

BIC and IBAN Validation in the Netting Process

by EuroNetting Inc.

Most Netting Centers transfer funds to and from their netting participants at the end of the netting cycle to settle the net positions calculated in the netting process; frequently this can be done very simply by transferring the net position information into the company's treasury workstation using mapped preformat codes representing the netting participant and payment currency, while other netting centers might generate a fully-formatted SWIFT message or other proprietary bank payment format, which requires including complete details of the payment path.

When a fully-formatted payment is required, it is becoming increasingly important that the bank and account information be validated prior to payment initiation, not only to make sure the payment reaches the beneficiary without delay (an important element of any payment process but especially so for netting in which all payments are expected to settle on the same date), but also to keep costs to a minimum by avoiding expensive repairs. Therefore, for all fully-formatted cross-border payments emanating from a multilateral netting system it is essential that the payment includes a valid **Bank Identifier Code** (BIC, often also referred to as a SWIFT code) for the beneficiary bank.

In Europe, the EC (European Commission) created the **Single Euro Payments Area** (SEPA) initiative with the goal of removing the barriers to movement of funds across borders, and to thereby reduce the cost of euro payments to the level of domestic transfer costs. SEPA requires that payment include not only a valid Bank Identifier Code, but also a valid **International Bank Account Number** (IBAN) that conforms to standards administered by the European Committee for Banking Standards (ECBS).

To enable our clients to meet SEPA requirements for IBAN and BIC code validation in cross-border payment instructions with the euro area, and to generally ensure that BICs used in our clients' payment instructions are valid, EuroNetting now includes both BIC and IBAN validation services.

BIC Validation in EuroNetting

To ensure accuracy of your Bank Identifier Codes in EuroNetting, we provide an integrated link to the **BankVal International** web service from our partner [Unified Software Limited](#).



Unified Software provides an efficient and low cost service for validating your BICs against their comprehensive and up-to-date BIC database licensed directly from SWIFT.

With your Bank Val International user ID and password configured in your EuroNetting database, new and existing BICs included in your bank account and participant settlement instructions can be automatically validated.

Validating IBANs

An IBAN is not a new account number, but simply a new format for an existing bank account number that will be recognized internationally. An example is:

FR1420041010050500013M02606

An IBAN can be up to 34 alphanumeric characters:

- the current set of country-specific formats administered by the [ECBS](#) range from 15 (Norway) to 31 (Malta)
- the first two characters are the ISO 3166 country code of the country in which the bank/branch servicing the IBAN resides
- the next two digits are a MOD 97-10 checksum
- the remainder of the IBAN conforms to country-specific layouts; some of these include alphanumeric fields, others are strictly numeric

EuroNetting's integrated validation process validates your IBANs in accordance with SEPA standards: we check the 2-character ISO country code, we check for conformance with the country-specific IBAN layout, and we then verify the MOD 97 checksum.

Countries that are currently supported in our validation process include:

Andorra	Gibraltar	Malta
Austria	Hungary	Poland
Belgium	Iceland	Portugal
Cyprus	Ireland	Romania
Croatia	Italy	Slovak Republic
Czech Republic	Liechtenstein	Slovenia
Denmark	Luxembourg	Spain
Estonia	Monaco	Sweden

Finland

Lithuania

Switzerland

France

Latvia

Turkey

Germany

Netherlands

United Kingdom

Greece

Norway

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