



Funding for Lending Scheme: Frequently Asked Questions

This document is intended to answer frequently asked questions about the Funding for Lending Scheme (FLS). General information about the FLS can be found on the Bank's website at www.bankofengland.co.uk/markets/Pages/FLS/default.aspx.

A. Data

1. **Where can I find the latest FLS usage and lending data?**

These data can be found on the Bank's website here www.bankofengland.co.uk/markets/Pages/FLS/extensiondata.aspx.

2. **Where can I find data relating to the first part of the FLS?**

These data can be found here www.bankofengland.co.uk/markets/Pages/FLS/data.aspx.

3. **How do I find the more detailed spreadsheets with data in? Can I see, for example, quarterly splits of drawdowns and lending?**

Scroll to the bottom of the webpage table at the links above and click on the orange link highlighted in the footnote. Note that detailed data are available for both the first part of the FLS, and for the FLS Extension.

4. **Where do I find the data for net lending to households by FLS participants for 2014 and 2015?**

The Bank does not collect these data for the FLS as net lending to households over 2014-15 does not contribute to a participant's borrowing allowance. Data for Q2-Q4 2013 can be found in the published data on the FLS Extension, and aggregate data on lending to households can be found on the statistics pages of the Bank's website www.bankofengland.co.uk/statistics/Pages/calendar/default.aspx.

5. **For the FLS Extension, the net lending data for Q2-Q4 2013 are split by sector, but not by quarter, under the borrowing allowance calculation. Can I have these data split by quarter?**

These data (for the initial borrowing allowance calculation) are not published split by quarter, but net lending data for 2014 and 2015 are published split by both quarter and sector.

6. **How do I work out who has repaid drawdowns from the first part of the scheme?**

In the detailed data table (for the most recent FLS Extension data), subtract FLS Extension drawdowns from total drawdowns to see outstanding drawdowns from the first part of the scheme. This can be compared to the final publication of data from the first part of the scheme to see repayments.

7. **When will the next set of FLS data be published?**

Please see the provisional publication dates here www.bankofengland.co.uk/markets/documents/flsubdates.pdf.

B. Design and impact of the scheme

8. **Is the FLS part of the Bank's Sterling Monetary Framework (SMF)?**

No. The FLS is a joint Bank and HM Treasury scheme that sits outside the Bank's SMF. Further information on the SMF can be found on the Bank's website www.bankofengland.co.uk/markets/Pages/money/default.aspx.

9. **How much do counterparties pay to use the FLS?**

For the FLS Extension, counterparties are charged 25 basis points (0.25%) per annum for all Treasury Bills drawn under the scheme. The fee is calculated based on the daily market value of the bill held.

10. **Where can I find the Market Notices and news releases published relating to the FLS?**

These are all available on the website here www.bankofengland.co.uk/markets/Pages/FLS/notices.aspx.

11. **How can I compare the various parts of the scheme design?**

Please see the final page of the FLS Operating Procedures

(www.bankofengland.co.uk/markets/documents/flsopprocedures.pdf) for a summary.

12. **Has the Bank published analysis on how the scheme works?**

Assessment of the Bank's outlook for lending can be found in Section 1 of published *Inflation Reports*, and further analysis can be found in the Bank's other standard publications. In particular, relevant articles include:

- *Quarterly Bulletin 2012 Q4: The Funding for Lending Scheme* (explains the design of the original scheme and transmission mechanism)
www.bankofengland.co.uk/publications/Documents/quarterlybulletin/qb120401.pdf
- *Inflation Report February 2013: Summary of indicators of FLS transmission (Box p17)*
www.bankofengland.co.uk/publications/Documents/inflationreport/2013/ir13feb.pdf
- *Inflation Report May 2013: The extended Funding for Lending Scheme (Box p14)*
www.bankofengland.co.uk/publications/Documents/inflationreport/2013/ir13may.pdf
- *Inflation Report August 2013: The outlook for lending (Box p15)*
www.bankofengland.co.uk/publications/Documents/inflationreport/2013/ir13aug.pdf
- *Inflation Report May 2014: Developments in credit conditions since the launch of the Funding For Lending Scheme (Box p14)*
www.bankofengland.co.uk/publications/Documents/inflationreport/2014/ir14may.pdf

13. **Does the Bank monitor how each pound of drawdowns is used for lending?**

FLS participants are incentivised to increase net lending by the way borrowing allowances are calculated. A participant can accumulate a borrowing allowance (and therefore drawdown in the Extension) through positive net lending to the real economy. But the FLS is not designed to link drawdowns to specific loans.

14. **How do you calculate a counterparty's borrowing allowance?**

Please see the worked examples for further detail:

www.bankofengland.co.uk/markets/Documents/flsextensionworkedexample.pdf (for the FLS Extension) and

www.bankofengland.co.uk/markets/Documents/fls-workedexample1.pdf (for the first part of the FLS).