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PERSONAL FINANCE MANAGEMENT OF YOUNG HOUSEHOLDS IN LITHUANIA

Abstract:

The aim of the paper is to define the main concepts of personal finance management and financial literacy using comparable analysis of scientific literature, to investigate the level of financial literacy and personal finance management skills of young (20-30 age group) Lithuanians and compare the results with other countries` experience. Survey results shows, that despite good understanding on compound interest and inflation effects lack of financial literacy knowledge exists, especially in the understanding of risk diversification principles. Moreover a correlation between education and budget planning was observed. Young adults (age group) with financial education are planning their budget (51%) more than adults with other field education (42%). Finally, just 35% of young (20-25 age group) Lithuanians are planning their budget.

Keywords:

Personal finance management, Financial literacy, Budget planning.

JEL Classification: D10, D14, G02