



CENTRALE BANK VAN ARUBA

The Central Bank of Aruba reduced the reserve requirement for commercial banks to 14.5% effective January 1, 2025

Press Release

Effective January 1, 2025, the Central Bank of Aruba (CBA) lowered the reserve requirement rate for commercial banks from 15.5% to 14.5%. This monetary policy decision decreases the minimum balance that local commercial banks must hold at the CBA. Therefore, banks have more funds to commit toward loans and investments.

Key highlights

1. Adequate foreign reserves despite credit growth

Credit growth (even when excluding large incidentals) picked up in recent months compared to the start of 2024. Nevertheless, foreign reserves were amply above the benchmarks monitored by the CBA as of November 22, 2024. These benchmarks include the current account coverage ratio and the reserve adequacy metric used by the International Monetary Fund (IMF). Additionally, the CBA expects that official and international reserves will remain adequate for the remainder of 2024.

2. The slowdown in the end-of-period (EOP) inflation

In October 2024, the 12-month average inflation registered 2.0%. Meanwhile, the EOP inflation decreased from 1.5% in September to 1.0% in October 2024. Moreover, the CBA projects a further deceleration in inflation in the coming months.

The CBA continues to monitor monetary and economic indicators and will 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

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