



BANK OF THAILAND

BOT Press Release

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**The Bank of Thailand Announces the Launch of
Digital Factoring Ecosystem Development Project to facilitate micro SMEs financing**

The Bank of Thailand (BOT) announces the launch of the Digital Factoring Ecosystem Development Project to promote SMEs financing. Micro SMEs can obtain funding using digital invoice and the receivables thereof as collaterals, i.e. “Digital Factoring.” The development of necessary infrastructure is expected to be completed and opened for wider adoption by early 2021.

Ms. Pirajit Padmasuta, Senior Director of Financial Institutions Strategy Department, BOT, said that the BOT viewed factoring as an important tool to help SMEs access funding. However, the use of factoring has not been widespread, especially among micro SMEs who are not first-tier suppliers to large corporate buyers, because factors are concerned about fraudulent invoices and double financing of invoices. The BOT therefore initiated the Digital Factoring Ecosystem Development Project to help digitize factoring processes, reduce the aforementioned problems, and lower the barriers to factoring services for micro SMEs

Mr. Thammarak Moenjok, Director of Financial Institutions Strategy Department, BOT, said the BOT recently organized Design Workshop to brainstorm ideas from various stakeholders from both the public and private sectors. On September 18, 2020, the BOT released Consultation Paper on the Development of Ecosystem for Digital Factoring to communicate and seek opinions from the public. These opinions will serve as important inputs into the design of pertinent infrastructure. In addition, the BOT recently engaged with both public and private institutions to develop proof-of-concept for Digital Factoring-related processes. The testing together with the development of infrastructure are expected to be completed by 2020 before the project goes for live production and opens for wider adoption in early 2021.

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