

Unofficial Translation

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Notification of the Bank of Thailand

No. FPG. 10/2564

Re: Regulations on Accepting Deposits of Money or Accepting Money from the Public
for Finance Companies and Credit Foncier Companies

1. Rationale

Accepting deposits of money or accepting money from the public are important transactions for which finance companies and credit foncier companies must have good internal control and risk management systems in place, to prevent losses or adverse impact on the business operations of finance companies, credit foncier companies, the financial institution system, as well as the interests of customers and the public. Therefore, the Bank of Thailand has issued regulations on accepting deposits of money or accepting money from the public for finance companies and credit foncier companies to comply with. Finance companies and credit foncier companies are required to have appropriate internal control systems to guide their business operations and protect their customers' interests, especially in providing depositors or the public with important information that are complete, accurate, and adequate to enable decision-making for a transaction.

In essence, this revision of the regulations on accepting deposits of money or accepting money from the public for finance companies and credit foncier companies adds a channel for finance companies and credit foncier companies to pay or repay deposits by transferring money into the payee's account, in accordance with the written contract between the finance company or credit foncier company and the payee. This is an addition to the earlier regulation that only permitted payment or repayment by cheques or via the BAHTNET service of the Bank of Thailand. Additionally, parts of the content have been revised for clarity and to be in line with current circumstances.

2. Statutory Power

By virtue of Section 36, Section 39, Section 41, and Section 46 of the Financial Institution Business Act B.E. 2551 (2008), the Bank of Thailand hereby issues the regulations on accepting deposits of money or accepting money from the public for finance companies and credit foncier companies to comply with.

3. Repealed Notifications

3.1 Notification of the Bank of Thailand No. FPG. 9/2555 Re: Regulations on Accepting of Deposits of Money or Accepting Money from the Public for Finance Companies dated 21 June B.E. 2555 (2012)

3.2 Notification of the Bank of Thailand No. FPG. 10/2555 Re: Regulations on Accepting Deposits of Money or Accepting Money from the Public for Credit Foncier Companies dated 21 June B.E. 2555 (2012)

4. Scope of Application

This notification shall apply to all finance companies and credit foncier companies according to the law on financial institution business.

5. Content

5.1 Definitions

In this Notification,

“Bill” means a bill of exchange and a promissory note issued by a finance company in order to mobilize funds from the public according to the law on securities and exchange or on borrowing of money.

“Money transfer service provider” means an operator of a money transfer system or money transfer service business that is licensed or registered according to the law on payment systems.

5.2 Principles

5.2.1 A finance company may accept deposits of money or accept money from the public by means of a savings account, fixed deposit account, deposit receipt, certificate of deposit; and borrow through issuing bills.

5.2.2 A credit foncier company may accept deposits of money or accept money from the public by means of a deposit account and deposit receipt; and borrow through issuing other debt instruments that are not bills of exchange or promissory notes, which shall be subject to withdrawal at the end of a specified period of no less than 1 year.

In accepting deposits of money or accepting money from the public, finance companies and credit foncier companies must have in place appropriate internal controls, and must provide depositors or the public with important information that are complete, accurate, and adequate to enable decision-making for a transaction.

5.3 Accepting deposits of money or accepting money from the public by finance companies

In undertaking the business of accepting deposits of money or accepting money from the public subject to withdrawal on demand or at the end of a specified period, which is not accepting deposits of money or accepting money into accounts withdrawable by cheques; and in undertaking businesses related to accepting deposits of money or accepting money from the public, finance companies shall comply with the Notification of the Bank of Thailand Re: Regulations on Know Your Customer (KYC) for Deposit-account Opening at Financial Institutions and the following regulations.

5.3.1 Accepting deposits of money by issuing a passbook or deposit receipt

In the case where finance companies accept deposits of money subject to withdrawal on demand in the form of savings account or at the end of a specified period, whereby a passbook or deposit receipt is issued for the customer as evidence of accepting deposits, finance companies shall comply with the following regulations:

(1) Finance companies shall not accept money or provide withdrawal service at places outside their offices and out of office hours, unless permission is granted by the Bank of Thailand;

(2) Finance companies may transfer money into deposit accounts, and take salaries into deposit accounts;

(3) Finance companies may undertake businesses related to deposit accounts, namely, accepting utility payments, and accepting credit card and other loan payments, in compliance with the Notification of the Bank of Thailand Re: Permission for Finance Companies and Credit Foncier Companies to Provide Supporting Services and Other Services or other related notifications.

5.3.2 Accepting deposits of money by issuing certificates of deposit

In the case where finance companies accept deposits of money by issuing certificates of deposit as evidence of accepting deposits of money and to certify that the instruments' holders are entitled to receive their deposits back at the end of a specified period, finance companies shall comply with the following regulations:

(1) Issue certificates of deposit in Thai Baht and sell to Thai residents;

(2) Finance companies may issue certificates of deposit in foreign currencies if the certificates of deposit are sold to commercial banks which are licensed as permitted entities under the law on exchange control. The certificates shall contain the wording "non-transferable" or other wordings of the same meaning on the front side. Finance companies shall also strictly comply with laws, notifications, circulars, and regulations under the law on exchange control and measures to prevent Thai Baht speculation of the Bank of Thailand;

(3) Set measures to prevent counterfeit and alteration of wordings on certificates of deposit. Certificates of deposit issued by finance companies shall meet the minimum standard, which is to use security paper such as paper produced in accordance with the London Clearing Banks Paper Specification No. 1 standard, along with a watermark embedded in the paper;

(4) Record real names and addresses of depositors in the register of certificates of deposit, regardless of whether or not the certificates of deposit are issued with holders' names specified;

(5) Shall be able to verify the accuracy and authenticity of certificates of deposits issued by the finance company, when a request is made;

(6) **May** offer certificate safekeeping services to customers, **while segregating the unit responsible for safekeeping the certificates of deposit from the unit responsible for issuing the certificates of deposit.** This shall be in compliance with Notification of the Bank of Thailand Re: Permission for Finance Companies and Credit Foncier Companies to Provide Supporting Services and Other Services or other related Notifications;

(7) In the case where finance companies that issue certificates of deposit appoint other finance companies, commercial banks, or securities companies to buy or sell such certificates of deposit on their behalf, they shall notify their customers of the names of their appointed agents, and set conditions for the agents to announce the buying and selling prices, as well as to buy and sell according the announced prices as normal course of business.

Finance companies may buy, sell, or exchange certificates of deposit issued by any other finance companies or commercial banks, or those issued by themselves.

5.3.3 Accepting money from the public by issuing bills

In the case where finance companies accept money from the public by issuing bills, finance companies may only issue bills defined as prescribed in this Notification. Also, in issuing bills as evidence of accepting money from the public and to certify that billholders are entitled to receive their money back at the end of a specified period, finance companies shall comply with the following regulations:

(1) Issue bills for accepting money from the public without paying discount;

(2) Bills issued by finance companies shall specify the names of payees, be issued in Thai Baht, be sold to Thai residents, and “protest not necessary” or other wordings of the same meaning shall be stipulated on the bills;

(3) Finance companies may issue bills in foreign currencies only when borrowing from commercial banks which are licensed as permitted entities under the law on exchange control. The bills shall contain the wording “non-transferable” or other wordings of the same meaning on the front side of the bills. Finance companies shall also strictly comply with laws, notifications, circulars, and regulations under the laws on exchange control and measures to prevent Thai Baht speculation of the Bank of Thailand;

(4) May offer bill safekeeping services to customers, while ensuring that the unit responsible for safekeeping the bills are strictly segregated from the unit responsible for the buying and selling of bills. Also, finance companies may be the registrar of bill transfer for bills issued by themselves. They shall also comply with the Notification of the Bank of Thailand Re: Permission for Finance Companies and Credit Foncier Companies to Provide Supporting Services and Other Services, or other related Notifications;

(5) Finance companies shall not buy bills of which they are the drawer or issuer, and may not repay the bills prior to the stipulated date;

(6) Shall be able to verify the accuracy and authenticity of bills of which the finance company is the drawer or issuer, when a request is made.

In this regard, finance companies shall comply with the Notifications of the Securities and Exchange Commission on issuing and offering debt instruments, Notification of the Capital Market Supervisory Board Re: Application and Approval for Offer for Sale of Newly Issued Debt Securities, as well as other related regulations under the law on securities and exchange.

5.4 Accepting deposits of money or accepting money from the public by credit foncier companies

In undertaking the business of accepting deposits of money or accepting money from the public subject to withdrawal at the end of a specified period, credit foncier companies shall comply with the Notification of the Bank of Thailand Re: Regulations on

Know Your Customer (KYC) for Deposit-account Opening at Financial Institutions, and the following regulations.

5.4.1 Accepting deposits of money by issuing passbook or deposit receipt

In the case where credit foncier companies accept deposits of money subject to withdrawal at the end of a specified period whereby a passbook or deposit receipt is issued for the customer as evidence of accepting deposits, credit foncier companies shall comply with the following regulations:

(1) Credit foncier companies shall specify a repayment period of no less than 1 year, with the minimum amount of 1,000 baht. Withdrawal of such deposits prior to end of the first year period or repayment prior to the end of the first year period is not permitted;

(2) Credit foncier companies shall not accept deposits of money or provide withdrawal service at places outside their offices and at out of office hours unless permission is granted by the Bank of Thailand.

5.4.2 Accepting money from the public by issuing borrowing documents or debt instruments

In the case where credit foncier companies accept money from the public by means of issuing borrowing documents or debt instruments, credit foncier companies may do so by issuing borrowing documents or debt instruments that are not bills of exchange or promissory notes and shall be subject to withdrawal at the end of a specified period of no less than 1 year without paying discount.

In this regard, credit foncier companies shall comply with the Notification of the Capital Market Supervisory Board on issuance and offer for sale of debt securities, Notification of the Capital Market Supervisory Board Re: Application and Approval for Offer for Sale of Newly Issued Debt Securities, as well as other related regulations under the law on securities and exchange.

5.5 Practices on interests, discounts, and service charges

Finance companies and credit foncier companies shall comply with regulations on interests, discounts, and service charges related to deposits of money, money accepted from the public, and borrowing as stipulated in the Notification of the Bank of Thailand Re: regulation on practices regarding interests, discounts, service charges and penalties for finance companies; regulations on practices regarding interests, discounts, service charges and penalties for credit foncier companies and the amendments thereafter, as the case may be.

5.6 Accepting and paying money

5.6.1 Accepting money

(1) In the case where customers are required to transfer money into an account, the customers shall directly transfer money into the account of the finance company or credit foncier company;

(2) In accepting money by cheques, there must be a crossing on the cheque to specify that it is to the finance company or the credit foncier company's account.

5.6.2 Paying money

(1) In paying interests for deposits subject to withdrawal on demand in the form of savings account, finance companies shall put money into deposit accounts of depositors at the end of each accounting period **or as stipulated in the contract.**

(2) In repaying deposits of money or money accepted from the public, finance companies and credit foncier companies may do so by means of cheques with a "Account Payee Only" or "&Co" crossing; or they may transfer money **to depositors' accounts opened at financial institutions or specialized financial institutions through the service of money transfer service providers** or via the BATHNET service of the Bank of Thailand; **or transfer money into the payees' account by any other means as agreed in the written contract between the finance company or credit foncier company and the customer,** as the case may be.

For repayment in the case where certificates of deposit and bills reach their due date, finance companies shall stamp “Paid” on the front side of such certificates of deposit or bills. For certificates of deposit or bills without the holders’ names specified, names, and addresses of the money receivers shall be recorded as shown on their government-issued official documents on the front side of such certificates of deposit or bills.

5.7 Internal control system

Finance companies and credit foncier companies shall have in place internal control systems for procedures related to transactions of accepting deposits of money and accepting money from the public that are appropriate and meet generally accepted standards. There shall be rules on internal control that are complete, accurate, up to date, and ready to be examined by the Bank of Thailand or submitted to the Bank of Thailand upon request. In this regard, the internal control systems of finance companies and credit foncier companies shall cover the management of important documents, deposit account opening, issuing certificates of deposit and bills (for finance companies) and be in accordance with the regulations on internal controls regarding accepting deposits of money or accepting money from the public as prescribed in the Attachment of this Notification.

5.8 Consumer protection

Finance companies and credit foncier companies shall comply with the Notification of the Bank of Thailand Re: Market Conduct, especially in parts pertaining to providing customers with important information so that customers know and clearly understand all requirements and risks that may arise.

Additionally, finance companies **and credit foncier companies** shall ensure that customers understand and clearly indicate that bills and other debt instruments that are not bills are **products** of which principals and interests are not protected under the law on the Deposit Protection Agency.

6. Effective Date

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

Announced on 20th July 2021

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Governor

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**Regulations on establishing internal controls for accepting deposits of money or
accepting money from the public**

1. Management of important documents including blank forms

1.1 Set rules and procedures for the storage and requisition of important documents including unused blank forms such as passbooks, deposit receipts, certificates of deposit, bills, account opening application forms and transparent papers. Control registry shall remain up to date and contain details on dates and number of items received, dates and number of items requisitioned, and outstanding total. Also, there shall be officers clearly designated to be responsible for the requisition of important documents and blank forms. In every requisition, such responsible officer shall co-sign their name as evidence, in conjunction with the officer responsible for the storage of important documents and blank forms.

For finance companies that issue certificates of deposit and bills, the blank forms of the certificates of deposit and bills shall be stored in a vault under the supervision of specifically assigned officers.

1.2 Check the outstanding total of important documents and blank forms and reconcile with the number on the control registry at least once a month.

2. Accepting deposits of money by issuing passbooks or deposit receipts

2.1 Designate officers entitled to make or approve transactions such as opening accounts, closing accounts, accepting deposits for or withdrawal from dormant accounts. Also, set transaction amount limits for officers at each level; maximum limit for tellers' cash on hand; control measures for requisitions and cash dispatch to cashiers; and requirements for deposit account opening, accepting deposits of money, withdrawals, money transfers and deposit account closing.

2.2 Set requirements to examine and set apart dormant accounts, and carefully monitor transactions of dormant accounts.

2.3 Set requirements to conduct special reports for control and examining by management executives. For example, high-amount transactions, significant transactions requiring approval, and non-numerical transaction amendments.

3. Accepting deposits of money or accepting money from the public by issuing certificates of deposit and bills (for finance companies)

3.1 Designate and disclose the list of officers authorized to sign certificates of deposit and bills, including their signature specimen in a conspicuous place at the office of the finance companies.

3.2 Issuing certificates or bills, as the case may be, shall be run in order according to the number of the of the certificates of deposit or bills which were pre-printed by the printing house, or finance companies may print other additional numbers or codes for reference purposes. If certificates of deposit or bills are canceled, the wording "Canceled" shall be stamped on the front side of such certificates of deposit or bills, and they shall be stored for future control and examination purposes.

3.3 Make a control registry for the issuance of certificates of deposit and bills. Details shall at least comprise the date of issuance, number, customers' name and address, face value amount, due date, interest rate, and issuing managers of such instruments (if any). For bills, they shall be specified whether they are transferable.

In issuing non-transferable bills, finance companies shall set each customer's account individually, with details at least comprising the date recorded, bill number, face value amount, and total balance.

3.4 Set a control account to monitor the current outstanding balance of certificates of deposit and bills. The balance in the individual accounts in 3.3 shall be checked with the control account for accuracy at least once a month.