



Residential mortgages: a comparison of the Bank of England’s published statistical and regulatory data collections

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This article outlines and compares the different data published on residential mortgages by the Bank of England. These are the statistical data included in the Bank of England’s monthly *Bankstats* publication and the quarterly Mortgage Lenders and Administrators (MLAR) data collected for supervisory purposes.

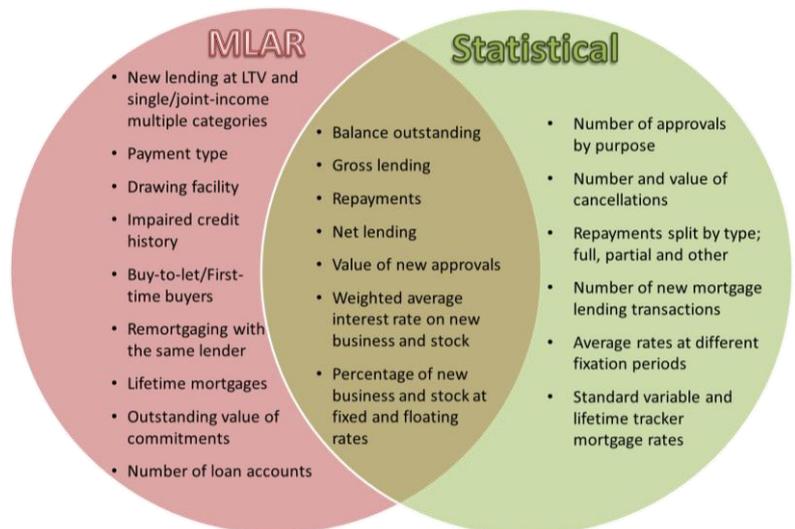
Introduction

Since the creation of the Prudential Regulation Authority (PRA) in April 2013, the Bank of England publishes two types of data on residential mortgages. One is the former Financial Services Authority’s quarterly Mortgage Lenders and Administrators (MLAR) data collected from all regulated mortgage lenders. This is now jointly published with the Financial Conduct Authority (FCA) and is primarily used for supervisory and financial stability purposes.¹ The other is monthly statistical data² also sourced from UK-resident mortgage lenders, used principally to provide timely data that can help inform monetary policy.³ The regulatory and statistical data collections contain volumes and pricing data. This article outlines and compares these collections which are both used across the Bank’s work.

Comparison of the data collections

There are a number of common series across the collections (Figure 1). For these, eg gross lending, there is commonality in the broad concept but there are some differences in definitions, coverage and timing. Choosing the appropriate series will depend on the interests of users. In addition, there are some series that are specific to each collection. For example, data on buy-to-let lending are only available from the MLAR collection whereas the number of residential mortgage approvals can only be sourced from the statistical collection.

Figure 1: Selected series on residential mortgages from the MLAR and statistical data collections⁴



¹MLAR data can be accessed via the statistical release calendar. See: www.bankofengland.co.uk/statistics/Pages/calendar/default.aspx.

²Statistical volumes and pricing data on ‘lending secured on dwellings’ can be accessed via *Bankstats* Tables A5.2-A5.5 and G1.4-G1.5. See: www.bankofengland.co.uk/statistics/Pages/bankstats/current/default.aspx.

³See the Bank of England’s ‘General notes and definitions’ for reporting institutions citing the Bank of England Act 1998, Section 17, available at: www.bankofengland.co.uk/statistics/Documents/reporters/defs/def_gene2014.pdf.

⁴ Further details on some of the series listed in the diagram are provided in the glossary.

Table 1: Comparison of MLAR and statistical published data collections

MLAR		Statistical	
Volumes and Pricing		Volumes	Pricing
Purpose	Assists with prudential supervision of firms and helps assess the risks in the home finance market	Monetary policy purposes - analysis of credit conditions in the UK	
Definitions			
Location	Lending secured on UK property	Lending to UK residents secured on dwellings	
Components:			
Second-charge lending	✓	Not applicable	Not applicable
Capitalised interest/fees	Not applicable	✓	Not applicable
Securitised lending	Not applicable	✓	✓
Remortgage with same lender	✓	Not applicable	✓
Coverage	All institutions authorised to undertake regulated mortgage lending	- 90% of mortgage lending by MFIs and SMLs ^(a) - Grossing up techniques applied - Data from the ONS ^(b) used to cover the remainder of the mortgage market	At least 75% of MFI lending secured on dwellings
Timing			
Reporting timeline	Data reported by the 20th working day after quarter-end Statistics published approximately 10 weeks after quarter-end	Data reported by the 13th working day after month-end Statistics published on the 21st working day after month-end	
Frequency	Quarterly	Monthly	Monthly
Series start date	Q1 2007	Monthly from April 1993 Quarterly from Q1 1987	January 2004
Reference(s)	MLAR statistics - detailed tables ^(c)	<i>Bankstats</i> Tables A5.2 - A5.5 ^(d) <i>Money and Credit</i> statistical release ^(c)	<i>Bankstats</i> Tables G1.4 and G1.5 ^(d) <i>Effective rates</i> statistical release ^(c)
Description			
Seasonally adjusted	Non seasonally adjusted	✓	Non seasonally adjusted

(a) MFIs are monetary financial institutions and SMLs are specialist mortgage lenders.

(b) Office for National Statistics.

(c) See: www.bankofengland.co.uk/statistics/Pages/calendar/default.aspx.

(d) See: www.bankofengland.co.uk/statistics/Pages/bankstats/current/default.aspx.

The main considerations that may affect the choice of series are shown in Table 1.

Purpose

Depending on the context of interest, users can select the data most suitable for their purposes. For analysis of the risk of lending on UK property, the MLAR data collection may be more appropriate because it covers lending secured on property located in the UK and has a breakdown of new lending by loan to valuation (LTV) category. For analysis of credit conditions in the UK, the statistical collection is more appropriate because it is based on lending to UK residents and the volumes data are seasonally adjusted.

The differing purposes of the two data collections have implications for the definitions, coverage and timing, as outlined below.

Definitions

Definitions differ between the data collections. As mentioned above, the MLAR definition is for lending secured on property located within the UK,

whereas the statistical definition relates to secured lending to UK residents.

As shown in Table 1, specific components differing in treatment between the MLAR and statistical volumes data include:

- Second-charge lending; this is treated as unsecured lending in the statistical data.
- Capitalised fees/interest; interest or fees added to the balance of the loan.
- Securitised lending; loans held by a securitisation special purpose vehicle for the purpose of issuing securities backed by the loans.
- Remortgaging with the same lender.

Furthermore, the average interest rates calculated from the MLAR data set use the rates applying on the last day of the quarter, that is at a point in time, whereas the average rates calculated from the statistical data use interest flows and average daily balances over the whole month.

These differences in definitions explain why individual institutions' reported data may differ between the two collections.

Detailed definitions for the MLAR and statistical data can be found in the MLAR guidance notes⁵ and the statistical form explanatory notes.⁶

Coverage

MLAR data are collected to assist with the micro-prudential supervision of firms by the PRA or FCA. Therefore, all firms that are authorised to undertake regulated mortgage lending are required to report the MLAR.⁷

Statistical data are collected to support the Bank of England in carrying out its monetary policy function. A sample of institutions is required to report statistical forms to the Bank. For the 'secured lending to individuals' volumes data, these institutions account for around 90% of mortgage lending by UK monetary financial institutions (MFIs) and specialist mortgage lenders (SMLs). Grossing up techniques are used by the Bank to estimate the remainder of data for these types of institutions. Data from other sources are used by the Bank to cover the remainder of the mortgage market.⁸ 'Effective rates' (pricing) data are reported by a sample of UK MFIs, with a minimum coverage of 75% of mortgage lending to households.

Timing

Reporting timeline

The timelines of when the MLAR and statistical data are reported may contribute to small differences.

⁵ See: www.bankofengland.co.uk/pradocuments/regulatorydata/mlar/mlardefinitions.pdf.

⁶For volumes data see: www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/loi.aspx.

For pricing data see: www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/effctive_int.aspx.

⁷ Regulated loans are secured by a first charge on residential property, where the property is for the use of the borrower or a close relative. Non-regulated lending includes buy-to-let, second-charge loans and, in some cases, further advances on loans that were originally taken out before regulation came into effect.

⁸ Data from the Office for National Statistics. For details see: www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/loi.aspx.

A second timing difference may arise due to differing Accounting Reference Dates (ARDs) for MLAR reporters. Some institutions' regulatory reporting does not correspond to ends of calendar quarters, whereas statistical reporting is based on calendar months. Therefore, it may not be appropriate to compare quarterly MLAR data with statistical data for the equivalent calendar months. The impact of this is also likely to be small.⁹

Frequency

If users require data at a higher frequency, the statistical data are published on a monthly basis, in contrast to the quarterly MLAR publication.

Series start date

MLAR data have only been published since Q1 2007.¹⁰ If a longer-time series is required, the statistical volumes data are available from April 1993 (monthly) and January 1987 (quarterly).¹¹ Statistical pricing data are available from January 2004.¹²

Comparison of published series

Differences in definitions, coverage and timing arise from the purposes of the two data sets. These do not generally have significant impact. For example, the difference between the two measures of gross residential mortgage lending has been in the range of 0.2-1.5% over the past six quarters.¹³

⁹ This issue affects approximately 20, mainly small, reporting institutions.

¹⁰ Historical MLAR data can be accessed via *MLAR statistics*. See:

www.bankofengland.co.uk/pradocuments/regulatorydata/mlarhistoricalstatistics2014.aspx.

¹¹ These can be accessed via the *Interactive database* (IADB). See:

www.bankofengland.co.uk/boeapps/iadb/newwintermed.asp.

¹² Selected stock series are available from January 1999. More details can be found on the 'Explanatory notes' on statistical 'effective rates' data. See: www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/effctive_int.aspx.

¹³ MLAR gross lending data can be accessed via *MLAR statistics* Table 1.21. See: www.bankofengland.co.uk/statistics/Pages/calendar/default.aspx.

Statistical gross lending data can be accessed via *Bankstats* Table A5.3. See: www.bankofengland.co.uk/statistics/Pages/bankstats/current/default.aspx.

The interest rate on new residential mortgage lending as published on the MLAR data set¹⁴ is, on average, less than 20 basis points lower than the equivalent 'effective rates' series over the past six quarters.¹⁵

Conclusion

The Bank of England publishes two types of data on residential mortgages. They complement each other; there are a number of common and exclusive series within the data sets. Users' needs will determine which data are most appropriate.

The MLAR data will see changes for non-deposit taking mortgage lenders resulting from the Mortgage Market Review for data reported from January 2015.¹⁶ Statistical forms are subject to regular rolling reviews. There are currently no plans for other major changes to either data set.

Additionally, mortgage Product Sales Data (PSD) is a data set used internally by the Bank and sometimes included in the Bank's publications. It is provided on the FCA website¹⁷ and contains more granular data on some aspects of mortgage lending.¹⁸

We would be pleased to receive views from users as to whether the data sets could usefully be more explicitly closely linked, or otherwise developed over time. Please send any comments or queries to srdd_ms@bankofengland.co.uk or MLAR@bankofengland.co.uk.

¹⁴ MLAR rates data can be accessed via *MLAR statistics* Table 1.22. See:

www.bankofengland.co.uk/statistics/Pages/calendar/default.aspx

¹⁵ Statistical rates data can be accessed via *Bankstats* Table G1.4. See:

www.bankofengland.co.uk/statistics/Pages/bankstats/current/default.aspx.

¹⁶ For further details see:

www.fca.org.uk/your-fca/documents/ps1312-mortgage-market-review-data-reporting.

¹⁷ For further details see:

www.fca.org.uk/firms/systems-reporting/product-sales-data.

¹⁸ PSD is expanding as a result of new rules on mortgage data reporting on 1 January 2015. See: www.fca.org.uk/your-fca/documents/policy-statements/ps13-12-mortgage-market-review.

Glossary

Commitments

The definition of commitments in the regulatory data collection is equivalent to the definition of approvals on the statistical data set. A detailed definition of approvals can be found on the 'Explanatory notes' on statistical 'lending to individuals' data. See: www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/lti.aspx.

Payment type

Payment type is a classification of the loan in terms of how the borrower is contractually expected to service the loan eg repayment, interest-only, combined and other. For more details, see 'MLAR Definitions', available at: www.bankofengland.co.uk/prd/Documents/regulatorydata/mlar/mlardefinitions.pdf.

Effective interest rates

The weighted average of calculated interest rates on various types of sterling deposit and loan accounts. The calculated annual rate is derived from the deposit or loan interest flow during the period, and the average stock of deposits or loans during the period.

Impaired credit history

If any of a number of criteria are met at the time of making the loan, the borrower is reported as having an impaired credit history. For more details, see 'MLAR Definitions', available at: www.bankofengland.co.uk/prd/Documents/regulatorydata/mlar/mlardefinitions.pdf.

Lifetime mortgage

A number of criteria need to be fulfilled for the product to qualify as a lifetime mortgage. For example, a loan secured on property which does not need to be repaid until death or the borrower goes into long-term care. For more details, see 'MLAR Definitions', available at: www.bankofengland.co.uk/prd/Documents/regulatorydata/mlar/mlardefinitions.pdf.

Monetary Financial Institutions (MFIs)

A statistical grouping comprising banks and building societies.

Specialist Mortgage Lenders (SMLs)

Providers of mortgage loans for niche markets that generally fall outside the scope of mainstream mortgage lending.

Second-charge lending

A second loan secured on a property in addition to the 'first-charge' mortgage used to purchase the property. Subordinate to the first-charge mortgage, which in the event of default will be repaid first. There is higher risk in a second-charge mortgage as the lender does not have the first-charge over the property and is less likely to be paid in the event of default.