

Income of commercial banks mostly comes from offering credit to their customers, interest received, discount received, and commission received. The credit approval function is the most important part of commercial banks service which may have an effect on the success or failure of the operation of commercial banks.

In the past, the credit approval was centralized and had to be made at headquarter only. But recently, due to the increasing rate of competition and expansion in business, the commercial banks must adjust itself to new credit management policy which is differed from the old one by decentralized the authority so that the credit approval can be made at the branches in stead of the headquarter. The consideration for appropriate credit limitation for different credit pattern depends on the appropriateness of each branch. Different branches may use diffent methods to analyze the customers' credit applications. Therefore if any branch does not use the appopriate method of analysis, it may have the impact on the profitability and other benefit from credit approval.

The objective of this thesis is to study the factors which are considered for credit approval and set a package model for credit approval. These factors are considered in both quanlitative and quantitative factors. In addition, thirty branch managers of different commercial banks were random sampling and asked for answering the questionnaire, by using SPSS/PC+ software, and testing some statistics values, finally, the appropriate package model of commercial banks' credit approval for small business is obtained.

However, this package model has some limitation and must be used for businesses which are small or medium sizes only, because the credit amount is not very large and the method of operation is not so complicated.