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KEY WORD: FINANCIAL DEVELOPMENT / BANK'S EFFICIENCY

PATCHARAVALAI JAYAPANI : IMPACTS OF FINANCIAL DEVELOPMENT ON
ECONOMIC GROWTH : A CASE STUDY OF THAI LAND. THESIS ADVISOR : CHARLIE
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Numerous research studies support the idea that financial market development is a crucial factor for the economic growth of a nation. This study examines the development of the Thai financial system and one financial variable, loans and advances of commercial banks, is chosen to represent financial development. From the results we are able to identify the direction of this relationship supporting the "supply-leading" hypothesis. Commercial banks play important role in stimulating economic growth, leading to the assessment of banking efficiency. This study estimated the translog production function that incorporates conjecture variations reflecting the oligopolistic nature of Thai banking sector. The results reveal significant increasing returns to scale in banking operations for the entire period 1985-1996. Moreover, there is a significant structural shift in banking efficiency after the liberalization (1990). The Lerner indices indicate a higher degree of monopoly as a result of the deregulations. Thus, we conclude that the implementation of the reform policies might improve banking efficiency if the average cost curve of the banking sector is unchanged but not more competitive market structure.

ภาควิชา.....การธนาคารและการเงิน.....

สาขาวิชา.....การเงิน.....

ปีการศึกษา.....2540.....

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