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DETERMINANTS OF CAPITAL STRUCTURE ON BANKING SECTOR CASE STUDY: LISTED COMPANY IN THAILAND STOCK EXCHANGE

Abstract:

The objective of this paper is to examine factors affecting capital structure in the banking sector. Two categories of explanatory variables consist of internal and external factors. Internal factors were divided into six variables including profitability, owner, market value, size, tangible assets, and intangible assets. External factors are economic determinants which are made up of interest rate and gross domestic product. Capital structure is measured by debt ratio. The study employed multiple regressions and panel data analysis in the capital structure in the banking sector. The population are 11 banks listed in Thailand stock exchange. The data is collected quarterly from the period of 2012 - 2021 with total of 40 quarters. Secondary data was collected through Thailand Stock Exchange website and analyzed using multiple regression model with statistic testing at the significant level of 0.05. The result shows that the firm's market value, tangibility, firm's size and interest rate are positively associated with capital structure while firm's profitability and ownership are negatively associated with leverage. The study recommends the bank managers, financial analysts and policy maker should better understanding about the factors which may influence the capital structure of Thailand banking sector.

Keywords:

Capital Structure, Banking Sector, Leverage, Panel Data

JEL Classification: M19, M41, C12