



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C
B9/210C

18 November 2021

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Handling of dormant accounts and unclaimed deposits

I am writing to set out the expectations of the Hong Kong Monetary Authority (“HKMA”) on Authorized Institutions (“AIs”) in respect of handling of dormant accounts and unclaimed deposits after industry consultation.

Dormant accounts are poor use of money on the part of customers and incur huge costs to maintain on the part of banks. While the Hong Kong Association of Banks (“HKAB”) has been encouraging customers to avoid having dormant accounts, handling of dormant accounts especially those believed to be involving unclaimed deposits of deceased account holders remains an issue to be dealt with.

While AIs in general have put in place policies and procedures to handle dormant accounts, any improper handling of dormant accounts could be detrimental to the interests of account holders and, if unclaimed deposits of deceased account holders are involved, potential owners or beneficiaries of the assets. With a view to further upholding consumer protection principles set out in the Code of Banking Practice and in line with the “G20/OECD High-Level Principles on Financial Consumer Protection” promulgated by the Organisation for Economic Co-operation and Development (“OECD”), in particular Principle 7 “Protection of Consumer Assets against Fraud and Misuse” in relation to arrangements for protecting the owners or beneficiaries of unclaimed assets, the HKMA expects AIs to have in place mechanisms and arrangements to inform customers about their personal assets or claims of which they might be unaware of and hence in dormancy.

In this respect, the HKMA expects AIs to adopt the following arrangements to enhance the handling of dormant accounts so as to protect the interests of the owners or beneficiaries of dormant accounts and unclaimed deposits:

- (a) educate the customers to avoid having inactive and dormant accounts and facilitate customers' search for and recovery of, as appropriate, lost accounts with due diligence;
- (b) review the inactive and dormant customer accounts periodically and endeavour to keep the contact information up-to-date;
- (c) make reasonable efforts to contact the customers of the inactive and dormant accounts;
- (d) monitor the inactive and dormant accounts to ensure that there is no unauthorized transaction;
- (e) authenticate the identity of the customers upon reactivation of the inactive and dormant accounts;
- (f) identify the inactive and dormant accounts where (i) there is no customer initiated transaction for a long period of time from the date of last operation of the accounts and (ii) the account holders cannot be contacted despite making reasonable efforts to do so over the years (collectively referred to as "unclaimed deposit accounts" in this Circular); and
- (g) ascertain the status of the account holders of those "unclaimed deposit accounts" with the "Births and Deaths General Register Office" of the Immigration Department of Hong Kong ("Death Registry") for possible deceased account holders with a view to supporting reunification of assets to their rightful owners, and handle any unclaimed deposits according to the existing arrangements under the relevant laws.

To reduce the burden of AIs and for the arrangements to be cost effective, AIs may adopt a risk-based and proportionate approach. As a start, AIs may focus their effort on those "unclaimed deposit accounts" which have been dormant for a fairly long period of time (say 10 years or more), involving account holders of relatively old age (say 90 years or more), and with a relatively larger account balance (say HK\$10,000 or more). For the avoidance of doubt, the above quantitative thresholds are indicative for reference only, and AIs may decide what constitutes "unclaimed deposit accounts" for enhanced handling based on their own business and operational needs.

Should you have any questions regarding this circular, please feel free to contact Mr. Horus Leung on 2878 1078 or Mr. Osbert Lam on 2878 8795.

Yours faithfully,

Alan Au
Executive Director (Banking Conduct)