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Analysis of the Determination and Conversion of Money of Account, Money of Payment, and Money of Forum; A Comparative Study of Iranian Law and Common Law

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Abstract

Explanation of the Problem

The issues regarding the money of account - which measures the amount of debt - and the money of payment - using which the debt is executed - should be considered at the intersection of private law (obligations), private international law (conflict of laws), civil procedure law, and even the law of enforcement of civil judgments. Even so, this topic remains one of the most important and least well-known in Iranian legal order. It is therefore important to first distinguish between money of account and money of payment, and then to specify the mechanisms that should be used to determine both of them, taking into account the law that governs each, especially when the parties have not yet clearly defined it. Specifically, money of account is used to determine the quantum of a monetary debt, whereas money of payment is used to settle the debt. Therefore, if a debtor is required to pay the creditor the equivalent amount in Iranian Rials of five thousand US dollars, the US dollar, which determines the amount of the monetary debt, is the money of account, while the Iranian Rial, which is paid, is the money of payment.

In addition, the issue of determining the money of account and the money of payment is not limited to contractual obligations, but may also arise in the context of non-contractual obligations. Nevertheless, in non-contractual obligations, whenever the money of account is determined, the debt will undoubtedly be executed and paid in the same currency. In non-contractual obligations, the money of account and the money of payment are deemed to be the same. It is also necessary to consider the interpretative rules governing the law governing the contract or non-contractual obligation in order to determine the money of account and the money of payment. The next step is to determine how the money of account is converted into

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the money of payment, as well as the date and the rate at which this conversion occurs.

The issue will not be resolved here. In spite of the determination of the money of account and money of payment, it is possible that the mandatory laws of the forum do not permit the enforcement of foreign currency obligations, recognizing only their domestic currency as the money of payment. Despite the fact that many legal orders today allow judgments to be issued and enforced in foreign currencies, some notable countries still do not permit it or only allow it in certain circumstances. Therefore, at this stage, it becomes critical to determine the method and date of conversion of the money of payment into the money of the forum. As a result, the authors face the challenging task of accurately identifying each of these three types of monies and determining a suitable date at which to convert them into each other in order to protect the rights of the parties to the monetary debt. In order to achieve this goal, it is necessary first to identify the money of account and money of payment, as well as the manner, date, and rate of their conversion. Thereafter, the possibility of issuing a foreign currency judgment, or the necessity of converting the money of payment into the money of the forum, is examined. If, for any reason, the court refuses to issue foreign currency judgments, it is also necessary to examine the manner, date, and conversion of the money of payment into the money of the forum.

Purpose of the research

The present research aims to understand the distinction and the rules governing the identification of the distinction between money of account, money of payment, and money of the forum on the one hand, and then the manner, time, and criteria for converting all three into one another.

Main Question and Thesis of the Article

The main question facing authors is how to distinguish between money of account, money of payment, and money of the forum, and when and how they are converted into one another? It is concluded that, in order to distinguish money of account from money of payment, the lex causae must first be identified, and then it is necessary to interpret these two monies and to consider the maturity of the contract as a criterion for converting money of account into money of payment. Nevertheless, this distinction and consequently this conversion will not apply to non-contractual issues. Once the money of payment has been determined, if the court issuing the judgment permits, the payment will be made in the money of payment. Otherwise, the payment will inevitably have to be converted into the money of the forum, thus raising the question of how and when this conversion will occur. Nevertheless, even if the law of the forum permits enforcement in a foreign currency, the civil enforcement organ shall inevitably value the identified assets of the

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	judgment's debtor in the forum's legal tender. Accordingly, a court-appointed expert shall assess the value of the debtor's real estate or motor vehicle using the legal tender of the forum. Thus, even in countries whose legislation expressly permits issuance of judgments in foreign currency, at the final stage—namely, enforcement of the judgment—the issue of converting the amount payable into the currency of the forum inevitably arises. **Research Method** Based on an analytical-descriptive approach and library resources, this article provides a comparative study of legal orders subject to the Common law system. **Findings of the Article** The most important findings of this study can be summarized in four points: (1) Understanding the distinction between money of account and money of payment in contractual matters and the unity between the two in non-contractual matters; (2) Analyzing the time and rate at which money of account is converted into money of payment in contractual matters; (3) Distinguishing between the money of payment and the money of the forum; (4) Determining the time and rate at which the money of payment is converted into the money of the forum.
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