

Table 3: Present value of benefits and costs for Canada from stronger regulatory requirements

Present value of cumulative benefits and costs (as per cent of GDP)				
Increase in capital ratio (percentage points)	Long-run benefits (%)	Long-run costs (%)	Transition costs ^a (%)	Net benefits (%)
2	21.6	-6.0	-2.6	13.0
4	28.0	-10.0	-4.4	13.6
6	32.0	-14.0	-6.2	11.8

a. Transition costs represent additional costs incurred over the 10-year simulation period.
 Note: A discount factor of 5 per cent was used for all present-value calculations.
 Source: Bank of Canada calculations