



Panel discussion: Household Debt and Financial Vulnerability

Dr. Roong Mallikamas, Deputy Governor, Financial Institutions Stability, Bank of Thailand

Dr. Luxmon Attapich, Chief Executive Officer, National Credit Bureau

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Structural challenges in household debt situation in Thailand

Dr. Roong Mallikamas (Bank of Thailand)

- In Thailand, there is a trend where first jobbers are accumulating debt at a younger age, and retirees are still carrying debt after retirement. Additionally, most household debt is consumption-based rather than for business purposes. Furthermore, 38% of the Thai population has debt in the formal sector averaging roughly around 500 thousand baht each. However, there is also informal sector debt, the amount of which is unknown and could be significant. The structural problems of high household debt include financial literacy, information and transparency gaps, which the Bank of Thailand (BOT) has emphasized. Other issues are slow economic growth due to demographic changes, an insufficient social safety net, and a lack of data to integrate informal sector debt into the formal sector.

Dr. Luxmon Attapich (NCB)

- According to NCB data at the end of June 2025, which comprises 80% of formal sector household debt in Thailand amounting to 13.5 trillion baht, debt has been rising from 2019 to the end of 2023 and has recently flattened since 2024. However, this does not

mean that the problem will be resolved. The largest amount of outstanding debt is in housing loans, followed by personal loans and auto loans. In detail, personal loans and nano finance loans are growing, while loans for agriculture, which are occupational loans, are contracting. This suggests that new debt may not be generating economic value. Moreover, the number of loan accounts is growing, but total debt has flattened, meaning people are borrowing smaller amounts. In terms of debt quality, the amount of non-performing loans (NPL) is growing, especially in personal loans, auto loans, and housing loans, which indicates signs of trouble.

Mr. Payong Srivanich (The Thai Bankers Association)

- The household debt situation in Thailand is rooted in its economic foundations, where the informal economy constitutes 48% of the overall economy, and 53% of the labor force is engaged in informal labor. Additionally, out of a population of 68 million, only 11 million people file taxes, and just 4 million pay income tax to support the welfare of the entire population. Only 28% of small and medium-sized enterprises (SMEs) operate within the formal economy. Being part of the formal economy enables the ability to create formal debt.
- The Thai economy is driven by large conglomerates, which represent only 1% of companies but contribute 65% of GDP. In contrast, SMEs contribute 30% of GDP while employing 70% of the workforce, indicating a significant imbalance in value creation. As a result, research on household debt has found that approximately 13% of debt is informal, in addition to 90% of formal debt, leading to a total household debt that surpasses 100% of GDP.

Dr. Rak Vorrakitpokatorn (Bangkok Commercial Asset Management)

- Solving debt problems nowadays requires innovative approach. One of which is through Asset Management Companies (AMCs)
- Currently, there are around 1 trillion baht in non-performing loans (NPLs) and 1 trillion baht in special mention loans. With 86 asset management companies (AMCs) currently capable of resolving approximately 100 billion baht in NPLs each year, it will take 7 to 10 years to address the existing NPLs. Expanding the capacity of these 86 AMCs could help resolve NPLs more quickly.

Opportunities and solutions to household debt situation in Thailand

Dr. Roong Mallikamas (Bank of Thailand)

- Short-term measures: accommodative monetary policy which transmit into lending rate, reducing credit risk, transformation loan, and credit guarantees.
- Long-term solution: aiming for higher income, bringing people from informal sector to formal sector. Initiatives such as “Your Data” project and “Virtual Banking” licensing have been implemented to tap into the underserved market, in hoping to bring more people into formal sector.

Dr. Luxmon Attapich (NCB)

- NCB can provide facts and figures to stakeholders in the ecosystem such as lenders and policy maker.
- Under the current circumstances, redefined risk management and financial health strategies may be needed. Shift the focus from preventing non-performing loans (NPLs) to identifying potential opportunities and providing support to improve the financial health of individuals in society.
- In the longer term, NCB can provide early warning alerts for financial institutions and consumers on abnormal patterns such as fraud. Additionally, NCB data can help manage risk and support financial inclusion.

Mr. Payong Srivanich (The Thai Bankers Association)

- Banks can help reallocate resources to where they are needed, ensuring that economic value is created throughout the process.
- 5 key principles of banking:
 - Inclusive: clear objective whether for welfare, empathy, profitability approach.
 - Fairness: risk-based pricing, ensure moral hazard will not be created.
 - Level playing field: no regulatory arbitrage between financial service providers.
 - Open competition: fair access to data by all players.
 - Healthy borrowing: provide information to encourage better financial discipline.
- Transition from debt relief such as “You Fight We Help” to structural reform
 - Targeted welfare uplift & full formal inclusion

- Enhance national data for better decisions & less distortion. Implementation of “Negative Income Tax” will lead to a more comprehensive financial data for the population.
- Boost competitiveness & household income.

Dr. Rak Vorrakitpokatorn (Bangkok Commercial Asset Management)

- Firstly, government should consider expanding the capacity of the AMCs by issuing soft loan to AMCs, relaxation of Regulations for reperforming loans, and allowing JV partnership of AMCs.
- Secondly, government should consider establishing National AMCs, whether in the form of existing AMC, newly-established AMC, or multi-bank AMCs.