

# Credit control notice

*Notice to banks and deposit-taking finance houses, issued by the Bank of England on 15 November 1979.*

## **Supplementary special deposits**

The Bank of England announces that, with the approval of the Chancellor of the Exchequer, it has decided to continue the operation of the supplementary special deposits scheme for a further six-month period.

The base on which the operation of the scheme rests will continue to be the average of each institution's interest-bearing eligible liabilities outstanding on the make-up days for the six months November 1977–April 1978. The application of the extension of the scheme will start from the average of each institution's interest-bearing eligible liabilities on the make-up days for November and December 1979 and January 1980 and end with the average of the make-up days for April, May and June 1980. The specified penalty-free rate of growth for each institution will continue to be 1% per month\* of the base average. An institution will be liable to lodge with the Bank non-interest-bearing special deposits on the scale specified in the Bank's notice of 8th June 1978 in the month after the period in which the average of its interest-bearing resources exceeds the penalty-free rate of growth. The terms of the operation of the scheme otherwise remain as set out in the Bank's notice of 8th June 1978.

The Bank's guidance (set out in its notice of 11th April 1978) to banks and finance houses on the direction of their lending remains in force.[1]

\* Thus, for example, the penalty-free level for the period November 1979–January 1980 will be 119% of the base average.

[1] The guidance of 11th April 1978 was as follows:

Banks and finance houses are asked:

- (i) to provide, within the bounds of banking prudence, finance required for both working capital and fixed investment by manufacturing industry and for the expansion of exports and the saving of imports;
- (ii) in order to ensure their future ability to meet the requirements in (i) above, to exercise strict restraint on lending or provision of facilities for other purposes including, in particular, those to persons and property companies and for purely financial transactions.

Banks and finance houses are reminded that they should not provide either loans to persons or check-trading facilities for the purchase of goods covered by the terms control order on terms easier than those permitted for hire-purchase contracts.