

13:55 29 Oct 2018

## HSBC, Lloyds, RBS and Barclays tighten lending standards ahead of Brexit

UK banks have been reining in the amount of unsecured credit available to consumers with the latest data from the Bank of England revealing a slowdown in lending growth.

The central bank said unsecured lending rose 7.7% year-on-year in September, marking a slowdown from the 8.2% increase reported in August and the weakest pace of growth since June 2015.

**Sharp fall in new borrowing for car finance**

The slowdown was driven by a sharp fall in new borrowing for car finance as environmental concerns led to a drop in purchases of diesel vehicles and as consumers exercised caution ahead of Brexit.

Net consumer credit fell to £785mIn in September from £1.21bn in August.

"Even allowing for the impact of weakened car sales, due to special factors, September's data reinforces the impression that consumers are currently relatively cautious in their borrowing while lenders have become warier about advancing unsecured credit," said Howard Archer, chief economic advisor to the EY Item Club.

"This is welcome news for the Bank of England given its view that the recent rapid growth in consumer credit has created a 'pocket of risk'."

The Bank of England's latest credit conditions survey indicated that lenders curbed the amount of unsecured credit available to consumers in the third quarter of 2018 for a seventh successive quarter. Lenders also modestly tightened their lending standards for granting unsecured consumer loan applications in the period.

**Biggest banks exercise caution ahead of Brexit**

HSBC Holdings PLC (LON:HSBA) on Monday said personal lending in the third quarter to September 30 fell to US\$1.6bn from US\$1.8bn a year ago.

**READ: HSBC quarterly profits boosted by tighter cost control and China expansion**

Last week Lloyds Banking Group PLC (LON:LLOY) revealed loans and advances to customers grew to £445bn at the end of September from £442bn at the end of June but said it was "prudent" with its lending in targeted segments. Loans included a 1% increase in UK retail unsecured credit, a flat performance in credit cards and a 4% rise in motor finance.

**READ: Lloyds announces departure of CFO as it reports better-than-expected decline in profits**

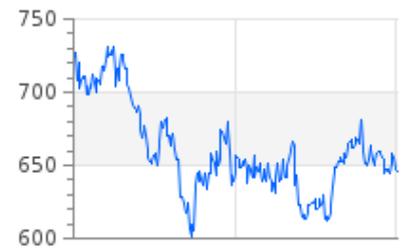
Barclays PLC (LON:BARC) posted loans and advances to customers of £186.7bn for the third quarter, up from £182.2bn a year ago, including 3.5% growth in personal banking but a 6.1% decline in credit cards.

**READ: Barclays profits dragged lower by litigation and misconduct charges**

**Price:** 645.6p

**Market Cap:** £130650.46M

### 1 Year Share Price Graph



June 2018 December 2018 June 2019

### Share Information

**Code:** HSBA

**Listing:** LSE

**52 week High Low**  
739.10p 596.40p

**Sector:** Banks

**Website:** www.hsbc.com

### Company Synopsis:

HSBC serves customers worldwide from more than 9,500 offices in 85 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. HSBC is one of the world's largest banking and financial services organisations.

### Author:

**Proactive Investors Ltd**

**+44 (0)207 989 0813**

**action@proactiveinvestors.com**

Royal Bank of Scotland Group PLC (LON:RBS) said loans and advances to customers stood at US\$319.6bn at the end of September, down from US\$323.2bn at the end of December. The bank also took a £100mIn impairment to deal with the more "uncertain economic outlook".

**READ: RBS receives green light for post-Brexit EU hub as quarterly profits miss forecasts Rate hike 'reinforces consumer wariness over borrowing'**

Consumers seem to be trading as carefully as banks ahead of the UK's departure from the European Union.

EY Item Club's Archer said the BoE's interest rate hike in August may have also reinforced consumer wariness over borrowing.

"This is in addition to the very low household savings ratio and the prospect of gradual interest rate rises over the coming months," he said.

"The household savings ratio sank to an overall record low of 4.2% in 2017 and was then limited to 3.6% in the first quarter of 2018. It rose modestly to 3.9% in the second quarter, which could be an early sign of consumers looking to avoid further dissaving."

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

### No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.