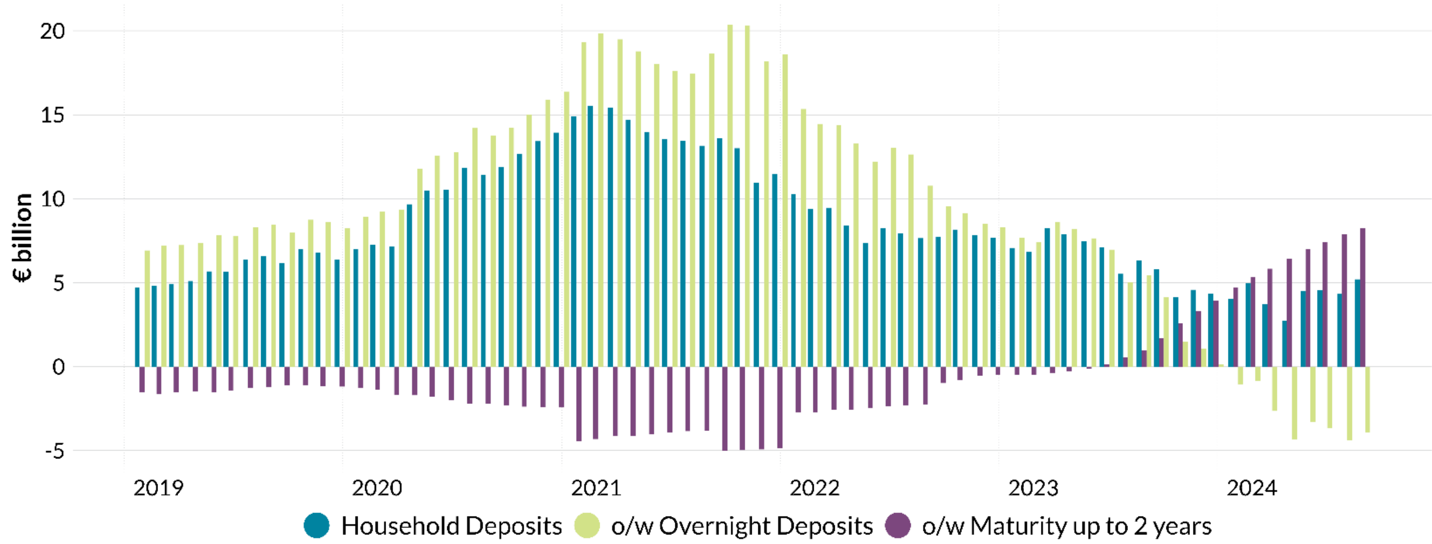
Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

30 September 2024

Money and Banking Statistics[1] – August 2024

Household deposits increased by €5.2 billion, or 3.4 per cent, in the year to end-August 2024. While **overnight deposits** fell by 2.8 per cent in the year to end-August, this was offset by another significant increase in **deposits with an agreed maturity of up to 2 years**. This is contributing to keeping the share of overnight deposits slightly under 90% of total household deposits. In line with the upward trend observed in the last year for this category, flows in the year to end-August stood at €8.3 billion, marking the second record-high in a row since reporting the first positive annual flow in June 2023. This preference for term deposits is evident since the beginning of the year and is likely driven by higher interest rates on offer on these deposit types.

Annual household deposits flows increased in August. Overnight deposits' annual growth remained negative for the eighth month in a row while term deposit flows keep growing steadily.



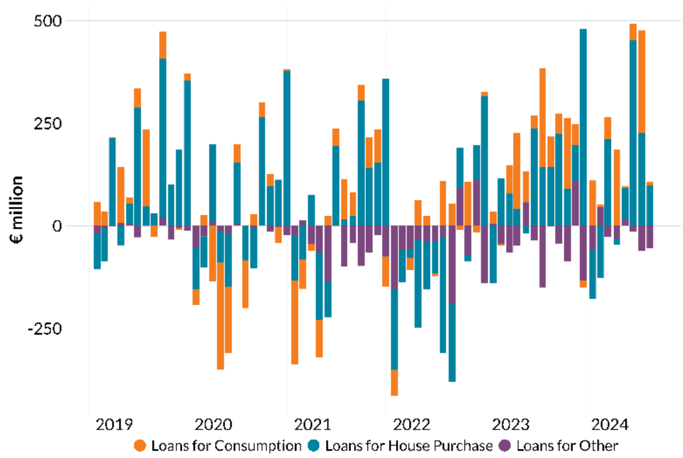
Source: Money and Banking Table A.11.1

[1] See notes on page 4.

Developments in Household credit and deposits

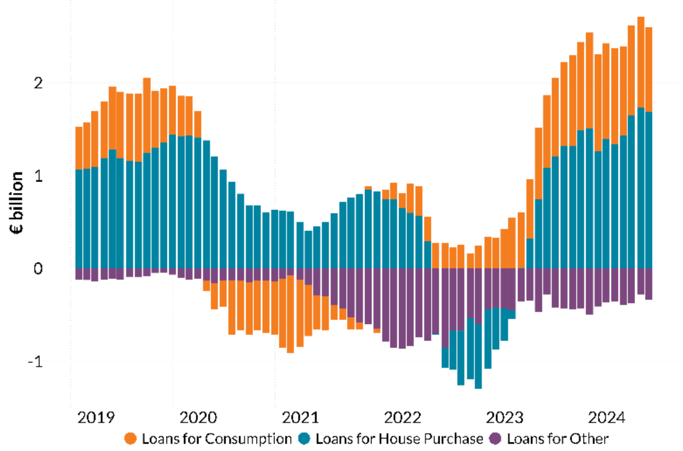
- **Net lending to households** was positive in August 2024, at €52 million (Chart 1). This was driven by positive movements in **loans for house purchase** and **consumer lending** worth €98 million and €9 million, respectively. **Loans for other purposes**, on the other hand, dropped by €55 million in the month.
- **In annual terms, net lending to households** remained positive, with flows of €2.3 billion in the year to end-August, or an annual growth rate of 2.3 per cent (Chart 2). This falls to 2.1 per cent after accounting for the impact of repayments on securitised loans. Similarly to previous months, this was mostly driven by **loans for house purchase** and **consumer lending**, with a contribution of €1.7 billion and €0.9 billion, respectively, in the year to end-August 2024.
- **The annual change in loans for house purchase**[2], including on-balance sheet and securitised loans, was 1.9 per cent in the year to end-August 2024 (see Table A.6). This is in line with historically high rates observed in previous months.
- **Household deposits** increased by €1.4 billion in August 2024 (Chart 3) and stood at €157.7 billion at the end of the month. This was driven by increases in **overnight** and **term deposits** during the month worth €0.6 billion and €0.7 billion, respectively.
- On an annual basis, **household deposits** recorded a net increase of €5.2 billion, or 3.4 per cent, in the year to end-August. This was driven by **deposits with an agreed maturity up to 2 years**, which increased by €8.3 billion. **Overnight deposits**, on the other hand, dropped by €3.9 billion in the year to end-August and have been falling for eight consecutive months.

Chart 1: Loans to Households (excluding securitised loans); monthly net flows by lending purpose



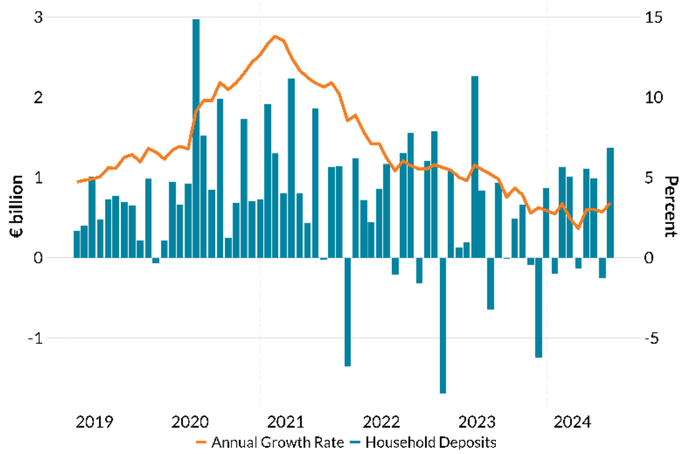
Source: Money and Banking Table A.1

Chart 2: Loans to Households (excluding securitised loans); annual net flows by lending purpose



Source: Money and Banking Table A.1

Chart 3: Deposits from Irish resident households; monthly net flows and annual growth rate



Source: Money and Banking Table A.11.1

[2] See Note 4

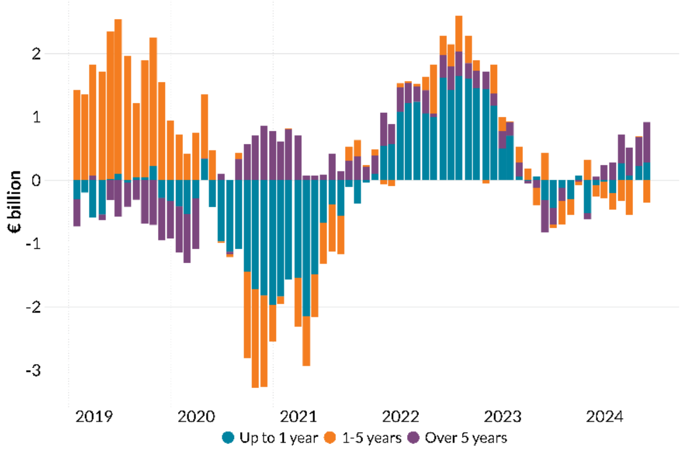
Developments in NFC credit and deposits

- **Net lending to non-financial corporations (NFCs)** was €34 million in August 2024, mostly driven by longer term lending, which increased by €123 million. On an annual basis, NFC lending flows remained positive, increasing by €570 million, or 1.9 per cent, in the year to end-August. Similar to monthly developments, positive annual flows were mostly driven by **long term loans**, with a contribution of €639 million, and to a lower extent, by **short term loans** worth €281 million (Chart 4).
- **NFC deposits** dropped by €508 million in August 2024, compared to a positive flow of €5.4 billion in the previous month (Chart 5). In annual terms, NFC deposit flows remained positive at €4.9 billion, or a 6.1 per cent annual growth, in the year to end-August. This was mostly driven by positive annual flows of **deposits with an agreed maturity up to 2 years** worth €4.7 billion. **Overnight deposits**, on the other hand, recorded a net outflow of €366 million in the year to end-August 2024.

Other developments in the period

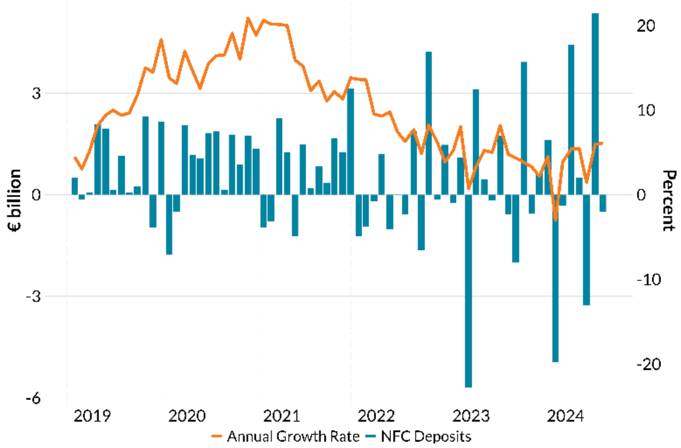
- **Total bank lending** to the Irish private sector increased by €2.6 billion, or 1.8 per cent, in the year to end-August 2024 (Chart 6), and the stock stood at €147.9 billion at the end of the month.
- In annual terms, total flows were driven by loans to **households** and to **NFCs**, which together contributed €2.8 billion in the year to end-August, as mentioned in the relevant sections above.
- Lending to **other financial intermediaries (OFIs)**, on the other hand, had a negative contribution and recorded a net outflow of €242 million.

Chart 4: Loans to NFCs; annual net flows by original maturity category



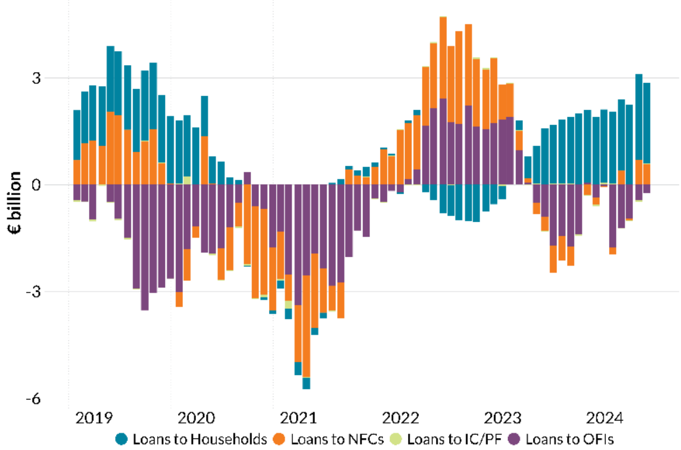
Source: Money and Banking [Table A.5]

Chart 5: Deposits from NFCs; monthly net flows and annual growth rate



Source: Money and Banking [Table A.1]

Chart 6: Bank lending to the Irish Private Sector; annual net flows by counterparty sector



Source: Money and Banking [Table A.5]

Note 1:

Money and Banking statistics cover all credit institutions resident in Ireland. This includes licensed banks, building societies and, since January 2009, credit unions. A resident office means an office or branch of the reporting institution which is located in the Republic of Ireland. Data are reported in respect of resident office business only. Recent data are often provisional and may be subject to revision. For further detail, please see the Money and Banking webpage for:

- An extensive set of Money and Banking Tables;
- A list of Irish Resident Credit Institutions;
- *Money and Banking statistics Explanatory Note*.

Irish-headquartered banks refers to institutions whose ultimate parent entity is resident in Ireland.

Note 2:

A number of lenders have agreed payment breaks with their customers since the onset of the COVID-19 crisis. These breaks are likely to significantly affect the Money and Banking lending data in this period, predominantly by keeping outstanding loan balances higher than they would be, had repayments followed their initial schedule. As well as this, end-quarter months' data is affected by quarterly interest capitalisation, which increases balances in on-quarter months.

Note 3:

Convenience credit debt is defined as the credit granted at an interest rate of 0 per cent in the period between payment transaction(s) undertaken with the card during one billing cycle and the date at which debit balances from the specific billing cycle becomes due. Extended credit debt is defined as the credit granted after the due date(s) of the previous billing cycle(s) has/have passed, for which an interest rate is charged.

Note 4:

Treatment of securitised loans

As a result of an update to the ECB Regulation '*on the statistical reporting of 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 below treatment, allowed under the previous Regulation, is no longer permitted under the updated Regulation:

'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 clause means that banks are now required to report all previously excluded securitised balances within their on-balance sheet stocks of outstanding loans.

This has resulted in an increase in the on-balance sheet stock of house purchase loans in tables such as Table A.1 and Table A.4. These securitised loans were already captured in Table A.6, which combined on-balance sheet and securitised loans since the series began in January 2003. This change does not impact on published transactions and growth rates for January 2022. As a result of this change, we will be discontinuing publication of confidential series within table A.6 in the future.

Note 5:

In March 2023 the outstanding amounts and transactions of domestic household deposits increased following the entry of a credit institution into the Irish market. Without this addition the household deposit growth in the year would have been lower still.

Statistical classification of sole proprietors

In line with their treatment in ESA 2010, the Central Bank is harmonising the treatment of sole proprietors by reporting agents across various datasets. This has resulted in a reclassification of loans and deposits from the NFC to the Household sector. These amendments have been made with respect to January 2022 reference data, with revisions to historical data to follow. Specifically, these changes mean an increase in loan and deposit balances reported against the household sector, and a decline in balances reported against the NFC sector. This change does not impact on published transactions and growth rates for January 2022.