



## CENTRALE BANK VAN ARUBA

### Statistical News Release

Date: March 30, 2017

#### **Monetary and financial developments: Money supply increased in the fourth quarter of 2016**

##### *Money and credit*

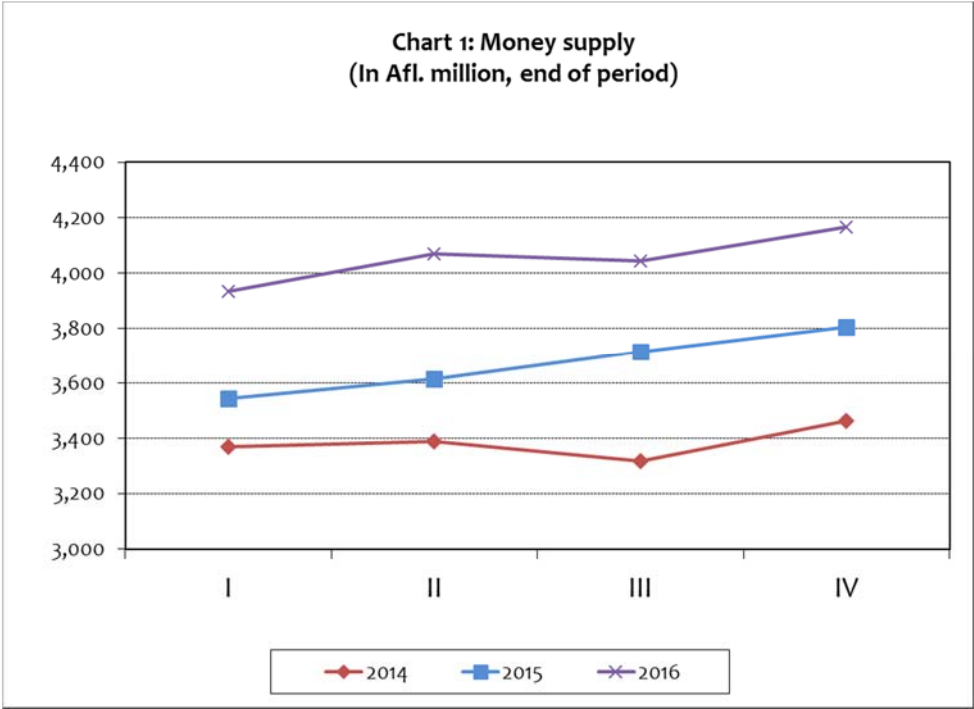
In the fourth quarter of 2016, the money supply increased by Afl. 121.7 million to Afl. 4,166.4 million, compared to the previous quarter (Table 1 and Chart 1). This growth resulted from an Afl. 128.2 million upsurge in the domestic component of the money supply and an Afl. 6.5 million outflow of foreign funds.

Table 1: Monetary survey (figures in Afl. million)	2015	2016		Changes	
	Q4	Q3	Q4	Q4-16 vs Q4-15	Q4-16 vs Q3-16
<b>I. Net domestic assets</b>	<b>2,289.2</b>	<b>2,260.7</b>	<b>2,388.9</b>	<b>99.7</b>	<b>128.2</b>
A. Domestic credit	3,163.7	3,192.4	<b>3,307.5</b>	<b>143.8</b>	<b>115.1</b>
◦ Net claims on the public sector	195.6	197.4	<b>287.0</b>	<b>91.4</b>	<b>89.6</b>
◦ Claims on the private sector	2,968.1	2,995.0	<b>3,020.5</b>	<b>52.5</b>	<b>25.5</b>
▪ Loans to enterprises	1,270.6	1,261.9	<b>1,286.0</b>	<b>15.5</b>	<b>24.2</b>
▪ Loans to individuals	1,687.7	1,722.9	<b>1,724.2</b>	<b>36.5</b>	<b>1.3</b>
- Consumer credit	586.0	579.2	<b>572.7</b>	<b>-13.4</b>	<b>-6.5</b>
- Housing mortgages	1,101.7	1,143.7	<b>1,151.5</b>	<b>49.8</b>	<b>7.8</b>
▪ Other claims by the banking sector	9.8	10.2	<b>10.3</b>	<b>0.5</b>	<b>0.1</b>
B. Non-credit-related balance sheet items	-874.5	-931.6	<b>-918.6</b>	<b>-44.1</b>	<b>13.1</b>
<b>II. Net foreign assets</b>	<b>1,515.7</b>	<b>1,784.0</b>	<b>1,777.5</b>	<b>261.8</b>	<b>-6.5</b>
<b>III. Broad money</b>	<b>3,804.9</b>	<b>4,044.7</b>	<b>4,166.4</b>	<b>361.5</b>	<b>121.7</b>
Money	2,060.6	2,213.1	<b>2,250.3</b>	<b>189.8</b>	<b>37.2</b>
Quasi-money	1,744.3	1,831.6	<b>1,916.1</b>	<b>171.7</b>	<b>84.5</b>

Source: Centrale Bank van Aruba

The expansion in net domestic assets was mainly due to the strengthening in both domestic credit and non-credit related balance sheet items of Afl. 115.1 million and Afl. 13.1 million, respectively. The rise in domestic credit was due to increases in the net claims of the banking sector on the public sector (Afl. 89.6 million), chiefly resulting from drawing down of government deposits (Afl. 101 million), and claims of the banking sector on the private sector (Afl. 25.5 million).

The higher claims of the banking sector on the private sector resulted primarily from expansions in loans to enterprises (Afl. 24.2 million) and housing mortgages (Afl. 7.8 million). In contrast, consumer credit decreased by Afl. 6.5 million. The Afl. 13.1 million rise in non-credit related balance sheet items was mainly due to increases in balance sheet items “shareholders’ equity” and “accounts receivable and prepayments”, and clearing transactions.



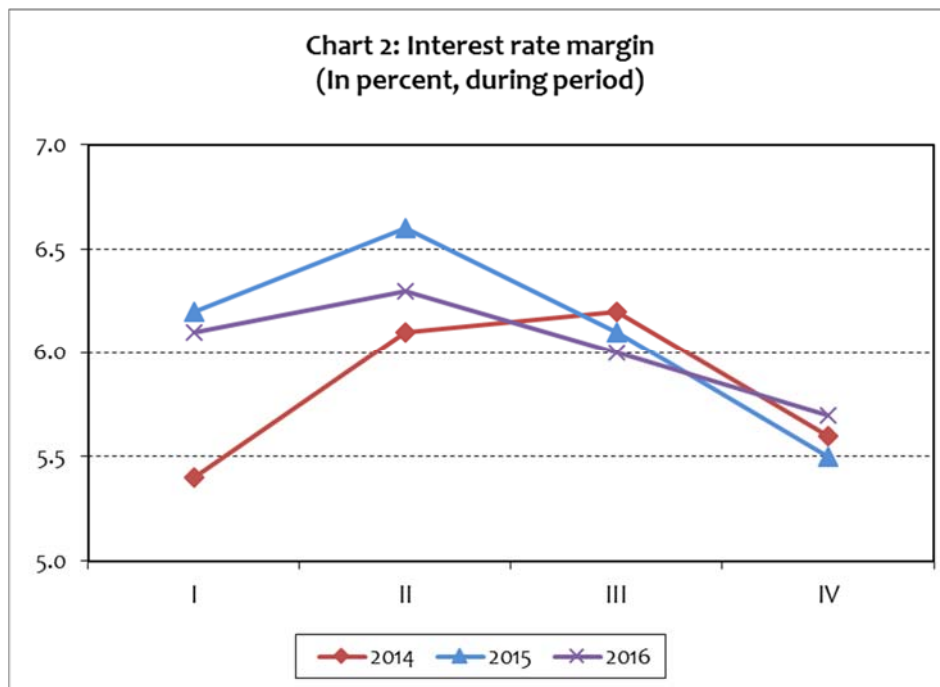
Source: Centrale Bank van Aruba

*Interest rate margin*

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) decreased by 0.3 percentage point to 5.7 percent in the fourth quarter of 2016, when compared to the third quarter of 2016 (Table 2 and Chart 2). This resulted from an increase in the weighted average rate of interest offered on new deposits of 0.3 percentage point to 1.8 percent. The weighted average rate of interest charged on new loans remained unchanged at 7.5 percent.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2015	2016	
	Q4	Q3	Q4
<b>Weighted average rate of interest on new deposits</b>	2.0	1.5	1.8
Time deposits ≤ 12 months	2.0	1.2	1.5
Time deposits > 12 months	2.0	1.9	2.6
Savings deposits	1.1	1.3	1.4
<b>Weighted average rate of interest on new loans</b>	7.5	7.5	7.5
<b>Individual</b>			
Consumer credit	10.1	10.1	9.9
Housing mortgages	6.1	6.2	6.2
<b>Commercial</b>			
Commercial mortgages	6.3	7.2	6.6
Other loans - Including current accounts (overdraft) facilities	7.3	6.5	6.9
<b>Interest rate margin</b>	5.5	6.0	5.7

Source: Centrale Bank van Aruba



Source: Centrale Bank van Aruba

### Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions expanded by Afl. 40.4 million or 1.1 percent to Afl. 3,718.1 million, compared to the end of September 2016 (Table 3). This growth was the result of an Afl. 53.9 million increase in net foreign assets, which was partially offset

by an Afl. 13.6 million decline in domestic claims. On the liability side, pension fund provisions, other items net and insurance reserve fund rose by Afl. 41.7 million, Afl. 29.1 million and Afl. 13.3 million, respectively, when compared to the end of September 2016. In contrast, borrowings and deposits decreased by Afl. 43.7 million, reflecting an Afl. 36.6 million decline in government borrowings.

Table 3: Nonmonetary financial institutions End of period	2015	2016		Changes	
	Q4	Q3	Q4	Q416 vs Q415	Q416 vs Q316
1. Net foreign assets	1,038.6	1,103.7	<b>1,157.6</b>	119.0	53.9
2. Domestic claims	2,592.4	2,574.1	<b>2,560.5</b>	-31.9	-13.5
a. Government	1,445.8	1,397.2	<b>1,395.7</b>	-50.0	-1.5
b. Private sector	1,146.7	1,176.9	<b>1,164.8</b>	18.2	-12.1
3. Total assets = total liabilities	3,631.0	3,677.8	<b>3,718.1</b>	87.1	40.4
4. Borrowings and deposits	38.8	67.0	<b>23.3</b>	-15.5	-43.7
a. Government	38.6	38.6	<b>2.0</b>	-36.6	-36.6
b. Other residents	0.2	28.4	<b>21.3</b>	21.1	-7.0
5. Pension fund provisions	2,837.8	2,869.4	<b>2,911.1</b>	73.3	41.7
6. Insurance reserve fund	972.4	1,047.0	<b>1,060.3</b>	87.9	13.3
7. Other items, net	-218.0	-305.6	<b>-276.5</b>	-58.5	29.1

Source: Centrale Bank van Aruba

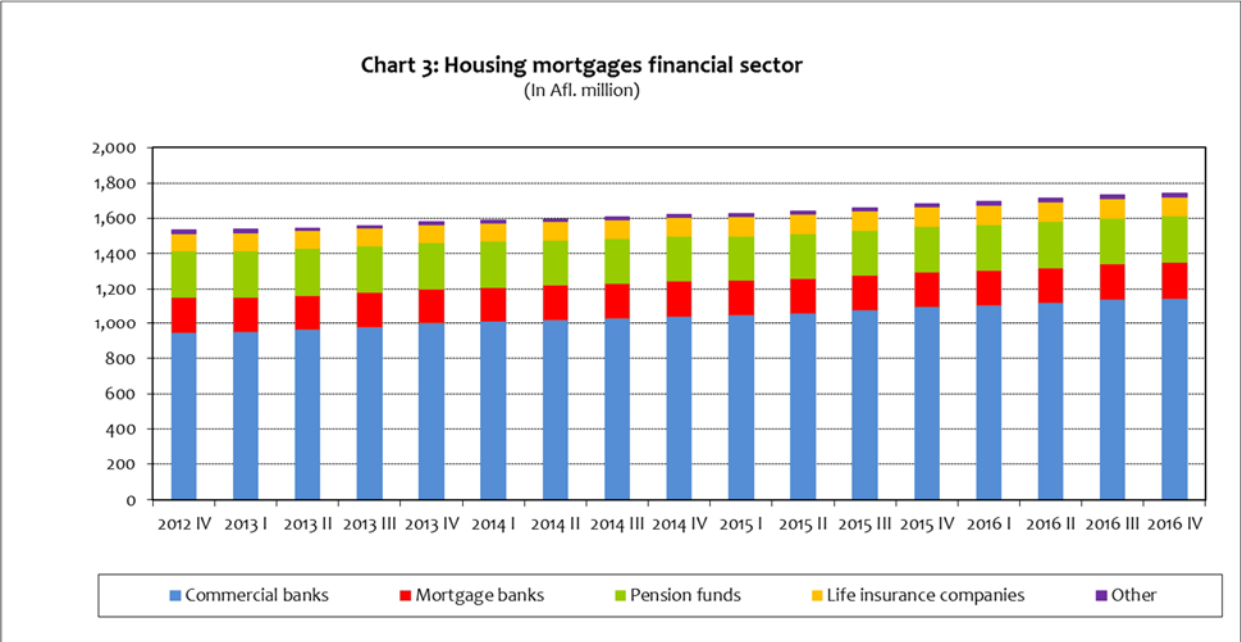
### Mortgage market

Housing mortgage lending of the financial institutions rose by Afl. 10.4 million to Afl. 1,746 million at the end of December 2016, compared to the end of September 2016 (Table 4 and Chart 3). This growth resulted from increases in housing mortgage lending by the commercial banks (Afl. 7.7 million), the pension funds (Afl. 3.2 million), mortgage banks (Afl. 2.8 million) and other financial institutions (Afl. 0.8 million). In contrast, housing mortgage lending by life insurance companies decreased by Afl. 4.1 million.

Table 4: Housing mortgages	2015			2016					
	Q4			Q3			Q4		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
<b>Total</b>	<b>1,684.0</b>	<b>21.3</b>	<b>100.0%</b>	<b>1,735.5</b>	<b>21.0</b>	<b>100.0%</b>	<b>1,746.0</b>	<b>10.4</b>	<b>100.0%</b>
Commercial banks	1,095.4	18.3	65.0%	1,137.7	16.6	65.6%	1,145.4	7.7	65.6%
Mortgage banks	200.6	1.9	11.9%	203.3	5.0	11.7%	206.1	2.8	11.8%
Pension funds	257.9	0.9	15.3%	260.8	-0.7	15.0%	264.0	3.2	15.1%
Life Insurance Companies	110.0	-0.5	6.5%	109.7	-0.7	6.3%	105.6	-4.1	6.0%
Other	20.0	0.6	1.2%	24.1	0.7	1.4%	24.8	0.8	1.4%

Source: Centrale Bank van Aruba

At the end of December 2016, there was a rise in the market share of the commercial banks and the other financial institutions of 0.6 percentage point and 0.2 percentage point, respectively, when compared to the fourth quarter of 2015. The market share of the life insurance companies, pension funds, and mortgage banks decreased by 0.5 percentage point, 0.2 percentage point and 0.1 percentage point, respectively.



Source: Centrale Bank van Aruba