

Abstract

This research aims to examine Thai legal guidelines which can be opted in order to put forward Chiang Rai's local wisdoms, known as OTOP (One Tambon One Product), as an alternative to collaterals, recognised and accepted by financial institutions. Noted that nowadays, banks cannot issue loans that meet credit limits as requested by entrepreneurs, who wish to obtain the loans for the purposes of maintaining business operations and expansions, due to the fact that these particular loan applicants still lack reliable business collaterals. The proposed examination is based on qualitative research methodology, with the use of 2 distinguished research methods. On this regard, a desk research is performed in order to examine legal status of local wisdoms and other relevant legal provisions concerning collaterals principles. Meanwhile, a field study is conducted to collect local wisdoms persisted amongst the province of Chiang Rai, interviewing concerning banks vis-a-vis possible problems, challenges, and the feasibility of having local wisdoms recognised as valid collaterals for bank loans. Accordingly, the research findings indicate that a lack in legal clarity and certainty upon producing as well as enforcing insured collaterals are the underlying reasons that render banks from allowing and accepting local wisdoms as valid collaterals. Essentially, there are 3 possible scenarios that could help turn local wisdoms into lawful collaterals, in other words, first and foremost, under the reliance upon pre or post conditional contracts or agreements, which can be enforced under Section 183(b). Also, subjecting to the Civil and Commercial Code of Section 703 sub-paragraph 2, alterations or amendments can be made in order to facilitate the recognition and acceptance of local wisdoms as valid collaterals. Last but not least, as pursuant to a drafted bill on commercial collaterals B.E.... Section 8 (5), the proposed notion can be achieved through the issuing of Ministry Regulations, in which it has stipulated that local wisdoms can be used for the purpose of lawfully representing collaterals for bank loans accordingly.

Keywords: Traditional Knowledge, Collateral, Law