



BANK OF THAILAND NEWS

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Bank of Thailand to focus on Financial and Monetary Stability

Bangkok – September 4th, 2000 – The Bank of Thailand (BOT) announced as part of its annual management review the new strategic direction for the Bank of Thailand which focuses on ensuring financial and monetary stability while continuing to improve efficiency and communications. The new strategy has been approved by the Court of Directors and is effective as of the 31st August, 2000.

Mrs. Tanya Sirivedhin, Deputy Governor of the BOT, said “The revised strategic direction is an output of the bank’s new annual planning and budget process developed as part of BOT’s Modernization Program. The process allows the BOT to adapt its strategic direction given the changing economic and financial developments both in Thailand and around the world.”

In 1999, the Bank of Thailand initiated the Modernization Program. The first changes included organizational restructuring in line with its newly defined Strategic Direction namely its core purpose, vision, values, strategic objectives and strategy for 1999 - 2000.

The aim of the program is to modernize the bank and its ability to proactively adapt to the changing environment. As part of annual plan development for 2001, senior management conducted a review of current strategic objectives and supporting strategies based on considerations of critical emerging issues and stakeholders views.

For next year, the bank’s strategic objectives retain focus on ensuring financial and monetary stability while continuing to improve efficiency and communications, specifically:

1. Ensure monetary stability
2. Ensure financial system stability and competitiveness

3. Improve efficiency and effectiveness
4. Embed new corporate values and behaviours
5. Improve internal and external communications

In addition to the establishment of a new annual planning process, the focus of the Modernization Program is currently on the following improvement initiatives:

- Reengineer Financial Markets Operation Group
- Reengineer Supervision Group
- Reengineer Note Issue Group
- Reengineer Deposits and Debt Instruments Group

To ensure monetary stability, new strategies include “increase the availability and use of financial products” and “develop contingency plans to prepare for possible political instability” to strengthen the bank’s ability to implement monetary policy and its responsiveness to changes in external factors.

Several changes and additions are also made to ensure financial system stability and competitiveness especially in the area of e-commerce. A “new forward-looking e-commerce policy for the financial system” and “ a clear payments system strategy to facilitate e-commerce transactions in Thailand” will be developed. In addition, the bank’s capability to examine financial institutions undertaking e-commerce activities will be strengthened.

In the area of communications, the central bank plans to improve its internal communication processes, information and knowledge sharing between groups. Working relationships and teamwork with external stakeholders are also emphasized to ensure transparent, proactive, timely and effective communications.

To ensure effective implementation, all groups will convert these strategies into action plans to be implemented next year.

The Bank of Thailand will provide regular updates on the progress of the various modernization and reengineering projects.

Bank of Thailand

4 September 2000

BOT 2001 Strategic Objectives/Strategies

1. Ensure Monetary Stability detailed strategies as follows:

- 1.1 Sustain high-quality economic analysis and research
- 1.2 Enhance market intelligence and trading capability
- 1.3 Develop the infrastructure to support a long-term debt market, short-term money market instruments and FX market
- 1.4 Increase the availability and use of additional financial products
- 1.5 Partner with other institutions to clear current “ roadblocks”
- 1.6 Prepare contingency plan to prepare for possible political instability

2. Ensure Financial System Stability and Competitiveness detailed strategies as follows:

- 2.1 Formulate financial services industry vision and implement Financial Sector Master plan
- 2.2 With an aggressive schedule, apply international standards in supervising financial institutions
- 2.3 Require adequate disclosure and proper risk management by financial institutions
- 2.4 Work with financial institutions to strengthen them and improve their overall competitiveness

- 2.5 Manage the strengthening of weak banks, formulate exit policy and infrastructure
- 2.6 Deter improper behavior
- 2.7 Prepare for the timely implementation of deposit insurance
- 2.8 Develop mechanisms to minimize the costs of systemic instability
- 2.9 Strengthen both strategic and operational capabilities through selective hiring, staff exchange and development and training
- 2.10 Develop a forward-looking e-commerce policy for the financial system
- 2.11 Enhance capabilities in relation to the examination of e-commerce activities
- 2.12 Develop a clear payments system strategy to facilitate e-commerce transactions in Thailand

3. **Improve Efficiency and Effectiveness** detailed strategies as follows:

- 3.1 Streamline operations to core central bank functions
- 3.2 Improve internal operations by re-engineering processes and leveraging information and communication technology
- 3.3 Overhaul all internal BOT rules and regulations
- 3.4 Emphasize results-driven performance
- 3.5 Implement HR strategy and re-engineer HR processes
- 3.6 Improve IT capability
- 3.7 Improve organizational management capabilities
- 3.8 Improve staff competence

4. **Embed New Corporate Values and Behaviors** detailed strategies as follows:

4.1 Reinforce OTEACH through incentives /disincentives

4.2 Encourage information and knowledge sharing

4.3 Develop commitment to change at all levels

4.4 Improve managerial/leadership skills

4.5 Implement corporate culture change projects

5. **Improve Internal and External Communications** detailed strategies as follows:

5.1 Improve and formalize coordination and communication processes both within and across departments

5.2 Develop systems to facilitate information and knowledge sharing across BOT

5.3 Improve working relationships and teamwork between BOT and external stakeholders.

5.4 Improve media relations

5.5 Improve the quality and timeliness of information released to the public