

Case Study: The Bank of Thailand Adjusts the Approach to Managing the Commercial Banking Group, Promoting the Development of Services through Technology, and Enhancing the Digital Asset Business Lifting restrictions on investment in FinTech businesses

Mrs. Rung Mallikamas Assistant Governor Financial Institutions Policy The Bank of Thailand (BOT) (23 March 2022) revealed that under the New Landscape Policy Guidelines for the Thai Financial Sector for Digital Economy and Sustainable Growth (Financial Landscape) which focuses on balancing the promotion of innovation and risk management so that the financial sector can leverage technology to develop better financial innovations and services, and be able to manage new risks appropriately. The BOT has begun restructuring its financial business group and paying more attention to increasing its role in the digital assets (DA) business, which is an opportunity to enhance financial services, but may cause new risks. Greater flexibility in business operations and enhancing the Bank's supervision in line with changing risks. It considers both the benefits to the public and the risks to the stability of the financial system as a whole, which are as follows:

1. Abolish the investment ceiling in FinTech businesses from the previous set at 3% of the capital so that the BOT Group can continue to invest in FinTech businesses. Leverage more financial technology (FinTech) because of the obvious benefits. In addition, the BOT Group. There is more experience in investing in FinTech businesses, and regulators already have a certain level of risk management guidelines.

2. Companies in the BOT Group Investors can invest in businesses related to DA under the ceiling of 3% of capital to ensure gradual expansion. It helps to limit new risks that may affect the confidence of the Bank and the Bank Group. Consider investment or allocate resources carefully. The investment ceiling can be increased or canceled in general, as well as the investment ceiling in FinTech businesses.

3. If the BOT It is possible to raise the standards of any DA business to meet the requirements, such as governance, risk management, and user protection. It is allowed not to include the investment of the business in the investment ceiling to create an incentive to raise the standard of business operations. DA in the BOT Group This will lead to the improvement of the country's DA business standards.

4. Businesses that are still at risk or do not have a regulatory authority It can operate in the sandbox framework on a limited scale first to consider the interests of

the country. Risk management and impact on the system as a whole before continuing to provide services on a large scale.

5. The BOT Group Limit the risk of potential linkages to The Bank of Thailand (BOT) will operate in new businesses of the BOT. It does not affect depositors and the financial system. Directly operating DA business. There is a board structure where there is no conflict of interest, sufficient capital to support new risks. There are various work systems that are separate from the risky business.

In addition, the BOT Group. As a business group that is highly regulated, trusted by the public, and able to quickly expand the market for new services from a wide and diverse customer base, including vulnerable groups of people, it is necessary to pay attention to the protection of users . Consider the client's investment knowledge and risk tolerance.

The BOT believes that the adjustment of the criteria will enable businesses in the financial sector to adapt to changes in technology. Able to operate the business to grow sustainably. The financial system benefits from competition. Efficient service development Increase people's access to financial services and ensure that DA businesses in the country have a recognized standard of service. Under good risk management. Consumers are properly protected in line with the expected outcomes, including the results of the hearings on the Financial Landscape policy.

From this case study: You will assess whether the governance principles of the business Is Fintech in Thailand by the Bank of Thailand appropriate? to the development of financial innovation.