



# A Study of the Brokerage Business in Thailand

**Analysis of Efficiency, Competitiveness, and  
Ecosystem Development**



The contents of this report will not be used for commercial purposes. This report was prepared with the support of the Thailand Capital Markets Development Fund.

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# Executive Summary

Thailand's brokerage industry is under sustained pressure from declining trading volumes, prolonged margin compression, rising operating costs, and rapid shifts in investor behavior. These challenges occur within a broader capital-market context marked by weakened investor confidence, a limited pipeline of high-quality issuers, and an underdeveloped private capital ecosystem. As a result, many brokerage firms, particularly mid-sized and smaller players, are struggling to invest in technology, product innovation, governance, and investor engagement at the required scale to remain competitive.

**This paper agrees with the direction to encourage mergers and acquisitions (M&A) and consolidation within the brokerage industry.** The current level of fragmentation, operating within a finite profit pool, has constrained profitability and inhibited reinvestment across much of the sector. Consolidation can therefore play an important role in strengthening balance sheets, improving operational efficiency, and enabling investment in scale-dependent capabilities. However, the priority is **not to have fewer brokers, but high-quality brokers.**

**However, consolidation alone will not deliver a competitive or resilient capital market.** Two additional considerations are critical.

First, **market restructuring must deliberately preserve and strengthen smaller, specialized, and digital brokers,** rather than allowing consolidation to result in a homogenous landscape of large firms. International experience suggests that capital-market efficiency is maximized through a barbell structure, in which a small number of well-capitalized intermediaries anchor market stability and liquidity, while niche and digital players compete in clearly defined segments such as distribution, advisory, product innovation, and technology-enabled access. To achieve this outcome, consolidation must be guided, not forced, through regulatory design that rewards scale only where it is economically and systemically necessary, while keeping entry and participation viable for lower-risk, specialized activities.

Second, **brokerage consolidation must be accompanied by broader efforts to build the overall capital-market ecosystem.** Weak investor participation, declining trust, and shallow issuer pipeline cannot be resolved through intermediary restructuring alone. Without parallel improvements in issuer quality, enforcement effectiveness, financial literacy, and private capital formation, consolidation risks redistributing a stagnant profit pool rather than expanding the market itself.

Therefore, this paper advocates a **dual-track strategy** - promoting a **coordinated and complementary set of actions by both regulators (top-down) and brokers (bottom-up)** to drive meaningful change in the industry.

From a **top-down perspective,** regulators can support M&A agenda by introducing tiered and risk-based licensing frameworks, while also incentivizing niche players to operate in the market. These measures can guide the brokerage industry toward a more efficient structure, indicatively in the range of 12–17 brokers, while avoiding excessive concentration and preserving competitive tension.

To paint a complete picture, this paper outlines a high-level, indicative roadmap for the transformation of Thailand's brokerage industry, organized around six strategic moves, as outlined in the Thai Capital Markets' Strategy House (Figure 1). These recommendations draw upon outcomes from a quantitative customer survey, expert interviews, and regional benchmarking, and are intended to support ongoing dialogue and collaborative progress among policymakers, regulators, and industry stakeholders.

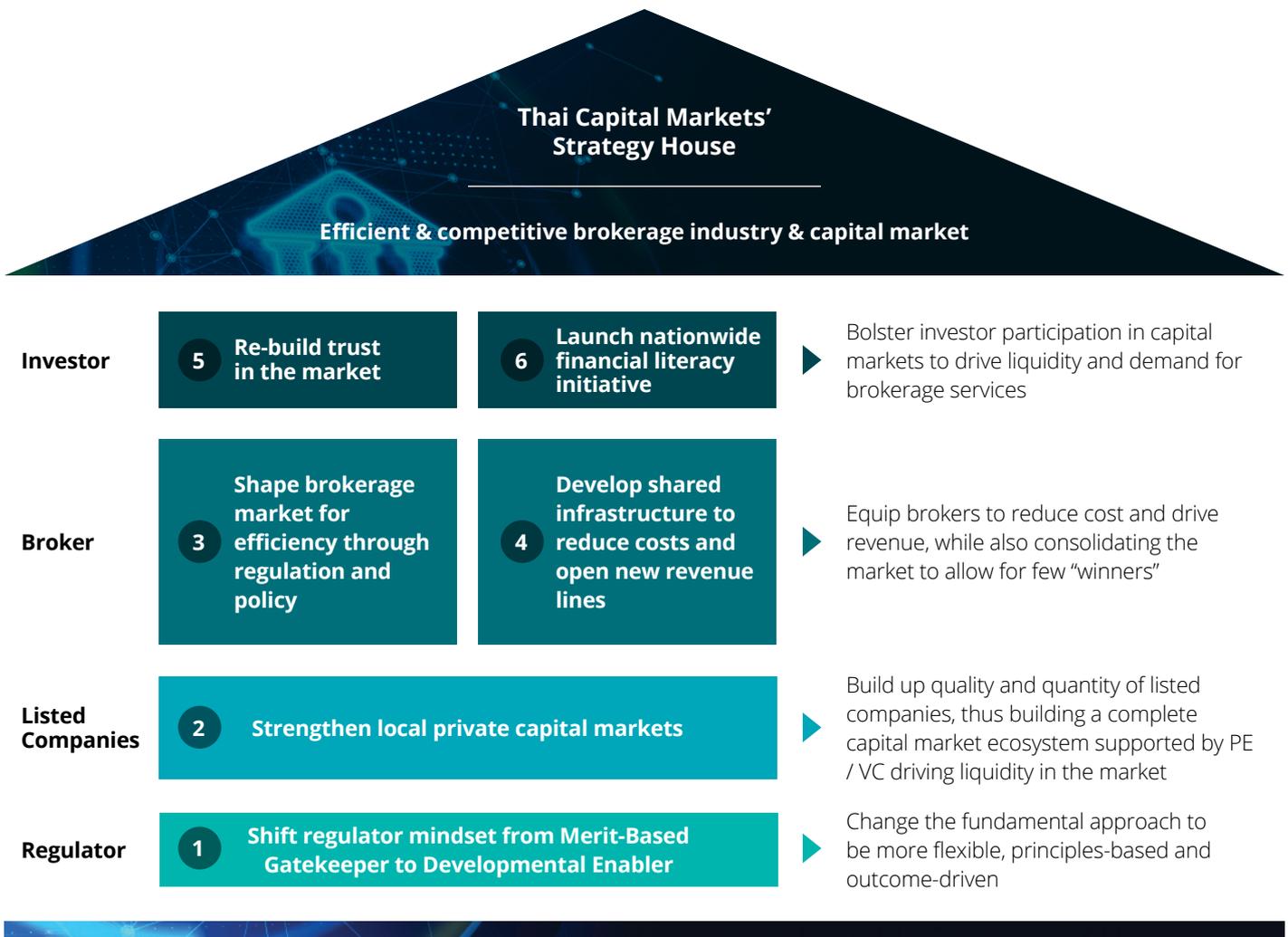


Figure 1 - Thai Capital Markets' Strategy House - 6 strategic moves to establish an efficient and competitive brokerage industry and capital market

### 01 Shift regulator mindset:

There is a need for a shift in regulatory philosophy from a merit-based gatekeeper model to a more principles-based, developmental enabler approach. We recommend that early efforts focus on enhancing regulatory sandboxing to cater to the needs of the brokerage industry, building capabilities around real-time risk intelligence and analytics, and the adoption of risk-based, thematic supervision. These foundational reforms will provide flexibility and data-driven insights necessary for subsequent changes in licensing, enforcement, and market oversight.

### 02 Strengthen local private capital markets:

The development of a vibrant private equity and venture capital (PE / VC) ecosystem is a key lever for strengthening the capital market pipeline. Legal and structural reforms will need to be prioritized to attract both general and limited partners. These include laying the groundwork for a revised fund structure, expanding exit pathways, mobilizing domestic institutional capital, and introducing targeted tax incentives to revitalize the PE / VC landscape in Thailand.

### 03 Shape brokerage market for efficiency:

As discussed, consolidation in the brokerage industry is the most important and direct response to the current fragmentation and inefficiency in the Thai brokerage sector. These reforms aim to encourage the emergence of stronger, more innovative brokers with scale, while allowing for niche and digital players to coexist. The timing and extent of consolidation will be subject to market dynamics, regulatory incentives, and the broader economic environment.

### 04 Develop shared infrastructure:

The creation and adoption of shared digital infrastructure is fundamental for improving efficiency, reducing costs, and supporting regulatory objectives. Early priorities include the development of securities borrowing and lending platforms. Beyond investing in building the system, successful implementation will also require regulators to encourage brokers to adopt such shared infrastructure as much as possible.

### 05 Re-build trust in the market:

Restoring and sustaining trust in the capital market is required to address the downward trend of investor activity on Thai venues. We recommend achieving this through a multi-pronged multi-year approach that focuses on reforms to gatekeeper roles, whistleblower protections, enforcement mechanisms, and investor protection programs. The effectiveness of these efforts will depend on the alignment of regulatory, industry, and investor interests, as well as the ability to respond to new risks as they emerge.

### 06 Launch nation-wide financial literacy initiative:

Finally, there is a need for a coordinated, long-term approach to financial literacy, beginning with the establishment of a unified governance structure. The development of digital education platforms and ongoing outreach initiatives will support broader participation and informed decision-making among retail investors.

From a **bottom-up perspective**, brokers must adapt by sharpening their value propositions, leveraging digital and ecosystem partnerships, and shifting away from pure execution-based competition toward advice-led and trust-based models aligned with Thai investors' long-term, risk-aware behavior. In this context, smaller players are not expected to disappear, but to evolve, either by consolidating to achieve scale where required or by specializing in segments where scale is not the primary source of advantage.

By 2030, successful implementation of this approach would result in a smaller but more capable brokerage ecosystem, operating within a deeper and more trusted capital market. A balanced mix of scaled intermediaries and specialized players, supported by stronger investor confidence and a healthier issuer pipeline, would position Thailand's capital market to better finance domestic growth while remaining attractive to global capital. Achieving this outcome will require sustained, coordinated action across market structure, regulation, and market-building initiatives rather than reliance on consolidation alone.

# Executive Summary

## Part 1: Context

- 1.1 Objective of the study
- 1.2 Approach to the study



# 1.1 Objective of the study

The Thai brokerage industry is undergoing rapid structural change. Trading volumes have declined, investor confidence has weakened, and competition has intensified across both traditional and digital channels. These developments call for a deeper understanding of the underlying dynamics shaping the industry - how brokers operate, how investors behave, and how regulatory and market structures influence competitiveness.

This study was commissioned by CMDF to provide an evidence-based assessment of these dynamics and to identify strategic options that will strengthen the resilience, efficiency, and long-term sustainability of Thailand’s capital market. The focus is on the public equity market, where brokers play a central role as intermediaries, advisors, and enablers of investor participation. This document aims to:

-  Lay out an understanding of the current industry dynamics, with a focus on the brokerage industry
-  Study structural challenges and future opportunities to identify strategic options for Thailand
-  Provide recommendations to enhance broker efficiency and promote competitiveness, fair competition and long-term sustainability

# 1.2 Approach to the study

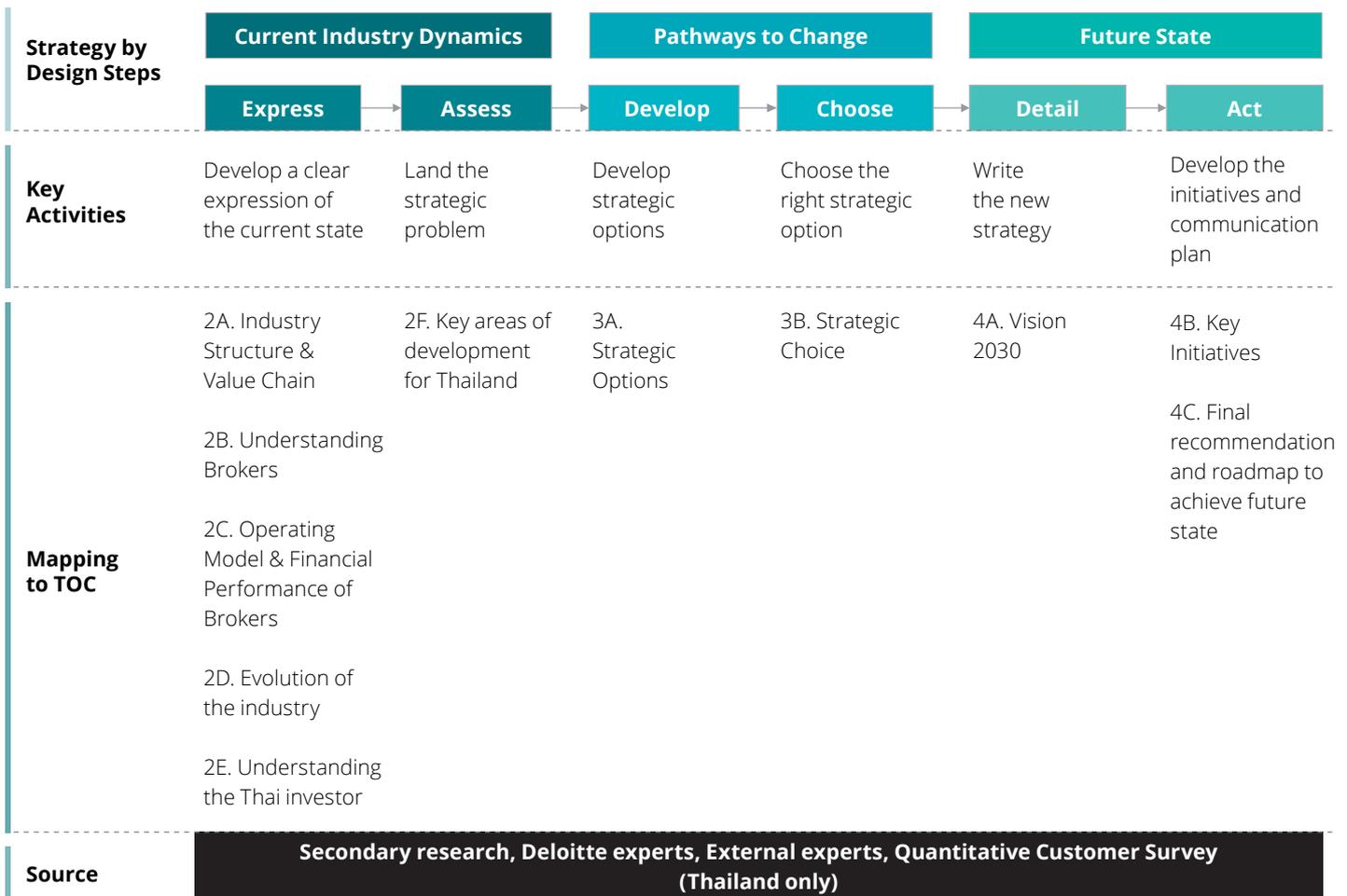


Figure 2 - Approach to the study

The study applies Deloitte’s StrategyByDesign framework, which provides a structured and iterative approach to problem-solving. This methodology integrates diagnostic analysis, benchmarking, stakeholder insight, and strategic design to ensure recommendations are grounded in data, aligned with global standards, and tailored to Thailand’s context. As per the framework, this study follows a structured analytical journey from expressing the current state and evaluating root causes, to defining pathways to change and envisioning Thailand’s capital market end-state in 2030. Figure 2 elaborates on how we have used this methodology to arrive at recommendations on the initiatives and roadmap required to strengthen the Thai capital market.

This paper relies on multiple sources of information to ensure a robust, multi-dimensional fact base, including secondary research of established and credible reports and databases, inputs from industry experts from Thailand and other countries with strong capital markets, and a Thailand-focused quantitative customer survey.

### Quantitative Customer Survey

We surveyed 1000 potential retail investors aged 20+ who have the means to invest in stocks, bonds, options, and other financial products, with a monthly income of at least THB 15,000. The income distribution is based on the natural fall. Characteristics of the respondents and their detailed demographics have been included in the Appendix (A2. Approach of the study: Quantitative Customer Survey). Overall, Thai savings and investment portfolio allocations are assessed through weighted averages, based on the sum product of portfolio splits and number of respondents, divided by total number of respondents.

Monthly household income level	Estimated % split on natural fall
THB 15,000-29,999	~30%
THB 30,000-59,999	~30%
THB 60,000-99,999	~25%
>= THB 100,000	~15%

Table 1 - Survey respondents specifications by income

### Comparative Market Benchmarking

Comparative market benchmarking in this study is conducted in a targeted and issue-driven manner, rather than as a broad country-by-country comparison. Selected peer markets are referenced to examine how differences in regulatory approach, market structure, broker economics, investor participation, and supporting infrastructure have shaped market outcomes over time.

South Korea, Taiwan, and Malaysia are used as primary benchmarks for brokerage market structure, consolidation pathways, and licensing design, given their relevance as mid-sized Asian capital markets that have undergone some amount of deliberate restructuring. Singapore, the United States, and the United Kingdom are referenced selectively for specific areas such as regulatory philosophy, market surveillance, shared infrastructure, and financial literacy initiatives. Vietnam is included as an emerging benchmark for retail investor participation and market deepening.

The purpose of this benchmarking is not to establish league tables or prescribe direct replication, but to identify practical lessons and design principles that are most applicable to Thailand’s institutional, regulatory, and market context.

**Expert Interviews**

Insights were gathered from institutional investors, regulators, brokers, and regional market experts (refer to Figure 3). These interviews provide qualitative depth that complements the quantitative findings and helps contextualize Thailand’s challenges within broader industry and regulatory trends.

**Overview of expert interviews conducted**

Thailand	South Korea	Taiwan
7 Leading brokerage firms 2 Regulators 2 Capital market associations 3 Institutional investors 2 Researchers	3 Leading brokerage firms	2 Leading brokerage firms

Figure 3 - Overview of expert interviews conducted

Together, these foundational elements establish the analytical basis for the remainder of this report, enabling a structured assessment of Thailand’s capital market and the pathways for its transformation.

# Executive Summary

## Part 2: Current Industry Dynamics

- 2.1 Industry Structure and Value Chain
- 2.2 Demand: Understanding the Thai investor
- 2.3 Supply: Understanding Brokers
- 2.5 Key areas of development for Thailand



We have deconstructed the current state of the Thai brokerage industry, examining both the providers of services (supply-side) and the characteristics of the investors they serve (demand-side). It provides a foundational understanding of the industry's structure, business models, investor profile, and the critical unmet needs that define the market's primary growth opportunity.

## 2.1 Industry Structure and Value Chain

### 2.1.1 Dynamics of Thailand's Capital Markets – Public and Private

Equity financing, i.e., securing capital in return for shares and equity, can be achieved in a variety of ways that can be formal or informal, and private or public. The types of equity financing are typically friends and family, angel investors, venture capitalists, crowdfunding, private equity, strategic / corporate investors and IPOs. The suitability of the mode of equity financing may vary based on the size and maturity of the company, as shown in Figure 4.

Typical Types of Equity Financing based on Scale & Lifecycle of Company

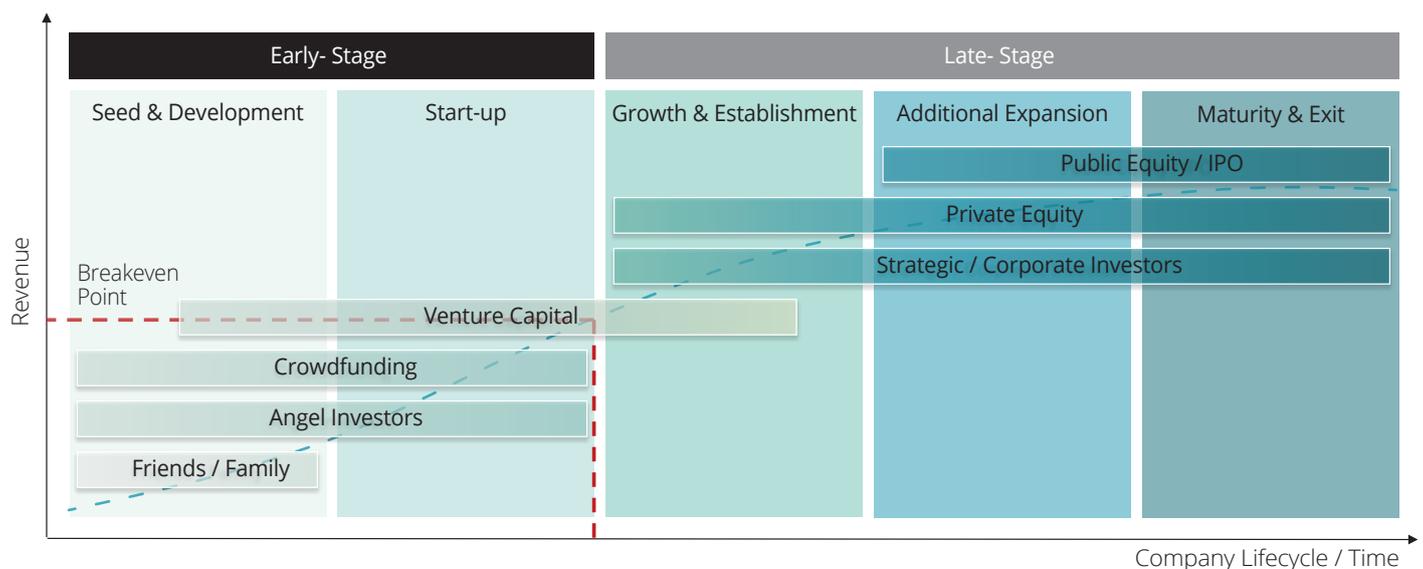


Figure 4 - Typical types of Equity Financing based on scale & lifecycle of company<sup>1</sup>

Having a variety of financing options in the early stages and before maturity is one key factor shaping the robustness and quality of the pipeline of companies for late-stage investments, e.g., IPOs. Combined, VC, PE, and M&A (corporate / strategic investors) ideally create a dynamic “equity lifecycle”: VC seeds and scales firms, PE optimizes and restructures them, and M&A/IPO markets provide exit and reallocation mechanisms. This cycle enlarges the investable universe, improves average firm quality, and continuously injects deal-related information and trading volume, which enhances liquidity, depth, and price discovery in the equity market.

In more developed ecosystems, strong private capital and active M&A also support sector rotation and innovation by allowing investors to back new themes privately and then crystallize value publicly, making the public market both a barometer and beneficiary of underlying corporate dynamism.

<sup>1</sup> Deloitte Analysis, CC Capital Advisors, 2025

However, Thailand's Private Equity (PE) and Venture Capital (VC) industries remain underdeveloped relative to both other ASEAN nations, and its own public markets. This is likely a consequence of the structure of the local funding landscape, where financing through banks is easily accessible and affordable<sup>2</sup>. For example, in 2022 Thai IPOs raised about US\$3.6 billion on the stock exchange<sup>3</sup>, whereas total PE/VC investment in Thailand was roughly US\$1 billion<sup>4</sup>. Moreover PE / VC investment makes up only 3% of the ASEAN total<sup>5</sup> – lowest in this group. Thus, the private capital markets will not be able to sufficiently support the public capital markets. While initiatives like LiVE Exchange have been introduced to ease listing requirements and offer some tax benefits for SMEs and startups, these efforts are still in early stages.

Against this backdrop, the public equity market plays a central role in translating financing needs of relatively mature companies into investor participation. The sections that follow examine how Thailand's public capital market and the ecosystem around it is structured today, and how its performance compares with regional peers.

### 2.1.2 Structure of Thailand's Public Capital Markets

Thailand's public capital markets (hereby referred to as capital markets) encompass multiple types of financial instruments regulated by different entities and traded by different types of brokers.

It centers around the Stock Exchange of Thailand (SET), and its member brokers who provide access to SET's securities to investors and other non-member brokers. There are 3 exchanges available to them for trading – SET for stocks, MAI for SME listings and TFEX for derivatives. Additional platforms like LiVE Exchange support early-stage SMEs and startups, while ThaiNVDR facilitates foreign investor access to Thai equities. Activity in the public equities' capital market is regulated by multiple entities (SEC, CMSB, SET, BOT, AMLO), depending on the type of activity and the role of the regulator (refer to Appendix A3 for details).

The involvement of multiple regulators, each with distinct responsibilities and mandates, creates a structural challenge for both new entrants and incumbents in the brokerage industry. The fragmented regulatory environment in Thailand, where multiple agencies oversee different aspects of the market, results in overlapping approvals, limited synergy, and increased compliance burdens, making processes lengthy and cumbersome for brokers.

**SET has partnered with notable global exchanges to expand the securities available for trading and consequently drive trading volumes in Thailand.** The key partnerships are detailed below.

1. SET and TFEX have adopted a new system developed in conjunction with NASDAQ that can accommodate higher transaction volumes and support a wider range of investment products. They have also adopted NASDAQ's advanced risk and surveillance systems which are compatible with the new trading system.
2. SGX and SET are collaborating on broadening the securities offered through depositary receipts. Investors on SET can buy Singapore-listed securities through Depositary Receipts (DRs) and vice-versa.
3. SET collaborates with other ASEAN exchanges on the ASEAN CIS fund passport that allows units of a fund authorized in one domicile to be listed on another, and the ASEAN Interconnected Sustainability Ecosystem (ASEAN-ISE) aiming to harmonize sustainability standards and infrastructure across ASEAN..

<sup>2</sup> Private Equity International, [Thai Private Equity](#), 2021

<sup>3</sup> The Nation, [Thailand's IPO funding Outlook](#), 2023

<sup>4</sup> World Bank, [Thailand Economic Monitor](#), 2025

<sup>5</sup> OECD, [OECD Capital Market Review of Thailand 2025](#), 2025

**The brokerage ecosystem is supported by digital infrastructure developed by SET and other government entities**, for example, eKYC (e.g., NDID), risk and compliance, and other support providers (details provided in Appendix). SET DAP integrates AML / KYC APIs for brokers and institutional investors. SET's subsidiary, Settrade, has also launched the 'Streaming' online and mobile application which can be used by SET member brokers to serve as the standard interface for market monitoring, trade execution, and portfolio management<sup>6</sup>. Financial advisory apps like Deepscope, and financial superapp also rely on SET members to enable users (primarily retail investors) on their platforms to execute trades via Direct Market Access and / or Settrade Open API.

**Brokers (both member and non-member) play multiple pivotal roles in the capital markets in Thailand**, as they serve as:

- 1. Intermediaries between buyers and sellers**, i.e., retail and institutional investors, and the exchange. Traditionally, they have served as transaction executors – ensuring trades are executed on behalf of their clients at the best available prices.
- 2. Drivers of market access, liquidity and price discovery.** Volumes brought in by brokers ensure capital markets can function in a fair and dynamic manner.
- 3. Advisors to companies and investors.** Brokers offer a range of services including financial advice and research to guide client decisions, assist in underwriting and distributing new securities for capital raising, and ensure compliance with regulations by managing risks and protecting investors through robust compliance systems and practices.
- 4. Transformation Agents.** With the rise of electronic and algorithmic trading, brokers now provide direct market access (DMA), trading platforms, and execution algorithms. They optimize order routing and reduce transaction costs, improving overall market efficiency.

However, structural pressures are limiting brokers' ability to perform these roles, as profitability and capability vary widely across firms.

### 2.1.3 The Competitive Arena: An Oligopoly Under Strain

The Thai brokerage industry is a mature, oligopoly defined by a few dominant firms at the top and a fragmented long tail of smaller players, grappling with the challenging environment of declining trading volumes and compressing margins.

**As of 2025, the industry consisted of 36 member firms of the Stock Exchange of Thailand (SET), which includes one market leader holding 22% market share, 9 players with 45% market share and a long tail of 26 players with 33% of the market.**

The top 10 brokers collectively accounted for 67% of the total stock trading value (refer to Figure 5), while the rest competed for the other 33%. A prominent bank-backed broker is a clear market leader with 22% of the market share as of 2025. Beyond market pressures, the financial requirements to become an SET member are high, limiting competition from new entrants.

Compared to 2020, the market is more concentrated today due to share capture by larger players. The top 10 (out of 36) players constituted 56% of trading value, and today's market leader held 11% of the market, followed by MST at 6%, indicating a higher level of fragmentation.

This concentration has been strained by market downturns, such as the -28% plunge in stock market trading value in 2023<sup>1</sup>, which directly eroded the commission-based revenues that form the bedrock of the industry's profitability.

<sup>6</sup> Stock Exchange of Thailand (SET), 2025

**SET Members Market Share by Trading Value (%)**

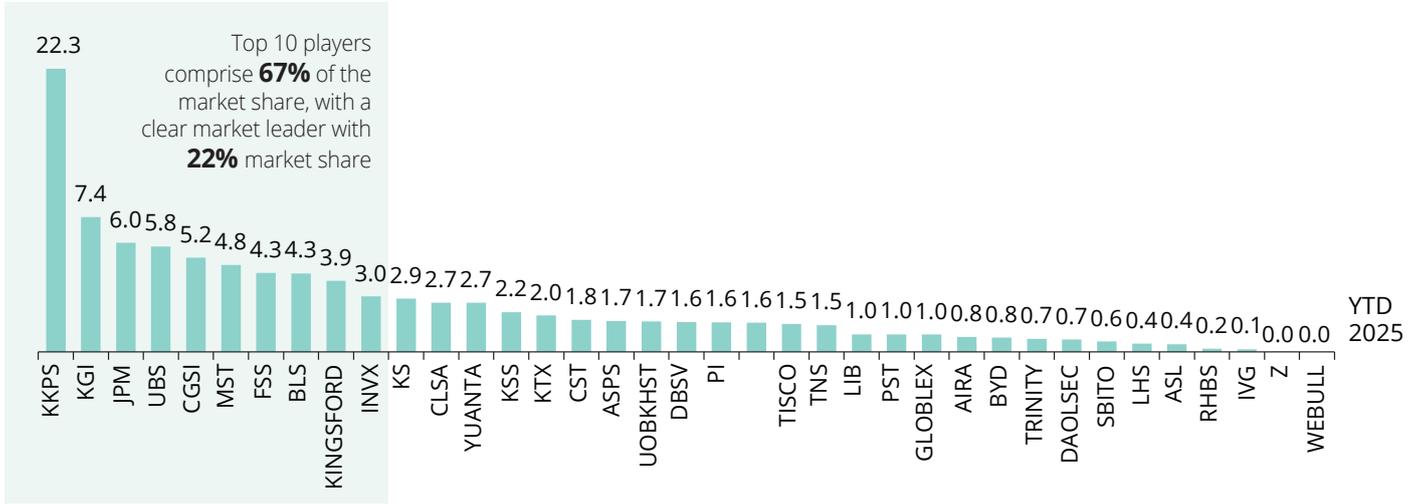


Figure 5 - SET Members Market Share by Trading Value (% , 2025)<sup>7</sup>

Among the top 10, most players offer brokerage services to all investor types, i.e., retail, institutional and HNWI, while a few players do not serve retail clients. Revenue of the market leader is primarily driven by institutional investors and HNWI. Understanding the major differences in the types of brokers and their products, services, channels and target markets of the top 10 versus the long tail will shed light on the challenges faced by the brokerage industry (covered in Chapter 2.3).

## 2.1.4 Current Licensing Regime of Thailand

### Overview of Securities License

Thailand's licensing framework has evolved from the previous regime, which required separate licenses for each line of business, to a unified licensing model encompassing multiple securities activities. This consolidated approach facilitates both comprehensive business models, in line with international standards, as well as boutique services tailored to specific market segments. Examples include boutique debt services and boutique asset management services.

Nevertheless, individual licenses continue to be issued for certain non-core securities businesses, such as investment advisory, securities lending and borrowing, and venture capital management.

#### Type of Securities license<sup>8</sup>:

- 1. Type A (Full Services):** Covers brokerage, trading, underwriting, investment advising, mutual and private funds, securities lending/borrowing, and venture capital.
- 2. Type B (Boutique Debt):** Specializes in fixed income and Sukuk brokerage, trading, underwriting, investment advising, and securities lending/borrowing.
- 3. Type C (Boutique Asset Management):** Focuses on mutual and private funds, investment units (brokerage, trading, underwriting), investment advising, and venture capital.
- 4. Type D (Limited BDU):** Offers investment units brokerage, trading, and underwriting.
- 5. Type E (Non-Main Business, Single License):** Includes investment advising, securities lending/borrowing, and venture capital.

Thailand's unified licensing structure allows firms to apply for licenses based on specific services (e.g., brokerage, underwriting, fund management). However, holding a Type A (Full Service) license does not guarantee that a broker has the infrastructure to operate every service included in the license. In reality, many brokers do not activate all available services because doing so requires substantial working capital, significant technology investment, and specialized personnel.

In practice, all brokers that provide securities brokerage services must obtain a Type A license, as it is the only license category that legally permits brokerage activities in Thailand. Despite wide differences in broker size, business models, and operational complexity, license fees and regulatory charges remain uniform across all Type A license holders. This creates an equal cost burden regardless of scale and results in disproportionately higher pressure on smaller brokers, who face the same expenses as large bank-backed or foreign firms.

Obtaining a Type A license is also a lengthy and resource-intensive process. Recent cases show that applicants may wait up to 24 months for approval, increasing the cost and uncertainty of market entry, particularly for smaller or digital-first brokers, and contributing to slow innovation and limited competition.

To ensure that investors are served in an optimal manner, SEC has set up paid up capital requirements and business model reviews to evaluate brokers. However, we believe that current paid-up capital requirements may benefit from further calibration to ensure alignment with the operational, technological and risk-management capabilities expected of full-service brokers.

<sup>8</sup> Ministry of Finance, Fiscal Policy Office Bureau of Saving and Investment Policy, 2025

### 2.1.5 Role of the regulator (SEC) in Thailand: Merit-Based Gatekeeper in Transition

Thailand's Securities Exchange Commission is well-known regionally as an exceptional regulator and a pioneer of digital asset regulations. It has received the "Best Conduct of Business Regulator in Asia Pacific" award from TAB Global in May 2025<sup>9</sup>. As of today, it is actively leading the charge in strengthening the Thai capital market through legislative reforms, market development programs, enhancements in governance, and digital transformation, as is evident from the long list of initiatives below.

#### Legislative Reforms (2025):

- Four major draft regulations to modernize capital markets framework: Draft Securities and Exchange Act, Derivatives Act, Trust Act, Digital Asset Business amendments<sup>10</sup>
- Fast-track licensing for qualified foreign operators<sup>11</sup>
- Electronic Securities Bill for digital transformation<sup>12</sup>

#### Market Development Programs:

- JUMP+ Program: Three-year (2026-2028) quality improvement initiative for listed companies<sup>13,14</sup>
- Corporate Value Up Program: SEC initiative to enhance corporate governance standards<sup>15</sup>
- Thai Individual Savings Account (TISA): Major new savings vehicle with government benefits<sup>16</sup>
- Tokenization Initiatives: G-tokens pilot for government bonds; tokenized investment units<sup>12</sup>

#### Governance Enhancements<sup>19</sup>:

- Technology-enabled enforcement for rapid detection of market irregularities
- Strengthened standards for gatekeepers (auditors, independent directors)
- Enhanced corporate governance requirements for listed firms

#### Digital Transformation:

- Electronic Securities Bill to eliminate paper-based systems<sup>20</sup>
- Digital Asset Tax Reform (2025-2029): Five-year personal income tax exemption on crypto capital gains<sup>17, 18</sup>
- Blockchain-based securities infrastructure development<sup>19</sup>

<sup>9</sup> The Asian Banker, [SEC Thailand awarded Best Conduct of Business Regulator in Asia Pacific for pioneering market reforms, enforcement and digital asset leadership](#), 2025

<sup>10</sup> Legal500, [SEC's Draft legislation: Strengthening Thailand's Capital Market](#), 2025

<sup>11</sup> ThailandTV News, [Foreign business operators can apply for a "Fast-track" license application in Thailand](#), 2024

<sup>12</sup> Nation Thailand, [Thai cabinet approves Electronic Securities Bill to create digital ecosystem for capital markets](#), 2025

<sup>13</sup> ACGA, [Thai regulators launch joint value-up strategy](#), 2025

<sup>14</sup> SET, [JUMP+ Program](#), 2026

<sup>15</sup> SET, [SET News: Thai capital market sector launches growth initiatives to boost confidence and sustainability](#), 2025

<sup>16</sup> Bangkok Post, [Cautious approval for new savings plan](#), 2025

<sup>17</sup> Cointelegraph, [Thailand approves five-year crypto tax exemption](#), 2025

<sup>18</sup> ThaiTimes, [Thailand Approves Five-Year Tax Exemption on Cryptocurrency Trading](#), 2025

However, the SEC's regulatory DNA still involves substantively screening what gets to market, beyond pure disclosure. Historically, Thai securities regulation was explicitly merit-based, with the SEC assessing the quality and suitability of offerings, which led investors to view approval as a form of state endorsement rather than a process check. The OECD's 2025 review characterizes today's framework as a hybrid of merit- and disclosure-based regulation.

While reforms are underway, in practice, merit-style controls and qualitative criteria are dominant. This has at times been associated with longer approval timelines and limited SEC's ability to actively shape the brokerage market in a way that benefits brokers and investors. IPO guides and practitioner analyses reinforce this picture by emphasizing that IPOs proceed only when the SEC is satisfied that strict criteria designed to protect retail investors are met, which is classic gatekeeping rather than purely disclosure-driven access.<sup>5</sup>

There is a need for change given the merit-leaning posture protects investors, but may trade off speed, competitiveness and market discipline in an environment where regional peers are aggressively facilitating capital formation and innovation. The OECD documents declining market-cap-to-GDP, weaker IPO activity (especially large-cap and tech), and a falling MSCI weight, and links part of Thailand's competitive disadvantage to its merit-tilted, slower approval processes and the way this weakens issuer and board accountability. Today, Thai regulators are faced with numerous pressures to change, such as:



**Market Confidence Crisis:** Past misconduct by market participants has severely undermined investor trust<sup>19</sup>



**Supply-Side Constraints:** Market dominated by traditional industries (80% market cap); difficulty attracting new economy firms and foreign listings<sup>20</sup>



**Limited Product Innovation:** Financial products and services remain constrained vs. regional competitors<sup>19</sup>



**IPO Activity Decline:** Significant slowdown in IPO activity, especially large-cap and technology offerings<sup>19</sup>



**Regulatory Complexity:** The current legal framework comprises multiple statutes and regulatory layers which, in places, have been noted for interpretive complexity and partial misalignment with evolving global standards, presenting challenges for consistent enforcement and efficient implementation<sup>21</sup>



**MSCI Weighting Decline:** Thai equities dropped 44% in MSCI Asia ex-Japan weighting; constituents fell from 42 to 19 companies in three years<sup>19</sup>

While these outcomes are not linked to regulators alone, SEC will likely need to adjust its regulatory philosophy to better channel its resources and allow for flexibility and innovation within the Thai capital market. For instance, while Korea and Malaysia take vastly different approaches to shape their brokerage markets, both went through extensive reform – starting with the licensing framework.

<sup>19</sup> SEC, *Advancing Thai Capital Market Competitiveness & Attractiveness*, 2025

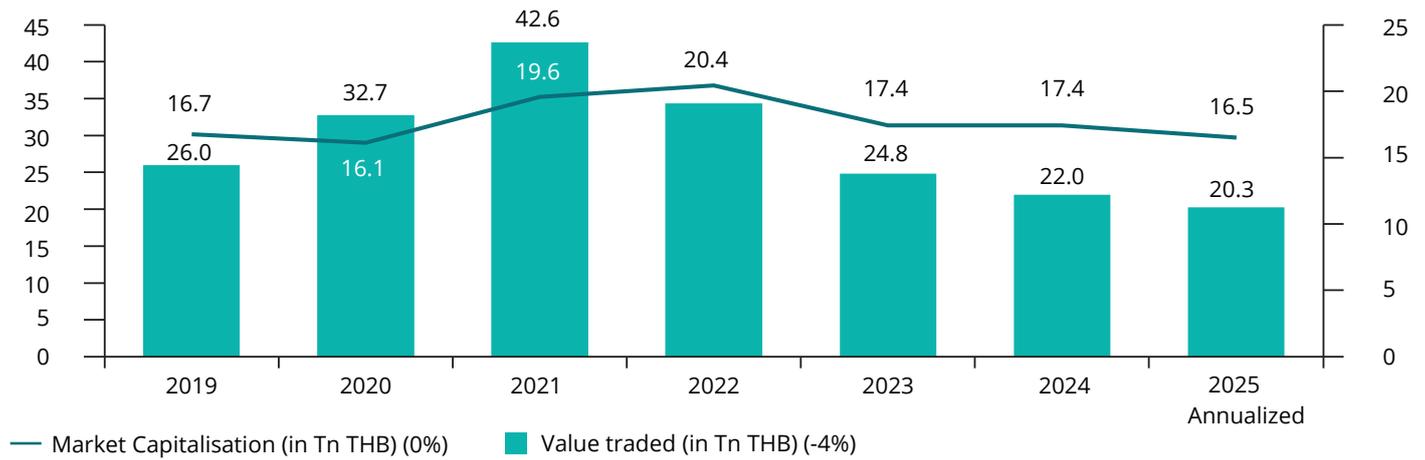
<sup>20</sup> Nation Thailand, *Rebuilding Thailand's stock market*, 2025

<sup>21</sup> Mahanakorn Partners Group, *SEC's New Draft Laws: Advancing Thailand's Capital Market*, 2024

### 2.1.6 Historical Market Performance

As of 2025, trading value and equity market capitalization on the SET has declined to pre-COVID levels, as illustrated in Figure 6.

SET Equity Trading Value & Market Capitalization (2019-2025, in Tn THB)

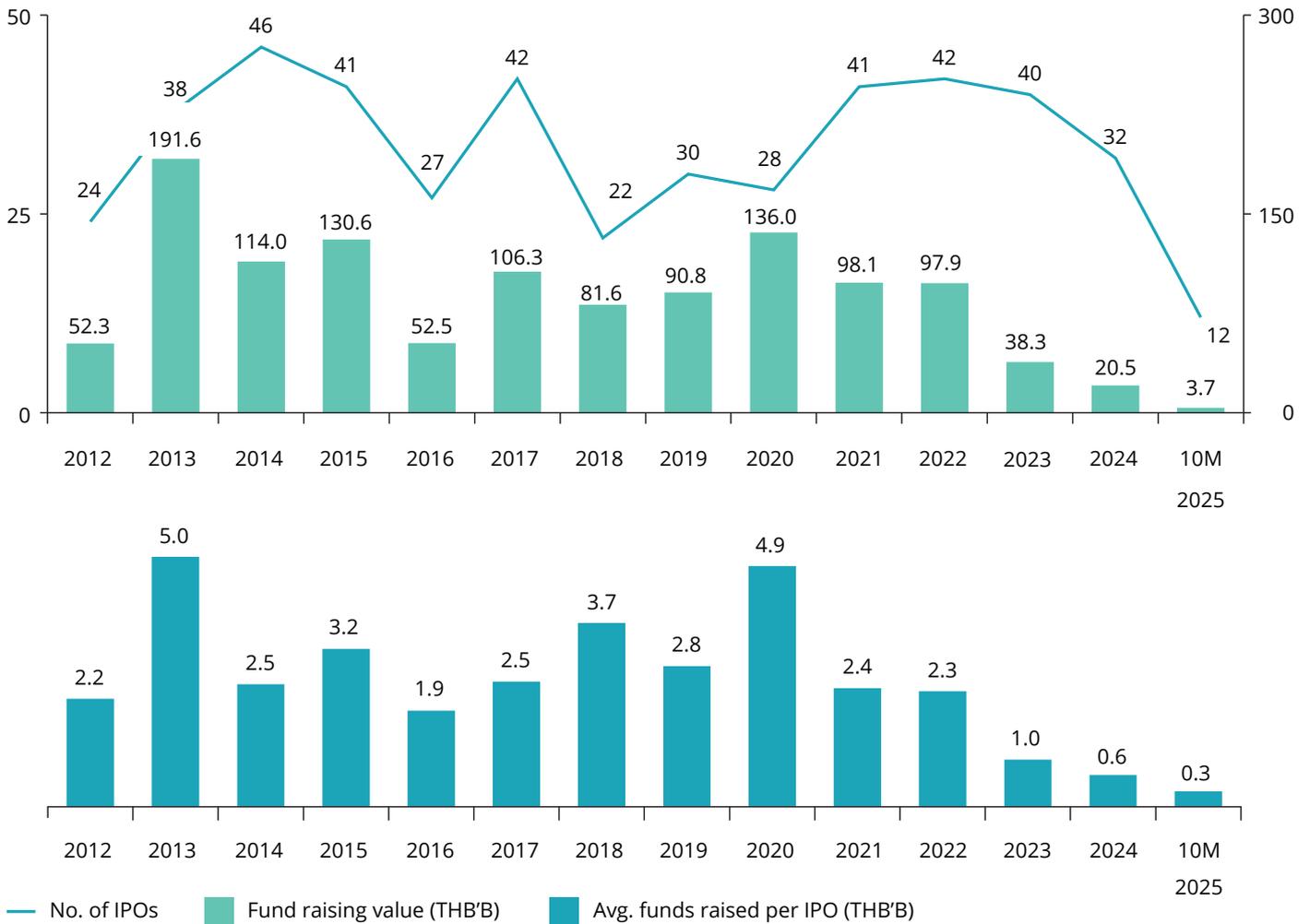


\*2025 figures represent year-to-date data as of end October

Figure 6 - SET Equity Trading Value & Market Capitalization<sup>7</sup>

From Figure 7, over the past few years, SET's ability to fundraise has declined in recent years, as indicated by IPOs and fund-raising value. The average amount of funds raised per IPO has also trended downward, potentially reducing the attractiveness of SET as a listing venue for issuers.

**SET Number of IPOs & Funds Raised (2012-2025) (in Tn THB)**



Source: SET Statistics as of 27 Oct 2025

Figure 7 - Fund-raising in Thailand (2012-25)

These trends indicate a sustained weakening over multiple years, that goes beyond short-term volatility. They provide the historical context for assessing the efficiency and structure of Thailand's brokerage market, which is examined in the next section.

### 2.1.7 Defining 'Success' in Capital Markets

We have defined and assessed relative success in capital markets across 3 areas – ability of the local exchange to finance local economic activity, liquidity of the local exchange and investor participation, for the purpose of this paper. We have compared Thailand, Korea, Taiwan, Vietnam and Malaysia across a few metrics broadly representative of these areas to understand their relative market dynamics.

#### Thailand Capital Market's Position Compared to Regional Countries

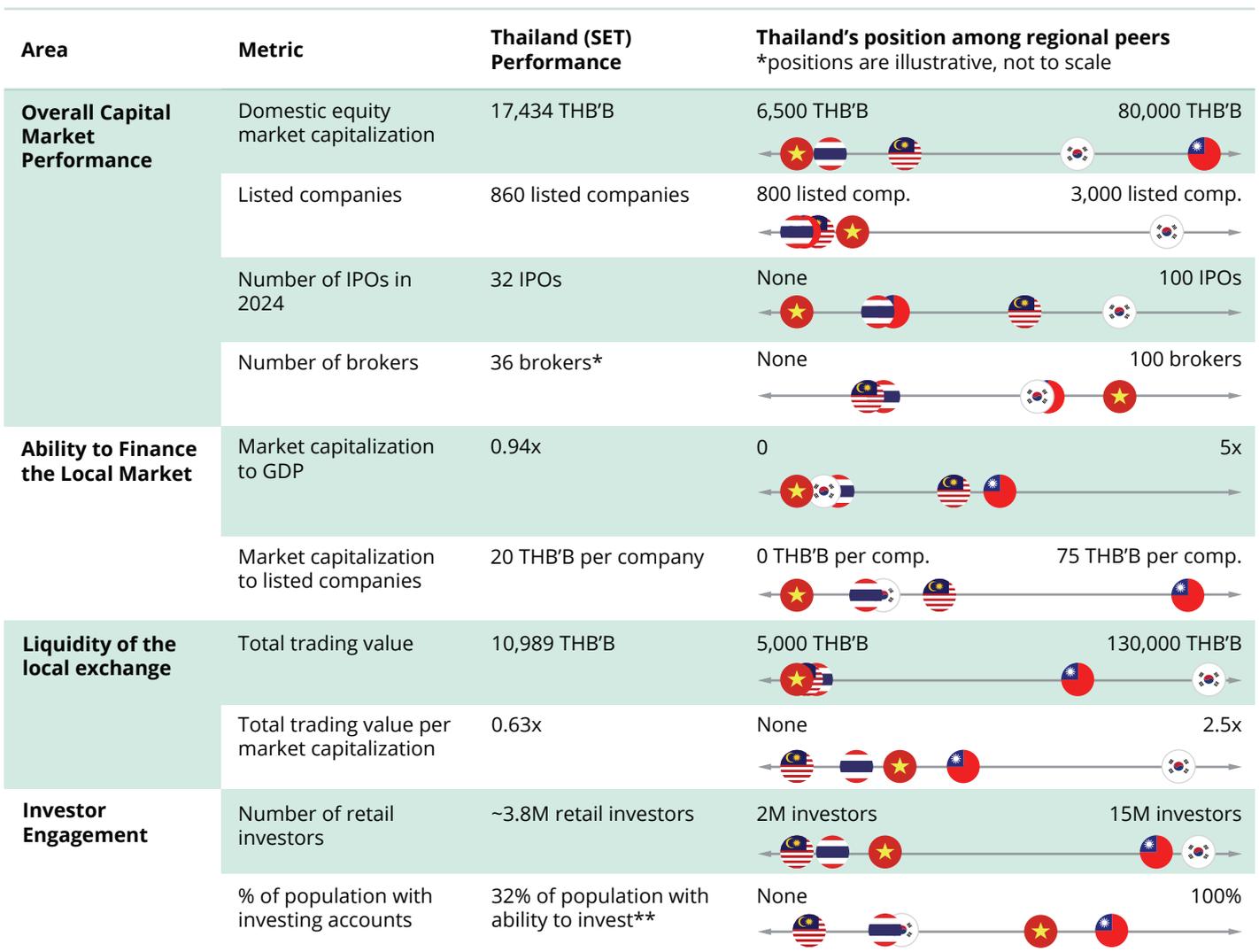


Figure 8 - Thailand Capital Market's Position Compared to Regional Countries<sup>22</sup>

Note : \* Excludes non-member; \*\*Population with ability to invest refer to individuals that surpass the global prosperity standard<sup>23</sup>; Assume two investment accounts per investor in Vietnam

**Overall, Thailand has low market capitalization and fewer listed companies compared to its peers.** As shown in Figure 9 Thailand ranks as the second weakest performer, only ahead of Vietnam, in terms of market capitalization and has the smallest number of listed companies among the 5 countries.

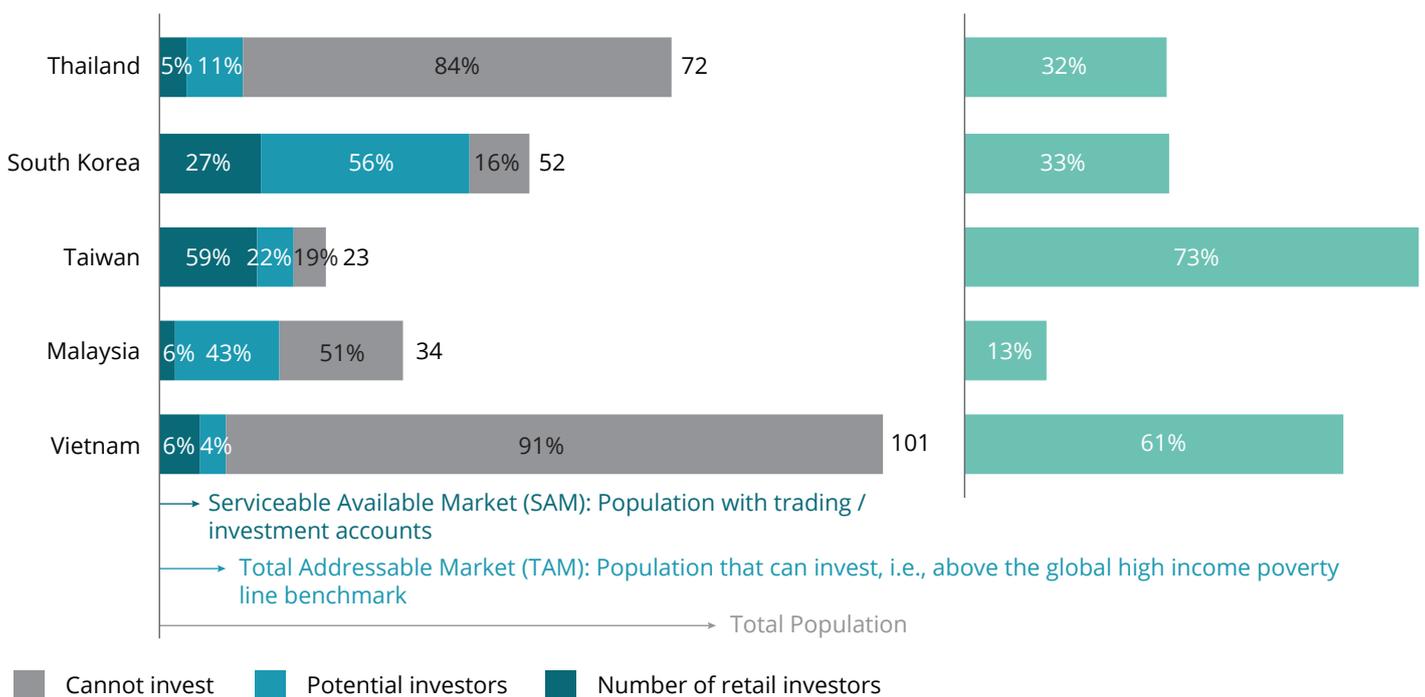
<sup>22</sup> Detailed data is provided in the appendix for reference.

<sup>23</sup> Detailed methodology for calculations is provided in the appendix.

**Thailand and South Korea are at parity in terms of financing local economic activity (defined by ratio of market capitalization to GDP and to listed companies), with potential to grow to levels seen in Malaysia and Taiwan, which are significantly higher.** Both Thailand and South Korea demonstrate similar effectiveness in financing local economic activity indicated by market capitalization to GDP (0.94x and 0.90x respectively) and market capitalization per listed company (THB 20.27 billion and THB 22.65 billion per listed company respectively), following by Malaysia with 2.17x in market capitalization to GDP and THB 30.81 billion GDP per listed company. While Taiwan capital markets are performing better (~2.8x in market cap to GDP and ~3.6x in market capitalization to listed companies), while Vietnam has the lowest performance of 0.43x market capitalization to GDP and market capitalization to listed companies at THB 5.14 billion per listed company.

**Thailand and Malaysia show comparable liquidity and retail investor participation, both remaining relatively low compared to South Korea and Taiwan. Vietnam, however, has outperformed Thailand and Malaysia in retail investor numbers. South Korea stands out as a benchmark, with high liquidity and a substantial retail investor base. In 2024,** South Korea and Taiwan recorded value traded at roughly 9–10x that of Thailand, with Korea’s retail investor count nearly 5x higher. Meanwhile, Vietnam, despite a smaller GDP than Thailand, has surpassed Thailand with approximately 1 million retail investors and continues to grow<sup>24</sup>. However, it should be noted that Vietnam still faces misconduct and volatility issues, by virtue of being an emerging market.

**Population Distribution Based On Likelihood to Invest (In Millions, 2024-25)**



Source: Korean Statistical Information Service (KOSIS), 2025; Taiwan Stock Exchange (TWSE), 2025; World Bank, 2025; Department of Household Registration (Taiwan), 2025; Government News (Viet Nam), 2025

Figure 9 – Population distribution based on likelihood to invest, and retail investor penetration, (2024-2025)<sup>24,25,26,27</sup>

Note: Retail investor penetration has been normalized based on Total Addressable Market, i.e., population with the ability to invest in each market

<sup>24</sup> FiinGroup, *Vietnam Securities Sector - Navigating a Retail-Dominated Market*, 2025

<sup>25</sup> World Bank, *Population, total - Thailand*, 2025

<sup>26</sup> Department of Household Registration (Taiwan), 2025

<sup>27</sup> Government News (Viet Nam), *Viet Nam is third populous country in Southeast Asia*, 2025

**Overall retail investor penetration in Thailand is low compared to other markets.** However, upon normalizing based on the population with the ability to invest, the real retail investor penetration (refer to A10. Retail Investor Penetration Calculation) in Thailand is at par with South Korea at 32% and is even higher than Malaysia (13%). However, retail investor penetration is significantly higher in Taiwan (73%) and Vietnam (61%), based on Figure 9. In Taiwan, retail investors drive ~50% of trading value, while in Vietnam they contribute over 80%<sup>28</sup> of total transaction value. In contrast, Thai retail investors still make up 30% of local trading value, driven by a few high-volume pundits.

In summary, Thailand is on the lower end of capital market performance amongst its peers, especially in liquidity and participation.

## 2.2 Demand: Understanding the Thai investor

This section presents an integrated analysis, combining insights from reputable external sources with findings from our proprietary survey, the Quantitative Customer Survey conducted by Deloitte<sup>29</sup>. By synthesizing these perspectives, the report aims to provide a comprehensive understanding of the evolving role of retail investors in Thailand's capital markets.

### 2.2.1 Thailand's investor landscape

#### **Overall total trading value on the SET has been declining, accompanied by a gradual shift from retail to institutional and foreign investors**

Since COVID, trading value on the SET has continued to trend downward, as illustrated in Figure 10, with bulk of this decline coming from retail investor trading values falling to one-third of their value in 2021. As a result, there has been a shift where majority of trading value now comes from foreign investors (39% to 53%) and institutional investors (7% to 10%).

Trading values of local institutional investors have remained stable over the past 3-4 years, but there has been a significant and consistent decline in value driven by foreign investors. Most recently, THB 81.1 billion (USD 2.5 billion) of funds were pulled out of SET by international funds<sup>30</sup>, which will eventually drive down trading value going forward.

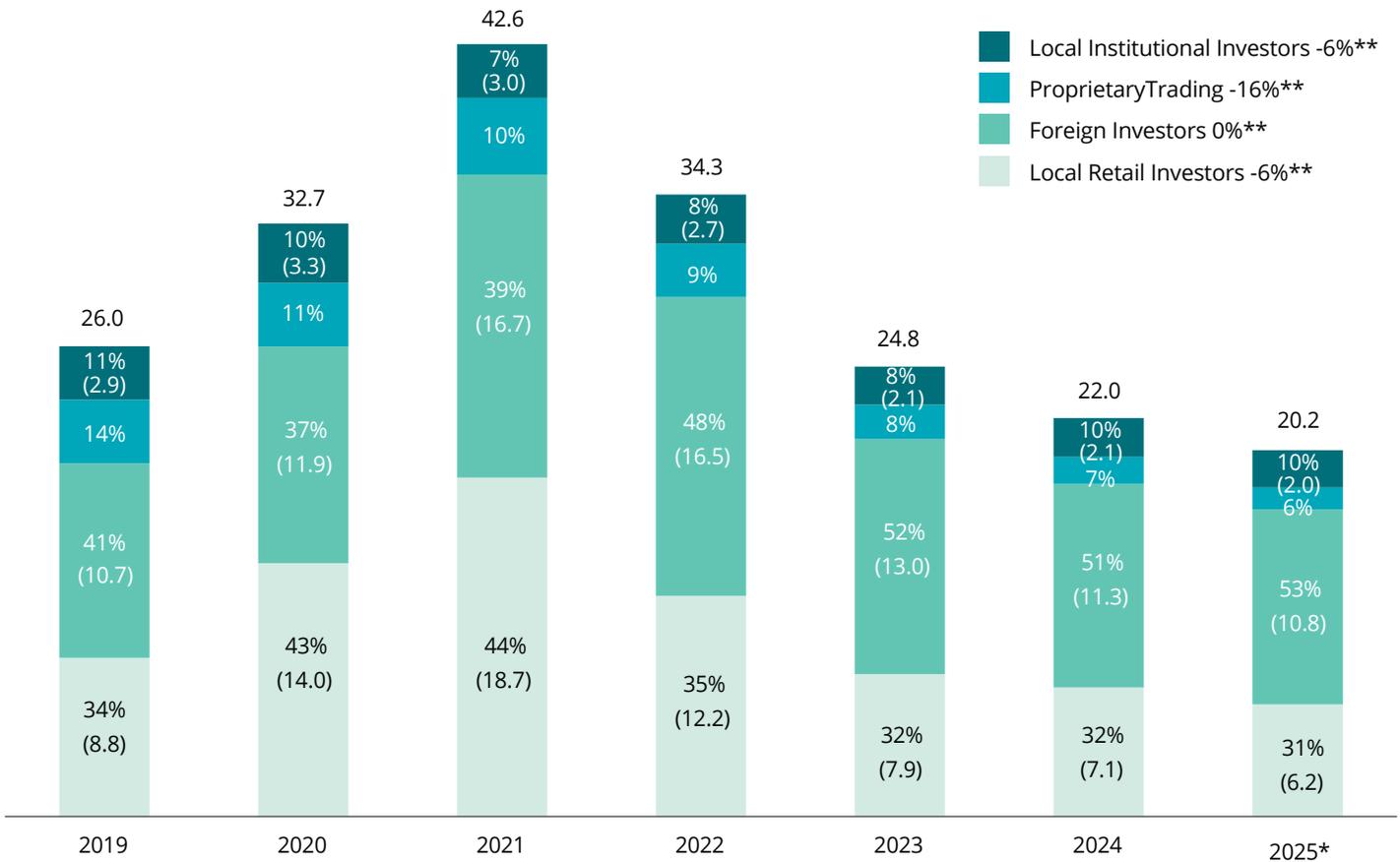
<sup>28</sup> Viet Nam News, [Retail investors net buy over \\$3 billion on stock market last year](#), 2025

<sup>29</sup> The Quantitative Customer Survey conducted by Deloitte, included 1,000 Thai respondents: comprising non-savers, savers, and investors to assess their saving and investment preferences and behaviors.

<sup>30</sup> Bloomberg, [Foreign Investors Flee Thai Stocks, Fueling World's Biggest Drop](#), 2025

<sup>31</sup> The Straits Times, [Thailand to ease IPO, foreign listing rules in market revamp](#), 2025

SET Total Trading Value by Investor Type (2019–2025, in Tn THB)



\*2025 figures represent year-to-date data as of 6 November 2025 and have been annualized

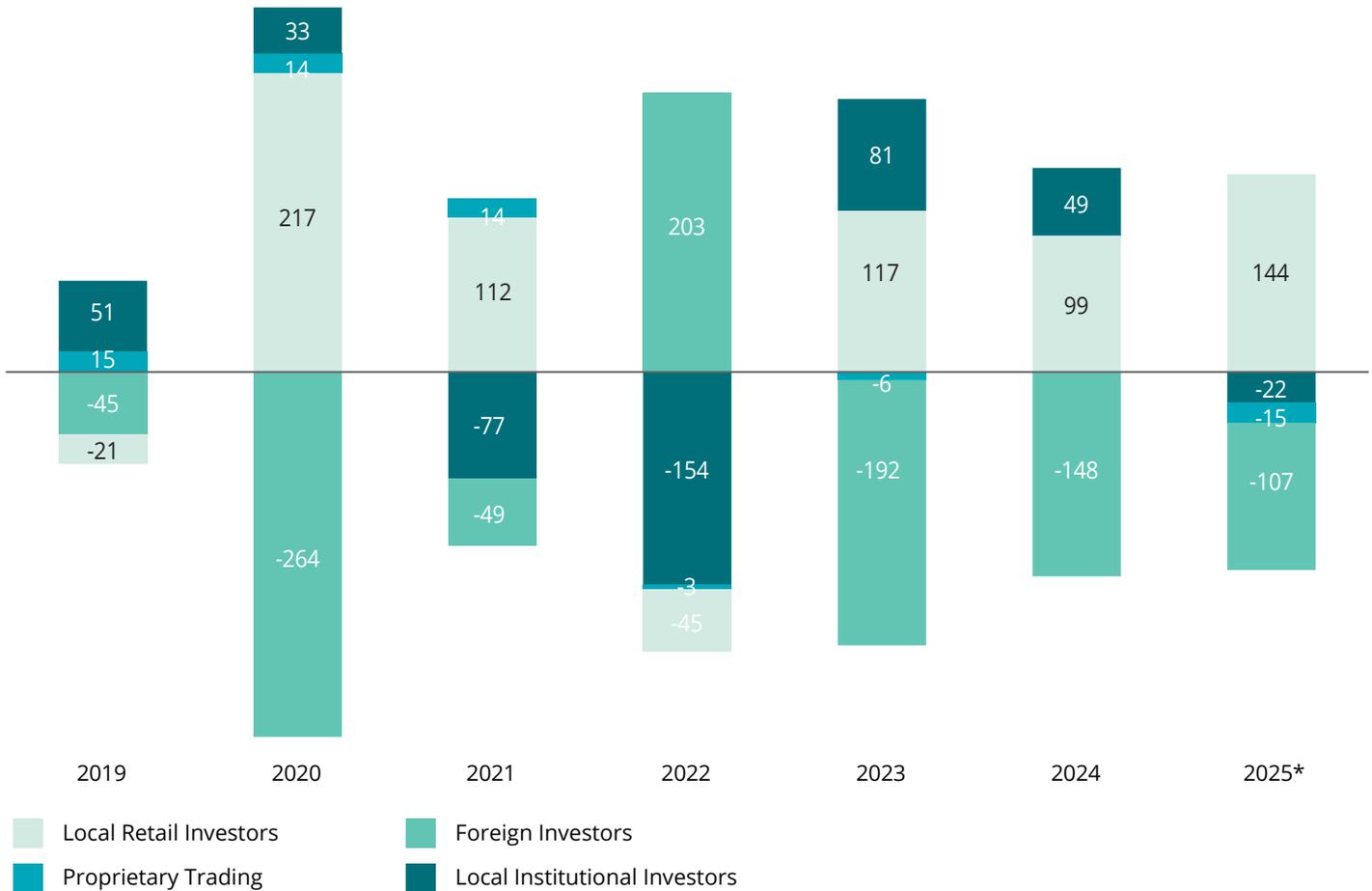
\*\* CAGR from 2019 to 2025

Figure 10 - Trading Value Split by Investor Type on SET (2019-25, in Tn THB)

As shown in Figure 11, trading data from the SET between 2019 and 2025 show a clear pattern of shifting investor behavior. Local investors have consistently been net buyers, while foreign investors have remained net sellers each year, though their outflows have moderated from THB –264 billion in 2020 to –107 billion in 2025. Local institutional investors have alternated between net buying and selling, reflecting tactical adjustments amid market volatility. This highlights Thailand’s continued reliance on domestic investors for market activity, even as foreign participation remains structurally dominant. However, as of Oct 2025, international funds withdrew THB 94.1 billion (USD 2.9 billion) from the stock market causing a drop of 7% in the benchmark stock index<sup>31</sup> - the worst performing market in Asia.

31 The Straits Times, [Thailand to ease IPO, foreign listing rules in market revamp](#), 2025

**SET Net Trading Value by Investor Type (2020–2025, in Billion THB)**



\*2025 figures represent year-to-date data as of 13 November 2025

Figure 11 – Net Trading Value Split by Investor Type on SET (2020–25)\*

**Thai investors have shown a growing preference for products linked to foreign securities, reflected in the sustained increase in foreign securities investment and the daily average turnover of depositary receipts.**

Foreign market demand has surged significantly since 2019, driven by strong growth in securities investment and depositary services. In 2025, foreign investment through securities reached THB 688 billion on an annualized basis, 9 times the level in 2019, as shown in Figure 12. Furthermore, demand for depositary services increased 4x in 2025 compared to 2024, as illustrated in Figure 13, underscoring the accelerating appetite for foreign market exposure. This trend is largely attributed to easier market access and the relatively weak performance and unattractive returns of the Thai capital market compared to more appealing opportunities abroad.

**Foreign Investment via Securities Companies (2019–2025, in mil THB)**

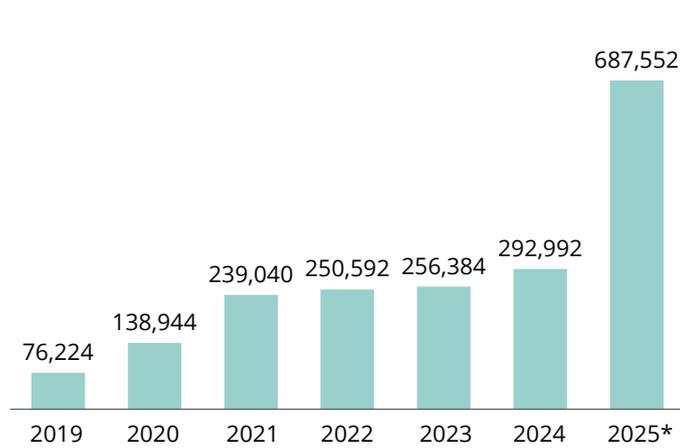


Figure 12 - Foreign Investment via Securities Companies (2019 – 2025, in mil THB)<sup>32</sup>  
Note: Include Private Funds; \*Figures for 2025 are annualized

**Depository Receipts Daily Average Turnover (2019–2025, in mil THB)**

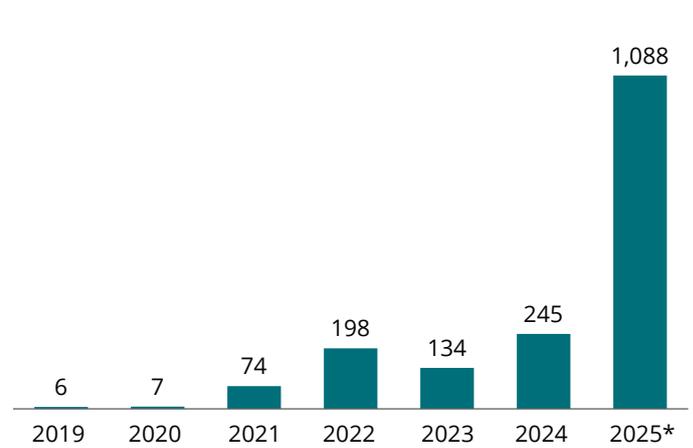


Figure 13 - Depository Receipts Daily Average Turnover (2019 – 2025, in mil THB)<sup>33</sup>  
Note: \*Figures for 2025 are annualized

### 2.2.2 Comparison with Benchmarks: South Korea and Taiwan

**As of today Thailand’s retail investor contribution to total trading value remains modest at around 32% in 2024<sup>7</sup>, significantly lower than Taiwan’s 54%<sup>33</sup> and South Korea’s 64%<sup>34</sup>, highlighting a significantly smaller retail presence in the Thai market.** From 2020 to 2024, retail trading activity across Thailand, South Korea, and Taiwan declined slightly as the markets normalized following the pandemic-driven surge in individual investing. During this period, Thailand’s retail share fell from 43% to 32%, South Korea’s from 76% to 65%, and Taiwan’s from 62% to 54%, reflecting a broader regional shift toward reduced retail activity and renewed dominance of institutional and foreign investors.

Thailand’s retail contribution remains lower than peers, even after accounting for normalization effects, as shown in Figure 9, however it is at par with a high performing market like South Korea.

**Thailand’s local institutional investors have increased in contribution between 2021-24, primarily due to the significant decline in retail investor contribution.** In absolute terms, the trading value for institutional investors has remained static over the past few years. However, while their trading volume remained stable, their net buying and selling positions fluctuated significantly. Similarly, Figure 15 indicates that in South Korea where bulk of the trading value is from retail investors (more than 4x in 2025 YTD), absolute value remained largely unchanged between 2020-24 for retail investors. On the other hand, Taiwan’s trading value of retail investors surged in 2021, dropped sharply in 2022, and gradually recovered by 2024 as shown in Figure 14.

**In Thailand’s case, the market remains predominantly foreign driven, with overseas investors accounting for about 53% of total trading value, compared to 33% in Taiwan and just 15% in Korea.** This strong foreign participation further underscores the structural nature of Thailand’s capital market. Across Thailand, Korea, and Taiwan, foreign and local investor behaviors show distinct patterns that shape each market’s dynamics. Thailand stands out for its persistent and sizable foreign outflows, which continued from 2020 through 2024, whereas Korea’s foreign selling was concentrated mainly in 2020–2021 and Taiwan’s remained more moderate. While foreign investments trading activity stayed at the same levels for Thailand between 2020-24, Korea saw an increase of 9% CAGR between 2020-24, and Taiwan stood out with foreign investor trading surging during 2020-24.

<sup>32</sup> ASCO, 2025

<sup>33</sup> TWSE, [Annual Statistical Data](#), 2024

<sup>34</sup> KRX, [Trading by investor](#), 2025

**Despite persistent foreign selling, Thailand's market was consistently supported by strong local investor inflows, driven largely by non-retail domestic investors,** reaching up to THB 194.7 billion (USD 6 billion) in 2020 and THB 184.2 billion (USD 5.7 billion) in 2022, contrasting sharply with Korea and Taiwan, where local retail investors also contributed inflows but with less sustained impact.

**Institutional behavior also differed across the three markets. Thailand's local institutional investors were relatively more volatile,** swinging from THB -154 billion (USD 5 billion) in 2022 to THB 81 billion (USD 2.6 billion) in 2023, whereas Korea and Taiwan experienced smaller institutional fluctuations, typically within  $\pm$ THB 356.95 billion (USD 11 billion). Overall, Thailand's market is characterized by persistent foreign selling offset by robust domestic participation, whereas Korea and Taiwan rely more heavily on shifts in foreign investor flows, with local responses that are comparatively less aggressive.

**Taiwan: Net Trading Value on Local Exchange by Investor Type (2020–2024, in Billion THB)**

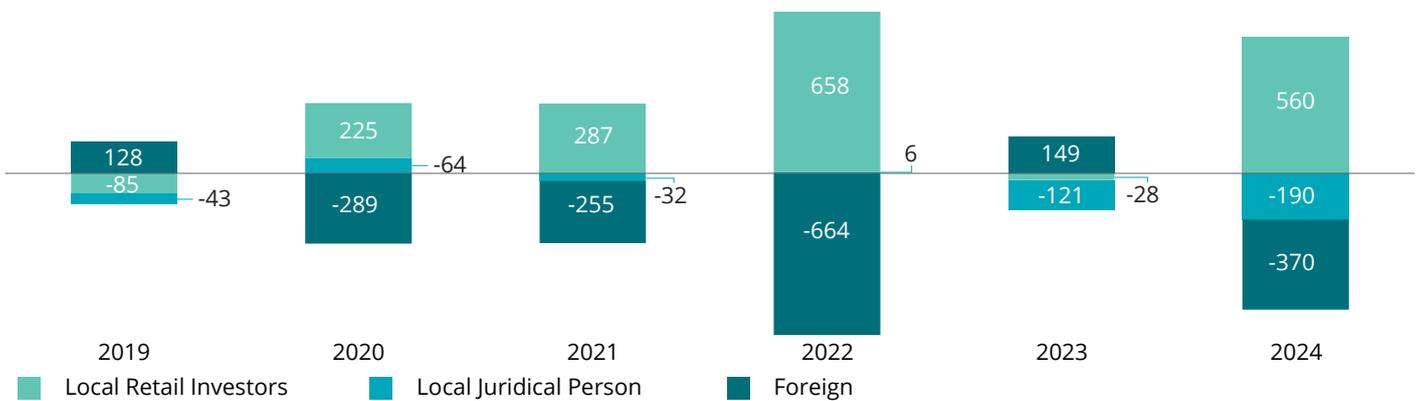


Figure 14 - Taiwan exchanges net trading value by investor type (2020-24, Billion THB)<sup>59</sup>

**Korea: Net Trading Value on Local Exchange by Investor Type (2020–2024, in Billion THB)**

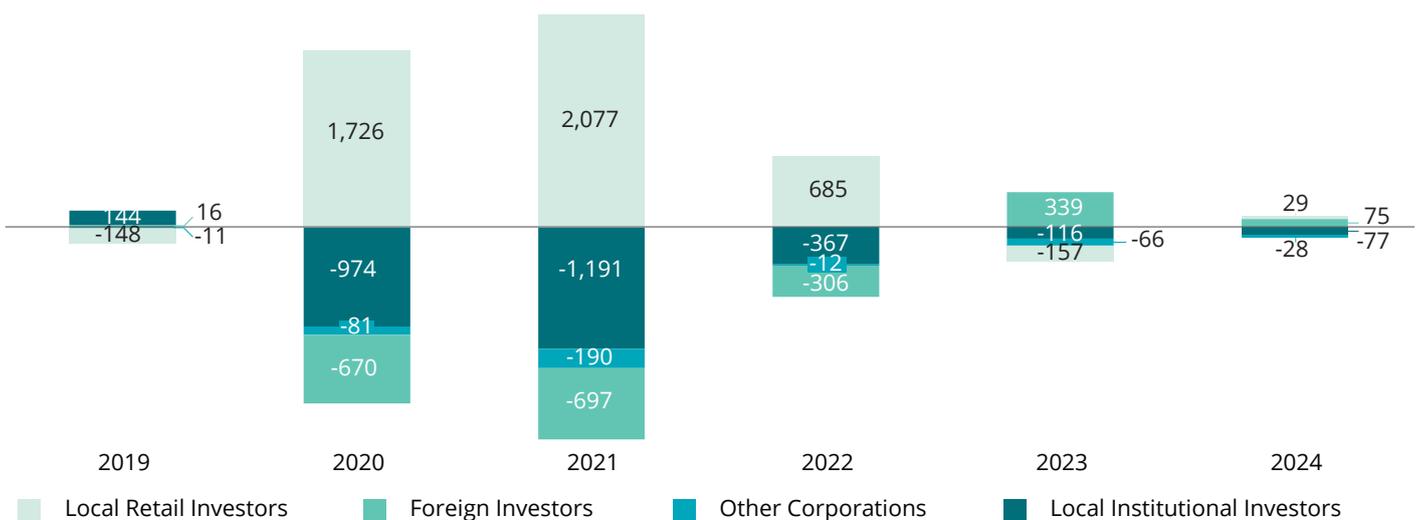


Figure 15 - Korea exchanges net trading value by investor type (2020-24, Billion THB)<sup>55</sup>

### 2.2.3 Erosion of trust among investors

Following a series of high-profile misconduct cases, trading volumes have declined to 40-50 billion baht per day<sup>6</sup>, close to level last seen 15 years ago, while retail investor confidence has remained largely in bearish and neutral territory<sup>25</sup>. This is indicative of a larger decline in trust in the Thai market<sup>36</sup>.

However, recent initiatives show promise: the 2024 MOU between AMLO, SEC, and SET aims to accelerate enforcement, while the Corporate Value Up and JUMP+ programs target governance improvements.

Five interconnected drivers have systematically undermined investor confidence in Thailand's capital market.



#### 1. Persisting Corporate Governance Gaps

Family-controlled ownership structures make up 76% of Thai listed companies<sup>37</sup>, creating inherent conflicts of interest. Research identifies high ownership concentration, varying degrees of minority-shareholder protection, and differences in accounting standards as ongoing areas for strengthening. The predominance of related-party transactions without proper oversight enables systematic asset diversion<sup>38</sup>. In a recent fraud case, executives established fictitious sales and recycled proceeds to buy the firm's own products, resulting in THB 15.6 billion of irregular transactions<sup>39</sup>.

These structural weaknesses are compounded by varying degrees of board independence across the market. Despite regulatory requirements for independent directors, board level oversight can differ across issuers, particularly regarding conflict-of-interest transactions. The agency problem where management acts against shareholder interest remains acute in family-controlled entities where ownership and control are concentrated<sup>39</sup>.



#### 2. Gaps in Gatekeeper & Whistleblower Functions

Auditors, financial advisors, and other market intermediaries have repeatedly failed to detect or report fraud. In a recent accounting scandal, auditors failed to identify the fictitious transactions, and it was not detected until the damage was already extensive. The restated financials revealed the 2021 profit of 2.79 billion baht was a loss of 5.99 billion, with an additional 6.61 billion loss in 2022<sup>40</sup>.

Before the 2024 regulatory amendments, listed companies could prepare backdoor listing applications themselves without mandatory financial advisor involvement. This created opportunities for inadequate due diligence on asset acquisitions that effectively circumvented listing standards.<sup>41</sup>

Furthermore, Thailand lacks comprehensive whistleblower protection legislation. While certain provisions under labor laws and specific regulations (such as SEC protections for auditors who report misconduct) provide limited safeguards, there is no overarching framework establishing clear rights, duties, and protections for whistleblowers<sup>43</sup>.

This gap is critical because internal whistleblowing has proven one of the most effective tools for uncovering corporate fraud globally. Without robust confidential reporting channels and anti-retaliation protections, employees who detect fraud face career risks if they report misconduct. The absence of formal mechanisms means fraud often remains undetected until external authorities discover it at advanced stages when damage is extensive<sup>42</sup>.

35 FETCO Investor Confidence Index, 2025

36 Nation Thailand, [Crisis of Confidence: How Corporate Scandals Drove Thailand's SET Index to Seven-Year Lows](#), 2025

37 Money & Banking Online, [The Stock Exchange of Thailand \(SET\) revealed that family businesses dominate 76% of the Thai stock market, generating 9 trillion baht in revenue and supporting continued economic growth](#), 2025

38 [Factors that Determine Corporate Governance in Thailand](#), C. Jongsureyapart, 2006

39 Bloomberg, [Stark Finds \\$426 Million of Irregular Transactions in Thai Audit](#), 2023

40 Bangkok Post, [The Stark reality of a company in decline](#), 2023

41 Baker Mckenzie, [Thailand: Amendment to Backdoor Listing and Relisting rules](#), 2024

42 Rajah & Tann Asia, [The Whistleblowing System in Thailand: Legal Context and Practical Implications](#), 2025

43 Global Anti-Scam Alliance, [Thailand Faces Unprecedented Scam Crisis with 115.3 Billion Lost Annually](#), 2025



### 3. Inadequate Investor Education and Protection

Thailand faces what analysts describe as an unprecedented scam crisis leaving investors vulnerable to fraud. Research shows 72% of Thai adults encounter scam attempts, with investment scams affecting 66% of victims. More critically, while 76% of the population is confident in their ability to detect scams, 66% of them still fall victim, indicating sophisticated manipulation tactics that outpace public awareness<sup>43</sup>.

Legal recourse mechanisms are underdeveloped. Unlike jurisdictions such as Singapore, which recently proposed investor recourse mechanisms to facilitate self organisation, provide support on upfront legal fees and lower barriers to civil action<sup>44</sup>, Thailand lacks streamlined pathways for retail investors to organize and pursue compensation. In 2023, the first large-scale class action attempt was made since the introduction of the class action framework, with 1,759 investors registering claims totaling 4.06 billion baht, but this remains an exception rather than standard practice<sup>45</sup>.



### 4. Slow and Ineffective Enforcement

The timeline for enforcement is particularly problematic. On average, criminal cases take years to complete. In insider trading cases, out of 47 reported by the Thai SEC from 2009-2015, only eight criminal complaints were filed, and merely two went to trial. This compares unfavorably to jurisdictions like the United States, where the SEC filed 754 enforcement actions in 2017 alone.

Court rulings on market misconduct offenses are rare in Thailand, creating a lack of jurisprudence. Most cases settle before the SEC's Settlement Committee, which provides no interpretation of law or rationale for decisions, limiting deterrent effects and failing to establish clear legal precedents.

Before civil penalties were introduced in 2016, criminal prosecution convicted offenders in only about 5% of stock market misconduct cases. Nearly 80% of cases were resolved with civil penalties / fines, totaling 696 million baht over seven years, avoiding the slow-moving criminal courts. However, enforcement delays remain a major concern. On average, the SEC takes 381 days to issue criminal penalties, excluding court proceedings. Civil cases take even longer - about 1,523 days. Alarming, civil penalty resolution time for fines has increased from 519 days in 2018 to 2,050 days in 2024.<sup>46</sup>

<sup>44</sup> Monetary Authority of Singapore, [MAS Consults On Measures To Enhance Investors' Ability To Seek Civil Compensation For Losses Suffered Due To Market Misconduct](#), 2025

<sup>45</sup> Bangkok Post, [SEC warns of prison time for Stark fraudsters](#), 2023

<sup>46</sup> Thailand Development Research Institute, [Get tough on stock market misconduct](#), 2025

### 2.2.4 The Untapped Potential: The "Savings-to-Investment Chasm"

Despite the downward trend of retail investor contribution to capital markets, they have consistently played a prominent role as liquidity providers. By driving changes in individual savings and investment behavior, equipping Thai people with the right tools and knowledge, and providing easy access to investment platforms, there is significant potential for retail investors to revitalize the local investment landscape.

#### A. High Savings, Low Investment

Thai households are diligent savers. A 2022 survey by the Bank of Thailand (BOT) and the National Statistical Office (NSO) found that 87.5% of households save a portion of their income. However, this capital is overwhelmingly held in low-yield instruments like cash (75.4%) and bank deposits (53.3%). A mere **2.6% of households invest** in financial instruments such as stocks, bonds, or mutual funds.

From the quantitative customer survey<sup>30</sup>, this is even clearer, as **44% of respondents save more than 20%**, as shown in Figure 16. This indicates an ability to allocate a portion of their income to investments. The **primary motivation for saving is financial security (81%)**, rather than saving toward a specific goal. This indicates an innate concern and conservatism to secure their finances.

#### Approximately what percentage of your income do you save (including investment) in total each month?

N=1,000

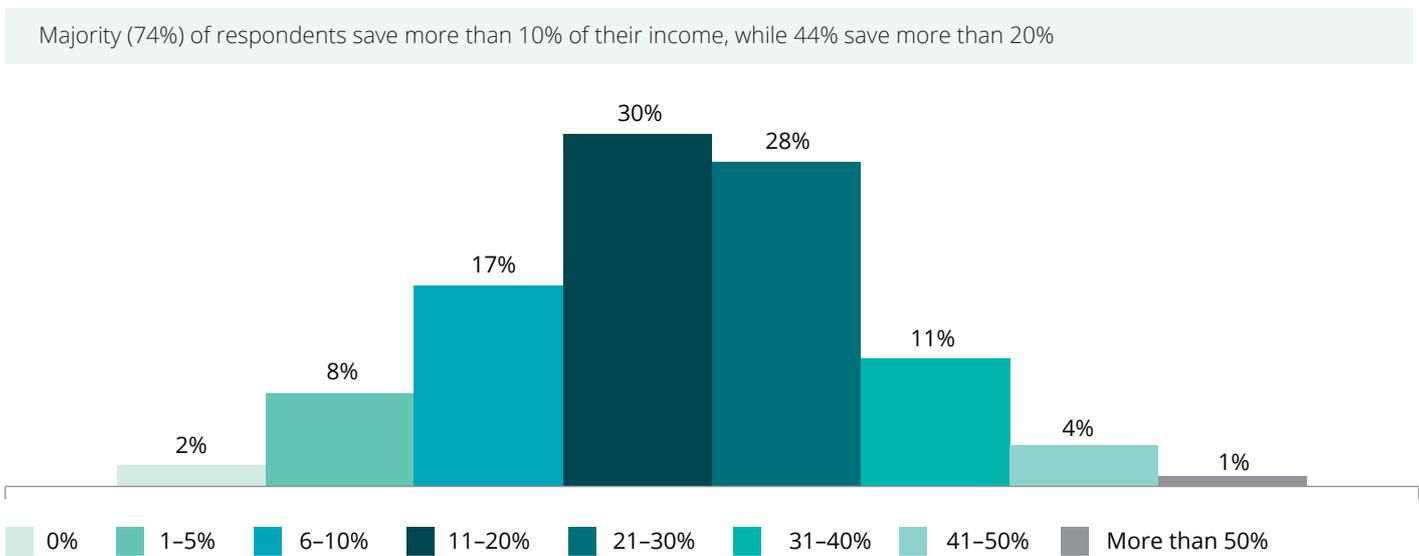


Figure 16 - Approximately what percentage of your income do you save (including investment) in total each month?<sup>30</sup>

<sup>47</sup> Bank of Thailand (BOT), *Financial Literacy Survey Report, 2022*

**What is your main motivation to save (including investment)?**

N=982, % of savers

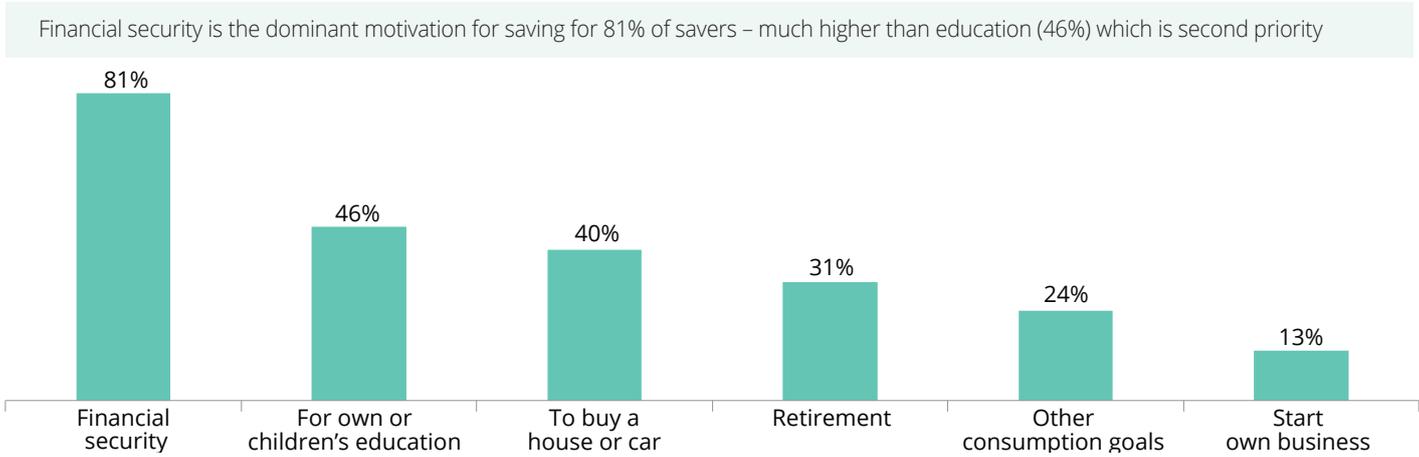


Figure 17 - What is your main motivation to save (including investment)?<sup>20</sup>

Based on the weighted average of the portfolio allocation of respondents (Figure 18), only **14% is allocated to investment products** such as stocks, bonds, digital assets, mutual funds, and derivatives. Thai savers **overwhelmingly favor low-risk, highly liquid instruments as 60% of savings are held in cash, savings / current accounts and / or fixed deposits**. This conservative allocation underscores the prevailing risk aversion and preference for security and liquidity among Thai households. Thus, **while there is opportunity to increase allocation to investments, the innate financial conservatism of Thai people maybe challenging to overcome**.

**How is your savings portfolio divided?**

N=982, Conditional Mean % allocation

**Weighted Savings Portfolio Allocation**

% Ownership rate x Conditional Mean allocation

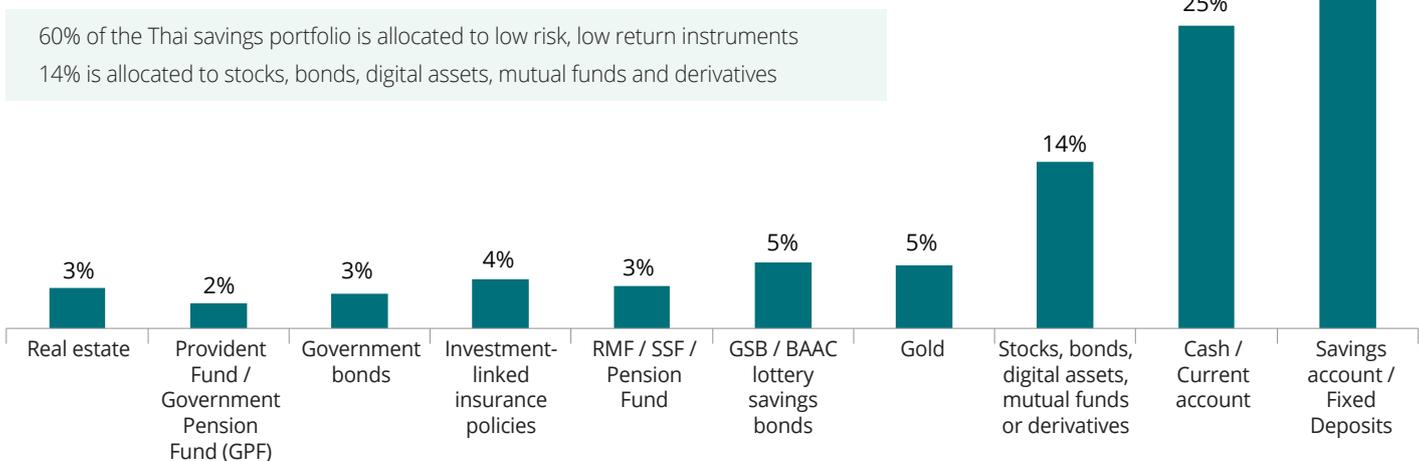


Figure 18 - How is your savings portfolio divided?<sup>20</sup>

## B. Low Investor Penetration

As shown in Figure 9, the real retail investor penetration (based on the TAM and SAM) in Thailand is 32.4%, which is lower than markets like Taiwan (73%) and Vietnam (61%), but at par with Korea. Given the strong role that retail investors have historically played in the market, and current trend of declining retail investment, Thailand would need to aspire to higher retail investor penetration.

The survey<sup>30</sup> outcomes shed light on the key barriers<sup>30</sup> preventing Thai individuals from participating in capital markets. As shown in Figure 19, the most frequently cited reason for not investing is that **such products are perceived as too risky for personal goals** (42% ranked as one of their top 3 reasons).

The second biggest theme of barriers is a **lack of understanding of investments, products to buy and platforms to use (32% - 40%)**. The highest ranked reason for not investing – by 26% of those who do not invest – is a lack of understanding about these investment instruments, followed by not knowing which platform to use (18%), and not knowing which product to buy (16%).

Finally, concerns about **insider trading (32%) and feeling disadvantaged by high-frequency trading (35%)** are also significant, paired with risk perception as the most selected reason, there does appear to be a **trust issue in the market**.

### Why do you currently not invest in stocks, corporate bonds, digital assets (including cryptocurrency), mutual funds or derivatives?

N=482, % of respondents who do not invest in stocks or similar products

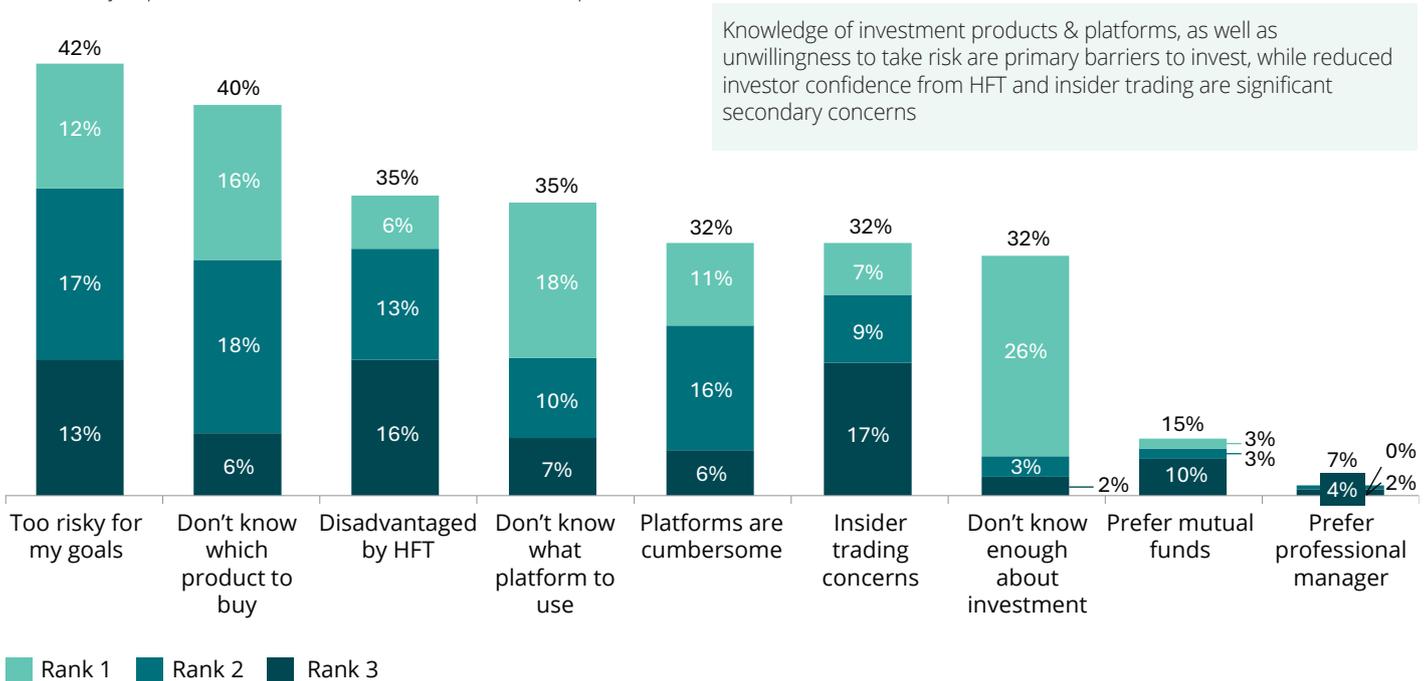


Figure 19 - Why do you currently not invest in stocks, corporate bonds, digital assets (including cryptocurrency), mutual funds or derivatives?<sup>30</sup>

### C. The Financial Literacy Barrier

Many Thai households struggle with financial literacy, which hinders their ability to convert savings into investments. According to a Bank of Thailand / NSO survey in 2020, **only ~71% of Thais scored “financially literate,”** and significant gaps remain in understanding core concepts like compound interest, risk diversification, and long-term planning.<sup>48</sup> This is consistent with our survey outcomes<sup>30</sup>, where from Figure 19, we know that financial literacy is a key reason for non-investment.

According to survey results<sup>30</sup> for individuals with monthly incomes above 15,000 THB, **a significant portion of non-investors in Thailand have the financial capacity to invest,** with **approximately 70% saving more than 10% of their income** but not participating in investment. This group represents a substantial opportunity to bridge the gap between savings and investment.

The main barriers identified include lack of investment knowledge, risk aversion, perceived complexity, and trust issues. Addressing these obstacles through targeted financial education, simplified digital platforms, transparent product information, and enhanced market integrity will be essential for expanding the retail investor base and deepening market participation in Thailand.

Refer to Figure 20, among those with low savings and knowledge, **most prefer learning from banks or social media, with fewer choosing in-person or online classes.** This suggests financial education should leverage trusted institutions and digital channels, while offering accessible learning options.

#### What would be the best way for you to learn about saving options (including investment) and help you to set up financial goals?

*N=66, % of respondents who save 0–10% of their income and lack financial knowledge or clear goals*

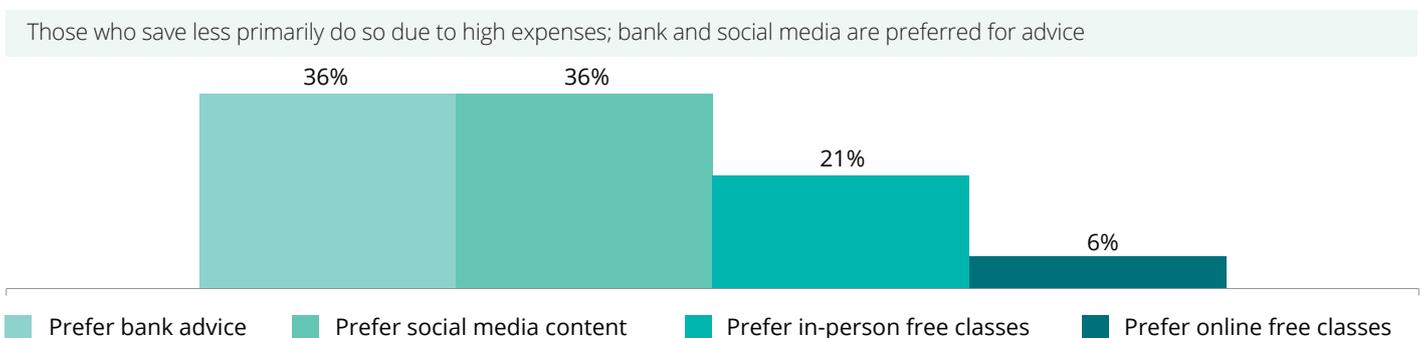


Figure 21 - What would be the best way for you to learn about saving options (including investment) and help you to set up financial goals?<sup>20</sup>

In contrast, regional peers have tackled this challenge head-on. South Korea and Taiwan improved financial literacy through long-term, government-backed national programs and strong involvement from financial regulators and exchanges.

Korea’s KCIE delivers wide-reaching investor education through online and in-person programs for students and vulnerable groups, shaping a healthier investment culture. Moreover, leading digital players have been driving financial literacy across channels (e.g., social media and bank apps) to reach more consumers and drive investor adoption of their platforms.

Taiwan similarly expanded financial education through TDCC’s youth-focused training programs, the TWSE’s Financial Services Education Fund, and financial literacy embedded in school curricula. Together, these efforts have made financial knowledge more accessible, structured, and widely adopted.<sup>48,49,50</sup>

### 2.2.5 Thai Retail Investor Preferences

#### A. Preference for Low-Risk, Long-term, Income-Generating Products

Thai retail investors tend to prioritize safety and stability over aggressive growth, consistently favoring low-risk, income-generating products. This **conservative approach is reflected in their preference for traditional savings vehicles and secure investments** such as government bonds, savings lotteries, and dividend-paying stocks. This behavior is especially pronounced among older generations, who are more likely to avoid market volatility and focus on preserving capital. The survey results<sup>30</sup> show that, the traditional pre-retirees allocate 24% of their savings to fixed deposits, 14% to cash or current accounts, and 10% of their investment portfolios to bonds.

Figure 21 depicts survey data<sup>30</sup> on investment portfolio allocation. It shows that Thai retail investors strongly prefer investing in funds (38% in traditional and thematic funds), followed by stocks (16%) and fractional stocks (11%). This distribution highlights a preference for diversified and relatively conservative investment vehicles, with limited exposure to higher-risk or niche products.

#### How is your investment portfolio divided? Input % distribution for selected products.

*N=500, Conditional Mean % allocation*

#### Weighted Investment Portfolio Allocation

*% Ownership rate x Conditional Mean Allocation*

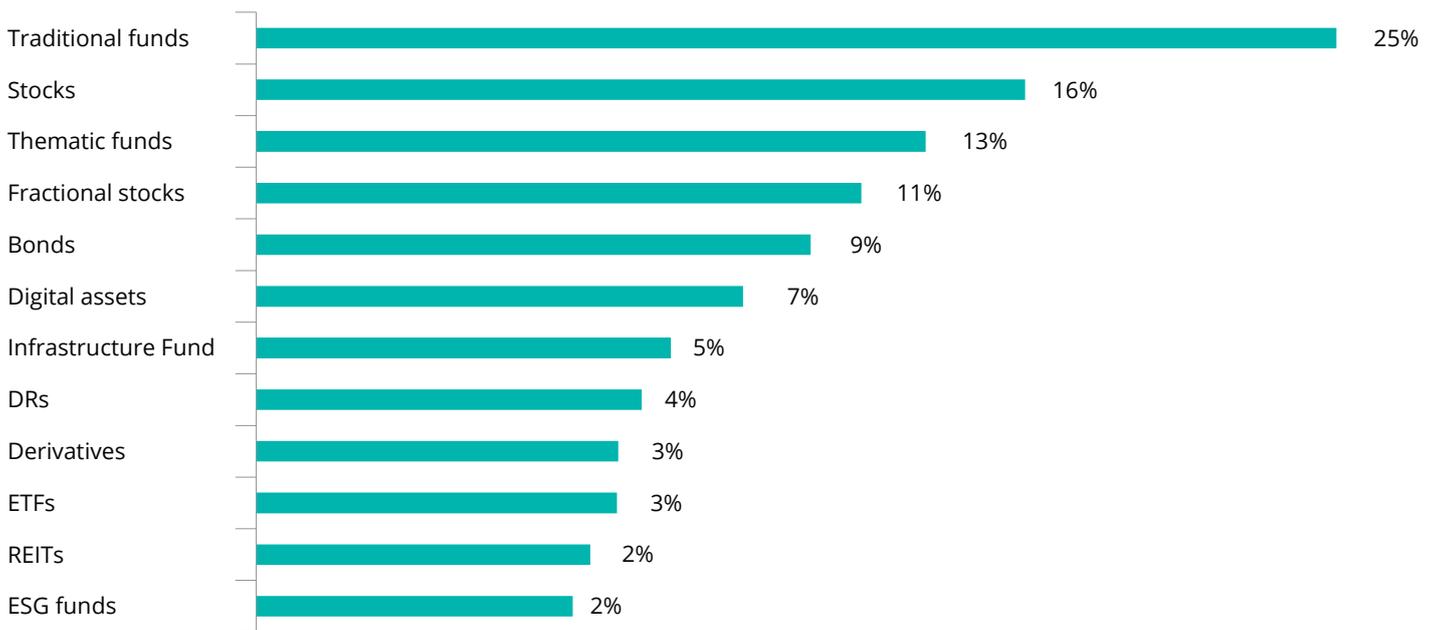


Figure 21 - How is your investment portfolio divided? Input % distribution for selected products<sup>30</sup>

From the survey outcomes<sup>30</sup> shown in Figure 22, we can see that **over 50% of Thai investors prefer no to low risk products**. A further 35% are comfortable with medium risk, while only 8% are willing to accept high risk for high returns.

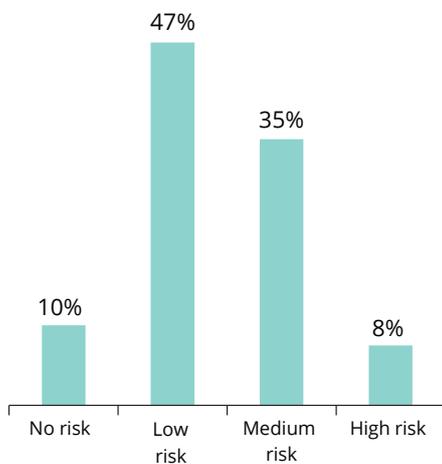
In Figure 23, this conservative stance is consistent with the broader trend of **Thai investors prioritizing long-term wealth and steady income over short-term growth**. The data underscores the need for brokers and product providers to focus on low- to medium-risk offerings and to emphasize transparency around risk and liquidity when engaging with Thai retail clients.

The low preference for short-term profits is also consistent with the trading frequency of majority of Thai investors, who **prefer to trade occasionally**, as opposed to frequent traders that attempt to profit off short-term volatility. The survey (Figure 24) shows that the majority, 30%, make transactions once a month, while only a small minority trade daily or more often. This infrequent trading pattern further underscores the conservative, long-term approach favored by most Thai retail investors.

**Which statement best describes your view on investing / risk appetite?**

N=500, % of investors

57% of Thai investors prefer no / low risk products



No risk: Return of 2.5% with no potential loss  
 Low risk: Return up to 7%, possible loss up to 1%  
 Medium risk: Return up to 15%, possible loss up to 5%  
 High risk: Return up to 25%, possible loss up to 15%

Figure 22 - Which statement best describes your view on investing / risk appetite?<sup>30</sup>

**What is your primary investment objective?**

N=500, % of investors

69% investors focus on long-term growth or passive income

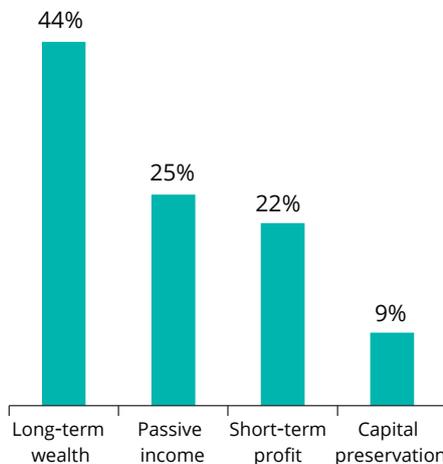


Figure 23 - What is your primary investment objective?<sup>30</sup>

**How frequently do you make investment trading transactions?**

N=500, % of investors

70% of investors trade occasionally (less than once a week), highlighting the need for simple, balanced portfolios and easy monitoring tools.

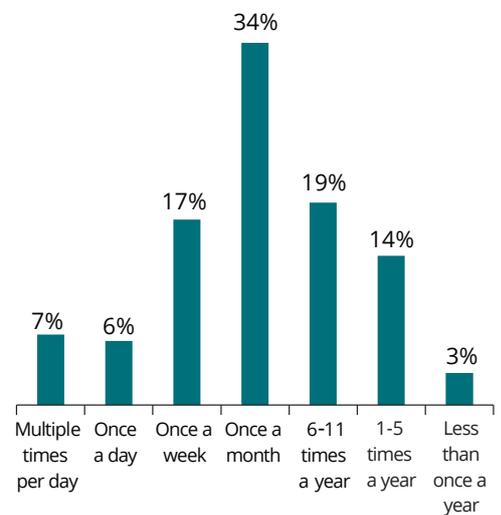


Figure 24 - How frequently do you make investment / trading transactions?<sup>30</sup>

**B. Dominance of Digital Channels, especially for Younger Investors**

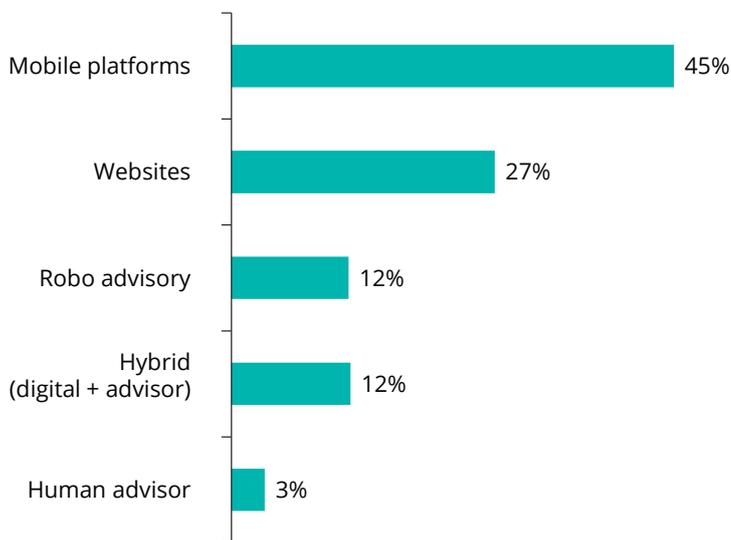
Digital platforms have become the dominant interface for Thai retail investors, particularly among Gen Y and Gen Z. Most retail trading volume now occurs via mobile apps and online platforms, replacing traditional broker interactions. Younger investors rely heavily on social media, influencers, and finance apps for market insights, and they execute trades through intuitive digital interfaces.

Brokers have responded by upgrading mobile platforms and offering features like user-friendly app-based services. Survey results<sup>30</sup> show that 47% of investors currently use mobile trading platforms as their primary channel, followed by 26% using online trading platforms, while only 3% rely on human advisors.

As shown in Figure 23, 85% of users rely on some form of digital platforms - mobile trading platforms (47%), Online trading websites (26%), Robo-advisory services (12%). However, investors are increasingly frustrated by fragmented and cumbersome digital experiences. While 45% currently use mobile platforms as their primary investment channel, only 36% wish to continue in the future. Demand for robo-advisory and hybrid advisory models is rising, reflecting a strong desire for seamless, all-in-one platforms that integrate banking and investments with intuitive, consistent functionality across devices.

**What is your current primary channel that you use to invest with your broker?**

*N=500, % of investors*



**What channel would you like to use more in the future if available to you?**

*N=500, % of investors*

There is a small shift from mobile platforms to robo and hybrid advisory models

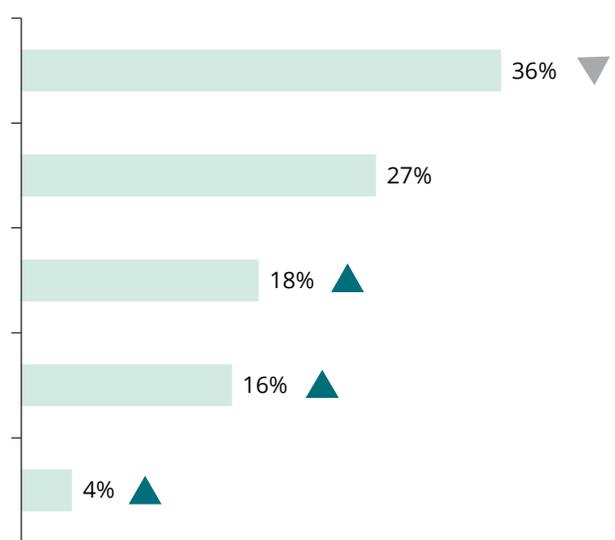


Figure 25 - What is your current primary channel that you use to invest with your broker? and What channel would you like to use more in the future if available to you?<sup>30</sup>

### C. Rising Interest in Foreign Equities

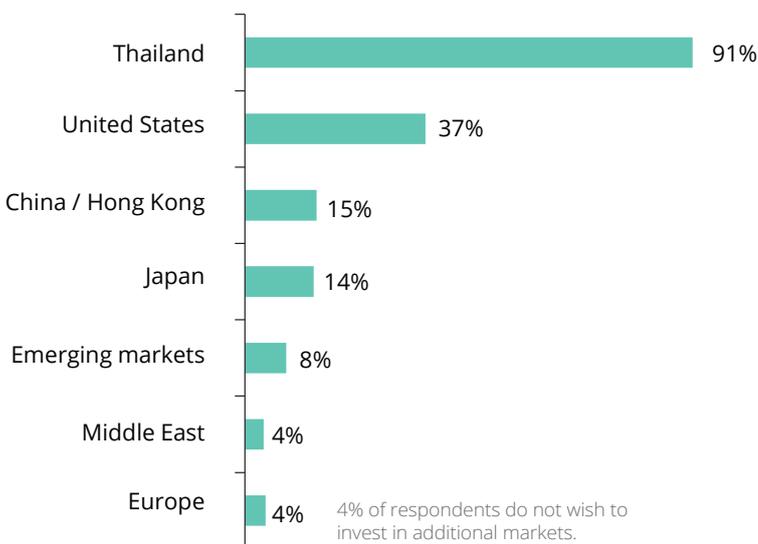
Thai retail investors are increasingly diversifying into foreign equities, driven by underperformance in the domestic market and the appeal of global growth stocks. Brokers have expanded offerings and extended trading hours to align with global markets, while regulators have eased investment limits and introduced tax incentives to support outbound investment. Thai investors now actively seek exposure to companies like Apple, Tesla, and Alibaba via DRs or offshore accounts, marking a structural shift in portfolio behavior.

Survey results<sup>30</sup> provide valuable insight into the market preferences of Thai retail investors. As shown Figure 25, the vast majority (91%) currently invest in the domestic Thai market, while 37% have exposure to the United States, and smaller proportions invest in China/Hong Kong (15%), Japan (14%), and other regions. However, when asked about markets they would like to invest more in if given the opportunity, only 56% chose Thailand, while 45% expressed interest in the United States, 38% in China/Hong Kong, and 23% in Japan.

This indicates a strong and growing appetite for international diversification, particularly towards developed markets such as the US and major Asian financial centers. The data suggests that while Thai investors remain domestically focused, there is significant latent demand for access to global investment opportunities. Brokers and product providers can respond to this trend by expanding their offerings of foreign equities and facilitating easier access to international markets.

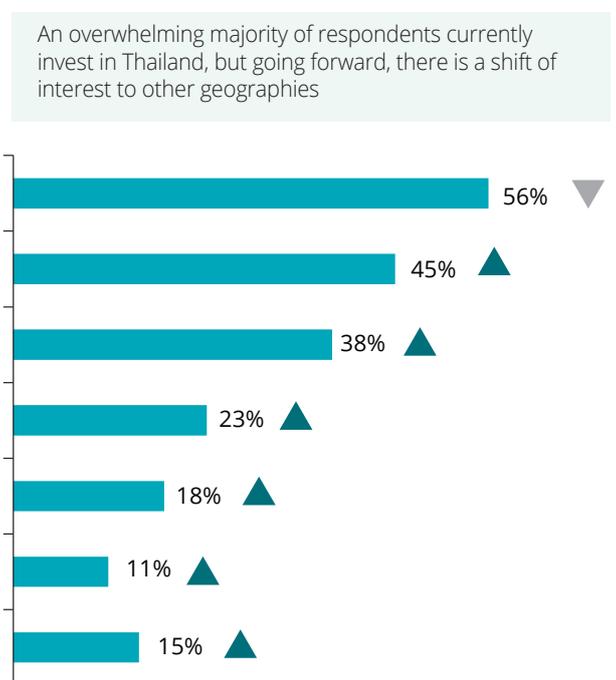
#### Which markets do you invest in today?

N=500, % of investors



#### Which markets would you like to invest more, if available to you?

N=500, % of investors



An overwhelming majority of respondents currently invest in Thailand, but going forward, there is a shift of interest to other geographies

Figure 26 - Which markets do you invest in today? And Which markets would you like to invest more, if available to you?<sup>30</sup>

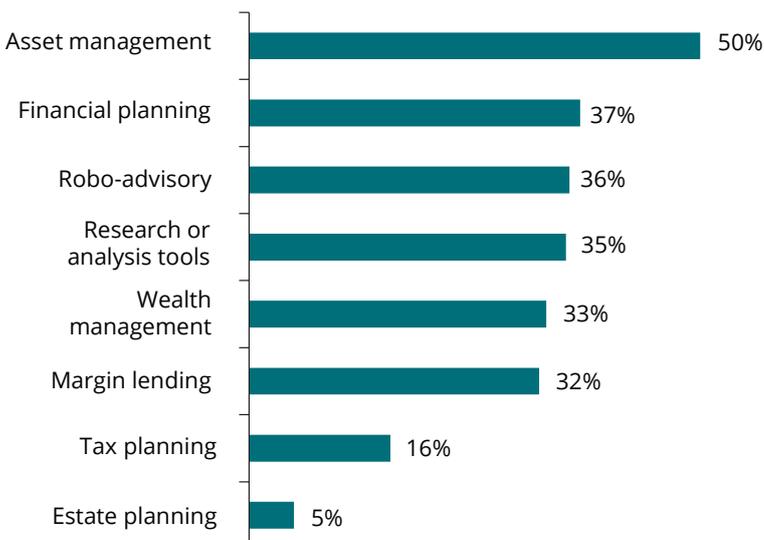
### D. Unmet Need for Specialized Financial Services

High commission fees remain a significant barrier for new investors, and the mass market often receives generic, impersonal advice, while personalized financial planning is typically reserved for high-net-worth clients. This has created a clear gap in the availability of holistic, goal-based guidance for all investor segments.

From Figure 27, there are a few notable gaps between the financial services currently used and those desired by Thai retail investors. While asset management (50%), financial planning (37%), and robo-advisory (36%) are the most used value-added services today, there is demand for margin lending (rising from 32% current to 38% future state), wealth management (from 33% to 37%), tax planning (from 16% to 29%), and estate planning (from 5% to 11%). This highlights that, although high commission fees and generic advice remain barriers, investors are seeking out more specialized services.

#### Which financial services (value added services) do you currently use with your broker, beyond simple trade execution?

N=500, % of investors



#### Which financial services (value added services) would you like to be offered by your brokers in the future?

N=500, % of investors

Preference for value added services is fairly evenly distributed in the future state, while currently 1 in 2 investors rely on brokers for asset management

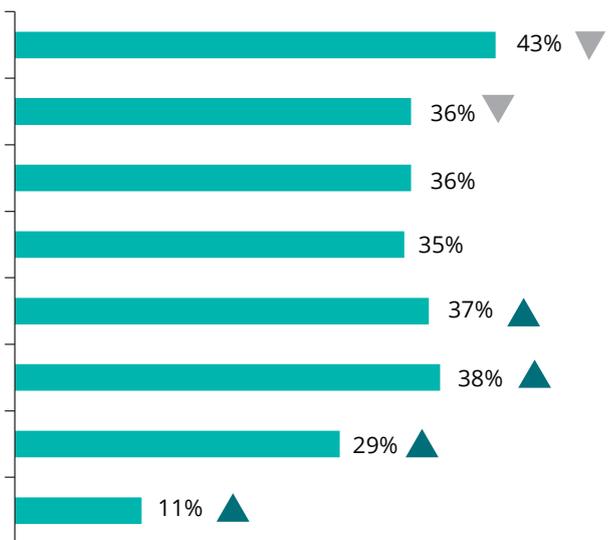


Figure 27 - Which financial services (value added services) do you currently/ would like to use with your broker, beyond simple trade execution?<sup>20</sup>

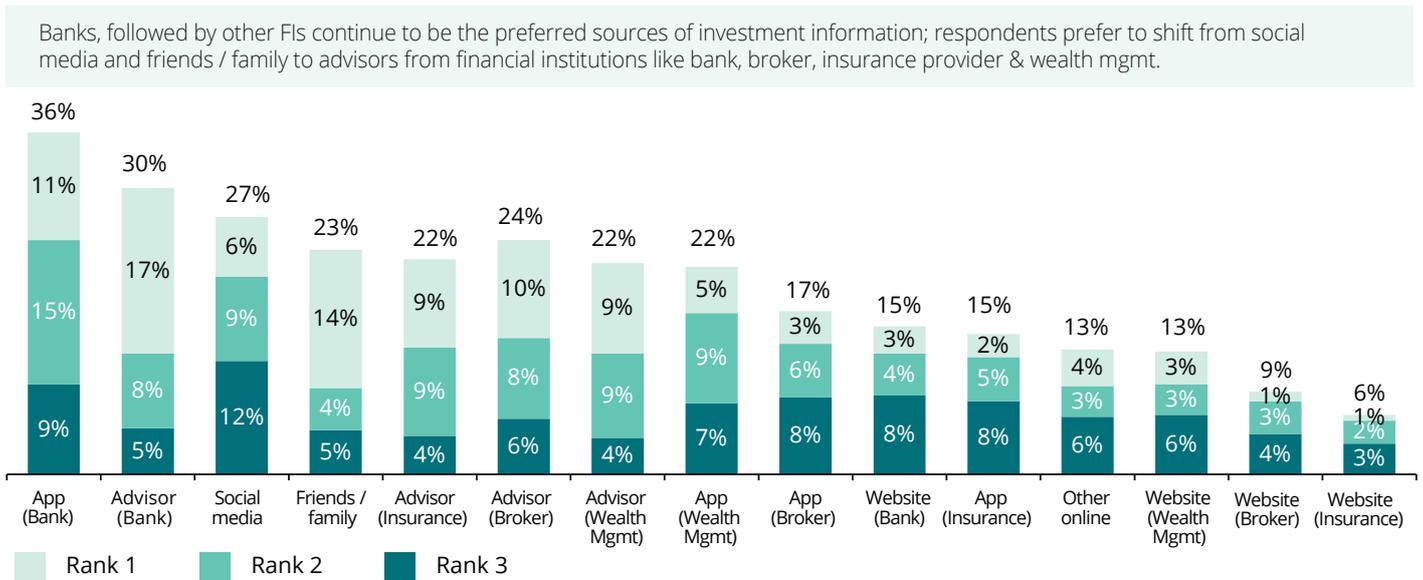
### E. Growing Demand for Trustworthy and Comprehensive Investment Guidance

Thai retail investors rely heavily on a fragmented mix of information sources, with bank apps, bank advisors, and social media being the most common. This fragmentation increases the risk of misinformation and inconsistent guidance, making it challenging for investors to make fully informed decisions. The current landscape highlights an urgent need for more reliable, integrated platforms that can provide trustworthy and comprehensive investment information.

Survey results (Figure 28) show that Thai retail investors currently rely most on bank apps (36%), bank advisors (30%), and social media (27%) for investment information. However, there is a clear shift underway: preference for informal sources like social media and friends/family is declining, while demand for professional and digital advisory channels such as broker advisors and wealth management platforms is rising. This trend highlights a move toward more reliable, integrated platforms, and presents an opportunity for providers to deliver trustworthy, comprehensive investment guidance that better meets evolving investor needs.

#### What are your current top 3 primary sources of investment information?

N=500, % of investors



#### Where would you prefer to get your investment information in the future, if available?

N=500, % of investors

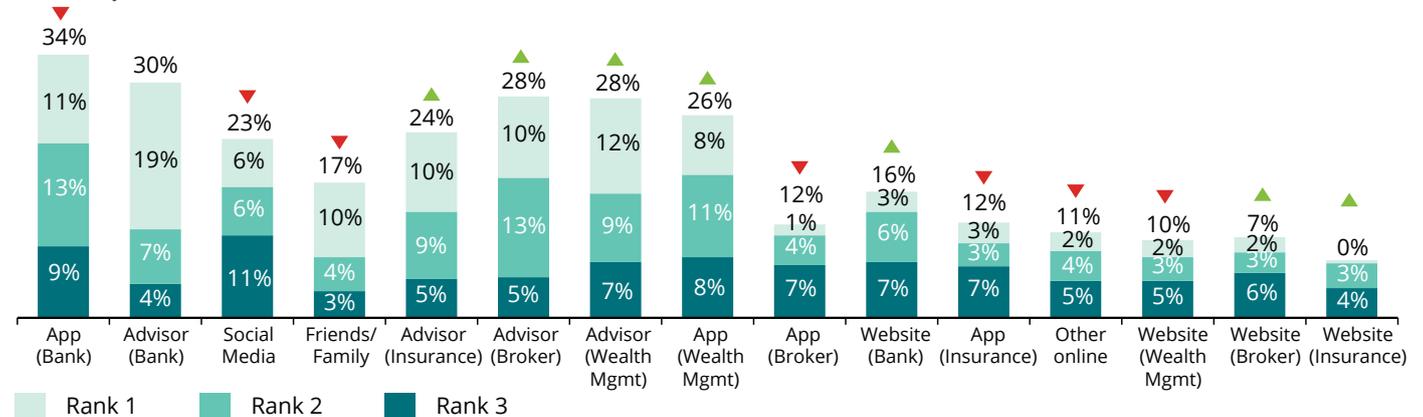


Figure 28 - What are your current top 3 primary sources of investment information?<sup>20</sup>

From Figure 29 survey results highlight several key barriers that prevent Thai retail investors from allocating more of their savings into stocks. The most common reasons are perceived risk and volatility (47%), lack of time to monitor investments (39%), and limited investing knowledge (37%). Many respondents also prefer cash or deposits (34%) or express distrust in the market (29%). Other notable pain points include high fees, distrust of brokers, and concerns about insider trading or high-frequency trading. These findings reinforce the need for more accessible education, and trustworthy market practices to encourage broader participation in the capital market.

**Why would you not invest more of your savings into stocks?**

*N=130, % of Investors with stock and similar products holdings under 20% of total portfolio*

The top reason for reduced investment in stocks, bonds, digital assets is the high risk and volatility; Lack of time to monitor, investment knowledge, preference for no risk options like cash, low trust in the market a predominant secondary reasons

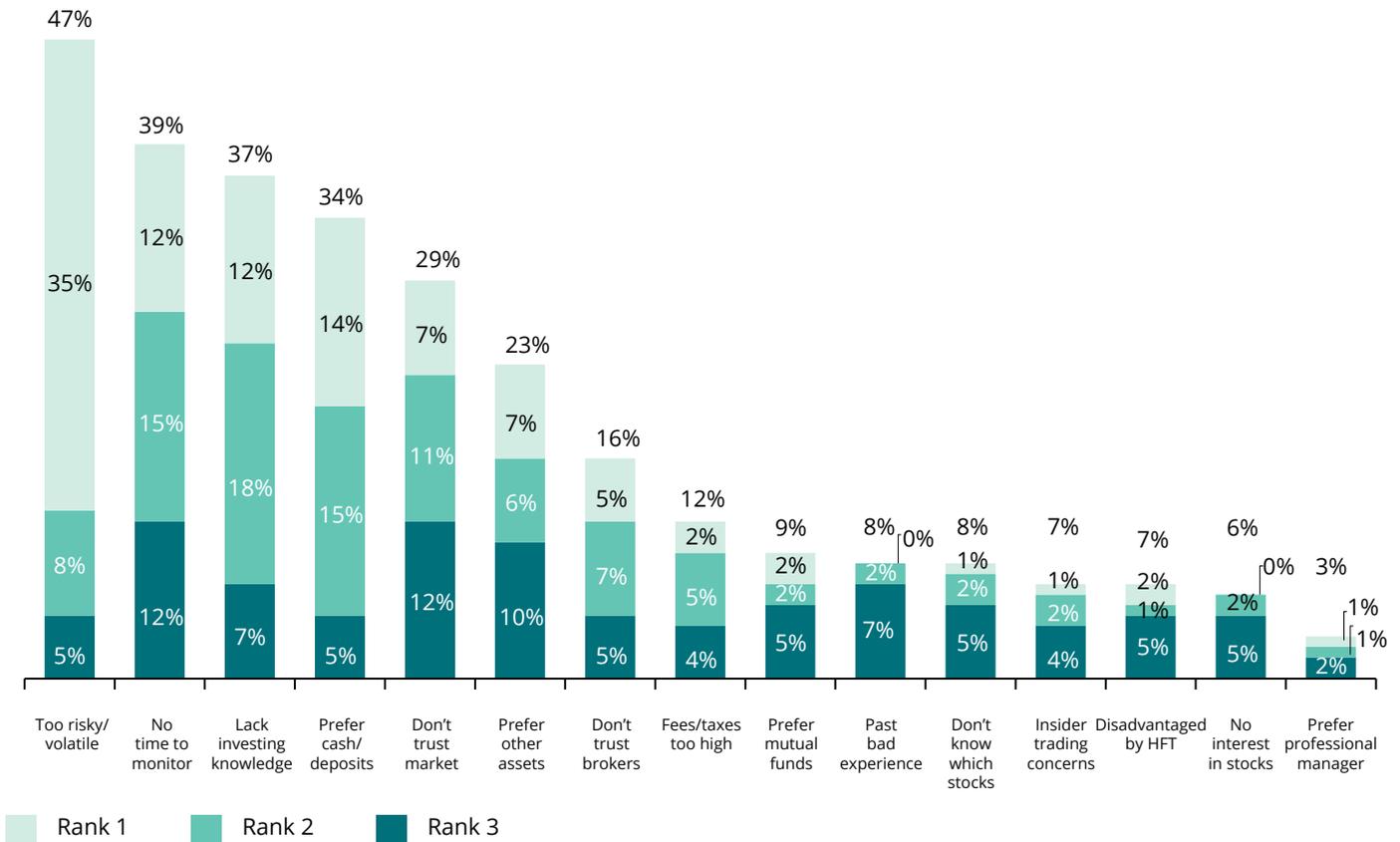


Figure 29 - Why would you not invest more of your savings into stocks<sup>230</sup>

## 2.3 Supply: Understanding Brokers

Thailand's brokerage industry is struggling with declining profitability due to both rising costs and insufficient income growth. As of mid-2025, net profits have plunged 83% to just THB 1.3 billion (USD 40 million), with a cost-to-income ratio at 0.91x and ROE dropping to 2.3%. Shrinking trading volumes, falling commissions, and tough price competition are squeezing margins. Compared to regional peers like Korea and Taiwan, Thai brokers handle far less trading value and operate in a more fragmented, less profitable market. Four types of brokers characterize the Thai market - bank-backed, foreign, local independents, and digital challengers. While digital 'neo-brokers' are widening access for retail investors and have not drastically changed the Thai brokerage industry as yet, they are expected to fuel fee wars and rapidly transform the industry in the long term.

### 2.3.1 Performance of current brokerage market

Thailand's brokerage industry currently operates with 36 SET members as of mid-2025, supporting 860 listed companies, 6.53 million trading accounts and 750K active investor accounts. However, this structure has proven economically unviable. In H1 2025, the industry reported net profit of only THB 1.3 billion (USD 40 million), representing an 83% decline from the 10 year average as shown in Figure 31. More alarmingly, from Figure 30, the cost-to-income ratio reached 0.91x, indicating that brokers are spending 91 baht in costs for every 100 baht of revenue generated. Meanwhile, annualized ROE for H1 2025 is at 2.3%, down from 10 year average of 7%.

Securities Industry Cost-to-income and Return on Equity

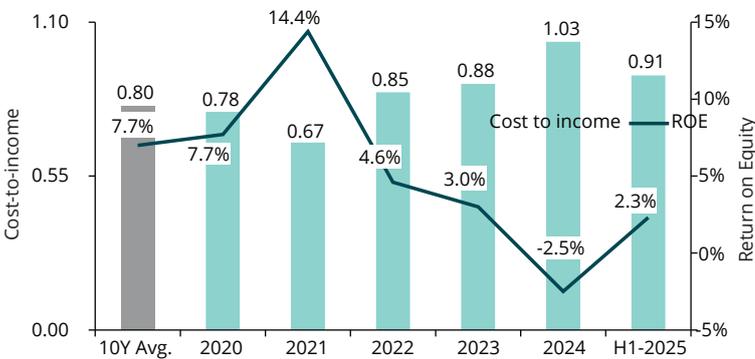


Figure 30 - Thailand cost to income and return on equity trend<sup>51</sup>

Securities Industry Net Profit (in THB'Bn)

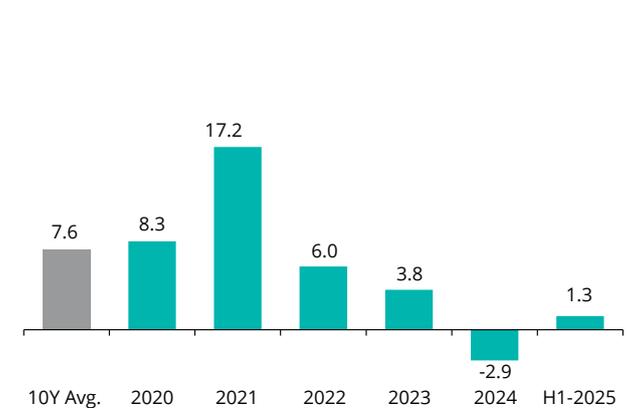


Figure 31 - Thailand industry net profit trend<sup>52</sup>

The profitability crisis stems from multiple interconnected factors. Total trading value on SET has contracted from THB 42.6 trillion in 2020 to ~20.3 trillion estimated for 2025, as retail investors increasingly shift capital to foreign markets, particularly U.S. equities. For example, Korean investors are net purchasing THB 487 trillion (USD 15 trillion) in U.S. stocks while net selling domestic equities<sup>52</sup> - a pattern emerging in Thailand as well.

While trading value across all investor segments has declined over the years (as in Figure 10), retail investors were most impacted. This has affected majority of brokers, since ~67% of brokers specifically target retail investors, with no presence in institutional or foreign investor segments.

The industry's dependence on brokerage commissions, which fell to 0.061% in H1 2025 for securities from 0.072% in 2021 as shown in Figure 32, commission rate for derivatives grew only 2.6%, leaves firms vulnerable to volume declines and price competition.

<sup>51</sup> Association of Securities Companies (ASCO), [Thai Securities Industry Performance Report, 2025](#)

<sup>52</sup> Korea Capital Market Institute, [Key Issues in the Capital Markets for 2025, 2025](#)

### Thailand Average Commissions Trend

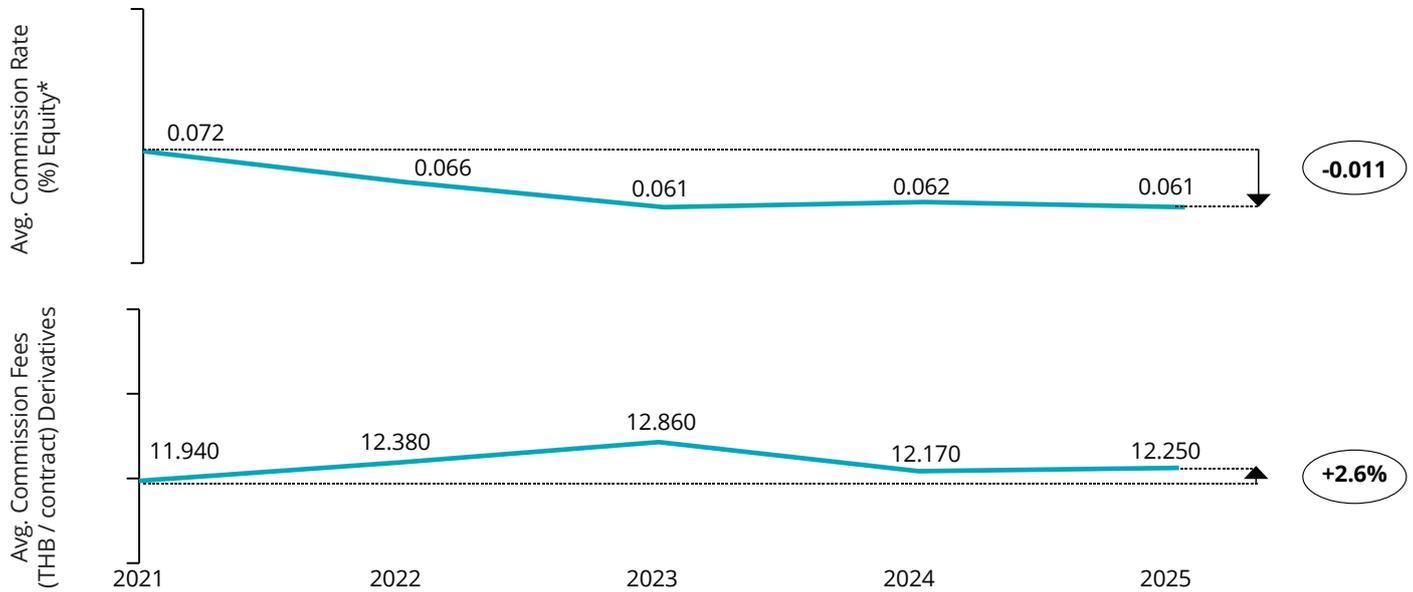


Figure 32 - 2021-25 Thailand Average Commissions Trend<sup>52</sup>  
 Note: \* Include proprietary trading

### 2.3.2 Structural efficiency of current brokerage market

	Thailand (SET) <sup>6,7,53</sup> 2024	South Korea (KRX) <sup>54,55,56,57</sup> 2024	Taiwan (TWSE) <sup>58,59,60</sup> 2024	Malaysia (MYX) <sup>61,62,63,64</sup> 2024
Number of brokers	36 (as of 2025)	64.52	107.09	136.52
Market capitalization per broker (billion THB per broker)	60	63	30 (as of 2025)	-12.23
Trading value per broker (billion THB per broker)	484.27	1,037.96	1,168.61	1,086.40

Table 2 Brokerage Market Efficiency Metrics  
 Note: Comparison is based solely on licensed brokerage firms, e.g. SET member firms for Thailand

53 Bangkok Post, [Thailand's B1.47tn pension fund sees gold, equities boosting returns](#), 2025

54 Korea Stock Exchange (KX), 2025

55 Korean Statistical Information Service (KOSIS), 2025

56 Korea Financial Investment Association (KOFIA), 2025

57 The Korea Herald, [NPS to divide investment oversight as assets soar](#), 2025

58 Taiwan Stock Exchange (TWSE), 2025

59 National Statistic Republic of China (Taiwan), 2025

60 ACGA, [New Member: Bureau of Labor Funds \(Ministry of Labor, Taiwan\)](#), 2025

61 Bursa Malaysia, 2025

62 Securities Commission Malaysia, 2024

63 Ministry of Economy (Malaysia), 2024

64 Business Today, [KWAP's Fund Size Grows To RM185.6 Billion](#), 2025

	<b>Thailand (SET)<sup>6,7,53</sup> 2024</b>	<b>South Korea (KRX)<sup>54,55,56,57</sup> 2024</b>	<b>Taiwan (TWSE)<sup>58,59,60</sup> 2024</b>	<b>Malaysia (MYX)<sup>61,62,63,64</sup> 2024</b>
Number of retail investors per broker (thousands per broker)	105.5	237.11	216.86	73.33
Billion pension fund AUM per broker (billion THB per broker)	40.83	594.90	118.86	48.11

*Table 2 Brokerage Market Efficiency Metrics*

*Note: Comparison is based solely on licensed brokerage firms, e.g. SET member firms for Thailand*

A comparative analysis (Table 2) reveals Thailand's structural inefficiency relative to regional peers. In 2024, Taiwan operates 63 securities brokerage firms serving a GDP of ~THB 29.43 trillion with market capitalization of THB 73.62 trillion and 1,031 listed companies which is significantly higher than Thailand on a per broker basis. South Korea's 60 securities companies serve a THB 69.04 trillion economy with THB 62.23 trillion market capitalization, meanwhile Malaysia's 30 securities companies serve THB 14.99 trillion economy with THB 32.59 trillion market capitalization, as industry consolidation is actively encouraged by regulators to strengthen competitiveness.

Thai brokers drive ~THB 10,989 billion each of average trading value annually, which is significantly lower than Korea (THB 126,076 billion) and Taiwan (THB 91,944 billion). Korea appears to have the best performing brokers by a massive margin at ~10x of Thailand.

The key metric of pension fund AUM per broker further illustrates the degree of intermediary dispersion in Thailand's market. Currently, Thailand has THB 40.83 billion in pension fund assets per broker, a relatively small amount compared to Malaysia's THB 48.11 billion and Taiwan's more efficient market at THB 118.86 billion per broker. Most notably, Korea leads with THB 594.90 billion per broker. These differences reflect market share concentration.

On average, Thai brokers serve ~106k investors per broker, while South Korea and Taiwan has around 2x more investors per broker.

Taken together, these metrics indicate that Thailand's brokerage market is structurally over-capacity relative to the size and depth of its capital pools. The implications of this mismatch are examined further through the lenses of capital-market success and investor participation in the sections that follow.

### 2.3.3 Defining Broker Archetypes

As mentioned previously, the Thai market comprises 36 SET member brokerage firms that can trade on SET, as well as other 'sub-brokers' and brokers that access SET through them while offering international stocks and ETFs to Thai retail and institutional investors through various trading platforms.

The brokerage market can be categorized into four distinct archetypes:

- 1. Bank-Backed Universal Brokers:** These institutions provide brokerage services as part of a comprehensive suite of financial offerings. They function as key channels for client acquisition, particularly for higher-margin segments such as wealth management and private banking. Leveraging the parent banks' established client base, reputable brand, and robust capital, these brokers are well-positioned within the market.
- 2. Foreign Powerhouses:** Foreign firms leverage their global networks to bring sophisticated products, international market access, and world-class research to the Thai market, often dominating niche, high-margin institutional segments.
- 3. Independent Local Firms:** Independent homegrown players compete by offering more personalized service or focusing on the needs of active retail traders. These firms are the most vulnerable to ongoing commission compression.
- 4. Digital Challengers:** This new wave is built on disrupting the traditional model with zero or low commissions, superior mobile-first user experiences, and easy access to in-demand products like fractional shares of US stocks.

### 2.3.4 Benchmarking Operational Efficiency

A comprehensive analysis of firm-level performance highlights a clear efficiency gap between Thai brokers and their counterparts in South Korea and Taiwan. This gap reflects differences in technology adoption, client acquisition strategies, and business models - factors that have reinforced a cycle of high costs and low profitability, limiting innovation in the Thai market.

#### Benchmarking Operational Efficiency Metrics

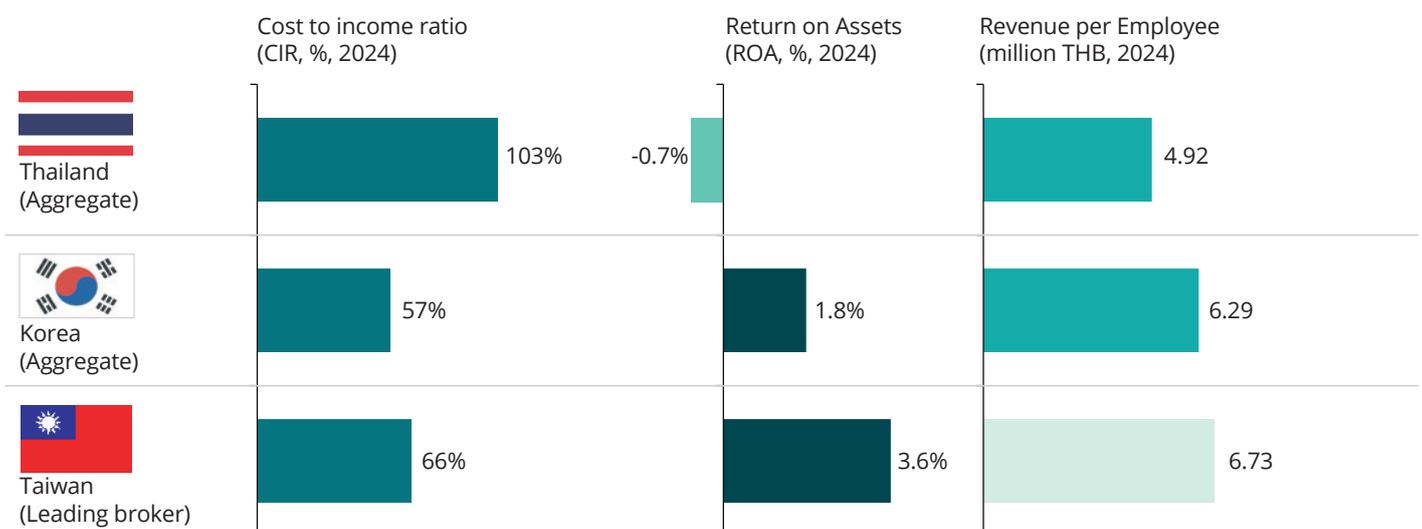


Figure 33 - Benchmarking operational efficiency metrics, <sup>52,56,66</sup>  
 Note : Thailand and Taiwan revenue per employee is estimated from sample firms.

**Thailand’s securities industry faces severe cost inefficiency, as is evident from the CIR and ROA.**

From Figure 33, the aggregate CIR surged to 103% in 2024, far exceeding Korea 57% and Taiwan’s 66%. In 2024, Thailand recorded an ROA of -0.7%, compared to Korea’s 1.80%. and Taiwan’s 3.38%, signaling structural weaknesses in revenue generation and efficiency.

**Thai brokers lag significantly in workforce productivity, based on revenue per employee across benchmarks. In 2024, Thailand averaged THB 4.92 million per employee<sup>65</sup> across ten brokers, while Korea industry reached THB 6.29 million<sup>66,67</sup> and Taiwan THB 6.73 million<sup>66</sup>.** This gap reflects untapped potential for operational optimization in the Thai capital market. Closing this gap will require targeted initiatives in technology adoption, process automation, and workforce capability development to boost productivity and competitiveness.

A notable success case from a leading Korean digital challenger broker underscores the impact of strategic technology investment. By dedicating substantial resources to engineering and creating an intuitive, visually appealing UX/UI with a seamless application-based interface, the firm differentiated its brand and attracted a broader customer base. While the initial investment was significant, it delivered strong returns through increased active accounts and expanded market share, illustrating how technology-driven strategies can transform customer acquisition economics.

Thailand’s brokerage industry continues to lag regional peers in efficiency and profitability, with performance varying significantly across archetypes. Bank-backed brokers and foreign firms maintain stronger operational discipline through scale and diversified revenue streams, while digital challengers face persistent cost pressures and independent firms struggle to achieve sustainable efficiency. Across the market, workforce productivity remains below regional benchmarks, and customer acquisition costs are elevated, particularly for firms targeting new retail investors.

	Bank-backed Brokers	Foreign Powerhouses	Independent Local Brokers	Digital Challengers
Cost-to-income Ratio (% , 2024)	64.97	64.52	107.09	136.52
Return on Asset (% , 2024)	5.48	4.07	-1.92	-12.23
Return on Asset Revenue per employee (mil. THB, Aggregate, 2024)	9.45	6.00	3.67	2.23

Table 3 - Comparison of operational efficiency across broker archetypes; Light green to dark green – low to high level of operational efficiency; Light red to dark red – low to high losses<sup>67</sup>

**Digital challengers and independent local firms are lagging the other two archetypes significantly in operational efficiency. While most digital challengers are new and emerging with high initial customer acquisition costs, the independent local firms are getting squeezed for margins.**

<sup>65</sup> Department of Development Thailand, [DataWarehouse](#), 2025

<sup>66</sup> Market Observation Post System, Taiwan, 2025

<sup>67</sup> Calculation based on sample broker data

By archetype, bank-backed brokers and foreign firms maintained the lowest CIR at 64.97% and 64.52%, respectively, while digital challengers posted an alarming 136.52%, and independent firms were at 107.09%. This twofold gap between the archetypes underscores persistent challenges in managing operational costs.

Digital challengers were the weakest segment with an ROA of -12.23%<sup>66</sup>, while independent firms reported -1.92%. In contrast, bank-backed brokers achieved 5.48%, and foreign powerhouses delivered 4.07%, both surpassing regional benchmarks. These results highlight a widening gap between underperforming digital and independent players and their stronger counterparts, reinforcing the need for intervention to ensure the vibrancy of the market.

Currently, the available options for customer onboarding through online identity verification are limited to a small number of approved providers. While one option offers higher reliability, it comes with significantly higher per-verification costs, whereas the lower-cost alternative faces challenges related to system stability and processing time. As a result, brokers tend to rely on the more robust solution despite its higher cost to manage operational and risk considerations.

In practice, identity verification and related securities checks can result in a customer acquisition cost of approximately THB 120 per verification<sup>68</sup>. Under this cost structure, brokers face a substantial upfront cost burden, extending the time required to reach breakeven and constraining their ability to scale efficiently to the mass market.

**For Thailand, this signals a need to break the high-cost, low-return cycle by prioritizing operational efficiency and digital capability.** Firms that can streamline cost structures, invest in scalable technology, and enhance customer experience will be better positioned to capture growth and compete effectively in a market that is rapidly shifting toward digital-first models.

### 2.3.5 Broker Performance by Archetype

Comparison of Performance by Broker Archetypes

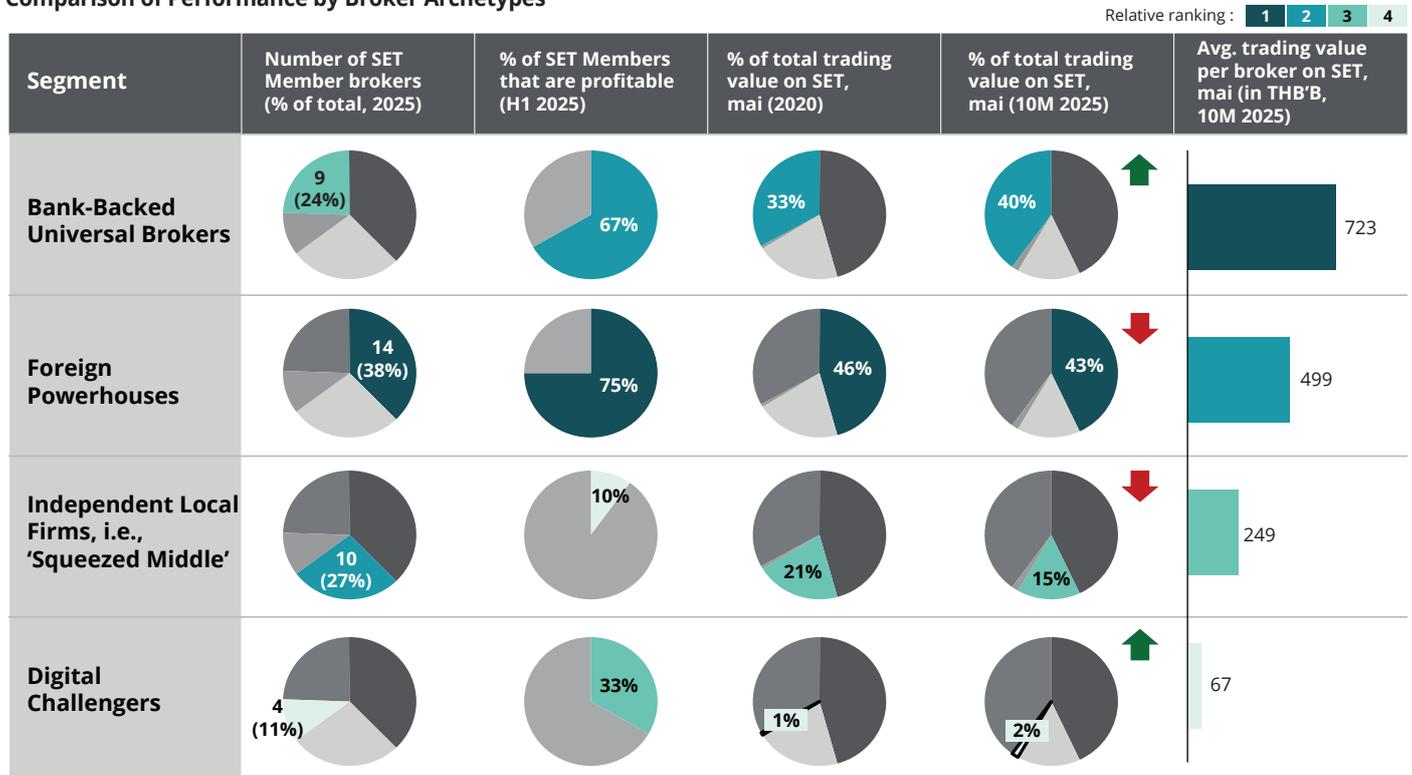


Figure 34 - Comparison of performance by broker archetype<sup>7,52</sup>  
 Note: Includes SET Member brokers and sub-brokers; Profitability data on 3 brokers were not available and have been excluded from the profitability dataset

**As depicted in Figure 34, independent local firms are being squeezed in the middle – 90% of them are loss-making as of H1 2025 - as they lose market share to bank-backed brokers and digital challengers**

As of today, SET member brokers are split fairly evenly between bank-backed brokers and independent local firms, while foreign powerhouses have the greatest number of players in the market, while digital challengers are a relatively new category of brokers.

Majority of foreign powerhouses and bank-backed brokers are profitable. Bank-backed brokers have been increasing in their share of trading value between 2020 and 2025, and have the highest average trading value per broker, while foreign players continue to have the highest share in trading value, in line with foreign investors' share of over 50%.

Meanwhile, independent local firms have been declining in trading value and have less than half of the average trading value of bank-backed brokers and foreign powerhouses. The impact of their smaller scale is apparent as ~90% of them are loss-making. This segment of brokers is being squeezed for margins and is unable to keep up with the scale of bank-backed and foreign brokers.

Digital challengers are emerging, and many of them focus on providing foreign, especially US stocks, to Thai investors.

**Profitability of brokers is strongly correlated with their target segment, given the recent dip in retail investment activity in the Thai market.**

The most unprofitable segments – independent local brokers have a higher share of retail focus compared to bank-backed brokers and foreign powerhouses, while digital challengers are entirely retail-focused. In contrast, the other two archetypes have some mix of retail and institutional. The most profitable archetype based on percentage of profitable players, Foreign Powerhouses.

**Investor Distribution by Broker Archetype**

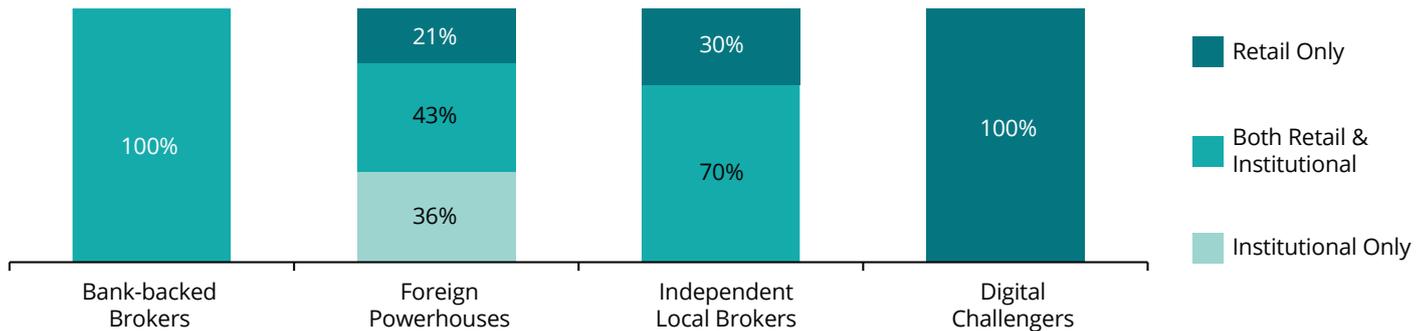


Figure 35 - Investor distribution by archetype<sup>69</sup>

This correlation becomes more obvious when comparing the profitability of brokers based on their target investor segment. As shown in Figure 36, given their current business and operating models, the more the focus on institutional investors in today’s market, the higher the likelihood of being profitable. This is likely due to the declining trend in retail investments over the past few years.

**Investor Distribution by Broker Archetype**

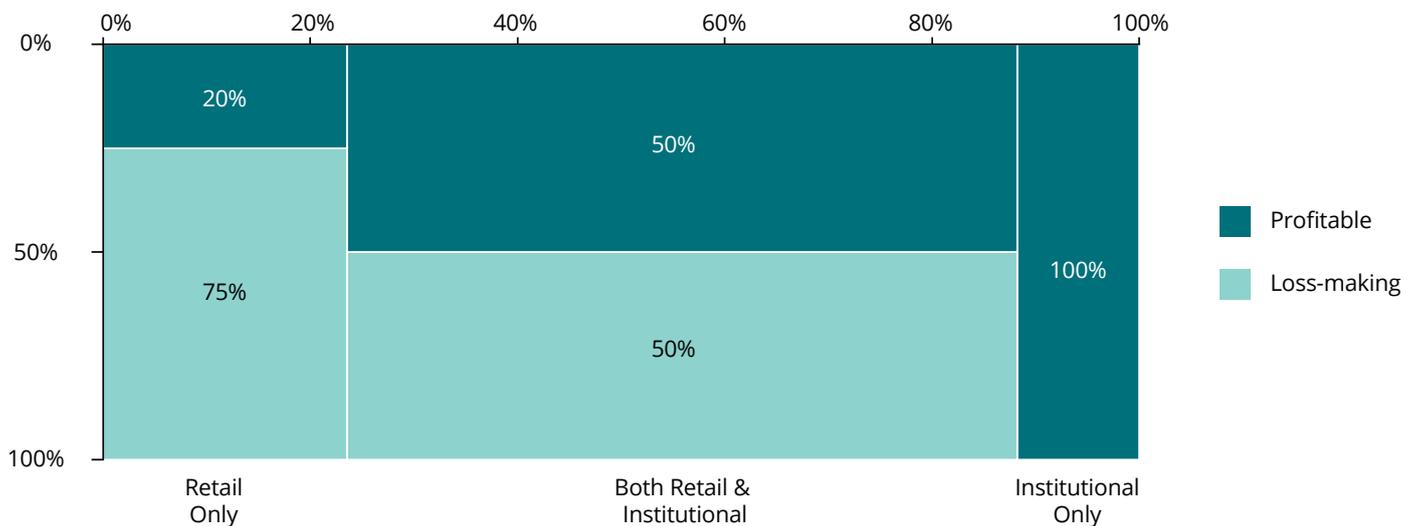


Figure 36 - Likelihood of profitability based on target investor segment based on current business and operating models<sup>52,70</sup>

<sup>69</sup> Deloitte analysis based on company websites, annual reports and other secondary data

<sup>70</sup> Deloitte analysis based on company websites, annual reports and other secondary data

### 2.3.6 Over-reliance on commissions and lack of differentiation across segments, products, channels, services are keeping broker profitability low

Thailand Securities Industry Aggregate Revenue Breakdown (2020-25, in THB million)

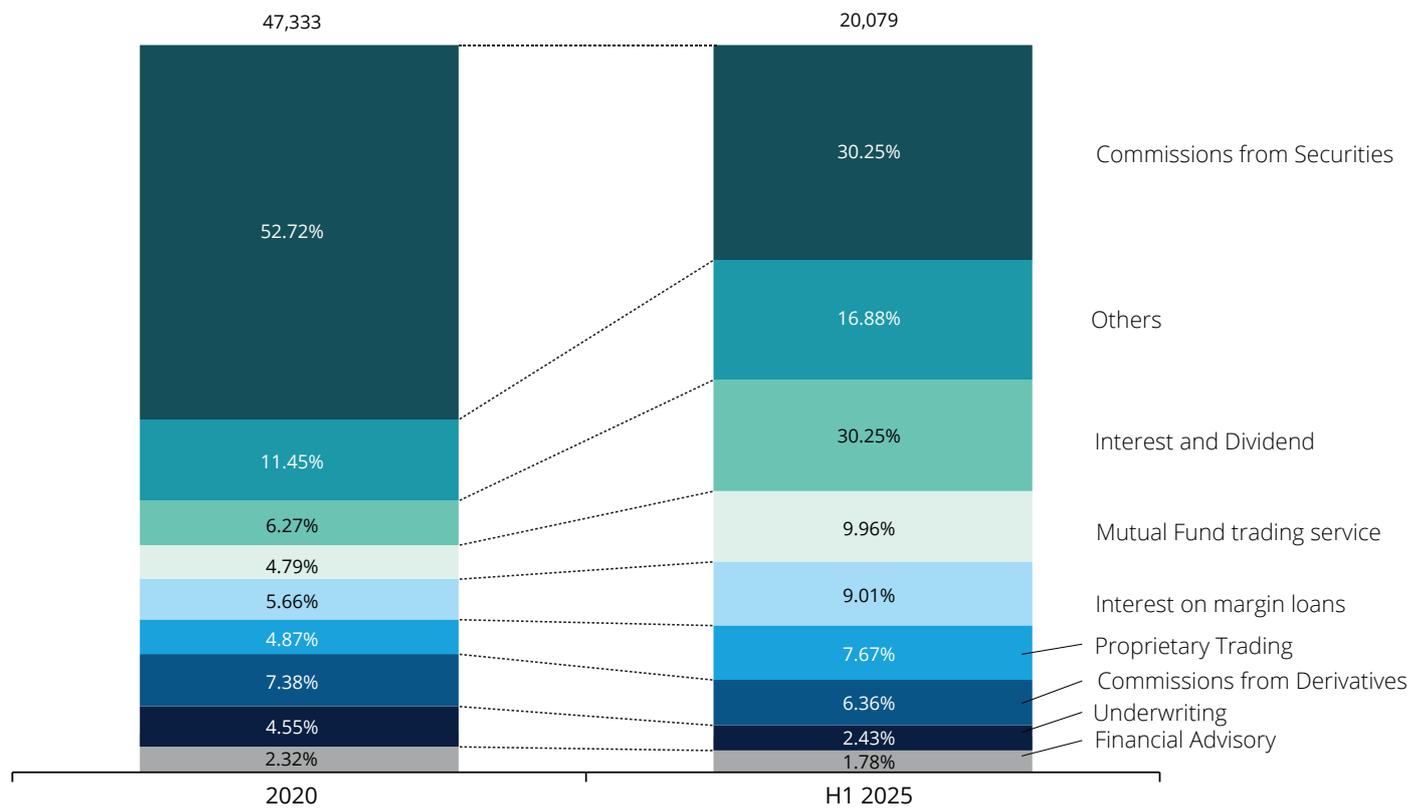


Figure 37 - Thailand securities industry aggregate revenue breakdown (2020-25)<sup>52,70</sup>

#### As revenue from commissions declines because of dropping rates from increased competition, brokers will need to look at other sources of revenue to drive growth and profitability

As of H12025, Thailand's securities industry continues to rely on commissions as a major source of revenue (36%), like H12024. This is significantly lower than 64% of revenue attributed to commissions in 2020 (refer to Figure 37), indicating a very clear downward trend. As shown in Figure 37, average commissions from securities have either declined or minimally changed over the past few years. Majority of the SET members (31 out of 36) provide internet trading services, indicating a clear shift away from traditional channels. This trend in addition to the extremely competitive nature of the market, commissions are dropping as a revenue stream.

The structure of the Thai brokerage industry strongly supports the hypothesis that pure-play trade execution is not a sustainable standalone business. Most full-service firms are vertically integrated, controlling the entire trade lifecycle from advisory and execution to clearing and custody. Horizontally, the dominant strategy, particularly among bank-backed players, is to treat brokerage as one component of a comprehensive suite of financial services, including lending, asset management, and private banking. This allows firms to subsidize low-margin execution by cross-selling more profitable products.

The cost structure of traditional brokers is burdened by high fixed costs associated with physical branch networks and large headcounts, placing them at a significant structural disadvantage compared to the lean, technology-driven models of their digital-only competitors. Overall, 17 out of 34 brokers reported losses based on their performance in the first 6 months of 2025<sup>52</sup>, 9 of whom are independent local brokers.

		Bank-Backed Universal	Foreign Powerhouses	Independent Local Firms	Digital Challengers
<b>Products</b>	Common Stock				
	Preferred Stock				
	ETFs and Mutual Funds				
	REITs and Infrastructure Funds				
	Options and Futures				
	Warrants				
	Convertible Bonds				
	Depository Receipts (DRs)				
	Private Equity				Not offered
	Private Fund				Not offered
	Gold				
	Global Market Access				
	Digital Asset		Not offered	Not offered	Not offered
	Structured Note		Not offered		Not offered
<b>Channels</b>	Website				
	Application				
	Branch offices				Not offered
<b>Services</b>	Human Advisory				Not offered
	Robo-Advisory			Not offered	
	Call center and Brokers support				
	Wealth Management				Not offered
	Investment Research / Analysis Tools				
	Stock Borrowing and Lending (SBL)				Not offered
	Block Trade				

Highly differentiated\*  
(Offered by very few players)

Fully homogeneous\*\*  
(Offered by all or none)

Figure 38 - Products, channels and services by broker archetypes<sup>71</sup>

Note: Comparison is calculated within the same broker archetype; blank represents universal availability and 'Not offered' indicates no provider; \*,\*\* brokers within the large financial groups, the service may be available either directly or through affiliated entities.

**Broker strategies in Thailand vary by type.** As illustrated in Figure 38, among bank-backed universal, independent local brokers and digital challengers, differentiation in products, channels, and services remains small. In contrast, foreign powerhouses exhibit high differentiation, with each player specializing in distinct offerings.

**Bank-backed brokers offer a wide, but complex array of offerings to captive markets. They have scale, the ability to invest in technology and niche offerings for target segments.**

For bank-backed brokers, the only areas with relatively high differentiation are digital assets and fractional shares, while the rest are offered by majority of players within this archetype. Their product and service portfolio is broader and more complex, including structured notes and wealth management services for retail and institutional investors. Banks have the added benefit of offering brokerage services to a captive market, potentially optimizing customer acquisition cost.

Thus, many bank-backed brokers have scale allowing them to invest in technology and spin off digital players. These brokers have invested in apps and new technologies to stand out in the market, and appeal to Thai retail investors. For example, some brokers have launched a flexible commission model which provides lower commission options depending on volume. Targeting specific customer segments also allows bank-backed players to differentiate. The leading bank-backed broker leads the pack with a niche in wealth management and brokerage services for HNWIs.

Brokers will either need to move away from commission revenues, or establish loyalty with customers in specific offerings.

**Digital challengers differentiate by offering standard products and services to tech-savvy retail segments via unconventional approaches.**

Meanwhile, Digital challengers in Thailand typically offer standard investment products such as equities and ETFs to retail investors. They target younger investors through more personalized and less conventional approaches, such as curated investment courses and community-based learning (e.g., Liberator's knowledge hub), in stark contrast with the traditional reliance on human advisors. These platforms also tend to promote cross-border investment services, especially access to US markets, in response to rising demand. Foreign powerhouses show clear differentiation in offerings, and focus primarily on institutional and foreign investors.

**Foreign powerhouses show clear differentiation in offerings, and focus primarily on institutional and foreign investors.**

Foreign powerhouses focus almost exclusively on institutional and foreign investors by offering services like direct market access and high frequency trading. Although a cutting-edge innovation with potential to realize arbitrage gains, high frequency trading is typically a high cost and low margin service, restricted to only large cap stocks on the SET. These firms also offer the lowest average commissions, compared to those catering to retail investors. Leading foreign brokers focusing on proprietary trading and mutual fund management have exhibited higher profits than local independent players.

**Independent local brokers show minimal differentiation and lack a niche to play in.**

Although independent local firms show some level of differentiation, they lack the wide array of offerings and captive market that bank-backed brokers have, and the targeted tech-enabled approach that digital challengers have. With no niche to focus on and no clear customer value proposition, they are likely to lose market share to the other 3 archetypes.

## **Overall, the brokerage industry is excessively focused on declining and low margin business lines, instead of more profitable activities**

Revenue from trade execution is declining due to lower commissions and declining trade volumes, necessitating a shift to higher margin, but scale dependent businesses such as structured notes<sup>72</sup>, wealth management (profit margins of 28 – 35%<sup>73</sup>) and investment management (profit margins of 23 – 47%<sup>74</sup>). Enabling and encouraging brokers to achieve this scale by expanding their customer base both within and beyond local retail institutional customers will be critical to drive profitability and competitiveness in the industry. These moves would have to go hand in hand with other market-building initiatives like financial literacy to educate potential investors.

Moreover, brokers could generate higher profit margins from more sophisticated products; however, under the current regulatory framework, several of these products such as margin lending for overseas markets or single stock options, are not currently available in Thailand<sup>74,75</sup>. Unlocking these avenues would support brokers in enhancing profitability and diversifying their revenue streams.

<sup>72</sup> Financial Review, [The market's structured product problem](#), 2023

<sup>73</sup> Based on Morgan Stanley, Nomura 2025 estimates

<sup>74</sup> ASCO, [Capital Markets Note](#), accessed 2026

<sup>75</sup> TFEX, [Product Overview](#), 2026

## 2.4 Key areas of development for Thailand

Based on our analysis of the current industry dynamics of Thailand, a few fundamental, but deeply inter-related issues emerge across the overall industry structure, the demand-side and the supply-side.

### 2.4.1 Regulators lean toward merit-based frameworks and predominantly act as gatekeepers

As discussed in 2.1.5 Role of the regulator (SEC) in Thailand: Merit-Based Gatekeeper in Transition, Thailand's regulatory approach has historically emphasized merit-based screening and ex-ante approval. The resulting implication for the capital market is a system that prioritizes investor protection through gatekeeping, but at the cost of speed, adaptability, and market-led discipline. This posture constrains product innovation, lengthens approval timelines, and limits the regulator's ability to shape market structure dynamically, which becomes particularly binding in a period of declining liquidity and heightened regional competition.

### 2.4.2 Lack of robust private capital markets (PE, VC) is limiting the efficiency of public capital markets

The weak private capital base limits the pipeline of high-quality companies for late-stage investments and IPOs, thereby constraining growth and innovation in the public capital markets. As a result, brokerage firms face a less dynamic equity market with fewer investment opportunities and reduced liquidity. This structural gap hampers the overall development and competitiveness of Thailand's brokerage industry and public capital markets.

**The General Partners Problem (GPs):** Thailand's 2022 PE Trust framework has begun creating space for more flexible fund operations allowing capital calls, varied profit sharing and offering tax incentives<sup>76</sup>, yet its overall fund vehicle landscape remains narrow compared with regional competitors<sup>77</sup>. Restrictions such as caps on foreign shareholding in Thai registered entities and sectoral reservations for Thai nationals continue to limit structuring options, prompting many fund managers to domicile offshore despite initial market uptake<sup>78</sup>. At the same time, Thailand has started differentiating professional investor private placements by easing requirements for investor private placements by easing requirements for ultra-high net worth individuals and institutions<sup>79</sup>, signaling an evolving approach to accommodating sophisticated investors.

### 2.4.3 The brokerage market is inefficient and fragmented, weakening capital market outcomes

Inefficiencies in the brokerage market directly impact how the overall capital market functions. It reduces the Thai capital market's ability to translate policy initiatives, regulatory reforms, and investor demand into tangible market outcomes such as higher liquidity, broader participation, and deeper issuer pipelines.

Fragmentation limits the effectiveness of market-wide reforms, while diluting broker accountability and market discipline. With many small participants competing for limited volumes, ensuring brokers maintain strong performance and high quality of governance becomes challenging. This in turn weakens incentives for brokers to play broader roles in investor education, issuer support, and long-term market development.

A fragmented market also constrains the brokerage sector's ability to act as a market-builder rather than a transaction facilitator. In more efficient market structures, brokers contribute to expanding the market itself by supporting new issuers, guiding retail investors toward long-term participation, and anchoring institutional liquidity. In Thailand, fragmentation limits this role

In this context, market inefficiency is not only a broker-level issue but a structural constraint on capital-market development. Addressing fragmentation, likely through consolidation, is therefore a prerequisite for improving the effectiveness of wider reforms aimed at strengthening trust, participation, and long-term market resilience.

<sup>76</sup> Lexology, *PE Trust: An emerging Thai alternative for private equity funds*, 2021

<sup>77</sup> IFC, *Singapore: Spotlighting The Variable Capital Company*, 2024

<sup>78</sup> Thai law forum, *Thailand Civil and Commercial Code*, 2025

<sup>79</sup> Tilleke&Gibbons, *Thailand's SEC to Update Definitions of Institutional and High-Net-Worth Investors*, 2022

#### **2.4.4 Decline of investor trust in the Thai capital market, driven by publicized failures in corporate governance and low quality of listed companies**

As outlined in 2.2.3 Erosion of trust among investors, investor trust in Thailand's capital market has weakened over recent years. When investors lose confidence, they tend to avoid risk and keep their savings in cash or bank deposits rather than investing through capital markets. This limits the market's ability and willingness to channel domestic savings into productive investment, which is evident from the quantitative customer survey findings. Over time, lower participation can raise the cost of capital for issuers and reduce the role of public markets in signaling company quality.

Prolonged trust erosion can also create a self-reinforcing cycle. When market credibility weakens, differences between high-quality and low-quality firms become harder for investors to assess. This can widen the gap between actual firm performance and investor perceptions, further discouraging participation and reinforcing skepticism toward the market.

Weaker trust in local capital markets pushes a reliance on foreign capital, which is evident from the rise in popularity of foreign equities among Thai investors. In response, regulators may feel compelled to rely more heavily on upfront controls and procedural safeguards to maintain confidence in local markets. This shift in focus will inevitably slow innovation and take up additional resources that would otherwise be utilized for long-term market development.

Rebuilding trust is therefore not just a matter of addressing individual governance failures. It is a structural priority that underpins investor participation, issuer quality, and the long-term resilience of Thailand's capital market.

#### **2.4.5 Financial literacy around savings and investment vehicles is lacking among the Thai population, contributing to low retail investor engagement**

Low financial literacy in Thailand limits the number of people who invest in the capital market, making the market dependent on a small group of investors and increasing the need for foreign capital. When people lack understanding of investments, they are less likely to participate, and more likely to withdraw during periods of volatility, which weakens market stability and limits the impact of reforms aimed at boosting participation.

#### **2.4.6 Independent local brokers are especially strained in terms of profits**

Sustained financial pressure on independent local brokers risks degrading the quality of market intermediation rather than merely reducing the number of participants. As margins remain compressed, these brokers are increasingly constrained in their ability to maintain robust compliance, advisory capacity, and client service standards.

Left unresolved, this creates a segment of intermediaries that remains operational but contributes limited value to investor confidence, issuer support, or market development, diluting the effectiveness of broader regulatory and ecosystem reforms.

#### **2.4.7 Technological advancements and innovation are limited among Thai brokers, given minimal ability to invest due to declining profits**

Owing to low profitability and inefficiencies in the brokerage market, many brokers do not have the cash to re-invest into technological advancement and seamless user-friendly platforms. Beyond limiting their ability to differentiate, they are also unable to automate their processes and back-office operations to reduce cost-to-operate, hence the high industry CIR of 0.91x in H1 2025.

The lack of investment into innovation also limits brokers' ability to offer better products in a faster and more reliable manner, resulting in stagnation and eventual, but slow decline of the overall

# Executive Summary

## Part 3: Pathways to Change

- 3.1 Top-down Strategic Options
- 3.2 Bottom-up Strategic Options
- 3.3 Strategic Choice



To address the issues identified, we believe a two-pronged approach is necessary – top-down and bottom-up.

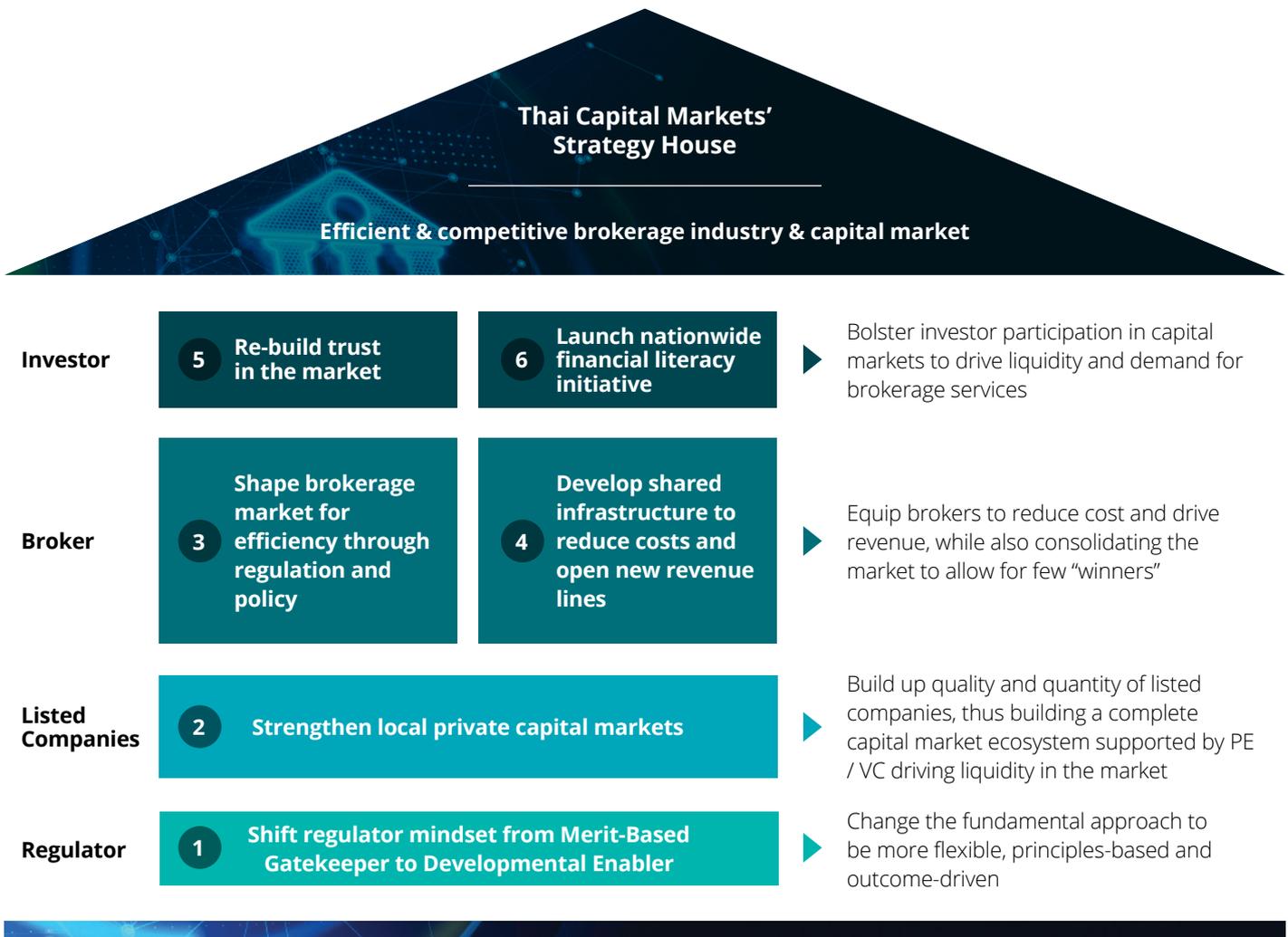


Figure 39 - Multi-tiered top-down approach to orchestrate an efficient and competitive securities brokerage industry in Thailand

The **top-down approach** aims to articulate what regulators can do to transform the current state of the Thai brokerage market. This approach tackles the 7 issues identified in this paper by unpacking Thailand’s options across 4 focus areas:

- 1. Shift mindset from merit-based to principles-based.** Thailand’s financial regulators currently act like strict gatekeepers, focusing on rules and approvals, which slows down growth and innovation. Experts suggest Thailand should shift to a more supportive approach, like Singapore, to encourage new ideas and attract global investment. Research shows better regulations can strongly boost market growth and keep Thailand competitive in the region. With technology changing finance, Thailand needs to be flexible and welcoming to stay ahead.
- 2. Elevate and strengthen the local capital market by building up private capital markets (e.g., PE, VC).** While the “Capital Market Attractiveness Initiative” aims to build up the public capital markets, there is a need to develop the pipeline within private capital markets (PE, VC) as well.

- 3. Shape the market structure through regulation that incentivizes and encourages both consolidation and innovation.** Given the profit pool within Thailand is finite, and many brokers are struggling to remain profitable and relevant in a fragmented market, it is necessary to create the regulatory environment required to encourage competitiveness of the Thai brokerage ecosystem. By moving from easy to acquire licenses with low barriers to entry, to intentional tiered licensing with defined activities that require specific capital requirements to secure, Thailand can orchestrate the ecosystem optimal for the brokerage industry to thrive. It will be important for the regulator to balance its approach so that it both guides the market, while ensuring market forces are not disrupted or overpowered.
- 4. Develop shared infrastructure to reduce costs and enable operational efficiency among brokers, as well as support regulatory and compliance initiatives.** Thailand today has some shared infrastructure in place to support its capital markets, however there is room to offer more based on learnings from countries like Korea, US, India and Hong Kong.
- 5. Building trust in capital markets.** The fundamental issue with the Thai capital market, which in turn impacts brokers, is the lack of corporate governance to ensure quality IPOs, clear checks and balances to prevent fraud and insider trading, speedy and decisive punitive action in response to such cases. This shift is necessary to improve investor confidence in the market, which will drive demand for brokers.
- 6. Launch a nationwide financial literacy initiative.** Establish a coordinated, lifelong financial literacy ecosystem for Thailand by creating a central governance body to unify and standardize financial education efforts, embedding financial literacy throughout school curricula and adult life, and leveraging digital tools for investor education. This integrated approach ensures consistent messaging, broad outreach, and prepares citizens for informed participation in financial markets.

The **bottom-up approach** will lay out options for the brokers, especially the underperforming broker archetypes to elevate their profitability, while simultaneously stimulating the local capital markets and investor engagement.

## 3.1 Top-down Strategic Options

### 3.1.1 Rethinking the regulatory mindset

Based on comprehensive analysis of global regulators, four distinct archetypes emerge along two key dimensions: regulatory philosophy (rules-based vs. principles-based) and market orientation (gatekeeper vs. enabler)

Archetype	Philosophy & Approach	Key Characteristics	Market Impact
Developmental Enabler 	<ul style="list-style-type: none"> <li>Proactive, principles-based</li> <li>Growth &amp; innovation focus</li> </ul>	<ul style="list-style-type: none"> <li>Sandboxes, innovation hubs</li> <li>Fast-track licensing</li> <li>Tech-first mindset</li> </ul>	<ul style="list-style-type: none"> <li>Highest growth</li> <li>Fintech adoption</li> <li>Attracts global capital</li> </ul>
Balanced Risk Manager 	<ul style="list-style-type: none"> <li>Risk-based, market development</li> <li>Proportional, flexible</li> </ul>	<ul style="list-style-type: none"> <li>Risk assessment</li> <li>Tiered licensing</li> <li>Regulatory dialogue</li> </ul>	<ul style="list-style-type: none"> <li>Moderate growth</li> <li>Stability focus</li> </ul>
Merit-Based Gatekeeper 	<ul style="list-style-type: none"> <li>Paternalistic, merit-review</li> <li>Protective stance</li> </ul>	<ul style="list-style-type: none"> <li>Pre-approval</li> <li>Disclosure reviews</li> <li>Conservative</li> </ul>	<ul style="list-style-type: none"> <li>Lower efficiency</li> <li>Restricted innovation</li> <li>High compliance costs</li> </ul>
Rules-Based Enforcer 	<ul style="list-style-type: none"> <li>Prescriptive, compliance-focused</li> <li>Strict enforcement</li> </ul>	<ul style="list-style-type: none"> <li>Rulebooks</li> <li>Rigorous supervision</li> <li>Penalty-driven</li> </ul>	<ul style="list-style-type: none"> <li>High compliance</li> <li>Slower innovation</li> <li>Strong protection</li> </ul>

Table 4 - Global benchmarking of regulator archetypes

### Strategic Regulatory Transformation for Thailand’s Capital Market Development

Globally, financial regulators operate along a continuum defined by two foundational philosophies: one prioritizing risk elimination through prescriptive regulation, and the other emphasizing growth facilitation via risk-managed innovation. This research identifies four distinct regulatory archetypes that have emerged across major financial centers, each reflecting varying degrees of market orientation and regulatory philosophy. Among these, the “Developmental Enabler” model has demonstrated the strongest alignment with growth-oriented outcomes.

Under this approach, the regulator works collaboratively with relevant stakeholders to support market development, maintain awareness of evolving market trends, and progressively refine the regulatory framework in line with developments in more advanced markets, thereby enabling brokers to operate within a broader, well-regulated set of offerings.

### 3.1.2 Elevate pipeline for public capital markets by developing private capital markets (PE, VC)

Thailand launched the “Capital Market Attractiveness Initiative” in October 2025<sup>80</sup>, which aims to reform the local capital market through 4 pillars – Quality demand, attractive supply, trusted market and supportive ecosystem. To ensure sustainable and attractive supply, Thailand will need to look beyond the listing process, at the pipeline of companies being listed and the broader ecosystem that prepares companies for IPOs. This ecosystem is currently lacking, as VC/PE are not prominent financing options locally.

To build up this ecosystem, Thailand will need to attract and support foreign **General Partners (GPs) / investment managers** or reduce barriers for local GPs to set up and thrive in Thailand.

**To encourage more fund managers to establish operations in Thailand**, regulatory simplification and market openness are key. Streamlined fund structures, flexible legal vehicles, and more permissive ownership rules would make Thailand more competitive as a fund domicile. Introducing a dedicated VC/PE entity type with built-in flexibility for capital calls, profit sharing, and multiple share classes would reduce friction for both local and foreign managers. Complementary reforms, such as clearer merger review processes, faster approvals for strategic sectors, and a more predictable exit environment, would reinforce Thailand’s attractiveness by improving both entry and exit conditions for private capital.

Regulators should craft and promote a dedicated VC/PE legal structure that offers flexibility beyond Thailand’s traditional private limited company framework. This specialized structure should accommodate features such as multiple share classes and sophisticated profit-sharing arrangements (“waterfalls”), which the standard Thai company model has historically restricted.

**Unlocking greater participation from domestic and international investors requires regulatory adjustments that better reflect the needs of professional capital providers.** The SEC’s recent steps to ease private placement rules for sophisticated investors, including ultra-high net worth individuals and institutions, lay important groundwork. Continuing to remove retail style protections for these investor categories would streamline compliance requirements and accelerate fund formation, without compromising consumer safeguards where they matter most. Clearer, risk-based guidelines for how institutional investors can allocate to alternative assets would further encourage broader participation, while maintaining appropriate oversight.

**In addition to developing “stepping stone” markets (e.g., LiVEx), streamlining M&A regulations is crucial since IPOs are not feasible for every company, making M&A a critical exit route.** Thailand is moving to amend the Foreign Business Act and improve merger review timelines<sup>81</sup>. Yet foreign ownership caps and opaque approval processes persist, slowing deals. Introducing clearer “fast-track” approvals or exemptions for PE-backed firms would attract more foreign buyouts. Similarly, the Trade Competition Commission of Thailand (TCCT) should provide clear, expedited guidelines for M&A approvals to reduce deal uncertainty, ensuring PE firms can confidently plan exits via trade sales to large corporates without being hindered by regulatory delays.

<sup>80</sup> Bangkok Post, [Capital market taskforce unveils quick win reforms](#), 2025

<sup>81</sup> Bangkok Post, [Thailand to ease foreign business ownership rules](#), 2025

**Tax incentives are equally critical to solving the ROI problem.** Thailand currently provides capital gains tax (CGT) exemptions for investors in Thai startups and VCs through the Revenue Department<sup>82</sup>. Still, conditions are narrow, and incentives aren't permanent, unlike jurisdictions like Singapore which effectively make capital gains tax-free and offer super deductions for venture investments. Making these exemptions permanent and easy to claim, without excessive bureaucracy, is vital to remain competitive with tax-free jurisdictions like Singapore. Furthermore, allowing large Thai conglomerates engaged in corporate venture capital (CVC) activities to deduct investment losses or receive enhanced tax benefits, would encourage greater participation.

### 3.1.3 Shape the market to drive consolidation and innovation

From a national perspective, the brokerage market can be shaped to move from fragmented to concentrated, with fewer more competitive players with the ability to be profitable, and re-invest in technology, capability-building and new products and services. In this point of view, Thailand is faced with two key decisions:



1. **What level of consolidation is required?**
2. **What is the optimal pathway to facilitate the necessary consolidation?**

While identifying the right level of consolidation is important, the outcome will depend on how the consolidation is executed. It is critical to ensure that increased profitability from consolidation is channeled to investment into better technology, innovative products, new channels, better services, customer education benefiting the Thai investor and driving market growth.

<sup>82</sup> KAP, *Business Focus STARTUPS*, 2022

## 1. Assessment of the level of consolidation required in Thailand

We have considered multiple methodologies based on 4 different parameters to determine how many brokers would be optimal for the Thai market.

### Method A: Market Concentration Analysis (Herfindahl-Hirschman Index)

To ensure competitiveness of the brokerage industry, it is important to maintain sufficient competition to protect consumers while ensuring broker viability to support innovation and market development. Academic research on market structure and innovation reveals complex, non-linear relationships. Studies of automobile and other industries indicate that moderate concentration often supports optimal innovation levels, while both extreme fragmentation and monopolistic structures underperform. This is because in a fragmented market, individual firms lack scale to justify R&D investment, while monopolistic markets reduce innovation pressure.<sup>83</sup>

The Herfindahl-Hirschman Index (HHI) provides the primary quantitative framework for assessing market concentration and competitive dynamics. Thailand's current market structure, with 1 large broker, and 35 relatively equal-sized brokers (7% market share or lower), generates an HHI of approximately 790. This falls well within the "unconcentrated" category (HHI < 1,000), indicating intense competition but also suggesting potential oversupply of market participants.<sup>84,85,86</sup>

Typically markets with HHI below 1,000 are considered competitive and fragmented, those between 1,000-1,800 are moderately concentrated, and those exceeding 1,800 are considered highly concentrated and potentially anticompetitive. Thailand's challenge lies not in excessive concentration but in insufficient scale among individual brokers to achieve sustainable profitability and innovation capacity.

### Thailand Market Structure Analysis

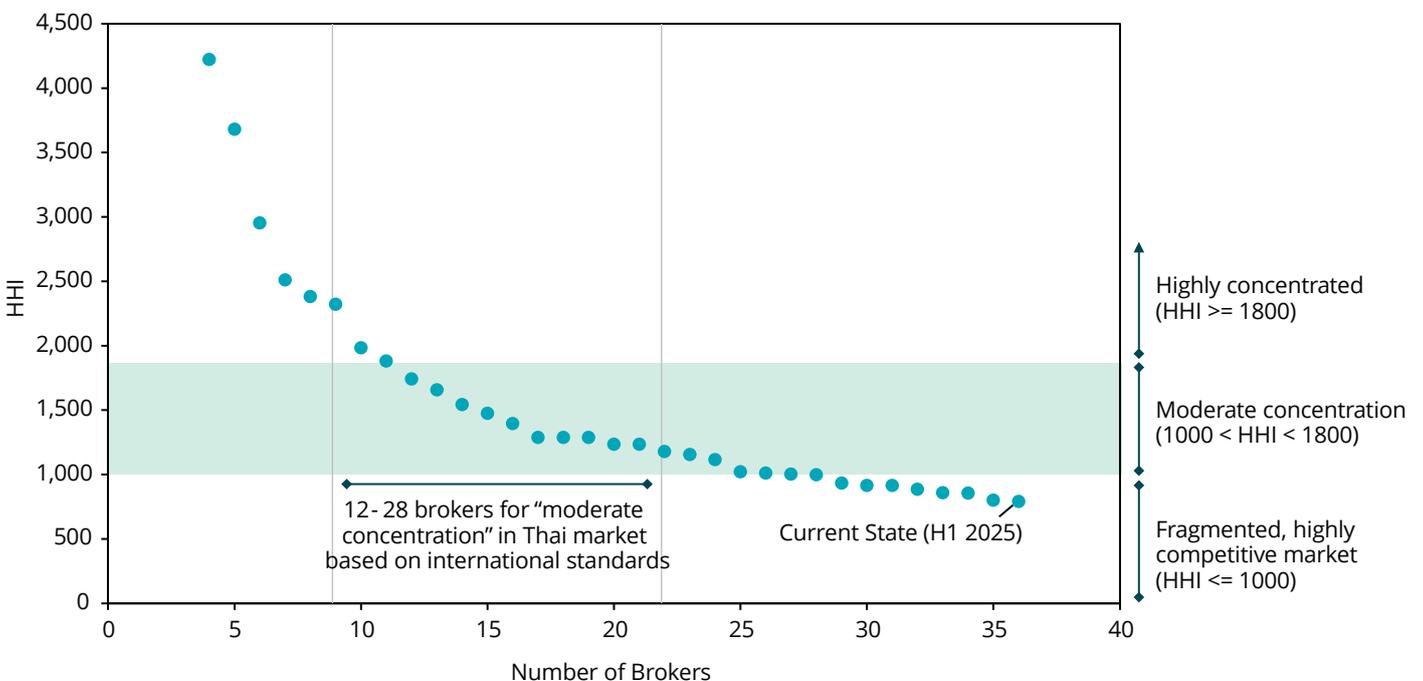


Figure 40 - Thailand market structure analysis

<sup>83</sup> [The Relationship between Market Structure and Innovation in Industry Equilibrium: A Case Study of the Global Automobile Industry](#), 2012

<sup>84</sup> Corporate Finance Institute (CFI), [Herfindahl-Hirschman Index \(HHI\)](#), Accessed on 2025

<sup>85</sup> Investopedia, [Herfindahl-Hirschman Index \(HHI\): Definition, Formula, and Example](#), 2025

<sup>86</sup> Antitrust Division, US Department of Justice, [Herfindahl-Hirschman Index](#), 2024

We analyzed the potential market structures for Thailand's brokerage industry, showing the relationship between number of brokers and market concentration (HHI). Our scenarios assume the long tail gradually dissipates, starting from the most unprofitable players being acquired by the top players with no significant movement in trading value among players. To stay within the typical HHI range for a moderately concentrated market (1000 – 1800), Thailand will need to consolidate to 12 – 28 brokers. Below 12 players, the market will become highly concentrated. This analysis suggests Thailand has substantial room for consolidation before approaching anticompetitive market structures.<sup>87</sup>

The insurance brokerage consolidation experience in Asia and globally offers instructive parallels. Industry consolidation has enabled larger brokers to invest significantly in technology, analytics, and digital platforms while smaller specialized brokers continue serving niche markets. Private equity investment in the sector reflects confidence in consolidation's value-creation potential through improved efficiency, cross-selling opportunities, and technology deployment. However, successful consolidation requires proper integration and continued client focus rather than mere scale accumulation.<sup>88,89</sup>

### **Method B: Market capitalization & investor pool benchmarking**

Market capitalization benchmarking provides context-specific guidance on appropriate broker density. Thailand's THB 17.43 trillion market capitalization currently supports 36 SET member brokers—amounting to a market capitalization of THB 484 billion per broker. Regional comparisons reveal significant variation: Taiwan (THB 1,169 Bn / broker), South Korea (THB 1,038 Bn / broker), Malaysia (THB 1,086 Bn / broker) and Vietnam (THB 84 Bn / broker). Based on these benchmarks, Thailand is significantly less efficient in driving market capitalization per broker compared to Taiwan, South Korea and Malaysia – all markets that have experienced some degree of consolidation. Vietnam is an outlier as it recently moved into its position as an emerging market from its frontier status<sup>90</sup>.

South Korea and Taiwan's higher ratios reflect the stability of the brokers in those markets, as further corroborated by their respective CIRs of 0.57 and 0.66. To move more towards their approach, i.e., ~THB 1,000 – 1,200 billion per broker, Thailand will need to shrink its broker market to 15 - 17 players.

However, this approach does not consider whether the brokers have sufficient retail and institutional investors to target. Benchmarking the number of investors per broker (Serviceable Addressable Market, SAM), will help guide the average number of investors per broker Thailand should target based on its current penetration. The Thai market has 105K investors per broker, compared to Korea and Taiwan's 237K and 217K respectively. Assuming Thailand evolves into a similarly efficient market, all else kept equal, it would need to have 15 – 17 brokers.

From an institutional investor perspective, we considered how many brokers are required to cater to THB 1Tn of assets under management by local pension funds. Thailand has 24.5 brokers, which is significantly higher than Korea at 1.7 and Taiwan at 8.4. To increase its efficiency among institutional investors, Thailand would have to go as low as 3 – 12 brokers in the market only. This number is significantly lower than the current state for Thailand as expected, since local Thai pension funds are significantly smaller than Korea<sup>91</sup>, which is among the largest in the world.

<sup>87</sup> Detailed calculation is provided in the appendix for reference

<sup>88</sup> Alchemy Crew, [Insurance Broker Consolidation](#), 2025

<sup>89</sup> AMTD Equity Research, [Corporate Insurance Brokerage in Asia](#), 2017

<sup>90</sup> Vietnam Briefing, [Vietnam Reclassified to Emerging Market Status by FTSE Russell](#), 2025

<sup>91</sup> Detailed data are provided in the appendix

### **Method C: Profitability and Scale Economics Analysis**

Financial sustainability analysis reveals the core imperative for consolidation. Today, With H1 2025 annualized industry revenue of THB 40.2 billion, and net profit of approximately THB 2.6 billion distributed across 36 brokers, the average broker generates only THB 1.1 billion in revenue and THB 72 million in annual profit or 6.5% in profit margin<sup>52</sup>. If compared to Korea (average net revenue per broker: THB 6 billion; average profit per broker: THB 3 billion) and Taiwan (average net revenue per broker: THB 4.8 billion; average profit per broker: THB 2.1 billion), it is significantly smaller, and therefore insufficient to support meaningful technology investment, talent development, or business expansion. Cost-to-income ratios of 0.91x indicate that current market structure cannot support profitable operations at prevailing commission rates and trading volumes.

Historical profitability provides important context. Over the 10-year period preceding the current crisis, the Thai brokerage industry averaged ROE of 7.0%, with annual revenue of THB 48.1 billion and net profits around THB 7.6 billion (average revenue per broker of ~THB 1.3 billion, and average profit per broker of ~THB 205 million) and manageable cost-to-income ratios near 0.80x<sup>52</sup>. While profitability and revenue used to be a bit better than today, the scale is about the same given the movement in number of brokers has been minimal in Thailand over the years.

Scale economics analysis indicates minimum efficient scale requirements. To achieve similar scale of revenue as Korea and Taiwan, assuming the overall pool in Thailand remains constant, Thailand would need to decrease to 6 - 9 brokers of scale. However, we cannot take this number wholesale, as the overall performance of the capital markets in Thailand lags Korea and Taiwan.

To go back to the 10 year average profit of ~THB 200 million per broker, Thailand would need to cut down to 25 brokers given today's smaller profit pools. However, it likely will not offer sufficient scale to pursue significant digital transformation to the extent needed today.

In summary, depending upon the approach, the range of brokers can vary quite vastly. Keeping in mind the importance of all 3 of these metrics, there is clearly no magic number for the Thai market. However, regulators can aim for 12 – 17 brokers as a soft target, based on the estimates developed from the 3 methodologies in Table 5, to broadly maintain a moderately competitive market, while maximizing scale and maintaining relatively optimized efficiency per broker. This number is meant to be purely indicative and a potential guardrail, rather than a hard cap.

Method	What it Optimizes	Key Assumptions / Sub-methods	Outcome (Number of Brokers)
<b>A. Market Concentration (HHI)</b>	Maintain moderate competition while enabling scale	<ul style="list-style-type: none"> <li>Attrition starts with weakest brokers</li> <li>Trading value distribution remains similar</li> <li>No excessive top-tier dominance</li> <li>HHI between 1000-1800 constitutes a moderately concentrated market</li> </ul>	<ul style="list-style-type: none"> <li><b>12-28</b></li> </ul>
<b>B. Benchmarking "Capacity per Broker"</b>	Match per-broker load to efficient regional peers	<b>B1:</b> Market cap per broker (~THB 1,000-1,200bn)	<ul style="list-style-type: none"> <li><b>15-17</b> (whole market)</li> </ul>
		<b>B2:</b> Investors per broker (~217-237k)	<ul style="list-style-type: none"> <li><b>15-17</b> (retail only)</li> </ul>
		<b>B3:</b> Pension AUM per broker (institutional lens only)	<ul style="list-style-type: none"> <li><b>3-12</b> (institutional only)</li> </ul>
<b>C. Profitability &amp; Scale Economics</b>	Ensure economic viability for tech, talent, innovation	<b>C1:</b> Match KR/TW per-broker revenue	<ul style="list-style-type: none"> <li><b>6-9</b> (aggressive)</li> </ul>
		<b>C2:</b> Restore historical (10 year average) profit per broker (~THB 200m)	<ul style="list-style-type: none"> <li><b>~25</b> (conservative interim state)</li> </ul>

Table 5 - Summary of methodologies and outcomes to estimate number of brokers

## 2. Identifying the optimal pathway to consolidation

Although our analysis finds Thailand's consolidation to 18-22 brokers to be higher than the identified guardrails to create conditions favorable for innovation in digital platforms, product development, and service enhancement, the "right number" of players is not a magic digit. It is the market structure that best achieves the goals of innovation, stability, and investor protection.

### **"Fragmented Stagnation" (Cautious Consolidation)**

- **Action:** Regulator heavily restricts M&A on competition grounds.
- **Likely Outcome:** Most firms lack the capital to invest in technology. They compete only on price (which is already zero) and cut costs (service, R&D, compliance). The Thai capital market loses attractiveness, failing to meet the goals of the SEC's new initiative. This is the **worst-case scenario**.

### **"Darwinian Selection" (Pure Market-Led Consolidation)**

This is the Taiwan model. Consolidation is slow, gradual and not particularly regulator driven, allowing the long-tail to persist. To gently nudge consolidation, Taiwan introduced the Financial Holding Company Act that allows one umbrella organization to hold multiple licenses, including securities brokerage.

- **Action:** Regulator is passive and does not restrict the existence of smaller or chronically unprofitable brokers. It introduces policy that allows one umbrella organization to hold multiple licenses to gently encourage consolidation and allow cross-selling.
- **Likely Outcome:** In the long run, the market consolidates into a few dominant "super-apps" owned by banks. While efficient, this creates significant anti-competitive risk. The concern "that firms just pocket profits" and do not significantly re-invest to further development and innovation is high.

### **"Guided Evolution" (Incentivized Consolidation - The Recommended Path)**

This is the Korea model, where combining multiple business line licenses into one allowed players to innovate, and the introduction of the Mega-IB (i.e., tiered) license further encouraged consolidation and scale.

- **Action:** A regulator creates a tiered "mega-broker / comprehensive investment firm" licence with very high equity-capital thresholds and exclusive business privileges (corporate lending, prime brokerage, issuance of short-term notes, complex derivatives, etc.), while folding all existing capital-markets activities into a single unified "financial investment business" regime.

The rules don't cap the number of licences directly, but strongly incentivise brokers to bulk up—via equity raising, M&A or closer integration with banking/financial groups—to reach the thresholds and access these "top-tier only" business lines.

- **Optimal Structure (2030):** This creates a healthy "barbell" market:
  - **One End:** A core of well-capitalized, scaled mega-brokers (emerged from consolidation) that provide the market's backbone, and qualify for the comprehensive licence and capture **most high-value activities** (IB, corporate lending, structured products, prime brokerage) **that require scale**.
  - **The Other End:** A vibrant, growing ecosystem of specialized brokers that innovate in niche areas and partner with the larger players, but cannot compete in scale-intensive businesses. They will conduct activities that do not require scale – for example, corporate finance advisory, fund management.
- **Likely Outcome:** This structure is robust, competitive, and innovative, balancing the need for scale with the dynamism of new entrants. Market-driven consolidation and group reorganisation gradually increase concentration at the top, deepen brokers' ability to supply risk capital and venture funding, and make supervision easier.

However, they also widen the gap between large and mid-sized firms, entrench bank-affiliated players, and leave structural margin pressure in plain broking largely unresolved.

### “Orchestrated Evolution” (Mandated Consolidation)

This is the Malaysia model, where it forced consolidation among brokers with strict criteria like merger pre-requisites, high capital requirements, surrendering of licenses and a hard target of 15 “Universal Brokers”.

- **Action:** Regulator introduces a “universal broker” pathway with deliberately rigid eligibility rules. For example, requiring brokers to complete multi-party mergers, meet significantly higher capital thresholds, and surrender licences to qualify for a new, full-service broker tier. The strictness of the criteria is intentional: it creates pressure to consolidate and channels the market toward a smaller number of large, well-capitalised intermediaries.
- **Likely Outcome:** This approach typically cuts the broker population sharply, strengthens surviving firms’ balance sheets, and simplifies supervisory oversight. However, because the criteria are so demanding, only a minority of brokers ever reach the new “universal” tier, and many instead gravitate into larger financial groups that can meet the requirements more easily. Over time, the market often becomes more concentrated and more bank-dominated, with stability improved but broker-level profitability (beyond banks) and innovation pressures remaining largely unchanged.

### 3. Benchmarking additional M&A incentives

In Thailand, the regulatory framework for brokerage firm mergers and acquisitions (M&A) is established through notifications from the Ministry of Finance and the Securities and Exchange Commission, which set out the requirements and procedures for such transactions. These regulations do not require securities companies to merge. Instead, if securities companies choose to merge, the regulations require them to jointly apply for a new license for the same type of business, unless specific exceptions apply. Applicants must provide supporting documents, such as shareholder resolutions and evidence of proper governance, and demonstrate effective management, internal controls, and risk management.

The new license becomes effective upon successful registration of the merged entity, while existing licenses remain valid under their original conditions until superseded. The purpose of these regulations is to streamline and modernize the licensing process, supporting efficiency and continuity in business operations.

On the tax side, the law governing Entire Business Transfer (EBT) is outlined in the Revenue Code and relevant Royal Decrees. EBT tax provisions are not limited to securities firms; they apply to all M&A transactions that meet the legal requirements. Under EBT, the transferring company must cease operations and liquidate. If the process is conducted in accordance with the prescribed procedures, including proper notifications and form submissions, the transaction is not treated as a sale and does not generate taxable income. The new company may be exempt from Corporate Income Tax (CIT), Value Added Tax (VAT), and Stamp Duty on the transferred assets, provided all statutory conditions are satisfied. This approach distinguishes EBT from standard mergers, where such tax exemptions may not apply.<sup>92</sup>

<sup>92</sup> The Revenue department, [Announcement of the Revenue Department](#), 2012



### **Korea: Incentivizing Scale and Innovation through Tiered Licensing**

- **Proactive Regulatory Role:** South Korea's regulators didn't wait for the market to consolidate on its own. Instead, they introduced a single license regime and, crucially, created strong incentives for brokers to merge and grow. By offering access to lucrative business lines (like corporate lending, prime brokerage, and investment management) only to firms that met high capital thresholds, achievable mainly through M&A, South Korea made scale strategically rewarding.
- **Balanced "Carrot and Stick" Approach:** Alongside incentives, South Korea's regulators also adjusted Net Capital Ratio (NCR) calculation to reduce optical constraints for the company, which encouraging participations, and imposed corrective actions on underperforming firms. This combination of rewards and discipline accelerated consolidation and created a handful of "national champion" brokers.
- **Eased capital requirements for IB licenses:** Minimum equity capital required for investment banking licenses is reduced from KRW 3 trillion to KRW 2.5 trillion for firms that complete M&As increasing equity by at least KRW 500 billion.
- **Access to new business lines:** Firms that increase equity by KRW 100–300 billion through M&A are allowed to enter new businesses, such as personal pension fund trusts.
- **Preferential approval for private equity funds:** Firms that increase equity by KRW 50–150 billion through M&A will be given preferential approval to operate private equity funds.



### **Taiwan: Enabling Cross-Industry Integration and Raising Capital Standards**

- **Cross-Sector Mergers:** Taiwan's Financial Holding Company Act allowed banks, insurance, and securities firms to merge under one holding company. This enabled resource pooling, operational synergies, and the creation of integrated financial groups.
- **Raising the Bar with Capital Requirements:** Successive reforms increased capital adequacy standards, which encouraged smaller, less competitive firms to merge or be acquired. This led to a more resilient, efficient, and innovative industry structure.
- **Integrated Service Delivery:** The holding company model facilitated unified platforms, shared technology, and integrated risk management, making it easier for firms to innovate and offer comprehensive services.
- **Business Mergers and Acquisitions Act (BMAA), not specific to Securities firm:** Mergers meeting the requirements under the BMAA are granted substantial tax advantages, including exemption from stamp duty, deed tax, and securities exchange tax.



### **Practical Steps for Thailand**

- **Introduce Tiered Licensing:** Create new license categories that offer exclusive business privileges to brokers meeting higher capital and technology standards, incentivizing consolidation and investment in innovation.
- **Encourage Cross-Sector M&A:** Allow and facilitate mergers between banks, insurers, and brokers to create integrated financial groups, leveraging synergies and shared infrastructure.
- **Raise Capital and Governance Standards:** Gradually increase capital requirements and governance expectations, nudging smaller players toward consolidation or niche specialization.
- **Link Incentives to Innovation:** Make access to new business lines or regulatory benefits conditional on demonstrable investments in technology, customer experience, and market development.



### **Korea Case Study: Pro-active consolidation in the state-driven disruption model<sup>93</sup>**

**South Korea's approach to market reform was deliberate and transformative.** Rather than adopting a passive "wait-and-see" stance, regulators implemented a bold "Big Bang" legislative overhaul through the Financial Investment Services and Capital Market Act (FSCMA), which took effect in 2007. This reform dismantled the siloed structure of Korea's financial industry by introducing a single license that enabled firms to operate across multiple business lines.

**Despite structural reform, market fragmentation persisted, creating profitability challenges.** By 2012, Korea's capital market was dominated by 62 small and mid-sized brokers heavily reliant on brokerage commissions. Limited diversification led to a discount war, driving commission rates down and eroding profitability, with return on equity falling sharply. Voluntary consolidation efforts were minimal, prompting regulators to take further action.

#### **Regulators introduced strong "carrot" incentives to accelerate consolidation and capital expansion.**

The 2013 FSCMA amendment launched the Comprehensive Financial Investment Business scheme, granting firms with equity capital above THB 81 billion (KRW 3 trillion) access to high-value business lines such as corporate credit extension and prime brokerage services. Additional incentives tied to M&A included eligibility to operate as mega-investment banks for firms achieving THB 1.35 billion (KRW 50 billion) in capital through mergers, and tax benefits plus approval to manage private equity funds for those increasing capital by at least 20%. These measures fundamentally shifted the economics of consolidation, making scale strategically rewarding.

**Supporting incentives with regulatory flexibility and targeted discipline ensured effectiveness.** Revisions to Net Capital Ratio (NCR) calculations reduced optical constraints for companies, mitigating reputational risk and encouraging participation. At the same time, regulators applied a "whip" approach to underperforming firms, imposing corrective actions on those with consecutive losses and high external debt ratios. This combination of incentives and enforcement created a clear path toward market-driven restructuring.

**These policies delivered tangible results, with major consolidations reshaping the market by 2016.** Notably, the merger of Mirae Asset and Daewoo Securities formed Mirae Asset Daewoo, which emerged as the top firm in equity capital. Building on this momentum, the FSC expanded its strategy by enhancing the Comprehensive Financial Investment Business scheme to include Mega-IB status, encouraging further equity growth. Firms exceeding THB 108 billion (KRW 4 trillion) and THB 216–270 billion (KRW 8–10 trillion) in capital gained additional rights such as issuing promissory notes and managing pooled investment accounts.

**By 2017, Korea had successfully created "national champions" through scale-driven incentives.** Five firms qualified as Mega-IBs with equity capital above THB 108 billion (KRW 4 trillion), unlocking privileges including promissory note issuance, investment account management, and operations in trust and foreign exchange trading. This approach effectively allowed market incentives to achieve regulatory goals, driving consolidation and positioning leading firms as dominant players in the financial ecosystem<sup>94</sup>.

This move served to focus **the market's own desire for profit** to achieve the regulator's goal of consolidation. Firms were incentivized to merge so they could qualify for these new business lines and become "national champions." **While the reform was state designed, consolidation itself was market executed through incentive alignment rather than mandates.**

<sup>93</sup> Financial Services Commission (FSC), 2025

<sup>94</sup> Taiwan has pursued a similar path of financial sector consolidation through the enactment of the Financial Holding Company Act (FHCA) in 2001. This legislation enabled cross-sector mergers among banking, insurance, and securities institutions, fostering the formation of stronger financial groups with enhanced capital capacity to support technology-driven innovation. (For further details, see appendix.)

### **Mirae Asset Case Study: Building a National Champion Through Strategic Merger**

The merger between Mirae Securities and Daewoo Securities in 2016 stands as a prime example of how consolidation can create a "national champion" in the financial sector. By joining forces, the newly formed Mirae Asset Daewoo became Korea's largest securities firm, demonstrating the significant impact that strategic mergers can have on market leadership.

**Synergies Beyond Cost-Cutting<sup>95</sup>:** The merger between Daewoo Securities and Mirae Asset resulted in the formation of a comprehensive financial services entity, capitalizing on the complementary strengths of both firms. Daewoo Securities brought deep expertise in investment banking and research, while Mirae Asset contributed robust capabilities in retail brokerage and asset management. This merger enabled the new firm to offer a broader range of products and services, facilitating cross-selling opportunities and enhanced customer reach. The focus was on leveraging complementary capabilities to drive growth, rather than relying solely on cost reduction or operational efficiencies.

**Rewarding Scale with Expanded Business Scope<sup>96</sup>:** Following the merger, the increased scale of Mirae Asset Daewoo allowed the firm to move beyond traditional brokerage activities. The entity expanded into areas such as investment banking, advisory services, and prime brokerage. Collaboration across diverse product lines was emphasized, unlocking synergies that supported

**Strategic Deployment Enabled by a Stronger Balance Sheet<sup>97</sup>:** With greater capital and scale, Mirae Asset Daewoo was able to pursue strategic initiatives that would have been difficult for smaller firms. The strengthened balance sheet provided the resources necessary for overseas expansion, investments in digital finance, and the launch of new business lines. This capacity for strategic deployment illustrated the advantages of consolidation in fostering industry leaders.

**Conclusion:** The experience of Mirae Asset Daewoo demonstrates that when regulatory frameworks reward scale with expanded business opportunities, consolidation can achieve more than just creating larger firms. It can cultivate champions capable of driving innovation and growth, reinforcing the notion that effective regulation can shape the market's competitive landscape for the better.

<sup>95</sup> Global News Network, [Mirae Asset Daewoo and Mirae Asset Securities Merger to Have 1 Trn Won More Capital](#), 2016

<sup>96</sup> The Korea Times, [Mirae Asset chief to lead Daewoo Securities](#), 2016

<sup>97</sup> Yonhap News, [Final hurdle cleared for merger of Mirae Asset Securities, Mirae Asset Daewoo](#), 2016

### ► Key take-aways for Thai regulators

The regulatory environment is arguably the most powerful force shaping a financial market's structure and dynamism. The comparative analysis revealed that proactive, forward-looking regulation has been a critical enabler of the advanced retail markets in South Korea. This stands in contrast to Thailand's more traditionally structured framework, which is now beginning to adapt to new technological realities.



**Create a "Grand Bargain" (The "Carrot").** The most effective way to consolidate is not always with a "stick" (like forcing closures) but with a "carrot." The SEC should identify new, high-margin business lines (e.g., expanded wealth management, cross-border services, pension management) and make them exclusively available to brokers who meet new, higher capital and technology standards, that can be met through consolidation.



**Use Legislation as a Forcing Function.** Legislation can be used as a formal mechanism to drive industry change. The SEC should leverage forthcoming capital market reforms to clearly define new "tiers" of brokerage licenses. This would establish transparent, public, and time-bound objectives for the industry, providing clear signals and incentives for consolidation and capability building.



**The Goal is Capability, Not Just Concentration.** South Korea's goal wasn't just fewer brokers; it was more powerful brokers that could compete with global giants. Thailand's goal should be the same: to create highly capable "WealthTech" firms that can invest, innovate, and elevate the entire market.



**A Proactive, Studious Regulator is Essential.** The South Korean regulator (KSDA/FSC) actively studied global models (UK, Australia) before acting. They didn't guess; they engineered the outcome. This is the role that we propose the SEC should play.



**Lower entry barriers for digital-first innovation.** South Korea spurred innovation by reforming licensing<sup>98</sup>, lowering capital requirements, and easing banking-commerce separation, enabling tech firms like Kakao and Toss to lead digital finance.

<sup>98</sup> Detailed case study data is available in the appendix.



## Malaysia Case Study: A Convergence of Two Reform Tracks

**Malaysia's investment banking landscape was shaped by the convergence of two major reform initiatives in the early 2000s.** The starting point was the 1997 Asian Financial Crisis which exposed systemic vulnerabilities in Malaysia's fragmented brokerage sector, in response, the Securities Commission (SC) launched a "Policy Framework for Stockbroking Industry Consolidation and Reduction of Transaction Costs". The framework aimed to reduce over 60 brokers into 15 full-service Universal Brokers (UBs)<sup>99</sup>, each formed through mergers with at least three other firms and meeting minimum capital thresholds (THB 1,940 million paid-up/core capital, CAR  $\geq$  1.5x) of which a stockbroking company which had not entered into such merger agreements by the end of 2000 could expect its license not to be renewed.

**By 2001, approximately 30 brokerages had surrendered their licenses, cutting the number of firms by half<sup>100</sup>.** However, only a handful of firms achieved UB status in the early years. The consolidation process proved slower than hoped – by April 2001, the SC had approved just 4 UBs (with a fifth in process)<sup>101</sup>. Even by late 2004, the Finance Ministry confirmed that 6 brokerage companies had been granted "Universal Broker" status in total<sup>102</sup>, well short of the 15 originally envisioned.

**In the mid-2000s, Bank Negara Malaysia (BNM) and the SC issued a joint framework to guide the formation of investment banks.** In 2005, Bank Negara Malaysia (BNM) and the SC finalized a framework integrating merchant banks, discount houses, and stockbrokers into single entities called investment banks. These Guidelines on Investment Banks were issued jointly by BNM and SC (under the Banking and Financial Institutions Act and the SC Act) to provide the rules for setting up investment banks<sup>103</sup>.

The framework outlined a clear structural pathway: within a banking group, whereby the merchant bank, stockbroking company, and discount house were to be merged into a single entity. If the stockbroking arm had already met the SC's UB consolidation criteria, the merged entity could be reclassified as an investment bank<sup>104</sup>. Standalone discount houses were also given a route to qualify, through sequential mergers with merchant banks and compliant brokers.

### Within the same banking groups:

1. Merchant bank, stockbroking company, and discount house were merged into a single entity.
2. That entity was then transformed into an investment bank, provided the stockbroking company had already complied with the Securities Commission's stockbroking consolidation framework.

### Standalone discount houses (not part of a banking group) must:

1. Merge with another discount house to become a merchant bank.
2. Merge with a compliant stockbroking company.
3. Subsequently reclassified as an investment bank.

<sup>99</sup> Securities Commission Malaysia, [Policy Framework for Stockbroking Industry Consolidation and the Reduction of Transaction Costs](#), 2000

<sup>100</sup> Securities Commission Malaysia, [Progress of the Consolidation of the Stockbroking Industry](#), 2001

<sup>101</sup> Securities Commission Malaysia, [SC grants Universal Broker status to four stockbroking companies](#), 2001

<sup>102</sup> The Star, [Six brokerage firms get 'Universal Broker' status](#), 2004

<sup>103</sup> Bank of Negara Malaysia, [Framework on the Creation of Investment Banks](#), 2005

<sup>104</sup> Bank of Negara Malaysia, [Guidelines on Investment Banks](#), 2005



**Investment banks were designed to be dual-licensed and broad in scope**<sup>105</sup>. Malaysia's investment banks were built to operate under dual licenses, one from BNM under the Financial Services Act and another from the SC under securities law. This co-regulation model ensured that BNM oversaw prudential matters such as capital and liquidity, while the SC focused on market conduct and investor protection. These institutions retained their original functions, merchant banking, lending, advisory, and brokerage and expanded into fund management, unit trust distribution, and broader capital markets services. They were also required to be participating organizations of Bursa Malaysia, enabling direct access to equity and derivatives trading.

**Investment banks became the dominant players in Malaysia's capital markets, supplanting the earlier Universal Brokers model.** Following these reforms, Malaysia's most influential intermediaries are the bank-backed investment banks with brokerage units (e.g. CIMB, Maybank, Public Bank/RHB Investment), which command the bulk of institutional business. In contrast, only a few standalone UBs ever formed, and over time most were acquired or folded into banking groups. By the late 2000s, industry analysis noted the brokerage landscape was dominated by "bank-backed investment banks-cum-brokers,"<sup>105</sup> with UBs and smaller brokers serving niche or retail markets. (Indeed, by the late 2010s, only one firm still officially held "Universal Broker" status, as almost all others had either become part of investment banks or remained as small non-UB brokers.)

► **Key Takeaways for Thai Regulators:**

Malaysia's consolidation journey stands as a clear example of how merging fragmented brokers into large, bank-backed investment banks can achieve significant scale and financial strength. The result was a capital market dominated by a handful of powerful, bank-affiliated investment banks and brokers, enabling robust funding, broad product offerings, and strong regulatory oversight. However, this success also led to a highly homogenous market structure where competition was limited, innovation slowed, and smaller independent intermediaries struggled to survive. The dominance of these large players fostered an environment that, while stable, became increasingly monopolistic and less dynamic in responding to market changes or fostering new business models.

For Thailand, the Malaysian experience highlights both opportunities and cautions. On one hand, broker consolidation can create institutions with the scale, resources, and regulatory depth needed to support market stability and investor protection. On the other hand, relying too heavily on the bank-centric investment bank model risks stifling diversity and innovation, potentially crowding out independent UBs and new fintech-driven entrants.



- What Thailand might emulate: Use consolidation to strengthen capital bases, enhance regulatory oversight, and ensure brokerages can offer a wide range of services to investors.
- What Thailand should do differently: Deliberately preserve space for strong, independent UBs and fintech brokers, and encourage competition and innovation within the capital market. Rather than viewing the UB model as merely a transitional step toward bank-backed investment banks, consider making it a permanent, viable category with its own regulatory and business logic.

By thoughtfully balancing consolidation with diversity and innovation, Thailand can shape a capital market structure that supports financial stability while also promoting investor access and entrepreneurial growth.

<sup>105</sup> The Edge Malaysia, *Corporate: Cover Story-- The changing stockbroking landscape*, 2010

### 3.1.4 Develop shared infrastructure and utilities

#### A. Build digital infrastructure platforms to support brokers and the capital markets ecosystem

**A1. Enhance existing digital onboarding (RegTech) to reduce sign-up times and costs.** Peers like India have a centralized KYC utility for digital ID, called CKYC. These checks are not only standard and shared, but reused. Thus, if a customer is already verified using CKYC, they don't need to repeat the process with another institution. This utility is both widely adopted in India and allows short turnaround times for onboarding. An equivalent in Thailand would help reduce onboarding times and costs.<sup>106</sup>

As part of this initiative, consider also setting up near real-time reporting structures for OTC markets, like TRACE in the US. This would enable regulators to detect complex behaviors, while also evoking investor trust in the market.

**A2. Create a multi-product, multi-platform capital market data utility.** Hong Kong's Orion Market Data (OMD) platform is a useful reference point because it delivers a unified, low-latency, multi-asset data feed across equities, derivatives, and Bond Connect, showing how a single-exchange market can still build a "quasi-consolidated tape" that supports advanced trading, analytics, and data commercialization. However, Thailand should note that OMD succeeds because HKEX is highly centralized and vertically integrated; SET may need to be prepared to play a similar central-data-utility role across SET/mai, TFEX, LiVEx, and TDX.<sup>107</sup>

Additionally, Taiwan's **Market Observation Post System (MOPS)** functions as a single, real-time disclosure hub where all listed companies must publish financial statements, corporate actions, and material information in a standardized format. Thailand does not yet have an equivalent centralized disclosure portal, resulting in information being dispersed across different channels and formats, which can limit transparency and slow investor access to critical updates.

**A3. In parallel, Thailand could also draw lessons from Korea's advanced market-infrastructure model, particularly the Securities Lending and Borrowing (SLB) Platform operated by KSD.** Korea's SLB ecosystem is anchored by the e-SAFE digital platform, which intermediates the entire SLB value chain, from order placement and matching to collateral management, settlement, and default handling. The platform also provides transparent record-keeping through the SLB Contract Confirmation System and is fully integrated with KSD's broader data portal (SEIBro), enabling seamless access to comprehensive securities information.<sup>118</sup>

Korea's experience demonstrates the value of a highly centralized and automated SLB infrastructure, supported by unified systems that reduce latency and operational fragmentation and strong transparency that enhances market trust. Such a model reinforces liquidity, strengthens risk management, and supports both institutional and retail activity, illustrating how robust infrastructure can complement and elevate the effectiveness.

Beyond South Korea's model, Taiwan operates a **comprehensive and standardized Securities Borrowing and Lending (SBL) system** under the TWSE, featuring multiple lending mechanisms, centralized collateral management, institutional participation, and a two-way lending structure that supports short selling, hedging strategies, and ETF market making. Thailand's SBL framework remains more limited in scope and is not yet integrated into a unified, exchange-operated system with comparable depth and flexibility. Third, Taiwan benefits from centralized trade and information repositories that capture market-wide transaction data across asset classes, enabling regulators, market operators, and brokers to analyze behaviors, monitor risks, and ensure compliance. Thailand, while advancing in digital data initiatives, does not yet operate a fully integrated trade repository that consolidates cross-product transaction data into a single regulatory and analytical infrastructure. Addressing these gaps would significantly strengthen transparency, efficiency, and investor protection within the Thai capital market.<sup>108</sup>

<sup>106</sup> CKYC India, 2025

<sup>107</sup> HKEX, 2025

<sup>108</sup> TWSE, 2025

### **B. Encourage and / or mandate adoption of shared infrastructure among brokers**

Establishing digital utilities that require significant capital and resources is only part of the solution for modernizing market infrastructure. For these shared tools to deliver their intended benefits, it is essential that brokers are actively encouraged or even mandated to adopt them across the industry. We reviewed Thai brokers' onboarding SLAs as an example to show how participants use shared infrastructure and to highlight differences in how much they adopt it.

Thailand has built robust shared digital infrastructure like **NDID** for national digital identity and **SET/Settrade's e-Open Account** for standardized digital onboarding. These systems were designed to reduce costs, accelerate account opening, and provide consistent onboarding experience across all 36 SET member brokers. However, actual industry adoption is uneven. A small group of digital-first brokers have fully integrated these rails, enabling near-instant onboarding (2–15 minutes)<sup>109</sup>, while others continue to use slower, partially manual processes.

Crucially, several major brokers publish clear, minute-level onboarding SLAs, demonstrating what is achievable using the shared infrastructure. But many mid-tier and smaller brokers do **not publish any onboarding SLA at all**, providing only process steps and document checklists. This lack of transparency, together with slower manual reviews, results in onboarding times ranging from minutes to multiple days, not due to limitations of the national infrastructure, but due to **differences in each broker's implementation and internal processes**.

For regulators, this highlights a meaningful opportunity. By encouraging consistent adoption of digital rails and requiring brokers to publish transparent SLAs, Thailand can raise overall industry efficiency, improve investor experience, and enhance competitiveness **without requiring any new infrastructure investment**.

### 3.1.5 Establish trust as an imperative

To effectively minimize fraud risk and restore investor confidence in Thailand's capital markets, regulators should adopt a comprehensive four-pillar strategy. The following measures draw on global best practices and recent Thai reforms, providing a roadmap for robust market oversight. Some of these concepts are already in the pipeline as part of Thailand's Capital Market Attractiveness Initiative.

▶ **Pillar 1: Regulators should strengthen and fast-track enforcement in the Thai capital markets.**

They can potentially expand civil sanction mechanisms by increasing penalties, implementing disgorgement, and introducing reputation-based sanctions. Fast-track enforcement could be achieved through specialized financial courts, revised statutes of limitations, stricter investigation timelines, and interim asset freezes. Additionally, bolstering criminal prosecution with dedicated fraud units, reduced intent burdens, deferred prosecution agreements, and international cooperation would further deter misconduct and enhance market integrity.

▶ **Pillar 2: Strengthen gatekeeper accountability in Thailand's capital markets and develop a comprehensive whistleblower framework.**

Reforms can be proposed for auditors, financial advisors, and internal controls. These include mandatory audit firm rotation, joint audits for key issuers, stricter liability and enhanced education to ensure audit integrity. Financial advisors would face expanded mandatory involvement, liability for fairness opinions, robust quality ratings, and restrictions to reduce conflicts of interest. Additionally, internal audit functions should report directly to independent and competent committees, with stricter standards for transaction approvals and comprehensive annual public reporting.

The regulator can choose to mandate companies, especially the smaller ones, to appoint a licensed financial institution as an advisor to advise them on compliance with listing and disclosure requirements, at least for the period of listing and initial few years post-listing. The licensed financial institution can serve as an additional pair of eyes within the listed companies to strengthen governance.

To protect whistleblowers, regulators should enact comprehensive statutory protections, establish secure and confidential reporting channels, offer financial incentives, and require companies to implement robust whistleblowing policies and employee training with regular reporting and board oversight.

▶ **Pillar 3: Comprehensive reforms in corporate governance, listing practices, and transparency are essential to safeguard market integrity and restore investor trust in Thailand's capital markets.**

Strengthening board independence, oversight mechanisms, and executive accountability will ensure that corporate leaders act in the best interests of shareholders and the market.

SEC and SET can also provide incentives for analysts to provide research coverage for smaller companies that are not part of major indices to further reinforce market discipline for these companies.

Enhanced transparency and disclosure requirements, including stricter controls on related-party transactions and beneficial ownership, promote openness and accountability, giving investors the information they need to make informed decisions. Together, these measures create a more resilient capital market environment that fosters investor confidence and deters misconduct.

► **Pillar 4: Strengthening investor education and access to justice is essential for building a resilient and trustworthy capital market in Thailand.**

To achieve this, financial literacy should be integrated into school curricula and supported by targeted programs, awareness campaigns, and interactive digital tools for retail investors. Establishing collective action mechanisms, compensation funds, and streamlined class action procedures, along with legal funding assistance, will help protect and compensate investors. Additionally, implementing clear liability regimes, lowering intent requirements for civil claims, setting statutory time limits, and enabling court-ordered compensation will further enhance investor recourse and confidence.

### 3.1.6 Educate Thai investors to build financial literacy

The strategic options below are designed to be distinct yet complementary, each addressing a core dimension of Thailand's financial literacy ecosystem and tailored to specific problems observed locally.

#### **1. Establish National Financial Literacy Governance Architecture**

**Objective:** Create a unified institutional structure to coordinate financial literacy strategy, standard-setting, implementation and evaluation across ministries, regulators and industry stakeholders.

**Rationale:** Thailand currently has numerous actors producing financial education content (government regulators, industry associations, NGOs) but no central authority to aggregate, coordinate and evaluate these efforts comprehensively. A national governing body would help align messaging, set national KPIs, and avoid duplication of resources.

#### **Global Example: Singapore's MoneySense Council**

Launched in 2003, Singapore's MoneySense program operates under the oversight of the MoneySense Council, which is co-chaired by the Monetary Authority of Singapore and the Ministry of Manpower, and includes representatives from government agencies and industry partners. It provides central oversight for national financial education strategy and content development.<sup>110</sup>

The Council steers financial literacy planning across life stages, campaigns and evaluation, ensuring consistency and broader reach.

#### **2. Embed Financial Education Across Life Stages and School Curricula**

**Objective:** Make financial literacy part of the systemic education journey, from primary school through tertiary education and adult life, with content progressing in complexity.

**Rationale:** Numerous studies and practitioner surveys show that early exposure to financial concepts improves long-term financial behaviour such as saving and investment decision-making. Embedding such content in the school system ensures wide, sustained reach starting at young ages.

#### **Example #1: Taiwan's Comprehensive Framework (since 2006)**

Taiwan's *Financial Literacy Promotion Program* was launched in 2006 and has built a multi-layered framework of financial education that includes foundational financial knowledge dissemination, targeted programmes for groups like seniors and immigrants, and financial inclusion outreach across society.<sup>111</sup>

Taiwanese institutions such as the Taiwan Stock Exchange Corporation (TWSE) also produce curricula and teacher training to bring investment and financial management knowledge directly into schools.<sup>112</sup>

<sup>110</sup> MoneySense, [MoneySense](#), 2025

<sup>111</sup> The Financial Supervisory Commission (FSC), [Promotion of Financial Knowledge](#), 2025

<sup>112</sup> TWSE, [Financial literacy activities](#), access 2025

### **Example #2: South Korea's Nationwide Financial Education Events**

South Korea participates actively in Global Money Week (GMW), an OECD-associated initiative involving seminars and interactive financial education activities for children, youth and adults across the country. These activities engage thousands of citizens each year in both online and offline programs and cover topics from financial planning to fraud prevention.<sup>113</sup>

### **3. Develop a Data-Driven Public and Capital Market Investor Education Ecosystem**

**Objective:** Build digital tools, standardized investor education modules, and outreach programs that both raise baseline financial awareness and directly prepare citizens for safe, informed participation in capital markets.

**Rationale:** While basic financial literacy is foundational, advancing participation in capital markets and using brokerage services responsibly requires higher-order financial knowledge—particularly around investing, risk, diversification and fraud avoidance.

### **Global Example: Singapore's MoneySense Digital Tools**

Singapore's MoneySense ecosystem includes a digital service called Plan with CPF<sup>114</sup>, which integrates user financial data (with consent) and delivers personalized planning advice. MoneySense works with schools, workplaces and community organizations to deliver multi-channel education that reaches diverse audiences.<sup>115</sup>

This approach shows how empowering individuals with digital tools and tailored insights can improve financial decision-making and support engagement with formal financial and capital market products.

<sup>113</sup> Global Money Week, [2025 Korea Global Money Week](#), 2025

<sup>114</sup> Plan with CPF, [About Plan with CPF](#), 2025

<sup>115</sup> Minister of Manpower, [MoneySense Campaign to empower Singaporeans with knowledge and skills on financial and retirement planning](#), 2022

## 3.2 Bottom-up Strategic Options

### 3.2.1 Build or borrow a captive customer base

While the bank-backed brokers, foreign powerhouses and emerging digital challengers show higher likelihood of being profitable, change is inevitable for the “squeezed middle”, i.e., the independent local brokers. These players will need to explore a few strategic options to survive:

According to brokers we interviewed, customer acquisition costs present a significant challenge, often impacting their profitability and long-term sustainability. In contrast, brokers that are backed by banks or embedded within broader digital ecosystems have a captive customer base of potential new customers.

For example, by embedding brokerage services within a high-frequency app, allow brokers to acquire customers with near-zero marginal cost, a powerful competitive advantage. Similarly, banks have been integrating brokerage services, investment advisory and other services to their banking apps pushing for cross-sell to their existing customer base.

Thus, brokers should seek to embed brokerage services into existing platforms such as bank apps, super-apps, wealth platforms and fintech ecosystems. If they do not have access to such platforms, they can choose to adopt a partnership approach. However, this would have certain regulatory implications, namely:

- **Outsourcing and third-party risk management:** Ensuring the resilience of (a) third-party systems and (b) their connections with financial institutions to prevent operational disruptions, cyber-attacks, and data breaches, maintaining service availability and security.
- **Disclosure:** Clear information must be provided about which entity is delivering the financial services and how dispute resolution works, ensuring consumers are fully informed and able to seek redress when necessary.

### 3.2.2 Invest in digital experience and automation

As digital challengers have achieved dramatically lower marginal costs, optimizing cost-to-income, especially through tech investment, has become a competitive necessity in the brokerage industry. To that end, brokers should actively invest in:

- **Automation (STP & RPA):** Automation is the most direct lever for reducing back-office costs. While adoption in Thailand is in its early stages, a case study from **Thanachart Securities (TNS)**, which implemented Robotic Process Automation (RPA), demonstrates its potential: processing time was reduced by 66%, operational costs were cut by 60%, and manual error rates were eliminated<sup>116</sup>. In South Korea and Taiwan, automation is a mature and deeply integrated component of operations.
- **AI & Data Analytics:** Leading firms are using AI to drive intelligent decision-making. **Toss Securities** provides real-time, AI-based translation for the earnings calls of U.S. companies, creating a significant value-add. **Yuanta Securities** in Taiwan uses AI in its mobile apps to offer intelligent stock screening and customized asset management strategies.
- **Modern, mobile-first trading platforms:** Across the survey<sup>30</sup>, mobile trading platforms clearly dominate as the primary investment channel, with 45% of all investors selecting mobile as their main method of trading. It also shows a shift in future preferences toward digitally enabled advisory models, with robo-advisory rising from 12% to 18% and hybrid models increasing from 12% to 16%, indicating that investors are increasingly expecting richer digital experiences layered on top of mobile access. This suggests that investors value streamlined, digitally supported interactions throughout their investment journey.

116 UiPath, [Securities Services Get a Robot-Speed Boost](#), accessed on 2025

### 3.2.3 Tap into national shared infrastructure and utilities

While Thailand already has powerful shared rails like NDID, e Open Account and Settrade infrastructure, **adoption by brokers is uneven**. The cost competitive advantage is already there, while many brokers simply are not using it.

Brokers should fully leverage existing shared infrastructure to minimize onboarding friction and turnaround times, emphasizing speed, simplicity, and reliability over complex paperwork. Rapid onboarding now serves as a clear indicator of broker quality, making it essential to compete by offering streamlined and dependable account opening experiences.



**Digital utilities for onboarding, regulatory & compliance:** Brokers need to ensure they tap into existing infrastructure provided by regulators to reduce cost of operations and onboarding times, e.g., NDID and Settrade. Brokerages can also consider collaborating with regulators to co-develop utilities for the brokerage industry.



**Expand to other services, e.g., SBL to differentiate:** Shared foundational utilities can help brokers compete and generate revenue. For example, Korea Securities Depository (KSD) provides end-to-end SLB services to improve market efficiency, allowing securities transfer for lending fees and collateral trading with securities. This platform also enables short-selling, hedging and arbitrage strategies<sup>117</sup>.

### 3.2.4 Shift from "Trading Platforms" to Trust-Based Wealth Companions

Survey<sup>30</sup> data reveals that 74% of respondents save more than 10% of their income, with 44% saving over 20%, indicating a strong capacity to invest. However, only about 14% of these savings are actually allocated to investments, while approximately 60% remains in cash and deposits. The primary barrier to investing, cited by 42% of participants, is the perception that investing is "too risky for my goals." There is a pronounced preference for long-term growth and passive income, as indicated by 69% of respondents, and the majority of retail investors trade monthly or even less frequently.

Therefore, brokers should reposition themselves away from being "low-fee execution" platforms and instead become goal-based investment partners. This involves designing default portfolios that focus on capital preservation, income (through dividends, funds, and bonds), and long-term compounding.

Client conversations should transition from focusing on "what stock to buy" to more holistic discussions such as "What am I saving for?" and "How much downside can I tolerate?" In this model, successful brokers will resemble a hybrid between a bank and an asset manager, rather than functioning solely as trading apps.

### 3.2.5 Focus on simple, low to medium risk and income products

The survey<sup>30</sup> indicates that 57% of respondents prefer no or low-risk products, with only 8% willing to accept high risk. Current investment allocations are mostly directed to traditional funds (25%), stocks (16%), thematic funds (13%), and fractional stocks (11%). There is also strong demand for foreign equities, especially in U.S. markets.

While advanced investment products are available, the mass retail segment desires curated and simplified options rather than complexity. Brokers should therefore build model portfolios instead of offering a "supermarket" of products, prioritizing income funds, dividend strategies, and low-volatility portfolios. Efforts should also be made to provide simple global exposure through U.S. equities, ETFs, and depository receipts.

Each product offered should clearly communicate the specific risks it mitigates and the income or long-term outcomes it delivers. In this environment, complexity is a significant barrier to adoption, not a lack of product availability.

117 Korea Securities Depository, 2025

### **3.2.6 Optimize digital excellence for anxious investors**

A substantial 85% of survey<sup>29</sup> participants already use digital platforms, with mobile trading being the dominant channel. However, 32% report that these platforms are confusing or cumbersome. There is significant distrust, particularly regarding high-frequency trading (HFT) and perceived unfairness in the markets, leading to fears of technological disadvantage.

While digital engagement is now essential, user experience clarity and trust are more important than speed or feature richness. Brokers should therefore shift their digital design objectives from adding more features to building client confidence. This includes simplifying portfolio views, risk explanations, and fee transparency. Explanations such as "why this fits me" should be embedded throughout the user experience, and alerts and nudges should support long-term goals rather than encourage frequent trading. The next stage of digital competition will be won through behavioral design, not technology arms races.

### **3.2.7 Offer financial education as a revenue enabler**

Based on our survey outcomes, around 32% of respondents cite a lack of understanding as the main reason for not investing, while preferred learning channels include banks and social media, with little interest in formal classes.

Drawing on the example from leading securities in Korea, effective education must be embedded, contextual, lightweight, and delivered at the point of decision. Brokers should integrate micro-education directly into their apps, explaining why a product exists, when it works or does not work, and what could potentially go wrong. Creating content hubs featuring short videos and explainer materials, as well as training advisors and digital flows to teach by default, will position education as a key differentiator. Ultimately, brokers that excel in educating clients will capture a larger share of wallet over time.

### **3.2.8 Address the advisory gap**

There is increasing interest among investors in wealth management (from 32% to 37%), tax planning (from 16% to 29%), estate planning (from 5% to 11%) and margin lending (from 32% to 38%). Despite this, most mass-market clients currently receive only generic advice or execution-only services.

Brokers can consider moving beyond execution-only services by introducing simple, scalable advisory offerings that address rising demand for wealth management, tax planning, estate planning, and margin lending. This means giving mass-market clients accessible planning tools, adding modular services such as tax-efficient investment guidance and basic estate-planning support, and upgrading margin-lending to include personalized limits and risk alerts. At the same time, brokers can build more integrated, trustworthy information platforms and strengthen advisor capabilities, so customers receive relevant, personalized guidance rather than generic advice. These steps would directly respond to investors' growing interest in specialized support that is currently unmet.

### **3.2.9 Explicitly Building Trust**

Concerns about fairness and market integrity are widespread and quantifiable<sup>30</sup>. 42% of non-investors say stocks, bonds, and digital assets are too risky; 35% cite insider trading concerns; and 35% express worry about being disadvantaged by HFT. These perceptions materially suppress participation and indicate that trust can no longer be assumed, it must be deliberately earned.

Brokers should be radically transparent regarding execution quality, fees, and potential conflicts of interest. They should also proactively explain how orders are routed and why pricing is fair. Compliance, governance, and safeguards should be clearly presented as benefits to the customer. In Thailand, building trust is now a competitive advantage rather than merely a basic requirement.

### **3.2.10 Strategic Segmentation**

The survey<sup>30</sup> identifies three primary investor segments: Digital Native Novices, who require simplicity and guardrails; Aspiring Affluent individuals, who seek structure, global access, and planning; and Pre-Retirees, who prioritize income, capital preservation, and strong human trust.

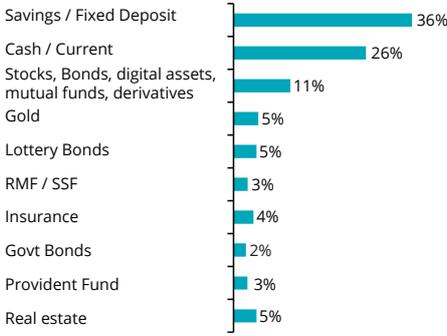
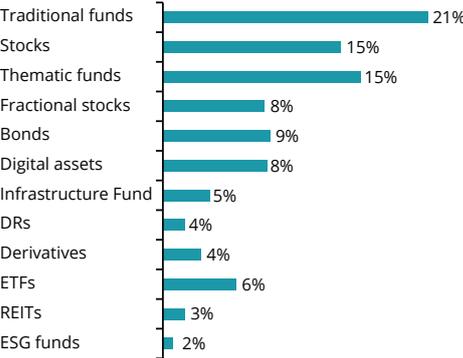
Brokers should focus on one or two of these segments, designing products, user experiences, advisory services, and pricing structures tailored to those groups. Generic strategies aimed at serving all segments should be avoided unless the broker has considerable scale. In the current Thai market, focused strategies are more effective than broad ones.

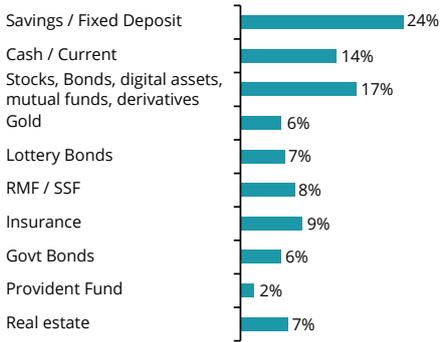
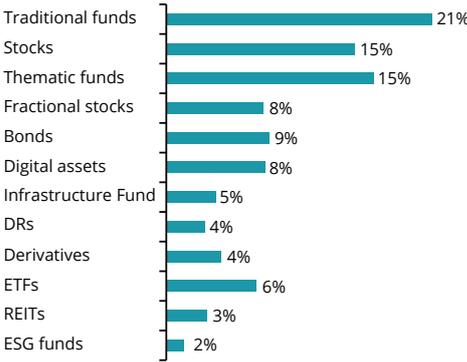
In summary, the future success of Thai brokers will not be determined by being cheaper, faster, or more complex. Instead, survival will depend on being clearer, more trusted, more educational, and more closely aligned with the actual behaviors and needs of Thai investors.

### Segmenting the Modern Thai Retail Investor

A one-size-fits-all approach is no longer viable. Based on survey results<sup>29</sup>, the Thai investor base is increasingly diverse, requiring a multi-faceted segmentation to understand their distinct needs.

Profile	Saving Habits	Investment Behavior																																																
<p><b>Digital Native Novice</b></p> <p>Gen Z/Millennials (ages 21–44), mid-to-lower income, tech-savvy, lower financial literacy.</p>	<ul style="list-style-type: none"> <li>Most save 11–30% of income, prioritizing financial security and liquidity.</li> <li>Savings are mainly in fixed deposits and cash accounts, with slightly above average allocation to higher risk assets (as shown in Figure 41).</li> </ul> <p><b>Weighted Savings Portfolio Allocation</b>                      % Ownership rate x Conditional Mean Allocation</p> <table border="1"> <caption>Weighted Savings Portfolio Allocation</caption> <thead> <tr> <th>Asset Class</th> <th>Allocation (%)</th> </tr> </thead> <tbody> <tr> <td>Savings / Fixed Deposit</td> <td>33%</td> </tr> <tr> <td>Cash / Current</td> <td>28%</td> </tr> <tr> <td>Stocks, Bonds, digital assets, mutual funds, derivatives</td> <td>15%</td> </tr> <tr> <td>Gold</td> <td>5%</td> </tr> <tr> <td>Lottery Bonds</td> <td>5%</td> </tr> <tr> <td>RMF / SSF</td> <td>3%</td> </tr> <tr> <td>Insurance</td> <td>3%</td> </tr> <tr> <td>Govt Bonds</td> <td>2%</td> </tr> <tr> <td>Provident Fund</td> <td>2%</td> </tr> <tr> <td>Real estate</td> <td>1%</td> </tr> </tbody> </table> <p><i>Figure 41 - Weighted saving portfolio allocation of digital native novice<sup>29</sup></i></p>	Asset Class	Allocation (%)	Savings / Fixed Deposit	33%	Cash / Current	28%	Stocks, Bonds, digital assets, mutual funds, derivatives	15%	Gold	5%	Lottery Bonds	5%	RMF / SSF	3%	Insurance	3%	Govt Bonds	2%	Provident Fund	2%	Real estate	1%	<ul style="list-style-type: none"> <li>Invest selectively and infrequently—mainly in mutual funds, with smaller allocations to stocks, thematic funds, and fractional shares. Digital assets are present but limited. (as shown in Figure 42)</li> <li>Information Sources: Decisions are influenced by digital platforms, bank advisors, friends/family, and social media (as a secondary reference).</li> <li>Market Exposure: Strong preference for Thai assets, but growing interest in international markets, especially the US and China/Hong Kong.</li> <li>Platform Usage: Mobile apps are the primary channel. Value-added digital services (robo-advisory, financial planning) are widely used.</li> <li>Implications: This segment values accessibility, low friction, and trusted support. They seek easy global access, low-balance investing, and integrated advisory tools, and are comfortable with digital platforms but still reliant on credible guidance.</li> </ul> <p><b>Weighted Investment Portfolio Allocation</b>                      % Ownership rate x Conditional Mean Allocation</p> <table border="1"> <caption>Weighted Investment Portfolio Allocation</caption> <thead> <tr> <th>Asset Class</th> <th>Allocation (%)</th> </tr> </thead> <tbody> <tr> <td>Traditional funds</td> <td>28%</td> </tr> <tr> <td>Stocks</td> <td>13%</td> </tr> <tr> <td>Thematic funds</td> <td>12%</td> </tr> <tr> <td>Fractional stocks</td> <td>13%</td> </tr> <tr> <td>Bonds</td> <td>9%</td> </tr> <tr> <td>Digital assets</td> <td>7%</td> </tr> <tr> <td>Infrastructure Fund</td> <td>4%</td> </tr> <tr> <td>DRs</td> <td>4%</td> </tr> <tr> <td>Derivatives</td> <td>3%</td> </tr> <tr> <td>ETFs</td> <td>3%</td> </tr> <tr> <td>REITs</td> <td>2%</td> </tr> <tr> <td>ESG funds</td> <td>2%</td> </tr> </tbody> </table> <p><i>Figure 42 - Weighted investment portfolio allocation of digital native novice<sup>29</sup></i></p>	Asset Class	Allocation (%)	Traditional funds	28%	Stocks	13%	Thematic funds	12%	Fractional stocks	13%	Bonds	9%	Digital assets	7%	Infrastructure Fund	4%	DRs	4%	Derivatives	3%	ETFs	3%	REITs	2%	ESG funds	2%
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Profile	Saving Habits	Investment Behavior
<p><b>Aspiring Affluent</b></p> <p>Gen Y/Gen X (ages 35–54), mid-to-high income (30,000–100,000+ THB), well-educated, digitally proficient.</p>	<p>Most save 10–30% of income, prioritizing financial security and education.</p> <p>Savings are mainly in fixed deposits and cash accounts, with slightly lower than average allocation to higher risk assets. (as shown in Figure 43)</p> <p><b>Weighted Savings Portfolio Allocation</b> %, Ownership rate x Conditional Mean Allocation</p>  <p><i>Figure 43 - Weighted saving portfolio allocation of aspiring affluent<sup>29</sup></i></p>	<ul style="list-style-type: none"> <li>Investment Behavior: Invests for long-term growth and passive income. Trades infrequently, with a mix of traditional funds, stocks, and thematic investments; moderate exposure to digital assets and fractional shares. (as shown in Figure 44)</li> <li>Information Sources: Rely primarily on banks for investment information, but also value advice from personal networks and digital platforms.</li> <li>Market Exposure: Strong home-market focus, but growing interest in global diversification, especially the US and China/Hong Kong.</li> <li>Platform Usage: Prefer digital channels, especially mobile, are the clear preference for investors</li> <li>Implications: Seeks integrated platforms offering both banking and investment, access to sophisticated products. Values trust, accessibility, and comprehensive solutions.</li> </ul> <p><b>Weighted Investment Portfolio Allocation</b> %, Ownership rate x Conditional Mean Allocation</p>  <p><i>Figure 44 - Weighted investment portfolio allocation of aspiring affluent<sup>29</sup></i></p>

Profile	Saving Habits	Investment Behavior
<p><b>Pre-Retiree Segment</b></p> <p>Baby Boomer/older Gen X (ages 55–65+, income 60,000+ THB), less tech-savvy.</p>	<p>Most save 11–40% of income, focusing on wealth preservation, stable income.</p> <p>This segment prioritizes safety and liquidity, with most allocation in fixed deposits and cash, while showing higher exposure to insurance (9%), real estate (7%), SSF/RMF (8%), and government bonds (6%) compared to previous segments, indicating a preference for stability with some long-term and tangible asset diversification (as shown in Figure 45)</p> <p><b>Weighted Savings Portfolio Allocation</b>                      % Ownership rate x Conditional Mean Allocation</p>  <p><i>Figure 45 - Weighted savings portfolio allocation of traditional pre-retiree<sup>29</sup></i></p>	<ul style="list-style-type: none"> <li>Investment Behavior: Prefers stocks, mutual funds, and bonds. While alternatives like digital assets, ESG funds, and ETFs remain marginal. (as shown in Figure 46)</li> <li>Information Sources: Relies heavily on banks, insurance, wealth management companies, and brokers.</li> <li>Market Exposure: Primarily invests in Thailand, but shows rising interest in international markets for future diversification.</li> <li>Platform Usage: Prefers trading mobile apps, as well as Robo-advisory and hybrid channels.</li> <li>Implications: Needs trustworthy advisory and easy-to-use digital tools. Values brand trust, long-term relationships, and straightforward solutions over feature-rich platforms.</li> </ul> <p><b>Weighted Investment Portfolio Allocation</b>                      % Ownership rate x Conditional Mean Allocation</p>  <p><i>Figure 46 - Weighted investment portfolio allocation of traditional pre-retiree<sup>29</sup></i></p>

## 3.3 Strategic Choice

This section focuses on making top-down choices by envisioning the potential impact on the brokerage market and corresponding players in 2030. While this paper presents bottom-up strategic options, the choices will need to be made at an individual broker level, and are not covered here.

### 3.3.1 Shift regulator mindset from Merit-based Gatekeeper to developmental enabler

To advance Thailand's capital market development objectives, a strategic transition is recommended, from its current merit-based gatekeeper framework toward a principles-based enabler approach. This shift would mirror Singapore's balanced regulatory model, which integrates rigorous oversight with proactive market development initiatives.

#### **Recommended Archetype for Thailand: Developmental Enabler**

##### **Why Growth-Focused Regulation is Critical for Thailand**

Based on comprehensive analysis, Thailand should adopt the Developmental Enabler archetype, following Singapore's model with Thailand-specific adaptations. The rationale is compelling:

- **Empirical Validation:** Evidence from African markets indicates that a 1% improvement in regulatory quality is associated with a 6.22% increase in market capitalization, underscoring the economic impact of effective regulation.<sup>118</sup>
- **Regional Competitiveness:** Thailand faces intensifying competition from regional financial hubs such as Singapore, Hong Kong, and Malaysia, all of which are actively attracting cross-border capital flows.<sup>119</sup> Without reform, Thailand risks long-term erosion of market share.<sup>120</sup>
- **Economic Imperative:** Thailand's potential GDP growth is projected to decline from an average of 3.2% (2011–2021) to 2.7% (2022–2030) in the absence of structural reforms. Capital market modernization is essential to reversing this trend.<sup>121</sup>
- **Investor Expectations:** Global investors increasingly prioritize jurisdictions with regulatory environments that support innovation, transparency, and operational efficiency when allocating capital.<sup>122</sup>
- **Technological Disruption:** The rapid evolution of financial technologies, including digital assets, tokenization, and AI-driven services, requires adaptive regulatory frameworks. Overly restrictive regimes risk displacing innovation to more agile jurisdictions.<sup>123</sup>

<sup>118</sup> International Journal of Economics and Financial Issues, [Does Regulatory Quality Matters for Stock Market Development? Evidence from Africa](#), 2018

<sup>119</sup> OliverWyman, [Transforming Thailand Into An International Financial Hub](#), 2025

<sup>120</sup> The Nation, [Thailand's Economic Struggle: Can Former Asian Tiger Regain Its Roar?](#), 2025

<sup>121</sup> World Bank Group, [Thailand Economic Monitor February 2025: Unleashing Growth – Innovation, SMEs and Startups](#), 2025

<sup>122</sup> Thailand Development Research Institute, [Reforming the capital market landscape](#), 2023

<sup>123</sup> American Banker, [BankThink US regulators must stop pushing innovative fintech firms overseas](#), 2025

### 3.3.2 Build pipeline from PE / VCs by attracting GPs and LPs to Thailand

Thailand can strengthen the PE / VC market, by actively attracting and supporting GPs by simplifying fund structures and licensing requirements to make it easier for both foreign and local GPs to establish and operate funds in Thailand. This can be achieved by developing a dedicated legal structure for funds that allows for multiple share classes and flexible profit-sharing arrangements.

Regulators can also increase the pool of Thai companies suitable for PE/VC investment and improve exit opportunities by supporting the development and liquidity of “stepping stone” markets such as the LiVE Exchange (LiVEx) for SMEs and startups, and streamlining M&A regulations, including fast-track approvals and clear guidelines for PE-backed firms.

### 3.3.3 ‘Guide evolution’ of the market to 12-17 brokers through a tiered and risk-based licensing framework

Thailand’s brokerage industry is highly fragmented, with 36 brokers and an HHI of 790, indicating intense competition but insufficient scale for profitability and innovation. Average revenue per broker is only THB 1.1 billion, with thin margins (6.5%) and high cost-to-income ratios (0.91x), limiting investment in technology and new services. Compared to regional peers like Korea and Taiwan, Thailand’s brokers lack scale and efficiency, making consolidation essential.

#### Optimal level of consolidation

Analysis across multiple methodologies suggests a target range of 12–17 brokers to balance competitiveness, scale, and innovation:

### 3.3.3 ‘Guide evolution’ of the market to 12-17 brokers through a tiered and risk-based licensing framework

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#### Optimal level of consolidation

Analysis across multiple methodologies suggests a target range of 12–17 brokers to balance competitiveness, scale, and innovation:

Methodology	Outcome (Number of Brokers)
Market Concentration (HHI)	12–28
Market Cap & Investor Pool Benchmarking	15–17
Profitability & Scale Economics	6–9 (aggressive) / ~25 (conservative)

This range ensures moderate concentration (HHI 1,000–1,800), improved per-broker efficiency, and sufficient scale for technology investment. In the spirit of shifting to a principle-based regulatory approach, this range is not hard and fast. The regulator should maintain some flexibility as well as oversight to ensure the players in this space are equipped to win.

### **Recommended pathway to consolidation**

Based on global benchmarks, Thailand should pursue a **“Guided Evolution” strategy** through a hybrid model that combines the principles of Korea’s tiered licensing with Singapore’s risk-based regulatory framework.

A top tier “Mega-Broker” license with higher capital requirements, traded off with higher supervisory requirements, serves as an incentive for brokers to merge by rewarding scale with exclusive privileges and right to operate new business lines. Lower tiers with specific requirements are critical to still foster innovation and bring diversity to the market, while ensuring there are few to none that operate without a niche.

Lower tiers will need to meet risk-appropriate requirements tailored for specialized brokers, i.e., higher risk activities will have higher capital and performance requirements. The licenses in the lower tiers would be modular, allowing players to “stack” licenses, and expand their offerings in niche areas, even if they lack scale.

#### **Strategic Rationale:**

Consolidation outcomes are intended to be market-executed within regulator-engineered boundaries, rather than administratively mandated or numerically capped.

The top-tier license incentivizes scale, potentially through mergers, while preserving flexibility for niche players. With fewer players in the market, some with scale and others with niche business models, brokers are more likely to be profitable, and reinvest their profitability gains into technology, new products, and investor education.

Risk-based approach aligns licensing requirements with business complexity and risk exposure limiting compliance burdens to where necessary. Regulators can then allocate supervisory resources effectively, focusing on systemic risk and innovation potential.

#### **3.3.4 Build utilities for securities borrowing and lending and mandate adoption of shared infrastructure**

Among utilities, while a consolidated tape is ‘good-to-have’, an SBL utility would directly enable brokers to reduce costs, improve efficiency, and offer a new source of revenue. The centralized SBL system can be inspired by South Korea’s KSD and Taiwan’s TWSE model, integrating collateral management, settlement, and risk monitoring. This will enhance liquidity, enable short selling and hedging strategies, and strengthen market resilience.

However, building infrastructure alone is insufficient without industry-wide adoption. Regulators should aim to encourage and / or mandate integration, potentially by:

- Ensuring utilities meet SLA requirements: Utilities offered should be reliable and high quality to ensure brokers do not have to rely on third party vendors to ensure consistency in performance.
- Establishing costs that are affordable across the market: While NDID offers fast onboarding times ensuring immediate customer acquisition, the cost per client is high especially for the mass market.
- Enforcing Transparency Standards: Mandate publication of onboarding SLAs to ensure consistent investor experience and reduce inefficiencies.
- Monitoring Adoption Gaps: Address uneven implementation among brokers, where some achieve near-instant onboarding while others take days due to manual processes.

Thailand should analyze and select which strategic choices are most suitable for its market context, considering factors such as regulatory capacity, cost implications, technology readiness, broker adoption capability, and alignment with long-term capital market development goals.

### 3.3.5 Take an integrated and unified approach to rebuild trust in the Thai market

Thailand should prioritize a "Comprehensive Four-Pillar Transformation" integrating all options into a unified roadmap, rather than isolated fixes. This holistic approach addresses interconnected root causes and creates synergies that single pillars cannot achieve.

Partial measures risk "whack-a-mole" recurrence, as seen in persistent scandals despite civil sanctions. This choice leverages existing momentum (2024 MOUs between SEC, SET and AMLO, backdoor rules) for maximum impact at sustainable cost.

### 3.3.6 Launch a Nationwide Financial Literacy Initiative

Thailand should adopt a comprehensive approach by implementing all three strategic options below. These initiatives are distinct yet complementary, collectively addressing governance, education, and digital empowerment to build a robust financial literacy ecosystem.

#### 1. Establish National Financial Literacy Governance Architecture

- **Objective:** Create a unified institutional structure to coordinate financial literacy strategy, standard-setting, implementation, and evaluation across ministries, regulators, and industry stakeholders.
- **Rationale:** Thailand currently has multiple actors producing financial education content (government agencies, industry associations, NGOs) but lacks a central authority to aggregate, coordinate, and evaluate these efforts. A national governing body would align messaging, set KPIs, and avoid duplication of resources.

#### 2. Embed Financial Education Across Life Stages and School Curricula

- **Objective:** Integrate financial literacy into the education system from primary school through tertiary education and adult life, with content progressing in complexity.
- **Rationale:** Early exposure to financial concepts improves long-term financial behavior, including saving and investment decisions. Embedding financial education in schools ensures sustained reach and impact.

#### 3. Develop a Data-Driven Public and Capital Market Investor Education Ecosystem

- **Objective:** Build digital tools, standardized investor education modules, and outreach programs to raise baseline financial awareness and prepare citizens for safe, informed participation in capital markets.
- **Rationale:** Basic financial literacy is foundational, but participation in capital markets requires advanced knowledge on investing, risk management, diversification, and fraud prevention.

#### Recommendation

Thailand should implement all three strategic options in parallel to create a holistic financial literacy ecosystem. This integrated approach will:

- Ensure national coordination and governance for consistency and efficiency.
- Embed financial education early and continuously across life stages.
- Leverage digital tools and data-driven programs to empower investors and support capital market participation.

# Executive Summary

## Part 4: Future State

4.1 Vision 2030

4.2 Key Initiatives

4.3 Strategic roadmap 2026-30

## 4.1 Vision 2030

### 4.1.1 The SEC becomes a 'Developmental Enabler'

Over the next five years, Thailand's capital market regulator transitions to a principles-based developmental enabler, maintaining strong investor protection while actively supporting market growth. Regulation will focus more on outcomes and proportional risk management, helping to reduce unnecessary complexity and improve speed to market. The regulatory framework will support innovation through clear rules, ongoing supervisory engagement, and controlled testing of new products and technologies, including digital assets and AI-enabled services.

This approach will broaden issuer participation, deepen domestic and foreign investor engagement, improve market liquidity, and strengthen investor confidence, positioning Thailand's capital market as a competitive and sustainable driver of long-term economic growth.

### 4.1.2 Thailand will be able to cater to the 'full equity lifecycle'

By 2030, Thailand would have a more balanced, market based financial system where domestic VC/PE are core channels for scaling firms from startup to large cap IPO on SET and mai/LiVEx.

Thailand could have a clear three tier market: LiVEx for early stage and growth SMEs, mai for mid sized growth companies, and SET for large cap and regional champions, with explicit pathways and eligibility programs linking each tier.

A standardized domestic VC/PE fund structure aligned with OECD and global norms, plus updated ESOP rules and startup financing tools, would let local managers raise and deploy capital efficiently without incorporating offshore.

Domestic pension funds, insurance companies, and sovereign pools would hold meaningful allocations to VC/PE as "alternatives," creating a stable local LP base instead of relying mainly on foreign funds.

Tax incentives for startup and VC investments, including capital gains exemptions in promoted sectors, would be institutionalized and easy to claim, making Thailand competitive with regional hubs.

### VC / PE as a deal and IPO pipeline

A visible pipeline would emerge in which startups graduate from LiVE Platform programs and LiVEx listings into larger PE or growth equity rounds, then on to mai/SET IPOs once they reach scale. VC funds would focus on seed to Series B, especially in BOI promoted clusters such as EVs, software/digital platforms, and other advanced industries, while growth and buyout funds specialize in scaling and professionalizing firms for exit.

For SET, this means a regular flow of 10–20 "VC/PE backed" IPOs per year from technology, advanced manufacturing, healthcare, and digital services, diversifying away from traditional sectors and raising the market's growth profile. M&A would be more fluid, as clearer merger control and Foreign Business Act exemptions in targeted services make trade sales to Thai conglomerates and strategic foreign buyers a credible alternative to IPO, reinforcing the exit environment.

### Governance and market quality outcomes

Because VC and PE systematically strengthen boards, disclosure, and performance management before exit, new issuers arriving on mai/SET would generally have better governance and internal controls than the average legacy listed firm. The presence of multiple active PE funds would also support take private and turnaround deals, with some firms later re-listing in stronger form, continually upgrading the quality of the listed universe.

### Full Equity Lifecycle

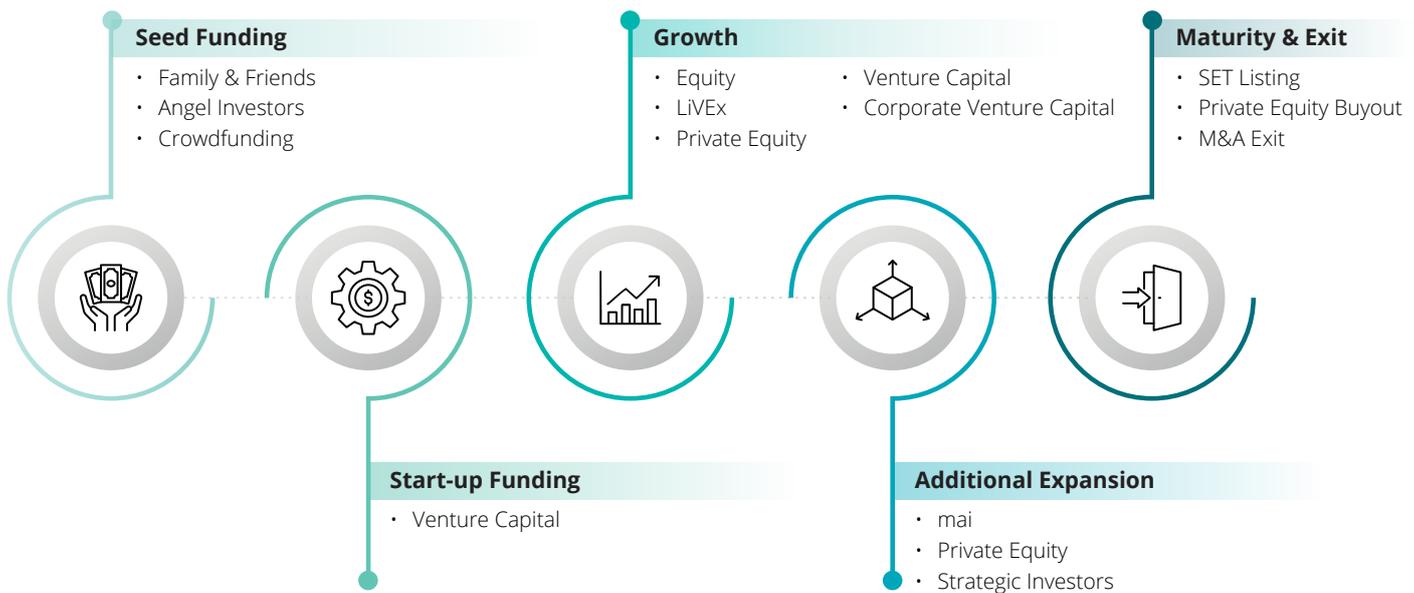


Figure 47- Full equity life cycle

Overall, Thailand’s capital market in 2030 would look more like a full “equity lifecycle” system: banks still important, but complemented by VC/PE, a functioning SME board, and active M&A, with the SET at the top of a pipeline rather than standing alone.

### 4.1.3 Brokers will consolidate into 12-17 licenses following a combination of Korea’s tiering and Singapore’s risk-based modular licensing model

By 2030, Thailand’s brokerage industry will evolve into a smaller but stronger ecosystem, shaped by a tiered and risk-based licensing framework inspired by Korea’s scale incentives and Singapore’s modular supervision model. The objective is not consolidation for its own sake, but the creation of intermediaries that are economically viable, and able to reinvest in both technological and market development.

There will be no hard cap on licenses distributed, and new players that bring diversity to the market will be encouraged through incentives like lower license and clearing fees. The activities they can conduct will be limited to their areas of focus or expertise. Meanwhile, brokers with scale will be rewarded with privileges, which are matched by higher supervisory intensity and performance requirements. As a result, the market will have a barbell structure.

Below, we have developed an illustrative representation of what the new framework may look like. However, further analysis will be required to arrive at the appropriate licensing framework for Thailand.

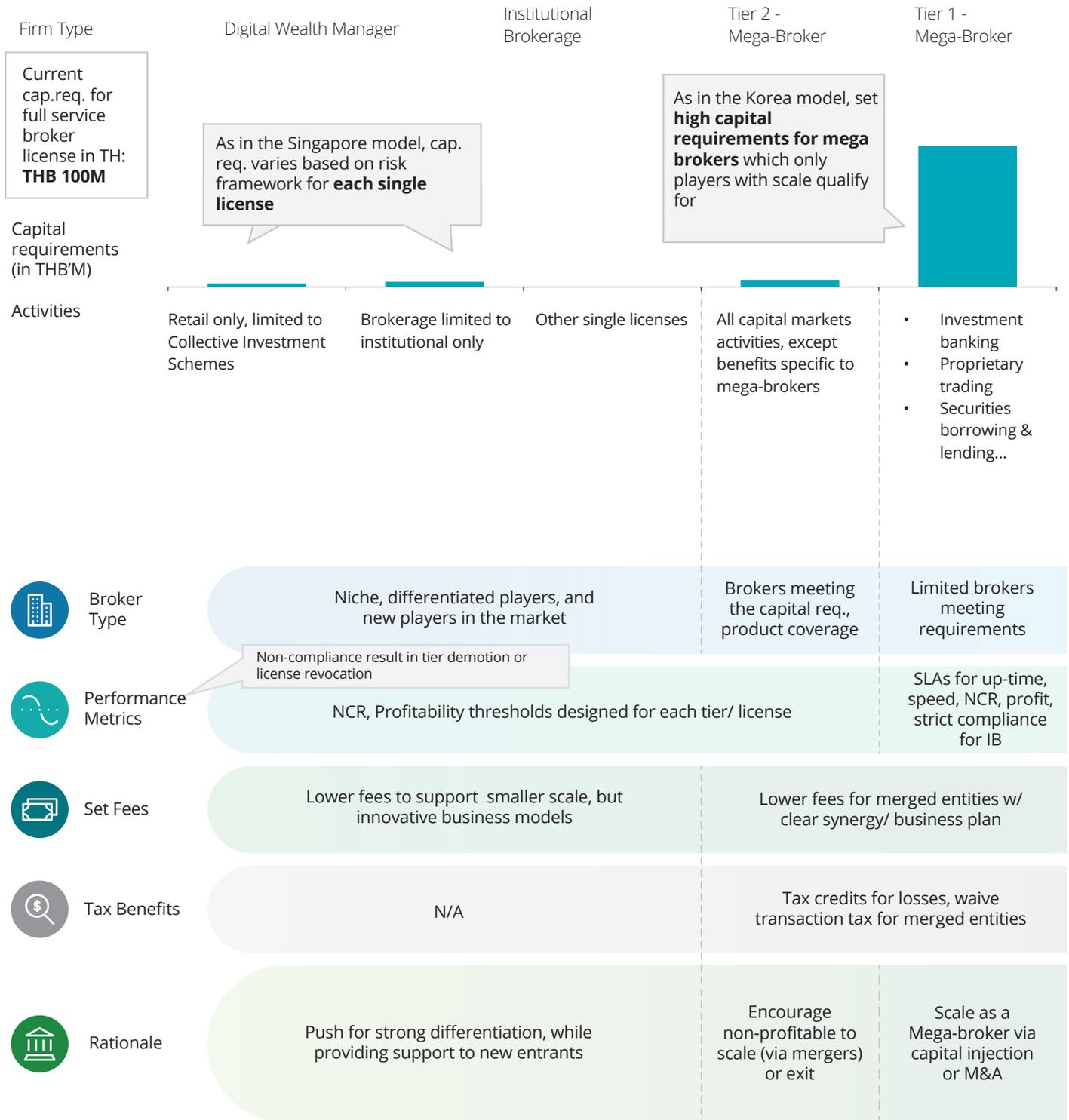


Figure 48 - Illustrative Tiered and Risk-based Licensing Framework in Thailand

The illustrative framework (Figure 48) brings out both the “carrot” and the “stick”. To become a Mega-broker and conduct higher margin activities, brokers would need to meet the necessary capital requirements, as well as the SLAs, NCR and profit metrics consistently. This tier aims to establish a few stand-out high-quality brokers with additional privileges, who will also be subject to higher standards of compliance and control by the regulator. Smaller brokers can achieve this license through M&A to secure capabilities and meet capital requirements.

In addition, single licenses will also be introduced based on a risk-based framework to establish niche and differentiated players who offer high quality products and services in specific areas. These licenses will be supported by SEC through lower fees to enable them to compete with larger players. The regulator will actively monitor profitability and performance, therefore limiting number of loss-makers by either directing them to shut down or drop down a tier through restructuring.

#### 4.1.4 Thailand can establish a strong and comprehensive stack of shared infrastructure

By 2030, Thailand can aim to have a complete capital markets stack with a SBL utility. In Figure 49, we have imagined the capital markets stack in Thailand in 2030.

##### Thailand's Capital Markets Stack

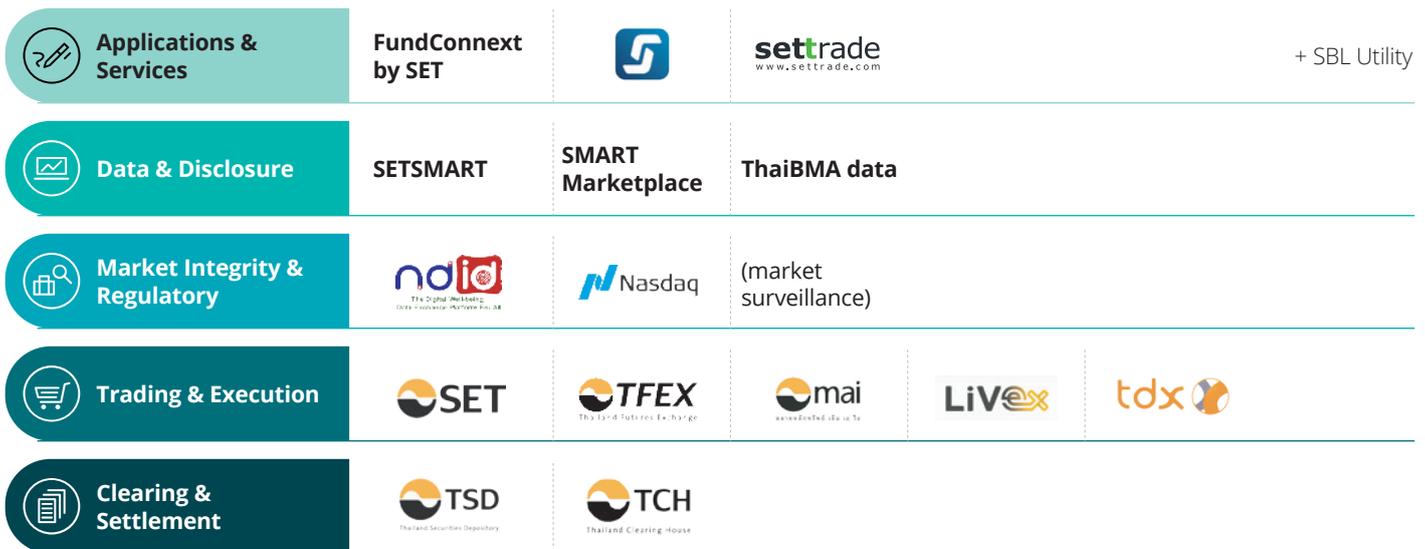


Figure 49 - Thailand's capital markets stack in 2030 (illustrative only)

As a result, spend of brokers and other market participants on infrastructure for SBL will reduce, while allowing brokers to re-invest savings in innovation and new business models. The shared infrastructure will also serve to re-establish trust in the market by driving transparency.

#### 4.1.5 Thailand evolves into a trusted regional capital market

By 2030, **Thailand's capital market can move from "damage control" to a position of trusted regional leader, with visibly higher investor confidence, better quality issuers, and far fewer large scale frauds.** This would be evident from the following market outcomes in 2030:

**Large-scale fraud cases become almost non-existent:** Number of major scandals drop to zero, as gatekeepers become more efficient in identifying potential misrepresentation and false reporting, while whistleblowers are able to safely report corruption and fraud.

**Offenders are dealt with swiftly with significant punitive measures:** Victims of fraud cases are compensated, and punishments are dealt out at an earlier stage. Punishments for fraud cases are increased beyond fines, with lifetime bars for recidivists.

**Quality of listings on the SET goes up, because of excellent corporate governance:** New listings are dominated by companies with clear earnings quality, transparent ownership, and credible growth plans, and "story stocks" with weak fundamentals struggle to come to market. Boards and controlling shareholders focus on long term value creation because independent governance, clawbacks, and minority rights tools make "tunnelling" and quick extraction high risk and low reward.

**Investor confidence is high, and fraud is no longer a major concern:** Investor confidence surveys show a persistent "bullish/neutral" band, with fraud and governance concerns ranked much lower among perceived risks than macro and geopolitical factors. This is further bolstered by Thailand's national financial literacy program (refer to 4.1.6 Higher participation of retail investors in the Thai market will lead to favorable economic outcomes).

**Local participation becomes more robust, balancing out foreign contribution:** Number of retail investors double to ~8M while local institutions buy more Thai stocks, improving the balance between local institutional investors, local retail investors and foreign investors approximately to a more balanced 30-30-40 ratio.

**Liquidity and market competitiveness at par with ASEAN and APAC peers:** Daily trading value and market capitalization rivals Singapore, Korea and Taiwan, supported by deeper domestic participation and more stable foreign inflows, rather than volatility spikes around scandals. Thailand is considered a competitive capital market for investment in Asia.

#### 4.1.6 Higher participation of retail investors in the Thai market will lead to favorable economic outcomes

##### Future State of Thailand built on financial literacy and consumer protection

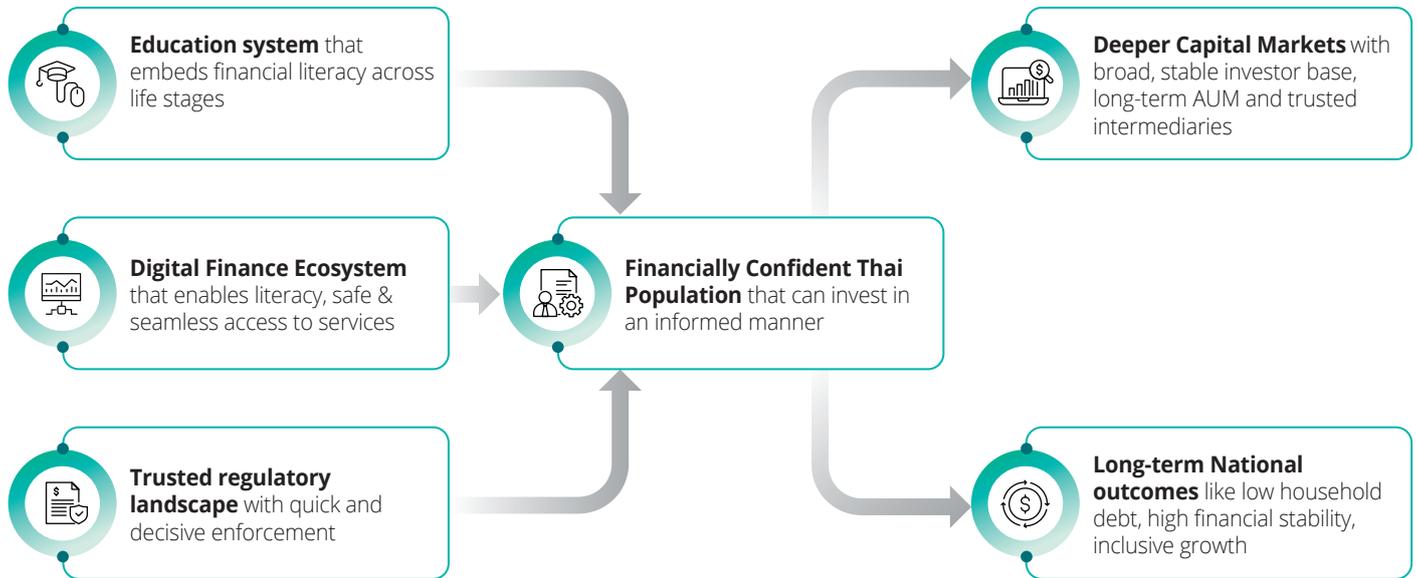


Figure 50 - Future state of Thailand built on financial literacy and consumer protection

In the successful end state, financial literacy becomes a societal norm in Thailand, embedded across education, workplaces and everyday financial decisions. Thai households are financially confident, manage debt prudently, maintain emergency savings, and understand the basics of investing, risk and digital financial safety. Financial capability is built progressively from school through adulthood, reducing vulnerability to over-indebtedness, fraud and short-term financial shocks.

At the system level, this foundation supports deeper and more stable capital markets. A broad base of informed retail investors participates responsibly through regulated products, strengthening long-term domestic capital formation. The brokerage industry evolves into a trusted, professional intermediary focused on investor education, long-term outcomes and sustainable growth. Collectively, this end state improves financial stability, reduces household stress, and positions Thailand as a resilient, investment-ready economy.

#### 4.1.7 The Broker Landscape in 2030

By 2030, Thailand's brokerage industry will have evolved into a smaller, more differentiated, and more resilient ecosystem, shaped by investor behavior, technology, and regulatory reform. Each broker archetype will largely follow a distinct trajectory based on its ability to scale, specialize, and align with investor needs.

##### ▶ **A. Bank-Backed Universal Brokers: Market Anchors and Scale Leaders**

By 2030, bank-backed brokers stand as the central anchors of Thailand's brokerage ecosystem. They benefit from their large scale, access to captive customer bases, and diversified revenue models. Brokerage activities become one integrated component within a broader financial services platform, encompassing banking, wealth management, lending, and insurance. These brokers take the lead in wealth management, institutional services, and advisory-led retail investing.

Advanced digital platforms and automation empower these brokers to serve mass retail customers profitably, while still providing premium services for high net worth (HNW) and institutional clients. Their scale and positioning make them well-placed to qualify for the higher-tier or 'mega-broker' licenses, allowing them to naturally take on a leading role in integrating smaller or less competitive firms within the market. As natural custodians of retail trust, these institutions form the backbone of the Thai capital market. By 2030, the market is dominated by a small number of highly profitable, scaled universal brokers.

##### ▶ **B. Foreign Powerhouses: Specialized Institutional and Global Gateways**

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##### ▶ **C. Digital Challengers: Scaled Retail Platforms and Advice-Led Innovators**

A select few digital challengers evolve into scaled retail investment platforms by 2030, while many early entrants either consolidate or exit the market. The successful digital players move beyond zero-commission trading, embedding robo and hybrid advisory services and focusing on converting savings into investments. They place strong emphasis on user experience, investor education, and providing access to global markets.

To lower customer acquisition costs, these digital platforms often partner with banks, super-apps, or larger financial groups. Survival depends on their ability to offer advice at scale, engage users through education, and provide superior onboarding and overall experience. As a result, a handful of trusted, advice-led digital platforms emerge as the primary gateway for younger and mass-affluent investors.

▶ **D. Independent Local Brokers: Consolidation, Specialization, or Exit**

Independent local brokers face the greatest structural pressures and undergo significant transformation by 2030. They follow one of three paths: consolidation (merge to achieve scale, or get acquired by bank-backed or scaled platforms), specialization (surviving as niche players such as advisory boutiques, corporate finance specialists, or product experts), or exit (leaving the market due to inability to compete on cost, technology, or differentiation).

Execution-only business models disappear, and survival hinges on possessing a defensible niche, a clear value proposition, or the ability to integrate into a larger ecosystem. By 2030, the “squeezed middle” of the broker market largely vanishes, replaced by either scaled players or well-defined specialists.

▶ **E. The Overall Broker Landscape in 2030**

In 2030, Thailand’s brokerage market is characterized by a reduced number of licenses, but brokers are stronger and more profitable. There is a clear separation between scaled universal players, specialist institutional firms, and digital retail platforms. Brokerage models align more closely with Thai investor behaviors, which are increasingly long-term, risk-aware, savings-oriented, and digitally engaged, yet still seeking guidance.

Investor trust is bolstered as brokers prioritize transparency, embed education in their offerings, and focus on achieving long-term outcomes for clients, rather than maximizing transaction volumes.

### 4.1.8 The Big Picture: Thai Capital Markets in 2030

In summary, our recommendations would be the first-step in a multi-year journey to achieving the 2030 vision of a competitive and robust capital market and brokerage industry in Thailand. There is no silver bullet or shortcut to success. Transformation will require consistent effort and improvement to strengthen multiple stakeholders, i.e., the regulator, listed companies, investors and brokers through the 6 recommended strategic moves showcased in this report.

To quote Jim Collins, "Good to great transformations **never happen in one fell swoop... no single defining action... turn by turn of the flywheel.**" This gradual approach resonates with Thailand's need for steady regulatory adaptation and stakeholder collaboration, ensuring sustainable progress rather than disruptive change. Thai regulators will need to focus on pushing the flywheel and securing momentum to build a globally competitive capital market in Thailand.

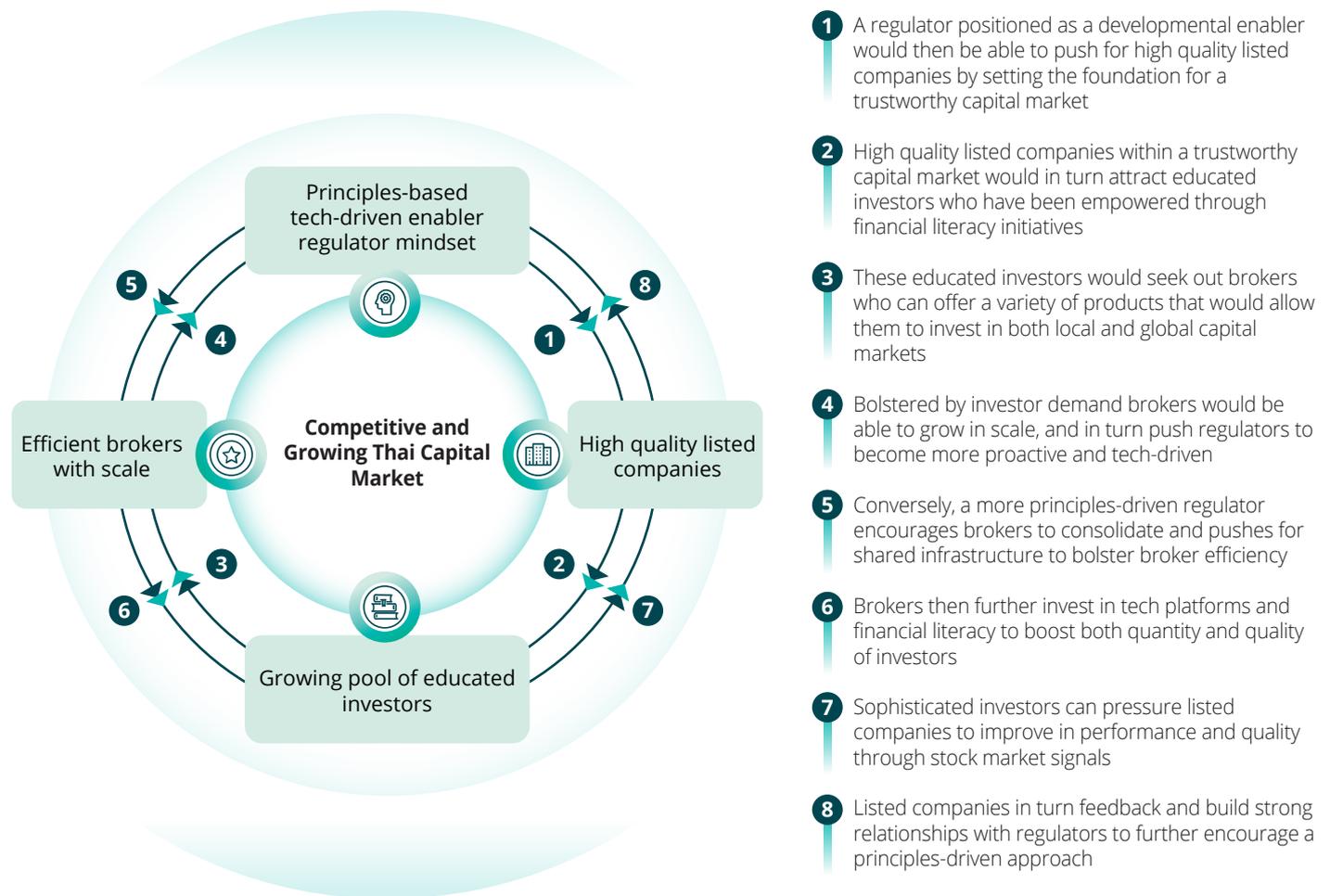


Figure 51 - "No single defining action... turn by turn of the flywheel." Flywheel to drive competitive and robust capital markets in Thailand

Based on global benchmarks from markets like Korea, Taiwan and Vietnam, we have envisioned the end state of the market from a quantitative perspective. Thailand can aim to decrease the number of brokers from 36 to 15, and increase investor penetration from 32% to 50%. Assuming this shift results in an increase in average trading value to leading benchmarks' levels, revenue per broker will go up by 7x and profitability per broker will skyrocket by 44x.



Figure 52 - Envisioning impact on 2030 key metrics<sup>124</sup>

124 Underlying assumptions and figures detailed out in A19. Quantitative Vision for the Market End State

## 4.2 Key Initiatives

To realize our Vision 2030, we need to execute on the top-down and bottom-up strategic choices made. Regulators will need to shift from their current passive role to become market shapers through several targeted policy initiatives. Meanwhile, brokers will need to take action from the bottom-up to elevate their competitiveness and ensure their survival in the future brokerage landscape.

### 4.2.1 Shift the role of the regulator from Merit-based Gatekeeper to Developmental Enabler

#### Regulatory Initiative #1: Launch Regulatory Sandbox 2.0

**Objective:** To redesign Thailand's regulatory sandbox framework so that it directly strengthens the competitiveness, sustainability, and innovation capacity of the brokerage industry.

**Target Metrics:**

- Increase % of sandbox participants that are small and mid-sized brokers
- Decrease average time from application to sandbox approval
- Increase % of sandbox projects graduating to live deployment
- Shorten average time from sandbox entry to production approval

**Responsible:** SEC in collaboration with CMDP, ASCO, and SET

**Actions:**

- Create a clearly defined and dedicated sandbox track exclusively for securities intermediaries, with pre-approved testing categories and standardized application templates
- Replace a one-size-fits-all readiness standard with a tiered structure aligned to firm size, risk profile, and scope of testing to allow brokers of different sizes to innovate in the sandbox
- Optimize timelines of sandbox to be milestone-driven
- For innovations spanning capital markets and payments, implement a joint sandbox intake and supervision mechanism.
- Set up channels for testing new products and policies with investors in a safe and controlled environment
- Define transparent, broker-relevant conditions for sandbox exit and full deployment approval.
- Convert successful sandbox infrastructure (e.g., DLT workflows, APIs, standards) into reusable industry rails.
- Roll-out new risk-based brokerage licensing structure within sandbox environment
- Revise and adapt brokerage licensing structure based on success of sandbox pilot
- Pilot selected high profitability brokerage products currently restricted in Thailand, e.g., margin lending can be explored beyond the local market, within a controlled testing framework.

**Risks & Mitigation:**

- Sandbox participants will likely interact with retail investors and this may impact trust in capital markets within Thailand  
Mitigation: The sandbox mandates limited roll-outs starting with institutional and / or high net worth clients in initial phases, clear and mandatory disclosures around risk associated with sandbox products, robust incident reporting mechanisms, and guidelines around marketing language.
- Multiple experimental brokers using novel models (e.g., fractional trading, algorithmic execution, DLT rails) may stress surveillance systems, clearing and settlement controls  
Mitigation: Work closely with SET and clearing houses on sandbox access, while also implementing limits, safeguards and monitoring mechanisms to ensure any strain on the system is detected and managed early.

**Potential Barriers:**

- Low: No legal or tech overhaul required for this initiative, and minimum additional investment is needed, since it builds on existing Sandbox program

## Regulatory Initiative #2: Build real-time risk intelligence and analytics

**Objective:** Develop capabilities for real-time risk signaling, to allow for targeted evaluations

**Responsible:** SEC, supported by SET, ThaiBMA, AMLO, ASCO and brokers

### Target Metrics:

- Increase percentages of firms covered by real-time monitoring
- Data timeliness (e.g., real-time for trading activities, monthly for financials) and 100% completeness
- Improve risk alerts accuracy
- Reduced in manual report burdens
- All supervisors trained in risk analytics

### Actions:

- Work closely with brokers and ASCO to learn about the pattern of risks, target metrics, and early warning signals, with explicit consideration of key real-time or intraday risk types such as:
  - market misconduct risks (spoofing/layering, wash trades, pump-and-dump)
  - liquidity and market-stability risks (spread widening, order-book thinning, bond yield spikes)
  - broker financial soundness risks (Net Capital rule (NCR) deterioration, margin concentration, settlement issues)
  - AML/CFT trading-flow risks (suspicious fund movements, circular trading)
  - operational risks (system outages, trading halts, IT control failures, erroneous orders, cyber-induced disruptions)
- Identify data sources and fields relevant for market surveillance and risk assessment of listed companies and brokers, mapped according to each type of real-time risk
- Build platform that secures and integrates data from all the various sources, ensuring that each risk type has the required frequency, granularity, and completeness for real-time analysis.
- Develop early-warning indicators and dashboards for monitoring by SEC (including dashboard as covered in Trust Initiative #7)
- Train supervisors in data analysis and risk assessment, including how to interpret risk-type-specific signals (e.g., spoofing indicators, liquidity stress heat maps, NCR alerts, suspicious flow patterns).
- Automate outlier and trend detection to flag any requirements for additional data requests and thematic, high impact reviews
- Global example: The UK, under FCA, uses enterprise-wide regulatory risk dashboards that track conduct, operational, and market-integrity risks<sup>125</sup>

### Risks & Mitigation:

- Fragmented, delayed, or inconsistent data submissions limit the effectiveness of real-time risk signaling. Mitigation: Standardize machine-readable reporting formats and require near-real-time feeds for priority risk indicators.
- Centralized real-time data aggregation increases exposure to cyberattacks and sensitive data leakage. Mitigation: Apply bank-grade cybersecurity controls, strict access rights, and data minimization aligned with Thai data-protection laws.

### Potential Barriers:

- High: No legal overhaul required, but significant investment is required to create a technologically forward system that is comprehensive, intelligent and potentially automated; it **requires new licensing framework**

<sup>125</sup> FCA, [Regulatory Initiatives Grid - 9th Edition \(December 2025\)](#), 2025

### **Regulatory Initiative #3: Shift from calendar audits to few thematic, high-impact reviews**

**Objective:** Refocus supervision from routine calendar audits to targeted thematic reviews guided by risk signals

#### **Target Metrics:**

- Reduce number of audits required / conducted
- Increased ratio of time spent on data analysis vs routine audits

**Responsible:** SEC

#### **Actions:**

- Define 5–7 priority supervisory themes (e.g. conduct risk, liquidity stress, governance failures)
- Define clear thresholds and risk alerts per theme that would trigger targeted data requests, reviews and suggest remediation measures, e.g., when risk indicators breach thresholds, or system-wide vulnerabilities emerge
- Form multi-disciplinary teams covering the prioritized supervisory themes
- Define processes and timelines for thematic review cycle for each theme, as well as clearly define punitive measures and enforcement timelines in case non-compliance is verified
- Standardize the processes and timelines to be followed for alerts within each theme, and periodically review to ensure relevance

#### **Risks & Mitigation:**

- Reducing routine audits may leave low-signal firms or slow-burn issues unexamined.  
Mitigation: Maintain a minimum baseline review cycle while reserving intensive resources for high-risk thematic reviews.
- Poorly defined thematic reviews may become shallow or overly broad, limiting impact.  
Mitigation: Define each theme with clear risk hypotheses, expected outcomes, and remediation benchmarks.

#### **Potential Barriers:**

- Low: No legal or tech overhaul required for this initiative, and minimum additional investment is needed; However, **robust risk capability, revised licensing framework and M&A incentives are required to develop and optimize this initiative**

#### **Regulatory Initiative #4: Create pathway for fast-track approvals and licensing**

**Objective:** Create a comprehensive digital assessment and approval platform to fast-track and centralize all approvals by automating part or whole of the risk assessment

**Target Metrics:**

- Reduced in average licensing turnaround time

**Responsible:** SEC, SET, Ministry of Finance Thailand (MOF), Bank of Thailand (BOT)

**Actions:**

- Identify specific approval processes for initial testing / pilot of the platform
- Define requirements for a digital platform to help fast-track approval processes; the platform aims to automatically estimate risk and conduct document verification
- Digitize the full licensing process with automated checks, standard templates, and secure integration with BOT, AMLO, SET, and other agencies
- Assess cost-benefits of implementing and / or launching the platform
- If cost-benefit analysis yields favorable results, pilot platform within the regulatory sandbox 2.0
- Based on outcomes of the pilot, review and roll-out digital approval platform

**Risks & Mitigation:**

- Decisions may still stall if inputs from BOT, AMLO, or other agencies remain manual or offline.  
Mitigation: Integrate APIs or structured data exchanges with relevant agencies and define clear SLAs for cross-agency inputs.
- Smaller or traditional firms may struggle to use digital tools, slowing adoption and creating friction.  
Mitigation: Provide phased onboarding, user training, and optional assisted-digital channels during transition.

**Potential Barriers:**

- Medium: No legal overhaul required for this initiative; Additional investment would be required to stand up an effective digital approval platform; However, the **new licensing framework and regulatory sandbox 2.0 would need to be in place**

## 4.2.2 Strengthen the VC/PE Investment Pipeline

### VC/PE Initiative #1: Modernize fund vehicles to attract global GPs

**Objective:** Create a clear, efficient, and internationally recognizable fund vehicle framework that encourages leading domestic and foreign fund managers to establish operations in Thailand.

**Target Metrics:**

- Target ≤30 days' time required to register new fund vehicles; benchmarked against Singapore's VCC registration process<sup>126</sup>
- Increase in number of foreign GPs establishing Thai domiciled funds
- Growth in AUM managed by foreign or foreign backed GPs

**Responsible:** SEC (lead), supported by the BOI and MOF (the Revenue Department of Thailand)

**Actions:**

- Launch a dedicated PE/VC fund trust structure tailored for professional investors, allowing for multiple share classes, flexible profit-sharing arrangements, and capital call mechanisms.
- Retain the foreign business licensing requirement, while enhancing and expediting the approval process for fund management activities, taking cues from the more facilitative, light touch approach embedded in Singapore's VCC framework for professional investors<sup>127</sup>
- Develop a one stop digital fund registration portal that consolidates approvals across agencies and delivers faster, transparent end to end processing.
- Host roadshows and investor briefings to promote Thailand's new fund regime.

**Risks & Mitigation:**

- Thailand's fund structures may be perceived as unfamiliar or administratively complex by global managers. Mitigation: Finalizing the PE Trust framework and introducing a streamlined digital registration portal with fast-track licensing can help align with international standards and improve ease of entry.
- Initial adoption may be gradual due to limited awareness and regulatory clarity. Mitigation: A sandbox program and targeted outreach through roadshows can support early engagement and build confidence in the new regime.

**Potential Barriers:**

- High: Requires significant changes to regulations around fund structure and licensing requirements; it also requires some amount of investment to operationalize the changes using a tech platform that drives speed

<sup>126</sup> VCC Hub, [VCC Grant Scheme in Singapore](#), 2025

<sup>127</sup> Monetary Authority of Singapore, [MAS simplifies rules for managers of venture capital funds to facilitate start-ups' access to capital](#), 2017

## VC/PE Initiative #2: Enhance exit pathways and deal certainty

**Objective:** Strengthen Thailand's exit and secondary market infrastructure to improve certainty, liquidity, and predictability for PE/VC-backed companies.

### Target Metrics:

- Increase in the number of exits via LiVEx
- Higher liquidity and trading activity on LiVEx
- Reduction in regulatory processing time for foreign-invested business

**Responsible:** SEC (lead), supported by SET (LiVEx), Ministry of Commerce, and the Trade Competition Commission of Thailand

### Actions:

- Expand investor access on LiVEx by gradually widening eligibility beyond accredited investors e.g., pooled retail participation via SME-focused funds. This will help broaden the shareholder base and improve liquidity.
- Introduce minimum free float and shareholder distribution requirements to ensure tradability and price discovery, similar to Nasdaq First North's 10% public float and 300 shareholder guidelines<sup>128</sup>.
- Establish a streamlined regulatory pathway for PE/VC-backed companies, e.g., pre-approved governance frameworks for foreign-invested businesses, to accelerate time-to-market and reduce uncertainty.

### Risks & Mitigation:

- Expanding investor access on LiVEx beyond accredited investors may introduce higher exposure to retail investors who may lack experience in evaluating SME or startup risks, potentially leading to misinformed investment decisions or volatility.  
Mitigation: Implement a phased approach to retail participation, starting with pooled vehicles such as SME-focused mutual funds or ETFs managed by licensed professionals. Pair this with investor education programs and clear risk disclosures to ensure informed participation.
- Introducing minimum free float and shareholder distribution requirements may discourage some early-stage companies from listing if they struggle to meet the thresholds, especially those with concentrated ownership or limited investor networks.  
Mitigation: Set flexible thresholds with options to engage a market maker or liquidity provider in lieu of full distribution. Offer advisory support to help companies broaden their investor base pre-listing and consider exemptions for strategic sectors or VC-backed firms with strong governance.

### Potential Barriers:

- Low: Requires some changes to existing regulations, such as investor eligibility and listing requirements, in addition to process improvements

<sup>128</sup> Nasdaq, [Listing Guide to Nasdaq First North Growth Market, 2019](#)

### VC/PE Initiative #3: Strengthen tax competitiveness for VC/PE

**Objective:** Create a predictable, competitive tax environment that enhances investor returns and attracts long term VC/PE participation.

**Target Metrics:**

- Increase number of VC/PE transactions eligible for tax incentives
- Higher uptake of R&D related deductions

**Responsible:** SEC (Lead), supported by MOF (The Revenue Department), and BOI.

**Actions:**

- Make capital gains tax exemptions for VC/PE exits and streamline claiming processes.
- Provide targeted investment incentives for funds and companies operating in high value or innovation driven sectors.
- Create a VC/PE tax ruling desk within the Revenue Department to provide fast, binding guidance on deal structures, exits, and incentive eligibility.

**Risks & Mitigation:**

- Making capital gains tax exemptions for VC/PE exits and streamlining the claiming process may raise concerns around fiscal impact and perceived preferential treatment if not clearly scoped.  
Mitigation: Ensure the exemption is targeted to qualified VC/PE investments with defined holding periods and sector focus. Introduce transparent eligibility criteria and periodic policy reviews to balance investor confidence with fiscal prudence.
- Providing targeted investment incentives for high-value or innovation-driven sectors may result in uneven access or misalignment with emerging industry needs if sector definitions are too narrow or static.  
Mitigation: Design incentive programs with flexible, forward-looking sector definitions and establish regular stakeholder engagement to refine targeting.
- Department to provide fast, binding guidance on deal structures, exits, and incentive eligibility.

**Potential Barriers:**

- Medium: No legal, regulatory or tech overhaul required, but funding requirements would be significant for the new ruling desk and the incentives; the **revised fund structures would need to be in place** to best complement this initiatives

### 4.2.3 Encourage consolidation of brokerages through a tiered and risk-based licensing framework and M&A legislation

#### Facilitating consolidation Initiative #1: Set up a new tiered and risk-based licensing framework

**Objective:** Design a tiered licensing framework that balances risk versus requirements

**Target Metrics:**

- Ensure HHI remains within the moderately competitive range
- Increase in investors per broker
- Increase in market capitalization per broker
- Increase in profitability per broker

**Responsible:** SEC, in collaboration with ASCO

**Actions:**

- Clearly define objectives of the new tiered, risk-based licensing framework
- Assess key industry barriers with stakeholders and develop focused mitigation strategies
- Conduct consultations and group discussions with key stakeholders to alleviate concerns
- Segment broker activities by risk and systemic impact
- Define license requirements (e.g., capital, performance, characteristics) for each activity
- Introduce a risk-based and activity-based pricing model, similar to Singapore's approach, to ensure fees are proportionate to the scale, risk profile, and business scope of each broker type
- Define capital requirements, additional conditions and exclusive rights / activities for mega-broker license
- Introduce fee subsidies or discounted KYC/NDID onboarding rates for new small and risk-appropriate brokers within the lower licensing tiers.
- Build a supervisory regtech layer
- Implement privilege escalation and penalty framework to incentivize consistent performance
- Implement tracking for market concentration across all key metrics
- Release periodic reports to guide policy adjustments

**Risks & Mitigation:**

- Risk-based differentiation may be challenged on fairness or equal treatment grounds.  
Mitigation: Publish risk-scoring dimensions, licensing tiers, entry / exit rules and rationale of risk-based tiering, while keeping case-by-case waivers to a minimum.
- Risk-based licensing requires qualitative supervisory judgment, which is unevenly mature across teams. This can result in regulatory arbitrage and industry pushback.  
Mitigation: Create a dedicated sandbox & risk-based supervision unit within SEC which is armed with risk assessment templates, mechanisms for internal peer review for approvals and escalation mechanisms to resolve conflicts.

**Potential Barriers:**

- Medium: An entirely new framework for broker licensing will need to be designed and implemented, although no significant tech overhaul or additional investments would be expected; **The regulatory sandbox will need to be set up in parallel to enable testing of the new framework**

## Facilitating consolidation Initiative #2: Re-think M&A policy landscape – both incentives and guardrails

**Objective:** Articulate changes to M&A policy landscape to incentivize M&A, and ensure deals result in desired outcomes (e.g., formation of mega-brokers)

### Target Metrics:

- Number of mega-brokers
- Synergy reporting post-transaction

**Responsible:** SEC, in collaboration with ASCO and supported by MOF, SET

### Actions:

- Emphasize existing M&A incentives (e.g., EBT tax incentives) available to brokers through an SEC notification
- Establish incentives for M&A to drive specific outcomes, e.g., Malaysia offered privileges to mergers of 4 or more companies resulting in the formation of Universal Brokers, including right to open additional branches, tax credits for accumulated losses going forward, stamp duty and real property gains exemptions. On the other hand, Korea takes a softer approach with the "Mega IB" license so that if a firm has equity capital exceeding KRW 8 Trillion, they unlock Investment Management Account (IMA) licenses, allowing them to compete with commercial banks. This indirectly incentivizes scale, which firms then try to achieve via M&A<sup>129,130</sup>
- Reduce transaction fees paid to the exchange to simultaneously support and encourage consolidation, e.g., Malaysia's introduction of fully negotiable commission rates capped at 0.7%, reduced transaction costs (clearing fee, computerized routing and execution fee, regulator fee)<sup>131</sup>
- Establish clear conditions as guardrails to ensure minimum viable outcomes from M&A, e.g., crafting a concrete growth plan focused on new product lines and innovation to secure M&A approval
- Provide more tax benefit, for example, under Taiwan's Financial Institutions Merger Act (FIMA), brokers are eligible for Stamp Tax and Deed Tax exemptions, and any Securities Exchange Tax on securities transferred during the merger is also waived.<sup>132</sup>

### Risks & Mitigation:

- Mergers happen for incentives, not outcomes (no real mega-brokers or synergies)  
Mitigation: Tie incentives to clear conditions (capital size, CAR, governance), require synergy plans, and release benefits only after meeting specific milestones—similar to Malaysia's Universal Broker model.
- Incentives distort competition or encourage opportunistic mergers  
Mitigation: Use transparent, standardized criteria (e.g., Taiwan FIMA tax rules), apply incentives in phased/conditional tiers, and coordinate fee or licensing incentives to avoid uneven advantages.

### Potential Barriers:

- Medium: Implementing new M&A incentives and guardrails will require both additional investment and policy adjustments; this initiative should go **hand in hand with the release of the new broker licensing framework**

<sup>129</sup> FSC, [Plan for Nurturing Mega-Investment Banks in Korea](#), 2016

<sup>130</sup> FSC, [Plan to Stimulate M&As Among Securities Companies](#), 2013

<sup>131</sup> Securities Commission Malaysia, [Policy Framework for Stockbroking Industry Consolidation and the Reduction of Transaction Costs](#), 2000

<sup>132</sup> Financial Supervisory Commission, R.O.C. (Taiwan), [The Financial Institutions Merger Act](#), 2015

#### 4.2.4 Thailand is positioned to develop a comprehensive and integrated stack of shared financial infrastructure

##### Shared Infrastructure Initiative #1: Implement Securities Borrowing and Lending (SBL) Platform

**Objective:** Enhance market liquidity and resilience by planning a centralized SBL utility that consolidates lending pools, improves collateral management, and strengthens systemic risk monitoring.

**Target Metrics:**

- Achieving capital efficiency gains through optimized collateral management
- 100% broker connectivity

**Responsible:** SET, Thailand Securities Depository (TSD), Clearing Houses (TCH), ASCO

**Actions:**

- Develop a unified legal framework for SBL transactions, including a standardized master agreement to reduce legal complexity. Potential models for the framework can be found in Korea and Taiwan.
- Taiwan operates a fully centralized SBL utility run by the Taiwan Stock Exchange (TWSE). The exchange manages matching, collateral, and transaction processes directly<sup>133</sup>
- Korea's SBL operates through KSD's centralized platform, which handles matching, collateral, rights management, and risk controls to ensure secure and efficient transactions.<sup>134</sup>
- Prepare governance and risk guidelines for collateral management, margin calls, and concentration limits to prevent systemic risks.
- Outline the operational model for a centralized SBL hub, including roles of SET, TSD, and custodians.
- Plan a phased adoption strategy, starting with institutional participants and expanding to retail-facing brokers.
- Design a risk monitoring approach for regulators, including concepts for dashboards and reporting standards.
- Engage stakeholders (brokers, custodians, institutional lenders) for consultation and feedback on proposed standards and platform design.

**Risks & Mitigation:**

- Creating a unified legal framework for SBL transactions and obtaining regulatory approval may cause delays and compliance challenges.  
Mitigation: Draft standardized master agreements early, involve regulators in consultations, and align with global best practices to streamline approval.
- Achieving full broker connectivity and stakeholder buy-in may face resistance due to operational changes and cost concerns.  
Mitigation: Implement phased adoption starting with institutions, provide technical support and clear standards, and engage stakeholders through continuous consultation.

**Potential Barriers:**

- Medium: Requires additional investment in new technological infrastructure, which can be offset by charging a fee to brokers leveraging the platform; Clear frameworks for SBL transaction will also need to be developed

<sup>133</sup> TWSE, [SBL](#), 2026

<sup>134</sup> KSD, [Securities Lending and Borrowing](#), 2025

## Shared Infrastructure Initiative #2: Drive Adoption of Shared Infrastructure

**Objective:** Drive industry-wide efficiency by requiring all brokers to adopt national shared utilities (e.g., NDID, e-Open Account, and future centralized KYC platform), ensuring consistent onboarding standards and maximizing infrastructure usage.

### Target Metrics:

- 100% broker integration with NDID and e-Open Account
- Increase SLA compliance rate
- Increase adoption of each utility offered to brokers

**Responsible:** SEC, SET, ASCO

### Actions:

- Issue formal mandate requiring all licensed brokers to integrate with certain shared infrastructure.
- Define SLA benchmarks (e.g., onboarding speed, system uptime) and performance metrics (e.g., loan amounts from SBL); prepare draft standards for consultation.
- Develop best-practice playbooks to guide smaller brokers in transitioning from manual processes to digital / shared infrastructure.
- Plan a public dashboard to display key metrics and SLAs to encourage competition.
- Conduct gap analysis to identify brokers not meeting integration targets and assess barriers.
- Design compliance audit program for shared infrastructure usage and data integrity.
- Outline remediation plans for underperforming brokers, including timelines and upgrade requirements.
- Ensure that shared infrastructure is designed to be economically viable, systemically reliable, and operationally stable, so it can effectively support industry-wide scaling.

### Risks & Mitigation:

- Some brokers may fail to integrate with shared infrastructure due to cost, technical limitations, or resistance to change.  
Mitigation: Issue clear mandates with compliance timelines, provide best-practice playbooks and technical support, and implement remediation plans for underperforming brokers.
- Maintaining SLA compliance rate for onboarding speed and uptime may be challenging, especially for smaller brokers.  
Mitigation: Define realistic SLA benchmarks, monitor performance via a public dashboard, and enforce corrective actions through audits and upgrade requirements.

### Potential Barriers:

- Low: No major legal / regulatory / tech overhaul is required

#### 4.2.5 Restore trust in capital markets

##### **Trust Initiative #1: Implement reforms to strengthen the role of gatekeepers in detecting and preventing fraud**

**Objective:** Reduce risk of undetected fraud by improving gatekeepers (audit, advisory firms) effectiveness, while encouraging reliance on advisors for listed companies.

**Target Metrics:**

- Zero major undetected frauds
- 100% compliance of financial advisor mandates

**Responsible:** SEC

**Actions:**

- Survey gatekeepers to understand their challenges in detecting fraud cases
- Mandate appointment of financial advisors even for smaller companies above certain equity capital
- Set up channels to allow quality ratings and public reviews

**Risks & Mitigation:**

- Smaller companies may struggle to meet mandatory financial advisor requirements due to cost or resource constraints, leading to non-compliance.  
Mitigation: Set proportional thresholds (in terms of scope) for advisor mandates, offer standardized frameworks and training, and create support programs to reduce cost burdens for smaller firms.
- Gatekeepers may lack up-to-date expertise or resources to detect increasingly sophisticated or emerging types of fraud, reducing their effectiveness.  
Mitigation: Implement ongoing training and certification requirements for gatekeepers focused on new fraud typologies and detection technologies. Encourage knowledge sharing and collaboration between firms and regulators to keep gatekeepers informed of the latest risks and best practices.

**Potential Barriers:**

- Low: Some policy changes will be required, but minimal additional investment

## Trust Initiative #2: Enhance whistleblowing mechanisms

**Objective:** Strengthen internal detection through secure, anonymous channels with protection and rewards.

### Target Metrics:

- Declining trend for instances of fraud and / or market manipulation
- Increase % of leading to enforcement actions
- Zero proven retaliations
- Increase % of tips submitted via secure anonymous channel
- Increase % of total sanctions/recoveries linked to whistleblower tips

**Responsible:** SEC and Ministry of Justice

### Actions:

- Create SEC hotlines/portals (24/7, multilingual)
- Set up a dedicated unit to manage the whistleblower reward fund and program governance
- Offer 10–30% rewards from sanctions above 1M baht, aligned with U.S. Whistle blow practices<sup>135</sup>
- Mandate corporate policies to allow whistleblowers to flag concerns without retaliation, and implement penalties for companies in case of retaliation
- Enable secure anonymous reporting with confidentiality protection through a digital channel
- Over a certain size, make it mandatory for companies to implement independent third-party whistleblowing solutions
- Issue specific notification from SEC on whistleblowing guidelines
- Provide employee training on whistleblower guidelines

### Risks & Mitigation:

- Employees may hesitate to report misconduct due to fear of retaliation or lack of trust in confidentiality, resulting in fewer tips and reduced effectiveness.  
Mitigation: Mandate strong anti-retaliation policies, enable secure anonymous channels, provide case tracking for transparency, and communicate protections clearly and enforce penalties for retaliation.
- Companies may resist implementing independent third-party whistleblowing systems due to cost concerns or perceived loss of control.  
Mitigation: Set clear regulatory requirements for firms above a certain size, offer standardized frameworks and vendor options, and provide phased timelines to ease adoption. Highlight benefits such as reduced legal risk and improved governance.

### Potential Barriers:

- Medium: A few new policies will need to be implemented, and investments may need to be made to educate companies and their employees on whistleblowing, manning hotlines, setting up portals

<sup>135</sup> US SEC, *Whistleblower Program*, 2025

### Trust Initiative #3: Implement fast-track enforcement

**Objective:** Reduce time to resolution of fraud cases, especially for cases with high impact on retail investors, ending "justice delayed" perceptions.

**Target Metrics:**

- Declining trend for instances of fraud and / or market manipulation
- Case resolution for high impact fraud cases <16 months<sup>136</sup> vs. 1 – 4 years or longer currently
- Decrease median time from detection to first enforcement action by SEC from 381 days

**Responsible:** SEC, SET, AMLO, DSI and attorney general

**Actions:**

- Empower SEC to be pro-active with enforcement in case of fraud or market manipulation
- Propose the creation of dedicated financial court divisions within the Thai judicial system to handle complex financial and fraud cases
- Develop criteria for appointing judges with expertise in financial and commercial law
- Design procedure and collaboration with key stakeholders to draft necessary legislative or regulatory amendments
- Sign MOUs with ASEAN nations to encourage cooperation for enforcement across borders, such as asset recovery and extraditions
- Establish a central task force for high-impact fraud cases to reduce handovers and speed up investigations
- Implement case triage criteria (e.g., loss amount, number of victims) to route priority cases into fast-track processes

**Risks and mitigation**

- Creating dedicated financial court divisions and amending laws requires legislative approval and judicial cooperation, which can be slow and face resistance, delaying implementation.  
Mitigation: Engage key stakeholders early, including the Ministry of Justice and judiciary, to build consensus. Draft clear legislative proposals with strong justification and pilot fast-track processes under existing frameworks to demonstrate benefits before full rollout.
- Appointing judges and staff with specialized financial and commercial law expertise may be challenging due to limited availability, risking ineffective enforcement even with fast-track courts.  
Mitigation: Develop targeted training programs for judges and enforcement officers, create a pool of financial law experts, and collaborate with academic institutions and ASEAN partners to share best practices and resources.

**Potential Barriers:**

- High: Requires significant changes to the law and the authority offered to regulatory bodies like the SEC, as well as negotiations with international entities and governments, making it challenging; Cases that require fast-tracking would also need investor support

<sup>136</sup> Financial Conduct Authority, [Working together to deliver our enforcement priorities](#), 2025

## Trust Initiative #4: Develop and scale investor programs

**Objective:** Empower retail investors via education, investor protection funds and provide infrastructure to support fraud victims

### Target Metrics:

- Increase number of certified investors
- Increase recovery of investor losses in fraud cases
- Increase number of class action / redress cases supported through the Investor Protection Center per year

**Responsible:** SEC, SET, TSI, Thai Investors Association

### Actions:

- Launch national-level financial literacy program (refer to financial literacy initiative #1)
- Assess the sufficiency of current compensation funds, and provide funding based on outcomes
- Assess ability of Thai Investors Association to launch an institution for investor protection, and identify how to fill the gaps, guided by international practices where investor bodies act as structured advocates and support channels for retail investors
- Secure funding and resources to strengthen and empower the Thai Investors Association
- Formalize an Investor Protection Center to coordinate class action support and manage investor redress consistently
- Assign designated reps for class actions, and provide legal aid for claims, following established frameworks where investor groups provide dispute guidance, support documentation, and help investors navigate claims processes
- Create a one-stop investor assistance and reporting channel with clear guidance on where to raise concerns and seek support
- Funding examples:
  - In Singapore, SIAS operates as a non profit organization funded through charitable contributions and corporate sponsorships.<sup>137</sup>
  - In Taiwan, SFIPC is financed mainly through initial donations, futures contract fees, a 1% trading volume contribution, and its own investment income.<sup>138</sup>

### Risks & Mitigation:

- Retail investors may show limited interest in financial literacy programs or certification due to lack of awareness, perceived complexity, or time constraints, reducing the impact of the initiative.  
Mitigation: Launch targeted awareness campaigns through schools, brokers, and social media. Offer flexible, modular learning formats and incentives such as fee discounts or priority services for certified investors to drive participation.
- Setting up an Investor Protection Center and a one-stop assistance channel may face delays due to fragmented responsibilities among regulators, brokers, and legal aid providers, leading to inefficiencies and poor user experience.  
Mitigation: Define clear governance structures and roles for all stakeholders early in the process. Implement standardized workflows and digital platforms for case management and establish SLAs to ensure timely support and coordination across agencies.

### Potential Barriers:

- Medium: Additional investment may be needed to fund investor programs; Coupling with fast-track enforcement to ensure efficient use of resources

<sup>137</sup> SIAS, [Support SIAS](#), 2025

<sup>138</sup> SFIPC, [About SFIPC](#), 2025

## Trust Initiative #5: Expand corporate governance policies

**Objective:** Strengthen governance standards for listed companies by building on Corporate Value Up and JUMP+ programs, focusing on executive accountability and transparency.

### Target Metrics:

- 80% program coverage<sup>139</sup>
- Reduction in major financial restatements

**Responsible:** SEC, SET

### Actions:

- Introduce mandatory clawback rules to recover bonuses and stock options from executives involved in fraud or material misstatements
- Implement strict share pledging limits and disclosure requirements for directors and major shareholders, with penalties for violations

### Risks & Mitigation:

- Introducing mandatory clawback rules and strict share pledging limits may face strong pushback from company leadership and controlling shareholders, who perceive these measures as intrusive or detrimental to flexibility. Mitigation: Engage stakeholders early through consultations and clearly communicate the benefits of these reforms for market integrity and investor confidence. Implement phased adoption with clear timelines and provide guidance on compliance to reduce friction.
- Ensuring compliance with clawback provisions and share pledging limits requires robust monitoring and enforcement mechanisms. Without adequate systems, rules may exist on paper but fail in practice. Mitigation: Establish clear compliance frameworks supported by regular audits and transparent reporting requirements. Define enforcement protocols with proportionate penalties for non-compliance and provide guidance to companies on best practices. Encourage adoption of technology solutions for timely disclosure and monitoring, but ensure manual oversight remains in place for verification.

### Potential Barriers:

- Low: Some policy changes may be required incremental to the Corporate Value Up and JUMP+ programs in operation today

<sup>139</sup> GrantThornton, *Corporate Governance Review*, 2022

## Trust Initiative #6: Launch dashboards and drive partnerships

**Objective:** Enhance the transparency of market oversight and strengthen collaborative partnerships to rebuild public trust in capital markets

**Responsible:** SEC, SET and AMLO council

### Target Metrics:

- Publish Market Supervision Report quarterly (4 reports per year)<sup>140</sup>
- Stakeholder engagement metrics (e.g., report views/downloads, feedback score)

### Actions:

- Set up mechanisms to track and share KPIs (e.g., enforcement timeliness, fraud detection rates) to demonstrate transparency
- Sign ASEAN / IOSCO MOUs to enhance collaboration on risk and fraud technologies and protocols
- Conduct annual surveys to gauge investor trust and sentiment in Thai capital markets
- Craft and launch structured quarterly Market Supervision Report. This report will summarize enforcement statistics, key fraud trends, and case outcomes in a consolidated, narrative format to improve accessibility and public understanding.

### Risks & Mitigation:

- Publishing dashboards and Market Supervision Reports require accurate, up-to-date data. Delays or errors in reporting KPIs (e.g., enforcement timeliness, fraud detection rates) could undermine transparency and investor trust.  
Mitigation: Implement automated data collection and validation processes, set strict internal deadlines for updates, and establish a dedicated oversight team to ensure accuracy before publication.
- Partnerships with ASEAN/IOSCO and engagement through dashboards may face low participation or slow adoption, reducing the impact of transparency initiatives.  
Mitigation: Proactively communicate benefits to stakeholders, conduct regular outreach and training sessions, and incentivize engagement through collaborative projects and joint seminars.

### Potential Barriers:

- Medium: Minimal additional investment or legal / regulatory overhaul, but negotiating MOUs with foreign parties will require significant time and effort

<sup>140</sup> Securities and Futures Commission of Hong Kong, [Quarterly report](#), 2025

## 4.2.6 Elevate national financial literacy across Thailand

### Financial Literacy Initiative #1: Unified national governance structure

**Objective:** Establish a unified national governance structure for financial capability

**Target Metrics:**

- Adoption of unified national KPIs (e.g., financial literacy index, investor participation rate, household financial vulnerability index)

**Responsible:** SEC (lead), supported by MOF, BOT, SET and MOE

**Actions:**

- Establish the National Financial Capability Council (NFCC) as the central coordinating body across ministries, regulators, and industry with a clear objective and mandate
- Develop and publish a National Financial Capability Strategy with shared goals, roles, clear program roadmap and budget alignment
- As part of the National Financial Capability Strategy, evaluate effectiveness of financial literacy modules in today's national K12 curriculum and propose enhancements to MOE
- Define standardized KPIs and evaluation criteria for all financial-literacy programs
- Funding examples
  - In Singapore, financial literacy is delivered through the MyMoneySense platform, funded jointly by the Ministry of Manpower and the Government Technology Agency (GovTech)<sup>141</sup>
  - In South Korea, The Korea Council for Investor Education (KCIE) is a non-profit organization funded through a public-private partnership between the South Korean government and the financial industry<sup>142</sup>

**Risks & Mitigation:**

- Establishing the National Financial Capability Council (NFCC) may face coordination challenges across ministries, regulators, and industry stakeholders, potentially leading to fragmented implementation or overlapping mandates.  
Mitigation: Ensure the NFCC is established with a clear legal mandate, inclusive governance structure, and defined roles for participating agencies. Early stakeholder engagement and consensus-building can help foster alignment and shared ownership.
- Developing and publishing a long-term National Financial Capability Strategy may encounter delays or lack sustained commitment if goals are not clearly linked to budget priorities or measurable outcomes.  
Mitigation: Align strategy development with national planning and budgeting cycles. Embed shared goals and performance indicators into agency work plans and establish periodic review mechanisms to maintain relevance and accountability.

**Potential Barriers:**

- Low: Given SET already has ongoing national literacy programs, this can be a re-allocation of efforts across organizations to one unified governing body

<sup>141</sup> MyMoneySense, [Institute for Financial Literacy](#), 2026

<sup>142</sup> Korea Council for Investor Education, [About KCIE](#), 2018

## Financial Literacy Initiative #2: Develop data-driven ecosystem

**Objective:** Establish a coordinated, long-term national financial literacy initiative built on a data-driven ecosystem that enhances investor protection, personalizes learning pathways, and supports the development of a resilient, well-informed investor base.

### Target Metrics:

- Users of the data-driven financial literacy platform
- Number of free investor seminars per quarter
- Number of investors reached annually with measurable knowledge improvement (e.g., pre /post assessment gains)
- Completion rate of mandatory core investor modules

**Responsible:** Led by SEC, supported by SET, BOT, MOE

### Actions:

- Build a centralized investor education platform delivering multi-channel content via web, mobile apps, and gamified modules, offering personalized learning paths, simulators, and competency assessments.
- Integrate learning directly into the investment journey, requiring financial institutions and brokerage platforms to embed educational checkpoints into client onboarding, account upgrades, and product access flows (e.g., quizzes, scenario simulations, or short learning prompts before unfamiliar transactions).
- Adopt proven global best practices and behavioral design from leading markets. For example, Toss Securities (South Korea) uses embedded, bite-sized learning, in-app quizzes, achievement badges, and scenario-based prompts to make learning habitual and relevant at the moment of decision-making; SGX Academy (Singapore) offers structured certification-style investor education
- Leverage data analytics to monitor learning outcomes, tracking engagement metrics such as module completion, assessment scores, behavior changes, and product usage patterns. Insights should be used to continuously refine content and personalize investor learning journeys.
- Implement a mandatory digital literacy prerequisite, requiring all retail investors to complete five core modules (updated annually) covering investment risk, product types, fraud awareness, and suitability concepts.
- Require financial institutions to provide structured investor onboarding, including suitability assessments and embedded educational components for all client segments.
- Host regular nationwide investor seminars, both online and in-person

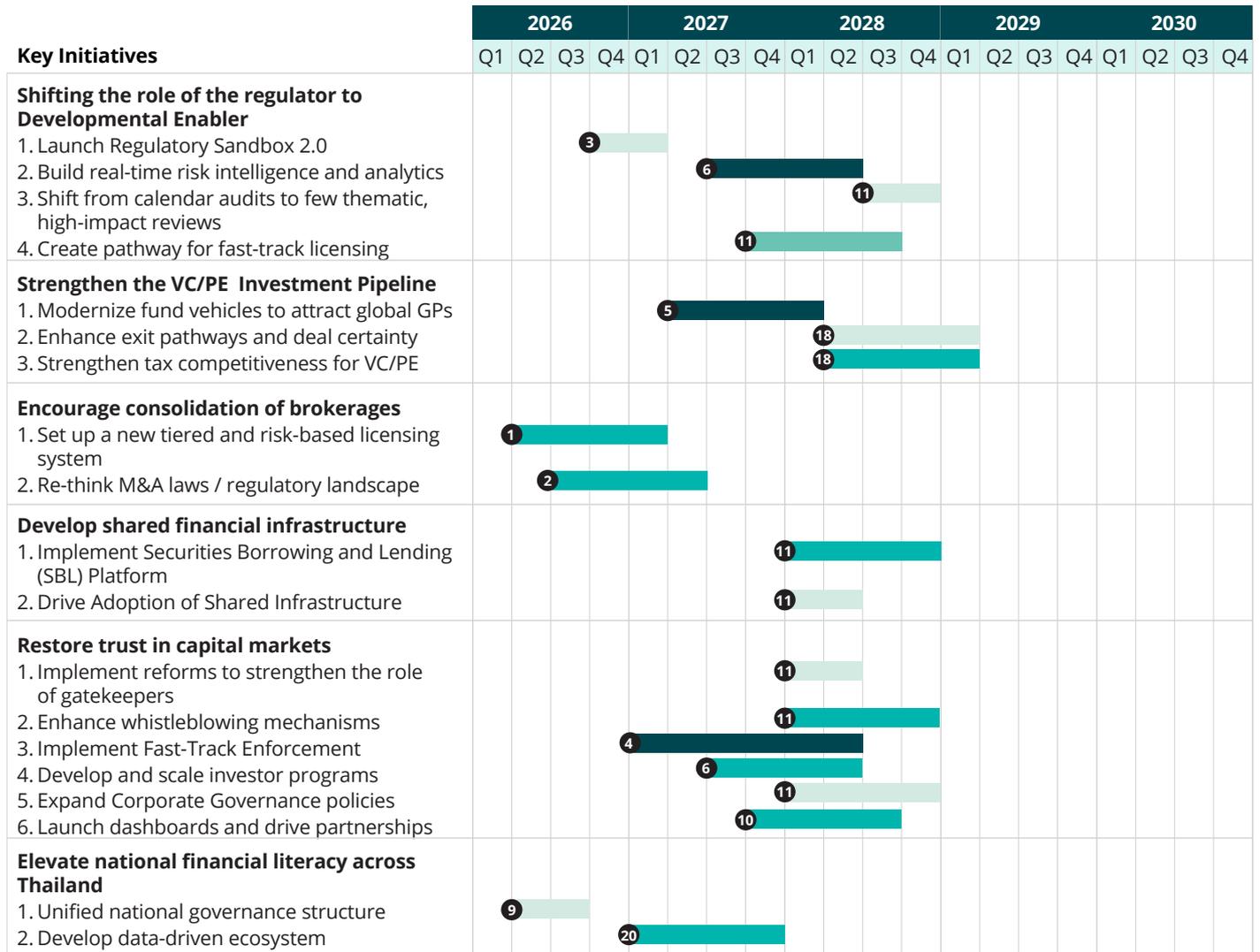
### Risks & Mitigation:

- Disparate platforms and limited data tracking may reduce program impact.  
Mitigation: A centralized education platform with personalized learning paths and outcome tracking can support continuous improvement.
- Outreach may not reach all investor segments equally.  
Mitigation: Regular seminars and inclusive campaigns can broaden access and encourage long-term participation.

### Potential Barriers:

- Medium: Current efforts by the SET on learning courses / initiatives can be elevated through the NFCC by allocating additional investment (e.g., gamification), and mandated for use by brokers through policy changes; the NFCC will need to be in place to drive this initiative

## 4.3 Strategic roadmap 2026-30



Potential barriers to execute: High ■ Medium ■ Low ■

Note: Timelines shown are indicative targets, and further analysis is required to estimate time to implement

Figure 53 - Strategic roadmap 2026-30<sup>143</sup>

143 Further details on the prioritization approach are provided in the appendix.

To develop the roadmap for 2026-30, we have prioritized the initiatives based on 2 key factors - how important it is to fix core market issues, and whether other initiatives require it to be completed as a pre-requisite. In addition, we have considered an overlay to clarify potential barriers, which we define as high investment requirements, legal or regulatory overhaul and people, process and tech transformation.

This roadmap aims to shift the regulator from a purely supervisory role to a developmental enabler while improving the efficiency, integrity, and inclusiveness of the capital market. It begins with foundational reforms, moves into capability building and market enhancement, and concludes with the full integration of reforms to ensure long-term impact.

We propose first strengthening the core foundations by enhancing the regulatory sandbox, supporting brokerage consolidation through a tiered, risk-based licensing system, updating related laws, launching fast-track enforcement, and initiating financial literacy efforts through structured learning content and public awareness campaigns.

Then consider expanding into market capabilities and investment activity, including modernizing fund structures to strengthen the VC/PE ecosystem. Supervisory capacity is improved through greater use of data and analytics, enabling risk-focused oversight and fast-track approvals. Market trust is reinforced through stronger gatekeeper oversight, better whistleblowing channels, faster enforcement, and new investor programs.

Finally, the roadmap embeds reforms into everyday operations. Investor confidence is strengthened through improved corporate governance and increased transparency. Financial literacy evolves into a data-driven ecosystem, and shared market infrastructure (e.g., SBL) is expanded to raise market efficiency. Efforts to enhance the VC/PE ecosystem continue through clearer exit pathways and improved tax competitiveness.

The timelines and estimations on potential barriers are indicative of our view on the requirements of that initiative. The exact durations and assessment of the relative feasibility of the initiatives will require further analysis and prioritization.

Overall, the roadmap provides a practical path toward a more resilient and trusted capital market by aligning regulatory reform, infrastructure development, investor protection, and financial education to support sustainable growth and public confidence.

# Executive Summary

## Part 5: Conclusion



In conclusion, Thailand's brokerage industry is structurally underperforming. Profitability and efficiency lag global and regional benchmarks, private capital formation through PE / VC remains shallow relative to other ASEAN markets, and brokers lack the scale needed to reinvest in technology, talent, and product development. These weaknesses are reinforced by declining investor trust, persistent gaps in financial literacy, and a regulatory framework that remains predominantly merit-based and approval-driven.

Consolidation from 36 brokers toward a more sustainable range of 12–17 is necessary, but insufficient on its own. Scale must be achieved through market-led consolidation, guided by revised licensing frameworks and targeted M&A incentives. Getting this step right is critical: without scale, the brokerage industry cannot perform its role as a credible intermediary for capital formation.

Consolidation must therefore be paired with a shift toward outcome-based supervision, deliberate efforts to empower PE / VC fund managers, higher standards for listings, and sustained investment in investor protection and financial literacy. These reforms are interdependent. Together, they create a flywheel in which stronger intermediaries support deeper markets, deeper markets attract higher-quality issuers and capital, and improved outcomes rebuild investor confidence. This is the only path that allows brokers to grow the market rather than compete over a shrinking profit pool.

If implemented decisively, these reforms could raise revenue per broker by up to seven times by 2030, restoring the industry's ability to invest and innovate. Inaction, by contrast, will accelerate the hollowing-out of an industry that is central to Thailand's capital markets, and by extension, to the country's long-term economic competitiveness.



# Glossary

<b>AI</b>	Artificial Intelligence
<b>AML</b>	Anti-Money Laundering
<b>APAC</b>	Asia-Pacific
<b>API</b>	Application Programming Interface
<b>ASCO</b>	Association of Securities Companies
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ASEAN-ISE</b>	ASEAN Interconnected Sustainability Ecosystem
<b>AUM</b>	Assets Under Management
<b>BDU</b>	Brokerage, Dealing, and Underwriting (Type D license)
<b>BMAA</b>	Business Mergers and Acquisitions Act
<b>BOI</b>	Board of Investment
<b>BOT</b>	Bank of Thailand
<b>CAC</b>	Customer Acquisition Cost
<b>CAR</b>	Capital Adequacy Ratio
<b>CAGR</b>	Compound Annual Growth Rate
<b>CAT</b>	Consolidated Audit Trail (US)
<b>CCP</b>	Central Counterparty
<b>CET1</b>	Common Equity Tier 1
<b>CIR</b>	Cost-to-Income Ratio
<b>CKYC</b>	Central KYC Registry (India)
<b>CMDF</b>	Capital Market Development Fund
<b>CMSB</b>	Capital Market Supervisory Board
<b>CVC</b>	Corporate Venture Capital
<b>DAP</b>	Digital Access Platform
<b>DLT</b>	Distributed Ledger Technology
<b>DMA</b>	Direct Market Access
<b>DR / DRs</b>	Depositary Receipt / Depositary Receipts
<b>DSI</b>	Department of Special Investigation
<b>DW</b>	Derivative Warrant
<b>EBT</b>	Entire Business Transfer
<b>eKYC</b>	Electronic Know Your Customer
<b>ESG</b>	Environmental, Social, and Governance
<b>ESOP</b>	Employee Stock Ownership Plan
<b>ETF / ETFs</b>	Exchange Traded Fund / Exchange Traded Funds
<b>FBA</b>	Foreign Business Act
<b>FCA</b>	Financial Conduct Authority (United Kingdom)
<b>FHCA</b>	Financial Holding Company Act (Taiwan)
<b>Finfluencer</b>	Financial Influencer

# Glossary

<b>FSC</b>	Financial Services Commission
<b>FSCMA</b>	Financial Investment Services and Capital Market Act
<b>FX</b>	Foreign Exchange
<b>GDP</b>	Gross Domestic Product
<b>GNI</b>	Gross National Income
<b>GIC</b>	Government of Singapore Investment Corporation
<b>GP</b>	General Partner (in PE/VC)
<b>GPF</b>	Government Pension Fund
<b>HFT</b>	High-Frequency Trading
<b>HHI</b>	Herfindahl-Hirschman Index
<b>HNWI</b>	High Net Worth Individual
<b>HNX</b>	Hanoi Stock Exchange
<b>IB</b>	Investment Bank/Banking
<b>IMA</b>	Investment Management Account
<b>IOSCO</b>	International Organization of Securities Commissions
<b>IPO</b>	Initial Public Offering
<b>IT</b>	Information Technology
<b>KCIE</b>	Korea Council for Investor Education
<b>KGI</b>	KGI Securities
<b>KOFIA</b>	Korea Financial Investment Association
<b>KRW</b>	Korean Won (currency)
<b>KS</b>	Kasikorn Securities
<b>KSD</b>	Korea Securities Depository
<b>KSS</b>	Krungsri Securities
<b>KTX</b>	Krungthai XSpring
<b>KYC</b>	Know Your Customer
<b>LiVEx</b>	LiVE Exchange (Thailand's SME/startup board)
<b>LiVE Platform</b>	SME/startup support platform
<b>LP</b>	Limited Partner (in PE/VC)
<b>mai</b>	Market for Alternative Investment (Thailand)
<b>MAS</b>	Monetary Authority of Singapore
<b>M&amp;A</b>	Mergers & Acquisitions
<b>MOE</b>	Ministry of Education
<b>MOF</b>	Ministry of Finance
<b>MOJ</b>	Ministry of Justice
<b>MOPS</b>	Market Observation Post System (Taiwan)
<b>MOU</b>	Memorandum of Understanding
<b>MSCI</b>	Morgan Stanley Capital International (index)

# Glossary

<b>MYX</b>	Bursa Malaysia (Malaysian Stock Exchange)
<b>NCR</b>	Net Capital Ratio
<b>NDID</b>	National Digital ID
<b>NFCC</b>	National Financial Capability Council
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OIC</b>	Office of Insurance Commission
<b>OMD</b>	Orion Market Data (Hong Kong)
<b>OTC</b>	Over-the-Counter
<b>PE</b>	Private Equity
<b>PFOF</b>	Payment for Order Flow
<b>R&amp;D</b>	Research and Development
<b>REIT / REITs</b>	Real Estate Investment Trust / Real Estate Investment Trusts
<b>RMF</b>	Retirement Mutual Fund
<b>ROA</b>	Return on Assets
<b>ROE</b>	Return on Equity
<b>RPA</b>	Robotic Process Automation
<b>SAM</b>	Serviceable Addressable Market
<b>SBL</b>	Securities Borrowing and Lending
<b>SC</b>	Securities Commission (Malaysia)
<b>SEC</b>	Securities and Exchange Commission (Thailand)
<b>SET</b>	Stock Exchange of Thailand
<b>SFIPC</b>	Securities and Futures Investor Protection Center (Taiwan)
<b>SGX</b>	Singapore Exchange
<b>SIAS</b>	Securities Investors Association (Singapore)
<b>SLA</b>	Service Level Agreement
<b>SME</b>	Small and Medium Enterprise
<b>SSF</b>	Super Savings Fund (Thailand)
<b>SSF/RMF</b>	Super Savings Fund/Retirement Mutual Fund
<b>STP</b>	Straight-Through Processing
<b>Streaming</b>	SET's online/mobile trading platform
<b>Super App</b>	Multi-service digital platform (e.g., Toss, Kakao)
<b>TAM</b>	Total Addressable Market
<b>TCCT</b>	Trade Competition Commission of Thailand
<b>TCH</b>	Thailand Clearing House
<b>TDCC</b>	Taiwan Depository & Clearing Corporation
<b>TFEX</b>	Thailand Futures Exchange
<b>ThaiBMA</b>	The Thai Bond Market Association
<b>THB</b>	Thai Bath (currency)

# Glossary

<b>TISA</b>	Thai Individual Savings Account
<b>Tn</b>	Trillion (as in THB Tn)
<b>TNS</b>	Thanachart Securities
<b>TSI</b>	Thailand Securities Institute
<b>TSD</b>	Thailand Securities Depository
<b>TWSE</b>	Taiwan Stock Exchange
<b>UB</b>	Universal Broker
<b>USD</b>	United States Dollar
<b>UX / UI</b>	User Experience / User Interface
<b>VC</b>	Venture Capital
<b>VCC</b>	Variable Capital Company (Singapore)
<b>VN</b>	Vietnam
<b>VNX</b>	Vietnam Stock Exchange

# Key Authors and Contributors



**Metinee Jongsaliswang, Ph.D.**

Country Managing Partner Thailand and Laos, Board Member of Deloitte Asia Pacific and Southeast Asia



**Boonsom Jarusitragkul**

Partner



**Wayne Savage**

Partner



**Thawatchai Kiatwankul**

Partner



**Nai Seng Wong**

Partner



**Haruhiko Kondo**

Partner



**Mustafa Kahraman**

Director



**Seogin Shin**

Director



**Supanit Monai**

Senior Manager



**Suvrata Mohapatra**

Manager



**Nicha Karawawattana**

Senior Consultant



**Kanyakorn Nateethanasarn**

Analyst

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# A1. Approach of the study: Expert Interviews Conducted

This study is based on a structured qualitative research approach, drawing on 21 expert interviews conducted across three jurisdictions: Thailand, South Korea, and Taiwan as shown in Figure 54. The interviews were designed to capture perspectives across the full spectrum of capital market stakeholders, including regulators, capital market associations, brokerage firms, institutional investors, and academic or policy researchers. However, please note that these interviews are directional, and not statistically representative.

In Thailand, a total of 16 expert interviews were conducted. These included interviews with key regulators, namely the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), as well as representatives from major capital market associations, including the Association of Securities Companies (ASCO) and the Association of Investment Management Companies (AIMC). In addition, interviews were conducted with senior executives from seven leading brokerage firms, representatives from two major institutional investment firms, and two researchers from relevant research institutes.

In South Korea, three expert interviews were conducted, comprising two senior representatives from established brokerage firms and one representative from an emerging digital challenger, providing insight into both incumbent and innovation-driven business models.

In Taiwan, two expert interviews were conducted with executives from leading brokerage firms, offering perspectives on market structure, consolidation, and regulatory developments.

Collectively, these interviews provided a well-balanced, cross-market perspective on regulatory frameworks, industry dynamics, consolidation trends, and innovation pathways in Asian capital markets, enhancing the robustness and reliability of the study's findings.



Figure 54 - Expert interviews conducted

## A2. Approach of the study: Quantitative Customer Survey

The survey provides a strong and representative foundation for understanding the behaviors of Thai savers and investors. It reached 1,000 respondents and was carefully designed with quotas for personal investment status (50:50), income brackets, and age groups to ensure balance across key demographic segments. The sample includes only Thai residents aged 20 and above who earn at least THB 15,000 per month, covering both savers **and non-savers as well as investors and non-investors**.

Demographic factors such as gender, occupation, education, region, and area type were aligned with Thailand’s natural population distribution, enhancing the statistical reliability of the findings. **Income-level quotas similarly reflect national household income patterns, further grounding the sample in real-world conditions.**

Overall, the survey design delivers a **well-balanced and robust view of the Thai population ensuring the insights are truly representative and valuable for informing actionable recommendations for brokers, regulators, and capital-market stakeholders.**

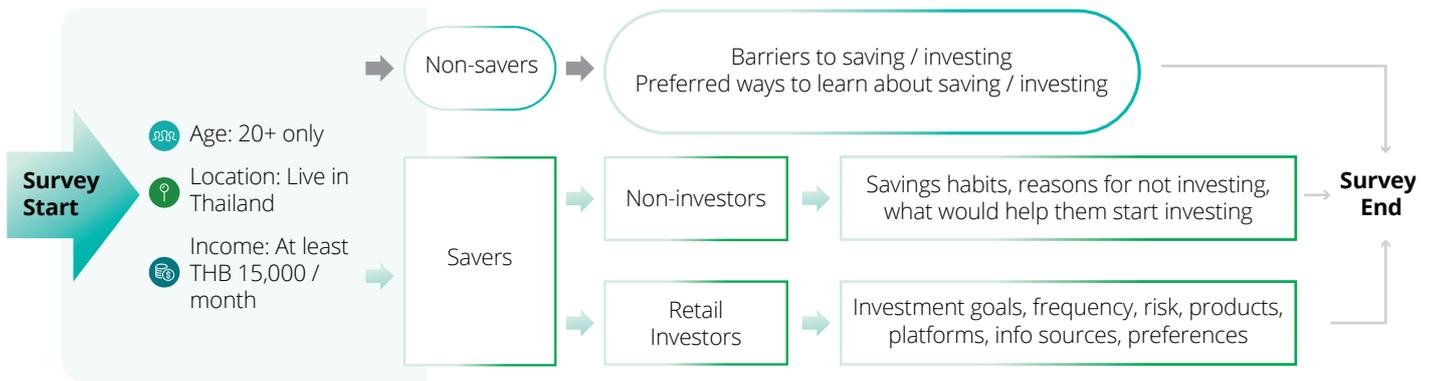


Figure 55 - Overall Survey routing

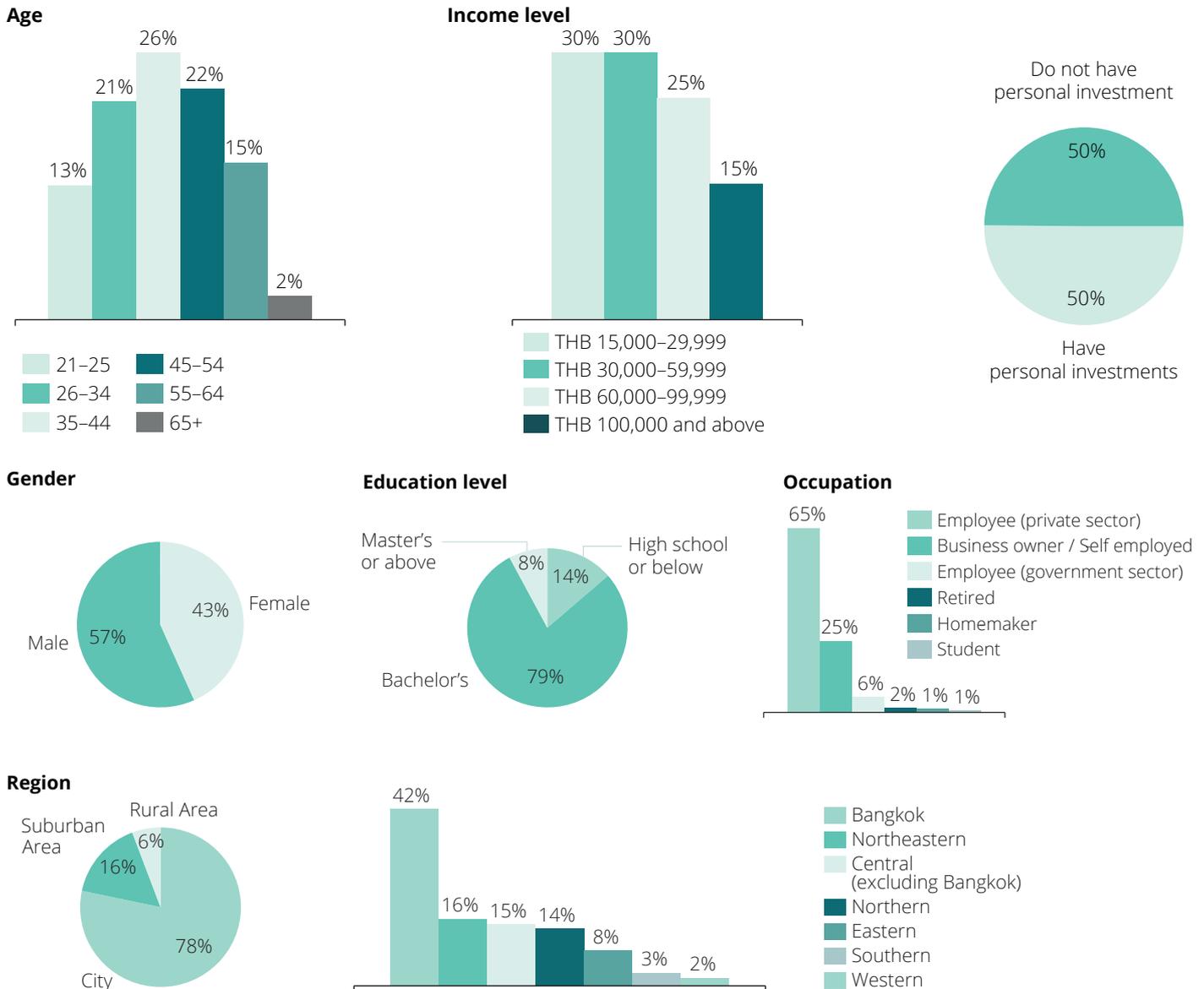


Figure 56 - Survey breakdown

### Methodology for Calculating Weighted Portfolio Allocation

To determine the proportion of an average investor's overall portfolio that is allocated to each product category, we calculate a weighted allocation. This metric combines (1) the percentage of respondents who own a given product and (2) the average share of portfolio allocated among those who own it.

#### Formula

$$\text{Weighted Allocation (\%)} = \text{Ownership Rate} \times \text{Conditional Mean Allocation} \div 100$$

#### Rationale

- The ownership rate reflects how widespread the product is among investors.
- The conditional mean allocation measures how much investors allocate among those who actually hold the product.
- Multiplying both figures adjusts the allocation to represent the full investor base, not only current holders.

## A3. Regulator roles in Thailand's capital markets

The SEC Act has established the SEC to oversee and regulate all aspects of securities related businesses and transactions in Thailand, including securitization, derivatives and trust for transactions in capital markets. The SEC is also responsible for establishing policies to promote, develop, and supervise securities, securities businesses, and it has the authority to issue rules, regulations, and notifications.

The Capital Market Supervisory Board (the "CMSB") has been established by virtue of the SEC Act, and has the authority to issue rules, regulations, notifications, orders, and directions at the operational level, in order to govern securities related businesses, the issuance and offering of securities, the securities exchange, the securities settlement systems, the securities business associations, and takeover transactions. The CMSB is directly responsible to the SEC.

The Office of the Securities and Exchange Commission (the "Office of the SEC") is responsible for implementing the SEC's resolutions and has the power and duty to perform any other acts as prescribed in the SEC Act, which include, among others, granting approval for the offering of securities for sale to the public and granting waivers on tender offer obligations. In addition, the Office of the SEC also has the power to supervise the enforcement of law, particularly, about market abuse and persons violating the provisions of the SEC Act.

The Stock Exchange of Thailand (the "SET") has the role to serve as the market for the trading of listed securities, and to provide systems needed to facilitate securities trading and to conduct any business relating to securities trading, such as clearing and settlement, securities depository, securities registrar, and similar activities. Moreover, SET has clear and transparent rules and regulations governing securities listing that consider the quality of the securities and the information disclosure practices of the issuers to ensure that investors have equal, fair, and timely access to sufficient information. SET also has regulations governing the delisting of unqualified securities.

The Bank of Thailand (the "BOT") monitors and mitigates risks to the financial system. It also collaborates with other regulatory authorities such as the SEC to safeguard the financial system comprehensively through alignment in supervisory direction and better cooperation for information exchange. Meanwhile, the Anti-Money Laundering Office ("AMLO") oversees financial institutions (Brokerage Company, Asset management Company) to ensure they implement robust internal policies and procedures and report suspicious transactions (STRs). AMLO also investigates suspicious financial activities, collects evidence, and initiates legal proceedings against offenders. While not the focus of this paper, these authorities play important supporting roles in regulating the public equity market in Thailand.

## A4. South Korea Case Study: Comprehensive Financial Investment Business Entity scheme<sup>144</sup>

### Objective

The legislative purpose of the Comprehensive Financial Investment Business Entity system is to revitalize Korean-style investment banking, restructure the domestic securities industry which has been predominantly focused on brokerage and simple intermediary services, and to upgrade the direct financing market for corporations, thereby strengthening the capital market's role in supporting the real economy.

### Requirements to be recognized as a "Comprehensive Financial Investment Business Entity"

#### 01 Being a stock company under the Commercial Act

- Requiring the corporate form of a stock company aims to encourage the accumulation of sufficient capital by Comprehensive Financial Investment Business Entities.

#### 02 Engage in underwriting of securities

- Considering that underwriting is a core function of investment banking, investment dealers or brokers applying for designation must be engaged in underwriting activities.

#### 03 Maintain equity capital of KRW 3 trillion or more as prescribed by Presidential Decree

- The KRW 3 trillion capital threshold reflects the policy objective to nurture market-leading large-scale investment banks.
- The amount is stipulated as KRW 3 trillion under Article 77-3(1) of the Enforcement Decree of the Capital Markets Act.

#### 04 Meet risk management and other criteria related to credit extension activities as prescribed by Presidential Decree

- The decree requires appropriate personnel, IT systems, and internal controls for risk management and internal supervision related to the business of Comprehensive Financial Investment Business Entities.
- It also mandates internal control standards capable of identifying, assessing, and managing potential conflicts of interest.

Linked business benefits	Tiers by Equity Capital		
	Comprehensive financial investment business entity	Large-IB	Mega-IB
	3 Trn. KRW ≤ & < 4 Trn. KRW	4 Trn. KRW ≤ & < 8 Trn. KRW	8 Trn. KRW ≤
Prime brokerage	O	O	O
Credit extension to corporate clients	O	O	O
Issuable commercial paper	X	O	O
Investment Management Account (IMA)	X	X	O
Multilateral Trading and Brokerage of Unlisted Securities	O	O	O
FX	X	O	O
Real-estate collateral trust	X	X	O

O = Eligible; X = Not Eligible

Table 6 South Korea Case Study: overview of linked business benefits by tiers

	Business benefits	Description
New Instruments for Capital Financing	Prime brokerage	<ul style="list-style-type: none"> <li>Provides comprehensive financial services as prime brokers to hedge funds and similar entities, including securities lending, credit extension, and custody and management of fund assets.</li> <li>Services include: Lending, brokering, arranging, or acting as an agent in securities transactions</li> <li>Money lending and other forms of credit extension</li> <li>Custody and management of assets of professional private equity investment entities</li> </ul>
	Credit extension to corporate clients	<ul style="list-style-type: none"> <li>Capped at 100% of equity capital</li> <li>May extend credit through loans, discounting, or purchasing commercial paper (excluding corporate promissory notes)</li> </ul>
	Issuable commercial paper	<ul style="list-style-type: none"> <li>Short-term promissory notes (commercial paper) with maturity within 1 year</li> <li>Higher interest rates than banks allowCapped at 200% of equity capital</li> <li>Exempt from hedge-asset and collateral management obligations, enhances managerial discretion and operational efficiency</li> <li>Exempt from leverage regulations</li> <li>At least 50% of proceeds must be used for corporate financing (derivative investments unrelated to corporate finance are restricted)</li> </ul>
	Investment Management Account (IMA)	<p>A special type of discretionary investment account that aggregates and manages client funds, with returns paid to respective clients.</p> <p>Key features:</p> <ul style="list-style-type: none"> <li>Allows securities firms greater flexibility and broader asset allocation</li> <li>Exempt from usual leverage limits, enables corporate-finance-oriented portfolios</li> <li>At least 70% of IMA assets must be invested in corporate-finance instruments (e.g., corporate bonds, project finance, mezzanine debt)</li> <li>Commercial paper issuance: unlimited fundraising but subject to detailed operational regulations (e.g., restrictions on equities and derivative-linked securities)</li> </ul>
Expands Corporate-Finance-Related Business Coverage	Multilateral Trading and Brokerage of Unlisted Securities	Permits establishment of an exchange-like trading system within securities firms for unlisted securities, strengthening capabilities to identify high-growth SMEs.
	Foreign Exchanges (FX)	Allows FX business expansion, including spot foreign exchange transactions with corporate clients. Previously, financial investment firms were prohibited from engaging in customer FX transactions unrelated to core investment businesses.
	Real-estate collateral trust	Enables provision of comprehensive corporate financing services. Previously exclusive to banking institutions.

Table 7 South Korea Case Study: summary of business benefits

## A5. Taiwan Case Study: The Financial Holding Company Act (FHCA)

Taiwan's financial sector has undergone four major waves of consolidation since 2001, driven by regulatory reforms that progressively enabled cross-industry integration and strengthened capital requirements.

**2001 FHCA triggered cross-industry integration and the rise of financial holding companies.** The Financial Holding Company Act allowed banking, insurance, and securities firms to operate under one holding company, enabling resource pooling and acquisitions. Major groups such as Cathay Financial, Fubon Financial, and CTBC Financial absorbed smaller brokerages, creating "financial holding company-type brokerages" and intensifying competition for independents.

**Mid-2000s Merger Act lowered barriers and accelerated consolidation<sup>146</sup>.** The Financial Institutions Merger Act introduced tax incentives and eased regulatory hurdles, making it easier for financial holding companies to absorb securities subsidiaries. This led to consolidation of state-owned and private brokerages, increasing market concentration and reducing the number of independent players.

**2008–2010 Stricter capital adequacy requirements drove smaller firms to merge<sup>147,148</sup>.** Post-financial crisis, the FSC raised capital ratios adjustments, based on the Basel III standards which include:



**Common Equity Tier 1 (CET1):** Basel III minimum is 4.5%, raised to 7% with capital conservation buffer. Taiwan's FSC sets stricter standards, and most domestic banks maintain CET1 ratios above 10%.



**Tier 1 Capital Ratio:** Required minimum is 6%, increased to 8.5% under Basel III. Taiwanese banks typically exceed this, averaging over 11%.



**Capital Adequacy Ratio (CAR):** Basel III sets a minimum of 8%, rising to 10.5% with buffers. Taiwan's FSC mandates at least 10.5%, while major banks often report CARs in the 13–14% range.

**2024–2025 Recent amendments reignited M&A with higher thresholds and relaxed leverage limits<sup>150</sup>.** Regulatory changes raised the ownership threshold to 25%, mandated cash payments for tender offers, and relaxed double leverage ratio limits, enabling financial holding companies to pursue larger acquisitions. The market expects continued consolidation, exemplified by the Taishin–Shin Kong merger, which is likely to integrate their securities subsidiaries into a major brokerage.

The Financial Holding Company Act allows banking, insurance, and securities firms to operate under one holding company, which provides the necessary conditions for integrated innovation.

<sup>145</sup> Fair Trade Commission (Taiwan), [Research on the Consolidation of Financial Holding Companies](#), 2025

<sup>146</sup> Financial Supervisory Commission R.O.C (Taiwan), [The Financial Institutions Merger Act](#), 2025

<sup>147</sup> Financial Supervisory Commission R.O.C (Taiwan), [Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies](#), 2021

<sup>148</sup> Financial Supervisory Commission R.O.C (Taiwan), [Governing the Consolidated Capital Adequacy of Financial Holding Companies](#), 2025

<sup>149</sup> Financial Supervisory Commission R.O.C (Taiwan), [Regulations Governing Capital Adequacy and Capital Classification for Banks](#), 2021

<sup>150</sup> Anue, [Taiwan Stock News](#), 2025

### Key areas of focus include:

- 1. Unified mobile platforms:** Membership, loyalty points, and cross-financial services ecosystems.
- 2. Integrated data and risk control systems:** Harmonized across subsidiaries under compliance requirements.
- 3. Cross-product process integration:** Covering payments, wealth management, and insurance.
- 4. Shared technology infrastructure:** Establishing a financial holding cloud to reduce redundant costs and improve scalability.

### Key Learnings for Thailand

Taiwan's experience highlights the strategic value of enabling cross-industry integration through a holding company model. For Thailand, the following considerations emerge:



Consolidation can be a catalyst for innovation and scale, but it requires a clear regulatory framework that supports cross-sector mergers.



Merging holding companies may encourage consolidation but may not encourage operational mergers or emphasize unlocking maximum synergies.



Strong capital requirements, when phased in thoughtfully, can encourage market discipline and drive consolidation toward more resilient institutions.



Financial holding companies offer a platform for integrated service delivery, but they also raise questions about competition, independence, and diversity in the brokerage landscape.

## A6. Singapore Case Study: Tailored Licensing, Embedded Banking, and the Role of Super Apps

### Singapore's Risk-Based Approach to Licensing

The Monetary Authority of Singapore (MAS) employs a risk-based framework for granting Capital Markets Services (CMS) licences, as outlined in the official MAS guidelines. This approach tailors regulatory requirements to the specific risks posed by each applicant's business model, activities, and target customer segments. Success heavily relies on strong enforcement and supervisory capacity.

#### Key Elements:



**Assessment Criteria:** MAS evaluates applications based on the nature, scale, and complexity of the proposed activities. Factors include the types of products offered, client profiles (retail vs. institutional), and distribution channels.



**Risk Management:** Applicants must demonstrate robust risk management systems, including internal controls, compliance frameworks, and governance structures. The depth and sophistication of these systems must be proportionate to the risks involved.



**Financial Resources:** MAS requires licensees to maintain adequate financial resources, with minimum capital requirements scaled according to the risk profile and business volume.



**Conduct and Compliance:** Licensees must have policies to ensure fair dealing, prevent conflicts of interest, and comply with anti-money laundering (AML) and counter-terrorism financing (CTF) obligations.

This risk-based approach allows MAS to impose stricter requirements on firms with higher risk activities (e.g., retail-facing, complex products) while allowing more flexibility for lower-risk business models.

### Regulatory Implications for Embedded Banking

As financial services become increasingly embedded within non-bank digital platforms (such as e-commerce, ride-hailing, or lifestyle "super apps"), MAS's risk-based licensing ensures that regulatory oversight is proportionate to the risks introduced by these new models.



#### Integrated Services:

When banking or investment services are embedded within super apps, MAS assesses the entire value chain including third-party partnerships and technology providers for operational, conduct, and financial risks.



#### Data and Technology Risks:

MAS places emphasis on data privacy, cybersecurity, and operational resilience, especially when customer data is shared across multiple services within a super app ecosystem.



#### Consumer Protection:

Embedded finance providers targeting retail customers must meet standards for disclosure, suitability, and complaint handling, similar to traditional financial institutions.



#### Ongoing Supervision:

MAS may require ongoing reporting, audits, and risk assessments to ensure that embedded banking services remain compliant as business models evolve.

## Collaboration with Super Apps

Singapore's regulatory environment facilitates collaboration between licensed financial institutions and super apps, provided that regulatory standards are maintained:



**Partnership Models:** Financial institutions can partner with super apps to offer investment, payment, or lending products directly within the app's ecosystem, leveraging the app's user base and digital infrastructure.



**Regulatory Perimeter:** MAS ensures that all parties involved in delivering regulated financial services whether the financial institution or the super app are subject to appropriate licensing, risk management, and consumer protection requirements.



**Innovation and Inclusion:** This collaborative approach supports financial innovation and inclusion, allowing consumers to access a wide range of financial services seamlessly, while maintaining robust regulatory safeguards.

### Example:

A super app in Singapore may integrate investment products from a MAS-licensed broker. The broker remains responsible for regulatory compliance, but MAS also expects the broker to ensure that the super app adopt customer due diligence, data protection, and fair marketing practices that meet regulatory standards.

Singapore's risk-based licensing framework provides flexibility for innovation such as embedded banking and super app collaborations while ensuring that regulatory requirements scale with risk. This approach balances market development with strong consumer protection and financial stability.

## A7. Vietnam Case Study: Driving Retail Investor Penetration

Vietnam successfully accelerated its retail investor participation between 2020 and 2023, shifting its capital markets from institutional dominance to one with high domestic engagement. This was a direct result of proactive government and regulatory efforts to deepen the capital market, boost liquidity, and decrease corporate reliance on traditional bank credit. However, the Vietnamese market is still emerging, and risks of volatility and misconduct still loomed large in the market.

Vietnam's investor boom was fueled by three interconnected strategic pillars:

### ▶ Pillar 1: Digitalization and Simplification of Access

- The most impactful driver was the radical reduction of friction in the account opening process.
- E-KYC Implementation: Brokerage firms adopted Electronic Know-Your-Customer (e-KYC) technology<sup>151</sup>, allowing new investors to open fully verified trading accounts remotely via mobile devices in a matter of minutes<sup>152</sup>. This eliminated physical paperwork and in-person visits.
- Mobile-First Trading: Brokers prioritized intuitive, feature-rich mobile trading applications, directly appealing to Vietnam's young, digitally savvy population<sup>153</sup>.
- Low Commission Models: Intense market competition drove down brokerage fees, with many firms offering "zero-fee" or highly discounted commissions<sup>154</sup>, making frequent, small-scale trading economically viable<sup>155</sup>.

### ▶ Pillar 2: Broadening Market Supply through Equitization

The government ensured there was attractive supply for the new investors through its long-term Equitization Program (privatization of State-Owned Enterprises or SOEs).

- **Large, Familiar Listings:** Strategic SOEs in sectors like banking, energy, and telecommunications were listed on the exchanges (HOSE/HNX)<sup>156,157</sup>. These well-known, state-backed companies built investor trust and provided large, liquid stocks for investment.
- **Market Depth:** The steady inflow of these new listings increased the overall depth and breadth of the market<sup>158,159</sup>, offering more robust investment choices.

### ▶ Pillar 3: Financial Education and Information

- Widespread, digital-first financial education supported the entry of new investors.
- Digital Content: Brokerages and independent educators created abundant, accessible content on social platforms (YouTube, Zalo) covering basic financial literacy, trading fundamentals, and market analysis, empowering the retail base to make informed decisions.

<sup>151</sup> Timvest, [Vietnam securities brokerage sector – 2021 results and 2022 outlook](#), 2022

<sup>152</sup> Pinetree, [Open an account with Pinetree in just 2 minutes with eKYC technology](#), 2025

<sup>153</sup> VnEconomy, [Retail investors driving up stock market](#), 2021

<sup>154</sup> FiinGroup, [Vietnam Securities Market: Retail-led expansion with digital disruption and scale-based competition](#), 2025

<sup>155</sup> Vietstock, [Zero-fee tactic empowers securities firms](#), 2025

<sup>156</sup> Making news, [20 years of Vietnam's stock market](#), 2020

<sup>157</sup> VNTR, [Vietnam's Equitization and Divestment: Opportunities and Challenges for Investors](#), 2022

<sup>158</sup> Fintechnews, [Vietnam Shifts Toward Digital Investment](#), 2025

<sup>159</sup> Mirae Asset Securities (Vietnam), [2024 outlook Navigating opportunities amid uncertainties](#), 2024

## Measurable Outcomes

The success of these strategies resulted in a massive surge in market accounts:

Metric	End 2019 (Pre-Boom)	End 2023 (Post-Boom)	Change
Total Trading Accounts	~2.3 Million	~7.2 Million	+213%
Investor Penetration Rate	~2.4% of population	~7.3% of population	Significant Growth

Table 12 - Vietnam Case Study: Measurable Outcomes

Vietnam successfully exceeded its original goal of reaching 5% penetration by 2025, largely due to the mobilization of domestic retail savings via digital channels.

Vietnam's rapid growth demonstrates that regulatory modernization and friction reduction through digitalization are key enablers for rapid financial market inclusion and capital mobilization in developing economies.

## A8. Shared Infrastructure & Utilities

Value Chain Component	Type of Infrastructure	Name of Utility	Description
<b>Back-office support</b>	Online trading platform	Settrade	Offers support across the value chain, from trade execution through Streaming and Streaming+ platforms, including related services such as digital onboarding, KYC, risk management through derivatives back office, and connectivity through low latency access and APIs
<b>Core post-trade</b>	Central Depository of Securities (CDS)	Thailand Securities Depository (TSD)	Handles trade confirmation and securities delivery; Providing securities deposits, withdrawal and transfer services
	Central Counterparty (CCP) and Clearing Agency	Thailand Clearing House (TCH)	Coordinates settlement by DvP (delivery versus payment) between TSD and BOT, ensuring accurate debit and credit of securities and derivatives; Manage default scenarios through: 1. Clearing Fund : Applies Loss Waterfall Model which SET and TCH members contribute to cover losses from defaulters; 2. SBL for settlement program: other participants (or a SET inventory) lend required shares to TCH, which delivers them to the buying broker on behalf of the defaulter.
<b>Market Information</b>	Reference data hub	SMART Marketplace by SET	Provide timely reference data e.g., snapshot trading for equity and derivatives market. No OTC derivatives trade reporting repository
<b>Regulatory &amp; Compliance</b>	Market surveillance platform	SET partnership with NASDAQ SMART	Platform by NASDAQ to detect and monitor market abuse, HFT and short selling activities
	Onboarding verification	Digital Access Platform (DAP)	NDID proxy for cross-entity digital ID verification, allowing retail investors to open new accounts and subscribe for financial products seamlessly and securely; AMLO Gateway for real-time verifications with AMLO's Automated Process System (APS); DOPA Gateway for real-time ID verification; LED Gateway for checks against the Legal Execution Department's database for court orders and bankruptcy
<b>Trade execution</b>	Payment intermediary	FINNET	Provides payment intermediary services between commercial banks, brokers and investors for a fee
	Provisions for market connectivity	Direct Market Access	SET offers a formal DMA service: a member-broker can permit an "eligible investor" to send orders from their electronic Order Management System directly into the SET trading system (after passing through the broker's risk-management, pre-trade controls)
		Algorithm Trading, Co-location services	The order and submission infrastructure is build for connectivity and automated order execution via APIs; SET also provides co-location services within SET's own data center to enable low latency access to trading and market data
	Mutual fund distribution platform	FundConnex	A unified mutual fund distribution solution that offers end to end standardized services including account opening, order processing and settlement; It allows investors to invest in mutual funds from various asset management companies with one single mutual fund account.
	Digital asset exchange	Thai Digital Asset Exchange (TDX)	SET is working on developing a digital asset exchange to enable cryptocurrency trading, and offer common infrastructure for players to tap into

Value Chain Component	Type of infrastructure	Name of Utility	Description
<b>Risk Mgmt &amp; Protection</b>	Investor protection fund	Securities Investor Protection Fund (SIPF)	SIPF will provide compensation to the investors either in cash or securities if SIPF-member brokers fail to return assets in their custody to investors, subject to applicable conditions
<b>Market Development</b>	SME, start-up education platform	LiVe Fin Corp	Online platform / repository for SMEs, start-ups to access educational content, resources and guidance on how to enter capital markets and / or secure funding to scale
	Retail investor education	SET e-learning, Happy Money application	SET provides online courses to help investors learn how to invest and propagate financial literacy in Thailand; SET's Happy Money application provides financial management capabilities to investors
	Regulatory Sandbox	SEC's Digital Asset Sandbox	Allows capital market players to experiment and test innovative new products and platforms for digital asset services, e.g., digital asset exchanges, tokenization

Table 9 - Summary of Shared Infrastructure & Utilities offered in Thailand today (non-exhaustive)

## A9. Capital Market Performances by Countries

Country/Metric	Thailand (SET), 2024 <sup>6,7</sup>	South Korea (KRX), 2024 <sup>55,56</sup>	Taiwan (TWSE), 2024 <sup>58,59</sup>	Malaysia (MYX), 2024 <sup>63,64</sup>	Vietnam (VNX), 2024 <sup>27,28</sup>
Market Capitalization (billion THB)	17,433.75	62,277.61	73,622.58	32,592.00	6,547.84
GDP (trillion THB)	18.58	69.04	29.43	14.99	15.24
Listed companies	860	2,750	1,031	1,058	1,275
IPOs	32	77	37	55	1
Total Trading Value (billion THB)	10,989.59	126,076.20	91,944.19	6,585.91	5,250.00
Number of brokers	36*	60	63	30	78
GNI per capita (THB)	227,840.00	1,175,852.80	1,127,712	373,440	143,680
Number of Retail Investor (Total)	3,798,174	14,226,381	13,662,156	2,200,000	5,650,000
Retail Investor penetration (%)	5.60%	63.86%	82.82%	13.13%	60.69%
Number of active investor accounts (thousands account)	749.36	86,568.34	3,510.39	N/A	1,380.00
Government pension fund size* (trillion THB)	1.47 <sup>161</sup>	35.69 <sup>162</sup>	7.49 <sup>163</sup>	1.44 <sup>164</sup>	N/A
Market Capitalization to GDP	0.94	0.90	2.89	2.17	0.43
Market Capitalization to listed companies (billion THB /listed company)	20.27	22.65	71.41	30.81	5.14
Market Capitalization to number of brokers (billion THB/broker)	484.27	1,037.96	1,168.61	1,086.40	83.95
Total trading Value per broker (billion THB/broker)	305.27	2,101.27	1,459.43	219.53	67.31
Total trading value per market capitalization	0.63	2.02	1.25	0.20	0.80
Number of active investors to number of brokers (thousands account/broker)	20.82	1,442.81	55.72	N/A	17.69
Broker to ten trillion GDP (broker/ten trillion THB)	19.37	8.69	21.41	0.01	0.12
Brokers to Hundred Thousand GNI per capita (broker /100K THB)	15.80	5.10	5.59	8.03	54.29

<sup>161</sup> Bangkok Post, [Thailand's B1.47tn pension fund sees gold, equities boosting returns](#), 2025

<sup>162</sup> The Korea Herald, [NPS to divide investment oversight as assets soar](#), 2025

<sup>163</sup> ACGA, [New Member: Bureau of Labor Funds, Ministry of Labor, Taiwan](#), 2025

<sup>164</sup> Business Today, [KWAP's Fund Size Grows To RM185.6 Billion, Records Highest Income of RM18 Billion](#), 2025

Country/Metric	Thailand (SET), 2024 <sup>6,7</sup>	South Korea (KRX), 2024 <sup>55,56</sup>	Taiwan (TWSE), 2024 <sup>58,59</sup>	Malaysia (MYX), 2024 <sup>63,64</sup>	Vietnam (VNX), 2024 <sup>27,28</sup>
Brokers to Hundred Thousand Disposable Income per capita (broker /100K THB)	19.61	4.41	13.07	17.72	120.37
Brokers to Tn THB pension fund AUM (Brokers / trillion THB)	24.49	1.68	8.41	20.78	N/A
Ten trillion GDP to broker (ten trillion THB/broker)	0.05	0.12	0.05	108.64	8.39
Hundred thousand GNI per capita to broker (100K THB/broker)	0.06	0.20	0.18	0.12	0.02
Hundred thousand disposable income per capita to broker (100K THB/broker)	0.05	0.23	0.08	0.06	0.01
Billion THB pension fund AUM per broker (billion THB/broker)	40.83	594.90	118.86	48.11	N/A
Hundred thousand disposable income per capita to broker (100K THB/broker)	0.05	0.23	0.08	0.06	0.01
Billion THB pension fund AUM per broker (billion THB/broker)	40.83	594.90	118.86	48.11	N/A

Table 10 Overall capital market performances metrics comparison across countries

Note: \*data as of 2025

## A10. Retail Investor Penetration Calculation

	Thailand	South Korea	Taiwan	Malaysia	Vietnam
% of population below the global prosperity standard	83.64%	16.24%	19.50%	50.87%	90.81%
Total Population	71,668,011	51,805,547	23,317,031	34,100,000	101,300,000
Total Addressable Market (TAM) of people who CAN invest	11,724,887	43,392,326	18,770,210	16,753,330	9,309,470
Service Addressable Market (SAM) - Number of investors	3,798,174	14,226,381	13,662,156	2,200,000	5,650,000
Retail investor penetration (SAM / TAM)	32.4%	32.8%	72.8%	13.1%	60.7%

Table 11 Retail Investor Penetration Calculation

### Global Prosperity Standard

The Global Prosperity Standard is defined as USD 20.40 per day (PPP, 2021), which corresponds to the high-income poverty line established by the World Bank. This threshold represents the minimum income level associated with financial capacity beyond basic needs, implying potential ability to allocate resources for investment.

### Assumptions



1. Individuals with income greater than USD 20.40 (PPP) are considered to have the financial ability to invest.
2. The population above this threshold is treated as the investable population for retail investor penetration analysis.

### Calculation Steps



1. Identify Total Population: Use official demographic data for the country or region under analysis.
2. Determine Prosperity Population: Extract the share of population with income above USD 20.40 (PPP) from PIP data.
3. Multiply this share by the total population to estimate the number of individuals with investment capacity.
4. Compute Retail Investor Penetration: Divide the number of active retail investors by the investable population calculated in Step 3.

### Interpretation

This metric reflects the proportion of individuals with sufficient income who actively participate in retail investment, providing insights into market inclusivity and financial engagement relative to economic prosperity.

## A11. Operational Efficiency

Metric	Unit	Thailand		Korea	Taiwan
		Average Industry <sup>33,52,66</sup>	Average Industry <sup>56</sup>	Leading Digital Challengers <sup>56,165</sup>	Average Industry <sup>34</sup>
CIR	%CIR	103.00%	57.26%	51.88%	66.50%
ROA	%ROA	-0.70%	1.81%	0.57%	3.38%
Revenue per Employee	million THB/employee	4.92	6.29	0.30	6.73
Customer to Acquisition Cost	THB	TBD	1,280	224	TBD

Table 12 Operational Efficiency - Benchmarking of key metrics

Metric	Unit	Bank-backed Brokers	Foreign Powerhouses	Independent Local Firms	Digital Challengers
CIR	%CIR	64.97	64.52	107.09	136.52
ROA	%ROA	5.48	4.07	-1.92	-12.23
Revenue per Employee	million THB/employee	9.45	6.00	3.67	2.23

Table 13 TH Operational Efficiency by Archetypes<sup>52,66,70</sup>

Note: Aggregated calculation

## A12. Comparative Table: Brokerage License Limitation by Country

Country	Drivers of Consolidation	Regulatory Actions	Target Number of Licenses
South Korea	Fragmented market; excessive competition (commission “price wars” eroding profits).	<p><b>2007:</b> Financial Investment Services &amp; Capital Markets Act (FSCMA) enabled cross-sector integration, paving the way for full-service investment banks.<sup>143</sup></p> <p><b>2013:</b> Launched “Comprehensive Financial Investment Business” licenses – Financial Services Commission approved 5 firms (Samsung, KDB Daewoo, Korea Inv., Hyundai, Woori I&amp;S) as new investment banks, each with ≥ THB 81 billion) equity capital. This broadened brokers’ business scope (proprietary trading, lending, underwriting) and spurred industry shake-up.<sup>143</sup></p> <p><b>2016–2017:</b> FSC launched mega-IB initiative; firms that passed certain equity gained access to short-term lending and investment management accounts. In Nov 2017, five firms (Mirae Asset Daewoo, NH, Korea Investment, KB, Samsung) were licensed as Korea’s first mega-investment banks<sup>143</sup>.</p> <p><b>Outcome:</b> Major mergers followed (e.g. NH Securities acquisition of Woori I&amp;S in 2014; Mirae Asset’s merger with Daewoo in 2016). One mid-sized firm (Tongyang Securities) failed in 2014 but was acquired by Yuanta, avoiding disorder. By 2017, 5 “mega-IBs” had emerged as dominant players, all well-capitalized and diversified.<sup>129,143</sup></p>	None
Taiwan	Cross-sector integration; need for stronger broker capital bases.	<p><b>2001<sup>166</sup>:</b> Financial Holding Company Act allowed banks and insurers to acquire securities firms, triggering bank-led takeovers of brokers (Cathay, Fubon, etc. formed financial holding groups). This created one-stop financial conglomerates, squeezing independent brokerages.</p> <p><b>2008–2010<sup>168</sup>:</b> Regulators tightened capital adequacy requirements for standalone securities companies (aligning with Basel standards). Smaller brokers that couldn’t meet higher capital ratios or compete with bank-owned rivals were forced to merge or be acquired.</p> <p><b>Outcome<sup>168</sup>:</b> By the 2010s, most brokers were part of large financial groups. Major banking conglomerates (Cathay, Fubon, CTBC) absorbed dozens of smaller firms, leaving few independent brokerages. The industry coalesced into a handful of well-capitalized “financial holding” brokerages, improving stability but making life difficult for remaining standalone firms.</p>	None

<sup>166</sup> Financial Supervisory Commission R.O.C (Taiwan), 2021-25

<sup>167</sup> Viet Nam News, [Restructuring wipes out 25% of VN securities firms](#), 2016

<sup>168</sup> ICRMAT, [Assessment of the financial safety of securities companies in Vietnam](#), 2021

Malaysia	Post-crisis overhaul; too many under-capitalized brokers pre-2000.	<p><b>2000:</b> Securities Commission (SC) imposed a consolidation mandate – froze new broker licenses and required all 66 brokers to merge into 15 “Universal Brokers”. Each UB had to have ≥ THB 1.94 billion capital and include at least 4 merged firms. Firms had until Dec 2000 to finalize mergers or risk losing their license.</p> <p><b>2001:</b> Commission rates were liberalized in phases to spur efficiency, and UBs were allowed nationwide branches.</p> <p><b>Outcome:</b> The number of stockbroking companies plunged from 63 to ~30 by 2001, as mandated mergers took effect. The surviving brokers all met the hefty capital requirement and formed a core of well-capitalized firms. This streamlining significantly strengthened the industry’s financial base and reduced fragmentation (by 2005, ~20 brokers remained, all Universal or bank-owned).</p>	Max 15 Universal Brokers
Vietnam	Oversupply of weak brokers (100+ in 2011); systemic risk concerns.	<p><b>2012:</b> State Securities Commission (SSC) froze new licenses and set higher capital floors: brokers must have ≥ THB 1 billion capital and THB 2 billion for underwriting<sup>167</sup>. Firms failing prudential norms were urged to merge or exit.</p> <p><b>2012–2016:</b> SSC aggressively enforced closures/mergers – about 24 brokers were shuttered or absorbed.<sup>169</sup></p> <p><b>Outcome:</b> The broker count fell from 105 in 2011 to 81 by 2016. All remaining ~80 firms met the new capital and governance standards<sup>168</sup>, markedly improving financial health across the industry. Regulators noted that while quantity dropped, the surviving brokers were stronger.</p>	None

<sup>169</sup> NRI, *State of Chinese securities industry consolidation*, 2011

<sup>170</sup> NICMR, *The Restructuring of China’s Securities Industry*, 2006

<sup>171</sup> China Org, *CSRC Shakes Up Securities Market*, 2007

<sup>172</sup> China Financial Stability Report 2008, *Securities Sector and the Capital Market*, 2008

China	Early-2000s crisis: many brokers insolvent or misusing client funds.	<p><b>2004–2006:</b> China Securities Regulatory Commission led a “rectification” campaign. It halted new broker licenses and audited all 130+ firms<sup>169</sup>. Brokers were graded A–D by risk. Around 30 brokers guilty of egregious misconduct had their licenses revoked. Stronger firms were encouraged to acquire assets of failed peers; a state-backed investor protection fund facilitated this cleanup.<sup>171</sup></p> <p><b>Outcome:</b> The brokerage industry shrank from 133 firms in 2004 to ~100 by 2007<sup>170</sup>. All customer accounts from defunct brokers were transferred to surviving ones, averting investor losses<sup>171</sup>. Post-consolidation, the remaining brokers were recapitalized, under stricter net capital rules, and subject to enhanced oversight. The campaign eliminated the worst offenders and restored stability ahead of China’s 2006–07 market boom.<sup>172</sup></p>	Implicit: reduce from ~130 to ~100
Japan	“Big Bang” liberalization (late 1990s) intensified competition; small brokers struggled.	<p><b>1999:</b> Deregulation abolished fixed stock commissions, triggering a fee war and entry of new players (including foreign and online brokers)<sup>173</sup>. Banks and insurers were allowed to own securities arms, prompting bank-broker mergers (e.g. SMBC acquired Nikko Securities).<sup>174</sup></p> <p><b>2000s:</b> Financial Services Agency enforced stricter capital adequacy (Type I brokers must keep ≥120% net capital ratio)<sup>175</sup>. Under-capitalized traditional brokers, losing market share to big banks and online firms, either merged or exited.</p> <p><b>Outcome:</b> Japan’s brokerage sector consolidated from 100+ firms in the 1990s to ~60 by mid-2000s<sup>176</sup>. Nearly every major brokerage became part of a bank-centric financial group (e.g. MUFG Securities). The industry emerged with fewer, larger firms offering diversified services, aligning Japan with a global universal-banking model.<sup>177</sup></p>	None
Singapore	Liberalization and tech disruption required scale and efficiency.	<p><b>2000:</b> Stock Exchange of Singapore (SGX) liberalized brokerage commissions, ending fixed rates. It also opened membership to foreign and bank-owned brokers. Local banks (DBS, UOB, OCBC) rushed into stockbroking via acquisitions, and international brokers entered, heightening competition.</p> <p><b>Outcome:</b> With fees collapsing, many small local brokerages voluntarily merged or exited. Early 2000s saw consolidations like UOB-Kay Hian (via merger) and DBS Vickers (bank acquisition). The number of brokerages fell from ~30 to ~20+. Those remaining were mostly well-capitalized bank-backed firms or efficient online brokers. Singapore achieved a leaner, more competitive brokerage industry without any government-imposed cap, relying on market forces and high standards (MAS requires robust capital adequacy for all brokers).</p>	None

173 JSDA, [Fact Book 2000 Japan Securities Dealers Association](#), 2000

174 FSA, [Japanese Big Bang](#), 2000

175 Japan Exchange Group, [Capital Adequacy Ratio of General Trading Participants](#), 2025

176 Business Columbia, [The Japanese Economy, Banking Industry and Securities Markets at the Turn of the Millennium](#), 2003

177 SMFG Group, [Comprehensive realignment of the financial sector](#), 2022

178 The Economic Times, [Sebi discontinues sub-broker category](#), 2018

179 NSE Archive, [Joint Press Release on list of designated Qualified Stock Brokers \(QSBs\)](#), 2023

180 Trade Brains, [These 6 Stockbrokers make over 66% Market Share on NSE!](#), 2022

<p>India</p>	<p>Huge broker population (nearly 5,000) with business consolidating at the top; rising compliance costs.</p>	<p><b>2018:</b> Sub-broker category scrapped – SEBI stopped registering sub-brokers (agent intermediaries) and required ~3,800 existing sub-brokers to either register as full brokers or migrate under main brokers as Authorized Persons, (deadline: Mar 2019).<sup>178</sup></p> <p><b>Outcome:</b> The vast majority joined larger brokerages as sub-agents, effectively merging thousands of small outfits into big broker networks.</p> <p><b>2020s:</b> No license cap, but strict regulation has driven consolidation. SEBI's new "Qualified Stock Broker (QSB)" framework (2023) puts extra oversight on the 15 largest broker<sup>179</sup>. Hefty tech and audit requirements led many mid-sized brokers to sell their client accounts to giants or shut down.</p> <p><b>Outcome:</b> India still has 4,898 registered brokers (Aug 2025), but the top 5 handle ~66% of retail clients<sup>180</sup>. Market share has concentrated with big players (Zerodha, Upstox, ICICI, etc.), and dozens of smaller firms have either consolidated into franchises of those leaders or exited.</p>	<p>None</p>
<p>Indonesia</p>	<p>~100 licensed brokers – seen as "too many" for the market – and uneven capital strength.</p>	<p><b>2020:</b> OJK (Financial Services Authority) pushed for industry consolidation. In July 2020, an OJK official noted broker numbers were "far too many" and said underperforming should consider merging<sup>181</sup>. During the COVID-19 downturn, OJK rejected appeals to relax the THB 50 million minimum net capital rule, signaling that brokers must meet the threshold or exit.</p> <p><b>Enforcement:</b> OJK has cracked down on weak brokers – in Jan 2020 it revoked Recapital Sekuritas' license after the firm's true capital fell below THB 50 million<sup>183</sup>. Similar actions and closer monitoring forced a few other marginal players out.<sup>182</sup></p> <p><b>Outcome:</b> The broker count dipped just under 100 by 2022 (from 105 in 2016). Virtually all remaining brokers maintain the required capital, and the top 20 brokers now account for the bulk of trading. Consolidation is gradual, ensure only well-capitalized brokers survive, steadily improving industry resilience.</p>	<p>None</p>
<p>Philippines</p>	<p>Overcrowded broker market (130+ brokers) leading to low margins; catalyst of fraud scandals.</p>	<p><b>2019:</b> After a fraud case at R&amp;L Investments (a small broker), regulators moved to raise capital requirements. PSE, with SEC approval, will triple minimum paid-up capital to THB 53 million for all<sup>183</sup>.</p> <p><b>Outcome:</b> Brokers under the new rule must meet THB 53 million or lose direct clearing privileges, pressuring sub-scale firms to merge<sup>185</sup>. The number of brokers already fell from 132 in 2019 to ~120 by 2023, as several closed or were acquired. All remaining brokers boosted capital and improved internal controls. PSE notes the Philippines still has "too many" brokers for its size compared to Singapore/Thailand but the gap is closing. The brokerage industry is now more financially sound.</p>	<p>None</p>

181 CNBC Indonesia, [Regarding Broker Consolidation, OJK: The Number Is Too Much!](#), 2020

182 The Jakarta Post, [OJK revokes Recapital's brokerage license after submitting misleading report](#), 2020

183 Inquirer, [PSE wants brokers' capital hiked to P100M](#), 2019

184 Inquirer, [PSE reviving plan to increase capital requirement on brokers](#), 2021

185 Yahoo! Finance, [Webull Thailand Named Best Online Trading Platform for US Market Access by The Global Economics](#), 2025

# A13. Potential Impact of 'Discount Brokers' on Thai Capital Markets

'Discount Brokers', also referred to as 'digital challengers', or 'neo-brokers', are transforming capital markets by providing online-only, low or zero-commission trading, fast digital onboarding, and access to a wide range of products such as fractional shares, ETFs, and digital assets.

Rather than relying on traditional commissions, these platforms generate revenue through alternative sources like payment for order flow, securities lending, subscriptions, and premium services, while leveraging aggressive digital marketing and partnerships with "influencers" to attract and engage new investors.

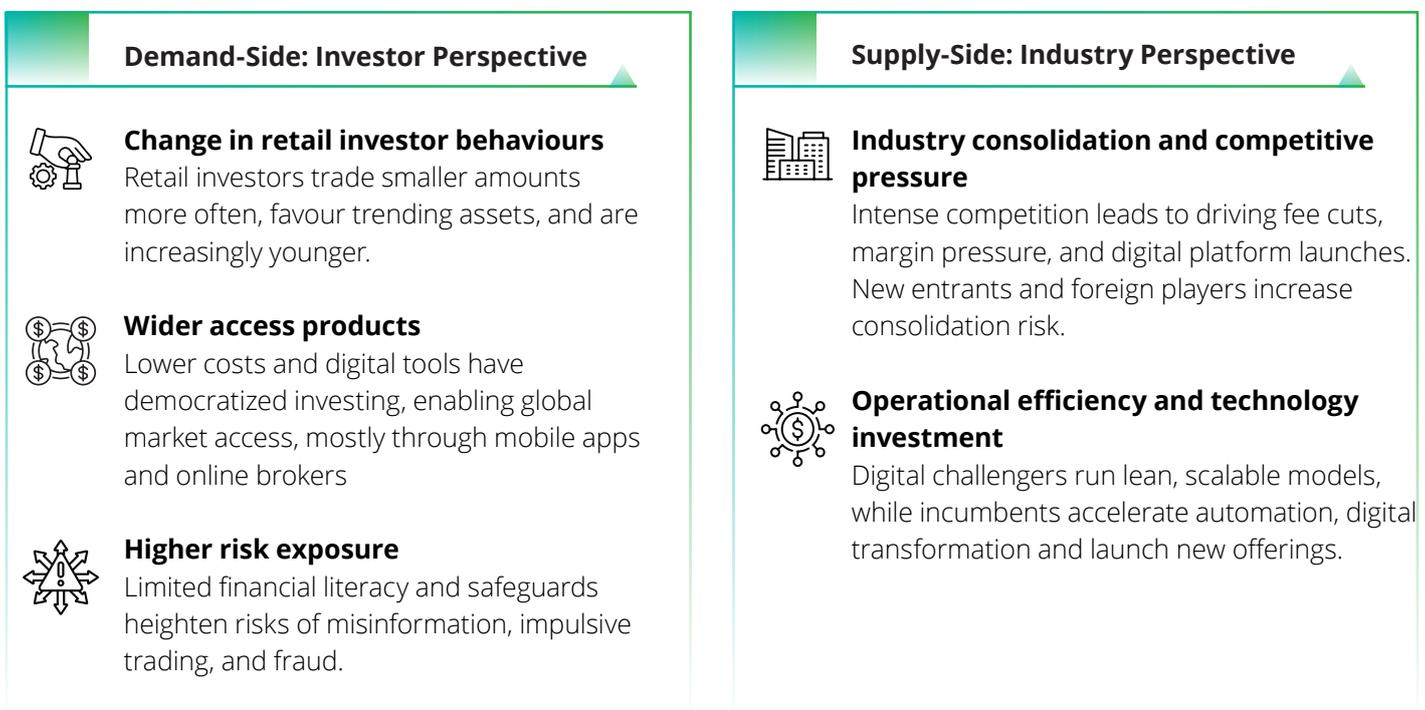


Figure 57 - Impact of discount brokers on demand-side & supply-side

Number of Accounts (Sep 2020-25)

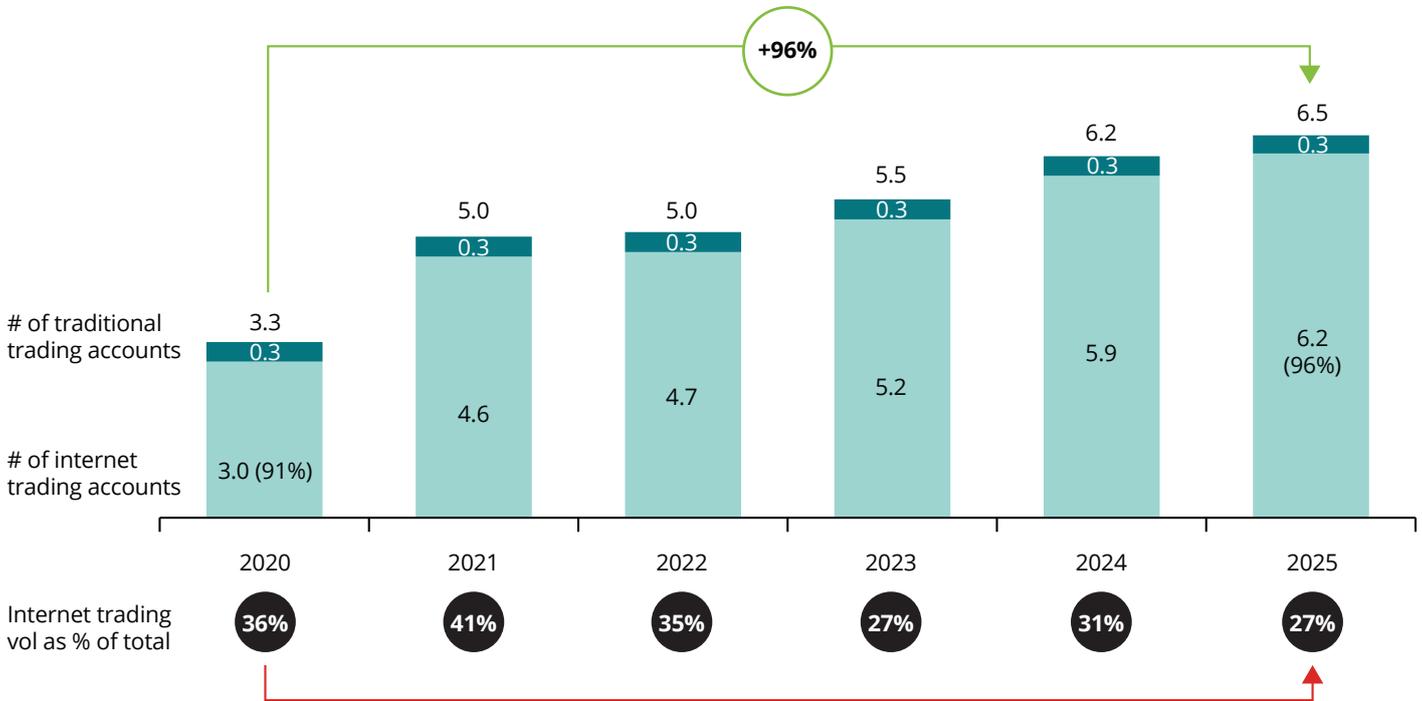


Figure 58 - Internet trading activity over time, Sep 2020-2025<sup>7</sup>

**The emergence of digital platforms and discount brokers has driven a notable increase in investor account creation over the past 5 years, and is expected to drive investor activity in the long term.** As shown in Figure 58, since COVID, there has been a 96% increase in new internet trading accounts, however internet trading volume has declined over the past few years alongside local retail investments. In the long term, retail investor participation is expected to increase, supported by new and innovative products, gamified platforms, simplified access, and lower investment thresholds. Webull Thailand for instance racked up 300K registered users as of Jan 2025 within 8 months of launch through the introduction of industry-first features in the market<sup>185</sup>. These developments will expand opportunities for wealth creation and financial inclusion, while also reducing barriers to global markets and enhancing investor autonomy through digital tools.

**However, this shift also introduces new risks for the investor.** Retail investors may face limited transparency around fees and potential conflicts of interest though it is important to note that payment for order flow (PFOF) models are prohibited in Thailand. Additional concerns include data privacy vulnerabilities stemming from inadequate investment in cybersecurity infrastructure and increased market volatility due to ease of transaction execution. Moreover, less-informed investors may be more susceptible to fraud, cyber threats, and financial missteps.

**On the supply side, increased competition from discount brokers will likely lead to further reduced fees, compressed margins, and greater rivalry among market participants. Digital transformation and product innovation will become key to winning.** In countries like Korea, rapid digital transformation, along with the introduction of new products such as robo-advisory and AI analytics, is significantly enhancing the supply side by enabling firms to offer more innovative services and increase operational efficiency. Additionally, building ecosystems through partnerships and open APIs expands access to resources and capabilities, further strengthening the ability of providers to deliver diverse and advanced solutions to the market.

**Increased retail investor participation and trading volumes can hinder price discovery and impact capital market efficiency.** Korea Capital Market Institute studied the patterns of irrational behaviors by investors which included pre-mature selling of stocks while holding on to overvalued assets, overconfidence, short-term collective trading and harboring a gambling mentality to stock trading. With increased volumes driven by retail investors, market volatility will increase because of this irrational behavior coupled with intra-day trading and high transaction rates. Stocks may never be fairly valued as efficient price discovery becomes difficult or impossible, negating the very purpose of capital markets.

Overall, the prevalence of discount brokers will likely push smaller brokers (i.e., the 'long tail') to either merge / consolidate or close shop. Simple consolidation to secure scale may not be sufficient for survival, unless significant investments are made into digital transformation, operational efficiency, partnerships and even investor education.

## A14. Impact of High-Frequency Trading (HFT) on the Investor Base

High-frequency trading (HFT) activity in Thailand remains relatively modest but measurable, with two separate estimates reflecting differing methodologies. Based on the SEC's criteria, orders executed via algorithmic trading accounts with daily trading value exceeding THB 1 million, and positions not held overnight beyond 20%, HFT activity was estimated at **15% of total trading volume in 2022**. In comparison, the Stock Exchange of Thailand (SET) estimates HFT participation at **approximately 9% of total volume in the same year**, using a more restrictive definition that excludes investors using co-location services, DMA channels, and foreign investor accounts. These differing approaches highlight the complexity in quantifying HFT and set the context for understanding its impact on market participants.<sup>186,187</sup>

High-frequency trading (HFT) has introduced a pronounced divergence in both outcomes and sentiment across investor classes. While institutional investors possess the technological capability to mitigate adverse effects, retail investors – specifically those that look for short-term profits often perceive HFT as creating an uneven playing field. This dynamic has meaningful implications for market participation, execution quality, and overall confidence in the Thai capital market.

**Large institutional investors, including mutual funds, pension funds, and insurance companies, experience heightened vulnerability to HFT activity due to their sizable order volumes and predictable trading patterns.** These characteristics can expose them to predatory strategies such as algorithmic front-running, where HFT systems detect incoming block trades and act ahead of them, thereby influencing execution prices.

To counter these risks, institutional investors increasingly rely on advanced technological solutions. Many adopt Direct Market Access (DMA) through sophisticated brokerages, enabling direct electronic access to the market with faster execution speeds and greater control over order placement. The Stock Exchange of Thailand (SET) has also supported institutions through the introduction of specialized order types, most notably Iceberg Orders, which allow traders to conceal the true size of their orders, reducing visibility to HFT algorithms.

**Academic literature indicates that passive HFT can enhance liquidity and narrow spreads, potentially benefiting institutional execution.** However, other studies show that overall transaction costs may not always decline, and intraday losses may increase under certain market microstructures or fee models. As a result, institutional investors must prioritize robust execution analytics, smart-order routing, and continuous monitoring to ensure best execution in an increasingly complex trading environment.

**In contrast, retail investors, specifically day traders, in Thailand experience a markedly negative psychological impact from the rise of HFT. However, this would not impact investors holding for long-term profits.** Many day traders express a strong sense of disadvantage, believing that they cannot compete against the speed, computing power, and strategic sophistication of HFT traders. This perception often outweighs any theoretical benefit related to narrower bid-ask spreads, leading to reduced trust in the fairness of the market. These effects are largely driven by a small subset of high-frequency retail traders, whereas most Thai retail investors remain long-term, infrequent participants who are structurally stabilizing rather than destabilizing to the market.

<sup>186</sup> SEC, *The changing landscape of the Thai capital market as algorithmic trading plays a role*, 2023

<sup>187</sup> SET, *Program & High Frequency Trading and regulatory guidelines of regional stock exchanges*, 2023

**The erosion of confidence is particularly significant in smaller and mid-cap segments**, where retail activity is concentrated and where sudden price movements created by high-speed algorithms can be particularly disruptive. Recognizing these concerns, the SET has implemented targeted regulatory responses, including restricting HFT activity to the SET100 universe, with the aim of shielding more retail-heavy segments from extreme volatility associated with high-speed trading.

Although SET maintains rules related to market conduct and monitoring of securities firms, the underlying issue of execution quality remains central. In markets such as the United States, execution-related concerns often center on practices like Payment for Order Flow (PFOF), which can affect whether retail traders truly receive the best available prices. While PFOF is not allowed within the current Thai market context, the strong distrust observed among day traders who contributed significant volumes, suggests that transparency in order routing and execution remains an essential component for rebuilding confidence in the post-HFT landscape.

Metric	Traditional Brokerage Model	Modern HFT-Enabled Securities Firm Model	Strategic Implication
Primary Revenue	Agency commissions; standard inventory market making	Proprietary Trading (Prop Trading); DMA/Algo access fees; sophisticated derivatives trading	Increased reliance on firm capital and technology-driven profits.
Required Investment	Standard IT, staff salaries, branch network	Co-location facilities; highly specialized low-latency systems; recruitment of programmers	High fixed costs create significant barriers to competitive entry.
Competitive Edge	Relationship management, research expertise.	Execution speed, specialized derivatives products (e.g., DWs), risk management systems	Speed and complex product offerings determine market share.

Table 15 - Adapting Thai Securities Firms to the High-Frequency Trading Landscape

Table 15 compares the traditional brokerage model with the modern HFT-enabled securities firm, highlighting key differences in revenue sources, required investments, and competitive advantages. While traditional brokers focus on relationship management and standard market making, modern firms rely on advanced technology, proprietary trading, and specialized products to gain an edge. The shift to technology-driven operations increases fixed costs and raises barriers to entry, making speed and innovation critical for market success.

186 SEC, [The changing landscape of the Thai capital market as algorithmic trading plays a role](#), 2023

187 SET, [Program & High Frequency Trading and regulatory guidelines of regional stock exchanges](#), 2023

## A15. Method A HHI Approach

The Herfindahl–Hirschman Index (HHI) is a measure of market concentration commonly used in economic and competitive analysis. It is calculated by summing the squares of each participant’s market share within the market. This approach emphasizes the relative size of each participant, giving greater weight to entities with larger shares.

$$HHI = \sum_{i=1}^n (S_i)^2$$

### Where:

$s_i$ = Market share of broker  $i$   
 $n$ = Total number of brokers in the market

### Example:

If three brokers have market shares of 50%, 30%, and 20%, the HHI is:

$$(50^2)+(30^2)+(20^2)=2500+900+400=3800$$

Number of brokers	HHI
36	791
35	802
34	856
33	859
32	886
31	915
30	915
29	934
28	999
27	1,003
26	1,012
25	1,022
24	1,116
23	1,156
22	1,179
21	1,235
20	1,235

Number of brokers	HHI
19	1,288
18	1,288
17	1,288
16	1,396
15	1,476
14	1,544
13	1,658
12	1,743
11	1,882
10	1,984
9	2,322
8	2,382
7	2,512
6	2,954
5	3,681
4	4,223

Table 16 HHI Calculation Result

## A16. Method B Market Cap & Investor Pool Approach

	Thailand <sup>6,188</sup>	South Korea <sup>56,57,58</sup>	Taiwan <sup>59,61</sup>	Malaysia <sup>63,65</sup>	Vietnam <sup>189,190</sup>
Market Capitalization to number of brokers (billion THB/broker)	484.27	1,037.96	1,168.61	1,086.40	83.95
Number of retail investors to number of brokers (thousands/broker)	105.50	237.11	216.86	73.33	72.44
Government Pension Fund Size (trillion THB)	1.47	35.69	7.49	1.52	N/A

Table 17 Method B Key Metrics Calculation  
Note: Data as of 2024

## A17. Method C Revenue and Profitability Approach

	Thailand <sup>7,52,33</sup>	Korea <sup>56,57</sup>	Taiwan <sup>59</sup>
Number of brokers	36.00	60.00	63.00
Aggregate Revenue (million THB)	40158	357,824	261885.45
Aggregate Profit (million THB)	2594	179,881	115399
Profit margin (million THB)	6.5%	50%	44%
Cost-to-income ratio	0.91x	0.19x	0.66x
Revenue per broker (million THB/broker)	1,115.50	5,963.73	4,156.91
Profit per broker (million THB/broker)	72.06	2,998.02	1,831.73

Table 18 Method C Key Metrics Calculation

188 Bangkok Post, [Thailand's B1.47tn pension fund sees gold, equities boosting returns](#), 2025

189 The Global Economy, [Vietnam: Stock market capitalization, in dollars](#), 2024

190 FiinGroup, [Navigating a Retail Dominated Markets: Strategic Considerations for Foreign Investors](#), 2025

## A18. Regulator Archetype Examples



### Developmental Enabler – Innovation-Focused Regulators:

*Developmental Enabler* regulators prioritize innovation and market growth through flexible, principles-based oversight, actively facilitating new financial products while managing risks. For example, Singapore's MAS<sup>191</sup> uses regulatory sandboxes and outcome-focused rules (its Sandbox Express grants fintech approvals in 21 days) to encourage experimentation, a strategy that helped make Singapore a top fintech hub among the top global fintech hubs. Similarly, Britain's FCA employs high-level principles (12 core "Principles for Businesses"<sup>192</sup> instead of detailed rules) and launched the world's first regulatory sandbox<sup>193</sup> in 2016 to support innovative fintech offerings. This pro-growth approach has maintained investor protection, for instance, the FCA's new consumer-focused rules eliminated hidden fees and saved UK investors an estimated £10 million annually while fostering competition.



### Balanced Risk Manager – Proportional, Risk-Based Oversight:

*Balanced Risk Manager* regulators use risk-based, proportional regulation to safeguard stability but still allow measured market development. For instance, Malaysia's Securities Commission (SC) calibrates rules to actual risks and aligns with global standards, it even coordinated with the central bank to regulate crypto-assets early on, implementing one of Asia's first digital asset frameworks<sup>195</sup> (ensuring AML controls and investor safeguards). Taiwan's FSC likewise emphasizes risk-focused supervision while gradually encouraging innovation; in 2025 it created a dedicated Financial Innovation unit to promote fintech and green finance within its prudential regime<sup>196</sup>. This balanced approach yields moderate growth with stability, notably, Malaysia and Taiwan have maintained financial stability through recent cycles (e.g. growth in Islamic finance and ESG investment products) by adjusting oversight proportionately to the risk of new ventures.



### Merit-Based Gatekeeper – Paternalistic, Protective Approach:

*Merit-Based Gatekeeper* regulators pre-vet securities offerings for fairness and suitability, allowing them to reject proposals they deem against the public interest.

Vietnam's SSC exercises strong merit-style powers, including suspending or canceling offerings and requiring issuers to recall securities and refund investors when disclosures are misleading or non-compliant. These strict requirements, such as tighter public-offering conditions, bond-issuance limits, and verified capital, reflect a highly protective stance. This tightly controlled environment has contributed to slower market development, with reduced liquidity, limited product innovation, and a weaker pipeline of institutional investors and listings.<sup>197</sup>

<sup>191</sup> MAS, [Sandbox express guidelines](#), 2020

<sup>192</sup> FCA, [The Principle](#), 2026

<sup>193</sup> FCA, [Sandbox](#), 2026

<sup>194</sup> Yourmoney.com, [The city watchdog's crackdown on "double dipping" should see investors save £10m in fees every year, it estimates](#), 2024

<sup>195</sup> SC, [guidelines on digital assets](#), 2024

<sup>196</sup> FSC, [Financial outlook](#), 2025

<sup>197</sup> Tilleke & Gibbins, [Vietnam's Amended Securities Law: What You Need to Know](#), 2025



### Rules-Based Enforcer – Strict, Prescriptive Regulation:

*Rules-Based Enforcer* regulators enforce detailed rules with strict compliance, using tough penalties to uphold market integrity, albeit with higher compliance costs for firms. The U.S. SEC exemplifies this with an extensive rulebook and aggressive enforcement – in FY 2024 it filed 583 enforcement actions and imposed a record \$8.2 billion in fines and disgorgements, underscoring its zero-tolerance approach to violations.<sup>198</sup> Germany’s BaFin similarly applies a rigid rule regime: in 2025 it fined Deutsche Bank €23.05 million for compliance failures<sup>199</sup> (including delayed oversight of derivative sales and not recording client advice calls), demonstrating meticulous enforcement of even technical requirements. This approach provides very strong investor protection and financial stability, U.S. and German markets are known for transparency and rigor but it can make compliance burdensome and innovation slower. In fact, German regulators have started simplifying rules for small banks to ease burdens, and the U.S. SEC’s prior heavy-handed tactics in areas like crypto drew criticism for “regulation by enforcement” that pushed some fintech innovation offshore.

<sup>198</sup> U.S. SEC, [SEC Announces Enforcement Results for Fiscal Year 2024](#), 2024

<sup>199</sup> Fintech Future, [Deutsche Bank fined €23m by German regulator BaFin](#), 2025

## A19. Quantitative Vision for the Market End State

Metric	Today	Vision 2030	CAGR	Assumptions
<b>Number of brokers</b>	36	14.5 (avg. of 12 – 17)	-	N/A
<b>Market capitalization</b>	THB 15.93 Tn (2025)	THB 21.6 Tn	4.8%	Assumes an increased Market Capitalization to GDP ratio of 1.0, and a GDP growth rate of 2.1% <sup>200</sup>
<b>Total trading value</b>	THB 9.79 Tn (2025)	THB 25.8 Tn	17.5%	Thailand's average trading value per broker reaches Taiwan and Korea levels, driving increased total value traded
<b>Retail investor penetration</b>	32.4% (2024-2025)	49.7%	-	Increases to average of Vietnam, Taiwan and Korea
<b>Number of investors</b>	3.8 Mn (2025)	5.8 Mn	7.3%	Growth based on increase in real investor penetration; assumes total population decline of 0.07%, but no change in proportion of population that can invest <sup>201</sup>
<b>Revenue per broker</b>	THB 1.12 Bn (2025)	THB 7.16 Bn	36%	Aggregate industry revenue is expected to grow proportionally to total value traded, which is then divided among fewer brokers
<b>Profitability per broker</b>	THB 72.1 Mn (2025)	THB 3,153 Mn	88%	Assumes 44% industry profit margin, conservative option between Taiwan (44%) and Korea (50%), which is much higher than Thailand (6.5%); Profit is then averaged across fewer players

Table 19 Quantitative vision for the market end state

<sup>200</sup> BOT, *Economic Outlook*, 2025

<sup>201</sup> Worldometers, *Thailand Population (Live)*, 2026

# A20. Initiative Prioritization Approach

## Initiative Sequencing Score



Arrange the initiatives in descending order of their Overall Sequencing score, so that initiatives with higher scores start first in the roadmap

Figure 59 - Initiative Sequencing Score

As shown Figure 59 initiatives are prioritized using a two-step scoring framework that considers both logical sequencing and structural importance.

### 1. Interdependency Score

- A dependency grid is developed to identify linkages between initiatives.
- Each initiative receives a score based on how many other initiatives depend on it.
- For example, if three initiatives require it as a prerequisite, its interdependency score is 3.
- Higher scores indicate initiatives that should be sequenced earlier to unlock downstream actions.

### 2. Structural Relevance Score

- Issues are grouped into three tiers:
  - foundational issues,
  - barriers to market development, and
  - participation and literacy gaps.
- Each initiative is scored according to the issues it addresses:
  - 3 points per foundational issue
  - 2 points per market development barrier
  - 1 point per participation and literacy issue

- To assess the structural relevance of each initiative, the underlying issues have been grouped into three levels based on their relative foundational importance. Each initiative is then scored according to the level of issues it addresses.
  - **Tier 1: Systemic Issues** (Foundational to market sustainability) +3 points per issue including a comparatively passive regulatory mindset (merit-based gatekeeping rather than market-facilitation) and declining investor trust in the Thai capital market driven by corporate governance failures and low-quality listings
  - **Tier 2: Market Development Issues** (Enablers of long-term growth) +2 points per issue, including: limited development of private capital markets (PE, VC), reducing overall market efficiency, inefficient and fragmented brokerage landscape, constraining scale and competitiveness and profitability pressures on independent local brokers, with only 1 in 10 generating positive net income
  - **Tier 3: Participation & Literacy Issues** (Deepening market engagement) +1 point per issue, including low financial literacy regarding savings and investment products, contributing to weak retail participation and limited technological innovation among Thai brokers due to constrained investment capacity

Initiatives that address more fundamental issues receive higher relevance scores.

### Overall Prioritization

The combined scores guide both the sequencing and relative importance of initiatives, ensuring early focus on foundational and enabling actions. The detailed calculation results for each initiatives are presented below.

Initiative Area	Key Initiatives	Interdependency	Structural Relevance	Overall Score	Order of execution
<b>Regulatory Initiative</b>	#1: Launch Regulatory Sandbox 2.0	2	4	2.4	3
	#2: Build real-time risk intelligence and analytics	1	3	1.3	6
	#3: Shift to thematic reviews	0	3	0.3	11
	#4: Create pathway for fast-track licensing	0	3	0.3	11
<b>VC/PE Initiative</b>	#1: Modernize fund vehicles to attract global GPs	1	5	1.5	5
	#2: Enhance exit pathways and deal certainty	0	2	0.2	18
	#3: Strengthen tax competitiveness for VC/PE	0	2	0.2	18
<b>Facilitate consolidation</b>	#1: Set up a tiered and risk-based licensing framework	4	4	4.4	1
	#2: Re-think M&A laws and regulatory guardrails	2	5	2.5	2
<b>Shared Infrastructure Initiative</b>	#1: Implement securities borrowing and lending (SBL) platform	0	3	0.3	11
	#2: Drive adoption of shared utilities	0	3	0.3	11

Initiative Area	Key Initiatives	Interdependency	Structural Relevance	Overall Score	Order of execution
<b>Trust Initiative</b>	#1: Strengthen gatekeeper roles to prevent fraud	0	3	0.3	11
	#2: Enhance whistleblowing mechanisms	0	3	0.3	11
	#3: Implement fast-track enforcement for high-impact cases	1	6	1.6	4
	#4: Develop investor protection programs and support	1	3	1.3	6
	#5: Expand corporate governance policies	0	3	0.3	11
	#6: Launch transparency dashboards and partnerships	0	6	0.6	10
<b>Financial Literacy Initiative</b>	#1: Establish unified national governance (NFCC)	1	1	1.1	9
	#2: Build a data-driven investor education ecosystem	0	1	0.1	20

Table 20 Summary of initiative overall scores and order of priority

Interdependencies were marked in a matrix, where we assessed how many initiatives are dependent on each initiative

Key initiatives	Reg sand box	Risk int. & analytics	Thematic reviews	Fast-track licensing	Fund vehicle modernization	Exit pathways	VC/PE tax policy	Tiered licensing	M&A Regulations	Market surveillance Utility	SBL platform	Score
Reg sandbox				Yes				Yes				2
Risk int.& analytics			Yes									1
Thematic reviews												0
Fast-track licensing												0
Fund Vehicle modernization							Yes					1
Exit pathways												0
VC/PE Tax Policy												0
Tiered Licensing		Yes	Yes	Yes					Yes			4
M&A Regulations			Yes									2
SBL platform												0
Shared utilities												0
Gatekeeper controls												0
Whistleblowing												0
Fast-track enforcement												1
Investor protection												1
Corporate governance												0
Transparency dashboards												0
NFCC												1
Education ecosystem												0

Interdependencies were marked in a matrix, where we assessed how many initiatives are dependent on each initiative

Key initiatives	Shared utilities	Gate-keeper controls	Fast-track licensing	Whistle blowing	Fast-track enforcement	Investor protection	Corporate governance	Transparency dashboard	NFCC	Education ecosystem	Score
Reg sandbox											2
Risk int.& analytics											1
Thematic reviews											0
Fast-track licensing											0
Fund Vehicle modernization											1
Exit pathways											0
VC/PE Tax Policy											0
Tiered Licensing											4
M&A Regulations							Yes				2
SBL platform											0
Shared utilities											0
Gatekeeper controls											0
Whistleblowing											0
Fast-track enforcement						Yes					1
Investor protection					Yes						1
Corporate governance											0
Transparency dashboards											0
NFCC										Yes	1
Education ecosystem											0

Figure 60 – Initiative's interdependency scores

Based on the foundational nature of the issues addressed by each of the initiatives, we have assigned scores to them

Score		3	3	2	2	2	1	1	
Key initiatives	Score area	L1- Regulator mindset	L1- Decline of investor trust	L2- Under developed PE / VC	L2- Fragmented & marketin efficient brokerage	L2- Loss-making independent local brokers, low profit brokerage industry	L3- Low financial literacy	L3- Insufficient tech & innovation among brokers	Structural Relevance Score
	Reg Sandbox		1						1
Risk int.& analytics		1							3
Thematic reviews		1							3
Fastrack licensing		1							3
Fund Vehicle Modernization		1		1					5
Exit pathways				1					2
VC/PE Tax Policy				1					2
Tiered Licensing					1	1			4
M&A Regulations					1	1		1	5
SBL platform						1		1	3
Shared utilities						1		1	3
Gatekeeper controls			1						3
Whistleblowing			1						3
Fastrack enforcement		1	1						6
Investor protection			1						3
Corporate governance			1						3
Transparency dashboards		1	1						6
NFCC							1		1
Education ecosystem							1		1

Figure 61 - Structural relevance score



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