

# THE IMPORTANCE OF PERSONAL FINANCE FOR INVESTMENT AND APPLYING FINANCIAL BEHAVIOUR PRINCIPLES IN PERSONAL FINANCE INVESTMENT DECISIONS IN LITHUANIA

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**Abstract.** *The aim of each state - to ensure social and economic progress, to increase the welfare of the population... Therefore various measures are fulfilled, which accelerating economic growth, enabling conditions to take care for residents own well-being.*

*Personal finance has become particularly relevant for population nowadays so it is important to learn how to manage them effectively – the proper allocation of income and to minimize costs, to find ways not only to preserve, but also increase the value of personal property. Finance is based on behavior because somebody's costs, savings and investment leads not only the present financial situation, but also the expectations, attitudes and emotions.*

*Identify the main financial behavioral characteristics and the factors that determine the return of investment, provides that personal financial understanding is formed on the basis of economic, psychological and sociological principles set.*

**Keywords:** *financial behavior, personal Finance, irrational behavior, individual investors, decision-making, investment experience*

## Introduction

For many years financial education focused in business economics without distinction of personal finance.. According the expert opinion in personal consumption used up to 70-80% of GDP. . Furthermore, the fees which pay household members are the most important state of the national budget revenues. Thus, personal financial relationships determines the country's economic development <sup>1</sup>

Money is an integral part of physical personal part of life because with them faces at every turn: working, satisfying own desires and incurring mandatory expenses. The most households always interested in various forms of property which are attractive and is highly dependent of the financial situation of the household. Limited tax and risk selection opportunity conditioned to very different forms of property demand and their variety is the stimulus of financial innovation. Globalization of Financial markets, permanent changes in the economy which are difficult to predict shows the need of personal finance management.

These changes and technological innovation leads to personal property growth and property structure changes, creates a new personal finance management options, creates modern-saving and investment measures. All of it changes the financial behavior of individuals their approach to personal finance management which is separable as an effective motive targeted behave in financial market and ensuring future revenue. Personal financial management can be interpreted through equality: through consumption, investment, savings, given the life cycle, or changing business cycles<sup>2</sup>

**INCOME – EXPENCES = FREE RESOURCES**



**SAVING INVESTING**

Source: Taujanskaitė, Jurevičienė, 2010

Figure 1. Personal finance equation

Personal investments is one of most important personal finance ingredients. Investments are additional source of income ensuring regular capital to meet of personal needs and to implement financial purposes, the main of that - the financial independence.. In a broad sense - investment is financial resources of investment in various assets which have value growth trend temporal in respect of. However, personal financial planning should be understood wider: consumption and savings, debt, insurance, investment,

1 Rutkauskas A. V. Asmeniniai finansai kaip finansų sistemis // Inžinerinė ekonomika. – Kaunas: Kauno technologijos universitetas, 1999, Nr. 4(15), p.54

2 Taujanskaitė K., Jurevičienė D. Challenges of personal finance management under instable economic // Mokslas – Lietuvos ateitis. – Vilnius: Vilniaus Gedimino technikos universitetas, 2010, Nr. 2(2), p. 104–111

pensions, real estate, income tax planning.<sup>3</sup> Financial planning is necessary that person could move from there where it is to there where he wants to be.<sup>4</sup>

Therefore, personal finance planning is the preparation prospective household needs satisfy. When planning a secure financial future financial purposes and appropriate measures to achieve them changes depending on the person's age. For most people in life are stages when income exceeds the needs of and periods when income is insufficient to ensure the basic needs. Population savings is one of the major domestic financial resources and credit sources, which stimulate economic growth. Namely population savings through financial intermediation services is transformed into loans and investments.

The most popular investment groups are cash deposits stocks, bonds, real estate, mutual funds, derivatives and others and they are decisive economic growth factor. According Financial experts in Lithuania and in the old European Union member savings habits of the population is still very different. For many years the most of their savings Europeans investing in modern-saving measures, pension funds, unit-linked life insurance, stocks, bonds, mutual funds but the majority of lithuanians their savings still considered in time deposits, demand deposits account or in cash. Lithuanian residents saves but they do it passive or ineffective, they keep money at home or in bank deposit accounts. According to Swedbank's Institute of Private Finances research in the Baltic countries the largest number of savers are in Estonia (83 percent), after that followed Lithuania (66 percent) and Latvia (53 percent).

In comparison with 2011 saving habits are improving - people without savings decreased in all three countries. One of the reasons why people not enough investing, because they are sure that have too little money. For this and other reasons to invest in order to maximize profits in a short period of time is recommended only having a long-term financial purposes. In this case even unsuccessful investment does not cause a threat to the family's financial well-being. Everyone's financial objectives can vary depending from personal circumstances, attitudes, needs. Financial planning process includes conversion personal purpose into specific plans and finally with the help of specific measures those plans will be implemented<sup>5</sup>

When planning finances requires to understand that investment and savings are different. First of all, different is that it is a passive saving and purpose of saver - to save his money and the investor agrees to take greater risks in order to earn more money. There are three things that best describe the investment - a risk, the possibility of increasing the value of their assets and the acquisition of property. Over the past few years selected saving techniques remained basically unchanged. The most common way to save is keeping savings in a current bank account - in Lithuania it chooses 44 percent, in Estonia -

- 3 Jurevičienė, D., Klimavičienė A., Asmeninis finansinis turtas; Asmeninių finansų valdymas; Finansų planavimo procesas; Asmeninės investicijos; Gyvenimo ciklas; Gyvenimo ciklo finansai. Verslas: teorija ir praktika. Vilnius: Technika. Vol. 9, no. 1 (2008). p. 22-32. interactive][ accessed on 20 08 2015]
- 4 Rutkauskas A. V. Asmeniniai finansai kaip finansų posistemis // Inžinerinė ekonomika. – Kaunas: Kauno technologijos universitetas, 1999, Nr. 4(15), p.52d
- 5 Hallman, G., Rosenbloom. J. S. Personal financial planing. Seventh edition.//New York:McGraw-Hill. 2003. p.623

76 percent, in Latvia - 33 percent of the population.. In addition, every fifth resident of the Baltic countries has a cash savings at home. Residents of the Baltic countries use less more sophisticated financial instruments. Investing in bonds and funds rates in all three countries is very modest.

On the one hand, this is therefore, because people do not have enough savings to investment, on the other hand - need to improvement in terms of investing and personal finance education of people in this area. The financial behavior of the subject is relevant and important, because of financial market behavior is not entirely reliable. Financial behavior is not just a theory of investors who make right or wrong decisions based on certain emotions. In order to achieve an efficient return on investment, need to know how to manage their emotions. Deciding where to invest their money - a major challenge for investors. Behavioral theory of irrational behavior of Financial markets are trying to explain their psychological status and motives. In accordance with the uncertainty and complexity of the situations investors usually make decisions based on beliefs, partiality and bias.

Household financial situation and behavior have a significant impact on the Lithuanian financial system stability. Household survey on the financial behavior dedicated for household savings and borrowing habits and find out the causes, determine how households assess their current financial condition, future expectations, changes in financial position, saving or borrowing plans. Researches show that people solutions tend to adopt depending on their current status. Behavioral finance explains, why so many people in financial markets loses. Because they are based on prejudices or inclinations and are exposed to psychological heuristics.

### ***Personal Finance, their management and the analysis of household investment needs***

Before the start of the investment a person must assess their financial situation and opportunities it is a revenue, expenditure, age, family structure, needs of liquid funds and other things that are part of the investment process. Knowing how much money can be invested, what purpose is to be achieved, for what period was decided to invest, can setting the degree of risk and to achieve profits which your want and can properly choose the investment instruments. States that personal financial management depends on the social class to which the person belongs. In order to determine what are the Lithuanian population management options in personal finance, can assess the indicators which can do influencing the analysis of personal Finance.

Household financial situation for the first quarter of 2015 was more tense than at the end of 2014, but it is better situation compared to the beginning of 2014. According to the Department of Statistics at the beginning of 2014 the average salary in the hands in Lithuania was 544 euro and compared with the fourth quarter of 2014 decreased by 10 euros.. However, compared with the first quarter of 2014 the average wage was higher by 21 euro. The average monthly gross wage in the country's economy in the first quarter of 2015 amounted to 699.8 euro and compared to the same period of the previous year increased by 4.3%. In the public sector in the first quarter of 2015 amounted to 720.1 euro (+ 3 percent) and the private sector - 689.1 euro (+ 5.2 percent). Wage rise coincides with

Lithuania's improving labor market conditions, because the increasing demand for labor increasing and its price.<sup>6</sup>

The number of employed for the first quarter of 2015 was 1 317.5 thousand., it is 4.9 thousand. people less than at the end of 2014, but 22.2 per thousand. higher than in the first quarter of 2014. The worse first quarter results compared with the last quarter of last year mostly determined the seasonality. The revenues of more younger people grew over the year. With increasing age, income growth slowed down. According to the data of Sodra average insured earnings of 15-25 year-olds for the first quarter of 2015, though was the lowest, compared with other age groups (448 euros per month) but a year grew up by 19.8 percent <sup>7</sup>( Statgov. of Lithuania, 2015)

Rapidly increased slightly older - 25-34 years of insured income - 8.8 percent., from 590 euros to 42 euros. For older insured income increased slowly The highest average insurable income for the first quarter got 35-44 years insureds (665 euros) but they grew very little - only 2.9 percent. over the year These insured also avoided the seasonal drop in income for the first quarter of the year compared with the last of the previous year quarter. Older than 65 years of insured insured income for the year fell by 4.9 percent. The average old-age pension is increased by 2 euros, or 0.8 percent., And the first quarter of the year was 242 euros. To younger residents the faster income growth determined several reasons. One of them is related to the life cycle theory- - just begun a career without the necessary experience and income is low.<sup>8</sup> (Statgov. of Lithuania, 2015)

Getting better the employee's job skills, improving his experience, growing the employee's value in labor market, is increasing and income. The other reason could be related to young people's professions and various economic activities in the pay gap. For the first quarter of 2015, compared to the same period of 2014 most (10.6 percent.) increased an average wages paid among young people. Their wages into the hands are 937 euros, or 1.7 times higher than the average wage. (see figure 2 and 3)



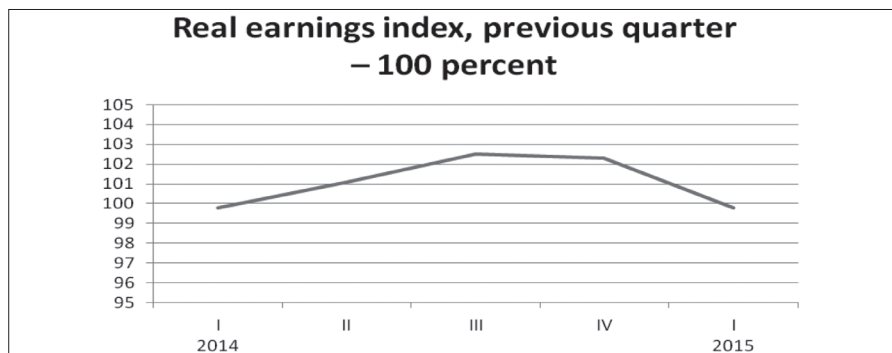
Source: Stat.Gov. of Lithuania, 2015

*Figure 2. Average monthly salary in quarters*

6 [www.stat.gov.lt](http://www.stat.gov.lt) [interactive] [ accessed on 22 09 2015]

7 Ibid.

8 Ibid.



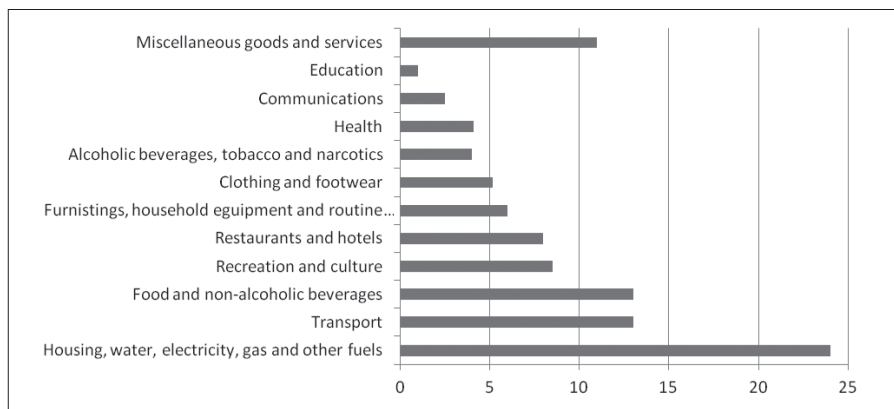
Source: Stat.Gov. of Lithuania, 2015

Figure 3. Real earnings index, previous quarter – 100 percent

Lithuania is the fastest-aging country in the EU. The working age population decreasing significantly as a result of the negative natural population growth and for a large permanent population especially the youth emigration. If this large decrease unlikely to be compensated return migration or a new immigration, may run out adequate for manpower resources and will be threat to a long-term economic growth prospects and to a social security systems, especially for sustainability of pension systems. One of the most important personal finance management steps are - accumulation of savings for emergencies. Required amount of savings depends from received income and the normal costs and the economic environment. The relationship between income and consumption is one of the most important economic events. For a person to be able to fulfill their financial purposes, it is necessary to carry out the daily cost accounting, to register not only the actual costs, but to plan and to distribute them so that the costs do not exceed income (current and future). The annual budget planning, like conducting monthly budget, savings and reserve for “rainy day” - they are the tools of Personal Financial Control. Pre-planning expenditure which will be inevitably will suffer, showing the needs and counting future revenues you can see clearer personal financial outlook.

It helps people effectively manage their finances, avoid financial potholes and various errors or prevents from need to borrow if losing a job. In the scientific literature, the authors often say that person without much effort and constraints essentially without changing their quality of life, to saving can be allocated 10 percent. the usual costs. Comparing Lithuanian household consumption expenditure allocation with the other EU countries, at least half of the EU Member States in 2012 GDP were of households consumption expenditure. The maximum rate of EU Member States were in Greece (76.7 percent., in 2011 data), in Cyprus (73.9 percent.), in Bulgaria (70.1 percent.) and in Malta (69.1 percent).. The lowest - in Luxembourg (38.1 percent.) although its the average household expenditure per capita, there were the largest (30 800 euro).<sup>9</sup> More detailed data in 2012 of EU-28 gross household consumption expenditure shows that almost a quarter (24.1 percent.) accounted for housing water, electricity, gas and other fuel costs.

9 [http://ec.europa.eu/eurostat/statisticsexplained/index.php/National\\_accounts\\_and\\_GDP/lt\\_\[interactive\]](http://ec.europa.eu/eurostat/statisticsexplained/index.php/National_accounts_and_GDP/lt_[interactive]) [accessed on 22 09 2015]



Source: Eurostat 2015

Figure 4. Cost allocation

Then, according to the size there were costs of the transport (13.0 percent) and food and non-alcoholic beverages expenditure (plus 13.0 percent). The remaining consumption expenditure together accounted for nearly half (49.8 percent) general household consumption expenditure. In order to properly manage personal finances first of all it is necessary to take into account their income and expenses. The increasing the income or the expenditure cuts are the main way in order to have more resources available. It is necessary to consider all possible sources of income because very often the only income related to wages. Meanwhile, in order to properly manage costs it is important to distinguish between the necessary costs from all other. Necessary expenses are unavoidable but other costs can always be cut. In addition, in order to properly manage finances especially it is important to take into account your assets and financial liabilities and financial possibilities.

### ***The analysis of the peculiarities of household financial behavior research by investing free funds***

#### ***The analysis of investment tools and financial behavior peculiarities***

The possibility of lending or saving redistribution of income over a lifetime was the basis of life expectancy hypothesis. When the income is changing through the life, the person is borrowing and saving in order to seek to maintain a constant level of consumption the lifetime. According to this theory, human proceeds all his life is changing by his life expectancy hypothesis, person financial behavior is depending on income and accumulated wealth in certain period of life.

The main motive of saving - to generate funds for future in particular, to ensure the normal level of consumption in old age. Many of us have and trying to saving but we are facing the greatest difficulties when it comes to investing. First of all, we need to create a reasonable investment strategy without any emotion. We can not afford everything

what we want, this must properly reflect your choice and purchase options: to excessive avoid saving but not spending more money. In many ways all economists, sociologists and psychologists tried to explain investor behavior.

The researches of economists focused in investor's behavior rationality and irrational decision-making process. Sociologists explains investor's behavior focusing on the social environment, p. Sociologists explain investor behavior investors focusing on the social environment, psychologists - to individual characteristics.<sup>10</sup>

Social interaction with the environment become an information dissemination and sharing the driving force therefore social externalities factors affects investors' decisions. Finance of Behavioral - it is a science of finance and it is closely related to behavioral economics, examines the impact of investor psychology markets having regard to the emotional factors underlying investors' financial decisions.

The purpose of research Financial behavioral science – to know out how much investors behavior does not meet the standard models, why investors behave irrationally, what are the main reasons. Analysis of literature sources shows that scientists presenting very much and various deviations based on researches, but however, no one model of financial behavior science does not contain yet. Human seeks to simplify everything in order to everything would be easier to understand and form a proper opinion.<sup>11</sup>

Therefore the human's behavior and decisions are based on its past, the circumstances and all the other factors which are not rational. A lot of people gamble away in the financial markets and the reason is often - financial behavior. Investors often rely on the preconception prejudices, inclinations, and the like. Often the mistakes of investors appear for psychological loosely defined rules of conduct and irrationality. Therefore psychology and sociology explains people made reasons for the choice and motivations. People make decisions according to the current emotional state. Endlessly is important to investigate the factors who shaped by irrational behavior of investors and their impact making financial decisions in different investment environments. Investment often leads emotional reasons, but not financial. The irrationality provoked self-control, because we can not always forcing ourself to do what you want to do. Personal finance science is shown through rational and behavioral finance paradigms.<sup>12</sup>

Deciding to invest it is very important to choose the right time certain investments.. Often, due to lack of financial literacy, financial market characters does not use the information available because psychological factors referenced, that somebody wants to invest where is at this time an upswing. Which in any case, what would be the unsecured modern financial system we must act wisely with our money, t.i. create income from property. Investment vehicles (bonds, government securities, goods, real estate, shares of

10 Shanmugham, R.; Ramya, K. 2012. Impact of Social Factors on Individual Investors' Trading Behaviour, *Procedia Economics and Finance* 2: p. 237-246.

11 Jurevičienė, D.; Gausienė E. 2010. Finansinės gyventojų elgsenos ypatumai, *Verslas: teorija ir praktika* 3. Vilnius: technika, p.222–237

12 Jurevičienė, D.; Ivanova, O. Behavioural finance: theory and survey, *Mokslas – Lietuvos ateitis: Verslas XXI amžiuje* Vilnius: Technika, 2013.p.53–58



foreign companies, bank deposits) over the past few decades they has been designed very much, especially the number of different types of derivative securities.

However, despite the diversity of investment instruments they can be divided into several particular groups, by investing in certain asset classes: Investments in equity securities, debt securities, derivative securities papper, money market instruments, real estate. Whole investment can be measured by return on investment and operating factors of risk. Securities, which brings higher returns are more risky for those which produces lower returns.. Therefore, to describe this fact is used risk and return on compatibility criteria.<sup>13</sup>

A positive return on investment can be compared to the profitability. Wherewith higher we will seek to profit the greater the risk will need to take. Whereas each investor wants to maximize income with the lowest possible risk so he should create a portfolio from intermodal investments which is less risky than investing in one type of investment. The stock market is closely linked with the country's economic situation.

When the global economy slows down, deteriorating business prospects of companies, deteriorating and their options to get previously forecasted profits. It is considered that in the long term shares are more profitable than other securities. Deposits are a safe and convenient way to save or invest free funds. Since the deposits are insured by the state they are considered to be completely risk-free investment. In Lithuania deposits are insured which amount in bank or in credit union not exceeding than 100 000 euro<sup>14</sup>.

### ***The analysis of population savings and investment behavior***

Bank of Lithuania was carried out by households financial behavior study in 2015 and was found that three-quarters of surveyed households monthly saved a portion of its income, most of them in the future also plans to save. In Lithuania, however, already have formed savings and investment culture, because the third most popular form of savings of storage among respondents who have their savings are investments in the securities market. Compared with second half of last year respondents share who are going to save over the next 6 months increased by 4.5 percentage points and was equal in all 76.3 percent. Lower-income receiving households also try to save: two-thirds of surveyed households for of a per person income goes up to 600 euro, said that expects to save for the next six month, but so far do not invest because there is not enough money. Every fifth participated in a household survey, funds failed to save. Over the years households which save up nothing, decreased by 10.1 percent point. In the first half-year of 2015 households, who managed to save at least a little bit, were 74.8 percent.<sup>15</sup>

Savers were slightly (2.5 percentage points) less than half a year ago. Out lower income(up to 600 euro) which households are receiving, savers were also quite a bit (two-thirds of such households). Save and invest was best successful for these households who do not have the financial commitments.(see table 1)

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13 Valakevičius E., *Investavimas finansų rinkose*, KTU leidykla Technologija, 2008, p 338

14 Lietuvos Respublikos indėlių ir įsipareigojimų investuotojams draudimo įstatymo Nr. IX-975 nauja redakcija, 2015 m. lapkričio 19 d. Nr. XII-2054

15 <https://www.lb.lt/>

Table 1. Household savings(percent, compared with all bindings

Amount savings	The first half-year of 2013	The second half-year of 2013	The first half-year of 2014	The second half-year of 2014	The first half-year of 2015
Anything saved	33,0	30,7	30,2	19,1	20,1
Till 30 eur	20,3	25,6	22,2	22,2	21,3
31- 150 eur	29,6	28,8	30,0	33,8	31,0
151- 300 eur	6,4	6,2	6,9	13,2	14,2
301- 600 eur	1,6	1,5	1,9	6,0	4,8
More than 600 eur	1,0	0,4	1,3	2,2	3,5
Not delivered the data	8,1	6,9	7,5	3,6	5,1
part of savers	58,9	62,5	62,3	77,3	74,8

According to the survey, household savings investment priorities have not changed: the most popular further was conservative investment vehicles. The great part of saving of households accumulates financial assets in cash, in account or in deposit in the bank and in the near future does not plan to change this selection. The most popular means of saving remained liquid financial assets: account or deposits in the bank and cash, stored in the house. At least one of these austerity measures used by 69.3 percent respondents.<sup>16</sup>

As the most popular savings tool over the analyzed period the majority of respondents indicated bank deposit. This could lead these financial instruments liquidity and the fact that possession of savings bank deposits do not require special or specific investment knowledge and skills. It is also a safe way to save, however, the interest received are small. Increasingly growing interest in higher risk of austerity measures: life insurance, pension funds, and the average household existing conservation measures increased. In the first half of the year saving for one of household on average had a little more than two austerity measures and more than one measure to save had 62.0 percent surveyed saving households. Despite the fact, the need of individuals of different ages accumulate funds for senility, shows that the most for retirement tend to accumulate from 35 years of age (about 24 percent). It's not a big number, taking into account, start saving for this life cycle is recommended as early as possible. A small proportion of respondents raise funds in pension funds of Lithuania.

Low interest can be explained by the fact that casually of State Policy people are not interested in investing in pension funds. Residents think that the unstable social protection policies are still accrue not sufficient funds for retirement. Almost half (44.4 percent) of surveyed households had any financial obligations. Residents mostly borrowed consumption to finance their needs and housing purchase. Reduced borrowing requirement for investment, financial liabilities to refinance and for long-term use goods for purchase. Over

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16 *Supra* note 15.

the next half year is going to borrow only small part of the respondents (5.5 percent)<sup>17</sup> A year ago more than one measure to save had 41.0 percent. saving households. More actively invested and various range of savings chose households of major cities and those, with at least one member had higher education (see table 2)

*Table 2. The comparison instruments of saving choice ( % )*

Saving means	The first half-year of 2013	The first half-year of 2014	The second half-year of 2014	The first half-year of 2015
Savings in cash at home	58,4	60,6	55,1	53,4
Account or deposit in the bank	64,2	61,5	66,6	65,8
Accounts or deposits in credit unions	1,6	3,5	5,8	4,0
Life insurance	12,9	16,3	27,4	26,2
Investition units of the pension fund	11,6	12,7	25,7	23,3
Investition units of the investment fund	0,7	2,1	3,6	3,9
Debt securities	1,1	1,4	2,8	1,6
The Company's shares	1,4	2,1	4,7	4,8
Investments in real estate	7,6	7,7	9,0	7,0
Not field	3,0	2,8	2,1	1,0
Other	0,2	0,2	1,4	1,2

*Source: The Bank of Lithuania*

The biggest part of their savings households invested in cash deposits and shares, less money - to joint stock companies and Lithuanian government bonds, foreign securities and mutual funds.

Noticeable such distribution between personal investment measures - at time of economic upturn persons are more willing to take risks, therefore their money investing in shares, investment funds and at time of the economic downturn people avoid risk therefore are investing in safer investment vehicles t.i. in cash deposits and in limited liability companies and in the Lithuanian government bonds.<sup>18</sup>

People who invests in their own businesses, hopes that money will be used efficiently, will generate greater financial benefits and will ensure higher liquidity. Lithuanian population does not cover properly the financial markets, the proposed long-term savings

<sup>17</sup> *Supra* note 15.

<sup>18</sup> *Ibid.*

options associated with investments in equities, investment or pension funds. The reason may be, risk aversion, weak investment skills, lack of confidence in the financial markets. This indicates, that despite created favorable conditions for long-term investment, Lithuanian residents, who manage their finances, tend to pursue short-term purposes and little trying to take care for a period of accumulation of funds for retirement.

## Conclusion

1. The Important personal finance management function is a financial planning which is required in order a person could have enough money for their most important life needs. Therefore, the management of personal finances is essential to control costs so that in order to have enough financial reserves. This requires them to invest properly, obtaining a sufficient return on investment for the selected risk of level.

2. When planning your personal finances, financial targets and appropriate measures to achieve them, owned from the age.

3. Personal financial behavior is important financial component.

These are economic, psychological and sociological totality of principles by which a person forms his understanding about the finances

4. Many people's behavior is irrational for human imperfection, but certain steps can be rational. The grasping of the financial behavior principles and the applying them for investment decisions, you can avoid some of the errors and make right and effective decisions

5. Expectations of investor, education and other factors determined his investment decisions and the desired return on investment. It is important to realize at what time and in what economic stage is the best for invest in particular investment measures. Also, before making investment decisions must take into account the risks, whether the investment is worth the risks incurred by size and whether the investor can come to terms with the level of future risk profile.

6. All investments can be evaluated by return on investment and operating risk factors. The securities whose returns are higher is more risky than those which produces lower returns.

7. In Lithuania many people used methods for saving money - deposits, treasury bills, Government bonds, European and other investment funds - not suitable financial instruments their money to maintain purchasing power because the real return the longer period is negative.

8. The investor has to decide how much and what kind of risk he is able to take.

The most it depending from the investor's possibilities to protect against potential losses t.i. from the capital size.

9. Investigative data showed that observed such distribution between personal investment measures - at time of the economic upturn persons are more willing to take risks, so themselves money investing in shares, investment funds and at time of the economic downturn people avoid risk so investing in safer investment vehicles in cash deposits and bonds.

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## ASMENINIŲ FINANSŲ SVARBA INVESTAVIMUI IR FINANSINĖS ELGSENOS PRINCIPŲ TAIKYMAS ASMENINIAMS INVESTICINIAMS SPRENDIMAMS LIETUVOJE

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**Santrauka.** Valstybės tikslas – užtikrinti socialinę ir ekonominę pažangą bei didinti gyventojų gerovę. Todėl įgyvendinamos įvairios priemonės, spartinančios ekonominę augimą, sudarančios sąlygas piliečiams savo gerove pasirūpinti ir patiems.

Asmeninių finansų valdymas gyventojams šiais laikais tapo ypač aktualūs, todėl svarbu išmokti juos efektyviai valdyti – tai yra tinkamai paskirstyti gaunamas pajamas mažinant išlaidas, randant būdų ne tik išsaugoti, bet ir padidinti asmeninio turto vertę. Finansų valdymas yra grindžiamas tam tikra elgsena, nes kiekvieno asmens išlaidas, santaupas ir investicijas lemia ne tik esama jo finansinė padėtis, bet ir lūkesčiai, požiūris bei emocijos.

Išnagrinėjus pagrindinius finansinės elgsenos ypatumus, nustatyta, kad asmens finansinis supratimas formuojamas remiantis ekonominių, psichologinių ir sociologinių principų visuma.

**Reikšminiai žodžiai:** finansinė elgsena, asmeniniai finansai, neracionalus elgesys, individualūs investuotojai, sprendimų priėmimas, investavimo patirtis.

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