

# QUARTERLY Deposit Trends

## Domestic Deposit Liabilities

Q3 2019

Table 1. Deposit amount, level, and growth rate, end-September 2016 to end-September 2019<sup>1</sup>

| Bank Type    | Deposit amount (in billion PHP) |                 |                 |                 | (Increase/(Decrease)) |                |              | YOY growth rate |             |             |
|--------------|---------------------------------|-----------------|-----------------|-----------------|-----------------------|----------------|--------------|-----------------|-------------|-------------|
|              | Sep-16                          | Sep-17          | Sep-18          | Sep-19          | Sep-17                | Sep-18         | Sep-19       | Sep-17          | Sep-18      | Sep-19      |
| <b>Total</b> | <b>9,806.0</b>                  | <b>11,306.7</b> | <b>12,388.8</b> | <b>13,099.2</b> | <b>1,500.7</b>        | <b>1,082.0</b> | <b>710.5</b> | <b>15.3%</b>    | <b>9.6%</b> | <b>5.7%</b> |
| KBs          | 8,820.7                         | 10,223.0        | 11,244.5        | 12,033.8        | 1,402.4               | 1,021.5        | 789.2        | 15.9%           | 10.0%       | 7.0%        |
| TBs          | 836.9                           | 918.6           | 970.8           | 881.3           | 81.7                  | 52.2           | (89.5)       | 9.8%            | 5.7%        | -9.2%       |
| RBs          | 148.4                           | 165.0           | 173.4           | 184.1           | 16.6                  | 8.4            | 10.7         | 11.2%           | 5.1%        | 6.2%        |

Table 2. Deposit account, level, and growth rate, end-September 2016 to end-September 2019<sup>1</sup>

| Bank Type    | Deposit account (in million) |             |             |             | (Increase/(Decrease)) |            |            | YOY growth rate |             |              |
|--------------|------------------------------|-------------|-------------|-------------|-----------------------|------------|------------|-----------------|-------------|--------------|
|              | Sep-16                       | Sep-17      | Sep-18      | Sep-19      | Sep-17                | Sep-18     | Sep-19     | Sep-17          | Sep-18      | Sep-19       |
| <b>Total</b> | <b>53.1</b>                  | <b>56.5</b> | <b>61.2</b> | <b>70.5</b> | <b>3.4</b>            | <b>4.7</b> | <b>9.3</b> | <b>6.5%</b>     | <b>8.3%</b> | <b>15.1%</b> |
| KBs          | 40.0                         | 42.2        | 45.5        | 52.5        | 2.2                   | 3.4        | 7.0        | 5.5%            | 7.9%        | 15.3%        |
| TBs          | 6.3                          | 6.8         | 7.3         | 6.9         | 0.4                   | 0.5        | (0.3)      | 6.4%            | 8.0%        | -4.8%        |
| RBs          | 6.8                          | 7.6         | 8.4         | 11.1        | 0.8                   | 0.8        | 2.6        | 12.2%           | 10.9%       | 31.5%        |

### BY BANK TYPE

Domestic deposit liabilities, representing 74.1% of industry assets as of end-September 2019, provided a stable funding base for bank operations. The total domestic deposit amount<sup>2</sup> reached PhP13.1 trillion, denoting an increase of PhP710.5 billion, or 5.7%, from the PhP12.4 trillion deposit amount a year ago (**Table 1**). Compared to the previous quarter, the domestic deposit amount grew by 2.0% from PhP12.8 trillion as of end-June 2019, an increase equivalent to PhP261.2 billion. Accounting for 91.9% of industry domestic deposit amounts were commercial banks (KBs), while thrift banks (TBs) and rural banks (RBs) shared 6.7% and 1.4% of the total, respectively. (**Figure 1**)

The continuing slowdown in year-on-year growth of deposit amount largely reflects the strong demand for high-interest deposit substitutes, such as government securities. Domestic deposit liabilities expanded only 7.0% in KBs. The deposit amount in RBs, however, was generally unaffected by the shifting demand as its domestic deposit amount grew by 6.2%, faster than last year's 5.1%. The 9.2% decline in domestic deposit liabilities in TBs is by and large caused by the merger of one TB with its parent KB.

On the contrary, the growth in industry domestic deposit accounts rushed to 15.1% as of end-

Figure 1. Deposit amount distribution by bank type

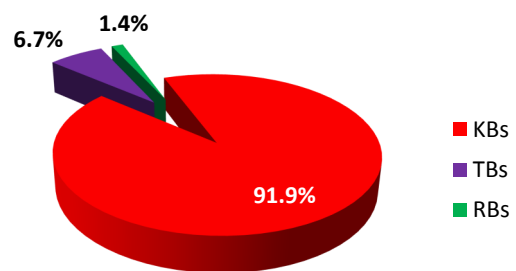


Figure 2. Deposit amount share of Top 5 banks by asset size

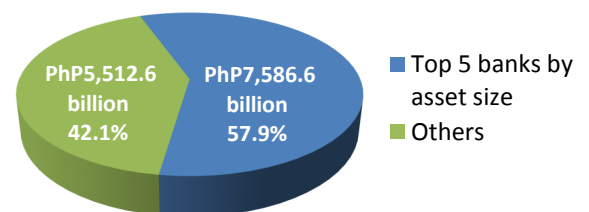
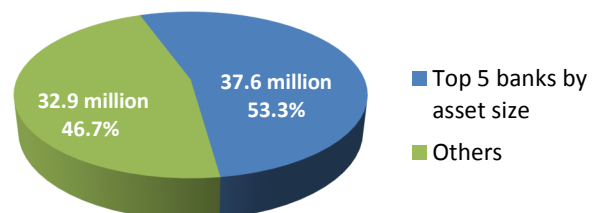


Figure 3. Deposit account share of Top 5 banks by asset size



September 2019 from 8.3% in the previous year (**Table 2**). The total deposit accounts reached 70.5 million versus 61.2 million a year ago. RBs posted the highest annual growth in deposit accounts at 31.5%, followed by KBs at 15.3%, while that of TBs contracted by 4.8% due to the reason cited above.

The top five banks in terms of assets, accounted for 57.9% of the total domestic deposit amount and 53.3% of deposit accounts in the Philippine banking system (PBS), aggregating PhP7.6 trillion (Figure 2) and 37.6 million (Figure 3), respectively.

### BY TYPE OF DEPOSITS

Savings deposits (SD) had the biggest share at 45.4%, equivalent to PhP5.9 trillion, of total domestic deposit amount. SD consisted of regular savings (75.3%), other savings (24.0%), kiddie and teens (0.7%), and basic deposit accounts (0.05%). Time deposits (TD) placements reached PhP3.7 trillion, accounting for 28.5% of the total domestic deposit amount (Figure 4).

Combined balances of demand deposits (DD) and NOW<sup>3</sup> accounts totaled PhP3.2 trillion while that of long-term negotiable certificates of deposits (LTNCD) reached PhP223.9 billion. Together, these deposit types constituted 26.1% of the total domestic deposit amount.

In terms of annual growth rates, TD and LTNCD accounts expanded the fastest at 10.8%, followed by DD and NOW accounts at 10.7% and SD at 0.2% (Figure 5).

### BY TYPE OF DEPOSITORS

Domestic deposit liabilities were mostly sourced from resident individuals and private corporations, which made up 79.2% of the total domestic deposit amount while 13.7% belonged to the government. Trust departments, banks, and non-residents accounted for the balance (Figure 6). Deposits from individuals are considered inherently stable as they are not particularly sensitive to minor changes in a bank's profile.

The fastest growth in domestic deposit amount, however, was posted by banks at 36.7%, followed by non-residents at 8.1%.

Figure 4. Deposit amount by type of deposits, end-September 2019

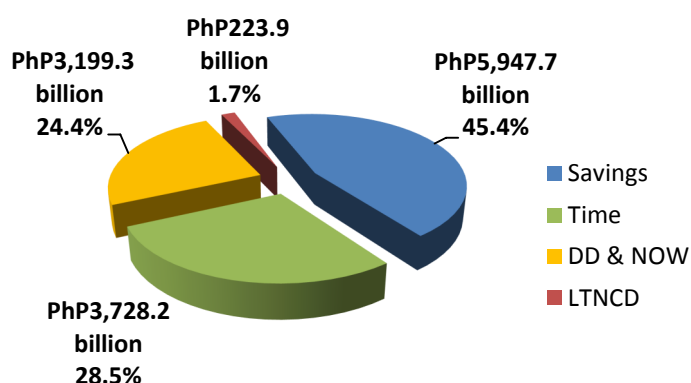


Figure 5. Deposit amount trend, by type of deposits, end-September 2018-2019

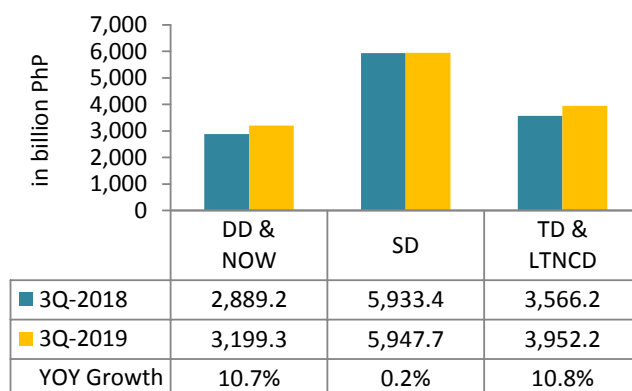


Figure 6. Deposit amount by type of depositor, end-September 2019

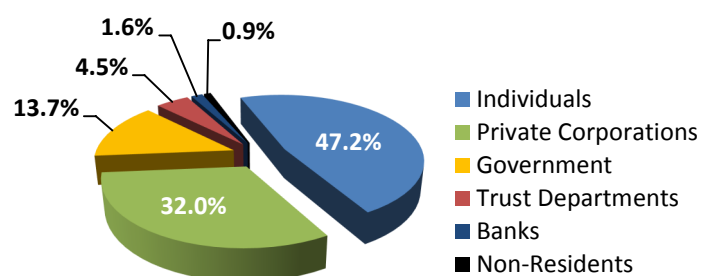


Table 3. Deposit amount and growth, by type of depositor, end-September 2018-2019<sup>1</sup>

| Depositor            | Deposit amount (in billion PhP) |                 | Share to total |               | Growth      |
|----------------------|---------------------------------|-----------------|----------------|---------------|-------------|
|                      | Sep-2018                        | Sep-2019        | Sep-2018       | Sep-2019      |             |
| <b>TOTAL</b>         | <b>12,388.8</b>                 | <b>13,099.2</b> | <b>100.0%</b>  | <b>100.0%</b> | <b>5.7%</b> |
| Individuals          | 5,822.3                         | 6,188.4         | 47.0%          | 47.2%         | 6.3%        |
| Private Corporations | 3,989.5                         | 4,187.1         | 32.2%          | 32.0%         | 5.0%        |
| Government           | 1,720.0                         | 1,800.5         | 13.9%          | 13.7%         | 4.7%        |
| Trust Departments    | 592.8                           | 595.0           | 4.8%           | 4.5%          | 0.4%        |
| Banks                | 149.2                           | 203.9           | 1.2%           | 1.6%          | 36.7%       |
| Non-Residents        | 114.9                           | 124.3           | 0.9%           | 0.9%          | 8.1%        |

<sup>1</sup>Trust Department shall refer to the department, office, unit, group, division or any aggrupation which carries out the trust and other fiduciary business of a bank while Non-Residents refers to individuals or institutional units that have a center of economic interest outside the economic territory of the Philippines (Manual of Regulations for Banks Sec.X403-n: Financial Reporting Package for Banks updated as of 31 December 2017).

lowed by non-residents at 8.1%. Individuals, private corporations, government, and trust departments also showed positive growth at 6.3%, 5.0%, 4.7%, and 0.4%, respectively (Table 3).

### BY TYPE OF CURRENCY

Peso-denominated accounts comprised 83.7% of the total domestic deposit amount, reaching PhP11.0 trillion as of end-September 2019. It is 6.5% higher than its level last year (Table 4).

Table 4. Deposit amount, by type of currency<sup>1</sup>

| Currency                | Amount (in billion PhP) |                 | Growth rate |
|-------------------------|-------------------------|-----------------|-------------|
|                         | Sep-2018                | Sep-2019        |             |
| <b>TOTAL</b>            | <b>12,388.8</b>         | <b>13,099.2</b> | <b>5.7%</b> |
| Peso Accounts           | 10,294.2                | 10,967.0        | 6.5%        |
| FCDU/EFCDU <sup>4</sup> | 2,094.6                 | 2,132.2         | 1.8%        |

Figure 7. Deposit account, by size

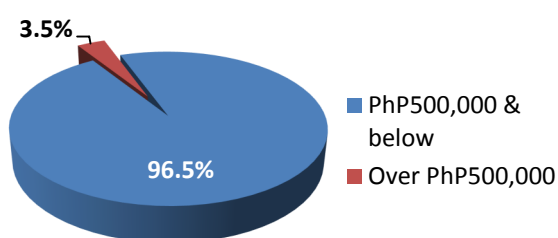
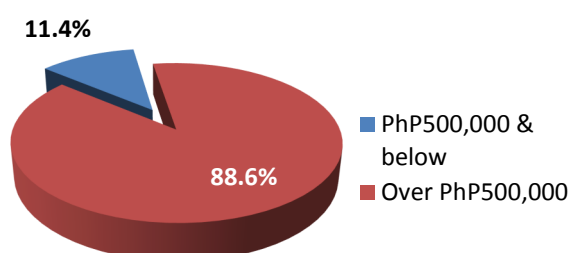


Figure 8. Deposit amount, by size



Meanwhile, foreign currency deposits, grew by 1.8% to reach PhP2.1 trillion as of end-September 2019.

### BY SIZE OF ACCOUNTS AND RISK EXPOSURES

Fully insured deposit accounts, or deposit accounts with balances within PDIC's maximum deposit insurance coverage (MDIC) of PhP500,000, comprised 96.5% of the total domestic deposit accounts (Figure 7) and 11.4% of the total domestic deposit amount (Figure 8). The amount of fully insured deposit accounts totaled PhP1.5 trillion, down by 1.4% from the same period in the previous year.

Meanwhile, domestic deposit accounts with balances of more than the MDIC, i.e., partially insured deposits, accounted for 88.6% of the total domestic deposit amount but comprised only 3.5% of the total domestic deposit accounts. The partially insured deposit amount reached PhP1.2 trillion as of end-September 2019, also down by 1.2% year-on-year.

The estimated insured deposits (EID)—the sum of fully insured and partially insured deposits—added up to PhP2.7 trillion as of end-September 2019, 1.3% lower than its level as of end-September 2018 (Table 5). The EID represents 20.8% of the total domestic deposit amount.

### ENDNOTES

- <sup>1</sup>Numbers may not add up due to rounding.
- <sup>2</sup>Domestic deposits exclude Islamic deposits and deposits in overseas branches of Philippine banks.
- <sup>3</sup>Negotiable Order of Withdrawal (NOW) Accounts refers to the interest-bearing savings deposit which are withdrawable by means of NOW (Source: Financial Reporting Package for Banks updated as of 31 December 2017).
- <sup>4</sup>FCDU/EFCDU - Foreign Currency Deposit Unit/Expanded FCDU

Table 5. Deposit amount, by size of accounts and risk exposure<sup>1</sup>

| Deposit size            | Sep-2018    |               |                 |               | Sep-2019    |               |                 |               | Growth rate  |              |
|-------------------------|-------------|---------------|-----------------|---------------|-------------|---------------|-----------------|---------------|--------------|--------------|
|                         | Account     | % to Total    | Amount          | % to Total    | Account     | % to Total    | Amount          | % to Total    | Account      | Amount       |
| PhP500,000 & below      | 58.8        | 96.0%         | 1,519.4         | 12.3%         | 68.1        | 96.5%         | 1,497.8         | 11.4%         | 15.8%        | -1.4%        |
| Over PhP500,000         | 2.5         | 4.0%          | 10,869.4        | 87.7%         | 2.4         | 3.5%          | 11,601.4        | 88.6%         | -1.2%        | 6.7%         |
| <b>Total deposits</b>   | <b>61.2</b> | <b>100.0%</b> | <b>12,388.8</b> | <b>100.0%</b> | <b>70.5</b> | <b>100.0%</b> | <b>13,099.2</b> | <b>100.0%</b> | <b>15.1%</b> | <b>5.7%</b>  |
| Fully insured           | 58.8        | 96.0%         | 1,519.4         | 12.3%         | 68.1        | 96.5%         | 1,497.8         | 11.4%         | 15.8%        | -1.4%        |
| Partially insured       | 2.5         | 4.0%          | 1,235.2         | 10.0%         | 2.4         | 3.5%          | 1,220.9         | 9.3%          | -1.2%        | -1.2%        |
| <b>Insured deposits</b> | <b>61.2</b> | <b>100.0%</b> | <b>2,754.5</b>  | <b>22.2%</b>  | <b>70.5</b> | <b>100.0%</b> | <b>2,718.7</b>  | <b>20.8%</b>  | <b>15.1%</b> | <b>-1.3%</b> |

Note: Account in million, Amount in billion PhP; **Fully Insured Deposits** is the total deposit amount of accounts with balances of PhP500,000 and below; **Partially Insured Deposits** is the total deposit amount of the estimated insured portion (up to the PhP500,000) of accounts with balances that are higher than the MDIC.

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