



CENTRALE BANK VAN ARUBA

The Central Bank of Aruba decided to lower the Reserve Requirement from 16.5% to 15.5% effective December 1, 2024

Press Release

Effective December 1, 2024, the Central Bank of Aruba (CBA) reduced the reserve requirement for commercial banks from 16.5% to 15.5%. This monetary policy decision eases the minimum balances that local commercial banks must hold at the CBA, thereby increasing the funds at their disposal to finance lending and investment.

Key highlights

1. Credit growth and adequate foreign reserves

Credit growth (even when excluding large incidentals) picked up in recent months compared to the start of 2024. Nevertheless, as of November 1, 2024, foreign reserves were amply above the benchmarks monitored by the CBA, which are the current account coverage ratio and the reserve adequacy metric as used by the International Monetary Fund (IMF). Furthermore, the CBA expects that official and international reserves will remain adequate during the remainder of 2024.

2. The projected slowdown in the End-of-Period (EOP) inflation

In September 2024, the EOP inflation rate decreased to 1.5%, down from 2.9% in the previous month. The decreased EOP inflation was due mainly to smaller contributions by the inflation components maintenance and repair of dwellings and gasoline. Moreover, the CBA anticipates a further deceleration in the EOP inflation by the end of December 2024.

The CBA continues to monitor monetary and economic indicators and will adjust its monetary policy stance as needed to maintain the value of the florin.

For further information, please email: communications@cbaruba.org

Centrale Bank van Aruba

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