



BANK OF THAILAND

BOT Press Release

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The BOT issued the Circular for the Undertaking of Digital Personal Loan Business

On 15 September 2020, the Bank of Thailand (BOT) issued the Circular Re: Rules, Procedures and Conditions for the Undertaking of Digital Personal Loan Business. The Circular is released in order to promote financial access, especially for those who do not have regular income, those without proof thereof, or those without collateral. Usage of alternative data for credit analysis in loan approval process is expected to play a key role.

Mr. Veerathai Santiprabhob, Governor of the BOT, revealed that Digital Personal Loan is a type of Personal Loan under Supervision which requires lenders to leverage alternative data, e.g. utility and mobile phone bill payment behaviors or earning and spending behaviors on e-commerce platforms, in assessing the borrower's ability or willingness to repay the loan. In addition, lenders must digitize lending processes, including loan disbursement, debt repayment and disclosure of relevant information such as interest rates, fines, fees and loan outstanding.

Lenders may grant Digital Personal Loan with the maximum credit line offered to each borrower not exceeding 20,000 baht, with the repayment period not exceeding 6 months, and no limitation on borrowing purposes. Interests charged together with fines, service charges, and any related fees on Digital Personal Loan must not exceed 25 percent per annum (effective rate).

Digital Personal Loan will help those who do not have regular income, those without proof thereof, or those without collateral, to better access credit from the formal financial institutions. The use of digital technology and alternative data will also help lenders reduce operating costs, while increasing efficiency. Through the use of digital products, digital footprints would be created which will pave way to other financial services.

The business operator of Personal Loan Business under Supervision intending to undertake Digital Personal Loan Business must notify the BOT before commencing its business, and be able to demonstrate a Minimum Viable Product (MVP) that meets requirements as set by the BOT.

Bank of Thailand
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