

HOUSEHOLD LOANS, AUGUST 2022

In August 2022, the outstanding balance of household loans¹ across all financial sectors rose KRW0.7 trillion, edging back up slightly from a decline in the previous month but maintaining a stable level overall.² The financial authorities will continue to monitor the household debt growth to ensure that it is maintained at a stable level in order to help prevent it from posing risk to the economy.

(OVERALL) Household loans across all financial sectors rose KRW0.7 trillion in August 2022. The growth rate (*up 1.2%, y-o-y*) has continued to slow down since the second half of 2021.

(BY TYPE) Mortgage loans grew at a slightly faster pace than the previous month and other types of loans fell at a slower rate, leading to an overall increase in the balance of household loans.

- **(MORTGAGE LOANS)** Mortgage-backed loans rose KRW2.8 trillion in August, edging up slightly faster than the previous month (*up KRW2.5 trillion*), as group lending for new apartment subscription increased.³
- **(OTHER TYPES OF LOANS)** Other types of loans dropped KRW2.1 trillion in August, edging down at a slower rate compared with the previous month (*down KRW3.4 trillion*), as credit loans and non-housing collateral loans declined.⁴

(BY SECTOR) Household loans increased from the previous month in most sectors but showed a continuous trend of slowdown in the mutual finance sector (*down KRW0.5 trillion*) with a drop in nonmortgage loans.

- **(BANKING SECTOR)** Banks saw a rise of KRW0.3 trillion in household loans. Mortgage loans from banks grew KRW1.6 trillion,⁵ rising at a slower rate than the previous month (*up KRW2.0 trillion*), with group lending for new apartment subscription and jeonse loans going up KRW1.2 trillion and KRW0.9 trillion, respectively. Other types of loans fell KRW1.3 trillion, declining at a slower rate from a month ago (*down KRW2.3 trillion*), with credit loans edging down KRW0.9 trillion.⁶

¹ Preliminary

² Growth amount (in trillion KRW): -0.3 (Feb), -3.6 (Mar), +1.4 (Apr), +1.7 (May), +0.7 (Jun), -0.9 (Jul), +0.7 (Aug)
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), 1.2 (Aug)

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

⁴ Growth in other types of loans (in trillion KRW): -2.9(Feb), -6.5(Mar), -1.5(Apr), +0.2(May), -2.1(Jun), -3.4(Jul), -2.1(Aug)

⁵ Growth amount (in trillion KRW): Group lending for new apartment subscription (+1.2), Jeonse loans (+0.9), government-sponsored mortgage lending (+0.0), general individual loans (-0.4)

⁶ Growth amount (in trillion KRW) of mortgage loans at banks: 2.1(Mar), 2.0(Apr), 0.8(May), 1.4(Jun), 2.0(Jul), 1.6(Aug)

Growth amount (in trillion KRW) of other types of loans at banks: -3.1(Mar), -0.9(Apr), -0.5(May), -1.2(Jun), -2.3(Jul), -1.3(Aug)

- **(NON-BANKING SECTOR)** In August, nonbanks saw an increase of KRW0.4 trillion in household loans, led by savings banks (*up KRW0.4 trillion*), insurance companies (*up KRW0.3 trillion*) and credit finance businesses (*up KRW0.2 trillion*).

<Trends in outstanding balance of household loans by sector>

(In trillion KRW)

	2020			2021			2022		
	Jan-Aug	Jul	Aug	Jan-Aug	Jul	Aug	Jan-Aug	Jul	Aug
Banks	+60.1	+7.6	+11.8	+57.4	+9.6	+6.1	-0.0	-0.3	+0.3
Nonbanks	+0.1	+1.8	+2.5	+30.0	+5.7	+2.4	-0.9	-0.6	+0.4
Mutual finance	-4.4	+0.1	+0.3	+14.2	+2.9	+1.7	-6.3	-1.1	-0.5
Credit union	-1.77	-0.11	-0.10	+0.16	+0.24	-0.05	+0.16	-0.05	-0.05
Nonghyup	+0.81	+0.45	+0.76	+11.73	+2.03	+1.54	-6.37	-1.15	-0.80
Suhyup	-0.12	+0.09	-0.07	+0.97	+0.21	+0.10	-0.33	-0.04	-0.02
NFCF ⁷	+0.11	+0.02	+0.01	+0.37	+0.05	+0.04	-0.09	-0.02	+0.01
KFCC ⁸	-3.40	-0.31	-0.31	+0.95	+0.42	+0.06	+0.29	+0.15	+0.34
Insurance	-0.0	+0.3	+0.8	+4.3	+1.0	-0.0	+1.3	+0.2	+0.3
Savings banks	+3.0	+0.7	+0.5	+5.8	+0.9	+0.5	+2.6	+0.4	+0.4
Credit finance companies	+1.5	+0.6	+0.9	+5.7	+0.8	+0.3	+1.5	+0.0	+0.2
Total	+60.2	+9.4	+14.3	+87.4	+15.3	+8.6	-1.0	-0.9	+0.7

(ASSESSMENT) Household loans across all financial sectors rose KRW0.7 trillion in August 2022, edging up slightly from a decline in the previous month but maintaining a stable level overall. Mortgage loans (*up KRW2.8 trillion*) grew at a faster pace than a month ago due to continuing demand for group lending for new apartment subscription and jeonse loans despite a slowdown in home sales transactions. Other types of loans (*down KRW2.1 trillion*) such as credit loans dropped at a slower rate compared with the previous month due to seasonal factors.⁹ The financial authorities will continue to monitor the household debt growth to ensure that it is maintained at a stable level in order to help prevent it from posing risk to the economy.

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⁷ National Forestry Cooperative Federation

⁸ Korean Federation of Community Credit Cooperatives

⁹ Augusts tend to see increased demand for credit loans due to summer vacation, etc.