

Wipawadi Taosuwan 2006: The Impact of Credit Card Spending on Gross Domestic Product.

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This study focuses on the credit card spending impact on Gross Domestic Product (GDP); both in term of value and variation of GDP by estimating Vector Autoregression (VAR) model, calculating the Impulse Response Function and Variance Decomposition. There are 5 variables in the model including credit card volume, cash in hand demand, interest rate, investment and Gross Domestic Product during 1996 to 2005.

Consequently, the result of the study indicate that the increasing of credit card spending generates the impact on GDP in the short-run. For the long-run the impact of credit card spending initiates the effect to GDP in small unit. In case of the variation of GDP, the source of the volatility in GDP mostly initiated by itself, and slicely initiated by the credit card spending. Additionally, the government must be awared on the volume of credit card spending to protect the NPL's problem in the future.

Finally, based on our finding, we recommended that the effect of credit card spending to Gross Domestic Product was slice effect. Therefore it was not sustain to push economic growth by induce credit card spending issue.

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