

# DANMARKS NATIONALBANK

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## Who pays negative rates in the banks?

Interest rates have been low for a long time on a global scale, and banks are increasingly passing on the negative interest rates to their deposit customers. The banks have reacted at different rates, and the transaction affects different customer groups at different paces.

The customer group most exposed to low and negative interest rates is financial companies. Their deposits often have a short maturity, and the rates typically follow the money market rates. Thus, on average, banks have the lowest interest rates on their deposits, while private customers remain the group that has the highest deposit rates – somewhat de-

coupled from developments in money market rates. However, several banks have announced negative deposit rates for private customers as well.

### Individual conditions determine the individual customer's interest rate

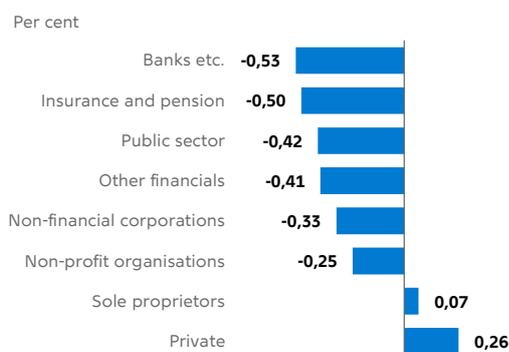
There are several factors that affect the individual customer's pays or receives on his deposit. Thus, a customer with a large commitment can often negotiate a better deposit rate than a customer who, for example, only uses the bank for deposits. Many banks have also introduced limits, an example could be that a sole proprietor with less than kr. 100,000 in deposits pay zero interest, while a negative rate must be paid for larger deposits.

### The composition means a lot for the impact of the negative interest rates

Since the deposits are composed differently across banks, there is also a difference in the extent to which the banks have passed the negative interest rates on to their customers. Large banks typically have a larger share of their deposits from financial counterparties, such as pension funds and banks as well as larger companies – and thus a higher transition of the negative interest rates. The variation in deposit rates for comparable customer groups is less pronounced.

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### Negative deposit rates are in particular paid by companies in the financial sector



Anm.: Danish banks average deposit rates in kroner in August 2019. The interests includes credit related deposits.