

Independent Study Title	IS THERE DOWNSIDE TO DIVERSIFICATION? THE CASE OF THAI COMMERCIAL BANKS
Author	Ms. Piyaon Srisailuan
Degree	Master of Science (Finance)
Major Field/Faculty/University	Master of Science Program in Finance (International Program) Faculty of Commerce and Accountancy Thammasat University
Independent Study Advisor	Associate Professor Kulpatra Sirodom, Ph.D.
Academic Years	2014

### **ABSTRACT**

This paper studies the income structure diversification to the profitability of seven Thai commercial banks. All data are collected from disclosed financial report in quarterly data for year 2002 - 2014. The Herfindahl Hirschmann Index (HHI) is used as an indicator to measure the diversification between interest income and non-interest income. Although, diversification cannot explain banks' profitability, higher proportion of non-interest income increase banks' profitability. However, non-interest income must not be fee income since fee income decrease banks' profitability. Moreover, this study also provide furthered test in size sensitivity and sector sensitivity, and results indicate some differences in details.

**Keywords:** Bank, Income diversification, HHI