

Unofficial Translation

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

Please refer to the Thai official version.

Bank of Thailand Notification

No. SorNorChor. 12/2561

Re: Services related to Debit Cards Issued and Used Domestically

1. Rationale

Debit card is one of the payment services that is crucial to economic system of Thailand as it is widely used by a large number of service users in everyday life for making payment of goods and services instead of cash and for transferring and withdrawing cash via ATM.

To enhance the security of debit card service and to promote observance of standards to support interoperability of service providers, as well as to encourage competitiveness of the electronic payment services, to promote the issuance and usage of debit cards instead of cash. The Bank of Thailand hence issues a regulation to supervise key issues of the services related to debit cards issued and used domestically, namely common chip card standard, usage of local card brand network and the stipulation of conditions for services relating to debit cards issued and used domestically. This is to strengthen efficiency and reduce both cost of providing and using the service, which will benefit the business operators and service users as well as the overall economy of the country.

2. Statutory Power

By virtue of Section 24 of the Payment Systems Act B.E. 2560 (2017), the Bank of Thailand stipulates regulations for providing services related to debit cards issued and used domestically, as prescribed in this Notification.

3. Scope of Application

This Notification shall be applied to business providers of the designated payment systems and business providers of designated payment services in accordance with the law governing payment systems.

4. Content

4.1 Definition

In this Notification,

“Business provider” means a business provider of designated payment services and a business provider of designated payment systems who have any characteristics or types, as follows:

- (1) Issuer
- (2) Acquirer
- (3) Payment Facilitator
- (4) Inter-institution Fund Transfer System Operator
- (5) Payment Card Network Operator
- (6) Settlement System Operator

“Issuer” means a business provider that provides debit card service and agrees to issue debit cards to those who have consented to be bound by debit card agreement.

“Debit card” means an electronic card that issued by a business provider to its service user for the payment of goods, services or other payment in lieu of cash, or for withdrawing, transferring or undertaking other transactions related to money in accordance with the value of money that such service user has deposited with the business provider.

“Acquirer” means a business provider that provides the service of receiving payment via electronic card by receiving or sending electronic card payment transaction to a payment card network operator who will subsequently switch and forward it to the electronic card issuer. Then the acquirer will pay for goods or services to a merchant, service provider, or Payment Facilitator, who has a mutual service agreement regarding electronic card payments as agreed upon conditions.

“Payment Facilitator” means a business provider that provides the service of receiving payment via electronic card by receiving or sending electronic card payment transaction to an acquirer or another payment facilitator, as the case may be. Then the payment facilitator will pay for goods or services to a merchant, service provider or another payment facilitator, who has a mutual service agreement regarding electronic card payment as upon conditions.

“Inter-institution Fund Transfer System Provider” means a business provider that provides payment system as a center or network for sending and receiving electronic payment transaction data between system users or provides clearing service enabling the system users to provide deposit, withdrawal, fund transfer and payment services to their service users.

“Payment Card Network Provider” means a business provider that provides a center or network for credit cards, debit cards, electronic money or any other electronic cards, for sending and receiving electronic payment transaction data between system users, and provides clearing service and marketing service under its own business brand name to enable system users who are issuers and acquirers in Thailand to provide payment services for such cards.

“Settlement System Provider” means a business provider who provides settlement service to system users, by deducting funds from the deposit account of the system users who are in debtor status or receiving debt payment by any other method as agreed, then adjusting the deposit account of the system users who are in creditor status or making payment by any other method in order to discharge the obligation.

“Common chip card standard” means the Thai common chip card standard stipulated by the BOT, upon taken counsel with the Thai Bankers’ Association, the Association of International Banks and the Council of Specialized Financial Institutions, to be used as the common standard for issuing debit cards by issuers.

“Clearing” means process of receiving, sending, verifying and confirming data on payment instruction to calculate the balance of creditor or debtor position in order to settle the position between creditor and debtor.

“Settlement” means a payment as agreed upon in advance to settle the creditor or debtor position by adjusting the deposit accounts of creditor and debtor using the data from clearing process in order to discharge the obligation.

4.2 Business provider related to debit cards issued and used domestically must comply with the regulations, conditions and procedures for providing services as follows:

4.2.1 Issuer:

- (1) Must use the common chip card standard,
- (2) Must issue cards for local card brand network, except the issuer using its own internal data receiving/sending system,

(3) In case of issuing multi-brand debit card, issuer must display the brand logo on the debit card in accordance with the agreement and take fair code of practice into consideration,

(4) Must provide adequate, clear and accurate information and details related to cost of each type of debit card for service user to be able to properly select the service suitable to its own spending purpose.

In the case where the multi-brand debit card is issued, it must be used via at least single local card brand network.

4.2.2 Acquirer and Payment Facilitator:

(1) Must have equipment or device and system capable of supporting debit cards using the common chip card standard,

(2) Must have equipment or device and system capable of supporting all local card brand networks, except:

(2.1) the Acquirer who provides the service and has notified the BOT prior to the effective date of this Notification that the debit card acquiring service has been using only a single local card brand network, then it can continue to operate within the scope previously notified, or

(2.2) Payment Facilitator,

(3) Must not limit the rights of the merchant or seller of goods or services in selecting debit card network,

(4) Must provide the merchant or seller of goods or services with adequate, clear and accurate information about related fees and service charges.

4.2.3 Inter-institution Fund Transfer System Operator, Payment Card Network Operator and Settlement System Operator must not undertake any action which limits the rights of business provider related to debit cards issued and used domestically or the merchant or service user to choose other debit card network.

4.3 In case of using multi-brand debit card, if the merchant or service user has selected any particular debit card network to process transactions, business provider can charge additional fees or other expenses only for the particular debit card network chosen or used only.

4.4 In providing services related to debit cards issued and used domestically, business provider must only domestically provide the following operations.

4.4.1 Receiving and sending information of debit card transaction between an Issuer and an Inter-institution Fund Transfer System Operator or Payment Card Network Operator who provides service as a transaction switching center or network linkage or provides clearing service,

4.4.2 Receiving and sending information of debit card transaction between an Acquirer and an Inter-institution Fund Transfer System Operator or Payment Card Network Operator who provides service as a transaction switching center or network linkage or provides clearing service,

4.4.3 Receiving and sending information of debit card transaction between a Payment Facilitator and an Acquirer, and receiving and sending debit card transaction between Payment Facilitators,

4.4.4 Providing service as a transaction switching center or network linkage between system users,

4.4.5 Clearing service,

4.4.6 Settlement service.

4.5 In the case where business providers wish to use IT outsourcing for providing service as prescribed under Clauses 4.4.1 – 4.4.6, the business providers shall submit a request to the BOT in writing or by the defined electronic means together with its clarified reason and necessity.

The BOT shall complete the consideration within 45 business days from the date that the request and supporting documents are completely and accurately received.

The application request under the first paragraph shall be applied only for using local IT outsourcing providers, except for the following cases that a business provider may request to use IT outsourcing providers in overseas.

- (1) Receiving and sending information under Clause 4.4.3, or
- (2) Receiving and sending information for the benefit of managing internal information of the Issuer, Acquirer and Payment Facilitator.

In case where an Issuer, an Acquirer or Payment Facilitator is a financial institution or specialized financial institution under the law governing financial institutions businesses and has complied with the IT outsourcing regulations issued under such law, it shall be deemed as the one who is permitted under first paragraph.

4.6 In the event that business providers is not able to comply with the regulations stipulated in this Notification due to necessity or extraordinary circumstances which may affect the continuity or the credibility of the service related to debit cards issued and used domestically, the business provider may submit a request for relaxation in compliance with such regulations with clarified 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 conditions to be complied with.

5. Transitional provision

Debit cards issued and used prior to the effective date of this Notification shall continue to be useable; however, the Issuer must replace these debit cards with ones that comply with the regulations, procedures and conditions stipulated under Clause 4.2 upon the expiry of such cards or service user's request for a new card.

6. Effective Date

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

Announced on 16th April 2018

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