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Concept on national transfers optimization, approved by the DCA of the NBM No. 138 of July 24, 2014

Note: The translation is unofficial, for information purpose only

Published in the Official Monitor of the Republic of Moldova no.217-222, of August 01, 2014, Article 1094,

COUNCIL OF ADMINISTRATION
OF THE NATIONAL BANK OF MOLDOVA

DECISIONno. 138
of July 24, 2014

On the approval of the
Concept on national transfers optimization

Pursuant to Article 5 letter f) of the Law no. 548-XIII of 21 July 1995 on the National Bank of Moldova (Official Monitor of the Republic of Moldova, 1995, no.56-57, Article 624), including further amendments and completions, Article 49 paragraph (3) and Article 94 paragraph (1) letter c) of the Law no.114 of 18.05.2012 on payment services and electronic money (Official Monitor of the Republic of Moldova, 2012, no.193-197, Article 661), the Council of Administration of the National Bank of Moldova

DECIDED:

1. To approve the Concept on national transfers optimization (see attached).

2. This decision shall be published in the Official Monitor of the Republic of Moldova.

Chairman
Council of Administration

Dorin DRĂGUŢANU

Annex
to the Decision of the Council of Administration
of the National Bank of Moldova
no.138 of July 24, 2014

CONCEPT
on national transfers optimization

Chapter I.

Premises and need to implement IBAN code for national transfers

International experience in the use of IBAN code for local payments

In order to minimize manual intervention in the processing of transfers, the European Committee for Banking Standards (ECBS) has developed standards for interbank automated payment processing, known as the Straight Through Processing (hereinafter - STP).
STP are the tools that perform automated processing of interbank financial transactions from the issue to their settlement, thus allowing complete elimination of the need for manual processing of the data and minimizing the costs and related error risks.
IBAN code is one of the components of STP mechanism, which is a string of characters that uniquely identifies the client's account opened with a financial institution, without the need for manual data conversion.
The purpose of IBAN implementation for local payments in other countries (EU and non-EU) was to increase the potential of STP mechanism, reduce the number of erroneous payments and payments execution costs, error correction and investigation, to implement a standard common to all registered financial institutions, representing a standard accessible both nationally and internationally.

Need to implement IBAN code for local payments

The need to implement IBAN code in the Republic of Moldova derives both from the experience of other countries in implementing IBAN code as well as from the advantages of using STP mechanism.
Application of STP mechanism will reduce substantially the time of performing of transfers, as well as minimize possible errors and streamline the payments carried out via remote banking systems. In addition, the use of IBAN code will facilitate the performing of interbank payments, allowing identification of the payee, even if the payer will not specify another detail on the account where the money should be transferred.
IBAN code implementation in performing of payments in MDL on the territory of the Republic of Moldova will allow both alignment with the international practice and taking advantage of the benefits of its use: minimizing erroneous data and processing time, reducing the transfer services cost. It is important that bank clients are aware of the above-mentioned advantages.
Application of STP mechanism, which involves automated processing and validation of standard IBAN code structure, will allow minimizing the processing time of the transfers.
In addition, due to a standardized structure and IBAN code verification before transmission by the paying bank, the record and transmission of erroneous information is precluded, ensuring erroneous data minimization.
Reducing manual intervention on payment messages through automated verification of IBAN code before transmission will reduce the cost of transfer, being reduced to technical and maintenance related expenses.

Chapter II.
IBAN code formation for national transfers

Method of formation of IBAN codes for national transfers will be the same as applied to the formation of IBAN codes used for international transfers.
IBAN codes assigned in the Republic of Moldova, is a string of 24 alphanumeric characters that have the following meanings:
a) the first two characters (alphabetic) - is the country code according to ISO 3166 ("MD" for the Republic of Moldova);
b) the next two characters (numeric) - is the control code (calculated according to the international standard MOD 97- 10, ISO-7064);
c) the next two characters (alphanumeric) - is the bank identifier assigned by the National Bank of Moldova under the provisions of item 54 of the Regulation on credit transfer approved by the Decision of the Council of Administration no.157 of 1 August 2013.
d) the following eighteen characters (alphanumeric) – is the identifier of the client served by the bank

(BBAN code), containing the account of the client opened with the bank and, where applicable, other elements necessary to identify the client (currency code, branch code, etc.). If the client identifier is shorter than eighteen characters, the missing characters shall be replaced with zeros at the beginning of the string. If the client account opened with the bank contains a number of characters that exceeds eighteen, the bank shall modify those accounts as to total eighteen characters.
IBAN codes for national transfers for the national public budget shall be formed in accordance with the provisions of Chapter III of this Concept.

Chapter III.
IBAN codes for budgetary payments

National Bank of Moldova shall regulate the general aspects relating to IBAN code use, including those related to budgetary payments, while the Ministry of Finance of the Republic of Moldova shall develop special regulations relating to its use.
In case of budgetary national and international transfers, more IBAN codes may be generated for the same payment account.
When selecting the bank through which cash execution of the budget will be carried out, the selected bank shall meet the requirements for creating IBAN codes for national and international transfers set both by the normative acts of the National Bank of Moldova and the normative acts and special procedures developed by the Ministry of Finance of the Republic of Moldova in this respect.
At the same time, when collecting the payments for the national public budget through the MPay service, the authority providing public services is to use IBAN codes, according to the structure established by the Ministry of Finance of the Republic of Moldova.

Chapter IV. Final provisions

The implementation of this Concept will require the National Bank of Moldova actions to adjust the regulatory framework, necessary changes to the automated interbank payment system by changing the format of accounts, verifying the IBAN codes in the payment messages and their proper format, as well as corresponding changes to the interfaces and reports.
In addition, the implementation of this Concept will require action from the banks to adjust the software infrastructure for payments in national currency, changes in contractual arrangements with clients, informing them of the need to ensure the possibility of IBAN generation, including in the information systems used.
Ministry of Finance shall ensure generation of IBAN codes related to treasury accounts and their communication to clients.
Implementation of this Concept requires the implementation of IBAN code for national transfers as from January 1, 2016.
Banks and other institutions shall accept until January 1, 2017 payment documents with both coded accounts in IBAN codes, as well as existing accounts until the date of implementation of this Concept.

See also

Tags
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concept [2]
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