

## **Interest rate of Financial Institution Act B.E. 2523 (1980)**

BHUMIBOL ADULYADEJ, REX.

Given on the 9th day of January B.E. 2523 (1980)

Being the 35th Year of the Present Reign

His Majesty King Bhumibol Adulyadej is graciously pleased to proclaim that:

Whereas it is expedient to have a law on practice of interest rate of financial institution.

Be it, therefore, enacted by His Majesty the King, by and with the advice and consent of the National Legislative Assembly, as follows:

**Section 1.** This Act is called the “Interest rate of Financial Institution Act B.E. 2523 (1980)”.

**Section 2.** This Act shall come into force after the date of its publication in the Government Gazette.

**Section 3.** In this Act,  
“financial institution ” means

- (1) The Bank of Thailand
- (2) The commercial bank
- (3) Finance business, securities business, and credit foncier business
- (4) Other financial institutions prescribed by the Minister in a notification by the advice of the Bank of Thailand and published in the Government Gazette.

“Minister” means the Minister in charge of the enforcement of this Act.

**Section 4.** In order to solve economic crisis of the country, the Minister by the advice of the Bank of Thailand, is empowered to prescribe interest rate of financial institution which may be calculated from the borrower or to allow the lender obtaining interest rate over 15 per cent per year.

**Section 5.** Interest rate prescription in this Act shall not affect power to prescribe the interest rate in other laws. However, interest rate prescription in those laws shall not exceed the interest rate which is prescribed by the Minister as mentioned in Section 4.

**Section 6.** When the Minister has prescribed the highest interest rate as mentioned in Section 4, Section 654 of the Civil and Commercial Code shall not be applied to the interest rate of financial institutions prescribed by the Minister as mentioned in Section 4.

**Section 7.** The Minister of Finance shall be in charge of the enforcement of this Act.

**Remarks:** The reasons for the promulgation of this Act are as follows: at present, Section 654 of the Civil and Commercial Code which prescribes that interest rate shall not exceed 15 per cent per year has come into force for long. Now, the circumstance of world economy and local market has changed dramatically given the fixed interest rate can lead to difficulty to the development of the country and this may bring inefficiency to government system who uses interest rate as an economic tool to solve economic problem. Therefore, it is expedient to have a law on practice of interest rate of financial institution which allows the government to prescribe interest rate. It is therefore necessary to enact this Act.