

A new measure of consumer credit

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The current measure of consumer credit published by the Bank of England includes lending on credit cards, overdrafts and other loans, including those made through Government student finance schemes. The stock of student loans has doubled over the five years to 5 April 2012 to £47 billion, and now represents more than 20% of the stock of overall consumer credit. With student loans unlikely to be affected by the same factors that influence the other components of consumer credit, the Bank is proposing a new measure of consumer credit that excludes student loans. Consumer credit excluding student loans is estimated to have contracted by 0.4% in the year to June 2012. This new measure of consumer credit will be introduced in the August 2012 Bankstats release.

Introduction

The Bank of England publishes monthly data on consumer credit, split into lending on credit cards and other loans and advances.¹ The series for other loans and advances includes overdrafts and loans made through Government student finance schemes (“student loans”). Data on student loans are provided by the Student Loans Company (SLC). Student loans cover maintenance loans paid directly to students and, from 2006/07 onwards, tuition fees to Higher Education Institutions on behalf of students who have taken out tuition fee loans. According to the SLC, the outstanding balance of student loans has doubled over the five years to 5 April 2012 to £47 billion,² and now represents more than 20% of the stock of overall consumer credit. Government projections suggest that the outstanding balance of student loans will be more than £80 billion by 2017/18.³

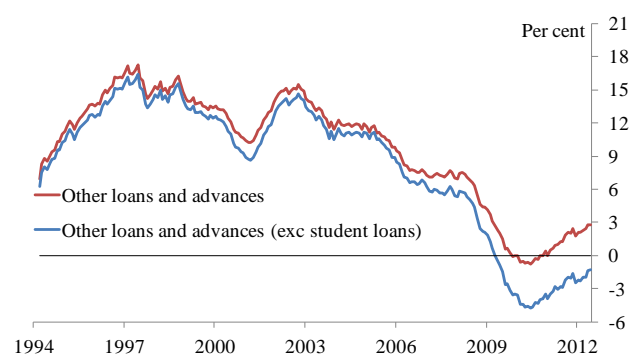
New Measure

Student loans are unlikely to be affected by the same factors that influence the other components of consumer credit: credit cards, overdrafts and other loans. To make the underlying trends in consumer credit more transparent, the Bank is proposing a new measure of

other loans and advances, and consequently overall consumer credit, which excludes student loans.

The annual growth rate in the stock of other loans and advances (including student loans) is positive and has picked up over the recent past, following a slowdown after the financial crisis (Chart A). Excluding student loans, this annual growth rate has been negative since 2009.

Chart A: Annual growth rate of other loans and advances



The pickup in the growth in the current measure of overall consumer credit (Chart B) – which includes credit cards – reflects a pickup in the stock of other loans and advances, which includes student loans. The annual growth rate in the proposed new measure, which excludes student loans, has been negative over the recent past. Consumer credit excluding student loans is estimated to have contracted by 0.4% in the year to June 2012.

¹ Available via the Statistical Release “Lending to Individuals”, www.bankofengland.co.uk/statistics/Pages/li/2012/Jun/default.aspx and Bankstats Tables A5.2 (www.bankofengland.co.uk/statistics/Documents/bankstats/current/tabA5.2.xls) and A5.6 (www.bankofengland.co.uk/statistics/Documents/bankstats/current/tabA5.6.xls). For definitions of consumer credit see explanatory notes at www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/loi.aspx.

² For more details on these data, see www.slc.co.uk/statistics/national-statistics.aspx.

³ For details see www.parliament.uk/briefing-papers/SN01079.pdf. The projection includes estimates for the Devolved Administrations. For more details on the projection for England, see “Higher Education: Students at the Heart of the System”, Department for Business, Innovation and Skills, June 2011; available at www.bis.gov.uk/assets/biscore/higher-education/docs/h/11-944-higher-education-students-at-heart-of-system.pdf.

Chart B: Annual growth rate of consumer credit

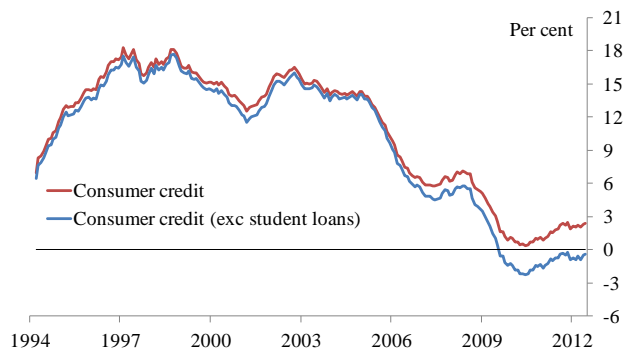
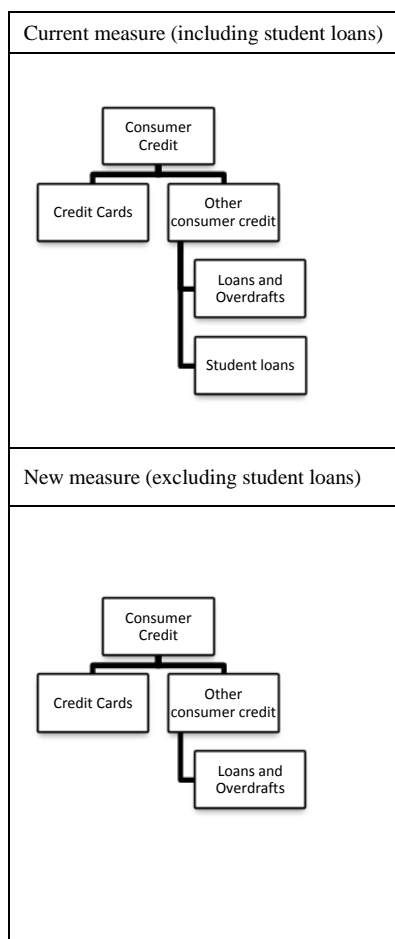


Figure 1 shows the main components that comprise the current and new measure of consumer credit. The Bank of England will be publishing the new measure of other loans and advances and consumer credit in Tables A5.2 and A5.6, in the August 2012 *Bankstats* release. Key series affected by these changes are shown in Annexes 1 and 2.

Figure 1: Components of consumer credit



Annex 1: List of key new series, excluding student loans.

Series	Description	Seasonally adjusted series	Non seasonally adjusted series	
Total sterling lending to individuals	Net amounts outstanding	BZ2A	BZ2B	
	Net changes	BZ2C	BZ2D	
	1 month growth rate	BZ2E	BZ2F	
	3 month growth rate (annualised)	BZ2G	BZ2H	
	6 month growth rate (annualised)	BZ2I	BZ2J	
Sterling lending to individuals by lenders other than MFIs	12 month growth rate	BZ2K	BZ2L	
	Net amounts outstanding	BZ2M	BZ2N	
	Net changes	BZ2O	BZ2P	
	Total sterling unsecured lending to individuals	Net amounts outstanding	BI2O	BI2P
		Net changes	B3PS	B3PT
Gross changes		B3PU	B3PV	
1 month growth rate		B3PW	B3PX	
3 month growth rate (annualised)		B3PY	B3MZ	
6 month growth rate (annualised)		B4TA	B4TB	
12 month growth rate		B4TC	B4TD	
Sterling unsecured lending to individuals by lenders other than MFIs	Net amounts outstanding	B4TE	B4TF	
	Net changes	B4TG	B4TH	
	Gross changes	B4TI	B4TJ	
	1 month growth rate	B4TK	B4TL	
	3 month growth rate (annualised)	B4TM	B4TN	
	6 month growth rate (annualised)	B4TO	B4TP	
	12 month growth rate	B4TQ	B4TR	
Total sterling consumer credit other than credit cards	Net amounts outstanding	B4TS	B4TT	
	Net changes	B4TU	B4TV	
	Gross changes	B4TW	B4TX	

Annex 2: List of existing series being withdrawn from the statistical release and *Bankstats* tables. These will continue to be available via the Bank of England's Statistical Interactive Database.⁴

Series	Description	Seasonally adjusted series	Non seasonally adjusted series
Total sterling lending to individuals	Net amounts outstanding	VTXC	VZQB
	Net changes	VTUV	VTUQ
	1 month growth rate	VTXZ	VTXX
	3 month growth rate (annualised)	VTYA	B3QJ
	6 month growth rate (annualised)	VTYB	B3YJ
	12 month growth rate	VTYC	VTXY
	Total and institutional breakdown (net changes)	B3A4	n/a
Sterling lending to individuals by lenders other than MFIs	Net amounts outstanding	BM66	BM65
	Net changes	BM64	BM63
Total sterling unsecured lending to individuals	Net amounts outstanding	VZRI	VZRD
	Net changes	RLMH	VZQC
	Gross changes	VZQN	VZQG
	1 month growth rate	VTYL	VTYJ
	3 month growth rate (annualised)	VTYM	B3RJ
	6 month growth rate (annualised)	VTYN	B3SJ
	12 month growth rate	VTYO	VTYK
Sterling unsecured lending to individuals by lenders other than MFIs	Net amounts outstanding	BM58	BM57
	Net changes	BM62	BM59
	Gross changes	BM56	BM55
	1 month growth rate	B7A6	B8A8
	3 month growth rate (annualised)	VZZN	n/a
	6 month growth rate (annualised)	B7A7	n/a
	12 month growth rate	VVVB	B9A3
Total sterling consumer credit other than credit cards	Net amounts outstanding	VZRK	VZRF
	Net changes	VZQY	VZQT
	Gross changes	VZQP	VZQI

⁴ Available at www.bankofengland.co.uk/statistics/Pages/default.aspx. The series will be updated once a year.