

《Personal housing loan takes relatively low portion》

At a press conference in Shanghai on Friday, the governor of the People's Bank of China responded to a question about China's new policy to lower the down-payment rate for personal housing mortgages and its potential to increase levels of debt. Zhou Xiaochuan said the proportion of bad debts that resulted from this is conspicuously lower than that of other kinds of loans.

"In China's case, individual housing loan takes relatively low portion in the total bank loan. In a lot of countries, individual loan, especially housing loan may account for 40 to 50 percent of total loans. So the banking system also thinks that individual mortgage loan is a relatively safe product. There's opportunity for development."

"Of course, the housing market is sometimes hot sometimes cold. It also needs countercyclical regulation. One of the tools is the down payment ratio. Before it was 30 percent for sometime, now it's brought down moderately," Zhou Xiaochuan said.

