



**GUIDELINES NO 2, 2018 FOR THE MANAGEMENT OF
DORMANT ACCOUNTS AND OTHER UNCLAIMED FUNDS BY
COMMERCIAL BANKS AND OTHER FINANCIAL
INSTITUTIONS IN SOUTH SUDAN**

**SUPERVISION DEPARTMENT
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II. INTRODUCTION

There is a lack of clear guidelines for the management of Dormant Accounts, and other unclaimed funds, by banks and other financial institutions in South Sudan. This has apparently resulted in the differential treatment of dormant account balances by deposit taking financial institutions; thus, raising concerns among bank account holders, regulators and other stakeholders. Representations received by the BSS from stakeholders on the subject highlighted the need for the Bank to develop guidelines for the management of dormant and inactive accounts, as well as other unclaimed funds in South Sudan for the benefit of the banking system. Thus there is a need for Guidelines for the management of Dormant Accounts and other unclaimed funds of commercial banks and other financial institutions in South Sudan.

The essence of the guidelines, therefore, is to set operational standards for commercial banks in line with best practices and, to reinforce the rights of depositors and/or customers so as to curb possible abuses in the operation of dormant and inactive accounts.

III. OBJECTIVES

The objectives of the guidelines, among others, are:

- to standardize the management of dormant accounts and other unclaimed funds by banks and other financial institutions in South Sudan:
- to conform with international best practice:
- to eliminate the possibility of commercial banks converting dormant accounts' balances to income; and
- to strengthen risk management and internal control processes.

IV. DEFINITION

The following is a list of definitions that the guidelines adopt;

- 1- **“Bank” (BSS)** means the Bank of South Sudan;
- 2-**“bank”** means a legal person engaging in the business of receiving money deposits or other repayable funds from the public and making credits for own account, and may be:-
 - a) a commercial bank;
 - b) a saving bank;
 - c) a mortgage bank; or



- d) a merchant bank, and any other specialized banks.
- 2- **“Dormant Account”**: A bank account shall be classified as dormant if there has been no customer or depositor-initiated transaction in it for a period of five (5) years after the customer or depositor last initiated a transaction. When an account becomes dormant the bank shall institute controls consistent with its precautionary policies, including surveillance procedures and second level authorization. To make such account active, the customer is to provide satisfactory evidence of account ownership, means of identification and present place of residence.
 - 3- **“Due Diligence”** Means ensuring the identity of the payee/customer based on the latest Know Your Customer (KYC) documents (branches shall obtain latest address proof, ID proof, passport size photograph and profile), verification of the signature, genuineness of the transaction, and so on.
 - 4- **“Inactive Account”**: An account shall become inactive if there has been no customer-or depositor-initiated transaction for a period of six months after the customer or depositor last initiated a transaction. During the inactive period, a bank shall elevate controls on an account in line with its precautionary policies, which may include surveillance procedures and second level authorization.
 - 5- **“Unclaimed funds”** shall be categorized as:
 - a. Proceeds of stale local and/or foreign currency drafts not yet presented for payment by beneficiaries.
 - b. 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 bank account had not been debited; and
 - c. A judgment debt for which the judgment creditor has not claimed the amount of judgment award.

V. **TREATMENT OF DORMANT ACCOUNT BALANCES**

In the light of the above, the following standards/guidelines shall apply to the operation of dormant accounts in South Sudan:-



- a) Interest-bearing accounts shall retain their interest earning status during the period of dormancy;
- b) During January of each year, banks and other deposit taking financial institutions shall continue to monitor accounts that show tendencies of inactivity, and initiate actions for their reactivation or protection from wrong usage. Such actions shall include, though not limited to, any of the following: write notification letter, e-mail, visitation, and/or phone calls, or publish in at least one local newspaper the name of the account holder and particulars of the dormant account. In all cases, the cost of monitoring these dormant accounts and contacting customers shall be borne by the bank;
- c) The person has a right to claim the funds in an account within a period of thirty days, following the date of the notice, and of the procedure referenced in (b) above;
- d) Once an account becomes dormant, it shall be reported quarterly to Banking Supervision of the BSS, as the case may be, along with efforts made by the obligor bank to locate the owners, or their personal representatives.
- e) In line with the requirements of the *Uniform Account Opening Forms Policy*, every customer shall provide a *next of kin* when opening an account;
- f) Three months to dormancy, the bank shall notify the account holder of the status of the account. For individual accounts that the bank cannot reach an account holder during the three (3) months period, it shall contact the *next of kin* to assist in locating the account holder(s). This shall be done within one (1) month after the account has been declared dormant. (For Corporate Accounts the bank shall contact the Directors of the entity or seek information from other Corporate Directors);
- g) Henceforth, revalidation of inactive/dormant accounts shall not attract any cost to the account holder (as the banks would have made ample use of the idle funds);
- h) Dormant Account balances shall continue to be reflected in the books of banks as deposit liabilities, until they are eventually withdrawn by the account holders or disposed of on their instructions;
- i) Dormant Account balances in a suspense Account shall be covered by the BSS;

- j) Banks that have, in the last five (5) years, from the date of these appropriated credit balances in dormant accounts to income, are to reclassify such accounts to deposits not later than six (6) months, from the effective date of the Guidelines;
- k) Notwithstanding the provisions of section (i) above, banks shall retain their cords of all dormant accounts, irrespective of the number of years of dormancy of the accounts, and shall reactivate such accounts upon request by the account holder or his/her legitimate representatives.

VI. TREATMENT OF UNCLAIMED FUNDS

- a. Where any unclaimed funds remain outstanding in the books of the bank or other unclaimed funds by banks and other financial institutions beyond six (6) months, the bank or other financial institutions shall pool all such funds into a suspense account. The bank shall warehouse the funds until the beneficiary shows up or the corresponding bank debits its account;
- b. Any other legally payable fund shall, with the prior approval of the BSS, be considered "unclaimed" if it has been in the possession of a bank, or any other financial institution, for a period of six months after becoming due and no claim has been made by the owner of the fund. Such fund shall similarly be moved into suspense account;
- c. An account shall be classified as unclaimed deposits if the same is not operated (other than interest credits and service charge debits) for 10 years and more, from the date of last operation. A term deposit account shall be classified as unclaimed deposit if the same is not renewed / withdrawn after 10 years or more, from the date of maturity;
- d. For a period of ten years, following the date of the transfer by the bank of the amount reference in subsection (b) to the Bank, any person who furnishes to the Bank satisfactory proof of the ownership is entitled to the immediate repayment by the Bank of the amount so transferred. After expiration of such period, any remaining unclaimed amount shall be transferred to the Ministry of Finance and Economic Planning for inclusion in the revenue of the Government.

VII. LIMITATIONS/SCOPE OF THE REGULATIONS

The following categories of accounts are excluded from the Guidelines:

- a. Savings accounts: Provided that such accounts are not 'hybrid accounts', which have features of both current and savings accounts. Banks are, however, expected to institute controls consistent with their internal policies when a savings account becomes inactive to prevent such accounts from being used for fraudulent purposes;
- b. Government-owned accounts;
- c. All individual accounts that are subject of litigation and/or fraud. Individual accounts include sole trader, partnership, trust account, solicitor client account, and so on.

VIII. REVIVAL OF DORMANT ACCOUNTS


- a) Operation in dormant accounts shall only be allowed after due diligence as per risk category of the customer.
- b) Customer need to approach the branch in which an account is maintained (base branch) and submit an application, latest KYC documents and passport size photograph, for the reactivation of the account;
- c) The Bank shall ensure that the customer is not inconvenienced as a result of extra care taken by the bank;
- d) No charges shall be levied to the customer for the re-activation of the dormant account.
- e) When a financial transaction is sought to be carried out in a dormant account, due diligence of the account as per the risk category of the customer shall be first carried out by the branch. The Principal Officer of the branch shall then approve the transaction for reactivating the account. Transactions through channels other than branch, like ATM, and so on shall, not be possible in a dormant account, unless the account is reactivated as explained above.

IX. SANCTIONS

Sanctions for contravention of the provisions of the Guidelines No 2, 2018 shall be imposed on quarterly basis under subsection 4(d) above, and Section 82 of the Banking Act, 2012.

The Guidelines No 2, 2018 for the management of dormant accounts and other unclaimed funds by commercial banks and other deposit taking financial institutions in South Sudan shall take effect from ~~1~~^{28th} March, 2018.




Hon. Othom Rago Ajak,
Governor,
Bank of South Sudan (BSS).

