

HOUSEHOLD LOANS, JULY 2022

In July 2022, the outstanding balance of household loans¹ across all financial sectors fell KRW1.0 trillion, showing a stable trend as the growth seen in Q2 turned back lower.² The financial authorities will make efforts for a stable management of the household debt growth while working on effective implementation of the normalization of household loan regulations to help alleviate financing difficulties of non-speculative homebuyers.

(OVERALL) Household loans across all financial sectors dropped KRW1.0 trillion in July 2022. The growth rate (*up 1.7%, y-o-y*) has continued to stay on a downward path since the second half of 2021.

(BY TYPE) Mortgage loans expanded at a slower pace than the previous month and other types of loans dropped at a greater level, contributing to the overall decline in household loans.

- **(MORTGAGE LOANS)** Mortgage-backed loans rose KRW2.5 trillion in July, slowing down from KRW2.8 trillion in the previous month.³
- **(OTHER TYPES OF LOANS)** Other types of loans dropped KRW3.6 trillion in July, falling at a faster rate compared with the previous month (*down KRW2.1 trillion*).⁴

(BY SECTOR) Household loans in both the banking and non-banking sectors turned lower, but the growth trend continued in the savings bank (*up KRW0.4 trillion*) and insurance (*up KRW0.2 trillion*) sectors.

- **(BANKING SECTOR)** Banks saw a drop of KRW0.3 trillion in household loans. Mortgage loans from banks grew KRW2.0 trillion,⁵ rising from KRW1.4 trillion a month ago, as group lending for new apartment subscription and jeonse loans rose KRW1.3 trillion and KRW1.1 trillion, respectively. Other types of loans fell KRW2.2 trillion, declining at a faster rate from a month ago (*down KRW1.2 trillion*) as credit loans fell KRW1.9 trillion.⁶
- **(NON-BANKING SECTOR)** In July, nonbanks saw a drop of KRW0.8 trillion in household loans, led by declines in the mutual finance (*down KRW1.2 trillion*) and specialized credit finance (*down KRW0.2 trillion*) sectors.

¹ Preliminary

² Growth amount (in trillion KRW): -0.7 (Jan), -0.3 (Feb), -3.6 (Mar), +1.4 (Apr), +1.7 (May), +0.7 (Jun), -1.0 (Jul)
Growth rate (% , y-o-y): 6.3 (Jan), 5.6 (Feb), 4.7 (Mar), 3.1 (Apr), 3.4 (May), 2.7 (Jun), 1.7 (Jul)

³ Growth in mortgage loans (in trillion KRW): +2.9(Jan), +2.6(Feb), +3.0(Mar), +2.8(Apr), +1.5(May), +2.8(Jun), +2.5(Jul)

⁴ Growth in other types of loans (in trillion KRW): -3.5(Jan), -2.9(Feb), -6.5(Mar), -1.5(Apr), +0.2(May), -2.1(Jun), -3.6(Jul)

⁵ Growth amount (in trillion KRW): Group lending for new apartment subscription (+1.3), Jeonse loans (+1.1), government-sponsored mortgage lending (-0.0), general individual loans (-0.4)

⁶ Growth amount (in trillion KRW) of mortgage loans at banks: 1.7(Feb), 2.1(Mar), 2.0(Apr), 0.8(May), 1.4(Jun), 2.0(Jul)

Growth amount (in trillion KRW) of other types of loans at banks: -2.0(Feb), -3.1(Mar), -0.9(Apr), -0.5(May), -1.2(Jun), -2.2(Jul)

<Trends in outstanding balance of household loans by sector>

(In trillion KRW)

	2020			2021			2022		
	Jan-Jul	Jun	Jul	Jan-Jul	Jun	Jul	Jan-Jul	Jun	Jul
Banks	+48.3	+8.2	+7.6	+51.3	+6.3	+9.6	-0.3	+0.2	-0.3
Nonbanks	-2.4	+0.5	+1.8	+27.6	+3.9	+5.7	-1.5	+0.5	-0.8
Mutual finance	-4.6	+0.3	+0.1	+12.5	+2.4	+2.9	-5.9	+0.2	-1.2
Credit union	-1.67	-0.14	-0.11	+0.21	+0.07	+0.24	+0.14	+0.13	-0.13
Nonghyup	+0.06	+0.70	+0.45	+10.19	+1.98	+2.03	-5.57	-0.29	-1.15
Suhyup	-0.05	+0.08	+0.09	+0.87	+0.11	+0.21	-0.31	+0.01	-0.04
NFCF ⁷	+0.10	+0.01	+0.02	+0.33	+0.06	+0.05	-0.09	-0.02	-0.02
KFCC ⁸	-3.09	-0.38	-0.31	+0.89	+0.18	+0.42	-0.05	+0.41	+0.15
Insurance	-0.8	+0.1	+0.3	+4.4	+0.4	+1.0	+1.1	+0.1	+0.2
Savings banks	+2.4	+0.2	+0.7	+5.3	+0.9	+0.9	+2.2	+0.4	+0.4
Credit finance companies	+0.6	-0.0	+0.6	+5.4	+0.2	+0.8	+1.1	-0.3	-0.2
Total	+45.9	+8.7	+9.4	+78.8	+10.3	+15.3	-1.8	+0.7	-1.0

(ASSESSMENT) Household loans across all financial sectors fell KRW1.0 trillion in July 2022, showing a stable trend as the growth seen in Q2 turned back lower. Mortgage loans (*up KRW2.5 trillion*) grew at a slower pace than a month ago, despite continuing demand seen in group lending for new apartment subscription and jeonse loans, due to a slowdown in housing transactions.⁹ Other types of loans (*down KRW3.6 trillion*) such as credit loans dropped at a greater level compared with the previous month as there are more repayments on loans taking place due to high interest payment burden amid rate hikes. The financial authorities will make efforts to stably manage the household debt growth by encouraging lending practices based on borrower's repayment capability and work to effectively implement the normalization of household loan regulations to help provide a housing ladder to non-speculative homebuyers.

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⁷ National Forestry Cooperative Federation

⁸ Korean Federation of Community Credit Cooperatives

⁹ Nationwide trends in home sales transactions (based on date registered): 43,000 (Feb), 53,000 (Mar), 58,000 (Apr), 63,000 (May), 50,000 (Jun)