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History

Thai Asset Management Corporation – TAMC has the objectives in managing impaired assets of financial institutions and of asset management companies, debt restructuring, and business reorganization by taking transfer of impaired assets of financial institutions and of asset management companies as well as any other rights over the property being held as collateral for debt repayments with respect to such impaired assets, or by applying any other measures for the purpose of reviving the economy or restoring national stability.

Since the Asian financial crisis in 1997, Thailand had suffered severe economic downturn. The change in exchange rate regime from fix to floating also caused Thai baht to depreciate tremendously, thus impacting the normal operations of both the financial and the corporate sectors. Financial institutions had more burdens resulting from higher reserve provisions and costs of operation. In addition, their financial performance incurred losses due to higher expenses and decreases in income gained from extending credits as financial institutions were more cautious towards lending. This thus brought about hardship and no liquidity in the corporate sector to the extent that the continuation of their normal businesses was halted. As a result, financial institutions' debtors were not able to repay their loans, thereby leading large amount of these loans to become non-performing loans (NPLs). In this connection, the level of NPLs reached its peak, amounting to 2.7 trillion baht or 47.7 percent of total loans from financial institutions, at the end of May 1999.



Although several measures had been implemented to resolve the NPL problem, the level at the end of February 2001 was still considered high, amounting to 1.35 trillion baht or 17.8 percent of total loans from financial institutions. This is due to the fact that there were new NPLs in the system and re-entries. In addition, there was a sizable amount of NPL cases that were in the court process. These problems were priority needed to be solved immediately; otherwise, the positions of relevant financial institutions would be strongly affected and Thailand's economic recovery would be hampered. As a result, the establishment of the National Asset Management Corporation or the Central Asset Management Organization with the objectives to resolve the NPL problem in financial institutions and to help viable debtors to be able to continue their business operations was one of the immediate policies of the Government of Prime Minister Thaksin Shinawatra.

The seminar on the establishment of the National Asset Management Corporation was first organized on 24 – 25 February 2001 at the Dusit Resort and Polo Club, Cha-Am, Petchburi. It was chaired by the Prime Minister; and attended by representatives from the Ministry of Finance, the Bank of Thailand, both State-owned and private financial institutions, as well as academicians and specialists from various fields in order to facilitate the exchange and gathering of opinions and comments from all relevant parties. In this regard, the meeting agreed that the National Asset Management Corporation would be a centralized institution with powers and flexibilities in its operation to solve the NPL problem with the purpose of assisting the financial sector back to normal a short-term and not creating burden on the taxpayers in a long run.

From the aforementioned policy, the Ministry of Finance set up "Working Committee on the Establishment of Central Asset Management Organization" on 1 March 2001. This Working Committee was chaired by Mr. Thanong Bidaya and participated by representatives from both the public and private sectors to jointly study and consider the establishment procedure, modality, organization structure, and other relevant management framework of this organization.

In implementing these activities, the Working Committee on the Establishment of Central Asset Management Organization formed 4 Sub-working Committees to consider different aspects as follows:

1. Administration	Mr. Chaktip Nitibhon Assistant Governor, Bank of Thailand
2. Management	Mr. Chulakorn Singhakowin Chairman, Thai Bankers Association
3. Financial	M.R. Chatu Mongkol Sonakul Governor, Bank of Thailand
4. Legal	Mr. Sathit Limpongpan Director-General, Fiscal Policy Office

After their joint meetings, the Working Committee on the Establishment of Central Asset Management Organization agreed to name such organization as "Thai Asset Management Corporation" or TAMC which was to be established with the status of a State agency and not of a State enterprise under special laws in order to expedite the resolution of NPL problem in both the State-owned and private financial institutions and to enable transferred debtors to be in a position that could continue their business operations, thereby enhancing stability in the financial institution system.

To allow the continuation of the supervision and resolution of NPL problem in financial institutions in Thailand while waiting for the establishment of the "Thai Asset Management Corporation", the Cabinet announced the establishment of the "Committee on the Supervision and Management of Financial Institutions' NPLs" on 10 April 2001. The Committee was chaired by Mr. Thanong Bidaya and participated by representatives from both the private and public sectors as directors. Also, there were additional representatives from the debtor's side in this Committee.

The Committee on the Supervision and Management of Financial Institutions' NPLs had reviewed the result of the study by the Working Committee on the Establishment of Central Asset Management Organization and used the conclusive information for drafting the Emergency Decree on the Thai Asset Management Corporation B.E. 2544. The laws was then passed by the Finance Minister to Mr. Meechai Ruuchupan, Director of Committee on Laws Improvement for Country Development, and its Working Committee, in which officer from the Council of State acted as secretary, for further improvement before presenting it to the Cabinet for their consideration. In this connection, the Emergency Decree on the Thai Asset Management Corporation B.E. 2544 was announced in the Royal Gazette and became effective on 9 June 2001.

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