



Thailand's household debt-to-GDP ratio rose to 86.7% at end-2025, while a fragile labour market and elevated living costs are expected to further constrain household debt-servicing capacity.

Thailand's household debt-to-GDP ratio rose to 86.7% at end-2025, while a fragile labour market and elevated living costs are expected to further constrain household debt-servicing capacity.

KEY SUMMARY

Thailand's household debt in Q4-2025 returned to slight growth of 0.05%YOY after contracting for three consecutive quarters, bringing the household debt-to-GDP ratio to 86.7% at end-2025. This increase was driven mainly by the expansion of personal consumption loans, while credit for investment and business operations continued to contract.

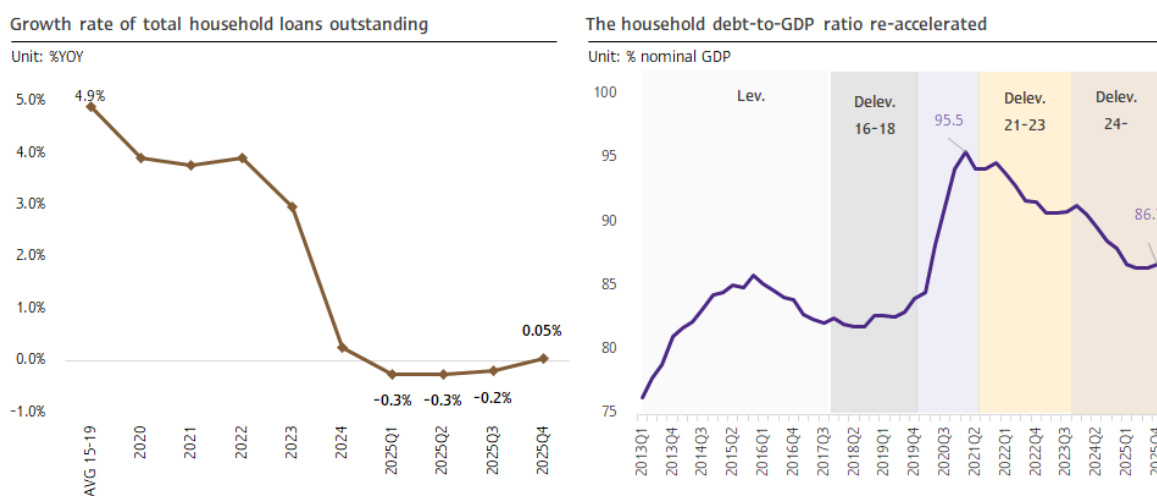
Loans extended through savings cooperatives and pawnshops increased markedly, reflecting a shift by Thai households toward more accessible and flexible borrowing sources, as mainstream financial institutions have remained stringent in their lending standards.

SCB EIC assesses that the debt-servicing risks facing Thai households are likely to increase in the period ahead, driven by two key factors: **(1) a more fragile labour market,** as reflected in a rising unemployment rate and a continued decline in the number of employed persons; and **(2) inflationary pressures stemming**

from the war in the Middle East, which are raising living costs, weighing on workers' real incomes, and potentially affecting employment in certain businesses.

Thailand's household debt stood at THB 16.44 trillion in Q4-2025, up 0.05%YOY, marking a return to growth after contracting for three consecutive quarters (Figure 1).

Figure 1: Household debt returned to growth, and the household debt-to-GDP ratio re-accelerated in Q4-2025.



Source: Bank of Thailand

The expansion in household debt in Q4-2025 was driven mainly by personal consumption loans, which rose to THB 12.72 trillion, increasing by around THB 119 billion from the previous quarter. This reflects households' continued reliance on borrowing to sustain day-to-day spending amid a slow recovery in income. Meanwhile, housing loans edged up slightly but remained at a persistently low level.

Loans that declined from the previous quarter included hire-purchase loans for cars and motorcycles, education loans, and loans for business operations, all of which continued to contract (Figure 2).

Figure 2: Household debt in Q4-2025 returned to growth, driven by credit card loans, personal loans, and other consumer loans.

Growth rate of total household loans outstanding by purpose

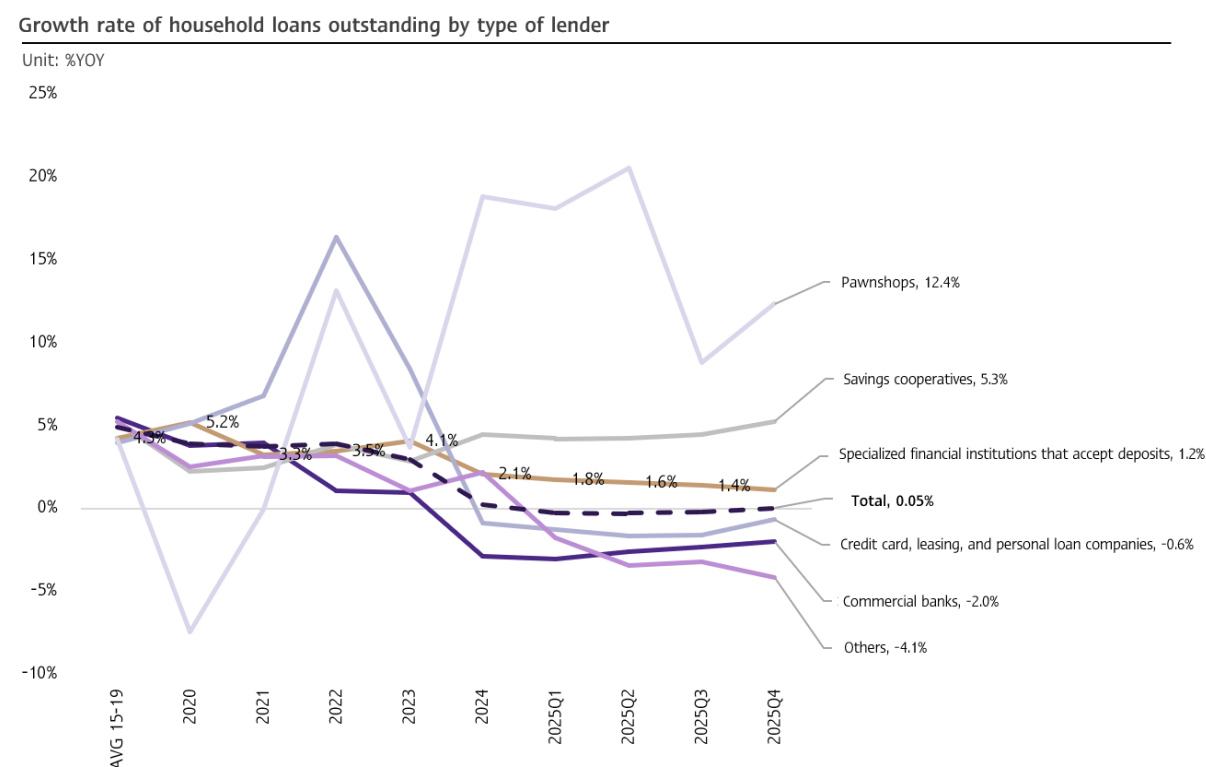
Unit: %YOY



Source: Bank of Thailand

When household debt is disaggregated by type of lender, loans from private financial institutions continued to contract, reflecting continued caution in lending, particularly among commercial banks and credit card, leasing, and personal loan companies, which together account for around half of total household credit. Outstanding household loans at commercial banks contracted by around 2% year-on-year, marking a seventh consecutive quarter of decline, while outstanding household loans at credit card, leasing, and personal loan companies fell by 0.6% year-on-year, extending their contraction to a fifth consecutive quarter (Figure 3).

Figure 3: Household debt expanded strongly among savings cooperatives and pawnshops.

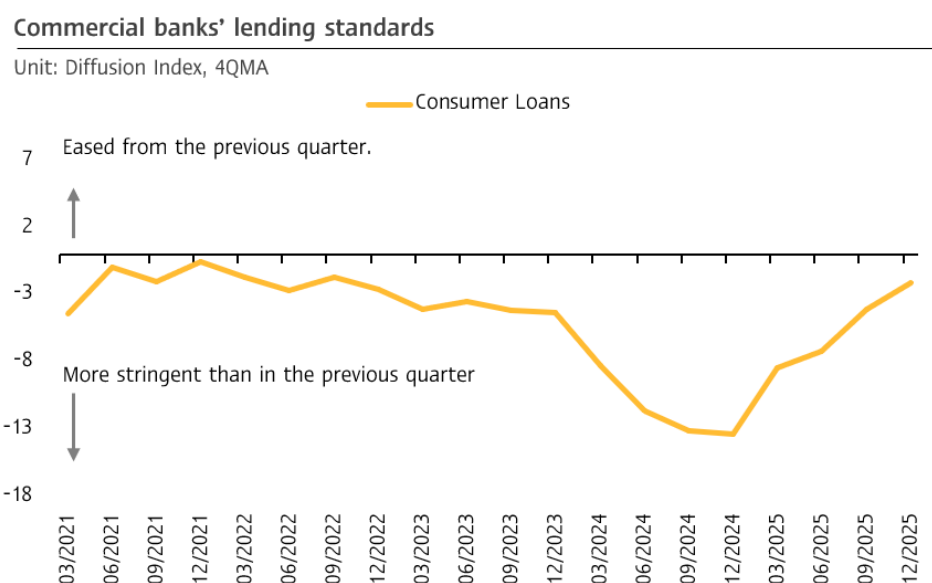


Source: Bank of Thailand

However, overall household debt returned to growth, supported by continued expansion in lending by specialized financial institutions and state-owned financial institutions, underpinned by government assistance measures that have helped sustain the economy. At the same time, loans extended through savings cooperatives and pawnshops accelerated markedly, reflecting a shift by households toward borrowing sources that are more accessible and offer more flexible terms than loans from mainstream financial

institutions, which have remained stringent in their lending standards (Figure 4). This trend suggests that some households continue to face income shortfalls relative to expenditures and rely on additional borrowing to meet short-term liquidity needs amid a sluggish economic recovery, which may lead to an accumulation of debt burdens and increase debt-servicing risks in the period ahead.

Figure 4: Commercial banks' lending standards have remained stringent.



Source: Bank of Thailand

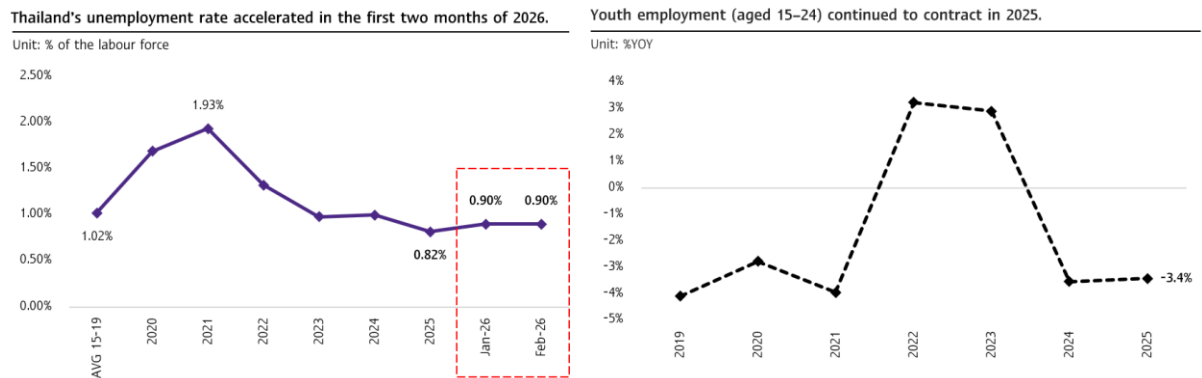
SCB EIC assesses that Thailand's household debt problem is likely to face rising risks, amid a still-fragile labour market and rapidly accelerating living costs.

Thai households' debt-servicing capacity is likely to deteriorate due to two main factors:

(1) A fragile labour market

- **Thailand's unemployment rate began to rise** in the first two months of 2026, reaching 0.9%, partly due to greater difficulty among new graduates in finding jobs, which led to an acceleration in the unemployment rate among first-time job seekers. In addition, the number of employed persons aged 15–24 declined for a second consecutive year in 2025, reflecting weaker demand for newly graduated workers. As a result, some new graduates have increasingly turned to informal employment, which generally offers less income stability than formal employment (Figure 5).

Figure 5: Thailand’s unemployment rate accelerated in early 2026, while the number of younger employed persons continued to decline.



Source: SCB EIC analysis based on data from the National Statistical Office.

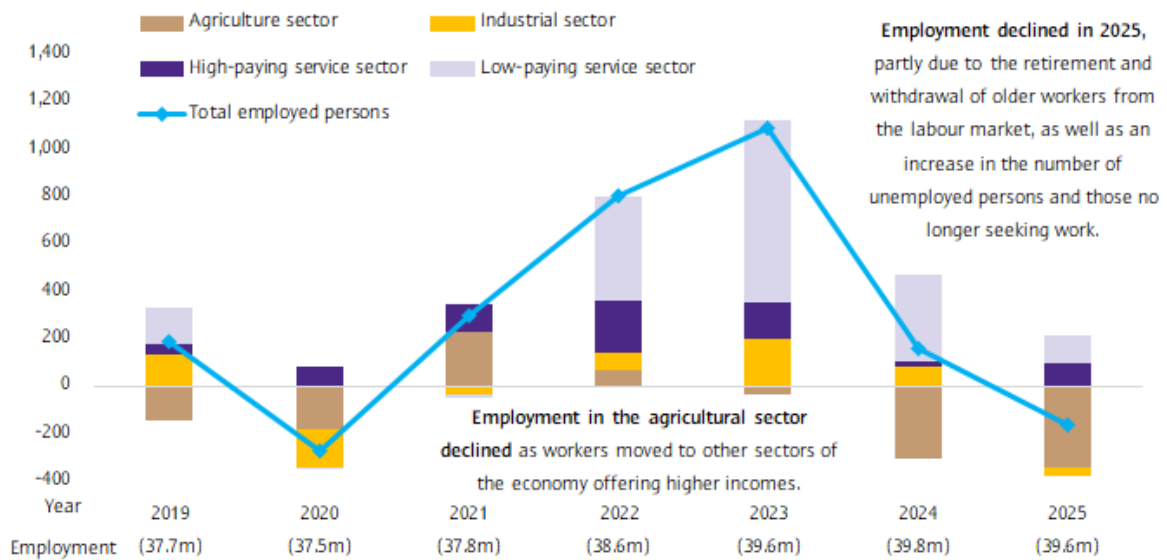
- **The number of employed persons continued to decline**, particularly in 2025 when employment in the industrial sector contracted for the first time in four years since the COVID-19 period (Figure 6), in line with sluggish economic growth and continued contraction in the manufacturing sector. At the same time, employment in agriculture declined as workers moved to other parts of the economy offering higher incomes, such as the services sector. However, the services sector has limited capacity to absorb additional labour, and some jobs in the sector are low-income positions, resulting in a decline in average worker income.

These factors further exacerbate the risk of a broader decline in household income in the period ahead. This is consistent with data from the Department of Business Development, which show that the number of newly established businesses has continued to contract, reflecting weaker private investment and more limited opportunities for new employment (Figure 7).

Figure 6: Total employment contracted in 2025.

Total employment contracted in 2025, particularly in the industrial sector, which recorded its first decline in four years since the COVID-19 period.

Unit: thousand persons; change in the number of employed persons (year-on-year)

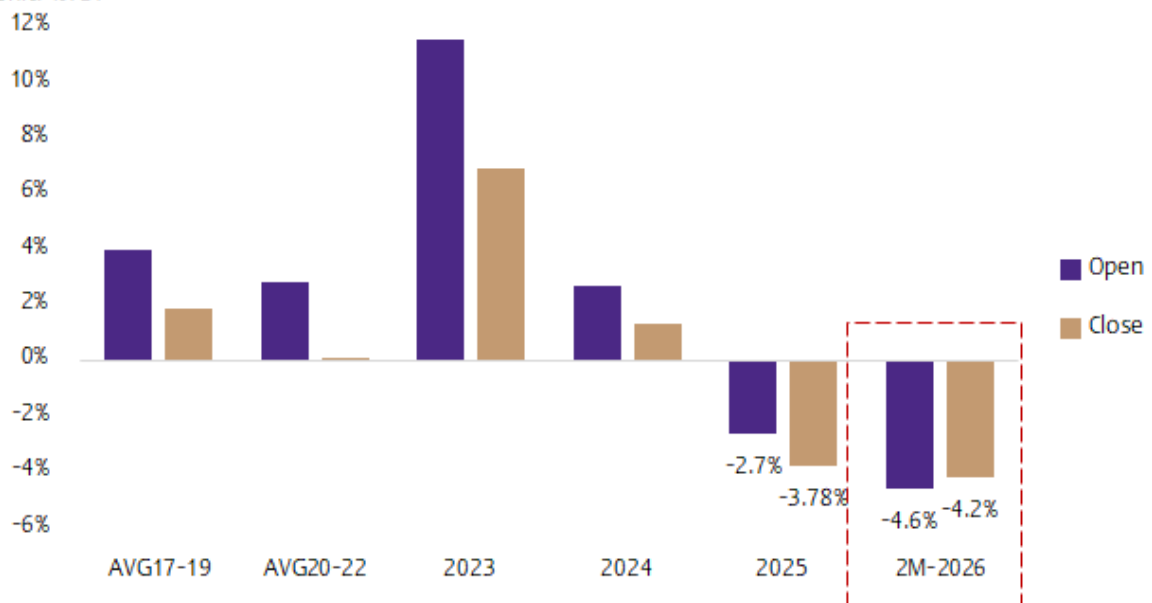


Source: SCB EIC analysis based on data from the National Statistical Office.

Figure 7: The number of newly established businesses declined.

Number of business openings and closures in Thailand

Unit: %YOY



Source: SCB EIC analysis based on data from the Department of Business Development.

(2) Conflict in the Middle East is accelerating living costs, weighing on real incomes, and increasing risks to employment.

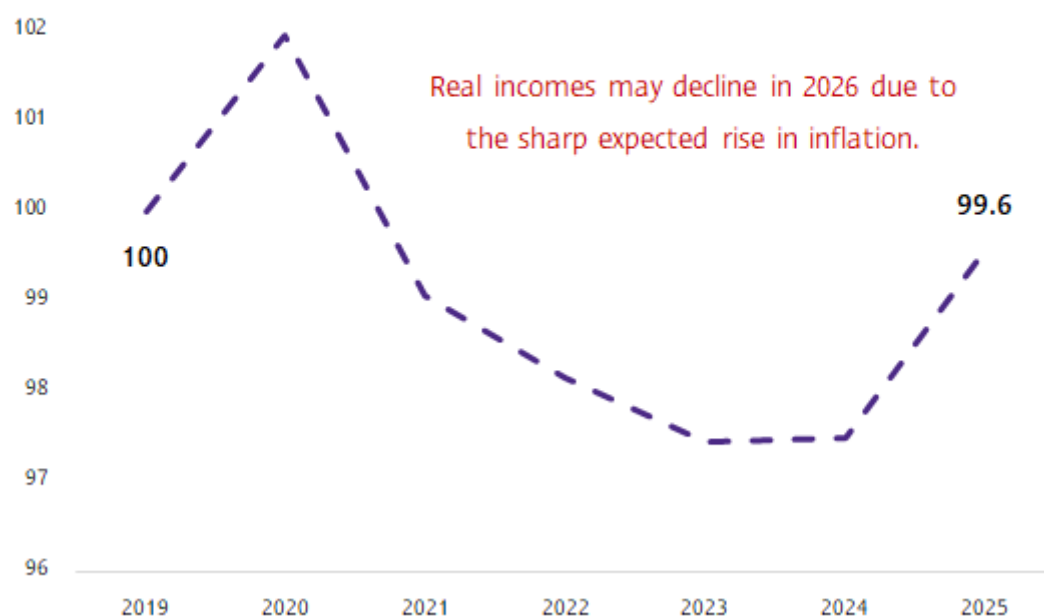
- The sharp rise in energy prices stemming from the situation in the Middle East is having broad-based effects on the prices of other goods and services. SCB EIC assesses that Thailand's inflation in 2026 will accelerate to 3.2%, which will weigh on workers' real incomes that have only recently recovered to levels close to those before COVID-19 (Figure 8). At the same time, higher energy prices are increasing costs for businesses, affecting profitability and potentially constraining employment or wage increases in the period ahead.
- In addition, SCB EIC assesses that several business groups are at high risk of being significantly affected by the situation, including businesses related to rice cultivation, the production of wood panels and wood products for construction, as well as the chemicals, plastic resins, and synthetic rubber sectors, due to higher raw material and transportation costs, while exports to Middle Eastern markets have become more constrained.

Workers employed in these at-risk business groups number around 2.6 million, or 6.5% of the total workforce. As businesses seek to contain costs to sustain operations amid still-elevated uncertainty, these workers may face risks of reduced working hours, lower overtime pay, or slower hiring, which could further exacerbate the fragility of Thailand's labour market this year.

Figure 8: Higher inflation driven by oil prices may weigh on Thai workers' real incomes in 2026.

Real income (including overtime pay and bonuses) recovered in 2025, but remained below the pre-COVID-19 level.

Unit: index (2019=100); change in average real income over one year



Source: Bank of Thailand

Government measures should focus on targeted short-term relief for living costs, alongside addressing structural problems over the longer term.

In the short term, the government should accelerate the implementation of targeted cost-of-living support measures, particularly in the area of energy, to mitigate the impact on vulnerable households and low-income groups with a high share of spending on food and energy. Such measures should be well targeted and temporary in nature to help sustain purchasing power and reduce the need for households to take on additional debt to cover essential day-to-day expenses. At the same time, the government should continue to pursue debt restructuring measures and debt burden relief for vulnerable borrowers in parallel, in order to strengthen liquidity during a period when incomes have yet to fully recover.

In the longer term, a sustainable solution to the household debt problem must address its root causes, particularly by raising household incomes and strengthening

households' earning capacity. The government should therefore accelerate workforce upskilling to better align with labour market needs, alongside creating higher-productivity jobs and expanding access to occupations and new sources of income. In addition, the social welfare system should be strengthened to better support an ageing society, while financial discipline and household financial resilience should be promoted. This would help households better cope with future volatility in income and living costs, reduce reliance on consumer debt, and ensure a more sustainable resolution of the household debt problem.

Disclaimer: This article is made by The Siam Commercial Bank ("SCB") for the purpose of providing information and analysis only. Any information and analysis herein are collected and referred from public sources which may include economic information, marketing information or any reliable information prior to the date of this document. SCB makes no representation or warranty as to the accuracy, completeness and up-to-dateness of such information and SCB has no responsibility to verify or to proceed any action to make such information to be accurate, complete, and up-to-date in any respect. The information contained herein is not intended to provide legal, financial or tax advice or any other advice, and it shall not be relied or referred upon proceeding any transaction. In addition, SCB shall not be liable for any damages arising from the use of information contained herein in any respect.

Author

NATHAPONG TUNTICHIRANON (nathapong.tuntichiranon@scb.co.th)

ECONOMIST

POONYAWAT SREESING, Ph.D. (poonyawat.sreesing@scb.co.th)

SENIOR ECONOMIST

MACROECONOMICS RESEARCH

YUNYONG THAICHAROEN, Ph.D.

Chief Economist and Sustainability Officer

THITIMA CHUCHERD, Ph.D.

HEAD OF MACROECONOMICS RESEARCH

POONYAWAT SREESING, Ph.D.

SENIOR ECONOMIST

NOND PRUEKSIRI

SENIOR ECONOMIST

VISHAL GULATI

SENIOR ECONOMIST

KUSALIN CHARUCHART

ECONOMIST

NATHAPONG TUNTICHIRANON

ECONOMIST

PAKKAPON TONTIWICH

ECONOMIST

PAWAT SAWAENGSAI

ECONOMIST



How satisfied are you with this analysis?

YOUR OPINION IS IMPORTANT TO US

Please take a 7-question
survey to help improve
SCB EIC's analysis

[Click to take
the survey](#)



“Economic and business intelligence for effective decision making”



ECONOMIC INTELLIGENCE CENTER

Siam Commercial Bank



In-depth:
Economics
Indicators



Impact:
Business Briefs



Update:
Stories that
Matter



Stay connected

Find us at



@scbeic | 

www.scbeic.com