Regulations on the Prohibition of Sharing and Misuse of Bank Accounts, 2026

Table of Contents

CHAPTER I: PRELIMINARY

1.1. Authority

In exercise of the powers conferred under Section 140 of the Financial Services Act of Bhutan 2011, and Sections 36 and 183 of the Anti-Money Laundering and Countering of Financing of Terrorism Act of Bhutan 2018 (AML/CFT Act). The Royal Monetary Authority of Bhutan (the "Authority") hereby promulgates these Regulations on the Prohibition of Sharing and Misuse of Bank Accounts, 2026.

1.2. Scope and Objectives

(a) Scope of Application

(i) These Regulations shall apply to all persons who hold or operate bank accounts and related ancillary services within the Kingdom of Bhutan; and

(ii) All financial institutions and reporting entities licensed or supervised by the Authority.

(b) Objectives

The objectives of these Regulations are to:

(i) Preserve the integrity, security, and stability of Bhutan's financial system by strictly prohibiting the use, sharing, or misuse of bank accounts and ancillary account services for financial fraud or other unlawful activities. It seeks to mitigate risks associated with the renting, lending, sharing, or unauthorized use of bank accounts by individuals or third parties;

(ii) Ensure that financial facilities are accessed and utilized solely by the lawful account holders. Any unauthorized use, transfer, or access by persons other than the rightful account holder is strictly prohibited;

(iii) Establish safeguards to prevent the misuse of bank accounts for money laundering, terrorist financing, proliferation financing, fraud, cyber-enabled financial crimes, and other illicit financial activities, and to preserve the integrity, security, and stability of the financial system;

(iv) Facilitate the timely detection, tracing, freezing, and recovery of illicitly transferred or fraudulently obtained funds;

(v) Promote public awareness, accountability, and compliance by educating individuals on the legal and regulatory consequences of participating, knowingly or unknowingly, in money mule schemes and related unlawful activities; and

(vi) Provide for effective administrative, supervisory, and enforcement mechanisms, including sanctions against natural and legal persons designed to deter the misuse of bank accounts.

1.3. Title and Commencement

These Regulations shall:

(a) Be called the Regulations on the Prohibition of Sharing and Misuse of Bank Accounts, 2026;

(b) Come into effect from Fourth of September, 2026.

1.4. Repeal and Saving

Once adopted, these Regulations shall:

(a) Supersede any directive, circular, guidelines, references or notifications that are inconsistent herewith; and

(b) All actions taken by the Authority prior to the commencement of this Regulations shall stand until appropriate remedies or rectifications are carried out.

CHAPTER II: ROLES AND RESPONSIBILITIES

2.1. Roles and Responsibilities of the Financial Intelligence Department (FID)

The FID shall carry out the following roles and responsibilities, including but not limited to:

(a) Act as the competent authority responsible for receiving, requesting, analyzing, and disseminating financial intelligence concerning suspected proceeds of crime and misuse of bank accounts;

(b) Conduct analysis of reported suspicious transaction reports (STRs) to identify account sharing, money mule activity and unauthorized use of accounts, or otherwise making available account ancillary services to third parties;

(c) Protect the integrity of the financial system by preventing the abuse of bank accounts for money laundering, terrorist financing, proliferation financing, financial fraud, and other unlawful activities;

(d) Promote public awareness and individual accountability for the lawful use, and safeguarding of bank accounts and account ancillary services; and

(e) Exercise such other powers and functions as provided under Section 37 of the Anti-Money Laundering and Countering of Financing of Terrorism Act 2018 and amendment thereof, as well as other applicable regulations.

2.2. Roles and Responsibilities of the Financial Institutions

The Financial Institutions shall carry out the following roles and responsibilities, including but not limited to;

(a) Conduct Customer Due Diligence (CDD) to verify the legitimate purpose of an account;

(b) Maintain updated KYC (Know Your Customer) information, throughout the customer relationship;

(c) Ensure AML/CFT monitoring system is capable of detecting indicators of account misuse, and suspicious account activities;

(d) Conduct ongoing reviews of accounts held by non-nationals, ensuring immediate restriction or closure upon the expiry of Proof of Identity/Visa; and

(e) Comply with the AML/CFT Act of Bhutan, 2018 and other relevant laws.

2.3 Roles and Responsibilities of the Account Holders

The Account holders shall carry out the following roles and responsibilities, including but not limited to:

(a) Ensure that their accounts and ancillary account services shall be utilized solely for their intended purposes. They are expressly prohibited from misusing their accounts or permitting their accounts to be shared with any third party, whether with or without financial gains;

(b) Maintain confidentiality of all banking credentials, including but not limited to M-PINs, T-PINs, OTPs, and passwords;

(c) Maintain up to date KYC information with their respective Financial Institutions;

(d) Notify the concerned Financial Institutions of any unexpected or unverified transactions; and

(e) Co-operate with the Authority, Law Enforcement Agencies, and competent authorities in furnishing information relating to the misuse of their accounts.

CHAPTER III: EXEMPTIONS AND BURDEN OF PROOF

3.1 Exemptions

The following arrangements shall not constitute a violation of these Regulations, provided that they are lawful, transparent, and not intended to facilitate, conceal, or enable bank account misuse or any other unlawful activities, and are supported by reasonable documentation or other verifiable justification where applicable:

(a) Family Assistance: Transactions between immediate family members undertaken for legitimate personal or household purposes;

(b) Legal Guardianship: Arrangements made for the benefit of minors, illiterate, elderly persons, or persons with disabilities to facilitate lawful access to banking services;

(c) Judicial Mandate: financial assistance arrangements undertaken pursuant to a court order issued by a court of competent jurisdiction;

(d) Authorized Agency: Arrangements supported by a valid and legally recognized power of attorney or other lawful authorization expressly permitting a third party to act on behalf of the account holder; and

(e) Other Authorized Arrangements: Any other lawful arrangement expressly approved or authorized by the relevant financial institution in accordance with its internal policies and applicable laws.

3.2 Burden of Proof

(a) Any person relying on an exemption under Section 3.1 shall, upon request by the Authority, provide sufficient information or supporting documentation to demonstrate that the arrangement falls within the scope of the applicable exemption.

(b) Where an account holder asserts that they did not authorize the use of their account by a third party, they shall provide such evidence as is reasonably available to establish that the account was accessed without their knowledge or consent. The Authority shall thereafter assess whether the totality of evidence supports a finding of violation.

CHAPTER IV: VIOLATIONS

4.1 Financial Institutions shall classify violations arising from account misuse according to the intent and awareness of the account holder.

4.1.1. Unwittingly Sharing of Account

Any natural person who, though deceived through social engineering or fraudulent schemes including job fraud, romance scams, or fake welfare programs, rents, shares, or provides access to their account, shall be deemed to have committed a violation under these Regulations notwithstanding lack of knowledge of the illicit origin of funds.

4.1.2. Wittingly Sharing of Account

Any natural person who disregards evident red flags or suspicious instructions and permits the movement of funds or sharing of account credentials in exchange for commission or rental fee shall be deemed to have committed a violation, demonstrating willful blindness to unlawful activity.

4.1.3 Complicit Sharing of Account

Any natural or juridical person who knowingly and actively participates in criminal networks by selling account credentials (including SIM cards, MPINs, ATM cards) or recruiting others into account-renting schemes for financial gain shall be deemed to have committed a grave violation under these Regulations.

4.2. The misuse of account vehicles shall constitute violations subject to proportionate regulatory response, but not limited to:

4.2.1 Personal Rented Accounts

Savings accounts wherein the lawful owner transfers direct control including possession of registered SIM cards, digital credentials, or physical banking instruments to any third-party handler in exchange for financial or other consideration shall constitute a violation under these Regulations.

4.2.2 Corporate Shell Accounts

Current accounts opened in the name of dormant businesses, fictitious entities, or petty shops, where the primary purpose is to exploit transaction limits for illicit layering of funds, shall constitute a violation under these Regulations.

4.2.3. Sharing of Account as a Service

Clusters of multiple rented accounts managed by organized syndicates through shared devices, common IP addresses, or other coordinated means to facilitate rapid dispersal of illicit funds shall constitute aggravated violations under these Regulations.

4.3. The method of control exercised over the account shall determine the nature of violation as follows:

4.3.1 Direct Control

Where third party handlers possess total control over an account's digital credentials, linked mobile numbers, and physical banking cards, thereby displacing the lawful owner, such conduct shall constitute a violation under these Regulations.

4.3.2 Indirect Control

Where account holders retain possession of their digital credentials, linked mobile numbers, or physical banking cards but execute transactions under the instructions of third parties in exchange for financial or other benefit, such conduct shall constitute a violation under these Regulations.

CHAPTER V: PROCEDURES FOR DETERMINING ADMINISTRATIVE & MONETARY PENALTIES

5.1. Identification and Assessment of Violations

The Authority shall identify, detect, or otherwise become aware of account sharing or misuse through the following sources:

(a) Suspicious Transaction Reports (STRs) or other regulatory reports submitted by Reporting Entities;

(b) Transaction monitoring systems, data analytics, intelligence reports, or surveillance mechanisms maintained by the Authority or Reporting Entities;

(c) Customer complaints, whistle blower information, or public reports**;**

(d) Referrals or information received from competent authorities, law enforcement agencies, foreign regulators, or other relevant agencies;

(e) Inspections, supervisory reviews, audits, or compliance examinations conducted by the Authority; or

(f) Any other information, analysis, or circumstance that reasonably indicates possible account misuse or financial crime.

5.2. Procedure for Imposing Penalty and Timeline

(a) Temporary Freeze

Where there is reasonable suspicion of account misuse, proceeds of crime, or other potential violations of these Regulations, the Authority may, as an interim measure, issue a temporary freeze notice in respect of any account or property held by a reporting entity for a period not exceeding twenty-one (21) days.

(b) Notification of Affected Persons

The Authority shall notify the affected persons on the same day the instruction to freeze the account is issued, specifying the reasons and duration of the freeze. Notification may be delayed only where immediate disclosure would demonstrably prejudice an ongoing investigation or enforcement action.

(c) Continuation of Freeze
Upon expiry of the twenty-one (21) day temporary freeze period, any continuation, extension, or maintenance of such freeze shall be subject to an order issued by a court of competent jurisdiction.

5.2.1. Assessment of Suspected Violation

Upon identification of a suspected violation, the Authority shall conduct an assessment to determine:

(a) The nature and extent of the suspected violation;

(b) The persons or entities involved;

(c) The frequency, value, and pattern of transactions;

(d) The level of risk posed to the financial system; and

(e) Whether temporary preventive measures, including account restriction or freezing, are necessary pending further investigation.

5.2.2. Committee Determination

The Executive Committee (hereinafter referred to as the Committee) shall determine on the imposition of monetary penalty and/or administrative sanction.

5.2.3. Issuance of Written Notice

If the Committee decides to impose a penalty (monetary and/or administrative sanction), the decision shall be communicated through a written notice. The written notice shall include:

(a) Requirement to furnish explanation for the violation(s) within fourteen (14) working days in accordance with Section 157 of the FSA 2011, counted from the date of issuance of the notice;

(b) A statement of the Authority's intent to impose appropriate penalties, specifying the legal and factual grounds upon which it is based; and

(c) An opportunity to submit additional documentary evidence to the Authority for review and consideration of the penalties within the timelines set out.

5.2.4. Penalty or No-Penalty Order for Account Holder

Upon receipt or non-receipt of explanations within fourteen (14) working days, the Committee shall determine the next course of action.

(a) Where satisfactory explanations are furnished, the Committee may issue a No-Penalty Order**.** In such cases, the Committee may, if deemed necessary, issue a letter of advice as a corrective measure to guide future compliance.

(b) Where explanations are unsatisfactory, the Authority shall impose proportionate sanctions as follows:

(i) First Violation

A person who violates any provision under Chapter IV of these Regulations shall, upon commission of a violation, be subject to separate penalties for each distinct violation, as follows:

(a) A monetary penalty not exceeding the equivalent of one year's daily minimum wage; subject to the Committee's discretion to determine an appropriate amount may be imposed;

(b) Any administrative sanction(s) the Committee deems fit; and

(c) The lawful balance standing to the credit of the account shall be returned to the rightful owner. The portion of the balance involved in transactions pertaining to misuse of the account shall, upon verification, be subject to determination by the Committee as to whether it shall be seized or returned**.**

(ii) Repeated Violation

(a) A person who commits repeated violations under Chapter IV of these Regulations may be subject to a monetary penalty and/or administrative sanctions. In such cases, the one-year daily minimum wage cap shall not necessarily apply;

(b) The lawful balance standing to the credit of the account shall be returned to the rightful owner; and

(c) The portion of the balance involved in transactions relating to the misuse of the account shall be seized or, where appropriate, returned to the rightful owner in accordance with these Regulations and applicable laws.

5.2.5. Referral for Criminal Proceedings

Notwithstanding the administrative measures prescribed under these Regulations, where analysis, transaction monitoring, or intelligence reports indicate possible suspicious transactions or criminal activities, the case shall be referred to the relevant competent authority or law enforcement agency for investigation and prosecution in accordance with applicable laws.

The account balance subject to seizure shall be held in custody pending the outcome of criminal proceedings**.** Such seized balance shall be disposed off in accordance with the final judgment or order issued by the competent court or authority under applicable laws.

5.2.6. Non-Compliance with Notice

(a) Failure to Respond by Individual

Where an individual to whom a notice has been issued fails to submit a response within the prescribed period as stipulated therein, the Committee shall proceed to determine the matter based solely on the evidence available at the time of deliberation.

(b) Failure to Respond by Beneficiary of Account

Where the designated beneficiary of an account fails to submit a response within the prescribed period as stipulated in the notice, the Committee shall, upon review of the evidence, determine whether any portion of the account balance is connected to transactions constituting misuse of the account. Any such portion so determined shall be subject to seizure.

5.2.7. Appeal

(a) Pursuant to Section 162 of the FSA 2011, the concerned persons may appeal in writing to the Authority's Board within 14 working days from the date on which any monetary and/or administrative sanction is imposed.

(b) The Board of the Authority shall affirm, reverse, modify or maintain the status quo of the decision and state its legal and factual grounds.

(c) An appeal against the Board's decision may be filed within 21 working days with a court of law that has jurisdiction over the persons.

5.2.8. Enforcement of Penalty

(a) The penalty imposed on the persons shall be payable to the Authority within a period of 30 working days from the date of issuing the Penalty Order.

(b) The penalty imposed may be discharged either by payment in cash, remittance through a formal banking channel, or adjustment against the lawful standing balance of the account, and the payer shall furnish verifiable proof of such payment, which may consist of an official receipt, a bank transfer confirmation, or any other recognized payment instrument, including but not limited to a deposit slip or an electronic payment record, and the penalty shall be deemed duly settled only upon submission and verification of the prescribed proof of payment by the competent Authority.

(c) In the event of failure to discharge the penalty amount within the prescribed period, the Authority shall, without prejudice to any other remedies available under law, initiate appropriate legal proceedings and due process measures to enforce recovery and ensure compliance

CHAPTER VI: MISCELLANEOUS

6.1. Interpretation

The Authority shall interpret any provision of these Regulations, and its interpretation shall be final and binding, subject to any appeal to the Board as provided herein. All terms used in these Regulations that are defined in the AML/CFT Act 2018, the FSA 2011, or the RMA Act 2010 shall have the meaning ascribed to them in those enactments unless the context otherwise requires.

6.2. Amendment and Review

The Authority reserves the right to amend and/or review these Regulations as and when necessary, in response to development in the financial sector and the broader economy.

6.3. Definitions

In these Regulations, unless the context otherwise requires:

(a) *Account Holder refers* to a person in whose name a bank account is maintained and, who is duly recorded as the primary owner or authorized holder of the account in the official records of a financial institution;

(b) *Account Ancillary Services* refer to supplementary, value-added features/ facilities attached to a primary financial account. These are not the core account itself but the additional facilities that come with it;

(c) *Authentication credentials* refer to secret information used to verify a user's identity and authorize access to an account or transaction, such as an MPIN (Mobile Personal Identification Number), TPIN (Transaction Personal Identification Number), or OTP (One-Time Password);

(d) *Authority* refers to the Royal Monetary Authority of Bhutan established under Section 3 of the Royal Monetary Authority Act of Bhutan, 2010;

(e) *Acts* refers to Royal Monetary Authority Act of Bhutan, 2010 and Financial Services Act of Bhutan, 2011;

(f) *Board* refers *to* the Board of the Authority established under Section 33 of the Royal Monetary Authority Act of Bhutan, 2010;

(g) *Bank account misuse* refers to the use of a bank account, or facilitation of its use, in a manner that is unauthorized, unlawful, or inconsistent with the intended purpose of the account, including but not limited to its use for:

i. Money laundering, terrorist financing, proliferation financing, or other predicate offences;

ii. Fraud or financial scams;
iii. Facilitating transactions on behalf of third parties without lawful authority;
iv. Account sharing, lending, leasing, renting, or transfer of account control or credentials; or
v. Any other activity prohibited under applicable laws or regulations.

(h) *Executive Committee* refers to the Committee established under Section 56 of the Royal Monetary Authority Act of Bhutan, 2010;

(i) *Financial institution* refers to a bank; an insurer; a reinsurer; a stock exchange or another entity licensed under this Act to the extent designated a financial institution under regulations adopted by the Authority in light of the licensee's scale of operation and the exposure of its customers to its insolvency;

(j) *Financial Service Provider* refers to any person engaged in banking business, insurance business, securities business and all other services designated in a regulation adopted by the Authority as a financial service;

(k) *Facilitating refers to* any act of aiding, assisting, enabling, or otherwise making possible the commission of an unlawful activity, whether directly or indirectly. This includes, but is not limited to, providing access, information, resources, or instruments that contribute to money laundering, terrorist financing, fraud, or other prohibited conduct. Any such facilitation shall constitute a violation subject to penalties and sanctions under these Regulations.

(l) *Immediate family members* refers to a person's spouse, children (including adopted children), parents, and siblings;

(m) *Individual* refers to a natural person; shall mean a human being recognized by law as possessing legal personality, rights, and obligations by virtue of birth, continuing until death

(n) *KYC: refers to Know Your Customer*

(o) *Legal Person* refers to any entity, body, or organization recognized by law as having rights, duties, and liabilities separate from those of its members, including corporations, partnerships, associations, trusts, foundations, or other juristic entities duly constituted under applicable laws and regulations.

(p) *Lending refers to* account holders and financial institutions shall ensure that any lending activity conducted through the financial system is lawful, transparent, and compliant with applicable regulations. Lending arrangements must be documented, supported by valid proof of identity, and subject to monitoring to prevent misuse for money laundering, terrorist financing, or other unlawful purposes."

(q) *Person refers to* a natural or a juridical person

(r) *Penalty* refers to any monetary fine, administrative sanction, or other lawful consequence imposed upon an account holder or financial institution for violation of these Regulations or applicable laws. Penalties may include, but are not limited to, fines, suspension of account privileges, seizure of funds, or other measures deemed appropriate by the competent authority. All penalties shall be proportionate to the nature and gravity of the offence and enforced in accordance with due process of law.

(s) *Reporting Entity* refers to Financial Service Providers, Designated Non-Financial Business and Professions (DNFBP), and any other agency identified by the Authority.

(t) *Repeated Violation* refers to the commission of the same or a substantially similar offence, breach, or non-compliance with these Regulations or applicable laws by an individual, financial institution, or reporting entity on more than one occasion within a continuous period of five years. A repeated violation shall be deemed an aggravating factor in determining penalties under these Regulations and may result in enhanced sanctions, including but not limited to increased fines, suspension of account privileges, seizure of funds, or other measures deemed appropriate by the Authority

(u) *Suspicious Transaction Report (STR)* refers to a report submitted by a financial institution to the Authority when it has reasonable grounds to suspect that a transaction or attempted transaction is linked to money laundering, terrorist financing, proliferation financing, fraud, or any other unlawful activity, regardless of the transaction amount.

(v) *Sharing of Accounts* shall mean the unauthorized act of permitting, transferring, or otherwise granting access to an account, its credentials, or related instruments to any third party, whether temporarily or permanently, without the express approval of the financial institution or as permitted under applicable laws and regulations. Giving unauthorized third parties access to or control over your account or credentials, which is prohibited unless expressly permitted by law or regulation.

(w) *Third party* refers to any person other than the account holder who is not legally authorized to operate, control, or use a bank account without power of attorney;