



BANK OF THAILAND



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BANK NEGARA MALAYSIA  
CENTRAL BANK OF MALAYSIA

### Joint Press Release

## Central Banks of Thailand, Indonesia and Malaysia harmonise and broaden the scope of Local Currency Transaction Framework (“LCTF”) to encourage transactions in local currencies

The Bank of Thailand (“BOT”), Bank Indonesia (“BI”) and Bank Negara Malaysia (“BNM”) today announced the adoption of a harmonised Local Currency Transaction Framework Operational Guidelines (“LCTF OG”) and the expansion of eligible cross-border transactions under the framework.

The harmonised LCTF OG enhances consistency, scalability and efficiency in facilitating local currency transactions across the three countries. It consolidates bilateral guidelines previously established between the countries, and allows for streamlined processes with greater transparency for participating financial institutions and their users. The harmonised LCTF OG sets out operating parameters that are applicable to all participating countries while accommodating specific local regulatory requirements of each jurisdiction.

The latest framework also includes portfolio investments as eligible underlying transactions, in addition to trade in goods and services and direct investments. Investors now have greater opportunities to conduct transactions in local currencies while mitigating exchange rate risks.

Following this latest expansion, BOT, BI and BNM welcome additional qualified commercial banks to participate in and support the expanded LCTF. These banks will play a vital role in facilitating local currency transactions, leveraging their expertise, operational strength and cross-border networks.

Thailand, Indonesia and Malaysia have witnessed an upward trend in local currency transactions for bilateral trades since the implementation of the LCTF. This harmonised framework and operation will provide businesses with enhanced options for cross-border transactions. It also reaffirms the countries' commitment to promote the use of local currencies in regional trade and investment.

**Bank of Thailand**

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