

National e-Payment: opening doors to Thailand 4.0 and digital economy

Recent technological progress has made technology an inseparable part of our lives. Disruptive technology has been integrated into financial system resulting in various innovative financial products and services. Financial technology or “FinTech” will transform financial landscape and financial services in Thailand. Financial transactions will shift from traditional cash-based toward electronic payments. It is inevitable that within our generation, we are witnessing the dramatic shift toward “cashless society” in the coming years.

Dr.Somchai Sujjapongse, Permanent Secretary for Finance says in order to address the opportunities and challenges of FinTech, the Ministry of Finance has been at the forefront of promoting an integrated system for national electronic payment in Thailand. This particular initiative is called “**National e-Payment Master Plan**”. This initiative will help create conducive environment for digital economy to flourish in Thailand. This master plan comprises of 4 main schemes as follows.

Transaction Fees

Transaction Value (baht)	Fees
Below 5,000 baht	Free
5,000 – 30,000 baht	No more than 2 baht per transaction
30,000 – 100,000 baht	No more than 5 baht per transaction
100,000 baht and above	No more than 10 baht per transaction

First, PromptPay scheme aims to facilitate financial transactions and reduce cost of fund transfer. Under this new scheme, national identification and mobile phone numbers can be used as fund transfer code, in addition to bank account numbers, as these figures can be memorized more easily and are more convenient. Fund transfer under this scheme with value under 5,000

National e-Payment

National e-Payment Master Plan

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baht will be exempted from transfer fee. Higher value of money transfer under this scheme will be subjected to

transfer fee capped at 10 baht, which would be the cheaper option compared to the existing system. Registration for this scheme had begun since July 2016 and the PromptPay system for fund transfer among individuals is fully operationalized. To date, there are more than 20 million IDs registered under this scheme. The next step is PromptPay system for fund transfer by institutions and corporations.

Second, debit card usage expansion scheme aims to promote usage of debit cards instead of cash. This program will facilitate more shops and vendors to have the Electronic Data Capture (EDC) machines required to accept payment through debit cards. Shops and sellers will be given tax privileges to incentivize them to install more EDC machines from March 2017 onwards.

Third, e-Tax system aims to create an integrated electronic tax system. During the initial phase of this scheme, the government is reforming rules and regulations to enable electronic submission of tax documents, particularly e-Tax invoice and e-Receipt. In the near future, tax refund can also be processed through PromptPay system which will be faster and more convenient comparing to the traditional method of paying through cheques. Later on, other types of tax will gradually be moved to electronic platform. Ideally, each taxpayer should ultimately have a tax account in which tax payment and refund could be debited and credited and make net settlement in this individual account.

Fourth, social welfare and government e-Payment system aims to upgrade government financial transactions from traditional cash to electronic form. The government is upgrading its payment system so that social welfare payments will be made through electronic means. As a first step, government subsidy for new born babies had been operated under this scheme. In January 2017, more than 168,000 mothers of new born babies all over the country received their payments



Dr.Somchai Sujjapongse
Permanent Secretary for Finance

electronically. The next step is to shift all types of welfare payments towards electronic platform, such as old age pension, local government welfare payments and subsidies to members of village health volunteer. The comprehensive database of citizen information particularly those social welfare recipients will be particularly useful when forming social policies in the future.

In sum, Dr. Somchai Sujjapongse assures “this National e-Payment Master Plan contributes positively to the development along the line of both ‘Thailand 4.0’ growth model and digital economy policy. Economic activities can be undertaken more effectively and efficiently. Transaction cost and cash handling cost will be reduced noticeably. Economic activities could be done faster and safer at lower cost. Tax and government related payments will be more transparent while social policy will be more targeted and inclusive. National competitiveness will be improved and the overall economic environment of the country will be more conducive to growth in this digital era for Thailand.”

Ministry of Finance’s Vision

“Being Fiscal and Economic Pillar for Sustainable Development”

By Division of Information, Office of the Permanent Secretary