Final Report

Payment Strategic Directions

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By
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Executive Summary

This report is the result of the study by Thammasat University Research and Consultancy Institution (TU-RAC), as an external consultant for the Bank of Thailand (BOT) in “Payment Strategic Directions Project.” In this study, TU-RAC compiles the data from five main sources:

- Literature Review
- Focus Groups (with experts, bankers, non-bank executives and other stake-holders)
- In-depth Interview (with experts, bankers, non-bank executives and other stake-holders) in Thailand
- In-depth Interview (with experts) in other countries (e.g., Australia, Singapore)
- Survey by questionnaires

This study has taken stock of the current and future trend of financial technology infrastructure, user payment needs, and the comparative study of Thai Payment System with various countries (e.g., Singapore, Australia).

Three main thrusts, namely, foreign transaction, new technology, and increasing role of non-financial institutions are changing Thai business environment and payment system. It is necessary for the Bank of Thailand to reinvestigate the national payment system in order to keep up with the changes. The objective of this report is to survey the new electronic payment services and the consumers’ need in order to identify the strategic payment direction for Thailand.

Since the technology (in computer, telecommunication, internet, and retail business) is changing very fast and greatly influences the payment method (e.g., e-purse, contactless payment, etc.), it is very risky to tie up the country payment system on any specific technology or infrastructure. Thus, the BOT should focus on core values and core purpose of “Central Bank Clearing and Settlement Roles” and divest most the operational infrastructure and day-to-day monitoring. Furthermore, the survey results from user needs and the opinion from payment service providers are also in support of this conclusion. The organizations and roles for these jobs should be involved as much as possible by most of the stakeholders in Thai Payment System. These stakeholders are retail payment service providers such as banks, non-banks, and the payment users such as SET, BDC, SMC, individuals, business entities, etc. These measures would help improve not only the efficiency but also the effectiveness of Thai Payment System.

In short, the “Vision” of Thai Payment System should be “to develop safe and efficient payment system which ensure financial stability and enhance effective monetary policy.” Following this vision, the ideal Payment System should incorporate these factors:
- Response to Thai Monetary and Economic Policy
- Response to Consumers' Need
- Enhance Efficiency
- Ensure Risk Management