



CENTRALE BANK VAN ARUBA

Statistical News Release

Date: January 15, 2020

Monetary and financial developments during the third quarter of 2019: Continuous growth in housing mortgages

Money and credit

In the third quarter of 2019, the money supply contracted by Afl. 48.7 million to Afl. 4,386.6 million, compared to the second quarter of 2019 (Table 1 and Chart 1). This decrease resulted from an Afl. 99.9 million decrease in net foreign assets and an Afl. 51.3 million growth in net domestic assets.

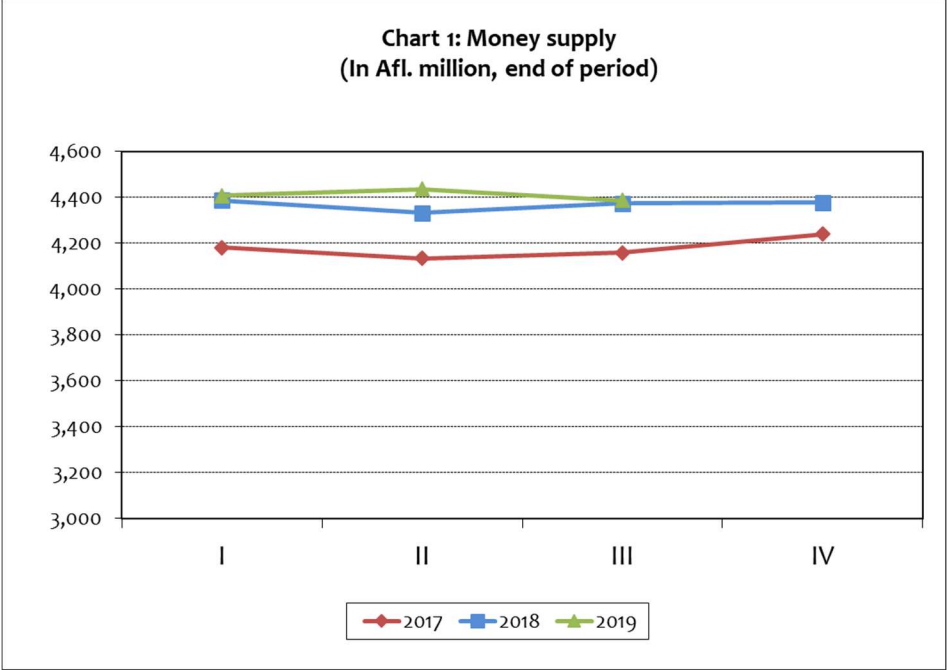
Table 1: Monetary survey (figures in Afl. million)	2018	2019		Changes	
	Q3	Q2	Q3	Q3-19 vs Q3-18	Q3-19 vs Q2-19
I. Net domestic assets	2,649.3	2,663.1	2,714.4	65.1	51.3
A. Domestic credit	3,733.9	3,794.0	3,920.5	186.6	126.4
◦ Net claims on the public sector	518.1	378.6	471.2	-46.9	92.6
◦ Claims on the private sector	3,215.7	3,415.4	3,449.3	233.6	33.8
▪ Loans to enterprises	1,356.8	1,510.1	1,533.9	177.1	23.8
▪ Loans to individuals	1,848.3	1,893.2	1,903.3	55.0	10.1
- Consumer credit	535.4	521.6	513.0	-22.4	-8.6
- Housing mortgages	1,312.9	1,371.6	1,390.3	77.4	18.7
▪ Other claims by the banking sector	10.6	12.1	12.1	1.5	0.0
B. Non-credit-related balance sheet items	-1,084.6	-1,130.9	-1,206.1	-121.5	-75.2
II. Net foreign assets	1,724.5	1,772.2	1,672.2	-52.3	-99.9
III. Broad money	4,373.8	4,435.3	4,386.6	12.8	-48.7
Money	2,541.1	2,530.8	2,444.7	-96.4	-86.1
Quasi-money	1,832.6	1,904.5	1,941.9	109.3	37.5

Source: Centrale Bank van Aruba

The expansion in the domestic component of the money supply was caused by an increase in domestic credit of Afl. 126.4 million and a decrease in non-credit related balance sheet items of Afl. 75.2 million. The decline in the non-credit related balance sheet items was mainly the result of a decrease in 'Borrowings', an increase in 'shareholders' equity', and clearing transactions.

The increase in domestic credit was caused by an expansion in the net claims of the banking sector on the public sector (+Afl. 92.6 million) and a rise in the claims of the banking sector on the private sector (+Afl. 33.8 million). The higher net claims of the banking sector on the public sector resulted from a decrease in government deposits (-Afl. 92.3 million).

The higher claims of the banking sector on the private sector were caused by expansions in loans to enterprises (+Afl. 23.8 million), housing mortgages (+Afl. 18.7 million), and a decrease in consumer credit (-Afl. 8.6 million).



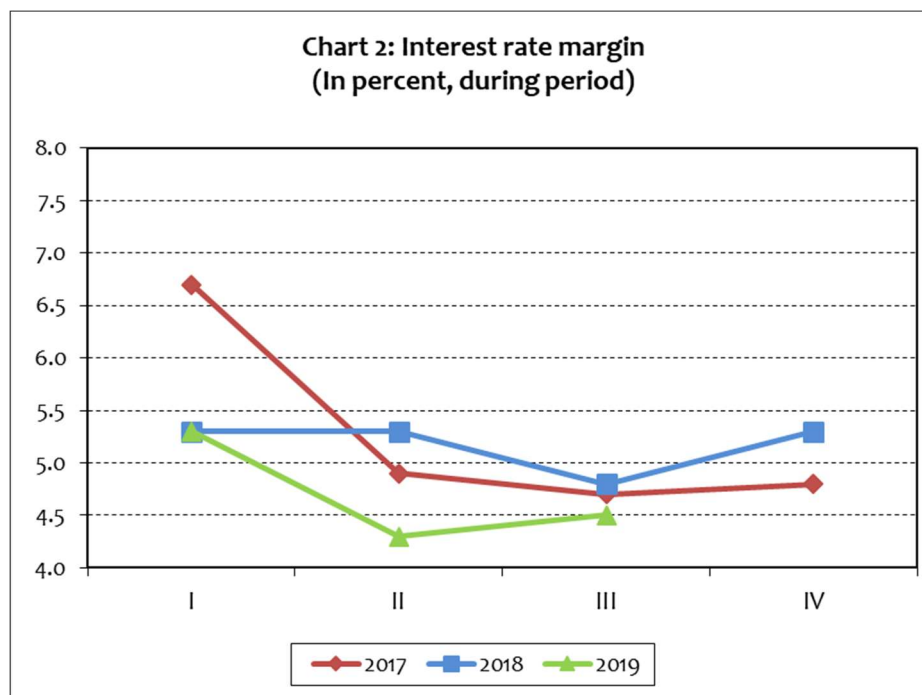
Source: Centrale Bank van Aruba

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) increased by 0.2 percentage point to 4.5 percent in the third quarter of 2019, when compared to the second quarter of 2019 (Table 2 and Chart 2). This resulted from a decrease of 0.2 percentage point to 2.3 percent in the weighted average rate of interest offered on new deposits and an increase in the weighted average rate of interest charged on new loans of 0.1 percentage point to 6.9 percent.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2018	2019	
	Q3	Q2	Q3
Weighted average rate of interest on new deposits	1.7	2.5	2.3
Time deposits ≤ 12 months	1.1	1.1	1.6
Time deposits > 12 months	2.5	4.1	3.4
Savings deposits	1.5	1.6	1.4
Weighted average rate of interest on new loans	6.5	6.8	6.9
Individual			
Consumer credit	10.4	9.0	8.9
Housing mortgages	5.7	5.7	5.7
Commercial			
Commercial mortgages	5.8	6.5	6.5
Other loans - Including current accounts (overdraft) facilities	6.0	6.7	6.8
Interest rate margin	4.8	4.3	4.5

Source: Centrale Bank van Aruba



Source: Centrale Bank van Aruba

Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions grew by Afl. 129.2 million or 2.9 percent to Afl. 4,593.1 million, compared to the second quarter of 2019 (Table 3). This growth was the result of a rise in domestic claims (+Afl. 97.5 million) and an increase in net foreign

assets (Afl. 31.7 million). On the liability side, the pension fund provisions, the insurance reserve fund, and 'borrowings and deposits' grew by Afl. 16.3 million, Afl. 11.6 million, and Afl. 1.6 million, respectively, when compared to the second quarter of 2019. Afl. 162.3 million was recorded for other items (net), compared to Afl. 62.6 million in the previous quarter.

Table 3: Nonmonetary financial institutions End of period	2018	2019		Changes	
	Q3	Q2	Q3	Q3-19 vs Q3-18	Q3-19 vs Q2-19
1. Net foreign assets	1,399.7	1,553.1	1,584.7	185.0	31.7
2. Domestic claims	2,584.1	2,910.8	3,008.3	424.2	97.5
a. Government	1,444.0	1,468.2	1,512.0	68.0	43.7
b. Private sector	1,140.0	1,442.6	1,496.4	356.4	53.8
3. Total assets = total liabilities	3,983.8	4,463.9	4,593.1	609.3	129.2
4. Borrowings and deposits	9.4	12.9	14.4	5.0	1.6
a. Government	2.0	2.0	2.0	0.0	0.0
b. Other residents	7.4	10.9	12.4	5.0	1.6
5. Pension fund provisions	3,038.2	3,093.0	3,109.3	71.1	16.3
6. Insurance reserve fund	1,237.0	1,295.4	1,307.0	70.0	11.6
7. Other items, net	-300.8	62.6	162.3	463.1	99.7

Source: Centrale Bank van Aruba

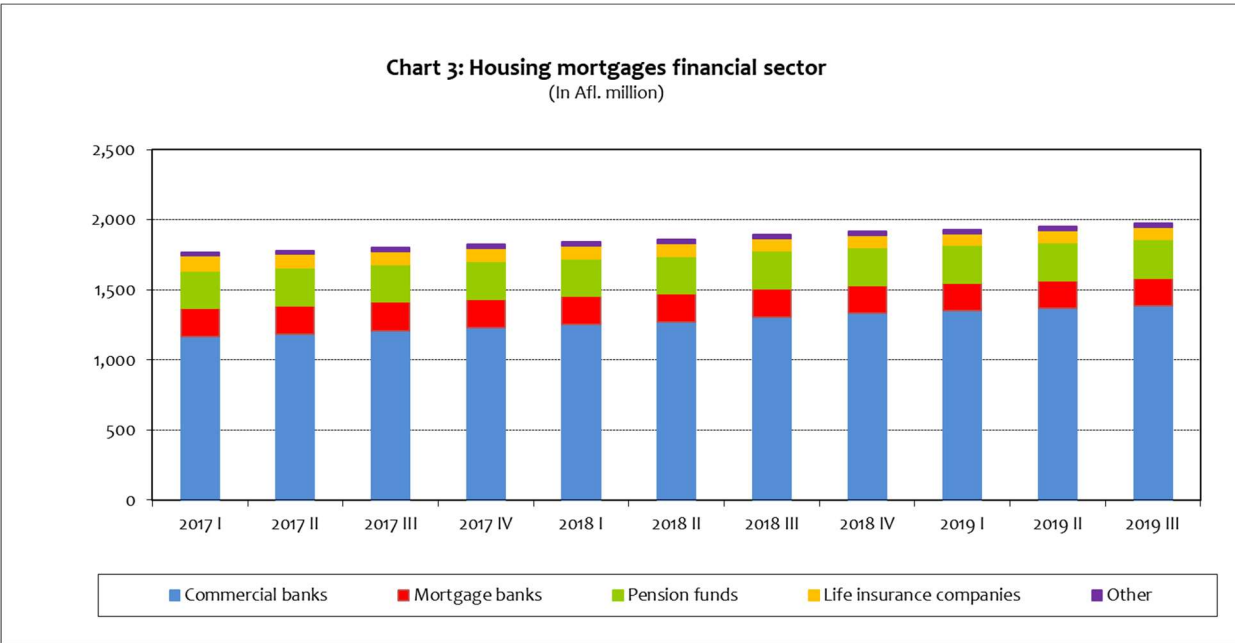
Mortgage market

Housing mortgage lending of the financial institutions expanded by Afl. 24.5 million to Afl. 1,975.1 million at the end of September 2019, compared to the end of June 2019 (Table 4 and Chart 3). This increase resulted from the growth in housing mortgage lending by the commercial banks (+Afl. 18.2 million), life insurance companies (+Afl. 2.6 million), pension funds (+Afl. 2.3 million), mortgage banks (+Afl. 1.3 million), and other financial institutions (+Afl. 0.1 million).

Table 4: Housing mortgages	2018			2019					
	Q3			Q2			Q3		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
Total	1,893.9	37.4	100.0%	1,950.6	20.8	100.0%	1,975.1	24.5	100.0%
Commercial banks	1,307.4	37.2	69.0%	1,366.3	17.3	70.0%	1,384.4	18.2	70.1%
Mortgage banks	199.4	-0.4	10.5%	195.8	-0.9	10.0%	197.1	1.3	10.0%
Pension funds	270.1	1.1	14.3%	276.4	3.8	14.2%	278.8	2.3	14.1%
Life Insurance Companies	87.2	-1.6	4.6%	82.2	1.0	4.2%	84.8	2.6	4.3%
Other	29.8	1.1	1.6%	29.9	-0.4	1.5%	30.1	0.2	1.5%

Source: Centrale Bank van Aruba

At the end of September 2019, there was a rise in the market share of the commercial banks of 1.1 percentage points, when compared to the third quarter of 2018. The market share of the mortgage banks, life insurance companies, and pension funds, decreased by 0.5 percentage point, 0.3 percentage point, and 0.2 percentage point, respectively.



Source: Centrale Bank van Aruba