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The Financial Sector Master Plan Phase III

Today the Cabinet approved the Financial Sector Master Plan Phase III (FSMP III), jointly proposed by the Ministry of Finance (MOF) and the Bank of Thailand (BOT). FSMP III (2016-2020) aims to establish strategic framework for continuous financial sector development and to ensure that challenges arising from the changing environments will be effectively managed. **The vision of the FSMP III** is to promote a competitive Thai financial sector which can support more diverse needs at fair and undistorted prices, promote regional trades and investments, with supervision to ensure macroeconomic and financial stability, in other words, **“competitive, inclusive, connected and sustainable”**. FSMP III comprises of four main initiatives as follows:

1. Promote electronic financial and payment services as well as enhance efficiency of Thai financial system (Digitization & Efficiency) by supporting financial service providers to develop infrastructure and offer financial products and services that meet customers’ needs. In addition, the adoption of electronic transaction will be encouraged through the enhancement of financial literacy, customers’ trust and confidence, as well as pricing mechanism. At the same time, BOT will support the National e-Payment Plan, initiated by the government. Furthermore, financial service providers will be encouraged to establish automated internal working process and integrated IT system to improve operational efficiency. An industry-shared infrastructure and fraud monitoring system for managing cyber risk will also be promoted. Regarding the promotion of efficiency and stability of financial system, BOT will assess and consider the role of both existing and new players to ensure that the financial system remain robust and resilient and also able to facilitate sustainable economic development.

2. Support regional trade and investments linkage (Regionalization) by enhancing Thai financial system capacity to facilitate the integration of trades and investments in the region, including ASEAN Economic Community (AEC) and Greater Mekong Subregion (GMS). Key measures will include the establishment of Qualified ASEAN Banks (QABs), and the development of shared financial infrastructure and suitable financial environment among neighboring countries to foster regional trade and investment.

3. Promote financial access (Access) so that individuals and businesses at all sizes (small, medium, and large corporate) are able to appropriately and widely access financial services. BOT will encourage service providers to offer financial products and services appropriate for changing customers demand, especially for aging people. At the same time, access points of services across the country will also be increased. In addition, SMEs' access to credit will be enhanced by improving SMEs database. The support of relevant financial institutions on credit extension to SMEs will also be promoted. Moreover, BOT will cooperate with related organization to promote market-base financing and create suitable environment for private sector's capital raising.

4. Develop relevant infrastructure (Enablers) in order to fulfill FSMP III's vision. Key infrastructures include financial professional development, financial literacy and consumer protection, and legal infrastructure which enhance risk management and operation of financial institutions. In addition, regulations and supervisions will be strengthened to comply with international standard to ensure the stability of financial system.

The implementation of FSMP III will widely benefit the Thai economy and financial system leading to inclusive growth. Individuals and businesses will be able to access financial services and credit through diverse channels with undistorted price. This will create opportunities for business expansion, better jobs, education, and quality of living. At the same time, continuous promotion of financial literacy will lead to efficient financial management and appropriate choice of financial product by households and businesses. Consumer protection measures and financial institution supervision conducted by BOT will also help ensure the safety and soundness of the financial system.

After FSMP III, the Thai financial system will be as follows:

- Competitive:** Thai financial institutions are competitive in both domestic and international markets by having low operating cost, wide range of products and services with affordable price.
- Inclusive:** Individuals, SMEs, and Large corporate can appropriately and widely access financial services in line with their needs.
- Connected:** Thai financial institutions play important roles in the region with more financial services provided to support regional trade and investment.
- Sustainable:** Thai financial system is robust and ready to support the country's economic growth as well as promoting sustainable economic well-being.

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