

Press Release

January 26, 2015

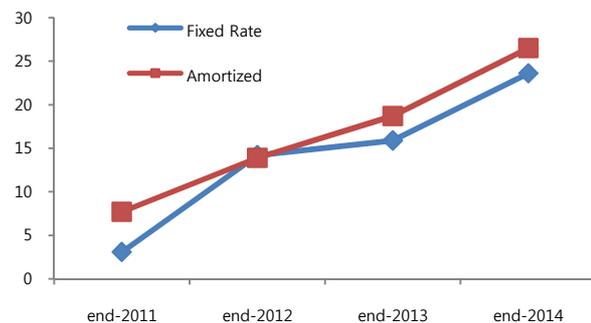
PROGRESS OF ‘MEASURES TO IMPROVE STRUCTURAL SOUNDNESS OF HOUSEHOLD DEBT’

As a means to improve structural vulnerability of bank mortgage loans, the government has been encouraging banks to increase the proportion of fixed rate and amortized loans since 2011.

As of the end of 2014, banking sector’s proportion of fixed rate loans increased 7.7%p to 23.6% from 15.9% year-on-year, whereas amortized loans grew 7.8%p to 26.5% from 18.7% during the same period. The numbers exceeded the target¹ set by ‘Measures to Improve Structural Soundness of Household Debt’ announced in February.

<Change in Proportion of Fixed Rate and Amortized Loans>
(%, %p)

	end-2011	end-2012	end-2013 (A)	end-2014 (B)	(B)-(A)
Fixed Rate Loan	3.1	14.2	15.9	23.6	+7.7
Amortized Loan	7.7	13.9	18.7	26.5	+7.8



The proportion of fixed loan products shifting to floating rate after 5 years and applying adjusted interest rate after every 5 years went up significantly.

*Banks with the biggest proportion of fixed rate loan(%): SC(34.0)→Daegu Bank(33.2)→Hana Bank(26.8)

The proportion of amortized loans greatly increased due to the change in BIS’ minimum capital ratio and active participation by the banking sector.

*Banks with the biggest proportion of amortized loan(%): SC(40.7)→Kwangju Bank(29.9)→KB(29.1)

The government will continuously review the progress of the banking sector’s efforts to improve household debt structure on a yearly basis.

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For any inquiry, please contact Foreign Press & Relations Team at fsc_media@korea.kr

¹ fixed loan/non-amortized loan: 20%(end-2014), 25%(end-2015), 30%(end-2016), 40%(end-2017)