

# Mexico Banking Flash

## Bank deposits: growth slowed down in March

In March 2013 the annual nominal growth rate of traditional bank deposits (demand + time) was 6.5%. Growth was higher than in the preceding month (8.8%) and lower than the same month in 2012 (10.8%). The slower rate of growth in traditional bank deposits is largely due, on the one hand, to the effect of the Easter holidays this year, since in 2013 it fell in March, whereas in 2012 it fell in April, and, on the other hand, to the slower rate of GDP growth. GDP grew 0.8% in the first quarter of 2013 (it was up 3.2% in the last quarter of 2012 and 4.9% in the first quarter of 2012).

- **Demand deposits: their performance is associated with lower GDP dynamism**

In March 2013 the annual nominal growth rate of demand deposits was 5.8%. Although it is true that such a low annual nominal growth rate of demand deposits had not been registered since July 2007, when it was 4.6%, it is also true that due to the effect of the Easter holidays, which fell in a different month, the annual nominal growth rate of this type of bank deposits in April is expected to be higher than the figure recorded in March.

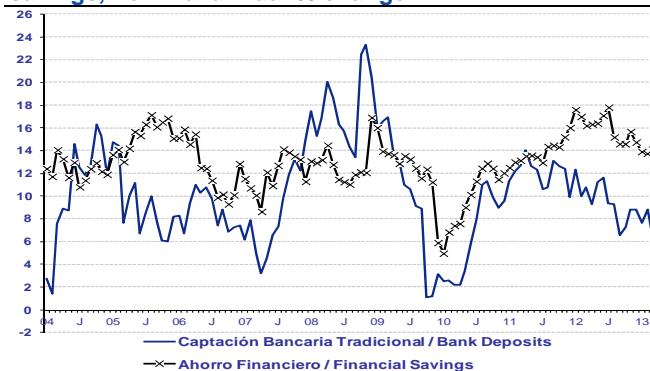
- **Time deposits: better performance than demand deposits**

In March, annual nominal growth in time deposits was 7.4%, higher than in the preceding month (6.6%) and than in the same month of 2012 (4.5%). The better performance of time deposits compared to demand deposits suggests that savers may be channeling more funds to this type of bank saving instruments instead of choosing liquid bank instruments such as demand deposits.

- **Financial Savings (FS): its main source of growth is public-sector securities**

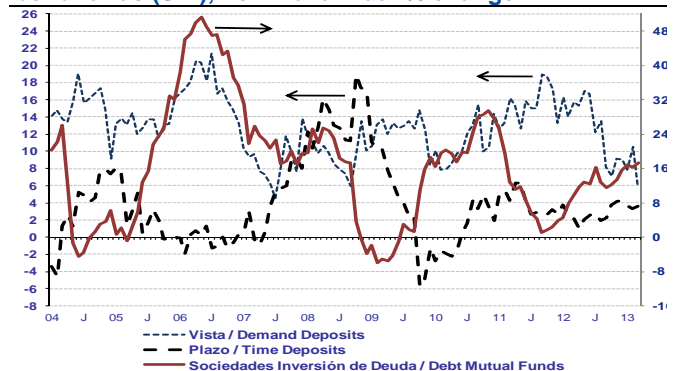
The nominal annual rate of growth of financial savings (FS) in March 2013 was 14.1%. Growth was higher than in the preceding month (13.7%) and lower than the same month in 2012 (16.2%). Financial savings include all types of banking and non-banking savings instruments. In March the contribution to their growth by their 4 components was as follows: 1) public-sector securities contributed 11.6 percentage points (pp) of the 14.1 pp growth in financial savings; 2) deposit institutions, 1.8 pp (commercial banks, 1.8 pp; development banks, 0.1 pp; overseas agencies of commercial banks posted a negative contribution of -0.2 pp, while the contribution from savings and loan companies (SAPs) was zero); 3) the retirement savings system outside Siefiores, 0.6 pp; and 4) private-sector debt, 0.1 pp.

Chart 1  
**Traditional deposits in commercial banking and financial savings, nominal annual % change**



Source: BBVA Research with Bank of Mexico data

Chart 2  
**Demand and time deposits in commercial banking and bond funds (SID), nominal annual % change**



Source: BBVA Research with Bank of Mexico data