



ວາລະສານການສຶກສາສາລາວແບບຍືນຍົງ
ວິທະຍາໄລສາລາວລະວັນ

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ດຳເນີນການວາລະສານໂດຍ ວິທະຍາໄລສາລາວລະວັນ

**ຜົນສະທ້ອນຂອງການບໍ່ປະຕິບັດສັນຍາກູ້ຢືມເງິນລະຫວ່າງ ບຸກຄົນ ກັບ
ທະນາຄານ ຢູ່ແຂວງ ຈຳປາສັກ**
**Consequences of Loan Default Between Individuals and Banks in
Champasak Province**

ບິນລີ້ ລາດຊະວົງ¹, ບຸນເຜັງ ມະນີປະກອນ², ອານັນສິນ ຍາຕຣາ³, ຄຳຟາ ຊຸນຊະນະ⁴, ແລະ ອຸດົມໂຊກ ສິລິໄຜຄາ⁵
Binly LADSAVONG¹, Arnunsin YATRA², Bounpheng MANIPAKON³,
Khampha KHONSANA⁴, and Oudomxok SIRIPHOKHA⁵

ບົດຄັດຫຍໍ້

ຢູ່ແຂວງຈຳປາສັກ, ສັນຍາກູ້ຢືມເງິນລະຫວ່າງບຸກຄົນ ແລະ ທະນາຄານທຸລະກິດ ມີຄວາມສຳຄັນຢ່າງຍິ່ງຕໍ່ສະພາບ
ຄ່ອງທາງດ້ານເສດຖະກິດໃນທ້ອງຖິ່ນ, ແຕ່ຜົນສະທ້ອນທາງກົດໝາຍຂອງການບໍ່ປະຕິບັດຜົນທະເຫຼົ່ານັ້ນຍັງເປັນປະເດັນ
ທີ່ມີຄວາມສັບຊ້ອນ. ການຫັນປ່ຽນໄປສູ່ຂອບເຂດກົດໝາຍແຜ່ງທີ່ເຂັ້ມແຂງພາຍໃຕ້ປະມວນກົດໝາຍແຜ່ງ ປີ 2018
ຮຽກຮ້ອງໃຫ້ມີຄວາມເຂົ້າໃຈທີ່ຊັດເຈນກ່ຽວກັບຜົນສະທ້ອນຂອງການຜິດນັດຊຳລະໜີ້.

ການສຶກສານີ້ມີຈຸດປະສົງເພື່ອຄົ້ນຄວ້າກ່ຽວກັບຜົນສັກສິດຕາມກົດໝາຍຂອງສັນຍາກູ້ຢືມເງິນທີ່ມີການຄ້າປະກັນ,
ວິເຄາະຜົນສະທ້ອນສະເພາະຂອງການບໍ່ປະຕິບັດສັນຍາລະຫວ່າງບຸກຄົນ ແລະ ທະນາຄານ, ພ້ອມທັງສະເໜີວິທີການແກ້
ໄຂຕໍ່ການລະເມີດສັນຍາ.

ການວິໄຈນີ້ໃຊ້ຮູບແບບການວິໄຈແບບຄຸນນະພາບໂດຍວິທີສຶກສາເອກະສານ, ສົມທົບການວິເຄາະດ້ານນິຕິກຳ
ຈາກແຫຼ່ງຂໍ້ມູນຕົ້ນຕໍ ເຊັ່ນ: ປະມວນກົດໝາຍແຜ່ງ ແລະ ລະບຽບການຂອງທະນາຄານ ແຫ່ງ ສປປ ລາວ ເຂົ້າກັບການ
ສຳພາດແບບເຈາະເລິກ. ສຳລັບການສຶກສາຄັ້ງນີ້, ໄດ້ນຳໃຊ້ວິທີການເລືອກກຸ່ມຕົວຢ່າງແບບເຈາະຈົງ ເພື່ອຄັດເລືອກຜູ້
ເຂົ້າຮ່ວມການສຳພາດທັງໝົດ 20 ທ່ານ, ເພື່ອໃຫ້ໄດ້ຂໍ້ມູນທີ່ຫຼາກຫຼາຍທາງດ້ານທັດສະນະຂອງວິຊາຊີບ ແລະ ປະສົບ
ການຕົວຈິງ. ກຸ່ມເປົ້າໝາຍໃນການສຶກສາໃນຄັ້ງນີ້ປະກອບມີຜູ້ຝຶກສາຈາກໜ່ວຍງານສານການຄ້າ ຂອງສານ
ປະຊາຊົນແຂວງຈຳປາສັກ 5 ທ່ານ, ພະນັກງານຈາກກົມກົດໝາຍ ທະນາຄານແຫ່ງ ສປປ ລາວ ສາຂາພາກໃຕ້ ແຂວງ

^{1,2} ພະແນກຄົ້ນຄວ້າ ວິທະຍາສາດ ແລະ ບໍລິການວິຊາການ, ຄະນະນິຕິສາດ ແລະ ລັດຖະສາດ, ມະຫາວິທະຍາໄລຈຳປາສັກ/ ສປປ ລາວ.

³ ພາກວິຊານິຕິສາດ, ຄະນະນິຕິສາດ ແລະ ລັດຖະສາດ, ມະຫາວິທະຍາໄລຈຳປາສັກ/ ສປປ ລາວ.

⁴ ພະແນກວິຊາການ, ຄະນະນິຕິສາດ ແລະ ລັດຖະສາດ, ມະຫາວິທະຍາໄລຈຳປາສັກ/ ສປປ ລາວ.

⁵ ຫ້ອງການແຜນການ ແລະ ການພັດທະນາຕ່າງປະເທດ, ມະຫາວິທະຍາໄລຈຳປາສັກ/ ສປປ ລາວ.

Corresponding author: Binly LADSAVONG, Email: binlyladsavong@gmail.com, Tel: +8562052323429

ຈຳປາສັກ 2 ທ່ານ. ນອກຈາກນັ້ນ, ຍັງປະກອບມີ ຜູ້ກວດກາທະນາຄານທຸລະກິດ 3 ທ່ານ, ທະນາຍຄວາມ 3 ທ່ານ ແລະ ບຸກຄົນທີ່ມີປະສົບການຕົວຈິງໃນການກູ້ຢືມເງິນຈາກທະນາຄານອີກ 7 ທ່ານ.

ຜົນການວິໄຈຊີ້ໃຫ້ເຫັນວ່າ ເຖິງວ່າສັນຍາກູ້ຢືມຈະມີຜົນບັງຄັບໃຊ້ຕາມກົດໝາຍ, ແຕ່ການຜິດນັດຊຳລະໜີ້ໄດ້ສົ່ງຜົນສະທ້ອນທີ່ຮຸນແຮງ ລວມມີການປັບໄໝດອກເບ້ຍສູງ ແລະ ການຍຶດຊັບຄຳປະກັນ. ຍັງມີຊ່ອງວ່າງທີ່ສຳຄັນໃນຄວາມເຂົ້າໃຈຂອງຜູ້ກູ້ຢືມກ່ຽວກັບມາດຕາ 431 ວ່າດ້ວຍດອກເບ້ຍ ແລະ ຄ່າປັບໄໝ, ເຊິ່ງມັກນຳໄປສູ່ຂໍ້ຂັດແຍ່ງທາງກົດໝາຍທີ່ແກ່ຍາວ.

ການເສີມສ້າງຄວາມຮັບຮູ້ທາງກົດໝາຍໃຫ້ແກ່ສັງຄົມ ແລະ ການເຮັດໃຫ້ການບັງຄັບໃຊ້ບົດລົງໂທດການຜິດນັດຊຳລະໜີ້ເປັນມາດຕະຖານ ແມ່ນມີຄວາມຈຳເປັນເພື່ອຮັກສາສະຖຽນລະພາບທາງດ້ານການເງິນ ແລະ ຮັບປະກັນຄວາມຍຸດຕິທຳໃຫ້ແກ່ຜູ້ກູ້ຢືມຢູ່ແຂວງຈຳປາສັກ.

ຄຳສຳຄັນ: ການຄຳປະກັນການປະຕິບັດສັນຍາ, ການຜິດນັດຊຳລະໜີ້, ຄ່າປັບໄໝດອກເບ້ຍ, ສັນຍາທະນາຄານ, ຜົນສະທ້ອນທາງກົດໝາຍ,

Abstract

Within the context of Champasak Province, loan agreements between private individuals and commercial institutions serve as a cornerstone for maintaining local economic liquidity. However, the legal repercussions associated with defaulting on these obligations present persistent challenges within the developing judicial landscape of the Lao PDR. Given the implementation of the 2018 Civil Code, there is a critical need to evaluate how these defaults influence the stability of the financial sector and the legal rights of the parties involved.

This study aims to examine the legal validity of loan agreements with performance guarantees, analyze the specific consequences of non-performance (default) between individuals and banks, and propose effective solutions for addressing contract violations.

The research utilizes a qualitative documentary design, integrating doctrinal legal analysis of primary sources—including the Civil Code and Bank of the Lao PDR regulations—with in-depth interviews. For this study, a purposive sampling method was utilized to select 20 interview participants, ensuring a diverse range of professional and personal perspectives. This cohort is comprised of five judges from the Champasak Provincial People's Court's Commercial Court Division and two representatives from the legal department of the Bank of the Lao PDR's regional branch. Additionally, the group includes three commercial bank employees, three legal practitioners, and seven individuals with firsthand experience as bank borrowers.

Findings indicate that while loan contracts are legally enforceable, defaults trigger severe consequences including high interest penalties and collateral liquidation. A significant gap exists in borrower understanding of Article 431 regarding interest and penalties, often leading to protracted legal disputes that strain the local banking system.

Strengthening public legal awareness and standardizing the enforcement of default penalties are essential for maintaining financial stability and ensuring equitable treatment for borrowers in Champasak Province.

Keywords: Bank contracts, Interest penalties, Legal consequences, Loan default, Performance guarantees,

Introduction

In everyday life, nearly everyone engages with contracts, which serve as the foundation for social relationships and shape the patterns of communal living. Contracts function like mechanisms driven by individual intentions, employing specific techniques to create binding obligations for the near and distant future. They represent agreements between individuals, legal entities, or organizations aimed at establishing mutual rights and duties as outlined in the contract's content, carrying a force similar to law for the parties involved. Research on contracts must address the emergence of legally recognized debts, granting creditors the right to demand repayment from debtors and hold them accountable for damages arising from non-performance.

From a theoretical perspective, contracts generate debts that the law acknowledges, enabling creditors to enforce repayment and compensation for breaches. In the context of loan agreements, this involves obligations where borrowers must repay principal and interest according to agreed terms. However, Lao Civil Code prohibits capitalizing interest into principal during debt restructuring (Civil Code of Lao PDR, 2018, Art. 431, para. 2). This contrasts with banking regulations that permit such practices to extend repayment periods when borrowers default, calculating interest on the total approved loan amount and incorporating it into installment plans (Bank of Lao PDR, 2012, Art. 3, Clause 5). Collateral, such as land titles, must be verified and registered legally, but issues arise if it involves joint ownership, limiting creditors' rights to only the debtor's share (People's Court of Vientiane Capital, 2014).

General information on loan practices in Lao PDR highlights the increasing need for capital in business development amid economic expansion and international cooperation. Individuals often borrow from banks or financial institutions using assets like land certificates as collateral, requiring proper registration and verification. Real-world implementation reveals problems, such as borrowers failing to pay interest and principal on time, leading to debt restructuring proposals that capitalize overdue amounts to avoid penalties. When unresolved, these escalate to court, where judgments often reject capitalization. In Champasak province, from 2020 to 2025, courts handled 233 loan-related cases, including 159 with asset guarantees and 74 with personal guarantees, reflecting geographic and economic factors like border trade that spur borrowing both within and outside formal systems (Research Team, 2025). Some cases involve bad faith, prolonging disputes and causing losses.

These issues impact financial stability, eroding trust in banks and hindering economic growth, necessitating research to ensure consistent legal application. This study examines the legal effects of guaranteed loan contracts between individuals and banks, the consequences of non-performance, and resolution methods. Objectives include analyzing the legal validity of such contracts, evaluating breach impacts, and proposing solutions for violations to inform legal reforms and fair dispute resolution.

Research Objectives

1. To investigate the legal effects of loan contracts with performance guarantees between individuals and banks.

2. To examine the consequences of non-performance of loan contracts between individuals and banks.
3. To explore methods for resolving breaches of loan contracts between individuals and banks.

Methodology

Research Design

The research employs a qualitative methodology, primarily emphasizing document analysis as the core approach. This includes synthesizing relevant content from sources such as the Lao PDR Constitution, domestic laws, and regulations that align with the research topic: the consequences of non-performance of loan contracts between individuals and banks in Champasak Province. Document data is gathered from textbooks, teaching materials from instructors, and supplemented by fieldwork involving interviews with staff from financial institutions, judges from the People's Court, and lawyers. These interviews focus on resolving issues related to breaches of loan contracts and the resulting impacts from borrowing activities between individuals and banks.

The study is specifically scoped to civil law relations, examining the consequences arising from non-performance of loan contracts and problems with collateral used to guarantee contract performance in the form of mortgages, in line with the research objectives.

Participants

The target participants for interviews consist of a sample group totaling 20 individuals. This includes 5 judges from the Commercial Court Division of the Champasak Provincial People's Court, 2 legal department staff from the Bank of the Lao PDR's provincial branch in Champasak, 3 staff from commercial banks, 7 individuals who have borrowed money from banks, and 3 lawyers.

Data Collection

Data utilized in the research comprises documentary information from the Lao PDR Constitution, laws, regulations, and bank-related textbooks. These are obtained from relevant sectors, primarily educational institutions such as financial academies, banks within Champasak Province, libraries, and faculty websites. Additional data comes from interviews conducted in practical settings regarding the resolution of consequences from non-performance of loan contracts between individuals and banks, addressing real-world societal incidents.

The geographical area for the research is Champasak Province, focusing on the Provincial People's Court, financial institutions, lawyers, and parties involved in loan contract breach cases.

The time frame for studying related documents on the consequences of non-performance spans from 2020 to 2025, including the Constitution, banking sector laws and regulations, the Lao PDR Civil Code, teaching materials related to claim rights, relevant manuals, and documents for theoretical review.

For interview data collection, the researcher prepares and validates interview forms by reviewing them with qualified experts who have relevant experience. This ensures the questions' content is consistent, scientifically reliable, accurate, and aligned with the research topic. Data collection proceeds formally, with documents submitted through the committee to

issue letters requesting interviews from relevant parties, following the planned research timeline.

Data Analysis

After fully collecting and compiling the data, the researcher organizes the interview information by categorizing it into groups based on similar and differing viewpoints, opinions, and ideas regarding the consequences of non-performance of loan contracts between individuals and banks. Subsequently, the analysis involves explaining the results according to these categorized groups of respondent perspectives to clarify and elucidate the issues. This is done by comparing practical viewpoints with theoretical principles from legal provisions to summarize the realities and propose solutions for future problem resolution.

Results and Discussions

Results

Legal Effects of Loan Contracts with Performance Guarantees

Based on opinions from 20 interviewees regarding the legal effects of loan contracts secured by performance guarantees, the perspectives vary by group. Representatives from the People's Court believe lenders assume that all registered and certified documents attached to bank loan contracts ensure legal validity and serve as evidence. In cases of borrower non-performance, these allow courts to adjudicate and declare the sale of guaranteed assets according to contract details and related certified documents from relevant organizations. However, special cases often involve assets that remain joint property with third parties, as seen in many real judgments where borrowers use undivided or shared inheritance with siblings, prompting third-party involvement. Lenders counter that procedures were correctly followed with signatures from all involved parties.

From the Bank of the Lao PDR, the view is that commercial bank loan contracts require the loan agreement, guarantee contract, and asset-related documents. To achieve legal compliance, these must be registered and certified for authenticity and existence by authorities such as notaries or asset management bodies. The outcome of registration is official recognition of the contract's validity and reality, as jointly established by the parties.

Phongsavanh Bank (a commercial bank) interviewees state that registering and certifying the contract and associated asset documents verifies authenticity and ensures that, in disputes, the assets are fully tied to the loan because the process checks their origin and factual status. Thus, certification grants immediate legal effects.

Lawyers describe it as acknowledgment and confirmation that the contract and various documents are genuine, legally accurate, and aligned with the parties' voluntary consent.

Borrowers' initial understanding is that the documents hold legal effects in line with both parties' requirements for the loan process, and the guaranteed assets provide confidence to the bank in extending the loan.

Consequences of Non-Performance in Loan Contracts Between Individuals and Banks

From the 20 interviewees' opinions on the impacts of failing to fulfill loan contracts between individuals and banks, the views are as follows. The People's Court group explains that non-performance, where borrowers cannot repay interest and principal per the contract, inevitably disadvantages lenders by preventing timely recovery. In such scenarios, exercising claim rights (e.g., suing in court) for judgment on guaranteed assets—especially if they are joint

property—reveals information post-loan release. Borrowers often counterclaim that the assets are undivided inheritance shared with multiple siblings, involving third parties (siblings) in the case. Consequently, courts must rule per law by first dividing the assets, assigning the guarantor's portion for bank auction and repayment, with any shortfall covered by the borrower, creating overall disadvantages for the lender.

The Bank of the Lao PDR notes that non-performance affects commercial banks as lenders, with borrowers unable to repay principal and interest on schedule, necessitating debt collection through legal means and court-ordered asset sales in accordance with the contract and applicable laws.

Phongsavanh Bank highlights that the primary disadvantages fall on the bank due to borrowers' lack of good faith. Borrowers enter contracts presenting assets as solely owned, but later disputes reveal joint ownership (e.g., undivided sibling inheritance), leading to bank financial losses, heightened risks, diminished confidence in financial operations, and broader direct/indirect economic impacts, especially in fluctuating economic conditions.

Lawyers observe that damages or disadvantages mainly affect lenders (banks) from borrowers' failure to pay interest and principal, resulting in claims and legal proceedings for breach. Some issues arise from mutual misunderstandings, incomplete asset verifications by banks, or assets not being exclusively owned by borrowers.

Borrowers recognize that their inability to perform impacts the bank's recovery of principal and interest, often due to economic factors disrupting business plans and causing delays. This leads to challenges in future loan approvals and partnerships, stemming from poor credit history in civil transactions.

Solutions to Breaches in Loan Contracts Between Individuals and Banks

Opinions from the 20 interviewees on methods to address breaches in loan contracts between individuals and banks include the following. The People's Court suggests emphasizing borrowers' realistic intent and good faith during loan drafting, conducting thorough evaluations to comply with contract principles. Additionally, interpret certifications (e.g., asset registrations) deeply for accuracy and comprehensiveness before lending to avoid disadvantages from non-performance. Despite valid documents, enhance practical understanding and alignment with reality; courts adjudicate based on law and facts.

The Bank of the Lao PDR recommends in-depth research and interpretation of laws for precise real-world application in economics, coordination between banks and relevant sectors to build confidence and ensure asset authenticity in loan guarantees. Commercial banks should intensify contract research to align with laws and societal realities. Furthermore, the central bank must review and update regulations in management and application for commercial banks to ensure consistency with laws, such as Decree No. 361/BOL (2012) on loan interest and fine calculations, particularly aligning Article 3, Clause 5 with Civil Code Article 431. When issues arise, banks cite the decree for calculations, but courts review per Civil Code Article 431 specifically.

Phongsavanh Bank proposes increasing research on contracts to fit laws and social contexts, with the central bank revising decrees for harmony (e.g., interest and fines). Establish clear rights and duties in registering and certifying contract-related documents and guarantees for uniformity between events and documents, ensuring good-faith intent in loan participation. Enhance investigation into asset origins before loan release, as cases show borrowers citing

undivided sibling shares, causing bank disadvantages since guarantees involve single-plot inheritance land titles.

Lawyers, as legal professionals, detail that to mitigate non-performance impacts and asset sale issues disadvantaging banks: 1) Gain clear understanding of loan-related laws before approval; 2) Have legal or bank teams collect detailed, definitive asset data on-site; 3) Research borrowers' histories pre-loan to prevent disadvantages and demonstrate good faith per law; 4) Coordinate comprehensively and objectively with certification sectors for document authenticity based on contracts and laws.

Borrowers report past resolutions through debt restructuring and interest extensions, along with joint mediations to find pathways for settling the debts.

Discussion

The consequences of not performing a loan contract between an individual and a bank serve as conditions for exercising rights to demand from the contract party that receives the consequences or suffers disadvantages from the non-performance of that loan contract. According to the Civil Code, Article 392, it is stipulated that: "If one party to the contract does not perform the contract, the injured party has the right to demand performance of the contract, compensation for damages, or cancellation of the contract."

From Article 392, it stipulates in cases where consequences arise from the non-performance of a loan contract between an individual and a bank, leading the affected party to demand that the other party perform the contract, pay compensation for damages, or cancel the contract, or file a lawsuit in court according to the procedural law. This is because the contract party, in the name of the individual, cannot perform according to the agreement in the contract, namely paying interest and principal to the bank. However, the procedures for resolving such disputes must go through resolution steps as prescribed by law and related regulations, primarily negotiation and compromise between the individual and the bank regarding the settlement of principal debt and interest according to the contract. In addition, there must also be the application of penalty interest measures according to the regulations on calculating interest rates set by the Bank of the Lao PDR for the operations of commercial bank units. The Agreement on the Method of Calculating Loan Interest and Fines for Commercial Banks 2012 stipulates that: "The proposed interest calculation is the calculation of interest based on the entire loan amount that has been approved. Such interest, once calculated, will be added to the approved loan amount and divided into equal installment payments or according to the agreement between the bank and the borrower as specified in the loan contract" (Governor of the Bank of the Lao PDR, 2012). Nevertheless, no matter the compromise in settlement or seeking debt relief methods in any way, if the individual borrower cannot pay, it proceeds to the step of filing a lawsuit in court for consideration and judgment of the case according to the steps prescribed by law.

Regarding the legal effect of loan contracts with guarantees for contract performance, from the perspectives of the informants interviewed, it is seen that the court sector, the Bank of the Lao PDR, lawyers, and borrowers agree that: It is merely the sanctity of the document in terms of recognizing that such document is correct and exists, but it does not mean that the reality of issues still linked to the document is not yet clear and detailed enough. This stems from data collection and assessment of the borrower's intent not yet being objective according to the

principles of law and contract stipulations, especially the issue of bringing jointly owned property (joint land title) from multiple siblings as collateral to the bank.

The commercial bank still provides the opinion that documents related to the loan, including such assets, are correct and have legal effect as recognized. Therefore, guarantee measures for debt repayment should be implemented according to the signed acknowledgment and certification from relevant sectors already, without relating to claims by individuals after non-performance according to the contract that the property brought as collateral is jointly owned with multiple siblings by involving third parties. The court must consider dividing the inheritance into portions first before the bank has the right to announce the sale of the property that is the portion of the individual borrower. Regarding such issues, it means that documents certified and registered according to law are processed for what purpose exactly.

Regarding the consequences of non-performance of loan contracts between individuals and banks, the court sector, the Bank of the Lao PDR, lawyers, commercial banks, and borrowers see that there is consensus that: It is the lender who truly receives disadvantages, stemming from the individual borrower not showing good faith in participation, and the commercial bank not yet researching and collecting actual data regarding collateral in the loan contract in detail, completely, comprehensively, and objectively according to law, creating disadvantages for the bank or lender. For example, problems arise in administration and management regarding payment circulation, confidence in deposits with the bank or financial institutions from society toward commercial banks, and high risks in management, directly and indirectly affecting the domestic economic system, among others; For individuals, it leads to a lack of confidence in participating in creating contractual relationships or other civil relationships in the future, and may result in financial operations in investment and trade facing problems in exercising their rights to participate in financial transactions again. In addition, laws and regulations of the banking sector, when the court as judicial authority has considered and seen no consistency with laws, primarily the Agreement on the Method of Calculating Loan Interest and Fines for Commercial Banks conflicts with the Civil Code stipulating not to take loan interest as principal (Civil Code of the Lao PDR, 2019, Art. 431, para. 2), which makes the settlement of penalty interest by commercial banks have to be considered according to law, causing further disadvantages in cases of inconsistent regulations. For example: In 2012, Mr. K came to borrow money from a commercial bank in the value of the loan 3,000,000,000 kip, according to the loan contract dated October 25, 2012, at an interest rate of 17% per year and penalty interest of 8.5% per year, with a loan term of 03 years, for the purpose of capital for contracting construction of buildings and residential houses. In the loan, Mr. K brought assets as collateral to the bank, namely 3 land parcels with houses. After borrowing the money, Mr. K could not pay the principal and interest to the bank on time and requested extensions repeatedly. From then, the bank sued Mr. K in court to demand that Mr. K deliver the principal amount of 3,000,000,000 kip and outstanding normal interest of 711,978,127.09-kip, outstanding penalty interest of 89,050,250.21 kip, and proposed the court to dissolve the said contract, along with issuing an attachment order on all three collateral parcels and proposing advance execution of half the principal amount by announcing the sale of such assets.

Conclusion

The research concludes that the adverse consequences of defaulting on a bank loan primarily affect the lending bank. This stems from a fundamental misalignment with basic principles of contract formation, particularly from the borrower's side. Borrowers often lack clarity, sincerity, and good faith when entering into loan agreements, and subsequently fail to perform their obligations properly, on time, and with due quality.

A critical, recurring issue is the use of undivided, co-owned assets (such as inherited property) as collateral. Borrowers frequently present these as their sole property to secure the loan, only to reveal the true shared ownership upon default. This prevents the bank from effectively seizing and selling the collateral to recover the debt.

The formal legal validity of contract documents is acknowledged, but this validity does not reveal the underlying factual problem of co-ownership. As a result, banks suffer financial and administrative damage, including disrupted cash flow, loss of societal confidence, high operational risk, and broader negative impacts on the domestic economic system. For individual borrowers, the consequence is a severe loss of creditworthiness, hindering future financial relationships.

Recommendation

Based on the findings, the study proposes the following key recommendations:

- Enhanced Due Diligence:** Lending banks must conduct in-depth, thorough, and precise investigations into the origin and true ownership status of assets offered as collateral before disbursing loans.
- Training and Capacity Building:** Provide training and evaluation workshops for commercial banks and financial institutions on asset assessment and proper loan agreement drafting.
- Legal Harmonization:** The central bank should review and amend its subordinate regulations to ensure they are fully aligned with the higher Civil Code, creating legal consistency for commercial banks to follow.
- Inter-Agency Coordination and Knowledge Sharing:** Commercial banks should organize specialized meetings to exchange lessons learned and coordinate with relevant agencies responsible for verifying and registering documents related to loans and collateral assets.
- Systematic and Proactive Collaboration:** Establish systematic, frequent, and comprehensive coordination with all relevant agencies involved in document verification for loans. This is to ensure the authenticity and correctness of all transactions are grounded in both the contract and the law.

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