

DEVELOPMENTS IN ARUBA



CENTRALE BANK VAN ARUBA

Justin Jacobs

Curacao, November 19-22, 2019
Regional Payments Week

DISCLAIMER

The views expressed during this presentation are those of the author and do not necessarily reflect the views of the Central Bank of Aruba.

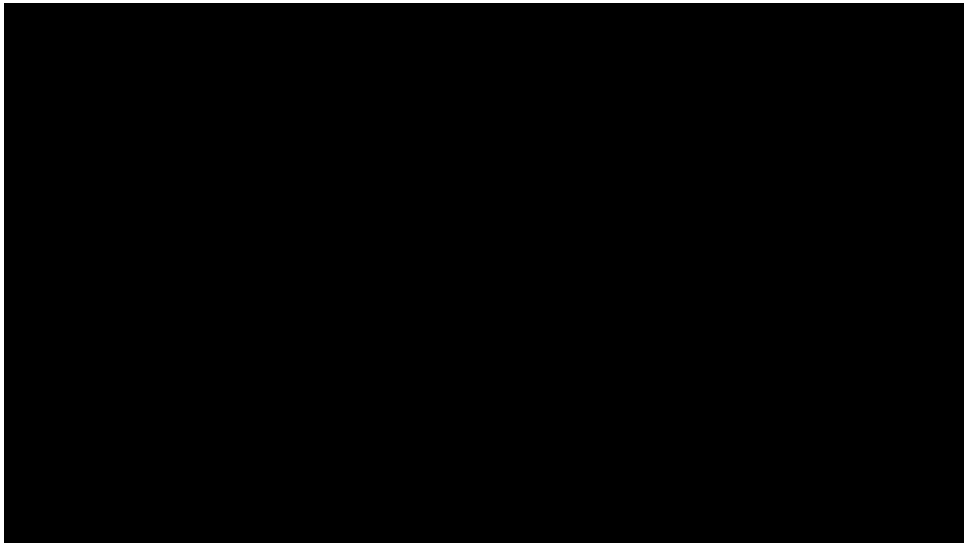


1 CBA vision and status until today

2 CBA project

3 Future use cases

4 End goals



Aruba figures

- ▶ Population of 120,000
- ▶ Annually more than 2 million stay-over and cruise tourists
- ▶ Real GDP: Afl. 26,300 per capita (2018) (~USD 14,600)
- ▶ 90% of GDP is related to tourism

- ▶ Centrale Bank van Aruba
- ▶ ~100 employees

Current payment hassle ...

POS machines overpopulate countertops, cards don't always work with all POS machines, no easy way to pay bills online, e-commerce through local bank accounts not possible, processing and settlement of local bank transfers can take days and are very costly and not transparent..

... turns into a vision

There will be one payment rails for domestic (florin) payments, available wherever you go, through any device, on- or offline. Government payments, utility bills, vendor invoices, and small shops and restaurant payments – all leveraging the modernized instant payment infrastructure.

Some thoughts on why...

- ▶ Catalyst function
- ▶ Financial inclusion
- ▶ Account to account
- ▶ Local denomination (Afl.)
- ▶ Typical use cases that are lacking in the local market
- ▶ Payments is becoming more and more a utility function, like water, electricity and internet access
- ▶ Current ACH system is outdated, will not be supported per Feb 2020

- ▶ **Bahamas: “Spur economic activity”**
- ▶ **ECCB: “Commercial banks have not shown much interest”**

Value proposition

FAST

the usability should be as quick as (near) real-time, which is in line with international developments.

FREE

the solution should be significantly cheaper and more workable for the users than the current payment rails, and also free of hassle.

FLEXIBLE

for innovations to be quickly adopted and for the users to be able to change service providers, if so desired.

FAIR

the costs and fees involved should be transparent to consumers and merchants, and all participants should be treated fairly.

FUTURE-PROOF

as to ensure that the infrastructure in place is safe and secure, and ready for the coming decade.



equensWorldline

**CBA provides the rails and framework, but
further innovation is a
responsibility of the Commercial Banks
and/or PSP's.**



1 CBA vision and status until today

2 CBA project

3 Future use cases

4 End goals

Instant Payments



THE BENEFITS OF INSTANT PAYMENTS

With instant payments, you can send and receive electronic payments anytime. In e-commerce, instant payments eliminate the risk of not getting paid for online merchants as well as the risk of not receiving the goods despite having paid, because the release of goods and services can be easily 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.

The first phase of the project - the basic use case

Go-Live: January 2020

After implementation in January 2020, the participants should be able to:

- process individual credit transfers (SCTInst):
 - accept and process SCTInst payment orders (as Originating bank);
 - receive and validate SCTInst payment orders (as Beneficiary bank)
- process received batch payments into individual credit transfers (SCTInst);
- send a confirmation message to the originator or beneficiary client;
- process all messages according to the scheme rules (format, timelines, availability);
- Scheme is in accordance to ISO 20022 international payments standards.

The CBA IP CSM

The participating banks



- CBA Clearing System not physically in Aruba:
 - The system is hosted in Amsterdam/ Aalsmeer, The Netherlands.
 - CBA will manage and will remain owner of all data.
- No more batch files: individual payment messages.
- Incoming and outgoing messages: ISO 20022 compliant.
- Adaptation of internal systems to realize Instant Payments.
- Possibilities for automatic reconciliation.

Challenges of the CBA IP CSM project

- ▶ Not all the banks immediately grasped the context and immensity of the CBA IP CSM project, which resulted in a variation in delivered project efforts in the first period.
- ▶ There were quite some changes within the project teams of some of the banks and vendors.
- ▶ Decision making at some of the banks is sometimes quite cumbersome; this had a much greater impact on project timelines than originally estimated.
- ▶ The IT impact (planning & development) proved to be less smooth than originally estimated.
- ▶ The development of the Aruban payment infrastructure did not have the same status on the priority lists of all the banks.

As a result, the project go-live date had to be postponed a few times.



1 CBA vision and status until today

2 CBA project

3 Future use cases

4 End goals

The background is a collage of pink and purple banknotes, likely from the Central Bank of the Netherlands, featuring the number '5' and the word 'VIJF'. Two circular insets with yellow backgrounds show mobile payment transactions. The top inset shows a person's hand holding a blue smartphone with a contactless payment symbol, while another hand points at the screen. The bottom inset shows a person's hands holding a white smartphone with a contactless payment symbol.

For example – Mobile Payments

For example – Web Payments



1 CBA vision and status until today

2 CBA project

3 Future use cases

4 End goals

End goals

1 Leapfrog the state of Aruba's payment infrastructure

The ambition set by the CBA is to upgrade the Aruban payment infrastructure and to leapfrog it into a Caribbean frontrunner.

2 Beneficial to all stakeholders

2 All stakeholders/users of the Aruban payment infrastructure must benefit from the modernized payment system.

3 CBA has an oversight role

The CBA will perform oversight over the modernized payment system.





About 190,000,000 results (0.26 seconds)



Google set to offer banking **current accounts**

BBC News - Nov 13, 2019

Google has become the latest big tech firm to move into banking by offering **current accounts**. The firm said it plans to partner with banks and ...

Google to offer checking accounts in partnership with banks ...

TechCrunch - Nov 13, 2019

Google to offer current accounts from next year

City A.M. - Nov 13, 2019

Google in talks to move into banking

Financial Times - Nov 13, 2019

Google to offer personal banking accounts in partnership with ...

In-Depth - The Guardian - Nov 13, 2019

Google Is Planning to Offer Checking Accounts in Partnership ...

In-Depth - Inc.com - Nov 13, 2019

[View all](#)



'Google current accounts' may boost banks' deposit drive'

New Telegraph Newspaper - 7 hours ago

The technology giant said last week it's exploring how it can partner with banks to offer checking accounts through its Google Pay app.



New **Google Checking Accounts** Threaten to Shake Up ...

The Financial Brand - Nov 18, 2019

Make payments and transfers

Send and receive money easily through the app

Order products inside the app

Choose from a wide variety of stores and products right inside the app

Order from the best restaurants

Browse a huge selection of restaurants and their menu's



Review past payments and orders

All your receipts are stored as you pay for you to conveniently view and share.

Transfer or pay for others

Use Pay.aw to purchase Prepaid credit or send credit to others

Pay quickly and safely

A complete lifestyle solution enabling you to make fast, easy and secure transactions

Go-Live: January 18, 2020



HPAGO

Thank you for your attention

▶ Any questions?





Contact details:

Richard J.N. Derksen

Manager Payment Systems

E: r.Derksen@cbaruba.org

T: (297) 525-2205

Justin M. Jacobs

Manager Information Technology

E: j.Jacobs@cbaruba.org

T: (297) 525-2172

Rayenne Y. Donata

Policy Officer Payment Systems

E: r.Donata@cbaruba.org

T: (297) 525-2205