

Money and Credit – February 2022

Our monthly Money and Credit statistical release is made up of three parts: broad money and credit, lending to individual and lending to businesses.

Published on 29 March 2022

Overview

These monthly statistics on the amount of, and interest rates on, borrowing and deposits by households and businesses are used by the Bank's policy committees to understand economic trends and developments in the UK banking system.

Key points:

- Net borrowing of mortgage debt by individuals amounted to £4.7 billion in February. Mortgage approvals for house purchases fell slightly to 71,000 in February, from 73,800 in January, but remains above the 12-month pre-pandemic average up to February 2020 of 66,700.
- Consumers borrowed an additional £1.9 billion in consumer credit, on net, of which £1.5 billion was new lending on credit cards.
- Sterling money (known as M4ex) increased by £7.2 billion in February. Households' holdings of money weakened with net flows of £4.0 billion, compared with £7.2 billion in January.
- The effective interest rate paid on individuals' new time deposits with banks and building societies rose by 10 basis points to 0.77%.
- Large businesses borrowing from banks rose to £4.0 billion in February, whilst small and medium sized businesses repaid £0.5 billion. Private non-financial companies (PNFCs) redeemed £4.1 billion in net finance from capital markets.

References in the text point to the summary tables below. For further statistics, please see our [visual summaries](#), [Effective Rates \(ER\) statistical release](#), [Capital Issuance statistical release](#), and [Bankstats tables](#).

Lending to individuals

Mortgage lending (M&C Tables D and E):

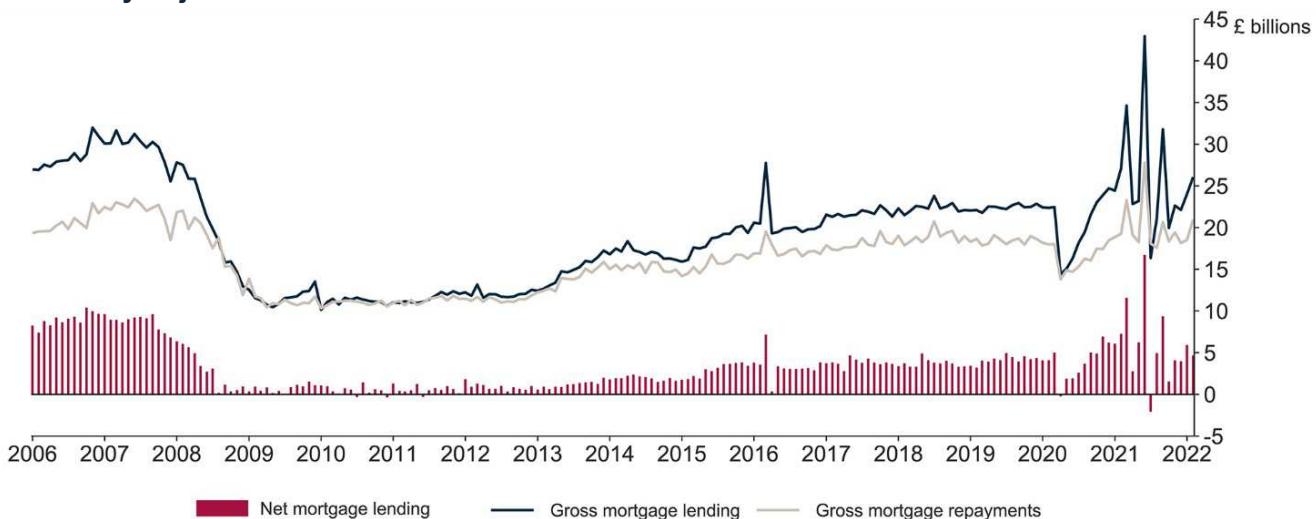
Net borrowing of mortgage debt by individuals decreased to £4.7 billion in February, from £5.9 billion in January (Chart 1), but remains above the pre-pandemic average of £4.3 billion in the 12 months up to February 2020. Gross lending rose to £26.1 billion in February, from £24.0 billion in January. Gross repayments also rose to £21.0 billion in February from £18.5 billion in January.

Approvals for house purchases, an indicator of future borrowing, fell to 71,000 in February, from 73,800 in January, but remains above the 12-month pre-pandemic average up to February 2020 of 66,700. Approvals for remortgaging (which only capture remortgaging with a different lender)

rose to 48,200 in February. This remains below the 12-month pre-pandemic average up to February 2020 of 49,500, but is the highest since February 2020 (52,100).

Chart 1: Mortgage lending

Seasonally adjusted flows



The ‘effective’ interest rate – the actual interest rate paid – on newly drawn mortgages rose by 1 basis point to 1.59% in February. The rate on the outstanding stock of mortgages also ticked up 1 basis point to 2.02% in February.

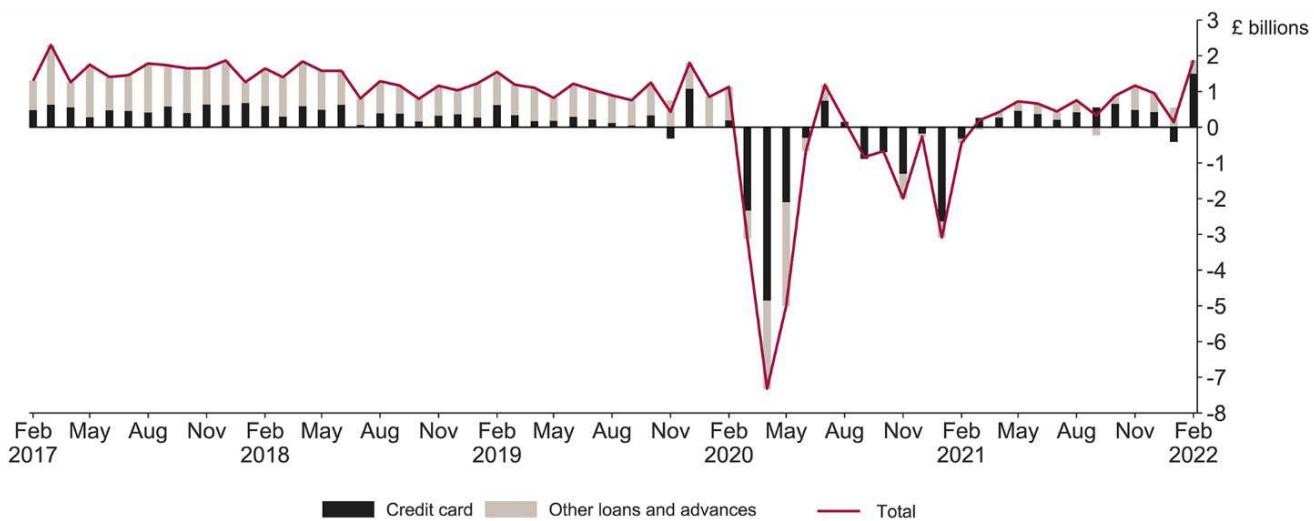
Consumer credit (M&C Tables B and C):

Individuals borrowed £1.9 billion in consumer credit in February, on net (Chart 2). This is higher than the 12-month pre-pandemic average up to February 2020 of £1.0 billion. This increase of consumer credit was split between £1.5 billion of additional borrowing on credit cards, and £0.4 billion of borrowing through other forms of consumer credit (such as car dealership finance and personal loans).

The annual growth rate for all consumer credit increased to 4.4% in February from 3.2% in January; the highest rate since February 2020. The annual growth rates of credit card borrowing and other forms of consumer credit were 9.4% and 2.4% respectively.

Chart 2: Consumer credit

Seasonally adjusted



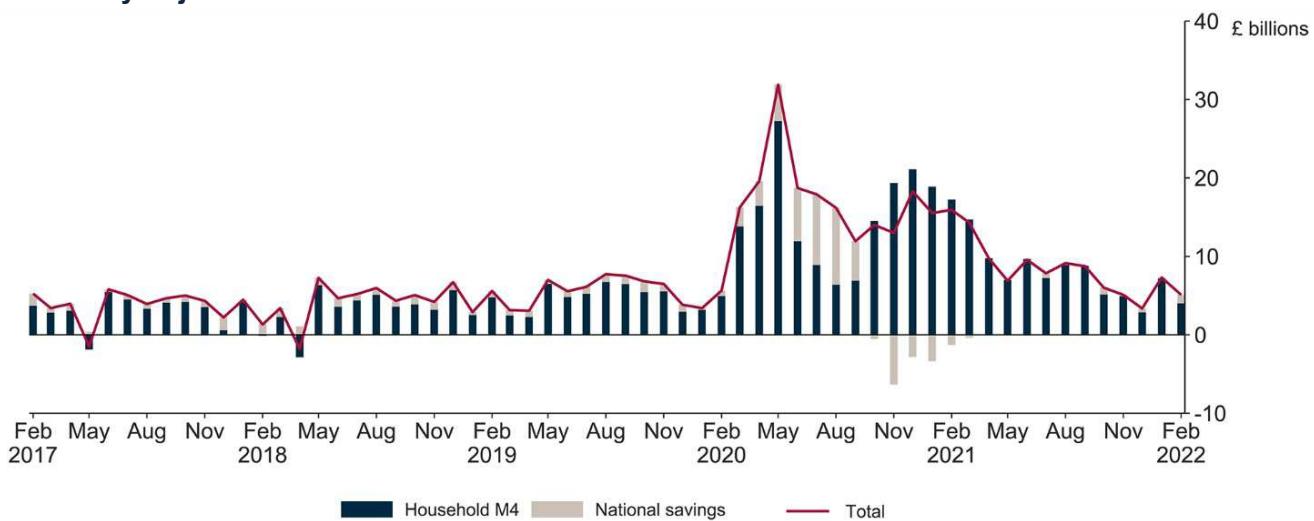
The effective interest rate on interest-charging overdrafts in February fell 13 basis points to 20.70%. Rates on new personal loans to individuals fell by 7 basis points to 6.14% in February - this was 76 basis points below the February 2020 level. The cost of credit card borrowing was 18.26% in February, 29 basis points below the February 2020 level.

Households' deposits (M&C Table J):

Households deposited an additional £4.0 billion with banks and building societies in February. In addition, during this period households deposited £1.1 billion into National Savings and Investment (NS&I) accounts, which are not captured within household deposits with banks and building societies but can act as a substitute for them. The combined net flow into both deposits and NS&I accounts in February (£5.1 billion) compares to an average monthly net flow of £5.5 billion during the 12-month pre-pandemic average up to February 2020 (Chart 3).

Chart 3: Households' deposits

Seasonally adjusted net flow



The effective interest rate paid on individuals' new time deposits with banks and building societies

rose from 0.67% in January to 0.77% in February, an increase of 10 basis points. The rate on the outstanding stock of time deposits rose by 2 basis points to 0.40%. The effective rates on stock sight deposits remained low at 0.10%.

Lending to and deposits from businesses

Businesses' borrowing from banks (M&C Tables F-I):

UK non-financial businesses (PNFCs and public corporations) borrowed £3.5 billion from banks in February (including overdrafts), on net, compared to £1.0 billion in January. Net borrowing by large non-financial businesses was £4.0 billion in February, compared to £1.8 billion in January. Small and Medium sized non-financial businesses (SMEs) repaid £0.5 billion, on net, decreasing from a £0.8 billion net repayment in January.

The annual growth rate of borrowing by large businesses increased to 3.7% in February from 2.5% in January, the highest annual growth rate since August 2020 (4.0%) (Chart 4).

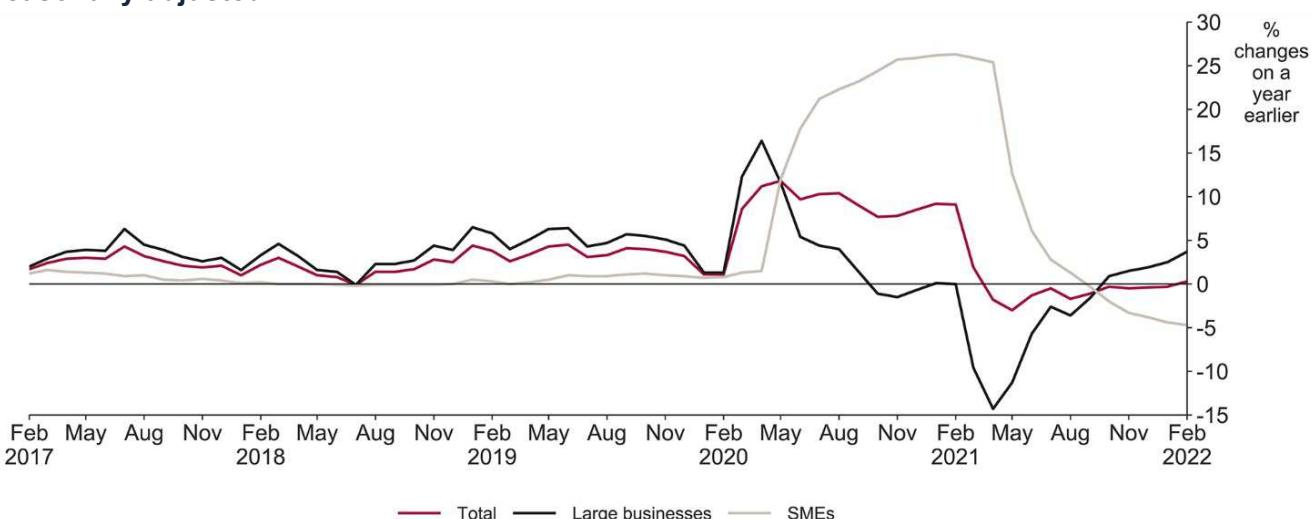
The average cost of new borrowing from banks by PNFCs rose 28 basis points to 2.30% in February, above the average since February 2020 (1.97%).

The net loan repayment of £0.5 billion by SMEs in February marked the twelfth consecutive month in a row of net repayments. The annual growth rate fell to -4.7%, a new series low (the series began in April 2012).

Effective interest rates on new loans to SMEs rose 72 basis points to 3.11% in February, though this remains below February 2020 rates (3.44%).

Chart 4: Annual growth of lending to SMEs and large businesses

Seasonally adjusted

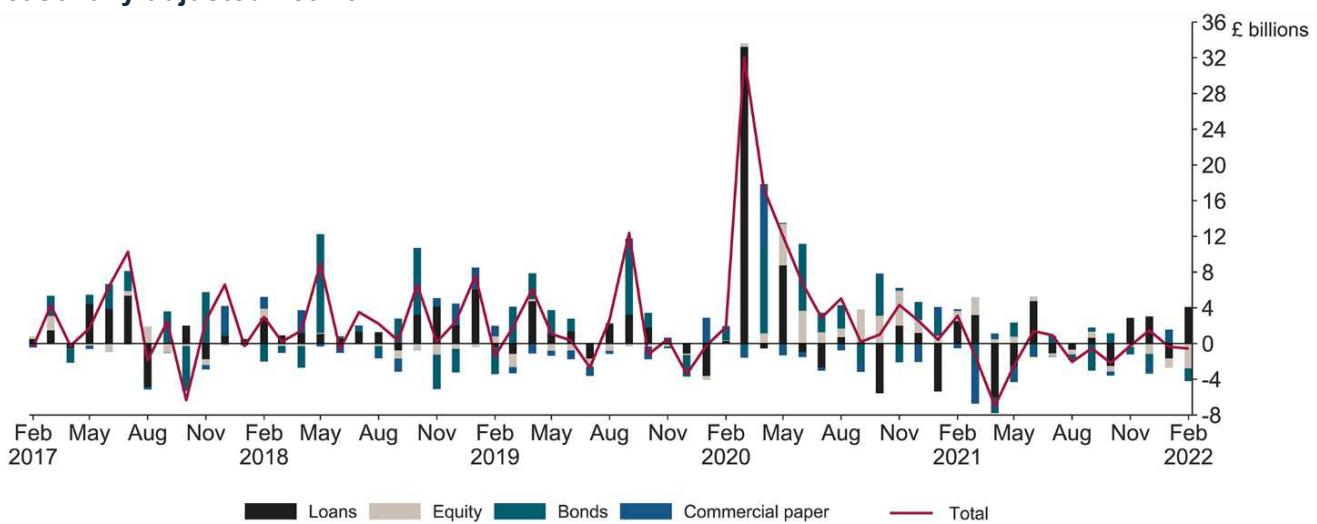


Market Finance (M&C Table F):

Private non-financial companies redeemed a net £4.1 billion of market finance (the sum of net equity, bond and commercial paper issuance) in February (Chart 5), in comparison to £0.5 billion raised in January. There were net equity buybacks of £2.8 billion and a £1.4 billion net redemption in bonds, offset slightly by a net £0.1 billion raised in commercial paper.

Chart 5: Net finance raised by PNFCs (a)

Seasonally adjusted net flow



(a) There is a discrepancy between the total of net finance raised and its components due to the seasonal adjustment methodology.

Businesses' deposits:

In February, UK non-financial businesses deposited £2.4 billion, on net, into banks and building societies in all currencies, compared to a net withdrawal of £11.1 billion in January.

The effective rate on new time deposits increased by 25 basis points to 0.46% and the effective rate on stock sight deposits increased by 4 basis points, to 0.11%.

Aggregate money (M4ex) and lending (M4Lex) (M&C Table J)

Sterling money (known as M4ex) increased by £7.2 billion in February, compared to a £9.5 billion increase in January. Households' holdings of money saw net flows of £4.0 billion compared with £7.2 billion in January, falling below the average of £4.7 billion over the twelve months to February 2020. PNFCs' holdings of money also saw net flows of £3.1 billion, compared to an increase of £5.9 billion in January.

Sterling net lending to private sector companies and households, or M4Lex, fell to £3.3 billion in February, from £5.6 billion of lending in January.

Queries

If you have any comments or queries about this release please email [!\[\]\(9dfdaff1d86ba3c1f8353b4d1b61b8c5_img.jpg\) dsd_ms@bankofengland.co.uk](mailto:dsd_ms@bankofengland.co.uk).

Next release date: 4 May 2022

More information

 [Highs and lows - February 2022 \(PDF 0.1MB\)](#)

 [Summary tables - February 2022 \(XLSX 0.2MB\)](#)

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