

# Pawnshop Act

## B.E. 2505 (1962)

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BHUMIBOL ADULYADEJ, REX.

Given on the 25<sup>th</sup> Day of December

B.E. 2505; Being the 17<sup>th</sup> Year of the Present Reign.

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

Whereas it is deemed expedient to revise the law on pawnshop;

Be it, therefore, enacted by the King, by and with the advice and consent of the Constitution Drafting Assembly acting as Parliament, as follows:

**Section 1.** This Act is called “the Pawnshop Act B.E.2505 (1962)”

**Section 2.**<sup>1</sup> This Act shall come into force from the day following the date of its publication in th Government Gazette.

**Section 3.** The Pawnshop Act B.E.2480 (1937) and the Pawnshop Act (No.2) B.E.2484 (1941) shall be repealed.

**Section 4.** In this Act:

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<sup>1</sup> Government Gazette, Vol 79/ Part 115/ Special Edition, page 4/31 December 2505

“Pawnshop”<sup>2</sup> means any premise accepting a pledge as security for a loan in its normal operations whereas each transaction has a principal not exceeding one hundred thousand baht. The meaning shall include the accepting or purchasing of goods by making payment as normal practice, whereas the total amount of each transaction is not exceeding one hundred thousand baht, and having an agreement or understanding, either directly or by implication that the redemption can be made later on.

“Pawnbroker” means any person who receives pawnshop license.

“Pledged Property” means items being pledged.

“Licensing Officer” means an officer, being appointed by the Minister, who has duty to grant pawnshop license and perform other duties as prescribed under this Act.

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

**Section 5.** There shall be the Pawnshop Control Committee comprising the Permanent Secretary of Interior as its Chairperson; Director Generals of the Royal Thai Police, State Prosecutor, Department of Provincial Administration, Department of Public Welfare as its members, and Chief of Registration Division of the Royal Thai Police as its member and secretary.

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<sup>2</sup> Section 4 the Definition of “pawnshop” as amended by the Pawnshop Act (No. 4) B.E. 2534 (1991)

**Section 6.** The Pawnshop Control Committee has the following authority and duties:

(1) defining areas where pawnshop will be allowed to operate;

(2) defining number of pawnshop in any area as appropriate;

(3) considering an application for a pawnshop license or a request for relocation of a pawnshop;

(4) other activities as prescribed in this Act.

The definitions as prescribed in (1) and (2) shall be published on the provincial hall in the locality.

**Section 7.** At any meeting session of the Pawnshop Control Committee, not less than half of the members must be present to constitute a quorum. In any meeting that the Chair is not available or unable to be altered, members who present shall choose any member to act as chair of the meeting.

Committee deliberations shall be decided by majority vote.

Each member shall have one vote. In case of tied vote, the chair of the meeting shall cast a decisive vote.

**Section 8.** No person shall operate a pawnshop unless such person obtains a pawnshop license.

Application for a pawnshop license and granting of a pawnshop license shall comply with rules and procedures as prescribed in the ministerial regulations.

In any area where certain numbers of pawnshops have been defined, the application for pawnshop licenses shall be made by bidding in compliance with rules and procedures prescribed in the ministerial regulations.

The provisions in paragraph three shall not apply to the application for the municipality's or the governmental pawnshop license.

**Section 9.** A person who files an application for a pawnshop license shall have the following qualifications:

- (1) not less than 20 years of age;
- (2) not having improper behavior or immorality;
- (3) not a person of unsound mind or mental infirmity;
- (4) not being bankrupt;
- (5) never having been imprisoned by the Court's final judgment imposing prison sentences, excluding minimal offences or offences causing by negligence;
- (6) not being subjected to pawnshop license revocation;
- (7) not having behaviour that may interfere or destroy economy or national security.

In the case where an applicant for a pawnshop license is a juristic person, a director and a manager of the said juristic person shall also have the qualifications under this Section.

**Section 10.** After due consideration by the Pawnshop Control Committee, and it is deemed appropriate to permit any applicant for the establishment of a pawnshop whether it is by bidding or not, the licensing officer shall thereafter grant pawnshop license to such person.

In the case where the Pawnshop Control Committee does not permit the applicant to establish the pawnshop, the pawnshop license requester shall have the right to file an appeal to the Minister. The appeal shall be submitted to the licensing officer within thirty days after the date of objection notification. The Minister's decision shall be final.

**Section 11.** Pawnshop license shall be valid until the 31st of December of the year the license was granted.

**Section 12.** The pawnbroker must display a sign of pawnshop in the format as prescribed by the licensing officer in a conspicuous place in front of the pawnshop.

In cases of municipal or public pawnshop, the municipality or the public agency may use other names rather than "pawnshop". However, the terms must be approved by the Pawnshop Control Committee.

**Section 13.** The pawnbroker shall provide for a safe inventory of pledged property in pawnshop area as prescribed by the Pawnshop Control Committee.

**Section 14.** The pawnbroker is prohibited to relocate the pawnshop unless it is approved by the Pawnshop Control Committee. The application for relocation and its permission shall comply with procedures as prescribed in the Ministerial Regulations.

**Section 15.** In the case where a pawnbroker is a juristic person, whenever there is any change to director or manager, the pawnbroker shall notify the licensing officer within fifteen days after the change.

**Section 16.** The pawnbroker shall display a sign in Thai showing interest rates in the format as prescribed by the licensing officer and display it in a conspicuous place inside the pawnshop.

**Section 17.** The pawnbroker is prohibited to charge or receive interest rates exceeding the following:

(1) principal amount not exceeding 2,000 baht, at 2 % per month;

(2) principal amount exceeding 2,000 baht, at 1.25 % per month.

Interest calculation in cases of period less than one month, if a period less than fifteen days it shall be calculated as half month, if a period over fifteen days it shall be calculated as one month. Small amount of one satang shall be written off.

In the case where the pawnbroker receives other monies or properties from the pledge in addition to interest, such monies or properties shall be deemed as interest.

**Section 18.** The pawnbroker shall be prohibited from performing the following actions:

(1) taking a pledge or allowing for redemption of pledged property between 18 hrs and 8 hrs.

(2) taking a pledge for any items from monks, novices or minors less than fifteen years of age.

(3) taking a pledge for any items knowingly that are government assets or items as notified under Section 21.

(4) taking a pledged for property outside of the pawnshop, unless in order to perform actions under this Act, or having permission from the licensing officer or to avoid any severe hazards that the pawnbroker is unable to prevent by other methods.

(5) Carrying out business that is not relevant to pledge or selling of the forfeited pledged property in the pawnshop areas.

**Section 18 bis.**<sup>3</sup> In taking pledge, the pawnbroker shall keep records of particulars related to identification card of the pledgor on the stub of the pawn ticket.

In the case that any pledgor who is not required to carry on identification card under the law, information and particulars on a substitute document showing name and address of the pledgor shall be recorded.

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<sup>3</sup> Section 18 Bis added by the Pawnshop Act (No,2) B.E.2517 (1974)

**Section 19.** In cases of having reasonable doubt about wrongful possession of goods being pledged by any pledgor, the pawnbroker shall immediately notify administrative officials or local police officers.

**Section 20.** At the time of pledge, the pawnbroker shall issue a pawn ticket to the pledgor and affix a number on the pledged property to correspond with the number on the pawn ticket.

A pawn ticket shall comply with forms prescribed under the Ministerial Regulations.

Issuance of a pawn ticket shall conform to the procedures and conditions laid down in the Ministerial Regulations.

**Section 21.** After the licensing officers, administrative officials or police officers or officers who have the duty to publish detailed descriptions of missing items notify the pawnbroker about missing items, the pawnbroker shall have the duty to inspect pledged property or items to be pledged. In cases of any item having the same or similar descriptions to missing items notified, the pawnbroker shall submit such item to the notifying officer immediately. In the case where a pledge has been made, a copy of a pawn ticket shall also be attached.



**Section 22.**<sup>4</sup> Subject to Section 23, the pawnbroker shall permit redemption of the pledged property when the pledgor brings a pawn ticket requesting redemption. The pawnbroker shall record particulars under Section 18 *bis*. Upon the redemption, the pawn ticket shall be kept by attaching to the stub of the said pawn ticket. The date of redemption shall be recorded on the stub of such pawn ticket. The person who redeems the pledged property shall affix his signatur on the stub of the pawn ticket.

**Section 23.** The pawnbroker shall not allow redemption of the pledged property in the following cases:

(1) The pawnbroker is notified by administrative officials or police officers that the pledged property or a pawn ticket is in possession from wrongdoing; or;

(2) The pawnbroker has reasonable doubt that the pledged property or a pawn ticket is from wrongdoing.

In the case where the pawnbroker does not allow for redemption of any pledged property, the pawnbroker must notify administrative officials or local police officers, and shall notify licensing officers without delay.

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<sup>4</sup> Section 22, amended by the Pawnshop Act (No,2) B.E.2517 (1974)

**Section 24.**<sup>5</sup> The pawnbroker shall return the pledged property to its owner without making any demand to the owner to make payment for debts arising from such pledged property in the following cases:

(1) taking pledges knowing that pledged items are government assets;

(2) taking pledges for any property or items being notified under Section 21;

(3) taking pledges knowing or having reasonable grounds for knowing that pledged property come from wrongdoing;

(4) taking pledged property without keeping records under Section 18 *bis*.

The provisions under paragraph one shall not restrict the rights of the pawnbroker to make demand from the pledgor for debts arising from the pledge.

**Section 25.**<sup>6</sup> The pawnbroker shall keep a book of records of pledges of which pledgors do not pay interest for more than four months and submit it to licensing officer. It shall be conspicuously posted at such pawnshop according to the forms and procedures as prescribed by the Ministerial Regulations.

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<sup>5</sup> Section 24, amended by the Pawnshop Act (No,2) B.E.2517 (1974)

<sup>6</sup> Section 25, amended by the Pawnshop Act (No,2) B.E.2517 (1974)

**Section 26.** After the forfeiture of pledged property, the pawnbroker shall record date of forfeiture and transfer of rights on the stub of the pawn ticket. In the case that the pawnbroker sells or changes any conditions on the forfeited pledged property, the date of sale or changes of such pledged property shall be recorded on the stub of the pawn ticket

**Section 27.** The pawnbroker shall maintain accounting books and submit monthly statement to the licensing officer in compliance with format and procedures as prescribed in the Ministerial Regulations, within fifteen days after the end of the month.

**Section 28.** The pawnshop inspector, appointed by the Minister, has the power to enter the pawnshop for inspection of pledged property and other documents concerning a pledge. The pawnbroker must facilitate them as appropriate.

The pawnshop inspector must have an identification card as prescribed by the Ministerial Regulations. Such identification card must be presented upon request by stakeholders.

**Section 29.** The Pawnshop Control Committee has the power to suspend the pawnshop license for a period not over three months or to revoke the pawnshop license, in case it appears that:

(1) any pawnbroker or director, manager or staff of the pawnbroker violate the provisions of this Act or Ministerial Regulations issued under this Act; or,

(2) any pawnbroker or director or manager of the pawnbroker who is a juristic person does not have qualifications under Section 9.

In cases of suspension or revocation of a pawnshop license, when the Pawnshop Control Committee deems appropriate, it may direct the licensing officer to take control of the pawnshop where the pawnshop license is suspended or the pawnshop license is revoked.

**Section 30.** The pawnbroker has the right to file an appeal against suspension or revocation of pawnshop license by the order of the Pawnshop Control Committee under Section 29. The appeal shall be submitted to the Minister through the licensing officer within thirty days after the date of receipt of the order.

**The decision of the Minister shall be final.**

**Section 31.** The pawnbroker shall not take any pledge during the suspension of the pawnshop license or after the revocation of the pawnshop license. Such person still has obligations towards pledgors and must comply with this Act and Ministerial Regulations issued under this Act. The person shall be deemed as a pawnbroker under this Act as far as it is related to pledges carried out earlier.

**Section 32.** A pawnbroker who wishes to dissolve a pawn business may do so by submission of a written notification to the licensing officer at least seven days before the dissolution of the pawnshop.

Any person dissolving a pawnshop business shall not take pledge after the dissolution. Such person still has obligations towards pledgors and must comply with this Act and Ministerial Regulations issued under this Act. The person shall be deemed as a pawnbroker under this Act as far as it is related to pledges carried out earlier.

**Section 33.** Any pawnbroker who is required to dissolve a pawn business due to the expiration of pawnshop license, and has yet to receive a renewal pawnshop license, still has obligations towards pledgors and must comply with this Act and Ministerial Regulations issued under this Act. Such person shall be deemed as a pawnbroker under this Act as far as it is related to pledges carried out earlier.

**Section 34.** For the cases under Sections 32 and 33, when the Pawnshop Control Committee deems appropriate it may issue an order to control such pawnshop.

**Section 35.** In the case of death of the pawnbroker, the successor to the deceased pawnbroker may file an application to act as a pawnbroker in replacement of the deceased pawnbroker. In case the Pawnshop Control Committee deems the said successor as having appropriate qualifications under Section 9, the Pawnshop Control Committee may grant a permit to that successor to act as a pawnbroker to replace the deceased pawnbroker. In such case it shall be deemed that the successor is the pawnbroker according to the pawnshop license granted earlier to the deceased.

**Section 36.** In case no one makes any request to be substitute pawnbroker to replace the deceased pawnbroker, and over thirty days has lapsed since the date of death of the pawnbroker, or the request is made but no permission is granted for a person to be substitute pawnbroker, or objections are raised by other successors and no agreement can be reached, such pawnshop shall be dissolved and the licensing officer shall take control over the pawnshop.

**Section 37.** Upon an order being made by the Pawnshop Control Committee to control any pawnshop, the licensing officer shall send a written notice to the pawnbroker of such pawnshop, and immediately take control of such pawnshop. The Control shall be made by taking over the operations of such pawnshop for the pawnbroker or inspection and oversight by allowing the pawnbroker to carry out management of the pawnshop appropriately and properly.

Control of the pawnshop may be done either by defining a specific duration or not. And after taking control, the control may be terminated at any time by the decision of the Pawnshop Control Committee.

Upon the order of the Pawnshop Control Committee to terminate the control of any pawnshop, the licensing officer shall notify the pawnbroker in writing and stop control according to the said order.

**Section 38.** In performing duties under this Act, the Pawnshop Control Committee and the licensing officer have power to order a pawnbroker or director, manager and staff of pawnbroker who is a juristic person to give statement or show books of accounts, documents and other items relating to the pawnshop business.

**Section 39.** Any person who violates Section 8 paragraph one or Section 31 shall be punished with fine of between two thousand and twenty thousand baht or imprisonment not exceeding two years, or both.

**Section 40.** Any pawnbroker who violates Section 17 shall be punished with fine of between thousand and twenty thousand baht or imprisonment not exceeding three months, or both.

**Section 41.** Any pawnbroker who violates Sections 12, 13, 14, 15, 16, 18, 19, 20 paragraph one, 21, 22, 23, 26, 27 or violates Ministerial Regulations issued under Section 20 shall be punished with fine not exceeding two thousand baht.

**Section 42.** In the case that provisions under this Act stipulate offences committed by a pawnbroker, if any director, manager or employee of such pawnbroker commits or takes part in such offences, such person shall be punished according to the same provisions prescribed for the pawnbroker.

**Section 43.** The Minister of Interior shall be in charge of this Act, and has the power to appoint licensing officers, pawnshop inspectors, and issue Ministerial Regulations prescribing fees not exceeding the schedule annexed hereto and other matters for the execution hereof.

Such Ministerial Regulations shall be into force upon publication in the Government Gazette.

Countersigned by:

Field Marshal Sarit Dhanarajata

Prime Minister



## Rate of Fees

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(1)	Pawnshop license in Phra Nakhon and Thonburi provinces	one copy	20,000 baht
(2)	Pawnshop license in other provinces excluding Phra Nakhon and Thonburi	one copy	10,000 baht
(3)	Pawnshop license substitute	one copy	50 baht

Remarks: The reason for the promulgation of this Act is because the Pawnshop Act B.E.2480 (1937) having been in use for long time. The definition of principal amount, interest rates, license granting, qualifications of licensee and punishment rates, are not suitable to current conditions therefore it is appropriate to make amendments.

### **Pawnshop Act (No 2) B.E.2517 (1974)<sup>7</sup>**

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

Remarks: The reason for the promulgation of this Act is because under the Pawnshop Act B.E.2505 there are loopholes in certain provisions that pawnshops may take advantage of. In particular, there is no provision prescribing the pawnshop to keep records of information about the pledgor. Additionally, there are provisions relating to the protection of pawnshops whereby they are entitled to charge redemption fee from the rightful owner of a pledged property, whereas it was later found out that such pledged property came from the pledgor's wrongdoing.

If often appears that pawnshops collaborate with pledgors who possess pledges from wrongdoing, and accept them as pledged items without recording the identification information of pledgors. In addition, sometimes it seems that pawnshops

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<sup>7</sup> Government Gazette, Vol 91/ Part 202/ Special Edition, page 11/30 November 2517

may record an amount of money on a pawn ticket higher than what it should be, with an intent to make unlawful profit, namely, earning more interest from a higher wrongfully stated principle, or causing a pledge to be forfeited and become the property of the pawnshop. Furthermore, upon the redemption of a pledge by its rightful owner, the pawnshop may claim for the redemption value as stated on the pawn ticket while the rightful owner is unable to demand from the person who has wrongfully taken possession of the pledged property.

In many countries, pawnshop licenses are only granted to local government agencies, however, since our local government agencies are not ready to do the same, it is appropriate to revise the Pawnshop Act B.E.2505 with stronger provisions in the meanwhile. Thus it is necessary that this Act is promulgated.

### **Pawnshop Act (No.3) B.E.2526 (1983)<sup>8</sup>**

**Sectionz 2** This Act shall come into force from the day following the date of its publication in the Government Gazette.

Remarks: The reason for the promulgation of this Act is because of changes in current economic and financial situations causing people to suffer hardship and difficulties in their general lives. The pawnshop is a financial institution that can relieve such sufferings and assist people with daily solutions.

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<sup>8</sup> Government Gazette, Vol 100/ Part 44/ Special Edition, page 1/24 March 2526

However problems may arise in their lives and other factors that cause pledgors to forget or become distracted by other needs and easily miss interest payments and debt service may become overdue according to the terms prescribed under this Act, causing forfeiture of pledged items and transfer of rights to the pawnshop. Forfeiture of pledged property may increase difficulties for the poor, therefore, in order to resolve the problem, owners of pledged property should have more opportunities and time. In addition, pawnshops should join with Government in finding solutions to people's problems in order to correspond with the goals of establishing the pawnshop. It is therefore necessary to promulgate this Act.

**Pawnshop Act (No. 4) B.E. 2534 (1991)<sup>9</sup>**

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

Remarks: The reason for the promulgation of this Act is because the definition of pawnshop in Section 4 of the Pawnshop Act B.E. 2505 currently in force prescribes the principal limit for the pawnshop to accept pledges as collateral for loan of not over ten thousand baht, and on accepting or buying items of value not over ten thousand baht, with an agreement direct or by implication that redemption can be made later. Currently,

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<sup>9</sup> Government Gazette, Vol 108/ Part 240/ Special Edition, page 23/29 December 2534

the said amount is not appropriate to the economic situations and cost of living. Therefore in order to support people who are in need or facing financial difficulties, they should be able to receive more money for a pledge or in selling their belongings. It is expedient, therefore to amend the definition of the term pawnshop under the Pawnshop Act B.E.2505, by increase amount of principal that a pawnshop can accept as collateral for a loan to not over one hundred thousand baht, and accept or buy goods for cash not over one hundred thousand baht. It is therefore necessary to promulgate this Act.

\*The Royal Decree Amending Provisions of Laws to be Consistent with the Transfer of Powers and Duties of State Agencies in Complying with the Act on Organisation of Ministries, Sub-Ministries and Departments, B.E.2545 (2002)<sup>10</sup>

**Section 95** in the Pawnshop Act B.E.2505, the wording “the Director General of Department of Public Welfare” shall be amended to “the Director General of the Social Development and Welfare”.

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<sup>10</sup> Government Gazette, Vol 119/ Part 102 Kor/ page 66/8 October 2545

Remarks: The reason for the promulgation of this Act is due to the Act on Organisation of Ministries, Sub-Ministries and Departments, B.E.2545 having provisions on the establishment of new organisations with new duties whereby relevant Royal Decrees have been enacted to transfer the administrative functions, powers and duties of public agencies according to the said Act on Organisation of Ministries, Sub-Ministries and Departments. And since the said Act contains provisions on transferring powers and duties of public agencies, the Minister in charge or public officials from previous agencies to the new agencies whereby relevant legal provisions shall be amended to be consistent with such transferred powers and duties, in order to be consistent with the principles stipulated in the said Act and related Royal Decrees, it is expedient to amend legal provisions for consistency with the transfer of powers and duties of public agencies to be conspicuous to relevant users so that they do not need to reference other laws related to the transfer of powers and duties regardless of from which agency to agencies or which parties. Thus legal provisions must be amended by renaming government agency, the Minister in charge, or competent officials to be consistent

with the transfer of powers and duties, as well as adding committee members representing new agencies taking over the functions of other earlier agencies while removing the names of the agencies being dissolved. Such changes are for consistency with the Act and Royal Decrees. It is therefore necessary to promulgate this Royal Decree.

Piromporn/improved

Wasin/inspected

24 June 2013