



BANK OF THAILAND



**BOT Press Release**

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**Local Currency Settlement Framework by Bank Negara Malaysia and Bank of Thailand**

Bank Negara Malaysia and Bank of Thailand today announce the operationalisation of a local currency settlement framework as part of the continuous efforts to promote the use of ringgit and baht for settlement of bilateral trade between the two countries. This is pursuant to the memorandum of understanding signed between the two central banks in August 2015.

The introduction of the framework allows for greater efficiency in accessing the local currencies and managing exchange rate risks arising from trade transactions. With the framework, Malaysian and Thai businesses will be able to effectively source ringgit and baht from the respective banks in their home countries to settle trade transactions.

Bank Negara Malaysia and Bank of Thailand have appointed the following banks in Malaysia and Thailand to support the operationalisation of the framework.

- Malaysia      Bangkok Bank Berhad  
                         CIMB Bank Berhad  
                         Malayan Banking Berhad (Maybank)
- Thailand      Bangkok Bank Public Company Limited  
                         CIMB Thai Bank Public Company Limited  
                         Kasikornbank Public Company Limited

Given that this is a pilot project, only banks that fulfill key qualifications are selected to ensure success and smooth operations of the project. These qualifications include strong business links between both countries, presence of branches in both countries or high volumes of trade in ringgit and baht. In addition, these banks have been granted the necessary flexibilities to provide a greater range of financial services which include ringgit and baht deposits, trade financing and hedging products.

The establishment of the framework marks a key milestone in strengthening financial cooperation between Bank Negara Malaysia and Bank of Thailand.

See also: Frequently asked questions (as attached)

Bank Negara Malaysia

Bank of Thailand

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