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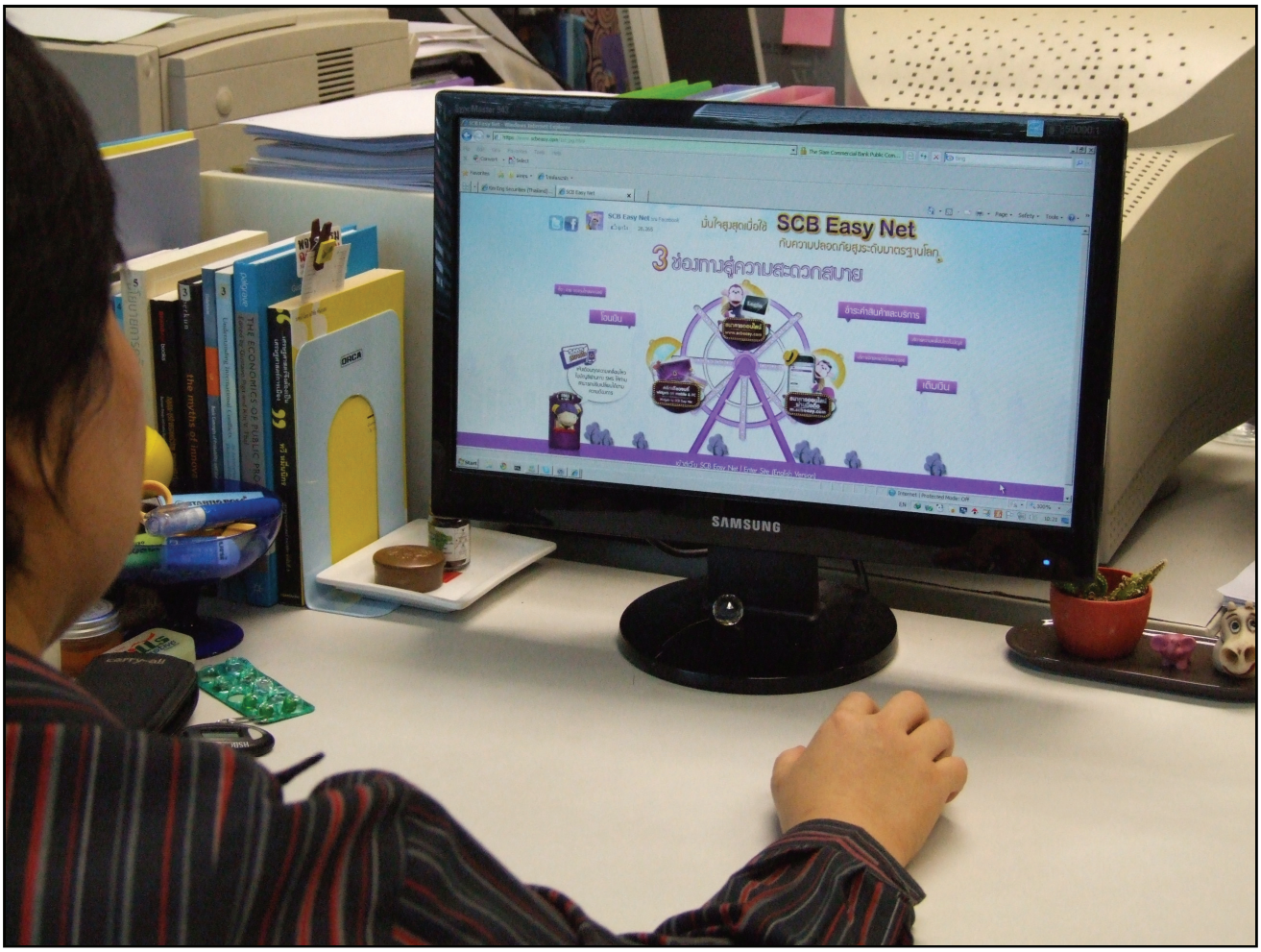

The excessively high fees imposed on the interbank electronic payment services not only pose the obstacle to the development of a more efficient and lower-cost electronic payment system that would help enhance the competitiveness of the Thai economy, but also create an unnecessary waste of resources. What are the underlying causes of such high fees and what are appropriate measures and policies to dislodge these barriers? See related article on page 3.

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Competition in the Interbank Bulk Payment and Credit Transfer Service Market*

Deunden Nikomborirak**

1. BACKGROUND

Under the Bank of Thailand's "Payment System Strategic Plan for the Year 2010," the public and private sectors are to cooperate in promoting the use of an efficient, secure and fair-priced electronic payment system that could help cut costs and boost the efficiency of financial transactions. However, high fees imposed on electronic payment services pose a major obstacle to attaining those goals.[1]

The excessively high fees not only retard the development of a more efficient and lower-cost electronic payment system that would help enhance the competitiveness of the Thai economy, but also create an unnecessary waste of resources. To avoid such high interbank transfer fees, businesses have opted to open accounts at all major commercial banks so that inward transfers made by customers or outward transfers made to employees or suppliers are "in-house direct credit" transactions,[2] which are free of charge. When the flows of funds between individual banks are obstructed, players with a larger customer base are likely to be the beneficiaries.

This study is aimed at assessing the level of competition in the interbank electronic payment service market in order to determine the underlying causes of the sustained high fees and to propose appropriate measures or policies to dislodge barriers to competition in the market.

The structure of the paper is as follows. Following the background section, the second section examines the market structure of the electronic payment service in Thailand in order to assess whether there is sufficient competition to facilitate an efficient competitive outcome and whether price regulation currently imposed by the Bank of Thailand is necessary. The third section describes the price regulation regime, which is a major determinant of the nature of competition in the market. Sections four and five examine competition in the individual service markets supporting the electronic payment service, namely the interbank electronic transfer settlement service (a monopoly), and the automatic teller machine (ATM) service, respectively. The concluding section provides policy recommendations that, if implemented, could help accelerate the migration toward an electronic-based payment system.

2. THE ELECTRONIC PAYMENT SERVICE MARKET

Electronic payment services may be divided into two categories. The first is called the "bulk payment service," which describes a payment made by a payer to multiple payees, such as when a company transfers monthly salary allocations to its employees. The second type is called the "credit transfer service;" it describes a payment made by a payer to a single payee, such as when a person transfers an amount owed to a friend via an ATM or Internet banking. The first type of payment belongs to the corporate market; the second type, the retail market.

The parties involved in the electronic payment service are (a) the sending bank, which executes the transfer order; (b) the receiving bank, which receives the transferred funds; (c) the National ITMX Company Limited, a non-profit organization run by commercial banks, which operates the only operator of the interbank payment system known as the ITMX or Interbank Transaction Management and Exchange in the case of the bulk payment service, or ORFT (online retail funds transfer) in the case of the credit transfer service via ATMs; and (d) ATM machine vendors, which in the case of Thailand, are commercial banks themselves (Figure 1).

A bank that would like to provide interbank fund transfer services needs to become a member of the ITMX system. Currently, 33 banks are members of the bulk payment service and 22 banks provide the credit transfer service. As for ATM machines, they are all owned by commercial banks. Currently, 19 banks own roughly 35,000 ATM machines nationwide.

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* *Report submitted to the Bank of Thailand, November 2009.*

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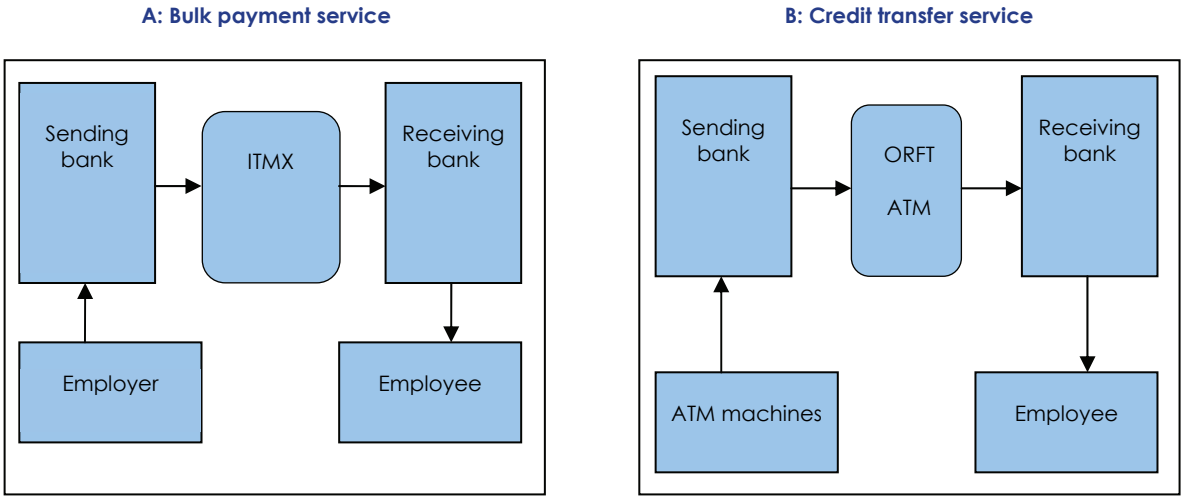
Figure 1 Market Structure of Bulk Payment Service and Credit Transfer Service



At a glance, the interbank payment service appears to be rather competitive based on the sheer number of providers in the market at each and every stage of a transaction, barring the central payment clearing system, which is a monopoly. However, when market shares of the players in the market are examined, the picture changes. As shown in Table 1, the one-firm concentration ratio (CR1) for the bulk payment service market, which describes the market share of the largest firm in the market, is 18 percent and the three-firm concentration ratio (CR3) is 39 percent. The percentages for the credit transfer service market are 31 and 76, respectively. Clearly, the retail electronic payment market is much more concentrated than its corporate counterpart.

The reason why the bulk payment market is less concentrated than the credit transfer service market is because foreign banks can compete in the corporate market, but not in the retail market due to the restriction on the number of branches that a foreign bank can have. Without branches (and ATMs), foreign banks cannot attract deposits from retail customers; thus, they sustain a small retail customer base. However, large multi-national companies in Thailand prefer to do business with the same bank with which they deal in their home country. For example, United States banks would prefer to do business with Citibank or the Bank of America, while German companies would choose Deutsche Bank. That is why foreign banks in Thailand still have sizeable market shares in the corporate service market despite the restriction on the number of branches they may operate.

Are the levels of concentration in these markets too high? The degree of concentration of a particular market can be quantified by using the Hirschman-Herfindahl Index (HHI). The index represents the sum of the squares of the market shares of all the firms in the market.[3] A concentrated market refers to one in which the index lies between 1,500 and 2,000. In the United States, the Federal Reserve System may prohibit mergers between two banks if the post-merger HHI index would exceed 1,800. According to this benchmark, the bulk payment service market would be considered to be "competitive" with a HHI at 673, while the retail credit transfer market, with HHI at 1,997, would be rated "not so competitive." Dividing 10,000 (the HHI index for a monopolistic market) by the actual HHI yields the number of effective competitors in the market. As Table 1 shows, the number of effective players in the bulk payment service is 14.85, while that for the credit transfer service market is only 5.01, compared with the actual number of players in the Thai market, that is, 33 and 22, respectively. This indicates that a few large firms dominate the credit transfer market. Nevertheless, with five effective players in the Thai market, there should still be sufficient room for competition. If both the bulk payment and credit transfer markets are potentially competitive, why is it that service fees remain high?

3. PRICE REGULATION

Service fees for both bulk payment and credit transfer services are subject to ceiling rates proposed by the Subcommittee for Cooperation on the National Payment System and endorsed by the Bank of Thailand's Payment System Committee. Interestingly, the Subcommittee responsible for proposing the relevant fees comprises government officials as well as representatives of the commercial bank themselves.[4]

As shown in Table 2, the maximum rate that each party involved in a transaction can charge has been specified. Before June 1, 2009, a flat rate applied for all bulk payment transfers valued at not more than 500,000 baht. Thereafter, a tiered structure applied and it entailed significantly higher charges for higher-value transfers.[5] A similar tiered structure also applied in the case of the credit transfer fee.

Table 1 Market Concentration in the Interbank Payment Service Market (percentage)

Type of service	One-firm concentration ratio (CR1)	Two-firm concentration ratio (CR2)	Three-firm concentration ratio (CR3)	Hirschman-Herfindahl Index (HHI)	No. of effective competitors
Bulk payment	18	29	39	673	14.85
Credit transfer	31	56	76	1,997	5.01

Source: Calculated by research team based on number of transactions; data provided by the Bank of Thailand.

Table 2 Bulk Payment and Credit Transfer Fees

A: Bulk payment fees

	Amount of funds transferred (Baht)	Fee (Baht)	Sending bank (Baht)	Receiving bank (Baht)	Interbank Transaction Management and Exchange (ITMX) (Baht)
Before June 1, 2009	0 - 500,000	10.00	3.90	5.90	0.60
After June 1, 2009	0 - 100,000	12.00	4.15	7.40	0.45
	100,001 – 500,000	40.00	14.15	25.40	0.45
	500,001 - 2,000,000	100.00	35.15	64.40	0.45

B: Credit transfer fees

Value of funds transferred (Baht)	Fee (Baht)	Receiving bank (Baht)	Sending bank (Baht)	ATM (Baht)	Online retail funds transfer system (ORFT) (Baht)
0-10,000	25	3.22	7	12	1.78
10,001-30,000	35	5.22	10	18	1.78

While these rates were meant to be only ceiling rates, in practice, all banks charged the maximum rates. In the case of the bulk payment service, however, the sender bank could waive the "sending bank" fee (4.15 baht for transfers valued at not more than 100,000 baht), depending on case-by-case negotiation, but maintain the maximum amount as the list price. No discounts were available for credit transfer services made via ATM machines.

It seems to be the case that commercial banks are engaged in "parallel pricing,"[6] using the ceiling rates endorsed by the Bank of Thailand as the targeted price. Worse, if fee-setting is discussed in Thai Bankers' Association meetings, they could be considered to be "colluding" to fix prices. It is not clear whether parallel pricing violates the Thai Trade Competition Act of 1999, but price fixing per se is illegal, i.e., illegal without the need to prove injury, according to section 27 of the law. It should be noted that any violation of the competition law is subject to criminal sanction.

In the absence of price competition, established fees do not necessarily reflect underlying costs and consumers are unable to "shop around" for a "better offer" among the many banks in the market. For example, when the ceiling rate for the bulk payment fee was increased in June 2009, every bank revised its own listed fee to match the new rate. Customers who normally transferred large amounts of funds, such as stock brokerage firms, bore the brunt of the fee increase. The volume of transactions that involved the transfer of funds valued at more than 500,000 baht, which faced a ten-fold fee increase, declined by 68 percent, while that of funds valued at not more than 100,000 baht, which faced a 20 percent fee increase, rose by 8.16 percent, as can be seen in Table 2. Undoubtedly, the fee increase in 2009 has put Thailand a few paces behind in its attempts to switch from a paper-based to an electronic-based financial service system.

Customers that were priced out of the bulk payment service market had to switch to less expensive (and less efficient) alternatives, such as issuing interbank checks, which incurred a flat fee of 15 baht, or payees were required to open accounts in the same bank as the payer if they were to avoid the expensive interbank fund transfer fees.

Banks reckon that the established interbank electronic transfer fees they charge are significantly higher than the costs involved, but explain that profits generated from the hefty fees are used to subsidize paper-based transaction costs that are mostly under-priced or free of charge. For example, checks cost only 15 baht each, although their actual cost is estimated to be 16.9 baht each.[7] Over-the-counter cash deposits and withdrawals are free of charge as are cash withdrawals from ATMs for the first few times they are used each month. Costs associated with the subsequent withdrawal of funds transferred electronically are then built into the

"receiving bank fee," as shown in Table 2. That is why receiving banks gain the largest share (roughly 60%) of the fee that customers are charged for using electronic payment services.

The cross-subsidizing between modern electronic payment services and traditional paper-based services can be maintained only when banks are able to collude in order to sustain superficially high prices. Should one of the banks decide to undercut the others and set a price below the ceiling rates endorsed by the Bank of Thailand, then the whole scheme would fall apart. Fees for paper-based transactions would have to rise. Banks try to avoid this situation because raising fees for traditional services is a highly sensitive issue.

4. THE PAYMENT SYSTEM MARKET

The interbank payment system operates as a network, much like a telecommunications network. Network services tend to be natural monopolies because having all service providers operating as part of a single common network is more efficient than having groups of service providers with each setting up its own network, since connection between different networks could be problematic both technically and economically. However, having only one payment system poses risks associated with market monopolization. As a result, in many countries, the central bank manages the national payment system in order to prevent exploitation of market power by actors in the private sector.

The Bank of Thailand initially developed and operated the electronic payment system for bulk transfer of funds known as the "System for Managing Automated Retail Funds Transfer," or SMART. However, in 2007, in keeping with the evolving international best practice that saw an increasing role for banks in the development and management of the payment system, the Bank of Thailand transferred the operation and development of SMART to a private company, known as the ATM Pool Limited. The company at the time was already operating the credit transfer payment system, called ORFT. Thus, by 2007, both the bulk payment and the retail credit transfer systems were operated by the same private entity, that is, the National ITMX, a company jointly owned by 11 commercial banks whose individual equity shareholding was determined by the volume of their transactions.

While private operation of the national payment system is not unique to Thailand, there are two major concerns about National ITMX. First, as previously mentioned, in most countries it is the banks' association that operates the payment system rather than a private company dominated by large commercial banks. Since the payment market is concentrated, so too is the ownership of the National ITMX; six of the nine directors of the National ITMX are from the top six commercial banks in Thailand. The remaining three directors are the secretary of the Thai Bankers' Association and two executives from the National ITMX. Without doubt, the management of the payment system is dominated by large banks. In Australia, while votes in the management of the Australian Payment System Association are also distributed by share of transaction volume, seats on the board of directors are reserved for representatives of credit unions, cooperative savings groups and that country's central bank in order to ensure more balanced management of the national payment system.

Second, unlike in most other countries, procedural rules and fees established by Thailand's National ITMX are not properly scrutinized by the Bank of Thailand and the Thai Competition Office to ensure that they are fair to all members. The Bank of Thailand regulates only the usage fee, currently set at 0.45 baht per transaction for bulk payment transfer and 1.78 baht for ATM credit transfer, as shown in Table 2. The central bank does not regulate either the annual membership fee or, in particular, the entrance fee despite the fact that such fees, if overpriced, may pose a significant entry barrier to the electronic payment market.

In principle and practice, prices set by private monopolies, be they the natural gas pipeline or the national electricity grid operator, must be tightly regulated to ensure consistency with regard to costs. The Bank of Thailand has yet to develop expertise in the area of price regulation, which requires knowledge and skills that are very much different from prudential regulation to which it is more accustomed. In this particular case, the central bank would need to analyze whether the proposed entrance fee and the annual fee justified the system maintenance and development costs (Table 3).

Table 3 Selected Financial Services and Associated Fees

Service	Fee
Annual membership fee	1 million baht
Entrance fee (one-time charge)	
(a) Basic ATM (cash withdrawal and checking account balance)	15 million
(b) Interbank fund transfer via ATM (online retail funds transfer)	10 million
(c) Interbank fund transfer via bank's service counters	6 million
(d) SMART credit	4 million
(e) SMART debit	2 million

Source: National ITMX website at www.itmx.co.th

5. THE ATM MARKET

Concentration in the ATM market mirrors that of the retail credit transfer market simply because ATMs are extensions of the commercial banks' retail financial services. As previously mentioned, there are roughly 35,000 ATMs in the market, three quarters of which are owned by the top four commercial banks. The largest bank controls roughly 20 percent of the market. These figures reveal that the market is an oligopoly.

Regardless of the structure of the market, however, price competition does not exist in the ATM market. As is the case with the other banking services discussed previously, the ATM usage fee for credit transfer purposes is fixed at the ceiling rate set by the Bank of Thailand. Table 2B reveals that ATM usage fees account for almost half of the credit transfer service fees, that is, 12 baht for transfers of not more than 10,000 baht and 18 baht for those not exceeding 30,000 baht. Although in the absence of relevant cost data it is not possible to confirm whether these fees are excessive, the rapid expansion in the ATM network owned by commercial banks seems to indicate that there is profit to be made from deployment of these machines either because of the revenues generated by the generous usage fees or the cost savings they offer because ATMs substitute for expensive branch operations. Figure 2 shows the number of ATMs nationwide and their more than three-fold increase during the period 2004-2008.

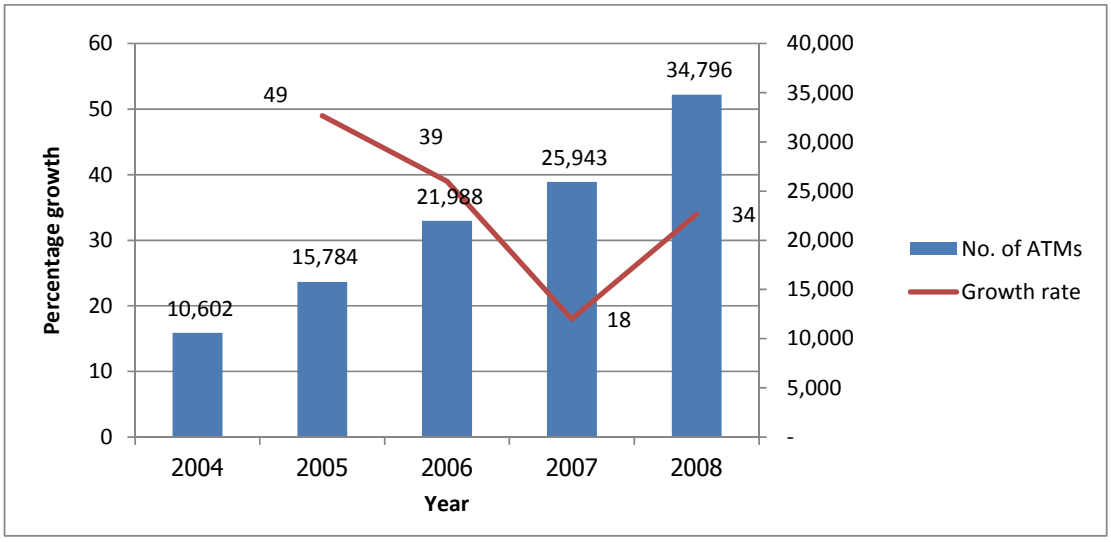
The surge in the supply of ATM machines outpaced the demand so much that the number of transactions per machine dropped 26 percent during the period 2004-2008, from 49,297 to only 36,255 transactions per machine per year. As a result, ATM owners have been experiencing a profit squeeze; revenue per machine fell while costs per deployment rose as banks competed to set up their own machines in prime spots, such as those in department stores or convenience stores in city centers. With higher operating costs associated with rising costs for rental space, smaller banks found that having their own ATM machines was unaffordable because the usage rate per machine was much lower than that of larger banks. A fee structure which discourages customers from using other banks' ATM machines would benefit larger banks with a larger customer base. Some smaller banks have given up and decided instead to negotiate with larger banks for sharing arrangements. Hence, the ATM market is likely to become even more concentrated in the future.

Unlike in Australia, Canada and the United States, where so-called "independent sales organizations" deploy "white (non-brand) ATMs" in tandem with those of the commercial banks, ATMs in Thailand are owned and operated exclusively by commercial banks. This situation makes it rather difficult for smaller banks that do not have their own machines to compete because they have no other option but to turn to their competitors in order to gain access to the ATM network. Since ATM network sharing is not mandatory, larger competitors can easily exclude competition from their smaller rivals simply by denying their users access to the services those small banks offer.

6. CONCLUSION AND RECOMMENDATIONS

To conclude, in order for Thailand to be able to move toward a fully electronic-based payment system, a major rebalancing of current banking fees is necessary. Traditional paper-based services, such as over-the-counter transactions, payment by checks or cash withdrawals, will need to be priced according to the actual costs involved. This process can be triggered by introducing price competition in the electronic transaction service markets, which would erode the excessive profits used to subsidize less efficient paper-based services, and thus necessitate an adjustment toward cost-based pricing.

Figure 2 Number of ATM Machines in Thailand



Source: Bank of Thailand.

To spur price competition in the market, it is important first to make pricing more transparent to consumers. Consumers should be informed of all the components of the service charges they incur, that is, how much of the fee goes to the sending bank, to the receiving bank, to the payment system operator, and to the ATM owner. Unless these hidden individual fees are revealed to the consumers, there would be little pressure on banks to carry out price competition. Second, it is of utmost importance that the Bank of Thailand recognize that price ceilings serve to protect the interest of the banks rather than that of consumers, as such ceilings facilitate price collusion. The central bank should immediately remove the ceiling rate for the sending bank fee for both bulk payment (4.15-35.15 baht) and retail credit transfer services (7-10 baht); banks should be able to determine by themselves how much they would like to charge their customers for these services. In the absence of a "target rate," continued price fixing would certainly be a violation of section 27 of the Thai Trade Competition Act of 1999. In the medium term, the ceiling rates imposed on receiving bank fees should also be abolished in order to allow banks to negotiate appropriate fees based on the quality and scope of the services provided. However, since there are banks of markedly different size in the market, it may be necessary for the Bank of Thailand to prescribe rules that would prevent larger banks from exploiting their superior bargaining power, and negotiate more favorable rates for smaller banks. For example, banks may be required to set the same fee for the same service for all banks.

While regulation of the electronic payment fees needs to be relaxed, that of the clearing system, the National ITMX, needs to be enhanced. First, it is inevitable that the Bank of Thailand must get fully involved with price regulation of the interbank payment system monopoly as do other regulators in the telecommunications, energy and transport sectors. The central bank needs to know all the details about the operation and investment cost of the system in order to be able to ensure that all fees charged by the monopolist are fair to members and customers. It should not, like in the past, leave these highly sensitive tasks to the regulated parties to perform. Second, the current governance of the interbank payment system, which is dominated by large commercial banks, requires a major overhaul. Representatives of the Bank of Thailand, smaller retail banks and other users of the system should have a presence on the board of directors of the National ITMX Company. Third, the Bank of Thailand, and perhaps the Thai Trade Competition Office, should approve all payment settlement procedures and protocols established by the National ITMX Company to ensure that they do not favor or disadvantage certain groups of members.

Finally, price competition in the ATM market can be realized if independent ATM vendors are allowed to offer the same services in competition with commercial banks. Usage fees charged by such vendors would likely reflect their true costs. Although these vendors would certainly face fierce competition from commercial banks that can afford to cross-subsidize the service from profits made elsewhere, their service would be attractive to smaller banks or other financial institutions that would like access to the ATM network but do not want to negotiate with commercial banks that may be competing in the same service market.

ENDNOTES

[1] An unpublished study on "Problems Associated with the SMART Credit Service" conducted by Dr. Vimut Vanichchareontham (2006) for the Bank of Thailand indicated that interbank electronic payment fees in Thailand are significantly higher than those in Australia, Malaysia and Singapore and that the tiered structure of the fees that increase with the size of the funds transferred is inconsistent with international practices.

[2] In-house direct credit transactions refer to the transfer of funds between two accounts within the same bank.

[3] For example, in a monopolistic market, the HHI index would be 10,000 (100 squared), while in a duopoly market, where each firm has a 50 percent market share, the HHI index would be 5,000 (50 squared + 50 squared).

[4] In 2010, the Bank of Thailand moved to disband the controversial Subcommittee, but the price ceilings remain.

[5] After much pressure from the public and the Ministry of Finance in December 2009, the tiered structure of the bulk payment fees was also eliminated. This was also believed to be one of final major achievement of the former Bank of Thailand Governor, Ms. Tarisa Watanakes, before her retirement on September 30, 2010.

[6] Parallel pricing occurs when suppliers or service providers tacitly set prices to match those of their competitors.

[7] Thailand Development Research Institute (2000), A study on the Payment Pricing Scheme. Report presented to the Bank of Thailand. The paper is downloadable from http://www.bot.or.th/Thai/Payment Systems/Publication/PricingReport/Documents/Price_Report.pdf

Digital Media in Thailand: Opportunities and Risks for News Journalism*

Somkiat Tangkitvanich
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1. THE CHANGING MEDIA LANDSCAPE

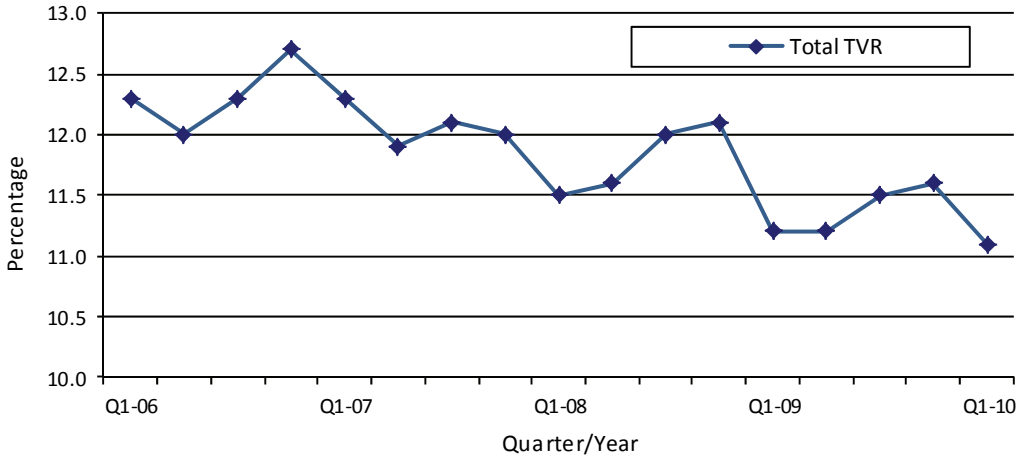
The Thai media landscape has undergone a radical change during the past five years. As had happened in the United States decades before, the Thai television viewer base is experiencing a continuing decline. Based on a survey of television ratings (TVR), there appears to be a long-term trend of decline in the overall TVR,[1] from 12.3 percent in the first quarter of 2006 to 11 percent in the first quarter of 2010 (see Figure 1).

Similar trends are also found in the case of newspaper readership and radio listenership.[2] While the decline in radio listenership in Thailand has been quite gradual, overall newspaper readership has experienced a significant decline, from 26 million in 2007 to 19 million in 2009, equivalent to a 14 percent drop per year (see Figure 2).

While the "consumption" of radio and newspapers has been a significant decline, the consumption of satellite and cable television programs has grown by leaps and bounds over the same period (Table 1). The use of the Internet is also steadily on the rise. While Internet penetration of 20.1 percent in 2009 is still quite low by international standards, it is available almost everywhere in urban areas.

Popular news websites such as the Manager have already attracted more than 2.5 million page views per day. While it is risky to compare the popularity of a website and a television station due to the difference in the measuring metrics, the number of unique visitors to the Manager website (250,000 per day) has surpassed the number of people who watch Thai PBS, the public broadcaster.

Figure 1 Trends in Overall Terrestrial Television Ratings (TVR)



Source: AGB Nielsen Media Research.

* *This article is based on a speech given by the first author at the Asia-Pacific Broadcasting Union's General Assembly in Tokyo on October 20, 2010 and a paper entitled "Mapping Digital Media: Thailand," prepared by the authors for the Open Society Foundations.*

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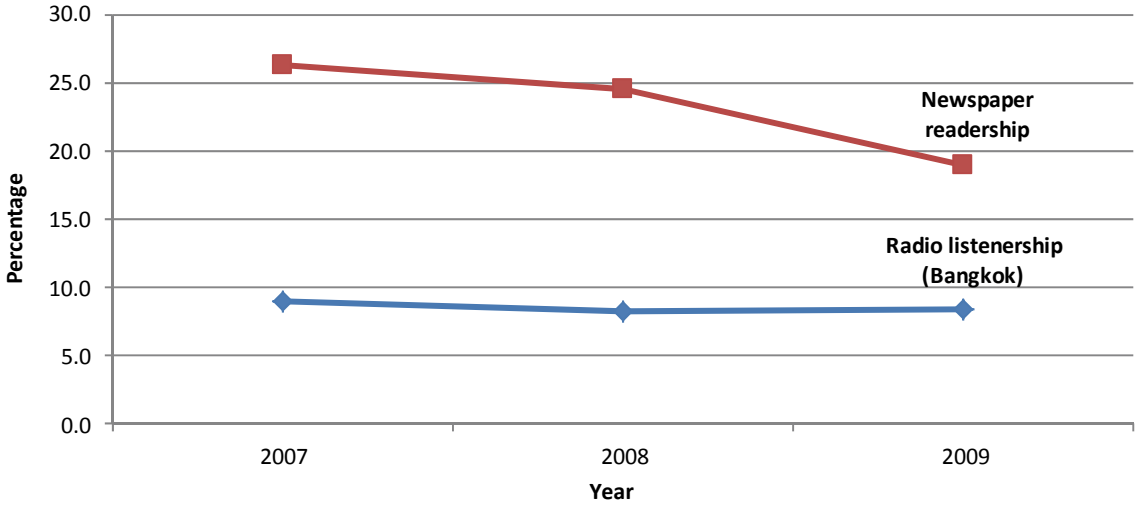
Figure 2 Newspaper Readership (Nationwide) and Radio Listenership (Bangkok)



Source: AGB Nielsen Media Research.

Table 1 Percentage of Households Owning Satellite Dishes, Cable and Terrestrial Arials

Year	Satellite dishes & cables	Terrestrial arials
2007	21.85	78.10
2008	28.90	71.10
2009	31.30	68.65
2010*	43.74	56.26

*Forecast by Satellite Television Association (Thailand).

Source: Calculated by the authors using data from AGB Nielsen Media Research.

The challenge of the new media is also visible in advertising spending. While spending for advertisements on television increased slightly in 2009, the spending on radio and print media also experienced a rapid decline of about 10 percent. On the other hand, spending on advertising on the Internet platform is quickly rising, although from a very low base (see Table 2).

Behind these numbers are fundamental changes in the way the media are consumed. Middle-class Bangkokians now consume media very much differently from the way they did in the past, when they read only newspapers in the morning and watched television in the evening. Now they read newspapers or watch television in the morning while having breakfast, then commute to work while listening to the news on the radio or receiving short messages (SMS) through their mobile phones. At work, they look at websites or social media for breaking news. Then they commute back from work, again listening to the radio in traffic jams. After dinner, they watch television or spend time surfing the Internet or using social media.

An online survey by the National Electronics and Computer Technology Center (NECTEC) reported that 85.5 percent of an online sample have experienced consuming online news.[3] While 44.8 percent of those surveyed responded that consumption of online news did not bring about any changes in their consumption of news from newspapers, 28.6 percent said that it led to them reading newspapers less often. However, 48.4 percent of the respondents still believed that television was the most trustworthy news source, followed by newspapers (22.7 percent) and the Internet (19.2 percent).

Table 2 Advertising Expenditures, Classified by Media

Media	2008 (million Baht)	2009 (million Baht)	Change (percent)
Television	49,918.5	51,959.3	4
Radio	6,880.0	6,101.7	-11
Print media	21,065.4	19,084.3	-9
Cinema	4,169.9	5,029.9	21
Outdoor	6,402.1	6,533.3	2
Internet	171.3	246.8	44

Source: AGB Nielsen Media Research.

2. THE CHANGING NEWSROOMS

The change in consumption patterns inevitably causes significant changes in the way the media are produced. It is already the norm in major Thai media companies to distribute news through multiple platforms. Many professional media organizations have set up separate editorial teams for traditional and online content. The online version of *The Nation* newspaper goes another step by offering blogs for its readers to express their opinions. The Nation Multimedia Group also requires all its journalists to create Facebook and Twitter accounts and use them as reporting platforms. In other words, it has fully embraced the concept of "mobile journalists" or "Mojos."

The Nation's Mojos are expected to be able to interview, take photos or video footage, produce, edit, broadcast or publish the content, send mobile news, and update content on social media. They are also trained to be capable of transforming a piece of information into multiple types of content suited for different platforms – print media, websites, social media, mobile devices, television and radio.

In this new environment, journalists will be given more authority to work and publish with less editorial oversight. For example, a number of pre-selected journalists at *Prachachart Turakij* are authorized to publish stories on the company's website without passing through the usual editorial process. Likewise, journalists at the Nation Multimedia Group are trusted to send mobile news or publish online news without passing through the hands of a copy editor. This delegation of authority is due to the need for speed in reporting and the need to cut costs during the recent economic downturn, as well as to the more general competitive commercial pressures on the media.

The structure of newsrooms has also been redesigned accordingly. It used to be the case that journalists and the editorial team for each media platform would work separately. This is called "Newsroom 1.0." Under "Newsroom 2.0," the newsroom has been restructured so that the same group of journalists can work for the editorial team of each platform. Finally, under the "Newsroom 3.0" model, journalists can work across platforms, as mentioned in the case of the Nation Multimedia Group.

3. OPPORTUNITIES AND RISKS

Some media companies have grasped the opportunity to supply news to websites or mobile devices throughout the 24-hour news cycle. The Manager Group is a leading example of a mainstream media company that has been able to exploit the Internet to report breaking news. As a result of heavy investment in online content production, it has been able to attract a large audience to its website, which currently ranks number one for online news. Other mainstream media companies are also trying to catch up. For example, the *Bangkok Post* and *Post Today* are experimenting with "e-papers," which enable readers to access the newspapers via their iPad and iPhone apps. On the other hand, top sellers such as *Thai Rath* and *Daily News* have been slow to experiment with new media, apart from operating simple websites and selling SMS-based news alert services.

According to AGB Nielsen Media Research, revenue from online advertising is on the rise, though still from a very small base. As a result, media companies that can successfully shift to online media will be able to grasp new opportunities. For example, the Nation Broadcasting Corporation (NBC), the new media subsidiary of the Nation Multimedia Group, saw its revenue grow by 30 percent in 2009.

While the new model of journalism can increase the speed of news reporting, cut costs in the production process and bring about a new business model, it also brings about certain kinds of new risks. First, there is the risk of inaccuracy in news reporting. Demand for speed seems to prevail over accuracy when it comes to online reporting. Many media organizations that we studied have set up separate online editorial teams. However, most of them appear to be understaffed because online news has not become a main source of revenue. One senior journalist whom we interviewed estimated that about 10 to 20 percent of online news contains some mistakes. Although online news can easily be corrected after publication, the rapid dissemination of the news makes inaccurate information potentially more harmful. For online news, the job of checking for accuracy of the news is partly delegated to unpaid readers, who may or may not provide the required effort to detect and correct inaccurate news reports.

As online information sources are increasingly used, it is difficult to check their origin and hence their reliability. As a result, misquotation is common. Plagiarism by "cutting and pasting" articles, copying someone else's photos, graphics, and video is becoming a major problem. Before the advent of the Internet, careless journalists who used floppy disks to duplicate other reporters' news became known as "A-drive" journalists. Now it is even easier for journalists to copy contents from some websites without crediting the authors or the original sources. Pictures taken and posted by amateur photographers are often used without permission, potentially precipitating disputes about copyrights.

Then, there is concern over legal liability. Using the new media in reporting can potentially magnify the risks of a defamation lawsuit. A number of recent cases show that media organizations can be sued over the contents they publish online due to misinformation. In some cases, misinformation had already been corrected in the printed version, but not online. With their greater space, online news often contains information that does not appear in printed versions. Still, such information can be used as evidence in lawsuits. Moreover, as online

reporting is not limited to any particular location, the damages claimed for online defamation can be filed in many jurisdictions. According to a senior editor whom we interviewed, the threats from online defamation lawsuits have become very serious for investigative journalists and media companies.

Finally, there are risks related to indiscriminate use of social media by journalists in professional and private matters. This is demonstrated in a case when a senior reporter of a television station tweeted a controversial message related to the use of violence by government officials during the political conflict between the "red shirt" protesters and the government in April 2010. The reporter quoted an anonymous police officer as her source. The message was re-tweeted many times and it spread quickly. It was used by the anti-government red shirts to discredit the government. After causing significant controversies, the reporter claimed that she was misquoted and the message was meant to be personal. Her television station ordered her to delete the message and stop tweeting. Due to this and other similar cases, professional organizations, such as the News Broadcasting Council of Thailand, have prepared guidelines for journalists in using social media.

4. CONCLUSION

Traditional media in Thailand are now facing a decline in their client and revenue bases due to increased competition from cable and satellite media and the emergence of the Internet. Some are experimenting with a new journalism model and are quite successful in terms of cutting costs and generating new revenue. In the process, the new journalism model has been adopted and the newsroom redesigned. It is already a norm in major Thai media companies to distribute news through multiple platforms.

However, the new model also creates a new set of problems and risks that need to be carefully addressed. These include the risk of inaccuracy in news reporting, the risk of plagiarism and copyright disputes, risk of defamation and the risk arising from careless use of social media by journalists.

ENDNOTES

[1] The TVR of a program is the percentage of households with televisions that viewed that program at the time specified. The TVR of a channel is similarly defined.

[2] Listenership of a radio station is the percentage of people listening to that station. In Bangkok, listenership is measured on the basis of monthly surveys.

[3] NECTEC, Internet User Profile of Thailand 2009, accessed online from http://pld.nectec.or.th/websrii/images/stories/documents/books/internetuser_2009.pdf, March 2010.

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