

**ABSTRACT**

Thesis Title : Factors Affecting Loan Rate of Thai Commercial Bank  
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Advisory Committee :

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Loan rate of interest of the commercial bank is the cost of both investment and borrowing. Therefore, the knowledge of the factors determining the loan rate should be provided to the investor and debtor with useful information for the decision concerning their borrowing plans.

The purpose of this thesis is to study and examine the factors influencing the determination of loan rate of interest of Thai commercial bank. The relationships between these factors and the loan rate are also studied and analyzed. Data used in the study were monthly secondary data from January 1995 to December 2000. These data were divided into 2 phases. The first phase is during January 1995 and June 1997, while the second phase is from July 1997 to December 2000.

Thai commercial banks in study were divided into 2 groups according to their size. The group of large size banks and small size banks were then separately analyzed. Models of relationships between loan rate and factors determining it were estimated for each group. Method of study is multiple regression analysis using ordinary least squares technique.

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The result of the analysis reveals that factors determining loan rate of interest of Thai commercial bank are broad money ( $M_2$ ), interest rate on fixed deposit account, interbank rate, bond repurchase rate, producer price index, manufacturing production index, singapore interbank offer rate, as well as the political instability and economic crisis.