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CIRCULAR TO ALL BANKS AND OTHER FINANCIAL INSTITUTIONS

THE GUIDELINES ON THE MANAGEMENT OF DORMANT ACCOUNTS, UNCLAIMED BALANCES AND OTHER FINANCIAL ASSETS IN BANKS AND OTHER FINANCIAL INSTITUTIONS IN NIGERIA- EXPOSURE DRAFT

The Central Bank of Nigeria (CBN) is empowered by the provisions of Section 72 (11) of the Banks and Other Financial Institutions Act 2020 (BOFIA) to issue guidelines for the administration of unclaimed funds in banks, specialized banks and other financial institutions in Nigeria.

In response to requests from banks, and other stakeholders, for the CBN to further clarify the procedures for the management of dormant and inactive accounts by banks in Nigeria, the CBN forwards herewith the draft Guidelines on the Management and Operations of Dormant Accounts, Unclaimed Balances and Other Financial Assets for comments.

The exposure draft of the Guidelines can be accessed from the Bank's website, **www.cbn.gov.ng**

Inputs should be addressed to the Director, Financial Policy and Regulation Department, CBN, and soft copies sent via email to **fprd_cedg@cbn.gov.ng** within three (3) weeks from the date of this circular, please.


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**GUIDELINES ON THE MANAGEMENT OF DORMANT ACCOUNTS, UNCLAIMED
BALANCES AND OTHER FINANCIAL ASSETS IN BANKS AND OTHER FINANCIAL
INSTITUTIONS IN NIGERIA**

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1.0 INTRODUCTION

Financial institutions (FIs) in Nigeria hold deposit accounts and other financial liabilities in their books with no customer-induced activity over a period, thus, rendering the accounts dormant. The continuous maintenance of such accounts results to accumulation of huge unclaimed balances at the disposal of the financial institutions for which the depositors may not be adequately compensated. In addition, dormant and unclaimed balances are increasingly susceptible to fraudulent transactions or abuse.

The Central Bank of Nigeria (CBN) on October 7, 2015, issued Guidelines on the Management of Dormant Accounts and Other Unclaimed Balances by Banks and Other Financial Institutions in Nigeria, to curb abuses in the operation of dormant and inactive accounts and set operational standards. To strengthen the oversight functions of CBN on the management of dormant and unclaimed balances, the Banks and Other Financial Institutions Act, 2020 (BOFIA) made explicit provisions on unclaimed funds or abandoned property in FIs under the regulatory purview of the CBN.

This Guidelines is, therefore, issued as an exposure draft pursuant to the powers conferred on the CBN Governor by the CBN Act 2007 and BOFIA 2020 and supersedes the 2015 Guidelines on the Management of Dormant Accounts and Other Unclaimed Balances by Banks and Other Financial Institutions in Nigeria.

2.0 SCOPE (ELIGIBLE ACCOUNTS AND EXEMPTIONS)

The provisions of this Guidelines shall apply to all financial institutions under the purview of the CBN.

Eligible accounts are dormant accounts balances that have remained with the FIs for a period of 10 years and beyond.

Eligible dormant accounts/unclaimed balances and other financial assets shall include:

- i. Current, Savings and Term deposits in local currency;
- ii. Domiciliary accounts;
- iii. Deposits towards the purchase of shares and Mutual Investments;
- iv. Prepaid card accounts and wallets;
- v. Proceeds of uncleared and unrepresented financial instruments belonging to customers or non-customers of FIs;
- vi. Unclaimed salaries and wages, commissions, and bonuses;
- vii. Proceeds of stale local and/or foreign currency drafts not presented for payment by beneficiaries;
- viii. Funds received from a correspondent bank without sufficient details as to the rightful beneficiary and/or a recall of funds made to the remitting bank to which the Nigerian bank's account had not been debited;
- ix. A judgment debt for which the judgment creditor has not claimed the amount of judgment award; and
- x. Any other deposits or financial assets that may be designated by CBN.

The following classes of dormant accounts/financial assets are exempted:

- i. Government-owned accounts;
- ii. Accounts that are subject of litigation;
- iii. Accounts under investigation by a regulatory authority or law enforcement agency; and
- iv. Encumbered accounts including, but not limited to, collaterals and liens.

3.0 OBJECTIVES

The objectives of the Guidelines, among others, are to:

- i. Identify dormant accounts/unclaimed balances and financial assets with a view to reuniting them with their beneficial owners;
- ii. Hold the funds in trust for the beneficial owners;
- iii. Standardize the management of dormant accounts/unclaimed balances and financial assets; and
- iv. Establish a standard procedure for reclaim of warehoused funds.

4.0 ROLES AND RESPONSIBILITIES OF STAKEHOLDERS

4.1 CENTRAL BANK OF NIGERIA

The Central Bank of Nigeria shall open and maintain an account earmarked for the purpose of warehousing unclaimed balances in eligible accounts. The account shall be called “Unclaimed Balances Trust Fund Pool Account”. In addition, the CBN shall:

- a. Establish a management committee to oversee the operation of the UBTF Pool Account;

- b. Issue regulations, guidelines and circulars on the administration of dormant/unclaimed balances and financial assets in FIs;
- c. Monitor and enforce compliance with this Guidelines;
- d. Manage the funds in line with the provisions of BOFIA 2020;
- e. Establish standard procedures for reclaim of warehoused funds;
- f. Resolve escalated complaints relating to reclaim of warehoused funds;
- g. Publish annually on its website, the list of owners of unclaimed balances that have been transferred to the 'UBTF Pool Account';
- h. Publish on its website, the procedure for reclaim of warehoused funds and other financial assets; and
- i. Publish annually a notice in three national daily newspapers inviting members of the public to check details of outstanding unclaimed balances in its custody.

4.2 FINANCIAL INSTITUTIONS

Financial Institutions shall:

- i. Monitor inactive accounts and notify the customers as well as protect such accounts from unauthorized usage; Establish procedures that will ensure continuous contact with customers to reduce the incidence of inactive/dormant accounts;
- ii. Maintain records of procedures and periodic efforts to contact customers with inactive accounts;
- iii. Advise customers, in writing, on the need to communicate changes in their names, addresses, phone numbers, emails and next-of-kin. In the

case of corporate entities, changes in directors, authorized signatories, business addresses etc.;

- iv. Bear the costs of maintaining inactive and dormant accounts as well as contacting the customers;
- v. Render quarterly reports on dormant accounts in a prescribed format to Banking Supervision Department and Other Financial Institutions Supervision Department, CBN;
- vi. Notify account owners in writing through the agreed medium such as email, text message, and letter immediately an account becomes inactive/dormant;
- vii. Reactivate dormant accounts upon request by the account owner or his/her legitimate representatives;
- viii. Continue to reflect dormant account balances as deposit liabilities and such balances, where applicable, shall continue to earn interest until they are transferred to CBN;
- ix. Maintain a register for funds transferred to CBN for reclaim and audit trail;
- x. Publish, on their websites, details of all dormant accounts, six months prior to their eligibility for transfer to CBN. However, other financial institutions (OFIs) without websites shall publish same on their Association's website;

The publication shall indicate the names of individuals authorized to operate the accounts, the type of account and the address of the branch where the account is domiciled. The list so published by the FIs, should provide a “Search Function”;

- xi. Publish the list of dormant accounts holders in at least two national daily newspapers, except for unit microfinance banks, which shall publish in their premises. Information to be published shall include the name, address of the branch, and next-of-kin of account holder. It should also be stated that the account has been transferred to the register of dormant account;
- xii. Display a notice on the process of reclaim of unclaimed balances and other financial assets transferred to CBN in all its branches/offices, websites and other customer engagement points.
- xiii. Transfer unclaimed balances in all eligible accounts in the same currency in which the account is maintained to the **‘UBTF Pool Account’** domiciled at the CBN;
- xiv. Transfer unclaimed balances quarterly, not later than fifteen (15) days of the first month of the subsequent quarter; and
- xv. Retain all records of communication on the management of dormant accounts for a minimum of ten (10) years.

4.3 ACCOUNT HOLDERS AND BENEFICIARIES OF OTHER FINANCIAL ASSETS

Account holders and beneficiaries of Other Financial Assets shall:

- i. Inform FIs of changes in their names, addresses, phone numbers, emails, next-of-kin; and in the case of corporate entities, their directors, authorized signatories, business addresses and any other customer update;
- ii. Submit application for reclaim to FIs; and
- iii. Provide appropriate information and proof of ownership for the reclaim of balances transferred to CBN.

5.0 MANAGEMENT OF DORMANT ACCOUNTS

FIs shall treat accounts and financial assets that have become dormant as follows:

- i. Formulate policies for the recognition and management of dormant accounts and financial assets that are consistent with this Guidelines and other extant regulations;
- ii. Establish effective controls to ensure surveillance and second level authorization on reactivation of dormant accounts, among other measures;
- iii. Maintain a register of dormant accounts balances;
- iv. Transfer balances that have remained in the dormant account register for up to ten years to the 'UBTF Pool Account; and
- v. Require customers seeking to reactivate dormant accounts to provide evidence of account ownership, valid means of identification, evidence of present place of residence, and affidavit on the accuracy of the information to reactivate the account.

6.0 MANAGEMENT OF UNCLAIMED BALANCES

CBN shall treat unclaimed balances (dormant accounts and financial assets) as follows:

- i. Open and maintain the 'Unclaimed Balances Trust Fund Pool Account';
- ii. Maintain records of the beneficiaries of the unclaimed balances warehoused in the UBTF Pool Account;
- iii. Invest the funds in Nigerian treasury bills (NTBs) and other securities as may be approved by the 'Unclaimed Balances Management Committee'; and
- iv. Refund the unclaimed funds to the beneficiaries not later than ten (10) working days from the date of receipt of the request.
- v. Where it is imperative to extend the timeline, a notice of extension shall be communicated to the requesting FI stating reasons for the extension.

7.0 RE-ACTIVATION OF DORMANT ACCOUNT

FIs shall:

- i. Require the account owner to complete a reactivation form in person;
 - ii. Verify the information provided on the reactivation form;
 - iii. Not charge any fee for reactivation of dormant account;
 - iv. Reactivate the dormant account with the approval of two authorized officers with one being at least the Branch Operations Manager;
 - v. Reactivate dormant accounts within a maximum of two (2) working days;
- and

- vi. Notify the account owner, free of charge, upon reactivation of the account.

8.0 RECLAIM OF UNCLAIMED BALANCES

Reclaim of unclaimed balances shall be subject to the following procedure:

- i. The beneficial owners can access the list of unclaimed balances transferred to CBN on the websites of FIs/CBN and/or newspaper publications;
- ii. The beneficial owner shall visit any branch or office of the FIs and complete an 'Asset Reclaim Form';
- iii. The FIs shall verify the claim and initiate the request to CBN within ten (10) working days;
- iv. CBN shall refund unclaimed amount to the beneficiaries through their FIs within ten (10) working days from the date of the receipt of the FI's request;
- v. Beneficial owners shall not make partial claims; and
- vi. Right of beneficial owners to reclaim should be indefinite.

In the case of FIs in liquidation, the Nigeria Deposit Insurance Corporation (NDIC) shall assume the role of the FI.

9.0 COMPLIANCE

It shall be the responsibility of the Heads of Compliance in the FIs to ensure compliance with this Guidelines.

10.0 MONITORING & ENFORCEMENT

The CBN shall monitor and enforce compliance of FIs with this Guidelines through off-site surveillance as well as on-site routine and target examinations.

11.0 DISPUTE RESOLUTION

The resolution of disputes shall be the responsibility of FIs. Consumer complaints shall first be lodged with FIs for resolution and redress.

The resolution and redress of complaints shall be concluded not later than fifteen (15) working Days.

FIs shall disclose the channels and contact details for lodging complaints, timeframe for resolution, and options for escalation, at all customer engagement points.

The customer's complaint will be eligible for escalation to the Consumer Protection Department, CBN when a complaint is not resolved within fifteen days from the date of the receipt or the customer is dissatisfied with the decision of the FI.

12.0 SANCTIONS

- i. A contravention of any provision of the Guidelines shall attract a penalty of not less than ~~N~~2,000,000.00 (Two Million Naira).
- ii. Failure to comply with CBN's directive in respect of any infraction shall attract a further penalty of ~~N~~200,000.00 (Two Hundred Thousand Naira) daily until the directive is complied with or as may be determined by CBN.

13.0 DEFINITION OF TERMS

Terms used in the Guidelines has the following meanings:

- a. **Account Owner:** The individual(s) listed or identified as the signatory(ies) to an account in a financial institution.
- b. **Administrative Sanctions:** A non-financial sanction or disciplinary measures imposed on Management or staff of a financial institution by CBN.
- c. **Asset Reclaim Form:** A specified form designed by CBN for the reclaim of funds warehoused in the FIs Unclaimed Fund Account.
- d. **Beneficial Owner:** An account owner or any other person who enjoys benefits of ownership of an asset/account, including their next-of-kin or legal representatives. In the case of a corporate organization, the natural person(s) that control the company directly or indirectly.
- e. **Customer Engagement Points:** A location or medium (physical or virtual) where interactions between financial institutions and their consumers take place.
- f. **Customer-induced activity:** Customers-initiated financial transactions on their accounts.
- g. **Dormant Account:** A bank account that has remained inactive for a period of at least one (1) year.
- h. **Financial Institutions** – means a deposit money bank, specialized bank, other deposit taking financial institutions and payment service providers under the supervisory purview of CBN.

- i. **UBTF Pool Account** means the account designated in CBN for warehousing the unclaimed balances in eligible accounts.
- j. **Government-owned accounts:** Accounts held by the Federal, State and Local Government as well as their Agencies and Corporations.
- k. **Inactive Account** means an account that has no customer-initiated transaction for a period of six months to eleven months.
- l. **Judgment Creditor** means any person for the time being entitled to enforce a judgment debt.
- m. **Judgment Debt** means debt payable under a judgment.
- n. **Judgment Award** means a final judgment from a court of competent jurisdiction granting the judgment creditor the amount sought in a disputed claim or a binding arbitration award.
- o. **Memorandum Book** means a record of account owners' details including the unclaimed balance maintained outside the active ledger of the FI.
- p. **Management Committee** means a committee set-up by CBN to manage the UBTF Pool Account.
- q. **Other Financial Assets:** Any established claim from a customer on their assets with a financial institution other than dormant account balances.
- r. **Unclaimed balances:** Account Balances and other financial assets that remained dormant for a minimum of ten years in the books of financial institutions and qualify for transfer to CBN.

14.0 CONCLUSION

This guideline shall take effect from the date of issue and may be reviewed from time to time by the Central Bank of Nigeria. All enquiries should be directed to the Director, Financial Policy & Regulations Department, Central Bank of Nigeria, Abuja.