

Revised presentation of banking statistics

This note explains changes in the presentation of balance sheet information in Table 3 of the statistical annex.

For many years, the Bank of England has compiled and published monthly balance sheets from statistical returns provided by the banks.⁽¹⁾ These figures are published in the statistical annex of the *Bulletin* (Table 3) and also in the monthly *Banking statistics* press release. In addition to the aggregate figures for 'all banks', figures are also published showing the breakdown by groups of banks. These groups have remained largely unchanged since 1975 and some go back considerably further; their composition has in part reflected the membership of certain banking associations.

In the last two years or so, there have been various statistical developments affecting these tables. In November 1981, the banking sector was extended and renamed the monetary sector; and the review of banking statistics in 1981-82 has resulted in some changes in statistical returns and also some reduction in the frequency with which small institutions are asked to report. These changes have naturally led to changes in the coverage of the tables.

In the light of these changes and of the changing nature of banking business, it seemed appropriate to review the composition of the various groups of banks. This has accordingly been done, with the co-operation and agreement of the British Bankers' Association (BBA).

The principal changes relate to British banks where the breakdown into London clearing banks (LCB), Scottish clearing banks (SCB), Northern Ireland banks (NIB), accepting houses and other British banks appeared to have become increasingly unsatisfactory. First, by separating the LCB and SCB subsidiaries from the parent banks, it was not giving a picture of the LCB and SCB groups as a whole; and second, a number of other banks which provide very similar services to the LCB, SCB and NIB were included indistinguishably among the other British category, so that it was not possible to see this retail type of banking business as a whole either. The LCB and SCB themselves publish figures which include their subsidiaries, so it is more helpful for users of the statistics if the groups published by the Bank are more related to function; clearing bank subsidiaries are therefore not included in the same group as their parents.

Accordingly, from now on, British banks will comprise a new *retail banks* group, the details of which are given below, *accepting houses*, as now, and a residual *other British* category.

At the same time, the opportunity has been taken to extend the overall coverage of Table 3 to include the Banking Department of the Bank of England and the trustee savings banks (TSB). Thus, Table 3.1 now includes figures for all monthly-reporting monetary sector institutions, except the members of the London Discount Market Association (LDMA) whose business is sufficiently different to warrant continued separate publication, in Table 4.

The new groups

The LCB and SCB devote a large part of their business to providing current and savings accounts to individuals, and may thus be thought of primarily as 'retail' banks. Their balance sheets are thus rather different from 'wholesale' banks such as the accepting houses. There are other banks which also provide extensive retail services, notably the NIB, the TSB, the National Girobank, the Co-operative Bank and the Yorkshire Bank. All these banks have therefore been put together into a single group of retail banks. This group broadly corresponds to those banks which either have extensive branch networks in the United Kingdom or are the main participants in a UK clearing system. This also seemed to be the most appropriate group in which to include the Banking Department of the Bank of England. Such a group will make it easier for the banks in question to compare their own balance sheet with that for the group as a whole and also to look at the group *vis-à-vis* other groups. This rearrangement has been generally welcomed by the BBA as a useful presentation of domestic banking statistics. From this issue therefore, and in monthly press releases, the analysis of British banks will show figures for retail banks, accepting houses and a residual other British category.⁽²⁾ Separate figures for the LCB and SCB, including their subsidiaries, and the NIB will continue to be made available by the respective banking associations.

So far as the overseas banks (*viz.* American banks, Japanese banks, other overseas banks) and consortium banks are concerned, the present groups still seem appropriate and have not been changed. Nevertheless, the opportunity has been taken to re-examine the criteria for inclusion in each group of banks and to make some minor revisions.

The coverage of the various tables is described in detail below and a full list of banks which in principle⁽³⁾ are included in each group is printed at the end of this *Bulletin*.

(1) The term bank is used here to cover both recognised banks and licensed deposit-taking institutions, as well as certain other institutions that are part of the UK monetary sector.

(2) The revised presentation has been introduced in Table 3 with effect from mid-September; comparable figures for the revised groups for earlier dates are not available.

(3) In practice, only figures for those institutions which provide monthly statistics, at present 388 institutions, are included in Table 3.

Banks in the United Kingdom: monthly reporting institutions (Table 3.1)

This table covers the business of the UK offices of those members of the monetary sector which report monthly (generally those with a total balance sheet of £100 million or more, or eligible liabilities of £10 million or more), other than members of the LDMA. From September 1983 it includes the TSB, the Banking Department of the Bank of England and eleven other new contributors which had previously reported at end-quarters only.

This table, which aggregates the balance sheets of monthly reporting institutions, and Tables 3.2 to 3.8, which provide an analysis by groups, are not directly comparable with Table 6, which also includes the members of the LDMA and those smaller institutions which currently provide statistics only at end-quarters. Also, the adjustments made in Table 6 to eliminate interbank transactions and transit items (see the additional notes to Table 6) are not made in Table 3.

Although the Banking Department of the Bank of England is now included in Tables 3.1 and 3.2, certain aspects of its business as a central bank are of a different character from those of other banks. In particular, its main transactions with the central government are most usefully presented on a net basis. Thus in these tables an extra item 'Banking Department lending to central government (net)' is shown, which comprises the Banking Department's holdings of all forms of central government debt (including bank notes) less its deposit liabilities to the National Loans Fund and the Paymaster General.

Another item which now appears separately in Table 3.1, for the first time, but is unconnected with the changes described in this note, is holdings of building society certificates of deposit and time deposits; these are included indistinguishably within miscellaneous assets in Tables 3.2 to 3.8.

Retail banks (Table 3.2) comprise banks which either have extensive branch networks in the United Kingdom or participate directly in a UK clearing system. It includes branches in the Channel Islands and the Isle of Man which the parent banks have opted to include within UK monetary control arrangements and thus within the UK

monetary sector. (While this new group appears under the sub-heading of British banks, it includes the branches in Great Britain and Northern Ireland of Allied Irish Banks Ltd and The Bank of Ireland, both of which carry out retail banking in the United Kingdom but are incorporated in the Republic of Ireland.)

Accepting houses (Table 3.3) comprise the members of the Accepting Houses Committee and certain of their subsidiaries in the Channel Islands and the Isle of Man.

Other British banks (Table 3.4) comprise all other UK-registered institutions and certain institutions in the Channel Islands and the Isle of Man which are either independent companies, or controlled by UK companies or by individuals. (Banks controlled by overseas companies are classified as overseas banks: thus the subsidiaries of Allied Irish Banks Ltd and The Bank of Ireland have been transferred to the group of other overseas banks.)

American banks (Table 3.5) comprise the branches and subsidiaries, including certain offices in the Channel Islands, of American banks. The branches and subsidiaries of American companies which are not banks in the United States have been transferred to the group of other overseas banks.

Japanese banks (Table 3.6) comprise the branches and subsidiaries of Japanese banks.

Other overseas banks (Table 3.7) comprise the branches and subsidiaries (including certain offices in the Channel Islands and the Isle of Man) of all foreign companies other than American and Japanese banks.

Consortium banks (Table 3.8) comprise UK-registered institutions which are owned by banks or financial institutions but in which no one institution has a direct shareholding of more than 50%, and in which at least one shareholder is based overseas.

These changes in groups will also apply to the press release *Analysis of advances and acceptances to UK residents by banks in the United Kingdom* from the mid-November reporting date which coincides with the introduction of a revised industrial analysis based on the 1980 Standard Industrial Classification. These changes are also reflected in Table 14.2.