

Unofficial Translation

This translation is for convenience of those unfamiliar with Thai language.

Please refer to the Thai text for the official version.

Bank of Thailand Notification

No. FPG. 7/2559

Re: Regulations on Acceptance of Deposits or Money from Customers

1. Rationale

The opening of account to accept deposits or accepting money from customers is the beginning of financial institutions to provide other financial services to customers. Thereby, it is necessary for financial institutions to have in place a process of Know Your Customer (KYC) in order to ensure that the customers are effectively and accurately identified and verified. This will help promote the continued trustworthiness and security of the financial institution system. In addition, the KYC is also considered an essential process for the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT).

Nowadays, the technology plays an important role in customer's daily life as the government, along with the private sector have collaboratively promoted and encouraged digitization, and the financial institutions have increasingly deployed the technology for providing financial services, including the opening of accounts to accept deposits or acceptance of money from customers. In this regard, the Bank of Thailand has been aware of that significant development and accordingly amended the Guideline on acceptance of deposits or money from customers to be more explicit, especially for the transactions operated through electronic channels. This would encourage financial institutions to effectively provide financial services using a variety of financial innovations under sound risk management framework.

This Notification is also in accordance with the International Standards, e.g. the recommendations of the Financial Action Task Force (FATF) and the guidelines of the Basel Committee on Banking Supervision (BCBS), as well as the guidelines of the Anti-Money Laundering Office, which is a leading supervisory agency for the AML/CFT in Thailand. On this, the Bank of Thailand deems it necessary to issue this Notification for prescribing detailed guidelines on opening

of accounts to accept deposits or accepting money from customers as it is deemed a significant financial transaction as mentioned above. Furthermore, the Bank of Thailand also deemed it appropriate to repeal the Policy Guidelines Re: Measures to Prevent Money Laundering and the Financing of Terrorism, and financial institutions shall comply with the guidelines of the Anti-Money Laundering Office accordingly. This is for more explicit undertakings under the same standards.

2. Statutory Power

By virtue of Section 41 of the Financial Institution Business Act B.E. 2551 (2008), the Bank of Thailand hereby issues the Guideline on Acceptance of Deposits or Money from Customers for financial institutions to comply with

3. Scope of Application

This Notification shall apply to all financial institutions under the Financial Institution Business Act.

4. Repealed/Amended Notifications and Policy Guidelines

The following Bank of Thailand Notification and Policy Guideline shall be repealed:

1) The Bank of Thailand Notification No. FPG. 77/2551 Re: Requirements for Financial Institutions on the Acceptance of Deposits or Money from Customers dated 3 August 2008

2) The Policy Guideline of the Bank of Thailand Re: Measures of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) for Financial Institutions dated 3 August 2008

5. Contents

5.1 In this Notification

“**Acceptance of deposits**” refers to the acceptance of money that can be called upon request or maturity, by any means that financial institutions are permitted or to be permitted in the future.

“Acceptance of money from customers” refers to the borrowing or acceptance of money from customers by any means that financial institutions are permitted or to be permitted in the future

“Customer” refers to a natural person or juristic person or legal person who has a business relationship or transactions with a financial institution.

“Legal person” refers to an agreement on which a natural person or juristic person holds, disposes, distributes or manages assets by any means for benefits of other natural person or juristic person.

“Identification document” refers to a document that can be used for identifying a customer, including an electronic document that can be used for identifying a customer according to the Electronic Transactions Act.

“Signature” refers to a customer’s signature, including an electronic signature according to the Electronic Transactions Act.

5.2 Principle

In the process of opening accounts to accept deposits or accepting money from customers on a face-to-face basis¹, financial institutions must carry out the Know-Your-Customer (KYC) procedure that entails the customer identification with sufficient information and documents, and the customer verification that can effectively verify customer’s identification.

The opening of accounts to accept deposits or acceptance of money from customers through electronic channels normally incurs higher risk exposures than that on a face-to-face basis. Therefore, financial institutions must carry out the electronic KYC (E-KYC) both in terms of the identification and verification of customers under the standards equivalent to those on a face-to-face basis and shall establish the effective risk management process.

On this, in opening accounts to accept deposits or accepting money from customers, financial institutions must not allow customers to conceal their real names, use anonyms or fake names.

¹ Where a customer undertakes a transaction with a financial institution officer face-to-face, which is not through an electronic channel.

5.3 Guidelines on opening of accounts to accept deposits or acceptance of money from customers

Financial institutions can open accounts to accept deposits or accept money from customers on a face-to-face basis for all types of customers. The opening of accounts to accept deposits or acceptance of money from customers through electronic channel, which incur higher risk exposures than that on a face-to-face basis, is allowed only for natural persons. In this case, financial institutions must carry out the KYC, for both identification and verification process, under the same standards as those on a face-to-face basis. In addition, financial institutions shall have more robust risk management process than usual, for example, monitoring transactions and updating the data of customers more strictly than normal practices according to the guidelines as prescribed by the Anti-Money Laundering Office and managing IT risk that may have an impact on trustworthiness and stability of financial institutions.

Opening of accounts to accept deposits or acceptance of money from customers through electronic channels is considered a service offered through new channel, financial institutions shall thereby submit an application for prior approval to the Financial Institutions Applications Department, Bank of Thailand, in accordance with the Notification on Permission for Commercial Banks to Operate E-Banking Services or the Notification on Permission for Finance Companies and Credit Foncier Companies to Engage in Electronic Banking (E-banking), as well as related regulations that may be amended or further prescribed in the future, as the case may be. The Bank of Thailand will complete the consideration of the application within 60 days from the day the application and related documents have been correctly and completely received.

In opening accounts to accept deposits or accepting money from customers, financial institutions must carry out the KYC as follows:

5.3.1 Customer identification

5.3.1.1 Financial institutions must require customers to provide their information in the form as specified by the financial institutions. **The information must, at least, cover the information according to the Prime Minister Office Notification, issued by the Anti-Money Laundering Office, on Customer Identification for Financial Institutions and Businesses and Professions under Section 16.** On this,

financial institutions may further refer to the guidelines of the Basel Committee on Banking Supervision².

5.3.1.2 Financial institutions must have in place the following identification documents or copies of those documents as evidence for opening accounts to accept deposits or accepting money from customers:

(1) For natural persons: The required document is namely **an identification card (ID card)** or any other document issued by a government agency with the ID card number on it.

(2) For locally registered juristic persons: The required documents are namely a registration certificate issued by the Registrar for no later than 6 months, and a document indicating that the board of directors or partners of the juristic person agreed to engage in transactions with the financial institution or **letter of intent of the juristic person to engage in transactions with the financial institution**, on which there must be the assignment of authority and payment conditions, signed by authorized persons and sealed (if any).

(3) For government organizations, government agencies and state enterprises: The required document is namely a letter of intent to engage in transactions with the financial institution or **letter of appointment or letter of authorization for engaging in transactions with the financial institution**, on which there must be the assignment of authority and payment conditions.

(4) For cooperatives, foundations, associations, clubs, temples, mosques, shrines or other similar organizations: The required documents are namely a registration document issued by Ministry of the Interior or other respective Ministry or organizations, and a minute of the board of directors meeting or letter of intent to engage in transactions with the financial institution or letter of appointment or letter of authorization for engaging in transactions with the financial institution, on which there must be the assignment of authority and payment conditions, signed by authorized persons and sealed (if any).

(5) For legal persons: The required documents are namely a letter or document indicating the establishment of the legal person, and a letter of intent to engage in transactions with the financial institution or letter of authorization for engaging in transactions with the financial institution,

² As specified in Annex 4: General Guide to Account Opening according to the Guidelines on Sound Management of Risks related to Money Laundering and Financing of Terrorism, which is available at <http://www.bis.org/bcbs/publ/d353.pdf>

on which there must be the assignment of authority and payment conditions, signed by authorized persons or certified by related persons and sealed (if any).

(6) Non-Thai natural persons or juristic persons not registered locally: The required document for non-Thai natural persons is namely a passport or document indicating the identification number issued by their respective government or government agency or issued by the Thai government or Thai government agency. The required documents for juristic persons not registered locally are namely a document indicating the existence of the juristic person certified or issued by a recognized agency or organization for no later than 6 months, and a document indicating that the board of directors or shareholders of the juristic person agreed to engage in transactions with the financial institution or letter of intent of the juristic person to engage in transactions with the financial institution, on which there must be the assignment of authority and payment conditions, signed by authorized persons and sealed (if any).

On this, for customers according to Clause 5.3.1.2 (2) – 5.3.1.2 (5) and juristic persons not registered locally according to Clause 5.3.1.2 (6), there must also be an identification document, or a copy of that document, of an authorized person or related person in case of legal persons, and a person appointed to have business relationship or engage in transactions with the financial institution (if any) as is prescribed in Clause 5.3.1.2 (1) or 5.3.1.2 (6), as the case may be.

5.3.1.3 In opening accounts to accept deposits or accepting money from customers through electronic channels, financial institutions must have in place an electronic device for non-face-to-face transactions, namely a video conference system, on which financial institution officers can get into conversation with and scrutinize customers in real time. The quality of visual and sound system must be sufficient to ensure that the customers are those with the intention to open the accounts. If this is unable to do so, financial institutions must require customers to open the accounts on a face-to-face basis.

On this, if financial institutions wish to use any other approach or technology apart from those specified above, the financial institutions must submit an application for approval to the Financial Institution Applications Department, Bank of Thailand, on a case-by-case basis. The Bank of Thailand will complete the consideration of the application within 60 days from

the day the application and related documents have been correctly and completely received.

5.3.1.4 Financial institutions must require the signatures for opening accounts to accept deposits or accepting money from customers in order to confirm such transactions.

5.3.2 Customer verification

Financial institution must verify the accuracy of identification information and documents or copies of those documents **as well as** cautiously **apply** appropriate measures to identify the beneficial owner in accordance with the Ministerial Regulation, issued by the Anti-Money Laundering Office, on Customer Due Diligence. In addition, financial institutions must have a cautious internal control process, which must be periodically reviewed and updated.

In case where natural persons or representatives of juristic persons, whose information is on the Civil Registration records, engage in transactions with financial institutions, the financial institutions shall comply with the following minimum requirements:

5.3.2.1 In case of opening accounts to accept deposits or accepting money from customers on a face-to-face basis or through electronic channels using the electronic machines of financial institutions (for example Virtual Teller Machine, Kiosk, computer or any other electronic device), the financial institutions shall at least apply the following approaches to verify identification information and documents of customers, namely (1) Financial institutions must verify identification information and documents of customers using a smart card reader, where the financial institutions may consider using the system for reviewing the current status of customer information and ID card³ and/or using fingerprint authentication system⁴ for more prudent practices; or (2) in case of using the system for reviewing the current status of customer information and ID card, financial institutions must also use the fingerprint authentication system.

On this, if financial institutions wish to use the fingerprint authentication as part of the customer verification for opening accounts to

³ A system for verifying identification information and documents of customers electronically through a system provided by a related government department for reviewing the current status of customer information and ID card

⁴ A system for authenticating fingerprints of customers electronically through a system provided by a related government department

accept deposits or accepting money from customers on a face-to-face basis, the financial institutions must submit an application for prior approval to the Financial Institution Applications Department, Bank of Thailand, as this is considered the use of new technology in providing financial services. The Bank of Thailand will complete the consideration of the application within 60 days from the day the application and related documents have been correctly and completely received.

5.3.2.2 In case of opening accounts to accept deposits or accepting money from natural persons through electronic channels using an electronic device of customers (for example personal computer or mobile phone) together with an application of financial institutions, the financial institutions must, at least, use the system for reviewing the current status of customer information and ID card³ as well as the fingerprint authentication system⁴ for verifying identification information and documents of customers.

5.3.2.3 If financial institutions cannot comply with those as prescribed in Clause 5.3.2.1 or 5.3.2.2 above, the financial institutions shall:

(1) In case of opening accounts to accept deposits or accepting money from customers on a face-to-face basis where natural persons or representatives of juristic persons do not have smart ID cards in certain circumstances, for example in case of non-expiring ID cards issued before the introduction of smart ID cards or the cards are defective, financial institutions shall manage related risks appropriately and prudently, for example there must be the submission of additional identification documents for consideration. In addition, financial institutions must explicitly set out the guidelines and procedures on this in writing.

(2) In case of opening accounts to accept deposits or accepting money from customers through electronic channels, financial institutions shall require customers to open accounts on a face-to-face basis.

5.3.2.4 If financial institutions would like to use any other approach or technology for verifying identification information and documents of customers apart from those specified above, the financial institutions shall submit an application for prior approval to the Financial Institution Applications Department, Bank of Thailand, on a case-by-case basis. The Bank of Thailand will complete the consideration of the application within 60 days from the day the application and related documents have been correctly and completely received.

On this, if financial institutions would like to open accounts to accept deposits or accept money from non-Thai natural persons through electronic channels, the financial institutions must carry out the customer verification under the equivalent standards as prescribed above and where the financial institutions shall submit an application for prior approval to the Financial Institution Applications Department, Bank of Thailand, on a case-by-case basis. The Bank of Thailand will complete the consideration of the application within 60 days from the day the application and related documents have been correctly and completely received.

5.4 Financial institutions shall keep identification information and documents of customers or copies of those documents, **including images, audios and transaction logs in case of opening accounts to accept deposits or accepting money from customers through electronic channels**, in a strong room or secured place at the financial institutions from the day the accounts have been opened or money from customers has been accepted. Those information and documents must also be **kept over the time period as prescribed by the Anti-Money Laundering and Combating the Financing of Terrorism Laws** so that the Bank of Thailand and other respective supervisory agencies can use them for an examination or use as evidence for investigation and legal proceedings.

5.5 Transitory provisions

(1) In case where financial institutions have not been prepared for using the customer verification approach in case of opening accounts to accept deposits or accepting money from natural persons or representatives of juristic persons on a face-to-face basis according to Clause 5.3.2.1, the financial institutions shall cautiously verify information and identification documents of customers using the current practices. However, from 31 December 2016, the financial institutions must use the verification approach as prescribed in Clause 5.3.2.1. This is except for certain circumstance as deemed necessary, where the financial institutions must submit a request for approval, by specifying the reasons and necessity, to the Bank of Thailand on a case-by-case basis.

(2) In case where financial institutions have not been prepared for implementing risk management framework according to Clause 5.3.2.3 (1), financial institutions shall cautiously verify the accuracy of information and identification documents of customers using the current practices. However, from

31 December 2016, the financial institutions must completely implement that risk management framework.

6. Effective Date

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

Announced on 6th July 2016

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