

## The euro-currency business of banks in London

### Introduction

Since June 1964, when the last article on this subject appeared in the *Bulletin*,<sup>1</sup> the foreign currency liabilities and claims of banks in the United Kingdom have grown at an impressive rate. This growth has been described in the quarterly Commentaries in subsequent issues of the *Bulletin*, and has also been touched upon in two recent articles on the U.K. banking sector.<sup>2</sup> The present article reviews developments over the past six years as a whole. It brings the earlier material together, and includes some new information about U.K. residents' holdings of non-sterling currencies, and about the maturity pattern of the banks' liabilities and claims in these currencies. The available statistics are summarised in four tables at the end of the article, and the sources of the figures are described in an appendix.

In their foreign currency deposit business, banks in the United Kingdom participate with banks in other centres in what has come to be known as the 'euro-currency' market. Euro-currencies are those other than the domestic currency of the country in which the bank taking the deposit or lending the funds is located. Thus for banks in the United Kingdom – including not only U.K.-registered banks, but also the U.K. offices of overseas banks – euro-currency business comprises deposits and lending in currencies other than sterling.<sup>3</sup> The bulk of the business is in U.S. dollars, but the major West European currencies, and occasionally other currencies, are also traded. The term euro-currency is something of a misnomer in that it implies that the foreign currencies are mainly deposited by, or on-lent to, other countries in Western Europe; in fact, participation in the market is world-wide.

Apart from the additional supplies of dollars generated mainly by the U.S. and U.K. balance of payments deficits, the following are perhaps the most important of the factors contributing to the growth of this business:

- a The market is able, for a number of reasons, to operate on a much smaller margin between borrowing and lending rates than is usual in domestic banking systems. In part, this is because of regulations imposed on domestic business which are not applied to euro-currency business. For example, domestic banks are often subject to regulation on interest rates – they may, for example, be limited as to the amount payable on deposits; alternatively, there may be conventions to the same effect. The euro-currency market is not restricted in this way. Again, most domestic banking systems have obligatory reserve requirements in one form or another on which the return is at best comparatively low; such requirements do not usually apply to euro-currency business and, as this is a time-deposit market in which the maturities of deposits and lending are generally broadly matched, the banks can often work on quite small reserves. There are other reasons for the smaller margins on euro-currency business, not con-

<sup>1</sup> U.K. banks external liabilities and claims in foreign currencies.

<sup>2</sup> June 1968 *Bulletin*: Overseas and foreign banks in London: 1962-68; June 1969 *Bulletin*: The U.K. banking sector: 1952-67.

<sup>3</sup> In practice, the term applies only to foreign currencies and does not include those of other countries of the sterling area.

nected with monetary regulations. For example, the euro-currency market deals only in large amounts whereas, in their domestic business, banks also have to incur the cost of handling far more modest sums.

- b The market itself is not subject to exchange or other controls, although such controls may apply to the suppliers and borrowers of funds in their own countries. In this context, the greater freedom that operators in the principal countries of Western Europe have enjoyed since the move to external convertibility at the end of 1958 has greatly helped the expansion of the market.
- c The existence of the market may allow anonymity, if a holder of a foreign currency prefers not to place it directly with the banking system of the country whose currency is involved.

#### **Developments in recent years**

During the six years from the end of 1963 to the end of 1969, the period covered by this survey, the number of banks and other institutions transacting foreign currency business in the United Kingdom increased from 132 to 193. Their gross foreign currency liabilities and claims, excluding funds taken from and lent to other banks in London (the inter-bank market) grew from about £1,300 million to some £12,500 million (see Table A). The rate of growth has fluctuated from year to year, but has, on balance, accelerated. Between the end of 1963 and the end of 1965 U.K. banks' gross foreign currency liabilities to overseas residents increased by over 25% per annum, but in the next three years up to the end of 1968 the average rate of increase climbed to nearly 50% per annum; during 1969 there was an increase of 75%.

The years of greatest growth have been those when tight credit conditions existed in the United States. In 1966 and 1969, for example, some banks in that country borrowed substantial amounts of euro-dollars, mainly through their overseas branches. To a limited extent, the heavy demand from U.S. banks was to offset movements of U.S. funds to the euro-dollar market, to take advantage of the higher interest rate prevailing there. More generally, with demands from other borrowers also growing steadily, the sources of the market's funds broadened to meet the greatly increased requirements.

The increases in London banks' liabilities and claims quoted above were no doubt partly attributable to the redepositing of funds between banks in London and those abroad – perhaps to take advantage of temporary differences in interest rates, or because banks wished to limit the amount of funds they placed directly with individual countries. In any attempt to measure the growth of the euro-currency market as a whole, such redeposited funds should, if possible, be omitted to avoid double-counting. The banks themselves, when accepting deposits from banks abroad, cannot distinguish redeposited funds from 'new' funds coming into the market – for example, those which the overseas banks are placing on behalf of their customers, or which they have obtained by switching domestic currency assets into foreign

currencies. Similarly, London banks would not know the ultimate destination of funds lent to a bank abroad. The Bank for International Settlements has from time to time made estimates of the size of the euro-dollar market, after excluding so far as possible the duplication arising from redepositing between banks; they estimate that the market's gross liabilities on this basis expanded from \$9,000 million at the end of 1964 to \$25,000 million at the end of 1968.<sup>1</sup>

### **Sources of funds**

Depositors of foreign currencies with banks in the United Kingdom include overseas central banks, commercial banks and similar financial institutions, international companies, smaller traders and even private individuals. The statistical information about these various categories of holders is limited. At the end of 1969 nearly 70% of the total of these deposits (excluding deposits between U.K. banks) was due to banks abroad, but as already noted this tells little about the origin of the deposits. A further 25% of total deposits was due directly to other overseas residents, and the balance of 5% to U.K. residents other than banks.

A geographical analysis of deposits from overseas (see Table B) indicates only the country from which the U.K. bank received the funds and not necessarily the country of beneficial ownership, which may have been masked as a result of redepositing. Bearing this qualification in mind, the pattern of supply seems to have changed remarkably little over the six years to the end of 1969, even though non-residents' deposits grew nearly tenfold during that time. West European countries have usually provided over half of the London market's overseas deposits, and their proportion of the total was 55% at the end of 1969 against 51% in 1963. Commercial banks in these countries have increasingly found the euro-currency market to be a convenient and profitable outlet for the employment of liquid funds; and with the demand for euro-currencies very strong and interest rates rising to record levels last year, they were particularly active in placing funds in the market. This was reflected in a rise of over £2,800 million in West European countries' deposits with London banks during 1969, most of which occurred during the first six months. The increase took place in spite of a tightening of monetary policy in many West European countries during the year. In some, measures were adopted to discourage or even reverse the outflow of short-term funds. In several countries, including some that introduced direct measures, official short-term interest rates were raised; whatever the underlying cause of these increases, they lessened the disparity between domestic rates and rising euro-dollar rates. Nevertheless, these measures did not seem to have a significant effect on the supply of euro-currencies to the London market; liabilities of banks in the United Kingdom to virtually all countries in Western Europe continued to rise throughout the year. It is possible that this continued rise in liabilities to Western Europe after the imposition of restrictions may have represented other countries' funds being channelled through Europe. In this context, Switzerland, which is the largest source of funds, did not restrict the placing of short-term

<sup>1</sup> See the thirty-ninth *Annual Report of the Bank for International Settlements, 1968/69*, page 149.



deposits; it largely operates as an entrepôt centre for funds from elsewhere. (The figures for Switzerland in Table B include deposits by the B.I.S., which occasionally puts funds in the euro-currency market to counter the effect of temporary disturbances such as withdrawals over the end of the year for 'window-dressing' purposes.)

Deposits from the United States and Canada both remained reasonably steady in proportionate terms over the six years to the end of 1969, representing around 12% and 10% respectively of total deposits. The holdings of overseas sterling area countries rose very steeply over this period – in absolute terms from £41 million to £994 million – mainly because of larger amounts placed by territories in the Persian Gulf and by the West Indies; as a proportion of total deposits, sterling countries' holdings rose from 3% to 8%. Deposits by East European countries (which are included with those of "other non-sterling countries" in Table B) rose from £57 million at end-1963 to £230 million at end-1969. In proportionate terms, only the deposits of non-sterling Middle Eastern countries showed any significant fall – from 10% to 2% – and even these deposits rose absolutely, from £132 million to £286 million.

U.K. residents also deposit funds in the euro-currency market on occasion, provided they have exchange control permission to hold foreign currencies. Sometimes the deposits represent the temporary employment of foreign currencies borrowed for an approved purpose. For example, much direct investment by U.K. companies in non-sterling countries is now financed by borrowing foreign currencies in London or abroad and, pending investment, the borrowed funds may be redeposited. Similarly, U.K. financial institutions have been allowed to borrow in the euro-currency market to finance portfolios of foreign currency securities, and the liquid portion of these portfolios may again be redeposited. There are, of course, other U.K. deposits which do not arise from borrowing. For example, trading and commercial companies with world-wide operations – including insurance, shipping and oil companies – are permitted, within limits, to hold foreign currency balances to finance their operations. The proceeds of disinvestment of U.K. residents' portfolios of foreign currency securities, in addition to those financed by borrowing, are also often held in the euro-currency market pending reinvestment. These balances tend to vary according to developments on overseas security markets, and in particular the New York market. In total, U.K. residents' deposits in the euro-currency market rose sharply, from just over £200 million in the latter part of 1967 to nearly £500 million at the end of 1969. About one half the latter figure reflected the holdings of trading and commercial companies, especially the substantial holdings of the insurance market, and another third the proceeds of borrowing awaiting investment.

#### **Employment of funds**

In contrast to external liabilities, the pattern of external claims has changed substantially over the years (see Table B). Commercial banks in the United States have found the euro-dollar market an increasingly convenient source of funds, particularly during times of domestic credit strin-

gency, and this has probably been a major cause of growth in the market. (Banks in the United States are not restricted by the Federal Reserve Board as to the rate of interest they may pay on their euro-dollar borrowing from their branches overseas and, until October 1969,<sup>1</sup> such borrowings were also free from the reserve requirements which are imposed by the Federal Reserve Board on other types of deposits.) Foreign currency claims on the United States by banks in London rose from 23% of total external claims at the end of 1963 to 43% at the end of 1968 and 49% – or £5,613 million – at the end of 1969. From late in 1968, banks in the United States experienced increasingly tight credit conditions. They lost a substantial volume of deposits in the form of certificates of deposit – the rates for new certificates were subject to regulation by the F.R.B.,<sup>2</sup> and were below market rates – and, at the same time, the domestic demand for loans remained strong. As a result, banks in the United States bid strongly for euro-dollars and rates rose steeply.

Over the six years, U.K. banks' claims on overseas countries other than the United States fell, as a proportion of total claims, from 77% to 51%. The absolute level, however, rose from £978 million to £6,377 million – a broad indication of the growth in the use of euro-currencies for trade and investment purposes throughout the rest of the world. In 1969 a considerable part of the growth seems to have been attributable to borrowing, including amounts taken by residents of Western Germany, in order to speculate on a revaluation of the Deutschmark; but this apart, the countries of Western Europe have been major users of euro-currencies. Claims on Japan rose substantially up to the end of 1968, but then changed little; the money was used mainly to support domestic lending to industry. A rise in claims on Latin America was largely attributable to Mexico, whose borrowing rose from £3 million at the end of 1963 to £235 million at the end of 1969. Lending to East European countries (largely in the form of foreign currency bills) rose over the six years by roughly the same amount as their deposits. The rapid rise in lending to the overseas sterling area during 1969 was almost entirely due to the Bahamas, and reflected borrowing by investment companies and similar institutions located there and also by local offices of U.S. banks.

Foreign currency lending by banks in the United Kingdom to other U.K. residents, although small, grew very fast after the latter part of 1967. At that time, the total was about £220 million compared with a figure of nearly £630 million at the end of 1969. Some of the purposes for which borrowing may be approved by exchange control have already been mentioned.

Taking the banks' deposits and lending together, there was a very substantial increase in net borrowing by the United States over the six years, to a total of £4,343 million; net borrowing by Japan also rose, but much less steeply. All other areas, taken as groups, were net depositors. In particular West European countries' deposits, less borrowing, grew very sharply, to £3,181 million at the end of 1969. Canada's net deposits also rose substantially, and overseas sterling area countries were other large net depositors.

<sup>1</sup> In October, a 10% reserve requirement was imposed on euro-dollar borrowing by banks in the United States from their overseas branches in excess of the average level of borrowing outstanding in May 1969.

<sup>2</sup> The maximum rates of interest payable on deposits were raised on 21st January 1970; the ceiling for deposits of 180 days to one year became 7%, and a new maximum of 7½% was introduced for deposits of one year and over. These rates were still below those ruling in the market at that time.

### Structure of the market

At the end of 1963 three groups of banks together accounted for two thirds of the business done in the London market; these were the American banks and the British overseas and Commonwealth banks (each accounting for about 25% of the total) and the accepting houses (rather less than 20%). More details are given in Table D. With the great increase in the borrowing of euro-dollars by banks in the United States, which has been effected mainly through their branches in London, the share of these branches in the London euro-currency market rose substantially over the years to stand at 54% at the end of 1969. Over the same period the number of branches of American banks in London rose from nine to twenty-nine. The share of all other groups of banks fell, and in particular the accepting houses now account for only 8% of the market total.

The euro-currency operations of the U.K. deposit banks, comprising primarily the London clearing, Scottish and Northern Ireland banks, have always been comparatively small. Most of these banks conventionally maintain cash and liquidity reserves in respect of their total deposits, in both sterling and foreign currency; as mentioned in the Introduction, this makes it difficult for them to compete in the euro-currency market. The deposit banks have surmounted this particular obstacle by operating through their subsidiaries, which are not required to observe the same liquidity conventions. (These subsidiaries are mainly included in the category "other banks" in Tables A and D.)

At the end of 1963, the liabilities and claims of most groups of banks were nearly in balance for each of the four principal sectors of the market – other banks in the United Kingdom, other U.K. residents, overseas sterling area countries and non-sterling countries (see Table A). The position has, however, changed radically over the years. In particular, the American banks changed from being net lenders of £22 million to the U.K. inter-bank market at end-1963 to net borrowers of £677 million at end-1969 (see Table A). They used these funds, together with others, principally to lend to their head offices. The Japanese banks in London (included among "other overseas banks" in Table A) were also heavy net borrowers from other banks in the United Kingdom, lending the funds to their head offices to support domestic advances. Most other groups of banks borrowed large amounts from overseas and lent the funds to the American and Japanese banks through the inter-bank market.

Since May 1966, some of the banks in London have issued certificates of deposit denominated in U.S. dollars. The practice was slow to develop at first, but during 1968 and 1969 the rate of growth increased appreciably; by the end of 1969 there were over £1,537 million of certificates of deposit outstanding, representing some 9% of total gross foreign currency liabilities of the London banks. There is an active secondary market in certificates of deposit now operated by seven institutions (there used to be eight), mostly discount houses. The number of issuing banks has risen to fifty-two, but ten of these accounted for £1,043 million, or over two thirds of total certificates outstanding, at the end of 1969.



As mentioned earlier, the great bulk of the euro-currency market's business is in U.S. dollars. Since 1965 about 90% of the London market's external liabilities have been in that currency, about 5% in Deutschemark and 3% in Swiss francs. Much the same pattern emerges on the claims side, although claims in Deutschemark showed a sharp rise in 1969; this was partly a response to forward covering by customers expecting a revaluation, and partly because of a significant increase in Deutschemark lending to those prepared to offset the lower interest charges against the possible exchange risk. On balance, banks in the United Kingdom have consistently had net liabilities in U.S. dollars and net assets in other non-sterling currencies apart from Swiss francs (in which the position has varied).

#### **The maturity of funds in the market**

The euro-currency market is essentially a time deposit market. The maturity of deposits ranges from call to three years or more. The banks seek broadly to match the maturity of their liabilities and claims in euro-currencies although, when assessing their net maturity position, they will concern themselves as well with the quality of their maturing claims.

On two recent occasions the banks have provided a maturity analysis of their assets and liabilities in non-sterling currencies, relating to the end of April 1968 and to the end of July 1969. The results are set out in Table C. For convenience of analysis the market has been divided into three broad groups of banks – British banks (including Commonwealth banks), American banks and other foreign banks. The liabilities and claims of each group are divided into four broad ranges of maturities and are shown according to whether the transactions were with other banks, either in the United Kingdom or abroad, or with other domestic or overseas customers.

In total, the banks' positions were broadly matched at the end of July 1969. At sight, their claims exceeded their liabilities by over £1,800 million; this favourable net asset position was almost entirely attributable to the American banks, which had borrowed both in the inter-bank market and elsewhere at longer term and lent at call to their head offices. Sight liabilities comprise both overnight funds and deposits made originally at longer term which have now run their course and mature the next day; they probably include a large proportion of funds that will not in fact be withdrawn from the banks concerned or, if withdrawn, will be redeposited elsewhere in the system on the same day. Over 25% of the market's assets and liabilities at the end of last July were at sight and a further 45% fell due between two days and three months. Taking the cumulative position from sight up to three months, the banks had net liabilities of just over £270 million, which represented only 2½% of gross liabilities in this maturity range.

Altogether, the market's position was not markedly different at the end of July 1969 from that at the end of April 1968, in spite of the great growth of the market and the intermittent bouts of pressure on the foreign exchanges during

the intervening fifteen months. Over that period gross liabilities, including liabilities to other London banks, more than doubled, to £15,850 million. The cumulative net position for all maturities up to three months was not very much changed between the two dates – net liabilities of just over £360 million at end-April 1968, compared with just over £270 million at end-July 1969 – even though the American banks had greatly increased their sight lending to their head offices; and cumulative net liabilities from sight up to one year increased by only about £120 million, to £730 million.

The net position of British banks, including Commonwealth banks, was much the same at both dates. At end-July 1969 they were almost exactly in balance at sight, an apparent short position of £133 million being largely balanced by holdings of certificates of deposit.<sup>1</sup> Taking the whole range of maturities, this group of banks had, to a marginal extent, borrowed at shorter term to lend longer. Their net position with other banks in the United Kingdom broadly matched their position with banks abroad; but with other customers, and particularly overseas customers, the banks had small net liabilities at the shorter dates and roughly matching net assets at one year and over. This maturity pattern probably occurred because customers other than banks deposited liquid balances at relatively short notice, and borrowed at longer term for investment purposes (including portfolio investment).

The American banks had net sight assets of over £1,800 million at end-July 1969, because their lending to head offices was largely on an overnight basis.<sup>2</sup> The borrowing to finance this lending was mainly for periods up to three months so that, taking the range of maturities from sight to three months, these banks had small net liabilities of £71 million. Like the British group of banks, the American banks in London take short deposits from their overseas customers other than banks and lend to them at longer term; but deposits substantially exceed lending.

The other foreign banks had net sight assets of £150 million, mainly comprising lending by Japanese banks to their head offices and by other banks in this group to the U.K. inter-bank market. These sight assets were, however, rather more than offset by net liabilities at longer maturities up to three months.

Many banks are prepared not only to advance foreign currencies but also to make available lines of credit, or stand-by credits, which customers (including other banks) may draw on as they require. Similarly, some banks in the United Kingdom have arranged lines of credit with overseas banks. These stand-by credits are in the nature of contingent assets and liabilities, and so are not included in the figures in the tables.

#### **Interest rates**

Since the end of 1963, when the rate for three months' euro-dollar deposits in London stood at 4½% per annum, interest rates in this market have shown a tendency to rise (see Chart 1). In the earlier part of the period the euro-dollar rate

<sup>1</sup> In Table C, certificates of deposit held by reporting institutions are treated as assets maturing at the due dates; banks themselves, of course, regard certificates of deposits as fully marketable (sight) assets.

<sup>2</sup> Up to that time, it had been advantageous for the U.S. head offices to borrow on an overnight basis, because this had the effect of reducing reserve requirements; the method of calculating these requirements has, however, now been changed.



was generally between the U.S. banks' prime lending rate and the maximum rate which they were permitted to pay on time deposits. However, as credit conditions in the United States became increasingly tight from late 1968 onwards, American banks borrowed euro-dollars heavily to alleviate liquidity shortages. In doing so, they drove rates to much higher levels than those ruling in the United States.<sup>7</sup> From around 6% per annum in August 1968 rates rose to nearly 13% per annum in June 1969; by the end of 1969 the rate had fallen back, but it was still just over 10% per annum.

Euro-dollar rates tend to influence domestic interest rates, because differences between them significantly affect the movement of overseas funds into or out of the United Kingdom. Depending mainly upon the state of confidence in sterling, the comparison between euro-dollar and domestic rates might often be made after taking account of the cost of forward cover. Various domestic rates might be chosen for this comparison. Those payable in the inter-bank sterling market would sometimes prove the most suitable, and for some purposes the deposit rates paid by hire purchase finance houses would be relevant. But the most widely used comparison is with the rates paid for short-term funds by local authorities. A comparison of the three months' euro-dollar rate with the return on U.K. local authority deposits of the same term, adjusted to allow for the cost of forward cover, shows that the yields were nearly the same for most of the time up to the devaluation of sterling in November 1967, save for two short periods around May 1965 and September 1967 (see Chart II). This near identity of covered yields was almost entirely attributable to the fact that between November 1964 and devaluation the authorities supported the rate for forward sterling, keeping the discount to a very small figure. Since devaluation the rate for forward sterling has been allowed to find its own level, and has fluctuated a great deal; the cost of three months' cover has ranged between over 8% per annum and, recently, as little as  $\frac{1}{8}$ % per annum. For much of this period, euro-dollar rates have yielded substantially more than local authority deposits, after allowing for the cost of forward cover. Indeed, as a result of the steep rise in euro-dollar rates last year, three months' deposits of euro-dollars have, since May 1969, given a higher return than U.K. local authority deposits even on an uncovered basis.

Banks in the United Kingdom will take account, among other things, of the comparison between euro-dollar rates and the covered return on funds employed in the United Kingdom when judging whether to convert foreign currency assets into sterling, or to convert back into currency amounts previously switched into sterling. But they have little scope for employing their own funds in the euro-currency market, because the size of the net currency assets they may hold either uncovered or against forward liabilities is restricted by foreign exchange limits fixed by exchange control. These limits are very small in relation to the banks' total foreign currency operations. During 1964 and 1965, the banks consistently employed in sterling part of the foreign currencies deposited with them; the net amount converted into sterling reached a peak of over

<sup>7</sup> Chart I suggests that euro-dollar rates had also risen above those ruling in the United States during the credit shortage in 1966. In practice, this was not so. Effective U.S. lending rates are higher than those shown on the chart, because borrowers are usually required to leave a proportion of the loan as a non-interest-bearing deposit.

£300 million during the early months of 1965. The position later changed, however, and at the end of 1969 the banks had net currency assets of nearly £60 million.

### **Conclusion**

The euro-currency market has expanded greatly over recent years, and in particular during 1969. It has provided some banks in the United States with additional liquidity during times of credit stringency, has allowed surplus funds throughout the world to be utilised profitably, and has accommodated the financial needs of manufacturers, traders and investors. The market has also enabled short-term capital to be mobilised rapidly within the limits of national exchange control restrictions. The existence of this market has also led to far closer links between domestic money markets. As a result, interest rate movements in the euro-currency market have been reflected to an increasing extent in domestic markets.

Although periodic disturbances on the foreign exchanges have brought inevitable strains, the euro-currency market has weathered these pressures with remarkably little disturbance. The only really noticeable impact has been the adjustment of interest rates, sometimes swift, to match the sudden changes in the supply of and demand for funds. The smoothness with which the market has lived through such times is largely due to its breadth and size.



Chart I

Per cent

Euro-dollar rates compared with U.S. interest rates

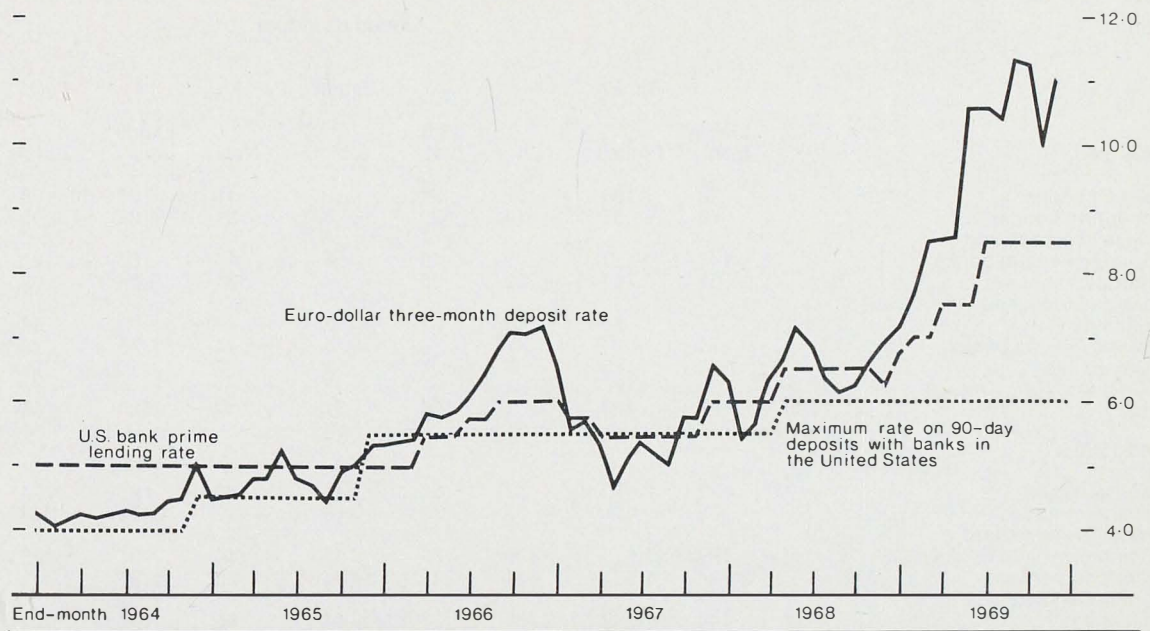


Chart II

Per cent

Covered differential between euro-dollar and U.K. local authority rates (3 months' deposits)

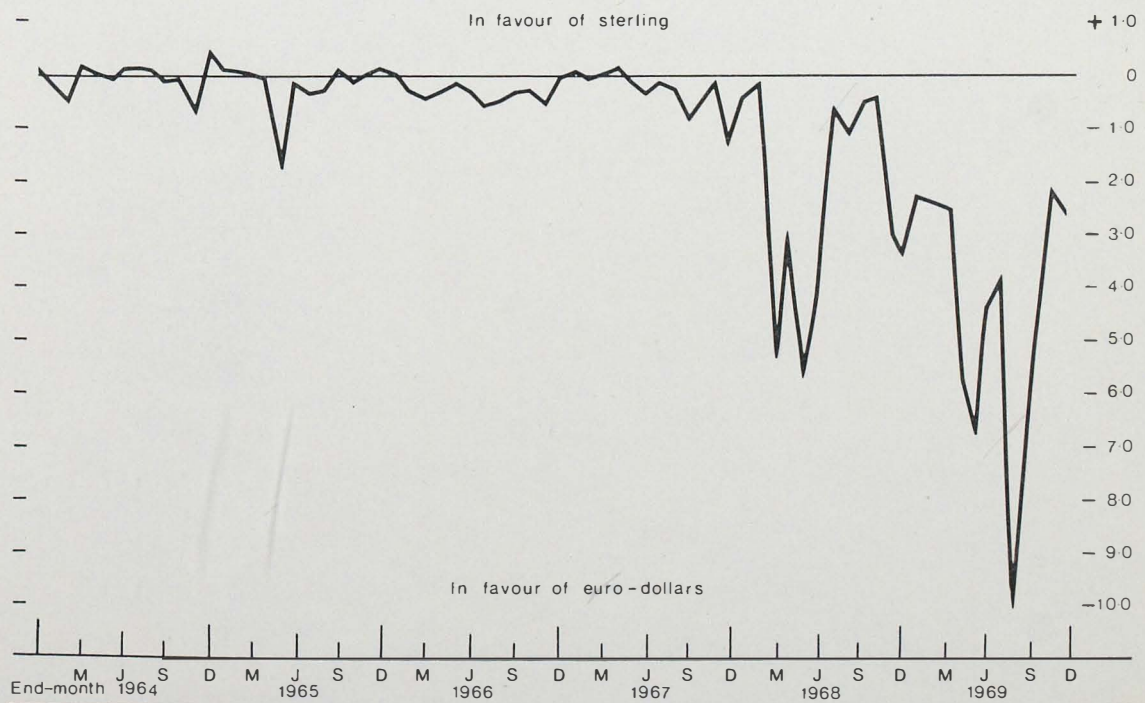


Table A

Net liabilities/claims in non-sterling currencies of banks in the United Kingdom<sup>a</sup>

£ millions

Claims —

United Kingdom

|  | Banks                    |                          |       | Other            |            |       | Total            |              |       |
|--|--------------------------|--------------------------|-------|------------------|------------|-------|------------------|--------------|-------|
|  | Liabil-<br>ities         | Claims                   | Net   | Liabil-<br>ities | Claims     | Net   | Liabil-<br>ities | Claims       | Net   |
| <b>End-1963</b>                            |                          |                          |       |                  |            |       |                  |              |       |
| Deposit banks                              | 4                        | 56                       | — 52  | 21               | 3          | 18    | 25               | 59           | — 34  |
| Accepting houses                           | 76                       | 87                       | — 11  | 29               | 8          | 21    | 105              | 95           | — 10  |
| British overseas and<br>Commonwealth banks | 146                      | 137                      | — 9   | 19               | 5          | 14    | 165              | 142          | — 23  |
| American banks                             | 39                       | 61                       | — 22  | 25               | 4          | 21    | 64               | 65           | — 1   |
| Foreign banks and<br>affiliates            | 77                       | 57                       | 20    | 1                | 2          | — 1   | 78               | 59           | 19    |
| Other overseas banks                       | 71                       | 24                       | 47    | 4                | 5          | — 1   | 75               | 29           | 46    |
| Other banks                                | 15                       | 8                        | 7     | 1                | 3          | — 2   | 16               | 11           | 5     |
| <b>Total</b>                               | <b>429</b>               | <b>429</b>               |       | <b>100</b>       | <b>31</b>  |       | <b>529</b>       | <b>460</b>   |       |
| <b>End-1969</b>                            |                          |                          |       |                  |            |       |                  |              |       |
| Deposit banks                              | 128                      | 179                      | — 51  | 67               | 15         | 52    | 195              | 194          | 1     |
| Accepting houses                           | 375                      | 447                      | — 72  | 73               | 115        | — 42  | 448              | 562          | — 114 |
| British overseas and<br>Commonwealth banks | 679                      | 1,115                    | — 436 | 72               | 188        | — 116 | 751              | 1,303        | — 552 |
| American banks                             | 2,204                    | 1,527                    | 677   | 227              | 174        | 53    | 2,431            | 1,701        | 730   |
| Foreign banks and<br>affiliates            | 144                      | 582                      | — 438 | 18               | 44         | — 26  | 162              | 626          | — 464 |
| Other overseas banks                       | 359                      | 232                      | 127   | 5                | 18         | — 13  | 364              | 250          | 114   |
| Other banks                                | 549                      | 456                      | 93    | 31               | 74         | — 43  | 580              | 530          | 50    |
| <b>Total</b>                               | <b>4,439<sup>c</sup></b> | <b>4,538<sup>c</sup></b> |       | <b>493</b>       | <b>628</b> |       | <b>4,932</b>     | <b>5,166</b> |       |

a Source: U.K. Exchange Control.

b Of which banks, 1,112; the figure of liabilities to banks is not available.

c Total liabilities to, and claims on, banks in the United Kingdom should be the same. By the end of 1969, however, a difference had developed between the two sets of figures as reported, and it has not so far been possible to rectify this. There will be compensating differences in other columns of the table, but not in the final totals.

d Of which banks, 8,398 and 9,212 respectively.



| Sterling         |            |     | Overseas countries        |                           |      | Total            |               |      | Total<br>United Kingdom<br>and overseas |               |      |
|------------------|------------|-----|---------------------------|---------------------------|------|------------------|---------------|------|---|---------------|------|
| Liabil-<br>ities | Claims     | Net | Liabil-<br>ities          | Claims                    | Net  | Liabil-<br>ities | Claims        | Net  | Liabil-<br>ities                        | Claims        | Net  |
| —                | —          | —   | 60                        | 50                        | 10   | 60               | 50            | 10   | 86                                      | 108           | -22  |
| 14               | —          | 14  | 202                       | 212                       | - 10 | 216              | 212           | 4    | 321                                     | 307           | 14   |
| 13               | 2          | 11  | 254                       | 221                       | 33   | 267              | 223           | 44   | 432                                     | 365           | 67   |
| 2                | —          | 2   | 374                       | 366                       | 8    | 376              | 366           | 10   | 440                                     | 431           | 9    |
| —                | —          | —   | 95                        | 99                        | - 4  | 95               | 99            | - 4  | 174                                     | 158           | 16   |
| 8                | —          | 8   | 227                       | 272                       | - 45 | 235              | 272           | - 37 | 311                                     | 299           | 12   |
| —                | —          | —   | 19                        | 23                        | - 4  | 19               | 23            | - 4  | 34                                      | 34            | —    |
| <b>37</b>        | <b>2</b>   |     | <b>1,232</b>              | <b>1,242<sup>b</sup></b>  |      | <b>1,270</b>     | <b>1,244</b>  |      | <b>1,798</b>                            | <b>1,704</b>  |      |
| 6                | 2          | 4   | 64                        | 105                       | - 41 | 69               | 107           | - 38 | 265                                     | 301           | -36  |
| 87               | 20         | 67  | 753                       | 722                       | 31   | 840              | 742           | 98   | 1,288                                   | 1,304         | - 16 |
| 208              | 39         | 169 | 1,787                     | 1,417                     | 370  | 1,995            | 1,456         | 539  | 2,748                                   | 2,761         | -13  |
| 373              | 123        | 250 | 6,307                     | 7,273                     | -966 | 6,680            | 7,396         | -716 | 9,110                                   | 9,097         | 17   |
| 19               | 3          | 16  | 1,037                     | 585                       | 452  | 1,056            | 588           | 468  | 1,219                                   | 1,212         | 7    |
| 157              | 8          | 149 | 495                       | 762                       | -267 | 651              | 770           | -119 | 1,014                                   | 1,020         | - 6  |
| 46               | 28         | 18  | 632                       | 707                       | - 75 | 678              | 735           | - 57 | 1,258                                   | 1,265         | - 7  |
| <b>896</b>       | <b>223</b> |     | <b>11,074<sup>d</sup></b> | <b>11,570<sup>d</sup></b> |      | <b>11,970</b>    | <b>11,793</b> |      | <b>16,902</b>                           | <b>16,959</b> |      |

**Table B****Geographical analysis of external liabilities and claims of banks in the United Kingdom in non-sterling currencies<sup>a</sup>**

£ millions

| End of:  | Liabilities  |              |              |              |              |              |               |
|--|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
|  | 1963         | 1964         | 1965         | 1966         | 1967         | 1968         | 1969          |
| <b>Western Europe</b>                                |              |              |              |              |              |              |               |
| Austria  | 81           | 82           | 59           | 99           | 158          | 143          | 142           |
| Belgium and Luxembourg                               | 36           | 43           | 61           | 101          | 142          | 306          | 582           |
| Denmark  | 5            | 8            | 11           | 21           | 31           | 63           | 102           |
| France   | 49           | 97           | 133          | 207          | 309          | 440          | 737           |
| Western Germany                                      | 36           | 42           | 69           | 82           | 265          | 336          | 441           |
| Italy  | 77           | 98           | 220          | 282          | 322          | 662          | 988           |
| Netherlands  | 34           | 59           | 49           | 65           | 111          | 215          | 515           |
| Norway   | 11           | 22           | 52           | 62           | 101          | 157          | 229           |
| Spain  | 20           | 33           | 34           | 29           | 34           | 79           | 144           |
| Sweden   | 10           | 33           | 33           | 34           | 58           | 109          | 90            |
| Switzerland (incl. B.I.S.)                           | 267          | 305          | 413          | 664          | 824          | 1,321        | 2,621         |
| Other  | 26           | 28           | 31           | 46           | 58           | 86           | 152           |
| <b>Total</b>   | <b>652</b>   | <b>850</b>   | <b>1,165</b> | <b>1,692</b> | <b>2,413</b> | <b>3,917</b> | <b>6,743</b>  |
| <b>United States</b>                                 | <b>152</b>   | <b>204</b>   | <b>194</b>   | <b>349</b>   | <b>588</b>   | <b>1,119</b> | <b>1,270</b>  |
| <b>Canada</b>  | <b>133</b>   | <b>273</b>   | <b>170</b>   | <b>200</b>   | <b>324</b>   | <b>505</b>   | <b>1,085</b>  |
| <b>Japan</b>   | <b>4</b>     | <b>7</b>     | <b>10</b>    | <b>11</b>    | <b>16</b>    | <b>26</b>    | <b>127</b>    |
| <b>Latin America</b>                                 | <b>67</b>    | <b>90</b>    | <b>100</b>   | <b>135</b>   | <b>201</b>   | <b>276</b>   | <b>574</b>    |
| <b>Middle East</b>                                   | <b>132</b>   | <b>159</b>   | <b>215</b>   | <b>234</b>   | <b>231</b>   | <b>235</b>   | <b>286</b>    |
| <b>Overseas sterling area</b>                        |              |              |              |              |              |              |               |
| Bahamas  | 9            | 11           | 28           | 46           | 45           | 69           | 188           |
| Bermuda  | 19           | 42           | 59           | 72           | 94           | 109          | 164           |
| Persian Gulf territories                             | 1            | 9            | 16           | 33           | 61           | 174          | 244           |
| Other  | 12           | 20           | 22           | 49           | 98           | 191          | 398           |
| <b>Total</b>   | <b>41</b>    | <b>82</b>    | <b>125</b>   | <b>200</b>   | <b>298</b>   | <b>543</b>   | <b>994</b>    |
| <b>Other non-sterling countries</b>                  | <b>93</b>    | <b>111</b>   | <b>116</b>   | <b>151</b>   | <b>251</b>   | <b>405</b>   | <b>590</b>    |
| <b>Non-territorial organisations and unallocated</b> | <b>6</b>     | <b>10</b>    | <b>27</b>    | <b>30</b>    | <b>60</b>    | <b>105</b>   | <b>295</b>    |
| <b>Total</b>   | <b>1,280</b> | <b>1,786</b> | <b>2,122</b> | <b>3,002</b> | <b>4,382</b> | <b>7,131</b> | <b>11,964</b> |
| <i>of which:</i>                                     |              |              |              |              |              |              |               |
| <i>U.S. Dollars</i>                                  | <i>1,072</i> | <i>1,566</i> | <i>1,893</i> | <i>2,727</i> | <i>4,037</i> | <i>6,402</i> | <i>10,689</i> |
| <i>Deutschemark</i>                                  | <i>65</i>    | <i>83</i>    | <i>96</i>    | <i>104</i>   | <i>128</i>   | <i>344</i>   | <i>609</i>    |
| <i>Swiss francs</i>                                  | <i>76</i>    | <i>83</i>    | <i>72</i>    | <i>109</i>   | <i>118</i>   | <i>242</i>   | <i>453</i>    |
| <i>Other non-sterling currencies</i>                 | <i>67</i>    | <i>54</i>    | <i>61</i>    | <i>62</i>    | <i>99</i>    | <i>143</i>   | <i>213</i>    |

a Source: monthly returns of external liabilities and claims.



| Claims       |              |              |              |              |              |               | Net<br>(liability -) |             |             |             |              |               |               |
|--------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------------|-------------|-------------|-------------|--------------|---------------|---------------|
| 1963         | 1964         | 1965         | 1966         | 1967         | 1968         | 1969          | 1963                 | 1964        | 1965        | 1966        | 1967         | 1968          | 1969          |
| 5            | 11           | 17           | 33           | 65           | 90           | 77            | - 75                 | - 71        | - 42        | - 66        | - 93         | - 53          | - 65          |
| 92           | 115          | 92           | 124          | 143          | 204          | 423           | 56                   | 72          | 31          | 23          | 1            | 102           | 159           |
| 34           | 40           | 42           | 45           | 83           | 61           | 68            | 29                   | 32          | 31          | 24          | 59           | 2             | 34            |
| 82           | 87           | 89           | 106          | 138          | 243          | 557           | 33                   | - 10        | - 44        | -101        | - 171        | - 197         | - 180         |
| 116          | 182          | 195          | 244          | 216          | 401          | 645           | 80                   | 140         | 126         | 162         | 49           | 62            | 204           |
| 188          | 171          | 168          | 195          | 191          | 289          | 615           | 111                  | 73          | - 52        | - 87        | - 131        | - 373         | - 373         |
| 34           | 70           | 66           | 97           | 128          | 149          | 203           | —                    | 11          | 17          | 32          | 17           | 6             | 312           |
| 29           | 32           | 53           | 76           | 96           | 105          | 129           | 18                   | 10          | 1           | 14          | 5            | 52            | 100           |
| 11           | 10           | 21           | 27           | 66           | 89           | 113           | - 9                  | - 23        | - 13        | - 2         | 32           | 10            | 31            |
| 38           | 36           | 35           | 46           | 64           | 83           | 96            | 28                   | 3           | 2           | 12          | 6            | 26            | 6             |
| 49           | 62           | 97           | 106          | 162          | 289          | 452           | -218                 | -243        | -316        | -558        | - 662        | -1,032        | -2,169        |
| 14           | 24           | 41           | 61           | 100          | 158          | 184           | - 12                 | - 4         | 10          | 15          | 42           | 72            | 32            |
| <b>692</b>   | <b>840</b>   | <b>916</b>   | <b>1,160</b> | <b>1,452</b> | <b>2,161</b> | <b>3,562</b>  | <b>40</b>            | <b>- 10</b> | <b>-249</b> | <b>-532</b> | <b>- 961</b> | <b>-1,756</b> | <b>-3,181</b> |
| <b>290</b>   | <b>435</b>   | <b>575</b>   | <b>1,244</b> | <b>1,709</b> | <b>3,058</b> | <b>5,613</b>  | <b>138</b>           | <b>231</b>  | <b>381</b>  | <b>895</b>  | <b>1,121</b> | <b>1,939</b>  | <b>4,343</b>  |
| <b>37</b>    | <b>26</b>    | <b>55</b>    | <b>98</b>    | <b>145</b>   | <b>202</b>   | <b>267</b>    | <b>- 96</b>          | <b>-247</b> | <b>-115</b> | <b>-107</b> | <b>- 179</b> | <b>- 303</b>  | <b>- 818</b>  |
| <b>127</b>   | <b>181</b>   | <b>209</b>   | <b>249</b>   | <b>451</b>   | <b>695</b>   | <b>675</b>    | <b>123</b>           | <b>174</b>  | <b>199</b>  | <b>238</b>  | <b>435</b>   | <b>669</b>    | <b>548</b>    |
| <b>29</b>    | <b>30</b>    | <b>76</b>    | <b>81</b>    | <b>177</b>   | <b>342</b>   | <b>613</b>    | <b>- 38</b>          | <b>- 60</b> | <b>- 24</b> | <b>- 54</b> | <b>- 24</b>  | <b>66</b>     | <b>39</b>     |
| <b>17</b>    | <b>31</b>    | <b>42</b>    | <b>49</b>    | <b>87</b>    | <b>124</b>   | <b>130</b>    | <b>-115</b>          | <b>-128</b> | <b>-173</b> | <b>-185</b> | <b>- 144</b> | <b>- 111</b>  | <b>- 156</b>  |
| —            | 1            | 3            | 5            | 30           | 49           | 385           | — 9                  | — 10        | — 25        | — 41        | — 15         | — 20          | 197           |
| —            | —            | 1            | 1            | 6            | 12           | 30            | — 19                 | — 42        | — 58        | — 71        | — 88         | — 97          | 134           |
| —            | —            | —            | 2            | 3            | 11           | 21            | — 1                  | — 9         | — 16        | — 31        | — 58         | — 163         | 223           |
| 3            | 3            | 20           | 31           | 60           | 105          | 113           | — 9                  | — 17        | — 2         | — 18        | — 38         | — 86          | 285           |
| <b>3</b>     | <b>4</b>     | <b>24</b>    | <b>39</b>    | <b>99</b>    | <b>177</b>   | <b>549</b>    | <b>- 38</b>          | <b>- 78</b> | <b>-101</b> | <b>-161</b> | <b>- 199</b> | <b>- 366</b>  | <b>- 445</b>  |
| <b>73</b>    | <b>79</b>    | <b>83</b>    | <b>105</b>   | <b>247</b>   | <b>343</b>   | <b>474</b>    | <b>- 20</b>          | <b>- 32</b> | <b>- 33</b> | <b>- 46</b> | <b>- 4</b>   | <b>- 62</b>   | <b>- 116</b>  |
| —            | —            | —            | —            | 7            | 7            | 107           | <b>- 6</b>           | <b>- 10</b> | <b>- 27</b> | <b>- 30</b> | <b>- 53</b>  | <b>- 98</b>   | <b>- 188</b>  |
| <b>1,268</b> | <b>1,626</b> | <b>1,980</b> | <b>3,020</b> | <b>4,374</b> | <b>7,109</b> | <b>11,990</b> | <b>- 12</b>          | <b>-160</b> | <b>-142</b> | <b>18</b>   | <b>- 8</b>   | <b>- 22</b>   | <b>26</b>     |
| <b>1,024</b> | <b>1,312</b> | <b>1,624</b> | <b>2,611</b> | <b>3,836</b> | <b>6,242</b> | <b>10,505</b> | <b>- 48</b>          | <b>-254</b> | <b>-269</b> | <b>-116</b> | <b>- 201</b> | <b>- 160</b>  | <b>- 184</b>  |
| 68           | 119          | 162          | 167          | 224          | 439          | 791           | 3                    | 36          | 66          | 63          | 96           | 95            | 182           |
| 71           | 85           | 81           | 94           | 148          | 246          | 487           | - 5                  | 2           | 9           | - 15        | 30           | 4             | 34            |
| 105          | 110          | 113          | 148          | 166          | 182          | 207           | 38                   | 56          | 52          | 86          | 67           | 39            | 6             |

**Table C****Maturity analysis of liabilities and claims in non-sterling currencies of banks in the United Kingdom: July 1969 (*April 1968 in italics*)**

£ millions

|  | Liabilities |                                    |                                       |                   |           | Total             |  |
|--|-------------|------------------------------------|---------------------------------------|-------------------|-----------|-------------------|--|
|  | Sight       | Two days to less than three months | Three months up to less than one year | One year and over |           |                   |  |
|  |             |                                    |                                       |                   | July 1969 | <i>April 1968</i> |  |
| Liabilities to and claims on:                |             |                                    |                                       |                   |           |                   |  |
| Other U.K. banks:                            |             |                                    |                                       |                   |           |                   |  |
| British banks (including Commonwealth banks) | 161         | 767                                | 459                                   | 71                | 1,458     | 777               |  |
| American banks                               | 511         | 1,348                              | 357                                   | 10                | 2,226     | 700               |  |
| Other foreign banks                          | 17          | 280                                | 136                                   | 16                | 449       | 292               |  |
|  | 689         | 2,395                              | 952                                   | 97                | 4,133     | 1,769             |  |
| <i>April 1968</i>                            | 233         | 1,107                              | 368                                   | 61                | 1,769     |                   |  |
| Other U.K. residents:                        |             |                                    |                                       |                   |           |                   |  |
| British banks (including Commonwealth banks) | 96          | 131                                | 15                                    | —                 | 242       | ..                |  |
| American banks                               | 116         | 74                                 | 40                                    | 4                 | 234       | ..                |  |
| Other foreign banks                          | 3           | 9                                  | 2                                     | —                 | 14        | ..                |  |
|  | 215         | 214                                | 57                                    | 4                 | 490       | ..                |  |
| Banks abroad:                                |             |                                    |                                       |                   |           |                   |  |
| British banks (including Commonwealth banks) | 327         | 1,215                              | 556                                   | 168               | 2,266     | ..                |  |
| American banks                               | 764         | 2,898                              | 832                                   | 111               | 4,605     | ..                |  |
| Other foreign banks                          | 118         | 748                                | 290                                   | 60                | 1,216     | ..                |  |
|  | 1,209       | 4,861                              | 1,678                                 | 339               | 8,087     | ..                |  |
| Other overseas residents:                    |             |                                    |                                       |                   |           |                   |  |
| British banks (including Commonwealth banks) | 138         | 481                                | 290                                   | 39                | 948       | ..                |  |
| American banks                               | 255         | 922                                | 570                                   | 79                | 1,826     | ..                |  |
| Other foreign banks                          | 32          | 219                                | 96                                    | 25                | 372       | ..                |  |
|  | 425         | 1,622                              | 956                                   | 143               | 3,146     | ..                |  |
| <b>Total liabilities and claims</b>          |             |                                    |                                       |                   |           |                   |  |
| British banks (including Commonwealth banks) | 722         | 2,594                              | 1,320                                 | 278               | 4,914     | 2,543             |  |
| American banks                               | 1,646       | 5,242                              | 1,799                                 | 204               | 8,891     | 3,480             |  |
| Other foreign banks                          | 170         | 1,256                              | 524                                   | 101               | 2,051     | 1,188             |  |
|  | 2,538       | 9,092                              | 3,643                                 | 583               | 15,856    | 7,211             |  |
| <i>April 1968</i>                            | 1,003       | 4,066                              | 1,811                                 | 331               | 7,211     |                   |  |

.. not available.



| Claims       |                                    |                                       |                   |               |              | Net (assets +) |                                    |                                       |                   |           |            |          |            |          |           |             |
|--------------|------------------------------------|---------------------------------------|-------------------|---------------|--------------|----------------|------------------------------------|---------------------------------------|-------------------|-----------|------------|----------|------------|----------|-----------|-------------|
| Sight        | Two days to less than three months | Three months up to less than one year | One year and over | Total         |              | Sight          | Two days to less than three months | Three months up to less than one year | One year and over | Total     |            |          |            |          |           |             |
|              |                                    |                                       |                   | July 1969     | April 1968   |                |                                    |                                       |                   | July 1969 | April 1968 |          |            |          |           |             |
| 267          | 1,321                              | 517                                   | 53                | 2,158         | 1,008        | +              | 106                                | +                                     | 554               | +         | 58         | -        | 18         | +        | 700       | +231        |
| 230          | 680                                | 290                                   | 26                | 1,226         | 489          | -              | 281                                | -                                     | 668               | -         | 67         | +        | 16         | -        | 1,000     | -211        |
| 109          | 444                                | 180                                   | 20                | 753           | 313          | +              | 92                                 | +                                     | 164               | +         | 44         | +        | 4          | +        | 304       | + 21        |
| 606          | 2,445                              | 987                                   | 99                | 4,137         | 1,810        | -              | 83                                 | +                                     | 50                | +         | 35         | +        | 2          | +        | 4         | + 41        |
| 217          | 1,193                              | 364                                   | 36                | 1,810         |              | -              | 16                                 | +                                     | 86                | -         | 5          | -        | 24         | +        | 41        |             |
| 27           | 89                                 | 94                                    | 127               | 337           | ..           | -              | 69                                 | -                                     | 42                | +         | 79         | +        | 127        | +        | 95        | ..          |
| 10           | 44                                 | 31                                    | 68                | 153           | ..           | -              | 106                                | -                                     | 30                | -         | 9          | +        | 64         | -        | 81        | ..          |
| 6            | 21                                 | 13                                    | 17                | 57            | ..           | +              | 3                                  | +                                     | 12                | +         | 11         | +        | 17         | +        | 43        | ..          |
| 43           | 154                                | 138                                   | 212               | 547           | ..           | -              | 172                                | -                                     | 60                | +         | 81         | +        | 208        | +        | 57        | ..          |
| 229          | 882                                | 395                                   | 100               | 1,606         | ..           | -              | 98                                 | -                                     | 333               | -         | 161        | -        | 68         | -        | 660       | ..          |
| 3,062        | 2,156                              | 919                                   | 82                | 6,219         | ..           | +              | 2,298                              | -                                     | 742               | +         | 87         | -        | 29         | +        | 1,614     | ..          |
| 189          | 529                                | 214                                   | 87                | 1,019         | ..           | +              | 71                                 | -                                     | 219               | -         | 76         | +        | 27         | -        | 197       | ..          |
| 3,480        | 3,567                              | 1,528                                 | 269               | 8,844         | ..           | +              | 2,271                              | -                                     | 1,294             | -         | 150        | -        | 70         | +        | 757       | ..          |
| 66           | 273                                | 201                                   | 322               | 862           | ..           | -              | 72                                 | -                                     | 208               | -         | 89         | +        | 283        | -        | 86        | ..          |
| 150          | 485                                | 291                                   | 346               | 1,272         | ..           | -              | 105                                | -                                     | 437               | -         | 279        | +        | 267        | -        | 554       | ..          |
| 16           | 68                                 | 44                                    | 97                | 225           | ..           | -              | 16                                 | -                                     | 151               | -         | 52         | +        | 72         | -        | 147       | ..          |
| 232          | 826                                | 536                                   | 765               | 2,359         | ..           | -              | 193                                | -                                     | 796               | -         | 420        | +        | 622        | -        | 787       | ..          |
| 589          | 2,565                              | 1,207                                 | 602               | 4,963         | 2,564        | -              | 133                                | -                                     | 29                | -         | 113        | +        | 324        | +        | 49        | + 21        |
| 3,452        | 3,365                              | 1,531                                 | 522               | 8,870         | 3,486        | +              | 1,806                              | -                                     | 1,877             | -         | 268        | +        | 318        | -        | 21        | + 6         |
| 320          | 1,062                              | 451                                   | 221               | 2,054         | 1,174        | +              | 150                                | -                                     | 194               | -         | 73         | +        | 120        | +        | 3         | - 14        |
| <b>4,361</b> | <b>6,992</b>                       | <b>3,189</b>                          | <b>1,345</b>      | <b>15,887</b> | <b>7,224</b> | <b>+</b>       | <b>1,823</b>                       | <b>-</b>                              | <b>2,100</b>      | <b>-</b>  | <b>454</b> | <b>+</b> | <b>762</b> | <b>+</b> | <b>31</b> | <b>+ 13</b> |
| 1,523        | 3,181                              | 1,567                                 | 953               | 7,224         |              | +              | 520                                | -                                     | 885               | -         | 244        | +        | 622        | +        | 13        |             |



**Table D****Total liabilities of banks in the United Kingdom in non-sterling currencies<sup>a</sup>**

£ millions

*Percentage of total in italics*

| End of:                                    | 1963            | 1964            | 1965            | 1966            | 1967            | 1968            | 1969             |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Deposit banks                              | 86 5            | 93 4            | 105 4           | 131 3           | 177 3           | 245 3           | 265 2            |
| Accepting houses                           | 321 18          | 384 16          | 370 12          | 444 11          | 645 10          | 887 9           | 1,288 8          |
| British overseas and<br>Commonwealth banks | 432 24          | 498 21          | 535 18          | 747 18          | 1,189 19        | 1,559 16        | 2,748 16         |
| American banks                             | 440 24          | 712 30          | 1,091 37        | 1,872 46        | 2,847 45        | 4,795 50        | 9,110 54         |
| Foreign banks and<br>affiliates            | 174 10          | 224 9           | 266 9           | 297 7           | 345 6           | 614 6           | 1,219 7          |
| Other overseas banks                       | 311 17          | 419 17          | 428 15          | 494 12          | 734 11          | 968 10          | 1,014 6          |
| Other banks                                | 34 2            | 76 3            | 135 5           | 132 3           | 392 6           | 564 6           | 1,258 7          |
| <b>Total</b>                               | <b>1,798</b>    | <b>2,406</b>    | <b>2,930</b>    | <b>4,117</b>    | <b>6,329</b>    | <b>9,632</b>    | <b>16,902</b>    |
| of which:                                  |                 |                 |                 |                 |                 |                 |                  |
| U.S. \$ certificates of deposit            |                 |                 |                 | 93 2            | 249 4           | 597 6           | 1,537 9          |
| Other U.S. \$ liabilities                  | 1,564 87        | 2,157 90        | 2,675 91        | 3,706 90        | 5,681 90        | 8,185 85        | 13,847 82        |
| <b>Total U.S. \$ liabilities</b>           | <b>1,564 87</b> | <b>2,157 90</b> | <b>2,675 91</b> | <b>3,799 92</b> | <b>5,930 94</b> | <b>8,782 91</b> | <b>15,384 91</b> |

<sup>a</sup> Source: U.K. Exchange Control.

## Appendix

### Sources of information

There are two regular sources of information available to the Bank of England on the foreign currency positions of banks in the United Kingdom. Since December 1962 banks and similar institutions transacting foreign currency business in the United Kingdom have completed monthly statistical returns of external liabilities and claims (called E.L.C. returns), giving their customers' and their own external liabilities and claims in U.S. dollars and in other non-sterling currencies, and showing the countries from which deposits have been taken and those to which the funds have been lent. This series of figures has been published quarterly in the *Bulletin* since June 1964, and figures for the most recent periods appear in Table 19 of the statistical annex to this issue.

There are also returns which banks and similar institutions are required to submit monthly to exchange control and which are primarily used to observe and regulate their foreign currency positions. These returns show the positions of banks in non-sterling currencies (*i.e.* excluding overseas sterling area currencies) with both residents of the United Kingdom and non-residents and give an analysis by currencies. This exchange control series is more comprehensive than the E.L.C. returns in that it includes banks' positions with other banks in the United Kingdom (the U.K. inter-bank market) and with other U.K. residents.

The two sets of returns are designed for different purposes, and the figures which they show for external liabilities and claims in non-sterling currencies are never exactly the same. One important difference is that, in the E.L.C. series, the reporting banks include the overseas liabilities and claims of their U.K. customers in the form of bills and acceptances deposited with them. In addition, the E.L.C. returns cover all overseas currencies, including currencies of the overseas sterling area; an adjustment is made to exclude such overseas sterling area currencies from the published series. There are a number of other minor differences of definition between the two series.