



BANK OF THAILAND



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**Subject : Collaboration on Adopting Standardized QR Code for e-Payment**

The Bank of Thailand (BOT), the major payment card network providers, namely American Express, JCB International (Thailand), Mastercard, UnionPay International and VISA, together with financial service providers in Thailand, including Thai Bankers' Association (TBA), the Government Financial Institutions Council, Association of International Banks, Thailand Electronic Payment Association, the Telecommunications Association of Thailand under the Royal Patronage, National ITMX Company Limited, and Thai Payment Network Company Limited, jointly announced their collaboration to adopt QR Code standard for payments on 30<sup>th</sup> August 2017 in a press conference, where exhibition booths were set up to demonstrate how to make payment using QR Code and a seminar on “QR Code, the New Era of e-Payments” was held. QR Code payment services are expected to be widely available within the 4<sup>th</sup> quarter of 2017.

Dr. Veerathai Santiprabhob, Governor of the Bank of Thailand stated that, the BOT has continually been promoting electronic payment (e-Payment) developments, by means of driving National e-Payment Master Plan, converting ATM and debit cards into Chip cards, elevating security protection in payment transactions via mobile devices, adopting the principles of Regulatory Sandbox to support financial service innovation, and introducing Payment Systems Act for the oversight of payment service providers. Today is a remarkable milestone for which the standardized QR Code for payments is being adopted in Thailand, and the first time that the five major payment card network providers and Thai financial service providers have collaborated and agreed to adopt such standard. This partnership will help reduce redundancy of multiple QR Code standards in the country and provide opportunities for further development of e-Payment.

The adoption of standardized QR Code for payments has four major principles and benefits: (1) The standard is compatible with the international standard, thus, it is open to all service providers and users, and can support domestic and cross-border payment transactions. Only one QR Code is sufficient for a merchant to receive fund from various sources. (2) The QR Code payment will bring about more efficient and less expensive payment channel for consumers and merchants. This helps facilitate bookkeeping process and reconciliation of payment and business transactions to be much easier than cash transactions (3) Card payment security will be enhanced since card owners do not require to give the physical card or card information to merchants. In addition, the system for QR Code payment is also developed on the existing secure payment infrastructure. (4) The standard will encourage further development of financial

innovations, and e-Payment allows SMEs to have their payment data collected in a systemic way which can potentially be used for various purposes, including lending and borrowing. Financial institutions in many countries have started to leverage alternative data for information based lending, instead of requiring assets as collateral. This will overcome the hurdles in granting loan to SMEs that traditionally rely solely on collateralization.

The five payment card network providers are pleased to take part in establishing and promoting the QR Code standard in Thailand to create a strong e-Payment environment which will benefit merchants and consumers. Payment service providers in Thailand also agree to adopt such standard on their payment services, enhancing service accessibility, expanding customer choices for making payments, and improving customer services to become modern, efficient, fast and secure.

In order to develop QR Code for payment services, the BOT has opened for service providers to submit their projects for consideration in the central bank's Regulatory Sandbox. This aims to ensure the interoperability, accuracy of payment transactions and consumer protection. At the moment, two financial institutions are testing their services in the Regulatory Sandbox and six financial institutions are in the application process. The QR Code payment services will be gradually launched by service providers based on their readiness.

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