



Bank of Thailand Proposes Stricter Oversight of Large Cash Transactions

The Bank of Thailand (BOT) has recently initiated a public hearing on proposed measures aimed at strengthening oversight of large cash transactions conducted through financial institutions. The proposed framework would require banks and specialised financial institutions to implement stricter due diligence procedures, including ensuring that customers are physically present or have undergone proper identity verification before conducting cash transactions. The initiative reflects the regulator's ongoing efforts to curb suspicious financial activities and enhance the integrity of Thailand's financial system.

Under the proposed rules, financial institutions would be required to strengthen their risk management frameworks by closely monitoring and detecting abnormal cash transaction patterns. This includes assessing transaction frequency, transaction value thresholds, and customer risk profiles. Where unusual cash movements are identified—particularly those inconsistent with a customer's normal financial behaviour or lacking a clear economic rationale—financial institutions would be required to conduct enhanced monitoring and risk-based assessments. In cases where enhanced due diligence cannot be satisfactorily completed, the institution may be required to reject the transaction.

The proposal arises from concerns that cash transactions are inherently difficult to trace, potentially allowing them to be used as channels for criminal activities or illicit financial flows. The BOT has also reported instances of unusually large cash withdrawals, including transactions exceeding THB 250 million, some involving requests for specific banknote denominations. Such transactions have been flagged and reported to relevant authorities for further investigation.

From a regulatory perspective, the proposed measures signal increased scrutiny over financial flows and may require banks to enhance their compliance and internal control systems. The initiative also aligns with Thailand's broader legal framework addressing anti-money laundering and financial crime, particularly obligations imposed on financial institutions under applicable AML regulations to conduct customer due diligence and report suspicious transactions. If implemented, the measures may result in stricter verification procedures for customers and greater compliance responsibilities for financial institutions operating in Thailand.