

Financial Aggregates

The Reserve Bank publishes and monitors data on the stock of money and credit in Australia. These data are called the financial aggregates. They can be used to help understand developments in the economy.



Money can be held in different forms – for example, as banknotes in your wallet and as deposits in the bank. The main measures of money are the money base, currency, M1, M3 and broad money.

Credit is a measure of funds borrowed from the banking system. People borrow to purchase things such as houses, cars and holidays. Businesses also borrow to invest in projects and buy assets. Total credit can be broken down into housing credit, personal credit (such as on credit cards) and business credit.



Monitoring changes in the stock of money and credit is important because it can help us understand more about what's happening in the economy. Monitoring changes in credit can also be helpful for identifying risks to financial stability.

Higher credit growth tends to be associated with more positive economic conditions (e.g. people wanting to borrow and spend more and banks being willing to lend more). Lower credit growth tends to be associated with less positive economic conditions. But rapid credit growth could signal growing risks to financial stability, particularly if debt levels are already high.



Changes to the cash rate can influence credit growth because of the effect that the cash rate has on other interest rates related to credit, such as on housing loans, credit cards and business loans.