

International Bank Account Number (IBAN)

IBAN Overview

The **International Bank Account Number (IBAN)** is an international standard for identifying bank accounts across national borders in a way that would minimize the risk of propagating transcription errors. It was originally adopted by the European Committee for Banking Standards, and was later adopted as an international standard under ISO 1 3 6 1 6 -1:200 7 . The official IBAN registrar under ISO 1 3 6 1 6 -2:200 7 is SWIFT

The IBAN was originally developed to facilitate payments within the European Union but the format is flexible enough to be applied globally. It consists of a ISO 3 1 6 6 -1 alpha-2 country code, followed by two check digits and up to thirty alphanumeric characters for the domestic bank account number (incorporating routing information), called the BBAN (Basic Bank Account Number). It is up to each country's national banking community to decide on the length of the BBAN for accounts in that country, but its length must be fixed for any given country

Background

Before IBAN, customers, especially individuals and small/medium businesses (SME's), used to be confused by the differing national standards for bank account identification such as bank, branch, routing codes and account number. This often led to necessary routing information being missing from payments. Furthermore routing information as specified by ISO 9 3 6 2 does not contain check digits, so simple errors of transcription were not detectable and it was not possible for a sending bank to validate the routing information prior to submitting the payment. Routing errors were therefore frequent causing payments to be delayed and incurred extra costs to the sending and receiving banks and often to intermediary banks also.

IBAN imposes a flexible but regular format sufficient for account identification and contains validation information to avoid errors of transcription.

The standard IBAN now carries all the routing information needed to get a payment from one bank to another wherever it may be. IBAN contains check digits which can be validated in any country according to a single standard procedure. It also contains all the key bank account details such as Bank Identifier Codes, branch codes (known as sort codes in the United Kingdom) and account numbers. Where used, IBAN's have reduced trans-national money transfer errors to under 0.1% of total payments.

The check digits enable the sending bank (or its customer) to verify the validity of a routing destination and account number from a single string of data at the time of data entry. Thus routing and account number errors are virtually eliminated.

The IBAN should not contain spaces when transmitted electronically. However, when printed on paper, the IBAN is expressed in groups of four characters separated by a single space, the last group being of variable length as shown in the example below

Country	IBAN formatting example
Greece	GR1 6 0110 10 5 0 0000 10 5 4 7 0 2 3 7 9 5
Great Britain	GB 3 5 MIDL 4 0 2 5 3 4 3 2 1 4 4 6 7 0
Saudi Arabia	SA 8 0 8 0 0 0 0 3 7 5 6 0 8 0 101 9 01 6 0
Switzerland	CH 5 1 0 8 6 8 6 0 0 1 2 5 6 5 1 5 0 0 1
UAE	AE0 7 0 3 3 1 2 3 4 5 6 7 8 9 012 3 4 5 6

The characters that may be used in an IBAN are the Hindu-Arabic numerals '0' to '9' and the 26 upper case Latin alphabetic characters 'A' to 'Z'. This applies even in countries such as Greece, Saudi Arabia and others where these characters and/or numerals are not used in the national language.

Geographical Usage

All banks in Europe (except for the Commonwealth of Independent States) provide an IBAN identifier for their accounts as well as nationally recognized identifiers - this being mandatory within the European Economic Area. In addition, Kuwait, Lebanon, Mauritius, Saudi Arabia, Tunisia and Turkey also provide IBAN format account identifiers.

Some banks outside Europe may not recognize IBAN, though as time passes this is expected to diminish. Non-European banks typically accept IBAN's as bank account numbers for accounts in Europe, although they might not treat IBAN's differently to the way they treat other foreign bank account numbers. In particular, they might choose not to check that the IBAN is valid prior to sending the payment.

In the absence of an IBAN it remains necessary to use the current ISO 9362 Bank Identifier Code system (BIC or SWIFT code) in conjunction with the BBAN.

IBAN Implementation for UAE

The IBAN implementation for the UAE closely follows the international implementation standards.

The IBAN for the UAE will be based on the following components.

Part	Field ID	Length	Type	Description
01	C	2	A	The ISO 3 1 6 6 -1 alpha-2 country code

02	k	2	N	The ISO 7 0 6 4 mod 9 7 -10 check digit
03	B	3	N	The 3 digit institution identifier.
04	A	16	N	The domestic account number within the institution. Fixed length of 16 and prefixed with 0 if the domestic account length within an institution falls short of the expected length of 16.

Based on the above the IBAN for the UAE will be 23 bytes long. The pictorial below depicts the various components of the UAE IBAN.



FAQ on the International Bank Account Number (IBAN)

What is IBAN?

IBAN is the acronym for ISO 13616 standard compliant International Bank Account Number. IBAN is a unique customer account number which can be used confidently in making or receiving payments (excluding checks and credit cards) within the country as well as abroad. The confidence comes from two sources: the first is the internationally accepted standard for numbering bank customer accounts and the second is the ISO standard methodology for verifying the accuracy of the IBAN.

Who can create and issue IBAN?

Banks in UAE having customer accounts which are used for electronic payments are authorized to generate IBAN. No other party is permitted to generate IBAN for bank customers.

Who requires an IBAN?

Bank customers, who receive or make electronic payments in UAE or abroad, will require IBAN. If you have more than one account at your bank, you will require an IBAN for each of your accounts.

How can I get my IBAN?

Each of your account numbers will be converted into IBAN format from November 19, 2011, and you will be informed of the details by your bank. Your bank will also print your IBAN on your bank statement(s) starting November 19, 2011.

How would bank customers benefit from IBAN?

The main benefit of IBAN to the customer is the assurance of their transactions made to correct account to be processed efficiently and with no delay. Since banks check the accuracy of the IBAN at the point of initiating a payment, they can only make the payments which carry the correct IBAN.

Briefly explain the IBAN for UAE?

According to the ISO compliant IBAN Standard issued by the Central Bank of UAE, all IBANs have a fixed length of 23 characters.

UAE IBAN FORMAT			
Country Code	Check Digit	Basic Bank Account Number	
		Bank Code	Domestic Account Number
CC	CD	BBB	AAAAAAAAAAAAAAAAAAAA
AE	??	033	0000000693123456

IBAN has 3 components i.e. the Country Code, the Check Digit & the Basic Bank Account Number

The country code (first and the second characters of an IBAN) helps to identify and country where the account is resident. It contains the ISO two letter country code 'AE' (the ISO country code for the UAE)

The Check Digit (third and the fourth characters of an IBAN) helps to verify the IBAN internationally is always generated by a bank in UAE and helps in verifying if the account number is correct or otherwise

The BBAN helps to identify an account number of a customer, as well as his bank, domestically. It comprises the Bank identifier (which identifies the account holding bank) and the customer account number. In the case of UAE, the Bank Identifier is the 3 digits following the Check Digits.

The remaining part of the BBAN is the existing customer account number. The length of the customer account number in the IBAN is fixed as 16 characters. It can ONLY contain numbers (0 to 9).

What is the difference between an IBAN and a normal account number?

An IBAN can always be distinguished from a normal customer account number by the following:

Two letters at the beginning of the IBAN, which refer to the country code where the account resides;

Two numbers (in the third and fourth position of the IBAN), which represent the check digit;

Three numbers (after the check digits) to identify the respective bank where the beneficiary maintains his/her account; and

The length of the IBAN is 23 characters.

Is there a standard way to write an IBAN?

When you write or print an IBAN on a document, it has to be split into 6 groups of four characters each, e.g.: AE07 0331 2345 6789 0123 456 to support easy recognition. The last group of the IBAN for a customer in UAE contains three characters.

There should not be any spaces when entering the IBAN in an electronic payment message. The IBAN should be presented in an electronic payment message as a continuous string of characters i.e. AE070331234567890123456

Does the existing account numbers become invalid with the introduction of IBAN?

No. Your existing account number will continue to be valid. IBAN is not a new account number. It simply represents the existing account number in an electronically recognizable ISO standard format. The adoption of IBAN in UAE does not require changing or replacing the existing account numbers.

For which transaction(s) can IBAN be used?

IBAN can be used for the domestic and cross-order payments. Additionally, the IBAN will be mandated for use in the Wages Protection System.

Is the IBAN to be used only for international payments?

No, Customers have to use IBAN in making and receiving international as well as domestic electronic payments.

What happens if we do not mention Beneficiary account as IBAN from November 19, 2011 onwards?

Banks will not reject such transactions from November 19, 2011 to 18th February 2012. However, it is likely that your transfer may get processed with delays and additional processing charges as may be prescribed from time to time.

What happens if we don't mention Beneficiary account as IBAN after February 18, 2012?

Banks will not process and will reject such transfers if they do not contain a valid IBAN account number after February 18 , 2012. Furthermore, there may be additional rejection charges applied to the transfer. This is only applicable for payments made to beneficiaries in the UAE.