

# Thailand: Changes to the anti-money laundering law

Amendments have been made to the Anti-Money Laundering Act 1999 (AMLA), together with the ministerial regulations issued under this Act. The Act regulates and oversees financial transactions for detecting and preventing money laundering activities in Thailand.

The key ministerial regulations will take effect on 26 August 2011 and require financial institutions to report additional transactions. One significant change to the law is that in addition to cash transactions of THB2 million or more, any wire transfer/electronic payment worth more than THB100,000 must be reported.

Any wire transfer/electronic payment of any asset worth more than THB700,000 must be reported in addition to any transactions in respect of assets worth more than THB5 million. The aim of the amendment is to prevent financial institutions being used for the purposes of money laundering.

Details of all other amendments are discussed in greater detail below.

## The five key amendments introduced are as follows:

### Financial institutions' duty to report to the Anti Money Laundering Office (AMLO)

Under pre-existing laws, financial institutions were only required to report cash transactions worth THB2 million or more and transactions involving property valued at THB5 million or more. When the amendments become effective, financial institutions will have to report:

- Transactions worth THB2 million, unless the transaction is an electronic transfer or payment of money, which also includes transactions involving property, in which case a cash transaction of THB100,000 or greater must be reported.
- Transactions involving property valued at THB5 million, unless the transaction involves an electronic transfer or payment of money for movable property, in which case transactions of THB700,000 or greater must be reported.

### Regulated businesses' duty to report to AMLO

The duty to report under the AMLA applies to financial institutions, land offices and the following nine regulated businesses:

1. advisory businesses, which advise on investments or the movement of funds as defined by capital market regulations, that are not financial institutions
2. jewellery and gold businesses (including businesses dealing in the accessories produced from such materials)
3. businesses involved in the sale or hire purchase of vehicles
4. agencies involved in the sale and purchase of immovable property
5. antique dealers
6. personal credit loan businesses that are not financial institutions

## Key Issues

Financial institutions' duty to report to AMLO

Regulated businesses' duty to report to AMLO

New types of financial institutions

Increase in the types of exempted transactions

Customer identity verification

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7. electronic money card businesses that are not financial institutions
8. credit card businesses that are not financial institutions
9. electronic payment service providers.

Prior to the introduction of this set of amendments, the AMLA and its subordinate legislation did not establish any thresholds indicating when a regulated business had a duty to report to the AMLO. Under the new ministerial regulation, regulated businesses listed in (1) to (5) and (8) above have to report to the AMLO any cash transactions worth THB2 million or more; regulated businesses in (6) are required to report any cash transactions worth THB500,000 or more and regulated businesses in (7) and (9) must report any cash transactions worth THB100,000 or more.

#### **New types of financial institutions**

Two new entities will now be considered financial institutions for the purposes of AMLA and its subordinate legislation:

- legal entities which conduct businesses involving futures contracts, as defined by the laws governing futures contracts
- legal entities which conduct businesses involving the sale and purchase of futures, as defined by the laws governing the sale and purchase of agricultural produce futures.

#### **Increase in the types of exempt transactions**

Three new types of transactions will be exempt from the duty to report to the AMLO.

- Transactions relating to (a) payment service providers, involving amounts less than THB750,000; (b) credit card services; (c) Electronic Data Capture (EDC) services; (d) Switch payment services; (e) account debit/direct debit services; (f) settlement services; and (g) account debit services, with payments in the form of cheques, drafts, bills of exchange, promissory notes, and other official instruments.
- Transactions made through automatic teller machines (ATM) or through automatic deposit machines, with the exception of questionable/suspicious transactions.
- Internal transfers or payments of money within and/or between financial institutions and/or electronic payment service providers, or electronic transfers or payments that are made within a financial institution or within an electronic payment service provider, from and to the accounts of a single customer, with the exception of questionable/suspicious transactions.

#### **Customer identity verification**

Under pre-existing laws, financial institutions and regulated businesses were only bound by a general duty to verify the identity of their customers in transactions which had to be reported to AMLO. The amendments introduce more stringent rules, requirements and details for customer identification and verification procedures for financial institutions and regulated businesses to comply with.

- Financial institutions: customer identity verification is required for transactions worth THB700,000 or more, or transactions involving electronic money services or electronic transfer payments worth THB50,000 or more
- Regulated businesses: customer identity verification is required for transactions worth THB700,000 or more for the types of regulated businesses listed in (1) to (5) above, or THB50,000 or more for regulated business in (7) above, or could be required in all transactions for regulated businesses listed in (6) and (8) above or all electronics transactions or services worth THB50,000 or more for regulated business in (9) above.

If you require further advice on any of the issues raised in this briefing note, please contact the author at the contact details above.

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