BOK Consumer Credit Panel

- A New Statistical Initiative for Financial Stability

MiRa, Kim

The Bank of Korea

Aug. 2018

THE BANK OF KOREA

Overview

- Introduction

- Sample design

- The BOK CCP content

- Database usage in the BOK

- Conclusion

Introduction

- With microdata being needed to address data gaps after the 2007-2008 financial crisis, the statistical value of personal credit information has been increasing.

- The current financial statistics (aggregated data) are compiled as part of the conduct of monetary policy, but are not sufficient quantitatively or qualitatively for the purpose of macro-prudential policies.

- Moreover, individual-level information has been expected to play an important role in financial stability analysis, including analysis of the vulnerability of the household sector, which is the main cause of financial crises.

- With this motivation, we established the BOK Consumer Credit Panel, which can help to measure and analyze the levels of and changes in individual liabilities to track individuals' and households' access to debt and credit.

Sample design

Target population

- The target population of the BOK CCP is all residents at least 18 years of age with credit histories.

Individuals by Credit Acitivity[1]

Individuals (50 million)		
Under 18 years of age	Over 18 years of age (47 million)	
	With credit history[2]	With insufficient credit history
(3 million)	(41 million)	(6 million)

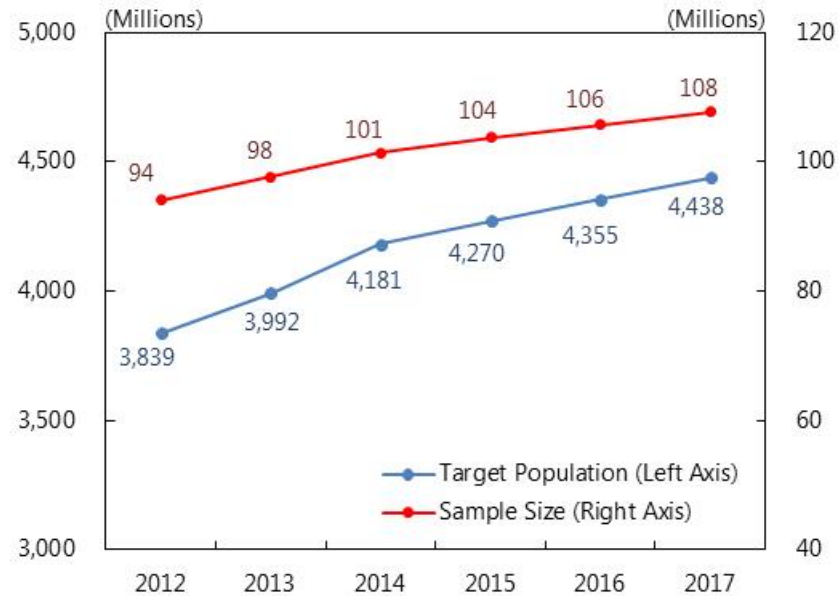Notes: ① As of end-2014
② Target population
Sources: NICE Information Service
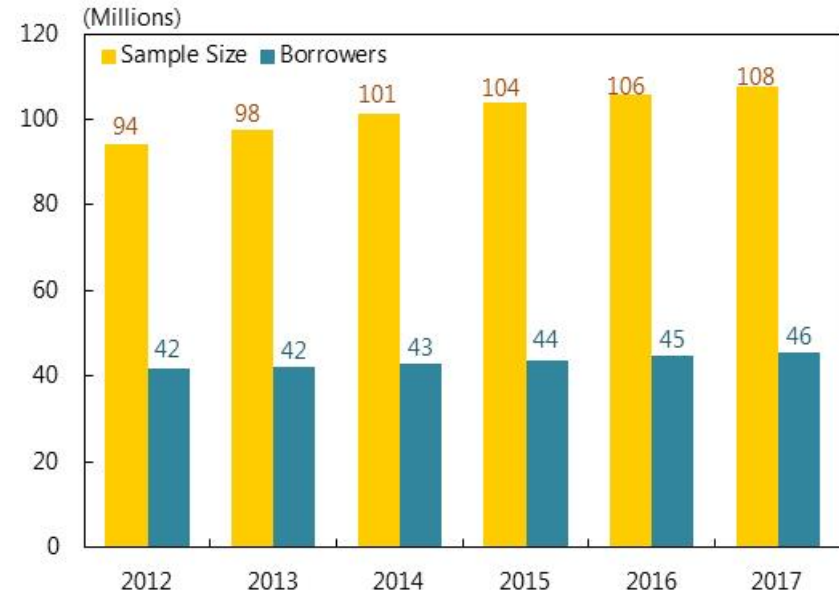
Sample design

Sampling procedure

- Simple random sampling; by selecting a specific number of random numbers generated using a person's birth date from the individual information.

Target population and sample size

Sample size and borrowers

The BOK CCP content

| Categories	Key variables
Individual background information	Consumer identification number, age, birth, sex, region, credit score, income (estimate), etc.
Loans	· Household debt: financial institution, loan type, amount, total number of lenders that borrowers have taken out loans from, total number of accounts, origination, etc. · Commercial loans: industry, financial institution, loan type, purpose of loan, amount, maturity, etc.
Accounts	Financial institution, loan type, purpose of loan, payment method, first date of borrowing, amount, maturity, etc.
Cards	Credit limit, total amount, revolving balance, cash advance, etc.
Overdue payments and defaults	Amount registered in arrears, amount pending or in default, origination registered in arrears, etc.

Sources: The BOK CCP

Data usage in the BOK

- The BOK CCP can complement existing aggregated statistics to give a different method of analysis.
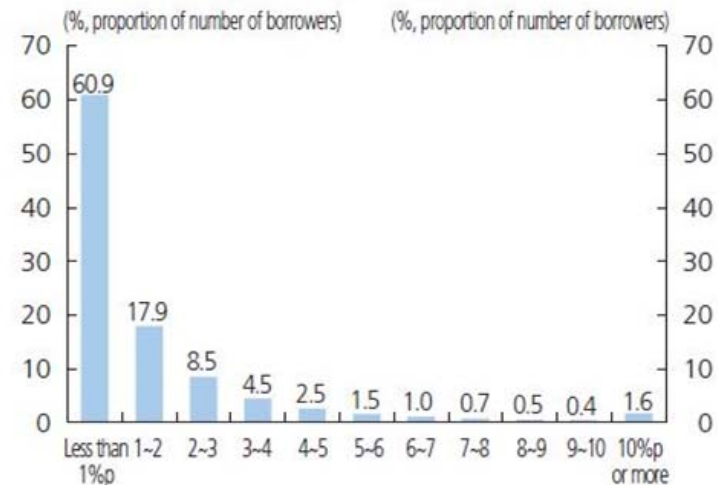
Financial Stability Report

<Figure I-1> Loans-to-income[1] ratio (LTI)[2)3)]
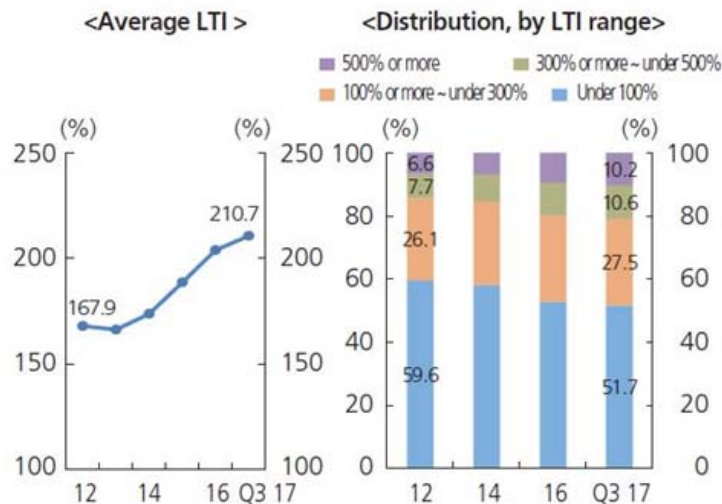
Notes: 1) Proven income or income estimated by credit bureaus
2) Distribution by LTI range based on numbers of borrowers
3) End-period basis
Source: The Bank of Korea (Consumer Credit Panel)

<Figure I-2> Distribution of extents of increase in household loan borrowers' DSRs due to 100bp interest rate increase

Source: The Bank of Korea (Consumer Credit Panel)

Conclusion

- Unlike macroeconomic statistics, the BOK CCP contains individual-level information, thus allowing for flexible analysis tailored to the purpose of use.

- However, it also has some limitations, despite the fact that the data is very timely and extensive. First of all, the information is presented not at the household level but at the level of the individual.

- The BOK CCP also lacks information indicating the individual's demographic characteristics such as occupation, education level, and marital status.

- In spite of these limitations, the BOK CCP, which has been constructed across all types and financial institutions, will be available for various analyses and will also be used for further analysis.

- The more time series are accumulated and the more analysis capabilities are improved, the greater the value of the data is expected to become.