

Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka

BRPD Circular No.02

January 31, 2008
Date : -----
Magh 18, 1414

Chief Executives
All Scheduled Banks in Bangladesh

Dear Sir,

Maintaining Adequate Security of Lockers

Recent incident involving breaking of lockers in a bank branch and vandalism of valuables placed in lockers, in some cases, loss of lifetime savings of the locker holders have created serious repercussions on the banking business in addition to having direct bearing on public confidence on the banking system. Although banks are not informed about contents of lockers, banks have great responsibilities for the safety and security of the lockers. It is, therefore, imperative that banks should improve and maintain the standards for the safety and security of the lockers.

02. In the light of above context, it has been decided that all banks shall observe the following minimum safety and security measures at branches / places where safe deposit lockers facilities are offered to general public:

- i) Banks have to ensure that security arrangement of lockers are adequate and suitable in all respects. The location and physical structures must be consistent with those of safety vaults and safety rooms. Bank should review the existing security system on an ongoing basis. The security procedures should be well documented and the concerned staff/officer should be properly trained about the procedures. The internal auditors should ensure that the procedures are strictly adhered to.
- ii) Henceforth, banks will carry out proper due diligence process on the security agencies, as well as the guards posted at their branches. Security agency will give such undertaking that if a bank suffers loss by any act of vandalism, theft or burglary the agency will be liable to make good the losses up to a certain limit which may be decided by the individual bank on the basis of the numbers of lockers available in the bank/branch concerned. In the cases of banks where security services are not outsourced and areas where security agency is not available, the banks shall carry out due diligence for the appointment of their own security guard(s).

Contd..... Page/2

iii) Daily random checks by bank officials must be increased during regular office hours to ensure that everything is in order and that the guards are performing their duties efficiently.

iv) Banks must obtain corporate group insurance as per categories and sizes of lockers. Existing locker holders/new locker holders before they obtain a locker shall have to be informed about the insurance policy in detail. Information about minimum and maximum amount of loss to be covered under insurance policy must be properly conveyed to locker holders.

v) In case of any loss arising due to breakage of /damage to the locker, at first, the loss sustained by the locker holder should be paid by the bank immediately as per the claim within the insurance ceiling of the locker. Subsequently, the bank shall claim the amount from the relevant insurer.

vi) Banks are also advised to give copies of the agreement and relevant information regarding operation of the locker holder at the time of allotment of the locker.

03. Banks will take further actions (legal and administrative) in addition to above, keeping in view other aspects for safety & security of lockers. In the meantime, banks are advised that internal auditors of the bank shall submit certificate to Bangladesh Bank that the security arrangements of locker rooms are adequate and meet the desired security standards as laid down above within 30 days of the issuance of this Circular. In case, locker rooms are not effectively secured, the same shall be intimated to Bangladesh Bank within 30 days of the issuance of this Circular and necessary measures must be taken on urgent basis and the needful be done within 90 days of the issue of this Circular positively.

04. Banks are advised to strictly follow the above instructions and failure of banks to comply will lead to appropriate actions by the Bangladesh Bank, which, among others, may include cancellation of branch licence and/ or stopping of the operation of locker by a particular branch.

Please acknowledge receipt.

Yours sincerely,

(Md. Jahangir Alam)
General Manager (In charge)
Phone: 7117825