

HOUSEHOLD LOANS, MARCH 2022

The outstanding balance of household loans¹ across all financial sectors fell KRW3.6 trillion at the end of March 2022, continuing to show a steady decline as the pace of slowdown has picked up compared to the previous month (*down KRW0.3 trillion*).² The balance of household loans in March grew 4.7 percent from a year ago, steadily declining from the second half of the previous year.³

By type, mortgage-backed loans in March increased KRW3.0 trillion,⁴ growing at a slightly faster rate compared to the previous month (*up KRW2.6 trillion*) but continuing to maintain the pace of a slowdown since the second half of the previous year. Other types of loans including unsecured loans fell KRW6.6 trillion⁵ led by the banking and mutual finance sectors, showing an accelerated pace of slowdown from the end of the previous year.

By sector, the balance of household loans dropped KRW1.0 trillion in the banking sector as mortgage-backed loans went up KRW2.1 trillion⁶ but other types of loans including credit-based loans fell KRW3.1 trillion.⁷ The nonbank sector saw a drop of KRW2.6 trillion, showing an accelerated rate of slowdown compared to the previous month (*down KRW0.1 trillion*) led by the mutual finance sectors.

<Trends in outstanding balance of household loans by sector> (In trillion KRW)

	2020			2021			2022		
	Jan-Mar	Feb	Mar	Jan-Mar	Feb	Mar	Jan-Mar	Feb	Mar
Banks	+22.6	+9.3	+9.6	+20.8	+6.7	+6.5	-1.7	-0.2	-1.0
Nonbanks	-1.8	+0.2	-0.4	+8.8	+3.0	+3.0	-2.9	-0.1	-2.6
Mutual finance	-3.7	-1.0	-0.8	+3.2	+1.1	+1.6	-3.5	-0.6	-1.9
Credit union	-0.93	-0.13	-0.51	-0.12	-0.04	-0.08	+0.01	-0.06	-0.00
Nonghyup	-1.19	-0.30	+0.20	+3.00	+0.99	+1.41	-2.80	-0.49	-1.37
Suhyup	-0.17	-0.06	-0.02	+0.30	+0.13	+0.12	-0.15	-0.02	-0.06
NFCF ⁸	+0.07	+0.02	+0.04	+0.11	+0.03	+0.06	-0.03	+0.00	-0.03
KFCC ⁹	-1.48	-0.50	-0.52	-0.05	+0.01	+0.12	-0.58	-0.03	-0.42
Insurance	+0.0	+0.3	+0.3	+1.7	+0.6	+0.4	+0.3	+0.3	-0.3
Savings banks	+0.8	+0.3	+0.1	+1.9	+0.5	+0.6	+0.4	+0.2	+0.1
Credit finance companies	+1.1	+0.6	-0.0	+2.0	+0.7	+0.4	-0.0	+0.0	-0.5
Total	+20.8	+9.5	+9.1	+29.5	+9.7	+9.5	-4.6	-0.3	-3.6

¹ Preliminary

² Growth amount (in trillion KRW): +6.1 (Oct), +5.9 (Nov), +0.2 (Dec), -0.7 (Jan 2022), -0.3 (Feb), -3.6 (Mar)

³ Growth rate (% , y-o-y): 9.5 (Aug), 9.2 (Sep), 8.6 (Oct), 7.7 (Nov), 7.1 (Dec), 6.3 (Jan 2022), 5.6 (Feb), 4.7 (Mar)

⁴ Growth amount in mortgage loans in all financial sectors (in trillion KRW): +2.6 (Dec 2021), +2.9 (Jan 2022), +2.6 (Feb), +3.0 (Mar)

⁵ Growth amount in other types of loans in all financial sectors (in trillion KRW): -2.4 (Dec 2021), -3.5 (Jan 2022), -2.9 (Feb), -6.6 (Mar)

⁶ Growth in mortgage loans in the banking sector (in trillion KRW): +2.2(Jan), +1.7(Feb), +2.1(Mar)

⁷ Growth in other types of loans in the banking sector (in trillion KRW): -2.6(Jan), -2.0 (Feb), -3.1(Mar)

⁸ National Forestry Cooperative Federation

⁹ Korean Federation of Community Credit Cooperatives

The trends in household loans continue to be on a stable path as the balance of household loans declined KRW3.6 trillion in March 2022 and fell considerably from the previous month. Although mortgage-backed loans increased KRW3.0 trillion, other types of loans including unsecured loans dropped significantly (*down KRW6.5 trillion*) due to increases in borrowing rates, an expanded application of the debt service ratio (DSR) rule on individual borrowers and a slowdown in housing transactions,¹⁰ leading to an expansion in the pace of slowdown in aggregate terms. The financial authorities will continue to closely monitor trends in household loans in order to help maintain its growth pace at a stable level.

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¹⁰ Total volume of housing transactions (5-yr average: 76,000): 87,000 (Feb 2021), 42,000 (Jan 2022), 43,000 (Feb 2022)