



Press Release 2020-011

“Scale and duration of the crisis yet uncertain”

DIVIDEND DISTRIBUTIONS FINANCIAL INSTITUTIONS TEMPORARILY SUSPENDED TO CREATE ADDITIONAL BUFFERS

Willemstad/Philipsburg – The *Centrale Bank van Curacao and Sint Maarten* (CBCS) will actively steer financial institutions towards creating additional buffers in order to withstand the impact of the COVID-19 pandemic on the financial sector.

The COVID-19 pandemic has significant social and economic consequences. Drastic measures were inevitable to safeguard public health against a further spread of the virus. “As we cannot foresee when and at what pace the situation will normalize, it is vital that financial institutions take additional – precautionary – measures to maximize their buffers,” according to CBCS acting president Jose Jardim. Several institutions have already taken action on their own initiative. A quick and effective way for institutions to enlarge their buffers, is to hold dividend payments and to add the profits to the reserves.

Dividend payment requires previous approval of the CBCS. The financial sector has been informed by the CBCS that institutions should take measures and suspend dividend payments until we have more certainty. In the second quarter of 2020, CBCS will conduct several stress tests on banks, insurance companies and pension funds, to gain more insight in the impact of the crisis on these financial institutions. The results of these stress tests will be used to determine whether additional measures are needed and to what extent dividend payments may be allowed.

CBCS emphasizes that it will continue to safeguard the financial and monetary stability. “These measures contribute to enhance the resilience of financial institutions and the soundness of the financial system during these times of crisis,” said acting president dr. Jardim.

Willemstad, April 7, 2020

CENTRALE BANK VAN CURACAO EN SINT MAARTEN