Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

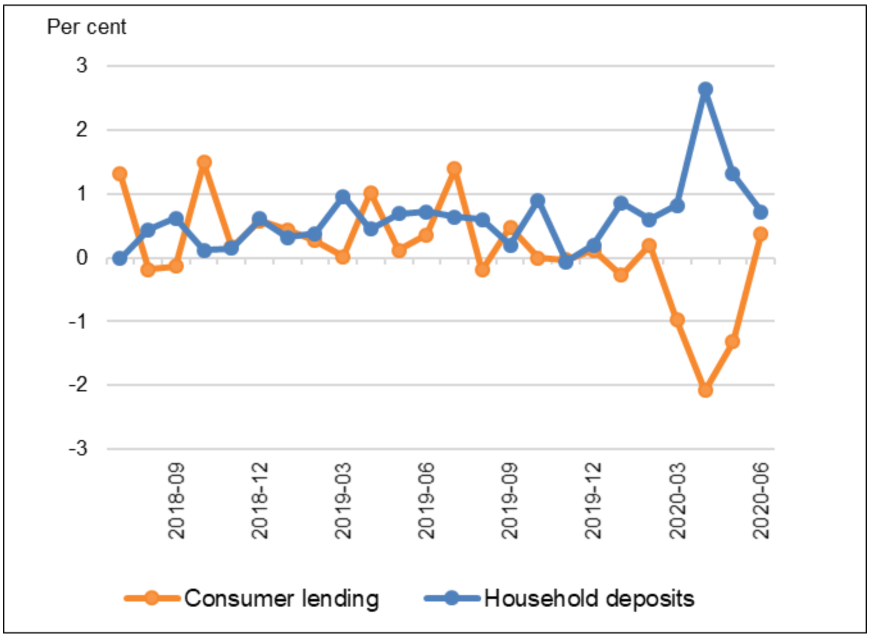
Statistical Release

31 July 2020

Money and Banking Statistics[1] – June 2020

Lending to households for consumption purposes grew in June, increasing in net terms by €45 million or 0.4 per cent over the month. This represents the first monthly increase in consumer lending since the onset of the COVID-19 crisis. Meanwhile, household deposits grew by 0.7 per cent over the month, with net inflows of €845 million recorded in June, a rate of growth that was closer to levels seen prior to the COVID-19 crisis, and lower than the sharp increases observed during the more acute phases of the lockdown in April and May.

Consumer lending and household deposits; monthly rate of change



Source: Money and Banking Table A.1

[1] See notes on page 4.

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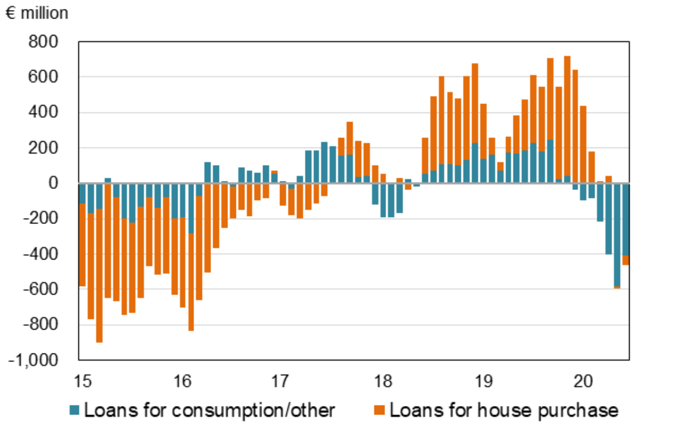
Developments in Household credit and deposits

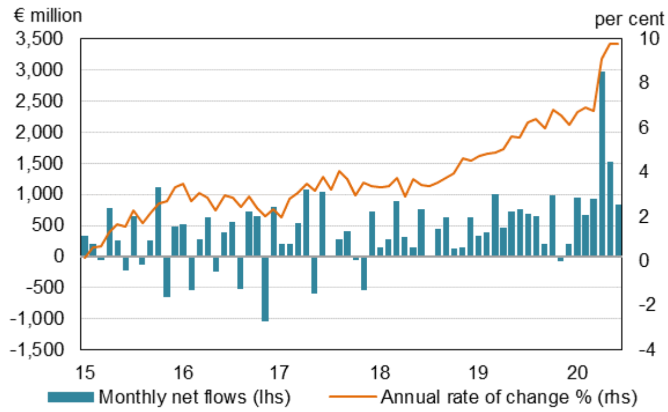
- **Bank lending to households** recorded a net decline of €462 million in Q2 2020; this compares with a net increase of €473 million in the same quarter in 2019. The annual growth rate remained positive, at 0.7 per cent, down from 2 per cent recorded in the previous year.
- **Bank loans for house purchase** decreased in net terms by €57 million during Q2 2020. While a net increase was recorded during the month, seasonal factors, inter alia[2], were at play here. In annual terms, the growth rate was positive at 1.4 per cent, a slight decrease on the June 2019 growth rate of 1.6 per cent.
- **Consumer lending** recovered somewhat during the month of June, with net borrowing of €45 million recorded. Over the quarter, households repaid €407 million more than they drew down in their consumer and other loans (Chart 1); this contrasts with net drawdowns of €185 million in Q2 2019.
- **Deposits from households** continued to grow in June, albeit at a slower pace than the previous two months, which were heavily impacted by COVID-19 restrictions, recording a net inflow of €845 million. The strong growth in household deposits over the quarter, of €5.3 billion, compares to just €2 billion in the same quarter in 2019. Annual growth remained stable at 9.8 per cent at end-June 2020 (Chart 2).
- **Overnight deposits**, which includes current accounts, continued to be the main driver of the increase in household deposits (Chart 3). In June 2020, overnight deposits comprised 85 per cent of all household deposits. The annual growth rate of household current accounts was 19.9 per cent in June 2020, compared with 11.9 per cent in the year to end-June 2019.

Chart 1: Loans to Households; net flows (3-month sum)



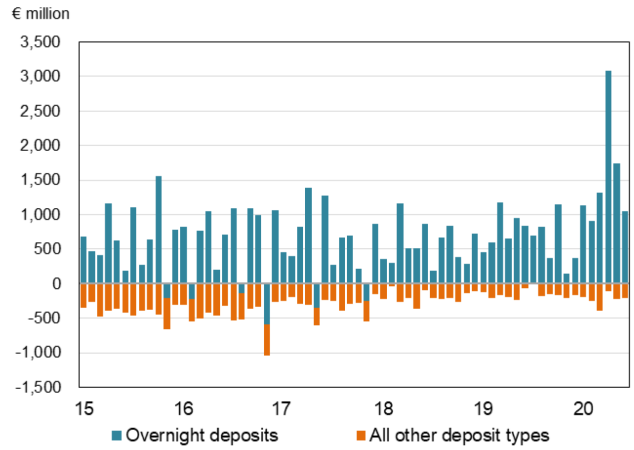
Source: Money and Banking Table A.1

Chart 2: Deposits from Irish resident households; developments in net flows, and annual rate of change



Source: Money and Banking Table A.1

Chart 3: Household deposits; monthly developments in net flows, by category



Source: Money and Banking Table A.11.1

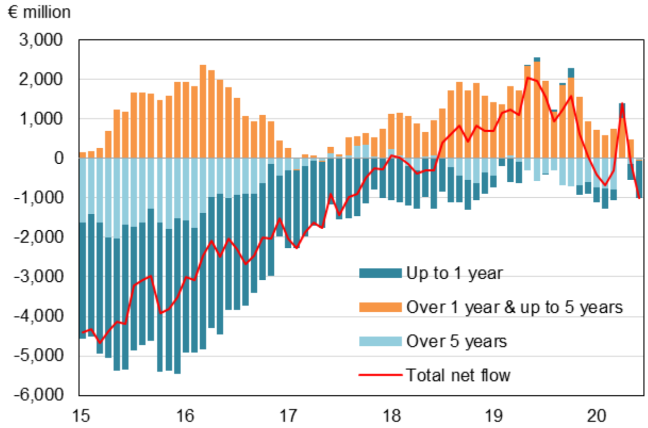
Developments in NFC credit and deposits

- **Net lending to non-financial corporations (NFCs)** was negative once again in June, at minus €589 million. On an annual basis, loans declined by €1 billion, with the bulk of the decrease concentrated in the up-to-one-year maturity bracket. The annual rate of change in total NFC lending was –2.5 per cent, down from 4.9 per cent in June 2019 (Chart 4).
- **NFC deposits** continued to record strong growth in June, recording a net inflow of €1.8 billion. Annual NFC deposit growth was 15.5 per cent in June, up from 12.6 in May (Chart 5). Overnight deposits accounted for the majority of the annual increase in NFC deposits.

Developments in other counterparty sectors

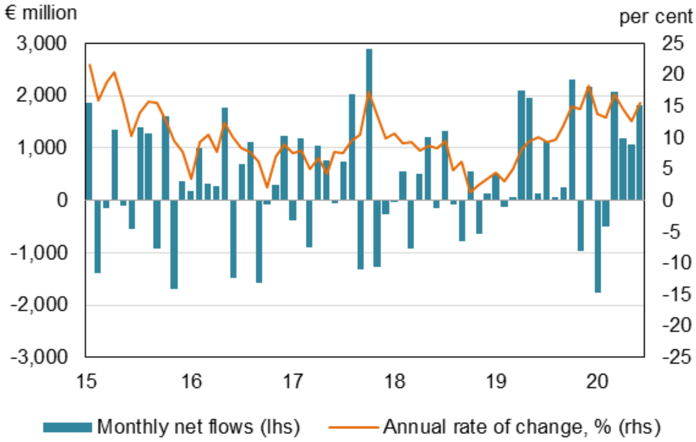
- **The annual growth rate in total bank lending** declined by 1.4 per cent (Chart 6), driven by a decline in lending to the private sector. Lending to the private sector, which accounts for 77 per cent of banks' loan books, declined further in annual terms, by 1.5 per cent.
- **Banks' holdings of deposits** from the Irish resident private sector continued to increase robustly, with annual growth standing at 13.4 per cent. In contrast to NFCs and households, other financial institutions (including insurance corporations and pension funds) experienced outflows of €609 million during the month. Irish resident households remain the largest contributing sector to deposits on banks' aggregate balance sheet.
- **Credit institutions' holdings of Irish-issued debt and equity securities** recorded a negligible increase in June 2020. While there was strong growth in holdings of Government issued debt securities, this was largely offset by redemptions of MFI securities.

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



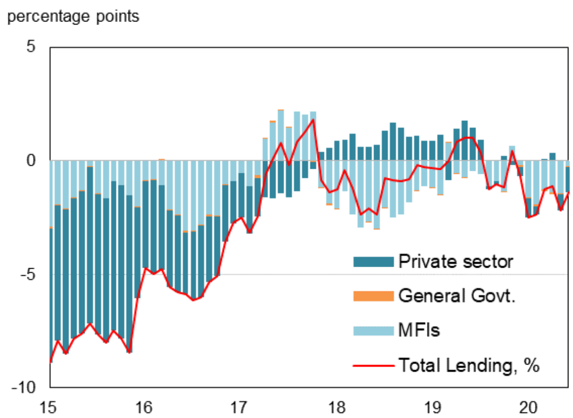
Source: Money and Banking [Table A.5]

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*.

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, June data is affected by quarterly interest capitalisation, which increases balances in on-quarter months.