

Kazakhstan National Payment System ISO 20022 Upgrade



- Effective [11th November 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 above 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

Post 11th November 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 bank ≠ CITIKZKA
- The change is applicable for cumulative payments as well:
 - If the payment is sent to a non-resident of the Republic of Kazakhstan, the beneficiary's country code is indicated for all recipients in the list section;
 - If the payment is sent to a resident of the Republic of Kazakhstan, and the recipient in the list is a non-resident (pension, social contributions, salary), it is necessary to indicate the beneficiary's country code only for non-residents.

IMPORTANT: “Kazakhstan” value cannot be used when filling out Beneficiary's country of residence **only if the payment is initiated to a non-resident of the Republic of Kazakhstan**

Recommendations before moving to ISO 20022 _ November 11, 2024

The National Bank of the Republic of Kazakhstan recommended from November 5th, 2024 not to send for execution payment instructions in KZT in favor of non-residents with value date later than November 8th, 2024.

However, since this field can already be filled out in CitiDirect system, payments can still be initiated.

- Authorized interbank payments in KZT in favor of non-residents that where the beneficiary's country code is not indicated will be rejected.
- For unauthorized interbank payments in KZT in favor of non-residents, CitiDirect interface allows to adjust the payment (add the beneficiary's country code) and send it for execution on November 11, 2024.

For cumulative payments while paying salaries to another Bank to a bank's transit account, it is allowed to indicate the country "Kazakhstan" for residents of the Republic of Kazakhstan, and it is also recommended to indicate the code of the beneficiary's country for non-residents - recipients of salary.

For cumulative payments in favor of government organizations (pensions, social contributions, tax payments), the code of the non-resident's country of residence is not required.

IMPORTANT: "Kazakhstan" value cannot be used when filling out Beneficiary's country of residence **only if the payment is initiated to a non-resident of the Republic of Kazakhstan**

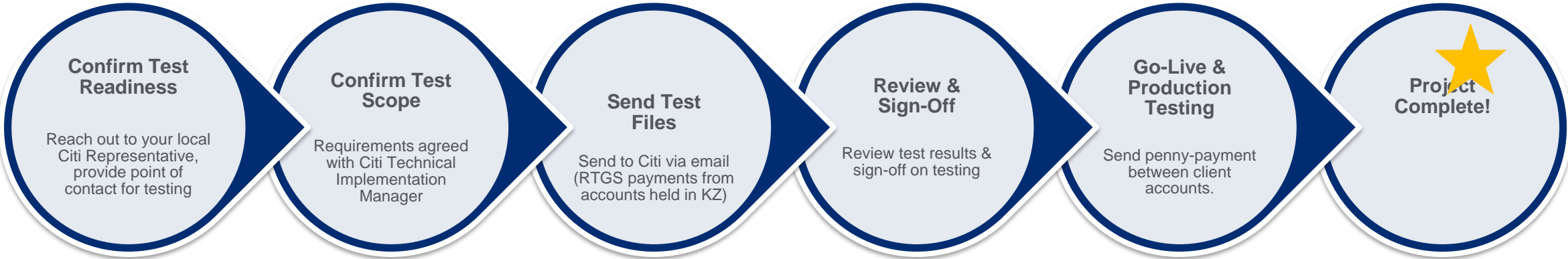
In this case, the payment will not be sent for authorization due to the following error in the CitiDirect interface

 **Error(s). Please rectify the following to proceed:**

Beneficiary Country of Residence is invalid or missing.

Testing process for CitiConnect users

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



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 CitiConnect (H2H) Solution or Uploading CitiDirect Flat Files (CDFF)

Sample for XML V3/V2

```
<CdtrAgt>  
  <FinInstnId>  
    <BIC>ALTYNBKZ</BIC>  
  <PstlAdr>  
    <Ctry>KZ</Ctry>  
  </PstlAdr>  
  </FinInstnId>  
</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>
```

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

KL

Beneficiary Code

29

Beneficiary IIN / BIN

Beneficiary Country of Residence

Intermediary Bank Details

Beneficiary Country of Residence

Show Search

Beneficiary Country of (21 - 30 of 323)

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

5

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Two new additional field

1. Actual payer – used e.g. in tax payments to indicate the details of the person or organization for the purpose of fulfilling whose obligation the payment or money transfer is made. For example, when the parent organization pays taxes for its branch, the actual payer field indicates the details of the branch.
2. Actual recipient is the person who is the final recipient of the money or the party in whose favor the obligation is fulfilled. For example, when transferring mandatory pension contributions, the beneficiary will be NAO GC "Government for Citizens", and the actual recipients will be the employees to whose personal accounts the contributions are transferred.

In Cumulative Payments module the Actual recipient field is integrated and it's the list of individuals – applicable for all type of payments initiated from CPI module.

If it's required to initiate single payment with indicating actual payer or recipient then proposed current solution is to indicate required fields in payment details (this solution will be implemented after 11th November 2024, please ask your account manager in case such payment is required to be initiated:

For actual payer:

/ULTD/ - ultimate debtor

/NAME/ - debtor name

/SECO/ - kbe's last digit (length 1)

/IDN/ - ultimate debtor's or creditor's ID

///SRI/ - pmnt details

For actual recipient cumulative payment can be initiated with single recipient or following solution to be used in payment details for single payment form:

/ULTB/ - ultimate creditor

/NAME/ - creditor name

/SECO/ - kbe's last digit (length 1)

/IDN/ - ultimate debtor's or creditor's ID

///SRI/ - pmnt details

CitiDirect User Interface

Cumulative payment instruction in favor of non-resident

CitiDirect®

Transaction Data Source: Global

Transaction Reference Number

Value Date

02/05/2024

Transaction Type

Select

Payment Details Code

Payment Details

Beneficiary 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)

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

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 should be provided for this child record.

Beneficiary Details

Beneficiary Name

TAX KOMITTEE

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

Account Number	Amount	Beneficiary Country of Residence	Details	IIN
XXXXXXXXXX	500.00	<div></div>		

When initiating payments of salaries, advances, etc. to a transit account in another bank, it is recommended for non-residents to indicate the beneficiary's country code, since another bank may reject the payment if there is no beneficiary country code for non-residents - recipients of the salary.

At the same time, for residents it is allowed to indicate the country Kazakhstan by default, and it is also allowed not to indicate any country code for residents.

When initiating payments for pension, social, and tax payments, indicating the beneficiary's country code for non-residents is not required.

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"> ➤ Payment's currency = KZT ➤ Beneficiary is a non-resident of KZ ➤ BIC of beneficiary bank ≠ CITIKZKA <p>Also new field should be provided in following case:</p> <ul style="list-style-type: none"> ➤ Interbank MT102 payment in KZT initiated in f/o resident, whereby child record contains non-resident (tax, social and salary payments). In this case it's not mandatory but will be rejected at clearing if not provided.
2. What value should be put in Beneficiary Country of Residence Code?	<p>Please provide the country in which a person resides (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 link on ISO web-site Online Browsing Platform (OBP) (iso.org)</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 11th of November 2024.
6. What's the impact if we don't introduce changes by November 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 link (citibank.com/icg/sa/emea/kazakhstan/english/assets/docs/Import_Specifications_En_Updated4thApril2024.pdf) .
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 11 th of November 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 a unique, stand-alone requirement introduced by the National Bank of 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