UK: +44 (0)207 989 0813
NA: +1 646 896 3065
AU +61 2 9280 0700
action@proactiveinvestors.com

HSBC

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 £785mln 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.

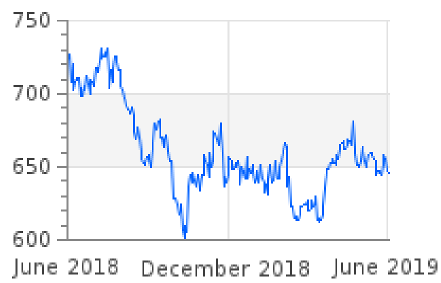
READ: Lloyds announces departure of CFO as it reports better-than-expected decline in profits
Barclays PLC (LON:BARC) posted loans and advances to customers of £186.7bn for the third quarter, up from £182.2bn a year ago, including 3.5% growth in personal banking but a 6.1% decline in credit cards.

READ: Barclays profits dragged lower by litigation and misconduct charges

Price: 645.6p

Market Cap: £130650.46M

1 Year Share Price Graph



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 £100mln 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 treading 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."