



Improvements to the compilation of M4 lending excluding intermediate OFCs series and the publication of additional Monetary Financial Institutions' data

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This article outlines improvements to the compilation of the M4 lending excluding intermediate other financial corporations (IOFCs) series as a result of new data collected from January 2014. The new data will also enable the Bank to publish additional series including a maturity split of loans by sector, a split of Monetary Financial Institutions' (MFIs) securities holdings by sector and instrument, a sectoral split of retail deposits and a further split of write-offs by industrial sector. The Bank will also include overdrafts data by sector in regular *Bankstats* tables for the first time. Most of the data will be available from next month's *Bankstats*. The write-offs series will be available on 2 June 2015.

Introduction

The Bank of England started collecting additional data on MFIs' balance sheets in January 2014.¹ The data reported by UK MFIs were updated to meet requirements for the European System of Accounts (ESA) 2010 and to provide improved granularity.²

The new data have enabled the Bank to improve the calculation of the M4 lending excluding IOFCs (M4Lx^{ex}) series. The Bank now collects data for MFI holdings of securities issued by non-intermediate other financial corporations (NIOFCs). These changes will be implemented from the next publication of *Bankstats*. The headline lending series shown in Tables A and D of the monthly *Money and Credit* statistical release will therefore change, but the effects will not be large.^{3,4} Data

series starting from 2014 will not be seasonally adjusted due to the short time span for these series.

Improvements to existing data

MFIs' holdings of securities

Previously the Bank's data for MFI holdings of securities issued by other financial corporations (OFCs) could not be split fully into those issued by IOFCs and NIOFCs. Therefore, securities issued by special purpose vehicles (SPVs), held by the MFIs that own them, were used as a proxy for holdings of IOFC securities. This proxy was used in the calculation of M4Lx^{ex}. As the Bank is now collecting data for MFI holdings of securities issued by all IOFCs, it has been possible to improve the calculation of M4Lx^{ex}. As a consequence, the amounts outstanding of M4Lx^{ex} will be lower after January 2014. This effect, together with the effects on flows and growth rates are relatively small, as can be seen in Charts A, B and C respectively.

¹ As outlined in the 2013 work programme. See page 2 of 'Our work programme in monetary and financial statistics - April 2013' by Jonathan Bailey and Jenny Owladi, Bank of England *Bankstats (Monetary & Financial Statistics)*, April 2013, available at

www.bankofengland.co.uk/statistics/Documents/ms/articles/art1apr13.pdf.

² For further details relating to ESA 2010, see ec.europa.eu/eurostat/web/esa-2010.

³ Series published on the Statistical Interactive Database will be updated accordingly.

⁴ For the latest *Money and Credit* statistical release, see www.bankofengland.co.uk/statistics/Pages/calendar/default.aspx.

Chart A: M4Lx^{ex}, amounts outstanding, seasonally adjusted

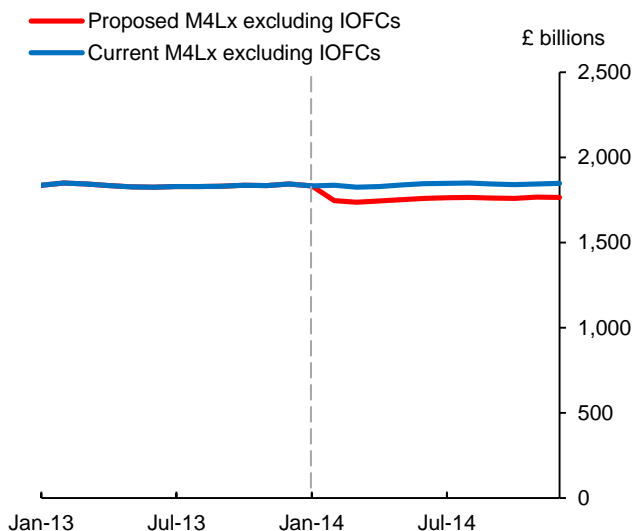


Chart B: M4Lx^{ex}, changes, seasonally adjusted

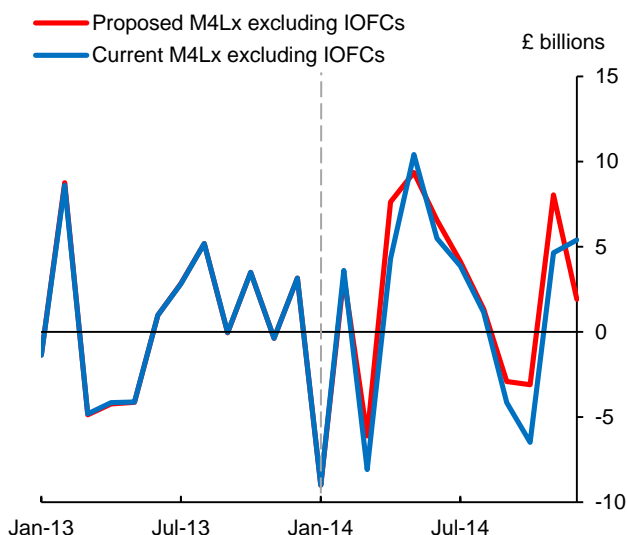
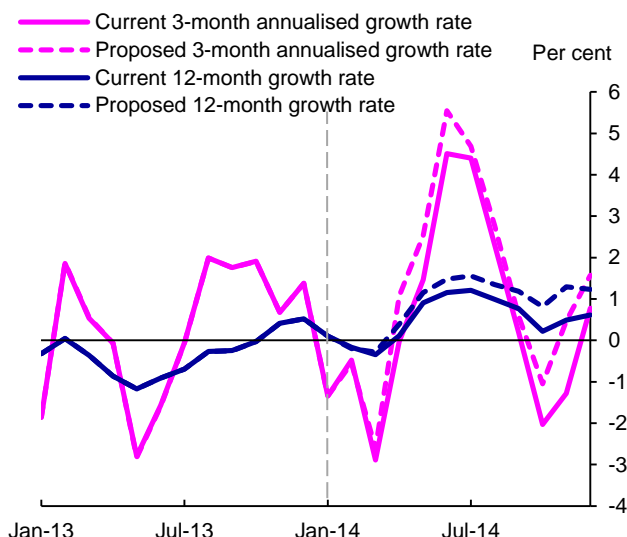


Chart C: 3-month annualised and 12-month growth rates of M4Lx^{ex}, seasonally adjusted



Following the enhancement to data collections in January 2014, the Bank now collects a detailed breakdown of MFI holdings of securities issued by IOFCs, NIOFCs and private non-financial corporations (PNFCs).⁵ The additional split enables the Bank to apply estimates of revaluation effects at a more granular level than previously.

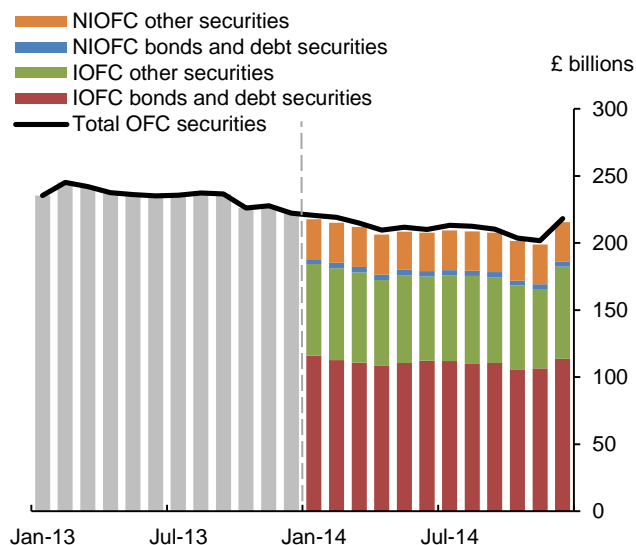
A list of existing series affected by these improvements is provided in Annex 1.

New series

Securities by instrument and sector

MFI holdings of PNFC and OFC securities will be published for: quoted shares; bonds and other debt securities; and other securities (including unquoted shares), within *Bankstats* Table B2.1.1. Charts D and E give a preview of these data.

Chart D: OFC sterling securities, amounts outstanding, not seasonally adjusted^{6,7}

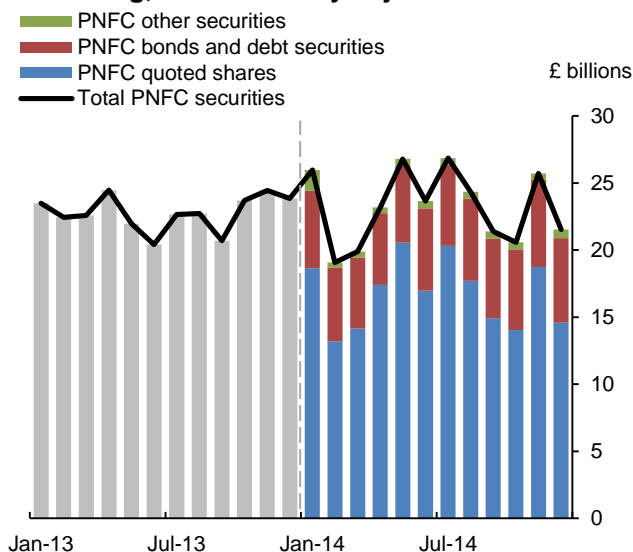


⁵ See item 32H on Form BE, which includes the breakdown of the holdings of securities into quoted shares, unquoted shares, bonds and other debt securities, and all other securities: www.bankofengland.co.uk/statistics/Documents/reporters/defs/def_be2014.pdf.

⁶ Movements in amounts outstanding can reflect breaks in data series as well as underlying flows. For changes and growth rates data, users are recommended to refer directly to the appropriate series or data tables. Further details can be found at www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/Changes_flows_growth_rates.aspx.

⁷ As IOFC and NIOFC quoted shares form only a small proportion of MFIs' total holdings of OFC securities, these have been excluded from Chart D.

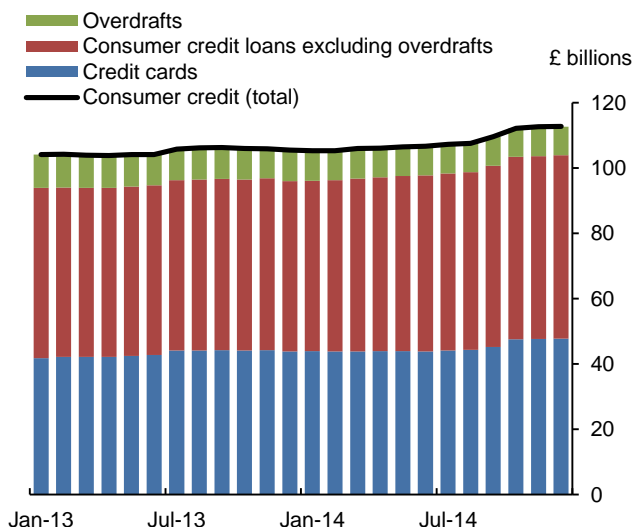
Chart E: PNFC sterling securities, amounts outstanding, not seasonally adjusted⁶



Loans and overdrafts

Sterling consumer credit loans, other than credit cards, will be split into a series for overdrafts and a series for loans excluding overdrafts. These will be published within *Bankstats* Tables A4.1 and A4.3, available as amounts outstanding, changes and growth rates. As overdrafts data have been collected by the Bank since October 2007, these data series will be available on both a seasonally adjusted and non seasonally adjusted basis.⁸ Chart F gives a preview of these data.

Chart F: Consumer credit amounts outstanding, seasonally adjusted⁶



Overdrafts and loans excluding overdrafts to households, PNFCs and OFCs will also be published within *Bankstats* Table B2.1.1. Loans excluding overdrafts will be split into loans with original maturity up to and including twelve months, and loans with original maturity over twelve months. These data will be available from January 2014. Charts G and H give a preview of these data for PNFCs.

Chart G: PNFC sterling loans, amounts outstanding, not seasonally adjusted⁶

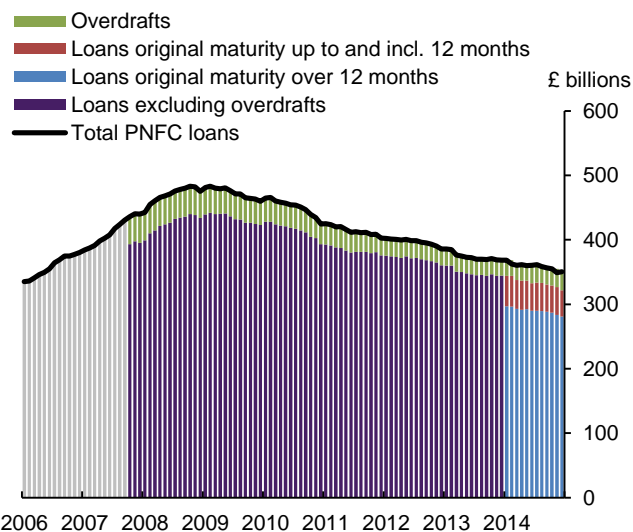
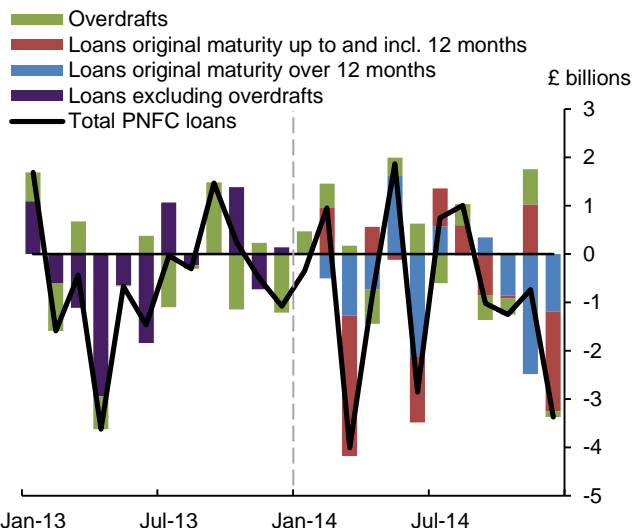


Chart H: PNFC sterling loans, changes, not seasonally adjusted

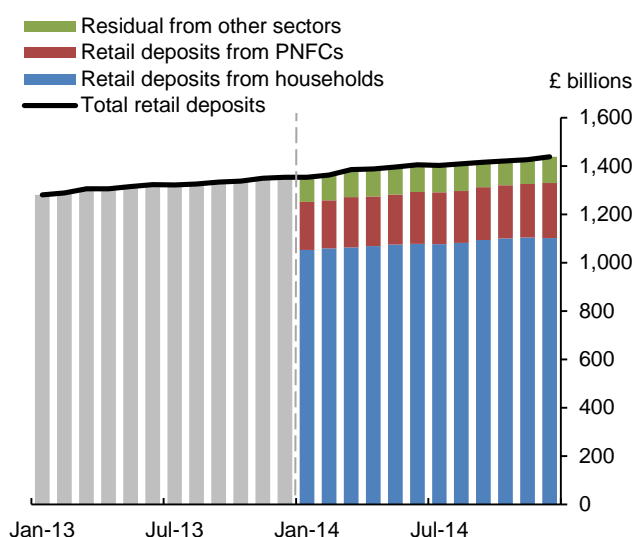


⁸ A loans and overdrafts split of MFIs' consumer credit other than credit cards was published on an ad-hoc basis in July 2013 and March 2014. See www.bankofengland.co.uk/statistics/Pages/dl/default.aspx.

Sectoral split of retail deposits

Sterling retail deposits will now be published for those from PNFCs and from the household sector separately within *Bankstats* Table A2.2.1. Chart I gives a preview of these data.

Chart I: Retail deposits, amounts outstanding, not seasonally adjusted⁶



Industrial split of write-offs

From *Bankstats* published on 2 June 2015, quarterly series for write-offs on MFI loans to businesses involved in the buying and selling of real estate will be introduced into *Bankstats* Table C2.1.

Write-offs on MFI sterling loans relating to a number of other industrial sectors will be published for the first time on the Statistical Interactive Database.⁹

The treatment of write-offs as 'other changes in the value of assets' (OCVA) has meant changes in lending series are routinely adjusted using available write-offs data.¹⁰ With the introduction of new data for the write-off of MFI sterling loans to businesses involved in the development of buildings, equivalent changes series published in *Bankstats* Table C1.2 can now also be adjusted in this way. This effect will impact the changes series from January 2014.

A list of new series to be published within *Bankstats* tables is provided in Annex 2.

⁹ These are: real estate, professional services and support activities; manufacturing; construction; development of buildings; wholesale and retail trade; accommodation and food service activities; and transport, storage and communication.

¹⁰ For further details about OCVA, see www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/Break_adjusted_levels_data.aspx.

Other changes

Changes to the allocation within OFCs

The Bank estimates certain components not obtained from collected data, including a sectoral split of transit and suspense items and the inter-MFI difference.^{11,12} Of the allocation applied to MFIs' lending to OFCs, the additional data allow for the split of this more effectively between IOFCs and NIOFCs. Sixty per cent will be apportioned to IOFCs and forty per cent to NIOFCs from next month, based on the relative stock levels of loans to IOFCs and NIOFCs. The same allocation will also be apportioned to deposits from IOFCs and NIOFCs, respectively.

Next steps

Improvements to existing series will take effect from the next edition of *Bankstats*, published on 30 March 2015. With the exception of new write-offs data, the publication of new series will also become available on this date. Publication of new write-offs data will take effect from *Bankstats* published on 2 June 2015.

¹¹ The inter-MFI difference is the difference between MFIs' liabilities attributed to other MFIs and MFIs' assets attributed to other MFIs.

¹² For further details, see 'Estimation and allocation methods within money and credit data' by Lewis Kirkham, Bank of England *Bankstats (Monetary & Financial Statistics)*, September 2011, available at www.bankofengland.co.uk/statistics/Documents/ms/articles/art1sep11.pdf.

Annex 1: List of existing *Bankstats* series affected by improvements

| Bankstats Table | Monetary financial institutions' series | Non seasonally adjusted | | | | | | Seasonally adjusted | | | | | | | |
|-----------------|--|-------------------------|----------|--------------|------------------|------|---------------------|---------------------|---------------------|---------|------------------|------|----------|-----|--|
| | | Sterling | | | Foreign currency | | | Sterling | | | Foreign currency | | | | |
| | | Amounts outstanding | Changes | Growth rates | | | Amounts outstanding | Changes | Amounts outstanding | Changes | Growth rates | | | | |
| | | 1m | 3m (ann) | 12m | | | 1m | 3m (ann) | 12m | | | 1m | 3m (ann) | 12m | |
| A2.2.3 | M4 lending excluding securitisations (sterling net lending excluding securitisations to private sector) | BF36 | BF37 | BF38 | BF39 | BF43 | - | - | BC69 | VWVL | VWVM | VWVN | VWVP | | |
| | Monetary financial institutions' (excl. Central Bank) sterling net lending excluding securitisations to private sector excluding intermediate OFCs | B3DR | B3DT | B3D5 | B3D9 | B3DD | - | - | B57Q | B58Q | B66P | B59Q | B62Q | | |
| | Sterling net lending to OFCs excluding securitisations | B8Y9 | B8Y7 | B3Z5 | B9Y4 | B9Y7 | - | - | BC56 | VWNL | VWVM | VWVN | VWVP | | |
| | Monetary financial institutions' (excl. Central Bank) sterling net lending excluding securitisations to OFCs excluding intermediate OFCs | B3E3 | B3E7 | B3D3 | B3D7 | B3DB | - | - | B67Q | B68Q | B65P | B69Q | B72Q | | |
| A4.1 | Sterling net lending to OFCs | VVOX | VVOY | VVOZ | - | VVPC | - | - | VVOV | VVOE | VVOF | - | VVOI | | |
| | Sterling net lending to PNFCs | VVPD | VVPE | VVPF | - | VVPI | - | - | VVOJ | VVOK | VVOL | - | VVOO | | |
| A4.3 | Sterling net lending to OFCs excluding securitisations | B8Y9 | B8Y7 | B3Z5 | - | B9Y7 | - | - | BC56 | VWNL | VWVM | - | VWNP | | |
| | Sterling net lending to PNFCs excluding securitisations | B9Y2 | BD68 | B3Z6 | - | B9Y8 | - | - | BC57 | VWVQ | VWNR | - | VWNU | | |
| B2.1.1 | Holdings of securities issued by OFCs | VWPU | VWPE | - | - | - | VWPV | VWPF | - | - | - | - | - | | |
| | Holdings of securities issued by PNFCs | VWPW | VWPG | - | - | - | VWPX | VWPH | - | - | - | - | - | | |
| | Holdings of securities issued by private sector | VYBM | VYAP | - | - | - | VYBN | VYAQ | - | - | - | - | - | | |

Annex 2: List of new *Bankstats* series

| Bankstats Table | Monetary financial institutions' series | Non seasonally adjusted | | | | | | Seasonally adjusted | | | |
|-----------------|--|-------------------------|---------|--------------|------|---------------------|---------|---------------------|---------|--------------|------|
| | | Sterling | | | | Foreign currency | | Sterling | | | |
| | | Amounts outstanding | Changes | Growth rates | | Amounts outstanding | Changes | Amounts outstanding | Changes | Growth rates | |
| 1m | 12m | | | 1m | 12m | | | | | | |
| A2.2.1 | Retail deposits (excluding notes and coin) from PNFCS | Z597 | Z599 | Z59B | Z59H | - | - | - | - | - | - |
| | Retail deposits (excluding notes and coin) from household sector | Z598 | Z59A | Z59C | Z59I | - | - | - | - | - | - |
| A4.1 | Net other consumer credit loans (excluding overdrafts) to individuals | Z5AX | Z5AZ | Z5B6 | Z5B9 | - | - | Z5GI | Z5GJ | Z5GK | Z5GZ |
| | Overdrafts and transit and suspense items with individuals | Z5AW | Z5AY | Z5B2 | Z5B5 | - | - | Z5G6 | Z5G8 | Z5GA | Z5GG |
| A4.3 | Net other consumer credit loans (excluding overdrafts) excluding securitisations to individuals | Z5H2 | Z5H3 | Z5G2 | Z5G5 | - | - | Z5G7 | Z5G9 | Z5GB | Z5GH |
| | Overdrafts and transit and suspense items with individuals | Z5AW | Z5AY | Z5B2 | Z5B5 | - | - | Z5G6 | Z5G8 | Z5GA | Z5GG |
| B2.1.1 | Holdings of quoted shares issued by intermediate OFCs | Z56E | Z57A | - | - | Z56J | Z57F | - | - | - | - |
| | Holdings of bonds and other debt securities issued by intermediate OFCs | Z56B | Z577 | - | - | Z56G | Z57C | - | - | - | - |
| | Other securities issued by intermediate OFCs | Z56C | Z578 | - | - | Z56H | Z57D | - | - | - | - |
| | Holdings of quoted shares issued by non-intermediate OFCs | Z56Y | Z57U | - | - | Z575 | Z57Z | - | - | - | - |
| | Holdings of bonds and other debt securities issued by non-intermediate OFCs | Z56V | Z57R | - | - | Z572 | Z57W | - | - | - | - |
| | Other securities issued by non-intermediate OFCs | Z56W | Z57S | - | - | Z573 | Z57X | - | - | - | - |
| | Holdings of quoted shares issued by PNFCS | Z56O | Z57K | - | - | Z56T | Z57P | - | - | - | - |
| | Holdings of bonds and other debt securities issued by PNFCS | Z56L | Z57H | - | - | Z56Q | Z57M | - | - | - | - |
| | Other securities issued by PNFCS | Z56M | Z57I | - | - | Z56R | Z57N | - | - | - | - |
| | Loans with original maturity up to and including twelve months, repos and short term paper to OFCs | Z59X | Z5AH | - | - | Z5A8 | Z5AQ | - | - | - | - |
| | Loans with original maturity over twelve months to OFCs | Z5A2 | Z5AK | - | - | Z5AB | Z5AT | - | - | - | - |
| | Loans (excluding overdrafts) and reverse repos to OFCs | Z5H5 | Z5H8 | - | - | Z5HB | Z5HE | - | - | - | - |
| | Overdrafts and transit and suspense items with OFCs | Z59U | Z5AE | - | - | Z5A5 | Z5AN | - | - | - | - |
| | Loans with original maturity up to and including twelve months, repos and short term paper to PNFCS | Z59Y | Z5AI | - | - | Z5A9 | Z5AR | - | - | - | - |
| | Loans with original maturity over twelve months to PNFCS | Z5A3 | Z5AL | - | - | Z5AC | Z5AU | - | - | - | - |
| | Loans (excluding overdrafts) and reverse repos to PNFCS | Z5H7 | Z5HA | - | - | Z5HD | Z5HG | - | - | - | - |
| | Overdrafts and transit and suspense items with PNFCS | Z59V | Z5AF | - | - | Z5A6 | Z5AO | - | - | - | - |
| | Loans with original maturity up to and including twelve months, repos and short term paper to households | Z59Z | Z5AJ | - | - | - | - | - | - | - | - |
| | Loans with original maturity over twelve months to households | Z5A4 | Z5AM | - | - | - | - | - | - | - | - |
| | Loans (excluding overdrafts) and reverse repos to households | Z5H6 | Z5H9 | - | - | Z5HC | Z5HF | - | - | - | - |
| | Overdrafts and transit and suspense items with households | Z59W | Z5AG | - | - | - | - | - | - | - | - |
| C2.1 | Write-offs of lending to companies undertaking the buying, selling and renting of real estate | Z549* | - | - | - | Z54A* | - | - | - | - | - |

*Series already exists on the Statistical Interactive Database.