Figure 1.3.1. The Impact of “Low-for-Long” May Vary across Countries

Continued low rates could bring pressure on other financial institutions ...

... and some will have less ability to reprice loans to make up earnings.

1. Household and Corporate Deposits as a Share of Total Monetary Financial Institution Liabilities and Interest Rates on Outstanding Agreed Maturity Deposits, January 2016

More challenged by negative rates

2. Estimated Changes in Outstanding Loan Book Interest Rates for a 10-Basis-Point Change in the Interbank Rate, by Country (Basis points)

Sources: European Central Bank; Haver Analytics; and IMF staff calculations.

Banks with a large proportion of mortgages priced to reference rates cannot raise mortgage rates ...

... but some banks have been better able to maintain asset yields and protect lending margins.

3. Tracker Mortgage Loans (Percent of total mortgages)

Source: Morgan Stanley.
Note: Tracker mortgages are variable-rate mortgages following a reference rate. Benelux = Belgium, Netherlands, and Luxembourg.

4. Sweden and Switzerland: Bank Mortgage Rates (Percent)

Source: Haver Analytics.
Note: Introduction of negative rates and in Denmark denotes cut to certificate of deposit rate from –5 basis points to –50 basis points. Swiss data is a simple average of rates on new 1- to 10-year fixed rate mortgages, whereas Swedish data reflects the weighted average interest rate on new fixed rate mortgages of all tenors.