Bank Liabilities Survey

Survey results | 2015 Q1

BANK OF ENGLAND

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Bank Liabilities Survey

2015 Q1

Developments in banks' balance sheets are of key interest to the Bank of England in its assessment of economic conditions. Changes in the price, quantity and composition of banks' liabilities may affect their willingness or ability to lend, and the price of lending. The aim of this survey is to improve understanding of the role of bank liabilities in driving credit and monetary conditions, complementing the existing *Credit Conditions Survey*. The first section provides information on developments in the volume and price of bank funding, covering both wholesale market funding and deposits from households and companies. The second section covers developments in the loss-absorbing capacity of banks as determined by their capital positions. The third section provides information on the internal price charged to business units within individual banks to fund the flow of new loans, sometimes referred to as the 'transfer price'. Developments in banks' transfer prices are an important factor in determining the cost of borrowing for firms and households.

This report presents the results of the 2015 Q1 survey. The 2015 Q1 survey was conducted between 13 February and 6 March 2015.

Additional background information on the survey can be found in the 2013 Q1 *Quarterly Bulletin* article 'The Bank of England *Bank Liabilities Survey*'.

This report, covering the results of the 2015 Q1 survey, and copies of the questionnaires are available on the Bank's website at **www.bankofengland.co.uk/publications/Pages/other/monetary/bls/default.aspx.**

The publication dates in 2015 for future *Bank Liabilities Surveys* are:
2015 Q2 survey on 13 July 2015.
2015 Q3 survey on 13 October 2015.

Integration of the *Credit Conditions Survey*, *Bank Liabilities Survey* and *Trends in Lending*

The *Credit Conditions Survey* (*CCS*) and the *Bank Liabilities Survey* (*BLS*) improve the Bank's understanding of developments in banks' liabilities and credit conditions. The *Trends in Lending* (*TiL*) publication presents the Bank's assessment of lending to the UK economy and draws on, among other things, the results of surveys including the *CCS* and *BLS*.

Since these three quarterly publications complement each other, the Bank intends to integrate the insights from them into one analytical document called the *Credit Conditions Review*. The *CCS* and *BLS* will continue as surveys, with the results and a short summary of each survey published on the same day.

The *Credit Conditions Review* will set out the trends in official and survey data on bank funding conditions and household and corporate credit conditions. The analysis will continue to be supplemented by intelligence from the Bank's network of Agents, market contacts and discussions between the major UK lenders[1] and Bank staff.

The new *Credit Conditions Review* for 2015 Q2 will be published alongside the results of the *CCS* and *BLS* for the same period on 13 July 2015.

(1) Banco Santander, Barclays, HSBC, Lloyds Banking Group, Nationwide and Royal Bank of Scotland. Membership of the group of major UK lenders is based on the provision of credit to UK-resident businesses and individuals, regardless of the country of ownership.

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Bank Liabilities Survey

2015 Q1

Funding

- UK banks and building societies reported that total funding volumes had decreased in the three months to early March 2015, driven by slight falls in both retail and 'other' funding. Lenders expected total funding volumes to be broadly unchanged in 2015 Q2.
- Spreads — relative to appropriate reference rates — on retail deposits were reported to have fallen in 2015 Q1, while spreads on 'other' funding fell slightly. Lenders expected spreads to pick up in Q2.
- Lenders reported that the supply of deposits from households had pushed down slightly on the volume of deposits raised in Q1. Firms' supply of deposits was broadly unchanged in Q1. The supply of deposits from households and PNFCs was expected to be broadly unchanged in Q2.
- The proportion of wholesale market funding accounted for by long-term instruments was broadly unchanged in Q1. Lenders did, however, expect the proportion of long-term issuance to increase in Q2, driven by regulation and price considerations.

Capital

- Lenders reported that their total capital levels increased significantly in Q1, having also increased significantly in the previous three quarters. They expected total capital levels to rise significantly again in 2015 Q2.
- Lenders cited regulatory drivers as the most significant factor increasing their demand for capital in Q1. Regulation had also slightly increased lenders' demand for AT1 and T2 capital instruments, relative to common equity.

Transfer pricing

- Lenders again reported that the internal price charged to business units to fund the flow of new loans (the 'transfer price') fell in 2015 Q1, reflecting falls in both reference rates and funding spreads. Lenders expected a further slight fall in the 'transfer price' over the next quarter.

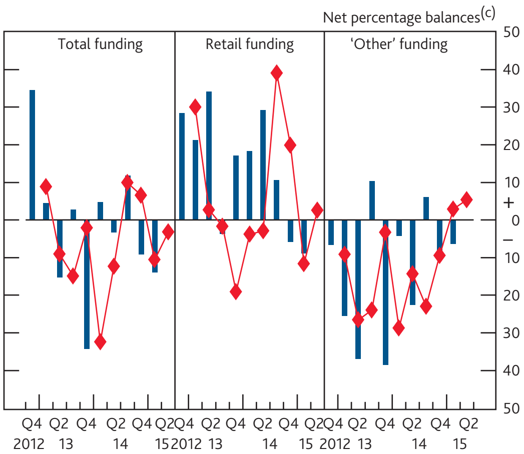
This report presents the results of the 2015 Q1 survey. The 2015 Q1 survey was conducted between 13 February and 6 March 2015. The results are based on lenders' own responses to the survey. They do not necessarily reflect the Bank of England's views on developments in bank liabilities. To calculate aggregate results, each lender is assigned a score based on their response. Lenders who report that conditions have changed 'a lot' are assigned twice the score of those who report that conditions have changed 'a little'. These scores are then weighted by lenders' market shares. The results are analysed by calculating 'net percentage balances' — the difference between the weighted balance of lenders reporting that, for example, volumes were up/down. The net percentage balances are scaled to lie between ±100.

This report, and copies of the questionnaires are available on the Bank's website at www.bankofengland.co.uk/publications/Pages/other/monetary/bls/default.aspx.

Bank Liabilities Survey

In the three months to the beginning of March, lenders reported that their total funding volumes decreased, driven by slight falls in both retail and 'other' funding. Some lenders thought that the issuance of Pensioner Bonds by National Savings and Investment had reduced the supply of retail deposits in 2015 Q1. Lenders expected total funding volumes to be broadly unchanged in Q2. Spreads — relative to appropriate reference rates — on retail deposits fell in Q1, while spreads on 'other' funding fell slightly. Both were expected to pick up over the coming quarter. Although the proportion of wholesale debt accounted for by long-term issuance was broadly unchanged in Q1, lenders expected it to increase over the coming quarter. Lenders again reported significant increases in the total level of their capital in 2015 Q1. This was largely driven by regulatory considerations, which had also slightly increased lenders' demand for issuing AT1 and T2 capital instruments. The internal price lenders charged to business units to fund the flow of new loans (the 'transfer price') fell in 2015 Q1. That reflected falls in both reference rates and funding spreads. Lenders expected a small fall in the 'transfer price' over the next quarter.

Chart 1 Funding volumes[(a)(b)]



(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward one quarter so that they can be compared with the actual outturns in the following quarter.
(b) Question: 'How have funding volumes changed?'.
(c) A positive balance indicates an increase in funding volumes.

The *Bank Liabilities Survey* was conducted between 13 February 2015 and 6 March 2015.[(1)]

Funding

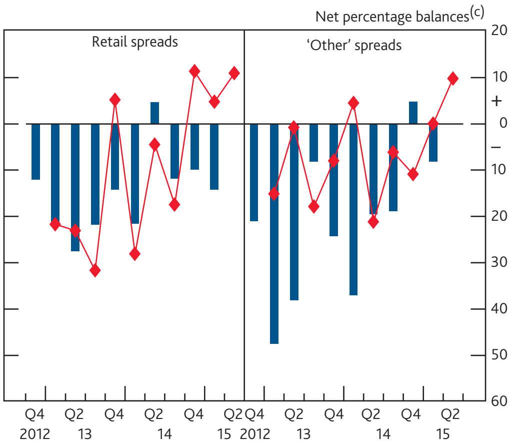
The terms and conditions under which banks can raise funding will influence their capacity to lend and the price of that lending.[(2)] This section explores key developments in banks' funding over the three months to early March and their expectations for the next three months. It covers retail funding from households and private non-financial corporations (PNFCs), as well as wholesale funding from larger investors such as pension funds, insurance companies and hedge funds.

UK banks[(3)] reported that their total funding volumes had decreased in the three months to early March, driven by slight falls in retail and 'other' funding (**Chart 1**). Lenders expected total funding volumes to be broadly unchanged in 2015 Q2.

Lenders reported that spreads — relative to appropriate reference rates — on retail deposits fell in 2015 Q1, while spreads on 'other' funding fell slightly. Spreads were expected to pick up over the coming quarter (**Chart 2**).

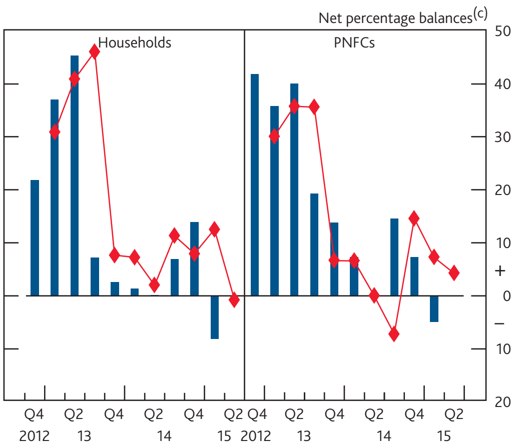
(1) For more information on the survey and its design, see Bell, V, Butt, N and Talbot, J, 'The Bank of England Bank Liabilities Survey', *Bank of England Quarterly Bulletin* Vol. 53, No. 1 pages 68–76.
(2) Developments in banks' provision of credit are covered in the Bank of England's *Credit Conditions Survey*. The 2015 Q1 survey can be found www.bankofengland.co.uk/publications/Documents/other/monetary/ccs/2015/q1.pdf.
(3) Throughout this report 'banks' and 'lenders' refers to banks and building societies.

Chart 2 Funding spreads(a)(b)



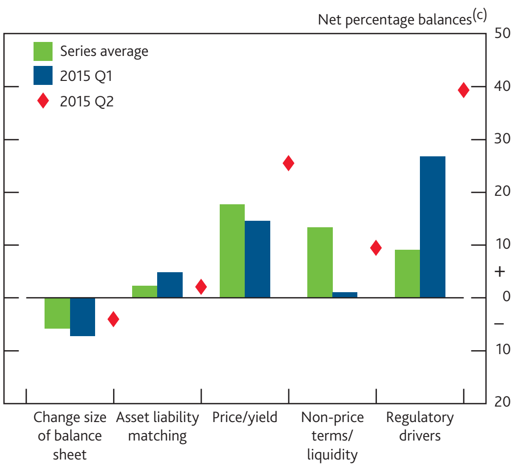
(a) See footnote (a) to **Chart 1**.
(b) Question: 'How has the average cost of funding changed?'.
(c) A positive balance indicates an increase in funding spreads.

Chart 3 Supply of deposits(a)(b)



(a) See footnote (a) to **Chart 1**.
(b) Question: 'How has the changing supply of deposits by households/PNFCs, unrelated to rates paid or non-price terms on those deposits, contributed to changes in the volumes of household/PNFC deposits that you have raised?'.
(c) A positive balance indicates a positive contribution to deposit volumes from the supply of deposits.

Chart 4 Demand factors affecting banks' issuance of long-term wholesale funding(a)(b)



(a) See footnote (a) to **Chart 1**. The green bar shows the average response of the series over 2012 Q4–2014 Q4. The blue bar shows data for 2015 Q1. The red diamonds show the expectations for 2015 Q2.
(b) Question: 'Which of the following demand factors have affected your issuance of long-term wholesale debt funding?'.
(c) A positive balance indicates a positive contribution to debt issuance from the selected demand factor.

Deposits

Lenders reported that the supply of deposits from households made a slight negative contribution to the volume of deposits raised in 2015 Q1 (**Chart 3**). Some lenders noted that the issuance of Pensioner Bonds by National Savings and Investments had reduced the supply of retail deposits on the quarter. The supply of deposits from firms was broadly unchanged in Q1. Lenders expected the supply of household and corporate deposits to be broadly unchanged in Q2.

Market share objectives continued to increase lenders' demand for household deposits in Q1. Lenders also reported that non-price terms had pushed up their demand in Q1, and would do so significantly further in Q2. The relative price of household deposits was reported to have pushed down slightly on lenders' demand for deposits in Q1.

For PNFCs, lenders reported that regulatory drivers had pushed up significantly on their demand for firms' deposits in 2015 Q1, with the relative price of deposits also increasing lenders' demand. Lenders expected these factors to persist during the next quarter.

Wholesale markets

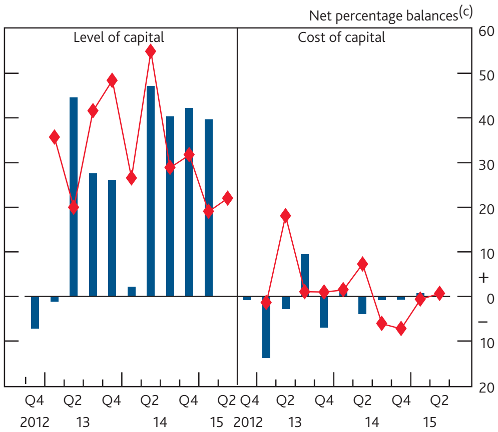
The proportion of debt issued in public rather than private markets increased again in 2015 Q1, and lenders expected a significant increase in Q2. Lenders' issuance of long-term debt relative to short-term debt was broadly unchanged, but they expected it to increase in Q2. The proportion of long-term funding raised through senior unsecured debt increased, while the proportion of funding raised through asset-backed securities, structured products and long-term repo fell slightly in Q1. Lenders expected these trends to continue in Q2.

Regulatory drivers were seen as the most significant reason for lenders' higher demand for long-term debt issuance, while the price of issuance also made a positive contribution (**Chart 4**). Both these factors were expected to contribute significantly to demand for long-term debt issuance in Q2. Lenders also reported that investor demand significantly supported long-term debt issuance in Q1, and was expected to remain a positive factor in Q2.

Lenders reported an increase in the proportion of short-term wholesale funding raised through secured borrowing and a slight reduction in unsecured borrowing, which includes interbank and other financial companies deposits, in Q1. Over the same period, the price of short-term borrowing was reported to have supported lenders' demand to issue short-term debt. Set against that, a fall in investor demand for short-term debt was reported in Q1.

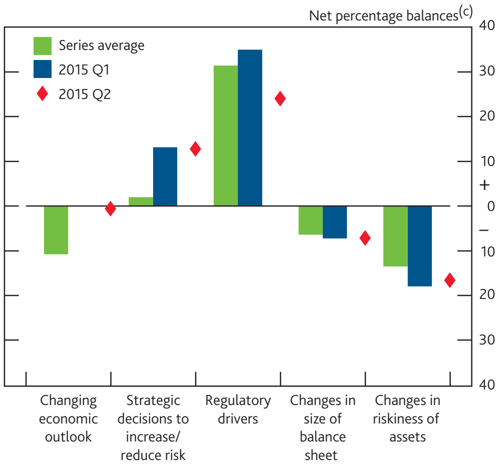
Lenders reported a significant increase in the issuance of euro-denominated wholesale funding in Q1. While dollar

Chart 5 Changes in the level and cost of banks' capital(a)(b)



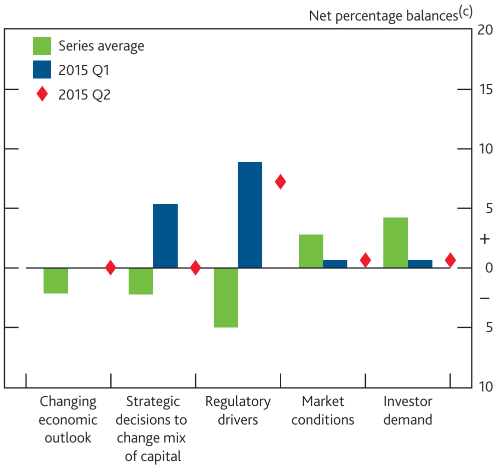
(a) See footnote (a) to **Chart 1**.
(b) Questions: 'How has the level of total capital changed?' and 'How has the average cost of capital changed?'.
(c) A positive balance indicates an increase in banks' total level of capital, or an increase in the cost of capital.

Chart 6 Factors affecting the demand for capital(a)(b)



(a) See footnote (a) to **Chart 4**.
(b) Question: 'Which of the following factors have been/are likely to be important reasons for changes to total capital?'.
(c) A positive balance indicates a positive impact on the demand for capital caused by the selected factor.

Chart 7 Factors affecting the proportion of total capital accounted for by AT1 and T2 instruments(a)(b)



(a) See footnote (a) to **Chart 4**.
(b) Question: 'How have the following factors affected the proportion of total capital accounted for by additional Tier 1 and Tier 2 capital instruments over the past three months?'.
(c) A positive balance indicates a positive impact on the proportion of total capital accounted for by AT1/T2 instruments caused by the selected factor.

issuance was unchanged in Q1, lenders expected a significant increase in issuance in Q2.

Capital

Banks' capital positions may affect banks' funding costs and the price and availability of credit to households and companies, while the costs of capital are also taken into account when banks price lending.(1) This section explores key developments in banks' capital over the past three months and expectations for 2015 Q2.

Lenders reported a significant increase in the total level of capital in 2015 Q1 for the fourth consecutive quarter, with a further significant increase expected in Q2 (**Chart 5**). The balance of profit, losses, deductions and charges for UK operations had continued to contribute significantly to total capital levels in Q1, and was expected to continue to do so in Q2. The average cost of capital was unchanged in Q1 and was expected to remain unchanged in Q2.

Regulation was the most significant factor increasing lenders' demand for capital in 2015 Q1 (**Chart 6**). For some lenders, a strategic decision to increase risk had also pushed up their demand, while for others a reduction in the riskiness of their current assets had reduced their demand for capital. The main drivers of banks' demand for capital in Q2 were expected to be similar.

Investor demand for bank capital instruments increased slightly in Q1, from both UK and non-UK investors. In Q2, lenders expected demand to be unchanged.

Banks' total capital positions can be split into three broad groups: common equity Tier 1 capital (CET1); additional Tier 1 capital (AT1); and Tier 2 capital (T2). Lenders reported that regulatory drivers, as well as strategic decisions to change their mix of capital, had slightly increased the proportion of capital accounted for by AT1 and T2 instruments relative to common equity in Q1 (**Chart 7**). Lenders expected regulation to continue to influence their mix of capital instruments in Q2.

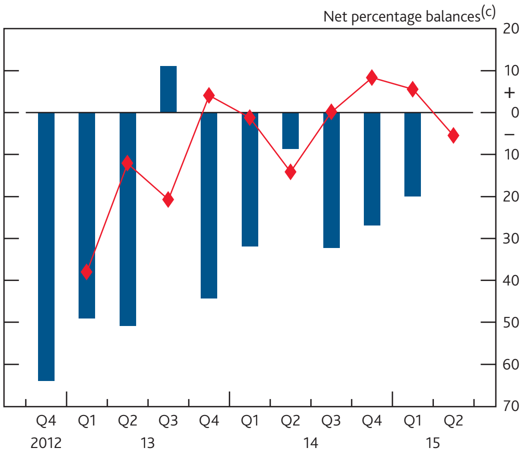
Transfer pricing

A bank's transfer price is the marginal absolute cost charged internally to business units for obtaining funding from the treasury unit, ie the cost of funding the flow of new loans. The transfer price will therefore be a key influence on the cost of borrowing for firms and households.

Lenders reported that their transfer prices fell in 2015 Q1, for the sixth quarter in a row (**Chart 8**). This reflected falls in swaps and other reference rates, and the spreads on retail and

(1) For more information, please see Button, R, Pezzini, S and Rossiter, N (2010), 'Understanding the price of new lending to households', *Bank of England Quarterly Bulletin*, Vol. 50, No. 3, pages.172–82.

Chart 8 Banks' marginal absolute cost of providing funds to business units[(a)(b)]



(a) See footnote (a) to **Chart 1**.
(b) Question: 'How has the marginal absolute cost of providing funds to business units changed (sometimes referred to as the 'transfer price')?'.
(c) A positive balance indicates an increase in funding costs.

wholesale funding relative to those reference rates. The decrease in spreads on long-term unsecured wholesale funding was the most significant driver. Lenders expected a further slight fall in transfer prices next quarter.

Annex 1
Definitions and terminology

This annex provides further details of the questions referred to in the main text.

Terminology and general definitions

The following terms are used within the report:

- **Cost** — the cost to the *issuing* bank of raising money via the specified form of funding.
- **Demand factor** — a factor that influences a bank's need or desire for a particular volume of funding or capital, holding constant any supply factors.(1) These factors include price terms, such as the interest rate paid, spread charged or yield; non-price terms or market liquidity; and regulatory factors.
- **Supply factors** — these typically include market access (ie whether markets are open or shut to issuers of debt) and *investor* demand in the case of wholesale debt finance or capital, as well as changing supply, unrelated to changes in prices, on the part of depositors for retail deposits.

Section 1 – Funding

This section refers to the following broad funding types:

- **Total funding** — all wholesale and retail funding.
- **Retail funding** — funding raised by banks in the form of deposits from households and private non-financial corporations (PNFCs).
- **Other funding** — funding in wholesale public debt capital markets, private placement markets and directly from central bank operations.

It also refers to the following funding instruments:

Short-term funding

- **Certificate of deposit** — a time deposit, with maturity of less than twelve months, in the form of a promissory note that is issued by banks and can be traded in secondary markets.
- **Commercial paper** — a discount instrument security with maturity of less than twelve months, which can be traded in secondary markets.
- **Short-term repo/securities lending** — funding raised via the sale and subsequent repurchase of a security or similar transaction, with term of less than twelve months.
- **Unsecured borrowing including deposits from other financial companies (OFCs) and interbank deposits** — funding raised via deposits placed by other financial corporations and other banks.

Long-term funding

- **Long-term repo/securities lending** — funding raised via the sale and subsequent repurchase of a security or similar transaction, with term of greater than twelve months.
- **Structured products: structured notes** — debt instruments based on derivatives which pay coupons and a final redemption value linked to asset prices.
- **Structured products: other** — other structured debt instruments whose payout or structure is related to another market indicator or asset price.
- **Senior unsecured debt** — debt securities issued by banks that pay a coupon, along with a final redemption payment.
- **Asset-backed securities** — debt securities issued by special purpose vehicles, but ultimately 'sponsored' by banks (or other asset originators), that pay a coupon along with a final redemption payment. The security is backed by, and cash flows come from, assets such as residential mortgage loans, commercial mortgage loans or credit card receivables.
- **Covered bonds** — debt securities issued by banks that pay a coupon, along with a final redemption payment. The security has an associated 'cover pool' of assets, such that the investor has dual recourse to both the issuer and the 'cover pool'.

(1) The options specified in the survey vary by question, although respondents have the option to include additional comments where relevant.

Section 2 – Capital

The following terms are used within this section:

- **Total capital** — the total *level* of capital.
- **Cost of capital** — the average cost of capital to the issuing institution.
- **Common equity Tier 1 capital** — paid-up share capital/common stock (issued and fully paid ordinary shares/common stock) and disclosed reserves created or increased by appropriations of retained earnings or other surplus (for example, share premiums, retained profit, general reserves and legal reserves).
- **Additional Tier 1 capital** — going concern capital that is not included in common equity Tier 1 (for example, perpetual non-cumulative preference shares).
- **Tier 2 capital** — subordinated instruments that meet the criteria for Tier 2 (and not Tier 1) capital and certain loan loss provision.

This section refers to how various factors might affect a bank's actual and desired level of capital. These factors should be interpreted as follows:

Direct effects:

- **Direct effects of profits, losses, deductions and charges (UK-specific/non-UK specific)** — how the balance of profits, losses, deductions and charges have affected the total level of capital. Deductions are defined as regulatory changes to the definition of capital: for example if a regulator defined capital more narrowly, this would reduce a bank's total capital. The contribution of such factors is identified within the United Kingdom and outside the United Kingdom.

Factors that have affected banks' demand for capital:

- **Changing economic outlook** — if a bank expects the economic outlook to deteriorate then it might want to hold a higher level of total capital.
- **Strategic decisions to increase/reduce risk** — strategic decisions to change the size of a bank's capital buffer above the regulatory requirement, eg if a bank decided to hold a larger capital buffer it would require more capital.
- **Regulatory drivers** — if regulatory authorities increased required capital levels then a bank may need to raise more capital.
- **Changes in size of balance sheet** — if a bank expects the size of its balance sheet to increase then it might want to hold a higher *level* of capital.
- **Changes in riskiness of assets** — this captures changes to the riskiness of assets, or their risk weighting. If regulatory risk weightings were increased then a bank might need to increase its level of capital. Additionally if a bank chose to hold riskier assets, its demand for capital might increase.

Supply factors:

- **Market conditions** — covers the effects of market access and investor demand.
- **Investor pressure to change volume of capital** — changes due to investor concerns about the ability of the respondent to absorb losses.

The section also refers to how various factors might affect the composition of a bank's capital. This question asks about whether economic conditions, strategic decisions to change the mix of capital, regulatory drivers, market conditions or investor demand have contributed positively or negatively to the *proportion* of total capital accounted for by additional Tier 1 and Tier 2 capital, as opposed to common equity Tier 1 capital.

Section 3 – Transfer pricing

The following terms are used within this section:

- **Average absolute cost** — this can be interpreted as the cost to a bank of funding the stock of loans.
- **Marginal absolute cost** — this can be interpreted as the cost of funding the flow of new loans, rather than the average cost of funding the stock of existing loans. This is sometimes referred to as the 'transfer price'.
- **Swaps or reference rates** — The transfer price can typically be broken down into the spreads on selected debt instruments, the reference rates to which those spreads are quoted, and the cost of swapping fixed and floating-rate payments. This question identifies the contribution to the transfer price from the latter two.

Annex 2
Bank Liabilities Survey questionnaire results

To calculate aggregate results, each bank is assigned a score based on their response. For example, banks that report that funding volumes have changed 'a lot' are assigned twice the score of those that report that volumes have changed 'a little'. The scores are weighted by banks' market shares, and the aggregate result is scaled to lie between ±100.

Positive balances indicate that banks, on balance, reported/expected volumes or proportions of funding to be higher than over the previous/current three-month period; demand or supply factors to have contributed positively to volumes; or spreads to have increased relative to the previous/current three-month period (ie become more costly).

Where the survey balances are discussed, descriptions of a 'significant' change refer to a net percentage balance greater than 20 in absolute terms, and a 'slight' change refers to a net percentage balance of between 5 and 10 in absolute terms. Survey balances between 0 and 5 in absolute terms are described as unchanged.

The first *Bank Liabilities Survey* was conducted in 2012 Q4. A full set of results is available in Excel on the Bank's website at www.bankofengland.co.uk/publications/Pages/other/monetary/bls/default.aspx.

Net percentage balances[a]

Funding

1 How have funding volumes changed?[b]

		2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1
Total funding	Past three months	34.5	4.5	-15.3	2.8	-34.3	4.8	-3.2	11.7	-9.2	-13.9
	Next three months	8.8	-9.1	-14.9	-2.1	-32.5	-12.4	9.9	6.6	-10.6	-3.2
Retail deposit funding	Past three months	28.3	21.2	34.1	-3.6	17.1	18.3	29.3	10.6	-5.8	-8.9
	Next three months	30.0	2.7	-1.7	-19.1	-3.8	-2.9	39.1	19.8	-11.6	2.6
'Other' funding	Past three months	-6.6	-25.4	-36.8	10.4	-38.5	-4.2	-22.5	6.1	-8.5	-6.4
	Next three months	-9.2	-26.6	-23.9	-3.3	-28.8	-14.3	-23.0	-9.5	2.9	5.4

2 How has the average cost of funding changed?[c]

		2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1
Retail deposit spreads relative to appropriate reference rate(s)	Past three months	-12.0	-21.5	-27.5	-21.7	-14.2	-21.6	4.7	-11.8	-9.9	-14.2
	Next three months	-21.7	-23.1	-31.7	5.1	-28.1	-4.5	-17.5	11.3	4.7	10.9
'Other' funding spreads relative to appropriate reference rate(s)	Past three months	-21.0	-47.5	-38.1	-8.1	-24.2	-37.0	-19.5	-18.8	4.8	-8.1
	Next three months	-15.2	-0.8	-17.9	-8.0	4.5	-21.2	-6.2	-10.9	0.0	9.7

Deposits

3 Factors contributing to changes in household deposit volumes:[d]

Demand factors

		2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1
Rates paid relative to the cost of other liabilities	Past three months	17.2	7.1	0.9	-6.2	-1.3	2.0	25.0	6.3	0.6	-9.1
	Next three months	3.5	20.2	27.7	-21.7	-23.5	1.9	21.3	-3.7	1.5	5.5
Non-price terms	Past three months	-4.4	21.6	28.3	-3.4	-4.3	-3.9	6.3	11.8	7.3	15.6
	Next three months	2.1	28.2	10.7	1.9	-4.3	4.7	6.3	8.4	13.5	22.8
Market share objectives	Past three months	27.7	33.6	48.5	8.3	13.2	14.9	14.4	21.9	26.8	15.0
	Next three months	27.1	40.3	35.1	23.1	6.6	19.5	14.4	21.9	27.4	7.6
Regulatory drivers	Past three months	-5.4	15.6	15.2	0.8	-0.5	0.8	0.0	0.0	0.0	0.0
	Next three months	-5.4	23.7	16.8	15.6	-0.5	0.0	19.8	0.0	6.2	15.0

		Net percentage balances[a]									
		2012	2013				2014				2015
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Funding structure objectives (excluding those driven by regulation)	Past three months	26.2	6.2	14.5	0.8	-8.0	-7.3	-5.9	6.2	-13.3	1.3
	Next three months	18.9	6.2	8.3	-4.7	-7.7	-6.7	-4.9	3.5	-7.8	1.3
Supply factors											
Changing supply of deposits by households, unrelated to rates paid or non-price terms on those deposits	Past three months	21.8	37.0	45.3	7.2	2.6	1.4	0.2	6.9	13.9	-8.1
	Next three months	30.9	40.9	46.1	7.7	7.2	2.0	11.3	7.9	12.5	-0.8
4 Factors contributing to changes in private non-financial corporations (PNFCs) deposit volumes:											
Demand factors											
Rates paid relative to the cost of other liabilities	Past three months	19.2	31.7	8.9	-26.0	-21.3	-13.0	-13.1	2.3	10.2	15.7
	Next three months	13.4	28.8	20.6	-0.2	-0.2	6.6	-12.1	2.3	10.2	16.3
Non-price terms	Past three months	11.9	5.7	0.8	-13.7	-13.2	-7.2	-2.5	11.4	19.4	7.9
	Next three months	8.7	5.7	0.3	-6.3	-6.9	-7.2	-2.5	11.4	19.4	12.7
Market share objectives	Past three months	21.8	21.3	16.7	-6.6	8.3	21.2	15.0	0.0	0.0	-0.6
	Next three months	21.8	21.3	21.1	-0.3	20.9	14.9	15.0	0.0	0.0	-0.6
Regulatory drivers	Past three months	0.9	2.4	-5.5	-14.3	-6.7	-14.6	-9.9	-3.2	4.8	30.8
	Next three months	2.0	2.4	-5.5	6.9	-6.7	-14.6	5.2	11.9	4.8	30.8
Funding structure objectives (excluding those driven by regulation)	Past three months	12.8	16.4	7.4	-21.4	-21.3	-9.3	-9.1	-3.2	4.8	5.9
	Next three months	10.7	6.7	8.2	-15.1	-8.8	-13.6	-8.1	-2.2	5.9	5.9
Supply factors											
Changing supply of deposits by PNFCs, unrelated to rates paid or non-price terms on those deposits	Past three months	41.8	35.8	40.1	19.3	13.8	7.2	0.0	14.6	7.3	-4.9
	Next three months	30.1	35.8	35.6	6.6	6.6	0.0	-7.2	14.6	7.3	4.2
5 Factors contributing to changes in other financial corporations (OFCs) deposit volumes:											
Demand factors											
Rates paid relative to the cost of other liabilities	Past three months	52.9	49.8	31.0	-4.0	-17.8	14.9	20.5	19.5	19.9	19.9
	Next three months	45.9	45.7	16.8	17.9	3.3	14.9	19.5	20.6	19.9	18.8
Non-price terms	Past three months	6.2	-6.6	-6.2	0.0	-6.4	-0.8	0.0	0.0	0.0	-0.6
	Next three months	13.4	8.4	-7.7	1.0	-7.4	-0.8	0.0	0.0	0.0	-0.6
Market share objectives	Past three months	0.3	0.3	0.3	-0.3	-6.6	0.0	0.0	0.0	0.6	-0.6
	Next three months	14.9	16.1	0.3	-0.3	6.0	0.0	0.0	0.0	0.0	0.0
Regulatory drivers	Past three months	-14.7	-14.8	-15.0	-8.5	-21.6	-10.9	-13.0	2.3	6.4	-18.4
	Next three months	7.0	0.3	-20.4	6.4	-15.3	-15.7	2.0	17.4	6.4	-19.0
Funding structure objectives (excluding those driven by regulation)	Past three months	25.5	24.3	9.8	-8.0	-20.1	-2.1	4.5	-0.7	0.6	-5.5
	Next three months	43.5	35.7	10.6	-8.0	-28.6	-6.9	5.5	-0.7	0.0	-4.9
Supply factors											
Changing supply of deposits by OFCs, unrelated to rates paid or non-price terms on those deposits	Past three months	24.7	38.1	36.4	5.6	5.9	-1.0	0.6	4.7	0.0	-4.3
	Next three months	22.1	29.4	22.4	5.6	-1.3	0.0	0.6	3.7	0.0	5.5

Wholesale debt funding

6 How have the proportions of wholesale market funding (excluding central bank operations) raised through the following sources changed?[e]

		Net percentage balances[a]									
		2012	2013				2014				2015
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Proportion of private/public issuance	Past three months	16.0	21.1	-4.4	15.6	-3.5	-5.4	-18.8	-6.5	-20.4	-10.4
	Next three months	8.1	12.5	4.5	-2.2	-10.2	-19.9	-14.0	-20.1	-11.0	-20.6
Proportion of long-term/short-term issuance	Past three months	8.8	4.1	-9.4	-0.5	9.4	-10.2	10.3	10.5	8.3	2.5
	Next three months	-4.4	20.8	7.4	-7.8	21.6	27.7	19.3	22.6	14.6	16.9
Short-term funding											
Certificates of Deposit	Past three months	-6.3	6.5	-5.7	-6.8	10.1	4.3	-3.5	7.3	-1.3	4.7
	Next three months	-7.5	9.6	-8.7	7.1	28.5	-4.8	-1.8	0.0	-1.5	-1.5
Commercial Paper	Past three months	3.9	-6.3	11.5	3.5	2.0	7.1	-4.7	2.5	-1.3	9.6
	Next three months	-0.2	2.4	7.0	0.3	21.1	-4.8	0.0	4.8	3.4	-6.4
Short-term repo/securities lending	Past three months	11.2	1.0	9.4	4.4	-0.2	-4.8	2.5	-11.8	-0.1	12.7
	Next three months	6.0	1.5	6.1	-6.8	0.8	8.2	1.2	-6.2	-4.0	-8.2
Unsecured borrowing including deposits from OFCs and interbank deposits	Past three months	-3.7	13.2	-6.7	1.8	-13.1	5.9	3.3	17.3	-11.0	-9.0
	Next three months	-7.3	-1.5	-0.3	-0.3	-22.5	4.4	0.6	-4.8	-10.9	0.1
Long-term funding											
Long-term repo/securities lending	Past three months	6.8	-6.6	1.0	1.8	-6.9	-20.2	-21.2	-14.5	-6.3	-6.8
	Next three months	1.7	1.1	-3.1	0.6	-6.3	-22.2	-6.2	-7.3	-7.3	-7.2
Structured products: structured notes	Past three months	-14.1	-6.6	0.0	-7.4	0.0	-7.2	-12.0	-14.6	-9.8	-7.9
	Next three months	-11.0	0.0	-4.8	-7.4	-7.4	-14.6	-12.0	-14.6	-2.6	-14.5
Structured products: other	Past three months	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-7.2
	Next three months	-6.5	0.0	-4.8	0.0	0.0	0.0	0.0	0.0	0.0	-7.2
Senior unsecured debt	Past three months	-8.9	14.2	4.7	12.5	11.7	28.4	25.0	25.5	35.9	13.5
	Next three months	6.6	9.8	0.0	7.2	16.3	26.3	24.2	20.7	20.2	31.1
Asset-backed securities (excluding covered bonds)	Past three months	3.8	-0.5	-7.3	-6.4	-15.7	-2.2	20.3	-12.8	-37.1	-16.3
	Next three months	-0.8	7.8	-2.5	-4.3	-13.2	11.6	-19.4	1.9	-17.6	3.7
Covered bonds	Past three months	2.1	0.3	-6.5	-6.9	10.0	16.5	24.7	-4.5	-11.9	2.3
	Next three months	-6.3	-6.2	-1.8	6.3	-6.9	3.7	-2.4	4.1	-12.2	-8.6

		Net percentage balances[a]									
		2012	2013				2014				2015
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
7 How has demand for wholesale debt from the following investors changed?[f]											
All investors	Past three months	54.1	20.9	19.3	-9.6	3.7	21.2	3.0	9.1	-4.0	1.2
	Next three months	32.3	17.2	12.3	1.7	4.2	6.1	2.7	-4.1	-6.0	2.1
UK investors	Past three months	53.0	20.9	12.3	-2.2	3.7	21.2	-4.2	9.1	-4.6	1.2
	Next three months	32.3	17.2	5.4	1.7	4.2	6.1	2.7	-4.1	-6.0	2.1
Non-UK investors	Past three months	53.5	20.9	19.3	-9.6	3.7	21.2	3.0	8.0	3.2	1.2
	Next three months	32.3	16.2	11.3	1.7	4.2	6.1	2.7	-4.8	-6.0	9.4
Breakdown											
Retail investors	Past three months	6.4	0.8	4.6	3.8	5.4	-0.8	0.0	0.0	-8.0	0.0
	Next three months	14.9	23.4	-0.5	1.0	10.0	0.0	0.7	-7.3	-7.3	0.0
Other banks	Past three months	46.4	8.7	0.9	-8.8	3.1	9.1	9.1	8.4	-4.7	1.2
	Next three months	38.4	15.9	-0.2	1.5	3.0	0.7	9.2	-5.3	-6.6	2.1
Money market funds	Past three months	29.4	11.3	13.1	-8.0	-3.4	13.4	1.2	7.8	1.4	-4.2
	Next three months	29.4	15.4	8.1	1.2	9.9	5.5	1.4	-6.6	-6.6	-3.4
Hedge funds	Past three months	43.6	8.4	0.9	-7.3	6.9	21.5	9.8	9.1	3.3	1.2
	Next three months	22.3	16.1	12.8	0.5	4.8	5.5	10.5	-5.9	-6.6	2.1
Sovereign wealth funds	Past three months	42.5	7.7	8.4	-8.0	3.3	7.9	0.6	0.7	-6.0	1.2
	Next three months	29.2	16.4	12.3	0.9	2.8	0.7	1.1	-5.9	-6.6	0.6
Insurance companies and pension funds	Past three months	58.4	19.6	7.9	-8.8	2.3	20.7	1.7	9.1	3.3	6.1
	Next three months	42.4	15.7	5.1	1.2	3.3	5.5	1.9	-4.6	-6.6	7.0
Other asset managers	Past three months	52.4	13.6	7.9	-8.0	-3.7	21.2	1.7	9.1	2.6	1.2
	Next three months	36.7	16.2	5.1	1.2	-3.1	6.1	9.2	-4.6	-6.6	2.1

Maturity of wholesale debt funding

8 Factors affecting issuance of short-term wholesale debt funding:											
Demand factors											
Need or desire to change size of balance sheet	Past three months	-24.9	-29.7	-7.5	-1.6	-8.4	-8.3	-7.2	-8.0	-7.3	-7.2
	Next three months	6.4	-33.9	1.8	-1.0	-10.5	-1.1	0.0	-0.7	-7.3	-7.2
Asset-liability matching	Past three months	-3.5	-15.1	-19.7	0.0	0.0	-4.8	0.0	-0.7	0.0	0.0
	Next three months	25.5	-14.8	-19.7	0.6	0.0	-4.8	0.0	-0.7	4.7	0.0
Price/yield	Past three months	-8.7	4.3	-5.2	4.0	-0.7	-4.8	20.3	19.1	19.9	15.0
	Next three months	18.4	5.1	0.3	5.1	-1.3	-4.8	20.3	19.1	19.9	15.0
Non-price terms/liquidity	Past three months	-8.4	-0.2	1.1	-5.9	-0.4	-2.5	0.0	5.5	-2.1	6.4
	Next three months	22.4	-0.2	1.1	-6.0	-8.4	-8.8	0.7	4.8	-0.6	-1.4
Regulatory drivers	Past three months	-0.3	-6.8	2.8	4.8	13.2	-1.1	-4.7	12.8	1.1	16.8
	Next three months	-6.5	-6.0	2.8	13.3	11.8	-8.5	-4.7	6.6	1.1	10.6
Supply factors											
Market access	Past three months	-5.2	5.1	1.6	6.6	2.4	2.2	4.0	4.1	-2.4	-8.5
	Next three months	15.0	21.4	6.5	8.0	1.8	3.2	4.0	-3.2	-1.3	-6.0
Investor demand	Past three months	2.7	19.1	12.5	12.7	1.4	2.2	11.2	4.6	-2.4	-18.1
	Next three months	16.4	27.9	5.7	9.1	0.8	10.4	11.2	4.6	-6.0	-10.9

		Net percentage balances[a]									
		2012	2013				2014				2015
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
9 Factors affecting issuance of long-term wholesale debt funding:											
Demand factors											
Need or desire to change size of balance sheet	Past three months	-13.2	-44.0	-1.5	7.8	10.1	0.8	0.5	-6.7	-5.9	-7.2
	Next three months	-9.4	-27.3	4.6	8.4	9.0	1.3	1.2	-12.5	-16.0	-4.1
Asset-liability matching	Past three months	9.0	-7.8	0.0	6.5	0.9	14.3	-4.1	0.6	1.4	4.9
	Next three months	12.8	-6.2	-0.3	4.4	6.6	14.9	5.4	1.3	0.0	2.0
Price/yield	Past three months	24.9	6.9	24.3	7.8	7.2	6.6	24.7	25.7	31.1	14.6
	Next three months	16.7	18.1	24.3	4.4	13.7	9.2	22.7	30.4	24.8	25.5
Non-price terms/liquidity	Past three months	22.8	5.3	7.0	9.9	19.2	22.3	12.9	6.6	14.2	1.0
	Next three months	15.0	8.6	13.8	8.1	23.3	28.7	12.6	10.3	13.0	9.5
Regulatory drivers	Past three months	8.5	0.3	0.8	0.7	1.6	21.2	21.3	5.5	21.8	26.7
	Next three months	0.1	17.2	1.0	23.3	15.9	23.6	8.7	27.8	37.0	39.3
Supply factors											
Market access	Past three months	11.0	0.8	-0.3	3.3	-1.5	8.0	36.3	12.0	6.4	6.9
	Next three months	24.3	14.3	4.2	7.7	14.6	14.5	19.2	17.4	14.6	11.1
Investor demand	Past three months	12.0	1.3	-0.3	11.5	5.1	7.2	21.8	20.0	5.7	21.9
	Next three months	24.3	15.3	12.3	15.6	7.2	15.1	19.2	25.3	14.6	16.6

Currency of wholesale debt funding

10 How has the use of the following currency markets changed?[g]

Sterling	Past three months	14.2	-8.3	-3.9	-17.1	-6.3	5.2	2.5	19.4	-12.9	15.0
	Next three months	-4.9	-12.6	-9.9	-0.9	-15.0	7.8	7.2	10.6	19.9	1.5
US dollar	Past three months	26.8	18.9	11.4	-6.0	-13.0	-5.0	6.1	6.2	0.0	1.8
	Next three months	1.1	-5.8	1.3	-12.7	-6.3	8.9	6.2	12.1	16.9	29.3
Euro	Past three months	2.9	-10.7	-11.8	3.0	8.4	18.6	5.4	26.2	12.1	27.1
	Next three months	8.7	-1.4	-7.0	-0.2	-1.9	15.2	5.4	22.4	2.4	-1.5
Other	Past three months	6.5	-7.5	0.0	7.4	-16.4	-1.0	0.0	4.8	15.0	-15.6
	Next three months	0.0	-7.5	0.0	0.0	-16.4	0.0	0.0	0.0	-15.0	15.0

		Net percentage balances[a]									
		2012	2013				2014				2015
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
11 Which of the following factors have affected non-sterling issuance?											
Changes in currency mix of assets	Past three months	0.0	0.0	14.5	7.4	-7.2	0.0	0.0	0.0	0.0	0.0
	Next three months	-3.6	0.0	14.5	-0.8	-7.2	0.0	0.0	0.0	0.0	0.0
Relative cost of funds: due to currency swap markets	Past three months	4.2	1.1	20.4	9.0	18.6	27.4	14.0	21.4	19.3	7.8
	Next three months	-0.1	11.1	7.5	2.9	17.5	27.4	13.4	25.4	19.3	23.5
Relative cost of funds: due to other changes	Past three months	-3.3	-7.5	0.0	7.4	-8.2	-1.0	4.7	5.4	5.4	4.9
	Next three months	2.9	16.5	0.0	0.0	-8.2	0.0	4.7	4.8	5.4	-5.5
Availability of suitably rated currency swap counterparties	Past three months	-16.9	0.5	-0.5	7.4	-7.7	-1.0	15.0	0.6	-0.7	0.0
	Next three months	-23.1	-6.6	-6.5	0.3	-7.2	0.0	1.2	-0.1	-0.7	1.3
Differences in regulation in different currency markets	Past three months	0.0	0.0	-7.0	13.8	-7.2	0.0	0.0	0.0	0.0	0.0
	Next three months	0.0	0.0	0.0	0.0	-7.2	0.0	0.0	0.0	0.0	0.0
Differences in investor demand	Past three months	28.6	5.7	12.3	13.8	4.8	17.2	26.7	41.2	20.6	15.3
	Next three months	20.6	6.4	5.3	15.6	4.3	18.4	26.7	29.4	24.6	17.3
Differences in market access	Past three months	17.2	3.5	12.3	6.6	10.4	3.7	7.9	5.4	5.3	7.9
	Next three months	9.7	13.1	5.3	1.0	9.9	3.7	7.9	5.9	10.0	10.0

		Net percentage balances[a]									
		2012	2013				2014				2015
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Capital											
1 How has the level of total capital changed?	Past three months	-7.2	-1.2	44.7	27.6	26.1	2.2	47.2	40.4	42.3	39.7
	Next three months	35.7	19.9	41.6	48.4	26.6	54.9	28.8	31.7	19.0	22.0
2 How has the average cost of capital changed?	Past three months	-0.8	-13.8	-2.9	9.5	-7.0	1.3	-4.0	-0.9	-0.7	0.6
	Next three months	-1.4	18.0	1.0	0.9	1.5	7.2	-6.1	-7.3	-0.7	0.6
3 Factors contributing to changes in total capital:											
Direct effects on total capital											
Direct effects of profits, losses, deductions and charges (UK-specific)	Past three months	-2.2	-10.4	31.1	44.0	35.5	-1.0	47.7	33.4	27.6	29.6
	Next three months	-7.5	20.1	33.2	35.8	34.6	36.3	24.7	40.0	30.3	30.3
Direct effects of profits, losses, deductions and charges (non-UK specific)	Past three months	-16.6	-0.9	20.9	22.4	19.2	-2.1	14.6	18.6	7.3	6.6
	Next three months	-16.1	18.2	20.9	21.7	19.2	22.2	-7.4	11.4	7.3	6.6
Factors that have affected demand for capital											
Changing economic outlook	Past three months	2.8	-20.2	-18.5	-30.7	-16.0	-15.9	-8.8	5.4	4.8	0.0
	Next three months	-11.3	-19.2	-22.2	-22.3	-22.3	-8.7	-8.8	5.4	4.8	-0.6
Strategic decisions to increase/reduce risk	Past three months	7.6	-2.2	-25.4	4.5	9.3	17.1	-2.2	5.7	3.5	13.1
	Next three months	20.1	-3.6	-6.0	3.4	8.3	3.7	-10.7	3.2	2.4	12.7
Regulatory drivers	Past three months	9.8	21.2	36.2	38.1	37.2	39.3	41.5	29.7	30.4	35.0
	Next three months	29.8	20.2	31.7	24.6	31.6	31.3	34.3	20.3	33.7	24.0
Changes in size of balance sheet	Past three months	-23.4	-11.5	-19.1	-4.9	1.4	13.2	-7.1	-5.3	-1.0	-7.2
	Next three months	-14.6	-10.3	-12.2	2.5	9.7	13.2	-5.3	-6.7	-8.7	-7.2
Changes in riskiness of assets	Past three months	-15.5	-25.9	-12.5	9.8	9.2	-4.3	-27.1	-27.2	-27.8	-17.9
	Next three months	-9.0	-25.9	-8.0	9.8	-4.6	2.9	-26.4	-27.2	-27.8	-16.7
Supply factors											
Market conditions	Past three months	15.1	3.3	7.2	0.0	0.0	12.5	5.3	2.0	-1.6	0.6
	Next three months	7.5	-4.2	4.2	-7.4	7.2	4.7	1.2	0.7	1.2	0.0
Investor pressure to change volume of capital	Past three months	0.8	0.0	4.5	1.3	0.8	0.8	0.6	0.7	0.6	0.0
	Next three months	0.8	1.5	5.2	13.2	0.8	0.8	1.2	0.0	0.6	0.0

		Net percentage balances[a]									
		2012	2013				2014				2015
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
4 How has the demand for total capital from the following investors changed?											
All investors	Past three months	29.1	19.5	17.4	5.4	6.4	5.6	25.5	13.1	4.3	7.8
	Next three months	19.6	18.8	11.2	15.3	-0.5	20.2	7.9	0.7	0.6	0.6
UK investors	Past three months	29.1	15.1	14.6	-2.0	11.0	5.6	24.7	13.1	5.0	7.8
	Next three months	20.4	25.4	8.4	12.4	3.8	20.2	7.9	0.7	0.6	0.6
Non-UK investors	Past three months	36.7	27.0	25.1	5.4	12.7	17.6	36.5	11.1	5.0	7.8
	Next three months	27.2	26.3	18.9	27.2	10.1	17.5	5.5	0.0	0.6	0.6
Breakdown											
Retail investors	Past three months	28.7	11.9	18.4	0.9	6.4	-0.8	7.2	0.0	0.0	0.6
	Next three months	0.8	11.1	11.4	10.8	3.8	7.2	0.0	0.0	0.0	0.6
Other banks	Past three months	29.1	15.1	6.2	-1.2	7.2	0.0	9.7	7.9	8.4	7.8
	Next three months	19.6	18.0	-1.5	7.1	0.0	7.2	0.6	0.0	0.6	0.6
Hedge funds	Past three months	35.9	27.0	31.1	6.9	8.7	5.6	25.5	5.8	5.0	7.8
	Next three months	27.2	27.0	24.1	25.7	1.5	12.8	1.3	0.7	0.6	0.6
Sovereign wealth funds	Past three months	28.3	15.1	7.0	-1.2	7.2	4.8	9.7	1.3	1.2	0.6
	Next three months	19.6	19.5	4.5	7.1	0.0	12.1	0.6	0.0	0.6	0.6
Insurance companies and pension funds	Past three months	29.1	15.1	22.1	5.4	5.6	10.3	9.7	5.1	5.0	7.8
	Next three months	19.6	18.0	15.1	15.3	0.0	17.5	0.6	0.0	0.6	0.6
Other asset managers	Past three months	28.3	15.1	22.1	6.2	7.9	10.3	9.7	5.1	5.0	7.8
	Next three months	27.2	26.3	15.9	14.5	0.8	17.5	0.6	0.0	0.6	0.0
5 Factors affecting the proportion of total capital accounted for by additional Tier 1 and Tier 2 capital instruments:											
Changing economic outlook	Past three months	-6.8	0.0	0.0	-7.4	0.0	0.0	0.0	0.0	-4.8	0.0
	Next three months	0.8	14.2	0.0	0.0	0.0	0.0	0.0	0.0	-4.8	0.0
Strategic decisions to change mix of capital	Past three months	9.4	2.8	25.2	-7.4	-19.1	-11.6	-14.6	-5.2	0.6	5.4
	Next three months	13.8	-4.8	35.7	-4.2	11.0	12.3	-13.6	0.0	0.6	0.0
Regulatory drivers	Past three months	-8.0	-6.8	20.7	-14.8	-23.4	-1.0	-14.6	-11.3	14.1	8.9
	Next three months	5.0	6.8	16.2	-47.7	-44.0	-3.5	-26.4	1.9	15.2	7.2
Market conditions	Past three months	8.3	9.0	4.5	-7.4	-4.6	7.2	4.7	2.7	0.6	0.6
	Next three months	1.0	7.4	12.0	0.0	3.3	0.0	0.6	0.7	0.0	0.6
Investor demand	Past three months	8.3	9.0	12.0	0.0	0.0	0.0	4.7	3.3	0.6	0.6
	Next three months	0.2	13.4	11.2	0.0	1.8	4.7	0.6	0.7	0.0	0.6

		Net percentage balances[a]									
		2012	2013				2014				2015
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1

Transfer price

		Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
1 How has the average absolute cost of providing funds to business units changed?	Past three months	-60.0	-36.7	-34.2	9.2	-25.6	-19.1	-8.5	-31.6	-24.5	-13.8
	Next three months	-24.1	-22.6	-13.6	8.5	-5.2	-8.7	-6.4	-3.8	-9.0	-12.1
2 How has the marginal absolute cost of providing funds to business units changed (sometimes referred to as the 'transfer price')?	Past three months	-63.9	-49.1	-50.8	11.1	-44.3	-31.9	-8.7	-32.2	-26.9	-19.9
	Next three months	-38.0	-12.1	-20.8	4.1	-1.2	-14.2	0.1	8.3	5.5	-5.5

3 Factors affecting the marginal absolute cost of providing funds to business units (sometimes referred to as the 'transfer price'):

		Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Common equity capital	Past three months	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
Debt capital	Past three months	-1.1	n.a.*	-7.5	8.2	-6.6	n.a.*	-1.9	n.a.*	-8.0	n.a.*
	Next three months	0.0	n.a.*	-1.5	-7.4	-3.8	7.3	n.a.*	n.a.*	0.0	n.a.*
Retail deposit spreads relative to appropriate reference rate(s)	Past three months	-28.5	-19.7	-33.3	-7.5	-8.6	-17.2	-9.8	-11.8	-2.1	-12.0
	Next three months	-10.2	-9.9	-20.5	-15.3	1.8	-15.2	-6.4	1.0	2.5	4.1
Short-term wholesale funding spreads relative to appropriate reference rate(s)	Past three months	-33.4	-26.9	-40.1	1.0	-14.2	-19.8	0.0	-15.0	-0.5	-7.7
	Next three month	-15.5	-18.8	-12.2	-8.3	-0.3	-14.9	0.0	7.3	13.4	-0.6
Long-term secured wholesale funding spreads relative to appropriate reference rate(s)	Past three months	-31.3	-25.6	-26.5	8.9	-6.4	-20.7	-14.9	-7.9	-2.5	-15.0
	Next three months	-16.3	-6.9	-24.9	-9.1	-0.3	14.6	-0.6	7.3	0.0	-0.7
Long-term unsecured wholesale funding spreads relative to appropriate reference rate(s)	Past three months	-63.2	-40.4	-48.5	3.3	-27.7	-21.1	-5.3	-34.4	4.1	-28.7
	Next three months	-29.7	-25.1	-24.1	-7.4	-0.3	-0.4	7.2	7.3	0.0	0.4
Swaps or other reference rates	Past three months	-41.5	-7.3	-4.8	34.1	-22.6	18.9	35.8	-13.2	-50.7	-10.7
	Next three months	-1.1	1.5	0.3	7.8	5.0	12.6	13.4	8.0	21.2	6.4

4 At what approximate frequency do you currently update the marginal absolute cost of providing funds to business units (sometimes referred to as the 'transfer price')?[h]

		Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Frequency of transfer price update (days)	Past three months	48.0	49.4	38.1	37.2	38.5	38.3	38.2	38.1	37.9	37.7

* Data are unpublished for this question as too few responses were received.

(a) Net percentage balances are calculated by weighting together the responses of those banks who answered the question by their market shares. Positive balances indicate that banks, on balance, reported/expected volumes or proportions of funding to be higher than over the previous/current three-month period; demand or supply factors to have contributed positively to volumes; or spreads to have increased relative to the previous/current three-month period (ie become more costly).
(b) A positive balance indicates an increase in volumes.
(c) A positive balance indicates an increase in cost.
(d) A positive balance indicates a positive contribution to volumes from the selected factor.
(e) A positive balance indicates an increase in the proportion of new issuance accounted for by private issuance/long-term issuance/funding instrument.
(f) A positive balance indicates an increase in investors' demand for banks' wholesale debt.
(g) A positive balance indicates an increase in issuance denominated in the selected currency.
(h) Unlike the other questions in this survey, banks were asked to select the frequency at which they updated their transfer price. A weighted average response was then calculated in terms of number of days, based on lenders' market shares.

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