

## HOUSEHOLD LOANS, FEBRUARY 2020

The outstanding balance of household loans<sup>1</sup> in all financial sectors rose KRW9.1 trillion (*up 4.9% year-on-year*) at the end of February 2020. The household loan balance increased KRW9.3 trillion in the banking sector (*up 8.5% year-on-year*) while declining KRW200 billion in the non-banking sector (*down 0.7% year-on-year*).

All financial sectors (y-o-y): +7.5% (Feb 2018) → +5.3% (Feb 2019) → +4.9% (Feb 2020)

Banks (y-o-y): +8.6% (Feb 2018) → +7.6% (Feb 2019) → +8.5% (Feb 2020)

Non-banks (y-o-y): +5.8% (Feb 2018) → +1.7% (Feb 2019) → -0.7% (Feb 2020)

By types, mortgage loans increased KRW6.9 trillion in February (*up 5.0% year-on-year*). Regular mortgage loans, jeonse<sup>2</sup> loans and group lending expanded KRW7.8 trillion in the banking sector, while non-banks saw a drop of KRW900 billion due to the availability of refinancing products with lower interest mortgage loans. Other types of loans rose KRW2.1 trillion (*up 4.8% year-on-year*) due to a rise in credit lending.

### <Trends in outstanding balance of household loans<sup>3</sup>>

(in trillion won)

	2018			2019			2020		
	Jan-Feb	Jan	Feb	Jan-Feb	Jan	Feb	Jan-Feb	Jan	Feb
Banks	+5.2	+2.7	+2.5	+3.6	+1.1	+2.5	+13.0	+3.7	+9.3
Non-banks	+3.1	+2.4	+0.8	-2.6	-1.5	-1.2	-1.7	-1.5	-0.2
Mutual finance	-0.1	+0.4	-0.5	-3.0	-1.7	-1.3	-3.0	-1.9	-1.1
Credit union	-0.56	-0.25	-0.31	-0.47	-0.30	-0.17	-0.54	-0.29	-0.25
Nonghyup	+0.26	+0.42	-0.15	-0.37	-0.23	-0.14	-1.39	-1.09	-0.30
Suhyup	-0.09	-0.02	-0.07	+0.04	+0.01	+0.04	-0.15	-0.09	-0.06
NFCF <sup>4</sup>	+0.08	+0.04	+0.03	+0.09	+0.05	+0.04	+0.03	+0.01	+0.02
KFCC <sup>5</sup>	+0.19	+0.16	+0.02	-2.26	-1.23	-1.03	-0.95	-0.45	-0.50
Insurance	+1.0	+0.4	+0.6	-0.5	-0.4	-0.1	-0.2	-0.5	+0.3
Savings banks	+0.3	+0.2	+0.1	+0.5	+0.3	+0.2	+0.6	+0.3	+0.3
Credit finance companies	+1.9	+1.4	+0.5	+0.3	+0.3	-0.1	+0.8	+0.6	+0.2
Total	+8.3	+5.1	+3.3	+1.0	-0.4	+1.3	+11.3	+2.2	+9.1

The government will closely monitor trends in household loans while implementing the mortgage loan regulations for homes valued higher than KRW900 million and managing credit lending through debt service ratio.

<sup>1</sup> Preliminary

<sup>2</sup> A lump sum deposit without monthly payments for rent

<sup>3</sup> Advance estimates from the Financial Supervisory Service

<sup>4</sup> National Forestry Cooperative Federation

<sup>5</sup> Korean Federation of Community Credit Cooperatives