

Independent study title	RISK CULTURE AND COST OF CAPITAL – INSIGHT FROM THAI BANKS
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Academic year	2024

ABSTRACT

This research investigates whether a stronger risk culture influences the financing costs of Thai banks. Using panel data from eight institutions over the period 2014–2023 and a risk culture index derived from textual analysis of annual reports, the study evaluates its relationship with the cost of equity (COE), the cost of debt (COD), and the weighted average cost of capital (WACC). The estimated coefficients are directionally consistent with expectations—risk culture is associated with lower COD and WACC but higher COE—yet none are statistically significant. The absence of significance can be explained by the Bank of Thailand’s policy rate, which dominates debt pricing, and the deposit-heavy funding structure of Thai banks. Overall, the results provide novel evidence on the role of risk culture in shaping financing conditions in Thailand, with implications for governance and policy.

Keywords: Risk culture, Cost of capital, Thai banks, Panel regression, Textual analysis