



CENTRALE BANK VAN ARUBA

PUBLIC ANNOUNCEMENT

The Reserve Requirement is one of the most important instruments of the Centrale Bank van Aruba (CBA) in implementing its monetary policy in accordance to the Central Bank Ordinance. The Reserve Requirement, which obligates commercial banks to hold a certain percentage of their deposits interest free at the CBA, is used to mop up liquidity from or inject liquidity into the banking sector.

Following several measures already taken in response to the adverse domestic economic and financial developments resulting from the COVID-19 pandemic, the CBA recently decided to further lower the Reserve Requirement in effect for the commercial banks, i.e., by 4.0 percentage points to 7.0 percent, releasing an additional Afl. 160 million in liquidity into the banking system.

Total injected liquidity into the banking sector since March 2020 amounts to about Afl. 200 million. Subsequently, the free liquidity of the commercial banks, that can be used to grant loans and meet additional liquidity demands from their clients, has been expanded significantly. This monetary policy measure entered into force as of April 3, 2020.

Jeanette R. Semeleer
President

May 5, 2020