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American University in Kosovo

# IBAN in Kosovo

Submitted as a Capstone Project in partial fulfillment of a Master of Science Degree in Project Management and Service Management at AUK#

Fisnik Latifi  
5/1/2011

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## List of Acronyms

BBAN	Basic Bank Account Number
BEN	Beneficiary of a payment covers the costs
BIC	Business Identifier Code
BMI	Business Monitor International
BPK	Banking and Payment Authority
CA	Current Account
CBAK	Central Bank Authority of Kosovo
CBK	Central Bank of Kosovo
ccTLD	Country Code Top-Level Domain
CH	Confoederatio Helvetica - Switzerland
EICS	Electronic Interbank Clearing System
EU	European Union
GDP	Gross Domestic Product
GNP	Gross National Income
IANA	Internet Assigned Numbers Authority
IBAN	International Bank Account Number
ICANN	Internet Corporation for Assigned Names and Numbers
IEC	International Electrotechnical Commission
IMF	International Monetary Fund
ISO	International Organization for Standardization
KS	Kosovo (alleged country code)
MOD-97	modulo 97
OUR	Sender covers the costs of a transfer order
RTGS	Real-Time Gross Settlement
SHA	Sender and receiver cover the transaction costs
STP	Straight-Through Processing
SWIFT	Society for Worldwide Interbank Financial Telecommunication
UN	United Nations Organization
US	United States of America
USD	US Dollar

## Executive Summary

In 2010 a conference held under the title “Kosovo in Internet”, funded by the Foreign Policy Club in Prishtina, brought to light a severe problem that Kosovo faces in its international representation on the web. Unlike the United Kingdom (.uk), or Germany (.de), Kosovo cannot use .ks for directing to websites hosted in the territory of Kosovo. These two-letter addressing codes are called country code Top Level Domains (ccTLD), which are assigned by the Internet Corporation for Assigned Names and Numbers (ICANN).

Under ICANN rules, to be eligible to receive a two-letter ccTLD a country must first have been assigned a two-letter statistical code by the International Standards organization (ISO). The problem is that Kosovo does not meet the ISO pre-requisites to be eligible for the assignment of two-letter code by ISO. This is because Kosovo is neither a member state of the United Nations, nor recognized by the United Nations Statistical Division as a distinct geographical entity for purposes of statistical collection and reporting. As a result, Kosovo is ineligible to be included in the list of global country and other geographic entity names and their abbreviations. This list is called ISO-3166 and is essentially an internationally agreed standard for short forms of countries, which is used everywhere, from the Olympic Games to Facebook.

In financial transactions the ccTLD code is used for routing money transfers among bank institutions worldwide. The European Union has established a fully automated system, called IBAN, which routes payment orders from sender bank directly to the receiver bank in another country, without the intervention of intermediary banks, or straight-through processing. The IBAN addressing system depends on the use of the ISO-3166 two-letter codes.

This paper discusses the possibility to use this payment instrument in Kosovo and delivers a plan on introducing IBAN to the Central Bank of Kosovo and all retail banks. It recognizes that, to be implemented, Kosovo must receive a ccTLD, or the IBAN system must agree to a solution that includes Kosovo on an interim basis until the code is assigned.

It delivers a proposed design for a format structure, which is in compliance with international standards and which responds to the currently applied account format by banks in Kosovo. Realization of this idea requires coordinated actions performed by the main stakeholders: Government of Kosovo, Central Bank of Kosovo and the commercial banks operating there. The paper provides a road map to implement IBAN in Kosovo by listing the key requirements for implementation, and by distributing the responsibilities among the stakeholders to fulfill the stated requirements.

An estimation of costs to implement IBAN and the anticipated transfer volumes for the upcoming years serves as a financial feasibility test, which results very advantageous to the bank customers.

The Government of Kosovo is advised to advocate toward the international recognition of Kosovo, and to join the United Nations and other organizations.

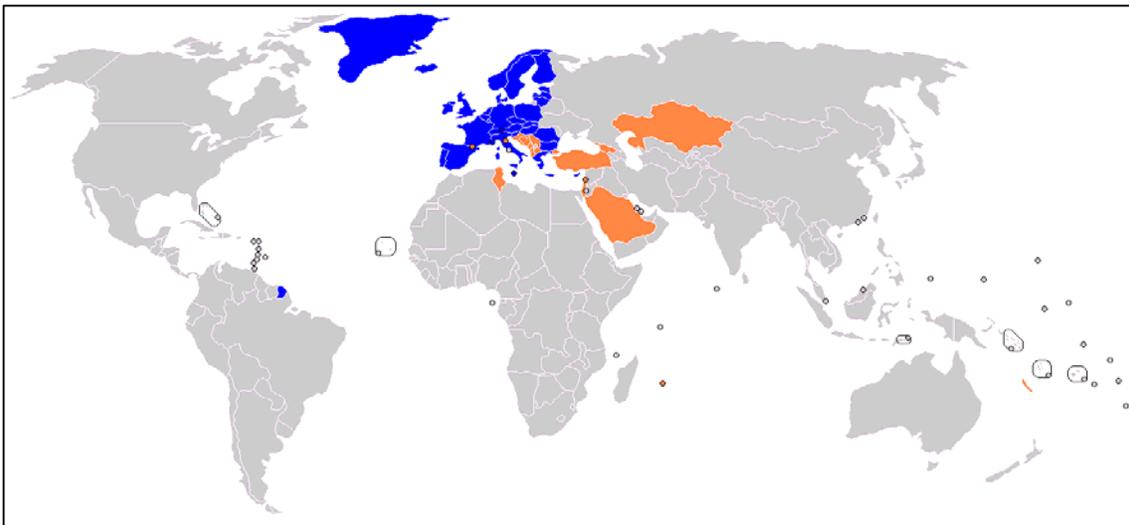
Further, the Central Bank and the retail banks are recommended to reduce cash transactions and to introduce IBAN to Kosovo.

All countries of the world are invited to recognize the independence of the Republic of Kosovo and enable it towards self-sustainability.

## 1. Regional context of international payments

In regards to regional context, Kosovo is far behind its neighbors when dealing with international bank transfers. All countries of the Euro zone plus Switzerland and Norway are using IBAN by profiting of low transfer costs from their membership in the Single European Payments Area (SEPA). As of October 2010 worldwide 51 countries are operating their payments with an International Bank Account Number (IBAN), which include the SEPA countries and Kazakhstan, Saudi Arabia, Turkey, Tunisia, Israel, Kuwait, Lebanon, Mauritania, Mauritius, United Arab Emirates, Dominican Republic, Andorra, San Marino, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Albania and Macedonia. Only Russia, Belarus, Ukraine and Kosovo are the remaining countries in Europe, which do not use IBAN yet. (ISO, 2011)

Figure 1.1: World map depicting IBAN and SEPA countries (blue: SEPA and IBAN countries, orange: IBAN countries)



The impression Figure 1.1 gives is that IBAN appears to be very Euro-centered. However, the aim of the IBAN developers is to create a globally unified transfer system for monetary payments. The US banks, for instance, connect to Europe through their Automated Clearing House (FedACH), which in general is the counterpart of what is known in Europe as Giro, which is operated by the Federal Reserve. Until now the United States have refused to use IBAN. (Fedfocus, 2007)

Most countries assert as reason for using IBAN is the statement that the system offers a simplified and automated straight-through processing, elimination of rejected and returned payment orders, increased usage of internet payments and the general increase of speed to process an order.

Kosovo is the only country in the Balkans not using IBAN (ISO, 2011), as illustrated in Table 1.1.

Table 1.1: Date of inclusion of a country in the IBAN Registry:

<b>Country</b>	<b>Date</b>
Macedonia	December-04
Croatia	January-05
Serbia	February-05
Bosnia	November-05
Bulgaria	May-06
Montenegro	January-07
Albania	January-10

The economic impact of Kosovo's non-participation in the European and global banking system is significant, and includes fewer financial transactions from the Diaspora, a higher dependency on cash as a transfer instrument, higher transaction costs for cross-border payments, due to more complex routing processes through correspondent banks.

### **1.1. The case of Albania**

In July 2008, the Bank of Albania publicized a policy for implementing the International bank account number in this country. (BoA, 2008) It required the involvement of the Bank of Albania for the leading role of implementation and oversight of bank transfer operations, and of the commercial banks operating their international transfers via IBAN.

The main functions of IBAN were stated as

1. automated identification of bank accounts in order to achieve straight-through processing of payments, and
2. unified and standardized validation of bank accounts.

The Albanian IBAN consists of 28 alphanumeric characters, containing the Albanian country code “AL”, digits calculated through MOD-97 and the BBAN, which is unique for every bank account in Albania. The BBAN is further divided in its content by a Bank Identification Code, which identifies the financial institution and its regional branch for every bank account and the actual account number of a bank client. The commercial banks are responsible for generating IBAN numbers for all their clients and bear liability for the correctness of it.

They were also responsible to communicate to all their clients their individual IBAN number and (Business Identifier Code (BIC) through following channels:

- At opening of new bank accounts
- By written response upon customer request
- By incorporation in account statements
- As an appearance on ATM screens and other account-specific documentation

As of June 1 2009, all banks operating in Albania have started to generate and communicate for all bank accounts the respective IBAN number to their clients, and as of January 1 2010 validated all IBAN numbers for their customers' requests.

However, Albania did not face the hurdles of a country in creation, like Kosovo. Albania is a member of the United Nations and other organizations and already provided a country code when it started to implement IBAN.

The Albanian financial sector has managed to increase the country's non-paper payment orders by 84% from 2008 to 2010. (BoA, 2011),

## 2. The Current Options to Transfer Money in Kosovo

Since 1999, the then created Banking and Payment Authority of Kosovo (BPK), and in 2006, renamed and further empowered Central Banking Authority of Kosovo (CBAK) regulates the payments of commercial banks in Kosovo. After the declaration of independence in February 2008, the Central Bank of Kosovo (CBK) was established as an independent body reporting to the Assembly of the Republic.

The power of the CBK in payment matters includes “to formulate and implement measures for, and oversee and regulate, payments and settlement systems for transactions in domestic and foreign currency in Kosovo” and “to own and operate one or more payment systems” (CBK, 2009, p. 8). The currently used payment systems in Kosovo are the Electronic Interbank Clearing System (EICS), SWIFT and money transfer operators.

### 2.1. A Cash-Based Society

By using the euro Kosovo has become a so-called dollarized nation, a fact that excludes the CBK to apply monetary policies due to its non-membership in the Eurosystem or the European System of Central Banks. The CBK can only collect soiled bank notes and coins, and replace them with new ones. However, for different reasons, as there are worth mentioning: the infrastructural hurdles to perform cross-border payments, the continuous mistrust in financial institutions by the population, money laundry of illegal activities or the attempt to avoid taxes makes the use of cash very attractive and broadly accepted. This is indicated also in the fact that Kosovo has a “surplus of cash” (CBK, 2009, p. 13), which means that more money is exported than imported by the CBK. The source of this cash are remittances brought by immigrants visiting Kosovo, peaking in the summer months and in the end-of-year holiday seasons. Over 39% of all remittances were sent in the first three quarters of 2010 through other channels than banks and transfer institutions, which leaves cash. This is an amount of 145.5 million euro. (CBK, 2011, p. 61)

## 2.2. Bank Transfers within Kosovo

The Electronic Interbank Clearing System (EICS) was created by the BPK with international support in design and development and is today used by all commercial banks and the CBK for clearing of all priority payments, individual payments, mass payments, Kos-Giro payments and debit direct payments. It allows straight through processing (STP) and runs daily four clearing sessions, with exception of priority payments, which are cleared manually within 15 minutes. The greater banks have a real-time system for settling transfers within the bank.

The message formats used in EICS are designed during the development phase of the system, but are not yet compatible to ISO 15022 standard message formats, which would allow maintaining a Real-Time Gross Settlement (RTGS) system. (CBK, 2009, p. 16)

## 2.3. Bank Transfers Abroad

Most commercial banks are using Society for Worldwide Interbank Financial Telecommunication (SWIFT) messages for processing payments from and to abroad. It provides a global messaging platform for over 9000 financial institutions performing wire transfer of international payments. It applies international standards for its message format and is thus compatible with all participants who use these standards and the appropriate software. (SWIFT, 2011)

All retail banks in Kosovo have a Business Identifier Code (BIC) as an international identification measure, and use the jurisdiction of the Republic of Serbia as provider of a country code<sup>1</sup>. In contrast to the commercial banks, the CBK is not using a BIC on its own because in the current situation, it does not fulfill the conditions for a membership in this organization and it chose not to use the jurisdiction of any other country for its purposes, by emphasizing on Kosovo's sovereignty as an independent state. (Cavdarbasha, 2011) Until quarter three in 2010, only 19% of all remittances were sent by bank to Kosovo, with a total volume of 71.7 million. (CBK, 2011, p. 61)

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<sup>1</sup> At least three commercial banks in Kosovo use actively their BIC: ProCredit Bank (MBKORS22), Raiffeisen Bank (RBKORS22), NLB Prishtina (NLPRRS22). Some other banks have a BIC, but choose to not use it.

Currently the Kosovar banks apply SWIFT messages to process incoming funds from abroad, and use correspondent banks as intermediary institutions, or routers, to connect the sender bank with the Kosovar recipient bank. The necessity to use foreign banks' transfer infrastructure, especially IBAN, has moved Kosovar banks to establish bilateral relations with Major European and US banks, where the prior have so-called Nostro accounts with their intermediates. The bearer of the transaction costs varies from the form the payment order and allows the following options:

**OUR:** the sender of the funds pays the transfer costs applied by sender and intermediary bank, deducted from the sending client's bank account. The beneficiary receives the whole amount, while the transaction costs are deducted from the sender's account.

**SHA:** the sender pays the costs of the originating bank and the beneficiary pays the intermediary bank(s)' costs. The latter receives the transfer amount minus the intermediary fees.

**BEN:** The beneficiary pays all costs of the transaction and receives the rest of the transferred amount.

## 2.4. Money Transfer Operators

By 2009, there were three money transfer operators, also-called financial intermediaries active in Kosovo. Emigrants prefer this payment method for sending financial support to their relatives in Kosovo, because it is made very easy for the customers (Western Union advertises by emphasizing that the clerk will fill out the form for the customer). It is also very attractive because the users do not need to open an account and because the transfer is made within minutes. Almost 41% of all remittances in 2010 came through this channel (CBK, 2011, p. 61). However, its share in total international transfers was only about 4.4%. (CBK, 2010, p. 49)

## 2.5. Volumes of Financial Cross-Border Transfers

The tables below depict the recorded history of financial transaction with Kosovo in the previous ten years. Transfer channels separate the volumes. (CBK, 2011)

Table 2.1: Incoming international Transfers to Kosovo

in million euro	INCOMING INTERNATIONAL TRANSFERS TO KOSOVO			
	Total	Central Bank of Kosovo	Retail Banks	Financial Intermediaries
2000	409.7	117.2	286.1	6.4
2001	857.1	227.0	588.2	41.8
2002	1,094.1	239.7	747.9	106.5
2003	1,286.1	232.0	916.7	137.4
2004	1,328.1	92.6	1,073.2	162.3
2005	1,203.0	92.7	943.1	167.2
2006	1,488.1	261.1	1,042.3	184.7
2007	1,701.5	331.3	1,171.5	198.7
2008	2,147.6	228.5	1,706.0	213.1
2009	2,095.0	188.4	1,702.6	203.9
2010	2,182.6	312.9	1,656.5	213.1

Table 2.2: Outgoing International transfers of Kosovo

in million euro	OUTGOING INTERNATIONAL TRANSFERS OF KOSOVO			
	Total	Central Bank of Kosovo	Retail Banks	Financial Intermediaries
2000	183.8	8.6	173.5	1.7
2001	587.9	77.3	500.5	10.1
2002	978.6	241.7	722.4	14.5
2003	1,305.6	277.7	1,014.8	13.2
2004	1,592.2	369.1	1,207.8	15.4
2005	1,602.0	309.8	1,277.4	14.7
2006	1,646.4	304.8	1,324.6	17.0
2007	1,999.9	329.3	1,652.9	17.7
2008	3,499.4	1,077.7	2,401.8	19.9
2009	3,083.8	625.5	2,435.6	22.6
2010	3,256.4	648.2	2,589.5	18.7

In 2010 an aggregated volume of 5.4 billion euro were sent and received through official transfer channels.

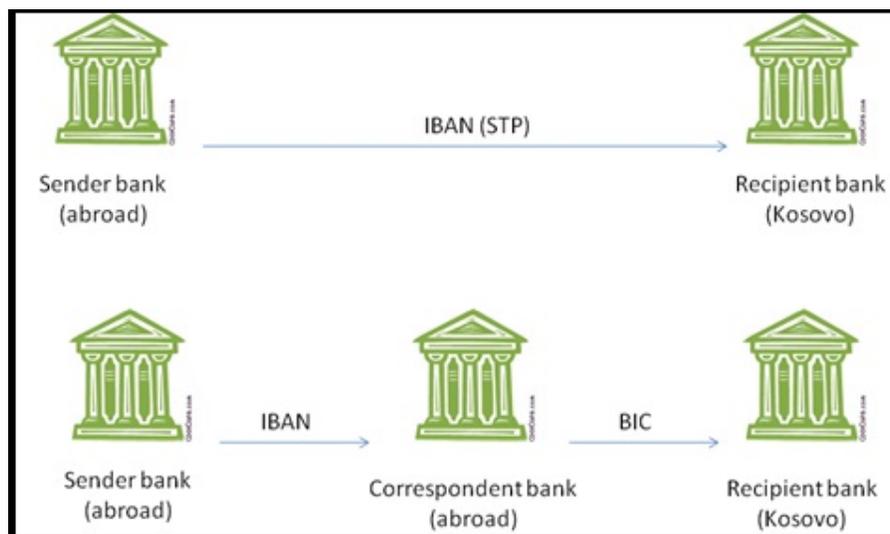
## 2.6. Problems with Incoming Cross-Border Payments in Kosovo

Although commercial banks claim they can perform international transfers also without IBAN, they also say that having an IBAN would simplify their processes and bring benefits for both, the banks and their clients. (Azemi, 2011)

All Kosovar banks, which are using SWIFT software to process outgoing transfers, are already applying IBAN for determining the receiver bank account abroad. The software they use allows them to put in the recipient's IBAN number without asking for the sender's IBAN number, the BIC and the account number is sufficient to perform the payment. (Azemi, 2011)

Incoming funds are more problematic because the sender banks abroad cannot enter the recipient accounts' IBAN number, no bank in Kosovo provides such for its clients. Usually, sender banks use the IBAN or BIC of one of the correspondents of Kosovar banks to route the payments through (see Figure 2.1). The funds land in the Nostro account the Kosovar banks have established there. The correspondent banks then forward the payments to the Kosovar accounts by using the Kosovar banks' BIC and account information of the recipient. If the originating bank does not provide IBAN itself (e.g. North America, most Asian countries, Africa) and it does not have a correspondence relationship with the correspondent bank of the Kosovar banks, it must find another intermediary. The chain of involvement of bank institutions expands further.

Figure 2.1: Scheme of involvement of Financial Institutions for Money Transfers



Appendix 1 shows a typical sheet of transfer instructions towards Kosovar banks, which is distributed to their clients and to parties interested in sending money to an account in Kosovo. It contains BIC information of the correspondent bank, of the Kosovar terminal bank and the client account number in the terminal bank.

While a transfer via IBAN in general is processed within the day (some banks guarantee this, if the process order is given before 11 am local time), the wire transfer through correspondent banks may be processed within the day as well, but it may also take up to three business days. In case that mistakes have been made when the routing information has been put into the system, it may also take longer. The chances for doing mistakes during data input are higher this way, because in contrast to IBAN payments where the IBAN code is the only information needed for processing, here the sender must give in the correspondent bank's IBAN or BIC number, the Kosovar bank's BIC and the recipient client's account number.

Table 2.3: Required Information to transfer funds from abroad

<b>with IBAN</b>	<b>without IBAN</b>
IBAN number of recipient account	IBAN or BIC of correspondent bank
BIC of Kosovar bank (recommended)	BIC of Kosovar bank
	Client Account number

Costs for transferring funds through intermediaries are higher than through straight-through processing via IBAN. The reason for it is that countries, which are members of the Single European Payments Area (SEPA), pay the same tariffs for cross-border payments as with domestic payments. Kosovo, instead, must go by routing the payment through intermediary banks, which implies additional processing fees. These fees are justified when considering that all payments, though in batches, are controlled and resent through inclusion of human engagement by the correspondent bank. Most foreign owned banks in Kosovo have correspondent relations to their mother banks in respective countries, which in general also offer special pricing conditions.

In general, the bank customers are unsatisfied with the high transfer prices, long duration and increased process tasks. Out of a 96 large surveyed random sample size, conducted as part of this capstone project, over half of the respondents were unsatisfied with the prices for cross-border payments, about two-third find the procedures difficult or somewhat difficult, and a similar size of respondents find the time to receive a payment as too high or somewhat high. (Latifi, Survey on International Money Transfers, 2011)

### 3. What is IBAN?

#### 3.1. About IBAN

The International Bank Account Number (IBAN) is an internationally applied standard messaging method for cross-border money transfers. In a increasing volume and number of transactions between financial institutions and their customers worldwide the demand for a fast and reliable system of funds transfer has been risen. The European Committee for Banking Standards (ECBS) has developed therefore the IBAN concept: a single data string, which contains all necessary information to identify the recipient account from a global perspective.

IBAN defines itself in form and usage through ISO Standard 13616. In 2006, the International Organization for Standardization (ISO) designated the Society for Worldwide Interbank Financial Transfers (SWIFT) as the Registration Authority for ISO 13616:2003. (ISO, 2011)

The ultimate advantage of IBAN in comparison to other payment systems is that it applies international standards for the syntax of the messages sent by allowing a certain tolerance for national specifics. This means that every country in the world can integrate IBAN in their national payment systems and all participating countries can send and receive end-to-end payments and are no longer in need of correspondent banks.

Because the system is automatic and requires no manual intervention after data inputting, it enables straight-through-processing (STP).IBAN has also an error detection feature through a simple logarithm, which controls and finds errors in the data string. Two check digits in the data string represent the control mechanism in IBAN. In this form IBAN serves as an account identifier with global potential, given many countries use it.

For transferring money through IBAN, the beneficiary must request the IBAN number for his account from his home bank where he wishes to receive the funds, give this IBAN number to the ordering customer who wishes to make the payment. The latter gives the payment order to his home bank together with the recipient's IBAN number. The ordering bank makes the payment to the recipient's bank through

automated processing and the beneficiary can withdraw the money after the banks have cleared the payment.

### 3.2. Structure of the Format

The information in an IBAN string consists of four elements:

- Country Code
- Bank identifier
- Customer account number, and
- Check digits

The ECBS has given some detailed supplementary specifications for the adoption of a national IBAN (ECBS, 2003):

- The IBAN is fixed in length, for each country code prefix;
- Only upper-case alphabetic characters are allowed;
- The bank identifier, as contained in the IBAN, is fixed in length and fixed in position, for each country code prefix;
- A standard format is specified for the paper representation of IBAN.

Table 3.1: The constituents of an IBAN in their order:

a	a	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
country code	check digits	BBAN																		
		bank identifier	region and branch identifier	customer account number																

The character representations shall be defined with following conventions:

- n digits (numeric characters 0 to 9 only)
- a upper case letters (alphabetic characters A to Z only);
- c upper and lower case alphanumeric characters (A-Z, a-z and 0-9)
- e blank space;

nn! fixed length;

nn maximum length

This means that the format of the IBAN shall be:

**2!a2!n30c**

where

- a) The first two letters (2!a) shall always be the two-character country code (alpha-2 code), as defined in ISO 3166-1, of the country in which the financial institution servicing the account resides;
- b) The third and fourth characters (2!n) shall be the check digits, as calculated from the scheme defined in ISO 7064;
- c) The remaining part of the IBAN (up to 30c), the Basic Bank Account Number (BBAN) shall only contain upper and lower case letters (A to Z and a to z) and numeric characters (0 to 9), without special characters such as separators and punctuation that may be used in national account number schemes;
- d) The BBAN shall in addition:
  - Have one fixed length per country
  - Include within it a bank identifier with a fixed position and length per country (ISO, 2007)

The electronic format consists of up to 34 contiguous alphanumeric characters containing the above-mentioned components, while the paper representation of the IBAN is the same as the electronic format except that the IBAN shall be split up in groups of 4 characters separated by a space. The last group shall be variable in length, up to 4 characters.

Table 3.2: Examples of IBAN:

Country	Kosovo	Switzerland
Account number	150 1030000608848	1129-0058.823
Electronic IBAN	KS981501030000608848	CH1000700011290058823
Paper IBAN	KS98 1501 0300 0060 8848	CH10 0070 0011 2900 5882 3

### 3.3. Proposed IBAN Design for Kosovo

The final form of the structure and length of the Kosovar IBAN has not yet been a topic of consideration for any party in any Kosovar institution, because of its current remoteness for a prompt implementation. However, when designing the national bank account structure for commercial banks operating in Kosovo, the creators must have thought of an eventual inclusion of international standards. This is visible on the format of the national account structure, which contains bank identifier, regional identifier and check digits, the latter by using MOD 97-10, also known as ISO standard 7064, which is also used with IBAN.

Table 3.3: The current format of the national bank account structure:

1	5	0	1	0	3	0	0	0	0	6	0	8	8	4	8
bank identifier		bank unit		customer account number									check digits		

Based on the current structure of the accounts following changes will be made:

- The country code will be included: by taking in consideration that for over 11 years Kosovo's car plates contained the letters "KS", it comes close to mind that this form will be chosen as the alpha-2 country code by the government of Kosovo;
- Two check digits will be added at the position 3 and 4 of the IBAN structure;
- The presently used check digits at the end of the account number become part of the account number for international transfers – by adding new check digits in the beginning of the new structure, the old check digits become redundant.
- The BBAN separates a new unique length for bank and branches: the bank identifier remains with the two digits in position 5 and 6, but the regional and branch identifier have no more two digits, but four. The reason is, that the present most banks use two digits for identifying the region where an account has been opened, normally separated into seven regions of Kosovo. Some

banks further use consecutive characters to define the local branch. The Central Bank has requested until now only characters 5 and 6 to reserve for a further segmentation of the bank units, but has left it to the banks to choose what category it uses for this separation. (CBK KBAN) This new separation would be requested by the Central Bank and the definition of the categories for segmenting would be standardized for all banks. This simplifies the routing process for international incoming transfers in case a national central body would process the transaction once arrived in Kosovo.

Table 3.4: The final form of the IBAN for Kosovo with 20 characters

K	S	8	6	1	5	0	1	0	3	0	0	0	0	6	0	8	8	4	8
country code	check digits	BBAN																	
		bank identifier	region and branch identifier		customer account number														

A different form of definition for the Kosovar IBAN when using the above-mentioned conventions is:

**2!a2!n16!n**

The complete form for the Kosovar IBAN design is to find in Appendix 2. The form used is the original form for applying for a Kosovar IBAN, which the competent institutions will send to the IBAN Registry within SWIFT for including Kosovo to it.

## 4. Implementing IBAN in Kosovo

### 4.1. Considerations and Key Requirements

The introduction of IBAN in Kosovo is partially dependant on political hurdles and partially on procedural reasons. The lack of international recognition of the independence of Kosovo (currently 75 positive) and the subsequent missing membership to the United Nations (UN) are perceived as the biggest political hurdles, which block the general development of Kosovo. This paper is not going to make a prediction on when the process will start, because the political conditions can from the current viewpoint not been foreseen. A clear message from the international community toward the independence of Kosovo is compulsory ahead of all actions. However, in order to provide a roadmap for implementing IBAN in Kosovo, this paper will focus only on the procedural activities.

Normative references (ISO, 2005) for IBAN are:

- ISO 13616-1:2007 and ISO 13616-2:2005 – International bank account number
- ISO 3166-1 – Country names and country codes
- ISO/IEC 7064 – Information technology – Security systems – Check character systems

Kosovo is already using ISO/IEC 7064 standard for inclusion of check digits of the currently used bank account numbers. (CBK KBAN)

Normative references (Wikipedia, 2009) for BIC are:

- ISO 9362 – Business Identifier Codes (BIC)
- ISO 3166-1 – Country names and country codes

The BIC, which commercial banks are currently using, is based on the country code of the Republic of Serbia and will have to be changed to a Kosovar country code after nationalization of ISO 9362 by Kosovar authorities.

Normative references (ISO, 2011) for ISO 3166-1 Country names and country codes are:

- Registration in United Nations Terminology Bulletin Country Names, or

- Registration in Country and Region Codes for Statistical Use of the UN Statistics Division

Normative references (IANA, 2003) for UN Terminology Bulletin Country Names are:

- Member countries of the United Nations, or
- Member countries of one of the specialized agencies of the United Nations, or
- A party to the statute of the International Court of Justice

Interestingly, Kosovo is since 2009 member of the International Monetary Fund and the World Bank (IMF, 2009), both specialized agencies of the UN. (UN, 2011) However, the Statistics Division of the UN has until now not updated its Bulletin by including Kosovo in it.

#### **4.2. Roadmap for the authorities**

The CBK together with all commercial banks and the Bank Association of Kosovo (BAC) will agree on the goal to implement IBAN in Kosovo. They will further agree on sharing of the tasks, responsibilities and costs for the implementation phase. Other important topics to agree on are the details for the use of IBAN once implemented. Will banks make national payments through IBAN or through the actually applied system? In what ways will the banks report to the CBK and to what extent and in which manner has the CBK oversight on international payments? What format will BBAN have?

- a. Result of this joint goal will be an agreement on the implementation for IBAN and a new BBAN format.
- b. Assuming by the previously mentioned agreement authorizes the CBK to act, it will contact relevant governmental authorities (Prime Minister's Office, Ministry of Economic Development, Ministry of Finance, Ministry of Trade and Industry). It will inform them about its aim to implement IBAN and ask for the governmental support to fulfill the necessary conditions to achieve the goal. In particular, the CBK will request from the government to gain membership in the United Nations, or to find alternative solutions, if available, to enter the UN

Statistics Division's Bulletin of Country Names. It will further request to join the relevant international bodies through a membership, as there are ISO and SWIFT. This dialogue will also find a resolution for the budgetary question needed to implement IBAN. The outcome is an agreement of CBK with the government for the pursuit of the goals set.

- c. The government of Kosovo will make its efforts to either join the United Nations as an independent and recognized country (by finding 120 or more member states of the UN which vote in the General Assembly for its acceptance), or it finds other ways (if possible) to be enlisted in the UN Statistical Division Bulletin for Country names. Both ways will not only bring Kosovo into the United Nations, but subsequently the ISO will by default amend Kosovo into ISO 3166-1 and assign a country code for it, too. (IANA, 2003) Kosovo does not even need to join the ISO as a member for it.
- d. The next step is to join ISO as a member in order to be able to nationalize its standards in Kosovo. The Kosovar Agency for Standardization is called upon to do this step, and it can choose to be a full member with voting rights or a member with limited rights. The difference is also in the annual costs for the membership. Both options allow Kosovo to refer on ISO standards to use them in the country. To gain ISO membership the Agency must follow relevant procedures.
- e. The CBK and all commercial banks are afterwards able to request from SWIFT their own BIC with a Kosovar country code in it. The Central Bank will for the first time be able to use a BIC, while all commercial banks, which currently have Serbian-sponsored BIC can now switch to the Kosovar counterpart.
- f. Only at this stage Kosovo, respectively the Central Bank or the national standardization agency can apply for IBAN, by sending the application form (see: Appendix 2) to SWIFT. This procedure is free of charge and, given all documentation is confirmed according to the conditions, SWIFT is obliged to include the new entry to the IBAN Registry within 20 days. After that Kosovo's banks can use IBAN immediately, given they have fulfilled the infrastructural needs.
- g. After receipt of a confirmation from SWIFT that Kosovo has an entry in the IBAN registry, the Central Bank will inform all commercial banks about this

news. It will give them a specified period to prepare for IBAN and after this time, all banks must fulfill the specified conditions to be able to send and receive cross-border transfers with IBAN. In the case of Albania the Central Bank issued a period of approximately one year of preparation and from January 1. 2010 all banks were able to use IBAN in their everyday transactions. The Central Bank will achieve one of its strategic goals set in its publication, namely “to contribute to the processes for integration into European Union and other international institutions”. (CBK, 2009) Some commercial banks in Kosovo, which do not have a payment processing software with abroad, must invest in such, in order to jump from conventional communication channels to end-to-end STP transfers. There will be time reserved for testing the new infrastructure and after a confirmed functionality, the commercial banks will report to the Central Bank for their readiness.

- h. The correspondent banks and all banks with relations to Kosovar banks must know the new BIC and IBAN code of the financial institution.
- i. Latest on the launching day all commercial banks will stop using old format BIC and will offer international transfers through IBAN and Kosovar BIC. This new start the banks have to accompany with an information campaign. Banks must inform all their customers about the change and must give their appropriate IBAN code. A marketing awareness campaign could be useful in order to reach broad masses at once, but each client must receive their personal IBAN number, be it through direct mail, headers and footers on bank statements or other means of communication. They must be advised to get their IBAN number only in their home bank, and to give transfer details to senders by emphasizing to use both, IBAN and BIC. This practice is also recommended by ECBS for additional security, considering that not all countries use IBAN. (ECBS, 2003)
- j. Additionally, but not mandatory, the CBK and the BAK may create a web platform which provides the service of IBAN generation and validation for the use of the bank customers. A simple website will serve as an additional tool for client information and service delivery.
- k. The customers and everyone in the world can now send money to Kosovar accounts through IBAN.

The next page shows a timeframe for realization of the IBAN project. Duration for fulfilling task c. (UN membership) cannot be foreseen. In this chart, it was given not more than 6 months for completion. In reality however, this may take several years.

Table 4.1: Timetable of an IBAN implementation in Kosovo, divided in months

	Who	Whom	What	1	2	3	4	5	6	7	8	9	10	11	12
a.	CBK, banks, BAK		agree on common goal												
b.	CBK	Government	agree on common goal												
c.	Government	United Nations	request for membership												
d.	Standards Office	ISO	membership application												
e.	CBK, banks	SWIFT	BIC registration												
f.	CBK, banks	SWIFT	IBAN registration												
g.	CBK	banks	confirmation of BIC & IBAN												
	banks		update on IBAN												...
	Who	Whom	What	1	2	3	4	5	6	7	8	9	10	11	12
	banks		update on IBAN												
h.	banks	correspondents	inform on new BIC and IBAN												
i.	Banks		final switch to new standards												
	Banks	clients	information campaign												
j.	BAK	public	IBAN web platform for clients												
k.	Clients	partners	communicate IBAN & BIC												...

## 5. Cost-Benefit Analysis and Forecasts

### 5.1 Direct costs for implementing IBAN

This section of the paper is based on assumptions and approximations due to lack of information for the costs to implement an IBAN.

Table 6.1 contains an assumption of costs to implement IBAN by following the roadmap explained in the previous chapter. These costs aim not to be real or representative, but this price is only a starting point and shall use here as a reference for calculating a point even break when combining with the benefits of IBAN.

Table 6.1: Costs for implementing IBAN in Kosovo

Action	Cost bearer	Price [euro]
Agreement with banks	Central Bank, retail banks	500 - 2,500
Agreement with government	Central Bank	500 - 2,500
Promoting UN membership	Government	15,000 - 25,000
ISO standards purchase	Central Bank	5,000 - 15,000
SWIFT BIC code purchase	Central Bank, retail banks	2,500 - 10,000
SWIFT IBAN code	-	0
IBAN Registry	-	0
infrastructure completion	Central Bank, retail banks	35,000 - 75,000
Information campaign	Retail banks	15,000 - 25,000
Web service for IBAN validation	Bank Association	500 - 2,500
<b>Total</b>		<b>73,500 - 155,000</b>

Some actions bring benefits for many more dimensions and thus their costs are not exclusively bound to IBAN. Such an example is the cost of joining the United Nations, an action which does not only allow Kosovo to have an IBAN, but which brings countless other benefits with it. In this cost the lobby effort with countries for recognizing Kosovo are not included, only administrative costs for joining the UN and the successive inclusion of Kosovo in the UN Terminology Bulletin of Country Names are in this focus. The UN determines the contribution of its member states by considering among others the GNP of a state. The economy of Kosovo would most likely pay the minimum contribution of 0.001% of the UN budget, which is 26.485

USD. (UN, 2010) The yearly contribution is not part of the costs for implementing IBAN, but assuming that an equal amount of money is needed for the administrative procedures of joining the UN, we come to a cost of round 20,000 euro.

Other actions have costs, which in open sources were not to find, for example costs for purchasing ISO standards. The website of this organization states that there are three membership options: full membership, correspondent members and subscriber members. All three options allow the purchase of ISO standards and nationalization of them. The assumptions are that a membership at the lowest level does not exceed 2500 euro and neither does the price of a purchase for a standard. Kosovo will need to purchase four standards (ISO 3166, ISO 9362, ISO 13616 and ISO/IEC 7064). The membership fees are not part of the IBAN costs, but the standards are, which sums up at 10,000 euro.

The Bank of Albania (National Bank in Albania) has spent about 22,500 US Dollars for updating the software infrastructure (Kolenico, 2011). The assumption is, that the Central Bank of Kosovo will spend a similar amount of money for this purpose. Another assumption is that commercial banks will spend on average 5,000 euro for their software updates. This leads to a sum of 50,000 euro.

The contribution to the total costs by the implied parties is a matter of agreement, but a proposition for covering these costs may look like this:

- The Government of Kosovo shall cover the costs for UN membership and for purchasing ISO standards, because the state institutions are the greatest beneficiaries of the outcomes.
- Each bank, including the CBK, shall pay themselves for their own BIC.
- The Central Bank shall invest in updating the infrastructure update, which is related to this institution, and all banks shall pay themselves for their respective software updates.
- The commercial banks shall cover the costs for the information campaign towards the public.

## 5.2 Forecasts of International Transfers with Kosovar Banks

The 10 year recorded history of financial transactions conducted by the Central Bank of Kosovo (see Table 2.1 and 2.2) is a starting point for creation of a forecast, by extracting trends and averages. In particular, forecasting the incoming and outgoing cross-border transactions through commercial banks for the next 10 years is the main goal of this exercise. Additionally to the historic data, an expert forecast for macroeconomic indicators guides through the forthcoming years. Business Monitor International (BMI, 2010) provides amongst others a dataset of future GDP growth, nominal GDP volume and the country's Current Account (CA) as part of the GDP, but not the bank transfer volumes, which this forecast requires. However, usage of the Pearson Product-Moment Correlation Coefficient in the history displays a strong positive correlation between incoming bank transfers and nominal GDP volume, and a very strong negative correlation between outgoing bank transfers and the CA of Kosovo, which will sustain also in the next 10 years.

Table 6.2: Pearson correlation for selected variables

<b>p(i) = Pearson: GDP - Incoming bank transfers 2001-09</b>	<b>p(o) = Pearson: CA - Outgoing bank transfers 2004-09</b>
0.905747845	-0.969552366

Furthermore, the proportion between the related variables gives as output the requested transfer volumes. However, because this proportion increases with every year, an average year-on-year growth rate of this proportion follows this trend.

Table 6.3: Proportion and its growth for selected variables – incoming transfers

	Nominal GDP in euro	Incoming Transfers	x = proportion of GDP to incoming transfers	y-o-y growth of x
2001	2,535.00	588.2	0.232	
2002	2,702.00	747.9	0.277	1.193
2003	3,355.00	916.7	0.273	0.987
2004	3,639.00	1,073.20	0.295	1.079
2005	3,054.00	943.1	0.309	1.047
2006	3,182.00	1,042.30	0.328	1.061
2007	3,411.00	1,171.50	0.343	1.048
2008	3,849.00	1,706.00	0.443	1.291
2009	3,868.00	1,702.60	0.44	0.993
			<b>average growth</b>	<b>1.087</b>

Table 6.4: Proportion and its growth for selected variables – outgoing transfers

	CA = Current Account	Outgoing Transfers	y = proportion of CA to outgoing transfers	y-o-y growth of y
2004	-320.2	1,207.80	3.772	
2005	-247.5	1,277.40	5.161	1.368
2006	-226.1	1,324.60	5.858	1.135
2007	-354.1	1,652.90	4.668	0.797
2008	-628.7	2,401.80	3.82	0.818
2009	-673.5	2,435.60	3.616	0.947
			<b>average growth</b>	<b>1.087</b>

The formula to define the volumes of incoming and outgoing transfer volumes is:

Incoming transfers:  $\text{GDP}(t) * x(t) * p(i)$

Outgoing transfers:  $\text{CA}(t) * y(t) * p(o)$

Table 6.5: Forecasted incoming bank transfers for 2010 - 2020

		Nominal GDP in million euro	x = proportion of GDP to incoming transfers	Incoming bank transfers in million euro
forecast	2010	4,113.3	0.479	1,783.3
	2011	4,562.1	0.521	2,150.8
	2012	4,711.7	0.566	2,415.5
	2013	5,160.4	0.615	2,876.8
	2014	5,758.7	0.669	3,491.0
	2015	6,357.0	0.728	4,190.6
	2016	6,816.2	0.791	4,886.1
	2017	7,483.3	0.861	5,833.3
	2018	8,196.8	0.936	6,948.0
	2019	8,934.2	1.018	8,235.2
	2020	9,750.9	1.107	9,773.7
<b>Total</b>				<b>52,584.2</b>

Table 6.6: Forecasted outgoing bank transfers for 2010 - 2020

		CA = Current Account	y = proportion of CA to outgoing transfers	Outgoing bank transfers in million euro
forecast	2010	-678.7	3.664	2,410.8
	2011	-716.2	3.711	2,577.4
	2012	-702.0	3.760	2,559.2
	2013	-748.3	3.809	2,763.4
	2014	-817.7	3.859	3,059.4
	2015	-890.0	3.909	3,373.2
	2016	-933.8	3.960	3,585.6
	2017	-1,010.2	4.012	3,929.8
	2018	-1,073.8	4.065	4,231.5
	2019	-1,134.6	4.118	4,529.8
	2020	-1,121.4	4.171	4,535.2
<b>Total</b>				<b>37,555.3</b>

With expected 52 billion euro of incoming and 37 billion outgoing volumes through banking channels, smooth cross-border payment processing is crucial for the economy of Kosovo.

### 5.3 Cost-Benefit Analysis

This cost-benefit analysis is focused on the perspective of the bank clients transferring money across the borders of Kosovo. For this case, a Kosovar average of 0.2% of the transferred amount is applied as current fee, and a fictive 0.15% and a 0.1% fee as two different scenarios when transferring with IBAN. This new fee is very feasible, considering that commercial banks would save from the redundancy of correspondent banks and their fee applications. Some Kosovar banks offer now already transfers with 0.1% fees for their preferential clients. (Latifi, Market Research on Benchmark for International Transfers in Retail Banks, 2011) This means, that banks still have enough buffer to reduce their margin.

Table 6.7: Cost savings of bank customers by using IBAN:

in million euro	Bank Transfers	current transfer fee	IBAN transfer fee	IBAN transfer fee
		0.20%	0.15%	0.10%
2010	4,194.1	8.4	6.3	4.2
2011	4,728.1	9.5	7.1	4.7
2012	4,974.7	9.9	7.5	5.0
2013	5,640.2	11.3	8.5	5.6
2014	6,550.4	13.1	9.8	6.6
2015	7,563.8	15.1	11.3	7.6
2016	8,471.8	16.9	12.7	8.5
2017	9,763.1	19.5	14.6	9.8
2018	11,179.5	22.4	16.8	11.2
2019	12,764.9	25.5	19.1	12.8
2020	14,308.9	28.6	21.5	14.3
<b>Total</b>	<b>90,139.6</b>	<b>180.3</b>	<b>135.2</b>	<b>90.1</b>
<b>Cost Savings</b>			<b>45.1</b>	<b>90.1</b>

The estimated costs for implementing IBAN amounting 120,000 euro are, compared with the customer savings in the first year of implementation worth at least 1.1 million, considerably low.

Considering the bank customer economics it is very reasonable to implement IBAN.

## 6. Final Discussion and Recommendations

Almost all countries in Europe and all countries in the Western Balkans have integrated IBAN in their national payments system – except Kosovo. The tendency is that and an increasing number of countries beyond Europe will use standardized methods of money transfer to increase payment efficiency.

Albania has brought a good example on implementation of IBAN in its national payments system in a time dimension of approximately one and a half years. Although Albania had different preconditions in the initial phase, Kosovo can use its experience of implementation for a national IBAN.

The Kosovar payments system provided by the financial institutions is far from delivering a satisfying function: Kosovo is a cash-based society. Almost half of the remittances in 2010 were sent through channels, which are not financial institutions, and Kosovo has a cash surplus. In addition, the domestic economy is largely positioned in the grey area – partly due to the lack of a strategy to reduce cash transactions.

The current payment system EICS fulfills all domestic clearing operations and the Central Bank is currently working on a RTGS system as an addition.

Commercial banks use formal infrastructure of the Republic of Serbia to perform their international transactions. The Central Bank of Kosovo is not allowed to use such infrastructure, which limits its possibilities to perform its international transfers to their correspondent banks.

All banks, retail and central, are currently in need of correspondent banks to perform their transactions. This requires a higher manual intervention, a larger probability for errors in payments processing, slower transfer delivery and subsequently higher costs per transaction. These higher costs reflect in the prices for transfers to be paid by the bank customers. The greatest challenge for the customers is the additional procedure to make a payment order. Sending money from abroad reduces the ability of the sending partner to make the payment order by himself or herself, without inclusion of their bank engagement.

IBAN is a standardized method of operating payment orders automatically and thus allowing STP. It uses international standards for the ordering format and is thus applicable in virtually every country of the world. IBAN contains a country code prefix, which at first sight portrays the country of destinations for the payment order. The succeeding numbers represent the bank and branch identifier and the beneficiary account number. Check digits ensure the correctness of the format and provide a higher security for successful transferring. All this information is bundled in a single alphanumeric character string, called the IBAN code. However, since IBAN is not applicable in all countries, it is recommended to attach to the IBAN code the BIC as contingency information as well.

The proposed format for a Kosovar IBAN contains 20 characters, the presumed country code "KS", two check digits and the BBAN. The BBAN contains 16 characters, where the first six digits represent the bank institution and its branch, the latter ten characters are the customer account number. This proposal requires no changes to the currently used national bank account number format, except, that the bank identifier characters are extended from currently two to six. This allows not only identifying the bank institution, but also its branches.

The roadmap provides the required involvement of implied parties to implement IBAN. The Central Bank, the commercial banks and the Government of Kosovo must agree on a common strategy, they must set the milestones and distribute responsibilities accordingly. The government will work towards memberships in the UN and in ISO, which deliver a country code for Kosovo. The Central Bank and the commercial banks will apply for a BIC at SWIFT, and the prior for inclusion of a national format in the IBAN registry, as well. Both parties will set up the infrastructural reforms for compliance with the requirements to operate IBAN. The commercial banks will generate IBAN codes for all their clients and distribute them through various channels. The Bank Association of Kosovo will support the banks in distributing the codes and in raising public awareness for their usage.

Estimated direct costs for implementing IBAN for Kosovo are between 70,000 and 150,000 euro, where the government participates with around 10-15%, the Central Bank with around 40% and the commercial banks with 45-50%.

A ten-year forecast indicates that incoming and outgoing international transactions through commercial banks alone will have a volume of 90 billion euro. Continuation of the current methods of money transfer leads to a sum of 180 million euro in fees to be paid by the bank customers. A reduction of the transfer fees due to increased efficiency through IBAN

transfers by 25% leads to cost savings of around 45 million euro, a reduction by 50% around 90 million euro.

Not only effectively, but also financially implementing IBAN is worth the burden.

### **6.1 To the Government of Kosovo**

The Government of Kosovo is urged to support the efforts of the Central Bank of Kosovo to execute its policies in regards to European integration and reduction of cash transactions, especially by providing the legal and financial grounds to join financial organizations, to implement international standards and to integrate IBAN in the Kosovar payments system.

That involves also the Government of Kosovo to establish diplomatic relations to sufficient key states, to be able to join the United Nations as soon as possible. Kosovo will have to provide a country code as per international standards. The Government is advised to join itself certain international organizations, in the forefront the International Organization for Standardization.

The ultimate goal for the Government of Kosovo, with its European aspirations, is to enter the Single European Payments Area. This will make borderless payments with all SEPA countries not only easier, but will also bring financial benefits.

### **6.2 To the Central Bank of Kosovo**

The Central Bank of Kosovo should prepare with relevant government institutions a common strategy to reduce cash-transactions and to enforce formal economy.

This means, amongst others, that the Central Bank considers the inclusion of IBAN and BIC in its payments system, following its stated strategic goal for European integration. It will be necessary for the Central Bank to take the lead of action in this endeavor, by cooperating with the relevant institutions in Kosovo to develop and implement an action plan. It will need to co-operate with international bodies, especially with SWIFT.

It will also encourage and advise retail banks to make the necessary technical and procedural reforms, in order to be compliant with the requirements set by international standards. By this means, the national account format has to be

rearranged from currently two to six bank identifier characters, and all banks have to give each of its branches a code. This is necessary to provide a unified format for the BBAN.

After successfully implementing IBAN the Central Bank will regulate and oversee the proper usage of IBAN transfers by the commercial banks.

### **6.3 To the Commercial Banks in Kosovo**

All banks in Kosovo must see the benefits of using IBAN as the main channel to transfer funds from and to abroad for their customers and their own organization. They are requested to support the Central Bank of Kosovo in implementing the institutional reforms by participating in the development of the plan of implementation. This includes, that they change their current BIC codes with new ones, sponsored by the state of Kosovo, that they provide readiness to create a national standard for BBAN, and that they invest in their payment infrastructure for achieving compliance with international standards. Retail banks are also responsible for informing their clients about the changes in their account system, by giving efficiently the IBAN number to each of their clients. This may also include covering the costs for a public awareness campaign.

### **6.4 To the Not-Recognizing Governments**

Ideally all countries of the world, which have not recognized the independence declaration of Kosovo in 2008, especially Spain, Slovakia, Greece, Romania and Cyprus, should do so and in consequence unify the viewpoint of the European Union towards the status of Kosovo. This will pave the way for Kosovo to satisfy the UN membership eligibility requirement administered by ISO in its assignment of statistical codes. At a minimum, the United Nations Statistical Division should be willing to include Kosovo in its databases for the purposes of statistical collection and reporting, which is another route towards meeting ISO requirements.

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## Appendix 1 – Instructions for international payments to Kosovar bank

### INSTRUCTIONS FOR INTERNATIONAL PAYMENTS TO ACCOUNTS AT RAIFFEISEN BANK KOSOVO

An individual or a company must have an account with Raiffeisen Bank Kosovo in order to receive or send an international payment

The transferring bank (bank of the remitter) should be given the following instructions:

56 A: Correspondent Bank:

57 A: Account with Institution: Raiffeisen Bank Kosovo

Prishtina, Kosovo

SWIFT code: RBKORS22

59: Beneficiary Customer: Beneficiary's account 150.....

Beneficiary's name:

You are kindly requested to choose one of the following correspondent banks for the list below (field 56 to be used with one of our correspondent bank).

Currency	Bank	Country	SWIFT/BIC
EUR	Raiffeisen Zentralbank Oesterreich AG	Vienna, Austria	RZBAATWW
GBP	Raiffeisen Zentralbank Oesterreich AG	Vienna, Austria	RZBAATWW
USD	Raiffeisen Zentralbank Oesterreich AG	Vienna, Austria	RZBAATWW
CHF	Raiffeisen Zentralbank Oesterreich AG	Vienna, Austria	RZBAATWW
DKK	Raiffeisen Zentralbank Oesterreich AG	Vienna, Austria	RZBAATWW
CAD	Raiffeisen Zentralbank Oesterreich AG	Vienna, Austria	RZBAATWW
SEK	Raiffeisen Zentralbank Oesterreich AG	Vienna, Austria	RZBAATWW
NOK	Raiffeisen Zentralbank Oesterreich AG	Vienna, Austria	RZBAATWW
EUR	Deutsche Bank AG	FRANKFURT AM MAIN	DEUTDEFF
USD	STANDARD CHARTERED BANK	New York, US	SCBLUS33XXX ABA:026002561
CHF	UBS AG	Zurich, CH	UBSWCHZH80A

## Appendix 2: National IBAN format Registration Form

<b>Q.5.1</b>	<b>Name of the Country:</b>
	Kosovo
<b>Q.5.2</b>	<b>Country code as defined in ISO 3166:</b>
	KS
<b>Q.5.3</b>	<b>Domestic account number example:</b>
	150103-0000608848
<b>Q.5.4</b>	<b>BBAN structure (components and for each component: number of characters, character type: alphabetic, numeric or alphanumeric)</b>
	6!n10!n
<b>Q.5.5</b>	<b>BBAN length (total length in number of characters)</b>
	16!n
<b>Q.5.6</b>	<b>Bank identifier position within the BBAN (start and end position)</b>
	Bank identifier: 1-3, branch identifier: 4-6, check digits: 15-16
<b>Q.5.7</b>	<b>Bank identifier (as used in the BBAN) example:</b>
	150-103
<b>Q.5.8</b>	<b>BBAN example:</b>
	1501030000608848
<b>Q.5.9</b>	<b>IBAN structure (components and for each component: number of characters, character type: alphabetic, numeric or alphanumeric):</b>
	2!a2!n16!n
<b>Q.5.10</b>	<b>IBAN length (must be less or equal to 34 characters):</b>
	20!c
<b>Q.5.11</b>	<b>IBAN examples – both in electronic and print formats</b>
	KS981501030000608848 KS98 1501 0300 0060 8848
<b>Q.5.12</b>	<b>Any other relevant information</b>
	No SEPA country