

Bank of Thailand Proposes Stronger Scrutiny of Cash Transactions

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One Asia Lawyers Thailand Office

The Bank of Thailand has published a draft notification entitled “Criteria for Risk Management of Cash-Related Transactions for Financial Institutions and Specialized Financial Institutions” (the “Draft Notification”). The Draft Notification seeks to strengthen risk management for cash transactions by financial institutions.

The existing Bank of Thailand Notification No. 16/2569, entitled “Criteria for Risk Management of Cash-Related Transactions for Financial Institutions” (the “Current Notification”), covers over-the-counter cash withdrawals at branches and the encashment of cheques that can be paid in cash. Enhanced Customer Due Diligence (EDD) is required when these transactions amount to THB 5 million or more in a single day.

The Draft Notification would extend the scope to include cash deposits, banknote exchanges, and other cash transactions. Cash transactions that appear unusual in light of a customer’s normal transaction patterns or other relevant circumstances may also be subject to enhanced scrutiny, even if their value is below THB 5 million. Businesses may therefore be asked by banks to provide additional explanations and documentation concerning the source of funds and the purpose of transactions, including types of cash transactions not previously covered and transactions below THB 5 million.



1 Expansion of the Scope of Covered Transactions

The current notification, which took effect on 1 April 2026, requires financial institutions to implement risk management measures for over-the-counter cash withdrawals at branches and the encashment of cheques that can be paid in cash rather than being restricted to deposit into an account. The draft notification would additionally cover the following transactions:

- Cash deposits
- Exchange of Thai baht banknotes
- Receipt of cash for the issuance of cheques and drafts
- Purchase, sale, or exchange of foreign currency banknotes

The draft notification would also broaden the range of institutions covered. In addition to commercial banks and other financial institutions already covered, it would apply to “specialized financial institutions,” which are established under specific laws to carry out government policies.¹

2 Enhanced Scrutiny Even Below THB 5 Million

The current notification requires EDD for cash transactions amounting to THB 5 million or more in a single day. Under the draft notification, cash transactions that appear unusual in light of a customer’s normal transaction patterns or other relevant circumstances may also be subject to enhanced scrutiny, regardless of their value.

Accordingly, even where the transaction value is below THB 5 million, customers may be asked to provide explanations and documentation concerning the source of funds and the purpose of the transaction if it is inconsistent with their customer information or normal transaction patterns, or if its reasonableness or necessity is in question.

¹Examples include Government Savings Bank (GSB), Government Housing Bank (GHB), and Small and Medium Enterprise Development Bank of Thailand (SME Bank).

3 Impact on Businesses Conducting Cash Transactions

The draft notification does not impose a blanket prohibition on cash transactions by businesses. Rather, it strengthens verification and risk management by financial institutions. The main potential implications for businesses are as follows:

- They may be asked to provide additional explanations and supporting documentation concerning the source of funds and the purpose of transactions.
- They may be encouraged to use safer and traceable non-cash payment methods for high-value cash transactions.
- Banks may decline to process transactions if the information or explanations provided are insufficient.

Where a bank cannot complete EDD but exceptionally permits a transaction based on the customer's reasonable explanation and legitimate need, the draft notification would also require approval from management above the branch manager's level and close monitoring of the customer.

4 Status of the Draft Notification

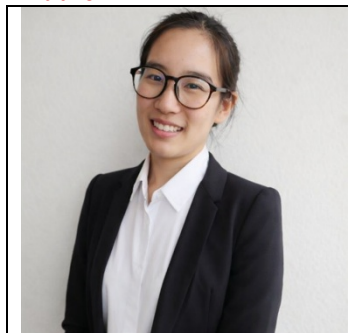
The measures described in this article are contained in a draft notification subject to public consultation, rather than regulations that have formally taken effect. Although the draft is reportedly expected to take effect in October 2026, the final published provisions and effective date must be confirmed separately.

If you have any questions regarding this newsletter, please contact One Asia Lawyers Thailand Office.

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