

# CONSUMER CONFIDENCE

Q4 2020

Executive Summary  
Centrale Bank van Aruba  
March 26, 2021



CENTRALE BANK VAN ARUBA

# Executive Summary

In the wake of the third COVID-19 pandemic wave, consumers felt less pessimistic as the consumer confidence index picked up by 1.2 index points to 93.0\* during the fourth quarter of 2020.

By the end of the fourth quarter, top of mind consumer concerns were the worsening business and economic conditions (73%), their employment opportunities (72%), and the financial position of the government (69%). Also, more than two-thirds of consumers (70%) indicated that they were still worried about their personal health, whereas 67% of consumers reported that they did not have trouble in meeting their basic needs. Despite a decrease of 4 percentage points from the previous quarter (60%), consumers still perceived their household's financial situation to have worsened from 6 months ago (56%).

In the fourth quarter of 2020, the present situation index grew by 1.1 index points to 91.7, while the future expectation index rated 94.2, up from 92.8 in the previous quarter, thus, reflecting a relatively more upbeat sentiments amongst respondents. In comparison to the third quarter, consumers were less pessimistic about the future. More than one-third of respondents (37%) expected the impact of the COVID-19 pandemic to last between 1 to 2 years. In the fourth quarter of 2020, 72% of consumers reported that buying a car was not suitable. About 72% of consumers informed that taking out a loan was not appropriate, while close to 70% reported that going on vacation or taking out a mortgage was unsuitable. As a result, the consumer purchasing habit index stood at 93.4 in the fourth quarter.

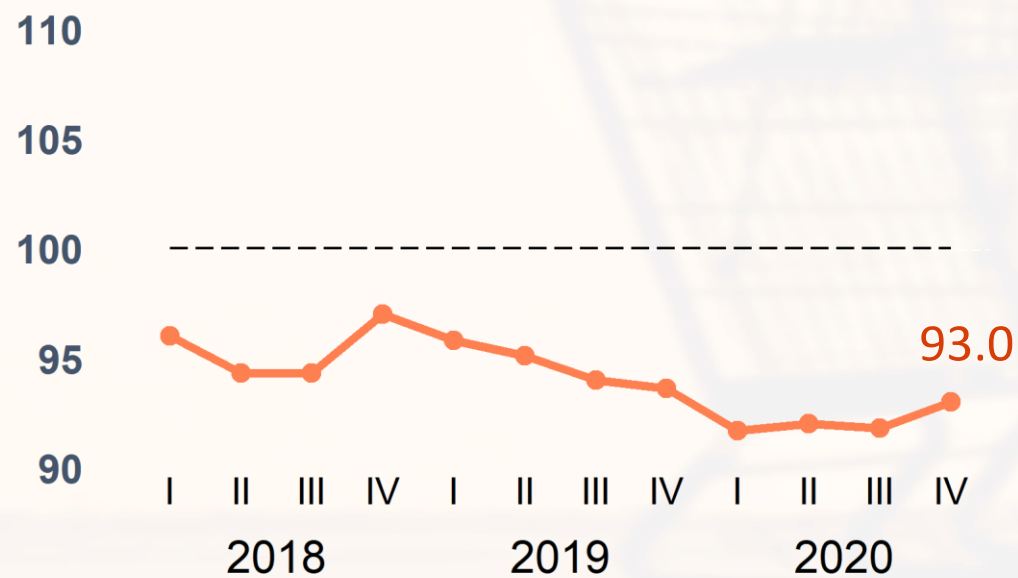
\*The consumer confidence index can vary between 90 and 100 (pessimistic sentiments), and 100 and 110 (optimistic sentiments). An index of 100 indicates relatively neutral sentiments.

# Top of Mind

## Consumer Concerns Q4 2020

- 1 Economic conditions (73%)
- 2 Job security (72%)
- 3 Personal health (70%)
- 4 Financial position of the government (69%)
- 5 Household's financial position (56%)

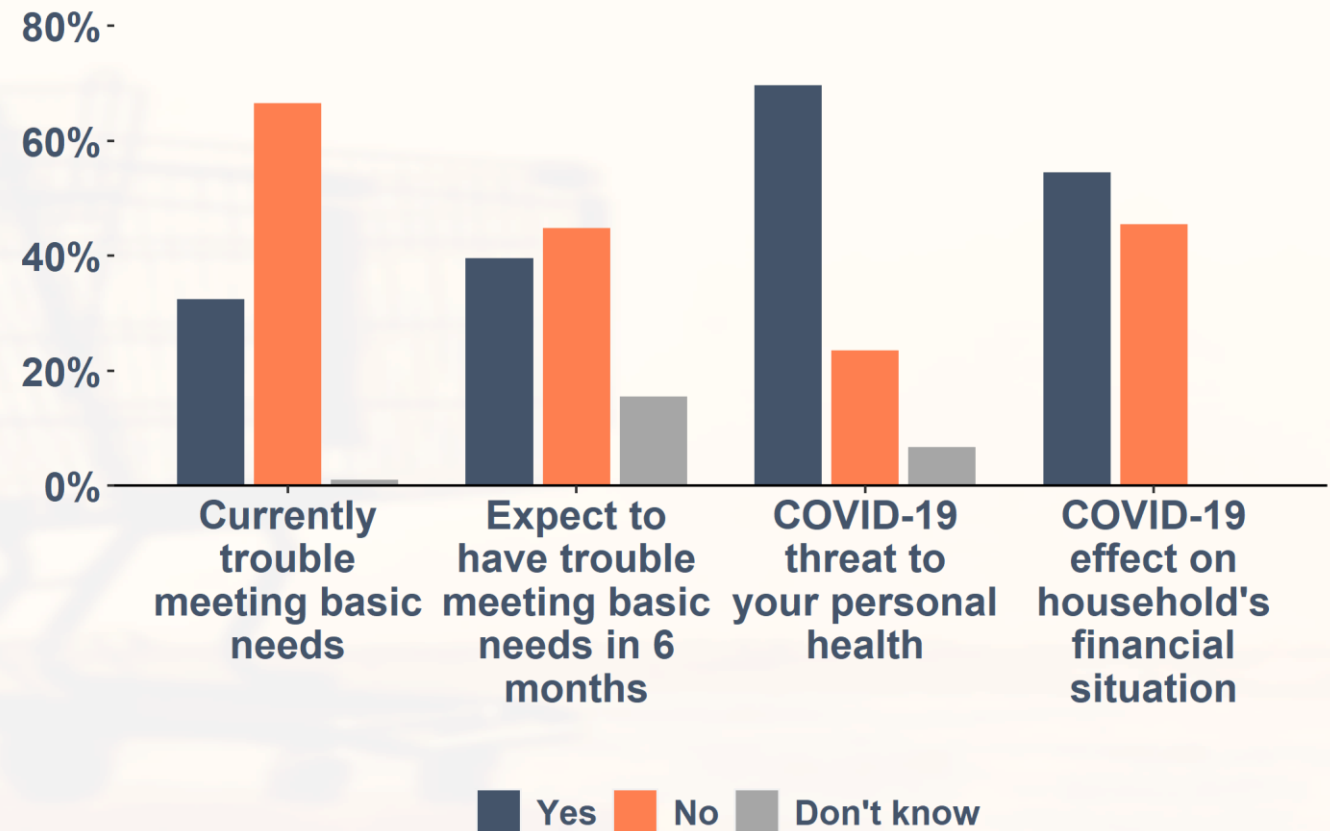
## The Consumer Confidence Index picked up during the fourth quarter of 2020



70%

About 70% of consumers reported that the COVID-19 pandemic is a threat to their personal health. Yet, almost 67% of respondents indicated that they do not have trouble meeting basic needs.

## The impact of COVID-19 on meeting basic needs and personal health

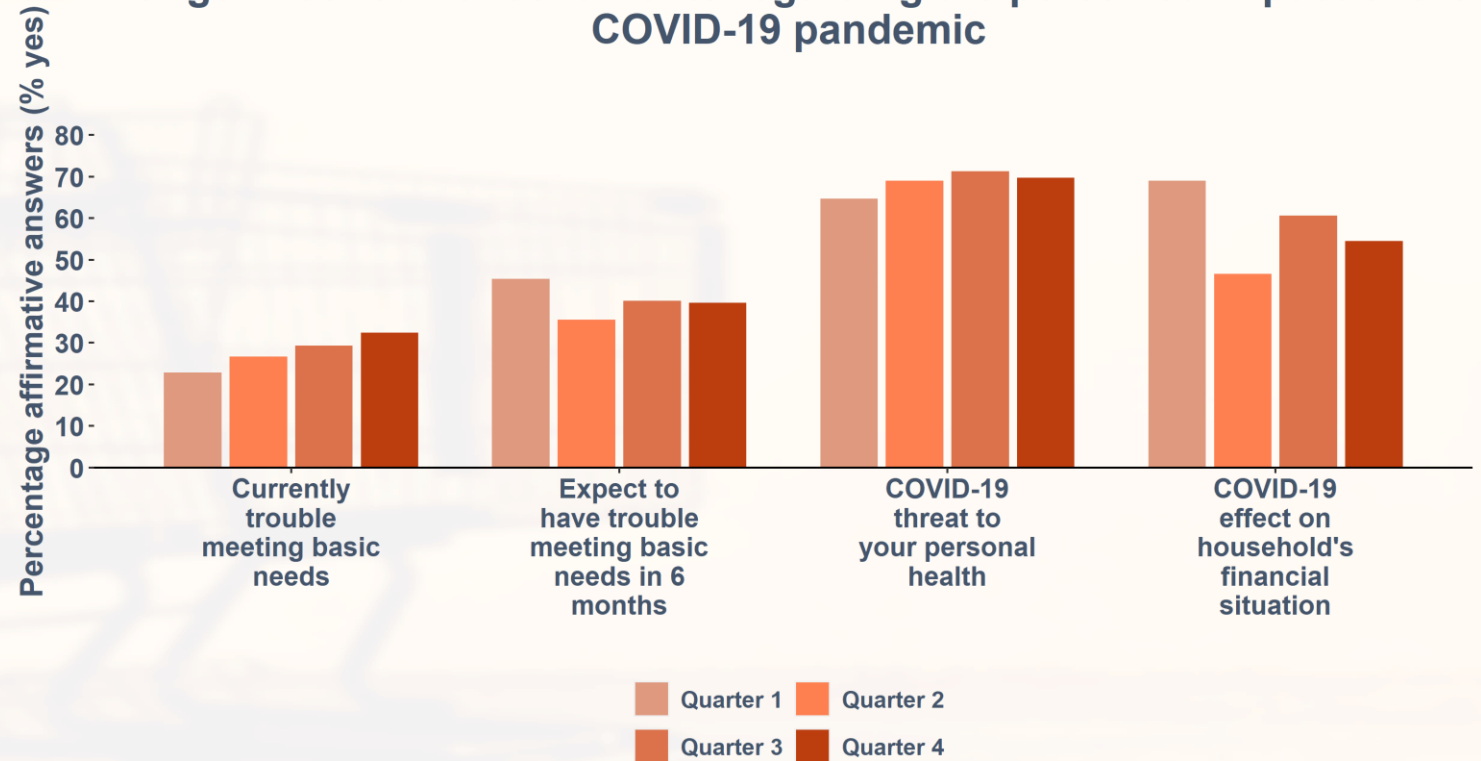


55%

Roughly 55% of consumers reported in Q4 that COVID-19 still had an affect on their household's financial situation, down from 69% in Q1.

Whereas the threat to personal health remained elevated (+60%), concerns about currently meeting basic needs edged up (+30%) during the fourth quarter.

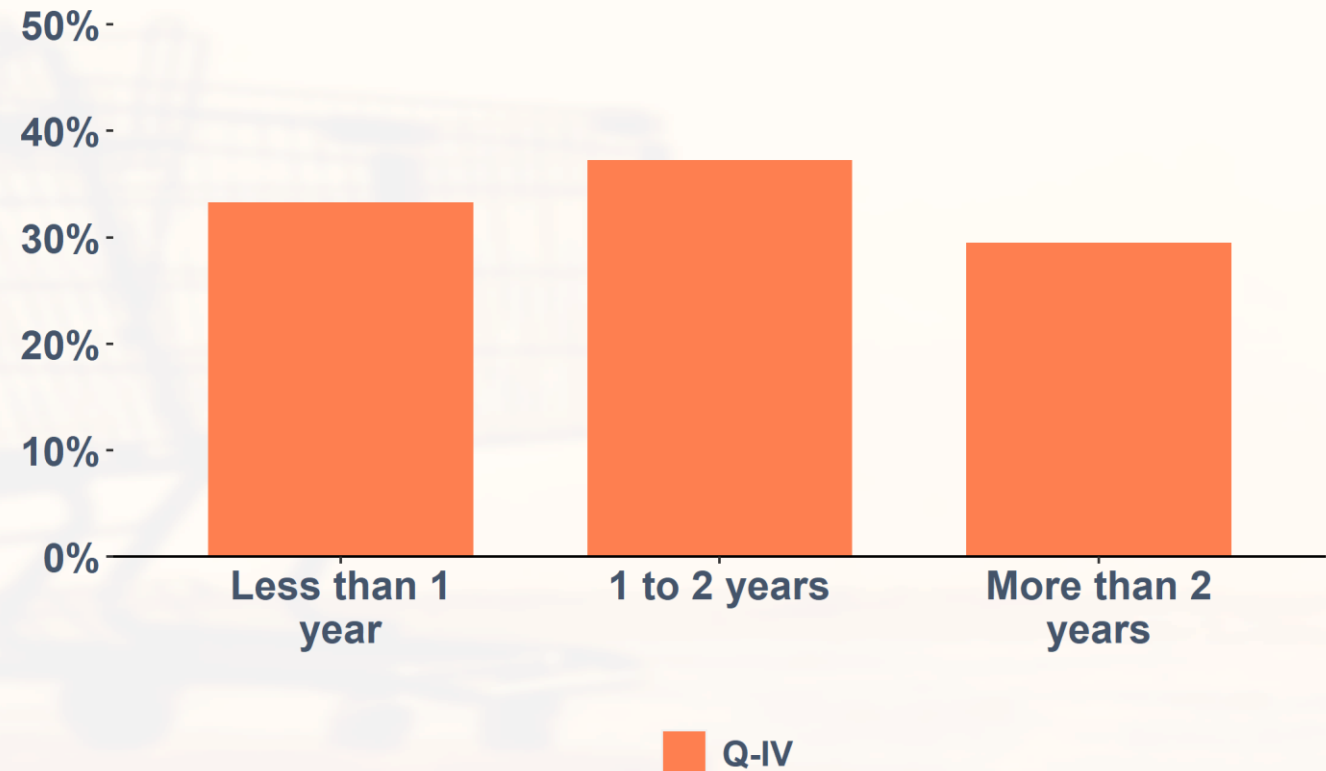
## Change in consumer sentiments regarding the perceived impact of the COVID-19 pandemic



37%

An estimated 37% of respondents expected the COVID-19 crisis to persist between 1 and 2 years; 34% anticipated it to continue for less than 1 year, while 29% of respondents anticipated the crisis to last more than 2 years.

The majority of consumers foresaw the COVID-19 crisis to persist for more than 1 year

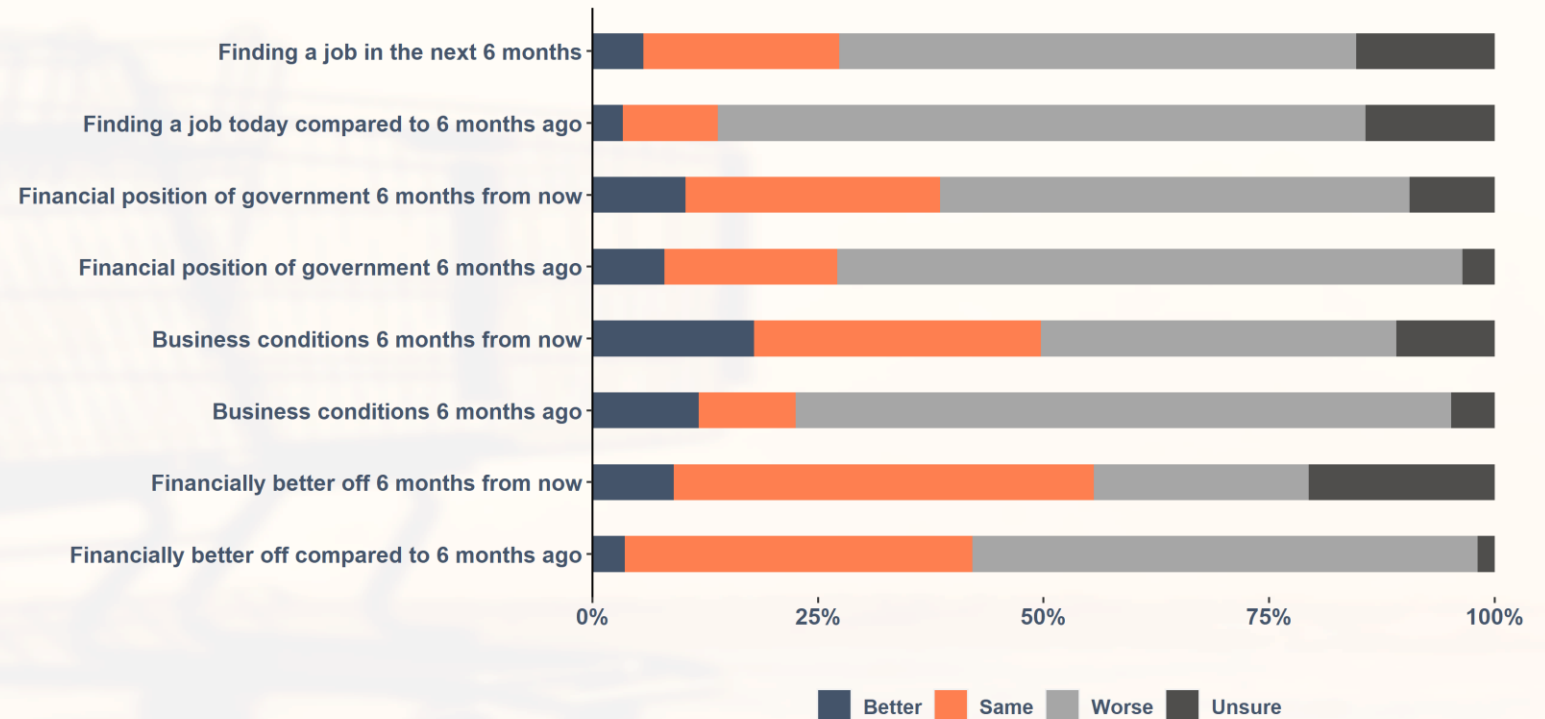




# 73%

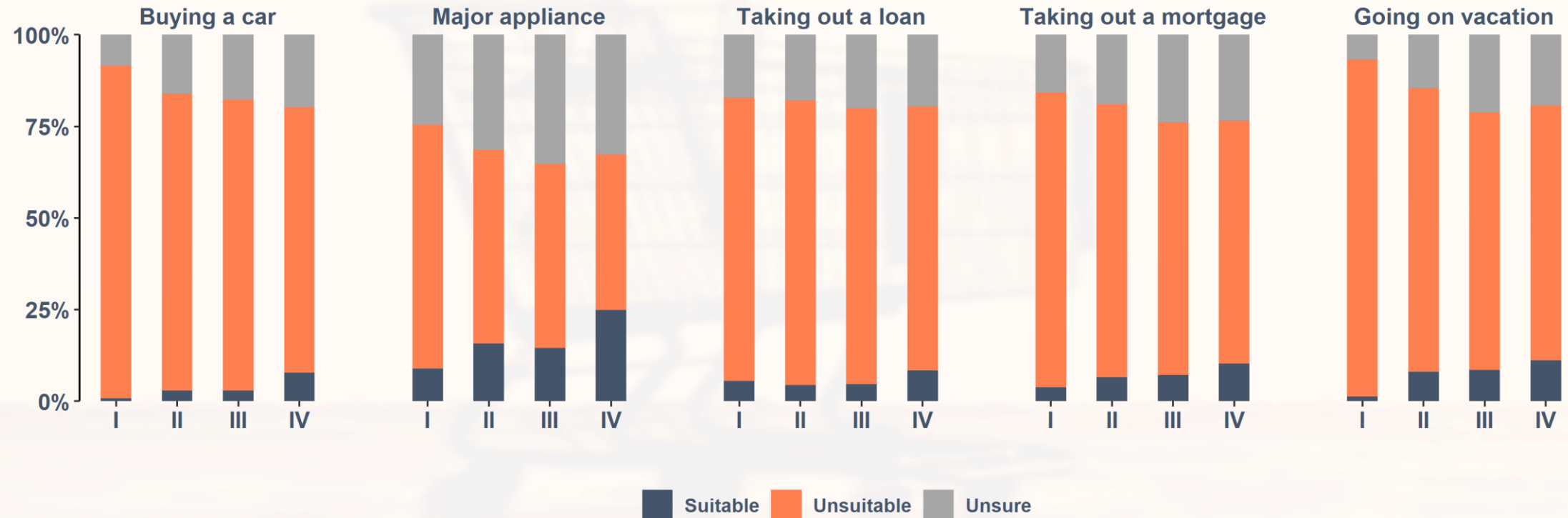
About 73% of consumers felt current business and economic conditions to have worsened, and 72% reported that finding a job right now is more difficult than when compared to 6 months ago. Also, 69% of consumers perceived the financial position of the government to have worsened over the past 6 months. Similarly, 56% of consumers stated a worsening of their household's financial situation.

## Consumer Sentiments: 6 months ago versus 6 months from now

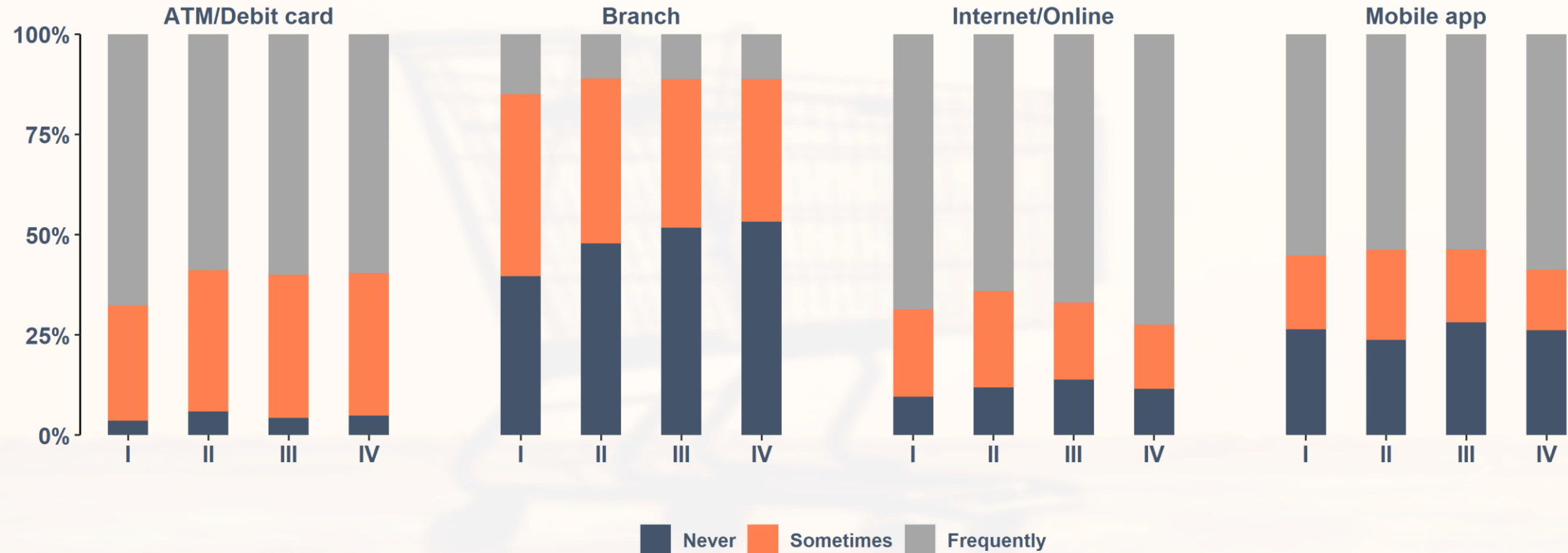




Although the largest proportion of consumers found it unsuitable or remained unsure about spending, an increasing amount of consumers still found it suitable to spend in buying a car or a major appliance by the end of the fourth quarter of 2020. Likewise, an increasing number of consumers believed it was suitable to take out a mortgage and go on vacation.



The proportion of respondents that did not use their bank's branch increased consistently throughout 2020, reaching more than half by the end of the year. Alternatively, the use of internet and mobile banking picked up during the second half of 2020



FOR MORE INFORMATION, PLEASE CONTACT THE  
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