

# Mexico Banking Flash

## Bank deposits: getting stronger, driven by demand deposits

In March 2014 the nominal annual growth rate of traditional bank deposits (demand + term) was 10.4%. This growth was higher than in January and February this year (7.5% and 7.6% respectively), and March 2013 (6.5%). Average nominal annual growth rate in the first quarter of the year was 8.5%, above the average for 1Q13 (7.7%). Thus, traditional bank deposits show signs of recovery, driven mainly by demand deposits.

- Demand deposits: their growth rate accelerates**

In March 2014 the nominal annual growth rate of demand deposits was 15.1%. This was higher than the previous month (13.1%) and higher than the same month in 2013 (5.8%). Average nominal annual growth rate for 1Q14 was 14.3%, above the average for 1Q13 (8.1%). Demand deposits had not posted a growth rate above 15% since June 2012.

- Term deposits: the recovery continues**

In March 2014 the nominal annual growth rate of term deposits was 3.8%. This growth was higher than the figures for January and February (-2.3% and 0.1% respectively)<sup>1</sup>, although lower than that reported in March 2013 (7.4%). Average nominal annual growth rate for 1Q14 was 0.5%, below the average recorded for 1Q13 (7.1%). Term deposits have now registered two months of increases in their annual rate after five consecutive months of falls, consolidating their recovery.

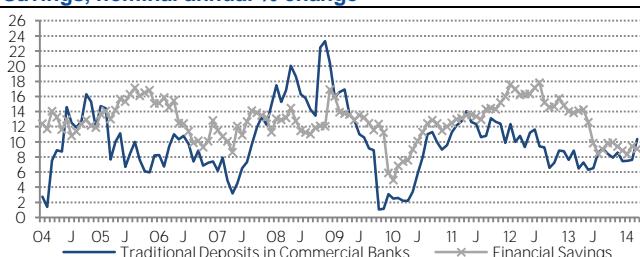
- Debt mutual funds: sluggish since November 2013**

In March 2014 nominal annual growth of the balance of securities held by debt mutual funds was 4.9%. This growth was very similar to that of the month before (5.0%) and is below the figure posted in the same month of 2013 (17.2%). Average nominal annual growth rate over the first quarter was 4.7%, considerably lower than the average for 1Q13 (16.8%). Thus, growth rate of debt mutual funds' balances has been sluggish since November 2013.

- Financial Savings (FS): slow growth persists**

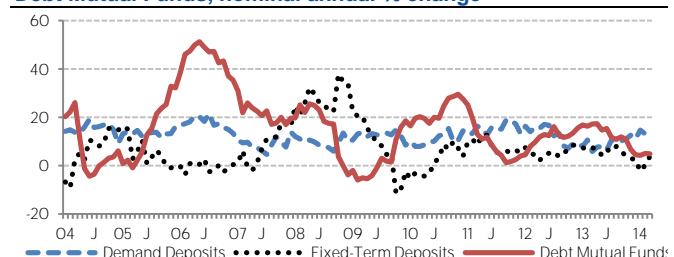
FS recorded a nominal annual growth rate of 9.1% in March 2014. This rate was lower than that of the month before (9.4%) and less than the same month in 2013 (14.1%). Average nominal annual growth rate in 1Q14 was 9.0%, below the average reported for 1Q13 (14.0%). FS have been reporting growth rates below 10% since June 2013. FS include the balance of all savings instruments, whether banking or non-banking.

Figure 1  
**Traditional Deposits in Commercial Banks and Financial Savings, nominal annual % change**



Source: BBVA Research with data from Bank of Mexico

Figure 2  
**Demand and Fixed-Term Deposits in Commercial Banks and Debt Mutual Funds, nominal annual % change**



Source: BBVA Research with data from Bank of Mexico

<sup>1</sup> The figures for January and February are slightly different from those published in earlier flashes, due to updating of Bank of Mexico's data.

# Deposits: figures and statistics

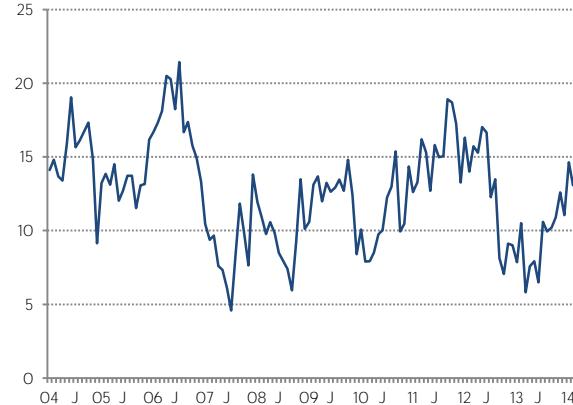
- In March 2014 the nominal annual growth rate of traditional deposits (demand + term) in commercial banks was 10.4%.
- In that month demand deposits grew at a nominal annual rate of 15.1%, while term deposits increased by 3.8%.
- Financial Savings, which include all banking and non-banking savings instruments, grew a nominal annual rate of 9.1%.

Figure 1  
Traditional Deposits (demand + fixed term)  
Nominal annual % change



Source: BBVA Research with data from Bank of Mexico

Figure 4  
Demand deposits  
Nominal annual % change



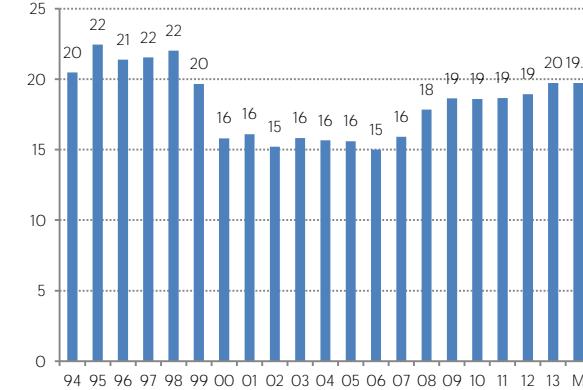
Source: BBVA Research with data from Bank of Mexico

Figure 2  
Traditional Deposits in Commercial Banking  
Balance in billions of current pesos



Source: BBVA Research with data from Bank of Mexico

Figure 3  
Traditional Deposits in Commercial Banking  
% of GDP



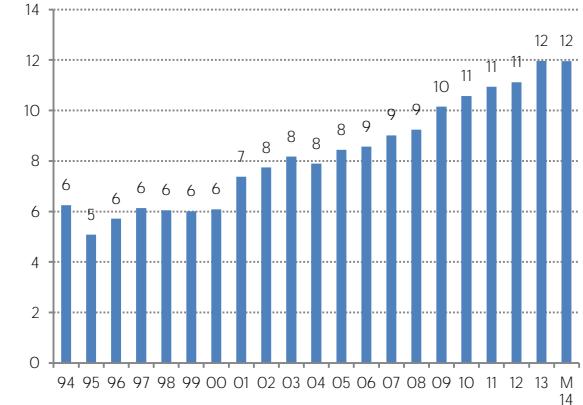
Source: BBVA Research with data from Bank of Mexico & INEGI

Figure 5  
Demand deposits  
Balance in billions of current pesos



Source: BBVA Research with data from Bank of Mexico

Figure 6  
Demand deposits  
% of GDP



Source: BBVA Research with data from Bank of Mexico & INEGI

Figure 7  
Term deposits  
Nominal annual % change



Source: BBVA Research with data from Bank of Mexico

Figure 10  
Debt Mutual Funds  
Nominal annual % change



Source: BBVA Research with data from Bank of Mexico

Figure 13  
Financial Savings: M4a - notes and coins  
Nominal annual % change



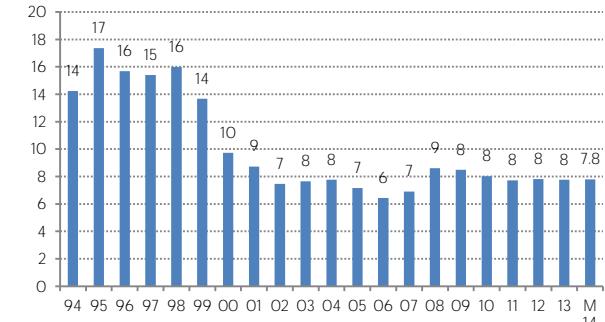
Source: BBVA Research with data from Bank of Mexico

Figure 8  
Term deposits  
Balance in billions of current pesos



Source: BBVA Research with data from Bank of Mexico

Figure 9  
Term deposits  
% of GDP



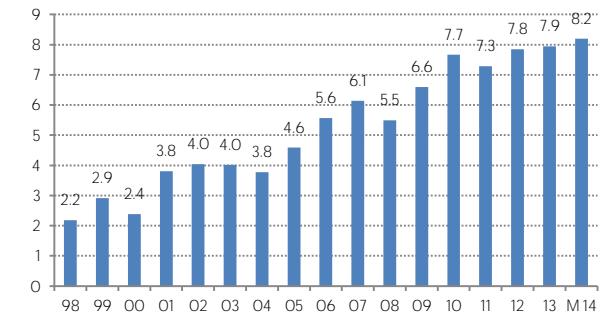
Source: BBVA Research with data from Bank of Mexico & INEGI

Figure 11  
Debt Mutual Funds  
Balance in billions of current pesos



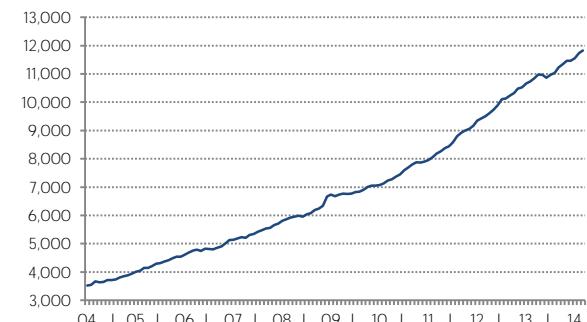
Source: BBVA Research with data from Bank of Mexico

Figure 12  
Debt Mutual Funds  
% of GDP



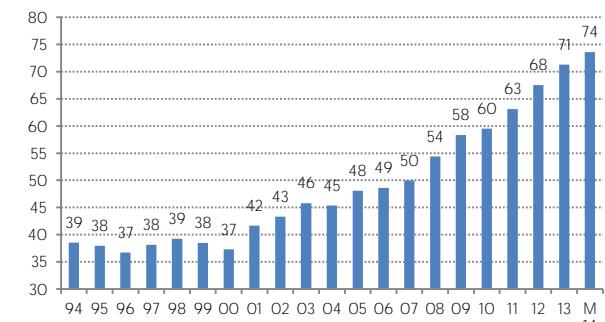
Source: BBVA Research with data from Bank of Mexico & INEGI

Figure 14  
Financial Savings: M4a - notes and coins  
Balance in billions of current pesos



Source: BBVA Research with data from Bank of Mexico

Figure 15  
Financial Savings: M4a - notes and coins  
% of GDP



Source: BBVA Research with data from Bank of Mexico & INEGI

\* The Financial Savings balance calculated by both methods has a minimal difference, perhaps due to figures being rounded and small inconsistencies in them.

## FINANCIAL SAVINGS BY COMPONENTS

Balance in millions of constant pesos, end of period (base: March 2014)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	E12	F	M	A	M	J	A	S	O	N	D	E13	F	M	A	M	J	J	A	S	O	N	D	E14	F	M								
M4a	4,558	5,087	5,313	5,807	6,187	6,875	7,470	8,006	8,776	8,989	9,643	10,742	11,878	12,428	10,836	10,896	10,976	11,130	11,445	11,605	11,591	11,630	11,672	11,790	11,878	11,933	11,929	11,970	12,091	12,123	12,026	12,124	12,173	12,325	12,386	12,426	12,428	12,594	12,596									
-ColnsandBills	320	335	370	404	439	474	528	562	606	636	680	727	774	804	698	687	698	702	715	726	713	707	693	682	708	774	732	718	718	705	717	709	710	706	709	708	774	775	768									
= Financial Savings*	4,237	4,752	4,942	5,403	5,748	6,401	6,942	7,444	8,170	8,353	8,963	10,015	11,104	11,624	10,143	10,199	10,280	10,428	10,600	10,719	10,893	10,883	10,937	10,981	11,082	11,104	11,201	11,211	11,252	11,387	11,406	11,310	11,415	11,463	11,619	11,677	11,699	11,624	11,620	11,769	11,829							
<b>I. Deposit Institutions</b>	<b>2,203</b>	<b>2,284</b>	<b>2,187</b>	<b>2,315</b>	<b>2,440</b>	<b>2,615</b>	<b>2,620</b>	<b>2,655</b>	<b>3,197</b>	<b>3,214</b>	<b>3,365</b>	<b>3,566</b>	<b>3,760</b>	<b>3,900</b>	<b>3,501</b>	<b>3,464</b>	<b>3,558</b>	<b>3,522</b>	<b>3,571</b>	<b>3,635</b>	<b>3,532</b>	<b>3,556</b>	<b>3,582</b>	<b>3,582</b>	<b>3,632</b>	<b>3,760</b>	<b>3,657</b>	<b>3,813</b>	<b>3,596</b>	<b>3,600</b>	<b>3,614</b>	<b>3,710</b>	<b>3,675</b>	<b>3,735</b>	<b>3,754</b>	<b>3,752</b>	<b>3,809</b>	<b>3,900</b>	<b>3,817</b>	<b>3,790</b>	<b>3,906</b>							
Development Banking	297	354	370	385	382	458	383	363	386	402	406	425	463	501	441	450	457	463	474	443	445	440	463	455	463	476	468	449	482	467	463	464	477	465	504	492	501	545	534	552								
Resident Commercial Banking (demand+term)	1,797	1,837	1,735	1,866	1,984	2,077	2,144	2,372	2,682	2,669	2,801	2,964	3,113	3,217	2,878	2,834	2,921	2,879	2,924	2,925	2,968	2,940	2,994	3,11	3,000	2,979	2,983	2,951	2,971	3,078	3,042	3,084	3,111	3,069	3,137	3,217	3,086	3,075	3,173									
On-demand	692	841	883	964	1,000	1,124	1,224	1,343	1,388	1,453	1,592	1,736	1,827	1,952	1,657	1,616	1,707	1,669	1,769	1,735	1,683	1,743	1,627	1,731	1,725	1,716	1,740	1,810	1,849	1,894	1,952	1,899	1,922	1,922														
Term	1,106	996	852	902	984	953	916	1,029	1,293	1,216	1,209	1,227	1,265	1,222	1,214	1,210	1,238	1,238	1,214	1,233	1,257	1,251	1,285	1,270	1,254	1,251	1,235	1,232	1,268	1,242	1,265	1,263	1,243	1,265	1,188	1,204	1,251											
Commercial bank offices overseas	99	82	70	50	57	53	70	94	87	97	113	117	100	117	115	106	108	120	105	112	116	117	111	99	99	105	98	102	101	100	103	98	99	98	99	98												
Savings and Loan Companies(SAP)	9	10	12	14	17	20	23	25	26	56	61	64	67	81	64	64	66	66	67	67	67	66	68	67	69	70	71	72	74	74	78	78	81	82	83													
<b>II. Securities issued by the Public Sector (VSP)</b>	<b>1,497</b>	<b>1,869</b>	<b>2,084</b>	<b>2,381</b>	<b>2,809</b>	<b>3,307</b>	<b>3,515</b>	<b>3,611</b>	<b>3,780</b>	<b>4,192</b>	<b>4,954</b>	<b>5,831</b>	<b>6,151</b>	<b>5,141</b>	<b>5,211</b>	<b>5,194</b>	<b>5,379</b>	<b>5,479</b>	<b>5,527</b>	<b>5,806</b>	<b>5,778</b>	<b>5,605</b>	<b>5,854</b>	<b>5,927</b>	<b>6,019</b>	<b>6,069</b>	<b>6,121</b>	<b>6,239</b>	<b>6,211</b>	<b>6,022</b>	<b>6,140</b>	<b>6,133</b>	<b>6,261</b>	<b>6,331</b>	<b>6,303</b>	<b>6,151</b>	<b>6,232</b>	<b>6,412</b>	<b>6,346</b>									
Securities issued by the Federal Government	149	1,301	1,329	1,433	1,312	2,058	2,032	2,542	2,705	3,008	3,684	4,481	4,701	3,803	3,855	3,865	3,967	4,074	4,094	4,454	4,460	4,470	4,557	4,461	4,585	4,654	4,737	4,852	4,803	4,587	4,542	4,643	4,815	4,785	4,841	4,881	4,815	4,785	4,881									
Bonds	15	29	28	38	114	160	196	287	342	386	721	1,130	1,808	1,950	1,233	1,281	1,312	1,382	1,395	1,442	1,543	1,578	1,654	1,680	1,728	1,802	1,876	1,900	1,968	2,055	2,077	1,878	1,893	1,935	1,950	1,919	2,023	2,026										
IPAB Bonds	125	252	335	404	490	594	655	741	643	615	653	695	743	726	733	758	748	759	741	765	737	743	814	773	759	764	767	824	810	803	808	798	749	811	807	781												
Other public securities	116	175	166	237	295	384	467	427	425	455	531	598	627	701	612	624	615	624	625	626	620	624	634	624	625	675	695	691	701	728	729	724																
<b>III. Securities issued by companies</b>	<b>150</b>	<b>155</b>	<b>210</b>	<b>269</b>	<b>298</b>	<b>301</b>	<b>337</b>	<b>389</b>	<b>377</b>	<b>344</b>	<b>376</b>	<b>418</b>	<b>411</b>	<b>441</b>	<b>423</b>	<b>446</b>	<b>440</b>	<b>434</b>	<b>443</b>	<b>442</b>	<b>459</b>	<b>451</b>	<b>443</b>	<b>416</b>	<b>413</b>	<b>423</b>	<b>442</b>	<b>456</b>	<b>456</b>	<b>459</b>	<b>459</b>	<b>454</b>	<b>454</b>	<b>447</b>	<b>441</b>	<b>442</b>	<b>443</b>											
<b>IV. Non-Sievers</b>	<b>388</b>	<b>444</b>	<b>459</b>	<b>512</b>	<b>557</b>	<b>616</b>	<b>677</b>	<b>686</b>	<b>984</b>	<b>995</b>	<b>1,030</b>	<b>1,077</b>	<b>1,100</b>	<b>1,132</b>	<b>1,078</b>	<b>1,088</b>	<b>1,093</b>	<b>1,107</b>	<b>1,098</b>	<b>1,105</b>	<b>1,098</b>	<b>1,108</b>	<b>1,102</b>	<b>1,108</b>	<b>1,100</b>	<b>1,102</b>	<b>1,096</b>	<b>1,103</b>	<b>1,105</b>	<b>1,125</b>	<b>1,123</b>	<b>1,141</b>	<b>1,136</b>	<b>1,141</b>	<b>1,132</b>	<b>1,133</b>	<b>1,125</b>	<b>1,134</b>										
<b>Financial Savings<sup>a</sup> + II + III + IV<sup>b</sup></b>	<b>4,237</b>	<b>4,752</b>	<b>4,942</b>	<b>5,403</b>	<b>5,681</b>	<b>6,342</b>	<b>6,942</b>	<b>7,444</b>	<b>8,170</b>	<b>8,353</b>	<b>8,963</b>	<b>10,015</b>	<b>11,104</b>	<b>11,624</b>	<b>10,143</b>	<b>10,199</b>	<b>10,280</b>	<b>10,428</b>	<b>10,600</b>	<b>10,719</b>	<b>10,893</b>	<b>10,883</b>	<b>10,937</b>	<b>10,981</b>	<b>11,082</b>	<b>11,104</b>	<b>11,201</b>	<b>11,211</b>	<b>11,252</b>	<b>11,387</b>	<b>11,406</b>	<b>11,310</b>	<b>11,415</b>	<b>11,463</b>	<b>11,619</b>	<b>11,677</b>	<b>11,699</b>	<b>11,624</b>	<b>11,620</b>	<b>11,769</b>	<b>11,829</b>							
Some components of Financial Savings and others																																																
Sievers	288	418	517	615	698	827	975	1,082	1,147	1,334	1,547	1,687	1,969	2,033	1,733	1,727	1,752	1,791	1,805	1,854	1,913	1,997	1,933	1,928	1,932	1,969	2,016	2,021	2,048	2,113	2,019	1,969	2,031	2,031	2,025	2,034	2,033	2,015	2,046	2,062								
Foreign holdings of VSP	15	29	28	38	114	160	196	287	342	386	721	1,130	1,808	1,950	1,233	1,281	1,312	1,382	1,395	1,442	1,543	1,578	1,654	1,680	1,728	1,802	1,876	1,900	1,968	2,055	2,077	1,878	1,893	1,935	1,950	1,919	2,023	2,026										
Mutual Funds (only debt <sup>c</sup> )	271	434	461	474	478	611	794	915	826	945	1,154	1,156	1,290	1,295	1,152	1,161	1,160	1,197	1,232	1,230	1,234	1,232	1,234	1,236	1,240	1,243	1,240	1,243	1,242	1,240	1,243	1,242	1,243	1,242	1,243	1,242	1,243											
Mutual Funds (debt and equity <sup>c</sup> )	322	496	517	557	590	720	957	1,123	1,134	1,141	1,401	1,414	1,566	1,666	1,410	1,423	1,426	1,463	1,498	1,509	1,533	1,514	1,517	1,543	1,564	1,568	1,603	1,617	1,665	1,672	1,688	1,662	1,666	1,683	1,698	1,698	1,698	1,698	1,698	1,698								
Financial Savings without SAR Total <sup>d</sup>	3,561	3,890	3,966	4,276	4,426	4,898	5,281	6,039	6,396	6,751	7,251	7,494	7,688	7,767	7,875	7,888	7,951	8,043	8,038	8,083	8,094	8,101	8,144	8,165	8,262	8,235	8,363	8,445	8,536	8,534	8,459	8,471	8,597	8,634	8,634	8,634	8,634	8,634										
SAR Total (Sievers and non-Sievers)	676	863	976	1,128	1,255	1,444	1,653	1,768	2,131	2,329	2,578	2,764	3,068	3,165	2,810	2,805	2,840	2,884	2,912	2,952	3,018	3,041	3,030	3,039	3,118	3,177	3,151	3,218	3,144	3,091	3,140	3,100	3,175	3,161	3,165	3,165	3,165	3,165										
Some components of Financial Savings and others																																																
Sievers	383	453	236	191	134	186	179	110	60	163	160	90	167	3.3	12.8	13.2	13.6	13.2	10.5	14.9	15.1	12.1	16.0	14.7	14.0	16.7	13.9	16.0	14.7	16.0	14.7	16.0	14.7	16.0	14.7	16.0	14.7	16.0	14.7	16.0	14.7	16.0	14.7	16.0	14.7	16.0	14.7	16.0
Foreign holdings of VSP	-20.1	86.8	-3.2	35.0																																												