



## CENTRALE BANK VAN ARUBA

### Statistical News Release

Date: March 9, 2022

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

#### *Money and credit*

In the fourth quarter of 2021, the money supply expanded by Afl. 213.5 million to Afl. 5,368.1 million, compared to the third quarter of 2021 (Table 1 and Chart 1). This rise resulted from an increase in net foreign assets (+Afl. 242.2 million) and a decline in net domestic assets (-Afl. 28.8 million).

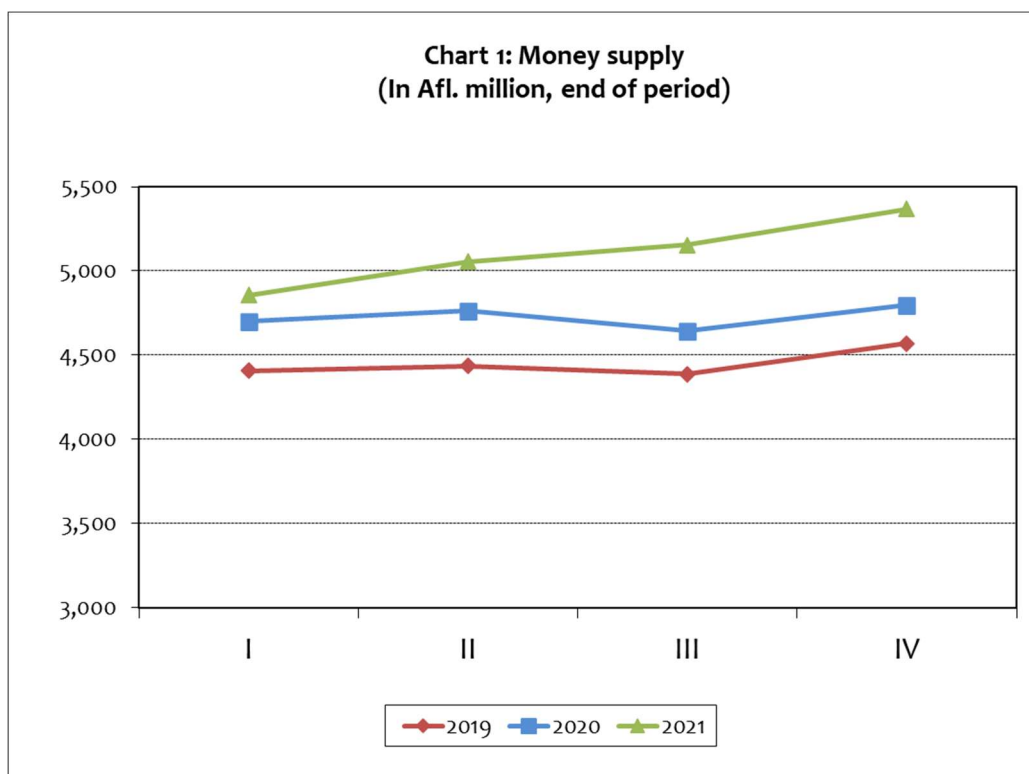
<b>Table 1: Monetary survey</b> (figures in Afl. million)	<b>2020</b>	<b>2021</b>		<b>Changes</b>	
	<b>Q4</b>	<b>Q3</b>	<b>Q4</b>	<b>Q4-21 vs Q4-20</b>	<b>Q4-21 vs Q3-21</b>
<b>I. Net domestic assets</b>	<b>2,741.5</b>	<b>2,512.6</b>	<b>2,483.8</b>	<b>-257.7</b>	<b>-28.8</b>
A. Domestic credit	3,938.4	3,808.6	3,787.6	-150.8	-21.0
◦ Net claims on the public sector	467.7	401.0	364.3	-103.5	-36.7
◦ Claims on the private sector	3,470.7	3,407.6	3,423.3	-47.3	15.7
▪ Loans to enterprises	1,523.7	1,490.4	1,501.3	-22.5	10.9
▪ Loans to individuals	1,934.5	1,904.7	1,909.5	-25.0	4.8
- Consumer credit	475.4	434.6	424.1	-51.3	-10.5
- Housing mortgages	1,459.2	1,470.1	1,485.4	26.2	15.3
▪ Other claims by the banking sector	12.4	12.5	12.6	0.2	0.1
B. Non-credit-related balance sheet items	-1,196.9	-1,296.1	-1,303.8	-106.9	-7.7
<b>II. Net foreign assets</b>	<b>2,055.9</b>	<b>2,642.1</b>	<b>2,884.3</b>	<b>828.5</b>	<b>242.2</b>
<b>III. Broad money</b>	<b>4,797.4</b>	<b>5,154.7</b>	<b>5,368.1</b>	<b>570.7</b>	<b>213.5</b>
Money	2,734.9	3,064.8	3,187.4	452.5	122.6
Quasi-money	2,062.5	2,089.9	2,180.7	118.3	90.8

Source: Centrale Bank van Aruba

The contraction in the domestic component of the money supply was the result of decreases in domestic credit of Afl. 21.0 million and in non-credit related balance sheet items of Afl. 7.7 million. The decline in non-credit related balance sheet items resulted from reductions in 'other liabilities', 'premises and equipment', 'accounts receivable and prepayments', and 'provision for loan losses', and an increase in 'Shareholders' Equity'.

The narrowing domestic credit was due to a decrease in net claims of the banking sector on the public sector (-Afl. 36.7 million) and a rise in claims of the banking sector on the private sector (+Afl. 15.7 million). The lower net claims of the banking sector on the public sector resulted from lower gross claims (-Afl. 72.4 million) and lower government deposits (-Afl. 35.7 million).

The higher claims of the banking sector on the private sector were caused by upturns in loans to enterprises (+Afl. 10.9 million) and housing mortgages (+Afl. 15.3 million) and a decrease in consumer credit (-Afl. 10.5 million).



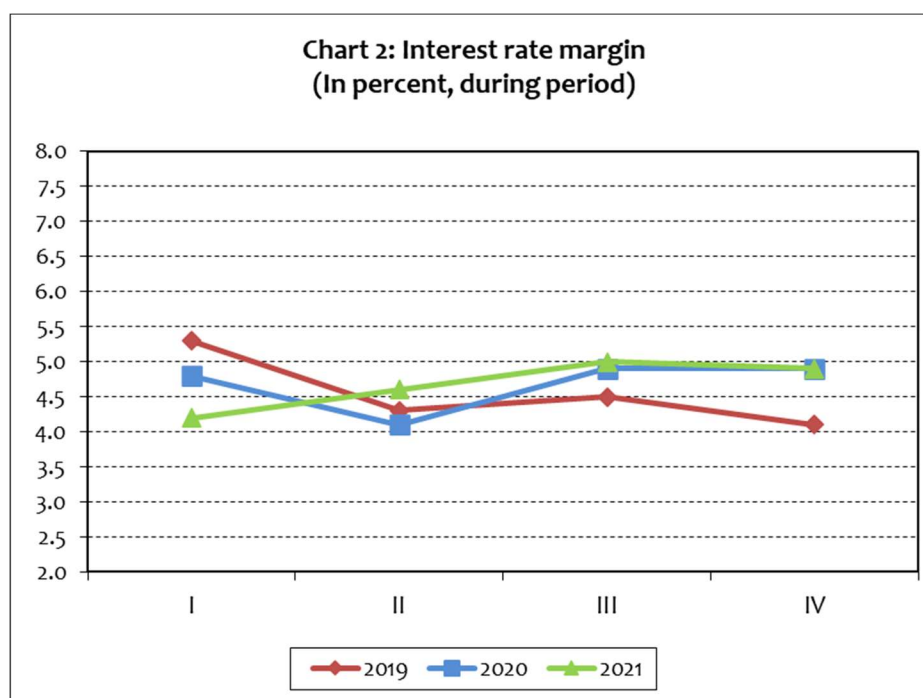
Source: Centrale Bank van Aruba

### *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) decreased by 0.1 percentage point to 4.9 percent in the fourth quarter of 2021, when compared to the third quarter of 2021 (Table 2 and Chart 2). This resulted from a decrease of 0.1 percentage point to 6.5 percent in the weighted average rate of interest charged on new loans, while the weighted average rate of interest offered on new deposits remained at 1.6 percent.

Table 2: Interest rates of the commercial banks (weighted averages related to transactions during indicated period)	2020	2021	
	Q4	Q3	Q4
<b>Weighted average rate of interest on new deposits</b>	<b>1.7</b>	<b>1.6</b>	<b>1.6</b>
Time deposits ≤ 12 months	1.5	1.3	1.4
Time deposits > 12 months	3.1	2.5	2.4
Savings deposits	1.7	1.8	1.3
<b>Weighted average rate of interest on new loans</b>	<b>6.7</b>	<b>6.6</b>	<b>6.5</b>
<b>Individual</b>			
Consumer credit	8.8	9.4	9.6
Housing mortgages	5.6	5.5	5.5
<b>Commercial</b>			
Commercial mortgages	6.3	6.3	6.3
Other loans - Including current accounts (overdraft) facilities	6.8	6.3	6.3
<b>Interest rate margin</b>	<b>4.9</b>	<b>5.0</b>	<b>4.9</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. 51.6 million or 1.0 percent to Afl. 5,007.1 million, compared to the third quarter of 2021 (Table 3). This growth was caused by a surge in net foreign assets (+Afl. 62.0million) and a decrease in domestic

claims (-Afl. 10.5 million). On the liability side, the pension fund provisions grew by Afl. 18.1 million and the insurance reserve fund decreased by Afl. 13.2 million, when compared to the third quarter of 2021. The 'borrowings and deposits' remained unchanged. An amount of Afl. 304.8 million was recorded for other items (net), compared to Afl. 258.1 million in the previous quarter.

Table 3: Nonmonetary financial institutions	2020	2021		Changes	
End of period	Q4	Q3	Q4	Q4-21 vs Q4-20	Q4-21 vs Q3-21
1. Net foreign assets	1,742.1	1,919.4	1,981.4	239.3	62.0
2. Domestic claims	3,031.9	3,036.2	3,025.7	-6.2	-10.5
a. Government	1,532.4	1,529.6	1,482.6	-49.8	-47.0
b. Private sector	1,499.5	1,506.6	1,543.1	43.6	36.5
3. Total assets = total liabilities	4,774.0	4,955.5	5,007.1	233.1	51.6
4. Borrowings and deposits	11.5	2.0	2.0	-9.5	0.0
a. Government	1.8	1.6	1.6	-0.2	0.0
b. Other residents	9.7	0.4	0.4	-9.3	0.0
5. Pension fund provisions	3,206.1	3,246.3	3,264.4	58.3	18.1
6. Insurance reserve fund	1,387.2	1,449.1	1,435.9	48.7	-13.2
7. Other items, net	169.2	258.1	304.8	135.6	46.7

Source: Centrale Bank van Aruba

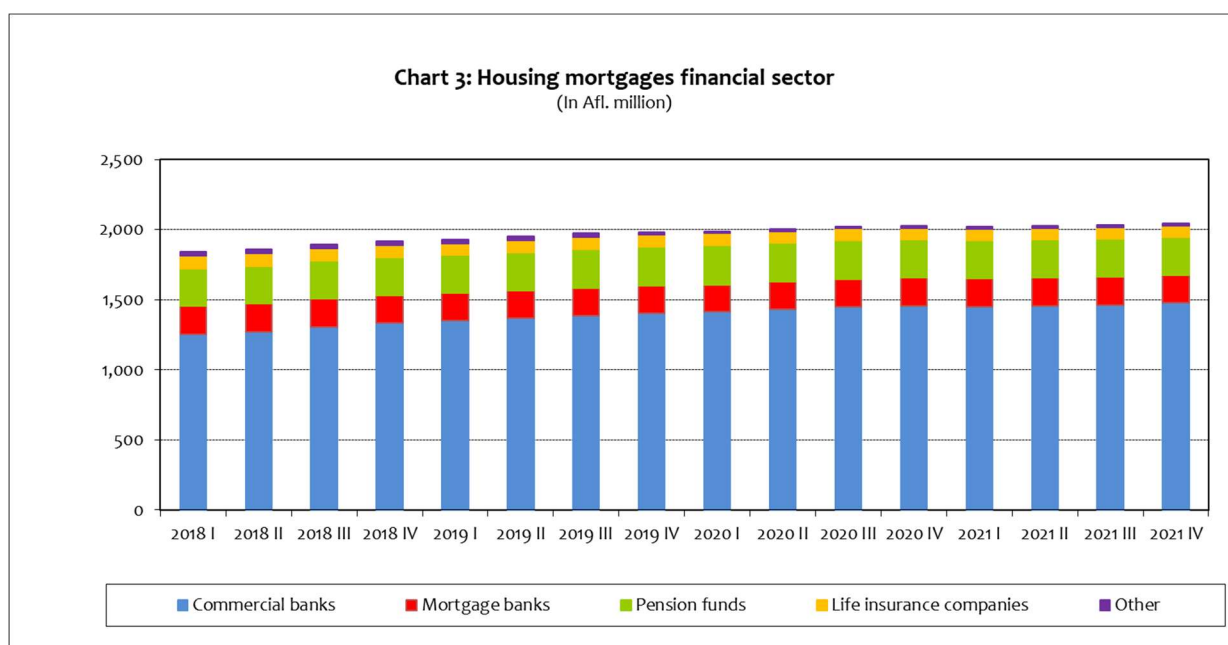
### *Mortgage market*

Housing mortgage lending of the financial institutions expanded by Afl. 11.3 million to Afl. 2,044.1 million at the end of December 2021, compared to the end of September 2021 (Table 4 and Chart 3). This rise resulted from an increase in housing mortgage lending by the commercial banks (+Afl. 15.3 million). In contrast, lending by mortgage banks (-Afl. 1.6 million), pension funds (-Afl. 1.4 million), life insurance companies (-Afl. 1.0 million), and other financial institution (-Afl. 0.1 million) decreased.

Table 4: Housing mortgages	2020			2021					
	Q4			Q3			Q4		
	Afl.	Change	Market share	Afl.	Change	Market share	Afl.	Change	Market share
End of period									
<b>Total</b>	<b>2,025.9</b>	<b>3.5</b>	<b>100.0%</b>	<b>2,032.7</b>	<b>6.0</b>	<b>100.0%</b>	<b>2,044.1</b>	<b>11.3</b>	<b>100.0%</b>
Commercial banks	1,452.3	5.5	71.7%	1,462.2	7.7	71.9%	1,477.6	15.4	72.3%
Mortgage banks	202.0	1.3	10.0%	199.3	-0.4	9.8%	197.7	-1.6	9.7%
Pension funds	273.9	-4.0	13.5%	272.7	-2.0	13.4%	271.3	-1.4	13.3%
Life Insurance Companies	81.7	0.4	4.0%	81.8	0.5	4.0%	80.8	-1.0	4.0%
Other	16.0	0.3	0.8%	16.6	0.2	0.8%	16.6	-0.1	0.8%

Source: Centrale Bank van Aruba

At the end of December 2021, there was an increase in the market share of the commercial banks (+0.6 percentage point) when compared to the fourth quarter of 2020. In contrast, the market share contracted for mortgage banks (-0.3 percentage point) and pension funds (-0.2 percentage point). The market share for life insurance companies and other financial institutions remained the same.



Source: Centrale Bank van Aruba