

Bank of Thailand Pushing for Wider Use of E-Payments

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Over the past many years, central banks in the Asia-Pacific have put forward a series of initiatives and policy measures to enhance the efficiency of payment systems in their countries via greater use of e-payment products and services by market participants. A number of countries have successfully implemented e-payment systems, including South Korea and Taiwan. In these countries, central banks have played an active role to accelerate the migration from paper-based transactions to e-payments. They have adopted e-payment road maps, which provide a high-level strategic direction for the country.

Currently, e-payments in South Korea have surpassed the use of cheques as the preferred means of making non-cash payments. For instance, the share of e-payment amounted to 80 per cent, while that of paper-based instruments accounted for only 20 per cent in 2007.

The Bank of Thailand (BOT) has in recent years initiated numerous policy responses to promote e-payment development. Of particular importance are the setting up the new e-payment switching centre in July 2005, known as Thailand national ITMX (Inter-bank Transaction Management and Exchange), the enactment of the Electronic Transactions Act of 2001 and the recent promulgation of the Royal Decree Regulating E-payment Business of 2008.

The establishment of ITMX is considered a milestone move toward reaching a more development e-payment stage, as it reflects full recognition to put in place a common infrastructure for a critical mass of business. Interestingly, the setting up of the national ITMX has also paved the way for easier regional fund transfers among member countries in Asean.

Meanwhile, the BOT has also used pricing mechanism to encourage a greater user of new e-payment products.

Since early 2006 onwards, fees on certain types of e-payment services such as Retail Funds Transfer via ATMs, have been reduced at a faster pace than those of paper-based payment instruments such as cheques.

According to a recent BOT survey, consumers and businesses tend to give relatively higher weight to certain types of "non-price" factors such as the legal support for the use of e-receipts and e-documents, as well as effective mechanisms to ensure a more secured environment for e-payment use. Therefore, the BOT's effort to foster changes in legal and regulatory frameworks regarding e-payment is another example of the commitment towards greater reliance on e-payment channels for making retail payments by consumers and businesses.

Looking ahead, the share of the total payment of e-payments compared with that of paper-based payment will continue to increase.

As reflected in the experiences of many countries, this would help generate annual savings of about 2-3 per cent of gross domestic product after a country has fully shifted from an all paper-based to an electronic-based payment system.

(The views expressed are the author's own.)

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