

# INTERNATIONAL STANDARD

# ISO 7341

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## Banking — Nostro accounts reconciliation

*Opérations bancaires — Procédures de rapprochement de comptes*

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## Contents

Page

Foreword.....	iv
Introduction.....	v
1 Scope .....	1
2 Normative references .....	1
3 Terms and definitions .....	1
4 Data to be included in statements .....	3
4.1 General.....	3
4.2 Data related to statements as a whole .....	3
4.3 Data related to each entry.....	4
5 Rules for the creation and transmission of statements .....	9
5.1 Statement frequency .....	9
5.2 Transaction amount .....	9
5.3 Entries for expenses, charges or commission.....	9
5.4 Bulking of entries.....	9
5.5 Code 090 or MSC (miscellaneous).....	9
5.6 Entry date .....	10
5.7 Value date.....	10
5.8 References.....	10
6 Rule for the handling of references .....	10
6.1 Assignment of references to a transaction.....	10
6.2 Use of reference on statements to identify transactions .....	11
Annex A (informative) Examples showing methods of handling references.....	13

## 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. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

International Standards are drafted in accordance with the rules given in the ISO/IEC Directives, Part 3.

Draft International Standards adopted by the technical committees are circulated to the member bodies for voting. Publication as an International Standard requires approval by at least 75 % of the member bodies casting a vote.

Attention is drawn to the possibility that some of the elements of this International Standard may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights.

International Standard ISO 7341 was prepared by Technical Committee ISO/TC 68, *Banking, securities and other financial services*.

This second edition cancels and replaces the first edition (ISO 7341:1985), which has been technically revised.

Annex A of this International Standard is for information only.

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## Introduction

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

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 account statements between correspondent financial institutions.

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# Banking — Nostro accounts reconciliation

## 1 Scope

This International Standard specifies the data to be contained on a loro 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.

## 2 Normative references

The following normative documents contain provisions which, through reference in this text, constitute provisions of this International Standard. For dated references, subsequent amendments to, or revisions of, any of these publications do not apply. However, parties to agreements based on this International Standard are encouraged to investigate the possibility of applying the most recent editions of the normative documents indicated below. For undated references, the latest edition of the normative document referred to applies. Members of ISO and IEC maintain registers of currently valid International Standards.

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.

## 3 Terms and definitions

For the purposes of this International Standard, the following terms and definitions apply.

### 3.1

#### **account identification**

identification assigned by the account servicing financial institution to identify the account of the account owner financial institution

### 3.2

#### **account owner financial institution**

financial institution for which an account is serviced at another financial institution that is the depository for an account

### 3.3

#### **account servicing financial institution**

financial institution that is the depository for an account

### 3.4

#### **advice (debit or credit)**

confirmation that a funds transfer has been executed

NOTE 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**

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

### 3.9

#### **loro account**

account serviced by a financial institution on behalf of an account owner financial institution

NOTE The account servicing financial institution sends the statements of account to the account owner financial institution.

### 3.10

#### **nostro account**

record kept by an account owner financial institution of an account serviced on its behalf by an account servicing financial institution

NOTE The account owner financial institution receives the statement of account from the account servicing financial institution.

### 3.11 References

#### 3.11.1

##### **account servicing financial institution's reference**

reference assigned by the account servicing financial institution to identify the transaction

NOTE This is the reference to which the account owner financial institution refers in cases of enquiry to that financial institution.

#### 3.11.2

##### **reference for the account owner financial institution**

reference which identifies the transaction to the account owner financial institution

**3.11.3****reference for the beneficiary**

reference which enables the beneficiary to identify the transaction

**3.11.4****sending financial institution's transaction reference**

reference assigned by the sending financial institution which uniquely identifies the transaction

**3.11.5****supplementary details**

information for the account owner financial institution which may be added to individual statement entries

**3.12****transaction amount**

funds transferred between two parties in a transaction

**3.13****value date**

date on which the funds are at the disposal of the receiver

**3.14****sending financial institution**

financial institution that inputs a message to a service

**3.14.1****sender**

party responsible for, and authorised to, send a message

**4 Data to be included in statements****4.1 General**

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 4.2);
- b) data related to each entry (see 4.3).

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

**4.2 Data related to statements as a whole****4.2.1 List of data elements****4.2.1.1 Mandatory elements**

The following elements shall be included in all statements:

- a) account identification;
- b) account owner financial institution's identification;
- c) balances;
  - 1) opening balance: date (as at the opening of the present statement period), amount and nature (debit or credit);

## ISO 7341:2000(E)

- 2) closing balance: date (as at the close of the present statement period), amount and nature (debit or credit);
- d) currency identification (and fund type 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 4.2.3);
- f) statement sender identification.

### 4.2.1.2 Optional elements

The following elements may be included in the statements:

- a) balances;
  - 1) available balance; date (optional), amount, 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);
- b) entries: the sequence for listing entries is shown in 4.2.2;
- c) interest rates:
  - 1) current credit interest rate and date from which effective;
  - 2) current debit interest rate and date from which effective.

### 4.2.2 Method of listing the entries

To facilitate manual reconciliation the sequence for listing entries within statements shall be by entry date and, within entry date, by value date. Debits and credits shall be shown separately in ascending order of amounts in each case. As a consequence of using this convention, charges will not usually appear together with their principal amount.

### 4.2.3 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).

## 4.3 Data related to each entry

### 4.3.1 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; for example 1999-07-10 (i.e year-month-day);
  - 2) value date (see 5.7): the format shall be in accordance with ISO 2014; for example 1999-07-10 (i.e year-month-day);
- c) entry type identification:
- 1) indication of a credit, or indication of a reversal of a debit;
  - 2) indication of a debit, or indication of a reversal of a credit;
- d) funds type, if applicable, to consist of the third character of the currency code (ISO 4217);
- e) references:
- 1) account servicing financial institution's reference (see 5.8.3);
  - 2) reference for the account owner (see 5.8.2);
  - 3) supplementary details (see 5.8.4);
- f) transaction type identification code. Use of this code is optional. For the explanation and list of codes see 4.3.2.

### 4.3.2 Transaction type identification code

#### 4.3.2.1 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 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 financial institutions [for example charges previously unadvised (see 4.3.2.3 and 5.3)];
  - N: The corresponding advice or transfer was not routed by S.W.I.F.T. or where an "alpha" description is preferred (see 4.3.2.4 and Table 1);
  - S: The corresponding advice or transfer was routed by S.W.I.F.T. (see 4.3.2.2).
- 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.

#### 4.3.2.2 Code S (optional — depending on the system used)

For entries related to S.W.I.F.T. transfer instructions and subsequent charge(s) messages the last three characters shall be the three character message type indicator of the S.W.I.F.T. message which begot the entry made in the statement.

#### 4.3.2.3 Code F (optional — depending on the system used)

For entries being first advised by the statement (items originated by the account servicing financial institutions) the code used must be an appropriate code indicating the reason for the entry (see codes listed in Table 1).

**4.3.2.4 Code N** (optional — depending on the system used)

The numeric and alphabetical codes shall be as shown in Table 1.

NOTE Other mutually agreed codes may be used.

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Table 1 — Transaction type identification codes

Code		Transaction
Alphabetic	Numeric	Name & Description
ADV	001	ADVANCE PAYMENT Entry relates to a payment made in advance or as an advance.
AGT	002	AGRICULTURAL TRANSFER Entry relates to a subsidy payment to a farmer.
AMY	003	ALIMONY Entry relates to the payment(s) made by one spouse to the other after a separation or divorce. It may be applied to other family relationships.
BEC	004	CHILD BENEFIT Entry relates to a payment made to a parent/guardian to help maintaining a child.
BEN	006	UNEMPLOYMENT/DISABILITY BENEFIT Entry relates to a payment made to an unemployed/disabled person.
BOE	005	BILL OF EXCHANGE Entry relates to a bill of exchange.
BON	007	BONUS Entry relates to the payment of a bonus.
BRF	091	BROKERAGE FEE Entry relates to charges levied by a broker.
CBF	008	CAPITAL BUILDING FRINGE FORTUNE Entry relates to the payment of capital accumulated in view of retirement.
CDT	009	COMMODITY TRANSFER Entry relates to the payment of products traded on a commodity exchange.
CHG	093	CHARGES AND OTHER EXPENSES Entry relates to the payment of charges or other expenses involved in the transaction.
CHK	010	CHEQUE(S) Entry relating to the payment of a cheque(s).
CLR	015	CASH LETTER/CHEQUE REMITTANCE Entry relates to a payment resulting from transmissions from one financial institution to another of a financial instrument grouping cheques/items.
COC	016	COMMERCIAL CREDIT Entry relates to the settlement of a commercial credit.
COL	020	COLLECTIONS (USED WHEN ENTERING A PRINCIPAL AMOUNT) Entry relates to an amount of money resulting from collections.
COM	095	COMMISSION Entry relates to the payment of a fee for executing a transaction.
COS	021	COSTS Entry relates to the payment of costs incurred.
CPY	022	COPYRIGHT Entry relates to payment in respect of copyrights.
CSH	023	CASH TRANSACTION Entry relates to a transaction done in cash.
DCR	025	DOCUMENTARY CREDIT (used when entering a principal amount) Entry relates to the drawing under a documentary credit.
DDB	069	DIRECT DEBIT(S) Entry relates to a direct debit(s).

Table 1 (continued)

Code		Transaction
Alphabetic	Numeric	Name & Description
DEP	026	DEPOSIT Entry relates to an amount of money deposited in an account.
DIV	030	DIVIDENDS Entry relates to the payment of a sum of money paid to a shareholder.
ECK	040	EUROCHEQUES Entry relates to a payment resulting from Eurocheques.
EQA	035	EQUIVALENT AMOUNT Entry relates to an equivalent amount relative to a currency conversion.
FEX	045	FOREIGN EXCHANGE Entry relates to the settlement of a foreign exchange deal.
GDS	046	PURCHASE AND SALE OF GOODS Entry relates to a payment for the purchase or sale of goods.
GVT	047	GOVERNMENT PAYMENT Entry relates to a government department payment.
IHP	048	INSTALMENT/HIRE-PURCHASE AGREEMENT Entry relates to the payment of an instalment or to the settlement of a hire-purchase agreement.
INS	049	INSURANCE PREMIUM Entry relates to the payment of an insurance premium.
INT	097	INTEREST Entry relates to the payment of interest.
LBX	051	LOCK BOX Entry relates to payments resulting from a lockbox service.
LOA	050	LOAN Entry relates to the payment of a specific amount of money lent by a creditor/lender.
LOR	052	LOAN REPAYMENT Entry relates to an amount of money transferred in repayment of a loan.
MET	056	METALS Entry relates to the purchase or sale of metals.
MOM	057	MONEY MARKET Entry relates to money market transactions.
MSC	090	MISCELLANEOUS To be used when no other code applies or when no other code is available.
MTR	058	MULTIPLE TRANSFERS Entry relates to the total amount resulting from multiple transfers.
NET	059	NETTING Entry as a result of netting process.
PEN	062	PENSION Entry relates to the payment of a pension allowance.
REF	064	REFUND Entry relates to the repayment of funds.
REN	066	RENT Entry relates to the payment of a rent.
ROY	067	ROYALTIES Entry relates to the payment of royalties.

Table 1 (continued)

Code		Transaction
Alphabetic	Numeric	Name & Description
RTI	055	RETURNED ITEM Entry relates to a returned or unpaid item.
SCV	068	PURCHASE AND SALE OF SERVICES Entry relates to payment for the purchase and sale of services.
SEC	060	SECURITIES (used when entering a principal amount) Entry relates to the payment of securities.
SSB	072	SOCIAL SECURITY BENEFIT Entry relates to the payment of social security benefits.
STO	065	STANDING ORDER Entry relates to a standing order.
TAX	074	TAX PAYMENT Entry relates to the payment of tax.
TCK	070	TRAVELLERS CHEQUES Entry relates to a payment resulting from travellers cheques.
TRF	075	TRANSFER Entry relates to a transfer of funds.
VAT	076	VALUE ADDED TAX PAYMENT Entry relates to the payment value added tax.
VDA	085	VALUE DATE ADJUSTMENT An entry made to reverse a previously incorrectly value dated entry.

## 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.

### 5.2 Transaction amount

The amount transferred shall always appear unchanged on a statement.

### 5.3 Entries for expenses, charges or commission

The entries relating to the settlement of expenses, charges or commissions advised to the account owner financial institutions 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 being with F (see 4.3.2.3).

### 5.4 Bulking of entries

The account servicing financial institutions when issuing a statement may bulk entries with the agreement of the account owner.

### 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 illustrated in the statement. However, it need only appear when different from the previous entry (implicit).

## 5.7 Value date

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

## 5.8 References

### 5.8.1 General

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

### 5.8.2 Reference for the account owner financial institution (for definition see 3.11.2)

Maximum length: 16 characters.

This reference shall be quoted in all cases when available (see 6.2.1.1 and 6.2.1.2). 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 etc). In the case of transactions passing through several financial institutions, 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 financial institutions. 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.

### 5.8.3 Account servicing financial institution's reference (for definition see 3.11.1)

Maximum length: 16 characters

For the method of use, see 6.1.

### 5.8.4 Supplementary details (for definition see 3.11.5)

When no reference for the account owner is available (i.e. NONREF; see 6.2.1.1 and 6.2.1.2), the account servicing financial institution shall insert the best available alternative information as supplementary details, for example the name of the 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 Rule for the handling of references

### 6.1 Assignment of references to a transaction

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

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

## 6.2 Use of reference 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 in the "supplementary details" (see 5.8.4).

### 6.2.1 Reference for the account owner financial institution

#### 6.2.1.1 Debits

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

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

If no sending financial institution's reference is provided, then the code NONREF shall be used. The account servicing financial institution will then supply what it considers to be the best available information in the supplementary details field (see 5.8.4).

#### 6.2.1.2 Credits

There are two possible situations:

- a) The account servicing financial institution is identifying to the account owner financial institution 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 financial institution will then supply what it considers to be the best available alternative information in the supplementary details field (see 5.8.4).

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

Content: the sending financial institution's transaction reference of the payment instruction issued by the account servicing financial institution (see 5.8.4).

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 financial institution's reference

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

Content: the account servicing financial institution's reference to the transaction.

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

### 6.2.3 Supplementary details

The use and content of this field are given in 5.8.4.

#### 6.2.4 Examples

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

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## Annex A (informative)

### Examples showing methods of handling references

*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 bank A's Milan account, credits bank C's London account and sends bank C a credit advice reflecting this credit.

See Table A.1.

**Table A.1**

	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	19990710USD150000	19990710USD150000,
Reimbursement	BANK A — MILAN	
Originator		BANK A — FLORENCE
Beneficiary	BANK C — LONDON	

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 statements entries pertaining to the example illustrated above will be as shown in Table A.2.

**Table A.2**

	Code	Reference for the account owner bank	Account servicing bank's reference	Supplementary details	Value date	Credit	Debit
Entry:	S202	39/C127	BANK B — 123	B / O BANK A — FLORENCE	19990710		150,000
Entry:	S910	66/D346	BANK B — 123	B / O BANK A — FLORENCE	19990710	150,000	