

# DANMARKS NATIONALBANK

30 MAY 2018

BANKING AND MORTGAGE LENDING, BALANCES, APRIL 2018

## Danes now have kr. 870 billion deposited in banks

The bank deposits placed by Danish private customers continue to increase. In March and April alone deposits increased by kr. 22 billion, among other things due to large pay-outs from dividends, excess tax, and holiday pay.

Thus, the total value of the Danes' bank deposits reached kr. 870 billion by the end of April 2018. The increase over the previous ten years has generally followed the development in income, even though the returns have approached zero. Bank deposits are, however, not necessarily unattractive compared to the alternative investment opportunities which often are more risky.

The historically large deposit corresponds to the average Dane having kr. 150,000 in the bank. This contributes to economic flexibility, which potentially

can be spent on consumption or investments. There is, however, considerable variation in people's savings, including the amount deposited on bank accounts.

The majority of deposits are placed on regular payroll accounts (kr. 622 billion), even though they typically earn zero interest, when disregarding deposits with special terms.

Pooling schemes, for example pension or children's savings, where the bank invests on behalf of the customer, have gradually increased in popularity and now constitute the second largest portion of Danes' deposits.

The rest is placed in time deposit accounts, either with a fixed maturity or redeemable at notice. This type of deposit has become less common due to the low interest rates.

An alternative to placing available capital in banks is to invest in securities, such as stocks, bonds, and investment fund shares. The return and the associated risk depend on the underlying investments.

The Danes' bank deposits are matched by bank loans for kr. 398 billion and mortgage loans for kr. 1,463 billion.

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