



BANK of ZAMBIA

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

BOZ/EXEC/DGO/bcps/bp

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CB Circular No. : 08/2019

To : All Head of Commercial Banks

SWIFT STANDARDS RELEASE 2019 AND IMPACT ON THE ZAMBIA INTERBANK PAYMENT AND SETTLEMENT SYSTEM (ZIPSS)

The Zambia Interbank Payment and Settlement System (ZIPSS) uses the SWIFT network and messaging format for the settlement of interbank payment instructions. As part of its regular system upgrade, SWIFT will be deploying the *SWIFT Standards Release 2019* on November 17, 2019 which proposes some changes that may have operational impact for both domestic and cross-border payments.

The Bank of Zambia therefore wishes to advise as follows with regards to the following changes:

1. ***Documentation change in field 72 of payments MT messages:*** SWIFT wishes to discourage the use of the code word **REC** in field 72 on account of causing delays or failures with straight through processing (STP), and will in this regard discontinue publishing it in the SWIFT User Handbook.

The Bank of Zambia wishes to guide that ZIPSS participants shall continue to use the code word **REC** in field 72 or 70 for domestic transactions processed through the ZIPSS as per current practice. This guidance is based on the following:

- The code word **REC** is not used for STP purposes for domestic transactions processed through the ZIPSS;
- The code word **REC** on the ZIPSS facilitates for querying and analysis of management reports;
- The continued use of code word **REC** will have no impact as it has no validation on the SWIFT network or SWIFT FINCopy Service through which ZIPSS transactions are processed. The SWIFT Network will not *nack* (negatively acknowledge) messages containing the code word **REC** in field 72; and

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- The continued use of the code word **REC** will minimise any adverse impact to commercial banks' payment infrastructure and the ZIPSS as there shall be no need to implement changes on the respective banks' core banking systems and the ZIPSS respectively at a cost.

Failure to comply with the ZIPSS message specifications may attract a penalty as stipulated in the ZIPSS rules.

2. ***Fields 50 and 59 and their Related Options:*** *In November 2015 SWIFT introduced a structured format option in the ordering and beneficiary customer fields (option 50F and 59F respectively) in the payments MT messages, with the intention of removing the free format options of field 50 and 59. The reason for this was to provide structure in the details captured under these two fields in order to facilitate for screening of these details in compliance with Anti Money Laundering and Countering Terrorist Financing regulations.*

In view of the planned migration to the ISO 20022, SWIFT will **NOT** be removing the free format options of fields 50 and 59. In this regard, participants shall continue to use these fields as per current practice until such a time that the swift community migrates to the ISO 20022 for both cross-border and domestic payments on the ZIPSS.

The Bank of Zambia shall facilitate for the testing of the SWIFT Standard Release 2019 once necessary readiness changes have been made on the ZIPSS infrastructure.

Please be advised accordingly.



Francis Chipimo (PhD)
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