

CANADA RATED WORLD'S SOUNDEST BANK SYSTEM: SURVEY

World Economic Forum Global Competitiveness Report 2008-2009.

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Reuters
By Rob Taylor



CANBERRA (Reuters) - Canada has the world's soundest banking system, closely followed by Sweden, Luxembourg and Australia, a survey by the World Economic Forum has found as financial crisis and bank failures shake world markets.

But Britain, which once ranked in the top five, has slipped to 44th place behind El Salvador and Peru, after a 50 billion pound (\$86.5 billion) pledge this week by the government to bolster bank balance sheets.

The United States, where some of Wall Street's biggest financial names have collapsed in recent weeks, rated only 40, just behind Germany at 39, and smaller states such as Barbados, Estonia and even Namibia, in southern Africa.

The United States was on Thursday considering buying a slice of debt-laden banks to inject trust back into lending between financial institutions now too wary of one another to lend.

The World Economic Forum's Global Competitiveness Report based its findings on opinions of executives, and handed banks a score between 1.0 (insolvent and possibly requiring a government bailout) and 7.0 (healthy, with sound balance sheets).

Canadian banks received 6.8, just ahead of Sweden (6.7), Luxembourg (6.7), Australia (6.7) and Denmark (6.7).

UK banks collectively scored 6.0, narrowly behind the United States, Germany and Botswana, all with 6.1. France, in 19th place, scored 6.5 for soundness, while Switzerland's banking system scored the same in 16th place, as did Singapore (13th).

The ranking index was released as central banks in Europe, the United States, China, Canada, Sweden and Switzerland slashed interest rates in a bid to end to panic selling on markets and restore trust in the shaken banking system.

The Netherlands (6.7), Belgium (6.6), New Zealand (6.6), Malta (6.6) rounded out the WEF's banking top 10 with Ireland, whose government unilaterally pledged last week to guarantee personal and corporate deposits at its six major banks.

Also scoring well were Chile (6.5, 18th) and Spain, South Africa, Norway, Hong Kong and Finland all ending up in the top 20.

At the bottom of the list was Algeria in 134th place, with its banks scoring 3.9 to be just below Libya (4.0), Lesotho (4.1), the Kyrgyz Republic (4.1) and both Argentina and East Timor (4.2).

SOURCE: World Economic Forum Global Competitiveness Report 2008-2009.

(Editing by Kim Coghill)

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World Economic Forum, Executive Opinion Survey 2007, 2008 -- Soundness of Banks

Rank	Country
1	Canada
2	Sweden
3	Luxembourg
4	Australia
5	Denmark
6	Netherlands
7	Belgium
8	New Zealand
9	Ireland
10	Malta
11	Hong Kong SAR
12	Finland
13	Singapore
14	Norway
15	South Africa
16	Switzerland
17	Namibia
18	Chile
19	France
20	Spain
39	Germany
40	United States
44	United Kingdom
79	Italy
93	Japan

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