

Case Study 7: Thailand – Thailand 4.0 and PromptPay

Thailand 4.0 was launched in 2016 as an ambitious economy-wide strategy to increase economic growth over the next 20 years. With its focus on high-tech industries and innovation, developing the digital economy and digitally transforming the finance sector have been identified as crucial aspects of achieving Thailand 4.0.

An early outcome of the Thailand 4.0 strategy was the launch of the National E-Payment Master Plan. One of the major initiatives of the Master Plan was the PromptPay project to establish an economy-wide service enabling individuals and businesses to receive and transfer funds electronically. Responsibility for implementing the PromptPay project was given to the central bank, the Bank of Thailand, in partnership with the Thai Bankers' Association and many private-sector participants.

PromptPay is a fully interoperable electronic transfer system that lets users send or receive bank account funds using “digital wallets”. Key advantages of this service for the poor include:

- **Convenience.** The service is highly accessible and only requires a form of formal identification¹⁴, mobile phone number or email address. There is no need for users to share bank account details or other personal information.
- **Security.** The system has been designed to international standards and is closely supervised by the Bank of Thailand.
- **Affordability.** Transfers are unlimited and free if under THB 5,000 (~USD 160).
- **Enhancement of G2P payments.** Government welfare payments, including disaster relief payments, can be made much faster and more cheaply, without leakage.
- **Real-time payments for microenterprises.** Business operators can accept instant payments via their mobile phones and no longer need to spend time travelling to their nearest bank branch to deposit cash.
- **Connection of the unbanked.** By using established personal identifiers as proxies for a person's account or digital wallet, it is easier for the unbanked to register for the service.

The viability and success of PromptPay are supported by complementary initiatives being developed and implemented by various government agencies and partners under the Thailand 4.0 strategy. Examples of initiatives relevant to PromptPay include:

- Development of core ICT infrastructure, including in rural and remote areas.
- Development of an economy-wide digital identity to increase the viability of digital transactions and reduce the risk of fraud in online payment systems.
- Enhancing cybersecurity, including enforcement of the Cybersecurity Act, which came into effect in 2019.
- Increasing capacity for data collection and analysis to enhance development efficiencies.

A high level of collaboration between the public and private sectors has been critical to the success of PromptPay. With leadership provided by the government, effective coordination between the various government agencies and other stakeholders made it possible to ensure that the design and launch of PromptPay aligned with complementary initiatives of the broader Thailand 4.0 strategy.

¹⁴ Government-issued identification cards are compulsory in Thailand, which is a major advantage in developing an economy-wide payments system such as PromptPay.

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Impact of PromptPay

As a result of the National E-Payments Master Plan and the implementation of PromptPay, the use of digital payment mechanisms in Thailand has increased significantly in recent years, with mobile phone payments growing at an average of 116% per year since 2017 (BOT 2020). By 2019 PromptPay had been adopted by all major Thai banks and had reached 43 million subscribers (Stoddart 2019). As smartphone penetration continues to rise alongside crucial infrastructure development, PromptPay's popularity is expected to increase and result in significant reductions in the use of cash.