



Thailand's Financial Institutions

A financial institution plays an important role as an intermediary for capital mobilization and allocation of economic resources and as a provider of payment and settlement services. A well developed, efficient and stable financial institution system is thus the key to support sustainable economic development.

There are 2 types of financial institution in Thailand, including:

- 1) Depository Corporations, for example, [commercial banks](#), [Special Financial Institutions \(SFIs\)](#), [Saving Corporative and credit unions](#), and [money market mutual funds](#); and
- 2) Non-depository corporations, for example, [mutual funds](#), [insurance companies](#), [provident funds](#), [asset management companies](#), and [securities companies](#)

Table 1 Number and Asset Size of Financial Institutions at Q3 of 2018

Thai Financial Institutions	Number	Of Total Assets (%)
Depository Corporations		68.3
Commercial Banks *	30	45.6
Specialized Financial Institutions *	6	15.3
Saving Cooperatives and Credit Unions	1,995	6.9
Money Market Mutual Funds	37	0.6
Non-Depository Corporations		31.7
Mutual Funds	1,376	11.2
Insurance Companies	83	9.0
Leasing Companies	851	1.9
Credit Card and Personal Loan Companies (including Nano Finance) *	39	2.4
Provident Funds	380	2.7
Government Pension Fund	1	2.0
Asset Management Companies *	52	0.7
Securities Companies	47	0.9
Agricultural Cooperatives	3,426	0.6
Pawn Shops	660	0.2
Total Asset (million)		42,931,767

Remark: * Under BOT regulation and supervision



Definition of various financial institutions

Commercial bank business serves as the intermediaries that allocate funds from depositors and loan out to household and business sectors. Commercial bank business can be categorized to many different forms, namely commercial bank (universal banking), retail banks, foreign commercial bank's subsidiary and foreign commercial bank's branch. The aforementioned forms of commercial bank business are registered under the Financial Institutions Business Act B.E. 2551 (2008) and supervised by the BOT.

Special Financial Institutions established with each specific law, whose objectives are to serve the government policies in promoting economic development and supporting investment. Examples of such institutions are Bank for Agriculture and Agricultural Cooperatives (BAAC), Government Saving Banks (GSB), Government Housing Banks (GHB), and Export-Import Bank of Thailand (EXIM) etc., whereby these institutions are established in accordance with the Bank for Agriculture and Agricultural Cooperatives Act, B.E. 2509 and amended, the Government Saving Banks Act, B.E. 2489 and amended, the Government Housing Banks Act, B.E. 2496 and amended and the Export-Import Bank of Thailand Act, B.E. 2536 and amended, respectively. Furthermore, these institutions are under the supervision of the Ministry of Finance.

Finance Company is a business that raises funds from the public in the form of promissory notes (P/N) and employing such funds in several forms of investment including commerce, development, purchases and consumption, and housing. Such business is established in accordance with the Financial Institution Business Act, B.E. 2551 and under the supervision of the BOT.

Credit Foncier Business is business of accepting money from public in the form of promissory notes (P/N) and employing such accepted money in one or several ways such as granting credits by mortgaging immovable property, accepting immovable property on consignment etc. The Credit Foncier Business is registered under the Financial Institutions Business Act B.E. 2551 (2008) and supervised by the BOT.

Saving Cooperative and Credit Union established on voluntary basis by members that generally consists of people with the common bond (e.g. same occupation or living areas etc.), where the operating funds of the cooperative is contributed periodically by members. The contributed funds will be loaned out to support other members who are in need of money with interest charged. The benefit gained from permitting loans will be contributed to members in the form of interest rate, dividend or other benefits etc. Saving Cooperative and Credit Union is under the supervision of the Board of National Cooperative Development in accordance with The Cooperatives Act, B.E. 2542.

Pawn-shop is a business that offers secured loans of maximum 100,000 baht per customer, with items of personal property used as collateral. The collateral can be redeemed within a certain contractual period of



time. Such business is established in accordance with Pawn-shop Act, B.E.2505 and amended and under the supervision of the Ministry of interior.

Money market mutual fund is a type of mutual fund that mainly invests in bank deposits, short term debt with the repayment period of not exceeding 1 year (i.e. Treasury bills, Bill of exchange, Promissory note) and Government bonds or corporate debentures with the repayment period of not exceeding 1 year. Furthermore, such mutual fund is open-end fund with the portfolio duration of not more than 3 months and under the supervision of the Securities and Exchange Commission in accordance with The Securities and Exchange Act, B.E.2535 and amended.

Mutual Fund is a well managed investment tools that seek the highest returns under the certain extent of risk investors can take. The mutual fund is suitable for retail investors who want to invest in money and capital market but; are not well equipped with financial knowledge, are lack of experience and have limited financial resources etc. Furthermore, such fund is under the supervision of the Securities and Exchange Commission in accordance with The Securities and Exchange Act, B.E.2535 and amended.

Insurance can be categorized into 2 types of business namely;

- 1) Life insurance, insured against the loss or damage of individual/group of individual where the insurer promises to pay a designated beneficiary in exchange for a premium, upon the death, disability, or critical illness of the insured person.
- 2) Non-life insurance is broadly divided into 4 areas, namely Fire insurance, Auto insurance, marine insurance and Miscellaneous Insurance.

Insurance businesses are under the supervision of the Office of Insurance Commission in accordance with Life Insurance Act, B.E.2535 and amended, and non-life Insurance Act, B.E. 2535 and amended.

Provident Fund is a form of fund set up voluntarily between the employer and employees where the assets of this fund consist of money contributed by both employers and employees. The setting up of a provident fund can be regarded as a kind of benefit for employees where the assets of this fund will be further managed by a professional fund management called "Asset Management Company (AMC)." The benefits derived from management are distributed to members of the fund proportionately. Provident fund is under the supervision of the Securities and Exchange Commission in accordance with Provident Fund Act, B.E. 2530 and amended, and The Securities and Exchange Act, B.E.2535 and amended.

Credit card and Personal loan Company is a non-depository business that provides credits in various forms, for example credit card and personal loans etc. This type of business in under the supervision of the BOT in accordance with Declaration of the Revolutionary Council No. 58 and the Financial Institutions Business Act B.E. 2551.



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Asset Management Company is established to manage Non-performing asset of financial institutions. Such company is supervised by the Ministry of Finance in accordance with the Emergency Decree on the Asset Management Company B.E.2541.

Securities Company conducts various kinds of securities business namely, brokerage, dealer, underwriter, investment advisory and private fund management etc. Securities Company is under the supervision of the Securities and Exchange Commission in accordance with the Securities and Exchange Act, B.E.2535 and amended.

Money Changers are granted licenses to provide foreign currency exchange services in accordance with the Exchange Control Act, B.E.2485. Money changers business is under the supervision of the Ministry of Finance and the Bank of Thailand.