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Pursuant to Article 53 of the Law on Foreign Exchange Operations ("Official Gazette of the Federation of BH", Issue: 35/98) and Article 38 paragraph 1 of the Law on Payment Transactions (Official Gazette of the Federation of BH, Issue: 32/00 and 28/03), the Federation Minister of Finance passes:

**INSTRUCTION  
ON THE STRUCTURE AND USE OF THE INTERNATIONAL BANK ACCOUNT  
NUMBER (IBAN)**

Item 1

The Instruction defines the format of the International Bank Account Number (hereinafter referred to as IBAN) for the application of the international regulations and IBAN standards in the banks, and the obligation (regulations) of banks, which they are obliged to apply in opening, verifying, use, as well as notifying its clients, participants in the payment transactions, on their IBAN.

A term «bank», as defined by Paragraph 1 of this Item constitutes any legal entity established in accordance with the Law on Banks ("Official Gazette of the Federation of BH", issues 39/98, 32/00, 48/01, 27/02, 41/02, 58/02, 13/03, 19/03 and 28/03).

Item 2

IBAN is a single identification number of a client with the bank running the KM and/or foreign exchange accounts of the participants in payment transactions. The IBAN format is generated in accordance with the international standard ISO 13616:1997, accepted by the European Commission for the Banking Standardization.

The term «An account» as defined in Paragraph 1 of this Item means the account opened performing payment transactions, collections and transfers on current and capital transactions in foreign exchange or KM.

Bank Identifier Code (BIC) is a single identification number of a bank, created according to the international standard ISO 9362.

Item 3

IBAN is composed of 20 alphanumerical characters, as follows:

a) The first two characters representing the letter codes for Bosnia and Herzegovina, ISO standard 3166 (BA),

b) The next two characters are the check digits/number calculated according to the international standard ISO 7064, MODUL 97-10,

c) The next 16 numerical characters represent (transaction account) according to the Instruction on the format of the account for performing payment transactions ("Official Gazette of the Federation of BH", issue 52/00).

c1) BBB PPP in which

BBB is a three-digit character of the bank according to the Catalogue run by the CBBH

PPP is the three digits character of a bank organization unit according to the main office of that bank, assigned at the bank's discretion,

ZZZZZZZZ - Eight-digit number of the client's account assigned at the bank's discretion,

CC - two-digit control number defined according to the international standard ISO 7064, MODUL 97-10.

Item 4

Only capital letters of Latin script and Arabic numeral can be used in the IBAN.

In the e-form payment orders IBAN should not include any empty spaces nor any other characters.

In the paper media documents, IBAN is shown so that each four characters are separated by one empty space (xxxx xxxx xxxx xxxx xxxx).

Item 5

A bank assigns IBAN to each payments system's participant.

Bank is obliged to indicate for the each payments system participant, the IBAN on the account statement, as well as, the identification number of the Bank (BIC).

Item 6

A Bank is obliged to verify the accuracy of the format and accuracy of the check numbers of IBAN at the inflow of funds.

The manner of IBAN calculation is included in the Annex 1 "Instruction for IBAN calculation and control number verification" of this Instruction.

If the IBAN indicated in the payment order does not have the required format or if the check numbers are incorrect, the bank is obliged to conduct the process of investigation pursuant to the internal procedures.

Item 7

Banks are obliged to adjust the accounts mentioned in the Item 2, Paragraph 2 of this Instruction with the provisions this instruction within the timeline of two years after this Instruction becomes effective.

## Item 8

This Instruction enters in force on the following day from the day of its publication in the «Official Gazette of the Federation of BH».

Ref No 04-14-6035/06  
10 January 2007  
Sarajevo

Minister  
Dragan Vrankic in person

### **Supplement No 1**

#### **INSTRUCTION FOR CALCULATION OF IBAN AND VERIFICATION OF CONTROL NUMBER**

For calculation of the control number we use the international standard ISO 7064, MODUL 97-10 in the following way:

1. To write down the number of the transaction account in sequence without the space:

BBBPPPKKKKKKKKCC.

2. At the end of the transaction account (BBAN) from the Item 1 to add:

- Characters code for Bosnia and Herzegovina «BA» and
- Two zeros »00":

BBBPPPKKKKKKKKCCBAOO

3. In the obtained sequence from the Item 2 letters "BA" to change into numerical characters in accord with the international standards ISO 13616 (Table 1) according to which B=11, A=10.

BBBPPPKKKKKKKKCC111000

4. The obtained number from the Item 3 to divide with the number 97, where we obtain the quotient, whose decimal residue is ignored.

5. The result from the Item 4 to multiply with the number 97, and the obtained product (number of twenty two digits) is subtracted from the number mentioned in the Item 3, after which two digits' residue is obtained (NN).

6. The residue (NN) from the Item 5 to subtract from (97+1), which gives the control number (KB).

$$KB = (97+1) - NN$$

If the difference from the Item 6 is less than 10, the obtained number is preceded by zero (0).

Example:

1. 1990440001200279

2. 1990440001200279BA00

3. 1990440001200279111000

4.  $1990440001200279111000/97 = 20520000012374011453$

5.  $20520000012374011453 \times 97 = 1990440001200279110941$

$1990440001200279111000 - 1990440001200279110941 = 59$ .

6.  $KB = (97 + 1) - 59$

$KB = 39$

$IBAN = BA39 1990 4400 0120 0279$

**Validation of the check number**

1. To write down the IBAN in the sequence without the empty space
2. The character code of the state and the check number to move at the right end of the sequence.
3. To convert the letters into the digits pursuant to the ISO 13616 (Table 1)
4. To divide the obtained number with 97
5. To multiply the result with 97
6. To subtract the result from the number in the step 3.
7. If the result is 1; IBAN is correct.

1. BA39 1990 4400 0120 0279
2. 1990440001200279BA39
3. 1990440001200279111039
4.  $1990440001200279111039 / 97 = 20520000012374011454$
5.  $20520000012374011454 \times 97 = 1990440001200279111038$
6.  $1990440001200279111039 - 1990440001200279111038 = 1$ .

**Table 1. Conversion of letters into digits:**

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	