



REGULATION OF ELECTRONIC MONEY IN INTERNATIONAL PRIVATE LAW

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Abstract: This article analyzes an electronic payment system that operates both within the Republic of Uzbekistan and internationally. Its focus is on the history of e-inception commerce's and development, as well as the capabilities of electronic payment systems. It is based on a review of international and domestic experience in the creation, implementation, and operation of e-commerce systems.

Keywords: electronic money, e-commerce systems, regulation of e-commerce, regulation of electronic payments and money.

One of the most important prerequisites for the state's economic growth is to improve the validity and dependability of payment systems. The world economy has undergone a rapid evolution of monetary forms in recent decades, resulting in the emergence of innovative payment methods such as electronic money. Electronic money first debuted in the Republic of Uzbekistan not long ago, at the start of 2020, and piqued public and official interest in the issue of electronic money's nature and place in the payment services industry. During the same time period, Uzbekistan passed the Law "On Payments and Payment Systems," which established the legal framework for the issuance, use, and redemption of electronic money. In today's world, commodity-money turnover is rapidly increasing, as is the creation of new inventive technologies. The active use of e-commerce as a new creative payment tool in civil law relationships necessitates prompt and precise legal regulation of these relationships.¹ The use of e-commerce has not advanced greatly as a result of electronic technology. The law in this sector has developed in a very uneven manner, and it does not entirely ensure the security of this payment system or the efficiency of its operators.

The research is focused on an electronic payment system that operates both within the Republic of Uzbekistan and internationally. The study's focus is on the history of e-inception commerce's and development, as well as the capabilities of electronic payment systems. The study's theoretical foundation was scientific research conducted by local and international academics and practitioners working in the field of electronic technology. This research was based on a review of international and domestic experience in the creation, implementation, and operation of e-commerce systems. Cognitive analysis, logical analysis, comparative analysis, peer review, and generalization are all commonly utilized in the research process. The investigation's information infrastructure was the Republic of Uzbekistan's legislation, as well as the resolution of The National Bank of Uzbekistan, international financial organizations such as the Bank for International Settlements and the European Central Bank, as well as European Union directives Materials for national and international journals, as well as international conferences.²

¹ Meyer L.H The future of money and of monetary policy. Remarks by Mr. L.H. Meyer, Member of the Board of Governors of the US Federal Reserve System, at the Distinguished Lecture Program, Swarthmore College, Swarthmore, Pennsylvania. 5 December 2001. – p7.

² Survey Electronic Cash, Electronic Banking and Internet Gaming. Financial Crimes Enforcement Network. U. S. Department of the Treasury. - 2000. - p. 20-21.

The concept of "electronic money" or "electronic cash" was first expressed in Western scientific literature by David Chowm in the late 1970s, during a wave of euphoria surrounding the first digital signature systems and digital envelopes based on information security systems with two keys: open (public) and individual. This concept is currently uncontroversial among researchers and top bankers in other countries. O. Issing, a member of the European Central Bank's Board of Directors, proposed the most thorough description of "electronic money": "electronic storage of monetary value using a technical device, for making payments not only to the issuer, but also to other participants." This definition, however, falls short of highlighting the important characteristics of the concept being described without revealing its legal nature.

The term "electronic money" has been used in scientific economic literature for a long time, dating back to the mid-1970s. In their scientific writings, many Soviet and Russian economists discussed this concept, although in a completely different context. A group of authors (V.M. Usoskin, G.G. Matyukhin, and others) define the term as a cashless settlement technique that uses "money in a bank computer" delivered across banking networks.

In the realm of retail payments, the term "electronic money" is frequently used to refer to a wide range of payment instruments based on novel technical solutions.

Traditional bank cards (both pre-authorized (microprocessor) and with a magnetic strip) or prepaid cards of trade enterprises (services, services) containing information about "prepaid goods-services," which, in particular, include single-purpose card products offered by telephone and gas companies, individual chain stores, or transportation companies, are incorrectly understood as electronic money. The lack of a specific definition of "electronic money," showing its economic and legal essence, as well as clear criteria for identifying these items as "electronic money," are the key reasons for such a judgment's folly.

The "The Challenges for Central Banks in the Development of Electronic Money," a report published by the Bank for International Settlements in October 1996, defines "electronic money" as monetary value measured in currency units stored electronically on an electronic device controlled by the consumer. The customer can acquire this electronic value and store it on the gadget, with the value reducing as the user uses the device to make purchases.

Prepaid cards and prepaid software products are the two sorts of electronic gadgets. Prepaid cards have an inbuilt microprocessor that stores the electronic value, which is then transferred when the card is inserted into the reader.

With relation to software items, the electronic value is saved on the hard disk of a personal computer and transmitted through a telecommunications network comparable to the Internet.³

The European Central Bank's "Electronic Money Report," issued in August 1998, has a distinct definition of "electronic money." "Electronic money is broadly defined as the electronic storage of monetary value on a technical device that can be widely used to make payments in favor of not only the issuer, but also other firms, and that does not require the mandatory use of bank accounts for transactions, but acts as a prepaid bearer instrument," according to the definition.

Later, on September 18, 2000, the European Parliament and the Council adopted Directive No. 2000/46 / EC "On activities in the European Union." in the field of electronic money and prudential supervision of institutions engaged in this activity" was adopted, clarifying the definition of electronic money as "a monetary value representing a claim on the issuer that: is stored on an electronic device; is issued after receiving funds in an amount not less than the volume of obligations assumed; accepted as a means of payment not only by the issuer, but also by other firms."

This definition encompasses the legal as well as the economic aspects of the issue in question. It's worth noting that its regulatory component establishes fairly strict standards for the volume of

³ Mester L. J. The Changing Nature of the Payment System; Should New Players Moan Rules. Federal Reserve Bank of Philadelphia // Business Review. March/April 2000.

"electronic money" issued (i.e., the volume of bank liabilities issued into circulation cannot exceed the amount of funds received upon their issue), effectively ruling out the possibility of issuing unsecured "electronic money."

The legal approach, which views electronic money's operation as a set of legal relations in which electronic money is defined as a monetary obligation of the issuer and acts as a monetary claim to it during circulation, allows us to draw parallels between electronic money and traveler's checks, bills of exchange, or an interest-free loan. (17)

According to Russian law, the notion of "electronic money" can be defined in three ways: economically, legally, and technologically. All three methods, however, are linked and describe various features of electronic money. The most comprehensive definition, which takes into consideration all aspects of electronic money, is as follows:

Electronic money is a prepaid financial product that:

- A) represents the issuer's monetary obligation;
- B) is issued after the issuer receives funds in an amount not less than the issue value;
- C) does not require the use of bank accounts for transactions;
- D) is accepted as a form of payment by economic entities other than the issuer;
- E) On the device in the holder's possession, information about the monetary worth is stored in electronic form.⁴

The legal approach to the definition of electronic money is represented by point "a," whereas the technological approach is represented by point "e." The attribute "c" distinguishes electronic money from systems for remote access to accounts, while point "d" distinguishes it from single-purpose chip cards, such as those used by a telephone company .

Electronic money is a perfect replica of actual money. Simultaneously, the issuing entity - the issuer - issues their electronic equivalents, which are referred to in various ways by different systems (for example, coupons). They are also purchased by users who use them to make transactions, and then they are redeemed from the issuer by the merchant. Each monetary unit is issued with an electronic seal that is validated by the issuing entity prior to redemption.

Physical money has the advantage of anonymity, in that it does not reveal who used it or when. By analogy, some systems allow customers to receive electronic cash in such a way that the relationship between them and the money is unknown. A blind signature mechanism is used to accomplish this.

It's also worth mentioning that, because electronic money is predicated on issuing money into circulation before utilizing it, there's no requirement for authentication.

In advance, the buyer exchanges actual money for electronic money. Cash can be stored at the client in one of two ways, depending on the system:

- On the hard drive of the computer.
- Utilizing smart cards.

Different exchange mechanisms are available in different systems. Some open separate accounts to which monies from the buyer's account are transferred in return for electronic currency. Some banks may issue their own electronic cash. At the same time, it is issued only at the client's request, with the cash equivalent being withdrawn from his account after it is transferred to the client's computer or card. When using a blind signature, the buyer creates electronic banknotes and sends them to the bank, where they are certified with a seal and delivered back to the customer once real money is added to the

⁴ Electronic Funds Transfers (Regulation E). Federal Register, 61:19696. 1996.

account. Along with the benefits of this type of storage, it also has drawbacks. The loss of electronic money is irreversible when a disk or smart card is damaged.

The buyer sends electronic money to the seller's server to complete the transaction. The money is handed over to the issuer, who checks its legitimacy.

If the electronic banknotes are genuine, the seller's account is credited with the purchase price, and the products or service is delivered to the buyer.

Electronic money has been around since the middle of the twentieth century. It's a brand-new story. Electronic money, on the other hand, has been evolving and coming in various forms and varieties since that time.

The hunt for more cost-effective payment methods began in the 1950s, and it grew dramatically in the 1960s and 1970s, thanks to the incorporation of scientific and technology advances into the banking industry.

The Bank of America in San Francisco developed a fully automated electronic check processing and current account facility for the first time in 1959.

The introduction of increasingly advanced generations of computers followed, allowing many subscribers to access to them via remote devices known as remote control terminals. This procedure was applied to all banks in the United States and other nations. There are four major stages in the evolution of electronic money, according to conventional wisdom:

Stage 1 (the 1960s and early 1970s of the twentieth century). The introduction of smart cards, or "cards with a stored amount," into circulation in the second half of the twentieth century. Smart cards are currently considered one of the aspects of electronic money by the majority of Western scholars. Smart cards are one of the electronic money instruments, or "key product," at the same time.

Stage 2. Magnetic cards and smart cards have not replaced cash over the years; instead, they have allowed its owners to manage their bank accounts more efficiently. Despite the fact that modern cashless payment systems using cards have a number of obvious advantages (lower handling costs, security, ease of use, additional benefits, and so on), cash does not completely disappear from circulation and, moreover, its share of global turnover has not decreased in recent years (the share of cash now accounts for about 10-20 percent of the total money supply). This is because, from the payer's perspective, cash settlements have a number of advantages: first, the ability to dispose of their monies unconditionally and without restriction, second, more efficiency than electronic settlement solutions, and third, and most significantly, anonymity.

Stage 3 (mid-twentieth century) is marked by the introduction of new types of electronic money known as "network money," which allows users to make payments in real time or "online" across computer networks. Stage 4 payments are made feasible by specifically built software (forecast: the first half of the 21st century). The migration of bank account records from paper to electronic medium is linked to the history of electronic money development. In reality, an electronic bank deposit is the oldest form of electronic money. This is in the 1950s, during the twentieth century.⁵

The inclusion of a microprocessor in a plastic card foreshadowed the arrival of a new sort of electronic money in the second half of the 1980s. This sort of electronic money is a non-cash payment tool from an economic standpoint. The transfer of electronic monetary units from the buyer's card to the seller's card, in fact, does not repay the debtor's debts and is just a requirement for bank account settlement. The seller's (in this example, the creditor's) ability to dispose of the electronic money received is limited by the possibility of transferring it to the servicing bank in return for non-cash money.

⁵ Report of Electronic Money. European Central Bank. Frankfurt am Main, 1998; Parliament Resolution on Electronic Money and Economic and Monetary Union, European Parliament // Bulletin EU. 1998. № 1/2. 01.10.03.

The key aspect that sets this sort of electronic money apart from commonly used credit and debit cards is its anonymity. On the one hand, electronic money can only be accounted for in the accounts of the issuer or distributor, not in consumer bank accounts. When making a transaction, however, a settlement document including the electronic money holder's personal data is not required. It should be emphasized, however, that not every electronic money of this type has the same level of anonymity. The issuing corporation establishes the rules for their operation.

The lack of autonomy in the operation of this sort of electronic money is a big disadvantage. As previously stated, the creditor has no authority to sell them as a means of payment and can only get cash coverage from the servicing bank. In the mid-1990s, a new type of electronic money was introduced, which somewhat addressed this problem. In contrast to the two previous types of electronic money, which are non-cash forms of money, a new type of electronic money has acted as a cash counterpart (banknotes). A new sort of electronic money has the potential to transfer from one consumer to another without the need for intermediaries (credit companies), as was the case previously. To put it another way, this electronic money can serve a role that only currency can: that of a means of exchange.

In addition, a hard drive of a personal computer can now operate as a technical device on which electronic money can be kept, in addition to a plastic card.

However, because these electronic money are commercial bank obligations, they are not legal currency, limiting their circulation greatly. They only work successfully within the framework of a certain local system, where they are the primary means of payment, as experience has shown. This sort of electronic money, in most open payment systems, cannot compete with other payment instruments. The main reasons for this include the limited geographic area where electronic money may be used, as well as operational issues caused by poor technologies and technical equipment.

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