



ธนาคารแห่งประเทศไทย
BANK OF THAILAND



BOT and CLMV Connectivity

Punpilas Ruangwisut

Deputy Director, International Department

Bank of Thailand

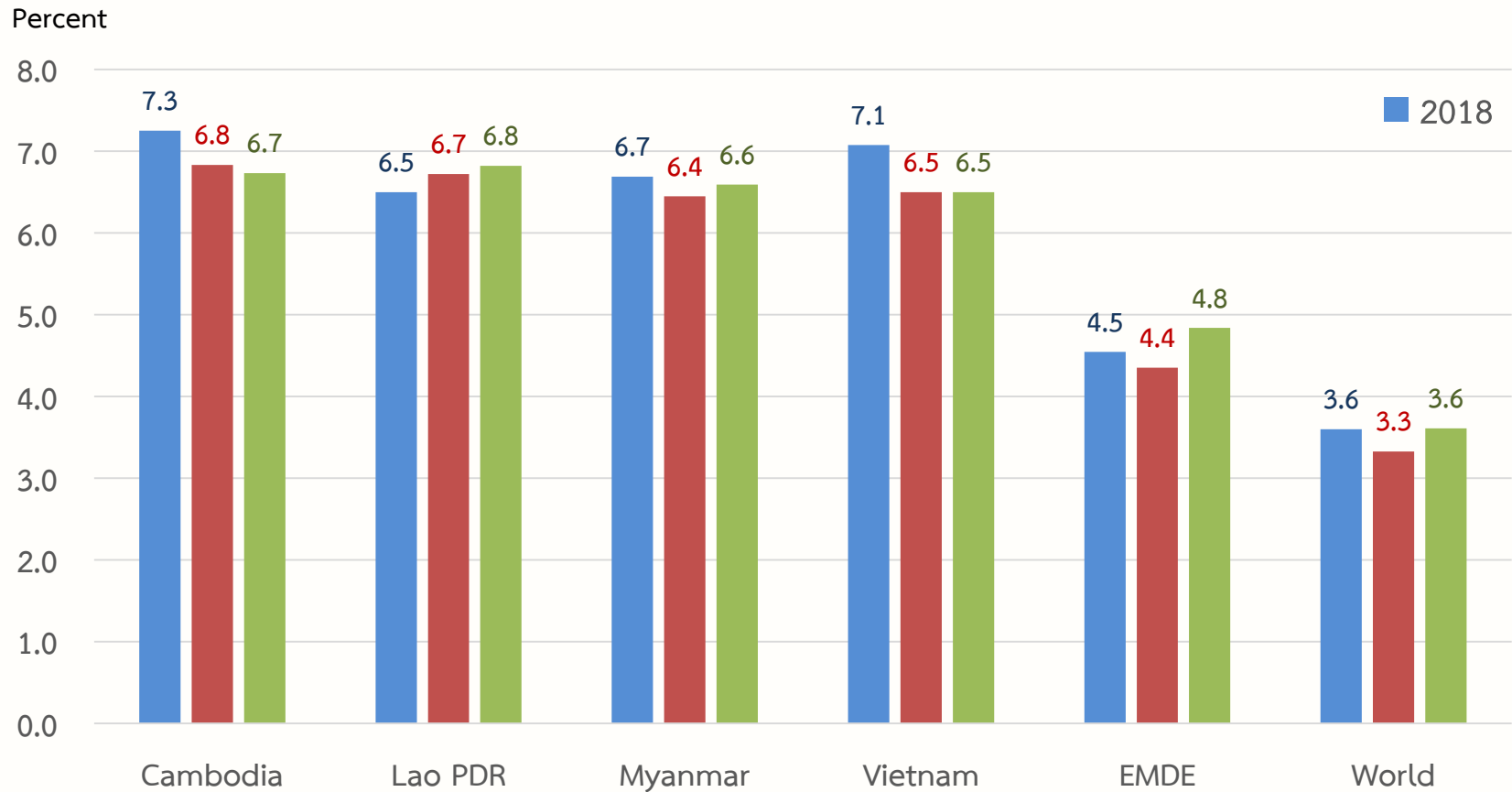
1 July 2019



1. Getting to Know CLMV



Fact 1: CLMV are frontier markets with the highest growth.

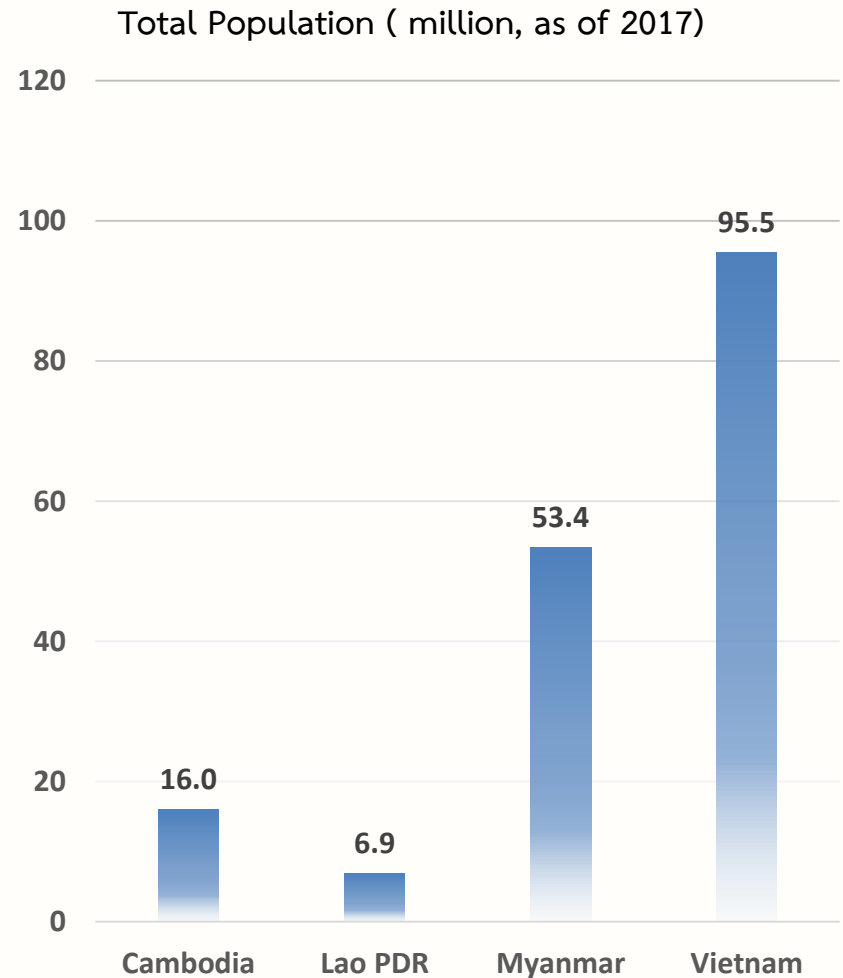
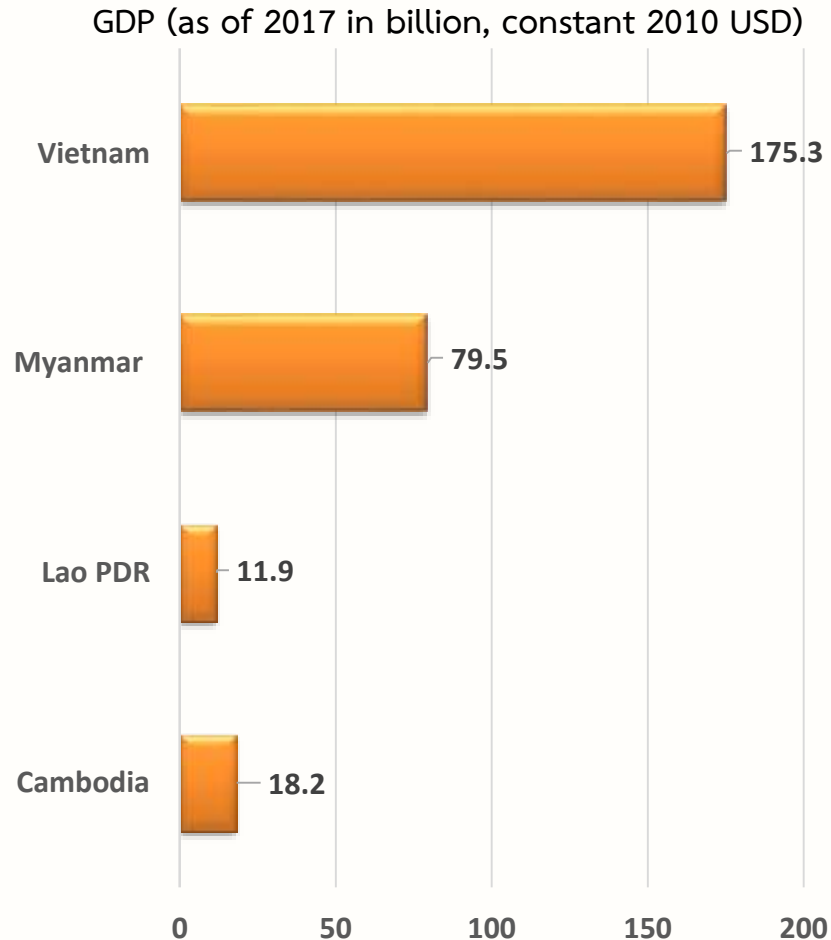


Note: Projections for 2019 and 2020

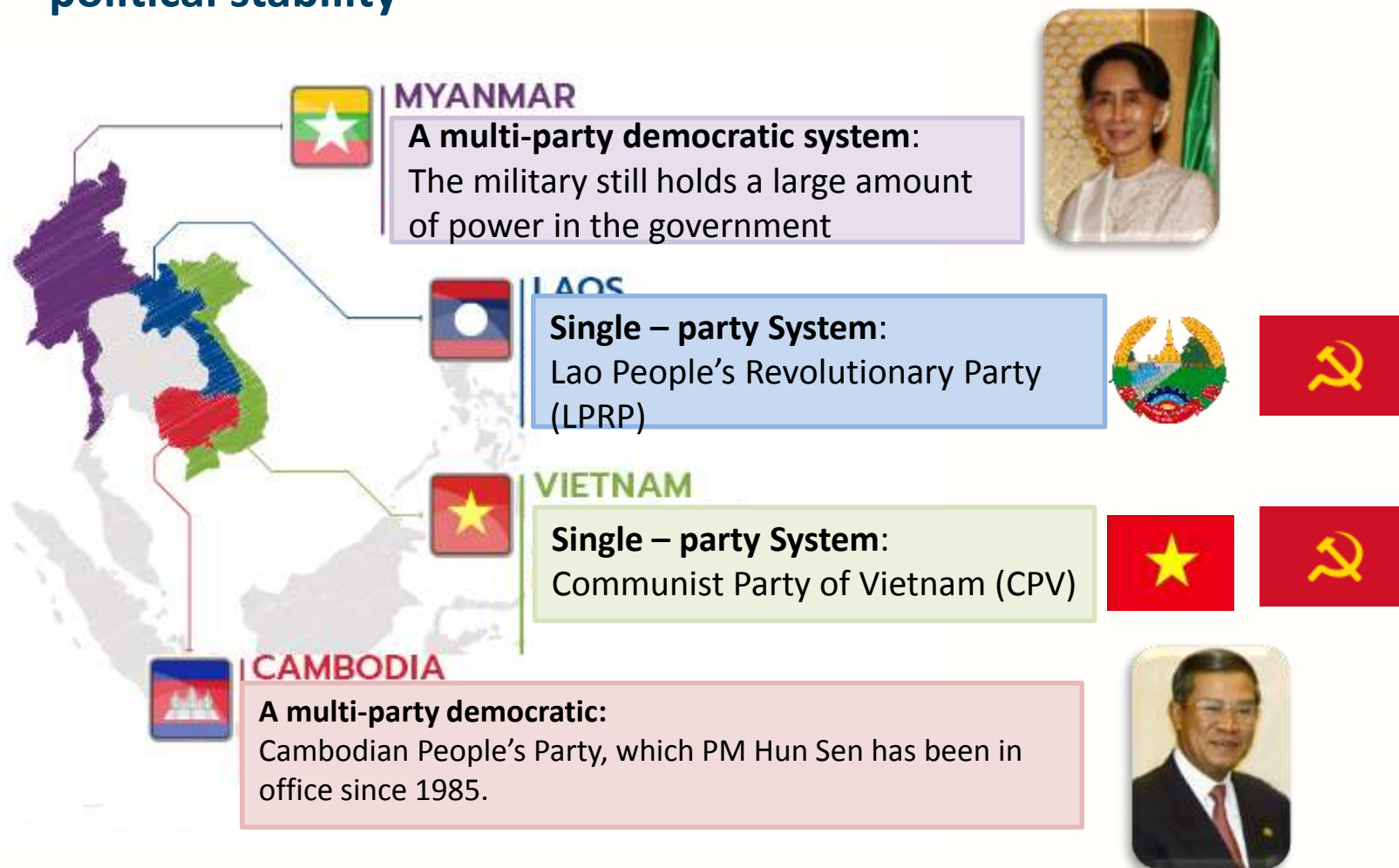
EMDE: Emerging Markets and Developing Economies



Fact 2: Vietnam is the largest country in CLMV in term of GDP and population while Lao P.D.R. is the smallest country.

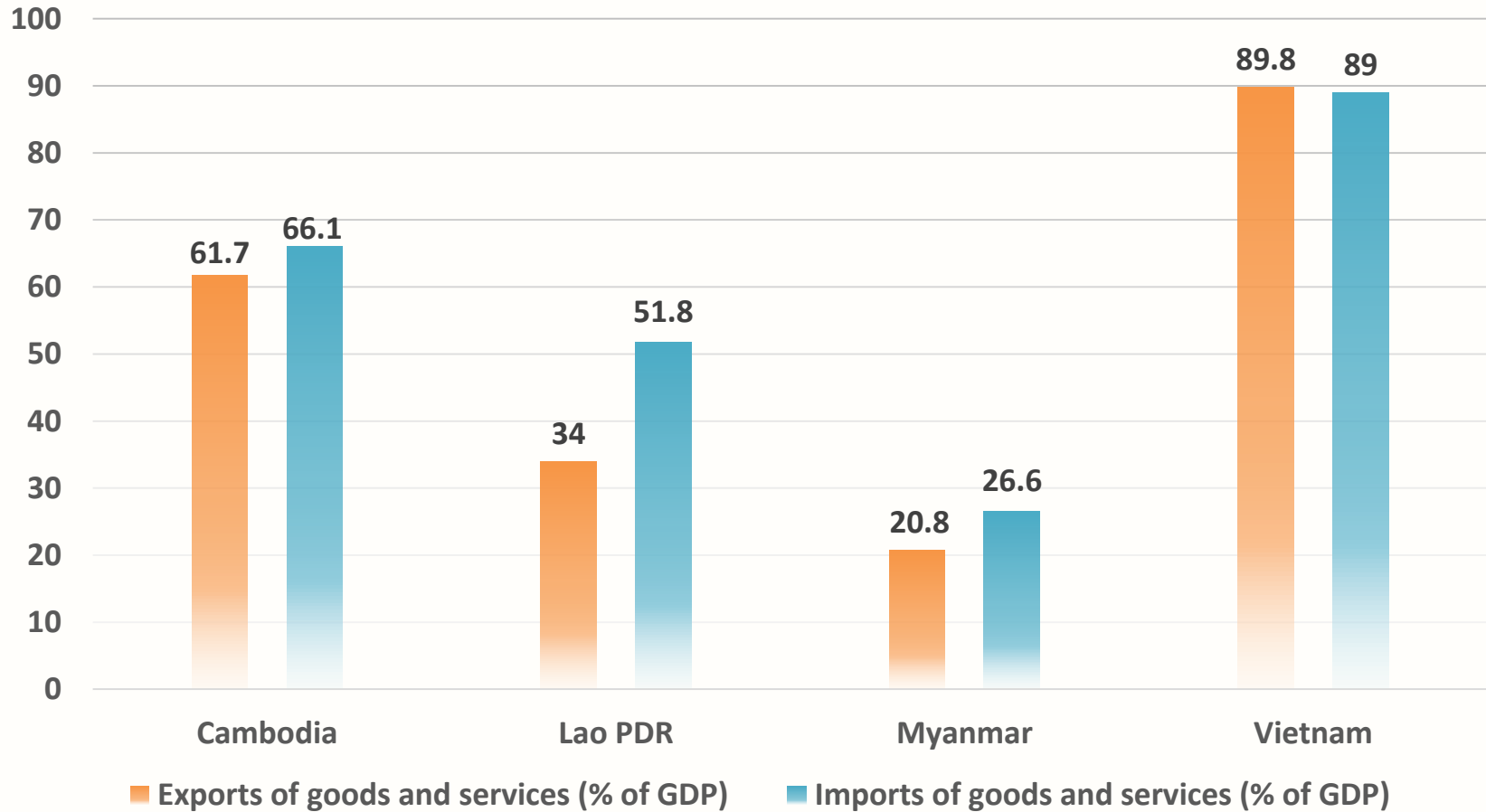


Fact 3: CLMV's economic development policy is stable due to their political stability





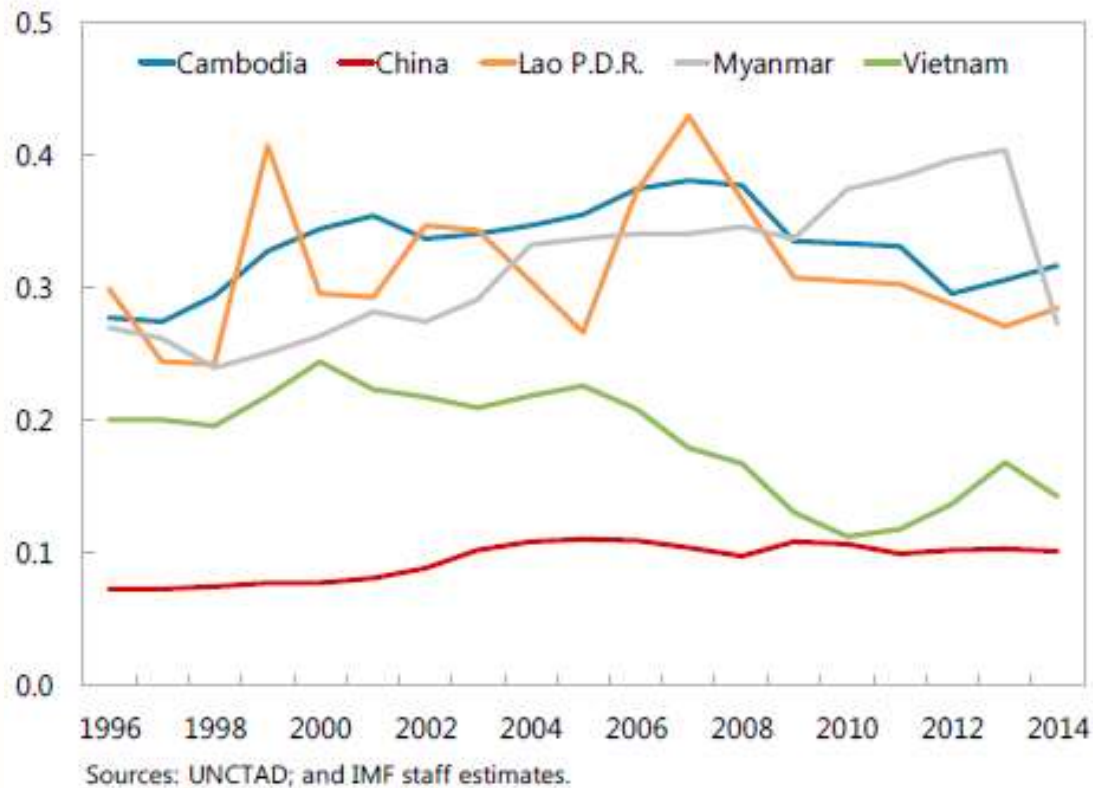
Fact 4: CLMV, esp. Vietnam, are export-led growth countries with high degree of openness.





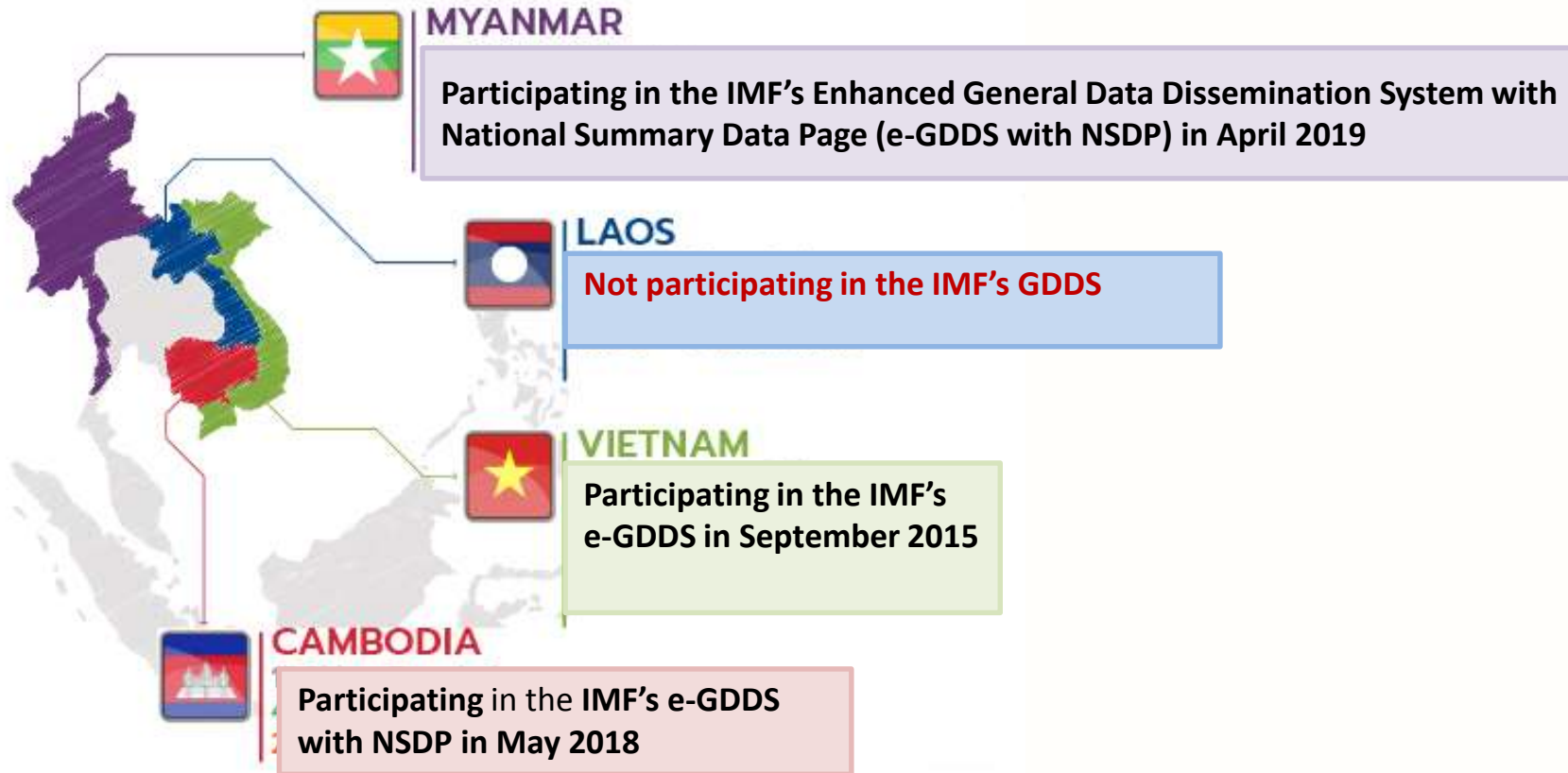
Fact 5: Narrow economic diversification in CLM

Export Concentration Index
(ranges from 0 to 1, high value indicates low diversification)



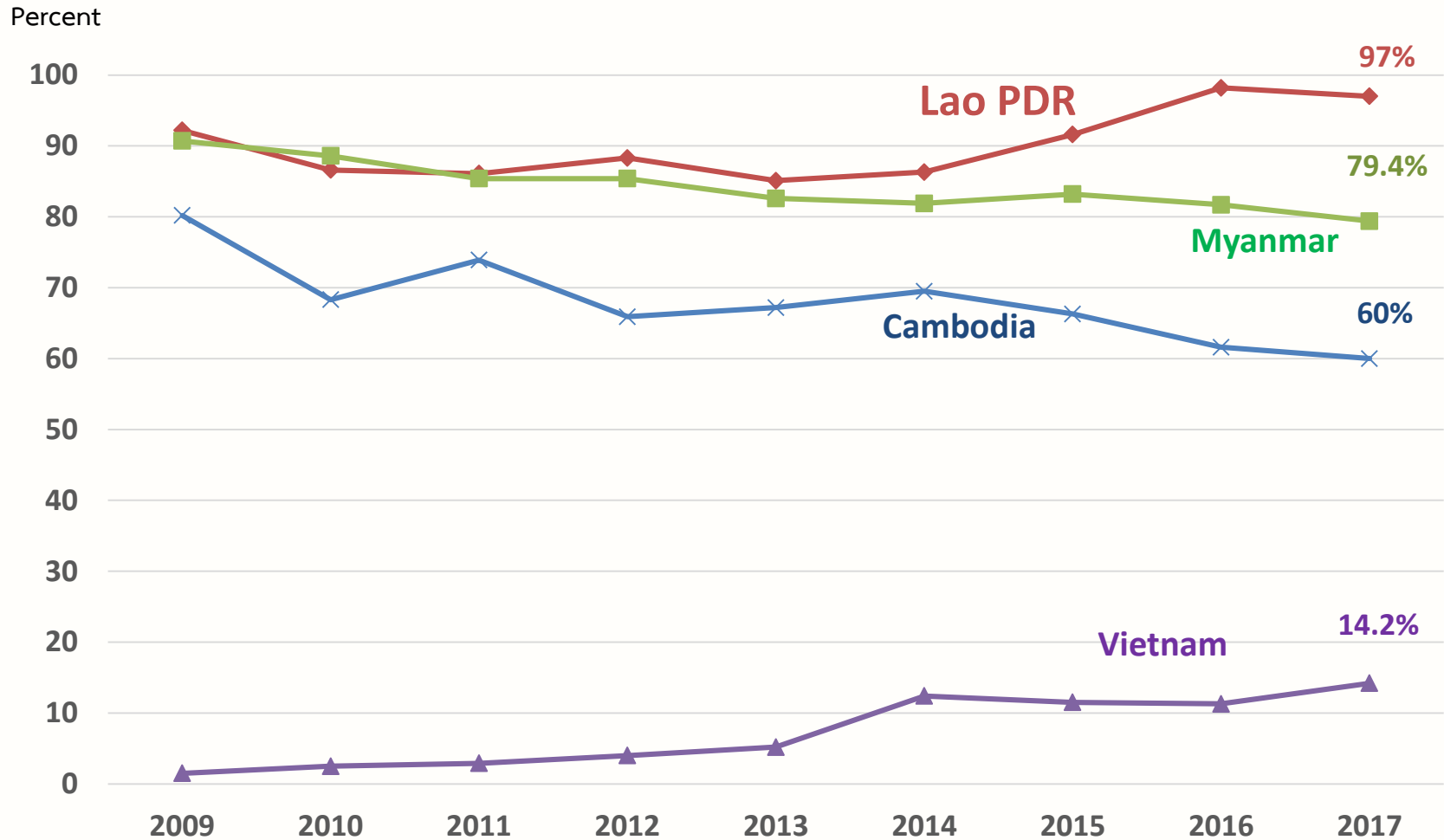


Fact 6: Macroeconomic analysis in CLMV are limited due to data limitation (frequency and quality)



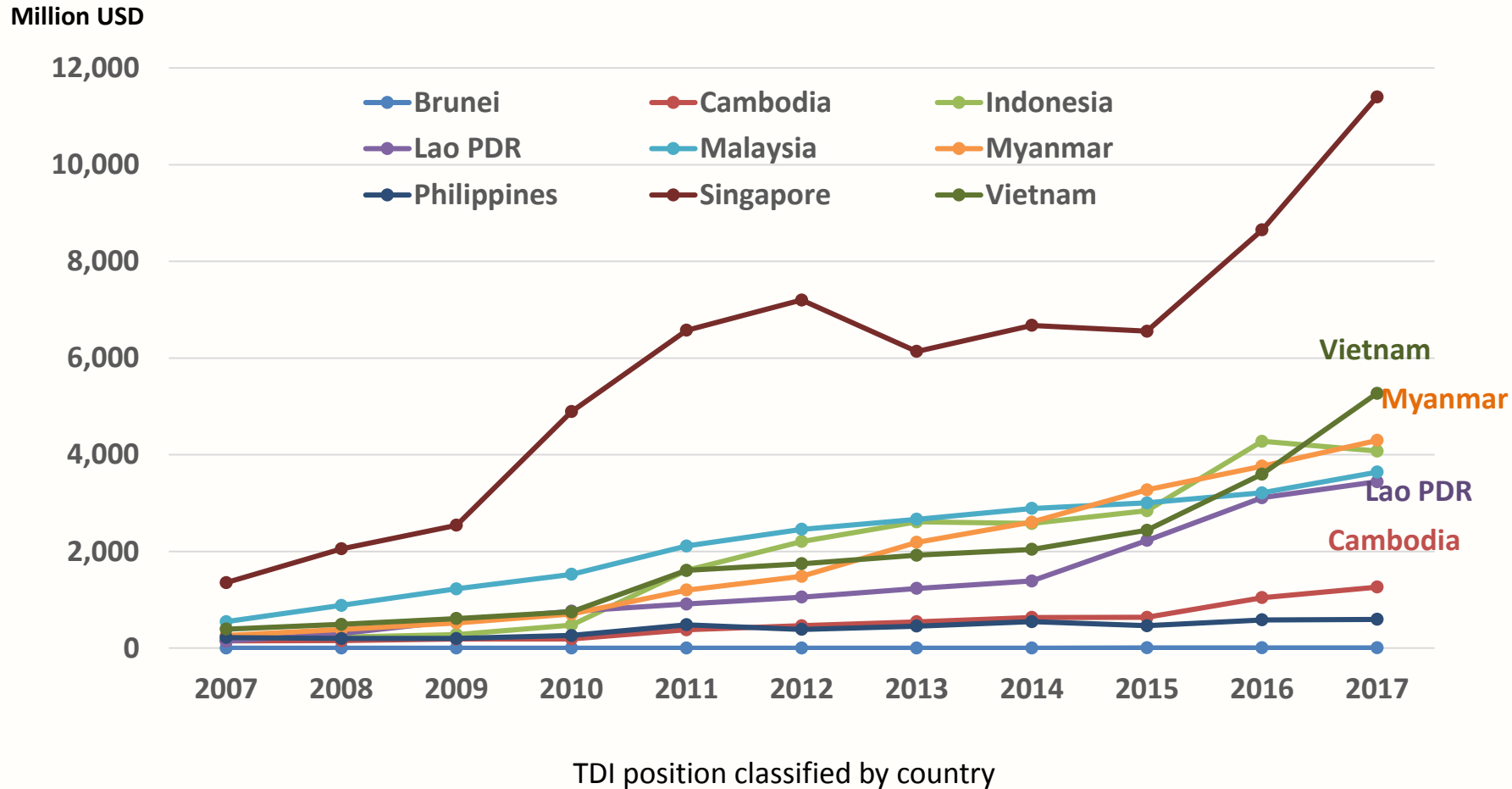


Fact 7: Share of border trade of CLM & V





Fact 8: CLMV are popular destinations for Thai investors





Fact 9: Presence of Thai commercial banks in ASEAN

	CLMV				ASEAN					ASIA		
	KH	LA	MM	VN	SG	MY	ID	PH	BN	JP	CN	IN
BBL	●	●	●	●	●	●	●	●		●	●	
KTB	●	●	Rep		●						●	●
SCB	●	●	Rep	●	●							
KBank	●	●	Rep	Rep			Rep			Rep	● /Rep	
TMB		●										

● Presence in a form of a branch or a subsidiary

Rep = Representative office

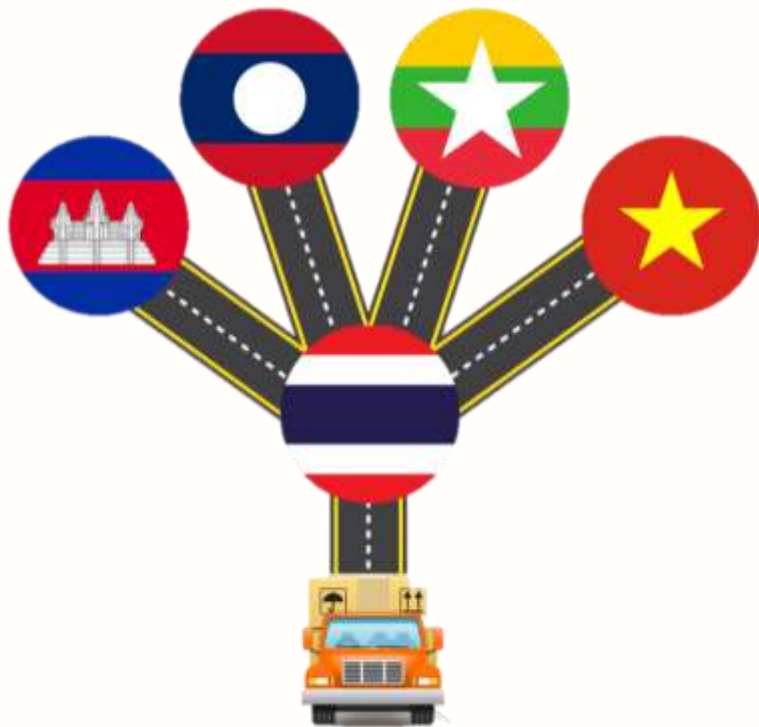


Fact 10: China maintains its soft power in CLMV by investing in infrastructure projects





Key takeaway: Growing interconnectedness between Thailand and CLMV



Common factors to tighten relations between Thailand and CLMV

1. Physical connectivity
2. Economic: Trade, Investment, Tourism and Labor
3. History and cultural exchange
4. Religion: Buddhism



2. BOT - Regional connectivity



BOT 3-year Strategic Plan (2017-2019)

Vision : To be an organization of vision and principles that engages with stakeholders in pursuit of Thailand's sustainable economic well-being

Mission: Promoting a stable financial environment to achieve sustainable and inclusive economic development

I. Stability

1. Monetary Stability
2. Financial Stability
3. Financial Institutions Stability
4. Payment Systems Stability

II. Development

5. Financial System Development
6. Connectivity
7. Financial Inclusion, Market Conduct and Sustainability

III. Internal Excellence

- | | | | | |
|---------------------------|---------------------|----------------|-------------------------|-------------------------|
| 8. | 9. | 10. | 11. | 12. |
| Data System and Analytics | Research Excellence | Human Resource | Organization Capability | Stakeholders Engagement |

Value "Integrity, Vision, Outreach, Humility"



“Springboard to CLMV”

“Convenient and cost-competitive financial services with CLMV”

“CLMV one voice policy and compatibility”

“CHINDASEAN Strategy”

Thailand’s real sector benefits from

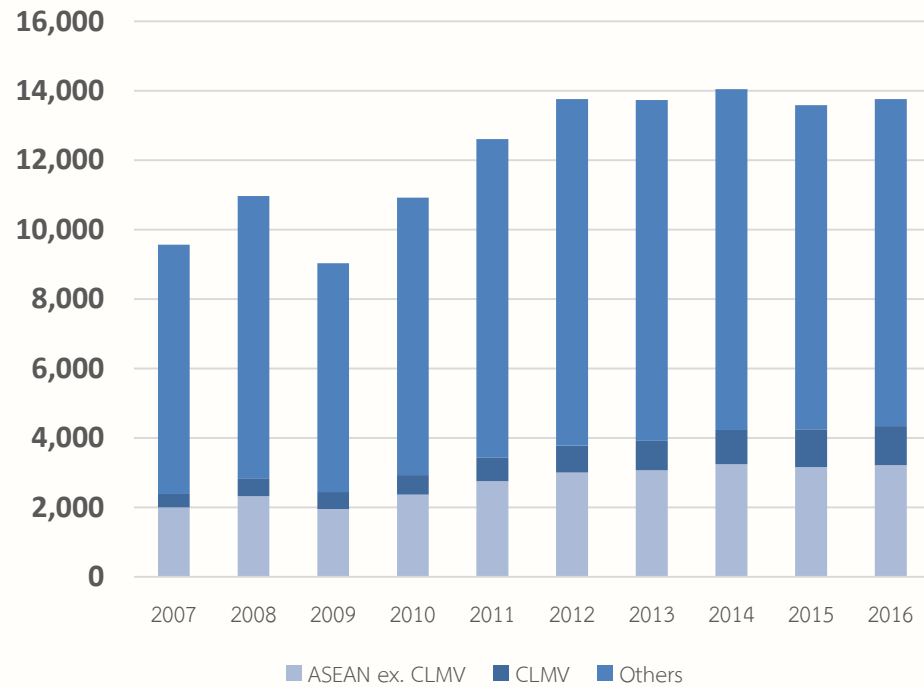
- 1. lower transaction cost**
- 2. more convenient payment methods**
- 3. more opportunities to invest in other ASEAN countries**



Trade linkage between Thailand - CLMV

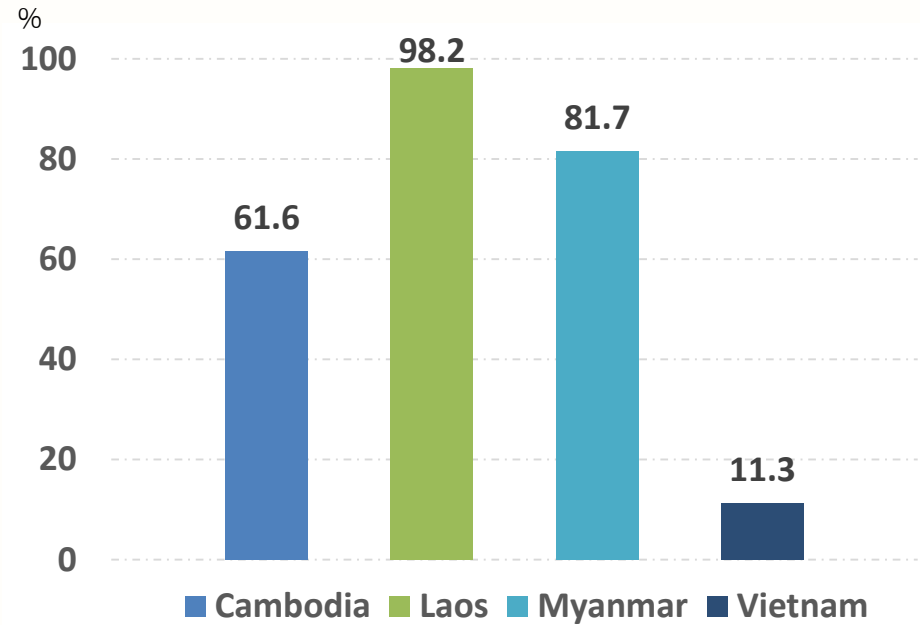
Trade Value between Thailand - ASEAN and CLMV

Billion USD



Source: Bank of Thailand

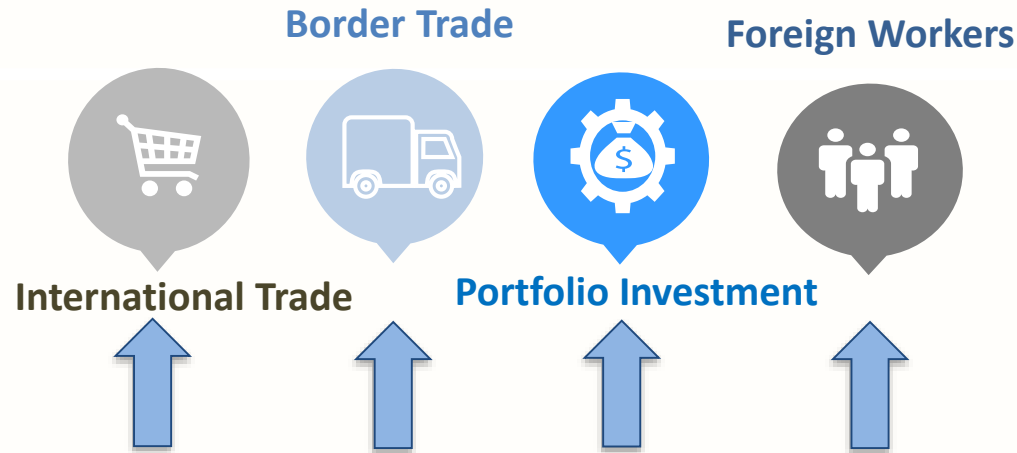
Share of Border Trade with CLMV (2016)



Source: กรมการค้าระหว่างประเทศ



The role of the financial sector to facilitate trade and investment



Trade Financing

Fund Raising

Borrowing and Lending

Payment Linkages

Remittances



BOT's role in financial sector development to facilitate trade and investment

❖ Enhancing efficiency

Flexibility – Relax regulation

Safety – Promote financial services through formal channel

Cost – Lower cost of financial services

❖ Increasing financial literacy and syncing regulations among regulators



BOT's role in financial sector development to facilitate trade and investment

Payment

- Enhance cross-border payment services and connect payment infrastructure with other countries

Other Financial Services

- Promote use of local currencies
- Remittance
- FinTech
- Bank & Non-bank

Financial Institutions

- Enhance quality of financial services
- Initiate and conduct cross-border supervision of financial institutions

Technical Cooperation

- Bilateral TA
 - Study visit
 - Secondment
 - Scholarship
- Multilateral
 - CDOT*
 - ADB**

*IMF Capacity Development Office in Thailand

**The Asian Development Bank



Promoting the connectivity of financial sector with CLMV



Cambodia

- Promotion of local currency usage
- Promote cross-border retail payment (and Fintech)
- Improve on cooperation and exchange of information in banking for supervision



Laos

- Promotion of local currency usage
- Promote cross-border retail payment (and Fintech)
- Improve cooperation and exchange of information in banking for supervision

Technical
Cooperation



Myanmar

- Promotion of local currency usage
- Request for unilateral liberalization for Thai bank branch
- Negotiate Qualified ASEAN Banks (QABs) scheme



Vietnam

- Promotion of local currency usage
- Improve cooperation and exchange of information in banking for supervision



Appointed Cross-Currency Dealer (ACCD)

Bilateral Swap Arrangement and Direct Quotation

Trade, Investment and Remittance



(1) Phase 1: Goods and Services (2016)
(2) Phase 2: Direct Investment (2018)



(1) Phase 1: Goods and Services (2018)
(2) Phase 2: Direct Investment (on-going)



Preliminary Discussions



China

(1) Established RMB Clearing Banks
(2) Direct Quotation



Japan

Direct Quotation



Cambodia

Interoperable QR Payment



Laos

(1) Interoperable QR Payment
(2) International Fund Transfer



Myanmar

Preliminary Discussions



Vietnam

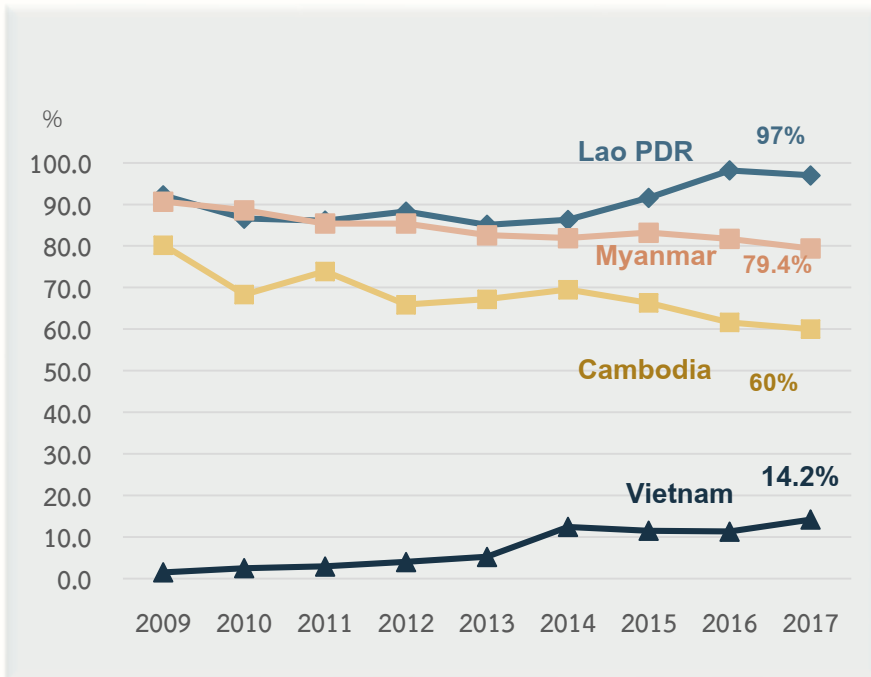
Preliminary Discussions



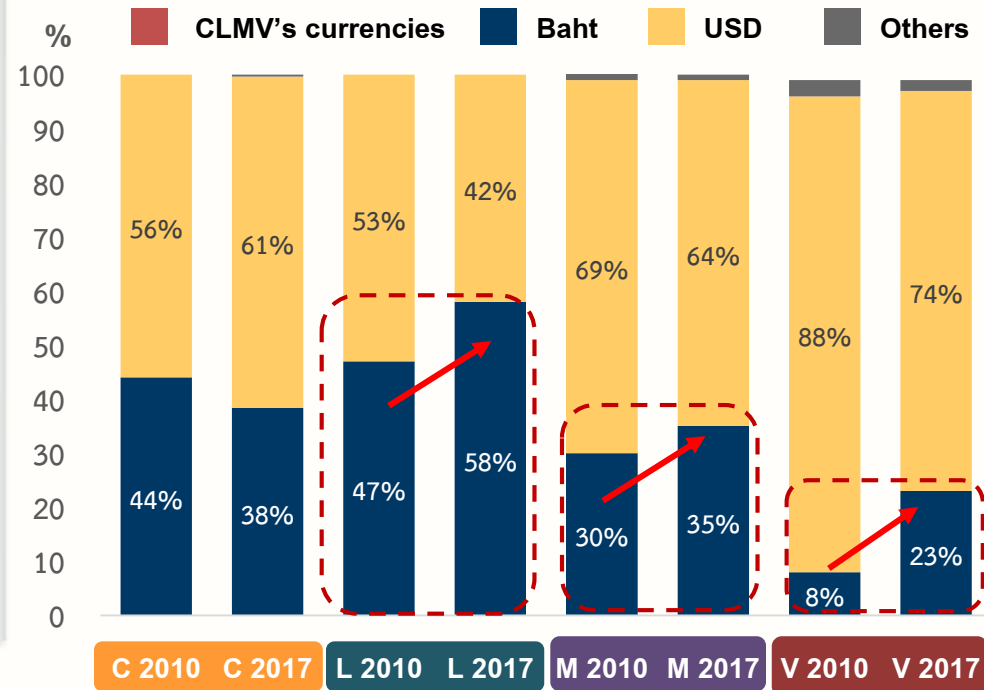
Local Currencies Usage and CLMV



Share of border trade to total trade



Invoicing Currency with CLMV



Source : BOT



Benefit of Using Local Currency

- Reduce the exposure to major currencies' volatility
- Lower the transaction and conversion costs
- Encourage making transaction through formal channel, especially for border trade and remittances, which in turn increase data for policy purpose
- Reduce the use of cash for trade settlement
- Support the development of the domestic financial market by increasing demand and supply of local currencies and progressively support the direct quotation



ASEAN Payment connectivity

Cross-border QR Payment



Remittance Transfer





Technical Cooperation

Vision

“To Be a More Proactive, Responsive, and Collaborative Development Partner for CLMV Countries”





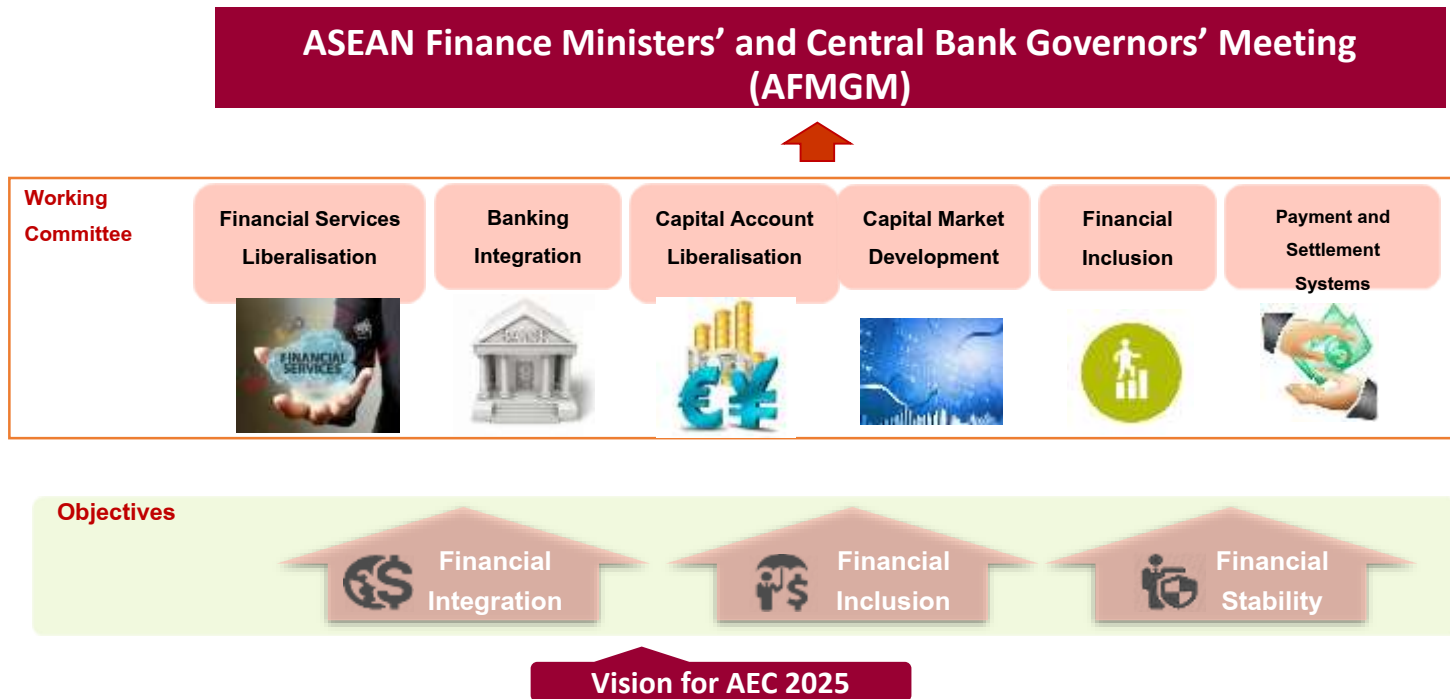
ASEAN THAILAND 2019

ADVANCING PARTNERSHIP
FOR SUSTAINABILITY

ASEAN Financial Integration and Cooperation



3. ASEAN Financial Cooperation (Thailand's Chairmanship)



2019 ASEAN Finance - Chair Priorities



Thailand is honoured to chair ASEAN 2019 under the theme of
“Advancing Partnership for Sustainability”



ASEAN
THAILAND 2019
ADVANCING PARTNERSHIP
FOR SUSTAINABILITY

Advancing Partnership for Sustainability



Future-Orientation



Enhanced Connectivity

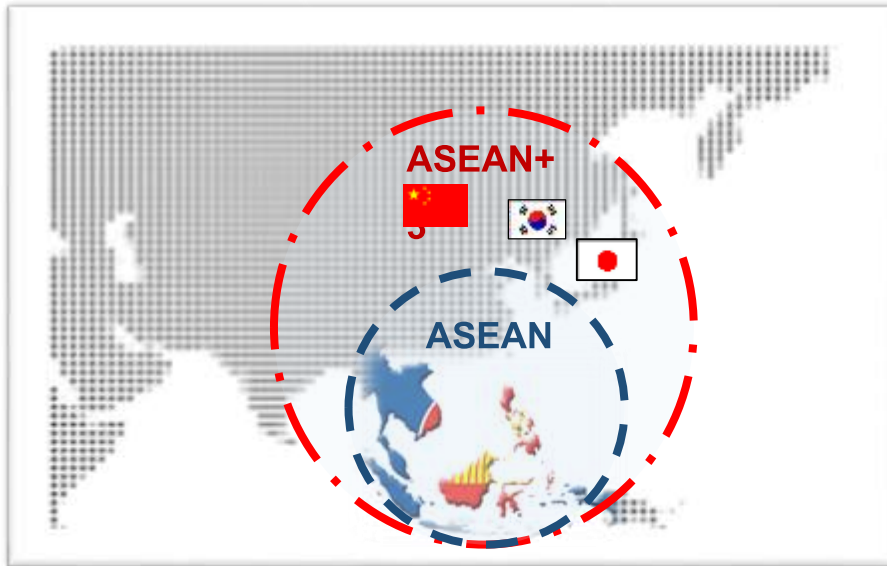


Sustainability

Finance Track

- **Strengthen cyber resilience (cyber-threat intelligence and capacity building)**
- **Promote the use of local currency for trade and investment settlement**
- **Encourage cross-border retail payment linkages**
- **Pursue sustainable finance**
- **Increase financial inclusion via adoption of technology**

4. Key Takeaway



- **2019 is an important year for Thailand as the ASEAN Chair and Co-chair of ASEAN+3**
- **ASEAN**
 - ❖ **Three strategic objectives: financial integration, financial stability and financial inclusion**
 - ❖ **Way forward: further liberalization of financial services and working toward ASEAN chair's priorities for financial cooperation**