

Tarntip Tongkhum 2014: Factors Affecting the Credit Quantity of Thai Commercial Bank. Master of Economics (Business Economics), Major Field: Business Economics, Department of Economics.

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The purposes of this research were to study factors affecting on the total credit, business credit and consumer credit of commercial banks in Thailand, which were based on the Loanable Fund Theory, Profit Maximization Theory, Liquidity Preference Theory and Loan Management Concept to form the multiple linear regression model. This research used quarterly secondary data from first quarter, 2002 to fourth quarter, 2011 with a total of 40 quarters.

The result showed that the key factors affecting these three types of credit are total deposit, and foreign borrowing, which are the important source of capital for giving credits. The demand of loan in household sector and corporate sector were increasingly over the study sample period. The reason could be the continuous increase in oil price level, hence the corporate sector faced the slowing down of economic activities, and household sector had to endure the higher living cost. Moreover, the populism policy also stimulated the interest rate and Consumer Price Index to be soared up in positive direction with those three types of credit. Unfortunately, the Consumer Price Index and One Day Repurchase Rate do not statistically significant explains the total credit, and consumer credit, respectively. The Gross Domestic Product also showed insignificantly negative effect on all three types of credit, because Thai economy at that period experienced the difficulties of the internal political issues and financial crisis. Additionally, the capital fund of commercial bank related in the opposite direction with the total credit and corporate credit, but supported consumer credit. The reason may be the unclearness in Thai economy' performance that caused the commercial sector to invest cautiously. The commercial bank, therefore, more focused on expanding the personal loans to household sector in order to compensate the business sector's loan. Other reasons could be because of the consumers' behaviors to be more in consumerism. They more likely use the future money in purchasing goods. The government policy also boosted up the consumption growth.

In summary, the findings from this study reveal that the commercial banks should keep a well management of their capital and an appropriate ratio among credit types. The commercial banks should carefully provide credits, since the government policy stimulating the economic activities throughout the consumption may interfere the ability of debt repayment in the future.

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Thesis Advisor's signature