

## Credit notice: supplementary deposits

*Notice to banks and deposit-taking finance houses issued by the Bank of England on 30 April 1974*

In the Bank's notice of 17th December 1973 they undertook to notify banks and deposit-taking finance houses not later than the end of April 1974 about the future application of the scheme for supplementary special deposits.

It is clear that continuing restraint on the growth of the money supply and of bank lending is required; and the Bank's present assessment of current and prospective economic and financial developments leads them to the conclusion that the appropriate degree of restraint would be the same as that now in force.

The Bank therefore see no cause to vary the 8% rate of growth of interest-bearing eligible liabilities for the first six months of the scheme, as specified in the notice of 17th December 1973.

For the future, the Bank have decided that the application of the supplementary special deposit arrangements should be extended for a further six months. In this period, calls (and, from August 1974 on, repayments) of supplementary special deposits will be assessed on a three-month moving average basis by reference to a rate of growth each month of 1½% in the average of each institution's interest-bearing eligible liabilities on the make-up days in October, November and December 1973 additional to the 8% specified for the first six months of the scheme. Thus, the reference levels for calls and releases of supplementary special deposits for each institution will be 9½% above the October-December 1973 average of its interest-bearing eligible liabilities for August 1974, rising to 17% above that average for January 1975. The rates of deposit required will be in accordance with the scale set out in the notice of 17th December 1973. The institutions liable to lodge supplementary special deposits will continue to be all banks (other than those in Northern Ireland) and deposit-taking finance houses.

The application of these arrangements will continue to be kept under review and to be capable of being varied and operated flexibly.