

Specification for

Nostro accounts reconciliation in banking

[ISO title: Banking — Nostro accounts reconciliation]

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- American Banks Association of London (ABAL)
- British Computer Society Ltd
- Building Societies Association
- Committee of London Clearing Bankers on behalf of London and Scottish Clearing Banks and Yorkshire Bank
- The Stock Exchange

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National foreword

This British Standard has been prepared under the direction of the Office and Information Standards Committee. It is identical to ISO 7341:1985 “*Banking — Nostro accounts reconciliation*” published by the International Organization for Standardization (ISO).

Terminology and conventions. The text of the International Standard has been approved as suitable for publication as a British Standard without deviation. Some terminology and certain conventions are not identical with those used in British Standards; attention is drawn especially to the following.

Wherever the words “International Standard” appear, referring to this standard, they should be read as “British Standard”.

Cross references

International Standard	Corresponding British Standard
ISO 2014:1976	BS 5249 <i>Representation of elements of data in interchanges using data processing systems</i> Part 1:1976 <i>Representation of dates and times</i> (Technically equivalent)
ISO 4217:1981	BS 5716:1981 <i>Specification for codes for the representation of currencies and funds</i> (Identical)

A British Standard does not purport to include all the necessary provisions of a contract. Users of British Standards are responsible for their correct application.

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Summary of pages

This document comprises a front cover, an inside front cover, pages i and ii, pages 1 to 12, an inside back cover and a back cover.

This standard has been updated (see copyright date) and may have had amendments incorporated. This will be indicated in the amendment table on the inside front cover.

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

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.