



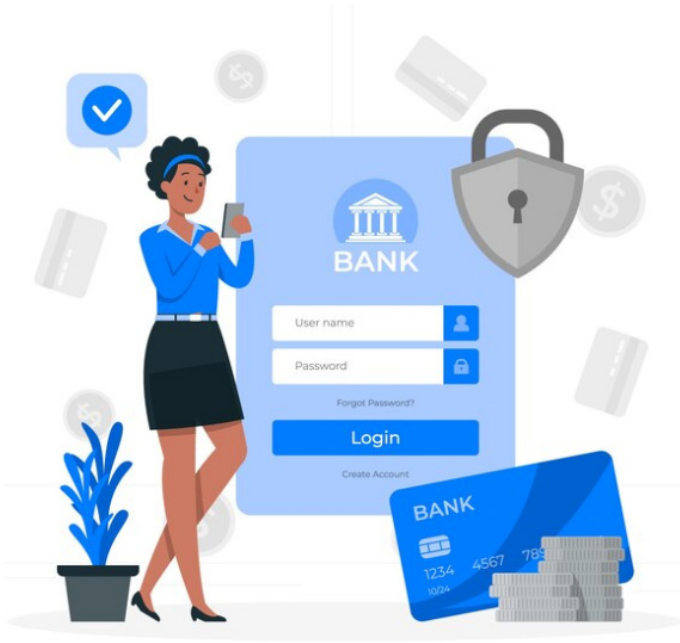
CBN's New Guidelines for Dormant Accounts and Unclaimed Balances: What You Need to Know

Introduction to the Revised CBN Guidelines

On July 19, 2024, the Central Bank of Nigeria (CBN) issued new "Guidelines on Management of Dormant Accounts, Unclaimed Balances, and Other Financial Assets in Banks and Other Financial Institutions in Nigeria" ("the Guidelines"). These Guidelines replace the 2015 version and aim to enforce Section 72 of the Banks and Other Financial Institutions Act (BO-FIA) 2020, establishing a uniform framework for the management of dormant accounts, unclaimed balances, and other financial assets within Nigeria's banking sector.

Overview of the New Guidelines

- **Objectives:** The Guidelines are designed to protect depositor interests, prevent fraudulent activities, and establish a uniform process for managing dormant accounts and unclaimed balances.
- **Scope:** The Guidelines apply to all Financial Institutions regulated by the CBN, including commercial banks, merchant banks, non-interest banks, and other deposit-taking institutions.
- **Dormant Accounts:** Accounts that have been inactive for over ten (10) years are deemed dormant.



- **Exemptions:** Accounts under litigation, investigation, or used as collateral are exempt from being classified as dormant.

Key Stakeholders and Their Responsibilities Under the Guidelines:

- **Central Bank of Nigeria:** The CBN is responsible for establishing and managing the Unclaimed Balances Trust Fund (UBTF) Pool Account, as well as ensure compliance with the Guidelines.
- **Financial Institutions (FI):** FIs are required to monitor inactive accounts, inform customers, secure dormant accounts, and transfer funds from these accounts to the UBTF Pool Account after ten years.
- **Nigeria Deposit Insurance Corporation (NDIC):** The NDIC manages accounts on behalf of FIs in liquidation.

Account Management Procedures and Dispute Resolution

- **Reactivation of Dormant Accounts:** Account holders must complete a reactivation form, provide valid identification, and proof of current residence along with a verifying affidavit. The FI completes this process within three (3) working days, without any charges.

- **Claiming Unclaimed Balances:** Account holders must provide documentation proving account ownership, valid identification, proof of current residence, and an affidavit confirming the accuracy of the information. FIs are required to verify these claims and submit them along with supporting documents to the CBN within ten (10) working days. The CBN processes these claims and refunds the principal and any accrued interest within another ten working days.

- **Dispute Resolution:** Disputes between account holders and FIs are regulated by the CBN Consumer Protection Regulation. If disputes remain unresolved within fifteen (15) days, or if the account holder is dissatisfied with the resolution, the issue may be escalated to the CBN's Consumer Protection Department for further review.

Implications for Stakeholders

- Financial Institutions:
- FIs must notify account holders six (6) months before classifying an account as dormant if it has been inactive for one (1) year.
- FIs are required to develop and implement policies for managing dormant accounts, maintain accurate records, and ensure funds from dormant accounts are transferred to the UBTF Pool Account after a ten-year period.
- Account Holders: Account holders are likely to benefit from clear and secure procedures for managing and recovering funds from dormant accounts and unclaimed balances.

Staying Updated

For more detailed advice or assistance with these new guidelines, please contact us at info@scp-law.com or visit our website at www.scp-law.com.