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Bank's Liability in Electronic Fund Transfers and its Legal Effects

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Abstract

The bank, as a legal person, can typically be held legally liable under civil, penal, and administrative law for actions it performs. Liability, in general, arises from contractual obligations or tort. The electronic fund transfer process (EFT) is an example of the bank's contractual obligation. The applicable law and its specificity determine electronic contracts' legality and probative value. This research aims to clarify the position of the Jordanian legislator regarding the EFT payment process and the legal consequences and risks related to this process. It also aims to determine banks' liability for executing EFT operations in case of tort or negligence. The researchers employed the analytical and deductive approach. The results indicated that the Jordanian legislation in Electronic Transactions Law No. (15) of 2015, the system of payment and electronic transfer of funds 2017, and the Banking Law No. (7) of 2019 have granted electronic bonds the same probative value as the traditional bond. However, numerous legislative texts still require revision or replacement to accommodate the demands of commercial and economic transactions. For example, specific regulations for banking e-payment and funding operations and transfers should be included.

Keywords: Electronic payment, electronic transaction, central bank, electronic transfer, transfer of funds, electronic means.

Introduction

Technological advances have led to an increase in electronic commercial transactions owing to their speed and easiness. Still, it is fraught with risks. The improper electronic documentation, identity verification, and authentication

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processes can lead to substantial operational and compliance risks resulting from fraud and failure to prove a financial transaction's terms (Wright, 2005). Therefore, a legal system must be created to protect the parties' rights and obligations.

Banks typically offer highly qualitative business Internet services, including electronic payments, fund transfer, and data exchange. At the same time, they have several concerns related to privacy, electronic signatures, electronic records, and e-bonds. An Electronic Funds Transfer EFT (direct deposit) is one of the most significant banking operations. It is the computerized transfer of funds performed electronically between bank accounts, either within the same bank or between different banks, using computer-based systems without bank employees' involvement. Despite the importance of the EFT agreement, there is a legislative deficiency in regulating this type of contract in most Arab countries, including Jordan. Jordanian legislation drafted a special law for electronic transactions, complementary to the Jordanian Trade Law No. (2) of 1966, which does not regulate modern electronic commercial transactions. It also drafted a bylaw called The Bylaw of Electronic Payment and Transfer of Funds for 2017 (Abu Farwa, 2018).

Additionally, the Jordanian Electronic Transactions Law No. (15) of 2015, and the Amending Banking Law No. (7) of 2019 granted modern means of communication and electronic bonds the same probative value as traditional bonds. Despite EFT's advantages, it may be fraught with complexity and risks like piracy, which requires the creation of adequate regulations to protect all the bank transfer operations and information privacy from illegal modification and change or conducting fake electronic transfers (Kilani, 2006). Therefore, this study aims to identify the legal protection of EFT in Jordanian law, identify the complications associated with the process of e-payment and transfer of funds, and determine the legal responsibility that falls on the bank within the scope of conducting this process, and the legal effects associated with their responsibility during implementation.

This era witnessed an accelerated transition in electronic transactions as banks transferred from conventional transaction methods to electronic ones. However, there is a wide gap between the fast qualitative transfer of electronic transactions and the slow pace of enacting special laws (Abu Farwa, 2018). The global legal framework no longer includes all solutions addressing the legal issues that arise from transferring funds electronically, as well as the scope of the bank's responsibility for the risks of the electronic payment process and the legal effects associated with this responsibility on the parties to the contractual relationship. This research attempts to address these issues.

Research Objectives

1. State the position of the Jordanian legislator on the EFT process.
2. Discussing the legal problems related to the EFT process.

Research Importance

The importance of this study lies in explaining the legal consequences resulting from the mechanisms for transferring funds and their implementation electronically by banks in general, given the obstacles surrounding the transfer process by the person ordering the payment to the beneficiary through a third intermediary, which is the bank that uses the electronic system as a basis for the transfer. Undoubtedly, the bank must bear all its responsibilities for any errors it may make during the electronic transfer of funds. We hope that the results of this study will benefit stakeholders in the field of banking and legal legislators in creating an integrated legal framework that protects banking procedures related to money transfer, electronic payment, and the rights of parties and determines the bank's legal liability arising from negligence.

Methodology

Approach

The analytical, inferential, and inductive approaches were adopted in this research as they are the best methods for dealing with the subject of this research. The research is divided into two major chapters: the first presents the concept of EFT. The second discusses the parties' liability and the legal consequences resulting from the acts of the parties involved in EFT.

Section One: The Concept of the EFT process

Electronic funds transfer (EFT) is broadly defined. It includes several e-payment methods, such as credit or debit card transactions, peer-to-peer payments, and ATM transactions. While some view it as a banking tool for transferring money between accounts in its typical form, others see it as a banking procedure wherein the bank debits a specific amount from one client's account on the debit side and the same amount from another client's account on the credit side at the client's request (Kilani, 2006).

Some people perceive the cash transfer procedure as strongly associated with debt because it only involves moving funds from the customer's debit side (a negative process) to the beneficiary's credit side (a positive process). In a similar vein, some have contended that an account transfer, also known as a bank transfer, is a procedure whereby a bank records a specific amount that is transferred from a client's account to another account, following an instruction given to it by the client (Abu Farwa, 2018).

If the transfer process is performed between two different banks, the transfer procedures are done in one account. The clearing process takes place between two accounts of one merchant who shall have an account called "Fund Bond," where the merchant deposits money that serves as a guarantee for the bank if any amount is due. The merchant does not pay, so the bank carries out the clearing process between Two different accounts for the customer via transfer, where the customer issues an order to the bank that includes the transfer of the required money (debt) from his account to the creditor's account (Baroudi, 1991).

EFT is defined under the Uniform Commercial Code as "the series of transactions, beginning with the originator's payment order, made to make payment to the beneficiary of the order. The term includes any payment order issued by the originator's bank or an intermediary bank intended to carry out the originator's payment order. A funds transfer is completed by acceptance by the beneficiary's bank of a payment order for the benefit of the beneficiary of the originator's payment order." The objective of the transfer procedure, as stated in this description, is to transfer the funds in the issued order without necessitating the existence of two accounts—one for the beneficiary and one for the ordering client.

The French Group Review Committee has characterized financial transfers as a procedure executed by the bank. This involves withdrawing a specified amount from the depositor's account following an order and subsequently depositing it into another account. The transfer recipient assumes ownership of the transferred amount from the moment it is withdrawn.

The International Credit Transfer, issued in 1992 by the United Nations Commission known as Uncitral, defined financial transfer as " the series of operations, beginning with the originator's payment order, made to place funds at the disposal of a beneficiary." The term includes any payment order issued by the originator's bank or any intermediary bank intended to carry out the originator's payment order." (Wright, 2005),

Some described it as a set of steps or operations in which money transfers are commonly done using paper but now electronically. However, according to the U.S. Electronic Fund Transfer Act of 1978, EFT is a transfer of funds initiated through an electronic terminal, telephone, computer (including online banking), or magnetic tape to order, instruct, or authorize a financial institution to debit or credit a consumer's account".

The Tunisian Commercial and Banking Trade Laws have the same definition. In contrast, the Jordanian Trade Law No. (12) of 1966 lacks legal texts regulating the fund transfer contract; however, the closest contract to it is known as the transfer bond regulated in Articles (68 - 79) of the same law. However, the

Electronic Funds Transfer Instructions No. (20/2004) issued by the Central Bank of Jordan under the Jordanian Electronic Transactions Law mentioned above, defined the electronic transfer order as: "An order to transfer funds electronically and/or any information related to it, created by electronic means, the customer authorizes the bank to make an electronic transfer or credit to his account."

In short, the electronic cash transfer process is a process based on performing the agreement between the debtor or the originator and the bank issuing the transfer, all, or part of it, employing a legally recognized electronic means whereby the bank or others pay the estimated value in the order issued to the creditor beneficiary.

A. The importance of electronic transfer

Electronic fund transfers are among the easiest, least expensive, and most accurate ways to do banking activities. It is an automated process, also known as electronic cash transfer. It involves moving money from one account to another electronically, with the depositor's consent and through the intermediary bank (drawee), in exchange for a commission it receives.

EFT or electronic cash transfers are made between corporations, companies, and customers through the banks they deal with or between companies and the government regarding projects, completed tenders, grants, or other funding requests. In any case, the companies are the ones who receive the orders to transfer funds and make all kinds of payments, whether through networks or electronic means. EFT has gained popularity because money is done electronically (Shamaa,1993).

The Jordanian legislature passed the Electronic Transactions Law No. 15 of 2015 in response to recent advancements in communications technology and to enhance the services banks provide, such as cash transfers. The Central Bank had previously issued instructions on electronic fund transfers (No. 20 of 2004), and banks were also required to conduct business electronically (No. 8 of 2001), which was based on the provisions of Article (99/B) of the Banking Law No. (28) of 2000.

The Jordanian legislator has mainly granted the EFT payment a probative value. He also authorized the financial institutions to perform transfer operations, provided they adhered to the provisions established by the Central Bank Law and the Banking Law, and took all measures to protect the security, confidentiality, and integrity of customer information.

The guidelines for EFT operations state that banks and other financial institutions are legally liable for any unauthentic electronic transaction that leads to credit to a customer's account if the customer notified the bank within the

specific period that he had noticed unusual activity in his account, his password or identification code were stolen, or he requested the bank to cease any electronic transfers done from or to his account. The Central Bank provides a basic framework that establishes the rights, liabilities, and responsibilities of participants in electronic fund transfer systems such as (Kaddoumi, 2005).

1. Point-of-sale (POS) terminals.
2. Automated teller machine transfers (ATMs).
3. Deposits and withdrawals of funds (credit card transactions).
4. Telephone bill-payment services,
5. Transfers via the Internet.

B. Advantages of EFT

Many national and international laws, including Jordanian legislation, do not yet contain specific EFT regulations. The 2015 Electronic Transactions Law No. (15) of Jordan covered EFT, and it obligated financial institutions that engage in electronic money transfer operations to abide by the relevant laws (the Banking Law and the Central Bank Law) and regulations, even though their issuing was delayed. It also considered electronic transactions legally valid. The restricted regulations the Law states demonstrated the advantages of the EFT system, which include:

1. On-Time- Payments: Setting a deadline for remittance deduction and payment ensures payment coordination and timely settlement of all outstanding balances.
2. Convenient: The automated clearing process made it unnecessary for the merchant and the client to go to the bank to deposit the money transfers' value, simplifying the process and increasing the work system's efficiency.
3. Safety and security: Automated clearing and electronic money transfers eliminated the fear of theft, especially paper checks, and the need to transfer liquid money.
4. Improve Cash Flow: Electronically, money transfers raise the reliability of cash flow and the speed of cash transfers.
5. Reduce paperwork: reduce reliance on paper notes, traditional checks, and other paper-based transactions.
6. Money Savings: The automated clearing system network has reduced the costs of managing the clearing process.

7. Promotes Customer Satisfaction: The speed and low cost of electronic transfer processes promoted customer satisfaction and consolidated their confidence in dealing with natural and legal persons.

Section Two: Responsibilities of the Parties to the EFT Agreement

Both parties, the bank, and the client, in the EFT agreement, have responsibilities to bear under the obligations of the account opening contract, payment settlement, or direct transfer. The next sections are devoted to discussing these obligations (Kaddoumi, 2005).

I. The Bank's responsibility for the verification of the customer's identity

Article (35) of the Jordanian Payment and Electronic Transfer of Funds Law for the year 2017 stipulates the obligations of the payment services provider as follows:

a) Properly execute the payment order that conforms to the customer's orders and the principles on which the e-payment system is based. Otherwise, the Payment Service Provider will be seen as responsible towards the customer, including refunding the amounts of the payment order and deductions related thereto.

b) Ensure that the personal security data used to verify the customer's identification is not made available to others.

c) Ensure the existence of authorization by the customer before executing the payment order on his/her account. Otherwise, the Provider will be responsible towards its customer, the payer, and will be obliged to refund the money of the payment order in the same currency as per the arrangements and term (duration) identified by the Central Bank under the nature of the e-payment system operation.

d) Consider the objection of the customer to any of the payment orders during the period identified by the Central Bank according to the nature of the system and in compliance with the provisions of Article (41) herein.

e) Provide mechanisms as relevant to enable the customer to report the loss, theft, or hack of personal security data.

When the bank agrees to open an account for a client, it promises to provide all the required services securely. In addition, they take all precautious measures to verify the client's identity, document his signature, and follow all the authentic procedures before initiating and executing any transfer order. Therefore, the bank

is deemed liable for any losses or damage resulting from its negligence. Given the fraud risk associated with electronic transfers, if the bank has any concerns about the authenticity of the transfer[6], it must request the client to provide a statement pledging that the transfer is not for money laundering or terrorist funding.

In the case of handwritten instructions, the bank must verify that the drawer's signature on the transfer order matches the signature kept in the bank's record. When there is a special complexity or the emergence of an uncommon element, the bank must ask for detailed explanations. Similarly, orders placed over the phone or through a computer must be handled more carefully and precisely.

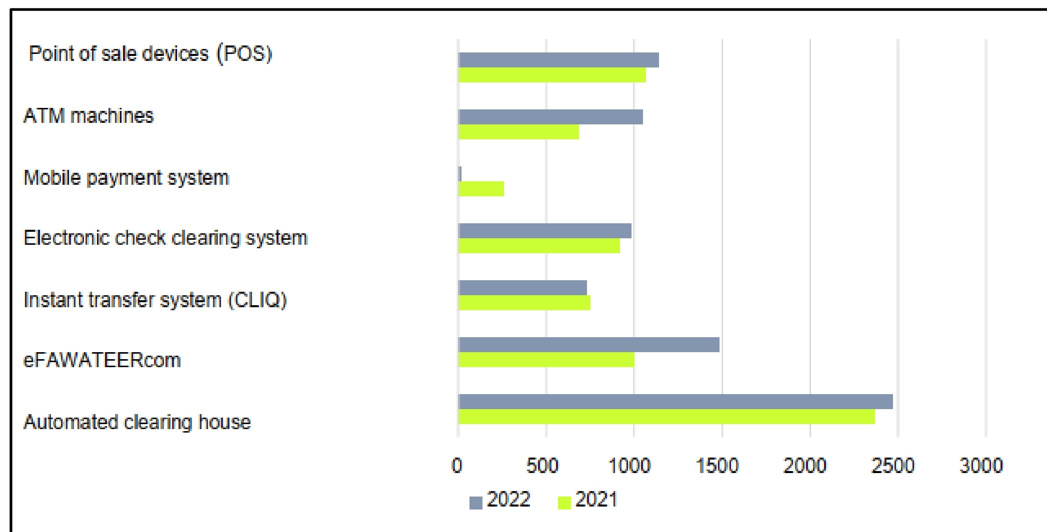

Figure 1. The clearing files settled on the spot settlement system for 2021-2022.

A. Bank's Liability for lost or forged transfer order

Banks are typically liable for making a cash transfer order, whether lost or forged, in the same essence of paying the value of other commercial bonds (Al-Nouri,1973), despite the technical difference between the transfer order and commercial documents. For instance, in cheque signing forgery, the bank commonly requests several data for the transfer order, such as the account number of both clients, no matter if the transfer order receipts are lost or stolen. Meanwhile, the client must notify the bank immediately if the checkbook is stolen or lost.

The bank must verify the client's identity and the authenticity of their signature. Otherwise, it is held liable for its negligence. These procedures are also

[6] If the transfer order is in writing, the amount to be transferred must be written in letters and numbers

applied to the beneficiary, and the validity of the transfer order is also examined if it is performed suspiciously. This was ruled by the decision of the French Court of Cassation / 1930 (Gamal, 2000).

Nevertheless, if the bank adhered to all mandated procedures for executing the transfer order yet overlooked the forgery, leading the client to claim against the bank, would the bank be considered liable in this scenario? Opinions in the field of jurisprudence varied regarding the response to this question. Some, such as the French jurist Hamel, maintained that whoever made the error bears the responsibility, be it the bank or the customer, and neither can escape liability unless the other party proves the contrary. Others claim that the bank bears all responsibility based on the risk theory, as they give the check and the transfer order the same value in the event of theft, fraud, and wrong execution (Kaddoumi, 2005). This viewpoint has faced numerous criticisms due to the discernible differences between a check and a transfer order. Given that the bank's involvement begins at the point of execution, it is argued that its responsibility is limited to consensual intervention.

The French jurist Dauphin contends that a transfer order is not deemed a promissory note for the order or the carrier. When the signature of the transfer order is legitimate, it is primarily the order or the beneficiary who bears the loss or the burden to prove the bank's error. However, if the transfer order was forged from the beginning, the client who did not take the slightest precaution, no matter how simple, cannot bear the responsibility for the transfer order he did not issue (Budhiab, 1985).

Others argue that the bank originally bears responsibility. Still, it can prove the contrary and deny his responsibility if he proves that it was the clients' mistake based on the following: Customer error resulting from negligence or lack of caution only happens when data is lost, transferred, stolen, or leaked. Given the conditions and obligations placed upon the bank, its error cannot be restricted. The bank can easily identify all its customers because of the remarkable advancements in communications technology, characterized by accuracy, speed, and ease of request and clarification.

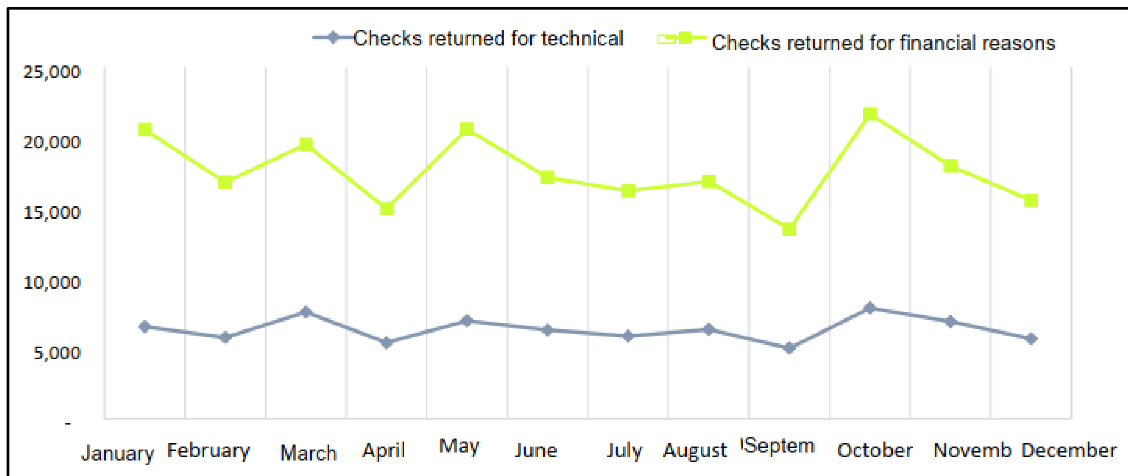

Figure 2. Returned checks by the reasons for return in the Electronic Check Clearing System (ECC).

B. liability resulting from the parties' negligence

This section presents the parties' liability to transfer contracts resulting from negligence.

i. The bank's negligence

As mentioned previously, in the case of executing a forged transfer order, either the bank or the client may be held liable for negligence; however, the party who can prove the other side's fault can escape liability. The burden of proof is on the bank to prove that he followed proper procedures for executing the transfer order, as it received an authentic transfer order from a person with capacity. If the bank has executed a forged transfer order, it must prove that the inauthentic execution resulted from the customer or one of his subordinates' errors or negligence. The bank must also review the authenticity of the client's signature within acceptable measures; otherwise, it is liable for negligence (Nabulsi,1995).

ii. The customer's negligence

The customer is liable if he loses the transfer order receipt that he has previously completed and signed the required information. The customer is also at fault if they sign a transfer order that the bank delivers to them blank and give it to someone else to fill out before transferring the funds to their account. This also establishes the customer's liability if he discloses his account information to a third party, which could result in fraud, demonstrating that the customer is solely responsible for any error or improper act that enables the bank to escape liability (Budhiab, 1985), completely or partially.

In contrast, the bank may set a condition in the transfer contract declaring that it shall not be liable for any errors resulting from a forged transfer order. According to Article (2/385) of the Civil Code, this condition is acceptable for minor errors, though; in the event of a serious error that leads to incurring damage to the client, the client bears the burden to prove that it is the bank's error.

iii. Parties shared negligence (The bank- customer)

Both parties can commit errors associated with the transfer order, resulting in damage. For instance, when the client completed the transfer order statement ambiguously and inaccurately, the bank did not ask for any clarification, and damage occurred during the execution of the transfer order; both parties were liable for their negligence. Article (264) of the Jordanian Civil Code specifies, "The court may reduce the amount of the guarantee or not award a guarantee if the injured person has, through his actions, participated in causing the damage or increased it."

It should be mentioned that to issue a cash transfer operation over the electronic network, the customer performs several steps: first, he enters his PIN, then his account number and transfer order details. Therefore, he is liable for negligence if he fails to safeguard his private account information. Conversely, if the client's PIN was accessible to others due to the bank's negligence, the bank bears all the responsibility. Additionally, the client escapes liability if he notifies the bank of any illegal or unusual activity performed on his account or when he loses his card according to articles (19 and 20) of the Jordanian Electronic Transactions Law No. (15) of 2015.

iv. No errors occurred

Some argue that an improper transfer is unlikely to occur unless there is negligence from one or both parties involved. The party who commits the error shall be liable, viewing this as more of a theoretical than a practical issue. However, the same protocols used when dealing with checks should be applied in case of falsified transfer. Accordingly, if a transfer order is faked and no error is noticed, the bank bears the burden of carrying out the transfer order from a person with no legal capacity. The bank also bears responsibility based on risk theory and for the damage as stated by the Decision of the Jordanian Court of Cassation No. 246/70, published in the Journal of the Bar Association, No. 2, Part 1, 1970.

II. The Bank's obligations during the execution of the EFT

Article (36) of The Bylaw of Electronic Payment and Transfer of Funds for 2017 sets specific obligations that companies should adhere to, including the following:

a) Inform the Central Bank and other relevant agencies of any cases of breach or fraud that the Company or any third party contracted in addition to that may be exposed to once such cases emerge.

b) Observe full confidentiality of all transactions related to the Company’s customers and the members of its Board of Directors, any of its present or former employees, or any third party contracted to disclose any data, whether directly or indirectly. Disclosure of the same or enabling others to access it will be prohibited. This prohibition will remain effective even if the relationship between the customer and the Company has ended for some reason.

Accordingly, it is assumed that parties to the transfer process have duties and obligations. If one of the parties breaches his contractual obligations, he bears responsibility for the damages he causes to the other party.

Liability principles necessitate distinguishing between two matters: the breach of a contract between the bank and the client in which the bank fails to carry out the terms of the agreement by providing the necessary service. The second issue is that the bank is liable for torts if it neglects the regulations that forbid harming the other party (Thoabeh,2006).

A. The Bank's contractual liability for the execution of the EFT agreement

Under the terms contained in the contract, the bank will move money from the client's account to the beneficiary's account, whether the beneficiary is a natural or legal person. The Bank is obliged to take all precautions. If the bank fails to fulfill any contractual obligations or offers substandard service, the client can claim compensation.

The bank may potentially violate its contractual obligations. The following are some of these scenarios:

i. Refraining from the execution of the contract:

If the bank fails to fulfill its obligation, the client can bring legal action before the competent court. Nevertheless, the contractual obligation of the bank is void if the client issues a transfer order to the bank in question and the bank explicitly refuses this procedure due to insufficient balance in the client's account. In this case, the bank does not bear any contractual liability.

ii. Delay in execution process:

According to the contract terms, the bank must execute the customer's order as soon as possible, if it satisfies the transfer specifications approved by the bank. For instance, internal transfer procedures must be completed on the same day. It is worth noting that the delay in implementing the transfer in international transactions may take several days due to the completion of special and necessary procedures related to security, economic, financial, and other aspects.

iii. Error in the execution process:

In this scenario, if the bank receives a transfer order from the customer and it turns out that the transfer amount is greater than or less than the customer's balance, or if the bank accidentally transferred money to someone else's account, the bank is legally liable for breach of contract. If the bank delays the transfer because it believes it may be used for terrorism or money laundering, he is released from contractual obligations.

B. The Bank's Tort Liability During the Execution of The EFT Process

As previously stated, in compliance with the guidelines and directives provided by the Central Bank and other pertinent official authorities, electronic fund transfers are deemed lawful and appropriate for payment. This aligns with the provisions of Articles (21, 22, and 23) of the Electronic Transactions Law No. (15) of 2015.

One way the bank can be held liable for torts is when the bank’s action caused harm to the other party. Executing a falsified transfer order constitutes tort liability concerning the EFT contract. In this instance, the bank is liable for any unauthorized electronic credits from the client's account, particularly if the transfer was executed following the client's request to halt the transaction until the third party's identity was verified.

The offender is liable if, to access the victim's bank account and conduct a bank transfer in his name, he uses the victim's original card, divulges his password and identity code, or submit to the bank a forged electronic authentication certificate that was not issued by an official body. The bank is also responsible for performing unauthentic or authorized transfers from the client's account. If the three components of responsibility—the damaging act, the result (damage), and the causal relationship—are met, the offender is held accountable and must pay compensation.

Some banks include conditions in the electronic transfer contract to reduce their liability to third parties. However, when the transfer is fraudulent or of a serious error, these conditions are deemed null and void, for example, when the

bank fails to notify the customer of any errors he made, such as moving the money from the creditor’s account to the debtor’s (Shami,1986). However, the question is whether the bank can escape responsibility when it places conditions in the transfer agreements. Legally, placing conditions in the contract that exempt the bank from tort liability is contrary to public order; thus, this condition is considered null and void (Zaben, 2012).

The execution of a fraudulent fund transfer order by the bank falls under tort liability, that is, because the bank executed the transfer without verification of the client's identity, who did not submit the order for transfer. In practice, such scenarios are illogical since banks are constantly working to uphold their reputation and clients' trust.

III. The Bank's responsibility under the work risk principle

According to some jurists, this kind of liability is predicated only on the element of harm. Based on the principle of work risks, or what is known as strict liability, which places responsibility on the bank as it is entitled to provide quality services even in the absence of error and for losses resulting from extraneous causes, all of which require the existence of damage, the bank bears liability in this instance. This means the bank bears liability for any harm it causes to the customer (Kilani,1999). This is because the benefits the bank receives outweigh these risks.

We can address this issue in the following ways:

a) If it isn't established that the consumer made a mistake, the bank alone is liable for the harm it has done to the customer, according to the laws of justice, which says that “He who has the advantage of an arrangement must bear the burden of contributing his share.” Additionally, the bank gains a lot from this, the most significant of which is promoting client confidence, which has a beneficial impact on the growth and success of banking operations in general and electronic banking operations in particular. Customers will lose faith in the bank and be reluctant to do business with it if they are held accountable for any harm brought about by an activity that the bank issued without being able to demonstrate negligence on the bank's side.

b) When the bank bears the consequences of damages resulting from its mistake, it strengthens its position with clients. It encourages them to use its services, such as banking transactions and electronic transfers, which contributes to reducing the circulation of banknotes, benefiting the national economy on the one hand, and enhancing the bank’s dealings

with other international banks on the other.

c) Unlike individuals, the bank has greater financial assets, which enable it to reimburse or make up for any harm it causes to others and to use insurance to reduce certain risks. As a result, in the absence of any risks arising from the customer or third parties, strict liability places the bank legally responsible for all damage incurred by the customer. The bank is accountable under contractual obligation if an error causes injury to a third party. Tort liability is the bank's responsibility if it takes an action that harms a customer. Civil law's general responsibility doctrine and the contract conditions serve as the foundation for both situations.

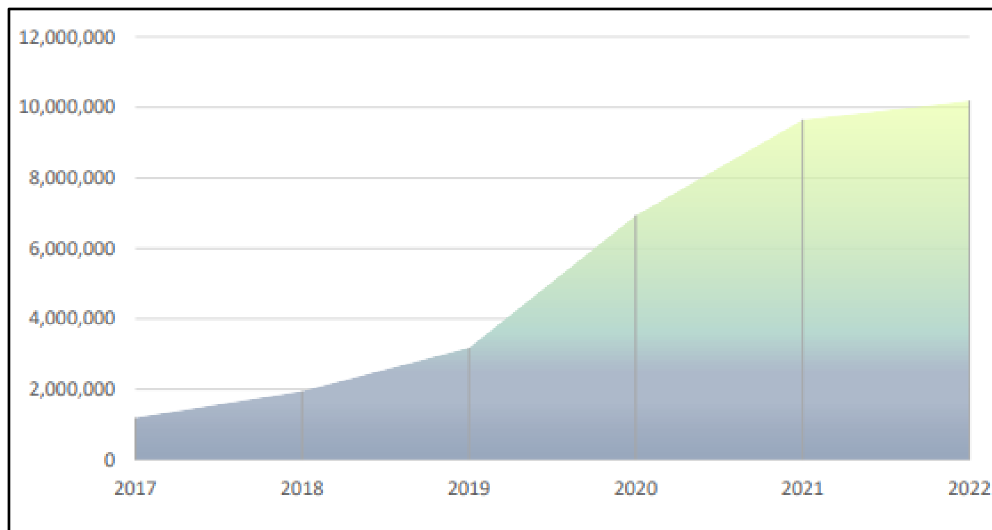

Figure 3. Transfers through the automated clearinghouse system.

Conclusion

This research focused on the pertinent issues based on the laws now in effect in Jordan and investigated the most significant legal features of the EFT agreement. EFT is an electronic contract completed between parties using electronic methods, such as electronic correspondence. Some have disputed the legality, validity, and probative value of the e-contract. E- the contract is recognized as legitimate and binding by numerous international legal systems and possesses probative value, provided it is executed according to its regulations.

In Jordan, an electronic contract is typically governed by several laws, namely Civil Code general contract regulations, notwithstanding its inherent privacy, the Jordanian Electronic Transactions Law No. (15) of 2015, the Electronic Payment and Transfer System of Funds of 2017, and the instructions released by the Central Bank of Jordan.

The research results show that, compared to other contracts, the one for EFT—whether by transfer or payment—stands out as special. It is a two-party contract, yet it has three distinct consequences. Remarkably, despite the beneficiary not being formally recognized as a party to the agreement, the contract creates a remedy for the beneficiary against the bank. This entitlement stems from the agreement between the bank and the client who made the initial payment or transfer. The study results demonstrate that the contract creates bilateral legal connections, particularly between the initiator and the bank and between the contracting parties and the recipient.

The findings indicated that the legal framework governing electronic fund transfers differs from the civil law's contractual liability establishment procedures. It establishes liability based on different factors, such as the extent of each party's responsibility and the consequences of that establishment, represented by compensation. According to the study, the principal consequence of the contracting parties' liability is that the party at fault is liable for the value of the executed transfer order and is also required to pay the other contracting party's damages if the other party sustains any losses because of the wrongdoer's error.

The transfer process revolves around the transaction's core elements and has legal consequences for all parties involved. This principle entails that the funds become the property of the beneficiary the moment they exit the possession of the individual initiating the transfer. In addition, the person who started the transfer can take back the transfer order given to the bank before the beneficiary receives the funds. Other factors to consider include the effect of legal measures, such as seizure and bankruptcy, on the person who initiated the transfer. The bank may be subject to civil and criminal liability as a legal entity. As previously discussed, liability may also be established on a contract or tort theory if certain conditions are satisfied. Strict liability, which is another term for civil liability, also applies in the case that work-related risks cause harm. If the bank makes errors that violate relevant laws, it is also subject to accountability from the country's chief regulatory authority, which the Central Bank of Jordan represents.

In the light of the above, the main findings of this research are:

1. The EFT contract is concluded with the offer and acceptance issued by the person ordering the transfer and the bank (two parties); however, the beneficiary is not considered a party to the contract, even though he may gain a right because of it.
2. A third party may challenge the bank transfer. The legislator did not clarify the nature of this objection and how it affects those who have the right to object. Given the breadth of the texts that addressed the topic in

the Civil Code, it is therefore preferable that the legislator leave this matter to the broad provisions included therein.

3. The contract's legal provisions should clearly state how long the bank has to fulfill its obligations to the client; however, it would be best to make the bank's obligations effective immediately after the client receives the transfer order.
4. The Jordanian legislator did not establish special texts for electronic civil liability but left them to the general rules in civil law.
5. The legislator must regulate contractual liability in an integrated manner, as in tort liability. Tort liability provisions are applied to the case of contractual liability when there is no special provision for it. The Jordanian legislator is also supposed to adopt strict liability for work risks, which reduces the conditions for escaping liability for the bank and the customer, which instills a spirit of trust and increases dealing between them and employing... Funds that benefit the national economy.
6. Electronic banks are the most effective means of achieving global electronic commerce between individuals, private, and public institutions nationally and internationally.

Recommendations

1. To stay up with the demands of the modern world, the banking industry, in all forms of banks and financial institutions, needs to focus on developing electronic banking services and educating, credentialing, and improving the productivity of its workforce.
2. To maintain public confidence in bank credit, all banks must adhere to strict security and accuracy guidelines to guarantee proper implementation and performance. They also need to follow protocols for protecting electronic systems against hacking and deal with emergencies and natural disasters to prevent computer hardware and programs from being damaged or having their data destroyed.
3. Work on drafting legislation requiring the bank to promptly respond to consumer objections to any electronic transaction already being processed on their account. Otherwise, the bank would be held accountable for any delays.
4. The legislator should seek to incorporate specific legislation about preventative protection in the operations of electronic banks, monitor any advancements in the field of technical protection, and keep track of corrective actions taken in response to threats to bank systems and networks.

5. Work on modifying the legal framework to consider and stay current with contemporary demands and changes by:
   A. Training judges, attorneys, legal professors, and banking industry employees on all aspects of EFT.
   B. Setting up specialized information technology and electronic data experts to supply the courts with what they require, particularly in computerizing the court's work if a dispute arises on this topic.
   C. Putting in place legal guidelines that govern banking operations in line with recent advancements in the sector. The Central Bank bears most of this load due to its regulatory and supervisory role over banks.
   D. Establish an entity dedicated to certifying and validating electronic signatures to be accepted. This group could represent a public or commercial sector organization. Maybe its experience can guide the Jordanian Securities Depository Center's documentation and certification process for the widely used electronic transfer contract.

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