

To:

SECRETARY OF STATE

From:

(Circulation list attached)

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1 July 1988

CREDIT BUSINESS IN MAY

A Press Notice giving details of credit business in May is attached for information. The Press Notice will be issued at 11.30 am on Monday, 4 July. The contents should be treated as confidential until then.

Recipients may like to note that we intend to make a slight change to the presentation of the Press Notice next month. This is to show separately class 3 loans by building societies (ie loans other than those for house purchase). Until now such loans have been included with the figures for finance houses and other specialist credit grantors, because the building society data were considered commercially confidential.

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88/484

4 July 1988

CREDIT BUSINESS IN MAY

During May, using the narrower coverage in Table 1, the amount outstanding on consumer credit agreements with finance houses, other specialist credit grantors, building societies, retailers and on bank credit cards rose by £0.4 billion to £24.6 billion. This compared with an increase of £0.3 billion recorded in April. (These figures exclude those consumer credit agreements shown in Table 2 where information is available only quarterly: these are loans by banks on personal accounts and loans by insurance companies for which amounts outstanding at the end of March were £13.9 billion.)

The increase in the latest three months, March to May, was £1.1 billion, compared with £0.9 billion in the previous three month period. Within the total, the increase shown by finance houses, other specialist credit grantors and building societies was £0.8 billion in the latest three months, compared with £0.7 billion in the previous period. Bank credit cards shown an increase of £0.2 billion in the most recent three month period, compared with an increase of £0.1 billion in the previous one. There was an increase in amounts outstanding to retailers of £0.1 billion in the latest three months, following no change in the previous period.

New credit advanced to consumers (before taking account of repayments) in May by finance houses, other specialist credit grantors, building societies, retailers and on bank credit cards amounts to £3.6 billion, compared with £3.3 billion in April (see Table 3). The total for the three months March to May was 9 per cent higher than that for the previous three months.

In May there was a change in amounts outstanding on agreements with businesses by finance houses, other specialist credit grantors and building societies of £0.2 billion (see Table 1). The total change in the latest three months was £0.4 billion, compared with £0.3 billion in the preceding three months.

Press Inquiries : 01-215 4471/4472/4475

Public Inquiries : 01-215 3138

NOTES FOR EDITORS

1 All figures are quoted after seasonal adjustment. The seasonal adjustments of bank loans on personal accounts and of credit card lending are subject to greater uncertainty than the seasonal adjustments of the other data owing to the shortness of the series.

2 Table 1 covers amounts outstanding and changes in amounts outstanding to finance houses, other specialist credit grantors and building societies, retailers and on bank credit cards. Loans by retailers and on bank credit cards are mainly to consumers and are treated as consumer agreements. Loans by finance houses, other specialist credit grantors and building societies, are split into agreements with consumers and agreements with businesses and the two components are shown separately.

3 Table 2 includes the same data as Table 1 on agreements with consumers. Also shown are figures for loans by banks (monetary sector institutions other than those included in finance houses and other specialist credit grantors) on personal accounts, where the amount outstanding does not exceed £15,000, and by insurance companies to individuals, excluding loans for house purchase and bridging finance. These figures are available only quarterly. This table covers all institutions providing finance for consumers and thus provides a quarterly series for total consumer credit.

4 Table 3 shows new credit advanced by finance houses, other specialist credit grantors and building societies, retailers and on bank credit cards. The coverage is the same as for Table 1 except that dealer stock funding loans by finance house to businesses are excluded. A high proportion of credit advances in certain types of agreements, notably on credit cards and with mail order houses, is repaid within a month, reflecting the use of such agreements as a method of payment rather than as a means of obtaining credit.

5 The figures for retailers' credit cover only the self-financed credit business of clothing retailers, household goods retailers, mixed retail businesses (other than Co-operative societies) and general mail-order houses. Where credit available in a retail outlet is financed by a finance house, which may be a subsidiary of the retailer or may be independent, this credit is covered in the series for finance houses, other specialist credit grantors and building societies. Credit advanced by banks on credit cards or through loans on personal accounts and by finance houses, other specialist credit grantors and building societies may also be used to finance purchases in retail outlets. These credit grantors also advance credit for non-retail purchases such as cars, petrol, holidays and entertainment.

6 Unsecured loans by building societies, which are advanced under the terms of the Building Societies Act 1986, are included from January 1987. Amounts outstanding on bank loans on personal accounts are available from end December 1986 only. Lending by finance houses and other specialist credit grantors where the group specialises in lending to other companies only are excluded from the statistics in this Press Notice.

7 Full results of the inquiries which collect the monthly information on credit are published by H M Stationery Office in Business Monitor SDM6 - Credit business. This may be obtained on subscription (£19.50 per annum) from H M Stationery Office, P O Box 276, London SW8 5DT. Individual copies are available, price £3.50 each from:

The Library,
Business Statistics Office,
Government Buildings,
Cardiff Road,
Newport, GWENT.
Telephone: Newport (0633) 812973.

TABLE 1

CHANGES IN AMOUNTS OUTSTANDING TO FINANCE HOUSES, OTHER SPECIALIST CREDIT GRANTORS
AND BUILDING SOCIETIES, RETAILERS AND ON BANK CREDIT CARDS. (SEASONALLY ADJUSTED)

£ Million

	AGREEMENTS WITH CONSUMERS			AGREEMENTS WITH BUSINESSES		TOTAL AGREEMENTS
	TOTAL	RETAILERS (a)	BANK CREDIT CARDS	FINANCE HOUSES, OTHER SPECIALIST CREDIT GRANTORS AND BUILDING SOCIETIES ON AGREEMENTS WITH		
				CONSUMERS	BUSINESSES	
	A=B+C+D	B	C	D	E	
AMOUNTS OUTSTANDING AT END OF PERIOD						
1987	22,958	2,633	5,555	14,770	7,175	30,133
1988 APR	24,274R	2,635R	5,838	15,801R	7,634R	31,908R
MAY	24,634	2,673	5,864	16,097	7,786	32,420
CHANGES IN AMOUNTS OUTSTANDING (b)						
1986	2,385	95	838	1,452	822	3,207
1987	3,865	357	899	2,619	1,221	5,086
1986 2nd Qtr	330	-3	199	134	82	412
3rd Qtr	770	66	348	356	223	993
4th Qtr	501	16	91	394	209	710
1987 1st Qtr	977	75	288	614	105	1,082
2nd Qtr	1,068	76	255	737	393	1,461
3rd Qtr	874	88	185	601	396	1,270
4th Qtr	946	118	161	667	327	1,273
1988 1st Qtr	1,035	1	227	807	327	1,362
1987 MAY	333	26	52	255	136	469
JUN	337	22	98	217	150	487
JUL	277	44	95	138	98	375
AUG	250	29	-24	245	173	423
SEP	347	15	114	218	125	472
OCT	340	50	29	261	26	366
NOV	357	50	69	238	217	574
DEC	249	18	63	168	84	333
1988 JAN	288	-8	-9	305	60	348
FEB	321	-10	90	241	128	449
MAR	426	19	146	261	139	565
APR	281R	1R	56	224R	132R	413R
MAY	360	38	26	296	152	512
1987 DEC-FEB	858	0	144	714	272	1,130
1988 MAR-MAY	1,067	58	228	781	423	1,490

R = Revised

NOTES

(a) Self-financed credit advanced by clothing retailers, household goods retailers, mixed retail businesses (other than Co-operative societies) and general mail order houses only.

(b) Data were not collected on a consistent basis for all types of credit grantor prior to 1986. The following table gives figures for changes in amounts outstanding which are available:

	1983	1984	£ Million 1985
Retailers	139	119	209
Finance Houses etc.	2,286	2,180	2,541

TABLE 2

CHANGES IN AMOUNTS OUTSTANDING ON ALL CONSUMER CREDIT AGREEMENTS.

 (SEASONALLY ADJUSTED)
 £ Million

CONSUMER CREDIT AGREEMENTS

	TOTAL (a)	RETAILERS (b)	BANKS (c)		INSURANCE COMPANIES	FINANCE HOUSES, OTHER SPECIALIST CREDIT GRANTORS AND BUILDING SOCIETIES
			CREDIT CARDS	LOANS ON PERSONAL ACCOUNTS (d)		
AMOUNTS OUTSTANDING AT END OF PERIOD						
1987	36,410	2,633	5,555	12,615	837	14,770
1988 1st Qtr	37,930	2,634	5,782	13,088	849	15,577
CHANGES IN AMOUNTS OUTSTANDING						
1986	2,457	95	838		72	1,452
1986 1st Qtr	798	16	200		14	568
2nd Qtr	345	-3	199		15	134
3rd Qtr	785	66	348		15	356
4th Qtr	529	16	91		28	394
1987	5,596	357	889	1,711	20	2,619
1987 1st Qtr	1,288	75	288	303	8	614
2nd Qtr	1,462	76	255	424	-30	737
3rd Qtr	1,374	88	185	470	30	601
4th Qtr	1,472	118	161	514	12	667
1988 1st Qtr	1,520	1	227	473	12	807

— indicates a break in the series

NOTES

- (a) Changes in amounts outstanding in 1986 exclude bank loans on personal accounts.
- (b) Self-financed advances by clothing retailers, household goods retailers, mixed retail businesses (other than Co-operative societies) and general mail order houses only.
- (c) Monetary sector institutions other than those included in finance houses and other specialist credit grantors.
- (d) Amounts outstanding on bank loans on personal accounts, not exceeding £15,000, excluding bridging loans and house purchase finance.

TABLE 3

NEW CREDIT ADVANCED BY FINANCE HOUSES, OTHER SPECIALIST CREDIT GRANTORS AND
BUILDING SOCIETIES, RETAILERS AND ON BANK CREDIT CARDS. (SEASONALLY ADJUSTED)

	£ Million					
	AGREEMENTS WITH CONSUMERS			AGREEMENTS WITH BUSINESSES		TOTAL AGREEMENT
	TOTAL	RETAILERS (a)	BANK CREDIT CARDS	FINANCE HOUSES, OTHER SPECIALIST CREDIT GRANTORS AND BUILDING SOCIETIES ON AGREEMENTS WITH		
				CONSUMERS	BUSINESSES (b)	
1986	28,057	4,865	12,916	10,276	3,489	31,546
1987	34,758	5,280	16,641	12,837	4,356	39,114
1986 2nd Qtr	6,822	1,204	3,118	2,500	847	7,669
3rd Qtr	7,252	1,261	3,346	2,645	868	8,120
4th Qtr	7,315	1,239	3,488	2,588	918	8,233
1987 1st Qtr	7,802	1,253	3,758	2,791	949	8,751
2nd Qtr	8,654	1,300	4,151	3,203	1,044	9,698
3rd Qtr	9,032	1,362	4,302	3,368	1,136	10,168
4th Qtr	9,270	1,365	4,430	3,475	1,227	10,497
1988 1st Qtr	9,766	1,382	4,761	3,623	1,416	11,182
1987 MAY	2,864	428	1,397	1,039	341	3,205
JUN	2,962	448	1,419	1,095	379	3,341
JUL	2,940	450	1,413	1,077	359	3,299
AUG	2,998	451	1,429	1,118	381	3,379
SEP	3,094	461	1,460	1,173	396	3,490
OCT	3,004	469	1,402	1,133	370	3,374
NOV	3,138	470	1,498	1,170	420	3,558
DEC	3,128	426	1,530	1,172	437	3,565
1988 JAN	2,952	467	1,352	1,133	436	3,388
FEB	3,384	459	1,713	1,212	480	3,864
MAR	3,430	456	1,696	1,278	500	3,930
APR	3,282R	461R	1,579	1,242R	446R	3,728R
MAY	3,567	469	1,739	1,359	512	4,079
1987 DEC-FEB	9,464	1,352	4,595	3,517	1,353	10,817
1988 MAR-MAY	10,279	1,386	5,014	3,879	1,458	11,737
Percentage increase over previous three months	9	3	9	10	8	9

R = Revised

NOTES

- (a) Self-financed credit advanced by clothing retailers, household goods retailers, mixed retail businesses (other than Co-operative societies) and general mail-order houses only.
- (b) Excluding dealer stock funding. These agreements are included in table 1.

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