

PRESS RELEASE

OPERATIONAL REPORT 2019: THE CENTRALE BANK VAN ARUBA KEEPS A SOLID FINANCIAL POSITION, AND INVESTS IN QUALITY AND INNOVATION

Oranjestad, December 3, 2020 – The Centrale Bank van Aruba (CBA) today publishes its **Operational Report 2019**. The Operational Report for the year 2019 provides a synopsis of CBA’s financial results for 2019, its mandate, and key policy objectives as laid down in the Central Bank Ordinance, and the major achievements related to its strategic plan “Bela yen: Nos Plan Strategico 2016-2020”.

The report highlights the main developments and activities in the monetary sector, the financial sector, and the payments system, along with the prime operational activities carried out by the CBA in 2019. With regard to its activities, a key achievement was the introduction of the new and innovative 2019 series banknotes in June 2019 to replace the 2003 series banknotes. With over 80 percent of the 2003 series banknotes converted by the end of 2019, the CBA concludes that the new banknotes have been very well-accepted by the Aruban community. Furthermore, the 100 florin of the new series 2019 banknote has recently won the prestigious **2019 Banknote of the Year Award of the International Bank Note Society**.



The CBA is equally proud of the large number of children it reached with its programs **Global Money Week Aruba (GMWA)** and **Cyber School Aruba**, thereby supporting financial education and cybersecurity awareness. The CBA believes strongly in educating Aruba’s future generations on the importance of having adequate financial skills. Therefore, the CBA led the initiative to annually organize a national financial education program in the form of the GMWA using the financial circle model covering 7 essential topics (Discover, Learn, Innovate, Earn, Spend, Save, and Share). And through the Cyber School programs, the CBA contributes to enhancing the online vigilance and digital skills of kids. With both programs, reaching approximately 680 kids in Aruba in 2019, the CBA aims to invest in a better future for our children.

The CBA’s management of the **foreign exchange reserves remained prudent in 2019** as the level of these reserves stayed appropriate throughout 2019, while aiming to have continuous liquidity for the banking system, thereby **fostering confidence in the peg of the florin with the US dollar**.



CENTRALE BANK VAN ARUBA

The financial position of the CBA remained solid through 2019

- **Net interest revenues.** The primary source of revenue, i.e., the proceeds from CBA's foreign exchange investment portfolio, strengthened, reflecting the positive developments in the global financial markets in 2019 and the timely repositioning of the investment portfolio in early 2019 to capture the higher yielding environment at that time.
- **Other revenues.** The other revenues consist of foreign exchange revenues, coin revenues, exchange rate margin compensation, and other revenues, such as supervision costs passed on to the supervised institutions and administrative fines imposed by the CBA. The slight increase in the other revenues category was due mainly to foreign exchange sales to the Government of Aruba (GOA) in 2019 to cover its external debt repayment. The latter was financed completely by the GOA bond issues on the domestic capital market in 2019.

At the same time, the CBA's expenses remained moderate thanks to the strict monitoring thereof.

- **Personnel expenses.** The rise in personnel expenses in 2019 was due mostly to more courses, seminars, and meetings attended by CBA employees, as well as more recruitment expenses paid by the CBA, compared to the previous year.
- **Operational expenses.** The operational expenses decreased in 2019 compared to 2018, mostly as a result of lower legal and consultancy expenses. However, these lower expenses were in part offset by more conferences and seminars organized by the CBA, inter alia, "**The Future of an Aruban Circular Economy**" conference held in November 2019. This conference was aimed at supporting an **Aruban Circular Economy with responsible socio-ecological boundaries, solid institutional capabilities, an innovative ecosystem, a productive labor force, macro-fiscal sustainability, and economic resilience to safeguard our future.**

The COVID-19 pandemic

The COVID-19 pandemic is having an unprecedented impact on the Aruban economy. While the GOA's measures to contain the spread of COVID-19 on the island to mitigate its adverse effects on the health of the population certainly are praiseworthy, these measures have placed an unprecedented level of stress on the Aruban economy with loss of income from the tourism sector, virtually the only economic pillar. In order to partially counteract these negative developments, the CBA took various measures in the monetary, prudential, and foreign exchange domains. The latter was mainly to protect the level of international reserves due to a strong contraction of foreign currency inflows derived from tourism.

For informational purposes, the CBA included some key indicators up to and including June 2020 in its Operational Report 2019.

As the GOA has now opted to gradually open up the economy and cautiously welcome tourists back to the island, economic activities have picked up slowly, providing badly needed jobs and



CENTRALE BANK VAN ARUBA

income for the public and private sectors. For further details on the GDP forecast, please refer to the “Economic Outlook October 2020” on our website www.cbaruba.org.

The **Operational Report 2019** is available on the same website as of today.