

HOUSEHOLD LOANS, DECEMBER 2023

- In 2023, household loans from all financial sectors increased KRW10.1 trillion.
- In December, household loans went up KRW0.2 trillion, showing a trend of slowing down.

The outstanding balance of household loans across all financial sectors went up KRW0.2 trillion in December 2023 (preliminary), showing a significant slowdown in the pace of growth from a month ago (*up KRW2.6 trillion*). In 2023, household loans increased KRW10.1 trillion across all financial sectors, up 0.6 percent from the end of last year.

* Monthly change (in trillion KRW, y-o-y): +5.2 (Jul 2023), +6.1 (Aug), +2.4 (Sep), +6.2 (Oct), +2.6 (Nov), +0.2 (Dec^P)
Annual change (in trillion KRW, y-o-y): +56.2 (2019), +112.3 (2020), +107.5 (2021), -8.8 (2022), +10.1 (2023^P)

(BY TYPE) In December 2023, mortgage loans rose KRW5.1 trillion, slowing down from a rise of KRW5.6 trillion in the previous month. Other types of loans dropped KRW4.9 trillion, showing an accelerated pace of decline from a month ago (*down KRW3.0 trillion*).

<Trends in Outstanding Balance of Household Loans by Type>

(In trillion KRW)	Jun 2023	Jul	Aug	Sep	Oct	Nov	Dec ^P
Mortgage loans	+6.4	+5.6	+6.6	+5.7	+5.2	+5.6	+5.1
Other types of loans	-3.1	-0.4	-0.5	-3.3	+1.0	-3.0	-4.9
Total	+3.2	+5.2	+6.1	+2.4	+6.2	+2.6	+0.2

(BY SECTOR) Household loans grew at a slower rate in the banking sector (*up KRW5.4 trillion → up KRW3.2 trillion*), while declining at a faster rate in the nonbanking sector (*down KRW2.8 trillion → down KRW3.0 trillion*). Mortgage loans from banks grew at a slightly slower rate from the previous month (*up KRW5.7 trillion → up KRW5.2 trillion*) due to a suspension in the provision of a certain type of policy mortgage loan. Other types of loans fell KRW2.0 trillion due to the effects of year-end bonuses.

Household loans from nonbanks fell KRW3.0 trillion in December 2023. Mutual finance businesses (*down KRW1.6 trillion*), savings banks (*down KRW0.9 trillion*), specialized credit finance businesses (*down KRW0.5 trillion*) and insurance companies (*down KRW0.01 trillion*) all saw declines in household loans.

(ASSESSMENT) Household loans turned upward in 2023 from a drop in the previous year due to a recovery in the real estate market. Mostly, the growth was caused by policy mortgage loans extended to non-speculative homebuyers. Compared to previous years, the authorities evaluate that the pace of growth (*up KRW10.1 trillion*) is kept at a stable level currently. Nonetheless, the financial authorities will seamlessly implement the gradual introduction of the stressed debt service ratio (DSR) rule in 2024 to encourage the practice of borrowing based on one's actual debt service capability.

<Trends in Outstanding Balance of Household Loans by Sector>

(In trillion KRW)	2021			2022			2023		
	Jan-Dec	Nov	Dec	Jan-Dec	Nov	Dec	Jan-Dec ^P	Nov	Dec ^P
Banks	+71.6	+2.9	-0.2	-2.8	-1.1	+0.2	+37.1	+5.4	+3.2
Nonbanks	+35.9	+3.0	+0.4	-6.0	-2.1	-3.7	-27.0	-2.8	-3.0
Mutual finance	+19.5	+2.2	+1.0	-10.6	-1.5	-2.0	-27.6	-2.7	-1.6
Credit unions	+1.9	+0.9	+0.1	+0.1	-0.1	-0.1	-4.5	-0.4	-0.4
Agricultural cooperatives	+11.3	-0.1	-0.6	-11.1	-1.6	-1.7	-15.7	-1.7	-0.9
Fisheries cooperatives	+0.9	-0.04	-0.1	-0.5	-0.1	-0.03	-0.8	+0.0	+0.05
Forestry cooperatives	+0.5	-0.01	-0.0	-0.1	-0.02	-0.02	-0.4	-0.02	-0.02
Community credit cooperatives	+5.0	+1.5	+1.5	+1.2	+0.2	-0.2	-6.3	-0.6	-0.4
Insurance	+5.4	+0.5	+0.1	+3.6	+0.6	+0.4	+2.8	+0.05	-0.01
Savings banks	+6.3	+0.2	+0.02	+2.3	-0.1	-0.5	-1.3	-0.1	-0.9
Specialized credit finance business companies	+4.7	+0.1	-0.6	-1.3	-1.0	-1.6	-0.9	-0.02	-0.5
Total	+107.5	+5.9	+0.2	-8.8	-3.2	-3.5	+10.1	+2.6	+0.2

<Yearly Trends in Outstanding Balance of Household Loans>

	End-2018	End-2019	End-2020	End-2021	End-2022	End-2023 ^P
Change (in trillion KRW)	+75.2	+56.2	+112.3	+107.5	-8.8	+10.1
% Change (y-o-y)	+5.9	+4.2	+8.0	+7.1	-0.5	+0.6
Household debt to GDP (%)	91.8	95.0	103.0	105.4	104.5	100.8

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