

1 DATA

1.1 DATA ONE

The survey also captures some aspects of the pecuniary fixed costs for acquiring each loan. There was a significant reduction in these costs after 2001 for formal borrowing. Most of the drop is due to the prevalence of the Million Baht Fund program. Loans from the Million Baht Fund had fees and transportation costs similar to borrowing informally, which is likely due to its localized and village-committee based administration.

Fees and transportation costs for the BAAC also went down over time. These might have been driven down by improvements in the BAAC itself or reductions in transportation and communication costs. Table ?? shows that costs at the BAAC, however, are still twice as large as the average costs reported for borrowing from relatives or moneylenders. Strikingly, the fees and transport costs on the few reported commercial bank loans are on average seven times larger than those for BAAC loans, and almost 35 times larger than the costs for Million Baht Fund loans or informal loans.

1.2 DATA TWO

In the literature on informal credit markets, repayment rates for informal borrowing have often been found to be high (Morduch 1999). Recently, evidence from a number of microfinance studies shows that repayment rates for formal borrowing have also been found to be high (Buera, Kaboski, and Shin 2017). Consistent with these findings, in the Townsend Thai Monthly Survey villages, both formal and informal repayments are high. These on-time repayment rates are directly calculated from the data: every month, new loans that households take out are recorded and the month in which repayment should be completed is also recorded; then every month, repayment amounts of each loan is tracked until full repayment.

Specifically, the eventual full repayment rate for formal loans is 97% and for informal loans is 95%. Interestingly, households that do not fully pay back their loans still pay a significant proportion of their debts, as shown in Table ?. Taking partial repayments into consideration, I find that 98.2% of every Baht of principal lent is paid back for formal loans, and 96.5% of every Baht of principal lent is paid back for informal loans.

1.3 EDITING

1. ☒ comment one
2. ☒ comment two

REFERENCES

- Buera, Francisco J., Joseph P. Kaboski, and Yongseok Shin. 2017. *The Macroeconomics of Microfinance*. Working Paper 17905. NBER, March.
- Morduch, Jonathan. 1999. "The Microfinance Promise." *Journal of Economic Literature* 37, no. 4 (December): 1569–1614.