

## Credit control

*Notice to banks and deposit-taking finance houses issued by the Bank of England on 28 February 1975*

The Bank of England, with the approval of the Chancellor of the Exchequer, announce the suspension for the time being of the operation of the supplementary special deposits scheme and the withdrawal of their request to banks of the 11th September 1973 not to pay more than 9½% on deposits under £10,000.

Demand for bank finance has recently been only modest and most banks and finance houses are currently well below the limits on expansion of their interest-bearing eligible liabilities set by the supplementary special deposits scheme, while the clearing banks' rates for seven-day notice deposit accounts have been reduced to 9%.

Qualitative guidance is being maintained. Banks and finance houses are asked to ensure that any expansion of their business in the period immediately ahead is directed mainly to providing finance or facilities for the expansion of exports, savings of imports and for domestic industrial investment. The Bank's request of 12th November 1974 for the maintenance of existing restraint on lending to persons and for purely financial transactions and for restraint on lending to property companies as strong as is compatible with avoiding aggravation of the present difficulties of such companies remains in force.

The supplementary special deposits scheme remains in being and may be reactivated by the Bank without notice. If the scheme is reactivated, the base date to which limits will relate may be before the date of announcement.