

Unofficial Translation

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Notification of the Bank of Thailand

No. FPG. 6/2559

Re: Rules, Procedures and Conditions for Undertaking Electronic Money Card Business

1. Rationale

In order to increase the efficiency of electronic money card services to suit the current competitive situation, to promote credibility of electronic money card service providers, to prevent public damage, to provide a proper protection for consumers, also to create flexibility in practice and reduce hindrance of undertaking business for the electronic money card service providers.

2. Statutory power

By virtue of the provisions of Article 5, Article 7 and Article 9 of the Notification of the Ministry of Finance Re: Business which requires authorization under Article 5 of the Announcement of the National Executive Council No. 58 (Electronic Money Card Business) dated 4th October B.E. 2547 and the amendments thereof.

3. Repealed Notification

The Notification of the Bank of Thailand No. FPG. 1/2550 Re: Rules, Procedures and Conditions for Undertaking Electronic Money Card Business dated 4th January B.E. 2550 shall be repealed.

4. Scope of Application

This Notification is applicable to an electronic money card service provider who obtains a license for undertaking electronic money card business according to the notification of the Ministry of Finance Re: Business which requires authorization under Article 5 of the Announcement of the National Executive No. 58 (Electronic Money Card Business) dated 4th October B.E. 2547 and the amendments thereof.

5. Content

5.1 For undertaking electronic money card business, the service provider is allowed to issue electronic money card of which value of money is recorded in Baht or foreign currency, and is required to specify the maximum value of electronic money that can be used per card or account appropriately according to the consumers and sound risk management.

5.2 Electronic money card business' key characteristic is that a consumer has paid money to the electronic money card service provider in advance; hence such service provider is not permitted to issue an electronic money card in the form of loans.

5.3 An electronic money card service provider is permitted to carry out additional businesses only those specified as follows:

(1) Businesses of which certain parts or all related to or as a result of electronic money card service. If those businesses are electronic payment services under Royal Decree Regulating on Electronic Payment Services B.E. 2551 (2008), the notice or request for registration or license must be made pursuant to the provision of such regulation, on a case by case basis.

(2) Other businesses those support electronic payment services as long as they do not cause any risks that would impact the core business and money collected in advance from consumers.

In case where an electronic money card service provider wishes to undertake businesses as specified in (1) and/or (2), it shall submit the Bank of Thailand an application for authorization of applied businesses on a case by case basis with providing principles, reasons, and risk-related assessments, accompanied by supporting information and documents. The Bank of Thailand shall complete the consideration within 45 working days from the date receiving the application and completed documents. However, the Bank of Thailand may either approve or reject the application, or approve the application with conditions on a case by case basis. The Bank of Thailand may also temporarily suspend or revoke an approval granted if the electronic money card service provider provided false or misleading information when applying for authorization or it fails to comply with any requirements as prescribed by the Bank of Thailand.

5.4 An electronic money card service provider must maintain separate accounts of funds collected in advance from consumers from its working capital funds.

5.5 An electronic money card service provider shall deposit funds collected in advance from consumers in cash with commercial banks or specialized financial institutions, at any time, for no less than the outstanding balance of funds collected in advance from consumers. Those funds shall be deposited in an account separated from other accounts of the service provider, and must be managed without any obligations, and must be utilized only for settlement related to electronic money card services.

5.6 An electronic money card service provider must maintain a ratio of net equity to the outstanding balance of funds collected in advance from consumers to no less than 8 percent. The ratio shall be calculated at the end of the reporting quarter and submitted as a report to the Bank of Thailand within 30 days from the end of the

reporting quarter according to regulations, calculation methods and conditions as prescribed by the Bank of Thailand annexed to this Notification.

In case where such ratio is less than 8 percent, the Bank of Thailand shall impose a fine and/or apply any approaches, on a case by case basis, to prevent loss of consumers and public, and to urge an electronic money card service provider to improve or rectify its financial conditions to comply with the regulations. These approaches include requesting the service provider to make the financial condition improvement plan, requiring the service provider to redeem funds collected in advance to consumers, or proposing to the Minister of Finance to consider temporarily placing such service provider's operation whether into a partial or full suspension, or revoking a license.

In addition, in order to maintain the financial status of an electronic money card service provider to be financially and commercially stable, credible, and having consumer protection arrangements, the Bank of Thailand shall prescribe the sequential measures when a ratio of net equity to the outstanding balance of funds collected in advance from consumers has steadily declined before reaching the prescribed minimum level, as follows:

(1) When the ratio is less than 12 percent; an electronic money service provider must submit a letter of explanation for reasons and resolution to the Bank of Thailand within 30 days from the last day of the quarter. In this case, the Bank of Thailand may require the service provider to provide its financial conditions and performance improvement plans, and the Bank of Thailand may also prescribe other conditions.

(2) When the ratio is less than 10 percent; the Bank of Thailand may require an electronic money card service provider to make its financial conditions and performance improvement plans and submit such plans to the Bank of Thailand within the prescribed time. In this case, the Bank of Thailand may consider issue additional requirements, or prescribe other rules or conditions.

5.7 Where an electronic money card service provider maintains a ratio of net equity to the outstanding balance of funds collected in advance from consumers less than the ratio as prescribed in article 5.6 because of necessity or extraordinary circumstances, for instance, the ratio has changed as a result of a rapid increase of funds collected in advance from consumers while the electronic money card service provider has a good financial condition and operating performance; the service provider is required to submit the Bank of Thailand an application for exemption from regulations together with reasons and necessity in support of the application. The Bank of Thailand may either grant or reject an exemption, or grant an exemption with conditions in each case on a case by case basis. In this case, the Bank of Thailand shall complete the

consideration within 45 working days from the date receiving the application and completed documents.

5.8 Where an electronic money card service provider has not normally carried out its business for more than 1 year, for consumer protection, the Bank of Thailand shall urge such service provider to resume its operation by applying sequential approaches on a case by case basis. These approaches include submitting a notice to request a clarification letter, requesting for the financial condition improvement plan, requiring the service provider to redeem funds collected in advance from consumers, or proposing the Minister of Finance to temporarily place such service provider's operation whether into a partial or full suspension, or revoke a license.

5.9 In case of necessity or extraordinary circumstances resulting in that an electronic money card service provider fails to comply with the article 5.6 and 5.8, the electronic money card service provider shall submit to the Bank of Thailand a request for an exemption from compliance with regulations together with reasons, necessity, and a specified time period to complete the requirements. The Bank of Thailand may, on a case by case basis, either grant or refuse an exemption, or grant an exemption with conditions imposed on. In this case, the Bank of Thailand shall complete the consideration within 45 working days from the date receiving the request and completed documents.

5.10 An electronic money card service provider shall put in place the operational systems, which allow tracing back the transactions and protecting consumers to transfer funds without making use of its service.

5.11 In case where electronic money card service provider obtains a service relating to information technology or any support functions from another service provider (outsourcing), an electronic money card service provider shall remain responsible for a customer with the continuity, security, and reliability of services as it is responsible for its own services.

An electronic money card service provider shall have proper risk management in selection of service providers, and appropriate procedures of monitoring, assessment and supervise for the services of appointed service providers. In addition, the electronic money card service provider shall enter into a service agreement with its service provider, which determines the rights of internal and external auditors, and also the Bank of Thailand's officer to examine the operations and internal control of the service provider or another service provider or another person.

5.12 An electronic money card service provider shall have security policy over its services which includes system and data access control, customer authentication and non-repudiation, system and data integrity, data confidentiality, system availability,

system monitoring and resolution, and report of loss incident or more than 24 hours of system disruption.

5.13 An electronic money card service provider shall, at least once a year, have its information technology systems examined and evaluated in accordance with policies and measures on security of information system prescribed by the Bank of Thailand; and submit a copy of the examination report to the Bank of Thailand within 30 days from the day completing the examination.

5.14 An electronic money card service provider shall display all information related to service charges, fees, and other expenses of electronic money services effective at that time and in accordance with formats prescribed by the Bank of Thailand. In case of modifications made to fees or conditions, the service provider shall make an announcement of such modifications at all of its branches and customer service points in advance. In case where any modifications impact on consumers' benefit, the service provider is required to notify its consumers by any means, not less than 30 days prior to such modifications to be effective.

In determining service charges, fees and other expense, an electronic money card service provider shall determine in accordance with market mechanism in order to drive competition, and aware of fairness to consumers.

5.15 An electronic money card service provider shall disclose the rules and conditions for electronic money redemption to its consumers. Where redemption request is compliant with the prescribed rules and conditions, the service provider shall redeem electronic money within 15 days from the day the customer submit a redemption request.

5.16 In case consumers have complaints on the electronic money card service, an electronic money card service provider must have in place communication channels and methods designed to receive complaints from the consumers. At least, there must be telephone number and address of office or valid email address. After receiving a complaint, an electronic money card service provider shall examine and notify the complainant of progress and any proposed action. An electronic money card service provider shall clarify the complainant with the complaint handling processes and timeline for resolution of complaints within 7 days after receiving the complaint; such service provider shall also resolve all complaints and promptly report the resolution outcomes to complainant.

5.17 An electronic money card service provider shall proceed as follows:

(1) In case of opening new branch office or relocating or closing down a branch office, an electronic money card service provider shall conduct quarterly

summary reports and submit to the Bank of Thailand within 30 days from the last day of the quarter in accordance with formats prescribed by the Bank of Thailand.

(2) In case of relocating or closing down a branch office, an electronic money card service provider shall notify consumers through at least 2 communication channels within 15 days prior to the proposed implementation of those changes. The electronic money card service provider may notify with electronic or written notice, or announce publicly in newspaper or announcement posted at offices or agents' service points.

5.18 An electronic money card service provider shall conduct and submit to the Bank of Thailand the semi-annual financial statement within 45 days from the end of the reporting period, and shall also submit the annual financial statement audited by certified public accountants within 90 days from the end of the reporting period.

5.19 An electronic money card service provider shall monthly conduct related reports in accordance with formats prescribed by the Bank of Thailand, and submit to the Bank of Thailand within 30 days from the last day of the reporting month, starting with the month of commencing electronic money card business onwards.

6. Transitional Provision

6.1 If electronic money card service provider undertakes its business prior to the date this Notification becomes effective, such service provider shall maintain the ratio between the shareholder's equity and the outstanding balance of the funds collected from consumers as prescribed in this Notification within 180 days from the date this Notification becomes effective.

6.2 If electronic money card service provider is unable to carry on its business more than 1 year-period prior to this Notification becomes effective, such service provider shall resume its operation within 180 days from the date this Notification becomes effective.

7. Effective Date

This Notification shall come into force as from the day following the date of its publication in the Government Gazette.

Announced on 5th July B.E. 2559

(Mr. Veerathai Santiprabhob)

Governor

The Bank of Thailand