

# DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, BALANCES, OCTOBER 2019

## 21 per cent of household debt relates to sole proprietorships

At the end of October, Danish households' total bank and mortgage debt amounted to kr. 2,474 billion corresponding to 110 per cent of Danish GDP. The debt of the household sector covers debt of private customers and sole proprietorships. The bulk of the debt, kr. 1,950 billion (79 per cent), are primarily related to private customers, while the remaining kr. 524 billion (21 per cent) is related to sole proprietorships.

### Stable share of household debt

Sole proprietorships have historically accounted for a significant portion of Danish households' bank and mortgage debt. A proportion that has remained rela-

tively stable over time of around 20 per cent. Also in an international context, the Danish sole proprietorships share of households' banking and mortgage debt is large.

### Agricultures share is still large, but smaller

The number of traditional sole proprietorships in agriculture has been declining ([link](#)) and so has the industry's total banking and mortgage debt. However, the industry agriculture etc. still makes up about half of the sole proprietorships total bank and mortgage debt.

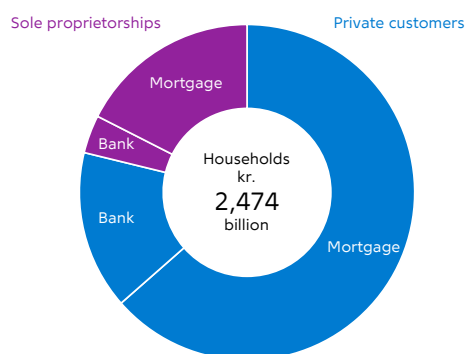
### Difference in loan types

Private customers and sole proprietorships debt are primarily secured by real estate. However, a larger proportion of the sole proprietorships debt is with variable interest rates than that of private customers (76 and 62 per cent, respectively). Also a smaller proportion of the debts of sole proprietorships are with installments than the debt of private customers (49 and 56 per cent, respectively).

### Definition of sole proprietorships

Sole proprietorships are in general characterized by the fact that the income of the company (e.g. agriculture) has a significant impact on the customer's finances. If a private person has a CVR number, the banks or the mortgage institutions assess whether the person should be categorized as a sole proprietor or a private customer.

### A significant portion of Danish household debt relates to sole proprietorships



Note: Banking and mortgage lending to Danish households at the end of October 2019, market value.

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