



BANK OF THAILAND

**BOT Press Release**

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**Signing of a Memorandum of Understanding between Bank of Thailand and Bank Negara Malaysia to enter into a Cross-border Collateral Arrangement**

Dr. Prasarn Trairatvorakul, Governor of the Bank of Thailand (BOT), and Dr. Zeti Akhtar Aziz, Governor of Bank Negara Malaysia (BNM), jointly announced the signing of a Memorandum of Understanding (MoU) to enter into a cross-border collateral arrangement to facilitate a reciprocal operational arrangement aimed at enhancing liquidity facilities to financial institutions in both countries.

The signing of the MoU underlines the recognition by both central banks towards the growing presence of cross-border banking and the importance of trade-linkages between the two countries. This collaboration will further support both central banks in preserving monetary and financial stability, as well as strengthen the cooperation of both countries in the area of domestic liquidity management.

Under this arrangement, eligible financial institutions operating in Malaysia may obtain Malaysian Ringgit (MYR) liquidity from BNM by pledging Thai Baht (THB) or Thai government and central bank debt securities with BNM. Similarly, eligible financial institutions operating in Thailand may obtain THB liquidity from BOT by pledging MYR or Malaysian government and central bank securities.

Dr. Zeti Akhtar Aziz, Governor, BNM, commented that “This initiative will further strengthen cross-border liquidity management in our financial systems and reinforce our financial and economic ties. This arrangement will also support the expanding regional activities of our financial institutions and will further enhance our regional financial linkages.”

Dr. Prasarn Trairatvorakul, Governor, BOT, remarked that “The reciprocal cross-border collateral arrangement between BNM and BOT will serve as a basis upon which further financial and economic collaboration can be established. It also marked the recognition of the importance of cross-border banking operations and the facilitating role of both central banks. This is yet another important step as part of our plan towards further regional and global financial integration.”

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