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Regulation of hire-purchase and leasing businesses of motor vehicles

On 5 June 2025, the Royal Decree on the Business of Hire-Purchase and Leasing of Motor Vehicles B.E. 2568 (2025) was officially issued, marking the first time Thailand has introduced dedicated legislation governing the hire-purchase and leasing of vehicles.

Although structured as "rental agreements," hire-purchase and leasing arrangements closely resemble credit transactions. Consumers obtain immediate use of the vehicle while making installment payments over time, often subject to interest rates and additional charges similar to traditional loans. As such, this type of business plays a significant role in the broader financial system.

The new law aims to establish a unified regulatory standard for these businesses. It empowers the Bank of Thailand to supervise contract terms, and imposes controls on interest rates, penalties, and other contractual conditions to ensure fairness for all parties involved.

More broadly, the law reflects a policy view that hire-purchase and leasing businesses are not merely commercial transactions, they function as systemic sources of consumer financing. Given their economic impact, state regulation has become essential to promote financial stability and responsible business practices.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com