Money management

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***Step 1 – The Problem***

The challenges students face when managing their money.

The problem is present among all students around the world. The problem mainly hurts the students themselves and sometimes their parents. Students facing this problem may have to ask for more money from their parents, get a job and have to balance their studies and work, or lend some money from their peers. Students may face this problem because of their irresponsible and loose money spending decisions.

The problem is extremely widespread among all students. It‘s so widespread, it is even taken as a joke in some cases, for example, memes. The problem does not seem to be getting worse. This problem just seems like a natural part of life at this point.

If the problem is not solved, the student may start looking for a job and have to balance their student life with their work. Additionally some problems may arise with their parents or friends, who they own money to.

People who have faced this problem, may start to look at their spendings in a more responsible way. Not waste their money on unnecessary purchases, expensive fast food and so on.

***Step 2 – Analysis of the Problem***

Irresponsible spending – buying things you don’t need, going out with friends too often. Buying food instead of cooking. A lot of new products being presented and students being able to purchase them easily, ordering food is a lot easier than cooking.

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**"Should you buy that big mac?”**

**Money management 101**

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**Money management**

**Report**

Money is one of the main drivers in our everyday lives. We use it for buying various products or services that are necessary in our daily lives. So knowing that it takes time and effort to earn money, it would make sense to spend the money we have responsibly. However, that is not the case with a lot of people. For example, students tend to have a lot of issues managing their money, which may not only cause problems to them, but also their family or friends.

Currently, the problem is extremely widespread among all students. It is so present, it is a really commonly joked about phenomenon. And since this problem has existed for so long and does not seem to be decreasing, it is taken as a natural part of life. In this report, we will take a deeper look into this problem, its causes and consequences.

This report will look at:

* Money management tendencies among students;
* What conditions exist to allow the problem to be present;
* What can be done to combat the problem;

We did our research by reviewing already conducted surveys and studies on student money management. We noticed that students most often do not plan their expenses and only about a fifth do, so it does not come as a surprise that they have a lot of unexpected purchases that go over their budget. And by going over their budget that leaves them with no money left to spend for daily necessities thus they are forced to borrow money from their family or friends, and in doing so becoming a burden for their irresponsible spending. Studies show that seven out of ten students depend on parent financial support and six out of ten have jobs to help them support themselves. The majority (eighty four percent) of students do not spend more than five hundred euros per month and the most commonly occurring expenses ranges from two hundred to three hundred euros. Their expenses mostly circle around three main things. The first one is food, on average they spend one hundred and twelve euro on it, following that comes rent which is about eighty four euro and the final expense is for leisure time activities that come to around forty euro. But those expenses could drastically increase if we removed parental support because nine out of ten students receive some sort of support from them, the most commonly occurring support from parents comes in food products. Two out of three students encounter financial problems, but an interesting part to that is that the working students encounter such problems more often than students that just study.

As with any other problem, this issue has its causes. The first cause is probably the most obvious - lack of experience and self-control. A great portion of students, who are studying far from home, may not have been taught the importance of money by their parents. As a result, after making some irresponsible purchases, the student may run out of money and be forced to ask for more from his parents or try to lend some from friends. This may put them and their friends or family in an uncomfortable situation. Moreover, since nearly any product or service is easily accessible to students due to internet stores or conveniently placed shops, some students may not be able to resist the urge to buy something completely redundant. For example, new video games are coming out nearly every single month and with their prices being at an all time high, wasting 60 euros on a video game does not seem like a great idea. However, some students can not resist the urge and choose to make this purchase disregarding the price and the time they end up wasting playing instead of studying. Thirdly, new products with new and innovative commercials are revealed every day. And with clever use of their products’ advertisements, companies may be able to make a student believe that they need the new product. As a result, some students may make the choice of upgrading their phones or laptops without a real necessity to do so.

It is clear that the issue is extremely harmful not only to students themselves, but also to their parents and friends. However, students put very little into fixing the problem and improving their lives. So we listed some of the things students can do to improve their money managing skills and maybe save some money in the meantime. Firstly, students should start cooking food for themselves. While ordering food at restaurants or cafés seems comfortable, cooking at home or dorm is a lot more cost-efficient. For example, it is possible to cook a meal that will last about 3 days from products, bought for the same price as just one meal from a fast food joint. Secondly, students should not forget that public transport is a viable option. Since most of the students going to university already have their driver's license, they may start to underestimate the cost and time efficiency of bikes, public buses or trams. As a result, they end up buying or renting cars, which is neither good for the environment, nor for their wallets. Buying fuel and maintaining a car can pile up a huge amount of expenses, especially over time. Additionally, a great way of managing money would be splitting all the money into smaller groups, which would be spent on set expenses like food or free time. By doing this it becomes way easier to keep track of the money left and make sure one can not go over the set limit and “steal” into money allocated to other expenses. Furthermore, instead of spending the surplus of each week, it could go into a savings account. This way students would have some money in the back for all of the unexpected expenses that might come by.

In conclusion with money being a limited resource, everyone, including students, should have at least the most basic skills of money management. However, students have it the roughest, because they have to leave their hometowns and start living on their own. It not only is frustrating and difficult but also hard to get started with managing their money. With all these new expenses, like rent, food, transport, students with no experience in money management can get overwhelmed and frustrated. Despite all that, sometimes unexpected spendings are unavoidable, yet it is possible to avoid debts and uncomfortable situations. As mentioned, there are a plethora of great ways of managing money properly like cutting unnecessary expenses like coffee or snacks or splitting one’s savings into smaller groups for set periods of time. All in all, students have to learn to manage money sooner or later, as living loosely and irresponsibly will lead them to bankruptcy and debts.

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Research literature

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