Directions for Development of Payment Systems
Under the New Financial Sector Landscape of Thailand

Ms. Siridita Panomwon Na Ayudhya, Assistant Governor Payment Systems Policy and Financial Technology Group, Bank of Thailand (BOT) informed that following the issuance of the BOT’s guidelines on “Repositioning Thailand’s Financial Sector for a Sustainable Digital Economy”, the BOT has now issued new directional paper, namely: “Directions for Development of Payment Systems Under the New Financial Sector Landscape of Thailand”. It aims to illustrate Thailand’s three-year (2022 – 2024) payment systems development strategy, which is in line with the country’s overall financial sector policy landscape. The paper highlights the importance of electronic payment systems as a mechanism to support efficient and sustainable transitions of the Thai financial sector to a digital economy.

The development of payment system will be implemented under three key principles: Openness, Inclusivity, and Resiliency. This will eventually support the overall vision that “digital payments would be the preferred choice among all user groups, and would also improve the quality of life, enhance competitiveness and transition Thailand to a ‘less cash’ society”. The strategic directions are subsumed under three principles as follows:

1. **Openness**: This focuses on the utilization of shared payment infrastructures and information in order to increase efficiency, promote competition, and develop innovation development. This also includes enhancing Thailand’s role in the cross-border payments. Plans under this strategy include: (1) to develop a unified infrastructure for trade information and digital payments, so-called “PromptBiz”; (2) to enhance the usage of international and central standards in payment systems such as the ISO 20022 standard, to link between systems and service providers of Application Programming Interface or API; (3) to provide a proper governance structure to support the rapid development of the country’s payment systems; (4) to develop a payment database under the Regulatory Data Transformation (RDT) project and integrate it with government data frameworks, thus providing greater benefits due to broader data usages; and (5) to facilitate access to key payment infrastructures by amending outdated rules and regulations.
2. **Inclusivity**: The goal is to provide people of all walks of life with broad access to digital payment services; and also to drive digital payments as the preferred choice of Thai people. Under this strategy, collaboration with public and private sectors, as well with payment service providers, will be enhanced in order to expand digital payments to specific target groups. Practical applications include providing digital payment channels for public transportation passengers, or the expansion of digital services in public sector mobile applications, or the continuous promotion of financial literacy to ensure correct and safe usage of digital payment services.

3. **Resiliency**: This aims to ensure that supervision of digital payment services will be flexible and fair and will not create additional systemic risks. Implementation plans include: (1) to improve regulatory conditions and criteria using regulatory impact assessment (RIA) framework, making them adaptable flexible to changes and developments of payment systems; (2) to issue new payment regulations supporting new technologies and risks, such as the supervision of innovative payment services; (3) to enhance supervisory tools, such as using sup tech, to keep pace with changes in the environment; (4) to cooperate with domestic and foreign regulators, banking associations, service providers and related agencies so as to create a common body of knowledge and to address problems in a timely manner; (5) to develop human resource competencies in order to to support the new digital financial landscape.

Under this strategic plan, the BOT aspires to make the Thai payment system become well-equipped for the digitalization of the economy, in particular, the financial sector, businesses, and as well as the general public. Implementation of the plan will highlight efficiency, safety and sustainability of payment services, as well as the development of digital payment services to create variety of use cases and to serve varied user groups. This includes providing adequate financial knowledge and risk awareness to the public and encouraging business to become wholly digitalized, leading to increased efficiencies, reduced costs, and increased opportunities for better access to funding. This will eventually enhance the potential of business operations and support the competitiveness of Thailand, making the country ready for the transition to a “less-cash” society.

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