

# Rural Finance Governance in Thailand

Laos Country Investment Round Table



Bank for Agriculture and  
Agricultural Cooperatives (BAAC)

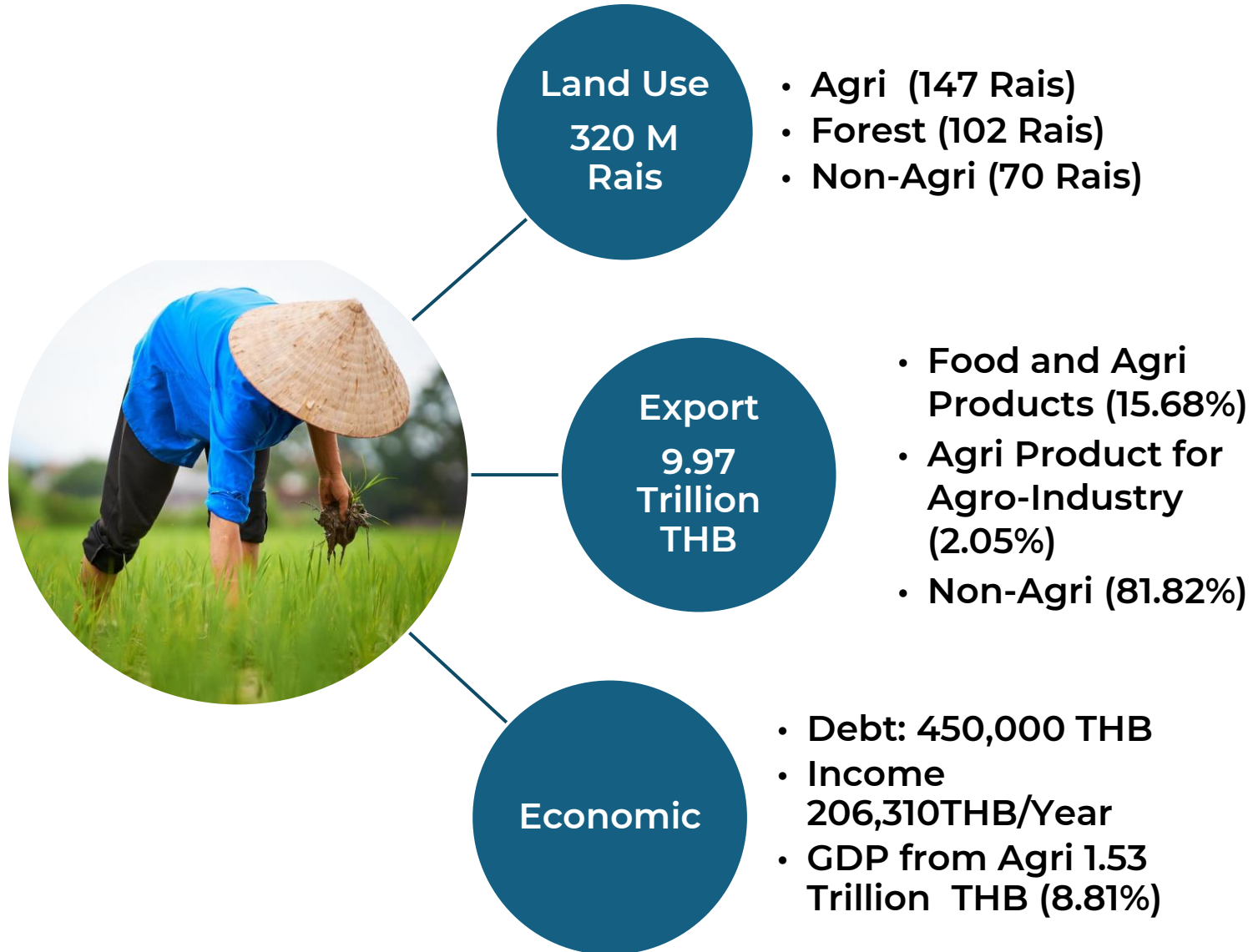
ธนาคารเพื่อการเกษตรและสหกรณ์การเกษตร (ธ.ก.ส.)

Wichai Paksa

Bank for Agriculture and Agricultural Cooperatives, Thailand

4 December 2024, Vientiane, Lao PDR

# Rural and Agricultural Situation in Thailand



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## The debt problems of Thai farmer households



are characterized by the following important characteristics:



**High debt**

“High debt” because currently, more than 90% of Thai farmers are in debt, with an average value of up to 450,000 baht per household, which is higher than the average for other population groups in the country.



**Many debt**

“Many Debts” Thai farmers have debts from various financial institutions, both those in the system such as the Bank for Agriculture and Agricultural Cooperatives (BAAC), leasing, agricultural cooperatives, various community financial institutions such as village funds, as well as informal sources of loans such as community shops or borrowing from acquaintances.



**Increasing debt**

“Debt keeps increasing until it exceeds its potential. It is difficult to close it.” If we look back in the long term, we will find that the debt of farmer households has increased every year, both from the original debt that cannot be paid off and from new debt that is borrowed to grow and do agriculture. If we compare the debt burden with income or assets, we will see that almost half of the households have debt that is higher than their potential to pay.

# Rural and Agricultural Situation in Thailand

## 3 root causes of problems that lead farmers to “fall into debt traps”



### 1 Economic and financial problems of farmer households

- Low income due to structural problems in the agricultural sector.
- Inconsistent income, depending on the growing season.



### 2 The ineffective grassroots financial system

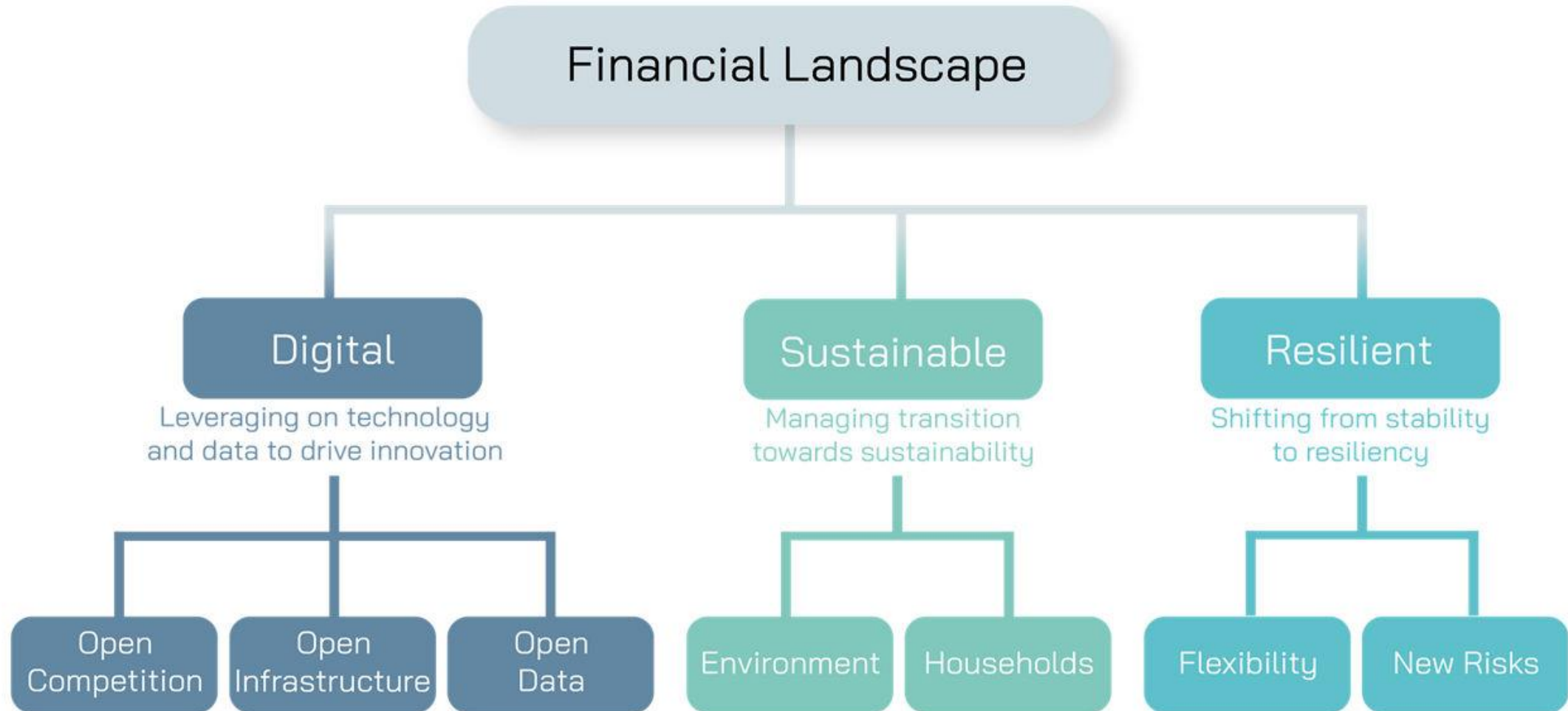
- The lack of a central database, makes financial institutions unable to see the total debt burden with other financial institutions
- Lack incentive mechanisms to repay debts
- Lack of “tools” that help build discipline in debtors in repaying debts according to the changing context of income



### 3 Government assistance policies

- Most government assistance policies focus on short-term problem relief.
- Lack of investment to enhance potential and competitiveness capability in agricultural sector

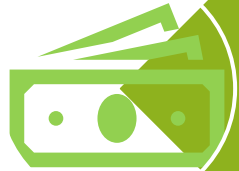
# Financial Landscape in Thailand



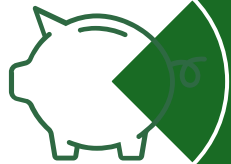
# Roles of BAAC to Rural Finance in Thailand



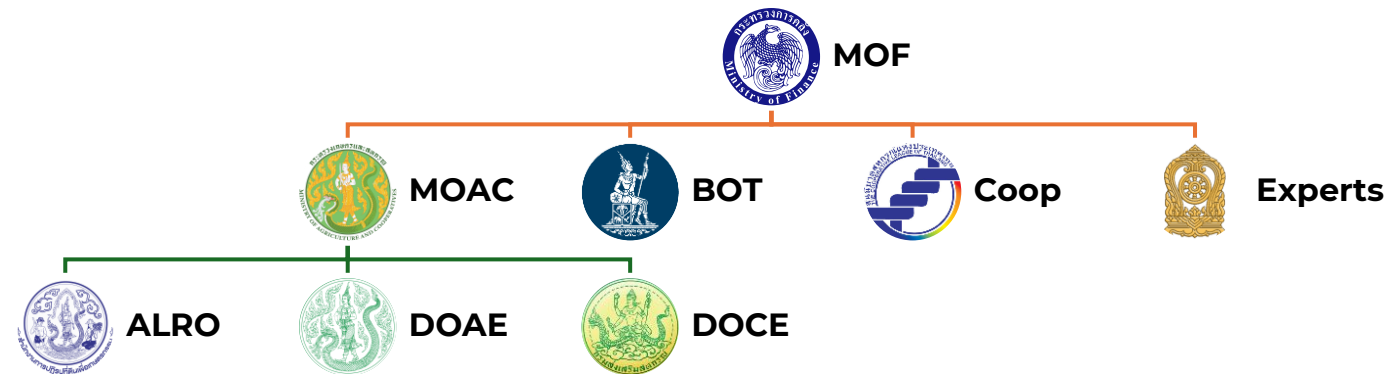
Loan Clients: 6.7  
Million Farm HHs.



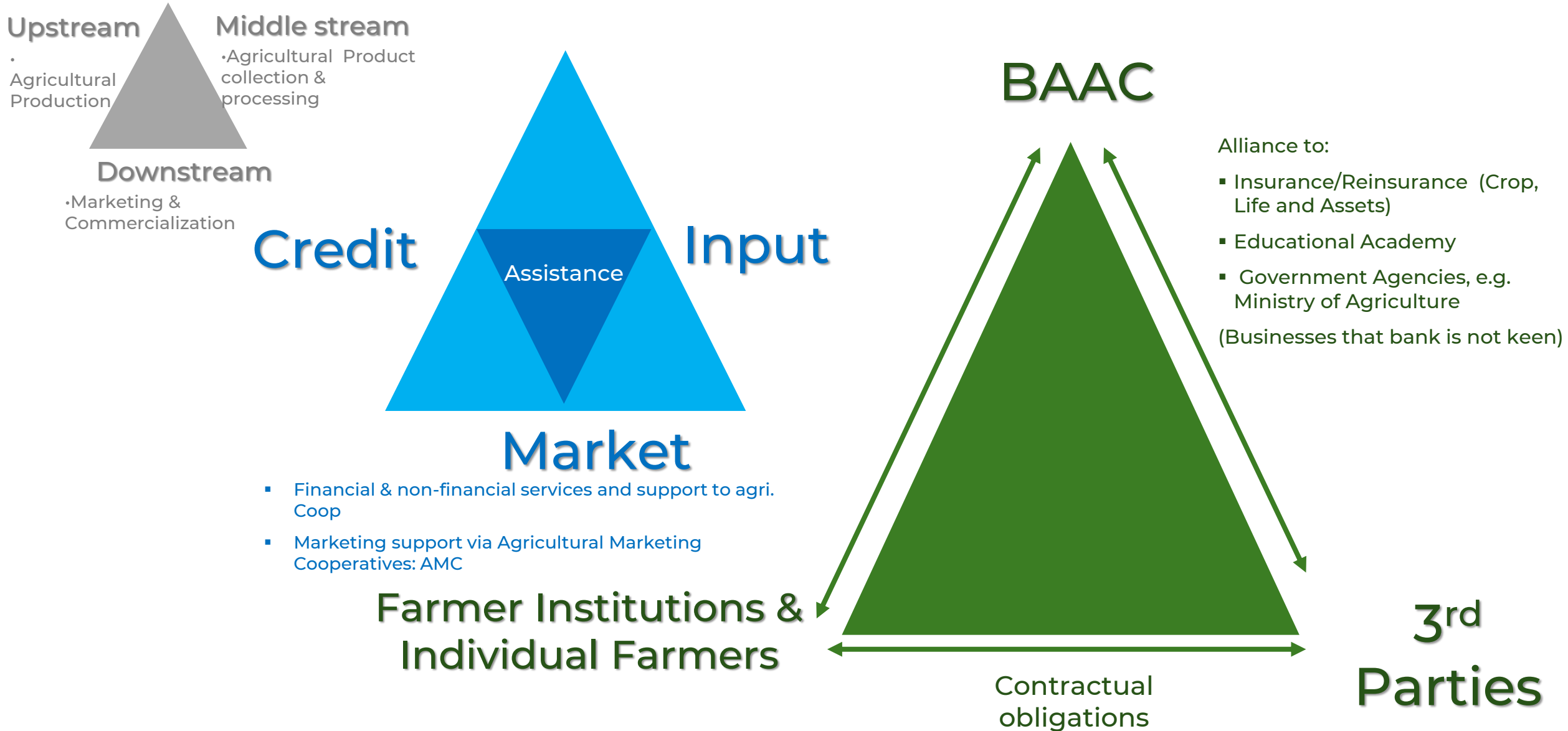
Loans 45.72 Bn  
USD



Deposit : 51.12 Bn  
USD



# BAAC's Agriculture Value Chain Finance



# The Role of SMAEs in Reshaping Agricultural Sector



# Challenges in Rural Finance Governance



**Infrastructure:** Limited access to banking services.



**Financial Literacy:** Low awareness and education on financial management in rural areas.



**Sustainability:** Difficulty in maintaining long-term financial programs.

# Sustainability Green lending and BCG loans



The graphic features the BCG Model logo at the top, with three circular icons labeled B, C, and G. Below these is a 3D illustration of a sustainable farm with solar panels, wind turbines, and a recycling bin. At the bottom, there are four bullet points in Thai describing the model's goals and a call to action.

สินเชื่อภายใต้  
**BCG Model**

**B** สินเชื่อเพื่อเศรษฐกิจชีวภาพ (Bio Economy Credit)

**C** สินเชื่อเพื่อเศรษฐกิจหมุนเวียน (Circular Economy Credit)

**G** สินเชื่อสีเขียว (Green Credit)

GREEN ECONOMY

วงเงินสินเชื่อรวม 35,000 ล้านบาท

- การใช้เทคโนโลยีชีวภาพเพื่อสร้างมูลค่าเพิ่ม
- การผลิตเกษตรอินทรีย์หรืออาหารปลอดภัย (Food Safety) การใช้พลังงานทางเลือก พลังงานทดแทน หรือพลังงานสะอาด
- ลดปริมาณของเสีย (Zero Waste) ใช้ทรัพยากรให้เกิดประโยชน์สูงสุด และนำวัสดุกลับมาใช้ซ้ำ (Reuse) หรือกลับมาใช้ใหม่ (Recycle)
- ส่งเสริมการอนุรักษ์ทรัพยากรธรรมชาติ: สิ่งแวดล้อม รวมถึงส่งเสริมศิลปวัฒนธรรม หรือวิถีชุมชน

ระยะเวลาโครงการ ตั้งแต่วันที่ ถึง 31 มีนาคม 2571

เงื่อนไขเป็นไปตามที่ธนาคารกำหนด  
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ธนาคารเพื่อการเกษตรและสหกรณ์การเกษตร  
BANK FOR AGRICULTURE AND AGRICULTURAL COOPERATIVES

0 2555 0555  
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- Supports the national strategy towards sustainable development via reducing greenhouse gas emissions towards carbon neutrality in 2050
- Creating competitiveness and developing the grassroots economy under the BCG model
- Expanding the current customer base or business group