

DANMARKS NATIONALBANK

25 JULY 2019

BANKING AND MORTGAGE LENDING, INTERESTS, JUNE 2019

The majority of Danes' deposits receive zero interest

In April, Danish private customers increased their deposits in large and medium-sized banks to kr. 921 billion. Of this, 55 per cent had an interest rate of 0 per cent. The remaining 45 per cent of the deposit had a positive deposit rate, on average 0.65 per cent. Overall, private customers' average deposit rate was 0.3 per cent in April.

As a result, the share of private customers' deposits with zero interest rates was higher than at the last publication in October 2018, where 50 per cent of the deposit had zero interest rate. The average deposit rate, however, remains virtually unchanged.

There are often special conditions attached to the

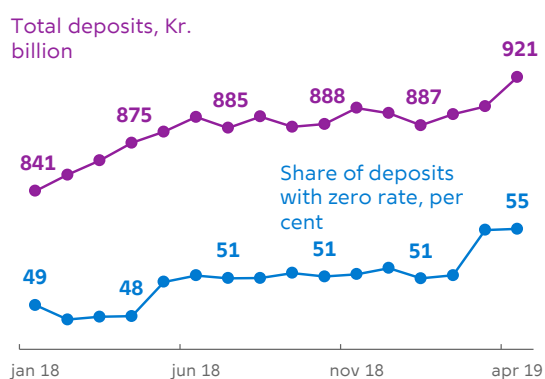
deposits that currently has a positive interest rate. Examples of this can be accounts where the customer has an agreement with the bank through a trade union, employee accounts or because the customer has chosen a time deposit where the deposit is tied for a shorter or longer period.

At the same time, the average interest rate for the total deposits is raised by credit-related deposits, which in April amounted to 11 per cent of total deposits. This part of the deposits typically has an interest rate that reflects the interest rate level of the associated lending.

Although interest rates are zero on bank deposits, many choose to increase their deposits, this is due to a savings surplus and a lack of alternatives. One of the alternatives is to buy securities. However, if the investment horizon is short, the return on these investments may not be consistent with the risk and cost. For the same reason, several banks recommend that customers retain their savings on a deposit account if their investment horizon is less than three years.

The information on the share of deposits with respectively negative, zero and positive interest rates is stated in Danmarks Nationalbank's semi-annual survey of negative interest rates. April 2019, 18 of the largest banks, corresponding to approximately 94 pct. of the total deposits from Danish private customers.¹

Privates' bank deposits are growing in spite of a large proportion with zero interest rates



Anm.: Total deposits from Danish employees etc. in large and medium-sized banks.

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¹ See all published figures from the survey here ([link](#)).