

HOUSEHOLD LOANS, MAY 2024

- In May 2024, household loans increased KRW5.4 trillion across all financial sectors.
- Authorities will continue to monitor trends in household loan growth and seek close cooperation with other ministries to ensure stable management.

In May 2024, the outstanding balance of household loans across all financial sectors rose KRW5.4 trillion (preliminary), growing at a faster rate compared with the previous month (*up KRW4.1 trillion*).

* Change (in trillion KRW, m-o-m): +0.1 (Dec 2023), +0.9 (Jan 2024), -1.9 (Feb), -4.9 (Mar), +4.1 (Apr), +5.4 (May)^P

(BY TYPE) Home-backed mortgage loans rose KRW5.6 trillion, growing at a faster rate compared with the previous month (*up KRW4.1 trillion*), as the banking sector saw a significant growth in mortgage loans (*up KRW4.5 trillion → up KRW5.7 trillion*). Other types of loans declined KRW0.2 trillion as the banking sector saw the slowing pace of growth (*up KRW0.6 trillion → up KRW0.3 trillion*) and the decline continued in the nonbanking sector (*down KRW0.5 trillion → down KRW0.6 trillion*).

<Trends in Outstanding Balance of Household Loans by Type>

(In trillion KRW)	Nov 2023	Dec	Jan 2024	Feb	Mar	Apr	May ^P
Mortgage loans	+5.6	+5.0	+4.1	+3.7	+0.02	+4.1	+5.6
Other types of loans	-3.0	-4.9	-3.2	-5.5	-5.0	+0.01	-0.2
Total	+2.6	+0.1	+0.9	-1.9	-4.9	+4.1	+5.4

(BY SECTOR) Household loans edged up at a faster rate in the banking sector, while the pace of the decline slowed in the nonbanking sector. In May, banks saw a rise of KRW6.0 trillion in household loans, which went up from the growth of KRW5.1 trillion a month ago. The rising trend in the banking sector can be explained largely by the growth in mortgage loans (*up KRW4.5 trillion → up KRW5.7 trillion*) led by housing market recovery and by recent changes made in household loan statistics, which began to take into account certain types of housing loans that were excluded previously. Other types of loans also continued to grow due to seasonal factors, but the pace of growth slowed compared with the previous month (*up KRW0.6 trillion → up KRW0.3 trillion*).

In the nonbanking sector, household loans dropped KRW0.7 trillion. Mutual finance businesses continued to see a decline (*down KRW1.6 trillion*), while specialized credit finance companies (*up KRW0.7 trillion*), savings banks (*up KRW0.1 trillion*), and insurance companies (*up KRW0.1 trillion*) all saw household loans edging up.

(ASSESSMENT) In May 2024, the growth in household loans was caused largely by the increase in mortgage loans in the banking sector, which was led by recovery in housing

market transactions. As the pace of household loan growth may expand in the future depending on various macroeconomic conditions, such as interest rates and housing market situations, the financial authorities will continue to stay vigilant and closely monitor movements in the housing market and factors that may potentially accelerate household loan growth. At the same time, the authorities will maintain close cooperation with related ministries and financial institutions to ensure stable management over the trend of household loan growth.

<Trends in Outstanding Balance of Household Loans by Sector>

(In trillion KRW)	2022	2023				2024				
	Jan-Dec	Jan-Dec	Nov	Dec	Jan-Apr ^P	Jan	Feb	Mar	Apr	May ^P
Banks	-2.8	+37.1	+5.4	+3.1	+14.7	+3.4	+1.9	-1.7	+5.1	+6.0
Nonbanks	-6.0	-27.0	-2.8	-3.0	-11.2	-2.5	-3.8	-3.3	-1.0	-0.7
Mutual finance	-10.6	-27.6	-2.7	-1.5	-11.3	-2.5	-2.9	-2.3	-2.1	-1.6
Credit unions	+0.1	-4.4	-0.4	-0.3	-2.2	-0.4	-0.5	-0.5	-0.4	-0.3
Agricultural cooperatives	-11.1	-15.7	-1.7	-0.9	-5.9	-1.4	-1.5	-1.1	-1.0	-0.9
Fisheries cooperatives	-0.5	-0.8	+0.00	+0.05	-0.1	+0.01	-0.01	-0.02	-0.05	-0.03
Forestry cooperatives	-0.1	-0.4	-0.02	-0.02	-0.2	-0.04	-0.04	-0.03	-0.02	-0.02
Community credit cooperatives	+1.2	-6.3	-0.6	-0.4	-3.0	-0.6	-0.8	-0.7	-0.6	-0.3
Insurance	+3.6	+2.8	+0.05	-0.1	-1.3	-0.5	-0.6	-0.2	-0.02	+0.1
Savings banks	+2.3	-1.3	-0.1	-0.9	+0.2	+0.1	-0.1	-0.3	+0.5	+0.1
Specialized credit finance companies	-1.3	-0.9	-0.02	-0.5	+1.2	+0.4	-0.1	-0.4	+0.6	+0.7
Total	-8.8	+10.1	+2.6	+0.1	+3.6	+0.9	-1.9	-4.9	+4.1	+5.4

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