



No. 6/2022

The BOT Issues a Public Consultation on  
Repositioning Thailand's Financial Sector for a Sustainable Digital Economy

Technological advancement and environmental changes have shaped the global trends at an unprecedented pace, impacting all sectors including the financial sector. The Bank of Thailand (BOT) recognizes the significant impact brought by the changes, which presents both opportunities to develop better financial services and risks to the stability of the financial system. Inequality could also be exacerbated if some stakeholders were left unprepared to adapt to such changes.

In the light of this, the BOT issues a public consultation on 'Repositioning Thailand's Financial Sector for a Sustainable Digital Economy' to lay out the BOT's underlying principles and policy directions in the new financial landscape. The repositioning of the financial sector needs to strike the right balance between promoting innovation and managing risks as well as allowing for flexibility in dealing with abrupt changes. The BOT welcomes comments and suggestions from all sectors to ensure that the directions and policies appropriately serve the needs of all stakeholders.

With regards to the new financial landscape, the BOT expects the financial sector to: (1) leverage on technological advancement to drive innovation and provide inclusive financial services and consumer protection in a level playing field and competitive environment; (2) facilitate the transition of businesses and households in adapting to a digital economy as well as in effectively managing environmental risks; and (3) be resilient to significant and emerging risks, without transmitting them to the system or consumers at large, while the BOT proposes a more flexible regulatory framework that bares minimum regulatory burdens to the financial service providers. Key policy directions include:

**1. Leveraging on technology and data to drive innovation and better financial services through 3 Open's: (1) Open Competition** to allow for the setting up of virtual banks and the extension of business scope and increase flexibility for existing players; **(2) Open Infrastructure** to allow more players to access key infrastructure at fair and reasonable costs. Key infrastructure includes the payment system, the retail central bank digital currency and the credit guarantee mechanism suitable for diverse funding needs; and **(3) Open Data** to allow consumers to conveniently share their data stored at one service provider with other service providers for their own benefits under the Open Banking initiatives and to connect financial sector's databases with other sources for better analytics and development of financial innovations and services.

2. **Managing the transition towards sustainability by (1) steering the financial sector to incorporate environmental risk assessment into their business operations and to support the transition of businesses away from environmentally unsustainable activities without disrupting the economy; and (2) supporting the households to make a smooth transition through promoting financial and digital literacy** as well as preventing unsustainable over-indebtedness, e.g. ensuring responsible retail lending practices by accounting for debt serviceability and promoting end-to-end debt resolution mechanism to help heavily-indebted household.

3. **Shifting from stability to resiliency** in terms of supervisory framework to better address emerging risks. The BOT aims to achieve a balance in promoting innovation, while safeguarding the financial and economic stability. This includes (1) **applying a risk-proportionality principle to the supervision of service providers** according to their risk profiles and the complexity of their products and services; (2) **minimizing unnecessary regulatory burden or cost to the service providers; and (3) strengthening supervision of emerging risks**, e.g. risks that come with new financial technologies as well as the supervision of systemically important service providers.

The BOT hopes that the directions and policies outlined above will enable the financial sector to utilize technology and innovation to improve financial services, properly manage new risks, and efficiently cope with environmental risks and impact. In turn, (1) **consumers** will be able to enjoy better financial services and are well protected from unfair treatments; (2) **households** will be financially and digitally literate, have access to financial services without accumulating excessive debt, and will be able to resolve and sustainably recover from over-indebtedness; and (3) **businesses** will be sufficiently incentivized and funded to make the transition towards a digital and environmentally sustainable economy.

To ensure that these directions and policies appropriately serve the needs of all stakeholders, the BOT invites comments and suggestions regarding the consultation on “Repositioning Thailand’s Financial Sector for a Sustainable Digital Economy” by 28 February 2022, which can be submitted via (1) [www.bot.or.th/landscape](http://www.bot.or.th/landscape) or (2) [finlandscape@bot.or.th](mailto:finlandscape@bot.or.th). Inputs received will be used to improve the directions and policies going forward.

Bank of Thailand

1 February 2022

For more information : Financial Landscape Team

Tel : 0 2283 6684 / 0 2283 5865

E-mail: [finlandscape@bot.or.th](mailto:finlandscape@bot.or.th)