

Motion

The Island Council of the Public Entity St. Eustatius in its public meeting of today, Thursday March 4th 2021

Considering that,

- There are no banks established on St. Eustatius.
- The burden of banking regulations has resulted in banks to discontinue doing business on St. Eustatius.
- St. Eustatius is served with general banking services by a branch of one bank established in autonomous country St. Maarten.
- Opening a simple bank account by private individuals and businesses has become a lengthy and bureaucratic process which can take sometimes up to 6 months or longer.
- The lengthy and tedious process is discouraging economic development.
- On St. Eustatius it is extremely difficult to acquire a mortgage loan.
- All financial institutions by which Statians can apply for a mortgage or other loans are outside Caribbean Netherlands.
- The conditions to qualify for a mortgage loan are very unfavorable and require considerable own financial input. Financial institutions usually finance to a maximum of the auction value of the property or even less.
- Without substantial own input one cannot obtain a loan even if one's income can easily support monthly loan payments.
- It is impossible to qualify for a mortgage loan when the mortgage giver is over pension age.
- The (non-fixed) interest rates the financial institutions are charging are around 6% and can be increased by the banks discretion at any time.
- Interest rates in the European part of The Netherlands are sometimes as low as 1 ½ % mostly fixed for a longer period of time.
- Since a few years there is a deposit guarantee system introduced in Caribbean Netherlands. A maximum of USD 10,000 is guaranteed per person. In the European part of The Netherlands the amount is EURO 100,000 per account holder.
- The official currency in St. Eustatius and the rest of Caribbean Netherlands is the US dollar.
- The use of the US dollar as official currency may be responsible for high banking fees and a deterrent for European Dutch banks to do business in the Caribbean Netherlands.
- The primary authority supervising the bank serving St. Eustatius is the Central Bank of Curacao & St. Maarten (CBCC).
- All the above is placing residents of St. Eustatius in a disadvantaged position compared to European Dutch counterparts.

Further considering that,

- In the European Netherlands there is a mortgage guarantee system whereby a mortgage up to EURO 325,000 is guaranteed by the state.
- In Bonaire since February 12th a pilot has started whereby home buyers can also make use of a mortgage guarantee up to USD 325,000.
- This guarantee can only be offered by the Maduro & Curiels Bank Bonaire, because this is the only bank on Bonaire and Caribbean Netherlands falling under full supervision of the Dutch Central Bank (DNB).
- The pilot on Bonaire will be for a period of 5 years.
- During this period potential home buyers on St. Eustatius are being disadvantaged compared to their counterparts in Bonaire during the next 5 years.
- If the present banking situation remains at status quo, then also after this 5-year period it is doubtful that the loan guarantee system will be introduced in St. Eustatius since there are no financial institutions that fall under full supervision of the Dutch Central Bank (DNB).
- Making homeownership more accessible for our people will have an immediate positive effect on our economy, the housing market and as a way of wealth creation will contribute to the eradication of poverty.
- The present banking system has a negative impact on social minimum and spending power of our people.

Resolves

To request the Executive Council to do all in its power to

- Start the dialogue with the national government to create a level playing field between the residents of St. Eustatius and their counterparts in the European part of The Netherlands and Bonaire where it comes to banking services.
- Start a dialogue that will ultimately lead to the establishment of a Dutch bank, or any other bank, accessible for residents of St. Eustatius, falling under full supervision of the Dutch Central Bank (DNB).
- See to it that residents of St. Eustatius will have the same access to low interest loans and other favorable conditions as their counterparts in the European part of The Netherlands.
- Have the mortgage guarantee system also available for residents of St. Eustatius as early as possible.
- Initiate an evaluation of the use of the US dollar as the official currency.
- Seek the cooperation of Saba and Bonaire to achieve these goals.

And goes over to the order of the day.

The motion is accepted/rejectedd in the meeting of

Cc.: Island Council Saba

Island Council Bonaire

Kingdom Relations Committee 2nd Chamber