

# Are swift messages legally binding?

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SWIFT messages are a method of communication, payment, settlement, clearing, trading in deposit certificates etc. that are admissible by the Qatar Central Bank "QCB".

The QCB Regulations set the SWIFT system for the interbank dealings e.g. in relation to the messages of the daily inter-bank payments, the message no."MT203" or "MT202" should be used to transfer any amount from the clearing account of the bank to one or more of the banks operating in Qatar. No other messages will be accepted for this purpose. In addition, the field "58A" should be used to indicate the beneficiary bank. If the beneficiary bank is not a Swift system user, the field "58D" should be used according to the bank's identification symbol.

According to the QCB Regulations, the bank issuing the SWIFT message will be liable for sending the messages correctly. All banks should liaise with the Banking, Payment and Settlement Systems Department of the QCB to be advised of the updated technical details for sending SWIFT messages.

If a SWIFT message is issued clearly and in line with the QCB Regulations in relation to each type of dealing, it shall have a binding effect on the sending bank.

The TELEX system is also considered an alternative by QCB for banks that are not yet set up with the SWIFT system.

The E-Commerce Law provisions apply to transactions between parties who agree to conduct transactions using electronic communications. The law defines electronic communication as any transmission, emission or reception of signs, signals, writing, images, sounds, pictures, data or information of any kind by wire, radio, optical, other electromagnetic means of communications or any other similar means of communication. This definition is broad enough to cover SWIFT messages being a way of transmitting data.

The law excludes governmental entities from the above rule by stating that governmental entities shall give explicit consent in relation to electronic transactions of which they are a party. This also indicates that the electronic communication implies the consent of the parties and accordingly should be binding on them, except for governmental entities who must give their explicit consent.

Article 4 of the E-Commerce Law further elaborates on the contract formation for conducting transactions, that an offer or acceptance of an offer may be expressed, in whole or in part, by means of electronic communications.

A contract or transaction shall not be denied validity or enforceability solely on the grounds that one or more electronic communications were used in its formation.

In light of the above, SWIFT messages are a valid and legally binding method of communication between the banks, provided that the QCB Regulations and the E-Commerce Law provisions are observed in relation to each type of dealing.