



CENTRALE BANK VAN ARUBA

Statistical News Release

Date: March 25, 2020

Monetary and financial developments during the fourth quarter of 2019: Housing mortgage lending by the financial institutions increased

Money and credit

In the fourth quarter of 2019, the money supply expanded by Afl. 182.8 million to Afl. 4,569.4 million, compared to the third quarter of 2019 (Table 1 and Chart 1). This growth resulted from increases in net domestic assets (+ Afl. 142.5 million) and in net foreign assets (Afl. 40.3 million).

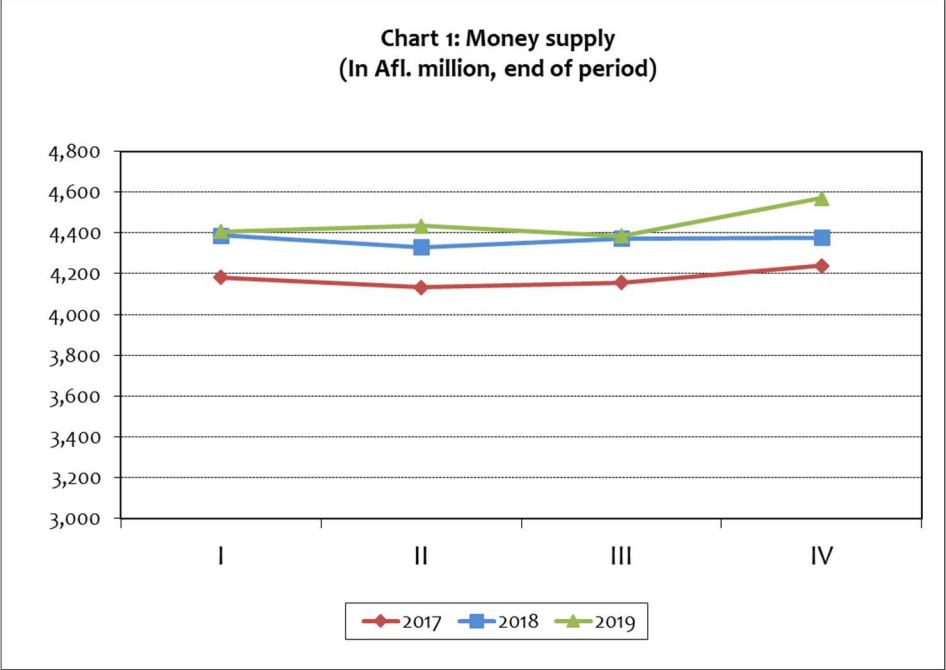
Table 1: Monetary survey (figures in Afl. million)	2018	2019		Changes	
	Q4	Q3	Q4	Q4-19 vs Q4-18	Q4-19 vs Q3-19
I. Net domestic assets	2,601.4	2,714.4	2,856.9	255.4	142.5
A. Domestic credit	3,679.7	3,920.5	3,964.1	284.4	43.6
◦ Net claims on the public sector	434.1	471.2	502.6	68.6	31.4
◦ Claims on the private sector	3,245.6	3,449.3	3,461.4	215.8	12.1
▪ Loans to enterprises	1,371.6	1,533.9	1,533.8	162.2	-0.1
▪ Loans to individuals	1,862.5	1,903.3	1,915.0	52.5	11.7
- Consumer credit	524.3	513.0	505.9	-18.5	-7.1
- Housing mortgages	1,338.1	1,390.3	1,409.1	71.0	18.8
▪ Other claims by the banking sector	11.5	12.1	12.6	1.1	0.6
B. Non-credit-related balance sheet items	-1,078.3	-1,206.1	-1,107.2	-28.9	98.9
II. Net foreign assets	1,776.2	1,672.2	1,712.5	-63.7	40.3
III. Broad money	4,377.6	4,386.6	4,569.4	191.8	182.8
Money	2,433.3	2,444.7	2,574.8	141.5	130.1
Quasi-money	1,944.3	1,941.9	1,994.6	50.3	52.6

Source: Centrale Bank van Aruba

The expansion in the domestic component of the money supply was caused by increases in domestic credit of Afl. 43.6 million and in non-credit related balance sheet items of Afl. 98.9 million. The decline in the non-credit related balance sheet items was partly the result of clearing transaction and a decrease in 'shareholders' equity'.

The increase in domestic credit was caused by an expansion in the net claims of the banking sector on the public sector (+Afl. 31.4 million) and a rise in the claims of the banking sector on the private sector (+Afl. 12.1 million). The higher net claims of the banking sector on the public sector resulted from increases in gross claims (+Afl. 90.5million) and in government deposits (Afl. 59.1 million).

The higher claims of the banking sector on the private sector were caused by an expansion in housing mortgages (+Afl. 18.8 million) and decreases in consumer credit (-Afl. 7.1 million) and in loans to enterprises (-Afl. 0.1 million).



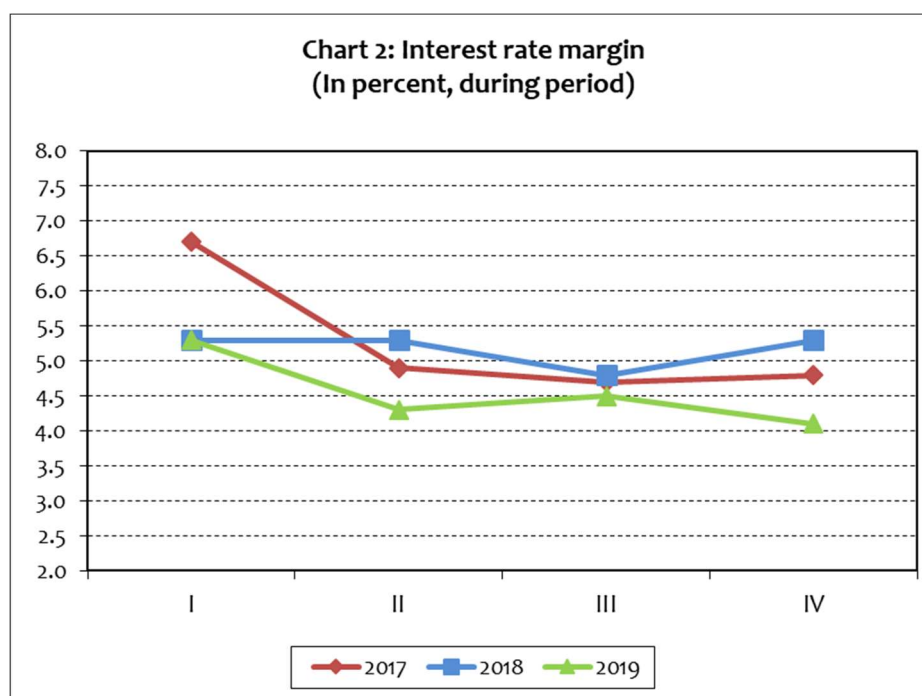
Source: Centrale Bank van Aruba

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) decreased by 0.4 percentage point to 4.1 percent in the fourth quarter of 2019, when compared to the third quarter of 2019 (Table 2 and Chart 2). This resulted from decreases of 0.3 percentage point to 2.0 percent in the weighted average rate of interest offered on new deposits and in the weighted average rate of interest charged on new loans of 0.8 percentage point to 6.1 percent.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2018	2019	
	Q4	Q3	Q4
Weighted average rate of interest on new deposits	1.3	2.3	2.0
Time deposits ≤ 12 months	1.2	1.6	1.6
Time deposits > 12 months	2.3	3.4	2.8
Savings deposits	1.2	1.4	1.9
Weighted average rate of interest on new loans	6.6	6.9	6.1
Individual			
Consumer credit	9.9	8.9	9.2
Housing mortgages	5.7	5.7	5.6
Commercial			
Commercial mortgages	6.3	6.5	6.4
Other loans - Including current accounts (overdraft) facilities	5.6	6.8	5.4
Interest rate margin	5.3	4.5	4.1

Source: Centrale Bank van Aruba



Source: Centrale Bank van Aruba

Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions decreased by Afl. 10.4 million or 0.2 percent to Afl. 4,582.7 million, compared to the third quarter of 2019 (Table 3). This decline was the result of a drop in domestic claims (-Afl. 59.9 million) and an increase in net foreign

assets (Afl. 49.4 million). On the liability side, the pension fund provisions, the insurance reserve fund, and 'borrowings and deposits' grew by Afl. 16.8 million, Afl. 14.9 million, and Afl. 4.5 million, respectively, when compared to the third quarter of 2019. Afl. 115.7 million was recorded for other items (net), compared to Afl. 162.3 million in the previous quarter.

Table 3: Nonmonetary financial institutions End of period	2018	2019		Changes	
	Q4	Q3	Q4	Q4-19 vs Q4-18	Q4-19 vs Q3-19
1. Net foreign assets	1,363.2	1,584.7	1,634.2	271.0	49.4
2. Domestic claims	2,617.8	3,008.3	2,948.5	330.7	-59.9
a. Government	1,481.3	1,512.0	1,499.4	18.1	-12.5
b. Private sector	1,136.5	1,496.4	1,449.1	312.6	-47.3
3. Total assets = total liabilities	3,981.0	4,593.1	4,582.7	601.7	-10.4
4. Borrowings and deposits	9.8	14.4	18.9	9.1	4.5
a. Government	2.0	2.0	2.0	0.0	0.0
b. Other residents	7.8	12.4	16.9	9.1	4.5
5. Pension fund provisions	3,061.8	3,109.3	3,126.1	64.3	16.8
6. Insurance reserve fund	1,246.9	1,307.0	1,321.9	75.0	14.9
7. Other items, net	-337.6	162.3	115.7	453.3	-46.6

Source: Centrale Bank van Aruba

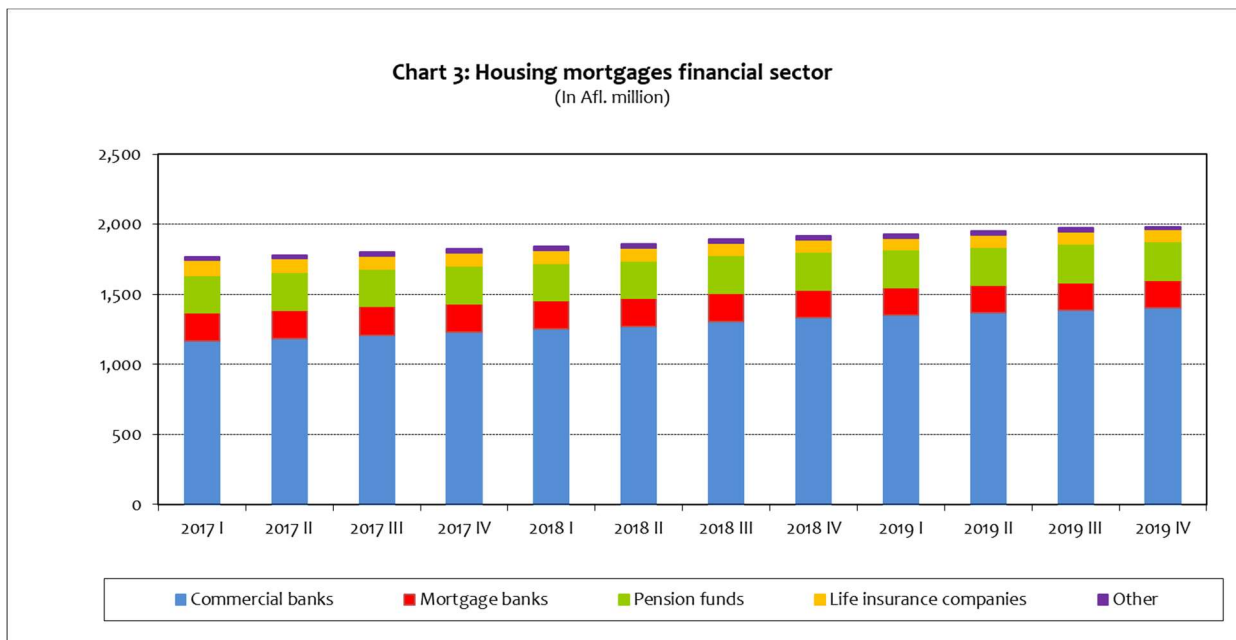
Mortgage market

Housing mortgage lending of the financial institutions expanded by Afl. 18.7 million to Afl. 1,979.3 million at the end of December 2019, compared to the end of September 2019 (Table 4 and Chart 3). This increase resulted from the growth in housing mortgage lending by the commercial banks (+Afl. 18.3 million), pension funds (+Afl. 1.2 million), other financial institutions (+Afl. 0.9 million), and life insurance companies (+Afl. 0.6 million). In contrast, housing mortgage lending by mortgage banks decreased by Afl. 2.2 million.

Table 4: Housing mortgages	2018			2019					
	Q4			Q3			Q4		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
Total	1,919.0	25.1	100.0%	1,960.6	10.0	100.0%	1,979.3	18.7	100.0%
Commercial banks	1,332.9	25.5	69.5%	1,384.4	18.2	70.6%	1,402.8	18.3	70.9%
Mortgage banks	198.1	-1.3	10.3%	197.1	1.3	10.1%	194.8	-2.2	9.8%
Pension funds	272.9	2.8	14.2%	278.8	2.3	14.2%	279.9	1.2	14.1%
Life Insurance Companies	85.1	-2.1	4.4%	84.8	2.6	4.3%	85.3	0.6	4.3%
Other	29.9	0.2	1.6%	15.6	-14.3	0.8%	16.5	0.9	0.8%

Source: Centrale Bank van Aruba

At the end of December 2019, there was a rise in the market share of the commercial banks of 0.3 percentage point, when compared to the third quarter of 2019. The market share decreased for the mortgage banks (-0.3 percentage point) and pension funds (-0.1 percentage point), while the market share for life insurance companies and other financial institutions remained the same.



Source: Centrale Bank van Aruba