

## Daily Thai News Summary: 9 May 2016

### 1. SME Bank to increase registered capital by another Bt1 billion for innovative JVs

Source: **The Nation** ([Link](#))

The Small and Medium Enterprise Development Bank of Thailand (SME Bank) will increase its registered capital by Bt1 billion in the second half of the year, to enable it to achieve the investment target of Bt2 billion in joint ventures with innovative SMEs. *“Our policy since September 8, 2015 through to the end of this year is to finance joint ventures with such SMEs to the tune of Bt2 billion. Part of the investment budget will come from registered capital of Bt1 billion raised last year. The rest will be raised in the second half of this year, given the bank's management of our non-performing loans [NPLs] to meet the Finance Ministry target of no more than Bt18 billion in the first half,”* SME Bank president Mongkol Leelatham said during an interview with The Nation last week. Currently, the bank has NPLs of Bt22 billion, representing 23 per cent of its outstanding loans - sharply down from 40 per cent in June last year.

At present, the bank has joint ventures with four businesses at a combined investment cost of Bt50 million. It is also studying investment in another 20 SMEs at a combined cost of Bt350 million, in deals expected to be finalised this year, he said. The joint-venture policy is focused on SMEs engaged in innovative business and which need capital for business expansion in order to drive their long-term growth. Investment will be in both SMEs and start-up businesses, in line with government policy to support both types of entity as a dynamic new industrial sector to propel the country forward towards an innovation-based economy.

### 2. THAI to cash in on technical services

Source: **The Nation** ([Link](#))

As part of its three-year corporate rehabilitation plan from fiscal 2015-17, Thai Airways International's Technical Department has set a new strategy with the ambitious goal of turning its services from a cost centre into a profit centre within one to two years. Chalermpon Intarawong, executive vice president of the technical department, told The Nation that according to the strategic plan, the department has improved its operating processes to lower cost while expanding services to increase revenue. With over 50 years of experiences, THAI is one of the leaders in the maintenance, repair and overhaul (MRO) of commercial aircraft. Its technical department has over 3,000 staff providing integrated services - line maintenance, light and heavy maintenance, component and engine overhaul including tools & equipment calibration services through three major maintenance facilities - Don Mueang, U-tapao and Suvarnabhumi.

One of the big challenges for the THAI technical department is the new business model through a joint venture course. THAI earlier signed a memorandum of understanding with Air France KLM Engineering & Maintenance for a feasibility study on joint investment in maintenance of aircraft components. THAI also signed an MoU with a European MRO leader for collaboration on maintenance of aircraft-related components. *"The department will submit a study on the joint venture with Air France KLM Engineering & Maintenance to the THAI board of directors this month for consideration. If approved, it will be the first joint venture for THAI's aircraft maintenance service. Air France KLM Engineering and Maintenance will bring customers' works in the region, technologies and funding while THAI will invest in facilities and equipment,"* said Chalermpon. In addition, the technical department is considering an approach by the major regional low-cost carrier to perform maintenance services on their A320 and A330 aircraft at Don Mueang Airport. Once it proves to be a success, the THAI technical department will serve at least 120 A320 aircraft totally.

### **3. Cable operators seek to expand into broadband Internet services**

Source: **The Nation** ([Link](#))

Thirty Four cable TV operators nationwide have recently submitted a joint application for licences to provide Internet broadband service in an attempt to find a new revenue source amid flat growth of their mainstream service. The National Broadcasting and Telecommunications Commission (NBTC) will consider awarding the qualified applicants three-year licences within 30 days. Varin Cholhan, vice president of the Cable Thai Association and managing director of Digital Cable of Phetchabun, said last week that the 34 operators come from many provinces including Phetchabun, Chon Buri and Ubon Ratchathani. Out of the 350 members of his association, about 100 are equipped to provide broadband Internet service, he said. *"Each is expected to launch the broadband Internet service within five months after obtaining the licence. They're expected to offer a monthly service fee of Bt590, the same as the major players,"* he said. The companies are aiming for 30 per cent of their cable TV subscribers to also subscribe to their Internet service and expect to break even within two years. Initially they plan to lease fibre-optic networks from major telecoms such as CAT Telecom and United Information Highway to provide the new Internet service.

#### **4. GSB invests in tech to support cashless society**

Source: **The Nation** ([Link](#))

To support the creation of a cashless society driven by the government's e-payment policy, Government Savings Bank (GSB) is investing in technology and in increasing its current capacity. GSB president Chatchai Payuhanaveechai told the media recently that the state bank was putting more focus on online service and upgrading its essential infrastructure to respond to increasing demand from the markets. This is in line with an ongoing effort both from the government and private bankers to develop their IT system to accommodate any ID money transfers. Despite accounting for a smaller portion compared to other sources of revenue, debit/credit card and electronic service continues to grow. In the first three months, this service made about Bt1.129 billion while the largest amounts were from loans at Bt14.041 billion. In the first quarter, after transferring about Bt800 million of total revenue to the Specialised Financial Institution Development Fund, GSB posted a net profit of Bt1.656 billion.

Chatchai added that the GSB was seeing an increase in debit and credit card use, ATM, mobile banking and Internet banking. As of last month, debit and ATM cardholders were approximately 5.33 million, increasing from 5.2 million last year. Credit-card holders were almost 11,000 after being launched on April 1. Under MyMo by GSB-mobile banking, there were about 540,553 users now, up from 352,107 last year while Internet banking users were 136,869, increasing from 52,054 last year. *"We believe that by end of this year, MyMo users will reach more than 1 million and Internet banking users will be exceeded 300,000,"* Chatchai stressed. In line with this customer expansion, GSB, as a state bank, also wants to play a key part in supporting the establishment of a national electronic or e-payment money system with a registered identification (ID) or mobile phone number as a reference.

#### **5. Dusit Fudu signs deal to manage new Chinese hotel**

Source: **The Nation** ([Link](#))

DUSIT Fudu Hotels and Resorts yesterday signed an agreement with Zheng Heng Group to manage the upcoming Dusit Thani Hot Springs and Wellness Resort Fuzhou, China. It is scheduled to open in 2019. The agreement was signed by senior executives from both parties at a ceremony held at the flagship Dusit Thani Bangkok hotel yesterday. Lim Boon Kwee, chief operating officer of Dusit International, said the group had brought Dusit's brand of gracious Thai hospitality to the exciting city of Fuzhou and was confident of delivering an inspiring and rejuvenating getaway for local and international guests.

Dusit Fudu Hotel Management is a Shanghai-based joint venture between Dusit International and Fudu Hotel Investment Management, the hospitality arm of Changzhou Qiao

Yu Holding Group. The partnership combines each company's expertise in hospitality to expand the luxury hotel chain in China, with plans to add another 50 hotels by 2018. The new hotel is located in Lianjiang county, a well-known hot-springs destination in the northern area of Fuzhou, which has more than 2,200 years of history with an abundant display of relics and sites of historical interest. Fuzhou is the capital of Fujian province and is also one of southeastern China's main transport hubs. The hotel will offer 250 guestrooms and villas, with many featuring private hot-spring pools set against a tranquil and picturesque landscape.



**By Harsha Hazarika**