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Circular to All Chief Executives of Commercial Banks

Payment of Pensions and Gratuity for Military Veterans

The Ministry of Defense and Veterans Affairs (MoDVA) is undertaking a Military Veterans & Beneficiaries payroll verification exercise, to enable payment of pension and gratuity to military veterans and/or their survivors who have not yet received payment from Government. MoDVA has identified some challenges encountered by military veterans and their survivors in accessing their benefits, including incidences of bounced payments arising from dormant accounts; premature closure of accounts; difficulties in reactivating inactive accounts as well as lengthy due diligence processes for beneficiaries who require proof of payment after receiving large sums of gratuity and pension arrears.

The purpose of this circular is to request Commercial Banks to support MoDVA in its endeavour to pay military veterans' pension and gratuity by undertaking the following:

- i. Commercial Banks are to comply with the provisions of section 119 of the Financial Institutions Act 2004 on dormant accounts and closure. This is to prevent the premature transfer of accounts to the dormant account register and eventual account closure in order to reduce the incidence of bounced payments. Prior to effecting payments, MoDVA shall advise Commercial Banks of the list of claimants due for payment, to facilitate the reactivation of accounts that may be dormant in accordance with the provisions of the FIA, 2004.

- ii. Fast-track the verification process for beneficiaries who require proof of payment after receiving gratuity and pension arrears. However, notwithstanding the need to facilitate the verification exercise, banks must comply with Anti-Money Laundering regulatory requirements on customer due diligence at all times.

Yours faithfully,



Michael Atingi-Ego
Deputy Governor