



BANK OF THAILAND NEWS

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On the Appointment of the Thailand Post Co., Ltd. as a Deposit Agent

The Bank of Thailand (BOT) has issued a notification specifying principles and processes by which a commercial bank may appoint a third-party agent to take deposits and make withdrawals for account holders on behalf of the bank.

The objective is to facilitate general access of the public at large to basic banking services, i.e. deposits, withdrawals, and transfers, especially in remote areas, by best utilising the existing financial institution and post office networks.

Main substances are as follows:

1. **Service Provider:** A commercial bank may designate Thailand Post Co., Ltd. or a joint venture company between the bank and Thailand Post Co., Ltd. as a deposit agent.

2. **Services:** Said deposit agent may take deposits and make withdrawals for accounts already opened, transfer funds into third-party accounts, and provide document delivery between the *designating* bank and its clients, but not allowed to engage in opening new accounts nor authorising loans.

3. **Principles and Processes:** The designating bank must clearly specify a set of principles and processes by which it designates a deposit agent, the minimal of which must include: details on determining, for each transaction, the date of transaction and the day from which interest begins to accrue, means of documenting evidence of transactions between clients and deposit agent, as well as the necessary internal control and risk management systems involved.

4. Key Items of Contracts: In making the deposit agent contract, the designating bank must not in any way obstruct or prevent Thailand Post Co., Ltd. from providing deposit agent services to other commercial banks. The services under contract may not be subcontracted or transferred onto another contracting agent. Moreover, such deposits, withdrawals and transfers may take place only on the Thailand Post Co., Ltd. premises or within its branches.

5. Forming Joint Venture Company: Although the BOT does not prohibit a commercial bank from investing or holding shares in Thailand Post Co., Ltd. or in the joint venture, the requirement on seeking BOT approval for investment exceeding 10 percent under Section 12(5) of the Banking Act still applies.

Please note that designating another commercial bank to act as deposit agent is already possible under the circulation No. BOT. FPG.(31)C. 1959/2545 dated 21 August 2002 and that BOT has not permitted banks to designate any other types of entities as deposit agents.

**Bank of Thailand
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