

HOUSEHOLD LOANS, APRIL 2022

The outstanding balance of household loans¹ in all financial sectors rose KRW1.3 trillion in April 2022 as the decreasing trend seen since the beginning of this year came to a halt but staying at a stable level overall.² The financial authorities will continue to closely monitor trends in household loans in order to help maintain its growth pace at a stable level and to prevent it from posing risk to the economy.

(OVERALL) The household loan balance in April 2022 (*up KRW1.3 trillion*) edged up for the first time this year in contrast to a considerable drop observed in the previous month (*down KRW3.6 trillion*). However, the growth rate (*up 3.1%, y-o-y*) shows a continuing slowdown from the second half of the previous year.

(BY TYPE) Mortgage-backed loans went up slightly while other types of loans fell at a considerably slower rate, pushing up the total balance of household loans. Mortgage-backed loans in April rose KRW2.8 trillion, growing at a slightly slower rate compared to the previous month (*up KRW3.0 trillion*).³ Other types of loans edged down KRW1.6 trillion, declining at a significantly slower rate compared to the previous month (*down KRW6.5 trillion*), but keeping the trend of a slowdown from the end of last year.⁴

(BY SECTOR) The balance of household loans edged up from the previous month in most sectors but the mutual finance sector (*down KRW1.0 trillion*) stayed on a downward trend due to a drop in non-mortgage types of loans.

- **(BANKING SECTOR)** The banking sector saw an overall increase of KRW1.2 trillion. Mortgage loans from banks rose KRW2.1 trillion, growing at a similar rate compared to the previous month (*up KRW2.1 trillion*).⁵ Other types of loans fell at a slower rate compared to a month ago (*down KRW3.1 trillion*), edging down KRW0.9 trillion as credit loans went down KRW0.5 trillion.⁶

- **(NON-BANKING SECTOR)** In the non-banking sector, the household loan balance increased KRW0.1 trillion. Insurance companies (*up KRW0.2 trillion*), savings banks (*up KRW0.3 trillion*) and credit finance companies (*up KRW0.6 trillion*) all saw an increase in household loans from the previous month but the mutual finance sector (*down KRW1.0 trillion*) continued to stay on a downward path.

¹ Preliminary

² Growth amount (in trillion KRW): +5.9 (Nov), +0.2 (Dec), -0.7 (Jan 2022), -0.3 (Feb), -3.6 (Mar), +1.3 (Apr)
Growth rate (% , y-o-y): 8.6 (Oct), 7.7 (Nov), 7.1 (Dec), 6.3 (Jan 2022), 5.6 (Feb), 4.7 (Mar), 3.1 (Apr)

³ Growth in mortgage loans (in trillion KRW): +3.9 (Nov), +2.6 (Dec), +2.9 (Jan 2022), +2.6 (Feb), +3.0 (Mar), +2.8 (Apr)

⁴ Growth in other types of loans (in trillion KRW): +2.0 (Nov), -2.4 (Dec), -3.5 (Jan 2022), -2.9 (Feb), -6.5 (Mar), -1.6 (Apr)

⁵ Growth amount (in trillion KRW): Jeonse loans (+1.1), Group lending for new apartment subscription (+1.1), government-sponsored mortgage lending (+0.4), general individual loans (-0.5)

⁶ Growth amount (in trillion KRW) of mortgage loans at banks: 2.2 (Jan), 1.7 (Feb), 2.1 (Mar), 2.1 (Apr)
Growth amount (in trillion KRW) of other types of loans at banks: -2.6 (Jan), -2.0 (Feb), -3.1 (Mar), -0.9 (Apr)

<Trends in outstanding balance of household loans by sector>

(In trillion KRW)

	2020			2021			2022		
	Jan-Apr	Mar	Apr	Jan-Apr	Mar	Apr	Jan-Apr	Mar	Apr
Banks	+27.5	+9.6	+4.9	+36.8	+6.5	+16.0	-0.5	-1.0	+1.2
Nonbanks	-3.7	-0.4	-1.9	+18.2	+3.0	+9.4	-2.7	-2.5	+0.1
Mutual finance	-4.4	-0.8	-0.7	+8.0	+1.6	+4.7	-4.5	-1.8	-1.0
Credit union	-1.18	-0.51	-0.25	+0.14	-0.08	+0.26	+0.05	+0.06	-0.02
Nonghyup	-1.23	+0.20	-0.04	+6.13	+1.41	+3.12	-3.58	-1.37	-0.78
Suhyup	-0.22	-0.02	-0.05	+0.55	+0.12	+0.25	-0.25	-0.06	-0.10
NFCF ⁷	+0.07	+0.04	+0.00	+0.19	+0.06	+0.07	-0.03	-0.03	-0.01
KFCC ⁸	-1.87	-0.52	-0.40	+0.96	+0.12	+1.02	-0.68	-0.42	-0.10
Insurance	-0.7	+0.3	-0.8	+4.2	+0.4	+2.6	+0.4	-0.3	+0.2
Savings banks	+1.3	+0.1	+0.5	+3.0	+0.6	+1.1	+0.7	+0.1	+0.3
Credit finance companies	+0.2	-0.0	-0.9	+3.0	+0.4	+1.0	+0.6	-0.5	+0.6
Total	+23.8	+9.1	+3.0	+54.9	+9.5	+25.4	-3.2	-3.6	+1.3

(ASSESSMENT) The trends in household loans continue to stay at a stable level even though the downward trend that had been seen from the beginning of the year has been suspended with a growth of KRW1.3 trillion in April 2022. Mortgage-backed loans (*up KRW2.8 trillion*) went up slightly from the previous month due to a continuing demand for jeonse loans and group lending for new apartment subscription. Other types of loans (*down KRW1.6 trillion*) that has been leading the downward trend in the overall household loan balance fell at a significantly slower rate as financial companies have begun to ease their control over credit loans. The financial authorities will continue to closely monitor trends in household loans in order to help maintain its growth pace at a stable level and to prevent it from posing risk to the economy.

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For press inquiry, please contact Foreign Media Relations at fsc_media@korea.kr.

⁷ National Forestry Cooperative Federation

⁸ Korean Federation of Community Credit Cooperatives