



## Retail Interest Rates – March 2024

9th May 2024

### Household Lending Interest Rates

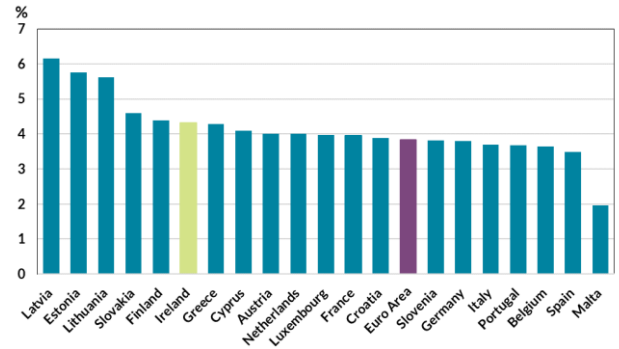
- The **weighted average interest rate on new Irish mortgage agreements**<sup>1</sup> at end- March 2024 was 4.31 per cent (Chart 1), an increase of 2 basis points from February and an increase of 77 basis points annually. The equivalent euro area average dropped by 8 basis points to 3.84 per cent (Table 1). At end-March, the rate in Ireland exceeded the euro area average by 47 basis points (Chart 1), and was the 6<sup>th</sup> highest in the euro area, up one place from February 2024.
- The **weighted average interest rate on new fixed rate mortgage agreements**, which constitute 71 per cent of the volume of new mortgage agreements (89 per cent in March 2023), was 4.19 per cent in March. This is a decrease of 1 basis point from February and an increase of 75 basis points on the same month in the previous year.
- The **total volume of pure new mortgage agreements** fell to €630 million in March, a 2 per cent decrease from the previous month, and a decrease of 14 per cent annually (Chart 2).
- Renegotiated mortgages** totalled €145 million in March compared to €174 million recorded in the previous month. 62 per cent of renegotiated mortgages were within the fixed rate category in March, compared to 58 per cent in February. The weighted average interest rate on renegotiated fixed rate mortgages was 4.15 per cent in March 2024, up from 3.21 per cent in March 2023, while the equivalent rate for the variable renegotiated category stood at 4.24 per cent in March 2024, down 10 basis points from February 2024.
- The **weighted average interest rate on new consumer loans** increased by 13 basis points to 7.65 per cent in March compared to the previous month. The total volume of new consumer loans was €233 million in March, a decrease of €15 million from February 2024.

**Table 1: Weighted average interest rates for house purchase (excluding renegotiations), March 2024**

	Interest Rate (%)	M-o-M Change (bps)	Y-o-Y Change (bps)	Volume (€m)
New IE mortgage agreements	4.31	+2	+77	630
of which: - fixed rate	4.19	-1	+75	447
- variable rate	4.59	+5	+21	182
New Euro area mortgage agreements	3.84	-8	+31	41,608

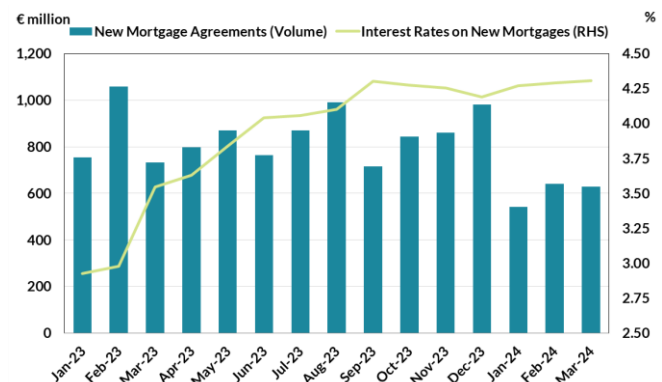
Sources: Retail Interest Rates [Table B.2.1](#) and [ECB Data Portal](#)

**Chart 1: Weighted average interest rates on new lending for house purchase across the euro area, March 2024**



Source: Retail Interest Rates [Table B.2.1](#), and [ECB Data Portal](#)

**Chart 2: Volume and interest rate of new mortgage agreements (excluding renegotiations)**



Source: Retail Interest Rates [Table B.2.1](#)

<sup>1</sup> Rates and volumes quoted on this page exclude renegotiations unless otherwise stated.

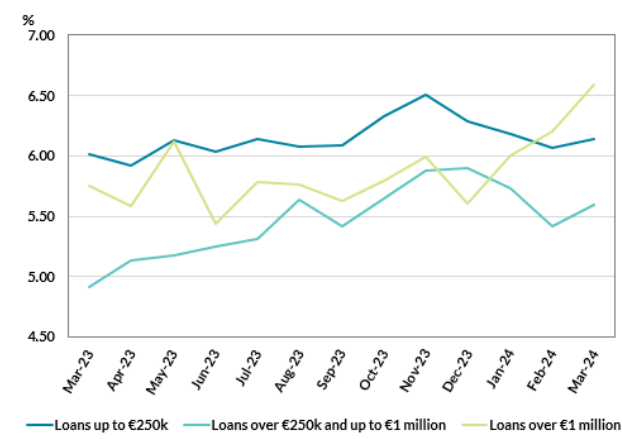
### Non-Financial Corporations Lending Interest Rates

- **New NFC loan agreements** increased to €1.7 billion in March from €696 million in February, and increased 20 per cent from March 2023. The associated weighted average interest rate was 6.51 per cent in March, up 42 basis points from February. The equivalent rate in the euro area was 5.10 per cent in March.
- The volume of **new NFC loans of over €1 million**, which account for 87 per cent of the volume of all new NFC loans, rose to €1.5 billion in March, an increase of 23 per cent compared to March 2023. The weighted average interest rate on this instrument category was 6.59 per cent in March (Chart 3). This reflects a year-on-year increase of 84 basis points.

### Household and Non-Financial Corporations Deposit Rates

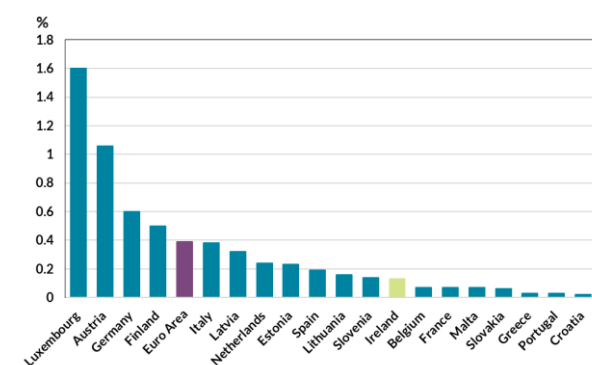
- Interest rates on **household overnight deposits** remained at 0.13 per cent in March 2024 (Chart 4). The equivalent rate in the euro area was 0.39 per cent. The weighted average interest rate on **new household deposits with agreed maturity** fell 8 basis points to 2.51 per cent in March (Chart 5). The level of new business in this category was €990 million, which is a 9.2 per cent increase in month on month terms, but a 287 per cent increase from March 2023, albeit still well below historical levels seen pre-2021.
- Interest rates on **NFC overnight deposits** were 1 basis point lower at 0.10 per cent in March 2024. Interest rates on **new NFC deposits with agreed maturity** decreased by 12 basis points to 3.33 per cent in March. The corresponding rate in the euro area was 3.68 per cent. The level of new business of new NFC term deposits was €3 billion in March, representing a month on month increase of 17 per cent and a 18 per cent increase from March 2023.

Chart 3: Interest rates of new NFC loan agreements, by loan size



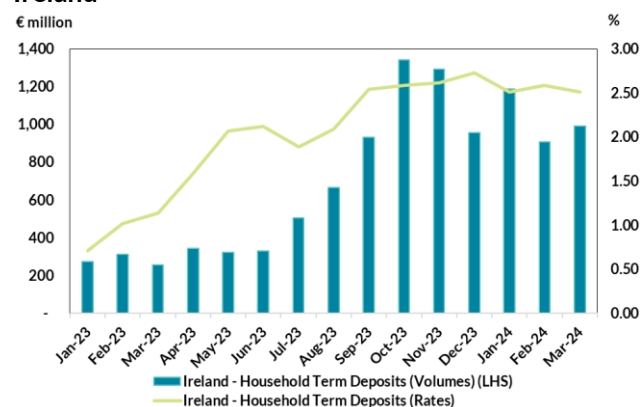
Sources: Retail Interest Rates [Table B.2.1](#)

Chart 4: Interest rates on household Overnight deposits; Ireland and Euro Area, March 2024



Sources: Retail Interest Rates [Table B.1.1](#), and [ECB Data Portal](#)

Chart 5: Term deposit interest rates & Volumes; Ireland



Sources: Retail Interest Rates [Table B.2.1](#) and [ECB Data Portal](#)

### Box A: Interest Rates on Outstanding Mortgage Loans held in Non-Bank Entities

The monthly *Retail Interest Rate Statistics* are compiled using data collected from a sample of Irish resident credit institutions only, in accordance with the relevant ECB Regulation. The Central Bank recently conducted a sixth data collection exercise from non-bank entities<sup>1</sup> relating to their outstanding stock of Primary Dwelling Home (PDH) mortgage loans and the weighted average interest rates applied to these loans. The data were reported with reference to end-March 2024, and are shown in Table A below. As is the case with all interest rates reported in the *Retail Interest Rate Statistics*, weighted averages can mask the underlying distribution of interest rates among the population of loans in each category. The Central Bank published a [Behind the Data](#) exploring the Interest Rate Distributions within the Non-Bank Sector.

**Table A: Total PDH Mortgage Lending by Non-Banks, as at end-March 2024**

	Total Non-Banks				Banks <sup>2</sup>
	Outstanding Amount (€000's)	Number of Accounts	Non-Banks Interest rate (%)	Non-Bank Q-on-Q Change bps	Interest rate (%)
Variable	5,680,927	42,016	6.06	-4	4.19
Tracker	5,955,324	35,401	5.58	-1	5.70
Fixed	8,147,113	38,925	2.66	9	3.01
<b>Total</b>	<b>19,783,363</b>	<b>116,342</b>	<b>4.51</b>	<b>-1</b>	<b>3.67</b>

- The cohort of non-bank entities can be further disaggregated into those that are initiating new mortgage loans and those that hold mortgage loans but are not actively lending. The weighted average interest rate on all outstanding mortgage loans for the “lending non-banks” was 3.12 per cent, and for the “non-lending non-banks” it was 5.55 per cent, at end-March 2024.
- The weighted average interest rate on variable rates for the “lending non-banks” was 4.77 per cent, and for the “non-lending non-banks” was 6.33 per cent, at end-March 2024.
- Among the non-bank entities, 36 per cent of all PDH mortgage loan accounts were on a variable rate at end-March 2024, 30 per cent on a tracker rate, and 34 per cent on a fixed rate. Fixed rate mortgages account for 81 per cent of mortgages among the “lending non-banks”, while variable and tracker rates dominate among the “non-lending non-banks”, with a share of 45 per cent each.
- “Non-Lending non-banks” account for €11.35 billion of outstanding PDH mortgage lending and 77,560 accounts (67%), while “lending non-banks” account for €8.43 billion and 38,782 accounts (33%).<sup>3</sup>

<sup>1</sup> The reporting population is the non-bank entities that report the quarterly Mortgage Arrears Statistics. Non-bank entities are comprised of Retail Credit Firms and Credit Servicing Firms.

<sup>2</sup> The outstanding value of bank-held mortgage loans, and the corresponding interest rates, are published in Table B.3.1 on the [website](#).

<sup>3</sup> Statistical confidentiality rules prevent publication of further disaggregation of lending/non-lending non-banks by interest rate type.

### Note 1:

Interest rates and new business volumes are collected from credit institutions with a significant level of lending or deposit business with households or non-financial corporations (NFCs). The sample is monitored to ensure compliance with ECB Regulation.

Monthly *Retail Interest Rate Statistics* in Tables B.1.1 to B.2.2 cover all euro-denominated lending to, and deposits from, households and NFCs in the euro area. New business is defined as any new agreement during the month between the customer and the credit institution. This agreement covers all financial contracts that specify the interest rate for the first time, including any renegotiation of existing business (excluding automatic renewals). These statistics are compiled under ECB Regulation and are comparable across the euro area.

Quarterly *Retail Interest Rate Statistics* in Table B.3.1 cover all euro and non-euro denominated mortgage lending in the Republic of Ireland only. New business refers to new mortgage lending drawdowns during the quarter, broken down by type of interest rate (i.e. fixed, tracker and SVR). These statistics are not compiled under ECB MFI interest rate Regulation.

### Note 2:

There are a number of factors that can lead to differences between *Retail Interest Rate* statistics and interest rates advertised by resident credit institutions. These include renegotiated loans, the inclusion of home improvement loans, and the underlying statistical compilation methodology.

### Note 3:

The retail interest rate statistics are compiled using a sampling method as outlined in the relevant ECB Regulation and Guideline. The sampling methodology is refined and enhanced over time to maintain alignment with relevant international standards and maintain a quality sampling approach. In such situations, revised methodology

will be applied to historic data to ensure a consistent and coherent compilation of data across time and to allow for time series analysis. The period of revisions will be determined by the impact, feasibility and cost of undertaking the revision. Occasions when methodological revision have occurred are:

- Enhancements to the calculation of the national weighted average interest rates and national total business volumes have been introduced in ECB Guideline (ECB/2014/15) on monetary and financial statistics. These enhancements introduced in the Guideline involve changes to the sampling methods. The changes made contribute to a further harmonization of the data compilation process thus improving cross-country data comparison. The changes apply for reference period December 2014. As a result of these enhancements, data have been recalculated, as per the requirements of Guideline ECB/2014/15, for previous reference periods.
- Changes applied to reduce the maximum grossing factor used in estimating total population data. The changes reduce the potential volatility caused by irregular high grossing factors. The impact of the change is largely confined to new business loans to NFCs, with some minor changes to new business consumer loans. The changes apply from reference period April 2021. Data for previous reporting periods have been recalculated back to February 2019.

Recent data is often provisional and may be subject to revision.

For further detail, please see the [Retail Interest Rates](#) webpage for:

- An extensive set of [Retail Interest Rate Tables](#);
- [Retail Interest Rate Statistics Explanatory Note](#);

Previous Interest Rate Statistical Releases can be found [here](#).

#### **Note 4:**

##### **Statistical classification of sole proprietors**

In line with their treatment in ESA 2010, the Central Bank has harmonised the treatment of sole proprietors as reported by reporting agents across various datasets. This has resulted in a movement of loans and deposits from the NFC to the Household sector. These amendments were made in February 2022 with respect to reference data from February 2021.

Specifically, these changes result in an increase in loan and deposit volume amounts reported vis-à-vis the household sector, and a decline in balances reported vis-à-vis the NFC sector. This applies to both outstanding and new lending volumes in Tables B.1.2 and Table B.2.1.

For lending rates, this change means that both the aggregate interest rates on NFC loan agreements and on non-mortgage household loans has slightly reduced. The reason for this is that, in general, loans to sole proprietors typically attract a higher average interest rate than NFC loans, and therefore excluding them from the NFC category results in a slight reduction in the aggregated NFC interest rate.

Additionally, the interest rate on loans to sole proprietors is typically lower than the average interest rate on non-mortgage household loans, and therefore including them results in a reduction in the aggregated interest rate on household loans ‘for other purposes’ in Table B.2.1, and on household ‘consumer loans and other loans’ in Table B.1.2.

##### **Treatment of securitised loans**

As a result of an update to the ECB Regulation on the balance sheet items of credit institutions and of the monetary financial institutions sector (recast) (ECB/2021/2), there have been changes to how certain securitised loans are required to be classified for the purposes of statistical reporting. The following treatment, allowed under the previous Regulation ECB/2013/33, is no longer permitted: ‘MFIs [...] may be allowed by their NCB to exclude from the stocks [...] any loans disposed of

by means of a securitisation in accordance with national practice [...]’.

The removal of this derogation from the updated Regulation ECB/2021/2 results in an increase in the reported volume of outstanding house purchase loans in Table B.1.2.