

In the past year financial ills have swept the global markets and Canadian businesses are not immune. Here are solutions on how to get ahead of the curve By Peter Hatges

## Containing **financial** CONTAGION

These days the conversation in many business meetings invariably ends up focusing on the economy, the crisis in the financial markets and, of course, the debt derivatives capital markets. While those who make their living — or, more appropriately, made their living — in those specific markets might have a clearer view of what happened, for the average Canadian, the picture is as opaque as some of the financial instruments that were the catalyst behind this financial crisis. However, what is clear to all is that

the problems spread with unbelievable speed through the world's banking system and in a matter of months, a significant portion of the financial services industry in the US was reshaped in a classic case of financial contagion.

Financial contagion, when one country's economy is negatively affected because of changes in the asset prices of another country's financial market, is not a new phenomenon (take for example the Asian crisis in the late '90s), but

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