

"Thailand" ^{No.} 6
What you need to know -

Banking System

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The European ASEAN Business Centre (EABC) is a European Trade Organisation contributing to improve the trade and investment environment for European companies in Thailand with an aim to see a larger number of European companies (especially SMEs) being established in Thailand and increased export and investment by European companies into Thailand.

The EABC supports trade advocacy by playing an important role as the independent voice of European business vis-à-vis Thai authorities. It also acts as a focal point for market information for European companies in Thailand, facilitating their market access.

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EABC European Union's window to Thailand



The European ASEAN Business Centre in Thailand

Banking System

Introduction

In Thailand there are more than thirty banking institutions, evenly distributed between Thai banks and branches of foreign banks, with most having their head offices in Bangkok. Leading Thai banks also have branches in provincial towns, offering customers a full range of retail banking services. Foreign institutions focus more on wholesale banking services such as corporate lending, trade finance, cash management and investment banking.

Thailand is a member of the World Bank as well as the Asian Development Bank.

Banking system management/structure

The banking system is regulated by the Financial Institution Act B.E. 2551 (2008). It is controlled by the Ministry of Finance (MOF), which defines fiscal and economic policy and oversees public finances, and it is supervised by the Bank of Thailand (BOT), an independent body whose responsibilities include supervising banking institutions, managing foreign exchange and advising on monetary policy.

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Bank accounts

In general, there are four types of accounts available to foreigners in Thailand: Thai baht savings accounts; current accounts; foreign currency deposit accounts; and business bank accounts. The majority of Thai bank accounts do not incur a monthly fee, but additional services or facilities that are requested from a bank, such as money transfers, are likely to incur additional charges.

Many local banks will require foreigners to hold a work permit or long-term visa to open an account, although the terms and conditions will vary between banks. There are no restrictions on the amount of funds that can be deposited or withdrawn.

Current accounts will generally provide an ATM/debit card but will not include a check facility, as the use of personal cheque in Thailand is limited. ATMS can be found in most major towns and cities. International credit cards such as American Express, MasterCard and Visa are widely accepted in urban areas and they can also be used at ATMs for making cash withdrawals (foreign cards will incur an extra charge when using ATM services).

Foreign-Exchange Controls

The Exchange Control Act regulates all matters involving foreign exchange. Thailand has a managed-float exchange rate regime in which the Bank of Thailand intervenes as necessary to prevent excessive volatility and to achieve economic policy targets.

There is no restriction on the import of Thai or foreign currency such as investment funds, offshore loans, etc. Foreign currency, however, must be sold or exchanged into Thai Baht, or deposited in a foreign currency account with an authorized bank, within seven days from the date of receipt or entry into the country, except for foreigners temporarily staying in Thailand for not more than three months, foreign embassies and international agencies. All proceeds of exports exceeding 500,000 Baht must be received in Thailand immediately after payment is received, which may not be later than 120 days from exportation.

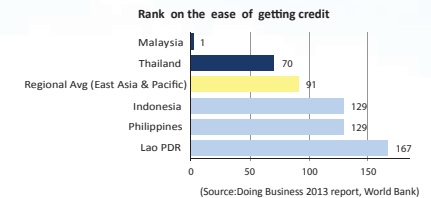
They may also freely take out of the country all foreign currency they had brought in, without limit. Individuals in transit, however, may not take out Thai currency exceeding 50,000 Baht per person, except for trips to countries bordering Thailand, where an amount of up to 500,000 Baht is allowed.

Repatriation of investment funds, dividends and profits as well as repayment of overseas borrowing in foreign currency and interest payments thereon, after settlement of all applicable taxes, may be made freely upon submission of documents. The remittance of amounts properly due to non-residents is permitted for items of a non-capital nature such as service fees, interest, dividends, profits or royalties.

General Availability of Financing

Any licensed commercial bank or other financial institution, onshore or offshore, can lend to a foreign investor. Although banks in Thailand traditionally exercise considerable caution on new lending, usually requiring sufficient collateral (land or cash only) for the entire amount of the loan, liquidity is ample.

Besides the local commercial, trade, and corporate financing facilities available from local banks, the Thai government maintains other facilities, such as direct packing credit, to ease exporters' access to trade financing.



Financial Markets

As complementary financing sources, Thailand has four main financial markets: SET - Stock Exchange of Thailand (main market, minimum registered capital 300 million baht); MAI - Market for Alternative Investment (for smaller innovative businesses with high potential); BEX - Bond Electronic Exchange (secondary bond market with government, corporate and Asian Bonds); and TFEX - Thai Futures Exchange (derivatives exchange with SET50 index futures, stock options, stock futures, and gold futures).

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