



THE THAI BANKERS' ASSOCIATION

12th NESDB's National Plan

Linkages between Banking sector and Government

Discussion Document

28 SEP 2015

Agenda for today's session



THE THAI BANKERS' ASSOCIATION

- 1 12th National Plan of NESDB**
- 2 Defining the future – 5 themes with 13 initiatives**
- 3 Next steps - Establish collaboration framework for developing and implement TBA's 5-year plan**
- 4 Aspirations and KPIs**
- 5 TBA's 5-year Plan: – Where we are?**
- 6 TBA's 5-year Plan vs. 12th National Plan of NESDB**

12th National Plan's Vision: “มั่นคง มั่งคั่ง ยั่งยืน”



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- 1 **Aggregate target:** Average GDP growth of 5% over the 5-year horizon to achieve high income status by 2026 via investment and regional integration.
- 2 **Sector growth:** Lead by R&D and Innovation and supported by increased competitiveness, efficiency, and digital revolution in SMEs.
- 3 **Agricultural develop for excellence in food industry:** Increase value addition of agricultural products through sustainable and organic approaches in line with Sufficiency Economic Principles.
- 4 **Human resources that support growth and quality of life:** Life-cycle approach to increase effectiveness of learning and development as well as emphasizing “health in all policies” and enrich stronger family values.
- 5 **Reduce inequality as we transition into aging society:** Increase access to social safety nets, economic opportunity, judicial process, as well as basic care and services and community for aging society.
- 6 **Environmental friendly economy and society:** Increase green economic activities and reduce risks of natural disaster against global climate change.
- 7 **Region-specific development:** SEZ, infrastructure and transport investment to enhance connectivity.

Targets	
GDP growth	5%
Export growth	4%
Pr. Invest	7.5%
Gov. Invest	10%
Service	7%
% SME GDP	40% of GDP
% R&D GDP	2% of GDP
Agri. Growth	3%
Organic farms	500,000 ไร่
Quality of Life	Improve
Education	Int'l Standards
Family Values	Strong
Access	Inclusive
Inequality	Reduce
Community	Strong
Increase Forest	36%
CO ₂ Emission	Reduce 7%
Border Dev.	Balanced
Economic Centers	Efficient & Green
Regional Dev.	Better Livelihood
Connectivity	Convenient

Success of 12th National Plan depends on participation from all parts of society.



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“มั่นคง มั่งคั่ง ยั่งยืน”

เป้าหมาย



เศรษฐกิจ
มหภาค



เศรษฐกิจ
รายสาขา



การเกษตร
สู่ความเป็นเลิศ
ด้านอาหาร



การเสริม
สร้างและ
พัฒนา
ศักยภาพคน



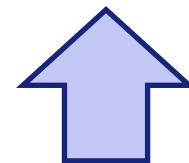
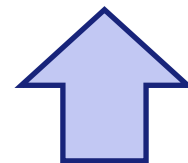
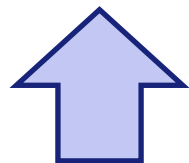
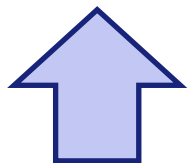
การลดความ
เหลื่อมล้ำ
ในสังคม



การเติบโตที่เป็นมิตร
กับสิ่งแวดล้อม
เพื่อการพัฒนา
อย่างยั่งยืน



การพัฒนาพื้นที่
ภาค และการ
เชื่อมโยง
ภูมิภาค



Banking Industry

Is an integral part of our economy, society, and community.

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What is our vision for the Thai banking sector in 5-10 years?



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Potential elements of a vision

**More regional –
key contributor to
Northern ASEAN
(CLMV)**

**More aligned with
the consumer –
consumer protection,
financial literacy**

**More
inclusive –
new models
for un(der)
banked**

**More digital –
E-money, services,
...**

**More supportive of
the real economy –
start-ups/SME
...**



TBA embraces 5 big themes and 13 initiatives

With commitment to take leadership in realizing the aspirations



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Focus themes

Initiative

Digitization and next generation payments infrastructure

1. Implement the Payment System Roadmap through establishment of PSO under TBA, including incentive programs to move to digitization and next generation payments
2. Agree on common standards to support digitization across the banking system
3. Identify and implement shareable infrastructure for greater access, coverage & efficiency

Financial inclusion and supporting real economy

4. Advocate removal of caps and obstacles for free market model to improve financial access
5. Promote centralization and sharing of information among all the players
6. Enhance credit access for SMEs, including promoting efficiency improvement of TCG

Contribution back to society

7. Use banks' network and resources to implement a coordinated and proactive industry effort on promoting financial literacy, and set up regular communication initiatives
8. Promote financial education as standing curriculum in school and university
9. Establish industry code of conduct and standards that ensures fairness and customer understanding before selling financial products

Preparing for AEC and regional integration

10. Actively partner with relevant authorities to facilitate cross-border investment and transactions, as well as provide greater convenience for customers across the region
11. Set up programs to train high caliber staff with expertise to make Thailand as regional hub

Legal and regulatory enablement

12. Identify conflicting and obsolete regulations and provide recommendations, accelerate adoption of missing critical legislations
13. Advocate common supervision for all players to ensure of a level playing field and system stability

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Collaboration framework for better outcomes for benefits of consumers, businesses and economy



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Thai Bankers' Association						
PSO Sponsor	CEO Sponsor	CEO Sponsor	CEO Sponsor	CEO Sponsor	CEO Sponsor	CEO Sponsor
Digitization & next generation payments infrastructure	Financial inclusion and supporting real economy	Financial Literacy	Industry code of conduct	Preparing for AEC and regional integration	Human resource management	Legal and regulatory enablement
K.Yos	K.Chartsiri	K.Teeranun K. Predee	K.Vorapak	K. Arthid	K. Somjate	K.Boontuck
1-3	4-6	7-8	9	10	11	12-13

5 Themes for 13 initiatives

Give direction to achieve aspirations

K.Yos	Facilitator	Facilitator	Facilitator	Facilitator	Facilitator	Facilitator
Working team ① Payment	Working team ② Financial inclusion	Working team ③ Financial Literacy	Working team ④ Industry code of conduct	Working team ⑤ Regional integration	Working team ⑥ Human resource management	Working team ⑦ Legal & Regulatory

Members in each working team

Strategy Experts by Senior executive-level (EVP up) working team from each member bank (at least 15 members)

Topic experts (advisors)

Implementation experts (Related Clubs under TBA)

PMO (from TBA's central PMO unit)

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TBA's 5-year plan: 10 KPIs to measure progress for overall benefits



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	KPI	Thailand today	Aspiration for 2020
Digitization and next generation payments infrastructure	• Cashless transactions per capita ¹	25	50-60
	• Electronic payments as percent of total value ¹	30%	60-70%
Financial inclusion and supporting real economy	• Banking penetration ² for:		
	– Savings	80%	90%
	– Transactions	57%	80%
	– Investment
• Percent of SMEs with access to bank loans ³	50%	70-80%	
Contribution back to society	• % population who have savings for retirement ⁴	37%	50%
	• Score of basic money management knowledge ⁵	63	70
	• % school and university with established financial literacy curriculum
Preparing for AEC and regional integration	• Cross-border payment flows per GDP ⁶	12	15-20
	• Number of companies using Thailand as cash management center
Legal and regulatory enablement	• Number of target regulations/standards rectified or established	n/a	3-5

¹ Level of peer countries from payment roadmap ² Include SFI and co-ops ³ Defined as unserved or underserved (IFC Enterprise Finance Gap Database 2011) ⁴ Include government pension funds, social security and provident fund ⁵ MasterCard Financial Literacy Index Score as of June 2013 ⁶ Flows include both inbound and outbound

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Digitization and next generation payments infrastructure

Thailand's Financial Sector's Aspiration Towards Digital Economy

Consensus among Thai banks to improve overall payment efficiency



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Digitization and next generation payments infrastructure

KPI

- Cashless transactions per capita
- Electronic payments as percent of total value




Thailand today




Aspiration for 2020

25	50-60
30%	60-70%

Volume of Thai payments by counterparty & instrument¹

2011, Millions, 100% = 49,065

Consumer  Business  Gov't 

	Consumer		Business		Gov't	
Consumer	4,446	4,442	31,821	32,826	60	62
	11	16	11	16	11	16
Business	158	160	12,516	12,745	1	1
	11	16	11	16	11	16
Gov't	55	69	7	9	1	1
	11	16	11	16	11	16

Levers

- Electronic Bill Presentment & Payment (EBPP)
- Increase Debit Card Usage
- Electronic Invoicing Presentment & Payment (EIPP)
- Peer-to-peer payment system

¹ Excludes BAHTNET volumes & values

SOURCE: Thailand National Accounts from NESDB; Bank of Thailand; McKinsey Global Payments map, World Bank, Team analysis

4 Key Initiatives as the First Consolidated Efforts Towards Aspiration



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1 Electronic Bill Presentment & Payment

Implement shared infrastructure for all bank members to enable Billers to present and receive bill payment through this channel

2 Electronic Invoice Presentment & Payment

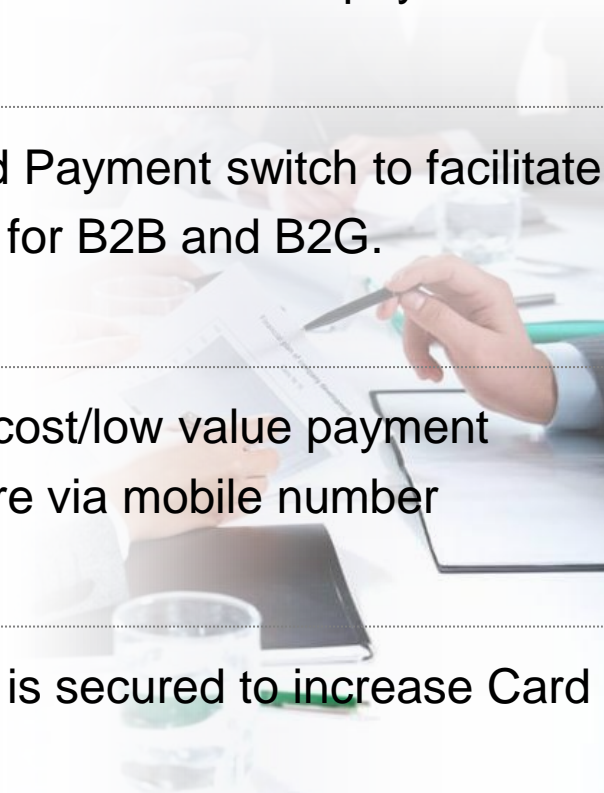
Implement/enhance shared Payment switch to facilitate electronic invoice payment for B2B and B2G.

3 Peer-to-Peer payment system

Implement a real time low-cost/low value payment service shared infrastructure via mobile number

4 Increase debit card usage

Leverage Chip Card which is secured to increase Card usage





Financial inclusion and supporting real economy

Offer financial services at affordable costs to disadvantaged and low-income segments of society



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“Priority will be enhance credit access for SMEs”

- **SMEs suffer a double blow** from the current slowdown in the economy
 - Domestic economic slowdown, inevitably affecting business environment of SMEs
 - Increasing economic risks lead to tightening of credit conditions for all, including SMEs
- SMEs need **coordinated efforts from all parties**, both public and private institutions
- The large-scale rescue package for SMEs should **leverage on the large branch network of banks**, covering all provinces, extending its reach as far as possible



Enhanced credit access for SMEs through TCG



Ensure effectiveness of the Secured Transaction Act



Integrate SME information from SFIs into NCBs for credit assessment



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Financial Literacy

Major elements of TBA's campaign as the back bone of financial literacy



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Use bank networks of 7,000 branches to implement an impactful financial literacy program

“ Banks are everywhere in communities, giving back to society is our intend”

Major elements of TBA's financial literacy program

- **Large-scale implementation as industry effort** to be impactful
- **Leverage banks' large branch distribution network** as delivery channels nationwide (*i.e. ~7,000 branches and ~50,000 branch staff*)
- **Leverage existing community structures** (*e.g., local branch managers and branch staff*) to have a strong engagement structure from community
- **All banks use the same standard platform** (*e.g., curriculum, materials, target group*) to enhance effectiveness from collaboration effort

These major elements will help contribute to:

- A more effective, efficient and sustainable financial literacy program with strong delivery capabilities
- Deliver financial education to scale up innovative programs that have a strong engagement structure



Industry code of conduct

Establish industry code of conduct for the Thai Bankers' Association



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1 Set up key principles for the Thai banking sector

TBA's 7 commitments to customers

1. Act **fairly and reasonably** in all dealings with all customers
2. Advertising and marketing literature is **clear and not misleading**
3. Customers are given **clear information** about banking products and services, including how it works, terms and conditions and interest rates which apply to it
4. Deal **quickly, sympathetically, consistently and positively** with things that go wrong and consider all cases of financial difficulty
5. Treat personal information as **private and confidential**
6. Operate **secure and reliable** banking systems
7. Hold the highest level of **integrity** and **against all forms of corruption and bribery**

We shall publicize this code, have copies available, and make sure bank staff are trained to put it into practice

These principles shall be minimum standard of good banking practice and embedded into individual banks' code of conduct

2 Start with Quick-win solutions : one-pager question customer should get answers



- One-pager top 10 questions to ask before you... (*e.g., take a mortgage, credit card*) with **agreed standard communication messages** addressing concerns consumers should know
 - Provide to retail customers when introducing products, and publish on other channels (*e.g., website, social media, etc.*)
 - Only questions to ensure bank staff are trained to be able to answer



Preparing for AEC and regional integration

Enhancing regional integration for Thai banking sector



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Aspiration

- **Become more regional** to be able to support the expansion of Thai companies abroad, while being an important part to drive the growth of northern ASEAN

Key initiatives

- Actively **partner with relevant authorities** (e.g., BOI, ExIm Bank) to facilitate cross-border investment and transactions
- Promote **expansion of network** to provide greater convenience for customers across the region¹
 - Simplified cross-border payment clearing, switching and settlement services to support capital flows
- Offer **specialized services** for cross-border business to make Thailand a key contributor to the growth of northern ASEAN
 - Programs to train high caliber staff with expertise (e.g., *international trade*) to make Thailand as regional hub
 - Convenient setup of regional headquarters in Thailand



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Human resource management

Competitiveness of Financial Sector hinges on its people



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Priorities:

- Raising the standards of the financial profession to international practices, in line with our other aspirations under TBA's 5-year Plan
- Set up programs to train high caliber staff with expertise to make Thailand a regional hub

Financial development boils down to developing the sector's talent and human resources that meet the demand of today's integrated economies and businesses.

Global Competitiveness Index (WEF), (weight)	Global Ranking (166)		
	SG	MY	TH
8th pillar: Financial market development17%	2	4	34
A. Efficiency50%	3	4	29
8.01 Availability of financial services	8	17	28
8.02 Affordability of financial services	7	12	35
8.03 Financing through local equity market	7	8	18
8.04 Ease of access to loans	4	2	23
8.05 Venture capital availability	7	2	44
B. Trustworthiness and confidence50%	2	6	47
8.06 Soundness of banks	4	35	37
8.07 Regulation of securities exchanges	5	13	27
8.08 Legal rights index*	1	1	85

* With IMD 2014, Financial Skills are ranked MY (15), SG (18), TH (36) by survey (IMD also

contains measure of financial development under its "Business Efficiency" Pillar)



Legal and regulatory enablement

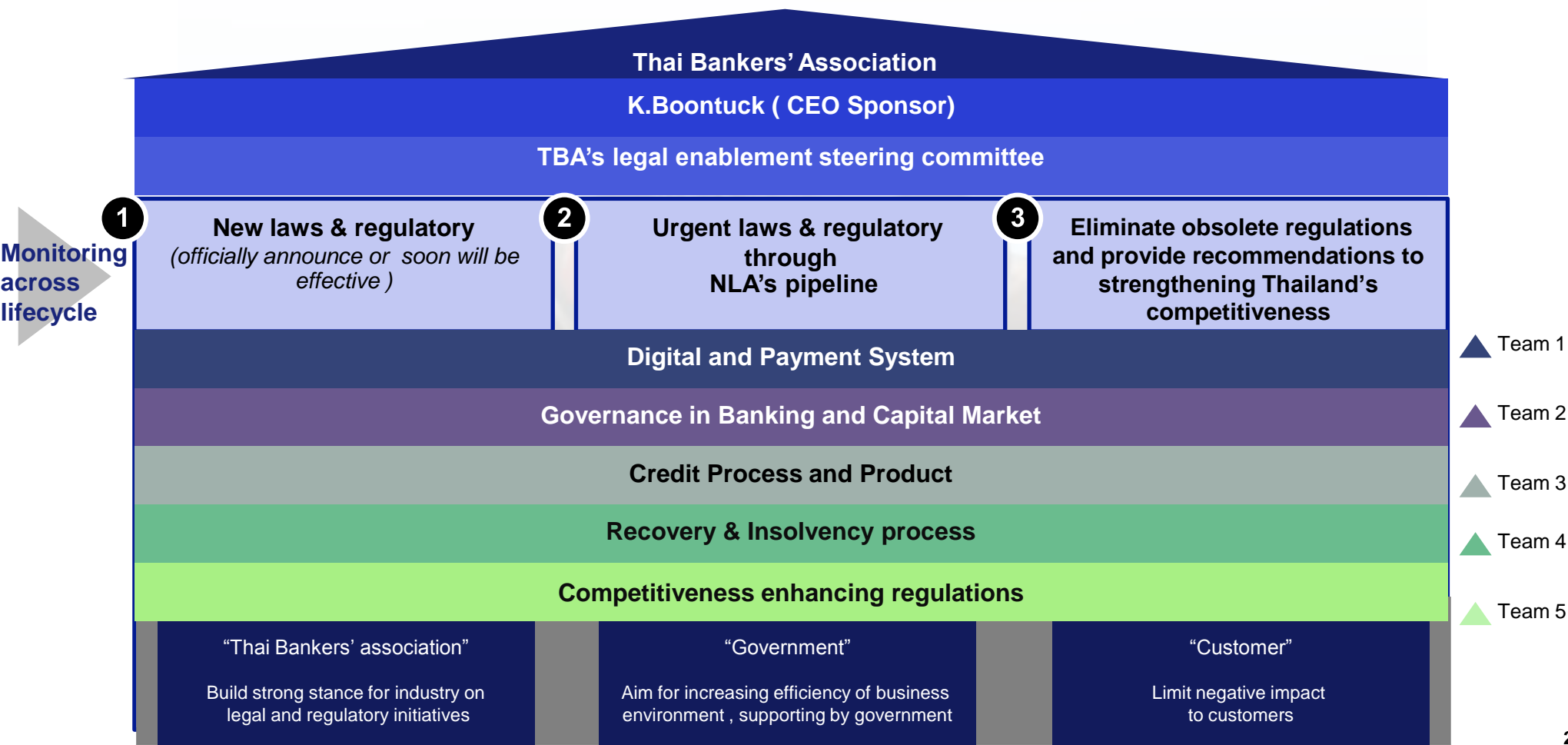
Strategic and legal enablement aspirations for the future Thai banking sector



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Key Aspiration:

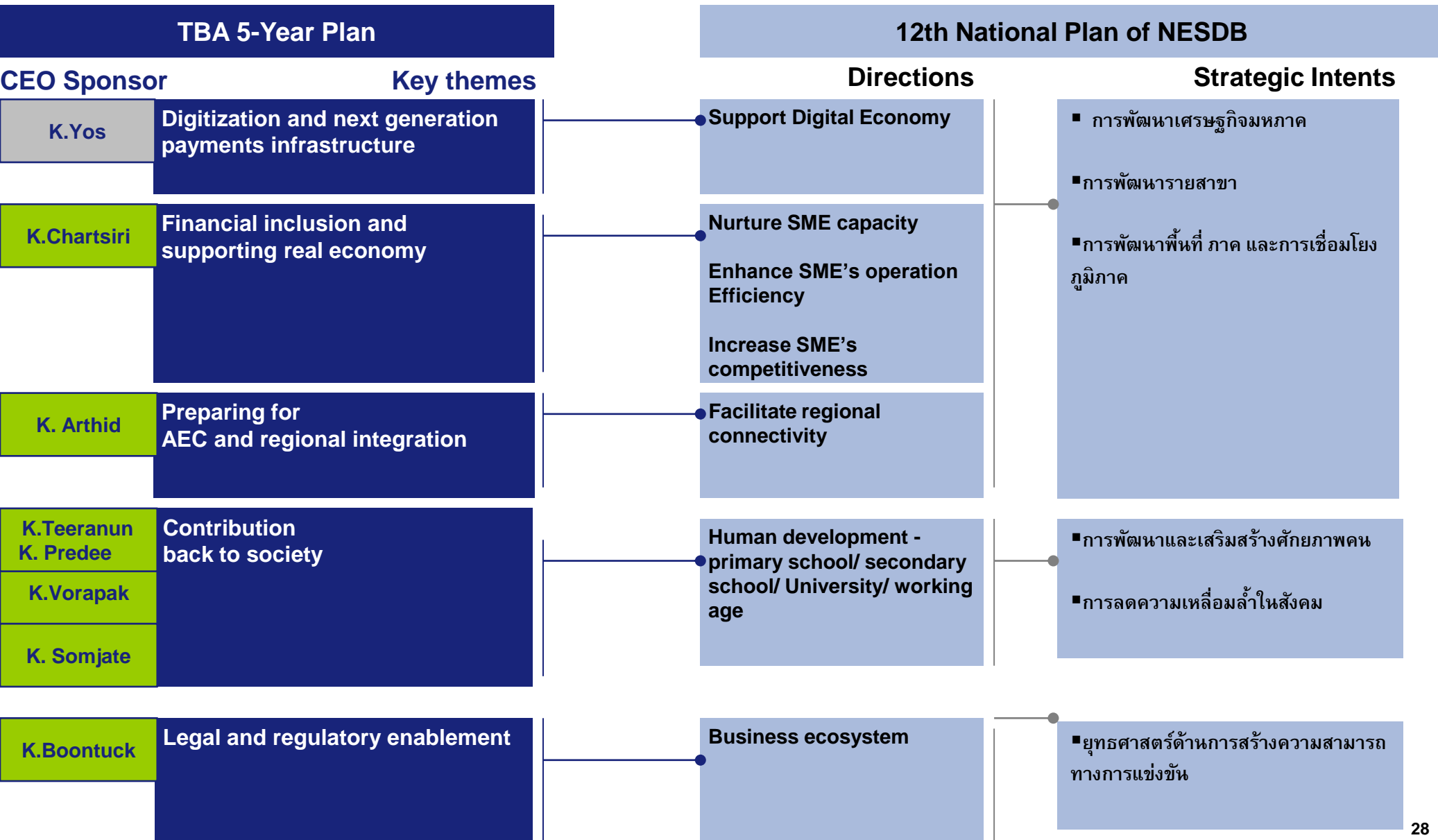
To promote a Fair, Efficient, and Market-based Legal and Regulatory Environment that strengthens the competitiveness of the sector and the economy.



TBA 5-Year Plan vs. 12th National Plan of NESDB



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Thank you