

# Kazakhstan National Payment System ISO 20022 Upgrade



- Effective **1<sup>st</sup> July 2024**, the Kazakhstan National Payments System which is owned and operated by the National Bank of Kazakhstan and used by Commercial banks will migrate to the international standard of exchange of financial messages ISO 20022 XML.
- The abovementioned migration will lead to changes in the structure of RTGS and ACH payments. One of the new requirements is the introduction of **Country of Residence Code** which is a mandatory requirement for all incoming and outgoing local payments sent in favor of non-residents.

# Technical requirements

If the Payment instructions received via CitiConnect/CitiDirect are not updated as per the required formatting rules/specifications after Citi deployment, they will be **rejected** as part of the initial file validation

## Today

Beneficiary Country of Residence code is not required

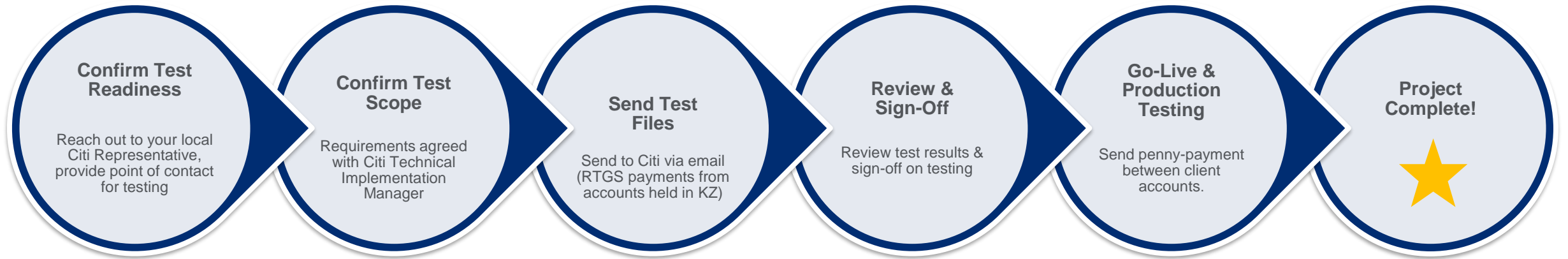


## Post 1<sup>st</sup> July 2024

- Beneficiary Country of Residence code will become **mandatory** in following cases:
  - ✓ Payment's currency = KZT
  - ✓ Beneficiary is a non-resident of KZ
  - ✓ BIC of beneficiary ≠ CITIKZKA
- And also, for cumulative payments in f/o resident but having non-resident in child part (salary payments)

New field type:	XML V3	XML V2	IDOC	Paymul	CDFF	CP2E
Conditional (if the beneficiary selected code starts with '2' then tag <CtryOfRes> added)	<CtryOfRes>  PmtInf/CdtTr/Cdtr	<CtryOfRes>  PmtInf/CdtTr/Cdtr	Segment: E1IDT01 SegmentField : TXT08 (pos. 36-70)	SegmentGroup: SG15 Segment: FTX Item: 4440	Tag 26 and all further fields moved to +1	Field name: TransDet8

# Testing process



## Regression testing eligibility criteria – who is impacted

- 1 Clients with existing setup in place (Accounts, H2H Connection)
- 2 Live payment traffic in KZ branch
- 3 Using currently CitiConnect (H2H) Solution

## Sample for XML V3/V2

```
<CdtrAgt>
  <FinInstnId>
    <BIC>ALTYNBKZ</BIC>
  </FinInstnId>
  <PstlAdr>
    <Ctry>KZ</Ctry>
  </PstlAdr>
</CdtrAgt>
<Cdtr>
  <Nm>BENEFICIARY NAME</Nm>
  <CtryOfRes>US</CtryOfRes>
</Cdtr>
<CdtrAcct>
  <Id>
    <IBAN>KZ123456789012345678</IBAN>
  </Id>
</CdtrAcct>
<RgltryRptg>
  <Dtls>
    <Cd>100</Cd>
    <Inf>23///123456789012</Inf>
  </Dtls>
</RgltryRptg>
<RmtInf>
  <Ustrd>REMITTANCE INFORMATION LINE 1</Ustrd>
</RmtInf>
</RgltryRptg>
</CdtTrfOfi>
```

# CitiDirect User Interface

## Funds transfer

CitiDirect®

Home Payments Receivables & Collections Trade Reports & Analytics Inquiries & Searches File Services Self Service Citi Portals Trade FX with CitiFX Pul

Payment Details

\* Transaction Reference Number  
XXXX

\* Charges Indicator  
Our

\* Payment Details Code

Budget Code

\* Debit Value Date  
02/05/2024

Remitter Code  
27

Payment Details Code Description

Budget Code Description

Payment Details

Beneficiary Details

\* Beneficiary Name  
XXXX

\* Beneficiary Account Number  
K

\* Beneficiary Code  
29

\* Beneficiary IIN / BIN

Beneficiary Country of Residence

Intermediary Bank Details

Confidential

Beneficiary Country of Residence

Show Search

Beneficiary Country of (21 - 30 of 323) Page 3 of 33

Country/Jurisdiction Code 2 ▲	Country/Jurisdiction Name 1 ▲
AO	ANGOLA
AQ	ANTARCTICA
AG	ANTIGUA & BARBUD
AR	ARGENTINA
AM	ARMENIA
AW	ARUBA

# CitiDirect User Interface

## Cumulative payment instruction

CitiDirect®

Transaction Data Source: Global



Home Payments Receivables & Collections Trade Reports & Analytics Inquiries & Searches File Services Self Service Citi Portals Trade FX with CitiFX Pulse

\* Transaction Reference Number  
\* Value Date 02/05/2024  
\* Transaction Type Select  
\* Payment Details Code  
\* Payment Details  
\* Beneficiary Name STANDARD LLP  
\* Beneficiary Account Number  
\* Beneficiary Code 27  
\* Beneficiary IIN / BIN  
\* Beneficiary Bank Routing Method IS  
\* Beneficiary Bank Routing Code  
Beneficiary Bank Name NURBANK JOINT ST

### Beneficiary Country of Residence

Show Search

Beneficiary Country of (31 - 40 of 323) Page 4 of 33

Country/Jurisdiction Code 2 ▲	Country/Jurisdiction Name 1 ▲
BD	BANGLADESH
BB	BARBADOS
BY	BELARUS
BE	BELGIUM
BZ	BELIZE

\* = Required Fields

Account Number	* Amount	Beneficiary Country of Residence	Details	IIN
4906KZ001612745	500.00			

# CitiDirect User Interface

## Cumulative payment instruction – case when beneficiary code starts with 1

If payment initiated in f/o resident, but the child record/recipient of funds is a non-resident, then beneficiary country of residence is an optional filed in this case for child record. It's not mandatory for cases when Beneficiary code starts with 1.

### Beneficiary Details

\* = Req

\* Beneficiary Name  
TAX KOMMITTEE

\* Beneficiary Account Number  
XXXXXXXXXXXXXXXXXXXX

\* Beneficiary Code  
11

\* Beneficiary IIN / BIN  
-

\* Beneficiary Bank Routing Method  
IS

\* Beneficiary Bank Routing Code  
KKMFKZ2A

Beneficiary Bank Name  
KOMITET

### Individual Details

\* = Req

Account Number	* Amount	Beneficiary Country of Residence	Details	IIN
XXXXXXXXXXXX	500.00			

# FAQ

Question	Feedback
1. What payments are affected by this change?	<p>All incoming and outgoing domestic payments in KZT currency need to include Beneficiary Country of Residence Code when the following criteria is met:</p> <ul style="list-style-type: none"><li>➤ Payment's currency = KZT</li><li>➤ Beneficiary is a non-resident of KZ</li><li>➤ BIC of beneficiary ≠ CITIKZKA</li></ul> <p>Also new field should be provided in following case:</p> <ul style="list-style-type: none"><li>➤ Interbank MT102 payment in KZT initiated in f/o resident, whereby child record contains non-resident (salary payments). In this case it's not mandatory but will be rejected at clearing if not provided.</li></ul>
2. What value should be put in Beneficiary Country of Residence Code?	<p>Please provide the country in which a person <b>resides</b> (the place of a person's home). In the case of a company, it is the country from which the affairs of that company are directed. This could be different to the value of the country within the Postal address.</p> <p>The value of the country code should be a two-letter code in accordance with Standard ISO 3166, reference book is available under <a href="#">link</a> on ISO web-site <a href="#">Online Browsing Platform (OBP) (iso.org)</a></p>
3. What code should I populate within each instruction?	<p>Still, Citi cannot advise on the appropriate beneficiary country of residence to be used in each case. We would recommend you discuss with your internal advisors / business unit and agree the beneficiary country of residence code you should be using for specific beneficiary.</p>
4. What files formats are impacted?	<p>All file-based flows are impacted by this change. If you're currently uploading CDFF files into CitiDirect or sending files via H2H channel (XML v3, XML v2, Paymul, IDOC, CP2E).</p>

# FAQ

Question	Feedback
5. Can I make the changes in my ERP system before 1st of July or do I have to comply with the go-live date?	Yes, you can start providing the purpose code before 1st of July.
6. What's the impact if we don't introduce changes by July 2024?	Payments without Beneficiary Country of Residence Code information for cases described in p.1 will be rejected.
7. Can I include Beneficiary Country of Residence code for all KZ payments or will these be rejected?	If a payment does not require Beneficiary Country of Residence code to be provided but one has been provided, then the transaction will not be rejected. This information will simply be ignored by Citi's systems.
8. I am currently going through an implementation of CitiConnect and/or I'm in testing stage, can I include this change as part of that implementation?	Yes, this would be the ideal approach – adding and testing for Beneficiary Country of Residence code can be accommodated.
9. I'm manually inputting Transactions via CitiDirect. Are those flows impacted by the change?	The CitiDirect user interface is already updated with a dedicated field provided to select Beneficiary Country of Residence code information from the reference book incorporated. Sample screens provided on slide 5 and 6.



# FAQ

Question	Feedback
10. If I create a transaction in CitiDirect by copying from a previous transaction, do I still need to include the Beneficiary Country of Residence code?	Yes, this is still required, even if copying from a previous payment.
11. Most of our payments are processed by our HQ team outside of KZ, apart from a small number of manual payments processed by the local teams. Will these teams need to be informed of this change?	Yes. If a dedicated team is responsible for payments, regardless of their location, but has not been included in the communication, please kindly advise them of the required changes and ask them to get in touch with Citi for test support.
12. What will happen if an incoming domestic payment is missing the Beneficiary Country of Residence code?	This is a mandatory market-wide change; therefore, all payments should include this new field Beneficiary Country of Residence code for cases, identified in p.1, otherwise, payment will be rejected at clearing side.
13. Where can I find updated CitiDirect Flat File import maps?	Updated Import maps can be found in updated User guide under following <a href="https://citibank.com/icg/sa/emea/kazakhstan/english/assets/docs/Import_Specifications_En_Updated4thApril2024.pdf">link (citibank.com/icg/sa/emea/kazakhstan/english/assets/docs/Import_Specifications_En_Updated4thApril2024.pdf)</a> .
14. We have a lot of templates that we use for KZ payments. Can these be updated on a mass basis?	Unfortunately, this is not possible. However, the Beneficiary Country of Residence code is already available in the existing templates and clients have two months to insert the correct values before the requirement becomes mandatory on 1 <sup>st</sup> of July 2024.

# FAQ

Question	Feedback
15. In certain situations, Citi holds payments whilst further information is provided. Is this linked to the new field Beneficiary Country of Residence code requirement?	No, the Beneficiary Country of Residence codes are unique, stand-alone requirements introduced by the National Bank of the Republic of Kazakhstan. This has no impact on the existing process where Citi requests additional information to assist in processing payments.
16. If a client makes an error in the Beneficiary Country of Residence code, can this be changed afterwards and what would happen?	If the Beneficiary Country of Residence code does not match the reference book, this will be not rejected upfront by the system and clearing. Citi will process all payments with provided value and this cannot be changed afterwards. Potentially, the regulator might reach out for more information later.
17. If I send money to a non-resident in tenge outside of Kazakhstan, do I need to indicate Beneficiary Country of Residence code	Yes, as this field is required to be filled by the local National Payments System