Current trends in deposits under the increasing interest rate environment

(Summary)

This report analyzes the current trends in deposit balances and deposit interest rates under the increasing interest rate environment. While overall deposit balances are increasing, differences in growth rates are observed depending on institution type and deposit type. A positive correlation between deposit yields—particularly those influenced by deposit campaigns—and deposit balance growth are observed. The FSA will continue to analyze deposit trends in a timely manner, while capturing macroeconomic trends such as the interest rate environment and demographic shifts.

I. Introduction

In response to the Bank of Japan's revision of its negative interest rate policy and subsequent increases in policy rates, yen deposit interest rates have recently been rising (Figure 1). As demographic trends and the competitive environment continue to evolve, it is important for the FSA to monitor, in a timely manner, how financial institutions are setting deposit interest rates and funding strategies in this phase of rising interest rates. Such monitoring is essential for informed dialogue with financial institutions regarding profitability and asset-liability management (ALM) practices.

As shown in Figures 2 and 3, while deposit balances are generally on an upward trend, closer examination by institution type[1] reveals that growth has been particularly notable among others (mainly includes online banks). Similarly, when viewed by deposit type[2], demand and time deposits show divergent trends (Figure 4). These variations highlight the importance of analyzing deposit

[1] "Major banks" in this report refers to 9 banks: Mizuho Bank, MUFG bank, SMBC, Sumitomo Mitsui Trust Bank, Resona Bank, Mizuho Trust & Banking, Mitsubishi UFJ Trust & Banking, Aozora Bank, and SBI Shinsei Bank. "Regional bank I" refers to Saitama Resona Bank and members of the Association of Regional Banks (62 banks). "Regional banks II" refers to members of the Second Association of Regional Banks (36 banks). Credit Associations (Shinkin banks) refers to members of the National Association of Shinkin Banks (254 associations). Credit Cooporatives (Shinkumi banks) refers to members of the National Central Society of Credit Cooperatives (143 cooperatives). "Others" (mainly including online banks) refers to PayPay Bank, Seven Bank, Sony Bank, Rakuten Bank, SBI Sumishin Net Bank, au Jibun Bank, AEON Bank, Daiwa Next Bank, Lawson Bank, Minna Bank, UI Bank, and GMO Aozora Net Bank (12 banks). ( ) indicates numbers of banks as of March 2025. In addition, "regional banks" refers to Regional bank I and Regional bank II. "Regional finanial institution" refers to Regional banks, Shinkin banks and Shinkumi banks. Japan Post Bank are excluded from the scope of the analysis except Box 1.

[2] In this report, deposits are classified into two types: demand deposits and time and savings deposits. Demand deposits are the sum of current deposits, ordinary deposits, saving deposits, deposits at notice, special deposits, and deposits for tax payments. Time and savings deposits are the sum of time deposits, fixed savings, and installment savings. Nonresident yen deposits, and foreign currency deposits are excluded.

developments by institution type and deposit type.

The data[3] used in this analysis includes: branch-level deposit balances by depositor type (corporate/individual)[4] and deposit category (Dataset 1), posted interest rates by deposit type (Dataset 2), and financial statement data of financial institutions (Dataset 3).

Figure 1: Posted interest rate trends[5]

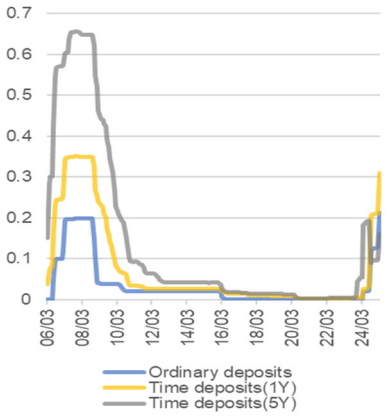
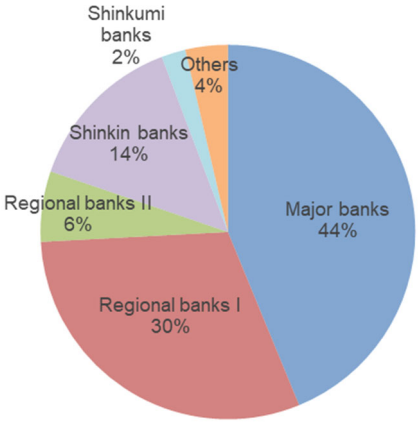


Figure 2: Share of deposits by institution type

(as of March 2025)



(Source) Bank of Japan

Figure 3: Growth of deposit balance

(March 2014=100)

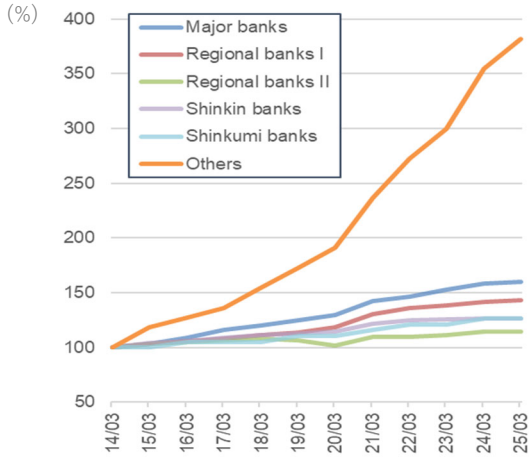
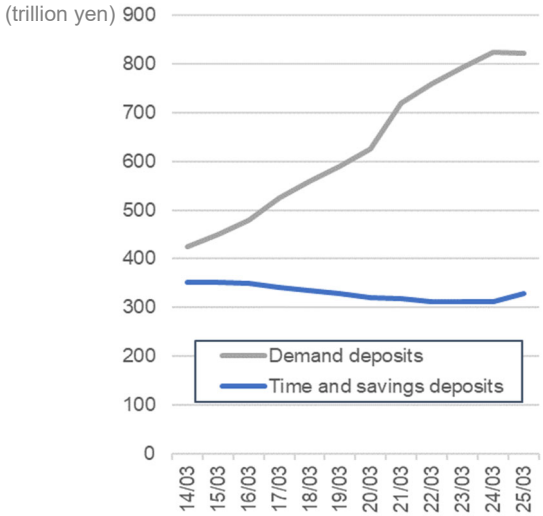


Figure 4: Deposit balances by deposit type



[3] Datasets 1 and 2 are based on data from the FSA. For Dataset 1, the institution types covered are listed in Footnote 1. Dataset 3 does not cover Shinkin banks and Shinkumi banks; as of the end of September 2024, this includes 63 banks in Regional banks I and 37 banks in Regional banks II. Dataset 2 uses "Nikkin Kinri Joho" (Interest Rate Information) published by The Japan Financial News Co., Ltd. Dataset 2 covers the institution types as defined in Footnote 1; however, it should be noted that the number of institutions covered differs by type—specifically, 106 Shinkin banks, 18 Shinkumi banks, and 7 Others.

[4] Public funds and financial institutions' deposits are excluded.

[5] Time deposits refer to deposits with amounts of 3 million yen or more but less than 10 million yen.

II. Current trend in deposits

In this section, the growth rate of deposit balances[6] by institution type are anayzed by using Dataset 1 (sub-section 1). Next, trends in deposit interest rates during the phase of rising interest rates are examined by using Dataset 2 (sub-section 2).

1. Deposit balance growth

Figures 5 to 9 illustrate the distribution of growth rate of deposit balances from the end of September 2023 to the end of September 2024, by institution type, by deposit type and by depositor type. Although the overall growth rate in total deposit balances was +1.2%, certain institution types included many financial institutions with declining balances (Figure 5).

By depositor type, corporate deposits showed no significant skew in distribution for either demand or time deposits—some institutions experienced increases, while others experienced decreases, with a wide range of changes. Nonetheless, the total balance increased in both categories, with time deposits recording a substantial increase of +13.8% (Figures 6 and 7). For individual deposits, demand deposits increased at many institutions, resulting in an overall growth rate of +3.0%. In contrast, time deposits declined at many institutions, with an overall growth rate of -2.3% (Figures 8 and 9).

By institution type, major banks tended to show substantial increases in corporate deposits at many institutions, whereas individual deposits declined at a number of institutions. Among regional financial institutions, individual demand deposits increased, while individual time deposits declined. Others, which had a relatively high number of institutions with strong overall deposit growth, did not show notable differences across depositor or deposit types (Figures 5 to 9).

However, it is important to note that deposit characteristics vary by institution type. As of the end of September 2023, others held relatively small total deposit balances. For regional banks, shinkin banks, and shinkumi banks, the proportion of individual time deposits relative to total deposits was higher than that of other institution types (Figure 10).

[6] Impacts of the bank merger are also considered.

Figure 5: Distribution of deposit balance growth (All institution and deposit types, +1.2% in total)

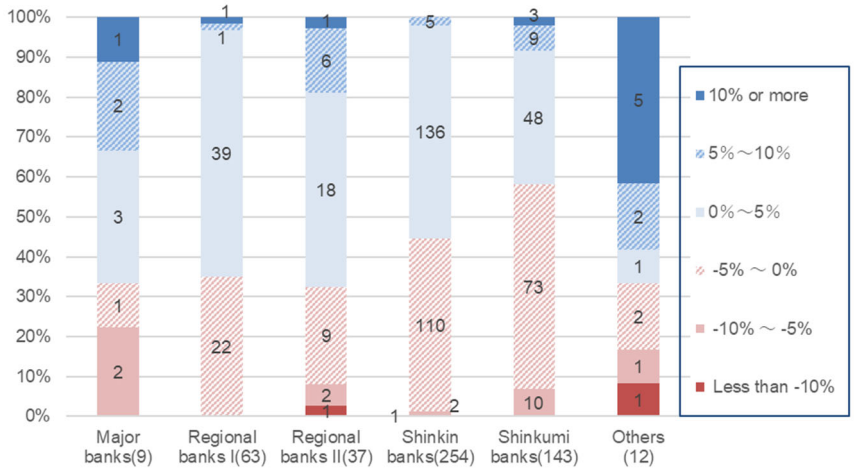


Figure 6: Distribution of deposit balance growth

(Corporate demand deposit, +1.2% in total)

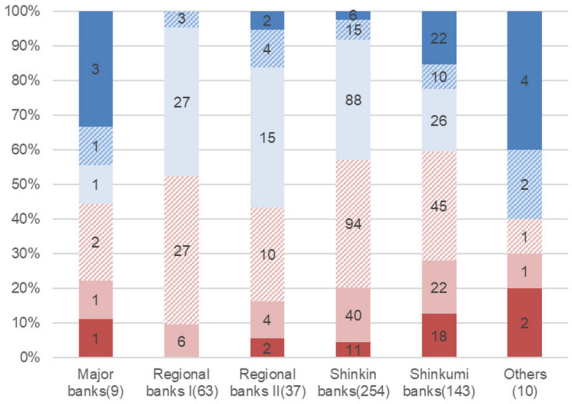


Figure 7: Distribution of deposit balance growth

(Corporate time deposit, +13.8% in total)

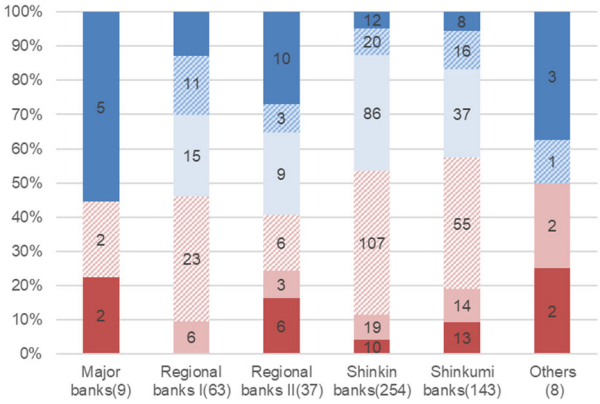


Figure 8: Distribution of deposit balance growth

(Individual demand deposit, +3.0% in total)

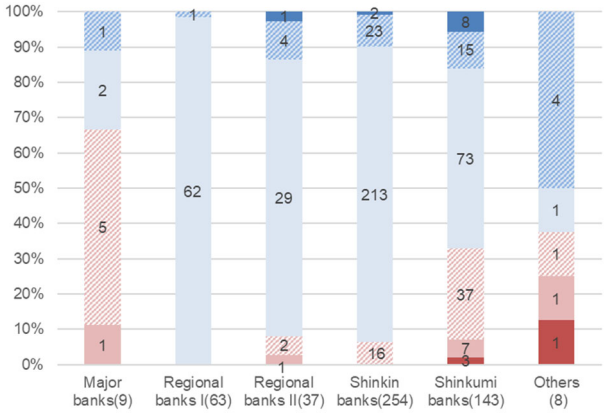


Figure 9: Distribution of deposit balance growth

(Individual time deposit, -2.3% in total)

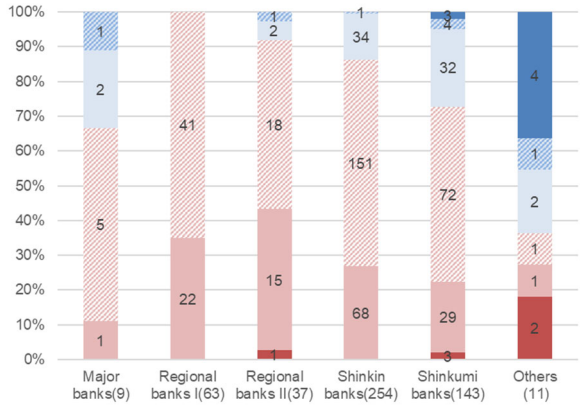
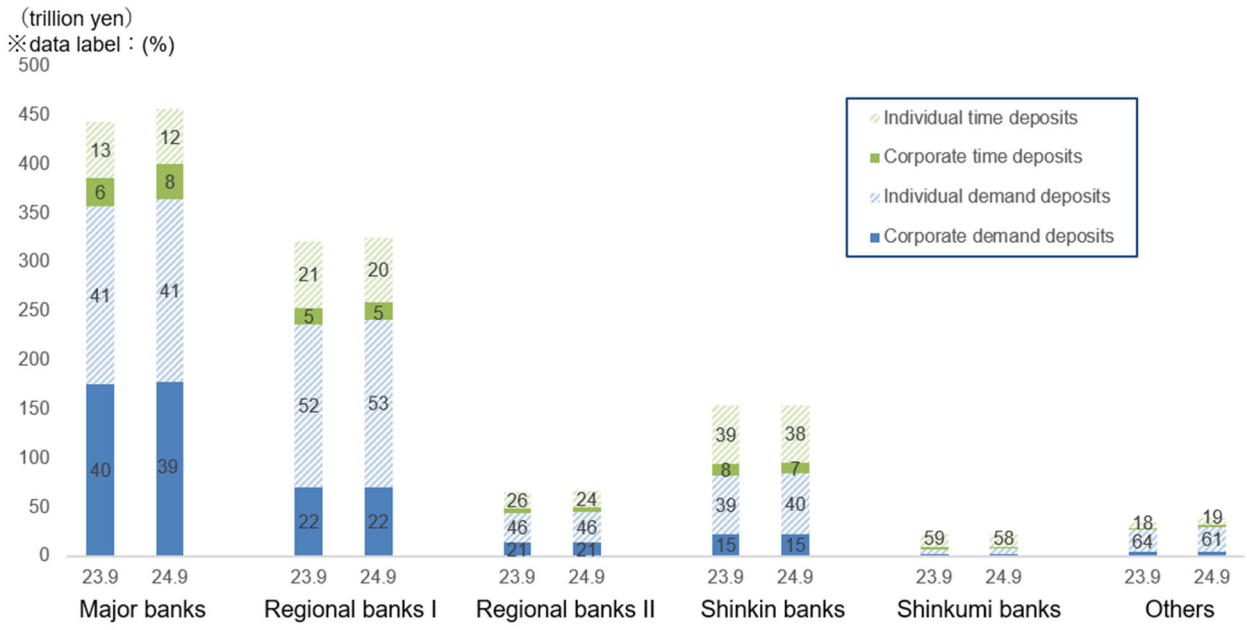


Figure 10: Deposit balance by institution type (figures on the bar graphs shows the proportion)



BOX 1: Relationship between demographics and deposit balances

Deposit balances are considered to be influenced by the population in the regions where financial institutions operate. Figure 11 illustrates the relationship between population growth rates[7] and deposit balance growth rates by prefecture, based on branch-level deposit data for major banks, regional banks, shinkin banks, shinkumi banks, and also Japan Post Bank[8].

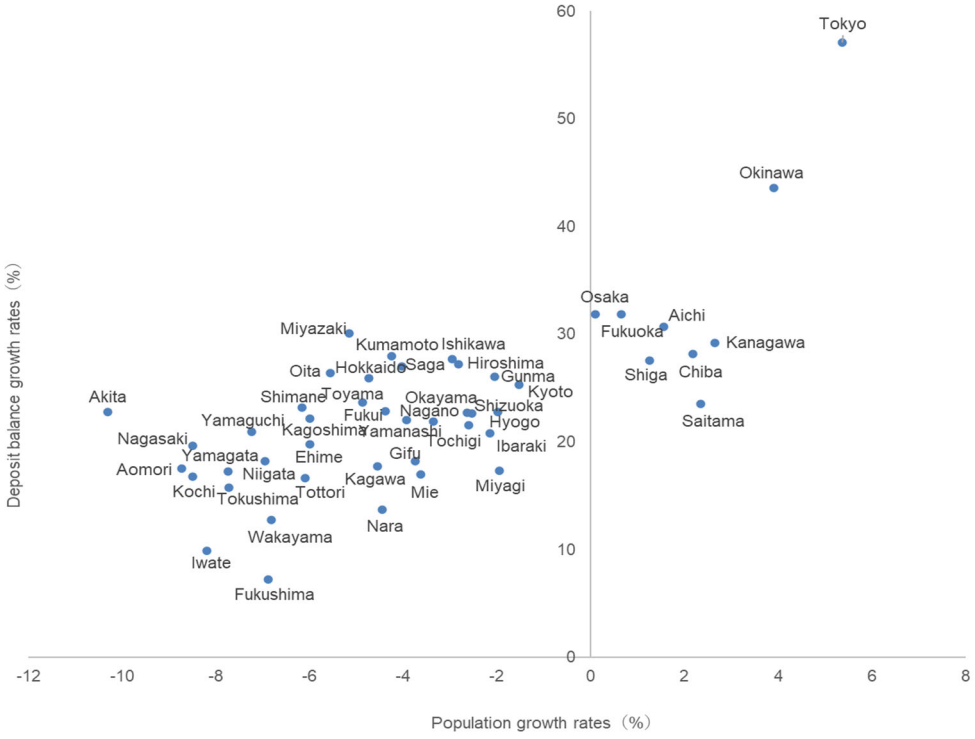
The results show a general trend in which branches located in prefectures with higher population growth also experience higher deposit growth. Notably, Tokyo and Okinawa—both with high population growth—recorded significantly larger increases in deposit balances compared to other prefectures. Even in prefectures with negative population growth, deposit balances continued to grow, possibly reflecting the influence of elderly households, which tend to hold relatively larger deposit balances.

It is projected that by 2035, only Tokyo and Okinawa will maintain population levels comparable to those in 2025, while all other prefectures are expected to experience population declines (Figure

[7] To use census (conducted every five years), the analysis covers the nine-year period from the end of September 2015 to the end of September 2024. Population growth rates were calculated based on the population aged 15 and over in each prefecture. The population for September 2024 was estimated using linear interpolation between the figures for 2020 and 2025.
[8] Others (online banks) were excluded from the analysis, given that they generally do not have physical branches and have limited correlation with the depositor's place of residence.

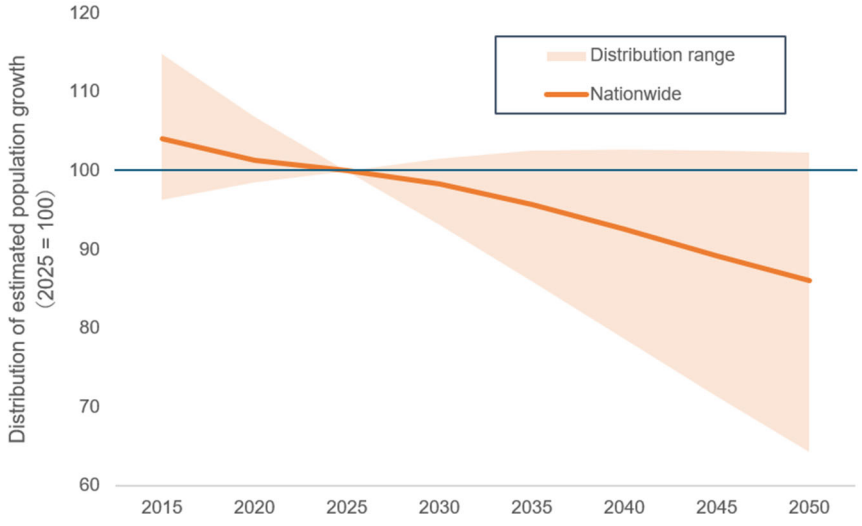
12). While projections should be made with caution as Figure 11 excludes others such as online banks, if the current relationship holds, these demographic trends are likely to exert downward pressure on deposit balances at the prefectural level.

Figure 11: Population growth and deposit balance growth by prefecture



(Source) MIC, National Institute of Population and Social Security Research

Figure 12: Distribution of estimated population growth by prefecture (Aged 15 years-old or elder)



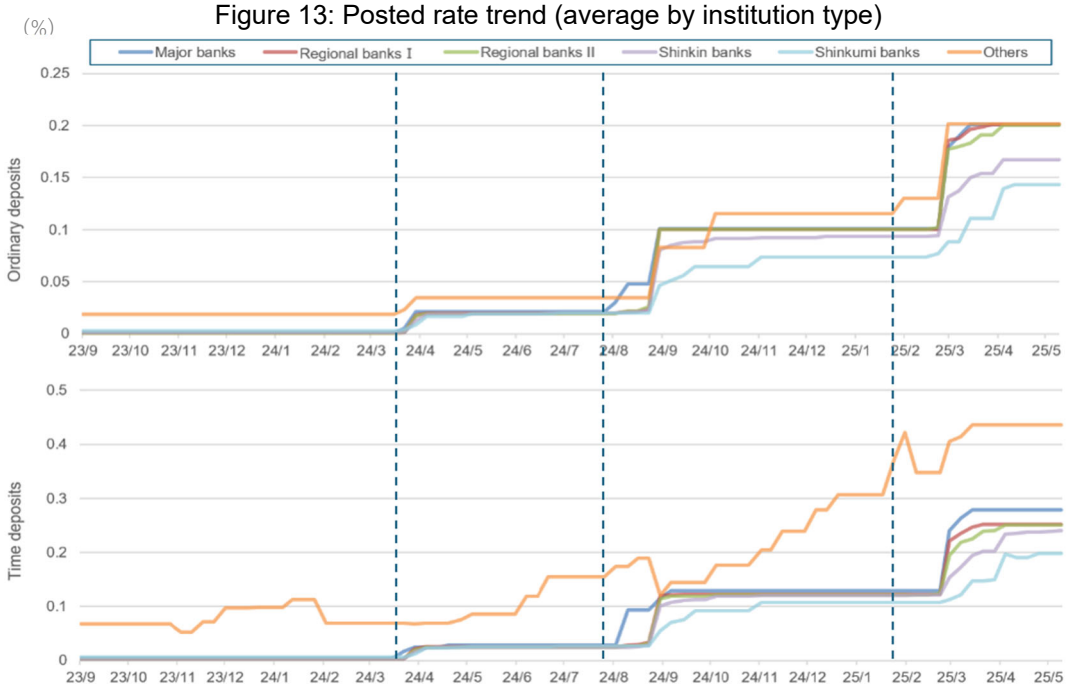
(Source) MIC, National Institute of Population and Social Security Research

2. Time-series trends in deposit interest rates

Figure 13 shows the time-series trends[9] in average posted deposit interest rates[10] by institution type[11]. The Bank of Japan revised its negative interest rate policy in March 2024 and subsequently raised the policy rate twice. About one month after each policy decision, deposit interest rates were observed to rise sequentially—first at major banks, followed by regional banks I, regional banks II, shinkin banks, and shinkumi banks. Others (online banks) had already maintained higher interest rates for both ordinary and time deposits compared to other institution types prior to the policy revision. However, as of May 12, 2025, the ordinary deposit rate for online banks stands at 0.2%, the same level as that of major banks, regional banks I, and regional banks II.

It should be noted that these figures are based on posted interest rates and do not reflect promotional rates (campaign rates) or those offered exclusively through online banking channels.

Figure 13: Posted rate trend (average by institution type)



(Note) The dashed lines in the chart indicate the timing of monetary policy meetings that had an impact on interest rate levels:
- March 2024: revision of the negative interest rate policy
- July 2024: policy rate (uncollateralized call rate) hike to 0.25%
- January 2025: policy rate (uncollateralized call rate) hike to 0.5%

(Source) The Japan Financial News Co.,Ltd,

[9] Weekly data from September 4, 2023 to May 12, 2025.
[10] (Sum of post rates by each financial institutions) / (number of financial institutions)
[11] When using time deposit interest rate data, deposits with a deposit amount of less than 3 million yen and a deposit term of one year are used.

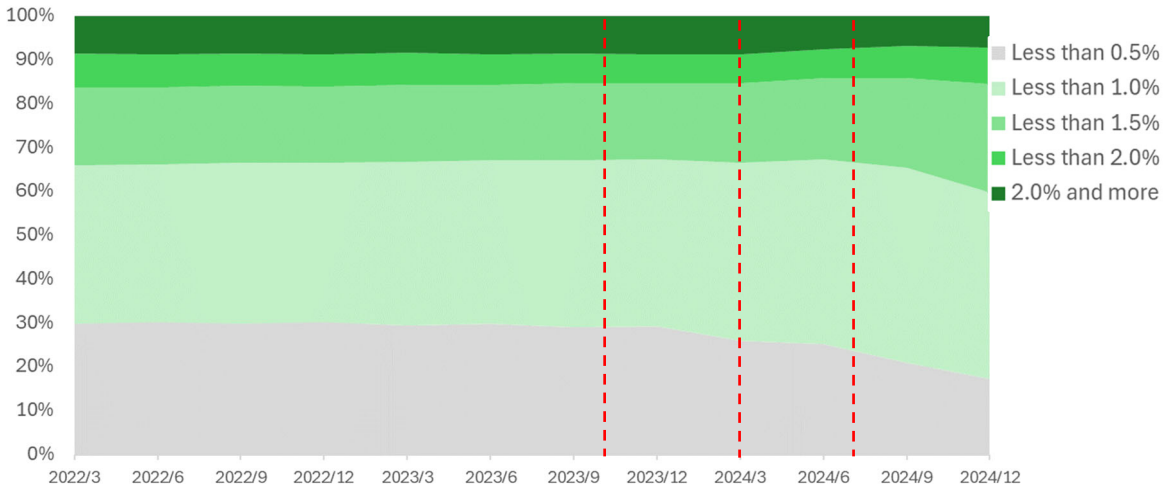
BOX 2: Recent lending rate trends

Following the Bank of Japan's monetary policy decisions, lending interest rates on a stock basis have been rising as well (Figure 14). Using loan-level data from the Common Data Platform, recent trends in new lending rates[12] at regional banks I were examined by borrower type and industry (Figures 15 and 16).

Corporate lending rates have been on an upward trend since the October 2023 monetary policy meeting, in which the yield cap on 10-year government bonds under the yield curve control framework was revised to 1.0%. In contrast, lending rates for individuals and sole proprietors began to rise after the July 2024 policy rate hike to 0.25%, with an additional delay of around three months observed for sole proprietors other than house and room lending households.

Between March and September 2024, deposit rates at regional banks I increased by an average of approximately 0.1%pt for both ordinary and time deposits (Figure 13). Lending rates for corporates and individuals rose by at least that amount through December 2024. However, rate increases for sole proprietors including house and room lending households remained limited and did not exceed the level of deposit rate increases.

Figure 14: Proportion of lending rates (weighted by balances)



[12] The loan-level data are based on the execution date of loans within each quarterly reference period. For example, loan records as of the end of September 2023 include loans disbursed between the beginning of July and the end of September 2023. Only lendings to borrowers who has been rated as "normal" are covered.

Figure 15: Lending rate by borrower type (weighted average by lending volume, differences from September 2023)

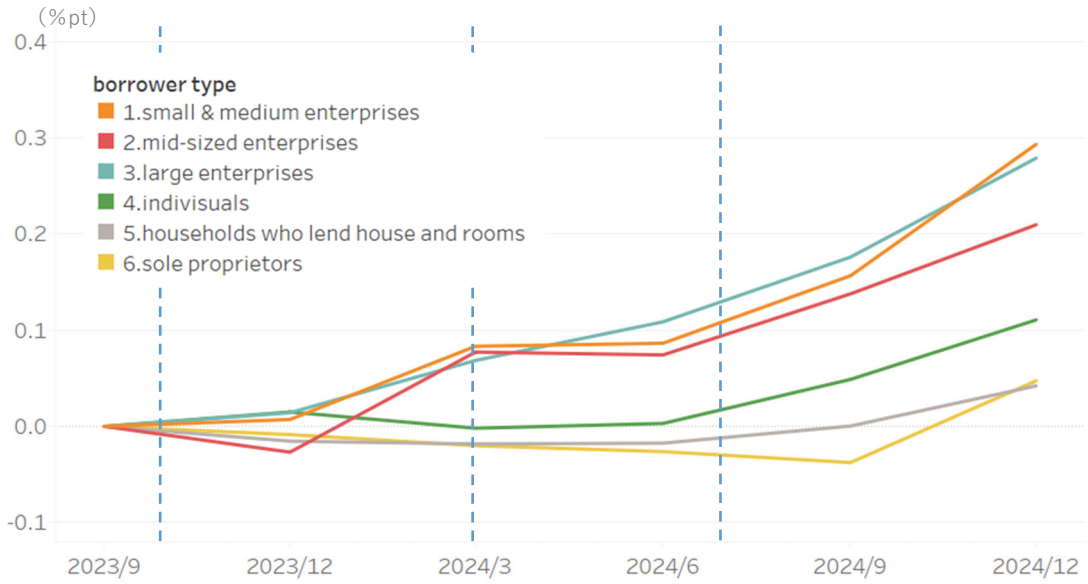
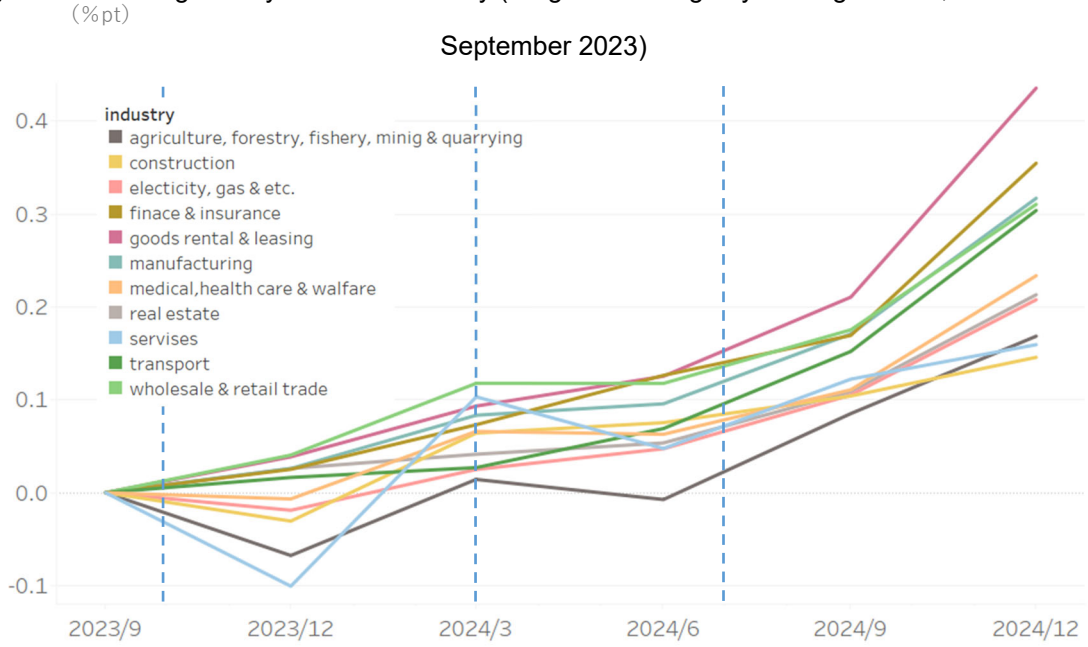


Figure 16: Lending rate by borrower industry (weighted average by lending volume, differences from September 2023)



(Note) The dashed lines in the chart indicate the timing of monetary policy meetings that had an impact on interest rate levels:
・October 2023: increasing the flexibility in the conduct of yield curve control
・March 2024: revision of the negative interest rate policy
・July 2024: policy rate hike to 0.25%

III. Relationship between deposit rate and growth

Using Datasets 1 and 2, the relationship between the extent of posted interest rate increases and deposit balance growth at each institution is analyzed (sub-section 1). Next, using Dataset 3, the relationship between deposit yields and deposit balance growth is examined (sub-section 2).

1. Posted rate increase vs. balance growth

The relationship between posted interest rate increase (from September 2023 to September 2024) and deposit growth (from March 2024 to March 2025) was examined. The reason for the difference in the calculation period is that there is likely to be a certain lag before an increase in posted rates affects the deposit balance.

Figures 17 and 18 illustrate the relationship between the posted rate hikes in ordinary and time deposit[13] interest rates and the corresponding deposit balance growth. While variations in the magnitude of interest rate increases were limited within each instituition type—major banks, regional banks, shinkin banks, and shinkumi banks—considerable disparities were observed in the growth of deposit balances. In contrast, for others, interest rate increases varied significantly across banks for both ordinary and time deposits.

Figure 17: Ordinary deposits

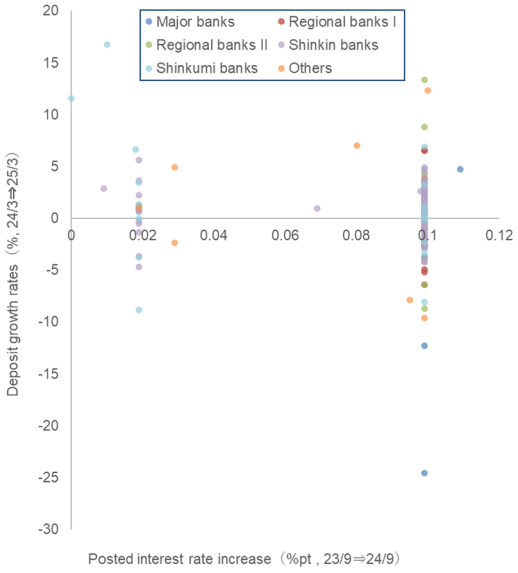
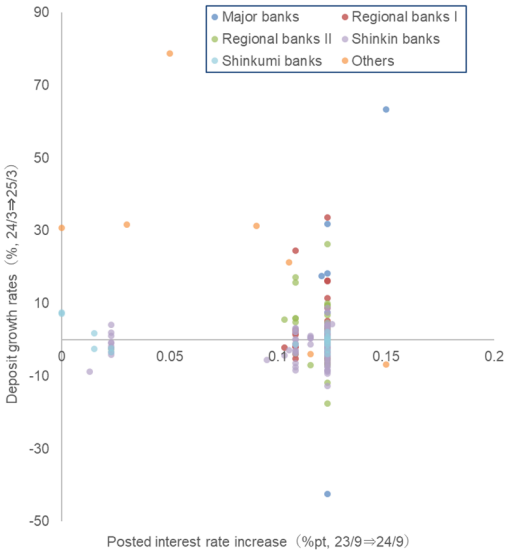


Figure 18: Time deposits



(source) The Japan Financial News Co.,Ltd,

[13] Due to data limitation, ordinary deposits and time deposits data are used for posted rate while total demand deposits and time and savings deposits are used for balances.

2. Change in yields vs. balance growth

Deposit yields reflect not only interest paid based on posted rates, but also interest paid through campaigns and internet banking-exclusive rates, thereby capturing the impact of various interest-related strategies implemented by financial institutions.

Figures 19 and 20 illustrate this relationship for major banks, regional banks, and others, separately for ordinary deposits and time deposits. Generally, a higher yield tends to be associated with a higher growth rate in deposit balances, and this trend is particularly evident in the case of time deposits. However, at the individual institution level, there are cases where deposit balances declined despite high yields, and conversely, cases where balances grew significantly even with yields comparable to other institutions. Among the different institution types, others[14] show the greatest variability in both yields and balance growth rates[15].

Figure 19: Ordinary deposits

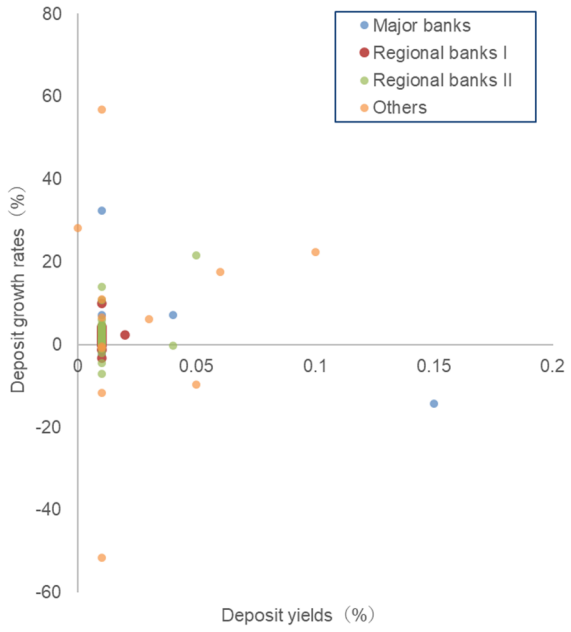
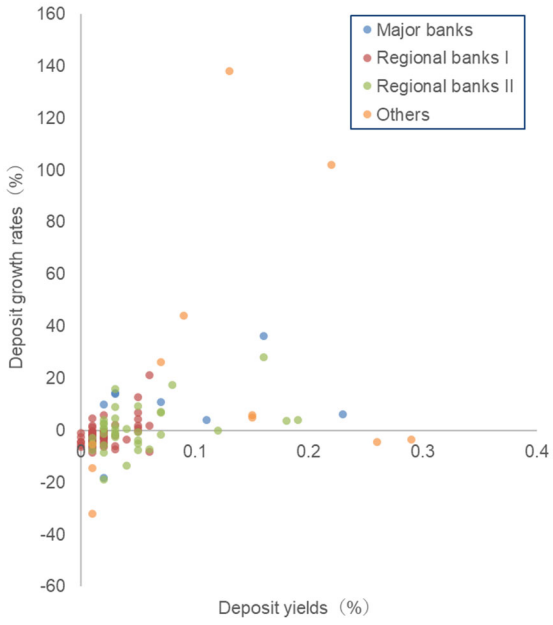


Figure 20: Time deposits



Figures 21 and 22 focus on major banks, regional banks, and others, and illustrate the relationship between year-over-year differences in yields and growth in balances for ordinary and time deposits, respectively. In the case of time deposits, institutions that offered higher yields compared to the previous year generally experienced greater growth in deposit balances. This suggests that upward

[14] One other bank shows large decrese in growth rate due to their relatively small deposit balances. Although there was a large decline between 23/9 and 24/9, the trend of its deposit balance over time is fluctuating (both ups and downs).
[15] Due to data limitation, shinkin banks and shinkumi banks are excluded for yield related analysis.

adjustments in deposit yields are positively associated with increased deposit accumulation, particularly for time deposit products.

Figure 21: Ordinary deposits

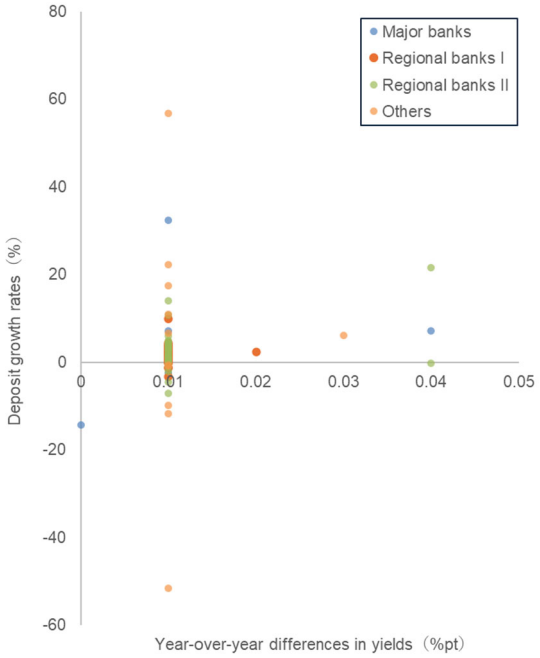
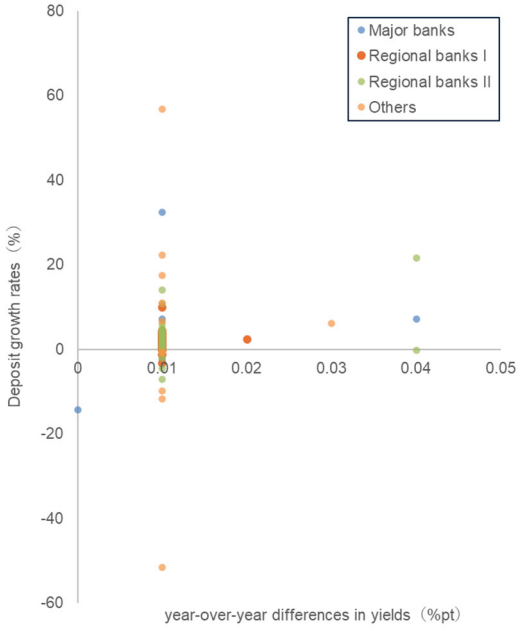


Figure 22: Time depoits



IV. Regression Analysis

In order to verify the relationship observed in the previous section, regression analyses are conducted by changing explanatory variables.

1. Posted rate increase vs. balance growth (Analysis 1)

The hypothesis that "financial institutions that raised their posted deposit rates more significantly experienced higher deposit growth rates" are tested. The analysis (hereafter referred to as Analysis 1) covers 238 financial institutions, including major banks, regional banks, shinkin banks, shinkumi banks, and others, and is conducted separately for ordinary and time deposits. As shown in Figure 23, the object variable is the deposit balance growth rate, measured over a period six months after the explanatory variables, in recognition of the potential time lag between interest rate adjustments

and their effects on deposit behavior. The analysis includes control variables that account for institutional type, as well as region-specific factors such as household income and population.

Figure 23: List of variables

Object variable	Deposit growth rates(%)	24/3⇒25/3
Explanatory variable	Posted interest rate increase（%pt）	24/9 - 23/9
Control	Household income growth rates (%)	23/9⇒24/9
	Population growth rates（%）	23/9⇒24/9
	Bank type Dummy	Standard：Regional banks I

(Source) The Japan Financial News Co.,Ltd, MIC, National Institute of Population and Social Security Research

No significant correlation was found between posted rate increases and deposit growth. This may be due to the narrow variation in posted rate hikes among traditional institutions. In this analysis, the time period between the increase in posted rate hike and the growth rate is set at six months, however, it may take even longer for the increase in posted rates to affect the deposit balance. Therefore, further analysis using alternative timeframes could be valuable for future research.

Figure 24: Result of Analysis 1

		Ordinary deposits	Time deposits
Explanatory variable	Posted interest rate increase	-11.91	-36.02
Control	Household income growth rates	＋0.01	+0.01
	Population growth rates	+0.43	+1.64
Const		+1.74	+6.02*
Coefficient of determination (R^2)		0.093	0.372

** p<0.01 , * p<0.05

2. Deposit yield vs. growth rate (Analyses 2 and 3)

This sub-section conducts two analyses based on the following hypotheses: “financial institutions offering higher deposit yields tend to exhibit greater deposit balance growth” (Analysis 2) and “financial institutions with a larger year-over-year increase in deposit yields [16] —reflecting the impact of campaigns and other factors— experience higher deposit growth” (Analysis 3). Both analyses focus on 119 institutions across major banks, regional banks, and others.

The list of variables[17] used is shown in Figure 25. Unlike Analysis 1, the object variable (deposit growth rate) in Analyses 2 and 3 covers the same period as the explanatory variables. Control variables are consistent with those used in Analysis 1.

Figure 25: List of Variables

Object variable	Deposit growth rates（%）	23/9⇒24/9
Analysis② Explanatory variable	Deposit yields（%）	23/10~24/9
Analysis③ Explanatory variable	Year-over-year change in deposit yield (%pt)	(23/10~24/9) – (22/10~23/9)
Control	Household income growth rates（%）	23/9⇒24/9
	Population growth rates（%）	23/9⇒24/9
	Bank type Dummy	Standard：Regional banks I

(Source) MIC, National Institute of Population and Social Security Research

Analysis 2 showed significance only for time deposits. Analysis 3 showed significance for both ordinary and time deposits. Furthermore, from the coefficient of determination (R^2), among the regression equations used in this section, Analysis 3, which used the year-over-year change in yields as an explanatory variable, explained the deposit growth rate more effectively.

[16] The difference in deposit yields can be decomposed into components attributable to changes in balances and changes in interest rates. However, given the persistently low interest rate environment in recent years, estimates indicate that the balance-driven component is negligible compared to the interest rate-driven component. Therefore, the yield difference is deemed appropriate as an explanatory variable for deposit balance growth.

[17] Analysis 3 (difference in deposit yields), like Analysis 1 (increase in posted interest rates), may be subject to a certain time lag before affecting deposit balances. However, due to data constraints, the analysis uses the same time period for both the explanatory and object variables.

Figure 26: Results of Analyses 2 and 3[18]

			Ordinary deposits	Time deposits
Analysis ②	Explanatory variable	Deposit yields	-18.89	+102.19**
	Control	Household income growth rates	-0.007	-0.02
		Population growth rates	-1.27	+1.06
	Const		+1.32	-3.24
	Coefficient of determination (R^2)		0.133	0.227
Analysis ③	Explanatory variable	Year-over-year change in deposit yield	+252.97*	+566.26**
	Control	Household income growth rates	-0.002	+0.006
		Population growth rates	-1.48	-0.98
	Const		-1.57	-7.9**
	Coefficient of determination (R^2)		0.163	0.477

** p<0.01 , * p<0.05

Figure 27 shows the result of regression analysis conducted for each institutional types[19]. When viewed by institution type, Analysis 2 showed statistically significant results for regional banks, while in Analysis 3, significant results were observed for regional banks II and for time deposits in all sectors except major banks. The coefficients in Analysis 3 for time deposits were as follows: 388.89 for regional banks I, 354.55 for regional banks II, and 628.37 for others. These coefficients indicate the expected percentage growth in deposit balances when the time deposit yield increases by 1 percentage point. Specifically, a 1 basis point (0.01 percentage point) increase in yield would correspond to an approximate deposit balance growth of 3.88% for regional banks I, 3.54% for regional banks II, and 6.28% for others.

[18] One other bank with large fluctuations in deposit balances were treated as outliers and excluded from this analysis. On the other hand, as shown in Figures 19 and 21, some other banks exhibited significant increases in ordinary deposit balances despite having yields comparable to those of the subject bank. However, since the subject bank has shown a consistently stable upward trend in its time-series data, it was included in these analyses. Even when the previously excluded outlier banks were included in these analyses, the results of Analysis 2 remained largely unchanged for both ordinary and time deposits. In contrast, for Analysis 3, the results for ordinary deposits lost statistical significance, while time deposits continued to show significant results. This suggests that time deposits are more sensitive to changes in deposit yield differentials.

[19] Analyses 2 and 3 use deposit data based on the location of each bank's head office. Therefore, for major banks and other banks—whose head offices are primarily concentrated in Tokyo—the impact of regional characteristics is considered negligible. For regional banks, multiple regression analysis was conducted with the addition of control variables such as "household income growth rate" and "population growth rate." However, as the coefficients for these control variables were small and did not demonstrate significant effects, the results of the simple regression analyses are presented instead.

Figure 27: Results of Analyses 2 and 3 by institution type

			Major banks (n=9)	Regional banks I (n=63)	Regional banks II (n=37)	Others (n=10)
Analysis② Time deposits	Explanatory variable	Time Deposit yields	+73.55	+149.90**	+82.22**	+127.43
	Const		+2.52	-4.77**	-3.49	+6.68
	Coefficient of determination (R^2)		0.143	0.255	0.190	0.057
Analysis③ Ordinary deposits	Explanatory variable	Year-over-year change in ordinary deposit yield	+284.47	+50.84	+284.66*	-197.40
	Const		+0.69	+1.27	-0.74	+12.12
	Coefficient of determination (R^2)		0.063	0.001	0.166	0.004
Analysis③ Time deposits	Explanatory variable	Year-over-year change in time deposit yield	+491.35	+389.89**	+354.55**	+628.37*
	Const		-6.58	-5.66**	-5.55*	-0.38
	Coefficient of determination (R^2)		0.225	0.296	0.277	0.409

** p<0.01 , * p<0.05

Based on the above results, it was found that for ordinary deposits, the year-over-year change in yield is positively correlated with deposit balance growth, while for time deposits, both the annual yield and the change in yield show a positive correlation with deposit growth. Although Analysis 2 did not show statistically significant results for ordinary deposits, this may be due to the limited variation in deposit yields observed across many institutions between October 2023 and September 2024, as shown previously. As a result, linear regression may not have captured meaningful differences.

In Analyses 1 through 3 (excluding those by institution type), the analysis included household income growth as a control variable, based on the hypothesis that "financial institutions located in regions with higher household income growth rates tend to exhibit higher deposit balance growth." However, this control variable did not have a significant effect in any of the analyses. This may be attributed to data limitations, such as the use of data based on prefectural capital cities as a proxy for each prefecture, or to the possibility that income effects may not manifest clearly over a short observation period.

Moreover, when viewed by institution type, the results of Analysis 3 for ordinary deposits showed a positive correlation between the change in deposit yield and deposit balance growth only for regional banks II. This may reflect the fact that certain banks classified as regional banks II offer higher deposit interest rates through internet-only accounts, which has led to an increase in ordinary deposit balances. In addition, the results of Analysis 3 for time deposits revealed a particularly strong positive

correlation between the change in deposit yield and deposit balance growth for others. This may be attributed to the relatively small deposit balances held by others as of the end of September 2023 compared to other institution types, as well as to the customer base of others, which tends to consist of individuals who frequently use the internet via smartphones and are more likely to access information on deposit campaigns. While various deposit campaigns are conducted by financial institutions, it is possible that deposit behavior is influenced not only by whether a campaign is conducted, but also by the level of advertising exposure associated with it. If competition for deposit acquisition intensifies, it will become more important to monitor whether strategies emerge that emphasize nominal yields excessively—potentially at odds with the actual interests of depositors.

Finally, although deposit interest rates for major banks did not show statistically significant results, they serve as a reference point for regional banks and others in setting their own deposit rates. Accordingly, it is possible that deposit rates at major banks may influence the rates and deposit balances of other institution types in subsequent periods. As more deposit balance data becomes available under a rising interest rate environment, it will be important to continue refining the analysis—for example, by incorporating major banks' deposit interest rates as control variables.

It should be noted that while this analysis used posted interest rates, deposit yields, and their changes as explanatory variables, deposit trends are influenced by a wide range of factors beyond just posted rates or yields. These include fee structures, integration with investment and other financial services, and overall depositor convenience. Therefore, it is important to take such qualitative aspects into account and adopt a comprehensive perspective.

V. Conclusion

This paper examined recent trends in deposit balance growth and deposit interest rates among financial institutions during the current phase of rising interest rates, using deposit balance data, financial statements, and interest rate information from sources such as The Japan Financial News Co.,Ltd.

While deposit balances have generally increased, variations in growth rates were observed depending on the institution type and the deposit type. In addition, a correlation was found between population growth and deposit balances growth in each region. An analysis of the relationship between deposit interest rates and deposit balance growth revealed a positive correlation between

deposit yields—particularly those influenced by deposit campaigns—and deposit balance growth. Notably, the year-over-year change in deposit yield had the strongest explanatory power for deposit growth. Furthermore, when analyzed by institution type, a strong positive correlation was identified between changes in deposit yield and deposit balance growth for others.

Although the analysis in this paper suggests a certain relationship between deposit balances and deposit interest rates, at present, many financial institutions continue to offer similar interest rates, and no major fluctuations have been observed across the deposit market as a whole. However, should future shifts in demographics or regional economic trends alter the competitive landscape for financial institutions, it is possible that more institutions will adopt differentiated deposit strategies. In such a scenario, disparities in the interest rates offered may widen depending on each institution's managerial capacity. It is important to continue monitoring deposit trends and the deposit strategies of financial institutions in a timely manner, while also keeping a close eye on macro-level developments such as interest rate conditions and demographic changes.

The analysis presented in this paper primarily covers the one-year period from the end of September 2023 to the end of September 2024, which coincides with the timing of the Bank of Japan's shift in monetary policy. However, to fully understand the impact of rising policy interest rates on deposit balances, it is desirable to examine a longer time horizon. The FSA will continue to monitor and analyze trends in the domestic deposit market in order to deepen its understanding on such as financial institutions' profitability and ALM practices.