



CBN Simplifies Dormant Account Reactivation: Implications for Corporate Authority, Escrow Accounts and Transaction Execution

Introduction

The Central Bank of Nigeria (CBN) has revised the framework for managing dormant bank accounts, with direct implications for corporate treasury operations, banking documentation, and transaction execution. In its 12 March 2026 circular on dormant accounts and unclaimed balances, the CBN removed the affidavit requirement for reactivating accounts that have not yet been transferred to the Unclaimed Balances Trust Fund (UBTF).

The change makes reactivation easier. But it also shifts attention to a different issue: whether the company can show clear authority to act, valid mandates, and clean documentary records when funds need to be accessed quickly.

What Has Changed

Under the revised framework:

- the affidavit requirement for reactivating dormant accounts before transfer to the UBTF has been removed;
- banks may now process reactivation requests through digital channels or written instructions, subject to identity verification and internal risk controls; and
- the emphasis has shifted from sworn evidence to documentary authority, signatory validity, and account ownership verification.

This reduces formality, but not scrutiny. In practice,

banks are likely to rely more heavily on board resolutions, account mandates, signatory records, and internal authorisation documents when assessing reactivation requests.

Dormancy Rules and Exposure Timeline

The dormancy thresholds remain unchanged:

- accounts become inactive after 6 to 12 months without customer-initiated transactions;
- accounts become dormant after 12 months; and
- balances may be transferred to the UBTF after 10 years of dormancy.

Banks are also required to publish limited dormant account details — including account name, type, and branch — on public platforms.

For corporates operating multiple accounts, including project accounts, escrow accounts, dividend accounts, and subsidiary accounts, dormancy can become more than an administrative issue. It can affect legal control over funds and delay execution when those accounts become relevant in a live transaction.

Legal and Transaction Implications

- **Authority and mandate risk:** Easier reactivation does not remove the need to prove who can validly act for the company.
- **Due diligence exposure:** Dormant or inactive accounts can surface during M&A, restructurings, audits, and post-acquisition integration exercises. Where account ownership or control is unclear, they may become due diligence exceptions or post-closing clean-up issues.
- **Escrow and project account risk:** In financing and project transactions, dormant escrow or project accounts can complicate disbursement, release mechanics, and compliance with transaction documents.
- **Dividend and subsidiary account control:** For groups managing legacy subsidiary accounts or dividend-related accounts, poor account visibility may create entitlement, control, and reconciliation issues.



- **UBTF exposure:** Once funds move to the UBTF, recovery becomes more formal and documentation-heavy. Early intervention is therefore legally and commercially preferable.

What Corporate Clients Should Do Now

Corporate clients should treat dormant-account exposure as a transaction-readiness issue as much as a treasury issue. Immediate priorities should include:

- conducting an account audit across entities, subsidiaries, projects, and legacy structures;
- reviewing mandates and resolutions to confirm that authority records remain current;
- checking transaction-linked accounts such as escrow, project, and dividend accounts for inactivity risk; and
- aligning banking records with corporate documents to support prompt reactivation where needed.

The Road Forward

The CBN's revised framework simplifies reactivation, but it also exposes weak authority records, outdated mandates, and poor account visibility. For corporate clients, the issue is no longer just whether a dormant account can be reactivated. The real issue is whether the company can demonstrate clean control of funds when a transaction, audit, restructuring, or banking event makes that account relevant. Companies that address this early will reduce the risk of delay, dispute, and execution friction.

For guidance on dormant account reviews, authority documentation, and transaction-linked account risk, contact info@scp-law.com or visit www.scp-law.com.