

**PRESS
RELEASE****BANK OF KOREA**

Embargoed until October 7, 2024, at 12 p.m.

2024-10-07**Economic Statistics Department**
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Flow of Funds in Q2 2024
(Preliminary Estimate)**1. Financial Transactions**

- During the second quarter of 2024, the net lending* of the total economy (combined domestic sectors) was 13.0 trillion won, representing an decrease when compared to the previous quarter (26.2 trillion won).

* Net lending/borrowing in the flow of funds accounts for a given sector is derived by subtracting the net incurrance of liabilities from the net acquisition of financial assets during a certain period, signifying net lending when positive (+) or net borrowing when negative (-).

- **(Households and NPISHs)** Net lending decreased quarter on quarter (77.6 trillion won → 41.2 trillion won).
- **(Non-financial corporations)** Net borrowing increased quarter on quarter (-1.6 trillion won → -23.7 trillion won).
- **(General government)** Net borrowing decreased quarter on quarter (-50.5 trillion won → -1.1 trillion won).

Trends of net lending/borrowing by institutional sectors

(trillion won)

	2023			2024	
	2/4 ^P	3/4 ^P	4/4 ^P	1/4 ^P	2/4 ^P
Total economy	3.2	19.7	21.4	26.2	13.0
Households and NPISHs	25.4	19.7	29.8	77.6	41.2
Non-financial corporations	-19.2	-26.5	-6.9	-1.6	-23.7
General government	-6.6	6.6	8.6	-50.5	-1.1
Financial corporations	3.5	19.9	-10.2	0.7	-3.4
Rest of the world	-3.2	-19.7	-21.4	-26.2	-13.0

2. Financial Balance Sheets

- The total financial assets of the domestic non-financial sector amounted to 12,123.7 trillion won at the end of the second quarter, having increased by 199.0 trillion won compared to the previous quarter-end, and total financial liabilities (excluding equity and foreign direct investment) recorded 7,597.3 trillion won, having increased by 93.1 trillion won over the same period.
- The ratio of financial assets to liabilities in the domestic non-financial sector was 1.60, slightly higher than at the previous quarter-end (1.59).
- The ratio of financial assets to liabilities of households and non-profit institutions serving households was 2.32, slightly higher than at the previous quarter-end (2.30).

Trends of financial assets and liabilities by institutional sectors

(quarter-end, trillion won)

		2023			2024		
		2/4 ^P	3/4 ^P	4/4 ^P	1/4 ^P	2/4 ^P	
Financial assets	Households and NPISHs ¹⁾	5,046.1	5,041.2	5,204.1	5,326.2	5,408.3	(82.1)
	Non-financial corporations	3,986.2	3,995.3	4,034.5	4,096.0	4,138.6	(42.6)
	General government	2,366.6	2,370.9	2,395.5	2,502.5	2,576.8	(74.4)
	Total	11,398.9	11,407.4	11,634.1	11,924.7	12,123.7	(199.0)
Financial liabilities ²⁾	Households and NPISHs ¹⁾	2,286.3	2,307.9	2,316.9	2,317.5	2,334.1	(16.7)
	Non-financial corporations	3,694.9	3,730.2	3,728.7	3,763.9	3,807.3	(43.4)
	General government	1,338.9	1,328.6	1,361.8	1,422.9	1,455.9	(33.1)
	Total	7,320.1	7,366.6	7,407.4	7,504.2	7,597.3	(93.1)
Financial assets/ Financial liabilities	Households and NPISHs ¹⁾	2.21	2.18	2.25	2.30	2.32	
	Non-financial corporations	1.08	1.07	1.08	1.09	1.09	
	General government	1.77	1.78	1.76	1.76	1.77	
	Total	1.56	1.55	1.57	1.59	1.60	

Notes: 1) Represents households (including small unincorporated enterprises owned by households) and non-profit institutions serving households.

2) Excludes equity and foreign direct investment.

3) Figures in parentheses represent the increase/decrease amount.

Notes for Using Flow of Funds Statistics

- The flow of funds statistics are a set of statistical data systematically organized to show the financial transactions (fund flows) between the institutional sectors, including the government, corporations and households, that make up the national economy. It is useful in the analysis of financial behavior, such as the usage patterns and sources of funds of economic agents.

- Net lending/borrowing in the flow of funds statistics for a given sector is derived by subtracting the net incurrence of liabilities from the net acquisition of financial assets during a certain period, signifying net lending when positive (+) or net borrowing when negative (-).
 - Given that non-financial corporations may record net borrowing due to factors such as higher facilities investment, it must be noted that an expansion in their net borrowing is not in itself an undesirable phenomenon.

- Concerning the term “households and non-profit institutions serving households (NPISHs)” in the flow of funds statistics, households include small unincorporated enterprises owned by households, and “non-profit institutions” means non-profit institutions serving households, e.g. religious groups, labor unions, and academic societies.
 - Therefore, it would be inappropriate to calculate per-capita debt (liabilities) by dividing the liabilities of households and NPISHs in the flow of funds statistics by the liabilities of the total population.

 - Furthermore, since the liabilities of households and NPISHs generally increase in line with, for example, economic growth and enhancement of the financial markets’ intermediary function, an increase in liabilities should not necessarily be interpreted negatively; the assessment of their finances should take into overall consideration the sizes and soundness of their financial assets, their debt servicing capacities, and other such factors.