

Money and Credit – January 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 01 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 £3.1 billion to £2.5 billion in January.
- Net mortgage approvals for house purchases decreased to 39,600 in January from 40,500 in December, marked the fifth consecutive monthly decrease in mortgage approvals. If the onset of the Covid-19 pandemic and period immediately thereafter is excluded, this was the lowest approvals since January 2009 (32,400).
- The 'effective' interest rate – the actual interest rate paid – on newly drawn mortgages increased by 21 basis points, to 3.88% in January.
- Consumers borrowed an additional £1.6 billion in consumer credit, on net, compared with £0.8 billion borrowed in December. This was split between £1.1 billion of borrowing on credit cards and £0.5 billion of borrowing through other forms of consumer credit.
- Households deposited an additional £3.5 billion with banks and building societies in January. This was driven by a net flow of £6.9 billion into time deposits, but partly offset by net withdrawals in sight deposits.
- Non-financial companies (PNFCs) raised £1.4 billion in market finance, while non-financial businesses (PNFCs and public corporations) repaid £3.5 billion of bank loans in January.
- Non-financial businesses withdrew £20.3 billion of deposits from banks and building societies in all currencies. This marked the highest withdrawal from UK non-financial businesses on record (series starting in July 2009).
- The net flow of sterling money (known as M4ex) witnessed a significant rise to £39.8 billion in January, from -£37.0 billion in December. This was primarily driven by non-intermediate other financial corporations (NIOFCs), with net flows increasing to £33.7 billion (from -£35.9 billion in December). Conversely, net lending to the private sector (known as M4Lex) decreased to -£6.8 billion from £2.1 billion over the same period.

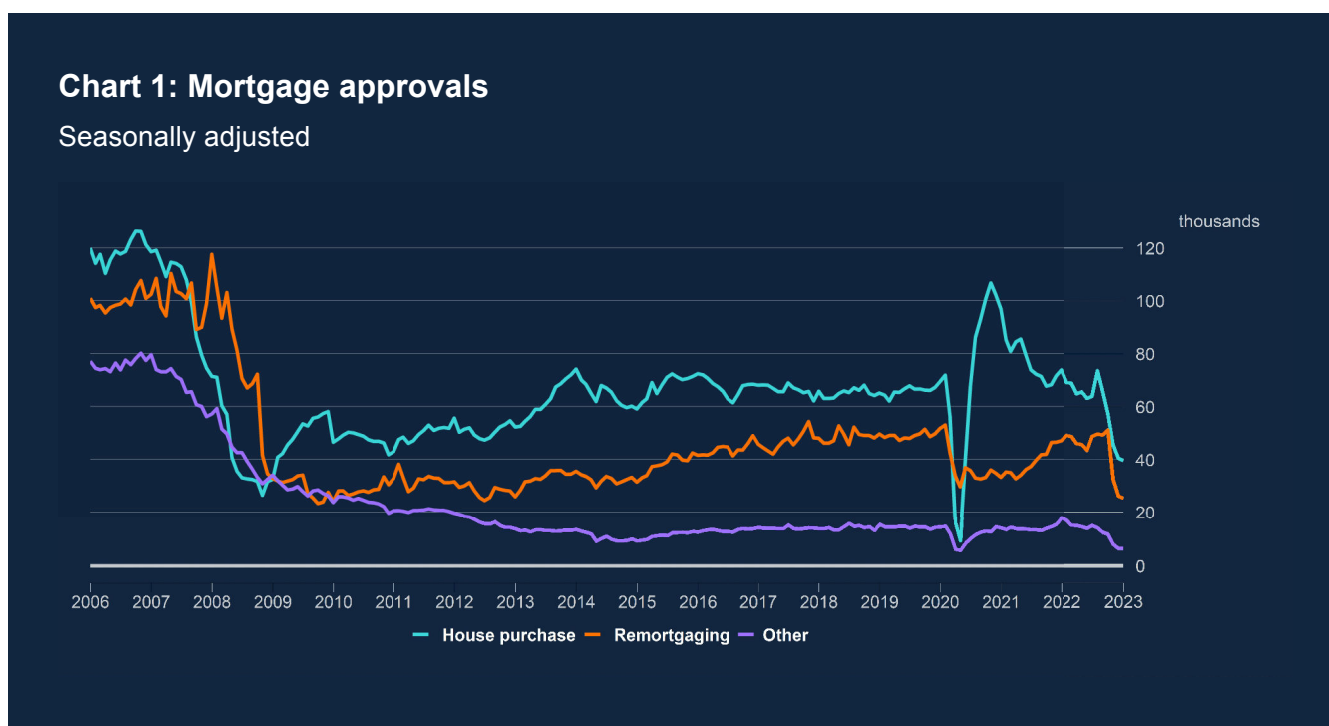
References in the text point to the [summary tables](#) below. For further statistics, please see our [visual summaries](#), [Effective Rates \(ER\) statistical release](#), [Capital Issuance statistical release](#), and [Bankstats tables](#).

Lending to individuals

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

Net borrowing of mortgage debt by individuals decreased from £3.1 billion in December to £2.5 billion in January. Gross lending slightly increased from £23.0 billion in December to £23.3 billion in January, while gross repayments rose from £21.1 billion to £21.5 billion.

Net approvals (net of cancellations) for house purchases, an indicator of future borrowing, decreased to 39,600 in January, from 40,500 in December (Chart 1). This was the fifth consecutive monthly decrease in approvals for house purchases. If the onset of the Covid-19 pandemic and period immediately thereafter is excluded, house purchase approvals were at the lowest level since January 2009 (32,400). Approvals for remortgaging (which only capture remortgaging with a different lender) fell to 25,400 in January from 26,200 in December, the lowest level since July 2012 (24,400).



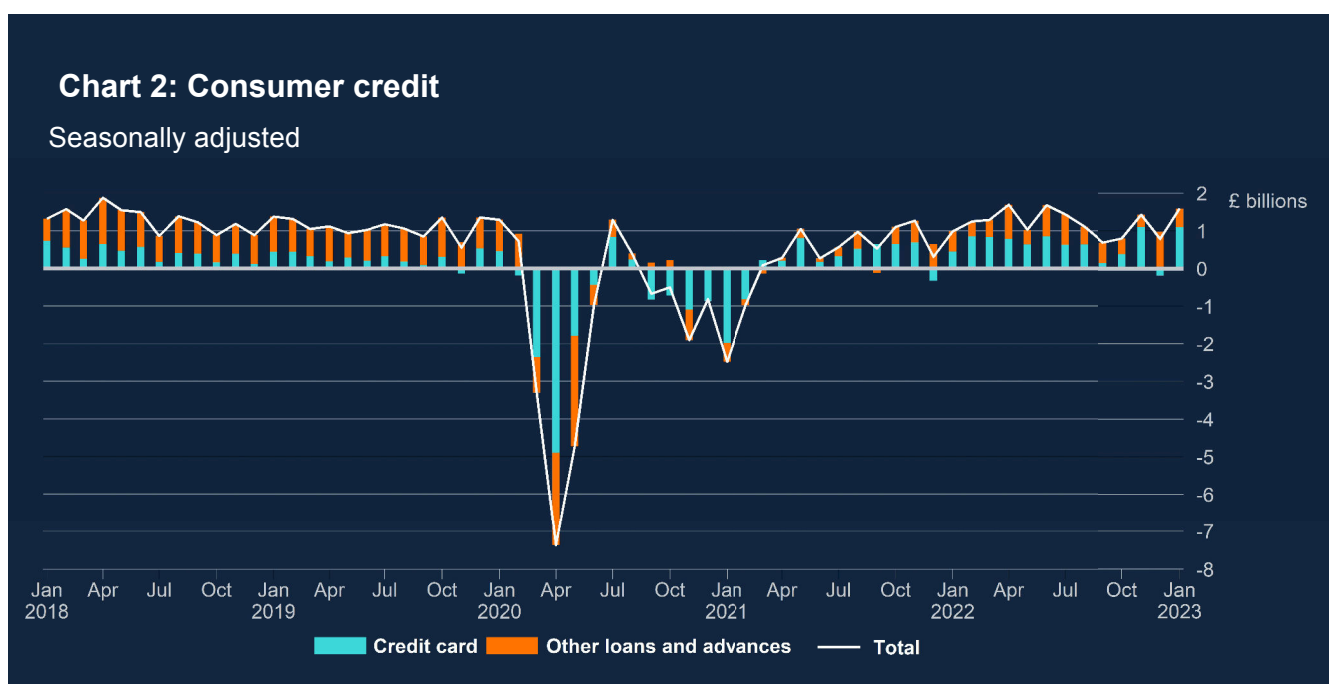
The 'effective' interest rate – the actual interest rate paid – on newly drawn mortgages increased by 21 basis points from 3.67% to 3.88% in January. The rate on the outstanding stock of mortgages increased by 4 basis points, to 2.54%.

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

Individuals borrowed an additional £1.6 billion in consumer credit in January, on net, following £0.8 billion of borrowing in December (Chart 2). This was the highest net borrowing by individuals

since June 2022 (£1.7 billion). The additional consumer credit borrowing in January was split between £1.1 billion of borrowing on credit cards, rising from £0.2 billion of net repayments in December, and £0.5 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 from 7.2% in December to 7.5% in January. The annual growth rate of credit card borrowing rose from 12.4% to 13.5% in January, the highest level since October 2005 (13.7%), while for other forms of consumer credit the growth rate was broadly unchanged at 5.1%.



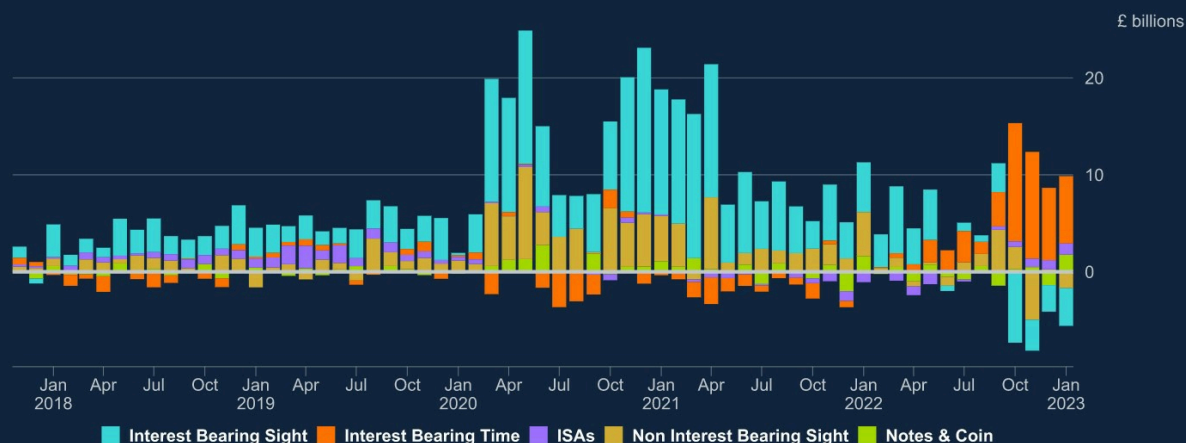
The effective interest rate on interest-charging overdrafts in January rose by 108 basis points, to 20.85%. The effective rate on new personal loans to individuals increased by 19 basis points, to 8.35% in January. The effective rate on interest bearing credit cards also rose to 19.90% in January, from 19.55% in December.

Households' deposits (M&C Table J):

Households deposited an additional £3.5 billion with banks and building societies in January, compared to £3.3 billion in December. Within the household deposits measure, net flows into time deposits remained strong at £6.9 billion in January, but fell from £7.5 billion in December (Chart 3). Net flows of interest bearing sight deposits marked the fourth consecutive month of negative flows (withdrawals) at -£3.9 billion in January; while non-interest bearing sight deposit flows also fell, to -£1.7 billion in January (from £0.3 billion in December).

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

Seasonally adjusted net flow



The effective interest rate paid on individuals' new time deposits with banks and building societies rose by 18 basis points, to 3.51% in January. The effective rate on the outstanding stock of time deposits increased by 15 basis points to 1.82% in January, while the effective rates on stock sight deposits increased 6 basis points to 0.89% in January.

Lending to and deposits from businesses

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

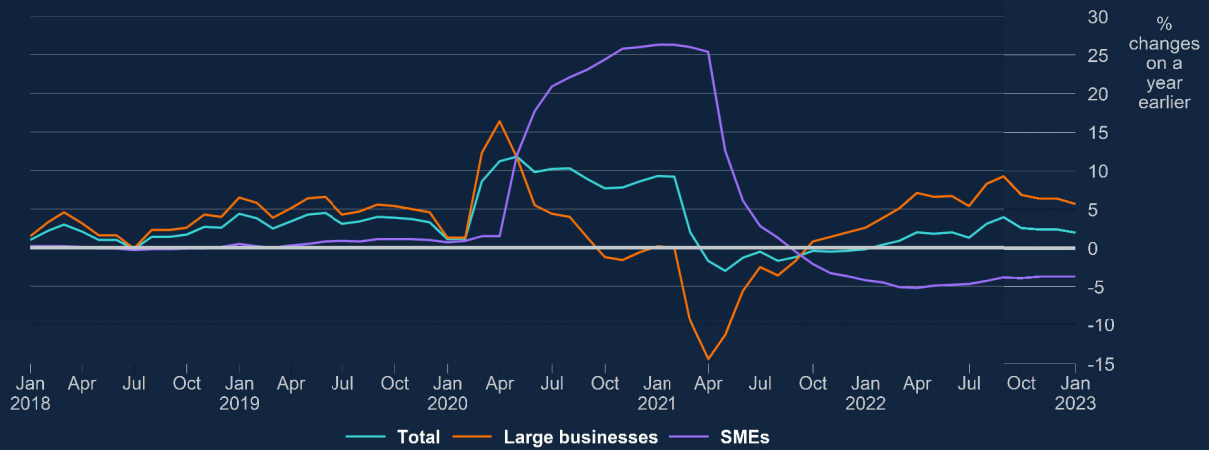
UK non-financial businesses (PNFCs and public corporations) repaid, on net, £3.5 billion of bank and building society loans (including overdrafts) in January, compared to £3.7 billion of net borrowing in December. Within this, large non-financial businesses repaid, on net, £2.9 billion in January, compared to £4.0 billion of net borrowing in December. Small and medium sized non-financial businesses (SMEs) repaid, on net, £0.6 billion in January, compared to £0.3 billion of net repayments in December.

The annual growth rate of borrowing by large businesses decreased by 0.7 percentage points to 5.7% in January, while for SMEs it was unchanged at -3.7% (Chart 4).

The average cost of new borrowing from banks by UK PNFCs increased by 36 basis points to an effective interest rate of 5.24% in January, and now sits 321 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 8 basis points to 5.92% in January (the December 2021 rate was 2.51%), and is the highest on record since the series began in January 2016.

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

Seasonally adjusted

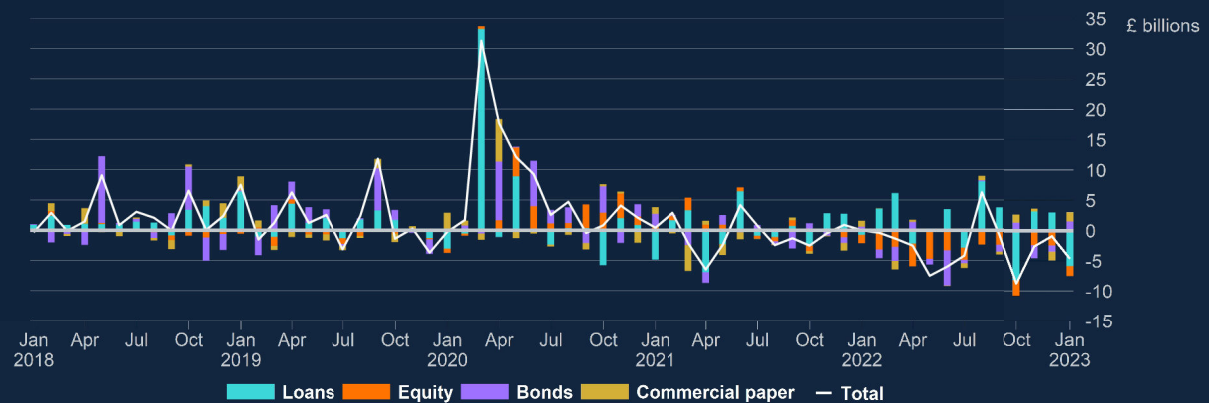


Market Finance (M&C Table F):

In January, private non-financial companies (PNFC) raised a net £1.4 billion in market finance, in comparison to £4.9 billion of net repayments in December. Within this, on net, companies bought back £1.6 billion of equity, which marked the sixteenth consecutive month of equity buybacks, but issued £1.5 billion each of bonds and commercial paper.

Chart 5: Net finance raised by PNFCs

Seasonally adjusted net flow



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

Businesses' deposits:

In January, UK non-financial businesses withdrew, on net, £20.3 billion of deposits from banks and building societies in all currencies, compared to a net withdrawal of £5.6 billion in December. This was the highest withdrawal from UK non-financial businesses on record (series starting in July 2009).

The effective rate on new time deposits increased by 19 basis points to 3.11%, and the effective rate on stock sight deposits increased by 23 basis points to 1.44%.

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

The net flow of sterling money (known as M4ex) increased significantly to £39.8 billion in January, from -£37.0 billion in December. This was mainly driven by net flows of non-intermediate other financial corporations' (NIOFCs') holdings of money, which increased to £33.7 billion in January from -£35.9 billion in December. Net flows of PNFCs' holdings of money rose to £2.6 billion in January, from -£4.4 billion in December.

The flow of sterling net lending to private sector companies and households (M4Lex) decreased from £2.1 billion in December, to -£6.8 billion in January. This was driven by a fall in the flow of net lending to NIOFCs, from -£3.1 billion in December to -£7.8 billion in January.

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: 29 March 2023

More information

[📄 Highs and Lows - January 2023 \(PDF 0.1MB\)](#)

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

[> Money and credit statistics](#)

[> Further details about our data](#)

