REBUBLIC OF ALBANIA
BANK OF ALBANIA
SUPERVISORY COUNCIL

D E C I S I O N

No. 42, dated 16. 07.2008

THE APPROVAL OF THE REGULATION
"ON THE STRUCTURE AND THE USE OF THE INTERANTIONAL BANK ACCOUNT NUMBER (IBAN)"

In accordance with Article 1, paragraph 4 letter "b"; article 3, paragraph 2 and paragraph 4, letter "dh"; Article 12 letter "a", Article 21, Article 43, letter "c" of the Law No. 8269, dated 23.12.1997 "On the Bank of Albania", as amended; Article 53, paragraph 4; Article 124 and Article 129, paragraph 6 of the Law No. 9662, dated 18.12.2006 "On Banks on the Republic of Albania", with the proposal of the Payments System Department, the Supervisory Council of the Bank of Albania,

DECIDED:

1. To approve the Regulation "On the Structure and the Use of the International Bank Account Number (IBAN)", as specified in the texture attached to this decision.

2. The Payment Systems Department, the Information Technology Department and the Monetary Operations Department are charged with the implementation of this decision.

3. Upon the entrance into force of this decision, the decision No. 38, dated 03.05.2000, amended by the Decision of Supervisory Council No. 50, dated 20.06.2001 "On the approval of the scheme for the definition of BIC for the commercial banks" is repealed.

4. The Foreign Relations, European Integration and Communication Department is charged with the publication of this decision in the Official Bulletin and Official Journal of the Republic of Albania.

This decision shall enter into force 15 (fifteen days) after the publication in the Official Journal of the Republic of Albania.

SECRETARY   **DEPUTY CHAIRMAN**
Ylli Memisha   **Fatos Ibrahimi**

BANK OF ALBANIA
SUPERVISORY COUNCIL

Regulation
"On the structure and the use of the International Bank Account Number)"

(Approved by the decision of the Supervisory Council, No. 42, dated 16.07.2008)

CHAPTER I
General provisions

Article 1
Purpose

The purpose of this Regulation is to set out the structure of the International Bank Account Number - IBAN, the relationships between the bank and/or branch of foreign banks and their customers relevant to the generation, capture, recognition and use of IBAN in the Republic of Albania as well as the procedures for the validation of this latter.

Article 2
Legal ground

This Regulation is issued in compliance with:

a) The Law "On the Bank of Albania", as amended;
b) The Law "On Banks on the Republic of Albania";
c) The Regulation "On the payment system and instruments";
d) Other bylaw acts issued by the Bank of Albania in the field of payment systems.

Article 3
Scope of application

1. This Regulation shall apply to the banks and foreign banks branches being granted an operational license by the Bank of Albania.

2. Bank of Albania acting as the operator on the conduction of the payments with its customer shall implement the provisions of this Regulation.

Article 4
Definitions

1. For the purpose of this Regulation the terms below shall have the following meanings

   a) **Bank –** are the banks and foreign banks branches being granted a license by the Bank of Albania, that carry out banking activity and financial activity, on the Republic of Albania and the Bank of Albania acting as the operator of payments for its customers.

   b) **BBAN** – *(Basic Bank Account Number)* is the basic bank account number that represents an alphanumeric sequence (identifying code), used by the financial institutions in different countries, part of the national scheme of establishing the bank accounts number, which identifies uniquely the account of a customer at a financial institution.

   c) **IBAN** - *(International Bank Account Number)* is the international bank account number and represents an expanded version of BBAN, used internationally to identify the account of a customer at a bank. This number is set out as specified in Article 6 of this Regulation, in compliance with International Standard ISO number 13616 "Banking services and similar – International Bank Account Number – IBAN" amended with Standard ECBS EBS 204 "IBAN-International Bank Account Number."

   d) **BIC** – (Bank Identification Code) is the bank identification international code that represents a characters' sequence which identifies at international level, a bank licensed to carry out banking and financial activity within the Republic of Albania. SWIFT sets out this code as specified in the International Standard ISO 9362.

   e) **KIB** – (code of banking identification) is a numeric sequence used to identify nationally a bank being licensed to carry out banking and financial activity within Republic of Albania. The Bank of Albania, in cooperation with banks, sets out this code, as specified in Annex No. 4, attached and integral part of this Regulation).

   f) **Generation of IBAN –** The one time process of creating an IBAN for an account of the customer.

   g) **Capture of IBAN—** The process of converting an IBAN from paper to electronic format.

   h) **Notification of IBAN—** The one time process of notifying the account owing customer of the IBAN generated for the account.

   i) **Transfer of IBAN –** The process of transporting/encompassing the IBAN in the payment instructions.

   j) **Validation of IBAN –** is the process of evaluating the accuracy of IBAN code check digit.

   k) **STP –** (*Straight Through Processing*) – is the automated processing procedure of fund transfers. This process is initiated by debiting the account of the payment ordering customer and is completed by the crediting of the beneficiary's account, without the intermediation either of the manual operations or human care.

   l) **Customer –** is the holder of an account in other the domestic or foreign currency, at a bank.

m) Payment – (Payment instruction) is an unconditioned instruction, initiated by the ordering customer/(beneficiary) to the beneficiary's bank/(ordering's bank), transferred either electronically or in written form, with the aim the transfer or depositing of funds in disposition of the beneficiary at the beneficiary's bank.

n) ECBS – *European Committee for Banking Standards*

o) ECB – European Central Bank.

p) ISO – *International Standards Organization.*

q) SWIFT - (*Society for Worldwide Interbank Financial Telecommunication*) –The International Company, providing the safe global exchange of FIN format messages as well as of the files.

r) Unit of banking network–the branches and/or agencies of a bank on the Republic of Albania.

2. Throughout used in this Regulation the words in singular can be interpreted in plural and vice versa, whenever such a thing is required by the content either of the provision or by the context.

3. The terms in masculine shall imply the feminine as well and vice versa.

4. The annexes attached to this Regulation are an integral part of this Regulation.

Article 5
Function of IBAN

The usage of IBAN, from both the ordering banks and the beneficiary banks, is carried out to fulfil the following operations:

a) The automated processing of bank accounts identification, by assisting the accomplishment of the Straight Through Processing (STP); and

b) The unifying and standardisation of validation check process of the bank accounts.

CHAPTER II
Structure of IBAN

Article 6
IBAN consecutive components

1. IBAN, in the Republic of Albania, is made out of 28 characters, representing the following components:
   a) The code of the Republic of Albania, "AL", as specified in the International Standard ISO 3166 "Codes for the representation of names of countries and their subdivisions";
   b) The IBAN check digit, 2 digits being defined using the method MOD 97-10 as specified in Annex No. 1, observing the International Standard ISO 7064 "Information Technology – *security techniques – check character systems*";
   c) BBAN, which identifies uniquely each customer account on the Republic of Albania.

2. The Albanian BBAN is made out of 24 alphanumeric characters containing the following components:
   a) KIB – composed of 8 numeric characters, that identify uniquely the bank and the unit of its banking network, where the customer has opened the respective account, in compliance with Article 12 of this Regulation;
   b) Customer's account – is made out of 16 alphanumeric characters. The proper banks set out this number. The customer's account number could contain as well a check digit in itself, in compliance with the structure each bank implements. In the event the current number of the bank account is composed of less than 16 characters, then a leading zero is inserted.

3. IBAN contains solely alphanumeric characters from A to Z (uppercase, Latin alphabet) and from 0 to 9 (Arabic digits).

Article 7
Format of IBAN

1. IBAN – is represented:
   a) **In the electronic format:** without blank spaces or separators between the alphanumeric characters; and/or

   b) **In the paper format**: split up in groups of 4 characters separated by a blank space.

CHAPTER III
Relationships among banks and their customers on the generation, notification, use and validation of IBAN

Article 8
Generation of IBAN

1. The Bank generates IBAN according to Article 6 and as specified in Annexes No. 1 and No. 2, attached to this Regulation.

2. The Bank generates an IBAN corresponding to each existing account, as well as for any new account simultaneously with its opening.

3. The Bank is responsible to the customer, for accurately generating the IBAN codes, as specified by the applicable civil legislation.

Article 9
Notification of IBAN

1. The bank shall notify in written form to each current customer, holder of one account at this bank, the IBAN of his own account.

2. IBAN number and the BIC code of the bank, upon the case, are provided to the bank's customer in documented form, as following:
   a) through their definition in the documents of opening a new account, provided to the customer;
   b) through the communication in written form replying to the request submitted by the customer;
   c) by incorporating them in the document of the account statement; or
   d) via their appearance on ATM screens and the respective confirms, throughout the time the client carries out the operations in the account and/or by incorporating them in the other documents regarding the relevant account.

Article 10
Use of IBAN

1. IBAN, for use on the Republic of Albania, with the consecutive components as specified in Article 6 of this Regulation, stays also for the National and International Standard on the structure of the customer's account number.

2. The numbers of customers' bank accounts, used to perform payments, either in the domestic currency or in foreign currency, within the payment systems or via the

correspondent banking schemes, contain the IBAN format, in accordance with the provisions of Article 6 of this Regulation.

3. The Bank on the conduction of the payment, requests the client who orders the payment, to provide the beneficiary's IBAN, if applicable, alongside with the BIC code of the beneficiary's bank. In the event of cross-border payments, the banks implement the provision of this paragraph as well as the provisions of paragraphs 4 and 5 of this Article, as far as IBAN is applicable in the beneficiary's country.

4. The Bank may refuse to process a payment instruction, if the customer does not provide the IBAN of the beneficiary's account and/or the BIC code, of the beneficiary's bank.

5. The Bank may charge additional commissions on the execution of the payment, in the event the client does not own the IBAN code of the beneficiary and/or the BIC code of the beneficiary's bank. In such a case, prior to the execution of the payment, the bank provides to the client information in written form on the applicable additional commissions.

Article 11
Validation of IBAN

1. The Bank, which processes and executes the payment instruction, shall check priory the IBAN validation, if applicable, of the ordering customer/s and of the beneficiary customer/s accounts, either in entrance or exit, notwithstanding the IBAN format either electronically or in paper format. If the IBAN code is ascertained as inaccurate following the validation procedures, the bank shall refuse the processing of that particular payment instruction.

2. The validation of IBAN is accomplished in line with "The method of validation of check digits of the IBAN" as specified in Annex 3, attached to this Regulation.

3. The national payments systems, validate the IBAN on the payments instructions, which are processed within these systems, and in the event of concluding any inaccurateness shall refuse to process these payments.

CHAPTER IV
Code of Bank Identification, KIB

Article 12
Generation of KIB

1. KIB represents an identification number for the bank and/or the bank branch that carries out payment transactions and is composed of:
   a) 3 digits (n1, n2, n3) – the unique code of the bank, which is defined by the Bank of Albania, as specified in Table 1, Annex No. 4, attached to this Regulation;
   b) 4 digits (n4, n5, n6, n7) – the unique code of the organizative unit (branch/agency). The two first digits determine the geographical location, as specified in Table 2, Annex 4, attached to this Regulation, while the two others are established by the proper bank;
   c) 1 digit (n8) – check digit that is calculated based on the module 10, whose formula is laid down in Annex 4, attached to this Regulation.

2. The procedures on the definition, modification and the closing of KIB are stipulated in the document "Instructions on the Code of Bank Identification (KIB)" as specified in Annex No.4, attached to this Regulation.

3. The banks upon receiving the banking licence by the Bank of Albania are provided with the KIB code, as specified in Article 13 of this Regulation.

Article 13
Obligations of the Bank of Albania related to KIB

1. The obligations of the Bank of Albania related to KIB are as following:

   a) provides to the licensed bank, a unique KIB as specified in Article 12 of this Regulation;
   b) confirms the accurateness of the KIB being defined by the bank itself, related to the units of its banking network in compliance with Article 12, paragraph 1, (b) and (c) of this Regulation;
   c) notifies the participants within the payment systems on the new KIB codes and whenever the KIB codes are changed or closed;
   d) holds and publishes the Register of KIB codes.

Article 14
Obligations of banks related to KIB

1. Banks shall promptly inform the Bank of Albania, as specified in paragraph 5 of Annex No. 4 attached to this Regulation, on any possible change of KIB relevant to

which it may be needed the adjustments in the Register of the KIB codes.

2. The Banks are not allowed to modify the KIB codes laid down in Annex No.4, attached to this Regulation, or to use a modified KIB.

CHAPTER V
Final Provisions

Article 15
Transitory provisions

1. Banks generate the IBAN code for all their customers' accounts and notify it respectively to each of their customers **within June 1, 2009**, in accordance with Article 8, paragraphs 1 and 2 and with Article 9, paragraph 1, of this Regulation.

2. Banks and the national payment systems validate the IBAN of the accounts being included in the payment instructions as stipulated in Article 11, paragraphs 1 and 3 of this Regulation, **as from January 1, 2010**.

3. Banks will accept until December 31, 2009 payment instructions that specify accounts in accordance with IBAN format or in compliance with the existing accounts' structures.

4. Banks shall provide information to the Bank of Albania every 6 (six) months as from the entrance into force date of this Regulation, on the performance of the measures taken in accordance with paragraphs 1 and 2 of this Article.

Article 16
Penalties

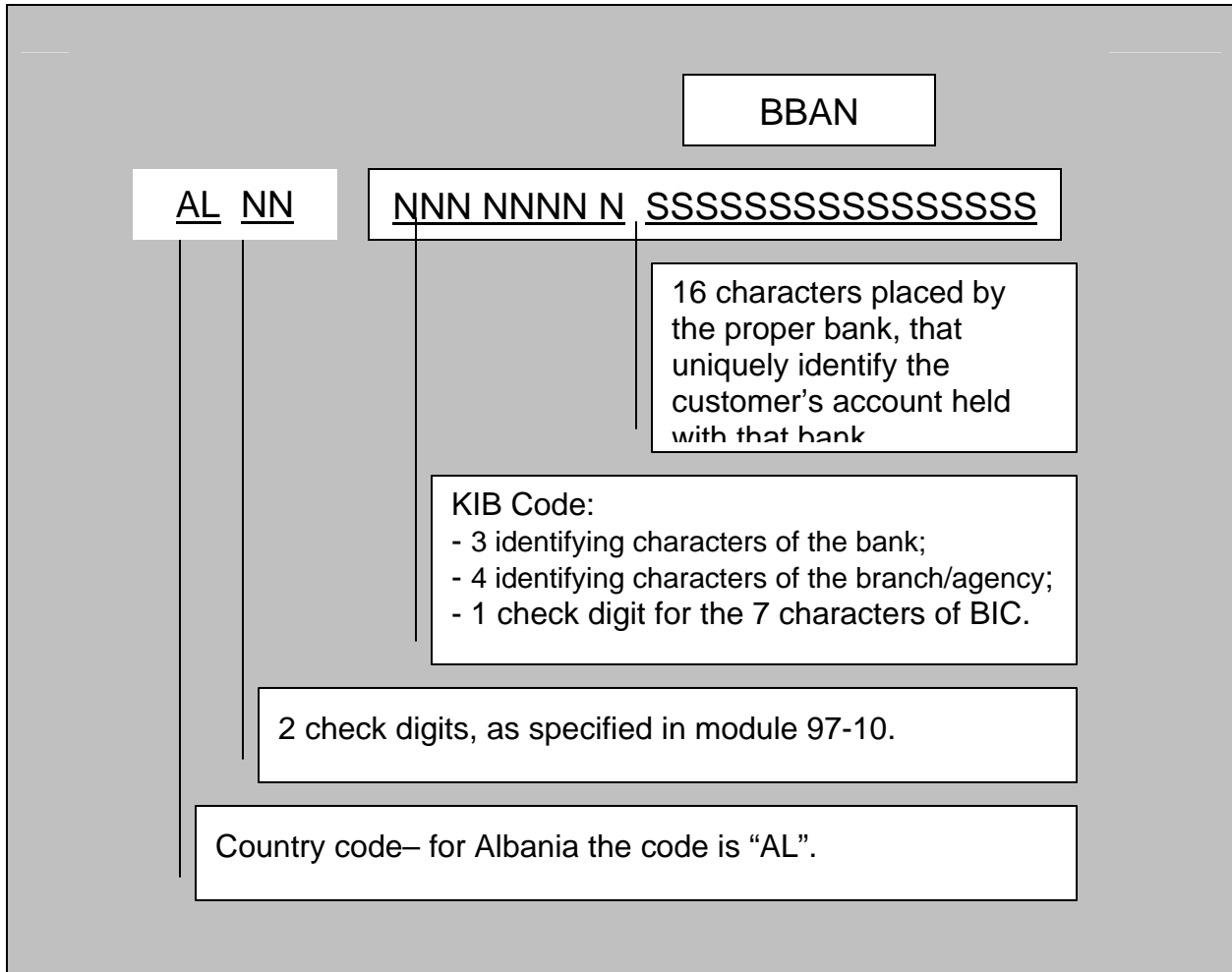Bank of Albania, in the event of concluding any failure and/or violation of meeting the provisions laid down in this Regulation by the banks and/or foreign banks branches, is vested with the right to apply one or some of the supervisory measures, preventive measures or punishing measures as set out in the Law "On Banks on the Republic of Albania".

Deputy Chairman of Supervisory Council

FATOS IBRAHIMI

ANNEX 1
The structure of IBAN


```
                                    ┌──────────────┐
                                    │     BBAN     │
                                    └──────────────┘

        ┌──────────┐   ┌────────────────────────────────────┐
        │  AL  NN  │   │ NNN NNNN N SSSSSSSSSSSSSSSS        │
        └──────────┘   └────────────────────────────────────┘
```

16 characters placed by the proper bank, that uniquely identify the customer's account held with that bank.

KIB Code:
- 3 identifying characters of the bank;
- 4 identifying characters of the branch/agency;
- 1 check digit for the 7 characters of BIC.

2 check digits, as specified in module 97-10.

Country code– for Albania the code is "AL".

N – implies the numeric character from 0 to 9.

S – implies the alphanumeric character from 0 to 9 and/or from A to Z (only upper case).

Example of IBAN

Customer's account number	235698741
BBAN	21211009000000235698741
IBAN- electronic format	AL47212110090000000235698741
IBAN- paper format	AL47 2121 1009 0000 0002 3569 8741

ANNEX 2

Method of calculating the IBAN check digit

Preliminary step

To demonstrate how it is calculated the IBAN code, let's create an artificial IBAN code, composed of the Albanian code "AL", followed by check digits "XX", substituted with "00", and the BBAN made out of 24 digits (no blank space). The procedure ISO 7064, MOD 97 – 10 is used for the definition of the check digits XX, as follows:

Sample: AL**00**212110090000000235698741

Step 1

Move the first four characters of the IBAN to the right of the number:
Result   212110090000000235698741AL**00**

Step 2

Convert the letters into numerics in accordance with the following conversion table:

A = 10	G = 16	M = 22	S = 28	Y = 34
B = 11	H = 17	N = 23	T = 29	Z = 35
C = 12	I = 18	O = 24	U = 30	
D = 13	J = 19	P = 25	V = 31	
E = 14	K = 20	Q = 26	W = 32	
F = 15	L = 21	R = 27	X = 33	

Result   212110090000000235698741102100

Step 3

Apply MOD 97–10 (see ISO 7064).

Calculate the modulo 97 and subtract the remainder from 98. If the result is one digit number, then insert a leading zero.

From the calculation it results: 98 – 51 = 47

IBAN *is*   AL**47**212110090000000235698741

ANNEX 3
Method of validating the IBAN check digits

Preliminary step

If the IBAN is in paper format, convert to basic format by deleting all the blank spaces between the characters. The above sample will assists us to demonstrate a method of validating IBAN check digits.

Sample:

AL**47** 2121 1009 0000 0002 3569 8741   *becomes*   AL**47**2121100900000000235698741

Step 1

Move the first four characters of the IBAN to the right of the number:

Result   2121100900000000235698741AL**47**

Step 2

Convert the letters into numerics in accordance with the conversion table, under step 2, Annex 2:
Result   2121100900000000235698741102147

Step 3

Apply MOD 97-10 in accordance with ISO 7064. For the check digits to be correct, the remainder after calculating the module 97-10 must be 1.

The remainder of the division of 2121100900000000235698741102147 by 97 = 1

Note: For reasons of precisions, the use of integers instead of floating point numbers is recommended. If the number is too long for the software implementation, then the calculation can be split up into consecutive remainder calculations on integers with a maximum length of 9 or 18 digits. Referring to the above example the calculation will be:

- Calculate the modulo 97 of the first 9 digits of the number.

modulo 97 of 212110090 = 2186701.96
- The integer part of the number resulting from the division, is multiplied again by 97
2186701 * 97 = 212109997
- The second number resulting from the multiplication is subtracted from the first 9 digits number.
212110090 – 21210997 = 93
- Construct the next integer of 9 digits from the reminder, preceded by the reminder of the above step (93).
930000002 / 97 = 9587628.887
- Complete part of the number acquainted by the division, is multiplied again with 97
9587628 * 97 = 929999916
- From the first 9 digits number we subtract the second number received from the multiplication.
930000002 – 929999916 = 86

This procedure is repeated until all the digits of the number have been processed. MOD 97 of "201102147" = 1

Annex 4
Instructions on the Code of Bank Identification (KIB)

1. The KIB is made out of 8 digits (123,4567,8) as follows:
   a) the characters 1, 2, 3 serve to codify a bank/or foreign bank branch and are assigned by the Bank of Albania for each bank, where:
      - digit 1 identifies the type of the bank (as specified in Table No. 1);
      - digits 2, 3 serve to the sequential listing of banks.
   b) characters 4,5,6,7 serve to identify the banking units (branch, agency) for each bank, where:
      - digits 4, 5 serve to identify the district where is located the banking unit (as specified in Table No.2);
      - digits 6, 7 serve to the sequential listing of banking units and are defined by the proper bank, in compliance with its internal policy;
   c) the character 8 serves as a check digit for the first 7 numbers of KIB code. The check digit is calculated as specified in module 10[1].

2. The Payments Systems Department in the Bank of Albania, within 5 (five) days of receiving the notification from the Supervision Department on the licensing of a bank, to carry out banking activity in the Republic of Albania, assigns and notifies to the Bank the first part of the KIB (the digits 123) as laid down in Table No. 1.

3. The banks shall inform promptly the Payment Systems Department at the Bank of Albania on the generation of KIB code for each new open unit of the bank, and notify the correct address of any banking unit.

4. The bank shall inform the Payment Systems Department at the Bank of Albania, in the event of:
   a) any change occurrence due to the policies implemented by the bank (merging, closure or bankruptcy, etc.);
   b) any change of the bank's branches/agencies location related to the region;
   c) closure of one or some of their banking units (branch/agency).

5. The banks shall notify the KIB code on each document issued by them, excluding those documents where are provided both IBAN and BIC codes.

6. The Bank of Albania publishes the updated register of BIC codes, following any change notified from banks, observing the paragraphs 3 and 4.

7. The Bank of Albania shall inform the SWIFT Company, on any change occurring in the Table of KIB codes.

---

[1] Algorithm for module 10: $S_8 = 10 - [(S_1*9+S_2*7+S_3*3+S_4*1+S_5*9+S_6*7+S_7*3) \, MOD10]$
 - where S_n is the digit value of n-^{te} of BIC.

Table No. 1.
Structure of KIB

Position	Target	Possible values
Digit 1	Classification of banks	1. Central Bank 2. Banks 3. non defined 4. non defined … 9. Branches of foreign banks
Digits 2 and 3	Sequential Identification of the Bank	Unique sequential number for each bank
Digits 4,5,6 and 7	Identification of the branch/agency	4 and 5 identifier of the district, as specified in table No. 2; 6 and 7 unique sequential number for each branch/ agency of the bank, it is defined by the proper bank.

Table No. 2.
Administrative division of the Republic of Albania.

District[2] / Branch of BoA (1)	Number of region (2)	Districts (chief towns) (3)	District number (4)	District code (2+4)
Tirana	1	Tirana	1	11
	1	Durrësi	2	12
	1	Kruja	3	13
	1	Kurbini (Laç)	4	14
	1	Mirdita (Rrëshen)	5	15
	1	Kavaja	6	16
	1	Mati (Burrel)	7	17
Lushnja	2	Fieri	1	21
	2	Lushnja	2	22
	2	Berati	3	23
	2	Kuçova	4	24
	2	Skrapari (Çorovodë)	5	25
	2	Vlora	6	26
	2	Mallakastra (Ballsh)	7	27
Elbasani	3	Elbasani	1	31
	3	Gramshi	2	32
	3	Peqini	3	33
	3	Librazhdi	4	34
Korça	4	Korça	1	41
	4	Pogradeci	2	42

---

[2] The listing of districts is performed on regional bases, considering as centers of the regions those cities where are located the branches of the Bank of Albania.

	4	Devoll (Bilisht)	3	43
	4	Erseka	4	44
Shkodra	5	Shkodra	1	51
	5	Malësi e Madhe (Koplik)	2	52
	5	Puka	3	53
	5	Lezha	4	54
	5	Kukësi	5	55
	5	Hasi	6	56
	5	Tropoja (Bajram Curri)	7	57
	5	Dibra (Peshkopi)	8	58
	5	Bulqiza	9	59
Gjirokastra	6	Gjirokastra	1	61
	6	Përmeti	2	62
	6	Saranda	3	63
	6	Tepelena	4	64
	6	Delvina	5	65