

# Mandating the use of Purpose Codes for

## SWIFT Cross – Border Payments

Central Bank of Bahrain has introduced a mandatory “purpose code” field for all cross-border SWIFT transfers. The purpose codes to be used are given separately on our website.

### **Within the scope are:**

- cross border transactions

### ***Out of scope are:***

- transactions in the Vostro/Loro/Financial institutions (Bahraini banks which are BHD correspondents for overseas bank) accounts.

**The purpose codes are mandatory for MT 103 (All Currencies) for both outbound and inbound cross border transactions**

Cross Border Transactions Inbound to BAH [All Currencies]

**TAG 77B will be used for propagating the data (preferred option)**

Structure: /XXXXXXXX/country ISO-code//**PPC**/

Where “**PPC**” must be replaced by a 3-character purpose code from the list.

Example incoming: /BENEFRES/BH//GDE/

### **Alternatives options**

Use of the field 70

Example: / BENEFRES/BH//GDE/

Use of the field 72

Example: / BENEFRES/BH//GDE/

Note:

According to the MT 103 standard, field 72 is composed of two parts: **Code & Narrative**. In case field 72 is used, the correct values are:

**Code:** BENEFRES

**Narrative:** BH//PPC/

(Where PPC is the 3-character purpose code).

Use of the field 26T

Example: GDE

Note:

Only the PPC can be entered

**Request for Purpose of Payment & Response from Ordering Institution.**

The Ordering Institution has the obligation to propagate the purpose of payment code to enable the financial institutions in the Kingdom of Bahrain to report to their regulator for Balance of Payment reporting requirements.

In the absence of the required information in TAG-77B [or equivalent], the FI in Bahrain, if the credit is due to an account domiciled in the books of an FI in Bahrain shall raise a MT 195 to the Ordering Institution.