

Independent Study Title	Factors Affecting the Customers' Ability to Repay Loans of Finance and Finance-Securities Companies in Chiang Mai Province		
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Abstract

The main objective of this study is to pinpoint the factors that affect the ability to repay loan of the customer of the finance and finance security companies in Chiangmai province. The scope of this study covers 31 of the finance and finance security companies. From the total sample size about 140 debtors, it was comprised with 80 debtors who are the performing loan and 60 debtors who are non- performing loan.

The research results obtained form the Probit Model Analysis indicated that there are only six explanatory variables which can be used to explain the ability to repay loan namely, the experience of customer as debtor of such companies, the diversification of customer's enterprises, the ratio of remaining loan and its' approval amount. The dummy variable which indicated the credit allocation which is exactly used in the right track as mentioned in their application for loan, the difference between estimated and existing incomes of debtor and the burden of debtor interm of loan obtained from non-institutional source of credit, respectively.

The recommended policy obtained from this study are as follow ; In the credit or loan approval process of the finance and finance security companies, the authorities of such companies have to concentrate more on six issues or variables as mentioned above. The concentration on such issues is a necessary condition for loan provision and it has to be done for enhancing credit provision efficiency and reducing the rate of non-performing loan of such companies as well.