

**Unofficial Translation**

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

Please refer to Thai text for the official version.

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**Notification of the Bank of Thailand**

**No. SG2. 7/2565**

**Re: Regulations on Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services**

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**1. Rationale**

The Bank of Thailand is aware of the importance of and has been an advocate of fair financial services, which allow customers to access financial products and services at an affordable price as well as to receive clear disclosure that are sufficient to make informed decisions. Thus, to achieve the integrity in the determination of interest, service charges, and penalties for financial products and services, the Bank of Thailand strengthens the supervision of the concerned matter by (1) issuing the guiding principles, (2) broadening the scope of application to include all types of the supervised entities, and (3) amending the regulations so that they are explicit and appropriate to the current environment in the financial industry. The summary of the Regulations on Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services is as follows.

The six guiding principles consist of (1) the collection of interest, service charges, and penalties from the customers must correspond to actual costs incurred and must not be redundant; (2) the service charge and penalty calculation base must be reasonable and consistent with the factors incurring the costs; (3) the collection of service charges must be proportionate to the duration that the service has been provided; (4) service providers must not excessively or futilely put a burden on the customers and must consider their ability to pay; (5) the disclosure of interest, service charges, and penalties must be complete, transparent, and present; and (6) business partners and business facilitators, whose operations shall prioritize customers' benefits

and shall not put excessive burden on them, must be overseen by the service providers, acknowledge the intention of the fair determination of service charges, and disclose the information regarding the service charges in a complete and present manner.

All supervised service providers must comply with the guiding principles, contrary to the previous regulations which were imposed only on financial institutions. However, for the businesses that the Bank of Thailand has issued the specific regulations, e.g., a credit card business, personal loan business under supervision, asset management business, and designated payment service business, the relevant regulations still apply.

For practices regarding deposits and loans whose specific regulations are absent, the financial institutions and specialized financial institutions must, furthermore, comply with the provisions prescribed in this Notification. The Bank of Thailand amends the regulations so that they are more explicit and appropriate to the current environment and the technological development in the financial industry, e.g., an increasing adoption of digital channels to provide services and communication, an innovative product to satisfy the various needs of the customers, and a unique marketing campaign or promotional activity to attract a larger audience.

## **2. Statutory Power**

By virtue of the Act as follows (details are listed in Attachment 1):

2.1 The Financial Institution Business Act B.E. 2551 (2008) and the amendments thereof.

2.2 The Ministry of Finance Notification Re: Business Subject to Approval according to Clause 5 of the Revolutionary Council Decree No. 58 (Credit Card).

2.3 The Ministry of Finance Notification Re: Business Subject to Approval according to Clause 5 of the Revolutionary Council Decree No. 58 (Personal Loan under Supervision).

2.4 The Ministry of Finance Notification Re: Business Subject to Approval according to Clause 5 of the Revolutionary Council Decree No. 58 (Nano Finance Business under Supervision).

2.5 The Ministry of Finance Notification Re: Business Subject to Approval according to Clause 5 of the Revolutionary Council No. 58 (Electronic System or Network Business for Peer-to-Peer Lending).

2.6 The Payment Systems Act B.E. 2560 (2017).

2.7 The Emergency Decree on Asset Management Companies B.E. 2541 (1998) and the amendments thereof.

### **3. Repealed Notifications and Circulars**

Repealed Notifications and Circulars are listed in Attachment 2.

### **4. Scope of Application**

This Notification applies to (details and exceptions are listed in Attachment 3):

4.1 Financial institutions

4.2 Specialized financial institutions

4.3 The companies within the financial business groups which undertake businesses as prescribed by the Bank of Thailand

4.4 Credit card companies

4.5 Personal loan companies under supervision

4.6 Nano finance companies under supervision

4.7 Electronic system or network providers for peer-to-peer lending

4.8 Business providers of designated payment services

4.9 Asset management companies

4.10 Other business providers that shall be further prescribed by the Bank of Thailand

### **5. Contents**

**5.1 Definitions**

“Service provider” means a financial institution, specialized financial institution, company within the financial business group, credit card company, personal loan company under supervision, nano finance company under supervision, electronic system or network provider for peer-to-peer lending, asset management company, business provider of designated payment services, and other business providers that shall be further prescribed by the Bank of Thailand.

“Customer” means any persons who is currently buying or using the financial products and services, enquires about them, receives their information, and is invited by the service providers to use the financial products and services.

“Business facilitator” means a person that the specialized financial institutions have hired, assigned, or appointed to undertake their usual operations fully or partially. This includes a subcontractor and natural person who provide supporting businesses according to the Bank of Thailand’s regulations.

“Public service account” means a government program according to the Fiscal Policy Office Guideline regarding the Public Service Accounts of Specialized Financial Institutions.

“Interest” means money, asset, or other items that could be determined as money, which depositors or other persons have received from the service provider or its employees while taking deposits, granting credits, or receiving money or which the service provider or its employees have received from undertaking such businesses. This includes discount and, for the electronic system or network business for peer-to-peer lending, interest rate as well as rate of return specified in the loan agreement.

“Service charge” means money, asset, or other items that could be determined as money, which the service providers have received from the customers while undertaking their businesses aside from the interest and discount, whether it is called service charge, fee, or any other expenses. However, for the financial institutions and specialized financial institutions, this does not include penalties that may be demanded according to Section 46 (7) of the Financial Institution Business Act B.E. 2551 (2008) and the amendments thereof.

“Commercial loan” means a credit granted to the customers for business purposes.

“Consumer loan” means a credit granted to the customers for consumption purposes or contain features of a multipurpose loan, e.g., home mortgages and personal loans.

## **5.2 Guiding Principles**

All service providers within the scope of application must comply with the following guiding principles by implementing them according to the characteristics of each service provider type, e.g., business operations, business scopes, and types of products and services.

5.2.1 The collection of interest, service charges, and penalties from the customers must be appropriate. The prices and rates must be fair, not exploitative, and not redundant. In determining the prices and rates, the service providers must consider the actual costs incurred from the business operations, e.g., funding costs, risk management costs, operating costs, and other costs that the service providers are able to prove their association and necessity. Furthermore, the service providers must not accumulate the interest, service charges, penalties, and expenses despite being paid and reasonable to the loan outstanding balance to recalculate the interest and penalties, except for an overdraft with the condition that the customers have freely requested or given consents to such accumulation.

5.2.2 The service charge and penalty calculation concept and base must be reasonable and consistent with the factors incurring costs and other factors that the service providers are able to prove their association and necessity unless the calculation concept or base are specified in the relevant laws or regulations, e.g., credit card’s cash advance fee (please refer to the examples in Attachment 4).

However, the principle does not apply to the service charges or penalties of certain financial innovations needed to conduct testing in the Regulatory Sandbox, e.g., the electronic system or network business for peer-to-peer lending.

5.2.3 The collection of service charges must be proportionate to the duration that the service has been provided. The service providers must refund the customers the service charges proportionate to the unused duration given that the service providers have collected the service charges in advance and that the customers terminate the service before it is due. Otherwise specified in the relevant laws or regulations, the refund may be deducted by the costs or expenses incurred, e.g., fees payable to government agencies (please refer to the examples in Attachment 4).

In addition, refund principles or conditions must be arranged and clearly communicated to the customers. The service providers must inform them the available refund methods<sup>1</sup>, and the free-of-charge methods should be prioritized. However, if the customers need to use or insist on using other methods that may incur additional costs, the service providers must inform them of any fees or expenses they are going to be responsible for.

5.2.4 The service providers must not excessively put a burden on the customers and must consider their ability to pay. The service charges that stem from usual internal operations and the service providers' risk management offering no value added to the customers must not be collected (please refer to the examples in Attachment 4).

5.2.5 The disclosure of interest, service charges, and penalties must be accurate, complete, clear, and present so that the customers are able to make decisions whether to use the financial products and services.

5.2.6 The service providers must oversee and communicate the intention of the fair collection and determination of service charges to business partners and business facilitators, e.g., outsourcers and agents. The result of the oversight and communication may be reflected in the general collection of service charges that prioritize customers' benefit and are not significantly excessive; nonetheless, the service providers must neither aggravate their service quality nor make the customers

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<sup>1</sup> The service providers should consider offering more than one refund method that is appropriately aligned with customers' behavior, convenient, and not extortionate.

responsible for their routine operating expenses. Furthermore, the business partners and business facilitators that act on behalf of the service providers must be supervised to disclose any information regarding the relevant service charges accurately, completely, clearly, and presently.

### **5.3 Regulations**

As the Notification intends to set the guiding principles as the standards which more clearly demonstrate how the customers should be treated and is applied to every type of the service providers, its goal is to achieve the appropriate determination of interest, service charges, and penalties. However, owing to the relevant laws and regulations legislated to specifically supervise the businesses, the Bank of Thailand thus prescribes the implementation guideline for each service provider type in 5.3.1.

For overseas branches of the service providers prescribed in 4. and companies within the financial business group situated overseas, should the local regulators issue similar laws or regulations to supervise the determination of interest, service charges, and penalties, the overseas branches and companies within the financial business group must comply with the local laws or regulations.

#### **5.3.1 Implementation guideline for each service provider type**

##### **5.3.1.1 Financial institutions or specialized financial institutions**

The financial institutions or specialized financial institutions must comply with the guiding principles prescribed in 5.2 and the following.

(1) For accepting deposit or money receipt from the customers, loan granting, and other services regarding the determination of interest, service charges, and penalties, the financial institutions or specialized financial institutions must comply with the regulations prescribed in Attachment 5.

(2) For the businesses that have the specific regulations governing them, the financial institutions or specialized financial institutions

must comply with those regulations, e.g., a credit card, personal loan under supervision, nano finance loan under supervision, microfinance, designated payment service, and public service account.

However, for the specialized financial institutions, should the Establishment Act or guidelines for public service account permit the concerned activities, they must comply with such laws.

#### **5.3.1.2 Service providers that are neither financial institutions nor specialized financial institutions**

The service providers, aside from the financial institutions or specialized financial institutions, prescribed in 4.3 – 4.10 must comply with the relevant laws and regulations legislated to specifically supervise the businesses, the guiding principles prescribed in 5.2, and the regulations regarding interest, service charges, and penalties in Attachment 6.

Moreover, if the Bank of Thailand does not issue any relevant regulations to specifically supervise the businesses, the service providers must comply with the guiding principles prescribed in 5.2 and regulations in Attachment 6 regarding the disclosure; changes to interest rates, service charges, penalties, and other contract terms that shall affect how the customers use the services; and the recordkeeping of the disclosure documents.

#### **5.3.2 Additional imposed condition, modification, deferment, and termination of service**

The Bank of Thailand may impose an additional condition, modification, deferment, or termination of the partial or whole service in the following situations.

(1) The service providers violate or do not comply with the regulations prescribed in this Notification.

(2) The situation where the Bank of Thailand deems affected to the security and well-being of the public.



This shall be done according to the statutory power of the Bank of Thailand as given by laws.

**6. Effective date**

This Notification shall come into force from 1<sup>st</sup> April 2022 onwards.

**Announced on** 3<sup>rd</sup> March 2022

(Mr. Sethaput Suthiwartnarueput)

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### Statutory Power

By virtue of Section 38, Section 39, Section 40, Section 41, Section 46, Section 47, Section 56, and Section 58 of the Financial Institution Business Act B.E. 2551 (2008) and the amendments thereof, the Bank of Thailand hereby issues the Regulations on Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services, as specified herein, which must apply to financial institutions and companies within the financial business groups.

By virtue of Section 120/1 of the Financial Institution Business Act B.E. 2551 (2008) and the amendments thereof, the Bank of Thailand, upon approval of the finance minister, hereby issues the Regulations on Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services, as specified herein, which must apply to specialized financial institutions.

By virtue of Clause 7, Clause 10, and Clause 11 of the Ministry of Finance Notification Re: Business Subject to Approval according to Clause 5 of the Revolutionary Council Decree No. 58 (Credit Card) dated 30 July 2020, the Bank of Thailand hereby issues the Regulations on Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services, as specified herein, which must apply to non-bank credit card companies.

By virtue of Clause 8, Clause 11, and Clause 12 of the Ministry of Finance Notification Re: Business Subject to Approval according to Clause 5 of the Revolutionary Council Decree No. 58 (Personal Loan under Supervision) dated 30 July 2020, the Bank of Thailand hereby issues the Regulations on Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services, as specified herein, which must apply to non-bank personal loan companies under supervision.

By virtue of Clause 8, Clause 11, and Clause 12 of the Ministry of Finance Notification Re: Business Subject to Approval according to Clause 5 of the Revolutionary Council Decree No. 58 (Nano Finance Business under Supervision) dated 30 July 2020, the Bank of Thailand hereby issues the Regulations on Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services,

as specified herein, which must apply to non-bank nano finance companies under supervision.

By virtue of Clause 7, Clause 9, and Clause 10 of the Ministry of Finance Notification Re: Business Subject to Approval according to Clause 5 of the Revolutionary Council No. 58 (Electronic System or Network Business for Peer-to-Peer Lending) dated 30 July 2020, the Bank of Thailand hereby issues the Regulations on Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services, as specified herein, which must apply to electronic system or network providers for peer-to-peer lending that are not financial institutions.

By virtue of Section 24 and Section 25 of the Payment Systems Act B.E. 2560 (2017), the Bank of Thailand hereby issues the Regulations on Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services, as specified herein, which must apply to business providers of designated payment services.

By virtue of Section 4, Section 4/1, Section 5, and Section 10 of Emergency Decree on Asset Management Companies B.E. 2541 (1998) and the amendments thereof, the Bank of Thailand hereby issues the Regulations on Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services, as specified herein, which must apply to asset management companies.

## Repealed Notifications and Circulars

Item	Date on the Bank of Thailand Notification / Circular	Type	Reference Number	Subject
1.	3 August 2008	Notification	FPG. 80/2551	Regulation on Practices regarding Interest, Discounts, Service Charges, and Penalties for Commercial Banks
2.	3 August 2008	Notification	FPG. 81/2551	Regulation on Practices regarding Interest, Discounts, Service Charges, and Penalties for Finance Companies
3.	3 August 2008	Notification	FPG. 82/2551	Regulation on Practices regarding Interest, Service Charges, and Penalties for Credit Foncier Companies
4.	7 September 2010	Circular	BOT.RPD.(23)C. 1335/2553	Clarification on Practices regarding Deposit Interest
5.	17 March 2011	Circular	BOT.RPD.(23)C. 436/2554	Clarification on Promotional Activities regarding Deposits
6.	6 May 2011	Circular	BOT.RPD.(23)C. 709/2554	Clarification on Rewards Offered regarding Fundraising from the Public
7.	23 November 2012	Circular	BOT.RPD.(23)C. 1892/2555	Disclosures of Interest Rates, Penalties, Service Charges, Expenses, and Fees for Car and Motorbike Hire Purchase
8.	2 July 2013	Circular	BOT.RPD.(23)C. 860/2556	Disclosure of Home Mortgage Interest Rates

Item	Date on the Bank of Thailand Notification / Circular	Type	Reference Number	Subject
9.	9 March 2018	Circular	BOT.FCD.C. 711/2561	Collections of Service Charges and Penalties
10.	7 January 2020	Circular	BOT.FCD.C. 31/2563	Determination of Interest and Collections of Fees
11.	6 February 2020	Circular	BOT.FCD.C. 187/2563	Clarification on Determination of Interest and Collections of Fees
12.	6 February 2020	Circular	BOT.FCD.C. 188/2563	Determination of Interest and Collections of Fees

### Scope of Application

This Notification applies to:

1. All financial institutions according to the Financial Institution Business Act
2. All specialized financial institutions according to the Financial Institution Business Act

However, this Notification must not apply to the financial institutions and specialized financial institutions in the following circumstances:

(1) Interbank deposits, borrowing, money receipts, or loans, whose counterparties are the domestic institutions; i.e., the Bank of Thailand, commercial banks, finance companies, securities companies, credit foncier companies, specialized financial institutions, saving and credit cooperatives, federations of saving and credit cooperatives, credit unions, life insurance companies, Financial Institutions Development Fund, and Specialized Financial Institutions Development Fund; international financial institutions that Thailand is a member of; and banks or other financial institutions incorporated and situated overseas, e.g., central banks, commercial banks, and investment banks.

(2) Loans denominated in foreign currencies

(3) Derivative transactions

(4) Designated payment system businesses

(5) Transactions which are under the supervision of other supervisory agencies, e.g., mutual funds, non-life insurance, life insurance, bills of exchange and promissory notes, securities, and trustee.

3. All companies within the financial business groups according to the Bank of Thailand Notification regarding the consolidated supervision and other related Notifications, which undertake financial business as credit granting business or other businesses similar to credit granting, e.g., personal loan under supervision, nano finance

loan under supervision, hire purchase and leasing, other forms of credit granting, credit card, electronic system or network business for peer-to-peer lending, asset management business, and designated payment service business.

4. All credit card companies according to the Ministry of Finance Notification Re: Business Subject to Approval according to Clause 5 of the Revolutionary Council Decree No. 58 (Credit Card)

5. All personal loan companies under supervision according to the Ministry of Finance Notification Re: Business Subject to Approval according to Clause 5 of the Revolutionary Council Decree No. 58 (Personal Loan under Supervision)

6. All nano finance companies under supervision according to the Ministry of Finance Notification Re: Business Subject to Approval according to Clause 5 of the Revolutionary Council Decree No. 58 (Nano Finance Business under Supervision)

7. All electronic system or network providers for peer-to-peer lending according to the Ministry of Finance Notification Re: Business Subject to Approval according to Clause 5 of the Revolutionary Council No. 58 (Electronic System or Network Business for Peer-to-Peer Lending)

8. All business providers of designated payment services according to the law governing the payment systems

9. All asset management companies according to the law governing the asset management companies

10. Other business providers that shall be further prescribed by the Bank of Thailand

### Examples of Practices according to the Guiding Principles

The service providers may refer to the following practices that comply with the guiding principles prescribed in 5.2.

**Principle 5.2.2 :** The service charge and penalty calculation concept and base must be reasonable and consistent with the factors incurring costs and other factors that the service providers are able to prove their association and necessity.

Example:

The service charges must not be calculated from a percentage of the loan amount or asset value if the costs do not directly vary with such value or calculation base. To illustrate,

- The collection of collateral appraisal fee must not be calculated from a percentage of the loan amount since the collateral appraisal costs lie in the complexity of the appraisal, which depends on the differences in asset types, locations, and sizes of the collateral.
- Home mortgage's prepayment fee arising from refinancing with other service providers must be calculated from the loan outstanding amount on the day the customer repays the loan, not from the entire loan amount.

**Principle 5.2.3 :** The collection of service charges must be proportionate to the duration that the service has been provided. The service providers must refund the customers the service charges proportionate to the unused duration given that the service providers have collected the service charges in advance and that the customers terminate the service before it is due. The refund may be deducted by the costs or expenses incurred.

Example:

- When the customers decide to cancel or terminate ATM card or debit card service, the service providers must refund the already paid annual fee that is proportionate to the unused duration.



**Principle 5.2.4** : The service providers must not excessively put a burden on the customers and must consider their ability to pay. The service charges that stem from usual internal operations and the service providers' risk management offering no value added to the customers must not be collected.

Example:

- The service providers must not collect the collateral appraisal fee to supplement a periodic loan review.
- The service providers must not collect the collateral appraisal fee for the sake of the asset classification and provisioning or their risk management.

**Regulations on Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services for Financial Institutions or Specialized Financial Institutions**

**1. Regulations on accepting deposits or money from customers, deposit interest, and service charges related to deposit account management<sup>2</sup>**

**1.1 Regarding accepting deposits or money from customers, including deposit interest**, the financial institutions or specialized financial institutions must proceed as follows:

1.1.1 Announce the interest rates to be paid for each type of deposits or money accepted from customers as well as provide the details and related conditions<sup>3</sup> (if any). The financial institutions or specialized financial institutions must consider the clarity, transparency, and fairness for the same type of deposits or money accepted from the customers under the same conditions or manners. Moreover, the deposit interest paid to the customers must follow the rates announced for each type of deposits or money accepted from the customers.

1.1.2 In case the deposit interest paid by financial institutions or specialized financial institutions is step-up, the financial institutions or specialized

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<sup>2</sup> Including all forms of accepting deposits or money from customers permitted by law, whether it is called deposit receipt, certificates of deposit, etc.

<sup>3</sup> In case of finance companies, the interest rates paid to the customers may be different from the announced interest rates if they accept deposits or money from the customers in the following cases: (1) promissory notes pledged as collateral for the total amount of loan (back to back); and (2) deposits or money accepted from the customers which the finance companies agree to pay back before their maturity when the finance companies are considered unable to operate their business as usual. Thus, for the benefits of the customers and economy, the Bank of Thailand may grant a relaxation to the finance companies to pay higher interest rates than the finance companies' announced rates. The Bank of Thailand may also impose an additional condition in doing so.

financial institutions must announce the effective annual rate of return for the entire period to the customers<sup>4</sup>.

1.1.3 If the financial institutions or specialized financial institutions organize marketing campaigns to promote sales or persuade customers to choose their products or services, the financial institutions or specialized financial institutions must comply with the following.

(1) Marketing campaigns for taking deposit

The Bank of Thailand does not permit the financial institutions or specialized financial institutions to organize marketing campaigns for taking deposit by drawing lots, lucky draws, or other approaches considered gambling. However, if the financial institutions or specialized financial institutions organize the marketing campaigns by providing gifts or returns other than interest which are not in the form of drawing lots, lucky draw, or gambles, the financial institutions or specialized financial institutions must clearly disclose the details, conditions, and limitations to the customers. Such gifts or returns must be equally provided to all customers who meet or satisfy the criteria, and the value of the incentives must not be too high. In addition, the financial institutions or specialized financial institutions must disclose an annual percentage rate (APR) to allow the customers to simply compare the overall return of the deposits from one financial institution or specialized financial institution to another.

Therefore, the marketing campaigns which do not provide returns to all eligible depositors and cannot clearly disclose the returns, which makes them incomparable, the Bank of Thailand, likewise, does not permit the financial institutions or specialized financial institutions to organize such marketing campaigns.

(2) Marketing campaigns for other objectives

The financial institutions or specialized financial institutions can organize the marketing campaigns for other objectives without

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<sup>4</sup> The effective annual rate of return for the entire period is an Effective Interest Rate (EIR) or Internal Rate of Return (IRR) which the financial institutions or specialized financial institutions pay to depositors for the whole period of deposition.

disclosing the annual percentage rate (APR); however, they must clearly disclose the details, conditions, and other limitations to the customers. Furthermore, the financial institutions or specialized financial institutions must prove and indicate that such marketing campaigns, including the details, conditions, and other limitations, do not intend to avoid the requirements of the marketing campaigns for taking deposit as mentioned in 1.1.3 (1).

**1.2 Regarding service charges related to deposit account management,** the financial institutions or specialized financial institutions must proceed as follows:

1.2.1 If the financial institutions or specialized financial institutions consider that it is necessary to put in place relevant service charges on deposit accounts to compensate costs or expenses incurred (e.g., inactive deposit accounts with or without the condition that certain outstanding balance is set to trigger the service charge collection (either less than or more than the trigger amount) and deposit accounts that the financial institutions or specialized financial institutions have higher management costs or expenses than the returns paid to customers), the financial institutions or specialized financial institutions must proceed as follows:

(1) Specify the related service charges which is strictly necessary to compensate the management costs or expenses incurred. The service charges must be reasonable, correspond to the actual relevant management costs or expenses, and take into account the revenues that the financial institutions or specialized financial institutions will earn from utilizing the deposits. Furthermore, the financial institutions or specialized financial institutions must clearly and properly specify the charging conditions.

(2) When the customers open new deposit accounts, the financial institutions or specialized financial institutions must clearly inform the customers about the service charges mentioned above as well as the charging conditions.

(3) Notify each customer in advance before collecting or deducting the service charge from the account within an appropriate timeframe. In doing so, the financial institutions or specialized financial institutions must clearly

indicate the deposit outstanding balance, relevant service charge, and service charge collecting conditions.

However, the financial institutions or specialized financial institutions must not collect or deduct the service charges from the deposit accounts to compensate the management costs or expenses more than the outstanding balance of the deposit accounts.

1.2.2 In case of managing the deposit accounts, if the accounts belong to the customers that are natural persons and are not subject to the service charges mentioned above, e.g., dormant current or savings accounts which the customers lose contact for a certain period of time corresponding to the defined trigger, the financial institutions or specialized financial institutions must notify the customers the deposit outstanding balances. After that, if the financial institutions or specialized financial institutions still do not receive any contact from the customers or their heirs to close or activate the accounts, the financial institutions or specialized financial institutions must further notify the customers twice, with a one-year interval between each notice, and must specify that there will be no further notifications sent to the customers in the final notice.

For fixed deposit accounts of the natural persons in which the customers no longer continually deposit the money at maturity or fixed deposit accounts in which the customers enter into automatic rollover contracts, if the customers lose contact for a certain period of time corresponding to the defined trigger, the financial institutions or specialized financial institutions must notify the customers the deposit outstanding balances so that the customers can contact the financial institutions or specialized financial institutions to initiate transactions such as closing the accounts. However, the financial institutions or specialized financial institutions can clearly determine the guidelines or practices regarding the notification and its frequency, which should be appropriate and in accordance with the objective of the regulations that aims to make the customers aware of the existence of the deposit accounts.

Regarding the notifications sent to the customers according to the requirements in 1.2.1 or 1.2.2, multiple communication channels may be adopted to

best suit the customers' preference for certain media exposure. Nonetheless, in case of changing the format of the notifications, the financial institutions or specialized financial institutions must also comply with the related Bank of Thailand Notifications.

## **2. Regulations on granting loans<sup>5</sup>, including interest and related service charges and penalties**

**2.1 Regarding loans and their interest**, financial institutions or specialized financial institutions shall proceed as follows:

2.1.1 Announce the interest rates that will be collected from each type of the customers as follows:

(1) Reference interest rates as well as the definition of each group of customers whom the financial institutions or specialized financial institutions will collect the interest by referring to such rates;

(2) The maximum interest rates that the financial institutions or specialized financial institutions may collect and the interest rate ceiling for money paid under an obligation for the customers (if any) must be classified as consumer loans or commercial loans. The financial institutions or specialized financial institutions must announce the details classified by the type of loans provided and separately announce the maximum default interest rates from the maximum normal interest rate;

2.1.2 The interest collected by the financial institutions or specialized financial institutions must not exceed the maximum interest rates announced for each type of loans and for each group of customers which are classified in 2.1.1 (2)<sup>6</sup>

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<sup>5</sup> Requirements on consumer loans according to this regulation do not apply to credit cards, personal loans under supervision, nano finance under supervision, micro finance, and electronic system or network businesses for peer-to-peer lending. The service providers undertaking such businesses must comply with the specific regulations.

<sup>6</sup> Except for the housing loans provided to low-income persons that the financial institutions enter into an agreement before 1<sup>st</sup> June 1992, the financial institutions must not collect the interest more than the MLR rate according to 2.1.1 (1).

**2.2 Regarding service charges related to loans,** the financial institutions or specialized financial institutions must proceed as follows:

2.2.1 For consumer loans, the service charges that the financial institutions or specialized financial institutions may collect must be actually paid, reasonable, and in accordance with the following principles.

(1) The financial institutions or specialized financial institutions must combine the recurring general operating expenses, such as utility costs, employee salary, and system charge, with the interest, and the combined interest must not exceed the interest rate ceiling prescribed by the financial institutions or specialized financial institutions.

(2) If the financial institutions or specialized financial institutions collect service charges aside from the general costs in 2.2.1 (1), the additional costs must be regarded as a part of the interest<sup>7</sup>, and the combined interest rates must not exceed the interest rate ceiling prescribed by the financial institutions or specialized financial institutions. If the expenses increase the operating costs as a result of providing additional services to the customers or paying to external entities, the financial institutions or specialized financial institutions may separately collect the expenses listed below without adding up to the interest.

(2.1) The expenses that the financial institutions or specialized financial institutions pay to the government agencies;

(2.2) The expenses that the financial institutions or specialized financial institutions pay to other persons or external entities according to the items prescribed by the Bank of Thailand in 4.1.3 (2.2). The expenses must be supported by proofs of payment that are available to be examined and must not intend to avoid any regulations of the government agencies by, for example, setting up an external company to procure the evidence of service charge collection in order to be able to charge from the customers.

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<sup>7</sup> For benefit of customers to compare information for choosing to use services from financial institutions or specialized financial institutions.

(2.3) The expenses that increase the operating costs of the financial institutions or specialized financial institutions as a result of the services provided to the customers or customer default according to the items prescribed by the Bank of Thailand in 4.1.3 (2.3).

Regardless, the financial institutions or specialized financial institutions must not double collect the same type of expenses which are specified in 2.2.1 (2.2) and 2.2.1 (2.3).

The Bank of Thailand may additionally specify other service charges related to the loans that the financial institutions or specialized financial institutions can charge and that the Bank of Thailand considers appropriate and still within the framework specified in 2.2.1 (2).

2.2.2 For commercial loans, the financial institutions or specialized financial institutions may separately collect the service charges related to the loans without combining them with the interest, but their type, amounts, rates and related conditions (if any) must be announced.

However, for the commercial loans that are provided to the retail customers, the financial institutions or specialized financial institutions must adopt the principles of service charge collection as if the loans are consumer loans according to 2.2.1.

### **2.3 Penalties related to loans**

2.3.1 The Bank of Thailand does not permit the financial institutions or specialized financial institutions to collect penalties related to consumer loans, except for housing loans where the customers redeem the entire loan before maturity to refinance with other financial institutions or specialized financial institutions within the first 3 years after the contract start date. The aforementioned penalties must be calculated from the outstanding balance as of the redemption date regardless of the



fact that the customers chose to enter into a housing loan contract with fixed, floating, or mixed interest rates<sup>8</sup>.

2.3.2 For commercial loans, the financial institutions or specialized financial institutions may separately collect the penalties without combining them with the interest, but their type, amounts, rates, and related conditions (if any) must be announced.

However, if the financial institutions or specialized financial institutions collect the penalties for redeeming the entire loan before the maturity, they must be calculated from the outstanding balance as of the redemption date. For the commercial loans provided to small and medium-sized enterprises (SMEs)<sup>9</sup>, the financial institutions or specialized financial institutions must furthermore specify the exemption periods or conditions<sup>10</sup> which may be considered by the historical repayment data, repayment period, quality, and behavior of each repayment.

### **3. Regulations on practices regarding service charges other than the service charges related to deposit account management and loans**

Provided that the financial institutions or specialized financial institutions collect other service charges other than the service charges related to deposit account management prescribed in 1.2 and the service charges related to loans prescribed in 2.2 and that the financial institutions or specialized financial institutions may collect such service charges as a result of providing the services to the customers (e.g., the service charges related to cheques, service charges related to the designated payment services, service charges related to the custodian service, service charges related to

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<sup>8</sup> The loan with a mixed interest rate is a loan which has the fixed interest rate at the initial period of the contract and then changes to the floating interest rate, or it is a loan which has the floating interest rate at the initial period of the contract and then changes to the fixed interest rate.

<sup>9</sup> Each financial institution or specialized financial institution may establish its internal criteria to specify or classify the loans for small and medium-sized enterprises (SMEs).

<sup>10</sup> The financial institutions or specialized financial institutions may determine the exemption periods or conditions where the customers redeem the entire loan before the maturity by referring to factors such as the related costs, loan tenors, and break-even period or by specifying other conditions such as a penalty exception for the customers whose installments have been paid for a certain number of years or whose payments exceeds a certain proportion of the principal.

the preparation for relevant reports and documents, service charges related to acting as agents in accepting requests and collecting insurance premiums or service fees), the financial institutions or specialized financial institutions must disclose such service charges in accordance with the guidelines prescribed in 4.1.3 (4) and display them in clear categories<sup>11</sup> to allow the customers to compare the information when choosing the services from the financial institutions or specialized financial institutions.

- 4. Disclosure guidelines regarding interest rates, service charges, and penalties,**  
the financial institutions or specialized financial institutions must proceed as follows:

**4.1 General minimum information to be disclosed<sup>12</sup>**

**4.1.1 Information of deposit interest rates or interest rates from accepting money from customers**

**(1) Type of deposits, conditions, or practice of accepting money from the customers, and related interest rates (annual percentage rate)**  
that the financial institutions or specialized financial institutions provide the services to the customers, e.g., current deposit accounts, saving deposit accounts, term or fixed deposit accounts. If the interest rates paid vary according to the deposit amounts, the interest rates for each deposit tier must be specified.

**(2) Type of depositors** such as natural persons, general juristic persons, institutions, government agencies, and non-residents.

**(3) Remarks** such as conditions of interest payments or other important conditions.

However, if there are special interest rates paid to a certain group of customers, the financial institutions or specialized financial institutions must

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<sup>11</sup> If the service charges for the same product share similar characteristics, despite serving for the different target customers or service channels, they must be disclosed in the same category.

<sup>12</sup> If the financial institutions or specialized financial institutions do not have any information prescribed in 4.1 due to the absence of related products or services provided, the financial institutions or specialized financial institutions do not have to disclose such information.

clearly disclose both the normal and special interest rates that are paid as well as the relevant criteria or conditions.

#### **4.1.2 Information of lending interest rates**

##### **(1) Reference interest rates (annual percentage rate)**

are floating interest rates used by the financial institutions or specialized financial institutions as a reference lending rate and charged from the customers such as interest rates of prime large customers for term loans (Minimum Loan Rate: MLR), interest rates of prime large customers for overdrafts (Minimum Overdraft Rate: MOR), interest rates of prime retail customers (Minimum Retail Rate: MRR), or any interest rate used as a reference rate other than MLR or MOR or MRR.

##### **(2) Maximum interest rates (annual percentage rate)**

according to the type of loans, which are consumer and commercial loans, the maximum interest rates must be specified as follows:

(2.1) Maximum normal interest rates which are the maximum interest rates for loans that the financial institutions or specialized financial institutions may charge from the customers who can still comply with the agreed conditions.

(2.2) Maximum default interest rate which are the maximum interest rates for loans that the financial institutions or specialized financial institutions may charge from the customers in case of default.

If the financial institutions or specialized financial institutions charge interest rates by using the reference rates plus or minus a margin such as  $MLR+X\%$ , the financial institutions or specialized financial institutions must also notify both the reference interest rates and the maximum margins that are added to or deducted from the rates.

#### **4.1.3 Information of service charges related to deposit account management and loans, other service charges, and penalties**

##### **(1) Service charges related to deposit account management**

are charges that the financial institutions or specialized financial institutions collect

from the customers to compensate management costs or expenses incurred such as a deposit account maintenance fee. The financial institutions or specialized financial institutions must clearly specify the rate or amount of service charges, relevant units, and related conditions, e.g., the type of deposits, minimum deposit outstanding balances, a dormant or inactive period. If the financial institutions or specialized financial institutions do not collect such service charges, “free of charge” must be clearly stated.

**(2) Service charges related to consumer loans that are reasonable and actually paid** are the actual and reasonable expenses incurred as a result of granting loans to the customers and customer default. The financial institutions or specialized financial institutions can only collect the service charges according to the listed items below and must clearly specify their units. The service charges can be classified into 3 types as follows:

**(2.1) Expenses paid to the government agencies** are the expenses collected by the government agencies as a result of the loan granted by the financial institutions or specialized financial institutions, e.g., stamp duty and mortgage registration fee.

**(2.2) Expenses paid to other persons or external entities** are the expenses that the financial institutions or specialized financial institutions pay to other persons or external entities as a result of the services provided to the customers and customer default. However, these expenses must be supported by the proofs of payment that are available to be examined. The expenses can be classified into 2 types as follows:

(2.2.1) Normal case, namely, credit bureau data inquiry fees, collateral inspection and appraisal fees, insurance premiums, payment fees via other service providers’ counters or channels, and other items to be prescribed by the Bank of Thailand;

(2.2.2) Default case, namely, returned cheque fees (for other service providers’ cheques), insufficient fund fees (for repayment made

by debiting from other service providers' accounts), debt collection fees, and other items to be prescribed by the Bank of Thailand.

**(2.3) Expenses that are the operating costs of the financial institutions or specialized financial institutions** are the expenses that have been increased as a result of the services provided to the customers or customer default. The expenses can be classified into 2 types as follows:

(2.3.1) Normal case, namely, collateral inspection and appraisal fees, statement reissue fees (from the second copy onward), power of attorney fee for performing legal activities related to loans with housing as collateral with the government agencies<sup>13</sup>, and other items to be prescribed by the Bank of Thailand;

(2.3.2) Default case, namely, debt collection fees and other items to be prescribed by the Bank of Thailand.

If the expenses collected by the financial institutions or specialized financial institutions differ in amounts or rates, the estimations or ranges of the amounts or rates may be used instead. Also, in case that the financial institutions or specialized financial institutions do not collect such expenses, "free of charge" must be clearly stated. Moreover, if there are debt collection fees stemming from both outsourcing and performing the service by the financial institutions or specialized financial institutions themselves, they must specify this type of expense in both 4.1.3 (2.2) and 4.1.3 (2.3) but must collect such expense only once.

**(3) Service charges related to commercial loans** are the expenses that financial institutions or specialized financial institutions collect as a result of the credits granted to the customers and customer default. The units of the service charges must be clearly stated. If the service charges collected by the financial institutions or specialized financial institutions differ in amounts or rates, the estimations or ranges of the amounts or rates may be used instead. Also, in case that the financial

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<sup>13</sup> The financial institutions or specialized financial institutions must specify additional details of the aforementioned power attorney fees about the concerned legal activities and the concerned type of consumer loans, such as housing loans and personal loans with housing as collateral.

institutions or specialized financial institutions do not collect such service charges, “free of charge” must be clearly stated.

**(4) Other service charges** are the expenses that the financial institutions or specialized financial institutions collect as a result of the services provided to the customers other than the service charges mentioned in (1) – (3). The units of the service charges must be clearly stated. If the service charges collected by the financial institutions or specialized financial institutions differ in amounts or rates, the estimations or ranges of the amounts or rates may be used instead. Also, in case that the financial institutions or specialized financial institutions do not collect such service charges, “free of charge” must be clearly stated.

**(5) Penalties related to consumer loans** are the penalties related to the housing loans collected from the customers who redeem the entire loan before the maturity date to refinance with other financial institutions or specialized financial institutions. The units of the penalties must be clearly stated. If the penalties collected by the financial institutions or specialized financial institutions differ in amounts or rates, the estimations or ranges of the amounts or rates may be used instead. Also, in case that the financial institutions or specialized financial institutions do not collect such penalties, “free of charge” must be clearly stated.

**(6) Penalties related to commercial loans’** units must be clearly stated. If the penalties collected by the financial institutions or specialized financial institutions differ in amounts or rates, the estimations or ranges of the amounts or rates may be used instead. Also, in case that the financial institutions or specialized financial institutions do not collect such penalties, “free of charge” must be clearly stated.

#### **4.1.4 Information of interest rates of foreign currency deposit accounts**

**(1) Type of deposits, type of interests, and related interest rates (annual percentage rate)** that the financial institutions or specialized financial institutions provide the services to the customers, e.g., current deposit accounts, saving deposit accounts, and fixed deposit accounts. If the interest rates

paid vary according to the deposit amounts or terms (for fixed deposit accounts), the corresponding interest rates for each deposit tier or each term as well as the relevant deposit terms must be specified.

**(2) Type of depositors** such as natural persons, general juristic persons, local residents, and non-residents.

**(3) Remarks** such as conditions of interest payments or other important conditions.

The financial institutions or specialized financial institutions must announce the deposit interest rates for all foreign currencies in which the financial institutions or specialized financial institutions accept the deposits. If the financial institutions or specialized financial institutions do not pay interest for any types of deposits or customers, “No interest” must be clearly specified. Also, in case that the financial institutions or specialized financial institutions do not provide the services for any types of deposits or customers, such information does not have to be disclosed.

#### **4.1.5 Information of fees related to deposits and withdrawals of foreign currency deposit accounts**

**(1) Methods of payment or service channels**, namely,

(1.1) SWIFT/Telex means the case where a foreign currency is remitted from overseas (via SWIFT or Telex) to deposit into a foreign currency deposit account or where the foreign currency is withdrawn from the foreign currency deposit account to remit to overseas (via SWIFT or Telex).

(1.2) Draft means the case where the customers receive a foreign currency draft and would like to deposit into a foreign currency deposit account or where the customers withdraw the foreign currency from the foreign currency deposit account and would like to purchase the foreign currency draft.

(1.3) Foreign cheque means the case where the customers receive the foreign currency in a form of cheque and would like to deposit into the foreign currency deposit account or where the customers withdraw the foreign currency from the foreign currency deposit account and would like to purchase a foreign currency cheque.

(1.4) Traveler's Cheque means the case where the customers receive the foreign currency in a form of traveler's cheque and would like to deposit into the foreign currency account or where the customers would like to withdraw the foreign currency from the foreign currency deposit account to purchase a foreign currency traveler's cheque.

(1.5) Foreign currency note and coin means the case where the customers have the foreign currency notes and coins and would like to deposit into the foreign currency account or where the customers would like to withdraw from the foreign currency deposit account and receive the money in the form of foreign currency notes and coins.

**(2) Related fees**, namely, commission-in-lieu rates (percentage), the minimum and maximum amounts of commission-in-lieu collected according to the currencies and the methods of payment or service channels. If there are other related fees such as outward remittance fees, Cable Charge Agent Fees, inter-account fund transfer fees via SWIFT, collecting fees, draft-related fees, and stamp duty for drafts, the financial institutions or specialized financial institutions must specify the known amounts as well as their minimum and maximum amounts. However, if the amounts are unknown, the financial institutions or specialized financial institutions must state a list of the related fees.

**(3) Remarks.** Specify other further information (if needed).

The financial institutions or specialized financial institutions must announce the fees collected from the customers for deposits and withdrawals in all foreign currencies. If the financial institutions or specialized financial institutions do not collect the fees related to the methods of payment and the service channels from the customers, "free of charge" must be stated. Also, if the financial institutions



or specialized financial institutions do not provide the services via such methods of payment and service channels, such information does not have to be disclosed.

**4.1.6 Information of conditions and fees related to foreign currency deposit account**

**(1) Related conditions and fees, namely,**

**(1.1) Initial deposit amount** is the amount required for opening a new account that is classified by the type of the deposit accounts, such as current deposit accounts, saving deposit accounts, and fixed deposit accounts, and by the type of the currencies.

**(1.2) Conditions and fees for having the average outstanding deposit balance below the threshold.** If the customers have the outstanding deposit balance below the threshold, to collect the account maintenance fee, the financial institutions and specialized financial institutions must specify the minimum average deposit balance that the customers must maintain for any given period of time and must specify the fees and their units classified by the type of the deposit accounts, such as the current deposit accounts, saving deposit accounts, and fixed deposit accounts, and by the type of currencies.

**(1.3) Conditions and fees for having the average outstanding deposit balance above the threshold.** If the customers have the outstanding deposit balance above the threshold, to collect the account maintenance fee, the financial institutions and specialized financial institutions must specify the maximum deposit balance that the customers may maintain for any given period of time and must specify the fees and their units classified by the type of the deposit accounts, such as the current deposit accounts, saving deposit accounts, and fixed deposit accounts, and by the type of the currencies.

**(1.4) Conditions and fees for dormant accounts.** The financial institutions and specialized financial institutions must specify the longest period that the customers may retain each type of the deposit accounts without any transactions and would not be subject to any fees. However, if the accounts stay

dormant beyond the aforementioned period, to collect the fees for the dormant accounts, the financial institutions or specialized financial institutions must specify the fees and their units classified by the type of the deposit accounts, such as the current deposit accounts, saving deposit accounts, and fixed deposit accounts, and by the type of the currencies.

**(2) Returned cheque/draft fee.** The financial institutions or specialized financial institutions must specify the fees, classified by the type of the currencies, that will be collected from the customers in case that they have returned cheques or drafts.

**(3) Other fees** that are collected as a result of the services provided to the customers. The financial institutions and specialized financial institutions must specify the type and detail of the fees, classified by the type of the currencies.

**(4) Remark.** Specify other further information (if needed).

If the financial institutions or specialized financial institutions do not provide any types of transactions, such information does not have to be disclosed.

#### **4.2 Minimum disclosure via advertising media and disclosure to customers before entering into a loan contract with housing as collateral<sup>14</sup>**

The financial institutions or specialized financial institutions must clearly disclose to the customers the effective interest rate and all actual expenses for the loans with housing as collateral that are paid to both the financial institutions or specialized financial institutions and other agencies in an easy-to-understand format with at least the following information (please refer to the examples in Attachment 5.1<sup>15</sup>).

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<sup>14</sup> Such as housing loan and personal loan with housing as collateral.

<sup>15</sup> The financial institutions or specialized financial institutions may use the appropriate disclosure formats other than the formats shown in the examples; however, they must contain the minimum information that is required by the Bank of Thailand.

4.2.1 Information disclosure via advertising media: The financial institutions and specialized financial institutions must disclose the effective interest rate over the term of the contract and indicate the assumptions used in calculating such interest rate.

4.2.2 Information disclosure to customers before entering into a contract: To provide each customer with the complete information before entering into the contract that differs in terms and conditions, the financial institutions and specialized financial institutions must disclose the effective interest rate and expenses by indicating the following details.

(1) The effective interest rate over the term of contract

(2) Other expenses that the customers must pay to the financial institutions or specialized financial institutions, such as collateral inspection and appraisal fees, and to other agencies, such as mortgage registration fee, stamp duty, insurance premiums, and life insurance premiums, in the form of the percentage of the loan amount as of the loan start date<sup>16</sup>. In case that the financial institutions or specialized financial institutions collect the penalty when the customers redeem the entire loan before the maturity date to refinance with other financial institutions or specialized financial institutions, the penalty rate and related conditions must also be disclosed.

### **4.3 Format, disclosure period, practices in case of amendments, and recordkeeping**

4.3.1 Disclose the information required in 4.1 with an easy-to-understand format and in an uncomplicated manner (please refer to the examples in Attachment 5.2<sup>17</sup>).

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<sup>16</sup> Displaying the expenses as the percentage of the loan amount only serves as a means to allow the customers to easily compare the information. However, the collection of service charges and penalties must still be accordance with the principles set out in 5.2.

<sup>17</sup> The financial institutions or specialized financial institutions may use the appropriate disclosure formats other than the table format shown in the examples; however, they must contain the minimum information that is required by the Bank of Thailand.

4.3.2 Disclose the information required in 4.1 prior to the effective date of interest rates, service charges, and penalties so that the customers are informed and aware of the related details or conditions. The disclosure can be published through any of the communication channels that the financial institutions or specialized financial institutions own, for example, public announcement at all offices, websites, and applications. Furthermore, the financial institutions or specialized financial institutions must be able to provide reasonable information to the customers upon request so that they can utilize such information to help choosing the services according to their needs.

4.3.3 Where there are any changes to the interest rates, service charges, penalties, including the contract conditions or agreements, which may affect the customers, the financial institutions or specialized financial institutions must clearly communicate or inform the significant adjustments to the customers in advance within an appropriate timeframe. The financial institutions or specialized financial institutions shall consider the effectiveness of communication channels (e.g., public announcement at all offices, websites, and applications), the importance as well as the impact of the changes to the customers so that they are clearly informed and aware of the changes within the appropriate period.

4.3.4 Maintain the original copy of the disclosed information in the form of documents, electronic files, or other forms to provide such information to the customers, courts, or government agencies upon request. The financial institutions or specialized financial institutions must additionally consider the suitable duration which the original copy of the disclosed information should be maintained according to how the information will be used<sup>18</sup>.

However, the regulations set out in 4.3.1 - 4.3.3 do not apply to any disclosure of service charges or penalties related to the commercial loans for

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<sup>18</sup> E.g., the financial institutions or specialized financial institutions may consider maintaining the original copy of the disclosed information for at least 10 years from the effective date of the announcement for the benefit of judicial proceedings.

specific large business customers<sup>19</sup> and to any disclosure of other service charges or penalties related to the services provided to the specific large business customers.

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<sup>19</sup> The specific large business customers mean large business customers whom the financial institutions or specialized financial institutions offer the specific type, amount, or rate of the service charges different from other customers. The financial institutions or specialized financial institutions may choose other appropriate methods to disclose the information to the specific large business customers.

Example of Disclosure of Interest Rates and Other Expenses  
for Loans with Housing as Collateral

1. Information disclosure via advertising media (the numbers shown are examples only)

(advertising area: housing loan)

Effective interest rate over the term of contract	6.07%*
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\* Interest rate for housing loan with the loan amount of 3 million baht, contract term 25 years, MLR = 7%

Month	1 - 6	7 - 12	13 - 24	25 onwards
Interest rate	0%	MLR - 1.25%	MLR - 0.75%	MLR - 0.50%

The above effective interest rate is an example for calculating only.

2. Information disclosure to customers before entering into a contract (the numbers shown are examples only; and the actual details disclosed to each customer must be shown)

### Interest rate and expenses for housing loan sheet

Housing loan with the loan amount of 3 million baht, contract term 25 years

Interest rate	Rate	
1. Effective interest rate over the term of contract <sup>1</sup>	6.07%	per year
Related expenses <sup>2</sup>	Rate	
2. Other fees <u>Financial institution's service charges</u> Collateral inspection and appraisal fee (4,000 baht) <u>Expenses paid to other agencies</u> Mortgage registration fee (1.00% of appraisal price, equal to 30,000 baht) Stamp duty (0.05% of loan amount, equal to 1,500 baht)	1.18%	of loan amount at starting date (one-time payment)
3. Non-life insurance premium (3,000 baht per year)	0.10%	of loan amount at starting date per year
4. Life insurance premium (12,000 baht per year)	0.40%	
Total interest and expenses	7.75%*	for the first year (1+2+3+4)
	6.57%*	for the following years (1+3+4)

\* Calculate by comparing with loan amount at starting date

Refinance fee <sup>3</sup>	3.00%	of outstanding balance
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### Annotation

1. Effective interest rate means average interest rate that customers must pay per year over the term of contract calculated from the interest rate shown in the example as follows:

Month	1 - 6	7 - 12	13 - 24	25 onwards
Interest rate	0%	MLR - 1.25%	MLR - 0.75%	MLR - 0.50%

MLR as April 24, 2021, equal to 7.00%

2. Related expenses mean other non-interest expenses which consist of financial institutions' service charges (i.e., collateral inspection and appraisal fee) and expenses paid to other agencies (e.g., mortgage registration fee, stamp duty, non-life insurance premium, and life insurance premium).
3. Refinance fee is a penalty fee that customers will be charged if they redeem the loan and refinance with other financial institutions or specialized financial institutions within the first 3 years from the contract date.



Example of Tabular Disclosure of Interest Rates, Service Charges, and Penalties

Service provider's name ..... Table 1 Information of Deposit Interest Rates or Interest Rates from Accepting Money from Customers Effective from .....(date)..... Unit : Annual Percentage Rate						
Type of Deposits	Type of Customers					
	Natural Person	Juristic Person	.....	Non-Resident		
				Natural Person	Juristic Person	.....
1. Current Account						
2. Saving Account						
Tier (.....-.....)						
(.....-.....)						
3. Fixed Deposit Account						
..... Days						
Tier (.....-.....)						
(.....-.....)						
..... Months (specify such as 1, 3, 6, 12 months, etc.)						
Tier (.....-.....)						
(.....-.....)						
4. Contractual Deposit Account (24 months and over)						
5. Certificate of Deposits						
6. Promissory Note						
6.1 Demand						
..... Days						
Tier (.....-.....)						
(.....-.....)						
6.2 Term of fixed						
Tier (.....-.....)						
(.....-.....)						
..... Months (specify such as 1, 3, 6, 12 months, etc.)						
Tier (.....-.....)						
(.....-.....)						
7. Bill of Exchange						
8. ....						
<b>Remarks</b> Conditions of interest or discount payments 1. .... 2. .... Other important condtions 1. .... 2. ....						

Service provider's name .....				
Table 2 Information of Lending Interest Rates <sup>1/</sup>				
Effective from .....(date).....				
Unit : Annual Percentage Rate				
<b>a. Reference Interest Rates</b>				
1. Interest rate for prime large customers: term loan type (Minimum Loan Rate) (if any)	MLR	.....		
2. Interest rate for prime large customers: overdraft type (Minimum Overdraft Rate) (if any)	MOR	.....		
3. Interest rate for prime retail customers (Minimum Retail Rate) (if any)	MRR	.....		
4. Prime customers (if any)		.....		
5. General customers (if any)		.....		
6. Money paid under obligation for customers (if any)		.....		
7. Others (if any) .....		.....		
Unit : Annual Percentage Rate				
<b>b. Maximum interest rates</b>				
<b>b. (1) Consumer Loan</b>	Personal Loan		Housing Loan	.....
	With Collateral	Without Collateral (not under supervision)		
1. Maximum Normal Interest Rate	.....	.....	.....	.....
2. Maximum Default Interest Rate	.....	.....	.....	.....
<b>b. (2) Commercial Loan</b>	<b>Overdraft facilities</b>	.....	.....	.....
1. Maximum Normal Interest Rate	.....	.....	.....	.....
2. Maximum Default Interest Rate	.....	.....	.....	.....
<b>Remarks</b>				
1/ Exclude the type of loans that the Bank of Thailand stipulates the specific regulations.				

Service provider's name .....						
Table 3 Information of Service Charges related to Deposit Account Management and Loans <sup>1/</sup> , Other Service Charges, and Penalties Effective from .....(date).....						
<b>a. Service Charges related to Deposit Account Management</b>		Service charges (Please specify the unit)			Remarks	
1. Deposit account maintenance fee						
2. .... (if any)						
<b>b. Service Charges related to Loans</b>		Service charges (Please specify the unit)				
<b>b. (1) Service charges related to consumer loan: actual and reasonable expenses</b>		Personal Loan		Housing Loan	.....	Remarks
		With Collateral	Without Collateral (not under supervision)			
1. Expenses paid to the government agencies, namely						
1) Stamp duty						
2) Mortgage registration fee						
3) ..... (if any)						
2. Expenses paid to other persons or external entities, such as						
<u>Normal case</u>						
1) Credit bureau data inquiry fee						
2) Collateral inspection and appraisal fee <sup>2/</sup>						
3) Insurance premium						
4) Payment fees via other service providers' counters or channels (please specify the details)						
5) ....(other items to be prescribed by the Bank of Thailand)....						
<u>Default case</u>						
1) Returned cheque fee (for other service providers' cheques)						
2) Insufficient fund fee (for repayment made by debiting from other service providers' accounts)						
3) Debt collection fees <sup>2/</sup>						
4) ....(other items to be prescribed by the Bank of Thailand)....						
3. Expenses that are operating costs of financial institutions or specialized financial institutions						
<u>Normal case</u>						
1) Collateral inspection and appraisal fee <sup>2/</sup>						
2) Statement reissue fee (from the second copy onward)						
3) Power of attorney fee for performing legal activities related to loans with housing as collateral with the government agencies (please specify the details)						
4) ....(other items to be prescribed by the Bank of Thailand)....						
<u>Default case</u>						
1) Debt collection fees <sup>2/</sup>						
2) ....(other items to be prescribed by the Bank of Thailand)....						
<b>b. (2) Service charges related to commercial loan</b>		Overdraft facilities	.....	.....	.....	Remarks
1. ....						
2. ....						
<b>c. Other Service Charges</b>		Service charges (Please specify the unit)			Remarks	
1. ....						
2. ....						
<b>d. Penalties related to Loans</b>		Penalties (Please specify the unit)			Remarks	
<b>d. (1) Penalties related to consumer loan (housing loan)</b>						
<b>d. (2) Penalties related to commercial loan</b>		Overdraft facilities	.....	.....	Remarks	
1. ....						
2. ....						
<b>Remarks</b>						
1/ Exclude the type of loans that the Bank of Thailand stipulates the specific regulations.						
2/ The same expenses specified in 2 and 3 must not be double collected.						

Service provider's name .....						
Table 4 Information of Interest Rates of Foreign Currency Deposit Account						
Effective from .....(date).....						
Unit : Annual Percentage Rate						
FCY	Type of Deposits	Type of Customers				
		Resident		Non-Resident		
		Natural Person	Juristic Person	Natural Person	Juristic Person	
USD	1. Current					
	2. Saving					
	Tier (.....-.....)					
	(.....-.....)					
	(.....-.....)					
	3. Fixed					
	1 month					
	Tier (.....-.....)					
	(.....-.....)					
	(.....-.....)					
	3 month					
	Tier (.....-.....)					
	(.....-.....)					
	(.....-.....)					
	6 month					
	Tier (.....-.....)					
	(.....-.....)					
	(.....-.....)					
	9 month					
	Tier (.....-.....)					
	(.....-.....)					
	(.....-.....)					
	12 month					
	Tier (.....-.....)					
	(.....-.....)					
	(.....-.....)					
	4. ....					
	.....	1. Current				
2. Saving						
Tier (.....-.....)						
(.....-.....)						
(.....-.....)						
3. Fixed						
1 month						
Tier (.....-.....)						
(.....-.....)						
(.....-.....)						
3 month						
Tier (.....-.....)						
(.....-.....)						
(.....-.....)						
6 month						
Tier (.....-.....)						
(.....-.....)						
(.....-.....)						
9 month						
Tier (.....-.....)						
(.....-.....)						
(.....-.....)						
12 month						
Tier (.....-.....)						
(.....-.....)						
(.....-.....)						
4. ....						
Remarks						

Service provider's name .....							
Table 5 Information of Fees related to Deposits and Withdrawals of Foreign Currency Deposit Account							
Effective from .....(date).....							
FCY	Fees		Commission-in-lieu			Other fees	
			%	Min.	Max.		
USD	SWIFT / Telex	Deposit					
		Withdrawal					
	Draft	Deposit					
		Withdrawal					
	Foreign Cheque	Deposit					
		Withdrawal					
	Traveler's Cheque	Deposit					
		Withdrawal					
	Note and Coin	Deposit					
		Withdrawal					
	Remarks						
	.....	SWIFT / Telex	Deposit				
			Withdrawal				
		Draft	Deposit				
Withdrawal							
Foreign Cheque		Deposit					
		Withdrawal					
Traveler's Cheque		Deposit					
		Withdrawal					
Note and Coin		Deposit					
		Withdrawal					
Remarks							
.....		SWIFT / Telex	Deposit				
			Withdrawal				
		Draft	Deposit				
	Withdrawal						
	Foreign Cheque	Deposit					
		Withdrawal					
	Traveler's Cheque	Deposit					
		Withdrawal					
	Note and Coin	Deposit					
		Withdrawal					
	Remarks						

Service provider's name .....					
Table 6 Information of Conditions and Fees related to Foreign Currency Deposit Account					
Effective from .....(date).....					
FCY	Conditions and other fees		Current Account	Saving Account	Fixed Deposit Account
USD	Initial deposit				
	Fee for having the outstanding balance below the minimum balance	Minimum average balance			
		Fee			
	Fee for having the outstanding balance above the maximum balance	Maximum average balance			
		Fee			
	Fee for dormant account	Dormant period			
		Fee			
	Returned cheque/draft fee				
Other fees <i>(Please specify the details)</i>					
Remarks					
.....	Initial deposit				
	Fee for having the outstanding balance below the minimum balance	Minimum average balance			
		Fee			
	Fee for having the outstanding balance above the maximum balance	Maximum average balance			
		Fee			
	Fee for dormant account	Dormant period			
		Fee			
	Returned cheque/draft fee				
Other fees <i>(Please specify the details)</i>					
Remarks					
.....	Initial deposit				
	Fee for having the outstanding balance below the minimum balance	Minimum average balance			
		Fee			
	Fee for having the outstanding balance above the maximum balance	Maximum average balance			
		Fee			
	Fee for dormant account	Dormant period			
		Fee			
	Returned cheque/draft fee				
Other fees <i>(Please specify the details)</i>					
Remarks					
.....	Initial deposit				
	Fee for having the outstanding balance below the minimum balance	Minimum average balance			
		Fee			
	Fee for having the outstanding balance above the maximum balance	Maximum average balance			
		Fee			
	Fee for dormant account	Dormant period			
		Fee			
	Returned cheque/draft fee				
Other fees <i>(Please specify the details)</i>					
Remarks					

**Guidelines on Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services for Service Providers that are neither Financial Institutions nor Specialized Financial Institutions**

Apart from complying with the guiding principles prescribed in 5.2, the service providers that are neither financial institutions nor specialized financial institutions must also comply with the following regulations to satisfy the related requirements and disclosure regarding interest, service charges, and penalties.

**1. Non-bank credit card companies**

For the regulations regarding collection of interest, service charges, and penalties as well as disclosure requirements (e.g., details, format, and timeframe), non-bank credit card companies must comply with the Bank of Thailand Notification Re: Regulations, Procedures and Conditions for Undertaking Credit Card Business.

**2. Non-bank personal loan companies under supervision**

For the regulations regarding collection of interest, service charges, and penalties as well as disclosure requirements (e.g., details, format, timeframe, and recordkeeping), non-bank personal loan companies under supervision must comply with the Bank of Thailand Notification Re: Regulations, Procedures and Conditions for Undertaking Personal Loan Business Under Supervision.

**3. Non-bank nano finance companies under supervision**

For the regulations regarding collection of interest, service charges, and penalties as well as disclosure requirements (e.g., details, format, timeframe, and recordkeeping), non-bank nano finance companies under supervision must comply with the Bank of Thailand Notification Re: Regulations, Procedures, and Conditions for Undertaking Nano Finance Business Under Supervision.

#### **4. Electronic system or network providers for peer-to-peer lending**

For the regulations regarding collection of interest and service charges as well as disclosure requirements, electronic system or network providers for peer-to-peer lending must comply with the Bank of Thailand Notification Re: Prescription of Rules, Procedures, and Conditions for Operating an Electronic System or Network Business for Peer-to-Peer Lending (Peer-to-Peer Lending Platform).

#### **5. Business providers of designated payment services**

For the regulations regarding disclosure of service charges, the business providers of designated payment services must comply with the Bank of Thailand Notification Re: Regulations on General Supervision of Undertaking Designated Payment Service Business.

#### **6. Asset management companies**

For the regulations regarding collection of interest as well as disclosure requirements (e.g., interest, service charges, and timeframe), asset management companies must comply with the Bank of Thailand Notification Re: Regulations on Practices for Asset Management Companies.

#### **7. Other service providers that the Bank of Thailand do not prescribe specific regulations for undertaking the businesses or transactions**

Other service providers must comply with the following disclosure requirements regarding interest, service charges, and penalties.

(1) Disclose the information based on the principle of providing accurate, complete, clear, and present information to the customers with an easy-to-understand format and in an uncomplicated manner.

(2) Disclose the information regarding interest, service charges, and penalties prior to the effective date so that the customers are informed and aware of the details or conditions. The disclosure can be published through any of the communication channels that the service providers own, for example, public announcement at all offices, websites, and applications. Furthermore, the service



providers must be able to provide reasonable information to the customers upon request so that they can utilize such information to help choosing the services according to their needs.

(3) Where there are any changes to the interest rates, service charges, penalties, including the contract conditions or agreements, which may affect the customers, the service providers must clearly communicate or inform the significant adjustments to the customers in advance within an appropriate timeframe. The service providers shall consider the effectiveness of communication channels (e.g., public announcement at all offices and the service providers' websites or applications), the importance as well as the impact of the changes to the customers so that they are clearly informed and aware of the changes within the appropriate period.

(4) Maintain the original copy of the disclosed information in the form of documents, electronic files, or other forms to provide such information to the customers, courts, or government agencies upon request. The service providers must additionally consider the suitable duration which the original copy of the disclosed information should be maintained according to how the information will be used<sup>20</sup>.

The service providers mentioned in 1.-7. may use the example of other Bank of Thailand Notifications and Circulars in Attachment 6.1 as a reference of the related regulations that must be complied with.

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<sup>20</sup> E.g., the service providers may consider maintaining the original copy of the disclosed information for at least 10 years from the effective date of the announcement for the benefit of judicial proceedings.

**Example of the Bank of Thailand Notifications and Circulars concerning Practices and Disclosure regarding Interest, Service Charges, and Penalties for Financial Products and Services for Service Providers that are neither Financial Institutions nor Specialized Financial Institutions<sup>21</sup>**

Type of Business	Related Notifications and Circulars
<b>Credit Card Business</b>	<ul style="list-style-type: none"> <li>- The Bank of Thailand Notification No. FPG. 11/2563 Re: Regulations, Procedures and Conditions for Undertaking Credit Card Business</li> <li>- The Bank of Thailand Notification No. FPG. 20/2563 Re: Regulations on Debt Resolution Projects</li> <li>- The Bank of Thailand Notification No. SG2. 4/2563 Re: Regulations on Market Conduct</li> <li>- The Bank of Thailand Notification No. SG2. 5/2563 Re: Regulations on Market Conduct Implementation Guideline for Each Service Provider Type</li> <li>- The Bank of Thailand Circular No. BOT.FCD.C. 951/2564 Re: Guidelines on Fair Lending</li> </ul>
<b>Personal Loan Business under Supervision</b>	<ul style="list-style-type: none"> <li>- The Bank of Thailand Notification No. FPG. 12/2563 Re: Regulations, Procedures and Conditions for Undertaking Personal Loan Business Under Supervision</li> <li>- The Bank of Thailand Notification No. FPG. 20/2563 Re: Regulations on Debt Resolution Projects</li> <li>- The Bank of Thailand Notification No. SG2. 4/2563 Re: Regulations on Market Conduct</li> </ul>

<sup>21</sup> An objective of this attachment is to facilitate the service providers that are neither financial institutions nor specialized financial institutions to easily refer to other Bank of Thailand Notifications and Circulars. The mentioned Notifications and Circulars are considered effective at the end of January 2022, so they may not cover all of the relevant Notifications and Circulars. Furthermore, if there are changes to the listed Notifications and Circulars, the service providers must comply with the amended Notifications and Circulars and additional policies or guidelines issued.

Type of Business	Related Notifications and Circulars
	<ul style="list-style-type: none"> <li>- The Bank of Thailand Notification No. SG2. 5/2563 Re: Regulations on Market Conduct Implementation Guideline for Each Service Provider Type</li> <li>- The Bank of Thailand Notification No. SG2. 9/2563 Re: Calculation of Default Interest and Debt Payment Hierarchy</li> <li>- The Bank of Thailand Circular No. BOT.FSD.(01) C. 977/2563 Re: Regulations, Procedures and Conditions for Undertaking Digital Personal Loan Business</li> <li>- The Bank of Thailand Circular No. BOT.FCD.C. 951/2564 Re: Guidelines on Fair Lending</li> </ul>
<b>Nano Finance Business under Supervision</b>	<ul style="list-style-type: none"> <li>- The Bank of Thailand Notification No. FPG. 13/2563 Re: Regulations, Procedures, and Conditions for Undertaking Nano Finance Business Under Supervision</li> <li>- The Bank of Thailand Notification No. FPG. 20/2563 Re: Regulations on Debt Resolution Projects</li> <li>- The Bank of Thailand Notification No. SG2. 4/2563 Re: Regulations on Market Conduct</li> <li>- The Bank of Thailand Notification No. SG2. 5/2563 Re: Regulations on Market Conduct Implementation Guideline for Each Service Provider Type</li> <li>- The Bank of Thailand Notification No. SG2. 9/2563 Re: Calculation of Default Interest and Debt Payment Hierarchy</li> <li>- The Bank of Thailand Circular No. BOT.FCD.C. 951/2564 Re: Guidelines on Fair Lending</li> </ul>
<b>Electronic System or Network Business for Peer-to-Peer Lending</b>	<ul style="list-style-type: none"> <li>- The Bank of Thailand Notification No. FPG. 14/2563 Re: Prescription of Rules, Procedures, and Conditions for Operating an Electronic System or Network Business for Peer-to-Peer Lending (Peer-to-Peer Lending Platform)</li> </ul>
<b>Asset Management Companies</b>	<ul style="list-style-type: none"> <li>- The Bank of Thailand Notification No. FPG. 2/2563 Re: Regulations on Practices for Asset Management Companies</li> </ul>

Type of Business	Related Notifications and Circulars
	<ul style="list-style-type: none"> <li>- The Bank of Thailand Notification No. FPG. 20/2563 Re: Regulations on Debt Resolution Projects</li> <li>- The Bank of Thailand Notification No. SG2. 4/2563 Re: Regulations on Market Conduct</li> <li>- The Bank of Thailand Notification No. SG2. 9/2563 Re: Calculation of Default Interest and Debt Payment Hierarchy</li> <li>- The Bank of Thailand Circular No. BOT.FCD.C. 951/2564 Re: Guidelines on Fair Lending</li> </ul>
<b>Designated Payment Service Business</b>	<ul style="list-style-type: none"> <li>- The Bank of Thailand Notification No. PFG. 6/2561 Re: Regulations on General Supervision of Undertaking Designate Payment Service Business</li> <li>- The Bank of Thailand Notification No. PFG. 10/2561 Re: Supervisory Regulations on Agents of the Business Providers of the Designated Payment Services</li> <li>- The Bank of Thailand Notification No. PFG. 12/2561 Re: Services related to Debit Cards Issued and Used Domestically</li> </ul>
<b>Hire Purchase and Leasing Business in a Financial Business Group of Financial Institutions</b>	<ul style="list-style-type: none"> <li>- The Bank of Thailand Notification No. SG2. 4/2563 Re: Regulations on Market Conduct</li> <li>- The Bank of Thailand Notification No. SG2. 9/2563 Re: Calculation of Default Interest and Debt Payment Hierarchy</li> <li>- The Bank of Thailand Circular No. BOT.FCD.C. 951/2564 Re: Guidelines on Fair Lending</li> </ul>