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Thais' Financial Woes Are Putting Repo Men In the Driver's Seat --- Many a Mercedes Gets Seized As Status Symbol Becomes Just Another Bad Loan

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BANGKOK -- High in a carpark in the heart of Bangkok's financial district is a floor filled with luxury cars, their glossy exteriors blanketed in a thick layer of dust: Mercedes, BMWs, Volvos and Audis, most only a few months old.

A closer look reveals something of the people who once owned them. Displayed on the menacing, low-slung grill of a Maserati Ghibli coupe is the membership plaque of the Royal Bangkok Sports Club, an upper-crust bastion whose waiting list for membership has been closed since 1988. The rear side windows of a Mercedes 600 SEL are lined with curtains to shield the occupants from the ruffraff. Stuck to the windshields of two Audis are parking permits for Thailand's parliament.

This is a graveyard of Thailand's boom decade, each car a metal monument to an owner who stopped repaying his auto loan and had his wheels seized.

Similar troves of repossessed autos are hidden all around Bangkok. Citicorp keeps its cars on the 10th floor of Silom Complex, a shopping center where financial executives browse through \$115 Nino Cerruti ties during lunchtime. Finance One PCL, Thailand's biggest finance company, has locked more than 200 vehicles into a field in the swamplands past Bangkok's international airport. They're guarded by barbed wire and three mangy dogs.

From 1986 to 1995, Thailand had one of the world's fastest-growing economies, and annual auto sales raced ahead by 619%. Thousands of Thais took their winnings from a casino-like stock market and handed them over to auto dealers. You had to own a Mercedes, or at least a BMW, to escape police tickets, to get the proper deference from parking-lot attendants, and to be considered an important person by other important people.

In a society where Mercedes means status and status means everything, Thailand became the world's eighth-largest market for Mercedes-Benz AG cars in 1995. Until the Bank of Thailand made them stop a year ago, some local Mercedes dealers made it easy: no money down, up to seven years to pay.

It all came to a crashing halt last year, when the stock market plunged 35%. The party was over, and it was time to give back the toys.

Out at the Finance One yard, the repossession men drop off five to eight vehicles a day. The company auctions them off once a month, mainly to used-car dealers.

Finance One became Thailand's biggest auto lender -- with just under \$1 billion in hire-purchase loans at the end of 1996 -- by lending aggressively to buyers in rural provinces. Some of its competitors approve all loans

themselves, sending out officers to verify a customer's employment and assets. But Finance One allowed rural auto dealers to grant loans on the spot. Now its nearly \$1 billion in auto loans make up 50% of its nonperforming loans, according to Alex Grobman, an analyst at Peregrine Nithi Finance & Securities Ltd.

The problem goes far beyond Finance One. Nearly all auto lenders, even the most careful, have experienced a sharp upswing in bad loans. Now they're all tightening up operations. Nava Leasing PCL and other leasing companies also set up a credit-information center last year for companies to share the names of blacklisted customers. "We don't want the bad customers roaming around from one company to another," says Phomchit Piyawattanametha, Nava Leasing's managing director.

The measures have helped. But the collection agents still have their hands full. At a large Thai finance company, one of the two phones on a young lawyer's desk rings constantly. Out of the receiver comes an endless stream of excuses from customers begging him to call off the men he has sent to repossess their cars. Of the creative explanations he hears all day, two of the most common are: "School is starting; I need to pay tuition for my children," and "Floods have damaged my house; I need to pay for repairs."

The heart-tugging excuses don't get far with this lawyer, who declines to have himself or his company identified by name. "They're negotiating tricks," he says. "They try to make me feel sorry for them." If a customer claims his house has been damaged by floods, the lawyer pulls out a map to see if the person really is living in a flood-stricken area.

The phone rings again. A man who has missed seven months of payments on his Mitsubishi pickup truck tries to persuade the lawyer to call off the **repo** man. The caller insists he has made all the payments, though the finance company has no record of any such transactions.

"If that's true, then come tomorrow morning and bring the receipts," the lawyer says, twirling a pen on his desk. "If you don't come tomorrow, we'll have to repossess your car." He dials his phone to call off his **repo** man for another day.

His **repo** man, and the **repo** men working for several other companies, all declined requests to be interviewed for this article. But finance-company and auto-business executives shed some light on their murky line of work.

Thailand's **repo** men often don't have offices. Many repossess cars as a sideline. During the day, some serve as military or police officers, which lends authority to their night jobs.

"Some of them, I have never seen their faces," says Mr. Phomchit, the Nava Leasing chief. "This week they stay at one place, next week at a different place. They just give us their mobile-phone numbers. We give them power of attorney, and in one week or two weeks they come back with the car. In Bangkok, we pay them from 5,000 baht to 10,000 baht {\$192 to \$385} for one successful repossession. If they fail, they get nothing."

Retrieving a pricey import from a member of parliament or a rural gangster may be trickier. That's when the off-duty military or police officers are called in, and paid up to 20,000 baht for the job.

Repo men may be the bounty hunters of consumer finance, but they aren't allowed to shoot customers, beat them, yell at them or even speak impolitely to them, several finance-company executives stress.

"We have principles of conduct for our repossessing agents," says Mr. Phomchit. "We want them not to have any fighting or quarrel with customers, because it will affect our reputation." If a customer resists repossession, finance companies can resort to suing him to retrieve the vehicle.

In fact, repossession in Thailand rarely involves taking cars by force. "People care about losing face," explains one used-car dealer. "They don't want people to know that they don't have enough money to pay . . . They don't want to make it noisy."