The Thai economy could surge by 5-6% in 2022, according to official estimates, as the Asian tiger economy puts the worst of the covid-19 pandemic behind it and benefits from strong, long-term policymaking that emphasizes sustainability and circularity. The economy will be supported by $18bn of investment pledges made by the government, as well as the global recovery, which will favour open, pro-business countries such as Thailand.

THAILAND
LEADING THE WAY IN SUSTAINABILITY

Thailand has a strong private sector, with many companies engaged in sustainability initiatives. The Thai government has made significant efforts to promote sustainable development, including through its National Economic and Social Development Board (NESDB), which has been instrumental in implementing policies aimed at achieving the National Sustainable Development Goals (NSDGs).

The NESDB has developed a Sustainable Development Strategy (SDS) that outlines the country's goals and strategies for sustainable development. The SDS focuses on six pillars: economic growth, social development, environmental protection, cultural heritage and biodiversity, institutional capacity, and governance.

The government has also established the National Council for Sustainable Development (NCSD), which is responsible for coordinating and monitoring the implementation of the SDS.

The government has also emphasized the importance of environmental protection, and has established a number of initiatives aimed at reducing pollution and improving air quality. For example, the government has implemented measures to reduce the use of plastic bags and has introduced a carbon tax on fossil fuels.

Thailand has also been recognized for its progress in reducing greenhouse gas emissions, and is a signatory to the United Nations Framework Convention on Climate Change (UNFCCC).

The government has also been active in promoting renewable energy, and has set a target of generating 20% of its electricity from renewable sources by 2030.

In addition to its efforts at the national level, Thailand has also been active in promoting sustainable development at the regional and international levels. The country is a member of the Association of Southeast Asian Nations (ASEAN), and has been an active participant in the ASEAN Community. Thailand has also been a strong advocate for sustainable development in the United Nations, and has played an active role in promoting the Sustainable Development Goals (SDGs).

Overall, Thailand has made significant progress in promoting sustainable development, and has set itself on a path towards a more sustainable future.
Krugthai Bank
Driving Thailand's financial inclusion

With consumption expected to soar from $120bn to $410bn in just a decade, Thailand is on the brink of a post-pandemic boom, according to research from McKinsey Global Institute (MGI), the business and economic research arm of the global consultancy titan. By 2030, MGI estimates that 90% of Thailand’s population could be part of the “consuming class”, spending more than $600 a month (on purchasing power parity terms), and thus having greater discretionary spending. This would be an increase on 70% today, and just 35% at the beginning of the millennium. The proportion of the population spending more than $30 a day is forecast to double to 40% by 2030, from $20 today. The increase is testament to Thailand’s inclusive economic growth path, supported by an excellent business environment and prudent policy-making that has lifted millions out of poverty into the middle-income category.

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hailand’s economic vitality is reflected in and underpinned by the strength of its banking system. In June 2021, the Thai office of ratings agency Fitch Ratings, said that that banks’ buffers, such as loan-loss reserves and common equity Tier 1 capital, remain a solid cushion against downside risks. The agency noted that banks’ “profitability should still be able to absorb additional provisioning” occasioned by the stop-start global recovery from covid. Thai banks have been able to bolster these cushions through issuing subordinated and hybrid capital instruments, with a particular focus on Additional Tier 1 capital, due to the need for enhanced loss absorption capacity. The pandemic Bank NPL coverage ratio reached 155% by the end of the third quarter of 2021, according to central bank figures. This solidity is the backdrop to lively growth, with loans growing 5.9% year-on-year in the third quarter.

Krugthai Bank is at the forefront of this picture. Thailand’s second-largest bank by assets, it is leading the way in innovation not only in the banking sector, but across Thai-land’s financial system – and its broader socio- economic system. The bank has played a central role in driving financial inclusion, establishing a nation-wide payment network and system that has helped deliver government support to those who need it since before the pandemic – during the peak of covid-19 lockdowns, this became a particularly critical service. “We have connected the government to the people in a way that has never been done before,” says Payong Sirivanich, Krugthai Bank’s group president. “The need to extend our regional support beyond traditional banking, in terms of injecting governmentstimulus and financial assistance. Prior to covid we worked with the govern- ment to register millions of people that were below the poverty line,” says Payong. “We put in place a digital payment super highway in every subdistrict nationwide. We have installed EDC (electronic data capture, for payments) at mom and pop stores in every subdistrict. We developed technology that traditional banking would not allow or support in shopping malls, and made it available in mom and pop stores as well as mobile phones, and on cloud. We installed this network with the government as our partner, and have driv- en financial inclusion in a massive way.”

Payong, a US-educated former banker at Citibank, was appointed in 2016 and brought in the vision for Krugthai Bank’s transformation from a commercial bank fo- cused on providing services public sector workers and lagging somewhat behind its private sector peers to the institution we see today, bridging the gap between traditional banking and the new era of multi-faceted digital financial services. The bank focuses on “four ecosystems”, seeking partnerships for development in each one: payment, gov- ernment, healthcare, transportation and ed- ucation. Its achievements under this strategy include developing a blockchain-based sys- tem for government procurement, tax collec- tion, and payments, that is helping the public administration drive towards its “Thailand 4.0” goals of unlocking higher growth and productivity. Krugthai’s technology also allows health benefits to be paid through a mobile banking app, and it offers university students a payments service tied to their student ac- ccounts, and a feed of news and events. The bank’s ARISE digital innovation unit, aimed at co-innovation with technology and blockchain requires parallel innovation in technology, but also redesign your process internally. You have to retrain your people to understand the new process and make op- timal use of the technology in the process.” For partners and investors, Krugthai Bank represents a business both grounded in its traditional strengths and a new market leader in digitalisation, with activities in some of the fastest-growing and most strategically important parts of the economy. Its work with the government in recent years has deliv- ered huge social as well as economic bene- fits to Thailand and its citizens. This remains a bank with a uniquely Thai identity, serving the society in which it is grounded, and of- fering a forward-looking partner for those looking to tap into the next wave of sustain- able and inclusive growth across the region.

“Thailand is defined by the attitude of our people; it is known as ‘the Land of Smiles’, says Payong. “Our natural hospitality has driven our business and brand recognition, which has a unique offering. But it is not the only competitive advantage. Thailand’s geographical location gives it a unique edge – we can be an excellent gateway for mass transit services and transactions, in Singapore, Malaysia, and far beyond. If you choose a partnership in Thailand, you can pool resources from anywhere in the world.”

ability in line with Krugthai’s broader vision.

“The past year was a great success, that we are going to be able to continue, says Payong. “We have been driving our organisation through the past five years, says Payong. “We rec- ognised that the industrial revolution 4.0 is coming; we recognised the thunder- storm of technology that was coming.”

Yet the bank also remains grounded in its 55-year history and the communities it serves across the country, and is bringing its customers into the new era of open banking and digital transactions without cutting tra- ditional services on which many Thais rely. “Today, we are at the juncture of a tran- formation in the financial services sector, says Payong. After 55 years, we have developed a unique understanding of many types of customers. You cannot about
YLG Group
Thailand’s gold leader eyes international growth

Thailand emerging from the worst of the Covid-19 crisis in a good position to bounce back. GDP growth is forecast to jump by more than seven percentage points in 2021, and key sectors are booming as global demand for merchandise and service exports soars. The gold industry in particular is recovering from a volatile period and recording resurgent growth. Rising inflation in 2021 has driven an investor stampede into the commodity, and Thailand's gold reserves hit an all-time high of 244.2 tonnes in Q2 2021, after declining by 15.5% y-o-y in 2021. YLG Bullion, the country's leading gold trader, is ready for the next wave.

YLG Bullion International Company Limited, expanded from succeed of Yoo Lim Gold Factory Company Limited which established in 1993. YLG Bullion was originally active as a manufacturer and exporter of authentic gold, jewelry, and gems. Over the past three decades it has risen to become the top domestic player in Thailand’s gold market, while significantly expanding its international footprint. According to CEO Pawan Nawawattanasub, agility and dynamism have always steered YLG’s growth:

"The key to our success was learning international best practice and applying it to our own operations. We began trading well before other companies; we tried to meet the customer needs and adjust to them. Our business develops quickly and completely changes every two years because of external factors, so we have to renew ourselves and evolve, improve our ways, very often."

The group’s adaptability, responsiveness, and straightforward approach to doing business helped its portfolio expand rapidly at the turn of the century. YLG Bullion International was established in 2003, shifting and diversifying operations towards trading in domestic and international markets. YLG was one of the first to establish an online trading platform for gold bullion and bars, simultaneously launching 24-hour gold delivery services to its clients.

Expansion accelerated from there: gold bar import and export services launched in 2004, and in 2009 the group began offering gold futures trading on the Thailand Futures Exchange Market, with the establishment of YLG Bullion and Futures Company Ltd. International expansion followed in 2012 when the Singaporean government agency International Enterprise invited YLG to establish its first overseas office in the city-state. By 2013, YLG has become Thailand’s gold bullion trader and largest gold bar importer and exporter, as well as a major player in the Singaporean market.

A new retail-oriented subsidiary, YLG Precious, followed in 2015, and in 2019 the group further expanded its futures offerings on the Thai bourse. Today YLG is a domestic and regional leader in gold trading, recording $12 billion of total transactions in Thailand last year, and $23 billion in Singapore.

2020 was a moderately challenging year due to external volatility, Nawawattanasub recounted, but gold remains a popular investment option in times of trouble, which has helped the group remain resilient in the face of market shocks:

"Gold is used as investment and people still had opportunities to make profit in 2020. Thailand is a country that imports a lot of gold, and when the pandemic occurred, most of the gold was for investments."

There was a lot of export of course, but this year it’s been much less because the gold has come down, so there’s more movement between import and export. We are certainly seeing that 2021 has been better for Thailand than last year,” she said.

YLG has remained resilient despite the ups and downs because of its core focus on the customer experience, including shifting consumer and trader preferences. Although around half of the gold activities undertaken at YLG are still done physically, the remainder is carried out using its trading services, which have been evolving along with the market to meet new demand.

From its earliest electronic trading platform launched nearly 20 years ago, YLG has been actively expanding its service offerings to include a white label service for dealers to use in direct client sales, forex gold trading, and a system allowing clients greater flexibility in when they buy and sell. YLG offers something for everyone in the gold value chain, from second-hand vendors to wholesalers. A team of award-winning analysts is also on hand to help clients formulate and implement savvy investment strategies.

As she looks to the future, Nawawattanasub is open to new partnerships, particularly in Southeast Asia. Thailand’s gold industry is large and dynamic, and YLG will remain at the forefront of new growth, she said:

"If you talk about gold business, Thailand is the third-largest market in Southeast Asia, and that’s the way we promote the country. We are helping to raise the profile of the industry, making gold synonymous with Thailand. The market may be smaller than India and China, but we are well-known in the business, and Thailand has a stellar reputation."

Pawan Nawawattanasub
CEO - YLG Group