

Title : A Study of the Operating Cost and Return
on the Premium Savings Certificate during
1988-1992

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The Premium Savings Certificate come as a form of savings for Government Savings Bank, regarded as a kind of privilege. Deposits placed by Premium Savings Certificate come with conditions for acceptance amounting to 30-Baht per unit. Minimum amount of deposit is fixed at 30-Baht where as maximum amount is not fixed and the Depositors are remunerated by means of Rewards. The Government Savings Bank issues a reward to repay the Depositors on the 20th of every month. The Depositors are entitled to hit prizes over 35 draws and shall get interest of 1-Baht per unit upon completion of the said duration, namely 3 years. The Premium Savings Certificate can be used as collateral against loan of money, bank overdraft and can be used as bail to free accused persons temporarily.

This THESIS aims to conduct studies on deposits deriving from The Premium Savings Certificate issued by Government Savings Bank, touching on the origin, current conditions, cost and remuneration earned from the Deposits of Premium Savings Certificate and rewards receivable by the

Depositors from the purchases of Premium Savings Certificate, problems and obstacles faced in the course of operations. The studies focuss on the period from 1988-1992.

Results of Studies are Summarised as follows:

1. Investment and returns on investment for operating the deposits under Premium Savings Certificate and rewards receivable by Deopsitors from the Premium Savings Certificate.

1.1 Investment for operating deposits deriving from the Premium Savings Certificate during 1988-1992 amounted to 8.54%, 10.87%, 10.01%, 11.79% and 11.47% respectively upon comparing with the total deposits deriving from Premium Savings Certificate remaining in balance each year. (Taken from Table No.4.5, page 62).

1.2 Returns on investment deriving from deposits placed under Premium Savings Certificate during 1988-1992 produced returns of 10.70%, 11.78%, 11.83%, 11.60% and 10.72% respectively when compared with the total deposits deriving from Premium Savings Certificate remaining in balance each year. (Taken from Table No.4.8, page 68).

1.3 Rate of returns receivable by Depositors placed under Premium Savings Certificate (with assumption based on deposits of 10,000 units, 300,000 Baht) the Deposits shall get rewards at 5.78% per year and entitled to hit prizes about 0.60336% (Based on Table No. 4.13,4.14 page 75,77)

2. Differing results deriving from analysis of rate of income against expenses for operations during 1988-1992 stood at 4.16%, 0.91%, 1.82%, (0.19%) and (0.74%) respectively, with differing results between income and expenses during 1988-1992 averages 1.20%. (Based on Table No. 4.9, page 68).

3. Net Present Value of Cash Inflows (incomes) and Cash Outflows (Expenses) and Rate of Return against investment, upon considering the rate of discount at 9% and 13% shall be considered from the rate of interest received in 1988-1992 when the rate of receipt of interest stood at the lowest at 9% and highest at 13%) are summarised as follows:

3.1 Net Present Value of Cash Inflows (incomes), upon comparing with Cash Outflows (expenses) during 1988-1992 Net Cash Inflows are equals 1,384.64 million baht and 1,327.97 million baht. (Based on Table No.4.10, page 71)

3.2 Rate of Returns against investment during 1988-1992, upon considering and comparing the Net Present Value of Net Cash Inflows and Net Cash Outflows there shall be rate of return against the investment equalling 1.18 and 1.20 (From page 72)

4. Rate of growth of deposits placed under Premium Savings Certificate during 1988-1992 (by using the statistics of 1986 as the basis=100%). It can be summarised that deposits in 1987 dropped from those of 1986, amounting to 54.59%. In 1988, there was a drop over 1987 by 16.71%. In 1989 there was an increase over 1988 by 7.75%. In 1990, it dropped over 1989 by 9.15%. In 1991, there was an increase over 1990 by 13.78% and in 1992, it decreased over 1991 by 2.32%. (Based on Table No.4.22, page 90).

5. In analysing the financial situation of Government Savings Bank during 1988-1992, it is summarised that the ratio of cash flow was 1.14, Debt ratio equals 0.924 and return on assets equal 1.15. (Based on Table No. 4.23, page 96).

6. Other problems and obstacles faced by Government Savings Bank in its operations with regard to Premium Savings Certificate are summarised as follows:

6.1 Fixed expenses related to salaries of employees keep rising every year, when compared with the total volume of deposits received each year.

6.2 The public preference for this Certificate is dropping, due to the availability of avenues for investments elsewhere whose rate of returns are higher.

6.3 The Premium Savings Certificate do not change in character of form or the conditions so that interests in the public is not generated.

6.4 The inefficiency of words due to the existence of working procedures that are half-official, and half private.

Based on past studies, recommendations are advanced as follows:

1. Must try to utilise all available resources with efficiency to economise expenses where it is not necessary.
2. A public relations program should be launched to highlight the Premium Savings Certificate, and should be revised the conditions of governing prizes with a view to make them attractive to draw public interest, in order to induce new savers; at the same time efforts should be made to get the employees to love their jobs and possess the feeling of being a part of the Government Savings Bank.

Problems and obstacles faced in the course of works need to be tackled by cooperation among the workers at all levels, who must be ready to listen to constructive ideas and to exchange views for the benefit of all. There is the need for decisive action and courage to accept responsibilities for execution of works continually, for such collective efforts would bring success to the operations of the Government Savings Bank.