

2020

# INTERNATIONAL MONEY TRANSFERS BASIC CONCEPTS

The Central Bank of the Republic of Kosovo  
and The World Bank Group  
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[www.remittanceprices.worldbank.org](http://www.remittanceprices.worldbank.org)



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# MONEY TRANSFERS

If you are a resident natural person receiving money from abroad, *it is important that you get familiar with regulated modes of sending and receiving money* in Kosovo for your transfers to be faster, safer and cheaper.



# BANK ACCOUNTS

By opening a bank account in one of the commercial banks you can **send or receive funds** in a foreign currency.

To open a bank account, you need your identification document and residency registration, and you need to read and sign the contract that the bank will offer you.

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Before opening an account, inquire about monthly fees, charges, commissions, and all other services offered in a standard promotional leaflet. Collect multiple offers from a few banks.

# BANK ACCOUNTS

After you open an account, to receive money from abroad, you must share the payment instructions with the sender, which your bank will provide you. These instructions usually contain the following:

- » *Bank name and address;*
- » *Bank international code (SWIFT code or BIC);*
- » *Your full name and address;*
- » *Your account's IBAN.*

It is recommended that you also share the following information:

- » **Correspondent bank in the sender's country (if possible);**
- » **Account currency (unless yours is a multi-currency account).**



# SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION

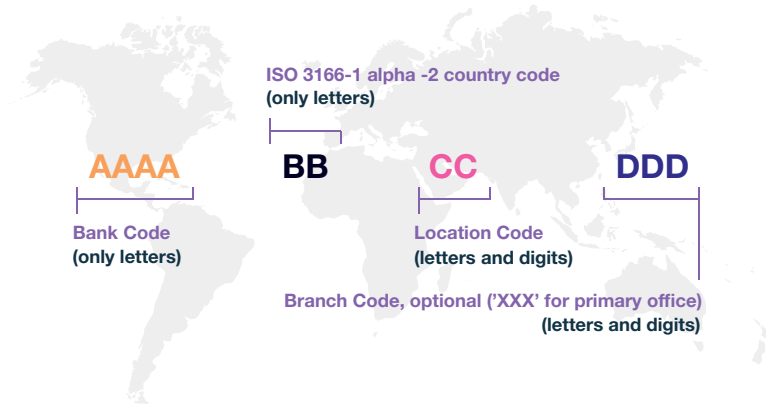
**SWIFT** - *Society for Worldwide Interbank Financial Telecommunication* is an **international banking network** that enables high quality and safe exchange of messages between banks worldwide and is accepted in most countries.



# SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION

**SWIFT technology** enables access to various financial institutions and all processes are automated, which ultimately reduces transfer time.

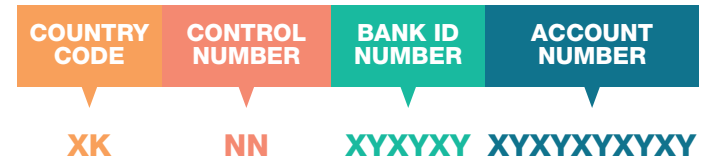
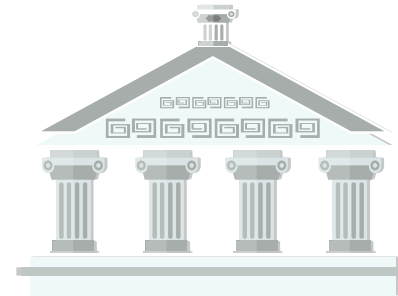
The SWIFT code or **BIC - Bank Identifier Code**, which you will get with the payment instructions, represents the unique identification code of your bank.



# INTERNATIONAL BANK ACCOUNT NUMBER

**IBAN** - International Bank Account Number is the unique identification number of your bank account and is accepted as a standard in international payment operations. *IBAN for the Republic of Kosovo contains a total of 20 alphanumeric codes.*

The IBAN standard enables fast and reliable processing of international incoming flows, with a considerably reduced risk of error, which could arise in the course of data transcription such as number permutation or typing error.





# CORRESPONDENT BANKING

A correspondent bank is a **foreign bank** that performs financial services abroad on behalf of your bank from Kosovo.

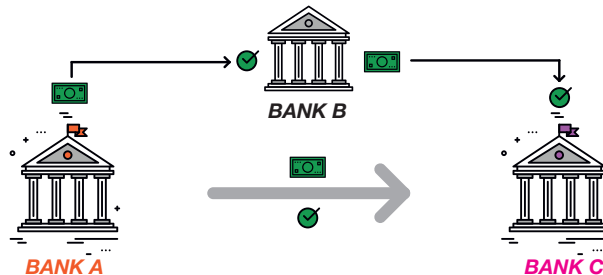
The most immediate form of cooperation is managing deposits in specific currencies for the need of a partner bank.

Ultimately, ***the advantages of correspondent activities*** are transfer speed and considerably lower fees for both the sender and recipient (depending on the selected fee payment option).



# WHY IS CORRESPONDENT BANKING IMPORTANT?

This flow diagram best illustrates payment order processing with and without an intermediary bank:



**Recommendation:** Ask for information on correspondent banks in the country of your sender together with the incoming payment instructions. *Share this information with the sender to decide together on the best option.*

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In case a payment order from bank A goes through bank B, the cost is higher.

*Tip: Always take into consideration the number of banks in the sender-to-recipient chain, as each bank charges its commission!*

# TRANSACTION COST FOR ACCOUNT-TO-ACCOUNT TRANSFERS

*Cost of the remittance = Total amount paid by the sender – Amount collected by the recipient*

Transferring money incurs charges, and one should be able to understand what these charges entail. The overall cost of transfer includes fees set by the domestic and the corresponding bank, the exchange rate, and possibly other (*administrative*) costs imposed by the bank or regulator.

The sender decides who incurs the transfer fees when issuing a payment order. The offered options are as follows:

- » **OUR** – all fees are incurred by the sender
- » **SHA** – the fees are shared among the sender and the recipient, or
- » **BEN** – all fees are incurred by the recipient



# TRANSACTION COST FOR ACCOUNT-TO-ACCOUNT TRANSFERS

*It is important to know which factors affect the overall cost of remittances when using bank accounts:*

- » The total amount of money being transferred;
- » Use of a correspondent bank;
- » Business ties between the sender's and recipient's respective countries;
- » Using an urgent request for sending;
- » Exchange rate;
- » Administrative fees and policies of the transfer provider.



# MONEY TRANSFER OPERATORS - MTOs

**MTOs** provide a service that *does not require owning a bank account to receive or send money*. Transfers are speedy and simple and in Kosovo are carried out through commercial banks and non-bank financial institutions as authorized representatives.

When collecting money, in addition to presenting an identification document, the recipient must state the full name of the sender, the country from which the money was sent, the expected amount, and the transfer control number obtained from the sender.



# MONEY TRANSFER OPERATORS - MTOs

The fees usually depend on the amount being transferred, e.g. a fixed rate for up to 100 euros or 200 – 400 euros etc.

**It is important:**

- » **not to lose** the transfer control number;
- » to **get information** about anti-fraud protection;
- » to remember that **some services have a monthly transfer limit**;
- » provisions of the **financial consumer protection laws do not apply** when using MTO's services.

**Tip:** Those sending money should keep in mind that the commission varies depending on the amount sent and the countries from/to which the funds are being sent. Inquire about transfer fees and gather more than one offer from a financial service provider before making the final decision on how to transfer your money. Some service providers offer lower fees for certain groups of countries - seek all relevant information.



# KEEP IN MIND

Only by **using regulated channels** can you be certain that the money sent to you will arrive safely and quickly, and you will not waste precious time on hand-carried pick-ups. At the same time, the sender will always have proof of dispatch and will be informed about the return of funds in case they were not delivered to the recipient.





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