

The Introduction of Personal Loan Refinancing Platforms and Borrower Behavior

**Presented by Kim, Young Il
(NICE Research Center)**



This study is part of the on-going work (Kim, Lee, Kim, Choi 2025) on the consumer loan refinancing platform in Korea. The presentation material is for '2025 Global AI Finance Research Conference' Dec.14-15, 2025. Please do not cite unless permitted.



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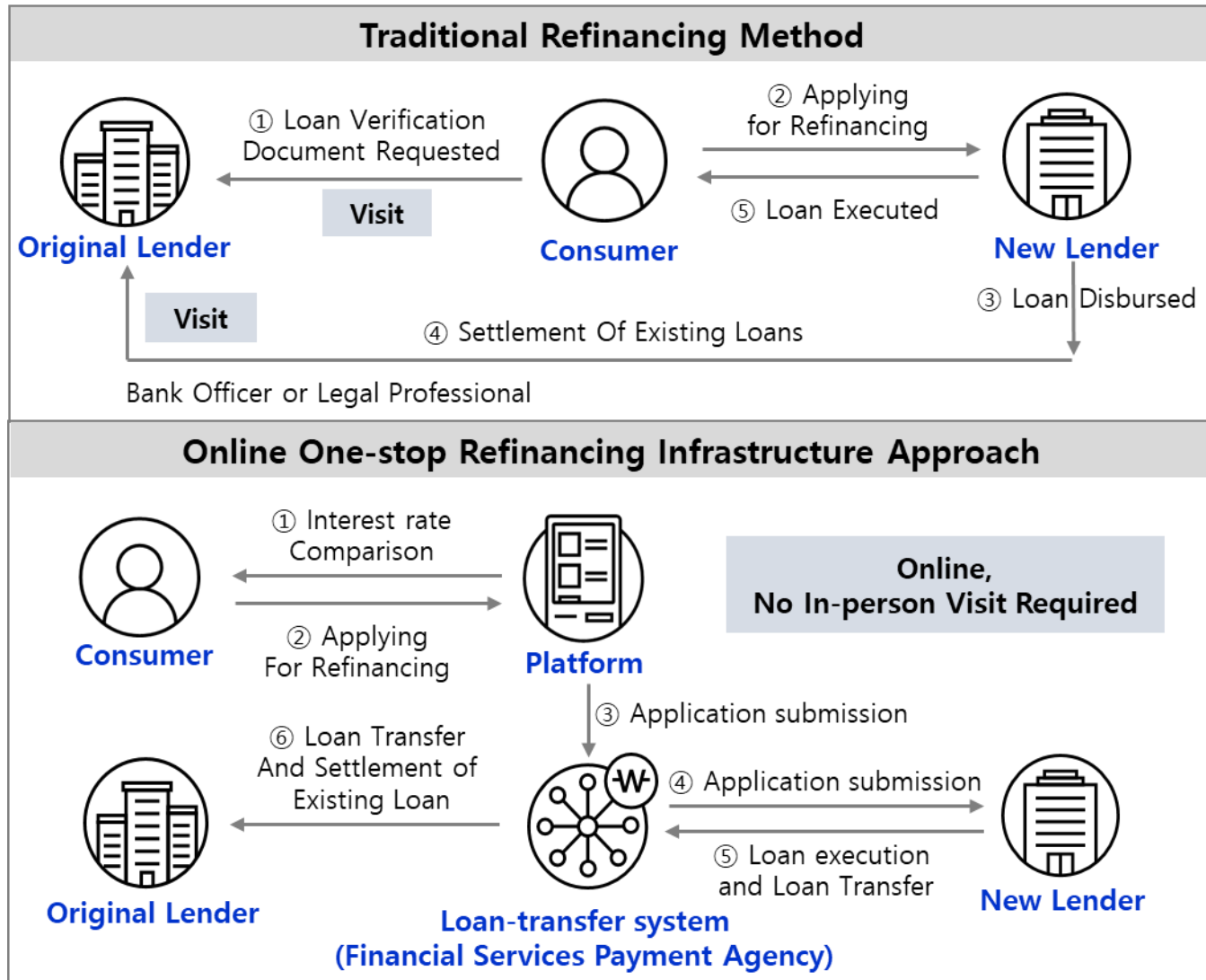
Introduction of the refinancing platform for consumer loans

- ◆ The online one-stop loan-transfer platform was introduced for more convenient refinancing of consumer loans, driven by the Korean government.
 - Korean government introduced the loan-transfer platform in May 2023.
 - The one-stop loan-transfer platform began with unsecured loan refinancing .
 - The refinancing platform was extended to certain types of mortgage loans in January 2024.
- ◆ The refinancing platform is believed to help borrowers to transfer to lower-interest loans; hence, improving their cashflows and consumption welfare.
- ◆ However, there have not been much microdata-based study of the refinancing platform, especially in comparison with the traditional refinancing activity.

01

Introduction

The loan-transfer platform vs. the traditional way of refinancing in the consumer loan market



Potential benefits of the refinancing-platforms

- ◆ The online one-stop loan-transfer platforms provide borrowers with convenience for refinancing their loans while promoting competition among the lenders of loans.
- ◆ Users of the refinancing platform could lower their interest payments.
- ◆ Hence, the lower interest payments can improve the refinancing-borrowers' cash-flows.
- ◆ The improved cash-flows are expected to increase the refinancing-borrowers' spending; hence, contributing to their consumption welfare.

01

Introduction

Related questions to be analyzed in this study

- ◆ Who are the users of the loan-transfer platforms, and how can they be characterized?
- ◆ How are the refinancing-platform users different from the traditional refinancing borrowers?
- ◆ Do the refinancing-platform users increase their spending after refinancing?
- ◆ How much do the users of the refinancing-platforms change their consumption spending in comparison with those of the traditional refinancing borrowers?

(Platform refinancing)

Users of the Online one-stop
loan-transfer platform

(Treatment group)

vs.

(Non-platform refinancing)

Borrowers refinancing
in the traditional way

(Control group)



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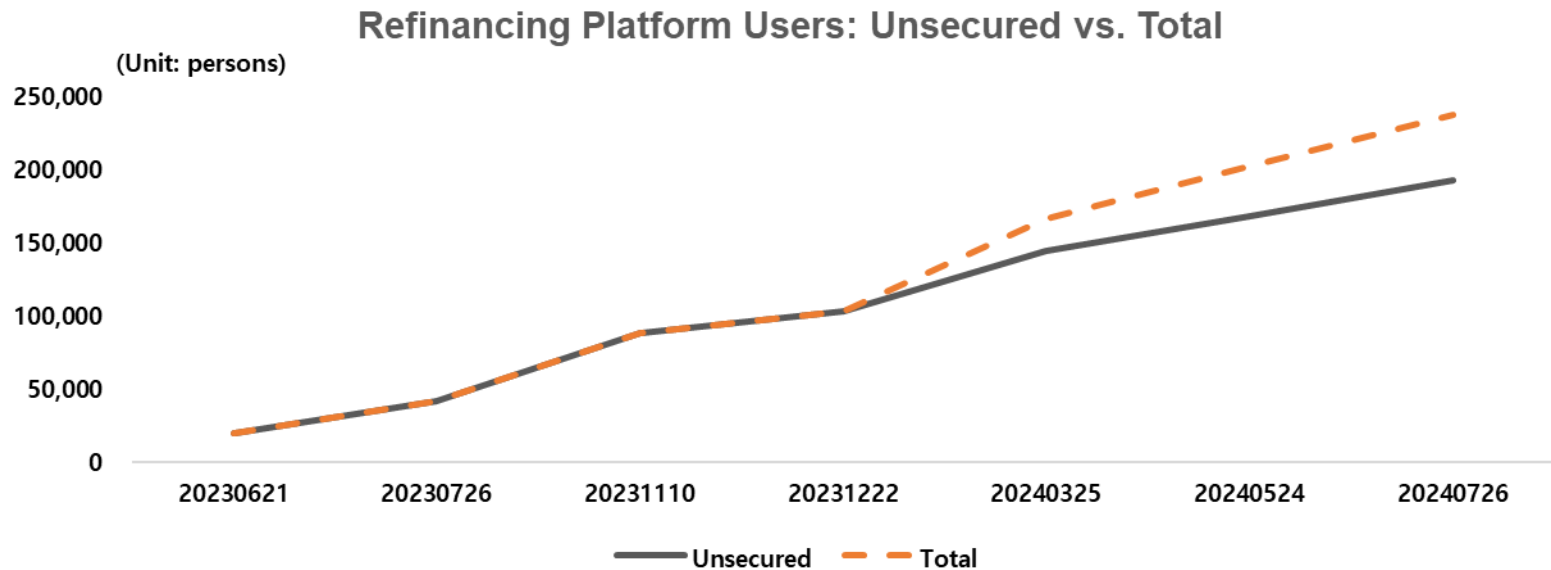
02

Some Statistics of Refinancing Activity

The growth of refinancing activity through the loan-transfer platform

- ◆ Refinancing activity through the loan-transfer platform has grown since its beginning.
- ◆ A larger share of the refinancing platform users are unsecured loan borrowers in comparison with other types (mortgage or Jeon-se) of loans.

Refinancing Activity Through the Platform (Cumulated) : Unsecured Loan vs. Total Loans



Source: NICE Information Service

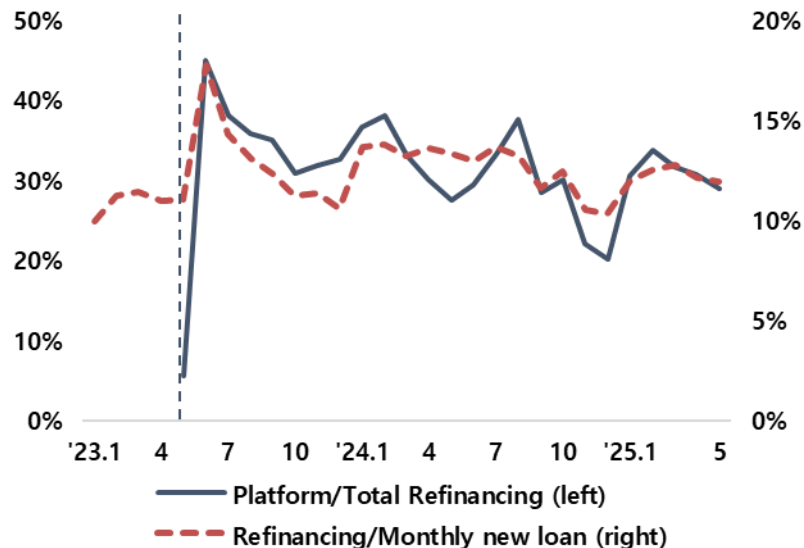
Some Statistics of Refinancing Activity

The platform-based refinancing activity in the unsecured loan market

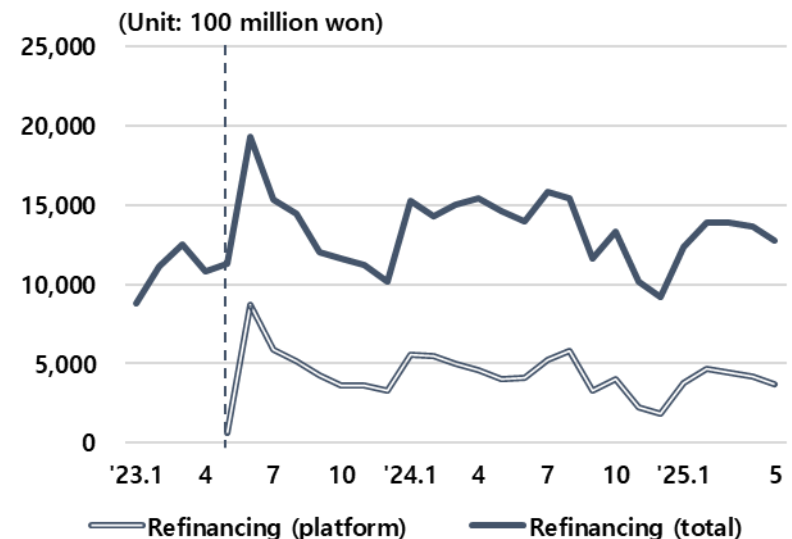
- ◆ Around 20-40% of the total refinancing amount took place through the platform.
- ◆ The overall pattern of the total refinancing activity seems to be closely associated with that of the platform-based refinancing activity.

Refinancing Amount of Unsecured Consumer Loan: Platform vs. Total

Refinancing Amount of Unsecured Consumer Loan:
Platform vs. Total



Refinanced Unsecured Loan Amount:
Platform vs. Total



Source: NICE Information Service

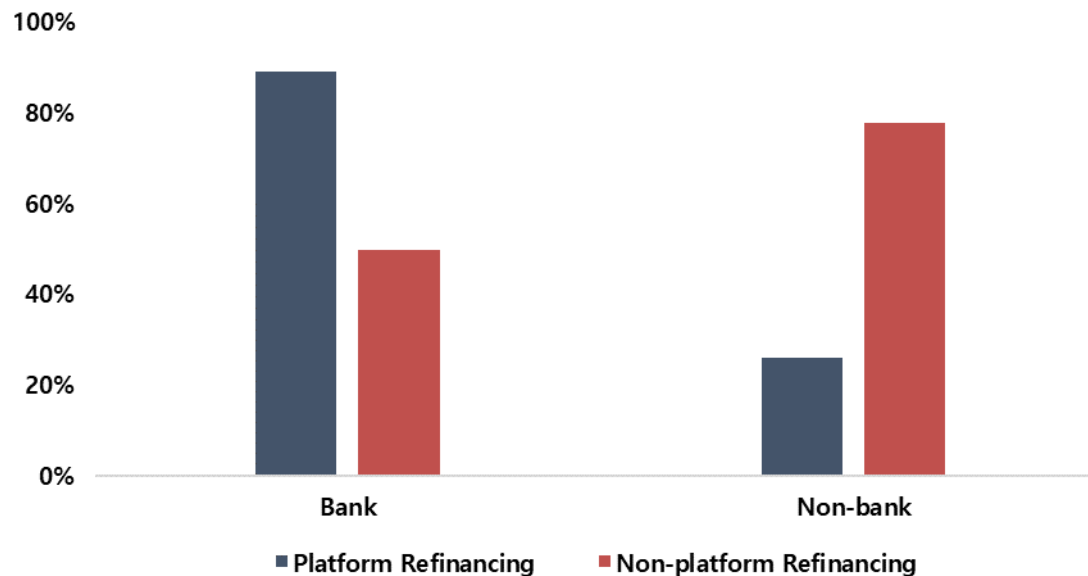
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Some Statistics of Refinancing Activity

The platform-based refinancing activity: banks vs. non-banks

- ◆ A large share of the platform-based refinancing has occurred in the banking sector.
- ◆ In contrast, the traditional (non-platform) refinancing activity has occurred more in non-banks.

Refinancing Activity in banks vs. non-banks: Platform vs. Non-platform



Source: NICE Information Service

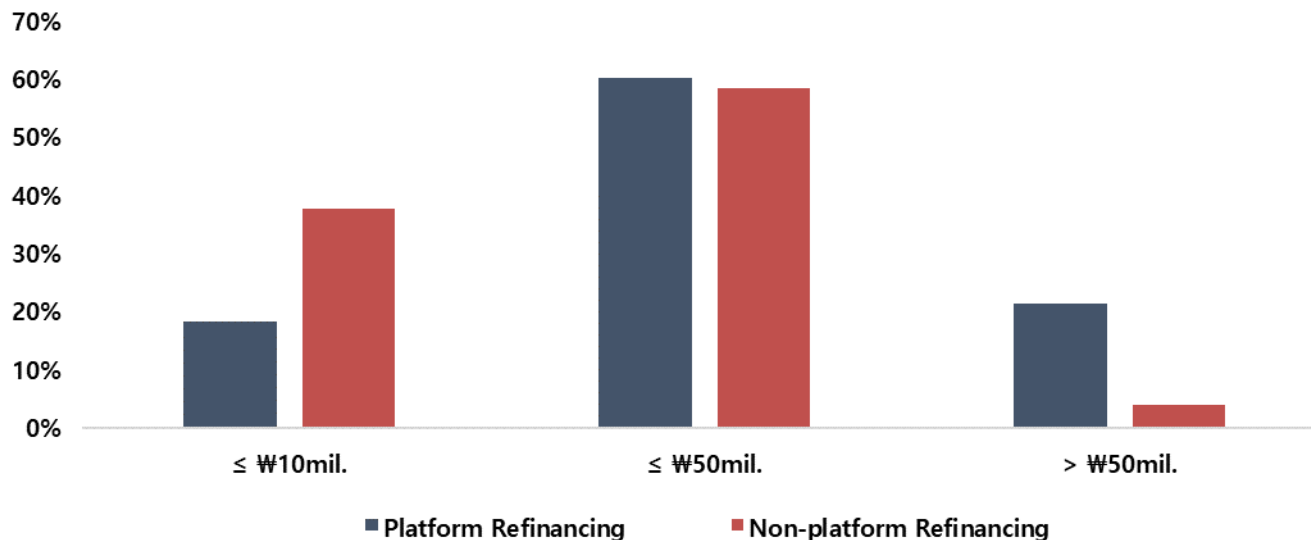
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Some Statistics of Refinancing Activity

Distribution of the platform users by refinancing amount/user

- ◆ Around 70-80% of the platform-based refinancing in the unsecured loan market are estimated in the amount of less than ₩50 mil./user.
- ◆ The amount/user of the platform-based refinancing seems to be bigger than that refinanced outside the platform.

Distribution of Refinancing Borrowers by Refinancing Amount/User



Note: as of Dec. 2024

Source: NICE Information Service



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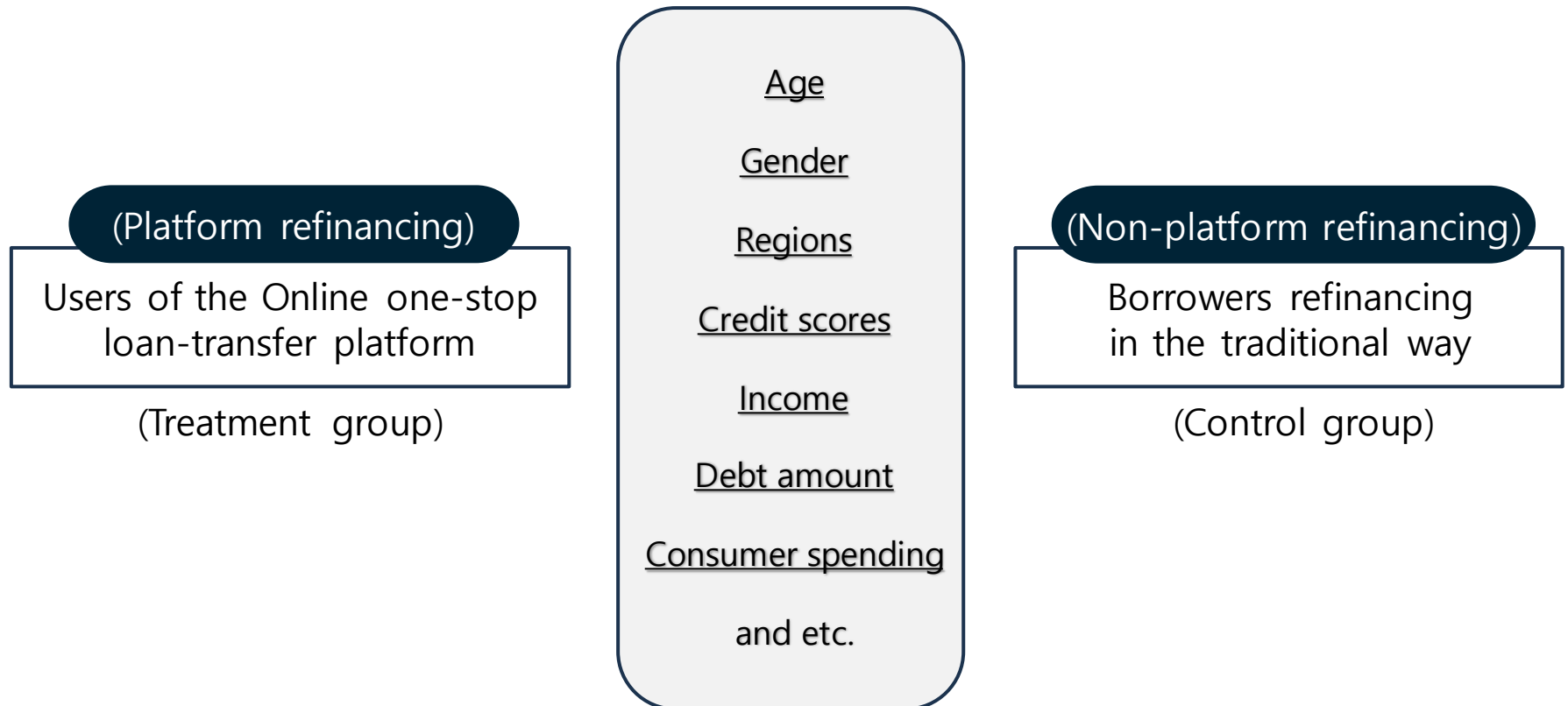
05 Some Takeaways

03

Who Chooses the Refinancing Platform?

Borrowers refinancing through the platform vs. Borrowers refinancing outside the platform

How are they different
in the following dimensions for example?



03

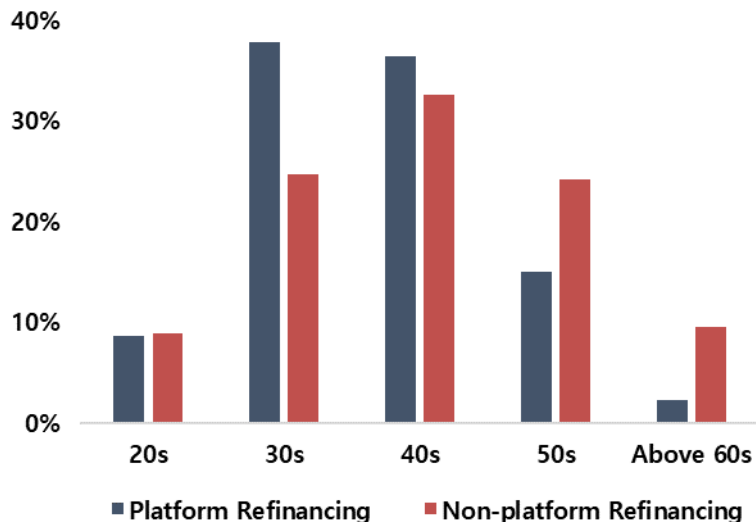
Who Chooses the Refinancing Platform?

Age and gender distribution of refinancing borrowers: Platform vs. Non-platform

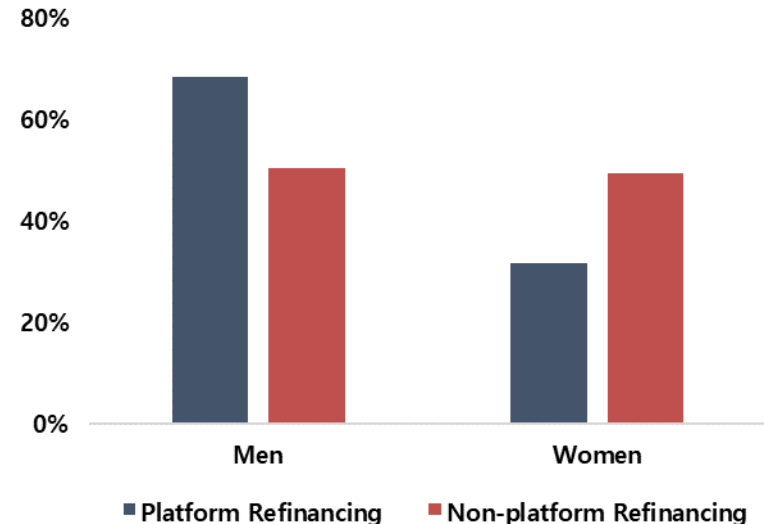
- ◆ The refinancing platform users tend to be younger than non-platform users.
- ◆ A larger share of platform users tend to be male compared with that of non-platform users.

Distribution of Refinancing Borrowers by Age and Gender

Distribution of Refinancing Borrowers by Age



Distribution of Refinancing Borrowers by Gender



Source: NICE Information Service

03

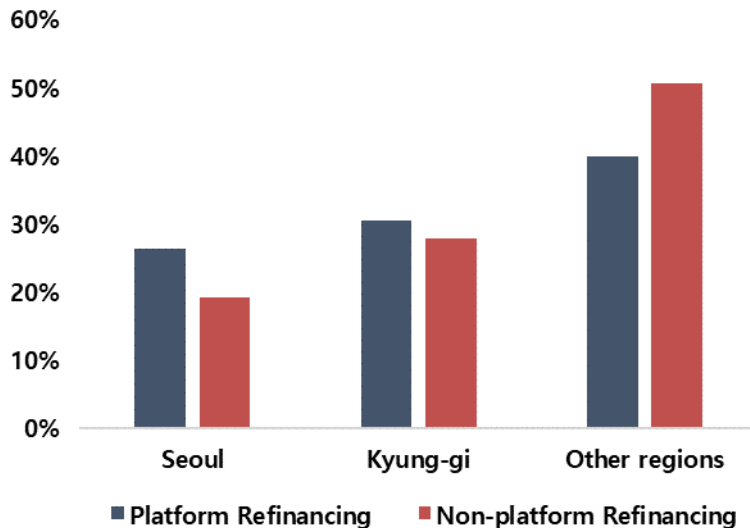
Who Chooses the Refinancing Platform?

Regional and credit score distribution of refinancing borrowers: Platform vs. Non-platform

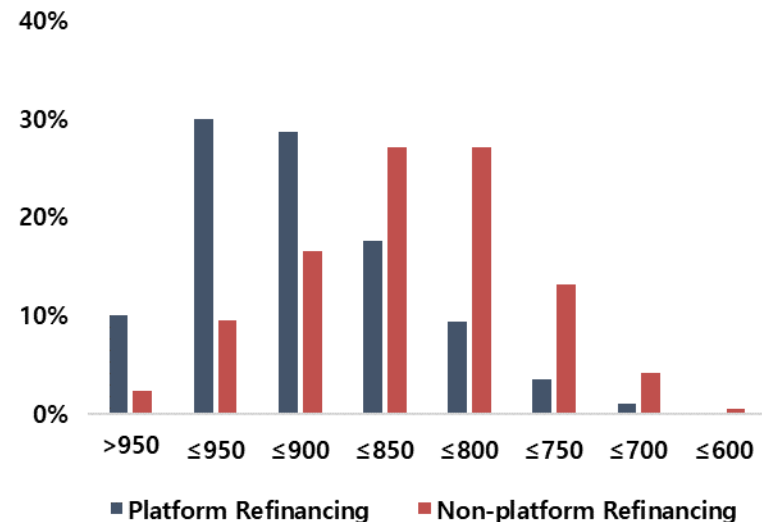
- ◆ The refinancing-platform users tend to have a bigger share of Seoul and Kyung-gi residents compared with non-platform users.
- ◆ The refinancing-platform users tend to show higher credit scores.

Distribution of Refinancing Borrowers by Regions and Credit Scores

Distribution of Refinancing Borrowers by Regions



Distribution of Refinancing Borrowers by Credit Scores



Source: NICE Information Service

03

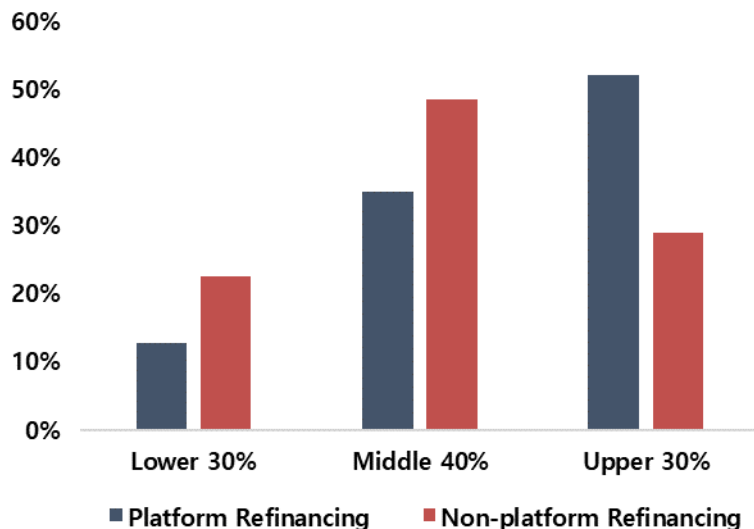
Who Chooses the Refinancing Platform?

Income and debt amount distribution of refinancing borrowers: Platform vs. Non-platform

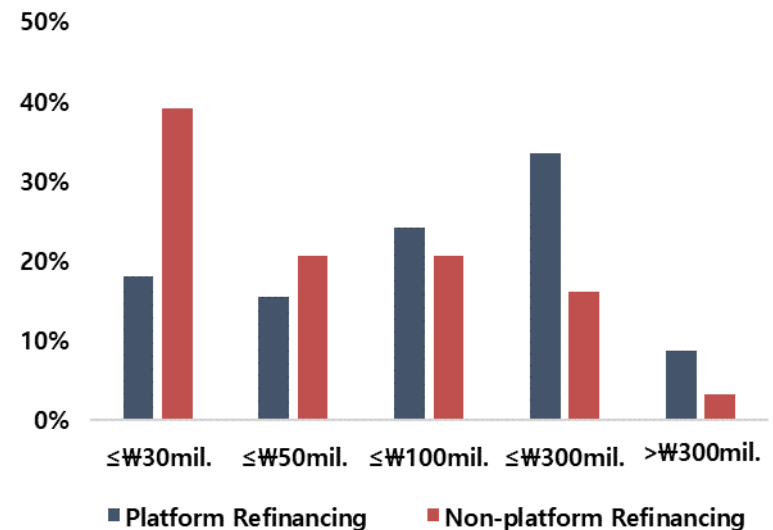
- ◆ The refinancing-platform users tend to belong to higher income group compared with non-platform users.
- ◆ The refinancing-platform users tend to hold more debt amounts.

Distribution of Refinancing Borrowers by Income and Total Debt Amount

Distribution of Refinancing Borrowers by Income(estimated)



Distribution of Refinancing Borrowers by Total Debt Amount



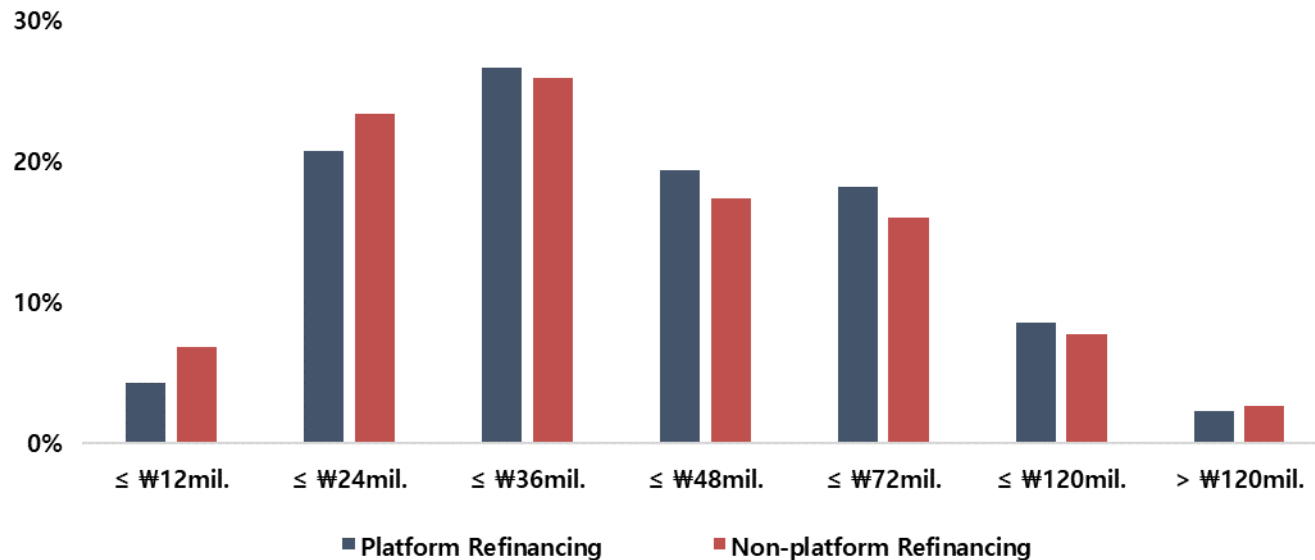
Source: NICE Information Service

03 Who Chooses the Refinancing Platform?

Consumption distribution of refinancing borrowers: Platform vs. Non-platform

- ◆ Users of the refinancing-platform tend to show higher consumption expenditure in comparison with those refinancing outside the platform.

Distribution of Refinancing Borrowers by (Credit and Check) Card Expenditure



Source: NICE Information Service

Who Chooses the Refinancing Platform?

Explaining who chooses the refinancing platform

- ◆ The choice of the unsecured loan refinancing platform in comparison with the traditional non-platform way is closely associated with age, gender, regions, lender type, total debt amounts, no. of loans, credit score, income, and spending.

Logistic Estimation Explaining Platform Refinancing Choice Compared with Non-platform

Variables		Estimate	S.E.
Intercept		-4.5216	0.043
Age	20s	0.7434	0.033
	30s	0.9174	0.030
	40s	0.8096	0.029
	50s	0.5179	0.031
Gender	Male	0.1911	0.011
Region	Seoul	0.2134	0.013
	Kyung-gi	0.1535	0.012
Income (estimated)	Upper 30%	0.0749	0.016
	Middle 40%	0.0103	0.014
Annual Card spending	> ₩84mil.	0.0938	0.031
	₩60mil. ~ ₩84mil.	0.1024	0.028
	₩36mil. ~ ₩60mil.	0.0282	0.025
	₩24mil. ~ ₩36mil.	-0.0049	0.025
	₩12mil. ~ ₩24mil.	0.0197	0.025

Variables		Estimate	S.E.
Credit Score (1 month ago)	> 950	1.5323	0.032
	901 ~ 950	1.2700	0.026
	851 ~ 900	0.9465	0.024
	801 ~ 850	0.6193	0.022
	751 ~ 800	0.2827	0.023
Borrowing from (1 month ago)	Banks only	1.8806	0.017
	Banks and Non-banks	0.6664	0.016
Total Debt Amount (1 month ago)	> ₩300mil.	0.2804	0.025
	₩100mil. ~ ₩300mil.	0.5245	0.017
	₩50mil. ~ ₩100mil.	0.4828	0.016
	₩30mil. ~ ₩50mil.	0.3293	0.016
No. of loans (1 month ago)	≥ 3	0.4506	0.018
	2	0.2210	0.017
Max-rescaled R-Square		0.3435	

Source: NICE Information Service

03 Who Chooses the Refinancing Platform?

Refinancing-platform users vs. non-platform refinancing borrowers in the unsecured loan market

(Platform refinancing)

Users of the online one-stop
loan-transfer platform

(Treatment group)

- ✓ Age: younger (30s~40s)
- ✓ Gender: male
- ✓ Regions: Seoul, Kyung-gi
- ✓ Income: higher
- ✓ Credit scores: higher
- ✓ Consumer spending: relatively larger
- ✓ Borrowing more from: banks
- ✓ Total debt amount: more than less

*In comparison
with*

(Non-platform refinancing)

Borrowers refinancing
in the traditional way

(Control group)



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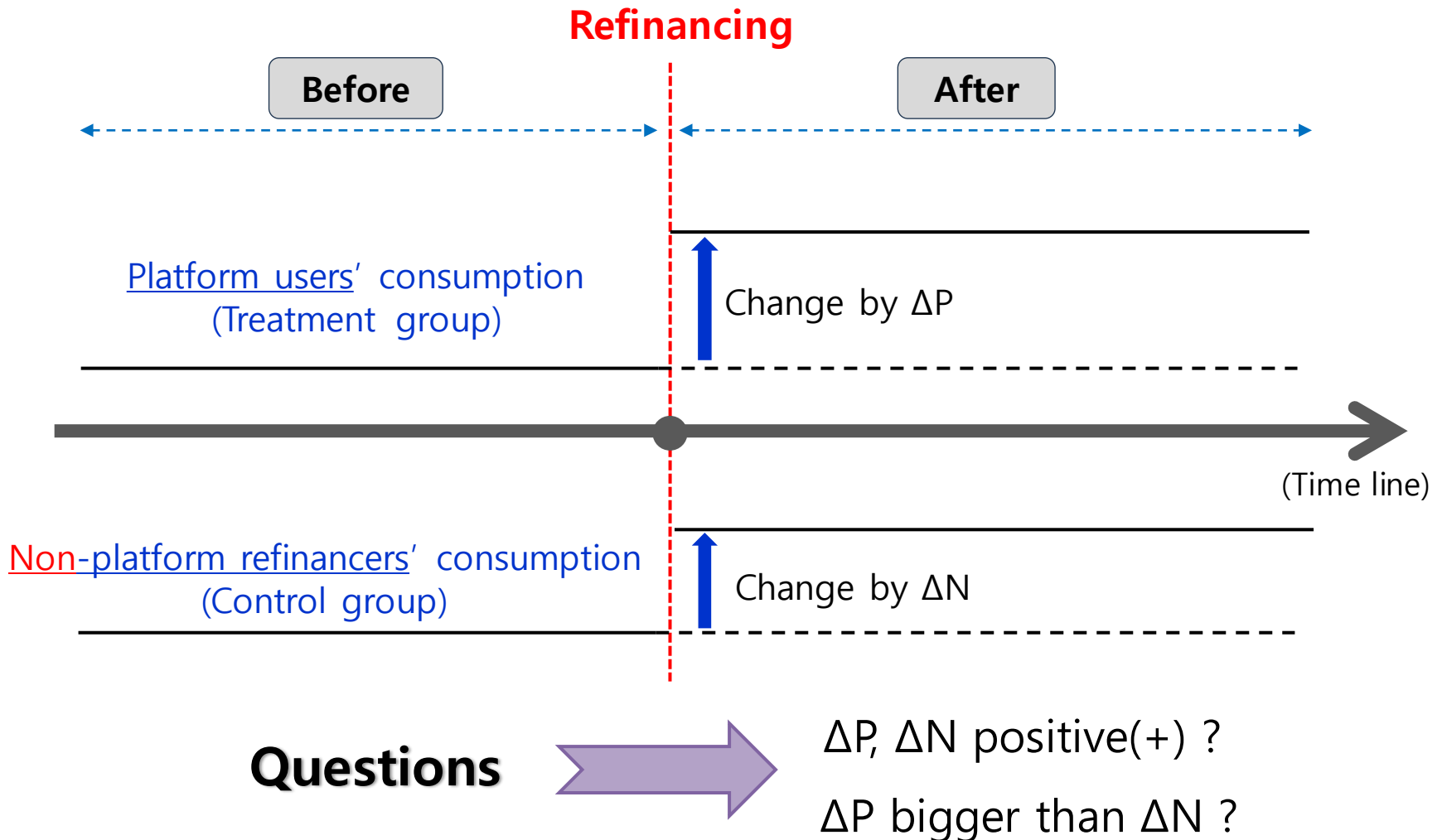
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04 Refinancing Platform and Consumer Spending

The refinancing platform and its effects on consumer spending



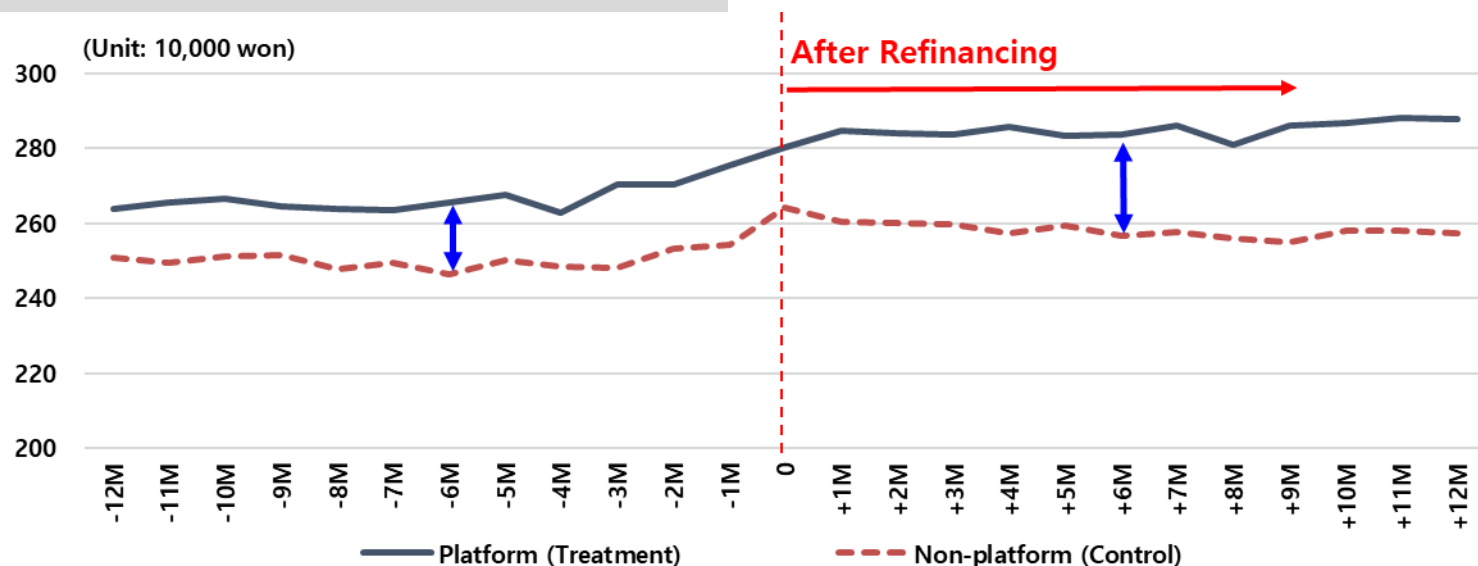
04 Refinancing Platform and Consumer Spending

The change in consumer spending after refinancing: Platform vs. Non-platform

- ◆ The overall consumer spending increases after refinancing in the unsecured loan market.
- ◆ The refinancing platform users seem to increase their spending more than the traditional non-platform refinancers do.

Consumer Spending After Refinancing: Platform vs. Non-platform

Unsecured Loan, Monthly Card Spending (Median)



Source: NICE Information Service

04

Refinancing and Consumer Spending

Estimating the effect of the platform-based refinancing on consumer spending

- ◆ Consumer spending increases after refinancing in the unsecured loan market.
- ◆ The increase in the consumer spending after refinancing is bigger for the platform users (treatment group) than that of the non-platform refinancers (control group).

Explaining Consumer Spending Change After Refinancing: Platform vs. Non -platform

Explanatory Variables		Estimate	S.E.
Post (After Refinancing)		0.0278	0.002
Post x Platform (DID)		0.0182	0.002
Age	20s	0.0490	0.020
	30s	0.0539	0.018
	40s	0.0706	0.017
	50s	0.0670	0.015
Regions	Seoul	0.0124	0.007
	Kyunggi_Incheon	0.0066	0.006
Credit Score		0.0019	0.000
Ln(Income)		0.0323	0.008
Holding unsecured loan from	SP non-banks	0.0885	0.007
	Non-SP & non-banks	0.0900	0.006
	Banks	0.0229	0.005
Ln(Total Debt)		0.0124	0.001
Holding Multiple(≥ 3) Loans		0.0486	0.002
R-Square (Overall)		0.313	



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Some Takeaways

Analyzed who use the refinancing platform and what their effects are on consumer spending.

- ◆ The online one-stop loan-transfer platform was introduced in May 2023 to help borrowers to refinance their unsecured loans with convenience while promoting competition among lenders.
 - Since its introduction, the platform-based refinancing activity has grown, especially in the unsecured loan market.
- ◆ Users of the refinancing platform seem to be different from those refinancing in the traditional way in some dimensions.
 - They are relatively younger, Seoul metropolitan area resident, higher income, better credit worthiness, borrowing more from banks, holding larger debt amount, and etc.
- ◆ Consumer spending increases after refinancing, and it increases more for the refinancing-platform users than other refinancers.

The End

Thank you!