

HOUSEHOLD LOANS, 2022

The outstanding balance of household loans¹ across all financial sectors dropped KRW8.7 trillion in 2022, declining for the first time since relevant statistics became available in 2015.² Household loans in December 2022 fell KRW3.4 trillion, showing a continuing trend of a slowdown.³ Financial authorities will work to seamlessly implement the normalization of loan regulations, while continuing to stably manage household debt.

HOUSEHOLD LOAN TREND IN 2022

(OVERALL) Household loans across all financial sectors dropped KRW8.7 trillion in 2022. The growth rate (*down 0.5 percent, y-o-y*) fell for the first time since relevant statistics began to be collected in 2015.

(BY TYPE) Mortgage loans grew at a slower rate and the balance of other types of loans edged down, which led to the overall drop in household loans in 2022.

- **(MORTGAGE LOANS)** Mortgage loans grew KRW27.0 trillion in 2022, led by group lending for new apartment subscription and jeonse loans, but the pace of growth decelerated compared to the previous year (*up KRW69.2 trillion*).⁴

- **(OTHER TYPES OF LOANS)** Other types of loans fell KRW35.6 trillion in 2022, due to drops in credit loans and non-housing collateral loans. The increase of KRW38.3 trillion in the previous year turned to a decline.⁵

(BY SECTOR) Household loans in both the banking and nonbanking sectors dropped compared to the end of last year.

- **(BANKING SECTOR)** Banks saw a drop of KRW2.7 trillion in household loans in 2022. Mortgage loans from banks grew KRW20.0 trillion, led by group lending for new apartment subscription (*up KRW9.4 trillion*) and jeonse loans (*up KRW8.4 trillion*),⁶ but edged lower compared to the previous year (*up KRW56.9 trillion*). Other types of loans from banks fell KRW22.8 trillion, as credit loans edged down KRW18.8 trillion, switching to a decline from the growth of KRW14.7 trillion last year.⁷

¹ Preliminary

² Growth amount (in trillion KRW): +56.2 (2019), +112.3 (2020), +107.5 (2021), -8.7 (2022)

Growth rate (% , y-o-y): +4.2 (2019), +8.0 (2020), +7.1 (2021), -0.5 (2022)

³ Growth amount (in trillion KRW): -0.9 (Jul), -0.9 (Aug), -1.2 (Sep), -0.2 (Oct), -3.2 (Nov), -3.4 (Dec)

⁴ Growth in mortgage loans (in trillion KRW): +30.6 (2019), +67.0 (2020), +69.2 (2021), +27.0 (2022)

⁵ Growth in other types of loans (in trillion KRW): +25.7 (2019), +45.3 (2020), +38.3 (2021), -35.6 (2022)

⁶ Growth amount (in trillion KRW): Group lending for new apartment subscription (+9.4), government-sponsored mortgage loans (+8.5), jeonse loans (+8.4), general individual loans (-6.3)

⁷ Growth amount (in trillion KRW) of mortgage loans at banks: +45.7 (2019), +68.3 (2020), +56.9 (2021), +20.0 (2022)
Growth amount (in trillion KRW) of other types of loans at banks: +15.1 (2019), +32.4 (2020), +14.7 (2021), -22.8 (2022)

- **(NONBANKING SECTOR)** In 2022, nonbanks saw a drop of KRW5.9 trillion in household loans with increases in insurance companies (*up KRW3.7 trillion*) and savings banks (*up KRW2.3 trillion*) and declines in mutual finance (*down KRW10.6 trillion*) and specialized credit finance business companies (*down KRW1.3 trillion*).

<Trends in Outstanding Balance of Household Loans>

(In trillion KRW)	2020			2021			2022		
	Jan-Dec	Nov	Dec	Jan-Dec	Nov	Dec	Jan-Dec	Nov	Dec
Banks	+100.7	+13.6	+6.7	+71.6	+2.9	-0.2	-2.7	-1.1	+0.3
Nonbanks	+11.5	+5.1	+2.1	+35.9	+3.0	+0.4	-5.9	-2.1	-3.7
Mutual finance	-0.1	+2.2	+1.0	+19.5	+2.2	+1.0	-10.6	-1.5	-2.1
Credit union	-1.4	+0.2	+0.2	+1.9	+0.9	+0.1	+0.0	-0.1	-0.2
Nonghyup	+4.2	+1.3	+1.1	+11.3	-0.1	-0.6	-11.1	-1.6	-1.7
Suhyup	+0.1	+0.1	-0.0	+0.9	-0.0	-0.1	-0.5	-0.1	-0.0
NFCF ⁸	+0.3	+0.0	+0.0	+0.5	-0.0	-0.0	-0.1	-0.0	-0.0
KFCC ⁹	-3.2	+0.5	-0.2	+5.0	+1.5	+1.5	+1.2	+0.2	-0.2
Insurance	+1.7	+0.8	+0.2	+5.4	+0.5	+0.1	+3.7	+0.6	+0.5
Savings banks	+5.5	+0.9	+0.4	+6.3	+0.2	+0.0	+2.3	-0.1	-0.5
Credit finance companies	+4.4	+1.2	+0.5	+4.7	+0.1	-0.6	-1.3	-1.0	-1.6
Total	+112.3	+18.7	+8.8	+107.5	+5.9	+0.2	-8.7	-3.2	-3.4

HOUSEHOLD LOAN TREND IN DECEMBER 2022

(OVERALL) Household loans in December 2022 declined KRW3.4 trillion across all financial sectors.

(BY TYPE) Mortgage loans grew at a faster pace compared to the previous month, but the pace of decline in other types of loans also accelerated, leading to a continuous drop in overall household loans.

- **(MORTGAGE LOANS)** Mortgage loans increased at a faster pace in December (*up KRW1.8 trillion*) compared to the previous month (*up KRW0.4 trillion*), led by group lending for new apartment subscription.¹⁰

- **(OTHER TYPES OF LOANS)** Other types of loans dropped at a faster pace in December (*down KRW5.2 trillion*) compared to the previous month (*down KRW3.6 trillion*), led by credit loans.¹¹

(BY SECTOR) Banks saw a slight growth while nonbanks saw a drop.

- **(BANKING SECTOR)** Household loans from banks edged up KRW0.3 trillion in December.

- **(NONBANKING SECTOR)** Household loans from nonbanks fell KRW3.7 trillion with a growth seen in insurance companies (*up KRW0.5 trillion*) and drops in mutual finance (*down KRW2.1 trillion*), specialized credit finance business companies (*down KRW1.6 trillion*) and savings banks (*down KRW0.5 trillion*).

⁸ National Forestry Cooperative Federation

⁹ Korean Federation of Community Credit Cooperatives

¹⁰ Growth in mortgage loans (in trillion KRW): +2.5(Jul), +2.7(Aug), +1.9(Sep), +2.0(Oct), +0.4(Nov), +1.8(Dec)

¹¹ Growth in other types of loans (in trillion KRW): -3.4(Jul), -1.8(Aug), -3.1(Sep), -2.2(Oct), -3.6(Nov), -5.2(Dec)

REVIEW

In 2022, household loans across all financial sectors fell KRW8.7 trillion. Mortgage loans (*up KRW27.0 trillion, y-o-y*) grew at a slower pace due to a slowdown in housing transactions. The balance of other types of loans (*down KRW35.6 trillion*) such as credit loans dropped due to increases in borrowing rates as well as policy measures to manage household loans more tightly such as expanded application of debt service ratio (DSR) on individual borrowers. In December 2022, household loans dropped KRW3.4 trillion across all financial sectors. Mortgage loans (*up KRW1.8 trillion*) grew at a faster pace, even though jeonse loans edged down somewhat, as there were continuing demands for group lending for new apartment subscription. Other types of loans (*down KRW5.2 trillion*) including credit loans dropped at a faster pace compared to a month ago due to the effects of year-end bonuses. Financial authorities will work to seamlessly implement the normalization of loan regulations, while continuing to stably manage household debt.

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