

DANMARKS NATIONALBANK

3 MAY 2021

BANKING AND MORTGAGE LENDING, BALANCES, MARCH 2021

Corporate deposits fell sharply in March 2021

Since the start of the lockdown in March 2020, Danish companies have significantly increased their deposits in banks, but in March 2021, deposits fell by kr. 44 billion. This corresponds to a reduction of almost 10 per cent of the companies' total deposits, from kr. 445 billion in February 2021 to kr. 401 billion in March 2021.

Dividends and deferred payments affect deposits

In March, large listed companies, in particular, pay dividends, which affects the development in corporate deposits. Another factor that affects corporate deposits is tax and VAT payments.

The large increase in corporate deposits up until March 2021 is due, in part, to deferred tax and VAT payments from 2020, which have been included as measures in the Danish Government's relief packages.

Some of the deferred payments from 2020 had their due date extended until March 2021, which may, together with the ordinary payments for March 2021, have contributed to the subsequent fall in corporate deposits.

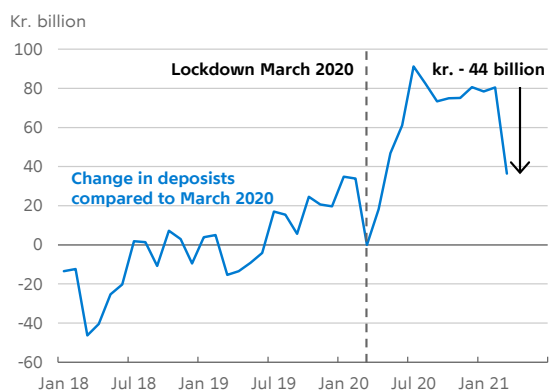
In the spring, the Government adopted a VAT loan scheme, offering small and medium-sized enterprises the opportunity to defer their VAT payments for 1 March 2021 until 1 February 2022. Otherwise, several companies would have had to pay multiple periods at the same time. The extent of double payments in March 2021 is therefore dependent on the companies' use of the loan scheme.

Few industries are driving the decline in deposits

The decline in March 2021 is largely driven by a few industries. Out of the kr. 44 billion, more than half comes from companies within the industries pharmaceuticals, law firms and construction. This is despite the fact that in March 2021, these industries accounted for just 13 per cent of companies' total deposits.

Although a large part of the total decline can be attributed to these three industries, the decline in deposits is broad-based. Thus, in March 2021, two out of three industries reduced their bank deposits.

Decline in corporate deposits in March



Note: Changes in deposits at the end of the month for Danish companies compared to March 2020. The term 'companies' here covers Danish non-financial corporations and personally owned companies.

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