International Standard

ISO 7341

Banking — Nostro accounts reconciliation

Opérations bancaires — Procédures de rapprochement de comptes

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work.

Draft International Standards adopted by the technical committees are circulated to the member bodies for approval before their acceptance as International Standards by the ISO Council. They are approved in accordance with ISO procedures requiring at least 75 % approval by the member bodies voting.

International Standard ISO 7341 was prepared by Technical Committee ISO/TC 68, *Banking.*

Users should note that all International Standards undergo revision from time to time and that any reference made herein to any other International Standard implies its latest edition, unless otherwise stated.

Banking — Nostro accounts reconciliation

0 Introduction

A bank that services an account on behalf of an account owner bank sends statements of that account at regular intervals to the account owner bank. Reconciliation (i.e. the matching and verifying of entries) of such statements by the account owner bank may be carried out manually, but increasing use is now being made of automatic aids.

Successful reconciliation of the data provided in statements requires that the data concerned be both accurate and complete. Moreover, the use of a standardized format for the transmission of data facilitates the use of automatic aids to reconciliation. The application of rules for the transmission of references unique to a particular transaction also minimizes the occasions when matching cannot be accomplished.

This International Standard is designed to provide a basis for agreements on the preparation of nostro account statements between correspondent banks.

The examples of statement layouts in annex A and of methods of handling references in annex B do not form part of this International Standard.

1 Scope and field of application

This International Standard specifies the data to be contained on a nostro account statement, and the format of such data. It also provides rules for the creation, transmission and reconciliation of statements, and for the handling of references.

This International Standard applies equally to both manual and automated procedures.

2 References

ISO 2014, *Writing of calendar dates in all-numeric form.*

ISO 4217, *Codes for the representation of currencies and funds.*

S.W.I.F.T. user handbook.[1] (Applies to S.W.I.F.T. members only; see 4.2.2.)

3 Definitions

For the purpose of this International Standard, the following definitions apply.

3.1 account identification: Identification assigned by the *account servicing bank* to identify the account of the *account owner bank.*

3.2 account owner bank: A bank for which an account is serviced at another bank *(account servicing bank).*

3.3 account servicing bank: A bank that is the depository for an account.

3.4 advice (debit or credit): A confirmation that a funds transfer has been executed. An advice does not contain payment order instructions.

3.5 balances

3.5.1 available balance: Balance at the disposal of the account owner at the close of the statement period.

3.5.2 closing balance: Balance of entries posted to the account at the close of the statement period.

3.5.3 intermediate closing balance: Balance of entries posted to the account at the end of the statement page or message.

3.5.4 intermediate opening balance: *Intermediate closing balance* of the previous page or message.

3.5.5 opening balance: *Closing balance* of the previous statement.

3.6 bulking: The practice of totalling the amounts of a number of transactions to provide a single accounting entry.

3.7 entry: Any debit or credit posted to an account.

3.8 entry date: Date on which entries are made in the records of an account.

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1) Details concerning the acquisition of this handbook may be obtained from the Secretariat of ISO/TC 68 or from the ISO Central Secretariat.

3.9 loro account: An account serviced by a bank on behalf of an *account owner bank.*

3.10 nostro account: A record kept by an *account owner bank* of an account serviced on its behalf by an *account servicing bank.*

3.11 references

3.11.1 account servicing bank's reference: Reference assigned by the *account servicing bank* to identify the transaction. (This is the reference to which the *account owner bank* refers in cases of enquiry to that bank).

3.11.2 reference for the account owner bank: The reference which identifies the transaction to the *account owner bank.*

3.11.3 reference for the beneficiary: The reference which enables the beneficiary to identify the transaction.

3.11.4 sending bank's transaction reference: Reference assigned by the sending bank which uniquely identifies the transaction.

3.11.5 supplementary details: Information for the *account owner bank* which may be added to individual statement entries.

3.12 transaction amount: The funds transferred between two parties in a transaction.

3.13 value date: Date on which the funds are to be at the disposal of the receiving bank.

4 Data to be included in statements

The data (both mandatory and optional) to be included in statements are described under two main headings:

a) data related to statements as a whole (see 4.1);

b) data related to each entry (see 4.2).

Mandatory data elements known to the bank sending the statement shall always be included; optional elements are included at the discretion of the sending bank.

Examples of statement layouts using the defined data elements are shown in annex A.

4.1 Data related to statements as a whole

4.1.1 List of data elements

4.1.1.1 Mandatory elements

The following elements shall be included in all statements:

a) account identification;

b) account owner bank identification;

c) balances;

1) opening balance: date (as at the opening of the present statement period), amount and nature (debit or credit);

2) closing balance: date (as at the close of the present statement period), amount and nature (debit or credit);

d) currency identification (and funds if needed). If a code is used, this shall be taken from ISO 4217;

e) sequence number of the statement (methods of sequence numbering are given in 4.1.3);

f) statement sender identification.

4.1.1.2 Optional elements

The following elements may be included in the statements:

a) balances;

1) available balance: date (as at the close of the statement period), amount and nature (debit or credit);

2) intermediate closing balance: date (optional), amount, nature (debit or credit);

3) intermediate opening balance: date (optional), amount, nature (debit or credit);

NOTE — Intermediate balances are used when the statement occupies more than one page or message.

b) entries: the sequence for listing entries is shown in 4.1.2;

c) interest rates:

1) current credit interest rate and date from which effective;

2) current debit interest rate and date from which effective.

4.1.2 Method of listing the entries

The sequence for listing entries within statements shall be by entry date. Debits and credits shall be shown separately either in ascending or descending order of amounts in each case. As a consequence of using this system, charges will not usually appear together with their principal amount.

4.1.3 Numbering of statements and pages within statements

Statements (and pages within statements, if these are used) shall be numbered using one of the following methods:

a) unbroken sequential numbering of all statement pages;

b) sequential numbering of statements and numbering of individual pages within them (for example the second page of the twenty-third statement would be numbered 23/2).

4.2 Data related to each entry

4.2.1 List of data elements

The data elements for each entry shall be as follows:

a) amount;

b) dates:

1) entry date (see 5.6): the format shall be in accordance with ISO 2014;

2) value date (see 5.7): the format shall be in accordance with ISO 2014;

c) entry type identification:

1) credit (code C), or reversal of debit (code RD);

2) debit (code D), or reversal of credit (code RC);

d) references:

1) account servicing bank's reference (see 5.8.2);

2) reference for the account owner (see 5.8.1);

3) supplementary details (see 5.8.3);

e) transaction type identification code. Use of this code is optional. For the explanation and list of codes see 4.2.2.

4.2.2 Transaction type identification code

4.2.2.1 Explanation of code

The transaction type identification code comprises four characters:

a) The first character is a code indicating the means by which advice of the transaction has been transmitted if it is a credit, or means by which the payment instruction was transmitted by the account owner if it is a debit. Currently allocated codes are

F: The first time that the entry is made known to the account owner bank [for example charges previously un-advised (see 4.2.2.2 and 5.3)].

N: The corresponding advice or transfer was not routed by S.W.I.F.T. (see 4.2.2.3);

S: The corresponding advice or transfer was routed by S.W.I.F.T. (see 4.2.2.4).

b) The last three characters indicate the type of transaction. Alphabetic codes are preferred, but numeric codes are provided for cases where the sender and receiver use incompatible alphabets.

4.2.2.2 Code F

The numeric and alphabetic codes shall be as shown in table 1.

Table 1 — Code F

Code		Transaction
Numeric	Alphabetic	
091	BRF	brokerage fee
093	CHG	charges and other expenses
095	COM	commission
097	INT	interest

4.2.2.3 Code N

The numeric or alphabetic codes shown in table 2 may be used in addition to those listed in table 1 in respect of code F.

Table 2 — Code N

Code		Transaction
Numeric	Alphabetic	
005	BOE	bill of exchange
010	CHK	cheque
015	CLR	cash letter / cheque remittance
020	COL	collections
025	DCR	documentary credit
030	DIV	dividends — warrants
035	EQA	equivalent amount
040	ECK	eurocheques
045	FEX	foreign exchange
050	LDP	loans and deposit
055	RTI	returned item
060	SEC	securities
065	STO	standing order
070	TCK	travellers cheques
075	TRF	transfer
080	TST	trust
085	VDA	value date adjustment (used with an entry made to withdraw an incorrectly dated entry. It will be corrected by a new entry with the original transaction code).
090	MSC	miscellaneous

4.2.2.4 Code S

For possible message types, refer to the S.W.I.F.T. user handbook.

5 Rules for the creation and transmission of statements

5.1 Statement frequency

It is recommended that statements be sent daily when one or more movements to the account have occurred. The period of time between two statements shall not normally exceed one month even if no movement has occurred.

5.2 Transaction amount

The amount transferred shall always appear unchanged on a statement.

5.3 Entries for expenses, charges or commissions

The entries relating to the settlement of expenses, charges or commissions advised to the account owner bank by the statement only, shall be identified by the reference of the entry relating to the principal transaction. The code for the nature of the expenses, charges or commissions shall then begin with F [see 4.2.2.1 a)].

5.4 Bulking of entries

The account servicing bank when issuing a statement shall never bulk entries.

5.5 Code 090 or MSC (miscellaneous)

The code 090 or MSC shall only be used when none of the other codes applies.

5.6 Entry date

The entry date for each entry shall be evident from the statement. However, it need only appear when different from the previous entry.

5.7 Value date

The value date for each entry shall be evident from the statement. However, it need only appear when different from the entry date.

5.8 References

References shall be quoted for each statement entry, whether related to a debit or a credit.

5.8.1 Reference for the account owner bank
(for definition see 3.11.2)

Recommended maximum length: 16 characters.

This reference shall be quoted in all cases when available (see 6.1). It shall not be changed in any way (for example by adding extra data, giving only a part of the reference, changing or omitting separator characters, giving only the last digits of cheque numbers). In the case of transactions passing through several banks, care shall be taken always to forward the original reference unchanged.

This reference shall also be quoted against any charges debited by the account servicing bank. Debits against standing instructions shall show the reference of the standing instruction. Interest charges shall refer to the loan in respect of which the debit is being applied.

5.8.2 Account servicing bank's reference
(for definition see 3.11.1)

Recommended maximum length: 16 characters.

For the method of use see 6.1.

5.8.3 Supplementary details (for definition see 3.11.5)

When no reference for the account owner is available (NONREF), the account servicing bank shall insert the best available alternative information as supplementary details, for example name of originator. Supplementary details may also be given when an advice has not been provided for a transaction or to provide additional information to facilitate reconciliation.

6 Rules for the handling of references

6.1 Assignment of references to a transaction

Every transaction shall contain an individual identification (the sending bank's transaction reference) which is assigned by the sending bank.

When a transaction is created as a consequence of a related transaction, it shall also carry the related reference (reference for the beneficiary) in addition to the sending bank's transaction reference.

6.2 Use of references on statements to identify transactions

An item on a statement may contain several references and it is important that the purpose of each reference shall be clearly identified.

6.2.1 Reference for the account owner bank

6.2.1.1 Debits

The sending bank of the original instruction to debit is either the account owner bank itself or its known authorized agent (for example a subsidiary of the account owner bank). The purpose of this reference is to identify to the account owner bank the instruction causing the debit.

Content: the sending bank's transaction reference of the original instruction.

If no sending bank's transaction reference is provided, the code NONREF shall be used. The account servicing bank will then supply what it considers to be the best available alternative information in the supplementary details field (see 5.8.3).

6.2.1.2 Credits

There are two possible situations:

a) The account servicing bank is identifying to the account owner bank the receipt of funds to its credit as a consequence of a related transaction.

Content: the reference for the beneficiary of the related transaction.

If no reference for the beneficiary was provided, the code NONREF shall be used. The account servicing bank will then supply what it considers to be the best available alternative information in the supplementary details field (see 5.8.3).

b) The account servicing bank has issued a payment instruction to the account owner bank and the credit being identified is for that payment. No related transaction is involved.

Content: the sending bank's transaction reference of the payment instruction issued by the account servicing bank (see 5.8.2).

NOTE — In cases where a mutually agreed alternative reference exists (for example in a foreign exchange or money market transaction) this reference should be used.

6.2.2 Account servicing bank's reference

This is the account servicing bank's identification of the transaction (see 3.11.1).

Content: the account servicing bank's own reference to the transaction.

Where the transaction has been initiated by the account servicing bank [for example a credit as in 6.2.1.2 b)], the account servicing bank's reference will be identical to the reference for the account owner bank. Where the two references are the same, the account servicing bank's reference may be omitted.

6.2.3 Supplementary details

The use and content of this field are given in 5.8.3.

6.2.4 Examples

Examples illustrating the application of these rules for the handling of references are shown in annex B.

Annex A

Examples of statement layouts using the specified data elements

(alternative column sequences are acceptable)

(This annex does not form part of the standard.)

Example 1:

| Normal Bank |
| London, UK |

Account No.: 00099556677

Currency code: GBP

Statement No.: 00079/1

To
Anytown Bank
Anytown, USA

Interest rates effective from: 83-07-15

Debit balance: 10 %

Credit balance: 8 %

Opening balance at 83-07-21: 10000.00 C

Code	Amount	Value date	Reference for the account owner	Account servicing bank's reference
NRTI	20.50 D	83-07-10	39/C127	22/47318
NTRF	950.00 RC	83-07-20	22AC654321	ITEM 25 UNPAID
				876322
				REVERSAL OF ENTRY DATED 83-07-20
S100	1000.00 C	83-07-21	52TT765432	22/47322
NCLR	1050.27 C		39/C431	NONREF
NTRF	1200.00 C		18AC765432	BY ORDER OF COTTON BANK, LONDON
				656532
NTRF	1400.00 C		18AC765435	22345678
FCHG	20.00 D		18A060105666	123456
S100	843.20 D		18AT60107754	22345678
S100	4000.00 D		18AT60105666	
S100	700.00 C	83-07-30	52TT767601	

Closing balance as at 83-07-21: 9516.57 C

Closing available balance as at 83-07-21: 8816.57 C

Example 2 :

Normal Bank
London, UK

Account No. : 00816402

Statement No. : 00156/1

Currency code : GBP

To

Anytown Bank
New York

Current interest rates effective from 83-07-15

Debit balance : 10 %

Credit balance : 8 %

Code	Reference for the account owner	Account servicing bank's reference	Supplementary details	Value date	Debit	Credit
			Opening balance as at 83-07-21 :			10,000.00
NRTI	39/C127					
NTRF	22AC654321	22/47318	ITEM 25 UNPAID	07-10	20.50	
S100	52TT765432	876322	REVERSAL OF ENTRY DATED 83-07-20	07-20	950.00	1,000.00
NCLR	39/C431	22/47322		07-21		1,050.27
NTRF	18AC765432	NONREF				1,200.00
NTRF	18AC765435	656532				1,400.00
FCHG	18A060105666	22345678	BOO COTTON BANK LONDON		20.00	
S100	18AT60107754	123456			843.20	
S100	18A060105666	22345678			4,000.00	
S100	52TT767601			07-30		700.00
			Closing balance as at 83-07-21 :			9,516.57
			Closing available balance as at 83-07-21 :			8,816.57

Annex B

Examples showing methods of handling references

(as described in clause 6)

(This annex does not form part of the standard.)

Example 1:

Bank A — Florence sends a bank transfer to bank B — New York requesting bank B to debit bank A's Milan head office account in the amount of 150,000 US dollars, in cover of a customer transfer from bank A — Florence to bank C — London.

In turn, bank B debits Milan's account, credits bank C's account and sends bank C a credit advice reflecting this credit.

	Bank transfer	Credit advice
Sending bank	BANK A — FLORENCE	BANK B — NEW YORK
Receiving bank	BANK B — NEW YORK	BANK C — LONDON
Sending bank's transaction reference	39/C127	BANK B-123
Reference for the beneficiary	66/D346	66/D346
Value date/currency code/amount	820710USD150000,	820710USD150000,
Reimbursement	BANK A — MILAN	
Originator		
Beneficiary	BANK C — LONDON	BANK A — FLORENCE

Subsequently, bank B will send both bank A — Milan and bank C — London account statements which will reflect the debit and credit to their respective accounts. The statement entries pertaining to the example illustrated above will be as follows:

	Code	Reference for the account owner bank	Account servicing bank's reference	Supplementary details	Value date	Credit	Debit
		Statement from bank B to bank A — Milan					
Entry:	S202	39/C127	BANK B-123	B/O BANK A — FLORENCE	820710		150 000.
		Statement from bank B to bank C — London					
Entry:	S910	66/D346	BANK B-123	B/O BANK A — FLORENCE	820710	150,000.	

Example 2:

Bank A — Milan sends a bank transfer to bank B — New York requesting them to debit bank A's account in the amount of 200,000 US dollars and credit bank C — London in favour of their Singapore branch in settlement of a foreign exchange transaction between bank A and bank C — Singapore.

	Bank transfer	Bank transfer	Credit advice
Sending bank	BANK A — MILAN	BANK B — NEW YORK	BANK C — LONDON
Receiving bank	BANK B — NEW YORK	BANK C — LONDON	BANK C — SINGAPORE
Sending bank's transaction reference	BANKA-1	BANKB-2	BANKC-2
Reference for the beneficiary	BANAIT1234BANCSG	BANAIT1234BANCSG	BANAIT1234BANCSG
Value date/currency code/amount	820710USD200000,	820710USD200000,	82071USD200000,
Originator	BANK A — MILAN	BANK A — MILAN	BANK A — MILAN
Beneficiary's bank	BANK C — LONDON		
Beneficiary	BANK C — SINGAPORE	BANK C — SINGAPORE	

Subsequently, bank B will send both bank A — Milan and bank C — London account statements which will reflect the debit and credit to their respective accounts. In addition, bank C — London will send their Singapore branch an account statement which will reflect the credit to their account.

The statement entries pertaining to the example illustrated above will be as follows:

	Code	Reference for the account owner bank	Account servicing bank's reference	Supplementary details	Value date	Credit	Debit
		Statement from bank B to bank A — Milan					
Entry:	S202	BANKA-1	BANKB-2		820710		200,000.
		Statement from bank B to bank C — London					
Entry:	S202	BANAIT1234BANCSG	BANKB-2	B/O BANK A — MILAN	820710	200,000.	
		Statement from bank C — London to bank C — Singapore					
Entry:	S910	BANAIT1234BANCSG	BANKC-2	B/O BANK A — MILAN	820710	200,000.	

Example 3:

Bank A — Brussels sends a customer transfer on behalf of ABC Corporation to bank B — London requesting bank B to debit bank A's account and credit bank C — New York's account in the amount of £ 50,000 sterling for further credit to XYZ Corporation.

	Customer transfer	Customer transfer
Sending bank	BANK A — BRUSSELS	BANK B — LONDON
Receiving bank	BANK B — LONDON	BANK C — NEW YORK
Sending bank's transaction reference	123-466	456-789
Reference for the beneficiary		
Value date/currency code/amount	820710GBP50000,	820710GBP50000,
Originator	ABC CORPORATION	ABC CORPORATION
Originator's bank		BANK A — BRUSSELS
Beneficiary's bank	BANK C — NEW YORK	
Beneficiary	XYZ CORPORATION	XYZ CORPORATION

Subsequently, bank B will send both bank A — Brussels and bank C — New York account statements which will reflect the debit and credit to their respective accounts. The statement entries pertaining to the example illustrated above will be as follows:

	Code	Reference for the account owner bank	Account servicing bank's reference	Supplementary details	Value date	Credit	Debit
		Statement from bank B to bank A — Brussels					
Entry:	S100	123-466	456-789		820710		50,000.
		Statement from bank B to bank C — New York					
Entry:	S100	456-789	456-789	B/O BANK A — BRUSSELS	820710	50,000.	