has been increasing, reaching 32%.

Two out of three households managed to save at least a fraction of their income, an upward trend observed for the last two years. Similarly to previous surveys, the monthly amount respondents managed to put aside ranged from €31 to €150, as reported by almost every third respondent that managed to save over the last six months. The share of households that were able to put aside €151-300 per month increased from 20% to 25%. As previously, main reasons for saving were the wish to have enough money for contingency expenses and the potential future deterioration in respondents' financial situation (60% and 55% respectively). Two out of three residents in the 18-29 age group mainly saved for short-term purchases and other future expenses.

Similarly to the previous survey, the share of households claiming that in the last six months their income had increased rose (from 20% to 27%). An increase in income was reported by every third (37%) resident earning the highest income (€1,600 per month or more). Over the last half year residents living in villages and lowest-income earners (up to €400 per month) saw the smallest increase in their income. A decrease in income over the previous half-year was indicated by 17% of respondents, while every second (52%) resident claimed that their income remained unchanged. More than half of households (54%) believed that their income would not change in the upcoming six months. Compared to the last survey, the share of respondents expecting a rise in income over the next six months and of those anticipating a drop in income increased (from 14% to 23% and from 8% to 14% respectively). Every second household expects that their basic expenses in the upcoming half-year will increase (62% during the last survey). The potential rise in food prices continued to pose the greatest concern to households, although the share of such respondents has been gradually declining for the second consecutive year (from 49% to 36%). The potential rise in utility prices and job loss were a concern for slightly more than every tenth resident (12% and 11% respectively).

Households would be satisfied with their living conditions in Lithuania if their income increased €400. Four out of ten respondents claimed that they would be happy if their income amounted to €801-1,600 per month. A third of households would be satisfied with their living conditions in Lithuania if their income exceeded €1,600 per month. Even highest-income earners (€1,600 per month or more) would like to earn at least €2,000 per month so that they could put aside at least part of their income.

As reported by almost every second household, housing or other real estate remains the most attractive type of investment. This was mainly indicated by respondents living in large cities and those belonging to the 30-49 age group (55% and 50% respective).

A third of households (35%) believed that now is a better time to sell housing. In the previous survey, such respondents accounted from 32%. The number of respondents who believed that it is now better to buy housing decreased from 34% to 28%.

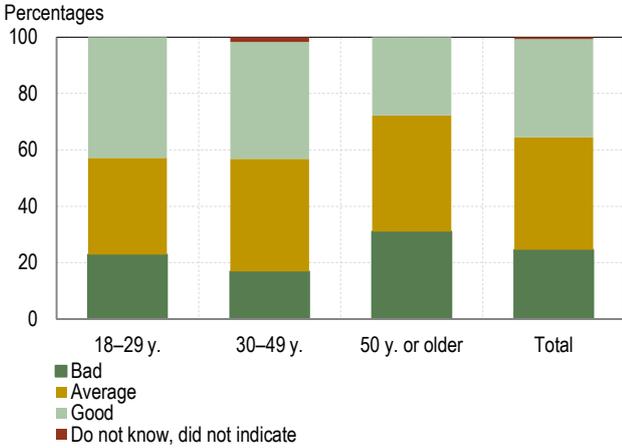
More than half of respondents (53%) expected a rise in house prices in the near future, yet the share of such households continues to steadily decrease. The share of households anticipating a decrease in house prices within the next year increased from 8% to 13%, while the share of respondents stating that house prices will remain unchanged decreased from 21% to 15%.

Three out of five (62%) households claimed to be living in a mortgage-free housing. This was mostly reported by elder residents (50 y. or more). Highest-income earners (€1,600 per month or more) and respondents in the 30-49 age group stated that they are living in their own housing purchased with a mortgage (36% and 32% respectively). Almost every second respondent in the 18-29 age group (47%) claimed to be living in a rented accommodation.

KEY CHARTS

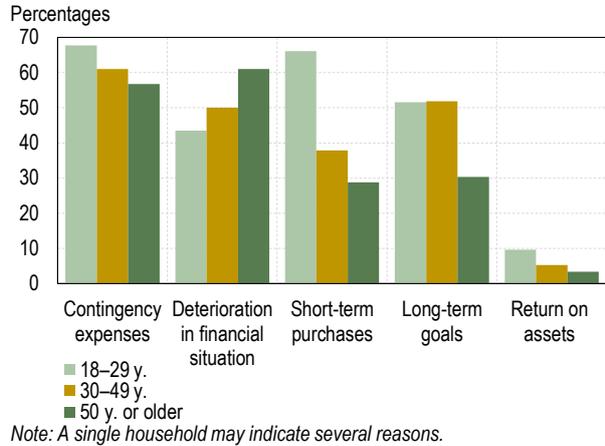
Middle-aged residents (30-49 y.) describe their financial situation in the most positive terms

Distribution of households, the most earning member of which belongs to an indicated age group, by assessment of financial situation (% of households within a respective age group)



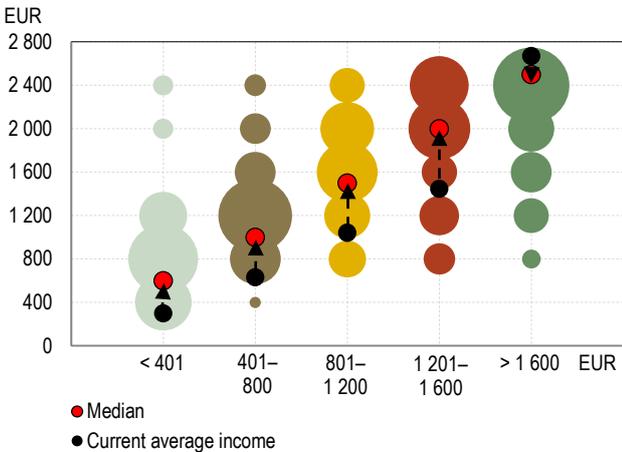
Younger residents usually save for contingency expenses, while elder residents mostly save to secure against a possible drop in income

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



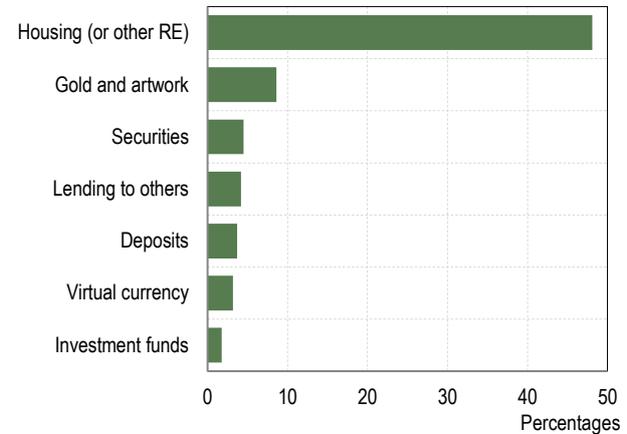
Households (except for those earning €1,600 per month or more) would like to earn at least €400 more so that they could put aside part of their income

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



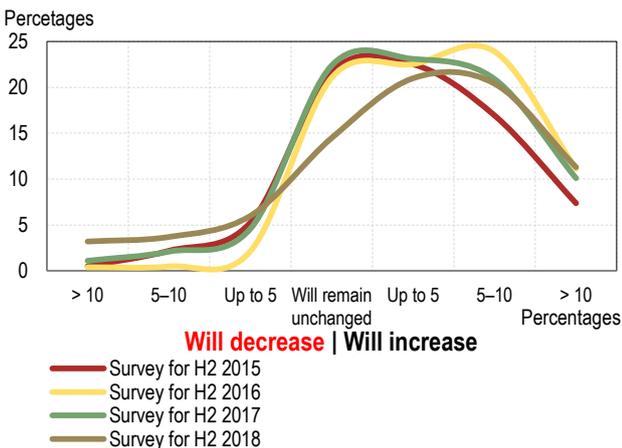
Almost half of respondents saw housing or other real estate as the most attractive type of investment

Distribution of households by most attractive type of investment (% of total surveyed)



Majority of respondents believe that house prices will rise by up to 5% in the next 12 months

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



Almost half of younger residents live in a rented accommodation

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

