



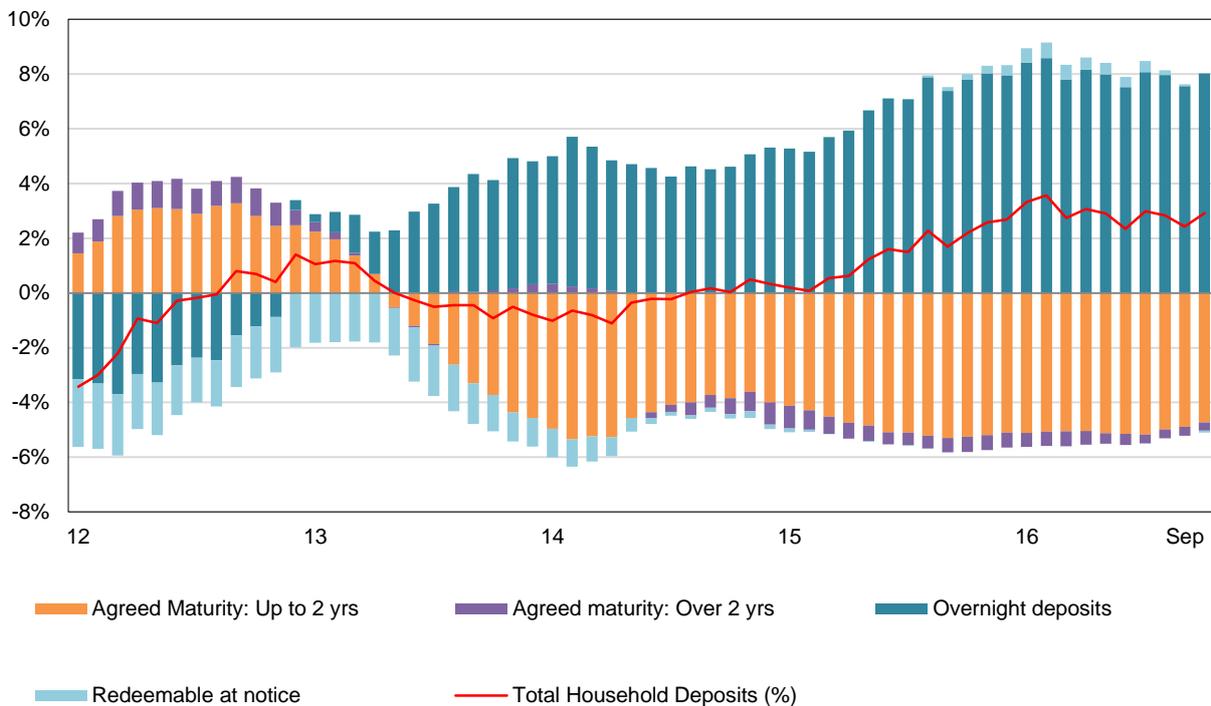
## Money and Banking Statistics – September 2016

Irish households continue to favour short term and overnight deposit accounts. Of the overnight deposits, a greater percentage is contained in demand deposit accounts than in current accounts.

The below chart shows that household deposit growth in the Irish banking system is being entirely driven by overnight deposits, as agreed maturity deposit flows have been steadily negative since early-2013. This development is unsurprising in the current low interest rate environment, as households have little incentive to lock deposits in at longer maturities. Latest data on deposit interest rates (new business) show a rate of 0.14 per cent on term deposits.<sup>1</sup>

Contributions of maturity categories to household deposit growth

Percentage Points

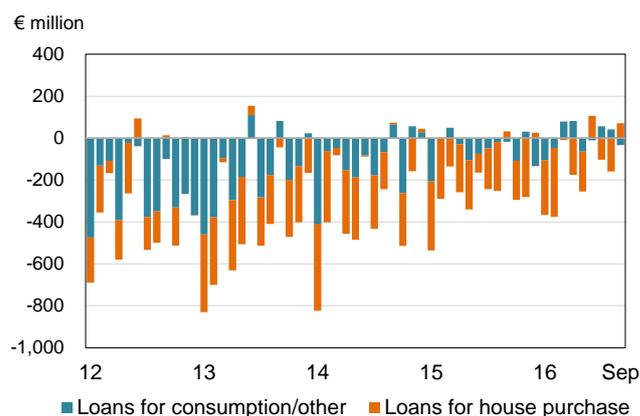


<sup>1</sup> See latest release on [Retail Interest Rates](#).

### Developments in Household credit and deposits

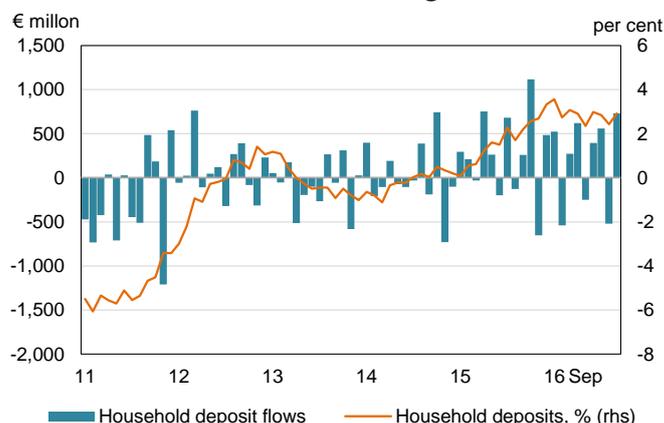
- **Loans to households adjusted for loans sales and securitisations** declined by 3.1 per cent in September compared with the same period in 2016.<sup>2</sup>
- **Mortgage loans**, which account for 83 per cent of on-balance sheet household loans, increased by €71 million in September 2016 (Chart 1).
- In year-on-year terms however, mortgage loans declined by 1.9 per cent, with households repaying €1.5 billion more than was advanced in new loans during the year.
- **Non-housing loans** declined by €34 million in September, and declined by 1.4 per cent in year-on-year terms. Within the Non-housing loan category, however, consumer credit grew by 2.8 per cent in annual terms in September.
- The decline in **credit card spending** during the month was predominantly driven by Transport expenditure, as well as the Groceries/Perishables category.
- **Deposits from households** increased by €731 million in September, the highest increase since October 2015. In annual terms, household deposits increased by €2.7 billion or 2.9 per cent in September (Chart 2).
- **These developments taken together mean that Irish households continued to be net funders of the Irish banking system** for the fifteenth consecutive month. Banks held €6.4 billion more household deposits than loans at end-September. By contrast, in early-2009 household loans exceeded deposits by €53.5 billion.

**Chart 1: Loans to Households; developments in net flows**



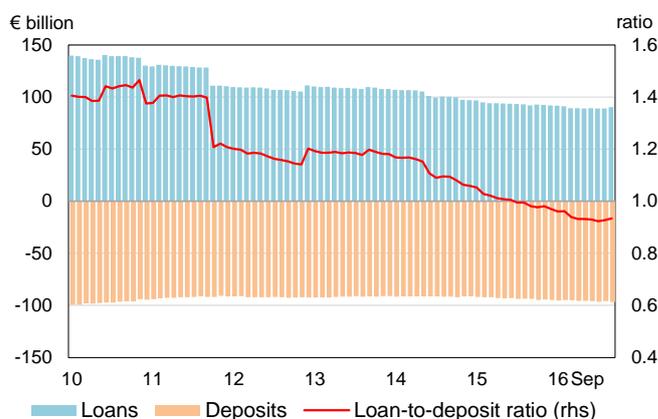
Source: Money and Banking [Table A.1](#)

**Chart 2: Deposits from Households; developments in net flows, and annual rate of change**



Source: Money and Banking [Table A.1](#)

**Chart 3: Household loans and deposits; outstanding stock and LDR**



Source: Money and Banking [Table A.1](#)

<sup>2</sup> See Note 2 on page 4.

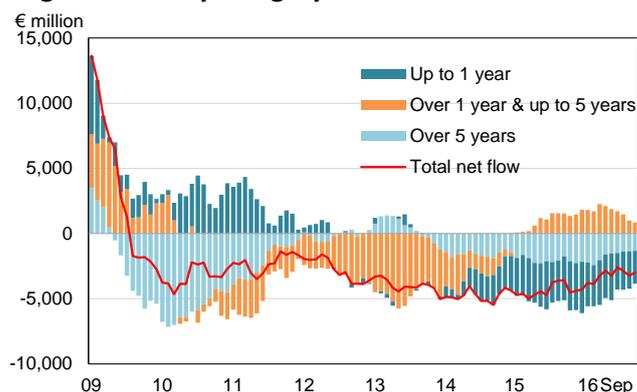
### Developments in NFC credit and deposits

- **Lending to NFCs** declined by €3 billion or 6.1 per cent in annual terms in September. However, this decline masks divergent trends between short and medium-term maturities.
- Medium-term net lending to NFCs grew by 6.7 per cent year-on-year in September, with drawdowns exceeding repayments by €856 million. In contrast short-term net lending declined by €2.5 billion over the past 12 months.
- **NFC deposits** declined by €1.6 billion in September (Chart 5). This was mostly attributable to the overnight deposits category which reported decline of €969 million; deposits with agreed maturity of up to two years also declined by €569 million.
- In year-on-year terms, NFC deposit flows grew by 4.4 per cent in September, reflecting strong corporate inflows into the Irish banking system.

### Developments in other counterparty sectors

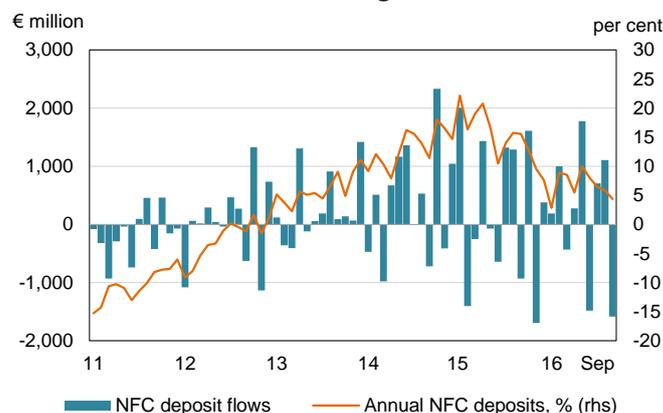
- **Lending to the Irish private sector** has been the main driver of net lending to Irish residents since early 2014 and accounted for 76.2 per cent of banks' loan books in September (Chart 6). In annual terms, outstanding loans to the Irish private sector declined by 4.2 per cent.
- Credit institutions' holdings of Irish issued **debt and equity securities** decreased by €1 billion in September.
- **Irish banks' borrowings from the Central Bank** as part of Eurosystem monetary policy operations increased by €1.2 billion in September. The outstanding stock of Central bank borrowings was €8.1 billion, with the domestic market banks accounting for 95 per cent.

**Chart 4: Loans to NFCs; net flows (12-month sum) by original maturity category**



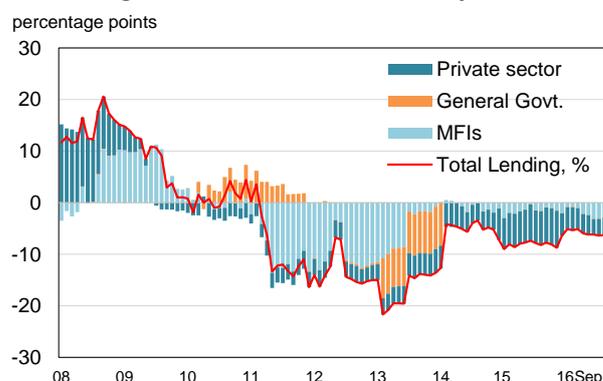
Source: Money and Banking [Table A.5](#)

**Chart 5: Deposits from NFCs; developments in net flows, and annual rate of change**



Source: Money and Banking [Table A.11.1](#)

**Chart 6: Contributions of Irish resident counterparts to annual growth in loans advanced by Irish banks**



Source: Money and Banking [Table A.4](#)

**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](#).

**Note 2:**

This measure of lending includes repayments on serviced loans which no longer appear on the balance sheet due to derecognition and transfer. See [Table A.6](#).

**Keywords:**

Money and Banking Statistics, Irish Financial Statistics, Loans, Deposits, Household Debt, Mortgage, Repayments, Securitisations, PDH.