

## BANKING STATISTICS

### 1. New quarterly figures for the banking system

The improvement of official statistics is always under review. The improvements are not always immediately published, because it is sometimes better to leave existing statistics undisturbed rather than to recast them whenever additional information comes to hand. Now, however, the Bank have received a number of additions to banking statistics; and it has therefore been decided to introduce a new quarterly series of statistics for the British banking system.

After the war, the main emphasis was placed on the development of economic, rather than monetary statistics; and, apart from the inauguration in 1946, by the British Bankers' Association, of a quarterly analysis of bank advances by type of borrower,<sup>(a)</sup> there were no major innovations in banking statistics. Between 1957 and 1959, however, the Radcliffe Committee collected many new statistics from the banks and published them in 1959;<sup>(b)</sup> most of them have been continued subsequently.

The Committee recommended that future banking statistics should cover all banks and that the figures of deposits and advances, the two most significant items, should reflect as faithfully as possible actual transactions between the banks and their customers and should exclude extraneous elements, such as inter-bank transactions and reserves held within the banking system. The Governor of the Bank of England welcomed these recommendations and they were endorsed by the Chancellor of the Exchequer in the House of Commons when, in the debate on the Committee's Report, he said that his first aim in the field of statistics was to provide a comprehensive and consistent series of statistics on the assets and liabilities of the whole banking system.

New banking statistics were part of the need for more extensive financial statistics, which

would show each type of government debt held by various classes of holders, both home and overseas, and the other financial assets and liabilities of the main sectors of the economy (the public sector, banks, other financial institutions, companies and persons) and of overseas residents.<sup>(c)</sup> Such new statistics would also permit the preparation of an account of transactions between the various sectors.

Statistics collected for this purpose had to be consistent in date and in definition; and because other relevant statistics, particularly the national income data, relate to calendar quarters, banking and financial statistics had to do so too.

Monthly statements are helpful as shorter-term indicators of financial activity. The principal groups of domestic banks already provided monthly series, made up mainly at dates around the middle of each month, which were sufficiently long-established to allow of seasonal adjustment. So it was decided not to disturb these series but to obtain from all domestic banks new statistics for the end of each calendar quarter, including a sector analysis of the banks' principal assets and liabilities.

Although many of the new statistics collected by the Radcliffe Committee were a valuable addition to the information then available about the banks, they were not suitable for a consolidated account of the banking system because they were not uniform in content, in scope or in date. The series of statistics for the overseas banks in London and the accepting houses was, therefore, revised and extended to cover other banks in London whose business was similar: the revised series was introduced in an article in the December 1962 issue of this *Bulletin*. The series for the Northern Ireland banks was also revised, from April 1963, to include assets held by U.K. offices only.

It is now possible to amalgamate the new quarterly statistics from the domestic banks

*(Continued on page 288)*

(a) Before the war such an analysis of advances was published only annually, and was confined to the London clearing banks.

(b) *Committee on the Working of the Monetary System: Memoranda of Evidence, Volume 2.*

(c) See the article "Sector Financing 1960-62" in the September 1963 issue of this *Bulletin*.

THE UNITED KINGDOM

1. Main

£ millions

	Current and deposit accounts (other than those held for U.K. banks and the discount houses) <sup>(a)</sup>	Notes in circulation	Net deposits <sup>(b)</sup>	Notes and coin	Money at call and short notice <sup>(c)</sup>	Bills discounted		
						British government Treasury Bills	Other U.K. bills <sup>(d)</sup>	Other bills
31st March 1963								
Domestic banks ...	8,183	134	..	417	182	605	296	24
Overseas banks and accepting houses	2,742	—	..	1	45	83	83	61
Discount houses ...	103	—	..	—	3	366	186	8
Total ... ..	11,028	134	10,619	418	230	1,054	565	93
30th June 1963								
Domestic banks ...	8,445	140	..	445	194	845	292	26
Overseas banks and accepting houses	2,863	—	..	1	40	75	87	59
Discount houses ...	114	—	..	—	4	338	205	9
Total ... ..	11,422	140	11,086	446	238	1,258	584	94
30th September 1963								
Domestic banks ...	8,692	135	..	518	187	983	293	26
Overseas banks and accepting houses	3,081	—	..	1	39	89	93	62
Discount houses ...	137	—	..	—	4	381	208	8
Total ... ..	11,910	135	11,421	519	230	1,453	594	96

2. Further

A. Current and deposit accounts (other than those held for U.K. banks and discount houses)

	U.K. residents						Overseas residents <sup>(a)</sup>	Total
	Government	Local authorities	Public corporations	Financial institutions	Companies	Other		
31st March 1963								
Domestic banks ...	105	145	49	237	1,691	5,598	358	8,183
Overseas banks and accepting houses	—	—	4	73	333	163	2,169	2,742
Discount houses ...	—	—	—	7	32	33	31	103
Total ... ..	105	145	53	317	2,056	5,794	2,558	11,028
30th June 1963								
Domestic banks ...	110	169	48	260	1,761	5,717	380	8,445
Overseas banks and accepting houses	1	—	3	77	378	148	2,256	2,863
Discount houses ...	—	—	—	7	32	33	42	114
Total ... ..	111	169	51	344	2,171	5,898	2,678	11,422
30th September 1963								
Domestic banks ...	147	170	50	244	1,840	5,856	385	8,692
Overseas banks and accepting houses	1	—	2	86	446	138	2,408	3,081
Discount houses ...	—	—	—	8	38	39	52	137
Total ... ..	148	170	52	338	2,324	6,033	2,845	11,910

(a) Including net liabilities to offices abroad, and deposits and advances from banks abroad.

(b) Current and deposit accounts, other than those held for U.K. banks and the discount houses, plus credits in course of transmission, less cheques in course of collection and items in transit between offices of the same bank. See page 289.

## BANKING SECTOR

### items

British government and government guaranteed securities			Other securities	Advances (other than to U.K. banks and the discount houses) <sup>(e)</sup>	Net Exchequer indebtedness to Bank of England, Banking Department <sup>(f)</sup>	Acceptances			
0-5 years to maturity	Over 5 years and undated	Total				U.K. residents	Over-seas residents	Total	
749	695	1,444	209	4,552	345	19	33	52	31st March 1963 Domestic banks Overseas banks and accepting houses Discount houses Total
231	265	496	66	2,112	—	230	140	370	
414	14	428	21	16	—	—	—	—	
1,394	974	2,368	296	6,680	345	249	173	422	
713	699	1,412	208	4,671	388	17	28	45	30th June 1963 Domestic banks Overseas banks and accepting houses Discount houses Total
235	295	530	75	2,236	—	260	155	415	
430	14	444	28	21	—	—	—	—	
1,378	1,008	2,386	311	6,928	388	277	183	460	
801	659	1,460	209	4,587	339	18	36	54	30th September 1963 Domestic banks Overseas banks and accepting houses Discount houses Total
240	312	552	76	2,343	—	267	155	422	
431	9	440	29	20	—	—	—	—	
1,472	980	2,452	314	6,950	339	285	191	476	

### analysis

#### B. Advances (other than to U.K. banks and discount houses)

U.K. residents						Overseas residents <sup>(e)</sup>	Total	
Government	Local authorities	Public corporations	Financial institutions	Companies	Other			
1	116	97	248	2,347	1,656	87	4,552	31st March 1963 Domestic banks Overseas banks and accepting houses Discount houses Total
—	316	1	99	311	84	1,301	2,112	
—	9	—	4	3	—	—	16	
1	441	98	351	2,661	1,740	1,388	6,680	
2	103	83	259	2,413	1,727	84	4,671	30th June 1963 Domestic banks Overseas banks and accepting houses Discount houses Total
—	329	—	107	357	88	1,355	2,236	
—	13	—	5	3	—	—	21	
2	445	83	371	2,773	1,815	1,439	6,928	
3	114	113	242	2,320	1,711	84	4,587	30th September 1963 Domestic banks Overseas banks and accepting houses Discount houses Total
—	342	—	120	384	79	1,418	2,343	
—	9	5	2	4	—	—	20	
3	465	118	364	2,708	1,790	1,502	6,950	

<sup>(c)</sup> Excluding money lent at call or short notice to U.K. banks or to the discount houses.

<sup>(d)</sup> Drawn on U.K. residents and including Treasury Bills of the Northern Ireland Government; re-financeable export credits due for repayment within eighteen months are also included.

<sup>(e)</sup> Including net claims on offices abroad.

<sup>(f)</sup> Described on page 288.

with those already available from the overseas banks and accepting houses, and with a new series for the discount houses on the same basis, so as to provide a consolidated account for the whole banking sector for the end of each calendar quarter. The first of the new figures are given in the table on the two previous pages. The Bank of England gratefully acknowledge the co-operation of all the banks and discount houses that are making the new returns, not least because their preparation means considerable extra work.

**Notes on the new quarterly series**

The new series of statistics reflects the recommendations of the Radcliffe Committee. First, the figures for net deposits and for advances show transactions between the banks and their non-bank customers: that is, the figures exclude the banks' own internal funds, all inter-bank items, and transactions between the banks and the discount houses; and in the case of advances they are shown gross, before provision for bad and doubtful debts. The new definition of net deposits is discussed below. Secondly, so that the figures can be used in compiling a consolidated account of the U.K. economy, they are confined to U.K.<sup>(a)</sup> offices of the reporting banks. Thirdly, gilt-edged securities are divided by maturity into stocks with less than five years to run and longer-dated stocks. Lastly, deposits and advances are analysed by sectors, as described in the article on "Sector Financing" in the September 1963 issue of this *Bulletin*. The banking sector, as defined in that article, is being extended to include all the banks for which figures are now published.

The banking sector is divided into three parts: domestic banks, overseas banks and accepting houses, and the discount houses. The table includes the banks' liabilities and assets both in sterling and in other currencies.

**Domestic banks**

The domestic banks are the London clearing banks, Scottish banks, Northern Ireland banks (U.K. offices only), the Banking Department of the

Bank of England and certain other banks whose business in the United Kingdom is mainly concerned with domestic banking.<sup>(b)</sup>

In the table, government debt and Bank of England notes held by the Bank of England, Banking Department, are shown, after deduction of the deposits of the Exchequer and the Paymaster General with the Bank, in a separate column entitled "net Exchequer indebtedness to Bank of England, Banking Department", instead of being included with the government debt holdings of the other domestic banks. This corresponds with the treatment of the Banking Department in analyses of Exchequer financing (e.g., Table 1 of the Statistical Annex), where its holdings of government debt and notes are collectively shown as a separate item: changes in the *composition* of the Banking Department's total holding of government debt and notes, which can result, for example, from changes in the fiduciary issue, are of no economic significance compared with changes in the total itself.

**Overseas banks and accepting houses**

The overseas banks and accepting houses are those institutions whose business is concerned largely with overseas, and whose figures appear in Tables 13 and 14 of the Statistical Annex. The figures were described in the introductory article in the December 1962 issue of this *Bulletin* already mentioned. The figures included in the table on pages 286 and 287 differ slightly from those published in Tables 13 and 14 of the Statistical Annex. This is partly because inter-bank items are excluded and partly because the sterling investments (other than in gilt-edged stocks) and the foreign currency assets (other than advances), which in the Statistical Annex are amalgamated under "other assets", are allocated in the consolidated table to the appropriate headings such as "other securities" or "bills discounted".

**Discount houses**

The discount houses' figures are consolidated with those of the banks because their business is closely inter-linked; for example, the discount houses'

(a) Including the Isle of Man and the Channel Islands.

(b) C. Hoare & Company, Isle of Man Bank Limited, Lewis's Bank Limited, the English offices of the Royal Bank of Ireland Limited (there are no branches in Northern Ireland and therefore this bank is not regarded as a Northern Ireland bank), Yorkshire Bank Limited, and the Banking Departments of the Co-operative Wholesale Society Limited and the Scottish Co-operative Wholesale Society Limited.

holdings of government debt are financed very largely by borrowing, at call or at short notice, from the banks.

The discount houses are defined as the twelve members of the London Discount Market Association. Some of the figures for the 31st March, but not those for subsequent dates, are estimated, in particular those relating to the sector analyses of deposits and advances.

**Analysis of deposits and advances** The table shows that at the 30th September 1963 the domestic banks had 73% of the current and deposit accounts and 66% of the total advances of the banking sector.

96% of the domestic banks' deposits was obtained from, and 98% of their lending was to, U.K. residents. On the other hand, 78% of the deposits of the overseas banks and accepting houses was from overseas residents (including banking offices outside the United Kingdom), and 61% of their lending was made to overseas residents (including balances held with banking offices abroad).

Looked at in a slightly different way, the domestic banks hold 92% of the deposits of U.K. residents and make 83% of the advances to them, while the overseas banks and accepting houses hold 85% of the deposits of overseas residents and account for 94% of the advances made to them.

Companies were net borrowers from the domestic banks at the end of September 1963; their advances amounted to £2,320 million (51% of the domestic banks' total advances) and their deposits to £1,840 million (21% of total deposits). On the other hand, "other U.K. residents" (a heading which includes unincorporated businesses as well as private persons) were net lenders to the domestic banks, contributing £5,856 million (67% of total deposits) and taking only £1,711 million (37%) in advances. Both companies and "other U.K. residents", however, were net lenders to the overseas banks and accepting houses and to the discount houses.

Local authorities' net borrowing was more than attributable to the overseas banks and accepting houses. Local authorities were net lenders, on a small scale, to the domestic banks.

## 2. Definition of net deposits

As already mentioned, one of the objects of producing a consolidated series of statistics for the banking sector is to make possible the preparation of an account that will show transactions between the banks and others. This involves a definition of net deposits which shows as clearly as possible the true liability of the banks as a whole to their non-bank customers. Achievement of this object presents some difficult problems. Examination of these has led to the changes, described later, in the definition of net deposits used in the established monthly series of statistics for the London clearing banks and the Scottish banks.

**The concept of net deposits** The concept of net deposits is certainly not a banking or an accounting concept, and it would not be unfair to say that practical bankers' views of it range from tolerance to frank cynicism. This attitude, however, appears to arise largely from the imperfections in the various attempts to translate the concept into figures rather than from a disbelief in its usefulness in examining some monetary problems.

The obvious starting point in calculating net deposits is the total of "current and deposit accounts", since the "other accounts" which form the remainder of gross deposits consist, at least in part, of internal funds of the banks themselves. The first step is to exclude deposits held by one bank for account of another. It is then necessary to make adjustments to allow for the distortion in the ownership of bank deposits which is inherent in the banking mechanism.

The most obvious case is one of double-counting, when a cheque is paid into an account. Administrative convenience dictates that in most cases the cheque is immediately credited to the beneficiary's account—although that does not necessarily mean that he can draw against it immediately. Unless the cheque is drawn on the branch at which it is paid in, or is passed on the same day through a special clearing (such as the 'large town clearing' in the City), it will not be debited to the drawer's account until a day or more later. Thus any return of bank deposits made while the cheque is in course of collection will show the amount

on two accounts. Deferring until later the problem of cheques which will be debited to overdrawn accounts rather than to accounts in credit, this overstatement is avoided by deducting *all* cheques in course of collection (including those in transit between branches of the same bank) from the figure for current and deposit accounts.

With the growing use of credit transfers the converse case now arises more frequently than hitherto. Funds remitted by credit transfer may be debited to the payer's account some time before the proceeds will have passed through the clearing and reached the beneficiary's account; meanwhile the funds will be held on a suspense account.<sup>(a)</sup> The total of accounts holding customers' funds temporarily in suspense, which forms part of the "other accounts", must be added back to current and deposit accounts to avoid any understatement of the true figure of the banks' deposit liabilities.

There is always a large volume of items passing through the banking system which have been neither credited to the beneficiary, nor debited to the drawer. The simplest case is that of cheques paid in at a branch other than that at which the beneficiary's account is held; pending transfer to the correct branch by the use of the credit transfer system the cheques will be included with all other cheques in course of collection while the corresponding credit transfer will again be placed to a suspense account. At first sight it would appear that no adjustment to deposits would be necessary in the case of items which have yet been neither credited to the beneficiary, nor debited to the drawer. Quite apart, however, from possible timing differences in the two parts of the transaction, it must be remembered that the primary adjustment to current and deposit accounts involved the deduction of *all* cheques in course of collection—and indeed there is no alternative since it is impossible to distinguish between cheques in course of collection which have already been credited to the beneficiary and those which have not. Nor indeed is there any need to know this provided

that, having deducted *all* cheques in course of collection, the credit items held in suspense are also added back. This double adjustment takes care of any possible timing discrepancy: if the cheque reaches the drawer's account first, the true position is maintained because the credit in suspense is still being added back; if the credit transfer reaches the beneficiary's account first, the true position is maintained because the cheque in course of collection is still being deducted.

These are the principles which have been applied in producing the new quarterly figures of "net deposits" which appear in the table on pages 286 and 287. These are defined as current and deposit accounts, other than those held for other U.K. banks and for the discount houses, plus credits in course of transmission,<sup>(b)</sup> less cheques in course of collection and items in transit between offices of the same bank. There are, however, certain difficulties in this definition.

**Drawbacks to the definition**

The major criticism of this definition of net deposits is that it makes all adjustments to deposits; whereas in a banking system whose advances are largely made by way of overdraft many cheques in course of collection are liable to increase advances rather than reduce deposits, and to the extent that this happens net deposits (and advances) are understated by the adjustments. This is true, but not all advances are made by way of overdraft. Moreover, there is a significant item working in the opposite direction: to the extent that credit items in suspense are going not to increase deposits but rather to reduce overdrafts, net deposits (and advances) will be overstated.<sup>(c)</sup> The greater the development of the credit transfer system, the smaller may be the distortion which results from making adjustments to deposits only.

Secondly, there is the problem of items such as cheques and warrants drawn on accounts which are not included in net deposits, such as those drawn on the Paymaster General; when such instruments are included in collections and

<sup>(a)</sup> Examples of other suspense accounts which temporarily hold customers' funds are bills payable accounts and bankers' drafts accounts.

<sup>(b)</sup> All credit items on suspense accounts which are funds of customers as opposed to those of a bank itself.

<sup>(c)</sup> Understatement or overstatement of both deposits and advances is, of course, of no account when deposits and advances are considered together in the form of net claims on the banking sector.

deducted to arrive at the figure of net deposits, they serve to understate the total of net deposits. They may, however, be substantially offset by credits in suspense which will ultimately go to such accounts outside the definition. Bankers' accounts themselves fall outside the definition of net deposits, but transactions over these accounts, which are merely part of the process of settlement on behalf of accounts which are included in the definition, should not affect the calculation of net deposits.

**Net deposits of the London clearing banks** The concept of net deposits cannot usefully be employed in relation to a single bank or to any small and specialised group of banks, but ideally should relate to the banking sector as a whole. It can, however, usefully be applied to the larger sub-divisions of the sector and more particularly to the principal group of banks which dominates the domestic banking business in England and Wales—the London clearing banks—provided that certain difficulties are borne in mind.

In the first place it is impossible, from the information published monthly, to eliminate deposits of other banks, which in any case can only properly be eliminated from the banking sector as a whole.

More important is the question of credits in suspense. These present no difficulty where the whole banking sector is concerned, as in the consolidated table on pages 286 and 287, because there is no chance of disclosing the detailed position of an individual group of banks—which they are not obliged to reveal and which it is not necessary to disclose for the purposes of analysis. But in the information published monthly, credits in suspense cannot be distinguished from the internal funds included in "other accounts". The question then is whether the definition of net deposits in the monthly series, for the London clearing banks alone, should include "other accounts" (by deducting total collections from "gross

deposits") and thus embrace internal funds as well as credits in suspense; or whether it should exclude "other accounts" (by deducting total collections from "current and deposit accounts" only) and thus eliminate credits in suspense as well as internal funds.

**Historical background of net deposits** Before 1959 no complete series of net deposits of the London clearing banks was possible. Although cheques in course of collection had always been published (together with "balances with other banks" and some "items in transit"), there were no separate figures for all banks for the remaining "items in transit" (*i.e.*, cheques in course of collection between branches of the same bank) or for "other accounts". Aggregates for items in transit were first published by the clearing banks in October 1958; and it therefore became possible for the first time to deduct *all* items in course of collection (still including "balances with other banks"). Aggregates for "other accounts" were first published in January 1959, and a decision had then to be taken as to whether to include them or exclude them from net deposits. It was decided to omit them. Thus the definition of net deposits, which has hitherto been used in this *Bulletin* for the clearing banks, was—current and deposit accounts less (i) balances with, and cheques in course of collection on, other banks in the United Kingdom and the Republic of Ireland, and (ii) debit items in transit between offices of the same bank.<sup>(a)</sup>

In the light of events the decision to exclude "other accounts" from net deposits, and thus to make no attempt to add back credit items in suspense, appears to have been wrong. In 1959, however, the credit clearing had not been instituted, and credits in course of transmission were not then of great importance; the existing traders' credit system and the volume of cheques paid in at one branch for credit to another may, however, have been underestimated.<sup>(b)</sup>

<sup>(a)</sup> The Radcliffe Committee subsequently published the aggregates of "items in transit" and "other accounts" back to 1951, thus enabling net deposits to be calculated, on this definition, back to that year.

<sup>(b)</sup> It is true that the inter-bank or inter-branch settlement for cheques paid in at one branch for credit to another was formerly made by the receiving branch sending a claim voucher direct to the beneficiary branch and by this voucher being passed through the *debit* clearing; but then, as now, there would still have been credits held in suspense (pending the presentation, through the debit clearing, of the claim voucher).

With the rapid growth of the credit clearing in recent years, monthly figures of *changes* in net deposits have been impaired by the absence of any figure for the change in credit items in suspense; as, for example, the large fall which was shown in net deposits in April 1963, when credits in course of transmission rose sharply after Easter, and the reversal of this movement in the following month. To incorporate the change in credit items in suspense, the definition of net deposits used for the London clearing banks in this *Bulletin*, e.g., in Table 9 of the Statistical Annex, is now altered to: gross deposits (instead of current and deposit accounts only) less (i) balances with, and cheques in course of collection on, other banks in the United Kingdom and the Republic of Ireland and (ii) debit items in transit between offices of the same bank. Net deposits thus defined can still be calculated back to 1951, so that the change in definition does not cause a break in continuity. The definition of net deposits used for the Scottish banks will similarly be changed to include "other accounts": the definition for the Scottish banks will now be—gross deposits less debit items in transit between offices of the same bank. These definitions will admittedly overstate the absolute amount of net deposits by the amount of the banks' internal funds, but changes in the figure from month to month will incorporate changes in the total of credit items in suspense; and, in most months, it is changes in this latter item which seem to dominate the movements in "other accounts".

### 3. Seasonal adjustment of banking statistics: London clearing banks

An article in the June issue of this *Bulletin* gave seasonal variations and seasonally-adjusted changes in the London clearing banks' net deposits, as then defined, and their advances up to March 1963; and provisional estimates for subsequent months, obtained by extrapolation, have been given in the September issue of this *Bulletin* and in *Financial Statistics*.

The seasonal adjustments for net deposits have been recalculated on the revised definition of net deposits, i.e., including the "other accounts"; using, on the War Office computer, the modified version of Census Method II

described in the earlier article. The opportunity has also been taken to recalculate on the computer the seasonal adjustments to the London clearing banks' advances.

The revised series of net deposits and of advances, from 1959 to September 1963, are shown in the tables on page 294, in the same form in which the figures were published in the June *Bulletin*. A warning was then given that the adjustment for any single month should be treated with discretion, and particularly those for the latest months shown. Although for reasons of convenience the seasonal variations are given to the nearest £1 million, they should not be regarded as accurate to more than the nearest £5-£10 million.

In confirmation of the warning given earlier, the tables show that there have been some sizable revisions to the seasonally-adjusted series for "advances and other accounts" previously published; the sharp increases in advances in February and March made it difficult for a mechanical method of calculation to assess the seasonal variations in those months. The seasonally-adjusted increase in advances in the three months January to March 1963 is now put at £167 million, £46 million higher than previously estimated.

The addition of the figures for the latest six months has led to other revisions to the seasonal variations previously published, particularly for the months of June, August and September. The seasonal variation for June is now negative in 1959 and 1960 and negligible thereafter: the make-up dates in 1959 and 1960 were early in the month, before half-yearly interest was debited to overdrawn accounts, whereas in subsequent years, with some interest debited to accounts, advances rose more strongly in June. As regards August and September, the earlier figures published for these months were distorted to some extent by the large decreases in advances in August and September 1961, following the measures of restraint taken in July 1961; as they recede in time, these distortions carry less weight in estimating the seasonal pattern for 1961 and 1962, because they are averaged with more recent data.

The figures for advances after March 1963, estimated provisionally in the last issue of this *Bulletin*, can now be compared with those produced by the computer. The seasonally-



adjusted rise in advances in the three months April to June, estimated to be £90 million, is little changed, at £104 million; but the figure for August is scaled down from £63 million to £40 million, for the reason already mentioned.

The effect on the series of net deposits of including "other accounts" in the definition

has been to smooth the monthly fluctuations, without greatly altering the long-term trend. Between March and August 1963, net deposits, seasonally adjusted, are now shown to have increased by £162 million, virtually the same as the rise of £157 million estimated in the last issue of this *Bulletin*, on the previous definition.

The tables appear overleaf.

LONDON CLEARING BANKS' NET DEPOSITS<sup>(a)</sup>

Changes from make-up date in previous month

£ millions	Original figures					Seasonal variations					Seasonally-adjusted figures				
	1959	1960	1961	1962	1963	1959	1960	1961	1962	1963	1959	1960	1961	1962	1963
January ...	+ 12	+ 22	+ 51 <sup>(b)</sup>	+132	+ 94	+ 13	+ 33	+ 60	+ 82	+ 92	- 1	-11	- 9 <sup>(b)</sup>	+50	+ 2
February ...	-265	-237	-183	-239	-230	-231	-240	-239	-245	-255	- 34	+ 3	+ 56	+ 6	+25
March ...	- 9	-128	- 72	- 18	- 4	- 83	- 91	- 83	- 62	- 41	+ 74	-37	+ 11	+44	+37
April ...	+ 44	+ 72	+160	+ 23	+ 21	+ 49	+ 56	+ 49	+ 29	+ 9	- 5	+16	+111	- 6	+12
May ...	- 26	- 6	- 17	+ 26	+ 42	- 11	- 9	- 5	+ 2	+ 7	- 15	+ 3	- 12	+24	+35
June ...	+112	+ 45	+112	+114	+111	+ 43	+ 58	+ 74	+ 83	+ 86	+ 69	-13	+ 38	+31	+25
July ...	+167	+109	+ 86	+ 86	+104	+104	+ 95	+ 82	+ 69	+ 68	+ 63	+14	+ 4	+17	+36
August ...	+ 9	- 19	- 91	- 36	+ 15	- 39	- 44	- 48	- 44	- 39	+ 48	+25	- 43	+ 8	+54
September ...	+ 77	+ 13	- 31	+ 24	+ 38	+ 9	+ 3	- 2	-	+ 7	+ 68	+10	- 29	+24	+31
October ...	+148	+ 31	+ 51	+ 97	+107	+ 32	+ 38	+ 42	+ 39	+ 35*	+116	- 7	+ 9	+58	+72*
November ...	- 21	- 6	- 16	- 8	+ 49	- 9	- 18	- 23	- 27	- 35*	- 12	+12	+ 7	+19	+84*
December ...	+157	+103	+ 67	+ 90		+111	+ 89	+ 72	+ 65		+ 46	+14	- 5	+25	

LONDON CLEARING BANKS' ADVANCES AND OTHER ACCOUNTS<sup>(c)</sup>

Changes from make-up date in previous month

£ millions	Original figures					Seasonal variations					Seasonally-adjusted figures				
	1959	1960	1961	1962	1963	1959	1960	1961	1962	1963	1959	1960	1961	1962	1963
January ...	+ 73	+61	+ 38 <sup>(b)</sup>	+30	+ 45	+11	+20	+25	+25	+25	+62	+41	+13 <sup>(b)</sup>	+ 5	+20
February ...	+ 90	+95	+ 35 <sup>(d)</sup>	+93	+165	+33	+47	+59	+71	+85	+57	+48	-24 <sup>(d)</sup>	+22	+80
March ...	+107	+64	+ 60	+46	+117	+32	+34	+28	+34	+50	+75	+30	+32	+12	+67
April ...	+ 48	+83	+ 67	+ 3	+ 28	+ 8	+15	+13	+ 2	-11	+40	+68	+54	+ 1	+39
May ...	+ 55	+42	+ 25	- 3	+ 42	- 1	- 2	-	- 3	- 4	+56	+44	+25	-	+46
June ...	+ 38	+12	+ 52	+54	+ 20	-20	-12	- 3	+ 3	+ 1	+58	+24	+55	+51	+19
July ...	+ 72	+92	+ 42	+46	+ 62	+27	+34	+36	+30	+30	+45	+58	+ 6	+16	+32
August ...	+ 43	-35	-107	- 9	+ 8	-33	-49	-49	-40	-32	+76	+14	-58	+31	+40
September ...	+ 30	+ 7	-115	-28	- 43	-33	-51	-56	-58	-65	+63	+58	-59	+30	+22
October ...	+ 66	+25	- 70 <sup>(e)</sup>	+41	- 2	- 7	- 7	-15	-23	-25*	+73	+32	-55 <sup>(e)</sup>	+64	+23*
November ...	+ 42	- 5	- 28	+12	+ 14	-15	-26	-25	-26	-25*	+57	+21	- 3	+38	+39*
December ...	+ 29	+ 5	- 17	+10		-24	-23	-21	-26		+53	+28	+ 4	+36	

(a) Redefined to include "other accounts"; for full definition see page 292.

(b) Reflecting the exclusion of Lloyds Bank's Eastern branches after December 1960.

(c) Excluding items in transit and advances to the nationalised industries.

(d) Reflecting the exclusion of re-financeable export credits due for repayment within eighteen months which, from February 1961, were transferred from "Advances and other accounts" to "Liquid assets".

(e) Reflecting the transfer of certain assets, totalling 40, from "Advances and other accounts" to "Money at call and short notice".

\* These estimates are obtained by extrapolation and are provisional.