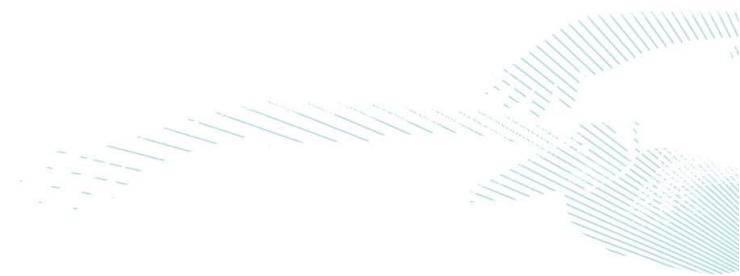
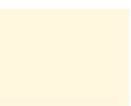


Operational Report 2020



CENTRALE BANK VAN ARUBA

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Table of Contents

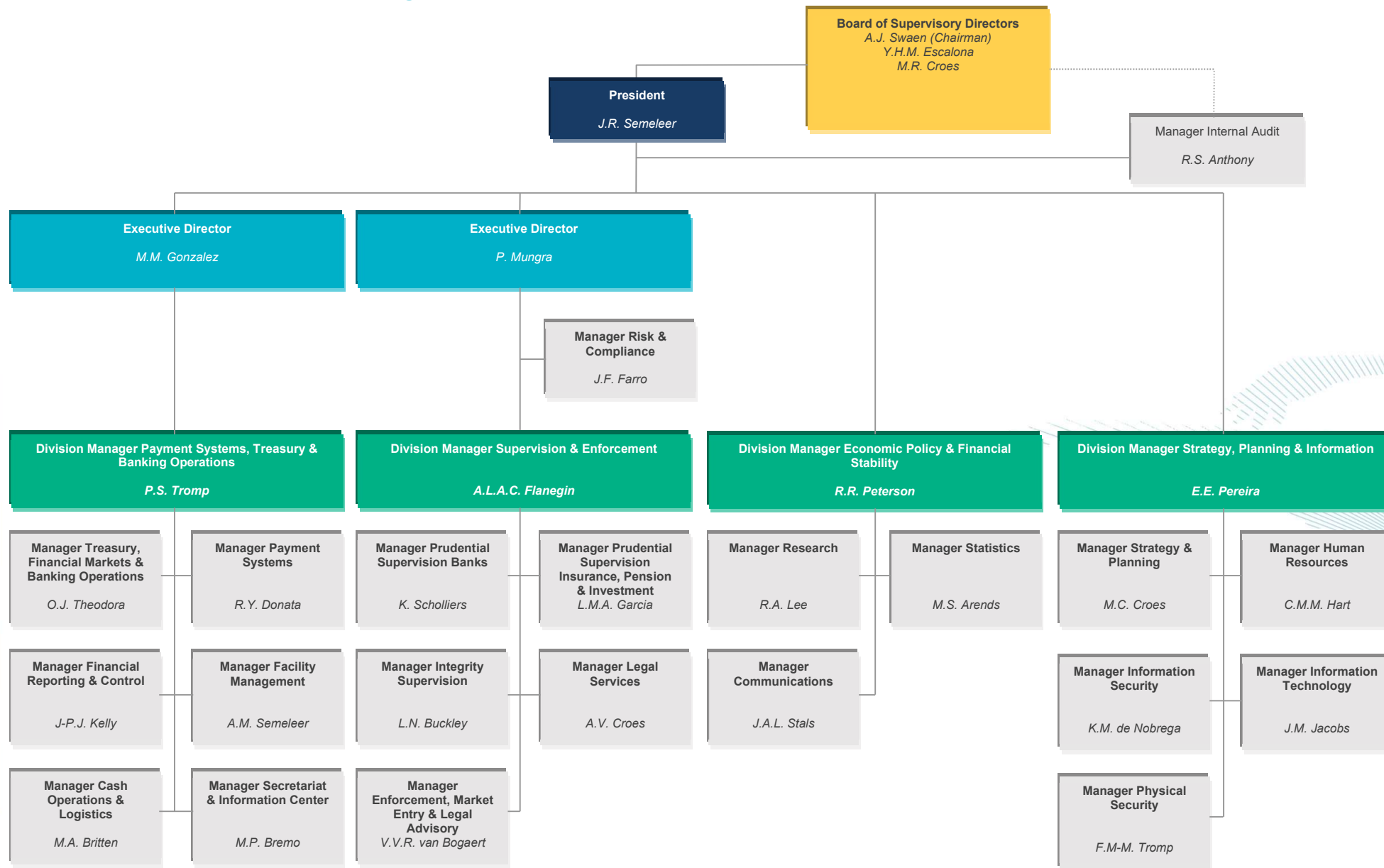
1. List of Abbreviations-----	5
2. Organizational Chart as of December 1, 2021 -----	6
3. A Glimpse of 2020 -----	7
4. President's Statement -----	8
5. Financial Highlights 2020 -----	10
6. Mandate -----	14
7. Strategic Plan -----	15
8. Operations of the Bank -----	16
9. Financial Education-----	19
10. Governance -----	20
11. Risk Management-----	23
12. Monetary Policy -----	26
13. Reserve Management -----	27
14. Payment System -----	33

1. List of Abbreviations

AML/CFT	Anti-money Laundering and Combating Financing of Terrorism
ARA	Assessing Reserve Adequacy
BoSD	Board of Supervisory Directors
BCM	Business Continuity Management
CBA	Centrale Bank van Aruba (the Central Bank of Aruba)
CBO	Central Bank Ordinance
CPI	Consumer Price Index
DIMP	Departamento di Impuesto (the Aruban Tax Authority)
DOF	Department of Finance
EC	Executive Committee
FAME	Forecasting Analysis and Modeling Environment
FEC	Foreign Exchange Commission
FED	The Federal Reserve
FS-CBM	Financial Sector Cyber Base Measure
GOA	Government of Aruba
GMWA	Global Money Week Aruba
HR	Human Resources

IAD	Internal Audit Department
IC	Investment Committee
IMF	International Monetary Fund
IP CSM	Instant Payment Clearing and Settlement Mechanism (also known as “I-Pago”)
IT	Information Technology
MPC	Monetary Policy Committee
NRA	National Risk Assessment
RMCC	Risk Management & Compliance Committee
SOFEC	State Ordinance on Foreign Exchange Commission
SOFET	State Ordinance on Foreign Exchange Transactions

2. Organizational Chart as of December 1, 2021



3. A Glimpse of 2020

Monetary data

Reserve requirement	7.0%
Advance rate	1.0%

GOA reference rate

Legal interest rate	3.0%
---------------------	------

CBA's financial data

Foreign exchange licenses data

Total value of foreign exchange licenses issued	Afl. 951.0 million
Total number of foreign exchange licenses issued	379
Total value of declarations for dividend distribution issued	Afl. 44.0 million
Total number of declarations for dividend distribution issued	13

Payment Systems data

Total value of coins in circulation	Afl. 40.5 million
Total value of banknotes in circulation	Afl. 303.0 million
Total number of transactions through I-Pago	1.3 million

Net income

Afl. 28.4 million

Total assets

Afl. 2,242.1 million

Total gold and foreign exchange reserves

Afl. 2,208.7 million

Total deposits of residents

Afl. 1,506.8 million

4. President's Statement

During 2020, the Covid-19 pandemic was an unprecedented challenge that deeply impacted Aruba like the rest of the world. Economic activities contracted sharply by an estimated 26.4 percent, as a result of the lockdown measures introduced by the Government of Aruba (GOA) to mitigate the spread of Covid-19 infections. In light hereof, the Centrale Bank van Aruba (CBA) also took various actions in the areas of monetary, prudential, and foreign exchange policy, as well as budgetary restrictions to maintain a solid financial position. Our response was primarily aimed at protecting the international reserves, as well as quickly amplifying the commercial banks' liquidity and loss absorption capacity to enable undisturbed continuation of their services to their clients.

Particularly, during the last three quarters of 2020, the Aruban economy endured unparalleled stress due to the loss of (foreign exchange) income from the tourism sector, virtually our island's only economic pillar. To counteract this impact, the CBA temporarily reduced the reserve requirement rate twice to 7 percent, in order to expand the commercial banks' liquidity to facilitate their lending activities. In addition, it lowered the minimum capital adequacy ratio and the minimum prudential liquidity ratio from 16 percent to 14 percent and from 18 percent to 15 percent, respectively. Also, the CBA raised the maximum allowed loan-to-deposit ratio from 80 percent to 85 percent. At the same time, it put temporary restrictions on all capital transactions with non-residents requiring a new foreign exchange license from the CBA, as well as on certain current account transactions to reduce pressures on the foreign exchange reserves, safeguarding hereby the value of the florin vis à vis the U.S. dollar. It should be noted that as of September 1, 2021, the CBA revoked all foreign exchange restrictions imposed, in

view of the steady signs of recovery of the Aruban economy in the tourism sector, the positive economic outlook, as well as the fact that both the monetary and foreign exchange parameters are at an acceptable level. In addition, as per September 1, 2021, the CBA eliminated the temporary prudential relief measures taking into account the ample capital and liquidity buffers held by the commercial banks. To dampen potential new pressures on the foreign exchange reserves, as of September 1, 2021, the CBA started tightening its monetary policy by raising the reserve requirement rate for the commercial banks four times, considering the uptick in inflation and the significant build-up of excess liquidity of the commercial banks during recent months. As of December 1, 2021, the reserve requirement rate reached the pre-pandemic level of 12 percent.

Based on mentioned actions taken, the financial position of the CBA remained solid through 2020, despite the fact that the fall-off in interest revenues from its investments, its primary source of revenue, reflecting downward interest rates developments in the U.S. financial markets due to the Covid-19 pandemic and the substantial loosening of Federal Reserve Bank's (Fed) monetary policy. On the other hand, personnel and operating expenses also contracted due to stringent control of all expenses during 2020.

The year 2020 as well marked the end of the CBA's first Strategic Plan "Bela Yen: Nos Plan Strategico 2016-2020". During the last five years, the CBA focused on becoming a prominent central bank in the Caribbean region, by executing its tasks in an efficient and result-oriented manner, while growing into an attractive organization for top talents. During that period, various strategic initiatives in important areas such as human resources, payment system, supervision,

information technology, and information security were completed. Despite the pandemic and its choking effects on the economy and social interactions, the CBA demonstrated strong resilience and is now ready to embark on a new journey with its new Strategic Plan 2021-2025 “Dilanti Biento”.

This Operational Report provides a synopsis of the financial results of the CBA for 2020, as well as the main activities and progress throughout 2020. It also recaps our major accomplishment of “Bela Yen: Nos Plan Strategico 2016-2020”.

Jeanette R. Semeleer
President

5. Financial Highlights 2020

Due to the severe economic and financial impact of the Covid-19 pandemic, the CBA assessed the effects thereof on its current and future financial position. In this regard, it concluded that the impact would be mainly on its investment portfolio and operating expenses. In response to the ongoing Covid-19 pandemic, the Fed took several monetary policy measures, amongst which significantly cutting the Fed fund rate, which translated into lower interest income generated on the CBA's current accounts held at financial institutions in the U.S.A., as well as on reinvestment of funds from matured securities and new funds denominated in foreign currency at much lower coupon rates. With respect to its expenses, the CBA, as a precautionary measure to counteract the anticipated lower income, significantly postponed some of the planned investment projects and reduced its operational expenses. Overall, the financial position of the CBA remained solid in 2020.

Financial highlights for 2020

The CBA's total assets grew to Afl. 2,242.2 million (+ 23 percent) at year-end 2020, up from Afl. 1,822.2 million at year-end 2019. This strong increase was attributed mainly to a growth in foreign currency assets, i.e., by Afl. 346.3 million (+ 23.3 percent), and gold by Afl. 73.3 million (+ 24.2 percent). The rise in foreign currency assets was largely the result of an Afl. 394.7 million expansion (+ 29.8 percent) in government and other papers. Mentioned rises were offset partially by an Afl. 49.6 million (- 32.1 percent) drop in due from banks and other financial institutions (see Table 1).

Government and other papers. The positive development in the foreign currency assets was largely caused by an

Table 1: Assets of the condensed balance sheet (before allocation of net result) (amounts in Afl.)

	As of December 31, 2020	As of December 31, 2019
Assets		
1. Gold	376,738,428	303,406,814
2. Foreign currency assets	1,832,044,967	1,485,736,084
2.1 Due from banks and other financial institutions	104,750,723	154,307,941
2.2 Government and other papers	1,719,615,523	1,324,872,959
2.3 Other	7,678,721	6,555,184
3. Other assets	33,382,843	33,094,943
3.1 Receivables	10,202,182	9,100,953
3.2 Stock of coins and printing cost banknotes	4,333,981	5,403,816
3.3 Fixed assets	14,056,288	13,438,975
3.4 Project in progress	4,790,392	5,151,199
Total assets	2,242,166,238	1,822,237,841

expansion in the item 'government and other papers', which on its turn was impacted by the strong performance in the tourism sector during the first two months of 2020, the GOA's selling the proceeds from its borrowings on the international capital market, including the two-year loans by The Netherlands for liquidity support, to the CBA and the countervalue credited to GOA's florin account held at the CBA. In addition, government and other papers were favorably influenced by the net interest income received (+ Afl. 36.9 million), as well as the change in the market value in the investment portfolio, reflected in the revaluation account (+ Afl. 9.1 million). This was brought about by unrealized net capital gains primarily from the drop in the yield on both the 2-year and the 3-year US Treasury Notes.

Due from banks and other financial institutions. The net drop of Afl. 49.6 million in the item 'due from banks and other financial institutions' was related mainly to a net outflow of foreign currency, resulting from foreign exchange sold to the commercial banks, as well as fund transfers to the CBA investment portfolio.

Gold holdings of the CBA. At December 31, 2020, the market price of gold was USD 1,891.10 per fine troy ounce, up from USD 1,523.00 per fine troy ounce as of December 31, 2019. This marked USD 368.10 increase pushed up the value of the CBA's gold holdings by Afl. 73.3 million in 2020, when compared to 2019.

On the other hand, the growth in the liabilities and equity of the CBA at year-end 2020, compared to year-end 2019, was largely the result of a sharp increase in the items 'deposits of residents' (+ Afl. 290.9 million or 23.9 percent), 'revaluation account' (+ Afl. 82.4 million or 38.3 percent), and 'banknotes in circulation' (+ Afl. 43.7 million or 16.9 percent) (see: Table 2).

Table 2: Liabilities and equity of the condensed balance sheet (before allocation of net result) (amounts in Afl.)

	As of December 31, 2020	As of December 31, 2019
Liabilities and equity		
1. Banknotes in circulation	302,569,670	258,880,440
2. Deposits of residents	1,506,767,181	1,215,913,294
2.1 Government	95,360,877	17,313,303
2.2 Commercial banks	1,410,138,276	1,197,304,630
2.3 Other	1,268,028	1,295,361
3. Deposits of nonresidents	148,676	4,333,008
4. Money in custody	2,194,344	1,813,360
5. Payables and accrued expenses	4,080,827	5,731,964
6. Revaluation account	297,974,530	215,526,336
7. Capital and reserves	100,039,439	94,103,532
7.1 Capital	10,000,000	10,000,000
7.2 General reserve	90,039,439	84,103,532
Net result for the year	28,391,571	25,935,907
Total liabilities and equity	2,242,166,238	1,822,237,841

Deposits of residents. The growth in the deposits of residents was led mostly by increased deposits of the commercial banks of Afl. 212.8 million (+ 17.8 percent), as well as Afl. 78.0 million (+ 450.8 percent) higher deposits of the government. The expansion in the commercial banks' deposits was predominantly related to transactions processed and settled via I-Pago, as well as transfers to the commercial banks' accounts held at the CBA, carried out through the "Centrale Bank van Curacao en St. Maarten".

The rise in the deposits of the government stemmed predominantly from incoming transfers received from the commercial banks, as well as proceeds from the acquisition of foreign loans sold to the CBA and florin credited to GOA, and the issuance of domestic bonds, treasury bills and cash loans to cover GOA's expenses ensuing from its 2020 budget.

Revaluation account. The revaluation account rose in 2020, mostly by a jump in the market price of gold by USD 367.10 per fine troy ounce or 24.2 percent compared to end-2019. In addition, the decreases in the yield on the 3-year US Treasuries (145 basis points compared to December 31, 2019) and the yield on the 2-year US Treasuries (145 basis points compared to December 31, 2019) resulted in unrealized net capital gains in the securities held by the CBA, thereby also contributing favorably to the surge in the value of the CBA's revaluation account as of December 31, 2020. Overall, mentioned developments led to a build-up in the revaluation account equivalent to Afl. 82.4 million (+ 38.3 percent) during the year 2020, compared to Afl. 73.8 million in 2019.

Banknotes in circulation. The Afl. 43.9 million (+ 16.9 percent) expansion of 'banknotes in circulation' resulted primarily from higher Aruban florin cash withdrawals

Table 3: Condensed profit and loss account (amounts in Afl.)

	2020	2019
1. Net interest revenues	37,063,455	38,542,553
2. Other revenues	18,354,025	15,347,878
Total income	55,417,480	53,890,431
3. Amortization of stock of banknotes	1,101,249	642,395
4. Personnel expenses	17,670,540	18,611,798
5. Operating expenses	5,980,755	6,729,380
6. Depreciation expenses	2,273,365	1,970,951
Total expenses	27,025,909	27,954,524
Net result	28,391,571	25,935,907

of the commercial banks during 2020, when compared to 2019.

As indicated in Table 3, the net result for the year 2020 picked up by Afl. 2.5 million or 9.5 percent compared to 2019. This rise was mainly caused by an increase in the item 'other revenues' (+ Afl. 3.0 million or + 19.6 percent) and a sharp drop in the category 'personnel expenses' (- Afl. 0.9 million or - 4.8 percent) (see Table 3).

Net interest revenues. The decrease in this category was attributed mostly to lower interest income from the investment portfolio (- Afl. 1.7 million), the interest income from the Lending Facility (- Afl. 1.4 million), as well as that of current account deposits (- Afl. 1.5 million). The drop in the interest income from the investment portfolio was caused chiefly by the early repayment of several mortgage backed securities held by the CBA, following the marked interest rates cuts by the Fed in reaction to the Covid-19 pandemic. The decline in

the interest income from the Lending Facility, provided by the CBA, is due to the fact no loan was granted in 2020. The interest income received from current account deposits went down, predominantly because the Fed cut its short-term interest rate to near zero as an emergency policy action to support the U.S. economy that was jolted by the Covid-19 pandemic. This reduced interest income was offset partly by higher realized gains from the investment portfolio (+ Afl. 3.1 million), which were driven mainly by the active management strategy pursued by the asset managers. This strategy was designed to take advantage of short-term trading opportunities to generate greater returns, while keeping the related financial risks of the investment portfolio as low as possible.

Other revenues. The Afl. 3.0 million (+ 19.6 percent) rise in the item 'other revenues' in 2020, when compared to 2019, was attributed primarily to increased earnings from foreign exchange transactions settled through the CBA. The CBA sold florin to the GOA, in exchange for the U.S. dollar proceeds from the foreign loans obtained by GOA during 2020.

Amortization of banknotes. The Afl. 459.0 thousand (+ 71.4 percent) increase in this category in 2020, compared to the previous year, was related to the depreciation of the printing costs of the new 2019 series florin banknotes over 12 months in 2020, when compared to just seven (7) months in 2019, since the emission of this new series occurred in June 2019.

Personnel expenses. The Afl. 941.3 thousand (- 5.1 percent) drop in personnel expenses in 2020 was attributable mostly to fewer courses, seminars, and meetings attended by CBA employees, as well as the cancellation of several personnel activities due to the Covid-19 pandemic.

Operating expenses. Operating expenses fell by Afl. 749.0 thousand (- 11.1 percent) in 2020 to Afl. 6.0 million, when compared to the previous year, caused mainly by decreases in the items 'advertisement and promotion', 'seminars organized/hosted by the CBA', 'consultant fees', and 'license and maintenance computers'. The latter lower expenses were chiefly related to the termination of an application maintenance support service in 2019. Also, in 2019 compared to 2020, higher advertisement and promotional expenses were incurred in connection with the emission of the new 2019 series Aruban florin banknotes in June 2019.

6. Mandate

The CBA's legal mandate is defined in the Central Bank Ordinance (CBO). Its mission is to contribute to the financial stability and economic well-being of the Aruban community by:

- maintaining the stability of the value of the Aruban florin vis-à-vis the US dollar;
- promoting financial soundness and integrity of the financial system; and
- promoting an efficient and reliable payment system.

The mandate focuses on the following five main areas:



¹ For further details on the supervision of the (non) financial sector, please refer to the "Financial Sector Supervision Report 2020" on the CBA's website.

7. Strategic Plan

Year-end 2020 marked the closing of the CBA's Strategic Plan "Bela Yen: Nos Plan Strategico 2016-2020", which took the CBA "full sails ahead" into new endeavors in the increasingly volatile, uncertain, complex and ambiguous environment within which the CBA operates. To be able to optimally make use of opportunities, while anticipating as much as possible in this ever-changing environment, the CBA embarked on a new journey guided now by its new strategic plan for 2021-2025: "Dilanti Biento". "Dilanti Biento" is a saying in Papiamentu that means "hopi lihe" or "in front of the wind".

Review of "Bela Yen: Nos Plan Strategico 2016-2020"

"Bela Yen" focused on three (3) main ambitions:

1. to be a prominent central bank in the region;
2. to execute its tasks in an efficient and result-oriented manner; and
3. to be an attractive organization for top talents.

During the last five years, the CBA accomplished several important achievements related to the three (3) mentioned ambitions. In total, it completed 57 strategic initiatives, while 53 initiatives were still in progress as per year-end 2020 to be finalized during 2021. Following are some highlights of the CBA's strategic achievements during 2016–2020:

- Emission of the new 2019 series florin banknotes.
- Launch of the CBA's Instant Payments Clearing and Settlement Mechanism (IP CSM or I-Pago).

- Coordination of the National Risk Assessment (NRA).
- Implementation of a risk-based supervision approach for both prudential and anti-money laundering and combating financing of terrorism (AML/CFT) supervision.
- Development of the framework for managing Information Technology (IT)/Cybersecurity risks.
- Implementation of a new Lending Facility Framework for the commercial banks.
- Approval of the Information Governance Framework.
- Launch of the data warehousing software.
- Migration to Office 365.
- Start of (inhouse) data science training.
- Completion of the job descriptions and job evaluations.
- Introduction of the Global Money Week Aruba (GMWA) and Cyber School Aruba.
- Introduction of the annual innovation conferences covering the areas of, inter alia, RegTech, Fintech, and Circular Economy.

Besides new vision and actions, as mentioned above, the new strategic plan includes initiatives still in progress, as well as those that were postponed in the previous Strategic Plan "Bela Yen" due to, among other things, budgetary constraints, lengthy legislative processes, dependency upon completion of other related initiatives, and the Covid-19 pandemic.

OPERATIONAL REPORT 2020

8. Operations of the Bank

Human resources (HR) management

CBA's core functions and activities are being carried out by top talents aiming continuously for efficient and innovative operations, to assist in optimally achieving business objectives, while strong leadership and effective communication support the engagement and productivity of its employees. These activities drive ongoing efforts to enhance and sustain CBA's operational resilience.

As part of its HR strategy, the CBA:

- invests significantly in the development of the skills and competencies of its employees;
- fosters knowledge sharing on a continuous basis; and
- focuses on attracting and retaining top talents.

During 2020, CBA's employees actively participated in numerous online courses, virtual seminars, and conferences on various topics held locally and abroad. Many of the topics focused on, inter alia, the challenges and lessons learned from the Covid-19 pandemic, which provided the necessary guidance to support CBA's core responsibilities efficiently and effectively. In addition, the HR strategy focused on attracting new talents in accordance with its Recruitment & Selection Policy. This policy aims at finding the right employees, who are able to make impactful contributions to the CBA's objectives, as well as fit within its teams and culture. By the end of 2020, the CBA had a total of 108 employees in service. The following charts show the assignment of employees by area of responsibility, gender distribution of employees, and employees by age group:

Chart 1: CBA's employees by area of responsibility



Chart 2: Gender distribution of the CBA's employees

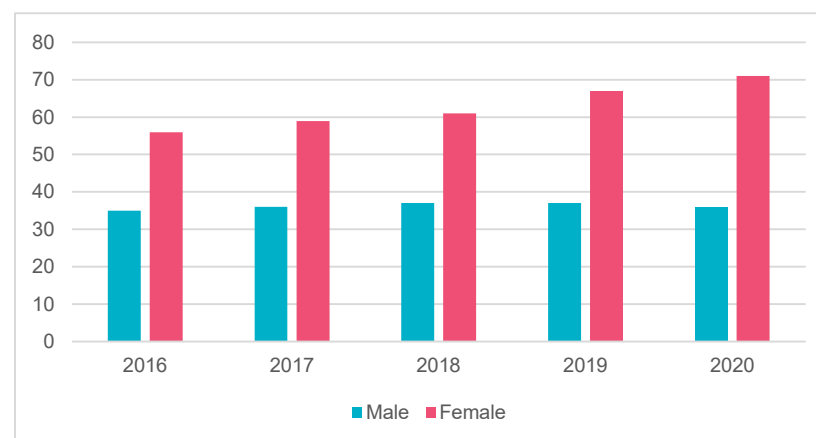
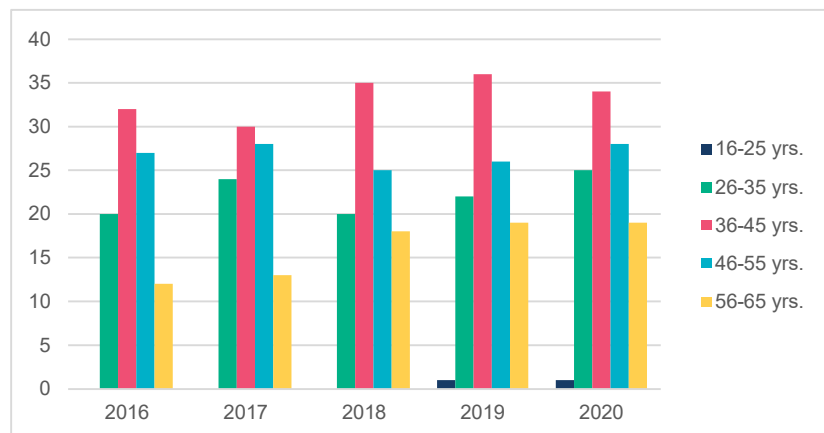


Chart 3: CBA's employees by age group



Digitalization of HR processes

In 2016, the CBA began with the digitalization of HR processes to effectively streamline its cumbersome and outdated processes. The workflows of, inter alia, leave of absence, reference letter, and the monthly salary pay slips and annual salary statements were all digitalized. In continuing this project, in 2020 the workflow of the supplementary healthcare benefits was fully digitalized.

Working remotely

Towards the end of 2019, the CBA purchased new software and hardware devices, including laptops, monitors, and docking stations. The aim was to make sure that employees can continue to work anywhere, without being bound to the CBA's building and workspace. As a result, they were able to transition smoothly to working remotely during the Covid-19 pandemic, despite the "shelter-in-place" and 'samenscholingsverbod' measures taken by the GOA in 2020 to contain the spread of the Covid-19 infections. A lot of time,

effort, and resources were allocated to effectively support and facilitate CBA employees working from home.

Working remotely came with its challenges, especially in the area of collaboration, meetings, and information security. To assist CBA employees to stay connected, collaborate remotely, and share files between parties in a safe and secure manner, the CBA rolled out Microsoft Teams and a CBA Client Portal powered by GoAnywhere MFTI in 2020. Furthermore, a fusion center has been created where proactive monitoring of cyber data occurs. This is in line with its 'continuous improvement' strategic principle to elevate the CBA's internal cyber security posture..

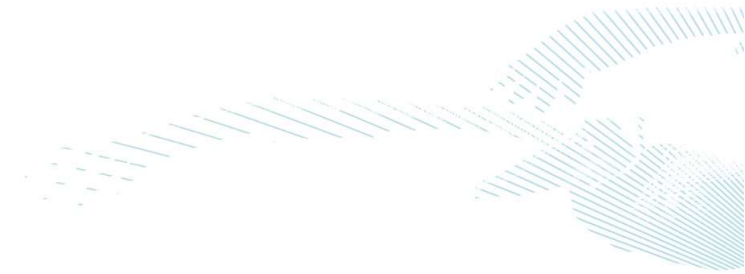
Information management

During 2020, several initiatives related to information management were launched:

- The Information Governance (IG) framework was approved by the Executive Committee of the CBA. This project aims at centralizing the management of information, while taking into account the business process and applications to meet the information needs of the end-user. This means that the information management is adapted to the needs of the specific users in a certain process.
- The EBSCO database, which covers a large number of subjects of interest to a central bank, was incorporated as a tool for research possibilities in order to digitalize and keep up with constant modernization of the library.
- E-readers are now used for digital books.
- An updated version of JOIN (document management system), 'JOIN Now', was installed. The enhanced functionalities enable CBA employees to register their

documents directly into the CBA's document management system.

- Outgoing correspondence is now sent electronically only. Some exceptions still apply.



9. Financial Education

Over the years, the CBA has reached a large number of children through its programs Global Money Week Aruba (GMWA) and Cyber School Aruba. These programs are aimed at supporting financial education and cyber security awareness. The CBA believes strongly in educating Aruba's young generations on the importance of having adequate financial skills. Through the Cyber School programs, it contributes to enhancing the online vigilance and digital skills of kids.

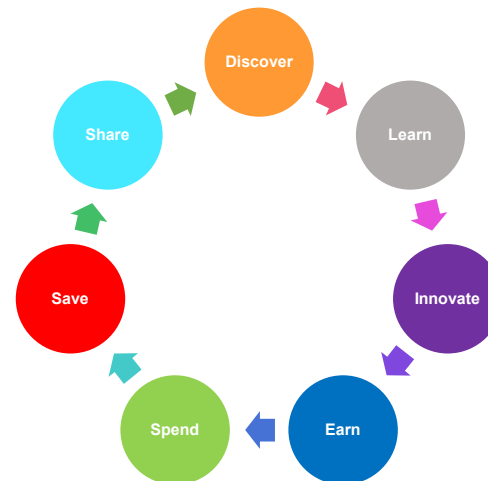
CYBER  SCHOOL

GLOBAL
MONEY
WEEK
ARUBA

After organizing the annual GMWA program successfully for two (2) consecutive years in San Nicolas, the CBA opted to organize a digital GMWA during the 2020 summer school holidays. The digital program was equally successful. Over the course of seven (7) weeks, the children participated in an interactive and creative way of exploring topics such as the role of money, saving, and donating.

The CBA organizes the national financial education program annually, together with several stakeholders, i.e., GOA (IDEA & FUTURA), Aruba Bank N.V., Banco di Caribe (Aruba) N.V., Caribbean Mercantile Bank N.V., CIBC First Caribbean Bank, RBC Royal Bank N.V., Guardian Group, Qredits, Ennia, Kiwanis Club of Aruba, Aruba Chamber of Commerce, Fundacion Museo Arubano, Museo Arqueologico Nacional Aruba, and Setar N.V. The GMWA program takes into account the financial circle model covering seven (7) essential topics as seen in figure 1, being Discover, Learn, Innovate, Earn, Spend, Save, and Share. The CBA is very appreciative of this important collaboration.

Figure 1: Financial circle model GMWA



10. Governance

The CBA is governed by several laws, principally the Central Bank Ordinance ((CBO), AB 1992, no. GT 4). Its management is assigned to the President, assisted by two Executive Directors. Together they form the EC, responsible for the execution of the mandate of the CBA as set forth in the CBO.

The operations of the CBA and the management of its assets, as well as the funds entrusted to it, are overseen by the Board of Supervisory Directors (BoSD), pursuant to article 24 of the CBO.

Board of Supervisory Directors

The BoSD consisted of four (4) appointed members as per year-end 2020. All members, including the Chairman, who is the representative of the GOA, are appointed and dismissed by the Governor of Aruba. While the Chairman is appointed for an undefined period, the other three (3) members of the BoSD are appointed for a 5-year term. The BoSD commissions the external auditor of the CBA. In 2020, EY was appointed for a 3-year period.

The BoSD met with the EC four (4) times during 2020. The subject matters discussed included, but were not limited to:

- the audit of the mid-year and financial statements 2020;
- the budget 2021,
- the Strategic Plan 2021–2025; and
- the Covid-19 pandemic situation.

In addition, the Chairman of the BoSD held weekly meetings with the President to discuss a number of issues related to the CBA.

Committees

To assist the EC with its responsibilities, nine (9) committees have been established within the CBA, as summarized in figure 2.

Figure 2: Committees of the CBA



The mandates of the Committees are summarized below:

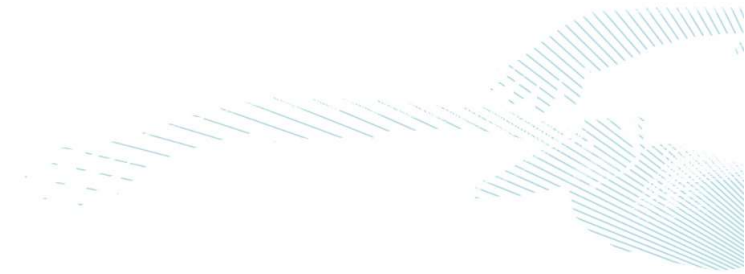
- **Monetary Policy Committee:** Ensures that an effective monetary policy is carried out with the aim of maintaining the stability of the value of the florin vis à vis the U.S. dollar.
- **Foreign Exchange Policy Committee:** Assures that an adequate foreign exchange policy is in place to manage the available foreign exchange reserves, and to monitor this in accordance with article 2 of the CBO and the State Ordinance Foreign Exchange Transactions ((SOFET), AB 1990 no. GT 6).
- **Investment Committee:** Advises on the formulation of the overall investment policies related to the foreign exchange reserves and monitors compliance with approved investment guidelines in accordance with the risk appetite of the CBA to safeguard those policies, based on the following principles; 1) to protect the value of CBA's financial assets; 2) to have sufficient foreign exchange liquidity for funding needs of the commercial banks as well as the GOA; and 3) to ensure adequate income given the prior two principles.
- **Risk Management & Compliance Committee:** Ensures that all material risks the CBA is exposed to, including but not limited to financial, operational, reputational, and strategic risks, are properly identified and managed, with the aim of safeguarding the achievement of the CBA's legal mandate and strategic objectives, whilst monitoring compliance with applicable laws, regulations, contracts, internal policies, and procedures.

- **Strategic Committee:** Provides effective strategic guidance on and monitors the implementation of the Strategic Plan 2021–2025: “Dilanti Biento”.
- **Payment System Committee:** Advises on the promotion of an efficient, reliable, and secure payment system, to effectively contribute to financial stability.
- **Budget Committee:** Prepares the CBA's draft budget for approval by the BoSD, and monitors the effective use of the budget throughout the year.
- **Project Committee:** Advises on the feasibility, priority, planning, and implementation of projects, and monitors the development and costs involved during their implementation.
- **Corporate Information Security Committee:** Ensures that an effective strategic information security framework is in place with the aim to improve CBA's information security posture, awareness, and physical security.

In addition, the CBA has also various working groups to support the activities of the committees, such as the foreign exchange working group and the information governance working group, as well as working groups to carry out special projects, such as the paperless working group and the branding working group.

The CBA strives to have sound corporate governance in place that supports proper and effective decision making through the implementation of appropriate checks and balances to ensure accountability, due process, and transparency while maintaining its institutional

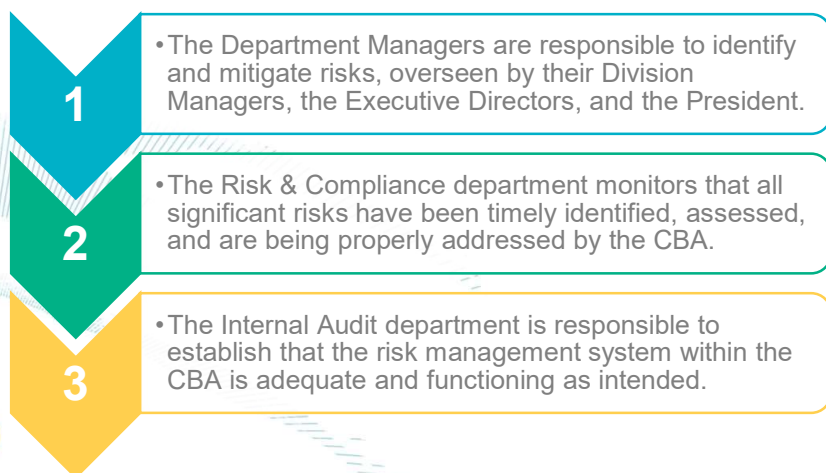
independence. The Internal Audit department plays a key role to this end.



11. Risk Management

Risk management is an integral part of CBA's daily operations and management. The risks that the CBA faces on a daily basis range from strategic, financial, and operational risks to reputational risks. To adequately address these risks, a mix of systems and controls has been embedded within the organization.

The CBA applies the principle of three (3) lines of defense regarding risk management:



The Risk Management & Compliance Committee (RMCC), consisting of the Executive Directors, several Department Managers, including Manager Risk & Compliance and Manager Internal Audit, is responsible for ensuring that a sound well-functioning risk management framework and system are in place, that timely identify, assess, and address all significant risks affecting the CBA.

The most important risks for the CBA are the following.

Financial risk

The CBA is exposed to financial risk associated with the management of its financial assets and liabilities.

Financial risk relates to the risk of incurring financial losses when credit, market, and liquidity risks are not sufficiently contained. These risks are monitored strictly by the Investment Committee (IC), which is chaired by the Executive Director responsible for the execution of the general investment policy guidelines for the management of foreign exchange reserves and gold holdings of the CBA. These policy guidelines are approved by the President in conformity of the advises of the IC. In addition, there are investment rules for the capital and reserves of the CBA. These are established by the BoSD.

The IC meets weekly to monitor and discuss, among other things, matters related to both current domestic and international market trends and economic developments that could impact the CBA's foreign exchange reserves, and to evaluate the investment performance of its assets managers and related financial risk. Periodically, the IC discusses the monthly performance report of each asset manager and advises the President on any strategic or tactical changes in the investment policy and/or guidelines when deemed necessary.

Financial risk consists of credit, market and liquidity risk.

- **Credit risk** refers to the risk of incurring a loss if the counterparty fails to meet its financial obligations in accordance with agreed-upon terms. This risk is the most

important source of financial risk for the CBA associated with its holdings of foreign currency assets for investment and liquidity purposes. Credit risk include four types of risks: default risk, bankruptcy risk, downgrade risk, and settlement risk. Due to the importance of these types of risk, the CBA has strict procedures in place regarding credit quality in its investment guidelines to mitigate these risks.

- **Interest rate risk, gold price risk, and foreign exchange risk** are the largest sources of market risk for the CBA with respect to its financial assets. The interest rate risk is the risk that arises from fluctuations in the interest rates. The gold price risk refers to the financial risk on the CBA's financial performance due to unfavorable gold price development. The foreign exchange risk refers to the losses that an international financial transaction may incur due to currency fluctuations. As the Aruban florin is pegged to the US dollar at a rate of Afl. 1.79, this risk is contained because fixed-income securities can only be held in US dollars, in accordance with the CBA's investment guidelines.
- **Liquidity risk** refers to the risk of the CBA's inability to meet its current and future financial obligations when these come due. There are two sides to the liquidity risk at the CBA. The CBA is the ultimate source of liquid funds in Aruban florin to the banking system in line with the CBO, while complying with certain limitations as stipulated in the CBO. Therefore, the liquidity risk regarding the Aruban florin is considered very low. The CBA's ability to provide Aruban florin liquidity is exercised with due regard to its policy objective of maintaining the trust in the Aruban florin. With respect to the role of the CBA in providing foreign currency to commercial banks and the GOA for transactional purposes, the liquidity

risk is classified as medium since the CBA keeps adequate levels of foreign assets constantly at hand that can be easily liquidated at a minimum loss, to comply with any demand.

To minimize these various types of financial risks, the CBA implements a prudent investment policy strategy, which is fully US dollar fixed-income based. It carefully monitors, in close cooperation with its asset managers, the developments in the international money and capital markets with the aim to maximize the income generating capacity of its investment portfolio, while at the same time keeping its financial risks within acceptable boundaries, and maintaining sufficient liquidity. Any deviation from the investment guidelines requires prior written approval of the President. The IC closely monitors that investments are executed according to the stipulated guidelines, and reports on its findings on a regular basis to the President.

Operational risk

Operational risk refers to the negative impact on the CBA's assets, resources and/or operational requirements from inadequate or failed procedures, systems or policies. These may disrupt business processes that impede the CBA in carrying out its mandate and other responsibilities. To address its operational risk, the CBA adopts best practices and keeps itself updated regarding emerging risks through alliances with strategic partners, especially in the area of business continuity, in order to take preventive mitigating actions in a timely manner. A key focus area in this regard is cybersecurity.

Compliance risk

Compliance risk refers to the threat posed to the CBA for not complying with the relevant laws and regulations and the internal policies and procedures. Noncompliance herewith may lead to unforeseen financial, operational and reputational risks. The RMCC closely monitors that internal processes are executed according to the comprehensive compliance framework in order to mitigate compliance risk.

External risk

External risk refers to the risk arising from external threats that are uncontrollable by the CBA, among other things, (unforeseen) government interventions, international measures, new legislation and regulations for which the CBA is unable to sufficiently prepare, political and economic instability, and labor market developments.

- **Pandemic risk:** the unprecedented Covid-19 pandemic that started in 2020 led the CBA to implement and maintain sound health and safety measures to mitigate the effects of this risk on the CBA's most valuable asset - its people. The CBA is aware that this risk will continue to impact "business as usual", and that it will take time before the work environment at the CBA can return to the pre-pandemic normalcy. In the meantime, effective measures are in place to keep its staff members operational in a safe environment.
- **Reputational risk:** relates to the potential damage to the CBA's prominent stature, caused by negative publicity or external reaction, leading to deterioration or loss of confidence in the CBA. Reputational risk could arise when errors regarding monetary policy or supervision of the

financial system occur, which could negatively impact the economy in general. Other examples are: the leakage of confidential information and publishing of inaccurate data.

12. Monetary Policy

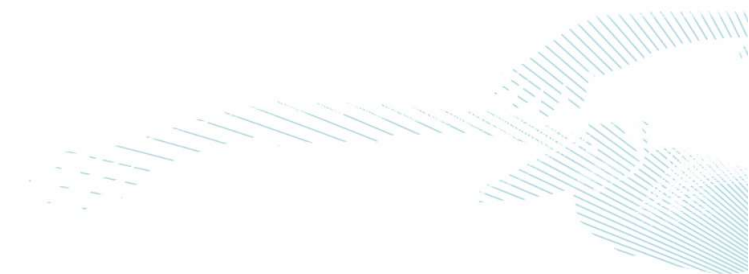
The Monetary Policy Committee (MPC) of the CBA determines the monetary policy of Aruba, with the aim to maintain the stability of the value of the Aruban florin against the U.S. dollar. The decisions of the MPC are geared towards the banking sector, principally applying changes in the reserve requirement rate. As such, it influences money supply through the reserves the commercial banks are required to hold with the CBA.

In 2020, the MPC held ten (10) meetings, and assessed several monetary sector indicators, current economic conditions, and projections. These indicators were regularly reviewed, and decisions were made on whether a change in the monetary policy stance was deemed necessary, based on the adequacy of the mentioned indicators, e.g., international reserves (and official reserves), (core) inflation, banks' liquidity, and banking sector credit growth.

In the wake of the immense impact of the Covid-19 pandemic on Aruba's economy, the GOA took several important containment measures. At the start of the pandemic, it closed the border to all inbound flights and prevented tourists from entering the country, as well as implementing "shelter-in-place" measures to contain the local spread of the Covid-19 virus and mitigate its effects on the health of the community. However, these measures strongly impacted the economy of Aruba, as the prime income generating pillar, being the tourism sector, contracted sharply, while local consumption plummeted, following marked increases in unemployment. In response hereto, the CBA temporarily relaxed the capital and liquidity ratios in place for the commercial banks in March 2020, thereby increasing the loss-absorbing capacity of the commercial banks to ensure the continuity of their lending activities. Also in this regard, the CBA reduced twice the

reserve requirement rate applicable for the commercial banks in 2020; once by 1 percentage point to 11 percent on March 17, 2020, and subsequently, by 4 percentage points to 7 percent on April 3, 2020.

As of September 1, 2021, the MPC started to tighten monetary policy by raising the reserve requirement rate, considering the uptick in inflation and the buildup of excess liquidity at the commercial banks during the past months. As of December 1, 2021, the reserve requirement rate reached the pre-pandemic level of 12 percent.



13. Reserve Management

Management of the foreign exchange reserves and gold holdings of the CBA

Foreign exchange reserves

The CBA manages Aruba's foreign exchange reserves as stipulated in article 12, sub 1 of the CBO. Besides monetary tools, particularly the reserve requirement, it applies foreign exchange instruments, such as the B9 regulation for commercial banks and the 40-60 percent investment rule for institutional investors, to regulate the foreign asset holdings within these sectors, as well as foreign exchange licensing.

The B9 regulation allows commercial banks to hold a maximum amount of foreign exchange reserves as working balance for the settlement of the foreign exchange transactions of their clients. The 40-60 percent investment rule requires institutional investors to invest at least 60 percent of their funds domestically.

Furthermore, the CBA closely monitors the liquidity needs denominated in foreign currency of the banking sector and the GOA, while managing its foreign exchange reserve holdings prudently to be able to adequately meet these liquidity needs at all times. To this end, the CBA continuously evaluates its foreign exchange investment strategy against the established investment guidelines, taking into account major developments on the international capital markets, particularly that of the U.S., its main market for investment.

Since the Covid-19 pandemic negatively affected the Aruban economy, and the tourism sector in particular. The commercial banks relied heavily on the CBA to attain foreign exchange funds to execute payment requests in foreign

currency of their clients. To facilitate this increased demand with ease, the CBA managed internally liquid funds denominated in foreign currency, by investing in time deposits held with reputable banks.

The CBA applies at all times a prudent investment policy primarily aimed at preserving its capital. Due to sudden adverse U.S. interest rate developments following the Fed's monetary policy to mitigate the financial and economic impact of the Covid-19 pandemic, the CBA intensified its investment management, reporting and advisory tasks to be as effective and responsive as possible when and if needed. Overall, the CBA seeks to diversify and optimize its return, while at the same time keep its financial risks as low as possible by investing the foreign exchange reserves within the following strict parameters:

1. Fixed income securities are denominated solely in U.S. dollars with short-term duration (1-3 years).
 - U.S. government and U.S. agency securities (including mortgage-backed securities) are limited to AA credit quality ratings.
 - Asset-backed securities require a minimum credit quality rating of AAA.
 - Corporate bonds must meet high standards in terms of credit quality (a minimum of A- or equivalent) and are limited to the financial services sector, specifically banks and financial institutions, as well as industrial companies.
 - Sovereigns and supranational securities are limited to AAA markets/entities only.
 - Money market instruments (short-term funds with maturities ranging from overnight to 1 year, e.g., certificates of deposit, time deposits, as well as treasury

bills) must have a minimum credit rating of A-1 or P-1 or F1.

2. The CBA investment portfolio has three (3) components which are categorized by a duration position that consists of:
 - one (1) liquid portfolio managed internally, and
 - two (2) medium-term portfolios with an average duration of 1-3 years managed by two (2) external asset management investment companies.

Gold held by the CBA

The value of the gold holdings of the CBA rose to historically high levels in 2020. Gold's fundamentals as a safe haven asset are attributed, inter alia, to:

- the elevated number of Covid-19 cases and deaths worldwide;
- the low yielding environment in both the United States and the global financial markets;
- the European Central Bank's negative interest rates on deposit facilities;
- the fragile global economic data, e.g., high unemployment rates around the world;
- the central banks' demand for gold;
- volatility on the financial markets;
- record rise in government debt levels globally; and
- substantial economic and geopolitical uncertainty going forward.

Management of international payments

Foreign exchange regulations and licensing

To protect Aruba's foreign exchange reserves, the CBA regulates the flow of international payments in accordance with the CBO. In 2020, due to the negative impact of the Covid-19 pandemic and the related policy measures and actions taken by the GOA to contain the spread of the virus, the CBA quickly implemented several foreign exchange restrictions. As of March 17, 2020, no new foreign exchange licenses relating to outgoing capital transactions nor dividend declarations were to be granted. Additionally, on March 27, 2020, the Decree Concerning Foreign Exchange Transactions 2013/K.2 (General Foreign Exchange Licenses) was suspended for outgoing capital transactions requiring a new foreign exchange license from the CBA until further notice.

Nonetheless, after careful consideration, the CBA granted, on a highly exceptional basis, 379 special foreign exchange licenses. The majority of these licenses were given to residents who bought real estate from non-residents, under the strict condition that the proceeds of the purchase would remain on a local third-party account of the related notary in Aruba, until the CBA's foreign exchange restrictions were lifted.

The value of the transactions for which licenses were granted by the CBA decreased considerably due to the mentioned capital restrictions, i.e., from Afl. 1,643.1 million in 2019 to Afl. 951.0 million in 2020 (see Chart 4).

The total number of declarations granted for dividend distribution/profit transfers also declined in 2020 attributed to

Chart 4 Value of foreign exchange licenses issued (amounts in Afl. million)

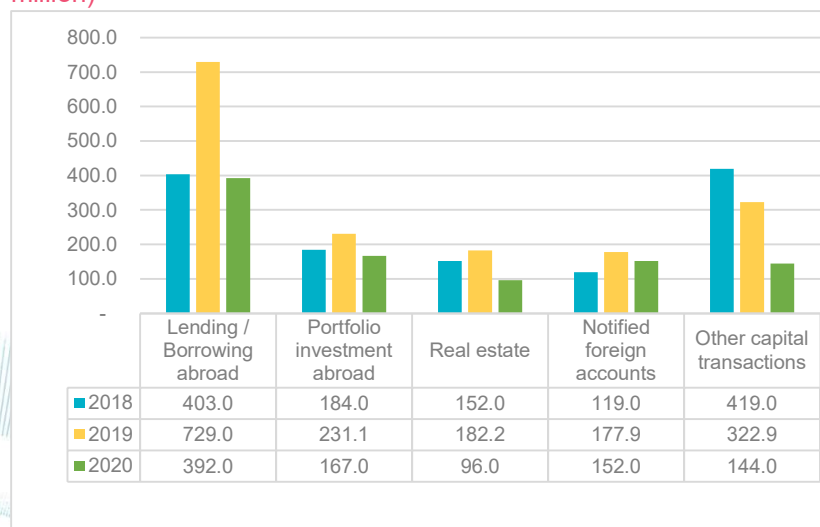
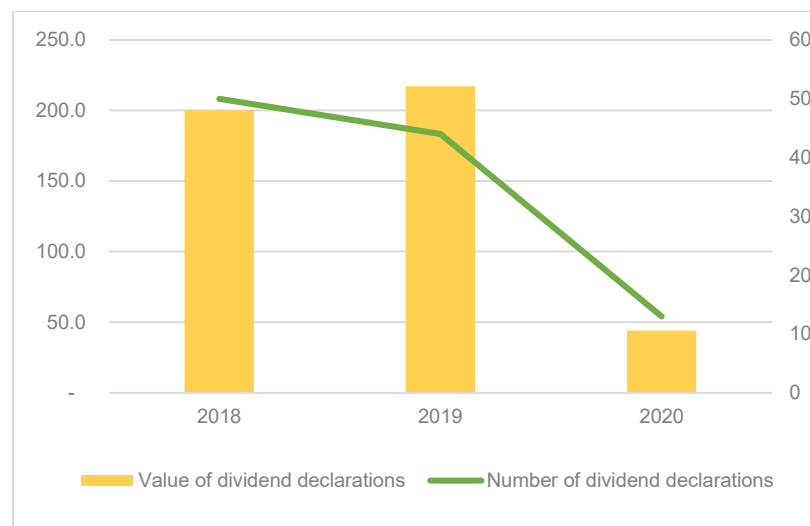


Chart 5: Volume and value of dividend declarations issued in 2020 (amounts in Afl. million)



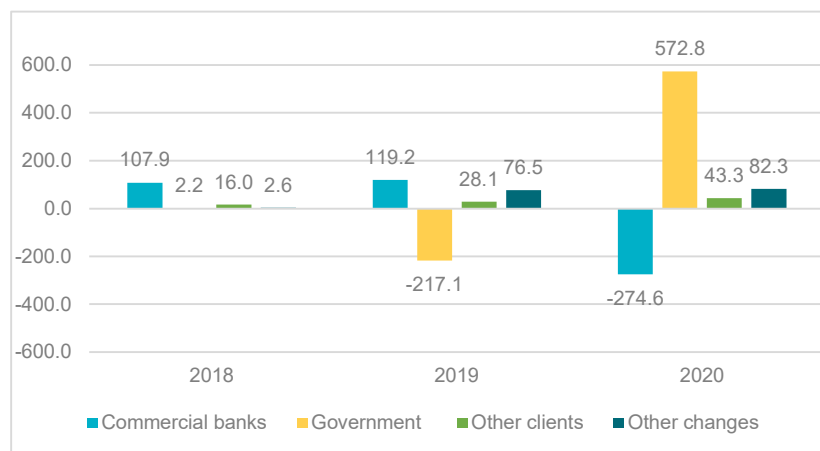
the mentioned restrictions, i.e., from 44 declarations in 2019 to 13 declarations in 2020 (see Chart 5). Subsequently, the value of dividend declarations fell from Afl. 217.0 million in 2019 to Afl. 44.0 million in 2020.

In view of the continuing recovery of the Aruban economy, as well as the fact that the foreign exchange reserves are at an adequate level, the CBA revoked all foreign exchange restrictions imposed, due to the Covid-19 pandemic, as of September 1, 2021. This entails that the general foreign exchange licenses returned to pre-pandemic normalcy.

Foreign exchange transactions

Foreign exchange transactions settled through the CBA resulted in a net foreign exchange inflow of Afl. 341.5 million in 2020, compared to a net outflow of Afl. 69.8 million in 2019 (see Chart 6). The aforementioned foreign exchange transactions were largely executed by the GOA and the commercial banks.

Chart 6: Value of foreign exchange transactions (amounts in Afl. million)



This outcome was mainly due to Afl. 572.8 million in foreign exchange sold by the GOA to the CBA in 2020, related to the proceeds from external borrowings, including two-year loans from the Netherlands for liquidity support purposes.

On the other hand, the foreign exchange transactions effectuated mainly by the commercial banks led to a net outflow of Afl. 274.6 million, compared to a net inflow of Afl. 119.2 million in 2019. This development reflected the elevated purchase of foreign currency by the commercial banks from the CBA, following their loss of foreign exchange inflows from the tourism sector.

Foreign exchange rates

The Aruban florin is pegged to the U.S. dollar at Afl. 1.79 per one U.S. dollar. The CBA's official buying and selling rates of the U.S. dollar from and to the commercial banks remained fixed at Afl. 1.7895 and Afl. 1.7905, respectively. Besides the daily exchange rate of the florin vis-à-vis the U.S. dollar, the

CBA also publishes on a daily basis quotations on its website for eight other foreign currencies, using the exchange rates published by Bloomberg Finance L.P.

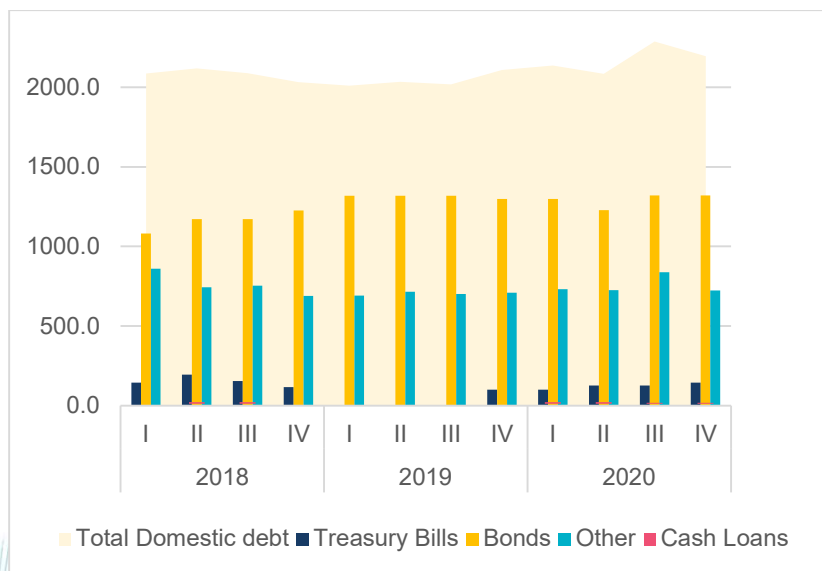
Banker of the GOA and other services

Pursuant to article 14 the CBO, the CBA acts as the banker for the GOA. It provides on a non-fee basis treasury management services to the GOA by executing its local and international payment requests. These payments are cleared through the accounts of the Department of Finance (DOF) and the Departamento di Impuesto (DIMP) held at the CBA.

Also, the CBA acts as agent for GOA domestic debt issuance and settlement. In 2020, the overall financing needs of the GOA reached record levels to cover its debt service and liquidity needs, ensuing from its ballooned budgetary commitments in executing several new programs to provide substantial financial assistance to many companies and families. Consequently, the GOA's domestic debt strategy for the 2020 fiscal year reversed course compared to 2019, by increasing the issuances of Treasury Bills, Cash Loans, and GOA Bonds on the domestic capital market in order to partially cover aforementioned liquidity.

The GOA's total outstanding domestic debt rose from Afl. 2,108.2 million at end-year 2019 to Afl. 2,193.9 million by end-2020 (see Chart 7). This was due to an increase in the issuance of treasury bills (+ Afl. 45.0 million), cash loans (+ Afl. 5.0 million), and bonds (Afl. 21.4 million), respectively.

Chart 7: Overview of the GOA's outstanding domestic debt in Afl. million



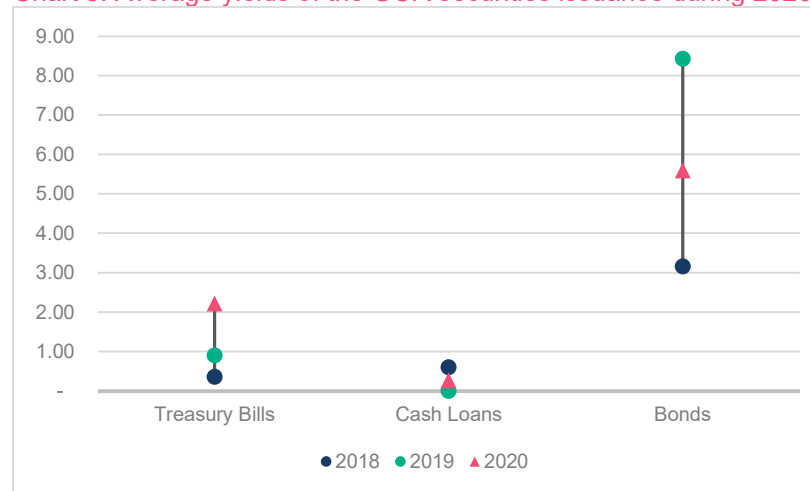
GOA securities issuance during 2020

In 2020, the CBA assisted the GOA with:

- the renewal of twelve (12) 3-month treasury bills issuances for the total outstanding amount of Afl. 125 million at year-end 2020;
- the issuance of two (2) 6-month cash loans for the total outstanding amount of Afl. 5 million at year-end 2020; and
- the issuance of four (4) bonds on two separate issue dates combining an issue denominated in Aruban florin and an issue denominated in US dollars. These bond issues totaled Afl. 100 million and USD 40.3 million, respectively, with a coupon rate of 5.30 percent with a maturity of seven (7) years.

The average yield on the 3-month treasury bills continued its increasing trend from 0.90 in 2019 to 2.22 in 2020 (see Chart 8).

Chart 8: Average yields of the GOA securities issuance during 2020



This was despite the fact that the excess liquidity on the domestic market rose in 2020, due to the temporary lowering of the reserve requirement. The mentioned higher yield reflected a change in the investor's sentiment in view of the ongoing Covid-19 pandemic and its huge impact on the liquidity needs of the GOA.

In contrast, the average yield on the bonds issued fell from 8.43 percent in 2019 to 5.59 percent in 2020 (see Chart 9). This movement may reflect the investor's preference in GOA bonds with shorter tenor given these unprecedented times related to the impact of the Covid-19 pandemic.

Modernizing the GOA securities issuance process

Electronic registry

In 2016, the CBA announced that it would no longer issue bearer bonds on behalf of the GOA as established in the State Decree containing Administrative Orders (AB 2014 no.

64), laying down the amendments of the State Decree on Treasury Papers (AB 1988 no. 66) for the introduction of an Electronic Registry.

Since then, the CBA has been issuing electronic bonds on behalf of the GOA and converting the outstanding bearer bonds into electronic registered bonds on a voluntary basis. As of December 31, 2020, 94.4 percent of the outstanding GOA bearer bonds were converted into electronic registered bonds. The remaining 5.6 percent will remain as bearer bonds until maturity, or upon request of the bond holder will be converted into electronic bonds.

Treasury bills application available for the public

In 2020, treasury bills applications were made available for the public as well. Public entities and natural persons interested in participating in the GOA's treasury bill issuances can apply through the intermediation of a local commercial bank. Currently, treasury bills are issued in multiples of Afl. 250,000.00 and Afl. 1,000,000.00 in order to make them more accessible to the public.

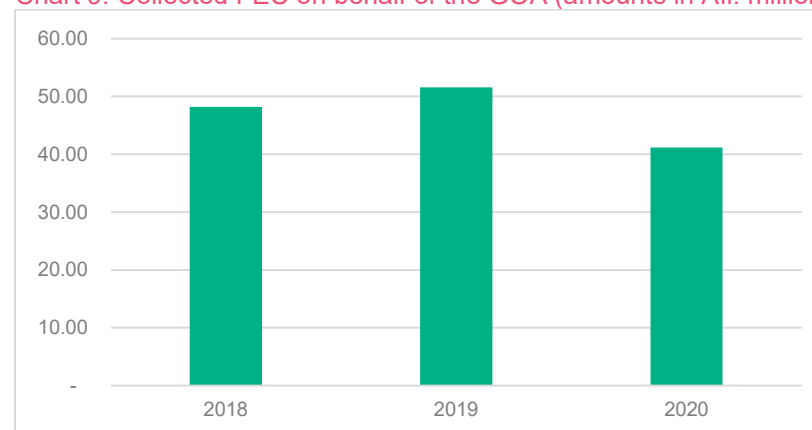
Foreign Exchange Commission (FEC)

Pursuant to the State Decree on Foreign Exchange Commission ((SOFEC), AB 1990 no. GT 5), the CBA is responsible for the collection and levy of the FEC. The full amount collected is credited to GOA's account held at CBA. The FEC is a commission due by residents to the GOA on their payments to non-residents.

In 2020, the CBA collected approximately Afl. 41.1 million in FEC (see Chart 9). This amount is Afl. 10.4 million lower when compared to 2019 (Afl. 51.6 million), as a result of the Covid-19 containment measures of the GOA, as well as the

CBA's foreign exchange restriction measures imposed in March 2020.

Chart 9: Collected FEC on behalf of the GOA (amounts in Afl. million)



14. Payment System

Currency operations

The CBA has the sole mandate to issue florin banknotes and coins in Aruba pursuant to the CBO. In carrying out this mandate with regard to banknotes, it determines the denomination, substrate, and characteristics of the florin banknotes. It ensures that the notes in circulation continue to meet the demand of Aruba's community, and that they are secured against counterfeiting. In addition, the CBA is entrusted with the issuance of coins on behalf of the GOA, and advises the GOA thereon. The total value of coins in circulation is accounted for in GOA's financial accounts.

Counterfeit florin banknotes

The CBA brings secure banknotes into circulation, with numerous cutting-edge security features that make them easy to check by the public and difficult to counterfeit. Accordingly, it provides extensive information on its website, Facebook, Instagram, mobile app, and through brochures via the commercial banks to help the public verify the authenticity of the florin banknotes. During 2020, the CBA did not register any counterfeit florin banknotes, as was the case in 2019.

Currency in circulation in 2020

The total number of banknotes brought into circulation jumped by 11.9 percent in 2020 compared to 2019. Consequently, the total value of banknotes in circulation rose by 16.9 percent compared to 2019, reaching Afl. 302.6 million at the end of 2020. This increase occurred despite the widespread use of payment cards, including debit and credit

cards, and electronic payments through online banking, which may be related to less cash U.S. dollars circulating in the Aruban economy.

The Afl. 100 denomination continues to represent the largest share of all banknotes issued, comprising 49.1 percent of the total banknotes in circulation (see Chart 10). The banknote series that are no longer legal tender but are still in circulation can be exchanged at the CBA until the following deadlines:

- the 1986 series florin banknotes (December 31, 2021),
- the Afl. 5 banknote of the 1990/1993 series florin banknotes (January 31, 2034), and
- the 2003 series florin banknotes (August 12, 2049).

Chart 10: Banknotes in circulation by denomination in 2020 (percentage share of total number of all banknotes in circulation)

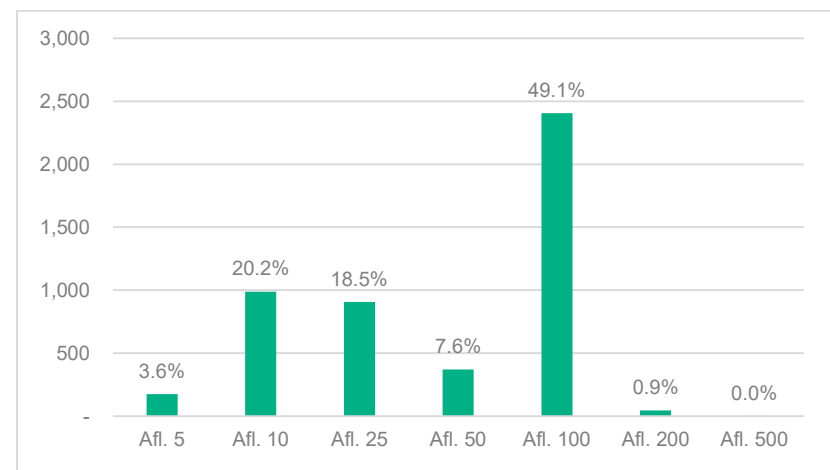
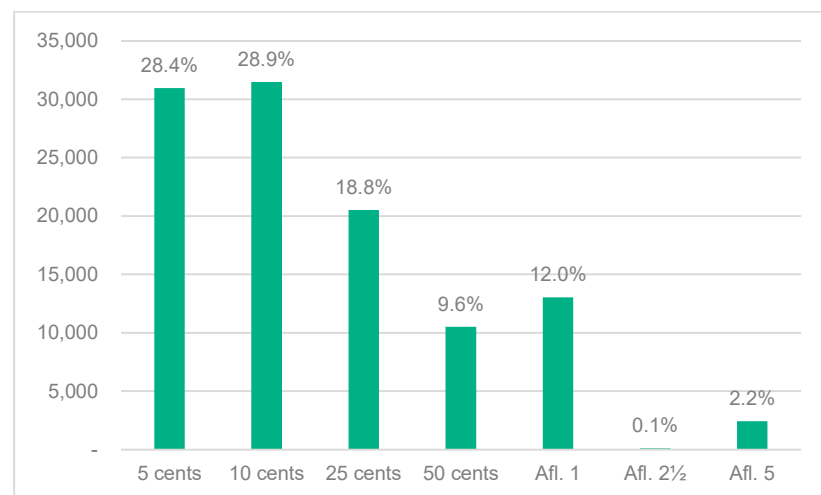


Chart 11: Coins in circulation by denomination in 2020 (percentage share of total number of all banknotes in circulation)



The total number of coins in circulation increased by 1.7 percent in 2020 compared to 2019, resulting in a growth in the total value of coins in circulation of Afl. 815 thousand to Afl. 40.5 million, compared to Afl. 39.7 million in 2019. The two smallest coin denominations, the 5 cent and 10 cent coins, remain the largest in circulation, followed by the 25 cent coin (see Chart 11).

Commemorative coin

In 2020, on behalf of the GOA, the CBA issued one (1) silver commemorative proof quality coin with a nominal face value of Afl. 5, depicting the “Blenchi”.

The hummingbird is known as “Blenchi” in Papiamentu. This special bird found in Aruba is often heard before it is seen. Because its wings can flap as fast as eighty times per second, the hummingbird makes a distinct buzzing sound. In addition, it is one of the smallest birds in the world; some species are

only six centimeters long. It loves nectar and uses its narrow beak to take it straight out of the flower’s calyx. Because of its extraordinary flying technique, the “Blenchi” is able to hold the perfect position for sipping the nectar. This speedy bird is renowned for the stunts it performs in the air, and it can even fly backwards.



Payment System

On January 18, 2020, the CBA in close cooperation with the commercial banks implemented the Instant Payment Clearing and Settlement Mechanism (IP CSM). The implementation of this new payment rail brought about a major breakthrough in the local payment landscape, because the entire banking community in Aruba has completely switched from traditional batch payments to instant payments.

The instant payment solution is called I-Pago, the trademark for the instant payment services provided in Aruba. The latter is an important step forward in the modernization of the payment infrastructure of Aruba.



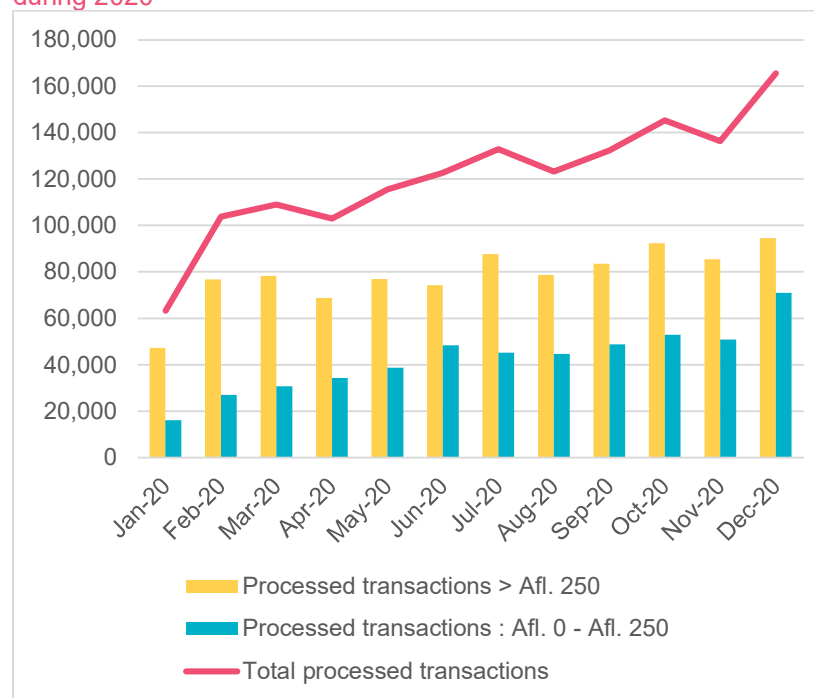
Payments can now be done as fast and easy as with cash, significantly lowering transaction times, reducing uncertainty of payments, and, thereby, enhancing transparency.

One of the main advantages of I-Pago is that the beneficiary has immediate access to the received funds. For e-commerce purposes, instant payments eliminate the risk for online merchants of not getting paid, as well as the risk for the customer of not receiving the goods despite having paid, because the release of goods and services can be quickly synchronized with the payment. For business-to-business payments, instant payments improve cash flow, make it easier to manage funds, reduce late payments, and speed up the payment of invoices, even when customers' accounts are at different banks.

At the same time, the CBA introduced a new fee structure for the use of I-Pago by the participating commercial banks. The fee structure was based on the investments CBA made and transaction volume estimates. As of January 2020, all transactions equal or below Afl. 250 were free of charge, while a fee of 70 cents was charged on all transactions above Afl. 250. With this fee structure, the CBA wants to stimulate the widespread use of I-Pago.

The mentioned fee structure led to an increase in both transactions with a value below and above Afl. 250 in 2020. A total of 1.3 million transactions were successfully processed through the IP CSM, consisting of 0.5 million transactions up to Afl. 250, and 0.8 million transactions above Afl. 250 (see Chart 12). Despite the severe measures taken by the GOA to contain the spread of Covid-19 virus, such as the "shelter-in-place" at the start of the pandemic, local retail businesses were able to continue to provide services to the community given this innovative, efficient, and reliable payment rail.

Chart 12: Number of monthly transactions processed by IP CSM during 2020





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