



# Changes to the treatment of loan transfers and lending to housing associations

By Zeeshan Akhtar and Alistair Strathern

Tel: +44 (0) 20 7601 5361  
[srdd\\_ms@bankofengland.co.uk](mailto:srdd_ms@bankofengland.co.uk)

---

This article outlines changes to some of the Bank of England's statistical data reflecting improvements in the treatment of loan transfers and transactions with housing associations. These were discussed in the *Bankstats* article 'Proposed changes to 'lending to individuals' data and some M4 lending series: consultation with users', September 2014. The changes will be implemented for April 2015 data, available in the next *Bankstats* publication. They will not significantly affect headline data and will improve consistency across lending flows data published by the Bank, rationalising the available lending measures.

## Introduction

The consultation article published in the September 2014 *Bankstats* invited users to comment on two proposals to improve the treatment of loan transfers and lending to housing associations.<sup>1</sup> The improvements to be implemented have taken into account comments from the consultation, and are as follows:

1. Changing the treatment of loan transfers, to exclude their effects from all measures of net lending from January 2010 data onwards. This will affect the M4 lending (M4L) measures that will be published in future and, as M4L and M4 lending excluding the effects of securitisations and loan transfers (M4Lx) will become identical for January 2010 data onwards,

only one of these series - M4Lx (renamed as M4L) - will be published regularly in future. The changes and how these relate to the series before and after January 2010 are outlined in Table 1.

2. Removing lending to housing associations data from 'lending to individuals' series.

The implementation of these changes will not significantly affect headline data and will improve consistency across lending data published by the Bank of England, rationalising the available lending measures.

The series published in the *Money and Credit* statistical release and *Bankstats* tables that are affected by these changes are detailed in Annexes 1 to 7.

---

<sup>1</sup> See 'Proposed changes to 'lending to individuals' data and M4 lending series: consultation with users' by Zeeshan Akhtar, Sharon Bell and Jenny Owladi, Bank of England *Bankstats* (*Monetary and Financial Statistics*), September 2014, available at: [www.bankofengland.co.uk/statistics/Documents/ms/articles/art2sep14.pdf](http://www.bankofengland.co.uk/statistics/Documents/ms/articles/art2sep14.pdf).

**Table 1: Summary of changes to M4L and M4Lx measures**

Current treatment								
	M4L				M4Lx and M4Lx <sup>ex</sup>			
	Pre 2010		2010 onwards		Pre 2010		2010 onwards	
	Securitisation adjusted?	Loan transfer adjusted?	Securitisation adjusted?	Loan transfer adjusted?	Securitisation adjusted?	Loan transfer adjusted?	Securitisation adjusted?	Loan transfer adjusted?
Flows	✗	✗	✓	✗	✓	✓	✓	✓
Amounts outstanding	✗	✗	✓	✗	By estimation ✓	✓	✓	✓
	By estimation				By estimation			
New treatment								
	M4L 'Historical measure'				M4L and M4L <sup>ex</sup>			
	Pre 2010		2010 onwards		Pre 2010		2010 onwards	
	Securitisation adjusted?	Loan transfer adjusted?	Securitisation adjusted?	Loan transfer adjusted?	Securitisation adjusted?	Loan transfer adjusted?	Securitisation adjusted?	Loan transfer adjusted?
Flows	✗	✗	✓	✓	✓	✓	✓	✓
Amounts outstanding	✗	✗	✓	✗	By estimation ✓	✓	✓	✗
					By estimation			

The cells highlighted in green are those changing as a result of the new treatment.

## Loan transfers

Loan transfers will be excluded from all measures of net lending (changes) from January 2010, to make their treatment consistent across all lending series. These loan transfers are sales and purchases of loans between monetary financial institutions (MFIs) and other institutions.

This change in the treatment of loan transfers will not affect the 'lending to individuals' series included in the *Money and Credit* statistical release, as these series consist of lending data for MFIs, specialist mortgage lenders (SMLs) and other lenders. The effects of loan transfers made between MFIs, SMLs and other lenders will, therefore, cancel out.

As loan transfers will no longer have an effect on net lending series, the Bank will cease publication of *Bankstats* Table A5.7.<sup>2</sup> This table showed the value of monthly loan transfers made by each type of lender, to allow users to adjust the effects

<sup>2</sup> Currently available at: [www.bankofengland.co.uk/statistics/Documents/bankstats/current/tab5.7.xls](http://www.bankofengland.co.uk/statistics/Documents/bankstats/current/tab5.7.xls).

of loan transfers for the various components of net lending.

## Effect upon the M4L, M4Lx and M4Lx<sup>ex</sup> measures

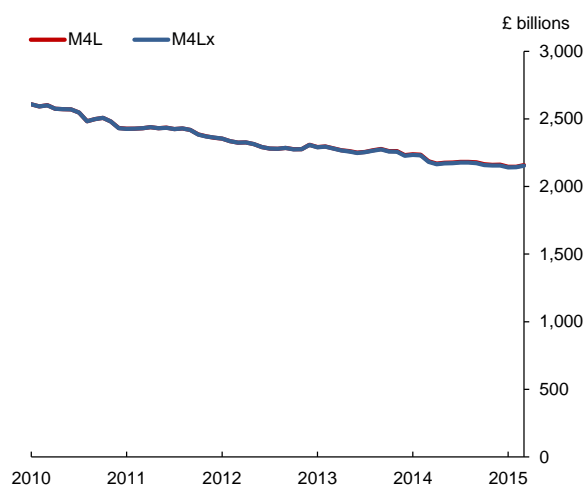
The change in the treatment of loan transfers from January 2010 will mean that the M4L and M4Lx series will become identical in construction from this point onwards. The two series had already been closely aligned from this point, as from 2010 the treatment of securitisations was made consistent across both series by a reporting change to bring securitised loans back onto MFIs' balance sheets.<sup>3</sup> M4L flows will now be adjusted for loan transfers, and the loan transfer adjustment made to the M4Lx amounts outstanding will be removed. As a result, the Bank is taking the opportunity to rationalise its range of published lending measures. This will

<sup>3</sup> For further details on this reporting change, see 'Statistical Reporting of Securitisations' by Jenny Owladi, Bank of England *Bankstats (Monetary and Financial Statistics)*, February 2010, available at: [www.bankofengland.co.uk/statistics/Documents/ms/articles/art1feb10.pdf](http://www.bankofengland.co.uk/statistics/Documents/ms/articles/art1feb10.pdf).

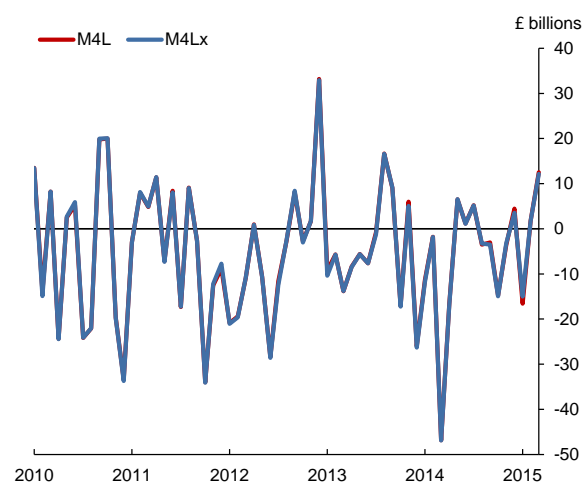
mean that from April 2015 data, published in the next *Money and Credit* statistical release and *Bankstats*, the current M4L series will no longer have new observations added. These series will be relabelled as M4L 'historical measure'. They will, however, continue to be revised as appropriate. At the same time, the current M4Lx series and associated M4Lx<sup>ex</sup> series will lose the 'x' suffix, becoming M4L and M4L<sup>ex</sup> respectively. This will bring their naming in line with other series, and will simplify the presentation of lending series to users.

Charts A and B show that the alignment of M4L and M4Lx from January 2010 onwards will result in small changes to the data on amounts outstanding and flows. For the periods since January 2010 affected by loan transfers, the average amount was £194 million.

**Chart A: M4L v M4Lx, SA amounts outstanding**



**Chart B: M4L v M4Lx, SA flows**



## Treatment of housing associations

The Bank will be removing lending to housing associations from the 'lending to individuals' data from the publication of April 2015 data in the May *Bankstats*. This change will apply to the entire time series. Annex 8 illustrates how the new 'lending to individuals' series will be presented in comparison to the current construction. It shows that under the new construction, the treatment of lending to housing associations will become consistent between the 'lending to individuals' data and the households' M4Lx measure, which already excludes lending to housing associations. This is because housing associations are classified as a type of private non-financial corporation (PNFC); they will continue to be included within the PNFCs' M4Lx measure.

The removal of lending to housing associations from 'lending to individuals' data will have a small effect on data. Since January 2010, lending to housing associations has accounted for an average of 3.8% of the amounts outstanding of MFIs' secured lending to individuals and housing

associations combined.<sup>4</sup> The corresponding figure for lending by SMLs is less than 1%.

Data on MFIs' amounts outstanding and net lending to housing associations will continue to be published separately. The Bank will publish new series for SMLs' amounts outstanding and net lending to housing associations.

### Where the changes will be seen

The changes outlined in this article will affect a number of the Bank's published series. Annexes 1 and 2 present a full list of series in the *Money and Credit* statistical release and *Bankstats* publications respectively which will be renamed as a result of the loan transfer changes as well as those that will no longer have new observations added.

Annexes 3 to 5 present a list of the 'lending to individuals' series affected by the removal of lending to housing associations data and those that will cease to be published. Annex 6 lists the lending to housing association series that will be published separately from the 'lending to individuals' data.

As noted above, the change in treatment of housing associations data will make 'lending to individuals' data consistent with the households' M4L measure; this means that some 'lending to individuals' series in *Bankstats* Table A5.3 will become identical to series in *Bankstats* Table A4.1 (which shows the 'Sectoral analysis of M4 and M4 lending'). Some unsecured 'lending to individuals' series shown in *Bankstats* Table A5.6 are already identical to series shown in *Bankstats*

Table A4.1; Annex 7 lists the series in Table A4.1 which will be allocated a new code in order for them to continue to be published without additional observations.

A list of all series affected by the changes in this article is available [here](#).<sup>5</sup>

### Next steps

The changes outlined in this article will take effect from the next edition of *Bankstats*, published on 2 June 2015.

---

<sup>5</sup>Available at: [www.bankofengland.co.uk/statistics/Documents/ms/articles/tab1apr15.xls](http://www.bankofengland.co.uk/statistics/Documents/ms/articles/tab1apr15.xls).

---

<sup>4</sup> Average from January 2010 to March 2015.

## Annex 1: List of series in the *Money and Credit* statistical release affected by the change in the treatment of loan transfers<sup>6</sup>

<i>Money and Credit</i> statistical release tables		Seasonally adjusted				
		Amounts outstanding	Changes	Growth rates		
Series (LPM/LPQ)	1m			3m (ann)	12m	
<b>Series to be end-dated and renamed</b>						
Table E	Aggregate M4 and M4 lending	-	AVBR	VQJQ	-	VQJU
<b>Series to be renamed</b>						
Table A	Aggregate money and credit	B57Q	B58Q	B66P	B59Q	B62Q
Table B	Households' money and credit	BC44	VWNV	VWNW	VWEI	VWNZ
Table C	PNFCs' money and credit	BC57	VWVQ	VWNR	VWNS	VWNU
Table D	Non-intermediate OFCs' money and credit	B67Q	B68Q	B65P	B69Q	B72Q
Table E	Aggregate M4 and M4 lending	-	VWVL	VWVM	-	VWVP
Table L	Net finance raised by PNFCs	-	B93K	-	-	-
		-	VYVV	-	-	-
Tables F-K and M-N not affected						

<sup>6</sup> For the latest *Money and Credit* statistical release, see: [www.bankofengland.co.uk/statistics/Pages/calendar/default.aspx](http://www.bankofengland.co.uk/statistics/Pages/calendar/default.aspx).

## Annex 2: List of series in *Bankstats* tables affected by the change in the treatment of loan transfers<sup>7</sup>

Bankstats Table	Series (LPM/LPQ)	Not seasonally adjusted					Seasonally adjusted				
		Amounts outstanding	Changes	Growth rates			Amounts outstanding	Changes	Growth rates		
				1m	3m (ann)	12m			1m	3m (ann)	12m
	<b>Series to be end dated and renamed</b>										
A2.1.1		-	-	VQKW	-	VQLA	-	-	VQJQ	-	VQJU
A3.1		VQKQ	AVBS	-	-	-	VQJM	AVBR	-	-	-
A3.2		-	AVBS	-	-	-	-	AVBR	-	-	-
A4.1		VVOX	VVOY	VVXU	-	VVXZ	VVOV	VVOE	VVOF	-	VVOI
		VVPD	VVPE	VVXY	-	VVYD	VVOJ	VVOK	VVQL	-	VVOO
		VVXR	VVXO	VVXW	-	VVYB	VVYH	VVYE	VVYK	-	VVYP
		VYIA	VWBE	VVXV	-	VVYA	VWAY	VWAZ	VVYM	-	VVYR
		VVZZ	VVZY	VVXX	-	VVYC	VWNB	VWNA	VVYN	-	VVYS
		VVXS*	VVXP*	VVPL	-	VVPO	VVYI*	VVYF*	VVYL	-	VVYQ
		VVXT	VVXQ	VVPF	-	VVPI	VVYJ	VVYG	VVYO	-	VVYT
		VVPJ	VVPK	VVOZ	-	VVPC	VVOP	VVOQ	VVOR	-	VVOU
		Z5AX	-	Z5GK	-	Z5GZ	-	-	-	-	-
		Z5GI	-	Z5B6	-	Z5B9	-	-	-	-	-
A5.7		B3HK	-	-	-	-	-	-	-	-	-
		VLUJ	-	-	-	-	-	-	-	-	-
		VLUJ	-	-	-	-	-	-	-	-	-
		VLUJ	-	-	-	-	-	-	-	-	-
		B3XE	-	-	-	-	-	-	-	-	-
		BM74	-	-	-	-	-	-	-	-	-
	<b>Series to be renamed</b>										
A2.2.3		B3DR	B3DT	B3D5	B3D9	B3DD	B57Q	B58Q	B66P	B59Q	B62Q
		B3E3	B3E7	B3D3	B3D7	B3DB	B67Q	B68Q	B65P	B69Q	B72Q
		BF36	BF37	BF38	BF39	BF43	BC69	VWVL	VWVM	VWVN	VWVP
		B8Y9	B8Y7	B3Z5	B9Y4	B9Y7	BC56	VWNL	VWNM	VWNN	VWNP
		-	-	BF38	-	BF43	B57Q	-	B66P	-	-
A4.3		B8Y9	B8Y7	B3Z5	-	B9Y7	BC56	VWNL	VWNM	-	VWNP
		B9Y2	BD68	B3Z6	-	B9Y8	BC57	VWNL	VWNR	-	VWNU
		B8DF	B8DJ	B3VJ	-	B7DN	BC55	VWAH	VWAI	-	VWAL
		B8DD	B8DH	B3TJ	-	B7DL	BC53	VVWA	VWBA	-	VWBD
		Z5H2	Z5H3	Z5G2	-	Z5G5	Z5G7	Z5G9	Z5GB	-	Z5GH
		B8DE	B8DI	B3LU	-	B7DM	BC54	VWGY	VWAU	-	VWAX
		B8DG	B3ZH	B3WJ	-	B7DO	BC46	VWAN	VWAO	-	VWAR
		B6NN	B6NU	B6NZ	-	B7DG	BC58	B7F3	B7F4	-	B7F7
		B9Y3	B8Y8	B3Z7	-	B9Y9	BC44	VWNV	VWNV	-	VWVZ

\* These series codes in *Bankstats* Table A4.1 will be replaced with new codes, for details see Annex 7

<sup>7</sup> These tables can be accessed via *Bankstats*. Available at: [www.bankofengland.co.uk/statistics/Pages/bankstats/current/default.aspx](http://www.bankofengland.co.uk/statistics/Pages/bankstats/current/default.aspx).

### Annex 3: List of *Money and Credit* statistical release series affected by removal of lending to housing associations data<sup>8</sup>

<i>Money and Credit</i> statistical release tables		Not seasonally adjusted						Seasonally adjusted					
		Amounts outstanding	Changes	Gross lending	Growth rates			Amounts outstanding	Changes	Gross lending	Growth rates		
1m	3m (ann)				12m	1m	3m (ann)				12m		
Table G	Total lending to individuals	-	-	-	-	-	-	BZ2A	BZ2C	-	BZ2E	BZ2G	BZ2K
Table H	Total secured lending to individuals	-	-	-	-	-	-	VTXK	VTVJ	VTVC	VTYF	VTYG	VTYI

### Annex 4: List of existing *Bankstats* tables affected by removal of lending to housing associations data<sup>9</sup>

<i>Bankstats</i> Table		Not seasonally adjusted						Seasonally adjusted					
		Amounts outstanding	Changes	Gross lending	Growth rates			Amounts outstanding	Changes	Gross lending	Growth rates		
1m	3m (ann)				12m	1m	3m (ann)				12m		
A5.2	Monetary financial institutions' total lending to individuals	B3TB	B3QE	-	-	-	-	B3RE	B3GC	-	-	-	-
	Other lenders' total lending to individuals	BZ2N	BZ2P	-	-	-	-	BZ2M	BZ2O	-	-	-	-
	Total lending to individuals	BZ2B	BZ2D	-	BZ2F	BZ2H <sup>1</sup>	BZ2L	BZ2A	BZ2C	-	BZ2E	BZ2G <sup>1</sup>	BZ2K
A5.3	Monetary financial institutions' secured lending to individuals	B3TA	B3GD	B3VB	-	-	-	B3SE	B3SA	B3GF	-	-	-
	Specialist mortgage lenders' secured lending to individuals	THFA	RRBO	AUAT	-	-	-	VUFO	VUFM	VUFK	-	-	-
	Total secured lending to individuals	VTXH	VTVG	VTUZ	VTYD <sup>1</sup>	B3XJ <sup>1</sup>	VTYE <sup>1</sup>	VTXK	VTVJ	VTVC	VTYF <sup>1</sup>	VTYG <sup>1</sup>	VTYI <sup>1</sup>

<sup>1</sup> Available via the Statistical Interactive Database: [www.bankofengland.co.uk/boeapps/iadb/NewInterMed.asp?Travel=NlxSTxTAX](http://www.bankofengland.co.uk/boeapps/iadb/NewInterMed.asp?Travel=NlxSTxTAX).

<sup>8</sup> See reference in Footnote (6).

<sup>9</sup> See reference in footnote (7).

## Annex 5: List of money and credit series closed due to changes to lending to housing associations data

Bankstats Table		Not seasonally adjusted						Seasonally adjusted						
		Series (LPM/LPQ)	Amounts outstanding	Changes	Gross lending	Growth rates			Amounts outstanding	Changes	Gross lending	Growth rates		
						1m	3m (ann)	12m				1m	3m (ann)	12m
A5.3	Monetary financial institutions' secured lending to housing associations	-	-	B3GB	-	-	-	-	-	B7PC	-	-	-	

## Annex 6: List of money and credit series no longer published in *Bankstats* due to changes to lending to housing associations data

Bankstats Table		Not seasonally adjusted						Seasonally adjusted						
		Series (LPM/LPQ)	Amounts outstanding	Changes	Gross lending	Growth rates			Amounts outstanding	Changes	Gross lending	Growth rates		
						1m	3m (ann)	12m				1m	3m (ann)	12m
A5.3 <sup>1</sup>	Monetary financial institutions' secured lending to housing associations	B3QA	B3GA	-	-	-	-	B7PA	B7PB	-	-	-	-	

<sup>1</sup> Available in *Bankstats* Table A5.3 until the publication of March 2015 data and on the Statistical Interactive Database going forward.



## Annex 7: List of *Bankstats* series with new series codes

Bankstats Table		Not seasonally adjusted				Seasonally adjusted			
		Current series code		New series code		Current series code		New series code	
		Amounts outstanding	Changes	Amounts outstanding	Changes	Amounts outstanding	Changes	Amounts outstanding	Changes
A4.1	Monetary financial institutions' sterling net unsecured lending to individuals	VVXS	VVXP	Z5M7	Z5M8	VVYI	VVYF	Z5M9	Z5MA

## Annex 8: Scope of 'lending to individuals' and M4Lx series: current and new

Lenders	Borrowers <i>Amounts outstanding as at March 2015, SA, £bn</i>	Private Non-Financial Corporations (PNFCs)		Household Sector		
		PNFCs other than housing associations	Housing associations	Individuals	Unincorporated businesses	Non-Profit Institutions Serving Households (NPISH)
Monetary Financial Institutions (MFIs)		334.8	40.3	1,191.0	31.5	
Specialist Mortgage Lenders (SMLs)			1.4	114.0		
Consumer Credit Grantors (CCGs)				54.6		
Other lenders				68.2		

Current 'lending to individuals' series

New 'lending to individuals' series

Households' M4Lx (definition unchanged)

PNFCs' M4Lx (definition unchanged)