

## HOUSEHOLD LOANS, MAY 2022

The outstanding balance of household loans<sup>1</sup> in all financial sectors rose KRW1.8 trillion in May 2022, staying at a stable level despite a slight increase from the previous month (*up KRW1.2 trillion*).<sup>2</sup> The financial authorities will continue to work on stably managing the growth of household debt.

**(OVERALL)** Household loans in May 2022 increased KRW1.8 trillion across all financial sectors. The growth rate from the same month of the previous year was 3.4 percent, showing a halt in the declining trend seen from the second half of the previous year, but staying at a stable level in general.

**(BY TYPE)** Mortgage loans grew at a slower rate from the previous month but other types of loans including credit loans edged up slightly for the first time this year.

- **(MORTGAGE LOANS)** Mortgage-backed loans rose KRW1.6 trillion in May, showing a slowdown from the previous month due mainly to a drop in group lending for new apartment subscription (*from KRW1.1 trillion to KRW0.2 trillion*).<sup>3</sup>
- **(OTHER TYPES OF LOANS)** Other types of loans increased KRW0.2 trillion in May, edging up for the first time following a continued decline since the end of the previous year, with a growth in credit loans.<sup>4</sup>

**(BY SECTOR)** Household loans in the banking sector went up at a slower rate compared to a month ago but the pace of the growth accelerated in the non-banking sector as credit finance companies and savings banks saw increases.

- **(BANKING SECTOR)** Banks saw an increase of KRW0.4 trillion in household loans, showing a decline from the previous month (*up KRW1.2 trillion*). Mortgage loans from banks rose KRW0.8 trillion,<sup>5</sup> growing at a slower rate compared to the previous month (*up KRW2.0 trillion*), as jeonse loans expanded (*up KRW1.1 trillion*) but group lending for new apartment subscription edged lower (*up KRW0.2 trillion*). Other types of loans declined KRW0.5 trillion and fell at a slower rate compared to the previous month (*down KRW0.9 trillion*) as credit loans edged down KRW0.2 trillion.<sup>6</sup>

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<sup>1</sup> Preliminary

<sup>2</sup> Growth amount (in trillion KRW): +0.2 (Dec), -0.7 (Jan 2022), -0.3 (Feb), -3.6 (Mar), +1.2 (Apr), +1.8 (May)  
Growth rate (% , y-o-y): 7.7 (Nov), 7.1 (Dec), 6.3 (Jan 2022), 5.6 (Feb), 4.7 (Mar), 3.1 (Apr), 3.4 (May)

<sup>3</sup> Growth in mortgage loans (in trillion KRW): +2.6 (Dec), +2.9 (Jan 2022), +2.6 (Feb), +3.0 (Mar), +2.8 (Apr), +1.6 (May)

<sup>4</sup> Growth in other types of loans (in trillion KRW): -2.4 (Dec), -3.5 (Jan 2022), -2.9 (Feb), -6.5 (Mar), -1.6 (Apr), +0.2 (May)

<sup>5</sup> Growth amount (in trillion KRW): Jeonse loans (+1.1), Group lending for new apartment subscription (+0.2), government-sponsored mortgage lending (+0.2), general individual loans (-0.6)

<sup>6</sup> Growth amount (in trillion KRW) of mortgage loans at banks: 2.2 (Jan), 1.7 (Feb), 2.1 (Mar), 2.0 (Apr), 0.8 (May)  
Growth amount (in trillion KRW) of other types of loans at banks: -2.6 (Jan), -2.0 (Feb), -3.1 (Mar), -0.9 (Apr), -0.5 (May)

- **(NON-BANKING SECTOR)** In May 2022, nonbanks saw an increase of KRW1.4 trillion in household loans with increases in credit finance companies (*up KRW1.0 trillion*), savings banks (*up KRW0.6 trillion*) and insurance companies (*up KRW0.3 trillion*).

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

	2020			2021			2022		
	Jan-May	Apr	May	Jan-May	Apr	May	Jan-May	Apr	May
Banks	+32.5	+4.9	+5.0	+35.3	+16.0	-1.4	-0.2	+1.2	+0.4
Nonbanks	-4.8	-1.9	-1.1	+17.9	+9.4	-0.2	-1.3	+0.1	+1.4
Mutual finance	-5.1	-0.7	-0.6	+7.2	+4.7	-0.8	-5.0	-1.0	-0.5
Credit union	-1.42	-0.25	-0.24	-0.10	+0.26	-0.24	+0.06	-0.02	+0.01
Nonghyup	-1.10	-0.04	+0.13	+6.18	+3.12	+0.06	-4.14	-0.78	-0.55
Suhyup	-0.22	-0.05	-0.01	+0.55	+0.25	+0.00	-0.28	-0.10	-0.03
NFCF <sup>7</sup>	+0.08	+0.00	+0.00	+0.22	+0.07	+0.03	-0.05	-0.01	-0.02
KFCC <sup>8</sup>	-2.40	-0.40	-0.52	+0.29	+1.02	-0.67	-0.61	-0.10	+0.07
Insurance	-1.2	-0.8	-0.5	+2.9	+2.6	-1.3	+0.8	+0.2	+0.3
Savings banks	+1.5	+0.5	+0.2	+3.5	+1.1	+0.5	+1.3	+0.3	+0.6
Credit finance companies	+0.1	-0.9	-0.2	+4.3	+1.0	+1.4	+1.6	+0.6	+1.0
Total	+27.7	+3.0	+3.9	+53.3	+25.4	-1.7	-1.5	+1.2	+1.8

**(ASSESSMENT)** The trends in household loans continue to stay at a stable level since the beginning of this year even though the growth of KRW1.8 trillion in May 2022 was slightly higher than the previous month.<sup>9</sup> Mortgage-backed loans (*up KRW1.6 trillion*) went up slightly during the month due to continuing demand for jeonse loans<sup>10</sup> but grew at a slower pace overall compared to the previous month. Other types of loans (*up KRW0.2 trillion*) including credit loans edged up in May due to seasonal factors.<sup>11</sup> The financial authorities will continue to make efforts to stably manage the growth of household debt in order to prevent it from posing risk to the economy.

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<sup>7</sup> National Forestry Cooperative Federation

<sup>8</sup> Korean Federation of Community Credit Cooperatives

<sup>9</sup> Growth amount (in trillion KRW): +53.3 (Jan-May 2021) → -1.5 (Jan-May 2022)

<sup>10</sup> Nationwide trends in jeonse and monthly rental transactions (based on date registered): 204,000 (Jan 2022), 241,000 (Feb), 250,000 (Mar), 258,000 (Apr)

<sup>11</sup> Credit loans tend to increase in May, the month of family.