

Unofficial Translation

This translation is for convenience of those unfamiliar with Thai language.

Please refer to the Thai official version.

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**Bank of Thailand Notification**

**No. SorNorChor. 7/2561**

**Re: Regulations on Undertaking Electronic Money Service Business**

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**1. Rationale**

Since the provision of electronic money service is to receive money in advance from service users for the payment of goods and services or any other payments in lieu of cash, it is necessary to have additional regulations on money received in advance in order for business providers of electronic money services to have credibility on its financial status, efficiency of its risk management and IT security in business operation, and customer protection.

The Bank of Thailand has therefore prescribed the specific supervisory regulations for business providers of electronic money services to comply, in addition to the notification regarding general regulations on supervision of undertaking designated payment service business.

**2. Statutory Power**

By virtue of Section 19 and Section 24 of the Payment System Act B.E. 2560 (2017), the Bank of Thailand hereby issues the Regulations on Undertaking Electronic Money Service Business, as prescribed in this Notification.

**3. Scope of Application**

This Notification shall be applied to business providers of designated electronic money services under the law governing payment systems.

**4. Content**

**4.1 Definition**

In this Notification,

“Electronic money” means electronic cards that business providers issue for service users, whose name may or may not be specified. The service user shall pay money in advance to the business providers and use such electronic money for payment of goods or services or any other payment in lieu of cash to which the value or the amount of the money paid in advance has been recorded or stored.

“Electronic card” means an electronic card as defined in the criminal code.

“Business provider of electronic money services” means business provider who is licensed or registered to undertake designated electronic money service business under the law governing payment systems.

“Financial institution” means the financial institution under the law governing financial institution businesses.

“Commercial bank” means the commercial bank under the law governing financial institution businesses.

“Specialized financial institution” means the specialized financial institution under the law governing financial institution businesses.

“State enterprise” means the state enterprise established under the specific law.

“Controlling power” means having any relationship in any of the following aspects:

1) Holding voting shares in a juristic person of more than 50 percent of the total voting rights of the legal entity; this includes holding voting shares of the spouse, child or adopted child who is under legal age.

2) Having power to control majority of votes in the shareholder’s meeting of a juristic person; this includes controlling power of the spouse, child or adopted child who is under legal age.

“BOT” means the Bank of Thailand under the law governing the Bank of Thailand.

“Minister” means the Minister of Finance.

## 4.2 Regulations on undertaking electronic money service business

The business providers of designated electronic money services shall comply with the following regulations:

4.2.1 Electronic money services must not have the same characteristics as credit giving.

4.2.2 Electronic money services must be recorded the value of money in Thai baht or in foreign currencies.

4.2.3 Prepare an accounting record for money received in advance from service users separating from other accounts of the business provider of electronic money services, and regularly update the information to be present and accurate. Also business provider must prepare service user's individual account of money received in advance separately and disclose it clearly in the financial statement or noted to the financial statement.

4.2.4 For maintaining money received in advance from the service users, it must be separately retained from other working capital of the business provider of electronic money services and shall be deposited at the commercial banks or specialized financial institutions at any time no less than the outstanding balance of money received in advance. The money shall be deposited in an account separately from other deposit accounts of the business provider of electronic money services, in which it must be free from any obligations and must be utilized only for settlement relating to the provision of electronic money services.

In addition, the deposit account for money received in advance, the business provider of electronic money services must clearly specify the name of the deposit account as the deposit account for money received in advance of the business provider of electronic money services. This is for the benefit of protection of money received in advance according to the law governing payment systems.

In case that the business provider of electronic money services is the commercial bank or specialized financial institution, money received in advance can be kept at its own institution by separating it from other assets and cannot be used for any other purposes.

4.2.5 Shareholder's equity is not less than the paid-up capital as prescribed by law, it shall be calculated on the last day of the quarter and be reported to the BOT within 30 days from the last day of the quarter in accordance with regulations, calculation methods and

conditions as prescribed by the BOT, according to the reporting form attached at the end of this notification.

In a case where the shareholder's equity is less than the paid-up capital as prescribed by law, the BOT shall impose a fine and/or take certain actions on a case by case basis, to prevent potential loss of service users and general public, and to urge business provider of electronic money services to rectify or improve its financial condition in accordance with the regulations.

In addition, in order to ensure the credibility of financial status of business provider of electronic money services, and to prevent the impact on service users, in a case where the equity of business providers of electronic money services is less than the paid-up capital as prescribed by law, the Bank of Thailand shall prescribe the supervisory measures for business provider of electronic money services to implement as follows:

(1) When the shareholder's equity is less than the paid-up capital as prescribed by law, business provider of electronic money services shall submit a letter of explanation for reasons and resolution to the BOT within 30 days from the last day of the quarter. In this regard, the BOT may require business provider of electronic money services to prepare its financial status and performance improvement plan and the BOT may prescribe other conditions as well.

(2) When the shareholder's equity is less than 75% of the paid-up capital as prescribed by law, the BOT shall require business provider of electronic money services to prepare its financial status and performance improvement plan within 30 days from the last day of the quarter and submit such plan to the BOT for approval. In this regard, the BOT may prescribe additional requirements, or other conditions as well.

In case that business provider of electronic money services does not prepare its financial status and performance improvement plan or the plan is not approved by the BOT or the plan cannot be implemented or complied with the prescribed conditions, the BOT may require business provider of electronic money services to undertake any implementation as deemed appropriate, within the defined timeline.

(3) When the shareholder's equity is less than 50 percent of the paid-up capital as prescribed by law, the BOT shall consider to temporarily suspend partial or whole services. In case where the BOT considers that business provider of electronic money services has the financial status or any implementation that may cause damages to the public or the

payment systems of the country, the BOT shall propose to the Minister for his consideration to revoke the license.

For business providers of electronic money services who are under registration, they shall be exempted from regulatory requirements under this clause.

4.2.6 Specify the maximum value of electronic money that can be used per card or per account based on appropriateness to service users and sound risk management.

4.2.7 Provide the systems, processes or registration tools or any other methods in using the electronic money services in order to take care of service users and to limit the most potential damages of value of electronic money in case that the card is lost or stolen when service users requested for it. Business provider of electronic money services shall notify such rules, procedures and conditions to service users in advance.

4.2.8 Disclose the rules and conditions for electronic money redemption to service users. If redemption request is compliant with the prescribed rules and conditions, business provider of electronic money services shall refund service users' money within 15 days from the day service users submit a redemption request.

4.2.9 Provide the methods for service users to check the outstanding balance of electronic money, expiry date and inform such methods to service users.

4.2.10 Have in place the operational systems which prevent service users to transfer funds to each other without using the systems of business providers of electronic money services.

4.2.11 For undertaking additional businesses besides the electronic money service business, it is allowed for only businesses as follows:

(1) Businesses of which certain or all parts relating to or as a result of electronic money services. If such businesses are designated payment systems or designated payment service businesses, the request for registration or license must be proceeded, as the case may be.

(2) Other businesses that support designated payment systems or designated payment service businesses to the extent that they do not cause any potential risks that would impact the core business and money received in advance from service users.

In case that the business provider of electronic money services intend to undertake businesses as specified in Clause (1) and/or Clause (2), they shall submit the request for BOT's approval on case by case basis, together with clarification of principles, reasons and

risk assessments, accompanied by supporting information and documents. The BOT shall complete the consideration within 45 business days from the date receiving the request with completed documents. However, the BOT may either approve or reject the request, or approve with any conditions. The BOT may also temporarily suspend or revoke an approval granted afterwards if it is later found that there is any implementation which is not consistent with the information given for approval or it fails to comply with any requirements prescribed by the BOT.

For business providers of electronic money services who are under registration, they shall be exempted from compliance with this particular regulations.

4.2.12 In case that where the business provider of electronic money services will change controlling power of the entity such as the sale of voting shares by existing shareholders causing the voting shares of other shareholders are exceeding 50 percent of the total voting rights in the company, the business provider of electronic money services shall submit the request for BOT's approval before implementation in writing or by the defined electronic means together with detailed clarification of impact assessment and the potential risks accompanied by supporting information and documents. The BOT shall complete its consideration within 45 business days from the date receiving the request with completed documents.

However, the BOT may either approve or reject the request, or approve with conditions on a case by case basis. The BOT may also temporarily suspend or revoke an approval granted afterwards if it is later found that there is any implementation not consistent with the information given for approval or it fails to comply with any requirements prescribed by the BOT.

For business providers of electronic money services who are under registration, they shall be exempted from compliance with this particular regulations.

#### **4.3 Exemption from compliance with the supervisory regulations for financial institutions, specialized financial institutions and state enterprises due to supervision of specific law.**

Business providers of electronic money services who are financial institutions, specialized financial institutions and state enterprises shall be exempted from compliance with the following regulations:

(1) Having shareholder's equity not less than the paid-up capital, as prescribed in Clause 4.2.5

(2) Undertaking additional businesses besides electronic money service business, as prescribed in Clause 4.2.11

(3) Changing of controlling power of the entity, as prescribed in Clause 4.2.12

#### **4.4 Request for relaxation in compliance with the regulations**

In case that business provider of electronic money services cannot comply with the regulations prescribed in this notification due to the necessity or extraordinary circumstances which may cause the impact on continuity or credibility of electronic money service, business provider of electronic money services shall submit a request for relaxation in compliance with such regulations-together with reasons and necessity to the BOT in writing or by the defined electronic means. The BOT reserves the right to approve or reject the request or approve with additional conditions to be complied with.

#### **5. Transitional provision**

Those who have undertaken the electronic money service businesses prior to the effective date of this notification, if shareholder's equity is less than the paid-up capital prescribed by law in Clause 4.2.5, they shall be exempted from compliance with such regulations. However, they must manage to comply with such regulations within 60 days from the permission date.

#### **6. Effective Date**

This Notification shall come into effect from the 16 April 2018 onwards.

**Announced on 16<sup>th</sup> April 2018**

(Mrs. Ruchukorn Siriyodhin)

Deputy Governor, Financial Institutions Stability

Governor<sup>for</sup>

Bank of Thailand

Payment Systems Policy Department

Tel. 0 2283 5036, 0 2283 6718

### Report of Shareholder's Equity

Institution Code .....

Name of business provider .....

Type of services electronic money services

Quarterly reporting period# ..... B.E.....

Deadline for submission 30 days from the last day of the quarter

Unit: Million Baht

	(1) Shareholder's Equity	(2) Paid-up Capital prescribed by law	(1)/(2)X100 percentage
Shareholder's Equity to Paid-up Capital prescribed by law			



## Criteria, Calculation Methods and Conditions

Description of Report	
Name of report	Shareholder's Equity
Frequency of report submission	Quarterly
Deadline for submission	Within 30 days from the last day of the quarter
Description	<p>This report is the quarterly report of having shareholder's equity equal to the paid-up capital prescribed by law.</p> <p><b>Shareholder's Equity</b> means Shareholder's equity disclosed in the financial statement</p> <p><b>Paid-up capital as prescribed by law</b> means the paid-up capital of e-Money service business according to the BOT notification re: regulations, procedures, and conditions on permission and registration requests for undertaking designated payment service business.</p> <p><b>"Shareholder's Equity to Paid-up capital as prescribed by law"</b> means shareholder's equity divided by paid-up capital as prescribed by law, then calculated as</p> $\frac{\text{Shareholder's Equity}}{\text{Paid-up Capital as prescribed by law}} \times 100 \geq \text{percentage prescribed by the BOT}$ <p>For calculation of such ratio, the following information shall be used:</p> <ol style="list-style-type: none"> <li>1). Shareholder's equity: Use the book value of shareholder's equity from the financial statement as at the end of quarterly reporting period.</li> <li>2). Paid-up capital as prescribed by law for undertaking licensed electronic money service business</li> </ol>