

## **Statement of Principles and Functional Requirements for an IBAN / BIC Database**

(Approved by the 14 March 2007 Plenary)

**Circulation:** Plenary Members

**Restricted:** no

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### **Background**

The SEPA IBAN Strategy approved by the EPC Plenary in September 2006 states that in the medium term, the provision by the ordering customer of a BIC together with the IBAN for the processing of payments in the bank-to-bank space remains mandatory.

This strategy, nevertheless, leaves it up to the individual financial institution to decide whether they require their customers to provide a BIC with the IBAN or whether they will offer to derive the BIC from the IBAN as an added customer service.

While it is accepted that the provision of such a service is left to the competitive environment, it is felt that there is a need to establish common functional requirements and principles around which such databases/services would adhere, to help ensure quality which responds to the request of the Eurosystem letter dated 12 June 2006<sup>1</sup>.

In defining the proposed database requirements, three scenarios were envisioned, each describing how banks individually or their national entities could provide the data required. It was also envisioned that a centralized entity would be the ideal way of obtaining consistent and high quality data from the banks and of providing a central point from which service providers could in turn obtain that data. Since then it has been acknowledged that the service providers should ensure that its data is of the highest quality and should be free to supplement and cross-check its data by procedures of their own choice.

### **Scope**

The information expressed in this document constitutes the basic set of functional requirements and principles for a 'stand-alone' look-up table to identify a BIC corresponding to a local bank identifier contained in an IBAN. It is envisaged that any such databases/services could combine these basic data attributes with other features, such as contact information, routing information and conversion software, as a 'packaged' commercial solution.

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<sup>1</sup> "...the Eurosystem requests that functional requirements for the IBAN/BIC database service to be available by end 2006, that monitoring of actual supply of the databases by private service providers is ensured by end 2007, and that an assessment of quality, cost and actual use of service is provided by end 2010."

## Functional Requirements and Principles:

1. All solutions should adhere to these basic requirements and principles to help ensure quality and integrity, thus, it is strongly recommended by the EPC members that each service provider has service level agreements with the owner of the source data. The reliability of the database content is of utmost importance. The level of quality must ensure that current levels of STP which range up to 99 percent of the volumes processed by individual banks, is not compromised.
2. Each **financial institution** is fully responsible for;
  - Accuracy of the BIC and other BIC-related data associated with the local bank identifier.
  - Making that data available.
3. **European and local authorities** (ECB and National Central Banks) must work to support and oversee this process, for example, by ensuring that all financial institutions provide the required data and confirming that the entries relate to bona fide licensed financial institutions.
4. Ideally each **individual banking community** should agree on a national entity to collate and store the data and to make it publicly available. The national entity may be a national central bank, banking association or other entity that issues the local bank identifiers and/or that can validate the information. Should such agreement not be reached, an increased complexity in the process of data provision between banks and potential vendors, and possibly impacting the quality of data in the databases, may result.
5. The **EPC members** strongly recommend that update cycles for databases are synchronised between vendors to ensure timely and effective updates. This may impact the update cycles of the current national databases.

6. **Content and format** of the database to be maintained by the national entity and or other third party service provider is:

a	<b>Code</b>	Mandatory	Indicating whether the record is new, a change to an existing entry or a deletion of an existing record <sup>2</sup>	1 Alpha Character N = New C = Change D = Delete <sup>3</sup>
b	<b>Validity Date</b>	Mandatory	Date from which the addition, change or deletion of a record is valid	8 numeric characters YYYYMMDD
c	<b>Data Integrity</b>	Mandatory	Indicator that the data is either presented based on a service level agreement with the owner of that data or has been derived by a third party ( )	S=SLA base D=Derived
d	<b>Local bank identifier</b>	Mandatory	The bank identifier as embedded in the IBAN	Maximum field length of 35 alphanumeric characters
e	<b>BIC1</b>	Mandatory	The ISO Bank Identifier Code of the financial institution that corresponds to the local bank identifier in the IBAN	Field length maximum of 11 alphanumeric characters to accommodate both BIC8 and BIC11
f	<b>BIC2</b>	Optional	The ISO Bank Identifier Code used for routing purposes. It should contain the BIC of the processing agent of the financial institution identified in BIC1, if different from BIC1. When the field is not used, the Default value to be inserted is "NA" for not applicable	Field length maximum of 11 alphanumeric characters to accommodate both BIC8 and BIC11
g	<b>Name</b>	Mandatory	Name of the financial institution identified in BIC1	Maximum field length of 2 * 35 alphanumeric characters
h	<b>City</b>	Mandatory	Name of the city where the financial institution identified in BIC1 is located	Maximum field length of 35 alphanumeric characters
i	<b>Country</b>	Mandatory	Country of the financial institution identified in BIC1, using the ISO alpha country code	Maximum field length of 2 alpha characters

<sup>2</sup> It is considered that items 'a'-'i' constitute one record

<sup>3</sup> Changes apply to foreseeable changes such as mergers and name changes, but do not apply to bankruptcies or other emergencies, the latter of which are dealt with elsewhere by embargo lists for example.

7. The database must ensure that there is a unique BIC associated with a local Bank identifier, while allowing as well for several local bank identifiers to be associated with one single BIC.
8. The following is a sample database entry. The database must at least cover the 27 EU countries, the three EEA countries and Switzerland, although entries for other countries should not be excluded.

Code	N
Validity Date	20080101
Data Source	S
Local bank identifier	00230
BIC 1	BANKCCAA111
BIC 2	NA
Name	ANY BANK
City	CITY
Country	CC

## Recommendations

Given that:

- the customer-to-bank space is a competitive one, where each bank may decide to offer its customers the service of deriving the BIC from the IBAN, the development and operation of these services is a market issue. Financial institutions wishing to provide this service should do so, based on whatever commercial solutions best meet their business needs.
- the principles and requirements outlined above are aimed at defining the basic data attributes and principles the market is free to decide on 'packaged' commercial solutions which may offer extended functionality

it is recommended that this statement of principles and functional requirements be approved as a set of EPC base-line requirements.

Once approved, this document will be made available to service providers for the purpose of planning and development of the IBAN/BIC databases/services.