

Press release

LCQ14: Statistics on household loans

Wednesday, May 29, 2013

Following is a question by the Hon Ng Leung-sing and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (May 29):

Question:

According to the statistics from the Hong Kong Monetary Authority, personal loans have been consistently growing faster than the overall economy in recent years, and in the second half of 2012, the rate of household loans (including residential mortgages, credit card advances and personal loans) to the gross domestic product (household debt-to-GDP ratio) rose to a new high of 61%. In this connection, will the Government inform this Council of:

- (a) the respective annual proportions of the various components of household loans in Hong Kong and the annual growth rates of household loans (excluding residential mortgages) in the past three years;
- (b) the results of a comparison between the household debt-to-GDP ratio in Hong Kong and the corresponding ratios in other regions in the past three years; and
- (c) the growth rate of the total amount of personal loans taken out by foreign domestic helpers working in Hong Kong and the percentage of such amount in the total amount of personal loans in Hong Kong, in each of the past three years?

Reply:

President:

(a) According to the statistics from the Hong Kong Monetary Authority (HKMA), the total outstanding amount of residential mortgages, credit card advances and other personal loans from authorised institutions (AIs) was HK\$1,248.9 billion (or 61% of GDP) at the end of March 2013. The revised total outstanding amount was HK\$1,231.8 billion (or 60% of GDP) at the end of 2012. These loans are generally known as "household debts" or "personal indebtedness". These statistics reflect a general picture of household debts in Hong Kong but do not include personal loans

from other sources (e.g. finance companies which are not AIs).

Excluding residential mortgages, the outstanding amounts of credit card advances and other personal loans from AIs were HK\$96 billion and HK\$222.7 billion respectively at the end of March 2013. During the period between 2010 and 2012, these two categories of loans grew by about 15% year-on-year on average. Details are shown in Table 1 of Annex.

(b) Table 2 of Annex shows the ratios of household debt-to-GDP in Hong Kong and other major jurisdictions over the past three years. However, definitions of "household debts" in different places vary. For example, the above data for Hong Kong include only personal loans from AIs, while those for the US and Europe cover a broader range, including various financial liabilities and even those of not-for-profit bodies. Besides, we need to take into account the differences in the economic, social and legal systems in these jurisdictions, as well as the varying depths and breadths in their financial services. It is difficult to make a direct comparison among the household debt-to-GDP ratios in Hong Kong and those of other jurisdictions.

(c) The Administration does not collect data on personal indebtedness of foreign domestic helpers working in Hong Kong.

Ends