SCB EIC

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15 July 2026

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KEY SUMMARY

Thailand's household debt-to-GDP ratio declined to a six-year low of 85.9% in Q1/2026, but this has yet to reflect an improvement in household financial strength.

SCB EIC finds that the rapid decline in the household debt-to-GDP ratio in this quarter was driven by the following factors:

1. **Households faced greater difficulty in accessing credit from mainstream financial institutions.** Although household debt in Q1/2026 returned to modest growth of 0.5%YOY, up from near-stagnation in the previous quarter (0.05%YOY), the expansion was driven primarily by personal consumption loans. Meanwhile, credit extended by mainstream financial institutions continued to contract for more than two consecutive years, declining by around 2.1%YOY, reflecting persistently stringent lending standards. Lending by state-owned financial institutions provided some support to overall credit growth, in line with government measures aimed at maintaining liquidity and easing households' financial burdens. However, its growth moderated to 1.6%YOY.

2. **Households are increasingly turning to more accessible borrowing sources.** Loans extended through pawnshops and savings cooperatives have continued to expand strongly, particularly pawnshop loans, which accelerated to 18.3%YOY. This reflects a shift by some households toward borrowing sources that offer more flexible terms and easier access, such as short-term loans secured by collateral at pawnshops, despite their higher financing costs. Loans from savings cooperatives also continued to expand by 5.0%YOY, as these lenders are relationship-based, have access to members' income information, and operate clear repayment deduction mechanisms through the membership system. As a result, members can access credit more easily than loans from mainstream financial institutions. This trend suggests that household debt risks have not disappeared, but are instead shifting toward more accessible borrowing sources outside the mainstream financial system.
3. **GDP expanded strongly by 2.9%YOY in 1Q/2026,** supported by robust growth in private investment and exports. As a result, nominal GDP, which serves as the denominator of the household debt-to-GDP ratio, grew faster than household debt, causing the ratio to decline rapidly even though the value of household debt continued to increase and households' debt-servicing capacity had yet to show a clear improvement.

Thailand's household debt-to-GDP ratio is expected to continue declining, but this reflects "constraint-driven deleveraging" due to limited access to credit, rather than an improvement in households' financial position.

SCB EIC assesses that Thailand's household debt-to-GDP ratio will decline to 83.5–84.5% at end-2026, driven by three key factors:

1. **Access to credit remains constrained,** limiting household debt growth. Tight financial conditions and persistently stringent lending standards among financial institutions have made it difficult for households to access new credit, particularly retail loans from mainstream financial institutions. As a result, some households

may increasingly turn to informal borrowing sources, while outstanding household debt is expected to continue expanding at a low rate.

2. **Households are taking on less debt and becoming more cautious in their spending.** A slow recovery in income, persistently elevated living costs, and economic uncertainty are weighing on debt-servicing capacity, prompting many households to delay taking on new debt, particularly loans for asset purchases or long-term investment. At the same time, some households need to reduce spending to preserve liquidity and meet their existing debt obligations.
3. **Nominal GDP is expected to expand more rapidly amid rising inflationary pressures.** Higher energy prices following the conflict in the Middle East are likely to accelerate inflation, resulting in stronger growth in nominal GDP, which serves as the denominator of the household debt-to-GDP ratio. This will cause the ratio to decline numerically, while households' debt burdens and debt-servicing capacity remain fragile.

Looking ahead, the financial health of Thai households remains fragile, as reflected in four key developments:

1. **The labour market has begun to weaken,** as reflected in a higher unemployment rate, declining working hours, and a renewed contraction in average wages, placing greater pressure on household income and debt-servicing capacity.
2. **Some household debt burdens may not yet be captured in the official household debt figures,** particularly loans from village funds, urban community funds, and informal sources, on which low-income households are increasingly likely to rely.
3. **Household loan quality remains an area that warrants close monitoring.** Although loans classified as Stage 2 and Stage 3 have gradually improved, they remain elevated, reflecting tight financial conditions that continue to make it difficult for households to access new credit.

4. **More than half of indebted households have insufficient income to cover their expenses,** particularly low-income households, whose total expenditures, including debt repayments, continue to exceed their income.

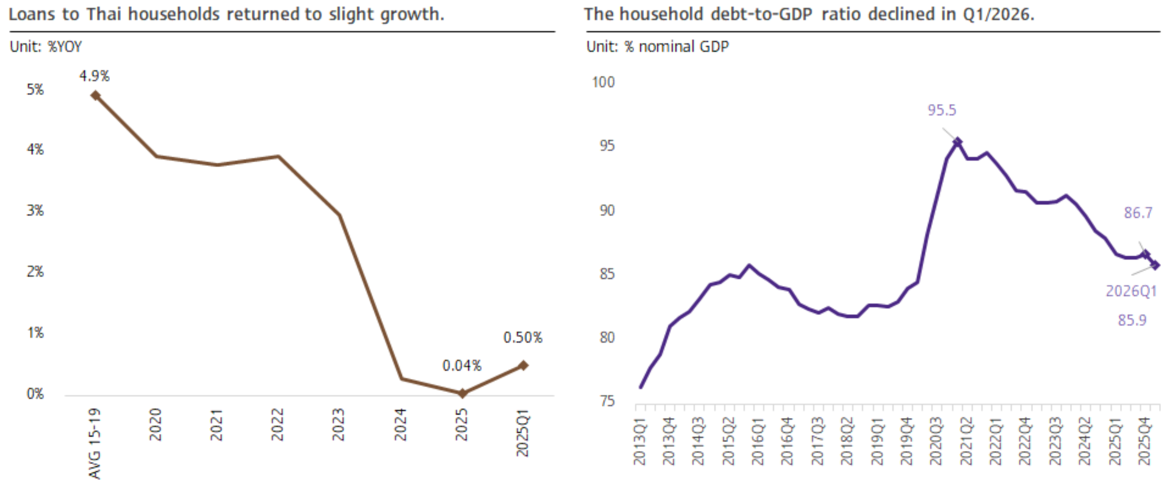
Therefore, the observed decline in the household debt-to-nominal GDP ratio should not be viewed as a sign of stronger household financial positions. Rather, it reflects constraints on access to credit and an uneven recovery in household income, which may weigh on the recovery of consumption and the Thai economy in the period ahead.

Why did Thailand's household debt-to-GDP ratio continue to decline in Q1/2026?

Thailand's household debt-to-GDP ratio declined to 85.9% in Q1/2026, its lowest level in six years. Although household debt growth accelerated in the quarter, **with outstanding debt reaching THB 16.41 trillion, up 0.5%YOY and marking a second consecutive quarter of expansion,** growth remained subdued amid tight financial conditions, continued difficulties in accessing retail credit, and greater household caution toward spending and taking on new borrowing. This suggests that Thai households remain in a deleveraging phase. Meanwhile, stronger GDP growth caused the household debt-to-GDP ratio to decline relatively rapidly during the quarter (Figure 1).

SCB EIC finds that the relatively rapid decline in the household debt-to-GDP ratio in this quarter was driven by three key factors:

Figure 1: Household debt expanded for a second consecutive quarter, while the household debt-to-GDP ratio declined rapidly in Q1/2026.



Source: Bank of Thailand

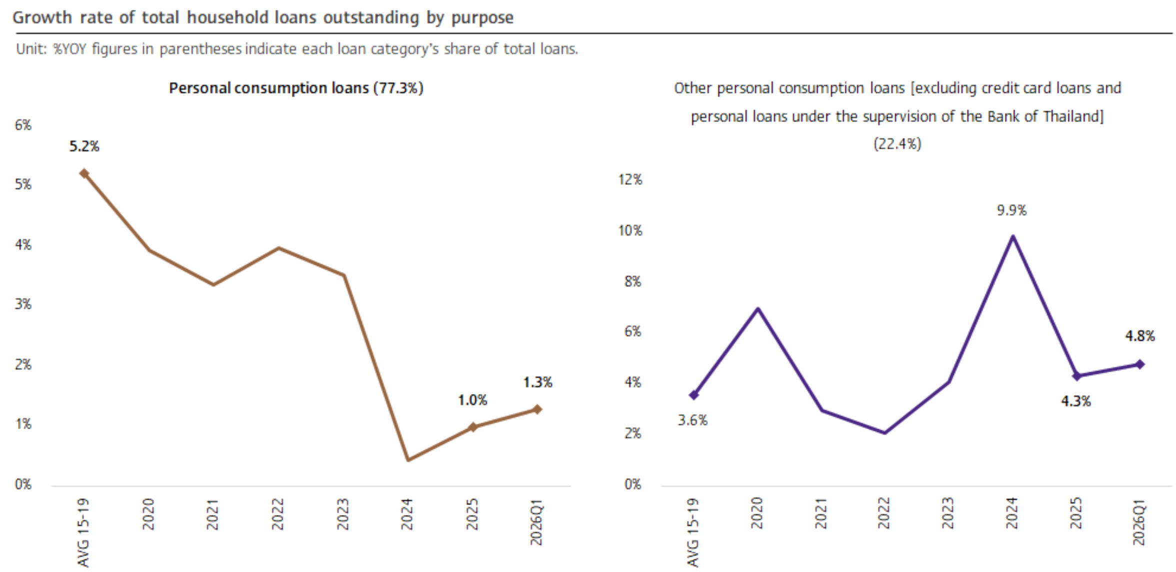
1. **Households face difficulties in accessing credit from mainstream financial institutions.**

When household debt in Q1/2026 is disaggregated by loan purpose, personal consumption loans were the main category recording stronger growth, expanding by 1.3%YOY, up from 1.0%YOY in the previous quarter. In particular, **other personal consumption loans—excluding credit card loans and personal loans under the supervision of the Bank of Thailand**—accelerated to 4.8%YOY. Meanwhile, credit card loans and personal loans under the supervision of the Bank of Thailand began to recover, growing by 1.0%YOY, while housing loans accelerated slightly to 1.7%YOY, although this remained well below their historical average growth of 3.9%YOY during 2020–2025.

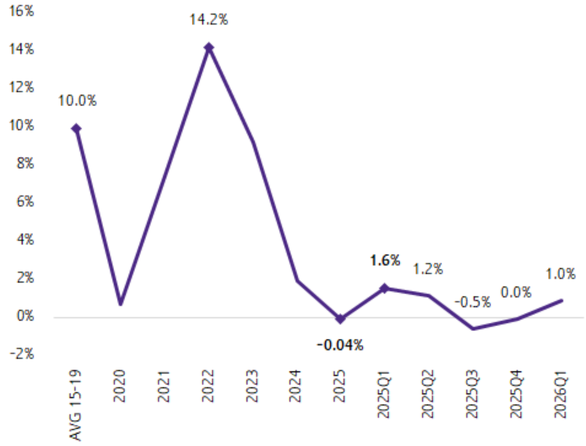
Among personal consumption loans that continued to contract, hire-purchase loans for cars and motorcycles improved slightly but still declined sharply by 7.5%YOY, **while personal consumption loans for education continued to contract** by 2.2%YOY. **Household loans for business operations and other loans—comprising loans for securities purchases and other unclassified purposes—also continued to decline** by 1.6%YOY and 3.6%YOY, respectively. This reflects that household borrowing for business investment, securities investment, and education to support future income generation has yet to recover (Figure 2).

The subdued loan growth is consistent with the breakdown of household debt by type of lender, which shows that loans from private financial institutions continued to contract, reflecting continued caution in lending. This was particularly evident among commercial banks and credit card, leasing, and personal loan companies, which together account for more than 50% of total household debt. Outstanding household loans at commercial banks contracted by around 2.1%YOY, marking an eighth consecutive quarter of decline. Meanwhile, outstanding household loans at credit card, leasing, and personal loan companies fell by 0.1%YOY, extending their contraction to a sixth consecutive quarter, although the pace of decline moderated from 0.8%YOY in the previous quarter (Figure 3).

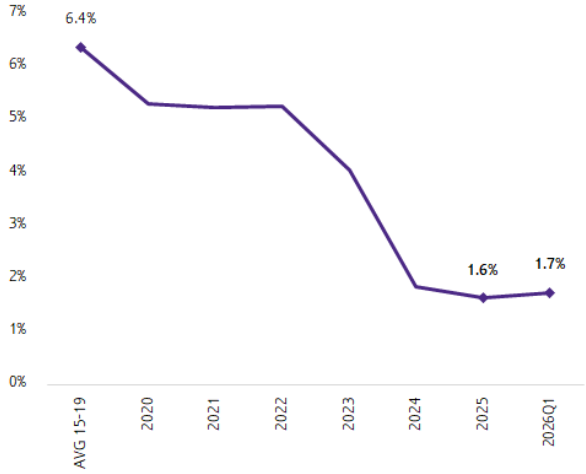
Figure 2: Household debt continued to expand in Q1/2026, driven mainly by personal consumption loans.



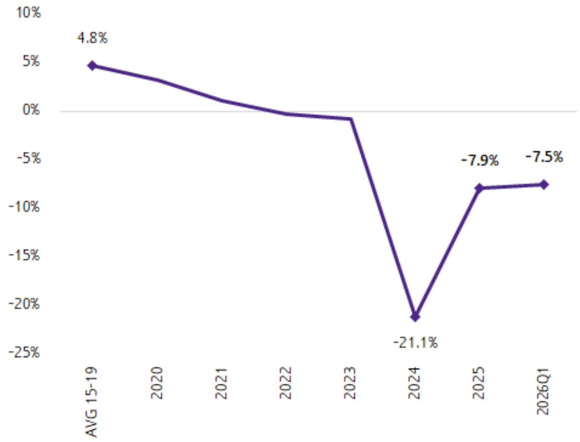
Credit card loans and personal loans under the supervision of the Bank of Thailand (8.2%)



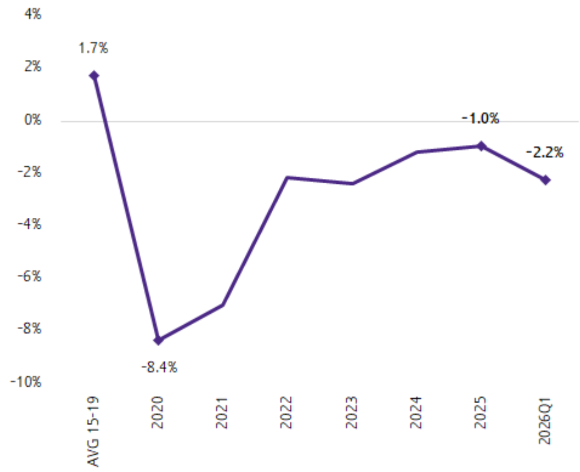
Personal consumption loans for real estate purchases (34.9%)



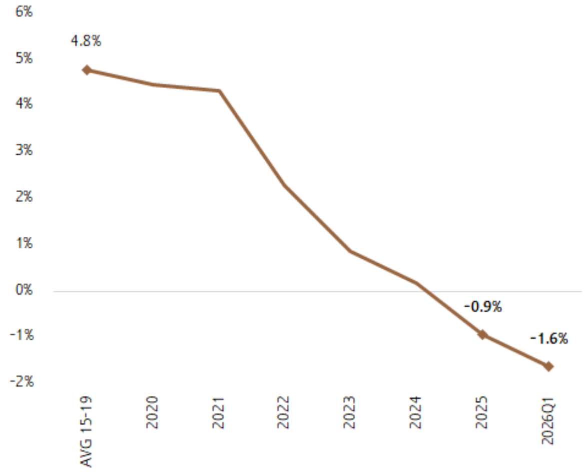
Personal consumption loans for the purchase or hire purchase of cars and motorcycles (7.8%)



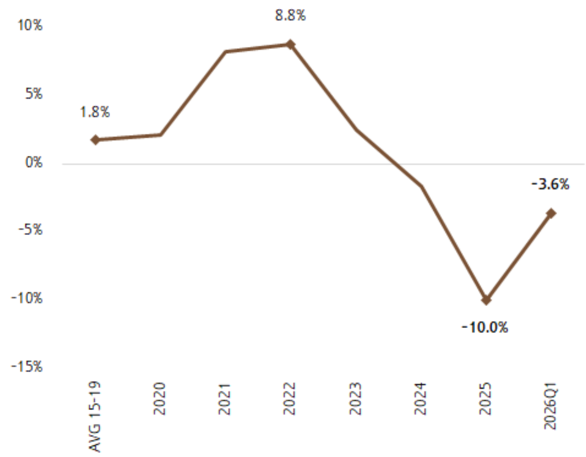
Personal consumption loans for education (4.0%)



Loans for business operations (17.6%)

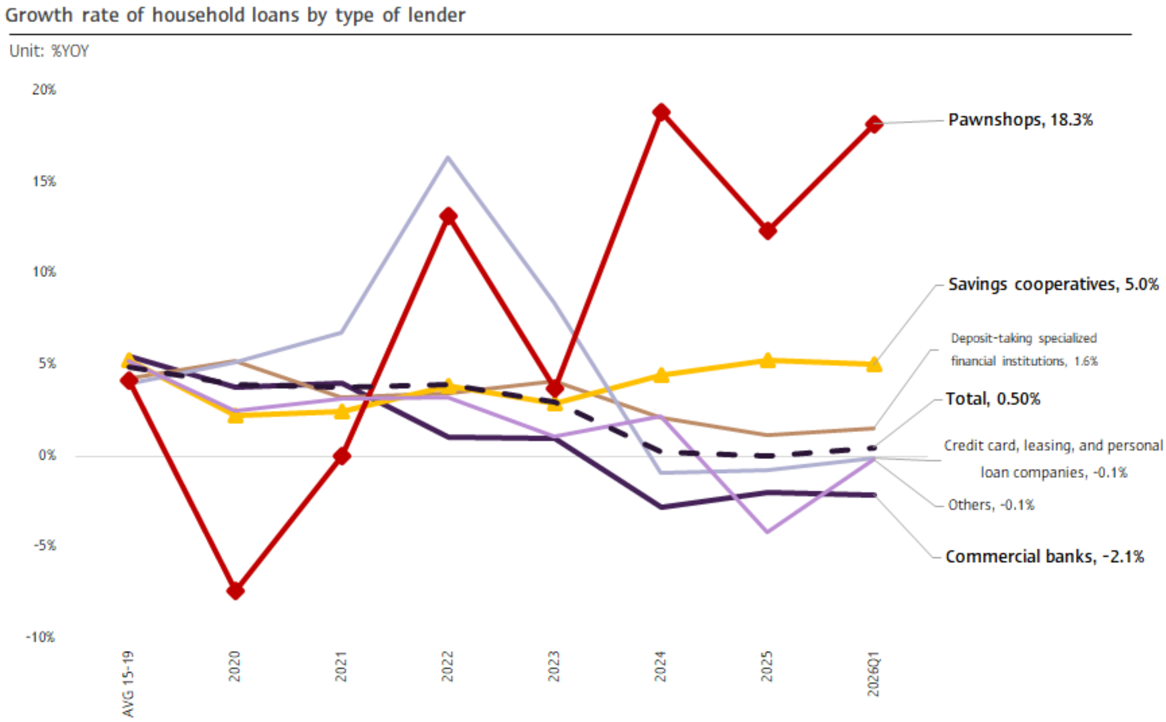


Other loans [for securities purchases and unclassified purposes] (5.1%)



Source: Bank of Thailand

Figure 3: Household borrowing from savings cooperatives and pawnshops continued to expand strongly.



Source: Bank of Thailand

2. **Some households have increasingly turned to more accessible borrowing sources with greater flexibility.**

Household debt continued to expand through specialized financial institutions and state-owned financial institutions, growing by 1.6%YOY, partly supported by government assistance measures that helped sustain the economy. **Meanwhile, loans extended through savings cooperatives continued to grow strongly by 5.0%YOY, while pawnshop loans accelerated sharply to 18.3%YOY** from 12.4%YOY in the previous quarter. Although household debt from these two sources together accounts for around 16.4% of total household debt, their stronger growth serves as a warning sign that some households may be facing greater liquidity constraints and increasingly turning to borrowing sources that are more accessible and offer more flexible terms than loans from mainstream financial institutions (Figure 3).

3. **GDP expanded strongly in Q1/2026.**

The Thai economy grew strongly in Q1/2026, supported by robust growth in private investment and exports. As a result, nominal GDP expanded by 2.9%YOY, outpacing household debt growth of only 0.5%YOY. As nominal GDP, which serves as the denominator of the household debt-to-GDP ratio, grew faster than outstanding debt, the ratio declined rapidly, even though the value of household debt continued to increase and households' debt-servicing capacity had yet to show a clear improvement.

SCB EIC assesses that Thailand's household debt-to-GDP ratio will continue to decline, but this does not reflect an improvement in households' financial position.

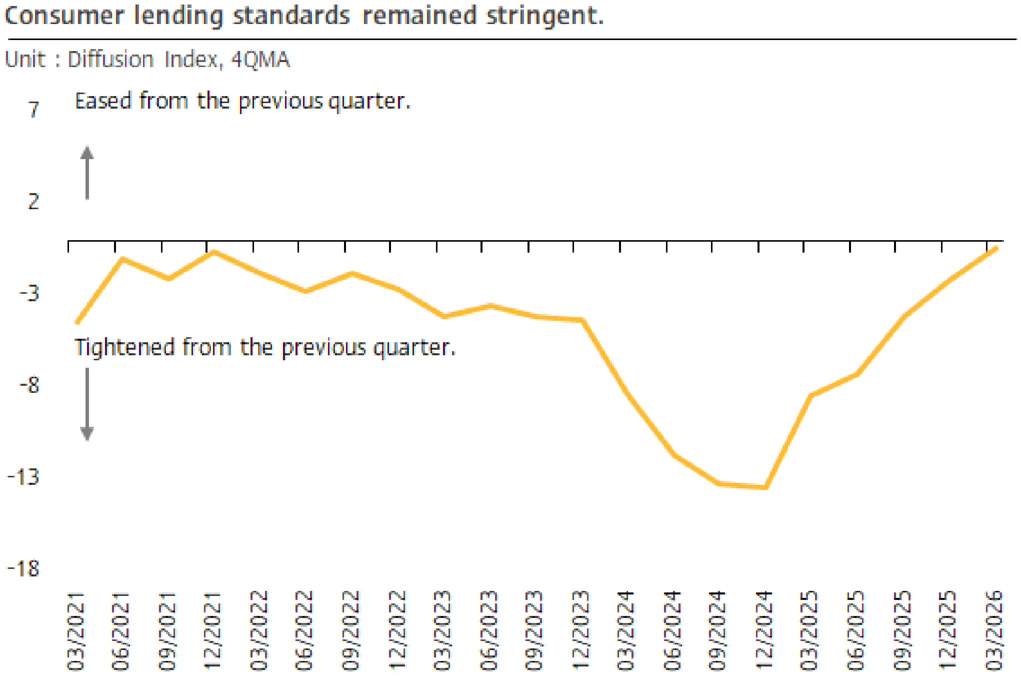
Looking ahead, SCB EIC expects Thailand's household debt-to-GDP ratio to continue declining to around 83.5–84.5% at end-2026. However, this decline reflects "constraint-driven deleveraging" rather than an improvement in households' financial position, driven by three key factors:

1. **Tight credit conditions continue to constrain household debt growth.**

Financial institutions' lending standards remain stringent, particularly for retail loans from mainstream financial institutions. This has made it difficult for households to access new credit and is expected to keep outstanding household debt growth subdued (Figure 4).

These constraints have prompted some households, particularly those with unstable incomes or high existing debt burdens, to turn to alternative borrowing sources that are easier to access. Some of these sources may carry higher financing costs or offer shorter loan tenors, increasing the risk that vulnerable households will rely more heavily on informal debt. This is consistent with a 2026 survey by the Ministry of Commerce, which found that, among indebted respondents, the share of those involved with informal debt rose to 21.2% from 20.1% in the previous year. A 2026 survey by the University of the Thai Chamber of Commerce also found that the share of informal debt among respondents increased to 35.0% from 30.1% in the previous year.

Figure 4: Financial institutions' consumer lending standards remained stringent.



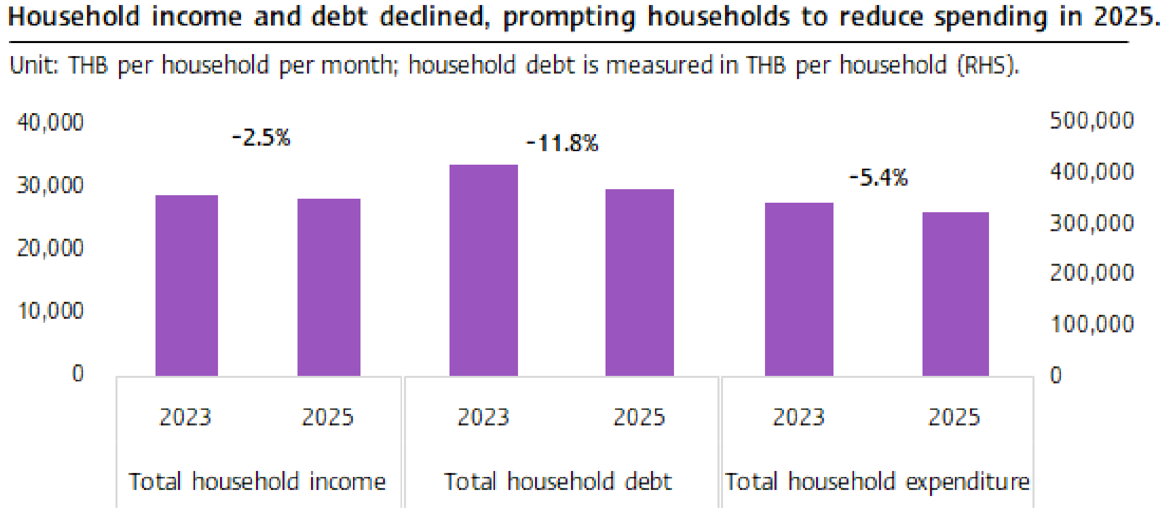
Source: Bank of Thailand

2. **A slow recovery in income has made households more cautious about spending and taking on new debt.**

A slow recovery in income, rising living costs, and economic uncertainty have prompted many households to cut spending and delay new borrowing, particularly loans for asset purchases or long-term investment. At the same time, some households have had to reduce expenditures to preserve liquidity and service existing debt obligations.

This is consistent with SCB EIC's analysis of data from the National Statistical Office's 2025 Household Socio-Economic Survey, which found that Thai household income declined by 2.5% compared with the previous survey in 2023, marking the first decline in six years. The decline in income has prompted households to reduce spending and become more cautious about taking on debt. The data also show that household expenditure fell by 5.4%, while household debt declined by 11.8% compared with 2023 (Figure 5).

Figure 5: The National Statistical Office's 2025 household survey indicates that households became more cautious about spending and new borrowing amid declining income.



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

3. **Nominal GDP is likely to grow faster than household debt amid inflationary pressures.**

Nominal GDP, which serves as the denominator of the household debt-to-GDP ratio, is expected to grow faster amid rising inflationary pressures in 2026. SCB EIC assesses that headline inflation will accelerate to 2.6%, driven by a sharp rise in energy prices following the conflict in the Middle East.

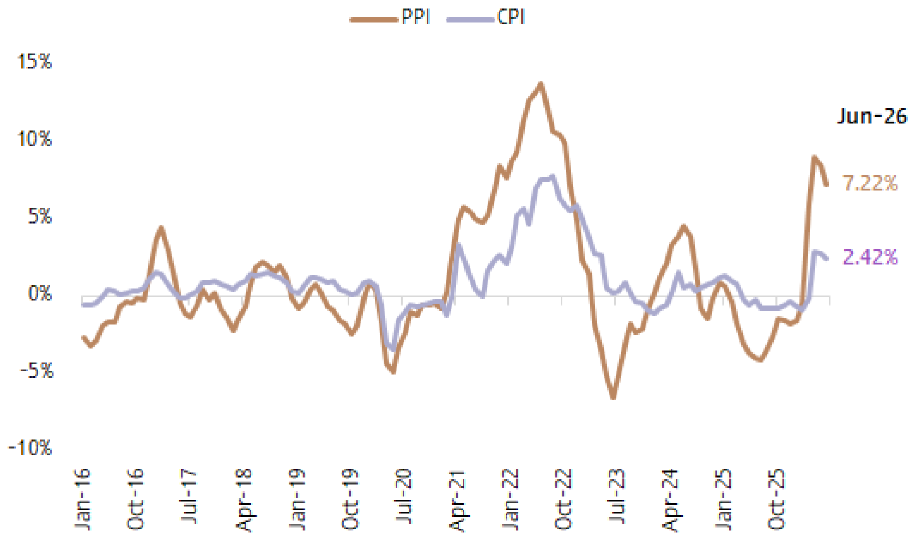
Thailand's headline inflation is expected to exceed the upper bound of the 1–3% inflation target range, particularly in the second half of 2026, as higher energy and production costs are increasingly passed through from producers to consumers.

As a result, the household debt-to-GDP ratio may decline relatively rapidly in numerical terms, as nominal GDP grows faster than outstanding household debt, even though the value of debt continues to increase and households' debt-servicing capacity has yet to show a clear improvement (Figure 6).

Figure 6: Producer price index accelerated far above consumer price index, suggesting greater cost pass-through to consumers in the period ahead.

Producer price index (PPI) accelerated faster than consumer price index (CPI), indicating greater cost pass-through in the period ahead.

Unit: times



Source: SCB EIC analysis based on data from the Ministry of Commerce.

Looking ahead, the rapid decline in the household debt-to-GDP ratio does not yet reflect an improvement in households' financial health.

This is because the economy is expected to continue expanding at a slow pace, the labour market is weakening, the recovery in income remains limited, and loan quality continues to warrant close monitoring, with four key issues as follows:

1. **The labour market is showing signs of weakening.**

Since the beginning of the year, labour market indicators have deteriorated across nearly all dimensions. In terms of employment, the overall unemployment rate rose to 0.94% in Q1/2026, its highest level in five quarters, and continued to increase to 1.0% in May. Meanwhile, the unemployment rate among Section 33 social security insured persons stood at 2.0% in Q1/2026 and rose further to 2.26% in May. In addition, overall working hours declined to their lowest level in three quarters, pointing to a slowdown in labour demand.

In terms of wages, average overall wage, including bonuses and overtime pay, returned to contraction at 0.48%YOY in Q1/2026, amid declining working hours and a rising unemployment rate. By type of worker, average earnings among self-employed workers contracted sharply by 2.5%YOY, while earnings among formal workers—including private-sector, government, and state-enterprise employees—expanded only slightly (Figure 7).

Figure 7: Thailand's labour market showed increasing signs of fragility, with unemployment rising and wages contracting in Q1/2026.

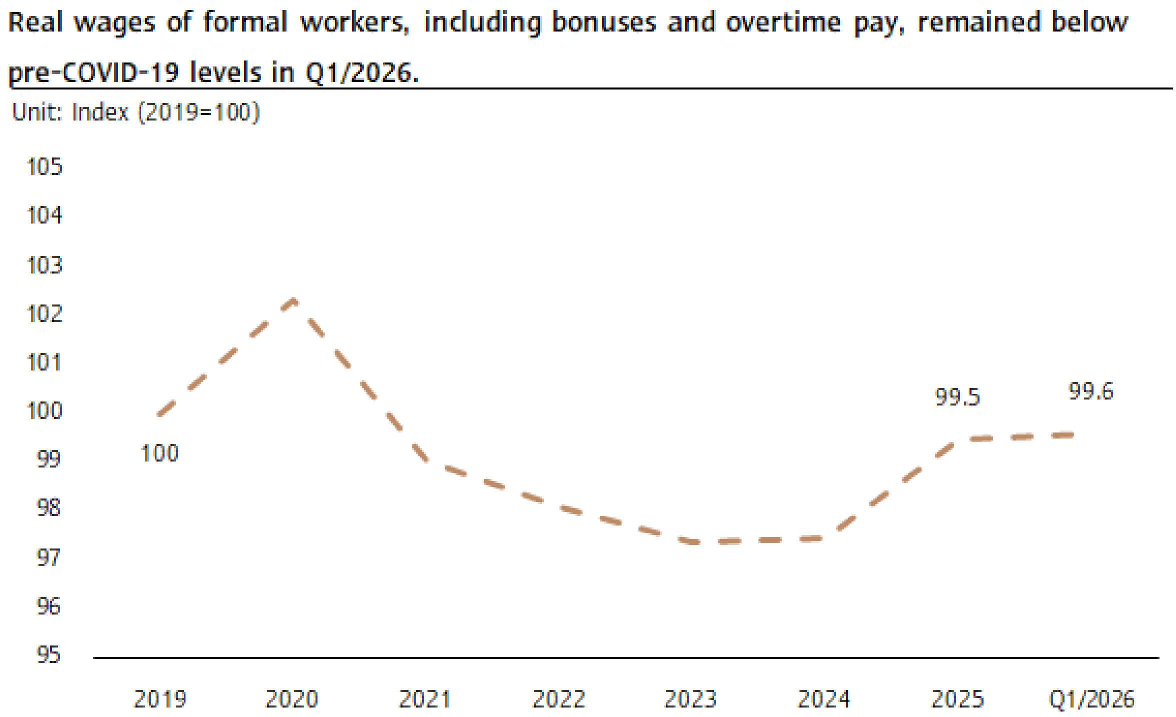
Thailand's labour market showed increasing signs of fragility in Q1/2026 (National Statistical Office).

Labor market indicators	Unit	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26 (May26)
Overall unemployment rate	% of labor force	0.89	0.91	0.76	0.7	0.94 (1.00)
Unemployment rate among Section 33 Social Security insured workers.	% of Social Security-covered workers	1.88	2.07	1.99	1.78	2 (2.26)
Disguised unemployment rate	% of labor force	1	0.67	0.2	0.3	0.83
Average working hours	Average per week	40.8	42.7	43.1	42.9	40.9
Underemployment workers	%YOY	-7.9	-4	-25.7	-34.4	5.4
Average overall wage (incl. Bonus and OT)	%YOY	-0.88	-1.95	-0.37	-0.10	-0.48
- Average formal-sector wage (incl. Bonus and OT) [49.5%]	%YOY	3.23	2.32	1.45	0.86	0.93
- Average self-employed wage (incl. Bonus and OT) [33.4%]	%YOY	-6.37	-7.82	-2.92	-1.52	-2.45

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

SCB EIC assesses that the real wages of formal workers could return to contraction in 2026, as inflationary pressures intensify amid the conflict in the Middle East, while wage growth remains subdued. This would increase risks to households' debt-servicing capacity (Figure 8).

Figure 8: Real wages of formal workers, including overtime pay and bonuses, expanded slightly in Q1/2026.



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

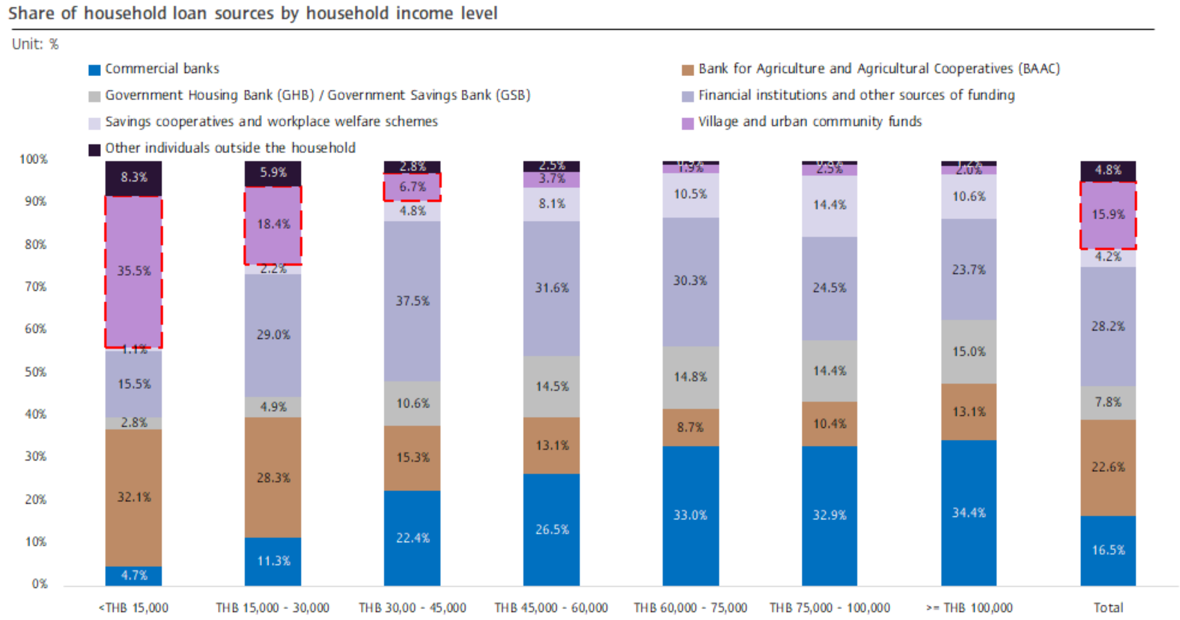
2. **Part of the household debt burden may not yet be reflected in the official household debt figures.**

SCB EIC's analysis of the National Statistical Office's 2025 Household Socio-Economic Survey found that the share of household loans from village and urban community funds increased to 15.9%, from 15.0% in 2023.

The increase was particularly evident among low-income households earning no more than THB 15,000 per month, whose share of borrowing from these sources rose to 35.5%, from 32.7% in 2023. Meanwhile, among households earning THB 15,000–30,000 per month, the share increased to 18.4%, from 17.0%. These findings suggest that low-income households are becoming increasingly reliant on funding sources outside mainstream financial institutions, particularly village and urban community funds. Such borrowing may not yet be fully captured in the official household debt statistics, despite being an important source of financing for low-income households.

Therefore, the actual debt burden of some household groups may be higher than indicated by the official data, increasing risks to the debt-servicing capacity of vulnerable households in the period ahead (Figure 9).

Figure 9: Village and urban community fund borrowing accounts for a high share of loans among low-income households.



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

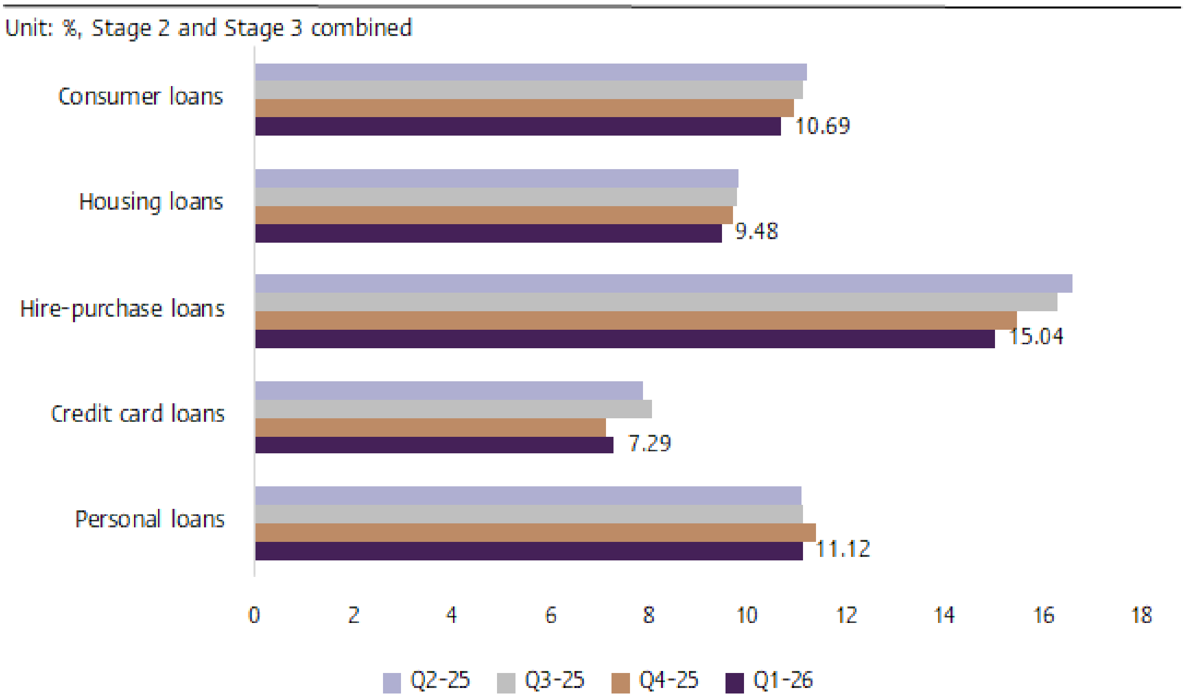
3. Overall household loan quality remains weak.

The combined share of Stage 2 and Stage 3 consumer loans declined for the third consecutive quarter to 10.7% in Q1/2026, from 11.1% in the previous quarter, but remained elevated. This was particularly evident in hire-purchase loans. Although the combined share of Stage 2 and Stage 3 hire-purchase loans gradually declined to 15.0%, from 15.5% in the previous quarter, it remained nearly twice as high as that of other consumer loan categories. This was consistent with the continued contraction in outstanding automobile and motorcycle hire-purchase loans, which fell by 7.5%YOY, indicating that financial institutions remain cautious in extending credit to this borrower group to manage risks.

However, the gradual decline in the overall share of Stage 2 and Stage 3 consumer loans may partly reflect debtor assistance measures, such as the “You Fight, We Help” and “Close Debt Fast, Move Forward” programmes, which have facilitated debt restructuring and accelerated the resolution of non-performing loans, rather than a significant improvement in households' debt-servicing capacity. Moreover, as the share of at-risk loans remains elevated across several loan categories, household loan quality continues to be a risk factor that requires close monitoring (Figure 10).

Figure 10: The share of non-performing consumer loans remained persistently high among commercial banks and their subsidiaries.

Share of consumer loans in the commercial banking system, including subsidiaries

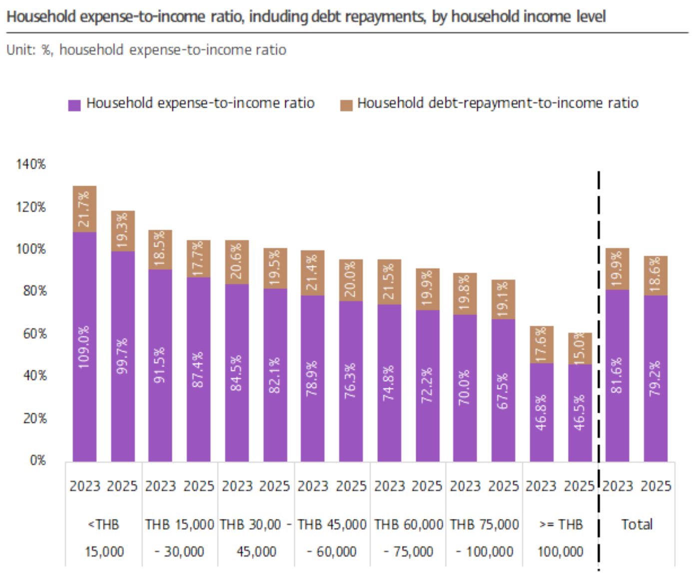


Source: Bank of Thailand

4. **More than half of indebted households have insufficient income to cover their expenses.** Most households earning less than THB 50,000 per month continue to face both high essential living expenses and substantial debt-repayment burdens. This has tightened their liquidity and limited their ability to cope with the rising cost of living expected in 2026.

Overall, more than 50% of indebted households have insufficient income to cover their expenses. This is particularly evident among households earning no more than THB 15,000 per month, whose total expenses, including debt repayments, amounted to 119% of income in 2025. Although this was lower than 130.7% in 2023, it still indicates that this group's total monthly expenses exceeded its income and that it faced the highest expense-to-income burden among all household income groups (Figure 11).

Figure 11: The expense-to-income ratio, including debt repayments, remained high among low-income households.



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

In summary, the decline in Thailand's household debt-to-GDP ratio to its lowest level in six years does not reflect an improvement in households' financial health. Rather, it is the result of unhealthy debt deleveraging amid tight credit conditions, a slow income recovery, and weaker spending and new borrowing, while nominal GDP has been supported by energy-driven inflation.

Looking ahead, **the key challenge is therefore not merely to reduce the household debt-to-GDP ratio more rapidly, but to enable households to deleverage through genuinely stronger income and financial positions. Otherwise, the apparent improvement in the formal household debt-to-GDP ratio may prove illusory, coming at the cost of debt shifting to informal sources that are more expensive, riskier, and increasingly difficult to detect.**

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