

## Chapter 6

### Conclusion

The Thai financial crisis accelerated the pace of regulatory and competitive changes, compressing what was thought to take at least a decade into 5 years and ending the age of privileges in Thai commercial banking. Hybrid banks, majority controlled by foreign banks, now compete with domestic-owned banks on an almost level playing field until 2007.

The study provides some evidence on how these hybrid banks operate differently from domestic-owned banks incorporated in Thailand in terms of efficiency. The empirical results obtained show that before-tax profits (excluding extraordinary items) over total assets of foreign-owned banks incorporated in Thailand were on average 2.56 percent higher than those of their domestic-owned counterparts, reflecting a higher productive efficiency in employing assets to generate revenues. In light of the results with respect to the impact of the percentage share of foreign ownership on the efficiency measures, this is interpreted to indicate that there seems to be scope for further enhancing banking sector efficiency through outright sales of domestic banks to foreign investors.

The literature provides empirical evidence that foreign bank entry can render national banking markets more competitive and can force domestic banks to operate more efficiently as reviewed in Chapter 2. This study confirms these findings for the case of Thailand. The main finding is that the asset share of foreign-owned banks incorporated in Thailand is significantly related to all efficiency measures. Increases in the asset share of foreign-owned banks incorporated in Thailand are found to reduce the net interest margin and profitability in the domestic commercial banking system. More explicitly, each 1 percentage point increase (decrease) in the asset share of foreign-owned banks incorporated in Thailand on average decreased (increased) the net interest margin by 0.18 percent and profitability by 0.58 percent. However, the

asset share of foreign-owned banks incorporated in Thailand turned out to be positively related to overhead expenses over total assets. Each 1 percentage point increase (decrease) in the asset share of foreign-owned banks incorporated in Thailand was found to have on average increased (decreased) the cost margin in the domestic commercial banking system by 0.06 percent. This positive relationship is interpreted as an indicator of the pressures exerted on domestic banks to restructure their operations, initially leading to higher overhead expenses. Thus, there are strong indications that foreign bank entry through the acquisition of majority stakes in local banks improves the functioning of the Thai domestic commercial banking sector, with positive welfare implications for bank customers. The results show that (1) the asset share of foreign-owned banks incorporated in Thailand rather than their number share, and (2) foreign entry through outright acquisitions rather than through the establishment of branches matters, which should give impetus to further breaking-up the still oligopolistic characteristic of the Thai commercial banking system.

Pre-crisis, it was basically the corporate sector, which is now still burdened with non-performing loans, that accounted for much of the loan growth, whereas now the battleground has shifted to retail and middle market banking. Since 1997 foreign banks for the first time have access to branch networks, and foreign bank entry has contributed to banking sector development in several ways. The qualitative impact was most felt in areas such as product innovation, marketing, technology, operational procedures (e.g. credit analysis) and human resources. Foreign bank entry pushed commercial banks to adopt new strategies such as market segmentation and product differentiation, to employ more sophisticated tools (e.g. rigorous risk management, strong management information systems) and to invest in infrastructure and staff. Thus, foreign entry led to substantial improvements in pricing, quality, and availability of financial services, which reflect improved operational processes, such as lending based on cash-flow and credit analysis rather than connections and collateral, and should strengthen financial service delivery as well as reduce the risk of future financial crisis.

While the changes cannot all be associated with foreign bank entry, the new competitors have certainly led the way in many areas. The new domestic entrant, Thanachart Bank, will further create competitive pressures. A new commercial banking sector slowly emerges, requiring new strategies for success and forcing a new competitive balance between domestic and global players. More demanding customers enjoy greater choice in more open markets than ever existed before. As e-banking increases, it accelerates the removal of remaining barriers to entry.

However, foreign participation in the Thai banking sector is still heavily restricted. In light of the results obtained in this study, obstacles should be further reduced in the future, especially regarding the provisions with respect to foreign equity participation, which are due to expire in 2007. A strong commitment to openness would provide greater security to foreign entrants, reducing the risk premium charged, which in turn eventually would benefit consumers. Not only should foreign entry be encouraged, but also domestic entry to increase competition. The choice today is not so much between opening up or not, but rather to design policies that help minimize risks (such as enhanced banking sector supervision and rigorous enforcement of regulatory and prudential regulations). However, despite increasing internationalization of financial services worldwide, the current Thai government to date, unfortunately, appeared to be inclined to rather continue to protect local banks from global competitive forces than to further open up.

The present study only addresses some impacts of foreign entry and it is based on a relatively short experience. Thus, it will need to be reviewed over a longer time frame in the future and to be complemented by including the ongoing evolution of competition between foreign-owned and domestic-owned banks in the financial sector. Future research also needs to address the impact of foreign entry on the volatility of the availability of domestic credit and lending behaviour in general, especially since there are arguments that foreign bank entry may have an adverse effect on credit allocation to small and medium-sized enterprises (particularly in the non-tradeables sector), whereas other arguments stress a beneficial impact for

small borrowers as increased competition could force domestic banks to seek new market niches. However, banks incorporated in Thailand only started to disclose semi-annual data on the composition of their loan portfolios in the second quarter 1998. Another area of study should be whether foreign entry has provided benefits in terms of stability.

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## Chapter 1

<sup>1</sup> See Merrill Lynch (2000): pp. 73, 138.

<sup>2</sup> For an analysis of the Thai financial crisis see Herberholz (1998).

<sup>3</sup> See Claessens, S., and M. Jansen eds. (2000): p. 3.

<sup>4</sup> See Agénor, P.-R. (2001): pp. 11, 12, Claessens, S. et al. (1998): p. 2, and Demirgüç-Kunt, A. et al. (1998): p. 91.

<sup>5</sup> See Agénor, P.-R. (2001): pp. 18, 19, Claessens, S., and T. Glaessner (1998): pp. 9-11, and Clarke, G. et al. (2001): p. 2.

<sup>6</sup> In addition to these barriers, there are two other major barriers: general labour restrictions limiting the hiring of foreign professionals and a withholding tax on the repatriation of profits as discussed in section 3.4.

<sup>7</sup> See CBA B.E. 2505, Section 5 quinque: p. 4.

<sup>8</sup> See BOT (n.d.b): p. 12.

<sup>9</sup> See Appendix II.

<sup>10</sup> In the framework of Thailand's IMF economic programme, the authorities agreed to raise the ceiling on foreign ownership of domestic banks from 24.99 percent to 49 percent, and subsequently to the current 100 percent. See Dobson, W., and P. Jacquet (1998): p. 42. However, the authorities reserve the right not to allow a foreign bank that has more than a 49 percent stake in a Thai bank to have an additional full branch in Thailand. See BoT (1997): p. 25. Interestingly, in a telephone conversation on 22 July 2002, Mr Nirut Limmanee, Team Executive, Data Management Group, BOT pointed out that these regulations are not general, but are applied on a case-by-case basis only (e.g. in the case of ailing domestic financial institutions).

<sup>11</sup> ADB (1999): p. 53.

<sup>12</sup> The planned privatization of the remaining intervened banks could not be realized, reflecting the fact that their larger size added to the complexity of the negotiations.

<sup>13</sup> The data has been obtained from the SET (various quarterly reports), BBL (n.d.d): p. 6, and the BOT ([online] Available from: [http://www.bot.or.th/bothomepage/databank/Financial\\_Institutions/New\\_Fin\\_Data/CB\\_Menu\\_E.htm](http://www.bot.or.th/bothomepage/databank/Financial_Institutions/New_Fin_Data/CB_Menu_E.htm). [2002, March 11]).

<sup>14</sup> However, it is noteworthy that Citibank, for example, has been able to gain a strong foothold in the Thai retail banking market (particularly with respect to credit card operations) despite branch restrictions, which is mainly due to its superior back-office technology and database marketing systems. See Ingsrisawang, C. Thais will lose control of banking business. Bangkok Post: 29 December 1997.

<sup>15</sup> The term "domestic-owned banks incorporated in Thailand" refers to state-owned banks and domestic-owned private banks.

Although "no person other than a commercial bank shall make use, in the conduct of his business, of the name or description of a "bank" or any other word or words having similar meaning" (CBA B.E. 2505, Section 9: p. 6), the following specialized financial institutions are excluded as they cannot be considered commercial banks: Government Savings Bank, Government Housing Bank, Bank for Agriculture and Agricultural Cooperatives, Export Import Bank of Thailand.

<sup>16</sup> The term "domestic banking system" refers to state-owned and domestic-owned private banks incorporated in Thailand.

<sup>17</sup> Stages of financial liberalization in Thailand are outlined in Chapter 3 and Appendix I.

<sup>18</sup> See Claessens, S., and T. Glaessner (1998): p. 3.

<sup>19</sup> For an assessment of the GATS and the FSA, see Dobson W., and P. Jacquet (1998).

<sup>20</sup> See Claessens, S., and T. Glaessner (1998): p. 7.

<sup>21</sup> Ibid.: p. 8.

## Chapter 2

<sup>1</sup> Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Singapore, and Thailand.

<sup>2</sup> The analysis follows the approach of Claessens et al. (1998).

<sup>3</sup> Foreign banks are those banks in which foreigners have at least a 50 percent ownership share. In the case of Thailand, the authors use data for 14 foreign bank branches.

<sup>4</sup> For example Leightner, J. E., and C. A. K. Lovell, 1998. The Impact of Financial Liberalization on the Performance of Thai Banks. *Journal of Economics and Business* 1998, 50: pp. 115-131.

### Chapter 3

<sup>1</sup> See Fitch Ratings (1998): p. 13.

<sup>2</sup> See Traisorat, T. (2000): pp. 5, 6.

<sup>3</sup> *Ibid.*: pp. 18, 19.

<sup>4</sup> *Ibid.*: p.19.

<sup>5</sup> *Ibid.*: pp. 6, 7.

<sup>6</sup> *Ibid.*: pp. 6, 7.

<sup>7</sup> *Ibid.*: p. 7.

<sup>8</sup> See TARA Siam Business Information Ltd. (n.d.): p. 80.

<sup>9</sup> On November 7, 1996, the MOF granted branch licenses to BIBF offices of seven foreign banks, namely Bank of Nova Scotia, Bank of China, Banque Nationale de Paris, Dresdner Bank, Sumitomo Bank, Dai Ichi Kangyo Bank, and Industrial Bank of Japan. *Bangkok Bank* (n.d.d): p. 3.

<sup>10</sup> Although eventually only two licenses were granted, three groups, namely General Finance, Italian-Thai Development Corp., and MBK Property, had received approval to establish new commercial banks under the following conditions: (1) registered capital of at least THB 7.5 bln, with at least half of the total raised through a public share offering, (2) headquarters to be established outside Bangkok, and (3) operations to begin within one year (failure to comply would lead to revocation of the license). See Fitch Ratings (1998): p. 10, Sirithaveeporn, W. Three new banks approved after nine-month delay. *Bangkok Post*: 4 January 1997. The issuance of these licenses was surrounded by allegations that the consortia paid THB 750 mln to officials involved. See Thai Farmers Research Centre (1996a).

<sup>11</sup> See Traisorat, T. (2000): p. 18, Chanjindamanee S., and O. Paweewun. Thanachart pulls in the punters. *The Nation*: 24 April 2002.

<sup>12</sup> Note, "Commercial bank" means a bank licensed to undertake the business of commercial banking and includes a branch of a foreign bank licensed to carry on such business." CBA B.E. 2505, Section 4: p. 1. Since 1999, all finance and securities companies have to split operations. The finance and securities companies that still exist are currently in the process of splitting up. See Polkwamdee N. Split-up a must by end of year. *Bangkok Post*: 30 September 1999.

<sup>13</sup> See Fitch Ratings (1998): p. 2.

<sup>14</sup> See BOT (1999): p. 2.

<sup>15</sup> 13 commercial banks incorporated in Thailand: BBL, BAY, BT, KTB, TFB, TMB, SCB, SCIB, TB, BOA, DTDB, UOBR, SCNB

18 branches of banks incorporated abroad: ABN Amro Bank, Bank of America, Bank of China, Bank of Nova Scotia, Bank of Tokyo-Mitsubishi, Bharat Overseas Bank, BNP Paribas, Citibank, Crédit Agricole Indosuez, Deutsche Bank, Hongkong and Shanghai Banking Corp., International Commercial Bank of China, JPMorgan Chase Bank, Mizuho Corporate Bank, Oversea Chinese Banking Corp., RHB Bank Berhad, Standard Chartered Bank, Sumitomo Mitsui Banking Corp. BOT [online] Available from:

[www.bot.or.th/bothomepage/databank/Financial\\_Institutions/Address.html](http://www.bot.or.th/bothomepage/databank/Financial_Institutions/Address.html). [2002, June 21]

<sup>16</sup> See BOT (1999): p. 2.

23 representative offices of banks incorporated abroad: Asahi Bank, Australia & New Zealand Banking Group, Bayerische Landesbank Girozentrale, Chinatrust Commercial Bank, Commerzbank, Crédit Industriel et Commercial, Daiwa Bank, Development Bank of Singapore, First Commercial Bank, Japan Bank for International Cooperation, Merrill Lynch International Bank, Natexis Banques Populaires, National Bank of Kuwait, Rabobank, Sanpaolo IMI, Sumitomo Trust & Banking Corp., UBS, United World Chinese Commercial

Bank, Union Bank of California, Wachovia Bank, Westdeutsche Landesbank Girozentrale, Westpac Banking Corp., Yamaguchi Bank. BOT [online] Available from:

[www.bot.or.th/bothomepage/databank/Financial\\_Institutions/Address.html](http://www.bot.or.th/bothomepage/databank/Financial_Institutions/Address.html). [2002, June 21]

<sup>17</sup> See BOT (1999), p. 2, BOT [online] Available from:

[www.bot.or.th/bothomepage/databank/Financial\\_Institutions/Address.html](http://www.bot.or.th/bothomepage/databank/Financial_Institutions/Address.html). [2002, June 21]

<sup>18</sup> See Thai Farmers Research Centre (1996).

<sup>19</sup> See Vichayanond, P. (2000): pp. 5, 6.

<sup>20</sup> As it is important to capture concentration of control in groups, state-owned banks are consolidated into one group. Due to a lack of bank-level data, branches of banks incorporated abroad are also consolidated into one group.

<sup>21</sup> Data source: SET, various quarterly reports, BOT [online] Available from:

[http://www.bot.or.th/bothomepage/databank/Financial\\_Institutions/New\\_Fin\\_Data/CB\\_Menu\\_E.htm](http://www.bot.or.th/bothomepage/databank/Financial_Institutions/New_Fin_Data/CB_Menu_E.htm). [2002, August 06]

<sup>22</sup> See CBA B.E. 2505, Section 5 bis: pp. 3-4 (Note, that the regulation does not apply to foreign bank branches. See CBA B.E. 2505, Section 5 octo: p. 5).

<sup>23</sup> See CBA (No. 2) B.E. 2522, Section 22: p. 28.

<sup>24</sup> See Traisorat, T. (2000): pp. 63-69.

<sup>25</sup> For a discussion, see Traisorat, T. (2000): pp. 63-69.

<sup>26</sup> See Pathmanand, U. (2002): p. 11.

<sup>27</sup> *Ibid.*: pp. 9-11.

<sup>28</sup> Current internal limits on foreign shareholdings can be obtained from [www.set.or.th/set/en/company/company\\_u2.jsp](http://www.set.or.th/set/en/company/company_u2.jsp).

<sup>29</sup> See Phongpaichit, P., and C. Baker (2000): p. 222, MOC (2002), SET R-SIMS database on major shareholders (i.e. > 0.5 percent).

The FIDF was established in 1985 within the BOT to provide assistance to financial institutions facing difficulties, thus also acting as a lender of last resort. Mandatory contribution of financial institutions to the FIDF was gradually raised from 0.05 percent of total liabilities to 0.2 percent. See BOT (1999), pp. 6, 7.

<sup>30</sup> See Claessens, S., and M. Jansen eds. (2000): p. 11.

<sup>31</sup> See Appendix I and Herberholz (1998).

<sup>32</sup> The BOT also supervises representative offices of banks incorporated abroad, restricted banks, IBFs, finance companies, finance and securities companies, asset management companies, and credit foncier companies, whereas securities companies and mutual fund management companies are supervised by the SEC. Supervision of specialized financial institutions is vested in the MOF. Savings cooperatives and agricultural cooperatives are supervised by the Ministry of Agriculture and Cooperatives, life insurance companies by the MOC, and pawnshops by the Ministry of Interior. See BOT (n.d.b): p. 1.

<sup>33</sup> See Fitch Ratings (1998): p. 4.

<sup>34</sup> See Traisorat, T. (2000) for further discussion: pp. 84-89.

<sup>35</sup> See BOT. Financial Regulations in Thailand. [online] Available from:

[http://www.mof.go.th/investthai/index\\_sec2\\_1.htm](http://www.mof.go.th/investthai/index_sec2_1.htm). [2002, June 24], IMF (2000): p. 39.

<sup>36</sup> See Merrill Lynch (2000): p. 87. The corresponding law is currently being drafted. See IMF (2000): p. 39.

<sup>37</sup> Issuance and withdrawal of licenses with respect to finance companies and credit foncier companies is also vested in the MOF. See Traisorat (2000): p. 16.

<sup>38</sup> See CBA B.E. 2505, Section 5: p. 3.

<sup>39</sup> See MOF. Accounting Standard (Financial Transparency), Accounting Rules for Companies Listed on The Stock Exchange of Thailand (SET). [online] Available from: [http://www.mof.go.th/investthai/index\\_sec1.htm](http://www.mof.go.th/investthai/index_sec1.htm). [2002, June 24]

<sup>40</sup> See CBA B.E. 2505, Section 6: p. 5.

<sup>41</sup> See Notification of the MOF issued under Section 6 of the CBA B.E. 2505, as amended by the CBA (No. 2) B.E. 2522, 17 May B.E. 2534, Article 2. In CBA: pp. 51, 52.

<sup>42</sup> See Notification of the MOF issued under Section 6 of the CBA B.E. 2505, as amended by the CBA (No. 2) B.E. 2522, 17 May B.E. 2534, Article 3. In: CBA: pp. 51, 52.

<sup>43</sup> See CBA B.E. 2505, Section 6: p. 5.

<sup>44</sup> See Bangkok Bank (n.d.b): pp. 38, 39.

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- <sup>45</sup> The restricted bank license replaced the idea of a super-finance license, which was intended to allow financial institutions to operate as quasi-banks. See Bunyamane, S. Firms urged to drop "super-finance" plans. Bangkok Post: 5 October 1998.
- <sup>46</sup> See BOT (1999): pp. 50, 51.
- <sup>47</sup> Notification of the MOF, Re: The Operation of IBF by Commercial Banks, 16 September B.E. 2535. In: CBA, pp. 39-41, Notification of the MOF, Re: The operation of PIBF by commercial banks, 4 May B.E. 2537. In CBA: pp. 47-48.
- <sup>48</sup> See BOT (1999): pp. 50, 51, Notification of the MOF, Re: The operation of PIBF by commercial banks, 4 May B.E. 2537. In CBA: pp. 47-48.
- <sup>49</sup> See Notification of the BOT, Re: Rules, procedures and conditions relating to operation of IBF by commercial banks, 14 December B.E. 2536, Article 8: p. 44. In: CBA: pp. 42-46.
- <sup>50</sup> See Notification of the MOF issued under Section 6 of the CBA B.E. 2505, as amended by the CBA (No. 2) B.E. 2522, 17 May B.E. 2534, Article 5: p. 52. In CBA: pp. 51, 52.
- <sup>51</sup> See CBA B.E. 2505, Section 7 bis: p. 6.
- <sup>52</sup> *Ibid.*, Section 4: p. 1.
- <sup>53</sup> *Ibid.*, Section 9 bis: p. 6.
- <sup>54</sup> See BOT (1999): p. 46.
- <sup>55</sup> *Ibid.*: p. 48.
- <sup>56</sup> *Ibid.*: pp. 48, 49, 53.
- <sup>57</sup> See Bangkok Bank (n.d.c): p. 44.
- <sup>58</sup> See BOT (1998c): p. 59, BOT (2001): pp. 62, 63.
- <sup>59</sup> See BOT Notification No. FPG.(01) C.18/2543. 30 December B.E. 2542. [online] Available from: [http://www.bot.or.th/bothomepage/notification/fsupv/2543/ehtm/X\\_C10-FI35301-2543021](http://www.bot.or.th/bothomepage/notification/fsupv/2543/ehtm/X_C10-FI35301-2543021).
- <sup>60</sup> See BOT Notification No. X.(C) 71/2542. 20 January B.E. 2542. [online] Available from: [http://www.bot.or.th/bothomepage/notification/fsupv/2542/ehtm/X\\_C10-FI33401-2542012](http://www.bot.or.th/bothomepage/notification/fsupv/2542/ehtm/X_C10-FI33401-2542012).
- <sup>61</sup> See BOT Notification No. BOT.X.(C) 2115/2542, 1 June B.E. 2542, BOT Notification No. BOT.FPG.(12) C.2346/2543, 6/12 September B.E. 2543. [online] Available from: [http://www.bot.or.th/bothomepage/notification/fsupv/2542/ehtm/X\\_C10-FI37201-2542060](http://www.bot.or.th/bothomepage/notification/fsupv/2542/ehtm/X_C10-FI37201-2542060), BOT (2001): p. 65.
- <sup>62</sup> See CBA B.E. 2505, Section 12(6): p. 10.
- <sup>63</sup> *Ibid.*, Section 12(5): p. 10.
- <sup>64</sup> See BOT (1997): p. 25.
- <sup>65</sup> See Bangkok Bank (n.d.b): p. 38, Bangkok Bank (n.d.): p. 40.
- <sup>66</sup> See CBA B.E. 2505, Section 7: p. 6.
- <sup>67</sup> See Vichayanond, P. (1994): pp. 22, 23.
- <sup>68</sup> See Branch closures looming. Bangkok Post: 3 February 2000.
- <sup>69</sup> See BOT (2001): p. 62.
- <sup>70</sup> See Branch closures looming. Bangkok Post: 3 February 2000.
- <sup>71</sup> See BOT (1999): p. 51.
- <sup>72</sup> *Ibid.*: p. 4.
- <sup>73</sup> See CBA B.E. 2505, Section 6: p. 5.
- <sup>74</sup> See Dobson, W., and P. Jacquet (1998): p. 42, BOT (1996): p. 53.
- <sup>75</sup> See BOT (1996): p. 53. The application period lasted from 1 July 1996 to 31 August 1996.
- <sup>76</sup> See Fitch Ratings (1999a).
- <sup>77</sup> See Notification of the MOF, Re: The operation of IBF by commercial banks, 16 September B.E. 2535. In CBA: pp. 39-41, Notification of the BOT, Re: Rules, procedures and conditions relating to operation of IBF by commercial banks, 14 December B.E. 2536. In CBA: pp. 42-46, BOT (1999): p. 50.
- <sup>78</sup> Including "out-in" transactions in THB. See BOT (1999), p. 18.
- <sup>79</sup> See Notification of the MOF, Re: The operation of PIBF by commercial banks, 4 May B.E. 2537. In CBA: pp. 47-48, Notification of the BOT, Re: Rules, procedures and conditions relating to operation of PIBF by commercial banks, 12 May B.E. 2537. In CBA: pp. 49, 50.
- <sup>80</sup> See Fitch Ratings (1998): p. 15.
- <sup>81</sup> See Fitch Ratings (1998a): pp. 3, 6.
- <sup>82</sup> *Ibid.*: pp. 5-12, BOT (1999): p. 61.



- <sup>83</sup> For regulations on assessment of collateral value, see BOT (1998b): p. 68, BOT (2001): p. 58.
- <sup>84</sup> See Thai Farmers Research Centre (1999a).
- <sup>85</sup> See Merrill Lynch (2000): p. 130. The minimum capital adequacy ratio set by the Basle Accord of 1988 is 8 percent (4 percent tier-1 capital and 4 percent tier-2 capital). However, a new capital accord is expected to be implemented by 2004. Note, that the BOT is currently in the process of drafting capital adequacy regulations with respect to market risk as recommended by the Basle Committee in 1996. See BOT (n.d.a).
- <sup>86</sup> See Bangkok Bank (n.d.b): p. 40.
- <sup>87</sup> See Bangkok Bank (n.d.a): p. 38.
- <sup>88</sup> See IMF (2000): p. 41.
- <sup>89</sup> See Notification of the BOT, Re: Prescription on maintenance of capital funds by a branch of a foreign bank, 20 November B.E. 2539. In CBA: pp. 62-68. Note, that risk weights and credit conversion factors correspond to those applied to domestically-incorporated banks.
- <sup>90</sup> See Notification of the BOT, Re: Prescription on maintenance of liquid assets by commercial banks, 25 April B.E. 2539. In CBA: pp. 71-73, BOT (1998d): p. 133, BOT (2000): p. 88.
- <sup>91</sup> See BOT (1998d): p. 133.
- <sup>92</sup> See Notification of the MOF issued under Section 6 of the CBA B.E. 2505, as amended by the CBA (No. 2) B.E. 2522, 17 May B.E. 2534, Article 4(2): p. 51. In CBA: pp. 51, 52.
- <sup>93</sup> See BOT (1999): p. 61, Vichayanond, P. (2000): p. 16.
- <sup>94</sup> See BOT (n.d.b): p. 18.
- <sup>95</sup> See CBA B.E. 2505, Sections 15, 15 bis, 16: pp. 15, 16, Notification of the BOT, Re: Balance sheet and profit and loss account forms of commercial banks, 18 November B.E. 2529. In CBA: pp. 95-108.
- <sup>96</sup> See MOF. Accounting Standard (Financial Transparency), Accounting Rules for Companies Listed on The Stock Exchange of Thailand (SET). [online] Available from: [http://www.mof.go.th/investthai/index\\_sec1.htm](http://www.mof.go.th/investthai/index_sec1.htm). [2002, June 24]
- <sup>97</sup> A note on disclosure: English translations of financial statements are often almost incomprehensible. BankThai, for example, in its quarterly report as of 30 September 2001, p. 32, published the following:  
 "5. Gain/Loss Sharing and Yield Maintenance Arrangement  
 On September 19, 2000, the cabinet approved the compensation for the cover asset pool (CAP) as follows:  
 The Bank  
 1. Pay to FIDF in aggregate amount which FIDF invested in 12 finance company of Baht 28,215 million the arrangement allowed for reverse of CAP provision by the way of reduction the principle and accrued interest of promissory note accrued from transferred asset and liabilities from 12 finance company and availed by FIDF."
- <sup>98</sup> See IMF (2000): pp. 15, 16, Thai Farmers Research Centre (2000b).
- <sup>99</sup> The Emergency Decree Amending the CBA B.E. 2505 (No. 3) B.E. 2540 provides the legal basis for the BOT to intervene.
- <sup>100</sup> Thus, implicitly lowering these banks' interest expenses.
- <sup>101</sup> See BOT, Quarterly Bulletins, various issues, IMF (2000): p. 34, BMB, SCIB: Banks merge on Monday. The Nation: 30 March 2002.
- <sup>102</sup> See IMF (2000): pp. 38, 37.
- <sup>103</sup> See SET, various quarterly reports.
- <sup>104</sup> Ibid.
- <sup>105</sup> See Vichayanond, P. (2001): p. 18, Fitch Ratings (2002): p. 6.
- <sup>106</sup> These banks are: BAY, BBL, BT, KTB, TFB, TMB, SCB, and BOA. See SET, various quarterly reports.
- <sup>107</sup> See WTO (n.d.). Sector-specific commitments.
- <sup>108</sup> Ibid.
- <sup>109</sup> See Charoensuthiphan, P. Work permit rules revised, Bangkok Post: 31 May 2002.
- <sup>110</sup> See TARA Siam Business Information Ltd. (n.d.): p. 79.
- <sup>111</sup> Ibid.: p. 79, Sirithaveeporn, W. Foreign firms surprised by 10% tax on remitted profits. Bangkok Post: 22 July 2000.

<sup>112</sup> See WTO (n.d.). Sector-specific commitments and horizontal commitments.

## Chapter 4

<sup>1</sup> Domestic-owned and foreign-owned banks incorporated in Thailand comprise the following commercial banks: BAY, BBL, BMB, BT, KTB, SCB, SCIB, TFB, TMB, BOA, DTDB, SCNB, UOBR.

Apart from the fact that bank-level data for branches of banks incorporated abroad is not available on a quarterly basis, excluding these has the property of eliminating the need to disentangle differences due to substantial differential regulatory treatment.

<sup>2</sup> State-owned and domestic-owned private banks incorporated in Thailand comprise the following commercial banks: BAY, BBL, BMB, BT, KTB, SCB, SCIB, TFB, TMB.

<sup>3</sup> Most of the variables used in the analysis are normalized by individual banks' level of total assets, or similar figures, to make comparisons between banks possible.

Referring to the thesis research proposal dated 25 April 2002, the variables HHI (Herfindahl-Hirschman Index, a proxy for market structure, intended to account for varying control of banks due to inter alia nationalizations across different observations), and AIR (accrued interest receivables, intended to capture the fact that income statements are subject to question with respect to the accrual of unpaid interest on loans prior to December 31, 1998 as outlined in section 3.2.4) have been dropped due to detection of multicollinearity upon examination of the data. Furthermore, the variable NIS (net interest spread, i.e. the difference between gross interest income / average earning assets and gross interest expense / average interest-bearing liabilities), which is expected to be a more exact measure than the variable NIA, could not be used due to a lack of data.

<sup>4</sup> The dependent variables NIA, OEA, and ROA(X), as well as the independent variables FOI, FNS(A), FMS(A), SOI, CA, NPL, DA, and INT have performed robustly in the literature reviewed. The variables FOP, LA, and PLS have not been used to my knowledge before.

<sup>5</sup> Note, that data compiled from profit and loss statements has been transformed to represent 3-months periods, not 6-months, 9-months, or 12-months periods.

<sup>6</sup> Interest income includes dividend income (excluding income from subsidiaries) as data on interest income only is not available for all banks. However, dividend income appears to have been of minor importance to Thai banks over the period in question.

<sup>7</sup> Since ex-ante spreads (calculated from the contractual rates charged on loans and rates paid on deposits) reflect the perceived loan risk, ex-post spreads are preferable to ex-ante spreads. Ex-post spreads differ from ex-ante spreads due to possible loan defaults. See Demirgüç-Kunt, A., and H. Huizinga (1998): p. 6.

<sup>8</sup> See Demirgüç-Kunt, A., and H. Huizinga (1998): pp. 8, 9.

<sup>9</sup> See Claessens et al. (1998): p. 10, and Beck et al. (1999): p. 10.

<sup>10</sup> Before-tax profit is the net profit before deduction or credit for income tax and excludes deduction for minority interest.

<sup>11</sup> See Demirgüç-Kunt, A., and H. Huizinga (1998): p. 7.

<sup>12</sup> See Demirgüç-Kunt, A., and H. Huizinga (2000): p. 9.

<sup>13</sup> Note, that the data compiled by staff of the MOC is year-end data. Quarterly data is not available, neither from the MOC, the SET, nor from the Thailand Securities Depository Company. Thus, year-end data is used for each quarter of the year in question. As year-end data is not yet available for the year 2002, the data as of 31 December 2001 is also used for the first quarter 2002. Data with respect to BOA has been obtained from the SET's R-SIMS database on major shareholders as the information was not available from the MOC.

<sup>14</sup> See Claessens, S. et al. (1998): pp. 6, 7.

<sup>15</sup> Although a cabinet resolution grants employees of state-owned banks certain immunity, there are fears that they could be prosecuted by subsequent governments as a cabinet resolution does not carry the same legal status as a law. See Santiprabhob, V. (2000): p. 11.

<sup>16</sup> However, in some cases increases in interbank and money market items also stem from compensation (in the form of promissory notes guaranteed by the FIDF) received for the transfer of non-performing assets under certain agreements as mentioned in section 3.3.

<sup>17</sup> Total loans refers to loans prior to the deduction of loan loss reserves and revaluation allowance for debt restructuring, and excludes accrued interest receivables.

Note, that non-performing loan figures for some individual banks are not available for the third quarter 1997 and the first quarter 1998. For these missing data, data averaged across prior and following periods is used to create a balanced panel. Also, due to a lack of disclosure in quarterly reports, data on non-performing loans for the second and fourth quarter 1997 have partially been taken from Fitch Ratings (1998b): p. 22.

<sup>18</sup> "Financial institutions are required to consolidate their accounts with those of their AMCs to prevent them from circumventing banking regulations and recapitalizing themselves through NPL transfers." Santiprabhob, V. (2000): p. 11.

<sup>19</sup> See Goldberg, L. et al. (2000): p. 17.

<sup>20</sup> Methods to restructure loans include: maturity extension, interest rate reduction, accrued interest reduction, principal reduction, debt-to-equity swap, asset transfers, and grace periods for principal and/or interest repayment.

<sup>21</sup> See Demirgüç-Kunt, A., and H. Huizinga (1998): p. 18.

<sup>22</sup> See Clarke, G. et al. (1999): p. 14.

<sup>23</sup> Note, that the quality of capital, especially regarding hybrid capital, is not considered here.

<sup>24</sup> See Clarke, G. et al. (1999): pp. 12, 13.

<sup>25</sup> See Vítas, D. (1991): p. 9, Saunders (2000): pp. 120-139.

<sup>26</sup> See Mátyás, L., and P. Sevestre (1992): pp. 30-34.

<sup>27</sup> Ibid.: pp. 30-34, Pindyk, R., and D. Rubinfeld (1998): pp. 252, 253.

<sup>28</sup> The number of degrees of freedom in the numerator is N-1 and not N, as testing that the N coefficients,  $\beta_{0i}$ , are all equal is the same as testing that the N-1 differences are all zero.

<sup>29</sup> For example Beck, T. et al. (1999): p. 12.

<sup>30</sup> Data source: SET, various quarterly reports.

<sup>31</sup> Data source (monthly, calculated from daily average): BOT [online] Available from: <http://www.bot.or.th/bothomepage/databank/EconData/Econ&Finance/index1e.htm>. [2002, July 17]

<sup>32</sup> See Chapter 4, section 4.1.1.

<sup>33</sup> Extraordinary items: BMB (Q2 2001): THB 54,039,213,489 reversal of allowance for doubtful accounts, SCIB (Q2 2001): THB 45,229,311,968 reversal of allowance for doubtful accounts, BT (Q4 2000): THB -405,061,583 loss in connection with KTT, KTB (Q3 2000): THB 108,000,000,000 reversal of allowance for doubtful accounts (at the same time the FIDF lowered its stake in KTB by THB 108 bln), TFB (Q4 and Q3 1999): THB 1,786,998,684 reversal of provision in connection with the resolution of Phatra Thanakit, BBL (Q1 1999): 13,320,099,169 extinguishment of debt instruments (difference between market price and lower par value), UBB (Q3 1997): THB -42,930,000. See SET, various quarterly reports.

<sup>34</sup> Running an additional regression and regressing loan loss provisioning over total assets on the independent variables showed that the lagged capital-to-assets ratio enters with a positive sign at the 5 percent level of significance. See Appendix VII, regression (25).

<sup>35</sup> Ibid., regression (26).

<sup>36</sup> See Chapter 4, section 4.1.1.

<sup>37</sup> Data source: SET, various quarterly reports, BOT [online] Available from: [http://www.bot.or.th/bothomepage/databank/Financial\\_Institutions/New\\_Fin\\_Data/CB\\_Menu\\_E.htm](http://www.bot.or.th/bothomepage/databank/Financial_Institutions/New_Fin_Data/CB_Menu_E.htm). [2002, August 06] Note, that in November 1998, LTB changed its name to Radanasin Bank, while the "old" Radanasin Bank changed its name to Radanasin-1998 Bank. The two Radanasin Banks co-existed until they were merged in August 1999, thus increasing the number of total commercial banks over this period. Radanasin-1998 Bank operated as a commercial bank, although it was not listed on the SET. (BOT, Financial Institution Statistic Team. Inquiry. E-mails dated June 3 and 5, 2002. At: [dmg\\_fistat@bot.or.th](mailto:dmg_fistat@bot.or.th), [siriporn@bot.or.th](mailto:siriporn@bot.or.th).)

<sup>38</sup> See Appendix III for a ranking of commercial banks incorporated in Thailand in terms of assets.

<sup>39</sup> See Appendix VII, regression (27).

<sup>40</sup> Ibid., regression (28).

<sup>41</sup> Ibid., regression (29).

<sup>42</sup> Interestingly, the PLS dummy variable enters most regressions with the sign of its coefficient being contrary to the expectations, suggesting that the impact of loan transfer, profit/loss sharing, and or yield maintenance schemes need substantial time to materialize. This might be due to (1) frequent re-pricing (e.g. caused by wrong information related to the assets transferred or covered), (2) frequent re-statement of the terms of the agreements, and (3) related obligations of the banks (e.g. tax reimbursements for losses carried forward), reflecting the complexity of the agreements.

Referring to the research proposal dated 25 April 2002, estimating the equations in first differences to capture how the efficiency of the domestic banking system changes with alterations in foreign bank participation (see Demirgüç-Kunt et al. (1998): pp. 93, 94) decreased significance levels. Also, using first differences makes economic interpretation of the results more difficult. The data was transformed as follows:

### Part I

$$\Delta NIA_{it} = \beta_{0i} + \beta_1 \Delta FNS(A)_{it} + \beta_2 SOI_{it} + \beta_3 \Delta LA_{it} + \beta_4 \Delta NPL_{it} + \beta_5 PLS_{it} + \beta_6 \Delta DA_{it} + \beta_7 \Delta CA_{it-1} + \beta_8 \Delta INT_t + \varepsilon_{it}$$

$$\Delta OEA_{it} = \beta_{0i} + \beta_1 \Delta FNS(A)_{it} + \beta_2 SOI_{it} + \beta_3 \Delta LA_{it} + \beta_4 \Delta NPL_{it} + \beta_5 PLS_{it} + \beta_6 \Delta DA_{it} + \beta_7 \Delta CA_{it-1} + \beta_8 \Delta INT_t + \varepsilon_{it}$$

$$\Delta ROA(X)_{it} = \beta_{0i} + \beta_1 \Delta FNS(A)_{it} + \beta_2 SOI_{it} + \beta_3 \Delta LA_{it} + \beta_4 \Delta NPL_{it} + \beta_5 PLS_{it} + \beta_6 \Delta DA_{it} + \beta_7 \Delta CA_{it-1} + \beta_8 \Delta INT_t + \varepsilon_{it}$$

### Part II

$$\Delta NIA_{it} = \beta_{0i} + \beta_1 \Delta FMS(A)_{it} + \beta_2 SOI_{it} + \beta_3 \Delta LA_{it} + \beta_4 \Delta NPL_{it} + \beta_5 PLS_{it} + \beta_6 \Delta DA_{it} + \beta_7 \Delta CA_{it-1} + \beta_8 \Delta INT_t + \varepsilon_{it}$$

$$\Delta OEA_{it} = \beta_{0i} + \beta_1 \Delta FMS(A)_{it} + \beta_2 SOI_{it} + \beta_3 \Delta LA_{it} + \beta_4 \Delta NPL_{it} + \beta_5 PLS_{it} + \beta_6 \Delta DA_{it} + \beta_7 \Delta CA_{it-1} + \beta_8 \Delta INT_t + \varepsilon_{it}$$

$$\Delta ROA(X)_{it} = \beta_{0i} + \beta_1 \Delta FMS(A)_{it} + \beta_2 SOI_{it} + \beta_3 \Delta LA_{it} + \beta_4 \Delta NPL_{it} + \beta_5 PLS_{it} + \beta_6 \Delta DA_{it} + \beta_7 \Delta CA_{it-1} + \beta_8 \Delta INT_t + \varepsilon_{it}$$

where  $\Delta$  denotes the one period change.

## Chapter 5

<sup>1</sup> Also, BOA pursues a strategy to be *The International Thai Bank*, i.e. an institution that offers the range and quality of services of an international bank while maintaining a strong Thai identity (presumably to fend off the argument that foreign bank entry poses a threat to cultural integrity). See BOA. Annual Report 1999: p. 5.

<sup>2</sup> Note, that in 2000 DTDB became the first bank incorporated in Thailand to sell a significant proportion of its non-performing loans at market price to third parties, namely Global Thai Property Co. and National Finance, thus effectively clearing its balance sheet. See DTDB. Annual Report 2000: p. 7.

<sup>3</sup> See Chareonwongsak, K. Foreign bankers raise stakes for locals. Bangkok Post: 10 October 1999, Ingsrisawang, C., and C. Nivatpumin. Customer power wakes up the market. Bangkok Post: 28 June 1999.

<sup>4</sup> See Merrill Lynch (2000): p. 37. However, BOA's physical branch redesign was already test-launched at the end of 1996 and the installation of a new retail banking platform was completed in January 1998. See BOA. Annual Report 1997: p. 21.

<sup>5</sup> See BOA. Annual Report 1999: p. 17.

<sup>6</sup> See IT on the move: E-banking. The Nation: 19 February 2002.

<sup>7</sup> The planned privatization of BMB and SCIB initially attracted also foreign investors, such as HSBC or ING. However, eventually no agreements could be reached, which led to the two banks being merged in 2002.

<sup>8</sup> Data source: SET, various annual reports. Banks included are: BBL, BMB, BAY, BT, KTB, SCB, SCIB, TFB, and TMB.

<sup>9</sup> See Boonruang, S. TFB banking on e-services to get next generation customers. Bangkok Post: 17 May 2000, Chudasri, D. Campaign winners introduced. Bangkok Post: 8 April 2000.

<sup>10</sup> As Thai cardholders prefer to use credit cards as a form of portable cash rather than as a credit facility (see Thai Farmers Research Centre (2002)), banks increasingly have to access the masses, especially since the BOT removed the minimum monthly salary requirement of THB 15,000 as a criterion of credit card eligibility (see Chaitrong, W. Credit bubble fears dismissed. The Nation: 17 May 2002).

<sup>11</sup> See Bank gearing up for direct selling. The Nation: 9 November 2001.

<sup>12</sup> See Chudasri, D., and C. Ingsrisawang. E-girls symbolise focus for the future. Bangkok Post: 2000 Mid-year economic review.

<sup>13</sup> See BAY, GE Capital in finance venture. Bangkok Post: 16 January 2001.

<sup>14</sup> See Ingsrisawang, C., P. Yuthamanop, and C. Nivatpumin. New banking era just a click away. Bangkok Post: 7 February 2000.

<sup>15</sup> Ibid.

<sup>16</sup> See The Boston Consulting Group. Challenges face Thai-owned banks. Bangkok Post: 3 September 2001.

<sup>17</sup> See Chudasri, D., and C. Ingsrisawang. E-girls symbolise focus for the future. Bangkok Post: 2000 Mid-year economic review.

<sup>18</sup> Data source: SET, various quarterly reports.

<sup>19</sup> As discussed in section 5.1.

<sup>20</sup> See Ingsrisawang C., and C. Nivatputmin. New performance is everything. Bangkok Post: 1999 Year-end economic review.

<sup>21</sup> See Ingsrisawang, C., and C. Nivatpumin. Banks point way in drive to merit-based structure. Bangkok Post: 22 May 2000.

<sup>22</sup> See The banking sector's new look. Bangkok Post: 15 August 1998.

<sup>23</sup> See Ingsrisawang, C. 6,000 KTB staff not needed, says Singh. Bangkok Post: 14 October 1999.

<sup>24</sup> See Ingsrisawang, C. BankThai merger will take more time. Bangkok Post: 10 December 1998.

<sup>25</sup> Data source: BBL (n.d., n.d.a, n.d.b, n.d.c, n.d.d): p. 3, SET, various annual reports.

<sup>26</sup> See Chudasri, D. Banks battle to keep best staff. Bangkok Post: 20 June 2000.

<sup>27</sup> See DTDB. Annual report 2000: p. 7.

<sup>28</sup> Data source: SET, various annual reports. Banks included are: BBL, BMB, BAY, BT, KTB, SCB, SCIB, TFB, TMB, BOA, DTDB, SCNB, UOBR.

<sup>29</sup> See Ingsrisawang, C., and C. Nivatpumin. Banks point way in drive to merit-based structure. Bangkok Post: 22 May 2000.

<sup>30</sup> Data source: SET, various annual reports.

<sup>31</sup> See Merrill Lynch (2000): p. 35.

<sup>32</sup> Ibid.: pp. 31, 35.

<sup>33</sup> Source: BOT [online] Available from:

[http://www.bot.or.th/bothomepage/databank/Financial\\_Institutions/New\\_Fin\\_Data/CB\\_Menu\\_E.htm](http://www.bot.or.th/bothomepage/databank/Financial_Institutions/New_Fin_Data/CB_Menu_E.htm). [2002, August 29], BOT, Statistical reference handbooks. Available at the BOT information center.

<sup>34</sup> See UOBR. Annual Report 2001: p. 18.

<sup>35</sup> See SCNB. Annual Report 2001: p. 36.

<sup>36</sup> See Yuthamanop, P. TFB aims to boost retail services. Bangkok Post: 27 July 2001.

<sup>37</sup> Source: BOT. Number of ATM Cards and Machines (Available from: BOT information centre).

<sup>38</sup> Data source: SET, various annual reports.

<sup>39</sup> See SCB. Annual Report 1999: p. 21.

<sup>40</sup> See SCB. Annual Report 1994.

<sup>41</sup> See SCB. Annual Report 1999: p. 35.

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- <sup>42</sup> Ibid.: p. 41.
- <sup>43</sup> Ibid.: p. 23.
- <sup>44</sup> Ibid.: p. 35.
- <sup>45</sup> See BOT (n.d.a).
- <sup>46</sup> See SCB. Annual Report 2000: pp. 9, 10.
- <sup>47</sup> Ibid.: p. 32.
- <sup>48</sup> See SCB. Annual Report 2001: p. 30.
- <sup>49</sup> SCB. Annual Report 1999, 2000 and 2001.
- <sup>50</sup> See SCB operations in line for revamp. Bangkok Post: 14 January 2002.
- <sup>51</sup> See Ingsrisawang, C. TFB forms eight groups to improve management. Bangkok Post: 26 March 1999. This restructuring programme is the bank's largest since 1993.
- <sup>52</sup> Ibid.
- <sup>53</sup> See Chudasri, D. Industry changes bring big staff turnover. Bangkok Post: 15 August 2001.
- <sup>54</sup> See Fitch Ratings (2001): p. 4.
- <sup>55</sup> See Ingsrisawang, C. Krung Thai unveils new reorganisation. Bangkok Post: 6 December 1999, Way clear for sell-off by end of next year. Bangkok Post: 18 March 1999, Blueprint adopted for a "profitable" millennium. Bangkok Post: 28 December 1998.
- <sup>56</sup> See Chudasri, D. Overhaul well under way. Bangkok Post: 30 July 2001.
- <sup>57</sup> See BMB, SCIB: Banks merge on Monday. The Nation: 30 March 2002.
- <sup>58</sup> See Reality bites for problem banks. The Nation: 30 March 2002, Ingsrisawang, C. BT-Krung Thai merger studied. Bangkok Post: 26 April 2002, Chudasri, C. Lending limits lifted on two state-owned banks. Bangkok Post: 26 April 2001.
- <sup>59</sup> See Bank consolidation needed to keep lean. Bangkok Post: 11 April 2002.
- <sup>60</sup> See Ingsrisawang, C. BT-Krung Thai merger studied. Bangkok Post: 26 April 2002.
- <sup>61</sup> See Sila-On, A. Fighting the Four Horsemen. Address by Amaret Sila-On, former commerce minister and now chairman of the Financial Sector Restructuring Authority, to the Asia Society in Hong Kong on May 26, 1999. Bangkok Post: 28 May 1999.
- <sup>62</sup> See Dobson, W., and P. Jacquet (1998): p. 42.
- <sup>63</sup> See Keeratipitpong, W. Bangkok Post: 2002 Mid-year economic review, p. 18.
- <sup>64</sup> Source: Keeratipitpong, W. Bangkok Post: 2002 Mid-year economic review, p. 18, Thai Life Group set to take over CGU. Bangkok Post: 20 August 2002.
- <sup>65</sup> See Dobson, W., and P. Jacquet (1998): p. 318.
- <sup>66</sup> See Keeratipitpong, W. Bangkok Post: 2002 Mid-year economic review, p. 19.
- <sup>67</sup> Ibid.
- <sup>68</sup> Ibid.
- <sup>69</sup> Ibid.
- <sup>70</sup> Information obtained from Mr Sakol Nisarath, Legal Department, SEC (telephone conversation on 23 July 2002).
- <sup>71</sup> Information obtained from Mr Jongharn Hwangsuangkuang, Market Intermediaries Supervision Department, SEC (telephone conversation on 23 July 2002).
- <sup>72</sup> See Chudasri, D. GE Capital's new web site first to offer online credit. Bangkok Post: 18 January 2000
- <sup>73</sup> See GE Capital site claims one million hits. Bangkok Post: 21 April 2000.
- <sup>74</sup> See GE Capital pays B300m for Asia Finance stake. Bangkok Post: 13 February 1998.
- <sup>75</sup> See Polkwamdee, N. Final major sale of closed firms' assets nets 26.4 bn. Bangkok Post: 12 August 1999.
- <sup>76</sup> See Karnjanatawe, K. Diebold officially sets up office here. Bangkok Post: 10 March 1999.
- <sup>77</sup> See Karnjanatawe, K. Stream IT to introduce financial portals. Bangkok Post: 18 August 1999.
- <sup>78</sup> See MKI opens office here to service banks. Bangkok Post: 15 March 2000.
- <sup>79</sup> See Thai Farmers Research Centre (1999).
- <sup>80</sup> See Sirithaveeporn W. New credit bureau to streamline loans. Bangkok Post: 7 September 1999.
- <sup>81</sup> See Ingsrisawang, C. Foreign banks able to join bureau soon. Bangkok Post: 14 June 2000.
- <sup>82</sup> See Thai Farmers Research Centre (1999), Nivatpumin, C., and P. Yuthamanop. Bureau keeps eye on borrowers. Bangkok Post: 7 March 2001.

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<sup>83</sup> See Nivatpumin, C., and P. Yuthamanop. Bureau keeps eye on borrowers. Bangkok Post: 7 March 2001.

<sup>84</sup> Ibid.

<sup>85</sup> See BOT (n.d.a).

<sup>86</sup> See Kitsin, S. The Establishment of a Credit Bureau in Thailand. Bangkok Post: 1997. [online] Available from: [http://www.centralinfo.co.th/about/body\\_about02.htm](http://www.centralinfo.co.th/about/body_about02.htm). [2002, July 11]

<sup>87</sup> See BOT (n.d.a).

<sup>88</sup> See World Bank. Summary of Project Information. [online] Available from: <http://www.wbi0018.worldbank.org/IF.../a9491a3ee1d1f479852568d600634e0f?OpenDocument>. [2001, January 01]

<sup>89</sup> See Kanoksilp, J. Fitch to set up rating agency in Thailand. The Nation: 18 November 2000.