



# **BUSINESS AND MARKET CONDUCT MODULE**

<b>MODULE</b>	<b>BC:</b>	<b>Business and Market Conduct</b>
<b>CHAPTER</b>	<b>BC-4:</b>	<b>Customer Account Services and Charges</b>

## BC-4.20 Dormant Accounts and Unclaimed Balances

BC-4.20.1 This section sets out the requirements relating to dormant accounts which represents customer accounts including current, call, savings or fixed deposits which turn dormant due to inactivity or no claim or renewal request being made and unclaimed balances relating to various negotiable instruments such as manager cheques, amounts remaining unpaid to customers relating to their investments or amounts remaining unclaimed for other reasons such as cash not dispensed from ATMs etc.

**BC-4.20.2** Conventional retail bank licensees must establish policies and procedures to deal with dormant accounts and unclaimed balances which must include measures to contact the customer concerned, activation of the accounts where appropriate, return of the moneys to the customer and control measures to prevent frauds and misuse of such accounts. The policies must be approved by the Board while the procedures must be approved by senior management.

### *Dormant Accounts Treatment*

**BC-4.20.3** Conventional retail bank licensees must treat customer accounts as dormant accounts in the following cases:

- (a) Current and call accounts, where there have been no transactions initiated by the customer by for a period of 12 months; or
- (b) Saving accounts of any type, where there have been no transactions for a period of 24 months; or
- (c) Fixed deposit accounts where there has been no claim or renewal request for a period of 6 months from the maturity date.



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## BC-4.20 Dormant Accounts and Unclaimed Balances (continued)

BC-4.20.4 For the purpose of Paragraph BC-4.20.3 (b), savings certificates with no expected withdrawals and deposit should not be considered as “dormant” unless the licensee has become aware of non-traceability of the customer and there is evidence for the same.

**BC-4.20.5** Conventional retail bank licensees must not treat a customer account as dormant if any one or more of the following criteria are met:

- a) The customer has other accounts, of any nature, with the licensee in respect of which there are active transactions initiated by the account holder;
- b) The account is blocked under the requirements of a relevant competent authority; or
- c) The account is subject to litigations or constraints from other regulatory authorities or the customer is deceased.

**BC-4.20.6** Notwithstanding the requirement under BC-4.20.5, conventional retail bank licensees must notify the customer by mail, e-mail or other communication channel, when any of his accounts becomes inactive.

**BC-4.20.7** Conventional retail bank licensees must ensure that no withdrawal or transfer or outward clearing cheque is permitted from dormant accounts unless the activation procedures set out in this section are complied with.

**BC-4.20.8** Conventional retail bank licensees must comply with the following additional requirements in transactions relating to dormant accounts:

- (a) Allow electronic and manual transfers to the account;
- (b) Accrue interest in respect of interest-bearing accounts at the prevailing rates depending on the terms of the contract between the bank and the customer;
- (c) Ensure only fees or expenses permitted by CBB is charged, provided, however, that no fee is charged when the account balances become zero;
- (d) Ensure that an account is closed within six months from the date the account becomes dormant and its balance becomes zero following which, a closure notification is sent to the customer by mail, e-mail or other communication channel;



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- (e) Make attempts to periodically contact the customer through different communication means and such attempts must be documented;
- (f) Ensure that the movements in dormant accounts are monitored to ensure that such accounts are not being used for money laundering or fraudulent purposes by internal or external parties;
- (g) Licensees must ensure that any movement in dormant accounts is subject to principles of “four-eyes” or “maker and checker” involving at least one authorised signatory of the licensee; and
- (h) Ensure that changes in respect of the dormant accounts, including movement in balances, change of customer contact details, status etc. are subject to internal audit every six months.

### BC-4.20.9

Conventional retail bank licensees must ensure that the terms and conditions of deposit agreements include provisions relevant to Subparagraphs BC-4.20.8 (a) and (d) above.

#### *Activation of Dormant Accounts*

### BC-4.20.10

To activate a dormant account, conventional retail bank licensees must ensure the following:

- (a) The customer provides the licensee with a written or electronic request to activate the account stating the reasons for dormancy of the account;
- (b) The customer submits updated KYC information;
- (c) Activation of the account is subject to principles of “four-eyes” or “maker and checker”/ dual authority checks involving at least one authorised signatory of the licensee; and
- (d) In case of a joint account, the request for activation of the dormant account is signed by the joint accountholders authorised to operate the account unless a valid power of attorney is given.

### BC-4.20.11

In case of requests for activation of a dormant account through electronic channels using digital signature, the conventional retail bank licensee must check the authenticity of the request and related information, for example, through telephone or video calls, email or other measures to satisfy itself about the authenticity.



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### *Unclaimed Balances*

BC-4. 20.12

Conventional retail bank licensees must treat the following balances that remain unpaid due to operational or other reasons as unclaimed balances:

- (a) Unclaimed balances relating to manager cheques, demand drafts, or cashier cheques which have not been presented /claimed during their validity periods;
- (b) Positive credit card balances relating to credit cards not used for a period of 1 year or more;
- (c) Unclaimed cash due to failed ATM/POS or electronic transactions for a period of 1 month or more;
- (d) Dividends that remained unpaid by non-listed conventional retail bank licensees for a period of 1 year or more; and
- (e) Unclaimed balances relating to investments, including undistributed profits and accrued profit/interest for a period of 1 year or more.

BC-4. 20.13

For purposes of Subparagraph BC-4.20.12 (d), listed companies must follow the guidelines stipulated in Bahrain Bourse Resolution of year 2020, mandating the transfer of unclaimed cash dividends into the Unclaimed Cash Dividends Fund account maintained by Bahrain Clear.

BC-4.20.14

Conventional retail bank licensees must make attempts to periodically contact the relevant customers or the rightful parties to return the unclaimed balances through different communication means. The licensee must maintain documentary evidence of such attempts.

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## BC-4.20 Dormant Accounts and Unclaimed Balances (continued)

### *Reporting*

**BC-4.20.15** Conventional retail bank licensees must report the particulars of dormant accounts and unclaimed balances in the relevant section of the Prudential Information Return ('Form PIR').

### *Prohibition of Transfer of Balances*

**BC-4.20.16** Conventional retail bank licensees must not transfer any of the balances in dormant accounts or unclaimed balances to their income statements.