

Vimolrat Srirattanagool 2007: Factors Affecting Saving in The Commercial Banking System in Thailand. Master of Economics, Major Field: Economics. Department of Economics. Thesis Advisor: Mr.Vorapoj Udomratana, M.Econ. 78 pages.

Commercial banks are financial institutions playing a role in stimulating savings from the public and offering loans to investors. By introducing time deposits, the commercial banks have caught attention from the public because of the high returns in interest rate. Before the economic crisis the public were saving their money in time deposits, but after the crisis the saving behavior of the public gradually changed to saving deposits. This study aimed to examine the saving behavior of the household sector in the banking system in Thailand and, moreover, all economic factors that influence the saving in the banking system (time deposits and saving deposits) will be thoroughly studied and identified. Meanwhile, the quantitative analysis employs the Multiple Linear Regression to estimate the coefficient of how economic factors relates to the time deposits and saving deposits. In both parts of the analysis, this study focus the time series data quarterly from 1993-2004.

The findings of the study revealed that after the crisis in 1997 the majority of saving, which shifted from time deposits to saving deposits resulted from a reduction in interest rates of time deposits. The return of the time deposits was significantly low and no longer appealed to the public. Their money from time deposits was moved to saving deposits instead as they were willing to invest in other alternatives which generated higher rate of returns. The study of the economic factors that affect saving of the commercial banks showed that the most influential factor that affect saving deposits is Gross National Product while the price of gold bars came in second place. Dummy variables which represented of the change in the number of commercial banks' branches and the range of the lowest time deposits interest rate and the highest saving deposits interest rate appeared to be less important. As the most influencing factor that affect time deposits is Gross National Product while the price of gold bars came in second place. The government should implement price stability policy and take care of economic stabilization. In addition, they also should make public confident for saving more money with the commercial banks so the banks can be an important source of fund to develop economic growth of the country.

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Thesis Advisor's signature

