

PRESS RELEASE - ENGLISH

From COVID-19 to increased use of digital payments – Consumer confidence slips further at end of the first quarter of 2020

Oranjestad, April 28, 2020 - Amidst the unfolding COVID-19 pandemic and the tourism fallout, the consumer confidence index contracts 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 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 of the COVID-19 situation on, respectively, personal health, household's financial situation, and the challenge in meeting basic needs. The findings indicate that over 60% of the respondents 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 the respondents 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 complete report of the Consumer Confidence survey is available on the website of the CBA (<https://www.cbaruba.org/>).