

# DANMARKS NATIONALBANK

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## Business deposits for kr. 450 billion get negative interest

Deposits with negative interest have become common among Danish banks and for many of their financial and non-financial business customers. In April 2018, deposits with negative interest rates amounted to kr. 450 billion. This corresponds to 56 per cent of the total business deposit.

This information stems from Danmarks Nationalbank's semi-annual survey. The survey in April 2018 covered 18 of the largest banks equivalent to 87 per cent of all deposits excluding pooling schemes.

The survey shows that it is the banks' financial customers and in particular insurance companies and pension funds who experience the effect of the current interest rate environment including the negative monetary policy interest rates.

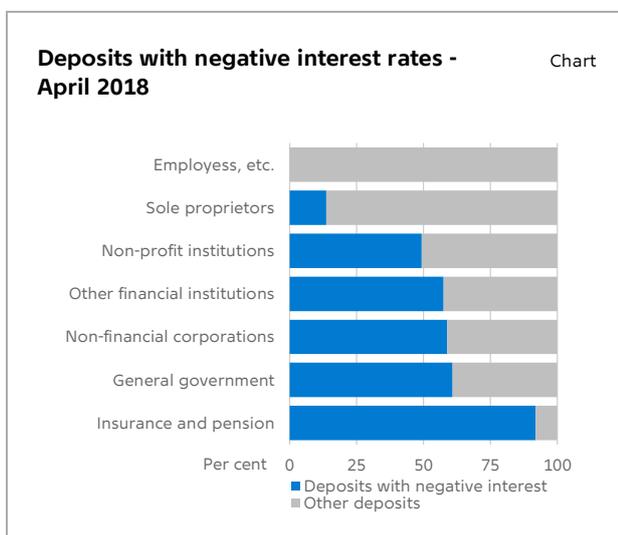
The common feature of customers who get negative interest rates on deposits is that their deposits are typically large and that their alternative to depositing money in banks is to place it in the capital markets, where interest rates are also largely negative.

There is an increasing proportion of non-financial corporations' deposits with negative interest rates. In April, the share was 59 per cent equivalent to kr. 160 billion with an average interest rate of -0.46 per cent. In total, non-financial corporations pay approximately half a billion kr. annually in deposit rates.

Not all banks have business deposits with negative interest rates. The survey shows that it is most common among the large banks, which also receive the largest deposits.

In general, banks still keep their private customers from paying interest on their deposits. Banks have so far set a lower limit of a 0 per cent interest rate, a limit which more than 40 per cent of private sector deposits were placed on in April.

In addition to the deposits with negative interest rates, the banks have deposits with positive interest rates for kr. 499 billion. Furthermore, deposits placed in pooling schemes total kr. 160 billion, for which the return depends on the underlying investment. The remaining kr. 567 billion in deposits do not accrue any interest (zero per cent).



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