



BANK OF CANADA
BANQUE DU CANADA

FOR IMMEDIATE RELEASE
30 March 2009

CONTACT: Jeremy Harrison
613 782-8782

Canada Offers Important Perspective as G-20 Leaders Pursue Critical Financial Reforms: Governor Carney

EDMONTON, ALBERTA – As Canadian and international policy-makers work to create a more stable, efficient global financial system, Canada has much to offer from its own experience, Bank of Canada Governor Mark Carney said today.

While credit conditions in Canada remain a challenge, they are superior to virtually every other industrialized country, owing in large part to Canada's more conservative banking system, the Governor said in a lecture to the University of Alberta School of Business. "The core of our system has many – although not all – of the elements of a more sustainable global financial system," the Governor said.

Governor Carney addressed the respective roles of banks and markets in the economy. "In recent years, these core elements of our financial system became increasingly intertwined, with each expanding into the traditional role of the other, and each reliant on the health of the other."

This week in London, G-20 leaders will discuss the creation of a comprehensive regulatory framework for sustainable banks and continuous markets. Governor Carney stressed that all financial activities that can pose a systemic risk to financial stability should be supervised and regulated and that a macroprudential, or system-wide, approach should be adopted. This favours a broad view that captures interactions rather than focusing on particular institutions or activities.

It is important to be clear about the goals of financial system reform, Governor Carney said; it is fundamental that the system efficiently support economic growth while providing choice for financial consumers. "The system must be robust to shocks, dampening rather than amplifying their effect on the real economy. It should also support sensible innovation. The system needs both stable banks and robust markets, since both play a central role in financing and, if properly structured, each can support the other."

In concluding, the Governor said: "As the G-20 pursues its critical agenda of financial reform, Canada will contribute an important perspective on these issues, drawing on the fine example we continue to set."