



Central Bank of Kuwait

Information Technology & Banking Operations Sector

Information about International Bank Account Number (IBAN) Implementation in Kuwait

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Introduction

Based on Central Bank of Kuwait endeavors in developing the banking industry in Kuwait, the Central Bank of Kuwait has established a team to study the IBAN implementation in Kuwait. The team studied the previous implementations of IBAN to benefit from these experiences in implementing IBAN in Kuwait. Accordingly and in coordination with the banks operating in Kuwait, and the decision of the Central Bank of Kuwait board of directors (No.89/367/2010) issued on 2/9/2010, concerning the implementation of the IBAN in Kuwait, the IBAN structure of Kuwait has been registered in the IBAN registry to be effective from the first of January 2011.

The purpose of this manual is give general information about IBAN, and the role of different entities related to bank payments when implementing IBAN in Kuwait: banks operating in Kuwait, banks' customers both recipient of funds and payment issuance.

This manual is divided into the following main parts:

- 1- General information about IBAN.
- 2- IBAN structure for Kuwait.
- 3- The parties' roles related to IBAN implementation in Kuwait.

1) **General information about IBAN**

What is an IBAN?

“IBAN stands for International Bank Account Number. It is the ISO 13616 international standard for numbering bank accounts. In 2006, the International Organization for Standardization (ISO) designated SWIFT as the Registration Authority for ISO 13616.

The IBAN facilitates the communication and processing of cross-border transactions. It allows exchanging account identification details in a machine-readable form.

Nationally-agreed, ISO13616-compliant IBAN formats are submitted to the registration authority exclusively by the National Standards Body or the National Central Bank of the country. ”¹

IBAN format for Kuwait has been registered in the IBAN registry based on Central Bank of Kuwait request and will be effective from the first of January 2011.

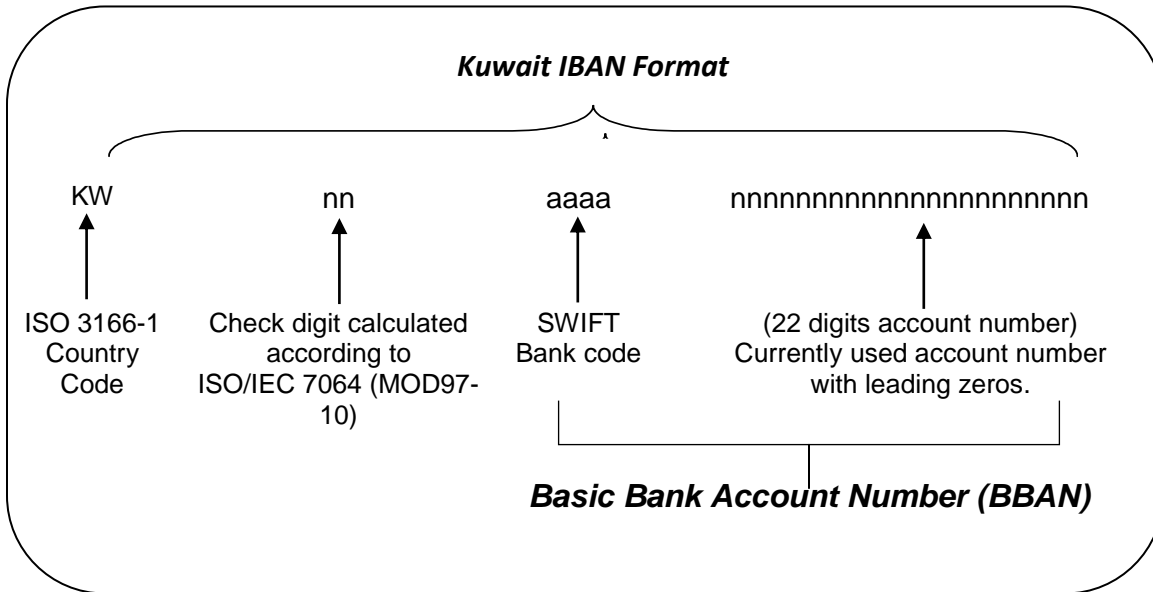
IBAN is a new account structure that includes the existing account number with additional information to its left, indicating the country code, the bank code for the bank account holder, check digits and additional leading zeros.

IBAN implementation will promote faster and reliable funds transfers between banks. The following types of payments are included in the IBAN implementation in Kuwait:

- 1- Payments between banks operating in Kuwait.
- 2- Incoming payments from banks outside Kuwait to beneficiaries in banks operating in Kuwait.
- 3- Outgoing Payments from banks operating in Kuwait to beneficiary accounts at banks outside Kuwait in the countries that are implementing IBAN.

2) IBAN Structure in Kuwait

According to the study done by Central Bank of Kuwait on bank account numbers at the banks operating in Kuwait, Central Bank of Kuwait prepared the IBAN format for Kuwait. The IBAN format for Kuwait was discussed and agreed with the banks operating in Kuwait. Then Central Bank of Kuwait requested SWIFT (IBAN registration authority) to register the IBAN format for Kuwait effective from 1/1/2011.



The IBAN for Kuwait consists of 30 digits (letters and numbers) divided as follows:

- Two letters for the country code: "KW".
- Two check digits.
- The Basic Bank Account Number (BBAN) for Kuwait consists of 26 digits divided as follows:
 - Four (4) letters for the bank code.
 - 22 alphanumeric digits and it is produced by entering leading zeros to the current bank account. for example: If the bank account number of one of the banks in Kuwait consists of ten (10) digits of "1234560101" then a twelve (12) zeros before the number of the current bank account as the next : 0000 0000 0000 1234 5601 01.

IBAN Print format:

When printing IBAN or writing it on paper, it should be written from left to right in the form of groups each of which consists of four (4) digits. Groups are separated by a single space as shown in the following example:

KW81 CBKU 0000 0000 0000 1234 5601 01

IBAN Electronic format:

When writing IBAN electronically, it should be written from left to right without spaces as shown in the following example:

KW81CBKU00000000000001234560101

3) Parties involved with the IBAN implementation in Kuwait**a) Banks operating in Kuwait**

- According to IBAN international standard, only the account holding bank is authorized to generate IBAN for the customer accounts.
- Update the bank systems to issue customer account numbers based on the IBAN structure of Kuwait, the IBAN structure are not an alternative to current accounts but rather a new structure used to receive and send transfers between banks (locally and internationally).
- Update the bank systems to recognize payments received for their customers having IBAN numbers.
- Update the bank systems to verify the validity of IBAN number for the recipient of payments issued by their clients. If the payment has an invalid IBAN it should be rejected (this validation is done for payments in the countries implementing IBAN only).
- Provide different alternatives for the customers to receive their IBAN number from the bank (e-banking system, customer support, etc.)

- Update the bank systems to add the IBAN number on the customer's bank statement.
- Have marketing campaigns to explain the IBAN implementation in Kuwait for their customers.
- Banks operating in Kuwait must take the necessary measures to ensure that their systems validate the IBAN numbers of remittances sent to them according to the IBAN structure defined in 'ISO 13616 IBAN Standard'.

b) Bank Clients: Recipient of funds

- Get the IBAN number for your account from the bank. It is possible to get the IBAN number from your bank statement or through the other different means of communication with the bank such as: e-banking system, the ATM, or contacting the bank.
- Provide your IBAN number to the person or entity that would like to transfer funds to you.

c) Bank Clients: Payment Issuance

- Get the IBAN number for the recipient (if the recipient account in a country implementing IBAN).
- Add the IBAN number to the payment information.

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