

Unofficial Translation

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Notification of the Bank of Thailand

No. FPG. 5/2554

Re: Permission for Commercial Banks to Provide Other Services to Customers  
in addition to Certain Businesses of Commercial Banks

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**1. Rationale**

Currently, the business operation and consumer behavior have developed and changed because of the economic environment and the Bank of Thailand deems that such changes have an impact on services of commercial banks, which have to adjust themselves to provide more efficient services to private sectors and people, the Bank of Thailand, hereby, extends the scope of business operations of the commercial banks, beyond the core businesses which are deposit taking, funds lending or launching of financial products, to be consistent to the conditions which have been changed. Furthermore, commercial banks are able to provide services to financial businesses or government agencies and provide services in addition to the certain businesses of commercial banks. This extension shall enhance the competence of commercial banks and help promote convenience and flexibility in providing services to customers under the extending scopes.

On this, the Bank of Thailand has gradually given the permission to commercial banks to provide other services to customers, which are custodian service, information service, financial advisory service, debt collection service, furthermore, the following types of other services are also added to the permission scope so as to enhance the convenience of customers, such as producing cards with the barcode, distributing electronic cash cards that are related to public services etc.

In this notification, the Bank of Thailand separates the regulation on permission for commercial to provide other services to customers in addition to certain businesses of commercial banks from the regulation on permission for commercial banks to provide supporting services to others (Insourcing) and other services so as to make the regulation more practical and clarified as the type of services have been recategorized, such as cash management services, supporting functions that are related to securities.

Providing other services may cause the strategic risk and operational risk in certain circumstances, however, such services are under the scope of businesses that commercial banks are competent and have already been operated, and commercial banks also have **BOT Notification No 5-2554 (4 September 2017)-check**

moderate risk management system, the Bank of Thailand, thereby, does not prescribe the specific risk management for other services.

## 2. Statutory Power

By virtue of Section 36 of the Financial Institutions Business Act B.E. 2551 (2008) that is the Act with some provisions restricting private rights and liberty enacted under Section 29 together with Section 31, Section 33, Section 36, Section 39, Section 41 and Section 43 of the Constitution of the Kingdom of Thailand by virtue of provisions of the Legislation, the Bank of Thailand hereby issues regulation on permission for commercial banks to provide other services to customers as prescribed in this notification.

## 3. Scope of Application

This Notification shall apply to all commercial banks according to the law on financial institution business.

## 4. Repealed/Amended Notification and Circulars

The Bank of Thailand Notification No. FPG. 8/2552 Re: Permission for Commercial Banks to Provide Supporting Services to Others (Insourcing) and other services dated 3 April 2009.

## 5. Content

### 5.1 Definition

In this notification

“Cash management” for customers means one or all of the followings:

- Payment services, such as payment for goods and services, payment of salary in term of cash, cheques, or electronic funds transfer or payment, as well as preparation of account statement or report summarizing the payment balances at one point of time.

- Payment collection services, such as collection of payments for goods and services in term of cash cheques, or electronic funds transfer or payment, as well as the preparation of account statement or report summarizing the payment balances at one point of time.

- Cash management to obtain utilities from such cash, such as conducting zero-balance sweep at the end of the day as ordered by the customers to obtain the highest utilities, where the commercial banks must not make decisions instead of customers.

## **5.2 Scope and regulation**

Commercial banks can provide other services that are:

5.2.1 Services that the Bank of Thailand gives permission for commercial banks to provide in term of other services to customers as prescribed in the attachment, and the regulations and conditions for each type of service are also prescribed.

However, commercial banks providing other services may collect service fee from customers, therefore, for preciseness and transparency, commercial banks can collect the fee as actually paid out under reasonable grounds. Furthermore, the commercial banks must disclose the information on service fee in accordance with the Bank of Thailand Notification Re: Regulation on Interests, Discounts, Service Fee and Fines for Commercial Banks

5.2.2 Service that the permission from the Bank of Thailand is required before the operation is to allow others to use the ATM network of commercial banks to conduct financial transactions, commercial banks must be permitted by the Bank of Thailand before providing such service to such the users.

On this, if commercial banks have enquiries regarding providing services under 5.2, commercial banks shall consult with the Bank of Thailand prior to the operations.

## **5.3 Power to order or revoke**

5.3.1 Commercial banks provide services under this notification must strictly oversee the compliance with the regulations as prescribed in 5.2 for each type of service as well as oversee the compliance with legislation or other regulations (if any). On this, the commercial banks must comprehend that providing services under this notification must not oppose to other regulations of the Bank of Thailand.

If the Bank of Thailand deems that commercial banks do not comply with the regulations or conditions as prescribed by the Bank of Thailand or have behaviors that may have an impact on security or prosperity of people, the Bank of Thailand may give an order or prescribe additional conditions or may determine to revoke the permission partially or wholly.

5.3.2 Commercial banks wishing to provide services other than those prescribed in this notification shall submit the request with the reasons and relevant details

to the Bank of Thailand, on a case by case basis. Upon the permission, the Bank of Thailand may prescribe regulations and conditions for providing such services.

## 6. Effective Date

This Notification shall come into force as from the day following the dates of its publication in the Government Gazette.

**Announced on 5<sup>th</sup> August 2011**

(Mr. Prasarn Trairatvorakul)

Governor

Bank of Thailand

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Other services

The Bank of Thailand permits commercial banks to provide other services to customers in addition to certain businesses of commercial banks under the following requirement, scopes, type of service users, requirements and conditions:

1. **Cash management:** Payment service, payment collection service and cash management service provided to customers of commercial banks

2. **Other services in supporting securities businesses:**

Type of service	Service user	Regulation and condition / Scope of service
2.1 Issuing debt securities i.e. acting as the operator for limited company and public company in issuing debt securities	Limited company and public company	Issuing debt securities for lending funds from people as well as providing advisory service and document service
2.2 Acting as selling agents for government and state enterprise securities	Government and state enterprise	Permitted only in case of debt securities of the government and state enterprise i.e. bonds, debenture and notes
2.3 Communicating with or introducing services of security company to customers	Persons and juristic persons	i.e. introducing information and services of security company to customers and inviting them to use the services of the security company, such as opening an account for trading securities with security company, as well as, distributing, collecting and examining documents used for opening a trading account and other related documents
2.4 Acting as fund managers in oversea		Branches in oversea of Thai commercial bank are permitted to act as fund managers or to manage securities for persons under the legislations in such countries
2.5 Back office function – funds administration	Those permitted by the Securities and Exchange Commission to establish the fund	1. Calculate net asset value, number of units, unit value and expenses 2. Monitor yields of the fund, such as interest received from bonds, dividend

Type of service	Service user	Regulation and condition / Scope of service
		<p>received from ordinary shares and rights to participate in the meeting of share holders</p> <p>3. Coordinate with fund supervisors or custodians and related persons, as appointed, for examining the valuation</p> <p>4. Prepare and submit reports as agreed upon, and prepare the financial statement of the fund</p> <p>5. Other services that are not related to the decision making for managing or administrating the fund or related to investment policies</p>

**3. Services that are related to the preparation of documents for customer businesses:**

Type of service	Service user	Regulation and condition / Scope of service
<p>3.1 Document service related to goods list or for credit card customers of the commercial banks</p>	<p>Persons or juristic persons that are the distributors of goods or services</p>	<p>1. The list must be clearly specified and categorized by distributors. At least, the following details must be specified: Name, telephone number or address of distributors of goods or services.</p> <p>2. It must be clearly notified that commercial banks are not involved in distributing such goods or services. And in case where goods or services distributed to customers are damaged or have a defect, the customers shall communicate directly with the distributors or service providers using the name, telephone number or address as notified.</p>
<p>3.2 Filling information in cheques, as well as imprinting electronic signatures on cheques in case where a juristic</p>	<p>Juristic persons</p>	<p>Commercial banks must have the internal control system and security measures for keeping cheque books that have already been imprinted as well as the electronic signatures of customers. In case where</p>

Type of service	Service user	Regulation and condition / Scope of service
<p>person gives the sample of signatures to the commercial banks</p>		<p>such operations are not conducted by the commercial banks themselves, commercial banks must take responsibility on losses, which are caused by other service providers, as though they provide services themselves. Furthermore, commercial banks must keep and oversee the use of electronic signatures of customers under the secured and transparent conditions.</p>
<p>3.3 Document service for exporting businesses including introducing information of agencies that are related to the exporting businesses both in the country and oversea.</p>	<p>Persons and juristic persons</p>	
<p>3.4 Renewing the motor vehicle registration and paying motor vehicle tax</p>	<p>Those operating hire purchase and leasing businesses that are in the financial group of the commercial banks and founded under the regulation on consolidated supervision</p>	<p>This is to provide services to customers of those operating hire purchase and leasing businesses that are in the financial group of the commercial banks and founded under the regulation on consolidated supervision</p>
<p>3.5 Preparing documents that are related to the payment instead of customers, such as withholding tax certificate etc. and / or related to receiving of funds instead of customers, such as receipts, tax invoice etc. and acting as a point of contact for sending and receiving related documents</p>	<p>Persons and juristic persons</p>	<p>In preparing related documents, commercial banks must ensure that they are able to conduct them under the relevant legislations and regulations. This is to avoid the damage from providing the services to both customers and commercial banks.</p>

Type of service	Service user	Regulation and condition / Scope of service
3.6 Receiving application forms and related documents for opening the accounts	Commercial banks in oversea	Commercial banks are responsible for gathering the documents and sending them to others, and the services are provided only to those wishing to open the accounts for the purpose of studying in oversea.
3.7 Services related to withholding tax i.e. collecting withholding tax, issuing withholding tax certificate, submitting withholding tax forms, making payment of withholding tax instead of juristic persons under the Regulation of the Revenue Department No. Por. 112/2545 and its further amendments	Juristic persons	<ol style="list-style-type: none"> <li>1. The operation must be complied with the Regulation of the Revenue Department No. Por. 112/2545 and its further amendments and other relevant legislations. Commercial banks must be well equipped with operating systems and must be aware of losses from providing such services.</li> <li>2. If commercial banks collect fees from customers, commercial banks must notify customers in advance and the consent in writing must be given by the customers.</li> </ol>

**4. Acting as agents for debt collection or receiving request forms:**

Type of service	Service user	Regulation and condition / Scope of service
4.1 Acting as debt collectors for others with the compensation received for all types of debts, irrespective of debts from lending or other debts, or acting as debt collectors for organizations that provide public utility, or acting as debt collectors for insurance premium, tax including other	Persons and juristic persons	<ol style="list-style-type: none"> <li>1. Commercial banks shall put in place accounting system and system for separating documents from acting as debt collectors from other documents used for other businesses of commercial banks</li> <li>2. Preparing the reports on debt collection businesses categorized by proprietors so that the commercial banks and proprietors can examine and oversee the operations.</li> <li>3. Acting as debt collectors for public utility charge, commercial banks must provide the services in term of: Debiting</li> </ol>

Type of service	Service user	Regulation and condition / Scope of service
operations that are related to such debt collection, such as preparation of financial statement, reports and maintenance of documents etc.		accounts of the users of public utility that are the customers of commercial banks, and payment over the counters of the commercial banks. In case where organizations providing public utility services pay charges instead of customers, commercial banks are not permitted to collect additional charges from customers.  On this, commercial banks must not take risks from acting as debt collectors, such as taking responsibility on debt burden instead of customers both partially or wholly.
4.2 Acting as agents for the National Credit Bureau Company Limited	The National Credit Bureau Company Limited	Receiving requests for an examination on credit information from customers wishing to examine their credit information
4.3 Acting as debt collectors for “paying agents” under the legislation on supervision on electronic payment services	Paying agents*	

\* Paying agent under the legislation on supervision on electronic payment services

**5. Services requiring proficiency of commercial banks or utilizing excessive resources of commercial banks:**

Type of service	Service user	Regulation and condition / Scope of service
5.1 Distributing operating software that commercial banks have developed, as well as assisting juristic persons to develop their computer system	Juristic persons	1. The service must not be operated in term of normal trading. 2. The service must be related to financial services. 3. The service must be in term of utilizing existing resources for further advantages
5.2 Providing information service, such as economic,	Persons and juristic persons	

Type of service	Service user	Regulation and condition / Scope of service
financial and investment information, this information is for the decision making on business operations and investments of the customers		
5.3 Providing custody service under the following scopes: receiving or delivering securities, receiving or paying the value of securities, receiving dividends, delivering benefits from such securities, being authorized by customers to participate in the meeting of share holders and in voting, overseeing and keeping documents indicating the rights on properties and other documents that are related to disposing or valuation of properties, such as trading agreement, documents that are related to the property appraisal etc.	Persons and juristic persons	
5.4 Acting as financial advisors i.e. providing advisory services that are: analyzing financial returns of investment projects, restructuring financial conditions of businesses, conducting the feasibility	Persons and juristic persons	

Type of service	Service user	Regulation and condition / Scope of service
analysis and conducting financial planning etc.		
5.5 Allowing external persons to use the training facilities of commercial banks	Juristic persons	<ol style="list-style-type: none"> <li>1. The rental fee must be collected in the same way as the ordinary trading</li> <li>2. The rental must be in term of temporary agreement and the rental rights must not be monopolized.</li> <li>3. The commercial banks must take into account advantages of commercial banks and their officers as the first priority when considering such rental.</li> </ol>
5.6 Allowing co-investors of commercial banks or other financial institutions to share personnel, premise, equipment and services for convenience and for advantages of <u>debt restructuring</u>	Co-investors or financial institutions as permitted by the Bank of Thailand	<ol style="list-style-type: none"> <li>1. This can be conducted within the back office functions and with the co-investors or financial institutions as permitted by the Bank of Thailand only, as follows. <u>Portions that are related to personnel:</u> <ol style="list-style-type: none"> <li>1) Supporting functions, such as human resource, hiring, storing, purchasing, buildings, administration and security function etc.</li> <li>2) Specialized functions, such as accounting function, broker or agent, information processing, custody of properties, legal function, preparation of contracts, issuance of invoices, debt follow-up (except debt collection), asset or collateral appraisal, where the transactions must be proceeded through the commercial banks</li> <li>3) Compliance unit</li> </ol> <p>The shared personnel do not include the directors that are the executives under the Financial Institution Business Act B.E. 2551 (2008) and relevant Bank of Thailand notifications.</p> <u>Portions that are related to workplace</u> <ol style="list-style-type: none"> <li>1) Workplace supporting the businesses,</li> </ol> </li> </ol>

Type of service	Service user	Regulation and condition / Scope of service
		<p>such as parking lot, count unit, recreation building, strong room, computer room, warehouse and conference room etc.</p> <p>2) Not yet unutilized workplaces of commercial banks</p> <p>On this, co-investors and other financial institutions must pay service fee to commercial banks that have rights or that are the employer of the personnel. And / or the operating expenses are shared with proportion to the existing costs.</p> <p>2. The commercial banks must clearly prescribe procedure on maintaining data or confidential information to prevent complication and such procedure must be approved by the subcommittee or relevant executives. Furthermore, the commercial banks must strictly oversee the compliance with the procedure.</p> <p><u>The procedure must, at least, cover the followings:</u></p> <p>1) Commercial banks must specify those responsible for monitoring the debts restructuring, which is conducted under the Bank of Thailand Regulation on Debt Restructuring, to be workable with other creditors.</p> <p>2) Commercial banks must have requirements to oversee those in 1), shared with other creditors or other related persons, as they are not permitted to use information of their debtors or information of debtors of other creditors for any benefits without consent. Furthermore, commercial banks must strictly oversee the compliance with such procedure, and</p>

Type of service	Service user	Regulation and condition / Scope of service
		<p>must specify the punishment to those violating such procedure.</p> <p>3) Commercial banks must oversee those in 1), shared with other creditors, to work cautiously, and the debtors must have clear information that those in 1) work for which creditors so as to prevent losses of debtors from those in 1) working for more than one creditor (as this can cause compilation to the debtors). Commercial banks must also assign those to take responsibility on losses of debtors that have conservative behavior under the ordinary conditions. On this, those to take responsibility may not be the creditors</p>
<p>5.7 Allowing companies in the financial group founded under the regulation on consolidated supervision to use the workplace, such as placing counters for introducing products or services of security company to customers etc.</p>	<p>Companies in the financial group founded under the regulation on consolidated supervision</p>	<p>The use of the workplace must be under the following requirements and conditions:</p> <ol style="list-style-type: none"> <li>1. Such workplace has not yet been utilized or is beyond the need of commercial bank businesses</li> <li>2. Such workplace must be clearly separated into those of the companies in the group or those of the commercial banks. And there must be a sign to inform that such businesses are not of the commercial banks.</li> <li>3. The opening and closing hours must be the same as the commercial banks.</li> <li>4. The personnel must not be shared.</li> <li>5. Sharing of workplace must not cause the obstacles to commercial bank businesses.</li> </ol>
<p>5.8 Producing cards and recording information into electronic money cards</p>	<p>Providers of electronic money card service, or electronic money service**</p>	
<p>5.9 Producing cards with the barcode as for the</p>	<p>Juristic persons that use the bill payment service</p>	

Type of service	Service user	Regulation and condition / Scope of service
payment		
5.10 Distributing electronic money cards that are related to public utility and can be added value to by the commercial banks	Providers of electronic money card service, or electronic money service**	The cards to be sold to people must be related to the public utility and can be added value to by the commercial banks.

*\*\* Providers of electronic money card service under the Bank of Thailand Notification Re: Prescribing Regulations, Procedures and Conditions on Providing Electronic Money Card Services, or providers of electronic money card service under the legislation on Supervision on Electronic Payment Services.*