



BANK OF CANADA  
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## **Canada's Economy Counts on Reliable Liquidity, Says Senior Deputy Governor Carolyn Wilkins**

**MONTREAL, QUEBEC** — The financial system needs reliable funding and market liquidity to support economic activity, Bank of Canada Senior Deputy Governor Carolyn Wilkins said today in her speech to the Board of Trade of Metropolitan Montreal. “We learned from the crisis that liquidity can be a fickle friend, and its absence can amplify financial distress,” she said.

International and national authorities, including the Bank of Canada, have made significant progress on a series of reforms to reduce the costs and chances of any future crisis. The reforms “are also to make sure that taxpayers won’t be on the hook for the cost of any future turmoil,” she said.

The reforms are making the financial system safer, and the risks of financial transactions will be priced more appropriately. The transition is challenging market participants to adjust their business models to the new reality. While the Bank is watching this evolution closely, Wilkins said individuals should understand the importance of market and funding liquidity. “Everyone should be aware of all the risks involved in investing, including liquidity risks.”

Senior Deputy Governor Wilkins emphasized the role the Bank of Canada fulfills in promoting the stability and resilience of core funding markets in normal times, as well as during times of extraordinary market stress. The Bank of Canada published two consultation papers today on proposals to adjust the Bank’s frameworks for financial market operations and for Emergency Lending Assistance. The goal is to integrate the lessons of the crisis and “to promote the economic welfare of Canadians by supporting the stability and resilience of our financial system.”

“A solid economy rests on reliable funding and market liquidity,” Wilkins said. “If we all do our part, a more robust financial system will emerge, to the benefit of the people it ultimately serves: businesses and households who save and borrow.”