



Press Release

October 16, 2013

PROGRESS REPORT ON THE NATIONAL HAPPINESS FUND

ACHIEVEMENT

1. Debt restructuring

Since the National Happiness Fund was officially launched in March 29, 2013, a total of 192 thousand individuals have applied for the debt restructuring from April 22 to October 10. Out of the applicants, 160 thousand individuals have had their debt restructured under the program. At the current pace of 1,300 applicants per day, a total of 210 thousand individuals are expected to apply for the debt restructuring until the end of October when the application is due. Under the program, overdue debt of more than 2.84 million individuals was acquired or transferred from lenders and public asset management companies (AMCs).

2. Debt converted to low-interest loans

From April 1 to September 30, a total of 350 thousand debtors had their high-interest loans worth KRW 378.7 billion converted to lower-interest loans.

EVALUATION

The number of beneficiaries far exceeds the initial estimation at the time the National Happiness Fund was launched. In six months since its launch in March, the Fund has already assisted 180 thousand debtors, more than half of the initially estimated number of 326 thousand individuals that the program would reach over five years.

The National Happiness Fund outperformed similar programs by public AMCs in terms of the number of debt restructuring beneficiaries and the amount of purchased overdue debt.

There were some concerns that the program might cause moral hazard among debtors; however, the problem of moral hazard has not been so serious as initially concerned as most of beneficiaries are found to be low-income borrowers struggling with debt overdue for long time.¹

The government will continue to make efforts to help as many debtors as possible pay back their debt by closely working with relevant ministries and institutions.

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¹ - Average overdue period: 5 years and 10 months.
- 83% of the beneficiaries earn less than 20 million won per year (average annual income per person: 5.226 million)
- 83.2% of the beneficiaries hold debts less than 20 million won (average debt per person: 11.889 million won)