



“Do you have a debt?”

Survey carried out within international project

“Think Twice, debt is a serious issue”

DEBTLESS

2011-1-CZ1-GRU06-07128 3

Author:

SMK Lawyers' Club

Tilžės street 52, Klaipėda

Lithuania



"This project has been funded with support from the European Commission. This publication [communication] reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein."

Results of the survey

The survey “Do you have a debt” was carried out in Lithuania using internet website for filling in questionnaires www.apklausa.lt. This was done in order to ensure the anonymous of the respondents.

Totally survey was conducted by 18 respondents, almost equally man and women participated in the survey (44,4 perc. were women and 55,6 – men).

Most respondents were middle age – 26-35 years old (44,4 perc.), 33,3 perc. respondents were 16-25 years old and 22,2 perc. were 36-45 years old. During this survey we have not reached a group of 46 and older respondents. This might be because the survey was carried out using internet and there might be that the project target group is not using internet or social portals so much as young people.

Almost all of respondents are working people, only 11,1 perc. of all respondents declared that they have a status of a student. And also it has to be mentioned that questionnaires were filled in by educated people – only two respondents had vocational education, most of the respondents (12 respondents) had a bachelor degree and 4 – secondary education degree.

1. Do you have a debt/loan?

Most of survey respondents acknowledged that they have a debt/loan:

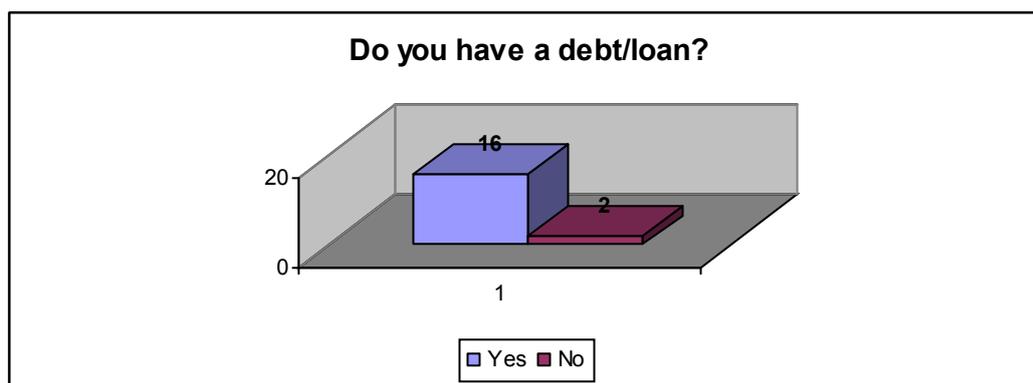


Figure 1: Do you have a debt/loan?

2. To how many institutions?

Most respondents have loans or debts only for one institution, only very few respondents revealed that they have loans for 2 institutions.

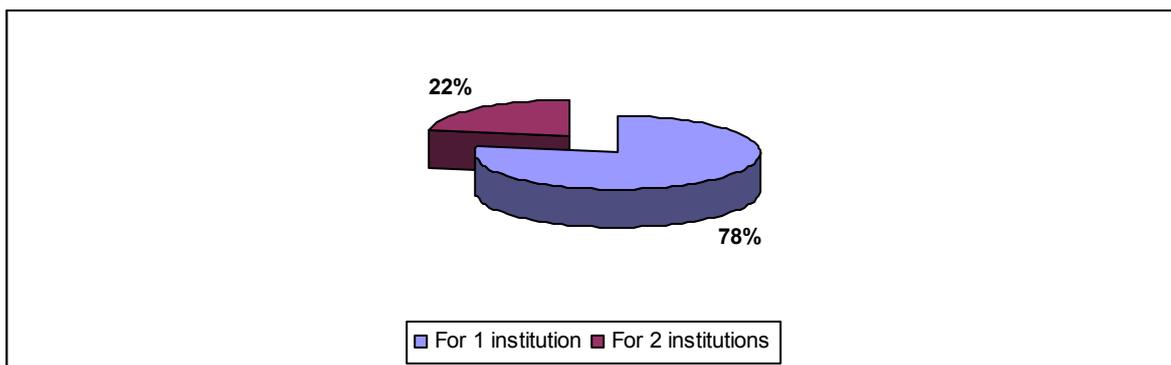


Figure 2: No. of institutions respondents have loans with

50 perc. of respondents have taken loans from banks. 30 perc. indicated that their loans are not from the bank institutions and 10 perc. did not mentioned anything and the other 10 perc. told that they are facing problems for paying bills for utility costs (rent, electricity, water, telephone, Internet) or mobile phone on time. Also the question – what part of the monthly budget goes for fixed cost bills showed the same – most respondents indicated that most of the family incomes are dedicated for fixed costs bill and this might be the reason why respondents are facing delays while paying for utility costs.

Also during this survey all respondents stated that they have not consulted with instant credit advisers when thinking about taking the loan and the majority of respondents have loans taken from bank institutions.

5. What part of the monthly budget of your family is your monthly fixed costs bill?

Considering the proportion of family budget and monthly fixed costs bill quite a lot respondents told that the bills for the monthly fixed cost is a big part of the family budget – between

"This project has been funded with support from the European Commission. This publication [communication] reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein."

½ and ¼ monthly budget incomes. Also 22 perc. respondents indicated that for fixed costs bill they have to give more then half of their monthly budget. These results can show that people, having loans do not earn so much money so that they would be able to take loans, because big amount of their monthly budget is given away for monthly fixed costs (utilities, electricity, ect.).

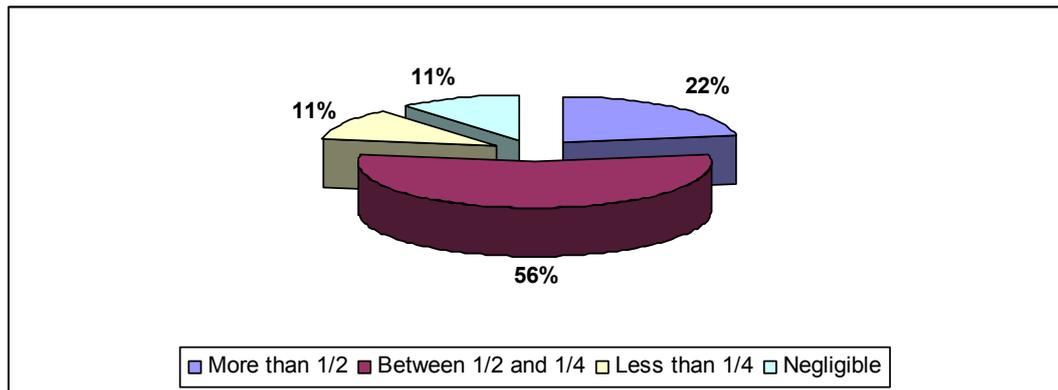


Figure 3: Proportion of monthly fixed costs within monthly family budget

It also might bring the problems with delays serving their loans on time. Also probably there might be that these respondents do not have possibilities to save money for unexpected events or problems when they might really need money.

6. What part of the monthly budget of your family is your monthly mobile telephone bill?

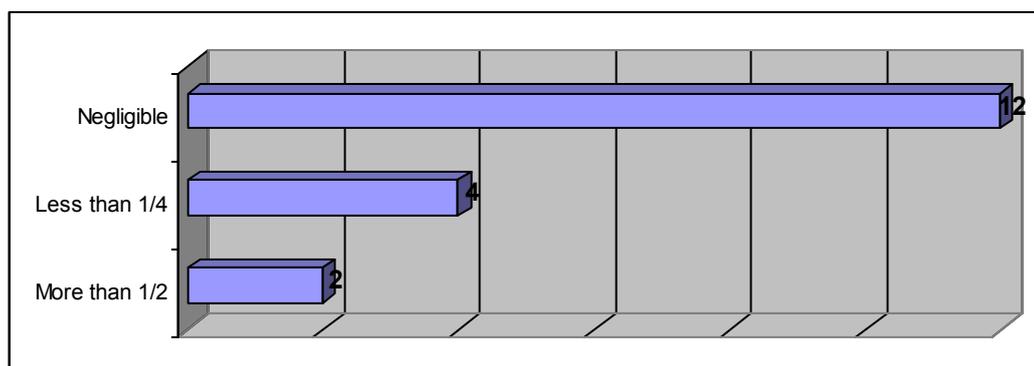


Figure 4: Proportion of monthly mobile telephone bill within monthly family budget

Survey showed that people are not spending so much money for the phone bills. For most of the respondents costs for telephone bill is negligible.

7. Do you manage to serve timely your loan?

14 respondents (77,8 perc.) manages and 2 respondents (22,2 perc.) faces problems is serving timely their loans. But the above questions showed a bit different results – biggest problem for respondents – is ability to pay on time for utility costs.

8. What is your monthly payment?

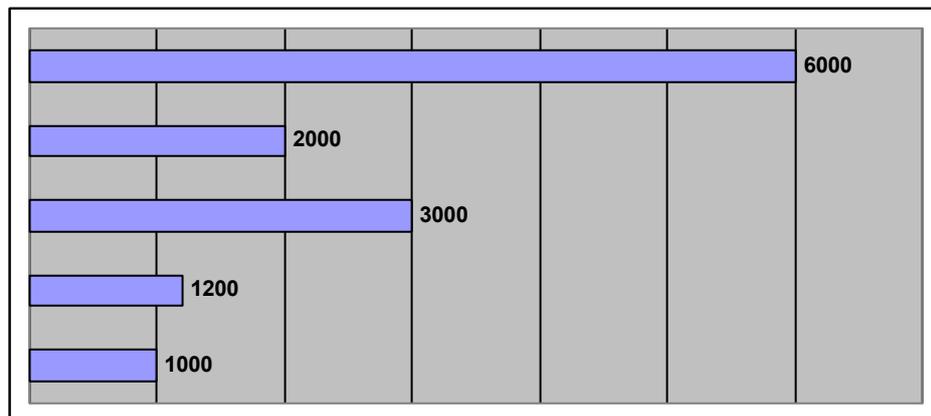


Figure 5: Monthly payment

Only very few respondents have indicated their monthly incomes. Most of respondents (more than half of respondents) did not want to indicate how much money they earn. This might also be related with the fact that respondents do not earn a lot of money. While comparing the minimum wage in Lithuania is about 800 Litas. At least those respondents which have indicated their monthly wage – earns more than a minimum Lithuanian wage.

9. How many banks did you research before choosing from which one to get your credit?

This question revealed that people are looking quite seriously at their loans/debts that they are taking. They are linked to research for the best choices and only then decide which bank to use for the loan/debt.

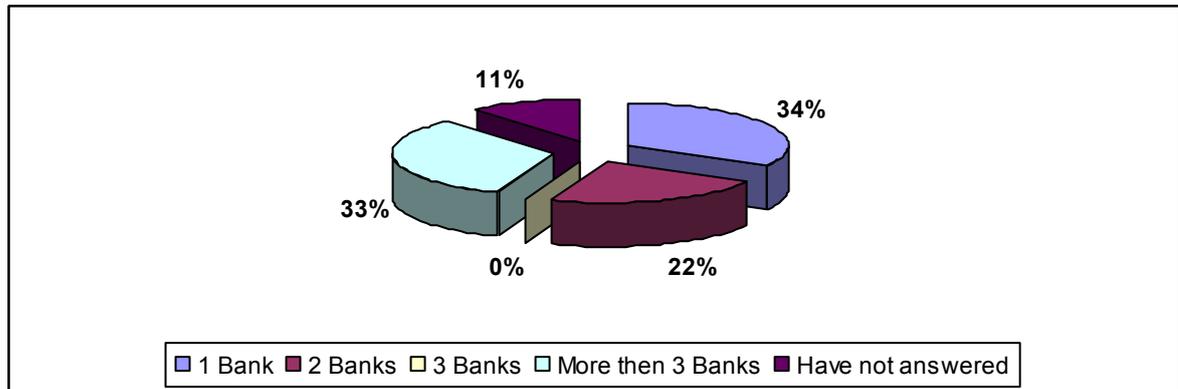


Figure 6: Bank research

10. If you visited more than one bank, did you manage to compare by yourself the terms of credits by the different banks?

Half of respondents told that they managed to compare the terms of credits offered by different banks by themselves, while other part of respondents informed that they were not capable to compare the terms of credits by the different banks.

11. Did you manage to find out the overvaluation of the loan before signing the contract with the bank?

Most of respondents told, that they managed to find out the overvaluation of the loan before signing the contract with the bank – 71,4 perc. of respondents managed to get this information. And 28,6 perc. respondents did not manage to find out information about the overvaluation. This probably is related not with the banks, but with the financial illiteracy of respondents who have not even thought about this opportunity.

12. Did you receive repayment plan

85,7 respondents told that they have received repayment plan. 14,3 perc. respondents wrote that they have not received repayment plan.

13. How many banks offered you a draft credit agreement before taking the final decision on this?

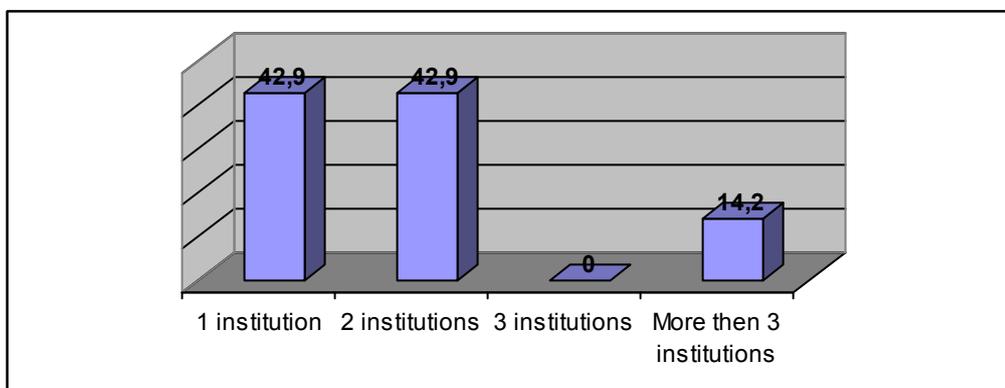


Figure 7: No. of banks offering draft credit

14. Which clause of the credit agreement between you and the bank, did you find in consequence as most disadvantageous for you (describe)

Most respondents did not mention anything. But all other participants mentioned only the usury - that banks are asking too much usuries.

15. What part of the monthly budget of your family is your monthly credit payment?

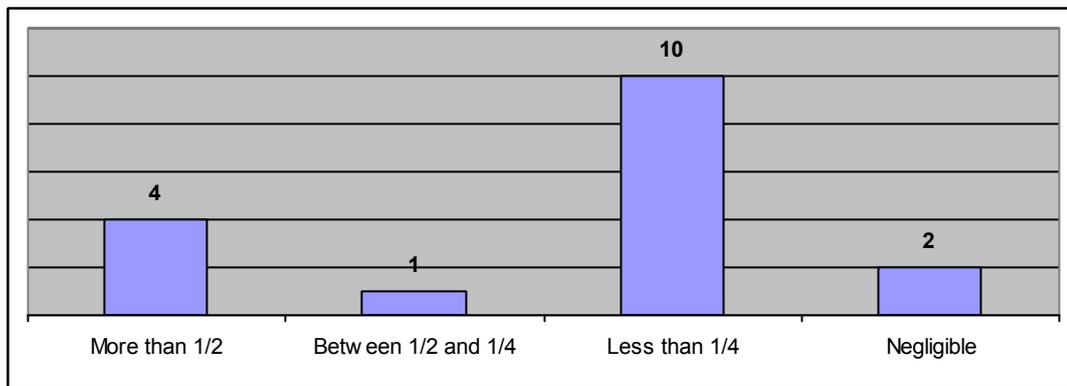


Figure 8: Proportion of loan in monthly budget

Majority of respondents indicated that the monthly credit payment is less than $\frac{1}{4}$ of the monthly family budget. But also there were respondents who are paying more than $\frac{1}{2}$ of their income for credits. This might cause some problems in being able to pay their commitments on time. And also when considering that there is always a possibility to lose a job it might cause financial problems in the family.

16. What is your repayment period of this loan credit/mortgage

Most of the respondents have short term commitments for loans, credits or mortgage. Only few respondents indicated that they have commitment to pay their loan for 5 years (1 respondent) and 40 years (1 respondent). Other respondents marked that their commitment is 1 or 2 years. Those, who have 5 or 40 years repayment period are paying for mortgage (12,5 perc.) and the other respondents have consumer credit (87,5 perc.).

17. What is the credit intended for?

Mortgage is in all cases (5) intended for purchasing new housing (apartment or house) – this was stated by 37,5 perc. respondents.



Consumer credit (3 respondents) is used for: a new car (25 perc), household and purchase of household items – 37,5 perc. So consumer credits are used not necessary for first need things, but rather for things which would let respondents to leave a nicer life.

This survey also showed that all respondents so far are able to manage to serve their loans, though first questions indicated that some of the respondents are facing problems when paying for utility costs on time.



"This project has been funded with support from the European Commission. This publication [communication] reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein."

Summary

The results of the survey show some significant figures. In case of our target group we found out following statements:

1. Young people between 16-25 years old are not used to take the loans (at least this survey indicated this statistics) and a bit older people between 26 and 35 years of age are most used to take credits or loans. Main purpose is household items, new cars, ect. Also some are taking mortgage for getting a new apartment.

2. During this survey (as there is a very small target group surveyed) did not revealed any significant figures what education and gender people are most used to sign credit agreements. Also it is hard to tell whether women or men are most likely to sign these agreements as the questionnaire asks to indicate family incomes and commitments and not personal ones. Also during this survey most of respondents were currently employed.

3. Loans with short repayment periods are usually consumer credits whereas long-term loans are mortgages.

4. Monthly loan repayment is in most cases less than $\frac{1}{4}$ of the monthly family budget. But also there were respondents who are paying more then $\frac{1}{2}$ of their income for credits.

5. All of the survey respondents are able to serve their loans.

6. Most respondents have loan from one institution and respondents are looking seriously hen taking the loan, they consider few options and are choosing the better one.