

CONSUMER CONFIDENCE

Q1 2020

Special COVID19 edition

Executive Summary

Centrale Bank van Aruba

April, 2020



CENTRALE BANK VAN ARUBA

Executive Summary

Amidst the unfolding COVID-19 pandemic and the tourism fallout, the consumer confidence index* slips to 91.7, down 2.2 index points, at the end of the first quarter of 2020. Digital payments surge as consumers shift to online and mobile payments.

The Central Bank of Aruba (CBA) recently concluded its Consumer Confidence survey for the first quarter of 2020. In its new digital design, the online Consumer Confidence survey also assessed the impact of the COVID-19 pandemic on the sentiments of consumers. The first quarter results indicate that the main concerns of consumers were the economic conditions (91%) and the financial position of the government (81%), followed by job insecurity (80%), and the household's financial situation (66%). Almost two-thirds of respondents (59%) indicated that they are worried about their health.

At the end of the first quarter of 2020, the present situation index measured 90.7, while the future expectation index came out at 92.3, suggesting significant negative consumer sentiments. Close to 75% of indicate that taking out a personal loan or mortgage is not suitable right now, while only 10% would consider purchasing a household appliance. Consequently, the consumer purchasing habit index stood at 91.6. Overall, the consumer confidence index contracted to 91.7, its lowest point since 2011.

Three additional questions assessed the impact on, respectively, personal health, household's financial situation, and the challenge in meeting basic needs. The findings indicate that over 60% of consumers felt that the COVID-19 crisis has a significant impact on their household's financial position, while more than half of respondents reported that they expect to have trouble in meeting basic needs in 6 months. Almost two-thirds of consumers also indicated that the COVID-19 pandemic is a threat to their personal health.

In terms of payments and consumer banking channels, at least 75% of respondents reported that they are paying online, with an estimated 52% using their mobile banking app during the first quarter of 2020. Noticeable is that almost 40% indicate that they never visit a bank branch. The results show a clear shift in digital payment preferences by consumers.

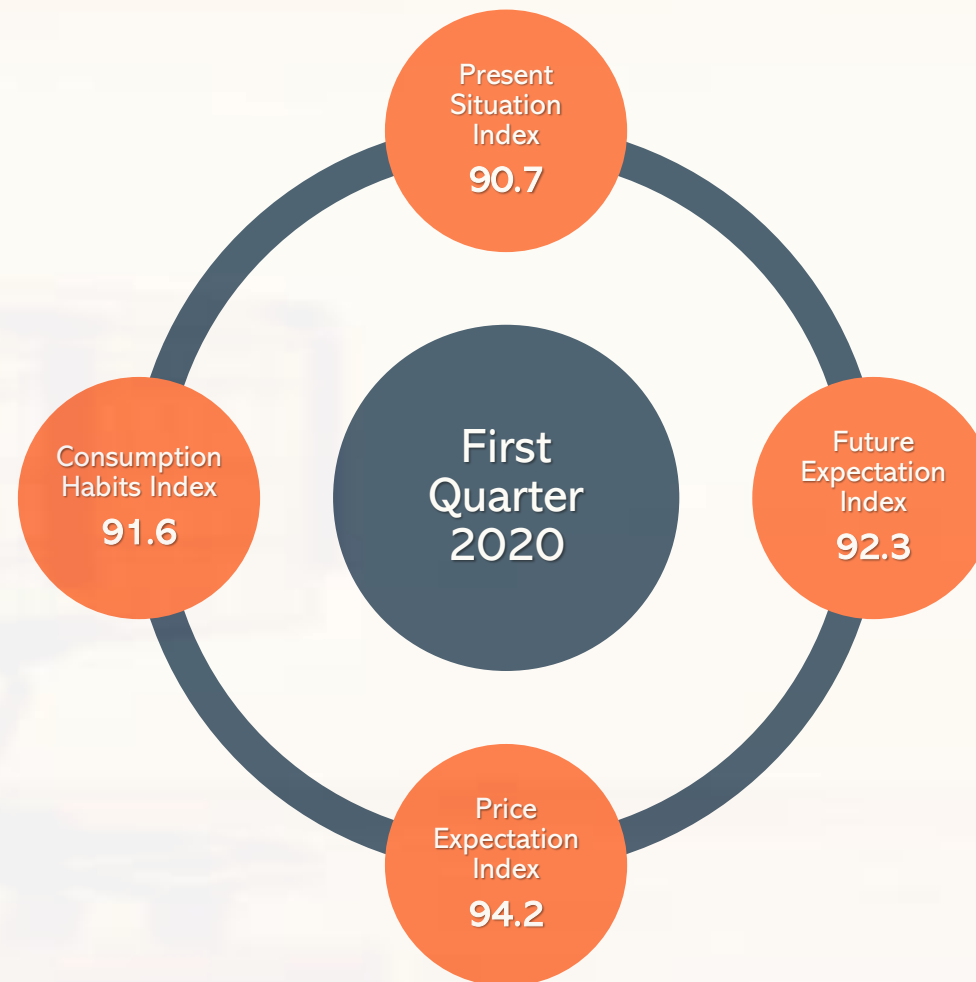
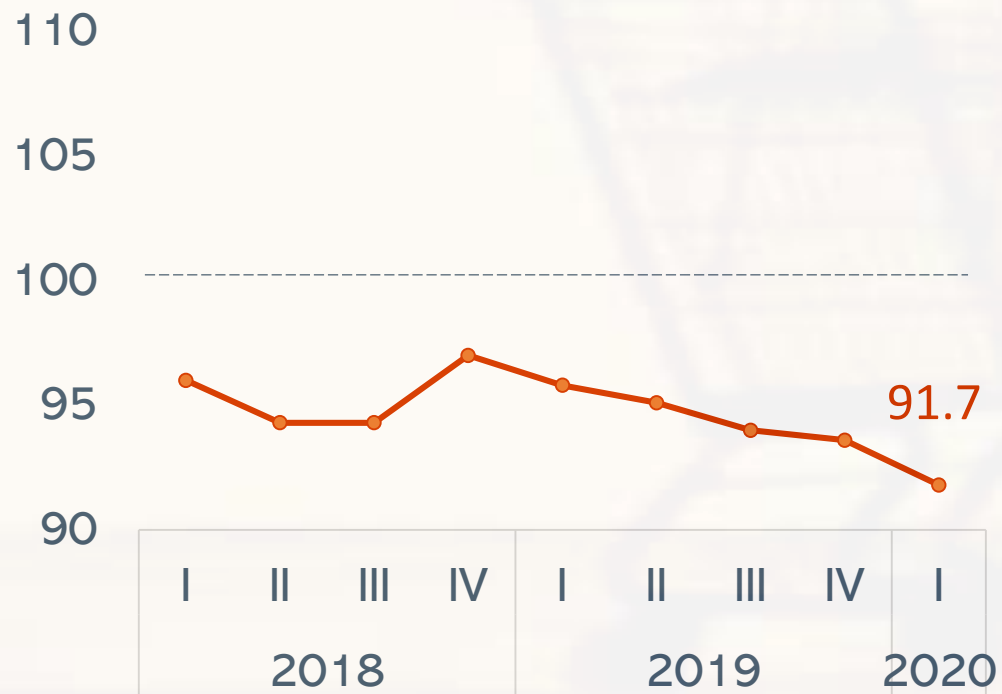
*The consumer confidence index can vary between 90 and 100 (pessimistic sentiments), and 100 and 110 (optimistic sentiments). An index of 100 indicates relatively neutral sentiments.

Top of Mind

Consumer Concerns Q1 2020

- 1 Economic conditions (91%)
- 2 Financial position of the government (81%)
- 3 Job insecurity (80%)
- 4 Household's financial position (66%)
- 5 Personal health (59%)

The Consumer Confidence Index slips during the first quarter of 2020



66%

More than 60% of consumers indicate that the COVID-19 crisis is having a significant impact on their household's financial positions

The impact of COVID19 on meeting basic needs and personal health

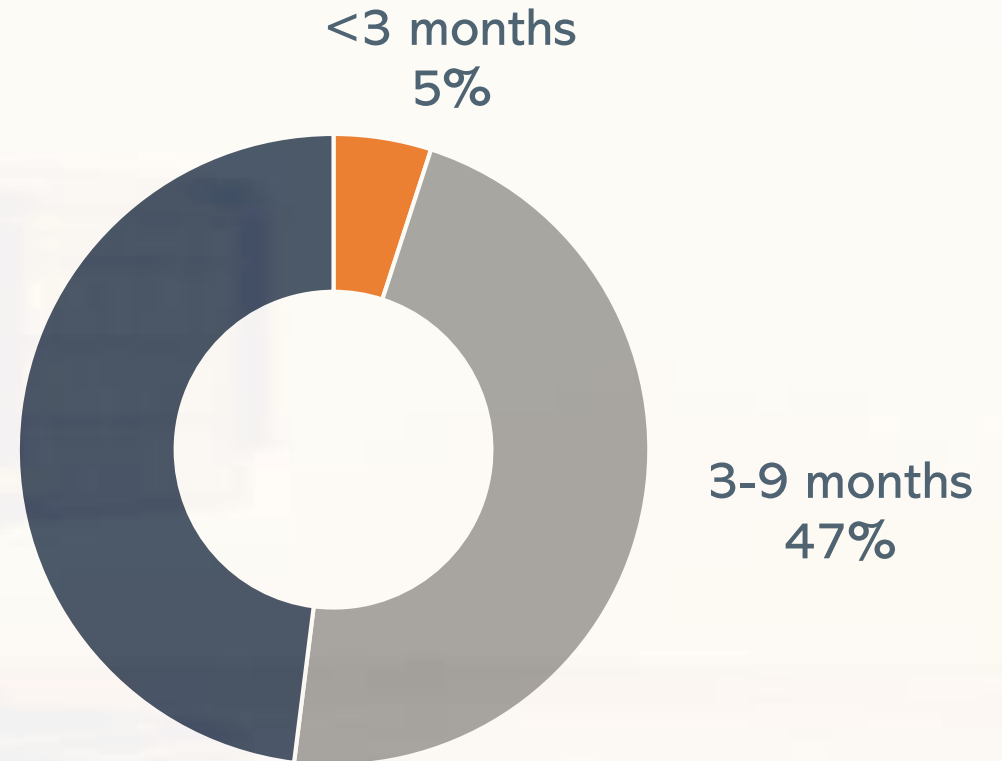


The majority of consumers expect the COVID-19 crisis to last several months

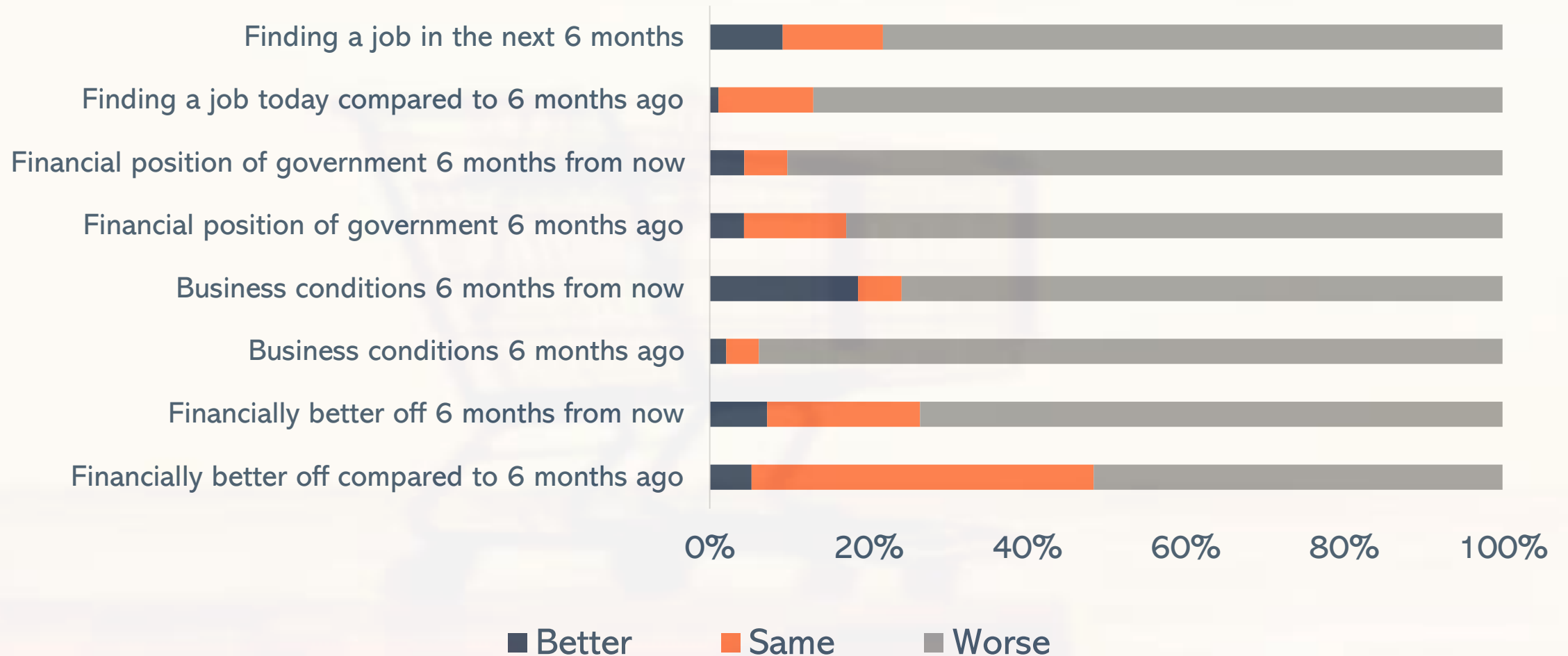
48%

Almost 50% of consumers expect the COVID-19 crisis to last at least 9 months or more

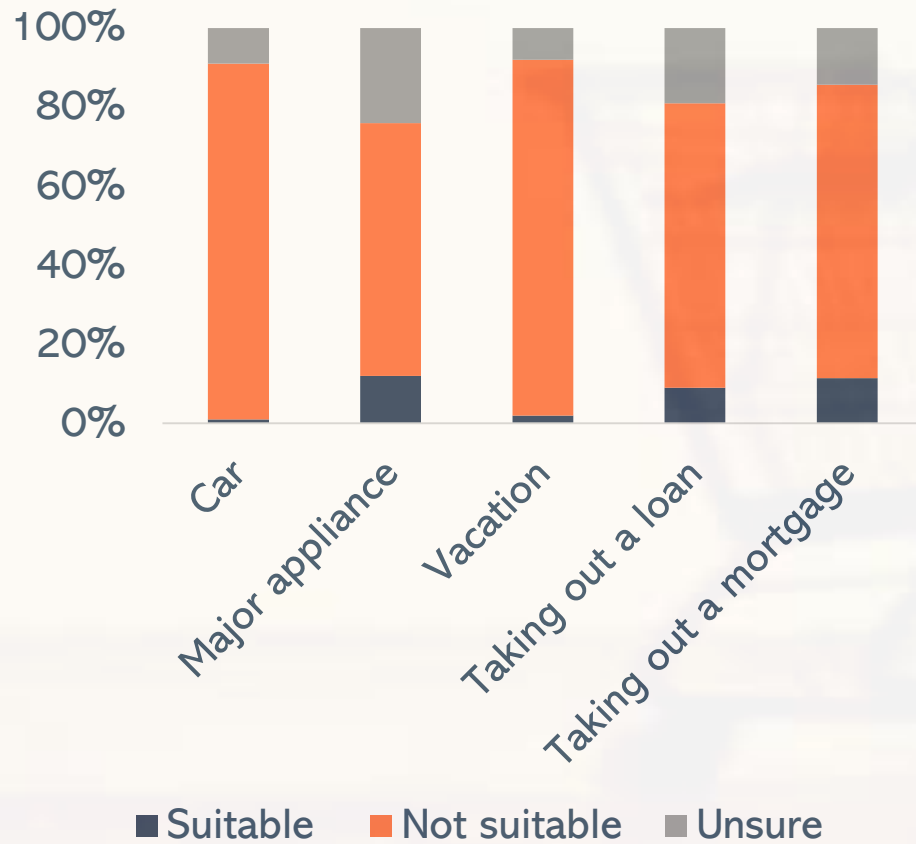
>9 months
48%



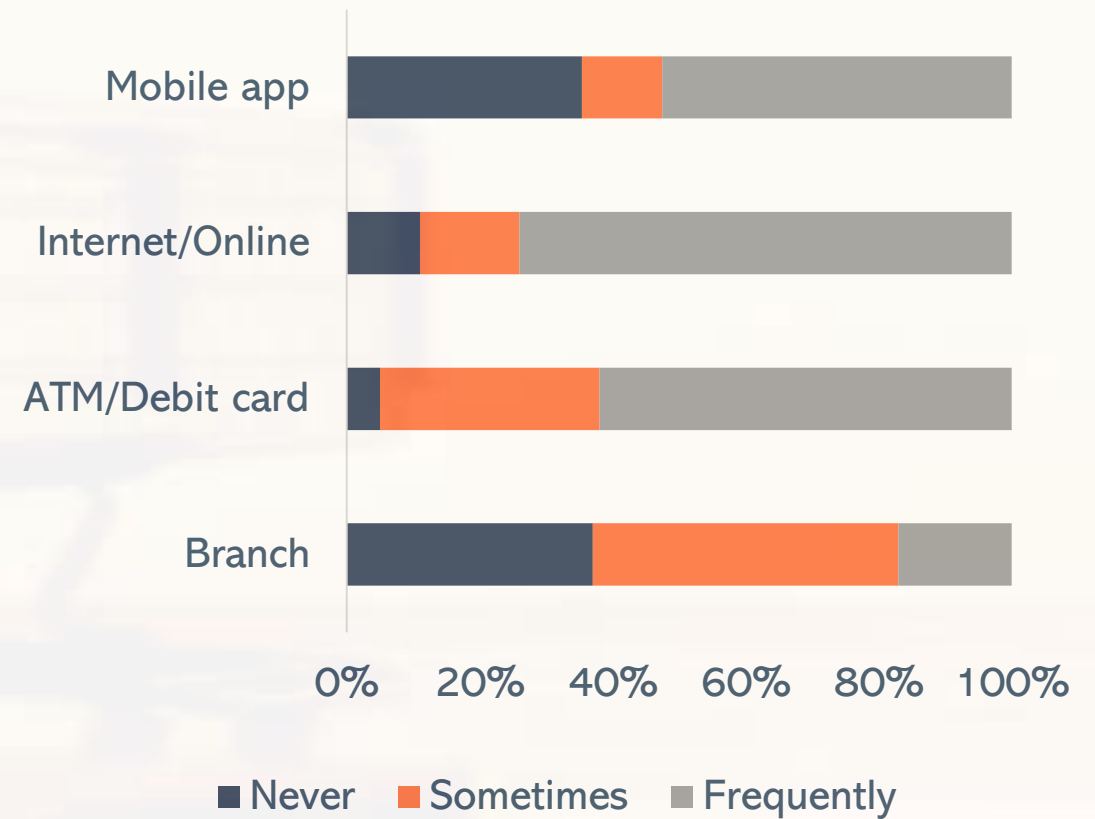
Consumer Sentiments - 6 months ago versus 6 months from now



Major expenditures or loans are not suitable right now



Consumer banking channels are experiencing a digital shift



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FOR MORE INFORMATION PLEASE CONTACT THE
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