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ข้อเสนอแนะแนวทางการแก้ไขหนี้ครัวเรือนของประเทศไทย

Suggestions for solving household debt in Thailand

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บทคัดย่อ

การกู้หนี้ยืมสินไม่ใช่เรื่องผิดหากนำมาใช้ในยามจำเป็นหรือเพื่อสร้างรายได้ เช่น จ่ายค่ารักษาพยาบาล สำหรับสมาชิกในครอบครัว นำไปลงทุนทางธุรกิจ หรือซื้อที่อยู่อาศัย เป็นต้น ซึ่งในความเป็นจริงแล้วอาจกล่าวได้ว่าการก่อหนี้เหล่านี้ ล้วนเป็นกลไกหนึ่งในระบบเศรษฐกิจที่ช่วยดึงดูดทรัพยากรจากคนที่มีเงินเหลือไปให้กับคนที่ต้องการใช้เงิน อีกทั้งยังช่วยเสริมสภาพคล่องเพื่อสร้างโอกาสหรือทำให้ผ่านช่วงความยากลำบากในชีวิตไปได้ แต่ทั้งนี้ก็ต้องกู้เท่าที่จำเป็นและสามารถชำระหนี้ได้เท่านั้น แต่จากสภาพการณ์ภาวะหนี้สินครัวเรือนของไทยที่ผ่านมาพบว่าแนวโน้มเพิ่มสูงขึ้นอย่างต่อเนื่องในขณะที่ประชาชนมีรายได้และความสามารถในการชำระหนี้ที่ต่ำลง จึงเป็นเหตุผลหนึ่งที่อาจส่งผลกระทบต่อระบบเศรษฐกิจในระดับมหภาค ดังนั้นการแก้ไขปัญหาหนี้ครัวเรือนจึงเป็นประเด็นสำคัญในการพัฒนาเศรษฐกิจที่ไม่สามารถมองข้ามผ่านไปได้

บทความวิชาการนี้มีวัตถุประสงค์เพื่อ 1.ทำความเข้าใจเกี่ยวกับสถานการณ์หนี้ครัวเรือนไทยในปัจจุบัน 2.ปัจจัยที่ก่อให้เกิดหนี้ และ 3.เสนอแนวทางแก้ไขปัญหาหนี้สินครัวเรือนอย่างยั่งยืน ซึ่งอ้างอิงจากแหล่งข้อมูลต่าง ๆ การวิเคราะห์เอกสารและงานวิจัยที่เกี่ยวข้องพร้อมทั้งนโยบายของรัฐบาลและธนาคารแห่งประเทศไทยที่ร่วมมือกันหาแนวทางการแก้ปัญหาหนี้ครัวเรือน โดยหวังว่าบทความนี้จะสามารถเป็นแหล่งข้อมูลแก่ภาคครัวเรือนในการป้องกันวิกฤตหนี้สิน และไม่เข้าสู่วัฏจักรของการเป็นหนี้ที่ไม่สามารถหาทางออกได้ ในอนาคต

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Abstract

Household debt is not inherently problematic if it is used during times of necessity or to generate income, such as paying for medical expenses of family members, investing in a business, or purchasing a home, etc. It could be said that debt is a key mechanism within the economic system, as it transfers resources from individuals with surplus funds to those in need. Debt provides liquidity, enabling opportunity creation and helping individuals overcome financial challenges. However, borrowing should be limited to what is necessary and within one's ability to repay. Thailand's household debt continues to rise, in contrast to declining income levels and weakened debt-servicing capacity among its citizens. If this trend persists, it could eventually impact the economy at the macro level. Therefore, addressing the household debt problem is a critical issue that should not be overlooked.

The objective of this article is to summarize and analyze the current situation of household debt in Thailand, identify its underlying causes, and offer sustainable solutions. The information in this study is derived from document analysis and a review of related research, serving as a preventive measure against the escalation of bad debt. Hopefully, this article will serve as a valuable resource for households in preventing a debt crisis and building resilience against future debt cycles.

Keywords: Suggestions for solving, Thai Household debt

Introduction

Household debt has been defined by many experts. According to Sukrita Sanguanphan (2019), household debt refers to loans that financial institutions provide to individuals residing in Thailand, which may be used for various expenses or to conduct business. Data on household debt typically includes only loans issued by financial institutions, as collected by the Bank of Thailand. The National Statistical Office (NSO, 2021) defines household debt as outstanding loans from both financial institutions and individuals outside the household, including debt from hire purchases, installment payments, and purchases made on credit from stores, etc. Kanmanee Karin (2022) describes household debt as the financial burden incurred by households from borrowing money from various financial institutions, as recorded by the Bank of Thailand. These loans are typically used for household expenses or investment aimed at generating higher returns.

In summary, household debt refers to loans provided by financial institutions to individuals for personal spending and other economic activities, such as hire purchases and installment plans. These loans can be accessed from a variety of sources, including commercial banks, specialized deposit-taking institutions, savings cooperatives, mortgage lenders, leasing companies, and providers of personal loans. However, some individuals who are unable to access formal financial services turn to loan sharks. A loan shark is an illegal lender who offers loans at extremely high interest rates and often employs aggressive or even threatening collection tactics. They operate outside legal frameworks and often target those who are unable to obtain loans through legitimate means.

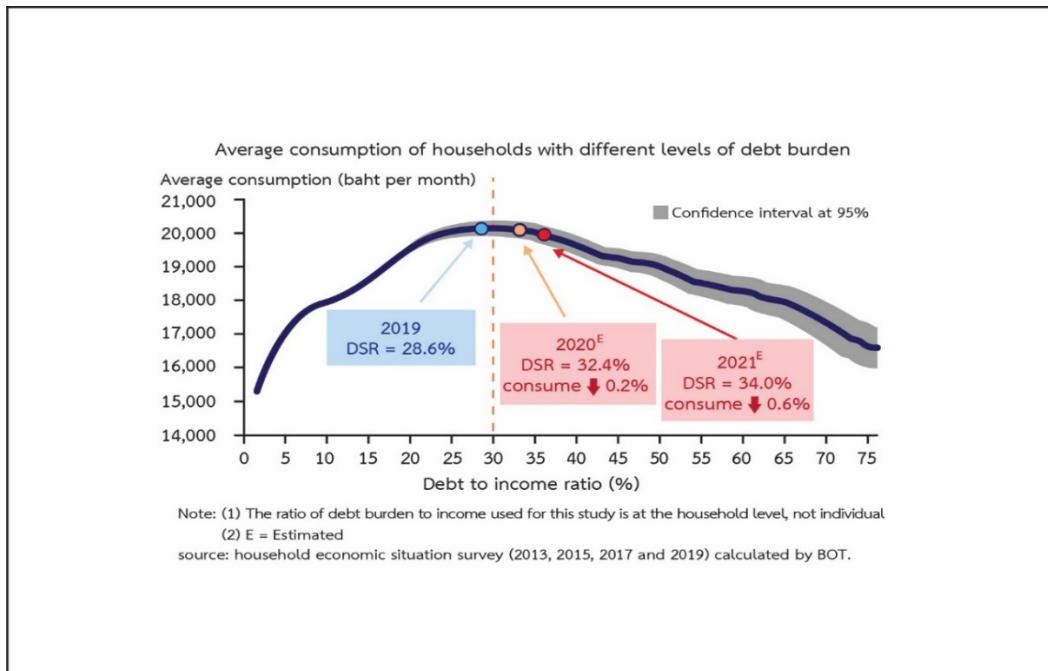
Current situation of household debts in Thailand

Over the past decade, Thai household debt has steadily worsened, reaching a point where it has begun to significantly impact both economic stability and quality of life. Rachata Tangnararatchakit (Online) stated that the household debt problem has been growing for some time, but it was further accelerated by the COVID-19 crisis. An analysis of household socio-economic survey data by the National Statistical Office (NSO) revealed that the average Thai household Debt Service Ratio (DSR) has been approximately 30% since 2018. Once this ratio hits 30%, it marks a turning point—shifting the role of debt from stimulating household consumption to restraining it. During the 2020–2021 COVID-19 crisis, the Thai economy was severely impacted, resulting in a substantial decline in household income. Households were forced to borrow in order to maintain their purchasing power and sustain consumption levels. The DSR reaching 30% meant that household debt began to hinder consumption and slow down economic recovery. Although household income was expected to gradually recover in line with

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improving economic activity, high debt levels were still projected to remain a significant constraint on Thailand's economy. Households needed to use their increased income to service existing debt, leaving them unable to fully engage in consumption. (See Figure 1)

Figure 1: Average consumption of households with different levels of debt burden



Source: household economic situation survey by BOT

The National Credit Bureau (NCB) revealed that Thai household debt in Q3 2024 remained elevated, totaling 16.3 trillion baht, or approximately 89% of GDP. Although this figure has slightly declined from its 2023 peak due to a slowdown in lending, Thailand's household debt level is still considered higher than that of other countries with similar per capita income. In addition, the quality of debt has worsened following the expiration of COVID-19 financial relief measures.

The Economic Analysis Center of TMB Thanachart Bank (TTB) analyzed data from over 84 million anonymous debtor accounts, representing a combined outstanding debt of more than 13.6 trillion baht. Furthermore, the Center for Economic and Business Forecasting at the University of the Thai Chamber of Commerce reported that, based on a 2024 nationwide sample of 1,300 households, the average debt burden per household was 606,378 baht. Of this amount, 69.9% was formal debt, while the remaining 30.1% was informal debt. This marks an 8.4% increase from the previous year, the highest annual rise in the 16-year history of the survey. Thailand currently ranks 7th highest globally, with household debt accounting for 90.4–90.8% of the nation's GDP.

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The 2024 household debt survey also found that 99.7% of households were in debt, while only 0.3% had no debt at all. The most common form of debt was credit card debt, followed by vehicle loans, personal consumption debt, business loans, and education loans. Meanwhile, a comparison of household income and expenditure revealed that 46.3% of Thais had incomes lower than their expenses, particularly among those earning between 100,000 and 150,000 baht per month.

In terms of personal or credit card debt, borrowing was primarily used to purchase consumer goods, durable items, housing, vehicles, electronic devices, and to support business operations. Over the past year, approximately 71.1% of the population defaulted on at least one debt, while only 28.4% consistently met their payment obligations. The main reasons cited for default included a sluggish economy, falling income, poor business liquidity, low agricultural product prices, and rising living costs.

It can be said that Thailand's household debt has significantly increased, and during the COVID-19 pandemic, the impact became even more severe. Household debt is not inherently harmful; rather, it should be maintained at an appropriate level. However, if it exceeds sustainable thresholds, it can undermine economic stability. As of now, Thai household debt stands at 89% of GDP, which is higher than in many countries with comparable income levels.

In 2024, Thai household debt reached 16.42 trillion baht (approximately 484 billion USD), equivalent to 88.4% of GDP. This massive debt burden is expected to negatively affect economic growth, financial stability, and the overall well-being of many Thai households. (See Figure 2)

Figure 2: THAI HOUSEHOLD DEBT DROPS BELOW 90% OF GDP FOR FIRST TIME IN 3 YEARS

Category	amount (baht)	% of GDP	Note
Total household debt	16.42 trillion	88.4%	as of Quater4 in 2024
Informal debt	~1.8 trillion	~10%	average 98,538 baht per household
Grand Total	~18.2 trillion	104%	Include formal and informal debt.

Source: National Economic and Social Development Council's (NESDC).

Informal debt refers to borrowing that does not go through a financial institution or a lender legally authorized to conduct lending operations. Therefore, it is not under the supervision of any government agency. These types of debt typically carry unreasonably high interest rates and offer no legal protection, posing significant risks to borrowers.

It is difficult for government agencies to track informal lenders — including identifying who they are, how many exist, or where their loan funds originate. According to a study by the Puey Ungphakorn Institute for Economic Research (2022), over 40% of surveyed households held informal debt, with most borrowing occurring both within and outside their provinces (as of March 2022).

A July 2024 survey by the Thai Chamber of Commerce found that Thailand's informal debt could be as high as 3.97 trillion baht, more than twice the amount reported in many previous surveys. These findings highlight the need for more comprehensive data collection to accurately assess the true scale of the informal debt situation.

Top ten countries with the highest household debt to GDP ratio in 2023 are: Switzerland (128%) Australia (111%) Canada (103%) South Korea (102%) Hong Kong (96%) New Zealand (93%) The Netherlands (91%) Thailand (91%) Sweden (85%) and Denmark (84%) respectively. Most of them are from developed countries. Debt goes towards purchasing a house, which is considered a type of investment. (BOT: online)

Thailand, which is ranked 7th that is not included in those countries. Most of debt is non-productive that does not generate future income, affecting the economic system consequently.

Factors influencing household debt.

Based on a review of various related research studies, the key factors influencing household debt are as follows:

1. Insufficient Household Income to Cover Expenses

Nada Chunsom (2023) found that many households do not earn enough to cover their expenses, leading to increased reliance on debt. This issue may stem from two primary causes: 1) A lack of occupational knowledge and skills, which results in low competitiveness and limited income. In addition, poor financial attitudes and consumption behaviors contribute to unnecessary spending. 2) Thailand's heavily centralized economic structure and policy framework, which promotes inequality. The country's development strategies tend to prioritize the industrial and urban sectors, creating income disparities between urban and rural populations.

Rachata Tangnararatchakit suggested that household income must be increased, as long-term reliance on debt is unavoidable when basic income levels are insufficient for survival. Improving the skills of Thai laborers to meet market demands is essential. The government should focus on income enhancement strategies, particularly because one-third of the labor market is affected. Workers in the tourism and service sectors, in particular, should also develop their skills to increase income for both themselves and the national economy.

2. Ability to Access Sources of Funds and Financial Services

Nada Chunsom (2023) revealed that most low-income individuals lack access to inclusive sources of capital and financial services because they do not meet standard financial qualifications. As a result, they are unable to secure funding to support their careers or business ventures. Although the government has attempted to assist low-income groups by expanding access to funds through specialized financial institutions, village funds, community financial organizations, and cooperatives, these efforts may still be insufficient—particularly in terms of providing financial services that meaningfully improve the quality of life for disadvantaged groups. Rachata Tangnararatchakit added that multiple sectors have initiated concrete measures to address household debt, including several programs spearheaded by the Bank of Thailand (BOT), such as debt restructuring, the Debt Clinic, and the Debt Doctor initiative. The Office of the Basic Education Commission (OBEC) has also acted to support teachers facing serious debt issues, while the Cooperative Promotion Department (CPD) has launched assistance programs for both its members and farmers.

Despite these efforts, there is still a need to accelerate progress to ensure these measures have broad and lasting impact. Anun Kiatsaraphipop (2023) also emphasized that financial institutions, as responsible creditors, should provide appropriate and accessible loans for borrowers, encourage responsible repayment behavior without encouraging over-indebtedness, and assist borrowers in restructuring their debts before pursuing legal action. Financial institutions must avoid imposing additional burdens on debtors or limiting their access to future credit. Ultimately, effective solutions require cooperation among all stakeholders—creditors, debtors, and the government sector

3. Household spending behavior.

Vanatchaporn Jamit and Butaga Punturaumporn stated that household debt is significantly influenced by spending behavior. Their studies revealed that such behavior contributes to the financial burden on households, a burden that has increased during the COVID-19 pandemic. Most of this spending was directed toward consumption, healthcare, medical treatment, life insurance, and housing—whether through rent or purchase.

Anun Kiatsaraphipop added that before taking on debt, individuals should assess their financial readiness and the necessity of the expense, evaluate their spending habits, create a financial plan, and understand their credit obligations. Debtors should also practice discipline by repaying their debts in full and on time. If they are unable to meet their debt obligations, they should seek alternative financial resources or consult with experts to explore potential solutions.

4. Knowledge, understanding and financial planning.

Rachata Tangnararatchakit, in his work Household Debt: A Problem That Everyone Must Solve Together, emphasized the need to build financial awareness so that households avoid excessive spending and unnecessary debt, understand the importance of saving and investing, and develop the ability to plan their finances and manage risks effectively.

The government must play an active role in promoting financial literacy among the public, while households must take personal responsibility to seek knowledge and practice financial discipline independently. Additionally, the financial sector must avoid offering products or promotions that lead consumers into debt traps.

Vanatchaporn Jamit and Butaga Punturaumporn also suggested that in light of the financial strain caused by the COVID-19 pandemic, individuals should place greater emphasis on personal financial planning. This includes prioritizing essential purchases, comparing prices, saving a fixed percentage of income, and setting aside emergency funds.

Furthermore, Anun Kiatsaraphipop proposed that various sectors should collaborate to develop mechanisms that support debtors. These include providing financial education, establishing databases that more accurately reflect borrowers' repayment capacity, and enhancing the accessibility, comprehensiveness, and efficiency of the state welfare system.

5. Other factors.

Vanatchaporn Jamit and Butaga Punturaumporn studied household debt during the COVID-19 pandemic and found that the debt burden of Bangkok residents increased significantly. This was largely due to additional expenses incurred as a result of public health measures, such as the cost of purchasing surgical masks, hand sanitizers, and other protective supplies. If such conditions persist for more than three months, they can negatively impact living standards and reduce household savings. These findings are consistent with a 2021 survey by the Kasikorn Research Center, which indicated that the COVID-19 crisis increased household debt due to misalignment between income and expenses, leading to a reduced capacity for debt repayment and a decline in savings.

In addition, financial technology factors make it easier for people to access loan e.g. Mobile Banking, Buy now pay later etc.

Based on the discussion above, the main factors contributing to household debt can be summarized as follows: 1. Household income is insufficient to cover expenses. 2. Limited access to funding sources and financial services. 3. Unsustainable household spending behavior. 4. Lack of

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financial knowledge, understanding, and planning. and 5. External factors such as the COVID-19 pandemic.

Guidelines for resolving household debt.

The issue of Thai household debt is a long-standing structural problem that has accumulated over time. The government and relevant agencies—such as the Ministry of Finance and the Bank of Thailand (BOT)—must implement a range of coordinated measures to address this challenge. The BOT plays a key role in providing support to debtors. It should continue to issue policies and collaborate with financial institutions to facilitate debt repayment, while also establishing long-term strategies for resolving household debt. In 2023, the BOT launched the “Guidelines for Sustainable Household Debt Resolution”, which aim to provide comprehensive and detailed insights into Thailand’s household debt landscape. These guidelines were developed to communicate practical solutions to vulnerable debtors, incorporating both existing and new measures. They focus on resolving chronic debt and introducing fairer calculations for fees and interest, and include targeted strategies tailored to different types of debt problems, as outlined below:

1. Continuously Support Debtors by Improving Debt Structure

For debtors with non-performing (bad) debts, debt restructuring should be accelerated in accordance with long-term debt resolution strategies. Creditors must provide debt counseling services that are tailored to each debtor’s individual situation.

In addition, a neutral third party should be appointed to act as a debt settlement or mediation consultant, helping facilitate constructive negotiations between creditors and debtors. Furthermore, legislation should be advanced to allow ordinary debtors—who are unable to repay their debts—to enter a rehabilitation process or voluntarily file for bankruptcy.

2. Help Vulnerable Chronic Debtors Close Their Debts Within 5 Years

Chronic debtors refer to personal loan borrowers under regulatory supervision, particularly those with revolving credit, who are not in default but have been paying more in interest than in principal over the past five years.

The initiative will begin by focusing on vulnerable individuals with chronic cash credit debt and those facing severe financial hardship. Creditors will be encouraged to collaborate with these debtors to develop a restructuring plan that enables them to fully repay their debts within five years. As part of this measure, the interest rate will be reduced from the original cap of 25% to 15% per year, ensuring that debtors have a realistic chance to settle their debts within the specified timeframe.

3. Protect Debtors' Rights More Fairly

Debtors must receive more equitable treatment in the calculation of interest and fees. Key protections include eliminating early redemption penalties (prepayment fees) on personal loans and ensuring that interest is not charged unfairly on retail loans.

In addition, service providers will be required to furnish complete and transparent information to debtors, enabling them to fully understand the terms of their financial obligations. (Source: Bank of Thailand – online)

Since the COVID-19 crisis, the Bank of Thailand (BOT) has periodically introduced debt relief measures to address the challenges faced by debtors. These have been implemented alongside long-term strategies aimed at resolving household debt issues for Thai citizens. This article summarizes each of the BOT's key measures, as outlined below:

1. Long-term debt resolution measures: Encourage financial institutions to assist both the public and entrepreneurs through sustainable, long-term debt restructuring.

2. Loan measures to support SME adaptation: Provide funding access to SME entrepreneurs affected by the COVID-19 pandemic, with suitable credit limits and interest rates to enhance their operational potential, supported by flexible collateral and guarantee conditions.

3. Debt Clinic: Assist debtors with credit card debt, cash cards, and unsecured personal loans by offering simultaneous debt resolution solutions. The program also aims to promote financial literacy, planning, and responsible borrowing behavior.

4. Debt Expressway: Offer additional channels for individuals and businesses suffering from economic hardship. The BOT acts as a mediator to share information, coordinate contacts, and negotiate if necessary, to help relieve debt burdens.

5. Debt Doctor for the People Project: Provide self-help resources and expert consultation for small and medium-sized debtors.

6. Rehabilitation loan measures: Enhance business liquidity through loans with an average interest rate not exceeding 5% per year, available for up to five years, targeting SMEs with an existing credit limit of up to 500 million baht, as well as first-time SME borrowers.

7. Refinancing and debt consolidation support: Promote the consolidation of unsecured home and retail loans to reduce interest burden in the long term.

8. Asset and debt relief project: Assist business operators severely impacted by COVID-19, especially those experiencing complete income loss and unable to meet financial obligations.

9. Joint venture promotion measures: Encourage commercial banks and asset management companies to co-invest, enabling more effective management of non-performing assets within the financial system.

In addition to the above, the BOT has also introduced measures specifically designed to support debtors, considering the nature of their problems and their ability to repay. These guidelines are presented under two categories: formal debt and informal debt.

Formal Debt refers to borrowing or credit obtained from financial institutions authorized by the Ministry of Finance, such as commercial banks, credit cooperatives, and government financial organizations. These institutions operate under the supervision of the Bank of Thailand (BOT). Formal debt is categorized into several types, including home loans, car loans, cash or personal loans, as well as credit card and cash card services. These forms of debt are considered legitimate credit requests or official borrowing arrangements.

For the BOT's debt relief measures, debtors are classified into two groups based on their financial condition and ability to repay their debts, as follows:

1. Request Debt Restructuring

This option is available for retail and SME debtors holding home loans, credit cards, personal loans, business loans (Nano finance), or car title loans, whether their accounts are non-NPL (non-performing loans) or have already become NPLs. If the loan has become an NPL, at least 60 days must be allowed for debt restructuring before the loan is sold to a third party. Depending on the debtor's situation, the following restructuring strategies may be applied:

1.1 For debtors who can still repay but wish to reduce their interest burden to cover essential expenses, there are two options:

a. Convert to a lower-interest loan:

Debtors may switch from high-interest revolving debt to a term loan with a clearer repayment schedule and a lower interest rate. If they cannot repay the full amount on time, a capped rate of 16% per year may be applied.

b. Refinance through a new creditor:

Refinancing involves closing the existing debt with the original creditor and borrowing from a new creditor offering a lower interest rate. While refinancing is most common with home loans, it can also be applied to credit card and cash advance debts.

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1.2 For debtors who can only partially repay their debts due to reduced income, resulting in missed or incomplete payments, the following options are available:

a. Interest rate reduction:

Temporarily lower the interest rate on existing debt to reduce the monthly burden—for example, for 3 to 6 months.

b. Suspension of principal payments:

Debtors continue paying interest while pausing repayment of the principal. The duration and amount depend on the loan size, type, term, and rate. Most financial institutions offer a 3–6 month deferral, ideal for those facing short-term income loss, after which they can resume regular payments.

1.3 For debtors who want to extend the repayment period:

This approach lengthens the loan term but reduces the monthly instalments amount. The extension period may vary depending on the debt amount, type, and the debtor's financial status—e.g., from 1 to 5 years.

1.4 For debtors with no or insufficient income to repay:

These debtors may request a temporary suspension of both principal and interest payments to stabilize their finances before resuming repayments.

This “full suspension” typically lasts 3 to 6 months. Once the suspension ends, the debtor must repay both the principal and interest accrued during the pause. Repayment can be structured by either:

- Evenly spreading the balance over the remaining term, or
- Paying the suspended principal as a lump sum at the final installment—based on what is negotiated with the creditor and the debtor's ability to repay.

2. Apply for the Debt Clinic Project

The Debt Clinic Project is a debt relief initiative designed to assist small-scale debtors with multiple creditors. These debtors often hold credit card debt, cash card debt, and unsecured personal loans. To streamline the resolution process, the Bank of Thailand (BOT) has appointed Sukhumvit Asset Management (SAM) as the central coordinating agency, responsible for connecting debtors and creditors. In addition to debt resolution, the program promotes financial literacy and responsible financial behavior.

To prevent long-term economic and social problems, financial institutions that participate in this project allow eligible debtors to consolidate and resolve their credit card and personal loan debts through a single payment plan at the Debt Clinic.

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Eligibility criteria for applying to the Debt Clinic Project are as follows:

1. The debtor must have non-performing debts—such as credit cards, cash cards, or unsecured personal loans—that have been overdue for more than 120 days.
2. If there are multiple creditors, the total consolidated debt must not exceed 3 million baht.
3. Interest rates will be reduced to 3%–5% per year, and installment payments can be spread over a period of up to 10 years.
4. The debtor must have a source of income, be under 70 years of age, and must not be declared bankrupt.

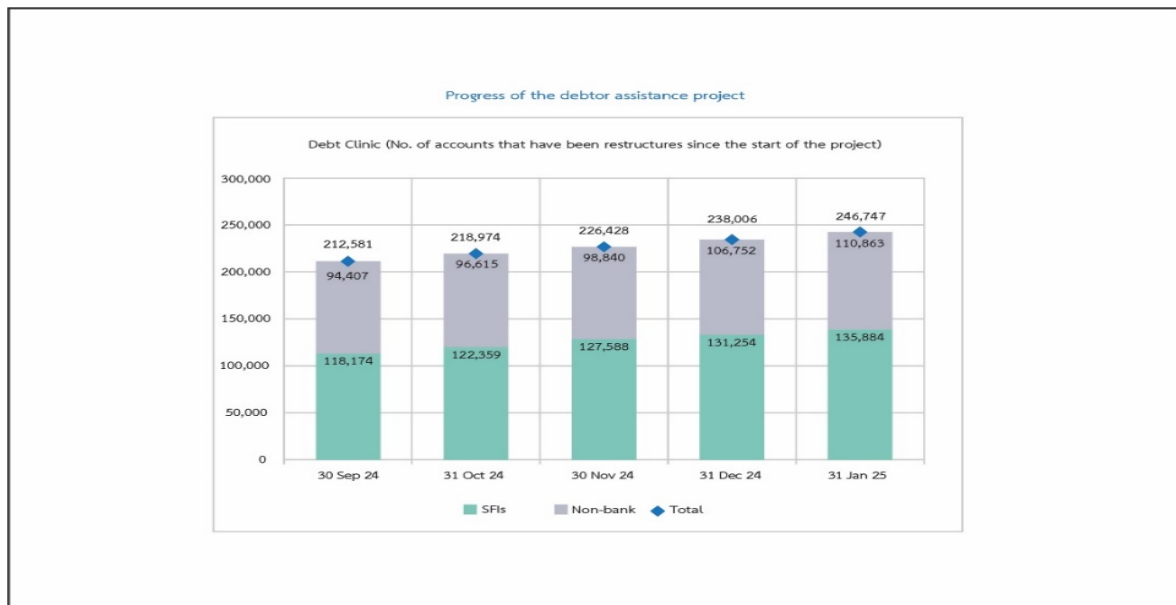
Financial institutions that are participating in this project as follows: (Sukhumvit Asset Management: SAM)

Financial Institution that are commercial Banks: Bank of Ayudhaya public company limited, Krung Thai Bank public company limited, Bangkok Bank public company limited, CIMB public company limited, ICBC public company limited, Kasikorn Bank public company limited, Land and house public company limited, Siam Commercial Bank public company limited, Thai Credit Bank public company limited, TISCO Bank public company limited, Bank of China (Thailand) public company limited, Government Savings Bank.

Financial Institution that are not commercial Banks: Ayudhaya CAPITAL Services Co.,Ltd., General Card Services Co.,Ltd., Krungsri Ayudhya Card Co.,Ltd., Lotus Money Services Co.,Ltd., AEON Thana Sinsap (Thailand) Public Company Limited, Easy Buy Public Company Limited, UOB Capital Services Company Limited, Summit Capital Leasing Company Limited, Ira & Aiful Public Company Limited, ITTP Company Limited, Muang Thai Capital Public Company Limited, Asia Leasing Public Company Limited, KBJ Capital Company Limited, Mackale Group Public Company Limited, G Capital Public Company Limited, Sak Siam Leasing Public Company Limited, Nakorn Luang Capital Public Company Limited, Card X Company Limited, Fort Smart Capital Company Limited, Muang Thai Pay Later Company Limited, Wing Money Company Limited. (See figure 3)

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Figure 3: Progress of the debtor assistance project



Source: Bank of Thailand.

Ms. Nartnaree Ratthapat, Managing Director of Sukhumvit Asset Management Company Limited (SAM) revealed that since “Debt clinic by SAM” has been launched in June 2017. It has helped Thai people and many families to get out of debt and return to their lives and businesses. There are 2,047 customers or 5,037 accounts who have already paid off their debts, totaling 288 million baht in principle according to the contract or 3.35% of them. From a total of approximately 46,720 customers under debt restructuring contracts, totaling 129,950 accounts, the total remaining major debt under the contract is 9,460 million baht.

She added that “Debt clinic by SAM” is one of the important tools for solving household debt problems and reducing the amount of bad debt in the financial institution system in the country. This includes helping, rehabilitating and caring for Thais experiencing debt problems so that they can stand on their own feet. This programme plays a crucial role in the economic system.

Figure 4: Results of the Debt Clinic Project by SAM

Project duration from June2017 – March 2024	No of customers signing contracts (people)	No. of accounts participating in the project (Account)	Total Debt (MILLION Baht)
Total number of signed customers	46,720	129,950	9,460
Number of successful customers	2,047	5,037	288

Source: DAILYNEWS ONLINE May 14, 2023.

However, official figures for customers who successfully repay their debts and remain debt-free or who become customers of the project again have not yet been released. Therefore, it is still possible to assess the number of clients who successfully closed their debt with the project only.

Limitation of Debt clinic project

1 . The eligibility conditions for participation are “limited” from the project participant qualifications. They must be individuals who have an income and are under 70 years old or in debt to credit cards or cash cards or unsecured personal loans from participating institutions/non-performing loans (NPL) overdue for more than 120 days/total debt not exceeding 2 million baht. and not being a bankrupt, causing some debtors who do not meet the qualifications to lose the opportunity to participate in the project.

2. The complexity of coordinating multiple creditors. SAM is a debt consolidation intermediary, but it coordinates with various creditors with different policies and internal conditions. This can take time, and some creditors may be unwilling to participate, causing delays in negotiations. Again, some creditors may offer unfavorable terms to the debtor, leading to a decision not to participate in the program before receiving an offer.

3. Problems with operations/access to services: In the case of debtors in remote areas, access to services may be difficult, and service channels (offices/hotlines/online) may not cover all areas. It was found that there were complaints from users that the project took a long time to complete, leading to prolonged customer wait times.

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4. Sustainability of the repayment plan / future ability to pay, even though the participating debtors receive low interest rates (e.g. 3–5%) and repayment periods of up to 10 years. However, it was found that some debtors were unable to pay off their debts due to inconsistent income or external factors e.g. rising cost of living, economic downturn etc. It is impossible to maintain repayment plans and may eventually lead to recurrence of bad debt.

5. Project Data/Evaluation Limitations: The project may not have complete data on all debtors, resulting in a lack of a system for tracking results due to the potential need for high human resources and budget. This creates an obstacle in tracking whether a debtor has returned to being an NPL, as well as making it difficult to assess the efficiency and evaluate the project in the long term.

6. Psychological effects on debt behavior. When a project is in place, it may create an incentive for debtors to wait until they are in debt before participating in the project. Or avoiding regular debt repayment to join the project because they know that they are eligible to join the project if they are NPLs, including possibly creating an incorrect perception about debt. such as if they are in debt problems, they can join the project. Therefore, some debtors may incur debt carelessly or develop a habit of defaulting on their debt payments on time.

Informal Debt

To address the issue of informal debt, the Thai government has taken concrete steps beginning with the Cabinet meeting held on October 4, 2016, where it approved the principles for integrated and sustainable management of informal debt, as proposed by the Ministry of Finance. The government assigned the Ministry of Finance to work in collaboration with relevant agencies to “systematically, comprehensively, and continuously manage informal debt issues on both the debtor and creditor sides.” This initiative led to the development of five key operational guidelines, as outlined below: (Source: Ministry of Finance: online)

1. Take serious action against illegal informal creditors

Authorities must publicly encourage informal creditors to participate in debt mediation and negotiation processes, and to register legally to operate within the formal credit system. Additionally, the government has worked to expedite the enforcement of the Act Prohibiting Excessive Interest Rates (B.E. 2560), which officially came into effect on January 16, 2017.

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2. Increase access to formal credit for informal debtors and the general public

This includes issuing licenses for “provincial-level microfinance loans under supervision” (Pico Finance Loans) and establishing “Informal Debt Resolution Units” operated by all branches of the Government Savings Bank (GSB) and the Bank for Agriculture and Agricultural Cooperatives (BAAC) nationwide. These units provide advisory services for informal debt issues and design loan products with flexible terms to help resolve such debts.

3. Reduce the Burden of Informal Debt Through Mediation

A “Debt Counseling Center” should be established to provide support in resolving informal debt issues. These centers should be available at all branches of the Government Savings Bank (GSB) and BAAC nationwide. Oversight should be provided by the Subcommittee on the Rehabilitation and Development of Income Potential for Informal Debtors, both in Bangkok and in each province, chaired by the Deputy Governor.

4. Empower Informal Debtors with Career Rehabilitation

Informal debtors who have no income or limited earning potential should be supported through career rehabilitation programs, enabling them to sustainably resolve their financial problems. This initiative should also be implemented by the Subcommittee on the Rehabilitation and Development of Income Potential for Informal Debtors, under the leadership of the Deputy Governor in each region.

5. Support from Government and Community Financial Networks

Government agencies and relevant community financial organizations should collaborate to resolve informal debt problems. This includes the formation of community finance networks, as well as the dissemination of financial knowledge and planning skills to affected individuals.

In addition, the Department of Special Investigation (DSI) under the Ministry of Justice has launched the “Household Debt Settlement Mediation” project, aimed at assisting individuals who are facing debt problems and have not been treated fairly during the debt repayment process.

Igan, Leigh, Simon, and Topalova. (2012) study Dealing with household debt (IMF: online) Iceland (2008) Debt service reduced through rescheduling and maturity extension. Debt service scaled down to capacity to pay. Government promote bank- administered voluntary restructuring (DO) Administered Voluntary Restructuring Mortgage Write-down for Deeply Underwater Households programme. USA (2009) Home Affordable Modification Program (HAMP) focused on reducing repayment burdens through (1) interest rate reductions, (2) term extensions, (3) forbearance, and (4) since October 2010, principal reduction for loans outside the government-sponsored enterprises. And Hungary (2011) Borrowers in good standing with FX-denominated mortgages. Mandated by statute. Burden of writedown borne by lenders alone. Prepayment requirement limits ability of borrowers to participate. (Figure 5)

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Figure 5: Government-Supported, Out-of-Court, Debt-Restructuring Programs in Selected Case Studies

Program	Beneficiaries	Debt Modifications	Incentives and Burden Sharing	Take-Up (percent of mortgages, unless otherwise specified)
Iceland 2008				
Payment Smoothing Sector Agreement (bank-administered voluntary restructuring)	Households with consumer price index (CPI)-linked and foreign exchange (FX) linked mortgages and car loans	Debt service reduced through rescheduling and maturity extension. Debt service scaled down to capacity to pay. Debt reduced to 100 percent of collateral value if household remains current on reduced payments for three years.	CPI-linked mortgages: Statutory requirement FX-linked loans: Agreement between government and lenders Government fostered agreement among largest lenders. Voluntary participation. If agreement not reached, debtors may apply to the Debtor's Ombudsman (DO) or the courts. The burden of restructuring the loans falls on the lenders.	Total households: 130,000 Households with a mortgage: 85,000 Indicators of distress (excluding impact of measures): ¹ Households with negative equity (2010): 40 percent Households with debt service exceeding 40 percent of disposable income (2010): 30 percent Mortgages in default (2010): 15 percent Take-up: CPI- and FX-payment smoothing: 50–60 percent Approved and in-process restructurings: Sector Agreement: 1.6 percent Debtor's Ombudsman (DO): 3.9 percent Write-Down for Deeply Underwater Households: 14.9 percent
DO-Administered Voluntary Restructuring Mortgage Write-down for Deeply	Households with multiple creditors and debt-service difficulties but able to service mortgages amounting to at least 70 percent of the value of the house Similar to Sector Agreement, but reached less wealthy households. Aimed at households	Similar to Sector Agreement, but allowed deeper temporary reduction in debt service. Procedures more tailored	Statutory framework that leads to court administered restructuring in the event that negotiations are unsuccessful. The burden of restructuring the loans falls on the lenders.	

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Program	Beneficiaries	Debt Modifications	Incentives and Burden Sharing	Take-Up (percent of mortgages, unless otherwise specified)
Underwater Households	seeking advice and support in dealing with creditors. Households with LTV ratios above 110 percent as of December 2010	and complex than under Sector Agreement. Principal reduced to 110 percent of the value of the debtor's pledgeable assets.	Agreement between mortgage lenders and govern ment. Participation voluntary, but lenders signed on because the written-down value exceeded the recovery likely through bankruptcy. Moral hazard avoided because the program was limited to those with an LTV ratio above 110 percent in December 2010. The burden of restructuring the loans fell on the lenders.	
USA2009				
Home Affordable Modification Program (HAMP)	Households in default	Focused on reducing repayment burdens through (1) interest rate reductions, (2) term extensions, (3) forbearance, and	Voluntary participation (except for receivers of Troubled Asset Relief Program funds). Principal write-offs not often used, increasing the likelihood that the modified loan will re-default.	Total number of households: 114 million Households with a mortgage: 51 million Households with negative equity: 23 percent Targeted reach: 6–8 percent Trial modifications: 4

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Program	Beneficiaries	Debt Modifications	Incentives and Burden Sharing	Take-Up (percent of mortgages, unless otherwise specified)
		(4) since October 2010, principal reduction for loans outside the government-sponsored enterprises (Fannie Mae, Freddie Mac).	Restructuring initiated by servicers (not lenders) who have very little financial incentive to participate. Securitization and junior-claim holders create conflicts of interest and exacerbate asymmetric information costs.	percent Permanent modifications: 1.9 percent Total committed: \$29.9 billion (0.2 percent of GDP) Total amount used: \$2.3 billion
Hungary 2011				
September 2011	Borrowers in good standing with FX-denominated mortgages	Principal write-down through the ability to prepay mortgages at a preferential exchange rate.	Mandated by statute. Burden of writedown borne by lenders alone. Prepayment requirement limits ability of borrowers to participate.	Number of households: 4 million Households with a mortgage: 800,000 Mortgages in arrears: 90,000 Technically eligible: 90 percent Practically eligible: 25 percent Preliminary take-up: 15 percent

Source: Igan, Leigh, Simon, and Topalova (2012) Dealing with Household Debt. www.imf.org

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Guidelines for preventing debt problems

Policy objectives:

1. Prevent over-indebtedness
2. Financial Consumer Protection
3. Debt Sustainability
4. Financial stability
5. Financial Literacy

Preventive measures

1. Responsible lending / credit underwriting

Enforce responsible lending practices such as controlling loan assessment based on actual income, setting a DSR (Debt Service Ratio) ceiling as a criterion for granting all types of loans. And limit high-risk products to delay the creation of new debt that exceeds the ability to repay.

2. Macroprudential & supervisory

Use ceilings and criteria such as LTV (loan-to-value) for home loans, and use DSR as a condition on various loans. Supervise non-bank companies and small lenders to prevent risky lending practices and ensure fair transparent fees and interest rates.

3. Credit information & data sharing

Develop a credit bureau system that covers both banks and non-banks. Develop a data sandbox for efficiently exchanging debtor information and debt repayment information across agencies. To enable lenders to better assess risks and prevent multiple borrowing, it also helps in screening high-risk borrowers before granting loans.

4. Debt relief / Restructuring

Provide accessible debt clinic services at the provincial level and online, including long-term debt restructuring to help vulnerable debtors. By designing measures that match the level of the problem (e.g. before becoming an NPL/after becoming an NPL) and combining assistance with other social measures, such as the Bank of Thailand's "Sustainable Debt Resolution" measures and the Debt Clinic Project, etc.

5. Financial literacy & consumer protection

Expand preventative financial literacy, such as household budgeting, interest and fee calculations, in collaboration with schools, communities, and public media. This includes providing channels for receiving complaints and consultations, such as the Financial Consumer Protection Center of the Bank of Thailand.

6. Control and supervise the non-bank sector and small credit institutions

Issue measures and regulate non-bank companies, instant loan institutions, and financial platforms (Fintech lending) to ensure they adhere to responsible lending principles and have transparency requirements on interest rates and fees.

7. Social safety nets & targeted relief

Expand social protection networks, such as increasing temporary income assistance during crises, supporting side hustles and emergency savings to reduce the pressure of debt to survive. Issue compensation measures for specific groups during crises, such as temporary installment reduction projects or soft loans for those affected, etc. In the future, plans may include establishing a "Household Debt Observatory" to collect and analyze debt trends promptly or support the creation of a Debt Tracker App for the general public.

Conclusions and suggestions from the study.

The researchers concluded that effectively resolving the household debt problem in Thailand requires close cooperation among three key sectors. Each must play a coordinated role in order to achieve meaningful progress or alleviate the burden of household debt. These sectors are:

1. *household Sector*: Individuals must adjust their spending behavior, while promoting financial literacy and sound financial planning within their communities. Households should also establish emergency savings plans to help cushion against unexpected financial challenges.

2. *Government Sector*: The government has launched several initiatives to assist citizens—such as debt restructuring programs, the Debt Clinic, and the Debt Doctor project. However, many people have not accessed these services, or only a small portion of the intended target population has participated. This may be due to: 1. Lack of awareness of these government assistance programs, or 2. Inadequate public communication by government agencies. Therefore, there is a critical need for a strategic public relations plan to effectively promote and explain these programs, ensuring they are more accessible and better understood by the general public.

3. *Third Party sector*: this sector should act as a neutral mediator, facilitating communication and coordination between the government and the public. Third-party agencies can help bridge the gap between creditors and debtors, fostering mutual understanding and joint problem-solving. This role is vital in preventing systemic financial instability and limiting the broader macroeconomic impact of unresolved household debt.

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