

Financial Systems Flash

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Economic Analysis

Financial Systems Unit

Deposits and promissory notes held by households and businesses were up €2 billion in February

Deposits held by households and businesses resident in Spain were up €7 bn in February, while promissory notes were down €5 bn. Total deposits (held by all agents in all geographical areas) were up €13 bn in the month, reversing the downward trend seen in previous months, including residents in the Eurozone (€5 bn), residents in the rest of the world (€6 bn) and residents in Spain (€3 bn).

- **The breakdown by agent of deposits received by Spanish credit institutions in February was released today**

The Bank of Spain published Chapter 8 of its Statistical Bulletin, which includes the financial statements harmonized at Eurozone level that are used by the ECB for its series, but in more detail.

- **Total deposits were up €13 bn in February**, with an increase of €3 bn in Spanish residents and €11 bn in deposits held by non-residents, thus reversing the trend seen in previous months. The increase in Spanish residents is due to a lower decrease in deposits from credit institutions and non-monetary financial institutions (NMFIs) compared to previous months, which was more than offset by the rise in deposits held by other agents. Deposits held by non-residents were up for the second month in a row, including residents in the rest of the world (€6 bn) and residents in the Eurozone (€5 bn).
- **In February, deposits held by domestic agents were up €3 bn but, as usual, dispersal is significant:** credit institutions were down €10 bn and NMFIs €9 bn (once again due to the fall in deposits from securitization companies), while households and businesses were up €7 bn and public administrations €16 bn. Insurance companies remained stable. It is important to remember that the deposits of credit institutions, NMFIs and public administrations are more volatile than the rest, and their movements may respond to factors such as short-term cash requirements.
- **The aggregate of deposits and promissory notes held by domestic businesses and households rose by €2 bn over the month. This figure can be broken down into an increase of €7 bn in household and business deposits and an estimated fall of €5 bn in promissory notes held by businesses and households**
 - Household and business deposits increased in February by €7 bn, with an increase of €5 bn for businesses (above expectations) and a rise of €2 bn for households. Seasonally adjusted, this gives us a slightly lower rise (€5 bn) in households and businesses.
 - According to our estimates, the outstanding balance of promissory notes held by businesses and households fell by €5 bn in February. Since the elimination in September of the extraordinary mandatory contributions to the Deposit Guarantee Fund (FGD) from high-yield deposits, promissory notes have fallen by €28 bn. Since deposits are no longer penalized, promissory notes are likely to continue to lose ground and be replaced gradually by deposits.

Table 1
Deposits

February 2013		Outstanding balance		Month-on-month change February 2013		Year-on-year change February 2013	
		Jan-13	Feb-13	(€bn)	%	(€bn)	%
Bank of Spain	Total Deposits (a)+(b)+(c)	2,398	2,411	13	1	-117	-5
	Total deposits, Spain (a)	2,044	2,046	3	0	-4	0
	Credit institutions	518	507	-10	-2	83	20
	Public administrations	40	55	15	37	4	7
	Other resident sectors, Spain (1)	1,486	1,484	-2	0	-91	-6
	NMFIs	484	475	-9	-2	-115	-19
	Insurance companies	53	53	-1	-1	-1	-1
	Other public administrations	28	29	1	2	5	20
	Non-financial companies (4)	188	193	5	2	2	1
	Households (5)	732	735	2	0	17	2
	Total deposits, euro zone (b)	172	177	5	3	-71	-29
	Credit institutions	137	139	2	1	-31	-18
	Public administrations	1	0	-1	-75	0	160
	Other resident sectors, euro zone (2)	34	38	4	11	-40	-51
	Total deposits, rest of the world (c)	182	188	6	3	-42	-18
	Credit institutions	132	134	2	1	-7	-5
	Public administrations	0	0	0	89	-1	-76
	Other resident sectors, RoW (3)	50	54	4	8	-34	-39
BBVA	Promissory notes - households and businesses (6)	42	36	-5	-13	11	46
ECB	Euro zone ORS Deposits (1)+(2)	1,520	1,522	2	0	-131	-8
Memorandum item:							
Deposits and promissory notes - households and businesses (4)+(5)+(6)		962	964	2	0	31	3

Source: BBVA Research based on Bank of Spain data

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