

**A REVIEW OF THE CENTRAL BANK
OF NIGERIA'S GUIDELINE ON THE
MANAGEMENT OF DORMANT ACCOUNTS
AND OTHER UNCLAIMED FUNDS**

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1.0 INTRODUCTION

On July 19, 2024, the Central Bank of Nigeria (CBN) issued the revised guideline on the management of Dormant Accounts and other Unclaimed Funds. This revision markedly supersedes the 2015 guideline. The guideline essentially highlights the regulatory regime for managing dormant accounts and unclaimed balances and outlines the procedure for transferring balances, assets, and funds to CBN by Financial Institutions (FIs).¹ The author believes that implementing the guideline will strengthen the CBN's oversight functions over Financial Institutions (FIs) in the management of dormant and unclaimed balances.

This paper concisely explains the revised guideline's key provisions and examines its impact on stakeholders in the financial industry.

2.0 KEY PROVISIONS OF THE CBN GUIDELINE ON THE MANAGEMENT OF DORMANT ACCOUNTS & OTHER UNCLAIMED FUNDS IN NIGERIA

2.1 Eligibility & Exemptions

Under the previous guideline, a dormant account was classified as one that had no customer or deposited-initiated transaction for one (1) year after the last customer or deposited-initiated transaction.² The revised guideline, however, states that the eligible dormant accounts specified must have remained with financial institutions for ten years or more.³ This constitutes a significant shift from the previous guideline by providing an extended duration within which dormant accounts must remain with FIs and giving account holders more time to reclaim their accounts/ funds.

The 2015 guideline exempted specific accounts from its application. This included saving accounts, provided that such accounts do not have features of

¹ Central Bank of Nigeria's Circular titled "Guidelines on Management of Dormant Accounts, Unclaimed Balances and Other Financial Assets in Banks and Other Financial Institutions in Nigeria" dated July 19, 2024

² Paragraph 3(b) of the 2015 guidelines on Management of Dormant Accounts and other Unclaimed funds by Banks and other financial institutions in Nigeria

³ Paragraph 4.0 of the guideline



both saving and current accounts, government-owned accounts and individual accounts that are subject to litigation and/ or fraud.⁴ In contrast, the revised guideline only exempts dormant accounts/ financial assets which are subject to litigation, a judgment debt for which the judgment creditor has not claimed the amount of the judgment award and the case is still active in Court, including accounts under investigation by a regulatory authority or law enforcement agency; and those encumbered including but not limited to collaterals and liens.⁵

The author views the new guideline as clarifying and broadening the exemptions by specifically addressing accounts under legal or investigatory actions. Significantly, it requires FIs to respect the legal rights of account holders, to avoid overreaching or disrespecting judicial proceedings or decisions bordering on any such accounts that are subject to litigation or investigation by regulatory authorities, thereby ensuring fairness and reassurance for all stakeholders.

2.2 Establishment of Unclaimed Balances Trust Fund (UBTF)

Previously, banks were required to pool unclaimed funds that had remained outstanding in their books beyond six months into a suspense account.⁶ The banks would warehouse these funds in the account until the beneficiary shows up or the corresponding bank debits its account.⁷ However, the new guideline mandates that account balances in bank accounts that have been dormant for a period of 10 years be transferred into the Unclaimed Balances Trust Fund (UBTF) Pool Account domiciled with CBN.⁸ In addition, the guideline stipulates that CBN shall establish a management committee responsible for⁹: (a) overseeing the operation of the UBTF pool account; (b) issuing regulations, guidelines, and circulars on the administration of dormant/unclaimed balances and financial assets in FIs; (c) monitoring and enforcing compliance with the guidelines, amongst others as specified in the guideline.

It is also pertinent to note that the new guideline requires CBN, as the overseer of the unclaimed balances, to invest the funds and other securities in the Nigerian Treasury Bill as approved by the Management Committee.¹⁰ It is also required to refund the principal and interest on the invested fund, if any, to the beneficiaries not later than ten (10) working days from receipt of the request.¹¹

Furthermore, the author believes that a quarterly update on the UBTF pool

⁴ Paragraph 6 (a – c) of the 2015 guideline

⁵ Paragraph 4.0 (xi) a-d of the guideline

⁶ Paragraph 5(a) of the 2015 guideline.

⁷ Ibid.

⁸ Paragraph 5.1 of the guideline. Bryan A Garner (ed), *Black's Law Dictionary* (9th ed, Thomson Reuters 2009) defines a suspense account as "a temporary record used in book-keeping to track receipts and disbursement of an uncertain nature until they are identified and posted in the appropriate ledgers and journals."

⁹ Paragraph 5.1 (i – iii) of the guideline

¹⁰ Paragraph 7.0 (iii) of the guideline

¹¹ Paragraph 7.0 (iv) of the guideline



account may be beneficial. This update would provide detailed information on the invested balance and the total amount of refund processed. This could be achieved through collaboration with FIs to ensure accurate and timely fund transfers.

2.3 Role of FIs in the Management of Dormant Accounts

The guideline also stipulates the roles of FIs in the management of dormant/inactive accounts.¹² Specifically, the guideline requires FIs to (a) Monitor inactive accounts and notify customers as well as protect such accounts from unauthorised usage; (b) Establish procedures that will ensure continuous contact with the customers to reduce the incidence of inactive/dormant accounts; (c) Maintain records of procedures and periodic efforts to contact customers with inactive accounts amongst others as specified in the guideline.¹³ In addition, the guideline requires FIs to formulate policies for the recognition and management of dormant accounts and financial assets that are consistent with the guideline and other extant regulations.¹⁴ It is important to note that in case of a financial institution's liquidation, the guideline provides that the Nigerian Deposit Insurance Corporation (NDIC) will assume the role of FI, ensuring the proper management of dormant accounts.¹⁵

The author believes that CBN should develop a uniform policy mechanism for guiding FIs' roles in managing dormant accounts.

2.4 Procedure for Re-Activation of Dormant Accounts

It is also noteworthy that the revised guideline outlines a detailed procedure for reactivating dormant accounts.¹⁶ This procedure requires the FIs to do the following: (a) ensure that the account owner/beneficial owner completes a reactivation form in person; (b) obtain evidence of ownership of the dormant account along with valid means of identification, evidence of present place of residence and affidavit on the accuracy of the information to reactivate the dormant account; (c) verify the information on the reactivation form; (d) ensure that no fees are charged nor charge any fee for reactivation of dormant account (e) ensure the reactivation of the dormant accounts with the approval of two (2) authorised officers with one being at least the Branch Operations Manager of the FI (f) reactivate dormant accounts within a maximum of three (3) working days of receipt of a written application to that effect and (g) ensure that the

¹² Paragraph 5.3 of the guideline

¹³ Paragraph 5.3 (i – iii) of the guideline

¹⁴ Paragraph 6.0 (i) of the guideline

¹⁵ Paragraph 5.2 of the guideline

¹⁶ Paragraph 8.0 of the guideline



account owner is notified free of charge, upon reactivation of the account.¹⁷

2.5 Means of redress

The revised guideline places the responsibility of redressing consumer complaints on the FIs'.¹⁸ It requires FIs to ensure the timely redressal of customer complaints in accordance with CBN's Consumer Protection Regulation (CPR).¹⁹ The guideline also presents an opportunity for customers to escalate their complaints to the Consumer Protection Department of CBN, where the FIs do not resolve a complaint within 15 days from the date of the receipt of the customer's complaint or where the customer is dissatisfied with the decision of the FIs.²⁰

The guideline introduced significant improvements particularly concerning the protection of customers. The guideline holds FIs and stakeholders accountable for untimely resolution of customer complaints and properly sets out a clear mechanism for escalating unresolved issues to CBN.²¹

2.6 Compliance & Enforcement

The guideline mandates the Executive Compliance Officers (ECOs) and the Chief Information Technology Officers (CITOs) of Commercial, Merchant, Non-Interest Banks (CMNIBs) to ensure compliance with the guideline.²² For enforcement, the guideline requires CBN to monitor and enforce FIs' compliance through both offsite surveillance and on-site routine.

2.7 Implications of the guideline for FIs

The revised guideline is an improved shift from the 2015 guideline. It offers both opportunities and challenges for various stakeholders. FIs will not only need to design policies for managing dormant accounts and financial assets consistent with the provision of the guideline but also ensure compliance with the guideline. The revised guideline represents a proactive step towards curbing excessive fraudulent transactional abuses in the operation of dormant and inactive accounts.²³ Proper guideline implementation will require coordination among stakeholders, including FIs, regulatory institutions, and customers. It remains to be seen how CBN and other stakeholders will drive the implementation of the guideline and how it will translate to the improvement of the Nigerian economy.

¹⁷ Paragraph 8.0 (i – vii) of the guideline

¹⁸ Paragraph 12.0 of the guideline

¹⁹ Ibid.

²⁰ Ibid.

²¹ See paragraph 6.3 of CBN Consumer Protection Regulation

²² Paragraph 10.0 of the guideline

²³ CBN Governor's comment on the purpose of the 2024 guideline <https://www.premiumtimesng.com/news/more-news/716542-dormant-accounts-prime-targets-of-fraudsters-cardoso.html>



3.0 CONCLUSION

In conclusion, the revised CBN guideline introduced a new regulatory framework for managing Dormant Accounts & Other Unclaimed Funds in Nigeria. The guideline remains a laudable development in the Nigerian banking industry and confirms CBN's commitment to its general economic objectives and commitment to global standards. Furthermore, individuals whose accounts have remained inactive for a while must proactively take necessary reactivation steps. We look forward to observing how this guideline will be implemented in the coming days and how the FIs will comply with these new changes to achieve the intended objectives.



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