Abstract *

The objectives of this research are to analyze quality of earnings and operating efficiency of listed companies in the bank sector, to study the relation between quality of earnings and operating efficiency, and to compare the quality of earnings and operating efficiency between small, medium, and large banks. The data is collected from annual financial statements of ten banks between 2001-2005. They are divided into 3 bank groups in accordance with total assets: large, medium and small banks groups. Statistical analysis methods are based on percentage, mean, and trend analysis. There hypothesis are tested in this study by carrying out correlation Pearson coefficients (Scheffe) and One-Way ANOVA.

The results indicate that from 2001 to 2005, 50 percent of the banks have quality of earnings more than the average of the sector’s, 50 percent of the banks have ratio of cash flow from operations per average total assets more than the average of the sector’s and 50 percent of the banks have ratio of cash flow to revenue more than the average of the sector’s. In addition, quality of earnings is significantly related with operating efficiency. Quality of earnings is not different in accordance with sizes of bank and ratio of cash flow from operations per average total assets is not different, too. Ratio of cash flow to revenue is different in accordance with sizes of the bank.

* The research was financially supported by The University of the Thai Chamber of Commerce.