

LOAN TRANSFER SERVICE OFFERING LOWER INTEREST RATES TO BE MADE MORE ACCESSIBLE AND INCLUSIVE

- FSC Chairman Kim Joo-hyun meets with service users and industry officials to have talks on further areas for improving service operation at an event commemorating one-year anniversary of launching the service.
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The Financial Services Commission held a meeting with users of the loan transfer service program and officials from related organizations and financial companies on May 29 to commemorate one-year anniversary of launching the loan transfer service and have discussions on seeking further improvements.

At the beginning of the meeting, FSC Chairman Kim Joo-hyun praised the successful introduction of loan transfer service—first for credit loans in May 2023 and then expanded to home-backed mortgage loans and jeonse¹ loans—during the first year of its operation. As a result, Chairman Kim said that about 200,000 individuals were able to use this program to switch their existing loans worth about KRW10 trillion in total for lower interest rates, and on average were able to save about KRW1.62 million a year in interest payments. To continue to meet consumer demands, Chairman Kim said that financial companies need to think beyond just offering lower interest rates and take steps to help improve consumer convenience in accessing and operating loan transfer service, for instance, by offering on-site application process for the elderly to make the program more accessible and inclusive for all.

During the first year of operation, in cumulative terms as of May 24, 2024, there were 202,461 individuals who took advantage of the loan transfer service and switched to lower interest rate loans. The total amount of loans switched for lower interest rates during this period amounted to about KRW10.1 trillion.

For credit loans, which became available on May 31, 2023, 168,254 individuals used the loan transfer service for about KRW3.97 trillion. On average, their interest rates dropped by 1.57 percentage points, and borrowers were able to save about KRW580,000 a year per person.

For mortgage loans, which became available on January 9, 2024, 24,721 individuals used the loan transfer service for about KRW4.54 trillion. On average, interest rates dropped by 1.49 percentage points, and borrowers were able to save about KRW2.73 million a year per person.

For jeonse loans, which became available on January 31, 2024, 9,486 individuals used the loan transfer service for about KRW1.59 trillion. On average, interest rates

¹ A lump-sum deposit for rent with no monthly payments usually for a two-year period.

dropped by 1.40 percentage points, and borrowers were able to save about KRW2.35 million a year per person.

Overall, borrowers who used the loan transfer service (for credit loans, mortgage loans, and jeonse loans) saw their interest rates fall by 1.52 percentage points and were able to save about KRW1.62 million in interest payments annually.

The financial authorities will continue to make efforts to provide various service improvements going forward. The FSC will continue to maintain close communication with financial sectors and participating organizations to ensure seamless operation of the loan transfer service.

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