

## HOUSEHOLD LOANS, SEPTEMBER 2022

In September 2022, the outstanding balance of household loans<sup>1</sup> across all financial sectors fell KRW1.3 trillion (*m-o-m*). It edged back lower again from the increased one of last month and sustains a stable level overall.<sup>2</sup> Financial authorities will manage to keep the growth rate of household debt stable while making continuous efforts to alleviate financial burdens of low income households and non-speculative homebuyers.

**(OVERALL)** Household loans across all financial sectors declined KRW1.3 trillion last month. The growth (*y-o-y*) was 0.6 percent which continued to slow since the second half of 2021.

**(BY TYPE)** Mortgage loans increased at a slower rate than the previous month and other types of loans fell at a faster rate, leading to an overall drop in household loans.

- **(MORTGAGE LOANS)** Mortgage loans rose KRW2.0 trillion in September, growing at a slower rate compared to the previous month (*up KRW2.7 trillion*), as group lending for new apartment subscription fell from KRW1.2 trillion to KRW0.5 trillion.<sup>3</sup>
- **(OTHER TYPES OF LOANS)** Other types of loans fell KRW3.3 trillion, declining significantly from the previous month (*down KRW1.8 trillion*), due to a drop in credit loans.<sup>4</sup>

**(BY SECTOR)** Household loans edged back down in both the banking and nonbanking sectors.

- **(BANKING SECTOR)** Banks saw a drop of KRW1.2 trillion in household loans. Mortgage loans from banks grew KRW0.9 trillion,<sup>5</sup> rising at a slower rate than the previous month (*up KRW1.6 trillion*), as jeonse loans and group lending for new apartment subscription went up KRW0.6 trillion and KRW0.5 trillion, respectively. Other types of loans from banks fell KRW2.1 trillion, declining at a faster rate than the previous month (*down KRW1.3 trillion*), as credit loans dropped KRW1.8 trillion.<sup>6</sup>
- **(NONBANKING SECTOR)** In September, nonbanks saw a drop of KRW0.1 trillion in household loans with increases in insurance companies (*up KRW0.6 trillion*) and

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<sup>1</sup> Preliminary

<sup>2</sup> Growth amount (in trillion KRW): -3.6 (Mar), +1.4 (Apr), +1.7 (May), +0.7 (Jun), -0.9 (Jul), +0.9 (Aug), -1.3 (Sep)

<sup>3</sup> Growth rate (% , *y-o-y*): 4.7 (Mar), 3.1 (Apr), 3.4 (May), 2.7 (Jun), 1.7 (Jul), 1.2 (Aug), 0.6 (Sep)

<sup>4</sup> Growth in mortgage loans (in trillion KRW): +3.0(Mar), +2.8(Apr), +1.5(May), +2.8(Jun), +2.5(Jul), +2.7(Aug), +2.0(Sep)

<sup>5</sup> Growth in other types of loans (in trillion KRW): -6.5(Mar), -1.5(Apr), +0.2(May), -2.1(Jun), -3.4(Jul), -1.8(Aug), -3.3(Sep)

<sup>6</sup> Growth amount (in trillion KRW): Jeonse loans (+0.6), group lending for new apartment subscription (+0.5), government-sponsored mortgage lending (+0.1), general individual loans (-0.3)

<sup>7</sup> Growth amount (in trillion KRW) of mortgage loans at banks: 2.0(Apr), 0.8(May), 1.4(Jun), 2.0(Jul), 1.6(Aug), 0.9(Sep)

Growth amount (in trillion KRW) of other types of loans at banks: -0.9(Apr), -0.5(May), -1.2(Jun), -2.3(Jul), -1.3(Aug), -2.1(Sep)

savings banks (*up KRW0.2 trillion*) and declines in mutual finance (*down KRW0.5 trillion*) and specialized credit finance companies (*down KRW0.5 trillion*).

<Trends in Outstanding Balance of Household Loans>

(In trillion KRW)	2020			2021			2022		
	Jan-Sep	Aug	Sep	Jan-Sep	Aug	Sep	Jan-Sep	Aug	Sep
Banks	+69.8	+11.8	+9.7	+63.8	+6.1	+6.4	-1.3	+0.3	-1.2
Nonbanks	+1.4	+2.5	+1.3	+31.5	+2.4	+1.5	-0.8	+0.6	-0.1
Mutual finance	-4.1	+0.3	+0.3	+16.0	+1.7	+1.8	-6.7	-0.5	-0.5
Credit union	-1.78	-0.10	-0.01	+0.43	-0.05	+0.27	+0.13	+0.03	-0.11
Nonghyup	+1.20	+0.76	+0.38	+12.72	+1.54	+0.98	-6.98	-0.80	-0.61
Suhyup	-0.05	-0.07	+0.07	+1.07	+0.10	+0.10	-0.36	-0.02	-0.02
NFCF <sup>7</sup>	+0.14	+0.01	+0.03	+0.41	+0.04	+0.04	-0.09	+0.01	-0.00
KFCC <sup>8</sup>	-3.61	-0.31	-0.21	+1.37	+0.06	+0.42	+0.57	+0.34	+0.29
Insurance	+0.3	+0.8	+0.3	+4.5	-0.0	+0.2	+2.0	+0.3	+0.6
Savings banks	+3.5	+0.5	+0.6	+5.9	+0.5	+0.1	+2.8	+0.4	+0.2
Credit finance companies	+1.7	+0.9	+0.2	+5.0	+0.3	-0.7	+1.2	+0.3	-0.5
Total	+71.2	+14.3	+11.0	+95.3	+8.6	+7.8	-2.1	+0.9	-1.3

**(ASSESSMENT)** Household loans across all financial sectors declined KRW1.3 trillion in September 2022, edging back down from an increase in the previous month and maintaining a stable level overall. Mortgage loans (*up KRW2.0 trillion*) grew at a slower rate compared to the previous month after rising slightly above the previous month's level due to continuing demand for group lending for new apartment subscription and jeonse loans. Other types of loans (*down KRW3.3 trillion*) such as credit loans fell at a significantly greater rate compared to the previous month due to the impact of interest rate hikes and Chuseok holiday bonuses. Financial authorities will manage to keep the growth rate of household debt stable by promoting responsible borrowing practices while making continuous efforts to alleviate financial burdens of low income households and non-speculative homebuyers.

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

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