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Blog Money Transfer



IBAN vs SWIFT: Which do I Need for International Transfers?



Xe Consumer

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Key Takeaways

- Learn what IBAN and SWIFT are and how they function in international money transfers.
- Understand the key differences between IBANs and SWIFT codes, including their structure and purpose.
- Discover which code you should use based on your transfer needs and the requirements of your bank.

Trying to make sense of banking codes for your international transfer? SWIFT codes and IBANs are essential for getting your money where it needs to go, but they serve completely different functions in the global banking system.

While both help your money reach its destination, understanding their distinct roles can save you time and prevent transfer delays. This article breaks down what these codes are, how they differ, and exactly which one you'll need for your specific transfer situation.

What is an IBAN?

While SWIFT codes direct your money to the right bank, an IBAN pinpoints the exact account where your funds should land. IBAN stands for International Bank Account Number and identifies the specific recipient's bank account.

How IBAN works

- It's widely used in Europe, the Middle East, and several other regions
- IBANs help reduce transfer errors and streamline processing times
- Unlike SWIFT codes that identify banks, IBANs identify individual accounts

Breaking down an IBAN

An IBAN contains up to 34 alphanumeric characters in this structure:
CC XX BBBB AAAAA AAAAA AAAAA AAAAA

- CC: Country code (2 letters)
- XX: Check digits (2 numbers for error detection)
- BBBB: Bank identifier (varies by country)
- AAAAA... : The recipient's unique account number

For example, AT11 2222 3333 4444 5555 6666 7777 would be a bank account in Austria.

What is a SWIFT code?

SWIFT stands for the Society for Worldwide Interbank Financial Telecommunication. These codes act as your bank's international address, ensuring your money finds its way through the global banking network. When you send money abroad, this unique identifier helps direct your transfer to exactly the right financial institution.

How SWIFT works

- Each bank has its own unique SWIFT code (sometimes called a BIC, or Bank Identifier Code)
- The SWIFT system doesn't actually move your money — it sends the payment instructions between banks
- These codes ensure your funds arrive at the correct bank, no matter where in the world you're sending money

Breaking down a SWIFT code

A SWIFT code contains 8-11 characters formatted like this: AAAA BB
CC DDD

- AAAA – Bank code (4 letters identifying the bank)
- BB – Country code (2 letters identifying the country)
- CC – Location code (2 characters specifying the bank's city or region)
- DDD – Optional branch code (3 characters identifying the specific branch)

For example, BOFAUS3N¹ identifies Bank of America in New York, USA.

IBAN vs. SWIFT: Key differences

Knowing when to use SWIFT codes versus IBANs can save you time and prevent transfer delays. While they both play crucial roles in international banking, they serve completely different functions in getting your money where it needs to go.

Here's how these two banking identifiers compare:

Feature	IBAN	SWIFT
What It Stands For	International Bank Account Number	Society for Worldwide Interbank Financial Telecommunication
Main Purpose	Identifies individual bank accounts	Identifies banks globally
Role	Used for identifying specific accounts	Used for routing payments internationally
Format	Up to 34 characters	8-11 characters

Regulatory Body	Varies by country, aligned with ISO (International Organization for Standardization) standards	SWIFT organization
Where It's Used	Mainly Europe, Middle East, and select regions	Worldwide

Which code should you use for your international transfer?

So, how will you know whether you need a SWIFT code, an IBAN, or both? The answer depends on where your money is headed. Getting it right the first time helps your transfer arrive faster and avoids potential processing delays.

When to use each code

- **Sending to Europe, the Middle East, or the Caribbean?** You'll likely need an IBAN, and possibly a SWIFT code too
- **Sending to the USA, Canada, Australia, or Asia?** A SWIFT code is typically required
- **Some countries require both** SWIFT codes direct your money to the right bank, while the IBAN ensures it lands in the correct account

Real-world transfer scenarios

Let's break this down with some everyday examples:

- **Sending money to your sister studying in Germany?** You'll need her IBAN, and possibly her bank's SWIFT code too. European banks rely heavily on IBANs for accurate account identification.
- **Helping your husband transfer funds to a business partner in Japan?** You'll only need the recipient's SWIFT code, as Japan's banking system doesn't use IBANs.
- **Supporting family in the UK?** You'll need both codes - the SWIFT code routes your money to the right bank, while the IBAN ensures it reaches your family member's specific account.
- **Not sure what you need?** Ask your recipient to check their bank statement or contact their bank directly. They can provide exactly what's required for their country's banking system.

Ensuring transfer success

Before hitting "send" on your international transfer, take a moment to verify all codes are correct. Even a single mistaken character can send your money to the wrong destination or cause processing delays.

You can find your own bank codes on your account statement or by logging into your online banking portal. If you're uncertain about any details, check out [Xe's IBAN calculator](#) to lookup and verify your IBAN information.