SME Financing
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Agenda

1. SME in Thai Economy
2. Bank loans to SME
3. BOT Philosophy regards SME
I. SME in Thai Economy

Fully recovered from global crisis

II. Bank Loans to SME

1. SME loans vs other loans’ type: SME has slowest growth
II. Bank Loans to SME

2. Reason SME loans has low growth

2.1 SME Loan has ‘high risk’ by nature

![Graph showing % NPL / Loan by sectors]

- SME: 4.6%
- Corporate: 3.3%
- Retail: 2.0%

2.2 Lender cannot identify SME credit risk

- unreliable financial statement
- rely on collateral

3. High operating cost for banks
III. BOT philosophy regards SME

1 BOT sets Financial Inclusion as one core strategy
   1.1 High potential SME can obtain additional credit line while maintaining credit underwriting standard
   1.2 Facilitate bank to better manage SME credit risk

2 Measures
   2.1 Fundamental : Set up Credit Bureau in Yr 2005
   2.2 Propose government to undertake credit guarantee for SME in Yr 2009
   2.3 Support Security Interest Acts to enhance legal collateral for SME
   2.4 Exploring possibility to set up “SME Information center”
III. BOT philosophy regards SME

2 Measures

2.5 Encourage government bank to lend more to SME

- Besides commercial banks, government bank (SFI) also grant loans to SME

![Graph showing loan amounts for Thai banks and SFI from 2008 to 2011-Nov.]

- Thai banks: 2,915 billion Baht
- SFI: 236 billion Baht

Bank of Thailand