

Busarin Suttanggoor 2012: Funding Strategy and Liquidity of Thai Commercial Banks under Banking Crisis Period. Master of Economics (Business Economics),
Major Field: Business Economics, Department of Economics. Thesis Advisor:
Assistant Professor Boontham Rajitpinyolert, Ph.D. 246 pages.

On account of the enforcement of The Deposit Protection Agency Act B.E. 2551, the full deposit protection will end by time for deposit protection. However, the impact of Deposit Protection Agency is only limited to certain group of deposit protection. Therefore, the depositors would be more careful when making a decision for deposit after the enforcement. The objective of this study is to analyze the source of funding to pay back the depositors in the bank run situation in Thai commercial banks through the analysis of liquidity to pay back the depositors. By doing this, the bank run is defined as three scenarios: the decrease in deposit for Thai commercial banks of 20 percent (bad case) 30 percent (worse case) and 40 percent (worst case). Under the criteria of selection funding sources, the cost of funding and the ratio of capital to risk weighted assets (BIS Ratio) of Thai commercial banks are considered.

The results of the study are as follows. Firstly, in response to the bank run, it is found that small banks have the highest liquidity, large banks have good liquidity, and medium banks have medium liquidity. As there is the decrease in deposit, small banks have a relatively liquidity problem, medium and large banks more severe have liquidity problems. Secondly, the cost analysis showed that all large banks have to pay back the deposit via the issuance of common stock. For medium banks, the result is divided into two groups: the issuance of bond and the issuance of common stock. Finally for small banks, the result is divided in three groups: no need to raise additions fund, the issuance of bond and the issuance of common stock, depending on the cost of funds and the ratio of capital to risk weighted assets of each bank.

Student's signature

Thesis Advisor's signature