

Abstract

The Subject matter of this thesis is a study on the commercial bank business regulated by the government authority which is focused on the Thai commercial bank operating in the Lao People's democratic Republic

As Thai business enterprise expand their scope of business operation aboard; Thai commercial bank trial along with their customers to provide banking services to facilitate their customer's business aboard in the form of setting up new branch and establishing a new commercial bank aboard. The need arises for Thai banking regulatory authority to design and cultivate *modus operendi* of cross-border banking supervisory practice acceptable to Thailand's neighboring states which Thai business enterprises expand their operation.

One of the reasons that gives rise to the need for the government authority regulate commercial bank business is the stability and financial wealth of bank have impact on the life-time savings of the mass of depositors and all the economic activities, the continuation of which depend on the circulation of credit extension and the financial services provided by banks. Its objective are to maintain stability and steadiness to the domestic financial and banking system, to safeguard the interest of those who depend on banking services and to prevent commercial banks from being deployed as a tool to the crime and terrorism.

For these reasons, it is interesting to find out how The Bank of Thailand (BOT) could supervise the Thai commercial banks operating business aboard.

Whether BOT will permit Thai Commercial to operate aboard or not depends on whether BOT has sufficient access to banking data to enable BOT to supervise Thai commercial bank aboard. If BOT is confident that it could supervise Thai commercial bank in the host country, BOT could permit commercial bank to do business aboard.

The predicates to Thai banking aboard are the secrecy law. If the domestic law of the host countries allows BOT to access into information of Thai commercial

banks in the host countries, BOT may not permit the Thai Commercial Bank to operate business in that foreign country.

The BOT regulates Thai Commercial Banks in four major aspects, i.e., establishment, operation, expansion and termination of business. Supervision of banking business establishment, expansion and termination of business (where the head office in Thailand is the requester or where the head office is ceased to be a juristic person take places in Thailand because the seat of business decision of Thai Commercial Banks is in Thailand, to the extent that the business. The operation is outside Thailand, supervision by the BOT is necessarily extra-territorial exercise of power. The BOT may do so to the supervision of the shareholder of the commercial banks based on "nationality principle." To do so, the BOT need cooperation of the commercial banks, their parent companies in Thailand in order to extend the BOT's extra-territorial supervisory to supervise the activities of Thai Commercial Banks operating overseas.

Thai Commercial Banks operate business in the Lao PDR to chosen to be the case study this thesis. Their business is conducted under the law of the Lao PDR. The bank of the Lao PDR supervises all commercial banks operating in the Lao PDR. The bank of the Lao PDR acting in its capacity as the main authority in permission the commercial bank in the Lao PDR. The bank of the Lao PDR regulate the foreign commercial bank under three important principles. Namely, firstly regulating the foreign commercial banks and the Laotian commercial banks by the same standard; secondly, the bank of the Lao PDR allowing the banking supervisory authority of the home countries to supervise their commercial banks in the Lao PDR, and lastly the bank of the Lao PDR adopting international standard to supervise the commercial banking business.

These three basic principles have effects on BOT and Thai Commercial Banks in the Lao PDR. The operation of the commercial banks are under the supervision of both Thailand and the Lao PDR. So are their branches.

Chapter 3 of this thesis focuses on the cooperation among the supervisory authorities in order to effectively supervise commercial banks.

Bank for international Settlements "BIS" has tried to solve problem arising out of cross-border. The banking supervision offers a set of practice as a guidelines to banking supervisory authorities. The basic tenor of these guidelines is aims at reducing the basic legal obstacles. Restrictions to information access to banking supervisory authorities in the home and the host country to cooperate and facilitate each other in the exercise of their respective supervisory functions.

These practice guidelines encourage national banking regulators to enter into agreements or memorandum of understanding between to set out clear roles and responsibilities between them.

BIS's practice do not have binding force in public international law's parlance fortunately, in practice national banking supervisory choose to cooperate between themselves on cross-border banking supervision because cooperation enhances the efficiency on banking supervision and if good for stability of financial system of the two countries. This is the spirit of the principle of state' reciprocity in public international laws.