



HM Treasury

Information Rights Unit
HM Treasury
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Mr Scott Elliot-Woods

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23 October 2019

Dear Mr Elliot-Woods

Ref: FOI2019/14722

Freedom of Information Act 2000: Bank of England

Thank you for your enquiry of 26 September 2019, which we have considered under the terms of the Freedom of Information Act 2000 (the FOI Act).

You asked for the following information:

*"I have asked for information on money creation in a previous request. You have referred me to the Bank of England! Can you clarify please You have stated that the Bank of England is solely responsible for the creation of money?
You the treasury have no information what so ever on the creation of money?"*

*Can you tell me if the Bank of England is a private corporation?
Has the treasury been superseded by the Bank of England?"*

I can confirm that HM Treasury does hold information within the scope of your request.

The creation of physical money (notes and coins) is split between a number of institutions. The Royal Mint is responsible for making coins. The number of coins the Royal Mint makes is decided by HM Treasury, and dependent on demand from UK banks and Post Offices. The Bank of England, along with a number of commercial banks, print bank notes.

However, physical money accounts for only a small proportion (around 3%) of money in circulation. The other 97% takes the form of bank deposits, which are mostly created by commercial banks. The Bank of England can indirectly affect the amount of money created by commercial banks by the setting Bank Rate, and it can also create money directly by undertaking asset purchases (known as Quantitative Easing).

Further information regarding the creation of money can be found at the following link.

<https://www.bankofengland.co.uk/-/media/boe/files/quarterly-bulletin/2014/money-creation-in-the-modern-economy>

The Bank of England is a public and not a private corporation. HM Treasury is the sole shareholder of the Bank of England. The Bank has specific statutory responsibilities for setting policy – for interest rates, for financial stability, and for the regulation of banks and insurance companies. They have independence from the Government in terms of how they carry out these responsibilities. They do this within a framework set by Government but free from day-to-day political influence.

The Bank is overseen by a board of directors, known as the Court of Directors, who are appointed by the Queen on the recommendation of the Prime Minister and the Chancellor. The Court of Directors is responsible for setting and monitoring the Bank's strategy and making key decisions on spending and appointments.

If you have any queries about this letter, please contact us. Please quote the reference number above in any future communications.

Yours sincerely

A handwritten signature in dark ink, consisting of the letters 'IRU' in a cursive, slightly stylized font.

Information Rights Unit

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Email: foirequests@hmtreasury.gov.uk

It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

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The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF (or via their website at: <https://ico.org.uk>).

