



BOT's Amendment to the AMC Laws to Weigh Positively on the Sector

BOT announced plans to amend governing laws of AMC license which would allow AMC to engage in debt collection business with public agencies

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Earlier on Monday, the Bank of Thailand (BOT) announced a public hearing on the change of AMC law which is scheduled to be held on November 22 to December 21. The change of law would allow AMCs to provide debt collection services to public agencies selected by the Ministry of Finance.

The BOT will also add more regulations to be comparable with regulations used for personal loan licenses to enhance AMC's business conduct.

The amendment of the AMC laws weigh as positive impact on the AMC sector. According to Kasikorn Securities (KS), the law would allow AMCs to expand debt collection business to debtor in specialized financial institutions (SFIs). As of December 2020, SFIs holds high level of non-performing loans (NPLs) amounting THB 186 billion and delinquent loans of THB 203.6 billion, as stated by KS.

KS notes more regulations are to increase operational costs. However, it would also act as a barrier to entry.

According to KS analysis, JMT Network Services Pcl. (JMT) and Chayo Group Pcl. (CHAYO) are to be benefited most from the amendment since debt collect service business accounts 9% and 6% respectively of their total revenue. Bangkok Commercial Asset Management Pcl. (BAM) on the other hand would see an opportunity to engage in this business as it already has expertise in debt collection but mainly for secured loans.

Tags JMT AMC CHAYO BAM Capital Market