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Canada's Commercial Banks and Corporate Governance: 2006-2018

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Abstract

This paper attempts to identify the factors (qualitative and quantitative) that allowed Canada's banking system to weather the last financial crisis so well compared to peers in North America and Europe; this aims to provide insight and recommendation into best practice for bank management and regulators to mitigate negative impact on the global financial system in future crises, applicable to around the world. The Canadian banking system, in contrast to most other national systems, proved remarkably resilient to the stresses of the 2008 financial crisis, which so severely negatively affected systems in most other developed economies, especially the US and Europe. This had deep and devastating impact on the real economy and on the well being of the populations of these countries, which we are still living with today. Some studies have already pointed to factors contributing to this relative resilience, but little has been written about specific policies and recommendations which could aid other national banking systems when the next crisis hits, and in preparation for such an event. The project has gathered data on structure, governance and regulation of Canada's banking system, as well as some more detailed analysis of Canadian bank profitability and liquidity. The analysis compares metrics and supervisory systems in countries including the US, the UK, and major European economies. Systems in emerging markets should particularly benefit from this analysis, as warning signals already begin to emerge as harbingers of financial stress, especially where there are signs of financial regulation being rolled back.