

A Sustainable Banking Network (SBN)
Flagship Report
Addendum to SBN Global Progress Report

October 2019

Country Progress Report

Thailand



© International Finance Corporation [2019], as the Secretariat of the Sustainable Banking Network (SBN). All rights reserved. 2121 Pennsylvania Avenue, N.W. Washington, D.C. 20433 Internet: www.ifc.org. The material in this work is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. IFC and SBN encourage dissemination of their work and will normally grant permission to reproduce portions of the work promptly, and when the reproduction is for educational and non-commercial purposes, without a fee, subject to such attributions and notices as we may reasonably require.

IFC and SBN do not guarantee the accuracy, reliability, or completeness of the content included in this work, or the conclusions or judgments described herein, and accept no responsibility or liability for any omissions or errors (including, without limitation, typographical errors and technical errors) in the content whatsoever or for reliance thereon. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank Group concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

This work was prepared in consultation with SBN members. The findings, interpretations, and conclusions expressed in this volume do not necessarily reflect the views of the Executive Directors of The World Bank Group, IFC, or the governments they represent. The contents of this work are intended for general informational purposes only and are not intended to constitute legal, securities, or investment advice, an opinion regarding the appropriateness of any investment, or a solicitation of any type. IFC or its affiliates may have an investment in, provide other advice or services to, or otherwise have a financial interest in, certain of the companies and parties named herein.

All other queries on rights and licenses, including subsidiary rights, should be addressed to IFC's Corporate Relations Department, 2121 Pennsylvania Avenue, N.W., Washington, D.C. 20433. International Finance Corporation is an international organization established by Articles of Agreement among its member countries, and a member of the World Bank Group. All names, logos and trademarks are the property of IFC and you may not use any of such materials for any purpose without the express written consent of IFC. Additionally, "International Finance Corporation" and "IFC" are registered trademarks of IFC and are protected under international law.

Status for Policy Preparation – Thailand



SBN Member:

- ☐ [Thai Bankers' association \(TBA\)](#) (member since 2012)

SBN Working Group: -

Country readiness review:

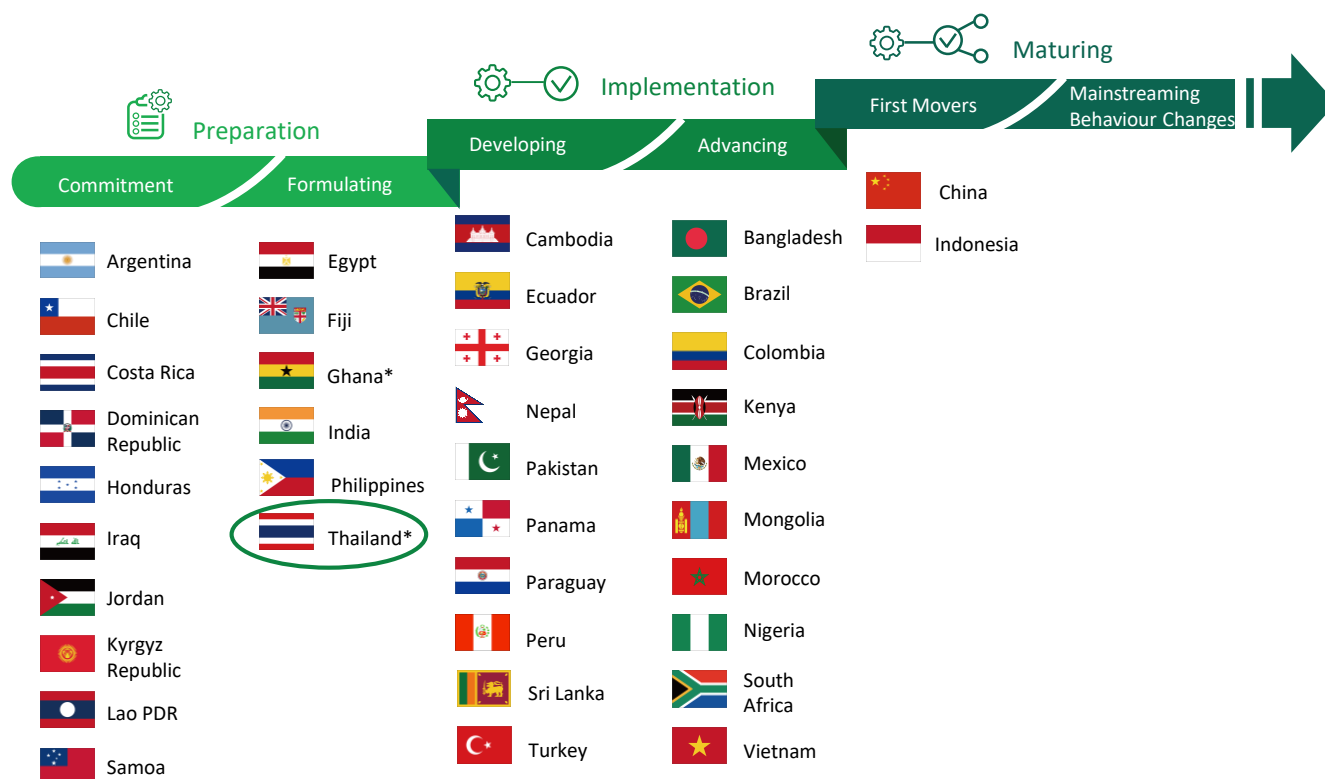
Introducing a formal, national sustainable finance framework (e.g. roadmap, policy, regulatory guidelines, or voluntary industry principles) has been shown to be a foundation for effective country strategies to promote the shift to sustainable finance. Based on SBN members' experiences, a number of steps are commonly required in preparation for doing so. These include raising awareness within the sector, initiating dialogue among public and private sector stakeholders, and researching national priorities, requirements, and current practices with regard to sustainable finance.

Thailand is currently in the preparation phase and intends to launch a framework in the coming years. Thailand's readiness has therefore been reviewed against 3 main dimensions:

- ☐ Is awareness raising being undertaken in the country, with leadership by either the financial sector regulator and/or the banking association? (e.g. trainings, knowledge sharing events, conferences and meetings, research, publications)
- ☐ Has a sector-wide dialogue been initiated towards the establishment of a national sustainable finance framework, involving relevant stakeholders? (e.g. government and other public bodies, private and public financial institutions, regulators, civil society organizations)
- ☐ Has a timeline for the development of a policy been defined? (i.e. a clear schedule and milestones to launch the framework?)

Figure 1: SBN Progression Matrix with Assessment Results¹

Assessment based on progress up to and as of June 2019²



Note:

1. Please refer to the SBN Global Progress Report for an explanation of the Progression Matrix.
2. Ghana and Thailand launched their policies and principles in August 2019, after the cut-off date of June 2019 for this report.

Status for Policy Preparation – Thailand



Timeline for the development of a policy / principles:

The process of building a sustainable banking framework began in 2018, facilitated by the Thai Bankers' Association (TBA), which has been an SBN Member since 2012. A working committee led by TBA and comprised of all 15 TBA member banks was formed in 2018, which worked alongside the Bank of Thailand and was supported by international partners. Thailand Sustainable Banking Guidelines³ were released in August 2019.

The main focus of the Sustainable Banking Guidelines are on promoting responsible lending, and on encouraging banks to incorporate E&S risk into their strategies and translate this into implementation. Longer term aspirations are set out, to ensure the industry is clear on the future direction of development.

Dialogue towards the establishment of a policy or voluntary principles:

The Bank of Thailand, in collaboration with stakeholders such as the Thai Bankers' Association (TBA) and international organizations, plans to organize quarterly capacity building programs in 2019 and has organized the 2019 Bangkok Sustainable Banking Forum. Dialogue between relevant stakeholders will help to identify priority areas for knowledge building within the Thai financial sector.

Awareness raising practices:

Capacity building sessions for TBA's working committee members are planned, to share knowledge and best practices. Efforts have been made among banks to advance in the integration of E&S criteria, although disclosure of specific E&S requirements remains limited. A few banks regularly review their E&S policies and procedures, but none of them integrate sustainability into their audit criteria. Kasikorn Bank and Siam Commercial Bank have been selected as members of the Dow Jones Sustainability Index (DJSI).

Local financial system:

The five largest banks account for almost 70% of total banking assets. Bank loans continued to expand in line with economic growth in 2018, with loan quality stabilizing due partly to banks' loan portfolio management.

Recent progress and achievements:

- In 2018, Thailand's first green bond was issued by TMB Bank, to support climate-smart projects and other environmentally friendly investments.
- In July 2014, the Stock Exchange of Thailand (SET) joined the UN Sustainable Stock Exchanges (SSE) initiative, making Thailand the first Southeast Asian country committed to promoting sustainability within its capital markets.
- The Thaipat Institute's adoption of the Principles for Responsible Investment also reflects institutional engagement with sustainable finance practices.
- Thailand has ratified the Paris Agreement on Climate Change and is committed to reducing its greenhouse gas emissions by 20% between 2005 and 2030.

Note:

3. Thailand Sustainable Banking Guidelines were released on August 13, 2019, which is past the cutoff date (June 30) for the SBN Global Report. Thus this update is captured in the country report but not included in the global report analysis.

Access the SBN Global Progress
Report and Country Reports at:
www.ifc.org/SBN2019Report



Sustainable
Banking
Network



IFC

**International
Finance Corporation**
WORLD BANK GROUP

Creating Markets, Creating Opportunities