

Thailand's initiatives towards increasing financial inclusion



Thailand

National Financial Inclusion Priorities

With more than eighty percent of the population having access to some form of formal financial services, the priority for financial inclusion in Thailand is not only to improve access, but also to improve the quality of such access.

Credits should be affordable, flexible, and sufficient, while long-term savings and insurance should be promoted, to keep people afloat in emergency, to keep them out of a vicious usury cycle, and to improve their earnings and productivity.

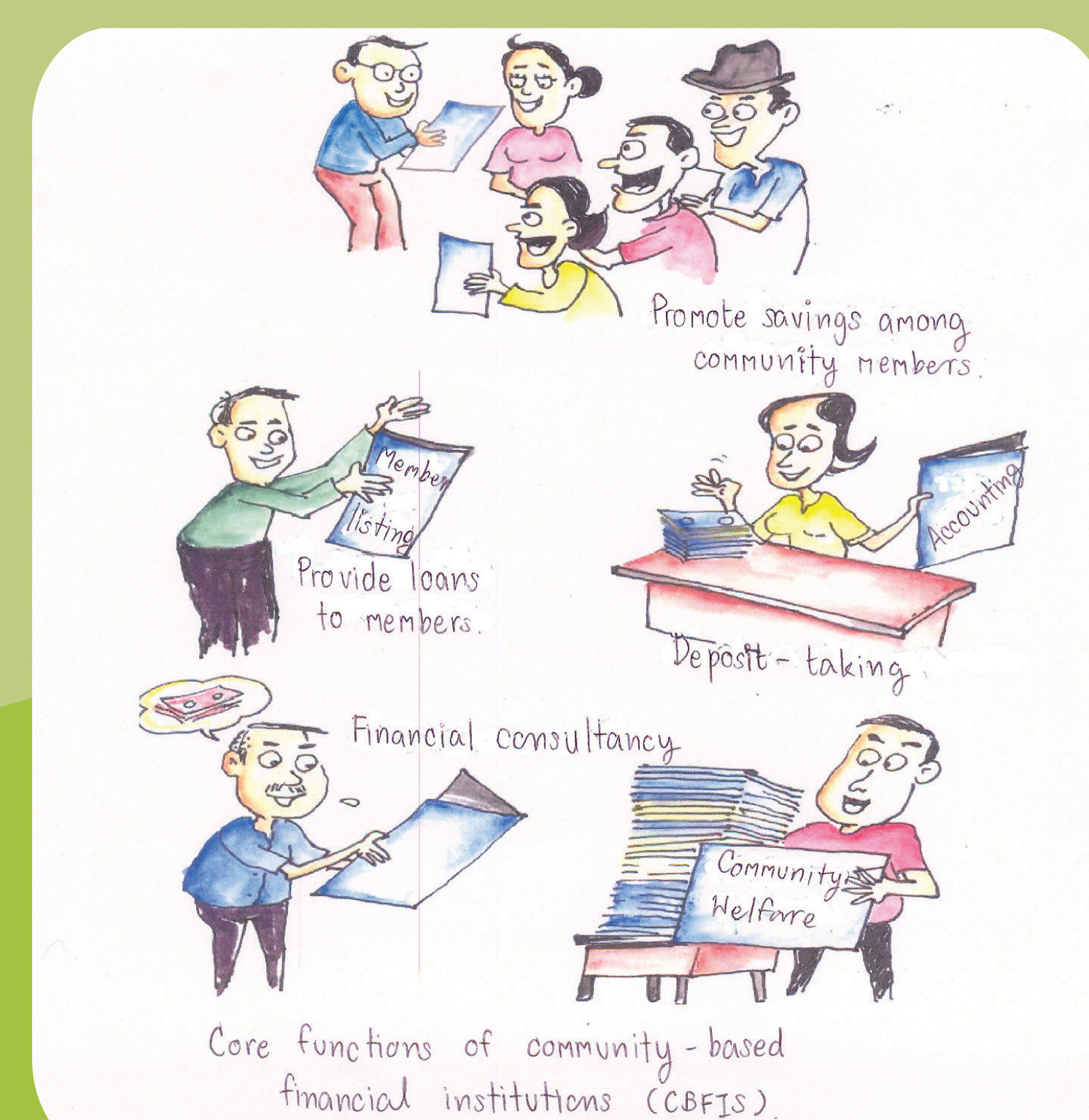
Challenges and the Way Forward on Financial Inclusion

Convergence is key. Providers should be encouraged to move down to the micro market, while the users should better themselves to utilize more advanced products.

Existing micro-market players, CBFIs, should improve in scope and quality of service, while players new to the micro market, particularly commercial banks, should make for more creative and competitive products. Users should be financially trained, and their income-generating abilities enhanced to better take advantage of financial products – savings and insurance to accommodate risks and emergency. As a facilitator of financial inclusion, the government should ensure an appropriate, and up-to-date, regulatory framework, consumer protection system, credit information support, and continuous re-examination of financial landscape.

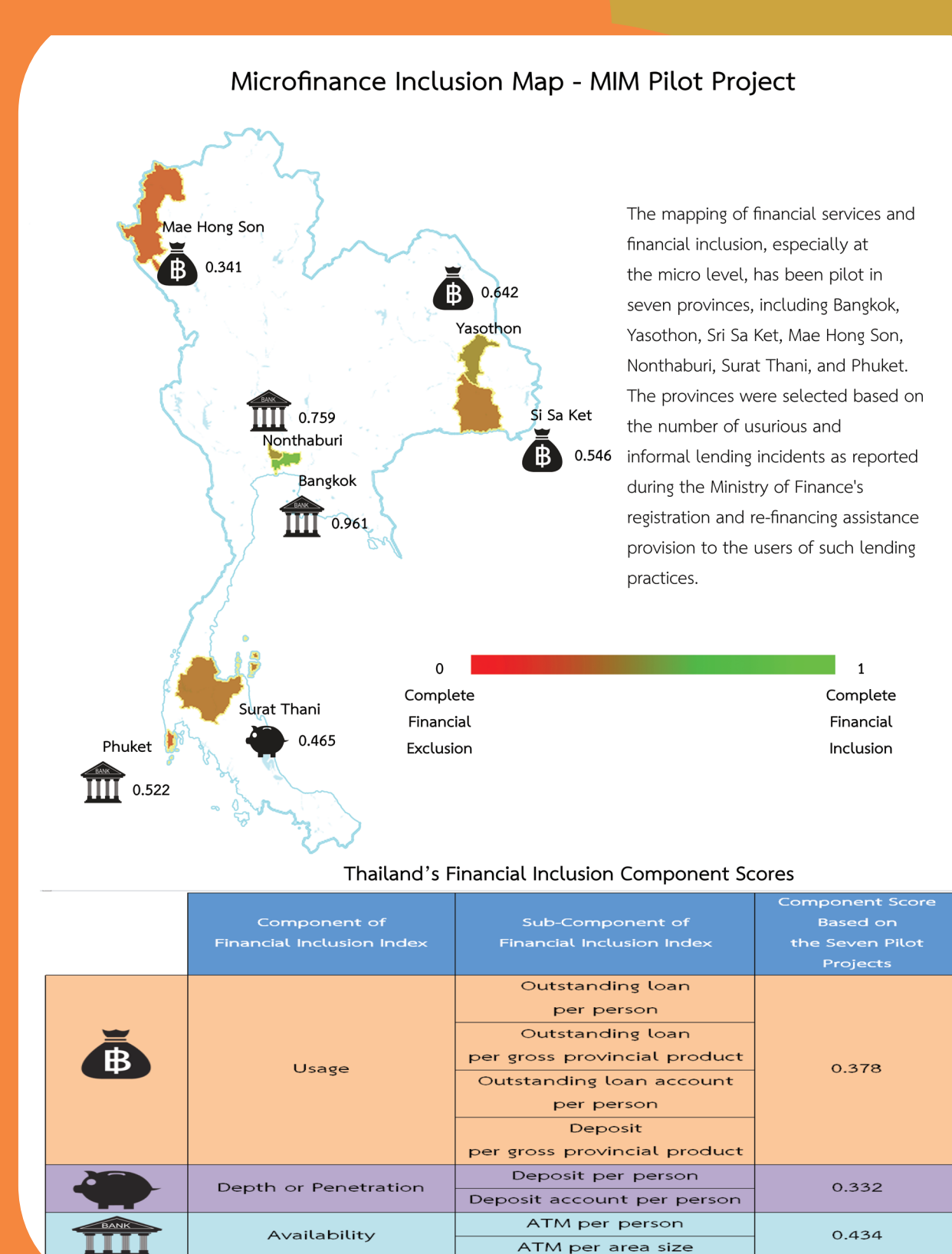
Clients	Service Providers (branches)	Regulator	Regulatory Framework	Microcredits* (Million - THB)
High income	Commercial banks (6,447)	Bank of Thailand	Prudential regulation (International Standard)	416,653
Upper-middle income	SFIs (2,260)	Ministry of Finance	Prudential Regulation (Less than International Standard)	2,418,616
Lower-middle income	Non Banks (28 companies)	Bank of Thailand		146,488
Low income	Cooperatives (13,198 co-ops)	Ministry of Agriculture and Cooperatives	Non-prudential regulation	1,202,224
	Village Fund (79,255 funds)	Village Fund Office		175,834
	Self-supporting group (30,000 groups)	None	Self-regulation	35,000
Poor	Informal lender			22
				4,394,615

*Microcredits defined as loans smaller than 200,000 THB or those designated by the government as micro-finance



Fostering the Role of Community-based Financial Institutions

When community-based financial institutions (CBFIs) were started up, they were meant to manage the various government subsidies being channeled into the communities, and to lend those subsidies to the members in need. With mentorship by state-owned specialized financial institutions and dedication of community leaders, many CBFIs have grown beyond their communities and their original functions. Through multiple savings products, they now raise their own capital, which is lent for profits. Some also serve as payment points and provide micro-insurance products. A challenge now is then how to sustain such strengths in the long run.



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