TABLE OF CONTENTS

| | | Page |
|-------------|--|------|
| ABSTRACŢ | | iji |
| | EDGEMENTS | v |
| TABLE OF C | CONTENTS | vi |
| LIST OF TAI | BLES | viii |
| LIST OF FIG | URES | ix |
| ABBREVIAT | TONS | x |
| CHAPTER 1 | INTRODUCTION | 1 |
| | 1.1 Statement of the Problem | 1 |
| | 1.2 Importance of the Study | 3 |
| | 1.3 Research Questions | 5 |
| | 1.4 Objectives of the Study | 5 |
| | 1.5 Concepts and Definitions | 6 |
| | 1.6 Scope and Limitations of the Study | 9 |
| | 1.7 Expected Benefits of the Study | 9 |
| | 1.8 Research Outline | 10 |
| CHAPTER 2 | FINANCIAL MARKETS AND MICRO-FINANCE | 12 |
| | 2.1 The Thai Financial Market and the Thai Rural Financial | 12 |
| | Market | |
| | 2.2 Overview of Rural Finance and Micro-Finance | 14 |
| | 2.3 Micro-Finance Performance | 19 |
| | 2.4 Outreach and Sustainability of Micro-Finance | 23 |
| | 2.5 Loan Repayment | 26 |
| | 2.6 The Variables Affecting Non-Performing Loans | 27 |
| | 2.7 A Test Example on Non-Performing Loans | 37 |
| | 2.8 Summary | 38 |

| CHAPTER 3 BANK | FOR AGRICULTURE AND AGRICULTUR | AL | 39 |
|-------------------------|--|---------|-----|
| COO | PERATIVES (BAAC) | | |
| 3.1 In | troduction | | 39 |
| 3.2 O | streach and Financial Performance of BAAC | | 42 |
| 3.3 De | ebt Suspension Program | | 44 |
| CHAPTER 4 RESE | ARCH DESIGN AND METHODOLOGY | | 46 |
| 4.1 Pc | pulation of the Study | | 46 |
| 4.2 Co | onceptual Model | | 46 |
| 4.3 Va | ariables | | 53 |
| 4.4 H | ypotheses | | 59 |
| 4.5 D | ata Analysis | | 59 |
| 4.6 Sc | ources and Collection of Data | | 59 |
| CHAPTER 5 DATA ANALYSIS | | | 61 |
| 5,1 A | nalysis of Perception of Branch Managers and Ass | sistant | 61 |
| М | anagers on Factors Affecting Non-Performing Los | ans | |
| 5.2 M | ultiple Regression Analysis | | 67 |
| 5.3 R | esults Interpretation | | 73 |
| CHAPTER 6 CON | CLUSIONS AND RECOMMENDATIONS | | 75 |
| 6.1 C | onclusions | | 75 |
| 6.2 Pc | olicy Implications and Recommendations | | 78 |
| 6.3 Li | mitations and Suggestions for Future Research | | 81 |
| BIBLIOGRAPHY | | | 84 |
| APPENDICES | | | 94 |
| APPENDIX | A: QUESTIONNAIRE IN THAI | q | 94 |
| APPENDIX | B: QUESTIONNAIRE IN ENGLISH | | 99 |
| APPENDIX | C: COEFFICIENTS PRINTOUT | ар | 105 |
| BIOGRAPHY | | | 132 |

LIST OF TABLES

| Tables | Page |
|---|--------|
| 3.1 Shareholders' Equity of BAAC | 39 |
| 3.2 Number of BAAC Customer Families | 40 |
| 3.3 Non-Performing Loans of Individual Customers | 42 |
| 3.4 BAAC Revenue and Expenses as of March 31st 2003-2004 | 43 |
| 3.5 Operational Capital of BAAC as of March 31st 2000 - 2004 | 44 |
| 5.1a Descriptive Statistics of Item Scores Used in Factor Analysis | 61 |
| with Average Scores more than 3,00 | |
| 5.1b Descriptive Statistics of Item Scores Used in Factor Analysis with | th 62 |
| Average Scores between 2.00 and 3.00 | |
| 5.1c Descriptive Statistics of Item Scores Used in Factor Analysis | 63 |
| with Average Scores of less than 2.00 | |
| 5.2a Factor Loading of Factor One | 64 |
| 5.2b Factor Loading of Factor Two | 64 |
| 5.2c Factor Loading of Factor Three | 65 |
| 5.2d Factor Loading of Factors Four and Five | 65 |
| 5.2e Factor Loading of Factors Six to Ten from Factor Analysis | 66 |
| 5.3 Descriptive Statistics and Correlation Matrix of Data from All Ar | eas 68 |
| 5.4 Regression Results from Data of all Branches | 68 |
| 5.5 Descriptive Statistics and Correlation Matrix from Area One Data | 69 |
| 5.6 Regression Results from Area One Data | 70 |
| 5.7 Descriptive Statistics and Correlation Matrix from Area Two Dat | a 70 |
| 5.8 Regression Results from Area Two Data | 70 |
| 5.9 Descriptive Statistics and Correlation Matrix from Area Three Da | ta 71 |
| 5.10 Regression Results from Area Three Data | 71 |
| 5.11 Descriptive Statistics and Correlation Matrix from Area Four Da | ta 72 |
| 5.12 Regression Results from Area Four Data | 73 |

LIST OF FIGURES

| Figures | | Page |
|---------|---|------|
| 2,1 | Promoting Effective Financial Markets | 16 |
| 2.2 | Decision Tree for Poverty Reduction | 17 |
| 2.3 | Assessing the Performance of Rural Financial Institutions | 21 |
| 2.4 | Balancing Profitability and Client Coverage | 25 |
| 4.1 | Conceptual Model | 47 |

ABBREVIATIONS

Abbreviations

Equivalence

ADB Asian Development Bank

APO Asian Productivity Organization

APRACA Asia Pacific Rural and Agricultural Credit Association

BAAC Bank for Agriculture and Agricultural Cooperatives

BOT Bank of Thailand

CGAP Consultative Group to Assist the Poorest

GDP Gross Domestic Product

IFAD International Fund for Agricultural Development

ILO International Labor Organization

MFI Micro-Finance Institution

MFO Micro-Finance Organization

NPLs Non-Performing Loans

OECD Organization for Economic Cooperation and

Development

RFI Rural-Finance Institution

TAMC Thai Asset Management Corporation

TDRI Thailand Development Research Institute

UNDP United Nations Development Programme

USAID United States Agency for International Development