

Key Duties of Consumer Finance Business Operators

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In Thailand, if a non-bank seeks to provide a loan to an individual as part of its ordinary business operations without engaging in broader banking activities, it may be subject to licensing requirements under the consumer finance regulatory framework. Specifically, there are three main types of regulated consumer finance businesses, namely:

1. **personal loan:** providing an unsecured loan to an individual for personal consumption, non-specific purposes, or occupational use, with two additional sub-categories: (i) vehicle registration loan; and (ii) digital personal loan;
2. **nano finance:** providing an unsecured loan to an individual for occupational purposes, with a facility limit of THB 100,000 per borrower, and a flexible lending process tailored to the characteristics of each debtor; and
3. **pico finance:** providing a secured or unsecured loan to an individual at a provincial level (i.e. only where the business operator's head office is located).

Unless otherwise exempted from the licensing requirements (e.g. hire-purchase and leasing of car and machinery), non-banks are required to obtain the relevant licence to operate the above regulated lending businesses from the Ministry of Finance (the “MOF”), either through the Bank of Thailand (the “BOT”) (for personal loan and nano finance) or the Fiscal Policy Office (the “FPO”) (for pico finance).

While obtaining a licence from the MOF allows business operators to charge interest rates exceeding the statutory limit under the Civil and Commercial Code (i.e. 15 per cent per annum), their business operations remain under supervision of the BOT and the FPO, as the case may be, in order to ensure financial transparency and safeguard consumers' interests. Set out below are certain key duties of personal loan, nano finance and pico finance business operators.

	Personal Loan	Nano Finance	Pico Finance
Approval Requirements			
1. Reduction of Registered Capital	MOF's approval	MOF's approval	MOF's approval
2. Suspension of Business	MOF's approval	MOF's approval	MOF's approval
3. Relocation of Head Office	BOT's approval	BOT's approval	FPO's approval
4. Relocation or Closure of Branch Office	-	-	FPO's approval (deemed granted if no objection is raised within 30 days from the business operator's notification)
Notification and Disclosure Requirements			
1. Change in Company's Name	Notify the BOT and customers at least 7 business days before the change.	Same as personal loan.	-
2. Change in Major Shareholders, Directors, or Persons	Notify the BOT within 15 business days after the change in major shareholders (>10%), directors, or authorised persons (including those of the parent company) occurs.	Same as personal loan.	Notify the FPO within 15 days after the change in directors or authorised persons occurs.
3. Relocation or Closure of Branch Office	Notify the BOT within 21 days after month-end of change; announce relocation/closure at least 15 days in advance, publicly at the branch.	Notify the BOT within 21 days after month-end of change; announce relocation/closure in advance, publicly at the branch.	-
4. Opening of Branch Office	-	-	Notify the FPO at least 15 days before the branch's commercial operation date.

	Personal Loan	Nano Finance	Pico Finance
Ongoing Compliance and Reporting Obligations			
1. Submission of Audited Financial Statements	Submit audited financial statements, certified by authorised director(s), to the BOT within 180 days after financial year-end.	<i>Same as personal loan.</i>	Submit audited financial statements, certified by authorised director(s), to the FPO within 150 days after financial year-end.
2. Debt-to-Equity Ratio	-	Maintain debt-to-equity ratio not exceeding 7:1 at all times.	-
3. Responsible Lending Standards	Comply with the relevant BOT notification, including offering suitable loan products based on customers' needs and repayment capabilities, not encouraging excessive borrowing, applying risk-based pricing, and ensuring advertisements are accurate, clear, and not misleading.	<i>Same as personal loan.</i>	Ensure marketing communications are clear, not misleading or overly persuasive, and disclose all material facts (e.g. interest rate, margin, default interest, penalties, fees, and related expenses).

This document is solely intended to provide an update on recent developments in Thailand's legislation and is not purported to provide a legal opinion, or a legal advice to any person. Stakeholders are advised to seek professional legal counsel for specific legal guidance related to the above issue.