



Retail Interest Rates – September 2020

11 November 2020

Key Developments in Loans

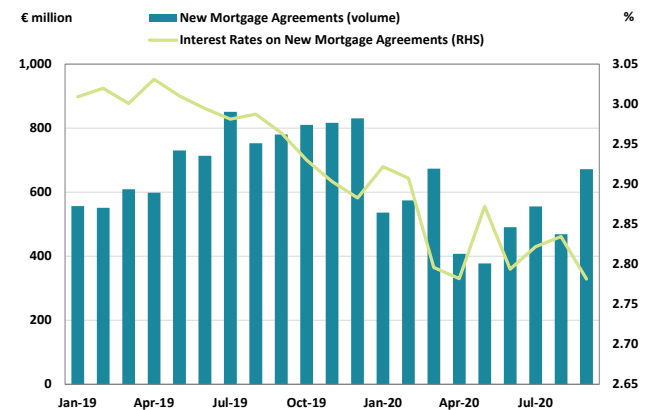
- The **weighted average interest rate on new mortgages agreed** in Ireland stood at 2.78 per cent in September, down 5 basis points on the previous month (Table 1 & Chart 1). The average for the euro area stood at 1.34 per cent in September, although the rate varied considerably across countries. Ireland had the third highest mortgage interest rates across the euro area in September (Chart 2).
- The **weighted average interest rate on new fixed rate mortgage agreements** declined by 2 basis points to 2.64 per cent in September 2020, a new series low.
- For **new variable rate mortgage agreements**, the **weighted average interest rates** stood at 3.36 per cent in September, down 10 basis points on the previous month.
- The **volume of new mortgage agreements**¹ amounted to €672 million in September 2020 (Chart 1), a decrease of 14 per cent on September 2019. However, this represented an increase of 44 per cent when compared with the previous month.
- €540 million was agreed in **new fixed rate mortgages**, and €132 million in **variable rate mortgages** in September.
- **Fixed rate mortgages** (including renegotiations) accounted for 78 per cent of **all new agreements** in the three months to September. This compares with 84 per cent of new agreements for the same period in the euro area.
- **Renegotiated mortgages** amounted to €352 million in September, up 56 per cent on the previous month (Chart 3). The weighted average interest rate for all renegotiated mortgages was 2.82 per cent in September 2020.
- **New consumer lending agreements** (including renegotiations) stood at €168 million in September 2020, a decrease of 13 per cent on the previous year (Chart 4).

Table 1: Weighted average interest rates for house purchase (excluding renegotiations), Sept 2020

	Interest Rate (%)	M-o-M Change (bps)	Y-o-Y Change (bps)	Volume (€m)
New mortgage agreements	2.78	-5	-18	672
<i>of which</i>				
- fixed rate mortgage agreements	2.64	-2	-22	540
- variable rate mortgage agreements	3.36	-10	5	132
New mortgage agreements - Euro area average	1.34	-1	-7	64,448

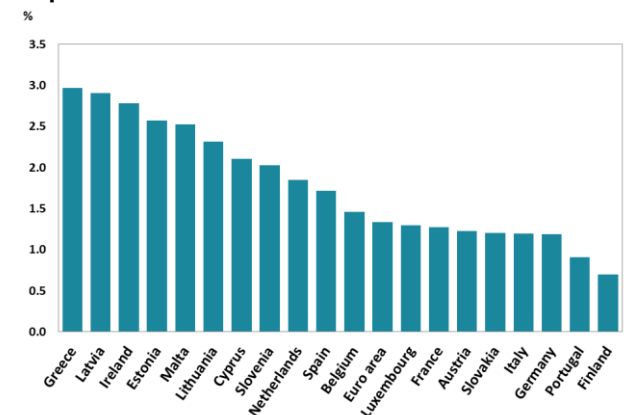
Sources: Retail Interest Rates [Table B.2.1](#), and [SDW](#)

Chart 1: Volume and interest rate of new mortgage agreements



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

Chart 2: Weighted average interest rates on lending for house purchase across the euro area, September 2020



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

¹ Rates and volumes quoted on this page exclude renegotiations unless otherwise stated.

The average interest rate on consumer loans was 7.54 per cent in September; the equivalent euro area rate stood at 5.23 per cent.

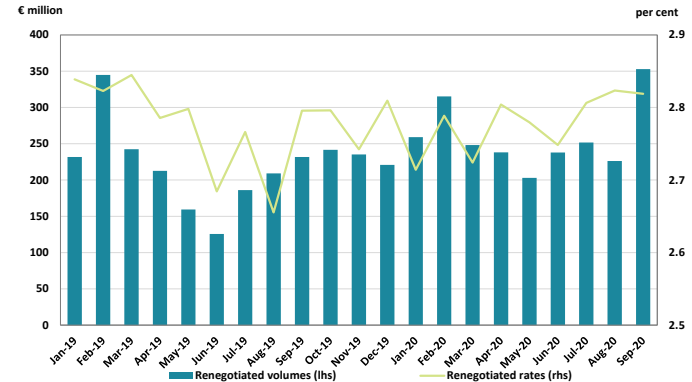
- **Total NFC loan agreements** were €1,312 million in September, a fall of 6 per cent in annual terms (Chart 5).
- **Interest rates on new NFC loans of up to €250k** recorded a weighted average interest rate of 4.95 per cent in September, the equivalent euro area rate stood at 1.98 per cent. €145 million was agreed with Irish banks in September, €11 million (or 9 per cent) higher than in September 2019 (Chart 5).
- **For new NFC loans of over €250k and up to €1 million**, the volume of new lending amounted to €74 million in September. The weighted average interest rate stood at 2.92 per cent in September, the equivalent euro area rate was 1.51 per cent.
- **For new NFC loans of over €1 million, which represent 83 per cent of new NFC loans**, the volume of new lending amounted to €1,093 million in September, a decrease of 3 per cent on September 2019. The weighted average interest rate stood at 2.59 per cent in September, compared to 1.25 per cent in the euro area.
- **NFC overdrafts** were 3 per cent lower in year-on-year terms in September.² This is the first substantive decline since the beginning of the Covid-19 pandemic in March.

Key Developments in Deposits

- **Interest rates on new household term deposits** remained at 0.02 per cent in September. The equivalent euro area rate was 0.23 per cent.
- Interest rates on **new business NFC term deposits** in Ireland stood at -0.12 per cent in September, up 4 basis points on the previous month. Corresponding NFC term deposit rates for the euro area stood at -0.18 per cent.

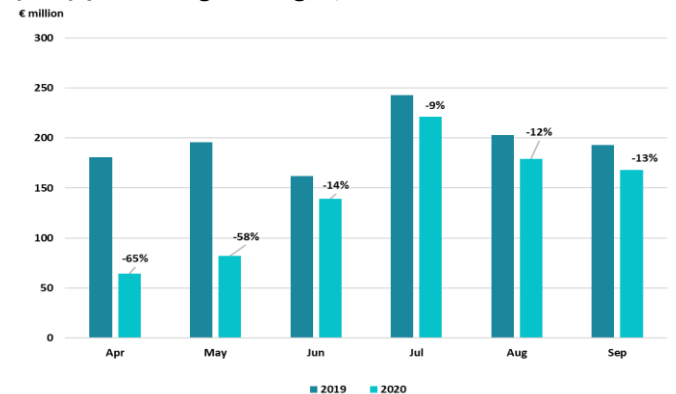
² Overdrafts include revolving loans and extended credit card debt.

Chart 3: Renegotiated loans for house purchase



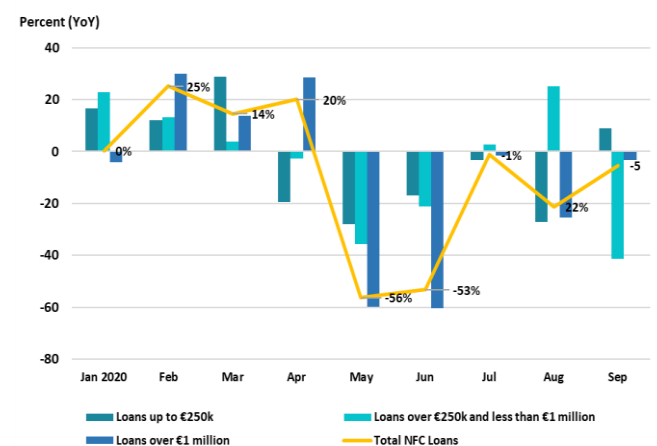
Source: Retail Interest Rates [Table B.2.2](#)

Chart 4: New consumer credit agreements (including y-o-y percentage changes)



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

Chart 5: Annual percentage change in new NFC loan agreements, by loan size



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

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:

In January 2015, a number of enhancements to the calculation of the national weighted average interest rates and national total business volumes were introduced under ECB Guideline (ECB/2014/15). As a result of these

² Overdrafts include revolving loans and extended credit card debt.

enhancements, data have been recalculated for previous reference periods in order to ensure a consistent compilation of data across time.

Recent data are 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](#).