



BANK OF THAILAND NEWS

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The 1st BIMST-EC Sub-sector Meeting on Banking Arrangements

The Bank of Thailand hosted the first Sub-sector Meeting on Banking Arrangements under the BIMST-EC initiative. BIMST-EC, which stands for Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation, was established with the purpose of enhancing economic, social and research cooperation among member countries.

Under BIMSTEC's cooperative framework, six sectors were identified as major areas of cooperation, namely Trade and Investment, Technology, Transportation and Communication, Energy, Tourism, and Fisheries. The sub-sector on Banking Arrangements is listed under the Trade and Investment Sector.

The first BIMST-EC Sub-sector meeting on Banking Arrangements, chaired by Deputy Governor for Monetary Stability, Mr. Pakorn Malakul na Ayudhya, was held on 23 July 2002 at the Bank of Thailand. The meeting was attended by deputy governors from Bangladesh, Sri Lanka, India and the first secretary from the Embassy of the Union of Myanmar in Bangkok.

At the meeting, delegates discussed and exchanged views on the recent financial system development in their respective economies and the development as well as operations of microfinance activities. Microfinance is defined as "the provision of a broad range of financial services to poor and low-income households and their micro-enterprises. The meeting also exchanged views on the operations of the Asian Clearing Union (ACU), a regional facility established to settle payments of current international transactions. The Asian Clearing Union's main objective is to facilitate the expansion of trade flow among member countries and promote the use of participants' currencies in settling current account transactions, thus reducing the dependency of member countries on hard currencies, such as the USD and the EURO. Currently, four BIMST-EC members are members of the ACU - namely Bangladesh, India, Myanmar, and Sri Lanka.

The meeting agreed, in principle, to establish the Technical Assistance Programme under the Banking Arrangements Sub-sector. Under this programme, member countries can request technical assistance through the exchange of experts on issues of mutual interests as well as the establishment of working groups to undertake studies on subjects that member countries deem appropriate.

The meeting agreed to hold a meeting at the deputy governors' level once a year, with the next meeting scheduled in March 2003. The chair country shall rotate on a voluntary basis.

Bank of Thailand

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