

The role of the bank in implementing the IBAN

Banks' internal systems must be capable of generating, capturing, recognising, processing, validating and transferring the IBAN.

However, stated simply, the account administering bank is responsible for calculating the IBAN and for providing it to its customers in order that they can quote it to their trading partners. **Only the account administering bank may calculate its customers' IBAN.** Banks must also provide information on the usage of the IBAN in cross-border trade.

When a bank receives from its customers, a cross-border credit transfer order that quotes an IBAN, the IBAN must be validated before completing the order, using the standard validation algorithm.

For additional information on implementing the IBAN, please refer to SIG203 "IBAN: The Standard Implementation Guidelines", issued by ECBS.

The use of the IBAN and the BIC⁵

For the time being, in order to aid Straight Through Processing (STP), i.e., a process without manual intervention, the BIC of the beneficiary's bank will be required alongside the IBAN. This will ensure the correct routing of the cross-border payment message to the beneficiary.

Banks must provide the IBAN and the BIC to their customers.

⁵ The BIC (Bank Identifier Code), also known as the SWIFT code, identifies a bank, e.g., BANKBEBB, and is defined in ISO standard 9362.

Table of European IBAN implementations (at time of publication)

Country	Length	Example of electronic presentation
Austria	20	AT611904300234573201
Belgium	16	BE62510007547061
Denmark	18	DK5000400440116243
Finland	18	FI2112345600000785
France	27	FR1420041010050500013M02606
Germany	22	DE89370400440532013000
Greece	<i>To be supplied</i>	
Hungary	<i>To be supplied</i>	
Iceland	26	IS140159260076545510730339
Ireland	22	IE29AIBK93115212345678
Italy	27	IT40S0542811101000000123456
Luxembourg	20	LU280019400644750000
Netherlands	18	NL39RABO0300065264
Norway	15	NO9386011117947
Poland	28	PL27114020040000300201355387
Portugal	25	PT50000201231234567890154
Spain	24	ES0700120345030000067890
Sweden	24	SE3550000000054910000003
Switzerland	21	CH9300762011623852957
United Kingdom	22	GB29NWBK60161331926819

N.B.: That part of the IBAN which uniquely identifies the bank or bank and branch concerned in that country is shown in *italics*.

Communication

Communication is vital to the success of the IBAN. Banks must ensure that their employees and customers are aware of the IBAN and fully understand its usage and importance.

Additional information

For further information, please contact the bank mentioned below or your national bankers' association.

The following IBAN documents can be downloaded from the ECBS website:

- EBS204 "IBAN: The International Bank Account Number"
- SIG203 "IBAN: The Standard Implementation Guidelines"
- TR201 "Register of European Bank Account Numbers"

European Committee for Banking Standards (ECBS)

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International Bank Account Number (IBAN)



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Introduction

While the proportion of cross-border European payments is still marginal in relation to national payment volumes, there is a growing need to improve their efficiency with regard to cost, speed and quality. Such improvements require a standard method to enable proper interpretation and easier validation of foreign account numbers.

Currently, almost all domestic credit transfer orders include the correct account and bank/branch identifiers but the same cannot be said for cross-border transfer orders. It is not easy to copy the conditions of the domestic transfers to the cross-border dimension. An individual country may be described as a controlled environment where all parties involved in the payment system know and follow the standards and operational rules. The data elements needed for complete and correct transfer orders are communicated by creditor to debtor in an appropriate manner.

In a cross-border context, because there are so many practical differences between countries, customers, especially private individuals and Small/Medium Sized Enterprises (SMEs), are puzzled when receiving invoices from abroad. The result may be incorrect or incomplete information in cross-border transfer orders, which inevitably leads to inefficiency and high costs, because manual intervention is then required.

Part of the solution is the International Bank Account Number (IBAN), which provides a standard method for recognising and validating foreign account numbers.

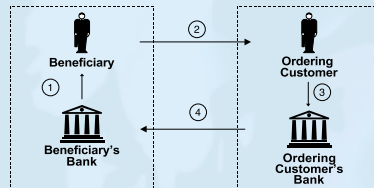
What is the IBAN?

The International Bank Account Number or IBAN as it is commonly called, is a series of alphanumeric characters that uniquely identifies a customer's account held at a bank anywhere in the world. It is defined in the ECBS Standard², EBS204 "IBAN: The International Bank Account Number", which is based upon and compliant with the ISO standard 13616.

What is the purpose of the IBAN?

The aim of the IBAN is to facilitate the automatic processing of cross-border credit transfers. Data correctness will be assured and manual intervention will be reduced.

Diagram of the IBAN in the payments flow



1. The IBAN is made available to the beneficiary by its bank.
2. The beneficiary's IBAN is forwarded to the ordering customer.
3. The ordering customer submits a cross-border credit transfer order, which includes the beneficiary's IBAN.
4. The cross-border credit transfer message includes the beneficiary's IBAN, which has been validated by the ordering customer's bank. After receipt of the message by the beneficiary's bank, the beneficiary's account will be credited.

How is the IBAN constructed?

The IBAN has a maximum of 34 alphanumeric characters³ :

- the first two alphabetic characters identify the **country⁴** in which the account is held;
- the next two digits are the **check digits**. They validate the complete IBAN;
- the final part of the IBAN is the **domestic account number**, which in most cases consists of the account number itself, the number that identifies the bank and the branch, and one or more check digits. For some countries an extra bank identifier is included.

In Belgium, the domestic account number is:

510-0075470-61

To convert this to an IBAN, the country code and two check digits must prefix the domestic account number as follows:

BE **62** **510007547061**

The ISO country code The check digits The domestic account number

The IBAN may be used in electronic and paper-based environments but its representation differs slightly in each case. The paper representation of the IBAN is the same as the electronic format except that the IBAN shall be split up in groups of four characters separated by a space. The last group shall be variable in length, up to four characters.⁵

For more details on the IBAN format refer to the ECBS publication, EBS204 "IBAN: The International Bank Account Number".

Example of Belgian IBAN

Domestic Account Number
510-0075470-61
Electronic IBAN
BE62510007547061

Example of Dutch IBAN

Domestic Account Number
041 71 64 300
Electronic IBAN
NL91ABNA0417164300

Example of French IBAN

Domestic Account Number
20041 01005 05000 13M026 06
Electronic IBAN
FR1420041010050500013M02606

¹ Within the scope of this leaflet, the term "bank" covers all financial institutions.

² All ECBS documents are available on the ECBS website at www.ecbs.org

³ Blank spaces do not count as characters in the IBAN structure.

⁴ This is the country code as specified in ISO standard 3166 .

⁵ The paper format of the ECBS IBAN deviates currently from the ISO IBAN standard 13616 .