



ธนาคารแห่งประเทศไทย



Additional policies to enhance the support given to debtors are now effective

On August 20, 2021, the Bank of Thailand (BOT) issued additional policies to enhance the support given to debtors affected by the COVID-19 so that such support system would be more effective and sustainable amid the prolonged pandemic situation. **These additional policies, effective as of September 3, 2021, include measures designed to (A) maintain and provide new liquidity to the SMEs and retail debtors and (B) enhance the existing debt restructuring facilities to be more sustainable.**

A. Measures to maintain and provide new liquidity to SMEs and retail debtors for retaining their businesses and satisfying their basic needs include

1) Revision of the regulations regarding the Special Loan for SMEs to match the nature of the COVID-19 pandemic which has become more persistent with a high degree of uncertainty. This change would help some debtors yet to have access to the Special Loan facility gain additional assistance through

(1.1) **Increasing the credit limit** of Special Loan to those SMEs with low existing credit line or those who had never been issued credit because they had been using mainly their own funds or the revenue from their businesses

(1.2) **Increasing individual credit guarantee rate and lowering the guarantee fees** for debtors deemed risky such as micro-SMEs and businesses in sectors hard-hit by the pandemic, notably those in tourism and services. This could help better facilitate the credit issuance by financial institutions to these financially-fragile borrowers.

Hence, financial institutions could file their requests for the Special Loan facilities according to the above-mentioned revised regulations to BOT, starting from September 6, 2021.

2) Temporarily relaxing the regulations regarding the retail debtors on credit card loans, supervised personal loans and digital personal loans to alleviate the debt burden of debtors and to provide additional liquidity to those debtors still with ability to pay. The new regulations would be effective from September 3, 2021 to the end of the year 2022 and they include

(2.1) **Increasing the credit limit to 2 times the monthly income on credit card and personal loans** for debtors whose monthly income resided below 30,000 THB. In addition,

debtors could apply for personal loans from lenders without a restriction on the number of lenders they could apply for.

(2.2) **Extending the period of lowered minimum percentage paid on credit card loans**, which was lowered to 5% during the previous pandemic phase, until the end of 2022

(2.3) **Increasing the credit limit on digital personal loans** from the 20,000 THB limit to 40,000 THB and **extending the maturity** from no more than 6 months to no more than 12 months.

B. Measures to Enhance the existing debt restructuring facilities to be more sustainable

in order to support those financial institutions providing the assistance to debtors via the targeted, long-term debt restructuring program which would be tailor-made to specific characteristics of debtors. Financial institutions are advised to design the payment stream to match the deteriorated revenue of debtors and then gradually increase the repayments when the debtors' revenue recover and provide the support to a large number of debtors in a prompt manner. **Accordingly, the BOT has relaxed the regulations regarding the asset classification and provisioning criteria so that the degree of such relaxation would depend on the degree of support provided to the debtors. These less-stringent regulations, effective since September 3, 2021, would serve as an additional channel through which BOT could support the previously-mentioned debt restructuring program.**

Mr. Ronadol Numnonda, Deputy Governor for Financial Institutions Stability said "The debt restructuring and liquidity provision measures for SMEs and retail debtors are modified so that they are in line with the heightened risks and the prolonged pandemic situation. This is to help those debtors who are still being severely affected by the pandemic manage their liquidity positions through this tough time. At the same time, it must be fair to both the creditors and the debtors and must not create any moral hazard so that financial institutions can effectively provide support to the severely affected debtors. For those needed support, the support measures should vary with the financial status of the debtors and **the BOT, together with the Thai Bankers' Association (TBA) will see through it that debtors are provided with aid in a timely manner and will closely monitor how the assistance provided to the affected debtors pans out.**"

Mr. Payong Srivanich, Chairman of the TBA stated, "**Members of the TBA stand ready to provide assistance for SMEs and retail debtors according to the additional BOT policies** by means of providing liquidity and debt restructuring so debtors can obtain sufficient support to deal with the long-term problem for good. **After acknowledging about the details of the additional policies, each financial institution will come up with product programs suitable for each**

groups of debtors in terms of their problem as well as their financial status and will continue to monitor and work closely with the debtors. This is to ensure that banks will continue to be a key mechanism to help the debtors adequately and thoroughly which, in turn, will support the economic recovery in the future. In addition, banks also promptly prepare internal processes and the staff at their respective branches regarding the BOT measures so that debtors can contact the bank branches to help them with some preparations in advance. Also, the more covered vaccination plan, a lower trends of new infected cases, and the uplifted export number resulted from the global economic recovery, are among the key positive outlook for the Thai economy in the near future. I hope that these debt solutions will enable debtors to recover and continue to be in business later on.”

The BOT and the TBA highly expect that the additional measures would lead to debtors receiving the timely, targeted and effective aid that would enable them to withstand the uncertainty and the severity of the pandemic. Moreover, those SMEs and retail debtors in need of liquidity or debt restructuring should contact their respective lending providers to obtain some financial assistance and should they need additional information, they could contact either the lending providers directly or the BOT’s Financial Consumer Protection Center by calling 1213.

Bank of Thailand

Thai Bankers’ Association

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