

## ISO 4217: A controversial standard

**Currency codes are indispensable in business transactions throughout the world; for example, all stock exchange and payment systems from Mumbai to Antwerp to Zurich are set up for them. ISO 4217 standard defines how the CHF's of this world are issued and upon which basis which criteria is defined. This standard has been reissued under the leadership of Switzerland.**

As is well known, the only thing that is constant is change. This also directly applies to the processes and standards in the financial infrastructure in general and for payments in particular. It took three years to complete the so-called "Standard Review" as it is known in ISO jargon. While that may sound like a lot of time, for the vast majority of the nearly 20,000 ISO standards, such an editing process, which is initiated every five years, takes even longer. The currency code standard is managed under the aegis of "ISO/TC 68/SC 7 – Core Banking". At first glance, the review is not earth-shaking and appears rather technical. In reality, significantly more lies beneath the surface.

### The small ABC of ISO

**Abbreviations beg to be decoded: TC stands for Technical Committee and SC for Subcommittee. There are more than 200 TCs, which are in charge of all sorts of standards – ranging from screw threads (TC 1) to ferroalloys (TC 132) to animal feed machines (TC 293). Among TC 68's (financial services) best known projects is the ISO 20022 standard. Besides SC 7 there are two additional subcommittees that are primarily in charge of standards for securities and information security. In addition to the currency code standard, SC 7 is also in charge of the BIC (ISO 9362) and the IBAN standard (ISO 13616).**

### Efficiency has priority

The actual review process started on 8 May 2012 at the ISO/TC 68/SC 7 annual conference in Chicago with the assignment to deploy a working group (number 12) for this purpose. After nine of the 24 participating nations named their representatives and the Swiss ISO membership was named as convener as proposed, the first workshop was held in Zurich in November 2012. The Swiss interest is explained by the fact that the Currency Office – the globally central contact point for administrative matters concerning the standard – is located in Zurich and constantly aims to work as efficiently as possible, which was only possible to a limited degree with the "old" standard. One of the main issues was to overcome the flood of applications of new

currencies from private organizations, which was explicitly permitted in the previous versions of the standard. Applications for the issuing of currency codes, such as for DINER coins, which are minted in Andorra and are of numismatic interest, had no chance anyway. So what's the point in the administration of such an application? In agreement with the World Bank, the Currency Office has informally rejected all similar requests; only applications from central banks or other government authorities were processed. This "new" practice had to be confirmed in the revised standard.

### Material for the next revision

Intensive consultations took place ahead of the working group's second workshop held in Paris in June 2013. Among them, the scope of applicability for the working group formulated by SC 7 was disputed. Specifically, within the course of the work it turned out that the central problem – there are relatively few free currency codes available for new currencies – could not be solved with a quick stroke of the pen. Several countries, including Switzerland, were of the opinion that all strategic options were technically too complex for this standard review. Others felt that this was within the working group's project scope. Ultimately, a so-called Ad Hoc Group was set up at the ISO/TC 68/SC 7 2013 Annual Conference in Guangzhou for this purpose.

In the meantime, the new version of the standard, after a number of further votes, was finalized to the point that nothing more stood in the way of publication by the International Organization for Standardization on 5 August 2015. The solution involving expansion of the available currency codes that was elaborated by the ad hoc group will thus be factored into the next revision of the standard. Until

### SIX in charge of the Currency Office

**The duties of the Currency Office (officially: Secretariat of the Maintenance Agency for ISO 4217) are specified in the standard. SIX has been in charge of the worldwide issuing and administration of standardized currency codes for the past six years. Central banks from all over the world report to Zurich if they introduce a new currency or if they want to change or delete an existing one. SIX issues the codes according to a process stipulated in the standard involving the respective central bank and the World Bank. SIX subsequently ensures that all organizations that it may concern (currently over 1,500 subscribers) around the world are informed about the change.**

then, the working group shall remain dormant, according to the unanimous decision by ISO/TC 68/SC 7 at this year's conference in Toronto.

#### Kept dormant until...

Another, not uncontroversial topic cropped up on the final round of approval for the revised standard: Cryptocurrencies (for more about this see the last issue of CLEARIT: "About Karma, Kisses and Kraken"). This sort of currencies should also be considered, according to some working group members. In his roles as convener of the working group, the author of these lines stuck to the original project assignment and scope in order to avoid a significant delay of the work due to this complex subject matter. One of the core issues: How to handle the paradox in which applications for currency codes may only be made by central banks or other governmental authorities, while private operators of such cryptocurrencies may also be involved in the business?

These and other challenges will awaken the working group from its dormancy sooner or later. At the latest when the "Study Group on Digital Currencies", newly founded by ISO/TC 68/SC 7, completes its work. Until then, the latest edition of the revised ISO 4217 standard can be purchased online for CHF 38 since August 2015 from SNV, the Swiss ISO member.

**Gabriel Juri, SIX Interbank Clearing**  
gabriel.juri@six-group.com



### ISO member nations represented in Working Group 12



- Brazil
- China
- France
- Germany
- Japan
- South Africa
- Switzerland
- United Kingdom
- USA