



# HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

## CURAÇAO AND SINT MAARTEN

Systemic Risk and Financial Stability, Financial  
Stability Report

**April 2025**

**Prepared By**

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**High-Level Summary Technical Assistance Report**  
**Monetary and Capital Markets Department and Caribbean Regional Technical Assistance Center**

**Curaçao and Sint Maarten**  
**Systemic Risk and Financial Stability, Financial Stability Report**  
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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

**ABSTRACT:** The technical assistance aimed to enhance the Financial Stability Report (FSR) of the Central Bank of Curaçao and Sint Maarten. It reviewed the 2023 FSR and discussed the report's composition and the related financial stability analyses and assessments. In particular, the mission helped the team to estimate sectoral credit risk models using the Bayesian Model Averaging, enhancing the forward-looking element of the report. The mission concluded that the FSR could be further streamlined following the central story with the key messages. Furthermore, developments in the analytical toolkit could further enhance the report quality.

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The contents of this document constitute a high-level summary of technical advice provided by the staff of the International Monetary Fund (IMF) to the authorities of Curaçao and Sint Maarten (the "CD recipient") in response to their request for capacity development. Unless the CD recipient specifically objects within 30 business days of its transmittal, the IMF will publish this high-level summary on IMF.org (see [Staff Operational Guidance on the Dissemination of Capacity Development Information](#)).

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## Background

The technical assistance mission reviewed all relevant aspects to enhance the Financial Stability Report (FSR) of the Central Bank of Curaçao and Sint Maarten (CBCS) based on the latest available FSR (2023). It discussed the composition of the report as well as the related financial stability analyses, assessments, and analytical toolkit. In particular, the mission explained the Bayesian Model Averaging (BMA) approach as the suitable methodology for short time series of sectoral non-performing loans and helps the CBCS to estimate eight sectoral credit risk models – mortgages to households, personal loans, corporate mortgages, and other corporate loans for both countries - Curaçao and Sint Maarten. Moreover, the mission discussed financial stability indicators, credit risk, stress testing, insurance & pension economic balance sheets and corresponding financial stability risks, basic elements of climate risk, interconnectedness, and contagion risk.

## Summary of Findings

The CBCS has started publishing the FSR since 2022. The report provides clear and structured messages, containing a macro-financial narrative on key risks and covering development in the real sector. Those facts make it better quality than most FSRs published in the Caribbean area. It captures the macro-financial developments, banks, insurers, pension funds, interconnectedness, outlook, and policies, providing clear charts presenting the composition of the financial system. Apart from key risks and vulnerabilities, it also covers policy initiatives. The external profile is boosted by the Foreword with the key messages from the President. Still, the report could be more concise to cut down on redundancy and concentrate on the main risk factors. To make the report more forward-looking, the CBCS could improve its financial stability toolkit. In this respect, better data management could make financial stability work more efficient.

## Summary of Recommendations

The mission provided several recommendations to the CBCS to further enhance the report. They covered the content and structure of the FSR, its related financial stability analytical toolkit and processes, CBCS's internal and external communication, data sources, and their management. The text of the FSR could be streamlined to avoid repetition and focus on key risk drivers. The FSR and the corresponding toolkit should be strengthened to be more forward-looking. In this respect, credit and market risk analyses should be enhanced, the initial estimates of sectoral credit risk models developed during the mission should be further improved, and the option of setting up housing prices statistics should be explored. Moreover, the CBCS should collect data on debt service to income and use these data to complement monitoring household and corporate debt burdens. Financial stability indicators need to be communicated together with the key aspects of the existing regulatory framework, and new emerging risks, such as cyber and climate risks, should be consistently covered in the FSR. The definition of financial stability could be stated at the beginning of the report rather than in the policy chapter, and some clarification on supervisory responsibility could be added. Structural cross-departmental discussions should be set up before starting the report drafting and during the drafting process. Moreover, the external communication of the FSR could be further enhanced by active promotion of the report. Finally, the CBCS should organize all data in one data warehouse and fully utilize them to support the financial stability analytical toolkit. In addition, the CBCS should explore how to set up a centralized credit register.