FINANCIAL SECTOR SUPERVISION REPORT 2019

CENTRALE BANK VAN ARUBA

Cover design: “Grain, leaf & flower”. A resilient green plant with blooms illustrates economic growth and trust; the grain represents the complexity of the network of participants in our island economy in a transparent way.

The full text of this report is available on the CBA website.

PREFACE

Through the publication of the Financial Sector Supervision Report 2019, the Centrale Bank van Aruba (CBA) complies with the legal requirement to report each year to the Minister of Finance on the execution of the different supervisory state ordinances, including the ordinances in the areas of Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT)[1]. This report also aims to inform all stakeholders of the main activities of the CBA in the field of prudential and integrity supervision, the enforcement thereof, and the changes in the international and domestic regulatory and supervisory landscape. It also provides a short analysis of the main developments in the financial sector during 2019.

Although this report focuses mainly on the developments that took place in 2019, it is inevitable to reflect also on the unprecedented situation Aruba is currently facing as a result of the COVID-19 pandemic, including its impact on the financial sector. Similar to other countries, the Government of Aruba (GOA) took drastic measures to mitigate the outbreak of the virus on the island, such as the lock-out of inbound tourist travel, shelter-in-place, social distancing, and curfew, to name a few. In consideration of the immense economic impact of these measures, the CBA took measures in the monetary, prudential, and foreign exchange domains to quickly amplify the commercial banks' liquidity and loss-absorption capacity, and to protect the international reserves.

This was done to ensure that banks are able to support the additional credit needs that may arise from the economic crisis. Although at the time of writing this report, there is no indication that the financial sector will not be able to withstand the economic and financial shock arising from the COVID-19 pandemic, much uncertainty remains on its ultimate impact on the economy of Aruba in case of a prolonged and deeper than expected economic crisis.

As a policy response to the adverse economic and financial developments resulting from COVID-19, the CBA decided, amongst other things, to ease the capital and liquidity requirements applicable to credit institutions to ensure that the commercial banks can continue their lending activities.

The CBA also conducted a stress-testing exercise to assess the impact of some adverse scenarios on the financial position of the commercial banks. The results show that the impact of COVID-19 may be very significant; however, the ample capital and liquidity buffers and the temporary relief of the prudential requirements provide the banks with room to weather this unprecedented economic crisis.

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[1] In compliance with article 50 of the State Ordinance on the Supervision of the Credit System (AB 1998 no. 16), article 28 of the State Ordinance on the Supervision of the Insurance Business (AB 2000 no. 82), article 23 of the State Ordinance on Company Pension Funds (AB 1998 no. GT 17), article 30 of the State Ordinance on the Supervision of Money Transfer Companies (AB 2003 no. 60), article 29 of the State Ordinance on the Supervision of Trust Service Providers (AB 2009 no. 13), article 112 of the State Ordinance on the Supervision of the Securities Business (AB 2016 no. 53), and article 52 of the State Ordinance on the Prevention and Combating of Money Laundering and Terrorism Financing (AB 2011 no. 28).

The COVID-19 pandemic also has shown clearly the necessity of having high capital and liquidity buffers in place. Paragraph 3.3 provides more details on the measures the CBA took in connection with COVID-19.

LIST OF ABBREVIATIONS

ABA	Aruban Bankers' Association
Afl.	Aruban florin
AFM	Autoriteit Financiële Markten (the Netherlands Authority for the Financial Markets)
ALLP	Allocated loan loss provision
AML/CFT	Anti-Money Laundering and Combating Financing of Terrorism
AML/CFT Handbook	Handbook for the Prevention and Detection of Money Laundering and Financing of Terrorism
AML/CFT State Ordinance	State Ordinance on the Prevention and Combating of Money Laundering and Terrorist Financing
APFA	Stichting Algemeen Pensioenfonds Aruba (the Civil Servants Pension Fund)
APR	Annual percentage rate
ASBA	Association of Supervisors of Banks of the Americas
ASD	Annual Statistical Digest
AVA	Arubaanse Vereniging voor Accountants (the Aruban Association of Accountants)
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
CBA	Centrale Bank van Aruba (the Central Bank of Aruba)
CBCS	Centrale Bank van Curaçao en Sint Maarten (the Central Bank of Curaçao and Sint Maarten)
CDD	Customer Due Diligence
CFATF	Caribbean Financial Action Task Force
CGBS	Caribbean Group of Banking Supervisors
COA	Chart of Accounts
DBB	"Dienst Buitenlandse Betrekkingen"
DNB	De Nederlandsche Bank N.V. (the Dutch Central Bank)
DNFBPs	Designated Non-Financial Businesses and Professions
DWJZ	Department of the Ministry of Justice
EDD	Enhanced Due Diligence
EML	Enforcement, Market Entry & Legal Advisory Department
FAME	Forecasting, Analytics, Modelling Environment
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit (*Meldpunt Ongebruikelijke Transacties*)
FSB	Financial Stability Board
GDP	Gross Domestic Product
GIFCS	Group of International Finance Centre Supervisors
GIICS	Group of International Insurance Centre Supervisors
GOA	Government of Aruba
IAA	Insurance Association of Aruba
IAIS	International Association of Insurance Supervisors
IFRS	International Financial Reporting Standards
IIF	Institute for International Finance
IMF	International Monetary Fund
ISD	Integrity Supervision Department
MFSCG	Monetary and Financial Statistics Compilation Guide
MLCO	Money Laundering Compliance Officer
MoU	Memorandum of Understanding
(M)MoU	Multilateral MoU
NRA	National AML/CFT Risk Assessment
PLR	Prudential Liquidity Ratio

PSD	Prudential Supervision Department
OCC	U.S. Comptroller of the Currency
SDCIC	State Decree on Captive Insurance Companies
SDSIB	State Decree on the Supervision of Insurance Brokers
SOCPF	State Ordinance on Company Pension Funds
SOSCS	State Ordinance on the Supervision of the Credit System
SOSIB	State Ordinance on the Supervision of the Insurance Business
SOSMTC	State Ordinance on the Supervision of Money Transfer Companies
SOSSB	State Ordinance on the Supervision of the Securities Business
SOSTSP	State Ordinance on the Supervision of Trust Service Providers
TRM	Technology Risk Management
TSPs	Trust service providers
VA	Virtual Assets
VASP	Virtual Assets Service Providers

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CHAPTER 1

THE SUPERVISORY MANDATE AND ACHIEVEMENTS IN 2019 AT A GLANCE

The CBA is the sole supervisory authority with respect to the financial sector. In executing its supervisory task, the CBA seeks to safeguard confidence in the financial system by promoting (financial) soundness and integrity of the supervised sectors and institutions. The CBA, pursuant to the sectoral supervisory state ordinances, is responsible for the regulation and supervision of the credit institutions, insurance companies, insurance brokers, company pension funds, money transfer companies, trust service providers (TSPs), and the securities business.

In addition, the CBA is entrusted with overseeing compliance with the State Ordinance on the Prevention and Combating of Money Laundering and Terrorist Financing (AB 2011 no. 28) (AML/CFT State Ordinance) and the Sanction State Ordinance 2006 (AB 2007 no. 24). The AML/CFT oversight includes, besides the financial institutions, the so-called Designated Non-Financial Businesses and Professions (DNFBPs), i.e., TSPs, lawyers, civil notaries, tax advisors, accountants, jewelers, car dealers, real estate brokers, and casinos.

In 2016, the CBA designed its strategic plan called “Bela Yen: Nos Plan Strategico 2016-2020” (Bela Yen)[2]. Bela Yen sets the strategic priorities for the years 2016 – 2020, thereby also giving direction to the supervisory agenda.

The following three main ambitions have been set out in Bela Yen:

1. The CBA is recognized as a prominent central bank in the region.
2. The CBA executes its tasks in an efficient and result-oriented manner.
3. The CBA is an attractive organization for top talents.

These three main ambitions form the basis of the 11 strategic objectives formulated in Bela Yen (see Figure 1.1).

[2] “Bela Yen” is a saying in Papiamento meaning “full steam ahead”.

Figure: 1.1 Bela Yen: Main ambitions and their strategic objectives

① **The CBA is recognized as a prominent central bank in the region**

I. Trust in the florin is maintained.

II. Confidence in the financial system is retained.

III. The safety, reliability, and efficiency of the payments system are increased to the level chosen by us in accordance with best practices.

IV. Economic intelligence is of high quality, timely, independent, and reliable.

V. A knowledge institute for financial stability and economic resilience is created.

② **The CBA executes its tasks in an efficient and result-oriented manner**

VI. Our financial position is strengthened.

VII. Effective internal and external communication is accomplished.

VIII. The provision of information, including the management information system, is strengthened through digital transformation.

IX. We operate optimally by applying an adequate governance model.

X. Our other services are strengthened (both internally and externally).

③ **The CBA is an attractive organization for top talents**

XI. A (strategic) human resource management policy is implemented and embedded across the organization in an effective and innovative manner.

Strategic objective II “Confidence in the financial system is retained” is particularly important to the CBA’s mandate in the area of financial sector oversight.

Figure 1.2 illustrates the components related to Strategic objective II.

Figure 1.2: Components of Strategic objective II. Confidence in the financial system is retained

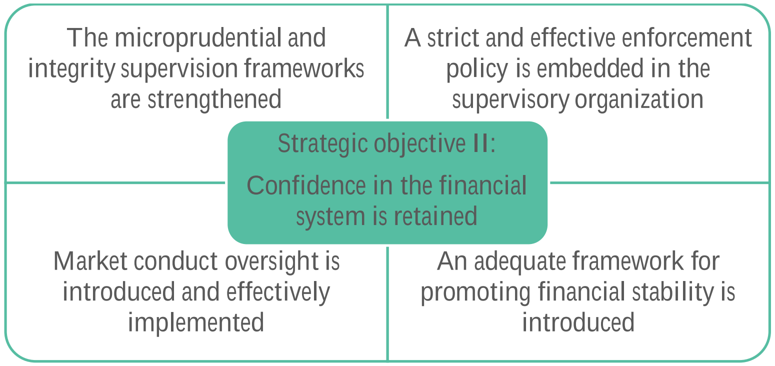


Figure 1.3 highlights the most important achievements in 2019 in the areas of prudential supervision, integrity supervision, and market entry and supervisory enforcement, which contribute to the accomplishment of Strategic objective II.

Figure 1.3: Overview of the major achievements in key supervisory areas in 2019

Prudential Supervision

- Conduct of 11 onsite examinations primarily in the areas of asset quality and governance;
- Implementation of a framework for risk-based supervision for credit institutions, insurance companies, and company pension funds;
- Strengthening of the guidelines for insurance companies for the calculation of the solvency margin;
- Issuance of a revised directive on the publication of the effective interest rate;
- Issuance of a revised directive on the publication of the audited annual financial statements;
- Issuance of a (revised) directive on the appointment of an external auditor;
- Issuance of a directive on the appointment of a certifying actuary.

Integrity Supervision

- Conduct of 22 AML/CFT onsite examinations;
- Organization of five information sessions for financial institutions and DNFBPs;
- Coordination of the National AML/CFT Risk Assessment (NRA) Aruba, including the organization of a 3-day workshop in collaboration with the World Bank;
- Revision of the AML/CFT Handbook;
- Drafting of a proposal for the amendment of the AML/CFT State Ordinance in connection with the introduction of a new banknote series;
- Issuance of a brochure for DNFBPs regarding “How to combat money laundering and terrorist financing in 5 steps”;
- Provision of an assessor to the GIFCS for its assessment of the Cayman Islands vis-à-vis the GIFCS standards regarding the supervision of trust companies.

Market Entry and Enforcement

- Registration of two money exchange companies;
- Granting of 12 dispensations to insurance brokers to conduct brokerage services for insurance companies not established in Aruba;
- Granting of dispensations to two persons to act as a sales agent at two insurance companies established in Aruba;
- Starting implementation of the revised policy rule on banking licenses and admission requirements for credit institutions operating in or from Aruba;
- Intensified enforcement of the supervisory laws and regulations, as evidenced by a sharp increase in the number of administrative fines and other enforcement measures imposed by the CBA over the past few years.

CHAPTER 2

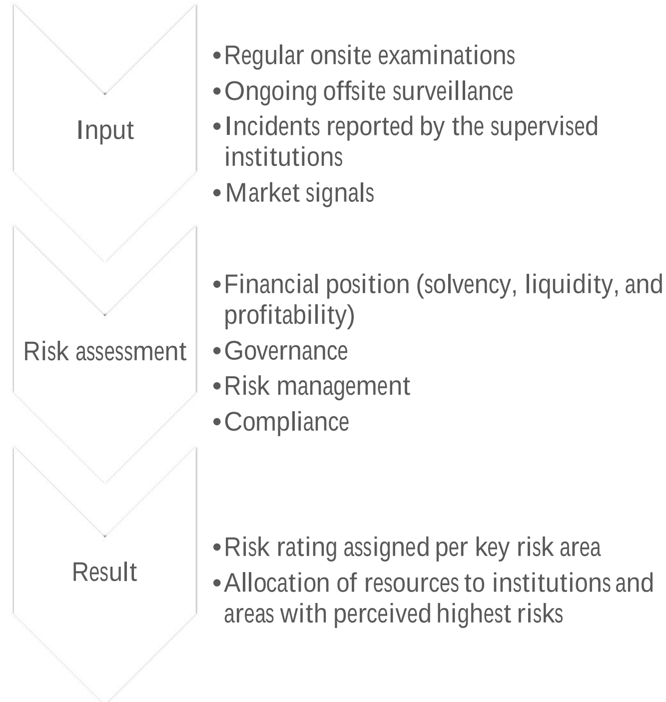
SUPERVISORY APPROACH

Over the years, the CBA has shifted from a compliance-oriented approach to a risk-based supervisory approach, thereby allocating its supervisory resources to institutions and areas with the highest risks. As part of the risk-based supervisory framework, the CBA strives to address the "root cause" of problems rather than treat the symptoms. Using this approach, the CBA aims for persistent and intrusive supervision conducted effectively and efficiently.

In 2017, the CBA established a risk-based supervision framework for credit institutions, insurance companies, and company pension funds (see Figure 2.1). During 2019, three panel sessions were held to discuss the outcome of the risk assessments performed and the internal risk ratings allocated to key risk areas (inter alia, financial position, governance, risk management, and compliance) of the institutions concerned. The implementation of a risk-based supervision framework has contributed to a more effective allocation of the scarce supervisory resources to the supervised institutions and areas with the highest risks as identified by these risk assessments.

The regular onsite examinations at the supervised financial institutions, as well as the ongoing offsite surveillance, which includes the desk-review of the required periodic financial and regulatory reports filed by the supervised entities, are the main pillars through which the CBA executes its oversight. These onsite examinations together with the ongoing offsite surveillance serve as the primary source of information to feed the risk-based supervisory framework. The onsite and offsite activities are key to maintaining a close watch on the financial and nonfinancial developments at the supervised institutions, assessing their ongoing compliance with the relevant laws and regulations, and, if and where deemed necessary, taking appropriate measures to enforce compliance.

Figure 2.1 Key components of the risk-based supervision framework



As part of its AML/CFT supervision, in 2019, the CBA conducted 22 onsite examinations in 2019 at six financial institutions and 16 DNFBPs. The selection of institutions for the onsite examinations was driven mainly by the risk assessment performed on a sectoral or individual level. The risk-based approach applied to integrity supervision definitely has contributed to a more effective allocation of the resources available, evidenced also by the sharp increase in the number of targeted AML/CFT onsite examinations executed over the past few years.

Five AML/CFT information sessions were organized by the CBA during 2019 for the following sectors and professions: banks, trust service providers, accountants, tax advisors, and lawyers. The objective of these information sessions was to create a higher degree of awareness of the AML/CFT requirements and to provide some guidance in areas needing improvement. The information sessions focused on topics like transaction monitoring (accountants, tax advisors, TSPs), AML/CFT compliance (lawyers), and de-risking (banks)).

To further enhance the AML/CFT risk-based approach, the CBA sent AML/CFT questionnaires to all sectors under its supervision. The main objective of the survey was to obtain up-to-date and detailed information about the AML/CFT framework in place at the different institutions. The responses received were analyzed and, subsequently, feedback was given to the sectors where significant shortcomings were found. Additionally, the information obtained will be used by the CBA for its AML/CFT risk-based approach. The CBA also sent a questionnaire to the commercial banks on the topic of de-risking to assess the state of play with regard to the correspondent banking relationships of the banks and their contingency plans. Based upon the results of the survey and the conversations held, the CBA concluded that international correspondent banks keep raising the bar for AML/CFT compliance. The correspondent banks also are paying increased attention to the topic of corruption. Thus, it is important for Aruba to upgrade its anti-corruption framework swiftly.

In 2019, the CBA designed a brochure for the DNFBPs outlining a simple 5-step approach to protect themselves against money laundering and terrorist financing. This brochure was sent to all DNFBPs and also to the Chamber of Commerce and Industry Aruba for distribution to relevant parties. It also was made digitally available on the CBA website. Herewith the CBA aims to increase the awareness amongst DNFBPs on their obligation vis-à-vis the relevant laws and regulations in the area of AML/CFT.

In consideration of the increasing complexity of the (international) regulatory framework and the dynamic environment in which financial institutions operate, the CBA strives to maintain a highly qualified supervisory staff at all times by also investing in ongoing training in the areas of financial sector supervision and AML/CFT. Such trainings are key to the CBA's maintaining high quality oversight of the supervised institutions and keeping abreast of relevant developments.

With due observance of the technological innovations in the financial services industry ("FinTech")[3] and the shift in supervisory approaches driven by "RegTech" and "SupTech"[4], the CBA continued to closely monitor the developments in this area. In November 2019, the CBA attended the 26th RegTech Convention 'Transformation & Agility' held in Frankfurt, Germany, which was organized by BearingPoint. During this convention, participants exchanged their views on the ongoing transformation process in the financial sector and the associated opportunities and risks. Presenters from the financial market industry as well as the financial sector supervisory authorities covered a diverse set of topics, including big data, the use of artificial intelligence to identify money laundering risks, machine learning techniques, early warning models for the monitoring of financial data by supervisors, and predictive analytics for the conduct of stress tests. The conference provided the CBA with valuable insights into the importance of the transformation to a more proactive and forward-looking supervisory approach to be able to oversee the (new) risks emanating from financial (technological)

[3] FinTech: technology-enabled innovation in financial services (Financial Stability Board (FSB), 2017).
[4] RegTech (for financial institutions) and SupTech (for supervisors and regulators): the use of technologies to solve regulatory and compliance requirements more effectively and efficiently (Institute for International Finance (IIF), 2016).

innovation, and the resulting need for agility from the financial sector supervisors throughout this process. With the introduction of its big data warehouse ‘FAME’, the CBA took a significant step towards capturing the opportunities offered by new financial technology. The CBA will continue seeking ways to reap the benefits provided by technological innovation in carrying out its supervisory task.

Chapter 3

Major changes in the legislative and regulatory framework

The CBA recognizes the importance of keeping abreast of the ongoing changes in the international regulatory landscape to ensure continued compliance with the standards set by the international standard-setting bodies in this area. Below is an overview of the major changes made or proposed to the legislative and regulatory framework in Aruba, with a view to enhancing and strengthening this framework.

3.1 LEGISLATIVE FRAMEWORK

3.1.1 STATE ORDINANCE ON CONSUMER CREDIT

In June 2016, a final draft proposal to regulate consumer credit was submitted to the GOA. The main objectives of this proposal are to (i) ensure that consumers receive sufficient information before entering into a consumer loan agreement; (ii) place a cap on the interest rates that lenders are allowed to charge to consumers; and (iii) prevent over-crediting. This proposal is still in the legislative process. In a recent ruling dated April 21, 2020, the Joint Court of Justice of Aruba, Curaçao, Sint Maarten underscored the importance of having such an ordinance in place. Unfortunately, no significant progress can be reported yet with regard to this draft ordinance.

3.1.2 DEPOSIT INSURANCE SCHEME

In May 2017, a revised draft proposal for the introduction of a deposit insurance scheme in Aruba was submitted to the Minister of Finance. This proposal includes a draft State Decree containing general measures and an accompanying Explanatory Note, which describes, among other things, the modalities of the deposit insurance scheme. These modalities include the type of deposits covered by the scheme and to what extent (the maximum coverage), the way the scheme is financed, and the procedures to follow in case of a bank failure. The tasks and responsibilities of the foundation entrusted with executing the scheme also are laid down in the mentioned state decree. The proposal is still in the legislative process. The implementation of a deposit insurance scheme will, on the one hand, contribute to the protection of small depositors. On the other hand, it also will help preserve trust in the banking system and contribute to financial stability by dissuading people from seeking to withdraw their deposits at the commercial banks simultaneously at times of stress.

3.1.3 AML/CFT STATE ORDINANCE

Following the gap analysis conducted vis-à-vis the 2012 Financial Action Task Force (FATF) Standards, the CBA drafted a legislative proposal to address the identified, mostly technical, deficiencies in the AML/CFT State Ordinance. This proposal was submitted to the GOA in August 2018, and is still under consideration. It is of utmost importance, particularly in light of the upcoming Caribbean Financial Action Task Force (CFATF) evaluation, that this proposal enters the legislative process as quickly as possible.

The introduction of the new Aruba florin banknotes by the CBA in June 2019 posed a money laundering risk, in the sense that “old” banknotes derived from criminal activities may be offered for exchange at the CBA, after the exchange period at the commercial banks ended. In connection herewith, the CBA drafted a proposal to amend the AML/CFT State Ordinance, providing the CBA with a legal basis to report (intended) exchange transactions that may be related to money laundering or terrorism financing to the Financial Intelligence Unit Aruba. The amendment went into effect on April 18, 2019.

3.2 REGULATORY FRAMEWORK

3.2.1 REVISED POLICY RULE ON BANKING LICENSE AND ADMISSION REQUIREMENTS FOR CREDIT INSTITUTIONS

As of January 1, 2018, a revised policy rule on license and admission requirements for credit institutions operating in or from Aruba came into effect. Under this revised policy rule, only financial institutions with solid financial strength and reputation, subject to comprehensive and effective consolidated supervision, are allowed to have a major shareholding in a credit institution established in Aruba. If in the CBA's opinion, the condition of comprehensive and effective consolidated supervision by the (ultimate) home country supervisor(s) is no longer met, or if the CBA has significant doubts about the adequacy of the solvency of the parent company, then the shares in the Aruban credit institution must be transferred to a (pure) holding company. This revised policy rule aims at preventing negative spill-over effects on the Aruban credit institutions. The implementation of this revised policy rule is still in the preliminary stages, also as a result of a still pending court case initiated by a credit institution that objected to implementing this revised policy rule.

3.2.2 CHART OF ACCOUNTS (COA) FOR CREDIT INSTITUTIONS

In close cooperation with the Centrale Bank van Curaçao en Sint Maarten (CBCS), the CBA drafted a new regulatory and monetary reporting format (the COA) for the supervised credit institutions. The COA is based on the basic concepts and principles of, inter alia, the Monetary and Financial Statistics Compilation Guide (MFSCG) issued by the International Monetary Fund (IMF) in 2008[5], as well as the International Financial Reporting Standards (IFRS) and Pillar 1 of the Basel II capital standards. Pillar 1 defines the minimum capital charges for credit, operational, and market risk. A draft of the COA was sent to the banks in September 2017. Based upon the comments received from the commercial banks, the CBA issued a revised version in September 2018. Unfortunately, the implementation of the COA has encountered delay as a result of the negative outcome of the penetration testing conducted on the COA system. Consequently, the introduction date for the COA system has been postponed.

3.2.3 REVISED DIRECTIVES ON THE PUBLICATION OF THE AUDITED ANNUAL FINANCIAL STATEMENTS

In line with international standards on disclosure of financial information, the CBA issued two separate revised directives on the publication of the audited annual financial statements for, respectively, credit institutions and insurance companies, for consultation in December 2017. The revised directives require that banks and insurance companies publish, among other things, their complete certified annual reports on their website, in addition to publishing in one or more local newspapers their certified balance sheet, income statement, accounting and valuation principles, and the auditor's opinion. After receiving the comments of the Aruban Bankers' Association (ABA) and the Insurance Association of Aruba (IAA), the CBA issued revised drafts of said directives for consultation in October 2018. The final directives on the publication of the audited financial statements were released in January 2019. As of the reporting year 2019, credit institutions and insurance companies must comply with these revised directives.

3.2.4 REVISED DIRECTIVE ON THE PUBLICATION OF THE EFFECTIVE INTEREST RATE ON CONSUMER CREDIT

In consideration of the methodology applied in other parts of the Dutch Kingdom and also the European Commission directive for

[5] The MFSCG is an accompaniment to the Monetary and Financial Statistics Manual issued by the IMF in 2000.

the calculation of the effective interest rate, the CBA decided to amend the existing directive on the publication of the Effective Interest Rate on Consumer Credit. After consulting with the ABA, the CBA issued the final version in April 2019. The method and assumptions with regard to the calculation of the effective interest rate have been amended and are now in line with the directives on consumer credit agreements issued by the European Commission[6]. The revised directive went into effect on July 1, 2019.

3.2.5 INCREASE MINIMUM PRUDENTIAL LIQUIDITY RATIO FOR CREDIT INSTITUTIONS

Maintaining a sound financial system requires banks to hold sufficient liquid funds to absorb liquidity shocks. The Aruban banking system is highly concentrated, which makes its institutions and the system as a whole more vulnerable to liquidity shocks. In view of this vulnerability and in line with the Basel III standards issued by the Basel Committee on Banking Supervision (BCBS), the CBA decided, after consulting with the ABA, to gradually increase the minimum Prudential Liquidity Ratio (PLR) from 15 percent to 20 percent and also to gradually raise the liquidity charge on undisbursed loan funds and other commitments in the liquidity testing sheet from 10 percent to 20 percent as of January 1, 2018. In 2019, following a request from the ABA, the CBA decided to postpone the increase of the PLR from 18 percent to 20 percent for a year. However, in view of the impact of COVID-19 on the financial system, the CBA decided, among other things, to provide a temporary relief of the liquidity requirements. Reference is made to paragraph 3.3 below for an overview of the adjusted prudential requirements in connection with COVID-19.

Table 3.1: Changes to the PLR and the liquidity charge on undisbursed loan fund and other commitments

Effective date	Minimum PLR	Liquidity charge on undisbursed loan funds and other commitments
January 1, 2018	16 percent	10 percent
January 1, 2019	18 percent	15 percent

3.2.6 LIMIT ON DEPOSITS HELD AT PARENT OR AFFILIATED ENTITIES

The CBA noted that some banks hold significant deposits and/or current account balances at their parent bank or affiliated entities, which are considered by the CBA as redirecting of equity ("terugleiding eigen vermogen"). In December 2019, the CBA informed the ABA of its intention to impose a limit on deposits, which banks are allowed to maintain at their parent bank or affiliated entities for clearing and settlement purposes. After consulting with the ABA, a limit of 10 percent of a bank's Test Capital (Tier 1 + Tier 2 capital) was set. Any amount above this limit must be deducted from a bank's Tier 1 capital and its available liquidity as of January 1, 2021.

3.2.7 REVISED GUIDELINES ON THE SOLVENCY MARGIN FOR INSURANCE COMPANIES

High (intercompany) current account receivables may entail an undesired concentration and credit risk. In July 2018, the CBA issued revised draft guidelines on the calculation of the solvency margin of insurance companies, whereby the outstanding intercompany current account receivables are capped at a maximum of five percent of the total outstanding investments. According to the revision, the amount of intercompany account receivables

6 The method and assumptions applied for the calculation of the APR are based on the directives 2008/48/EC and 2011/90/EU on consumer credit agreements issued by the European Commission.

exceeding a maximum of five percent of total investments must be deducted from the shareholders' equity when calculating the solvency margin. After consulting with the IAA, the revised guidelines on the calculation of the solvency margin came into effect on July 1, 2019.

3.2.8 DIRECTIVE ON THE APPOINTMENT OF A CERTIFYING ACTUARY

In accordance with article 15a, paragraph 1 of the State Ordinance on the Supervision of the Insurance Business (SOSIB), prior written approval from the CBA must be obtained to appoint or change the certifying actuary. To this end, and by virtue of article 10 of the SOSIB and also in accordance with the Insurance Core Principles issued by the International Association of Insurance Supervisors (IAIS), in 2018 the CBA drafted a directive on the appointment of a certifying actuary. This directive contains a set of minimum requirements with regard to the appointment of a certifying actuary, as well as an overview of the documents that must be filed together with such request. The latter documents include, amongst other things, a detailed resume of the proposed actuary, proof of his/her registration at a professional body for actuaries, a confirmation of his/her independence, and a certification that no disciplinary measures have been taken against him/her. After consulting with the IAA, this directive went into effect in February 2019.

A similar directive on the appointment of a certifying actuary for company pension funds became effective in November 2019.

3.2.9 REVISED DIRECTIVE ON THE APPOINTMENT OF AN EXTERNAL AUDITOR

In August 2019, a revised directive for the appointment of the external auditor for credit institutions became effective. Together with subject revision, the CBA designed a questionnaire to be filled out by the proposed external auditor containing questions regarding the proposed external auditor's knowledge, level of experience and standing vis-à-vis the Dutch professional body for Accountants and designed to identify any potential conflicts of interest. In early 2020, the CBA revised this questionnaire based upon some comments received during an information session with the Arubaanse Vereniging voor Accountants (AVA). The revised questionnaire came into effect on April 1, 2020.

The CBA also issued a similar directive for the securities business in August 2019. This directive is applicable for security brokers, portfolio managers, collective investment schemes, and operators of a stock exchange licensed by the CBA.

Likewise, a directive for insurance companies, insurance brokers, and company pension funds became effective in November 2019.

3.2.10 REVISED HANDBOOK FOR THE PREVENTION AND DETECTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM

In October 2019, the CBA issued a revised version of its Handbook for the Prevention and Detection of Money Laundering and Financing of Terrorism (AML/CFT Handbook). The previous AML/CFT Handbook dated from 2012 and needed updating vis-à-vis (inter)national developments. Also, the CBA decided to broaden the scope of the Handbook to designated nonfinancial service providers, as defined in article 1 of the AML/CFT State Ordinance. The revision includes, inter alia, an (overall) more risk-based-approach vis-à-vis the requirements of the AML/CFT State Ordinance, detailed guidelines on (conducting) a Business Risk Assessment, additional information on funds transfers, sanctions, terrorist financing, and proliferation financing. The revised Handbook now includes specific risk indicators per sector. Another important change is that henceforth, the Money Laundering Compliance Officer (MLCO) must be based in Aruba. The revised AML/CFT Handbook applies to all financial service providers and all designated nonfinancial service providers. The Handbook came into effect as of January 1, 2020.

3.3 TEMPORARY RELIEF IN CONNECTION WITH COVID-19

In response to the adverse economic and financial developments resulting from COVID-19, the CBA decided to ease the capital and liquidity requirements applicable to credit institutions to ensure that the supervised commercial banks can continue their lending activities. These measures went into effect as of March 17, 2020, and will remain in effect insofar as the CBA considers necessary. Reference is made to Table 3.2 below for an overview of the adjusted solvency and liquidity requirements.

Table 3.2: Changes to the prudential requirements in connection with COVID-19

Prudential requirements as of	January 1, 2020	March 17, 2020
CAR	minimum 16 percent	minimum 14 percent
PLR	minimum 18 percent	minimum 15 percent
LTD	maximum 80 percent	maximum 85 percent

In addition, the CBA also decided to amend the regulatory treatment for performing loans that were restructured or for which a general moratorium applies in connection with COVID-19. As of the reporting month of March 2020, the commercial banks are allowed to exclude the three-month payment moratorium period from the number of days past due for all loans that have been restructured or for which a general moratorium applies.

In May 2020, the CBA notified all credit institutions and insurance companies that for prudential reasons, the declaring and distribution of dividends are not allowed until further notice.

Due to the possible delay in the execution and completion of the external audits, the CBA granted all supervised financial institutions an extension of two months to submit their certified annual filings pertaining to the fiscal year 2019. The extension implies that the 2019 certified annual filings are now due on August 31, 2020, for the financial institutions with a fiscal year ending on December 31, 2019.

The CBA also conducted a stress-testing exercise to assess the impact of some adverse scenarios on the financial position of the commercial banks. The results show that the impact of COVID-19 may be very significant; however, the buffers of the commercial banks and the temporary relief of the prudential requirements provide them with ample room to weather this storm. The COVID-19 pandemic also has shown clearly the necessity of having high capital and liquidity buffers in place.

CHAPTER 4

INTERNATIONAL DEVELOPMENTS

This chapter describes some significant international developments in 2019 that are considered relevant for Aruba's legislative and regulatory framework.

4.1 FATF: 'GUIDANCE ON RISK-BASED APPROACH FOR VIRTUAL ASSETS[7] (VA) AND VIRTUAL ASSETS SERVICE PROVIDERS (VASP)'

In June 2019, the FATF adopted an interpretive note to Recommendation 15 of its requirements to further clarify how the FATF requirements should be applied in relation to VAs and VASPs. The guidance is intended to help national authorities understand and develop regulatory and supervisory responses to VA activities and VASPs, and to help private sector entities seeking to engage in VA activities understand their AML/CFT obligations and how they can comply effectively with these requirements.

Regarding VASP supervision, the guidance makes clear that only competent authorities can act as supervisory or monitoring bodies, and not self-regulatory bodies. The guidance focuses specifically on the importance of international cooperation between supervisors, given the cross-border nature of VASPs' activities and provision of services.

The CBA underscores the importance of having a supervisory framework in place to mitigate the risks associated with VA activities and VASPs. With the implementation of the draft proposal to amend the AML/CFT Ordinance a framework will be established to supervise VA activities and VASPs for AML/CFT purposes. Further legislation is needed to bring them under a comprehensive regulatory and supervisory framework.

4.2 BCBS: FINANCIAL TECHNOLOGY (FINTECH)

The Chairman of the BCBS and Governor of the Bank of Spain, Mr. Pablo Hernandez de Cos, gave a keynote speech at the 22nd Euro Finance Week in Frankfurt, Germany, on November 19, 2019, with the title 'Financial technology: the 150-year revolution'. He noted that regulatory and supervisory practices are continuously evolving, in part as a result of greater understanding by supervisors of the risk and benefits of financial technology (fintech) products. He observed that in 2018 alone, investment in fintech surpassed US$ 120 billion. Despite the growth of fintech, the amount of credit provided by fintech is still relatively small. However, given the fast pace of change in technological innovation, fintech has the possibility to be a gamechanger. The CBA closely follows the developments in the area of fintech to be able to assess the risks it brings with it, but also to identify the opportunities for financial innovation, especially in the areas of RegTech and SupTech[8].

4.3 BCBS: PRUDENTIAL TREATMENT OF CRYPTO ASSETS

In December 2019, the BCBS issued a paper titled 'Designing a prudential treatment for crypto assets'. Crypto assets, also known as crypto currencies, are currencies that only exist electronically and have no central bank or government to manage the system or step in if something goes wrong. Crypto assets and related services raise financial stability concerns. Crypto currencies have exhibited a high degree of volatility and present risks for banks including liquidity, credit, market, operational, money laundering and terrorist financing risk, legal, and reputational risk. For these reasons, prudential measures should be considered to limit banks' exposure to crypto assets. The CBA will continue monitoring the

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[7] Any digital representation of value that can be digitally traded, transferred, or used for payment.

[8] RegTech (for financial institutions) and SupTech (for supervisors and regulators): the use of technologies to solve regulatory and compliance requirements more effectively and efficiently (IIF 2016).

developments with respect to crypto assets and consider the introduction of guidelines for banks in this area.

4.4 IMF: CYBERSECURITY RISK SUPERVISION

In September 2019, the IMF published a paper on cybersecurity risk supervision. According to this paper, financial supervisors around the world need to work on supervisory approaches to strengthen cyber resilience by implementing frameworks specific for these risks. The probability of attacks will only increase as financial systems continue to be more dependent on digital information and communication. The CBA's 'Technology Risk Management' (TRM) policy paper, which is directed to the commercial banks, pays attention to this important topic. This policy paper became effective in July 2019. The CBA also is in the process of strengthening its oversight in this area.

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CHAPTER 5

NATIONAL AND INTERNATIONAL COOPERATION

5.1 NATIONAL COOPERATION

In 2019, the CBA continued its periodic meetings with the Financial Intelligence Unit ("Meldpunt Ongebruikelijke Transacties") (FIU) and the Public Prosecutor's Office ("Openbaar Ministerie") to discuss topics of mutual interest with respect to integrity matters. In 2019, three bilateral meetings were held between the CBA and the FIU, and also between the CBA and the Public Prosecutor's Office. The basis for these periodic meetings is the Memoranda of Understanding (MoU) with the FIU (signed in 2011) and the Public Prosecutor's Office (signed in 2012). In addition to setting procedures for information exchange, the MoU with the Public Prosecutor's Office contains guidelines in the event of a concurrence of administrative and criminal offences. Because of the universal "ne bis in idem-principle," i.e., a person cannot be punished twice for the same act, the parties in these cases must decide which enforcement route to follow. In 2019, the Aruban AML/CFT Steering Group, which is chaired by the Prime Minister and consists of the main government agencies and public organizations involved in the design of the AML/CFT architecture and execution of the laws and regulations in this area, met five times to discuss AML/CFT-related matters.

In 2019, multiple meetings took place to discuss the implementation of international sanctions in Aruba. Besides the CBA, the FIU, the public prosecutors' office, the legislative department of the Ministry of Justice (DWJZ), and the office of foreign affairs "Dienst Buitenlandse Betrekkingen (DBB)" participated in these meetings. Furthermore, in December 2019, a seminar was organized on the topic of sanction regimes. The seminar was hosted by the Ministry of Foreign Affairs of the Kingdom of the Netherlands, with presentations on, amongst other topics, European Union legal protection and procedures for the establishment and termination of terrorist freezing measures.

In 2019, the CBA continued its periodic meetings with the representative organizations of the commercial banks and the insurance companies, i.e., the ABA and the IAA, respectively. In these meetings, relevant supervisory topics, such as the intended changes to the regulatory and supervisory framework and the NRA, also were discussed.

Furthermore, the CBA met separately with the management of each commercial bank during the periodic bilateral meetings held in November/December 2019 to discuss, inter alia, economic and financial market developments, credit growth, financial projections, as well as the results of the yearly stress test conducted by the CBA (see also paragraph 6.1).

5.2 INTERNATIONAL COOPERATION

The CBA meets regularly with its counterparts within the Kingdom of the Netherlands, namely, De Nederlandsche Bank N.V. (DNB), and the CBCS. The Technical Committee of the financial supervisors within the Kingdom of the Netherlands met three times in 2019. The CBA participated in these meetings, based upon the MoU signed between the parties involved. Annex 4 provides a complete list of the Multilateral (M)MoUs signed in the area of supervision.

In 2019, the CBA participated in three meetings of the Joint Working Group on Integrity Issues, consisting of representatives of the financial supervisors within the Kingdom of the Netherlands. The FIUs within the Kingdom of the Netherlands also attended the meetings. During these meetings, the participants shared best practices and discussed the (preparation for the) upcoming 4th round CFATF assessment.

An (M)MoU was officially signed between the CBA and the Group of International Finance Centre Supervisors (GIFCS) in November

2019. The scope of the (M)MoU is cooperation and information exchange.

The CBA made an assessor available to the GIFCS for its assessment of the Cayman Islands vis-à-vis the GIFCS standards.

5.3 INTERNATIONAL SUPERVISORY GROUPS

The CBA is a member of various international supervisory groups and participated in different meetings held by these groups throughout 2019:

- Plenary meetings of the Group of International Finance Centre Supervisors (GIFCS).
- Members' Assembly and XXXVII Annual Conference of the Caribbean Group of Banking Supervisors (CGBS) (hosted by the CBA).
- Plenary meeting of the Financial Action Task Force (FATF).
- Annual Seminar and Annual General Meeting of the Group of International Insurance Centre Supervisors (GIICS).
- XXII Annual Assembly and XIV High-level Meeting of the Association of Supervisors of Banks of the Americas (ASBA).
- XXVI International Association of Insurance Supervisors (IAIS) Annual Conference.
- Plenary meetings of the Caribbean Financial Action Task Force (CFATF).

See Annex 5 for an overview of the main topics discussed during these meetings.

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CHAPTER 6

PRUDENTIAL SUPERVISION

The Prudential Supervision Department (PSD), consisting of eight full-time staff members at end-2019, is responsible for monitoring the financial soundness of supervised financial institutions, in particular, credit institutions, insurance companies, and company pension funds.

The department also assesses compliance with the supervisory laws and regulations through ongoing offsite surveillance (including the conduct of integrity and suitability assessments of proposed management and supervisory directors), and regular onsite examinations. In general, with a few exceptions, the supervised institutions remained in compliance with the CBA's prudential requirements during 2019.

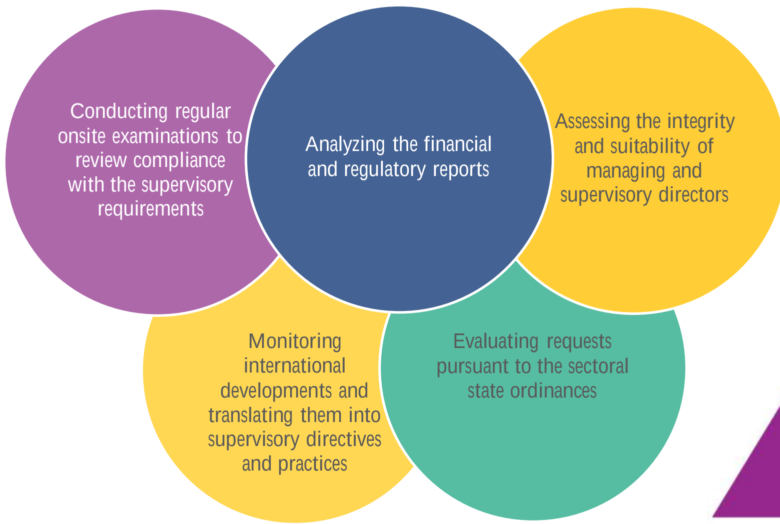
The PSD closely follows the international developments in the area of prudential supervision and, insofar as relevant for Aruba, translates these developments into supervisory directives or policy papers. To this end, staff members of the PSD attended several trainings in the area of banking, insurance, and international accounting standards in 2019. In June 2019, the CBA also hosted the XXXVII Annual Conference of the CGBS, which carried as a theme "The modern supervisor: retooling supervisory approaches in a dynamic financial environment". The topics covered during the conference included, amongst other subjects, supervising emerging operational risks, the implementation of Basel standards, enhancing supervisory practices, embracing financial innovation, and the expansion of the supervisory mandate.

The primary tasks and responsibilities of the PSD are summarized in Figure 6.1.

6.1 OFFSITE SURVEILLANCE

In 2019, as part of its offsite surveillance, the PSD undertook several activities including, inter alia, analysis of the financial and regulatory reports submitted by the supervised institutions and evaluation of the requests received for approval pursuant to the various sectoral supervisory laws. The latter requests relate mainly to the appointment of key persons and change of external auditor.

Figure 6.1: Tasks and responsibilities of the PSD



In 2019, 11 new requests associated with the appointment of a key person from credit institutions, 11 requests from insurance companies, and seven requests from company pension funds were received (see also Annex 7). The CBA also processed six petitions for a change of external auditor: one from a bank-like institution, three from insurance companies, and two from company pension funds.

As in previous years, in 2019, the CBA ran its yearly stress-testing exercise on the domestic commercial banking sector. The banks' resilience was tested against severe shocks as a result of an assumed natural disaster scenario with respect to, among other things, their exposure to specific sectors, their large exposures, and their liquidity position. The results show that the commercial banking sector remained resilient to adverse scenarios. The outcome of the exercise were communicated to the commercial banks during the bilateral meetings held with them in November and December 2019.

6.2 ONSITE EXAMINATIONS

The PSD conducted 11 targeted onsite examinations during 2019, namely, at three credit institutions, six insurance companies, and two company pension funds. The focus of the examinations carried out at the credit institutions, insurance companies, and company pension funds was the quality of their assets and compliance with the CBA's policy papers on corporate/pension fund governance. During the examinations in the area of governance, the CBA paid special attention to compliance with the policy paper on outsourcing arrangements. Furthermore, at two insurance companies, an evaluation was made of the decision-making processes, and at one commercial bank, the CBA focused on the bank's liquidity risk management process.

Table 6.1 provides an overview of the onsite examinations conducted by the PSD over 2017-2019.

Table 6.1: Onsite examinations conducted by PSD in 2017-2019

Sector	2017	2018	2019
Credit institutions	2	3	3
Life insurance companies	2	2	3
General insurance companies	1	3	3
Company pension funds	3	1	2
Total	8	9	11

6.3 PASSING ON OF THE SUPERVISORY COSTS

Pursuant to the various sectoral state ordinances and state decrees, the CBA may pass on the incurred supervision costs, in full or in part, to the supervised entities. Annex 9 contains a breakdown of the supervision costs passed on to the different sectors supervised by the CBA in 2019.

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CHAPTER 7

INTEGRITY SUPERVISION

Integrity supervision is a key pillar of the CBA's supervision and is aimed at the overarching goal of maintaining confidence in the financial system. Breaches of the law, facilitating unlawful activity, and other unethical behavior can result in enforcement actions, including fines, civil liability claims, and reputational damage. At year-end 2019, the Integrity Supervision Department (ISD) consisted of nine full-time staff members. The primary tasks and responsibilities of the ISD are depicted in Figure 7.1.

The ISD continued its efforts to foster compliance via information sessions, onsite visits, and offsite surveillance. To keep abreast of international developments, its staff members attended several trainings in the areas of AML/CFT, including a CFATF pre-assessment training in Aruba that provided fruitful insights, to both the public and private sectors, on how to prepare for the AML/CFT 4th round assessment by the CFATF. Furthermore, staff members participated in an international AML/CFT training organized by the U.S. Comptroller of the Currency (OCC) and two ASBA trainings in Miami and in The Bahamas in the area of de-risking[9]. The ISD also provided an assessor to the GIFCS for its assessment of the Cayman Islands vis-à-vis the GIFCS standards.

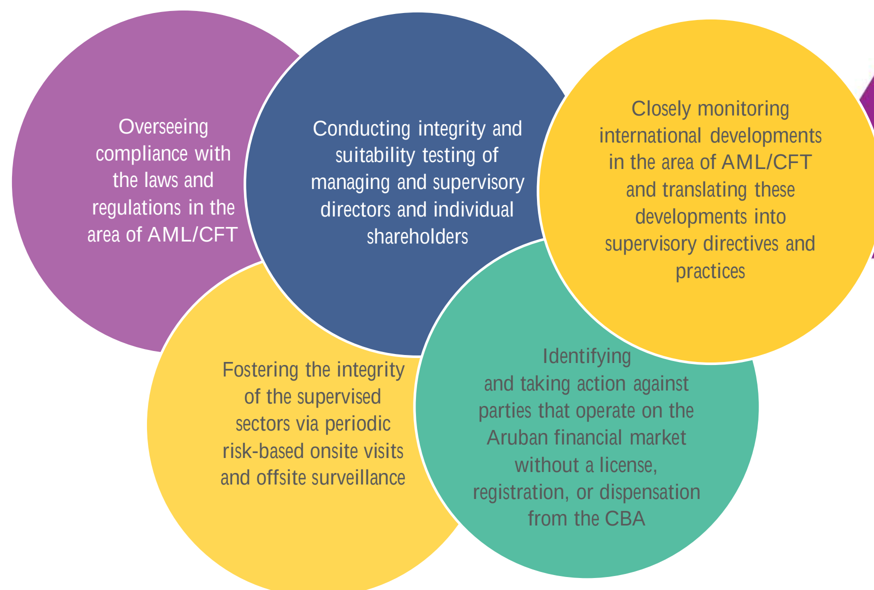
In connection with the introduction of the new Aruban florin bank notes, ISD organized an inhouse training program for the Cash Operations & Logistics department to increase awareness of the money laundering risks in relation to the exchange of old bank notes for new bank notes.

7.1 OFFSITE SURVEILLANCE

In 2019, the CBA undertook several activities as part of its offsite surveillance. In September 2019, a survey was sent to the commercial banks to obtain better insight into the commercial banks' correspondent banking relationships. The results of the survey were analyzed and communicated to the banks during an information session organized by the CBA in November 2019. Reference is made to paragraph 7.3 below.

Furthermore, an AML/CFT survey was conducted amongst all financial institutions and DNFBPs to obtain a better view of the AML/CFT frameworks they have in place. The data gathered through the survey provided the CBA with valuable information, which, inter alia, is used to feed the CBA's AML/CFT risk-based approach.

Figure 7.1: Primary tasks and responsibilities of the ISD



[9] De-risking is defined by the FATF as the phenomenon of financial institutions terminating or restricting business relationships with clients or categories of clients to avoid, rather than manage, risk in line with the FATF's risk-based approach.

7.2 ONSITE EXAMINATIONS

ISD conducted twenty-two onsite examinations in 2019. A total of: six onsite examinations were conducted at credit institutions and sixteen at DNFBPs, namely, three trust service providers, two lawyers, three casinos, two tax advisors, two notaries, and four real estate companies (see also Table 7.1).

Table 7.1: Onsite examinations conducted by ISD in 2017-2019

Sector	2017	2018	2019
Credit institutions	8	4	6
Life insurance companies	-	-	-
Company pension funds	-	-	-
Money transfer companies	-	2	-
Trust service providers	5	2	3
DNFBPs	4	17	13
Total	17	25	22

Based on ISD's AML/CFT risk-based approach and the areas of concern identified, the onsite examinations in 2019 focused, inter alia, on ongoing monitoring, unusual transaction reporting, and customer due diligence (CDD).

The onsite examinations revealed multiple breaches of the AML/CFT State Ordinance with respect to, among other things, CDD (including transaction monitoring), and the (timely) reporting of unusual transactions to the FIU. A comprehensive overview of the breaches identified is provided in Annex 8. The findings of the onsite examinations are communicated in writing to the institutions. The institution is given a reasonable timeframe to take remedial actions. In case of more severe findings, such as non-reporting or late reporting to the FIU, noncompliance with CDD, and enhanced due diligence (EDD) requirements, formal measures are taken (see Chapter 8).

7.3 INFORMATION SESSIONS HELD FOR SUPERVISED INSTITUTIONS

In 2019, ISD organized five information sessions.

The CBA hired an external expert in the area of transaction monitoring to provide in-depth training to trust service providers, tax advisors, and accountants in September 2019. Topics addressed during the information sessions were recent AML/CFT developments, with an emphasis on transaction monitoring and what is expected from institutions with respect to transaction monitoring.

In November 2019, an information session was organized for the commercial banks on the topic of de-risking and correspondent banking relationships. Based on the survey conducted amongst the commercial banks, the compliance officers of all the commercial banks were invited to discuss recent developments on this topic and to give a presentation on their bank's experiences and share best practices aimed at preventing de-risking and preserving correspondent relationships.

Finally, in December 2019, the CBA, together with the Aruban lawyers' association, organized an AML/CFT information session for the lawyers. The focus of the session was to enhance AML/CFT awareness and compliance with AML/CFT requirements amongst the lawyers. Presentations were given by the Aruban lawyers association, the FIU, and the CBA to discuss, amongst other topics, what is expected from lawyers in terms of the AML/CFT legislation, practical guidance, and reporting behavior.

Table 7.2 provides an overview of the information sessions held in 2019 in the area of AML/CFT and the topics discussed.

Table 7.2: Information sessions 2019

Month	Topics discussed	Sector
September	AML/CFT developments with an emphasis on transaction monitoring	Trust service providers Tax advisors Accountants
November	De-risking and correspondent banking relationships	Commercial banks
December	Practical guidance on AML/CFT requirements	Lawyers

7.4 NATIONAL AML/CFT RISK ASSESSMENT (NRA)

To obtain a better understanding of the AML/CFT risks faced at a national level and also in compliance with the FATF Standards, a NRA started in October 2018 with a 3-day workshop for all relevant stakeholders. This NRA is based on a methodology and tool developed by the World Bank. This model enables countries to identify the main drivers of ML/TF risks. It provides a methodological process, based on the understanding of the causal relationships among money laundering risk factors and variables relating to the regulatory, institutional, and economic environment. The tool comprises nine interrelated modules. These modules are built on “input variables”, which represent factors related to money laundering and terrorist financing threats and vulnerabilities. ‘Threats’ refer to the scale and characteristics of the proceeds of crime or financing of terrorism in the country. ‘Vulnerabilities’ refer to weaknesses or gaps in a country’s defenses against money laundering and terrorist financing. Threats and vulnerabilities may exist at the national or the sector level.

The modules in the World Bank tool make it possible to assess money laundering and terrorist financing risks. The tool is centered around seven modules that focus on the money laundering risk assessment. In addition to these seven modules, the tool also includes a module to assess the risk of terrorism financing and a module to assess the risks of financial inclusion products. Taken together, these modules provide a systematic approach to analyze a country’s ML/TF threats and vulnerabilities.

In Aruba’s case, the NRA was divided into five different working groups: (1) threats; (2) vulnerabilities; (3) banking; (4) other financial institutions, and (5) DNFBPs. The CBA not only acts as the project leader and coordinator for the NRA, but it also chairs two of the working groups: (1) banking, and (2) other financial institutions. Additionally, the CBA participated in three working groups.

In September 2019, the CBA organized the second 3-day workshop for relevant stakeholders of both the public and the private sectors. During this workshop, the World Bank discussed with each working group the status of its work and the way forward to complete the draft reports and prepare a risk-based action plan based on the NRA findings.

Due to COVID-19, the NRA is now scheduled to be finalized in the second half of 2020. The results of the NRA will be used by Aruba to enhance its AML/CFT framework. The CBA will use the results of the NRA to further finetune its risk-based approach.

7.5 PASSING ON OF THE SUPERVISORY COSTS

Pursuant to the various sectoral state ordinances and state decrees, the CBA may pass on the incurred supervision costs, in full or in part, to the supervised entities. Annex 9 contains a breakdown of the supervision costs passed on to the different sectors supervised by the CBA in 2019.

CHAPTER 8

ENFORCEMENT, MARKET ENTRY, AND LEGAL ADVISORY

The Enforcement, Market Entry & Legal Advisory Department (EML) is a relatively new department, established on January 1, 2017. At year-end 2019, EML consisted of three full-time staff members. It works closely with the PSD and ISD on enforcement and market entry matters and monitors international standards and best practices in the area of enforcement and market entry and, insofar as these are relevant for Aruba, translates its findings into policy proposals. The primary tasks and responsibilities of EML are presented in Figure 8.1. This chapter elaborates on the activities carried out by EML in 2019.

Figure 8.1: Primary tasks and responsibilities of EML

8.1 ENFORCEMENT

In 2019, the CBA continued its strict oversight of the supervised institutions to ensure their compliance with the applicable supervisory laws and regulations. In cases where the CBA identified a situation of noncompliance with the applicable supervisory laws and regulations, formal or informal (a normative conversation or a written warning) measures are considered. The decision whether to apply formal or informal measures depends, among other things, on the seriousness of the case. The CBA's enforcement policy can be found on its website: www.cbaruba.org.

The formal measures that the CBA can take include:

- Issue a formal directive, whether or not accompanied by publication thereof;
- Impose a penalty charge order and/or administrative fine, whether or not accompanied by publication thereof;
- Declare that an auditor or actuary is no longer authorized to certify the annual filings (including the annual report) of a credit institution, an insurance company, a money transfer company, or a company pension fund;
- Appoint a silent receiver in the case of a credit institution, an insurance company, or a company pension fund;
- File a request to the Court of First Instance to apply the emergency regulations and to appoint one or more administrators in the case of a credit institution or insurance company;
- Request the Court of First Instance to appoint an administrator in the case of a company pension fund; and
- Revoke the license or cancel the registration.

In addition, the CBA also can report a punishable breach to the Public Prosecutor's Office ("Openbaar Ministerie") if sufficient grounds exist to warrant such action.

Table 8.1 provides an overview of the number and type of enforcement measures taken in the period 2017-2019 per (sub) sector.

Table 8.1: Number and type of formal measures imposed during 2017 – 2019 (end of period) for noncompliance with sectoral supervisory state ordinances and the AML/CFT State Ordinance.

	2017			2018			2019		
Sector	Formal directives	Penalty charge orders	Administrative fines	Formal directives	Penalty charge orders	Administrative fines	Formal directives	Penalty charge orders	Administrative fines
Credit institutions	-	-	1	1	-	5	4	-	2
Pawnshops	-	-	-	-	-	-	-	-	-
Life insurers	1	-	1	2	-	1	-	-	-
General insurers	1	-	-	1	-	7	-	-	-
Captive insurers	-	-	-	-	-	-	-	-	-
Money transfer companies	-	-	-	-	-	-	-	-	-
Trust service providers	-	-	4	1	2	-	-	5	7
DNFBPs:									
▪ Casinos	1	-	2	-	-	1	-	-	2
▪ Lawyers	-	-	-	-	-	-	-	-	10
▪ Real estate	-	-	-	-	-	-	-	-	15
▪ Other	-	-	1	-	-	-	-	-	-
Total enforcement actions	3	-	9	5	2	14	4	5	36

8.2 MARKET ENTRY

In 2019, the CBA received and processed the following requests in the area of market entry:

- 12 petitions from insurance brokers for an exemption to act as intermediaries for insurance contracts with foreign insurance companies not in the possession of a license from the CBA;
- two petitions for a dispensation to act as an insurance sales agent;
- one petition for a license to act as a securities broker;
- one request from a money transfer company to broaden its registration with money exchange services; and
- one petition from a company to be registered as a money exchange company.

Furthermore, the CBA received requests for change in the qualifying holding of two insurance companies, and approved one request from a credit institution to increase its qualifying holding in another entity (see Annex 6).

Also, the licenses of two trust services providers and one insurance broker were withdrawn at their own request.

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CHAPTER 9

KEY FINANCIAL DEVELOPMENTS

This chapter describes the key financial developments in the financial sector, which comprises banks, money transfer companies, insurance companies, and pension funds. Detailed financial data on these sectors also can be found in the Annual Statistical Digest (ASD) published by the CBA.

Table 9.1: Number of supervised institutions (at end of period)

Number of supervised institutions within the banking sector			
	2017	2018	2019
Total	11	11	11
Commercial banks	5	5	5
International banks	1	1	1
Bank-like institutions	3	3	3
Credit unions	2	2	2
Number of supervised institutions within the insurance sector			
	2017	2018	2019
Total	22	22	22
Nonlife insurance companies	12	12	12
Life insurance companies	6	6	6
Captive insurance companies	4	4	4
Number of supervised institutions within the pension fund sector			
	2017	2018	2019
Company pension funds[10]	10	8	8

Source: CBA.

9.1 BANKING SECTOR

As depicted in Table 9.1, the number of credit institutions supervised by the CBA remained unchanged at 11 at year-end 2019. While Citibank Aruba N.V. ceased its activities in 2019, the CBA revoked its license on February 7, 2020.

9.1.1 COMMERCIAL BANKS

9.1.1.1 AGGREGATED BALANCE SHEET TOTAL AND OUTSTANDING LOANS

AGGREGATED BALANCE SHEET TOTAL

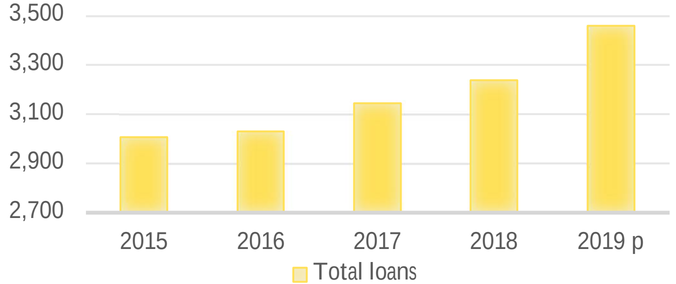
The commercial banks' aggregated balance sheet total amounted to Afl. 6,092.8 million at year-end 2019, equivalent to 102.9 percent of Aruba's 2019 Gross Domestic Product (GDP) as estimated by the CBA, illustrating the significant size of the banking sector compared to the size of the Aruban economy.

AGGREGATED OUTSTANDING LOANS

The aggregated outstanding loans continued to expand in 2019, increasing by Afl. 221.8 million or 6.9 percent from Afl. 3,237.1 million in 2018 to Afl. 3,458.9 million in 2019 (see Chart 9.1). This growth was driven largely by corporate loans.

[10] Including Civil Servants Pension Fund (APFA).

Chart 9.1: Development in aggregated outstanding loans of the commercial banks in Afl. million (at end of period)

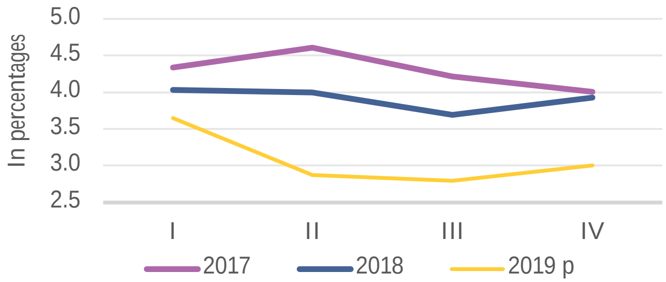


Source: CBA: commercial banks; p= preliminary figures.

QUALITY OF LOAN PORTFOLIO

As illustrated in Chart 9.2, the quality of the commercial banks' loan portfolio improved significantly over the past three years. The nonperforming loans-to-gross loans ratio hovered around 4.0 percent during 2017-2018 and shrank to 3.0 percent at the end of 2019. The decrease in 2019 was due mainly to some nonperforming loans that became performing again after being restructured, as well as to write-offs of some legacy loans.

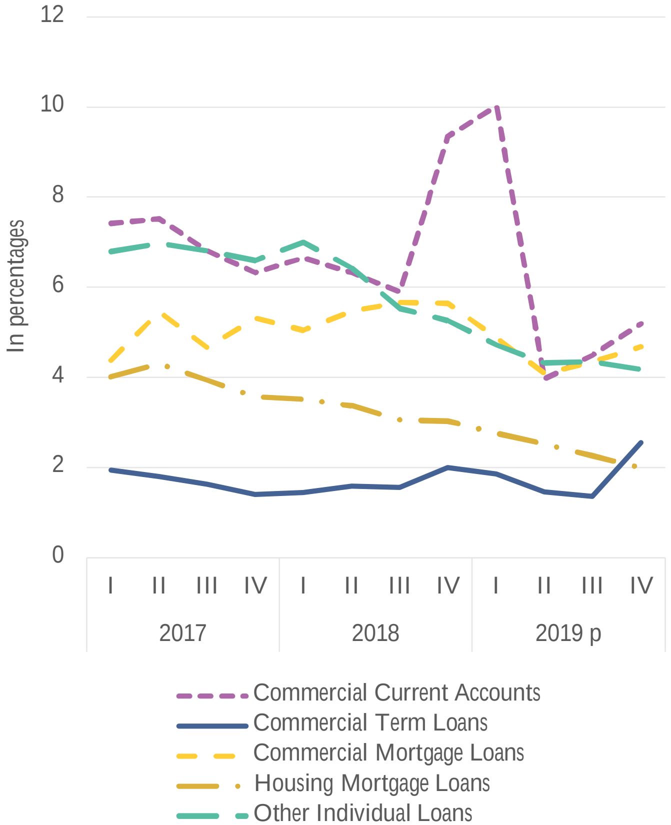
Chart 9.2: Development of nonperforming loans (gross) to total gross loans of the commercial banks (at end of period)



Source: CBA: commercial banks; p= preliminary figures.

Chart 9.3 shows that, with the exception of the commercial current accounts' category, the nonperforming loans within the different loan categories remained fairly stable. During the second quarter of 2019, the nonperforming loans in the commercial current accounts' segment dropped sharply, mainly the result of one large current account that became performing again in the second quarter of 2019.

Chart 9.3: Development of nonperforming loans by category of the commercial banks (at end of period)



Source: CBA: commercial bank; p= preliminary figures.

Noteworthy also is that the commercial banks' nonperforming loan ratio is relatively low compared to other jurisdictions in the Caribbean basin. Together with the strict credit risk and loan loss provisioning regulations, the overall prudent loan underwriting policies and sound credit risk management practices applied by the commercial banks contributed to the relatively low nonperforming loan ratio of the Aruban commercial banking sector.

9.1.1.2 KEY RATIOS

CAPITAL ADEQUACY

The commercial banks' aggregated risk-weighted capital adequacy ratio decreased by 1.2 percentage points to 30.9 percent at end-2019 but remained nearly twice as high as the required minimum of 16.0 percent.

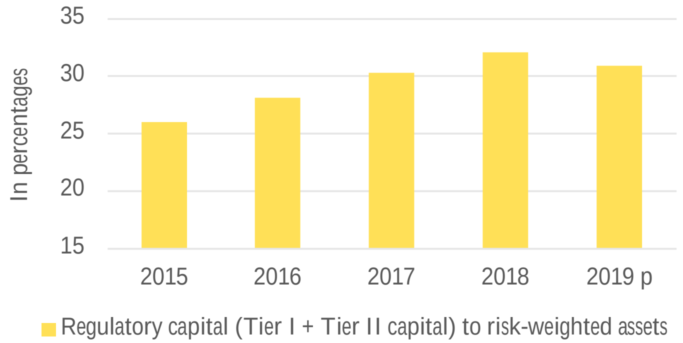
Table 9.2 and Chart 9.4 show that the commercial banks' aggregated risk-weighted capital adequacy ratio was on an upward trajectory during 2015-2018, after which it decreased slightly by 1.2 percentage points to 30.9 percent at end-2019. The decrease in 2019 was caused mainly by an increase in the risk-weighted assets (denominator of this ratio) associated primarily with the expansion of the commercial banks' corporate loan portfolio. The commercial banks' aggregated risk-weighted capital adequacy ratio remained nearly twice as high as the required minimum of 16.0 percent. As in previous years, the commercial banks' resilience against significant external shocks also was stress-tested by the CBA in 2019. The outcome of these stress tests shows clearly that the commercial banks can withstand significant external shocks, including the COVID-19 pandemic, provided the standstill of the economy is temporary only and recovery starts in the second half of 2020.

Table 9.2: Financial soundness indicators of the commercial banks on an aggregated basis (at end of period and in percentages)

	2015	2016	2017	2018	2019p
Capital adequacy					
Regulatory capital (Tier I capital) to risk-weighted assets	17.6	19.6	22.4	24.4	23.8
Regulatory capital (Tier I + Tier II capital) to risk-weighted assets	26.0	28.1	30.3	32.1	30.9
Asset quality					
Nonperforming loans to gross loans	4.7	4.4	4.0	3.9	3.0
Nonperforming loans (net of ALLP[1]) to gross loans	1.6	1.5	1.5	1.5	0.7
Nonperforming loans (net of ALLP) to regulatory capital	6.8	5.8	5.4	4.9	2.6
Profitability					
Return on assets (before taxes)	2.7	2.7	2.3	2.1	2.1
Return on equity (before taxes)	21.4	19.6	15.7	13.1	13.1
Interest margin to gross income	57.3	58.6	57.2	55.5	56.0
Noninterest expenses to gross income	73.2	72.0	76.5	77.2	77.0
Interest rate margin [2)]	6.1	6.0	5.1	5.2	4.4
Liquidity					
Loans to deposits ratio	69.9	66.2	68.2	68.1	68.3
Liquid assets to total assets [3)]	27.3	30.6	28.6	29.8	29.3

Source: CBA: commercial banks; p= preliminary figures.
1) ALLP= allocated loan loss provision.
2) Weighted averages related to new loans granted and new deposits during the indicated period.
3) This ratio is the Prudential Liquidity Ratio (PLR).

Chart 9.4: Development of the aggregated risk-weighted capital asset ratio (at end of period)



Source: CBA: commercial banks; p= preliminary figures.

PROFITABILITY

Although the profitability of the commercial banking sector continued a downward path, the profitability measured vis-à-vis the total size of the banking assets and equity stayed within acceptable ranges. Return on assets (before taxes) declined during the period 2015-2019 from 2.7 percent to 2.1 percent (Table 9.2). The decrease of 0.6 percentage point over the past five years occurred mainly because the aggregated balance sheet total of the commercial banks showed continued growth, while the aggregated profit before taxes of the commercial banks during 2015-2019 was associated mainly with higher operating expenses. Return on equity (before taxes) also exhibited a falling trend over the last five years from 21.4 percent (peak) in 2015 to 13.1 percent in 2019. The main reason for this significant drop is that capital and reserves rose at a faster pace during this period. Another important profitability indicator, the noninterest expenses to gross income, hovered between 72.0 percent and 77.2 percent during 2015-2019. Note that banks will continue to reduce costs, inter alia, by pushing their clients towards using digital banking, as well as streamlining and automating their processes.

LIQUIDITY

Per year-end 2019, the prudential liquidity ratio (PLR) (liquid assets to total assets) stood at 29.3 percent, remaining far above the required minimum of 18.0 percent.

Table 9.2 shows that the PLR of the commercial banks fluctuated between a low of 27.3 percent and a high of 30.6 percent during the last five years. Per year-end 2019, the PLR stood at 29.3 percent, far above the required minimum of 18.0 percent (effective January 1, 2019). The commercial banks' aggregated loans-to-deposits ratio fell from 69.9 percent in 2015 to 68.3 percent in 2019 because of a sharper increase in deposits (Afl. 757.7 million or 18.4 percent) compared to the rise in outstanding loans (Afl. 453.5 million or 15.1 percent) during this period.

9.1.2 BANK-LIKE INSTITUTIONS

9.1.2.1 AGGREGATED BALANCE SHEET TOTAL

The bank-like institutions' aggregated balance sheet total was Afl. 802.3 million at year-end 2019, equivalent to 13.6 percent of Aruba's 2019 GDP, as estimated by the CBA.

At end-2019, the bank-like institutions' aggregated balance sheet total grew by Afl. 63.4 million or 8.6 percent to Afl. 802.3 million when compared to end-2018.

9.1.2.2 KEY RATIOS

ASSET QUALITY

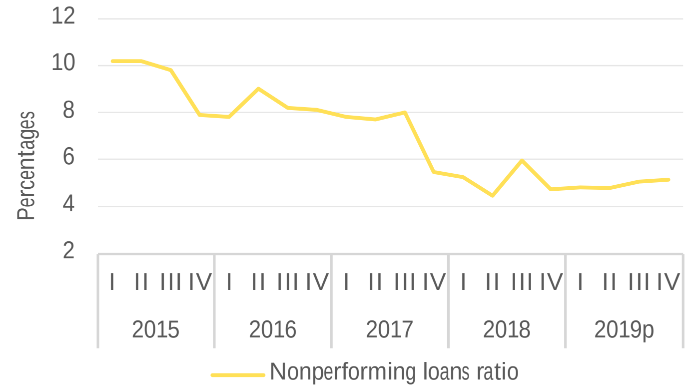
Table 9.3 and Chart 9.5 illustrate that over the last five years, after peaking at 8.1 percent at end-2016, the nonperforming loans-to-gross loans ratio declined sharply to 5.1 percent at the end of 2019, only 0.4 percentage point higher than the previous year. This positive trend was mainly the result of the restructuring of some nonperforming loans and write-offs of some legacy loans, combined with stricter loan monitoring and loan collection.

Table 9.3: Financial soundness indicators of the bank-like institutions on an aggregated basis (at end of period and in percentages)

	2015	2016	2017	2018	2019p
Capital adequacy					
Regulatory capital (Tier I capital) to risk-weighted assets	58.8	63.6	59.2	56.6	52.8
Regulatory capital (Tier I + Tier II capital) to risk-weighted assets	66.4	71.0	66.6	63.4	59.8
Asset quality					
Nonperforming loans to gross loans	7.9	8.1	5.5	4.7	5.1
Nonperforming loans (net of ALLP) to gross loans	6.2	5.5	4.6	3.7	4.3
Nonperforming loans (net of ALLP) to regulatory capital	6.8	6.2	5.5	4.2	5.0
Profitability					
Return on assets (before taxes)	4.7	4.2	4.2	3.6	4.1
Return on equity (before taxes)	8.4	7.0	7.3	6.6	7.3
Interest margin to gross income	61.0	61.2	62.5	62.6	62.9
Noninterest expenses to gross income	65.2	69.1	68.5	67.4	63.2

Source: CBA: bank-like institutions; p= preliminary figures.

Chart 9.5: Development of nonperforming loans (gross) to total gross loans of the bank-like institutions (at end of period)



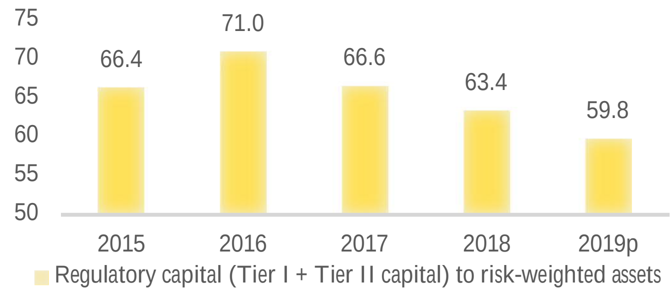
Source: CBA: bank-like institutions; p= preliminary figures.

CAPITAL ADEQUACY

The aggregated regulatory capital to risk-weighted assets ratio of the bank-like institutions remained strong at 59.8 percent at year-end 2019.

Table 9.3 and Chart 9.6 reveal that in the period 2015-2019, the aggregated regulatory capital (Tier I + Tier II capital) to risk-weighted assets' ratio of the bank-like institutions peaked at 71.0 percent in 2016 and then dropped to 59.8 percent at year-end 2019, still far above the minimum requirement of 16.0 percent. The primary reason for the decline in 2019 was a larger increase in the risk-weighted assets (denominator of this ratio) compared to the growth in capital and reserves (numerator of the capital adequacy ratio).

Chart 9.6: Regulatory capital (Tier I + Tier II capital) to risk-weighted assets (at end of period)



Source: CBA: bank-like institutions; p= preliminary figures.

PROFITABILITY

As depicted in Table 9.3, return on assets (before taxes) did not experience much movement during the last five years, hovering around 4.0 and 5.0 percent. Return on equity (before taxes) stood at 7.3 percent at year-end 2019, an increase of 0.7 percentage point compared to year-end 2018. This growth was due mainly to an increase in net income before taxes of Afl 4.5 million or 17.2 percent in 2019 compared to 2018 and a rise in the capital and reserves by Afl. 28.4 million or 6.7 percent. The interest margin to gross income grew slightly by 0.3 percentage point, i.e., from 62.6 percent in 2018 to 62.9 percent in 2019. The noninterest expenses-to-gross income ratio contracted substantially by 4.2 percentage points in 2019 compared to 2018, due largely to the mentioned growth in gross income (denominator of this ratio), while noninterest expenses remained virtually the same.

9.2 MONEY TRANSFER COMPANIES

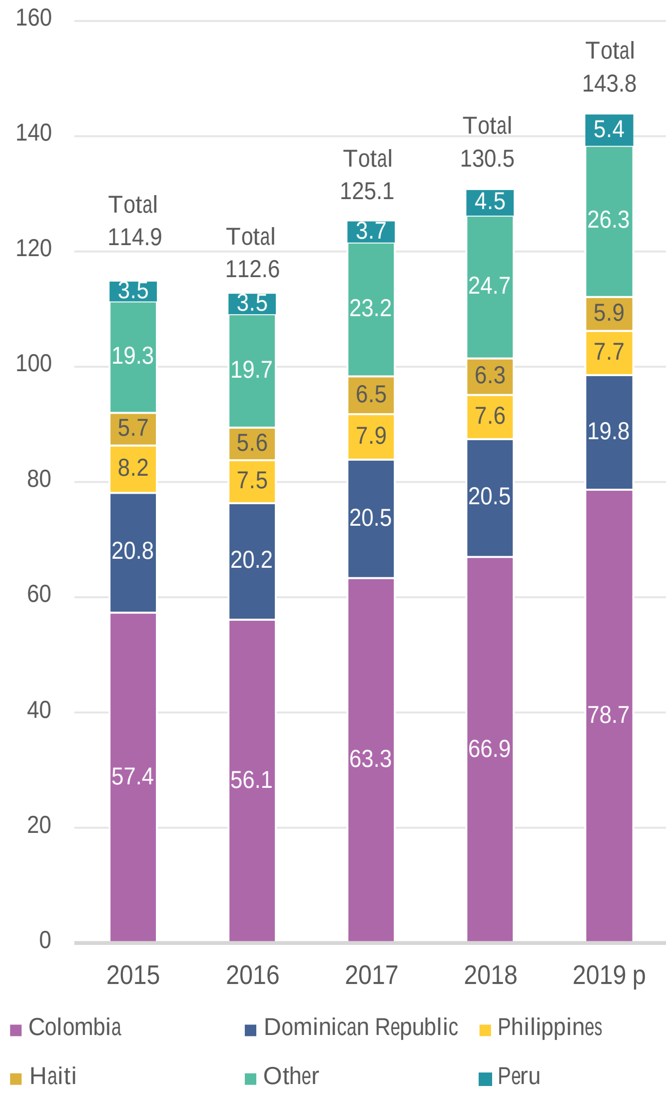
At the end of 2019, 3 money transfer companies were registered in Aruba.

9.2.1 OUTGOING MONEY TRANSFERS

In 2019, the total amount of outgoing money transfers increased by Afl. 13.3 million to Afl. 143.8 million, up from Afl. 130.5 million in 2018.

A substantial part of Aruba's labor force consists of foreign workers, predominantly from South America. Many foreign workers transfer a part of the income they generate in Aruba to relatives in the countries of their origin. The amount of outgoing money transfers exhibited an increasing trend since 2016. In 2019, Colombia remained the main destination for outgoing money transfers with a share of approximately 54.7 percent (equal to Afl. 78.7 million) of the total transfers in 2019 (Chart 9.7).

Chart 9.7: Outgoing money transfers by countries of destination in Afl. million



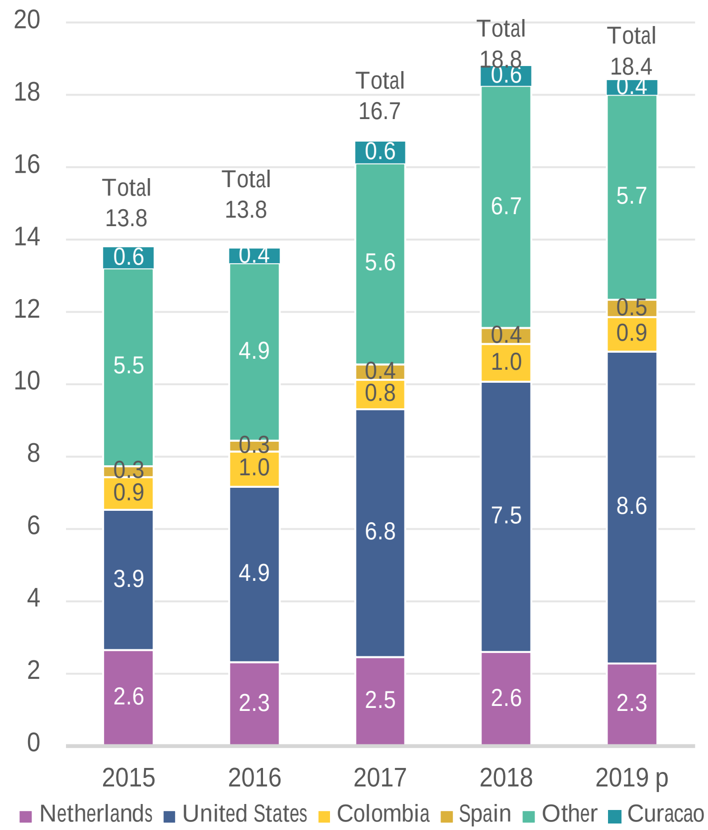
Source: CBA: money transfer companies; p= preliminary figures.

9.2.2 INCOMING MONEY TRANSFERS

The total amount of incoming money transfers decreased to Afl. 18.4 million in 2019, down from Afl.18.8 million in 2018.

The incoming transfers originated mainly from the United States and the Netherlands (Chart 9.8).

Chart 9.8: Incoming money transfers by countries of origin in Afl. million



Source: CBA: money transfer companies; p= preliminary figures.

9.3 INSURANCE COMPANIES

The number of insurance companies (including nonlife and life insurance companies) supervised by the CBA remained unchanged at 22 at year-end 2019. On February 12, 2020, Aruba AIG Insurance Company N.V.'s nonlife insurance license was revoked upon its own request.

9.3.1 NONLIFE INSURANCE COMPANIES

9.3.1.1 AGGREGATED BALANCE SHEET TOTAL AND NET PREMIUM PER INDEMNITY LINE

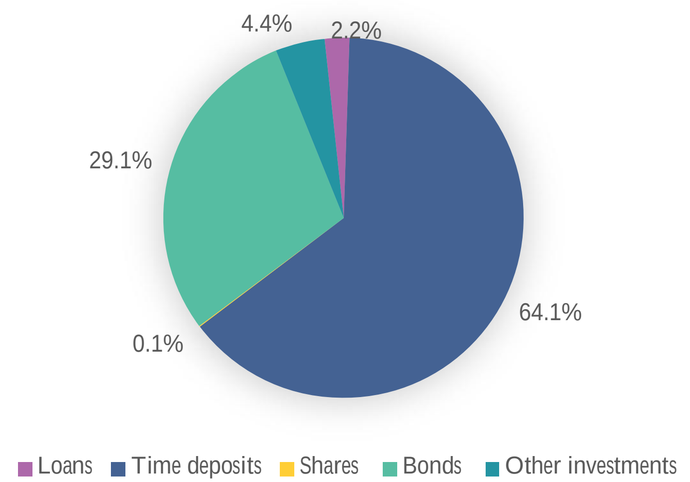
AGGREGATED BALANCE SHEET TOTAL

The combined assets of the nonlife insurance sector at the end of 2019 equaled 5.3 percent of Aruba's 2019 GDP, as estimated by the CBA.

The nonlife insurance companies' aggregated balance sheet total amounted to Afl. 311.0 million at year-end 2019. A contraction of Afl. 7.5 million or 2.4 percent in the aggregated balance sheet total was registered at year-end 2019 compared to 2018. This was due primarily to a decrease of Afl. 14.2 million or 8.8 percent in current assets, offset in part by an expansion of Afl. 5.9 million or 4.1 percent in investments. The decline in current assets was related mostly to a decline in receivables from reinsurers.

Total investments of the nonlife insurance companies amounted to Afl. 149.3 million at year-end 2019 compared to Afl. 143.4 million at year-end 2018. Only Afl. 0.2 million or 0.1 percent of the investments held by the nonlife insurance companies was nonresidents at end-2019. Chart 9.9 displays the composition of the investments at year-end 2019.

Chart 9.9: Investments of the nonlife insurance companies at year-end 2019

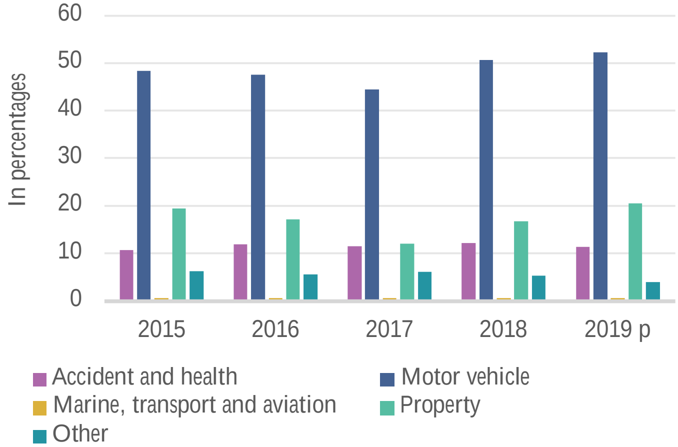


Source: CBA: nonlife insurance companies (preliminary figures).

NET PREMIUM PER INDEMNITY LINE

The net premiums received from motor vehicle insurance, followed by property insurance, and accident and health insurance, stayed the main sources of income of the nonlife insurance companies in 2019 (Chart 9.10).

Chart 9.10: Net earned premium by indemnity line



Source: CBA: nonlife insurance companies; p= preliminary figures.

9.3.1.2 KEY RATIOS

Table 9.4: Financial soundness indicators of the nonlife insurance companies on an aggregated basis (at end of period and in percentages)

Ratios	2015	2016	2017	2018	2019p
Coverage ratio[1]	402.0	423.0	336.1	303.3	317.8
Return on investment ratio[2]	4.4	4.7	4.4	3.4	3.6
Liquidity ratio[3]	24.7	31.7	33.4	50.5	47.1

Source: CBA: nonlife insurance companies; p= preliminary figures.

1) Weighted assets less current liabilities (excluding affiliated companies) to technical provisions.

2) Investment income to average invested assets.

3) Current assets to total assets.

COVERAGE RATIO

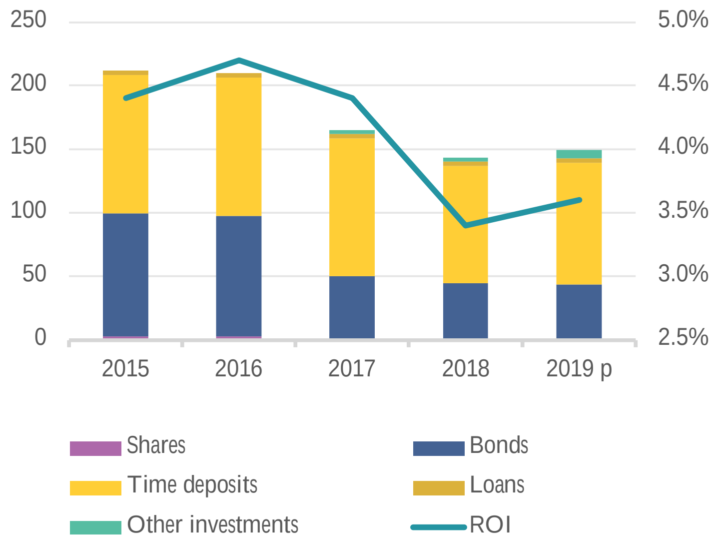
The coverage ratio of the nonlife insurance sector increased markedly, i.e., by 14.5 percentage points to 317.8 percent at end-2019, remaining far above the regulatory minimum of 100 percent.

Table 9.4 shows that while the coverage ratio of the nonlife insurance sector stayed far above the minimum regulatory requirement of 100 percent, it dropped significantly over the past few years. In 2017, a notable decrease in government bonds was registered, combined with a comparable decline in the affiliated companies payable. In 2018, this ratio equaled 303.3 percent, a drop of 32.8 percentage points compared to end-2017. This decrease was the result of the more stringent method that insurers must apply when calculating the coverage ratio starting January 1, 2018. In 2019, the coverage ratio improved significantly by 14.5 percentage points to 317.8 percent, due largely to a decline in technical provisions (denominator of this ratio).

RETURN ON INVESTMENT RATIO

The return on investment ratio hovered between 3.0 percent and 5.0 percent during 2015-2019. In 2019, the return on investment ratio rose slightly by 0.2 percentage point to 3.6 percent. Chart 9.11 illustrates the development of this ratio over the period under review.

Chart 9.11: Return on investment ratio



Source: CBA: nonlife insurance companies; p= preliminary figures.

LIQUIDITY RATIO

Table 9.4 shows that the liquidity ratio of the nonlife insurance companies amounted to 50.5 percent at the end of 2018, a substantial increase of 17.1 percentage points compared to end-2017. This increase was due mainly to significantly higher outstanding receivables from reinsurers. At the end of 2019, this ratio decreased slightly by 3.4 percentage points to 47.1 percent.

9.3.2 LIFE INSURANCE COMPANIES

The combined assets of the life insurance sector at end-2019 equaled 24.3 percent of Aruba's 2019 GDP, as estimated by the CBA.

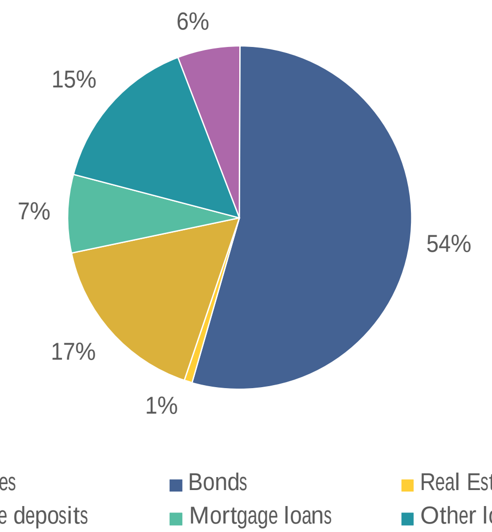
9.3.2.1 AGGREGATED BALANCE SHEET TOTAL

Over the past five years, the aggregated balance sheet total of the life insurance companies rose from Afl. 1,166.6 million at end-2015 to Afl. 1,438.8 million at end-2019, i.e., equivalent to Afl. 272.2 million or 23.3 percent. The growth in total assets over the past five years was mainly the result of an expansion in investments of Afl. 427.9 million or 49.6 percent to Afl. 1,291.3 million at year-end 2019, up from Afl. 863.4 million at end-2015. Chart 9.12 reflects the composition of the investments at year-end 2019 and depicts that more than half of the investment portfolio consisted of bonds. Technical provisions also trended upwards over the past five years, rising from Afl. 908.2 million at end-2015 to Afl. 1,237.3 million at end-2019.

Capital and reserves fluctuated between Afl. 137.9 million and Afl. 161.0 million during 2015-2019, and showed a decline from Afl. 161.0 million in 2015 to Afl. 156.4 million in 2019. This decrease was due largely to dividend distributions, capital reductions, and losses incurred.

The share of foreign investments in the investment portfolio of the life insurance companies was 21.8 percent or Afl. 281.0 million at year-end 2019.

Chart 9.12: Investments of the life insurance companies at year-end 2019



Source: CBA: life insurance companies (preliminary figures).

9.3.2.2 KEY RATIOS

Table 9.5: Financial soundness indicators of the life insurance companies on an aggregated basis (at end of period and in percentages)

Ratios	2015	2016	2017	2018	2019p
Coverage ratio[1]	117.9	117.6	109.5	109.0	108.9
Return on investment ratio[2]	4.8	5.8	5.1	4.5	5.2
Liquidity ratio[3]	19.4	18.1	18.0	17.2	8.7

Source: CBA: life insurance companies; p= preliminary figures.

1) Weighted assets less current liabilities (excluding affiliated companies) to technical provisions.

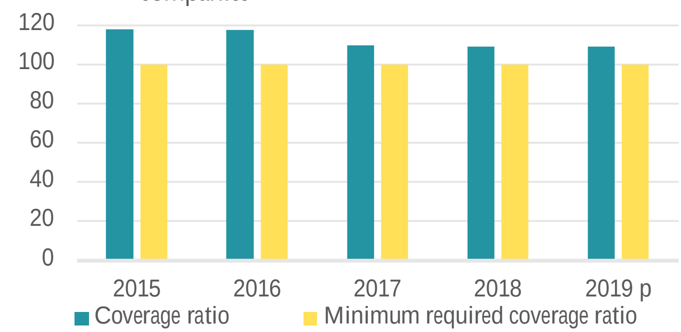
2) Investment income to average invested assets.

3) Current assets to total assets.

COVERAGE RATIO

As illustrated in Chart 9.13 and Table 9.5, when compared to 2018, the coverage ratio declined slightly by 0.1 percentage point to 108.9 percent in 2019, but remained above the minimum of 100 percent. The drop of 8.1 percentage points in 2017 was mostly because of a higher increase in technical provisions (Afl. 83.8 million or 8.5 percent) compared to the rise in total assets (Afl. 51.8 million or 4.2 percent) in 2017.

Chart 9.13: Combined coverage ratio of the life insurance companies

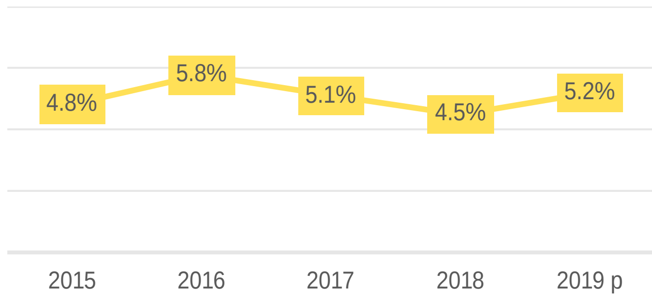


Source: CBA: life insurance companies; p= preliminary figures.

RETURN ON INVESTMENT RATIO

The return on investment ratio displayed a downward trend during the period 2016-2018, i.e., from 5.8 percent in 2016 to 4.5 percent in 2018. This ratio picked up again in 2019, rising by 0.7 percentage point to 5.2 percent at end-2019 (see Table 9.5 and Chart 9.14). This increase was due to an Afl. 14.9 million or 31.2 percent growth in investment income. Investments also strengthened by Afl. 191.9 million or 17.5 percent in 2019, but were less strong than the rise in investment income, causing an overall increase of 0.7 percentage point in the return on investment ratio.

Chart 9.14: Return on investment ratio



Source: CBA: life insurance companies; p= preliminary figures.

LIQUIDITY RATIO

Table 9.5 reveals that during the period 2015-2018, the liquidity ratio moved between 17.0 percent and 20.0 percent. In 2019, the liquidity ratio dropped significantly by 8.5 percentage points to 8.7 percent, reflecting an Afl. 109.1 million or 46.6 percent contraction in current assets. This contraction is the result of a marked expansion in the investment portfolio of the life insurance companies

PROFITABILITY

Over the last five years, the net income before taxes of the life insurance companies was quite volatile. In 2019, the net income before taxes equaled Afl. 17.0 million compared to Afl. 8.1 million in 2018. The main reason for this increase was the hike in investments (and investment income) in 2019.

9.4 COMPANY PENSION FUNDS[11]

The number of company pension funds (including APFA) supervised by the CBA remained at 8 at year-end 2019.

9.4.1 AGGREGATED BALANCE SHEET TOTAL, TECHNICAL PROVISIONS, AND CAPITAL AND RESERVES

The combined assets of the company pension funds equaled 9.3 percent of Aruba's 2019 GDP, as estimated by the CBA at end-2019.

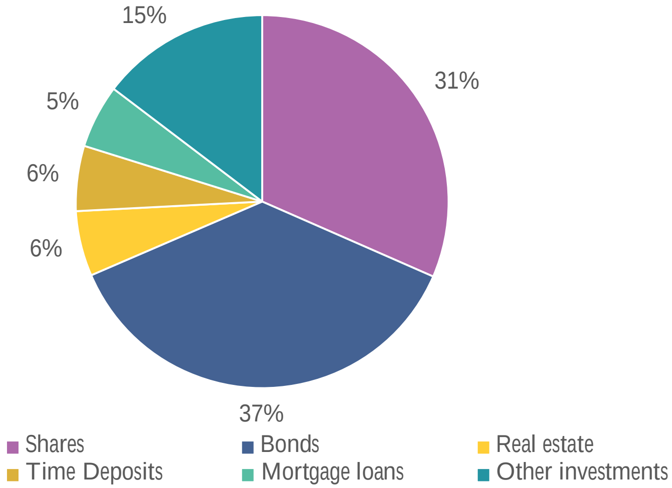
AGGREGATED BALANCE SHEET TOTAL

The aggregated balance sheet total of the six company pension funds (excluding the APFA and the Lago Annuity Foundation, which pension obligations are covered by a guarantee), expanded by Afl. 174.7 million or 46.4 percent from Afl. 376.6 million in 2015 to Afl. 551.3 million in 2019, equivalent to 9.3 percent of Aruba's 2019 GDP, as estimated by the CBA.

Afl. 188.4 million or 36.4 percent of the investments held by the six company pension funds was foreign in 2019. Chart 9.15 displays the composition of the investments at year-end 2019.

[11] Please note that the developments in this section do not include the Civil Servants Pension Fund (APFA).

Chart 9.15: Investments of the company pension funds at year-end 2019



Source: CBA: company pension funds (preliminary figures).

TECHNICAL PROVISIONS

Over the past five years, technical provisions grew substantially, when compared to 2015 expanding by Afl. 133.3 million or 39.0 percent to Afl. 474.8 million at end-2019, reflecting in part an increase in the number of participants in these funds (see Table 9.6), as well as the application of more up-to-date mortality tables.

Table 9.6: Number of participants in the six company pension funds (per year-end)

	2015	2016	2017	2018	2019p
Participants	6,851	6,964	7,378	7,566	8,020
Inactive participants	4,365	5,154	5,699	6,480	7,108
Pensioners	671	698	732	900	873

Source: CBA: company pension funds; preliminary figures.

Table 9.7: Financial soundness indicators of the company pension funds on an aggregated basis (at end of period and in percentages)

Ratios	2015	2016	2017	2018	2019p
Coverage ratio[1]	101.0	104.6	104.9	102.3	105.1
Return on investment ratio[2]	2.4	9.5	8.7	0.8	9.5

Source: CBA: company pension funds; p= preliminary figures.
1) Weighted assets less current liabilities to technical provisions.
2) Investment income to average invested assets.

CAPITAL AND RESERVES

With the exception of 2018, capital and reserves of the company pension funds showed steady growth during 2015-2019, rising from Afl. 33.5 million in 2015 to Afl. 73.3 million in 2019. The drop of Afl. 16.8 million or 24.2 percent in 2018 was caused by a significant decline of Afl. 32.9 million or 89.9 percent in investment income compared to 2017. In 2019, capital and reserves recovered remarkably by Afl. 20.6 million or 39.1 percent due primarily to investment income, which bounced back with Afl. 42.1 million to Afl. 45.8 million at end-2019.

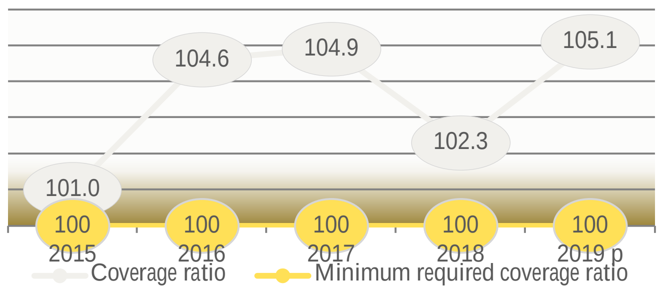
9.4.2 KEY RATIOS

COVERAGE RATIO

The aggregated coverage ratio of the company pension funds' sector rose by 2.8 percentage points to 105.1 percent in 2019, remaining above the minimum requirement of 100 percent.

Over the past five years, the coverage ratio remained only slightly above the required minimum of 100 percent (see Table 9.7 and Chart 9.16). However, in 2019 the coverage ratio strengthened by 2.8 percentage points to 105.1 percent. This was primarily the result of a stronger growth in the assets to cover technical provisions of the company pension funds compared to the expansion in technical provisions.

Chart 9.16: Aggregated coverage ratio of the company pension funds (at the end of period)



Source: CBA: company pension funds; p= preliminary figures.

RETURN ON INVESTMENT RATIO

Investment income rose by Afl. 42.1 million or 1,137.8 percent at year-end 2019 compared to year-end 2018, resulting in the upsurge of 8.7 percentage points in the return on investment ratio from 0.8 percent in 2018 to 9.5 percent in 2019.

9.5 CIVIL SERVANTS PENSION FUND (APFA)

At end-2019, the net coverage ratio (including a buffer for possible losses on the investment portfolio) of APFA stood at 102.8 percent, surpassing the required minimum of 100 percent for the first time, thereby also complying with the CBA's minimum net coverage ratio of 100 percent.

9.5.1 BALANCE SHEET TOTAL, TECHNICAL PROVISIONS, AND CAPITAL AND RESERVES

The total assets of APFA amounted to Afl. 3,032.5 million at year-end 2019, equivalent to 51.2 percent of Aruba's 2019 GDP, as estimated by the CBA.

APFA's balance sheet total expanded significantly during the period 2015-2019, rising from Afl. 2,571.4 million at end-2015 to Afl. 3,032.5 million at end-2019. The Afl. 428.9 million robust growth in APFA's investment portfolio during this period is mainly responsible for this increase. At the end of 2019, Afl. 1,230.7 million or 42.1 percent of the investments held by APFA are foreign.

The fund's capital and reserves grew by Afl. 133.4 million or 166.8 percent during 2015-2017; subsequently, it dropped by Afl. 21.5 million or 10.1 percent in 2018 to rebound by Afl. 177.6 million or 92.6 percent in 2019, reaching Afl. 369.5 million at the end of that year. The latter increase is due to a higher net result over 2019, which grew by Afl. 199.1 million compared to 2018. This growth was mainly the result of the Afl. 207.0 million or 311.7 percent hike in investment income .

During the period 2015-2019, technical provisions improved steadily, i.e., by Afl. 169.3 million or 6.8 percent to Afl. 2,650.7 million at end-2019, reflecting, amongst other things, the use of more up-to-date mortality tables.

As shown in Table 9.8, the number of participants of APFA declined by 31 in 2019, while the number of inactive participants and pensioners increased by 152 and 66, respectively.

Table 9.8: Number of APFA participants (per year-end)

	2015	2016	2017	2018	2019p
Participants	6,636	6,715	6,827	7,045	7,014
Former participants	492	746	823	928	1,080
Pensioners	3,961	4,027	4,052	4,100	4,166

Source: CBA: APFA; p= preliminary figures.

9.5.2 KEY RATIOS

COVERAGE RATIO

Table 9.9 and Chart 9.17 depict the steady climb in APFA's coverage ratio during 2015-2017, i.e., from 95.4 percent in 2015 to 99.1 percent in 2017, followed by a drop of 1.9 percentage points to 97.2 percent in 2018. In 2019, APFA's coverage ratio rebounded significantly to 102.8 percent, reaching its highest level ever since APFA was brought under the CBA's supervision in 2011.

Table 9.9: Financial soundness indicators of APFA (at end of period and in percentages

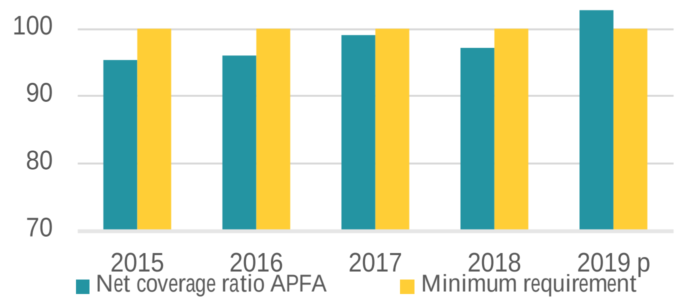
Ratios	2015	2016	2017	2018	2019p
Coverage ratio¹	95.4	96.0	99.1	97.2	102.8
Return on investment ratio²	3.8	5.8	7.5	2.5	9.7

Source: CBA: APFA; p= preliminary figures.

1) Weighted assets less current liabilities to technical provisions.

2) Investment income to average invested assets.

Chart 9.17: Net coverage ratio of APFA (at end of period and in percentages)



Source: CBA: APFA; p= preliminary figures.

RETURN ON INVESTMENT RATIO

Table 9.9 indicates that the return on investment ratio in 2019 stood at its highest level in the past five years, and equaled 9.7 percent, i.e., 7.2 percentage points higher than in 2018. This substantial improvement was associated mostly with the hike of Afl. 207.0 million or 311.7 percent in investment income, due largely to the record-high yield on the foreign investment portfolio of 16.7 percent in 2019. That record return can be attributed mainly to the gain on the shares portfolio, which sky-rocketed by 27.0 percent in 2019.

ANNEXES

ANNEX 1
OVERVIEW OF THE SUPERVISORY AND AML/CFT LAWS

State Ordinance on the Supervision of the Credit System (SOSCS)	AB 1998 no. 16
State Ordinance on Company Pension Funds (SOCPF)	AB 1998 no. GT 17
State Ordinance on the Supervision of the Insurance Business (SOSIB)	AB 2000 no. 82
State Decree on Captive Insurance Companies (SDCIC)	AB 2002 no. 50
State Ordinance on the Supervision of Money Transfer Companies (SOSMTC)	AB 2003 no. 60
Sanction State Ordinance 2006	AB 2007 no. 24
State Ordinance on the Supervision of Trust Service Providers (SOSTSP)	AB 2009 no. 13
Sanction Decree Combat Terrorism and Terrorism Financing	AB 2010 no. 27
State Ordinance on the Prevention and Combating of Money Laundering and Terrorism Financing (AML/CFT State Ordinance)	AB 2011 no. 28
State Decree on the Supervision of Insurance Brokers (SDSIB)	AB 2014 no. 6
State Ordinance on the Supervision of the Securities Business (SOSSB)	AB 2016 no. 53

*) Excluding the subsidiary legislation putting into effect certain provisions contained in these ordinances.

ANNEX 2
FINANCIAL INSTITUTIONS SUPERVISED BY THE CBA (DECEMBER 31, 2019)

In alphabetical order

1. BANKING SECTOR[12]

1.1 COMMERCIAL BANKS

1. Aruba Bank N.V.
2. Banco di Caribe (Aruba) N.V.
3. Caribbean Mercantile Bank N.V.
4. FirstCaribbean International Bank (Cayman) Limited, Aruba Branch
5. RBC Royal Bank (Aruba) N.V.

1.2 INTERNATIONAL BANKS

1. Citibank Aruba N.V.[13]

1.3 MORTGAGE BANKS

1. Fundacion Cas pa Comunidad Arubano (FCCA)

1.4 CREDIT UNIONS

1. Cooperativa di Ahorro y Prestamo Aruba
2. Coöperatieve Spaar- en Kredietvereniging Douane Aruba

1.5 OTHER FINANCIAL INSTITUTIONS

1. AIB Bank N.V.
2. Island Finance Aruba N.V.

[12] Supervision by virtue of the SOSCS.
[13] License revoked on February 7, 2020.

2. MONEY TRANSFER SECTOR[14]

2.1 MONEY TRANSFER COMPANIES

1. Mack’s Exchange Services V.B.A.
2. Union Caribe N.V.
3. Post Aruba N.V.

3. TRUST SECTOR[15]

3.1 TRUST SERVICE PROVIDERS

1. AMTR N.V.
2. Arulex Trust Services N.V.
3. C.T.F. (Aruba) N.V.
4. Curado Trust (Aruba) N.V.[16]
5. Euro Trust International N.V.
6. IMC International Management & Trust Company N.V.
7. Intima Management N.V.
8. Orangefield (Aruba) N.V.
9. Standard Trust Company N.V.
10. United Trust Management (Aruba) UTM N.V.

4. INSTITUTIONAL INVESTORS’ SECTOR

4.1 COMPANY PENSION FUNDS[17]

1. Lago Annuity Foundation
2. Stichting Algemeen Pensioenfonds Aruba (APFA)
3. Stichting Bedrijfspensioenfonds Aruba
4. Stichting Fondo di Pensioen di Trahadornan di Empresanan y Fundacionnan Publico
5. Stichting Pensioenfonds Caribbean Mercantile Bank N.V.
6. Stichting Pensioenfonds Havenwerkers Aruba
7. Stichting Pensioenfonds META Bedrijven Aruba
8. Stichting Pensioenfonds Tourist Sector Aruba

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[14] Supervision by virtue of the SOSMTC.

[15] Supervision by virtue of the SOSTSP.

[16] No longer active.

[17] Supervision by virtue of the SOCPF.

5. INSURANCE COMPANIES[18]

5.1 LIFE INSURANCE COMPANIES

1. American Bankers Life Assurance Company of Florida Limited, Aruba Agency
2. Ennia Caribe Leven (Aruba) N.V.
3. Fatum Life Aruba N.V.
4. Nagico Life Insurance (Aruba) N.V.
5. Pan-American Life Insurance Company of Aruba V.B.A.
6. Sagicor Life Aruba N.V.

5.2 NONLIFE (GENERAL) INSURANCE COMPANIES

	Accident & health	Motor vehicle	Maritime, transport, & aviation	Fire & other property	Other indemnity
1. Aruba AIG Insurance Company N.V.[19]	•	•	•	•	•
2. Best Doctors Insurance V.B.A.[20]	•				
3. Bupa Insurance Company, Aruba Agency	•				
4. Elvira Verzekeringen N.V.					•
5. Ennia Caribe Schade (Aruba) N.V.	•	•	•	•	•
6. Fatum General Insurance Aruba N.V.	•	•	•	•	•
7. Massy United Insurance Company N.V.	•	•	•	•	•
8. NAGICO Aruba N.V.	•	•	•	•	•
9. Netherlands Antilles & Aruba Assurance Company (NA&A) N.V.	•	•	•	•	•
10. Stichting Fondo Nacional di Garantia pa Vivienda					•
11. The New India Assurance Co. Ltd., Aruba Branch	•	•	•	•	•
12. TRESTON Insurance Company (Aruba) N.V.[21]	•	•	•	•	•

Source: CBA.

[18] Supervision by virtue of the SOSIB.
[19] License revoked on February 12, 2020.
[20] In liquidation.
[21] In liquidation.

5.3 CAPTIVE INSURANCE COMPANIES[22]

1. Bancarib Real Insurance Aruba N.V.
2. Fides Rae Insurance Company N.V.
3. MCB Risk Insurance N.V.
4. Mondis Manufacturers Insurance Company N.V.

5.4 INSURANCE BROKERS[23]

1. AON Aruba N.V.
2. Aresta Aruba N.V.
3. Assurantie Service Centrum Aruba A.S.C.A. N.V.
4. Boogaard Assurantiën N.V.
5. De L'Isle & Sons Insurance Brokers N.V.
6. EFS Equidad Financial Services N.V.
7. Framo Insurances N.V.
8. Jai Mahalaxmi Enterprises N.V.
9. Lyder Insurance Consultants N.V.
10. Pentagon Investment & Consultancy N.V.
11. Seguros Geerman N.V.
12. Turtle Island Insurance Broker N.V.
13. Verdant Insurance and Management Company Group N.V.
14. Windward Insurance Solutions N.V.[24]
15. Worldwide Insurance Agency N.V.

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[22] Supervision by virtue of the SOSIB and SDCIC.
[23] Supervision by virtue of the SDSIB.
[24] License revoked on April 1, 2020.

ANNEX 3
FINANCIAL INSTITUTIONS OR PERSONS IN POSSESSION OF A DISPENSATION (DECEMBER 31, 2019)

FINANCIAL INSTITUTIONS IN POSSESSION OF A DISPENSATION AS MEANT IN ARTICLE 48, PARAGRAPH 3 OF THE SOSCS

PAWNSHOPS

1. ‘t Juwelenhuisje N.V.[25]
2. Estrella America N.V.
3. Compra y Venta El Triunfo N.V.

FINANCE COMPANIES

1. Mack’s Total Finance V.B.A.
2. Volkskredietbank van Aruba
3. Qredits Microfinanciering Nederland

FINANCIAL INSTITUTIONS IN POSSESSION OF A DISPENSATION AS MEANT IN ARTICLE 10, PARAGRAPH 1 OF THE SOSMTC

MONEY TRANSFER COMPANIES

1. MoneyGram International Inc.[26]
2. Western Union Financial Services International Inc.[27]

INSURANCE BROKERS IN POSSESSION OF A DISPENSATION AS MEANT IN ARTICLE 4, PARAGRAPH 2 OF THE SOSIB

1. Aruba Bank N.V.
2. Banco di Caribe (Aruba) N.V.
3. Caribbean Mercantile Bank N.V.
4. RBC Royal Bank (Aruba) N.V.

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[25] Dispensation revoked on April 21, 2020.

[26] For conducting money transfer activities through Union Caribe N.V.

[27] For conducting money transfer activities through Post Aruba N.V. and Mack’s Exchange Services V.B.A.

5. FirstCaribbean International Bank (Cayman) Limited – Aruba Branch
6. Fundacion Cas pa Comunidad Arubano (FCCA)
7. Island Finance Aruba N.V.

PERSONS IN POSSESSION OF A DISPENSATION AS MEANT IN ARTICLE 4, PARAGRAPH 2 OF THE SOSIB TO ACT AS AN INSURANCE AGENT FOR THE INSURANCE COMPANIES LISTED BELOW:

FATUM LIFE ARUBA N.V. AND FATUM GENERAL INSURANCE ARUBA N.V.:

1. Mr. J.W. Isenia
2. Mrs. T.D. Kelly-Hernandez
3. Mr. G.M. Daal
4. Mr. J.A.M. Lomans
5. Mr. E.G. Schwengle
6. Mrs. M.D.D. Geerman
7. Mr. J.W.P.J. Kaan
8. Mr. R.W. van der Meulen
9. Mr. R. Seraus
10. Mrs. B. Franke-Trumpie
11. Mrs. O.J. Barret

PAN-AMERICAN LIFE INSURANCE COMPANY OF ARUBA V.B.A.:

1. Mrs. Alli-Martijn
2. Mrs. L. Ramirez Velasco Pena[28]
3. Mr. J.R. Martina
4. Mrs. L. Kelly
5. Mrs. M. de La Cruz Mateo-Abreu Knight
6. Mrs. J.M. Pesqueira
7. Mrs. M.N.R. Tromp
8. Mr. E.E. Werleman
9. Mr. J.J.E. Vermeulen

SAGICOR LIFE ARUBA N.V.:

1. Mrs. D.A. Dormoy
2. Mrs. L.R. Faustin

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[28] Dispensation revoked on March 24, 2020.

3. Mrs. F. Bernier Corbacho
4. Mrs. A.R. Koolman
5. Mrs. B.I. Wolff-Croes
6. Mrs. N.C. Marques Hidalgo
7. Mr. F.C. Martina
8. Mrs. O.A. Inocencia

(LEGAL) PERSONS IN POSSESSION OF A DISPENSATION AS MEANT IN ARTICLE 4, PARAGRAPH 2 OF THE SOSIB TO ACT AS AN INSURANCE AGENT PROVIDING SUPPLEMENTARY INSURANCE BROKERAGE SERVICES

1. Aruba Living Today N.V.

ANNEX 4
(M)MOUS SIGNED BY THE CBA

Supervisory authority	Scope	Year signed
Centrale Bank van Curaçao en Sint Maarten	Exchange of information regarding banks	1998
Centrale Bank van Curaçao en Sint Maarten	Exchange of information regarding insurance companies	2003
Multilateral between Regional Regulatory Authorities in the Caribbean	Exchange of information and cooperation and consultation for adequate supervision of financial institutions	2011
Financial Intelligence Unit of Aruba	Cooperation and information exchange	2011
Public Prosecutor's Office of Aruba	Cooperation and information exchange	2012
Supervisors of the Kingdom of the Netherlands	Sharing of information in support of the objective to facilitate and meet requirements for effective supervision of the financial sectors and financial markets in the Dutch Kingdom	2011/2012
De Nederlandsche Bank N.V.	Cooperation and exchange of information in the area of supervision of banks, insurance companies, trust service providers, and money transfer companies	2014
Netherlands Authority for the Financial Markets (AFM)	Cooperation and exchange of information in the area of supervision of banks, insurance companies, insurance brokers, trust service providers, and money transfer companies	2015
Group of International Finance Centre Supervisors	Cooperation and information exchange	2019[29]

[29] Agreed upon in 2016.

ANNEX 5
MEETINGS OF INTERNATIONAL SUPERVISORY BODIES ATTENDED IN 2019

This annex provides an overview of the meetings attended in 2019 by the CBA's supervisory staff in the areas of financial sector supervision and AML/CFT oversight.

Supervisory group/institution	Main topics discussed
Group of International Finance Centre Supervisors (GIFCS) Plenary meetings (April and November)	▪ Trust and Company Service Providers Standard ▪ Mutual GIFCS assessments ▪ AML/CFT challenges
Caribbean Group of Banking Supervisors (CGBS) Members' Assembly and XXXVII Annual Conference (June) "The modern supervisor: retooling supervisory approaches in a dynamic financial environment"	▪ Supervising emerging operational risks ▪ Implementation of Basel standards ▪ Enhancing supervisory practices ▪ Embracing financial innovation ▪ Expanded supervisory mandate
Financial Action Task Force (FATF) Plenary meeting (June)	▪ Adoption of mutual evaluation report of Hong Kong ▪ Virtual Assets
Group of International Insurance Centre Supervisors (GIICS) Annual Seminar and Annual General Meeting (July)	▪ Climate change in insurance ▪ Enforcement ▪ Regulatory data and Block chain in insurance ▪ Operational risk
Association of Supervisors of Banks of the Americas (ASBA) XXII Annual Assembly and XIV High-level Meeting (September/October) "Challenges and priorities of the regulators and supervisors in the current environment"	▪ Institutional arrangements for financial sector authorities – mandates, independence, and emerging challenges ▪ Coordination and cooperation among financial authorities – safeguarding financial stability ▪ Supervisory review process (Pillar 2) and the application of proportionality ▪ Lessons learned from past banking crises ▪ Priorities of regulators and supervisors in the region
International Association of Insurance Supervisors (IAIS) XXVI Annual Conference (November) "Supervision in a digital era"	▪ Supervision in a digital era – Are we ready? ▪ Sustainable cyber resilience ▪ Data and innovation – opportunities and challenges ▪ Digital financial inclusion – Innovation beyond imagination ▪ Impact of technology on market structure and effective approaches to supervision
Caribbean Financial Action Task Force (CFATF) Plenary meetings (May and October)	▪ Adoption of mutual evaluation reports of Bermuda, Turks & Caicos ▪ Plenary discussions of follow-up reports 4th round of mutual evaluations ▪ AML/CFT developments (including FATF papers)

ANNEX 6
CHANGE IN THE SHAREHOLDING OF SUPERVISED INSTITUTIONS IN 2019

CREDIT INSTITUTIONS

- On November 27, 2019, pursuant to article 17, paragraph 1, of the SOSCS, the CBA granted permission to Caribbean Mercantile Bank N.V. to increase its qualifying holding in Windward Island Bank International N.V. to 100 percent.

ANNEX 7
INTEGRITY AND SUITABILITY TESTING CONDUCTED IN 2019

This annex provides an overview of the integrity and suitability testing conducted by the supervision departments in 2019.

Sector	Credit institutions	Insurance companies	Company pension funds	Money transfer companies	Trust service providers	Insurance brokers	Total
Pending as of January 1, 2019	6	9	4	6	1	-	26
New requests	11	11	7	1	-	-	30
Reassessments	-	-	-	-	-	-	-
Withdrawn requests	2	3	-	-	-	-	5
Rejected requests	-	-	-	-	-	-	-
Approved	3	4	1	3	-	-	11
Conditionally approved	8	2	6	-	-	-	16
Assessment ceased	-	3	-	-	-	-	3
Pending as of December 31, 2019	4	8	4	4	1	-	21

ANNEX 8
TYPE OF BREACHES IDENTIFIED IN 2019 DURING THE AML/CFT ONSITE EXAMINATIONS

Sector	Breaches of the AML/CFT State Ordinance	Areas
	Financial institutions	
Credit institutions	Articles 3, 5, 6, 8, 11, and 26 of the AML/CFT State Ordinance	* Customer due diligence * The reporting of unusual transactions
	DNFBPs	
Trust service providers	Articles 3, 5, 6, 11, 12, 26, and 33 of the AML/CFT State Ordinance Article 8 of the SOSTSP	* Customer due diligence * The reporting of unusual transactions * Recordkeeping
Law Firms	Articles 5, 6, and 26 of the AML/CFT State Ordinance	* Customer due diligence * The reporting of unusual transactions
Notaries	Articles 3, 6, 8, 11, 12 26, 33, 34 and 46 of the AML/CFT State Ordinance	* Customer due diligence * The reporting of unusual transactions * Procedures and measures * Recordkeeping
Real Estate	Articles 3, 5, 6, 8, 11, 12, 19, 26, 46, 47 and 50 of the AML/CFT State Ordinance	* Customer due diligence * The reporting of unusual transactions * Procedures and measures * Registration requirement
Casinos	Articles 3, 6, 8, 11, 12, 26, 33, 34, 46 of the AML/CFT State Ordinance	* Customer due diligence * The reporting of unusual transactions * Procedures and measures * Recordkeeping
Tax Advisors	Articles 3, 5, 8, 11 26, and 46 of the AML/CFT State Ordinance	* Customer due diligence * The reporting of unusual transactions * Procedures and measures

ANNEX 9
SUPERVISORY COSTS PASSED ON IN 2019

Pursuant to the respective state decrees[30], the CBA charges the sectors supervised for part of the supervision costs incurred. The supervisory costs passed on to the different sectors in 2019 are as follows:

Sectors	Supervisory costs passed on in 2019	
Credit institutions	Afl.	800,000
Insurers	Afl.	300,000
Captives	Afl.	30,000
Insurance brokers	Afl.	55,000
Company pension funds	Afl.	155,000
Money transfer companies	Afl.	150,000
Trust service providers	Afl.	100,000
Total	Afl.	1,590,000

[30] Pursuant to, respectively, the State Decree on the charging of supervision costs to the credit institutions (AB 2011 no. 4), the State Decree on the charging of supervision costs to the insurance companies (AB 2006 no. 3), the State Decree on the charging of supervision costs to the Captive Insurance Companies (AB 2002 no. 50), the State Decree on the charging of supervision costs to the trust service providers (AB 2012 no. 60), the Ministerial Regulation on the charging of supervision costs to the company pension funds (AB 2010 no. 86), and the State Decree on the charging of supervision costs to the money transfer companies (AB 2007 no. 18).

CENTRALE BANK VAN ARUBA

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