

# DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, BALANCES, JUNE 2020

## Danes reduced their deposits in June

In June, Danes reduced their deposits in banks by kr. 10 billion, so their total deposits are kr. 989 billion. The relatively large decline comes after a period in which Danes' deposits have increased sharply. So much that their total deposits were close to exceeding kr. 1 trillion.

### Non-restricted deposits are reduced

The reduction in deposits in June has been in ordinary deposits without any restrictions, which make up the vast majority of Danes' deposits (kr. 732 billion), and which can be used immediately for payments. The Danes' other deposits, i.e. deposits with some sort of restrictions, have on the other hand remained largely unchanged in recent months. Of these deposits totaling kr. 257 billion, deposits of kr. 161 billion are invested via pooling schemes.

### Significant increase in deposits in April and May

In April and May, Danes' deposits increased by kr. 35 billion. The increase was mainly driven by well-known spring effects such as the payout of holiday savings, excess tax and dividends from investments.

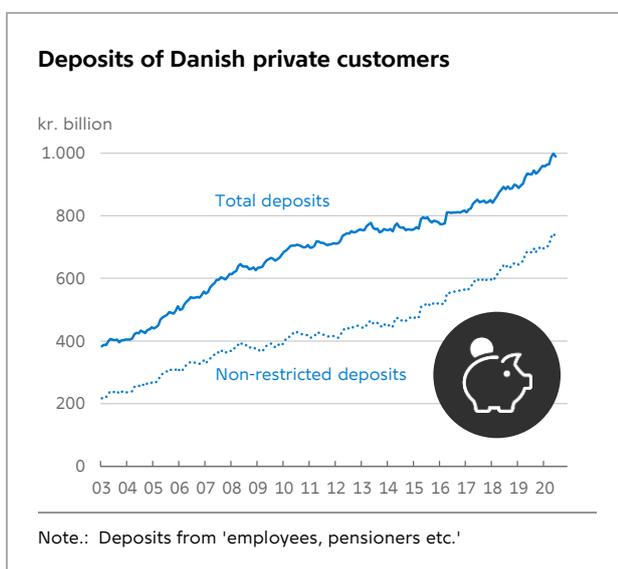
In addition, the effect of the shutdown of parts of the economy in connection with the corona virus can also have had an impact on Danes' deposits. The shutdown led to a significant decline in private consumption, and thus a lower draw on Danes' deposit accounts than usual. The decrease in consumption is partly due to the limitation of the Danes' consumption opportunities, but also general uncertainty and the risk of infection have dampened demand.

While the development in deposits from month to month is partly seasonal, it may be that also the level of the deposit is affected by coronavirus either temporarily or permanently – e.g. in relation to ensuring a larger personal financial buffer than under more normal conditions.

### The deposit rate reduced further

As of June, the last of the large and medium-sized banks have also introduced negative interest rates on certain types of deposits from private customers. This has affected the average deposit rate, which in June is down to 0.12 per cent<sup>1</sup> equivalent to a halving since the beginning of the year.

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<sup>1</sup> However, the interest rate level is kept artificially high by lending-related deposits, which include deposits that correspond to the unutilized part of the borrowing limit on, for example, a priority loan. The lending-related deposits typically have an interest rate that reflects the interest rate level on the associated loan.