

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, INTERESTS, MAY 2018

Record low interest rates on private customers' deposits

The average interest rate on ordinary bank deposits from Danish private customers is now 0.08 per cent – the lowest rate ever. Ordinary deposits characterise deposits which can be withdrawn without notice or used as a means of payment.

Two thirds of the ordinary deposits in April earned zero interest, while the remaining third accrued 0.23 per cent. These deposits are typically established on special terms which contribute to the positive interest rate. Examples of this are employee or student accounts.

The average interest rate on all types of deposits by private customers is 0.35 per cent. This, in addition to ordinary deposits, also includes time deposits and credit-related deposits. Lastly, all deposits also include pooling schemes which is an investment product.

The inclusion of credit-related deposits tends to skew the average interest rate significantly upwards, since the interest rate typically resembles that on the associated loan. The average interest rate on credit-related deposits was 2.23 per cent in April.

Private customers thus generally continue to avoid negative interest rates on deposit, as the only customer group to do so. However, it may occur in rare instances if for example private customers pay overdraft interest which surpasses their interest earnings or if they have a currency account where interest to a larger degree resembles the market rate.

Data for this statistics story originates from the semi-annual survey conducted by Danmarks Nationalbank regarding the extent of negative interest rates and credit-related deposits. The survey conducted in April 2018 covered 91.4 per cent of total deposits excl. pooling schemes by private customers.

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