



FREQUENTLY ASKED QUESTIONS

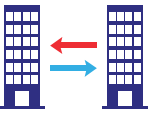




GENERAL INFORMATION ON I-PAGO

1. What is I-Pago?

I-Pago is the brand name for the instant payments services provided in Aruba through the Centrale Bank van Aruba Instant Payments Clearing & Settlement Mechanism (CBA IP CSM¹).

2. What are instant payments?

Instant payments are transfers executed within seconds, 24/7, of funds between one customer (the payer) account at a local commercial bank in the local currency (Aruban florin) to the payee's account at another local commercial bank.

				
Money transfer between bank accounts.	24/7/365 availability-multichannel initiation.	Real-time processing-processed in seconds.	Payment is final and immediate confirmation.	Payee has immediate access to funds.

3. Why is there a need for I-Pago?

I-Pago was introduced in response to the increasing demand from consumers and businesses for a faster and more efficient transfer of funds. Earlier it could take up to three working days to transfer funds from one bank account to another bank account at a different commercial bank.

4. What is the currency used by I-Pago?

The currency is the Aruban florin (Afl.).

5. As of when is instant payments available in Aruba?

As of January 18, 2020.

¹The terms "CBA IP CSM" and "I-Pago" are used interchangeably. In most cases when we refer to CBA IP CSM we are referring to the system and its technical possibilities. When we refer to I-Pago we refer in most cases to the branding/commercial side of the instant payments services.



6. What are the operating hours of I-Pago?

I-Pago is available 24/7. Most participating banks also offer I-Pago 24/7. Please contact your local commercial bank for more information about its operating hours for I-Pago.

7. Which banks are providing instant payments services?

All the commercial banks are connected to the CBA IP CSM system², which means that they can all provide instant payments services to their customers. However, not all the commercial banks are processing all transactions instantly at this time. Please contact your local commercial bank for more information.

8. What are the benefits of instant payments?

With instant payments, you can send and receive electronic payments in Aruban florin anytime between accounts at different banks. The payee has immediate confirmation of the receipt and has real-time access to the transferred funds.

For e-commerce purposes, instant payments eliminate the risk for online merchants of not getting paid as well as the risk for the customer of not receiving the goods despite having paid, because the exchange of goods and services can be quickly synchronized with the payment.

For business-to-business payments, instant payments improve cash flow, make it easier to manage funds, reduce late payments, and speed up the payment of invoices, even when the customers' accounts are at different banks.

9. What is the maximum amount per transaction?

From a system perspective there is no maximum transaction amount in the CBA IP CSM. However, the banks can limit the amount per transaction. Please contact your local commercial bank for more information.

² For the list of the banks connected to the CBA IP CSM system visit the CBA website: www.cbaruba.org/ipago



HOW AND WHEN IS I-PAGO USED?

1. In which cases are the funds processed through the CBA IP CSM?

All fund transfers in Aruban florin from one commercial bank to another commercial bank are processed through the CBA IP CSM system/I-Pago.

2. Can I-Pago be used to transfer funds to a bank account overseas?

I-Pago can only be used for the transfer of funds denominated in Aruban florin between accounts at the commercial banks in Aruba.

3. What is the difference between IPA and BPA?

IPA stands for Instant Payments Aruba, these are regular SEPA³ Instant Credit Transfer (SCT INST) transactions. BPA stands for Batch Instant Payments. BPA is used e.g. for salary payments.

4. Will I-Pago impact the point of sale (POS) terminal transactions?

No, the Point Of Sale (POS) terminal transactions continue to be processed the same way as before I-Pago.

³ Single Euro Payments Area

HOW DOES I-PAGO WORK?

1. What are the steps for an instant payment transaction?

- 1 The payer fills in the payments details and sends the payment request to his/her (originator) bank.
- 2 The originator bank debits the payer's account and sends the payment information to the CBA IP CSM.
- 3 The CBA IP CSM validates the payee account via the bank of the payee.
- 4 The CBA IP CSM settles the payment between the two banks.
- 5 The CBA IP CSM notifies the banks of the successful settlement, and each bank notifies its respective customer.

2. What is the processing time for instant payments transactions?

The main goal is for transactions to be cleared and settled within 5 seconds. However, for each payment transaction, more than one party is involved in the process and needs to respond to a payment message. Each party has just a few milliseconds to respond.

Currently the time-out is set at three minutes, implying that all transactions should be successfully processed, cleared and settled within three minutes, otherwise the transaction will be rejected and will need to be submitted again. The aim is to reduce the time-out of three minutes to just a few seconds.

Please note that the latter is only applicable for IPA (Instant Payments Aruba) transactions. For BPA (Batch Payments Aruba) transactions the time-out is 10 minutes.

3. What will happen if an instant payment is successful?

The commercial banks are required to notify the payer that the transfer was successfully executed. The manner in which the payer is notified may differ per bank (e.g. in the mobile app/via SMS). Please contact your local commercial bank for more information.

4. What will happen if an instant payment is not successfully executed?

The commercial banks are required to notify the payer when a transfer was not successfully executed. The reason why the transaction was unsuccessful should also be communicated to the payer. For instance, the payer does not have sufficient funds on his/her account, or the account of the payee is closed/blocked. The manner in which the payer is notified may differ per bank. Please note that when a transaction is unsuccessful, the IP CSM will not process the transaction and hence the payer's account will not be debited. Please contact your local commercial bank for more information and how to proceed in such an instance.



WHAT ARE THE COSTS INVOLVED WHEN USING I-PAGO?

1. What are the costs for using I-Pago?

Since the go-live in 2020 until the end of 2022 the CBA subsidized all transactions below a value of Afl. 250, making these transactions free of charge to the commercial banks in order to stimulate the use of I-Pago. In view of the success of I-Pago since its launch in 2020, the CBA has decided that the subsidy to stimulate its use was not necessary anymore and thus amended the tariff structure that was valid until then. Therefore, as of January 1, 2023 the (preliminary and actual) tariff applies to all transactions, irrespective of the value, but excluding timed-out and/or rejected transactions.

In 2024, a fixed preliminary tariff of Afl. 0.20 per transaction applies. The fixed preliminary tariff will be charged to each participant based on its share of the total transactions successfully processed through the CBA IP CSM, excluding timed-out and/or rejected transactions.

However, each commercial bank determines whether, and if so, what fee(s) it will charge its customers for its instant payments services. Please contact your commercial bank for more information about its fee for the instant payment services.

THE MODERNIZATION OF ARUBA'S PAYMENT INFRASTRUCTURE

1. When did the CBA start with the project to modernize the Aruban payment system?

The CBA has been working towards the modernization of the Aruban payment infrastructure for several years (*Bela Yen - Nos plan strategico 2016-2020*). The project to replace the CBA clearing system started in 2018. In June 2018, the CBA signed a contract with equensWorldline for the implementation of the CBA IP CSM system. Around the same time, the commercial banks signed a MoU with the CBA, to confirm their commitment to this project.

2. Define the different phases of the project to modernize the Aruban payment system.

Phase 1 of the project entailed regular transfers between local bank accounts, including IPA and BPA's. In phase 2, the focus will be on use cases such as Person-to-person (P2P) transfers, In Store and Online payments (web shops). To realize phase 2, the CBA intends to once again work closely with the local commercial banks.

3. When is the start of Phase 2?

The CBA is currently in the early exploratory stages of phase 2. A high-level planning for phase 2 will be announced as soon as it's available.

For more information please contact the Payment Systems Department:
E-mail: payment.systems.department@cbaruba.org
Website: www.cbaruba.org

