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BANKING INDUSTRY

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Digital business in CLMV countries (Cambodia, Laos, Myanmar and Vietnam) offer opportunities for this country's banking industry, said Thai Bankers' Association (TBA) chairman Boontuck Wungcharoen.

He believes the TBA has to embrace five major themes and 13 initiatives. The five themes are digitisation and next-generation payment infrastructure; financial inclusion and supporting the real economy; contributing to society; preparing for regional integration; and legal and regulatory enabling.

The association assigned seven sponsors to draft frameworks to cover the five themes. For example, Chartsiri Sophonpanich, president of Bangkok Bank, is the sponsor for financial inclusion and supporting the real economy. Teeranun Srihong and Predee Daochai, co-presidents of Kasikornbank, are the sponsors for financial literacy. Vorapak Tanyawong, president of Krungthai Bank, is the sponsor for a banking-industry code of conduct.

Arthid Nanthawithaya, deputy chairman of the executive committee and chief executive officer of Siam Commercial Bank, is the sponsor for preparing for regional integration, including the Asean Economic Community (AEC).

Because of the volatility in the global economy, the TBA realised that it should lay out a collaboration framework for member banks to strive for better outcomes for consumers, business and the economy. Boontuck said border trade and digital technology offered good opportunities for Thai businesses, and the role of the banking industry is to facilitate payment systems to support clients who have exposure to border trade.

The position of the Thai banking industry in CLMV must be clear, he said. It could be a financial hub for those

markets because Thailand is in the geographical centre of this sub-region, and investors in Thailand are also looking for opportunities to expand into neighbouring countries.

Therefore, under the theme of preparation for regional integration, the TBA will set up programmes to train high-calibre staff with expertise in how to make Thailand a regional hub.

Actively partnering with relevant authorities to facilitate cross-border investment and transactions as well as providing greater convenience for customers across the region are initiatives within this theme as well, Boontuck said.

The association's five-year plan includes establishment of a payment system office and incentive programmes to move to digitisation and next-generation payments as the first initiative.

The association recently hired PricewaterhouseCoopers Thailand to study the banking industry's fee-income structure, and the study will include consumer behaviour and banking costs.

"What you will see is a central infrastructure that will be shared within banking sector. The costs of each bank will be reduced automatically. We have to implement the payment systems as infrastructure for digital banking before we will lose out to non-banks or telecom operators," he said.

The study is not expected to take long, he added, and noted that the fee-income structure was part of the banking industry's preparation to deal with a national e-payment system.

He said fees must be brought down enough to motivate people to shift from making transactions at bank counters or with cheques to digital channels.

Reducing the use of cash is not easy because there are many parties involved, such as business to business and business to consumers, therefore a peer-to-peer debit-card-based system must be implemented first, he explained.

For digitisation and next-generation payment infrastructure, the association aims for 50-60 per cent of transactions to be cashless by 2020, up from 25 per cent at present, and electronic payments to account for 60-70 per cent of total value, up from 30 per cent now.

To prepare for regional integration, cross-border payment flows are targeted to be 15-20 per cent of gross domestic product by 2020, up from 12 per cent at present.