

# Funding the Future

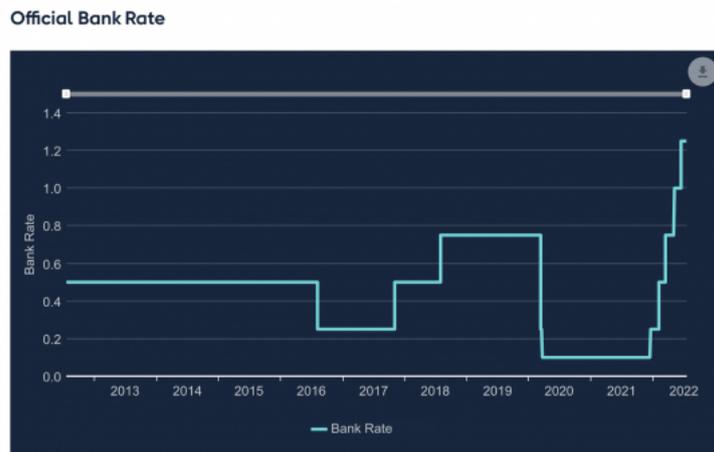
## Banks and building societies might make £30 billion ou...

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There are mortgages to a value of approximately £1.6 trillion (£1,630 billion) [outstanding in the UK](#) at present.

The interest rate on these will be impacted by the 0.5% interest rate rise Andrew Bailey of the Bank of England trailed last night. [These will follow a pattern:](#)



Rates are likely to rise by 1.65% in nine months and there is no certainty that they will end there.

I am, of course, aware that many borrowers will be on fixed-rate mortgages. But they come to an end. New deals are now around 2% higher in rate than they were a year ago. That is because it anticipates the currently expected rise.

But let's put this in context. It is costing the banks and building societies no more to service this money now than it was. I am aware that there are those who argue otherwise, but they are the people who think that banks and building societies lend out depositors' funds, and they do not. The Bank of England has confirmed that fact.

So, the reality is that sometime relatively soon banks and building societies are going to

be making 2% more on their whole mortgage portfolio. And that is £32 billion a year that they will be paid that they have not earned and which we can be quite sure will not be passed on to savers as there is not the slightest reason for them to do that.

So when is the windfall tax on this unearned profit going to be introduced? That is what I want to know.