

Workshop on the UN Electronic Communications Convention: A Legal Tool to Promote Cross-border Electronic Commerce

Thai National Perspectives



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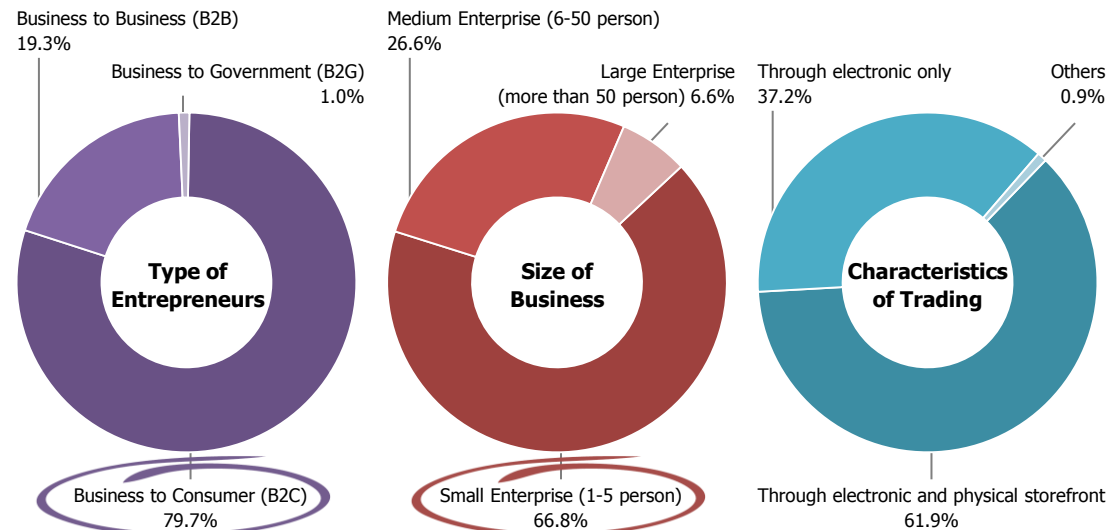
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April 3, 2015

Overview of e-Commerce in Thailand



Trading goods and services electronically. An agreement to exchange goods or services, or both, in terms of commerce through electronic media. The value of e-Commerce in Thailand appeared in the THAILAND e-Transactions Statistics Report 2013 is the data from a survey by the National Statistical Office, 2013.

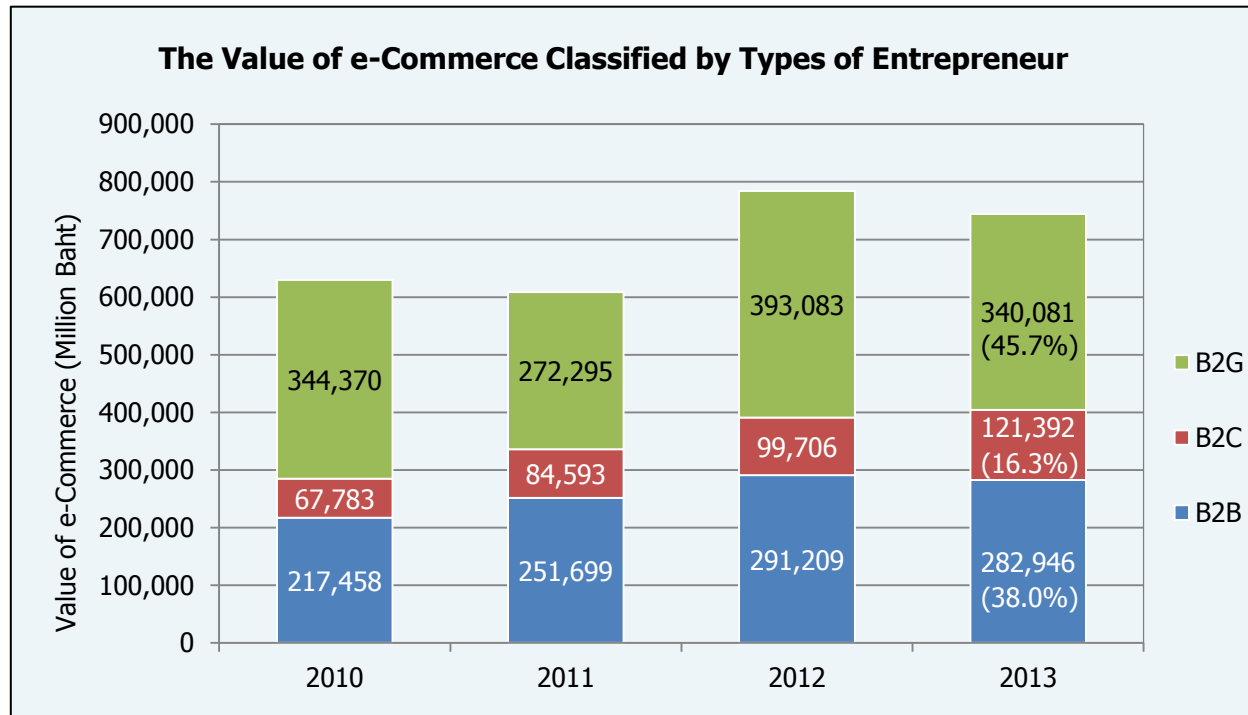


e-Commerce transactions are mainly in the tourism and resort hotels (24.0%), followed by the fashion, costume, gems and jewelry industry (23.3%), computer, electronic devices and the internet (19.2%), services (7.0%), publication /office equipment (4.9%), automotive products (4.1%) and other groups (17.5%).

Source: Electronic Transactions Development Agency (Public Organization) (ETDA). (2013). *THAILAND e-Transactions Statistics Report 2013*. Retrieved from <https://www.etda.or.th>

National Statistical Office (NSO). (2013). *Significant findings of the survey on the status of Electronic Commerce in Thailand 2013*. Retrieved from <http://service.nso.go.th/nso/nsopublish/themes/files/electThaiRep56.pdf>

The Value of e-Commerce in Thailand



	CAGR	Growth Rate	
	2010-2013	2011-2012	2012-2013
B2G	-0.4%	15.7%	-2.8%
B2C	21.4%	17.9%	21.7%
B2B	9.2%	44.4%	-13.5%

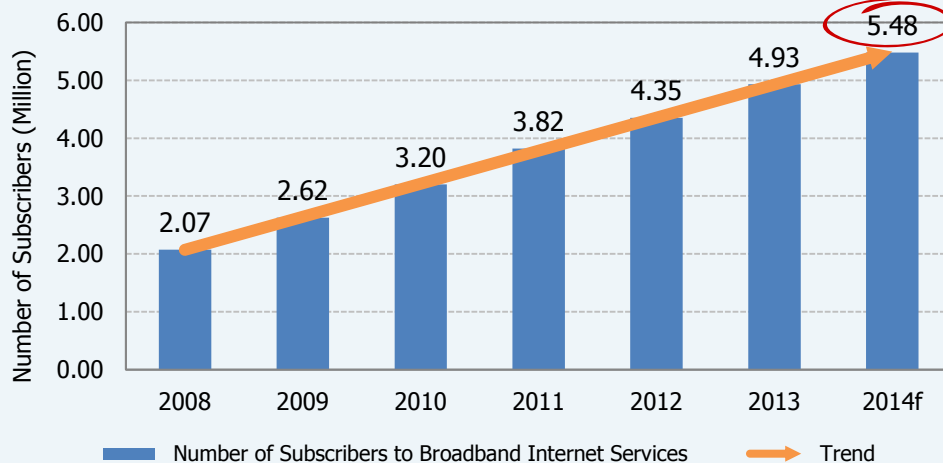
In 2013, electronic commerce totaled 744,419 million Baht, down from the previous year, worth 783,998 million Baht, the growth rate decreased by 5.0 percent because of B2G and B2B trading slowed down due to the political and economic problems. However, the B2C sector grew by 21.7 percent to 121,392 million Baht in value, B2C sector accounted for 16.3 percent of the total value of all electronic commerce.

In the period from 2010 to 2013, e-Commerce of both B2C and B2B have increased at average growth rate of 21.4 percent and 9.2 percent respectively, while those of the B2G has increased at an average of 0.4 percent per year.

Source: Electronic Transactions Development Agency (Public Organization) (ETDA). (2013). *THAILAND e-Transactions Statistics Report 2013*. Retrieved from <https://www.eta.or.th/download-doc-publishing/28/>

The Growth in e-Channel in Thailand

Number of Subscribers to Broadband Internet Services



Source: Office of The National Broadcasting and Telecommunications Commission. (2014). *Thailand Telecommunications Indicators Yearbook 2013-2014*. Retrieved from <http://www.nbt.go.th>

In the year 2013, the number of internet users was 26.14 million, an increase of 13.37 percent compared to the year 2012, the compound annual growth rate (CAGR) from the year 1991 of 86.21%.

Broadband internet service is popular with users increases dramatically in a short period of time. Especially in the past 8-9 years, about to replace low-speed internet service.

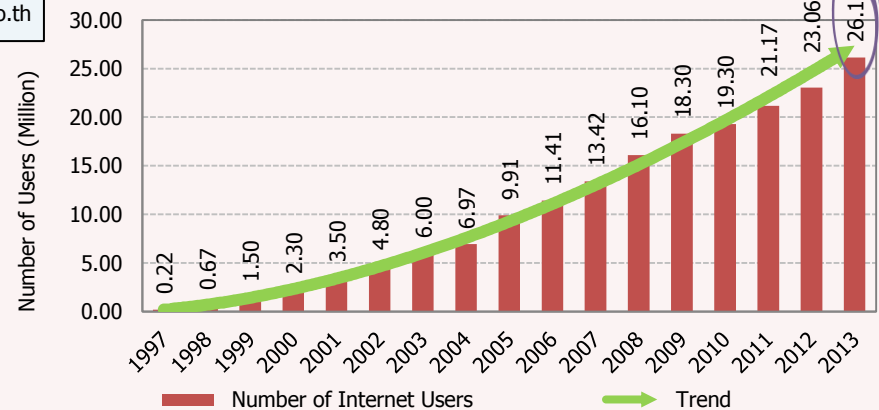
A considerable number of registration and telephone number of 6.06 million subscribers all over the country have enabled ADSL subscribers, about 84.76 percent in 2013.

Number of subscribers to broadband internet services has been growing rapidly, the number of broadband subscribers increased to 4.93 million in 2013, up 13.29 percent compared to the year 2012.

In 2014, it was predicted that the number of subscribers to broadband increased by 11.15 percent compared to the year 2013, or 5.48 million, an increase of subscribers for broadband offset the amount of the subscriber to low-speed internet services. Or it may be said that the low-speed internet service subscribers partially terminate the service and switch to broadband instead.

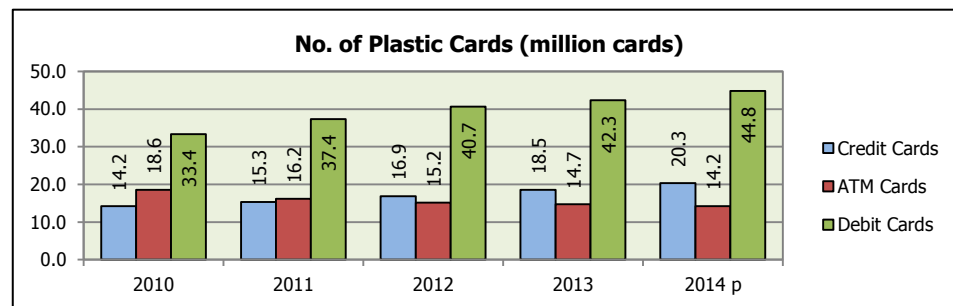
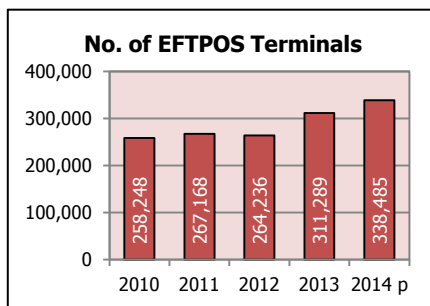
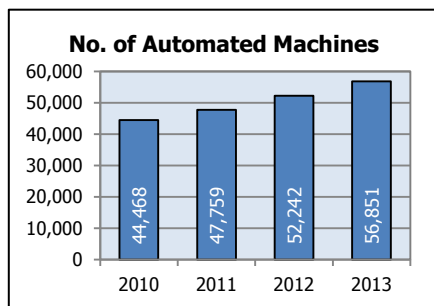
In 2014, the ratio of broadband internet service subscribers was expected to be 8.18 subscribers per 100 people, or 27.31 families per 100 households across the country.

Number of Internet Users in Thailand



Source: National Electronics and Computer Technology Center (NECTEC)

The Growth in e-Banking in Thailand



Use of Mobile Banking and Internet Banking

Use of Mobile Banking and Internet Banking ^{1/}	2014 p	2013	2012	2011	2010
1 Internet Banking					
2 No. of agreements ^{2/}	8,663,470	8,033,061	6,645,161	5,626,192	4,822,947
3 Volume of transactions (Thousand)	184,501	161,784	125,277	83,841	60,794
4 Value of transactions (Billions ฿)	20,422	19,548	14,112	8,780	7,892
5 Mobile Banking					
6 No. of agreements ^{2/}	3,372,051	1,164,796	864,312	706,439	519,450
7 Volume of transactions (Thousand)	109,350	57,199	36,285	19,942	15,885
8 Value of transactions (Billions ฿)	1,364	752	440	187	110

Remark: ^{1/} Include in-house and interbank funds transfer and purchasing goods and services.

^{2/} The number of agreements that customers have been applied for the service.

In 2013, Thailand banking system has 56,851 automated machines (ATM & CDM), up 8.8% from 2012, and in 2014 a number of EFTPOS (or EDC) is 338,485 units, up 8.7% from the year 2013. The plastic cards growing to 79.3 million, up 5.0 percent from the previous year, with the holding of a debit card, up to 44.8 million, representing 56.5 percent of all plastic cards holder.

As of 2014, internet banking users growing to 8.7 million, up 7.8 percent from the end of 2013.

There are 3.4 million of mobile banking users, up 189.5 percent from the previous year

Source: Bank of Thailand. (2015). *Payment Transactions Statistics*. Retrieved from <https://www.bot.or.th/English/Statistics/PaymentSystems/Pages/StatPaymentTransactions.aspx>

Current e-Commerce Business Environment

- ❖ e-Commerce is gaining growth and momentum.
- ❖ Growth realized across B2G, B2C and B2B.
- ❖ Thai consumers well adopted e-Commerce transactions, becoming their lifestyle.
- ❖ Financial sector warmly welcomes e-Commerce trend and growth, and aims to capture the potential.
- ❖ Small enterprises are to reap opportunities and potentials.

ICAS – A First Test of Large Scale e-Transactions among Thai banks

- ❖ Project took time for implementation.
- ❖ Legal challenges do exist and still continue.
- ❖ Banks look to legal infrastructure for this initiative to gain ground.

Evolution of Imaged Cheque Clearing Systems in Thailand

Electronic
Cheque
Clearing
System (ECS)



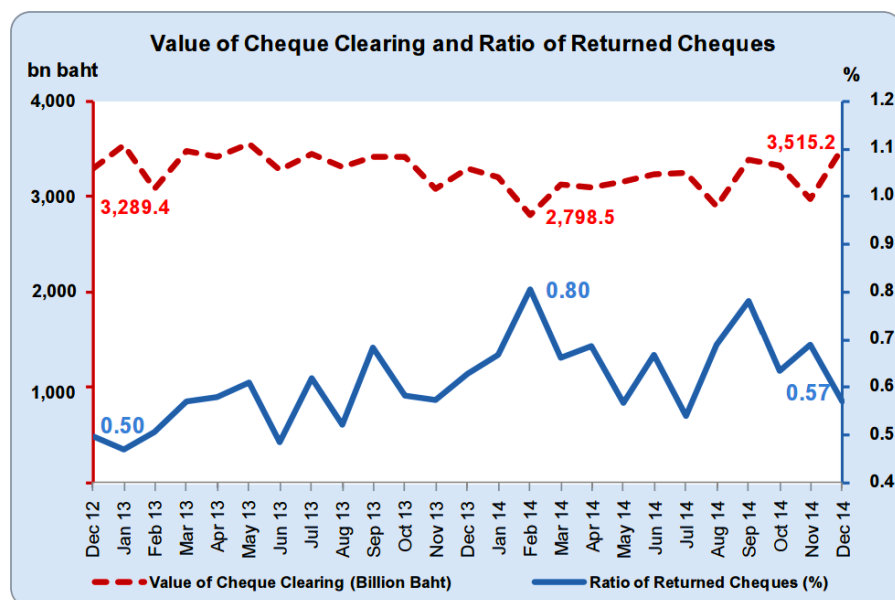
Provincial
Cheque
Clearing
System



Bill for
Collection



Imaged Cheque Clearing and Archive System (ICAS)



Source: Bank of Thailand. (2015). *Cheque Clearing System Monthly Report, December 2014*. Retrieved from <https://www.bot.or.th/English/PaymentSystems/Publication/ChequeMRReport/Pages/default.aspx>

In December 2014, the value of interbank cheque clearing nationwide increased from the same period of last year. However, average value of total cleared cheques declined from the same period of last year. As a proportion to total cleared cheques, returned cheques with insufficient funds slightly dropped from last year.

Objectives of the ICAS

- To shorten the cheque clearing cycle to one-day clearing nationwide (this includes the Bill for Collection which, at present, takes 3-5 working days).
- To enhance the efficiency of Thailand's cheque clearing process to meet the international standards and strengthen the competitiveness of the country.

Security for Cheques

- Forgery Prevention
- Alteration Detection

Data Security and Integrity in the ICAS

- Hashing (also known as digital fingerprinting) and digital signature are applied in the ICAS to ensure end-to-end data integrity control and non-repudiation of sending banks.
- In addition, there are other security and integrity measures in the ICAS such as authentication, rights management, transaction and traffic logs, and business continuity planning and disaster recovery.

Laws Related to the ICAS

- The Civil and Commercial Code Book 3 Specific Contracts, Title 21 Bills, Chapter 4 Cheques, Section 987-1000, which specifies the conditions and methods for drawing cheques correctly as well as validity of cheques which is a civil matter.
- The Offence Arising from the Use of Cheque Act B.E. 2534, which is aimed to ensure that cheques are drawn in good faith. Drawing of fraudulent cheques will result in criminal punishments, in which penalties are clearly defined.
- Electronic Transactions Act B.E. 2544 and Electronic Transactions Act (No. 2) B.E. 2551, which specify that the electronic data and documents shall be accepted as evidence in legal proceedings. The acts support the ICAS without the need for revisions.

Future of e-Commerce: Key Drivers

- ❖ If well adopted and laid out, Digital Economy will drive growth and open up opportunities.
- ❖ Government should be a pioneer and take a leading role in B2G and “C2G” initiatives.
- ❖ Once becoming a traditional way to do business, e-Commerce will gain ground.

SMEs in ASEAN

Small and Medium Enterprises (SMEs) play an important role in ASEAN economic integration because between 89-99 percent of the firms in ASEAN Member States (AMSS) are SMEs. Together, they create between 52-97 percent of employment, and contribute between 23-58 percent to the Gross Domestic Product (GDP), and 10-30 percent in total exports.

Significance of SMEs in the Economy in Selected Years

Country	Share of Total Establishments		Share of Total Employment		Share of GDP		Share of Total Exports	
	Share	Year	Share	Year	Share	Year	Share	Year
Brunei Darussalam	98.2%	2010	58.0%	2008	23.0%	2008	-	-
Cambodia	99.8%	2011	72.9%	2011	-	-	-	-
Indonesia	99.9%	2011	97.2%	2011	58.0%	2011	16.4%	2011
Lao PDR	99.9%*	2006	81.4%	2006	-	-	-	-
Malaysia	97.3%	2011	57.4%	2012	32.7%	2012	19.0%	2010
Myanmar	88.8%**	-	-	-	-	-	-	-
Philippines	99.6%	2011	61.0%	2011	36.0%	2006	10.0%	2010
Singapore	99.4%	2012	68.0%	2012	45.0%	2012	-	-
Thailand	99.8%	2012	76.7%	2011	37.0%	2011	29.9%	2011
Viet Nam	97.5%	2011	51.7%	2011	-	-	-	-

Note: * Asian Development Bank (2013), ** Registered numbers



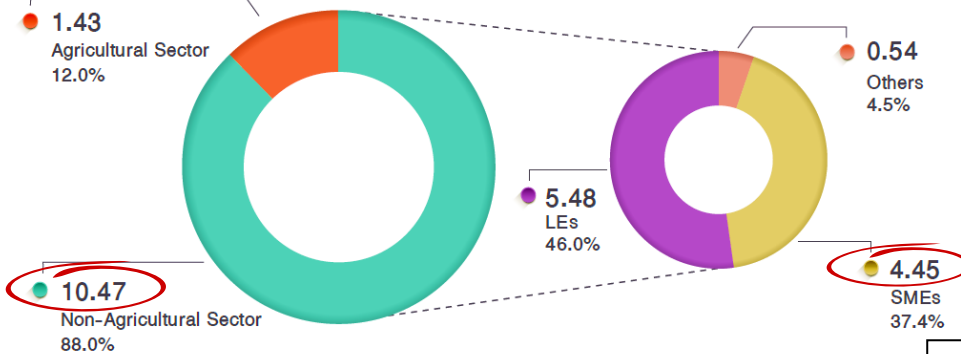
Note: SME development is embedded in the third pillar of the ASEAN Economic Community (AEC) Blueprint, namely, equitable economic development, and its development would directly contribute towards achieving the implementation of the third pillar.

Source: Economic Research Institute for ASEAN and East Asia. (2015). *ASEAN SME Policy Index 2014*. Retrieved from <http://www.eria.org/RPR-FY2012-8.pdf>

GDP of Thailand's SMEs in 2013



Structure of Gross Domestic Product (GDP) in 2013



Source: The Office of the National Economic and Social Development Board
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

The GDP structure of SMEs in 2013 was still greatly related to the service, manufacturing, and trade and maintenance sectors. The service sector was the most important economic activity accounting for 34.8%. Second was the manufacturing sector at 29.6%, followed by the trade and manufacturing sector at 27.7% respectively.

Source: The Office of SMEs Promotion (OSMEP). (2014). *Thailand's SME White Paper in 2014*. Retrieved from <http://www.sme.go.th/th/index.php/data-alert/alert/report-smes-year/report-year/report-year-2557>

The overall gross domestic product (GDP) of 2013 expanded 2.9%, a slowdown compared to that of 6.5% the previous year due to the global economic slowdown and the domestic political situation in 2013. GDP's value stood at 11,898,710 million Baht, of which 1,425,783 or 12.0% of the total GDP was attributable to agricultural GDP. As regards non-agricultural GDP, this was worth 10,472,927 million Baht or 88.0% of the total GDP, a 3.0% increase, a slowdown compared to the previous year with its rise of 6.7% per year.

The GDP value of Small and Medium Enterprises (SMEs) in 2013 was 4,454,939.6 million Baht or 37.4% of the country's GDP whereby the GDP value of SMEs expanded 3.8%, a slowdown compared to the 6.6% rise earlier in the year.



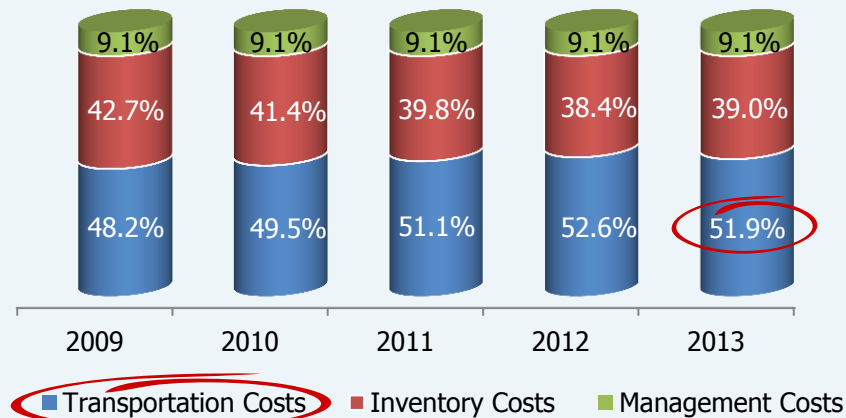
GDP Structure of the Country and SMEs Categorized by Economic Activity from 2009 - 2013



Source: The Office of the National Economic and Social Development Board
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

The Logistics Cost in Thailand

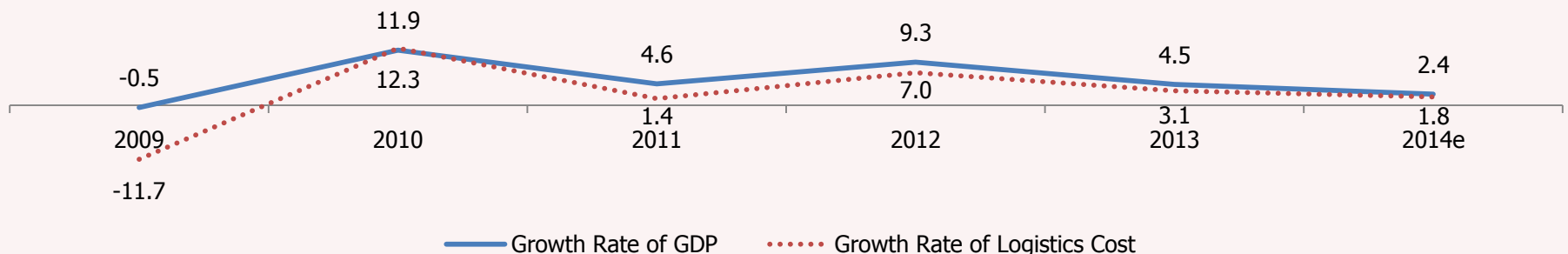
The Structure of Logistics Cost in Thailand during 2009 - 2013



In 2013, the cost of logistics in Thailand totaled 1,835.2 billion Baht, representing 14.2 percent of the gross domestic product at current prices (GDP at current prices) which is valued at 12,910.0 billion Baht, with a reduction down from 14.4 percent in 2012. Considering the cost of each item, found that the cost of transportation a share of GDP by 7.4 percent, down from 7.6 percent in 2012, while the cost of inventory and management costs of a share of GDP unchanged at 5.5 percent and 1.3 percent respectively.

Transportation Costs are the largest component, accounting for 51.9 percent of the total logistics cost, down from 52.6 percent in 2012, followed by the cost of keeping inventory, accounted for 39.0 percent, up from 38.4 percent in 2012, the management costs accounted for only 9.1 percent.

The growth trend in Logistics Cost vs. GDP during 2009 - 2014e



Source: Office of the National Economic and Social Development Board. (2014). *The Logistics of Thailand Report 2014*. Retrieved from http://www.nesdb.go.th/Portals/0/tasks/dev_logis/report/data_1056240315.pdf

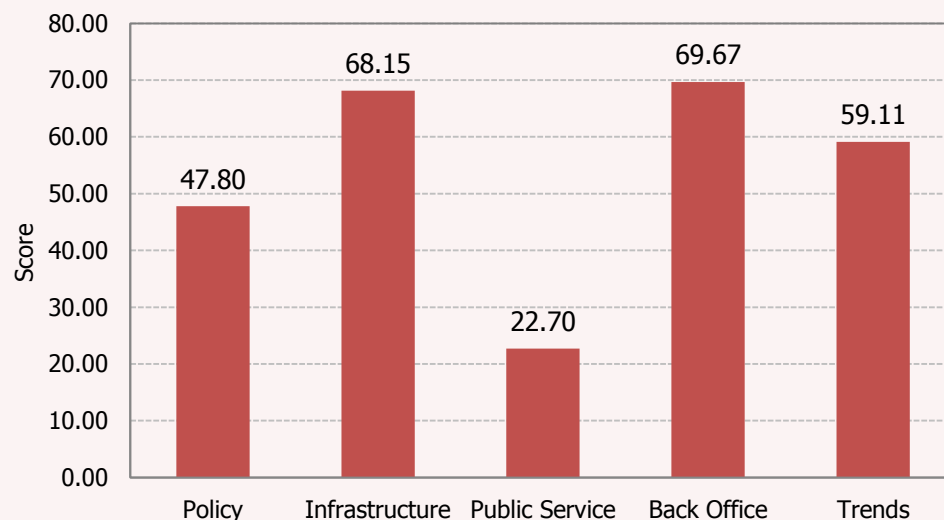
Thailand's e-Government Readiness

e-Government Development Index 2014

Rank	Country	Index
1	Republic of Korea	0.9462
2	Australia	0.9103
3	Singapore	0.9760
4	France	0.8938
5	Netherlands	0.8897
...
57	Brazil	0.6008
...
70	China	0.5450
...
99	Viet Nam	0.4750
...
102	Thailand	0.4631
...
118	India	0.3834
...
189	Chad	0.1076
190	Guinea	0.0954
191	Niger	0.9460
192	Eritrea	0.0908
193	Somalia	0.1390

Source: United Nations (UN). (2014). *e-Government Survey 2014*. Retrieved from http://unpan3.un.org/egovkb/Portals/egovkb/Documents/un/2014-Survey/E-Gov_Complete_Survey-2014.pdf

Thailand's e-Government Readiness 2013



Source: Electronic Government Agency (Public Organization) (EGA). (2013). *Annual Report 2013*. Retrieved from <http://www.ega.or.th/Files/20140718112021.pdf>

The survey result of Thailand e-Government Readiness Framework from Chief Information Officer (CIO) can be concluded in 5 areas: (1) Government Policy and Vision (2) Government Infrastructure/Network (3) Government Public Service (4) Back Office / e-Governance and (5) Trends/Emerging Issues.

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Thank you