

Enhancing the Access of Small-scale Fishers to Financial Services: the case of Ban Hat Sai Khao Village in Ranong Province, Thailand

Thanyalak Suasi, Rattana Tiaye, and Jariya Sornkliang

Keywords: small-scale fisheries, financial access, fisheries socioeconomic

Based on the Royal Ordinance on Fisheries B.E. 2558 (2015) of Thailand, artisanal (small-scale) marine capture fishery refers to a fishing operation in the coastal zone within 3 nm from the shore using fishing vessels less than 10 GT while commercial-scale marine capture fishery uses fishing vessels from 10 GT fitted with engines. To support small-scale and commercial-scale fishers, the government established several financial assistance policies and programs. In 2020, the Loan Project was launched by the government to enhance the liquidity of the small-scale and commercial fishers affected by the measures to combat IUU fishing by providing funds for the improvement of fishing vessels and gear. The loan was provided through the Bank for Agriculture and Agricultural Cooperatives (BAAC) to the owners of small-scale and commercial-scale fishing vessels of less than 60 GT with a maximum loan amount of THB 5 million (USD 147,000) per person with collateral including fishing vessel, land/land with building, or joint liability group as a guarantee. The loan has to be paid back within seven years with an interest rate of 7 % wherein 4 % will be paid by fishers/borrowers and 3% will be supported by the government. During the COVID-19 pandemic, the small-scale fishers in Thailand obtained financial support from the government to sustain their livelihood and liquidity. To mitigate the impacts of the COVID-19 pandemic, the Ministry of Agriculture and Cooperatives provided financial assistance in the amount of THB 5,000 (USD 147) per month from April to June 2020 for the registered small-scale fishers and farmers. In addition, the insurance for small-scale fishers in Thailand is composed of two types, namely: 1) insurance policy in capture fisheries for the fishers who own a fishing vessel of less than 10 GT registered with the Marine Department and 2) voluntary fishers insurance policy (micro-insurance) covering small-scale and commercial fishing vessels. Both types of insurance policies aid fishers in alleviating the damage to fishing vessels and injury or death of fishers from natural disasters. However, the fishers lack the motivation to apply for micro-insurance because they could receive aid from the government and relevant agencies when needed (Nartaya, 2022).

Small-scale fisheries (SSF) provide fish for direct consumption in local communities and generate incomes to support local and national economies. Many small-scale fishing communities contribute to food security and nutrition, poverty eradication, equitable development, and sustainable resource utilization. However, small-scale fishing communities are commonly located in remote areas, earn low incomes, and tend to have limited access to markets as well as to health, education, and other social services (FAO, 2015).

The FAO Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Food Security and Poverty Eradication (SSF Guidelines) underline the importance of access to financial services for small-scale fisheries communities for their socioeconomic well-being such as housing, education, health, and fish production (Gietzen *et al.*, 2023). Moreover, the ASEAN-SEAFDEC Plan of Action (POA) on Sustainable Fisheries for Food Security for the ASEAN Region Towards 2030 (SEAFDEC, 2020) also considers the importance of financial incentives for small-scale fisheries, as indicated in POA No. 17 on the need to: “*Raise awareness of the need to develop financial incentives, especially for small-scale stakeholders and cooperatives, e.g. micro-credit, with national and regional institutional assistance for the responsible development of fisheries enterprises and developmental activities that optimize economic returns.*”

In the countries of the Southeast Asian region, financial services are recognized as important incentives for small-scale fishers and fish farmers for sustainable fishing and farming practices and activities. In support of the relevant international frameworks, the SEAFDEC Training Department implemented the project “Small-scale Fisheries Management for Better Livelihood and Fisheries Resources” in 2020–2024 with support from the Japanese Trust Fund. The aim of the Project is to achieve sustainable management of small-scale fisheries to improve the livelihood and well-being of fishers in Southeast Asia focusing on socioeconomic assistance, particularly microfinance, credit, and insurance in line with the implementation of the SSF Guidelines in Southeast Asia.

Socioeconomic Status of Small-scale Fishers

In 2020, the Project conducted a socioeconomic survey at the pilot learning site in Ranong Province, Thailand to understand the access of small-scale fishers to financial services, particularly credit and insurance. The socioeconomic survey was conducted in Ban Hat Sai Khao Village in Kampuan Sub-District, Suk Samran District, Ranong Province, Thailand located in southern Thailand on the east coast of the Andaman Sea (**Figure 1**) where approximately 234 families are mainly engaged in fisheries and agriculture. The purposive sampling method was applied by selecting target respondents from the Village who owned fishing vessels of less than 10 GT and

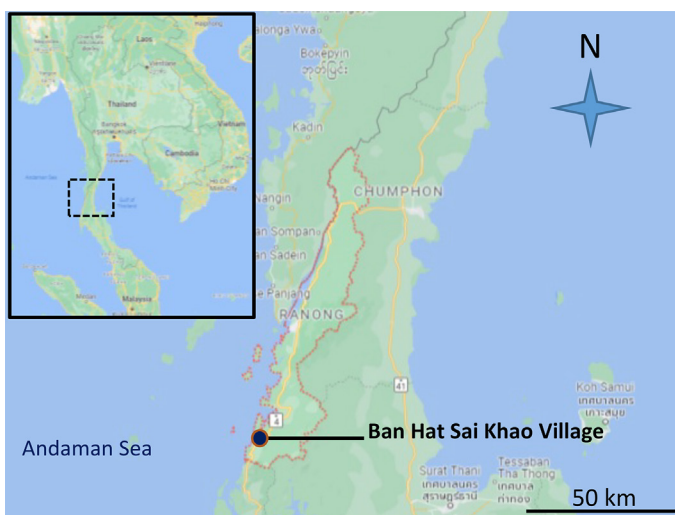


Figure 1. Location of Ban Hat Sai Khao Village in Ranong Province, Thailand (Source: Google Maps)

engaged in small-scale fisheries in nearshore waters. A total of 42 respondents (12 females and 30 males) were interviewed face-to-face using a questionnaire that was developed based on the framework of the SSF Guidelines.

The interviewed fishers were 25-78 years old and had an average age of 49 years old. As shown in **Figure 2**, 14 % were 25–35 years which can be inferred that the young generation may not be interested in fishing when their parents provided them with education and had the chance to choose other jobs. On the other hand, 22 % were 36–45 years old and more than one-third were 46–55 years old indicating that they engaged in small-scale fishing as their original occupation which they inherited from their parents, and they cannot change to the other jobs because they do not have qualifications and experience. Furthermore, 14 % were 56–65 years old and 12 % were > 65 years old, implying the aging of small-scale fishers and that fishing activities will be done by older fishers in the future. Therefore, the new generation should be encouraged to be involved in the fisheries sector as well as gear innovations should be developed to support fishing operations.

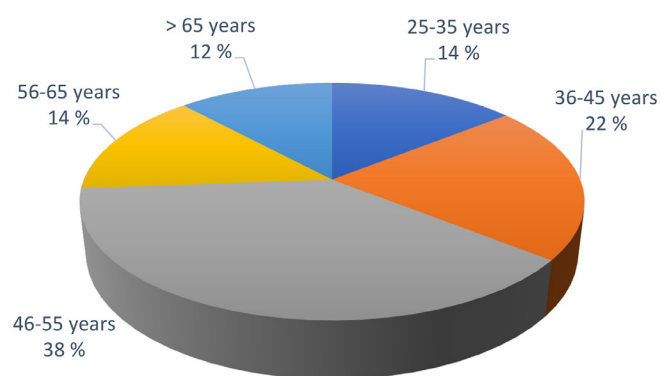


Figure 2. Age of interviewed fishers in Ban Hat Sai Khao Village (n = 42)



Although only 2 % had no education, primary school was the highest education level of almost three-quarters of the interviewed fishers (**Figure 3**) who were able to read and write as basic skills for loan application. In terms of occupation (**Figure 4**), 74 % of the interviewed fishers were earning an average monthly income of THB 11,145 (USD 328) from full-time fishing while the rest were engaged in fishery combined with other occupations such as trade and labor with an additional average monthly income of THB 7,000 (USD 196).

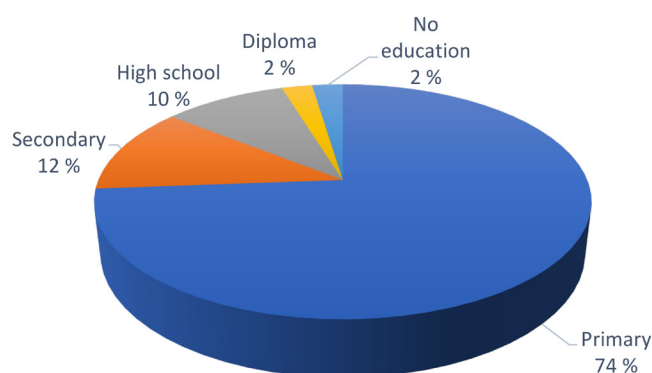


Figure 3. Education levels of interviewed fishers in Ban Hat Sai Khao Village (n = 42)

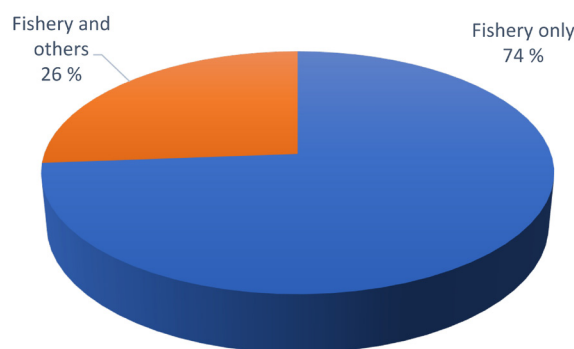


Figure 4. Occupation of interviewed fishers in Ban Hat Sai Khao Village (n = 42)

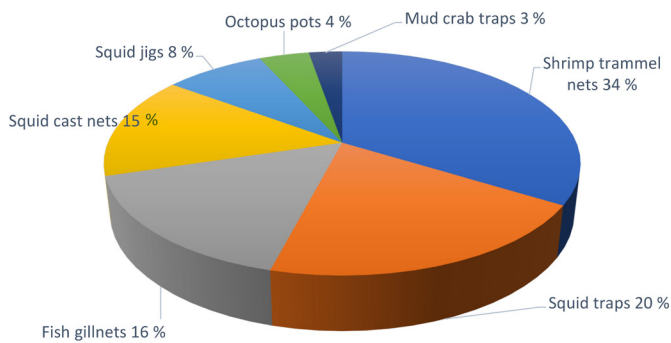


Figure 5. Types of fishing gear used by interviewed fishers in Ban Hat Sai Khao Village (n = 42)

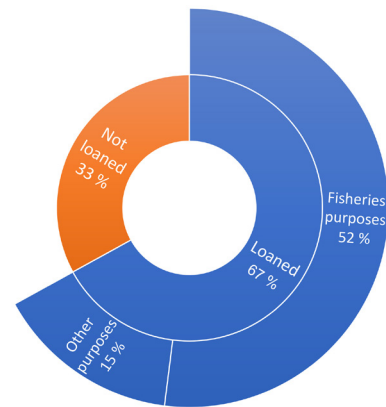


Figure 6. Proportion of interviewed fishers in Ban Hat Sai Khao Village who availed of credit services (n = 42)

The average fishing experience of the interviewed fishers was 27 years. All of them have their own fishing vessels made of wood with a length ranging from 4 m to 13 m which are mostly equipped with outboard engines (62 %) and inboard engines (38 %). The interviewed fishers owned more than one type of fishing gear and used the fishing gear type depending on the season of the target species. The types of fishing gear they use include shrimp trammel nets, squid traps, fish gillnets, squid cast nets, squid jigs, octopus pots, and mud crab traps (Figure 5).

Access to Financial Services

Credit

Financial services in Thailand such as for credit, savings, insurance, and others are offered by financial institutions which are divided into three groups (*i.e.* formal, semi-formal, and informal) which are based on their legal status and level of supervision. Formal financial institutions refer to mainstream financial institutions with a clear legal status that obtains licenses granted under relevant business laws or initially established by a specific constitutional law (*e.g.* commercial banks, specialized financial institutions, finance companies). Semi-formal financial institutions refer to institutions whose legal status is granted by specific laws and supervised or examined by other government authorities (*e.g.* cooperatives, credit unions, savings groups for production, village funds). Informal financial providers (generally not referred to as institutions) refer to individuals or juristic providers with no legal status under any business or law and are not supervised or examined by government authorities (*e.g.* savings groups, self-help groups, community-based financial institutions, money lenders) (Bank of Thailand, 2020; Ledgerwood, 1998).

Most interviewed fishers (67 %) took loans from financial service providers with more than half of them used the loan for fisheries purposes including investment in fishing vessels, fishing gear, and fishing operation costs, while the rest used the loan for other purposes such as child education, trade investment, and personal expenses. Moreover, 33 % of the interviewed fishers did not take any loans as they could use their own savings (Figure 6). The information on financial services could be accessed through community meetings, village radio broadcasts, friends, and other channels such as social media and relatives. Also, the interviewed fishers can obtain information directly from the bank through a telephone call, letter, and personnel contact.

The interviewed fishers borrowed money from the Village Fund (42 %), Bank of Agriculture and Agricultural Cooperatives (BAAC) (36 %), middle persons (13 %), and other sources such as neighbors and USAID (9 %) (Figure 7). The Village Fund is the basic source of credit in the local community and a semi-formal financial institution that was established in 2001 as a government policy in every village across Thailand by allocating THB 1 million to the village for soft loans with low interest for the local people to improve

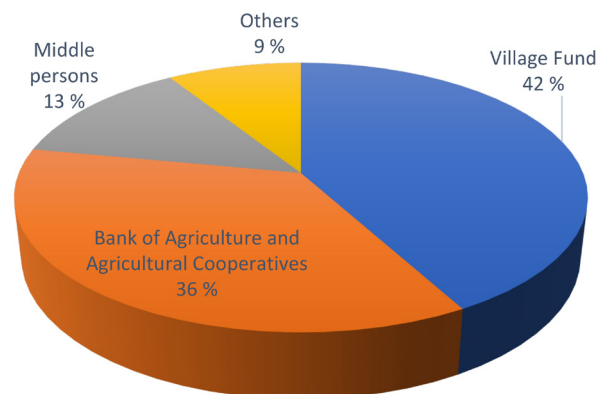


Figure 7. Sources of credit services availed of by interviewed fishers in Ban Hat Sai Khao Village (n = 42)

their livelihoods and occupation. BAAC is a formal financial institution and specialized financial service provider to agriculture and its sub-sector including fisheries owned by the government and plays an important role in supporting and implementing government policies. The middle persons are the informal financial providers who lend money to fishers through a patronage system wherein fishers borrow money from middle persons to fund fishing operations and fishers sell their catch to the middle person and pay their debt. USAID implemented a special microfinance program since 2005 that supported villages after the tsunami disaster in Thailand in 2004.

Those who loaned from BAAC had the ability to prepare the document and use an asset (*i.e.* fishing vessel) as collateral or group with other fishers as personnel collateral. On the other hand, the interviewed fishers who do not know the process of getting a loan from BAAC opted to access loans from informal financial providers. In accessing financial services from formal, semi-formal, and informal institutions, financial service providers should provide comprehensive information on loan programs to assist small-scale fishers to avail of credit efficiently.

Insurance

About 69 % of interviewed fishers realized the risks in their lives so they applied voluntarily for insurance for health, life, and fishing vessels from private insurance companies. The government should cooperate with private insurance companies to develop the appropriate insurance program to support small-scale fishers that also ensure the access of women.

Although the rest of the interviewed fishers did not apply for insurance, they could benefit from the Universal Coverage Scheme (UCS) and other social welfare schemes for government officers and the elderly. Since they have low income and have no health protection in the informal sector, the small-scale fishers could access these services within their local health jurisdiction. Nevertheless, small-scale fishers should be encouraged to take care of their health to prevent sickness and convenient access to health care services should be provided.

Conclusion and Way Forward

The interviewed fishers in Ban Hat Sai Khao Village had access to financial services through the policies and programs of the government. To sustain the fishing activities of small-scale fishers for sustainable livelihood, well-being, and food security, low-interest rates should be considered in the development of appropriate financial assistance programs. The financial service scheme should be promoted by financial institutions to small-scale fishers and should be easy to access by using a digital platform. Thereafter, the capacity of fishers to access financial services should be enhanced by conducting training as well as awareness-raising activities on the application process for loans and insurance.

Acknowledgments

The authors would like to thank the small-scale fishers and community members of Ban Hat Sai Khao Village for their cooperation and for providing information. Special thanks to the Ranong Provincial Fisheries Office, Suksamran District Fisheries Office, and Ranong Marine Fisheries Research



and Development Center for supporting and facilitating the survey. We would like to thank the Japanese Trust Fund for the funding support to successfully conduct the activities of the project “Small-scale Fisheries Management for Better Livelihood and Fisheries Resources” and for giving us the opportunity to conduct this study. We also thank *Mr. Masanami Izumi* for his kind advice.

References

- Bank of Thailand. (2020). Financial Access Survey of Thai Household 2020. <https://www.bot.or.th/en/our-roles/financial-institutions/financial-sector-master-plan/financial-access-survey-of-thai-household.html>
- FAO. (2015). *Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Food Security and Poverty Eradication*, <https://www.fao.org/3/i4356en/i4356en.pdf>
- Gietzen, T., van Anrooy, R. & Das, P.K. (2023). *Innovations for investment: financing small-scale fisheries in Thailand*. FAO Fisheries and Aquaculture Circular No. 1246. Rome, FAO. <https://doi.org/10.4060/cc5414en>
- Ledgerwood, J. (1998). Microfinance handbook: an institutional and financial perspective (Sustainable banking with the poor) The World Bank U.S.A. <https://openknowledge.worldbank.org/server/api/core/bitstreams/88ac48b3-2d51-5f65-9f29-af0fdaa936db/content>
- Nartaya, S. (2022). Development of the Fisheries Insurance System in Thailand. Technical Paper No. 2/2022, Fisheries Development Policy and Planning Division, Department of Fisheries, Thailand. https://www4.fisheries.go.th/local/file_document/20230105094046_1_file.pdf
- SEAFDEC. (2020). *Resolution and Plan of Action on Sustainable Fisheries for Food Security for the ASEAN Region Towards 2030*. Southeast Asian Fisheries Development Center, Bangkok, Thailand; 23 pp. <https://repository.seafdec.org/handle/20.500.12066/6583>

About the Authors

Ms. Thanyalak Suasi is the Head of the Fisheries Management Section, Research and Development Division, SEAFDEC Training Department, Samut Prakan, Thailand. Email: thanyalak@seafdec.org

Ms. Rattana Tiaye is a Fisheries Management Scientist of the Fisheries Management Section, Research and Development Division, SEAFDEC Training Department, Samut Prakan, Thailand. Email: rattana@seafdec.org

Ms. Jariya Sornkliang is a Fisheries Management Scientist of the Fisheries Management Section, Research and Development Division, SEAFDEC Training Department, Samut Prakan, Thailand. Email: jariya@seafdec.org