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ASST. PROF. CHARUMA ASHAKUL, Ph.D. 89pp. ISBN 974-583-451-3

Commercial banks have vital role in the Thai economy as major sources of fund mobilization and investment allocation. This research attempts 1) to investigate the efficiency of banks' operation ie. to examine whether banks operate within a range which average cost is declining or increasing; 2) to analyze whether each bank and each category of bank poses economies of scale; 3) to study economies of scope of Thai Commercial banks and explore a possibility for joint services of commercial banks in each a way to lower average operating cost. This study divide commercial banks' services into 3 areas-- equity investment, providing loan and other services. Data from 15 Thai commercial banks' financial report from 1979-1991 are utilized in this study.

The research findings reveal that the Siam City Bank has the most economies of scale, followed by the Bangkok Bank of Commerce. Economies of scale of large commercial banks, with deposit, loan and assets larger than one hundred thousand million bahts, is considerably lower than the others. Each commercial bank has economies of scope in different joint services as results of different investment tools, rate of return and quality of loans.