



CENTRALE BANK VAN ARUBA

The Centrale Bank van Aruba lowered the reserve requirement for commercial banks to 13.5% effective February 1, 2025

Press Release

Effective February 1, 2025, the Central Bank of Aruba (CBA) reduced the reserve requirement rate for commercial banks from 14.5% to 13.5%. This monetary policy decision reduces 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 December 20, 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 official and international reserves to continue growing and remain adequate.

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

In November 2024, the 12-month average inflation registered 1.9%. Meanwhile, the EOP inflation slowed down from 1.0% in October to 0.8% in November 2024. Moreover, the CBA projects a further deceleration in inflation in 2025.

The CBA continues to monitor monetary and economic indicators and will adjust its monetary policy stance as needed to maintain the fixed exchange rate between the florin and the US dollar.

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

Centrale Bank van Aruba

March 17, 2025