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Summary of Feedback on BOT Consultation Paper
“Repositioning Thailand’s Financial Sector for a Sustainable Digital Economy”

The Bank of Thailand (BOT) published a consultation paper outlining a policy framework on repositioning Thailand’s financial sector for a sustainable digital economy which was open for feedback from stakeholders and the public during 1–28 February 2022. **Most of the comments agreed with the guiding principle to strike the appropriate balance between promoting innovation and managing risks amid the transition to the digital economy and sustainable growth.** The three policy directions following the above principle include (1) leveraging on technology and data to drive innovation through 3 Open’s (Open Competition, Open Infrastructure and Open Data), (2) managing the transition towards digital economy and sustainability, and (3) shifting from stability to resiliency in terms of supervisory framework and safeguarding the financial system from emerging risks. **Additionally, most feedback pointed to the significant challenge of implementing such policies to deliver concrete and positive results.** Recommendations and comments are summarized here:

1. **The BOT should quickly provide clear guidelines on the three directions**, especially on the following issues:
 - 1.1. Openness for level-playing-field competition and innovation for both incumbents and new players. In particular, highlighted issues are permission to set up a bank with digital banking services or a virtual bank; permission for financial service providers to experiment with more flexibility; and experiments or applications of digital assets to understand the mechanisms, add economic value and assess systemic risks that could arise.
 - 1.2. Risk proportionality supervisory framework which is flexible while ensuring equal treatments across types of financial service providers conducting the same business scope and bearing the same risks (level playing field).
 - 1.3. Equal and fair access to key financial and data infrastructure for both incumbents and new players.
 - 1.4. The roles of financial institutions in supporting environmental sustainability as well as their compliance to related standards.

2. **Comprehensive risk management is needed to address associated risks and unintended consequences**, such as:
 - 2.1. **Assisting financial service users during the transition towards the sustainable digital economy.** For example, educational tools and consumer protection guidelines should be provided, especially for digital financial services that users might be unfamiliar of. There should be support measures for those unready for the adoption of digital finance or unprepared to manage environmental risks. Policy measures are needed to prevent service providers from aggressively competing to provide excessive credits to households, thus worsening the household debt problem.
 - 2.2. **Maintaining stability of the financial system.** For example, compliance standards must be in place as new players enter competition and access central infrastructure. This is to ensure system resiliency and limit risk exposure to a weakest link.
3. **Facilitating businesses and households to adapt and manage transition towards a sustainable digital economy is a national agenda that requires cooperation from all sectors. Appropriate incentives** such as tax measures must be in place to ease cost burden for businesses engaging in digital transformation and environmentally friendly activities. In addition, utilization of data, artificial intelligence (AI) as well as gamification techniques can help design targeted products or services that motivate different consumer segments to **adopt sustainable financial behavior**.

In this regard, the BOT will incorporate comments and recommendations to improve the policy directions and guidelines for repositioning Thailand's financial sector with relevant stakeholders. The BOT will subsequently publish directional papers and guideline for public hearing on the following topics: the engagement of banking groups in digital business, the payment system, managing transition towards greater environmental sustainability, and virtual bank licensing framework by the second quarter of 2022 and directions on open banking policy in the third quarter of 2022.

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