

Households Cash in Savings Plans to Weather Crunch

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Many people are cashing in their deposits and installment savings as they struggle to make ends meet amid the coronavirus epidemic.

Some W7.74 trillion worth of savings accounts were closed at major banks including KB, Shinhan, Woori, Hana and NH Nonghyup at the end of last month, according out on Sunday (US\$1=W1,218).

The amount stood at only W5.75 trillion in January and W5.79 trillion in February.

The reason seems to be that a lot of small business owners and others stricken by the epidemic are cashing in their investments.



Loans taken out by small business owners increased by W3.8 trillion from February to March while household loans grew by a record W9.6 trillion.

Many are cashing in their insurance savings. Terminal refunds paid by the three major life insurers Samsung, Hanwha and Kyobo and five major fire and marine insurers Samsung, Hyundai, DB, KB and Meritz totaled W3.2 trillion last month, up almost 30 percent on-year.

The trend appears to reflect mounting desperation among people since refunds on terminated insurance usually mean losses.

But the slump triggered by the epidemic is expected to drag on. The Bank of Korea said in a report that the impact of the epidemic on the global economy will rival that of the global financial crisis even if it is successfully contained in the second quarter.