
Newsletter

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New Law Brings Vehicle Hire Purchase and Leasing Under BOT Supervision



Pranat Laohapairoj
Partner
pranat.l@morihamada.com



Suphakorn Chueabunchai
Senior Associate
suphakorn.c@morihamada.com



Jongkotchakorn Phantophas
Associate
jongkotchakorn.p@morihamada.com

With their financing schemes enabling customers to acquire cars or motorcycles, vehicle hire purchase and leasing businesses can be viewed as having characteristics similar to lending businesses. Following a public hearing and discussions between the Bank of Thailand (the "**BOT**") and relevant focus groups, the Royal Decree designating the Hire Purchase and Leasing of Cars and Motorcycles Businesses as Businesses under the Financial Business Act B.E. 2551 B.E. 2568 (2025) (the "**Royal Decree**") was issued on 5 June 2025. The Royal Decree will come into effect 180 days after its publication in the Royal Gazette, i.e. effective on 2 December 2025.

Previously, there was no central regulatory authority overseeing the hire purchase and leasing of cars and motorcycles. From a contractual perspective, vehicle hire purchase operators have been subject to controlled contract laws under the supervision of the Office of the Consumer Protection Board ("**OCPB**"). However, these laws have applied only to transactions with individual customers, leaving business-to-business (B2B) hire purchase and leasing agreements outside their legal scope.

The Royal Decree empowers the BOT to supervise juristic entities engaged in car and motorcycle leasing or hire purchase activities with individual or juristic entity customers. It is important to note that the Royal Decree does not apply to individual business operators or financial institutions.

Type of Transaction	Customer Type	Purpose	Individual business operators	Juristic person business operators
Hire purchase	Juristic person customers	B2B	N/A	The BOT
	Individual customers	B2B	N/A	The BOT
		Personal use	OCPB	The BOT and OCPB
Leasing	Juristic person customers	B2B	N/A	The BOT
	Individual customers	Personal use		

Business operators affected by this Royal Decree are not required to obtain licenses but must comply with regulations to be issued by the BOT. The Royal Decree broadly sets out the obligations of these business operators to comply with forthcoming regulations across various areas, including disclosure requirements, customer contracts, interest rates, fees, security deposits, default interest, and penalties chargeable to customers.

The Royal Decree includes the following notable provisions:

- 1) Disclosure Requirement (Section 9) - Business operators must publicly disclose the method and details of their annual service fees, including interest rates, at their business premises or through other publicly accessible channels. This information must also be reported to the BOT.
- 2) Sub-laws to be issued by the BOT (Sections 10 and 11) - The BOT may issue regulations with respect to interest, service fees, deposits, security, any benefit that may be derived from any transaction, penalties chargeable to customers, and other regulations concerning business operations.

Notably, pursuant to Section 10, any monetary gains, assets, or monetizable items acquired by business operators or their employees will be deemed to constitute interest or service fees, unless otherwise exempted by the BOT.

- 3) Use of Outsourced Services (Section 12) - Business operators are permitted to engage third parties to provide services related to their business operations, subject to regulations prescribed by the BOT.
- 4) Record-Keeping Obligations (Section 15) - Business operators are required to maintain records related to their businesses, e.g. accounts, documents, seals, and other materials related to their business operations, assets and liabilities, in accordance with BOT regulations.

- 5) Macroprudential Measures (Section 14) - The BOT is authorized to impose or implement macroprudential measures as necessary. This includes the BOT's power pursuant to Section 14 to request financial statements, reports, or other relevant business information from operators. If required, the BOT shall be empowered to summon directors, partners, or employees may be summoned for clarification.
- 6) Inspection Rights (Sections 16-18) - The BOT may appoint inspectors to inspect business operations. Inspectors are authorized to access business premises and to seize assets or documents necessary for legal proceedings. Pursuant to Section 18, the business operators are required to provide appropriate cooperation.

In the event of non-compliance with the Royal Decree, the BOT may issue a warning letter, a restraint order, or an order requiring corrective action. Non-compliance with the Royal Decree may also constitute a criminal offense, potentially leading to substantial fines and imprisonment of directors or individuals with managerial authority.

Although not required under the Royal Decree, the BOT has encouraged business operators to register with, or present themselves to, the BOT for record-keeping purposes.

The Royal Decree fundamentally reshapes the regulatory framework for vehicle hire purchase and leasing businesses by placing them under the supervision of the BOT, with the aim to promote greater transparency and accountability within the sector. Business operators engaged in the hire purchase and leasing of cars and motorcycles should be vigilant and attentive to several key areas to ensure that their operations comply with the Royal Decree and forthcoming BOT regulations.

Chandler Mori Hamada will closely monitor these legal developments and keep you informed of any updates. If you have any questions in relation to the issues raised in this newsletter, please contact the authors listed above.