

Bosnia

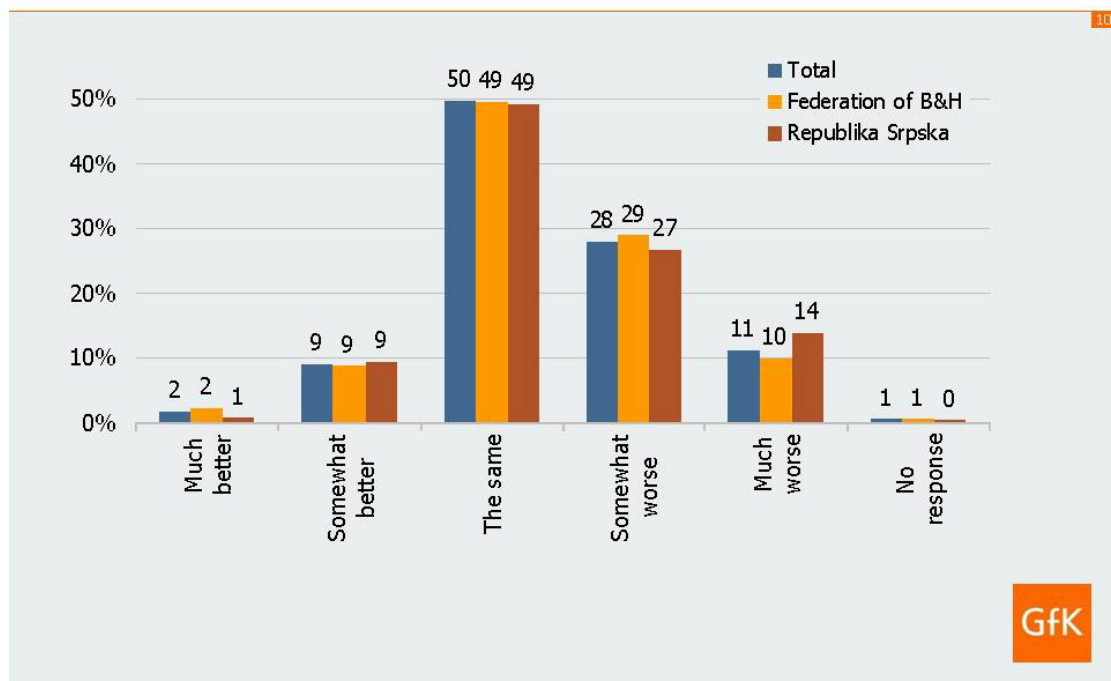
Financial condition of B&H households

Research about financial conditions in B&H households, conducted by the GfK BH – Centre for Market Research, shows that somewhat more than a third of households manage to pay their monthly expenses and save at the same time whilst the majority live from one pay cheque to the next by settling only the minimum monthly outgoings. In comparison to the situation a year ago, half of the population considers things to be neither better nor worse, that is they are living at a similar standard as they did last year, whilst 11% believe they have a better standard of living and 39% believe that life is worse than it was then.

In assessing the financial status of their own household for the first six months of this year, half of B&H citizens believe conditions are unchanged compared to last year, neither worse nor better. However, things are not so good for the 28% of citizens who rate their household financial condition as being somewhat worse than 12 months ago and for the 9% who consider the situation to be much worse – giving a total of some 40% of the population who believe their lives are worse than a year ago, confirming the fact that there has been a fall in the standard of living in this country. In contrast, there are fewer who feel they have experienced an improvement in their standard of living this year with only 9% of citizens feeling they have a better life and some 2% believing they have much better lives. These results on self evaluation of quality of life standards were obtained by GfK BH in early summer 2009 across the whole of B&H.

Is the financial condition of your household better, worse or the same as 12 months ago?

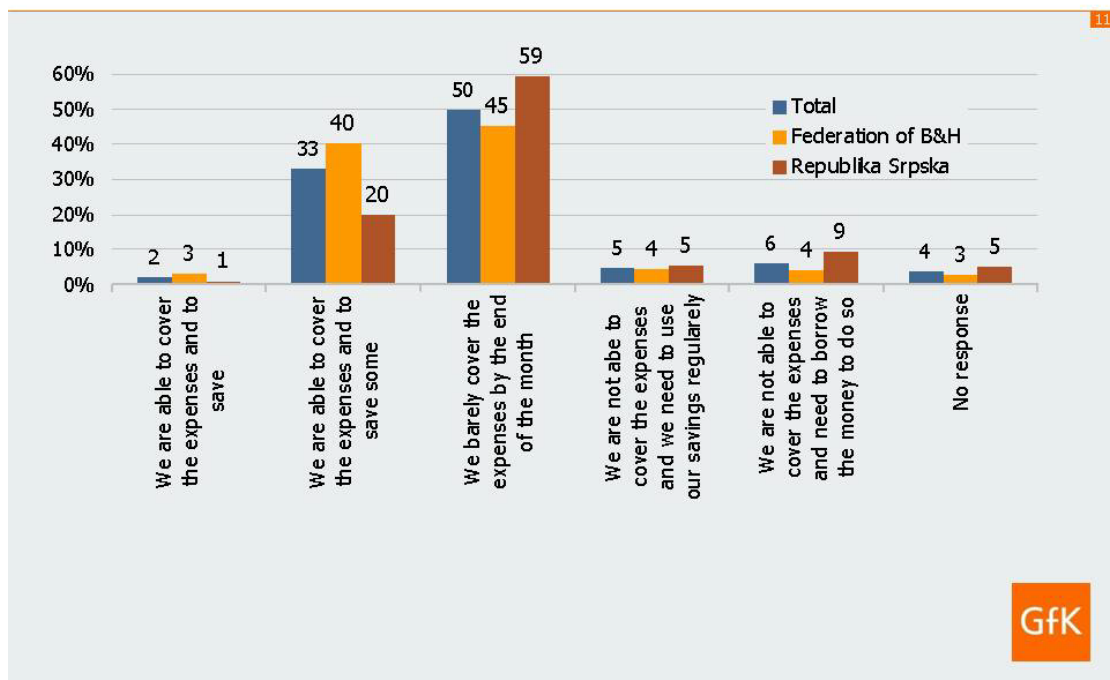
N = 1000



The socioeconomic status of the country is best viewed in the form of the fact that a third of the population manages to both pay their basic monthly expenses and are also able put something aside, whilst one in two B&H households are only able to cover their basic costs with their entire income and are desperate for the end of the month to come. Unfortunately, some 11% of these are forced either to use their savings or to get into debt to cover the essential costs of life. In particular, the citizens of Republika Srpska are subject to this unfavourable situation as, according to the GfK BH results, nearly 60% of households here barely manage to cover their monthly expenses with only about 20% able to save something and 15% needing to borrow money or use their savings in order to cover their monthly household expenses. Not surprisingly, the situation is somewhat better in urban regions as a result of the post-war redevelopment and the failure of the attempts to revive the agricultural sector. In urban areas, 40% of the population manage to cover their costs and to save something whilst only 32% of rural households are able to do the same.

How would you describe the financial condition of your household?

N = 1000



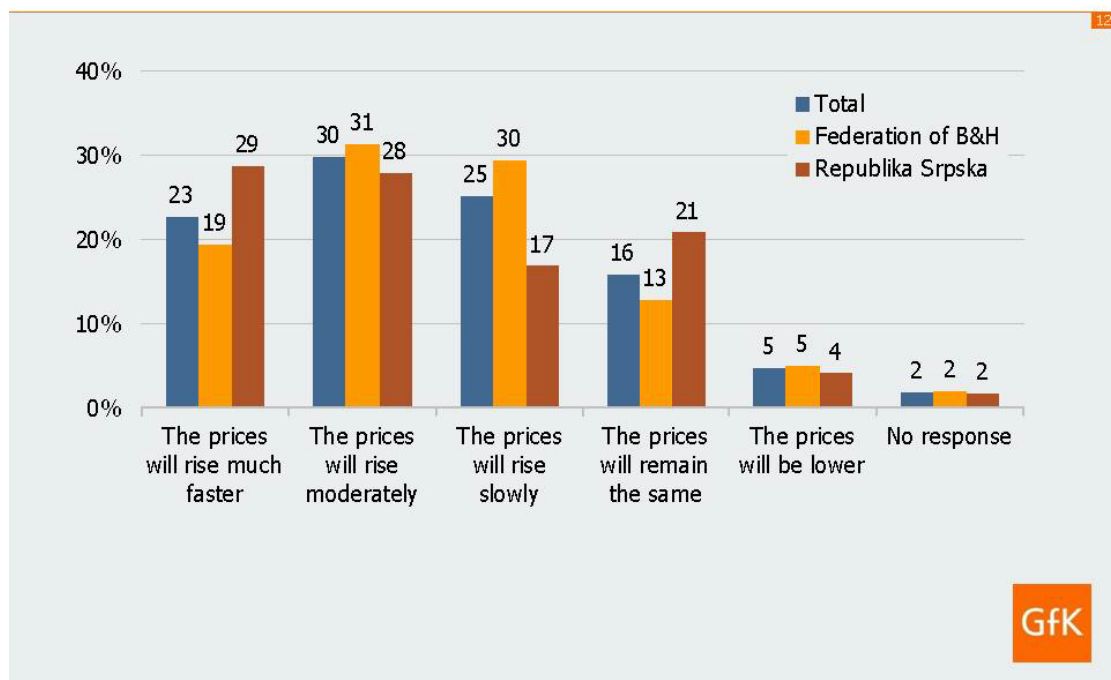
When asked to assess the financial condition of their household for the next 12 months, a large proportion of the population (42%) believes there will be no great change and the situation will remain much the same.

It is interesting to note that there are almost equal numbers of optimists and pessimists – 28% are convinced that things will be worse and their standard of living will fall whilst 27% are still optimistic, believing things will get better. Pessimism is more of an issue amongst those who said their standard of living is worse than a year ago, with some 50% of them believing that things will become even worse than they are now, but a quarter of them believe that better times are coming and their standard of life will improve in 2010.

Considering the financial state of the country and the world in general, the results GfK BH has found with regard to prices in the next 12 months are consistent with the general climate and expectations. Only 5% of the population thinks that prices will be lower than today and 16% believe that prices will not change. The majority (78%) believe that prices will rise to some extent. In FB&H, people believe prices will remain the same (12%) or that prices will rise moderately. On the other hand, a fifth of the citizens of Republika Srpska believe the prices will remain the same, but a significant number of them (29%) believe that prices will increase more than expected. Those who live in households with higher incomes are somewhat more positive in terms of their expectations with regard to increased prices than are those who live in households with lower incomes who are convinced that the rise in prices will be more significant. A parallel situation is seen for different sizes of household – the more members there are in the household, the stronger their belief that prices will rise faster.

What are your expectations regarding prices in the next 12 months?

N = 1000



Some additional questions in this GfK BH research project covered the attitude towards the labour market: more specifically, will the numbers of the unemployed rise or fall. Bearing in mind that the term 'recession' has become a constant factor in all the news about the economy, not only in B&H but all over the world, it is not surprising that 76% of B&H citizens believe the unemployment rate will increase over the next year, a conclusion reached by the experts as well. The current situation where large numbers of companies have had to lay off workers has had a negative impact on the perception of those in temporary employment or looking for jobs, in particular. More than half of the population on low incomes (54%) believe the unemployment rate will be higher in the months to come whilst 73% of those with incomes over 1000 BAM believe the unemployment rate will rise but more moderately.



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