

AUTHORITIES HOLD MEETING TO DISCUSS WAYS TO CONTINUE TO STABLY MANAGE HOUSEHOLD DEBT GROWTH IN 2024

- Household loans expanded KRW10.1 trillion in 2023 with the household debt to GDP ratio expected to drop for the second year in a row.
 - Government to ensure stable control of household debt growth in 2024 by working on quantitative management and improving DSR regulations while taking steps to ensure the availability of microfinance assistance for vulnerable groups.
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The Financial Services Commission held a meeting with relevant authorities, organizations and industry groups on January 10 to go over the current household debt situation and discuss strategies to effectively control household debt growth in 2024.

At the meeting, participants shared the same view that the current trend of household debt growth appears to be on a stable course as the year-on-year growth of KRW10.1 trillion at the end of 2023 is much smaller than the average annual growth of KRW83.2 trillion in the previous eight years. In this regard, the household debt to GDP ratio is also expected to have fallen in 2023 for the second straight year. While sharing positive assessments about the current household debt situation, participants also agreed on the need to stably control household debt growth with a more longer term perspective.

To ensure that household debt growth continues to stay on a stable level, Secretary General Kwon Dae-young of the Financial Services Commission said that the following three principled strategies need to be observed in a consistent manner. First, the government will consistently work on reducing the country's household debt to GDP ratio every year to ensure a stable management of growth in quantitative terms with an aim to bring it down within the level of annual economic growth. Second, the authorities will encourage the practice of borrowing within one's own debt repayment capability, while working to bring about regulatory improvements in debt service ratio (DSR). Third, the authorities will take steps needed to ensure the availability of microfinance support measures for vulnerable groups. Secretary General Kwon added that this will require close communication and cooperation between the authorities and financial institutions.

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