

International Bank account number (IBAN) system in Lebanon

In October 2008, at the request of Banque Du Liban (BDL), METAC examined the existing account number system for customer accounts, proposed an IBAN format, and initiated a plan to develop and implement an IBAN system for Lebanon. BDL adopted the work done by METAC and published a circular announcing that IBAN usage would start on January 1, 2010 and would be mandatory for all banks as of July 1, 2010. As a result of this project, Lebanon is now registered as IBAN User Country in SWIFT-IBAN Registry. This is a significant achievement due in large part to BDL's and banks' commitment to this reform and their cooperation with the technical assistance provided by METAC.

What is IBAN?

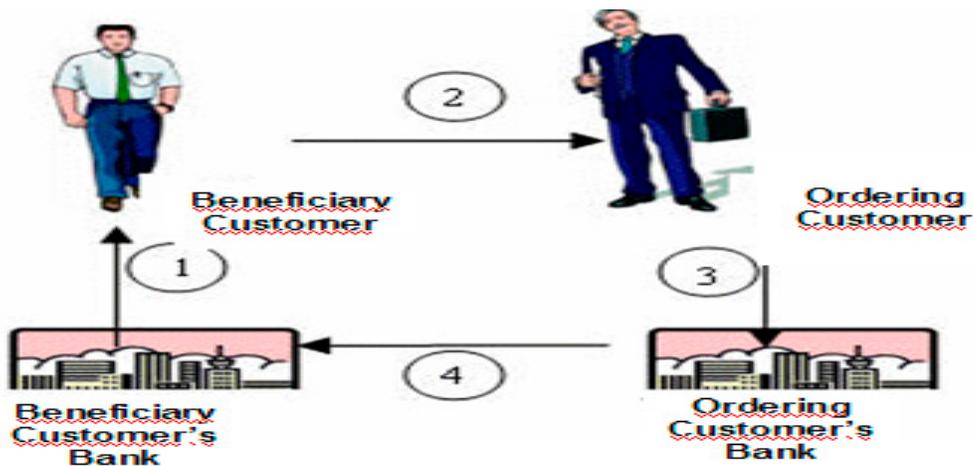
IBAN is defined by International Standards Organization (ISO) as an internationally recognized account number used to automatically process bank account identifications in cross-border money transfers, uniformly validate bank account identifications, and route fund transfer transactions more easily.

In international commerce, because of the variations in the domestic account numbers shown on invoices received from abroad, account numbers may not be perceived and processed correctly. Therefore cross-border payment transactions may be incorrect and incomplete entailing extra costs, efforts and delays.

IBAN uniquely identifies an individual account, at a specific financial institution, in a particular country. It consists of: (i) a two-letter country code; (ii) two check digits; and (iii) up to thirty alphanumeric characters for a BBAN (Basic Bank Account Number) which has a fixed length per country.

How does IBAN work?

In a cross border money transfer, there are 4 main parties: (i) ordering customer; (ii) beneficiary customer; (iii) ordering customer's bank; and (iv) beneficiary's bank.



The use of IBAN can simply be represented as follows:

1. IBAN of Beneficiary's Account is produced and given to Beneficiary by Beneficiary's Bank.
2. The Beneficiary's IBAN is forwarded to the ordering customer by such means as invoice, letterhead, International Payment Instruction by Beneficiary.
3. Ordering Customer submits a cross-border credit transfer order, which includes the Beneficiary's IBAN to Ordering Customer's Bank.
4. The cross-border credit-transfer message includes the Beneficiary's IBAN, which has been validated by the Ordering Customer's Bank, using the standard check digit algorithm within the IBAN. If IBAN check digits cannot be validated, transaction is aborted at Ordering Customer's Bank.
5. After receipt of the message by the Beneficiary's Bank, Beneficiary's account will be credited.

How did Lebanon become an IBAN user?

The implementation and use of the IBAN in Lebanon went several steps as shown below:

Lebanese IBAN Format: METAC short-term expert conducted a comprehensive study and proposed an IBAN structure of 28 digits which is ISO Standard compliant. BDL reviewed the structure and adopted the proposed number format.

Legal framework for IBAN. Rules and regulations regarding IBAN implementation were issued in BDL circular No. 120. In addition, all rules and regulations, which are affected by the IBAN, were reviewed and amended.

IBAN Implementation. The plan for IBAN implementation was finalized by METAC short-term expert and BDL Project Team, and more recently the IBAN has been implemented in BDL and 64 commercial banks.

Communication Strategy. Commercial banks communicated the IBAN to customers in different formats such as: customer documents, Internet, text messages and leaflets.(both words mean the same thing). For correspondent banks overseas, BDL and banks broadcasted messages through the SWIFT. BDL made great efforts to create awareness inside the country by sending IBAN guides and official letters to banks and public institutions that have account with BDL, as well as publishing leaflets and creating an IBAN internet page.

IBAN's registration. Lebanon is now registered as IBAN user Country in SWIFT-IBAN Registry. Upon the completion of technical implementation, Lebanon submitted the SWIFT Registration Form to the SWIFT Society, which reviewed it and registered Lebanon in the list of IBAN-user countries.

IBAN's use. IBAN use started on January 1, 2010 with BDL and METAC providing support to banks, and BDL established a help desk for banks. The mandatory use of IBAN began on July 1, 2010.