Statistical News Release
Date: April 1, 2014

Monetary and financial developments: Money supply increased marginally in the fourth quarter of 2013

Money and credit

In the fourth quarter of 2013, the money supply increased marginally by Afl. 3.2 million to Afl. 3,293.8 million, compared to the previous quarter (Chart 1). This modest increase resulted from an Afl. 140.5 million growth in the domestic component of the money supply, which was largely offset by an Afl. 137.3 million net outflow of foreign funds. The rise in net domestic assets was associated with an Afl. 138.3 million increase in domestic credit. In addition, non-credit related balance sheet items grew by Afl. 2.2 million. The rise in domestic credit was predominantly due to an Afl. 102.3 million surge in the net claims of the banking sector on the public sector, stemming from an Afl. 114.0 million decrease in government deposits and an Afl 14.4 million expansion in development funds. Also, claims on the private sector widened by Afl. 36.0 million, owed to gains in housing mortgages, loans to enterprises, and consumer credit of, respectively, Afl. 22.7 million (to Afl. 1,007.6 million), Afl. 8.6 million (to Afl. 1,294.8 million) and Afl. 4.6 million (to Afl. 542.0 million).
**Interest rate margin**

In the fourth quarter of 2013, the interest rate margin of the commercial banks (calculated as the differential between the weighted average rate of interest paid on new loans and the weighted average rate of interest offered on new deposits) declined by 0.5 percentage point to 6.3 percent, compared to the previous quarter (Chart 2). This was related to a decrease in the weighted average rate of interest paid on new loans of 0.3 percentage point to 8.4 percent and an increase in the weighted average rate of interest offered on new deposits of 0.2 percentage point to 2.1 percent.

![Chart 2: Interest rate margin](image)

**Nonmonetary financial institutions**

At end-December 2013, the aggregated balance sheet total of the nonmonetary financial institutions grew by Afl. 89.8 million or 2.9 percent to Afl. 3,163.6 million, when compared to end-September 2013. This expansion was caused by increases in both domestic claims and net foreign assets of, respectively, Afl. 46.9 million and Afl. 42.8 million. On the liability side, the pension fund provisions and insurance reserve fund went up by, respectively, Afl. 29.6 million and Afl. 5.1 million. In addition, other items net rose by Afl. 55.2 million. Borrowings and deposits remained practically unchanged at Afl. 38.8 million at the end of December 2013.
Mortgage market

Housing mortgage lending of the financial institutions rose by Afl. 21.3 million to Afl. 1,582.6 million at the end of December 2013, compared to end-September 2013, resulting from increases in mortgage lending by the commercial banks and life insurance companies of, respectively, Afl. 22.8 million and Afl. 1.2 million (chart 3).

![Chart 3: Housing mortgage: financial sector](image)

In contrast, housing mortgage lending by the pension funds and other financial institutions dropped by, respectively, Afl. 2.5 million and Afl. 0.3 million, while housing mortgage lending by the mortgage banks stayed fixed at Afl. 200.1 million. At end-December 2013, the market share of the commercial banks, pension funds, mortgage banks, life insurance companies and other financial institutions stood at, respectively, 63 percent, 16 percent, 13 percent, 7 percent, and 1 percent (end-December 2012: 62 percent, 17 percent, 13 percent, 7 percent, and 1 percent, respectively) (chart 4).
Chart 4: Housing mortgages financial sector (market share in percent)

- Commercial banks: 63%
- Mortgage banks: 13%
- Pension funds: 10%
- Life insurance companies: 7%
- Other: 1%