

Unofficial Translation

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

Please refer to the Thai text for the official version.

Notification of the Bank of Thailand

No. SorKorChor. 7/2566

Re: Regulations on Responsible Lending

1. Rationale

Household debt in Thailand is a longstanding structural issue that has been accumulating and steadily increasing, rising from 76% of GDP in 2012 to 84% of GDP in 2019, and experiencing a significant surge during the COVID-19 pandemic, reaching 95% of GDP in 2022. Although the proportion of household debt to GDP has gradually decreased to 91% in the second quarter of 2024 amid economic recovery and a slowdown in credit expansion following the conclusion of relief measures, it remains at elevated levels. The Bank of Thailand acknowledges the importance of addressing the structural problem of household debt as it poses risks to the stability of the financial system and long-term economic expansion. Addressing household debt requires time and comprehensive efforts tailored to the nature and causes of indebtedness in each phase. It must be done prudently to fix the right problem and avoid burdening debtors further and reducing access to credit. Collaboration among all stakeholders, including debtors, creditors, and the government, is essential.

The Bank of Thailand has thus established a more comprehensive and clear criteria for responsible lending to elevate adherence to the Circular Re: Guidelines on Fair Lending by being a criteria in addition to the Notification of the Bank of Thailand Re: Regulations on Market Conduct. It delineates the roles and responsibilities of service providers in appropriately providing customer responsibilities throughout the debt journey, from product development and advertisement to the provision of high-quality new loans, assistance to existing debtors—particularly debtors with persistent debts and non-performing loans—and legal proceedings and debt transfers. Additionally, it

aims to promote the provision of information to influence customer behaviour (nudge) throughout the debt journey and foster financial discipline to ensure that individuals borrow when necessary and within their means. These efforts are pivotal in addressing household debt issues sustainably in the long term and in promoting responsible and fair customer service management by service providers, which is crucial in supporting their ongoing business operations.

2. Statutory Power

By virtue of the following laws (details in Appendix A):

2.1 Financial Institution Business Act B.E. 2551 (2008)

2.2 Emergency Decree on Asset Management Company B.E. 2541 (1998) and its amendments

2.3 Notification of the Ministry of Finance Re: Business that Requires a Permit According to Section 5 of the Declaration of the Revolutionary Council No. 58 (Credit Card Business)

2.4 Notification of the Ministry of Finance Re: Business that Requires a Permit According to Section 5 of the Declaration of the Revolutionary Council No. 58 (Personal Loan Under Supervision)

2.5 Notification of the Ministry of Finance Re: Business that Requires a Permit According to Section 5 of the Declaration of the Revolutionary Council No. 58 (Nano-Finance Under Supervision)

3. Repealed Circular

BOT Circular No. FCD. C. 951/2564 Re: Guidelines on Fair Lending dated 4 October 2021

4. Scope of Application

This Notification shall apply to:

4.1 All financial institutions and companies within the financial business groups according to the law on financial institution business

4.2 All asset management companies according to the law on asset management company

4.3 All non-financial institution companies conducting credit card business according to the Notification of the Ministry of Finance Re: Business that Requires a Permit According to Section 5 of the Declaration of the Revolutionary Council No. 58 (Credit Card Business)

4.4 All non-financial institution companies conducting personal loan business under supervision according to the Notification of the Ministry of Finance Re: Business that Requires a Permit According to Section 5 of the Declaration of the Revolutionary Council No. 58 (Personal Loan Under Supervision)

4.5 All non-financial institution companies conducting nano finance business under supervision according to the Notification of the Ministry of Finance Re: Business that Requires a Permit According to Section 5 of the Declaration of the Revolutionary Council No. 58 (Nano Finance Under Supervision)

5. Content

5.1 Definition

“**Service provider**” means issuer, advisor, seller, buyer, or transferee of credit products.

“**Credit**” means lending money, or buying, discounting, rediscounting bills, becoming a creditor upon having paid or ordered that an amount of money be paid on behalf of a customer, or becoming a creditor upon having paid in accordance with an obligation specified in a letter of credit or other obligations, factoring transactions, hire purchase transactions, leasing transactions, transactions for acceptance to buy with the right of redemption, and credit card.

“**Retail lending**” means credit offered to natural persons with the purpose of consumption or business undertaking, including credit card, personal loan under supervision, nano finance under supervision, micro finance according to the Bank of Thailand’s Guidelines on Microfinance Loans for Commercial Banks, residential

mortgage loans, reverse mortgage, hire purchase transactions, leasing transactions, which are not small- and medium-sized enterprise loans.

“Small- and medium-sized enterprise lending” means credit offered to small- and medium-sized enterprises classified by each service provider. If the service provider does not classify such debtor, such loan means credit offered to small- and medium-sized enterprises as specified by the Office of Small and Medium Enterprise Promotion.

“Customers” means natural persons and juristic persons that use retail lending products and small- and medium-sized enterprise lending products as well as persons who ask for information, persons who have received offers or persons who have been invited by service providers to use a retail lending product or a small- and medium-sized enterprise lending product.

“Advertisement” means media that a service provider created or hired or paid another person to create or proceed to disseminate information to the public about their credit products, with the intent to attract or encourage the use of such credit products from the service provider, including text, images, sounds, symbols, or any other forms of actions taken via media, channels, influencers, or tools, including advertisements displayed in different locations, including on-site premises.

“Non-performing loan debtors” means non-performing financial assets and obligations and purchased or originated credit impaired according to the Notification of the Bank of Thailand on Asset Classification and Provisioning of Financial Institutions or the financial reporting standards for publicly accountable entities (PAEs).

For service providers complying with the financial reporting standards for non-publicly accountable entities (NPAEs), it means debtors with overdue principal or interest payments exceeding 90 days or 3 months, or debtors who have overdue principal or interest payments of less than 90 days or 3 months but are classified by the service provider as non-performing loan debtors.

“Debtor with persistent debt” means debtors of personal loan under supervision, excluding title loan and digital personal loan with non-installment repayment condition, who are not yet non-performing loan debtors but whose total

interest payments have exceeded total principal for a long time as specified in Attachment 6.

“**Debt restructuring**” means the act of service providers accommodating or changing debt repayment terms for debtors due to increased credit risk, which is categorised as

(1) Debt restructuring for debtors who are not non-performing debtors, which is pre-emptive debt restructuring (pre-emptive DR) since the onset of increasing signals of credit risk of debtors.

(2) Debt restructuring for non-performing loan debtors, which is troubled debt restructuring (TDR)

Except for service providers that the Bank of Thailand requires to follow the Policy Statement of the Bank of Thailand Re: Debt Restructuring, it means debt restructuring in accordance with such policy statement.

5.2 Principle

The key principles of this Notification are linked to the principles outlined in the Notification of the Bank of Thailand Re: Regulations on Market Conduct, aiming to ensure fair treatment of customers for consumer protection purposes. These principles include: (1) Customers are assured that service providers intend to provide fair and sincere service; (2) Customers receive appropriate and clear advice; (3) Customers receive fair products and services in respect of price and conditions; (4) Customers can conveniently use services and receive appropriate problem resolution and care; and (5) Customers understand their rights and duties, with service providers playing a significant role in promoting customer financial knowledge and discipline, as well as managing finances and debts appropriately.

This Notification aims to ensure that service providers engage in responsible and fair credit management throughout the debt journey, covering periods before or during indebtedness, when debtors encounter repayment difficulties, and during legal proceedings and debt transfers. Emphasis is placed on the benefits of customers, along with promoting the provision of information on terms and warnings that customers should be aware of, to nudge customers towards better financial

discipline. This encourages responsible borrowing, which is crucial in addressing household debt problem in a sustainable way.

5.3 Regulations

5.3.1 Credit management throughout debt journey

To promote responsible lending, service providers must have credit management in place throughout the debt journey, which comprises 8 aspects as follows:

Regulation	Key points and expected outcome
(1) Credit product development	Service providers must offer credit products suitable for customer needs and affordability, without encouraging excessive borrowing. They should advocate for setting interest rates in line with customers' risk profiles or customer segments and loan characteristics (risk-based pricing), along with ensuring fair contract terms for customers (details in Attachment 1).
(2) Advertisement	Service providers must create and control advertisements with content that is “accurate and clear,” “comprehensive and allows for comparison of terms, interest rates, and various fees,” and “does not encourage excessive borrowing.” This is to ensure that customers receive and understand necessary information from advertisements sufficiently to make informed decisions and promote financial discipline (details in Attachment 2).
(3) Sales process	Service providers must ensure that customers receive complete, accurate, and unbiased information necessary for making well-informed decisions, offered products in a manner that aligns with customers’ objectives or financial needs and refraining from encouraging excessive borrowing. (details in Attachment 3)
(4) Consideration of affordability	Service providers must assess customers' affordability by considering all debt burdens and ensuring that the residual income after deducting all debt repayment obligations is sufficient for customers' livelihoods using the best effort of the service providers (details in Attachment 4).

Regulation	Key points and expected outcome
(5) Promotion of financial discipline and management during indebtedness	Service providers must provide key information and warnings that debtors should be aware of, including creating tools to support nudging debtor behaviour, to encourage debtors to improve financial discipline and manage debt for their own benefit (responsible borrowing) (details in Attachment 5).
(6) Assistance to debtors with persistent debts	Service providers must inform debtors of the negative consequences of persistent debt and provide standardised assistance to help debtors see a suitable path to debt resolution (details in Attachment 6).
(7) Assistance to debtors with debt repayment difficulties	Service providers must offer debt restructuring options that align with the debtor's affordability promptly, beginning from the onset of signs that the debtor is experiencing repayment difficulties, through to the point of default. This particularly applies before legal proceedings, debt transfer, contract cancellation, or asset seizure (details in Attachment 7).
(8) Legal proceedings and debt transfers to other creditors	Service providers must ensure that debtors are fully informed of their rights and essential information when legal proceedings are initiated, should debtors inquire. Moreover, debtors should be provided with opportunities to resolve debt issues, including offering suitable repayment terms after debt transfer. (details in Attachment 8).

Service providers shall comply with Attachment 1-8 for retail lending products and Attachment 7 and 8 for small- and medium-sized enterprise lending products (SMEs lending products), except service providers that are asset management companies according to the law on asset management company which shall comply with Attachment 7 Clause 7.3 and Attachment 8. The summary of the scope of compliance according to this Notification appears in Attachment 9. For cases beyond what is stated above, the Bank of Thailand encourages service providers to comply with other regulations specified in this Notification, as appropriate.

Furthermore, in the operations of service providers, in accordance with the Notification of the Bank of Thailand Re: Regulations on Market Conduct regarding the management system related to corporate culture and roles and

responsibilities of the board of directors and senior management, remuneration scheme, communication and training for employees, problem and complaint handling, as well as 3 Lines of defense, service providers must integrate responsible lending throughout the debt journey as part of the management across all the five systems mentioned above.

5.3.2 Other requirements

Service providers are still required to be responsible for customers in the operations of the business partners acting on their behalf, such as outsourcers, agents, as if they were operating themselves. This includes cases where the service providers assign all or part of the tasks to such persons to act on their behalf, and cases where business partners acting on their behalf assign all or part of the tasks to subcontractors, who act on their behalf based on the tasks assigned by the service providers.

For compliance with regulations in this Notification of foreign branches of service providers mentioned in Clause 4 including companies within a financial business group located abroad, if the regulator in such country has the regulations on responsible lending or other regulations with similar provisions to regulate and protect customers to ensure responsible lending, the foreign branches and companies within a financial business group of such service providers shall comply with such regulations.

If the service providers operate in accordance with policies or measures set by public agencies to provide support or assistance as necessary and appropriate to customer groups impacted by various situations such as the COVID-19 pandemic, natural disasters, with specific credit products or assistance services designed to prioritise customer benefits and urgent action is required, the service providers must continue to comply with the regulation specified in Clause 5.3.1, except for regulations related to credit product development and consideration of affordability, where discretion may be exercised in alignment with the principles specified in Clause 5.2.

Furthermore, for any operation of service providers related to responsible lending, the service providers must not have the intention to avoid compliance with the regulations specified by the Bank of Thailand in this Notification.

5.3.3 Reporting to the Bank of Thailand

Service providers shall prepare and submit reports in the format and frequency as specified by the Bank of Thailand.

5.3.4 Disclosure of information regarding fine penalty or charge

In cases where a service provider is fined or charged as a result of non-compliance with or violation of this Notification, the service provider shall disclose information about such fine penalty and charge according to the disclosure regulations specified in the Notification of the Bank of Thailand Re: Regulations on Market Conduct, mutatis mutandis.

6. Transitional Provision

6.1 Advertisements for retail lending products related to spending or borrowing for essential goods used before this Notification comes into force shall continue to be used until the end of the promotional period.

6.2 Advertisements for retail lending products on social media used before this Notification comes into force can stay on social media, but shall not be used for re-advertising.

6.3 For the first notification to debtors with persistent debts specified in Attachment 6, service providers shall assess the debtors who meet the persistent debt criteria on an account-by-account basis using data up to the end of February 2024 and take the following actions:

6.3.1 In case of debtors with general PD, service providers shall notify debtors that begin to exhibit signs of general PD as specified in Clause 6.3.1 of Attachment 6 by April 2024, without having to assess debtors who meet the criteria in the period of the data usage until the end of June 2024.

6.3.2 In case of debtors with severe PD, service providers shall notify debtors that they meet the persistent debt criteria as specified in Clause 6.4.1 of Attachment 6 by April 2024 through at least one normal channel that the service providers use to communicate key information to debtors such as mail, email, SMS, mobile application, and LINE Official Account, without having to assess and notify

debtors who meet the criteria in the period of the data usage until the end of June 2024.

7. Effective Date

This Notification shall come into force as from 1 January 2024,
except:

7.1 Regulations specified in Attachment 6 shall come into force from 1 April 2024.

7.2 Regulations specified in Attachment 1 Clause 1.3.2, Attachment 2 for advertisement that is not video, audio, or digital, and Attachment 5 Clause 5.3.2 shall come into force from 1 July 2024.

Announced on 21st December 2023

(Mr. Sethaput Suthiwartnarueput)

Governor

Bank of Thailand

Financial Consumer Protection and Financial Service Provider Supervision Department

Telephone 0 2356 7837, 0 2283 5887, 0 2283 5834

Email address MCPolicy2-FCD@bot.or.th

Statutory Power

By virtue of Section 38, Section 39, Section 40, Section 41, Section 46, Section 47, Section 57 and Section 71 of the Financial Institution Business Act B.E. 2551 (2008), the Bank of Thailand hereby issues regulations on responsible lending in this Notification with which to be complied by financial institutions and companies within a financial business group.

By virtue of Section 4, Section 5 and Section 11/1 of the Emergency Decree on Asset Management Company B.E. 2541 (1998) and its amendments, the Bank of Thailand hereby issues regulations on responsible lending in this Notification with which to be complied by asset management companies according to the law on asset management company.

By virtue of Section 7, Section 10, Section 11 and Section 12 of the Notification of the Ministry of Finance Re: Business that Requires a Permit According to Section 5 of the Declaration of the Revolutionary Council No. 58 (Credit Card Business) dated 30 July 2020, the Bank of Thailand hereby issues regulations on responsible lending in this Notification with which to be complied by non-financial institution companies conducting credit card business.

By virtue of Section 8, Section 11, Section 12, and Section 13 of Notification of the Ministry of Finance Re: Business that Requires a Permit According to Section 5 of the Declaration of the Revolutionary Council No. 58 (Personal Loan Under Supervision) dated 30 July 2020, the Bank of Thailand hereby issues regulations on responsible lending in this Notification with which to be complied by non-financial institution companies conducting personal loan business under supervision

By virtue of Section 8, Section 11, Section 12, and Section 13 of Notification of the Ministry of Finance Re: Business that Requires a Permit According to Section 5 of the Declaration of the Revolutionary Council No. 58 (Nano Finance Under Supervision) dated 30 July 2020, the Bank of Thailand hereby issues regulations on responsible lending in this Notification with which to be complied by non-financial institution companies conducting nano finance business under supervision.

Credit Product Development

Service providers must offer credit products suitable for customer needs and affordability, without encouraging excessive borrowing. They should advocate for setting interest rates in line with customers' risk profiles or customer segments and loan characteristics (risk-based pricing), along with ensuring fair contract terms for customers

1.1 Product development

1.1.1 Service providers must develop and design credit products suitable for customer needs and affordability. This includes establishing repayments terms and conditions that align with the incomes or cash flows used for the repayment, without encouraging customers to incur excessive debt.

Example of appropriate credit product:

- Service providers must avoid designing credit products with initial repayments focused on interest alone to attract customers, by deferring principal payment reduction or using a large final payment (balloon payment) that may render debtors unable to repay. This is unless the repayment structure aligns with the debtor's cash flow and has been assessed for debt repayment ability. Such cases may be specific to certain types of credit or debtor groups expected to have future cash flows to repay debt, such as revolving loan for enhancing business liquidity, where initial cash flows may not exist but are anticipated in the future for debt repayment.

1.1.2 Service providers should advocate for setting interest rates in line with customers' risk profiles or customer segments and loan characteristics (risk-based pricing) under the interest rate ceiling specified in the related regulations or laws.

Examples of encouraged actions:

- In cases where new customers have low risk profiles, good credit scores, or a history of consistent debt repayment with other creditors, service providers should offer interest rates lower than those offered to other customers with higher risk profiles or late repayment history.

- For existing customers who were previously approved for credit with high interest rates or equivalent to the ceiling due to high risk or limited information, but who have demonstrated consistent debt repayment, service providers should consider reviewing and reducing interest rates to align with the customer's risk when considering for additional credit line.
- In cases where debt repayments are deducted from salaries or where deposits are used as collateral, indicating low risk, interest rates should be lower than those for general credit to reflect the risk.
- For residential mortgage loans where customers have Mortgage Reducing Term Assurance (MRTA), service providers should consider offering special interest rates or rates lower than standard rates.

1.2 Credit product risk management and collateral management

1.2.1 Service providers must manage credit risks without creating excessive burdens on customers. This means refraining from requiring excessive collateral, guarantees, or additional insurance beyond what is necessary to mitigate risk.

Example of credit risk management without creating excessive burdens on customers:

- If the service provider determines that the customer has the ability to repay the debt and possesses collateral of sufficient quality and value to cover the debt burden, the service provider must not require additional guarantors.
- When offering customers life insurance to mitigate additional risks, such as life insurance to cover credit line, service providers must consider the financial burden incurred for customers to ensure it is not so high that the customer is unable to repay.
- Service providers must not force customers to obtain additional non-life insurance unnecessarily, such as when customers already have non-life insurance before refinancing, service providers must not force the customers to obtain new insurance.

1.2.2 Service providers must assess collateral values appropriately and reflect their true values.

1.2.3 Once the debtor has fully repaid the debt, service providers must return the collateral, including any registration documents or other evidence received by the service providers as collateral for debt repayment, such as vehicle registration documents received by the service providers as collateral for title loans, to the debtor within 10 business days. For refinancing cases, the service providers must complete the collateral withdrawal process within 15 business days unless the debtor requests it to be done later, or if it is impossible to contact the debtor, or if legal proceedings are underway.

1.3 Determination of contract terms

1.3.1 Services providers must determine contract terms that are fair to customers, using easily understandable language and avoiding terms beneficial to the service providers but may lead to detriment or loss for the customers, such as granting the service provider the right to cancel the contract without reasonable cause or prior notice, or limiting the service provider's liability for breaches of contract.

1.3.2 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 for all types of retail lending products, including overdraft accounts. This is because compound interest calculations are complex and may burden debtors if they are unable to repay the debt.

1.3.3 Service providers must not require immediate credit utilisation upon approval as a condition of the credit product. Customers must have the right to choose the timing of credit utilisation according to their needs. However, if the service provider wishes to offer products with conditions requiring immediate credit utilisation to meet the needs of certain customer segments, they must offer similar products with options for customers to choose the timing of credit utilisation and must offer those products simultaneously, as well as provide accurate and complete information to enable customers to compare their options.

1.3.4 In cases where service providers exercise legal rights to deduct money from deposit accounts to repay debts in instances of debtor default, the

service providers must leave sufficient money in the debtor's deposit account to ensure the debtor's livelihood, unless the service provider holds the debtor's deposit account as collateral, or the debtor has consented to automatic account deduction once the credit repayment is due.

Advertisement

Service providers must create and control advertisements with content that is “accurate and clear,” “comprehensive and allows for comparison of terms, interest rates, and various fees,” and “does not encourage excessive borrowing.” This is to ensure that customers receive and understand necessary information from advertisements sufficiently to make informed decisions and promote financial discipline

2.1 Advertisements must be “accurate and clear”.

Advertisements must provide key information that is easy to understand, without distortion or misinterpretation of key content. The font size must be legible, and the reading speed must be equivalent to other contents that are important terms and conditions in the advertisement.

In cases where service providers advertise using interest rates or fees to attract customers, the service providers must present the important terms and conditions of the credit product related to such information, completely and clearly, in the same advertising medium; for example, presenting the terms and conditions under which customers will receive special interest rates or the duration of fee exemptions. However, for other terms and conditions, the service provider may inform customers to seek additional details from other channels, such as the service provider's website or contact number for further information.

Example of advertisements that do not comply with the regulations:

- Presenting important terms and conditions but unclearly, such as using small fonts making it difficult to read or speaking too quickly to comprehend.
- Offering an interest rate of 0.5% per year for 50 days without presenting the important condition that it only applies to the first spending amount.
- Offering a 0% interest rate without specifying that it is applicable only when the customer pays the full amount by the due date.
- Stating that annual fees are waived but failing to mention that it applies only to the first year's fees.

2.2 Advertisements must be “comprehensive and allows for comparison of terms, interest rates, and various fees”.

The advertisement must clearly present information about interest rates and assumptions for interest calculations of the credit product to provide customers with complete and sufficient information and allow customers to compare across other credit products. At minimum, it must:

2.2.1 Present the effective interest rate of the credit product in a range of the minimum and maximum interest rates (excluding temporary special rates), clearly in the same advertisement medium. Such interest rates must adhere to the terms and conditions of the product programme and the guidelines for interest ceiling calculations, inclusive of any expenses incurred to obtain the credit, as specified in the relevant regulations or laws.

In cases where the credit specifies interest rates as follows, the service provider must present the following additional information:

(1) For loans with floating interest rates, such as the Minimum Retail Rate (MRR), **the advertisement must specify the reference interest rate and the date used for such interest rate, accompanied by a warning stating "Floating interest rates are subject to change, either increasing or decreasing."**

(2) For loans with step-up interest rates, such as residential mortgage loans, **the advertisement must present the range between the minimum and maximum interest rates (excluding temporary special rates) of the actual annual interest rate throughout the contract term, along with assumptions and examples of interest calculations.** Service providers may present detailed assumptions and examples of interest rate calculations through alternative channels, without the necessity of including them in the same advertisement, such as their website or contact phone number for additional information. However, service providers must clearly notify customers of these alternative channels and ensure easy access to the information.

(3) For loans with step-up floating interest rates, the advertisement must present additional information as specified in (1) and (2).

In cases of credit cards and personal loans that advertise installment payments at 0% interest rate throughout the repayment period, such as installment payments for goods at 0% interest rate for 24 months, the advertisement must present additional information as specified in Clause 2.3.3.

Examples of interest rate presentation

- **For fixed-rate credit products:** Interest rate ranges from 9.99% to 25%.
- **For credit products with floating interest rates:** Interest rate ranges from 6% to 10%.

*Note: *MRR interest rate as of 2 August 2024 = 7%. Floating interest rates are subject to change, either increasing or decreasing.*

- **For credit products with step-up interest rates:** Interest rate ranges from 11.3% to 18.4%*.

**Additional calculation details are available on the website www.....com*

Example of the presentation of detailed assumptions and calculation example on the website:

Interest rate for credit products with a 30,000-baht credit limit and a contract term of 4 years.

	Month 1-12	Month 13-24	Month 25-48	<i>Effective Interest Rate throughout the Contract Term</i>
Contract with the lowest interest rate	9%	12%	15%	11.3%
Contract with the highest interest rate	18%	21%	24%	18.4%

- **For residential mortgage loans with step-up floating interest rates:** Interest rate ranges from 5.9% to 7.5%*.

** Assumptions for calculations are based on the MRR as of 2 August 2024, which is 7%.*

"Floating interest rates are subject to change, either increasing or decreasing." Further calculation details can be found on the website www.....com.

Example of the presentation of detailed assumptions and calculation example on the website:

Interest rate for a residential mortgage loan with a 3-million-baht credit limit and a contract term of 10 years. MRR as of 2 August 2024 = 7%.

	Month 1-6	Month 7-12	Month 13-24	<i>Effective Interest Rate throughout the Contract Term</i>
Contract with the lowest interest rate	3%	MRR-2% = 5%	MRR-1% = 6%	5.9%
Contract with the highest interest rate	3%	MRR-1% = 6%	MRR+1% = 8%	7.5%

"Floating interest rates are subject to change, either increasing or decreasing."

For cases where advertising is solely through audio, such as radio broadcasts or podcasts, service providers may reference detailed assumptions and calculation examples from other sources, such as their website.

2.2.2 Advertising with installment payment information to attract customers: Service providers must present complete assumptions for calculating such information to ensure customers understand the key aspects of the advertised credit products. At minimum, they must present principal amount, interest rate, total interest over the contract term, installment amounts consistent with the contract, and the total repayment period, clearly in the same advertisement medium.

Example of assumption presentation

- **"Installment of 10 Baht per day"***

**Calculation assumptions derived from an installment loan of 10,000 Baht: Annual interest rate of 25%, total interest over the contract term of 7,200 baht, monthly installment of 300 baht, and repayment duration of 5 years.*

2.3 Advertisement must "not encourage excessive borrowing."

Service providers must conduct marketing activities responsibly and support the cultivation of customers' financial discipline by encouraging customers to consider the necessity of borrowing and their affordability, as well as fostering financial discipline and appropriate consumption values. **This includes conducting marketing**

activities with business partners, such as the service provider conducting marketing activities jointly with retail stores. At minimum, the following actions must be taken:

2.3.1 Advertising, product naming, and marketing activities must not encourage excessive borrowing or create the impression that the lending by the service provider does not primarily take into consideration customers' affordability or their debt repayment history. Furthermore, they must not lead to an understanding that the credit approval process of the service provider is not thorough.

2.3.2 Service providers are prohibited from conducting sales promotion activities that offer rewards or gifts before credit approval, without the necessity for customers to undergo affordability assessment. **Such practices aim to stimulate or hasten decision-making in credit application**, for example, "Simply apply and receive a travel bag immediately." Service providers must control sales staff or credit product representatives, as well as marketing activities with business partners to avoid such actions.

Examples of advertisements with **wordings that do not comply with the regulations:**

- Supporting excessive borrowing, for example, "You must have it, if you want it," "No matter how much you shop, you'll stay as rich as ever," "Contact us if you have high taste." "Have or open a credit line, ready to shop multiple brands."
- Implying that affordability may not be considered, such as "Anyone can borrow", "No credit check, still eligible for loans", "No check", "No bureau check", "No credit bureau check".
- Implying that borrowing does not require careful consideration, potentially promoting excessive borrowing, for example, "Borrowing money made easy", "Easy loans", "Easy approval".

Examples of advertisements with **images that do not comply with the regulations:**

- Supporting excessive borrowing, such as images depicting someone lying on a pile of money, floating cash in abundance, displaying amounts of money inconsistent with the advertised credit product, numerous branded shopping bags.

2.3.3 Service providers must display a warning stating "Borrow when necessary and within your means" in advertisements for all types of retail lending products to nudge appropriate borrowing behaviour. The text size must be clear and

the reading speed should be equivalent to other contents which are essential terms and conditions in the advertisement. **Apart from that, service providers may present additional warnings or recommendations regarding the credit product to promote good financial discipline.** For example, a reminder about the consequence of continuing to pay the minimum repayment amount that could result in customers paying significantly higher total interest over the contract term and taking a long period to repay the debt in full. Except for the following cases, warnings must follow the requirements.

(1) For credit card products, a warning should be displayed stating, "Use when necessary and pay back full amount on time to avoid (the range between the minimum and maximum effective interest rates) interest rate."

(2) For personal loans under supervision advertised with installment with interest rate of 0% of total spending amount until the entire repayment is complete, such as installment plans with 0% interest for 24 months, a warning should be shown that "Borrow when necessary and pay back on time to avoid (the range between the minimum and maximum effective interest rates) interest rate."

Examples of interest rate presentation with warnings

- **For credit card:** "Use when necessary and pay back full amount on time to avoid 9 - 16 % interest rate."
- **For personal loans under supervision advertised with installment with interest rate of 0% of total spending amount until the entire repayment is complete:** "Borrow when necessary and pay back on time to avoid 12.99 - 25 % interest rate"

In cases where small-sized advertisements with limitation to present clear and complete product information in a single advertisement, such as unclear text due to the size, **service providers may present information as specified by the regulations on their website or other channels linked from such advertisements.** For example, by presenting information according to the regulations on the next page of the website when clicking on a small-sized image.

Furthermore, **service providers must have policies, processes for consideration and approval, work systems, and personnel responsible for control, oversight, and audit (3 lines of defense), to ensure that advertising and marketing**

promotions comply with the regulations; for example, by communicating to relevant personnel to ensure their understanding and compliance to the regulations and possibly, testing comprehension by using draft advertisements with a sample group to verify their accuracy.

Sales Process

Service providers must ensure that customers receive complete, accurate, and unbiased information necessary for making well-informed decisions, offered products in a manner that aligns with customers' objectives or financial needs and refraining from encouraging excessive borrowing.

3.1 Credit product offering

Service providers must have processes in place to ensure that customers are presented with product options, either through explanation, notification, or provision of documents completely containing key product information as follows:

3.1.1 Service providers must offer credit products that align with the customer's objectives or the nature of their financial needs. For example, whether the customer seeks funds for consumption or business undertaking, or whether they prefer credit for short-term or long-term liquidity. **In cases where there is more than one credit product suitable for the customer, service providers must offer alternatives and provide key information** to enable customers to compare and select suitable credit product.

<u>Examples of offerings that align with the customer's objectives or the nature of their financial needs</u>	
Customer's Need	Type of Product Recommended
Temporary liquidity	Revolving loan such as cash card
Purchase of durable goods such as refrigerator	Installment loan
Loan for business operation with potential to apply for SMEs credit	SME credit with interest rate lower than personal loan
Loan for professional purposes without potential to apply for SMEs credit but with qualifications to apply for personal loan (P-loan) and nano finance.	P-loan with lower interest rate, which offers lower interest rates, does not solely offer nano finance, which has higher interest rates, as the only type of credit to allow customers to choose the most suitable credit option.

3.1.2 Service providers must offer without encouraging customers to incur excessive debt and must provide additional information to enable customers to make informed decisions when selecting credit products, be aware of the debt burden that may arise, be able to plan debt repayments appropriately, and understand the importance of timely payments. **This includes:**

(1) Warning and notifying the annual effective interest rates of the credit products in a range between the minimum and maximum interest rates as specified in Attachment 2, Clause 2.2.1 and 2.3.3, aligned with the characteristics of each type of credit.

(2) Notifying the debt repayment methods before the due date, whether in full or in part, and the application of debt repayment order when customers pay more than the scheduled installment. For example, in cases where customers make payments exceeding the scheduled installment, service providers will apply the excess to reduce the remaining principal.

(3) Notifying the consequences of defaulting on debt payments, including at least the following information:

(3.1) The potential increase in interest charges during default or late payment penalties, as well as any applicable fees such as debt collection charges.

(3.2) Debt offsetting against deposit accounts (if applicable)

(3.3) Debt transfer

(3.4) Contract cancellation

(3.5) Legal actions such as lawsuits, legal execution, asset seizure, or repossession of vehicles under hire purchase/leasing agreements.

(4) Service providers should provide information that supports customers in gaining knowledge and fostering good financial discipline.

Examples of encouraged actions

- Service providers should advise customers to sign up for automatic direct debit services for installment payments to promote convenience and encourage timely debt repayment and should inform customers about the precautions associated

with such automatic debit transactions, such as ensuring funds are available in the account before the scheduled payment.

- In the case of installment loans, service providers should inform that opting for longer repayment periods will result in higher total interest charges throughout the contract terms.
- For revolving loans that allow minimum repayments, service providers should notify that consistently making only minimum repayments will lead to higher total interest charges throughout the contract terms and prolonged full repayment periods.

Examples of non-compliance with the regulations

- Offering credit products with incomplete information and repayment terms, such as service providers failing to clearly inform debtors that there may be additional charges in the final installment of the contract or service providers not providing clear information that the terms requiring debtors to pay equal installments every month throughout the contract term may come with a one-time extra charge on top of the installments due to changes in floating interest rates during the entire contract period.
- Offering credit products and personal credit line, such as cash card, in addition to credit card products to customers who have no intention of using such credit, particularly to customer groups at risk of overindebtedness, such as those with limited financial knowledge or no experience in using credit products.

(5) Service providers must offer products with information on various repayment methods and borrowing costs to ensure that debtors have sufficient information to make decisions on their suitable choices following the guidelines set by the Bank of Thailand.

3.2 Notification of rights and responsibilities of guarantors in credit products

Service providers must inform guarantors of their rights and scope of responsibilities according to the contract and relevant laws before the guarantor signs the agreement.

3.3 Establishment of remuneration structure

Service providers must establish a remuneration structure that includes individual or group key performance indicators (KPIs) and incentive rewards, as well as warning and penalty measures, **considering responsible lending for all levels of employees involved in customer service, including managers responsible for oversight**, especially offerings that do not encourage excessive borrowing.

Consideration of Affordability

Service providers must assess customers' affordability by considering all debt burdens and ensuring that the residual income after deducting all debt repayment obligations is sufficient for customers' livelihoods using the best effort of the service providers.

4.1 Assessment of customers' affordability

Service providers must assess the affordability of customers, including joint debtors (if applicable), both in the process of approving new loans and increasing credit line. This assessment must not consider the preferential right in the application of debt repayment proceeds and must not consider the amount that will be obtained for debt repayment from seizure of collateral or other assets secured. Service providers must consider the total debt burden, including current and upcoming debt obligations, in comparison to income from various sources, estimable by reliable methods and reasonable assumptions specified in the service provider's credit approval policy. This consideration aims to determine if customers have sufficient income to repay debts and have residual income adequate for their livelihoods after deducting all debt obligations by using the best effort of the service providers. Service providers can use the Debt Service Ratio (DSR) as a key factor in credit approval consideration, **except for the following cases:**

(1) For digital personal loans, service providers must consider affordability following the regulations on digital personal loans.

(2) For loans where customers intend to utilise cash flow generated from assets or collateral as a source for debt repayment, such as loans secured by deposits or saving certificate, or loans secured by inherited pensions, service providers should consider such cash flow as income of the customers.

(3) For reverse mortgage, service providers must comply with the Bank of Thailand's Regulations on Reverse Mortgage.

In this regard, for loans with individuals acting as guarantors, service providers should consider the guarantor's affordability in cases where the debtor is unable to repay the debt and the service provider exercises the right to demand repayment from the guarantor, the guarantor will not incur debt beyond their affordability.

Examples of current debt burden consideration

- Information of the debtor's debt burden in the credit bureau information.
- Information of debt burden with employers and cooperatives as shown in payslips.
- Other debt burden information as available to the service provider, such as cooperative or Credit Union debts not shown in payslips, debts with service providers not reflected in the credit bureau information, informal debts.

Examples of consideration of affordability

- In cases where customers would like a credit product with insurance and wish to include the insurance premiums as part of the credit line, service providers must discuss with the customers and incorporate insurance into the debt repayment plan consideration, taking into account the existing installment obligations agreed upon initially, as well as instances where insurance fees are charged during the loan repayment period.
- Service providers must assess loans with repayment periods suitable for the duration in which customers will have income to repay the debt.

4.2 Notification of reasons for loan denial

In cases where loan applicants wish to know the reason for loan denial, service providers should explain the reasons for the loan denial to the applicant through regular channels of communication that the service providers use to contact customers, or through other channels as requested by the customer, such as telephone, mail, email, SMS, mobile application installed on the device, and LINE official account. The explanation must include the key factors used in the loan approval process, such as affordability, repayment history, in order to promote better financial discipline among customers or to encourage changes in behaviour to become eligible for a loan. However, the service providers are not required to provide a reason for denying a loan if doing so would violate the specific laws.

Examples of notification of reasons for loan denial

For loan denial resulting from a single factor:

- Regarding your loan application, we have carefully considered it and found that you do not meet the specified criteria. This decision is primarily due to a high debt service ratio.
- Regarding your loan application, we are unable to process your request as the required documentation has not been submitted in full. Therefore, we are unable to assess your ability to repay the loan.

For loan denial resulting from multiple factors:

- Regarding your loan application, we have carefully considered it and found that you do not meet the specified criteria. This decision is based on various factors such as high debt service ratio and a history of payment delinquencies.

Promotion of financial discipline and management during indebtedness

Service providers must provide key information and warnings that debtors should be aware of, including creating tools to support nudging debtor behavior, to encourage debtors to improve financial discipline and manage debt for their own benefit (responsible borrowing).

5.1 Reminding debtors about debt repayment

Service providers must remind debtors of debt repayments to encourage debtors' financial discipline and enable them to plan their finances and settle debts on time through channels specified by the customers, such as email, SMS, mobile application, LINE Official Account, or other channels in the following cases:

5.1.1 Reminding debtors prior to debt repayment due date

Service providers must remind debtors to make debt repayments before the due date, with the discretion to selectively alert high-risk or high default risk debtor groups as deemed appropriate. This entails establishing a clear and rationale written notification policy. Such notifications should occur separately from invoices or collection notices, such as billing statements. Grouping of debtors with high risk or high default risk should adhere to the notification policy set by the service provider.

5.1.2 Reminding debtors when there will be an increase in installment amounts or interest rates

Service providers must notify debtors when there will be an increase in installment amounts or interest rates from the previous period. For example, for credit products with teaser rates that are about to adjust to regular rates or for step-up payment credit products where installment amounts are about to increase. However, exceptions apply to the following credit products:

(1) Floating rate loans: In cases where the interest rates are set to increase, service providers should inform debtors promptly about such changes, albeit after the fact.

(2) Credit cards and personal loans under supervision: If these products offer special interest rates for a certain period, service providers should clearly notify the debtor about any impending increase in installment amounts or interest rates for each period, from the date the debtor starts using the product with such special interest rates instead.

5.2 Provision of information on debt repayment schemes and cost of borrowing

Service providers must provide information regarding various debt repayment schemes and the cost of borrowing to prompt debtor behavior towards an awareness of the incurred costs and motivate increased debt repayment in line with the debtor's ability. This approach will help reduce long-term interest burdens on debtors, in accordance with the guidelines set by the Bank of Thailand.

Moreover, **service providers should encourage debtors to pay more than the contractual installment amount if the debtor has the capability to do so, at the discretion of each service provider** using notifications, suggestions, or financial literacy promotion while the debtor is still indebted. For example, creating infographics to promote additional payments beyond personal loan installments if there is extra capacity. Advising debtors that any additional bonuses received could be allocated towards paying more than the monthly installment for housing loans, thus reducing the principal and interest payments.

5.3 Default settings on mobile applications

Service providers offering credit repayment services with non-installment payment terms through the service providers' mobile applications should implement the following:

5.3.1 If the service provider's mobile application allows default settings for debt repayment, it should be set to full repayment by default.

5.3.2 Additional warnings should be displayed if the debtor chooses not to repay the full amount to inform them of the negative consequences. At minimum, these warnings should relate to the increased interest burden and extended repayment period. For example, consistently making only minimum payments or partial repayments would accrue higher interest charges and prolong the debt repayment period compared to paying the full amount.

Example of default setting for full repayment amount on mobile application

Service provider sets the default at "Full amount"

From Account.....

To Credit Card XXXX-XXXX-XXXX-0000

Full amount	Min. amount	Specified amount
XX	X	X

If customer chooses "Pay minimum amount", there's a warning.

Consistently making only minimum payments or partial repayments would accrue higher interest charges and prolong the debt repayment timeline compared to paying the full amount.

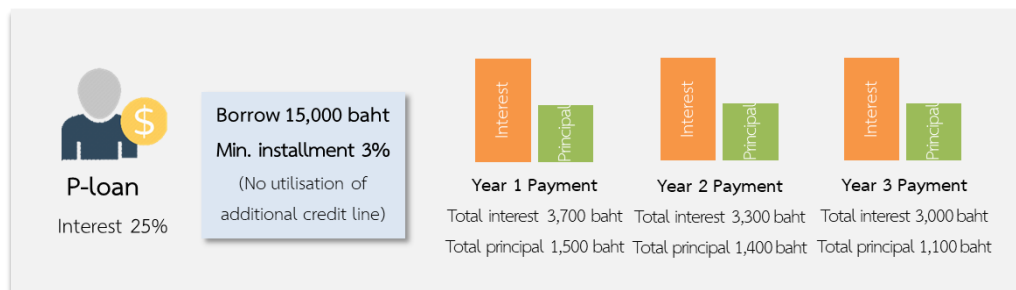
To Credit Card

Full amount	Min. amount	Specified amount
XX	X	X

Assistance to debtors with persistent debts

Service providers must inform debtors of the negative consequences of persistent debt and provide standardised assistance to help debtors see a suitable path to debt resolution.

Debtors with persistent debts are debtors of personal loan under supervision, excluding title loans and digital personal loans, with non-installment payment conditions, who are currently not classified as non-performing loans (non-NPL) and have paid more interest than principal over an extended period. This occurs with debtors whose repayment terms specify minimal monthly amounts (e.g. paying only minimum amounts or interest), and debtors can continuously utilise the remaining credit line without a predetermined debt closure timeline.



6.1 Classification of debtors with persistent debt

6.1.1 Debtors with general persistent debts (general PD) are debtors who have paid more total interest than total principal over the past 3 years but less than 5 years.

6.1.2 Debtors with severe persistent debts (severe PD) are debtors who have paid more total interest than total principal over the past 5 years and who fall into the following categories:

(1) Debtors of financial institutions or personal loans under supervision operators, which are companies within a financial business group of financial institutions, with a monthly income of less than 20,000 baht.

(2) Debtors of personal loans under supervision operators, which are not companies within a financial business group of financial institutions, with a monthly income of less than 10,000 baht.

6.2 Assessment of debtors with persistent debts

6.2.1 In order for service providers to be informed of the debt status of each debtor account, service providers must assess debtors with persistent debts on an account-by-account basis at least twice a year, using interest and principal data of each personal loan under supervision account subject to non-installment repayment conditions by the debtor for the calculation of total interest and total principal of each account as follows:

(1) For the assessment period in June, use data from 30 June of the assessment year in the past 3 and 4 years for debtor with general persistent debt assessment and past 5 years for debtor with severe persistent debt assessment.

(2) For the assessment period in December, use data from 31 December of the assessment year in the past 3 and 4 years for debtor with general persistent debt assessment and past 5 years for debtor with severe persistent debt assessment.

Example of debtor with general persistent debt calculation

Mr. A, the debtor, currently holds a non-NPL status and has a personal loan under supervision with non-installment repayment conditions of 15,000 baht and an annual interest rate of 25%. The minimum payment requirement is at 3% of the outstanding balance (assuming no additional credit line is utilised).

Number of months (past data from June 2024)	1	2	3	4	5	...	36	Total
Installment (baht)	450	1,000	425	420	420		310	14,000
Principal reduction (baht)	135	690	130	130	130		95	5,000
Interest reduction (baht)	315	310	295	290	290		215	9,000

This debtor has started experiencing persistent debt, as over the past 3 years (past data from June 2024), the debtor has paid a total of 9,000 Baht in cumulative interest and 5,000 Baht in cumulative principal.

6.2.2 If debtors wish to verify their own status, service providers must be able to provide the latest status of the assessed debtor within 2 months from the end of the assessment period.

6.3 Assistance for debtors starting to experience general PD

6.3.1 Service providers must notify each debtor of the sign of persistent debt at least once a year by February, using assessment data from December of the previous year for such notification. Each debtor must receive notification of the sign of persistent debt no less than 3 times per account. **Notifications must be delivered through at least one communication channel utilised by the service providers to deliver key information**, such as mail, email, SMS, mobile application, or LINE Official Account, **along with debtors' key information, including at least:**

(1) The principal and interest amounts the debtor has paid during the period falling under general PD

(2) Messages or communications aimed at nudging debtors to settle their debts more quickly and;

(3) Contact channels for the service providers to provide debt counseling.

Furthermore, in cases where debtors notify that they no longer wish to receive notifications, service providers may terminate the notification.

Example of notification of debtors with general persistent debts using information of each debtor

“Please be informed that over the past 3 years, you have paid a total interest of XX baht and total principal of XX baht for cash card, which may result in your total interest burden exceeding total principal and prolonging your debt repayment period (data as of xx/xx/xx). You can increase your monthly payments to reduce interest burdens and expedite debt repayment. For debt counseling assistance, please call 0-2xxx-xxxx.”

6.3.2 In cases where debtors with general PD wish to expedite debt repayment, service providers must provide appropriate assistance to the debtors.

6.4 Assistance for debtors with severe PD

6.4.1 Service providers must notify each debtor of the sign of persistent debt at least once a year by August, using assessment data of June of the same year or within February, using assessment data of December of the previous year, whichever is

applicable. Each debtor must receive notification of the sign of persistent debt no less than 3 times per account. Notifications must be delivered **through at least the following channels:** (1) mail or email **together with** (2) SMS or communication channel utilised by the service providers to deliver key information, such as mobile application or LINE Official Account, **along with debtors' key information, including at least:**

(1) Total remaining debt burden, principal, and interest amounts paid by the debtor during the past 5 years.

(2) Potential consequences of not paying the full amount or consistently paying only the minimum amount of debt

(3) Assistance on debtors experiencing persistent debts to change contract terms, as specified in Clause 6.4.2, along with the service provider's contact channels for debt counseling and;

(4) For mail and email communications, specify the eligibility criteria for debtors who do not have a non-performing loan status at the time of application for persistent debt relief programme until the signing of the term change contract, and outline the service provider's notification policy, such as the frequency of notifications.

However, if a debtor refuses to be contacted for notifications, preventing the service provider from notifying through the specified channels in this Clause, the service provider shall consider adjusting the communication channels suitable for each debtor. Notifications must be delivered through at least two different channels and at least one channel must deliver complete information as specified in Clause 6.4.1 (1) – (4), unless **the service provider can only communicate with the debtor through one channel,** in which case the service provider must provide complete information as specified in Clause 6.4.1 (1) – (4).

Furthermore, in cases where debtors indicate that they no longer wish to receive notifications or enroll in a persistent debt relief programme, service providers may terminate the notification.

Example of notification of debtors with severe persistent debts through mail or email using information of each debtor

“Please be informed that over the past 5 years, you have paid a total interest of XX baht and total principal of XX baht for cash card, leaving you with a remaining debt burden of XX baht. Failure to increase payments may result in your total interest burden exceeding total principal and prolonging your debt repayment period (data as of xx/xx/xx).

You can enroll in the debt relief programme to settle your debt within 5 years by closing your account’s credit line and converting it to an installment loan with an annual interest rate not exceeding 15%. Most installment amounts remain unchanged under this programme.

For debt counseling, please call 0-2xxx-xxxx.

Note: You must not be in an NPL status at the time of application for the programme and throughout the signing of the term change contract. You will be notified if you are identified as experiencing persistent debt, no more than 3 times per account.”

Example of notification to debtors through normal channels the service providers use to communicate with debtors using information of each debtor

“Please be informed that over the past 5 years, you have paid a total interest of XX baht for cash card and total principal of XX baht, which may result in your total interest burden exceeding total principal and prolonging your debt repayment period (data as of xx/xx/xx).

You can enroll in the debt relief programme to settle your debt within 5 years by closing your account’s credit line and converting it to an installment loan with an annual interest rate not exceeding 15%. For debt counseling, please call 0-2xxx-xxxx.

6.4.2 Service providers must offer assistance to debtors with severe PD, which includes debtors who have previously undergone pre-emptive debt restructuring (pre-emptive DR) from the service providers but later turn into debtors with severe PD. **The debtors have the option to enroll in the debt relief programme (opt-in) to modify contract terms by converting the credit to an installment loan.** The conditions are as follows:

(1) The effective interest rate specified in the term change contract **must not exceed 15% per year.**

(2) The repayment period of the term change contract **must not exceed 5 years.**

(3) The repayment terms specified must align with the debtor's affordability. In cases where the installment amounts remain unchanged from the previous terms, the service provider may utilise existing debtor information to assess affordability.

6.4.3 Service providers must suspend the credit line of accounts enrolled in the persistent debt relief programme to enable debtors to efficiently settle their debts under the programme.

If accounts enrolled in the persistent debt relief programme are available in both non-installment and installment repayment formats, service providers must suspend the amount available in the enrolled accounts. For the remaining credit line in such accounts, service providers may choose to close the credit line or prohibit the utilisation of non-installment repayments.

If accounts enrolled in the persistent debt relief programme are part of the total credit line across multiple credit accounts, service providers must suspend the amount available in the enrolled accounts. Debtors can utilise the remaining credit line from other accounts under such credit line. If such other accounts meet the criteria for severe PD, debtors still have the right to enroll in the programme.

Example of credit line suspension of credit account enrolled in the persistent debt relief programme

(1) In cases where debtors have personal loans under supervision with repayment terms that are not in installment format on a single account but can be utilised in multiple formats, such as non-installment or installment repayments.

Mr. A, the debtor, has one account of personal loan under supervision with credit line of 100,000 baht which can be utilised in various formats.

Type of Utilisation	Credit Line (baht)	Debt Burden (baht)	Enroll in the Severe PD Programme	Credit Line Suspension if Enrolled in the Programme
Utilise in the non-installment format such as minimum payment	100,000	50,000	✓	Must suspend debt burden paid in non-installment.
Utilise in the installment format	(Credit line not yet utilised of 30,000)	20,000	✗	Pay installment according to the previous terms.
Credit line not yet utilised		-	-	Suspend to prohibit the use of credit line in the non-installment format.

If the service provider cannot suspend the use of credit line in the non-installment repayment format, they must suspend the remaining credit line of the account in its entirety of 30,000 Baht.

(2) In cases where debtors have personal loans under supervision with repayment terms that are in non-installment format in multiple accounts, but using the same credit line

Mr. B, the debtor, has two accounts of cash cards that use the same credit line of 200,000 baht

Cash Card	Credit Line (baht)	Debt Burden (baht)	Enroll in the Severe PD Programme	Credit Line Suspension if Enrolled in the Programme
1 st card	200,000	80,000	✓	Suspend debt burden paid in non-installment for the first card.
2 nd card	(Credit line not yet utilised of 70,000)	50,000	✗	Remaining credit line available for utilisation from the second card.

(3) In cases where debtors have personal loans under supervision with repayment terms that are in non-installment format in multiple accounts, but not using the same credit line

Mr. C, the debtor, has two accounts of cash cards with credit line of 100,000 baht each.				
Cash Card	Credit Line (baht)	Debt Burden (baht)	Enroll in the Severe PD Programme	Credit Line Suspension if Enrolled in the Programme
1 st card	100,000	80,000	✓	Suspend the credit line.
2 nd card	100,000	50,000	✗	-

6.4.4 After debtors enroll in the persistent debt relief programme, service providers may consider extending credit to participating debtors, especially in cases where debtors have sufficient affordability and emergency needs, such as illness, accidents, job loss. However, this is subject to the policies and terms of each service provider.

6.4.5 In cases where debtors wish to exit the persistent debt relief programme, service providers must fully inform the debtor of their rights before exiting the programme, stating that such account of the debtor will no longer be eligible for re-entry into the programme specified in Clause 6.4.2 (1 right / 1 account). However, debtors can contact the service provider to negotiate and request for debt restructuring to align with their affordability.

6.4.6 In cases where the service provider intends to open a new credit line for debtors who have exited the persistent debt relief programme, or in cases where debtors have fully repaid their debts under the persistent debt relief programme and have had their credit lines reinstated, the service provider must assess the criteria fulfillment of such debtors for such credit line on an account-by-account basis, equivalent to granting new credit.

Moreover, in cases where the debtor's account falls under both general PD and severe PD categories, the service provider should assist the debtor according to Clause 6.4. However, if the service provider has already provided assistance to the debtor under the persistent debt relief programme, it is considered that the service provider has assisted the debtor in a pre-emptive debt restructuring once.

Assistance to debtors with debt repayment difficulties

Service providers must offer debt restructuring options that align with the debtor's affordability promptly, beginning from the onset of signs that the debtor is experiencing repayment difficulties, through to the point of default. This particularly applies before legal proceedings, debt transfer, contract cancellation, or asset seizure.

7.1 Determination of debt restructuring policy and approach

7.1.1 Service providers must clearly define policies and approaches for debt restructuring in written form. These policies and approaches must cover approaches for considering debt restructuring with repayment terms that align with the debtor's affordability and consider the residual income after deducting all debt repayments that are sufficient to sustain the debtor's livelihood using the service provider's best effort as well as ensure that debtors facing repayment difficulties are not aggravated.

7.1.2 Service providers must provide key information regarding debt restructuring to the debtor to enable debtors to make informed decisions suitable for their situation by notifying debt resolution options including programmes that have the characteristics of debt resolution, such as debt clinic programmes, along with key information such as interest rates, repayment periods, details of terms and conditions change, as well as the pros and cons of each option and the consequences of default, including at least interest charges, penalties or fees arising from default, savings account offsetting (if applicable), debt transfers, contract cancellations , and legal proceedings.

Moreover, service providers must have a robust process to ensure debtors are presented with debt restructuring options, explained, or notified, or receive all documents of key information.

7.1.3 Service providers must provide easily accessible and sufficient communication channels and personnel for providing accurate, appropriate, and beneficial debt counseling and resolution to debtors. Service providers must communicate policies and approaches for assisting debtors comprehensively to employees to enable debtors to efficiently request advice or assistance for debt

restructuring. Additionally, they must support debtors in promptly contacting creditors when facing repayment difficulties at the onset to find mutually acceptable solutions. Service providers may employ nudges in messages to prompt debtors to contact creditors.

Example of notification to debtor

What should you do if you cannot repay the debt?

Stop creating more debt!! Please quickly contact the bank's.....Department 0-xxxx-xxxx or the branch that opens the account to accelerate mutual resolution.

If it becomes an NPL, your credit history might be damaged or you might face litigation or asset seizure.

7.1.4 Service providers must not charge fees for debt restructuring, except when it's necessary that the service provider arrange for an additional collateral appraisal. In such cases, the data from the collateral appraisal must be used to determine the conditions for debt restructuring. Fees must be reasonable, fair, non-repetitive, and reflect the actual costs incurred. Moreover, they should not transfer or impose an unreasonable burden on debtors, taking into account the debtor's affordability.

In this regard, service providers must clearly inform debtors about such fee charges in the debt restructuring process, such as when the debt restructuring plan requires collateral appraisal, for which debtors are required to pay fees.

7.2 Approaches for debtor assistance

7.2.1 Service providers must closely monitor the status of debtors.

When debtors begin to show signs of repayment difficulties, either through the service provider's own data tracking or information provided by debtors themselves or the situation indicating that debtors are facing repayment difficulties, **service providers must offer debt restructuring options that align with affordability by considering the debtor's residual income after deducting all debt repayments** using the service providers' best effort to ensure that debtors have sufficient cash flow for daily living expenses or ongoing business operations. Unless, in case the debtor has no income to repay the debt, service providers must offer maximum assistance to debtors using their best effort and propose debt restructuring options aligned with the debtor's future cash flow estimates, **primarily**

taking into account the benefits the debtor will receive. In implementing debt restructuring, service providers must:

(1) Service providers must offer debt restructuring options to non-NPL debtors, which are pre-emptive debt restructuring measures, at least once when the debtor starts to show signs of repayment difficulties in order to ensure that the debtor can repay the debt and avoid becoming non-performing loan (NPL). When proposing such debt restructuring options, debtors must be given sufficient time to consider the debt restructuring plan and sign the debt restructuring agreement before being classified as NPL debtors. Unless, in cases where service providers have contacted the debtor to offer debt restructuring using the service provider's best effort, but was unable to contact the debtor or receive a response from the debtor.

(2) Service providers must promptly offer debt restructuring options to NPL debtors, including cases where the debtor has been written off, at least once before the service providers transfer the debt, cancel the contract, or seize assets, and initiate legal proceedings. This includes enforcing collateral, selling, accepting transfers, or any other actions to use registered vehicles as collateral for debt repayment, filing lawsuits, and resolving disputes before filing legal actions related to dispute resolution.

In addition, service providers must not transfer debt before the due date of 60 days from the date the service providers propose debt restructuring terms to debtors. Furthermore, in the case of hire purchase and leasing, service providers must not cancel contracts or sell hire-purchased or leased assets before the due date of 15 days from the date the service providers propose debt restructuring plans to debtors, to allow debtors sufficient time to consider the debt restructuring plan.

In cases where service providers have contacted the debtor to offer debt restructuring using the service provider's best effort, but is unable to contact the debtor or receive a response from the debtor or the debtor has rejected the debt restructuring terms that align with their affordability, service providers may proceed according to the terms of the contract and approaches outlined in the service provider's policy.

7.2.2 In cases where the debtor has debt burden in more than one account with the service provider or has debt burden with other creditors, the service provider should carry out debt restructuring by considering the debtor's affordability that covers all the debtor's debt burden in order to ensure a sustainable debt restructuring. In some cases, it may be necessary to carry out debt restructuring for other credit lines to ensure that the debtor maintains an adequate cash flow for debt repayment and living expenses.

Furthermore, service providers should participate in programmes with characteristics of debt resolution of multiple creditors simultaneously to sustainably support debt resolution for debtors such as participating in debt clinics.

Examples of debt restructuring that **does not comply with the regulations**

- Debt restructuring by setting debt repayment periods or high installment amounts that are not aligned with the debtor's income, resulting in the debtor's inability to repay the debt.
- Debt restructuring by specifying conditions requiring debtors to settle all outstanding debts or fees before debt restructuring while in reality, the debtor is unable to settle such debts or fees.

Example of debt restructuring that align with affordability

Service providers can adopt the following debtor assistance as deemed appropriate, taking into account the financial situation of each debtor.

- Debt restructuring by adjusting the installment payments in the initial period to align with declining affordability due to reduced income and determining step-up installment payments in the next phase to reflect the debtor's expected income recovery to reflect the debtor's potential income recovery and provide an opportunity for debtors to repay their debts once again.
- If the debtor can comply with the terms of the debt restructuring, the service provider may consider reducing fees, penalties, or past due interest for the debtor.
- In converting revolving loans which have high interest rates to installment loans which have lower interest rates, the service provider may consider retaining some portion of the credit line for the debtor to utilise when necessary.

- Adjusting the debt repayment order to reduce partial principal before interest to encourage debtors to consistently repay their debts.

7.2.3 In cases where the debtor is unable to comply with the terms of the debt restructuring agreement due to unforeseen events occurring after the debt restructuring, such as illness, accidents, unemployment, the service provider should provide an opportunity to the debtor in attempting to resume debt repayment according to the conditions. In this regard, **legal proceedings, debt transfer, contract cancellation, or asset seizure should be considered as a last resort after providing the debtor with assistance through other means**, such as when the debtor has consistently repaid more than 70% of the principal. In such cases, the service provider should offer the opportunity for debt restructuring and postpone the seizure of assets belonging to the debtor.

7.2.4 In cases where the debtor's assets have been sold in auction and there remains outstanding debt that the debtor must repay additionally and the service provider is entitled to receive payment for that debt, the service provider must offer terms for the repayment of such outstanding debt that align with the debtor's affordability, unless the service provider has contacted the debtor to offer debt restructuring using the service provider's best effort, but is unable to contact the debtor or receive a response from the debtor or the debtor has rejected the debt restructuring terms that align with their affordability, the service provider may proceed according to the terms of the contract and approaches outlined in the service provider's policy.

7.3 Debt collection approach

7.3.1 In debt collection, service providers must conduct debt collection activities with fairness to debtors. This includes providing debt burden information to debtors with details about the amount and duration of overdue debts, fees, or any expenses associated with debt collection (if applicable), as well as contact phone numbers for debt repayment. Additionally, they should offer channels for seeking advice on debt repayment issues and resolving debt problems, debtors' right to complain about the service provided, and how to report complaints as well as channels for receiving complaints. If service providers assign business partners to conduct debt collection on their behalf,

they must supervise and be responsible for the operations of the business partners, including subcontractors, as if they were conducting the operations themselves. Furthermore, they should ensure that the remuneration structure, including remuneration based on individual or group key performance indicators (KPIs) and incentive rewards does not encourage inappropriate debt collection practices, especially debt collection behavior.

7.3.2 Service providers must demand payment from the debtor before demanding payment from the guarantor, except in cases where the debtor has been declared bankrupt by the court or is not found anywhere, or if the guarantor, who is a juristic person, has consented to be jointly liable together with the debtor as joint debtors.

Legal proceedings and debt transfers to other creditors

Service providers must ensure that debtors are fully informed of their rights and essential information when legal proceedings are initiated, should debtors inquire. Moreover, debtors should be provided with opportunities to resolve debt issues, including offering suitable repayment terms after debt transfer.

8.1 Legal proceedings

8.1.1 Service providers must oversee and ensure proper conduct throughout the process of pre-litigation dispute resolution, litigation proceedings, legal execution against debtors, including repossession of assets that have been hire-purchased or sold and leased back, in accordance with relevant legal procedures and the policies set by the service providers, and strict adherence to professional ethics and moral principles. In cases where service providers assign business partners to act on their behalf in legal proceedings, the service providers must oversee and take responsibility for the operations of the business partners, including subcontractors, as if they were conducting the operations themselves. Additionally, they should ensure that the remuneration structure, including individual or group KPIs and incentive rewards, does not encourage inappropriate conduct.

8.1.2 In cases where the debtor seeks information regarding their legal proceedings, service providers should provide such information to debtors. For example, the debt burden related to the litigation, the amount already paid, and the outstanding debt (principal, interest, penalties), legal rights and duties, legal outcomes, the exercise of legal rights in court, and negotiation channels. This information can be notified verbally or summarized in a document, as appropriate.

8.1.3 In cases where the debtor is undergoing legal proceedings, service providers should provide debtors with opportunities to resolve debt issues in a way that is appropriate and in line with their affordability, with a focus on the debtor's benefits. Additionally, service providers should support debtors in going to the court to allow debtors to exercise debtors' right to request resolution and resolve their debt problems sustainably. Furthermore, service providers must ensure that employees

or business partners acting on their behalf do not provide information in a manner that discourages debtors to go to court.

Example of encouraging debtors in going to court

Communication should aim to nudge debtors towards recognising the benefits of going to court. Service providers can consider appropriate channels for providing information to debtors.

What should you do during litigation proceedings?

Debtors have the right to request debt resolution with the creditor. Not going to court may lead to negative consequences
such as the court judging according to the creditor's offer which the debtor is unable to repay.

Example of appropriate resolution

- Service providers should offer **debtors who are in the process of litigation** the opportunity to negotiate alternative repayment terms beyond those initially proposed by the service provider's legal counsel. This is to consider debtors' benefits and their affordability.
- Service providers should provide **debtors who have been legally adjudicated** the opportunity to negotiate repayment terms if there are valid reasons why they cannot comply with the court judgment. For example, considering restructuring the repayment schedule to installment payments to allow debtors the opportunity to repay the debt according to the court judgment.
- Service providers should provide **debtors who have had their assets seized** to negotiate debt repayment to minimise the need for asset liquidation.

8.2 Purchasing or accepting transfer of NPLs and debts written off by other creditors

8.2.1 Service providers that purchase debt or accept debt transfer must consider repayment terms of debtors that align with the debtor's affordability and consider residual income after deducting all debt repayment obligations, ensuring it is sufficient for the debtor's livelihood to using the service provider's best effort. Except in cases where debtors lack income to repay debts, service providers must consider providing assistance to debtors using the service provider's best effort. The service provider can use

future cash flow estimates of debtors to propose repayment terms. **This includes cases where the debtor's assets have been sold in auction, and there remains additional debt for which the debtor is liable. In such cases, the service provider reserves the right to recover the outstanding debt.**

In case where service providers that purchase debt or accept debt transfer have contacted the debtor to offer debt restructuring using the service provider's best effort, but is unable to contact the debtor or receive a response from the debtor or the debtor has rejected the debt restructuring terms that align with their affordability, the service providers may proceed according to the terms of the contract and guidelines outlined in the service providers' policy.

Examples of consideration of debt repayment terms that **does not comply with the regulations**

- Demanding full repayment from debtors without considering adjusting repayment terms to align with the debtor's affordability.

Examples of consideration of debt repayment terms that aligns with affordability

- Considering debt repayment terms by adjusting installment amounts initially to a lower level commensurate with the declining affordability due to significantly reduced income, and determining step-up installment payments in the next phase to reflect the debtor's expected income recovery, providing an opportunity for debtors to recover and repay their debts once again.
- Modifying the debt repayment order to reduce partial principal before interest to incentivise continuous debt repayment from debtors.

8.2.2 Service providers that purchase debt or accept debt transfer must provide information regarding upcoming payments or collection, such as installment amounts, outstanding debt, interest, interest charges or penalties incurred during late payments, and related fees in order to ensure that debtors are informed in advance of their due dates. Additionally, they should notify debtors of the consequences of late or partial payments. **For the initial notification of upcoming payments or collections after purchasing debt or accepting debt transfer**, service providers that

purchase debt or accept debt transfer must notify debtors of the transfer and debt burden information unless such information has already been provided to debtors.

Scope of Compliance with the Regulations of Each Type of Service Provider

Type of service provider	Credit product		
	Retail lending	SME lending	Other credit products
1. Financial institutions	Comply with the entire regulation	Comply with the regulations specified in Attachment 7 and 8. Service providers are encouraged to comply with other regulations specified in this Notification as appropriate.	Service providers are encouraged to comply with the regulations specified in this Notification as appropriate.
2. Companies within financial business groups			
3. Non-financial institution companies - Credit card - Personal loan under supervision - Title loan - Digital personal loan - Nano finance under supervision	Comply with the entire regulation	Comply with the regulations specified in Attachment 7 and 8. Service providers are encouraged to comply with other regulations specified in this Notification as appropriate.	
4. Asset management companies according to the law on asset management company	Comply with the regulations specified in Clause 7.3 of Attachment 7 and Attachment 8 Service providers are encouraged to comply with other regulations specified in this Notification as appropriate.		