



## CENTRALE BANK VAN ARUBA

### Statistical News Release

Date: November 26, 2021

#### **Monetary and financial developments during the third quarter of 2021: Net foreign assets increased**

##### *Money and credit*

In the third quarter of 2021, the money supply expanded by Afl. 98.4 million to Afl. 5,154.7 million, compared to the second quarter of 2021 (Table 1 and Chart 1). This rise resulted from an increase in net foreign assets (+Afl. 237.3 million) and a decline in net domestic assets (-Afl. 138.9 million).

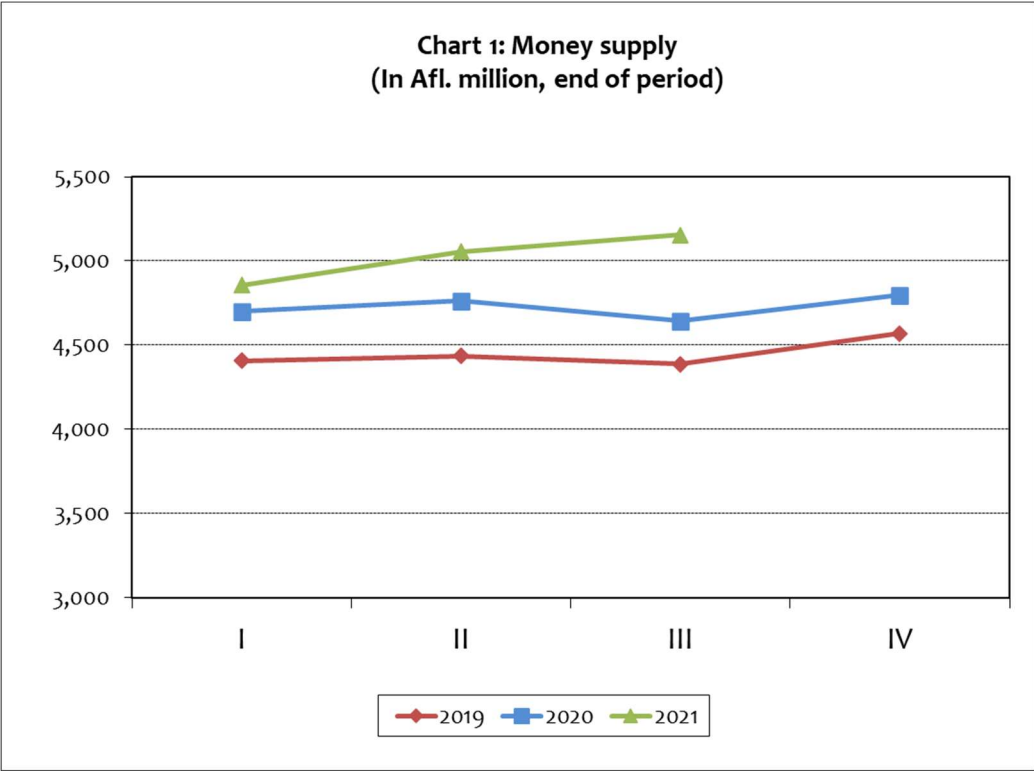
Table 1: Monetary survey (figures in Afl. million)	2020	2021		Changes	
	Q3	Q2	Q3	Q3-21 vs Q3-20	Q3-21 vs Q2-21
<b>I. Net domestic assets</b>	<b>2,738.5</b>	<b>2,651.5</b>	<b>2,512.6</b>	<b>-225.9</b>	<b>-138.9</b>
A. Domestic credit	3,940.1	3,904.9	3,808.6	-131.5	-96.3
◦ Net claims on the public sector	406.3	481.0	401.0	-5.3	-79.9
◦ Claims on the private sector	3,533.8	3,424.0	3,407.6	-126.2	-16.4
▪ Loans to enterprises	1,572.3	1,505.2	1,490.4	-81.9	-14.8
▪ Loans to individuals	1,948.8	1,906.2	1,904.7	-44.1	-1.6
- Consumer credit	495.4	444.3	434.6	-60.8	-9.8
- Housing mortgages	1,453.3	1,461.9	1,470.1	16.8	8.2
▪ Other claims by the banking sector	12.8	12.5	12.5	-0.3	0.0
B. Non-credit-related balance sheet items	-1,201.6	-1,253.4	-1,296.1	-94.5	-42.6
<b>II. Net foreign assets</b>	<b>1,906.0</b>	<b>2,404.8</b>	<b>2,642.1</b>	<b>736.1</b>	<b>237.3</b>
<b>III. Broad money</b>	<b>4,644.5</b>	<b>5,056.3</b>	<b>5,154.7</b>	<b>510.2</b>	<b>98.4</b>
Money	2,574.3	3,005.5	3,064.8	490.5	59.3
Quasi-money	2,070.2	2,050.8	2,089.9	19.7	39.1

Source: Centrale Bank van Aruba

The contraction in the domestic component of the money supply was the result of decreases in the domestic credit of Afl. 96.3 million and in non-credit related balance sheet items of Afl. 42.6 million. The decline in the non-credit related balance sheet items resulted from reductions in 'Provision for loan losses', 'premises and equipment', 'Accounts receivable and prepayments', and increases in 'Other Liabilities' and 'Shareholders' Equity'.

The narrowing domestic credit was due to decreases in the net claims of the banking sector on the public sector (-Afl. 79.9 million) and the claims of the banking sector on the private sector (-Afl. 16.4 million). The lower net claims of the banking sector on the public sector resulted from higher government deposits (+Afl. 77.8 million) and lower gross claims (-Afl. 2.2 million).

The lower claims of the banking sector on the private sector were caused by downturns in loans to enterprises (-Afl. 14.8 million) and consumer credit (-Afl. 9.8 million), and an increase in housing mortgages (+Afl. 8.2 million).



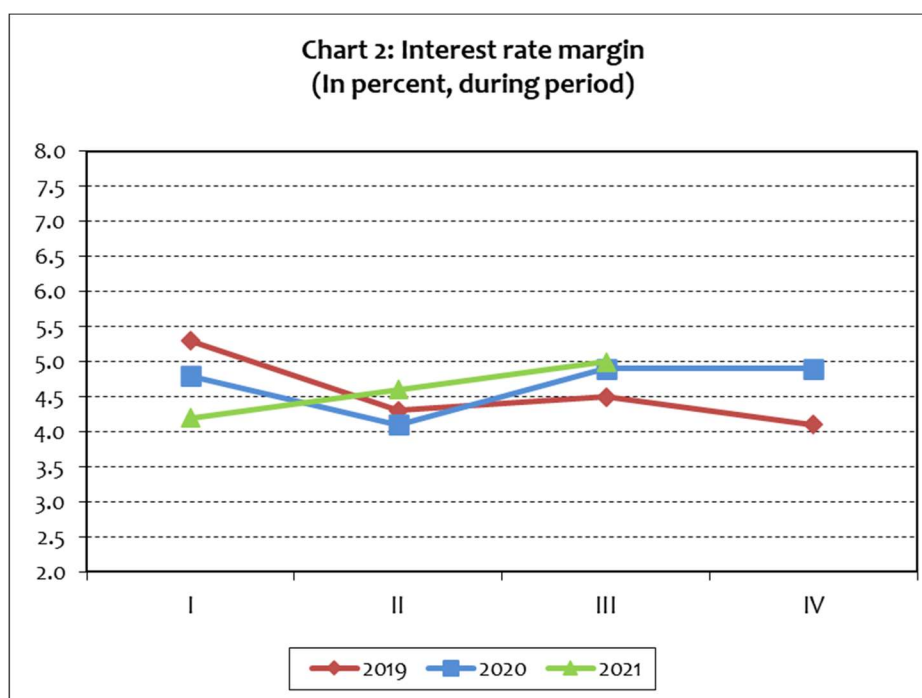
Source: Centrale Bank van Aruba

*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 0.4 percentage point to 5.0 percent in the third quarter of 2021, when compared to the second quarter of 2021 (Table 2 and Chart 2). This resulted from a decrease of 0.4 percentage point to 1.6 percent in the weighted average rate of interest offered on new deposits and an uptick of 0.1 percentage point to 6.6 percent in the weighted average rate of interest charged on new loans.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2020	2021	
	Q3	Q2	Q3
<b>Weighted average rate of interest on new deposits</b>	<b>1.7</b>	<b>2.0</b>	<b>1.6</b>
Time deposits ≤ 12 months	1.5	1.7	1.3
Time deposits > 12 months	2.9	2.8	2.5
Savings deposits	1.2	1.5	1.8
<b>Weighted average rate of interest on new loans</b>	<b>6.6</b>	<b>6.5</b>	<b>6.6</b>
<b>Individual</b>			
Consumer credit	9.3	9.0	9.4
Housing mortgages	5.5	5.5	5.5
<b>Commercial</b>			
Commercial mortgages	6.6	6.3	6.3
Other loans - Including current accounts (overdraft) facilities	6.2	6.3	6.3
<b>Interest rate margin</b>	<b>4.9</b>	<b>4.6</b>	<b>5.0</b>

Source: Centrale Bank van Aruba



Source: Centrale Bank van Aruba

### Nonmonetary financial institutions

The aggregated balance sheet total of the nonmonetary financial institutions increased by Afl. 15.9 million or 0.3 percent to Afl. 4,955.5 million, compared to the second quarter of 2021 (Table 3). This growth was caused by a surge in net foreign assets (+Afl. 33.0 million) and a decrease in domestic

claims (-Afl. 17.1 million). On the liability side, the insurance reserve fund and pension fund provisions grew by Afl. 15.5 million and Afl. 4.7 million, respectively, when compared to the second quarter of 2021. The 'borrowings and deposits' decreased by Afl. 2.5 million. An amount of Afl. 258.1 million was recorded for other items (net), compared to Afl. 259.9 million in the previous quarter.

Table 3: Nonmonetary financial institutions End of period	2020	2021		Changes	
	Q3	Q2	Q3	Q3-21 vs Q3-20	Q3-21 vs Q2-21
1. Net foreign assets	1,688.1	1,886.3	1,919.4	231.3	33.0
2. Domestic claims	3,007.7	3,053.3	3,036.2	28.5	-17.1
a. Government	1,494.8	1,565.7	1,529.6	34.8	-36.0
b. Private sector	1,512.9	1,487.6	1,506.6	-6.3	18.9
3. Total assets = total liabilities	4,695.7	4,939.6	4,955.5	259.8	15.9
4. Borrowings and deposits	18.2	4.5	2.0	-16.2	-2.5
a. Government	1.8	1.8	1.6	-0.2	-0.2
b. Other residents	16.4	2.7	0.4	-16.0	-2.3
5. Pension fund provisions	3,180.1	3,241.7	3,246.3	66.2	4.7
6. Insurance reserve fund	1,365.9	1,433.6	1,449.1	83.2	15.5
7. Other items, net	131.5	259.9	258.1	126.6	-1.8

Source: Centrale Bank van Aruba

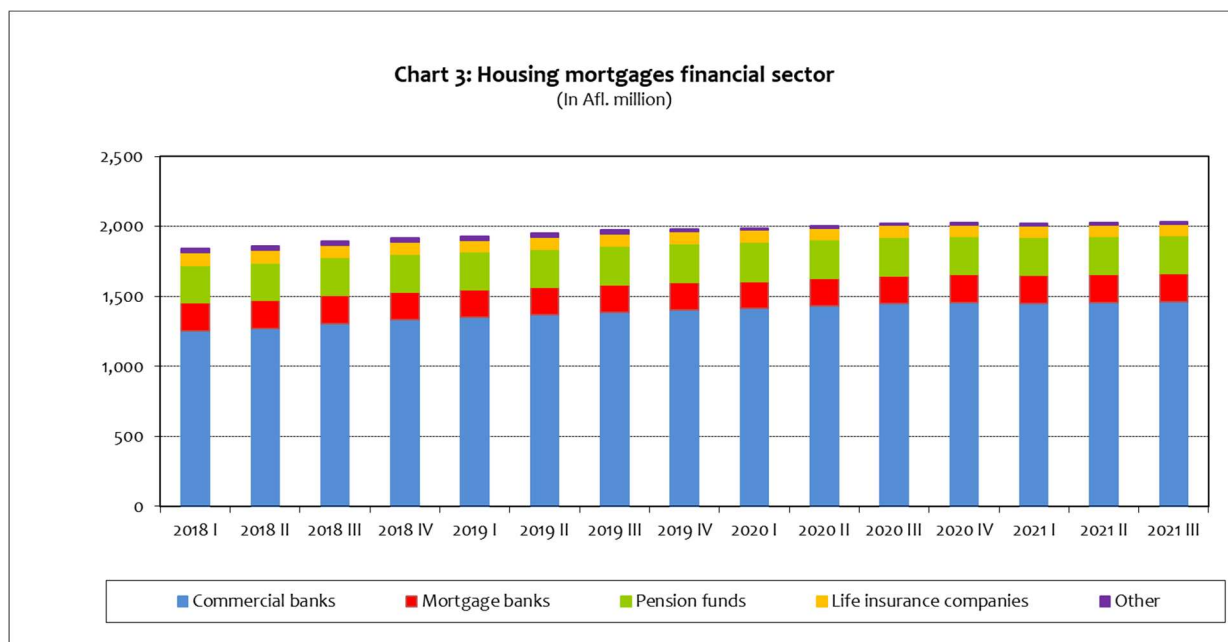
### Mortgage market

Housing mortgage lending of the financial institutions expanded by Afl. 6.0 million to Afl. 2,032.7 million at the end of September 2021, compared to the end of June 2021 (Table 4 and Chart 3). This rise resulted from increases in housing mortgage lending by the commercial banks (+Afl. 7.7 million), life insurance companies (+Afl. 0.5 million), and other financial institution (+Afl. 0.2 million). In contrast, housing mortgage lending by pension funds (-Afl. 2.0 million) and mortgage banks (-Afl. 0.4 million) decreased.

Table 4: Housing mortgages	2020			2021					
	Q3			Q2			Q3		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
<b>Total</b>	<b>2,022.5</b>	<b>17.5</b>	<b>100.0%</b>	<b>2,026.8</b>	<b>4.0</b>	<b>100.0%</b>	<b>2,032.7</b>	<b>6.0</b>	<b>100.0%</b>
Commercial banks	1,446.8	16.4	71.5%	1,454.6	3.7	71.8%	1,462.2	7.7	71.9%
Mortgage banks	200.7	5.4	9.9%	199.7	0.2	9.9%	199.3	-0.4	9.8%
Pension funds	277.9	-2.2	13.7%	274.7	1.8	13.6%	272.7	-2.0	13.4%
Life Insurance Companies	81.3	-1.0	4.0%	81.4	-1.2	4.0%	81.8	0.5	4.0%
Other	15.7	-1.1	0.8%	16.4	-0.5	0.8%	16.6	0.2	0.8%

Source: Centrale Bank van Aruba

At the end of September 2021, there was an increase in the market share of the commercial banks (+0.4 percentage point) when compared to the third quarter of 2020. In contrast, the market share contracted for pension funds (-0.3 percentage point) and mortgage banks (-0.1 percentage point). The market share for life insurance companies and the other financial institutions remained the same.



Source: Centrale Bank van Aruba