

## ***Centrale Bank van Aruba***

### **Glossary of Terms**

#### ***A***

##### ***A.W.G.***

See Aruban florin.

##### ***A.Z.V.***

General Health Insurance ('Algemene Ziektekosten Verzekering').

##### ***Afl.***

See Aruban florin.

##### ***Article IV Consultation***

An examination conducted by the International Monetary Fund (IMF) on the macro-economic condition in its member countries. Aruba participates in the IMF as part of the Kingdom of the Netherlands.

##### ***Aruban florin***

National currency of Aruba. The International Standards Organization (ISO) uses the abbreviation 'AWG' as the currency code for Aruba. However, Aruban law uses the abbreviation 'Afl.' for the Aruban florin. The Centrale Bank van Aruba uses 'AWG' for all transactions with other parties, while the code 'Afl.' is used in its official publications.

##### ***Average daily rate (ADR)***

Total net revenue (= total net revenue including service charge and net of rebates/wholesalers commission and for time properties only, net of maintenance fee) divided by total room nights of occupied rooms (= the amount of nights the rooms were occupied by guests, whether paid or complementary).

##### ***Average hotel occupancy rate***

Total room nights of occupied rooms (= the amount of nights the rooms were occupied by guests, whether paid or complementary) divided by total room nights (= total number of rooms available in a property multiplied by the respective number of days in a month).

##### ***Average revenue per available room (Revpar)***

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Total net revenue (= total net revenue including service charge and net of rebates/wholesalers commission and for time properties only, net of maintenance fee) divided by total room nights (= total number of rooms available in a property multiplied by the respective number of days in a month).

### **AWG**

See Aruba Florin.

## ***B***

### ***Balance of payments***

A statistical statement that systematically summarizes, for a specific time period, the economic transactions of an economy with the rest of the world. The balance of payments records payments and receipts between residents and nonresidents on goods, services, income, and current transfers, as well as changes in Aruba's claims on, and liabilities to, the rest of the world. The balance of payments of Aruba is compiled according to the Balance of Payments Manual of the IMF (5th edition).

### ***Bank notes in circulation***

Bank notes held by the public.

### ***Bank notes issued***

Bank notes issued by the Centrale Bank van Aruba and held by the public and commercial banks.

### ***Banking transactions (balance of payments)***

Banking transactions, according to the balance of payments definition, cover all capital transactions of authorized foreign exchange banks carried out for their own account. These transactions comprise, among other things, loans to and from foreign banks and nonbanks and their redemptions, the placement of notes with nonresidents issued for their own account and changes in their liquid claims and liabilities.

### ***Business perception survey***

A short questionnaire used by the Centrale Bank van Aruba to provide relevant information about main economic developments during a certain period, as well as a short-term outlook, thereby relying on the experience, judgment, and opinion of respondents, mainly leading businesses.

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## **C**

#### ***Capital account (balance of payments)***

The capital account of the balance of payments consists of capital transfers and acquisition/disposal of non-produced nonfinancial assets. Capital transfers cover private transfers, being migrants' transfers, and official transfers, being payments in connection with development aid (capital grants).

#### ***Capital and financial account (balance of payments)***

The capital and financial account of the balance of payments shows the financing of real resource flow. The capital account records an economy's capital transfers and transactions in non-produced, nonfinancial assets. The financial account records an economy's transactions in external financial assets and liabilities. The main elements of Aruba's capital account are:

#### ***Capital and reserves***

Paid-up capital by residents, reserves, retained profits and the Centrale Bank van Aruba's current net income position.

#### ***Cash***

All local and foreign currency in the form of bank notes and coins.

#### ***Centrale Bank van Aruba***

Central Bank of Aruba. Established on January 1, 1986 when Aruba obtained its separate status within the Kingdom of the Netherlands. Its mission is: "Working towards financial stability for the benefit of the people".

#### ***Claims on (foreign) banks***

Balances with (foreign) central and commercial banks in convertible and other currencies.

#### ***Claims on (foreign) governments***

Treasury bills and other securities issued by (foreign) governments and international organizations in convertible and other currencies.

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#### ***Clearing***

The administrative handling of payment orders through the Centrale Bank van Aruba between two or more financial institutions, leading to the establishment of final positions (net debit or credit) between these institutions for settlement.

#### ***Coins issued***

The Government issues coins, which are, therefore, its liability. The Centrale Bank van Aruba buys the coins and resells them at face value to the commercial banks and to the public.

#### ***Commercial banks***

Financial institutions licensed to carry out banking operations with residents. These banks grant loans, and have among their liabilities deposits transferable by check or otherwise usable in making payments.

#### ***Commercial loan***

An overdraft or loan granted for business and commercial purposes (other than to the government), including loans that are secured by real estate.

#### ***Consumer price index***

An index of the development of prices of goods and services. It is often referred to as 'the cost of living index'. The Consumer Price Index, produced by the Central Bureau of Statistics, is a Laspeyres type of index, and is based on the results of household expenditure surveys conducted by this Bureau. The latest survey was conducted during the period October 1998 through January 1999. The current base period is September 2000.

#### ***Credit extensions (supervisory term)***

Loans, overdraft facilities, guarantees and all other forms of credit, irrespective of form or collateral.

#### ***Current account (balance of payments)***

The current account of the balance of payments shows transactions in real resources (goods, services, income) and current transfers. The major classifications of Aruba's current account are:

#### ***Current transfers (balance of payments)***

Private and official transfers, i.e., workers' remittances and other current transfers of individuals as well as pension and education payments and grants.

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## **D**

### ***D.O.W.***

Abbreviation for Department of Public Works ('Dienst Openbare Werken').

### ***Demand deposits***

Deposits at a bank, which can be withdrawn by the respective customers. These may be in the form of checking accounts, certified checks, letter of credit issued for cash, and similar accounts or instruments. Time deposits, which have matured and have not been renewed, should also be included. Demand deposits of non-financial public enterprises are excluded from demand deposits.

### ***Director (supervisory term)***

A member of the Supervisory Board of a credit institution or a body with similar task.

## **E**

### ***Expenditure (government)***

The level of expenditure of the government sector is derived as a residual of total registered revenue (including grants minus net lending) and net financing. The Department of Finance provides information on the nature of the expenditure.

### ***Exports of goods and services (national accounts)***

Exports of goods and services, according to the national accounts, consist of purchases, barter, or receipts of gifts or grants, of goods and services by Aruban residents and purchased by the rest of the world. Exports of merchandise are valued free-on-board (f.o.b.). Source: Central Bureau of Statistics.

## **F**

### ***F.D.A.***

'Fondo Desaroyo Aruba'.

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#### ***Final consumption (national accounts)***

Private households: all expenditures on consumer goods and services, including expenditure on durables such as motor vehicles and furniture, payments made by the government on behalf of households, and the imputed rent of owner-occupied dwellings. Households consist of Aruban residents, and consumption expenditure relates to their expenditures both within Aruba or abroad.

#### ***Financial account (balance of payments)***

The financial account of the balance of payments covers direct investment, portfolio investment and other investment. The latter is subdivided into loans and other financial transactions.

#### ***Financial survey***

The financial survey provides an overview of the activity of the financial sector as a whole. It covers financial positions and transactions of the financial sector with other domestic sectors and with the rest of the world. It comprises the accounts of the Centrale Bank van Aruba, the Treasury (the government, related only to the issuance of components of money supply, i.e., coins and treasury bills), the commercial banks, and the aggregated accounts of the nonmonetary financial institutions, comprising mortgage banks, pension funds, life insurance companies, finance companies, the Aruban Investment Bank and the Social Security Bank.

#### ***Fixed-asset-to-capital ratio (supervisory ratio)***

Fixed assets divided by test capital. The maximum allowed ratio is 100 percent.

## **G**

#### ***Goods (balance of payments)***

Comprise import and export related payments of crude oil and oil products as well as import and export related payments by free-zone enterprises and by sectors other than the oil and free-zone sectors effectuated through the banking system and notified foreign bank and/or current accounts. Also included are the non-oil merchandise payments by the oil sector, goods procured in ports and repair of goods.

#### ***Government***

The government, as defined by the Centrale Bank van Aruba, comprises all departments, including the Department of Public Works (DOW), 'Landsbedrijf Ontwikkelingsprojecten' (LOP) and the 'Fondo

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Desaroyo Aruba' (FDA). Thus, excluded are the social security sector, which comprises mainly the Social Security Bank (SVB) and the General Health Insurance (AZV).

#### ***Government bonds***

A fixed interest security issued by the Government of Aruba through the Centrale Bank van Aruba.

#### ***Gross capital formation (national accounts)***

Gross capital formation is equal to the total value of a producer's acquisition, fewer disposals, of fixed assets plus certain additions to the value of non-produced assets realized by the productive activity of institutional units.

#### ***Gross claims on government***

Included here are the claims resulting from the issuance of coins and treasury bills. Also included are the banking sector loans granted to the government as well as government bonds in the hands of the monetary sector.

#### ***Gross domestic product (national accounts)***

The total market value of goods and services produced in Aruba after deducting the cost of goods and services utilized in the process of production, but before deducting allowances for the consumption of fixed capital.

## **H**

#### ***Hotel occupancy rate***

The proportion of rooms or bed-places in a hotel that is occupied over some period of time (e.g., a month).

## **I**

#### ***I.S.I.C.***

International Standard Industrial Classification of all economic activities is a standardized form of coding adopted by the United Nations.

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#### ***Imports of goods and services (national accounts)***

Imports of goods and services consist of purchases, barter, or receipts of gifts or grants, of goods and services by Aruban residents from the rest of the world.

#### ***Income (balance of payments)***

Income covers dividends received on equity investments and participations, as well as interest on public and private sector loans, debt securities, and foreign assets and personal earned income.

#### ***Items not yet classified (balance of payments)***

Transactions of which the underlying nature is not yet known. This item also includes profits and losses on foreign exchange transactions of the Centrale Bank van Aruba and the commercial banks as well as revaluation differences of foreign claims and liabilities of the commercial banks.

## **J**

#### ***June 2005***

Official launch of our new website

## **K**

#### ***Kingdom of the Netherlands***

A territory consisting of the three countries Aruba, Curacao, and the Netherlands, headed by the Queen.

## **L**

#### ***L.O.P.***

'Landsbedrijf Ontwikkelingsprojecten'.

#### ***Large exposure rule (supervisory ratio)***

Large exposures to one client or a group of connected clients divided by test capital. The maximum allowed ratio is 25 percent.



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#### ***Laspeyres price index***

A base period weighted price index. This means that the weights in the base period are also used in the following periods.

#### ***Lending minus repayments***

This category covers government payments leading to financial claims upon others or to government equity participation in the ownership of enterprises, minus receipts reducing or extinguishing such claims or equity holdings undertaken for public policy purposes.

#### ***Liquidity ratio (supervisory ratio)***

Liquid assets divided by total assets. The minimum of this ratio is 20 percent.

#### ***Loan-to-deposit ratio (supervisory ratio)***

Total loans (net) divided by total deposits. The maximum allowed ratio is 80 percent.

## ***M***

#### ***Manager (supervisory term)***

Any person conducting the day-to-day management of the credit institution and whose function as such has been laid down in the articles of incorporation or any other regulation of the institution and whose appointment has been approved by the Bank.

#### ***Merchandise trade statistics***

Export and imports of goods. Data are derived from the automated custom system Asycuda. In this system, about 8,000 documents related to export and import are registered on a monthly basis. The Central Bureau of Statistics processes this data using the International Special Trade System. Certain types of goods are excluded from the data, e.g., monetary gold, securities, bank notes, coins in circulation, and postal items. Furthermore, goods consigned by a government to its armed forces, and diplomatic representatives abroad (including embassies, consulates, the Cabinet of the Netherlands Antillean and Aruban Affairs (KABNA), the Cabinet of the Governor of Aruba representing the Queen of the Kingdom of the Netherlands, and the Marine Corps) are also excluded from the trade statistics. These exclusions are in accordance with the recommendations of the United Nations. Mineral fuels are also excluded.

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#### ***Monetary authorities***

These are the institutions (the Centrale Bank van Aruba and the Government) that create base money

#### ***Monetary statistics***

A comprehensive set of stock and flow data on the financial and nonfinancial assets and liabilities of a country's financial corporations sector.

#### ***Monetary survey***

The monetary survey consolidates the accounts of the Centrale Bank van Aruba, the commercial banks, and the government. The latter is related only to the issuance of components of money supply, i.e., coins and treasury bills. This survey shows the financial relationship between the monetary sectors, whose liabilities include the money supply, and other sectors of the economy.

#### ***Money***

Comprises bank notes, coins, and demand deposits of the private sector. It does not include government deposits, neither the deposits of the private sector, neither the deposits of the commercial banks with the Centrale Bank van Aruba, nor their cash holdings.

#### ***Money laundering***

The process through which criminals conceal the true existence, through (?) illegal source, or illegal application of income, and then disguise that income to make it appear legitimate.

#### ***Money-creating institutions***

These are the Centrale Bank van Aruba, the Government (in particular, the Treasury), and the commercial banks

#### ***Mortgage***

A loan made for the purchase of buildings or other real estate and/or for the construction of buildings, and secured by the same real estate and/or buildings. Loans to nonresidents for such purposes in Aruba are considered to be loans to nonresidents.

## **N**

## ***Centrale Bank van Aruba***

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#### ***Net financing***

Comprises net foreign capital, nonblank domestic capital, and the net recourse to the monetary system of the government.

#### ***Net foreign assets***

Aruba's net foreign assets consist mainly of convertible claims on residents and gold.

#### ***Nonresident***

- a. Natural and legal persons not falling under the definition of residents;
- b. Aruban companies or economic units licensed under Article 19 of the State Ordinance on Foreign Exchange Transactions as nonresidents for foreign exchange control purposes;
- c. Diplomatic and consular offices of foreign powers and international organizations represented physically in Aruba;
- d. Diplomatic, professional, consular and administrative personnel of foreign nationality attached to the offices referred to under c., their spouses and children residing with them.

## ***O***

#### ***Official foreign exchange rates***

Official foreign exchange rates are determined for major currencies on a daily basis using the market rates quoted for those currencies against the U.S. dollar.

#### ***Other investments***

A commercial bank's investments in subsidiaries, which are not banks or bank-like institutions.

#### ***Other-real-estate-to-capital ratio (supervisory ratio)***

Other real estate owned divided by test capital. The maximum allowed ratio is 25 percent.

## ***P***

#### ***Private sector***

Includes business enterprises, individuals, nonblank financial institutions and foundations.

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#### ***Provision for loan losses***

The amount of income set aside from income from time to time and available for deduction against possible fall in the value of any loan.

#### ***Public enterprises***

Companies producing goods and nonfinancial services, whose share are fully or largely owned by the Government (e.g., SETAR N.V.)

## ***Q***

#### ***Quasi-money***

Comprises time and savings deposits with the commercial banks and the Centrale Bank van Aruba, as well as treasury bills held by the private sector.

## ***R***

#### ***Residents***

- a. Natural persons who have their domicile in Aruba and are recorded in its population register, or who actually remain for more than one year from the date of their arrival in Aruba, as soon as that year has elapsed;
- b. Legal persons, including open and limited partnerships, established in Aruba;
- c. Branches, sub offices, representative offices and agencies established in Aruba, not covered under b.
- d. Government administrative agencies, services and businesses;

Natural and legal persons designated by the Centrale Bank van Aruba, not covered under a, b, c or d.

#### ***Revaluation differences***

These are revaluation differences of gold and official foreign exchange holdings. According to the Central Bank Ordinance of December 1989, changes in the value of gold and foreign exchange due to changes in the price of gold and exchange rates are accounted for in a revaluation reserve.

#### ***Revenue and grants***

Comprise receipts recorded by the Tax Collector's Office, the Department of Finance and the Bank.

Revenue is divided into tax and nontax revenue. Grants are unrequited, nonrepayable, non-compulsory

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#### ***Risk-weighted capital ratio (supervisory ratio)***

Test capital divided by the total risk value balance sheet and off-balance sheet items. The minimum ratio is 10 percent.

## **S**

#### ***S.V.B.***

Social Security Bank ('Sociaal Verzekerings Bank').

#### ***Savings deposits***

These are deposits without specific maturity and meeting the following requirements:

#### ***Sectors (balance of payments)***

There are three sectors covered in the balance of payments of Aruba, i.e., the oil sector, the free-zone sector, and the rest of the economy, which includes all their sectors of the economy after excluding the oil and freezone sectors.

#### ***Services: Government n.i.e. (balance of payments)***

Payments by the government of the Netherlands in connection with its representative office in Aruba (including the Dutch Royal Navy) are included as inflows, while payments by the Aruban Government related to its representative office in the Netherlands ('Aruba Huis') and its tourism offices abroad are, among others, recorded as outflows.

#### ***Services: Other (balance of payments)***

These services mainly include management fees, transactions for industrial maintenance, contracting works, royalties, postal and telecommunication charges, insurance services, rents and leases.

#### ***Services: Transportation (balance of payments)***

Contains, among other things, harbor dues and fees, and passenger fares. Data on transportation are based on the relevant payments. However, adjustments are made to allow for the fact that in the balance of payments goods are recorded consistently on a f.o.b. basis.

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#### ***Services: Travel (balance of payments)***

Registered tourism receipts from transactions in foreign currency, traveler's checks and credit cards are recorded by the foreign exchange banks, as well as the enterprises holding accounts with foreign banks. Goods taken out of Aruba by tourists and paid for in foreign currency, traveler's checks or credit cards and flows related to medical treatment and expenditures of students are also included under 'travel'.

#### ***Shareholder (supervisory term)***

A natural person/legal entity who/that:

#### ***Subordinated debt***

Liabilities subordinated to claims of depositors and other creditors.

#### ***Subsidiary of a credit institution***

A credit institution is considered to have a subsidiary if it owns more than 50 percent of another company's equity capital, directly or indirectly.

#### ***Supervisory requirements***

All credit institutions have to comply with the stipulations of the State Ordinance on the Supervision of the Credit System, as well as the Bank's supervisory directives.

## ***T***

#### ***Tier 1 capital (supervisory term)***

Core capital

#### ***Tier 2 capital (supervisory term)***

Supplementary capital

#### ***Time deposits***

These deposits may take the form of accounts in respect of which there is a written contract in force with the depositor that (possibly except under penalty) neither the whole nor any part of such deposit may be withdrawn before the date of maturity. Time deposits of non-financial public enterprises should not be included under time deposits. Time deposits may take the form of certificates of deposit, whether

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negotiable or non-negotiable.

#### ***Tourism***

Comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. The usual environment of a person consists of a certain area around his/her place of residence plus all other places he/she frequently visits.

#### ***Tourism expenditure***

All travel related expenditures made by stay-over visitors, before, during, and immediately after a trip. The total tourism expenditure is the tourism expenditure in Aruba plus the estimated accommodation part of pre-paid packages.

#### ***Tourist***

A visitor who stays at least one night in a collective or private accommodation in the place visited.

#### ***Treasury bills***

A short-term borrowing medium, issued by the Government of Aruba through the Centrale Bank van Aruba. The duration is usually 3 months.

## ***U***

#### ***Unearned income***

Interest accrued on loans but not received. It applies only to those types of loan where the interest is added in advance to the principal.

#### ***Utilities index***

The utilities index is calculated as a weighted average of the indexed consumption of water, electricity, and gas. The weights used here are dynamic and fluctuate according to the relative significance (during a period) of the value of each consumption category in the aggregated value. Annual data are based on the year 1996 = 100, while quarterly data are based on an average of that year, since the quarterly data reflect only the consumption during a quarter, while the annual data is cumulative.

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#### ***Utilities statistics***

Comprises the consumption of water, electricity, and gas. The consumption of water is excluding sales to Valero Aruba Refinery N.V. and vessels. Each category is presented on the basis of a standard unit of measure.

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