

LETTER OF TRANSMITTAL

Faculty of Business and Management
MARA University of Technology
85009 Segamat
Johor Darul Takzim

5TH MAY 2008

Rabiatul Alawiyah Bt. Zainal Abidin
The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
MARA University of Technology
85000 Segamat
Johor Darul Takzim

Dear Madam,

**RELATIONSHIP BETWEEN EFFICIENCY AND RISKS FACED BY
COMMERCIAL BANKS IN THAILAND**

I'm required to do a project paper on the above topic. I hereby submitted this report and I really hope that this work will fulfill the requirement for the Bachelor of Business Administration (Hons) Finance.

Thank you.

Yours sincerely,

NORHIDAYU BT SANIP
2006850279
Bachelor of Business Administration (Hons) Finance

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION (HONS)
FINANCE FACULTY OF BUSINESS MANAGEMENT
MARA UNIVERSITY OF TECHNOLOGY
JOHOR**

“DECLARATION OF ORIGINAL WORK”

I, (NAME), (I/C Number: 850124-01-6372)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature:

Date: 5th MAY 2008

**RELATIONSHIP BETWEEN EFFICIENCY AND RISKS FACED BY
COMMERCIAL BANKS IN THAILAND**

**NORHIDAYU BT SANIP
2006850279**

**Submitted in Partial Fulfillment of the Requirement for the
Bachelor of Business Administration (Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
MARA UNIVERSITY OF TECHNOLOGY
JOHOR**

MAY 2008

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ABSTRACT

This paper studies the profit efficiency of commercial banks in Thailand and explore the potential connection between banks' risks and profit efficiency by testing for an empirical association between estimated profit efficiency and a small number of correlates related to various types of risks common in banking. This paper used multiple regression method in order to see the relationship between the dependent and independent variables. The performance variety in terms of profit for both banks were used as dependent variable and as for independent variables, credit risk; liquidity risk; foreign exchange risk and market risk were used.

According to the analysis from the year 2002 to 2007, the liquidity risk, exchange rate risk and credit risk has a significant level, which means that there are relationship between those risk with the profit, while the market risk is insignificant to the profit. As a conclusion this project paper were succeed in proving the relationship between profit and risks faced by commercial banks especially in Thailand.