

Money and Credit – February 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.

Published on 29 March 2023

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 mortgage lending to individuals decreased from £2.0 billion to £0.7 billion in February. Looking at the period prior to the onset of Covid-19 in March 2020, this is the lowest level of net borrowing since April 2016 (also £0.7 billion).
- Net mortgage approvals for house purchases increased to 43,500 in February, from 39,600 in January. This marked the first monthly increase since August 2022.
- The 'effective' interest rate – the actual interest rate paid – on newly drawn mortgages increased by 36 basis points, to 4.24% in February.
- Consumers borrowed an additional £1.4 billion in consumer credit in February, on net, compared with £1.7 billion borrowed during January. This was split between £0.6 billion of borrowing on credit cards and £0.8 billion of borrowing through other forms of consumer credit.
- Households deposited an additional £1.6 billion with banks and building societies in February. Within this, net flow into time deposits remained strong at £6.8 billion, but this was largely offset by net withdrawals from sight deposits.
- Non-financial companies (PNFCs) repaid £1.9 billion in market finance, while non-financial businesses (PNFCs and public corporations) repaid £4.5 billion of bank loans in February.
- The net flow of sterling money (known as M4ex) witnessed a significant fall to -£6.9 billion in February, from £38.6 billion in January. This was primarily driven by non-intermediate other financial corporations (NIOFCs), with net flows decreasing to -£6.6 billion (from £33.0 billion in January). Net lending to the private sector (known as M4Lex) also decreased, to -£21.5 billion from -£7.3 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):

Net borrowing of mortgage debt by individuals decreased from £2.0 billion in January to £0.7 billion in February, 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 April 2016 (also £0.7 billion). Gross lending decreased from £22.9 billion in January to £20.8 billion in February, while gross repayments fell slightly from £21.4 billion to £20.1 billion.

Net approvals (that is, net of cancellations) for house purchases, an indicator of future borrowing, increased to 43,500 in February, from 39,600 in January (Chart 1). This was the first monthly increase in approvals for house purchases since August 2022. Approvals for remortgaging (which only capture remortgaging with a different lender) also rose to 28,100 in February from 25,400 in January.

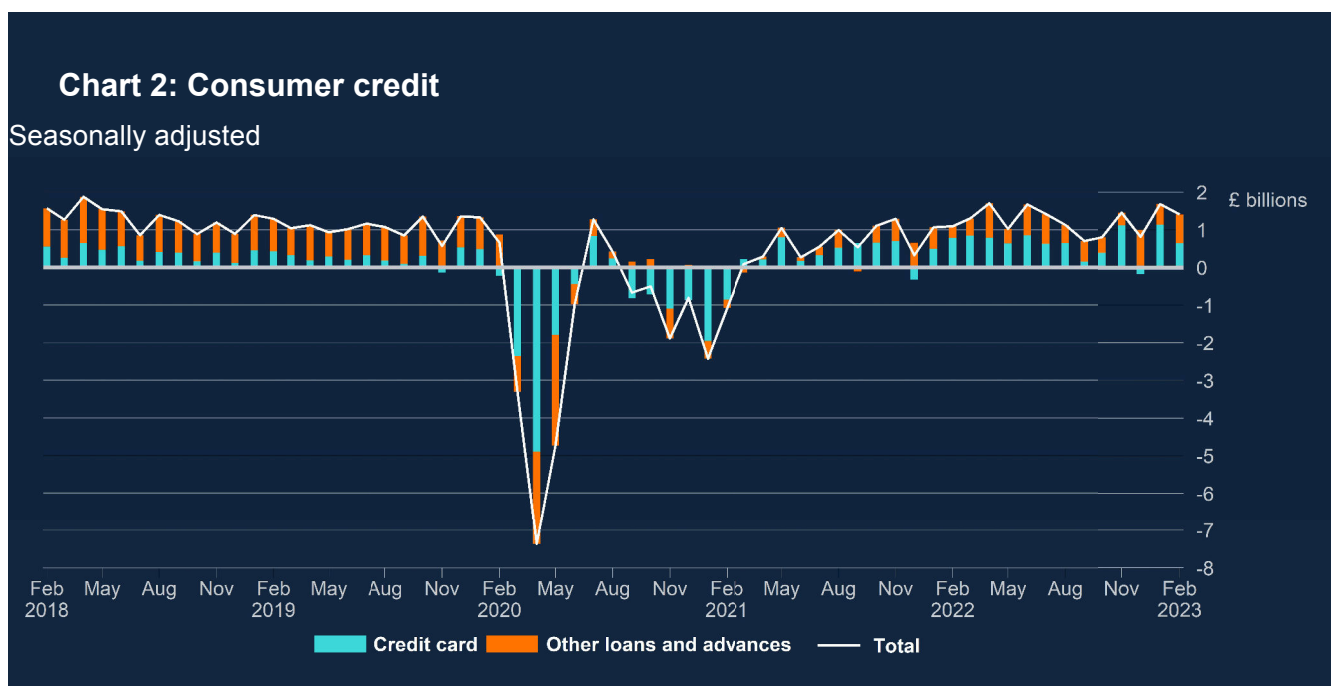


The 'effective' interest rate – the actual interest rate paid – on newly drawn mortgages increased by 36 basis points, from 3.88% to 4.24% in February. The rate on the outstanding stock of mortgages rose by 10 basis points, to 2.64%.

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

Individuals borrowed an additional £1.4 billion in consumer credit in February, on net, compared to £1.7 billion of borrowing in January (Chart 2). The additional consumer credit borrowing in February was split between £0.6 billion of borrowing on credit cards, decreasing from £1.1 billion in January, and £0.8 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 slightly from 7.5% in January to 7.7% in February, the highest rate since November 2018 (8.0%). The annual growth rate of credit card borrowing fell slightly from 13.5% to 13.1% in February, while for other forms of consumer credit the growth rate rose from 5.1% in January to 5.4% in February.



The effective interest rate on interest-charging overdrafts in February rose by 42 basis points, to 21.27%. The effective rate on new personal loans to individuals dropped by 15 basis points, to 8.15% in February. The effective rate on interest bearing credit cards rose to 20.11% in February, from 19.90% in January.

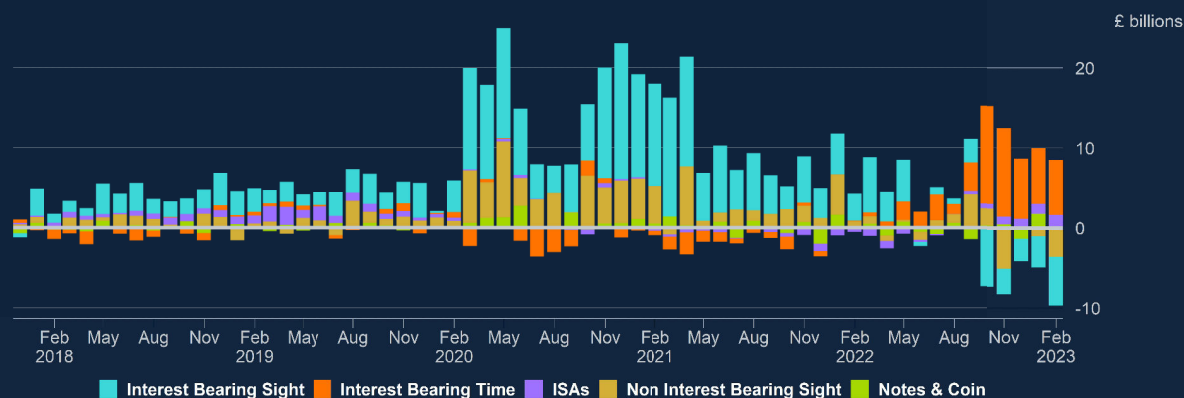
Households' deposits (M&C Table J):

Households deposited an additional £1.6 billion with banks and building societies in February, compared to £3.3 billion in January. Within the household deposits measure, net flows into time deposits remained strong at £6.8 billion in February, but slightly decreased from £7.0 billion in January (Chart 3). This was largely offset by net flows of interest-bearing sight deposits at -£6.1 billion in February, which marked the fifth consecutive month of negative flows (withdrawals), and non-interest bearing sight deposit flows at -£3.6 billion, which fell from -£1.0 billion in January.

During February, households also deposited £2.0 billion into National Savings and Investment (NS&I) accounts (compared to net zero deposits in January), 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 was £3.6 billion, increased from £3.3 billion in January.

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

Seasonally adjusted net flow



There is a discrepancy between household M4 and its components due to the seasonal adjustment methodology.

The effective interest rate paid on individuals' new time deposits with banks and building societies rose by 11 basis points, to 3.62% in February. The effective rate on the outstanding stock of time deposits increased by 20 basis points to 2.02% in February, while the effective rates on stock sight deposits increased 12 basis points to 1.01% in February.

Lending to and deposits from businesses

Businesses' borrowing from banks (M&C Tables F-1):

UK non-financial businesses (PNFCs and public corporations) repaid, on net, £4.5 billion of bank and building society loans (including overdrafts) in February, compared to £3.1 billion of net repayment in January. This was the largest net repayment from UK non-financial businesses since October 2022 (£7.5 billion of net repayments). Within this, large non-financial businesses repaid, on net, £3.4 billion in February, compared to £3.0 billion of net repayment in January. Small and medium sized non-financial businesses (SMEs) repaid, on net, £1.0 billion in February, compared to £0.2 billion of net repayments in January.

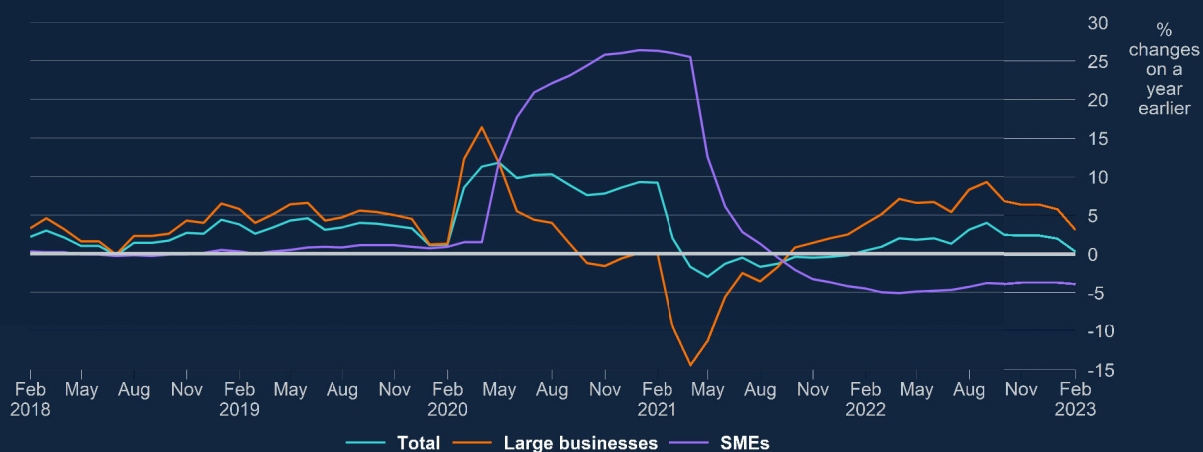
The annual growth rate of borrowing by large businesses decreased by 2.7 percentage points to 3.1% in February, while for SMEs changed from -3.7% in January to -3.9% February (Chart 4).

The average cost of new borrowing from banks by UK PNFCs increased by 58 basis points to an effective interest rate of 5.82% in February, and now sits 379 basis points above the December 2021 rate of 2.03% (when Bank Rate increases began). The effective interest rate on new loans

to SMEs increased by 51 basis points to 6.43% in February (the December 2021 rate was 2.51%).

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

Seasonally adjusted

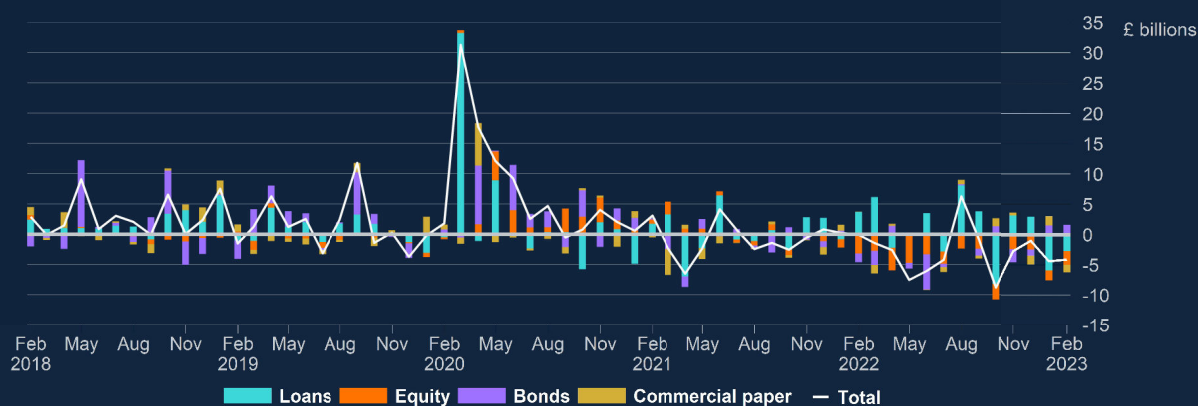


Market Finance (M&C Table F):

In February, private non-financial companies (PNFC) repaid a net £1.9 billion in market finance, in comparison to £1.4 billion of net borrowing in January. Within this, on net, companies bought back £2.2 billion of equity, which marked the seventeenth consecutive month of equity buybacks. Companies also redeemed £1.3 billion of commercial paper, which was partly offset by £1.6 billion of bond issuances.

Chart 5: Net finance raised by PNFCs

Seasonally adjusted net flow



Businesses' deposits:

In February, UK non-financial businesses withdrew, on net, £5.0 billion of deposits from banks and building societies in all currencies, compared to a net withdrawal of £20.3 billion in January.

The effective rate on new time deposits increased by 32 basis points to 3.43%, and the effective rate on stock sight deposits increased by 19 basis points to 1.63%.

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

The net flow of sterling money (known as M4ex) decreased significantly to -£6.9 billion in February, from £38.6 billion in January. This was driven by net flows of non-intermediate other financial corporations' (NIOFCs') holdings of money, which fell from £33.0 billion in January to -£6.6 billion in February. Net flows of PNFCs' holdings of money decreased from £2.3 billion in January, to -£1.9 billion in February.

The flow of sterling net lending to private sector companies and households (M4Lex) also decreased from -£7.3 billion in January, to -£21.5 billion in February. This was mainly driven by a fall in the flow of net lending to NIOFCs, from -£7.8 billion in January to -£19.1 billion in February. Net flow of lending to PNFCs was -£4.7 billion in February¹.

¹Data published for November 2022 to February 2023 for PNFC M4L are currently under review and should be treated as provisional. These data, and the total M4Lex measure it feeds into, may

be subject to revision. Any revisions will be incorporated at the earliest opportunity.

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: 4 May 2023

More information

[📄 Highs and lows - February 2023 \(PDF 0.1MB\)](#)

[📄 Summary tables - February 2023 \(XLSX 0.2MB\)](#)

> [Money and credit statistics](#)

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