



CENTRALE BANK VAN ARUBA

The Centrale Bank van Aruba has decided to lower the Reserve Requirement to 16.5% effective November 1, 2024

Press Release

Effective November 1, 2024, the Central Bank of Aruba (CBA) reduced the reserve requirement for commercial banks from 17.5% to 16.5%. This monetary policy decision eases the minimum balances that the commercial banks must hold at the CBA, thereby increasing the funds available for lending and investment.

Key highlights

1. Credit growth and adequate foreign reserves

Credit growth picked up in recent months compared to the start of 2024. Nonetheless, when excluding large incidentals, credit expansion was relatively modest. Moreover, as of September 27, 2024, foreign reserves grew significantly. Foreign reserves far surpassed the reserve adequacy benchmarks monitored by the CBA, being the current account coverage ratio and the reserve adequacy metric as used by the International Monetary Fund (IMF). The CBA expects that official and international reserves will remain adequate during the remaining months of 2024.

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

In August 2024, the EOP inflation rate increased to 2.9%, up from 2.8% in the previous month. The upward trend in EOP inflation as of March 2024 mainly resulted from the fading impact of the May 2023 electricity tariff reduction and the diminishing effect of lower car prices. Despite the recent rise, the CBA anticipates the EOP inflation to slow down by the end of December 2024.

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

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

Centrale Bank van Aruba

February 17, 2025