

## The implementation of the IBAN by banks<sup>5</sup> and customers

The Banks' internal systems must be capable of **generating, capturing, recognising, processing, validating and transferring** the IBAN. When a bank receives from its customers a cross border credit transfer order that quotes an IBAN, that IBAN will be validated before completing the order, using the standard validation algorithm. The customer's electronic banking system should validate the check-digits of the IBAN on data capture.

All issues relating to the implementation of the IBAN are described in the ECBS publication SIG203 IBAN: *The Standard Implementation Guidelines* and EBS204 IBAN: *International Bank Account Number* standard.

It is recommended that beneficiary customers use the **IPI** (International Payment Instruction - EBS206) or the **ePI** (electronic Payment Initiator - EBS602) for communicating the IBAN, the bank's BIC and all other relevant data, in order ensure that the ordering customer submits a correct well-structured credit transfer order. If a beneficiary customer does not yet distribute IPIs or use ePIs he/she should indicate the IBAN as well as the related bank's BIC on his/her **letterhead and invoices**, in the same way as he/she indicates data such as his/her domestic account number and telephone number.

### Example

Customer  
12, Main Street  
City, Country  
Telephone: 0033 1 12 34 56 78  
Chamber of Commerce: ABCDE12345678  
Bank account number: 18206000103056966400117  
Bank's BIC: AGRIFRPP882  
IBAN: FR76 1820 6000 1030 5696 6400 117

<sup>5</sup> Within the scope of this leaflet the term "bank" covers all financial institutions.

## Summary of IBAN implementations across Europe (at time of publication)

The banking industry of each country has specified the country specific length and composition of the IBANs, as follows:

Country	Length	Examples of paper representation
Andorra	24 an	AD12 0001 2030 2003 5910 0100
Austria	20 an	AT61 1904 3002 3457 3201
Belgium	16 an	BE68 5390 0754 7034
Cyprus	28 an	CY17 0020 0128 0000 0012 0052 7600
Czech Republic	24 an	CZ65 0800 0000 1920 0014 5399
Denmark	18 an	DK50 0040 0440 1162 43
Estonia	20 an	EE38 2200 2210 2014 5685
Finland	18 an	FI21 1234 5600 0007 85
France	27 an	FR14 2004 1010 0505 0001 3M02 606
Germany	22 an	DE89 3704 0044 0532 0130 00
Gibraltar	23 an	GI75 NWBK 0000 0000 7099 453
Greece	27 an	GR16 0110 1250 0000 0001 2300 695
Hungary	28 an	HU42 1177 3016 1111 1018 0000 0000
Iceland	26 an	IS14 0159 2600 7654 5510 7303 39
Ireland	22 an	IE29 AIBK 9311 5212 3456 78
Italy	27 an	IT60 X054 2811 1010 0000 0123 456
Latvia	21 an	LV80 BANK 0000 4351 9500 1
Lithuania	20 an	LT12 1000 0111 0100 1000
Luxembourg	20 an	LU28 0019 4006 4475 0000
Malta	To be supplied	
Netherlands	18 an	NL91 ABNA 0417 1643 00
Norway	15 an	NO93 8601 1117 947
Poland	28 an	PL27 1140 2004 0000 3002 0135 5387
Portugal	25 an	PT50 0002 0123 1234 5678 9015 4
Slovak Republic	24 an	SK31 1200 0000 1987 4263 7541
Slovenia	19 an	SI56 1910 0000 0123 438
Spain	24 an	ES80 2310 0001 1800 0001 2345
Sweden	24 an	SE35 5000 0000 0549 1000 0003
Switzerland	21 an	CH39 0070 0115 2018 4917 3
United Kingdom	22 an	GB29 NWBK 6016 1331 9268 19

## Additional information

For further information, please contact your bank 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)



## Introduction

The EU regulation 2560/2001<sup>1</sup> effective from 1 July 2003 heightens the need for significant efficiency improvements with regard to cost, speed and quality. In parallel, the banking community created the European Payments Council to improve cross-border transfers. Such improvements clearly require a standard method to enable the proper interpretation and easy validation of foreign account numbers.

## What is the purpose of the IBAN?

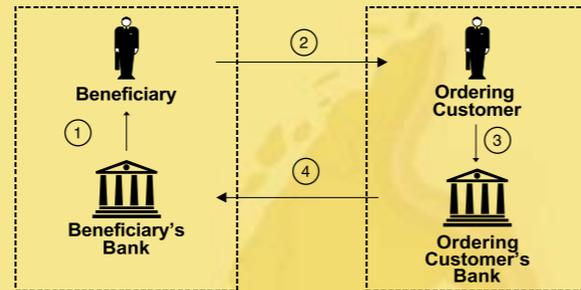
The aim of the IBAN is to facilitate the automatic processing of cross-border credit transfers. Data correctness will be assured and manual intervention will be reduced.

The International Bank Account Number (IBAN) standard provides the means for the automatic capture and validation of account numbers. The EU regulation states that charges for cross-border credit transfers within the European Union in euro up to 12,500 € shall be the same as those levied on corresponding domestic payments, provided the IBAN and related Bank Identifier Code (BIC) are specified.

The implementation of the IBAN resolves many problems. Customers are often puzzled by the variations in the domestic account numbers shown on invoices received from abroad. The result is often incorrect and incomplete data in cross-border transfer orders, leading to inefficiencies and high costs.

**Warning! Only the bank servicing an account can provide the correct IBAN of that account and the related BIC. If you need an IBAN, you need to contact the owner of the account.**

## Diagram of the IBAN in the payments flow



1. The beneficiary's bank provides the IBAN and related BIC to the beneficiary.
2. The beneficiary forwards the IBAN and related BIC to the ordering customer.
3. The ordering customer submits a cross-border credit transfer order, which includes the beneficiary's IBAN and related BIC.
4. The ordering customer's bank checks the IBAN and the BIC and sends the cross-border credit transfer to the beneficiary's bank. Upon receipt of the order, the beneficiary's account will be credited.

## The use of the IBAN and the BIC<sup>2</sup>

The BIC of the beneficiary's bank is used alongside the IBAN. This ensures the correct routing of cross-border payment messages to the beneficiary's bank account.

The EU regulation 2560/2001 explicitly requires banks to provide the IBAN and their BIC to their customers. The regulation also requires these customers to communicate the IBAN of their account and the related BIC to their business counterparties involved in cross-border invoicing.

Ordering customers are keen to use the IBAN and related BIC in their credit transfer orders since they would benefit from lower charges. It is, therefore, vital that the beneficiary customer pass on this information. Again, only the bank servicing the account can provide the correct IBAN and related BIC.

If incorrect IBANs and BICs are used, the ordering customer could face higher charges or wrong payment, while the beneficiary customer could face delayed payment or non-payment. It is, therefore, crucial that correct IBANs and BICs are used and that can only happen if all parties play their part in communicating this information.

## How is the IBAN constructed?

The IBAN is a series of alphanumeric characters that uniquely identifies an account held at a bank anywhere in the world. It is defined in the ECBS standard EBS204 *IBAN: The International Bank Account Number*.<sup>3</sup>

The IBAN has a maximum of 34 alphanumeric characters.

<sup>2</sup> The BIC (Bank Identifier Code), also known as the SWIFT address, identifies a bank, eg. BANKBEBB, and is defined in ISO standard 9362.

<sup>3</sup> All ECBS documents are available on the ECBS website at [www.ecbs.org](http://www.ecbs.org). EBS204 is compliant with the ISO IBAN standard ISO 13616.

The IBAN contains the *ISO country code*<sup>4</sup>, two *check digits* and the *basic bank account number*, which is derived from, but cannot always be relied on to be, the actual domestic account number. The check digits are used for the validation of the complete IBAN.

An IBAN that is processed and stored in an electronic environment («electronic IBAN») does not contain spaces or separators.

When the IBAN is printed on paper it is split into groups of four characters, beginning from the left and separated by a space. The last group is of variable length up to four characters. This option for paper representation supports easy recognition and interpretation by the human eye, and smooth data entry without errors. The blank spaces do not count as characters.

For more details on the IBAN formats used in individual countries see the ECBS publication TR201 Register of *European Account Numbers*.

## Examples

France	IBAN (electronic)	FR1420041010050500013M02606
	IBAN (on paper)	FR14 2004 1010 0505 0001 3M02 606
Belgium	IBAN (electronic)	BE68539007547034
	IBAN (on paper)	BE68 5390 0754 7034
Netherlands	IBAN (electronic)	NL91ABNA0417164300
	IBAN (on paper)	NL91 ABNA 0417 1643 00

<sup>4</sup> This is the country code as specified in ISO standard 3166.

<sup>1</sup> Regulation (EC) No 2560/2001 of the European Parliament and of the Council of 19 December 2001 on cross-border payments