



## Virtual Banking License in Thailand

On 4 March 2024, the Ministry of Finance (“MOF”) issued the Notification on criteria and procedure for virtual banking license 2024 (“Notification”), which will take effect in 15 days from the date of the publication. According to the Notification, it defines the word “Virtual Bank” as a public company who is obtained the approval to operate a commercial bank, but excluding retail banks and commercial banks, which are subsidiaries of foreign banks, provided that such approved bank shall provide digital channel for banking services. In order to apply for the virtual banking license, the applicant must meet all requirements stipulated in the Notification and can submit the application together with the relevant documents to the Bank of Thailand (“BoT”) for consideration. The applicant must show that it has a business model or structures, which can meet its objectives, and have expertise in technology, data analytics, and digital services.

The BoT specifies the corporate requirements for the applicant to meet which include having the headquarter in Thailand, not using name, logo, or other mark, which represents other financial institutions, regardless of the fact that the virtual bank is in the same business group

of such financial institution, and must have paid-up registered capital of not less than 5,000 million Baht and have the plan showing that it would increase its capital to be not less than 10,000 million Baht. Additionally, under the Second Public Consulting of the BoT, it prescribes the features that the virtual banks shall have. For instance, no physical branches and ATM services are available by providing services through digital platforms only. The banking services provided should be easy to use on smartphones, such as opening bank accounts, adopting AI to recommend saving and spending plans, and applying for loans.

Once the BoT opens the system, and accepts the application for 6 months commencing from 20 March 2024 to 19 September 2024. After accepting the applications, the BoT and the MOF will consider all applications for approximately 9 months and will announce the qualified applicants around mid-2025 who will have to start operating the business of virtual banks within 1 year from the date of approval. Also, the license cannot be transferred or sold to other person.