

DANMARKS NATIONALBANK

15 JULY 2021

BANKING AND MORTGAGE LENDING, INTERESTS, MAY 2021

The Danes' deposit rate averaging -0.21 per cent

In May 2021, the average interest rate on Danish private customers' ordinary deposits was -0.21 per cent per annum. The deposit rate has thus decreased 0.14 percentage points in 2021. The large decrease in the average rate must be seen in light of the fact that the share of private customers' deposits with negative rate increased from 13 per cent to 30 per cent in the same period. This corresponds to kr. 310 billion of the Danes' total deposits earning negative interest in May 2021.

Lower interest rate due to lower thresholds

Since the turn of the year, the majority of the larger banks have lowered the threshold for when negative rates kick in for private customers' deposits, including some of the largest banks. As the thresholds are lowered, the volume of deposits earning negative interest increases and as a result, the average deposit rate decreases.

Most recent data are for May and since then, five of the largest banks have lowered their threshold to kr. 100,000. This is likely to have resulted in a considerable increase in the share of deposits earning negative interest and in the share of private customers paying negative interest. Similarly, the average interest rate is likely to have become more negative. The effect of the changed thresholds will appear in data for July, which will be published in August.

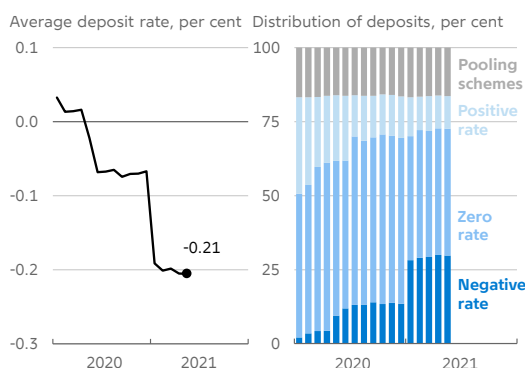
Negative rate on 86 per cent of corporate deposits

Despite the increase in the share of private customers' deposits with negative rate, negative rates are still more widespread among banks' other customer groups. For instance, the shares of deposits with negative rate were 86 per cent and 67 per cent for non-financial corporations and personally owned companies, respectively, in May 2021.

Danmarks Nationalbank's deposit surveys

The information is from Danmarks Nationalbank's surveys of *Lending-related deposits* and *Prevalence of negative rates on deposits*. The latest surveys cover the period until May 2021. The results from the survey can be found here ([link](#)).

Larger portion of the Danes' deposits earn negative interest



Note: Left: Deposits on demand in Danish kroner from Danish employees etc., excl. lending-related deposits, where lending-related deposits correspond to the undrawn portion of the limit of, e.g., a mortgage-like bank loan and typically earn interest as loans. Right: The distribution of total deposits in all currencies from Danish employees etc. Pooling schemes are saving arrangements, where deposits are invested in securities. Find chart data [here](#).

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