Thailand FinTech Landscape Report
Thailand has a nascent market and the potential to become one of ASEAN's key FinTech hubs. With high levels of digital and mobile penetration, along with a relatively young demographic, Thailand is well-positioned to become a key ASEAN FinTech hub.

The Thai population, while mostly unbanked, has a high digital and internet penetration rate, which means that much can be done to engage the untapped markets and bring under financial inclusion. Key areas of FinTech developments such as digital payments, blockchain technology, and P2P lending specifically target the underbanked and underserved demographics. Thailand also scores high in terms of regulatory openness and advancements, as the regulators offer accommodating policies and have gone on to collaborate with the Thailand banks and neighboring countries such as Singapore on FinTech cooperation.

Thai FinTech start-ups accounted for only 17% of the total number of Thai start-ups funded up until the end of 2017, but received 40% of the funding, representing the 2nd highest-funded category behind e-commerce. Digital payment transactions surged by 83% from 2016 to 5.87 billion in 2017, with an average of 89 transactions per user per year. The country's digital payment ratio has increased to above 10% of total payment transactions.

The report gives an overview of the FinTech Landscape in Thailand, where EY teams use the four-step approach in analyzing the ecosystem: Assess the FinTech ecosystem, Identify the trends and opportunities, Understand the macroeconomic and digital factors driving the FinTech development at national level and Discuss the notable FinTech companies to look out for in the years to come.

With the continuous evolution in the Thailand FinTech ecosystem, EY ASEAN FinTech team is confident that it will benefit FinTech startups, investors, governments, educational institutions, accelerators and incubators. This will allow them to have a better overview of Thailand's economy and opportunities available in the market to bring out the potential and greater financial inclusion in Thailand.

"With its high digital and mobile phone penetration rate coupled with its young and tech-savvy population, Thailand serves as a hotbed for FIs and VCs in the areas of Digital Payments, Insurance, Investments, Lending & Deposits. This report provides an overview of the Thailand Fintech ecosystem which includes a description of the regulatory landscape, investment outlook and some of the notable FinTech developments that allows the audience to gain a better understanding of the opportunities."
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# Fast Facts

**Robust macroeconomic growth and young population driving FinTech demand**

- **3.5% annual GDP growth**
- **31% of total Thai population under 25 years old**

**Thailand is attracting global VCs given its appealing market proposition**

- Nearly **100 Venture Capitals (VCs)** in Thailand, where more than 75% of these VCs are foreign entities
- Notable global VCs are 500 Startups, Golden Gate Ventures and CyberAgent Ventures

**Forward-looking actions by regulators legitimize new technology and its viability**

- First country in the world with **3 regulatory sandboxes** covering different aspects of the financial services
- New regulations and initiatives introduced for robo-advisory, P2P lending, eKYC and QR payment

**Rise of innovation labs to spearhead incubation testing of FinTech alternatives**

- Thai banks actively participate and contribute to the development and growth of potential FinTech by sourcing and funding accelerators
- Some prominent incubators include Innohub, Vision and Digital Ventures
Key Areas of FinTech Development

1. Digital Payments
   - P2P payments
   - Social Commerce
   - Mobile wallets
   - Cryptocurrency
   - Remittance

2. Insurance
   - Blockchain
   - Artificial Intelligence (AI)
   - Comparison sites and marketplaces
   - Micro-insurance
   - Internet of Things (IoT)

3. Lending & Deposits
   - P2P Lending
   - Crowdfunding
   - Alternative credit decisions

4. Investments
   - Retail Investments
   - Personal Finance
   - Trading Platforms

Source: EY FinTech ecosystem playbook
Overview of Thailand Landscape

Thailand 4.0 is a nationwide strategy focusing on high-tech industries and innovation. It aims to reach four objectives: economic prosperity, social well-being, raising the human value, and environmental protection.

The Digital Economy Promotion Agency (DEPA) was established on 23 January 2017 to prepare the digital economy promotion strategy in accordance with the national policy and plan regarding the digital development of economy and society.

DEPA’s duties include an extensive framework for the digital transformation of the Thai economy, both from a national government agency and processes, as well as establishing links/partnerships toward achieving this goal with domestic and foreign companies.

Global Internet Banking service access

<table>
<thead>
<tr>
<th>Country</th>
<th>Global Average</th>
<th>Thailand</th>
<th>World Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global average</td>
<td>41%</td>
<td>68%</td>
<td>54th</td>
</tr>
<tr>
<td>Turkey</td>
<td>68%</td>
<td>71%</td>
<td>63rd</td>
</tr>
<tr>
<td>Sweden</td>
<td>71%</td>
<td>74%</td>
<td>62nd</td>
</tr>
<tr>
<td>Thailand</td>
<td>74%</td>
<td></td>
<td>65th</td>
</tr>
</tbody>
</table>

With a strong mobile and internet penetration rate, major banks in Thailand have been constantly revamping their banking applications through strengthening the push on the use of online services over physical branches. These services have hence, revolutionized the FinTech ecosystem and the nation's economy, where Thailand top the global ranking for internet banking services.

Thailand Digital Infrastructure

<table>
<thead>
<tr>
<th>Factors</th>
<th>Drivers of NRI*</th>
<th>Thailand Score</th>
<th>Thailand world ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>The political, regulatory, business and innovation</td>
<td>4.2</td>
<td>54th</td>
</tr>
<tr>
<td></td>
<td>environments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Usage</td>
<td>Individual, business and government usage</td>
<td>4.0</td>
<td>63rd</td>
</tr>
<tr>
<td>Readiness</td>
<td>Infrastructure, digital content, affordability and</td>
<td>4.9</td>
<td>62nd</td>
</tr>
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<td></td>
<td>skills</td>
<td></td>
<td></td>
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<tr>
<td>Impact</td>
<td>Economic and social impact</td>
<td>3.7</td>
<td>65th</td>
</tr>
</tbody>
</table>

Sources: EY Analysis

* The Network Readiness Index (NRI) is a metric derived by the World Economic Forum (WEF) to help assess and rank countries on their ability to exploit opportunities afforded through technology, more specifically information and communications technology (ICT). The index, based on four key drivers, shows that Malaysia is ranked favorably in context of a country grouping that is classified as “emerging and developing Asia,” being the only country in the said group to rank in the top 50.
Pillars of Thailand FinTech Ecosystem

**Demand**

- Highest internet penetration rate in ASEAN with **83.5%**
- 22% unbanked population, and 62% of the total Thai population making electronic banking transactions with minimal capital flow restrictions
- Financial Inclusion rate (adults aged 15 & above): **82%**

**Talent**

- The government is fully supportive of encouraging innovation and entrepreneurship, committed to developing their talent pool
- Universities in Thailand have started developing technology-intensive programs in partnership with leading tech companies
- Rank **8th best tech out-sourcing hub** globally, but experiencing severe shortage in tech talent

**Capital**

- A total of **US$570 million venture fund** to aid the local start-up ecosystem
- Revenue Department, a Thai government entity responsible for the collection of taxes and revenues, grants tax exemptions to VCs and corporate funds for their investments in selected businesses
- Companies are allowed to raise funds by offering shares through funding portals approved by the Securities & Exchange Commission (SEC) of Thailand
- However, ease of getting credit in Thailand is difficult, ranking 82 globally

**Policy**

- Thai regulators are open to FinTech development with the Bank of Thailand (BOT), Office of Insurance Committee (OIC) and the SEC regulating the scene
- In June 2018, SEC announced supervision details and allow market participants to do pair trading for cryptocurrency
- **75,000 villages** will have internet installation, aiming to help Thailand become a full-fledged broadband nation

Sources: e27, Fintech News Sg, Internet World Stats, Worldometers, National Multimedia, Doing business, Baker Mckenzie, Deal Street Asia, eCommerce IQ
In March 2017, Bangkok Bank launched its InnoHub Accelerator with a focus on FinTech. The 12-week program provides startups with mentoring from Bangkok Bank, Bualuang Ventures, and Neset. Startups are given the opportunity to secure a proof-of-concept with the bank and pitch for investment.

The area of focus for this accelerator program includes Creation of Unique Customer Experience, Digitization and Automation, Future SME Solution, Innovative Payment, Discovery of Cutting Edge Technology.

In May 2019, KVision announced that it had signed a cooperation agreement with the Vietnam government’s Business Startup Support Centre (BSSC) to support Thai startups’ entry into the Vietnamese market.

Demand

Supportive Regulatory Regime

With the rapid expansion of digital literacy and smartphone use, a supportive regulatory regime, innovative players both in the financial and non-financial space are benefitting from all the confluence of rising income level.

Bilateral payment linkage

Progress of the digital payment system linkage between Thailand and Singapore will begin its bilateral payment operations by the first half of 2020.

Collaborations between FIs/SMEs and FinTechs

FinTech start-ups have a greater capacity to roll out new products with their lightweight structure to complementary services and best-in market products to their large clientele of established players.

Innouhub Accelerator

Kasikorn Vision (KVision)

Investment arm of Kasikorn Bank, Kasikorn Vision has a total budget of US$245 million that will prioritize investments in FinTech and e-commerce.

In May 2019, KVision announced that it had signed a cooperation agreement with the Vietnam government’s Business Startup Support Centre (BSSC) to support Thai startups’ entry into the Vietnamese market.
The venture capital arm of Krungsri Bank has launched RISE, a corporate innovation accelerator which is aimed at expanding the know-how and investment opportunity for startups on financial technology innovation or FinTech start-ups, and unleashing growth opportunities & advancement in the financial digital business.

The RISE program has seen three batches of FinTech start-ups receive mentorship from industry veterans. Startups also stand to benefit from Krungsri Finnovate – which has earmarked US$30 million over the course of 3 years to fund start-ups. In addition, the bank will leverage its relationships with RISE and it’s international and regional partners to strengthen the start-ups’ core capabilities.

Digital Venture DVA is Siam Commercial Bank's FinTech initiative. In 2016, Siam Commercial Bank established the venture capital arm Digital Ventures with US$50 million in size. In May 2018 the bank doubled the fund size to US$100 million.

As of May 2018, Digital Ventures had made strategic investments both in high technology start-ups and venture capital funds around the world, including Golden Gate Ventures, Nyca Partners, Dymon Asia Ventures, Arbor Ventures, Ripple, etc.

SPARK Accelerator is established by National Innovation Agency (NIA) with the cooperation of AGW Group.

The eight-week boot camp program provides one-to-one mentoring, co-working spaces, connections with local startups, technical consulting (law, UX, accounting, software development), roadshow with leading VCs funds/investors, Thai tech startup membership, NIA grant application fast track, full board support, and pitch events. The program covers the following sectors: FinTech, cybersecurity, e-commerce, IoT, Big Data, and Healthcare.

In June 2017, Kasikorn Bank launched the $30M corporate venture capital arm, Beacon Fund to invest in FinTech start-ups.

The firm is targeting three to five deals per year ranging from seed-plus to Series A stage with a target across all aspects of FinTech. The firm aims to lead or co-lead investments with a typical check size of $500,000 to $3 million.
Talent

Shortage of technology talent in Thailand

- With the increasing demand of technological skill sets, out of the 400,000 positions available, only a mere 2.5% of graduates are able to fulfil the technological skillset requirement.

Welcoming towards foreign talent

- National Reform, Strategy and Reconciliation Committee (NRSRC) approved the ‘Smart Visa’ - a simplified and fast track procedure for four types of foreign talents to be issued with 4-year visa:
  1. Investors
  2. Start-up entrepreneurs
  3. High-level executives
  4. Highly-skilled individual

Stiff Competition

- Arduous to attract FinTech talent in Asia and Thailand seldom feature prominently in such regional talent rankings.

Initiatives to boost talent pipeline

- **Thailand 4.0**: To re-orient Thailand’s economy towards innovation
  - Promote STEM education among females in particular

Partnership between Thai universities and Silicon Valley accelerators

- Participating in events and running their own labs and accelerators

Thailand Talent Competitiveness

**Global Talent Competitiveness Index (GTCI) Score 2019**

- Thailand: 38.62
- Indonesia: 38.61
- Vietnam: 33.41
- Cambodia: 26.57

Thailand's workforce is reasonably competitive as compared to its ASEAN peers, ranking 66th out of 125 countries surveyed.
There are more than 100 VCs active in Thailand, with most of the firms investing in post revenue to Series A or B funding.

Economic prosperity
Being the 2nd largest economy in ASEAN, Thailand has yet to have a major internationally recognized startup with the coveted ‘unicorn’ status of US$1 billion valuation.

Investors drawn to early-stage startups
Investors are primarily interested in FinTechs which can operate across Southeast Asia at an early stage.

Rapid growth in venture funds
In May 2018, Siam Commercial Bank doubled its venture fund size to US$ 100 million. Kasikorn Bank launched a US$ 30 million fund, Beacon fund to invest in FinTech companies.

Growth in the number of Venture Capital (VC) firms
Top Investors in Thailand

Benchachinda

Benchachinda is a Thai telco company offering broadband services; telecommunication network solutions; personal wireless devices distribution; and content & multimedia services, established in Bangkok in 1990.

The firm has participated in three FinTech start-ups fundraising in Thailand, which have raised over US$11 million: T2P (US$4.1 million), DeepPocket (US$4.1 million), and Finnomena (US$3.2 million). All Benchachinda investments have been made in the FinTech industry.

500 Startups

The Silicon Valley incubator, venture capital firm, and accelerator specializes in seed investments in small- and medium-sized startups, early-stage, post-seed, pre-Series A, and late stage in FinTech. 500 Startups invests in Thailand through its fund 500 TukTuks.

It has participated in the fundraising of seven FinTech start-ups locally. These start-ups raised over US$33 million from their investors. The firm has invested in the five largest Thai FinTech fundraisings: Omise (US$25 million), T2P (US$4 million), DeepPocket (US$4 million), Finnomena (US$3 million), and Claim Di (US$2 million). 500 Startups is leading in terms of investments volume locally both in across industries and financial services sectors.

Golden Gate Ventures

Golden Gate Ventures is a Singapore-headquartered incubator, accelerator, and a venture capital firm that invests between US$0.25 and $5 million dollars and with a fund size of US$70 million.

The firm is one of the most active investors locally, placing second in terms of the number of FinTech deals, and third across industries. It has participated in four FinTech start-ups fundraising in Thailand, which have raised over US$28 million from its investors. Half of Golden Gate Ventures’ investments in Thailand have been made in the financial sector. The firm was part of the Omise (US$25 million) and Claim Di (US$2 million) fundraisings.

CyberAgent Ventures

CyberAgent Ventures is the venture capital arm of CyberAgent, Inc., a Japanese media company. Raising more than US$150 million from its limited partners, it specializes in incubation and investments in startups and early-stage companies. CyberAgent usually invests between US$500,000 and US$10 million.

The firm has participated in two FinTechs fundraising in Thailand. The two companies raised over US$2 million from their investors. Investments in financial services technology account for a fourth of the CyberAgent portfolio allocation in the country. The Venture Capital fund has co-invested along with other investors in one of the largest fundraisings: eCommerce (US$29 million), and FinTech with Claim Di (US$2 million).
Thai Government’s supportive stance

Central to the Thai government’s policies is the Thailand 4.0 economic model which aims to unlock the country from several economic challenges through driving innovation, technology and creativity. The model aims to increase Research and Development (“R&D”) expenditure to 4% of GDP, increase economic growth rate to full capacity rate of 5-6% within five years, and increase national income per capita from US$ 5,470 in 2014 to US$ 15,000 by 2032.

The government’s attitude toward FinTech innovations is pivotal in shaping public sentiment, and Thailand’s forward-looking actions and legitimizes technology and its viability. With top-down technologically-progressive developments and decisions, the wider public consciousness will also inadvertently be shaped by the same innovation-first attitude. In so doing, the country will be primed for the widespread adoption of FinTech.

Government and regulator’s stance

Thailand aims to increase investment in R&D from 1% of GDP by end of 2018 (160 billion baht) to 1.5% by 2021.

Tax Incentive

There are numerous tax incentives available for merchants who use card-accepting equipment, favorable regulations for new FinTech products and technologies such as equity crowdfunding, P2P lending, or online insurance activities.

There are also software development incentive which offers five to eight years income tax exemption and the digital service incentive gives eligible applicants five years’ worth of income tax exemption. In order to regulate and facilitate P2P lending which is still in early stages of development, the government announced regulatory legislation in September 2018 that became effective in January 2019.

It grants shared regulatory authority to the Thai SEC and BOT. The government has also put in necessary measures to protect the country from possible digital risks and threats. To guard against cybersecurity lapses, the National Legislative Assembly of Thailand approved the Draft of Cyber Security Act that grants government officials the authority to investigate and prevent cybersecurity threats in areas including banking, finance and information technology.

Key Initiatives

- **Project Inthanon**: Launched by BOT in August 2018, it is a collaboration with eight banks in Thailand and technology partner R3, to design and develop a proof-of-concept prototype for wholesale funds transfer by issuing wholesale Central Bank Digital Currency (Wholesale CBDC). The prototype will be built on Corda, a DLT platform developed by R3.

- **Digital Park Thailand**: The Thai Office of Insurance Commission established the Center of Insurtech Thailand for research, technological exchange, and insurance product development.

- **InsurTech Infrastructure**: Digital Economy Promotion Agency (DEPA) is pushing on with the future of Thailand’s digital innovation, spearheading its efforts with Thailand Digital Park and IoT Institute, which seeks to attract more than 100,000 ecosystem developers into Thailand.

- **PromptPay**: In line with the Thailand 4.0 initiative aimed at moving Thailand toward a tech-centric value-based economy, the government and BOT launched PromptPay, an electronic interbank transfer system in early 2017. As of the end of 2018, PromptPay’s registration numbers reached 46.5 million, of which 29.3 million signed up with their citizen ID card, 16.8 million by mobile phone numbers, 71,000 were registered by corporate firms and the remainder via e-wallet.
FinTech Associations

Established in July 2016, aim to facilitate network and connections among the FinTech space

66 out of 124 members are FinTech startups operating across a diverse range of fields

Key contributions of the association includes the creation of F13, a sandbox initiation to accelerate the FinTech industry development

Sandboxes

SANDBOX
Framework set up by a financial sector regulator to allow small-scale, live testing of innovations by private firms in a controlled environment

BOT Sandbox
- Open to any fresh, never-seen-before innovation
- Innovations stay in sandbox for 6-12 months
- Used cases: QR Payment, Cross-border money transfer

SEC Sandbox
- Allow applicants to test their KYC technology for no longer than 1 year under the supervision of SEC

OIC Sandbox
- Allows insurer, agents and InsurTech players to beta test their InsurTech innovations

F13
- Accelerate Thailand’s FinTech industry development
- Help FinTech startups to test and validate their product/service with real customers
### Notable FinTechs

**Kredivo**: A product of FinAccel, it is engaged in providing retail credit solutions that give users the convenience to buy now and pay later in 30 days with no interest or with installments.

**Omise**: A payment API provider, which can be integrated into merchant websites, blogs or even social networks. Omise offers white label payment solutions and real-time fraud detection.

**AmiLabs**: Developed the technology to digitize and transact on the bitcoin blockchain. It digitizes securities, commodities, currencies on the blockchain which are to be used for investments, trading and payments.

**Jitta**: An investing solution that aims to simplify financial analysis for value investors and financial investors. Jitta’s stock-analysis platform also offers actionable advice to help investors make better decisions.

**MoneyTable**: A platform that simplifies the process of company employees looking for personal finance options through the use of big data and machine learning algorithms to analyze credit score information, the utilization of blockchain and decentralized data network to secure the information logged onto the system.

**Finnomena**: Online platform to get expert advice on investments in the public market. The platform also gives financial planning and suggestions to the retail investors.

**FlowAccount**: Cloud-based bilingual accounting platform designed for SMEs. The FinTech offers both free and paid versions of the platform, and the free version enables users to make quotations, invoices and billing notes.

**Masii**: Masii is an online comparison platform for financial products ranging from car insurances to micro travel loans. According to its website, they have garnered over 3.5 million users, more than 8 banking partners and 40 insurance partners with more than 7,000 listings on their platform since their founding in 2015.

**Sunday Insurance**: Sunday Insurance is a leading InsurTech company that uses technology to boost the efficiency of traditional insurance services, where their headquarters are located in Thailand. By using machine-learning algorithms, they are able to provide customers with a broader range of policies, covering properties and possessions, to highly customized premiums that deliver greater value to customers.
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Appendix

Fast Facts


Pillars of Thailand FinTech Ecosystem


Demand

- Measures and how the Thai government supports and encourages innovation and entrepreneurs: https://thaiembdc.org/agenda-3-incubate-entrepreneurs-and-develop-networks-of-innovation-driven-enterprise/
- Focus areas for Bank of Thailand’s FinTech policy, Opengovasia website: https://www.opengovasia.com/focus-areas-for-bank-of-thailands-fintech-policy-productivity-immunity-and-inclusivity/
- Partnership between Fis/SMEs and FinTechs: https://www.adb.org/sites/default/files/publication/S02781/adb-fintech-smes.pdf

Talent

- Thai Kvision, Dealstreetasia website: https://www.dealstreetasia.com/stories/thai-kvision-135020/

Capital

- Thailand as South-east Asia Emerging startup hub, Business Sweden website: https://www.business-sweden.se/contentassets/9e62c807f3cc45be90c371547d1c126d/thailand-as-seas-emerging-startup-hub-2018.pdf

• “Thai bank SCB doubles the size of its fintech-focused corporate VC fund to US$100M,” e27 website, https://e27.co/thai-bank-scb-doubles-fintech-focussed-corporate-vc-fund-us100m-20180525

Policy

• F13, FinTech Hub of Thailand, Thailand FinTech Association: https://thai fintech.org/f13/

• Thailand 4.0, Royal Thai Embassy; Washington D.C website: https://thaiembdc.org/thailand-4-0-2/


• National Science Technology and Innovation Policy Office (STI) increase investment in R&D to 1.5%: https://www.bangkokpost.com/tech/1435590/state-sets-rd-milestone-of-1-5-of-gdp

• Definition of regulatory sandbox, Finextra website: https://www.finextra.com/blog-posting/15759/the-role-of-regulatory-sandboxes-in-fintech-innovation

Notable FinTechs


• Tracxn, List of 10 upcoming FinTechs: https://tracxn.com/explore/Fintech-Startups-in-Thailand/

• Top 15 FinTech companies in Thailand: https://gomedici.com/15-top-fintech-companies-thailand
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