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News release

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The Bank of England's new Bank Liabilities Survey

The Bank of England today published its first survey of banks' liabilities.

In order to meet its monetary and financial stability objectives, it is important for the Bank of England to understand developments in monetary and credit conditions. The Bank of England first began conducting a formal Bank Liabilities Survey last year. This survey asks banks to describe developments in their financing – covering bank deposits made by households and companies as well as funding raised by banks in wholesale debt and equity markets. This information is useful because changes in the price, quantity and composition of banks' liabilities may affect banks' willingness or ability to lend, and the price of lending.

There is little international precedent for a survey focused on the liability side of banks' balance sheets. The Bank of England Credit Conditions Survey, and equivalent surveys from other central banks, allow some partial identification of the influence of bank funding conditions on credit supply. But the information available is relatively limited, and so this new survey is a significant innovation. Indeed, to the best of our knowledge, this is the first regular survey of bank liabilities to be produced by a Central Bank.

This first survey covers developments in 2012Q4 and 2013Q1 and expectations for Q2. The survey will typically be based on responses from between 12 and 16 banks - jointly responsible for around 85% of loans to households and businesses, and a similar share of household and business deposits.

The main findings of the survey are summarised on page 2 of the document. The survey suggests that the cost of raising funds for banks had fallen in Q1 and the supply of deposits had risen. Costs charged to business units within the banks to fund the flow of new loans fell significantly in Q1 and were expected to fall further in Q2. Banks' capital levels were broadly unchanged in Q1 but expected to rise in Q2.