

Chariya Intaramarn 2006: The Analysis of Factors Affecting The Interest Rates and  
Interest Rate Risk Management of Commercial Banks. Master of Economics  
(Business Economics), Major Field: Business Economics, Department of Economics.  
Thesis Advisor: Miss Kanokwan Chancharoenchai, Ph.D. 132 pages.  
ISBN 974-16-2012-8

The aims of this research are to study the factors affecting the loan interest rates of 5 large Thai commercial banks, the change of loan interest rates affecting the interest income of the large Thai commercial banks, and the interest rate risk management strategy.

In order to approach those aims, this study uses the monthly secondary data from 1994 to 2005, which is collected from various sources such as documents and websites. The minimum loan rate (MLR) is reasonably chosen as a representative of the loan interest rate. The multiple regressions are used to study the behavior of interest rate through the coefficient from the Ordinary Least Square regression, together with the 5 commercial bank balance sheets report.

The results reveal that the 1-month prior to the minimum loan rate, savings deposits rate, percentage change of consumer price index, percentage change of gross domestic products and loans to deposits ratio have significantly affect on the minimum loan rate. Furthermore, this empirical work shows the evidence in which support the study assumptions, except the percentage change of gross domestic products.

The large commercial banks who received the variation of minimum loan rate and saving deposits rate were Bangkok Bank, Krung Thai Bank, Kasikorn Thai Bank, Siam Commercial Bank and Krung Sri Ayuthaya Bank respectively. Each large commercial bank, moreover, have their own interest rate risk management method to suit bank's situation and economics environment.

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Thesis Advisor's signature

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