

HOUSEHOLD LOANS, OCTOBER 2022

In October 2022, the outstanding balance of household loans¹ across all financial sectors fell KRW0.2 trillion (*m-o-m*), declining for the second consecutive month from a month ago (*down KRW1.2 trillion*).² Financial authorities will swiftly roll back relevant loan regulations to help alleviate difficulties of non-speculative homebuyers. At the same time, authorities will stably manage the grow rate of household debt.

(OVERALL) Household loans across all financial sectors dropped KRW0.2 trillion in October. The growth rate (*y-o-y*) was 0.2 percent which continues to show a downward trend since the second half of 2021.

(BY TYPE) Mortgage loans increased at a faster rate than the previous month and other types of loans fell at a slower rate, leading to a slowdown in the pace of an overall decline in household loans.

- **(MORTGAGE LOANS)** Mortgage loans rose KRW2.0 trillion in October, growing at a slightly faster rate compared to the previous month (*up KRW1.9 trillion*), led by group lending for new apartment subscription.³

- **(OTHER TYPES OF LOANS)** Other types of loans fell at a slower rate (*down KRW2.2 trillion*) compared to a month ago (*down KRW3.1 trillion*), led by a drop in credit loans.⁴

(BY SECTOR) Overall household loans edged down as nonbanks saw a growth and banks maintained a declining trend.

- **(BANKING SECTOR)** Banks saw a drop of KRW0.6 trillion in household loans. Mortgage loans from banks grew KRW1.3 trillion,⁵ rising at a faster rate than the previous month (*up KRW0.9 trillion*), as government-sponsored mortgage lending and group lending for new apartment subscription went up KRW1.0 trillion and KRW0.7 trillion, respectively. Other types of loans from banks fell KRW1.9 trillion, declining at a slower rate than the previous month (*down KRW2.1 trillion*), led by a drop in credit loans (*down KRW1.6 trillion*).⁶

- **(NONBANKING SECTOR)** In October, nonbanks saw an increase of KRW0.4 trillion in

¹ Preliminary

² Growth amount (in trillion KRW): +1.4 (Apr), +1.7 (May), +0.7 (Jun), -0.9 (Jul), +0.9 (Aug), -1.2 (Sep), -0.2 (Oct)
Growth rate (% , y-o-y): 3.1 (Apr), 3.4 (May), 2.7 (Jun), 1.7 (Jul), 1.2 (Aug), 0.6 (Sep), 0.2 (Oct)

³ Growth in mortgage loans (in trillion KRW): +2.8(Apr), +1.5(May), +2.8(Jun), +2.5(Jul), +2.7(Aug), +1.9(Sep), +2.0(Oct)

⁴ Growth in other types of loans (in trillion KRW): -1.5(Apr), +0.2(May), -2.1(Jun), -3.4(Jul), -1.8(Aug), -3.1(Sep), -2.2(Oct)

⁵ Growth amount (in trillion KRW): Jeonse loans (+0.2), group lending for new apartment subscription (+0.7), government-sponsored mortgage lending (+1.0), general individual loans (-0.6)

⁶ Growth amount (in trillion KRW) of mortgage loans at banks: 0.8(May), 1.4(Jun), 2.0(Jul), 1.6(Aug), 0.9(Sep), 1.3(Oct)

Growth amount (in trillion KRW) of other types of loans at banks: -0.5(May), -1.2(Jun), -2.3(Jul), -1.3(Aug), -2.1(Sep), -1.9(Oct)

household loans with declines in mutual finance (*down KRW0.4 trillion*) and specialized credit finance business companies (*down KRW0.0 trillion*) as well as increases in insurance companies (*up KRW0.6 trillion*) and savings banks (*up KRW0.2 trillion*).

<Trends in Outstanding Balance of Household Loans>

(In trillion KRW)	2020			2021			2022		
	Jan-Oct	Sep	Oct	Jan-Oct	Sep	Oct	Jan-Oct	Sep	Oct
Banks	+80.4	+9.7	+10.6	+68.9	+6.4	+5.1	-1.9	-1.3	-0.6
Nonbanks	+4.4	+1.3	+2.9	+32.5	+1.5	+1.0	-0.2	+0.1	+0.4
Mutual finance	-3.3	+0.3	+0.8	+16.4	+1.8	+0.4	-7.1	-0.4	-0.4
Credit union	-1.83	-0.01	-0.05	+0.92	+0.27	+0.49	+0.19	-0.03	-0.01
Nonghyup	+1.85	+0.38	+0.65	+12.01	+0.98	-0.71	-7.85	-0.61	-0.87
Suhyup	+0.01	+0.07	+0.06	+1.01	+0.10	-0.06	-0.42	-0.02	-0.06
NFCF ⁷	+0.19	+0.03	+0.04	+0.47	+0.04	+0.05	-0.10	-0.00	-0.01
KFCC ⁸	-3.54	-0.21	+0.07	+1.97	+0.42	+0.60	+1.09	+0.29	+0.52
Insurance	+0.8	+0.3	+0.5	+4.8	+0.2	+0.3	+2.6	+0.6	+0.6
Savings banks	+4.2	+0.6	+0.7	+6.1	+0.1	+0.2	+3.0	+0.2	+0.2
Credit finance companies	+2.7	+0.2	+1.0	+5.2	-0.7	+0.2	+1.3	-0.3	-0.0
Total	+84.8	+11.0	+13.6	+101.4	+7.8	+6.1	-2.1	-1.2	-0.2

(REVIEW) Household loans across all financial sectors fell KRW0.2 trillion in October 2022, declining for the second consecutive month since a month ago (*down KRW1.2 trillion*). Mortgage loans (*up KRW2.0 trillion*) expanded from the previous month, despite a slight decline in jeonse loans, due to continuing demand for group lending for new apartment subscription. Other types of loans (*down KRW2.2 trillion*) such as credit loans fell—although at a slower rate than the previous month—due to increased interest rates on loans. Financial authorities will swiftly roll back relevant loan regulations to help alleviate difficulties of non-speculative homebuyers. At the same time, authorities will stably manage the grow rate of household debt.

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⁷ National Forestry Cooperative Federation

⁸ Korean Federation of Community Credit Cooperatives