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**UNCITRAL MODEL LAW ON INTERNATIONAL CREDIT TRANSFERS AND M-  
PAYMENTS: DO THEY MATCH?**

**Synopsis**

In recent years mobile devices including mobile phones have been increasingly used for the transmission of data including the initiation of payments. To that end, the mobile device has been used both as a means of access to a traditional bank account or as stored-value device on which “digital cash”(specialized software) has been installed. Payments executed can be low value international credit transfers. These are usually ‘international remittance transfers’ which are cross-border person-to-person payments of a relatively low value. In practice they are usually recurrent payments by migrant workers. However, they are indistinguishable from other low-value cross-borders transfers, including in payment of debts. Frequently they are initiated from non-bank capturing ‘remittance service provider’ or its agent and are completed at a non-bank disbursing ‘remittance service provider’ or its agent.

A remittance transfer is likely to involve a ‘settlement chain’- a series of separate payments-each of which may be made differently. For each of the payments, from capturing agent through to disbursing agent, settlement will normally take place by means of a credit transfer from the payer to the payee’s bank, with one of the payments being cross-border (typically by correspondent banking).

Unlike payments between users and agents, where each remittance usually requires a separate payment, the payment between agents and the remittance service provider may be batched and possibly netted although the scope for netting may be limited given the largely one way nature of the remittance flow.

This paper examines the suitability of UNCITRAL: Model Law on International Credit Transfers 1992 (“Model Law”) to cover the international remittance transfer initiated (and/or completed) by a mobile device. The Model Law is a comprehensive statute covering rights and obligations

incurred in the international credit transfer. It deals with sender's obligations, execution and execution period, acceptance by a receiving bank, receiving bank's obligations, correction of errors in the execution of credit transfers, sender's payment and entitlement to refund, interest, or damages, and makes a proposal as to conflict of laws rules.

The paper recognizes that the Model Law is neither consumer protection nor regulatory statute governing 'remittance service providers'. At the same time, with one exception, the paper finds the provisions of the Model Law to adequately cover from end to end rights and obligations of participants in the course of the transfer. It thus recommends the adoption of the Model Law to cover the international remittance transfer. The exception is the loss allocation scheme for unauthorized credit transfers. The paper argues that the scheme of the Model Law on that point is inappropriate for consumers.

The paper concludes in observing that low-value credit transfers were envisaged as covered by the Model Law and yet were not central in the work leading to it. From this perspective, it is encouraging to find that overall, the Model Law is appropriate to cover them. Consumer aspects, primarily as to disclosures are nevertheless to be added; consumer's liability for unauthorized transfers is to be rethought and redrafted.