

FREQUENTLY ASKED QUESTIONS ON THE GUIDELINES FOR THE MANAGEMENT OF DORMANT ACCOUNTS, UNCLAIMED BALANCES AND OTHER FINANCIAL ASSETS IN BANKS AND OTHER FINANCIAL INSTITUTIONS IN NIGERIA

1. What is the Guidelines on the Management of Dormant Accounts, Unclaimed Balances and Other Financial Assets in Banks and Other Financial Institutions in Nigeria?

The Guidelines on the Management of Dormant Accounts, Unclaimed Balances and Other Financial Assets in Banks and Other Financial Institutions (OFIs) in Nigeria is a policy issued by the CBN that seeks to operationalise Section 72 of the Banks and Other Financial Institutions Act, 2020 and standardize the management of dormant accounts and unclaimed balances.

2. Why is the Guidelines necessary?

Financial Institutions (FIs) maintain deposit accounts and other financial liabilities in their records and once these accounts become inactive due to the absence of customer-initiated transactions over time, they may become dormant if the inactivity continues. With the effusion of time, these balances continue to accumulate in banks and OFIs in the Financial System. The owners of the funds, however, may not receive adequate compensation for their funds. Also, dormant accounts and unclaimed balances are susceptibility to fraudulent transactions or abuse. These are some of the issues the Guidelines seeks to remedy.

3. What are the objectives of the Guidelines?

The Guidelines seeks to:

- i. identify dormant accounts/unclaimed balances and financial assets;
- ii. hold the funds in trust for the beneficial owners;
- iii. standardize the management of dormant accounts/unclaimed balances and financial assets;
- iv. establish a standard procedure for reclaiming warehoused funds; and

v. reunite the funds with their beneficial owners.

4. Some people seem to have conclude that the CBN is by the Guidelines directing banks to transfer funds in domiciliary accounts to the CBN. Is this the case?

The Guidelines covers **Dormant Accounts**, which are different from **Domiciliary Accounts**. Dormant accounts are accounts that have been inactive for one (1) year or more, while domiciliary are accounts that hold currencies other than the Naira.

The Guidelines does not require banks to transfer funds in domiciliary accounts to the CBN. However, balances in dormant domiciliary accounts, like balances in dormant Naira accounts, will be affected by this Guidelines when they have been inactive for 10 years or more. No active domiciliary account is affected by the Guidelines.

5. What is the difference between an inactive and a dormant account?

An inactive account is an account that has no customer-initiated transaction for six (6) to twelve (12) months, while a dormant account is an account that has remained inactive for one year or more.

6. What are unclaimed balances and financial assets?

Unclaimed balances are account balances and other financial assets that have remained dormant for a minimum of ten years in the books of FIs and qualify for transfer to the CBN.

7. What types of accounts are eligible for dormant status?

Eligible accounts are dormant account balances that have remained with the FIs for a period of ten (10) years or more. These eligible accounts include current, savings, term deposits in local currency, domiciliary accounts, deposits for shares and mutual investments, prepaid card accounts and wallets, government-owned accounts, and others as specified in the Guidelines by the CBN.

8. Which accounts are exempted from being considered dormant?

These are accounts that may be inactive for 10 years or more but are not considered dormant. They include:

- i. Accounts that are subject to litigation.
- ii. A judgment debt for which the judgment creditor has not claimed the amount of judgment award and the case is still active in Court.
- iii. Accounts under investigation by a regulatory authority or law enforcement agency.
- iv. Encumbered accounts including, but not limited to, collaterals and liens.

9. The October 2015 Guidelines on the Management of Dormant Accounts and Other Unclaimed Funds by Banks and Other Financial Institutions in Nigeria exempted some types of accounts from dormancy, which are not exempted by the extant Guidelines. How will the 10 years period of dormancy be determined for such accounts that were previously exempted but now are not?

The 2015 Guidelines (now superseded) excluded three classes of accounts from the scope of the policy (namely savings accounts, government-owned accounts, and individual accounts that are subject of litigation and/or fraud). The extant Guidelines has not offered exemption to the first two classes of accounts.

It should be noted that the extant Guidelines does not have retroactive effect. As such, FIs will commence classification of such accounts as inactive after six months from date of the circular and dormant after twelve months.

10. How are customers notified about dormancy status of their accounts?

The FI shall notify account owners in writing through the agreed medium such as email, text message, and letter immediately an account becomes inactive/dormant and thereafter on a quarterly basis.

11. What is the procedure for reactivating a dormant account?

Account owners are required to complete a reactivation form in person at the respective FI where the account is domiciled and provide evidence of ownership of the dormant account along with valid means of identification, proof of residence, as well as an affidavit confirming the accuracy of the submitted information. Following the verification of the submitted information, the reactivation shall be approved by two authorized officers, including the Branch Operations Manager of the respective FI.

12. What is the timeline for an FI to transfer unclaimed balances to the CBN?

FIs shall transfer unclaimed balances to the CBN immediately such accounts have been dormant for ten (10) years.

13. What is the role of the CBN with respect to dormant accounts and unclaimed funds/balances?

The CBN shall issue regulations for the management of dormant accounts and unclaimed funds/balances. In line with the provisions of the Guidelines, it shall receive and manage eligible funds in trust for the account holders and funds beneficiaries.

14. Will there be a dedicated office or centre to manage the dormant account funds?

Yes. The CBN shall establish a dedicated office for this purpose. The office will be supervised by a Management Committee.

15. How will the unclaimed balances be managed?

The CBN will manage the unclaimed balances by warehousing the funds in the Unclaimed Balances Trust Fund (UBTF) Pool Account and thereafter investing the funds in Nigerian treasury bills and other approved securities.

16. What is the “Unclaimed Balances Trust Fund (UBTF) Pool Account”?

This is an account maintained by the CBN for the purpose of warehousing and managing unclaimed balances in eligible accounts.

17. How much interest will be paid on unclaimed balances?

The interest payable shall be at a rate to be determined by the CBN from time to time. For Non-interest banks, the profit and loss on the unclaimed balances shall be determined by the CBN from time to time.

18. What happens to the interest on unclaimed balances?

The CBN will refund the principal and any interest on the invested funds to the beneficiaries within ten (10) working days of receiving a reclaim request from the FI.

19. How can account owners reclaim unclaimed balances?

Account owners shall visit the FI, complete an Asset Reclaim Form, and provide evidence of account ownership, sworn affidavit of support, and valid identification. The FI shall verify the claim and initiate the request with supporting documents to CBN within ten (10) working days. The CBN shall refund the monies to the account of the beneficiaries within ten (10) working days from the date of the receipt of the FI's request.

20. Can a Next-of-Kin, legal representative, or beneficial owner make claims on unclaimed balances?

Yes. Next-of-Kin, legal representative, or beneficial owner can make claims on unclaimed balances or funds in dormant accounts by submitting applications for the reclaims to the financial institutions, with necessary legal evidence of title and, in the case of corporate entities, their directors, authorized signatories, business addresses and any other customer update for the reclaim of balances transferred to CBN.

21. In the event the licence of a financial institution is withdrawn, how will owners of the unclaimed balances be affected?

In the case of FIs in liquidation, the Nigeria Deposit Insurance Corporation (NDIC) shall assume the role of the FI. This implies that customers of FIs in liquidation (or whose licence has been withdrawn) can approach the NDIC to apply for the unclaimed balances funds in their dormant account.

22. Are there any fees or associated costs with reactivating a dormant account or processing reclaim on unclaimed balances?

No. FIs are not allowed to charge any fees for reactivating a dormant account or processing any unclaimed balance requests from the account owners or beneficiaries.

23. How can disputes regarding dormant accounts and unclaimed balances be resolved?

Where there is any dispute between the customer (the dormant account owner) and the FI, the FI will resolve the dispute in line with the CBN's Consumer Protection Regulation (CPR). If unresolved within fifteen (15) days, the customer can escalate the complaint to the Consumer Protection Department of the CBN.

24. How will the CBN enforce compliance with the provisions of this Guidelines?

FIs shall render quarterly returns to Banking Supervision Department (BSD) and Other Financial Institutions Supervision Department, (OFISD) in the prescribed format. The CBN shall conduct periodic examinations to establish the volume and value of dormant accounts and unclaimed balances in FIs.

25. Are there sanctions for FIs that do not comply with the Guidelines?

Yes. Non-compliance with the provisions of the Guidelines by an FI shall attract appropriate sanction in line with extant regulations.

26. How can the public stay informed about the management of the funds?

The CBN shall publish annually on its website, the list of owners of unclaimed balances that have been transferred to the 'UBTF Pool Account', the procedure for reclaim of warehoused funds and other financial assets; and publish annually a notice in three national daily newspapers inviting members of the public to check details of outstanding unclaimed balances in its custody.

In the case of the FIs, they shall publish, on their websites, details of all dormant accounts, six months before their eligibility for transfer to CBN. For other financial institutions (OFIs) without websites, such publications shall be done on their association's website. FIs shall also publish annually, the list of dormant account owners in at least two national daily newspapers, except for state and Unit microfinance banks, which shall publish in their premises.