



Impact of Fintech on Financial Inclusion

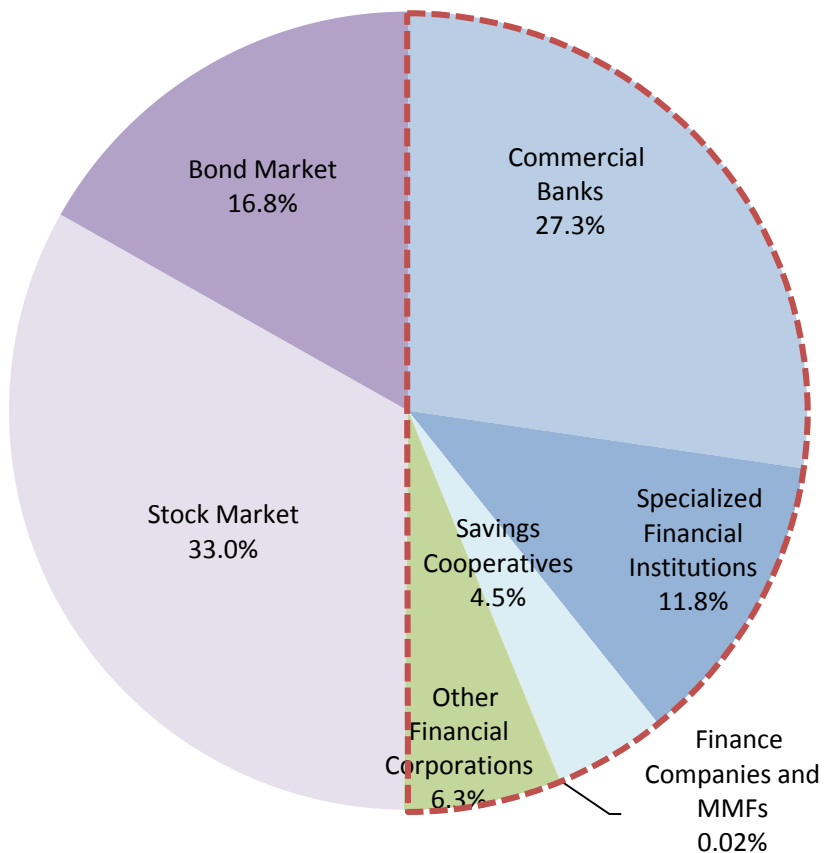
Swisa Ariyapruchya
Assistant Director, Bank of Thailand

- 1. Overview of Thailand's Financial Landscape & Access**
- 2. Challenges faced in balancing between development and stability**
- 3. Thailand's role in supporting innovation**

as of Q2 2017

Total Direct-Indirect Financing

(39.9 Trillion Baht)

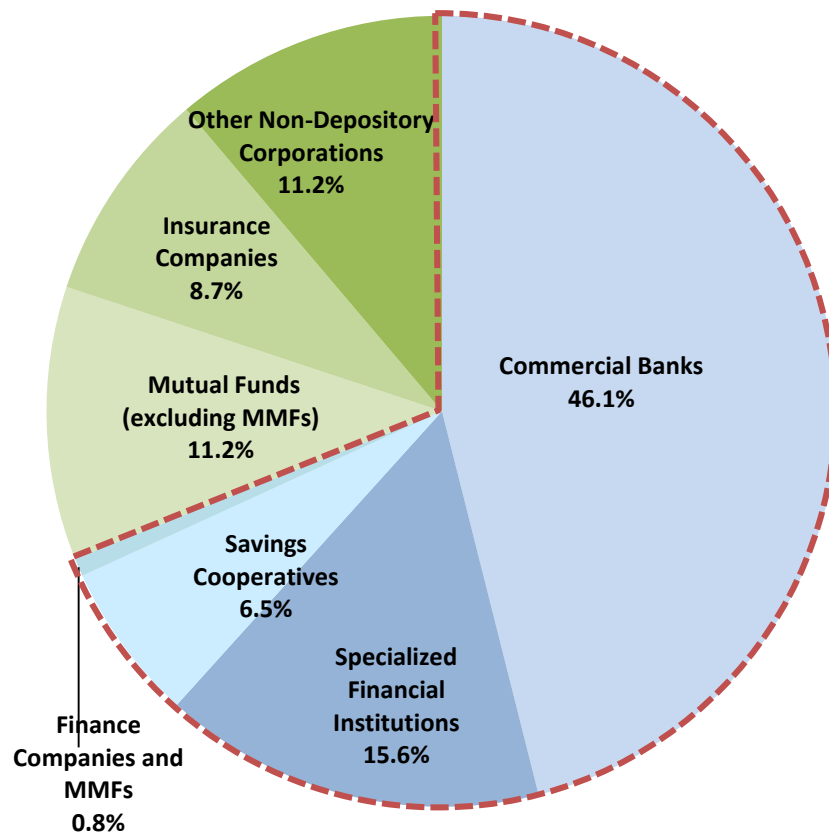


Loan granted by Other Financial Corporations (Non-depository institutions) 6.3%

Loan granted by Depository financial institutions 43.8%

Total Assets of Financial Institutions

(40.5 Trillion Baht)



Non-Depository Corporations 31.1%

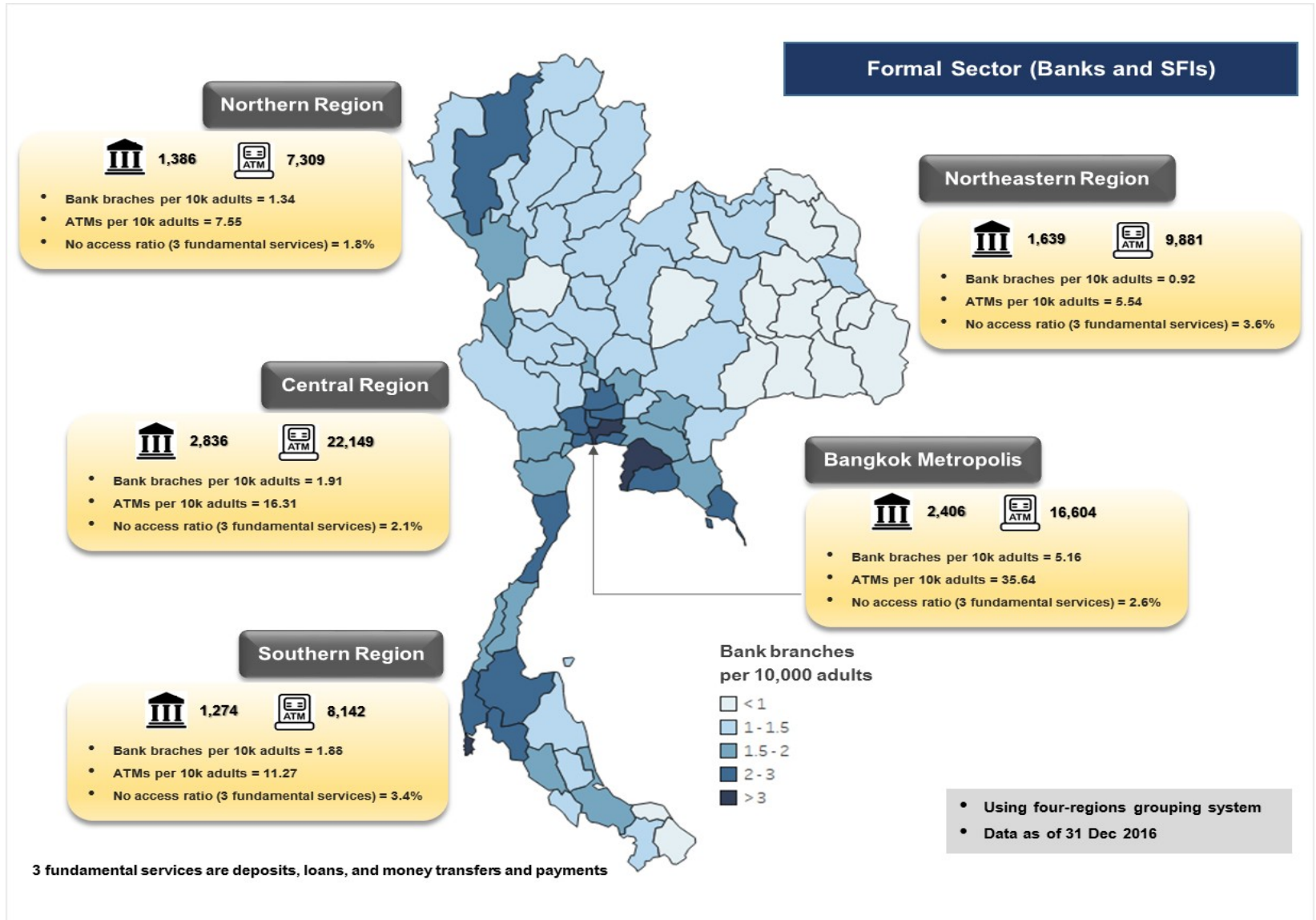
Depository Corporations 68.9%

Financial Access Indicators

	User		Provider	
	Account ownership (% , age 15+)	Borrowed from FI in past year (% , age 15+)	Commercial bank branches (per 100,000 adults)	ATMs (per 100,000 adults)
Indonesia	36.1	13.1	11.0	49.63
Malaysia	80.7	19.5	10.7	51.91
Philippines	31.3	11.8	8.8	23.68
Singapore	96.4	14.2	9.4	59.32
Thailand	78.1	15.4	12.7	111.91

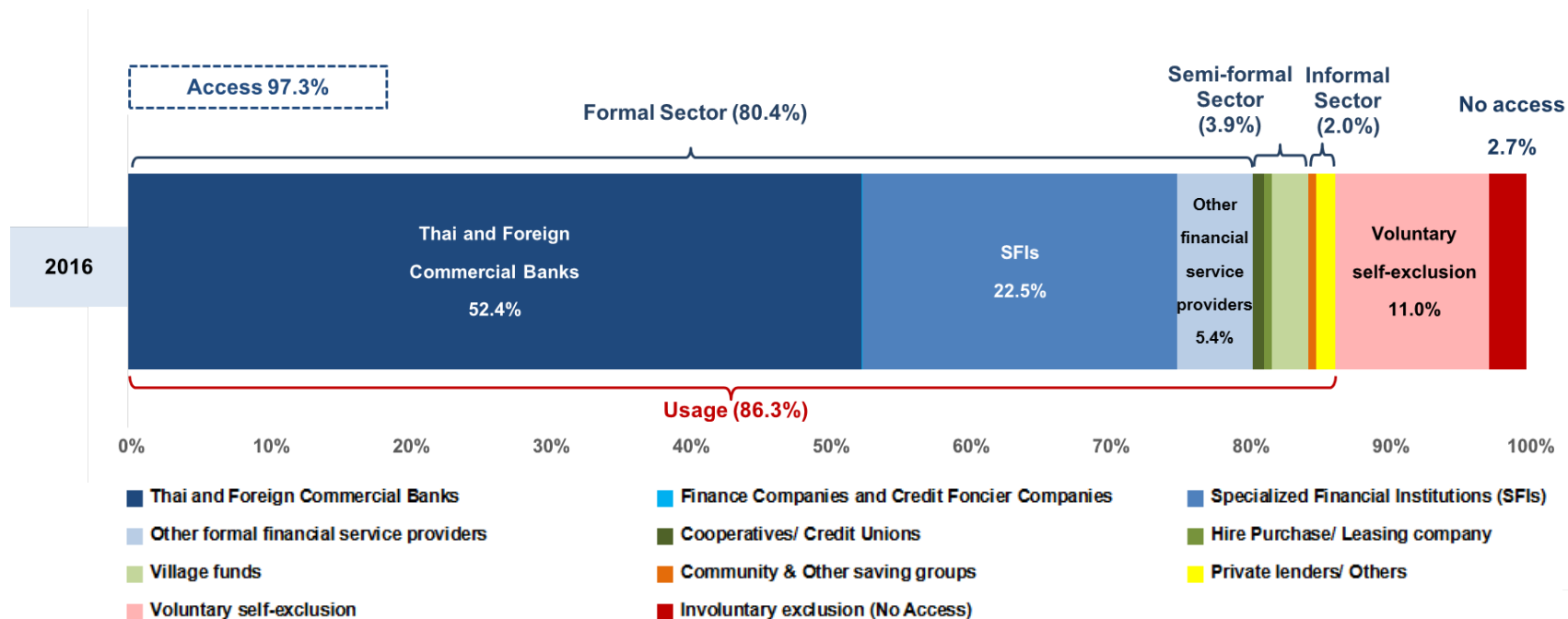
Source: World Bank 2014

Concentration of financial service providers (GIS Mapping)



Household Financial Access Survey

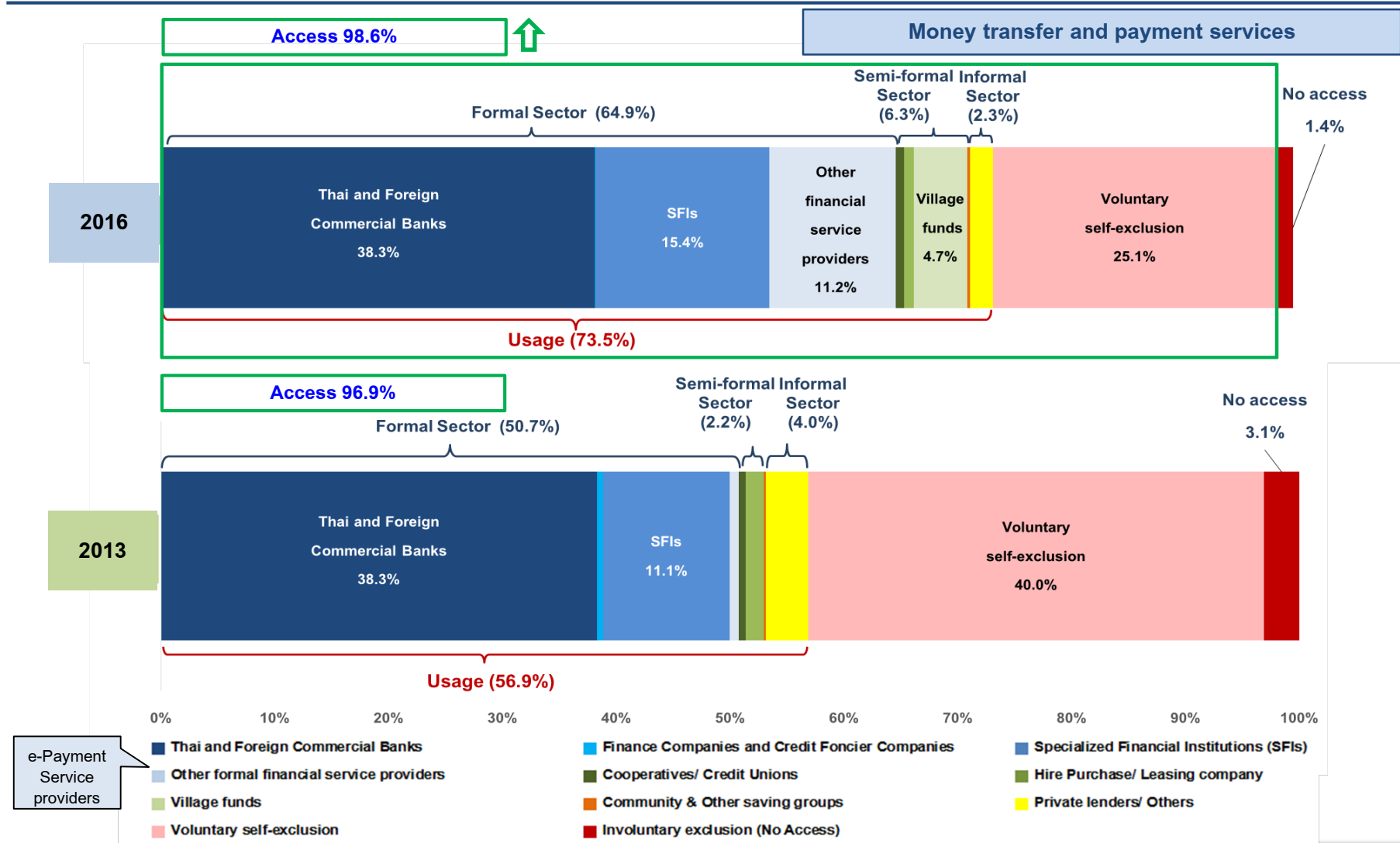
- 97% of Thai households were able to access to financial services in 2016.
- Commercial banks and Specialized Financial Institutions (SFIs) were important financial service providers of Thai financial system.



e-Payment service providers played more active roles in money transfer and payment services.

Households had more access and usage to money transfer and payment services.

e-Payment service providers played an important role in this service, while some households tended to use services from utility service providers in place of financial institutions.

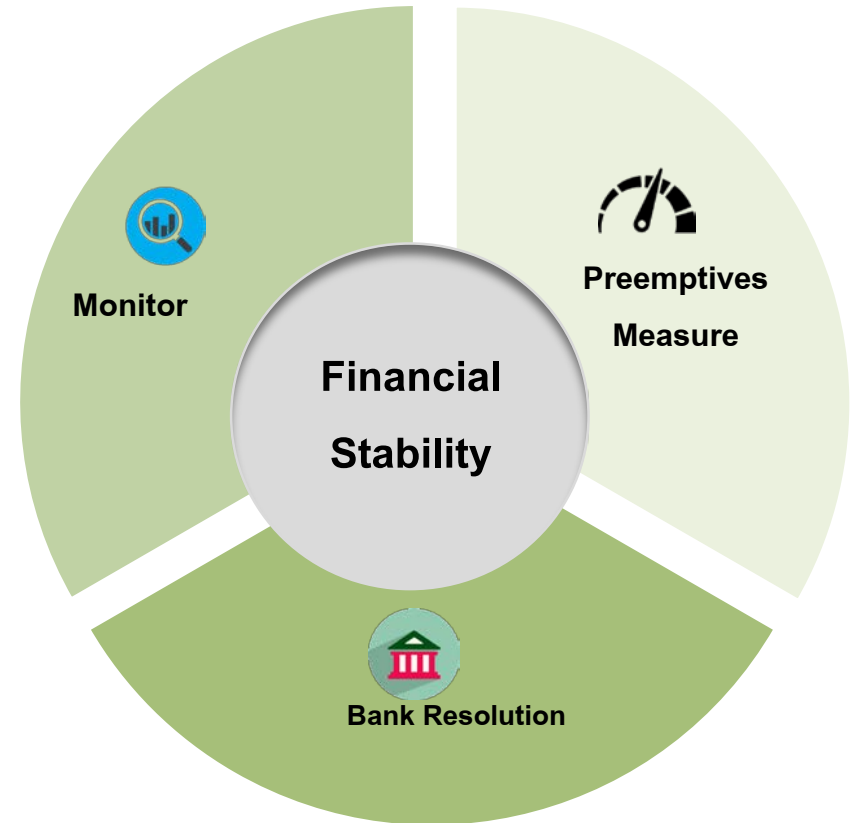


Note: Total samples in 2013 and 2016 were 10,613 and 10,866, respectively

Thailand Fintech Landscape



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Finding balance



BOT's Plans & Initiatives

1. Financial Sector Master Plan Phase III (2016-2020)

- Promote the use of e-banking and payment services eg. QR code.
- Promote access to financial services for households and SMEs
- Develop financial infrastructure of the financial system.

2. National e-Payment Master Plan

Create an integrated Thai e-payment infrastructure for funds transfer and payment and promote e-payment services.

3. Regulatory Sandbox

There are 12 projects in the sandbox (eg. QR Payment, Biometrics and Blockchain) (as of November 2017)

4. Thailand Banking Sector Computer Emergency Response Team (TB-CERT)

A collaboration among private sector and financial regulators in sharing and developing cyber threats incidents solutions.

5. Financial Literacy and Consumer Protection

- Provide financial knowledge and promote financial discipline to the general public especially the young generation and the first jobbers
- Established a debt-solving clinics to resolve non-collateral personal loans by commercial banks.

loans by commercial

Some Financial Stability Issues Associated with Fintech & What BOT is doing to address these issues?

Financial Stability Issues



Cyber Risk



Regulatory Arbitrage/
Governance



Legal/ Regulatory Risk

How we address these issues...



Establishing
cooperation in the
financial sector



Developing rules
and guidelines



Reorganizing the
BOT's structure



Reinforcing
financial literacy

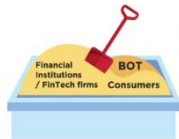


Developing personnel
for cybersecurity

Initiatives Fostering Innovations in Thailand

“To establish a healthy ecosystem for all stakeholders and to enhance competitiveness and sustainable development of Thai financial system in short and long term.”

Regulatory Sandbox



Technology

- Blockchain
- Biometrics
- Standard QR code
- Machine learning
- Big Data

Use Cases

- ✓ QR Payment
- ✓ Document Authentication
- ✓ Biometric Authentication
- ✓ Money Transfer

PromptPay

No. of PromptPay registration

35
Million IDs
as of October, 2017

● Citizen IDs

● Mobile Numbers

Transferred Volume

39 M

Total Value







THB 180 BN


as of October, 2017


Retail Consumer Fund Transfer Per Transaction	
Not exceed 5,000 THB	Free of Charge
> 5,000 - 30,000 THB	Not exceed 2 THB
> 30,000 - 100,000 THB	Not exceed 5 THB
> 100,000 – Max amount	Not exceed 10 THB


No limitation on number of transactions


Standardized QR Code



















Multiple sources of funds

Payment Systems Act

Four main objectives:

- (1) Comply with International Standards
- (2) Enhance Payment Systems Oversight
- (3) Promote Innovations and Competitiveness
- (4) Support Digital Economy



Collaboration on Adopting Standardized QR Code for e-Payment

The first time for five major international payment card network providers
(American Express, JCB International, Mastercard, UnionPay International and VISA)

and Thai financial service providers that jointly announced

their collaboration to adopt QR Code standard for payments on August 30th, 2017

BoT: QR system unveiled

Banks team up to offer service in Q4



"As the QR code payment service is an innovative service, each operator will have to test their system in the regulatory sandbox before being launched to the public," said Bank of Thailand governor Veerathai Santiprabhob.

Consumers will be able to use standardised quick response (QR) code payment on their smartphones to pay for purchases at shops, street vendors and motorcycle taxis starting in the fourth quarter of this year.





Collaboration



Safety Net

Thank you

Supporting Slides