

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, INTERESTS, SEPTEMBER 2021

Deposit rate for danes continues to fall

In September 2021, the average rate on Danish private customers' ordinary deposits was -0.31 per cent per annum. This corresponds to the Danes paying kr. 65 million in interest on their ordinary deposits in September. Recently, several of the larger banks have lowered their deposit rates from -0.6 per cent to -0.7 per cent, which is expected to lower the average deposit rate further in the coming months.

Lower thresholds during the summer

During the summer, the last of the large and medium-sized banks lowered their thresholds for when deposits bear negative interest rates from kr.

250,000 to kr. 100,000, which is now the typical threshold for private customers with a Nemkonto. It was mainly the changed thresholds that drove the fall in the average interest rate during the summer months. The same applies to the fall around the turn of the year, where the majority of large and medium-sized banks lowered their thresholds.

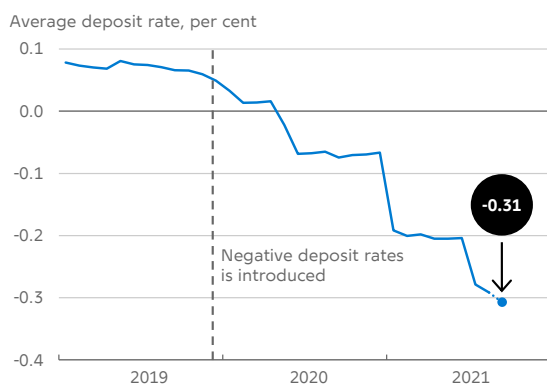
The lending rate have seen a greater fall

Although many Danes are probably dissatisfied at having to pay to have money in the bank, Danes with debt have something to be happy about. At the same time as the deposit rate, the lending rate has also fallen. When the lending rate falls, it becomes cheaper for Danes to loan finance the purchase of, for example a new home, a new car, or a new kitchen. Since January 2019, the average interest rate on lending from banks and mortgage-credit institutes has fallen by 0.51 percentage points, while the interest rate on deposits has fallen by 0.39 percentage points.

Deposits have been reduced by kr. 38 billion

Deposits last peaked in April 2021 and have since been reduced by kr. 38 billion. In particular, the record-breaking reduction in deposits in August of more than kr. 16 billion contributed to reducing the total deposits. An analysis from Danmarks Nationalbank has shown that private customers typically reduce their deposits and invest (eg in investment fund shares) when they face negative deposit rates.¹

The average deposit rate for private customers is -0.31 percent.



Anm.: 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. The latest observation for September 2021 is projected. Find data [here](#).

[CLICK HERE FOR FURTHER INFORMATION](#)

¹ See Alexander Meldgaard Otte, Morten Spange og Rasmus Kofoed Mandsberg, The response of private customers to negative deposit rates, Danish Nationalbank Analysis, no. 9, April 2021