

# DANMARKS NATIONALBANK

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## Danes' money is primarily bank deposits

Nearly 95 per cent of the money that the private sector immediately can use for payments is ordinary bank deposits. The rest is cash. While cash payments are physical, payments with deposits are digital, i.e. directly transfers from your own bank account to the recipient's account, for example by use of debit cards or smartphones.

The central characteristics of money are that they are liquid claims that are stable in value and can be used to facilitate the ongoing transactions. Money is also used for savings, i.e. as a store of value, and as an economic measuring unit.

The private sector's ordinary deposits and cash con-

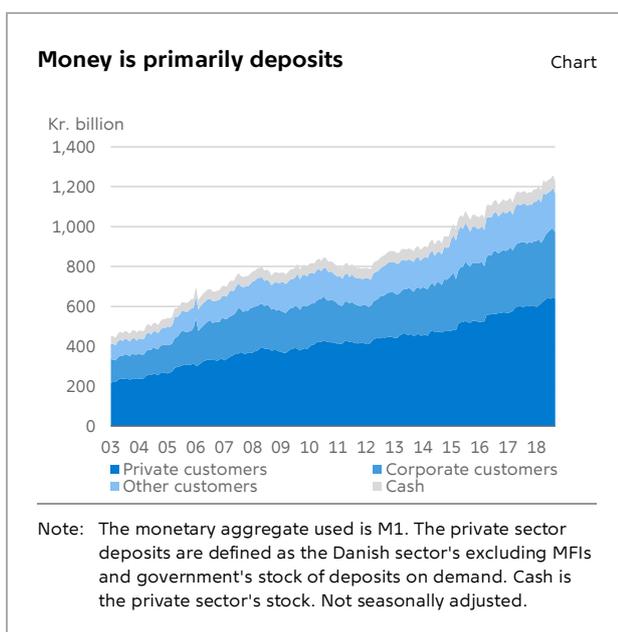
stitute the most liquid part of money in society. Deposits have been steadily increasing for a number of years and amount to kr. 1,166 billion at end-September. The popularity of deposits must be seen in the light of the current low interest rate level, where it may be attractive for private customers to place their money in banks, even though the interest rate on a standard deposit account is typically zero per cent.<sup>1</sup>

Especially, the private customers' deposits have increased. Increasing economic activity and income growth have contributed to this. In addition, the private customers place more than usual on ordinary deposit accounts rather than on time deposit accounts.

Out of the total deposits on ordinary accounts, private customers account for kr. 639 billion, whereas corporate customers account for kr. 332 billion. The majority of the remaining deposits of kr. 195 billion belong to financial companies.

The most liquid part of the private sector's money, calculated to kr. 1,228 billion, supplemented with other selected types of deposits with shorter maturity and some of the sector's debt instruments, also with shorter maturity, denote the broadest aggregate amount of money, most recently calculated to kr. 1,490 billion.

[CLICK HERE FOR FURTHER INFORMATION](#)



<sup>1</sup> For the correlation between low interest rates and deposits in banks, see Danmarks Nationalbank, [Low interest rates boost bank deposits](#), *Danmarks Nationalbank Analysis*, no. 9, July 2018.