CHAPTER 5

CONCLUSIONS AND SUGGESTIONS

SYNOPSIS

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Chapter 5

Conclusions and Suggestion Guideline.

Conclusion on the result of research.

When analyzing the total assets of Thai commercial banks by using index, the result obtained was that the total assets of the total bank system, big-scale, medium-scale and small-scale bank groups have increased assets. And when analyzing by using growth rate, the result obtained was that the total assets of the total bank system, big-scale, medium-scale and small-scale bank groups have increased at a reduced rate. But when comparing the analysis, both methods produce similar result that the increase of assets of big-scale bank is higher than total bank system while the increase of assets of medium and small-scale banks is higher than the total system. Simultaneously, when analyzing Net profits of Thai commercial banks by using index, the Net profit of the total commercial bank system, big-scale, medium-scale and small-scale bank groups keeps increasing nearly every year. And when analyzing by using the growth rate, the result obtained was the Net profit of the total bank system and big-scale bank group has increased at a reduced rate while the Net profit of medium-scale and small-scale bank groups has increased at an increased rate. But when comparing the analysis of both methods, the results obtained were similar, that is, the increase of Net profit of total bank system is higher than the increase of Net profit of big-scale and small-scale bank groups while the increase of Net profit of medium-scale bank group is higher than the total system.
When studying the relation by using regression analysis and correlation analysis of the growth rate of total assets and growth rate of Net profits, the result obtained was that there is relationship in the event that analysis was made on the total system of Thai commercial bank, big-scale and medium-scale bank groups, but on the contrary there is no relationship in the event that analysis was made on small-scale bank group. Therefore, the assumption was accepted that both items are true.

1. Growth rate of Total assets has relationship with growth rate of Net profits in the same direction.

2. The relationship of growth rate of Total assets and the growth rate of Net profits is different depending on the scale/size of commercial banks.

By accepting item 1 of the assumption-analysis on the efficiency of Thai commercial bank in Chapter 4 it begins with using remuneration rate from assets as a tool for analyzing. The result obtained was that big-scale bank group ranks first in efficiency. Second to it was small-scale bank group. Third, was medium-scale bank group. But since growth rate of Total assets and growth rate of Net profits do not relate in every aspect, therefore, the use of remuneration rate of Total assets alone is considered not so perfect. When the situation is so, the use of many proportions which show capability in earning profits was proposed for analyzing efficiency instead. The result obtained was that big-scale bank group, in turn, ranks first in efficiency. Second to it was small-scale bank group and third, was medium-scale bank group as usual. However, this method is to analyze efficiency of commercial banks in financial aspect only. Therefore, analysis on other aspects of efficiency was added, that is, efficiency of staffs and service centre. The result appeared that the efficiency of staffs and service centre of big-scale bank group ranks first. Second to it was medium-scale bank group and third, was small-scale bank group.
Suggestion guidelines on research

After compiling data, various figures for analyzing, researching and after experiencing some problems, and in order to enable the next research, which has similarity to this research, to look more valuable, the followings are proposed:

(1) The importance in the use of data from internal business organization. Since the researcher is unable to have accessibility to each bank’s data, therefore, compilation of data for use in analyzing and researching could be done from data which is not confidential, i.e. Form Thor. Por. 1-1 from the Bank of Thailand (there is only balance sheet but there is no profit & loss account) or financial budget which the auditor guarantees and discloses to shareholders. Analyzing from these data normally obtains lesser details than researching for data from inside the bank which researchers of such banks can have access. Therefore, good points on the use of data from within the banks are as follows:

1.1 Data within the banks normally comprises of various items absolutely complete, such as, bad debt items which is an important item which can be brought up for analyzing and considering the quality of loans or the efficiency in loans management which includes releasing loans, pursuing debts, etc. or details between domestic banks and overseas banks.

1.2 Data within the banks is the data which has not been improved by any item, etc., therefore, it can show the facts as much as possible.

1.3 Data within a bank have been recorded every instance, thereafter, certain items can be compiled on a monthly basis. When the situation is so, it, therefore, is a good point to use average 12 months’ data to represent annual item from financial budget which the auditor guarantees and discloses to shareholders in order to show in
the Annual Report which is only a short period data.

But, however, the use of data from financial budget which the auditor has guaranteed and disclosed to shareholders can be trustworthy due to the following reasons:

a) This budget has been made for proposing to shareholders who are owners of business. For business in Thailand, majority owners participate in administering their business. Therefore, they know very well about the data of such business.

b) This budget has been guaranteed by registered auditor.

c) Comparative analysis is done by using the same category of data, for example, i.e., data of financial budget guaranteed by auditor is to be used and disclosed to shareholders, the same category of data will be used every year in every bank. In comparing between period of accounts and comparison between the banks will cause little mistakes or by using data of the same period will enable the comparison to be more accurate.

(2) In making equation and new model pattern, apart from using statistics for analyzing variable in this thesis, the same statistical tool may be used for analyzing other variables or other statistics may be used to create new equations and new patterns, i.e. Multiple Regression Analysis and Multiple Correlation Analysis.

(3) In studying this thesis, there are some assumptions which is primary statistics method, that is, the assumption that independent variable of this year has an impact to dependent variable of this year. Therefore, there is still chance for other research work where high method of statistics for measuring the impact of 2 variables can be used in different period of time.
Benefit in applying result of research for use.

Benefit of research may be classified into 2 characteristics, i.e. direct and indirect benefits.

**Direct benefit**

1. Study on relationship between the growth rate of Total assets and the growth rate of Net profits can be used for making a decision by assisting in planning and estimating an investment of commercial banks assets.

2. Study the remuneration rate of Total assets will enable us to learn about capability in earning profits of assets, capable of applying it for improving investment of various categories of assets.

3. Analyzing the proportion which shows capability in earning profits, enable us to set an objective in profit aspect.

4. Analysis on the efficiency of commercial banks is interesting when it concerns how the size of bank sends an impact on a bank’s efficiency, i.e. whether big-scale, medium-scale and small-scale bank groups have similarity or are different, whether they have good and bad points which will send an impact to the efficiency of the banks, which will enable us to learn about the efficiency of the various scales (or sizes) of commercial banks, that will enable us to be careful in extending the scales (or sizes) of commercial banks, that will enable us to be careful in extending the scales (or sizes) of the banks.

5. Analysis on the financial efficiency of Thai commercial banks is to measure current financial status of the year of study which will enable the bank to remedy financial weak points and promote financial strong points for the benefit of the bank.
6. Analysis on staff's efficiency is capable of applying it for manpower planning and for improving staffs as well as the use of remuneration so as to obtain more productivity.

7. Analysis on the efficiency of service centre will enable us to learn about the advantage and disadvantage in opening branch bank which will enable us to plan for extending a new branch, improving, functioning a branch as well as increasing productivity per branch.

Indirect benefit.

1. Result of research may be applied as component of commercial bank lesson.

2. Analysis method may be applied to other categories of banking business or other financial institutions.