Bank of England Credit Conditions Survey: Responses to Consultation

The Bank of England confirmed today that it plans to launch a quarterly Survey of Credit Conditions, following strong support for the proposals during the recent consultation period.

The Bank currently envisages launching the full survey in 2007 Q2, with the first report, containing the results of the first two surveys, being published in 2007 Q3. In the meantime, it will be conducting a pilot, which will provide the Bank with the opportunity to assess the questionnaires before finalising them.

Conclusions on detailed issues

In its August consultation paper, the Bank asked for lenders’ views on a number of specific issues. In light of lenders’ responses, the Bank plans to:

- Offer five response options (“up a lot”, “up a little”, “unchanged”, “down a little”, “down a lot”) instead of the three incorporated in the draft questionnaires (“up”, “unchanged”, “down”). This is likely to allow a higher quality of analysis. The Bank will provide guidance on the interpretation of the different options in the Compilation Guide, which will be made available in due course.

- Retain a question on lending to small businesses within the household questionnaires.

- Define the distinction between medium-sized corporates and large corporates by turnover. Guidance as to the appropriate threshold will be published in the Compilation Guide.

- Distribute the surveys via email.

Other issues

Other issues arose from the market’s response to the consultation document.
Several lenders suggested new questions, and several more suggested including further detail within existing questions. For example, many lenders suggested that the survey should incorporate separate questions within the household sector survey questionnaires on prime, sub-prime, Buy-to-Let and Self-Certified business. Other lenders suggested asking about the use of risk transfer/management tools as part of the corporate questionnaire.

The Bank plans to use the pilot to assess the scope for making these further questions a part of the regular survey.