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**Bank of Canada releases report assessing impact of stronger capital and liquidity requirements on the Canadian economy**

**OTTAWA –** Following similar international reports by the Financial Stability Board (FSB) and the Basel Committee on Banking Supervision (BCBS), the Bank of Canada today published a comprehensive assessment of the potential impact on the Canadian economy of new global capital and liquidity standards, which are to be finalized later this year by the G-20.

Using state-of-the-art modelling techniques, and a range of conservative assumptions, Bank of Canada staff ran simulations to provide different perspectives on the possible outcomes of the new standards. This report summarizes the Bank's core results for Canada, and compares them with the results recently published by the FSB and the BCBS.

The report finds significant net benefits for Canada from the new banking rules resulting from the decreased likelihood of future financial crises. The macroeconomic costs of implementing the new standards in Canada are found to be small and broadly similar to those of other jurisdictions.

When the benefits and costs are assessed on a present-value basis, the estimated net economic benefits to be gained over time from improving the safety and robustness of the Canadian and international financial systems amount to about $200 billion for Canada—equivalent to about 13 per cent of GDP.

"The recent global financial crisis left a legacy of damaged economies, failed financial institutions, lost jobs, and higher fiscal deficits. Canada was not immune. It too was buffeted by financial shocks from abroad, and could not escape the spillover effects of the ensuing global economic downturn," said Governor Mark Carney. "It is thus clearly in Canada's interest to work with other countries to develop stronger international capital and liquidity standards. This will improve the robustness of our own banking system, and contribute to the promotion of global financial stability."