



ASEAN

Thailand ICO Market

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A digital marketing
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Table Of Contents

1	Title Page
2	Table Of Contents
3	Thailand: ICOs & Blockchain
4	■ Back & Forth with Bitcoin
4	■ From Bitcoin to Ethereum
4	■ An Open Attitude for Blockchain
3	The State of E-Commerce & Fintech
7	■ Thailand's Stance
7	■ Regulation
8	■ Growth in Funding
9	■ Comparing the Kingdom to Others
11	Contact Us



Thailand

ICOs & Blockchain

While there have been many countries out there that have made their stance rather clear on the use of cryptocurrencies, ICOs, blockchains, and other fintech technologies, Thailand has remained one country that has had a lot of back and forth in their opinion over the years, they were **even thought to have been the first country** to prohibit the virtual currency.

Back & Forth with Bitcoin

The relationship between Thailand and Bitcoin has always been rather unsteady. One minute they are for it, and the next they are against it. Since as early as five years ago, Thailand was thought to be one of the first countries to prohibit the trading and use of the cryptocurrency. The largest exchange in the region, Bitcoin.co.th, expressed to the world that regulations had **forced them to be shut down in July of 2013**.

As all hope was seemingly lost for some time, all of that suddenly changed as Bitcoin.co.th started up once more, with Thai officials suddenly permitting the use and trade of the cryptocurrency in February of 2014. While many believed that the site would be closed down not long after - thinking this was merely temporary - they were surprised to see that Thai officials did not continue to force closure.

While this may have appeared to be a hopeful shift for the cryptocurrency, this permission was not met with the utmost enthusiasm, as it was later discovered that the Bank of Thailand had also issued a letter stating that, *“**bitcoin exchange operations do not fall under the scope of Finance Ministry regulations, unless foreign currencies are also offered for exchange. Bitcoin.co.th only offers bitcoin trading for baht and operates solely within Thailand.**”* Such truths were revealed a month after the news of Bitcoin.co.th opening up again. Moreover, to further express their stance against Bitcoin, the Bank of Thailand issued another warning to the public stating how Bitcoin had no self worth and its value is based on the needs of the market alone, and that its price is incredibly unstable considering that the cryptocurrency would *“**have no value if no one desired it.**”*

From Bitcoin to Ethereum

Although the Bank of Thailand has expressed negative views against Bitcoin, this does not mean they are completely against blockchain technology and other cryptocurrencies. In August of 2017, the Central Bank of Thailand had met up with the co-founder of Ethereum, Vitalik Buterin, to **discuss future plans** for improving the country's financial services through the use of Ethereum's digital currency called Ether. They discussed integrating the cryptocurrency with blockchain-based service providers, such as on financial technology company, OmiseGo (established in 2013), which had spent four years expanding across Asia, garnering the support of Vitalik Buterin himself, as well as other crypto experts.

On the 16th of August, the Thailand Post and State Railway of Thailand (SRT) were reported to have been considering the implementation of blockchain technology for their services. The director of the SRT has stated that the use of blockchain would provide an added layer of security to the parcels, since only **authorised people are permitted to open the parcels**. They believe that by integrating blockchain technology with IoT (Internet of Things) devices, it could truly strengthen and improve the way parcels are managed, delivered, and received, thereby changing the entire SRT approach.

A month after such news, the Thai Securities and Exchange Commission (SEC Thailand) finally issued ICO guidance, stating “*in certain circumstances digital assets may be subject to securities regulation.*” The guidelines of that time referred to regulations limiting a maximum investment for retail investors to be at \$10,000 per ICO and \$95,000 per person. Moreover, as with each passing month, Thai officials continued to demonstrate an openness to blockchain technology, with many banks of the country looking into blockchain technologies - much like the SRT - to integrate into their financial services. One salient example is of the Bank of Ayudha, where in November 2017, it was reported that they ran a successful pilot blockchain project in partnership with IBM.

Arriving to now (2018), it has been reported that the SEC Thailand has even begun to move toward their plans on running a portal for ICOs, where it will screen potential ICO projects and help list white papers, thus helping in regulating this market. Furthermore, this March there have been talks for Thailand to schedule the first ICO to be carried out by a locally registered company. Thus far, the Kingdom has issued the allowance of Bitcoin and blockchain technology, but these are subject to future regulatory changes. The SEC Thailand does welcome the use of altcoins, and they are currently open to maybe regulating altcoins that are considered securities.

An Open Attitude for Blockchain

According to the SEC Thailand’s statement on adopting ICOs, “*The SEC Thailand encourages access to funding for businesses, including high potential tech startups, and realizes the potential of ICO in answering startups’ funding needs. In cases where an ICO constitutes offering of securities, the issuer will need to comply with applicable regulatory requirements under the SEC Thailand’s purview.*”

Their stance on ICOs and blockchain technology continue to remain open, regardless of the back and forth “ban” over the years. The SEC Thailand has expressed their thoughts on blockchain technology having benefits for businesses, as it offers trust through transparency. As Bhume Bhumiratana, a blockchain specialist noted: “*The adoption of blockchain technology is expected to be widely seen here [Thailand] by 2018, thanks to its capability of transferring valued assets with trustworthiness, transparency and security.*”

In early 2017, the Stock Exchange of Thailand (SET) announced their plans to launch a blockchain-based market, that had garnered the interest of 607 companies. This move, similar to what the US exchange, Nasdaq, has done, demonstrated Thailand’s openness and willingness to adopt blockchain technologies as a means of helping business needs. This new platform, however, would primarily be a means for investors and startups to connect, nothing more. Furthermore, the issued report also notes that the Thai legal authority in the payments space - the Electronic Transactions Development Agency - have plans to amend the existing Electronic Transaction Act from 2001 to “*include the use of smart contracts via blockchain technology adoption.*”



The State of E-Commerce and Fintech

"In Thailand alone, it is estimated that less than 5% of the region's retail stores do their transactions online..."

Last year, Forbes released an article on [the ever-growing potential of Thailand serving as Asia's potential Fintech hub](#). With Southeast Asian countries becoming more integrated and connected, more companies are finding it easier to see the growing opportunities of expanding their businesses beyond their immediate region. Thailand, with its geographically convenient location, along with its long-lasting popularity amongst foreigners has remained a popular choice for many as a hub to kick-start their Fintech businesses in the SE Asian market.

"Fintech startups have the potential [to] stimulate innovation across not just the Thai financial services industry, but across other adjacent industries such as commerce, healthcare, and even education," ~Paul Ark, managing director at VC firm Digital Ventures & a Seedstars ambassador.

Omise, a payment management platform based in Bangkok, serves as one of Thailand's Fintech success stories up to date, and it operates in four different countries. The company managed to raise about [\\$17.5 million dollars during its Series B funding in 2016](#). Much like Stripe, the company is a payment gateway system that enables retailers to accept credit card payments online, a problem that has long existed in Southeast Asian countries. In Thailand alone, it is estimated that less than 5% of the region's retail stores do their transactions online, and yet there is an ever growing middle class. Tapping into this emerging market is one that has left many turning their attention to South East Asia.

In a 2016 report released by Google and Temasek, [Southeast Asia's internet economy is expected to grow to approximately \\$200 billion by 2025](#), with an existing internet user base estimated to jump from \$260 million to roughly \$460 million users by 2020 (only two years away). While the report does speak on a plethora of challenges that will need to be faced, there seems to be a great deal of stats that point out the changes in the digital landscape of SE Asia, which are making it an exciting time to do business there.

Thailand's Stance

For the most part, compared to other countries like Indonesia, Thailand has been rather open to the recent growing popularity of ICOs. With Initial Coin Offerings providing many tech start-ups a timely way to access funding, they have definitely been viewed in Thailand, particularly by the Securities and Exchange Commission (SEC), as a great potential method for answering many tech start-up's initial needs.

However, even with such a stance, they have still expressed their concerns for the dangers and risks involved with ICOs. Even though ICOs may be used to help many businesses gain access to funding, they also have the potential to be deliberately used for scams and frauds, and also often give too much money to companies that are not ready to deliver. **For that reason, SEC Thailand believes that ICOs do not perfectly match with its current regulatory system, yet are more than open to asserting the right approaches in making it work.**

Regulation

Amidst all the proliferating changes, policy makers and regulators have been scraping away to do what they can to adapt accordingly. While the Fintech space may be an exciting place to be in, and with Thailand potentially serving as SEA's hub, it is becoming more and more important for policy makers to understand the necessary regulations needed to manage these technological changes, before immediately adopting them.

One primary example of the downsides (for Fintech startups) to lacking the right regulations can be seen from the case of Alibaba partnering with CP Group's Fintech subsidiary *Ascend Money*. Due to the Bank of Thailand failing to oversee regulations for cross-border trading in the financial services sector, Alibaba has swept in to gain presence within over 9,000 7-Eleven outlets across the nation, leaving the local Fintech firms to suffer. Another example that has made it difficult for local Fintech businesses in Thailand to maintain their standing within the competition has been the partnership between Kasikornbank (Thailand's 4th largest bank asset) and China's Fintech firm IBS. This deal allows for remittance in Thailand-China with close-to-perfect transfers at barely any cost.

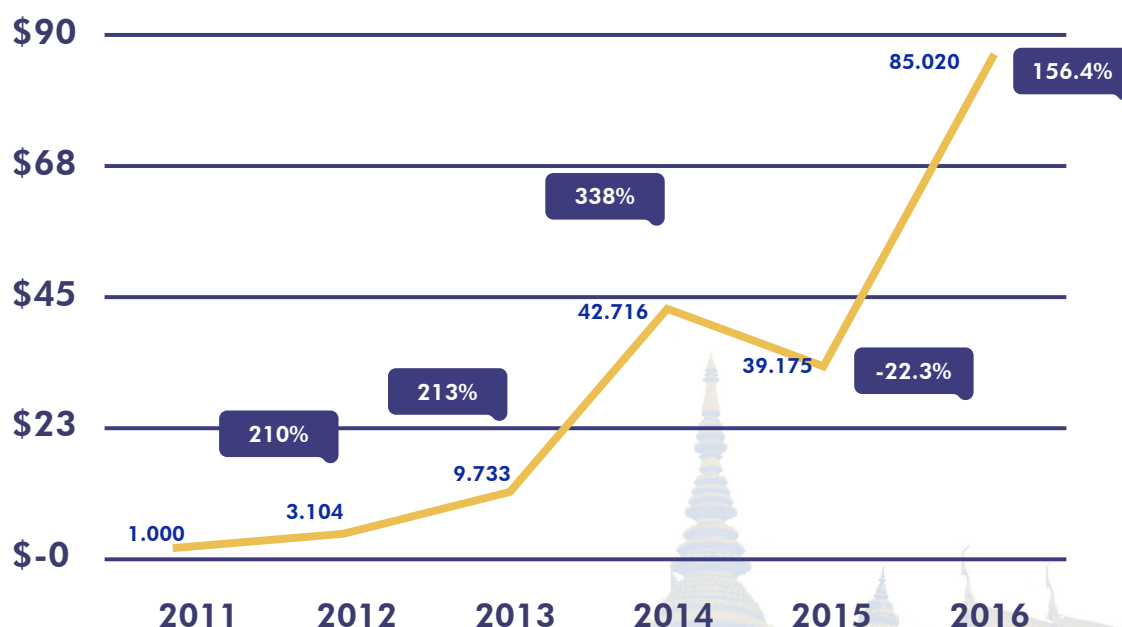
Without the proper policies and right regulations enforced, Fintech Association's CEO has expressed that this may **"leave little room for innovation and development of the Fintech sector locally in Thailand,"** which could be a huge miss for Thailand in an exciting, changing, digital market. By doing nothing, what this does is set the local markets to be monopolized by the bigger companies, ultimately downplaying the whole notion of progressive openness for start-ups in the Thailand market.

Growth in Funding

With all that being said, the Fintech market in Thailand is ripe for investors, start-up entrepreneurs, and financial service workers to make their mark on a continually transforming landscape. The businesses below are some of the **top 5 fastest growing Fintech companies** in Thailand that are part of Asia Pacific's IDC's Fintech Fast 101 list:

- **Omise** - A payment gateway system that allows users to accept payments on any platform from anywhere. It provides retailers the means to take payments of any kind online.
- **True Money** - A financial technology brand that provides e-payment services.
- **Masii** - Thailand's leading website meant for comparing financial products. The company aims to create transparency for insurance, banking, mobile contracts, and hotel cards.
- **Airpay** - Another financial technology for online payment services. It helps for topping up on games, mobiles, and more.
- **Finnomena** - Established by the top investment gurus of Thailand, it provides tools and knowledge in investments and personal financial planning. **It also raised \$3.2 million in Series A funding led by Krungsri Finnovate.**

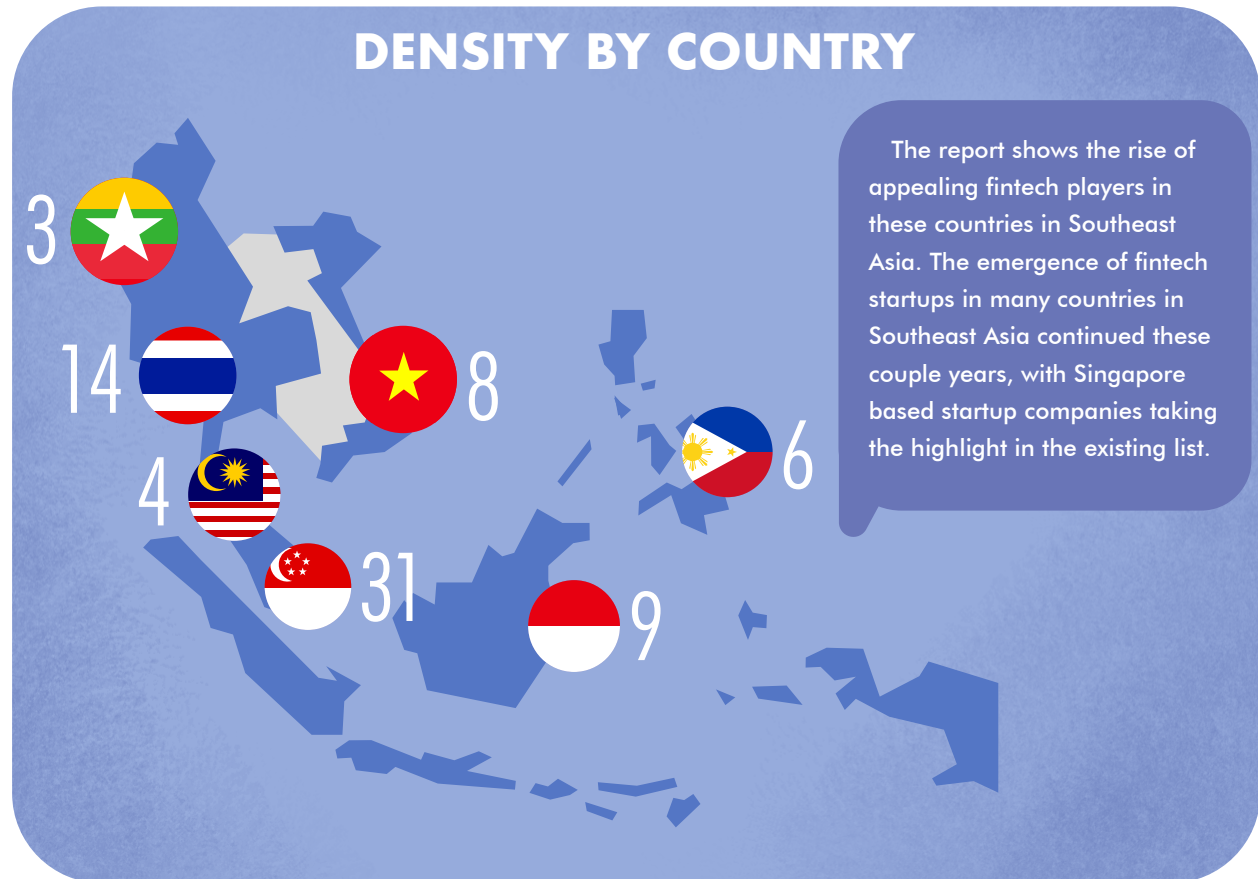
ESTIMATED TOTAL FUNDING AMOUNT RAISED IN 2011-2016



Note: the number does not include the undisclosed amount of funding

[<https://ecommerceiq.asia/techsauce-fintech-landscape/>]

As evident from the graph above, provided by [TechSauce](#), over the span of 5 years, there has been an increase in the total funding amount raised for startups. Although there was a 22.3% decrease from 2014 to 2015, this number skyrocketed back up the year after, demonstrating Thailand's continued growth in the startup culture, and its interest in emerging technologies.



[<https://ecommerceiq.asia/techsauce-fintech-landscape/>]

Furthermore, as can be seen from the graph above, Singapore remains the top country for startup companies, with a density of 31 players in the field. Second to that is Thailand and third is Indonesia. However, this does not necessarily mean the more players there are, the better - it merely illustrates the existing players in the game. This number is bound to change throughout the countries as time goes by.











Comparing the Kingdom to Others

Yet, even with all this attention and predictions that Thailand will grow to be a “hub for Fintech in SE Asia,” a recent survey in October of 2017 demonstrated the country lags behind when compared to other nations in Asia. According to [Bangkok Post](#), Thailand has ranked 7 out of 10 countries in a Fintech Competitiveness Index established by a Taiwanese consulting firm.

When it comes to digital banking penetration, Thailand falls far behind (19%) countries like Singapore and Taiwan, which stand at 94% and 92% respectively. In regards to credit card usage, Thailand is recorded to only be at 3.7%. Comparing this to Taiwan (51%) and Singapore (31%), this is extremely low.

Yet, although Thailand has scored low in these areas, it only falls behind Singapore and out performs Malaysia when it comes to regulatory advancement. What this means is that they offer a sandbox for learning about new services and have been rather open to collaboration with other fintech companies. This is evident from the large amount of fintech startups in Thailand (14 players) that are open to working together with more traditional banking institutions.

Scoring For Fintech Success

										
	Taiwan	Singapore	Malaysia	Thailand	South Korea	Vietnam	Indonesia	Japan	Hong Kong	Philippines
• Political Environment	55	63	49	41	52	42	42	59	57	40
• Funding Potential	53	61	47	40	52	43	40	54	66	45
• Financial Attractiveness	40	53	48	45	46	48	44	42	42	36
• Talent	51	63	49	41	48	41	45	45	58	40
• Regulatory Advancement	43	54	42	48	49	37	39	49	59	35
• Customer & Market Construct	56	58	48	44	62	40	39	57	58	39
• Innovation Ecosystem	50	53	40	40	54	42	44	54	48	42
• Business Environment	46	58	40	42	50	39	37	55	58	39
Overall Score	49	58	45	43	52	41	41	52	55	39

[<https://www.bangkokpost.com/tech/local-news/1373711/thailand-lags-in-fintech-development-in-asia>]



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