

HOUSEHOLD LOANS, AUGUST 2024

- In August 2024, household loans across all financial sectors increased KRW9.8 trillion.
- To ensure stability in macroeconomic conditions and financial markets, authorities will thoroughly work to manage household debt and implement additional measures if necessary depending on housing market conditions and the pace of household debt growth.

In August 2024, the outstanding balance of household loans across all financial sectors rose KRW9.8 trillion (preliminary), growing at a steep pace compared with the previous month (*up KRW5.2 trillion*).

* Change (in trillion KRW, m-o-m): -4.9 (Mar 2024), +4.1 (Apr), +5.3 (May), +4.2 (Jun), +5.2 (Jul), +9.8 (Aug)^P

(BY TYPE) Home-backed mortgage loans rose KRW8.5 trillion, expanding at a significantly faster pace compared with the previous month (*up KRW5.4 trillion*). Other types of loans increased KRW1.3 trillion, with banks (*down KRW0.1 trillion → up KRW1.1 trillion*) and nonbanks (*down KRW0.1 trillion → up KRW0.2 trillion*) both experiencing a shift back up from the drops seen a month ago.

<Trends in Outstanding Balance of Household Loans by Type>

(In trillion KRW)	Feb 2024	Mar	Apr	May	Jun	Jul	Aug ^P
Mortgage loans	+3.7	+0.02	+4.1	+5.6	+6.0	+5.4	+8.5
Other types of loans	-5.5	-5.0	+0.01	-0.2	-1.8	-0.2	+1.3
Total	-1.9	-4.9	+4.1	+5.3	+4.2	+5.2	+9.8

(BY SECTOR) Household loans grew at a much faster pace in the banking sector and turned back up from the previously declining trend in the nonbanking sector.

In August, banks saw an increase of KRW9.3 trillion, a steep rise from the previous month (*up KRW5.4 trillion*). This was mainly attributable to an expansion of mortgage loans (*up KRW5.6 trillion → up KRW8.2 trillion*) led by strong housing market activities in the Seoul metropolitan area. Other types of loans turned back up from a drop in the previous month (*down KRW0.1 trillion → up KRW1.1 trillion*) mainly led by a rise in credit loans.

In the nonbanking sector, household loans edged up from the decline seen a month ago as mortgage loans (*down KRW0.1 trillion → up KRW0.3 trillion*) and other types of loans (*down KRW0.1 trillion → up KRW0.2 trillion*) all increased. Specialized credit finance businesses (*up KRW0.7 trillion*) and savings banks (*up KRW0.4 trillion*) continued to see growth, while mutual finance businesses maintained the declining trend (*down KRW1.0 trillion*). Insurance companies saw a rise of KRW0.3 trillion from the decline seen a month ago.

(ASSESSMENT) Household loans rose steeply in August compared with the previous month due to strong housing market transactions in the Seoul metropolitan area, large demand from borrowers prior to the implementation of the second phase stressed debt service ratio (DSR) rule, and demand for stock investments. To ensure stability in macroeconomic conditions and financial markets, it is now necessary to more actively manage household debt.

With the implementation of the second phase stressed DSR rule from September, which began to impose higher stress rates on mortgage loans issued by banks in the Seoul metropolitan area, the pace of household debt growth in September is expected to slow down somewhat, as banks are also making self-driven efforts to tighten household debt management. However, since it is possible that household debt growth may accelerate anytime due to the seasonal housing demand, rising home prices, and expectations for rate cuts, authorities will continue to closely monitor trends of growth in all types of household loans.

If housing market activities continue to overheat or if there is a significant growth of household debt in the future, authorities will make sure to implement additional measures that are currently being reviewed in a timely and resolute manner.

<Trends in Outstanding Balance of Household Loans by Sector>

(In trillion KRW)	2022	2023	2024							
	Jan-Dec	Jan-Dec	Jan-Aug ^P	Feb	Mar	Apr	May	Jun	Jul	Aug ^P
Banks	-2.8	+37.1	+35.2	+1.9	-1.7	+5.1	+6.0	+5.9	+5.4	+9.3
Nonbanks	-6.0	-27.0	-12.6	-3.8	-3.3	-1.0	-0.7	-1.7	-0.2	+0.5
Mutual finance	-10.6	-27.6	-14.4	-2.9	-2.3	-2.1	-1.5	-1.0	-1.2	-1.0
Credit unions	+0.1	-4.4	-3.1	-0.5	-0.5	-0.4	-0.3	-0.3	-0.4	-0.3
Agricultural cooperatives	-11.1	-15.7	-7.4	-1.5	-1.1	-1.0	-0.9	-0.4	-0.5	-0.7
Fisheries cooperatives	-0.5	-0.8	-0.0	-0.01	-0.02	-0.05	-0.03	+0.02	+0.02	+0.03
Forestry cooperatives	-0.1	-0.4	-0.2	-0.04	-0.03	-0.02	-0.02	-0.01	-0.03	-0.02
Community credit cooperatives	+1.2	-6.3	-3.6	-0.8	-0.7	-0.6	-0.3	-0.3	-0.3	-0.02
Insurance Companies	+3.6	+2.8	-1.2	-0.6	-0.2	-0.02	+0.1	-0.2	-0.1	+0.3
Savings banks	+2.3	-1.3	+0.6	-0.1	-0.3	+0.5	+0.1	-0.3	+0.2	+0.4
Specialized credit finance businesses	-1.3	-0.9	+2.4	-0.1	-0.4	+0.6	+0.7	-0.3	+0.8	+0.7
Total	-8.8	+10.1	+22.7	-1.9	-4.9	+4.1	+5.3	+4.2	+5.2	+9.8

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