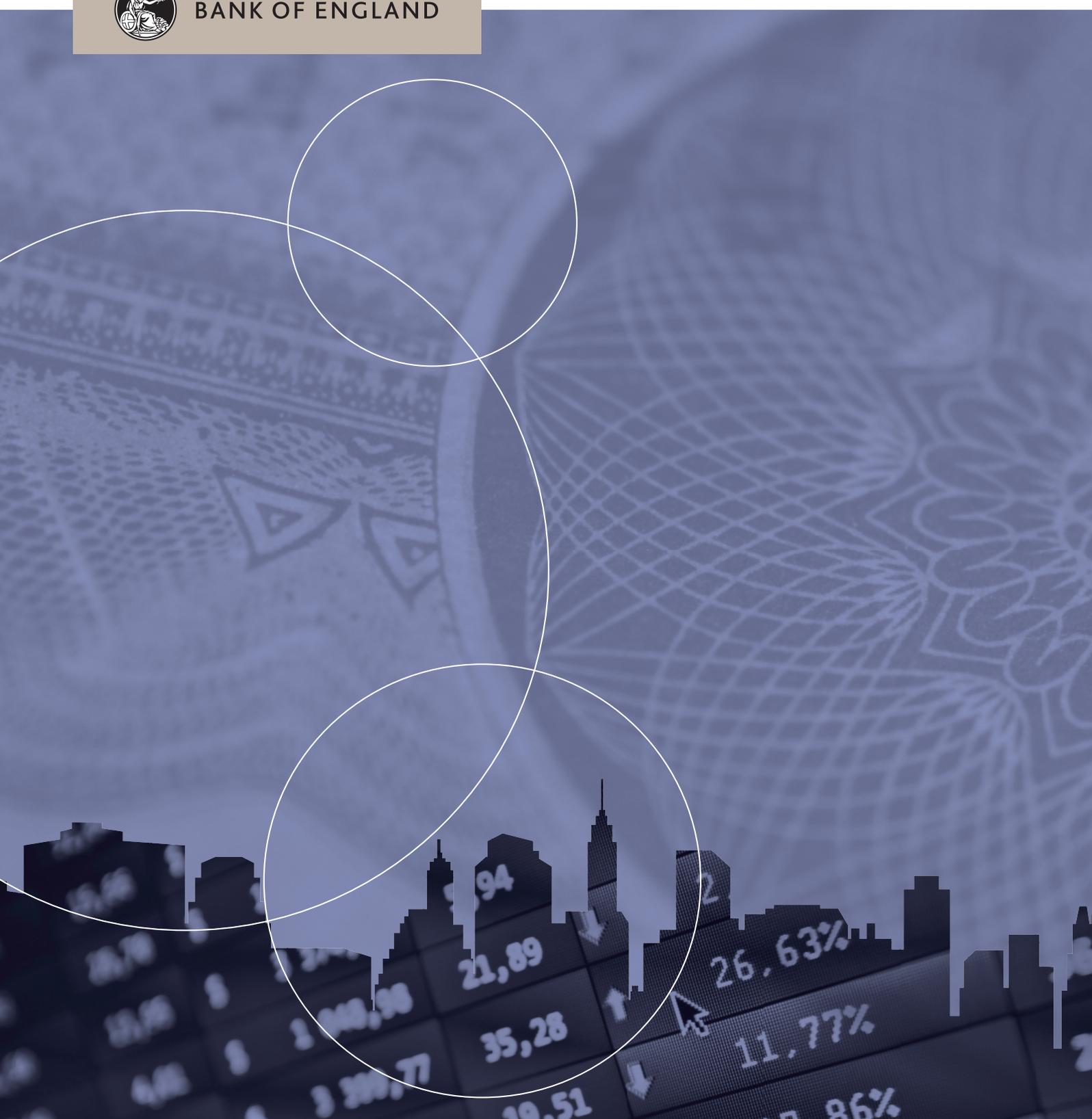


Bank Liabilities Survey

Survey results | 2017 Q3



BANK OF ENGLAND





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Bank Liabilities Survey

2017 Q3

Developments in lenders' 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 lenders' funding may affect their willingness or ability to lend, and the price of lending. The aim of this quarterly survey of banks and building society lenders is to improve understanding of the role of lenders' liabilities and capital in driving credit and monetary conditions. Lenders are asked about the past three months and the coming three months. The survey covers developments in the volume and price of bank funding; developments in the loss-absorbing capacity of banks as determined by their capital positions; and developments in the internal price charged to business units within individual banks to fund the flow of new loans, sometimes referred to as the 'transfer price'.

This report presents the results of the 2017 Q3 survey. The 2017 Q3 survey was conducted between 21 August 2017 and 8 September 2017.

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 2017 Q3 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 2017 Q4 *Bank Liabilities Survey* will be published on 11 January 2018.



BANK OF ENGLAND

Bank Liabilities Survey

2017 Q3

Funding

- UK banks and building societies reported that their total funding volumes increased in the three months to mid-September 2017. Within the total, retail deposit funding was reported to have remained unchanged, while 'other' funding — which includes wholesale debt funding, wholesale deposits and funding via central bank operations — was reported to have increased significantly (**Chart 1**). Lenders expected total funding volumes to increase significantly in 2017 Q4, again driven by 'other' funding.
- Spreads — relative to appropriate reference rates — on retail deposits were reported to have increased in Q3, while spreads on 'other' funding had fallen slightly (**Chart 2**). Lenders expected retail deposit funding spreads to decrease a little in Q4, while spreads on 'other' funding were expected to remain broadly unchanged.
- Lenders reported that the supply of deposits from households had pushed down on the volume of deposits raised in Q3, while the supply of deposits from private non-financial corporates had pushed up on this (**Chart 3**).
- The proportion of wholesale market funding accounted for by long-term instruments was reported to have decreased slightly in Q3, but was expected to increase significantly in Q4. A variety of factors was reported to be pushing up on demand for both short-term and long-term wholesale debt, including the price/yield of instruments.
- Investor demand for lenders' wholesale debt was reported to have increased in Q3, with hedge funds and other asset managers having been the largest sources of this increase. Lenders expected investor demand for wholesale debt to remain broadly unchanged in Q4.

Capital

- Lenders reported that their total capital levels increased in Q3 (**Chart 4**). They expected a further significant increase in Q4, when regulatory drivers and changes in balance sheet size were both expected to push up on demand for capital.
- The average cost of capital was reported to have fallen significantly in Q3, but was expected to increase slightly in Q4.

Transfer pricing

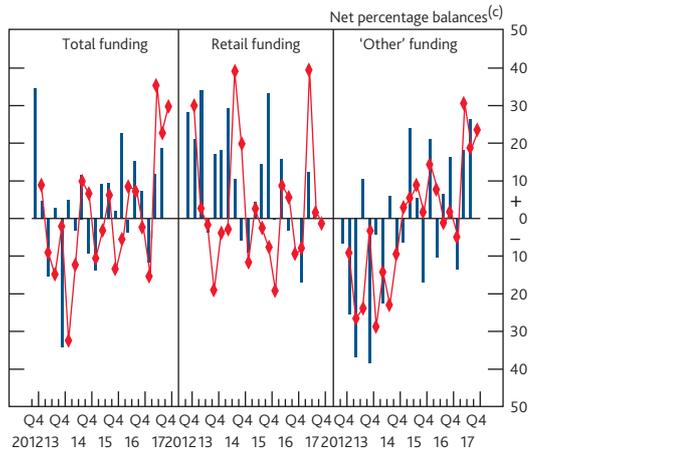
- Lenders reported that the internal price charged to business units to fund the flow of new loans (the 'transfer' price) had fallen significantly in Q3, a continuation of the falls reported in recent quarters (**Chart 5**). Decreases in the spreads on both short-term and long-term wholesale debt funding were reported to be the main drivers of this decline (**Chart 6**). Lenders expected a further slight fall in the transfer price in Q4.

This report presents the results of the 2017 Q3 survey. The 2017 Q3 survey was conducted between 21 August and 8 September 2017. The results are based on lenders' own responses to the survey. They do not necessarily reflect the Bank'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, demand was higher/lower or terms and conditions were tighter/looser. The net percentage balances are scaled to lie between ± 100 .

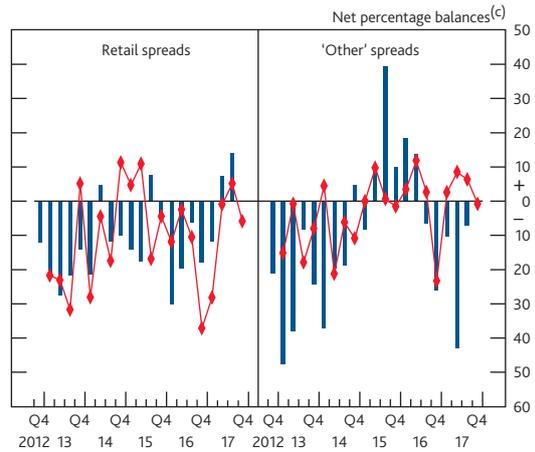
This report, and copies of the questionnaires are available on the Bank's website at www.bankofengland.co.uk/publications/Pages/other/monetary/bls/default.aspx.

Chart 1 Funding volumes(a)(b)



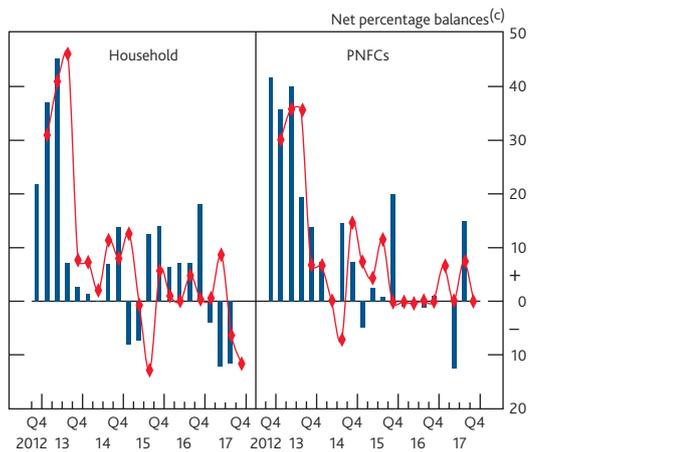
(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward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

Chart 2 Funding spreads(a)(b)



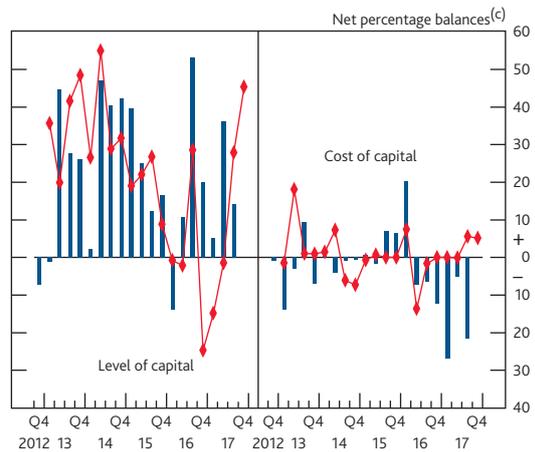
(a) See footnote (a) to Chart 1.
 (b) Question: 'How has the average cost of funding changed?'.
 (c) A positive balance indicates an increase in funding spreads relative to appropriate reference rates.

Chart 3 Supply of deposits(a)(b)



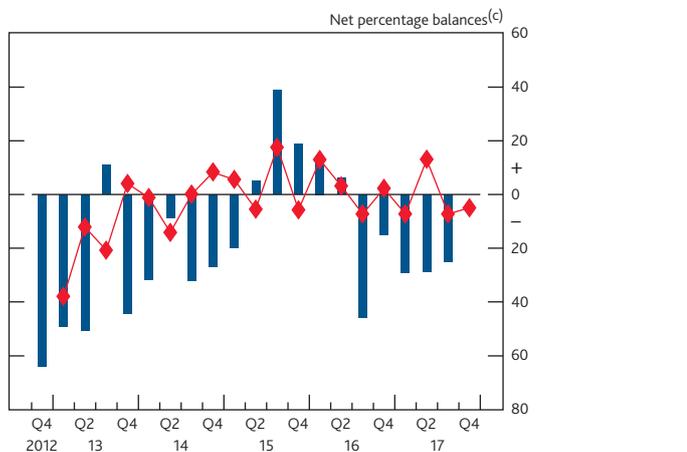
(a) See footnote (a) to Chart 1.
 (b) Question: 'Factors contributing to changes in deposit volumes: changing supply of deposits by households/PNFCs, unrelated to rates paid or non-price terms on those deposits'.
 (c) A positive balance indicates an increase in the supply of deposits.

Chart 4 Banks' level and cost of capital(a)(b)



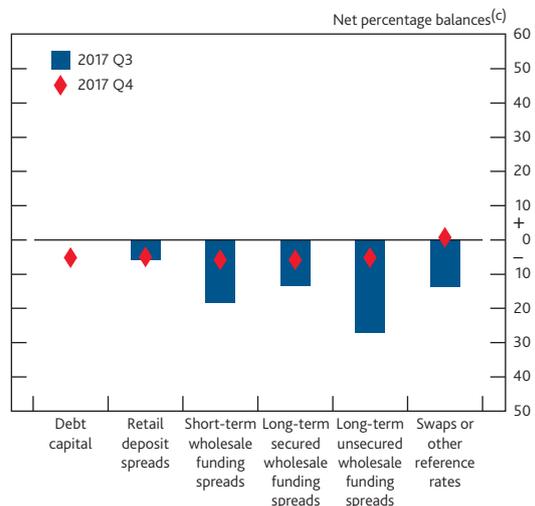
(a) See footnote (a) to Chart 1.
 (b) Questions: 'How has the level of total capital changed?' and 'How has the average cost of capital changed?'.
 (c) A positive balance indicates an increase in banks' total level of capital, or banks' average cost of capital.

Chart 5 Transfer prices(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 transfer prices.

Chart 6 Factors affecting transfer prices(a)(b)



(a) See footnote (a) to Chart 1.
 (b) Question: 'Factors affecting the marginal absolute cost of providing funds to business units (sometimes referred to as the 'transfer price')?'.
 (c) A positive balance indicates a positive contribution to the transfer price.

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 lender is assigned a score based on their response. Lenders who report that funding 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, funding volumes had increased/decreased. The net percentage balances are scaled to lie between ± 100 . This annex reports the net percentage balance of respondents for each question in the questionnaire.

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)												
		2014	2015				2016				2017			
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	

Funding

1 How have funding volumes changed?^(b)

Total funding	Past three months	-9.2	-13.9	9.2	9.3	1.8	22.5	-3.4	15.3	7.2	-11.5	11.7	18.6
	Next three months	-10.6	-3.2	6.2	-13.5	-5.6	8.5	7.2	-2.4	-15.1	35.3	22.8	29.7
Retail deposit funding	Past three months	-5.8	-8.9	4.3	14.4	33.3	-0.1	15.8	-3.2	0.2	-17.1	12.3	1.1
	Next three months	-11.6	2.6	-2.6	-7.6	-19.2	8.7	5.5	-9.4	-7.9	39.4	1.6	-1.4
'Other' funding	Past three months	-8.5	-6.4	24.1	5.5	-16.8	21.0	-10.3	6.4	16.3	-13.5	18.1	26.4
	Next three months	2.9	5.4	8.9	1.7	14.3	7.7	-1.2	1.7	-4.9	30.5	18.8	23.5

2 How has the average cost of funding changed?^(c)

Retail deposit spreads relative to appropriate reference rate(s)	Past three months	-9.9	-14.2	-17.6	7.7	-4.5	-30.1	-19.6	-6.2	-17.7	-11.8	7.2	14.0
	Next three months	4.7	10.9	-16.8	-4.5	-11.9	-2.5	-10.5	-37.1	-28.1	-1.0	5.1	-5.9
'Other' funding spreads relative to appropriate reference rate(s)	Past three months	4.8	-8.1	8.8	39.5	9.8	18.4	13.9	-6.5	-26.2	-10.5	-43.1	-7.1
	Next three months	0.0	9.7	0.6	-1.5	3.5	11.8	2.6	-23.3	2.6	8.5	6.3	-0.8

Deposits

3 Factors contributing to changes in household deposit volumes:^(d)

Demand factors

Rates paid relative to the cost of other liabilities	Past three months	0.6	-9.1	-14.6	-6.7	-10.2	7.6	10.4	-11.4	-13.4	-24.9	5.3	1.1
	Next three months	1.5	5.5	-15.4	-13.8	12.7	-7.3	8.3	-10.9	-9.4	7.7	-1.1	-7.1
Non-price terms	Past three months	7.3	15.6	16.4	1.6	0.0	0.1	1.3	0.9	1.1	1.0	-6.0	-5.8
	Next three months	13.5	22.8	15.7	1.6	0.0	1.4	1.3	1.4	0.0	-6.0	-6.4	-7.1
Market share objectives	Past three months	26.8	15.0	12.9	12.3	7.9	27.0	15.5	14.5	13.1	13.6	12.2	6.7
	Next three months	27.4	7.6	12.2	12.3	7.9	15.5	15.5	14.5	12.5	12.3	11.8	6.7

		Net percentage balances ^(a)											
		2014	2015				2016				2017		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Regulatory drivers	Past three months	0.0	0.0	13.7	13.4	13.3	-1.1	0.5	-0.5	0.0	4.9	-5.7	-5.8
	Next three months	6.2	15.0	14.9	13.4	13.3	0.0	0.5	0.0	0.0	-2.1	-6.4	-5.8
Funding structure objectives (excluding those driven by regulation)	Past three months	-13.3	1.3	1.8	1.8	1.7	3.2	3.7	6.0	-2.8	-1.8	-5.4	-3.4
	Next three months	-7.8	1.3	1.8	1.6	3.5	2.7	8.7	-1.8	-0.8	8.9	-4.5	-5.2
<i>Supply factors</i>													
Changing supply of deposits by households, unrelated to rates paid or non-price terms on those deposits	Past three months	13.9	-8.1	-7.3	12.6	13.9	6.4	7.2	7.1	18.1	-3.9	-12.2	-11.7
	Next three months	12.5	-0.8	-12.9	5.6	0.9	0.0	4.8	0.3	0.5	8.6	-6.4	-11.7

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	10.2	15.7	25.8	20.4	20.9	7.4	2.2	7.6	-1.4	-7.7	24.5	19.5
	Next three months	10.2	16.3	9.3	20.4	13.8	7.4	2.2	7.1	10.7	7.2	25.5	19.5
Non-price terms	Past three months	19.4	7.9	0.0	0.8	6.7	0.8	5.8	0.9	0.0	14.8	-0.6	0.0
	Next three months	19.4	12.7	0.0	7.1	1.6	0.8	5.8	0.9	14.3	14.2	1.0	0.0
Market share objectives	Past three months	0.0	-0.6	0.0	6.4	6.5	-6.5	-6.5	0.7	0.0	-0.6	-1.3	0.0
	Next three months	0.0	-0.6	0.0	6.4	-6.5	-6.5	-6.5	0.0	0.0	0.0	0.0	0.0
Regulatory drivers	Past three months	4.8	30.8	30.7	20.4	24.8	9.8	9.8	0.0	5.1	11.7	11.8	7.5
	Next three months	4.8	30.8	26.4	20.4	23.7	9.8	9.8	0.0	5.1	12.3	12.4	7.5
Funding structure objectives (excluding those driven by regulation)	Past three months	4.8	5.9	5.4	11.3	6.5	-1.5	-0.5	7.0	-2.0	6.4	7.4	2.0
	Next three months	5.9	5.9	5.6	11.3	-6.1	-0.5	-0.5	15.1	11.2	13.8	8.4	2.0

Supply factors

Changing supply of deposits by PNFCs, unrelated to rates paid or non-price terms on those deposits	Past three months	7.3	-4.9	2.5	0.8	19.9	-1.0	0.0	-1.2	1.0	0.0	-12.4	15.0
	Next three months	7.3	4.2	11.4	-0.3	-0.2	-0.5	0.0	-0.1	6.6	0.0	7.4	-0.1

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	19.9	19.9	18.3	13.0	12.9	17.1	12.7	11.9	1.1	18.7	24.5	20.7
	Next three months	19.9	18.8	13.9	13.0	13.7	12.0	13.4	12.6	1.1	11.3	18.2	25.9
Non-price terms	Past three months	0.0	-0.6	0.6	0.0	0.0	-1.0	4.0	-1.0	-1.0	-6.1	-1.0	-5.2
	Next three months	0.0	-0.6	1.2	0.0	-0.2	-1.0	4.0	-1.0	-1.0	-5.1	5.1	-4.2
Market share objectives	Past three months	0.6	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Next three months	0.0	0.0	0.0	-1.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regulatory drivers	Past three months	6.4	-18.4	-19.6	-27.3	0.8	0.7	-12.1	6.5	12.4	0.0	12.4	12.8
	Next three months	6.4	-19.0	-19.0	-27.3	0.8	1.2	-4.2	0.0	12.4	0.0	-7.4	12.8
Funding structure objectives (excluding those driven by regulation)	Past three months	0.6	-5.5	5.6	5.6	3.9	2.9	5.0	11.5	-18.2	-1.8	0.3	5.2
	Next three months	0.0	-4.9	-5.4	4.6	3.8	5.6	11.5	8.6	-6.2	-0.2	0.0	5.2

Supply factors

Changing supply of deposits by OFCs, unrelated to rates paid or non-price terms on those deposits	Past three months	0.0	-4.3	0.0	4.8	4.8	-2.2	6.5	-1.0	-6.2	12.5	5.1	1.0
	Next three months	0.0	5.5	13.3	4.4	4.6	-1.2	6.5	0.0	0.0	12.5	8.4	0.0

		Net percentage balances ^(a)											
		2014	2015				2016				2017		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Wholesale debt funding													
6 How have the proportions of wholesale market funding (excluding central bank operations) raised through the following sources changed?^(e)													
Proportion of private/public issuance	Past three months	-20.4	-10.4	-15.5	-23.5	-4.8	-20.9	-38.5	2.4	7.1	-48.0	-7.0	0.7
	Next three months	-11.0	-20.6	-3.8	-1.4	-21.2	-19.3	-5.5	-16.0	-34.8	21.7	-22.2	-34.6
Proportion of long-term/short-term issuance	Past three months	8.3	2.5	8.6	27.6	4.9	23.7	8.5	10.3	-24.0	-10.4	4.5	-5.2
	Next three months	14.6	16.9	8.8	-2.9	35.2	22.1	-3.0	6.3	-16.1	-13.1	20.3	24.0
<i>Short-term funding</i>													
Certificates of Deposit	Past three months	-1.3	4.7	-1.6	0.2	9.8	-1.5	5.0	-30.5	4.2	0.4	12.4	0.0
	Next three months	-1.5	-1.5	5.5	-5.8	-1.6	0.0	-6.5	-12.2	21.4	27.9	-5.1	0.0
Commercial Paper	Past three months	-1.3	9.6	3.4	9.7	-0.2	3.5	-5.0	-19.7	-9.2	-10.9	7.3	0.0
	Next three months	3.4	-6.4	-0.2	4.8	-6.6	-4.8	-6.5	-18.6	26.1	27.9	5.1	0.0
Short-term repo/securities lending	Past three months	-0.1	12.7	0.3	-13.0	0.3	0.2	-1.0	4.3	24.8	5.8	0.0	0.6
	Next three months	-4.0	-8.2	-4.8	0.0	1.2	4.8	-0.9	0.0	-2.9	20.7	0.0	-1.1
Unsecured borrowing including deposits from OFCs and interbank deposits	Past three months	-11.0	-9.0	0.2	-4.3	-3.8	-4.3	-0.4	-22.6	12.8	-5.0	1.9	0.3
	Next three months	-10.9	0.1	-4.2	0.6	-5.0	0.7	0.7	-8.6	12.8	26.9	0.0	0.0
<i>Long-term funding</i>													
Long-term repo/securities lending	Past three months	-6.3	-6.8	0.4	2.8	-1.0	-13.4	4.5	-3.8	15.5	2.9	-3.7	-0.4
	Next three months	-7.3	-7.2	-8.3	9.6	0.0	3.8	0.5	-4.8	2.9	0.4	0.3	1.0
Structured products: structured notes	Past three months	-9.8	-7.9	6.9	-7.4	0.5	14.0	-21.2	-25.9	1.0	-4.5	15.7	5.1
	Next three months	-2.6	-14.5	-21.6	-0.9	-2.6	4.8	-2.7	-12.3	-14.1	-6.4	0.0	14.9
Structured products: other	Past three months	0.0	-7.2	0.0	0.0	0.0	0.0	0.0	-4.8	0.0	-6.4	0.0	0.0
	Next three months	0.0	-7.2	-7.2	0.0	0.0	0.0	0.0	-4.8	-6.6	-6.4	0.0	0.0
Senior unsecured debt	Past three months	35.9	13.5	28.0	9.0	18.9	4.6	1.4	29.5	-2.3	30.2	0.7	14.1
	Next three months	20.2	31.1	12.9	2.3	29.2	11.0	22.4	23.1	28.5	14.5	-4.8	27.6
Asset-backed securities (excluding covered bonds)	Past three months	-37.1	-16.3	1.2	2.6	-15.3	4.2	12.5	-23.2	1.9	-44.2	-20.1	-8.9
	Next three months	-17.6	3.7	-10.5	-11.6	-18.2	17.7	-19.8	-3.6	-14.9	-1.4	-8.7	-21.2
Covered bonds	Past three months	-11.9	2.3	-12.9	-6.8	-12.1	-4.3	-22.2	-26.0	-32.7	-23.7	4.6	-1.0
	Next three months	-12.2	-8.6	13.3	-7.7	-19.2	-21.8	-13.5	-4.4	7.8	-0.4	19.1	-16.8

			Net percentage balances ^(a)												
			2014	2015				2016				2017			
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
7 How has demand for wholesale debt from the following investors changed?^(f)															
All investors	Past three months	-4.0	1.2	1.4	7.2	-0.3	-24.0	-21.5	6.9	-3.5	13.8	8.8	10.8		
	Next three months	-6.0	2.1	6.4	0.0	1.8	-7.2	18.1	3.2	2.8	2.0	10.4	3.1		
UK investors	Past three months	-4.6	1.2	-2.8	7.2	6.5	-23.5	-20.9	6.9	4.0	18.9	14.9	9.8		
	Next three months	-6.0	2.1	7.2	-7.4	1.8	-7.2	17.5	3.2	2.8	2.0	10.4	2.2		
Non-UK investors	Past three months	3.2	1.2	6.4	6.4	13.6	-28.1	-16.5	0.6	-6.0	8.1	8.8	8.6		
	Next three months	-6.0	9.4	6.4	0.0	1.8	-12.5	18.8	-2.4	1.0	2.0	10.4	2.0		
<i>Breakdown</i>															
Retail investors	Past three months	-8.0	0.0	0.0	0.0	-0.5	-22.4	-8.1	-1.0	0.0	-0.6	-1.3	0.0		
	Next three months	-7.3	0.0	0.0	0.0	-1.6	-1.0	6.9	0.0	0.0	-0.6	0.0	0.0		
Other banks	Past three months	-4.7	1.2	1.4	2.2	-6.0	-28.5	-15.6	6.9	9.2	-0.4	8.2	2.2		
	Next three months	-6.6	2.1	2.2	0.6	-6.8	-6.5	11.9	3.4	1.0	9.4	11.4	3.1		
Money market funds	Past three months	1.4	-4.2	-3.6	7.2	6.5	-29.2	-20.6	-0.5	-11.5	5.1	2.0	2.1		
	Next three months	-6.6	-3.4	6.4	0.6	-5.2	-12.2	12.3	-11.1	1.0	7.4	11.4	1.1		
Hedge funds	Past three months	3.3	1.2	0.6	6.4	5.0	-23.5	-19.6	15.4	1.0	4.6	10.0	7.5		
	Next three months	-6.6	2.1	0.0	-6.8	-5.0	-6.5	14.2	3.4	1.0	2.0	3.0	0.0		
Sovereign wealth funds	Past three months	-6.0	1.2	0.0	4.9	5.0	-23.6	-14.7	6.1	1.6	5.8	0.0	0.0		
	Next three months	-6.6	0.6	0.0	0.0	-5.0	-7.3	13.6	0.6	1.0	1.0	1.1	1.1		
Insurance companies and pension funds	Past three months	3.3	6.1	-3.6	6.4	-0.3	-23.5	-14.7	6.9	1.6	7.0	17.1	2.2		
	Next three months	-6.6	7.0	6.4	-6.8	-11.1	-6.5	12.3	3.4	1.0	2.0	11.4	2.2		
Other asset managers	Past three months	2.6	1.2	2.2	7.2	7.1	-23.5	-19.7	6.9	9.2	7.0	10.4	9.8		
	Next three months	-6.6	2.1	2.2	-6.8	-2.7	-6.5	11.9	3.4	0.0	2.0	11.4	2.2		

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	-7.3	-7.2	-2.2	-9.5	-14.3	-14.3	-10.7	6.0	-5.1	-5.7	12.4	12.7
	Next three months	-7.3	-7.2	-5.8	-2.1	-14.5	-7.3	-12.4	2.4	9.9	25.7	-2.3	5.2
Asset-liability matching	Past three months	0.0	0.0	5.0	0.0	-7.5	-7.5	0.0	0.0	6.6	6.4	0.0	0.0
	Next three months	4.7	0.0	0.0	0.0	-6.6	-7.5	0.0	0.0	6.6	0.0	0.0	0.0
Price/yield	Past three months	19.9	15.0	9.5	27.0	13.9	13.8	21.2	18.0	19.7	13.6	21.2	14.5
	Next three months	19.9	15.0	15.1	27.0	14.8	13.8	21.2	18.0	19.7	12.9	20.9	14.0
Non-price terms/liquidity	Past three months	-2.1	6.4	-0.6	-6.6	-1.6	0.0	11.6	6.0	-2.0	4.0	20.9	5.9
	Next three months	-0.6	-1.4	-5.6	0.8	5.3	-1.0	10.6	-8.6	25.4	11.4	11.4	5.5
Regulatory drivers	Past three months	1.1	16.8	10.7	1.4	3.6	2.8	3.3	-8.9	22.2	26.1	19.8	20.9
	Next three months	1.1	10.6	5.7	0.7	-1.4	-14.0	-1.5	-9.6	27.1	19.7	19.8	20.2

Supply factors

Market access	Past three months	-2.4	-8.5	-9.7	5.6	5.6	4.0	-1.0	-1.0	5.7	5.6	13.1	5.9
	Next three months	-1.3	-6.0	-4.0	5.6	5.8	4.0	-1.0	0.0	5.7	5.6	12.4	5.2
Investor demand	Past three months	-2.4	-18.1	-5.6	0.8	8.1	6.6	-1.0	-1.7	-6.8	8.2	-1.6	5.9
	Next three months	-6.0	-10.9	0.0	0.8	7.3	1.6	-1.0	-13.6	-1.9	13.0	5.1	6.1

		Net percentage balances ^(a)											
		2014	2015				2016				2017		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
9 Factors affecting issuance of long-term wholesale debt funding:													
<i>Demand factors</i>													
Need or desire to change size of balance sheet	Past three months	-5.9	-7.2	-4.6	3.4	10.0	9.0	11.1	0.0	-12.2	-7.4	1.2	1.1
	Next three months	-16.0	-4.1	2.7	1.2	8.3	9.9	7.5	0.9	0.3	-20.1	1.7	2.4
Asset-liability matching	Past three months	1.4	4.9	5.7	6.6	5.6	2.4	1.5	1.0	0.6	5.1	5.1	1.1
	Next three months	0.0	2.0	0.7	1.4	0.8	2.8	1.0	0.6	0.0	0.6	7.1	1.1
Price/yield	Past three months	31.1	14.6	8.9	-3.6	1.3	11.3	2.7	-4.5	-8.3	19.6	19.1	15.6
	Next three months	24.8	25.5	10.1	0.6	16.3	12.5	4.5	8.2	-7.2	0.6	7.0	35.2
Non-price terms/liquidity	Past three months	14.2	1.0	7.0	-4.8	6.0	11.7	3.3	-5.0	-14.7	6.4	0.6	2.2
	Next three months	13.0	9.5	1.4	1.3	21.1	13.5	14.2	-13.1	-1.0	-1.0	3.7	2.9
Regulatory drivers	Past three months	21.8	26.7	22.6	22.2	-6.9	13.8	14.8	11.3	5.1	-4.0	14.3	5.2
	Next three months	37.0	39.3	17.2	8.2	12.8	15.0	28.2	5.3	20.0	19.2	26.1	13.4
<i>Supply factors</i>													
Market access	Past three months	6.4	6.9	4.1	-7.5	8.0	2.7	5.7	-4.5	19.5	12.3	28.1	17.2
	Next three months	14.6	11.1	5.5	1.2	13.1	4.3	12.6	15.0	-7.3	4.8	10.1	5.2
Investor demand	Past three months	5.7	21.9	-0.9	-0.7	12.3	2.1	5.6	2.5	19.5	19.7	28.1	17.2
	Next three months	14.6	16.6	0.5	0.6	13.1	3.6	12.6	2.9	8.3	20.3	11.1	5.8

Currency of wholesale debt funding

10 How has the use of the following currency markets changed?^(g)

Sterling	Past three months	-12.9	15.0	6.6	-12.4	-1.0	26.0	-10.8	0.0	15.2	20.7	21.7	2.2
	Next three months	19.9	1.5	1.6	14.7	14.6	-2.7	0.3	16.0	20.7	6.3	-16.1	16.9
US dollar	Past three months	0.0	1.8	22.1	-16.1	-23.4	31.0	1.7	12.5	2.6	39.8	2.2	2.1
	Next three months	16.9	29.3	0.1	0.4	2.6	20.1	18.0	7.1	25.4	6.4	-5.9	7.1
Euro	Past three months	12.1	27.1	12.9	14.7	18.6	20.9	-1.5	-5.3	14.8	6.5	26.7	12.7
	Next three months	2.4	-1.5	-4.3	-8.0	1.7	1.2	20.3	6.2	0.7	2.9	5.1	9.8
Other	Past three months	15.0	-15.6	0.0	11.9	-7.0	-12.0	-7.0	0.0	0.0	-13.9	0.0	0.0
	Next three months	-15.0	15.0	-7.2	-7.0	-7.0	-7.0	0.0	0.0	0.0	13.3	-7.4	0.0

		Net percentage balances ^(a)											
		2014	2015				2016				2017		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
11 Which of the following factors have affected non-sterling issuance?													
Changes in currency mix of assets	Past three months	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-7.6	7.4	0.0	0.0
	Next three months	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.4	0.0	0.0
Relative cost of funds: due to currency swap markets	Past three months	19.3	7.8	33.2	14.3	18.6	30.0	24.0	12.2	5.2	32.4	19.8	2.1
	Next three months	19.3	23.5	29.8	9.5	11.8	23.1	33.7	-7.1	11.4	25.7	28.8	15.3
Relative cost of funds: due to other changes	Past three months	5.4	4.9	19.3	1.4	0.0	0.0	0.0	-2.4	7.3	13.9	12.4	0.0
	Next three months	5.4	-5.5	15.8	-4.9	0.0	6.7	0.0	-7.5	0.0	7.2	14.7	7.5
Availability of suitably rated currency swap counterparties	Past three months	-0.7	0.0	0.7	-1.6	0.0	1.7	0.9	0.0	0.0	5.1	0.0	1.1
	Next three months	-0.7	1.3	0.7	0.0	2.3	1.7	0.7	-0.7	0.0	0.0	1.1	1.1
Differences in regulation in different currency markets	Past three months	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-5.1	7.4	0.0	5.2
	Next three months	0.0	0.0	0.0	0.0	5.0	1.7	0.0	0.0	0.0	7.4	0.0	5.2
Differences in investor demand	Past three months	20.6	15.3	39.5	4.6	15.7	24.1	-14.1	9.1	-10.3	18.8	13.7	9.7
	Next three months	24.6	17.3	23.3	3.1	16.8	18.3	25.9	-6.8	-0.3	12.3	14.5	17.2
Differences in market access	Past three months	5.3	7.9	20.0	-9.9	-5.8	8.5	3.7	3.4	-5.1	18.8	7.9	2.2
	Next three months	10.0	10.0	8.6	-11.3	1.3	14.6	11.2	7.1	0.3	12.9	8.4	9.8

		Net percentage balances ^(a)											
		2014	2015				2016				2017		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Capital													
1 How has the level of total capital changed?	Past three months	42.3	39.7	25.0	12.5	16.5	-13.8	10.7	53.2	20.0	5.2	36.2	14.2
	Next three months	19.0	22.0	26.8	8.8	-0.8	-2.1	28.5	-24.7	-14.9	-1.5	27.8	45.3
2 How has the average cost of capital changed?	Past three months	-0.7	0.6	-1.6	7.0	6.6	20.4	-7.2	-6.6	-12.3	-26.8	-5.1	-21.5
	Next three months	-0.7	0.6	0.0	0.0	7.5	-13.7	-1.7	0.0	0.0	-0.1	5.6	5.1
3 Factors contributing to changes in total capital:													
<i>Direct effects on total capital</i>													
Direct effects of profits, losses, deductions and charges (UK-specific)	Past three months	27.6	29.6	26.7	3.0	28.6	12.5	17.3	18.4	19.7	1.4	36.5	19.1
	Next three months	30.3	30.3	26.7	33.9	8.4	10.7	28.0	10.1	4.4	31.5	22.5	43.7
Direct effects of profits, losses, deductions and charges (non-UK specific)	Past three months	7.3	6.6	-7.2	7.0	0.5	-14.4	-7.0	-5.1	0.3	-19.9	12.3	-7.5
	Next three months	7.3	6.6	-7.2	0.4	-7.5	-14.4	0.0	-7.5	-29.7	11.8	-2.4	0.0
<i>Factors that have affected demand for capital</i>													
Changing economic outlook	Past three months	4.8	0.0	7.9	8.5	-11.4	-2.1	-2.2	-1.8	24.6	0.6	5.7	4.6
	Next three months	4.8	-0.6	2.0	-11.3	-5.0	-8.0	-2.2	3.7	11.9	6.4	0.0	4.6
Strategic decisions to increase/reduce risk	Past three months	3.5	13.1	3.9	2.6	8.0	-5.5	6.5	7.1	6.0	14.2	4.3	5.8
	Next three months	2.4	12.7	2.9	-3.3	0.0	-0.5	-7.5	6.1	6.7	4.9	4.9	-4.5
Regulatory drivers	Past three months	30.4	35.0	26.3	18.5	5.9	1.8	0.7	0.0	12.8	12.2	4.7	0.6
	Next three months	33.7	24.0	32.4	4.0	-4.6	6.2	13.8	0.0	13.7	-0.7	5.1	14.4
Changes in size of balance sheet	Past three months	-1.0	-7.2	9.5	8.1	1.4	24.9	17.7	20.9	19.7	19.1	-5.6	-13.0
	Next three months	-8.7	-7.2	9.5	16.8	-4.8	9.9	2.5	13.4	18.7	-4.3	-12.7	10.5
Changes in riskiness of assets	Past three months	-27.8	-17.9	-11.5	-11.4	-11.9	-13.9	7.0	7.1	-7.0	4.3	5.0	0.0
	Next three months	-27.8	-16.7	-11.5	-16.7	-18.9	7.5	-0.5	7.1	-6.4	4.9	-2.4	0.6
<i>Supply factors</i>													
Market conditions	Past three months	-1.6	0.6	-6.6	-12.0	-7.0	-15.1	-14.5	0.4	0.7	8.0	13.7	12.1
	Next three months	1.2	0.0	-11.6	-7.0	-7.0	-28.5	-7.5	16.5	-0.5	9.7	12.4	12.7
Investor pressure to change volume of capital	Past three months	0.0	0.0	7.2	0.0	0.0	0.0	0.0	0.0	-0.5	-9.5	0.6	-0.6
	Next three months	0.6	0.0	2.9	0.0	0.0	0.5	1.3	0.0	-0.5	-9.5	4.3	0.0

			Net percentage balances ^(a)												
			2014	2015				2016				2017			
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
4 How has the demand for total capital from the following investors changed?															
All investors	Past three months		4.3	7.8	-14.3	-6.6	15.6	-29.0	-7.0	13.9	-4.1	13.3	3.8	9.4	
	Next three months		0.6	0.6	-14.3	-13.2	7.5	-6.5	28.4	13.4	2.4	7.1	5.1	0.0	
UK investors	Past three months		5.0	7.8	-14.3	-6.6	15.6	-29.0	-7.0	13.9	-4.1	13.9	3.8	8.1	
	Next three months		0.6	0.6	-14.3	-12.4	7.5	-6.5	28.4	13.4	2.4	7.1	5.1	5.1	
Non-UK investors	Past three months		5.0	7.8	-14.3	-6.6	14.8	-29.4	-7.0	13.9	-5.1	12.3	3.8	8.8	
	Next three months		0.6	0.6	-14.3	-12.4	7.5	-6.5	28.4	13.4	2.4	7.1	5.1	0.0	
<i>Breakdown</i>															
Retail investors	Past three months		0.0	0.6	0.0	-6.6	13.9	-22.0	0.0	7.5	-7.6	7.4	-1.3	0.0	
	Next three months		0.0	0.6	0.0	-14.0	7.5	0.0	21.2	0.0	0.0	0.0	0.0	0.0	
Other banks	Past three months		8.4	7.8	0.0	-6.6	13.9	-22.5	-6.5	7.5	-11.7	13.5	3.8	0.6	
	Next three months		0.6	0.6	0.0	0.8	7.5	0.0	21.9	1.9	-4.1	7.1	5.1	0.0	
Hedge funds	Past three months		5.0	7.8	-14.3	-6.6	14.8	-29.4	-7.0	13.9	-4.1	13.3	5.7	9.4	
	Next three months		0.6	0.6	-14.3	-13.2	7.5	-6.5	28.4	13.4	2.4	7.1	5.1	0.0	
Sovereign wealth funds	Past three months		1.2	0.6	0.0	7.4	13.9	-29.0	-6.5	13.9	-6.1	12.5	4.4	0.6	
	Next three months		0.6	0.6	0.0	0.0	7.5	-6.5	28.4	13.4	1.4	5.1	5.1	0.0	
Insurance companies and pension funds	Past three months		5.0	7.8	14.3	-6.6	14.8	-29.0	-6.5	13.9	-5.1	12.9	4.4	0.6	
	Next three months		0.6	0.6	0.0	-13.2	7.5	-6.5	28.4	13.4	2.4	7.1	5.1	0.0	
Other asset managers	Past three months		5.0	7.8	-14.3	-6.6	15.6	-29.0	-6.5	13.9	-4.1	14.5	4.4	8.1	
	Next three months		0.6	0.0	-14.3	-13.2	7.5	-6.5	28.4	13.4	2.4	7.1	5.1	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		-4.8	0.0	-4.4	2.5	-5.0	-7.5	-7.5	0.0	-0.5	0.0	0.0	0.0
	Next three months		-4.8	0.0	-4.4	-4.9	-5.0	-7.0	7.5	0.0	0.5	-5.1	0.0	0.0
Strategic decisions to change mix of capital	Past three months		0.6	5.4	7.4	-7.6	5.9	13.8	0.0	0.0	2.0	-4.9	0.0	0.0
	Next three months		0.6	0.0	12.9	6.4	0.5	13.8	0.0	0.0	1.0	0.0	4.9	-5.1
Regulatory drivers	Past three months		14.1	8.9	0.6	18.8	8.9	4.8	4.8	11.9	17.7	-13.3	0.0	0.0
	Next three months		15.2	7.2	7.0	11.7	12.8	9.8	11.2	4.8	6.5	-13.3	0.0	0.6
Market conditions	Past three months		0.6	0.6	-6.6	6.8	5.9	-7.5	-7.5	7.5	1.5	0.0	6.4	5.2
	Next three months		0.0	0.6	-0.2	6.4	7.5	-7.5	13.2	5.0	1.0	0.0	0.0	0.6
Investor demand	Past three months		0.6	0.6	7.9	14.5	0.5	-21.3	-7.5	7.5	2.0	0.0	6.4	0.0
	Next three months		0.0	0.6	7.9	0.0	7.5	-21.3	8.2	5.0	1.0	0.0	0.0	0.6

		Net percentage balances ^(a)											
		2014	2015				2016				2017		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 How has the average absolute cost of providing funds to business units changed?	Past three months	-24.5	-13.8	-13.9	6.3	-6.3	-10.5	1.1	-27.2	-9.5	-3.4	-15.8	-19.9
	Next three months	-9.0	-12.1	3.6	-0.8	0.2	-5.2	6.9	-7.9	-7.3	-8.0	-9.2	-5.2
2 How has the marginal absolute cost of providing funds to business units changed (sometimes referred to as the 'transfer price')?	Past three months	-26.9	-19.9	5.0	39.0	18.7	12.0	6.3	-45.6	-14.8	-29.0	-28.6	-25.0
	Next three months	5.5	-5.5	17.5	-5.8	12.9	3.1	-7.3	2.2	-7.3	13.0	-7.3	-5.0
3 Factors affecting the marginal absolute cost of providing funds to business units (sometimes referred to as the 'transfer price'):													
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.*	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.*	n.a.*	n.a.*
Debt capital	Past three months	-8.0	n.a.*	0.0	0.0	n.a.*	n.a.*	n.a.*	-7.7	9.3	7.2	-7.3	0.0
	Next three months	0.0	n.a.*	0.0	0.0	n.a.*	n.a.*	-0.9	-0.6	0.0	0.0	0.0	-5.2
Retail deposit spreads relative to appropriate reference rate(s)	Past three months	-2.1	-12.0	-0.7	-0.8	-4.0	-2.0	-1.4	-15.2	-14.6	-15.4	-12.0	-5.8
	Next three months	2.5	4.1	4.4	0.8	-5.5	-1.1	-0.6	-13.2	-6.3	-6.6	0.0	-5.0
Short-term wholesale funding spreads relative to appropriate reference rate(s)	Past three months	-0.5	-7.7	-6.9	21.4	13.9	18.7	-7.5	-5.2	-14.7	-13.5	-26.8	-18.4
	Next three months	13.4	-0.6	7.5	-7.4	7.5	0.0	-0.9	-14.9	0.0	7.2	0.0	-5.9
Long-term secured wholesale funding spreads relative to appropriate reference rate(s)	Past three months	-2.5	-15.0	13.1	20.1	8.2	21.8	9.5	-16.8	-14.1	-13.2	-32.3	-13.3
	Next three months	0.0	-0.7	5.0	-1.6	-0.3	7.2	-8.2	-12.6	-1.4	6.2	0.0	-5.9
Long-term unsecured wholesale funding spreads relative to appropriate reference rate(s)	Past three months	4.1	-28.7	20.0	39.8	22.0	52.3	-14.6	-42.7	-25.7	-24.9	-45.1	-27.1
	Next three months	0.0	0.4	12.5	-9.0	7.7	-2.7	-8.2	-12.1	6.1	7.4	0.0	-5.2
Swaps or other reference rates	Past three months	-50.7	-10.7	7.6	8.0	-1.8	-41.9	15.1	-43.6	26.0	3.6	0.2	-13.7
	Next three months	21.2	6.4	8.3	8.8	7.5	8.4	-1.1	4.6	7.8	15.4	7.4	0.6

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)

Frequency of transfer price update (days)	Past three months	37.9	37.7	34.1	33.6	28.1	24.0	20.9	24.1	17.9	25.4	19.4	14.9
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* 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, based on lenders' market shares, was then calculated.