Bangkok Global Law

540, Unit 1705, 17th Floor, Mercury Tower,Ploenchit Road,
Lumpini, Pathumwan, Bangkok 10330 Thailand
Tel: +(66) 2 2525895-6 Fax: +(66) 2 2525897
Website: www.bgloballaw.com
E-mail: info@bgloballaw.com

Legal Insight Vol. August 2025

Bankers Call for Structural Reforms to Tackle Thailand's Household Debt Burden

Thailand is being urged to shift from short-term debt relief to long-term structural reforms to address its growing household debt problem. At the Thailand Focus 2025 forum, Thai Bankers' Association chairman Payong Srivanich highlighted the need to integrate informal workers into the formal economy, strengthen national data systems, and enhance competitiveness to raise household incomes. The government's proposed negative income tax, expected to apply to all workers by 2027, should help improve formal economy inclusion. With nearly half of Thailand's economy and more than half of its workforce operating informally, the country faces challenges including low incomes, high inequality, weak regulation, and low productivity.

Bank of Thailand deputy governor Roong Mallikamas warned that high household debt remains a major drag on economic growth, with younger workers particularly vulnerable as around half of those aged 22 to 29 are indebted and one-fourth struggle to repay. To counter this, the central bank is advancing an open data initiative to strengthen debt analysis and preparing to grant three new virtual bank licences to expand financial inclusion.

In the banking sector, non-performing loans and special mention loans total 2.05 trillion baht, but despite rising bad debts, Bangkok Commercial Asset Management (BAM) maintains that a national asset management company is unnecessary. BAM and other asset managers, supported by joint ventures with state and commercial banks, are seen as sufficient to handle distressed assets, with 86 AMCs already in operation nationwide. Meanwhile, the National Credit Bureau is modernising its systems to improve credit data quality, analysis, and accessibility for stakeholders, aiming to support more effective financial management and broaden lending participation.