

HOUSEHOLD LOANS, NOVEMBER 2022

In November 2022, the outstanding balance of household loans¹ across all financial sectors declined KRW3.2 trillion (*m-o-m*). Household loans continued to show a declining trend as the year-on-year growth rate in November dropped for the first time since relevant statistics became available in 2015.² Financial authorities will stably manage the grow rate of household debt and work to seamlessly implement the normalization of relevant loan regulations to help alleviate the difficulties of non-speculative homebuyers.

(OVERALL) Household loans across all financial sectors dropped KRW3.2 trillion in November. The growth rate (*down 0.3 percent, y-o-y*) fell for the first time since relevant statistics began to be collected in 2015, which shows a sustaining trend of a slowdown since the second half of last year.

(BY TYPE) Mortgage loans grew at a slower rate and other types of loans fell more rapidly from the previous month, leading to acceleration in the overall pace of the decline in household loans.

- **(MORTGAGE LOANS)** Mortgage loans rose KRW0.5 trillion in November, growing at a slower rate compared to the previous month (*up KRW2.0 trillion*), led by jeonse loans.³
- **(OTHER TYPES OF LOANS)** Other types of loans declined at a faster rate (*down KRW3.6 trillion*) compared to a month ago (*down KRW2.2 trillion*), led by a drop in credit loans.⁴

(BY SECTOR) Household loans in the banking sector continued to drop while the nonbanking sector also saw a shift to a decline.

- **(BANKING SECTOR)** Banks saw a drop of KRW1.1 trillion in household loans. Mortgage loans from banks grew KRW1.0 trillion,⁵ rising at a slower rate compared to the previous month (*up KRW1.3 trillion*), as government-sponsored mortgage lending and group lending for new apartment subscription went up KRW2.6 trillion and KRW0.6 trillion, respectively. Other types of loans from banks fell KRW2.0 trillion, declining at a faster rate compared to the previous month (*down KRW1.9 trillion*), led by a drop in credit loans (*down KRW1.8 trillion*).⁶
- **(NONBANKING SECTOR)** In November, nonbanks saw a drop of KRW2.1 trillion in household loans with a growth in insurance companies (*up KRW0.6 trillion*) and

¹ Preliminary

² Growth amount (in trillion KRW): +1.7 (May), +0.7 (Jun), -0.9 (Jul), +0.9 (Aug), -1.2 (Sep), -0.2 (Oct), -3.2 (Nov)
Growth rate (% , y-o-y): 3.4 (May), +2.7 (Jun), +1.7 (Jul), +1.2 (Aug), +0.6 (Sep), +0.2 (Oct), -0.3 (Nov)

³ Growth in mortgage loans (in trillion KRW): +1.5(May), +2.8(Jun), +2.5(Jul), +2.7(Aug), +1.9(Sep), +2.0(Oct), +0.5(Nov)

⁴ Growth in other types of loans (in trillion KRW): +0.2(May), -2.1(Jun), -3.4(Jul), -1.8(Aug), -3.1(Sep), -2.2(Oct), -3.6(Nov)

⁵ Growth amount (in trillion KRW): Government-sponsored mortgage lending (+2.6), group lending for new apartment subscription (+0.6), jeonse loans (-1.0), general individual loans (-1.2)

⁶ Growth amount (in trillion KRW) of mortgage loans at banks: 1.4(Jun), 2.0(Jul), 1.6(Aug), 0.9(Sep), 1.3(Oct), 1.0(Nov)
Growth amount (in trillion KRW) of other types of loans at banks: -1.2(Jun), -2.3(Jul), -1.3(Aug), -2.1(Sep), -1.9(Oct), -2.0 (Nov)

declines in mutual finance (*down KRW1.6 trillion*), specialized credit finance business companies (*down KRW1.0 trillion*) and savings banks (*down KRW0.1 trillion*).

<Trends in Outstanding Balance of Household Loans>

(In trillion KRW)	2020			2021			2022		
	Jan-Nov	Oct	Nov	Jan-Nov	Oct	Nov	Jan-Nov	Oct	Nov
Banks	+94.0	+10.6	+13.6	+71.8	+5.1	+2.9	-3.0	-0.6	-1.1
Nonbanks	+9.4	+2.9	+5.1	+35.5	+1.0	+3.0	-2.3	+0.4	-2.1
Mutual finance	-1.1	+0.8	+2.2	+18.6	+0.4	+2.2	-8.6	-0.4	-1.6
Credit union	-1.61	-0.05	+0.22	+1.86	+0.49	+0.94	+0.13	+0.06	-0.13
Nonghyup	+3.16	+0.65	+1.31	+11.87	-0.71	-0.14	-9.45	-0.87	-1.60
Suhyup	+0.09	+0.06	+0.08	+0.96	-0.06	-0.04	-0.50	-0.06	-0.08
NFCF ⁷	+0.24	+0.04	+0.05	+0.46	+0.05	-0.01	-0.12	-0.01	-0.02
KFCC ⁸	-3.01	+0.07	+0.53	+3.43	+0.60	+1.46	+1.32	+0.52	+0.23
Insurance	+1.5	+0.5	+0.8	+5.3	+0.3	+0.5	+3.1	+0.6	+0.6
Savings banks	+5.1	+0.7	+0.9	+6.3	+0.2	+0.2	+2.8	+0.2	-0.1
Credit finance companies	+4.0	+1.0	+1.2	+5.3	+0.2	+0.1	+0.3	+0.0	-1.0
Total	+103.5	+13.6	+18.7	+107.3	+6.1	+5.9	-5.3	-0.2	-3.2

(REVIEW) Household loans across all financial sectors declined KRW3.2 trillion (*m-o-m*) in November 2022, which showed a continuing trend of slowdown as the year-on-year growth rate edged down for the first time since the collection of relevant statistics began in 2015. Mortgage loans (*up KRW0.5 trillion*) grew at a slower rate as jeonse loans went lower, despite a continued demand for group lending for new apartment subscription. Other types of loans (*down KRW3.6 trillion*) such as credit loans continued to edge down due to increases in interest rates. Financial authorities will continue to stably manage the growth rate of household debt while working to seamlessly implement the normalization of relevant loan regulations to help relieve the difficulties of non-speculative homebuyers.

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For press inquiry, please contact Foreign Media Relations at fsc_media@korea.kr.

⁷ National Forestry Cooperative Federation

⁸ Korean Federation of Community Credit Cooperatives