

ABSTRACT

Thesis Title : The Impact of Bangkok International Banking
Facilities on Monetary Base of Thailand

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One of the important objectives of monetary policy is to control money supply because it is one of the important economic variables that link policy instruments to the ultimate objectives. It is necessary to understand how the money supply is determined. The central bank can partially control the money supply because money multiplier depends upon the portfolio assets management of units in economic system. That the money multiplier is stable, so it implies that controlling monetary base is the most important strategy in controlling money supply in Thailand.

The main objective of this thesis is to study the impact of Bangkok International Banking Facilities on Monetary Base of Thailand especially on net foreign assets. In order to accomplish the objective, factors affecting the composition of net foreign assets and impact of Bangkok International Banking Facilities on economic of Thailand have been studied.

The research methodology bases on econometric model by exploiting Ordinary Least Squares estimation technique on the quarterly data form 1982 to 1995.

The results of the study show that the estimated coefficients of the difference between minimum loan rates and London Inter Bank Offer Rate (IPF), Gross National Product (GNP) and BIBF dummy variable (DL) are positive and significant. The coefficients of balance of current account (BCA) and the exchange rate (EXR) are negative and significant.

As a consequence, it is strongly confirmed from this research that the Bangkok International Banking Facilities (BIBF) has a strong positive impact upon the net foreign assets.