

Emerging Opportunities in Thailand's Cards and Payments Industry

**Market Size, Trends and Drivers,
Strategies, Products and Competitive
Landscape**

Report Code: VR0904MR

Published Date: March 2013

Sample Page

TABLE OF CONTENTS

1	Executive Summary	8
2	Market Attractiveness and Future Prospects of Cards and Payments Industry	9
3	Analysis of Thailand Cards and Payments Industry Drivers	11
3.1	Infrastructure Drivers	12
3.1.1	True Money mobile payment solutions.....	12
3.1.2	M-Pesa	12
3.1.3	Smart Purse.....	12
3.1.4	EMV Cards	12
3.1.5	NFC and contactless payments.....	12
3.1.6	Growing number of ATMs.....	13
3.1.7	Growing number of POSs.....	14
3.2	Business Drivers.....	15
3.2.1	Retail sector.....	15
3.2.2	Growth in E-commerce.....	15
3.2.3	Growing mobile commerce.....	16
3.2.4	Outbound business and leisure travel and tourism	17
3.3	Other Growth Drivers.....	18
3.3.1	GDP growth	18
3.3.2	Inflation rate	19
3.3.3	Consumer Confidence Index.....	20
3.4	Card Fraud Statistics	21
3.5	Regulatory Framework	22
3.5.1	Regulation on credit cards	22
3.5.2	Regulations in credit card for foreigners.....	22
3.5.3	Policy responses relating to internet and mobile payments	22
3.5.4	Restructuring of payment systems fees and charges	23
4	Emerging Consumer Attitudes and Trends	24
4.1	Market Segmentation and Targeting	24
4.2	Retail Segment	25
4.2.1	Targeting high net worth individuals (HNWIs)	25
4.2.2	Cards targeted at outbound leisure tourists	26
4.2.3	Cards targeted towards niche segments	27
4.3	Corporate Segment	27
4.3.1	Businesses and departments	27
4.4	Consumer Preference	28
4.4.1	Price.....	28
4.4.2	Services	28
4.4.3	Convenience.....	29
4.5	Online Buying Behaviour	30
4.6	Preferred Payments Methods.....	31
5	Competitive Landscape and Industry Dynamics	32
5.1	Market Share Analysis by Payment Channels	32

5.1.1	Overview of payment channels	32
5.1.2	Credit transfers	34
5.1.3	Direct debit.....	35
5.1.4	Cards payments.....	36
5.1.5	Check payments.....	37
5.2	Debit Cards.....	38
5.2.1	By bank.....	38
5.2.2	By scheme	39
5.3	Credit Cards.....	40
5.3.1	By bank.....	40
5.3.2	By scheme	41
5.4	Charge Cards	42
6	Strategies Adopted by Key Operators	43
6.1	Market Entry Strategies	43
6.2	Marketing / Product Strategy	44
6.2.1	Credit cards	45
6.2.2	Debit cards.....	48
6.2.3	Prepaid cards.....	48
6.3	Pricing Strategies.....	49
6.3.1	Comparison between the credit cards pricing strategy of Bangkok Bank and Krungsri Bank	49
6.3.2	Comparison between the pricing strategy of Bangkok Bank and Krungsri Bank	49
7	Market Size and Growth Potential of the Payment Card Industry	50
7.1	Market Share Analysis by Type of Card.....	50
7.2	Total Market Size and Forecast of the Card Industry	52
7.2.1	Analysis by number of cards	52
7.2.2	Analysis by transaction value	53
7.2.3	Analysis by transaction volume	54
7.3	Debit Cards Category Size and Forecast.....	55
7.3.1	Analysis by number of cards	55
7.3.2	Analysis by transaction value	56
7.3.3	Analysis by transaction volume	57
7.3.4	Other key performance indicators	58
7.4	Prepaid Card Category Size and Forecast.....	60
7.4.1	Analysis by segments – open and closed-loop cards	61
7.4.2	Analysis by transaction value	63
7.5	Charge Card Category Size and Forecast	64
7.5.1	Analysis by number of cards	64
7.5.2	Analysis by transaction value	65
7.5.3	Analysis by transaction volume	66
7.5.4	Frequency of use	67
7.6	Credit Card Category Size and Forecast	68
7.6.1	Analysis by number of cards	68
7.6.2	Analysis by transaction value	69

7.6.3	Analysis by transaction volume	70
7.6.4	Other key performance indicators	71
8	Company Profiles, Product, and Marketing Strategies	73
8.1	Bangkok Bank.....	73
8.1.1	Strategies.....	73
8.1.2	Bangkok Bank key financials.....	74
8.2	Krungthai Bank	75
8.2.1	Strategies.....	75
8.2.2	Krungthai Bank key financials	76
8.3	Krungsri Bank	77
8.3.1	Strategies.....	77
8.3.2	Krungsri Bank key financials	78
9	Appendix	79
9.1	Methodology	79
9.2	Contact Us	80
9.3	About Timetric.....	80
9.3.1	Timetric's approach	80
9.4	Services	81
9.5	Disclaimer	82
9.5.1	Our approach.....	83
9.6	Services	83
9.7	Disclaimer	84

Sample Page

LIST OF FIGURES

Figure 1: Growth of Payment Cards, Review Period (2008–2012) and Forecast Period (2013–2017) in Thailand.....	9
Figure 2: Growth Potential of Thailand Cards and Payments Industry by Area of Use	10
Figure 3: Thailand Cards and Payments Industry Drivers	11
Figure 4: Number of ATMs in Thailand(Thousands), 2008–2017	13
Figure 5: Number of POS Terminals in Thailand (Thousands), 2008–2017	14
Figure 6: Retail Sales Index in Thailand (%), 2011–2012.....	15
Figure 7: Proportion of Mobile Purchases made through Smartphones in Thailand (%), 2011	16
Figure 8: Outbound Expenditure on Travel and Tourism (THB Billion), 2008–2012.....	17
Figure 9: GDP Growth Rate (%), 2008–2017	18
Figure 10: Thailand Inflation (%), 2008–2017	19
Figure 11: Consumer Confidence Index, 2011–2013	20
Figure 12: Thailand Card Fraud Statistics (THB Million), 2008–2012	21
Figure 13: Restructuring of Fees and Charges by the Thai Banker's Association and the Central Bank	23
Figure 14: Thai Cards and Payments Industry Segmentation by Card Type	24
Figure 15: Total HNWIs Population, 2012.....	25
Figure 16: Cards for Premium Customers in Thailand.....	26
Figure 17: Travel and Tourism Cards in Thailand	26
Figure 18: Corporate Cards Offered in Thailand	27
Figure 19: Consumer Preferences According to Type of Card	28
Figure 20: Type of Goods or Services Purchased Online, 2010	30
Figure 21: Expenditure on Goods and Services Purchased Online, Per Individual, 2010	30
Figure 22: Share of Different Online Payment Options in Thailand (%), 2010	31
Figure 23: Shares of Payment Channels in Thailand (%), 2012	33
Figure 24: Thai Credit Transfers (THB Million), 2008–2012	34
Figure 25: Thai Direct Debits (THB Million), 2008–2012	35
Figure 26: Thai Cards Payments (THB Million), 2008–2012.....	36
Figure 27: Thai Check Payments (THB Million), 2008–2012	37
Figure 28: Thai Debit Cards by Issuing Banks (%), 2011	38
Figure 29: Thai Debit Card Category Share by Scheme (%), 2011	39
Figure 30: Thai Credit Card Category Shares by Bank (%), 2011.....	40
Figure 31: Thai Credit Card Category Shares by Scheme (%), 2011	41
Figure 32: Thai Charge Card Category Shares by Scheme (%), 2011	42
Figure 33: Market Entry Strategies of Foreign Banks in Thailand, 2012	43
Figure 34: Thailand Marketing Strategies Based on Card Type	44
Figure 35: Benefits Offered by Krungsri Bank	45
Figure 36: Type of Business Credit Cards Offered by Banks in Thailand	47
Figure 37: Credit Card Pricing Strategies of Various Service Providers	49
Figure 38: Debit Card Pricing Strategies of Various Service Providers.....	49
Figure 39: Thai Cards Industry by Type of Card (%), 2008–2017.....	51
Figure 40: Thai Cards Industry Size by Volume (Thousands), 2008–2017	52
Figure 41: Thai Cards Industry Size by Transaction Value (THB Million), 2008–2017	53
Figure 42: Thai Cards Industry Size by Transaction Volume (Million), 2008–2017	54
Figure 43: Thai Debit Card Category Size (Thousands), 2008–2017	55
Figure 44: Thai Debit Card Category Size (THB Million), 2008–2017	56
Figure 45: Thai Debit Card Category Size by Transaction Volume (Million), 2008–2017	57
Figure 46: Thai Card Category Size by Frequency of Use (Annual Transactions Per Card), 2008–2017	58
Figure 47: Debit Card Use at ATMs and POS Terminals (Thousands), 2008–2017	59
Figure 48: Thai Prepaid Card Category Size (Thousands), 2008–2017	60
Figure 49: Thai Open-Loop Prepaid Cards Category Size (Thousands), 2008–2017	61
Figure 50: Thai Closed-Loop Prepaid Cards Category Size (Thousands), 2008–2017	62
Figure 51: Thai Prepaid Cards Category Size (THB Million), 2008–2017	63
Figure 52: Thai Charge Card Category Size (Thousands), 2008–2017	64
Figure 53: Thai Charge Card Category Size (THB Million), 2008–2017	65
Figure 54: Thai Charge Card Category Size by Transaction Volume (Million), 2008–2017.....	66
Figure 55: Thai Charge Card Category Size by Frequency of Use (Annual Transactions Per Card), 2008–2017	67
Figure 56: Thai Credit Card Category Size by Volume (Thousands), 2008–2017.....	68
Figure 57: Thai Credit Card Category Size by Transaction Value (THB Million), 2008–2017	69
Figure 58: Thai Credit Card Category Size by Transaction Volume (Million), 2008–2017	70
Figure 59: Thai Credit Card Category Size by Frequency of Use, 2008–2017	71
Figure 60: Thai Credit Card Category Size by Average Transaction Value (THB), 2008–2017	72
Figure 61: Cards Offered by Bangkok Bank.....	73
Figure 62: Cards Offered by Krungthai Bank	75
Figure 63: Cards Offered by Krungsri Bank	77

Figure 64: Benefits Offered by Krungsri Bank on Central Credit Card	78
---	----

Sample Page

LIST OF TABLES

Table 1: Thai Payment Channels (THB Million), 2008–2012	32
Table 2: Thai Cards Industry by Type of Card (Thousands), 2008–2017	50
Table 3: Thai Cards Industry Size by Volume (Thousands), 2008–2017	52
Table 4: Thai Cards Industry Size by Transaction Value (THB Million), 2008–2017	53
Table 5: Thai Cards Industry Size by Transaction Value (US\$ Million), 2008–2017	53
Table 6: Thai Cards Industry Size by Transaction Volume (Million), 2008–2017	54
Table 7: Thai Debit Card Category Size (Thousands), 2008–2017	55
Table 8: Thai Debit Card Category Size (THB Million), 2008–2017	56
Table 9: Thai Debit Card Category Size (US\$ Million), 2008–2017	56
Table 10: Thai Debit Card Category Size by Transaction Volume (Million), 2008–2017	57
Table 11: Thai Card Category Size by Frequency of Use (Annual Transactions Per Card), 2008–2017	58
Table 12: Thai Prepaid Card Category Size (Thousands), 2008–2017	60
Table 13: Thai Open-Loop Prepaid Cards Category Size (Thousands), 2008–2017	61
Table 14: Thai Closed-Loop Prepaid Cards Category Size (Thousands), 2008–2017	62
Table 15: Thai Prepaid Cards Category Size (THB Million), 2008–2017	63
Table 16: Thai Prepaid Cards Category Size (US\$ Million), 2008–2017	63
Table 17: Thai Charge Card Category Size (Thousands), 2008–2017	64
Table 18: Thai Charge Card Category Size (THB Million), 2008–2017	65
Table 19: Thai Charge Card Category Size (US\$ Million), 2008–2017	65
Table 20: Thai Charge Card Category Size by Transaction Volume (Million), 2008–2017	66
Table 21: Thai Charge Card Category Size by Frequency of Use (Annual Transactions Per Card), 2008–2017	67
Table 22: Thai Credit Card Category Size by Volume (Thousands), 2008–2017	68
Table 23: Thai Credit Card Category Size by Transaction Value (THB Million), 2008–2017	69
Table 24: Thai Credit Card Category Size by Transaction Value (US\$ Million), 2008–2017	69
Table 25: Thai Credit Card Category Size by Transaction Volume (Million), 2008–2017	70
Table 26: Thai Credit Card Category Size by Frequency of Use (Annual Transactions Per Card), 2008–2017	71
Table 27: Thai Credit Card Category Size by Average Transaction Value (THB), 2008–2017	72
Table 28: Thai Credit Card Category Size by Average Transaction Value (US\$), 2008–2017	72
Table 29: Bangkok Bank Key Financial Indicators, 2010–2011	74
Table 30: Krungthai Bank Key Financial Indicators, 2010–2011	76
Table 31: Krungsri Bank Key Financial Indicators, 2010–2011	78

1 Executive Summary

Thailand is an export-driven economy. Indeed, exports accounted for more than half of the nation's GDP in 2011. The increasingly diversified manufacturing sector is one of the largest contributors to growth, followed by the travel tourism sector which accounted for approximately X% of the country's GDP in 2011.

Thailand cards and payments industry fosters positive growth potential

The card industry as a whole grew at a CAGR of XX.XX% during the review period and is expected to post a CAGR of X.XX% over the forecast period. The growth was mainly driven by the prepaid card category, which recorded a CAGR of XX.XX%, followed by the debit cards category which grew at a CAGR of XX.XX%, and the charge and credit cards categories which grew at respective CAGRs of X.XX% and X.XX%. In volume terms, the industry grew at a CAGR of XX.XX% during the review period, from XX.X million cards in circulation in 2008 to XX.X million cards in 2012. In value terms, the industry grew at a CAGR of XX.XX% during the review period, from THB X.X trillion (US\$XXX.X trillion) in 2008 to THB X.X trillion (US\$XXX.X trillion) in 2012.

As customers become increasingly sophisticated, banks must differentiate their product offerings. Services such as internet banking are an attempt at this.

Infrastructural improvements have supported industry growth

The emergence of near-field communication (NFC) payment technology, EMV cards and digital wallets have enhanced the ways in which consumers transact. EMV cards were introduced in 2005 by Bangkok Bank and Kasikornbank. Kasikornbank issued XX,XXX EMV cards that year and installed over X,XXX EMV card-accepting terminals. EMV cards are produced by dz card, a domestic manufacturer with accreditation from MasterCard and Visa.

Similarly, Bangkok Bank launched its Visa pay wave trial in collaboration with Advanced Info Services (AIS), a mobile operator, in 2008, enabling customers to download a Visa pay wave app to their Nokia NFC phones to make payments of up to THB X,XXX at over X,XXX participating merchants.

Growth of mobile commerce to drive the industry

M-commerce has been enhanced by the increase in smartphone usage in Thailand. The capabilities of smartphone devices, an exponential rise in mobile device apps and declining prices have been instrumental in driving m-commerce. As of October 2012, there were XX million internet and XX million smartphone users in Thailand. Moreover, Google picked Thailand as the first country in Southeast Asia to launch its GoMo campaign in order to encourage businesses to capitalize on the proliferation of smartphone users.

Consumer preference plays a key role in purchasing decisions

Consumer preference in Thailand plays a key role in the decision making of customers, who consider pricing, service, and utility, speed of delivery, product selection and security as important. Banks and card issuers adopt various marketing strategies based on these paradigms.

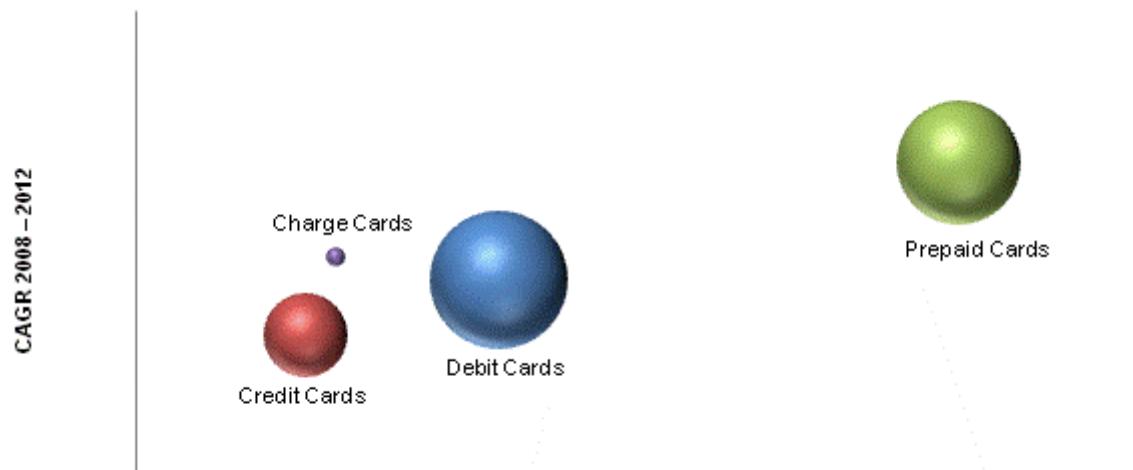
Card payments make it easier for customers and unbanked individuals to access funds and make payments. Krungthai Bank offers common flexibility features such access to POS terminals and ATMs, and enables the holder to pay utility bills.

2 Market Attractiveness and Future Prospects of Cards and Payments Industry

Thailand is an emerging economy. The government offers tax and non-tax benefits for investors via its Investment Promotion Act in order to establish manufacturing operations for domestic and international business.

The Thai cards and payments industry is expected to register a CAGR of X.XX% over the forecast period to reach XXX.X million cards by the end of 2017. Prepaid cards gained momentum during the review period and recorded a high adoption rate. Prepaid card volume grew from XX.X million cards in 2008 to XX.X million in 2012, at a CAGR of XX.XX% during the review period. Over the forecast period, the prepaid card category is expected to grow at a CAGR of X.XX% to reach XX.X million cards in 2017. Consequently, the industry offers growth opportunities for banks and non-banking card issuers, especially in the prepaid categories.

Figure 1: Growth of Payment Cards, Review Period (2008–2012) and Forecast Period (2013–2017) in Thailand



Source: Timetric analysis

© Timetric

In Thailand, mobile commerce, gifts, entertainment, online purchases and travel possess positive levels of growth potential which is expected to drive the prepaid cards category. The government has been moving towards the use of prepaid cards as a medium for distributing social benefits.

In terms of debit cards, retail sales, utility bill payments and entertainment are some of the key markets which present strong growth potential, while credit and charge cards have strong growth potential in terms of online and offline retail and entertainment. Travel cards present another key growth area, as more people are taking vacations and business trips. At a corporate level, charge cards may be used to meet the purchasing needs of firms as such cards have a fixed payment timeline.

Figure 2: Growth Potential of Thailand Cards and Payments Industry by Area of Use



Source: Timetric analysis

© Timetric

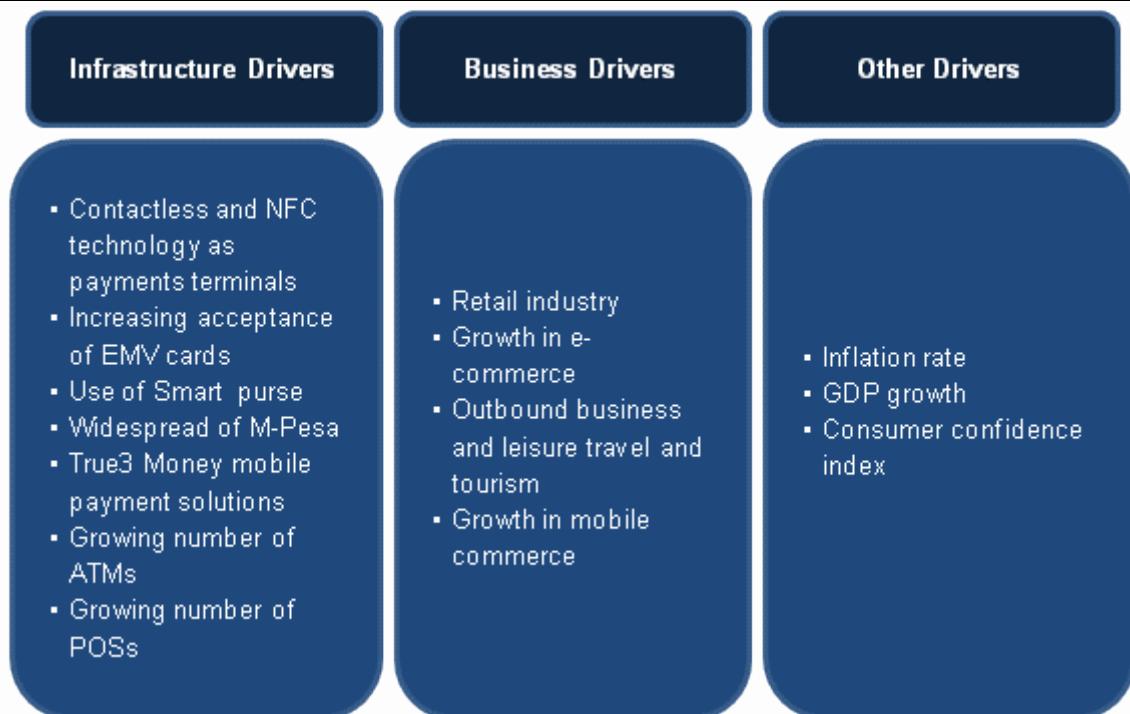
Sample

3 Analysis of Thailand Cards and Payments Industry Drivers

The Thai prepaid cards industry recorded growth during the review period. This not only resulted in an increase in the volume of cards issued, but also ushered in improvements in terms of process and functions. Cards issued by Thai banks are now accepted worldwide.

The industry is becoming highly competitive, with banks and card-issuing companies now forced to offer more attractive products in order to retain their market positions. The emergence of highly secure payment gateways increased public confidence in payment cards and had a positive impact on the industry's development. The rapid expansion of the nation's online retail and outbound travel industries also supported the industry.

Figure 3: Thailand Cards and Payments Industry Drivers



Source: Timetric analysis

© Timetric

3.1 Infrastructure Drivers

3.1.1 True Money mobile payment solutions

Launched in 2005, True Money is a mobile payment services and was used by over X million customers in 2010. The system processed over THBXX.X billion (US\$XXX million) electronic payments and XXX million transactions annually. Mobile payment solutions offer customers the opportunity to recharge, pay, transfer and withdraw funds through an e-wallet which can be loaded with cash and used at a network of X,XXX bill payment agencies known as True Money Express (TMX). The service enables customers to purchase airtime, pay for True Group services, pay bills and transfer money.

3.1.2 M-Pesa

Safaricom, in partnership with Vodafone, offers the M-Pesa money transfer and micro financing service for mobile phones in Thailand. The service offered annual person-to-person (P2P) transfers of THBXXX.X billion (US\$X.X billion) in 2010 and has over X.X million customers. With over XX,XXX M-Pesa agents customers can instantly load their e-wallet electronically in most locations.

3.1.3 Smart Purse

Thai Smart Card Company Limited launched Smart Purse in 2005 in collaboration with Bank of Ayudhya, Krung Thai Bank, The Government Savings Bank, Siam City Bank, True Corporation, Loxley and SVOA to offer 8,000 payment terminals. The firm distributed over X.X million Smart Purse cards in the year of launch.

3.1.4 EMV Cards

EMV chip cards were rolled out by Bangkok Bank and Kasikornbank in 2005 in Thailand. Kasikornbank issued XX,XXX EMV cards in the same year. The bank also installed over X,XXX EMV card-accepting terminals. EMV cards are produced by dz card, a domestic manufacturer with accreditation from MasterCard and Visa.

3.1.5 NFC and contactless payments

Contactless payments use radio frequency identification technology (RFID) to enable mobile subscribers to make payments simply by waving their mobile phone or a smart card directly in front of an NFC-enabled terminal. In 2008, Bangkok Bank launched a Visa pay wave trial, in collaboration with Advanced Info Services (AIS), enabling customers to download a Visa pay wave app to in their Nokias to make payments of up to THBXXX.

Similarly, SAI Biz Solutions developed an NFC-based ordering system in 2012. The technology has been installed at Big Mama Pizzeria in Bangkok enabling customers to make orders by tapping the NFC-enabled phone at the menu card, saving time and overcoming language barriers.

3.2 Regulatory Framework

Regulatory reforms in Thailand are implemented by the Central Bank of Thailand. Besides its role to maintain monetary and financial institution stability, the bank is also responsible for maintaining the stability of payment systems. The Payment System Committee (PSC) of Thailand envisaged the Payment Systems Roadmap 2012–2016 implemented on November 4th 2011, with the aim of establishing payment systems that are efficient, safe and comply with international standards.

3.2.1 Regulation on credit cards

In order to protect consumers in Thailand, the Central Bank issued the guidelines effective from 2002, on lending products, credit cards and personal loans. Cardholders are able to repay their debt obligations in installments where each payment must be a minimum of X% of the remaining outstanding balance.

3.2.2 Regulations in credit card for foreigners

Banks in Thailand issue credit cards to foreign nationals on terms and policies based on income, employment duration, work permit and bank statements.

- **Income:** Banks have a minimum income requirement when offering credit cards to foreigners. To be eligible for a credit card the requirement is THBXX,XXX. Foreign citizens are therefore asked to submit income proof in the form of a pay slip or a tax letter.
- **Job tenure:** Foreign citizens are required to have worked at the same company for a year before applying for a credit card.
- **Work permit:** Foreign citizens are required to have a work permit and a valid passport before applying for a credit card. The work permit should be valid for six months from the date on the application form.
- **Bank statements:** Banks in Thailand allows foreign nationals to apply for credit cards on account of having a solid financial and employment background.

3.2.3 Policy responses relating to internet and mobile payments

The Central Bank refers to BIS Standards for security control and risk management in e-banking operations. In this regard, commercial banks comply with the Internet Banking Technology Risk Management Guidelines. Moreover, commercial banks submit details of procedures, duration, security measures for systems and data, risk management, system technology development and internal control for the Bank of Thailand's consideration prior to launching products. In this regard, Bank of Thailand allows only commercial banks to provide internet and mobile payment schemes, for which the issuers have to carry a banking license.

4 Emerging Consumer Attitudes and Trends

Consumer attitudes and preferences play a key role in the success of a product in any industry. Organizations need to be aware of their target markets and age groups, income levels and locality.

4.1 Market Segmentation and Targeting

The Thai cards and payments industry grew during the review period, at a CAGR of XX.XX%, from XX.X million cards in 2008 to XX.X million in 2012. Large domestic and foreign banks are making a concerted effort to segment the industry and target the most profitable segments.

4.1.1 Cards targeted at outbound leisure tourists

Thailand's travel and tourism sector grew during the review period. Expenditure incurred on domestic and outbound tourists increased from THBXXX.X billion in 2009 to THBXXX.X billion in 2012. Since Thailand is considered to be one of the most traveled to destinations in the world demand for travel cards is anticipated to increase.

4.1.2 Cards targeted towards niche segments

Various service providers in Thailand target females with credit and debit cards which cater to their lifestyle choices and spending patterns. The Krungsri Lady Titanium MasterCard is one such example. Provided by Krungsri Bank the card offers a X% discount on gasoline at participating filling stations. Travel accident insurance of up to THBX million is also provided.

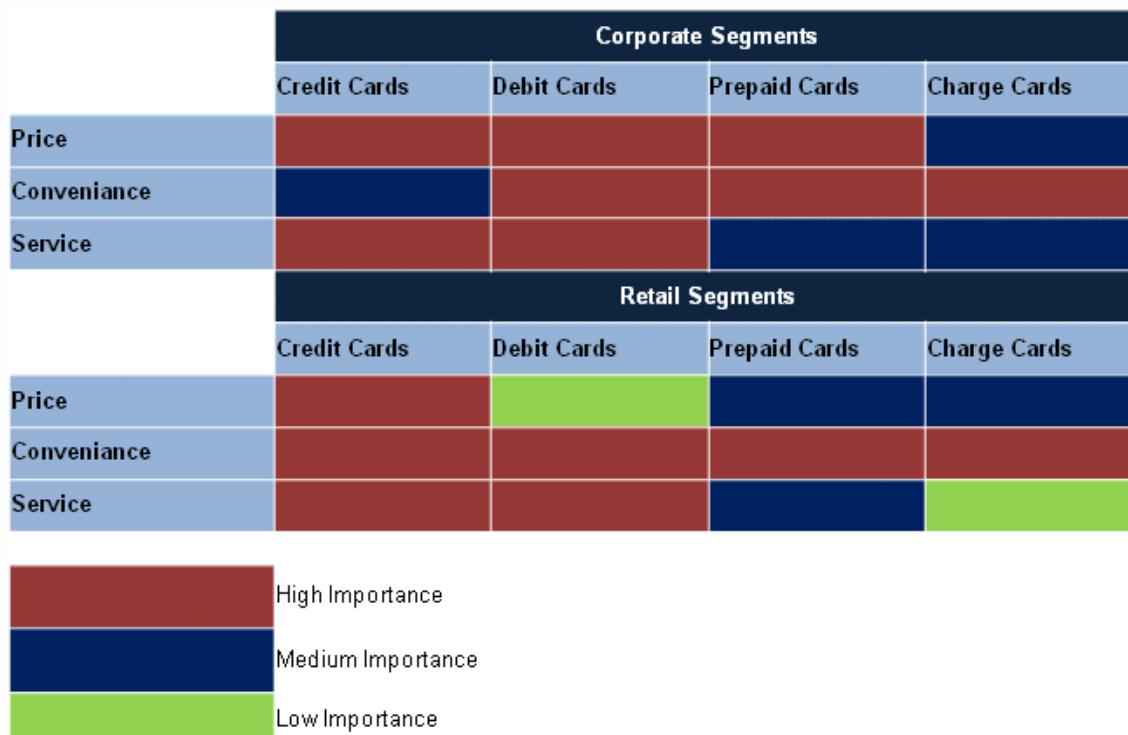
4.2 Corporate Segment

Banks and card service providers classify the corporate segment by need, type and specific service requirements. Banks are adopting marketing strategies and providing specialized promotional offers based on the type and size.

4.3 Consumer Preference

Consumer preference is based on price, service, and ease of use, convenience, speed of delivery, product selection and security. In order to cater to a large customer segment, banks and card issuers adopt various marketing strategies. The data below depicts the importance of price and services over convenience for both retail and corporate users:

Figure 4: Consumer Preferences According to Type of Card



Source: Timetric analysis

© Timetric

4.3.1 Price

Price and charges associated with cards play a role in the purchasing decisions of both retail and corporate customers. Larger corporations using card-enabled payroll distribution can negotiate with card issuers for discounts. Businesses also use credit and charge cards for corporate purchases and other transactions, and banks offer low interest rates, rewards and discount benefits to attract business. Price is of medium importance. Visa charges cardholders X% whereas MasterCard charges 5% for American Express.

4.3.2 Services

The Thai cards and payments industry underwent changes in terms of product and service offerings during the review period, mainly due to increased competitive pressure from leading domestic banks. The rapid development of the industry has encouraged leading global banks to expand their businesses.

Some of the most common benefits offered by Krungsri Bank, Krunthai Bank and Bangkok Bank include discounts, reward programs and insurance services.

5 Strategies Adopted by Key Operators

The Thai cards and payments industry is highly fragmented with the four-leading banks holding only XX.X% of the debit card category. The industry registered a CAGR of XX.XX% during the review period and is expected to grow at a CAGR of X.XX% over the forecast period. Increasing per capita income, employment and growth in online and mobile commerce provide positive prospects for the industry.

State-owned, private, commercial and foreign banks are adopting marketing and growth strategies to stay ahead of the competition and enlarge their customer base. This section discusses the marketing strategies adopted by commercial banks alongside their pricing and operational strategies.

5.1 Market Entry Strategies

Banking operations are governed by the Central Bank which commenced its operations in 1942. The Thai banking sector can be divided into three main categories:

- Commercial banks
- Special purposes banks
- The Government Savings Bank

Commercial banking in Thailand commenced with the establishment of Hong Kong and Shanghai Banking Corporation's foreign branch in 1888. In order to increase the presence of domestic banks, The Central Bank of Thailand restricted the opening of any foreign branches between 1978–1996 resulting in a reduction in foreign ownership. As of 2011, foreign participation has been capped at XX% and the Financial Institution Business Act relaxed these restrictions and allowed foreign shareholders to hold up to XX% of a financial institutions shares. Thailand's banking industry consisted of XX registered foreign bank branches and one foreign bank subsidiary in 2011. Of these, five are European banks, three are US banks and three are Japanese. With effect from December 15th 2011, these branches were allowed to form a subsidiary that was permitted to open up to XX branches and have 20 ATM machines. The existing subsidiary will have the same rights.

5.2 Marketing / Product Strategy

This section details the marketing strategies adopted by banks in order to increase their customer base. Most banks have established strategies such as providing discounts, rewards and elite privileges to customers and are targeting frequent fliers. Domestic and foreign banks also provide cards that cover the basic and preferential needs of customers.

With innovative and customer-friendly websites, banks are able to provide an informative experience for customers. The cards covered under this section include credit cards, debit cards and charge cards.

6 Company Profiles, Product, and Marketing Strategies

6.1 Bangkok Bank

Established in 1944, Bangkok Bank is one of the largest commercial banks and comprises a customer base which is one of the largest in Thailand. The bank's business division consists of commercial banking services including arranging syndicated loans, debt securities underwriting, trade finance and project finance. The business line also includes custodial services, SMEs and merchant services.

With an asset base of THBXX.X trillion in the financial year ending 2011 (FY2011), the bank comprised XX million accounts, over XXX business centers and a network of X,XXX branches in Thailand. The bank operates a self-service network consisting of X,XXX ATMs and cash deposit machines, phone and internet banking service. The bank also has the largest overseas branch network of any Thai bank with a market presence in China, Beijing, Shanghai, Xiamen and Shenzhen.

Travel benefits

With the Visa Platinum Travel Credit Card, Bangkok Bank offers holiday benefits to their cardholders. The card provides cardholders with roadside and medical assistance, and concierge services. Additionally, complimentary travel insurance of up to THBXX,XXX,XXX (US\$XXX,XXX) is offered. The bank also has a reward program, where on every THBXX spent, the cardholder earns a point, which when saved up, can be redeemed for gifts.

Strategic alliance with Toyota

Bangkok Bank has partnered with Toyota, a multinational automaker to offer co-branded cards for car owners to avail benefits at Toyota service centres. The Visa Platinum Toyota Credit Card allows discounts of up to XX% on spare parts and XX% cash back on purchases made with the card. The card also enables X Bualuang Thank You Reward point for every THBXX spent. Other benefits include complimentary travel insurance of up to US\$XXX,XXX, roadside assistance, discounts and offers at participating restaurants, hotels, resorts, golf courses and spas.

Targeting patients with hospital credit cards

Bangkok Bank offers hospital credit cards. Health benefits and privileges such as XX hour emergency assistance, consultancy services and emergency ambulance transfers are the card's primary benefits. The Titanium Ramathibodi Hospital Card offers cash back of up to X% on transactions. Moreover, the bank also donates X.X% of the amount spent with the card to the hospital.

Similarly, the bank's Titanium Piyavate Hospital Card enables cardholders to benefit from cashback offers of up to X% on every THBXXX,XXX spent. The cardholder receives discounts of XX% on medical services.

6.2 Krungthai Bank

Krungthai Bank was established in 1966, following the merger of two government-owned banks: Kaset Bank and Monton Bank. The bank operates retail, corporate and government services. Its retail business is driven by financial products such as deposits, loans and payment platforms. The Business Centre Group offers services such as loans with a total credit line of over THBXX-XXX million.

With a total asset base of THBX.X trillion in 2011, the bank operated through a branch network of X,XXX in Thailand. In 2011, the bank established XX new branches and XX foreign exchange booths.

Co-branded travel cards

Krungthai Bank entered into a strategic alliance with Bangkok Airways to offer co-branded cards for travelers. The card enables a discount of up to XX% when shopping during traveling and a discount of X% for tour packages. The card also permits an extra XXkg baggage allowance on flights.

Bangkok Hospital Group Titanium MasterCard

Krungthai Bank offers the Bangkok Hospital Group Titanium MasterCard. The card offers discounts of up to X% on room charges, medicines and dentistry services, a discount of THBXXX on ambulance service and a XX% discount on helicopter services in the case of medical emergencies.

Targeting Thai HNWIs with Visa Platinum Card

Krungthai Bank offers the Visa Platinum Card with complimentary insurance coverage of up to THBX million and up to THBXX,XXX for the loss and damage of luggage on international flights. Discounts of up to X% on domestic airfares and X% on domestic destinations are offered. Similarly, MasterCard Gold offers a maximum credit line of up to five times the cardholder's income and complimentary travel insurance of up to THBX million.

6.3 Krungsri Bank

Established in 1945, Krungsri Bank is one of the largest commercial banks in Thailand. In 2012, the bank's board of directors approved the acquisition of HSBC Thailand retail banking business including credit cards, personal loans, mortgages and deposits. The bank's business line includes retail banking, deposits, investment products, loan and card products and bancassurance. Its corporate line includes relationship management, investment and transaction banking, fund management and brokerage services.

With an asset base of THBXX.X trillion in June 2012, the bank has XX,XXX staff and a network base of over XXX domestic branches and four overseas branches. The bank has X,XXX ATMs, XX exchange booths, XX banking zones and XX business centres in Thailand.

Attractive promotional offers and discounts for credit and debit cards

Additional benefits and promotional offers motivate cardholders to use cards more regularly. Krungsri Bank offers multiple offers and discounts on various credit and debit cards. For example, the Krungsri Exclusive Visa Platinum offers a X% gasoline discount when used at participating Bangchak gasoline stations. The card also enables free access to Royal First Lounges at Suvarnabhumi Airport, Thailand.

Targeting female users

Bank offers an extensive range of credit cards for female customers in Thailand. Through the Krungsri Lady Titanium MasterCard, the bank offers a X% discount on gasoline at participating Bangchak gasoline stations. Accident insurance of up to THBXX.X million is also offered, alongside coverage for lost baggage.

Targeting niche segments

The Bank offers the Visa Doctor Card targeting Thai doctors. Card benefits include discounts of up to X% on gasoline at participating Bangchak gasoline stations, free access to VIP Lounges at Suvarnabhumi Airport twice a year. Roadside assistance is provided free of charge alongside travel insurance of up to THBXX million for foreign trips. Interest free credit of up to XX days and a cash advance of up to XXX% on the credit line is an added benefit.

7 Appendix

7.1 Methodology

All Timetric cards and payments reports are created by following a comprehensive, four-stage methodology. This includes market study, research, analysis and quality control.

1) Market Study

A. Standardization

- Definitions are specified using recognized industry classifications. The same definition is used for every country.
- Annual average currency exchange rates are used for the latest completed year. These are then applied across both the Review and forecast data to remove exchange rate fluctuations.

B. Internal audit

- Review of in-house databases to gather existing data:
 - Historic market databases and reports
 - Company database

C. Trend monitoring

- Review of the latest cards and payments companies and industry trends

2) Research

A. Sources

- Collection of the latest market-specific data from a wide variety of industry sources:
 - Government statistics
 - Industry associations
 - Company filings
 - International organizations
 - Cards and payments regulatory agencies

B. Expert opinion

- Collation of opinion taken from leading cards and payments industry experts
- Analysis of third-party opinion and forecasts:
 - Broker reports
 - Media
 - Official government sources

C. Data consolidation and verification

- Consolidation of data and opinion to create Review datasets
- Creation of models to benchmark data across sectors and regions

3) Analysis

A. Market forecasts

- Feeding forecast data into market models:
 - Macroeconomic indicators
 - Industry-specific drivers
- Analysis of cards and payments industry database to identify trends:
 - Latest cards and payments trends
 - Key drivers of the cards and payments industry

B. Report writing

- Analysis of market data
- Discussion of company and industry trends and issues
- Review of financial deals and cards and payments trends

4) Quality Control

A. Templates

- Detailed process manuals
- Standardized report templates and accompanying style guides
- Complex forecasting tool used to ensure forecast methodologies are consistently applied
- Quality-control checklists

B. Quality control process

- Peer review
- Senior-level QC
- Random spot checks on data integrity
- Benchmark checks across databases
- Market data cross-checked for consistency with accumulated data from:
 - Company filings
 - Government sources.

7.2 Contact Us

If you have any queries about this report, or would like any further information, please contact info@timetric.com.

7.3 About Timetric

Timetric is an innovative, fast-growing economic and business research firm that provides critical intelligence on emerging economies and key global industries. Timetric provides detailed independent economic and sector research, business insights and authoritative, independent commentary, all delivered using sophisticated content delivery and data visualization technologies.

Timetric collects data through an extensive primary and secondary research network using robust methodologies and highly innovative data acquisition and storage technologies. Its highly qualified teams of economists and analysts draw on their collective industry experience to deliver analysis, comment, opinion and advice on the latest country and market trends and conditions. Timetric provides extensive data services and commentary to influential business media operations around the globe.

The Timetric product team is based in London, San Francisco, Hyderabad, Sydney and Singapore, and consists of over 300 economists, analysts, journalists and researchers, and a team of 40 software engineers.

7.3.1 Timetric's approach

All Timetric's products and services are founded on three key principles:

High-quality data

All Timetric's services are grounded in high-quality data. Timetric collects data in a number of innovative ways – including extensive business and consumer surveys conducted through sophisticated market research technology, exclusive industry research programmes and models, the systematic collection and curation of huge public data sets such as national statistics sites, regulatory filings and procurement databases, mining of business and government 'exhaust data', plus analysis of business and social media sentiment.

Combined, the Timetric data assets consist of well over 1 billion time series, and tens of billions of data points, creating a powerful resource for data models, forecasts and analysis.

Expert analysis

Timetric's intelligence services are provided by in-house teams of economists, analysts and researchers, working to programs that are guided by global advisory boards of leading economists and industry advisors. Our analysts collectively have hundreds of years of research experience from leading institutions.

Timetric analysis draws on high-quality data sources, including proprietary panel and survey data, and is grounded in proprietary data analysis methodologies, analysis frameworks and forecasts.

Powerful delivery and visualization tools

Timetric understands that its users want to spend more time analyzing information than finding it, so it has created a highly intuitive and extremely responsive user interface that organizes data in subject-specific modules, coupled with powerful search and index technologies to enable data to be easily found, classified and cross-referenced. The Timetric interface is designed by specialized UI experts, and builds on a platform constructed specifically to enable fast, powerful access, visualizations and analytics of big data and content sets.

7.4 Services

Timetric offers a range of economic, industry and consulting services:

Economic Intelligence Services

Timetric leverages its extensive data assets, through the use of innovative technologies, in order to produce thought-provoking analytical content delivered in the form of economic briefing services. Timetric also enables users to access the data components that power this analysis, enabling the reader to understand further, dig deeper or create their own assessments.

Industry Intelligence

Timetric's industry Intelligence Centers are premium web-based services that provide access to interactive tools, comprehensive research and expert analysis in key industry sectors. They provide invaluable decision support presented in an easily digestible format and grounded in deep research.

Consulting

Timetric specializes in the development and delivery of innovative research solutions that are designed to provide competitive advantage and profitability to its clients. Timetric's cutting-edge research processes, ground-breaking technology and expert researchers and analysts can be used to produce timely, cost-effective, insightful and actionable recommendations to support users' growth strategies.

7.5 Disclaimer

All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher, Timetric.

The facts of this report are believed to be correct at the time of publication but cannot be guaranteed. Please note that the findings, conclusions and recommendations that Timetric delivers will be based on information gathered in good faith from both primary and secondary sources, the accuracy of which Timetric is not always in a position to guarantee. Timetric will accept no liability whatsoever for actions taken based on any information that may subsequently prove to be incorrect.

Sample Page

7.5.1 Our approach

All of Timetric's products and services are founded on three key principles:

High-quality data

All our services are grounded in high-quality data. We collect data in a number of innovative ways, including extensive business and consumer surveys conducted via our sophisticated market research technology, exclusive industry research programs and models, the systematic collection and curation of huge public data sets such as national statistics sites, regulatory filings and procurement databases, mining of business and government 'exhaust data', plus analysis of business and social media sentiment.

Combined, the Timetric data assets consist of well over 1 billion time series and tens of billions of data points, creating a powerful resource for our data models, forecasts and analysis.

Expert analysis

Our intelligence services are provided by in-house teams of economists, analysts and researchers, working for programs that are guided by global advisory boards of leading economists and industry advisors. Our analysts collectively have decades of research experience and pedigrees from leading institutions.

Timetric analysis draws on high-quality data sources, including proprietary panel and survey data, and is grounded in proprietary data analysis methodologies, analysis frameworks and forecasts.

Powerful delivery and visualization tools

We understand that our users want to spend more time analyzing information than finding it, so we have created a highly intuitive and extremely responsive user interface that organizes data in subject-specific modules, coupled with powerful search and index technologies to enable data to be easily found, classified and cross-referenced. The Timetric interface is designed by specialized UI experts, and built on a platform constructed specifically to enable fast, powerful access, visualizations and analytics of big data and content sets.

7.6 Services

Timetric offers a range of economic, industry and consulting services.

Economic intelligence services

Timetric uses its extensive data assets, through the use of innovative technology, in order to produce thought-provoking analytical content delivered in the form of economic briefing services. We also enable users to access the data components that power this analysis, so that they can understand further, dig deeper or create their own assessments.

Industry intelligence

Our industry Intelligence Centers are premium web-based services that provide access to interactive tools, comprehensive research and expert analysis in key industry sectors. They provide invaluable decision support presented in an easily digestible format and grounded in deep research.

Consulting

Timetric specializes in the development and delivery of innovative research solutions that are designed to provide competitive advantage and profitability to our clients. Our cutting-edge research processes, ground-breaking technology, and expert researchers and analysts can be employed to produce timely, cost-effective, insightful and actionable recommendations to support growth strategies.

7.7 Disclaimer

All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher, Timetric.

The facts of this report are believed to be correct at the time of publication but cannot be guaranteed. Please note that the findings, conclusions and recommendations that Timetric delivers will be based on information gathered in good faith from both primary and secondary sources, the accuracy of which Timetric is not always in a position to guarantee. Timetric will accept no liability whatsoever for actions taken based on any information that may subsequently prove to be incorrect.

Sample Page