



# Parliamentary perceptions of the banking system

July 2014



# Methodology and demographics

Between 3<sup>rd</sup> and 28<sup>th</sup> July 2014, Dods interviewed 100 Members of Parliament online on their attitudes towards the banking system. These numbers reflect total interviews actually conducted. In the rest of the presentation the figures used are weighted by party to reflect the political composition of the House of Commons.

<b>Total</b>	<b>100</b>	<b>Region (totals)</b>	
		East Midlands	7
<b>Gender (%)</b>		Eastern	5
Male	81	London	12
Female	19	North East	9
		North West	12
<b>Party (totals)</b>		Northern Ireland	3
Conservative	39	Scotland	11
Labour	45	South East	9
Liberal Democrat	10	South West	9
Other	6	Wales	4
		West Midlands	9
		Yorkshire & Humberside	10

**NOTE: Figures in the remainder of this presentation are in percentages unless otherwise stated**



# The role of banks

---

The question asked: *Please read the following statements and indicate whether they are true or false. If you do not know the answer, select "Don't know":*

- Banks simply act as middlemen, only lending out the money that savers and investors have deposited with them.
- Only the government – via the Bank of England or Royal Mint – has the authority to create money, including coins, notes and the electronic money in your bank account.
- Ignoring loans to other financial sector companies, the majority of bank loans are made to businesses, and the remainder to households/consumers.
- New money is created when banks make loans, and existing money is destroyed when members of the public repay loans.

Slide 5 shows that respondents' general understanding of the role played by banks in the financial system is low. Seventy-one per cent of all respondents said that they believed that the Government alone was responsible for creating money, while only 12 per cent said that it was true that bank loans create new money which is then destroyed on repayment.

On the specific issue of which part of the economy received the majority of loans, 54 per cent of respondents said that businesses did, with only 19 per cent of respondents stating this was false.

However, a majority of respondents acknowledged that banks are more than just middlemen, with 60 per cent stating that such a characterisation was false.

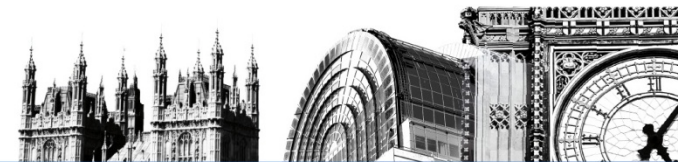


# The role of banks, continued

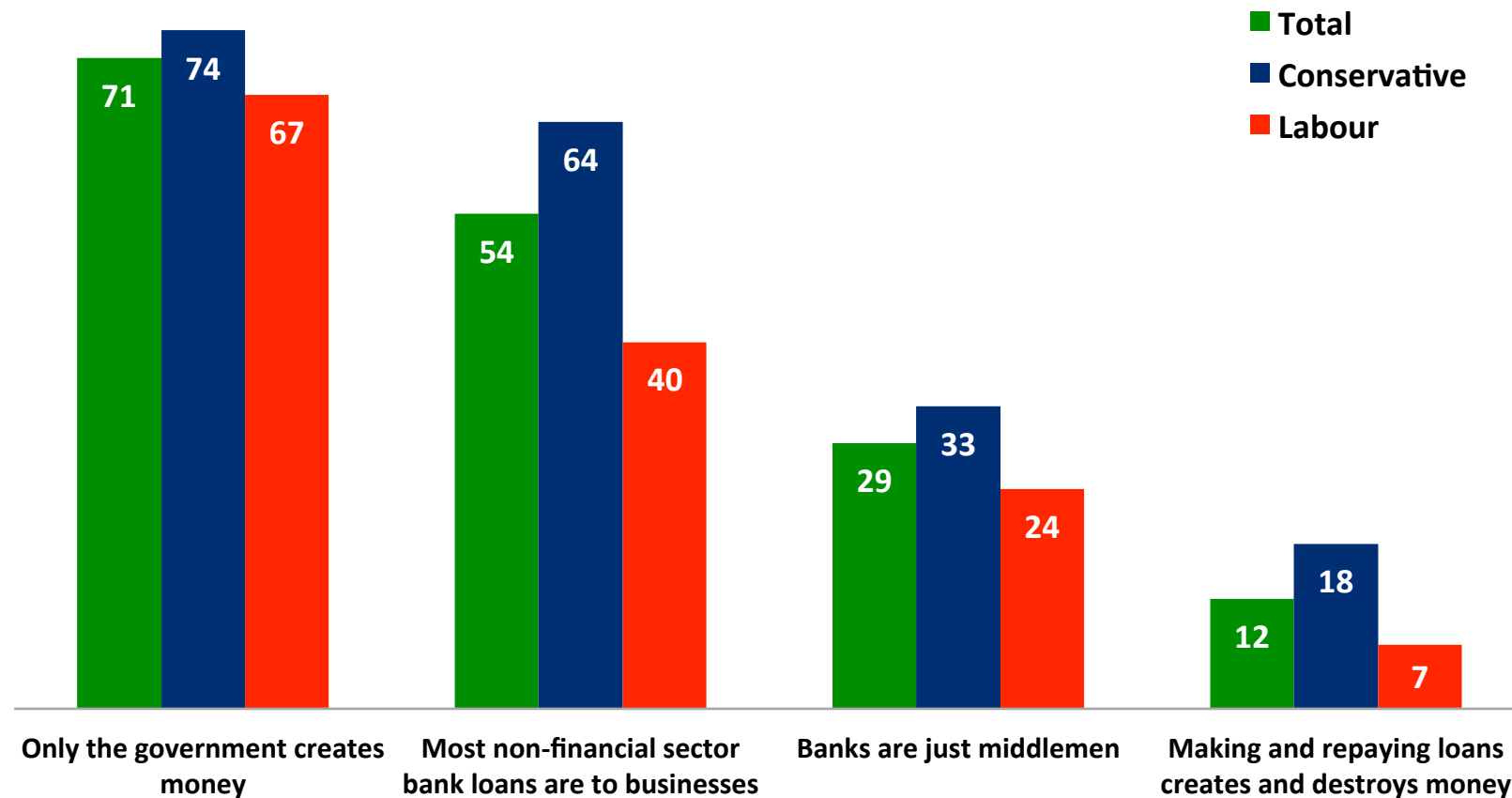
---

Looking at the responses from Conservative and Labour MPs, the latter group were much more likely to opt for “Don’t know” in each of the four statements under test, with the proportion choosing this option rising as high as 40 per cent when asked to where most loans went.

Conservative MPs were more likely to express an opinion, and more likely to express the same opinion as their colleagues than were their Labour counterparts.



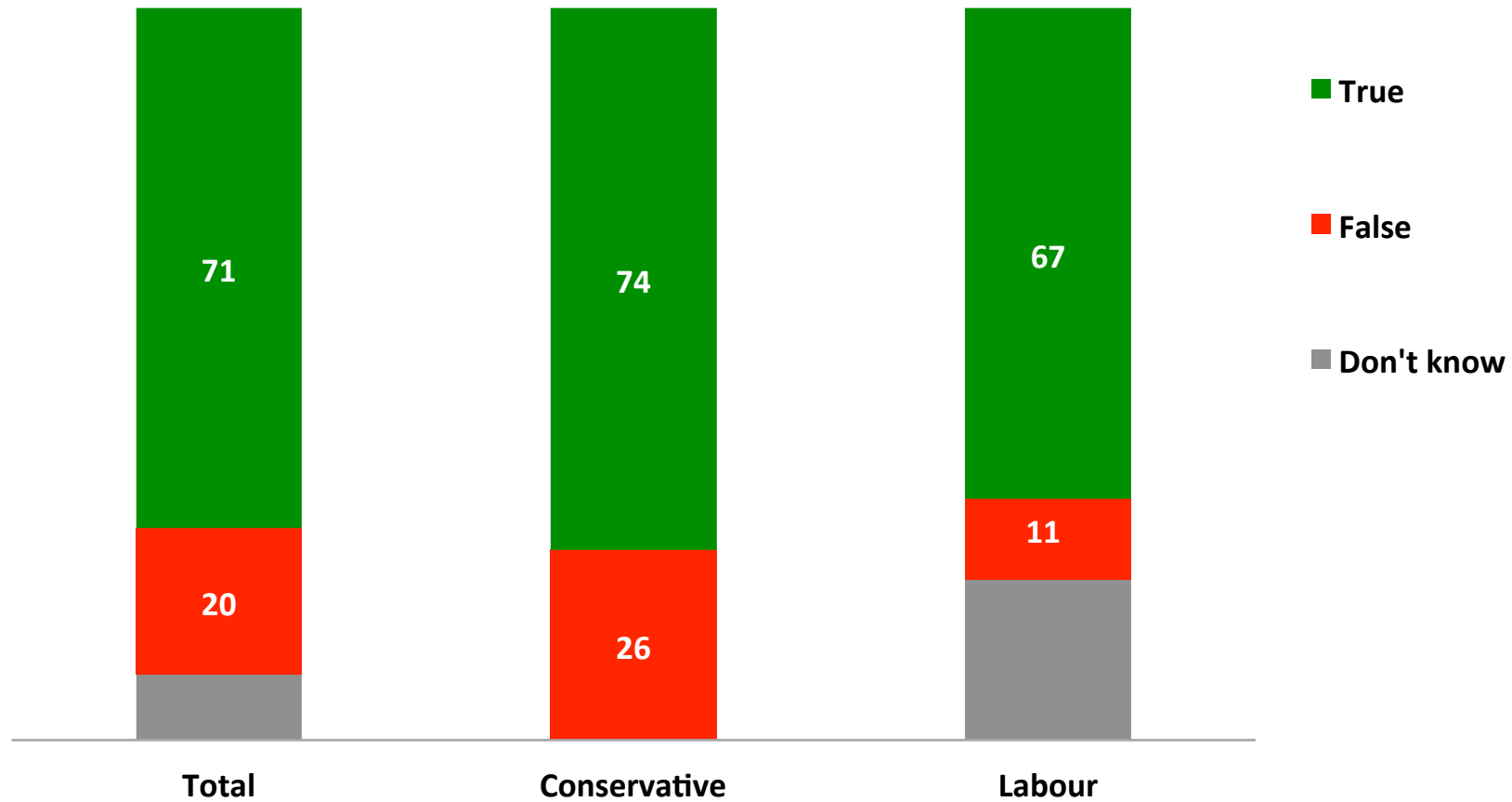
# The role of banks: all statements



Please read the following statements and indicate whether they are true or false. If you do not know the answer, select "Don't know". (N=100, weighted) Figures shown are percentage of respondents answering "True".



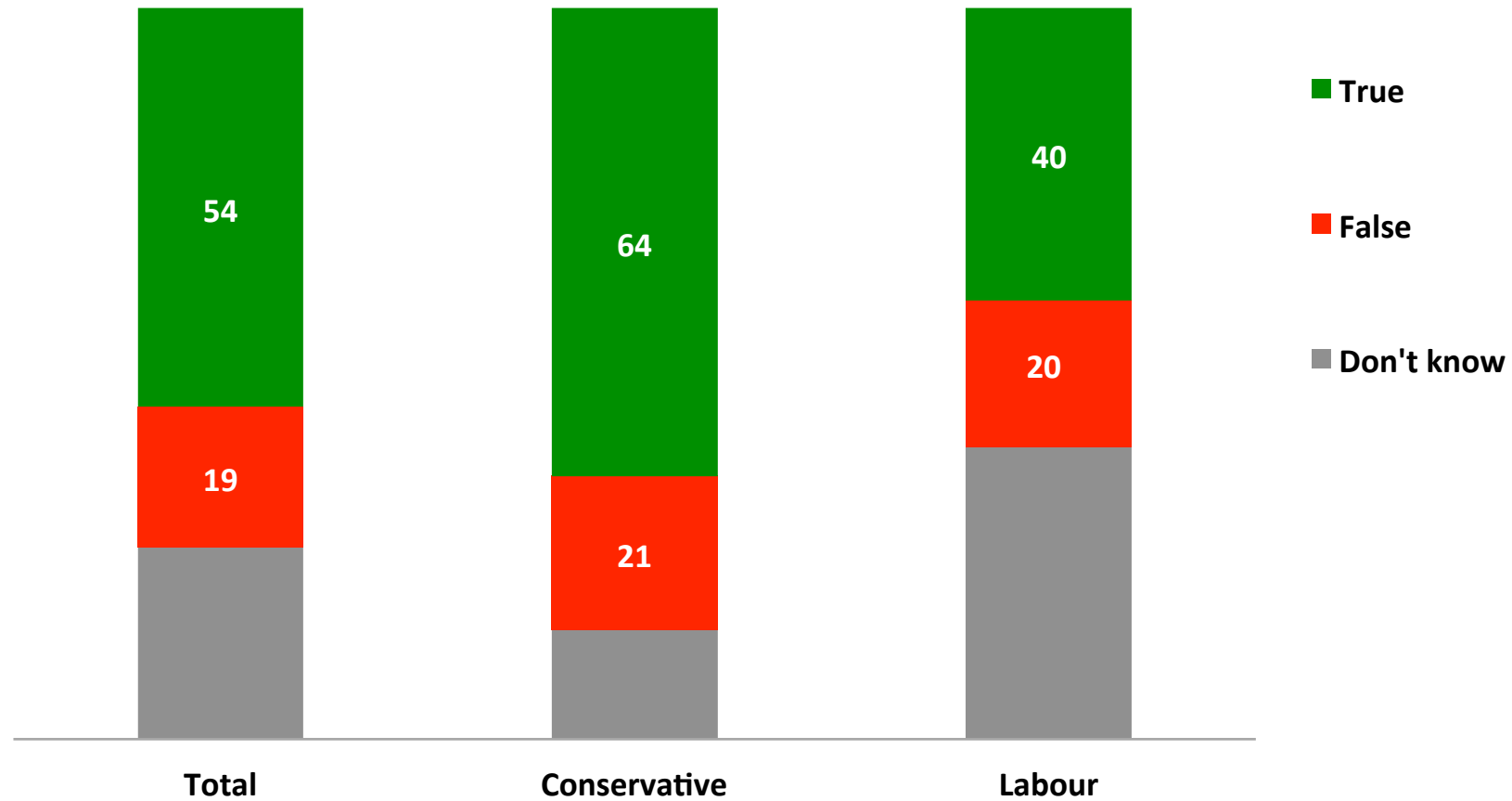
# Only government creates money



Only the government – via the Bank of England or Royal Mint – has the authority to create money, including coins, notes and the electronic money in your bank account.  
(N=100, weighted)



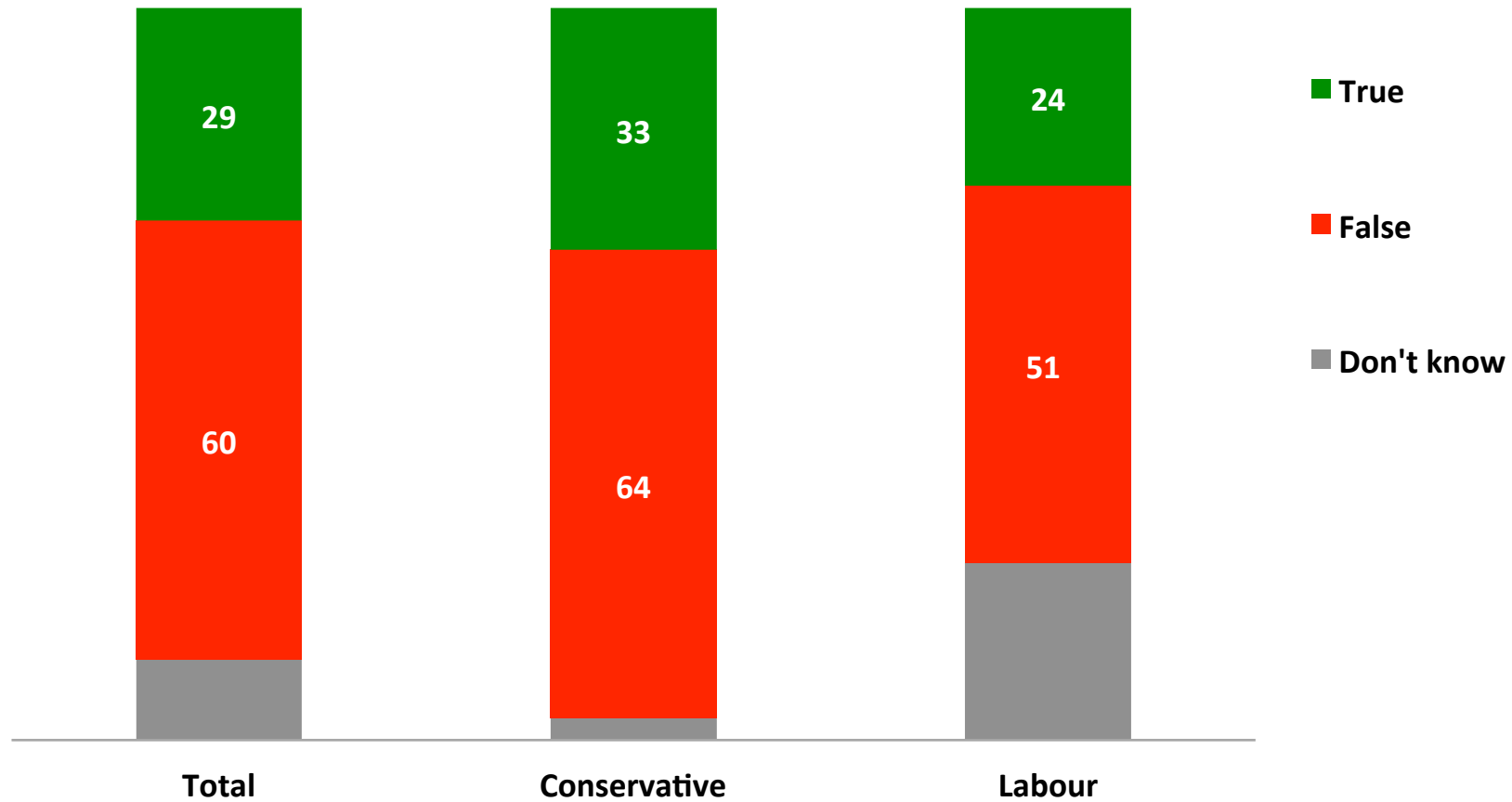
# Most loans are to businesses



Ignoring loans to other financial sector companies, the majority of bank loans are made to businesses, and the remainder to households/consumers. (N=100, weighted)



# Banks are middlemen

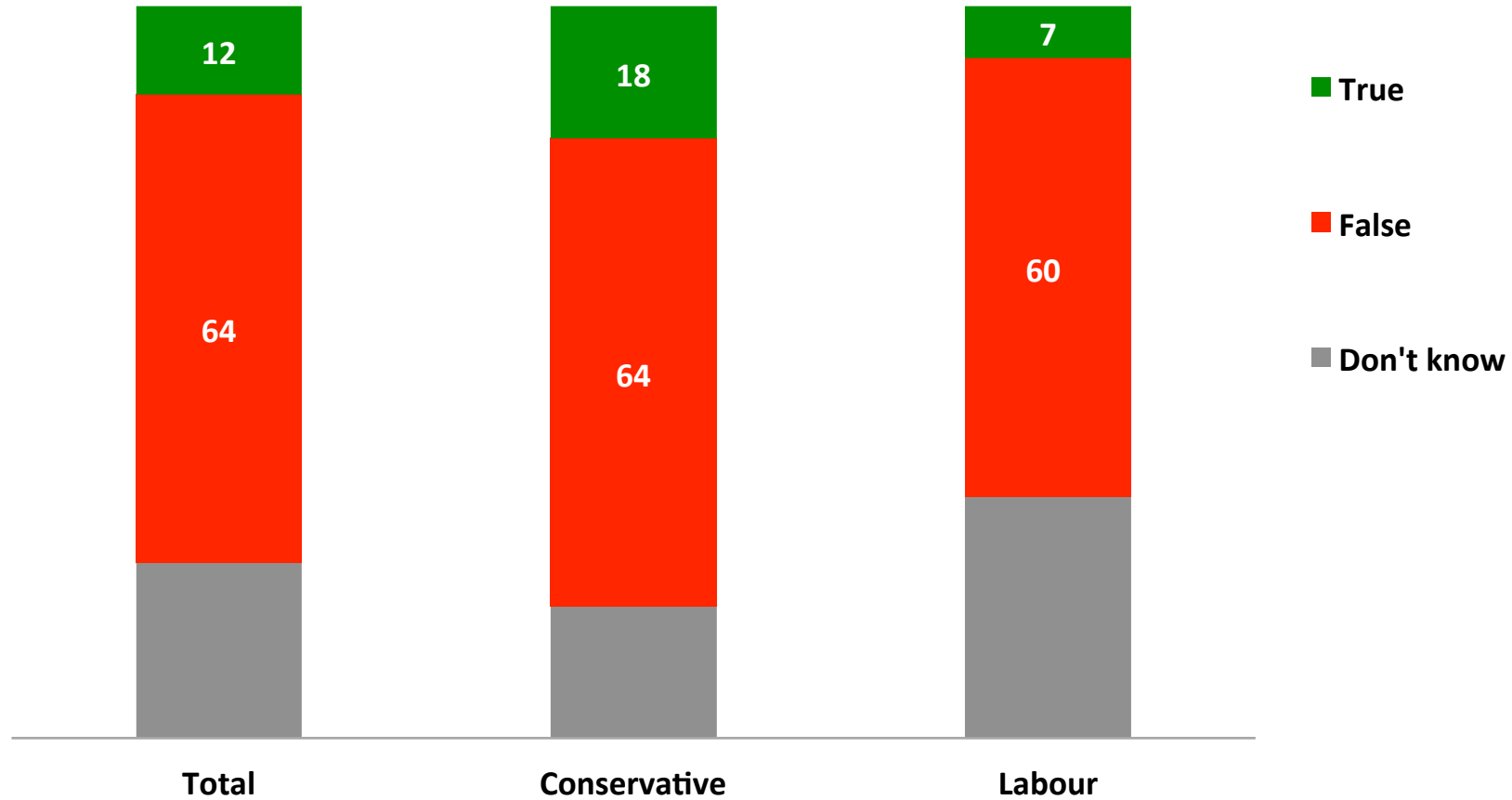


Banks simply act as middlemen, only lending out the money that savers and investors have deposited with them. (N=100, weighted)





# Loans create and destroy money



New money is created when banks make loans, and existing money is destroyed when members of the public repay loans. (N=100, weighted)

