

Money and Credit – March 2023

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

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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:

- Mortgage lending to individuals fell from a net flow of £0.7 billion in February to net zero in March. Looking at the period prior to the onset of Covid-19 in March 2020, this is the lowest level of net borrowing since June 2011 (£0.3 billion of net repayment).
- Net mortgage approvals for house purchases rose significantly to 52,000 in March, from 44,100 in February.
- The 'effective' interest rate – the actual interest rate paid – on newly drawn mortgages increased by 17 basis points, to 4.41% in March.
- Consumers borrowed an additional £1.6 billion in consumer credit in March, on net, compared with £1.5 billion borrowed during February.
- Households withdrew £4.8 billion from banks and building societies in March. Within this, net flow into interest-bearing sight deposits significantly decreased from -£5.1 billion in February to -£14.4 billion in March, but was partly offset by strong net flows into time deposits at £6.5 billion.
- During March, households deposited £3.5 billion into National Savings and Investment (NS&I) accounts, the highest since September 2020 (£5.0 billion).
- Non-financial companies (PNFCs) repaid £2.6 billion in market finance, while non-financial businesses (PNFCs and public corporations) borrowed £2.5 billion in bank loans in March.
- The net flow of sterling money (known as M4ex) fell to -£18.1 billion in March, from -£4.3 billion in February. The decrease was driven by a reduction in holdings of money by non-intermediate other financial corporations' (NIOFCs') (-£7.6 billion), PNFCs (-£5.8 billion), and households (-£4.8 billion). Net lending to the private sector (known as M4Lex) increased, to -£0.7 billion from -£17.7 billion over the same period.

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):

Borrowing of mortgage debt by individuals fell further from a net flow of £0.7 billion in February to net zero in March. This was the lowest level since July 2021 (£1.8 billion of net repayment). If the period since the onset of the Covid-19 pandemic is excluded, net borrowing of mortgage debt was at the lowest level since June 2011 (£0.3 billion of net repayment). Gross lending increased slightly from £20.4 billion in February to £20.6 billion in March, while gross repayments fell from £19.9 billion to £19.3 billion¹.

Net approvals (that is, net of cancellations) for house purchases, an indicator of future borrowing, significantly rose to 52,000 in March from 44,100 in February, yet remains below the monthly average for 2022 of 62,700 (Chart 1). Approvals for remortgaging (which only capture remortgaging with a different lender) also increased, to 32,200 in March from 28,200 in February.



The 'effective' interest rate – the actual interest rate paid – on newly drawn mortgages increased by 17 basis points, from 4.24% to 4.41% in March. The rate on the outstanding stock of mortgages rose by 9 basis points, to 2.73%.

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

Individuals borrowed an additional £1.6 billion in consumer credit in March, on net, compared to £1.5 billion of borrowing in February (Chart 2). The additional consumer credit borrowing in March

was split between £0.7 billion of borrowing on credit cards, which was broadly unchanged from February, and £0.9 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 marked the sixth consecutive month of increase, from 7.7% in February to 7.9% in March. The annual growth rate of credit card borrowing fell from 13.2% to 12.8% in March, while for other forms of consumer credit the growth rate rose from 5.4% in February to 5.8% in March.

Chart 2: Consumer credit

Seasonally adjusted



The effective interest rate on interest-charging overdrafts in March decreased by 27 basis points, to 21.07%. The effective rate on new personal loans to individuals dropped by 36 basis points, to 7.79% in March. The effective rate on interest bearing credit cards rose to 20.29% in March, from 20.11% in February, the highest rate on record.

Households' deposits (M&C Table J):

Households withdrew, on net, £4.8 billion from banks and building societies in March, compared to net deposits of £2.6 billion in February. Within the household deposits measure, net flow of interest-bearing sight deposit significantly decreased from -£5.1 billion in February to -£14.4 billion in March. Non-interest bearing sight deposits flows marked the fifth consecutive months of negative flows (withdrawals) at -£2.0 billion in March. These were partly offset by net flows into time deposits, which remained strong at £6.5 billion (Chart 3).

Chart 3: Breakdown of households' deposits (Household M4)

Seasonally adjusted net flow

During March, households deposited £3.5 billion into National Savings and Investment (NS&I) accounts (increased from £2.0 billion in February), which are not captured within household deposits with banks and building societies but can act as a substitute for them. This was the highest amount of deposits from households into NS&I accounts since September 2020 (£5.0 billion). The combined net flow of both household deposits with banks and building societies and NS&I accounts in March was -£1.3 billion, compared to £4.6 billion of deposits in February (Chart 4).

Chart 4: Household deposits

Seasonally adjusted net flow

The effective interest rate paid on individuals' new time deposits with banks and building societies was unchanged at 3.62% from February to March. The effective rate on the outstanding stock of time deposits increased by 16 basis points to 2.18% in March, while the effective rates on stock sight deposits increased by 8 basis points to 1.12% in March.

Lending to and deposits from businesses

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

UK non-financial businesses (PNFCs and public corporations) borrowed, on net, £2.5 billion of bank and building society loans (including overdrafts) in March, compared to £4.3 billion of net repayments in February. Within this, large non-financial businesses borrowed, on net, £3.2 billion in March, compared to £3.7 billion of net repayments in February. Small and medium sized non-financial businesses (SMEs) repaid, on net, £0.7 billion in March, compared to £0.6 billion of net repayments in February.

The annual growth rate of borrowing by large businesses rose from 3.1% to 3.3% in March, while for SMEs it changed from -3.9% in February to -4.0% March (Chart 5).

The average cost of new borrowing from banks by UK PNFCs decreased by 6 basis points to an effective interest rate of 5.76% in March, and now sits 373 basis points above the December 2021 rate of 2.03% (when Bank Rate increases began). Likewise, the effective interest rate on new loans to SMEs fell by 7 basis points to 6.36% in March (the December 2021 rate was 2.51%).

Chart 5: Annual growth of lending to SMEs and large businesses

Seasonally adjusted

Market Finance (M&C Table F):

In March, private non-financial companies (PNFC) repaid a net £2.6 billion in market finance, in comparison to £2.0 billion of net repayments in February. Within this, on net, companies bought back £3.0 billion of equity, which marks the eighteenth consecutive month of equity buybacks. Companies also redeemed £1.0 billion of commercial paper, which was more than offset by £1.4 billion of bond issuances (Chart 6).

Chart 6: Net finance raised by PNFCs

Seasonally adjusted net flow

Businesses' deposits:

In March, UK non-financial businesses withdrew, on net, £1.3 billion of deposits from banks and building societies in all currencies, compared to a net withdrawal of £4.8 billion in February.

The effective rate on new time deposits increased by 11 basis points to 3.54%, and the effective rate on stock sight deposits increased by 7 basis points to 1.70%.

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

The net flow of sterling money (known as M4ex) decreased to -£18.1 billion in March, from -£4.3 billion in February. This was split among -£7.6 billion of net flows of non-intermediate other financial corporations' (NIOFCs') holdings of money (compared to -£4.8 billion in February), -£5.8 billion of net flows of PNFCs' holdings of money (compared to -£2.1 billion in February) and -£4.8 billion of net flows of households' holdings of money.

The flow of sterling net lending to private sector companies and households (M4Lex) increased from -£17.7 billion in February, to -£0.7 billion in March. This was mainly driven by a rise in the flow of net lending to NIOFCs, which changed from -£19.1 billion in February to -£0.4 billion in March. Net flow of lending to PNFCs was -£1.0 billion in March².

¹The net lending of mortgage debt to individuals series is seasonally adjusted independently of the gross lending and repayments series. As such, the net lending series will not necessarily equal gross lending minus gross repayments.

²Data published for November 2022 to February 2023 for PNFC M4L were previously under review and treated as provisional. This review has now been completed. These data, and the total M4Lex measure they feed into, have been revised in this month's release of Bankstats.

Queries

If you have any comments or queries about this release please email [✉ DSD_MS@bankofengland.co.uk](mailto:DSD_MS@bankofengland.co.uk).

Next release date: 1 June 2023

More information

[!\[\]\(919a2cb85b99741a73c0c31a427236a8_img.jpg\) Highs and lows - March 2023 \(PDF 0.1MB\)](#)

[!\[\]\(666e09182d4cd268646ea700ea60dcdf_img.jpg\) Summary tables - March 2023 \(XLSX 0.2MB\)](#)

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