ABSTRACT

Since Thailand is a developing country and investment rate has continuously increased, therefore, the credit volume is increased through financial institutions. The volume of commercial bank loans have accounted for the highest ratio compared to other financial institutions. The commercial banks will be responsible for raising money savings and loans in domestic and international country which will be allocated to investors in the country. These investments result in the growth of national economy.

The main objectives of this study are to study the factors affecting demand for private loans in Thailand. The data employed in this workshop is secondary data between 1997 - 2008 collected from the related research documents and journals. These data were used for studying the relationship between the different variables affecting the private sector credit demand in Thailand, using complex regression equation in order to estimate coefficients of different variables.

The result of the study revealed that the variables affecting demand for loans in Thailand’s private sector were capital amount and volume of loans from foreign banks while the factor which did not affect the amount of credit was inflation rate.

The commercial banks should maintain the volume of capital as a large amount of capital reinvestment can increase an amount of credit loans. However, fund raising from abroad should be careful to reduce the risk of exchange rates and a credit allocation to private sector policy should be adopted to benefit the countries the most.