

Home / Markets / BAM-CHAYO Rally after Thai Banks Get Green Light to Set Up Ventures for Solving Bad Loans



## BAM-CHAYO Rally after Thai Banks Get Green Light to Set Up Ventures for Solving Bad Loans

Estimated Reading Time 2 mins

In **Markets, Thailand** Posted 28/01/2022



Two top asset management stocks; BAM and CHAYO, rallied on Friday after the Bank of Thailand granted a green light to Thai banks and AMCs to form ventures to tackle problematic loans.

As of 11.45 hrs. local time in Thailand, the share price of Bangkok Commercial Asset Management Public Company Limited (SET: **BAM**) rose **THB0.70/share** or **3.50%** to **THB20.70/share**, with a trading value of THB479 million.

The share price of Chayo Group Public Company Limited (SET: **CHAYO**) rose **THB0.50/share** or **4%** to **THB13.00/share**, with a trading value of THB105 million.

The Bank of Thailand authorized the establishment of a joint venture asset management company by Thai banks on Thursday (Jan 27) to assist financial institutions in managing bad debt in the long run while the pandemic continues.

The joint companies can operate for a period of 15 years from their formation, and perhaps even longer with special permission, according to a statement from the Bank of Thailand. Commercial banks will have three years to establish the new entities that will be responsible for debt restructuring.

**KTBST Securities** believes this will benefit financial and banking equities and also improve the operation of asset management companies (AMCs) in the following ways:

- 1) AMC could manage a larger portfolio of assets.
- 2) AMC is no longer required to invest a large amount of capital in the JV since the JV can raise funds through borrowing.
- 3) Recognize revenue generated by joint ventures in bad debt management.
- 4) Improve debt collection efficiency, as the bank is expected to agree to share debtor information to the JV, shortening the time required to follow up with debtors.

The establishment and performance of the JV are expected to become explicit in the second half of 2022, which will benefit AMC operators in descending order, namely BAM, JMT, and CHAYO, based on the size of their bad debt portfolios, their ability and expertise in secured loan management, and their capital base for investing in JV.

Tags: **BAM** **Capital Market** **CHAYO**