



Pursuant to Article 35, paragraph 1, sub-paragraph 1.1 of the Law no. 03 / L-209 on the Central Bank of the Republic of Kosovo, and Article 8, paragraph 1, sub-paragraph 1.1, paragraph 2, sub-paragraph 2.3 of the Law no. 04 / L-155 on Payments System, the Central Bank Board, in its meeting held on 22 December 2015, adopted the following:

## **Regulation on Bank Account Standard Numbering System**

### **Article 1 Purpose**

The purpose of this Regulation is to determine the structure of bank account numbers, the relationships between the bank and the client in relation to generation, communication and the use of bank account numbers, as well as procedures for checking the validity of bank account numbers.

### **Article 2 Scope**

1. Commercial banks licensed by the Central Bank of the Republic of Kosovo (CBK) are subject to the implementation of this Regulation.
2. CBK shall enforce the provisions of this Regulation as payment operator for its clients.

### **Article 3 Definition**

Upon enforcement of this Regulation, the following terms shall imply:

- a) “Bank” shall imply as entity defined by the Banking Law;
- b) “BBAN” Basic Bank Account Number shall imply as basic bank account number, which represents a numeric code that uniquely identifies a bank account in the country;

- c) “IBAN” International Bank Account Number shall imply as international bank account number, which is an alphanumeric code, which is an extended version of BBAN and that uniquely identifies the account at the international level; determined in accordance with the international standard ISO 13616;
- d) “SWIFT” Society for Worldwide Interbank Financial Telecommunication shall imply the company providing safe communication of financial messages;
- e) “BIC” shall imply as banks unique international identification code, which represents a code which identifies a bank in the international level licensed to conduct banking and financial activities within the territory of the Republic of Kosovo; determined in accordance with the international standard ISO 9362;
- f) “BIC” shall imply as banking identification code, which is a numerical code used to identify a bank, together with its licensed branch, nationally, to conduct banking and financial activities within the territory of the Republic of Kosovo; is set by CBK;
- g) “ISO” shall imply the International Organization for Standardization;
- h) “IBAN/BBAN validity check” shall imply the evaluation of accuracy of IBAN/BBAN check code;
- i) “STP” (Straight-Through Processing) shall imply as automatic processing of funds transfers. Starts by debiting the payment ordering account and ends by crediting the funds beneficiary account, without manual or such intervention that requires human care;
- j) “Client” shall imply as account holder (account owner) in a bank;
- k) “Payment order” shall imply as any instruction by the payer or the payee provided to its payment institution requiring the payment transaction execution;
- l) “Bank branch” shall imply as bank`s branch and/or sub-branch within the territory of the Republic of Kosovo.

#### **Article 4**

#### **Account standard numbering functions**

Banks are using account standard numbering in order to meet the following functions:

- a) automatic processing when identifying bank accounts, by helping to carry STP processing;  
and
- b) unification and standardization of bank accounts validity check process.

#### **Article 5**

#### **Account standard numbering constituent elements**

1. IBAN in the Republic of Kosovo consists of 20 alphanumeric characters and includes the following elements:

- a) **Code of the Republic of Kosovo** consists of two characters: “XK“, which are defined in the IBAN Register pursuant to international standard ISO 3166-1;
  - b) **IBAN check code** consists of 2 characters, which are set in accordance with the MOD 97-10 calculation method based on international standard ISO 7064;
  - c) **BBAN** consists of 16 characters, set as specified in paragraph 2 of this Article.
2. BBAN consists of 16 numerical characters and includes the following elements:
    - a) **BIC** consists of 4 numeric characters that uniquely set the bank and its branch in which the customer account is opened;
    - b) **Client number** consists of 10 numeric characters, which are set by banks.
    - c) **BBAN check code** consists of 2 numeric characters, which are set in accordance with the MOD 97-10 calculation method based on international standard ISO 7064.

### **Article 6** **Account standard numbering presentation form**

1. IBAN, including the BBAN in account structure, is presented:
  - a) in electronic payment instructions - without separating spaces or symbols between constituent characters; and
  - b) payment documents in paper format – without separating spaces or symbols between characters or by the grouping of 4 characters separated by a space

### **Article 7** **Account standard numbering generation and communication**

1. The Bank generates and maintains IBAN and BBAN for each account in accordance with Article 5 and Annexes 1 and 2.
2. Bank is hold responsible towards the client for IBAN and BBAN accuracy.
3. Bank shall communicate to each and every client regarding their account IBAN and BBAN in print or electronic copy.
4. IBAN and BBAN correspond uniquely and can be derived from each other.

### **Article 8** **Account standard numbering use**

1. For domestic and international payments, IBAN is a format being used since 30 June 2016.

### **Article 9** **Account standard numbering validity check**

1. The bank, which processes and executes the payment order, checks the validity of the IBAN for domestic and international payments. If inaccuracies are identified through validity check, the bank refuses to carry out the relevant payment.
2. IBAN and BBAN validity check is carried out in accordance with the “Method for calculation of IBAN and BBAN check codes”, as defined in Annex 2.
3. National payment systems check IBAN validity for payment orders carried out through these systems and in case of inaccuracy refuse their processing and settlement.

### **Article 10** **Bank Identification Code (BIC)**

1. BIC consists of 4 numeric characters:
  - a) **Bank code**, which consists of 2 characters, which are set by the CBK to uniquely identify each bank. This code may range from 10 to 99
  - b) **Bank Branch Code**, which consists of 2 characters, which are set by banks to uniquely identify each of its branches. This code can range from 00 to 99. For the main branch, this code should be “00”
2. In relation to Bank code, CBK shall:
  - a) set in a sequential order following the banking license awarding;
  - b) maintain and publish the Banking Codes Register;
  - c) inform domestic banks of any change in the Banking Codes Register;
  - d) inform the relevant foreign organizations based on special arrangements for any change in the Banking Codes Register.
3. Regarding bank branches code, the Banks shall:
  - a) set codes that refer to their branches;
  - b) notify CBK on generation, modification or revocation of bank branches codes.

### **Article 11** **Enforcement, remedial measures and penalties**

Any violation of the provisions of this Regulation shall be subject to punitive measures, as outlined in the Central Bank Law and the Law on Payment System.

### **Article 12** **Annex**

The following two annexes are integral part of this Regulation:

- a) Annex 1 – IBAN structure, and

b) Annex 2 – calculation method for IBAN check code

**Article 13**  
**Entry into force**

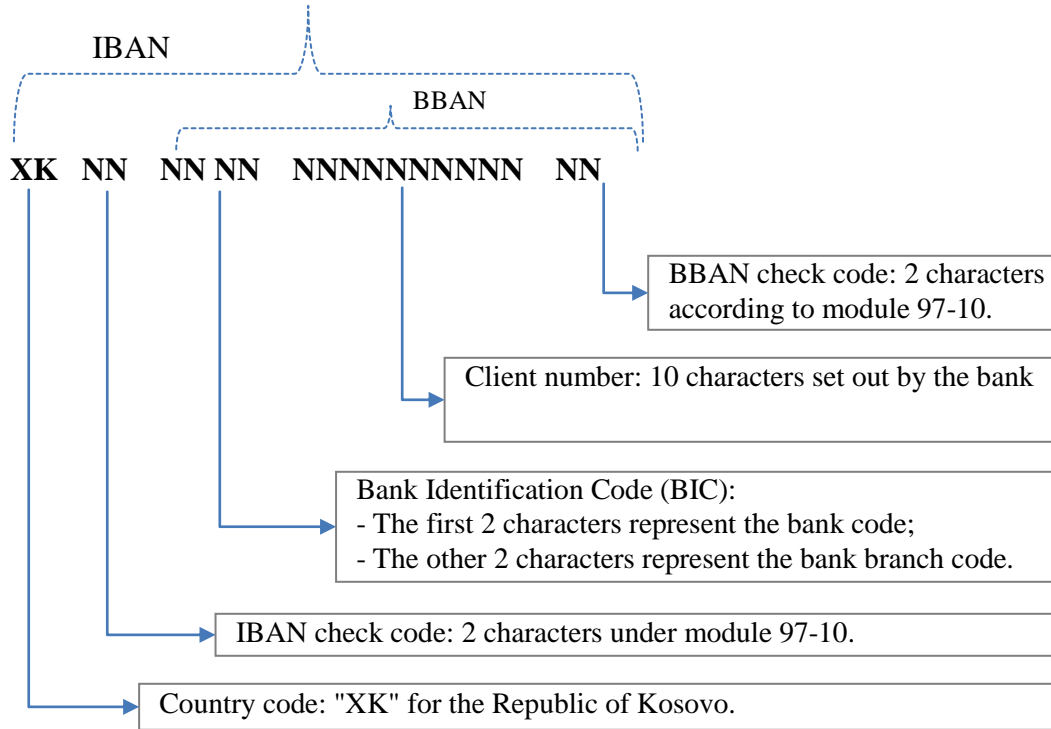
This Regulation shall enter into force on 30 June 2016 and the “Regulation on Bank Account Standard Numbering System” approved by the Central Bank Board on 27 November 2014.

Chairman of the Central Bank Board of the Republic of Kosovo

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Prof. Dr. Bedri Peci

**Annex 1**  
**IBAN structure**



*Example of IBAN*

Client number within the bank										0	1	2	3	4	5	6	7	8	9		
<b>BBAN</b> - BIC + No. of client + BBAN check number				1	2	1	2	0	1	2	3	4	5	6	7	8	9	0	6		
<b>IBAN</b> - Country code + IBAN check number + BBAN	X	K	0	5	1	2	1	2	0	1	2	3	4	5	6	7	8	9	0	6	

## Annex 2

### Method of calculating the BBAN and IBAN check codes

The following instructions indicate the calculation of IBAN and BBAN check codes. For this purpose, we take an IBAN account, which includes the Kosovo's code "XK". As the algorithm for setting the check code is used the international standard ISO 7064, MOD 97-10

*Example:* X K 0 5 1 2 1 2 0 1 2 3 4 5 6 7 8 9 0 6

**Calculation of BBAN check number:** 1 2 1 2 0 1 2 3 4 5 6 7 8 9 0 6

#### **Step 1**

As known, BBAN represent 16 last digits of IBAN.

Firstly, two BBAN check digits are replaced with "00": 1 2 1 2 0 1 2 3 4 5 6 7 8 9 00

#### **Step 2**

In the digit from Step 1 applies the algorithm MOD 97. The remainder from application of MOD 97 in the Step 1 digit is number "92".

#### **Step 3**

The result from Step 2 is subtracted from the number 98, which represents the IBAN check code.

In our case, the check code is "06":  $98 - 92 = 06$ ;

In cases when gained result is one-digit, then it is inserted a "0" before the gained result.

BBAN number, which includes the check code from Step 3 is: 1 2 1 2 0 1 2 3 4 5 6 7 8 9 06

In order to verify the accuracy of BBAN, the remainder after the application of MOD 97 in BBAN (1 2 1 2 0 1 2 3 4 5 6 7 8 9 06) shall be "1".

**Calculation of IBAN check number:** X K 0 5 1 2 1 2 0 1 2 3 4 5 6 7 8 9 0 6

#### **Step 1**

We move the country code and check code to the end, then replace the control digit with "00" whereas letters "XK" are replaced with the numbers according to the following 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:* 1 2 1 2 0 1 2 3 4 5 6 7 8 9 0 6 X K 0 0, following the conversion of letters, we have the following number 1 2 1 2 0 1 2 3 4 5 6 7 8 9 0 6 33 20 0 0

## **Step 2**

We apply MOD 97 in the gained result from Step 1: 1 2 1 2 0 1 2 3 4 5 6 7 8 9 0 6 3 3 2 0 0 0. The remainder from MOD 97 application to the Step 1 result is number “93”.

## **Step 3**

The result from Step 2 is subtracted from 98, which represent the IBAN check code. In our case, the check code is “05”:  $98 - 93 = 05$ . (In cases when gained result has only one character, then it is inserted a “0” before the gained result.)

IBAN number which includes the check code from Step 3 is X K 05 1 2 1 2 0 1 2 3 4 5 6 7 8 9 0 6

In order to verify the accuracy of IBAN, we firstly move the country code and check code to the end of the number, and then we convert the letters “XK” in numbers. The remainder after the application of MOD 97 in the prepared figure (1 2 1 2 0 1 2 3 4 5 6 7 8 9 0 6 33 20 0 5) shall be “1”.

## **Example of MOD 97 application**

We refer to the example of MOD 97 application to BBAN (1 2 1 2 0 1 2 3 4 5 6 7 8 9 0 6):

- I. The first 9 digits of the number are divided by 97  
 $121201234/97 = 1249497.257$
- II. The whole number of the result is multiplied with 97  
 $1249497 * 97 = 121201209$
- III. From the first 9-digit number we subtract the number gained from the result in Step 2  
 $121201234 - 121201209 = 25$
- IV. We create a new number composed of the result in Step 3 and 7 subsequent numbers of BBAN digit and then divide this number with 97.  
 $255678906/97 = 2635865.01$   
*In our case, in this step we have included all digits; otherwise, this procedure is repeated until all numbers are included in calculation.*
- V. The whole number of the result is multiplied with 97  
 $2635865 * 97 = 255678905$
- VI. From the number prepared in Step 4 we deduct the result in Step 5.  
 $255678906 - 255678905 = 1$

The result represents the remainder following MOD 97 application 1 2 1 2 0 1 2 3 4 5 6 7 8 9 0 6.