



**REPUBLIC OF ALBANIA
BANK OF ALBANIA
SUPERVISORY COUNCIL**

**DECISION
No. 26, dated 4.5.2022**

**ON
APPROVING THE REGULATION "ON THE STRUCTURE AND USE OF
THE INTERNATIONAL BANK ACCOUNT NUMBER (IBAN)"**

Pursuant to Article 1, paragraph 4 letter "b"; Article 3, paragraphs 2 and 4 letter "dh"; Article 12, letter "a"; Article 21 and 43, letter "c" of the Law No. 8269, dated 23.12.1997 "On the Bank of Albania", as amended; Article 129, paragraph 6 of the Law No. 9662, dated 18.12.2006 "On the Bank of Albania", as amended; Article 15, paragraph 1 of the Law No. 133, dated 29.4.2013, "On payment system"; as well as Article 81 of the Law No. 55/2020, dated 30.4.2020 "On payment services"; having regard to the proposal from the Payment Systems and Accounting and Finance Department, the Supervisory Council of the Bank of Albania,

DECIDED:

1. To approve the regulation "On the structure and use of the international bank account number", according to the document attached to this decision.
2. The Bank of Albania's Payment Systems and Accounting and Finance Department, Information Technology Department, Supervisory Department, Monetary Policy Department, as well as all the payment service providers as stipulated in Article 3(2) of the Law "On payment services" (when applicable to clients for whom they open an account), are responsible for the implementation of this Decision.
3. Upon entry into force of this Regulation, the Supervisory Council Decision No. 42, dated 16.7.2008 "On the structure and use of the International Bank Account Number (IBAN)", shall be repealed.
4. The Governor's Office and the Research Department shall be responsible for the publication of this Decision in the Official Journal of the Republic of Albania and in the Official Bulletin of the Bank of Albania.

This Decision shall enter into force 15 days after its publication in the Official Journal of the Republic of Albania.

SECRETARY

CHAIR

Elvis ÇIBUKU

Gent SEJKO

CHAPTER I GENERAL

Article 1 Subject matter

This Regulation shall set out the structure of the international account number and the relationship between payment services providers, as defined in Article 3(2) of the Law “On Payment Services”, when applicable, and their clients in respect to the creation, communication, recognition and use of the international bank account number in the Republic of Albania, as well as its validation procedures followed by payment service providers.

Article 2 Legal ground

This Regulation is issued pursuant to:

- a) Law “On the Bank of Albania,” as amended;
- b) Law “On banks in the Republic of Albania,” as amended;
- c) Law "On payment system";
- d) Law "On payment services";
- e) other by-laws of the Bank of Albania on the payment system and payment services.

Article 3 Scope

1. This Regulation shall apply to payment service providers as referred to in Article 3(2) of the Law “On payment services,” when applicable.
2. The Bank of Albania shall adopt the provisions of this Regulation related to the international account number in its role as an operator, as well as for carrying out payments for its clients.

Article 4 Definitions

1. Unless otherwise specified in this Regulation, all the definitions provided for in the Law “On Payment services” and the Law “On banks in the Republic of Albania” shall also be applicable to this Regulation.
2. For the purposes of this Regulation the following terms shall be defined as follows:
 - a) **IBAN** means the international bank account number, generated by the International Standardisation Organisation (ISO), which clearly identifies a personal payment account;
 - b) **BBAN** stands for the Basic Bank Account Number, a national identifier of the bank account number, which clearly identifies a personal payment account with a PSP, used only for national payment transactions when IBAN is not required from the regulatory framework in force; while the same payment account is

- identified unconditionally by IBAN when conducting cross-border payment transactions;
- c) **BIC** stands for the business identification code, which is generated by the ISO and which clearly identifies a PSP at the international level. This code is determined by SWIFT;
 - d) **NIC** is a business identification code which distinctly identifies, at the national level, a PSP licensed to exercise a banking and/or financial activity within the territory of the Bank of Albania. This code is determined by the Bank of Albania in cooperation with the PSP in accordance with this Regulation;
 - e) **Numerical characters** mean the characters comprising the numerical set from 0 to 9;
 - f) **Alphabetical characters** mean the characters comprising the capitalized alphabet letters from A to Z;
 - g) **Alpha-numerical characters** mean all the numerical and alphabetical characters;
 - h) **Client** means the owner of an account (i.e., account holder) whether in domestic or foreign currency at a PSP;
 - i) **Payment order** means an instruction delivered by a payer or a payee to its PSP, which requires the execution of a payment transaction;
 - j) **Payment transaction** means an activity initiated by the payer or the payee for transferring funds between payment accounts, irrespective of the obligations existing between the payer and the payee;
 - k) **ISO** stands for the International Organisation for Standardisation;
 - l) **SWIFT** means the Society for Worldwide Interbank Financial Telecommunication, an international organisation which provides a platform for the exchange of financial information, safely and reliably, and enables the automation and standardisation of financial transactions;
 - m) **PSP network units** means the branches and/or agencies and agents of the PSP operating in the territory of the Republic of Albania;
 - n) **PSP** means the payment service providers as defined in point 2 of Article 3 of the Law “On payment services”, or a commercial natural or juridical person who renders payment services and benefits from the exemptions laid down in Articles 27 and 28 of this Law;
 - o) **Payment account** means an account on behalf of one or more payment service providers, which is used to render payment transactions;
 - p) **Unique identification code** means a combination of letters, numbers or symbols denoted by the payment service provider for the payment service user, and used by the latter in a payment transaction in order for him to be clearly distinguished from another payment service user and/or from the payment account of the other payment service user. For the purpose of this Regulation, “the unique identification code” shall indicate the IBAN or BBAN, where not provided otherwise by the regulatory framework in force;
 - q) **Means of sustainable communication** comprises any means of communication that enables the payment service user to safeguard the information addressed to that payment service user personally, provided that such information is accessible for future reference, for a sufficient period of time for the purposes of accessing the information, and which allows the reproduction of the information stored there in an unaltered form;
 - r) **Credit transfer** means a payment service for crediting a payee’s payment account with a payment transaction or a series of payment transactions from a

payer's payment account by the payment service provider which holds the payer's payment account, based on an instruction given by the payer;

- s) **Direct debit** means a payment service for debiting a payer's payment account, where a payment transaction is initiated by the payee on the basis of the consent given by the payer to the payee, to the payee's payment service provider or to the payer's own payment service provider.
3. In this Regulation, words in the singular could be interpreted in the plural and vice-versa, whenever deemed necessary by the content or context of the provision laid down.
 4. Masculine terms shall also include the feminine terms, and vice-versa.
 5. The attached annexes are an integral part of this Regulation.

Article 5

Purpose of use of IBAN as a unique code for identifying the payment account

The purpose of use of IBAN by both the PSP initiating the payment and the PSP receiving the payment, shall be:

- a) to identify the stand-on-its-own payment account by using a standardized format;
- b) to automatically process the identification of the payment account; and
- c) to unify and standardise the process of checking the validity of the payment account.

CHAPTER II STRUCTURE OF THE IDENTIFICATION CODES

Article 6 IBAN structure

1. IBAN in the Republic of Albania shall consist of 20 alpha-numerical characters which, according to their position within the IBAN, represent the following elements:
 - a) positions 1 and 2 represent the code of the Republic of Albania, denoted by "AL" in compliance with ISO 3166 "*The International Standard for country codes and codes for their subdivisions*";
 - b) positions 3 and 4 represent the check digits of IBAN, which consist of 2 numerical characters that correspond to the check value calculated according to MOD 97-10 algorithm, as set out in Annex 2 (referring to the international standard ISO 7064 "*Information technology – security techniques – check character systems*");
 - c) positions 5 to 28 represent the BBAN of the Republic of Albania.

Article 7 BBAN structure

BBAN in the Republic of Albania shall consist of 24 alpha-numerical characters which,

according to their position within the IBAN, represent the following elements:

- a) positions 5 to 12 consist of the NIC, which comprises 8 numerical characters representing the unique PSP and its network unit in which the client's account has been opened;
- b) positions 13 to 28 represent the client's payment account consisting of 16 alpha-numerical characters. The client's account shall be determined by the PSP, and its constitution may contain a check digit in accordance with the structure adopted by each PSP. If the identifier of the PSP's payment account consists of less than 16 characters, the remaining characters shall be completed with numerical characters of "0" in the front.

Article 8 NIC structure

1. NIC is a national identification code for the PSP and/or the unit of the PSP network which executes payment transactions. The NIC is part of IBAN and BBAN, and it comprises 8 numerical characters which represent the following elements according to their position within the NIC:
 - a) positions 1 to 3 consist of the unique PSP code, which is determined by the Bank of Albania, as provided for in Table 1 of Annex 5 taking into account that:
 - the character in position 1 shows the PSP classification;
 - the characters in positions 2 and 3 are necessary to identify the PSP through a unique double-digit number;
 - b) positions 4 to 7 consist of the unique code of the PSP network unit (branch/agency/agent), which is determined by the PSP itself, as provided for in Table 1 and 2 of Annex 5 taking into account that:
 - characters in positions 4 and 5 are necessary to identify the county where the PSP unit resides,
 - characters in positions 6 and 7 are necessary to determine the PSP unit through a double-digit number, which are designated by the PSP itself in accordance with its internal policy;
 - c) position 8 consists of the NIC check digits, which is determined according to the method set out in Annex 4.

Chapter III PROCEDURES AND OBLIGATIONS RELATED TO IBAN

Article 9 IBAN appearance

IBAN appears:

- a) *in electronic payment instructions*: without blanks or dividing symbols between the characters; and/or
- b) *in payment documents of paper format*: in a sequence of grouped characters with every four characters divided by a blank space.

Article 10
Creation of IBAN

1. The creation of IBAN shall be the process of determining the characters constituting the IBAN of each client's payment account.
2. The PSP shall create the IBAN in accordance with the provisions laid down in this Regulation.
3. The PSP shall create an IBAN for each payment account at the time of its opening.
4. The PSP shall assume responsibility toward the client owning the payment account on the accuracy of the created IBAN, in compliance with the applicable legislation.

Article 11
Communication of IBAN

1. The communication of IBAN is the process of notifying the client who holds a payment account, regarding the creation of IBAN for his payment account.
2. The payment service provider shall communicate to each client holding a payment account with the payment service provider, the IBAN of his account.
3. Where applicable, the IBAN and BIC code of the PSP shall be communicated to the client of the PSP in a documented form, as below:
 - a) by including them in the payment account opening files, which shall be made available to the client;
 - b) by communicating in writing the answer to the client's request;
 - c) by including the codes within the file of the account statement; or
 - d) by posting them in the *homebanking* platform or a sustainable means in distance communication, as well as, when required, confirming any activity in the payment account carried out by the client, and/or including them in other documents accompanying the payment account.

Article 12
The use of IBAN

1. The use of IBAN shall be obligatory for the identification of payment accounts during credit transfers, direct debiting and other payment services, which are processed by the national settlement and clearing payment systems.
2. The number of the client's payment account, used to conduct payments in the domestic or foreign currency via payment systems or corresponding banks, shall have the IBAN format in accordance with the provisions laid down in this Regulation.
3. When conducting a payment, the PSP shall require from the client who orders the payment, the IBAN of the payee, when applicable, as well as the BIC code of the

PSP's payee.

4. The PSP may reject the payment if the client does not provide the IBAN of the payee's payment account and/or the BIC code of the PSP of the payee.
5. When conducting a transfer, the PSP may apply additional fees if the client fails to provide the IBAN code of the payee and/or the BIC code of the payee's PSP. In these cases, before executing the transfer, the PSP shall notify the client in writing about the additional fees applicable.
6. With regard to cross-border payments, the PSP shall implement the provisions laid down in paragraphs 3, 4 and 5 of this Article, so long as IBAN is implemented in the payee's country.

Article 13

Checking the validity of IBAN

1. Checking the validity of IBAN is the process of calculating the checking value and verifying whether it is correctly presented in the characters comprising the IBAN check digits.
2. If the checking value calculated is consistent with the appearance of the corresponding characters of the IBAN check digits, then that IBAN is valid.
3. Checking the validity of IBAN shall be realized following the "Method for checking the validity of the IBAN check digits" as set out in Annex 3.

Article 14

Handling cases after checking IBAN validity

1. The PSP, which processes and executes the payment instruction, shall, when applicable, pre-emptively check the validity of IBAN of the payment account of the sender/s and receiver/s, upon entry and exit, regardless of whether the IBAN is presented in an electronic or a paper format. If, following the procedures for checking the validity of IBAN, IBAN is determined to be invalid, the PSP shall refuse to execute the payment.
2. The national settlement and clearing payment systems shall check the validity of IBAN for payment instructions carried out through these systems. If IBAN is invalid, the payment settlement and clearing in question shall be rejected.
3. In accordance with the provisions laid down in this Regulation, checking the validity of IBAN shall be a prerequisite preceding the execution of the order payment.

Article 15

Handling cases where IBAN is erroneous

1. As provided for in Article 81 of the Law "On payment services," when the order payment has been executed according to the unique identification code (i.e., IBAN),

the order payment is considered to be correctly executed for the payee as determined by the unique identification code (i.e., IBAN), pursuant to the checks referred to in Articles 13 and 14 of this Regulation.

2. When the unique identification code (i.e., IBAN) provided by the payment services user is erroneous, the PSP, pursuant to Article 82 of the Law “On payment services,” shall not assume responsibility regarding the non-execution or the erroneous execution of the payment transaction.
3. Without prejudice to paragraph 2 of this Article, the payee’s PSP shall make reasonable effort to recover the funds included in the payment transaction. The PSP of the payee shall cooperate as well, by communicating to the payer’s PSP all the available information required to recover the funds.
4. If the collection of funds, as provided for in paragraph 3 of this Article, is not possible, the PSP of the payer, following a written request, shall impart to the payer all the information available to the payer’s PSP and which is of interest to the payer, with a view to a submit a legal complaint to recover the funds.
5. If it has been agreed upon in the framework contract, the PSP may charge the payment service user for the fund reimbursement.
6. The PSP shall hold responsibility only for the execution of payment transactions related to the unique identification code (IBAN) received by the payment services user, regardless whether or not the payment services user imparts additional information except the one referred to in Article 38 (1) (a) or Article 45 (b) (ii) of the Law “On payment services”.

Chapter IV OBLIGATIONS RELATED TO NIC

Article 16 The obligations of the Bank of Albania on the National Identification Code (NIC)

1. The obligations of the Bank of Albania as regards to NIC shall be the following:
 - a) makes available to the licensed PSP, the three initial characters of NIC according to the provisions laid down in this Regulation;
 - b) confirms the accuracy of the portion of the NIC determined by the PSP itself for its network units in accordance with Article 8 of this Regulation;
 - c) informs the participants of the payment systems on the new NIC issued or the closure of the NIC;
 - d) keeps, updates and publishes a register of the NIC codes;
 - e) informs the SWIFT company regarding changes to NIC codes.
2. Within 5 (five) days upon receiving the notification on the licensing of the PSP, which enables it to conduct banking and/or financial activities in the Republic of Albania, the department at the Bank of Albania engaged in the field of payment systems shall provide and communicate to the PSP the first part of the National

Identification Code (characters 123) based on the payment services which the PSP will offer, and the provisions set out in Table 1 Annex 5.

Article 17
The obligation of the PSP regarding the NIC

1. For any issues related to the NIC, the PSP shall communicate with the Department of the Bank of Albania engaged in the field of payment systems.
2. The PSP shall immediately notify the Bank of Albania regarding any changes undergone in the list of NIC of the PSP, which could necessitate respective updates in the Register of NIC Codes.
3. The PSP shall immediately notify the Bank of Albania in relation to setting up a national identification code (NIC) for each new unit of the PSP network opened, as well as it shall communicate the correct address of each unit within its network.
4. The PSP shall notify the Bank of Albania in cases when:
 - a) mergers, closures or bankruptcies have occurred due to PSP policies changes;
 - b) the regional location of its branches/agencies/agents has changed;
 - c) one/several of its network units (branch/agency/agents) has closed down.
5. The PSP communicates the NIC in every document it issues, with the exception of documents which include IBAN and BIC.
6. The PSP may not change the existing NIC characters, but can only terminate it.
7. When an existing NIC is terminated, the PSP shall take care to correctly handle those IBAN-s which contain the NIC that is to be terminated.

CHAPTER V
FINAL PROVISIONS

Article 18
Penalties

When the Bank of Albania concludes that there exists an infringement and/or failure by the PSP to implement the provisions laid down in this Regulation, it shall impose one or several of the measures provided for in the Law “On banks in the Republic of Albania” and the Law “On payment services.”

CHAIRMAN OF THE SUPERVISORY COUNCIL

Gent SEJKO

**Annex 1
IBAN structure**

IBAN					
		BBAN			
		NIC			Client's payment account at the PSP
AL	NN	NNN	NNNN	T	SSSSSSSSSSSSSSSS
<i>Country code</i>	<i>2 check characters</i>	<i>PSP identification code</i>	<i>Branch identification code</i>	<i>1 check character</i>	<i>16 characters determined by the PSP itself</i>
"AL" stands for the Republic of Albania	Determined in accordance with MOD 97-10	3 characters denoted by the Bank of Albania	2 characters placed according to Table 2/Annex 5; 2 characters denoted by the PSP	Determined in accordance with the formula referred to in Annex 4	They determine the client's account at the PSP in a unique manner.

N - stands for the numerical characters from 0 to 9.

S - stands for the alphanumerical characters from 0 to 9 and/or from A to Z (only capital letters of the English alphabet are used).

IBAN example

Account number of client	235698741
BBAN	212110090000000235698741
IBAN- electronic format	AL47212110090000000235698741
IBAN- paper format	AL47 2121 1009 0000 0002 3569 8741

Annex 2
Method for calculating the check digits of IBAN

Preliminary step

To explain the calculation procedure, let's take an IBAN code as example, which includes the Albanian code "AL", the check digits "XX" that we are denoting beforehand as "00", as well as the BBAN account number comprising 24 characters (without spaces).

The ISO 7064, MOD 97-10 procedure is used as an algorithm to calculate the check digits "XX", as illustrated below:

Example AL00212110090000000235698741

Step 1:

The first four characters are shifted at the end (to the right) of the IBAN code;
Becomes 212110090000000235698741AL00

Step 2:

All the letters are converted into number as shown in the table below:

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	

Becomes 212110090000000235698741102100

Step 3:

MOD 97-10 (Ref ISO 7064) is applied.

Module 97 is calculated, which means finding what is left after dividing the value of Step 2 by 97. The resulting number is subtracted from 98. If the difference from the subtraction is a single-digit number, than a 0 is added in front of the number to obtain two numerical digits, which will be placed after the "AL" characters.

The result of the calculation is: $98 - 51 = 47$
IBAN is AL47212110090000000235698741

Annex 3 Method for checking the validity of the check digits of IBAN

Preliminary step

If IBAN is presented in the paper format, it must be converted into its electronic format by removing all the blank spaces between the characters. The following example will help us lay out the method for checking the validity of IBAN.

Example AL47 2121 1009 0000 0002 3569 8741

Becomes: AL47212110090000000235698741

Step 1:

Shift to the right the first four characters:

Becomes 212110090000000235698741AL47

Step 2:

The letters are converted to numbers according to the Table shown in Step 2, of Annex 2:

Becomes 212110090000000235698741102147

Step 3:

MOD 97-10 algorithm is applied in accordance with ISO 7064. For the check digits and the corresponding characters to be considered correct, the result obtained by MOD 97-10 should be 1.

The result after MOD 97 e $212110090000000235698741102147 = 1$

Note: For accuracy in calculation, it is recommended to use whole numbers instead of decimal numbers. If the code is a relatively long number for applying the module, than the calculation may be separated and the calculation is to be done on the remaining part referred to the whole number, reaching a maximum length of 9 to 18 characters. As per the example above, the calculation results in:

- The first nine digits of the numbers are divided by 97.

$$212110090 / 97 = 2186701.96$$

- The whole part of the number resulting after the calculation is to be multiplied by 97.

$$2186701 * 97 = 212109997$$

- The second number resulting from the multiplication is subtracted from the first nine-digit number.

$$212110090 - 212109997 = 93$$

- The nine-digit number is subsequently created preceded by the difference obtained from one step prior (93)

$$930000002 / 97 = 9587628.887$$

- The whole part of the number resulting after the calculation is to be multiplied again by 97.

$$9587628 * 97 = 929999916$$

- The second number resulting from the multiplication is subtracted from the first nine-digit number.

$$930000002 - 929999916 = 86$$

This procedure shall be repeated until all the digits of the number are incorporated in the calculation. $\text{MOD } 97 \text{ of "201102147"} = 1$

Annex 4
Method for calculating the check digits of NIC

The numerical character in position 8 of NIC serves as a check digit for the first 7 numbers of the NIC code. The check digit is calculated according to the following formula where N_n is the numerical value of the nth character of NIC:

$$N_8 = 10 - [(N_1 * 9 + N_2 * 7 + N_3 * 3 + N_4 * 1 + N_5 * 9 + N_6 * 7 + N_7 * 3) \text{ MOD } 10]$$

Annex 5
Table 1 - NIC Structure

Position	Purpose	Possible values
Character 1	PSP classification	1. Central Bank 2. Banks 3. Electronic money institution 4. Payment institutions 9. Branches of foreign banks
Characters 2 and 3	PSP identification	Unique double-digit number for each PSP
Characters 4, 5, 6 and 7	The identification of the branch/agency/agent of the PSP	Characters 4 and 5 - the county identifier, according to Table 2; Characters 6 and 7 - unique double-digit number for each branch/agency/agent of the PSP, which is determined by the PSP itself.

Table 2 - the administrative division of counties in the Republic of Albania

County¹ / BoA branch (1)	County number (2)	District (Metropolis) (3)	County number (4)	County identifier Characters (2) dhe (4)
Tirana	1	Tirana	1	11
	1	Durrës	2	12
	1	Kruja	3	13
	1	Kurbin (Laç)	4	14
	1	Mirditë (Rrëshen)	5	15
	1	Kavaja	6	16
	1	Mat (Burrel)	7	17
Lushnje	2	Fier	1	21
	2	Lushnje	2	22
	2	Berat	3	23
	2	Kuçovë	4	24
	2	Skrapar (Çorovodë)	5	25
	2	Vlora	6	26
	2	Mallakastër (Ballsh)	7	27
Elbasan	3	Elbasan	1	31
	3	Gransh	2	32
	3	Peqin	3	33
	3	Librazhd	4	34

¹ Counties are counted on a regional basis, in which cities where the Bank of Albania's branches are located are considered to be the regions' centres.

Korça	4	Korça	1	41
	4	Pogradec	2	42
	4	Devoll (Bilisht)	3	43
	4	Ersekë	4	44
Shkodra	5	Shkodra		
	5	Malësi e Madhe (Koplik)	1	51
	5	Puka	2	52
	5	Lezha	3	53
	5	Kukës	4	54
	5	Has	5	55
	5	Tropojë (Bajram Curri)	6	56
	5	Dibër (Peshkopi)	7	57
	5	Bulqizë	8	58
Gjirokastra	6	Gjirokastra	9	59
	6	Përmet	1	61
	6	Saranda	2	62
	6	Tepelena	3	63
	6	Delvinë	4	64
	6		5	65