

New member profiles

Thailand – Deposit Protection Agency

The Deposit Protection Agency (DPA) was established under the Deposit Protection Agency Act B.E. 2551 (2008), and came into force on August 11, 2008. The main objective of DPA is to provide protection to depositors so that their deposits would be rapidly reimbursed in the unlikely events of failed financial institutions.

DPA provides protection to domestic deposits denominated in Thai Baht, namely current accounts, savings accounts, term accounts or other similar feature accounts under different titles.

The insured deposits exclude deposits in the Non-Resident Baht Account which is the account opened for special purposes according to the Exchange Control Act, deposits embedded with derivatives and interbank deposits.

Commercial banks, finance companies and credit foncier companies in Thailand are compulsorily under the deposit protection system. Extension of coverage to other financial institutions established under special laws can be made by promulgation of Royal Decree.

As of December 2008, there were 41 member financial institutions under the Deposit Protection Agency, including 18 commercial banks registered in Thailand, 16 branches of foreign banks, 4 finance companies and 3 credit foncier companies.

Prior to the establishment of DPA, blanket guarantee had been employed since 1997. The transitional from the blanket guarantee is designed to be gradually phased out to the coverage of Baht 1 million per depositor per financial institution in 4 years from 11 August 2012 onwards. The 4 year transition was planned to be Baht 100 million, Baht 50 million and Baht 10 million in the second, third and fourth year respectively.

In the latter half of 2008, the financial crisis in the US adversely affected the Thai economic and financial positions to extend the period of blanket guarantee for two more years, until 10 August 2011 and to increase the coverage of the fourth year or from 11 August 2011 to 10 August 2012 to Baht 50 million. The extension of the blanket guarantee was done with the purpose to provide a precaution measure against any negative effect and to maintain confidence of depositors in the system.

Financial institutions are obliged to remit premiums to the Deposit Protection Agency twice a year, within the last working day of June and December. The calculation is based on monthly average amount of deposits of

prior 6-month period. The premium rate is 0.4 percent per annum based on total deposit of insured typed. From 2010 onwards, the daily average amount of deposits will be exercised in calculation of the premium.

DPA is empowered to request the financial institutions to submit any information and reports. However, DPA and the Bank of Thailand, supervisory authority, shall exchange information in order to avoid duplication of data reported by the financial institutions.

In case where the Bank of Thailand places any financial institution under control, DPA shall submit a list of nominees to be appointed as members of the Control Committee. DPA shall also act as liquidator of failed financial institution.