

Independent study title	THE EFFECT OF ASYMMETRIC INFORMATION ON DEBT DECISION: THE CASE OF THAILAND
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## ABSTRACT

Grounded in Pecking Order Theory, the prevailing information in the market plays the decision role on financing choice of firm. Such information argument as in the previous literature is even stronger in the emerging markets. Using a sample of listed companies in the SET 100 from 2015 to 2019, our finding supports that asymmetric information plays an essential role in corporate debt decisions, especially in the case of Thailand as an emerging country, through three measurements: corporate governance, stock's liquidity, and market power supported by past literature. This paper documents that the firms with lower information asymmetry tend to use bonds relative to the bank loans and vice versa in compliance with the Pecking Order Theory. Moreover, this study finds that the market power and the interactive term of corporate governance and stock's liquidity are positively associated with the bond relative to bank loans and the other control variables are in line with theory and past literature. Furthermore, the findings support the firms to improve corporate governance and transparency to obtain opportunities to magnify debt capacity in the public debt market and acquire flexibility in selecting debt choices.

Keywords: Debt Decision, Bank loan, Bond, Asymmetric Information, Corporate Governance, Stock liquidity, Market power