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The Financial Development Report 2008

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The Financial Development Report 2008

The terms *country* and *nation* as used in this report do not in all cases refer to a territorial entity that is a state as understood by international law and practice. The terms cover well-defined, geographically self-contained economic areas that may not be states but for which statistical data are maintained on a separate and independent basis.

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Preface

KLAUS SCHWAB,

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The release of the World Economic Forum's inaugural *Financial Development Report 2008,* comes at a time when financial stability is of paramount importance to governments, civil society, and the business community alike. The United States financial markets, long-revered as among the strongest and most advanced in the world, have witnessed a dramatic contraction of credit and an atrophying of the housing and secondary mortgage markets that few thought possible. Other developed nations are questioning the degree to which financial integration and innovation have brought exposure to this unabated financial crisis. Emerging markets such as China and India that have been primary drivers of global economic growth in the new millennium have yet to see the extent to which "decoupling" truly exists and if their economic expansion can continue independent of the financial trauma plaguing the US and other developed countries.

Against this backdrop, it is easy to forget the benefits that the development of global financial systems and increased capital flows have conferred upon other parts of the world. The link between financial development and economic growth is increasingly well established. The development of local financial markets in developing economies is vital to provide needed capital to the small- and medium-sized companies that drive a large portion of economic growth in these countries. In addition, the potential for financial markets to help tackle the most pressing issues on the global agenda is manifest in the evolution of microfinance and carbon markets.

In this time of uncertainty, where the potential to recast many aspects of our financial systems exists, it is important to take a holistic perspective and consider all the different factors that contribute to the development of financial systems and the beneficial impact they can have on the lives of many. It is in the spirit of providing this informed and shared perspective that the World Economic Forum has undertaken the publication of *The Financial Development Report 2008.* Started more than a year ago, the *Report* was commissioned in collaboration with the Forum's Financial Institutions Industry Partners and Global Competitiveness Network to create an analytical tool and a common framework for stakeholders to identify strengths, development areas and priorities for reform.

In the tradition of the Forum's multistakeholder approach to global issues, the creation of this *Report* involved an extended program of outreach and dialogue with members of the academic community, public figures, representatives of non-governmental organizations and business leaders from across the world. This work included numerous interviews and collaborative sessions to discuss the approach to the design of the Index at the core of the report. The *Report* was the subject of sessions at the Annual Meeting of the New Champions 2007 in Dalian, China; the India Economic Summit 2007 in New Delhi; the Forum's 2008 Annual Meeting in Davos, Switzerland; and the Latin America Summit 2008 in Cancun, Mexico. Now that it is completed, the *Report* will serve as the basis for future sessions where the results can be discussed and debated, insights drawn and new findings incorporated into its revision and publication next year.

We would like to express our gratitude to the lead academic on the project, Nouriel Roubini of New York University, for his thought leadership in the design of the Financial Development Index and contributions to this report. We are grateful to our industry partners who served on the project advisory committee including American International Group, Inc.; Barclays Capital; Lloyd's; and Standard Chartered Bank. We are appreciative of our academic advisors who generously contributed their time and ideas in helping shape this report. We would also like to thank James Bilodeau at the World Economic Forum USA, editor of the report, for his energy and commitment to the project, as well as the other members of the project team including Thierry Geiger, Samantha Test (on secondment from McKinsey & Co.) and Charles Martorana. We are grateful to Irene Mia for her guidance as Project Advisor. Appreciation also goes to Fiona Paua, Head of Strategic Insight Teams, and other team members: Ciara Browne, Agustina Ciocia, Pearl Samandari, and Eva Trujillo Herrera. Finally, we would like to thank our network of 142 Partner Institutes worldwide, without whose enthusiasm and hard work the annual administration of the Executive Opinion Survey and this Report would not be possible.

Foreword

KEVIN STEINBERG,

Chief Operating Officer and Head of the Centre for Global Industries (New York), World Economic Forum USA

The World Economic Forum is proud to release this first *Financial Development Report,* which was conceived and executed as part of our Industry Partnership Programme. The *Report* represents the culmination of a year-long partnership between academic scholars, industry practitioners, other distinguished experts and stakeholders, and our organization. We hope that it will provide a comprehensive and robust fact base related to the development of the world's financial systems and enable a rich series of discussions and analyses for both private and public sector organizations focused on economic development.

The Industry Partnership Programme, under whose auspices this work was undertaken, provides CEOs and senior executives of the world's leading companies the opportunity to engage with their peers to define and address critical industry issues through the World Economic Forum's unique platform. Last year, the over 75 financial institutions engaged as the Forum's Industry Partners identified the deepening and development of the world's capital markets and financial systems as one of the world's key drivers to deliver sustainable social development and economic progress. They commissioned this report to draw attention to related issues and provide a catalyst for reform and change.

We believe the *Financial Development Report* is unique in the degree of comprehensiveness with which it looks at financial systems. Financial systems are inherently complex, spanning foundational aspects such as the institutional and business environments; financial intermediaries including banks, insurance providers, and investment banks; financial markets for bonds, equity, foreign exchange and derivatives; and businesses—the "consumers" of capital—who ultimately transform financial resources into improved economic growth and welfare for a nation's citizens. Taking this holistic view is vital to provide stakeholders in financial systems a common framework with which to cultivate strengths, develop weaknesses, and establish priorities for reform. The uncertainty of today's financial climate makes this common framework even more vital to develop a balanced agenda with respect to financial issues.

Core findings

Capturing the above breadth of factors was a considerable undertaking, requiring the refinement of over 120 different data sets, grouped into seven major pillars. These seven pillars, which form the foundation of the Index are:

1. *Institutional environment*
2. *Business environment*
3. *Financial stability*
4. *Banks*
5. *Non-banks*
6. *Financial markets*
7. *Size, depth, and access*

Data were obtained from a variety of sources, ranging from The World Bank and other private and publicly available sources to the World Economic Forum's Executive Opinion Survey, which provides a unique glimpse into the perspective of businesses seeking to access capital.

On the basis of this holistic view, this year the United States scores top honors in the rankings closely followed by the United Kingdom. The collective strength of financial intermediaries and markets in these countries, spanning banks, investment banks, insurance companies, equity markets, and bond markets is unparalleled. Yet, the Index also reveals development areas in these countries that should be considered. Besides issues of financial stability that are common to both countries, regulatory issues and judicial reform remain lingering areas for improvement in the United States, while the cost of doing business in the United Kingdom is an area of concern.

Following the U.S. and U.K., one finds Germany, Japan, Canada, France, Switzerland, Hong Kong, the Netherlands and Singapore in a closely-banded tier rounding out the top ten. Germany, Japan, Canada and the Netherlands deliver generally solid performance across all aspects of the Index. Singapore, Switzerland, and Hong Kong demonstrate particular strength across their institutional and business environments. France shows solid marks with respect to the strength of its financial intermediaries.

Comparing the different measures across the breadth of the Index reveals interesting results with respect to other countries' relative strengths and weaknesses. For instance, a number of countries perform significantly better with respect to the factors, policies, and institutions that support financial systems (e.g., sound regulatory systems, low cost of doing business, financial stability, etc.) than they do with respect to financial intermediation (e.g., banks, investment banks, financial markets, etc.) Countries in this category include Bahrain, Chile, the Czech Republic, Mexico, the Slovak Republic, and Peru. Exploring the reasons why countries do not seem to translate foundational requirements like a sound regulatory system and low cost of doing business into more robust financial intermediation may reveal some interesting insights around priorities for reform.

Still other countries, such as Russia and Kazakhstan, deliver relatively strong performance with respect to financial intermediation but, compared to other countries covered in the Index, do not perform as strongly with respect to capital availability and access. Conversely, one sees that Israel scores relatively well with respect to these access measures, even in the face of relatively less developed financial intermediaries. The question as to why countries are able or unable to translate relatively strong performance in areas such as initial public offerings or banking into ease of access to capital as assessed by businesses within these countries may be an important line of inquiry.

The capital access data contained in this report represent unique measures of the degree to which businesses in all these countries feel that they are able to access different forms of capital such as private credit, bank loans, or initial public offerings. It is interesting to note that these assessments do not always seem to correspond to the total depth of financial assets that are available within a country. For instance, China and Egypt score relatively solidly with respect to total financial assets to GDP but near the bottom of the overall ranking with respect to measures of capital access. Conversely the United Arab Emirates ranks relatively low in terms of depth of total financial assets but ranks quite high in terms of measures of access. Why are some countries able to maximize access to capital even when, by certain measures, there is less overall capital available? We encourage readers of this report to pursue these patterns of analysis.

Key contributors

The *Financial Development Report* represents a collaborative endeavour linking many of the Forum's Industry Partner companies together with leading academics and thinkers, active practitioners, partner institutes from around the world, and representatives of many parts of civil society.

The core research team, tasked with crafting and populating the Index, was drawn from the World Economic Forum and Roubini Global Economics, and was comprised of Nouriel Roubini, Lead Academic on the project, James Bilodeau, Thierry Geiger, Ayah El Said, Samantha Test, and Charles Martorana.

On behalf of the World Economic Forum, the project was ably led by James Bilodeau, who served both as project manager and as editor of this *Report*. He worked closely not only with the core research team, but also the Forum's Financial Institutions Team and our Global Competitiveness Network led by Fiona Paua. We have also benefitted from a number of academic advisors to this work and we would particularly like to thank Ross Levine for his thought leadership in this area.

Intellectual stewardship and guidance was provided by an Advisory Committee, which included Jacob Frenkel, Vice-Chairman, American International Group, Inc.; Lord Peter Levene, Chairman, Lloyd's; Hans-Joerg Rudloff, Chairman, Barclays Capital; and Peter Sands, Group Chief Executive, Standard Chartered Bank.

An active Operating Committee provided feedback, counsel and refinement of the Index, helping shape its final formulation. It included Michael Drexler, Head of Strategy and Planning, Barclays Capital; Darragh Gray, Senior Manager, Lloyd's; Oakley Johnson, Senior Vice President, American International Group, Inc.; Gerard Lyons, Chief Economist, Standard Chartered Bank; and Hans-Joerg Rudloff, Chairman, Barclays Capital.

While not necessarily endorsing any of the specific conclusions reflected in the analyses in the Report, both the Advisory Committee and Operating Committee provided detailed feedback and helped ensure the overall integrity of the work. Any opinions herewith are solely the views of the authors and do not reflect the opinions of the Advisory Committee, the Operating Committee or the World Economic Forum.

Going forward

This first *Financial Development Report* is, as with many new endeavors, very much a work in progress which will evolve in successive years. We nonetheless hope that even this first version will serve as a valuable framework for exploring the many issues it raises and lead to discussions and public debate.

On behalf of the World Economic Forum as well as the project team, I extend thanks to all involved in creating this first Index for their tremendous contributions to this work. We welcome your feedback and reactions, and hope you will continue your involvement in our future efforts.

The Financial Development Index Rankings

The Financial Development Index 2008 Rankings

Country/Economy	Rank	Score (1–7)
United States	1	5.85
United Kingdom	2	5.83
Germany	3	5.28
Japan	4	5.28
Canada	5	5.26
France	6	5.25
Switzerland	7	5.23
Hong Kong SAR	8	5.23
Netherlands	9	5.22
Singapore	10	5.15
Australia	11	4.98
Spain	12	4.90
Sweden	13	4.75
Ireland	14	4.72
Norway	15	4.66
United Arab Emirates	16	4.61
Belgium	17	4.56
Austria	18	4.55
Korea, Rep.	19	4.55
Malaysia	20	4.48
Finland	21	4.45
Italy	22	4.38
Israel	23	4.14
China	24	4.09
South Africa	25	4.00
Kuwait	26	3.93
Saudi Arabia	27	3.90
Bahrain	28	3.89
Thailand	29	3.82
Chile	30	3.79
India	31	3.63
Panama	32	3.61
Hungary	33	3.53
Pakistan	34	3.46
Czech Republic	35	3.43
Russian Federation	36	3.40
Egypt	37	3.32
Indonesia	38	3.31
Turkey	39	3.30
Brazil	40	3.28
Poland	41	3.27
Slovak Republic	42	3.25
Mexico	43	3.21
Colombia	44	3.21
Kazakhstan	45	3.13
Peru	46	3.06
Argentina	47	3.04
Philippines	48	3.03
Vietnam	49	3.03
Nigeria	50	2.76
Ukraine	51	2.73
Venezuela	52	2.71

Part 1

Findings from the Financial Development Index

CHAPTER 1.1

The Financial Development Index: Assessing the World's Financial Systems

NOURIEL ROUBINI, New York University
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A key factor in economic growth is the development of financial systems. Despite the prominence of this topic in discussions of economic growth, there is still surprisingly little agreement about how to define and measure financial system development. To address this gap, the World Economic Forum has undertaken a research initiative aimed at providing business leaders and policymakers with a common framework to identify and discuss the key factors in the development of global financial systems and markets.

This inaugural *Financial Development Report* provides an Index and ranking of 52 of the world's leading financial systems. The *Report* is a tool with which countries can benchmark themselves and establish priorities for financial system improvement. It will be published annually so that countries can continue to benchmark themselves against their peers and track their progress over time.

In recognition of the diversity of countries covered in the Index and the variety of financial activities that are vital to economic growth, we have taken a holistic view of financial systems. For the purposes of this *Report* and Index we have defined *financial development as the factors, policies, and institutions that lead to effective financial intermediation and markets, and deep and broad access to capital and financial services.* This definition thus spans the "inputs" or foundational supports of a financial system, such as the institutional and business environments, the financial intermediaries and markets through which efficient risk diversification and capital allocation occur, and the "outputs" of the financial intermediation process, which include the availability of and access to capital.

The Index relies upon current academic research in both selecting the factors that are included and in determining its overall structure. However, to the extent possible it also encourages breadth of analysis over a theoretical focus on a few specific areas. With this holistic view, decision-makers can develop a balanced perspective as to which aspects of their country's financial system are most important and empirically calibrate this view relative to other countries.

Financial development and economic growth and welfare: The seven pillars of financial development

A vast empirical and analytical literature suggests that in addition to many other important factors, the performance and long-run economic growth and welfare of a country are related to its degree of financial development. Financial development is measured by factors such as size, depth, access, efficiency and stability of a financial system, including its markets, intermediaries, range of assets, institutions and regulations. The greater the

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The authors would especially like to thank Ayah El Said for her extensive research and contributions to this chapter and *Report*.

degree of financial development, the wider the availability of financial services that allow the diversification of risks. This increases the long-run growth trajectory of a country and ultimately improves the welfare and prosperity of producers and consumers that have access to financial services. The link between financial development and economic growth can be traced back to the work of Joseph Schumpeter[1] in the early 20th century, and more recently to Ronald McKinnon and Edward Shaw. This link is now well established in terms of empirical evidence.[2]

Why do financial markets and intermediaries exist in the first place? Economic theory suggests that financial markets and intermediaries exist mainly because of two types of market frictions: information costs and transaction costs. These frictions lead to the development of financial intermediaries and financial markets, which perform multiple functions, such as:

- facilitating the trading, hedging, diversification, and pooling of risk;
- providing insurance services;
- allocating savings and resources to the appropriate investment projects;
- monitoring managers and promoting corporate control and governance;
- mobilizing savings efficiently; and
- facilitating the exchange of goods and services.

How do financial intermediation and markets affect economic growth and performance and, more generally, contribute to increased aggregate economic welfare and prosperity? They mostly do this through their effect on capital accumulation (the rate of investment) and on technological innovation. First, greater financial development leads to greater mobilization of savings and its allocation to the highest return investment projects. This increased accumulation of capital enhances economic growth. Second, by appropriately allocating capital to the right investment projects and promoting sound corporate governance, financial development increases the rate of technological innovation and productivity growth, further enhancing economic growth and welfare. As a result, direct measures of economic performance impacted by these effects of financial development include variables such as the rate of economic growth, the rate of capital accumulation, the rate of productivity growth, and the rate of technological innovation.

Financial markets and intermediation benefit consumers and firms in many other ways that are not directly related to economic growth. Access to financial markets for consumers and producers can reduce poverty, such as when the poor have access to banking services and credit. The importance of microfinance can be seen in this context. This access allows consumers to smooth consumption over time by borrowing and/or lending and stabilizes consumer welfare in the presence of temporary shocks to wages and income. By contributing to the diversification of savings and of portfolio choices, it can also increase the return on savings and ensure higher income and consumption opportunities. Insurance services can help mitigate a variety of risks that individuals and firms face, thus allowing better risk sharing of individual or even macroeconomic risks.

To understand and measure the degree of financial development, one must consider all of the different factors that together contribute to the degree of depth and efficiency of the provision of financial services. Conceptually, in thinking about an index that measures the degree of financial development, the various aspects of development can be seen as seven "pillars" grouped into three broad categories as indicated in Figure 1:

1. ***Factors, policies, and institutions:*** the "inputs" that allow the development of financial intermediaries, markets, instruments and services

2. ***Financial intermediation:*** the variety, size, depth, and efficiency of the financial intermediaries and markets that provide financial services

3. ***Capital availability and access:*** the "outputs" of financial intermediation as manifested in the size and depth of the financial sectors and the availability of, and access to, financial services

This combination of "inputs," financial intermediaries and markets, and "outputs" provides an organic measure of the degree of financial development. The seven pillars are organized and described below according to these three categories.

Factors, policies, and institutions

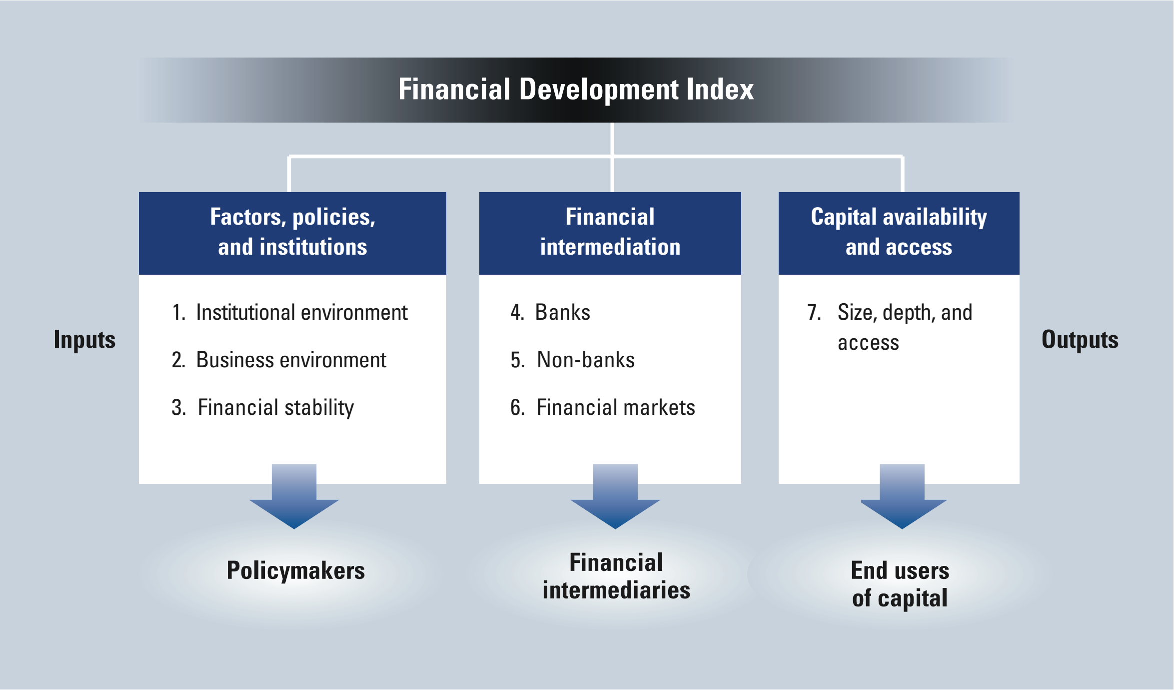
This first category covers the inputs supporting financial intermediation and the optimal provision of financial services and includes the first three of the seven pillars: the institutional environment, the business environment, and the degree of financial stability.

First pillar: Institutional environment

The institutional environment encompasses the laws and regulations that allow the development of deep and efficient financial intermediaries, markets and services. This includes the overall laws, regulations and supervision of the financial sector, as well as the quality of contract enforcement and corporate governance.

Economic theory proposes that a strong institutional environment exists to alleviate information and transaction costs.[3] Much empirical work has tackled issues related to the importance of institutions and their impact on economic activity in general. The presence of

Figure 1: Composition of the Financial Development Index



Source: World Economic Forum

Box 1: Finance, growth, and the poor

(Please see the essay by Ross Levine in Chapter 1.2 for a full discussion of this topic)

Financial development has a disproportionately positive impact on an economy's poor. This occurs because better-developed financial markets reduce the importance of parental wealth on the income of the next generation by providing access to capital, intensifying competition, and by expanding economic opportunities.

The level of human capital of an individual depends partially on schooling. Schooling is costly in terms of school fees, the higher cost of housing in school districts with high quality schools, and the opportunity cost from lost wages. Thus, families and individuals must raise the funds necessary to achieve a high level of human capital through schooling. When financial markets are highly developed, individuals of high ability but low means can borrow the necessary funds to attain the same advanced qualifications of people whose parents have greater financial means. When markets are not developed, children of wealthy parents, regardless of their ability, will have access to schooling that high-ability individuals of poorer parents will not. For example, this can occur when the banking sector is too highly concentrated and not competitive enough.

Similarly, wages and wealth generation can be related to entrepreneurial successes. To succeed in an entrepreneurial endeavour, individuals need capital to start or expand their businesses. In a well-developed financial market, individuals will be able to find lenders or investors to fund their ventures based solely on their merits as business propositions. However, in underdeveloped markets, potential lenders and investors will be unlikely to fund a business proposal by people who do not have families with sufficient wealth to post collateral for the loan. In the absence of well-developed financial markets, capital will not flow to the best business ideas, and people who do not come from wealthy families will be shut out of entrepreneurial opportunities.

Wealthy families have the means to fund schooling and entrepreneurial activity, or the connections to access these funds in the markets regardless of the level of development of financial markets. However, well-developed financial markets that distribute capital on the basis of ability or on the merits of a business proposal are essential for the poor to have access to those same opportunities. If markets function well, both rich and poor have access to capital and scarce resources are assigned where they will have the greatest returns, thereby increasing wealth in the whole society.

legal institutions that safeguard the interests of investors is an integral part of financial development.[4] Reforms that bolster a country's legal environment and investor protection are likely to contribute to better growth prospects.[5] Accordingly, we have included variables related to the degree of judicial independence and judicial efficiency.

Better corporate governance is believed to encourage financial development, which in turn has a positive impact on growth.[6] Contract enforcement is also important as it limits the scope for default among debtors, which in turn promotes compliance in the formal transfer of funds from savers to investors.[7] Inadequate investor protection leads to a number of adverse effects, which can be detrimental to external financing and ultimately the development of well functioning capital markets.[8] In general, inadequate enforcement of financial contracts has been found to augment the process of credit rationing, thus hindering the overall process of growth.[9]

Other important aspects related to the institutional environment are a country's capital account openness and domestic financial sector liberalization. Financial liberalization generally permits a greater degree of financial depth, which translates into greater financial intermediation among savers and investors. This in turn increases the monetization of an economy, resulting in a more efficient flow of resources.[10] Empirically, however, the impact of capital account liberalization delivers mixed evidence. Several studies have asserted that capital account liberalization has no impact on growth while others have found a positive, and statistically significant, impact.[11] At the same time, other work asserts that the relationship is undetermined.

Given such ambiguity over the impact of capital account openness, it is best examined within the context of the legal environment. The better a country's legal environment, the greater the benefits from capital account openness, and vice versa. Accordingly, within the Index we try to capture the relationship between capital account openness and the level of legal development and have interacted the variables used to measure each (see methodology later in this chapter). The presence of both a robust legal system and capital account openness provides a positive indication of the financial development of a country.

A similar analysis can be extended to the degree of liberalization of the domestic financial sector. This degree of liberalization is based on whether a country exerts interest rate controls (either ceilings or floors), whether credit ceilings exist, and whether foreign currency deposits are allowed. In general, the better a country's legal and regulatory environment, the greater the impact of domestic financial sector liberalization on a county's economic growth. Variables representing each of these characteristics have been interacted to represent this result. Recent research supports the importance of advanced legal systems and institutions in this respect, holding that the presence of such institutions is as vital as having both a developed banking sector and equity market development.[12]

Second pillar: Business environment

The second pillar focuses on the business environment and considers:

- the availability of human capital—that is, skilled workers who can be employed by the financial sector and thus provide efficient financial services;
- the state of physical capital—that is, the physical and technological infrastructure; and
- other aspects of the business environment, including taxation levels and the costs of doing business for financial intermediaries.

Measures taken to facilitate the creation and improvement of human capital have been found to assist the process of economic growth.[13] Empirical evidence supports this relationship showing positive correlations between human capital and the degree of financial development.[14] Our proxies for the amount of human capital are related to the enrollment levels of tertiary education. We also include measures that reflect the quality of human capital, such as the degree of staff training, the quality of management schools and math and science education, and the availability of research and training services.

Another key area is infrastructure. Physical infrastructure enhances the process of private capital accumulation by increasing the profitability of investment.[15] Our analysis of infrastructure captures different measures of information and communication technologies that are important to any business, especially those operating within a financial context.

Another integral aspect of the business environment is the cost of doing business in a country. Specifically, research has shown that the cost of doing business is a vital feature of the efficiency of financial institutions. The different costs of doing business are integral to assessing a country's business environment as well as the type of constraints that businesses may be facing.[16] As such, the better the business environment, the better the performance of financial institutions, and the higher the degree of financial development. Variables that capture such costs include the World Bank's measures of the cost of starting a business, the cost of registering property, the cost of dealing with licensing, the cost of exporting and importing, and the cost of closing a business.

Our analysis also considers taxes as another key constraint that businesses can face. Generally, the higher the tax rates, the lower the growth rate as higher taxes deter businesses from operating and expanding. Within the context of financial intermediaries, higher taxes deter financial intermediaries from expanding, and hence impede economic growth.

Third pillar: Financial stability

The third pillar addresses the stability of the financial system. This factor is important given the pervasiveness of episodes of financial crises that have negative effects on economic growth and lead to significant losses to investors, including systemic banking crises, systemic corporate crises, currency crises and sovereign debt crises.

Financial stability can be considered in terms of a trade-off between risk and innovation/return. For example, a financial system that is very heavily supervised and regulated may be very stable and never spark a financial crisis. However, such a controlled system would hamper the financial development and innovation that increases returns, diversifies risks, and better allocates resources to the highest-return investments. Conversely, a financial system that is very free and innovative and is very lightly regulated and supervised may eventually become unstable and trigger credit booms and asset

Box 2: The cost of financial crises

(Please see subsequent essay by Nouriel Roubini in Chapter 1.3 for a full discussion of this topic)

Financial crises have important economic and financial consequences that might lead to severe economic contractions such as recessions or depressions. These contractions may be either short-lived or persist over time. Financial crises are also associated with significant bankruptcies among households, corporate firms and financial institutions, with all the ensuing social deadweight losses from debt restructurings and bankruptcies. This makes financial crises expensive. Within this context, financial stability arises as an important issue given the pervasiveness of episodes of financial crises, including systemic banking crises, systemic corporate crises, currency crises and sovereign debt crises.

Financial stability, a crucial input to financial development, should be viewed in terms of a trade-off between risk and return/innovation. A financial system that is highly supervised and regulated may be very stable but could hamper financial development and the innovation that allows increased returns, better diversification of risks, and better allocation of resources. Conversely, a financial system that lacks financial stability, that is free and innovative and very lightly regulated may become unstable, triggering credit booms and asset bubbles that may have severe effects on growth, returns and welfare if they go bust.

Asset bubbles occur when an asset price rises above the underlying fundamental value. Asset bubbles can occur for any financial or real asset but recent experience shows they are pervasive in equity markets and in housing and real estate markets. The perverse interaction between easy money, asset bubbles, credit growth and leveraging that feeds asset bubbles has been observed in many episodes. In the mid 1980s in the United States, the credit cycle fed the investment boom in commercial and residential real estate causing a real estate bubble that went bust in the late 1980s. In the 1990s, the tech and Internet bubble was in part fed by easy monetary policy, with the Fed worrying about “irrational exuberance” and doing nothing to control it. This bubble was also fed by easy credit conditions that allowed investors to use leverage to increase their purchases of high-tech and Internet stocks. Next, there was the housing and credit bubble of the 2000s, which was followed by the housing bust and credit crunch of 2007.

Other episodes of systemic crisis and financial crisis include the Japanese real estate bubble and equity bubble of the 1980s that collapsed in 1990 and led to an acute banking and corporate crisis and a severe decade long stagnation during the 1990s. We witnessed the Scandinavian banking crises of the early 1990s and the collapse of the fixed exchange rates within the European Monetary System in 1992–93.

Among emerging market economies, the Latin American sovereign debt crisis started in 1982 and led to a decade of lost growth. Another cycle of financial crises, a combination of currency, sovereign debt, banking, corporate and household debt crises, started in 1994 with the collapse of the Mexican peso currency peg. The following decade showed a variety of financial crises in emerging market economies: East Asia (Thailand, Indonesia, Malaysia, Korea) in 1997–98; Russia in 1998; Brazil in 1999; Ecuador, Pakistan, and Ukraine in 1999–2000; and Turkey and Argentina in 2001.

The history of most financial and banking crises suggests that in almost every episode the resolution of the crisis entails a significant amount of government intervention that is fiscally costly. These fiscal bailout costs are a significant social burden. The added public debt needed to bail out borrowers and/or lenders has to be serviced over time, which means that the social costs of systemic banking and financial crises are very serious in the affected economies.

Within this framework, financial stability becomes an important factor in assessing the degree of development of a financial system. While financial crises will never be altogether eliminated, the frequency and severity of booms and busts of asset prices and credit that cause financial crises and costly financial instability can be reduced if appropriate supervision and regulation is applied. Such reduction will also contribute to reducing the fiscal costs associated with such crises, thereby lessening their consequences.

bubbles that can severely affect growth, returns and welfare. While there is some trade-off between the stability of the financial system and its degree of innovation and sophistication, financial stability remains an important input in the process of financial development. Excessively unstable financial systems—systems that are prone to repeated and virulent financial crises—are less likely to grow and develop.

This pillar tries to capture the risk of three types of crises: currency crises, systemic banking crises and sovereign debt crises. For the risk of currency crises, variables captured include the real effective exchange rate, current account balance, the dollarization vulnerability indicator, the external vulnerability indicator, and external debt to GDP.

The systemic banking crises subpillar captures the frequency of banking crises since the 1970s, the degree of banking stability, a measure of cumulative real estate appreciation, and a measure of the regulation of the banking institutions. Banking stability is one of the most important variables that proxies for the risk of systemic banking crises. Empirical research has shown that countries that have gone through systemic banking crises or endured a high degree of financial volatility are more susceptible to profound short-term negative impacts on the degree of financial intermediation. More stable countries were found not to be vulnerable to such effects and are thus more prone to growth.[17]

Research has also been conducted on the link between banking regulatory and supervisory issues and banking sector development. Policies that induce correct information disclosure, authorize private sector corporate control of banks, and provide motivation for private agents to exercise corporate control tend to encourage the development, operational efficiency, and stability of the banking system. This in turn enhances growth. Fewer regulatory restrictions on banks have also been shown to decrease banking system vulnerabilities. Research also shows that countries that foster competition among banks through national institutions are less likely to experience a systemic banking crisis.[18]

The last type of crisis captured within this pillar is sovereign debt crisis. The best proxy for the risk of this crisis is sovereign credit ratings. These data were calculated as an average of both local currency sovereign credit ratings and foreign currency credit sovereign ratings. Sovereign ratings measure the degree to which a country is willing and able to pay its debt in a timely manner and in full. Thus, a high sovereign credit rating signifies a lesser likelihood of default as occasioned by a sovereign debt crisis.

The greater the risk of these crises, the greater the likelihood that the different processes of financial intermediation will be hampered, precipitating lower economic growth rates.

Financial intermediaries and markets

The second category of pillars measures the degree of development of the financial sector as seen in the different types of intermediaries. These three pillars are: banks, non-banks (e.g., investment banks and insurance firms) and financial markets.

Fourth pillar: Banks

Bank-based financial systems emerge to improve acquisition of financial information and lower transaction costs, as well as to more efficiently allocate credit. This role is especially important in developing economies.

The efficient allocation of capital in a financial system generally occurs through bank-based systems or market-based financial systems.[19] Some research asserts that banks finance growth more effectively and efficiently than market-based systems, particularly in underdeveloped economies where non-bank financial intermediaries are generally less sophisticated.[20] Research also shows that compared to other forms of financial intermediation, well-established banks form strong ties with the private sector, which enables them to acquire information about firms more efficiently and to persuade firms to pay their debts in a timely manner.[21] Advocates of bank-based systems argue that banks that are unimpeded by regulatory restrictions tend to benefit from economies of scale in the process of collecting information and can thus enhance industrial growth. Banks are also seen as key players in eradicating liquidity risk, which causes them to increase investments in high-return, illiquid assets and speed up the process of economic growth.[22]

One of the key measures of the efficacy of the banking system captured in this pillar is size. The greater the size of the banking system, the greater the amount of resources that can be channeled from savers to investors. This enhances the process of financial development, which in turn leads to greater economic growth.

Another key aspect of the banking system is its efficiency. An important aspect of efficiency is the structure of bank ownership and how this structure affects its performance. Publicly owned banks tend to be less efficient, impeding the process of credit allocation and channeling of capital, which in turn slows down the process of financial intermediation.

Another measure of the efficiency of a banking system is the degree of foreign ownership of banks, which reflects a country's investment climate and the willingness of the government to allow competition.[23] Efficiency also encompasses the degree of banking concentration, which is captured in a measure of the share of assets (deposits) in the three largest banks in a country. Concentrated banking systems are usually less prone to a systemic banking crisis, which improves the efficiency of their operations.[24]

A third key aspect of efficiency captured by this pillar is the role of financial information disclosure within the operation of banks. Policies that induce correct information disclosure, authorize private sector corporate control of banks, as well as motivate private agents to exercise corporate control, tend to encourage bank development, operation, and stability.[25] This has a positive effect on the overall economy.

Fifth pillar: Non-banks

Non-bank financial intermediaries, such as broker dealers, traditional asset managers, alternative asset managers and insurance companies, are considered both a complement to banks, as well as a substitute for them. Their complementary role lies in their efforts to fill any vacuum created by commercial banks. Their competition with banks allows both parties to operate more efficiently in meeting market needs. Activities of non-bank financial intermediaries include their participation in securities markets, as well as the mobilization and allocation of financial resources of a longer-term nature, for example in insurance activities.

Empirical research has found that banks as well as non-bank financial intermediaries are larger, more active, and more efficient in advanced economies.[26] Advocates of the market-based system (i.e., non-banks) point to the fact that the market-based system is able to finance innovative and high-risk projects.[27] As for the insurance sector, it can be seen as a tool that eases trade and commerce by providing ample liability coverage. Insurance also creates liquidity and facilitates the process of building economies of scale in investment, thereby improving overall financial efficiency.[28] Insurance has also been found to mobilize illiquid savings to positively affect growth.[29]

The degree of development of non-bank financial intermediaries in general has been found to be a good proxy of a country's overall level of financial development.[30]

Sixth pillar: Financial markets

The four major types of financial markets include bond markets (both for government and corporate bonds), stock markets where equities are traded, foreign exchange markets and derivatives markets.

Stock market liquidity is statistically significant in terms of its positive impact on capital accumulation, productivity growth, and current and future rates of economic growth.[31] More generally, economic theory suggests that stock markets encourage long-run growth by promoting specialization, acquiring and disseminating information, and mobilizing savings in a more efficient way to promote investment.[32] Research also shows that as countries become richer, stock markets become more active and efficient relative to banks.[33] Bond markets have received little empirical attention, but recent research has shown that bond market development does in fact affect economic output.[34]

Derivatives markets are an important aspect of this pillar because they can significantly improve risk management and risk diversification. The development of derivatives markets can enhance the confidence of international investors and financial institutions to participate in them. Derivatives markets generally are small in emerging markets. The strengthening of the legal and regulatory environment can enhance the development of such markets, which in turn contributes to the process of economic growth.[35]

Capital availability and access

This third and final category is comprised of one pillar which represents the "outputs" of financial intermediation.

Seventh pillar: Size, depth, and access

The measures represented in this last pillar span the size and depth of the financial system and the degree of access by both savers and users of capital to financial services. These macro-level issues of size and depth and micro-level issues of access are integrally related to the provision and allocation of capital that drive economic growth.

Size and depth

Empirical evidence shows that a limited set of variables is significantly correlated with economic growth and welfare and can be good proxies for the "output" of financial intermediation. This output group includes measures of how large and deep the financial system is, appropriately scaled to the GDP of the country. It also includes measures of access to capital and financial services by businesses.

Consensus exists on the relationship between the size and depth of the financial system and the supply and robustness of financial services that drive economic growth.[36] This effect occurs because the size of financial markets is viewed as an important determinant of savings and investment.[37] The size of the financial system also matters because the larger the size of the financial system, the greater its ability to benefit from economies of scale given the significant fixed costs prevailing in financial intermediaries' activities. A larger financial system tends to relieve existing credit constraints. This facilitates borrowing by firms and further improves the process of savings mobilization and the channeling of savings to investors. Given that a large financial system should allocate capital efficiently and better monitor the use of funds, improved accessibility to financing will tend to amplify the resilience of an economy to shocks. Thus, a larger financial system implies a better allocation of risks, increasing the level of physical and human capital accumulation, which leads to higher growth rates.[38]

Empirical studies concerning financial development and growth have generally found that cross-country differences in the levels of financial development explain a considerable portion of the cross-country differences in growth rates.[39] Correspondingly, improvements in the depth of financial markets seemed to precipitate improvements in economic growth rates across countries.[40]

The proxies included to capture size and depth, include M2[41] to GDP, stock market capitalization to GDP, bank deposits to GDP, public as well as private debt to GDP, and private credit by deposit money banks and other financial institutions to GDP.

Access

Another integral component of this "output" category is access to financial services. Empirically, greater access to financial services has been associated with the usual proxies for financial development and resulting economic growth.[42] The presence of financial services *per se* as reflected by size and depth does not imply their accessibility by the different types of users within an economy. Thus, the presence of access as part of the output pillar becomes integral to our analysis. The measures of access captured include venture capital availability, access to local equity markets, access to credit, access to loans and an overall level of financial market sophistication. Performance in the other pillars contributes to performance in this subpillar and the extent of access to financial services by end users. Accessibility, along with the size and depth of the financial system as a whole, has a significant effect on a country's real activity, economic growth and overall welfare.

Methodological overview

As indicated in the preceding description of the seven pillars, the *Report* takes a holistic approach in the design of the Index by trying to address the breadth of different factors relevant to financial development. Accordingly, a large variety of variables were included for the 52 financial systems covered by the Index. The choice of variables was guided by two general criteria:

- the findings of the vast body of empirical studies, which focus on financial development; and
- the availability of data that serve as effective proxies for the different dimensions of financial development across emerging and developed economies.

The variables were organized into the seven pillars using a methodology similar to that used in other indexes published by the World Economic Forum. A combination of *hard* data from various sources, such as the World Bank and the Bank of International Settlements, and *survey* data collected as part of the Forum's Executive Opinion Survey is used.[43] This survey captures data that are otherwise not available through hard data sources, such as those pertaining to a country's institutional and business environment, and the degree to which firms feel they can easily access different forms of capital such as venture capital, initial public offerings and private credit.

Approach to standardization

To permit aggregation and cross-country comparisons, all hard data variables (i.e., not from the Forum's *Survey*) in the Financial Development Index have been standardized. This was done by re-scaling these variables on a 1-to-7 scale, the former being the least advantageous and the latter being the most advantageous to financial development. The following formula was employed to standardize those variables:

$$6 \times \frac{(\text{country score} - \text{sample minimum})}{(\text{sample maximum} - \text{sample minimum})} + 1$$

The sample minimum and sample maximum are, respectively, the lowest and highest country scores in the sample of 52 countries covered by this Index. Thresholds were identified for outliers in both directions (maximum and minimum) and high outliers were automatically given a score of 7 and low outliers a score of 1. For those variables where a higher raw data value implies a worse result (such as any vulnerability indicator), we inverted the standardization formula such that a higher standardized score is still considered more advantageous.[44] Data from the Executive Opinion Survey are presented in their original form as an aggregation of survey responses on a 1-to-7 scale.

In certain cases, a "non-monotonic" standardization had to be employed to ensure that the proportion between the raw data and standardized score changes over the range of data for the variable. The public bond to GDP variable was treated in this manner. In general we have assumed that low levels of public bonds to GDP imply low levels of financial development. As the level of public bonds to GDP increases, the degree of development of the bond market improves, which contributes to financial development as a whole. After a certain level, however, high debt levels may be considered a weakness within the economy. To reflect this in the Index variable, a threshold was selected (60 percent of GDP) above which the standardized score begins to go down. This also implies that having debt equivalent to 60 percent of GDP is treated as the "best" level of debt and thus gets a standardized score of 7.

In some instances, the "interaction" between different variables was also captured as certain variables can be considered more beneficial in the presence of others. For instance, the effect of liberalizing the capital account and the domestic financial sector has been found in empirical studies to be mixed, yielding both positive and negative results. However, the presence of a strong legal and regulatory environment tends to mitigate the negative impacts of the liberalization process. To account for this, the scores of the capital account liberalization and domestic financial sector liberalization indexes were adjusted. Any country above the average standardized score for the legal and regulatory environment[45] experienced positive effects as a result of the liberalization process, while the opposite is true for countries with scores lower than this average.[46]

Weighting and scaling of variables

One of the key design principles of the Index is the inclusion of the breadth of variables relevant to the financial development of both emerging and developed economies. The aggregation of these variables into an overall Index can provide a unified measure of financial development. However, by examining the individual pillars and constituent variables one gains greater insight into the strengths and weaknesses of different financial systems.

Given the emphasis placed on the component parts of the Index as a framework for analysis, we have taken a very conservative approach to the weighting of variables. Unless there is a clear and compelling reason to the contrary, we have generally weighted different components of the Index equally. The seven pillars are weighted equally as are most of the subpillars that comprise each of the pillars. The weightings of the different pillars and subpillars as the result of this approach is described in Appendix A.

We recognize and agree that there is a case to be made that certain elements of the financial system are more important for different countries depending on their unique circumstances and different stages of development. For instance, the "sequencing" theory supported by some within the academic community emphasizes the importance of sequential development of different aspects of the financial system depending on a country's stage of development. A key tenet of this theory asserts that banks are more important in the process of financial development and reform for emerging markets, while capital markets and non-banks (for example equity markets and investment banks) are more important for advanced economies. Yet, given the diversity of countries covered in the Index and the variety of issues they confront, we decided that the risks of being overly prescriptive in weighting certain variables for different classes of countries justified our more conservative approach.

In some instances, there was sufficient cause to assign different weights to the subpillars within the Index. Within the risk of systemic crises subpillar, the regulation of banking institutions and the stability index are weighted more (30 percent each) as compared to the frequency of crises and the appreciation of real estate variables (20 percent each). Within the banking pillar there are three sub-groups: the size of the banking system, efficiency of the banking system, and the role of financial information disclosure. The first two variables were weighted 40 percent each in this pillar, while the last variable was weighted at 20 percent, thus placing more importance on the size and efficiency of the banking system. Within the financial markets pillar, a 30 percent weight was assigned to the equity and bond market subpillars, and a 20 percent weight was assigned to the foreign exchange and derivatives market subpillars. This was done to signify the relatively greater importance of equity and bond market development.

For many variables, especially those related to the size and depth of the financial system, scaling by GDP was deemed necessary to control for country size. Scaling by GDP also allows for more relevant cross-country comparisons.

The Financial Development Index 2008 rankings

The detailed rankings for the Financial Development Index (FDI) are presented in Table 1. Overall rankings are listed first followed by rankings within each of the seven pillars that comprise the FDI.

At first glance, the overall FDI rankings yield what may be unsurprising results: the United States and the United Kingdom came out on top of the Index at 1st and 2nd place respectively in what amounts to a virtual tie. This seems consistent with their standing as long-established and truly global financial centers. They are followed by a very closely ranked tier of developed Western and some Asian countries in the top 10. Germany, Japan, Canada, France, Switzerland, Hong Kong and the Netherlands take the third through ninth spots with very close overall scores and Singapore comes in at 10th with a slightly lower score. Less developed countries from other regions progressively populate the lower reaches of the FDI.

However, the more interesting and instructive story revealed by the FDI is the degree of variation in performance across the seven pillars of the Index. This holistic view of financial systems reveals strengths and development areas, extending across both top and low performers alike that might not immediately be apparent. In Table 2, one can see those countries that most frequently scored within the top three places in each of the seven pillars. Interestingly, aside from the United Kingdom and the United States, those countries that achieved top scores in one or more pillars did not necessarily take top honors in the overall ranking. For these countries, success in one pillar is offset by shortcomings in others, thereby affecting the overall performance of the financial system as measured by the FDI. Germany was one of the few top-ranked countries that delivered even performance across all seven pillars; it is number three in the overall ranking yet did not make the top three in any of the seven component pillars.

Factors, policies, and institutions versus financial intermediation

By looking beyond the overall rankings to explore variations in different facets of financial systems both within and across countries, the FDI can be a useful tool to frame new patterns of analysis. To illustrate this, we

Table 1: Financial Development Index 2008

OVERALL INDEX			FACTORS, POLICIES, AND INSTITUTIONS								
			1st pillar: Institutional environment			2nd pillar: Business environment			3rd pillar: Financial stability		
Country/Economy	Rank	Score	Country/Economy	Rank	Score	Country/Economy	Rank	Score	Country/Economy	Rank	Score
United States	1	5.85	Singapore	1	6.31	Singapore	1	5.82	Singapore	1	6.22
United Kingdom	2	5.83	Hong Kong SAR	2	6.24	Finland	2	5.76	Switzerland	2	6.18
Germany	3	5.28	Finland	3	6.23	Norway	3	5.67	Saudi Arabia	3	5.97
Japan	4	5.28	Norway	4	6.15	Hong Kong SAR	4	5.65	Norway	4	5.87
Canada	5	5.26	United Kingdom	5	6.09	Sweden	5	5.63	Austria	5	5.81
France	6	5.25	Germany	6	6.08	Switzerland	6	5.63	Germany	6	5.77
Switzerland	7	5.23	Canada	7	6.06	Netherlands	7	5.57	Netherlands	7	5.74
Hong Kong SAR	8	5.23	Sweden	8	6.06	Canada	8	5.43	Japan	8	5.71
Netherlands	9	5.22	Austria	9	6.04	Korea, Rep.	9	5.42	United Arab Emirates	9	5.53
Singapore	10	5.15	Netherlands	10	6.02	Germany	10	5.41	United States	10	5.51
Australia	11	4.98	Ireland	11	6.01	United Kingdom	11	5.34	Ireland	11	5.45
Spain	12	4.90	United States	12	5.98	United States	12	5.32	Kuwait	12	5.44
Sweden	13	4.75	Australia	13	5.94	Austria	13	5.29	Sweden	13	5.26
Ireland	14	4.72	Japan	14	5.88	Australia	14	5.24	Canada	14	5.26
Norway	15	4.66	Belgium	15	5.84	France	15	5.20	Finland	15	5.24
United Arab Emirates	16	4.61	France	16	5.83	Japan	16	5.17	Belgium	16	5.22
Belgium	17	4.56	Switzerland	17	5.74	Ireland	17	5.15	Hong Kong SAR	17	5.19
Austria	18	4.55	Israel	18	5.66	United Arab Emirates	18	5.14	Malaysia	18	5.18
Korea, Rep.	19	4.55	Spain	19	5.62	Israel	19	5.00	China	19	5.17
Malaysia	20	4.48	Bahrain	20	5.43	Belgium	20	5.00	France	20	5.17
Finland	21	4.45	Chile	21	5.38	Kuwait	21	4.93	Australia	21	5.13
Italy	22	4.38	Malaysia	22	5.14	Chile	22	4.89	Spain	22	5.00
Israel	23	4.14	Korea, Rep.	23	5.08	Malaysia	23	4.80	United Kingdom	23	4.97
China	24	4.09	United Arab Emirates	24	5.02	Spain	24	4.80	Italy	24	4.82
South Africa	25	4.00	Panama	25	4.82	Czech Republic	25	4.77	Bahrain	25	4.79
Kuwait	26	3.93	Italy	26	4.66	Bahrain	26	4.74	South Africa	26	4.72
Saudi Arabia	27	3.90	South Africa	27	4.58	Hungary	27	4.71	Mexico	27	4.69
Bahrain	28	3.89	Hungary	28	4.52	Slovak Republic	28	4.69	India	28	4.67
Thailand	29	3.82	Indonesia	29	4.46	Italy	29	4.63	Thailand	29	4.54
Chile	30	3.79	Thailand	30	4.46	Poland	30	4.56	Israel	30	4.48
India	31	3.63	Mexico	31	4.31	Saudi Arabia	31	4.54	Chile	31	4.47
Panama	32	3.61	Peru	32	4.22	Turkey	32	4.38	Korea, Rep.	32	4.42
Hungary	33	3.53	Saudi Arabia	33	4.18	Thailand	33	4.24	Russian Federation	33	4.41
Pakistan	34	3.46	Czech Republic	34	4.14	Russian Federation	34	4.08	Czech Republic	34	4.29
Czech Republic	35	3.43	Egypt	35	4.07	China	35	4.07	Colombia	35	4.27
Russian Federation	36	3.40	Kuwait	36	4.06	South Africa	36	4.03	Slovak Republic	36	4.19
Egypt	37	3.32	Slovak Republic	37	3.80	Brazil	37	4.00	Pakistan	37	4.11
Indonesia	38	3.31	Colombia	38	3.80	Panama	38	3.95	Poland	38	4.09
Turkey	39	3.30	Nigeria	39	3.71	Argentina	39	3.92	Nigeria	39	4.02
Brazil	40	3.28	Brazil	40	3.69	Egypt	40	3.91	Vietnam	40	3.98
Poland	41	3.27	Philippines	41	3.60	Peru	41	3.89	Venezuela	41	3.88
Slovak Republic	42	3.25	Poland	42	3.54	Ukraine	42	3.88	Peru	42	3.77
Mexico	43	3.21	India	43	3.42	Colombia	43	3.82	Indonesia	43	3.65
Colombia	44	3.21	Turkey	44	3.36	Mexico	44	3.81	Brazil	44	3.60
Kazakhstan	45	3.13	Argentina	45	3.35	India	45	3.61	Kazakhstan	45	3.58
Peru	46	3.06	China	46	3.33	Vietnam	46	3.56	Hungary	46	3.50
Argentina	47	3.04	Kazakhstan	47	3.14	Kazakhstan	47	3.51	Egypt	47	3.41
Philippines	48	3.03	Russian Federation	48	3.10	Philippines	48	3.50	Philippines	48	3.32
Vietnam	49	3.03	Pakistan	49	3.09	Indonesia	49	3.46	Panama	49	3.01
Nigeria	50	2.76	Vietnam	50	3.06	Pakistan	50	3.46	Argentina	50	2.92
Ukraine	51	2.73	Ukraine	51	2.75	Venezuela	51	3.22	Ukraine	51	2.88
Venezuela	52	2.71	Venezuela	52	2.39	Nigeria	52	3.08	Turkey	52	2.76

Table 1: Financial Development Index 2008 *(cont'd.)*

FINANCIAL INTERMEDIATION									CAPITAL AVAILABILITY AND ACCESS		
4th pillar: Banks			5th pillar: Non-banks			6th pillar: Financial markets			7th pillar: Size, depth, and access		
Country/Economy	Rank	Score	Country/Economy	Rank	Score	Country/Economy	Rank	Score	Country/Economy	Rank	Score
United States	1	5.80	United Kingdom	1	6.55	United States	1	6.15	Switzerland	1	6.89
Malaysia	2	5.72	United States	2	6.05	United Kingdom	2	5.87	Netherlands	2	6.71
United Kingdom	3	5.51	France	3	5.29	Switzerland	3	5.40	Hong Kong SAR	3	6.62
United Arab Emirates	4	5.26	Japan	4	4.50	France	4	5.07	United Kingdom	4	6.48
Hong Kong SAR	5	5.20	Canada	5	4.37	Japan	5	5.03	Canada	5	6.47
Canada	6	5.15	Australia	6	4.26	Singapore	6	4.99	Spain	6	6.38
China	7	4.97	Germany	7	4.12	Germany	7	4.87	Singapore	7	6.16
Japan	8	4.92	Netherlands	8	3.87	Australia	8	4.58	United States	8	6.15
Germany	9	4.85	Spain	9	3.77	Netherlands	9	4.35	Germany	9	5.84
Spain	10	4.84	Russian Federation	10	3.71	United Arab Emirates	10	4.28	Japan	10	5.72
Korea, Rep.	11	4.81	Korea, Rep.	11	3.62	Hong Kong SAR	11	4.16	France	11	5.66
Ireland	12	4.80	Kazakhstan	12	3.56	Sweden	12	4.13	Malaysia	12	5.65
Indonesia	13	4.60	Hong Kong SAR	13	3.54	Canada	13	4.07	Sweden	13	5.60
France	14	4.55	Italy	14	3.35	Spain	14	3.86	Australia	14	5.60
Thailand	15	4.45	China	15	3.30	Italy	15	3.83	Ireland	15	5.59
Italy	16	4.41	India	16	3.24	Belgium	16	3.69	Belgium	16	5.57
Belgium	17	4.37	Ireland	17	3.15	Pakistan	17	3.58	Israel	17	5.47
Austria	18	4.32	Switzerland	18	2.99	Finland	18	3.40	Norway	18	5.45
Netherlands	19	4.25	Singapore	19	2.91	Kuwait	19	3.34	Austria	19	5.41
Norway	20	4.20	Sweden	20	2.87	Korea, Rep.	20	3.15	Korea, Rep.	20	5.33
Australia	21	4.12	Brazil	21	2.82	Turkey	21	3.07	South Africa	21	5.30
South Africa	22	4.09	Argentina	22	2.48	India	22	2.99	Finland	22	5.27
Saudi Arabia	23	4.07	South Africa	23	2.42	Malaysia	23	2.93	United Arab Emirates	23	5.17
Kuwait	24	3.96	Norway	24	2.38	Austria	24	2.88	China	24	5.14
Pakistan	25	3.91	Bahrain	25	2.27	Norway	25	2.88	Italy	25	4.97
Israel	26	3.85	Belgium	26	2.25	Ireland	26	2.87	Thailand	26	4.95
Switzerland	27	3.80	Israel	27	2.23	Panama	27	2.84	Panama	27	4.93
Vietnam	28	3.78	Turkey	28	2.19	South Africa	28	2.83	India	28	4.90
Panama	29	3.77	Finland	29	2.15	Saudi Arabia	29	2.73	Kuwait	29	4.69
Chile	30	3.72	Austria	30	2.12	China	30	2.66	Bahrain	30	4.67
Sweden	31	3.67	Peru	31	2.08	Czech Republic	31	2.45	Egypt	31	4.58
Singapore	32	3.63	Hungary	32	2.01	Bahrain	32	2.34	Saudi Arabia	32	4.43
Hungary	33	3.46	Ukraine	33	1.99	Israel	33	2.31	Pakistan	33	4.33
Egypt	34	3.40	Panama	34	1.95	Brazil	34	2.28	Hungary	34	4.28
Slovak Republic	35	3.36	Malaysia	35	1.93	Hungary	35	2.26	Chile	35	4.27
Colombia	36	3.33	Colombia	36	1.89	Thailand	36	2.25	Vietnam	36	4.24
Turkey	37	3.32	Thailand	37	1.89	Argentina	37	2.18	Brazil	37	4.10
Poland	38	3.21	Mexico	38	1.88	Egypt	38	2.15	Philippines	38	4.07
Ukraine	39	3.13	United Arab Emirates	39	1.87	Poland	39	2.11	Turkey	39	4.04
Finland	40	3.08	Philippines	40	1.78	Chile	40	2.10	Czech Republic	40	3.96
Kazakhstan	41	3.07	Egypt	41	1.75	Russian Federation	41	2.08	Slovak Republic	41	3.88
Philippines	42	2.96	Pakistan	42	1.73	Philippines	42	1.97	Indonesia	42	3.72
Bahrain	43	2.96	Poland	43	1.72	Venezuela	43	1.87	Colombia	43	3.71
Czech Republic	44	2.92	Chile	44	1.68	Kazakhstan	44	1.83	Poland	44	3.66
Russian Federation	45	2.87	Venezuela	45	1.62	Mexico	45	1.77	Russian Federation	45	3.56
Argentina	46	2.85	Indonesia	46	1.58	Indonesia	46	1.70	Argentina	46	3.54
Venezuela	47	2.81	Nigeria	47	1.48	Colombia	47	1.66	Peru	47	3.50
Nigeria	48	2.80	Czech Republic	48	1.47	Slovak Republic	48	1.52	Mexico	48	3.37
Mexico	49	2.65	Saudi Arabia	49	1.40	Peru	49	1.43	Kazakhstan	49	3.24
India	50	2.61	Vietnam	50	1.40	Nigeria	50	1.30	Ukraine	50	3.23
Peru	51	2.51	Slovak Republic	51	1.31	Ukraine	51	1.27	Venezuela	51	3.16
Brazil	52	2.47	Kuwait	52	1.07	Vietnam	52	1.16	Nigeria	52	2.92

Table 2: Countries ranked within the top three of each Index pillar

			FINANCIAL DEVELOPMENT INDEX PILLARS						
Country/Economy	Financial Development Index 2008 rank	Number of times ranked in top three	1. Institutional environment	2. Business environment	3. Financial stability	4. Banks	5. Non-banks	6. Financial markets	7. Size, depth, and access
Singapore	10	3	1	1	1	—	—	—	—
Switzerland	7	3	—	—	2	—	—	3	1
United Kingdom	2	3	—	—	—	3	1	2	—
United States	1	3	—	—	—	1	2	1	—
Finland	21	2	3	2	—	—	—	—	—
Hong Kong SAR	8	2	2	—	—	—	—	—	3
France	6	1	—	—	—	—	3	—	—
Malaysia	20	1	—	—	—	2	—	—	—
Netherlands	9	1	—	—	—	—	—	—	2
Norway	15	1	—	3	—	—	—	—	—
Saudi Arabia	27	1	—	—	3	—	—	—	—

have aggregated the pillar scores with respect to the broad categories introduced in Figure 1 and described previously in the chapter. In Figure 2, scores for the institutional environment, business environment, and financial stability pillars are averaged and the resulting rank is presented on the horizontal axis as the measure "Factors, policies, and institutions." A ranking according to a simple average of the banks, non-banks, and financial markets pillars is presented on the vertical axis as "Financial intermediation."

As Figure 2 illustrates, the United States and United Kingdom both receive top marks with respect to financial intermediation (pillars four through six) but those factors, policies, and institutions that are the "inputs" into their financial systems (pillars one through three) are not as strong. The United States does not make the top 10 with respect to its institutional and business environments while the United Kingdom ranks a relatively low 23rd in the financial stability pillar. This results in both countries being positioned toward the bottom of the scatter plot in Figure 2. Will uneven performance in these areas create a long-term development disadvantage, compromising the ability of financial intermediaries and markets to efficiently provide capital to end users in these countries? This question has implications extending to whether the current pursuit of certain regulatory reforms should be prioritized to the exclusion of other, long-term drivers of financial development such as non-distortionary tax policies and judicial reform.

By contrast, countries such as Norway and Singapore achieve high marks with respect to their institutional and business environments and financial stability but perform relatively poorly with respect to the bank and non-bank pillars. This accounts for their placement at the leftmost part of the scatter plot in Figure 2. What is preventing these countries from translating these fundamental strengths into more robust financial intermediation and the more effective provision of capital and financial services to end users? Exploration of the variables that produce this result and the broader phenomena for which they serve as proxies may have profound implications for financial system development and enhanced economic growth in these countries.

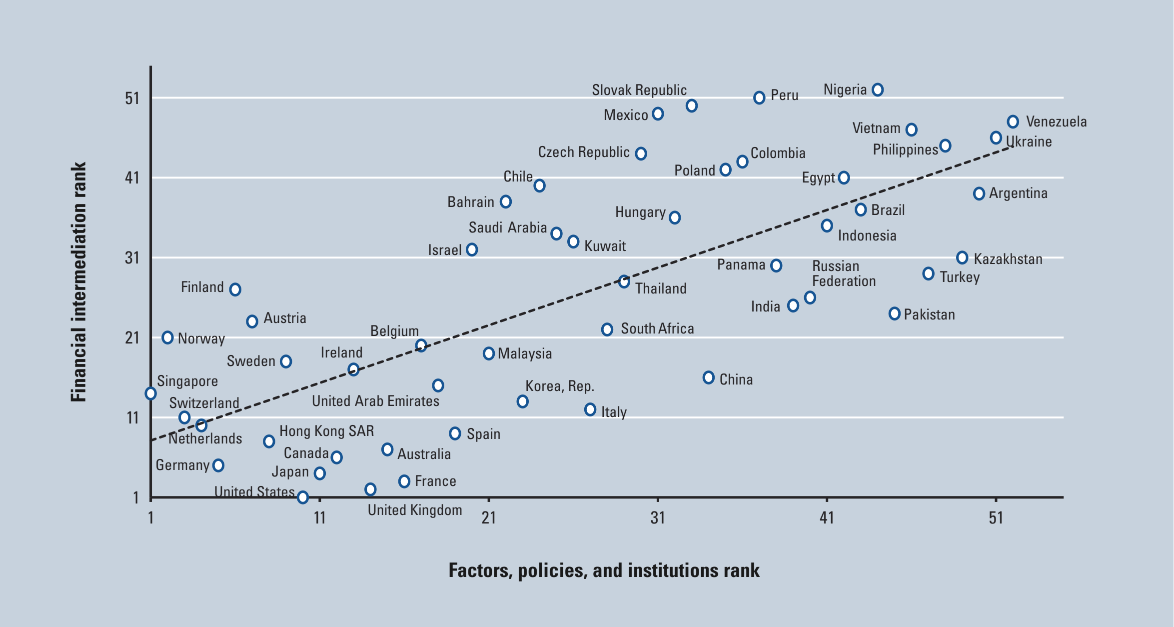
Taking a different and somewhat narrower perspective, one may question how Malaysia's banking system is able to achieve the relatively high performance shown in the 4th pillar in Table 1 in light of its relatively lower performance with respect to its business and institutional environments. Increased understanding of this question might shed light on how Malaysia could propagate this success to other aspects of its financial system. Alternatively, it may provide valuable lessons for other developing countries as they try to transcend the limitations of their current institutional and business environments to maximize the benefits of robust financial intermediation.

Financial intermediation versus capital availability and access

A similar analysis can be performed with respect to the pillars in the financial intermediation category (the banks, non-banks and financial markets pillars) and the one pillar that comprises the capital availability and access category (the size, depth, and access pillar). In Figure 3, rankings based on the combined average of the scores for the pillars in each category are plotted.

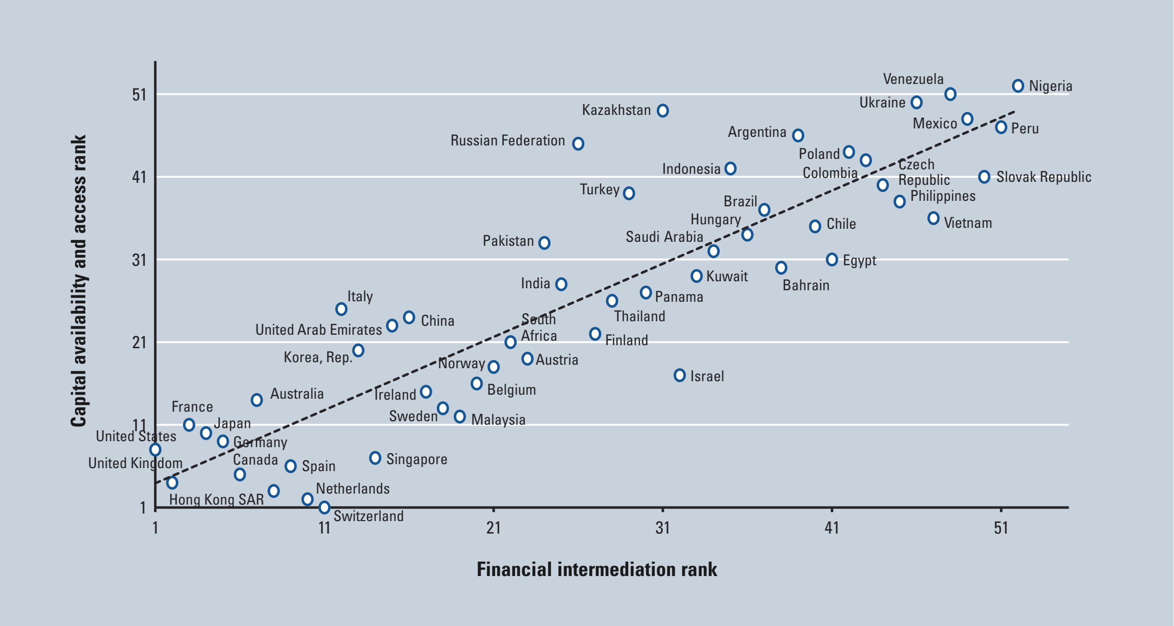
Switzerland is ranked number one in terms of capital availability and access based on a near perfect score driven by the size and depth of its financial assets. Yet it does not make the top 10 in terms of financial intermediation. Indeed its banking institutions are ranked a relatively low 27th and non-bank financial institutions at 18th. Given this apparent discrepancy are there other aspects of its financial system such as within its legal and regulatory or business environment that are more directly attributable to its relatively large and deep financial markets? Are these aspects idiosyncratic to the Swiss financial system or are their lessons for other countries

Figure 2: Factors, policies, and institutions versus financial intermediation



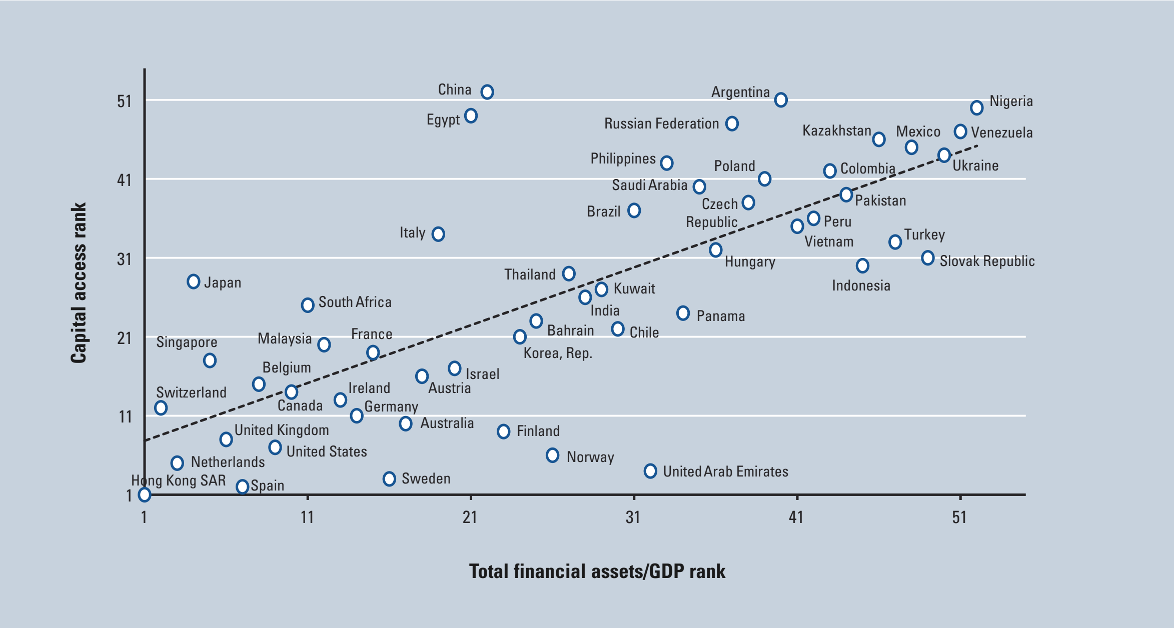
Note: A country ranking based on a simple average of the first three pillars is plotted as "factors, policies and institutions" on the horizontal axis. A country ranking based on a simple average of pillars 4, 5 and 6 is plotted as "financial intermediation" on the vertical axis.

Figure 3: Financial intermediation versus capital availability and access



Note: A country ranking based on a simple average of pillars 4, 5 and 6 is plotted as "financial intermediation" on the horizontal axis. The country ranking from pillar 7, "Capital availability and access" is plotted on the vertical axis.

Figure 4: Total financial assets to GDP versus capital access



Note: Total financial assets/GDP displayed on the horizontal axis is based on the same numbers found on the top of each country profile in Part 2 of the *Report;* the calculation of this measure is described in the “How to Read the Country/Economy Profiles” at the beginning of Part 2. The vertical axis measures the average of the different capital access variables contained in pillar 7 (variables 7.09, 7.10, 7.11, 7.12, and 7.14).

as they try to maximize the benefits to their economies of increased access to capital?

By contrast, the Russian Federation is ranked 45th in terms capital availability and access yet ranks a stronger 26th based on an average of the financial intermediation pillars. Its non-bank institutions are rated particularly strong at 10th (see the 5th pillar in Table 1), driven in large part by healthy initial public offerings (IPO) and securitization activity, while a relatively low 40th in terms of access to its equity markets (as can be seen in its country profile contained in Part 2 of this *Report*). Why hasn’t Russia been able to translate robust financial intermediation into economically vital access to capital? More detailed exploration of this question may help inform priorities for reforms within its financial system.

Financial depth versus access

Intriguing variations in country performance can also be seen within the pillars of the Index. One of these variations occurs with respect to the two main components of pillar seven: the size and depth subpillar, which includes different measures of financial assets as a percentage of GDP and the access subpillar, which uses unique data from the Forum’s *Survey* to assess how easily end users can access different forms of capital. Financial depth, typically expressed as a country’s financial assets to GDP, is often cited as a measure of the availability of capital. Yet, from the perspective of economic growth, what is also important is how easily end users are able to access this pool of capital.

In Figure 4, country rankings in terms of total financial assets to GDP are plotted against rankings of the average of all the access measures in pillar seven. It is clear from this graph that the degree of access that end users have to capital is not necessarily a close function of the financial depth in a given country. Looking at China, one can see that even though it has a very high ratio of financial assets to GDP, this has not translated to enhanced access for end users of capital within the country, which accounts for its position at the very top of the scatter plot.

By contrast, Finland and Norway have roughly the same degree of financial assets as a percentage of GDP, but score near the very top of the rankings in terms of financial access, which accounts for their position towards the bottom of the scatter plot. Given the importance of capital access to the end users of capital and businesses that propel an economy, increased understanding of this result and how to better translate financial depth to access could lead to new ways to enhance a financial system’s impact as a driver of economic growth.

Regional analysis

The preceding examples both across and within the pillars of the FDI illustrate the potential to reframe discussion using the broader dimensions of financial development. The country profiles contained in Part 2 of this

Report provide detailed information with which to undertake this analysis. A summary of highlights drawn from these profiles is presented below by region.

EUROPE AND NORTH AMERICA

The **United States** takes 1st place in the FDI, driven by its strong showing across all different aspects of financial intermediation. Its banks are ranked as the most efficient in the world in areas such as bank concentration, interest rate spread and operating margins. Similarly, its financial markets emerge as best-in-class overall, with strength across the breadth of equity and bond markets, foreign exchange and derivatives. Non-bank financial intermediaries such as investment banks and insurance companies rank very high, particularly in terms of mergers and acquisitions and securitization activities. The United States performs well with respect to overall measures of size, depth, and access, but these are not quite on par with the performance of its financial intermediaries.

Relatively weaker areas can be seen with respect to the institutional and business environments within the United States. The regulation of security exchanges (24th) and protection of intellectual and property rights (21st and 17th) prove problematic according to participants in the Forum's *Survey.* Corruption and the regulatory burden were also seen as a development area with the United Sates ranking in the middle of all countries. A lack of judicial independence and irregular payments in judicial decisions were seen as obstacles to improved contract enforcement. The United States, like many developed countries, received high scores for the liberalization of its domestic financial sector and capital account, however, this was accompanied by relatively low scores in areas related to financial stability. Consistent with the ongoing financial crisis, the United States ranked a relatively low 25th with respect to the potential for currency crises and 22nd with respect to the potential for systemic banking crises. Corporate taxation and infrastructure also emerged as areas requiring further attention.

The **United Kingdom** is ranked 2nd overall in the FDI in a virtual tie with the United States. Its financial intermediaries are world class with top ranks for insurance, securitization, and merger and acquisition activity. The international orientation of its financial markets earns it top marks with respect to foreign exchange markets and it ranked first in all measures of foreign exchange and interest rate derivatives turnover except one. The country earned third place in the banking pillar, with efficiency of the sector driving its performance. In terms of capital access and availability, the United Kingdom outperforms the United States with a rank of 4th across the FDI country sample. The overall institutional environment also ranked higher than the United States with strong marks for corporate governance and contract enforcement. The efficacy of corporate boards, shareholder rights, and the strength of auditing and accounting standards distinguishes the United Kingdom in this area.

As with the United States, key development areas exist with respect to financial stability. The potential for a systemic banking crisis (46th) places a drag on the United Kingdom's performance in this area. The United Kingdom also scores relatively low with respect to corporate taxation (30th) and the associated distortionary effects of taxation and irregular tax payments. The cost of doing business as seen in the cost of obtaining licenses and registering property is also an area that appears to have room for improvement. The burden of government regulation (26th) and lack of centralization in economic policy-making (32nd) also appear to be areas for further development.

Germany placed 3rd in the rankings by exhibiting well-rounded performance and a ranking of 10 or higher across all seven pillars of the FDI. Consistent strengths across the institutional and business environments include a top ranking in auditing and accounting standards (1st), excellent protection of property rights, a highly effective judicial system, and high quality infrastructure within the context of a liberalized yet stable financial system. A few potential areas for improvement include better protection of minority and shareholder rights, a lower regulatory burden, and improvements with respect to human capital. Findings with respect to financial intermediation confirm the historic strength of Germany's banking sector but, interestingly, the country also performs equally well (in fact, slightly better) with respect to both non-bank financial institutions and financial markets. While equity markets are ranked 16th, bond markets, derivatives markets and foreign exchange markets are all ranked within the top 10 in their categories.

France (6th) is similar to the United Kingdom and the United States in that the strength of its financial intermediation, particularly that of its non-bank financial institutions and financial markets, is a key driver of its relatively high overall ranking (6th). IPO activity (2nd), M&A activity (4th), and insurance (2nd) are all particular strengths, as are its derivatives and bond markets (3rd and 4th respectively). The country appears less successful across financial system "inputs." France is ranked a relatively low 20th in terms of financial stability, dragged down by a very low score with respect to risk of systemic banking crisis (47th). The business environment also appears to be a weakness with relatively low marks with respect to taxation and the cost of doing business. However, there are also some strengths with respect to the quality of overall infrastructure and management schools. Excessive regulatory burden appears the weakest link in France's institutional environment, as is protection of shareholder and investor rights.

Switzerland closely follows France achieving 7th place due in large part to the size (relative to GDP) and stability of its financial system. While achieving the top ranking according to the overall size- and depth-related metrics, this success does not fully translate into improved access for end users of capital where the country ranked 12th. Despite the iconic nature of many of Switzerland's banks, the country's financial markets were ranked considerably higher, particularly its equity and foreign exchange markets (4th and 3rd respectively).

The **Netherlands** makes the top 10 in the overall FDI ranking with a particularly strong showing in both the size and depth of its financial system (2nd) and in the degree of access provided to end users of capital (3rd). The efficiency of its banking system drags down its rank for the banking pillar (19th), while it ranks in the top 10 in terms of its non-bank intermediaries (8th) and financial markets (9th). Although the cost of doing business in the Netherlands seems to be relatively high, the country still demonstrates consistent strength across its institutional environment, business environment and the stability of its financial system. Neighboring **Belgium** (17th) demonstrates consistency across the seven pillars with rankings all falling between 16th and 20th place.

Finland (21st), **Sweden**(13th), and **Norway** (15th) do not break into the top 10 in terms of their overall rank, but they generally all score very well across the "inputs" or factors, policies, and institutions that support their financial systems. Particular strengths seen across all three countries include the quality of human capital, the soundness of the legal and regulatory environment, and the quality of their infrastructure. Yet preeminence in these areas contrasts each country's performance with respect to financial intermediation. While Sweden's financial markets come in at 12th place, those of Norway and Finland did not score as high. Nearly all of these countries' banks and non-bank intermediaries scored relatively low.

The FDI ranks **Italy** (22nd) the lowest of the Western European countries as a result of its relatively weak institutional and business environments and low rankings in terms of financial stability. Relatively low performance can be seen across all the components of these pillars such as soundness of corporate governance, legal and regulatory issues, and cost of doing business. Despite these obstacles, the country performs consistently well in terms of bank and non-bank financial intermediaries and financial markets. However, strength in financial intermediation does not translate into enhanced capital access where the country scores a relatively low 34th.

Development advantages for the financial system of the **Russian Federation** (36th) can be seen with respect to non-bank activities such as securitizations (7th) and IPOs (6th). By contrast, neither its banks nor its financial markets are highly developed. Its institutional environment is generally weak, characterized by relatively poor protection of property rights, lax auditing and accounting standards, and a heavy burden of government regulation. Its business environment exhibits better performance in terms of information technology infrastructure and the quality of human capital, but the cost of doing business ranks low at 45th. The Russian financial system also receives low marks for capital availability and access (48th).

ASIA AND THE PACIFIC

Performance across the Asia and Pacific region varies markedly with Asian countries coming in at all levels of the rankings. **Japan** emerged as the highest ranked Asian country (4th) by delivering well-rounded performance across all pillars within the FDI. Its strongest scores are seen with respect to financial intermediation and in particular its highly efficient banks, IPO and M&A activities, insurance, foreign exchange and derivatives markets. Japan's institutional and business environments appear less successful. Corporate governance is a weak point characterized by a need for greater incentive-based compensation of management and better auditing and accounting standards. A relative lack of centralization of economic policymaking and the need for better regulation of exchanges contribute to lackluster performance with respect to legal and regulatory issues. Japan's large public debt, fueled in part by massive spending on public works projects, goes beyond levels that may be considered healthy for the financial system. Consistent with the high rate of IPO activity, businesses reported a relative ease of access to the local equity markets. But the difficulty of access to private credit, loans, and venture capital places Japan in the bottom half of these measures of capital access.

Despite some areas of integration with China, **Hong Kong's** financial system is still quite distinct in many respects. The country scores 2nd place with respect to its institutional environment with strong performance spanning shareholder rights, a low regulatory burden, effective regulation of security exchanges, and rigorous contract enforcement. Similar to the mainland there appears a relative need to improve the quality of human capital, however, the country receives high marks for a non-distortionary tax regime and the high quality of its overall infrastructure. Its banking system scores well (5th), driven primarily by the size of its banks. In contrast to the last place ranking of mainland China, Hong Kong scores first place with respect to access to different forms of capital.

Similar to Hong Kong, **Singapore** (10th) delivers a very strong performance in the institutional and business environment pillars with a first place finish in each. The country has the lowest regulatory burden of any country in the Index and ranks highest in terms of the effectiveness of its law making bodies and contract enforcement. It tops the list of countries in the FDI in terms of financial stability while, in contrast, its banking system is ranked a relatively low 38th resulting in large part from its relative inefficiency. In contrast, neighboring **Malaysia** scores 20th in the Index, with very strong marks for its banking system across size, efficiency and financial disclosure. Non-bank financial institutions delivered less successful results, with relatively low marks related to IPOs, securitization and insurance. Its fully liberalized domestic financial sector (1st) stands in contrast to the relative lack of liberalization of its capital account (34th).

Australia falls just short of the top 10 in the overall ranking (at 11th place), but delivers solid performance across all seven pillars of the FDI. Its financial markets and the associated activities of non-bank financial institutions (particularly IPOs and securitizations) are a particular strength. Australia's banking system does not achieve quite the same levels of success, dragged down by low levels of efficiency (35th). Entry restrictions on banks and rapid real estate appreciation have heightened susceptibility to systemic banking crises (29th), with relatively low scores for risk of a currency crisis as well (37th).

Korea, Rep. came in at 19th in the overall FDI ranking, demonstrating consistent performance across all aspects of the Index. The country receives strong marks for the strength of its human capital, the quality of its technology infrastructure and a low legal and regulatory burden. The performance of its banking system appears to be a development advantage both in terms of its size and efficiency. Non-bank financial institutions are similarly robust, with strength across IPO and securitization activities as well as insurance. Despite the strength of these financial intermediaries, Korea, Rep. does not appear to have fully distanced itself from the financial contagion of the 1990s, earning relatively low marks for risk of currency crisis (35th) and systemic banking crises (40th). However, the degree of centralization in its economic policymaking (7th) is seen as a strength.

China is ranked 24th of the 52 countries in the FDI. Large inflows of capital driven by rapid export-driven economic growth have promoted the size and depth of its financial markets. The country ranks 2nd in terms of M2 to GDP, 4th in terms of bank deposits to GDP, and 5th in terms of the relative value-added of its financial institutions to GDP. This financial depth has increased the size of its banking sector which, in combination with relatively high levels of banking efficiency, has bolstered its ranking in this category (16th). China shows room for improvement across most aspects of its institutional environment, particularly with respect to the efficacy of its corporate boards, the liberalization of its capital account and domestic financial sector, and shareholder and investor rights. While the cost of doing business is low, the business environment could be improved with more focus on the development of human capital, infrastructure and a more equitable tax regime. China delivered its worst performance with respect to measures of access to capital, where it came in last of all countries in the FDI.

India came in at 31st in terms of its overall ranking. While India delivered solid results in terms of its financial markets (particularly foreign exchange and derivatives) and its non-bank institutions, its banks appear hamstrung by lack of size, low efficiency and poor information disclosure. Despite this, the banking system is very stable (5th) likely owing in part to sizable capital buffers that help it weather credit cycles. The business environment shows significant room for development, characterized by an inhospitable tax regime and relatively poor contract enforcement. India receives low marks related to the liberalization of its domestic financial sector and capital account. The quality of India's higher education institutions is apparent as seen in the high score for the quality of management schools (8th), but development areas include "brain drain," the ease of hiring foreign talent, and enrollment in tertiary schools.

Neighboring **Pakistan** (34th) comes in a few notches below India, but demonstrates similar strength in its financial markets (17th). Its banking system is also strong, bolstered by very high levels of efficiency (5th). However, Pakistan's institutional and business environments earn very low marks in most areas such as domestic financial sector liberalization and infrastructure.

At 38th, **Indonesia** shows considerable variation across the different aspects of its financial system. Its strong banking system delivers world-class performance in terms of efficiency (1st). Yet, its non-bank financial institutions and financial markets rank among the lowest in the Index (both at 46th). Its relatively strong institutional environment is bolstered by strong corporate governance and regulatory effectiveness, but its business environment ranks as one of the lowest in the FDI (49th) resulting from poor infrastructure and the high cost of doing business.

Kazakhstan (45th), the **Philippines** (48th), and **Vietnam** (49th) all scored towards the bottom of the rankings, demonstrating room for improvement across all seven pillars of the FDI. All of these countries are in need of development of their institutional and business environments, and demonstrate a high degree of risk of financial instability. Vietnam exhibits relatively higher strength with respect to its banking system (30th), as well as capital availability and access (36th). The Philippines also shows relative strength with respect to the availability and access of capital (38th).

LATIN AMERICA

A sound institutional and business environment is a key driver of **Chile's** place as the highest ranked Latin American country on the Index (30th). Liberalization within the context of a sound legal and regulatory environment has been a key driver of the country's economic growth and also contributes to the success of its financial system. The efficacy of corporate boards (12th) and protection of shareholder rights (1st) foster strong corporate governance, while sound regulatory management of securities exchanges (12th) and a low overall regulatory burden contribute to the country's successful regulatory environment. Chile has yet to fully translate its success in these fundamental aspects of its financial system to high-performing financial intermediaries and markets. Healthy stock market capitalization (16th) is compromised by relatively low turnover (43rd). Chile is closely followed by **Panama** (32nd) in the overall rankings, which delivers relatively consistent performance across the main pillars of the Index. The exception is financial stability (49th), where it earns low marks for risk of currency and sovereign debt crises.

While **Brazil's** (40th) institutional environment ranks on par with the country's overall score, the country achieves low marks for a high legal and regulatory burden and an ineffective political environment. Relatively stronger scores for its non-bank financial institutions and financial markets contrast the weak position of its banks, which received the lowest possible rank due to their lack of size and low measures of efficiency.

Mexico ranked 43rd in terms of its overall score on the FDI. The country appears to have left the financial turmoil of the mid 1990s well behind, achieving its highest score across the seven pillars in financial stability (27th). While exhibiting some strength with respect to securitizations and foreign exchange, the country generally does not exhibit very strong performance with respect to its financial markets (45th), banks (49th) or non-bank intermediaries (38th). The quality of education underpinning the development of human capital detracts from the business environment, as does the cost of doing business. Relatively weak auditing and accounting standards and the inefficacy of corporate boards contribute to low marks for corporate governance (43rd).

Argentina (47th) has not fully escaped the legacy of the 2001 financial crisis, scoring very low marks for financial stability (50th) and a scarcity of capital evident in the size and depth of its financial markets (43rd). The country ranked second to last in measures of capital access (51st). However, development areas for Argentina exist beyond the short-term implications of financial crises, since it scores generally low marks across its institutional and business environments. Low scores on the legal and regulatory front include a high burden of government regulation, poor property protection and a political environment marked by a low level of trust. Argentina's tertiary and management education is an advantage. However, a distortionary tax regime, among other factors, compromises the country's business environment. Despite these shortcomings, signs of strength in financial intermediation can be seen with respect to securitization activities and insurance (12th and 29th respectively).

Colombia (44th), **Peru** (46th) and **Venezuela** (52nd) round out the bottom of the rankings for Latin American countries on the FDI. All of these countries suffer from poor business environments and undeveloped financial markets. Venezuela was ranked last for its institutional environment, due to weak protection of property rights, highly burdensome government regulation and obstructive involvement in the financial sector.

MIDDLE EAST AND NORTH AFRICA

The **United Arab Emirates** (16th) achieves the highest ranking of all Middle Eastern countries in the FDI, displaying a varied performance across the different elements of its financial system. Its highly efficient banking system (1st) contrasts with poor financial information disclosure (48th). UAE's business environment is strengthened by a highly favorable, non-distortionary tax regime (1st), but is hamstrung by the relatively low quality of training and education underpinning the development of human capital. The institutional environment benefits from a low burden of government regulation (5th), but the country scores low marks for corporate governance dragged down by ineffective corporate boards and a lack of incentive-based compensation. Access to capital is a strong point, particularly to traditional forms of financing such as private credit (5th) and loans (6th).

Israel delivers consistent performance across all the FDI measures to achieve its ranking of 23rd. Its institutional and business environments are generally a strong suit, while the risk of currency crises pulls down its ranking for financial stability (30th). The quality of human capital and a robust information technology infrastructure contribute to its generally favorable business environment. Israel's banks are relatively large but inefficient (43rd), and its financial markets generally less developed (33rd). The availability of venture capital (5th) helped deliver a solid score for capital access.

Like the other Gulf countries, **Kuwait** (26th) offers a highly favorable tax regime that is enhanced by a low cost of doing business. Its equity markets are well developed for a country of its size. However, as with Saudi Arabia, this factor does not translate to successful non-bank intermediaries, which captured the lowest score on the FDI. Its banks are efficient. Similar to the United Arab Emirates, they have low levels of financial disclosure. **Bahrain** placed two places below Kuwait, but shows significant advantages in terms of the quality of its institutional environment, including a fully liberalized domestic financial sector (1st). Its taxes are low and non-distortionary, but the relatively poor quality of human capital proves a disadvantage for the business environment.

Like the United Arab Emirates, **Saudi Arabia** (27th) achieves high marks for the stability of its financial system (3rd). The country's favorable tax regime is an asset to its business environment, but this success is offset by the relatively low quality of human capital (42nd) and infrastructure (35th). Saudi Arabia's well-capitalized stock markets are active, but its non-bank financial intermediaries are weak, particularly with respect to M&A activity, securitization and insurance. Saudi Arabia's active stock exchange does not appear to translate to a high degree of access to the equity markets for end users of capital (40th).

Egypt scores 37th on the overall FDI, and most of its scores across the different Index measures are banded relatively closely around this value. Development disadvantages can be seen with respect to financial stability (47th), corporate governance (46th), and access to capital. While there is a low regulatory burden for the financial sector, the country's domestic financial sector remains among the least liberalized in the Index (46th).

SUB-SAHARAN AFRICA

Only two countries from Sub-Saharan Africa are included in the Index this year.

South Africa (25th) achieves solid performance across most of the pillars in the Index. Its insurance markets are highly evolved with a high degree of penetration and healthy growth in premiums. It banks are efficient and equity markets have a very high level of capitalization as a share of GDP (3rd). Its information technology infrastructure generally scores quite low compromising the quality of its business environment. The quality of its human capital is also quite low particularly in terms of the quality of math and science education, tertiary enrollment, and ease of hiring foreign labor.

Nigeria ranks 50th in the FDI dragged down by low rankings particularly in terms of capital availability and access and financial intermediation. While the country shows some relative strengths in the areas of contract enforcement (33rd) and corporate governance (41st), this was contrasted by a last place showing in its business environment. While a bright spot would appear to be the stability of its banking sector it is important to note the inherent trade-off in stability and financial returns and innovation described in greater detail in chapter 1.3 of this *Report*. A banking system that is highly regulated and characterized by a high degree of government involvement can be highly stable but lacking in the innovation and competitiveness that can promote better diversification of risk and allocation of capital.

Conclusion

The regional summaries above relate only highlights, and users of this report are urged to explore the richness of data in the country profiles and data tables that follow. The data that are included are comprehensive but by no means exhaustive. In making difficult decisions about the selection and organization of data that best proxy for the most important factors in the development of highly complex financial systems, trade-offs had to be made. However, we feel the benefits of providing a comprehensive framework to assess and compare financial systems justify the effort behind this *Report*. It is our sincere hope that the information it contains will further the potential for global financial systems to bring financial resources to those who most need them and to become an even more powerful facilitator of human endeavor.

Notes

1 Schumpeter held that financial intermediaries select the firms that utilize an economy's savings. More formally, his view stipulated that financial intermediaries tend to *adjust* the process of savings allocation rather than *alter* the savings rate itself. Thus, Schumpeter's notion of finance and development focuses on the effect of financial intermediaries on productivity growth and the rates of technological change.

2 For a detailed review of the literature on finance and growth, see Levine 2004.

3 Levine 1997.

4 La Porta et al. 1997, 1998, 1999; Levine 1998, 1999; and Barth et al. 1999.

5 Bekaert et al. 2005 also held explicitly that reforms that strengthen a country's legal environment and investor protection are most likely the true cause for better growth prospects.

6 La Porta et al. 1997; King and Levine 1993.

7 Schleifer and Vishny 1997.

8 Tavares 2002.

9 Galor and Zeira 1993.

10 Fitzgerald 2007.

11 See Grilli and Milesi-Ferretti 1995; Kraay 1998; Rodrik 1998; and Edison et al. 2002a for findings related to the positive relationship between liberalization and growth. The works of Quinn 1997; Klein and Olivei 1999; and Quinn and Toyoda 2003 support the relationship. Research presented in Edison et al. 2002b; Chandra 2003; and Arteta et al. 2003 found the relationship to be ambiguous.

12 Ito and Chin 2007.

13 Levine 1997.

14 Outreville 1999.

15 Barro 1991.

16 Beck 2006.

17 Loayza and Ranciere 2002.

18 Barth et al. 2004. The concept of fewer restrictions is represented in terms of lower barriers to bank entry and fewer restrictions on bank activities.

19 That such channeling and efficient allocation occurs is emphasized based on two premises: (1) financial intermediaries provide liquidity; and (2) financial intermediaries are capable of altering the riskiness of assets. Claus and Grimes 2003.

20 Gerschenkron 1962 in addition to others assert that banks finance growth in a more effective and efficient way as compared to market-based systems, particularly in underdeveloped economies where non-bank financial intermediaries are generally less sophisticated.

21 Rajan and Zingales 2001.

22 Levine 1997, 2001.

23 If foreign ownership of banks is not permitted, it might be a reflection of a weak and inefficient banking system that is requiring protection from international competition. Adrianova et al. 2006.

24 Beck et al. 2003.

25 Barth et al. 1999.

26 Demirgüç-Kunt and Levine 2001.

27 Noyer 2006.

28 Lin 2007.

29 Carmichael and Dissou 2000.

30 Vittas 1998.

31 Levine and Zervos 1996 employed several indicators for stock market indicators spanning size (market capitalization ratio) and liquidity (stock market turnover and stock market value traded both as shares of GDP).

32 Arestis et al. 2001. http://www.accessmylibrary.com/coms2/summary_0286-10601330_ITM.

33 Demirgüç-Kunt and Levine 2001.

34 Fink et al.2003.

35 http://imf.org/external/np/speeches/2007/082207.htm.

36 Goldsmith 1969.

37 Ito and Chinn 2007.

38 Fitzgerald 2007.

39 Khan et al. 2003.

40 Levine 2004.

41 M2 refers to an assessment of the amount of money in coins, currency, checking accounts, savings accounts and deposits.

42 Beck et al. 2005.

43 Browne and Geiger 2007.

44 The following formula was used to adjust for such variables.

$$-6 \times \frac{(\text{country score} - \text{sample minimum})}{(\text{sample maximum} - \text{sample minimum})} + 7$$

45 The average score for the legal and regulatory environment was 4.14.

46 The following formula was used to adjust the values of the two liberalization indexes:

$$\text{Index}_i \times \frac{(\text{legal and regulatory issues score})}{(\text{average legal and regulatory issues score})}$$

Where i is both the domestic financial sector liberalization index and the capital account liberalization index.

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Appendix A: Structure of the Financial Development Index 2008

This appendix presents the structure of the Financial Development Index (FDI).

The numbering of the variables matches the numbering of the data tables. The number preceding the period indicates to which pillar the variable belongs (e.g., variable 1.01 belongs to the first pillar).

The hard data indicators used in the FDI are normalized on a 1-to-7 scale in order to align them with the Executive Opinion Survey's results.[1] The Technical Notes and Sources at the end of this *Report* provide detailed information on all the hard data indicators.

The percentage next to each subpillar represents this subpillar's weight within its immediate parent pillar. The computation of the FDI is based on successive aggregations of scores, from the variable level (i.e., the lowest level) all the way up to the overall FDI score (i.e., the highest level), using the weights reported below. For example, the score a country achieves on the bond market development subpillar comprises 30 percent of the country's financial markets pillar (the 6th pillar) score. Likewise, the score a country achieves in the 5th pillar accounts for 14.29 percent of the FDI score.

A dynamic weighting regime removes individual variables from the subpillar and pillar calculations when no data are present. The weight normally attributed to a particular variable will be spread among variables for which data are present. Therefore, the actual weight for each variable by country may not exactly be as noted.

Weight (%) within

1st pillar: Institutional environment 14.29%

A. Capital account liberalization index 20.00%

1.01 Capital account liberalization

B. Corporate governance 20.00%

1.02 Extent of incentive-based compensation
1.03 Efficacy of corporate boards
1.04 Reliance on professional management
1.05 Willingness to delegate
1.06 Strength of auditing and accounting standards
1.07 Shareholder rights index
1.08 Ethical behavior of firms
1.09 Protection of minority shareholders' interests

C. Legal and regulatory issues 20.00%

1.10 Burden of government regulation
1.11 Centralization of economic policymaking
1.12 Regulation of security exchanges
1.13 Property rights
1.14 Intellectual property protection
1.15 Diversion of public funds
1.16 Public trust of politicians

D. Contract enforcement..................................20.00%

1.17 Effectiveness of law-making bodies
1.18 Judicial independence
1.19 Irregular payments in judicial decisions
1.20 Number of procedures to enforce a contract
1.21 Time to enforce a contract
1.22 Cost of enforcing contracts
1.23 Strength of investor protection
1.24 Time to close a business

E. Domestic financial sector liberalization 20.00%

1.25 Domestic financial sector liberalization

2nd pillar: Business environment 14.29%

A. Human capital 25.00%

2.01 Quality of management schools
2.02 Quality of math and science education
2.03 Extent of staff training
2.04 Local availability of specialized research and training services
2.05 Brain drain and ease of hiring foreign labor
2.06 Tertiary enrollment

B. Taxes...25.00%

2.07 Irregular payments in tax collection
2.08 Distortive effect on competition of taxes and subsidies
2.09 Corporate tax rate

C. Infrastructure 25.00%

2.10 Quality of overall infrastructure
2.11 Quality of telephone/fax infrastructure
2.12 Internet users
2.13 Broadband Internet subscribers
2.14 Telephone lines
2.15 Mobile telephone subscribers

D. Cost of doing business 25.00%

2.16 Cost of starting a business
2.17 Cost of dealing with licenses
2.18 Cost of registering property
2.19 Cost to export
2.20 Cost to import
2.21 Cost of enforcing contracts
2.22 Cost of closing a business

3rd pillar: Financial stability..............................14.29%

A. Risk of a currency crisis...............................33.33%

3.01 Change in real effective exchange rate
3.02 External vulnerability indicator
3.03 Current account balance to GDP
3.04 Dollarization vulnerability indicator
3.05A External debt to GDP (developing economies)
3.05B Net international investment position to GDP (advanced economies)

Appendix A: Structure of the Financial Development Index 2008 *(cont'd.)*

B. Risk of systemic banking crisis....................33.33%

1. Regulation of financial/banking institutions................30.00%
    - 3.06 Activity restrictions for banks
    - 3.07 Entry restrictions for banks
    - 3.08 Capital restrictions for banks
    - 3.09 Official supervisory power
    - 3.10 Private monitoring of the banking industry
2. Frequency of crises..20.00%
    - 3.11 Frequency of banking crises
3. Stability Index..30.00%
    - 3.12 Stability Index
4. Appreciation of real estate 20.00%
    - 3.13 Cumulative real estate appreciation

C. Risk of sovereign debt crisis 33.33%

3.14 Local currency sovereign rating
3.15 Foreign currency sovereign rating

4th pillar: Banks 14.29%

A. Size index...40.00%

4.01 Size index

B. Efficiency index..40.00%

4.02 Efficiency index
4.03 Public ownership of banks

C. Financial information disclosure..................20.00%

4.04 Public credit registry coverage
4.05 Private credit bureau coverage
4.06 Credit Information Index

5th pillar: Non-banks..14.29%

A. IPO activity...25.00%

5.01 IPO market share
5.02 IPO proceeds amount
5.03 Share of world IPOs

B. M&A activity 25.00%

5.04 M&A market share
5.05 M&A transaction value to GDP
5.06 Share of total number of M&A deals

C. Insurance 25.00%

5.07 Insurance premiums, direct
5.08 Insurance density
5.09 Real growth of direct insurance premiums
5.10 Insurance penetration
5.11 Relative value-added of insurance

D. Securitization...25.00%

5.12 Securitization to GDP
5.13 Share of total number of securitization deals

6th pillar: Financial markets 14.29%

A. Foreign exchange markets...........................20.00%

6.01 Spot foreign exchange turnover
6.02 Outright forward foreign exchange turnover
6.03 Foreign exchange swap turnover

B. Derivatives markets 20.00%

6.04 Interest rate derivatives turnover: Forward rate agreements
6.05 Interest rate derivatives turnover: Swaps
6.06 Interest rate derivatives turnover: Options
6.07 Foreign exchange derivatives turnover: Currency swaps
6.08 Foreign exchange derivatives turnover: Options

C. Equity market development.........................30.00%

6.09 Equity market turnover
7.05 Stock market capitalization to GDP[2]

D. Bond market development 30.00%

6.10 Private-sector bonds to GDP
6.11 Public-sector bonds to GDP[3]
6.12 International bonds to GDP

7th pillar: Size, depth, and access.....................14.29%

A. Size and depth..66.67%

7.01 M2 to GDP
7.02 Private debt to GDP
7.03 Public debt to GDP
7.04 Bank deposits to GDP
7.05 Stock market capitalization to GDP
7.06 Relative value-added of financial institutions to GDP
7.07 Private credit to GDP
7.08 Stock market value traded to GDP

B. Access..33.33%

7.09 Financial market sophistication
7.10 Venture capital availability
7.11 Ease of access to credit
7.12 Ease of access to local equity market
7.13 Bank branches
7.14 Ease of access to loans

Notes

1 The standard formula for converting hard data is the following:

$$6 \times \frac{\text{(country score – sample minimum)}}{\text{(sample maximum – sample minimum)}} + 1$$

The *sample minimum* and *sample maximum* are, respectively, the lowest and highest country scores in the sample of countries covered by the FDI. In some instances, adjustments were made to account for extreme outliers. For those hard data variables for which a higher value indicates a worse outcome (e.g., Frequency of banking crises, Entry restrictions for banks), we rely on a normalization formula that, in addition to converting the series to a 1-to-7 scale, reverses it so that 1 and 7 still correspond to the worst and best possible outcomes, respectively:

$$-6 \times \frac{\text{(country score – sample minimum)}}{\text{(sample maximum – sample minimum)}} + 7$$

2 Stock market capitalization to GDP is used in both the sixth and seventh pillars and is referred to by the number 7.05 in each instance.

3 The normalization formula for some data is adjusted to make the scale non-monotonic. In these instances, the highest normalized score is assigned to the raw score at the 60th percentile of the data, with lower scores assigned as deviations of values from this score increase.

CHAPTER 1.2

Finance, Growth, and the Poor

ROSS LEVINE, Brown University and NBER

The operation of the formal financial system is profoundly important for economic growth and poverty alleviation. It influences how many people are hungry, homeless, and in pain. It shapes the gap between the rich and the poor. It arbitrates who can start a business and who cannot, who can pay for education and who cannot, who can attempt to realize one's dreams and who cannot. Finance affects the degree to which economic success and opportunity are defined by talent and initiative or by parental wealth, racial identity, and social status.

A considerable body of evidence indicates that the formal financial system affects aggregate economic growth.[1] Recent research has employed different econometric methodologies and data sets in producing two core results. First, countries with better-developed financial systems tend to grow faster. Specifically, countries with (1) large, privately owned banks that funnel credit to private enterprises and (2) liquid stock exchanges tend to grow faster than countries with corresponding lower levels of financial development. A country's level of banking development and stock market liquidity each exert an independent, positive influence on economic growth. Second, better-functioning financial systems boost growth by enhancing the efficiency of resource allocation, not by increasing savings rates. In particular, financial development makes it easier for the best firms to obtain external finance, which accelerates economic growth.

This paper focuses on the poor. Finance might help the poor by expanding the overall economy. Economic growth might lead directly to a reduction in poverty. Or finance might accelerate growth by disproportionately benefiting the rich without expanding the economic opportunities of the poor. In other words, financial development might increase income inequality. A small, but growing, body of evidence, however, suggests just the opposite: financial development boosts growth by disproportionately benefiting the poor.

I stress the formal financial system, which includes banks, securities markets, and the full range of institutions covered in standard finance textbooks. I largely ignore micro-credit programs and informal systems, which have received considerable attention by development economists. At one level, there is no need to distinguish between formal and informal financial arrangements. Financial development includes contractual and institutional arrangements that lower transaction and information costs associated with evaluating and monitoring of projects and managing risk. It does not matter who provides these services. At another level, there are practical reasons for focusing on formal systems. First, all countries have extensive laws and regulations governing

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This paper builds on and borrows heavily from the author's Maxwell Fry Global Finance Lecture at Birmingham Business School on September 14, 2007, which is forthcoming in *The Manchester School* as "Finance and the Poor."

formal financial systems, so this seems to be a natural place to examine the impact of financial policies on the poor. Second, when informal financial arrangements become economically substantive at a national level, these arrangements are moved under the umbrella of formal regulations. Consequently, I focus on the role of formal financial systems—and formal financial sector policies—in affecting poverty and the economic opportunities of the poor.

What is poverty?

I use three related definitions of *poverty.* Development economists frequently define the poverty line as those living on less than one dollar per day, though it is becoming increasingly common to use a line of two dollars per day. In the European Union and the United States, essentially nobody lives on less than two dollars per day, so analysts create different poverty lines. While somewhat arbitrary, the poverty line is useful. It identifies how many people are living in conditions that a particular society at a particular time finds abhorrent. Once measured, society has a quantifiable metric of people living in unacceptable conditions.

Nevertheless, the poverty line provides only a limited conception of poverty. It implies that there are no poor people if everyone is above the line. This misses relevant qualities of what we mean by *poverty.* Everyone might be above the poverty line, but the distribution of income might be highly skewed. Everyone might be above the poverty line, but many might be stuck at the bottom with few opportunities to improve their living standards. The poverty line ignores income distribution and the degree of economic opportunity.

Consequently, I also consider *income distribution,* which measures comparative poverty. It quantifies how much of an economy's income goes to the poorest 10 or 20 percent of the population. It gauges how far each country lies from perfect income equality each year. It does not, however, measure hunger, disease, or homelessness. Nevertheless, the distribution of income provides information on a relevant conception of poverty.

We as economists care about income distribution because we as people care about income distribution. Many studies suggest that an individual's welfare depends on comparative income, not simply on the individual's income. If the operation of the financial system influences income distribution, this will affect social welfare beyond poverty considerations. Thus, financial policies should be judged in terms of their distributional effects, not simply their aggregate efficiency effects. Indeed, I will make the more provocative claim that financial policies *primarily* reflect battles over income distribution, not disagreements about efficiency.

The third definition of poverty stresses *economic opportunity.* This concept is the most difficult to measure empirically, but it is typically the most central in theory and public policy debates. One might define the poor as those whose economic opportunities are severely limited by parental wealth, race, religion, or other traits. Comparatively talented and industrious individuals may face extraordinary obstacles because their parents lack resources or other characteristics. The role of finance in shaping economic opportunities has not yet received much attention in empirical studies of finance and the poor. Below, I present preliminary empirical work on the connections between finance and racial discrimination, which provides some information on finance and opportunity.

Theory

Financial market imperfections are a keystone of many influential theories of persistent poverty. What I mean by a *keystone* is that financial market imperfections are necessary for sustaining a persistent class of families who remain poor across generations.

Implications

In these theories, perfect financial markets imply that individuals have access to capital to fund education, training, or business endeavors based only on individual talent and initiative, not on parental wealth. And in these theories, perfect financial markets equalize opportunities by reducing the importance of parental wealth. From this perspective, financial development might exert a disproportionately positive influence on the poor. Even while holding the median level of income constant, financial development can pull the left part of the distribution of income to the right (i.e., it can increase the proportional distribution to the less wealthy). Furthermore, in some of these theories, better-functioning financial markets imply a more efficient allocation of resources, spurring economic growth and hence reducing the fraction of the population living below any arbitrary poverty line. Financial development might reduce poverty by accelerating aggregate economic growth while holding income distribution constant. Finance can push the whole distribution to the right. Thus, researchers need to dissect the channels linking finance and financial sector policies with the fraction of the population living below the poverty line, the distribution of income, and the distribution of economic opportunities facing different segments of the economy.

Basic framework

To better appreciate the mechanisms linking finance and the intergenerational persistence of poverty, consider that the income of a particular generation of a particular family depends on four things: the level of human capital in that generation of the family; the wage rate per unit of human capital, which might be family-specific as I discuss below; dynastic wealth in this family and generation; and the return on assets, which may also vary by family, as discussed below. With this simple framework, it is easy to see that if the bequest motive that transfers savings from one generation to the next is positively related to parental wealth, so that the bequest rate increases with wealth, then (1) family wealth across generations will not converge in the steady state, (2) wealth differences will persist in the long run, and (3) the long-run distribution of wealth will depend on the initial distribution of wealth.

Human capital accumulation

Next, consider human capital as being a positive function of both ability and schooling. Further, assume that ability and schooling are complementary inputs into the production of human capital, so that schooling is particularly beneficial for students of greater ability. Also, existing evidence suggests that ability is not strongly persistent across generations within a family—that is, there are not simply intelligent and unintelligent families.

Thus, to promote economic efficiency, highly capable children should receive lots of schooling. With perfect capital markets, the economy achieves social efficiency. People who can best take advantage of higher education get schooling irrespective of parental wealth, so that schooling is simply a function of ability. An individual's economic opportunities are determined by his or her abilities.

With imperfect capital markets, however, schooling is jointly determined by ability and parental wealth. Less capable children of wealthy parents get relatively too much education. Very capable children of economically disadvantaged parents get too little. This occurs because the smart poor cannot borrow to purchase education, while less capable children from wealthy backgrounds have the means to purchase more than is socially optimal. The underdeveloped financial system has two effects. First, it increases the cross-generational persistence of poverty, so that the poor tend to stay poor and rich tend to remain rich. Second, financial underdevelopment slows economic growth since resources (education opportunities) do not flow to where they will have the biggest returns.

Thus, imperfect loan markets both slow economic growth by reducing the efficient allocation of resources and curtail the economic opportunities of the poor, perpetuating cross-family relative income differences.

Entrepreneurship

Some theories highlight the role of financial market frictions in determining who can become entrepreneurs and who cannot. With perfect capital markets, those with the most entrepreneurial talent have access to the required funding at the economy-wide interest rate. Entrepreneurial activity is a function of entrepreneurial ability, not familial wealth. Furthermore, society's resources are funneled to those with the most talent, not to those with the most assets.

With imperfect capital markets, however, capital will not simply flow to individuals with the most entrepreneurial talent. With capital market imperfections, lenders will demand collateral and large injections of capital by the entrepreneur before funding a business endeavor. Thus, the accumulated assets of a family will influence the ability of that family to attract outside funding and to open a business. The rate of return on savings depends positively on both entrepreneurial ability and familial assets.

With poorly functioning financial markets, society's resources are not funneled only to those with the most talent. A poor person with a great idea might not be able to get the project funded, while a wealthy person with a mediocre idea might have easier access to credit. Thus, the best projects are not necessarily funded, which slows economic growth. Moreover, the talented poor cannot realize their dreams, curtailing the economic opportunities of large segments of society. Finance exerts a major influence on both aggregate economic growth and the cross-generational persistence of poverty.

Discrimination

Finally, consider the wage rate. It is common to think of the wage rate per unit of human capital as not varying across individuals. However, employers might discriminate by particular characteristics, such as race. For example, blacks with exactly the same skills as whites might receive lower wage rates because employers are willing to lose some profits in order to satisfy their preferences for hiring only white workers. Discrimination might contribute to the intergenerational persistence of relative incomes across different groups.

Becker (1957) argues that discrimination is cheaper when there is little competition. When an owner is earning large rents, the marginal cost of hiring a more expensive white worker rather than an equally productive and less expensive black worker is not a very large share of the profits. With more intense competition and smaller profit margins, the cost of discrimination increases. Thus, competition reduces discrimination in wage rates and employment.

Financial policy reforms fit comfortably within Becker's theory of discrimination. Some financial sector reforms will spur financial intermediaries to expend more resources seeking out the best firms rather than simply granting credit to incumbents. For example, if a bank has a monopoly, it might lend comfortably to those with whom it has a long, multidimensional relationship. There might be other existing or potential firms with better ideas, but the bank can earn comfortable profits by lending to its friends. If this bank's monopoly position is threatened by regulatory reforms that expose the bank to more competition, however, the intensified competition might weaken longstanding bonds between the bank and firms. Competition might spur the bank to screen borrowers more carefully. In turn, firms will compete more intensively to attract bank capital. Firms will have to demonstrate their superiority in product markets to attract bank capital. In this way, intensified competition in banking intensifies competition throughout the economy, which makes discrimination more expensive. As a consequence, financial sector reforms that improve the allocation of capital and intensify competition will tend to reduce discrimination, driving up the wages of the disadvantaged and expanding their opportunities.

Alternative views and discussion

Theory does not unambiguously assert that the financial system exerts a first-order, positive impact on the poor. Indeed, if the poor are simply excluded from access to financial services, improvements in the financial system will help only the rich. Financial development might not provide a broad array of new and improved financial services to the poor; financial development might only improve financial services for the rich who were already using financial services. Thus, financial development might increase both the inequality of outcomes and the inequality of opportunities.

Evidence

On the evidence, I summarize three of my papers that address the different conceptions of poverty: those living below a poverty line, the distribution of income, and economic opportunity. By choosing to discuss my papers, I am not suggesting that my work is the best in this area. Rather, I have a comparative advantage in presenting my research. I emphasize weaknesses in these analyses and urge others to improve the study of how formal financial institutions and policies affect poverty.

Cross-country evidence

Beck et al. (2007) examine the relationship between financial development and the fraction of the population living on less than a dollar a day. For a cross-section of up to 68 developing economies, we use data on poverty averaged over the period 1980–2005. Thus, we use one observation per country. We average over this long time period to aggregate away any business cycle fluctuations or crises that might distort our assessment of theories, which focus on the long-run relationship between the operation of the financial system and changes in the fraction of the population living below the poverty line.

In defining financial development, theory focuses on what the financial system does. The financial system ameliorates informational problems before investments are made; it affects corporate governance by reducing informational problems after investments are initiated; it facilitates risk diversification and reduces liquidity risk by lowering transaction costs; and it directly affects the ease of exchange through both information and transaction costs. Obviously, some financial systems perform the functions comparatively better than others. Poorly functioning financial systems do not effectively reduce information and transaction costs, they do not efficiently allocate resources, and they frequently encourage cronyism in the flow of credit. Other financial systems are better at providing these financial services to the economy. Differences in the ability of financial systems to identify good projects, monitor firms, diversify risk, and ease transactions are what I mean by the level of financial development.

The empirical proxies for financial development, however, do not directly measure these concepts. A common measure of financial development is the variable *private credit,* which equals the value of credit going to privately owned firms as a fraction of a country's gross domestic product (GDP). Private credit isolates the intermediation of credit that goes to private firms, and it excludes credit flowing to the state or the state-owned enterprises. Nevertheless, private credit is not a direct measure of overcoming information or transaction costs to improve credit allocation, corporate governance, and risk management. The value added of improving our measures of the level of financial development is much greater than the value added of improving the econometric methods used to examine the impact of finance on the economy.

The evidence is quite clear: as financial development increases, poverty decreases. This holds even when controlling for average growth, initial income, initial poverty, and the full range of country traits mentioned above. It is worth emphasizing that the negative relationship between financial development and poverty alleviation holds when controlling for average growth. We are not simply finding that finance accelerates economic growth, which helps the poor. We are finding that finance exerts a disproportionately positive influence on the poor.

Beck et al. (2007) also examine income inequality. Since the data on income inequality run from 1960 to 2005 for 72 countries, we use a dynamic panel instrumental estimator to control for potential endogeneity bias.

There is a strong negative relationship between the level of financial development and income inequality. Finance exerts an especially positive impact on those at the bottom of the distribution of income. These results are also not definitive. The measure of financial development is not closely tied to theory. The study does not examine policy; rather, it examines a proxy for overall financial development that reflects many factors. Future work that develops better measures of financial development and uses exogenous innovations in particular policy changes will substantively improve our understanding.

Deregulation across the United States

Beck et al. (2008) test whether a policy reform that improved the quality of banking services increased, decreased, or had no effect on the distribution of income. Individual states within the United States removed regulatory prohibitions on opening branches within state boundaries in different years over a 20-year period, ranging from the mid 1970s to the mid 1990s. We examined the impact of bank deregulation on the distribution of income, which has been the central battle line over bank regulations in the United States since the administration of George Washington.

Methodologically, the deregulation of intra-state branching provides a natural setting for identifying and assessing the impact of regulatory reform on the distribution of income. Kroszner and Strahan (1999) show that national technological innovations triggered deregulation, which was exogenous to income distributional changes within individual states. The invention of automatic teller machines (ATMs), in conjunction with court rulings that ATMs are not bank branches, weakened the geographical bond between customers and banks. Checkable money market mutual funds facilitated banking by mail and telephone, which weakened local bank monopolies. Improvements in communications technology lowered the costs of using distant banks. These innovations reduced the monopoly power of local banks, and therefore weakened their ability and desire to fight deregulation. Kroszner and Strahan (1999) further show that cross-state variation in the timing of deregulation reflects the interactions of these technological innovations with pre-existing conditions. Thus, the driving forces behind deregulation and its timing were largely independent of state-level changes in income distribution. Consequently, we exploit cross-state, cross-year variation in income distribution and deregulation to assess the impact of a single policy change on different state economies.

The paper's major finding is that deregulation of branching restrictions reduced income inequality. After controlling for national trends in income inequality, the Gini coefficient of income inequality drops after bank branch deregulation.

The negative relationship between branch deregulation and inequality is robust to using different measures of income distribution, examining different components of income, controlling for many time-varying state characteristics, and conditioning on state and year fixed effects. While income inequality widened in the United States during this period, we show that branch deregulation lowered income inequality relative to this national trend. The magnitude is consequential: deregulation explains 60 percent of the variation of income inequality during the sample period relative to state and year averages. Furthermore, deregulation reduces income inequality by exerting a disproportionately positive impact on the poor, not by hurting the rich.

Again, the analysis has limitations. This study examines the United States. Do these results hold for other countries? Furthermore, we study one specific regulatory reform. Do these results hold for other policy reforms that boost competition among banks? Although these shortcomings should be addressed, the empirical results thus far support a class of models predicting that better-functioning financial systems disproportionately help the poor.

Discrimination

With Levkov and Rubinstein (2008), I have been examining whether the intensification of bank competition reduces discrimination. Here, we use the deregulation of interstate banking restrictions that were imposed by individual states as an exogenous increase in competition. We have data on hundreds of thousands of individuals across all of the US states for the period 1976 to 2005.

Using standard labor market procedures, we compute the race gap: the difference between the wage rates of white males and black males after controlling for a wide array of personal characteristics. The race gap is the difference between white and black wage rates that is unaccounted for by observable characteristics. As in other studies, we find a positive race gap: white wage rates are above black wage rates when holding other traits constant. Then, controlling for state and year fixed effects, we study how this race gap varies with deregulation.

We find that the race gap falls after deregulation. After controlling for individual characteristics, as well as state and year fixed effects, the race gap drops by about 20 percent after a state removes restrictions on interstate banking. More specifically, before a state deregulates, a white man with identical observable characteristics as a black man earns 14 percent more than the black man. After a state deregulates, the race gap falls to 11 percent. These findings suggest that improving the financial system reduces discrimination, expanding the opportunities of groups that have been disproportionately stuck at the bottom of the distribution of income.

Concluding remarks

I conclude with two observations about policy.

First, improvements in the financial system can increase both efficiency and equity. For comparison purposes, consider redistributive policies. Many theories motivate redistributive policies as a mechanism for delinking an individual's opportunities from familial wealth. As I mentioned earlier, however, one cannot simply change the distribution of income and hold everything else constant. Redistributive policies create disincentives to work and save, though researchers debate the actual economic magnitudes of these disincentive effects. These tensions between efficiency and equity, however, vanish when focusing on financial sector reforms. Financial developments that expand individual economic opportunity create positive, not negative incentive effects, and avoid the adverse repercussions associated with attempts to equalize outcomes.

My second policy observation is that this assessment of the costs of financial development is too good to be true. The evidence suggests that improvements in the financial system accelerate economic growth, while disproportionately helping the poor. This raises an obvious question: if finance is so beneficial, why do only a handful of countries have well-functioning financial systems?

I believe the answer is also obvious: some people do not want well-functioning financial systems that give the economically disenfranchised greater opportunities. They do not want to compete on equal terms. For some, there are huge costs associated with financial development because well-functioning financial systems will expose them to greater competition. In the United States, monopolistic banks and their clients benefited handsomely for almost a century from bank regulations that protected them from competition. These banks used their monopolistic rents to maintain political support for these regulations. The elite favored protective bank regulations even though these regulations stymied aggregate growth. Indeed, distributional considerations have dominated debates about financial policies since Alexander Hamilton and Thomas Jefferson first tangled over the creation of a national bank.[2] Similar distributional battles shape financial policies around the world.[3] Many countries do not have well-functioning financial systems because decision makers do not view it as in their best interests to create well-functioning financial systems. Generating financial reforms, therefore, will involve much more than identifying which financial sector policies are good for economic growth in general and the poor in particular.

Notes

1 See, for example, Levine 1997, 2005.

2 See Beck et al. 2008.

3 See Barth et al. 2006.

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CHAPTER 1.3

Financial Crises, Financial Stability, and Reform: Supervision and Regulation of Financial Systems in a World of Financial Globalization

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The issue of financial stability is central to the assessment of the financial development of a country. The experience of the last few decades in both emerging market economies and advanced economies shows the pervasiveness of financial crises. These crises—signals of financial instability and the failure of the proper working of the financial system—have important economic and financial consequences, and usually lead to severe economic contractions—recessions if not depressions—that may be either short lived or persist over time. If these real effects persist, the long-run potential and actual growth rate of an economy may be significantly lowered, which has negative effects on long-term welfare. Financial crises are also expensive, as they are associated with significant bankruptcies among households, corporate firms, and financial institutions, with all the ensuing social deadweight losses from debt restructurings and bankruptcies. Financial crises often lead to expensive government intervention, with ensuing fiscal costs to bail out distressed borrowers (households, firms, and financial institutions). These fiscal costs can be very high—often well above 10 percent of GDP.

Thus, persistent and severe financial instability, as measured by the pervasiveness and severity of financial crises, is a signal of failure of the financial system: failure to properly allocate savings to investment projects and failure of corporate governance. Of course, in a market economy, some degree of bankruptcy is a healthy sign of risk-taking. A financial system so "stable" that no bankruptcy would ever occur would indicate low risk-taking and diminished entrepreneurship; the lack of risky—but potentially high-return—investment projects would decrease long-term economic growth. There is a substantial difference, however, between occasional bankruptcies of firms, households, or banks—bankruptcies that are healthy developments in flexible and dynamic market economies—and a systemic banking or corporate crisis where a large number of financial institutions or corporations go bankrupt. In short, a systemic financial crisis is a sign of the failure of the financial system, the failure of appropriate risk management, and the failure of proper corporate governance.

This chapter will analyze the issue of financial crises, the stability of the financial system, and the foundations of sound regulation and supervision. It starts with an overview of the many financial crises in advanced and emerging market economies in the last few decades and the most recent episode of financial turmoil and distress in advanced economies' financial systems. It next considers the role that asset bubbles and credit bubbles—and their eventual bust—have in financial crises, and then debates whether monetary and credit policy should be used to prevent or control such asset and credit bubbles. Finally, in light of the recent financial crises in advanced economies, it discusses the market failures and regulatory failures that led to this turmoil, and provides an overview of the basic issues and principles that affect the reforms needed to improve the supervision and regulation of the financial system and make it more stable.

The importance of the stability of the financial system

The issue of financial stability is important because of the pervasiveness of episodes of financial crises (systemic banking crises, systemic corporate crises, currency crises, and sovereign debt crises) that have negative effects on economic growth and lead to significant losses to investors. In thinking about financial stability one should think in terms of a tradeoff between risk and return/innovation. A financial system that is very heavily supervised and regulated may be very stable, but such a controlled system would hamper financial development and the innovation that allows increased returns, better diversification of risks, and better allocation of resources to those investments that provide the highest return. Conversely, a financial system that is free and innovative and very lightly regulated and supervised may eventually become unstable and trigger credit booms and asset bubbles that, when they fail, or go bust, have severe effects on growth, returns, and welfare.

Thus, although there is some tradeoff between the stability of the financial system and its degree of innovation and sophistication, financial stability is a crucial input into the process of financial development. Excessively unstable financial systems—systems that are prone to repeated and virulent financial crises—are less likely to develop soundly. For example, repeated banking crises that cause serious liquidity and credit crunches severely hamper the process of intermediation that allocates savings to the appropriate investment projects. Systemic banking crises are themselves a signal that the allocation of resources was poor in the first place, exhibiting a misallocation to investments with very low returns that then triggers financial crisis. Moreover, as discussed below, financial crises have significant real economic and financial costs.

The history of asset and credit bubbles and financial crises in advanced and emerging market economies

Episodes of asset and credit bubbles followed by financial crises have a long history that goes back centuries—as far back as the Renaissance period if not before. Asset bubbles, manias, panics, and financial crashes are well documented, starting with the classic work of Kindleberger.

Financial crises can take various forms. In the recent history of both advanced and emerging market economies, these crises can be generally classified according to the following five categories:

- ***currency crises*** that occur when a fixed or semi-fixed exchange rate regime becomes unsustainable and the peg, or effective peg, collapses;
- ***sovereign debt crises*** that occur when a sovereign government is unable to service its debt obligations in time and in full, and thus formally or informally defaults on its debt;
- ***systemic banking or financial crises*** that occur when a significant number of financial institutions (banks or non-banks) become financially distressed and need to be closed down, merged, or restructured;
- ***systemic corporate crises*** that occur when a significant fraction of the corporate sector is financially distressed; and
- ***systemic household debt crises*** that occur when a large number of households are unable to service their debts (mortgages and consumer credit).

These crises are often preceded by asset bubbles and the credit bubbles that feed them. Asset bubbles, which go as far back as the Dutch tulip-mania of the 17th century, occur when an asset price rises above its underlying fundamental value. Of course, it is hard to identify an asset bubble while it is emerging because a story about a structural reason for the fundamental increase of the value of an asset can always be told. Usually it is the bursting of the bubble that leads, after the fact, to the recognition that a bubble existed.

Asset bubbles can occur for any financial or real asset, but recent experience shows that they are pervasive in equity markets and in housing and real estate markets. An asset bubble does not require a credit boom to develop because expectations of future increases in the asset price are sufficient to drive a self-fulfilling rise in price. However, many asset bubbles have been associated with episodes of easy monetary policy and excessive credit growth.

The perverse interaction between easy money, asset bubbles, credit growth, and leveraging that feeds asset bubbles has been observed in many episodes. The initial trigger for a bubble may (but not necessarily) be a period of easy money with relatively low real interest rates. Such a low cost of capital and easy liquidity may lead to an initial increase in the asset price above its fundamental value. Since asset purchases are often financed by credit, the initial increase in the asset prices allows borrowers to borrow more as the asset price rise increases the value of the collateral that can be used to increase leverage. With higher asset prices, the collateral value of borrowing to finance further asset purchases is higher, with increased leverage allowing additional asset purchases that further increases the collateral that then allows further borrowing and leveraging, entering into a vicious circle. This credit boom–driven asset bubble is the reason why many asset bubbles are associated with credit booms that become excessive. Thus, easy money and easy credit may be an initial trigger of a process of asset bubbles and excessive leveraging of the financial system and of the private non-financial sector.

In the mid 1980s in the United States, this credit cycle fed the investment boom in commercial and residential real estate that caused a real estate bubble that went bust in the late 1980s. In the 1990s, the tech and Internet bubble was in part fed by easy monetary policy —with the Federal Reserve (the Fed) worrying about "irrational exuberance" and doing nothing to control it—and by easy credit conditions that allowed investors to use leverage to increase their purchases of high-tech and Internet stocks. In the last decade, the decision of the Fed to keep the Fed Funds rate too low for too long (down to 1 percent until 2004), along with loose regulation of mortgages, created both a credit bubble and a housing bubble.

Eventually, when shocks lead to a bursting of the asset bubble and trigger a process of deleveraging, these unsustainable asset bubbles and credit booms go bust. The fall in the value of the asset that was backed by high leverage leads to margin calls that force borrowers to sell the bubbly asset, which in turn starts to deflate in value. This fall in the asset value now reduces the value of the collateral backing the initial leveraged credit boom. Then, margin calls and the forced fire sale of the asset can drive down its price even below its now lower fundamental value creating a cascading vicious circle of falling asset prices, margin calls, fire sales, deleveraging, and further asset price deflation. The losses that highly leveraged financial institutions then face lead to a significant credit crunch that exacerbates the asset price deflation and leads to lower real spending on capital goods—consumer durables and investment goods—that may trigger an overall economic contraction. Thus, deleveraging and credit crunches have both financial and real consequences: they trigger financial losses and they can trigger an economic recession that worsens financial losses for debtors and creditors.

These cycles of asset bubbles and credit booms followed by asset busts and credit crunches and deleveraging have occurred in most episodes of asset/credit bubbles and financial crises. The real estate bubble of the 1980s in the United States ended in the savings and loan (S&L) thrifts crisis of the late 1980s—after the Fed tightened policy rates in 1998–89. This eventually caused a credit crunch that tipped the US economy into a recession in 1990–91. The high-tech bubble and leveraged equity market bubble of the mid-to-late 1990s went into a bust in 2001 after the Fed's tightening in 1999–2000; the ensuing collapse of dot-coms, the sharp fall in real investment by the corporate sector, and the collapse of high-tech stocks triggered the US recession of 2001. The ensuing Fed easing, along with poor regulation and supervision of mortgages, triggered another asset bubble in housing that went bust in 2006 after the Fed moved the Fed Funds rate from 1 percent up to 5.25 percent. The resulting bust of the housing market, the subprime mortgage crisis, and the credit/liquidity crunch and tipped the US economy into a sharp growth slowdown and likely recession by early 2008.

Although financial crises are not necessarily always associated with asset bubbles and credit booms that go bust, frequently such crises do show excessive credit booms, leveraging, and asset bubbles. Indeed, debt crises —sovereign debt crises, systemic corporate crises, household debt crises, and systemic banking crises—are often preceded by a period when governments, non-financial corporations, or households borrow too much and financial institutions lend too much, with poor underwriting and poor collateral of shaky value. The ensuing debt crisis caused by an unsustainable debt burden triggers the financial crisis that hits both excessively indebted borrowers and excessively leveraged lenders.

Asset bubbles, credit bubbles gone bust, and financial crises of different varieties have been pervasive both among advanced economies and emerging market economies for the last few decades. Among advanced economies, such financial crises and episodes of systemic risk have occurred in many different countries. In the United States, the stock market crash of 1987 was a typical episode of systemic risk; the real estate bubble of the 1980s was followed by the S&L bust and credit crunch of 1990–91; the long-term capital management crisis (LTCM) in 1998; the tech bubble of the 1990s was followed by the tech bust of 2000–01; the housing and credit bubble of the 2000s was followed by the housing bust and credit crunch of 2007. Other episodes of systemic crisis and financial crisis include the Japanese real estate bubble and equity bubble of the 1980s that collapsed in 1990 and led to an acute banking and corporate crisis and a severe decade long stagnation during the 1990s decade; the Scandinavian banking crises of the early 1990s; the collapse of the fixed exchange rates within the European Monetary System in 1992–93; and the German real estate bubble and bust that occurred after the German reunification in the early 1990s.

Among emerging market economies, the Latin American sovereign debt crisis that started in 1982 and led to a decade of lost growth in that region in the 1980s was preceded by excessive sovereign borrowing in the late 1970s in the form of syndicated medium- and long-term bank loans. Another cycle of financial crises—a combination of currency crises, sovereign debt, banking, corporate and household debt crises—started in 1994 with the collapse of the Mexican peso currency peg. The following decade showed a variety of financial crises in emerging market economies: East Asia (Indonesia, Korea, Malaysia, Thailand) in 1997–98; Russia in 1998; Brazil in 1999; Ecuador, Pakistan, and Ukraine in 1999–2000; Argentina and Turkey in 2001; Brazil again in 2002; and the Dominican Republic and Uruguay in 2003. Some of these crises were only currency crises (Brazil in 1999); some were twin currency and banking crises (Mexico in 1994–95, Turkey in 2001, Uruguay and the Dominican Republic in 2003); some were triple currency, banking, and corporate crises (East Asia in 1997–98); and some were currency, banking, corporate, and sovereign crises (Russia in 1998, Argentina in 2001) (see Table 1). The eventual trigger in all of these crises was some combination of macro vulnerabilities (current account deficits and/or fiscal deficits in some episodes), wrong exchange rate regime (fixed or semi-fixed exchange rates associated with unsustainable real appreciation of currencies), and balance sheet vulnerabilities (currency, maturity, and capital structure mismatches).

Table 1: Types of recent financial crises

Crisis	Currency	Banking	Corporate	Sovereign	Household
East Asia (1997–98)	X	X	X		
Brazil (1999 and 2002)	X				
Mexico (1994–95)	X	X			X
Russia (1998)	X	X	X	X	
Argentina (2001)	X	X	X	X	X
Turkey (2001)	X	X	X		
Ecuador (1999)	X			X	
Ukraine (1999)				X	
Pakistan (1999–2000)	X			X	
Uruguay (2002)	X	X			
Dominican Republic (2003)		X		X	

Source: Roubini and Setser, 2005.

Financial crises are pervasive phenomena both among advanced and emerging market economies. Moreover, in spite of the "great moderation" (a sustained period of high growth and low inflation) of the last two decades, financial crises have become more frequent and more virulent rather than less frequent and less severe. Paradoxically, such great moderation may have triggered asset and credit bubbles. Indeed, with low inflation, sustained growth, and lower nominal and real interest rates, given the loose monetary and credit conditions and the ability of borrowers to lever up again, the possibility of asset bubbles and credit booms has increased.

Real and financial costs of asset bubbles and credit booms

Asset bubbles and excessive credit booms clearly affect the economy, both on the way up and on the way down. Even though the precise magnitude of their impact may be uncertain, monetary policy needs to take them into account.

If a bursting bubble systematically and appropriately leads to a sharp monetary easing to prevent the systemic and real effects of the crash, the view that many crashes are not costly is irrelevant. In fact, without such a response, the economic impact of a crash would have been severe. Indeed those who believe that monetary policy should not react to rising bubbles also believe that monetary policy should sharply react to crashing bubbles, because such bubble bursting would otherwise be highly costly. Arguing that bubbles are not costly in practice—after policy has reacted to them—does not imply that they are not very costly in principle and *ex-ante*. In addition, arguing that bubbles are not costly, but that not reacting to bursting bubbles would be costly, is similarly illogical.

Moreover, the argument that rising bubbles that eventually crash are not costly does not seem to be supported by evidence from advanced and emerging economies. A number of studies suggest that both credit and asset price booms and busts can have serious financial and economic consequences. A decade of experience with financial crises in emerging market economies shows that many of these crises are preceded by asset bubbles, credit booms, investment booms, and large and growing external current account imbalances that become eventually unsustainable. In many episodes, such bubbles and imbalances lead to grave economic and financial crises that have sharp impacts on economic growth. Thus, there is *prima facie* evidence that asset bubbles, whether caused by a prior monetary easing or not, can have critical real and financial consequences.

Cost of credit and asset bubbles that go bust

Credit and asset bubbles that go bust have significant real economic cost as they are often associated with recessions. They also have serious fiscal costs in the form of the fiscal cost of bailing out borrowers and/or lenders who are overextended. This bailout is often expensive and leads to higher fiscal deficits and public debt. The history of most financial and banking crises suggests that, in almost every episode, the resolution of the crisis entails a significant amount of government intervention that is fiscally costly. For example, if banks—as in most countries—have implicit and/or explicit deposit insurance, insolvency of some banks requires the government to bail out the depositors of the banks when the banks' assets fall below its liabilities. Similarly, the financial distress of other institutions or borrowers (households with mortgages that they can no longer afford, corporate debts that are unsustainable, etc.) often leads to government intervention to reduce such debt burdens. Such intervention effectively implies significant fiscal bailout costs.

The fiscal bailout costs of banking and financial crises can be staggering. Work done by the World Bank estimates such costs to have been extremely high in a number of episodes (see Table 2).

Table 2: Total government cost of fiscal bailouts

Country	Period	Total costs of fiscal bailout as percentage of GDP
China	1990s	47
Korea	Late 1990s	28
Malaysia	Late 1990s	16
Thailand	Late 1990s	35
Bulgaria	1995–97	13
Czech Republic	1991–94	12
Hungary	1991–95	10
Russia	1998–99	5–7
Turkey	2000–03	30
Finland	1991–94	11
Japan	1990s	24
Spain	1977–85	175
Argentina	1980–82	55
Chile	1982–86	55
Ecuador	Late 1990s	20
Jamaica	1995–2000	44
Mexico	1994–97	18
United States	1984–91	3
Venezuela	1994–95	18

Source: Caprio and Klingebiel, 2003.

These fiscal bailout costs are a significant social burden. The added public debt needed to bail out borrowers and/or lenders has to be serviced over time, which means that the social costs of systemic banking and financial crises are very serious in the affected economies.

Asset and credit bubbles and monetary policy: Pros and cons

Given the real and financial risks that result from credit booms and asset bubbles that go bust, should monetary policy respond to asset prices and asset bubbles? This is a highly controversial issue, both from an academic research perspective and, more importantly, from a policy perspective. There is broad evidence that asset bubbles do occur from time to time, and that such bubbles may lead to economic distortions as well as financial and real economy instability. It can be argued that optimal monetary policy requires monetary policy authorities to react to such bubbles over and above the effects they have on current output growth, aggregate spending, and expected inflation. It can also be argued that monetary policy should not react to asset prices or bubbles beyond the direct effect that such asset price movements have on inflation, aggregate spending, and economic growth.

There are many good arguments in favor of targeting asset prices; the arguments against it are, in many dimensions, not robust enough. Arguments in favor of targeting asset prices are:

- First, a wide range of analytical models suggests that optimal monetary policy should react to asset prices and exogenous asset bubbles (i.e., bubbles whose evolution does not depend on monetary policy) above and beyond its reaction to the deviation of growth and inflation from their target.

- Second, uncertainty about the existence of a bubble does not undermine the arguments in favor of asset price targeting. Like many other types of data uncertainty, uncertainty about the existence and size of an asset bubble only reduces the quantitative degree of response of optimal monetary policy to asset bubbles.

- Third, uncertainty about whether bubbles can have damaging effects on the economy is not a good argument against targeting such bubbles because (1) there is a wide body of evidence that such bubbles and their aftermath are costly, and (2) uncertainty about the economic effects of bubbles only reduces the degree of optimal interest rate response, but does not eliminate completely such a response.

- Fourth, analytical models suggest that if a bubble is endogenous (i.e., its probability and size can be affected by monetary policy), optimal monetary policy requires an attempt to affect it (i.e., to try to "prick" or "burst" it).

- Fifth, the argument that trying to affect a bubble would require such a large interest response that a severe recession would be triggered is found to be incorrect both in theory and practice. Conceptually, a moderate interest rate response can have an impact on bubbles and reduce the economic distortions caused by them. Empirically, the recent experience of the United Kingdom, Australia, and New Zealand shows that monetary authorities can successfully control bubbles with monetary tightening without causing severe recession or financial distress.

- Sixth, the Greenspan and Bernanke doctrine that the Fed should not react to rising bubbles but should be ready to dampen the real costs of bursting bubbles (i.e., an asymmetric response to bubbles) is inefficient and, possibly, a source of moral hazard distortions. It is certainly warranted for monetary authorities to react to bursting bubbles that may cause acute liquidity seizures, systemic risk, and risk of large economic contraction. But in order to prevent such a response from creating distorted incentives, monetary policy authorities should also be willing to respond to rising bubbles. Although a symmetric response to rising and bursting bubbles is appropriate, an asymmetric response is conceptually flawed, liable to create distorted incentives, and likely to induce cycles of rising and crashing bubbles that may have damaging economic and financial effects.

The uncertainties about bubbles and the other factors discussed above suggest that monetary policy should respond to asset bubbles in a cautious and moderate manner—an aggressive monetary policy approach to asset bubbles is not needed. Some of the arguments presented to justify the resistance to fighting rising bubbles have logic and legitimacy. However, although cautiousness is warranted, arguments that there is no case for responding to asset bubbles tend to be incorrect.

Also, the practice of the US Fed over the last two decades of not reacting to rising asset bubbles (the high-tech stock bubble of the late 1990s and the housing bubble of the last few years) while aggressively countering bursting bubbles and episodes of systemic risk (in 1987, 1998, 2000, and 2001–03) has contributed to the asset bubbles and economic imbalances that ended up in episodes of economic and financial crisis. The real estate bubble of the 1980s culminated in the S&L crisis of the late 1980s, which eventually triggered a credit crunch and a recession in 1990. In the 1990s, Alan Greenspan warned about "irrational exuberance" when high-tech stocks started to skyrocket in the mid 1990s, but then did nothing to control this bubble apart from a token 25 basis points policy rate hike in early 1997. The high-tech bubble festered and grew even larger after the Fed eased interest rates by 75 bps following the Long Term Capital Management (LTCM) hedge fund near collapse; it went bust in 2000 after the Fed tightened interest rates by 175 bps between mid 1999 and mid 2000, thus triggering the 2001 recession.

The Fed responded to this bubble bust and recession by aggressively easing the policy rate from 6.5 percent in early 2001 to 1 percent by 2004. This aggressive policy ease, of keeping the Fed Funds rate too low for too long, then contributed to a new asset bubble— the housing bubble—that was exacerbated by the failure of the Fed and other regulators to properly regulate and supervise mortgages. By 2006, this housing bubble went bust, triggering a severe liquidity and credit crunch, a serious financial crisis, and an economic contraction that is still ongoing. The Fed reacted to this financial crisis, and the risks to economic growth, by aggressively reducing the Fed Funds rate from 5.25 percent in the fall of 2007 to 2 percent by the spring of 2008, and introducing a whole host of new liquidity facilities for both banks and systemically important non-bank institutions.

It can be argued that this latest policy easing, together with the exchange rate policies of emerging market economies, contributed to another asset bubble: the sharp rise in oil, energy, food, and other commodity prices in 2006–08. This commodity price surge may now lead to a generalized increase in global inflation, both among advanced economies and emerging market economies.

The use of credit policy instruments

In considering an appropriate policy response to asset bubbles and credit bubbles, one should not be limited to traditional monetary policy alone. If there is an asset bubble driven by a credit bubble, the appropriate response may be a combination of tighter monetary policy in the form of a higher policy rate as well as an appropriate credit policy that limits the extent of a credit boom that is becoming excessive. Appropriate regulation and supervision of the banking and financial system is an important complementary tool that is essential in controlling credit and asset bubbles. At times monetary policy, although a necessary instrument to control bubbles, may not be the most appropriate tool if used alone.

In the United States, for example, the real estate bubble of the 1980s was in part the result of loosening the regulation and supervision of S&L thrifts in the early 1980s. This led to excesses in commercial and residential mortgage underwriting. In the 1990s, a more aggressive Fed tightening, intended to control the "irrational exuberance" in high-tech stocks, would have been beneficial but limited: if investors expected a 50 to 100 percent a year return on bubbly high-tech stocks, a 50 bps or even 100 or 150 bps policy rate tightening would have had limited effect. Rather, in addition to that monetary policy tightening, regulations that tightened the ability of investors to borrow on margin and highly leverage themselves in their purchase of high-tech stocks would have been more targeted and effective tools to deal with the high-tech bubble. Thus, inappropriate regulation and supervision of such leveraged lending was one factor that allowed the bubble to fester.

Similarly, in the last decade the Fed certainly made a mistake in keeping the Fed Funds rate too low for too long, thus feeding the housing bubble. But with households expecting bubbly home prices to rise 20 percent per year, raising the Fed Funds rate sooner would have had only a limited effect in controlling such a bubble. An additional policy failure was the laissez-faire approach of the Fed and of other banking and financial regulators, which allowed toxic mortgage underwriting to occur without restraint. Thus, in addition to tighter monetary policy, better supervision and regulation of mortgage lending would have been the appropriate response. More generally, since asset bubbles are usually fed by credit bubbles, the appropriate response to such excesses is usually a combination of tighter monetary policy along with more prudent regulation and supervision of the financial system to limit these credit cycles. Such appropriate regulation includes policies to make capital requirements for financial firms more procyclical.

Arguing that policy should react to credit and asset bubbles means finding the appropriate combination of traditional monetary policy and credit policy (including appropriate regulation and supervision of financial firms) that can control excessive booms in credit, lending, leverage, and asset prices.

Recent crises of the Western financial system

The decade from 1994 until 2003 was one of repeated financial crises in emerging market economies: Mexico in 1994; Thailand, Indonesia, Malaysia, and Korea in 1997–98, Russia in 1998; Brazil, Ecuador, Pakistan, and Ukraine in 1999; Turkey and Argentina in 2001; and Uruguay and the Dominican Republic in 2003. These crises were caused by a combination of macroeconomic weaknesses, policy mistakes, inappropriate exchange rate policies, balance sheet vulnerabilities, poor corporate governance, and weak and poorly supervised and regulated financial systems.

Although not every one of these financial crises ended up in a systemic crisis of the banking or financial system or the corporate system, many of them did. The weaknesses in corporate governance, the emergence of credit and asset bubbles, the poor supervision and regulation of financial institutions, the distorted incentives for financial institutions (in part because of moral hazard distortions created by implicit and/or explicit government bailout guarantees), and phenomena such as directed and connected lending combined led to credit, debt, and financial excesses that eventually triggered systemic banking and corporate crises.

The resolution of these crises implied a variety of policy actions, including structural reforms to make corporate and financial systems less vulnerable and more resilient as well as fundamental reforms of financial regulation and supervision. At the time of these crises, the International Monetary Fund (IMF), the United States, and the G7 countries were highly critical of the financial weaknesses—particularly the quality of institutions, regulations, and governance—that had been triggering factors in these crises. The fact that structural reforms in the financial sector of these economies did occur—on top of macro and policy changes—explains the high growth rate of emerging market economies in the last few years and their resilience, in spite of global shocks that have hit advanced economies and their financial markets in the last few years.

It is thus somehow ironic and paradoxical that, while a decade ago (1997–98), the United States and other G7 policymakers were lecturing East Asian and other emerging market policymakers about the structural weaknesses of their financial systems and prodding them to implement structural reform, today the financial turmoil and stress is at the core of the financial systems of the most advanced economies and financial markets in the world: those in the United States, in the United Kingdom, and, to a smaller extent, in the euro zone.

The severe liquidity and credit crunch that started with the housing bust and the collapse of the subprime mortgage market in the United States revealed a much larger credit and asset bubble and financial excesses of leverage that went well beyond subprime mortgages. Excessive debt accumulation and risky leverage occurred in subprime mortgages, near prime mortgages, prime mortgages, commercial real estate, the whole plethora of securitized products associated with mortgages and other asset-backed securities (ABSs), structured finance products (mortgage-backed securities [MBSs], collateralized debt obligations [CDOs], constant proportion debt obligations [CPDOs], collateralized mortgage obligations [CMOs], collateralized loan obligations [CLOs]), unsecured consumer credit (credit cards, auto loans, student loans), leveraged loans financing excessively leveraged leveraged buy-outs (LBOs), muni bonds, industrial and commercial loans, junk corporate bonds, and credit default swaps (CDSs). This credit house of cards began to sway in 2007 and collapsed in 2008. The excesses were not limited to the United States but extended to other advanced economies; housing bubbles and credit booms in consumer credit were widespread in the United Kingdom, Spain, Ireland, and—in minor part—other euro zone economies. The financial turmoil and credit/liquidity crunch triggered by the subprime meltdown revealed fundamental weaknesses in the operation of advanced economies' financial markets and in the system of supervision and regulation of the financial system, including banks and non-bank financial institutions.

This crisis has led to the recognition that fundamental reforms of the regulation and supervision of the financial systems of advanced economies are necessary in a world of financial globalization. A plethora of proposals for reform have been advanced by a number of institutions: the Financial Stability Forum, the Fed, the US Treasury, the G7, the FSA and other policy bodies in the United Kingdom, the BIS, the IMF. It is clearly recognized that the system of regulation and supervision of financial institutions is in trouble and in need of serious reform.

Which reforms are most appropriate? Instead of considering the specific reforms suggested by individual institutions and regulatory bodies, it makes sense to analyze the fundamental weaknesses, distortions, and open issues in the advanced economies' financial markets, and thus what the appropriate principles for a new system of regulation and supervision may be. The rest of this chapter considers the most important issues related to reform of the regulation and supervision of financial institutions in a world of financial globalization.

Issues of reform in a world of financial globalization

Given the ongoing financial crisis in the United States and parts of other advanced economies' financial systems, the need for the appropriate reform of the system of supervision and regulation of financial institutions has become a core and urgent subject of debate among scholars, market experts, and policymakers.

To understand what the appropriate system of regulation and supervision of financial institutions may be in a world of financial globalization, one needs to analyze

(1) the problems that an increasingly complex and globalized financial system faces and (2) the shortcomings of the current system of financial regulation and supervision, both in the United States and around the world. Only a detailed consideration of such problems and shortcomings can lead to the recognition of the appropriate reforms of the system.

We consider in more detail such problems and shortcomings of the financial system and of the current supervisory and regulatory regime. These can be categorized according to 10 issues:

1. The compensation system

The system of compensation of bankers and agents within the financial system is flawed. It is characterized by moral hazard in the form of "gambling for redemption." The typical agency problems between a financial firm's shareholders and the firm's managers/bankers/traders are exacerbated by the way the latter are compensated. Because a large fraction of such compensation is in the form of bonuses tied to short-term profits, and because such bonuses are one-sided (positive in good times and at most zero when returns are poor), managers/bankers/traders have a huge incentive to take larger risks than warranted by the goal of shareholders' value maximization. Potential solutions to this gambling-for-redemption bias are varied. Among possible solutions are the use of restricted stock that has to be maintained for a number of years, and a pool of cumulated bonuses that is not cashed out yearly but that can grow or shrink depending on medium-term returns to particular investments.

But, even leaving aside the problem of how to change such compensation in a highly competitive market for talent in the financial sector, it is not obvious that the suggested solutions would fully work. For example, in the case of the recent crisis at Bear Stearns, about 30 percent of the firm was owned by its employees as restricted stock. However, this system of compensation did not prevent Bear Stearns from making reckless investments and loans that eventually made it insolvent. Possibly this was the case because the individual compensation was not tied to the individual investing/lending decision. Still, compensation of bankers/traders should be considered a crucial factor that distorts lending and investment decisions in financial markets.

2. The Originate and Distribute Securitization Model

The current model of securitization (the Originate and Distribute Model) has serious flaws because it reduces the incentives for the originator of the claims to monitor the creditworthiness of the borrower. In the securitization food chain for US mortgages, every intermediary in the chain was making a fee; eventually the credit risk got transferred to those least able to understand it. The mortgage broker, the home appraiser, the bank originating the mortgages and repackaging them into MBSs, the investment bank repackaging the MBSs into CDOs, CDOs of CDOs, and even CDOs cubed, the credit rating agencies giving their AAA blessing to such toxic instruments—each of these intermediaries was earning income from charging fees for their step of the intermediation process and transferring the credit risk down the line.

One possible solution to this lack of incentives to undertake proper monitoring of the borrower would be to force the originating bank and the investment bank intermediaries to hold some of the credit risk; this could take the form of some part of the equity tranche in the CDOs (i.e., the most junior tranche of the CDO that is the one taking the first loss when the value of the underlying collateral falls) or a portion of some of the MBSs that they originate so they have "some skin in the game." But it is not obvious that such solutions would fully resolve the moral hazard problems faced by financial intermediaries. In fact, although the securitization process implied a partial transfer of the credit risk from the mortgage originators and the managers of the CDOs to final investors, the reality is that banks and other financial institutions maintained a significant exposure to mortgages, MBSs, and CDOs. Indeed, in the United States about 47 percent of all the assets of major banks are real estate related; the figure for smaller banks is closer to 67 percent. The model of "originate and distribute" securitization did not fully transfer the credit risk of mortgages to capital market investors. Banks and broker dealers (e.g., Bear Stearns) did maintain a significant portion of that credit risk across a variety of instruments. Indeed, if that credit risk had been fully transferred, such banks and other financial intermediaries would have not suffered the hundreds of billions of dollars of losses that they have incurred so far and will have to recognize in the future.

Thus, excessive risk taking and gambling for redemption did occur in spite of the fact that financial institutions were holding part of the credit risk. Therefore, proposing that such institutions hold some of that risk rather than try to transfer it all does not seem to be a solution that will fully resolve the problems stemming from misaligned incentives and poor risk management. If the fundamental problem is one of moral hazard originating from the way that bankers are compensated, forcing financial institutions to hold more of the credit risk will not resolve the problem of inadequate monitoring of the creditworthiness of the borrowers and poor underwriting standards.

3. Regulatory arbitrage and the instability of the shadow banking system

The regulation and supervision of banks and the lighter—or in cases such as that of hedge funds, nonexistent—regulation and supervision of non-bank financial institutions has led to significant regulatory arbitrage. This arbitrage takes the form of the transfer of a large fraction of financial intermediation to non-bank financial institutions, such as broker dealers, hedge funds, money market funds, SIVs (Structured Investment Vehicles), conduits, and so on.

The problems with this financial innovation are twofold. First, some of the institutions in this shadow banking system (or shadow financial system) are systemically important. Second, most of these institutions are at risk of bank-like runs on their liabilities as they borrow in short and liquid ways, are highly leveraged, and invest in longer and more illiquid ways.

The risk of runs is significantly decreased for banks by the existence of deposit insurance and by the lender-of-last-resort support that the central bank can provide. Publicly provided deposit insurance is generally not warranted for non-bank financial institutions, because the protection of small investors or depositors (those who do not have the expertise to monitor the lending or investment decisions of banks) is not generally an issue for such non-banks. But, as the recent Bear Stearns episode and the run on and collapse of other components of the shadow financial system suggest, bank-like runs on non-banks can occur. In fact, they are more likely to occur if such institutions do not properly manage their liquidity and credit risks.

Although serving as lender of last resort to many non-bank institutions is not warranted, such support may be warranted for the few institutions that are systemically important. Indeed, two recent US Fed actions —the US$30 billion rescue of Bear Stearns, and the establishment of two new facilities that allow non-bank primary dealers to access the Fed's discount window and to swap their illiquid MBS products for safe Treasury Bonds—imply that the lender-of-last-resort support of the Fed has been now extended to systemically important non-bank institutions. Thus, the same regulation and supervision that is applied to banks should also be applied to these systemically important financial firms, not just in periods of turmoil (as recommended by the US Treasury), but on a more permanent basis.

Thus, while the safety net of the Fed and other central banks should remain restricted to banks and depository institutions and—subject to some constructive ambiguity—to systemically important non-bank firms, the regulatory and supervisory framework should be similar for banks and non-bank financial institutions; regulatory capital, type of supervision, liquidity ratios, compliance and disclosure standards, and so on should be similar for banks and other financial institutions. If not, then regulatory arbitrage will shift financial intermediation and risks to other more lightly regulated smaller broker deals and other non-bank financial institutions.

To take just one example, the loophole that allowed SIVs and conduits to operate with little supervision and no capital standard under the pretense that these were off-balance sheet units—while the sponsoring bank was providing large credit enhancements and systematic liquidity lines that made these units de facto on-balance sheet assets and liabilities—was deeply flawed. Unless these and a whole host of other special purpose vehicles are regulated and supervised as if they are on-balance sheet units, this type of regulatory arbitrage will lead again to the disaster that SIVs created.

Moreover, a comprehensive supervisory and regulatory regime that covers both banks and non-banks would also allow better monitoring and assessment of systemic financial risks that at the moment are not properly supervised. Providing regulators and supervisors as well as investors with adequate reporting and disclosure of the information required to assess systemic financial risks will be essential.

Poor liquidity risk management and the risk of bank-like runs on non-bank financial institutions have been shown to be a severe problem in the shadow financial system. The entire SIV/conduit regime has recently collapsed given the roll-off of their asset-backed commercial paper liabilities; hedge funds and private equity funds collapsed because of risky investments and redemptions or roll-off of short-term credits; money market funds whose net asset value fell below par had to be rescued to avoid a run on them; Bear Stearns collapsed because of poor credit/investment choices but also because of a sudden run on its liquidity. Although banks are fundamentally maturity-mismatched because of their reliance on short-term deposits, there is no reason for non-bank financial institutions to have liquidity or rollover risk, especially as they do not have deposit insurance and do not have access—apart from the systemically important institutions—to the central banks' lender-of-last-resort support.

Thus, an essential element of the common regulation of all non-bank financial institutions should be a greater emphasis given to the management of liquidity risk. Such financial firms should be asked to significantly lengthen the maturity and duration of their liabilities in order to reduce their liquidity risk. A firm that makes money only because it borrows very short, has little capital, leverages a lot, and lends long and in illiquid ways is reckless in its risk management. It should certainly disclose fully both to supervisors and to investors the liquidity and other risks that it is undertaking. But it should also be required to reduce its liquidity risk with a variety of tools that provide it with a greater liquidity buffer.

4. Self-regulation versus rules-based regulation

Most regulatory and supervisory regimes have moved in the direction of emphasizing self-regulation and market discipline rather than rigid regulations. One of the arguments in favor of this market discipline approach is that financial innovation is always one or more steps ahead of regulation; thus, one needs to design a regime that does not rely on rigid rules that would be easily avoidable via financial innovation.

This market discipline approach—which relies on principles rather than rigid rules, on internal models of risk assessment and management in determining how much capital a firm needs, and on rating agency assessments of creditworthiness—is a key element of the philosophy behind the Basel II agreement. But this market discipline model has been proven to be vastly flawed because of the way bankers are compensated and because of the way the Originate and Distribute Model provides incentives to ignore internal risk managers in good times when "the music plays and you gotta dance" (as the former CEO of Citigroup put it). Similarly the conflicts of interest of rating agencies lead to mis-ratings of new and exotic financial instruments.

Thus, while reliance on principles is useful to deal with financial innovation and regulatory arbitrage, a more robust set of rules that go with the grain of principles-based regulation and supervision is necessary. Strict reliance on market discipline has been proven ineffective in a world where bankers are improperly compensated, agency problems lead to poor monitoring of lending, flawed transfers of credit risk to those least able to understand it and manage it occur, and regulatory arbitrage is rampant.

5. Procyclical capital requirements and other issues with Basel II

Even before being fully implemented, the Basel II agreement has shown its flaws. These include capital adequacy ratios that are procyclical and promote credit booms in good times and credit busts in bad times, low emphasis on liquidity risk management, excessively low capital ratios given the risks faced by banks, excessive reliance on internal risk management models, and excessive importance given to the rating agencies. These are serious shortcomings of the new capital regime for large internationally active banks and depository institutions.

How to reform Basel II given the current severe financial crisis is not an easy task, but the urgency of this reform is undeniable. Particular importance should be given to measures that would reduce the procyclicality of capital standards that are a source of booms and busts in credit cycles and to measures that increase—rather than decrease—the overall amount of capital held by financial institutions. As recent history suggests, most financial institutions have been vastly undercapitalized given the kind of market, liquidity, credit, and operational risks that they have faced in an increasingly globalized financial system.

6. Credit rating agencies

By now the conflicts of interest and informational problems that led the rating agencies to rate—or, better, to mis-rate—many MBSs and CDOs and other ABS products highly are well known. With a large fraction of their revenues and profits coming from the rating of complex structured finance products and the consulting and modeling services provided to the issuers of such complex and exotic instruments, it is clear that rating agencies are ripe with conflicts of interest. This is compounded by a system where competition in the rating market is limited by the regulatory barriers to entry. Also the semi-official role that rating agencies have, in general and in Basel II in particular, exacerbates the potential biases of a system where rating agencies are paid by issuers rather than the investors, and underscores the informational problems of raters that know little about the underlying risks of new, complex, and exotic instruments.

What are the potential solutions to these conflicts of interest and other problems? Solutions could be to open up competition in the rating agency business, to drop the semi-official role that rating agencies have in Basel II and in the investment decisions of asset managers, to forbid activities (such as consulting or modeling) that cause conflicts of interest, and to drop the reliance on ratings paid by issuers rather than by investors (the free-riding problem of having investors pay for ratings can be solved by pooling the investors' resources in a pool that can be used to collectively purchase the ratings). Certainly the reputations of the rating agencies have been badly damaged in the ABS ratings fiasco, and only serious and credible reforms—not just cosmetic changes—will be required to restore their credibility in the rating business.

7. Asset valuation and fair value accounting

There are fundamental accounting issues about how to value securities, especially in periods of market volatility and illiquidity when the fundamental long-term value of the asset differs from its market price. The current fair value approach to valuation stresses the use of mark-to-market valuation where, as much as possible, market prices should be used to value assets, whether they are illiquid or not.

There are two possible situations where mark-to-market accounting may distort valuations: first, when there are bubbles and the market value may be above fundamental value; second, when bubbles burst and, because of market illiquidity, asset prices are potentially below fundamental value. The latter case has become a concern in the latest episode of market turmoil as mark-to-market accounting may force excessive writedowns and margin calls that may lead to further fire sales of illiquid assets that, in turn, could cause a cascading fall in asset prices well below long-term fundamentals. However, mark-to-market accounting may also create serious distortions during bubbles when its use may lead to excessive leverage as high valuation allows investors to borrow more and leverage more, thus feeding the asset bubble. In either case, mark-to-market accounting leads to procyclical capital bank capital requirements given the way that the Basel II capital accord is designed.

The shortcomings of mark-to-market valuation are known. The main issue is whether one can find an alternative that is not subject to gaming by financial institutions. Some have suggested the use of historical cost to value assets (where assets are booked at the price at which they were bought); others propose the use of a discounted cash flow (DCF) model where long-run fundamentals—cash flows—would have a greater role. Historical cost does not seem to be an appropriate way to value assets given the potential for increased inaccuracy over the long term. The use of a DCF model may seem more appealing, but it is not without flaws either. How should we properly estimate future cash flows? Which discount rate should we apply to such cash flows? How should we avoid a situation where users subjectively game the model to achieve the valuations that they want by manipulating assumptions about future cash flows and the appropriate discount factor? Possibly, mark-to-market may be a better approach when securities are held in a trading portfolio, and DCF may be more appropriate when such securities are held as a long-term investment, that is, until maturity. But the risk of a DCF approach is that different firms will value identical assets very differently and that firms will use any approach different from mark-to-market to manipulate their financial results.

The other difficult problem that one has to consider is that any suspension of mark-to-market accounting in periods of volatility would reduce, rather than enhance, investors' confidence in financial institutions. Part of the recent turmoil and increase in risk aversion can be seen as an investors' backlash against an opaque and nontransparent financial system where investors cannot properly know the size of the losses experienced by financial institutions and who are holding the "toxic waste." Mark-to-market accounting at least imposes some discipline and transparency.

One view is that the problem is not mark-to-market accounting but the procyclical capital requirements of Basel II; that is correct. But even without such procyclical distortions there is a risk that financial institutions—not just banks—would retrench too much and too fast with respect to their leverage and credit positions during periods of turmoil when they become more risk averse. Thus, the issue remains open as to whether there are forms of regulatory forbearance that do not destroy confidence and that can be used in periods of turmoil to avoid a cascading and destructive fall in asset prices. But certainly solutions should be symmetrical—that is, they should be applied both during periods of rising asset prices and bubbles (when market prices are above fundamentals) and when such bubbles go bust (and asset prices may fall below fundamentals). So far, however, there is no clear and sensible alternative to mark-to-market accounting.

8. Lack of transparency in financial markets

The recent financial markets crisis and turmoil has been partly caused by the fact that, over the last few years, financial markets have become less transparent in a number of ways. These include the development of new exotic and illiquid financial instruments that are hard to value and price, the development of increasingly complex derivative instruments, the fact that many of these instruments trade over the counter rather than on an exchange, the fact that there is little information and disclosure about such instruments and who is holding them, and the fact that many new financial institutions are opaque with little or no regulation (hedge funds, private equity, SIVs, and other off-balance sheet special purpose vehicles). These factors have all contributed to a lack of financial market transparency and increased opacity of such markets.

But private financial markets cannot function properly unless there is enough information, reporting, and disclosure both to market participants and to relevant regulators and supervisors. How much reporting and disclosure, and to whom, is a difficult question. But it is clear that for the last few years financial markets have become excessively opaque in ways that are destructive of investors' confidence. When investors cannot appropriately price complex new securities, they cannot properly assess the overall losses faced by financial institutions, and when they cannot know who is holding the risk for "toxic waste," this turns into generalized "uncertainty" (which cannot be priced, unlike financial "risk" that can be priced if the statistical distribution of risky events is known). The outcome is an excessive increase in risk aversion, lack of trust and confidence in counterparties, and a massive seizure of liquidity in financial markets. Greater transparency and information, including the use of fair value accounting (that, in spite of its shortcomings, is still the best way to value assets), along with prompt recognition by financial institutions of their exposures and losses, are essential to restore investors' confidence in financial markets.

One way to make new, complex, and exotic financial instruments more liquid and easier to price might include standardizing such instruments and having them traded in clearing house–based exchanges rather than over the counter. The benefits of standardization are clear: it would allow investors to compare securities with similar characteristics and would thus improve their liquidity. Moreover, instruments that are exchange-traded through a clearing house would have much lower counterparty risk, would be subject to appropriate margin requirements, and would be appropriately marked-to-market on a daily basis.

9. Inadequate regulatory regime

In a world of financial innovation and globalization, what are the appropriate institutions for financial regulation and supervision? And in what sort of system should they operate? The different models that exist each have their pros and cons.

An increasingly popular model is that of a unique and centralized financial regulator and supervisor, as in the case of the United Kingdom's FSA where all financial policies—for banks, securities firms, other financial institutions, insurance companies, and so on—are under one umbrella. Another model is that of the United States, where more than half a dozen financial regulators and supervisors exist at the federal level, and another layer is found at the state level. Some have argued that the US system fosters beneficial competition and propagation of best practices among different regulators. The shortcomings of the system, including an incoherent set of overlapping regulations and a "race to the bottom"—rather than to the top—in terms of excessively deregulatory competition, have now become clear. One overall financial regulator may be too little but 60-plus of them is obviously too many. A streamlining of such institutions and a concentration of most regulatory and supervisory activities among a smaller number of institutions is certainly necessary.

Further, the questions of whether supervisory and regulatory power over banks, and possibly other systemically important financial institutions, should be kept within the central bank (as in the United States) or whether such power should be given to another regulator (as in the case of the United Kingdom's FSA) is a difficult and controversial issue. Some worry that taking such power away from the central bank while maintaining its role as the lender of last resort would reduce the ability of the central bank to oversee financial vulnerabilities in specific institutions and in the overall financial system (systemic risk). But as long as there is a proper exchange of information between the regulator and supervisor of banks and of other financial institutions and the central bank, these informational issues can be properly managed. The UK debacle over Northern Rock was caused not by the existence of a single financial authority (the FSA) but rather—in part—by the lack of coordination and proper information exchange between the FSA, the Bank of England, and the UK Treasury. Thus, the UK model of a single financial regulator/supervisor is, in principle, superior to a model where such powers are fragmented among many and different institutions. But proper coordination and information exchange is essential to make this system work.

10. Lack of international coordination

Finally, reforms of financial regulation and supervision cannot be done only at the national level because regulatory arbitrage may lead financial intermediation to move to jurisdictions with a lighter and less appropriate regulatory approach. Indeed, the recent US debate on reforming capital markets was driven—before the current market turmoil—by concerns that a tighter regulatory approach in the United States (such as the Sarbanes-Oxley legislation) was leading to a competitive slippage of New York relative to London in the provision of financial services.

In a world of financial globalization, mobile capital, and lack of capital controls, capital and financial intermediation may move to more lightly regulated shores. Although the idea of a global financial regulator or "sheriff" is, for the time being, a bit far-fetched, a much stronger degree of coordination of financial regulation and supervision policies is necessary to avoid a race to the bottom in financial regulation and supervision and to prevent excessive regulatory arbitrage. Such international coordination of financial policies is currently occurring on a very limited scale and will have to be seriously enhanced over time. In the euro zone, bank supervision and regulation occurs only at the national level, while the European Central Bank would serve as the lender of last resort in the case of a systemic banking crisis or when a major systemically important cross-border institution gets into trouble. This remains an untested model. Over time, financial supervision and regulation within the euro zone will have to move from the national level to a euro zone–wide level.

One further crucial set of issues that is left open is the difficult one of *"quis custodiet ipsos custodes?"* or "who will regulate the regulators?" How do we ensure that we have a system where the regulators are not effectively captured by the financial industry that they regulate? How do we ensure that financial innovation is not always a step ahead of regulation via regulatory arbitrage? And how do we ensure that the regulators have the necessary skills and expertise to correctly implement the appropriate regulations and supervision? These issues of regulatory capture and the limited skills of regulators and supervisors in the face of constant financial innovation have been behind the regulatory failures that have caused many of the recent financial crises, including the recent one in the United States.

Indeed, while the recent financial crisis suggests that self-regulation, market discipline, internal risk management, and reliance only on principles rather than rules does not work, the issue remains open of how to ensure that new rules are actually implemented without further regulatory arbitrage and regulatory capture of the regulators. This is a most difficult question for which there is no simple answer. The suggestion has been made that as long as regulation is relatively simple, appropriate liquidity requirements and capital sufficiency ratios are possibly cyclically adjusted, and as long as reporting requirements are made clear (among other things), the possibility of regulatory arbitrage and regulatory capture is limited. But this approach suggests moving away from principles and relying somewhat more on simple—rather than complex—rules that cannot be easily manipulated by the regulated entities or by the regulators. Still, appropriate regulation and especially appropriate supervision require an element of thoughtful value judgment and assessment of risks that cannot be resolved with excessively simple rules.

Conclusions

Financial stability is an important factor in assessing the degree of development of a financial system. Excessive stability may result in excessive regulation and restrictions on financial innovation and risk taking, and thus may reduce the opportunities for long-run growth. However, lack of stability that triggers financial crises (banking crises, sovereign debt crises, systemic corporate crises, household debt crises, and currency crises) is also costly and inefficient, as it leads to severe economic downturns and the large economic and fiscal costs of cleaning up a financial system in distress and crisis. Thus, financial stability is an important component of financial development.

This chapter surveyed the causes and implications of financial crises in both advanced and emerging market economies in the last few decades. It also discussed the main issues involved in reforming the regime of regulation and supervision of the financial system to make it more resilient in a world of financial globalization. While financial crises will never be altogether eliminated, the frequency and severity of booms and busts of asset prices and credit that cause financial crises and cause costly financial instability can be reduced if appropriate supervision and regulation is applied.

Notes

1 Even authors who argue against monetary policy targeting of asset prices (Bernanke and Gertler 1999, 2001; Ferguson 2005; Kohn 2004, among others) tend to acknowledge the analytical channels (wealth effects and credit constraints effects on consumption and investment) that link asset bubbles to real and financial variables. Also Greenspan referred to the link between housing prices, private savings and the current account, a pretty clear evidence of the impact of the recent US housing boom on the real economy. And there is a general consensus among many that monetary policy should care about the broader goal of financial stability.

2 See IMF 2000, 2003; Bordo and Jeanne 2002; Borio and Lowe 2002; Bordo 2003; and Helbling and Bayoumi 2003.

3 See Kawai et al. 2001. See also the exhaustive study of emerging market crises by Roubini and Setser 2004.

4 The exchange rate policies of emerging economies can include pegging their currency to the US dollar or providing very aggressive foreign exchange intervention to manage their currency value and control the rate of appreciation relative to the US dollar.

5 See Prince 2007.

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Part 2

Country/Economy Profiles

How to Read the Country/Economy Profiles

The Country Profiles section presents a four-page profile for each of the 52 countries covered by the *Financial Development Report 2008.*

Page 1

① Key indicators

The first section of the Country/Economy Profile presents a selection of key indicators:

- Population, GDP, and related figures come from the International Monetary Fund's *World Economic Outlook* of April 2008.

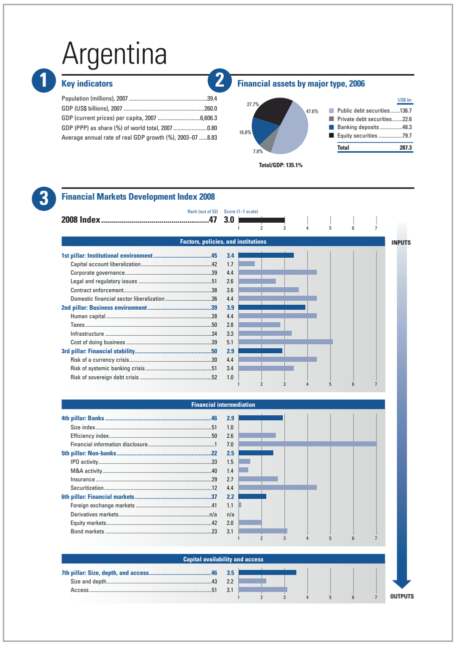
② Financial assets by major type, 2006

- Public debt figures are from the Economist Intelligence Unit's *CountryData Database,* as accessed in July 2008. Private debt data come from the Bank of International Settlements *Quarterly Review,* December 2007. Data on bank deposits are from the IMF *International Financial Statistics* database, electronic version, accessed July 2008 or the July 2007 PDF version. Equity securities data were downloaded from the market capitalization dataset on the World Bank's *World Development Indicators* database in July 2008.

- The four financial asset indicators (public and private debt securities, banking deposits, and equity securities) are added to measure total financial assets in the Index countries. The share of depth attributable to each component is displayed in the pie chart. Percentages displayed may not add to 100% due to rounding. Private debt data were not available for Nigeria or Vietnam.

- The total financial assets figure is shown as a percentage of GDP, using the GDP figure from the Key Indicators section.

- The pie chart shows the share of total financial assets attributable to each of the four types of financial asset indicators in a given economy.



Argentina

① Key indicators

Population (millions), 2007	39.4
GDP (US$ billions), 2007	260.0
GDP (current prices) per capita, 2007	6,606.3
GDP (PPP) as share (%) of world total, 2007	0.80
Average annual rate of real GDP growth (%), 2003–07	8.83

② Financial assets by major type, 2006

	US$ bn
▨ Public debt securities	136.7
▨ Private debt securities	22.6
■ Banking deposits	48.3
■ Equity securities	79.7
Total	**287.3**

Total/GDP: 135.1%

③ Financial Markets Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**47**	**3.0**
Factors, policies, and institutions		
1st pillar: Institutional environment	**45**	**3.4**
Capital account liberalization	42	1.7
Corporate governance	39	4.4
Legal and regulatory issues	51	2.6
Contract enforcement	38	3.6
Domestic financial sector liberalization	36	4.4
2nd pillar: Business environment	**39**	**3.9**
Human capital	28	4.4
Taxes	50	2.8
Infrastructure	34	3.3
Cost of doing business	39	5.1
3rd pillar: Financial stability	**50**	**2.9**
Risk of a currency crisis	30	4.4
Risk of systemic banking crisis	51	3.4
Risk of sovereign debt crisis	52	1.0
Financial intermediation		
4th pillar: Banks	**46**	**2.9**
Size index	51	1.0
Efficiency index	50	2.6
Financial information disclosure	1	7.0
5th pillar: Non-banks	**22**	**2.5**
IPO activity	33	1.5
M&A activity	40	1.4
Insurance	29	2.7
Securitization	12	4.4
6th pillar: Financial markets	**37**	**2.2**
Foreign exchange markets	41	1.1
Derivatives markets	n/a	n/a
Equity markets	42	2.0
Bond markets	23	3.1
Capital availability and access		
7th pillar: Size, depth, and access	**46**	**3.5**
Size and depth	43	2.2
Access	51	3.1

③ Financial Development Index

This section details the country's performance on the various components of the Financial Development Index (FDI). At the top is the country's overall rank out of 52 countries, its score on the 1-to-7 scale, and a graphical representation of the score.

Below, the seven pillars of the index are organized thematically. The three themes—factors, policies, and institutions; financial intermediation; and capital availability and access—are displayed according to their role in the continuum of the financial system from inputs to outputs.

Each pillar and subpillar is listed under the appropriate theme. After the pillar or subpillar name, the first column shows each country's ranks among the 52 countries for that pillar or subpillar. The second column presents the score for that pillar or subpillar on the 1-to-7 normalized scale. On the right, the normalized score is represented graphically. For more information on the methodology and results of the FDI, please refer to Chapter 1.1 of this *Report.*

Page 2

④ The Financial Development Index in detail

This page presents the rank achieved by a country on each of the indicators entering the composition of the FDI. Indicators are organized by pillar. Please refer to Appendix A of Chapter 1.1 for a detailed structure of the FDI.

Next to the rank, a colored square indicates whether the indicator constitutes an advantage (blue square) or a disadvantage (black square) for the country. In order to identify variables as advantages or disadvantages, the following rules were applied:

- For those economies ranked in the top 10 in the overall FDI, individual variables ranked between 1 and 10 are considered to be advantages. Any variables below 10 are considered to be disadvantages. For instance, in the case of Switzerland, which is ranked 7 overall, its 5th rank in the variable *Bank deposits to GDP* makes this variable a competitive advantage, whereas *Foreign exchange derivatives turnover: Currency swaps,* on which it ranks 23rd, constitutes a competitive disadvantage for the country.

- For those economies ranked from 11 to 25 in the overall FDI, variables ranked higher than the economy's overall rank are considered to be advantages. Any variables ranked equal to or lower than the economy's overall rank are considered to be disadvantages. In the case of Malaysia, ranked 20th overall, its 10th rank in the variable *Bank deposits to GDP* makes this variable a competitive advantage, whereas *Foreign exchange derivatives turnover: Currency swaps,* on which it ranks 29th, constitutes a competitive disadvantage for the country.

- For those economies ranked lower than 25 in the overall FDI, any individual variables ranked 25 or higher are considered as advantages. Any variables ranked 26th or lower are considered to be disadvantages. For Argentina, ranked 47th overall, its rank of 19th in *Relative value-added of insurance* constitutes a competitive advantage for the country, whereas its 47th rank in the variable *Bank deposits to GDP* makes this variable a competitive disadvantage.

- After the advantage/disadvantage marker is the raw score of the listed indicator for the profiled economy. For more information on the significance of the raw score, such as the units in which it is measured or the source, please see the data tables in Part 3 of this *Report*.

Argentina

④ **Financial Markets Development Index in detail**

🟦 Development **Advantage** ⬛ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	42	⬛	–0.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	26	⬛	4.7	France	5.7
1.03	Efficacy of corporate boards	39	⬛	4.7	Sweden	6.1
1.04	Reliance on professional management	31	⬛	4.9	Sweden	6.4
1.05	Willingness to delegate	35	⬛	4.0	Sweden	6.3
1.06	Strength of auditing and accounting standards	48	⬛	4.0	Germany	6.3
1.07	Shareholder rights index	9	🟦	4.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	49	⬛	3.5	Finland	6.6
1.09	Protection of minority shareholders' interests	50	⬛	3.6	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	45	⬛	2.5	Singapore	5.3
1.11	Centralization of economic policymaking	51	⬛	1.7	Switzerland	5.9
1.12	Regulation of security exchanges	44	⬛	4.4	Sweden	6.3
1.13	Property rights	51	⬛	3.0	Germany	6.7
1.14	Intellectual property protection	47	⬛	2.8	Germany	6.5
1.15	Diversion of public funds	49	⬛	2.4	Finland	6.5
1.16	Public trust of politicians	50	⬛	1.5	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	51	⬛	1.9	Singapore	6.1
1.18	Judicial independence	51	⬛	2.2	Germany	6.5
1.19	Irregular payments in judicial decisions	48	⬛	3.2	Finland	6.8
1.20	Number of procedures to enforce a contract	31	⬛	36.0	Ireland	20.0
1.21	Time to enforce a contract	36	⬛	590.0	Singapore	120.0
1.22	Cost of enforcing contracts	15	🟦	16.5	China	8.8
1.23	Strength of investor protection	40	⬛	4.7	Singapore	9.3
1.24	Time to close a business	28	⬛	2.8	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	36	⬛	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	24	🟦	4.9	France	6.0
2.02	Quality of math and science education	41	⬛	3.3	Singapore	6.3
2.03	Extent of staff training	41	⬛	3.6	Switzerland	5.9
2.04	Local availability of research and training services	32	⬛	4.3	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	31	⬛	4.3	Kuwait	5.8
2.06	Tertiary enrollment	13	🟦	63.8	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	47	⬛	3.9	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	50	⬛	2.8	Singapore	5.7
2.09	Corporate tax rate	47	⬛	35.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	42	⬛	3.1	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	41	⬛	5.5	Switzerland	6.9
2.12	Internet users	33	⬛	20.9	Netherlands	85.7
2.13	Broadband Internet subscribers	29	⬛	4.0	Netherlands	31.8
2.14	Telephone lines	32	⬛	24.2	Switzerland	66.9
2.15	Mobile telephone subscribers	29	⬛	80.5	Italy	135.1

(Cont'd.)

- In the gray box at the right of the profile is the name and raw score for the top ranked economy of the given indicator. For indicators in which there is a tie for the top rank, the word "Multiple" appears with the number of economies which share that score in parentheses.

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United Kingdom	244
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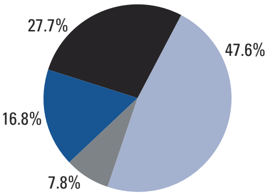
Venezuela	252
Vietnam	256

Argentina

Key indicators

Population (millions), 2007	39.4
GDP (US$ billions), 2007	260.0
GDP (current prices, US$) per capita, 2007	6,606.3
GDP (PPP) as share (%) of world total, 2007	0.80
Average annual rate of real GDP growth (%), 2003–07	8.83

Financial assets by major type, 2006



	US$ bn
▨ Public debt securities	136.7
▨ Private debt securities	22.6
■ Banking deposits	48.3
■ Equity securities	79.7
Total	**287.3**

Total/GDP: 135.1%

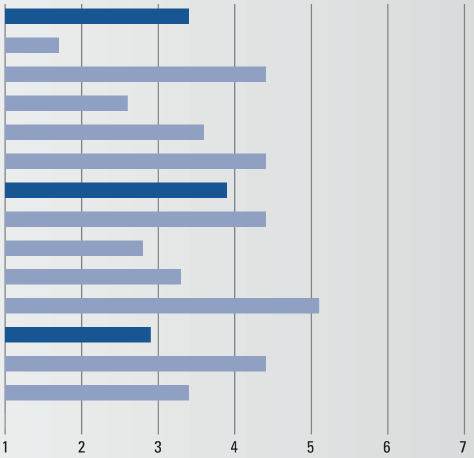
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**47**	**3.0**

INPUTS

Factors, policies, and institutions

1st pillar: Institutional environment	**45**	**3.4**
Capital account liberalization	42	1.7
Corporate governance	39	4.4
Legal and regulatory issues	51	2.6
Contract enforcement	38	3.6
Domestic financial sector liberalization	36	4.4
2nd pillar: Business environment	**39**	**3.9**
Human capital	28	4.4
Taxes	50	2.8
Infrastructure	34	3.3
Cost of doing business	39	5.1
3rd pillar: Financial stability	**50**	**2.9**
Risk of a currency crisis	30	4.4
Risk of systemic banking crisis	51	3.4
Risk of sovereign debt crisis	52	1.0

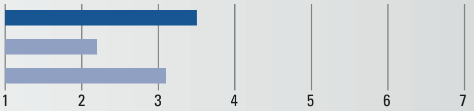


Financial intermediation

4th pillar: Banks	**46**	**2.9**
Size index	51	1.0
Efficiency index	50	2.6
Financial information disclosure	1	7.0
5th pillar: Non-banks	**22**	**2.5**
IPO activity	33	1.5
M&A activity	40	1.4
Insurance	29	2.7
Securitization	12	4.4
6th pillar: Financial markets	**37**	**2.2**
Foreign exchange markets	41	1.1
Derivatives markets	n/a	n/a
Equity markets	42	2.0
Bond markets	23	3.1

Capital availability and access

7th pillar: Size, depth, and access	**46**	**3.5**
Size and depth	43	2.2
Access	51	3.1



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Argentina

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
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1.05	Willingness to delegate	35	□	4.0	Sweden	6.3
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1.08	Ethical behavior of firms	49	□	3.5	Finland	6.6
1.09	Protection of minority shareholders' interests	50	□	3.6	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	45	□	2.5	Singapore	5.3
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1.14	Intellectual property protection	47	□	2.8	Germany	6.5
1.15	Diversion of public funds	49	□	2.4	Finland	6.5
1.16	Public trust of politicians	50	□	1.5	Singapore	6.4
	Contract enforcement					
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1.21	Time to enforce a contract	36	□	590.0	Singapore	120.0
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	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	36	□	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	24	■	4.9	France	6.0
2.02	Quality of math and science education	41	□	3.3	Singapore	6.3
2.03	Extent of staff training	41	□	3.6	Switzerland	5.9
2.04	Local availability of research and training services	32	□	4.3	Switzerland	6.0
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	Taxes					
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2.09	Corporate tax rate	47	□	35.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	42	□	3.1	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	41	□	5.5	Switzerland	6.9
2.12	Internet users	33	□	20.9	Netherlands	85.7
2.13	Broadband Internet subscribers	29	□	4.0	Netherlands	31.8
2.14	Telephone lines	32	□	24.2	Switzerland	66.9
2.15	Mobile telephone subscribers	29	□	80.5	Italy	135.1

(Cont'd.)

Argentina

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	28	▨	9.7	Ireland	0.3
2.17	Cost of dealing with licenses	38	▨	234.1	United Arab Emirates	1.5
2.18	Cost of registering property	44	▨	7.6	Saudi Arabia	0.0
2.19	Cost to export	45	▨	1,325.0	China	390.0
2.20	Cost to import	47	▨	1,825.0	Singapore	367.0
2.21	Cost of enforcing contracts	15	■	16.5	China	8.8
2.22	Cost of closing a business	24	■	12.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis				Argentina	-8.5
3.01	Change in real effective exchange rate	1	■	–8.5	Russian Federation	15.4
3.02	External vulnerability indicator	45	▨	145.1	Kuwait	46.1
3.03	Current account balance to GDP	19	■	3.8	Multiple (2)	0.0
3.04	Dollarization vulnerability indicator	27	▨	17.0	Saudi Arabia	9.6
3.05A	External debt to GDP (developing economies)	24	■	51.0	Switzerland	121.3
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a		
	Risk of systemic banking crisis				Indonesia	16.0
3.06	Activity restrictions for banks	8	■	11.0	Multiple (24)	8.0
3.07	Entry restrictions for banks	25	■	7.0	Multiple (3)	9.0
3.08	Capital restrictions for banks	18	■	5.0	Multiple (3)	14.0
3.09	Official supervisory power	20	■	11.0	South Africa	9.0
3.10	Private monitoring of the banking industry	10	■	7.0	Multiple (11)	0.0
3.11	Frequency of banking crises	52	▨	4.0	India	7.2
3.12	Stability Index	28	▨	4.7	Russian Federation	-68.4
3.13	Cumulative real estate appreciation	n/a		n/a		
	Risk of sovereign debt crisis				Multiple (15)	20.0
3.14	Local currency sovereign rating	52	▨	6.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	52	▨	6.0		
	4th pillar: Banks					
	Size index				Hong Kong SAR	10.8
4.01	Size index	51	▨	3.6		
	Efficiency index				United Arab Emirates	6.8
4.02	Efficiency index	48	▨	3.9	Multiple (11)	0.0
4.03	Public ownership of banks	31	▨	41.9		
	Financial information disclosure				Belgium	57.2
4.04	Public credit registry coverage	6	■	25.5	Multiple (7)	100.0
4.05	Private credit bureau coverage	1	■	100.0	Multiple (14)	6.0
4.06	Credit Information Index	1	■	6.0		
	5th pillar: Non-banks					
	IPO activity				France	31.0
5.01	IPO market share	33	▨	0.3	Kazakhstan	4.4
5.02	IPO proceeds amount	26	▨	0.4	Japan	14.2
5.03	Share of world IPOs	34	▨	0.2		
	M&A activity				United States	44.4
5.04	M&A market share	36	▨	0.1	United Kingdom	14.6
5.05	M&A transaction value to GDP	37	▨	1.9	United States	33.2
5.06	Share of total number of M&A deals	33	▨	0.3		

Argentina

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

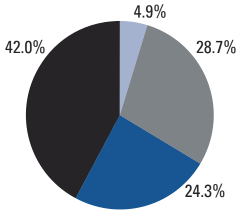
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	32	▨	5,631.5	United States	1,170,100.6
5.08	Insurance density	35	▨	143.9	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	7	■	15.6	India	52.6
5.10	Insurance penetration	36	▨	2.6	United Kingdom	16.5
5.11	Relative value-added of insurance	19	■	1.3	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	26	▨	1.9	United States	22.9
5.13	Share of total number of securitization deals	7	■	1.8	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	37	▨	0.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	40	▨	0.0	United Kingdom	29.9
6.03	Foreign exchange swap turnover	n/a		n/a	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	36	▨	30.2	Pakistan	374.3
7.05	Stock market capitalization to GDP	44	▨	29.7	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	26	▨	8.4	United States	114.0
6.11	Public-sector bonds to GDP	29	▨	3.6	France	7.0
6.12	International bonds to GDP	14	■	41.6	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	35	▨	28.7	Hong Kong SAR	252.3
7.02	Private debt to GDP	33	▨	10.5	Netherlands	216.2
7.03	Public debt to GDP	3	■	6.9	Austria	7.0
7.04	Bank deposits to GDP	47	▨	20.7	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	44	▨	29.7	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	30	▨	3.3	Panama	9.2
7.07	Private credit to GDP	47	▨	11.4	United States	193.7
7.08	Stock market value traded to GDP	46	▨	2.1	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	44	▨	3.9	Switzerland	6.7
7.10	Venture capital availability	47	▨	2.8	United States	5.3
7.11	Ease of access to credit	45	▨	4.4	Slovak Republic	5.9
7.12	Ease of access to local equity market	51	▨	3.8	Sweden	6.2
7.13	Bank branches	25	■	10.0	Spain	95.9
7.14	Ease of access to loans	52	▨	2.3	Norway	5.5

Australia

Key indicators

Population (millions), 2007	21.0
GDP (US$ billions), 2007	908.8
GDP (current prices, US$) per capita, 2007	43,312.3
GDP (PPP) as share (%) of world total, 2007	1.18
Average annual rate of real GDP growth (%), 2003–07	3.27

Financial assets by major type, 2006



Total/GDP: 345.0%

	US$ bn
▨ Public debt securities	128.4
▨ Private debt securities	749.0
▨ Banking deposits	634.9
■ Equity securities	1,095.9
Total	**2,608.1**

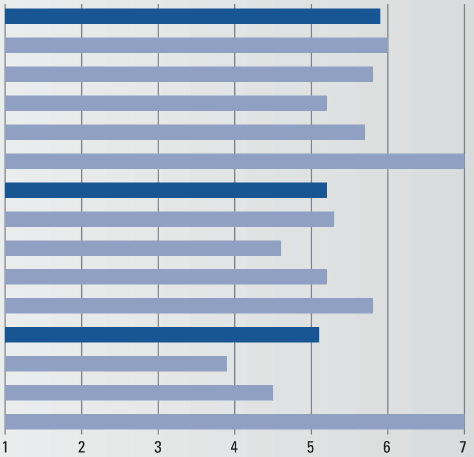
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**11**	**5.0**

Factors, policies, and institutions

INPUTS

	Rank	Score
1st pillar: Institutional environment	**13**	**5.9**
Capital account liberalization	24	6.0
Corporate governance	4	5.8
Legal and regulatory issues	10	5.2
Contract enforcement	6	5.7
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**14**	**5.2**
Human capital	13	5.3
Taxes	17	4.6
Infrastructure	17	5.2
Cost of doing business	17	5.8
3rd pillar: Financial stability	**21**	**5.1**
Risk of a currency crisis	37	3.9
Risk of systemic banking crisis	29	4.5
Risk of sovereign debt crisis	1	7.0

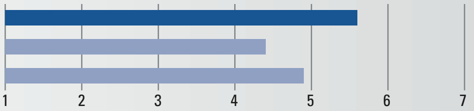


Financial intermediation

	Rank	Score
4th pillar: Banks	**21**	**4.1**
Size index	15	3.9
Efficiency index	35	4.0
Financial information disclosure	12	4.7
5th pillar: Non-banks	**6**	**4.3**
IPO activity	8	4.0
M&A activity	7	4.0
Insurance	13	4.1
Securitization	8	5.0
6th pillar: Financial markets	**8**	**4.6**
Foreign exchange markets	6	6.5
Derivatives markets	8	4.4
Equity markets	15	4.6
Bond markets	19	3.4

Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**14**	**5.6**
Size and depth	16	4.4
Access	10	4.9



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Australia

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	24	▨	1.2	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	18	▨	5.0	France	5.7
1.03	Efficacy of corporate boards	3	■	5.8	Sweden	6.1
1.04	Reliance on professional management	4	■	6.2	Sweden	6.4
1.05	Willingness to delegate	11	■	5.1	Sweden	6.3
1.06	Strength of auditing and accounting standards	4	■	6.2	Germany	6.3
1.07	Shareholder rights index	9	■	4.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	9	■	6.1	Finland	6.6
1.09	Protection of minority shareholders' interests	6	■	5.9	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	30	▨	3.0	Singapore	5.3
1.11	Centralization of economic policymaking	13	▨	4.1	Switzerland	5.9
1.12	Regulation of security exchanges	2	■	6.2	Sweden	6.3
1.13	Property rights	7	■	6.3	Germany	6.7
1.14	Intellectual property protection	9	■	5.9	Germany	6.5
1.15	Diversion of public funds	7	■	6.1	Finland	6.5
1.16	Public trust of politicians	9	■	4.7	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	2	■	5.5	Singapore	6.1
1.18	Judicial independence	4	■	6.4	Germany	6.5
1.19	Irregular payments in judicial decisions	6	■	6.6	Finland	6.8
1.20	Number of procedures to enforce a contract	8	■	28.0	Ireland	20.0
1.21	Time to enforce a contract	6	■	262.0	Singapore	120.0
1.22	Cost of enforcing contracts	22	▨	20.7	China	8.8
1.23	Strength of investor protection	22	▨	5.7	Singapore	9.3
1.24	Time to close a business	8	■	1.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	15	▨	5.4	France	6.0
2.02	Quality of math and science education	15	▨	5.1	Singapore	6.3
2.03	Extent of staff training	16	▨	5.0	Switzerland	5.9
2.04	Local availability of research and training services	15	▨	5.2	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	33	▨	4.3	Kuwait	5.8
2.06	Tertiary enrollment	7	■	72.7	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	6	■	6.6	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	15	▨	4.7	Singapore	5.7
2.09	Corporate tax rate	30	▨	30.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	18	▨	5.4	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	25	▨	6.2	Switzerland	6.9
2.12	Internet users	15	▨	52.0	Netherlands	85.7
2.13	Broadband Internet subscribers	15	▨	19.1	Netherlands	31.8
2.14	Telephone lines	11	■	48.8	Switzerland	66.9
2.15	Mobile telephone subscribers	21	▨	97.0	Italy	135.1

(Cont'd.)

Australia

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	4	■	0.8	Ireland	0.3
2.17	Cost of dealing with licenses	5	■	13.2	United Arab Emirates	1.5
2.18	Cost of registering property	33	□	4.9	Saudi Arabia	0.0
2.19	Cost to export	27	□	930.0	China	390.0
2.20	Cost to import	34	□	1,120.0	Singapore	367.0
2.21	Cost of enforcing contracts	22	□	20.7	China	8.8
2.22	Cost of closing a business	16	□	8.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	42	□	4.8	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	45	□	–5.4	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	13	□	–60.6	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	16	□	10.0	Indonesia	16.0
3.07	Entry restrictions for banks	25	□	7.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	5	■	13.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	2	■	8.0	South Africa	9.0
3.11	Frequency of banking crises	12	□	1.0	Multiple (11)	0.0
3.12	Stability Index	20	□	5.2	India	7.2
3.13	Cumulative real estate appreciation	24	□	37.3	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	15	□	7.1	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	39	□	4.5	United Arab Emirates	6.8
4.03	Public ownership of banks	1	■	0.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	□	0.0	Belgium	57.2
4.05	Private credit bureau coverage	1	■	100.0	Multiple (7)	100.0
4.06	Credit Information Index	15	□	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	12	□	2.2	France	31.0
5.02	IPO proceeds amount	16	□	0.8	Kazakhstan	4.4
5.03	Share of world IPOs	5	■	8.0	Japan	14.2
	M&A activity					
5.04	M&A market share	9	■	2.0	United States	44.4
5.05	M&A transaction value to GDP	8	■	7.8	United Kingdom	14.6
5.06	Share of total number of M&A deals	4	■	5.2	United States	33.2

Australia

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

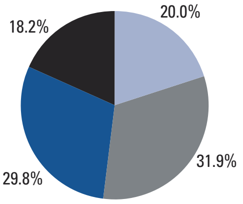
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	12	□	52,561.1	United States	1,170,100.6
5.08	Insurance density	14	□	2,580.8	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	30	□	2.1	India	52.6
5.10	Insurance penetration	15	□	7.0	United Kingdom	16.5
5.11	Relative value-added of insurance	8	■	2.4	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	7	■	8.2	United States	22.9
5.13	Share of total number of securitization deals	15	□	1.1	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	6	■	3.5	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	8	■	3.5	United Kingdom	29.9
6.03	Foreign exchange swap turnover	7	■	5.2	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	9	■	1.1	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	10	■	1.2	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	11	■	0.5	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	3	■	5.7	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	8	■	1.9	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	22	□	77.3	Pakistan	374.3
7.05	Stock market capitalization to GDP	13	□	118.3	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	10	■	39.1	United States	114.0
6.11	Public-sector bonds to GDP	37	□	2.2	France	7.0
6.12	International bonds to GDP	15	□	39.3	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	12	□	75.7	Hong Kong SAR	252.3
7.02	Private debt to GDP	12	□	97.5	Netherlands	216.2
7.03	Public debt to GDP	45	□	2.2	Austria	7.0
7.04	Bank deposits to GDP	18	□	75.2	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	13	□	118.3	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	10	■	5.5	Panama	9.2
7.07	Private credit to GDP	14	□	107.5	United States	193.7
7.08	Stock market value traded to GDP	17	□	84.1	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	7	■	6.3	Switzerland	6.7
7.10	Venture capital availability	10	■	4.7	United States	5.3
7.11	Ease of access to credit	28	□	5.0	Slovak Republic	5.9
7.12	Ease of access to local equity market	6	■	5.9	Sweden	6.2
7.13	Bank branches	11	■	29.9	Spain	95.9
7.14	Ease of access to loans	9	■	4.9	Norway	5.5

Austria

Key indicators

Population (millions), 2007	8.3
GDP (US$ billions), 2007	373.9
GDP (current prices, US$) per capita, 2007	45,181.1
GDP (PPP) as share (%) of world total, 2007	0.49
Average annual rate of real GDP growth (%), 2003–07	2.46

Financial assets by major type, 2006



Total/GDP: 324.2%

	US$ bn
Public debt securities	210.3
Private debt securities	335.0
Banking deposits	313.2
Equity securities	191.3
Total	**1,049.8**

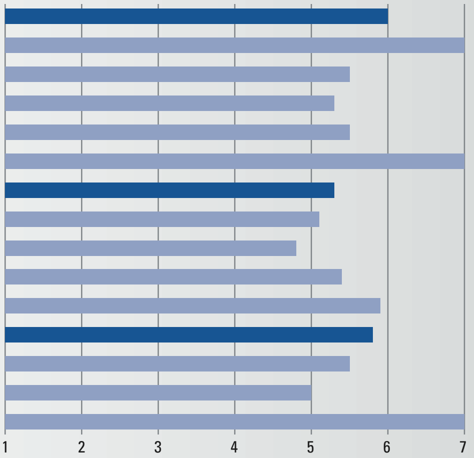
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**18**	**4.6**

Factors, policies, and institutions

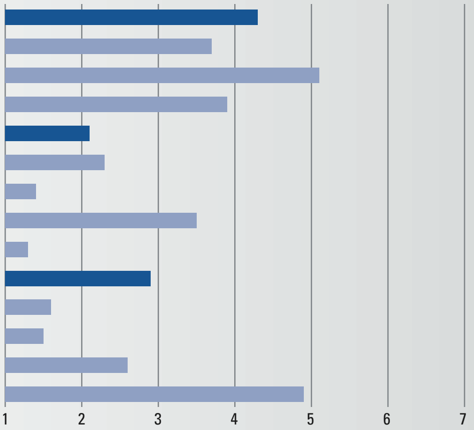
INPUTS

1st pillar: Institutional environment	**9**	**6.0**
Capital account liberalization	1	7.0
Corporate governance	15	5.5
Legal and regulatory issues	6	5.3
Contract enforcement	12	5.5
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**13**	**5.3**
Human capital	18	5.1
Taxes	12	4.8
Infrastructure	14	5.4
Cost of doing business	16	5.9
3rd pillar: Financial stability	**5**	**5.8**
Risk of a currency crisis	11	5.5
Risk of systemic banking crisis	15	5.0
Risk of sovereign debt crisis	1	7.0



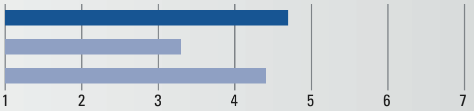
Financial intermediation

4th pillar: Banks	**18**	**4.3**
Size index	19	3.7
Efficiency index	21	5.1
Financial information disclosure	27	3.9
5th pillar: Non-banks	**30**	**2.1**
IPO activity	22	2.3
M&A activity	38	1.4
Insurance	19	3.5
Securitization	42	1.3
6th pillar: Financial markets	**24**	**2.9**
Foreign exchange markets	20	1.6
Derivatives markets	21	1.5
Equity markets	38	2.6
Bond markets	9	4.9



Capital availability and access

7th pillar: Size, depth, and access	**19**	**5.4**
Size and depth	21	4.2
Access	16	4.7



OUTPUTS

Note: For further details and explanation, please refer to “How Read the Country/Economy Profiles.”

Austria

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.3	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	17	■	5.0	France	5.7
1.03	Efficacy of corporate boards	7	■	5.6	Sweden	6.1
1.04	Reliance on professional management	12	■	5.9	Sweden	6.4
1.05	Willingness to delegate	5	■	5.5	Sweden	6.3
1.06	Strength of auditing and accounting standards	5	■	6.2	Germany	6.3
1.07	Shareholder rights index	25	▨	2.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	8	■	6.1	Finland	6.6
1.09	Protection of minority shareholders' interests	5	■	5.9	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	14	■	3.7	Singapore	5.3
1.11	Centralization of economic policymaking	9	■	4.5	Switzerland	5.9
1.12	Regulation of security exchanges	15	■	5.8	Sweden	6.3
1.13	Property rights	3	■	6.5	Germany	6.7
1.14	Intellectual property protection	10	■	5.9	Germany	6.5
1.15	Diversion of public funds	8	■	5.9	Finland	6.5
1.16	Public trust of politicians	10	■	4.7	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	16	■	4.5	Singapore	6.1
1.18	Judicial independence	8	■	6.1	Germany	6.5
1.19	Irregular payments in judicial decisions	5	■	6.6	Finland	6.8
1.20	Number of procedures to enforce a contract	5	■	26.0	Ireland	20.0
1.21	Time to enforce a contract	16	■	397.0	Singapore	120.0
1.22	Cost of enforcing contracts	8	■	12.7	China	8.8
1.23	Strength of investor protection	46	▨	4.0	Singapore	9.3
1.24	Time to close a business	11	■	1.1	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	21	▨	5.2	France	6.0
2.02	Quality of math and science education	16	■	5.1	Singapore	6.3
2.03	Extent of staff training	5	■	5.6	Switzerland	5.9
2.04	Local availability of research and training services	14	■	5.3	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	28	▨	4.4	Kuwait	5.8
2.06	Tertiary enrollment	25	▨	49.9	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	5	■	6.6	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	19	▨	4.6	Singapore	5.7
2.09	Corporate tax rate	17	■	25.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	6	■	6.3	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	9	■	6.8	Switzerland	6.9
2.12	Internet users	16	■	51.3	Netherlands	85.7
2.13	Broadband Internet subscribers	18	■	17.7	Netherlands	31.8
2.14	Telephone lines	18	■	43.4	Switzerland	66.9
2.15	Mobile telephone subscribers	8	■	112.8	Italy	135.1

(Cont'd.)

Austria

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	***2nd pillar: Business environment** (cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	18	■	5.4	Ireland	0.3
2.17	Cost of dealing with licenses	22	□	73.7	United Arab Emirates	1.5
2.18	Cost of registering property	31	□	4.5	Saudi Arabia	0.0
2.19	Cost to export	24	□	843.0	China	390.0
2.20	Cost to import	20	□	843.0	Singapore	367.0
2.21	Cost of enforcing contracts	8	■	12.7	China	8.8
2.22	Cost of closing a business	33	□	18.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	21	□	0.4	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	21	□	3.7	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	29	□	7.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	18	■	5.0	Multiple (3)	9.0
3.09	Official supervisory power	22	□	10.5	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	1	■	0.0	Multiple (11)	0.0
3.12	Stability Index	23	□	5.1	India	7.2
3.13	Cumulative real estate appreciation	16	■	15.0	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	19	□	6.9	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	23	□	5.2	United Arab Emirates	6.8
4.03	Public ownership of banks	12	■	0.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	18	■	1.3	Belgium	57.2
4.05	Private credit bureau coverage	24	□	40.6	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	20	□	1.1	France	31.0
5.02	IPO proceeds amount	12	■	0.9	Kazakhstan	4.4
5.03	Share of world IPOs	24	□	0.6	Japan	14.2
	M&A activity					
5.04	M&A market share	31	□	0.2	United States	44.4
5.05	M&A transaction value to GDP	40	□	1.7	United Kingdom	14.6
5.06	Share of total number of M&A deals	26	□	0.5	United States	33.2

Austria

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

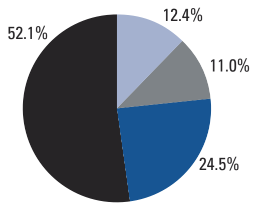
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	22	▨	19,567.6	United States	1,170,100.6
5.08	Insurance density	16	■	2,396.7	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	35	▨	0.4	India	52.6
5.10	Insurance penetration	19	▨	6.1	United Kingdom	16.5
5.11	Relative value-added of insurance	13	■	1.9	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	44	▨	0.6	United States	22.9
5.13	Share of total number of securitization deals	36	▨	0.1	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	19	▨	0.4	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	18	■	0.5	United Kingdom	29.9
6.03	Foreign exchange swap turnover	19	▨	0.5	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	19	▨	0.2	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	17	■	0.3	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	19	▨	0.1	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	17	■	0.5	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	15	■	0.3	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	30	▨	43.0	Pakistan	374.3
7.05	Stock market capitalization to GDP	33	▨	48.3	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	9	■	39.9	United States	114.0
6.11	Public-sector bonds to GDP	23	▨	4.4	France	7.0
6.12	International bonds to GDP	6	■	68.8	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	n/a		n/a	Hong Kong SAR	252.3
7.02	Private debt to GDP	8	■	103.9	Netherlands	216.2
7.03	Public debt to GDP	1	■	7.0	Austria	7.0
7.04	Bank deposits to GDP	15	■	90.2	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	33	▨	48.3	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	22	▨	4.0	Panama	9.2
7.07	Private credit to GDP	11	■	110.7	United States	193.7
7.08	Stock market value traded to GDP	38	▨	15.0	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	18	■	5.8	Switzerland	6.7
7.10	Venture capital availability	20	▨	4.2	United States	5.3
7.11	Ease of access to credit	44	▨	4.4	Slovak Republic	5.9
7.12	Ease of access to local equity market	25	▨	5.5	Sweden	6.2
7.13	Bank branches	2	■	53.9	Spain	95.9
7.14	Ease of access to loans	24	▨	4.3	Norway	5.5

Bahrain

Key indicators

Population (millions), 2007	0.8
GDP (US$ billions), 2007	19.7
GDP (current prices, US$) per capita, 2007	25,730.5
GDP (PPP) as share (%) of world total, 2007	0.04
Average annual rate of real GDP growth (%), 2003–07	6.78

Financial assets by major type, 2006



Total/GDP: 256.3%

	US$ bn
▨ Public debt securities	5.0
▨ Private debt securities	4.4
■ Banking deposits	9.9
■ Equity securities	21.1
Total	**40.6**

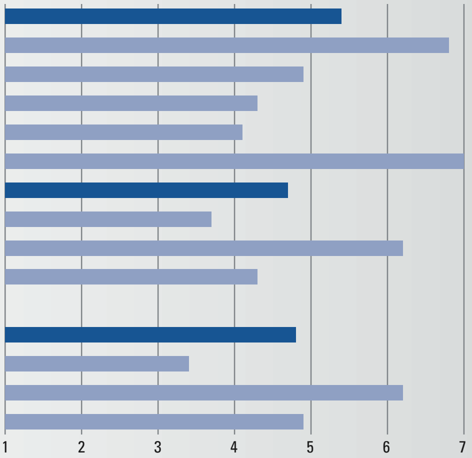
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**28**	**3.9**

Factors, policies, and institutions

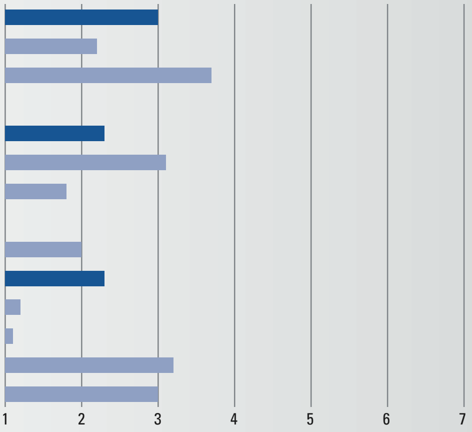
INPUTS

1st pillar: Institutional environment	**20**	**5.4**
Capital account liberalization	20	6.8
Corporate governance	25	4.9
Legal and regulatory issues	24	4.3
Contract enforcement	30	4.1
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**26**	**4.7**
Human capital	43	3.7
Taxes	2	6.2
Infrastructure	25	4.3
Cost of doing business	n/a	n/a
3rd pillar: Financial stability	**25**	**4.8**
Risk of a currency crisis	46	3.4
Risk of systemic banking crisis	2	6.2
Risk of sovereign debt crisis	25	4.9



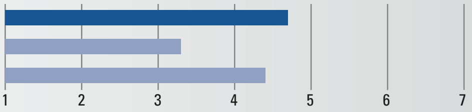
Financial intermediation

4th pillar: Banks	**43**	**3.0**
Size index	34	2.2
Efficiency index	40	3.7
Financial information disclosure	n/a	n/a
5th pillar: Non-banks	**25**	**2.3**
IPO activity	11	3.1
M&A activity	26	1.8
Insurance	n/a	n/a
Securitization	26	2.0
6th pillar: Financial markets	**32**	**2.3**
Foreign exchange markets	33	1.2
Derivatives markets	31	1.1
Equity markets	30	3.2
Bond markets	25	3.0



Capital availability and access

7th pillar: Size, depth, and access	**30**	**4.7**
Size and depth	32	3.3
Access	23	4.4



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Bahrain

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	20	■	2.3	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	37	▨	4.3	France	5.7
1.03	Efficacy of corporate boards	30	▨	4.9	Sweden	6.1
1.04	Reliance on professional management	32	▨	4.9	Sweden	6.4
1.05	Willingness to delegate	39	▨	3.8	Sweden	6.3
1.06	Strength of auditing and accounting standards	17	■	6.0	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	25	■	4.7	Finland	6.6
1.09	Protection of minority shareholders' interests	18	■	5.4	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	9	■	4.0	Singapore	5.3
1.11	Centralization of economic policymaking	43	▨	2.6	Switzerland	5.9
1.12	Regulation of security exchanges	18	■	5.7	Sweden	6.3
1.13	Property rights	23	■	5.5	Germany	6.7
1.14	Intellectual property protection	24	■	4.7	Germany	6.5
1.15	Diversion of public funds	24	■	4.4	Finland	6.5
1.16	Public trust of politicians	24	■	3.2	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	39	▨	3.1	Singapore	6.1
1.18	Judicial independence	32	▨	4.1	Germany	6.5
1.19	Irregular payments in judicial decisions	24	■	5.2	Finland	6.8
1.20	Number of procedures to enforce a contract	n/a		n/a	Ireland	20.0
1.21	Time to enforce a contract	n/a		n/a	Singapore	120.0
1.22	Cost of enforcing contracts	n/a		n/a	China	8.8
1.23	Strength of investor protection	n/a		n/a	Singapore	9.3
1.24	Time to close a business	n/a		n/a	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	47	▨	3.7	France	6.0
2.02	Quality of math and science education	39	▨	3.8	Singapore	6.3
2.03	Extent of staff training	35	▨	3.8	Switzerland	5.9
2.04	Local availability of research and training services	50	▨	3.4	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	20	■	4.6	Kuwait	5.8
2.06	Tertiary enrollment	37	▨	32.1	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	10	■	6.4	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	5	■	5.3	Singapore	5.7
2.09	Corporate tax rate	1	■	0.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	24	■	4.9	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	26	▨	6.2	Switzerland	6.9
2.12	Internet users	28	▨	28.4	Netherlands	85.7
2.13	Broadband Internet subscribers	27	▨	5.2	Netherlands	31.8
2.14	Telephone lines	30	▨	26.3	Switzerland	66.9
2.15	Mobile telephone subscribers	3	■	122.9	Italy	135.1

(Cont'd.)

Bahrain

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	n/a		n/a	Ireland	0.3
2.17	Cost of dealing with licenses	n/a		n/a	United Arab Emirates	1.5
2.18	Cost of registering property	n/a		n/a	Saudi Arabia	0.0
2.19	Cost to export	n/a		n/a	China	390.0
2.20	Cost to import	n/a		n/a	Singapore	367.0
2.21	Cost of enforcing contracts	n/a		n/a	China	8.8
2.22	Cost of closing a business	n/a		n/a	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	4	■	–4.2	Argentina	-8.5
3.02	External vulnerability indicator	48	▨	263.3	Russian Federation	15.4
3.03	Current account balance to GDP	9	■	12.8	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	31	▨	74.5	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	16	■	10.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	4	■	8.0	Multiple (3)	9.0
3.09	Official supervisory power	13	■	12.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	2	■	8.0	South Africa	9.0
3.11	Frequency of banking crises	1	■	0.0	Multiple (11)	0.0
3.12	Stability Index	n/a		n/a	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	29	▨	15.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	24	■	15.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	34	▨	5.1	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	42	▨	4.3	United Arab Emirates	6.8
4.03	Public ownership of banks	14	■	1.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	n/a		n/a	Belgium	57.2
4.05	Private credit bureau coverage	n/a		n/a	Multiple (7)	100.0
4.06	Credit Information Index	n/a		n/a	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	36	▨	0.2	France	31.0
5.02	IPO proceeds amount	4	■	2.8	Kazakhstan	4.4
5.03	Share of world IPOs	39	▨	0.1	Japan	14.2
	M&A activity					
5.04	M&A market share	47	▨	0.0	United States	44.4
5.05	M&A transaction value to GDP	16	■	5.8	United Kingdom	14.6
5.06	Share of total number of M&A deals	50	▨	0.0	United States	33.2

Bahrain

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

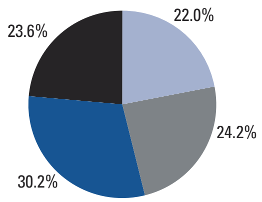
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	n/a		n/a	United States	1,170,100.6
5.08	Insurance density	n/a		n/a	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	n/a		n/a	India	52.6
5.10	Insurance penetration	n/a		n/a	United Kingdom	16.5
5.11	Relative value-added of insurance	n/a		n/a	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	17	■	3.3	United States	22.9
5.13	Share of total number of securitization deals	44	□	0.0	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	33	□	0.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	25	■	0.2	United Kingdom	29.9
6.03	Foreign exchange swap turnover	36	□	0.0	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	28	□	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	26	□	0.1	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	23	■	0.1	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	46	□	4.6	Pakistan	374.3
7.05	Stock market capitalization to GDP	12	■	120.2	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	n/a		n/a	France	7.0
6.12	International bonds to GDP	18	■	29.9	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	18	■	65.7	Hong Kong SAR	252.3
7.02	Private debt to GDP	22	■	29.6	Netherlands	216.2
7.03	Public debt to GDP	37	□	3.8	Austria	7.0
7.04	Bank deposits to GDP	20	■	73.8	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	12	■	120.2	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	n/a		n/a	Panama	9.2
7.07	Private credit to GDP	n/a		n/a	United States	193.7
7.08	Stock market value traded to GDP	43	□	5.5	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	19	■	5.8	Switzerland	6.7
7.10	Venture capital availability	28	□	3.8	United States	5.3
7.11	Ease of access to credit	24	■	5.1	Slovak Republic	5.9
7.12	Ease of access to local equity market	13	■	5.7	Sweden	6.2
7.13	Bank branches	20	■	13.5	Spain	95.9
7.14	Ease of access to loans	23	■	4.3	Norway	5.5

Belgium

Key indicators

Population (millions), 2007	10.7
GDP (US$ billions), 2007	453.6
GDP (current prices, US$) per capita, 2007	42,556.9
GDP (PPP) as share (%) of world total, 2007	0.58
Average annual rate of real GDP growth (%), 2003–07	2.27

Financial assets by major type, 2006



	US$ bn
▨ Public debt securities	368.6
▨ Private debt securities	406.4
■ Banking deposits	507.8
■ Equity securities	396.2
Total	**1,679.0**

Total/GDP: 421.7%

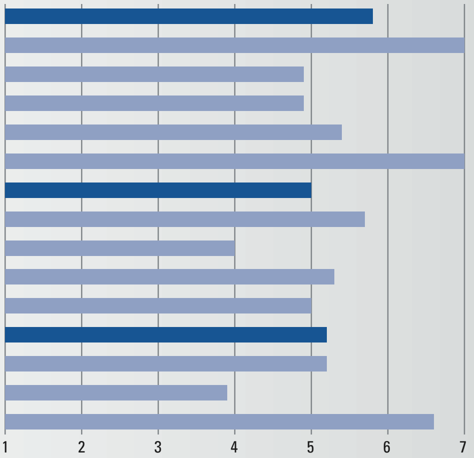
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**17**	**4.6**

INPUTS

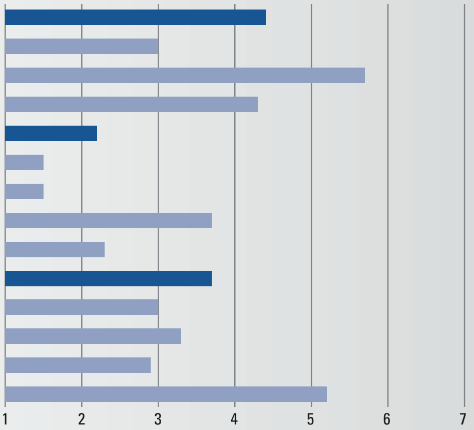
Factors, policies, and institutions

	Rank	Score
1st pillar: Institutional environment	**15**	**5.8**
Capital account liberalization	1	7.0
Corporate governance	24	4.9
Legal and regulatory issues	15	4.9
Contract enforcement	13	5.4
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**20**	**5.0**
Human capital	3	5.7
Taxes	30	4.0
Infrastructure	16	5.3
Cost of doing business	40	5.0
3rd pillar: Financial stability	**16**	**5.2**
Risk of a currency crisis	15	5.2
Risk of systemic banking crisis	43	3.9
Risk of sovereign debt crisis	16	6.6



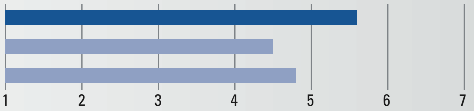
Financial intermediation

	Rank	Score
4th pillar: Banks	**17**	**4.4**
Size index	26	3.0
Efficiency index	11	5.7
Financial information disclosure	16	4.3
5th pillar: Non-banks	**26**	**2.2**
IPO activity	32	1.5
M&A activity	35	1.5
Insurance	18	3.7
Securitization	22	2.3
6th pillar: Financial markets	**16**	**3.7**
Foreign exchange markets	10	3.0
Derivatives markets	10	3.3
Equity markets	36	2.9
Bond markets	5	5.2



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**16**	**5.6**
Size and depth	14	4.5
Access	15	4.8



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Belgium

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.3	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	21	▨	4.9	France	5.7
1.03	Efficacy of corporate boards	15	■	5.4	Sweden	6.1
1.04	Reliance on professional management	18	▨	5.6	Sweden	6.4
1.05	Willingness to delegate	10	■	5.3	Sweden	6.3
1.06	Strength of auditing and accounting standards	16	■	6.0	Germany	6.3
1.07	Shareholder rights index	37	▨	0.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	17	■	5.4	Finland	6.6
1.09	Protection of minority shareholders' interests	13	■	5.6	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	36	▨	2.8	Singapore	5.3
1.11	Centralization of economic policymaking	4	■	5.1	Switzerland	5.9
1.12	Regulation of security exchanges	12	■	5.8	Sweden	6.3
1.13	Property rights	16	■	6.0	Germany	6.7
1.14	Intellectual property protection	11	■	5.7	Germany	6.5
1.15	Diversion of public funds	14	■	5.3	Finland	6.5
1.16	Public trust of politicians	18	▨	3.6	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	32	▨	3.6	Singapore	6.1
1.18	Judicial independence	17	■	5.4	Germany	6.5
1.19	Irregular payments in judicial decisions	16	■	6.0	Finland	6.8
1.20	Number of procedures to enforce a contract	6	■	27.0	Ireland	20.0
1.21	Time to enforce a contract	26	▨	505.0	Singapore	120.0
1.22	Cost of enforcing contracts	17	■	16.6	China	8.8
1.23	Strength of investor protection	10	■	7.0	Singapore	9.3
1.24	Time to close a business	5	■	0.9	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	2	■	6.0	France	6.0
2.02	Quality of math and science education	2	■	6.3	Singapore	6.3
2.03	Extent of staff training	11	■	5.4	Switzerland	5.9
2.04	Local availability of research and training services	8	■	5.7	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	24	▨	4.5	Kuwait	5.8
2.06	Tertiary enrollment	14	■	62.8	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	21	▨	5.9	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	30	▨	4.1	Singapore	5.7
2.09	Corporate tax rate	39	▨	33.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	12	■	5.9	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	14	■	6.6	Switzerland	6.9
2.12	Internet users	18	▨	46.9	Netherlands	85.7
2.13	Broadband Internet subscribers	9	■	22.6	Netherlands	31.8
2.14	Telephone lines	15	■	45.3	Switzerland	66.9
2.15	Mobile telephone subscribers	23	▨	92.6	Italy	135.1

(Cont'd.)

Belgium

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	17	■	5.3	Ireland	0.3
2.17	Cost of dealing with licenses	19	▨	63.7	United Arab Emirates	1.5
2.18	Cost of registering property	50	▨	12.7	Saudi Arabia	0.0
2.19	Cost to export	48	▨	1,600.0	China	390.0
2.20	Cost to import	46	▨	1,600.0	Singapore	367.0
2.21	Cost of enforcing contracts	17	■	16.6	China	8.8
2.22	Cost of closing a business	5	■	4.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	30	▨	2.5	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	25	▨	2.3	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	29	▨	7.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	28	▨	3.0	Multiple (3)	9.0
3.09	Official supervisory power	11	■	12.5	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	23	▨	6.0	South Africa	9.0
3.11	Frequency of banking crises	1	■	0.0	Multiple (11)	0.0
3.12	Stability Index	41	▨	4.2	India	7.2
3.13	Cumulative real estate appreciation	27	▨	42.9	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	16	■	19.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	16	■	19.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	26	▨	6.1	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	12	■	5.6	United Arab Emirates	6.8
4.03	Public ownership of banks	1	■	0.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	1	■	57.2	Belgium	57.2
4.05	Private credit bureau coverage	42	▨	0.0	Multiple (7)	100.0
4.06	Credit Information Index	31	▨	4.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	28	▨	0.4	France	31.0
5.02	IPO proceeds amount	33	▨	0.3	Kazakhstan	4.4
5.03	Share of world IPOs	21	▨	0.8	Japan	14.2
	M&A activity					
5.04	M&A market share	27	▨	0.2	United States	44.4
5.05	M&A transaction value to GDP	39	▨	1.8	United Kingdom	14.6
5.06	Share of total number of M&A deals	23	▨	0.8	United States	33.2

Belgium

Financial Development Index in detail *(cont'd.)*

🟦 Development **Advantage** ⬜ Development **Disadvantage**

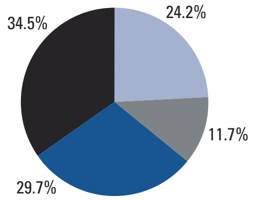
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	17	🟦	37,888.6	United States	1,170,100.6
5.08	Insurance density	9	🟦	3,442.5	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	44	⬜	–14.9	India	52.6
5.10	Insurance penetration	10	🟦	9.2	United Kingdom	16.5
5.11	Relative value-added of insurance	17	🟦	1.5	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	13	🟦	3.6	United States	22.9
5.13	Share of total number of securitization deals	25	⬜	0.2	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	12	🟦	1.2	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	10	🟦	1.8	United Kingdom	29.9
6.03	Foreign exchange swap turnover	12	🟦	1.2	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	13	🟦	0.5	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	12	🟦	1.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	5	🟦	1.5	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	14	🟦	1.0	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	14	🟦	0.6	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	39	⬜	20.4	Pakistan	374.3
7.05	Stock market capitalization to GDP	22	⬜	85.5	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	11	🟦	35.2	United States	114.0
6.11	Public-sector bonds to GDP	16	🟦	5.1	France	7.0
6.12	International bonds to GDP	3	🟦	82.0	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	n/a		n/a	Hong Kong SAR	252.3
7.02	Private debt to GDP	9	🟦	103.7	Netherlands	216.2
7.03	Public debt to GDP	14	🟦	5.7	Austria	7.0
7.04	Bank deposits to GDP	7	🟦	118.8	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	22	⬜	85.5	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	19	⬜	4.3	Panama	9.2
7.07	Private credit to GDP	23	⬜	77.5	United States	193.7
7.08	Stock market value traded to GDP	32	⬜	30.7	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	16	🟦	5.9	Switzerland	6.7
7.10	Venture capital availability	18	⬜	4.2	United States	5.3
7.11	Ease of access to credit	42	⬜	4.6	Slovak Republic	5.9
7.12	Ease of access to local equity market	31	⬜	5.3	Sweden	6.2
7.13	Bank branches	3	🟦	53.2	Spain	95.9
7.14	Ease of access to loans	20	⬜	4.3	Norway	5.5

Brazil

Key indicators

Population (millions), 2007	189.3
GDP (US$ billions), 2007	1,313.6
GDP (current prices, US$) per capita, 2007	6,937.9
GDP (PPP) as share (%) of world total, 2007	2.81
Average annual rate of real GDP growth (%), 2003–07	3.84

Financial assets by major type, 2006



Total/GDP: 192.5%

	US$ bn
■ Public debt securities	499.2
■ Private debt securities	241.0
■ Banking deposits	612.9
■ Equity securities	711.1
Total	**2,064.1**

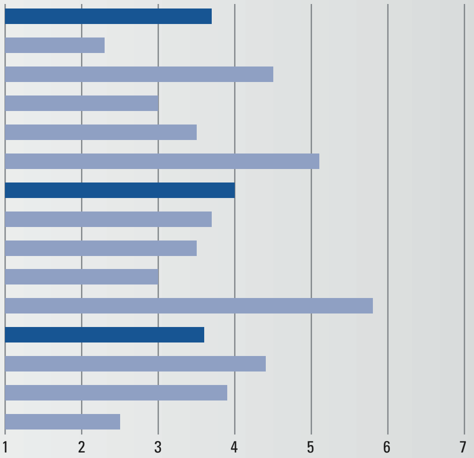
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**40**	**3.3**

INPUTS

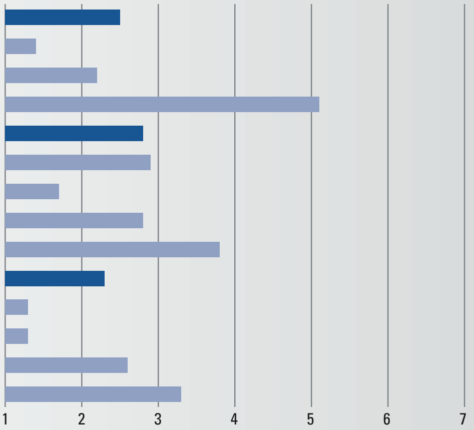
Factors, policies, and institutions

	Rank (out of 52)	Score (1–7 scale)
1st pillar: Institutional environment	**40**	**3.7**
Capital account liberalization	39	2.3
Corporate governance	32	4.5
Legal and regulatory issues	48	3.0
Contract enforcement	45	3.5
Domestic financial sector liberalization	34	5.1
2nd pillar: Business environment	**37**	**4.0**
Human capital	41	3.7
Taxes	42	3.5
Infrastructure	38	3.0
Cost of doing business	21	5.8
3rd pillar: Financial stability	**44**	**3.6**
Risk of a currency crisis	27	4.4
Risk of systemic banking crisis	44	3.9
Risk of sovereign debt crisis	41	2.5



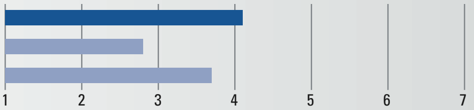
Financial intermediation

	Rank (out of 52)	Score (1–7 scale)
4th pillar: Banks	**52**	**2.5**
Size index	50	1.4
Efficiency index	51	2.2
Financial information disclosure	6	5.1
5th pillar: Non-banks	**21**	**2.8**
IPO activity	14	2.9
M&A activity	29	1.7
Insurance	25	2.8
Securitization	17	3.8
6th pillar: Financial markets	**34**	**2.3**
Foreign exchange markets	27	1.3
Derivatives markets	27	1.3
Equity markets	37	2.6
Bond markets	21	3.3



Capital availability and access

	Rank (out of 52)	Score (1–7 scale)
7th pillar: Size, depth, and access	**37**	**4.1**
Size and depth	37	2.8
Access	37	3.7



OUTPUTS

Note: For further details and explanation, please refer to “How Read the Country/Economy Profiles.”

Brazil

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	39	□	0.2	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	36	□	4.4	France	5.7
1.03	Efficacy of corporate boards	40	□	4.6	Sweden	6.1
1.04	Reliance on professional management	29	□	5.0	Sweden	6.4
1.05	Willingness to delegate	29	□	4.2	Sweden	6.3
1.06	Strength of auditing and accounting standards	36	□	4.8	Germany	6.3
1.07	Shareholder rights index	17	■	3.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	45	□	3.8	Finland	6.6
1.09	Protection of minority shareholders' interests	28	□	4.8	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	51	□	1.9	Singapore	5.3
1.11	Centralization of economic policymaking	40	□	2.7	Switzerland	5.9
1.12	Regulation of security exchanges	30	□	5.1	Sweden	6.3
1.13	Property rights	38	□	4.5	Germany	6.7
1.14	Intellectual property protection	42	□	3.3	Germany	6.5
1.15	Diversion of public funds	51	□	2.2	Finland	6.5
1.16	Public trust of politicians	51	□	1.4	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	49	□	2.2	Singapore	6.1
1.18	Judicial independence	44	□	3.1	Germany	6.5
1.19	Irregular payments in judicial decisions	36	□	4.2	Finland	6.8
1.20	Number of procedures to enforce a contract	47	□	45.0	Ireland	20.0
1.21	Time to enforce a contract	40	□	616.0	Singapore	120.0
1.22	Cost of enforcing contracts	15	■	16.5	China	8.8
1.23	Strength of investor protection	30	□	5.3	Singapore	9.3
1.24	Time to close a business	39	□	4.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	34	□	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	38	□	4.1	France	6.0
2.02	Quality of math and science education	50	□	2.8	Singapore	6.3
2.03	Extent of staff training	30	□	4.2	Switzerland	5.9
2.04	Local availability of research and training services	25	■	4.7	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	29	□	4.3	Kuwait	5.8
2.06	Tertiary enrollment	43	□	25.5	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	42	□	4.4	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	29	□	4.2	Singapore	5.7
2.09	Corporate tax rate	44	□	34.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	47	□	2.7	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	32	□	6.0	Switzerland	6.9
2.12	Internet users	32	□	22.6	Netherlands	85.7
2.13	Broadband Internet subscribers	33	□	3.1	Netherlands	31.8
2.14	Telephone lines	34	□	20.5	Switzerland	66.9
2.15	Mobile telephone subscribers	41	□	52.9	Italy	135.1

(Cont'd.)

Brazil

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	29	□	10.4	Ireland	0.3
2.17	Cost of dealing with licenses	17	■	59.4	United Arab Emirates	1.5
2.18	Cost of registering property	20	■	2.8	Saudi Arabia	0.0
2.19	Cost to export	40	□	1,090.0	China	390.0
2.20	Cost to import	39	□	1,240.0	Singapore	367.0
2.21	Cost of enforcing contracts	15	■	16.5	China	8.8
2.22	Cost of closing a business	24	■	12.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	47	□	9.0	Argentina	-8.5
3.02	External vulnerability indicator	36	□	69.2	Russian Federation	15.4
3.03	Current account balance to GDP	29	□	1.3	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	0.0	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	5	■	18.0	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	22	■	9.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	18	■	5.0	Multiple (3)	9.0
3.09	Official supervisory power	1	■	14.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	10	■	7.0	South Africa	9.0
3.11	Frequency of banking crises	38	□	2.0	Multiple (11)	0.0
3.12	Stability Index	45	□	3.7	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	43	□	9.9	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	42	□	8.9	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	50	□	4.1	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	51	□	3.7	United Arab Emirates	6.8
4.03	Public ownership of banks	32	□	45.2	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	10	■	17.1	Belgium	57.2
4.05	Private credit bureau coverage	21	■	46.4	Multiple (7)	100.0
4.06	Credit Information Index	15	■	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	8	■	2.8	France	31.0
5.02	IPO proceeds amount	18	■	0.7	Kazakhstan	4.4
5.03	Share of world IPOs	13	■	2.0	Japan	14.2
	M&A activity					
5.04	M&A market share	18	■	0.7	United States	44.4
5.05	M&A transaction value to GDP	36	□	2.0	United Kingdom	14.6
5.06	Share of total number of M&A deals	21	■	0.8	United States	33.2

Brazil

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

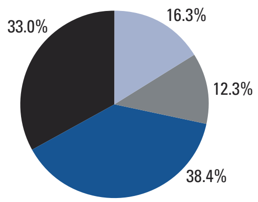
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	18	■	30,389.7	United States	1,170,100.6
5.08	Insurance density	32	▨	160.9	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	17	■	8.9	India	52.6
5.10	Insurance penetration	31	▨	2.8	United Kingdom	16.5
5.11	Relative value-added of insurance	10	■	2.0	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	20	■	2.2	United States	22.9
5.13	Share of total number of securitization deals	10	■	1.4	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	20	■	0.4	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	34	▨	0.1	United Kingdom	29.9
6.03	Foreign exchange swap turnover	40	▨	0.0	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	29	▨	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	30	▨	0.0	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	15	■	0.7	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	33	▨	0.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	34	▨	38.1	Pakistan	374.3
7.05	Stock market capitalization to GDP	29	▨	53.3	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	24	■	12.0	United States	114.0
6.11	Public-sector bonds to GDP	7	■	5.9	France	7.0
6.12	International bonds to GDP	27	▨	13.7	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	36	▨	26.8	Hong Kong SAR	252.3
7.02	Private debt to GDP	24	■	22.6	Netherlands	216.2
7.03	Public debt to GDP	19	■	5.3	Austria	7.0
7.04	Bank deposits to GDP	29	▨	51.7	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	29	▨	53.3	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	17	■	4.4	Panama	9.2
7.07	Private credit to GDP	36	▨	32.9	United States	193.7
7.08	Stock market value traded to GDP	34	▨	23.8	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	24	■	5.4	Switzerland	6.7
7.10	Venture capital availability	52	▨	2.5	United States	5.3
7.11	Ease of access to credit	39	▨	4.7	Slovak Republic	5.9
7.12	Ease of access to local equity market	37	▨	4.8	Sweden	6.2
7.13	Bank branches	19	■	14.6	Spain	95.9
7.14	Ease of access to loans	48	▨	2.8	Norway	5.5

Canada

Key indicators

Population (millions), 2007	32.9
GDP (US$ billions), 2007	1,432.1
GDP (current prices, US$) per capita, 2007	43,484.9
GDP (PPP) as share (%) of world total, 2007	1.96
Average annual rate of real GDP growth (%), 2003–07	2.69

Financial assets by major type, 2006



Total/GDP: 404.2%

	US$ bn
▨ Public debt securities	840.6
▨ Private debt securities	633.8
■ Banking deposits	1,979.7
■ Equity securities	1,700.7
Total	**5,154.9**

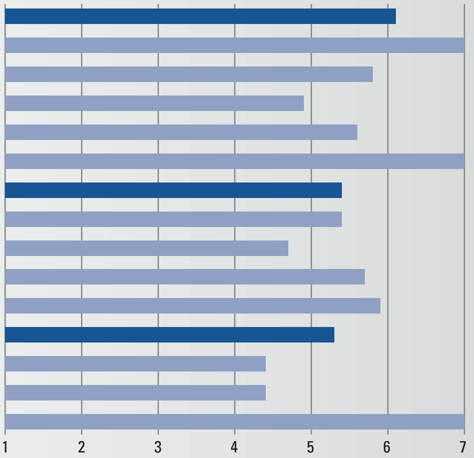
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**5**	**5.3**

Factors, policies, and institutions

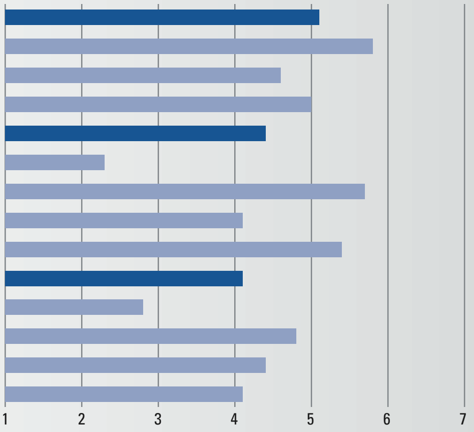
INPUTS

1st pillar: Institutional environment	**7**	**6.1**
Capital account liberalization	1	7.0
Corporate governance	3	5.8
Legal and regulatory issues	13	4.9
Contract enforcement	9	5.6
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**8**	**5.4**
Human capital	10	5.4
Taxes	14	4.7
Infrastructure	9	5.7
Cost of doing business	15	5.9
3rd pillar: Financial stability	**14**	**5.3**
Risk of a currency crisis	28	4.4
Risk of systemic banking crisis	32	4.4
Risk of sovereign debt crisis	1	7.0



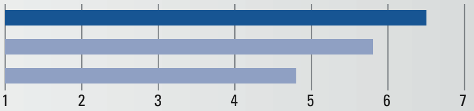
Financial intermediation

4th pillar: Banks	**6**	**5.1**
Size index	2	5.8
Efficiency index	29	4.6
Financial information disclosure	9	5.0
5th pillar: Non-banks	**5**	**4.4**
IPO activity	23	2.3
M&A activity	3	5.7
Insurance	14	4.1
Securitization	5	5.4
6th pillar: Financial markets	**13**	**4.1**
Foreign exchange markets	12	2.8
Derivatives markets	5	4.8
Equity markets	19	4.4
Bond markets	15	4.1



Capital availability and access

7th pillar: Size, depth, and access	**5**	**6.5**
Size and depth	3	5.8
Access	14	4.8



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Canada

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	7	■	5.4	France	5.7
1.03	Efficacy of corporate boards	10	■	5.6	Sweden	6.1
1.04	Reliance on professional management	8	■	6.0	Sweden	6.4
1.05	Willingness to delegate	9	■	5.3	Sweden	6.3
1.06	Strength of auditing and accounting standards	13	▨	6.1	Germany	6.3
1.07	Shareholder rights index	1	■	5.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	10	■	5.9	Finland	6.6
1.09	Protection of minority shareholders' interests	11	▨	5.6	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	20	▨	3.5	Singapore	5.3
1.11	Centralization of economic policymaking	6	■	4.7	Switzerland	5.9
1.12	Regulation of security exchanges	20	▨	5.6	Sweden	6.3
1.13	Property rights	13	▨	6.1	Germany	6.7
1.14	Intellectual property protection	12	▨	5.7	Germany	6.5
1.15	Diversion of public funds	16	▨	5.1	Finland	6.5
1.16	Public trust of politicians	16	▨	3.7	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	9	■	5.0	Singapore	6.1
1.18	Judicial independence	11	▨	6.0	Germany	6.5
1.19	Irregular payments in judicial decisions	12	▨	6.3	Finland	6.8
1.20	Number of procedures to enforce a contract	31	▨	36.0	Ireland	20.0
1.21	Time to enforce a contract	34	▨	570.0	Singapore	120.0
1.22	Cost of enforcing contracts	14	▨	16.2	China	8.8
1.23	Strength of investor protection	4	■	8.3	Singapore	9.3
1.24	Time to close a business	3	■	0.8	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	4	■	5.9	France	6.0
2.02	Quality of math and science education	12	▨	5.2	Singapore	6.3
2.03	Extent of staff training	20	▨	4.9	Switzerland	5.9
2.04	Local availability of research and training services	10	■	5.7	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	22	▨	4.6	Kuwait	5.8
2.06	Tertiary enrollment	15	▨	62.4	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	13	▨	6.4	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	31	▨	4.1	Singapore	5.7
2.09	Corporate tax rate	14	▨	22.1	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	10	■	6.0	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	13	▨	6.7	Switzerland	6.9
2.12	Internet users	4	■	76.8	Netherlands	85.7
2.13	Broadband Internet subscribers	8	■	22.9	Netherlands	31.8
2.14	Telephone lines	3	■	64.5	Switzerland	66.9
2.15	Mobile telephone subscribers	40	▨	57.6	Italy	135.1

(Cont'd.)

Canada

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	7	■	0.9	Ireland	0.3
2.17	Cost of dealing with licenses	30	□	125.4	United Arab Emirates	1.5
2.18	Cost of registering property	13	□	1.8	Saudi Arabia	0.0
2.19	Cost to export	46	□	1,385.0	China	390.0
2.20	Cost to import	44	□	1,425.0	Singapore	367.0
2.21	Cost of enforcing contracts	14	□	16.2	China	8.8
2.22	Cost of closing a business	5	■	4.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	33	□	3.0	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	26	□	1.7	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	9	■	–12.6	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	25	□	8.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	25	□	4.0	Multiple (3)	9.0
3.09	Official supervisory power	33	□	7.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	12	□	1.0	Multiple (11)	0.0
3.12	Stability Index	18	□	5.2	India	7.2
3.13	Cumulative real estate appreciation	17	□	19.6	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	2	■	9.3	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	31	□	4.9	United Arab Emirates	6.8
4.03	Public ownership of banks	1	■	0.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	□	0.0	Belgium	57.2
4.05	Private credit bureau coverage	1	■	100.0	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	17	□	1.3	France	31.0
5.02	IPO proceeds amount	32	□	0.3	Kazakhstan	4.4
5.03	Share of world IPOs	8	■	3.6	Japan	14.2
	M&A activity					
5.04	M&A market share	3	■	4.8	United States	44.4
5.05	M&A transaction value to GDP	5	■	11.6	United Kingdom	14.6
5.06	Share of total number of M&A deals	5	■	5.2	United States	33.2

Canada

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

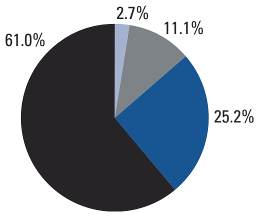
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	8	■	88,200.0	United States	1,170,100.6
5.08	Insurance density	13	▨	2,708.3	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	25	▨	3.7	India	52.6
5.10	Insurance penetration	16	▨	7.0	United Kingdom	16.5
5.11	Relative value-added of insurance	34	▨	0.7	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	8	■	5.1	United States	22.9
5.13	Share of total number of securitization deals	6	■	1.9	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	14	▨	1.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	14	▨	1.0	United Kingdom	29.9
6.03	Foreign exchange swap turnover	10	■	2.0	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	7	■	1.8	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	14	▨	0.7	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	6	■	1.3	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	4	■	4.3	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	10	■	1.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	24	▨	63.1	Pakistan	374.3
7.05	Stock market capitalization to GDP	11	▨	123.3	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	20	▨	18.7	United States	114.0
6.11	Public-sector bonds to GDP	2	■	6.7	France	7.0
6.12	International bonds to GDP	22	▨	27.6	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	4	■	146.3	Hong Kong SAR	252.3
7.02	Private debt to GDP	18	▨	50.6	Netherlands	216.2
7.03	Public debt to GDP	10	■	6.7	Austria	7.0
7.04	Bank deposits to GDP	3	■	152.0	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	11	▨	123.3	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	8	■	6.1	Panama	9.2
7.07	Private credit to GDP	2	■	183.8	United States	193.7
7.08	Stock market value traded to GDP	18	▨	75.9	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	5	■	6.3	Switzerland	6.7
7.10	Venture capital availability	16	▨	4.4	United States	5.3
7.11	Ease of access to credit	31	▨	4.8	Slovak Republic	5.9
7.12	Ease of access to local equity market	22	▨	5.5	Sweden	6.2
7.13	Bank branches	6	■	45.6	Spain	95.9
7.14	Ease of access to loans	21	▨	4.3	Norway	5.5

Chile

Key indicators

Population (millions), 2007	16.6
GDP (US$ billions), 2007	163.8
GDP (current prices, US$) per capita, 2007	9,879.1
GDP (PPP) as share (%) of world total, 2007	0.36
Average annual rate of real GDP growth (%), 2003–07	4.93

Financial assets by major type, 2006



Total/GDP: 196.1%

	US$ bn
▢ Public debt securities	7.7
▨ Private debt securities	31.6
🟦 Banking deposits	72.1
■ Equity securities	174.6
Total	**286.0**

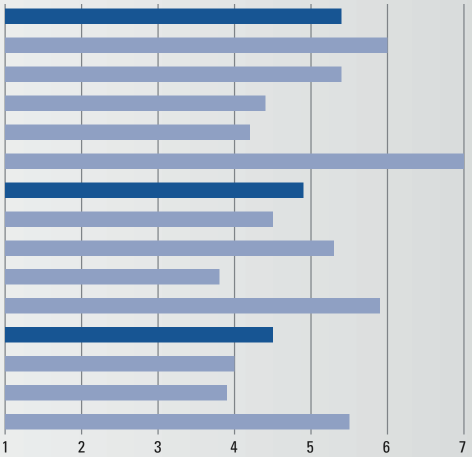
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**30**	**3.8**

INPUTS

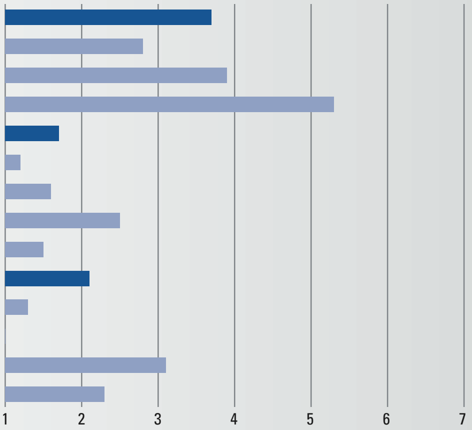
Factors, policies, and institutions

	Rank	Score
1st pillar: Institutional environment	**21**	**5.4**
Capital account liberalization	25	6.0
Corporate governance	16	5.4
Legal and regulatory issues	23	4.4
Contract enforcement	29	4.2
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**22**	**4.9**
Human capital	25	4.5
Taxes	8	5.3
Infrastructure	28	3.8
Cost of doing business	14	5.9
3rd pillar: Financial stability	**31**	**4.5**
Risk of a currency crisis	36	4.0
Risk of systemic banking crisis	42	3.9
Risk of sovereign debt crisis	21	5.5



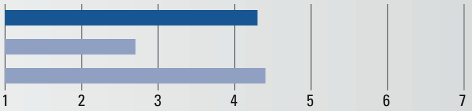
Financial intermediation

	Rank	Score
4th pillar: Banks	**30**	**3.7**
Size index	29	2.8
Efficiency index	39	3.9
Financial information disclosure	4	5.3
5th pillar: Non-banks	**44**	**1.7**
IPO activity	42	1.2
M&A activity	32	1.6
Insurance	34	2.5
Securitization	37	1.5
6th pillar: Financial markets	**40**	**2.1**
Foreign exchange markets	26	1.3
Derivatives markets	36	1.0
Equity markets	31	3.1
Bond markets	35	2.3



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**35**	**4.3**
Size and depth	38	2.7
Access	22	4.4



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Chile

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	25	■	1.8	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	19	■	5.0	France	5.7
1.03	Efficacy of corporate boards	12	■	5.5	Sweden	6.1
1.04	Reliance on professional management	20	■	5.5	Sweden	6.4
1.05	Willingness to delegate	27	□	4.3	Sweden	6.3
1.06	Strength of auditing and accounting standards	22	■	5.5	Germany	6.3
1.07	Shareholder rights index	1	■	5.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	14	■	5.5	Finland	6.6
1.09	Protection of minority shareholders' interests	22	■	5.3	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	12	■	3.8	Singapore	5.3
1.11	Centralization of economic policymaking	33	□	3.0	Switzerland	5.9
1.12	Regulation of security exchanges	6	■	6.0	Sweden	6.3
1.13	Property rights	25	■	5.4	Germany	6.7
1.14	Intellectual property protection	30	□	4.0	Germany	6.5
1.15	Diversion of public funds	22	■	4.6	Finland	6.5
1.16	Public trust of politicians	17	■	3.7	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	30	□	3.8	Singapore	6.1
1.18	Judicial independence	30	□	4.2	Germany	6.5
1.19	Irregular payments in judicial decisions	22	■	5.4	Finland	6.8
1.20	Number of procedures to enforce a contract	31	□	36.0	Ireland	20.0
1.21	Time to enforce a contract	25	■	480.0	Singapore	120.0
1.22	Cost of enforcing contracts	37	□	28.6	China	8.8
1.23	Strength of investor protection	17	■	6.0	Singapore	9.3
1.24	Time to close a business	45	□	4.5	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	17	■	5.3	France	6.0
2.02	Quality of math and science education	45	□	3.0	Singapore	6.3
2.03	Extent of staff training	28	□	4.3	Switzerland	5.9
2.04	Local availability of research and training services	27	□	4.6	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	9	■	5.3	Kuwait	5.8
2.06	Tertiary enrollment	27	□	46.6	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	20	■	6.0	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	4	■	5.4	Singapore	5.7
2.09	Corporate tax rate	7	■	17.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	23	■	5.0	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	17	■	6.5	Switzerland	6.9
2.12	Internet users	30	□	25.2	Netherlands	85.7
2.13	Broadband Internet subscribers	25	■	5.9	Netherlands	31.8
2.14	Telephone lines	35	□	20.2	Switzerland	66.9
2.15	Mobile telephone subscribers	33	□	75.6	Italy	135.1

(Cont'd.)

Chile

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	27	▨	8.6	Ireland	0.3
2.17	Cost of dealing with licenses	31	▨	128.1	United Arab Emirates	1.5
2.18	Cost of registering property	12	■	1.3	Saudi Arabia	0.0
2.19	Cost to export	13	■	645.0	China	390.0
2.20	Cost to import	12	■	685.0	Singapore	367.0
2.21	Cost of enforcing contracts	37	▨	28.6	China	8.8
2.22	Cost of closing a business	26	▨	15.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	38	▨	4.2	Argentina	-8.5
3.02	External vulnerability indicator	39	▨	85.9	Russian Federation	15.4
3.03	Current account balance to GDP	22	■	3.6	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	16	■	32.7	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	2	■	14.0	Indonesia	16.0
3.07	Entry restrictions for banks	38	▨	4.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	13	■	6.0	Multiple (3)	9.0
3.09	Official supervisory power	20	■	11.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	23	■	6.0	South Africa	9.0
3.11	Frequency of banking crises	38	▨	2.0	Multiple (11)	0.0
3.12	Stability Index	26	▨	4.9	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	17	■	18.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	23	■	15.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	29	▨	5.7	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	40	▨	4.5	United Arab Emirates	6.8
4.03	Public ownership of banks	24	■	17.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	5	■	26.2	Belgium	57.2
4.05	Private credit bureau coverage	26	▨	33.5	Multiple (7)	100.0
4.06	Credit Information Index	15	■	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	41	▨	0.1	France	31.0
5.02	IPO proceeds amount	41	▨	0.1	Kazakhstan	4.4
5.03	Share of world IPOs	39	▨	0.1	Japan	14.2
	M&A activity					
5.04	M&A market share	33	▨	0.2	United States	44.4
5.05	M&A transaction value to GDP	26	▨	3.5	United Kingdom	14.6
5.06	Share of total number of M&A deals	38	▨	0.2	United States	33.2

Chile

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

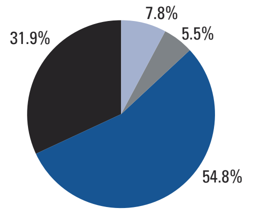
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	36	▨	4,704.1	United States	1,170,100.6
5.08	Insurance density	29	▨	285.7	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	21	■	5.4	India	52.6
5.10	Insurance penetration	30	▨	3.3	United Kingdom	16.5
5.11	Relative value-added of insurance	15	■	1.6	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	35	▨	1.3	United States	22.9
5.13	Share of total number of securitization deals	34	▨	0.1	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	30	▨	0.2	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	20	■	0.4	United Kingdom	29.9
6.03	Foreign exchange swap turnover	38	▨	0.0	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	33	▨	0.0	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	35	▨	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	30	▨	0.1	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	43	▨	14.8	Pakistan	374.3
7.05	Stock market capitalization to GDP	16	■	103.5	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	18	■	19.9	United States	114.0
6.11	Public-sector bonds to GDP	35	▨	2.7	France	7.0
6.12	International bonds to GDP	32	▨	9.7	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	24	■	49.7	Hong Kong SAR	252.3
7.02	Private debt to GDP	28	▨	21.7	Netherlands	216.2
7.03	Public debt to GDP	52	▨	1.0	Austria	7.0
7.04	Bank deposits to GDP	35	▨	46.4	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	16	■	103.5	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	28	▨	3.5	Panama	9.2
7.07	Private credit to GDP	25	■	74.5	United States	193.7
7.08	Stock market value traded to GDP	36	▨	19.7	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	21	■	5.5	Switzerland	6.7
7.10	Venture capital availability	24	■	3.9	United States	5.3
7.11	Ease of access to credit	11	■	5.3	Slovak Republic	5.9
7.12	Ease of access to local equity market	7	■	5.9	Sweden	6.2
7.13	Bank branches	28	▨	9.4	Spain	95.9
7.14	Ease of access to loans	22	■	4.3	Norway	5.5

China

Key indicators

Population (millions), 2007	1,321.1
GDP (US$ billions), 2007	3,250.8
GDP (current prices, US$) per capita, 2007	2,460.8
GDP (PPP) as share (%) of world total, 2007	10.83
Average annual rate of real GDP growth (%), 2003–07	10.60

Financial assets by major type, 2006



Total/GDP: 287.6%

	US$ bn
▨ Public debt securities	590.6
▨ Private debt securities	421.6
■ Banking deposits	4,167.0
■ Equity securities	2,426.3
Total	**7,605.6**

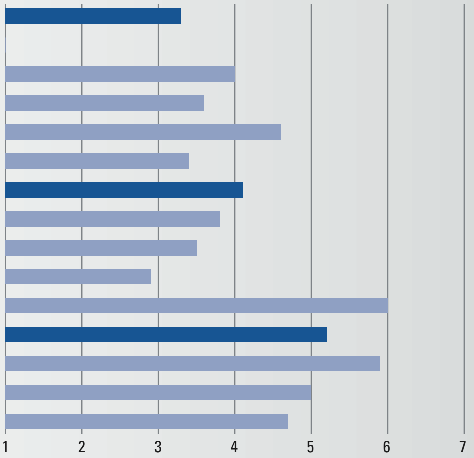
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**24**	**4.1**

Factors, policies, and institutions

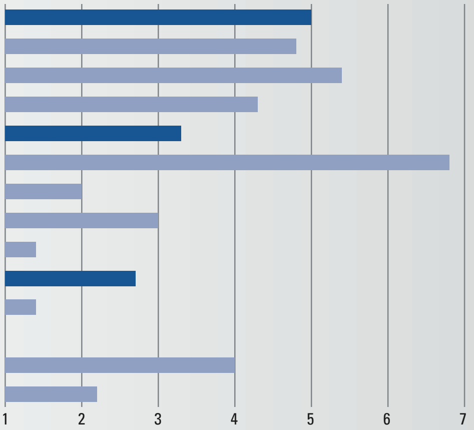
INPUTS

	Rank	Score
1st pillar: Institutional environment	**46**	**3.3**
Capital account liberalization	46	1.0
Corporate governance	47	4.0
Legal and regulatory issues	36	3.6
Contract enforcement	23	4.6
Domestic financial sector liberalization	43	3.4
2nd pillar: Business environment	**35**	**4.1**
Human capital	40	3.8
Taxes	41	3.5
Infrastructure	42	2.9
Cost of doing business	8	6.0
3rd pillar: Financial stability	**19**	**5.2**
Risk of a currency crisis	7	5.9
Risk of systemic banking crisis	18	5.0
Risk of sovereign debt crisis	30	4.7



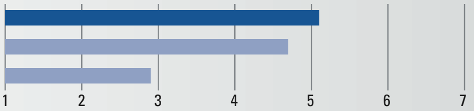
Financial intermediation

	Rank	Score
4th pillar: Banks	**7**	**5.0**
Size index	6	4.8
Efficiency index	14	5.4
Financial information disclosure	16	4.3
5th pillar: Non-banks	**15**	**3.3**
IPO activity	1	6.8
M&A activity	24	2.0
Insurance	24	3.0
Securitization	39	1.4
6th pillar: Financial markets	**30**	**2.7**
Foreign exchange markets	23	1.4
Derivatives markets	n/a	n/a
Equity markets	24	4.0
Bond markets	38	2.2



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**24**	**5.1**
Size and depth	12	4.7
Access	52	2.9



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

China

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	46	▨	–1.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	29	▨	4.6	France	5.7
1.03	Efficacy of corporate boards	51	▨	4.0	Sweden	6.1
1.04	Reliance on professional management	38	▨	4.5	Sweden	6.4
1.05	Willingness to delegate	42	▨	3.8	Sweden	6.3
1.06	Strength of auditing and accounting standards	51	▨	3.8	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	46	▨	3.7	Finland	6.6
1.09	Protection of minority shareholders' interests	49	▨	3.6	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	18	■	3.6	Singapore	5.3
1.11	Centralization of economic policymaking	19	■	3.8	Switzerland	5.9
1.12	Regulation of security exchanges	50	▨	3.4	Sweden	6.3
1.13	Property rights	40	▨	4.3	Germany	6.7
1.14	Intellectual property protection	41	▨	3.4	Germany	6.5
1.15	Diversion of public funds	41	▨	3.2	Finland	6.5
1.16	Public trust of politicians	26	▨	3.1	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	23	■	4.1	Singapore	6.1
1.18	Judicial independence	42	▨	3.4	Germany	6.5
1.19	Irregular payments in judicial decisions	37	▨	4.1	Finland	6.8
1.20	Number of procedures to enforce a contract	27	▨	35.0	Ireland	20.0
1.21	Time to enforce a contract	18	■	406.0	Singapore	120.0
1.22	Cost of enforcing contracts	1	■	8.8	China	8.8
1.23	Strength of investor protection	34	▨	5.0	Singapore	9.3
1.24	Time to close a business	17	■	1.7	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	43	▨	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	49	▨	3.6	France	6.0
2.02	Quality of math and science education	31	▨	4.4	Singapore	6.3
2.03	Extent of staff training	36	▨	3.8	Switzerland	5.9
2.04	Local availability of research and training services	28	▨	4.4	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	27	▨	4.4	Kuwait	5.8
2.06	Tertiary enrollment	45	▨	21.6	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	40	▨	4.4	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	28	▨	4.2	Singapore	5.7
2.09	Corporate tax rate	39	▨	33.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	35	▨	3.6	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	40	▨	5.5	Switzerland	6.9
2.12	Internet users	45	▨	10.4	Netherlands	85.7
2.13	Broadband Internet subscribers	30	▨	3.8	Netherlands	31.8
2.14	Telephone lines	28	▨	27.8	Switzerland	66.9
2.15	Mobile telephone subscribers	45	▨	34.8	Italy	135.1

(Cont'd.)

China

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	26	▨	8.4	Ireland	0.3
2.17	Cost of dealing with licenses	47	▨	840.2	United Arab Emirates	1.5
2.18	Cost of registering property	27	▨	3.6	Saudi Arabia	0.0
2.19	Cost to export	1	■	390.0	China	390.0
2.20	Cost to import	4	■	430.0	Singapore	367.0
2.21	Cost of enforcing contracts	1	■	8.8	China	8.8
2.22	Cost of closing a business	40	▨	22.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	11	■	–1.9	Argentina	-8.5
3.02	External vulnerability indicator	23	■	21.4	Russian Federation	15.4
3.03	Current account balance to GDP	11	■	9.8	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	2	■	12.8	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	42	▨	4.2	India	7.2
3.13	Cumulative real estate appreciation	3	■	–13.1	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	33	▨	14.6	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	27	▨	14.6	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	6	■	8.2	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	14	■	5.5	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	2	■	49.2	Belgium	57.2
4.05	Private credit bureau coverage	42	▨	0.0	Multiple (7)	100.0
4.06	Credit Information Index	31	▨	4.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	2	■	19.0	France	31.0
5.02	IPO proceeds amount	5	■	1.9	Kazakhstan	4.4
5.03	Share of world IPOs	4	■	9.4	Japan	14.2
	M&A activity					
5.04	M&A market share	14	■	0.9	United States	44.4
5.05	M&A transaction value to GDP	44	▨	1.0	United Kingdom	14.6
5.06	Share of total number of M&A deals	10	■	2.4	United States	33.2

China

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

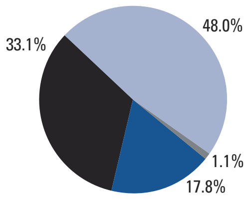
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	9	■	70,805.5	United States	1,170,100.6
5.08	Insurance density	42	▨	53.5	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	13	■	12.8	India	52.6
5.10	Insurance penetration	34	▨	2.7	United Kingdom	16.5
5.11	Relative value-added of insurance	31	▨	0.9	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	50	▨	0.2	United States	22.9
5.13	Share of total number of securitization deals	22	■	0.2	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	16	■	0.7	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	39	▨	0.0	United Kingdom	29.9
6.03	Foreign exchange swap turnover	35	▨	0.0	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	19	■	81.9	Pakistan	374.3
7.05	Stock market capitalization to GDP	n/a		n/a	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	25	▨	11.1	United States	114.0
6.11	Public-sector bonds to GDP	30	▨	3.5	France	7.0
6.12	International bonds to GDP	47	▨	1.2	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	2	■	153.6	Hong Kong SAR	252.3
7.02	Private debt to GDP	30	▨	15.8	Netherlands	216.2
7.03	Public debt to GDP	43	▨	2.7	Austria	7.0
7.04	Bank deposits to GDP	4	■	147.1	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	n/a		n/a	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	5	■	6.6	Panama	9.2
7.07	Private credit to GDP	n/a		n/a	United States	193.7
7.08	Stock market value traded to GDP	24	■	61.3	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	51	▨	3.2	Switzerland	6.7
7.10	Venture capital availability	41	▨	3.0	United States	5.3
7.11	Ease of access to credit	51	▨	3.7	Slovak Republic	5.9
7.12	Ease of access to local equity market	47	▨	4.2	Sweden	6.2
7.13	Bank branches	48	▨	1.3	Spain	95.9
7.14	Ease of access to loans	50	▨	2.6	Norway	5.5

Colombia

Key indicators

Population (millions), 2007	47.5
GDP (US$ billions), 2007	171.6
GDP (current prices, US$) per capita, 2007	3,611.5
GDP (PPP) as share (%) of world total, 2007	0.49
Average annual rate of real GDP growth (%), 2003–07	5.45

Financial assets by major type, 2006



Total/GDP: 124.6%

	US$ bn
Public debt securities	81.4
Private debt securities	1.9
Banking deposits	30.1
Equity securities	56.2
Total	**169.7**

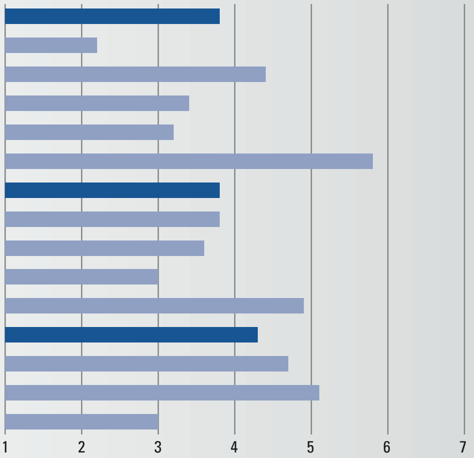
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**44**	**3.2**

Factors, policies, and institutions

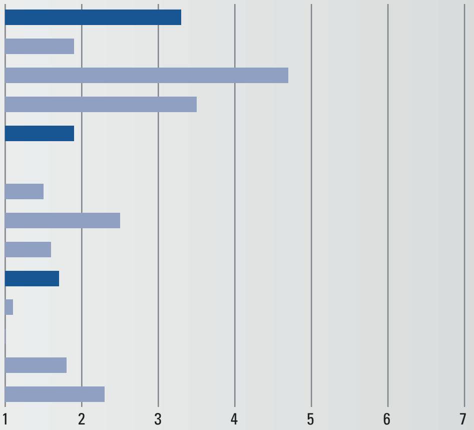
INPUTS

1st pillar: Institutional environment	**38**	**3.8**
Capital account liberalization	40	2.2
Corporate governance	38	4.4
Legal and regulatory issues	41	3.4
Contract enforcement	48	3.2
Domestic financial sector liberalization	29	5.8
2nd pillar: Business environment	**43**	**3.8**
Human capital	39	3.8
Taxes	39	3.6
Infrastructure	41	3.0
Cost of doing business	43	4.9
3rd pillar: Financial stability	**35**	**4.3**
Risk of a currency crisis	22	4.7
Risk of systemic banking crisis	13	5.1
Risk of sovereign debt crisis	38	3.0



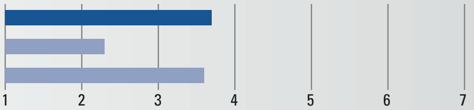
Financial intermediation

4th pillar: Banks	**36**	**3.3**
Size index	44	1.9
Efficiency index	28	4.7
Financial information disclosure	33	3.5
5th pillar: Non-banks	**36**	**1.9**
IPO activity	n/a	n/a
M&A activity	34	1.5
Insurance	32	2.5
Securitization	33	1.6
6th pillar: Financial markets	**47**	**1.7**
Foreign exchange markets	38	1.1
Derivatives markets	39	1.0
Equity markets	45	1.8
Bond markets	36	2.3



Capital availability and access

7th pillar: Size, depth, and access	**43**	**3.7**
Size and depth	42	2.3
Access	42	3.6



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Colombia

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	40	▨	–0.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	48	▨	3.9	France	5.7
1.03	Efficacy of corporate boards	31	▨	4.8	Sweden	6.1
1.04	Reliance on professional management	35	▨	4.7	Sweden	6.4
1.05	Willingness to delegate	40	▨	3.8	Sweden	6.3
1.06	Strength of auditing and accounting standards	42	▨	4.5	Germany	6.3
1.07	Shareholder rights index	17	■	3.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	29	▨	4.4	Finland	6.6
1.09	Protection of minority shareholders' interests	35	▨	4.5	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	42	▨	2.6	Singapore	5.3
1.11	Centralization of economic policymaking	28	▨	3.3	Switzerland	5.9
1.12	Regulation of security exchanges	35	▨	4.9	Sweden	6.3
1.13	Property rights	37	▨	4.5	Germany	6.7
1.14	Intellectual property protection	36	▨	3.5	Germany	6.5
1.15	Diversion of public funds	47	▨	2.9	Finland	6.5
1.16	Public trust of politicians	40	▨	2.1	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	42	▨	3.0	Singapore	6.1
1.18	Judicial independence	33	▨	3.8	Germany	6.5
1.19	Irregular payments in judicial decisions	39	▨	4.0	Finland	6.8
1.20	Number of procedures to enforce a contract	25	■	34.0	Ireland	20.0
1.21	Time to enforce a contract	50	▨	1,346.0	Singapore	120.0
1.22	Cost of enforcing contracts	50	▨	52.6	China	8.8
1.23	Strength of investor protection	14	■	6.3	Singapore	9.3
1.24	Time to close a business	32	▨	3.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	29	▨	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	29	▨	4.5	France	6.0
2.02	Quality of math and science education	40	▨	3.8	Singapore	6.3
2.03	Extent of staff training	39	▨	3.7	Switzerland	5.9
2.04	Local availability of research and training services	43	▨	3.8	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	34	▨	4.2	Kuwait	5.8
2.06	Tertiary enrollment	38	▨	30.8	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	38	▨	4.7	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	26	▨	4.3	Singapore	5.7
2.09	Corporate tax rate	44	▨	34.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	45	▨	2.8	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	31	▨	6.0	Switzerland	6.9
2.12	Internet users	42	▨	14.5	Netherlands	85.7
2.13	Broadband Internet subscribers	38	▨	1.4	Netherlands	31.8
2.14	Telephone lines	39	▨	17.0	Switzerland	66.9
2.15	Mobile telephone subscribers	38	▨	64.3	Italy	135.1

(Cont'd.)

Colombia

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	***2nd pillar: Business environment** (cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	38	□	19.3	Ireland	0.3
2.17	Cost of dealing with licenses	45	□	602.8	United Arab Emirates	1.5
2.18	Cost of registering property	18	■	2.5	Saudi Arabia	0.0
2.19	Cost to export	47	□	1,440.0	China	390.0
2.20	Cost to import	45	□	1,440.0	Singapore	367.0
2.21	Cost of enforcing contracts	50	□	52.6	China	8.8
2.22	Cost of closing a business	1	■	1.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	23	■	0.7	Argentina	-8.5
3.02	External vulnerability indicator	40	□	90.2	Russian Federation	15.4
3.03	Current account balance to GDP	37	□	–2.1	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	0.0	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	12	■	29.4	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	25	■	4.9	India	7.2
3.13	Cumulative real estate appreciation	9	■	5.5	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	38	□	12.3	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	40	□	9.3	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	44	□	4.7	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	27	□	5.1	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	25	■	39.9	Multiple (7)	100.0
4.06	Credit Information Index	15	■	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	n/a		n/a	France	31.0
5.02	IPO proceeds amount	n/a		n/a	Kazakhstan	4.4
5.03	Share of world IPOs	n/a		n/a	Japan	14.2
	M&A activity					
5.04	M&A market share	35	□	0.1	United States	44.4
5.05	M&A transaction value to GDP	30	□	3.2	United Kingdom	14.6
5.06	Share of total number of M&A deals	39	□	0.1	United States	33.2

Colombia

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

5th pillar: Non-banks *(cont'd.)*

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Insurance					
5.07	Insurance premiums, direct	38	▨	3,199.7	United States	1,170,100.6
5.08	Insurance density	39	▨	69.1	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	12	■	12.9	India	52.6
5.10	Insurance penetration	37	▨	2.4	United Kingdom	16.5
5.11	Relative value-added of insurance	16	■	1.5	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	33	▨	1.5	United States	22.9
5.13	Share of total number of securitization deals	30	▨	0.1	United States	64.9

6th pillar: Financial markets

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	36	▨	0.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	30	▨	0.1	United Kingdom	29.9
6.03	Foreign exchange swap turnover	39	▨	0.0	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	29	▨	0.0	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	37	▨	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	34	▨	0.0	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	37	▨	0.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	41	▨	17.8	Pakistan	374.3
7.05	Stock market capitalization to GDP	39	▨	32.1	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	33	▨	0.5	United States	114.0
6.11	Public-sector bonds to GDP	26	▨	4.0	France	7.0
6.12	International bonds to GDP	29	▨	11.9	Netherlands	121.7

7th pillar: Size, depth, and access

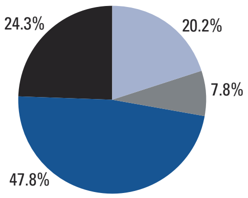
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Size and depth					
7.01	M2 to GDP	33	▨	29.8	Hong Kong SAR	252.3
7.02	Private debt to GDP	48	▨	1.4	Netherlands	216.2
7.03	Public debt to GDP	11	■	6.5	Austria	7.0
7.04	Bank deposits to GDP	50	▨	19.4	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	39	▨	32.1	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	33	▨	3.1	Panama	9.2
7.07	Private credit to GDP	42	▨	24.5	United States	193.7
7.08	Stock market value traded to GDP	42	▨	8.3	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	38	▨	4.2	Switzerland	6.7
7.10	Venture capital availability	42	▨	2.9	United States	5.3
7.11	Ease of access to credit	15	■	5.2	Slovak Republic	5.9
7.12	Ease of access to local equity market	43	▨	4.6	Sweden	6.2
7.13	Bank branches	30	▨	8.7	Spain	95.9
7.14	Ease of access to loans	41	▨	3.2	Norway	5.5

Czech Republic

Key indicators

Population (millions), 2007	10.3
GDP (US$ billions), 2007	175.3
GDP (current prices, US$) per capita, 2007	17,069.7
GDP (PPP) as share (%) of world total, 2007	0.38
Average annual rate of real GDP growth (%), 2003–07	5.46

Financial assets by major type, 2006



Total/GDP: 140.1%

	US$ bn
Public debt securities	40.4
Private debt securities	15.7
Banking deposits	95.7
Equity securities	48.6
Total	**200.3**

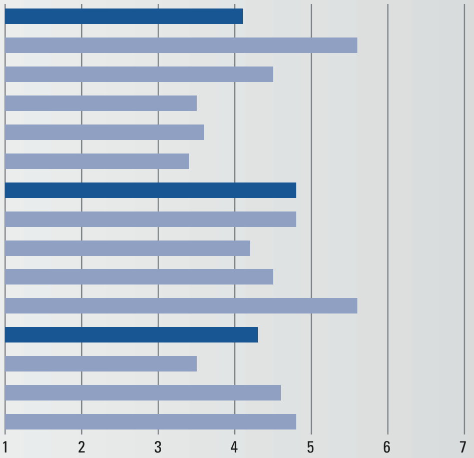
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**35**	**3.4**

Factors, policies, and institutions

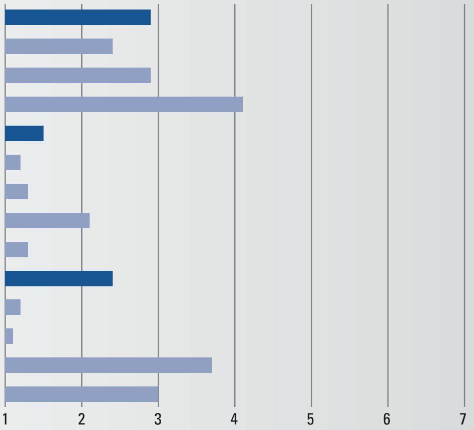
INPUTS

	Rank	Score
1st pillar: Institutional environment	**34**	**4.1**
Capital account liberalization	27	5.6
Corporate governance	29	4.5
Legal and regulatory issues	37	3.5
Contract enforcement	40	3.6
Domestic financial sector liberalization	44	3.4
2nd pillar: Business environment	**25**	**4.8**
Human capital	21	4.8
Taxes	28	4.2
Infrastructure	23	4.5
Cost of doing business	25	5.6
3rd pillar: Financial stability	**34**	**4.3**
Risk of a currency crisis	43	3.5
Risk of systemic banking crisis	27	4.6
Risk of sovereign debt crisis	29	4.8



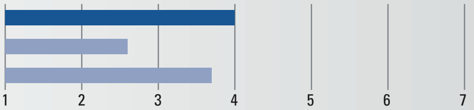
Financial intermediation

	Rank	Score
4th pillar: Banks	**44**	**2.9**
Size index	33	2.4
Efficiency index	48	2.9
Financial information disclosure	24	4.1
5th pillar: Non-banks	**48**	**1.5**
IPO activity	38	1.2
M&A activity	44	1.3
Insurance	42	2.1
Securitization	41	1.3
6th pillar: Financial markets	**31**	**2.4**
Foreign exchange markets	29	1.2
Derivatives markets	33	1.1
Equity markets	28	3.7
Bond markets	27	3.0



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**40**	**4.0**
Size and depth	40	2.6
Access	38	3.7



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Czech Republic

Financial Development Index in detail

🟦 Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	27	▨	2.3	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	43	▨	4.3	France	5.7
1.03	Efficacy of corporate boards	26	▨	5.0	Sweden	6.1
1.04	Reliance on professional management	24	🟦	5.3	Sweden	6.4
1.05	Willingness to delegate	30	▨	4.2	Sweden	6.3
1.06	Strength of auditing and accounting standards	33	▨	4.9	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	41	▨	4.0	Finland	6.6
1.09	Protection of minority shareholders' interests	44	▨	4.1	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	48	▨	2.4	Singapore	5.3
1.11	Centralization of economic policymaking	12	🟦	4.1	Switzerland	5.9
1.12	Regulation of security exchanges	37	▨	4.9	Sweden	6.3
1.13	Property rights	36	▨	4.6	Germany	6.7
1.14	Intellectual property protection	31	▨	3.9	Germany	6.5
1.15	Diversion of public funds	45	▨	3.1	Finland	6.5
1.16	Public trust of politicians	45	▨	1.9	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	41	▨	3.0	Singapore	6.1
1.18	Judicial independence	31	▨	4.1	Germany	6.5
1.19	Irregular payments in judicial decisions	33	▨	4.7	Finland	6.8
1.20	Number of procedures to enforce a contract	6	🟦	27.0	Ireland	20.0
1.21	Time to enforce a contract	43	▨	820.0	Singapore	120.0
1.22	Cost of enforcing contracts	43	▨	33.0	China	8.8
1.23	Strength of investor protection	34	▨	5.0	Singapore	9.3
1.24	Time to close a business	50	▨	6.5	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	44	▨	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	28	▨	4.7	France	6.0
2.02	Quality of math and science education	7	🟦	5.5	Singapore	6.3
2.03	Extent of staff training	25	🟦	4.5	Switzerland	5.9
2.04	Local availability of research and training services	21	🟦	4.8	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	25	🟦	4.5	Kuwait	5.8
2.06	Tertiary enrollment	26	▨	49.8	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	27	▨	5.5	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	44	▨	3.7	Singapore	5.7
2.09	Corporate tax rate	15	🟦	24.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	27	▨	4.4	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	22	🟦	6.3	Switzerland	6.9
2.12	Internet users	25	🟦	34.7	Netherlands	85.7
2.13	Broadband Internet subscribers	23	🟦	10.9	Netherlands	31.8
2.14	Telephone lines	26	▨	28.3	Switzerland	66.9
2.15	Mobile telephone subscribers	5	🟦	121.5	Italy	135.1

(Cont'd.)

Czech Republic

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	30	▨	10.6	Ireland	0.3
2.17	Cost of dealing with licenses	9	■	18.5	United Arab Emirates	1.5
2.18	Cost of registering property	22	■	3.0	Saudi Arabia	0.0
2.19	Cost to export	20	■	775.0	China	390.0
2.20	Cost to import	22	■	860.0	Singapore	367.0
2.21	Cost of enforcing contracts	43	▨	33.0	China	8.8
2.22	Cost of closing a business	26	▨	15.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	41	▨	4.6	Argentina	-8.5
3.02	External vulnerability indicator	35	▨	65.5	Russian Federation	15.4
3.03	Current account balance to GDP	43	▨	–4.2	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	20	■	41.1	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	4	■	12.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	18	■	5.0	Multiple (3)	9.0
3.09	Official supervisory power	24	■	10.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	23	■	6.0	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	36	▨	4.4	India	7.2
3.13	Cumulative real estate appreciation	14	■	9.5	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	28	▨	15.3	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	28	▨	14.3	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	33	▨	5.3	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	49	▨	3.8	United Arab Emirates	6.8
4.03	Public ownership of banks	15	■	2.5	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	15	■	4.2	Belgium	57.2
4.05	Private credit bureau coverage	18	■	53.0	Multiple (7)	100.0
4.06	Credit Information Index	15	■	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	37	▨	0.1	France	31.0
5.02	IPO proceeds amount	38	▨	0.2	Kazakhstan	4.4
5.03	Share of world IPOs	38	▨	0.1	Japan	14.2
	M&A activity					
5.04	M&A market share	43	▨	0.1	United States	44.4
5.05	M&A transaction value to GDP	42	▨	1.3	United Kingdom	14.6
5.06	Share of total number of M&A deals	30	▨	0.4	United States	33.2

Czech Republic

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

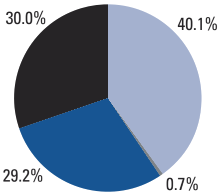
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	33	□	5,304.5	United States	1,170,100.6
5.08	Insurance density	24	■	519.6	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	37	□	–0.5	India	52.6
5.10	Insurance penetration	25	■	3.8	United Kingdom	16.5
5.11	Relative value-added of insurance	46	□	0.2	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	38	□	0.9	United States	22.9
5.13	Share of total number of securitization deals	40	□	0.0	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	34	□	0.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	23	■	0.2	United Kingdom	29.9
6.03	Foreign exchange swap turnover	30	□	0.1	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	21	■	0.1	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	27	□	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	27	□	0.0	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	34	□	0.0	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	31	□	0.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	12	■	117.7	Pakistan	374.3
7.05	Stock market capitalization to GDP	43	□	29.9	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	27	□	5.9	United States	114.0
6.11	Public-sector bonds to GDP	6	■	6.1	France	7.0
6.12	International bonds to GDP	41	□	4.6	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	17	■	67.7	Hong Kong SAR	252.3
7.02	Private debt to GDP	32	□	11.1	Netherlands	216.2
7.03	Public debt to GDP	39	□	3.2	Austria	7.0
7.04	Bank deposits to GDP	25	■	60.0	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	43	□	29.9	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	32	□	3.2	Panama	9.2
7.07	Private credit to GDP	34	□	37.3	United States	193.7
7.08	Stock market value traded to GDP	35	□	23.2	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	35	□	4.4	Switzerland	6.7
7.10	Venture capital availability	39	□	3.0	United States	5.3
7.11	Ease of access to credit	22	■	5.1	Slovak Republic	5.9
7.12	Ease of access to local equity market	44	□	4.5	Sweden	6.2
7.13	Bank branches	23	■	11.2	Spain	95.9
7.14	Ease of access to loans	38	□	3.4	Norway	5.5

Egypt

Key indicators

Population (millions), 2007	73.6
GDP (US$ billions), 2007	127.9
GDP (current prices, US$) per capita, 2007	1,738.8
GDP (PPP) as share (%) of world total, 2007	0.63
Average annual rate of real GDP growth (%), 2003–07	5.14

Financial assets by major type, 2006



	US$ bn
▨ Public debt securities	124.8
▨ Private debt securities	2.3
■ Banking deposits	90.9
■ Equity securities	93.5
Total	**311.5**

Total/GDP: 290.1%

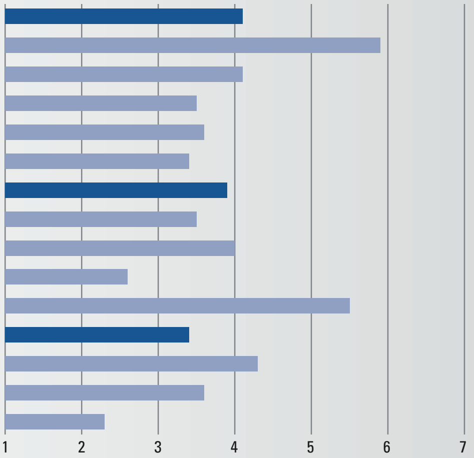
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**37**	**3.3**

Factors, policies, and institutions

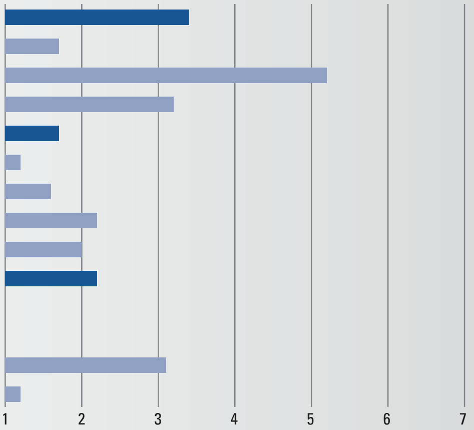
INPUTS

1st pillar: Institutional environment	**35**	**4.1**
Capital account liberalization	26	5.9
Corporate governance	46	4.1
Legal and regulatory issues	39	3.5
Contract enforcement	42	3.6
Domestic financial sector liberalization	46	3.4
2nd pillar: Business environment	**40**	**3.9**
Human capital	49	3.5
Taxes	31	4.0
Infrastructure	46	2.6
Cost of doing business	29	5.5
3rd pillar: Financial stability	**47**	**3.4**
Risk of a currency crisis	33	4.3
Risk of systemic banking crisis	48	3.6
Risk of sovereign debt crisis	43	2.3



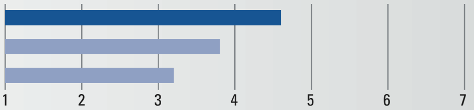
Financial intermediation

4th pillar: Banks	**34**	**3.4**
Size index	45	1.7
Efficiency index	17	5.2
Financial information disclosure	36	3.2
5th pillar: Non-banks	**41**	**1.7**
IPO activity	39	1.2
M&A activity	33	1.6
Insurance	38	2.2
Securitization	25	2.0
6th pillar: Financial markets	**38**	**2.2**
Foreign exchange markets	n/a	n/a
Derivatives markets	n/a	n/a
Equity markets	32	3.1
Bond markets	46	1.2



Capital availability and access

7th pillar: Size, depth, and access	**31**	**4.6**
Size and depth	26	3.8
Access	49	3.2



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Egypt

Financial Development Index in detail

■ Development **Advantage**   □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	26	□	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	49	□	3.8	France	5.7
1.03	Efficacy of corporate boards	45	□	4.4	Sweden	6.1
1.04	Reliance on professional management	48	□	4.0	Sweden	6.4
1.05	Willingness to delegate	47	□	3.5	Sweden	6.3
1.06	Strength of auditing and accounting standards	40	□	4.6	Germany	6.3
1.07	Shareholder rights index	25	■	2.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	33	□	4.3	Finland	6.6
1.09	Protection of minority shareholders' interests	34	□	4.5	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	25	■	3.2	Singapore	5.3
1.11	Centralization of economic policymaking	48	□	2.1	Switzerland	5.9
1.12	Regulation of security exchanges	47	□	3.9	Sweden	6.3
1.13	Property rights	32	□	5.1	Germany	6.7
1.14	Intellectual property protection	37	□	3.5	Germany	6.5
1.15	Diversion of public funds	30	□	3.8	Finland	6.5
1.16	Public trust of politicians	30	□	2.8	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	34	□	3.4	Singapore	6.1
1.18	Judicial independence	25	■	4.9	Germany	6.5
1.19	Irregular payments in judicial decisions	31	□	4.8	Finland	6.8
1.20	Number of procedures to enforce a contract	45	□	42.0	Ireland	20.0
1.21	Time to enforce a contract	48	□	1,010.0	Singapore	120.0
1.22	Cost of enforcing contracts	29	□	25.3	China	8.8
1.23	Strength of investor protection	34	□	5.0	Singapore	9.3
1.24	Time to close a business	43	□	4.2	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	46	□	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	51	□	3.5	France	6.0
2.02	Quality of math and science education	44	□	3.1	Singapore	6.3
2.03	Extent of staff training	45	□	3.5	Switzerland	5.9
2.04	Local availability of research and training services	48	□	3.6	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	45	□	3.8	Kuwait	5.8
2.06	Tertiary enrollment	34	□	34.7	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	41	□	4.4	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	43	□	3.7	Singapore	5.7
2.09	Corporate tax rate	11	■	20.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	34	□	3.7	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	24	■	6.2	Switzerland	6.9
2.12	Internet users	47	□	8.0	Netherlands	85.7
2.13	Broadband Internet subscribers	45	□	0.3	Netherlands	31.8
2.14	Telephone lines	44	□	14.3	Switzerland	66.9
2.15	Mobile telephone subscribers	49	□	23.9	Italy	135.1

(Cont'd.)

Egypt

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	44	□	28.6	Ireland	0.3
2.17	Cost of dealing with licenses	43	□	474.9	United Arab Emirates	1.5
2.18	Cost of registering property	10	■	1.0	Saudi Arabia	0.0
2.19	Cost to export	17	■	714.0	China	390.0
2.20	Cost to import	13	■	729.0	Singapore	367.0
2.21	Cost of enforcing contracts	29	□	25.3	China	8.8
2.22	Cost of closing a business	40	□	22.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	8	■	–3.4	Argentina	-8.5
3.02	External vulnerability indicator	29	□	48.9	Russian Federation	15.4
3.03	Current account balance to GDP	27	□	1.6	Kuwait	46.1
3.04	Dollarization vulnerability indicator	35	□	79.2	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	9	■	27.5	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	38	□	2.0	Multiple (11)	0.0
3.12	Stability Index	39	□	4.3	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	40	□	11.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	51	□	7.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	45	□	4.5	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	16	■	5.4	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	16	■	1.6	Belgium	57.2
4.05	Private credit bureau coverage	n/a		n/a	Multiple (7)	100.0
4.06	Credit Information Index	31	□	4.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	40	□	0.1	France	31.0
5.02	IPO proceeds amount	36	□	0.2	Kazakhstan	4.4
5.03	Share of world IPOs	39	□	0.1	Japan	14.2
	M&A activity					
5.04	M&A market share	37	□	0.1	United States	44.4
5.05	M&A transaction value to GDP	24	■	3.6	United Kingdom	14.6
5.06	Share of total number of M&A deals	40	□	0.1	United States	33.2

Egypt

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

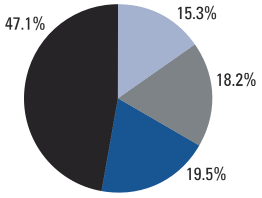
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	47	▨	843.1	United States	1,170,100.6
5.08	Insurance density	47	▨	11.2	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	40	▨	–1.4	India	52.6
5.10	Insurance penetration	46	▨	0.8	United Kingdom	16.5
5.11	Relative value-added of insurance	4	■	2.9	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	16	■	3.4	United States	22.9
5.13	Share of total number of securitization deals	44	▨	0.0	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	n/a		n/a	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	n/a		n/a	United Kingdom	29.9
6.03	Foreign exchange swap turnover	n/a		n/a	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	31	▨	42.8	Pakistan	374.3
7.05	Stock market capitalization to GDP	23	■	74.6	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	n/a		n/a	France	7.0
6.12	International bonds to GDP	43	▨	3.3	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	11	■	92.4	Hong Kong SAR	252.3
7.02	Private debt to GDP	43	▨	2.2	Netherlands	216.2
7.03	Public debt to GDP	32	▨	4.4	Austria	7.0
7.04	Bank deposits to GDP	17	■	78.5	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	23	■	74.6	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	6	■	6.5	Panama	9.2
7.07	Private credit to GDP	29	▨	55.9	United States	193.7
7.08	Stock market value traded to GDP	30	▨	44.2	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	48	▨	3.4	Switzerland	6.7
7.10	Venture capital availability	43	▨	2.9	United States	5.3
7.11	Ease of access to credit	50	▨	4.1	Slovak Republic	5.9
7.12	Ease of access to local equity market	38	▨	4.8	Sweden	6.2
7.13	Bank branches	44	▨	3.6	Spain	95.9
7.14	Ease of access to loans	49	▨	2.7	Norway	5.5

Finland

Key indicators

Population (millions), 2007	5.3
GDP (US$ billions), 2007	245.0
GDP (current prices, US$) per capita, 2007	46,601.9
GDP (PPP) as share (%) of world total, 2007	0.29
Average annual rate of real GDP growth (%), 2003–07	3.52

Financial assets by major type, 2006



	US$ bn
Public debt securities	86.1
Private debt securities	102.5
Banking deposits	109.8
Equity securities	265.5
Total	**563.8**

Total/GDP: 268.8%

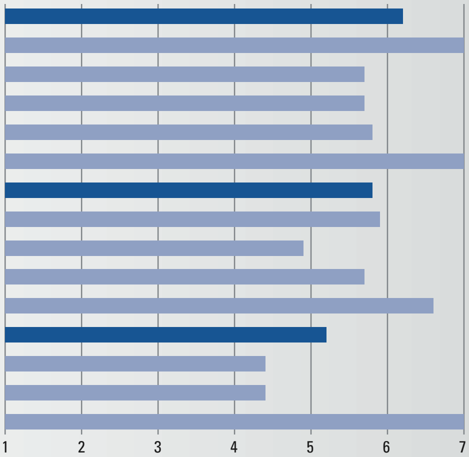
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**21**	**4.4**

INPUTS

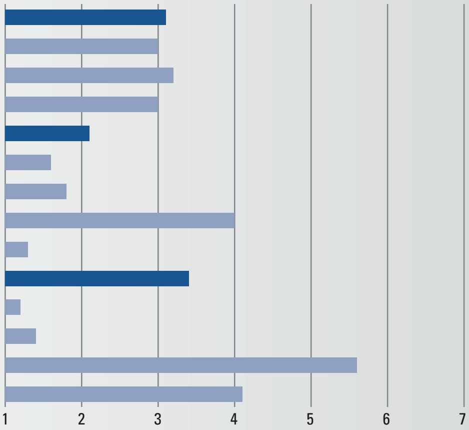
Factors, policies, and institutions

	Rank	Score
1st pillar: Institutional environment	**3**	**6.2**
Capital account liberalization	1	7.0
Corporate governance	7	5.7
Legal and regulatory issues	2	5.7
Contract enforcement	3	5.8
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**2**	**5.8**
Human capital	1	5.9
Taxes	9	4.9
Infrastructure	10	5.7
Cost of doing business	3	6.6
3rd pillar: Financial stability	**15**	**5.2**
Risk of a currency crisis	32	4.4
Risk of systemic banking crisis	33	4.4
Risk of sovereign debt crisis	1	7.0



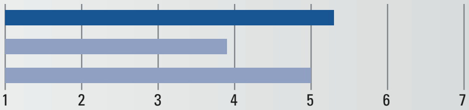
Financial intermediation

	Rank	Score
4th pillar: Banks	**40**	**3.1**
Size index	28	3.0
Efficiency index	46	3.2
Financial information disclosure	39	3.0
5th pillar: Non-banks	**29**	**2.1**
IPO activity	31	1.6
M&A activity	28	1.8
Insurance	15	4.0
Securitization	43	1.3
6th pillar: Financial markets	**18**	**3.4**
Foreign exchange markets	31	1.2
Derivatives markets	24	1.4
Equity markets	6	5.6
Bond markets	16	4.1



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**22**	**5.3**
Size and depth	24	3.9
Access	9	5.0



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Finland

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.3	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	16	■	5.0	France	5.7
1.03	Efficacy of corporate boards	6	■	5.7	Sweden	6.1
1.04	Reliance on professional management	7	■	6.1	Sweden	6.4
1.05	Willingness to delegate	6	■	5.4	Sweden	6.3
1.06	Strength of auditing and accounting standards	7	■	6.2	Germany	6.3
1.07	Shareholder rights index	17	■	3.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	1	■	6.6	Finland	6.6
1.09	Protection of minority shareholders' interests	4	■	5.9	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	3	■	4.6	Singapore	5.3
1.11	Centralization of economic policymaking	10	■	4.3	Switzerland	5.9
1.12	Regulation of security exchanges	13	■	5.8	Sweden	6.3
1.13	Property rights	6	■	6.4	Germany	6.7
1.14	Intellectual property protection	2	■	6.3	Germany	6.5
1.15	Diversion of public funds	1	■	6.5	Finland	6.5
1.16	Public trust of politicians	2	■	5.7	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	5	■	5.3	Singapore	6.1
1.18	Judicial independence	2	■	6.4	Germany	6.5
1.19	Irregular payments in judicial decisions	1	■	6.8	Finland	6.8
1.20	Number of procedures to enforce a contract	21	■	33.0	Ireland	20.0
1.21	Time to enforce a contract	5	■	235.0	Singapore	120.0
1.22	Cost of enforcing contracts	6	■	10.4	China	8.8
1.23	Strength of investor protection	22	▨	5.7	Singapore	9.3
1.24	Time to close a business	5	■	0.9	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	11	■	5.5	France	6.0
2.02	Quality of math and science education	3	■	6.2	Singapore	6.3
2.03	Extent of staff training	12	■	5.3	Switzerland	5.9
2.04	Local availability of research and training services	9	■	5.7	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	6	■	5.4	Kuwait	5.8
2.06	Tertiary enrollment	1	■	93.2	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	2	■	6.8	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	9	■	4.9	Singapore	5.7
2.09	Corporate tax rate	20	■	26.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	5	■	6.4	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	2	■	6.8	Switzerland	6.9
2.12	Internet users	11	■	55.6	Netherlands	85.7
2.13	Broadband Internet subscribers	3	■	27.1	Netherlands	31.8
2.14	Telephone lines	21	■	36.3	Switzerland	66.9
2.15	Mobile telephone subscribers	12	■	107.8	Italy	135.1

(Cont'd.)

Finland

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	8	■	1.0	Ireland	0.3
2.17	Cost of dealing with licenses	29	□	122.3	United Arab Emirates	1.5
2.18	Cost of registering property	28	□	4.0	Saudi Arabia	0.0
2.19	Cost to export	3	■	420.0	China	390.0
2.20	Cost to import	3	■	420.0	Singapore	367.0
2.21	Cost of enforcing contracts	6	■	10.4	China	8.8
2.22	Cost of closing a business	5	■	4.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	26	□	1.5	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	15	■	5.8	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	8	■	-12.2	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	22	□	9.0	Indonesia	16.0
3.07	Entry restrictions for banks	25	□	7.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	25	□	4.0	Multiple (3)	9.0
3.09	Official supervisory power	27	□	9.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	23	□	6.0	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	3	■	6.1	India	7.2
3.13	Cumulative real estate appreciation	21	■	32.9	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	28	□	6.0	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	47	□	4.1	United Arab Emirates	6.8
4.03	Public ownership of banks	1	■	0.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	31	□	14.9	Multiple (7)	100.0
4.06	Credit Information Index	15	■	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	30	□	0.3	France	31.0
5.02	IPO proceeds amount	23	□	0.4	Kazakhstan	4.4
5.03	Share of world IPOs	32	□	0.3	Japan	14.2
	M&A activity					
5.04	M&A market share	26	□	0.3	United States	44.4
5.05	M&A transaction value to GDP	23	□	3.8	United Kingdom	14.6
5.06	Share of total number of M&A deals	22	□	0.8	United States	33.2

Finland

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

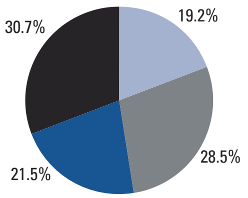
	INDICATOR	RANK/52	SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*				
	Insurance				
5.07	Insurance premiums, direct	23 □	19,308.2	United States	1,170,100.6
5.08	Insurance density	7 ■	3,681.2	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	22 □	4.8	India	52.6
5.10	Insurance penetration	11 ■	9.1	United Kingdom	16.5
5.11	Relative value-added of insurance	40 □	0.4	Switzerland	4.8
	Securitization				
5.12	Securitization to GDP	41 □	0.7	United States	22.9
5.13	Share of total number of securitization deals	40 □	0.0	United States	64.9
	6th pillar: Financial markets				
	Foreign exchange markets				
6.01	Spot foreign exchange turnover	40 □	0.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	32 □	0.1	United Kingdom	29.9
6.03	Foreign exchange swap turnover	23 □	0.3	United Kingdom	42.0
	Derivatives markets				
6.04	Interest rate derivatives turnover: Forward rate agreements	24 □	0.0	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	21 ■	0.1	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	12 ■	0.3	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	27 □	0.1	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	26 □	0.1	United Kingdom	42.6
	Equity market development				
6.09	Equity market turnover	8 ■	138.0	Pakistan	374.3
7.05	Stock market capitalization to GDP	14 ■	111.1	Hong Kong SAR	713.3
	Bond market development				
6.10	Private-sector bonds to GDP	15 ■	24.9	United States	114.0
6.11	Public-sector bonds to GDP	18 ■	4.8	France	7.0
6.12	International bonds to GDP	10 ■	46.6	Netherlands	121.7
	7th pillar: Size, depth, and access				
	Size and depth				
7.01	M2 to GDP	n/a	n/a	Hong Kong SAR	252.3
7.02	Private debt to GDP	20 ■	48.9	Netherlands	216.2
7.03	Public debt to GDP	28 □	4.6	Austria	7.0
7.04	Bank deposits to GDP	31 □	48.5	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	14 ■	111.1	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	41 □	1.8	Panama	9.2
7.07	Private credit to GDP	24 □	74.6	United States	193.7
7.08	Stock market value traded to GDP	7 ■	141.6	Saudi Arabia	356.2
	Access				
7.09	Financial market sophistication	12 ■	6.0	Switzerland	6.7
7.10	Venture capital availability	2 ■	5.2	United States	5.3
7.11	Ease of access to credit	6 ■	5.4	Slovak Republic	5.9
7.12	Ease of access to local equity market	18 ■	5.6	Sweden	6.2
7.13	Bank branches	16 ■	19.1	Spain	95.9
7.14	Ease of access to loans	2 ■	5.4	Norway	5.5

France

Key indicators

Population (millions), 2007	61.7
GDP (US$ billions), 2007	2,560.3
GDP (current prices, US$) per capita, 2007	41,511.2
GDP (PPP) as share (%) of world total, 2007	3.17
Average annual rate of real GDP growth (%), 2003–07	1.83

Financial assets by major type, 2006



Total/GDP: 350.7%

	US$ bn
▨ Public debt securities	1,517.5
▨ Private debt securities	2,254.9
■ Banking deposits	1,698.2
■ Equity securities	2,428.6
Total	**7,899.1**

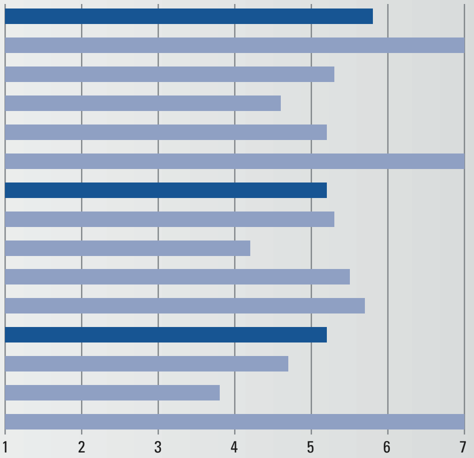
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**6**	**5.3**

Factors, policies, and institutions

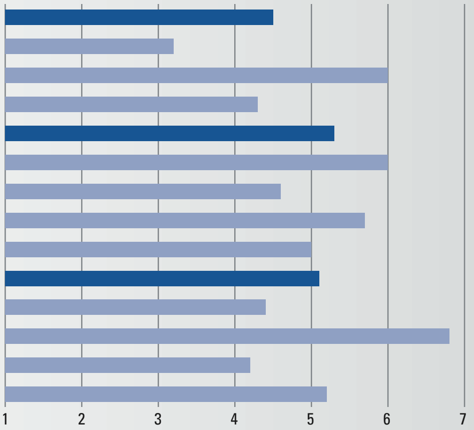
INPUTS

1st pillar: Institutional environment	**16**	**5.8**
Capital account liberalization	1	7.0
Corporate governance	18	5.3
Legal and regulatory issues	18	4.6
Contract enforcement	15	5.2
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**15**	**5.2**
Human capital	14	5.3
Taxes	27	4.2
Infrastructure	13	5.5
Cost of doing business	23	5.7
3rd pillar: Financial stability	**20**	**5.2**
Risk of a currency crisis	24	4.7
Risk of systemic banking crisis	47	3.8
Risk of sovereign debt crisis	1	7.0



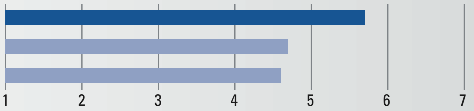
Financial intermediation

4th pillar: Banks	**14**	**4.5**
Size index	22	3.2
Efficiency index	8	6.0
Financial information disclosure	16	4.3
5th pillar: Non-banks	**3**	**5.3**
IPO activity	2	6.0
M&A activity	4	4.6
Insurance	2	5.7
Securitization	9	5.0
6th pillar: Financial markets	**4**	**5.1**
Foreign exchange markets	9	4.4
Derivatives markets	3	6.8
Equity markets	22	4.2
Bond markets	4	5.2



Capital availability and access

7th pillar: Size, depth, and access	**11**	**5.7**
Size and depth	13	4.7
Access	19	4.6



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

France

Financial Development Index in detail

🟦 Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	🟦	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	1	🟦	5.7	France	5.7
1.03	Efficacy of corporate boards	18	▨	5.4	Sweden	6.1
1.04	Reliance on professional management	16	▨	5.6	Sweden	6.4
1.05	Willingness to delegate	21	▨	4.6	Sweden	6.3
1.06	Strength of auditing and accounting standards	11	▨	6.1	Germany	6.3
1.07	Shareholder rights index	17	▨	3.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	15	▨	5.4	Finland	6.6
1.09	Protection of minority shareholders' interests	24	▨	5.1	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	44	▨	2.6	Singapore	5.3
1.11	Centralization of economic policymaking	25	▨	3.4	Switzerland	5.9
1.12	Regulation of security exchanges	9	🟦	5.9	Sweden	6.3
1.13	Property rights	14	▨	6.1	Germany	6.7
1.14	Intellectual property protection	8	🟦	5.9	Germany	6.5
1.15	Diversion of public funds	15	▨	5.2	Finland	6.5
1.16	Public trust of politicians	19	▨	3.4	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	17	▨	4.4	Singapore	6.1
1.18	Judicial independence	19	▨	5.3	Germany	6.5
1.19	Irregular payments in judicial decisions	15	▨	6.1	Finland	6.8
1.20	Number of procedures to enforce a contract	10	🟦	30.0	Ireland	20.0
1.21	Time to enforce a contract	12	▨	331.0	Singapore	120.0
1.22	Cost of enforcing contracts	19	▨	17.4	China	8.8
1.23	Strength of investor protection	30	▨	5.3	Singapore	9.3
1.24	Time to close a business	20	▨	1.9	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	🟦	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	1	🟦	6.0	France	6.0
2.02	Quality of math and science education	6	🟦	5.7	Singapore	6.3
2.03	Extent of staff training	19	▨	5.0	Switzerland	5.9
2.04	Local availability of research and training services	11	▨	5.6	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	35	▨	4.2	Kuwait	5.8
2.06	Tertiary enrollment	22	▨	56.2	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	17	▨	6.2	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	20	▨	4.5	Singapore	5.7
2.09	Corporate tax rate	43	▨	33.8	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	4	🟦	6.5	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	8	🟦	6.8	Switzerland	6.9
2.12	Internet users	17	▨	49.6	Netherlands	85.7
2.13	Broadband Internet subscribers	11	▨	20.9	Netherlands	31.8
2.14	Telephone lines	6	🟦	55.8	Switzerland	66.9
2.15	Mobile telephone subscribers	26	▨	85.1	Italy	135.1

(Cont'd.)

France

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	9	■	1.1	Ireland	0.3
2.17	Cost of dealing with licenses	13	▨	24.9	United Arab Emirates	1.5
2.18	Cost of registering property	38	▨	6.1	Saudi Arabia	0.0
2.19	Cost to export	37	▨	1,028.0	China	390.0
2.20	Cost to import	36	▨	1,148.0	Singapore	367.0
2.21	Cost of enforcing contracts	19	▨	17.4	China	8.8
2.22	Cost of closing a business	18	▨	9.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	25	▨	0.9	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	35	▨	–2.0	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	7	■	4.8	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	22	▨	9.0	Indonesia	16.0
3.07	Entry restrictions for banks	25	▨	7.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	4	■	8.0	Multiple (3)	9.0
3.09	Official supervisory power	27	▨	9.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	10	■	7.0	South Africa	9.0
3.11	Frequency of banking crises	12	▨	1.0	Multiple (11)	0.0
3.12	Stability Index	27	▨	4.7	India	7.2
3.13	Cumulative real estate appreciation	30	▨	50.3	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	22	▨	6.3	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	9	■	5.7	United Arab Emirates	6.8
4.03	Public ownership of banks	13	▨	0.3	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	7	■	24.8	Belgium	57.2
4.05	Private credit bureau coverage	42	▨	0.0	Multiple (7)	100.0
4.06	Credit Information Index	31	▨	4.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	1	■	31.0	France	31.0
5.02	IPO proceeds amount	2	■	3.7	Kazakhstan	4.4
5.03	Share of world IPOs	7	■	5.0	Japan	14.2
	M&A activity					
5.04	M&A market share	4	■	4.4	United States	44.4
5.05	M&A transaction value to GDP	14	▨	5.9	United Kingdom	14.6
5.06	Share of total number of M&A deals	7	■	4.4	United States	33.2

France

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

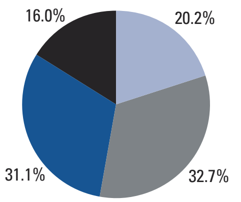
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	4	■	251,163.8	United States	1,170,100.6
5.08	Insurance density	4	■	4,075.4	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	16	▨	10.6	India	52.6
5.10	Insurance penetration	5	■	11.0	United Kingdom	16.5
5.11	Relative value-added of insurance	23	▨	1.0	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	15	▨	3.5	United States	22.9
5.13	Share of total number of securitization deals	5	■	1.9	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	9	■	2.0	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	9	■	1.8	United Kingdom	29.9
6.03	Foreign exchange swap turnover	8	■	4.1	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	4	■	5.6	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	3	■	9.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	4	■	6.1	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	5	■	3.7	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	7	■	2.2	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	20	▨	81.9	Pakistan	374.3
7.05	Stock market capitalization to GDP	19	▨	91.8	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	8	■	41.5	United States	114.0
6.11	Public-sector bonds to GDP	1	■	7.0	France	7.0
6.12	International bonds to GDP	11	▨	46.1	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	n/a		n/a	Hong Kong SAR	252.3
7.02	Private debt to GDP	10	■	101.1	Netherlands	216.2
7.03	Public debt to GDP	5	■	6.9	Austria	7.0
7.04	Bank deposits to GDP	21	▨	70.4	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	19	▨	91.8	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	25	▨	3.9	Panama	9.2
7.07	Private credit to GDP	19	▨	94.1	United States	193.7
7.08	Stock market value traded to GDP	20	▨	69.4	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	14	▨	6.0	Switzerland	6.7
7.10	Venture capital availability	22	▨	4.1	United States	5.3
7.11	Ease of access to credit	43	▨	4.6	Slovak Republic	5.9
7.12	Ease of access to local equity market	21	▨	5.5	Sweden	6.2
7.13	Bank branches	7	■	43.2	Spain	95.9
7.14	Ease of access to loans	31	▨	3.8	Norway	5.5

Germany

Key indicators

Population (millions), 2007	82.2
GDP (US$ billions), 2007	3,322.1
GDP (current prices, US$) per capita, 2007	40,415.4
GDP (PPP) as share (%) of world total, 2007	4.34
Average annual rate of real GDP growth (%), 2003–07	1.39

Financial assets by major type, 2006



Total/GDP: 351.6%

	US$ bn
▨ Public debt securities	2,069.8
▨ Private debt securities	3,357.5
■ Banking deposits	3,187.9
■ Equity securities	1,637.8
Total	**10,253.1**

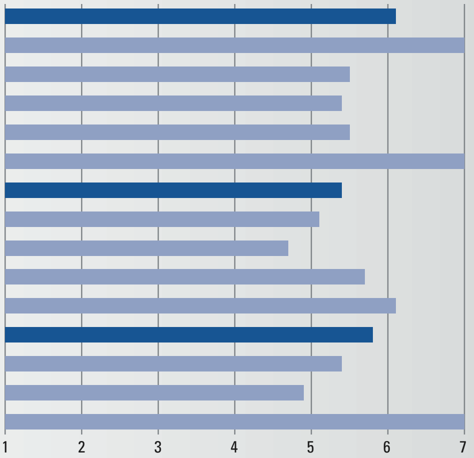
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**3**	**5.3**

Factors, policies, and institutions

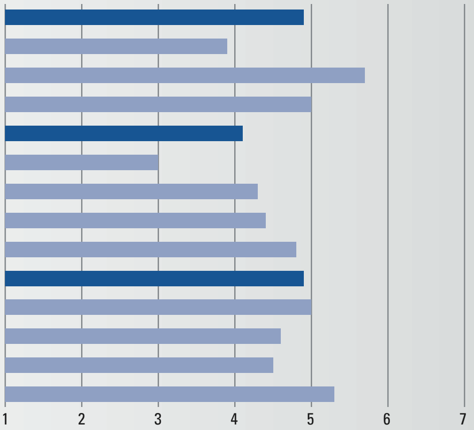
INPUTS

1st pillar: Institutional environment	**6**	**6.1**
Capital account liberalization	1	7.0
Corporate governance	13	5.5
Legal and regulatory issues	5	5.4
Contract enforcement	11	5.5
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**10**	**5.4**
Human capital	16	5.1
Taxes	15	4.7
Infrastructure	7	5.7
Cost of doing business	7	6.1
3rd pillar: Financial stability	**6**	**5.8**
Risk of a currency crisis	12	5.4
Risk of systemic banking crisis	19	4.9
Risk of sovereign debt crisis	1	7.0



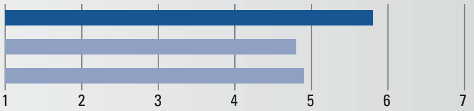
Financial intermediation

4th pillar: Banks	**9**	**4.9**
Size index	16	3.9
Efficiency index	10	5.7
Financial information disclosure	8	5.0
5th pillar: Non-banks	**7**	**4.1**
IPO activity	13	3.0
M&A activity	5	4.3
Insurance	11	4.4
Securitization	10	4.8
6th pillar: Financial markets	**7**	**4.9**
Foreign exchange markets	8	5.0
Derivatives markets	7	4.6
Equity markets	16	4.5
Bond markets	3	5.3



Capital availability and access

7th pillar: Size, depth, and access	**9**	**5.8**
Size and depth	10	4.8
Access	11	4.9



OUTPUTS

Note: For further details and explanation, please refer to “How Read the Country/Economy Profiles.”

Germany

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.3	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	4	■	5.6	France	5.7
1.03	Efficacy of corporate boards	5	■	5.7	Sweden	6.1
1.04	Reliance on professional management	2	■	6.2	Sweden	6.4
1.05	Willingness to delegate	7	■	5.4	Sweden	6.3
1.06	Strength of auditing and accounting standards	1	■	6.3	Germany	6.3
1.07	Shareholder rights index	33	▨	1.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	7	■	6.1	Finland	6.6
1.09	Protection of minority shareholders' interests	2	■	6.1	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	29	▨	3.1	Singapore	5.3
1.11	Centralization of economic policymaking	2	■	5.3	Switzerland	5.9
1.12	Regulation of security exchanges	7	■	6.0	Sweden	6.3
1.13	Property rights	1	■	6.7	Germany	6.7
1.14	Intellectual property protection	1	■	6.5	Germany	6.5
1.15	Diversion of public funds	10	■	5.9	Finland	6.5
1.16	Public trust of politicians	12	▨	4.5	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	10	■	4.9	Singapore	6.1
1.18	Judicial independence	1	■	6.5	Germany	6.5
1.19	Irregular payments in judicial decisions	3	■	6.7	Finland	6.8
1.20	Number of procedures to enforce a contract	21	▨	33.0	Ireland	20.0
1.21	Time to enforce a contract	15	▨	394.0	Singapore	120.0
1.22	Cost of enforcing contracts	7	■	11.8	China	8.8
1.23	Strength of investor protection	34	▨	5.0	Singapore	9.3
1.24	Time to close a business	14	▨	1.2	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	22	▨	5.1	France	6.0
2.02	Quality of math and science education	22	▨	4.8	Singapore	6.3
2.03	Extent of staff training	8	■	5.5	Switzerland	5.9
2.04	Local availability of research and training services	3	■	6.0	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	16	▨	4.8	Kuwait	5.8
2.06	Tertiary enrollment	28	▨	46.3	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	4	■	6.6	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	21	▨	4.4	Singapore	5.7
2.09	Corporate tax rate	22	▨	26.4	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	2	■	6.6	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	3	■	6.8	Switzerland	6.9
2.12	Internet users	19	▨	46.7	Netherlands	85.7
2.13	Broadband Internet subscribers	17	▨	18.1	Netherlands	31.8
2.14	Telephone lines	2	■	65.9	Switzerland	66.9
2.15	Mobile telephone subscribers	18	▨	103.5	Italy	135.1

(Cont'd.)

Germany

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	20	□	5.7	Ireland	0.3
2.17	Cost of dealing with licenses	18	□	63.1	United Arab Emirates	1.5
2.18	Cost of registering property	36	□	5.2	Saudi Arabia	0.0
2.19	Cost to export	18	□	740.0	China	390.0
2.20	Cost to import	16	□	765.0	Singapore	367.0
2.21	Cost of enforcing contracts	7	■	11.8	China	8.8
2.22	Cost of closing a business	16	□	8.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	13	□	–0.8	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	17	□	4.7	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	5	■	25.5	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	29	□	7.0	Indonesia	16.0
3.07	Entry restrictions for banks	33	□	6.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	8	■	7.0	Multiple (3)	9.0
3.09	Official supervisory power	27	□	9.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	10	■	7.0	South Africa	9.0
3.11	Frequency of banking crises	12	□	1.0	Multiple (11)	0.0
3.12	Stability Index	22	□	5.1	India	7.2
3.13	Cumulative real estate appreciation	5	■	–4.6	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	16	□	7.1	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	7	■	5.8	United Arab Emirates	6.8
4.03	Public ownership of banks	30	□	40.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	20	□	0.7	Belgium	57.2
4.05	Private credit bureau coverage	8	■	98.1	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	7	■	3.7	France	31.0
5.02	IPO proceeds amount	28	□	0.3	Kazakhstan	4.4
5.03	Share of world IPOs	9	■	3.1	Japan	14.2
	M&A activity					
5.04	M&A market share	5	■	4.1	United States	44.4
5.05	M&A transaction value to GDP	22	□	4.3	United Kingdom	14.6
5.06	Share of total number of M&A deals	6	■	4.7	United States	33.2

Germany

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

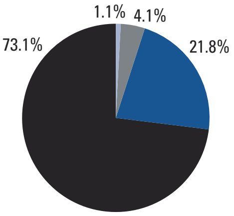
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	5	■	204,543.9	United States	1,170,100.6
5.08	Insurance density	15	□	2,436.8	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	33	□	0.5	India	52.6
5.10	Insurance penetration	17	□	6.7	United Kingdom	16.5
5.11	Relative value-added of insurance	29	□	0.9	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	12	□	3.9	United States	22.9
5.13	Share of total number of securitization deals	8	■	1.7	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	10	■	1.9	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	5	■	5.4	United Kingdom	29.9
6.03	Foreign exchange swap turnover	9	■	2.4	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	3	■	7.3	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	4	■	4.1	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	8	■	0.7	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	18	□	0.5	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	11	□	1.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	5	■	144.7	Pakistan	374.3
7.05	Stock market capitalization to GDP	32	□	48.4	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	12	□	34.5	United States	114.0
6.11	Public-sector bonds to GDP	10	■	5.5	France	7.0
6.12	International bonds to GDP	4	■	80.5	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	n/a		n/a	Hong Kong SAR	252.3
7.02	Private debt to GDP	6	■	115.5	Netherlands	216.2
7.03	Public debt to GDP	9	■	6.7	Austria	7.0
7.04	Bank deposits to GDP	13	□	102.2	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	32	□	48.4	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	24	□	4.0	Panama	9.2
7.07	Private credit to GDP	13	□	108.8	United States	193.7
7.08	Stock market value traded to GDP	23	□	63.1	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	10	■	6.2	Switzerland	6.7
7.10	Venture capital availability	15	□	4.4	United States	5.3
7.11	Ease of access to credit	35	□	4.7	Slovak Republic	5.9
7.12	Ease of access to local equity market	20	□	5.5	Sweden	6.2
7.13	Bank branches	5	■	49.4	Spain	95.9
7.14	Ease of access to loans	16	□	4.4	Norway	5.5

Hong Kong SAR

Key indicators

Population (millions), 2007	7.0
GDP (US$ billions), 2007	206.7
GDP (current prices, US$) per capita, 2007	29,649.5
GDP (PPP) as share (%) of world total, 2007	0.45
Average annual rate of real GDP growth (%), 2003–07	6.37

Financial assets by major type, 2006



Total/GDP: 1235.5%

	US$ bn
🟦 Public debt securities	25.3
▨ Private debt securities	95.3
🟦 Banking deposits	512.1
■ Equity securities	1,715.0
Total	**2,347.6**

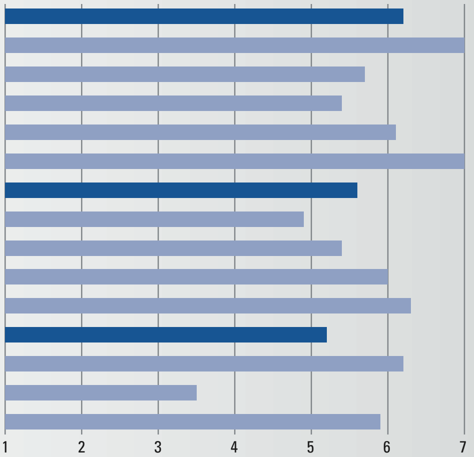
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**8**	**5.2**

Factors, policies, and institutions

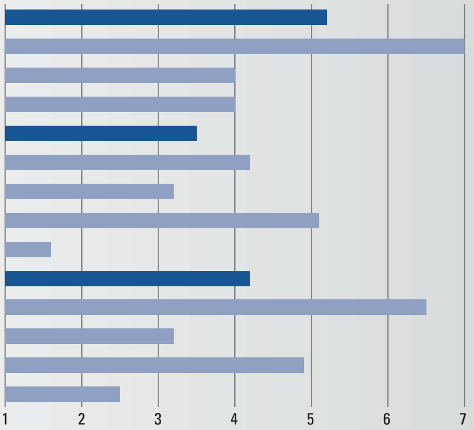
INPUTS

1st pillar: Institutional environment	**2**	**6.2**
Capital account liberalization	1	7.0
Corporate governance	6	5.7
Legal and regulatory issues	4	5.4
Contract enforcement	2	6.1
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**4**	**5.6**
Human capital	19	4.9
Taxes	5	5.4
Infrastructure	4	6.0
Cost of doing business	6	6.3
3rd pillar: Financial stability	**17**	**5.2**
Risk of a currency crisis	3	6.2
Risk of systemic banking crisis	50	3.5
Risk of sovereign debt crisis	18	5.9



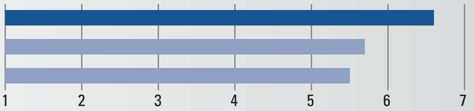
Financial intermediation

4th pillar: Banks	**5**	**5.2**
Size index	1	7.0
Efficiency index	36	4.0
Financial information disclosure	26	4.0
5th pillar: Non-banks	**13**	**3.5**
IPO activity	7	4.2
M&A activity	10	3.2
Insurance	6	5.1
Securitization	31	1.6
6th pillar: Financial markets	**11**	**4.2**
Foreign exchange markets	7	6.5
Derivatives markets	11	3.2
Equity markets	12	4.9
Bond markets	33	2.5



Capital availability and access

7th pillar: Size, depth, and access	**3**	**6.6**
Size and depth	5	5.7
Access	1	5.5



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Hong Kong SAR

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	11	▨	5.2	France	5.7
1.03	Efficacy of corporate boards	20	▨	5.3	Sweden	6.1
1.04	Reliance on professional management	23	▨	5.4	Sweden	6.4
1.05	Willingness to delegate	13	▨	5.1	Sweden	6.3
1.06	Strength of auditing and accounting standards	9	■	6.2	Germany	6.3
1.07	Shareholder rights index	1	■	5.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	12	▨	5.8	Finland	6.6
1.09	Protection of minority shareholders' interests	12	▨	5.6	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	2	■	4.8	Singapore	5.3
1.11	Centralization of economic policymaking	14	▨	4.1	Switzerland	5.9
1.12	Regulation of security exchanges	3	■	6.2	Sweden	6.3
1.13	Property rights	11	▨	6.3	Germany	6.7
1.14	Intellectual property protection	16	▨	5.5	Germany	6.5
1.15	Diversion of public funds	9	■	5.9	Finland	6.5
1.16	Public trust of politicians	7	■	5.2	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	22	▨	4.2	Singapore	6.1
1.18	Judicial independence	13	▨	5.9	Germany	6.5
1.19	Irregular payments in judicial decisions	11	▨	6.3	Finland	6.8
1.20	Number of procedures to enforce a contract	3	■	24.0	Ireland	20.0
1.21	Time to enforce a contract	2	■	211.0	Singapore	120.0
1.22	Cost of enforcing contracts	13	▨	14.5	China	8.8
1.23	Strength of investor protection	2	■	9.0	Singapore	9.3
1.24	Time to close a business	11	▨	1.1	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	16	▨	5.4	France	6.0
2.02	Quality of math and science education	4	■	5.9	Singapore	6.3
2.03	Extent of staff training	21	▨	4.7	Switzerland	5.9
2.04	Local availability of research and training services	18	▨	5.1	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	12	▨	5.2	Kuwait	5.8
2.06	Tertiary enrollment	36	▨	33.0	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	12	▨	6.4	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	2	■	5.6	Singapore	5.7
2.09	Corporate tax rate	8	■	17.5	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	7	■	6.2	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	7	■	6.8	Switzerland	6.9
2.12	Internet users	13	▨	53.0	Netherlands	85.7
2.13	Broadband Internet subscribers	7	■	24.5	Netherlands	31.8
2.14	Telephone lines	8	■	53.9	Switzerland	66.9
2.15	Mobile telephone subscribers	2	■	132.7	Italy	135.1

(Cont'd.)

Hong Kong SAR

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	13	▨	3.1	Ireland	0.3
2.17	Cost of dealing with licenses	11	▨	21.3	United Arab Emirates	1.5
2.18	Cost of registering property	34	▨	5.0	Saudi Arabia	0.0
2.19	Cost to export	8	■	525.0	China	390.0
2.20	Cost to import	7	■	525.0	Singapore	367.0
2.21	Cost of enforcing contracts	13	▨	14.5	China	8.8
2.22	Cost of closing a business	18	▨	9.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	5	■	–4.1	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	12	▨	9.3	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	50	▨	3.0	Multiple (11)	0.0
3.12	Stability Index	11	▨	5.4	India	7.2
3.13	Cumulative real estate appreciation	25	▨	38.0	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	19	▨	17.5	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	18	▨	17.5	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	1	■	10.8	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	35	▨	4.7	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	▨	0.0	Belgium	57.2
4.05	Private credit bureau coverage	15	▨	64.7	Multiple (7)	100.0
4.06	Credit Information Index	15	▨	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	10	■	2.3	France	31.0
5.02	IPO proceeds amount	3	■	3.3	Kazakhstan	4.4
5.03	Share of world IPOs	11	▨	2.6	Japan	14.2
	M&A activity					
5.04	M&A market share	17	▨	0.7	United States	44.4
5.05	M&A transaction value to GDP	4	■	11.7	United Kingdom	14.6
5.06	Share of total number of M&A deals	14	▨	1.6	United States	33.2

Hong Kong SAR

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

5th pillar: Non-banks *(cont'd.)*

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Insurance					
5.07	Insurance premiums, direct	21	▨	19,842.3	United States	1,170,100.6
5.08	Insurance density	12	▨	2,787.6	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	10	■	14.4	India	52.6
5.10	Insurance penetration	7	■	10.5	United Kingdom	16.5
5.11	Relative value-added of insurance	2	■	4.0	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	37	▨	1.2	United States	22.9
5.13	Share of total number of securitization deals	25	▨	0.2	United States	64.9

6th pillar: Financial markets

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	7	■	3.0	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	7	■	3.5	United Kingdom	29.9
6.03	Foreign exchange swap turnover	3	■	5.7	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	17	▨	0.2	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	11	▨	1.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	16	▨	0.2	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	9	■	1.7	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	6	■	2.3	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	29	▨	48.9	Pakistan	374.3
7.05	Stock market capitalization to GDP	1	■	713.3	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	21	▨	17.9	United States	114.0
6.11	Public-sector bonds to GDP	38	▨	1.8	France	7.0
6.12	International bonds to GDP	17	▨	32.2	Netherlands	121.7

7th pillar: Size, depth, and access

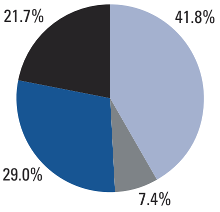
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Size and depth					
7.01	M2 to GDP	1	■	252.3	Hong Kong SAR	252.3
7.02	Private debt to GDP	19	▨	50.2	Netherlands	216.2
7.03	Public debt to GDP	48	▨	1.9	Austria	7.0
7.04	Bank deposits to GDP	1	■	250.4	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	1	■	713.3	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	3	■	8.6	Panama	9.2
7.07	Private credit to GDP	8	■	138.7	United States	193.7
7.08	Stock market value traded to GDP	2	■	258.8	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	3	■	6.5	Switzerland	6.7
7.10	Venture capital availability	9	■	4.9	United States	5.3
7.11	Ease of access to credit	8	■	5.4	Slovak Republic	5.9
7.12	Ease of access to local equity market	3	■	6.0	Sweden	6.2
7.13	Bank branches	n/a		n/a	Spain	95.9
7.14	Ease of access to loans	10	■	4.9	Norway	5.5

Hungary

Key indicators

Population (millions), 2007	10.1
GDP (US$ billions), 2007	138.4
GDP (current prices, US$) per capita, 2007	13,762.2
GDP (PPP) as share (%) of world total, 2007	0.30
Average annual rate of real GDP growth (%), 2003–07	3.66

Financial assets by major type, 2006



Total/GDP: 171.0%

	US$ bn
▨ Public debt securities	80.8
▨ Private debt securities	14.4
■ Banking deposits	56.0
■ Equity securities	41.9
Total	**193.1**

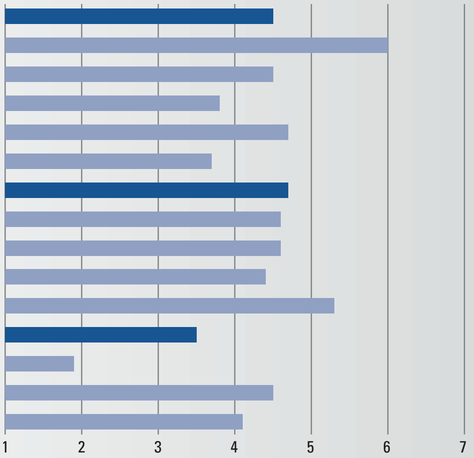
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**33**	**3.5**

Factors, policies, and institutions

INPUTS

	Rank	Score
1st pillar: Institutional environment	**28**	**4.5**
Capital account liberalization	23	6.0
Corporate governance	36	4.5
Legal and regulatory issues	29	3.8
Contract enforcement	22	4.7
Domestic financial sector liberalization	39	3.7
2nd pillar: Business environment	**27**	**4.7**
Human capital	24	4.6
Taxes	19	4.6
Infrastructure	24	4.4
Cost of doing business	35	5.3
3rd pillar: Financial stability	**46**	**3.5**
Risk of a currency crisis	50	1.9
Risk of systemic banking crisis	30	4.5
Risk of sovereign debt crisis	35	4.1



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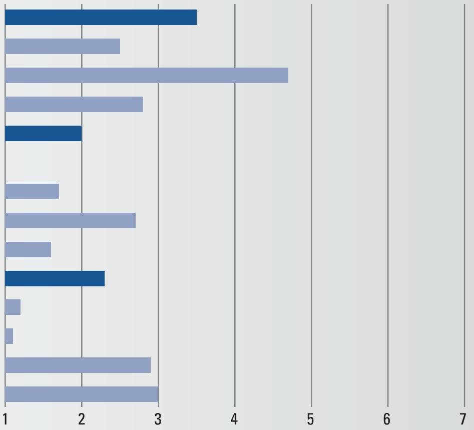
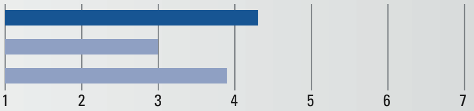
Financial intermediation

	Rank	Score
4th pillar: Banks	**33**	**3.5**
Size index	32	2.5
Efficiency index	27	4.7
Financial information disclosure	41	2.8
5th pillar: Non-banks	**32**	**2.0**
IPO activity	n/a	n/a
M&A activity	30	1.7
Insurance	28	2.7
Securitization	34	1.6
6th pillar: Financial markets	**35**	**2.3**
Foreign exchange markets	32	1.2
Derivatives markets	30	1.1
Equity markets	35	2.9
Bond markets	26	3.0



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**34**	**4.3**
Size and depth	34	3.0
Access	32	3.9



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Hungary

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	23	■	2.3	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	31	▨	4.6	France	5.7
1.03	Efficacy of corporate boards	36	▨	4.7	Sweden	6.1
1.04	Reliance on professional management	36	▨	4.7	Sweden	6.4
1.05	Willingness to delegate	48	▨	3.5	Sweden	6.3
1.06	Strength of auditing and accounting standards	29	▨	5.1	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	42	▨	3.9	Finland	6.6
1.09	Protection of minority shareholders' interests	29	▨	4.7	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	41	▨	2.6	Singapore	5.3
1.11	Centralization of economic policymaking	34	▨	3.0	Switzerland	5.9
1.12	Regulation of security exchanges	33	▨	5.0	Sweden	6.3
1.13	Property rights	24	■	5.4	Germany	6.7
1.14	Intellectual property protection	25	■	4.4	Germany	6.5
1.15	Diversion of public funds	29	▨	3.8	Finland	6.5
1.16	Public trust of politicians	35	▨	2.3	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	38	▨	3.1	Singapore	6.1
1.18	Judicial independence	27	▨	4.4	Germany	6.5
1.19	Irregular payments in judicial decisions	26	▨	5.0	Finland	6.8
1.20	Number of procedures to enforce a contract	21	■	33.0	Ireland	20.0
1.21	Time to enforce a contract	13	■	335.0	Singapore	120.0
1.22	Cost of enforcing contracts	9	■	13.0	China	8.8
1.23	Strength of investor protection	44	▨	4.3	Singapore	9.3
1.24	Time to close a business	21	■	2.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	39	▨	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	35	▨	4.3	France	6.0
2.02	Quality of math and science education	14	■	5.1	Singapore	6.3
2.03	Extent of staff training	40	▨	3.6	Switzerland	5.9
2.04	Local availability of research and training services	38	▨	4.0	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	39	▨	4.0	Kuwait	5.8
2.06	Tertiary enrollment	9	■	68.6	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	25	■	5.5	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	46	▨	3.6	Singapore	5.7
2.09	Corporate tax rate	6	■	16.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	30	▨	4.2	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	20	■	6.4	Switzerland	6.9
2.12	Internet users	24	■	34.8	Netherlands	85.7
2.13	Broadband Internet subscribers	22	■	11.9	Netherlands	31.8
2.14	Telephone lines	22	■	33.4	Switzerland	66.9
2.15	Mobile telephone subscribers	20	■	99.0	Italy	135.1

(Cont'd.)

Hungary

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	35	▨	17.7	Ireland	0.3
2.17	Cost of dealing with licenses	3	■	10.4	United Arab Emirates	1.5
2.18	Cost of registering property	49	▨	11.0	Saudi Arabia	0.0
2.19	Cost to export	31	▨	975.0	China	390.0
2.20	Cost to import	26	▨	975.0	Singapore	367.0
2.21	Cost of enforcing contracts	9	■	13.0	China	8.8
2.22	Cost of closing a business	26	▨	15.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	27	▨	1.6	Argentina	-8.5
3.02	External vulnerability indicator	48	▨	259.9	Russian Federation	15.4
3.03	Current account balance to GDP	46	▨	-5.8	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	32	▨	98.6	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	8	■	11.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	4	■	8.0	Multiple (3)	9.0
3.09	Official supervisory power	1	■	14.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	10	■	7.0	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	30	▨	4.6	India	7.2
3.13	Cumulative real estate appreciation	22	■	35.9	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	36	▨	13.2	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	31	▨	13.2	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	32	▨	5.4	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	29	▨	5.0	United Arab Emirates	6.8
4.03	Public ownership of banks	1	■	0.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	36	▨	6.9	Multiple (7)	100.0
4.06	Credit Information Index	15	■	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	n/a		n/a	France	31.0
5.02	IPO proceeds amount	n/a		n/a	Kazakhstan	4.4
5.03	Share of world IPOs	n/a		n/a	Japan	14.2
	M&A activity					
5.04	M&A market share	34	▨	0.2	United States	44.4
5.05	M&A transaction value to GDP	20	■	4.5	United Kingdom	14.6
5.06	Share of total number of M&A deals	34	▨	0.3	United States	33.2

Hungary

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

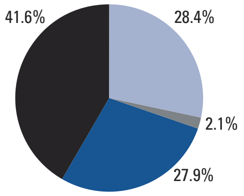
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	37	▨	3,789.0	United States	1,170,100.6
5.08	Insurance density	25	■	376.2	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	8	■	14.7	India	52.6
5.10	Insurance penetration	29	▨	3.4	United Kingdom	16.5
5.11	Relative value-added of insurance	28	▨	0.9	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	27	▨	1.9	United States	22.9
5.13	Share of total number of securitization deals	39	▨	0.1	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	29	▨	0.2	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	37	▨	0.0	United Kingdom	29.9
6.03	Foreign exchange swap turnover	27	▨	0.2	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	18	■	0.2	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	26	▨	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	36	▨	0.0	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	24	■	0.1	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	21	■	77.4	Pakistan	374.3
7.05	Stock market capitalization to GDP	40	▨	31.7	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	28	▨	5.0	United States	114.0
6.11	Public-sector bonds to GDP	9	■	5.6	France	7.0
6.12	International bonds to GDP	25	■	15.8	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	26	▨	48.0	Hong Kong SAR	252.3
7.02	Private debt to GDP	31	▨	12.7	Netherlands	216.2
7.03	Public debt to GDP	6	■	6.8	Austria	7.0
7.04	Bank deposits to GDP	37	▨	42.3	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	40	▨	31.7	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	27	▨	3.6	Panama	9.2
7.07	Private credit to GDP	30	▨	51.4	United States	193.7
7.08	Stock market value traded to GDP	33	▨	27.6	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	32	▨	4.6	Switzerland	6.7
7.10	Venture capital availability	34	▨	3.4	United States	5.3
7.11	Ease of access to credit	41	▨	4.7	Slovak Republic	5.9
7.12	Ease of access to local equity market	45	▨	4.3	Sweden	6.2
7.13	Bank branches	12	■	28.3	Spain	95.9
7.14	Ease of access to loans	32	▨	3.7	Norway	5.5

India

Key indicators

Population (millions), 2007	1,124.0
GDP (US$ billions), 2007	1,098.9
GDP (current prices, US$) per capita, 2007	977.7
GDP (PPP) as share (%) of world total, 2007	4.58
Average annual rate of real GDP growth (%), 2003–07	8.57

Financial assets by major type, 2006



Total/GDP: 224.3%

	US$ bn
Public debt securities	559.1
Private debt securities	40.8
Banking deposits	549.0
Equity securities	818.9
Total	**1,967.7**

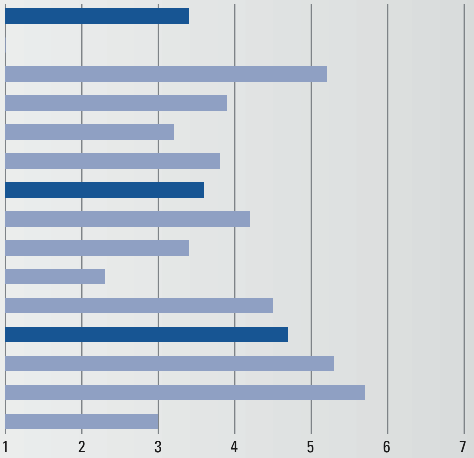
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**31**	**3.6**

Factors, policies, and institutions

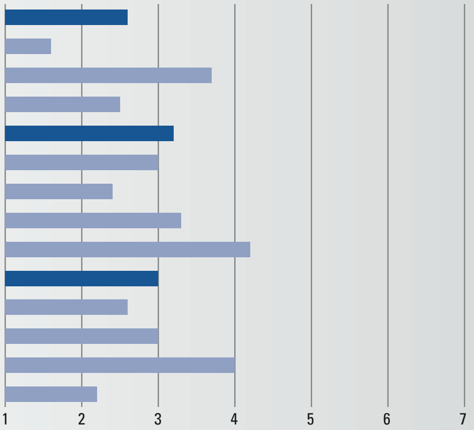
INPUTS

	Rank	Score
1st pillar: Institutional environment	**43**	**3.4**
Capital account liberalization	46	1.0
Corporate governance	20	5.2
Legal and regulatory issues	28	3.9
Contract enforcement	49	3.2
Domestic financial sector liberalization	38	3.8
2nd pillar: Business environment	**45**	**3.6**
Human capital	33	4.2
Taxes	45	3.4
Infrastructure	49	2.3
Cost of doing business	47	4.5
3rd pillar: Financial stability	**28**	**4.7**
Risk of a currency crisis	13	5.3
Risk of systemic banking crisis	5	5.7
Risk of sovereign debt crisis	39	3.0



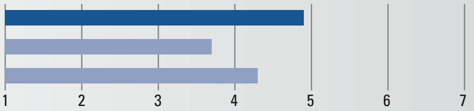
Financial intermediation

	Rank	Score
4th pillar: Banks	**50**	**2.6**
Size index	48	1.6
Efficiency index	41	3.7
Financial information disclosure	45	2.5
5th pillar: Non-banks	**16**	**3.2**
IPO activity	12	3.0
M&A activity	16	2.4
Insurance	21	3.3
Securitization	13	4.2
6th pillar: Financial markets	**22**	**3.0**
Foreign exchange markets	13	2.6
Derivatives markets	14	3.0
Equity markets	25	4.0
Bond markets	37	2.2



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**28**	**4.9**
Size and depth	29	3.7
Access	26	4.3



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

India

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	46	▨	–1.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	32	▨	4.5	France	5.7
1.03	Efficacy of corporate boards	25	■	5.0	Sweden	6.1
1.04	Reliance on professional management	21	■	5.4	Sweden	6.4
1.05	Willingness to delegate	23	■	4.5	Sweden	6.3
1.06	Strength of auditing and accounting standards	21	■	5.7	Germany	6.3
1.07	Shareholder rights index	1	■	5.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	34	▨	4.2	Finland	6.6
1.09	Protection of minority shareholders' interests	21	■	5.3	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	32	▨	2.9	Singapore	5.3
1.11	Centralization of economic policymaking	18	■	3.9	Switzerland	5.9
1.12	Regulation of security exchanges	23	■	5.5	Sweden	6.3
1.13	Property rights	27	▨	5.3	Germany	6.7
1.14	Intellectual property protection	29	▨	4.0	Germany	6.5
1.15	Diversion of public funds	34	▨	3.6	Finland	6.5
1.16	Public trust of politicians	38	▨	2.2	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	15	■	4.5	Singapore	6.1
1.18	Judicial independence	18	■	5.3	Germany	6.5
1.19	Irregular payments in judicial decisions	30	▨	4.8	Finland	6.8
1.20	Number of procedures to enforce a contract	48	▨	46.0	Ireland	20.0
1.21	Time to enforce a contract	51	▨	1,420.0	Singapore	120.0
1.22	Cost of enforcing contracts	46	▨	39.6	China	8.8
1.23	Strength of investor protection	17	■	6.0	Singapore	9.3
1.24	Time to close a business	51	▨	10.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	38	▨	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	8	■	5.7	France	6.0
2.02	Quality of math and science education	9	■	5.4	Singapore	6.3
2.03	Extent of staff training	23	■	4.6	Switzerland	5.9
2.04	Local availability of research and training services	24	■	4.7	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	37	▨	4.1	Kuwait	5.8
2.06	Tertiary enrollment	49	▨	11.8	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	45	▨	4.2	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	39	▨	4.0	Singapore	5.7
2.09	Corporate tax rate	39	▨	33.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	41	▨	3.1	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	23	■	6.3	Switzerland	6.9
2.12	Internet users	44	▨	10.7	Netherlands	85.7
2.13	Broadband Internet subscribers	47	▨	0.2	Netherlands	31.8
2.14	Telephone lines	50	▨	3.6	Switzerland	66.9
2.15	Mobile telephone subscribers	52	▨	14.8	Italy	135.1

(Cont'd.)

India

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	50	□	74.6	Ireland	0.3
2.17	Cost of dealing with licenses	44	□	519.4	United Arab Emirates	1.5
2.18	Cost of registering property	45	□	7.7	Saudi Arabia	0.0
2.19	Cost to export	22	■	820.0	China	390.0
2.20	Cost to import	24	■	910.0	Singapore	367.0
2.21	Cost of enforcing contracts	46	□	39.6	China	8.8
2.22	Cost of closing a business	18	■	9.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	15	■	–0.6	Argentina	-8.5
3.02	External vulnerability indicator	26	□	33.3	Russian Federation	15.4
3.03	Current account balance to GDP	40	□	–2.9	Kuwait	46.1
3.04	Dollarization vulnerability indicator	24	■	7.1	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	3	■	16.3	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	8	■	11.0	Indonesia	16.0
3.07	Entry restrictions for banks	33	□	6.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	4	■	8.0	Multiple (3)	9.0
3.09	Official supervisory power	24	■	10.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	1	■	7.2	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	41	□	10.7	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	38	□	10.7	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	48	□	4.3	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	36	□	4.7	United Arab Emirates	6.8
4.03	Public ownership of banks	33	□	74.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	34	□	10.8	Multiple (7)	100.0
4.06	Credit Information Index	31	□	4.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	13	■	1.8	France	31.0
5.02	IPO proceeds amount	21	■	0.5	Kazakhstan	4.4
5.03	Share of world IPOs	6	■	5.1	Japan	14.2
	M&A activity					
5.04	M&A market share	13	■	1.1	United States	44.4
5.05	M&A transaction value to GDP	25	■	3.6	United Kingdom	14.6
5.06	Share of total number of M&A deals	9	■	2.4	United States	33.2

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

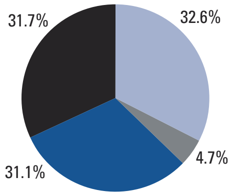
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	14	■	43,032.0	United States	1,170,100.6
5.08	Insurance density	43	▨	38.4	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	1	■	52.6	India	52.6
5.10	Insurance penetration	23	■	4.8	United Kingdom	16.5
5.11	Relative value-added of insurance	25	■	1.0	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	24	■	2.0	United States	22.9
5.13	Share of total number of securitization deals	9	■	1.7	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	13	■	1.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	11	■	1.5	United Kingdom	29.9
6.03	Foreign exchange swap turnover	17	■	0.6	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	18	■	0.2	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	11	■	1.3	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	9	■	1.5	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	17	■	93.6	Pakistan	374.3
7.05	Stock market capitalization to GDP	25	■	70.6	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	32	▨	1.0	United States	114.0
6.11	Public-sector bonds to GDP	19	■	4.5	France	7.0
6.12	International bonds to GDP	48	▨	1.1	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	19	■	62.9	Hong Kong SAR	252.3
7.02	Private debt to GDP	40	▨	4.5	Netherlands	216.2
7.03	Public debt to GDP	7	■	6.8	Austria	7.0
7.04	Bank deposits to GDP	28	▨	53.0	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	25	■	70.6	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	14	■	4.6	Panama	9.2
7.07	Private credit to GDP	32	▨	40.2	United States	193.7
7.08	Stock market value traded to GDP	19	■	70.5	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	26	▨	5.2	Switzerland	6.7
7.10	Venture capital availability	21	■	4.1	United States	5.3
7.11	Ease of access to credit	10	■	5.3	Slovak Republic	5.9
7.12	Ease of access to local equity market	10	■	5.7	Sweden	6.2
7.13	Bank branches	38	▨	6.3	Spain	95.9
7.14	Ease of access to loans	25	■	4.2	Norway	5.5

Indonesia

Key indicators

Population (millions), 2007	224.9
GDP (US$ billions), 2007	432.9
GDP (current prices, US$) per capita, 2007	1,924.7
GDP (PPP) as share (%) of world total, 2007	1.30
Average annual rate of real GDP growth (%), 2003–07	5.47

Financial assets by major type, 2006



Total/GDP: 120.3%

	US$ bn
▨ Public debt securities	142.8
▨ Private debt securities	20.5
■ Banking deposits	136.3
■ Equity securities	138.9
Total	**438.5**

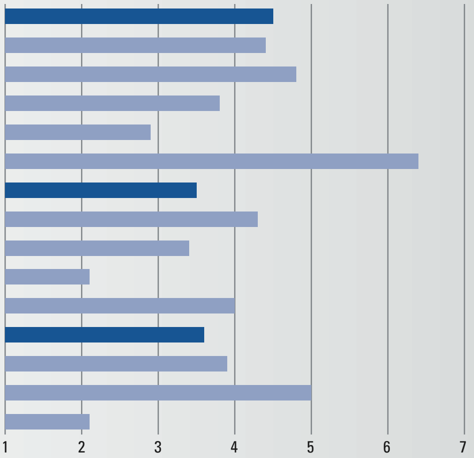
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**38**	**3.3**

INPUTS

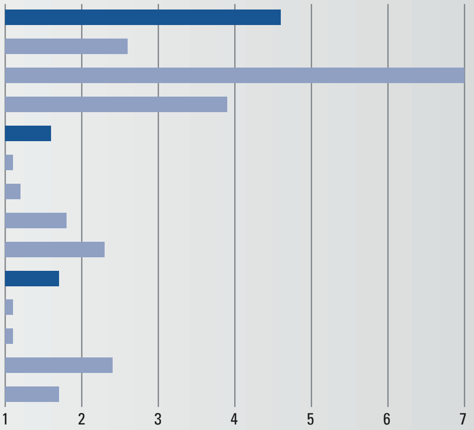
Factors, policies, and institutions

	Rank	Score
1st pillar: Institutional environment	**29**	**4.5**
Capital account liberalization	30	4.4
Corporate governance	26	4.8
Legal and regulatory issues	30	3.8
Contract enforcement	51	2.9
Domestic financial sector liberalization	25	6.4
2nd pillar: Business environment	**49**	**3.5**
Human capital	31	4.3
Taxes	44	3.4
Infrastructure	51	2.1
Cost of doing business	49	4.0
3rd pillar: Financial stability	**43**	**3.6**
Risk of a currency crisis	38	3.9
Risk of systemic banking crisis	16	5.0
Risk of sovereign debt crisis	47	2.1



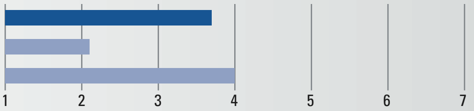
Financial intermediation

	Rank	Score
4th pillar: Banks	**13**	**4.6**
Size index	31	2.6
Efficiency index	1	7.0
Financial information disclosure	28	3.9
5th pillar: Non-banks	**46**	**1.6**
IPO activity	43	1.1
M&A activity	47	1.2
Insurance	46	1.8
Securitization	23	2.3
6th pillar: Financial markets	**46**	**1.7**
Foreign exchange markets	35	1.1
Derivatives markets	32	1.1
Equity markets	39	2.4
Bond markets	42	1.7



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**42**	**3.7**
Size and depth	46	2.1
Access	30	4.0



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Indonesia

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	30	▨	1.2	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	10	■	5.2	France	5.7
1.03	Efficacy of corporate boards	19	■	5.4	Sweden	6.1
1.04	Reliance on professional management	22	■	5.4	Sweden	6.4
1.05	Willingness to delegate	19	■	4.9	Sweden	6.3
1.06	Strength of auditing and accounting standards	41	▨	4.5	Germany	6.3
1.07	Shareholder rights index	25	■	2.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	44	▨	3.8	Finland	6.6
1.09	Protection of minority shareholders' interests	9	■	5.7	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	11	■	3.9	Singapore	5.3
1.11	Centralization of economic policymaking	5	■	4.7	Switzerland	5.9
1.12	Regulation of security exchanges	21	■	5.6	Sweden	6.3
1.13	Property rights	48	▨	3.4	Germany	6.7
1.14	Intellectual property protection	44	▨	3.1	Germany	6.5
1.15	Diversion of public funds	39	▨	3.4	Finland	6.5
1.16	Public trust of politicians	33	▨	2.6	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	37	▨	3.2	Singapore	6.1
1.18	Judicial independence	45	▨	3.0	Germany	6.5
1.19	Irregular payments in judicial decisions	50	▨	3.1	Finland	6.8
1.20	Number of procedures to enforce a contract	40	▨	39.0	Ireland	20.0
1.21	Time to enforce a contract	34	▨	570.0	Singapore	120.0
1.22	Cost of enforcing contracts	51	▨	122.7	China	8.8
1.23	Strength of investor protection	22	■	5.7	Singapore	9.3
1.24	Time to close a business	48	▨	5.5	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	25	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	25	■	4.9	France	6.0
2.02	Quality of math and science education	20	■	4.9	Singapore	6.3
2.03	Extent of staff training	24	■	4.5	Switzerland	5.9
2.04	Local availability of research and training services	23	■	4.7	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	11	■	5.2	Kuwait	5.8
2.06	Tertiary enrollment	47	▨	17.0	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	49	▨	3.3	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	22	■	4.4	Singapore	5.7
2.09	Corporate tax rate	30	▨	30.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	49	▨	2.6	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	47	▨	5.0	Switzerland	6.9
2.12	Internet users	52	▨	4.7	Netherlands	85.7
2.13	Broadband Internet subscribers	50	▨	0.1	Netherlands	31.8
2.14	Telephone lines	48	▨	6.6	Switzerland	66.9
2.15	Mobile telephone subscribers	47	▨	28.3	Italy	135.1

(Cont'd.)

Indonesia

Financial Development Index in detail *(cont'd.)*

🟦 Development **Advantage** ⬜ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	51	⬜	80.0	Ireland	0.3
2.17	Cost of dealing with licenses	39	⬜	286.8	United Arab Emirates	1.5
2.18	Cost of registering property	48	⬜	10.5	Saudi Arabia	0.0
2.19	Cost to export	15	🟦	667.0	China	390.0
2.20	Cost to import	10	🟦	623.0	Singapore	367.0
2.21	Cost of enforcing contracts	51	⬜	122.7	China	8.8
2.22	Cost of closing a business	33	⬜	18.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	46	⬜	7.8	Argentina	-8.5
3.02	External vulnerability indicator	28	⬜	45.2	Russian Federation	15.4
3.03	Current account balance to GDP	23	🟦	2.9	Kuwait	46.1
3.04	Dollarization vulnerability indicator	30	⬜	34.1	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	19	🟦	37.9	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	1	🟦	16.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	🟦	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	8	🟦	7.0	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	10	🟦	7.0	South Africa	9.0
3.11	Frequency of banking crises	38	⬜	2.0	Multiple (11)	0.0
3.12	Stability Index	40	⬜	4.3	India	7.2
3.13	Cumulative real estate appreciation	4	🟦	-10.9	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	44	⬜	9.6	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	49	⬜	7.6	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	31	⬜	5.5	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	3	🟦	6.4	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	9	🟦	20.5	Belgium	57.2
4.05	Private credit bureau coverage	41	⬜	0.2	Multiple (7)	100.0
4.06	Credit Information Index	45	⬜	3.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	38	⬜	0.1	France	31.0
5.02	IPO proceeds amount	43	⬜	0.1	Kazakhstan	4.4
5.03	Share of world IPOs	32	⬜	0.3	Japan	14.2
	M&A activity					
5.04	M&A market share	41	⬜	0.1	United States	44.4
5.05	M&A transaction value to GDP	47	⬜	0.6	United Kingdom	14.6
5.06	Share of total number of M&A deals	35	⬜	0.2	United States	33.2

Indonesia

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

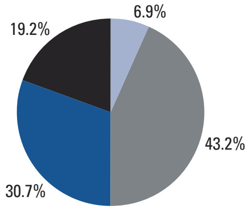
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	35	▨	4,848.6	United States	1,170,100.6
5.08	Insurance density	45	▨	21.5	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	36	▨	0.3	India	52.6
5.10	Insurance penetration	44	▨	1.3	United Kingdom	16.5
5.11	Relative value-added of insurance	37	▨	0.7	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	25	■	2.0	United States	22.9
5.13	Share of total number of securitization deals	20	■	0.5	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	31	▨	0.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	29	▨	0.1	United Kingdom	29.9
6.03	Foreign exchange swap turnover	37	▨	0.0	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	30	▨	0.0	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	32	▨	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	28	▨	0.0	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	21	■	0.3	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	27	▨	0.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	28	▨	53.7	Pakistan	374.3
7.05	Stock market capitalization to GDP	45	▨	26.5	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	31	▨	2.4	United States	114.0
6.11	Public-sector bonds to GDP	34	▨	2.8	France	7.0
6.12	International bonds to GDP	42	▨	4.2	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	31	▨	40.3	Hong Kong SAR	252.3
7.02	Private debt to GDP	38	▨	5.6	Netherlands	216.2
7.03	Public debt to GDP	29	▨	4.5	Austria	7.0
7.04	Bank deposits to GDP	41	▨	34.5	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	45	▨	26.5	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	43	▨	1.4	Panama	9.2
7.07	Private credit to GDP	43	▨	22.7	United States	193.7
7.08	Stock market value traded to GDP	39	▨	13.4	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	47	▨	3.6	Switzerland	6.7
7.10	Venture capital availability	25	■	3.9	United States	5.3
7.11	Ease of access to credit	23	■	5.1	Slovak Republic	5.9
7.12	Ease of access to local equity market	2	■	6.0	Sweden	6.2
7.13	Bank branches	32	▨	8.4	Spain	95.9
7.14	Ease of access to loans	28	▨	4.0	Norway	5.5

Ireland

Key indicators

Population (millions), 2007	4.3
GDP (US$ billions), 2007	258.6
GDP (current prices, US$) per capita, 2007	59,924.4
GDP (PPP) as share (%) of world total, 2007	0.29
Average annual rate of real GDP growth (%), 2003–07	5.11

Financial assets by major type, 2006



Total/GDP: 388.4%

	US$ bn
▨ Public debt securities	58.8
▨ Private debt securities	368.2
▨ Banking deposits	261.6
■ Equity securities	163.4
Total	**852.0**

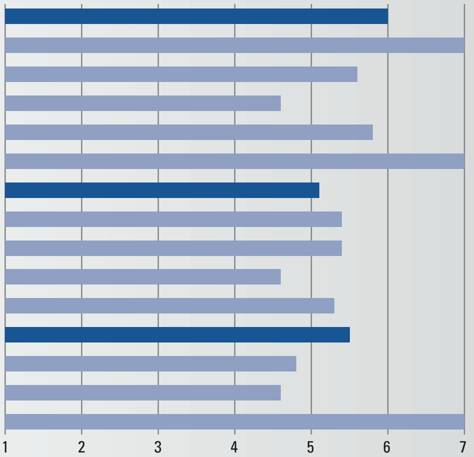
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**14**	**4.7**

INPUTS

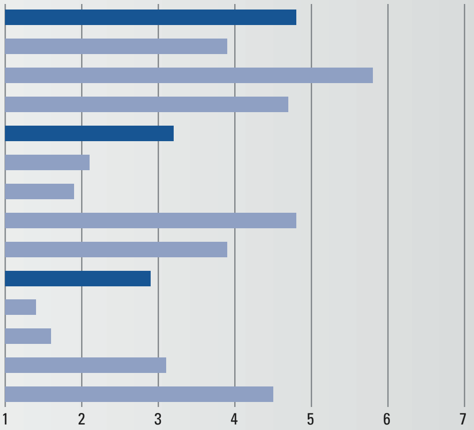
Factors, policies, and institutions

	Rank	Score
1st pillar: Institutional environment	**11**	**6.0**
Capital account liberalization	1	7.0
Corporate governance	11	5.6
Legal and regulatory issues	19	4.6
Contract enforcement	4	5.8
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**17**	**5.1**
Human capital	12	5.4
Taxes	7	5.4
Infrastructure	21	4.6
Cost of doing business	36	5.3
3rd pillar: Financial stability	**11**	**5.5**
Risk of a currency crisis	19	4.8
Risk of systemic banking crisis	28	4.6
Risk of sovereign debt crisis	1	7.0



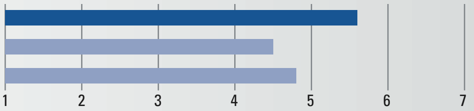
Financial intermediation

	Rank	Score
4th pillar: Banks	**12**	**4.8**
Size index	17	3.9
Efficiency index	9	5.8
Financial information disclosure	12	4.7
5th pillar: Non-banks	**17**	**3.2**
IPO activity	25	2.1
M&A activity	25	1.9
Insurance	9	4.8
Securitization	15	3.9
6th pillar: Financial markets	**26**	**2.9**
Foreign exchange markets	24	1.4
Derivatives markets	20	1.6
Equity markets	33	3.1
Bond markets	11	4.5



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**15**	**5.6**
Size and depth	15	4.5
Access	13	4.8



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Ireland

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	22	□	4.9	France	5.7
1.03	Efficacy of corporate boards	13	■	5.5	Sweden	6.1
1.04	Reliance on professional management	5	■	6.1	Sweden	6.4
1.05	Willingness to delegate	16	□	5.0	Sweden	6.3
1.06	Strength of auditing and accounting standards	8	■	6.2	Germany	6.3
1.07	Shareholder rights index	9	■	4.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	13	■	5.5	Finland	6.6
1.09	Protection of minority shareholders' interests	7	■	5.8	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	17	□	3.6	Singapore	5.3
1.11	Centralization of economic policymaking	47	□	2.2	Switzerland	5.9
1.12	Regulation of security exchanges	8	■	6.0	Sweden	6.3
1.13	Property rights	9	■	6.3	Germany	6.7
1.14	Intellectual property protection	15	□	5.5	Germany	6.5
1.15	Diversion of public funds	13	■	5.6	Finland	6.5
1.16	Public trust of politicians	23	□	3.3	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	14	■	4.5	Singapore	6.1
1.18	Judicial independence	12	■	6.0	Germany	6.5
1.19	Irregular payments in judicial decisions	13	■	6.3	Finland	6.8
1.20	Number of procedures to enforce a contract	1	■	20.0	Ireland	20.0
1.21	Time to enforce a contract	30	□	515.0	Singapore	120.0
1.22	Cost of enforcing contracts	34	□	26.9	China	8.8
1.23	Strength of investor protection	4	■	8.3	Singapore	9.3
1.24	Time to close a business	1	■	0.4	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	13	■	5.5	France	6.0
2.02	Quality of math and science education	13	■	5.2	Singapore	6.3
2.03	Extent of staff training	13	■	5.2	Switzerland	5.9
2.04	Local availability of research and training services	20	□	5.0	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	3	■	5.7	Kuwait	5.8
2.06	Tertiary enrollment	18	□	58.8	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	14	■	6.3	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	16	□	4.7	Singapore	5.7
2.09	Corporate tax rate	5	■	12.5	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	31	□	3.9	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	42	□	5.5	Switzerland	6.9
2.12	Internet users	26	□	34.2	Netherlands	85.7
2.13	Broadband Internet subscribers	21	□	14.3	Netherlands	31.8
2.14	Telephone lines	9	■	49.9	Switzerland	66.9
2.15	Mobile telephone subscribers	9	■	112.6	Italy	135.1

(Cont'd.)

Ireland

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	1	■	0.3	Ireland	0.3
2.17	Cost of dealing with licenses	10	■	19.8	United Arab Emirates	1.5
2.18	Cost of registering property	47	▨	10.2	Saudi Arabia	0.0
2.19	Cost to export	40	▨	1,090.0	China	390.0
2.20	Cost to import	35	▨	1,139.0	Singapore	367.0
2.21	Cost of enforcing contracts	34	▨	26.9	China	8.8
2.22	Cost of closing a business	18	▨	9.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	36	▨	4.0	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	39	▨	–2.6	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	29	▨	7.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	31	▨	2.0	Multiple (3)	9.0
3.09	Official supervisory power	5	■	13.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	10	■	7.0	South Africa	9.0
3.11	Frequency of banking crises	1	■	0.0	Multiple (11)	0.0
3.12	Stability Index	9	■	5.5	India	7.2
3.13	Cumulative real estate appreciation	26	▨	38.1	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	17	▨	7.1	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	10	■	5.7	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	▨	0.0	Belgium	57.2
4.05	Private credit bureau coverage	1	■	100.0	Multiple (7)	100.0
4.06	Credit Information Index	15	▨	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	25	▨	0.7	France	31.0
5.02	IPO proceeds amount	13	■	0.8	Kazakhstan	4.4
5.03	Share of world IPOs	26	▨	0.4	Japan	14.2
	M&A activity					
5.04	M&A market share	24	▨	0.3	United States	44.4
5.05	M&A transaction value to GDP	21	▨	4.4	United Kingdom	14.6
5.06	Share of total number of M&A deals	25	▨	0.6	United States	33.2

Ireland

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	13	■	47,281.3	United States	1,170,100.6
5.08	Insurance density	2	■	5,564.7	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	n/a		n/a	India	52.6
5.10	Insurance penetration	8	■	10.4	United Kingdom	16.5
5.11	Relative value-added of insurance	18	□	1.5	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	6	■	9.1	United States	22.9
5.13	Share of total number of securitization deals	25	□	0.2	United States	64.9

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	22	□	0.3	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	24	□	0.2	United Kingdom	29.9
6.03	Foreign exchange swap turnover	25	□	0.3	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	25	□	0.0	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	15	□	0.4	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	22	□	0.1	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	13	■	1.0	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	19	□	0.2	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	26	□	56.2	Pakistan	374.3
7.05	Stock market capitalization to GDP	28	□	60.6	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	14	■	28.3	United States	114.0
6.11	Public-sector bonds to GDP	33	□	3.1	France	7.0
6.12	International bonds to GDP	2	■	87.0	Netherlands	121.7

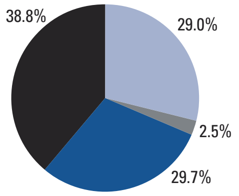
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	n/a		n/a	Hong Kong SAR	252.3
7.02	Private debt to GDP	2	■	165.4	Netherlands	216.2
7.03	Public debt to GDP	40	□	3.1	Austria	7.0
7.04	Bank deposits to GDP	11	■	104.2	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	28	□	60.6	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	31	□	3.2	Panama	9.2
7.07	Private credit to GDP	5	■	167.2	United States	193.7
7.08	Stock market value traded to GDP	31	□	32.1	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	8	■	6.2	Switzerland	6.7
7.10	Venture capital availability	8	■	4.9	United States	5.3
7.11	Ease of access to credit	13	■	5.3	Slovak Republic	5.9
7.12	Ease of access to local equity market	32	□	5.2	Sweden	6.2
7.13	Bank branches	13	■	23.4	Spain	95.9
7.14	Ease of access to loans	8	■	5.0	Norway	5.5

Israel

Key indicators

Population (millions), 2007	7.2
GDP (US$ billions), 2007	161.9
GDP (current prices, US$) per capita, 2007	22,475.1
GDP (PPP) as share (%) of world total, 2007	0.29
Average annual rate of real GDP growth (%), 2003–07	4.65

Financial assets by major type, 2006



Total/GDP: 314.2%

	US$ bn
▨ Public debt securities	129.8
▨ Private debt securities	11.1
■ Banking deposits	132.8
■ Equity securities	173.3
Total	**447.0**

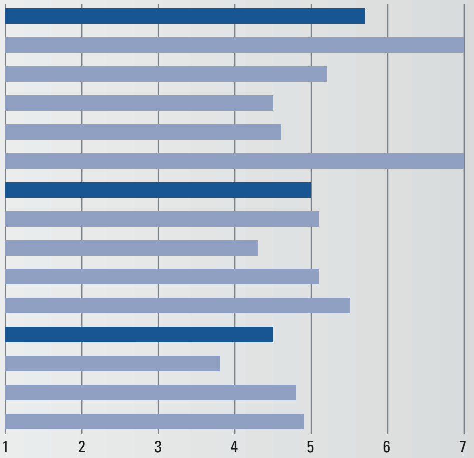
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**23**	**4.1**

Factors, policies, and institutions

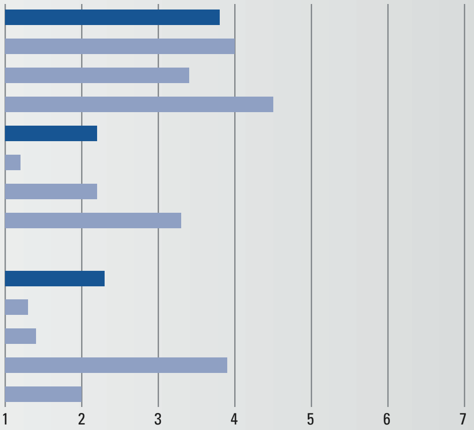
INPUTS

	Rank	Score
1st pillar: Institutional environment	**18**	**5.7**
Capital account liberalization	1	7.0
Corporate governance	21	5.2
Legal and regulatory issues	21	4.5
Contract enforcement	25	4.6
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**19**	**5.0**
Human capital	17	5.1
Taxes	26	4.3
Infrastructure	18	5.1
Cost of doing business	30	5.5
3rd pillar: Financial stability	**30**	**4.5**
Risk of a currency crisis	40	3.8
Risk of systemic banking crisis	23	4.8
Risk of sovereign debt crisis	25	4.9



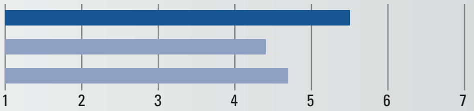
Financial intermediation

	Rank	Score
4th pillar: Banks	**26**	**3.8**
Size index	14	4.0
Efficiency index	43	3.4
Financial information disclosure	14	4.5
5th pillar: Non-banks	**27**	**2.2**
IPO activity	41	1.2
M&A activity	17	2.2
Insurance	22	3.3
Securitization	n/a	n/a
6th pillar: Financial markets	**33**	**2.3**
Foreign exchange markets	25	1.3
Derivatives markets	23	1.4
Equity markets	27	3.9
Bond markets	40	2.0



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**17**	**5.5**
Size and depth	17	4.4
Access	17	4.7



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Israel

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.3	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	15	■	5.1	France	5.7
1.03	Efficacy of corporate boards	21	■	5.2	Sweden	6.1
1.04	Reliance on professional management	19	■	5.6	Sweden	6.4
1.05	Willingness to delegate	18	■	4.9	Sweden	6.3
1.06	Strength of auditing and accounting standards	18	■	5.9	Germany	6.3
1.07	Shareholder rights index	17	■	3.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	22	■	4.9	Finland	6.6
1.09	Protection of minority shareholders' interests	19	■	5.4	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	16	■	3.6	Singapore	5.3
1.11	Centralization of economic policymaking	20	■	3.7	Switzerland	5.9
1.12	Regulation of security exchanges	22	■	5.5	Sweden	6.3
1.13	Property rights	20	■	5.7	Germany	6.7
1.14	Intellectual property protection	21	■	5.1	Germany	6.5
1.15	Diversion of public funds	21	■	4.8	Finland	6.5
1.16	Public trust of politicians	25	▨	3.2	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	25	▨	4.1	Singapore	6.1
1.18	Judicial independence	10	■	6.0	Germany	6.5
1.19	Irregular payments in judicial decisions	17	■	6.0	Finland	6.8
1.20	Number of procedures to enforce a contract	27	▨	35.0	Ireland	20.0
1.21	Time to enforce a contract	47	▨	890.0	Singapore	120.0
1.22	Cost of enforcing contracts	29	▨	25.3	China	8.8
1.23	Strength of investor protection	4	■	8.3	Singapore	9.3
1.24	Time to close a business	39	▨	4.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	14	■	5.5	France	6.0
2.02	Quality of math and science education	19	■	4.9	Singapore	6.3
2.03	Extent of staff training	18	■	5.0	Switzerland	5.9
2.04	Local availability of research and training services	12	■	5.5	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	38	▨	4.1	Kuwait	5.8
2.06	Tertiary enrollment	20	■	57.6	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	29	▨	5.4	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	13	■	4.8	Singapore	5.7
2.09	Corporate tax rate	28	▨	29.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	22	■	5.0	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	12	■	6.7	Switzerland	6.9
2.12	Internet users	29	▨	27.7	Netherlands	85.7
2.13	Broadband Internet subscribers	12	■	20.8	Netherlands	31.8
2.14	Telephone lines	17	■	43.9	Switzerland	66.9
2.15	Mobile telephone subscribers	4	■	122.7	Italy	135.1

(Cont'd.)

Israel

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	16	■	4.4	Ireland	0.3
2.17	Cost of dealing with licenses	28	□	115.5	United Arab Emirates	1.5
2.18	Cost of registering property	43	□	7.5	Saudi Arabia	0.0
2.19	Cost to export	9	■	560.0	China	390.0
2.20	Cost to import	8	■	560.0	Singapore	367.0
2.21	Cost of enforcing contracts	29	□	25.3	China	8.8
2.22	Cost of closing a business	46	□	23.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	9	■	–2.6	Argentina	-8.5
3.02	External vulnerability indicator	44	□	126.2	Russian Federation	15.4
3.03	Current account balance to GDP	16	■	4.9	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	29	□	60.3	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	44	□	3.9	India	7.2
3.13	Cumulative real estate appreciation	7	■	–2.4	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	22	■	16.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	29	□	14.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	14	■	7.2	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	41	□	4.4	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	9	■	91.6	Multiple (7)	100.0
4.06	Credit Information Index	15	■	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	42	□	0.1	France	31.0
5.02	IPO proceeds amount	42	□	0.1	Kazakhstan	4.4
5.03	Share of world IPOs	26	□	0.4	Japan	14.2
	M&A activity					
5.04	M&A market share	23	■	0.4	United States	44.4
5.05	M&A transaction value to GDP	9	■	7.5	United Kingdom	14.6
5.06	Share of total number of M&A deals	31	□	0.3	United States	33.2

Israel

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

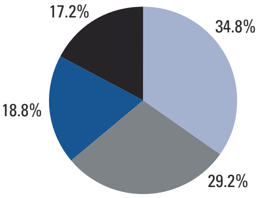
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	28	▨	7,754.2	United States	1,170,100.6
5.08	Insurance density	21	■	1,132.5	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	26	▨	2.9	India	52.6
5.10	Insurance penetration	20	■	5.5	United Kingdom	16.5
5.11	Relative value-added of insurance	5	■	2.8	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	n/a		n/a	United States	22.9
5.13	Share of total number of securitization deals	n/a		n/a	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	23	■	0.3	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	n/a		n/a	United Kingdom	29.9
6.03	Foreign exchange swap turnover	26	▨	0.2	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	20	■	0.2	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	27	▨	55.1	Pakistan	374.3
7.05	Stock market capitalization to GDP	17	■	103.1	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	n/a		n/a	France	7.0
6.12	International bonds to GDP	26	▨	14.3	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	10	■	96.1	Hong Kong SAR	252.3
7.02	Private debt to GDP	35	▨	7.5	Netherlands	216.2
7.03	Public debt to GDP	13	■	5.8	Austria	7.0
7.04	Bank deposits to GDP	16	■	87.3	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	17	■	103.1	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	7	■	6.1	Panama	9.2
7.07	Private credit to GDP	21	■	87.5	United States	193.7
7.08	Stock market value traded to GDP	27	▨	48.5	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	15	■	5.9	Switzerland	6.7
7.10	Venture capital availability	5	■	5.2	United States	5.3
7.11	Ease of access to credit	20	■	5.1	Slovak Republic	5.9
7.12	Ease of access to local equity market	15	■	5.7	Sweden	6.2
7.13	Bank branches	18	■	14.7	Spain	95.9
7.14	Ease of access to loans	14	■	4.5	Norway	5.5

Italy

Key indicators

Population (millions), 2007	58.7
GDP (US$ billions), 2007	2,104.7
GDP (current prices, US$) per capita, 2007	35,872.4
GDP (PPP) as share (%) of world total, 2007	2.76
Average annual rate of real GDP growth (%), 2003–07	1.07

Financial assets by major type, 2006



Total/GDP: 321.7%

	US$ bn
Public debt securities	2,079.0
Private debt securities	1,745.7
Banking deposits	1,126.8
Equity securities	1,026.6
Total	**5,978.1**

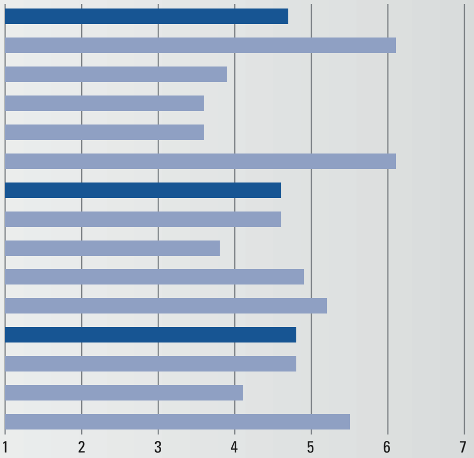
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**22**	**4.4**

Factors, policies, and institutions

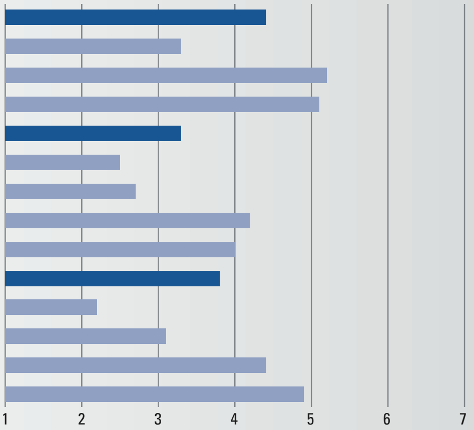
INPUTS

	Rank	Score
1st pillar: Institutional environment	**26**	**4.7**
Capital account liberalization	22	6.1
Corporate governance	50	3.9
Legal and regulatory issues	35	3.6
Contract enforcement	39	3.6
Domestic financial sector liberalization	27	6.1
2nd pillar: Business environment	**29**	**4.6**
Human capital	23	4.6
Taxes	37	3.8
Infrastructure	20	4.9
Cost of doing business	37	5.2
3rd pillar: Financial stability	**24**	**4.8**
Risk of a currency crisis	21	4.8
Risk of systemic banking crisis	35	4.1
Risk of sovereign debt crisis	20	5.5



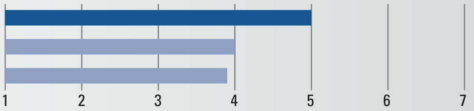
Financial intermediation

	Rank	Score
4th pillar: Banks	**16**	**4.4**
Size index	21	3.3
Efficiency index	16	5.2
Financial information disclosure	7	5.1
5th pillar: Non-banks	**14**	**3.3**
IPO activity	17	2.5
M&A activity	14	2.7
Insurance	12	4.2
Securitization	14	4.0
6th pillar: Financial markets	**15**	**3.8**
Foreign exchange markets	15	2.2
Derivatives markets	12	3.1
Equity markets	18	4.4
Bond markets	8	4.9



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**25**	**5.0**
Size and depth	23	4.0
Access	34	3.9



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Italy

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	22	■	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	20	■	5.0	France	5.7
1.03	Efficacy of corporate boards	47	▨	4.3	Sweden	6.1
1.04	Reliance on professional management	52	▨	3.6	Sweden	6.4
1.05	Willingness to delegate	49	▨	3.5	Sweden	6.3
1.06	Strength of auditing and accounting standards	43	▨	4.5	Germany	6.3
1.07	Shareholder rights index	33	▨	1.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	37	▨	4.1	Finland	6.6
1.09	Protection of minority shareholders' interests	46	▨	4.0	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	50	▨	2.1	Singapore	5.3
1.11	Centralization of economic policymaking	21	■	3.6	Switzerland	5.9
1.12	Regulation of security exchanges	42	▨	4.5	Sweden	6.3
1.13	Property rights	34	▨	5.0	Germany	6.7
1.14	Intellectual property protection	26	▨	4.3	Germany	6.5
1.15	Diversion of public funds	35	▨	3.6	Finland	6.5
1.16	Public trust of politicians	39	▨	2.2	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	43	▨	2.9	Singapore	6.1
1.18	Judicial independence	34	▨	3.8	Germany	6.5
1.19	Irregular payments in judicial decisions	28	▨	4.9	Finland	6.8
1.20	Number of procedures to enforce a contract	43	▨	41.0	Ireland	20.0
1.21	Time to enforce a contract	49	▨	1,210.0	Singapore	120.0
1.22	Cost of enforcing contracts	38	▨	29.9	China	8.8
1.23	Strength of investor protection	22	■	5.7	Singapore	9.3
1.24	Time to close a business	18	■	1.8	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	27	▨	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	33	▨	4.4	France	6.0
2.02	Quality of math and science education	32	▨	4.3	Singapore	6.3
2.03	Extent of staff training	44	▨	3.5	Switzerland	5.9
2.04	Local availability of research and training services	22	■	4.8	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	32	▨	4.3	Kuwait	5.8
2.06	Tertiary enrollment	11	■	67.0	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	35	▨	4.9	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	23	▨	4.3	Singapore	5.7
2.09	Corporate tax rate	39	▨	33.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	36	▨	3.5	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	39	▨	5.5	Switzerland	6.9
2.12	Internet users	14	■	52.9	Netherlands	85.7
2.13	Broadband Internet subscribers	20	■	14.9	Netherlands	31.8
2.14	Telephone lines	12	■	46.3	Switzerland	66.9
2.15	Mobile telephone subscribers	1	■	135.1	Italy	135.1

(Cont'd.)

Italy

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	37	□	18.7	Ireland	0.3
2.17	Cost of dealing with licenses	32	□	138.2	United Arab Emirates	1.5
2.18	Cost of registering property	8	■	0.6	Saudi Arabia	0.0
2.19	Cost to export	43	□	1,291.0	China	390.0
2.20	Cost to import	41	□	1,291.0	Singapore	367.0
2.21	Cost of enforcing contracts	38	□	29.9	China	8.8
2.22	Cost of closing a business	40	□	22.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	39	□	4.5	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	35	□	–2.0	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	4	■	12.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	32	□	7.5	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	10	■	7.0	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	38	□	4.3	India	7.2
3.13	Cumulative real estate appreciation	19	■	26.8	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	21	■	16.6	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	20	■	16.6	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	21	■	6.3	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	19	■	5.3	United Arab Emirates	6.8
4.03	Public ownership of banks	17	■	9.3	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	11	■	11.0	Belgium	57.2
4.05	Private credit bureau coverage	13	■	71.5	Multiple (7)	100.0
4.06	Credit Information Index	15	■	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	9	■	2.7	France	31.0
5.02	IPO proceeds amount	25	□	0.4	Kazakhstan	4.4
5.03	Share of world IPOs	14	■	1.8	Japan	14.2
	M&A activity					
5.04	M&A market share	8	■	2.0	United States	44.4
5.05	M&A transaction value to GDP	29	□	3.3	United Kingdom	14.6
5.06	Share of total number of M&A deals	12	■	2.0	United States	33.2

Italy

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

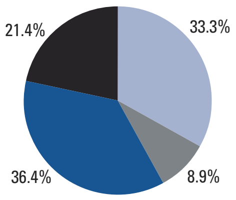
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	6	■	138,679.2	United States	1,170,100.6
5.08	Insurance density	17	■	2,302.2	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	43	□	–4.9	India	52.6
5.10	Insurance penetration	14	■	7.2	United Kingdom	16.5
5.11	Relative value-added of insurance	32	□	0.9	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	14	■	3.5	United States	22.9
5.13	Share of total number of securitization deals	12	■	1.3	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	15	■	0.9	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	15	■	0.6	United Kingdom	29.9
6.03	Foreign exchange swap turnover	14	■	1.0	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	11	■	0.8	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	9	■	1.6	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	7	■	1.0	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	20	■	0.3	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	12	■	0.7	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	7	■	139.2	Pakistan	374.3
7.05	Stock market capitalization to GDP	31	□	48.4	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	4	■	49.8	United States	114.0
6.11	Public-sector bonds to GDP	11	■	5.4	France	7.0
6.12	International bonds to GDP	13	■	42.2	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	n/a		n/a	Hong Kong SAR	252.3
7.02	Private debt to GDP	13	■	94.6	Netherlands	216.2
7.03	Public debt to GDP	25	□	4.8	Austria	7.0
7.04	Bank deposits to GDP	27	□	56.0	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	31	□	48.4	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	13	■	4.7	Panama	9.2
7.07	Private credit to GDP	20	■	91.0	United States	193.7
7.08	Stock market value traded to GDP	22	■	63.3	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	36	□	4.3	Switzerland	6.7
7.10	Venture capital availability	45	□	2.9	United States	5.3
7.11	Ease of access to credit	49	□	4.2	Slovak Republic	5.9
7.12	Ease of access to local equity market	39	□	4.8	Sweden	6.2
7.13	Bank branches	4	■	52.1	Spain	95.9
7.14	Ease of access to loans	44	□	2.9	Norway	5.5

Japan

Key indicators

Population (millions), 2007	127.8
GDP (US$ billions), 2007	4,383.8
GDP (current prices, US$) per capita, 2007	34,312.1
GDP (PPP) as share (%) of world total, 2007	6.61
Average annual rate of real GDP growth (%), 2003–07	2.12

Financial assets by major type, 2006



Total/GDP: 505.5%

	US$ bn
🟦 Public debt securities	7,370.8
◼ Private debt securities	1,973.1
🟦 Banking deposits	8,056.5
■ Equity securities	4,726.3
Total	**22,126.6**

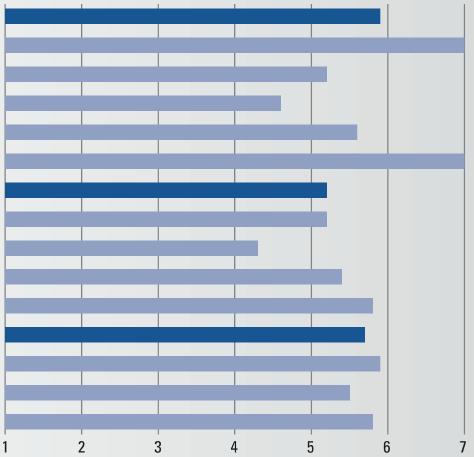
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**4**	**5.3**

Factors, policies, and institutions

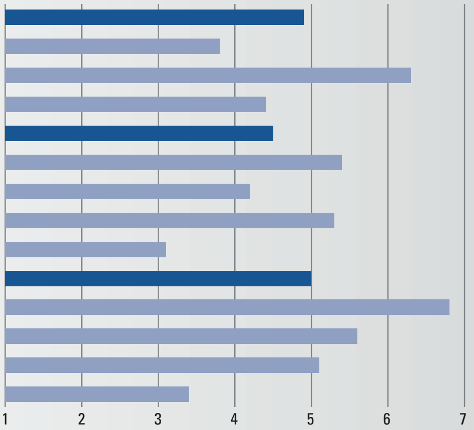
INPUTS

1st pillar: Institutional environment	**14**	**5.9**
Capital account liberalization	1	7.0
Corporate governance	19	5.2
Legal and regulatory issues	20	4.6
Contract enforcement	8	5.6
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**16**	**5.2**
Human capital	15	5.2
Taxes	25	4.3
Infrastructure	15	5.4
Cost of doing business	20	5.8
3rd pillar: Financial stability	**8**	**5.7**
Risk of a currency crisis	8	5.9
Risk of systemic banking crisis	9	5.5
Risk of sovereign debt crisis	19	5.8



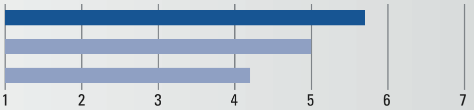
Financial intermediation

4th pillar: Banks	**8**	**4.9**
Size index	18	3.8
Efficiency index	6	6.3
Financial information disclosure	15	4.4
5th pillar: Non-banks	**4**	**4.5**
IPO activity	4	5.4
M&A activity	6	4.2
Insurance	5	5.3
Securitization	18	3.1
6th pillar: Financial markets	**5**	**5.0**
Foreign exchange markets	5	6.8
Derivatives markets	4	5.6
Equity markets	10	5.1
Bond markets	20	3.4



Capital availability and access

7th pillar: Size, depth, and access	**10**	**5.7**
Size and depth	9	5.0
Access	28	4.2



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Japan

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	41	▨	4.3	France	5.7
1.03	Efficacy of corporate boards	24	▨	5.2	Sweden	6.1
1.04	Reliance on professional management	14	▨	5.8	Sweden	6.4
1.05	Willingness to delegate	12	▨	5.1	Sweden	6.3
1.06	Strength of auditing and accounting standards	26	▨	5.2	Germany	6.3
1.07	Shareholder rights index	9	■	4.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	16	▨	5.4	Finland	6.6
1.09	Protection of minority shareholders' interests	25	▨	5.0	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	8	■	4.1	Singapore	5.3
1.11	Centralization of economic policymaking	41	▨	2.7	Switzerland	5.9
1.12	Regulation of security exchanges	28	▨	5.2	Sweden	6.3
1.13	Property rights	12	▨	6.2	Germany	6.7
1.14	Intellectual property protection	14	▨	5.6	Germany	6.5
1.15	Diversion of public funds	20	▨	4.9	Finland	6.5
1.16	Public trust of politicians	20	▨	3.4	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	12	▨	4.8	Singapore	6.1
1.18	Judicial independence	15	▨	5.5	Germany	6.5
1.19	Irregular payments in judicial decisions	10	■	6.3	Finland	6.8
1.20	Number of procedures to enforce a contract	10	■	30.0	Ireland	20.0
1.21	Time to enforce a contract	11	▨	316.0	Singapore	120.0
1.22	Cost of enforcing contracts	25	▨	22.7	China	8.8
1.23	Strength of investor protection	10	■	7.0	Singapore	9.3
1.24	Time to close a business	2	■	0.6	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	40	▨	4.1	France	6.0
2.02	Quality of math and science education	18	▨	5.0	Singapore	6.3
2.03	Extent of staff training	3	■	5.6	Switzerland	5.9
2.04	Local availability of research and training services	6	■	5.8	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	17	▨	4.8	Kuwait	5.8
2.06	Tertiary enrollment	21	▨	57.3	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	16	▨	6.2	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	25	▨	4.3	Singapore	5.7
2.09	Corporate tax rate	30	▨	30.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	13	▨	5.9	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	6	■	6.8	Switzerland	6.9
2.12	Internet users	7	■	68.3	Netherlands	85.7
2.13	Broadband Internet subscribers	13	▨	20.6	Netherlands	31.8
2.14	Telephone lines	19	▨	43.0	Switzerland	66.9
2.15	Mobile telephone subscribers	31	▨	79.3	Italy	135.1

(Cont'd.)

Japan

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	23	▨	7.5	Ireland	0.3
2.17	Cost of dealing with licenses	8	■	17.8	United Arab Emirates	1.5
2.18	Cost of registering property	34	▨	5.0	Saudi Arabia	0.0
2.19	Cost to export	32	▨	989.0	China	390.0
2.20	Cost to import	30	▨	1,047.0	Singapore	367.0
2.21	Cost of enforcing contracts	25	▨	22.7	China	8.8
2.22	Cost of closing a business	5	■	4.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	7	■	–3.9	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	19	▨	3.8	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	4	■	42.5	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	8	■	11.0	Indonesia	16.0
3.07	Entry restrictions for banks	25	▨	7.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	13	▨	6.0	Multiple (3)	9.0
3.09	Official supervisory power	13	▨	12.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	2	■	8.0	South Africa	9.0
3.11	Frequency of banking crises	12	▨	1.0	Multiple (11)	0.0
3.12	Stability Index	8	■	5.5	India	7.2
3.13	Cumulative real estate appreciation	2	■	–26.3	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	20	▨	17.2	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	19	▨	17.2	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	18	▨	7.0	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	6	■	6.0	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	▨	0.0	Belgium	57.2
4.05	Private credit bureau coverage	14	▨	68.3	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	4	■	6.9	France	31.0
5.02	IPO proceeds amount	22	▨	0.4	Kazakhstan	4.4
5.03	Share of world IPOs	1	■	14.2	Japan	14.2
	M&A activity					
5.04	M&A market share	6	■	3.6	United States	44.4
5.05	M&A transaction value to GDP	34	▨	2.5	United Kingdom	14.6
5.06	Share of total number of M&A deals	3	■	6.3	United States	33.2

Japan

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

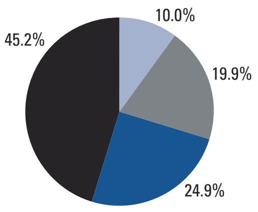
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	2	■	460,261.3	United States	1,170,100.6
5.08	Insurance density	8	■	3,589.6	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	41	▨	–1.5	India	52.6
5.10	Insurance penetration	6	■	10.5	United Kingdom	16.5
5.11	Relative value-added of insurance	14	▨	1.9	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	36	▨	1.3	United States	22.9
5.13	Share of total number of securitization deals	14	▨	1.1	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	4	■	8.0	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	3	■	6.2	United Kingdom	29.9
6.03	Foreign exchange swap turnover	6	■	5.2	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	10	■	1.0	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	7	■	3.2	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	3	■	8.8	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	8	■	2.8	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	4	■	4.3	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	10	■	117.9	Pakistan	374.3
7.05	Stock market capitalization to GDP	15	▨	108.3	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	6	■	42.5	United States	114.0
6.11	Public-sector bonds to GDP	27	▨	4.0	France	7.0
6.12	International bonds to GDP	39	▨	6.4	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	5	■	137.9	Hong Kong SAR	252.3
7.02	Private debt to GDP	21	▨	45.5	Netherlands	216.2
7.03	Public debt to GDP	33	▨	4.0	Austria	7.0
7.04	Bank deposits to GDP	2	■	189.4	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	15	▨	108.3	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	18	▨	4.4	Panama	9.2
7.07	Private credit to GDP	17	▨	97.5	United States	193.7
7.08	Stock market value traded to GDP	14	▨	110.2	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	27	▨	5.2	Switzerland	6.7
7.10	Venture capital availability	27	▨	3.9	United States	5.3
7.11	Ease of access to credit	27	▨	5.0	Slovak Republic	5.9
7.12	Ease of access to local equity market	8	■	5.9	Sweden	6.2
7.13	Bank branches	26	▨	10.0	Spain	95.9
7.14	Ease of access to loans	33	▨	3.7	Norway	5.5

Kazakhstan

Key indicators

Population (millions), 2007	15.1
GDP (US$ billions), 2007	103.8
GDP (current prices, US$) per capita, 2007	6,867.7
GDP (PPP) as share (%) of world total, 2007	0.26
Average annual rate of real GDP growth (%), 2003–07	9.56

Financial assets by major type, 2006



Total/GDP: 119.2%

	US$ bn
Public debt securities	9.6
Private debt securities	19.2
Banking deposits	24.0
Equity securities	43.7
Total	**96.6**

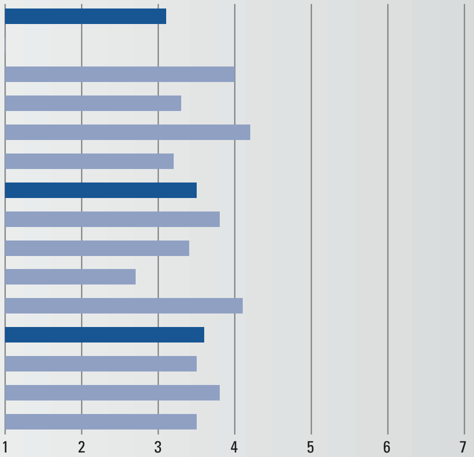
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**45**	**3.1**

Factors, policies, and institutions

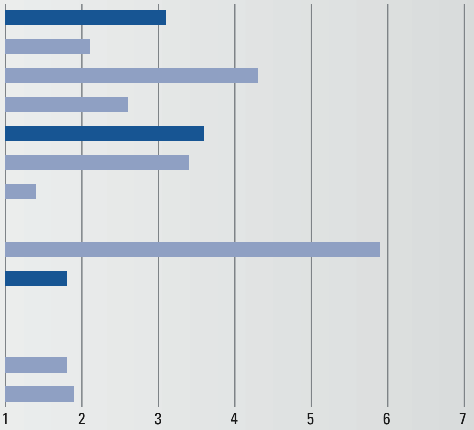
INPUTS

	Rank	Score
1st pillar: Institutional environment	**47**	**3.1**
Capital account liberalization	46	1.0
Corporate governance	48	4.0
Legal and regulatory issues	43	3.3
Contract enforcement	28	4.2
Domestic financial sector liberalization	48	3.2
2nd pillar: Business environment	**47**	**3.5**
Human capital	38	3.8
Taxes	43	3.4
Infrastructure	45	2.7
Cost of doing business	48	4.1
3rd pillar: Financial stability	**45**	**3.6**
Risk of a currency crisis	44	3.5
Risk of systemic banking crisis	46	3.8
Risk of sovereign debt crisis	37	3.5



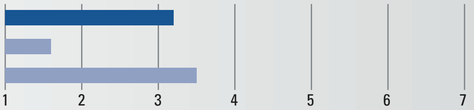
Financial intermediation

	Rank	Score
4th pillar: Banks	**41**	**3.1**
Size index	38	2.1
Efficiency index	32	4.3
Financial information disclosure	44	2.6
5th pillar: Non-banks	**12**	**3.6**
IPO activity	10	3.4
M&A activity	37	1.4
Insurance	n/a	n/a
Securitization	4	5.9
6th pillar: Financial markets	**44**	**1.8**
Foreign exchange markets	n/a	n/a
Derivatives markets	n/a	n/a
Equity markets	46	1.8
Bond markets	41	1.9



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**49**	**3.2**
Size and depth	49	1.6
Access	46	3.5



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Kazakhstan

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	46	▨	–1.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	45	▨	4.0	France	5.7
1.03	Efficacy of corporate boards	33	▨	4.8	Sweden	6.1
1.04	Reliance on professional management	46	▨	4.3	Sweden	6.4
1.05	Willingness to delegate	51	▨	3.4	Sweden	6.3
1.06	Strength of auditing and accounting standards	45	▨	4.2	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	47	▨	3.7	Finland	6.6
1.09	Protection of minority shareholders' interests	48	▨	3.7	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	27	▨	3.2	Singapore	5.3
1.11	Centralization of economic policymaking	29	▨	3.3	Switzerland	5.9
1.12	Regulation of security exchanges	51	▨	3.4	Sweden	6.3
1.13	Property rights	44	▨	4.0	Germany	6.7
1.14	Intellectual property protection	43	▨	3.3	Germany	6.5
1.15	Diversion of public funds	33	▨	3.7	Finland	6.5
1.16	Public trust of politicians	34	▨	2.6	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	28	▨	3.9	Singapore	6.1
1.18	Judicial independence	46	▨	2.8	Germany	6.5
1.19	Irregular payments in judicial decisions	42	▨	3.7	Finland	6.8
1.20	Number of procedures to enforce a contract	37	▨	38.0	Ireland	20.0
1.21	Time to enforce a contract	3	■	230.0	Singapore	120.0
1.22	Cost of enforcing contracts	24	■	22.0	China	8.8
1.23	Strength of investor protection	22	■	5.7	Singapore	9.3
1.24	Time to close a business	36	▨	3.3	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	48	▨	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	50	▨	3.5	France	6.0
2.02	Quality of math and science education	36	▨	3.9	Singapore	6.3
2.03	Extent of staff training	49	▨	3.3	Switzerland	5.9
2.04	Local availability of research and training services	47	▨	3.6	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	47	▨	3.7	Kuwait	5.8
2.06	Tertiary enrollment	24	■	51.2	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	44	▨	4.3	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	47	▨	3.5	Singapore	5.7
2.09	Corporate tax rate	30	▨	30.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	39	▨	3.4	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	48	▨	5.0	Switzerland	6.9
2.12	Internet users	46	▨	8.7	Netherlands	85.7
2.13	Broadband Internet subscribers	46	▨	0.2	Netherlands	31.8
2.14	Telephone lines	36	▨	19.8	Switzerland	66.9
2.15	Mobile telephone subscribers	42	▨	52.9	Italy	135.1

(Cont'd.)

Kazakhstan

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	24	■	7.6	Ireland	0.3
2.17	Cost of dealing with licenses	50	□	2,129.9	United Arab Emirates	1.5
2.18	Cost of registering property	9	■	0.9	Saudi Arabia	0.0
2.19	Cost to export	51	□	2,730.0	China	390.0
2.20	Cost to import	51	□	2,780.0	Singapore	367.0
2.21	Cost of enforcing contracts	24	■	22.0	China	8.8
2.22	Cost of closing a business	33	□	18.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	n/a		n/a	Argentina	-8.5
3.02	External vulnerability indicator	43	□	98.0	Russian Federation	15.4
3.03	Current account balance to GDP	32	□	0.3	Kuwait	46.1
3.04	Dollarization vulnerability indicator	29	□	24.8	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	30	□	66.0	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	1	■	0.0	Multiple (11)	0.0
3.12	Stability Index	47	□	2.9	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	37	□	12.3	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	37	□	11.3	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	38	□	4.9	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	30	□	4.9	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	33	□	13.7	Multiple (7)	100.0
4.06	Credit Information Index	31	□	4.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	18	■	1.2	France	31.0
5.02	IPO proceeds amount	1	■	4.4	Kazakhstan	4.4
5.03	Share of world IPOs	34	□	0.2	Japan	14.2
	M&A activity					
5.04	M&A market share	42	□	0.1	United States	44.4
5.05	M&A transaction value to GDP	32	□	2.9	United Kingdom	14.6
5.06	Share of total number of M&A deals	46	□	0.1	United States	33.2

Kazakhstan

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

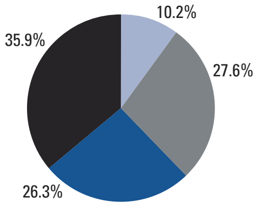
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	n/a		n/a	United States	1,170,100.6
5.08	Insurance density	n/a		n/a	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	n/a		n/a	India	52.6
5.10	Insurance penetration	n/a		n/a	United Kingdom	16.5
5.11	Relative value-added of insurance	n/a		n/a	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	2	■	17.6	United States	22.9
5.13	Share of total number of securitization deals	13	■	1.2	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	n/a		n/a	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	n/a		n/a	United Kingdom	29.9
6.03	Foreign exchange swap turnover	n/a		n/a	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	42	□	14.9	Pakistan	374.3
7.05	Stock market capitalization to GDP	42	□	30.3	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	n/a		n/a	France	7.0
6.12	International bonds to GDP	28	□	13.5	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	39	□	25.0	Hong Kong SAR	252.3
7.02	Private debt to GDP	23	■	27.3	Netherlands	216.2
7.03	Public debt to GDP	49	□	1.7	Austria	7.0
7.04	Bank deposits to GDP	45	□	22.7	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	42	□	30.3	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	n/a		n/a	Panama	9.2
7.07	Private credit to GDP	33	□	37.7	United States	193.7
7.08	Stock market value traded to GDP	47	□	1.9	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	43	□	3.9	Switzerland	6.7
7.10	Venture capital availability	33	□	3.4	United States	5.3
7.11	Ease of access to credit	33	□	4.8	Slovak Republic	5.9
7.12	Ease of access to local equity market	49	□	3.9	Sweden	6.2
7.13	Bank branches	45	□	2.5	Spain	95.9
7.14	Ease of access to loans	34	□	3.6	Norway	5.5

Korea, Rep.

Key indicators

Population (millions), 2007	48.5
GDP (US$ billions), 2007	957.1
GDP (current prices, US$) per capita, 2007	19,750.8
GDP (PPP) as share (%) of world total, 2007	1.85
Average annual rate of real GDP growth (%), 2003–07	4.43

Financial assets by major type, 2006



Total/GDP: 262.0%

	US$ bn
▨ Public debt securities	238.1
▨ Private debt securities	643.2
■ Banking deposits	611.3
■ Equity securities	835.2
Total	**2,327.7**

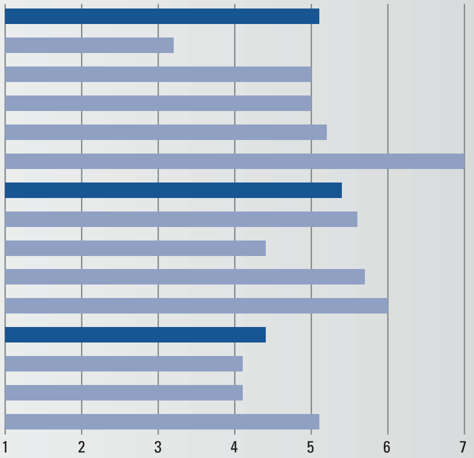
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**19**	**4.5**

Factors, policies, and institutions

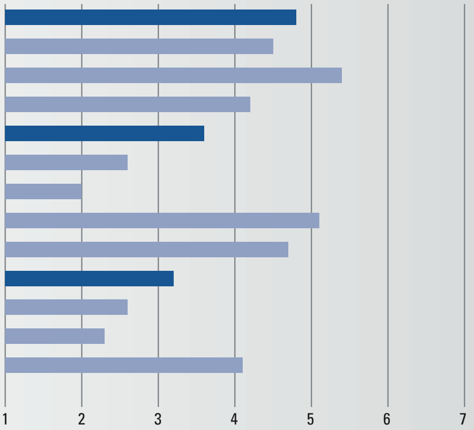
INPUTS

1st pillar: Institutional environment	**23**	**5.1**
Capital account liberalization	33	3.2
Corporate governance	22	5.0
Legal and regulatory issues	11	5.0
Contract enforcement	16	5.2
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**9**	**5.4**
Human capital	7	5.6
Taxes	24	4.4
Infrastructure	8	5.7
Cost of doing business	10	6.0
3rd pillar: Financial stability	**32**	**4.4**
Risk of a currency crisis	35	4.1
Risk of systemic banking crisis	40	4.1
Risk of sovereign debt crisis	24	5.1



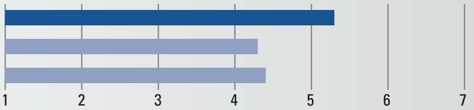
Financial intermediation

4th pillar: Banks	**11**	**4.8**
Size index	10	4.5
Efficiency index	13	5.4
Financial information disclosure	23	4.2
5th pillar: Non-banks	**11**	**3.6**
IPO activity	15	2.6
M&A activity	23	2.0
Insurance	7	5.1
Securitization	11	4.7
6th pillar: Financial markets	**20**	**3.2**
Foreign exchange markets	14	2.6
Derivatives markets	15	2.3
Equity markets	23	4.1
Bond markets	n/a	n/a



Capital availability and access

7th pillar: Size, depth, and access	**20**	**5.3**
Size and depth	19	4.3
Access	21	4.4



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Korea, Rep.

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	33	□	–0.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	6	■	5.4	France	5.7
1.03	Efficacy of corporate boards	23	□	5.2	Sweden	6.1
1.04	Reliance on professional management	25	□	5.2	Sweden	6.4
1.05	Willingness to delegate	17	■	5.0	Sweden	6.3
1.06	Strength of auditing and accounting standards	23	□	5.4	Germany	6.3
1.07	Shareholder rights index	25	□	2.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	20	□	5.2	Finland	6.6
1.09	Protection of minority shareholders' interests	23	□	5.1	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	6	■	4.3	Singapore	5.3
1.11	Centralization of economic policymaking	7	■	4.7	Switzerland	5.9
1.12	Regulation of security exchanges	10	■	5.9	Sweden	6.3
1.13	Property rights	19	■	5.7	Germany	6.7
1.14	Intellectual property protection	18	■	5.4	Germany	6.5
1.15	Diversion of public funds	17	■	5.0	Finland	6.5
1.16	Public trust of politicians	14	■	4.0	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	20	□	4.3	Singapore	6.1
1.18	Judicial independence	22	□	5.1	Germany	6.5
1.19	Irregular payments in judicial decisions	23	□	5.3	Finland	6.8
1.20	Number of procedures to enforce a contract	27	□	35.0	Ireland	20.0
1.21	Time to enforce a contract	3	■	230.0	Singapore	120.0
1.22	Cost of enforcing contracts	5	■	10.3	China	8.8
1.23	Strength of investor protection	30	□	5.3	Singapore	9.3
1.24	Time to close a business	15	■	1.5	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	23	□	5.1	France	6.0
2.02	Quality of math and science education	8	■	5.5	Singapore	6.3
2.03	Extent of staff training	4	■	5.6	Switzerland	5.9
2.04	Local availability of research and training services	13	■	5.3	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	15	■	4.8	Kuwait	5.8
2.06	Tertiary enrollment	2	■	92.6	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	23	□	5.6	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	12	■	4.8	Singapore	5.7
2.09	Corporate tax rate	24	□	27.5	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	16	■	5.6	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	21	□	6.4	Switzerland	6.9
2.12	Internet users	5	■	71.1	Netherlands	85.7
2.13	Broadband Internet subscribers	2	■	29.3	Netherlands	31.8
2.14	Telephone lines	10	■	49.8	Switzerland	66.9
2.15	Mobile telephone subscribers	27	□	83.8	Italy	135.1

(Cont'd.)

Korea, Rep.

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	***2nd pillar: Business environment** (cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	34	▨	16.9	Ireland	0.3
2.17	Cost of dealing with licenses	36	▨	170.2	United Arab Emirates	1.5
2.18	Cost of registering property	40	▨	6.3	Saudi Arabia	0.0
2.19	Cost to export	19	■	745.0	China	390.0
2.20	Cost to import	14	■	745.0	Singapore	367.0
2.21	Cost of enforcing contracts	5	■	10.3	China	8.8
2.22	Cost of closing a business	5	■	4.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	40	▨	4.5	Argentina	-8.5
3.02	External vulnerability indicator	33	▨	56.5	Russian Federation	15.4
3.03	Current account balance to GDP	31	▨	0.6	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	11	■	28.3	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	8	■	11.0	Indonesia	16.0
3.07	Entry restrictions for banks	33	▨	6.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	25	▨	4.0	Multiple (3)	9.0
3.09	Official supervisory power	11	■	12.5	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	10	■	7.0	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	43	▨	4.1	India	7.2
3.13	Cumulative real estate appreciation	18	■	25.9	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	22	▨	16.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	24	▨	15.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	10	■	7.8	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	13	■	5.5	United Arab Emirates	6.8
4.03	Public ownership of banks	26	▨	18.8	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	▨	0.0	Belgium	57.2
4.05	Private credit bureau coverage	12	■	74.2	Multiple (7)	100.0
4.06	Credit Information Index	15	■	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	11	■	2.2	France	31.0
5.02	IPO proceeds amount	19	■	0.6	Kazakhstan	4.4
5.03	Share of world IPOs	14	■	1.8	Japan	14.2
	M&A activity					
5.04	M&A market share	15	■	0.8	United States	44.4
5.05	M&A transaction value to GDP	33	▨	2.7	United Kingdom	14.6
5.06	Share of total number of M&A deals	15	■	1.5	United States	33.2

Korea, Rep.

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

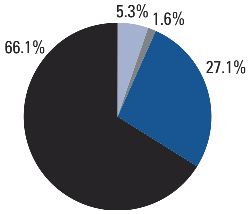
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	7	■	101,179.4	United States	1,170,100.6
5.08	Insurance density	18	■	2,071.3	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	18	■	8.7	India	52.6
5.10	Insurance penetration	3	■	11.1	United Kingdom	16.5
5.11	Relative value-added of insurance	7	■	2.5	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	19	■	2.6	United States	22.9
5.13	Share of total number of securitization deals	4	■	3.4	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	11	■	1.4	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	13	■	1.2	United Kingdom	29.9
6.03	Foreign exchange swap turnover	18	■	0.5	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	22	▨	0.1	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	16	■	0.3	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	17	■	0.2	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	6	■	3.2	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	18	■	0.3	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	n/a		n/a	Pakistan	374.3
7.05	Stock market capitalization to GDP	21	▨	86.1	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	n/a		n/a	France	7.0
6.12	International bonds to GDP	n/a		n/a	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	15	■	69.8	Hong Kong SAR	252.3
7.02	Private debt to GDP	15	■	68.6	Netherlands	216.2
7.03	Public debt to GDP	38	▨	3.2	Austria	7.0
7.04	Bank deposits to GDP	23	▨	66.0	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	21	▨	86.1	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	9	■	5.6	Panama	9.2
7.07	Private credit to GDP	9	■	112.5	United States	193.7
7.08	Stock market value traded to GDP	6	■	150.9	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	25	▨	5.2	Switzerland	6.7
7.10	Venture capital availability	13	■	4.5	United States	5.3
7.11	Ease of access to credit	16	■	5.1	Slovak Republic	5.9
7.12	Ease of access to local equity market	23	▨	5.5	Sweden	6.2
7.13	Bank branches	21	▨	13.4	Spain	95.9
7.14	Ease of access to loans	19	■	4.4	Norway	5.5

Kuwait

Key indicators

Population (millions), 2007	3.3
GDP (US$ billions), 2007	111.3
GDP (current prices, US$) per capita, 2007	33,634.3
GDP (PPP) as share (%) of world total, 2007	0.20
Average annual rate of real GDP growth (%), 2003–07	10.05

Financial assets by major type, 2006



Total/GDP: 197.6%

	US$ bn
▨ Public debt securities	10.3
▨ Private debt securities	3.1
■ Banking deposits	52.8
■ Equity securities	128.9
Total	**195.1**

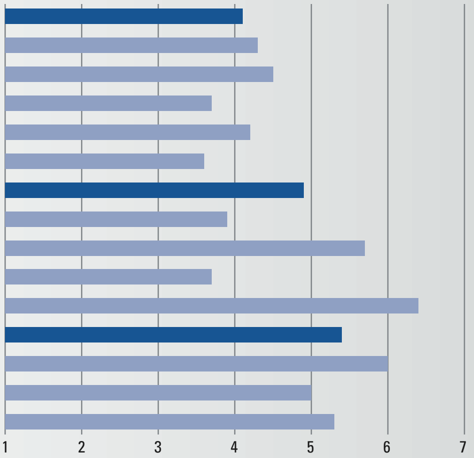
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**26**	**3.9**

INPUTS

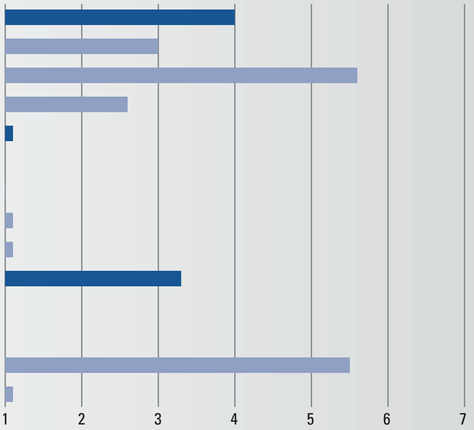
Factors, policies, and institutions

1st pillar: Institutional environment	**36**	**4.1**
Capital account liberalization	31	4.3
Corporate governance	31	4.5
Legal and regulatory issues	33	3.7
Contract enforcement	27	4.2
Domestic financial sector liberalization	41	3.6
2nd pillar: Business environment	**21**	**4.9**
Human capital	36	3.9
Taxes	3	5.7
Infrastructure	29	3.7
Cost of doing business	4	6.4
3rd pillar: Financial stability	**12**	**5.4**
Risk of a currency crisis	5	6.0
Risk of systemic banking crisis	14	5.0
Risk of sovereign debt crisis	22	5.3



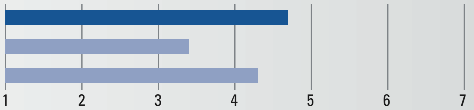
Financial intermediation

4th pillar: Banks	**24**	**4.0**
Size index	27	3.0
Efficiency index	12	5.6
Financial information disclosure	43	2.6
5th pillar: Non-banks	**52**	**1.1**
IPO activity	n/a	n/a
M&A activity	51	1.0
Insurance	49	1.1
Securitization	50	1.1
6th pillar: Financial markets	**19**	**3.3**
Foreign exchange markets	n/a	n/a
Derivatives markets	n/a	n/a
Equity markets	7	5.5
Bond markets	48	1.1



Capital availability and access

7th pillar: Size, depth, and access	**29**	**4.7**
Size and depth	30	3.4
Access	27	4.3



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Kuwait

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	31	▨	1.2	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	28	▨	4.7	France	5.7
1.03	Efficacy of corporate boards	42	▨	4.6	Sweden	6.1
1.04	Reliance on professional management	49	▨	4.0	Sweden	6.4
1.05	Willingness to delegate	36	▨	4.0	Sweden	6.3
1.06	Strength of auditing and accounting standards	24	■	5.3	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	24	■	4.7	Finland	6.6
1.09	Protection of minority shareholders' interests	38	▨	4.4	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	35	▨	2.9	Singapore	5.3
1.11	Centralization of economic policymaking	49	▨	2.1	Switzerland	5.9
1.12	Regulation of security exchanges	43	▨	4.4	Sweden	6.3
1.13	Property rights	26	▨	5.4	Germany	6.7
1.14	Intellectual property protection	34	▨	3.6	Germany	6.5
1.15	Diversion of public funds	25	■	4.4	Finland	6.5
1.16	Public trust of politicians	22	■	3.3	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	26	▨	4.0	Singapore	6.1
1.18	Judicial independence	21	■	5.2	Germany	6.5
1.19	Irregular payments in judicial decisions	27	▨	5.0	Finland	6.8
1.20	Number of procedures to enforce a contract	50	▨	50.0	Ireland	20.0
1.21	Time to enforce a contract	33	▨	566.0	Singapore	120.0
1.22	Cost of enforcing contracts	10	■	13.3	China	8.8
1.23	Strength of investor protection	14	■	6.3	Singapore	9.3
1.24	Time to close a business	43	▨	4.2	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	41	▨	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	41	▨	4.1	France	6.0
2.02	Quality of math and science education	37	▨	3.9	Singapore	6.3
2.03	Extent of staff training	32	▨	4.0	Switzerland	5.9
2.04	Local availability of research and training services	35	▨	4.1	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	1	■	5.8	Kuwait	5.8
2.06	Tertiary enrollment	46	▨	17.6	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	19	■	6.0	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	32	▨	4.1	Singapore	5.7
2.09	Corporate tax rate	1	■	0.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	25	■	4.8	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	33	▨	6.0	Switzerland	6.9
2.12	Internet users	27	▨	28.9	Netherlands	85.7
2.13	Broadband Internet subscribers	41	▨	0.9	Netherlands	31.8
2.14	Telephone lines	37	▨	18.7	Switzerland	66.9
2.15	Mobile telephone subscribers	24	■	91.5	Italy	135.1

(Cont'd.)

Kuwait

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

2nd pillar: Business environment *(cont'd.)*

Cost of doing business

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
2.16	Cost of starting a business	10	■	1.6	Ireland	0.3
2.17	Cost of dealing with licenses	37	▨	209.4	United Arab Emirates	1.5
2.18	Cost of registering property	5	■	0.5	Saudi Arabia	0.0
2.19	Cost to export	28	▨	935.0	China	390.0
2.20	Cost to import	25	■	935.0	Singapore	367.0
2.21	Cost of enforcing contracts	10	■	13.3	China	8.8
2.22	Cost of closing a business	1	■	1.0	Multiple (4)	1.0

3rd pillar: Financial stability

Risk of a currency crisis

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
3.01	Change in real effective exchange rate	n/a		n/a	Argentina	-8.5
3.02	External vulnerability indicator	41	▨	90.4	Russian Federation	15.4
3.03	Current account balance to GDP	1	■	46.1	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	4	■	17.7	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3

Risk of systemic banking crisis

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
3.06	Activity restrictions for banks	16	■	10.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	1	■	9.0	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	32	▨	4.6	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4

Risk of sovereign debt crisis

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
3.14	Local currency sovereign rating	22	■	16.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	21	■	16.0	Multiple (15)	20.0

4th pillar: Banks

Size index

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
4.01	Size index	27	▨	6.0	Hong Kong SAR	10.8

Efficiency index

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
4.02	Efficiency index	11	■	5.6	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0

Financial information disclosure

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	32	▨	14.5	Multiple (7)	100.0
4.06	Credit Information Index	31	▨	4.0	Multiple (14)	6.0

5th pillar: Non-banks

IPO activity

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
5.01	IPO market share	n/a		n/a	France	31.0
5.02	IPO proceeds amount	n/a		n/a	Kazakhstan	4.4
5.03	Share of world IPOs	n/a		n/a	Japan	14.2

M&A activity

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
5.04	M&A market share	51	▨	0.0	United States	44.4
5.05	M&A transaction value to GDP	50	▨	0.0	United Kingdom	14.6
5.06	Share of total number of M&A deals	51	▨	0.0	United States	33.2

Kuwait

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

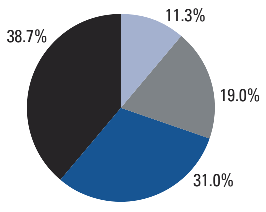
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	49	□	628.2	United States	1,170,100.6
5.08	Insurance density	30	□	227.2	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	n/a		n/a	India	52.6
5.10	Insurance penetration	48	□	0.7	United Kingdom	16.5
5.11	Relative value-added of insurance	44	□	0.2	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	48	□	0.3	United States	22.9
5.13	Share of total number of securitization deals	49	□	0.0	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	n/a		n/a	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	n/a		n/a	United Kingdom	29.9
6.03	Foreign exchange swap turnover	n/a		n/a	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	16	■	93.9	Pakistan	374.3
7.05	Stock market capitalization to GDP	5	■	153.9	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	n/a		n/a	France	7.0
6.12	International bonds to GDP	45	□	2.5	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	22	■	52.3	Hong Kong SAR	252.3
7.02	Private debt to GDP	41	□	3.2	Netherlands	216.2
7.03	Public debt to GDP	51	□	1.3	Austria	7.0
7.04	Bank deposits to GDP	36	□	46.3	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	5	■	153.9	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	29	□	3.4	Panama	9.2
7.07	Private credit to GDP	28	□	56.0	United States	193.7
7.08	Stock market value traded to GDP	12	■	116.4	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	33	□	4.6	Switzerland	6.7
7.10	Venture capital availability	23	■	4.0	United States	5.3
7.11	Ease of access to credit	9	■	5.4	Slovak Republic	5.9
7.12	Ease of access to local equity market	12	■	5.7	Sweden	6.2
7.13	Bank branches	33	□	8.3	Spain	95.9
7.14	Ease of access to loans	12	■	4.6	Norway	5.5

Malaysia

Key indicators

Population (millions), 2007	26.8
GDP (US$ billions), 2007	186.5
GDP (current prices, US$) per capita, 2007	6,947.6
GDP (PPP) as share (%) of world total, 2007	0.52
Average annual rate of real GDP growth (%), 2003–07	5.97

Financial assets by major type, 2006



	US$ bn
▨ Public debt securities	68.6
▨ Private debt securities	115.3
■ Banking deposits	188.3
■ Equity securities	235.4
Total	**607.6**

Total/GDP: 389.3%

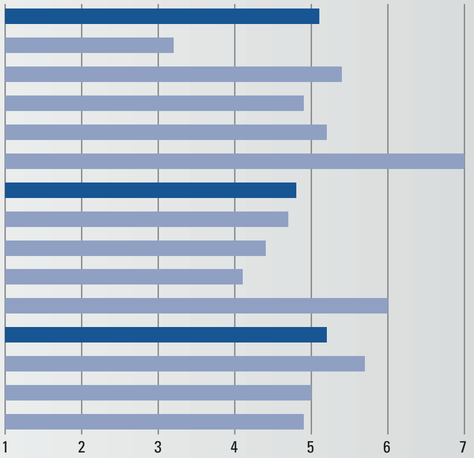
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**20**	**4.5**

INPUTS

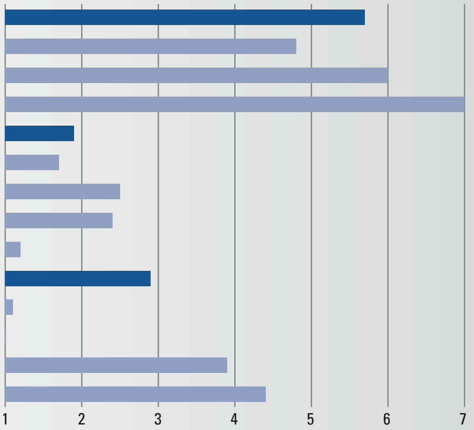
Factors, policies, and institutions

	Rank	Score
1st pillar: Institutional environment	**22**	**5.1**
Capital account liberalization	34	3.2
Corporate governance	17	5.4
Legal and regulatory issues	14	4.9
Contract enforcement	17	5.2
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**23**	**4.8**
Human capital	22	4.7
Taxes	23	4.4
Infrastructure	26	4.1
Cost of doing business	12	6.0
3rd pillar: Financial stability	**18**	**5.2**
Risk of a currency crisis	9	5.7
Risk of systemic banking crisis	17	5.0
Risk of sovereign debt crisis	25	4.9



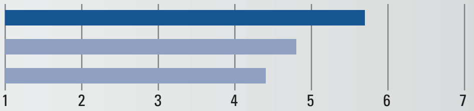
Financial intermediation

	Rank	Score
4th pillar: Banks	**2**	**5.7**
Size index	7	4.8
Efficiency index	7	6.0
Financial information disclosure	1	7.0
5th pillar: Non-banks	**35**	**1.9**
IPO activity	29	1.7
M&A activity	15	2.5
Insurance	35	2.4
Securitization	46	1.2
6th pillar: Financial markets	**23**	**2.9**
Foreign exchange markets	37	1.1
Derivatives markets	35	1.0
Equity markets	26	3.9
Bond markets	12	4.4



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**12**	**5.7**
Size and depth	11	4.8
Access	20	4.4



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Malaysia

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	34	□	–0.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	14	■	5.1	France	5.7
1.03	Efficacy of corporate boards	17	■	5.4	Sweden	6.1
1.04	Reliance on professional management	17	■	5.6	Sweden	6.4
1.05	Willingness to delegate	15	■	5.1	Sweden	6.3
1.06	Strength of auditing and accounting standards	20	■	5.7	Germany	6.3
1.07	Shareholder rights index	9	■	4.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	19	■	5.3	Finland	6.6
1.09	Protection of minority shareholders' interests	16	■	5.5	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	4	■	4.6	Singapore	5.3
1.11	Centralization of economic policymaking	17	■	3.9	Switzerland	5.9
1.12	Regulation of security exchanges	25	□	5.5	Sweden	6.3
1.13	Property rights	18	■	5.7	Germany	6.7
1.14	Intellectual property protection	20	■	5.1	Germany	6.5
1.15	Diversion of public funds	19	■	4.9	Finland	6.5
1.16	Public trust of politicians	11	■	4.6	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	3	■	5.4	Singapore	6.1
1.18	Judicial independence	20	■	5.2	Germany	6.5
1.19	Irregular payments in judicial decisions	21	□	5.4	Finland	6.8
1.20	Number of procedures to enforce a contract	10	■	30.0	Ireland	20.0
1.21	Time to enforce a contract	37	□	600.0	Singapore	120.0
1.22	Cost of enforcing contracts	35	□	27.5	China	8.8
1.23	Strength of investor protection	3	■	8.7	Singapore	9.3
1.24	Time to close a business	25	□	2.3	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	20	■	5.2	France	6.0
2.02	Quality of math and science education	10	■	5.4	Singapore	6.3
2.03	Extent of staff training	14	■	5.2	Switzerland	5.9
2.04	Local availability of research and training services	19	■	5.0	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	13	■	4.9	Kuwait	5.8
2.06	Tertiary enrollment	40	□	28.6	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	26	□	5.5	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	10	■	4.8	Singapore	5.7
2.09	Corporate tax rate	23	□	27.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	15	■	5.7	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	27	□	6.1	Switzerland	6.9
2.12	Internet users	12	■	54.2	Netherlands	85.7
2.13	Broadband Internet subscribers	32	□	3.5	Netherlands	31.8
2.14	Telephone lines	40	□	16.8	Switzerland	66.9
2.15	Mobile telephone subscribers	34	□	75.5	Italy	135.1

(Cont'd.)

Malaysia

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	36	▨	18.1	Ireland	0.3
2.17	Cost of dealing with licenses	2	■	10.0	United Arab Emirates	1.5
2.18	Cost of registering property	16	■	2.4	Saudi Arabia	0.0
2.19	Cost to export	4	■	432.0	China	390.0
2.20	Cost to import	2	■	385.0	Singapore	367.0
2.21	Cost of enforcing contracts	35	▨	27.5	China	8.8
2.22	Cost of closing a business	26	▨	15.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	10	■	–2.1	Argentina	-8.5
3.02	External vulnerability indicator	21	▨	21.1	Russian Federation	15.4
3.03	Current account balance to GDP	5	■	17.1	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	17	■	34.1	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	8	■	11.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	5	■	13.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	10	■	7.0	South Africa	9.0
3.11	Frequency of banking crises	38	▨	2.0	Multiple (11)	0.0
3.12	Stability Index	29	▨	4.6	India	7.2
3.13	Cumulative real estate appreciation	6	■	–4.3	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	22	▨	16.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	29	▨	14.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	7	■	8.2	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	8	■	5.7	United Arab Emirates	6.8
4.03	Public ownership of banks	1	■	0.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	4	■	44.5	Belgium	57.2
4.05	Private credit bureau coverage	n/a		n/a	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	39	▨	0.1	France	31.0
5.02	IPO proceeds amount	40	▨	0.2	Kazakhstan	4.4
5.03	Share of world IPOs	10	■	2.8	Japan	14.2
	M&A activity					
5.04	M&A market share	25	▨	0.3	United States	44.4
5.05	M&A transaction value to GDP	12	■	6.1	United Kingdom	14.6
5.06	Share of total number of M&A deals	11	■	2.4	United States	33.2

Malaysia

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

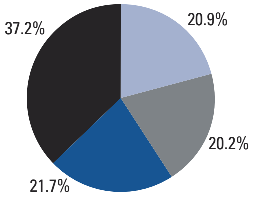
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	29	□	7,536.7	United States	1,170,100.6
5.08	Insurance density	28	□	292.2	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	32	□	0.9	India	52.6
5.10	Insurance penetration	22	□	4.9	United Kingdom	16.5
5.11	Relative value-added of insurance	21	□	1.1	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	45	□	0.4	United States	22.9
5.13	Share of total number of securitization deals	40	□	0.0	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	32	□	0.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	33	□	0.1	United Kingdom	29.9
6.03	Foreign exchange swap turnover	32	□	0.1	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	27	□	0.0	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	30	□	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	28	□	0.0	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	29	□	0.1	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	35	□	0.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	37	□	26.6	Pakistan	374.3
7.05	Stock market capitalization to GDP	9	■	133.9	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	3	■	52.4	United States	114.0
6.11	Public-sector bonds to GDP	15	■	5.2	France	7.0
6.12	International bonds to GDP	23	□	22.4	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	6	■	124.8	Hong Kong SAR	252.3
7.02	Private debt to GDP	14	■	77.4	Netherlands	216.2
7.03	Public debt to GDP	24	□	4.9	Austria	7.0
7.04	Bank deposits to GDP	10	■	110.2	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	9	■	133.9	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	38	□	2.5	Panama	9.2
7.07	Private credit to GDP	12	■	110.2	United States	193.7
7.08	Stock market value traded to GDP	29	□	44.9	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	23	□	5.4	Switzerland	6.7
7.10	Venture capital availability	14	■	4.5	United States	5.3
7.11	Ease of access to credit	25	□	5.0	Slovak Republic	5.9
7.12	Ease of access to local equity market	16	■	5.6	Sweden	6.2
7.13	Bank branches	27	□	9.8	Spain	95.9
7.14	Ease of access to loans	13	■	4.6	Norway	5.5

Mexico

Key indicators

Population (millions), 2007	105.4
GDP (US$ billions), 2007	893.4
GDP (current prices, US$) per capita, 2007	8,478.7
GDP (PPP) as share (%) of world total, 2007	2.07
Average annual rate of real GDP growth (%), 2003–07	3.31

Financial assets by major type, 2006



	US$ bn
▨ Public debt securities	195.7
▨ Private debt securities	188.6
■ Banking deposits	203.0
■ Equity securities	348.3
Total	**935.5**

Total/GDP: 111.4%

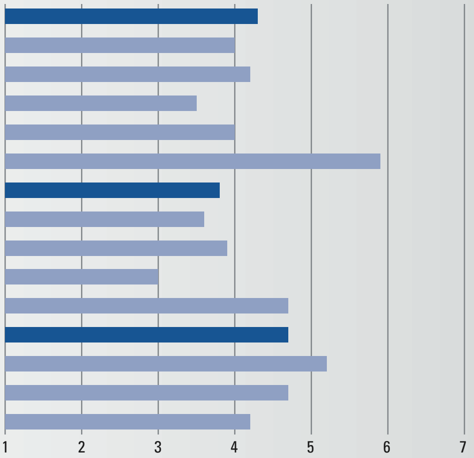
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**43**	**3.2**

INPUTS

Factors, policies, and institutions

	Rank	Score
1st pillar: Institutional environment	**31**	**4.3**
Capital account liberalization	32	4.0
Corporate governance	43	4.2
Legal and regulatory issues	40	3.5
Contract enforcement	32	4.0
Domestic financial sector liberalization	28	5.9
2nd pillar: Business environment	**44**	**3.8**
Human capital	47	3.6
Taxes	32	3.9
Infrastructure	39	3.0
Cost of doing business	44	4.7
3rd pillar: Financial stability	**27**	**4.7**
Risk of a currency crisis	16	5.2
Risk of systemic banking crisis	25	4.7
Risk of sovereign debt crisis	34	4.2

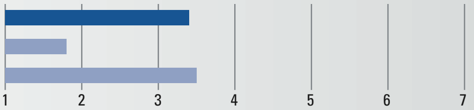


Financial intermediation

	Rank	Score
4th pillar: Banks	**49**	**2.6**
Size index	49	1.5
Efficiency index	47	3.0
Financial information disclosure	22	4.2
5th pillar: Non-banks	**38**	**1.9**
IPO activity	35	1.4
M&A activity	43	1.3
Insurance	33	2.5
Securitization	21	2.3
6th pillar: Financial markets	**45**	**1.8**
Foreign exchange markets	21	1.4
Derivatives markets	29	1.2
Equity markets	43	2.0
Bond markets	39	2.1

Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**48**	**3.4**
Size and depth	48	1.8
Access	45	3.5



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Mexico

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	32	□	1.2	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	25	■	4.7	France	5.7
1.03	Efficacy of corporate boards	41	□	4.6	Sweden	6.1
1.04	Reliance on professional management	37	□	4.6	Sweden	6.4
1.05	Willingness to delegate	32	□	4.1	Sweden	6.3
1.06	Strength of auditing and accounting standards	39	□	4.6	Germany	6.3
1.07	Shareholder rights index	33	□	1.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	31	□	4.4	Finland	6.6
1.09	Protection of minority shareholders' interests	37	□	4.4	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	43	□	2.6	Singapore	5.3
1.11	Centralization of economic policymaking	23	■	3.5	Switzerland	5.9
1.12	Regulation of security exchanges	31	□	5.1	Sweden	6.3
1.13	Property rights	41	□	4.3	Germany	6.7
1.14	Intellectual property protection	38	□	3.5	Germany	6.5
1.15	Diversion of public funds	40	□	3.3	Finland	6.5
1.16	Public trust of politicians	42	□	2.1	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	47	□	2.4	Singapore	6.1
1.18	Judicial independence	38	□	3.6	Germany	6.5
1.19	Irregular payments in judicial decisions	41	□	3.8	Finland	6.8
1.20	Number of procedures to enforce a contract	37	□	38.0	Ireland	20.0
1.21	Time to enforce a contract	19	■	415.0	Singapore	120.0
1.22	Cost of enforcing contracts	41	□	32.0	China	8.8
1.23	Strength of investor protection	17	■	6.0	Singapore	9.3
1.24	Time to close a business	18	■	1.8	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	28	□	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	31	□	4.4	France	6.0
2.02	Quality of math and science education	49	□	2.8	Singapore	6.3
2.03	Extent of staff training	37	□	3.8	Switzerland	5.9
2.04	Local availability of research and training services	36	□	4.1	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	36	□	4.2	Kuwait	5.8
2.06	Tertiary enrollment	42	□	26.1	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	34	□	4.9	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	34	□	4.0	Singapore	5.7
2.09	Corporate tax rate	25	■	28.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	37	□	3.4	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	37	□	5.7	Switzerland	6.9
2.12	Internet users	35	□	19.0	Netherlands	85.7
2.13	Broadband Internet subscribers	34	□	2.8	Netherlands	31.8
2.14	Telephone lines	38	□	18.3	Switzerland	66.9
2.15	Mobile telephone subscribers	43	□	52.6	Italy	135.1

(Cont'd.)

Mexico

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	31	▨	13.3	Ireland	0.3
2.17	Cost of dealing with licenses	26	▨	103.5	United Arab Emirates	1.5
2.18	Cost of registering property	32	▨	4.7	Saudi Arabia	0.0
2.19	Cost to export	44	▨	1,302.0	China	390.0
2.20	Cost to import	50	▨	2,411.0	Singapore	367.0
2.21	Cost of enforcing contracts	41	▨	32.0	China	8.8
2.22	Cost of closing a business	33	▨	18.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	18	■	0.1	Argentina	-8.5
3.02	External vulnerability indicator	30	▨	50.2	Russian Federation	15.4
3.03	Current account balance to GDP	33	▨	–0.2	Kuwait	46.1
3.04	Dollarization vulnerability indicator	25	■	7.9	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	6	■	19.0	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	36	▨	5.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	18	■	11.5	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	2	■	8.0	South Africa	9.0
3.11	Frequency of banking crises	38	▨	2.0	Multiple (11)	0.0
3.12	Stability Index	5	■	5.7	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	29	▨	15.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	36	▨	12.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	49	▨	4.2	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	44	▨	4.2	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	16	■	61.2	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	24	■	0.7	France	31.0
5.02	IPO proceeds amount	35	▨	0.2	Kazakhstan	4.4
5.03	Share of world IPOs	34	▨	0.2	Japan	14.2
	M&A activity					
5.04	M&A market share	28	▨	0.2	United States	44.4
5.05	M&A transaction value to GDP	46	▨	0.8	United Kingdom	14.6
5.06	Share of total number of M&A deals	29	▨	0.4	United States	33.2

Mexico

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

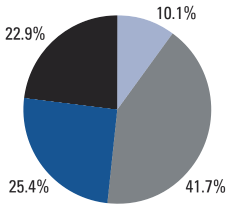
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	25	■	15,072.2	United States	1,170,100.6
5.08	Insurance density	36	▨	139.1	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	11	■	13.1	India	52.6
5.10	Insurance penetration	39	▨	1.8	United Kingdom	16.5
5.11	Relative value-added of insurance	24	■	1.0	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	39	▨	0.8	United States	22.9
5.13	Share of total number of securitization deals	18	■	0.7	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	21	■	0.4	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	31	▨	0.1	United Kingdom	29.9
6.03	Foreign exchange swap turnover	20	■	0.5	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	23	■	0.1	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	19	■	0.2	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	20	■	0.1	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	33	▨	0.0	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	25	■	0.1	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	38	▨	25.5	Pakistan	374.3
7.05	Stock market capitalization to GDP	38	▨	33.5	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	29	▨	4.8	United States	114.0
6.11	Public-sector bonds to GDP	31	▨	3.2	France	7.0
6.12	International bonds to GDP	30	▨	11.3	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	38	▨	26.4	Hong Kong SAR	252.3
7.02	Private debt to GDP	26	▨	22.5	Netherlands	216.2
7.03	Public debt to GDP	42	▨	2.9	Austria	7.0
7.04	Bank deposits to GDP	48	▨	20.3	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	38	▨	33.5	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	39	▨	2.3	Panama	9.2
7.07	Private credit to GDP	44	▨	19.5	United States	193.7
7.08	Stock market value traded to GDP	41	▨	9.5	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	34	▨	4.6	Switzerland	6.7
7.10	Venture capital availability	49	▨	2.8	United States	5.3
7.11	Ease of access to credit	38	▨	4.7	Slovak Republic	5.9
7.12	Ease of access to local equity market	42	▨	4.6	Sweden	6.2
7.13	Bank branches	36	▨	7.6	Spain	95.9
7.14	Ease of access to loans	47	▨	2.8	Norway	5.5

Netherlands

Key indicators

Population (millions), 2007	16.6
GDP (US$ billions), 2007	768.7
GDP (current prices, US$) per capita, 2007	46,260.7
GDP (PPP) as share (%) of world total, 2007	0.98
Average annual rate of real GDP growth (%), 2003–07	2.11

Financial assets by major type, 2006



Total/GDP: 508.1%

	US$ bn
Public debt securities	342.9
Private debt securities	1,421.5
Banking deposits	864.8
Equity securities	779.6
Total	**3,408.8**

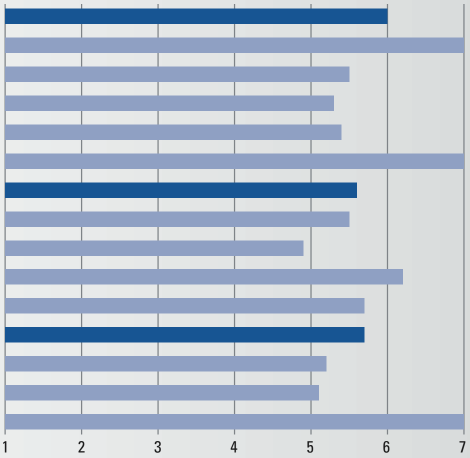
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**9**	**5.2**

Factors, policies, and institutions

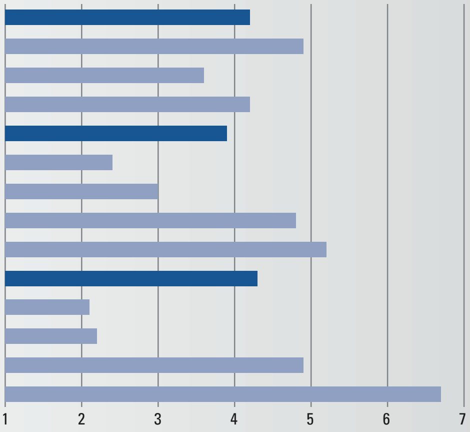
INPUTS

1st pillar: Institutional environment	**10**	**6.0**
Capital account liberalization	1	7.0
Corporate governance	12	5.5
Legal and regulatory issues	7	5.3
Contract enforcement	14	5.4
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**7**	**5.6**
Human capital	8	5.5
Taxes	10	4.9
Infrastructure	1	6.2
Cost of doing business	22	5.7
3rd pillar: Financial stability	**7**	**5.7**
Risk of a currency crisis	17	5.2
Risk of systemic banking crisis	12	5.1
Risk of sovereign debt crisis	1	7.0



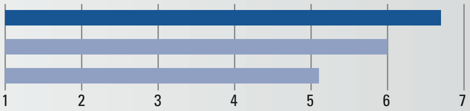
Financial intermediation

4th pillar: Banks	**19**	**4.2**
Size index	5	4.9
Efficiency index	42	3.6
Financial information disclosure	21	4.2
5th pillar: Non-banks	**8**	**3.9**
IPO activity	19	2.4
M&A activity	11	3.0
Insurance	8	4.8
Securitization	6	5.2
6th pillar: Financial markets	**9**	**4.3**
Foreign exchange markets	17	2.1
Derivatives markets	16	2.2
Equity markets	11	4.9
Bond markets	1	6.7



Capital availability and access

7th pillar: Size, depth, and access	**2**	**6.7**
Size and depth	2	6.0
Access	5	5.1



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Netherlands

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	9	■	5.3	France	5.7
1.03	Efficacy of corporate boards	8	■	5.6	Sweden	6.1
1.04	Reliance on professional management	6	■	6.1	Sweden	6.4
1.05	Willingness to delegate	3	■	5.7	Sweden	6.3
1.06	Strength of auditing and accounting standards	15	□	6.0	Germany	6.3
1.07	Shareholder rights index	25	□	2.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	6	■	6.1	Finland	6.6
1.09	Protection of minority shareholders' interests	14	□	5.6	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	24	□	3.2	Singapore	5.3
1.11	Centralization of economic policymaking	16	□	3.9	Switzerland	5.9
1.12	Regulation of security exchanges	19	□	5.7	Sweden	6.3
1.13	Property rights	5	■	6.4	Germany	6.7
1.14	Intellectual property protection	5	■	6.0	Germany	6.5
1.15	Diversion of public funds	6	■	6.1	Finland	6.5
1.16	Public trust of politicians	6	■	5.4	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	11	□	4.9	Singapore	6.1
1.18	Judicial independence	3	■	6.4	Germany	6.5
1.19	Irregular payments in judicial decisions	7	■	6.6	Finland	6.8
1.20	Number of procedures to enforce a contract	4	■	25.0	Ireland	20.0
1.21	Time to enforce a contract	29	□	514.0	Singapore	120.0
1.22	Cost of enforcing contracts	28	□	24.4	China	8.8
1.23	Strength of investor protection	40	□	4.7	Singapore	9.3
1.24	Time to close a business	11	□	1.1	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	10	■	5.6	France	6.0
2.02	Quality of math and science education	11	□	5.3	Singapore	6.3
2.03	Extent of staff training	7	■	5.5	Switzerland	5.9
2.04	Local availability of research and training services	7	■	5.8	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	14	□	4.9	Kuwait	5.8
2.06	Tertiary enrollment	16	□	59.8	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	11	□	6.4	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	6	■	5.1	Singapore	5.7
2.09	Corporate tax rate	20	□	26.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	14	□	5.8	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	11	□	6.7	Switzerland	6.9
2.12	Internet users	1	■	85.7	Netherlands	85.7
2.13	Broadband Internet subscribers	1	■	31.8	Netherlands	31.8
2.14	Telephone lines	14	□	45.6	Switzerland	66.9
2.15	Mobile telephone subscribers	16	□	105.9	Italy	135.1

(Cont'd.)

Netherlands

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

2nd pillar: Business environment *(cont'd.)*

Cost of doing business

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
2.16	Cost of starting a business	21	▨	6.0	Ireland	0.3
2.17	Cost of dealing with licenses	23	▨	76.0	United Arab Emirates	1.5
2.18	Cost of registering property	39	▨	6.2	Saudi Arabia	0.0
2.19	Cost to export	26	▨	880.0	China	390.0
2.20	Cost to import	28	▨	1,005.0	Singapore	367.0
2.21	Cost of enforcing contracts	28	▨	24.4	China	8.8
2.22	Cost of closing a business	5	■	4.0	Multiple (4)	1.0

3rd pillar: Financial stability

Risk of a currency crisis

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
3.01	Change in real effective exchange rate	28	▨	1.9	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	10	■	9.9	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	6	■	13.8	Switzerland	121.3

Risk of systemic banking crisis

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
3.06	Activity restrictions for banks	35	▨	6.0	Indonesia	16.0
3.07	Entry restrictions for banks	25	▨	7.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	18	▨	5.0	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	2	■	8.0	South Africa	9.0
3.11	Frequency of banking crises	1	■	0.0	Multiple (11)	0.0
3.12	Stability Index	19	▨	5.2	India	7.2
3.13	Cumulative real estate appreciation	15	▨	10.6	Russian Federation	-68.4

Risk of sovereign debt crisis

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0

4th pillar: Banks

Size index

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
4.01	Size index	5	■	8.3	Hong Kong SAR	10.8

Efficiency index

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
4.02	Efficiency index	43	▨	4.3	United Arab Emirates	6.8
4.03	Public ownership of banks	16	▨	4.5	Multiple (11)	0.0

Financial information disclosure

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
4.04	Public credit registry coverage	21	▨	0.0	Belgium	57.2
4.05	Private credit bureau coverage	11	▨	78.1	Multiple (7)	100.0
4.06	Credit Information Index	15	▨	5.0	Multiple (14)	6.0

5th pillar: Non-banks

IPO activity

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
5.01	IPO market share	14	▨	1.7	France	31.0
5.02	IPO proceeds amount	17	▨	0.7	Kazakhstan	4.4
5.03	Share of world IPOs	19	▨	1.1	Japan	14.2

M&A activity

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
5.04	M&A market share	11	▨	1.6	United States	44.4
5.05	M&A transaction value to GDP	10	■	7.4	United Kingdom	14.6
5.06	Share of total number of M&A deals	16	▨	1.5	United States	33.2

Netherlands

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

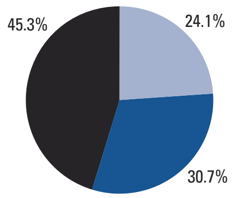
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	11	▨	62,669.1	United States	1,170,100.6
5.08	Insurance density	6	■	3,828.8	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	23	▨	4.8	India	52.6
5.10	Insurance penetration	9	■	9.4	United Kingdom	16.5
5.11	Relative value-added of insurance	12	▨	1.9	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	4	■	13.4	United States	22.9
5.13	Share of total number of securitization deals	17	▨	0.8	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	26	▨	0.2	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	12	▨	1.4	United Kingdom	29.9
6.03	Foreign exchange swap turnover	16	▨	0.7	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	16	▨	0.3	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	8	■	1.6	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	15	▨	0.2	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	12	▨	1.1	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	17	▨	0.3	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	14	▨	111.3	Pakistan	374.3
7.05	Stock market capitalization to GDP	18	▨	102.9	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	2	■	69.5	United States	114.0
6.11	Public-sector bonds to GDP	4	■	6.2	France	7.0
6.12	International bonds to GDP	1	■	121.7	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	n/a		n/a	Hong Kong SAR	252.3
7.02	Private debt to GDP	1	■	216.2	Netherlands	216.2
7.03	Public debt to GDP	15	▨	5.6	Austria	7.0
7.04	Bank deposits to GDP	8	■	118.5	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	18	▨	102.9	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	15	▨	4.6	Panama	9.2
7.07	Private credit to GDP	3	■	168.6	United States	193.7
7.08	Stock market value traded to GDP	11	▨	121.3	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	9	■	6.2	Switzerland	6.7
7.10	Venture capital availability	3	■	5.2	United States	5.3
7.11	Ease of access to credit	19	▨	5.1	Slovak Republic	5.9
7.12	Ease of access to local equity market	17	▨	5.6	Sweden	6.2
7.13	Bank branches	9	■	34.2	Spain	95.9
7.14	Ease of access to loans	4	■	5.3	Norway	5.5

Nigeria

Key indicators

Population (millions), 2007	143.9
GDP (US$ billions), 2007	166.8
GDP (current prices, US$) per capita, 2007	1,159.4
GDP (PPP) as share (%) of world total, 2007	0.39
Average annual rate of real GDP growth (%), 2003–07	7.78

Financial assets by major type, 2006



Total/GDP: 49.4%

	US$ bn
▨ Public debt securities	17.5
▨ Private debt securities	n/a
■ Banking deposits	22.2
■ Equity securities	32.8
Total	**72.5**

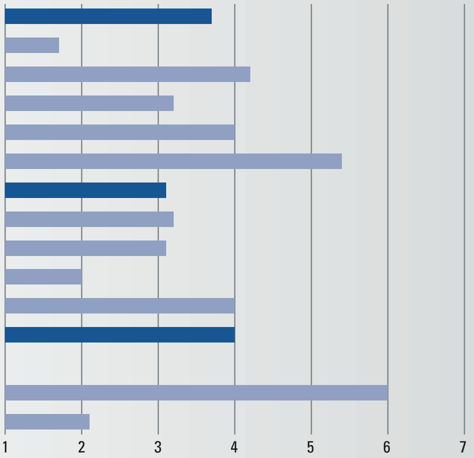
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**50**	**2.8**

INPUTS

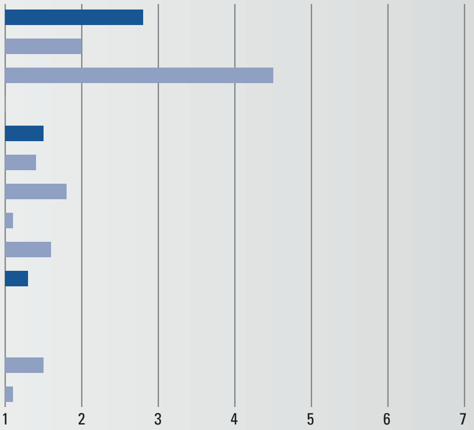
Factors, policies, and institutions

	Rank	Score
1st pillar: Institutional environment	**39**	**3.7**
Capital account liberalization	43	1.7
Corporate governance	41	4.2
Legal and regulatory issues	45	3.2
Contract enforcement	33	4.0
Domestic financial sector liberalization	31	5.4
2nd pillar: Business environment	**52**	**3.1**
Human capital	50	3.2
Taxes	47	3.1
Infrastructure	52	2.0
Cost of doing business	50	4.0
3rd pillar: Financial stability	**39**	**4.0**
Risk of a currency crisis	n/a	n/a
Risk of systemic banking crisis	4	6.0
Risk of sovereign debt crisis	48	2.1



Financial intermediation

	Rank	Score
4th pillar: Banks	**48**	**2.8**
Size index	41	2.0
Efficiency index	30	4.5
Financial information disclosure	49	1.0
5th pillar: Non-banks	**47**	**1.5**
IPO activity	36	1.4
M&A activity	27	1.8
Insurance	50	1.1
Securitization	32	1.6
6th pillar: Financial markets	**50**	**1.3**
Foreign exchange markets	n/a	n/a
Derivatives markets	n/a	n/a
Equity markets	47	1.5
Bond markets	49	1.1



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**52**	**2.9**
Size and depth	52	1.3
Access	50	3.2

OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Nigeria

Financial Development Index in detail

🟦 Development **Advantage** ⬜ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	43	⬜	–0.4	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	51	⬜	3.6	France	5.7
1.03	Efficacy of corporate boards	28	⬜	5.0	Sweden	6.1
1.04	Reliance on professional management	34	⬜	4.8	Sweden	6.4
1.05	Willingness to delegate	43	⬜	3.8	Sweden	6.3
1.06	Strength of auditing and accounting standards	46	⬜	4.1	Germany	6.3
1.07	Shareholder rights index	17	🟦	3.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	43	⬜	3.8	Finland	6.6
1.09	Protection of minority shareholders' interests	40	⬜	4.3	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	21	🟦	3.3	Singapore	5.3
1.11	Centralization of economic policymaking	36	⬜	2.9	Switzerland	5.9
1.12	Regulation of security exchanges	32	⬜	5.1	Sweden	6.3
1.13	Property rights	46	⬜	3.8	Germany	6.7
1.14	Intellectual property protection	46	⬜	2.9	Germany	6.5
1.15	Diversion of public funds	50	⬜	2.4	Finland	6.5
1.16	Public trust of politicians	44	⬜	2.0	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	33	⬜	3.4	Singapore	6.1
1.18	Judicial independence	40	⬜	3.5	Germany	6.5
1.19	Irregular payments in judicial decisions	44	⬜	3.6	Finland	6.8
1.20	Number of procedures to enforce a contract	40	⬜	39.0	Ireland	20.0
1.21	Time to enforce a contract	22	🟦	457.0	Singapore	120.0
1.22	Cost of enforcing contracts	41	⬜	32.0	China	8.8
1.23	Strength of investor protection	22	🟦	5.7	Singapore	9.3
1.24	Time to close a business	21	🟦	2.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	31	⬜	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	48	⬜	3.6	France	6.0
2.02	Quality of math and science education	42	⬜	3.2	Singapore	6.3
2.03	Extent of staff training	42	⬜	3.6	Switzerland	5.9
2.04	Local availability of research and training services	37	⬜	4.1	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	44	⬜	3.8	Kuwait	5.8
2.06	Tertiary enrollment	50	⬜	10.2	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	52	⬜	2.9	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	35	⬜	4.0	Singapore	5.7
2.09	Corporate tax rate	30	⬜	30.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	52	⬜	2.3	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	46	⬜	5.1	Switzerland	6.9
2.12	Internet users	50	⬜	6.0	Netherlands	85.7
2.13	Broadband Internet subscribers	52	⬜	0.0	Netherlands	31.8
2.14	Telephone lines	52	⬜	1.3	Switzerland	66.9
2.15	Mobile telephone subscribers	48	⬜	24.1	Italy	135.1

(Cont'd.)

Nigeria

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	49	□	56.6	Ireland	0.3
2.17	Cost of dealing with licenses	49	□	1,016.0	United Arab Emirates	1.5
2.18	Cost of registering property	51	□	22.2	Saudi Arabia	0.0
2.19	Cost to export	36	□	1,026.0	China	390.0
2.20	Cost to import	30	□	1,047.0	Singapore	367.0
2.21	Cost of enforcing contracts	41	□	32.0	China	8.8
2.22	Cost of closing a business	40	□	22.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	n/a		n/a	Argentina	-8.5
3.02	External vulnerability indicator	n/a		n/a	Russian Federation	15.4
3.03	Current account balance to GDP	n/a		n/a	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	2	■	6.6	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	48	□	9.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	45	□	8.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	41	□	4.8	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	28	□	5.0	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	42	□	0.0	Multiple (7)	100.0
4.06	Credit Information Index	49	□	0.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	35	□	0.2	France	31.0
5.02	IPO proceeds amount	27	□	0.4	Kazakhstan	4.4
5.03	Share of world IPOs	39	□	0.1	Japan	14.2
	M&A activity					
5.04	M&A market share	30	□	0.2	United States	44.4
5.05	M&A transaction value to GDP	19	■	5.2	United Kingdom	14.6
5.06	Share of total number of M&A deals	44	□	0.1	United States	33.2

Nigeria

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

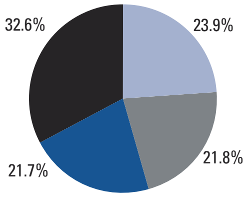
	INDICATOR	RANK/52	SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*				
	Insurance				
5.07	Insurance premiums, direct	48 ▨	716.4	United States	1,170,100.6
5.08	Insurance density	50 ▨	5.3	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	n/a	n/a	India	52.6
5.10	Insurance penetration	49 ▨	0.6	United Kingdom	16.5
5.11	Relative value-added of insurance	43 ▨	0.3	Switzerland	4.8
	Securitization				
5.12	Securitization to GDP	29 ▨	1.9	United States	22.9
5.13	Share of total number of securitization deals	36 ▨	0.1	United States	64.9
	6th pillar: Financial markets				
	Foreign exchange markets				
6.01	Spot foreign exchange turnover	n/a	n/a	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	n/a	n/a	United Kingdom	29.9
6.03	Foreign exchange swap turnover	n/a	n/a	United Kingdom	42.0
	Derivatives markets				
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a	n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a	n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a	n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a	n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a	n/a	United Kingdom	42.6
	Equity market development				
6.09	Equity market turnover	44 ▨	11.4	Pakistan	374.3
7.05	Stock market capitalization to GDP	46 ▨	21.3	Hong Kong SAR	713.3
	Bond market development				
6.10	Private-sector bonds to GDP	n/a	n/a	United States	114.0
6.11	Public-sector bonds to GDP	n/a	n/a	France	7.0
6.12	International bonds to GDP	46 ▨	1.5	Netherlands	121.7
	7th pillar: Size, depth, and access				
	Size and depth				
7.01	M2 to GDP	40 ▨	20.6	Hong Kong SAR	252.3
7.02	Private debt to GDP	n/a	n/a	Netherlands	216.2
7.03	Public debt to GDP	47 ▨	1.9	Austria	7.0
7.04	Bank deposits to GDP	51 ▨	17.2	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	46 ▨	21.3	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	46 ▨	0.7	Panama	9.2
7.07	Private credit to GDP	46 ▨	12.2	United States	193.7
7.08	Stock market value traded to GDP	45 ▨	3.1	Saudi Arabia	356.2
	Access				
7.09	Financial market sophistication	46 ▨	3.7	Switzerland	6.7
7.10	Venture capital availability	48 ▨	2.8	United States	5.3
7.11	Ease of access to credit	52 ▨	3.5	Slovak Republic	5.9
7.12	Ease of access to local equity market	28 ▨	5.4	Sweden	6.2
7.13	Bank branches	47 ▨	1.6	Spain	95.9
7.14	Ease of access to loans	51 ▨	2.5	Norway	5.5

Norway

Key indicators

Population (millions), 2007	4.7
GDP (US$ billions), 2007	391.5
GDP (current prices, US$) per capita, 2007	83,922.5
GDP (PPP) as share (%) of world total, 2007	0.38
Average annual rate of real GDP growth (%), 2003–07	2.73

Financial assets by major type, 2006



	US$ bn
Public debt securities	206.0
Private debt securities	187.5
Banking deposits	187.2
Equity securities	281.1
Total	**861.8**

Total/GDP: 255.4%

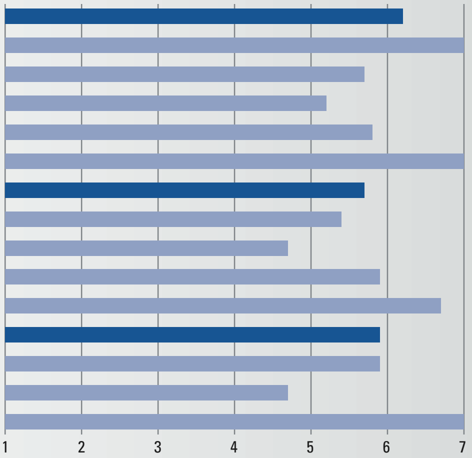
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**15**	**4.7**

INPUTS

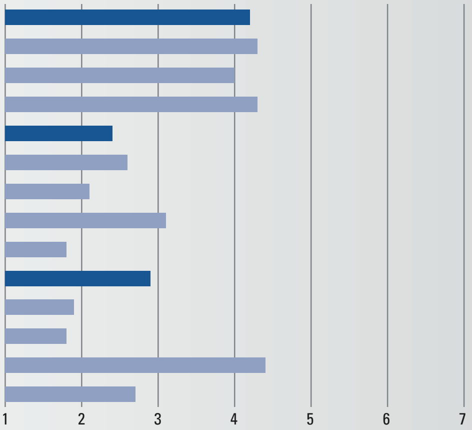
Factors, policies, and institutions

1st pillar: Institutional environment	**4**	**6.2**
Capital account liberalization	1	7.0
Corporate governance	5	5.7
Legal and regulatory issues	9	5.2
Contract enforcement	5	5.8
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**3**	**5.7**
Human capital	9	5.4
Taxes	16	4.7
Infrastructure	5	5.9
Cost of doing business	1	6.7
3rd pillar: Financial stability	**4**	**5.9**
Risk of a currency crisis	6	5.9
Risk of systemic banking crisis	26	4.7
Risk of sovereign debt crisis	1	7.0



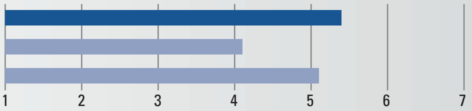
Financial intermediation

4th pillar: Banks	**20**	**4.2**
Size index	11	4.3
Efficiency index	37	4.0
Financial information disclosure	16	4.3
5th pillar: Non-banks	**24**	**2.4**
IPO activity	16	2.6
M&A activity	21	2.1
Insurance	23	3.1
Securitization	29	1.8
6th pillar: Financial markets	**25**	**2.9**
Foreign exchange markets	18	1.9
Derivatives markets	17	1.8
Equity markets	20	4.4
Bond markets	28	2.7



Capital availability and access

7th pillar: Size, depth, and access	**18**	**5.4**
Size and depth	22	4.1
Access	6	5.1



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Norway

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	27	□	4.7	France	5.7
1.03	Efficacy of corporate boards	11	■	5.6	Sweden	6.1
1.04	Reliance on professional management	3	■	6.2	Sweden	6.4
1.05	Willingness to delegate	2	■	5.7	Sweden	6.3
1.06	Strength of auditing and accounting standards	14	■	6.1	Germany	6.3
1.07	Shareholder rights index	9	■	4.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	4	■	6.2	Finland	6.6
1.09	Protection of minority shareholders' interests	8	■	5.8	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	15	■	3.6	Singapore	5.3
1.11	Centralization of economic policymaking	24	□	3.4	Switzerland	5.9
1.12	Regulation of security exchanges	14	■	5.8	Sweden	6.3
1.13	Property rights	10	■	6.3	Germany	6.7
1.14	Intellectual property protection	13	■	5.6	Germany	6.5
1.15	Diversion of public funds	5	■	6.2	Finland	6.5
1.16	Public trust of politicians	4	■	5.5	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	6	■	5.1	Singapore	6.1
1.18	Judicial independence	7	■	6.1	Germany	6.5
1.19	Irregular payments in judicial decisions	9	■	6.5	Finland	6.8
1.20	Number of procedures to enforce a contract	21	□	33.0	Ireland	20.0
1.21	Time to enforce a contract	10	■	310.0	Singapore	120.0
1.22	Cost of enforcing contracts	3	■	9.9	China	8.8
1.23	Strength of investor protection	12	■	6.7	Singapore	9.3
1.24	Time to close a business	5	■	0.9	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	18	□	5.3	France	6.0
2.02	Quality of math and science education	30	□	4.4	Singapore	6.3
2.03	Extent of staff training	9	■	5.4	Switzerland	5.9
2.04	Local availability of research and training services	17	□	5.1	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	7	■	5.4	Kuwait	5.8
2.06	Tertiary enrollment	5	■	77.5	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	9	■	6.4	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	14	■	4.7	Singapore	5.7
2.09	Corporate tax rate	25	□	28.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	20	□	5.3	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	10	■	6.7	Switzerland	6.9
2.12	Internet users	2	■	81.7	Netherlands	85.7
2.13	Broadband Internet subscribers	4	■	26.8	Netherlands	31.8
2.14	Telephone lines	16	□	44.3	Switzerland	66.9
2.15	Mobile telephone subscribers	11	■	107.9	Italy	135.1

(Cont'd.)

Norway

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	12	■	2.3	Ireland	0.3
2.17	Cost of dealing with licenses	15	■	46.2	United Arab Emirates	1.5
2.18	Cost of registering property	18	□	2.5	Saudi Arabia	0.0
2.19	Cost to export	7	■	518.0	China	390.0
2.20	Cost to import	6	■	468.0	Singapore	367.0
2.21	Cost of enforcing contracts	3	■	9.9	China	8.8
2.22	Cost of closing a business	1	■	1.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	35	□	3.9	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	6	■	16.7	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	3	■	63.9	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	35	□	4.5	India	7.2
3.13	Cumulative real estate appreciation	13	■	8.7	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	11	■	7.6	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	37	□	4.7	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	□	0.0	Belgium	57.2
4.05	Private credit bureau coverage	1	■	100.0	Multiple (7)	100.0
4.06	Credit Information Index	31	□	4.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	19	□	1.1	France	31.0
5.02	IPO proceeds amount	10	■	1.0	Kazakhstan	4.4
5.03	Share of world IPOs	17	□	1.3	Japan	14.2
	M&A activity					
5.04	M&A market share	20	□	0.5	United States	44.4
5.05	M&A transaction value to GDP	18	□	5.3	United Kingdom	14.6
5.06	Share of total number of M&A deals	20	□	0.8	United States	33.2

Norway

Financial Development Index in detail *(cont'd.)*

🟦 Development **Advantage** ▨ Development **Disadvantage**

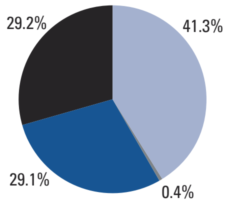
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	24	▨	16,248.8	United States	1,170,100.6
5.08	Insurance density	10	🟦	3,229.0	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	42	▨	–2.0	India	52.6
5.10	Insurance penetration	24	▨	4.6	United Kingdom	16.5
5.11	Relative value-added of insurance	41	▨	0.4	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	21	▨	2.2	United States	22.9
5.13	Share of total number of securitization deals	32	▨	0.1	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	24	▨	0.3	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	16	▨	0.6	United Kingdom	29.9
6.03	Foreign exchange swap turnover	13	🟦	1.2	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	8	🟦	1.6	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	24	▨	0.1	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	24	▨	0.0	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	25	▨	0.1	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	28	▨	0.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	13	🟦	116.4	Pakistan	374.3
7.05	Stock market capitalization to GDP	26	▨	69.0	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	16	▨	21.9	United States	114.0
6.11	Public-sector bonds to GDP	36	▨	2.5	France	7.0
6.12	International bonds to GDP	20	▨	27.9	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	n/a		n/a	Hong Kong SAR	252.3
7.02	Private debt to GDP	16	▨	60.3	Netherlands	216.2
7.03	Public debt to GDP	8	🟦	6.8	Austria	7.0
7.04	Bank deposits to GDP	30	▨	50.5	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	26	▨	69.0	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	35	▨	2.9	Panama	9.2
7.07	Private credit to GDP	16	▨	102.0	United States	193.7
7.08	Stock market value traded to GDP	21	▨	65.9	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	17	▨	5.9	Switzerland	6.7
7.10	Venture capital availability	4	🟦	5.2	United States	5.3
7.11	Ease of access to credit	4	🟦	5.5	Slovak Republic	5.9
7.12	Ease of access to local equity market	5	🟦	6.0	Sweden	6.2
7.13	Bank branches	14	🟦	22.9	Spain	95.9
7.14	Ease of access to loans	1	🟦	5.5	Norway	5.5

Pakistan

Key indicators

Population (millions), 2007	158.2
GDP (US$ billions), 2007	143.8
GDP (current prices, US$) per capita, 2007	908.9
GDP (PPP) as share (%) of world total, 2007	0.63
Average annual rate of real GDP growth (%), 2003–07	6.64

Financial assets by major type, 2006



	US$ bn
▨ Public debt securities	64.4
▨ Private debt securities	0.6
■ Banking deposits	45.4
■ Equity securities	45.5
Total	**156.0**

Total/GDP: 122.8%

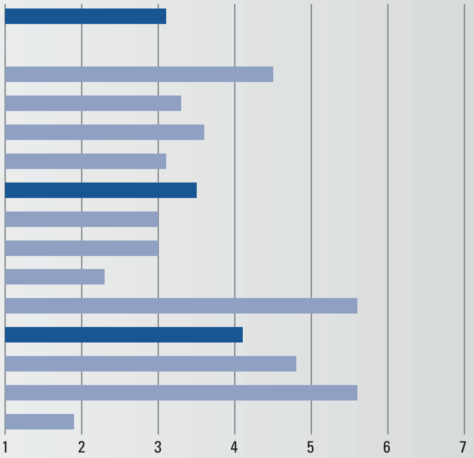
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**34**	**3.5**

INPUTS

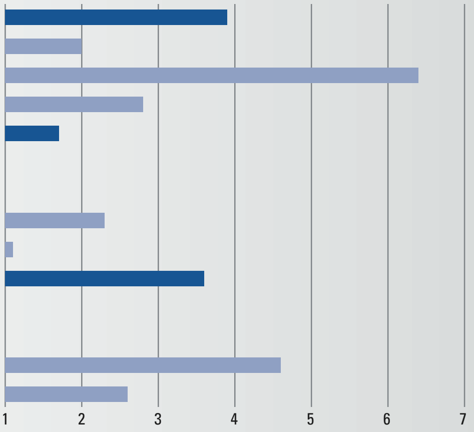
Factors, policies, and institutions

1st pillar: Institutional environment	**49**	**3.1**
Capital account liberalization	46	1.0
Corporate governance	35	4.5
Legal and regulatory issues	44	3.3
Contract enforcement	41	3.6
Domestic financial sector liberalization	49	3.1
2nd pillar: Business environment	**50**	**3.5**
Human capital	52	3.0
Taxes	48	3.0
Infrastructure	50	2.3
Cost of doing business	28	5.6
3rd pillar: Financial stability	**37**	**4.1**
Risk of a currency crisis	20	4.8
Risk of systemic banking crisis	6	5.6
Risk of sovereign debt crisis	50	1.9



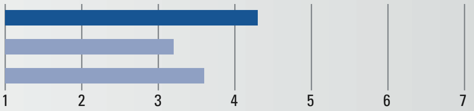
Financial intermediation

4th pillar: Banks	**25**	**3.9**
Size index	42	2.0
Efficiency index	5	6.4
Financial information disclosure	42	2.8
5th pillar: Non-banks	**42**	**1.7**
IPO activity	n/a	n/a
M&A activity	n/a	n/a
Insurance	36	2.3
Securitization	48	1.1
6th pillar: Financial markets	**17**	**3.6**
Foreign exchange markets	n/a	n/a
Derivatives markets	n/a	n/a
Equity markets	14	4.6
Bond markets	31	2.6



Capital availability and access

7th pillar: Size, depth, and access	**33**	**4.3**
Size and depth	33	3.2
Access	39	3.6



OUTPUTS

Note: For further details and explanation, please refer to “How Read the Country/Economy Profiles.”

Pakistan

Financial Development Index in detail

🟦 Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	46	▨	–1.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	52	▨	3.6	France	5.7
1.03	Efficacy of corporate boards	52	▨	3.6	Sweden	6.1
1.04	Reliance on professional management	50	▨	3.9	Sweden	6.4
1.05	Willingness to delegate	44	▨	3.7	Sweden	6.3
1.06	Strength of auditing and accounting standards	34	▨	4.9	Germany	6.3
1.07	Shareholder rights index	1	🟦	5.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	32	▨	4.3	Finland	6.6
1.09	Protection of minority shareholders' interests	26	▨	5.0	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	31	▨	3.0	Singapore	5.3
1.11	Centralization of economic policymaking	44	▨	2.4	Switzerland	5.9
1.12	Regulation of security exchanges	46	▨	4.0	Sweden	6.3
1.13	Property rights	45	▨	4.0	Germany	6.7
1.14	Intellectual property protection	35	▨	3.6	Germany	6.5
1.15	Diversion of public funds	36	▨	3.5	Finland	6.5
1.16	Public trust of politicians	36	▨	2.3	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	35	▨	3.4	Singapore	6.1
1.18	Judicial independence	41	▨	3.5	Germany	6.5
1.19	Irregular payments in judicial decisions	47	▨	3.5	Finland	6.8
1.20	Number of procedures to enforce a contract	49	▨	47.0	Ireland	20.0
1.21	Time to enforce a contract	46	▨	880.0	Singapore	120.0
1.22	Cost of enforcing contracts	27	▨	23.8	China	8.8
1.23	Strength of investor protection	14	🟦	6.3	Singapore	9.3
1.24	Time to close a business	28	▨	2.8	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	49	▨	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	44	▨	3.8	France	6.0
2.02	Quality of math and science education	43	▨	3.1	Singapore	6.3
2.03	Extent of staff training	52	▨	2.8	Switzerland	5.9
2.04	Local availability of research and training services	51	▨	3.3	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	43	▨	4.0	Kuwait	5.8
2.06	Tertiary enrollment	52	▨	4.5	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	48	▨	3.3	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	27	▨	4.3	Singapore	5.7
2.09	Corporate tax rate	51	▨	37.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	38	▨	3.4	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	44	▨	5.3	Switzerland	6.9
2.12	Internet users	49	▨	7.6	Netherlands	85.7
2.13	Broadband Internet subscribers	51	▨	0.0	Netherlands	31.8
2.14	Telephone lines	51	▨	3.3	Switzerland	66.9
2.15	Mobile telephone subscribers	50	▨	22.0	Italy	135.1

(Cont'd.)

Pakistan

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	32	▨	14.0	Ireland	0.3
2.17	Cost of dealing with licenses	48	▨	869.5	United Arab Emirates	1.5
2.18	Cost of registering property	37	▨	5.3	Saudi Arabia	0.0
2.19	Cost to export	6	■	515.0	China	390.0
2.20	Cost to import	43	▨	1,336.0	Singapore	367.0
2.21	Cost of enforcing contracts	27	▨	23.8	China	8.8
2.22	Cost of closing a business	5	■	4.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	20	■	0.2	Argentina	-8.5
3.02	External vulnerability indicator	21	■	21.1	Russian Federation	15.4
3.03	Current account balance to GDP	42	▨	–3.9	Kuwait	46.1
3.04	Dollarization vulnerability indicator	28	▨	23.4	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	10	■	27.7	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	1	■	0.0	Multiple (11)	0.0
3.12	Stability Index	15	■	5.3	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	47	▨	9.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	50	▨	7.3	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	42	▨	4.8	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	5	■	6.0	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	14	■	4.6	Belgium	57.2
4.05	Private credit bureau coverage	40	▨	1.4	Multiple (7)	100.0
4.06	Credit Information Index	31	▨	4.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	n/a		n/a	France	31.0
5.02	IPO proceeds amount	n/a		n/a	Kazakhstan	4.4
5.03	Share of world IPOs	n/a		n/a	Japan	14.2
	M&A activity					
5.04	M&A market share	n/a		n/a	United States	44.4
5.05	M&A transaction value to GDP	n/a		n/a	United Kingdom	14.6
5.06	Share of total number of M&A deals	n/a		n/a	United States	33.2

Pakistan

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

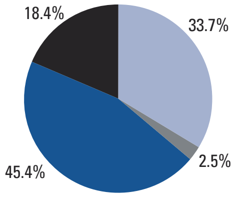
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	45	▨	949.0	United States	1,170,100.6
5.08	Insurance density	49	▨	5.9	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	9	■	14.5	India	52.6
5.10	Insurance penetration	47	▨	0.8	United Kingdom	16.5
5.11	Relative value-added of insurance	n/a		n/a	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	46	▨	0.4	United States	22.9
5.13	Share of total number of securitization deals	40	▨	0.0	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	n/a		n/a	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	n/a		n/a	United Kingdom	29.9
6.03	Foreign exchange swap turnover	n/a		n/a	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	1	■	374.3	Pakistan	374.3
7.05	Stock market capitalization to GDP	37	▨	33.6	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	25	■	4.2	France	7.0
6.12	International bonds to GDP	49	▨	0.8	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	27	▨	45.4	Hong Kong SAR	252.3
7.02	Private debt to GDP	50	▨	0.5	Netherlands	216.2
7.03	Public debt to GDP	12	■	6.3	Austria	7.0
7.04	Bank deposits to GDP	42	▨	34.5	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	37	▨	33.6	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	n/a		n/a	Panama	9.2
7.07	Private credit to GDP	39	▨	26.5	United States	193.7
7.08	Stock market value traded to GDP	16	■	98.2	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	42	▨	4.0	Switzerland	6.7
7.10	Venture capital availability	50	▨	2.8	United States	5.3
7.11	Ease of access to credit	30	▨	4.8	Slovak Republic	5.9
7.12	Ease of access to local equity market	36	▨	4.9	Sweden	6.2
7.13	Bank branches	41	▨	4.7	Spain	95.9
7.14	Ease of access to loans	27	▨	4.0	Norway	5.5

Panama

Key indicators

Population (millions), 2007	3.3
GDP (US$ billions), 2007	19.7
GDP (current prices, US$) per capita, 2007	5,904.3
GDP (PPP) as share (%) of world total, 2007	0.05
Average annual rate of real GDP growth (%), 2003–07	7.75

Financial assets by major type, 2006



	US$ bn
Public debt securities	10.5
Private debt securities	0.8
Banking deposits	14.1
Equity securities	5.7
Total	**31.0**

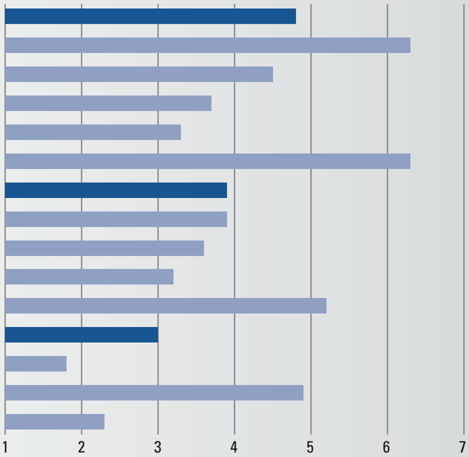
Total/GDP: 181.1%

Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**32**	**3.6**

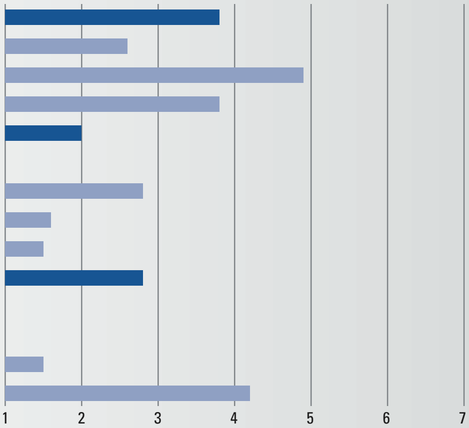
Factors, policies, and institutions — **INPUTS**

1st pillar: Institutional environment	**25**	**4.8**
Capital account liberalization	21	6.3
Corporate governance	33	4.5
Legal and regulatory issues	32	3.7
Contract enforcement	47	3.3
Domestic financial sector liberalization	26	6.3
2nd pillar: Business environment	**38**	**3.9**
Human capital	37	3.9
Taxes	40	3.6
Infrastructure	37	3.2
Cost of doing business	38	5.2
3rd pillar: Financial stability	**49**	**3.0**
Risk of a currency crisis	51	1.8
Risk of systemic banking crisis	21	4.9
Risk of sovereign debt crisis	43	2.3



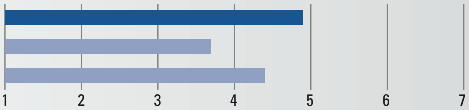
Financial intermediation

4th pillar: Banks	**29**	**3.8**
Size index	30	2.6
Efficiency index	26	4.9
Financial information disclosure	29	3.8
5th pillar: Non-banks	**34**	**2.0**
IPO activity	n/a	n/a
M&A activity	13	2.8
Insurance	47	1.6
Securitization	38	1.5
6th pillar: Financial markets	**27**	**2.8**
Foreign exchange markets	n/a	n/a
Derivatives markets	n/a	n/a
Equity markets	48	1.5
Bond markets	13	4.2



Capital availability and access

7th pillar: Size, depth, and access	**27**	**4.9**
Size and depth	28	3.7
Access	24	4.4



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Panama

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	21	■	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	24	■	4.7	France	5.7
1.03	Efficacy of corporate boards	37	□	4.7	Sweden	6.1
1.04	Reliance on professional management	42	□	4.4	Sweden	6.4
1.05	Willingness to delegate	34	□	4.0	Sweden	6.3
1.06	Strength of auditing and accounting standards	28	□	5.2	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	30	□	4.4	Finland	6.6
1.09	Protection of minority shareholders' interests	43	□	4.2	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	22	■	3.3	Singapore	5.3
1.11	Centralization of economic policymaking	45	□	2.3	Switzerland	5.9
1.12	Regulation of security exchanges	17	■	5.8	Sweden	6.3
1.13	Property rights	30	□	5.1	Germany	6.7
1.14	Intellectual property protection	28	□	4.1	Germany	6.5
1.15	Diversion of public funds	38	□	3.5	Finland	6.5
1.16	Public trust of politicians	43	□	2.0	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	48	□	2.4	Singapore	6.1
1.18	Judicial independence	49	□	2.5	Germany	6.5
1.19	Irregular payments in judicial decisions	43	□	3.7	Finland	6.8
1.20	Number of procedures to enforce a contract	18	■	31.0	Ireland	20.0
1.21	Time to enforce a contract	42	□	686.0	Singapore	120.0
1.22	Cost of enforcing contracts	49	□	50.0	China	8.8
1.23	Strength of investor protection	40	□	4.7	Singapore	9.3
1.24	Time to close a business	26	□	2.5	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	26	□	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	45	□	3.7	France	6.0
2.02	Quality of math and science education	47	□	2.9	Singapore	6.3
2.03	Extent of staff training	34	□	3.9	Switzerland	5.9
2.04	Local availability of research and training services	42	□	3.9	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	26	□	4.4	Kuwait	5.8
2.06	Tertiary enrollment	31	□	45.5	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	36	□	4.9	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	48	□	3.4	Singapore	5.7
2.09	Corporate tax rate	30	□	30.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	29	□	4.2	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	34	□	5.9	Switzerland	6.9
2.12	Internet users	40	□	15.3	Netherlands	85.7
2.13	Broadband Internet subscribers	40	□	1.0	Netherlands	31.8
2.14	Telephone lines	43	□	14.9	Switzerland	66.9
2.15	Mobile telephone subscribers	37	□	66.1	Italy	135.1

(Cont'd.)

Panama

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	42	▨	22.0	Ireland	0.3
2.17	Cost of dealing with licenses	33	▨	143.9	United Arab Emirates	1.5
2.18	Cost of registering property	16	■	2.4	Saudi Arabia	0.0
2.19	Cost to export	14	■	650.0	China	390.0
2.20	Cost to import	21	■	850.0	Singapore	367.0
2.21	Cost of enforcing contracts	49	▨	50.0	China	8.8
2.22	Cost of closing a business	33	▨	18.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	n/a		n/a	Argentina	-8.5
3.02	External vulnerability indicator	48	▨	265.8	Russian Federation	15.4
3.03	Current account balance to GDP	44	▨	–4.6	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	28	▨	54.3	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	8	■	11.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	18	■	5.0	Multiple (3)	9.0
3.09	Official supervisory power	13	■	12.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	10	■	7.0	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	21	■	5.2	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	48	▨	9.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	41	▨	9.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	30	▨	5.6	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	26	▨	5.1	United Arab Emirates	6.8
4.03	Public ownership of banks	21	■	12.3	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	23	■	41.6	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	n/a		n/a	France	31.0
5.02	IPO proceeds amount	n/a		n/a	Kazakhstan	4.4
5.03	Share of world IPOs	n/a		n/a	Japan	14.2
	M&A activity					
5.04	M&A market share	39	▨	0.1	United States	44.4
5.05	M&A transaction value to GDP	3	■	12.7	United Kingdom	14.6
5.06	Share of total number of M&A deals	49	▨	0.0	United States	33.2

Panama

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

5th pillar: Non-banks *(cont'd.)*

Insurance

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
5.07	Insurance premiums, direct	50	▨	474.4	United States	1,170,100.6
5.08	Insurance density	34	▨	144.3	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	n/a		n/a	India	52.6
5.10	Insurance penetration	33	▨	2.7	United Kingdom	16.5
5.11	Relative value-added of insurance	30	▨	0.9	Switzerland	4.8

Securitization

5.12	Securitization to GDP	30	▨	1.7	United States	22.9
5.13	Share of total number of securitization deals	50	▨	0.0	United States	64.9

6th pillar: Financial markets

Foreign exchange markets

6.01	Spot foreign exchange turnover	n/a		n/a	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	n/a		n/a	United Kingdom	29.9
6.03	Foreign exchange swap turnover	n/a		n/a	United Kingdom	42.0

Derivatives markets

6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6

Equity market development

6.09	Equity market turnover	49	▨	1.8	Pakistan	374.3
7.05	Stock market capitalization to GDP	41	▨	30.9	Hong Kong SAR	713.3

Bond market development

6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	n/a		n/a	France	7.0
6.12	International bonds to GDP	12	■	45.9	Netherlands	121.7

7th pillar: Size, depth, and access

Size and depth

7.01	M2 to GDP	14	■	72.3	Hong Kong SAR	252.3
7.02	Private debt to GDP	39	▨	4.5	Netherlands	216.2
7.03	Public debt to GDP	2	■	6.9	Austria	7.0
7.04	Bank deposits to GDP	19	■	74.3	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	41	▨	30.9	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	1	■	9.2	Panama	9.2
7.07	Private credit to GDP	26	▨	74.4	United States	193.7
7.08	Stock market value traded to GDP	49	▨	0.5	Saudi Arabia	356.2

Access

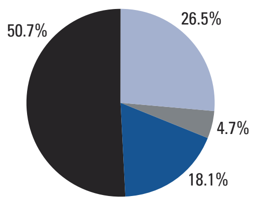
7.09	Financial market sophistication	22	■	5.5	Switzerland	6.7
7.10	Venture capital availability	26	▨	3.9	United States	5.3
7.11	Ease of access to credit	7	■	5.4	Slovak Republic	5.9
7.12	Ease of access to local equity market	30	▨	5.4	Sweden	6.2
7.13	Bank branches	22	■	12.9	Spain	95.9
7.14	Ease of access to loans	17	■	4.4	Norway	5.5

Peru

Key indicators

Population (millions), 2007	28.1
GDP (US$ billions), 2007	109.1
GDP (current prices, US$) per capita, 2007	3,885.9
GDP (PPP) as share (%) of world total, 2007	0.33
Average annual rate of real GDP growth (%), 2003–07	6.49

Financial assets by major type, 2006



Total/GDP: 126.6%

	US$ bn
▨ Public debt securities	31.2
▨ Private debt securities	5.5
■ Banking deposits	21.4
■ Equity securities	59.7
Total	**117.7**

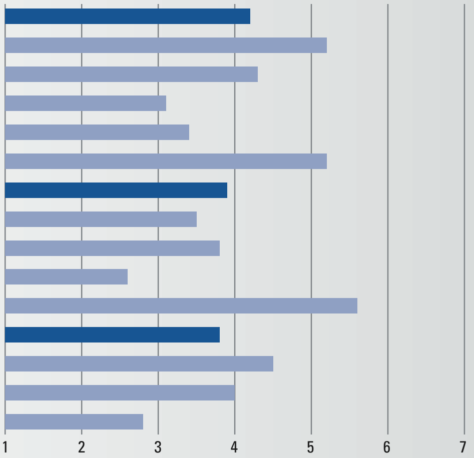
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**46**	**3.1**

INPUTS

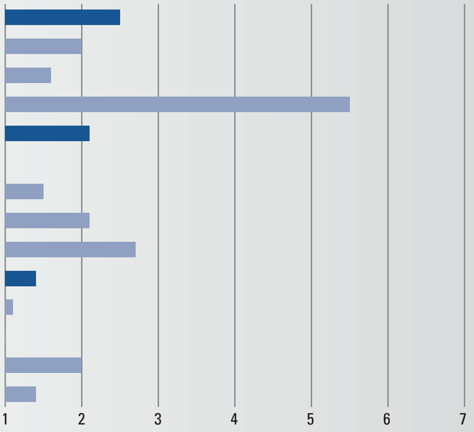
Factors, policies, and institutions

	Rank	Score
1st pillar: Institutional environment	**32**	**4.2**
Capital account liberalization	28	5.2
Corporate governance	40	4.3
Legal and regulatory issues	47	3.1
Contract enforcement	46	3.4
Domestic financial sector liberalization	33	5.2
2nd pillar: Business environment	**41**	**3.9**
Human capital	48	3.5
Taxes	36	3.8
Infrastructure	47	2.6
Cost of doing business	27	5.6
3rd pillar: Financial stability	**42**	**3.8**
Risk of a currency crisis	26	4.5
Risk of systemic banking crisis	41	4.0
Risk of sovereign debt crisis	40	2.8



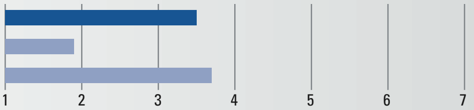
Financial intermediation

	Rank	Score
4th pillar: Banks	**51**	**2.5**
Size index	43	2.0
Efficiency index	52	1.6
Financial information disclosure	3	5.5
5th pillar: Non-banks	**31**	**2.1**
IPO activity	n/a	n/a
M&A activity	36	1.5
Insurance	41	2.1
Securitization	20	2.7
6th pillar: Financial markets	**49**	**1.4**
Foreign exchange markets	40	1.1
Derivatives markets	40	1.0
Equity markets	44	2.0
Bond markets	44	1.4



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**47**	**3.5**
Size and depth	47	1.9
Access	36	3.7



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Peru

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	28	▨	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	46	▨	3.9	France	5.7
1.03	Efficacy of corporate boards	38	▨	4.7	Sweden	6.1
1.04	Reliance on professional management	43	▨	4.4	Sweden	6.4
1.05	Willingness to delegate	38	▨	3.9	Sweden	6.3
1.06	Strength of auditing and accounting standards	37	▨	4.8	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	40	▨	4.0	Finland	6.6
1.09	Protection of minority shareholders' interests	42	▨	4.2	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	49	▨	2.3	Singapore	5.3
1.11	Centralization of economic policymaking	37	▨	2.9	Switzerland	5.9
1.12	Regulation of security exchanges	26	▨	5.3	Sweden	6.3
1.13	Property rights	47	▨	3.6	Germany	6.7
1.14	Intellectual property protection	50	▨	2.7	Germany	6.5
1.15	Diversion of public funds	44	▨	3.1	Finland	6.5
1.16	Public trust of politicians	48	▨	1.7	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	50	▨	2.0	Singapore	6.1
1.18	Judicial independence	50	▨	2.2	Germany	6.5
1.19	Irregular payments in judicial decisions	51	▨	2.8	Finland	6.8
1.20	Number of procedures to enforce a contract	43	▨	41.0	Ireland	20.0
1.21	Time to enforce a contract	23	■	468.0	Singapore	120.0
1.22	Cost of enforcing contracts	45	▨	35.7	China	8.8
1.23	Strength of investor protection	12	■	6.7	Singapore	9.3
1.24	Time to close a business	35	▨	3.1	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	33	▨	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	30	▨	4.4	France	6.0
2.02	Quality of math and science education	52	▨	2.1	Singapore	6.3
2.03	Extent of staff training	47	▨	3.5	Switzerland	5.9
2.04	Local availability of research and training services	45	▨	3.7	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	40	▨	4.0	Kuwait	5.8
2.06	Tertiary enrollment	33	▨	35.1	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	30	▨	5.4	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	45	▨	3.7	Singapore	5.7
2.09	Corporate tax rate	30	▨	30.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	50	▨	2.5	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	35	▨	5.9	Switzerland	6.9
2.12	Internet users	31	▨	22.9	Netherlands	85.7
2.13	Broadband Internet subscribers	37	▨	1.7	Netherlands	31.8
2.14	Telephone lines	47	▨	8.5	Switzerland	66.9
2.15	Mobile telephone subscribers	46	▨	30.9	Italy	135.1

(Cont'd.)

Peru

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

2nd pillar: Business environment *(cont'd.)*

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Cost of doing business					
2.16	Cost of starting a business	45	▨	29.9	Ireland	0.3
2.17	Cost of dealing with licenses	35	▨	165.0	United Arab Emirates	1.5
2.18	Cost of registering property	25	■	3.3	Saudi Arabia	0.0
2.19	Cost to export	11	■	590.0	China	390.0
2.20	Cost to import	11	■	670.0	Singapore	367.0
2.21	Cost of enforcing contracts	45	▨	35.7	China	8.8
2.22	Cost of closing a business	14	■	7.0	Multiple (4)	1.0

3rd pillar: Financial stability

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	12	■	–0.9	Argentina	-8.5
3.02	External vulnerability indicator	24	■	27.7	Russian Federation	15.4
3.03	Current account balance to GDP	24	■	2.6	Kuwait	46.1
3.04	Dollarization vulnerability indicator	33	▨	60.5	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	14	■	30.3	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	4	■	12.0	Indonesia	16.0
3.07	Entry restrictions for banks	33	▨	6.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	31	▨	2.0	Multiple (3)	9.0
3.09	Official supervisory power	13	■	12.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	30	▨	5.0	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	33	▨	4.5	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	39	▨	11.2	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	39	▨	9.4	Multiple (15)	20.0

4th pillar: Banks

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Size index					
4.01	Size index	43	▨	4.8	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	52	▨	3.1	United Arab Emirates	6.8
4.03	Public ownership of banks	22	■	12.4	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	8	■	20.7	Belgium	57.2
4.05	Private credit bureau coverage	27	▨	33.0	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0

5th pillar: Non-banks

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	IPO activity					
5.01	IPO market share	n/a		n/a	France	31.0
5.02	IPO proceeds amount	n/a		n/a	Kazakhstan	4.4
5.03	Share of world IPOs	n/a		n/a	Japan	14.2
	M&A activity					
5.04	M&A market share	38	▨	0.1	United States	44.4
5.05	M&A transaction value to GDP	31	▨	3.1	United Kingdom	14.6
5.06	Share of total number of M&A deals	42	▨	0.1	United States	33.2

Peru

Financial Development Index in detail *(cont'd.)*

🟦 Development **Advantage** ⬜ Development **Disadvantage**

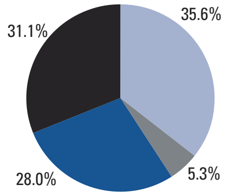
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	44	⬜	1,082.7	United States	1,170,100.6
5.08	Insurance density	44	⬜	38.1	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	20	🟦	8.1	India	52.6
5.10	Insurance penetration	45	⬜	1.2	United Kingdom	16.5
5.11	Relative value-added of insurance	27	⬜	0.9	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	22	🟦	2.2	United States	22.9
5.13	Share of total number of securitization deals	19	🟦	0.7	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	41	⬜	0.0	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	35	⬜	0.1	United Kingdom	29.9
6.03	Foreign exchange swap turnover	n/a		n/a	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	34	⬜	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	45	⬜	7.2	Pakistan	374.3
7.05	Stock market capitalization to GDP	30	⬜	51.0	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	30	⬜	4.0	United States	114.0
6.11	Public-sector bonds to GDP	39	⬜	1.2	France	7.0
6.12	International bonds to GDP	34	⬜	9.2	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	37	⬜	26.8	Hong Kong SAR	252.3
7.02	Private debt to GDP	37	⬜	5.9	Netherlands	216.2
7.03	Public debt to GDP	35	⬜	3.9	Austria	7.0
7.04	Bank deposits to GDP	46	⬜	21.2	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	30	⬜	51.0	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	40	⬜	2.1	Panama	9.2
7.07	Private credit to GDP	45	⬜	17.3	United States	193.7
7.08	Stock market value traded to GDP	44	⬜	4.6	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	37	⬜	4.2	Switzerland	6.7
7.10	Venture capital availability	40	⬜	3.0	United States	5.3
7.11	Ease of access to credit	12	🟦	5.3	Slovak Republic	5.9
7.12	Ease of access to local equity market	35	⬜	5.0	Sweden	6.2
7.13	Bank branches	43	⬜	4.2	Spain	95.9
7.14	Ease of access to loans	37	⬜	3.4	Norway	5.5

Philippines

Key indicators

Population (millions), 2007	88.7
GDP (US$ billions), 2007	144.1
GDP (current prices, US$) per capita, 2007	1,624.7
GDP (PPP) as share (%) of world total, 2007	0.46
Average annual rate of real GDP growth (%), 2003–07	5.79

Financial assets by major type, 2006



Total/GDP: 187.1%

	US$ bn
▨ Public debt securities	78.4
▨ Private debt securities	11.6
■ Banking deposits	61.7
■ Equity securities	68.4
Total	**220.0**

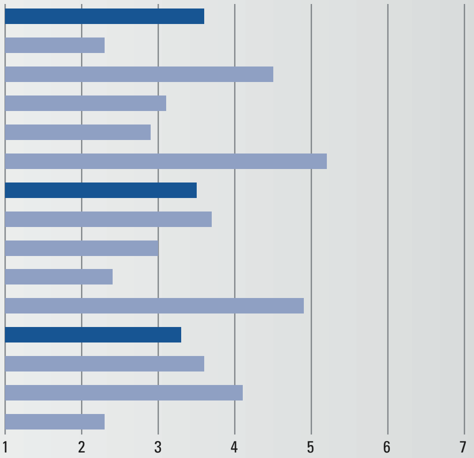
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**48**	**3.0**

Factors, policies, and institutions

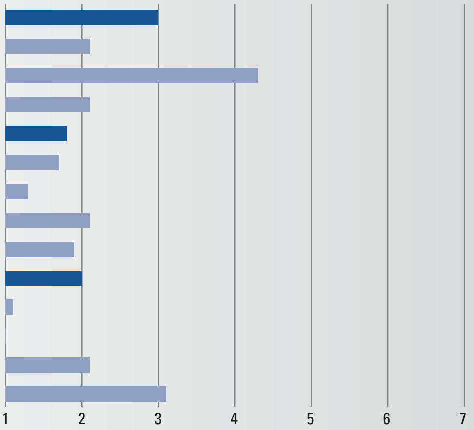
INPUTS

1st pillar: Institutional environment	**41**	**3.6**
Capital account liberalization	38	2.3
Corporate governance	30	4.5
Legal and regulatory issues	46	3.1
Contract enforcement	50	2.9
Domestic financial sector liberalization	32	5.2
2nd pillar: Business environment	**48**	**3.5**
Human capital	45	3.7
Taxes	49	3.0
Infrastructure	48	2.4
Cost of doing business	42	4.9
3rd pillar: Financial stability	**48**	**3.3**
Risk of a currency crisis	42	3.6
Risk of systemic banking crisis	38	4.1
Risk of sovereign debt crisis	45	2.3



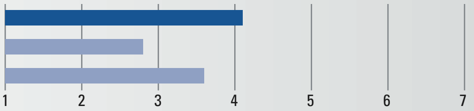
Financial intermediation

4th pillar: Banks	**42**	**3.0**
Size index	39	2.1
Efficiency index	33	4.3
Financial information disclosure	47	2.1
5th pillar: Non-banks	**40**	**1.8**
IPO activity	28	1.7
M&A activity	42	1.3
Insurance	40	2.1
Securitization	27	1.9
6th pillar: Financial markets	**42**	**2.0**
Foreign exchange markets	39	1.1
Derivatives markets	38	1.0
Equity markets	41	2.1
Bond markets	22	3.1



Capital availability and access

7th pillar: Size, depth, and access	**38**	**4.1**
Size and depth	36	2.8
Access	43	3.6



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OUTPUTS

Note: For further details and explanation, please refer to “How Read the Country/Economy Profiles.”

Philippines

Financial Development Index in detail

🟦 Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	38	▨	0.2	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	39	▨	4.3	France	5.7
1.03	Efficacy of corporate boards	35	▨	4.7	Sweden	6.1
1.04	Reliance on professional management	28	▨	5.1	Sweden	6.4
1.05	Willingness to delegate	25	🟦	4.4	Sweden	6.3
1.06	Strength of auditing and accounting standards	32	▨	5.0	Germany	6.3
1.07	Shareholder rights index	17	🟦	3.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	48	▨	3.5	Finland	6.6
1.09	Protection of minority shareholders' interests	30	▨	4.7	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	46	▨	2.5	Singapore	5.3
1.11	Centralization of economic policymaking	42	▨	2.6	Switzerland	5.9
1.12	Regulation of security exchanges	38	▨	4.8	Sweden	6.3
1.13	Property rights	39	▨	4.3	Germany	6.7
1.14	Intellectual property protection	45	▨	3.1	Germany	6.5
1.15	Diversion of public funds	48	▨	2.5	Finland	6.5
1.16	Public trust of politicians	49	▨	1.7	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	44	▨	2.5	Singapore	6.1
1.18	Judicial independence	43	▨	3.3	Germany	6.5
1.19	Irregular payments in judicial decisions	49	▨	3.1	Finland	6.8
1.20	Number of procedures to enforce a contract	35	▨	37.0	Ireland	20.0
1.21	Time to enforce a contract	45	▨	842.0	Singapore	120.0
1.22	Cost of enforcing contracts	32	▨	26.0	China	8.8
1.23	Strength of investor protection	47	▨	3.7	Singapore	9.3
1.24	Time to close a business	49	▨	5.7	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	32	▨	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	27	▨	4.7	France	6.0
2.02	Quality of math and science education	46	▨	2.9	Singapore	6.3
2.03	Extent of staff training	22	🟦	4.6	Switzerland	5.9
2.04	Local availability of research and training services	40	▨	3.9	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	52	▨	3.2	Kuwait	5.8
2.06	Tertiary enrollment	41	▨	28.5	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	50	▨	3.3	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	37	▨	4.0	Singapore	5.7
2.09	Corporate tax rate	47	▨	35.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	48	▨	2.6	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	43	▨	5.5	Switzerland	6.9
2.12	Internet users	51	▨	5.9	Netherlands	85.7
2.13	Broadband Internet subscribers	49	▨	0.1	Netherlands	31.8
2.14	Telephone lines	49	▨	4.3	Switzerland	66.9
2.15	Mobile telephone subscribers	44	▨	50.7	Italy	135.1

(Cont'd.)

Philippines

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	47	▨	32.6	Ireland	0.3
2.17	Cost of dealing with licenses	25	■	102.4	United Arab Emirates	1.5
2.18	Cost of registering property	30	▨	4.2	Saudi Arabia	0.0
2.19	Cost to export	21	■	800.0	China	390.0
2.20	Cost to import	18	■	800.0	Singapore	367.0
2.21	Cost of enforcing contracts	32	▨	26.0	China	8.8
2.22	Cost of closing a business	49	▨	38.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	37	▨	4.1	Argentina	-8.5
3.02	External vulnerability indicator	38	▨	84.7	Russian Federation	15.4
3.03	Current account balance to GDP	18	■	4.3	Kuwait	46.1
3.04	Dollarization vulnerability indicator	31	▨	46.0	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	23	■	50.3	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	29	▨	7.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	13	■	6.0	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	38	▨	2.0	Multiple (11)	0.0
3.12	Stability Index	46	▨	3.4	India	7.2
3.13	Cumulative real estate appreciation	8	■	3.9	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	42	▨	10.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	48	▨	8.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	39	▨	4.9	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	33	▨	4.8	United Arab Emirates	6.8
4.03	Public ownership of banks	20	■	12.1	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	37	▨	5.5	Multiple (7)	100.0
4.06	Credit Information Index	45	▨	3.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	34	▨	0.3	France	31.0
5.02	IPO proceeds amount	20	■	0.6	Kazakhstan	4.4
5.03	Share of world IPOs	29	▨	0.4	Japan	14.2
	M&A activity					
5.04	M&A market share	40	▨	0.1	United States	44.4
5.05	M&A transaction value to GDP	38	▨	1.8	United Kingdom	14.6
5.06	Share of total number of M&A deals	35	▨	0.2	United States	33.2

Philippines

Financial Development Index in detail *(cont'd.)*

🟦 Development **Advantage** ▨ Development **Disadvantage**

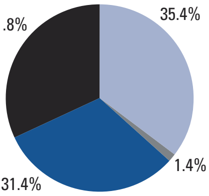
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	42	▨	1,751.0	United States	1,170,100.6
5.08	Insurance density	46	▨	20.7	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	19	🟦	8.6	India	52.6
5.10	Insurance penetration	43	▨	1.5	United Kingdom	16.5
5.11	Relative value-added of insurance	26	▨	1.0	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	23	🟦	2.2	United States	22.9
5.13	Share of total number of securitization deals	23	🟦	0.2	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	38	▨	0.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	36	▨	0.0	United Kingdom	29.9
6.03	Foreign exchange swap turnover	34	▨	0.0	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	30	▨	0.0	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	36	▨	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	32	▨	0.0	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	38	▨	0.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	40	▨	20.0	Pakistan	374.3
7.05	Stock market capitalization to GDP	34	▨	43.6	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	35	▨	0.3	United States	114.0
6.11	Public-sector bonds to GDP	14	🟦	5.2	France	7.0
6.12	International bonds to GDP	19	🟦	29.7	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	23	🟦	51.3	Hong Kong SAR	252.3
7.02	Private debt to GDP	34	▨	9.9	Netherlands	216.2
7.03	Public debt to GDP	4	🟦	6.9	Austria	7.0
7.04	Bank deposits to GDP	33	▨	46.6	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	34	▨	43.6	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	26	▨	3.8	Panama	9.2
7.07	Private credit to GDP	37	▨	29.0	United States	193.7
7.08	Stock market value traded to GDP	40	▨	9.6	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	39	▨	4.2	Switzerland	6.7
7.10	Venture capital availability	44	▨	2.9	United States	5.3
7.11	Ease of access to credit	36	▨	4.7	Slovak Republic	5.9
7.12	Ease of access to local equity market	33	▨	5.2	Sweden	6.2
7.13	Bank branches	35	▨	7.8	Spain	95.9
7.14	Ease of access to loans	43	▨	2.9	Norway	5.5

Poland

Key indicators

Population (millions), 2007 ....38.1
GDP (US$ billions), 2007 ....420.3
GDP (current prices, US$) per capita, 2007 ....11,041.2
GDP (PPP) as share (%) of world total, 2007 ....0.96
Average annual rate of real GDP growth (%), 2003–07 ......5.12

Financial assets by major type, 2006



Total/GDP: 137.2%

	US$ bn
Public debt securities	165.9
Private debt securities	6.4
Banking deposits	147.4
Equity securities	149.1
Total	**468.8**

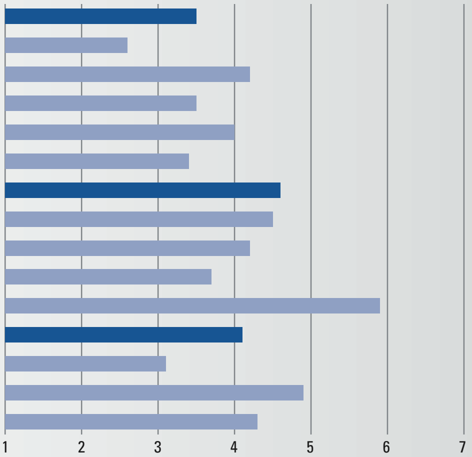
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**41**	**3.3**

Factors, policies, and institutions

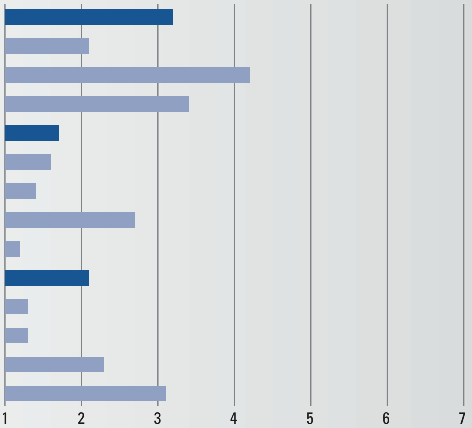
INPUTS

1st pillar: Institutional environment	**42**	**3.5**
Capital account liberalization	36	2.6
Corporate governance	44	4.2
Legal and regulatory issues	38	3.5
Contract enforcement	34	4.0
Domestic financial sector liberalization	45	3.4
2nd pillar: Business environment	**30**	**4.6**
Human capital	26	4.5
Taxes	29	4.2
Infrastructure	30	3.7
Cost of doing business	13	5.9
3rd pillar: Financial stability	**38**	**4.1**
Risk of a currency crisis	47	3.1
Risk of systemic banking crisis	20	4.9
Risk of sovereign debt crisis	33	4.3



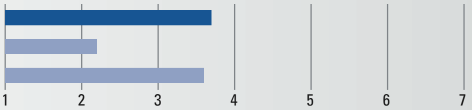
Financial intermediation

4th pillar: Banks	**38**	**3.2**
Size index	37	2.1
Efficiency index	34	4.2
Financial information disclosure	34	3.4
5th pillar: Non-banks	**43**	**1.7**
IPO activity	30	1.6
M&A activity	39	1.4
Insurance	27	2.7
Securitization	47	1.2
6th pillar: Financial markets	**39**	**2.1**
Foreign exchange markets	28	1.3
Derivatives markets	25	1.3
Equity markets	40	2.3
Bond markets	24	3.1



Capital availability and access

7th pillar: Size, depth, and access	**44**	**3.7**
Size and depth	45	2.2
Access	41	3.6



OUTPUTS

Note: For further details and explanation, please refer to “How Read the Country/Economy Profiles.”

Poland

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	36	□	0.2	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	44	□	4.2	France	5.7
1.03	Efficacy of corporate boards	50	□	4.1	Sweden	6.1
1.04	Reliance on professional management	44	□	4.4	Sweden	6.4
1.05	Willingness to delegate	37	□	3.9	Sweden	6.3
1.06	Strength of auditing and accounting standards	44	□	4.4	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	35	□	4.2	Finland	6.6
1.09	Protection of minority shareholders' interests	41	□	4.2	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	37	□	2.8	Singapore	5.3
1.11	Centralization of economic policymaking	22	■	3.6	Switzerland	5.9
1.12	Regulation of security exchanges	34	□	4.9	Sweden	6.3
1.13	Property rights	43	□	4.0	Germany	6.7
1.14	Intellectual property protection	39	□	3.5	Germany	6.5
1.15	Diversion of public funds	37	□	3.5	Finland	6.5
1.16	Public trust of politicians	37	□	2.3	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	45	□	2.5	Singapore	6.1
1.18	Judicial independence	39	□	3.5	Germany	6.5
1.19	Irregular payments in judicial decisions	35	□	4.4	Finland	6.8
1.20	Number of procedures to enforce a contract	37	□	38.0	Ireland	20.0
1.21	Time to enforce a contract	44	□	830.0	Singapore	120.0
1.22	Cost of enforcing contracts	4	■	10.0	China	8.8
1.23	Strength of investor protection	17	■	6.0	Singapore	9.3
1.24	Time to close a business	32	□	3.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	45	□	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	32	□	4.4	France	6.0
2.02	Quality of math and science education	28	□	4.5	Singapore	6.3
2.03	Extent of staff training	38	□	3.7	Switzerland	5.9
2.04	Local availability of research and training services	30	□	4.4	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	48	□	3.6	Kuwait	5.8
2.06	Tertiary enrollment	12	■	65.6	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	39	□	4.6	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	42	□	3.7	Singapore	5.7
2.09	Corporate tax rate	9	■	19.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	44	□	2.8	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	51	□	4.7	Switzerland	6.9
2.12	Internet users	23	■	36.6	Netherlands	85.7
2.13	Broadband Internet subscribers	24	■	7.6	Netherlands	31.8
2.14	Telephone lines	25	■	29.8	Switzerland	66.9
2.15	Mobile telephone subscribers	22	■	95.4	Italy	135.1

(Cont'd.)

Poland

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	41	□	21.2	Ireland	0.3
2.17	Cost of dealing with licenses	34	□	159.8	United Arab Emirates	1.5
2.18	Cost of registering property	5	■	0.5	Saudi Arabia	0.0
2.19	Cost to export	23	■	834.0	China	390.0
2.20	Cost to import	19	■	834.0	Singapore	367.0
2.21	Cost of enforcing contracts	4	■	10.0	China	8.8
2.22	Cost of closing a business	40	□	22.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	22	■	0.6	Argentina	-8.5
3.02	External vulnerability indicator	47	□	167.2	Russian Federation	15.4
3.03	Current account balance to GDP	38	□	–2.3	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	22	■	49.2	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	25	■	8.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	28	□	3.0	Multiple (3)	9.0
3.09	Official supervisory power	26	□	9.5	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	1	■	0.0	Multiple (11)	0.0
3.12	Stability Index	13	■	5.4	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	34	□	14.1	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	32	□	13.1	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	37	□	5.0	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	34	□	4.8	United Arab Emirates	6.8
4.03	Public ownership of banks	28	□	20.3	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	20	■	51.5	Multiple (7)	100.0
4.06	Credit Information Index	31	□	4.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	31	□	0.3	France	31.0
5.02	IPO proceeds amount	34	□	0.3	Kazakhstan	4.4
5.03	Share of world IPOs	16	■	1.7	Japan	14.2
	M&A activity					
5.04	M&A market share	32	□	0.2	United States	44.4
5.05	M&A transaction value to GDP	41	□	1.6	United Kingdom	14.6
5.06	Share of total number of M&A deals	28	□	0.5	United States	33.2

Poland

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

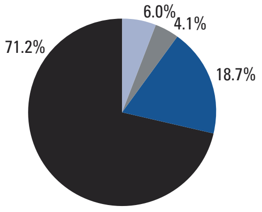
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	26	□	11,946.5	United States	1,170,100.6
5.08	Insurance density	27	□	310.3	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	5	■	19.0	India	52.6
5.10	Insurance penetration	26	□	3.5	United Kingdom	16.5
5.11	Relative value-added of insurance	45	□	0.2	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	49	□	0.2	United States	22.9
5.13	Share of total number of securitization deals	36	□	0.1	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	28	□	0.2	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	28	□	0.1	United Kingdom	29.9
6.03	Foreign exchange swap turnover	24	■	0.3	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	15	■	0.4	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	23	■	0.1	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	26	□	0.0	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	24	■	0.2	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	21	■	0.1	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	35	□	36.1	Pakistan	374.3
7.05	Stock market capitalization to GDP	36	□	35.5	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	22	■	4.4	France	7.0
6.12	International bonds to GDP	31	□	9.8	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	30	□	40.4	Hong Kong SAR	252.3
7.02	Private debt to GDP	46	□	1.9	Netherlands	216.2
7.03	Public debt to GDP	20	■	5.3	Austria	7.0
7.04	Bank deposits to GDP	39	□	38.1	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	36	□	35.5	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	47	□	0.4	Panama	9.2
7.07	Private credit to GDP	41	□	26.2	United States	193.7
7.08	Stock market value traded to GDP	37	□	16.2	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	40	□	4.1	Switzerland	6.7
7.10	Venture capital availability	32	□	3.6	United States	5.3
7.11	Ease of access to credit	46	□	4.4	Slovak Republic	5.9
7.12	Ease of access to local equity market	41	□	4.6	Sweden	6.2
7.13	Bank branches	34	□	8.2	Spain	95.9
7.14	Ease of access to loans	36	□	3.4	Norway	5.5

Russian Federation

Key indicators

Population (millions), 2007	142.1
GDP (US$ billions), 2007	1,289.6
GDP (current prices, US$) per capita, 2007	9,075.1
GDP (PPP) as share (%) of world total, 2007	3.18
Average annual rate of real GDP growth (%), 2003–07	7.28

Financial assets by major type, 2006



Total/GDP: 150.3%

	US$ bn
▨ Public debt securities	89.7
▨ Private debt securities	61.4
■ Banking deposits	277.3
■ Equity securities	1,057.2
Total	**1,485.6**

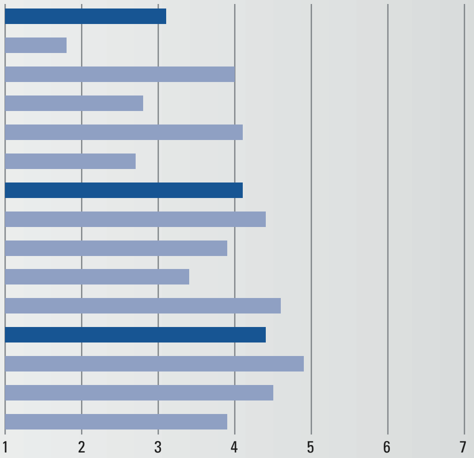
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**36**	**3.4**

INPUTS

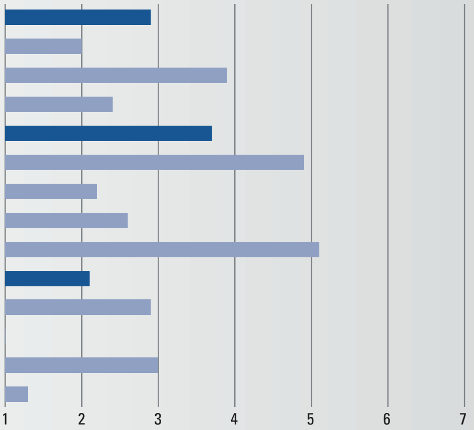
Factors, policies, and institutions

	Rank	Score
1st pillar: Institutional environment	**48**	**3.1**
Capital account liberalization	41	1.8
Corporate governance	49	4.0
Legal and regulatory issues	50	2.8
Contract enforcement	31	4.1
Domestic financial sector liberalization	51	2.7
2nd pillar: Business environment	**34**	**4.1**
Human capital	30	4.4
Taxes	33	3.9
Infrastructure	31	3.4
Cost of doing business	45	4.6
3rd pillar: Financial stability	**33**	**4.4**
Risk of a currency crisis	18	4.9
Risk of systemic banking crisis	31	4.5
Risk of sovereign debt crisis	36	3.9



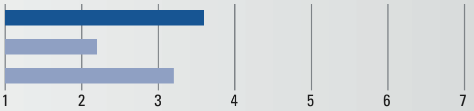
Financial intermediation

	Rank	Score
4th pillar: Banks	**45**	**2.9**
Size index	40	2.0
Efficiency index	38	3.9
Financial information disclosure	46	2.4
5th pillar: Non-banks	**10**	**3.7**
IPO activity	6	4.9
M&A activity	18	2.2
Insurance	30	2.6
Securitization	7	5.1
6th pillar: Financial markets	**41**	**2.1**
Foreign exchange markets	11	2.9
Derivatives markets	37	1.0
Equity markets	34	3.0
Bond markets	45	1.3



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**45**	**3.6**
Size and depth	44	2.2
Access	48	3.2



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Russian Federation

Financial Development Index in detail

🟦 Development **Advantage** ⬜ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	41	⬜	–0.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	30	⬜	4.6	France	5.7
1.03	Efficacy of corporate boards	29	⬜	5.0	Sweden	6.1
1.04	Reliance on professional management	41	⬜	4.5	Sweden	6.4
1.05	Willingness to delegate	46	⬜	3.6	Sweden	6.3
1.06	Strength of auditing and accounting standards	49	⬜	3.9	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	51	⬜	3.3	Finland	6.6
1.09	Protection of minority shareholders' interests	51	⬜	3.1	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	47	⬜	2.5	Singapore	5.3
1.11	Centralization of economic policymaking	27	⬜	3.3	Switzerland	5.9
1.12	Regulation of security exchanges	49	⬜	3.6	Sweden	6.3
1.13	Property rights	50	⬜	3.2	Germany	6.7
1.14	Intellectual property protection	51	⬜	2.6	Germany	6.5
1.15	Diversion of public funds	46	⬜	2.9	Finland	6.5
1.16	Public trust of politicians	46	⬜	1.9	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	40	⬜	3.1	Singapore	6.1
1.18	Judicial independence	47	⬜	2.7	Germany	6.5
1.19	Irregular payments in judicial decisions	38	⬜	4.1	Finland	6.8
1.20	Number of procedures to enforce a contract	35	⬜	37.0	Ireland	20.0
1.21	Time to enforce a contract	7	🟦	281.0	Singapore	120.0
1.22	Cost of enforcing contracts	11	🟦	13.4	China	8.8
1.23	Strength of investor protection	34	⬜	5.0	Singapore	9.3
1.24	Time to close a business	38	⬜	3.8	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	51	⬜	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	43	⬜	3.8	France	6.0
2.02	Quality of math and science education	23	🟦	4.7	Singapore	6.3
2.03	Extent of staff training	50	⬜	3.3	Switzerland	5.9
2.04	Local availability of research and training services	46	⬜	3.7	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	46	⬜	3.7	Kuwait	5.8
2.06	Tertiary enrollment	8	🟦	72.3	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	32	⬜	5.2	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	49	⬜	3.1	Singapore	5.7
2.09	Corporate tax rate	15	🟦	24.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	43	⬜	3.0	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	49	⬜	5.0	Switzerland	6.9
2.12	Internet users	37	⬜	18.0	Netherlands	85.7
2.13	Broadband Internet subscribers	35	⬜	2.0	Netherlands	31.8
2.14	Telephone lines	24	🟦	30.8	Switzerland	66.9
2.15	Mobile telephone subscribers	17	🟦	105.7	Italy	135.1

(Cont'd.)

Russian Federation

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	14	■	3.7	Ireland	0.3
2.17	Cost of dealing with licenses	51	▨	3,788.4	United Arab Emirates	1.5
2.18	Cost of registering property	3	■	0.3	Saudi Arabia	0.0
2.19	Cost to export	49	▨	2,050.0	China	390.0
2.20	Cost to import	48	▨	2,050.0	Singapore	367.0
2.21	Cost of enforcing contracts	11	■	13.4	China	8.8
2.22	Cost of closing a business	18	■	9.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	44	▨	6.4	Argentina	-8.5
3.02	External vulnerability indicator	1	■	15.4	Russian Federation	15.4
3.03	Current account balance to GDP	12	■	9.3	Kuwait	46.1
3.04	Dollarization vulnerability indicator	26	▨	12.3	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	15	■	31.4	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	25	■	8.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	8	■	7.0	Multiple (3)	9.0
3.09	Official supervisory power	31	▨	8.5	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	23	■	6.0	South Africa	9.0
3.11	Frequency of banking crises	38	▨	2.0	Multiple (11)	0.0
3.12	Stability Index	37	▨	4.4	India	7.2
3.13	Cumulative real estate appreciation	1	■	–68.4	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	35	▨	13.3	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	35	▨	12.3	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	40	▨	4.8	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	38	▨	4.7	United Arab Emirates	6.8
4.03	Public ownership of banks	29	▨	38.5	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	38	▨	4.4	Multiple (7)	100.0
4.06	Credit Information Index	31	▨	4.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	6	■	6.4	France	31.0
5.02	IPO proceeds amount	7	■	1.7	Kazakhstan	4.4
5.03	Share of world IPOs	18	■	1.2	Japan	14.2
	M&A activity					
5.04	M&A market share	12	■	1.1	United States	44.4
5.05	M&A transaction value to GDP	27	▨	3.5	United Kingdom	14.6
5.06	Share of total number of M&A deals	17	■	1.4	United States	33.2

Russian Federation

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

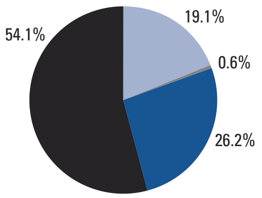
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	20	■	21,503.6	United States	1,170,100.6
5.08	Insurance density	33	□	150.9	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	15	■	11.6	India	52.6
5.10	Insurance penetration	38	□	2.3	United Kingdom	16.5
5.11	Relative value-added of insurance	20	■	1.2	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	11	■	3.9	United States	22.9
5.13	Share of total number of securitization deals	2	■	4.6	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	8	■	2.7	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	21	■	0.3	United Kingdom	29.9
6.03	Foreign exchange swap turnover	15	■	0.7	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	36	□	0.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	33	□	38.9	Pakistan	374.3
7.05	Stock market capitalization to GDP	24	■	74.5	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	40	□	1.0	France	7.0
6.12	International bonds to GDP	35	□	8.4	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	34	□	29.4	Hong Kong SAR	252.3
7.02	Private debt to GDP	36	□	6.2	Netherlands	216.2
7.03	Public debt to GDP	50	□	1.4	Austria	7.0
7.04	Bank deposits to GDP	44	□	23.5	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	24	■	74.5	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	37	□	2.6	Panama	9.2
7.07	Private credit to GDP	40	□	26.2	United States	193.7
7.08	Stock market value traded to GDP	26	□	52.1	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	49	□	3.3	Switzerland	6.7
7.10	Venture capital availability	37	□	3.1	United States	5.3
7.11	Ease of access to credit	29	□	4.9	Slovak Republic	5.9
7.12	Ease of access to local equity market	46	□	4.2	Sweden	6.2
7.13	Bank branches	46	□	2.2	Spain	95.9
7.14	Ease of access to loans	46	□	2.8	Norway	5.5

Saudi Arabia

Key indicators

Population (millions), 2007	24.3
GDP (US$ billions), 2007	376.0
GDP (current prices, US$) per capita, 2007	15,481.2
GDP (PPP) as share (%) of world total, 2007	0.87
Average annual rate of real GDP growth (%), 2003–07	5.48

Financial assets by major type, 2006



Total/GDP: 173.0%

	US$ bn
▨ Public debt securities	115.5
▨ Private debt securities	3.4
■ Banking deposits	158.2
■ Equity securities	326.9
Total	**603.9**

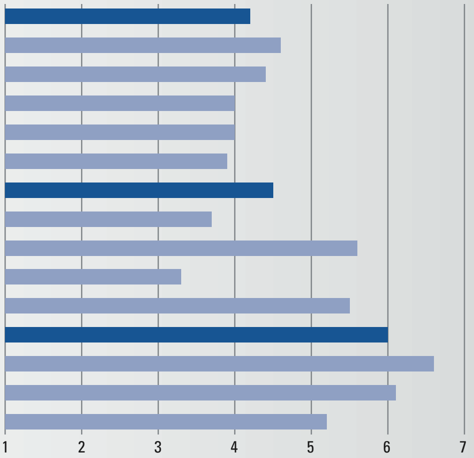
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**27**	**3.9**

INPUTS

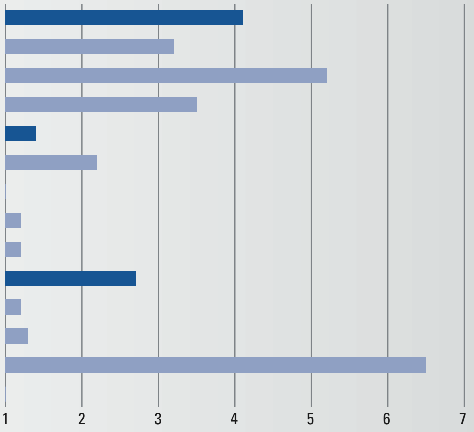
Factors, policies, and institutions

	Rank	Score
1st pillar: Institutional environment	**33**	**4.2**
Capital account liberalization	29	4.6
Corporate governance	37	4.4
Legal and regulatory issues	26	4.0
Contract enforcement	35	4.0
Domestic financial sector liberalization	37	3.9
2nd pillar: Business environment	**31**	**4.5**
Human capital	42	3.7
Taxes	4	5.6
Infrastructure	35	3.3
Cost of doing business	32	5.5
3rd pillar: Financial stability	**3**	**6.0**
Risk of a currency crisis	1	6.6
Risk of systemic banking crisis	3	6.1
Risk of sovereign debt crisis	23	5.2



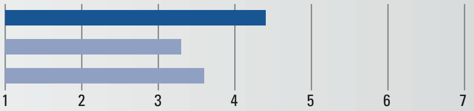
Financial intermediation

	Rank	Score
4th pillar: Banks	**23**	**4.1**
Size index	23	3.2
Efficiency index	18	5.2
Financial information disclosure	32	3.5
5th pillar: Non-banks	**49**	**1.4**
IPO activity	24	2.2
M&A activity	50	1.0
Insurance	48	1.2
Securitization	44	1.2
6th pillar: Financial markets	**29**	**2.7**
Foreign exchange markets	34	1.2
Derivatives markets	26	1.3
Equity markets	1	6.5
Bond markets	50	1.0



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**32**	**4.4**
Size and depth	31	3.3
Access	40	3.6



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Saudi Arabia

Financial Development Index in detail

🟦 Development **Advantage** ⬜ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	29	⬜	1.2	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	40	⬜	4.3	France	5.7
1.03	Efficacy of corporate boards	34	⬜	4.7	Sweden	6.1
1.04	Reliance on professional management	45	⬜	4.3	Sweden	6.4
1.05	Willingness to delegate	33	⬜	4.1	Sweden	6.3
1.06	Strength of auditing and accounting standards	38	⬜	4.7	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	28	⬜	4.4	Finland	6.6
1.09	Protection of minority shareholders' interests	39	⬜	4.4	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	10	🟦	3.9	Singapore	5.3
1.11	Centralization of economic policymaking	35	⬜	3.0	Switzerland	5.9
1.12	Regulation of security exchanges	48	⬜	3.9	Sweden	6.3
1.13	Property rights	29	⬜	5.2	Germany	6.7
1.14	Intellectual property protection	32	⬜	3.9	Germany	6.5
1.15	Diversion of public funds	26	⬜	4.1	Finland	6.5
1.16	Public trust of politicians	13	🟦	4.2	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	31	⬜	3.8	Singapore	6.1
1.18	Judicial independence	29	⬜	4.4	Germany	6.5
1.19	Irregular payments in judicial decisions	34	⬜	4.4	Finland	6.8
1.20	Number of procedures to enforce a contract	46	⬜	44.0	Ireland	20.0
1.21	Time to enforce a contract	41	⬜	635.0	Singapore	120.0
1.22	Cost of enforcing contracts	35	⬜	27.5	China	8.8
1.23	Strength of investor protection	22	🟦	5.7	Singapore	9.3
1.24	Time to close a business	28	⬜	2.8	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	37	⬜	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	42	⬜	3.8	France	6.0
2.02	Quality of math and science education	34	⬜	3.9	Singapore	6.3
2.03	Extent of staff training	43	⬜	3.6	Switzerland	5.9
2.04	Local availability of research and training services	41	⬜	3.9	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	23	🟦	4.5	Kuwait	5.8
2.06	Tertiary enrollment	39	⬜	29.2	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	33	⬜	5.0	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	8	🟦	5.0	Singapore	5.7
2.09	Corporate tax rate	1	🟦	0.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	28	⬜	4.3	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	36	⬜	5.8	Switzerland	6.9
2.12	Internet users	36	⬜	18.7	Netherlands	85.7
2.13	Broadband Internet subscribers	42	⬜	0.9	Netherlands	31.8
2.14	Telephone lines	41	⬜	15.7	Switzerland	66.9
2.15	Mobile telephone subscribers	32	⬜	78.0	Italy	135.1

(Cont'd.)

Saudi Arabia

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	46	▨	32.3	Ireland	0.3
2.17	Cost of dealing with licenses	24	■	94.5	United Arab Emirates	1.5
2.18	Cost of registering property	1	■	0.0	Saudi Arabia	0.0
2.19	Cost to export	34	▨	1,008.0	China	390.0
2.20	Cost to import	15	■	758.0	Singapore	367.0
2.21	Cost of enforcing contracts	35	▨	27.5	China	8.8
2.22	Cost of closing a business	40	▨	22.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	6	■	–4.0	Argentina	-8.5
3.02	External vulnerability indicator	32	▨	55.9	Russian Federation	15.4
3.03	Current account balance to GDP	2	■	33.1	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	1	■	9.6	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	4	■	12.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	18	■	5.0	Multiple (3)	9.0
3.09	Official supervisory power	5	■	13.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	1	■	0.0	Multiple (11)	0.0
3.12	Stability Index	n/a		n/a	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	22	■	16.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	22	■	15.8	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	23	■	6.3	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	17	■	5.4	United Arab Emirates	6.8
4.03	Public ownership of banks	27	▨	19.8	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	30	▨	23.5	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	21	■	1.0	France	31.0
5.02	IPO proceeds amount	15	■	0.8	Kazakhstan	4.4
5.03	Share of world IPOs	23	■	0.6	Japan	14.2
	M&A activity					
5.04	M&A market share	50	▨	0.0	United States	44.4
5.05	M&A transaction value to GDP	51	▨	0.0	United Kingdom	14.6
5.06	Share of total number of M&A deals	48	▨	0.0	United States	33.2

Saudi Arabia

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

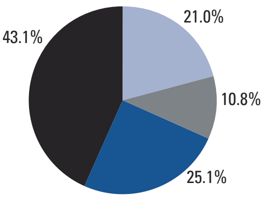
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	43	□	1,590.1	United States	1,170,100.6
5.08	Insurance density	40	□	63.1	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	n/a		n/a	India	52.6
5.10	Insurance penetration	50	□	0.5	United Kingdom	16.5
5.11	Relative value-added of insurance	36	□	0.7	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	42	□	0.7	United States	22.9
5.13	Share of total number of securitization deals	44	□	0.0	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	27	□	0.2	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	38	□	0.0	United Kingdom	29.9
6.03	Foreign exchange swap turnover	33	□	0.1	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	30	□	0.0	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	31	□	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	21	■	0.1	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	16	■	0.7	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	29	□	0.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	2	■	231.0	Pakistan	374.3
7.05	Stock market capitalization to GDP	7	■	136.6	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	n/a		n/a	France	7.0
6.12	International bonds to GDP	50	□	0.3	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	29	□	44.4	Hong Kong SAR	252.3
7.02	Private debt to GDP	49	□	1.0	Netherlands	216.2
7.03	Public debt to GDP	36	□	3.8	Austria	7.0
7.04	Bank deposits to GDP	38	□	40.7	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	7	■	136.6	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	42	□	1.5	Panama	9.2
7.07	Private credit to GDP	31	□	49.2	United States	193.7
7.08	Stock market value traded to GDP	1	■	356.2	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	41	□	4.1	Switzerland	6.7
7.10	Venture capital availability	31	□	3.7	United States	5.3
7.11	Ease of access to credit	47	□	4.4	Slovak Republic	5.9
7.12	Ease of access to local equity market	40	□	4.6	Sweden	6.2
7.13	Bank branches	40	□	5.4	Spain	95.9
7.14	Ease of access to loans	35	□	3.6	Norway	5.5

Singapore

Key indicators

Population (millions), 2007	4.6
GDP (US$ billions), 2007	161.3
GDP (current prices, US$) per capita, 2007	35,162.9
GDP (PPP) as share (%) of world total, 2007	0.34
Average annual rate of real GDP growth (%), 2003–07	7.14

Financial assets by major type, 2006



Total/GDP: 469.8%

	US$ bn
▨ Public debt securities	134.6
▨ Private debt securities	69.6
■ Banking deposits	161.1
■ Equity securities	276.3
Total	**641.7**

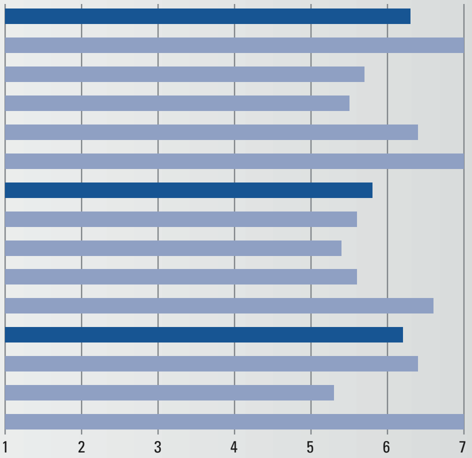
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**10**	**5.1**

Factors, policies, and institutions

INPUTS

1st pillar: Institutional environment	**1**	**6.3**
Capital account liberalization	1	7.0
Corporate governance	9	5.7
Legal and regulatory issues	3	5.5
Contract enforcement	1	6.4
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**1**	**5.8**
Human capital	4	5.6
Taxes	6	5.4
Infrastructure	11	5.6
Cost of doing business	2	6.6
3rd pillar: Financial stability	**1**	**6.2**
Risk of a currency crisis	2	6.4
Risk of systemic banking crisis	10	5.3
Risk of sovereign debt crisis	1	7.0

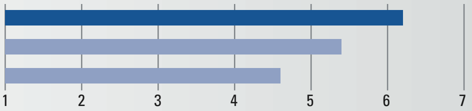


Financial intermediation

4th pillar: Banks	**32**	**3.6**
Size index	12	4.2
Efficiency index	45	3.3
Financial information disclosure	37	3.2
5th pillar: Non-banks	**19**	**2.9**
IPO activity	9	3.5
M&A activity	12	2.9
Insurance	17	3.7
Securitization	35	1.6
6th pillar: Financial markets	**6**	**5.0**
Foreign exchange markets	4	6.9
Derivatives markets	6	4.8
Equity markets	9	5.1
Bond markets	18	3.7

Capital availability and access

7th pillar: Size, depth, and access	**7**	**6.2**
Size and depth	7	5.4
Access	18	4.6



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Singapore

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	12	▨	5.2	France	5.7
1.03	Efficacy of corporate boards	9	■	5.6	Sweden	6.1
1.04	Reliance on professional management	10	■	5.9	Sweden	6.4
1.05	Willingness to delegate	20	▨	4.9	Sweden	6.3
1.06	Strength of auditing and accounting standards	12	▨	6.1	Germany	6.3
1.07	Shareholder rights index	9	■	4.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	3	■	6.3	Finland	6.6
1.09	Protection of minority shareholders' interests	15	▨	5.5	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	1	■	5.3	Singapore	5.3
1.11	Centralization of economic policymaking	50	▨	1.9	Switzerland	5.9
1.12	Regulation of security exchanges	5	■	6.0	Sweden	6.3
1.13	Property rights	4	■	6.4	Germany	6.7
1.14	Intellectual property protection	4	■	6.2	Germany	6.5
1.15	Diversion of public funds	3	■	6.4	Finland	6.5
1.16	Public trust of politicians	1	■	6.4	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	1	■	6.1	Singapore	6.1
1.18	Judicial independence	14	▨	5.6	Germany	6.5
1.19	Irregular payments in judicial decisions	4	■	6.6	Finland	6.8
1.20	Number of procedures to enforce a contract	2	■	22.0	Ireland	20.0
1.21	Time to enforce a contract	1	■	120.0	Singapore	120.0
1.22	Cost of enforcing contracts	20	▨	17.8	China	8.8
1.23	Strength of investor protection	1	■	9.3	Singapore	9.3
1.24	Time to close a business	3	■	0.8	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	7	■	5.7	France	6.0
2.02	Quality of math and science education	1	■	6.3	Singapore	6.3
2.03	Extent of staff training	6	■	5.6	Switzerland	5.9
2.04	Local availability of research and training services	16	▨	5.2	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	5	■	5.4	Kuwait	5.8
2.06	Tertiary enrollment	19	▨	58.6	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	3	■	6.7	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	1	■	5.7	Singapore	5.7
2.09	Corporate tax rate	11	▨	20.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	3	■	6.6	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	4	■	6.8	Switzerland	6.9
2.12	Internet users	9	■	59.4	Netherlands	85.7
2.13	Broadband Internet subscribers	16	▨	18.3	Netherlands	31.8
2.14	Telephone lines	20	▨	42.3	Switzerland	66.9
2.15	Mobile telephone subscribers	10	■	109.3	Italy	135.1

(Cont'd.)

Singapore

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	4	■	0.8	Ireland	0.3
2.17	Cost of dealing with licenses	12	□	22.9	United Arab Emirates	1.5
2.18	Cost of registering property	20	□	2.8	Saudi Arabia	0.0
2.19	Cost to export	2	■	416.0	China	390.0
2.20	Cost to import	1	■	367.0	Singapore	367.0
2.21	Cost of enforcing contracts	20	□	17.8	China	8.8
2.22	Cost of closing a business	1	■	1.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	31	□	2.7	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	3	■	26.5	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	2	■	109.5	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	16	□	10.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	8	■	7.0	Multiple (3)	9.0
3.09	Official supervisory power	4	■	13.5	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	2	■	8.0	South Africa	9.0
3.11	Frequency of banking crises	12	□	1.0	Multiple (11)	0.0
3.12	Stability Index	17	□	5.3	India	7.2
3.13	Cumulative real estate appreciation	12	□	8.5	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	12	□	7.4	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	46	□	4.1	United Arab Emirates	6.8
4.03	Public ownership of banks	1	■	0.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	□	0.0	Belgium	57.2
4.05	Private credit bureau coverage	22	□	42.7	Multiple (7)	100.0
4.06	Credit Information Index	31	□	4.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	22	□	0.9	France	31.0
5.02	IPO proceeds amount	6	■	1.8	Kazakhstan	4.4
5.03	Share of world IPOs	12	□	2.1	Japan	14.2
	M&A activity					
5.04	M&A market share	22	□	0.5	United States	44.4
5.05	M&A transaction value to GDP	6	■	10.4	United Kingdom	14.6
5.06	Share of total number of M&A deals	18	□	1.2	United States	33.2

Singapore

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

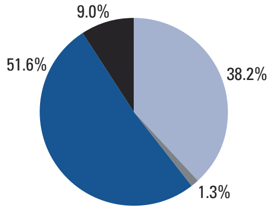
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	27	□	10,775.5	United States	1,170,100.6
5.08	Insurance density	19	□	1,957.7	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	31	□	1.4	India	52.6
5.10	Insurance penetration	18	□	6.5	United Kingdom	16.5
5.11	Relative value-added of insurance	3	■	3.2	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	34	□	1.4	United States	22.9
5.13	Share of total number of securitization deals	31	□	0.1	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	5	■	7.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	4	■	6.1	United Kingdom	29.9
6.03	Foreign exchange swap turnover	5	■	5.4	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	14	□	0.5	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	6	■	3.5	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	9	■	0.6	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	7	■	3.1	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	5	■	4.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	25	□	62.6	Pakistan	374.3
7.05	Stock market capitalization to GDP	4	■	221.5	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	19	□	18.8	United States	114.0
6.11	Public-sector bonds to GDP	12	□	5.3	France	7.0
6.12	International bonds to GDP	16	□	32.4	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	8	■	109.5	Hong Kong SAR	252.3
7.02	Private debt to GDP	17	□	52.7	Netherlands	216.2
7.03	Public debt to GDP	18	□	5.4	Austria	7.0
7.04	Bank deposits to GDP	12	□	103.9	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	4	■	221.5	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	4	■	7.1	Panama	9.2
7.07	Private credit to GDP	18	□	96.1	United States	193.7
7.08	Stock market value traded to GDP	15	□	102.7	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	11	□	6.2	Switzerland	6.7
7.10	Venture capital availability	11	□	4.6	United States	5.3
7.11	Ease of access to credit	18	□	5.1	Slovak Republic	5.9
7.12	Ease of access to local equity market	14	□	5.7	Sweden	6.2
7.13	Bank branches	29	□	9.1	Spain	95.9
7.14	Ease of access to loans	11	□	4.8	Norway	5.5

Slovak Republic

Key indicators

Population (millions), 2007	5.4
GDP (US$ billions), 2007	75.0
GDP (current prices, US$) per capita, 2007	13,857.5
GDP (PPP) as share (%) of world total, 2007	0.17
Average annual rate of real GDP growth (%), 2003–07	7.09

Financial assets by major type, 2006



	US$ bn
Public debt securities	23.8
Private debt securities	0.8
Banking deposits	32.1
Equity securities	5.6
Total	**62.2**

Total/GDP: 110.9%

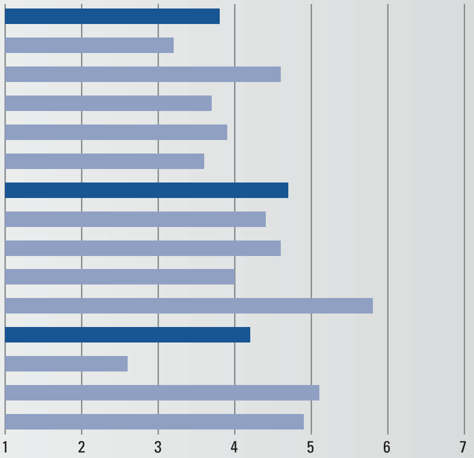
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**42**	**3.3**

INPUTS

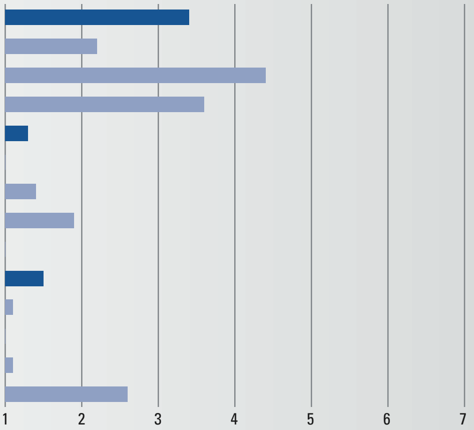
Factors, policies, and institutions

	Rank	Score
1st pillar: Institutional environment	**37**	**3.8**
Capital account liberalization	35	3.2
Corporate governance	28	4.6
Legal and regulatory issues	31	3.7
Contract enforcement	36	3.9
Domestic financial sector liberalization	40	3.6
2nd pillar: Business environment	**28**	**4.7**
Human capital	29	4.4
Taxes	18	4.6
Infrastructure	27	4.0
Cost of doing business	18	5.8
3rd pillar: Financial stability	**36**	**4.2**
Risk of a currency crisis	48	2.6
Risk of systemic banking crisis	11	5.1
Risk of sovereign debt crisis	25	4.9



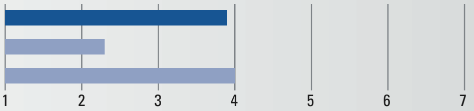
Financial intermediation

	Rank	Score
4th pillar: Banks	**35**	**3.4**
Size index	35	2.2
Efficiency index	31	4.4
Financial information disclosure	31	3.6
5th pillar: Non-banks	**51**	**1.3**
IPO activity	44	1.0
M&A activity	41	1.4
Insurance	44	1.9
Securitization	51	1.0
6th pillar: Financial markets	**48**	**1.5**
Foreign exchange markets	42	1.1
Derivatives markets	34	1.0
Equity markets	50	1.1
Bond markets	32	2.6



Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**41**	**3.9**
Size and depth	41	2.3
Access	31	4.0



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Slovak Republic

Financial Development Index in detail

🟦 Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	35	▨	0.5	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	34	▨	4.4	France	5.7
1.03	Efficacy of corporate boards	22	🟦	5.2	Sweden	6.1
1.04	Reliance on professional management	27	▨	5.2	Sweden	6.4
1.05	Willingness to delegate	26	▨	4.4	Sweden	6.3
1.06	Strength of auditing and accounting standards	31	▨	5.0	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	38	▨	4.1	Finland	6.6
1.09	Protection of minority shareholders' interests	45	▨	4.0	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	34	▨	2.9	Singapore	5.3
1.11	Centralization of economic policymaking	15	🟦	4.0	Switzerland	5.9
1.12	Regulation of security exchanges	41	▨	4.5	Sweden	6.3
1.13	Property rights	33	▨	5.0	Germany	6.7
1.14	Intellectual property protection	33	▨	3.8	Germany	6.5
1.15	Diversion of public funds	32	▨	3.7	Finland	6.5
1.16	Public trust of politicians	41	▨	2.1	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	36	▨	3.4	Singapore	6.1
1.18	Judicial independence	36	▨	3.6	Germany	6.5
1.19	Irregular payments in judicial decisions	40	▨	3.8	Finland	6.8
1.20	Number of procedures to enforce a contract	10	🟦	30.0	Ireland	20.0
1.21	Time to enforce a contract	32	▨	565.0	Singapore	120.0
1.22	Cost of enforcing contracts	31	▨	25.7	China	8.8
1.23	Strength of investor protection	40	▨	4.7	Singapore	9.3
1.24	Time to close a business	39	▨	4.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	40	▨	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	39	▨	4.1	France	6.0
2.02	Quality of math and science education	17	🟦	5.0	Singapore	6.3
2.03	Extent of staff training	29	▨	4.2	Switzerland	5.9
2.04	Local availability of research and training services	33	▨	4.2	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	30	▨	4.3	Kuwait	5.8
2.06	Tertiary enrollment	32	▨	45.3	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	24	🟦	5.5	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	33	▨	4.1	Singapore	5.7
2.09	Corporate tax rate	9	🟦	19.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	32	▨	3.9	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	18	🟦	6.5	Switzerland	6.9
2.12	Internet users	21	🟦	41.8	Netherlands	85.7
2.13	Broadband Internet subscribers	26	▨	5.9	Netherlands	31.8
2.14	Telephone lines	33	▨	21.6	Switzerland	66.9
2.15	Mobile telephone subscribers	25	🟦	90.6	Italy	135.1

(Cont'd.)

Slovak Republic

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

2nd pillar: Business environment *(cont'd.)*

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Cost of doing business					
2.16	Cost of starting a business	15	■	4.2	Ireland	0.3
2.17	Cost of dealing with licenses	7	■	14.9	United Arab Emirates	1.5
2.18	Cost of registering property	2	■	0.1	Saudi Arabia	0.0
2.19	Cost to export	35	▨	1,015.0	China	390.0
2.20	Cost to import	32	▨	1,050.0	Singapore	367.0
2.21	Cost of enforcing contracts	31	▨	25.7	China	8.8
2.22	Cost of closing a business	33	▨	18.0	Multiple (4)	1.0

3rd pillar: Financial stability

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	45	▨	7.0	Argentina	-8.5
3.02	External vulnerability indicator	42	▨	93.1	Russian Federation	15.4
3.03	Current account balance to GDP	50	▨	–8.3	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	27	▨	53.2	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	10	■	5.5	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	29	▨	15.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	24	■	15.0	Multiple (15)	20.0

4th pillar: Banks

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Size index					
4.01	Size index	35	▨	5.1	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	32	▨	4.9	United Arab Emirates	6.8
4.03	Public ownership of banks	25	■	18.2	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	19	■	1.2	Belgium	57.2
4.05	Private credit bureau coverage	17	■	56.0	Multiple (7)	100.0
4.06	Credit Information Index	31	▨	4.0	Multiple (14)	6.0

5th pillar: Non-banks

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	IPO activity					
5.01	IPO market share	45	▨	0.0	France	31.0
5.02	IPO proceeds amount	44	▨	0.1	Kazakhstan	4.4
5.03	Share of world IPOs	39	▨	0.1	Japan	14.2
	M&A activity					
5.04	M&A market share	45	▨	0.0	United States	44.4
5.05	M&A transaction value to GDP	35	▨	2.4	United Kingdom	14.6
5.06	Share of total number of M&A deals	42	▨	0.1	United States	33.2

Slovak Republic

Financial Development Index in detail *(cont'd.)*

🟦 Development **Advantage** ⬜ Development **Disadvantage**

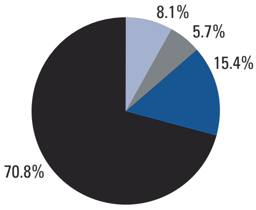
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	41	⬜	1,819.6	United States	1,170,100.6
5.08	Insurance density	26	⬜	336.9	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	n/a		n/a	India	52.6
5.10	Insurance penetration	28	⬜	3.4	United Kingdom	16.5
5.11	Relative value-added of insurance	22	🟦	1.1	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	51	⬜	0.0	United States	22.9
5.13	Share of total number of securitization deals	50	⬜	0.0	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	42	⬜	0.0	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	41	⬜	0.0	United Kingdom	29.9
6.03	Foreign exchange swap turnover	29	⬜	0.1	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	32	⬜	0.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	50	⬜	1.6	Pakistan	374.3
7.05	Stock market capitalization to GDP	47	⬜	8.7	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	28	⬜	3.6	France	7.0
6.12	International bonds to GDP	37	⬜	7.6	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	20	🟦	57.1	Hong Kong SAR	252.3
7.02	Private debt to GDP	47	⬜	1.4	Netherlands	216.2
7.03	Public debt to GDP	30	⬜	4.4	Austria	7.0
7.04	Bank deposits to GDP	32	⬜	47.8	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	47	⬜	8.7	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	23	🟦	4.0	Panama	9.2
7.07	Private credit to GDP	35	⬜	35.9	United States	193.7
7.08	Stock market value traded to GDP	51	⬜	0.2	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	31	⬜	4.8	Switzerland	6.7
7.10	Venture capital availability	29	⬜	3.8	United States	5.3
7.11	Ease of access to credit	1	🟦	5.9	Slovak Republic	5.9
7.12	Ease of access to local equity market	52	⬜	3.5	Sweden	6.2
7.13	Bank branches	24	🟦	10.3	Spain	95.9
7.14	Ease of access to loans	18	🟦	4.4	Norway	5.5

South Africa

Key indicators

Population (millions), 2007	47.9
GDP (US$ billions), 2007	282.6
GDP (current prices, US$) per capita, 2007	5,906.5
GDP (PPP) as share (%) of world total, 2007	0.72
Average annual rate of real GDP growth (%), 2003–07	4.70

Financial assets by major type, 2006



	US$ bn
▨ Public debt securities	81.7
▨ Private debt securities	57.4
■ Banking deposits	155.5
■ Equity securities	715.0
Total	**1,009.6**

Total/GDP: 392.4%

Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**25**	**4.0**
Factors, policies, and institutions		
1st pillar: Institutional environment	**27**	**4.6**
Capital account liberalization	45	1.0
Corporate governance	10	5.7
Legal and regulatory issues	25	4.2
Contract enforcement	19	5.0
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**36**	**4.0**
Human capital	46	3.7
Taxes	20	4.5
Infrastructure	40	3.0
Cost of doing business	41	5.0
3rd pillar: Financial stability	**26**	**4.7**
Risk of a currency crisis	14	5.3
Risk of systemic banking crisis	34	4.2
Risk of sovereign debt crisis	31	4.6
Financial intermediation		
4th pillar: Banks	**22**	**4.1**
Size index	25	3.1
Efficiency index	20	5.1
Financial information disclosure	25	4.0
5th pillar: Non-banks	**23**	**2.4**
IPO activity	34	1.5
M&A activity	22	2.1
Insurance	10	4.4
Securitization	30	1.7
6th pillar: Financial markets	**28**	**2.8**
Foreign exchange markets	22	1.4
Derivatives markets	19	1.6
Equity markets	13	4.7
Bond markets	29	2.7
Capital availability and access		
7th pillar: Size, depth, and access	**21**	**5.3**
Size and depth	20	4.3
Access	25	4.4

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

South Africa

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	45	□	–1.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	2	■	5.7	France	5.7
1.03	Efficacy of corporate boards	4	■	5.7	Sweden	6.1
1.04	Reliance on professional management	13	■	5.8	Sweden	6.4
1.05	Willingness to delegate	22	■	4.6	Sweden	6.3
1.06	Strength of auditing and accounting standards	6	■	6.2	Germany	6.3
1.07	Shareholder rights index	1	■	5.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	26	□	4.7	Finland	6.6
1.09	Protection of minority shareholders' interests	10	■	5.6	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	38	□	2.7	Singapore	5.3
1.11	Centralization of economic policymaking	38	□	2.8	Switzerland	5.9
1.12	Regulation of security exchanges	4	■	6.0	Sweden	6.3
1.13	Property rights	17	■	5.8	Germany	6.7
1.14	Intellectual property protection	19	■	5.2	Germany	6.5
1.15	Diversion of public funds	27	□	4.0	Finland	6.5
1.16	Public trust of politicians	28	□	3.0	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	13	■	4.6	Singapore	6.1
1.18	Judicial independence	16	■	5.5	Germany	6.5
1.19	Irregular payments in judicial decisions	18	■	5.7	Finland	6.8
1.20	Number of procedures to enforce a contract	10	■	30.0	Ireland	20.0
1.21	Time to enforce a contract	37	□	600.0	Singapore	120.0
1.22	Cost of enforcing contracts	44	□	33.2	China	8.8
1.23	Strength of investor protection	8	■	8.0	Singapore	9.3
1.24	Time to close a business	21	■	2.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	19	■	5.2	France	6.0
2.02	Quality of math and science education	51	□	2.4	Singapore	6.3
2.03	Extent of staff training	17	■	5.0	Switzerland	5.9
2.04	Local availability of research and training services	26	□	4.6	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	50	□	3.3	Kuwait	5.8
2.06	Tertiary enrollment	48	□	15.4	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	22	■	5.9	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	7	■	5.0	Singapore	5.7
2.09	Corporate tax rate	28	□	29.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	26	□	4.5	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	50	□	4.8	Switzerland	6.9
2.12	Internet users	48	□	7.8	Netherlands	85.7
2.13	Broadband Internet subscribers	43	□	0.7	Netherlands	31.8
2.14	Telephone lines	46	□	9.9	Switzerland	66.9
2.15	Mobile telephone subscribers	28	□	83.3	Italy	135.1

(Cont'd.)

South Africa

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	22	■	7.1	Ireland	0.3
2.17	Cost of dealing with licenses	14	■	30.4	United Arab Emirates	1.5
2.18	Cost of registering property	46	□	8.8	Saudi Arabia	0.0
2.19	Cost to export	39	□	1,087.0	China	390.0
2.20	Cost to import	38	□	1,195.0	Singapore	367.0
2.21	Cost of enforcing contracts	44	□	33.2	China	8.8
2.22	Cost of closing a business	33	□	18.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	2	■	–4.7	Argentina	-8.5
3.02	External vulnerability indicator	34	□	61.8	Russian Federation	15.4
3.03	Current account balance to GDP	47	□	–6.4	Kuwait	46.1
3.04	Dollarization vulnerability indicator	23	■	5.2	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	7	■	22.4	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	16	■	10.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	1	■	9.0	Multiple (3)	9.0
3.09	Official supervisory power	22	■	10.5	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	1	■	9.0	South Africa	9.0
3.11	Frequency of banking crises	38	□	2.0	Multiple (11)	0.0
3.12	Stability Index	7	■	5.6	India	7.2
3.13	Cumulative real estate appreciation	31	□	74.2	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	22	■	16.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	33	□	13.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	25	■	6.1	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	20	■	5.2	United Arab Emirates	6.8
4.03	Public ownership of banks	1	■	0.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	19	■	52.1	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	29	□	0.3	France	31.0
5.02	IPO proceeds amount	29	□	0.3	Kazakhstan	4.4
5.03	Share of world IPOs	34	□	0.2	Japan	14.2
	M&A activity					
5.04	M&A market share	21	■	0.5	United States	44.4
5.05	M&A transaction value to GDP	15	■	5.8	United Kingdom	14.6
5.06	Share of total number of M&A deals	27	□	0.5	United States	33.2

South Africa

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

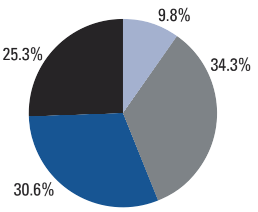
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	16	■	40,730.6	United States	1,170,100.6
5.08	Insurance density	22	■	855.8	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	4	■	19.1	India	52.6
5.10	Insurance penetration	2	■	16.0	United Kingdom	16.5
5.11	Relative value-added of insurance	11	■	1.9	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	31	□	1.6	United States	22.9
5.13	Share of total number of securitization deals	28	□	0.2	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	25	■	0.3	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	22	■	0.2	United Kingdom	29.9
6.03	Foreign exchange swap turnover	21	■	0.4	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	12	■	0.7	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	22	■	0.1	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	13	■	0.3	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	28	□	0.1	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	30	□	0.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	32	□	39.0	Pakistan	374.3
7.05	Stock market capitalization to GDP	3	■	240.4	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	23	■	12.9	United States	114.0
6.11	Public-sector bonds to GDP	20	■	4.5	France	7.0
6.12	International bonds to GDP	36	□	7.8	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	21	■	56.7	Hong Kong SAR	252.3
7.02	Private debt to GDP	25	■	22.5	Netherlands	216.2
7.03	Public debt to GDP	34	□	4.0	Austria	7.0
7.04	Bank deposits to GDP	26	□	56.9	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	3	■	240.4	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	20	■	4.2	Panama	9.2
7.07	Private credit to GDP	15	■	103.6	United States	193.7
7.08	Stock market value traded to GDP	10	■	122.5	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	13	■	6.0	Switzerland	6.7
7.10	Venture capital availability	30	□	3.7	United States	5.3
7.11	Ease of access to credit	14	■	5.3	Slovak Republic	5.9
7.12	Ease of access to local equity market	4	■	6.0	Sweden	6.2
7.13	Bank branches	39	□	6.0	Spain	95.9
7.14	Ease of access to loans	30	□	3.9	Norway	5.5

Spain

Key indicators

Population (millions), 2007	44.9
GDP (US$ billions), 2007	1,439.0
GDP (current prices, US$) per capita, 2007	32,067.0
GDP (PPP) as share (%) of world total, 2007	2.09
Average annual rate of real GDP growth (%), 2003–07	3.53

Financial assets by major type, 2006



Total/GDP: 424.9%

	US$ bn
▨ Public debt securities	513.6
▨ Private debt securities	1,793.8
■ Banking deposits	1,602.6
■ Equity securities	1,323.1
Total	**5,233.0**

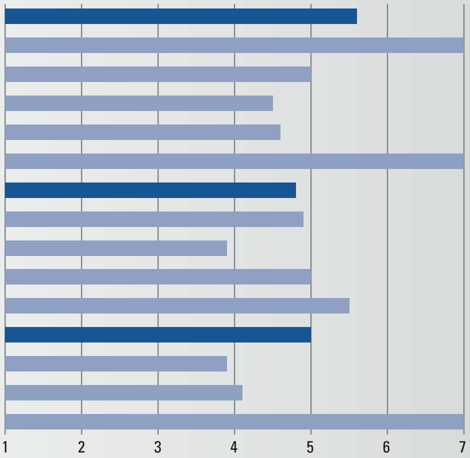
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**12**	**4.9**

Factors, policies, and institutions

INPUTS

1st pillar: Institutional environment	**19**	**5.6**
Capital account liberalization	1	7.0
Corporate governance	23	5.0
Legal and regulatory issues	22	4.5
Contract enforcement	24	4.6
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**24**	**4.8**
Human capital	20	4.9
Taxes	34	3.9
Infrastructure	19	5.0
Cost of doing business	34	5.5
3rd pillar: Financial stability	**22**	**5.0**
Risk of a currency crisis	39	3.9
Risk of systemic banking crisis	36	4.1
Risk of sovereign debt crisis	1	7.0

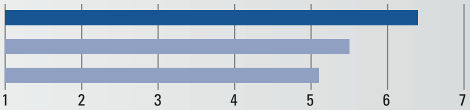


Financial intermediation

4th pillar: Banks	**10**	**4.8**
Size index	9	4.5
Efficiency index	22	5.0
Financial information disclosure	5	5.2
5th pillar: Non-banks	**9**	**3.8**
IPO activity	26	1.8
M&A activity	9	3.7
Insurance	20	3.4
Securitization	3	6.2
6th pillar: Financial markets	**14**	**3.9**
Foreign exchange markets	19	1.7
Derivatives markets	18	1.8
Equity markets	5	5.6
Bond markets	6	4.9

Capital availability and access

7th pillar: Size, depth, and access	**6**	**6.4**
Size and depth	6	5.5
Access	2	5.1



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Spain

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.3	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	23	□	4.9	France	5.7
1.03	Efficacy of corporate boards	27	□	5.0	Sweden	6.1
1.04	Reliance on professional management	26	□	5.2	Sweden	6.4
1.05	Willingness to delegate	31	□	4.2	Sweden	6.3
1.06	Strength of auditing and accounting standards	25	□	5.2	Germany	6.3
1.07	Shareholder rights index	9	■	4.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	23	□	4.9	Finland	6.6
1.09	Protection of minority shareholders' interests	32	□	4.6	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	28	□	3.1	Singapore	5.3
1.11	Centralization of economic policymaking	3	■	5.2	Switzerland	5.9
1.12	Regulation of security exchanges	36	□	4.9	Sweden	6.3
1.13	Property rights	22	□	5.5	Germany	6.7
1.14	Intellectual property protection	22	□	4.9	Germany	6.5
1.15	Diversion of public funds	23	□	4.5	Finland	6.5
1.16	Public trust of politicians	27	□	3.1	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	24	□	4.1	Singapore	6.1
1.18	Judicial independence	35	□	3.8	Germany	6.5
1.19	Irregular payments in judicial decisions	20	□	5.6	Finland	6.8
1.20	Number of procedures to enforce a contract	40	□	39.0	Ireland	20.0
1.21	Time to enforce a contract	30	□	515.0	Singapore	120.0
1.22	Cost of enforcing contracts	18	□	17.2	China	8.8
1.23	Strength of investor protection	34	□	5.0	Singapore	9.3
1.24	Time to close a business	8	■	1.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	5	■	5.8	France	6.0
2.02	Quality of math and science education	35	□	3.9	Singapore	6.3
2.03	Extent of staff training	33	□	4.0	Switzerland	5.9
2.04	Local availability of research and training services	29	□	4.4	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	18	□	4.7	Kuwait	5.8
2.06	Tertiary enrollment	10	■	67.4	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	18	□	6.0	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	40	□	3.9	Singapore	5.7
2.09	Corporate tax rate	47	□	35.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	19	□	5.3	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	29	□	6.0	Switzerland	6.9
2.12	Internet users	20	□	42.8	Netherlands	85.7
2.13	Broadband Internet subscribers	19	□	15.4	Netherlands	31.8
2.14	Telephone lines	13	□	45.8	Switzerland	66.9
2.15	Mobile telephone subscribers	14	□	106.4	Italy	135.1

(Cont'd.)

Spain

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	33	▨	15.1	Ireland	0.3
2.17	Cost of dealing with licenses	21	▨	64.9	United Arab Emirates	1.5
2.18	Cost of registering property	42	▨	7.1	Saudi Arabia	0.0
2.19	Cost to export	33	▨	1,000.0	China	390.0
2.20	Cost to import	27	▨	1,000.0	Singapore	367.0
2.21	Cost of enforcing contracts	18	▨	17.2	China	8.8
2.22	Cost of closing a business	26	▨	15.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	34	▨	3.8	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	51	▨	–8.5	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	14	▨	–60.8	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	29	▨	7.0	Indonesia	16.0
3.07	Entry restrictions for banks	25	▨	7.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	1	■	9.0	Multiple (3)	9.0
3.09	Official supervisory power	18	▨	11.5	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	2	■	8.0	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	24	▨	5.0	India	7.2
3.13	Cumulative real estate appreciation	28	▨	49.0	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	9	■	7.8	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	24	▨	5.1	United Arab Emirates	6.8
4.03	Public ownership of banks	1	■	0.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	3	■	44.9	Belgium	57.2
4.05	Private credit bureau coverage	35	▨	8.3	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	15	▨	1.4	France	31.0
5.02	IPO proceeds amount	31	▨	0.3	Kazakhstan	4.4
5.03	Share of world IPOs	22	▨	0.7	Japan	14.2
	M&A activity					
5.04	M&A market share	7	■	2.8	United States	44.4
5.05	M&A transaction value to GDP	11	■	7.0	United Kingdom	14.6
5.06	Share of total number of M&A deals	8	■	2.7	United States	33.2

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

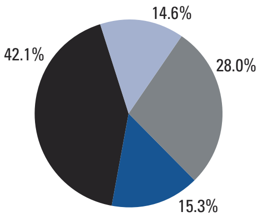
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	10	■	65,813.4	United States	1,170,100.6
5.08	Insurance density	20	□	1,514.6	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	24	□	4.1	India	52.6
5.10	Insurance penetration	21	□	5.4	United Kingdom	16.5
5.11	Relative value-added of insurance	38	□	0.7	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	5	■	10.6	United States	22.9
5.13	Share of total number of securitization deals	10	■	1.4	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	18	□	0.5	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	17	□	0.5	United Kingdom	29.9
6.03	Foreign exchange swap turnover	22	□	0.4	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	20	□	0.2	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	13	□	1.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	14	□	0.3	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	19	□	0.3	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	16	□	0.3	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	3	■	162.4	Pakistan	374.3
7.05	Stock market capitalization to GDP	20	□	90.0	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	7	■	42.1	United States	114.0
6.11	Public-sector bonds to GDP	13	□	5.2	France	7.0
6.12	International bonds to GDP	8	■	57.5	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	n/a		n/a	Hong Kong SAR	252.3
7.02	Private debt to GDP	4	■	146.6	Netherlands	216.2
7.03	Public debt to GDP	27	□	4.7	Austria	7.0
7.04	Bank deposits to GDP	9	■	112.4	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	20	□	90.0	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	16	□	4.6	Panama	9.2
7.07	Private credit to GDP	7	■	151.1	United States	193.7
7.08	Stock market value traded to GDP	8	■	138.5	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	20	□	5.7	Switzerland	6.7
7.10	Venture capital availability	19	□	4.2	United States	5.3
7.11	Ease of access to credit	37	□	4.7	Slovak Republic	5.9
7.12	Ease of access to local equity market	34	□	5.1	Sweden	6.2
7.13	Bank branches	1	■	95.9	Spain	95.9
7.14	Ease of access to loans	29	□	4.0	Norway	5.5

Sweden

Key indicators

Population (millions), 2007	9.2
GDP (US$ billions), 2007	455.3
GDP (current prices, US$) per capita, 2007	49,654.9
GDP (PPP) as share (%) of world total, 2007	0.51
Average annual rate of real GDP growth (%), 2003–07	3.20

Financial assets by major type, 2006



Total/GDP: 345.7%

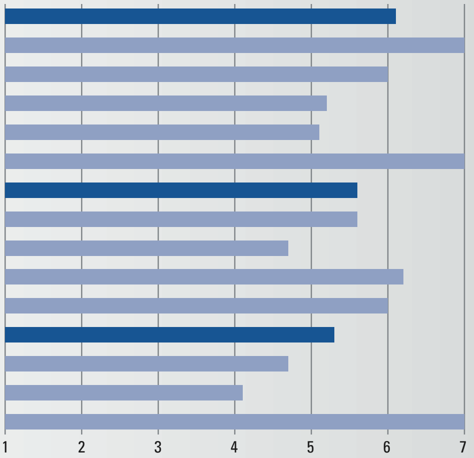
	US$ bn
▨ Public debt securities	198.3
▨ Private debt securities	381.2
■ Banking deposits	207.9
■ Equity securities	573.3
Total	**1,360.6**

Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**13**	**4.7**

Factors, policies, and institutions — **INPUTS**

1st pillar: Institutional environment	**8**	**6.1**
Capital account liberalization	1	7.0
Corporate governance	1	6.0
Legal and regulatory issues	8	5.2
Contract enforcement	18	5.1
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**5**	**5.6**
Human capital	5	5.6
Taxes	13	4.7
Infrastructure	2	6.2
Cost of doing business	9	6.0
3rd pillar: Financial stability	**13**	**5.3**
Risk of a currency crisis	23	4.7
Risk of systemic banking crisis	39	4.1
Risk of sovereign debt crisis	1	7.0

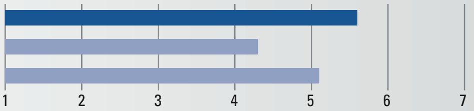


Financial intermediation

4th pillar: Banks	**31**	**3.7**
Size index	20	3.6
Efficiency index	44	3.4
Financial information disclosure	16	4.3
5th pillar: Non-banks	**20**	**2.9**
IPO activity	27	1.8
M&A activity	8	3.8
Insurance	16	3.8
Securitization	24	2.1
6th pillar: Financial markets	**12**	**4.1**
Foreign exchange markets	16	2.1
Derivatives markets	13	3.0
Equity markets	8	5.5
Bond markets	7	4.9

Capital availability and access

7th pillar: Size, depth, and access	**13**	**5.6**
Size and depth	18	4.3
Access	3	5.1



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Sweden

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.3	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	13	■	5.2	France	5.7
1.03	Efficacy of corporate boards	1	■	6.1	Sweden	6.1
1.04	Reliance on professional management	1	■	6.4	Sweden	6.4
1.05	Willingness to delegate	1	■	6.3	Sweden	6.3
1.06	Strength of auditing and accounting standards	2	■	6.3	Germany	6.3
1.07	Shareholder rights index	17	□	3.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	2	■	6.4	Finland	6.6
1.09	Protection of minority shareholders' interests	1	■	6.4	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	23	□	3.2	Singapore	5.3
1.11	Centralization of economic policymaking	30	□	3.3	Switzerland	5.9
1.12	Regulation of security exchanges	1	■	6.3	Sweden	6.3
1.13	Property rights	8	■	6.3	Germany	6.7
1.14	Intellectual property protection	6	■	6.0	Germany	6.5
1.15	Diversion of public funds	2	■	6.4	Finland	6.5
1.16	Public trust of politicians	8	■	5.1	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	7	■	5.1	Singapore	6.1
1.18	Judicial independence	6	■	6.2	Germany	6.5
1.19	Irregular payments in judicial decisions	2	■	6.7	Finland	6.8
1.20	Number of procedures to enforce a contract	10	■	30.0	Ireland	20.0
1.21	Time to enforce a contract	27	□	508.0	Singapore	120.0
1.22	Cost of enforcing contracts	40	□	31.3	China	8.8
1.23	Strength of investor protection	22	□	5.7	Singapore	9.3
1.24	Time to close a business	21	□	2.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	12	■	5.5	France	6.0
2.02	Quality of math and science education	21	□	4.8	Singapore	6.3
2.03	Extent of staff training	2	■	5.8	Switzerland	5.9
2.04	Local availability of research and training services	4	■	5.9	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	19	□	4.7	Kuwait	5.8
2.06	Tertiary enrollment	4	■	79.0	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	1	■	6.8	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	17	□	4.7	Singapore	5.7
2.09	Corporate tax rate	25	□	28.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	9	■	6.0	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	5	■	6.8	Switzerland	6.9
2.12	Internet users	3	■	77.0	Netherlands	85.7
2.13	Broadband Internet subscribers	6	■	25.9	Netherlands	31.8
2.14	Telephone lines	4	■	59.5	Switzerland	66.9
2.15	Mobile telephone subscribers	15	□	105.9	Italy	135.1

(Cont'd.)

Sweden

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	2	■	0.6	Ireland	0.3
2.17	Cost of dealing with licenses	27	▨	106.4	United Arab Emirates	1.5
2.18	Cost of registering property	22	▨	3.0	Saudi Arabia	0.0
2.19	Cost to export	10	■	561.0	China	390.0
2.20	Cost to import	9	■	619.0	Singapore	367.0
2.21	Cost of enforcing contracts	40	▨	31.3	China	8.8
2.22	Cost of closing a business	18	▨	9.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	24	▨	0.8	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	14	▨	7.4	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	10	■	–18.5	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	16	▨	10.0	Indonesia	16.0
3.07	Entry restrictions for banks	33	▨	6.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	23	▨	6.0	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	14	▨	5.3	India	7.2
3.13	Cumulative real estate appreciation	23	▨	36.3	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	20	▨	6.8	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	45	▨	4.2	United Arab Emirates	6.8
4.03	Public ownership of banks	1	■	0.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	▨	0.0	Belgium	57.2
4.05	Private credit bureau coverage	1	■	100.0	Multiple (7)	100.0
4.06	Credit Information Index	31	▨	4.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	27	▨	0.6	France	31.0
5.02	IPO proceeds amount	24	▨	0.4	Kazakhstan	4.4
5.03	Share of world IPOs	20	▨	1.1	Japan	14.2
	M&A activity					
5.04	M&A market share	10	■	1.6	United States	44.4
5.05	M&A transaction value to GDP	2	■	12.7	United Kingdom	14.6
5.06	Share of total number of M&A deals	13	■	1.9	United States	33.2

Sweden

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

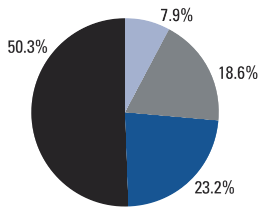
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	19	□	29,182.2	United States	1,170,100.6
5.08	Insurance density	11	■	3,226.2	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	27	□	2.5	India	52.6
5.10	Insurance penetration	13	■	7.6	United Kingdom	16.5
5.11	Relative value-added of insurance	35	□	0.7	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	18	□	3.1	United States	22.9
5.13	Share of total number of securitization deals	29	□	0.2	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	17	□	0.6	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	19	□	0.4	United Kingdom	29.9
6.03	Foreign exchange swap turnover	11	■	1.5	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	5	■	2.6	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	20	□	0.1	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	10	■	0.5	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	31	□	0.1	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	13	■	0.7	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	11	■	117.8	Pakistan	374.3
7.05	Stock market capitalization to GDP	10	■	125.5	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	5	■	42.9	United States	114.0
6.11	Public-sector bonds to GDP	8	■	5.6	France	7.0
6.12	International bonds to GDP	9	■	49.6	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	25	□	48.3	Hong Kong SAR	252.3
7.02	Private debt to GDP	11	■	99.0	Netherlands	216.2
7.03	Public debt to GDP	17	□	5.4	Austria	7.0
7.04	Bank deposits to GDP	34	□	46.4	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	10	■	125.5	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	36	□	2.9	Panama	9.2
7.07	Private credit to GDP	10	■	111.4	United States	193.7
7.08	Stock market value traded to GDP	9	■	129.7	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	6	■	6.3	Switzerland	6.7
7.10	Venture capital availability	7	■	4.9	United States	5.3
7.11	Ease of access to credit	2	■	5.7	Slovak Republic	5.9
7.12	Ease of access to local equity market	1	■	6.2	Sweden	6.2
7.13	Bank branches	15	□	21.8	Spain	95.9
7.14	Ease of access to loans	5	■	5.2	Norway	5.5

Switzerland

Key indicators

Population (millions), 2007	7.3
GDP (US$ billions), 2007	423.9
GDP (current prices, US$) per capita, 2007	58,083.6
GDP (PPP) as share (%) of world total, 2007	0.46
Average annual rate of real GDP growth (%), 2003–07	2.22

Financial assets by major type, 2006



Total/GDP: 620.8%

	US$ bn
▨ Public debt securities	190.1
▨ Private debt securities	447.6
▨ Banking deposits	558.2
■ Equity securities	1,212.5
Total	**2,408.4**

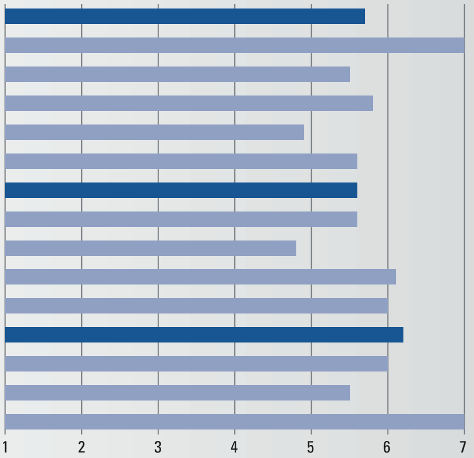
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**7**	**5.2**

Factors, policies, and institutions

INPUTS

1st pillar: Institutional environment	**17**	**5.7**
Capital account liberalization	1	7.0
Corporate governance	14	5.5
Legal and regulatory issues	1	5.8
Contract enforcement	20	4.9
Domestic financial sector liberalization	30	5.6
2nd pillar: Business environment	**6**	**5.6**
Human capital	6	5.6
Taxes	11	4.8
Infrastructure	3	6.1
Cost of doing business	11	6.0
3rd pillar: Financial stability	**2**	**6.2**
Risk of a currency crisis	4	6.0
Risk of systemic banking crisis	7	5.5
Risk of sovereign debt crisis	1	7.0

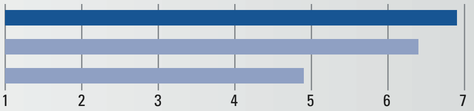


Financial intermediation

4th pillar: Banks	**27**	**3.8**
Size index	3	5.1
Efficiency index	49	2.8
Financial information disclosure	38	3.1
5th pillar: Non-banks	**18**	**3.0**
IPO activity	18	2.5
M&A activity	20	2.2
Insurance	4	5.4
Securitization	28	1.8
6th pillar: Financial markets	**3**	**5.4**
Foreign exchange markets	3	6.9
Derivatives markets	9	4.2
Equity markets	4	5.8
Bond markets	10	4.8

Capital availability and access

7th pillar: Size, depth, and access	**1**	**6.9**
Size and depth	1	6.4
Access	12	4.9



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Switzerland

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.3	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	3	■	5.6	France	5.7
1.03	Efficacy of corporate boards	16	□	5.4	Sweden	6.1
1.04	Reliance on professional management	11	□	5.9	Sweden	6.4
1.05	Willingness to delegate	4	■	5.7	Sweden	6.3
1.06	Strength of auditing and accounting standards	10	■	6.1	Germany	6.3
1.07	Shareholder rights index	25	□	2.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	5	■	6.2	Finland	6.6
1.09	Protection of minority shareholders' interests	20	□	5.3	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	7	■	4.3	Singapore	5.3
1.11	Centralization of economic policymaking	1	■	5.9	Switzerland	5.9
1.12	Regulation of security exchanges	11	□	5.9	Sweden	6.3
1.13	Property rights	2	■	6.6	Germany	6.7
1.14	Intellectual property protection	3	■	6.3	Germany	6.5
1.15	Diversion of public funds	4	■	6.2	Finland	6.5
1.16	Public trust of politicians	3	■	5.5	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	8	■	5.0	Singapore	6.1
1.18	Judicial independence	5	■	6.3	Germany	6.5
1.19	Irregular payments in judicial decisions	8	■	6.6	Finland	6.8
1.20	Number of procedures to enforce a contract	19	□	32.0	Ireland	20.0
1.21	Time to enforce a contract	20	□	417.0	Singapore	120.0
1.22	Cost of enforcing contracts	23	□	21.2	China	8.8
1.23	Strength of investor protection	49	□	3.0	Singapore	9.3
1.24	Time to close a business	32	□	3.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	30	□	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	3	■	6.0	France	6.0
2.02	Quality of math and science education	5	■	5.7	Singapore	6.3
2.03	Extent of staff training	1	■	5.9	Switzerland	5.9
2.04	Local availability of research and training services	1	■	6.0	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	8	■	5.3	Kuwait	5.8
2.06	Tertiary enrollment	30	□	45.8	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	8	■	6.5	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	11	□	4.8	Singapore	5.7
2.09	Corporate tax rate	17	□	25.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	1	■	6.7	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	1	■	6.9	Switzerland	6.9
2.12	Internet users	10	■	58.1	Netherlands	85.7
2.13	Broadband Internet subscribers	5	■	26.5	Netherlands	31.8
2.14	Telephone lines	1	■	66.9	Switzerland	66.9
2.15	Mobile telephone subscribers	19	□	99.0	Italy	135.1

(Cont'd.)

Switzerland

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	11	□	2.1	Ireland	0.3
2.17	Cost of dealing with licenses	16	□	52.7	United Arab Emirates	1.5
2.18	Cost of registering property	4	■	0.4	Saudi Arabia	0.0
2.19	Cost to export	42	□	1,238.0	China	390.0
2.20	Cost to import	42	□	1,333.0	Singapore	367.0
2.21	Cost of enforcing contracts	23	□	21.2	China	8.8
2.22	Cost of closing a business	5	■	4.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	28	□	1.9	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	7	■	15.3	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	1	■	121.3	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	25	□	8.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	1	■	14.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	23	□	6.0	South Africa	9.0
3.11	Frequency of banking crises	1	■	0.0	Multiple (11)	0.0
3.12	Stability Index	6	■	5.6	India	7.2
3.13	Cumulative real estate appreciation	11	□	7.3	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	3	■	8.6	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	50	□	3.8	United Arab Emirates	6.8
4.03	Public ownership of banks	19	□	11.6	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	□	0.0	Belgium	57.2
4.05	Private credit bureau coverage	29	□	24.0	Multiple (7)	100.0
4.06	Credit Information Index	15	□	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	16	□	1.4	France	31.0
5.02	IPO proceeds amount	11	□	1.0	Kazakhstan	4.4
5.03	Share of world IPOs	24	□	0.6	Japan	14.2
	M&A activity					
5.04	M&A market share	19	□	0.7	United States	44.4
5.05	M&A transaction value to GDP	17	□	5.5	United Kingdom	14.6
5.06	Share of total number of M&A deals	19	□	0.9	United States	33.2

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

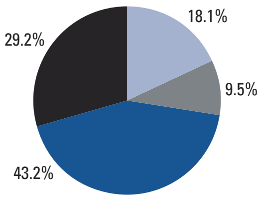
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	15	□	41,757.6	United States	1,170,100.6
5.08	Insurance density	3	■	5,561.9	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	39	□	–1.3	India	52.6
5.10	Insurance penetration	4	■	11.0	United Kingdom	16.5
5.11	Relative value-added of insurance	1	■	4.8	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	28	□	1.9	United States	22.9
5.13	Share of total number of securitization deals	23	□	0.2	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	3	■	8.6	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	6	■	4.1	United Kingdom	29.9
6.03	Foreign exchange swap turnover	4	■	5.4	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	6	■	1.9	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	5	■	3.5	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	25	□	0.0	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	23	□	0.2	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	3	■	4.8	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	15	□	99.3	Pakistan	374.3
7.05	Stock market capitalization to GDP	2	■	280.2	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	13	□	32.4	United States	114.0
6.11	Public-sector bonds to GDP	21	□	4.5	France	7.0
6.12	International bonds to GDP	5	■	74.9	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	3	■	146.7	Hong Kong SAR	252.3
7.02	Private debt to GDP	5	■	117.9	Netherlands	216.2
7.03	Public debt to GDP	16	□	5.5	Austria	7.0
7.04	Bank deposits to GDP	5	■	137.0	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	2	■	280.2	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	2	■	8.9	Panama	9.2
7.07	Private credit to GDP	4	■	168.1	United States	193.7
7.08	Stock market value traded to GDP	3	■	240.7	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	1	■	6.7	Switzerland	6.7
7.10	Venture capital availability	17	□	4.3	United States	5.3
7.11	Ease of access to credit	34	□	4.8	Slovak Republic	5.9
7.12	Ease of access to local equity market	19	□	5.6	Sweden	6.2
7.13	Bank branches	8	■	38.0	Spain	95.9
7.14	Ease of access to loans	15	□	4.4	Norway	5.5

Thailand

Key indicators

Population (millions), 2007	65.7
GDP (US$ billions), 2007	245.7
GDP (current prices, US$) per capita, 2007	3,736.8
GDP (PPP) as share (%) of world total, 2007	0.80
Average annual rate of real GDP growth (%), 2003–07	5.57

Financial assets by major type, 2006

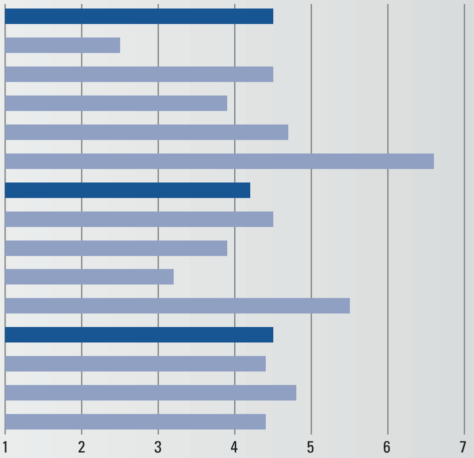


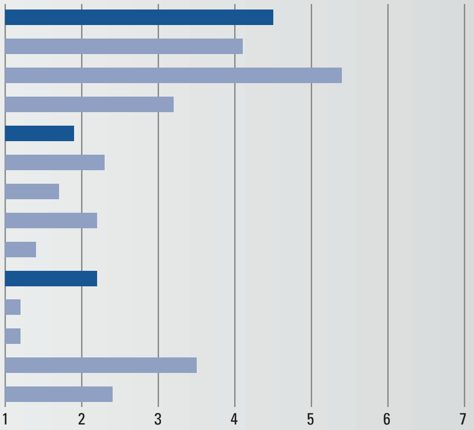
Total/GDP: 234.1%

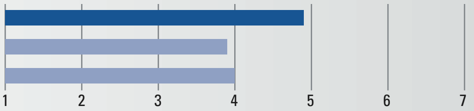
	US$ bn
Public debt securities	87.7
Private debt securities	46.0
Banking deposits	209.0
Equity securities	141.1
Total	**483.9**

Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**29**	**3.8**
Factors, policies, and institutions		
1st pillar: Institutional environment	**30**	**4.5**
Capital account liberalization	37	2.5
Corporate governance	34	4.5
Legal and regulatory issues	27	3.9
Contract enforcement	21	4.7
Domestic financial sector liberalization	24	6.6
2nd pillar: Business environment	**33**	**4.2**
Human capital	27	4.5
Taxes	35	3.9
Infrastructure	36	3.2
Cost of doing business	33	5.5
3rd pillar: Financial stability	**29**	**4.5**
Risk of a currency crisis	29	4.4
Risk of systemic banking crisis	24	4.8
Risk of sovereign debt crisis	32	4.4
Financial intermediation		
4th pillar: Banks	**15**	**4.5**
Size index	13	4.1
Efficiency index	15	5.4
Financial information disclosure	35	3.2
5th pillar: Non-banks	**37**	**1.9**
IPO activity	21	2.3
M&A activity	31	1.7
Insurance	39	2.2
Securitization	40	1.4
6th pillar: Financial markets	**36**	**2.2**
Foreign exchange markets	30	1.2
Derivatives markets	28	1.2
Equity markets	29	3.5
Bond markets	34	2.4
Capital availability and access		
7th pillar: Size, depth, and access	**26**	**4.9**
Size and depth	25	3.9
Access	29	4.0







INPUTS

OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Thailand

Financial Development Index in detail

🟦 Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	37	▨	–0.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	35	▨	4.4	France	5.7
1.03	Efficacy of corporate boards	32	▨	4.8	Sweden	6.1
1.04	Reliance on professional management	30	▨	4.9	Sweden	6.4
1.05	Willingness to delegate	24	🟦	4.5	Sweden	6.3
1.06	Strength of auditing and accounting standards	30	▨	5.0	Germany	6.3
1.07	Shareholder rights index	25	🟦	2.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	36	▨	4.1	Finland	6.6
1.09	Protection of minority shareholders' interests	27	▨	4.9	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	13	🟦	3.8	Singapore	5.3
1.11	Centralization of economic policymaking	39	▨	2.8	Switzerland	5.9
1.12	Regulation of security exchanges	27	▨	5.3	Sweden	6.3
1.13	Property rights	31	▨	5.1	Germany	6.7
1.14	Intellectual property protection	27	▨	4.1	Germany	6.5
1.15	Diversion of public funds	31	▨	3.7	Finland	6.5
1.16	Public trust of politicians	32	▨	2.7	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	27	▨	3.9	Singapore	6.1
1.18	Judicial independence	26	▨	4.7	Germany	6.5
1.19	Irregular payments in judicial decisions	32	▨	4.7	Finland	6.8
1.20	Number of procedures to enforce a contract	27	▨	35.0	Ireland	20.0
1.21	Time to enforce a contract	24	🟦	479.0	Singapore	120.0
1.22	Cost of enforcing contracts	12	🟦	14.3	China	8.8
1.23	Strength of investor protection	17	🟦	6.0	Singapore	9.3
1.24	Time to close a business	27	▨	2.7	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	24	🟦	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	26	▨	4.8	France	6.0
2.02	Quality of math and science education	24	🟦	4.6	Singapore	6.3
2.03	Extent of staff training	26	▨	4.4	Switzerland	5.9
2.04	Local availability of research and training services	39	▨	4.0	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	21	🟦	4.6	Kuwait	5.8
2.06	Tertiary enrollment	29	▨	45.9	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	37	▨	4.7	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	24	🟦	4.3	Singapore	5.7
2.09	Corporate tax rate	30	▨	30.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	21	🟦	5.1	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	28	▨	6.0	Switzerland	6.9
2.12	Internet users	43	▨	13.1	Netherlands	85.7
2.13	Broadband Internet subscribers	48	▨	0.2	Netherlands	31.8
2.14	Telephone lines	45	▨	10.9	Switzerland	66.9
2.15	Mobile telephone subscribers	39	▨	62.9	Italy	135.1

(Cont'd.)

Thailand

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	19	■	5.6	Ireland	0.3
2.17	Cost of dealing with licenses	4	■	10.7	United Arab Emirates	1.5
2.18	Cost of registering property	40	▨	6.3	Saudi Arabia	0.0
2.19	Cost to export	12	■	615.0	China	390.0
2.20	Cost to import	17	■	786.0	Singapore	367.0
2.21	Cost of enforcing contracts	12	■	14.3	China	8.8
2.22	Cost of closing a business	48	▨	36.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	32	▨	3.0	Argentina	-8.5
3.02	External vulnerability indicator	27	▨	44.6	Russian Federation	15.4
3.03	Current account balance to GDP	27	▨	1.6	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	13	■	29.6	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	3	■	13.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	8	■	7.0	Multiple (3)	9.0
3.09	Official supervisory power	13	■	12.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	2	■	8.0	South Africa	9.0
3.11	Frequency of banking crises	38	▨	2.0	Multiple (11)	0.0
3.12	Stability Index	34	▨	4.5	India	7.2
3.13	Cumulative real estate appreciation	10	■	6.1	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	29	▨	15.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	33	▨	13.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	13	■	7.4	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	15	■	5.4	United Arab Emirates	6.8
4.03	Public ownership of banks	23	■	14.5	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	28	▨	27.9	Multiple (7)	100.0
4.06	Credit Information Index	15	■	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	23	■	0.8	France	31.0
5.02	IPO proceeds amount	9	■	1.0	Kazakhstan	4.4
5.03	Share of world IPOs	29	▨	0.4	Japan	14.2
	M&A activity					
5.04	M&A market share	29	▨	0.2	United States	44.4
5.05	M&A transaction value to GDP	28	▨	3.3	United Kingdom	14.6
5.06	Share of total number of M&A deals	24	■	0.6	United States	33.2

Thailand

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

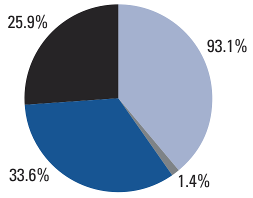
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	30	▨	7,127.9	United States	1,170,100.6
5.08	Insurance density	37	▨	110.1	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	34	▨	0.5	India	52.6
5.10	Insurance penetration	27	▨	3.5	United Kingdom	16.5
5.11	Relative value-added of insurance	n/a		n/a	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	40	▨	0.8	United States	22.9
5.13	Share of total number of securitization deals	32	▨	0.1	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	35	▨	0.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	26	▨	0.2	United Kingdom	29.9
6.03	Foreign exchange swap turnover	28	▨	0.2	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	26	▨	0.0	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	25	■	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	18	■	0.2	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	22	■	0.3	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	34	▨	0.0	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	23	■	74.1	Pakistan	374.3
7.05	Stock market capitalization to GDP	27	▨	62.1	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	17	■	20.3	United States	114.0
6.11	Public-sector bonds to GDP	32	▨	3.1	France	7.0
6.12	International bonds to GDP	40	▨	6.1	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	9	■	105.6	Hong Kong SAR	252.3
7.02	Private debt to GDP	27	▨	22.3	Netherlands	216.2
7.03	Public debt to GDP	26	▨	4.8	Austria	7.0
7.04	Bank deposits to GDP	14	■	94.1	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	27	▨	62.1	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	34	▨	3.0	Panama	9.2
7.07	Private credit to GDP	22	■	86.9	United States	193.7
7.08	Stock market value traded to GDP	28	▨	45.1	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	29	▨	4.8	Switzerland	6.7
7.10	Venture capital availability	35	▨	3.4	United States	5.3
7.11	Ease of access to credit	17	■	5.1	Slovak Republic	5.9
7.12	Ease of access to local equity market	29	▨	5.4	Sweden	6.2
7.13	Bank branches	37	▨	7.2	Spain	95.9
7.14	Ease of access to loans	26	▨	4.1	Norway	5.5

Turkey

Key indicators

Population (millions), 2007	68.9
GDP (US$ billions), 2007	663.4
GDP (current prices, US$) per capita, 2007	9,629.1
GDP (PPP) as share (%) of world total, 2007	1.37
Average annual rate of real GDP growth (%), 2003–07	6.97

Financial assets by major type, 2006



Total/GDP: 118.5%

	US$ bn
▨ Public debt securities	244.9
▨ Private debt securities	8.7
■ Banking deposits	210.6
■ Equity securities	162.4
Total	**626.6**

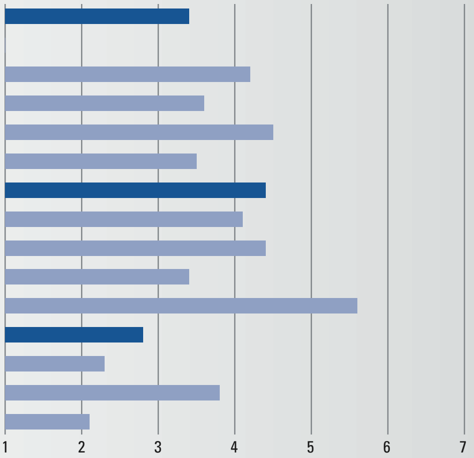
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**39**	**3.3**

INPUTS

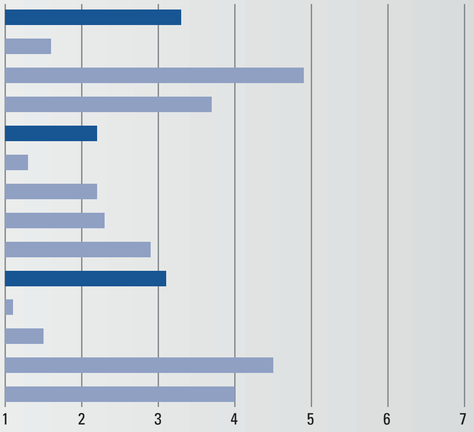
Factors, policies, and institutions

1st pillar: Institutional environment	**44**	**3.4**
Capital account liberalization	46	1.0
Corporate governance	42	4.2
Legal and regulatory issues	34	3.6
Contract enforcement	26	4.5
Domestic financial sector liberalization	42	3.5
2nd pillar: Business environment	**32**	**4.4**
Human capital	35	4.1
Taxes	22	4.4
Infrastructure	32	3.4
Cost of doing business	26	5.6
3rd pillar: Financial stability	**52**	**2.8**
Risk of a currency crisis	49	2.3
Risk of systemic banking crisis	45	3.8
Risk of sovereign debt crisis	46	2.1



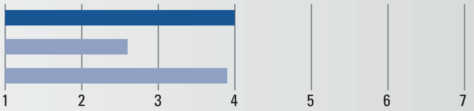
Financial intermediation

4th pillar: Banks	**37**	**3.3**
Size index	47	1.6
Efficiency index	25	4.9
Financial information disclosure	30	3.7
5th pillar: Non-banks	**28**	**2.2**
IPO activity	37	1.3
M&A activity	19	2.2
Insurance	37	2.3
Securitization	19	2.9
6th pillar: Financial markets	**21**	**3.1**
Foreign exchange markets	36	1.1
Derivatives markets	22	1.5
Equity markets	17	4.5
Bond markets	17	4.0



Capital availability and access

7th pillar: Size, depth, and access	**39**	**4.0**
Size and depth	39	2.6
Access	33	3.9



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Turkey

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	46	▨	–1.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	50	▨	3.6	France	5.7
1.03	Efficacy of corporate boards	46	▨	4.3	Sweden	6.1
1.04	Reliance on professional management	40	▨	4.5	Sweden	6.4
1.05	Willingness to delegate	41	▨	3.8	Sweden	6.3
1.06	Strength of auditing and accounting standards	35	▨	4.8	Germany	6.3
1.07	Shareholder rights index	25	■	2.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	27	▨	4.6	Finland	6.6
1.09	Protection of minority shareholders' interests	33	▨	4.6	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	33	▨	2.9	Singapore	5.3
1.11	Centralization of economic policymaking	46	▨	2.3	Switzerland	5.9
1.12	Regulation of security exchanges	29	▨	5.2	Sweden	6.3
1.13	Property rights	35	▨	4.8	Germany	6.7
1.14	Intellectual property protection	40	▨	3.4	Germany	6.5
1.15	Diversion of public funds	28	▨	3.8	Finland	6.5
1.16	Public trust of politicians	31	▨	2.8	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	21	■	4.3	Singapore	6.1
1.18	Judicial independence	28	▨	4.4	Germany	6.5
1.19	Irregular payments in judicial decisions	29	▨	4.9	Finland	6.8
1.20	Number of procedures to enforce a contract	31	▨	36.0	Ireland	20.0
1.21	Time to enforce a contract	21	■	420.0	Singapore	120.0
1.22	Cost of enforcing contracts	21	■	18.8	China	8.8
1.23	Strength of investor protection	30	▨	5.3	Singapore	9.3
1.24	Time to close a business	36	▨	3.3	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	42	▨	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	34	▨	4.3	France	6.0
2.02	Quality of math and science education	33	▨	4.3	Singapore	6.3
2.03	Extent of staff training	31	▨	4.0	Switzerland	5.9
2.04	Local availability of research and training services	31	▨	4.3	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	41	▨	4.0	Kuwait	5.8
2.06	Tertiary enrollment	35	▨	34.6	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	28	▨	5.5	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	41	▨	3.9	Singapore	5.7
2.09	Corporate tax rate	11	■	20.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	33	▨	3.7	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	30	▨	6.0	Switzerland	6.9
2.12	Internet users	38	▨	17.7	Netherlands	85.7
2.13	Broadband Internet subscribers	31	▨	3.7	Netherlands	31.8
2.14	Telephone lines	31	▨	25.4	Switzerland	66.9
2.15	Mobile telephone subscribers	35	▨	71.0	Italy	135.1

(Cont'd.)

Turkey

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	40	▨	20.7	Ireland	0.3
2.17	Cost of dealing with licenses	41	▨	369.9	United Arab Emirates	1.5
2.18	Cost of registering property	24	■	3.1	Saudi Arabia	0.0
2.19	Cost to export	25	■	865.0	China	390.0
2.20	Cost to import	29	▨	1,013.0	Singapore	367.0
2.21	Cost of enforcing contracts	21	■	18.8	China	8.8
2.22	Cost of closing a business	26	▨	15.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	43	▨	6.2	Argentina	-8.5
3.02	External vulnerability indicator	46	▨	149.4	Russian Federation	15.4
3.03	Current account balance to GDP	49	▨	–7.9	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	25	■	52.6	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	50	▨	3.0	Multiple (11)	0.0
3.12	Stability Index	12	■	5.4	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	46	▨	9.1	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	44	▨	8.1	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	47	▨	4.4	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	22	■	5.2	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	12	■	10.3	Belgium	57.2
4.05	Private credit bureau coverage	39	▨	2.7	Multiple (7)	100.0
4.06	Credit Information Index	15	■	5.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	32	▨	0.3	France	31.0
5.02	IPO proceeds amount	37	▨	0.2	Kazakhstan	4.4
5.03	Share of world IPOs	29	▨	0.4	Japan	14.2
	M&A activity					
5.04	M&A market share	16	■	0.8	United States	44.4
5.05	M&A transaction value to GDP	13	■	6.1	United Kingdom	14.6
5.06	Share of total number of M&A deals	31	▨	0.3	United States	33.2

Turkey

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

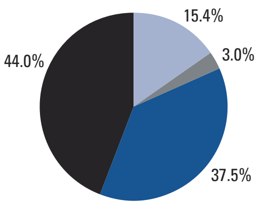
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	31	□	6,617.5	United States	1,170,100.6
5.08	Insurance density	38	□	89.2	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	14	■	12.6	India	52.6
5.10	Insurance penetration	41	□	1.6	United Kingdom	16.5
5.11	Relative value-added of insurance	33	□	0.8	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	10	■	4.2	United States	22.9
5.13	Share of total number of securitization deals	21	■	0.4	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	39	□	0.1	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	27	□	0.2	United Kingdom	29.9
6.03	Foreign exchange swap turnover	31	□	0.1	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	28	□	0.0	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	33	□	0.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	23	■	0.0	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	10	■	1.5	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	22	■	0.1	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	4	■	154.1	Pakistan	374.3
7.05	Stock market capitalization to GDP	35	□	36.5	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	3	■	6.4	France	7.0
6.12	International bonds to GDP	33	□	9.2	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	28	□	44.4	Hong Kong SAR	252.3
7.02	Private debt to GDP	44	□	2.2	Netherlands	216.2
7.03	Public debt to GDP	21	■	5.3	Austria	7.0
7.04	Bank deposits to GDP	40	□	35.7	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	35	□	36.5	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	45	□	1.2	Panama	9.2
7.07	Private credit to GDP	38	□	28.8	United States	193.7
7.08	Stock market value traded to GDP	25	■	56.5	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	28	□	4.9	Switzerland	6.7
7.10	Venture capital availability	46	□	2.9	United States	5.3
7.11	Ease of access to credit	3	■	5.5	Slovak Republic	5.9
7.12	Ease of access to local equity market	24	■	5.5	Sweden	6.2
7.13	Bank branches	31	□	8.5	Spain	95.9
7.14	Ease of access to loans	42	□	3.1	Norway	5.5

Ukraine

Key indicators

Population (millions), 2007	46.1
GDP (US$ billions), 2007	140.5
GDP (current prices, US$) per capita, 2007	3,046.1
GDP (PPP) as share (%) of world total, 2007	0.49
Average annual rate of real GDP growth (%), 2003–07	7.75

Financial assets by major type, 2006



Total/GDP: 91.4%

	US$ bn
▨ Public debt securities	15.0
▨ Private debt securities	3.0
■ Banking deposits	36.5
■ Equity securities	42.9
Total	**97.3**

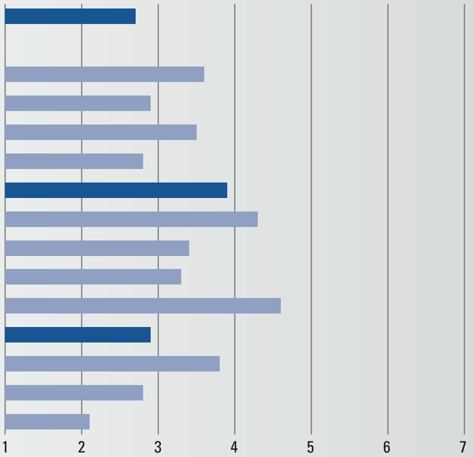
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**51**	**2.7**

Factors, policies, and institutions

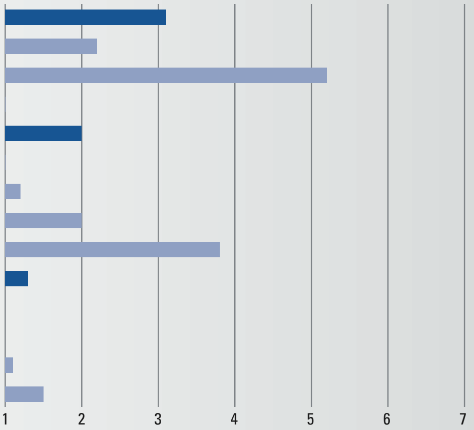
INPUTS

	Rank (out of 52)	Score (1–7 scale)
1st pillar: Institutional environment	**51**	**2.7**
Capital account liberalization	46	1.0
Corporate governance	52	3.6
Legal and regulatory issues	49	2.9
Contract enforcement	44	3.5
Domestic financial sector liberalization	50	2.8
2nd pillar: Business environment	**42**	**3.9**
Human capital	32	4.3
Taxes	46	3.4
Infrastructure	33	3.3
Cost of doing business	46	4.6
3rd pillar: Financial stability	**51**	**2.9**
Risk of a currency crisis	41	3.8
Risk of systemic banking crisis	52	2.8
Risk of sovereign debt crisis	48	2.1



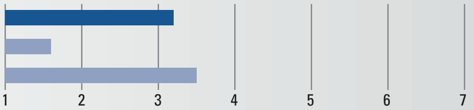
Financial intermediation

	Rank (out of 52)	Score (1–7 scale)
4th pillar: Banks	**39**	**3.1**
Size index	36	2.2
Efficiency index	19	5.2
Financial information disclosure	49	1.0
5th pillar: Non-banks	**33**	**2.0**
IPO activity	45	1.0
M&A activity	45	1.2
Insurance	43	2.0
Securitization	16	3.8
6th pillar: Financial markets	**51**	**1.3**
Foreign exchange markets	n/a	n/a
Derivatives markets	n/a	n/a
Equity markets	51	1.1
Bond markets	43	1.5



Capital availability and access

	Rank (out of 52)	Score (1–7 scale)
7th pillar: Size, depth, and access	**50**	**3.2**
Size and depth	51	1.6
Access	44	3.5



OUTPUTS

Note: For further details and explanation, please refer to “How Read the Country/Economy Profiles.”

Ukraine

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

1st pillar: Institutional environment

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Capital account liberalization					
1.01	Capital account liberalization	46	▨	–1.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	47	▨	3.9	France	5.7
1.03	Efficacy of corporate boards	49	▨	4.2	Sweden	6.1
1.04	Reliance on professional management	51	▨	3.9	Sweden	6.4
1.05	Willingness to delegate	52	▨	3.2	Sweden	6.3
1.06	Strength of auditing and accounting standards	52	▨	3.5	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	52	▨	3.1	Finland	6.6
1.09	Protection of minority shareholders' interests	52	▨	3.1	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	39	▨	2.7	Singapore	5.3
1.11	Centralization of economic policymaking	31	▨	3.3	Switzerland	5.9
1.12	Regulation of security exchanges	52	▨	3.2	Sweden	6.3
1.13	Property rights	49	▨	3.3	Germany	6.7
1.14	Intellectual property protection	49	▨	2.7	Germany	6.5
1.15	Diversion of public funds	43	▨	3.2	Finland	6.5
1.16	Public trust of politicians	47	▨	1.8	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	46	▨	2.5	Singapore	6.1
1.18	Judicial independence	48	▨	2.5	Germany	6.5
1.19	Irregular payments in judicial decisions	45	▨	3.6	Finland	6.8
1.20	Number of procedures to enforce a contract	10	■	30.0	Ireland	20.0
1.21	Time to enforce a contract	14	■	354.0	Singapore	120.0
1.22	Cost of enforcing contracts	47	▨	41.5	China	8.8
1.23	Strength of investor protection	47	▨	3.7	Singapore	9.3
1.24	Time to close a business	31	▨	2.9	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	50	▨	2.0	Multiple (34)	1.0

2nd pillar: Business environment

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	Human capital					
2.01	Quality of management schools	46	▨	3.7	France	6.0
2.02	Quality of math and science education	25	■	4.6	Singapore	6.3
2.03	Extent of staff training	51	▨	3.3	Switzerland	5.9
2.04	Local availability of research and training services	49	▨	3.6	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	49	▨	3.4	Kuwait	5.8
2.06	Tertiary enrollment	6	■	72.8	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	46	▨	4.0	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	51	▨	2.8	Singapore	5.7
2.09	Corporate tax rate	17	■	25.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	40	▨	3.1	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	52	▨	4.7	Switzerland	6.9
2.12	Internet users	34	▨	19.6	Netherlands	85.7
2.13	Broadband Internet subscribers	39	▨	1.1	Netherlands	31.8
2.14	Telephone lines	29	▨	26.8	Switzerland	66.9
2.15	Mobile telephone subscribers	13	■	106.5	Italy	135.1

(Cont'd.)

Ukraine

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	25	■	7.8	Ireland	0.3
2.17	Cost of dealing with licenses	46	□	668.5	United Arab Emirates	1.5
2.18	Cost of registering property	25	■	3.3	Saudi Arabia	0.0
2.19	Cost to export	38	□	1,045.0	China	390.0
2.20	Cost to import	33	□	1,065.0	Singapore	367.0
2.21	Cost of enforcing contracts	47	□	41.5	China	8.8
2.22	Cost of closing a business	51	□	42.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	18	■	0.1	Argentina	-8.5
3.02	External vulnerability indicator	37	□	70.7	Russian Federation	15.4
3.03	Current account balance to GDP	34	□	–1.6	Kuwait	46.1
3.04	Dollarization vulnerability indicator	32	□	53.6	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	21	■	46.4	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	48	□	2.3	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	48	□	9.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	45	□	8.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	36	□	5.0	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	18	■	5.4	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	42	□	0.0	Multiple (7)	100.0
4.06	Credit Information Index	49	□	0.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	44	□	0.0	France	31.0
5.02	IPO proceeds amount	45	□	0.0	Kazakhstan	4.4
5.03	Share of world IPOs	39	□	0.1	Japan	14.2
	M&A activity					
5.04	M&A market share	46	□	0.0	United States	44.4
5.05	M&A transaction value to GDP	43	□	1.0	United Kingdom	14.6
5.06	Share of total number of M&A deals	37	□	0.2	United States	33.2

Ukraine

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

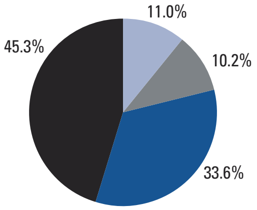
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	39	▨	2,738.6	United States	1,170,100.6
5.08	Insurance density	41	▨	59.6	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	38	▨	–0.8	India	52.6
5.10	Insurance penetration	32	▨	2.8	United Kingdom	16.5
5.11	Relative value-added of insurance	n/a		n/a	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	9	■	4.7	United States	22.9
5.13	Share of total number of securitization deals	16	■	0.9	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	n/a		n/a	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	n/a		n/a	United Kingdom	29.9
6.03	Foreign exchange swap turnover	n/a		n/a	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	48	▨	3.6	Pakistan	374.3
7.05	Stock market capitalization to GDP	n/a		n/a	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	n/a		n/a	France	7.0
6.12	International bonds to GDP	38	▨	7.1	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	32	▨	37.6	Hong Kong SAR	252.3
7.02	Private debt to GDP	42	▨	3.0	Netherlands	216.2
7.03	Public debt to GDP	46	▨	1.9	Austria	7.0
7.04	Bank deposits to GDP	43	▨	33.9	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	n/a		n/a	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	n/a		n/a	Panama	9.2
7.07	Private credit to GDP	n/a		n/a	United States	193.7
7.08	Stock market value traded to GDP	48	▨	1.3	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	50	▨	3.3	Switzerland	6.7
7.10	Venture capital availability	36	▨	3.2	United States	5.3
7.11	Ease of access to credit	48	▨	4.3	Slovak Republic	5.9
7.12	Ease of access to local equity market	50	▨	3.8	Sweden	6.2
7.13	Bank branches	n/a		n/a	Spain	95.9
7.14	Ease of access to loans	40	▨	3.2	Norway	5.5

United Arab Emirates

Key indicators

Population (millions), 2007	4.5
GDP (US$ billions), 2007	192.6
GDP (current prices, US$) per capita, 2007	42,934.1
GDP (PPP) as share (%) of world total, 2007	0.26
Average annual rate of real GDP growth (%), 2003–07	9.31

Financial assets by major type, 2006



Total/GDP: 187.4%

	US$ bn
▨ Public debt securities	33.7
▨ Private debt securities	31.1
■ Banking deposits	102.8
■ Equity securities	138.5
Total	**306.1**

Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**16**	**4.6**

Factors, policies, and institutions

INPUTS

	Rank (out of 52)	Score (1–7 scale)
1st pillar: Institutional environment	**24**	**5.0**
Capital account liberalization	1	7.0
Corporate governance	27	4.7
Legal and regulatory issues	12	5.0
Contract enforcement	37	3.7
Domestic financial sector liberalization	35	4.8
2nd pillar: Business environment	**18**	**5.1**
Human capital	34	4.2
Taxes	1	6.3
Infrastructure	22	4.6
Cost of doing business	31	5.5
3rd pillar: Financial stability	**9**	**5.5**
Risk of a currency crisis	45	3.4
Risk of systemic banking crisis	1	7.0
Risk of sovereign debt crisis	17	6.1

Financial intermediation

	Rank (out of 52)	Score (1–7 scale)
4th pillar: Banks	**4**	**5.3**
Size index	n/a	n/a
Efficiency index	1	7.0
Financial information disclosure	48	1.8
5th pillar: Non-banks	**39**	**1.9**
IPO activity	20	2.4
M&A activity	46	1.2
Insurance	26	2.8
Securitization	49	1.1
6th pillar: Financial markets	**10**	**4.3**
Foreign exchange markets	n/a	n/a
Derivatives markets	n/a	n/a
Equity markets	21	4.3
Bond markets	n/a	n/a

Capital availability and access

	Rank (out of 52)	Score (1–7 scale)
7th pillar: Size, depth, and access	**23**	**5.2**
Size and depth	27	3.7
Access	4	5.1

OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

United Arab Emirates

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	38	▨	4.3	France	5.7
1.03	Efficacy of corporate boards	43	▨	4.6	Sweden	6.1
1.04	Reliance on professional management	33	▨	4.8	Sweden	6.4
1.05	Willingness to delegate	28	▨	4.2	Sweden	6.3
1.06	Strength of auditing and accounting standards	27	▨	5.2	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	18	▨	5.3	Finland	6.6
1.09	Protection of minority shareholders' interests	31	▨	4.6	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	5	■	4.6	Singapore	5.3
1.11	Centralization of economic policymaking	11	■	4.2	Switzerland	5.9
1.12	Regulation of security exchanges	39	▨	4.8	Sweden	6.3
1.13	Property rights	28	▨	5.2	Germany	6.7
1.14	Intellectual property protection	23	▨	4.8	Germany	6.5
1.15	Diversion of public funds	12	■	5.6	Finland	6.5
1.16	Public trust of politicians	5	■	5.4	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	19	▨	4.3	Singapore	6.1
1.18	Judicial independence	24	▨	5.0	Germany	6.5
1.19	Irregular payments in judicial decisions	19	▨	5.6	Finland	6.8
1.20	Number of procedures to enforce a contract	50	▨	50.0	Ireland	20.0
1.21	Time to enforce a contract	39	▨	607.0	Singapore	120.0
1.22	Cost of enforcing contracts	33	▨	26.2	China	8.8
1.23	Strength of investor protection	44	▨	4.3	Singapore	9.3
1.24	Time to close a business	47	▨	5.1	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	35	▨	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	36	▨	4.3	France	6.0
2.02	Quality of math and science education	29	▨	4.5	Singapore	6.3
2.03	Extent of staff training	27	▨	4.4	Switzerland	5.9
2.04	Local availability of research and training services	34	▨	4.1	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	2	■	5.7	Kuwait	5.8
2.06	Tertiary enrollment	44	▨	23.2	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	7	■	6.5	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	3	■	5.5	Singapore	5.7
2.09	Corporate tax rate	1	■	0.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	11	■	6.0	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	15	■	6.6	Switzerland	6.9
2.12	Internet users	22	▨	36.7	Netherlands	85.7
2.13	Broadband Internet subscribers	28	▨	5.2	Netherlands	31.8
2.14	Telephone lines	27	▨	28.1	Switzerland	66.9
2.15	Mobile telephone subscribers	6	■	118.5	Italy	135.1

(Cont'd.)

United Arab Emirates

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	48	□	36.9	Ireland	0.3
2.17	Cost of dealing with licenses	1	■	1.5	United Arab Emirates	1.5
2.18	Cost of registering property	14	■	2.0	Saudi Arabia	0.0
2.19	Cost to export	5	■	462.0	China	390.0
2.20	Cost to import	5	■	462.0	Singapore	367.0
2.21	Cost of enforcing contracts	33	□	26.2	China	8.8
2.22	Cost of closing a business	47	□	30.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	n/a		n/a	Argentina	-8.5
3.02	External vulnerability indicator	48	□	208.9	Russian Federation	15.4
3.03	Current account balance to GDP	4	■	22.6	Kuwait	46.1
3.04	Dollarization vulnerability indicator	n/a		n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	26	□	53.0	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	1	■	0.0	Multiple (11)	0.0
3.12	Stability Index	n/a		n/a	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	17	□	18.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	17	□	18.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	n/a		n/a	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	1	■	6.8	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	17	□	1.4	Belgium	57.2
4.05	Private credit bureau coverage	42	□	0.0	Multiple (7)	100.0
4.06	Credit Information Index	48	□	2.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	26	□	0.7	France	31.0
5.02	IPO proceeds amount	8	■	1.1	Kazakhstan	4.4
5.03	Share of world IPOs	26	□	0.4	Japan	14.2
	M&A activity					
5.04	M&A market share	44	□	0.1	United States	44.4
5.05	M&A transaction value to GDP	45	□	1.0	United Kingdom	14.6
5.06	Share of total number of M&A deals	41	□	0.1	United States	33.2

United Arab Emirates

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

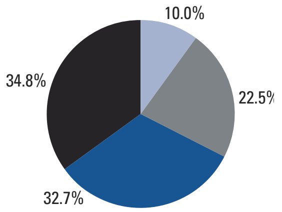
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	40	□	2,726.2	United States	1,170,100.6
5.08	Insurance density	23	□	585.4	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	6	■	18.3	India	52.6
5.10	Insurance penetration	40	□	1.7	United Kingdom	16.5
5.11	Relative value-added of insurance	n/a		n/a	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	47	□	0.3	United States	22.9
5.13	Share of total number of securitization deals	44	□	0.0	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	n/a		n/a	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	n/a		n/a	United Kingdom	29.9
6.03	Foreign exchange swap turnover	n/a		n/a	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	18	□	89.4	Pakistan	374.3
7.05	Stock market capitalization to GDP	n/a		n/a	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	n/a		n/a	France	7.0
6.12	International bonds to GDP	n/a		n/a	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	n/a		n/a	Hong Kong SAR	252.3
7.02	Private debt to GDP	29	□	18.6	Netherlands	216.2
7.03	Public debt to GDP	44	□	2.6	Austria	7.0
7.04	Bank deposits to GDP	n/a		n/a	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	n/a		n/a	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	n/a		n/a	Panama	9.2
7.07	Private credit to GDP	n/a		n/a	United States	193.7
7.08	Stock market value traded to GDP	13	■	110.4	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	30	□	4.8	Switzerland	6.7
7.10	Venture capital availability	12	■	4.5	United States	5.3
7.11	Ease of access to credit	5	■	5.5	Slovak Republic	5.9
7.12	Ease of access to local equity market	26	□	5.5	Sweden	6.2
7.13	Bank branches	n/a		n/a	Spain	95.9
7.14	Ease of access to loans	6	■	5.1	Norway	5.5

United Kingdom

Key indicators

Population (millions), 2007	60.8
GDP (US$ billions), 2007	2,772.6
GDP (current prices, US$) per capita, 2007	45,574.7
GDP (PPP) as share (%) of world total, 2007	3.30
Average annual rate of real GDP growth (%), 2003–07	2.78

Financial assets by major type, 2006



	US$ bn
▨ Public debt securities	1,093.0
■ Private debt securities	2,452.8
■ Banking deposits	3,572.7
■ Equity securities	3,794.3
Total	**10,912.8**

Total/GDP: 454.3%

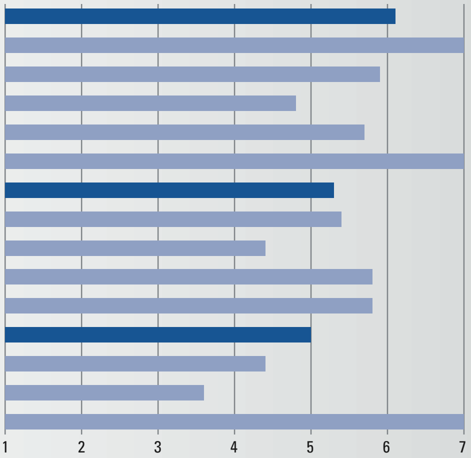
Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**2**	**5.8**

Factors, policies, and institutions

INPUTS

	Rank	Score
1st pillar: Institutional environment	**5**	**6.1**
Capital account liberalization	1	7.0
Corporate governance	2	5.9
Legal and regulatory issues	16	4.8
Contract enforcement	7	5.7
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**11**	**5.3**
Human capital	11	5.4
Taxes	21	4.4
Infrastructure	6	5.8
Cost of doing business	19	5.8
3rd pillar: Financial stability	**23**	**5.0**
Risk of a currency crisis	31	4.4
Risk of systemic banking crisis	49	3.6
Risk of sovereign debt crisis	1	7.0

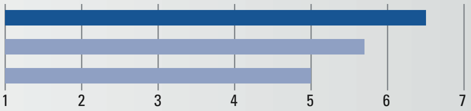


Financial intermediation

	Rank	Score
4th pillar: Banks	**3**	**5.5**
Size index	8	4.8
Efficiency index	4	6.7
Financial information disclosure	11	4.7
5th pillar: Non-banks	**1**	**6.5**
IPO activity	3	5.8
M&A activity	1	7.0
Insurance	1	6.4
Securitization	1	7.0
6th pillar: Financial markets	**2**	**5.9**
Foreign exchange markets	1	7.0
Derivatives markets	1	7.0
Equity markets	2	6.1
Bond markets	14	4.1

Capital availability and access

	Rank	Score
7th pillar: Size, depth, and access	**4**	**6.5**
Size and depth	4	5.7
Access	8	5.0



OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

United Kingdom

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	8	■	5.4	France	5.7
1.03	Efficacy of corporate boards	2	■	5.9	Sweden	6.1
1.04	Reliance on professional management	9	■	5.9	Sweden	6.4
1.05	Willingness to delegate	14	□	5.1	Sweden	6.3
1.06	Strength of auditing and accounting standards	3	■	6.3	Germany	6.3
1.07	Shareholder rights index	1	■	5.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	11	□	5.8	Finland	6.6
1.09	Protection of minority shareholders' interests	3	■	5.9	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	26	□	3.2	Singapore	5.3
1.11	Centralization of economic policymaking	32	□	3.1	Switzerland	5.9
1.12	Regulation of security exchanges	16	□	5.8	Sweden	6.3
1.13	Property rights	15	□	6.1	Germany	6.7
1.14	Intellectual property protection	7	■	6.0	Germany	6.5
1.15	Diversion of public funds	11	□	5.8	Finland	6.5
1.16	Public trust of politicians	15	□	3.8	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	4	■	5.3	Singapore	6.1
1.18	Judicial independence	9	■	6.0	Germany	6.5
1.19	Irregular payments in judicial decisions	14	□	6.2	Finland	6.8
1.20	Number of procedures to enforce a contract	10	■	30.0	Ireland	20.0
1.21	Time to enforce a contract	17	□	404.0	Singapore	120.0
1.22	Cost of enforcing contracts	26	□	23.4	China	8.8
1.23	Strength of investor protection	8	■	8.0	Singapore	9.3
1.24	Time to close a business	8	■	1.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	9	■	5.6	France	6.0
2.02	Quality of math and science education	27	□	4.5	Singapore	6.3
2.03	Extent of staff training	15	□	5.2	Switzerland	5.9
2.04	Local availability of research and training services	5	■	5.9	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	10	■	5.2	Kuwait	5.8
2.06	Tertiary enrollment	17	□	59.3	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	15	□	6.2	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	18	□	4.6	Singapore	5.7
2.09	Corporate tax rate	30	□	30.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	17	□	5.5	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	16	□	6.5	Switzerland	6.9
2.12	Internet users	8	■	63.2	Netherlands	85.7
2.13	Broadband Internet subscribers	10	■	21.7	Netherlands	31.8
2.14	Telephone lines	5	■	56.1	Switzerland	66.9
2.15	Mobile telephone subscribers	7	■	116.6	Italy	135.1

(Cont'd.)

United Kingdom

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	4	■	0.8	Ireland	0.3
2.17	Cost of dealing with licenses	20	▨	64.6	United Arab Emirates	1.5
2.18	Cost of registering property	29	▨	4.1	Saudi Arabia	0.0
2.19	Cost to export	29	▨	940.0	China	390.0
2.20	Cost to import	40	▨	1,267.0	Singapore	367.0
2.21	Cost of enforcing contracts	26	▨	23.4	China	8.8
2.22	Cost of closing a business	13	▨	6.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	16	▨	0.0	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	41	▨	–3.4	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	12	▨	–21.9	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	37	▨	4.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	13	▨	6.0	Multiple (3)	9.0
3.09	Official supervisory power	27	▨	9.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	10	■	7.0	South Africa	9.0
3.11	Frequency of banking crises	38	▨	2.0	Multiple (11)	0.0
3.12	Stability Index	16	▨	5.3	India	7.2
3.13	Cumulative real estate appreciation	29	▨	49.6	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	8	■	8.1	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	4	■	6.2	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	▨	0.0	Belgium	57.2
4.05	Private credit bureau coverage	10	■	84.6	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	5	■	6.8	France	31.0
5.02	IPO proceeds amount	14	▨	0.8	Kazakhstan	4.4
5.03	Share of world IPOs	3	■	10.4	Japan	14.2
	M&A activity					
5.04	M&A market share	2	■	11.3	United States	44.4
5.05	M&A transaction value to GDP	1	■	14.6	United Kingdom	14.6
5.06	Share of total number of M&A deals	2	■	9.5	United States	33.2

United Kingdom

Financial Development Index in detail *(cont'd.)*

🟦 Development **Advantage** ▨ Development **Disadvantage**

5th pillar: Non-banks *(cont'd.)*

Insurance

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
5.07	Insurance premiums, direct	3	🟦	418,366.4	United States	1,170,100.6
5.08	Insurance density	1	🟦	6,466.7	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	3	🟦	20.1	India	52.6
5.10	Insurance penetration	1	🟦	16.5	United Kingdom	16.5
5.11	Relative value-added of insurance	6	🟦	2.6	Switzerland	4.8

Securitization

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
5.12	Securitization to GDP	3	🟦	16.3	United States	22.9
5.13	Share of total number of securitization deals	3	🟦	3.9	United States	64.9

6th pillar: Financial markets

Foreign exchange markets

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
6.01	Spot foreign exchange turnover	1	🟦	26.6	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	1	🟦	29.9	United Kingdom	29.9
6.03	Foreign exchange swap turnover	1	🟦	42.0	United Kingdom	42.0

Derivatives markets

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
6.04	Interest rate derivatives turnover: Forward rate agreements	1	🟦	45.6	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	1	🟦	46.0	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	2	🟦	34.3	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	1	🟦	47.6	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	1	🟦	42.6	United Kingdom	42.6

Equity market development

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
6.09	Equity market turnover	6	🟦	140.7	Pakistan	374.3
7.05	Stock market capitalization to GDP	6	🟦	139.2	Hong Kong SAR	713.3

Bond market development

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
6.10	Private-sector bonds to GDP	22	▨	15.9	United States	114.0
6.11	Public-sector bonds to GDP	24	▨	4.3	France	7.0
6.12	International bonds to GDP	7	🟦	67.6	Netherlands	121.7

7th pillar: Size, depth, and access

Size and depth

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
7.01	M2 to GDP	7	🟦	124.8	Hong Kong SAR	252.3
7.02	Private debt to GDP	7	🟦	104.6	Netherlands	216.2
7.03	Public debt to GDP	23	▨	5.0	Austria	7.0
7.04	Bank deposits to GDP	6	🟦	130.6	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	6	🟦	139.2	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	12	▨	5.0	Panama	9.2
7.07	Private credit to GDP	6	🟦	163.9	United States	193.7
7.08	Stock market value traded to GDP	4	🟦	189.3	Saudi Arabia	356.2

Access

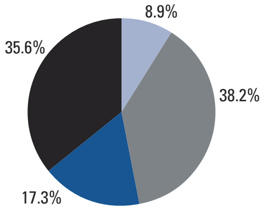
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
7.09	Financial market sophistication	2	🟦	6.7	Switzerland	6.7
7.10	Venture capital availability	6	🟦	5.1	United States	5.3
7.11	Ease of access to credit	26	▨	5.0	Slovak Republic	5.9
7.12	Ease of access to local equity market	9	🟦	5.7	Sweden	6.2
7.13	Bank branches	17	▨	18.3	Spain	95.9
7.14	Ease of access to loans	3	🟦	5.3	Norway	5.5

United States

Key indicators

Population (millions), 2007	302.0
GDP (US$ billions), 2007	13,843.8
GDP (current prices, US$) per capita, 2007	45,845.5
GDP (PPP) as share (%) of world total, 2007	21.36
Average annual rate of real GDP growth (%), 2003–07	2.86

Financial assets by major type, 2006



Total/GDP: 413.0%

	US$ bn
▨ Public debt securities	4,843.0
▨ Private debt securities	20,815.7
■ Banking deposits	9,415.1
■ Equity securities	19,425.9
Total	**54,499.7**

Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**1**	**5.9**

INPUTS

Factors, policies, and institutions

1st pillar: Institutional environment	**12**	**6.0**
Capital account liberalization	1	7.0
Corporate governance	8	5.7
Legal and regulatory issues	17	4.7
Contract enforcement	10	5.5
Domestic financial sector liberalization	1	7.0
2nd pillar: Business environment	**12**	**5.3**
Human capital	2	5.7
Taxes	38	3.7
Infrastructure	12	5.6
Cost of doing business	5	6.3
3rd pillar: Financial stability	**10**	**5.5**
Risk of a currency crisis	25	4.7
Risk of systemic banking crisis	22	4.8
Risk of sovereign debt crisis	1	7.0

Financial intermediation

4th pillar: Banks	**1**	**5.8**
Size index	4	5.0
Efficiency index	1	7.0
Financial information disclosure	9	5.0
5th pillar: Non-banks	**2**	**6.1**
IPO activity	5	5.3
M&A activity	2	6.4
Insurance	3	5.5
Securitization	1	7.0
6th pillar: Financial markets	**1**	**6.1**
Foreign exchange markets	1	7.0
Derivatives markets	1	7.0
Equity markets	3	5.8
Bond markets	2	5.3

Capital availability and access

7th pillar: Size, depth, and access	**8**	**6.1**
Size and depth	8	5.2
Access	7	5.1

OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

United States

Financial Development Index in detail

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	1	■	2.6	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	5	■	5.5	France	5.7
1.03	Efficacy of corporate boards	14	▨	5.5	Sweden	6.1
1.04	Reliance on professional management	15	▨	5.7	Sweden	6.4
1.05	Willingness to delegate	8	■	5.3	Sweden	6.3
1.06	Strength of auditing and accounting standards	19	▨	5.8	Germany	6.3
1.07	Shareholder rights index	1	■	5.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	21	▨	5.1	Finland	6.6
1.09	Protection of minority shareholders' interests	17	▨	5.5	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	19	▨	3.5	Singapore	5.3
1.11	Centralization of economic policymaking	8	■	4.6	Switzerland	5.9
1.12	Regulation of security exchanges	24	▨	5.5	Sweden	6.3
1.13	Property rights	21	▨	5.5	Germany	6.7
1.14	Intellectual property protection	17	▨	5.4	Germany	6.5
1.15	Diversion of public funds	18	▨	4.9	Finland	6.5
1.16	Public trust of politicians	21	▨	3.3	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	18	▨	4.4	Singapore	6.1
1.18	Judicial independence	23	▨	5.1	Germany	6.5
1.19	Irregular payments in judicial decisions	25	▨	5.0	Finland	6.8
1.20	Number of procedures to enforce a contract	19	▨	32.0	Ireland	20.0
1.21	Time to enforce a contract	9	■	300.0	Singapore	120.0
1.22	Cost of enforcing contracts	2	■	9.4	China	8.8
1.23	Strength of investor protection	4	■	8.3	Singapore	9.3
1.24	Time to close a business	15	▨	1.5	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	1	■	1.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	6	■	5.8	France	6.0
2.02	Quality of math and science education	26	▨	4.5	Singapore	6.3
2.03	Extent of staff training	10	■	5.4	Switzerland	5.9
2.04	Local availability of research and training services	2	■	6.0	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	4	■	5.6	Kuwait	5.8
2.06	Tertiary enrollment	3	■	81.8	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	31	▨	5.3	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	36	▨	4.0	Singapore	5.7
2.09	Corporate tax rate	47	▨	35.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	8	■	6.1	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	19	▨	6.4	Switzerland	6.9
2.12	Internet users	6	■	69.8	Netherlands	85.7
2.13	Broadband Internet subscribers	14	▨	20.1	Netherlands	31.8
2.14	Telephone lines	7	■	55.6	Switzerland	66.9
2.15	Mobile telephone subscribers	30	▨	80.3	Italy	135.1

(Cont'd.)

United States

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	3	■	0.7	Ireland	0.3
2.17	Cost of dealing with licenses	6	■	13.4	United Arab Emirates	1.5
2.18	Cost of registering property	5	■	0.5	Saudi Arabia	0.0
2.19	Cost to export	30	▨	960.0	China	390.0
2.20	Cost to import	37	▨	1,160.0	Singapore	367.0
2.21	Cost of enforcing contracts	2	■	9.4	China	8.8
2.22	Cost of closing a business	14	▨	7.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	3	■	–4.6	Argentina	-8.5
3.02	External vulnerability indicator	1	■	n/a	Russian Federation	15.4
3.03	Current account balance to GDP	48	▨	–6.5	Kuwait	46.1
3.04	Dollarization vulnerability indicator	1	■	n/a	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	n/a		n/a	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	11	▨	–19.2	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	8	■	11.0	Indonesia	16.0
3.07	Entry restrictions for banks	1	■	8.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	13	▨	6.0	Multiple (3)	9.0
3.09	Official supervisory power	5	■	13.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	10	■	7.0	South Africa	9.0
3.11	Frequency of banking crises	12	▨	1.0	Multiple (11)	0.0
3.12	Stability Index	4	■	5.8	India	7.2
3.13	Cumulative real estate appreciation	20	▨	31.3	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	1	■	20.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	1	■	20.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	4	■	8.4	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	2	■	6.7	United Arab Emirates	6.8
4.03	Public ownership of banks	1	■	0.0	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	▨	0.0	Belgium	57.2
4.05	Private credit bureau coverage	1	■	100.0	Multiple (7)	100.0
4.06	Credit Information Index	1	■	6.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	3	■	16.8	France	31.0
5.02	IPO proceeds amount	30	▨	0.3	Kazakhstan	4.4
5.03	Share of world IPOs	2	■	14.1	Japan	14.2
	M&A activity					
5.04	M&A market share	1	■	44.4	United States	44.4
5.05	M&A transaction value to GDP	7	■	10.2	United Kingdom	14.6
5.06	Share of total number of M&A deals	1	■	33.2	United States	33.2

United States

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

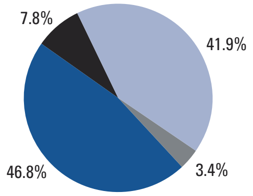
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	1	■	1,170,100.6	United States	1,170,100.6
5.08	Insurance density	5	■	3,923.7	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	29	□	2.1	India	52.6
5.10	Insurance penetration	12	□	8.8	United Kingdom	16.5
5.11	Relative value-added of insurance	9	■	2.4	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	1	■	22.9	United States	22.9
5.13	Share of total number of securitization deals	1	■	64.9	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	2	■	24.7	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	2	■	27.4	United Kingdom	29.9
6.03	Foreign exchange swap turnover	2	■	11.1	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	2	■	27.2	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	2	■	20.6	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	1	■	42.6	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	2	■	17.3	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	2	■	30.1	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	9	■	128.0	Pakistan	374.3
7.05	Stock market capitalization to GDP	8	■	135.4	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	1	■	114.0	United States	114.0
6.11	Public-sector bonds to GDP	5	■	6.1	France	7.0
6.12	International bonds to GDP	21	□	27.8	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	13	□	72.4	Hong Kong SAR	252.3
7.02	Private debt to GDP	3	■	157.7	Netherlands	216.2
7.03	Public debt to GDP	31	□	4.4	Austria	7.0
7.04	Bank deposits to GDP	22	□	69.1	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	8	■	135.4	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	11	□	5.3	Panama	9.2
7.07	Private credit to GDP	1	■	193.7	United States	193.7
7.08	Stock market value traded to GDP	5	■	173.2	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	4	■	6.3	Switzerland	6.7
7.10	Venture capital availability	1	■	5.3	United States	5.3
7.11	Ease of access to credit	21	□	5.1	Slovak Republic	5.9
7.12	Ease of access to local equity market	11	□	5.7	Sweden	6.2
7.13	Bank branches	10	■	30.9	Spain	95.9
7.14	Ease of access to loans	7	■	5.1	Norway	5.5

Venezuela

Key indicators

Population (millions), 2007	27.5
GDP (US$ billions), 2007	236.4
GDP (current prices, US$) per capita, 2007	8,596.0
GDP (PPP) as share (%) of world total, 2007	0.51
Average annual rate of real GDP growth (%), 2003–07	7.92

Financial assets by major type, 2006



	US$ bn
Public debt securities	44.1
Private debt securities	3.6
Banking deposits	49.4
Equity securities	8.3
Total	**105.4**

Total/GDP: 57.2%

Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**52**	**2.7**

Factors, policies, and institutions

INPUTS

	Rank (out of 52)	Score (1–7 scale)
1st pillar: Institutional environment	**52**	**2.4**
Capital account liberalization	44	1.4
Corporate governance	51	3.8
Legal and regulatory issues	52	2.1
Contract enforcement	52	2.7
Domestic financial sector liberalization	52	2.0
2nd pillar: Business environment	**51**	**3.2**
Human capital	44	3.7
Taxes	51	2.8
Infrastructure	43	2.8
Cost of doing business	51	3.6
3rd pillar: Financial stability	**41**	**3.9**
Risk of a currency crisis	10	5.7
Risk of systemic banking crisis	37	4.1
Risk of sovereign debt crisis	51	1.9

Financial intermediation

	Rank (out of 52)	Score (1–7 scale)
4th pillar: Banks	**47**	**2.8**
Size index	46	1.6
Efficiency index	23	4.9
Financial information disclosure	49	1.0
5th pillar: Non-banks	**45**	**1.6**
IPO activity	n/a	n/a
M&A activity	49	1.1
Insurance	31	2.6
Securitization	45	1.2
6th pillar: Financial markets	**43**	**1.9**
Foreign exchange markets	n/a	n/a
Derivatives markets	n/a	n/a
Equity markets	52	1.1
Bond markets	30	2.7

Capital availability and access

	Rank (out of 52)	Score (1–7 scale)
7th pillar: Size, depth, and access	**51**	**3.2**
Size and depth	50	1.6
Access	47	3.3

▼ **OUTPUTS**

Note: For further details and explanation, please refer to “How Read the Country/Economy Profiles.”

Venezuela

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	44	□	0.0	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	33	□	4.5	France	5.7
1.03	Efficacy of corporate boards	48	□	4.3	Sweden	6.1
1.04	Reliance on professional management	39	□	4.5	Sweden	6.4
1.05	Willingness to delegate	50	□	3.4	Sweden	6.3
1.06	Strength of auditing and accounting standards	47	□	4.1	Germany	6.3
1.07	Shareholder rights index	33	□	1.0	Multiple (8)	5.0
1.08	Ethical behavior of firms	50	□	3.3	Finland	6.6
1.09	Protection of minority shareholders' interests	47	□	3.9	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	52	□	1.6	Singapore	5.3
1.11	Centralization of economic policymaking	52	□	1.1	Switzerland	5.9
1.12	Regulation of security exchanges	40	□	4.5	Sweden	6.3
1.13	Property rights	52	□	2.3	Germany	6.7
1.14	Intellectual property protection	52	□	2.1	Germany	6.5
1.15	Diversion of public funds	52	□	1.5	Finland	6.5
1.16	Public trust of politicians	52	□	1.3	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	52	□	1.6	Singapore	6.1
1.18	Judicial independence	52	□	1.2	Germany	6.5
1.19	Irregular payments in judicial decisions	52	□	2.5	Finland	6.8
1.20	Number of procedures to enforce a contract	9	■	29.0	Ireland	20.0
1.21	Time to enforce a contract	28	□	510.0	Singapore	120.0
1.22	Cost of enforcing contracts	48	□	43.7	China	8.8
1.23	Strength of investor protection	50	□	2.7	Singapore	9.3
1.24	Time to close a business	39	□	4.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	52	□	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	37	□	4.2	France	6.0
2.02	Quality of math and science education	48	□	2.9	Singapore	6.3
2.03	Extent of staff training	48	□	3.5	Switzerland	5.9
2.04	Local availability of research and training services	52	□	3.2	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	51	□	3.3	Kuwait	5.8
2.06	Tertiary enrollment	23	■	52.0	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	43	□	4.3	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	52	□	2.2	Singapore	5.7
2.09	Corporate tax rate	44	□	34.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	51	□	2.5	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	45	□	5.2	Switzerland	6.9
2.12	Internet users	41	□	14.5	Netherlands	85.7
2.13	Broadband Internet subscribers	36	□	2.0	Netherlands	31.8
2.14	Telephone lines	42	□	15.5	Switzerland	66.9
2.15	Mobile telephone subscribers	36	□	69.0	Italy	135.1

(Cont'd.)

Venezuela

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	43	□	28.2	Ireland	0.3
2.17	Cost of dealing with licenses	40	□	326.0	United Arab Emirates	1.5
2.18	Cost of registering property	15	■	2.2	Saudi Arabia	0.0
2.19	Cost to export	50	□	2,400.0	China	390.0
2.20	Cost to import	49	□	2,400.0	Singapore	367.0
2.21	Cost of enforcing contracts	48	□	43.7	China	8.8
2.22	Cost of closing a business	49	□	38.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	17	■	0.0	Argentina	-8.5
3.02	External vulnerability indicator	31	□	51.2	Russian Federation	15.4
3.03	Current account balance to GDP	8	■	14.9	Kuwait	46.1
3.04	Dollarization vulnerability indicator	22	■	1.3	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	8	■	24.3	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	25	■	7.0	Multiple (24)	8.0
3.08	Capital restrictions for banks	28	□	3.0	Multiple (3)	9.0
3.09	Official supervisory power	5	■	13.0	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	38	□	2.0	Multiple (11)	0.0
3.12	Stability Index	31	□	4.6	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	51	□	8.0	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	47	□	8.0	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	46	□	4.4	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	25	■	5.1	United Arab Emirates	6.8
4.03	Public ownership of banks	18	■	9.9	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	21	■	0.0	Belgium	57.2
4.05	Private credit bureau coverage	42	□	0.0	Multiple (7)	100.0
4.06	Credit Information Index	49	□	0.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	n/a		n/a	France	31.0
5.02	IPO proceeds amount	n/a		n/a	Kazakhstan	4.4
5.03	Share of world IPOs	n/a		n/a	Japan	14.2
	M&A activity					
5.04	M&A market share	48	□	0.0	United States	44.4
5.05	M&A transaction value to GDP	49	□	0.3	United Kingdom	14.6
5.06	Share of total number of M&A deals	46	□	0.1	United States	33.2

Venezuela

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

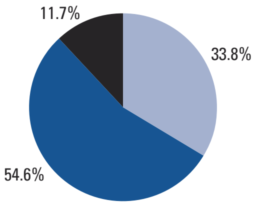
	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	34	▨	4,886.1	United States	1,170,100.6
5.08	Insurance density	31	▨	179.5	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	2	■	31.8	India	52.6
5.10	Insurance penetration	35	▨	2.7	United Kingdom	16.5
5.11	Relative value-added of insurance	42	▨	0.4	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	43	▨	0.7	United States	22.9
5.13	Share of total number of securitization deals	44	▨	0.0	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	n/a		n/a	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	n/a		n/a	United Kingdom	29.9
6.03	Foreign exchange swap turnover	n/a		n/a	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	47	▨	4.4	Pakistan	374.3
7.05	Stock market capitalization to GDP	49	▨	3.1	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	34	▨	0.3	United States	114.0
6.11	Public-sector bonds to GDP	17	■	4.9	France	7.0
6.12	International bonds to GDP	24	■	16.9	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	41	▨	19.2	Hong Kong SAR	252.3
7.02	Private debt to GDP	45	▨	2.0	Netherlands	216.2
7.03	Public debt to GDP	41	▨	3.0	Austria	7.0
7.04	Bank deposits to GDP	49	▨	20.1	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	49	▨	3.1	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	21	■	4.1	Panama	9.2
7.07	Private credit to GDP	48	▨	10.5	United States	193.7
7.08	Stock market value traded to GDP	50	▨	0.4	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	45	▨	3.8	Switzerland	6.7
7.10	Venture capital availability	51	▨	2.7	United States	5.3
7.11	Ease of access to credit	32	▨	4.8	Slovak Republic	5.9
7.12	Ease of access to local equity market	48	▨	4.0	Sweden	6.2
7.13	Bank branches	42	▨	4.4	Spain	95.9
7.14	Ease of access to loans	39	▨	3.3	Norway	5.5

Vietnam

Key indicators

Population (millions), 2007	85.6
GDP (US$ billions), 2007	70.0
GDP (current prices, US$) per capita, 2007	818.1
GDP (PPP) as share (%) of world total, 2007	0.34
Average annual rate of real GDP growth (%), 2003–07	8.05

Financial assets by major type, 2006



Total/GDP: 127.7%

	US$ bn
▨ Public debt securities	26.3
▨ Private debt securities	n/a
▨ Banking deposits	42.5
■ Equity securities	9.1
Total	**77.9**

Financial Development Index 2008

	Rank (out of 52)	Score (1–7 scale)
2008 Index	**49**	**3.0**

INPUTS

Factors, policies, and institutions

	Rank (out of 52)	Score (1–7 scale)
1st pillar: Institutional environment	**50**	**3.1**
Capital account liberalization	46	1.0
Corporate governance	45	4.1
Legal and regulatory issues	42	3.4
Contract enforcement	43	3.5
Domestic financial sector liberalization	47	3.2
2nd pillar: Business environment	**46**	**3.6**
Human capital	51	3.2
Taxes	52	2.7
Infrastructure	44	2.7
Cost of doing business	24	5.6
3rd pillar: Financial stability	**40**	**4.0**
Risk of a currency crisis	34	4.2
Risk of systemic banking crisis	8	5.5
Risk of sovereign debt crisis	42	2.3

Financial intermediation

	Rank (out of 52)	Score (1–7 scale)
4th pillar: Banks	**28**	**3.8**
Size index	24	3.1
Efficiency index	24	4.9
Financial information disclosure	40	2.8
5th pillar: Non-banks	**50**	**1.4**
IPO activity	40	1.2
M&A activity	48	1.1
Insurance	45	1.8
Securitization	36	1.6
6th pillar: Financial markets	**52**	**1.2**
Foreign exchange markets	n/a	n/a
Derivatives markets	n/a	n/a
Equity markets	49	1.2
Bond markets	47	1.2

Capital availability and access

	Rank (out of 52)	Score (1–7 scale)
7th pillar: Size, depth, and access	**36**	**4.2**
Size and depth	35	2.9
Access	35	3.8

OUTPUTS

Note: For further details and explanation, please refer to "How Read the Country/Economy Profiles."

Vietnam

Financial Development Index in detail

■ Development **Advantage** □ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	1st pillar: Institutional environment					
	Capital account liberalization					
1.01	Capital account liberalization	46	□	–1.1	Multiple (15)	2.6
	Corporate governance					
1.02	Extent of incentive-based compensation	42	□	4.3	France	5.7
1.03	Efficacy of corporate boards	44	□	4.5	Sweden	6.1
1.04	Reliance on professional management	47	□	4.2	Sweden	6.4
1.05	Willingness to delegate	45	□	3.6	Sweden	6.3
1.06	Strength of auditing and accounting standards	50	□	3.9	Germany	6.3
1.07	Shareholder rights index	n/a		n/a	Multiple (8)	5.0
1.08	Ethical behavior of firms	39	□	4.0	Finland	6.6
1.09	Protection of minority shareholders' interests	36	□	4.5	Sweden	6.4
	Legal and regulatory issues					
1.10	Burden of government regulation	40	□	2.6	Singapore	5.3
1.11	Centralization of economic policymaking	26	□	3.4	Switzerland	5.9
1.12	Regulation of security exchanges	45	□	4.3	Sweden	6.3
1.13	Property rights	42	□	4.2	Germany	6.7
1.14	Intellectual property protection	48	□	2.8	Germany	6.5
1.15	Diversion of public funds	42	□	3.2	Finland	6.5
1.16	Public trust of politicians	29	□	2.9	Singapore	6.4
	Contract enforcement					
1.17	Effectiveness of law-making bodies	29	□	3.8	Singapore	6.1
1.18	Judicial independence	37	□	3.6	Germany	6.5
1.19	Irregular payments in judicial decisions	46	□	3.5	Finland	6.8
1.20	Number of procedures to enforce a contract	25	■	34.0	Ireland	20.0
1.21	Time to enforce a contract	8	■	295.0	Singapore	120.0
1.22	Cost of enforcing contracts	39	□	31.0	China	8.8
1.23	Strength of investor protection	50	□	2.7	Singapore	9.3
1.24	Time to close a business	46	□	5.0	Ireland	0.4
	Domestic financial sector liberalization					
1.25	Domestic financial sector liberalization	47	□	2.0	Multiple (34)	1.0
	2nd pillar: Business environment					
	Human capital					
2.01	Quality of management schools	52	□	3.0	France	6.0
2.02	Quality of math and science education	38	□	3.8	Singapore	6.3
2.03	Extent of staff training	46	□	3.5	Switzerland	5.9
2.04	Local availability of research and training services	44	□	3.8	Switzerland	6.0
2.05	Brain drain and ease of hiring foreign labor	42	□	4.0	Kuwait	5.8
2.06	Tertiary enrollment	51	□	9.5	Finland	93.2
	Taxes					
2.07	Irregular payments in tax collection	51	□	3.1	Sweden	6.8
2.08	Distortive effect on competition of taxes and subsidies	38	□	4.0	Singapore	5.7
2.09	Corporate tax rate	52	□	40.0	Multiple (4)	0.0
	Infrastructure					
2.10	Quality of overall infrastructure	46	□	2.8	Switzerland	6.7
2.11	Quality of telephone/fax infrastructure	38	□	5.6	Switzerland	6.9
2.12	Internet users	39	□	17.2	Netherlands	85.7
2.13	Broadband Internet subscribers	44	□	0.6	Netherlands	31.8
2.14	Telephone lines	23	■	32.2	Switzerland	66.9
2.15	Mobile telephone subscribers	51	□	18.2	Italy	135.1

(Cont'd.)

Vietnam

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	2nd pillar: Business environment *(cont'd.)*					
	Cost of doing business					
2.16	Cost of starting a business	39	▨	20.0	Ireland	0.3
2.17	Cost of dealing with licenses	42	▨	373.6	United Arab Emirates	1.5
2.18	Cost of registering property	11	■	1.2	Saudi Arabia	0.0
2.19	Cost to export	16	■	669.0	China	390.0
2.20	Cost to import	23	■	881.0	Singapore	367.0
2.21	Cost of enforcing contracts	39	▨	31.0	China	8.8
2.22	Cost of closing a business	26	▨	15.0	Multiple (4)	1.0
	3rd pillar: Financial stability					
	Risk of a currency crisis					
3.01	Change in real effective exchange rate	14	■	–0.8	Argentina	-8.5
3.02	External vulnerability indicator	25	■	30.4	Russian Federation	15.4
3.03	Current account balance to GDP	30	▨	0.7	Kuwait	46.1
3.04	Dollarization vulnerability indicator	34	▨	70.0	Multiple (2)	0.0
3.05A	External debt to GDP (developing economies)	18	■	34.6	Saudi Arabia	9.6
3.05B	Net int'l investment position to GDP (adv. economies)	n/a		n/a	Switzerland	121.3
	Risk of systemic banking crisis					
3.06	Activity restrictions for banks	n/a		n/a	Indonesia	16.0
3.07	Entry restrictions for banks	n/a		n/a	Multiple (24)	8.0
3.08	Capital restrictions for banks	n/a		n/a	Multiple (3)	9.0
3.09	Official supervisory power	n/a		n/a	Multiple (3)	14.0
3.10	Private monitoring of the banking industry	n/a		n/a	South Africa	9.0
3.11	Frequency of banking crises	12	■	1.0	Multiple (11)	0.0
3.12	Stability Index	n/a		n/a	India	7.2
3.13	Cumulative real estate appreciation	n/a		n/a	Russian Federation	-68.4
	Risk of sovereign debt crisis					
3.14	Local currency sovereign rating	45	▨	9.5	Multiple (15)	20.0
3.15	Foreign currency sovereign rating	43	▨	8.5	Multiple (15)	20.0
	4th pillar: Banks					
	Size index					
4.01	Size index	24	■	6.2	Hong Kong SAR	10.8
	Efficiency index					
4.02	Efficiency index	21	■	5.2	United Arab Emirates	6.8
4.03	Public ownership of banks	n/a		n/a	Multiple (11)	0.0
	Financial information disclosure					
4.04	Public credit registry coverage	13	■	9.2	Belgium	57.2
4.05	Private credit bureau coverage	42	▨	0.0	Multiple (7)	100.0
4.06	Credit Information Index	45	▨	3.0	Multiple (14)	6.0
	5th pillar: Non-banks					
	IPO activity					
5.01	IPO market share	43	▨	0.0	France	31.0
5.02	IPO proceeds amount	39	▨	0.2	Kazakhstan	4.4
5.03	Share of world IPOs	39	▨	0.1	Japan	14.2
	M&A activity					
5.04	M&A market share	49	▨	0.0	United States	44.4
5.05	M&A transaction value to GDP	48	▨	0.4	United Kingdom	14.6
5.06	Share of total number of M&A deals	45	▨	0.1	United States	33.2

Vietnam

Financial Development Index in detail *(cont'd.)*

■ Development **Advantage** ▨ Development **Disadvantage**

	INDICATOR	RANK/52		SCORE	BEST PERFORMER	SCORE
	5th pillar: Non-banks *(cont'd.)*					
	Insurance					
5.07	Insurance premiums, direct	46	▨	937.3	United States	1,170,100.6
5.08	Insurance density	48	▨	11.0	United Kingdom	6,466.7
5.09	Real growth of direct insurance premiums	28	▨	2.4	India	52.6
5.10	Insurance penetration	42	▨	1.5	United Kingdom	16.5
5.11	Relative value-added of insurance	39	▨	0.5	Switzerland	4.8
	Securitization					
5.12	Securitization to GDP	32	▨	1.6	United States	22.9
5.13	Share of total number of securitization deals	35	▨	0.1	United States	64.9
	6th pillar: Financial markets					
	Foreign exchange markets					
6.01	Spot foreign exchange turnover	n/a		n/a	United Kingdom	26.6
6.02	Outright forward foreign exchange turnover	n/a		n/a	United Kingdom	29.9
6.03	Foreign exchange swap turnover	n/a		n/a	United Kingdom	42.0
	Derivatives markets					
6.04	Interest rate derivatives turnover: Forward rate agreements	n/a		n/a	United Kingdom	45.6
6.05	Interest rate derivatives turnover: Swaps	n/a		n/a	United Kingdom	46.0
6.06	Interest rate derivatives turnover: Options	n/a		n/a	United States	42.6
6.07	Foreign exchange derivatives turnover: Currency swaps	n/a		n/a	United Kingdom	47.6
6.08	Foreign exchange derivatives turnover: Options	n/a		n/a	United Kingdom	42.6
	Equity market development					
6.09	Equity market turnover	n/a		n/a	Pakistan	374.3
7.05	Stock market capitalization to GDP	48	▨	7.2	Hong Kong SAR	713.3
	Bond market development					
6.10	Private-sector bonds to GDP	n/a		n/a	United States	114.0
6.11	Public-sector bonds to GDP	n/a		n/a	France	7.0
6.12	International bonds to GDP	44	▨	2.7	Netherlands	121.7
	7th pillar: Size, depth, and access					
	Size and depth					
7.01	M2 to GDP	16	■	68.7	Hong Kong SAR	252.3
7.02	Private debt to GDP	n/a		n/a	Netherlands	216.2
7.03	Public debt to GDP	22	■	5.0	Austria	7.0
7.04	Bank deposits to GDP	24	■	61.9	Hong Kong SAR	250.4
7.05	Stock market capitalization to GDP	48	▨	7.2	Hong Kong SAR	713.3
7.06	Relative value-added of financial institutions to GDP	44	▨	1.2	Panama	9.2
7.07	Private credit to GDP	27	▨	58.7	United States	193.7
7.08	Stock market value traded to GDP	n/a		n/a	Saudi Arabia	356.2
	Access					
7.09	Financial market sophistication	52	▨	3.0	Switzerland	6.7
7.10	Venture capital availability	38	▨	3.1	United States	5.3
7.11	Ease of access to credit	40	▨	4.7	Slovak Republic	5.9
7.12	Ease of access to local equity market	27	▨	5.5	Sweden	6.2
7.13	Bank branches	n/a		n/a	Spain	95.9
7.14	Ease of access to loans	45	▨	2.8	Norway	5.5

Part 3

Data Tables

How to Read the Data Tables

The following pages provide detailed data for all 52 economies included in *The Financial Development Report 2008*. The data tables are organized into seven sections:

I. Institutional environment
II. Business environment
III. Financial stability
IV. Banks
V. Non-banks
VI. Financial markets
VII. Size, depth, and access

The seven sections correspond to the seven pillars of the Financial Development Index.

1.03

Efficacy of corporate boards

Corporate governance by investors and boards of directors in your country is characterized by (1 = management has little accountability, 7 = investors and boards exert strong supervision of management decisions)

RANK	COUNTRY/ECONOMY	SCORE
1	Sweden	6.09
2	United Kingdom	5.92
3	Australia	5.81
4	South Africa	5.73
5	Germany	5.69
6	Finland	5.67
7	Austria	5.[illegible]
8	Netherlands	5.62
9	Singapore	5.61
10	Canada	5.57
11	Norway	5.55
12	Chile	5.53
13	Ireland	5.50
14	United States	5.47
15	Belgium	5.41
16	Switzerland	5.41
17	Malaysia	5.39
18	France	5.37
19	Indonesia	5.36
20	Hong Kong SAR	5.34
21	Israel	5.23
22	Slovak Republic	5.23
23	Korea, Rep.	5.21
24	Japan	5.15
25	India	5.03
26	Czech Republic	5.03
27	Spain	5.00
28	Nigeria	4.97
29	Russian Federation	4.96
30	Bahrain	4.88
31	Colombia	4.85
32	Thailand	4.83
33	Kazakhstan	4.79
34	Saudi Arabia	4.73
35	Philippines	4.72
36	Hungary	4.72
37	Panama	4.69
38	Peru	4.68
39	Argentina	4.67
40	Brazil	4.63
41	Mexico	4.61
42	Kuwait	4.60
43	United Arab Emirates	4.59
44	Vietnam	4.46
45	Egypt	4.39
46	Turkey	4.34
47	Italy	4.32
48	Venezuela	4.29
49	Ukraine	4.24
50	Poland	4.13
51	China	4.01
52	Pakistan	3.57

SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.04

Reliance on professional management

Senior management positions in your country are (1 = usually held by relatives, 7 = held by professional managers chosen for their superior qualification)

RANK	COUNTRY/ECONOMY	SCORE
1	Sweden	6.42
2	Germany	6.19
3	Norway	6.17
4	Australia	6.15
5	Ireland	6.07
6	Netherlands	6.06
7	Finland	6.06
8	Canada	5.98
9	United Kingdom	5.95
10	Singapore	5.93
11	Switzerland	5.90
12	Austria	5.88
13	South Africa	5.83
14	Japan	5.79
15	United States	5.74
16	France	5.64
17	Malaysia	5.61
18	Belgium	5.59
19	Israel	5.58
20	Chile	5.50
21	India	5.44
22	Indonesia	5.43
23	Hong Kong SAR	5.36
24	Czech Republic	5.25
25	Korea, Rep.	5.24
26	Spain	5.21
27	Slovak Republic	5.19
28	Philippines	5.10
29	Brazil	4.98
30	Thailand	4.94
31	Argentina	4.90
32	Bahrain	4.89
33	United Arab Emirates	4.85
34	Nigeria	4.81
35	Colombia	4.75
36	Hungary	4.72
37	Mexico	4.56
38	China	4.55
39	Venezuela	4.50
40	Turkey	4.47
41	Russian Federation	4.45
42	Panama	4.45
43	Peru	4.41
44	Poland	4.37
45	Saudi Arabia	4.34
46	Kazakhstan	4.27
47	Vietnam	4.19
48	Egypt	4.00
49	Kuwait	3.98
50	Pakistan	3.90
51	Ukraine	3.86
52	Italy	3.61

SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

Two types of data are presented in the tables:

- **Survey data**: These data are the results drawn from the World Economic Forum's Executive Opinion Survey.
- **Hard data:** These data are indicators obtained from a variety of sources.

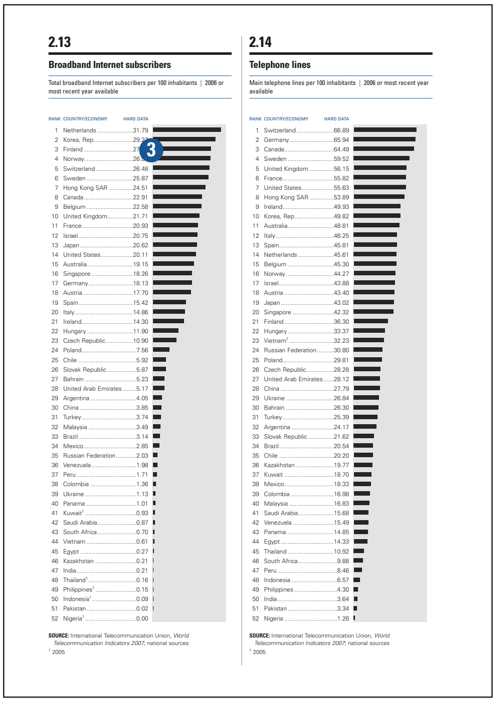
Survey data

❶ Data yielded from the World Economic Forum's Executive Opinion Survey are presented in blue-colored bar graphs. Survey questions asked for responses on a scale of 1 to 7, where an answer of 1 corresponds to the lowest possible score and an answer of 7 corresponds to the highest possible score. For each Survey question, individual responses are aggregated at the country level in order to produce country scores. For more information on the Executive Opinion Survey and a detailed explanation of how country scores are computed, please refer to Chapter 1.1.

For each Survey variable, the corresponding Survey question and the two extreme answers are shown. Scores are reported with a precision of two decimal points, although exact figures are used to determine rankings. For example, in the case of the variable 1.10 on the burden of government regulation, Finland's score is 4.62354 and Malaysia's score is 4.61590. These countries rank 3 and 4 respectively, although they are listed with the same rounded score of 4.62.

❷ A dotted line on the graph indicates the mean score across the 52 economies.

Standard deviations, which give an indication of how closely or widely the individual responses are spread around the mean country score, can be provided upon request to the Global Competitiveness Network at the World Economic Forum.



2.13

Broadband Internet subscribers

Total broadband Internet subscribers per 100 inhabitants | 2006 or most recent year available

RANK	COUNTRY/ECONOMY	HARD DATA
1	Netherlands	31.79
2	Korea, Rep.	29.27
3	Finland	27[illegible]
4	Norway	26.8[illegible]
5	Switzerland	26.48
6	Sweden	25.87
7	Hong Kong SAR	24.51
8	Canada	22.91
9	Belgium	22.58
10	United Kingdom	21.71
11	France	20.93
12	Israel	20.75
13	Japan	20.62
14	United States	20.11
15	Australia	19.15
16	Singapore	18.26
17	Germany	18.13
18	Austria	17.70
19	Spain	15.42
20	Italy	14.86
21	Ireland	14.30
22	Hungary	11.90
23	Czech Republic	10.90
24	Poland	7.56
25	Chile	5.92
26	Slovak Republic	5.87
27	Bahrain	5.23
28	United Arab Emirates	5.17
29	Argentina	4.05
30	China	3.85
31	Turkey	3.74
32	Malaysia	3.49
33	Brazil	3.14
34	Mexico	2.85
35	Russian Federation	2.03
36	Venezuela	1.98
37	Peru	1.71
38	Colombia	1.36
39	Ukraine	1.13
40	Panama	1.01
41	Kuwait[1]	0.93
42	Saudi Arabia	0.87
43	South Africa	0.70
44	Vietnam	0.61
45	Egypt	0.27
46	Kazakhstan	0.21
47	India	0.21
48	Thailand[1]	0.16
49	Philippines[1]	0.15
50	Indonesia[1]	0.09
51	Pakistan	0.02
52	Nigeria[1]	0.00

SOURCE: International Telecommunication Union, *World Telecommunication Indicators 2007*; national sources

[1] 2005

2.14

Telephone lines

Main telephone lines per 100 inhabitants | 2006 or most recent year available

RANK	COUNTRY/ECONOMY	HARD DATA
1	Switzerland	66.89
2	Germany	65.94
3	Canada	64.49
4	Sweden	59.52
5	United Kingdom	56.15
6	France	55.82
7	United States	55.63
8	Hong Kong SAR	53.89
9	Ireland	49.93
10	Korea, Rep.	49.82
11	Australia	48.81
12	Italy	46.25
13	Spain	45.81
14	Netherlands	45.61
15	Belgium	45.30
16	Norway	44.27
17	Israel	43.88
18	Austria	43.40
19	Japan	43.02
20	Singapore	42.32
21	Finland	36.30
22	Hungary	33.37
23	Vietnam[1]	32.23
24	Russian Federation	30.80
25	Poland	29.81
26	Czech Republic	28.28
27	United Arab Emirates	28.12
28	China	27.79
29	Ukraine	26.84
30	Bahrain	26.30
31	Turkey	25.39
32	Argentina	24.17
33	Slovak Republic	21.62
34	Brazil	20.54
35	Chile	20.20
36	Kazakhstan	19.77
37	Kuwait	18.70
38	Mexico	18.33
39	Colombia	16.98
40	Malaysia	16.83
41	Saudi Arabia	15.68
42	Venezuela	15.49
43	Panama	14.85
44	Egypt	14.33
45	Thailand	10.92
46	South Africa	9.88
47	Peru	8.46
48	Indonesia	6.57
49	Philippines	4.30
50	India	3.64
51	Pakistan	3.34
52	Nigeria	1.26

SOURCE: International Telecommunication Union, *World Telecommunication Indicators 2007*; national sources

[1] 2005

Hard data

③ While Survey data provide qualitative information, hard data provide an objective measure of a quantity (for example, gross domestic product, IPO market share, insurance direct premiums, and so on). We use the latest data available from international organizations (such as the International Monetary Fund, the World Bank, various United Nations agencies, the Bank of International Settlements, and the International Telecommunication Union), the research of respected academics in the field, and firms of international stature who engage in professional research on the topics related to the Index. In the following pages, hard data variables are presented in black-shaded bar graphs. For each indicator, a short description appears at the top of the page. The *base year* (i.e., the year when the majority of the data were collected) follows the description. When the year differs from the base year for a particular country, this is indicated in a footnote. A more detailed description and the full source for each variable can be found in the Technical Notes and Sources section at the end of this *Report*. When data are not available or are too outdated, "n/a" is used in lieu of the rank and the value.

In the case of hard data, true ties between two or more countries are possible. In such cases, shared rankings are indicated accordingly. For example, the time it takes to close a business is 4.20 years in both Egypt and Kuwait. They share the rank of 44 for that variable in Table 1.24.

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Section I

Institutional environment

1.01

Capital account liberalization

This index measures the degree of capital account liberalization within a country, standardized on a 1-to-7 scale | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	Austria	7.00
1	Belgium	7.00
1	Canada	7.00
1	Finland	7.00
1	France	7.00
1	Germany	7.00
1	Hong Kong SAR	7.00
1	Ireland	7.00
1	Israel	7.00
1	Japan	7.00
1	Netherlands	7.00
1	Norway	7.00
1	Singapore	7.00
1	Spain	7.00
1	Sweden	7.00
1	Switzerland	7.00
1	United Arab Emirates	7.00
1	United Kingdom	7.00
1	United States	7.00
20	Bahrain	6.83
21	Panama	6.29
22	Italy	6.11
23	Hungary	6.02
24	Australia	5.98
25	Chile	5.95
26	Egypt	5.89
27	Czech Republic	5.61
28	Peru	5.18
29	Saudi Arabia	4.63
30	Indonesia	4.38
31	Kuwait	4.28
32	Mexico	4.00
33	Korea, Rep.	3.24
34	Malaysia	3.18
35	Slovak Republic	3.18
36	Poland	2.61
37	Thailand	2.55
38	Philippines	2.29
39	Brazil	2.28
40	Colombia	2.22
41	Russian Federation	1.84
42	Argentina	1.70
43	Nigeria	1.67
44	Venezuela	1.38
45	South Africa	1.02
46	China	1.00
46	India	1.00
46	Kazakhstan	1.00
46	Pakistan	1.00
46	Turkey	1.00
46	Ukraine	1.00
46	Vietnam	1.00

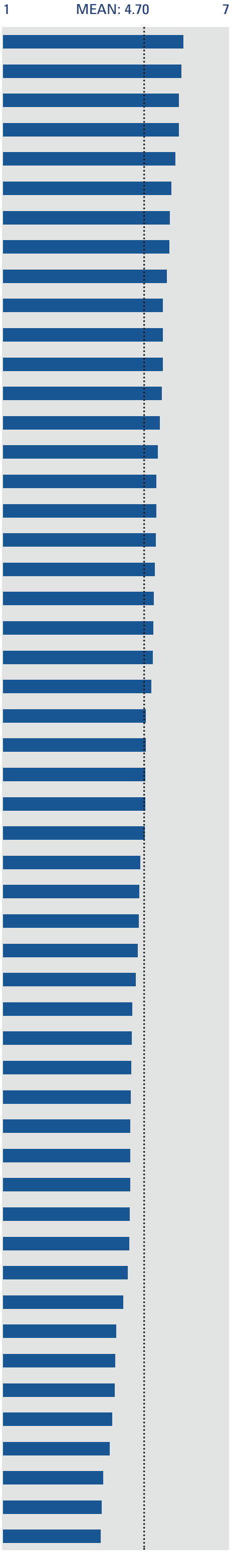
SOURCE: Menzie Chinn and Hiro Ito. 2007. "A New Measure of Financial Openness." *Journal of Comparative Policy Analysis* (forthcoming). Data set available at http://www.ssc.wisc.edu/~mchinn/research.html. Interaction results from World Economic Forum analysis.

1.02

Extent of incentive-based compensation

Cash compensation of management (1 = is based exclusively on salary, 7 = is made up in large part of performance-based benefits [bonus, stock options, etc.])

RANK	COUNTRY/ECONOMY	SCORE
1	France	5.72
2	South Africa	5.67
3	Switzerland	5.61
4	Germany	5.60
5	United States	5.51
6	Korea, Rep.	5.41
7	Canada	5.37
8	United Kingdom	5.36
9	Netherlands	5.29
10	Indonesia	5.19
11	Hong Kong SAR	5.19
12	Singapore	5.18
13	Sweden	5.16
14	Malaysia	5.11
15	Israel	5.06
16	Finland	5.01
17	Austria	5.01
18	Australia	5.00
19	Chile	4.97
20	Italy	4.95
21	Belgium	4.94
22	Ireland	4.92
23	Spain	4.88
24	Panama	4.74
25	Mexico	4.74
26	Argentina	4.73
27	Norway	4.72
28	Kuwait	4.71
29	China	4.60
30	Russian Federation	4.57
31	Hungary	4.55
32	India	4.53
33	Venezuela	4.47
34	Slovak Republic	4.38
35	Thailand	4.37
36	Brazil	4.36
37	Bahrain	4.34
38	United Arab Emirates	4.33
39	Philippines	4.33
40	Saudi Arabia	4.33
41	Japan	4.32
42	Vietnam	4.30
43	Czech Republic	4.27
44	Poland	4.15
45	Kazakhstan	3.96
46	Peru	3.94
47	Ukraine	3.92
48	Colombia	3.86
49	Egypt	3.79
50	Turkey	3.62
51	Nigeria	3.58
52	Pakistan	3.55



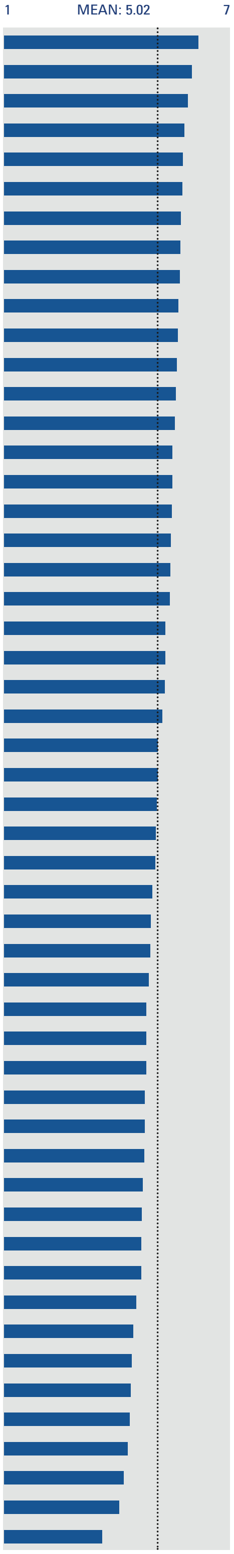
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.03

Efficacy of corporate boards

Corporate governance by investors and boards of directors in your country is characterized by (1 = management has little accountability, 7 = investors and boards exert strong supervision of management decisions)

RANK	COUNTRY/ECONOMY	SCORE
1	Sweden	6.09
2	United Kingdom	5.92
3	Australia	5.81
4	South Africa	5.73
5	Germany	5.69
6	Finland	5.67
7	Austria	5.63
8	Netherlands	5.62
9	Singapore	5.61
10	Canada	5.57
11	Norway	5.55
12	Chile	5.53
13	Ireland	5.50
14	United States	5.47
15	Belgium	5.41
16	Switzerland	5.41
17	Malaysia	5.39
18	France	5.37
19	Indonesia	5.36
20	Hong Kong SAR	5.34
21	Israel	5.23
22	Slovak Republic	5.23
23	Korea, Rep.	5.21
24	Japan	5.15
25	India	5.03
26	Czech Republic	5.03
27	Spain	5.00
28	Nigeria	4.97
29	Russian Federation	4.96
30	Bahrain	4.88
31	Colombia	4.85
32	Thailand	4.83
33	Kazakhstan	4.79
34	Saudi Arabia	4.73
35	Philippines	4.72
36	Hungary	4.72
37	Panama	4.69
38	Peru	4.68
39	Argentina	4.67
40	Brazil	4.63
41	Mexico	4.61
42	Kuwait	4.60
43	United Arab Emirates	4.59
44	Vietnam	4.46
45	Egypt	4.39
46	Turkey	4.34
47	Italy	4.32
48	Venezuela	4.29
49	Ukraine	4.24
50	Poland	4.13
51	China	4.01
52	Pakistan	3.57



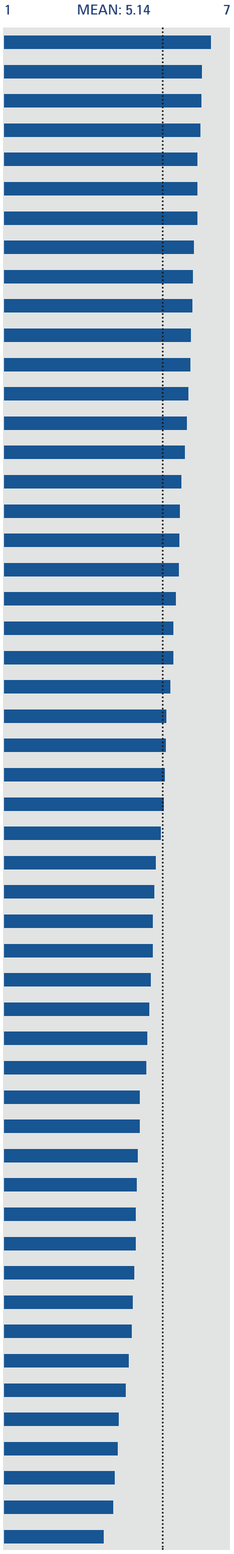
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.04

Reliance on professional management

Senior management positions in your country are (1 = usually held by relatives, 7 = held by professional managers chosen for their superior qualification)

RANK	COUNTRY/ECONOMY	SCORE
1	Sweden	6.42
2	Germany	6.19
3	Norway	6.17
4	Australia	6.15
5	Ireland	6.07
6	Netherlands	6.06
7	Finland	6.06
8	Canada	5.98
9	United Kingdom	5.95
10	Singapore	5.93
11	Switzerland	5.90
12	Austria	5.88
13	South Africa	5.83
14	Japan	5.79
15	United States	5.74
16	France	5.64
17	Malaysia	5.61
18	Belgium	5.59
19	Israel	5.58
20	Chile	5.50
21	India	5.44
22	Indonesia	5.43
23	Hong Kong SAR	5.36
24	Czech Republic	5.25
25	Korea, Rep.	5.24
26	Spain	5.21
27	Slovak Republic	5.19
28	Philippines	5.10
29	Brazil	4.98
30	Thailand	4.94
31	Argentina	4.90
32	Bahrain	4.89
33	United Arab Emirates	4.85
34	Nigeria	4.81
35	Colombia	4.75
36	Hungary	4.72
37	Mexico	4.56
38	China	4.55
39	Venezuela	4.50
40	Turkey	4.47
41	Russian Federation	4.45
42	Panama	4.45
43	Peru	4.41
44	Poland	4.37
45	Saudi Arabia	4.34
46	Kazakhstan	4.27
47	Vietnam	4.19
48	Egypt	4.00
49	Kuwait	3.98
50	Pakistan	3.90
51	Ukraine	3.86
52	Italy	3.61



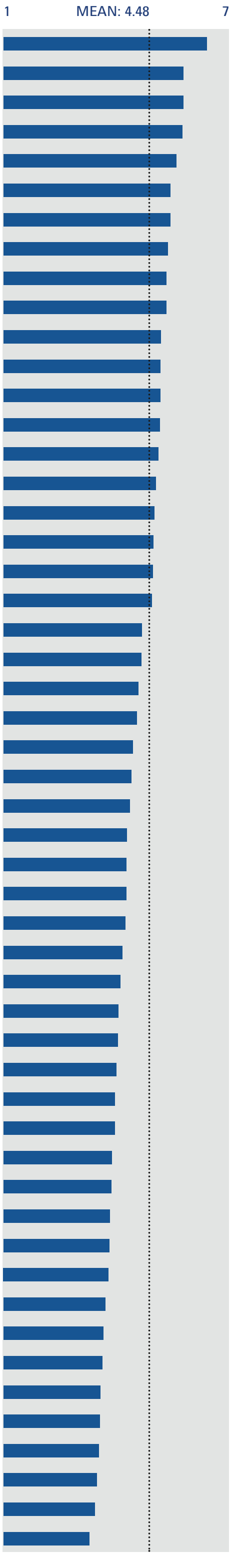
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.05

Willingness to delegate

Willingness to delegate authority to subordinates is (1 = low—top management controls all important decisions, 7 = high—authority is mostly delegated to business unit heads and other lower-level managers)

RANK	COUNTRY/ECONOMY	SCORE
1	Sweden	6.34
2	Norway	5.73
3	Netherlands	5.72
4	Switzerland	5.70
5	Austria	5.54
6	Finland	5.38
7	Germany	5.38
8	United States	5.32
9	Canada	5.28
10	Belgium	5.28
11	Australia	5.13
12	Japan	5.12
13	Hong Kong SAR	5.12
14	United Kingdom	5.11
15	Malaysia	5.07
16	Ireland	5.00
17	Korea, Rep.	4.96
18	Israel	4.94
19	Indonesia	4.92
20	Singapore	4.90
21	France	4.63
22	South Africa	4.62
23	India	4.54
24	Thailand	4.50
25	Philippines	4.40
26	Slovak Republic	4.36
27	Chile	4.32
28	United Arab Emirates	4.24
29	Brazil	4.22
30	Czech Republic	4.22
31	Spain	4.20
32	Mexico	4.12
33	Saudi Arabia	4.07
34	Panama	4.01
35	Argentina	4.00
36	Kuwait	3.96
37	Poland	3.93
38	Peru	3.93
39	Bahrain	3.85
40	Colombia	3.83
41	Turkey	3.79
42	China	3.78
43	Nigeria	3.76
44	Pakistan	3.68
45	Vietnam	3.62
46	Russian Federation	3.59
47	Egypt	3.54
48	Hungary	3.53
49	Italy	3.50
50	Venezuela	3.45
51	Kazakhstan	3.40
52	Ukraine	3.25



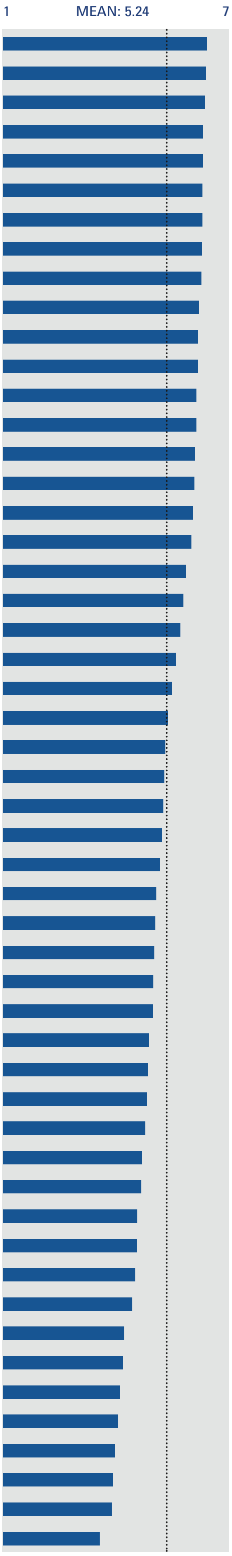
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.06

Strength of auditing and accounting standards

Financial auditing and reporting standards regarding company financial performance in your country are (1 = extremely weak, 7 = extremely strong—the best in the world)

RANK	COUNTRY/ECONOMY	SCORE
1	Germany	6.34
2	Sweden	6.32
3	United Kingdom	6.29
4	Australia	6.24
5	Austria	6.23
6	South Africa	6.22
7	Finland	6.22
8	Ireland	6.21
9	Hong Kong SAR	6.20
10	Switzerland	6.13
11	France	6.11
12	Singapore	6.10
13	Canada	6.07
14	Norway	6.06
15	Netherlands	6.02
16	Belgium	6.01
17	Bahrain	5.97
18	Israel	5.93
19	United States	5.79
20	Malaysia	5.73
21	India	5.65
22	Chile	5.53
23	Korea, Rep.	5.42
24	Kuwait	5.32
25	Spain	5.25
26	Japan	5.23
27	United Arab Emirates	5.20
28	Panama	5.16
29	Hungary	5.11
30	Thailand	5.02
31	Slovak Republic	4.99
32	Philippines	4.96
33	Czech Republic	4.93
34	Pakistan	4.92
35	Turkey	4.82
36	Brazil	4.79
37	Peru	4.77
38	Saudi Arabia	4.72
39	Mexico	4.63
40	Egypt	4.62
41	Indonesia	4.52
42	Colombia	4.50
43	Italy	4.46
44	Poland	4.38
45	Kazakhstan	4.18
46	Nigeria	4.14
47	Venezuela	4.06
48	Argentina	4.01
49	Russian Federation	3.94
50	Vietnam	3.89
51	China	3.84
52	Ukraine	3.53



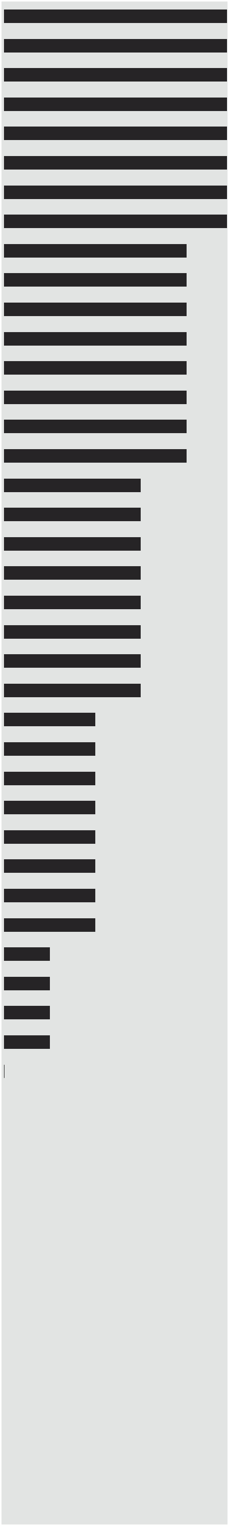
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.07

Shareholder rights index

This variable is an aggregation of numerous measures of shareholder rights | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	Canada	5.00
1	Chile	5.00
1	Hong Kong SAR	5.00
1	India	5.00
1	Pakistan	5.00
1	South Africa	5.00
1	United Kingdom	5.00
1	United States	5.00
9	Argentina	4.00
9	Australia	4.00
9	Ireland	4.00
9	Japan	4.00
9	Malaysia	4.00
9	Norway	4.00
9	Singapore	4.00
9	Spain	4.00
17	Brazil	3.00
17	Colombia	3.00
17	Finland	3.00
17	France	3.00
17	Israel	3.00
17	Nigeria	3.00
17	Philippines	3.00
17	Sweden	3.00
25	Austria	2.00
25	Egypt	2.00
25	Indonesia	2.00
25	Korea, Rep.	2.00
25	Netherlands	2.00
25	Switzerland	2.00
25	Thailand	2.00
25	Turkey	2.00
33	Germany	1.00
33	Italy	1.00
33	Mexico	1.00
33	Venezuela	1.00
37	Belgium	0.00
n/a	Bahrain	n/a
n/a	China	n/a
n/a	Czech Republic	n/a
n/a	Hungary	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Panama	n/a
n/a	Peru	n/a
n/a	Poland	n/a
n/a	Russian Federation	n/a
n/a	Saudi Arabia	n/a
n/a	Slovak Republic	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Vietnam	n/a



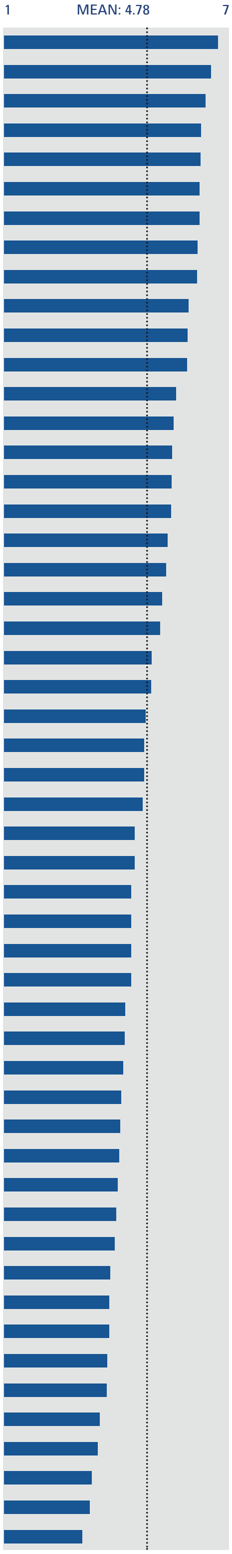
SOURCE: Sergio Schmukler (personal communication)

1.08

Ethical behavior of firms

The corporate ethics (ethical behavior in interactions with public officials, politicians, and other enterprises) of firms in your country are (1 = among the world's worst, 7 = among the best in the world)

RANK	COUNTRY/ECONOMY	SCORE
1	Finland	6.63
2	Sweden	6.45
3	Singapore	6.30
4	Norway	6.18
5	Switzerland	6.17
6	Netherlands	6.15
7	Germany	6.15
8	Austria	6.09
9	Australia	6.08
10	Canada	5.86
11	United Kingdom	5.83
12	Hong Kong SAR	5.82
13	Ireland	5.53
14	Chile	5.46
15	France	5.42
16	Japan	5.41
17	Belgium	5.40
18	United Arab Emirates	5.30
19	Malaysia	5.26
20	Korea, Rep.	5.16
21	United States	5.10
22	Israel	4.88
23	Spain	4.87
24	Kuwait	4.72
25	Bahrain	4.68
26	South Africa	4.68
27	Turkey	4.64
28	Saudi Arabia	4.43
29	Colombia	4.43
30	Panama	4.35
31	Mexico	4.35
32	Pakistan	4.35
33	Egypt	4.34
34	India	4.19
35	Poland	4.17
36	Thailand	4.14
37	Italy	4.08
38	Slovak Republic	4.06
39	Vietnam	4.03
40	Peru	3.99
41	Czech Republic	3.95
42	Hungary	3.91
43	Nigeria	3.79
44	Indonesia	3.77
45	Brazil	3.77
46	China	3.71
47	Kazakhstan	3.70
48	Philippines	3.51
49	Argentina	3.46
50	Venezuela	3.31
51	Russian Federation	3.26
52	Ukraine	3.06



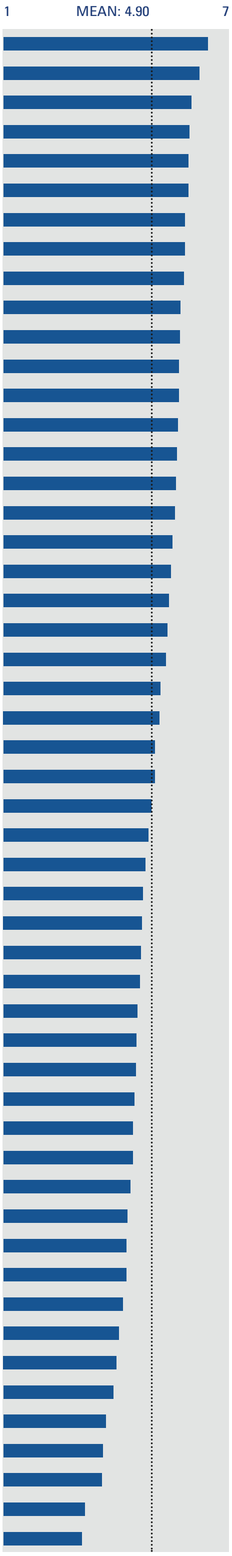
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.09

Protection of minority shareholders' interests

Interests of minority shareholders in your country are (1 = not protected by law, 7 = protected by law and actively enforced)

RANK	COUNTRY/ECONOMY	SCORE
1	Sweden	6.37
2	Germany	6.14
3	United Kingdom	5.94
4	Finland	5.88
5	Austria	5.86
6	Australia	5.86
7	Ireland	5.77
8	Norway	5.76
9	Indonesia	5.74
10	South Africa	5.64
11	Canada	5.63
12	Hong Kong SAR	5.61
13	Belgium	5.61
14	Netherlands	5.58
15	Singapore	5.55
16	Malaysia	5.53
17	United States	5.50
18	Bahrain	5.43
19	Israel	5.40
20	Switzerland	5.34
21	India	5.31
22	Chile	5.27
23	Korea, Rep.	5.12
24	France	5.10
25	Japan	4.98
26	Pakistan	4.97
27	Thailand	4.88
28	Brazil	4.80
29	Hungary	4.73
30	Philippines	4.66
31	United Arab Emirates	4.64
32	Spain	4.61
33	Turkey	4.58
34	Egypt	4.51
35	Colombia	4.49
36	Vietnam	4.48
37	Mexico	4.44
38	Kuwait	4.40
39	Saudi Arabia	4.40
40	Nigeria	4.33
41	Poland	4.25
42	Peru	4.23
43	Panama	4.23
44	Czech Republic	4.13
45	Slovak Republic	4.03
46	Italy	3.97
47	Venezuela	3.89
48	Kazakhstan	3.69
49	China	3.61
50	Argentina	3.58
51	Russian Federation	3.14
52	Ukraine	3.06



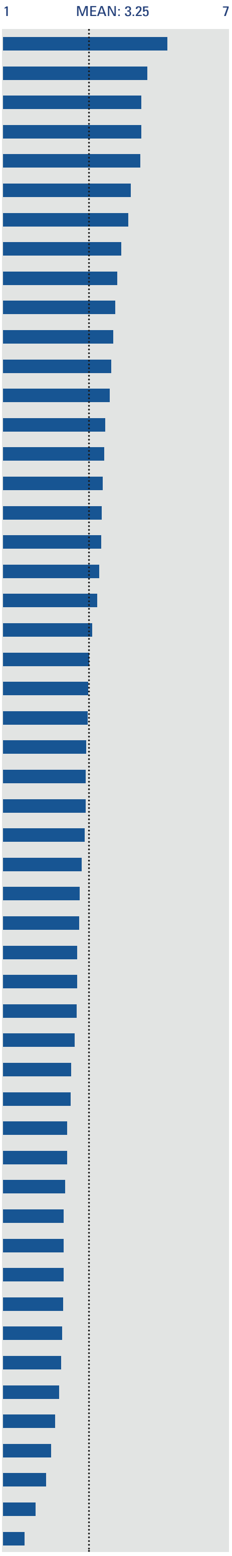
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.10

Burden of government regulation

Complying with administrative requirements for businesses (permits, regulations, reporting) issued by the government in your country is (1 = burdensome, 7 = not burdensome)

RANK	COUNTRY/ECONOMY	SCORE
1	Singapore	5.30
2	Hong Kong SAR	4.78
3	Finland	4.62
4	Malaysia	4.62
5	United Arab Emirates	4.60
6	Korea, Rep.	4.35
7	Switzerland	4.28
8	Japan	4.09
9	Bahrain	3.99
10	Saudi Arabia	3.94
11	Indonesia	3.88
12	Chile	3.83
13	Thailand	3.79
14	Austria	3.68
15	Norway	3.65
16	Israel	3.61
17	Ireland	3.58
18	China	3.57
19	United States	3.51
20	Canada	3.47
21	Nigeria	3.33
22	Panama	3.25
23	Sweden	3.23
24	Netherlands	3.22
25	Egypt	3.17
26	United Kingdom	3.16
27	Kazakhstan	3.16
28	Spain	3.14
29	Germany	3.05
30	Australia	3.01
31	Pakistan	2.99
32	India	2.94
33	Turkey	2.94
34	Slovak Republic	2.93
35	Kuwait	2.87
36	Belgium	2.78
37	Poland	2.77
38	South Africa	2.68
39	Ukraine	2.67
40	Vietnam	2.62
41	Hungary	2.59
42	Colombia	2.59
43	Mexico	2.59
44	France	2.57
45	Argentina	2.54
46	Philippines	2.52
47	Russian Federation	2.47
48	Czech Republic	2.36
49	Peru	2.25
50	Italy	2.12
51	Brazil	1.85
52	Venezuela	1.56



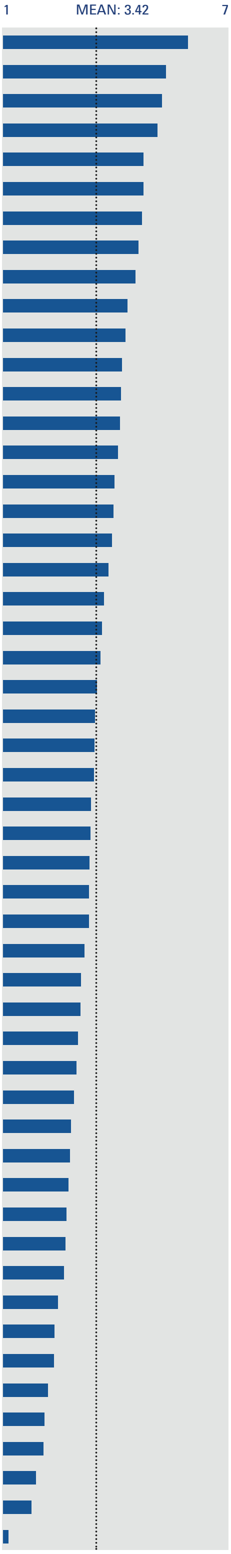
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.11

Centralization of economic policymaking

Economic policymaking in your country is (1 = centralized—national government controls almost all important decisions, 7 = decentralized—states and cities have important decision rights affecting economic development)

RANK	COUNTRY/ECONOMY	SCORE
1	Switzerland	5.86
2	Germany	5.28
3	Spain	5.17
4	Belgium	5.05
5	Indonesia	4.69
6	Canada	4.68
7	Korea, Rep.	4.65
8	United States	4.56
9	Austria	4.47
10	Finland	4.26
11	United Arab Emirates	4.21
12	Czech Republic	4.12
13	Australia	4.09
14	Hong Kong SAR	4.07
15	Slovak Republic	4.01
16	Netherlands	3.93
17	Malaysia	3.90
18	India	3.86
19	China	3.76
20	Israel	3.65
21	Italy	3.60
22	Poland	3.56
23	Mexico	3.46
24	Norway	3.41
25	France	3.40
26	Vietnam	3.38
27	Russian Federation	3.31
28	Colombia	3.29
29	Kazakhstan	3.27
30	Sweden	3.26
31	Ukraine	3.26
32	United Kingdom	3.14
33	Chile	3.04
34	Hungary	3.03
35	Saudi Arabia	2.96
36	Nigeria	2.92
37	Peru	2.86
38	South Africa	2.78
39	Thailand	2.76
40	Brazil	2.72
41	Japan	2.66
42	Philippines	2.64
43	Bahrain	2.60
44	Pakistan	2.44
45	Panama	2.35
46	Turkey	2.33
47	Ireland	2.17
48	Egypt	2.09
49	Kuwait	2.06
50	Singapore	1.86
51	Argentina	1.74
52	Venezuela	1.14



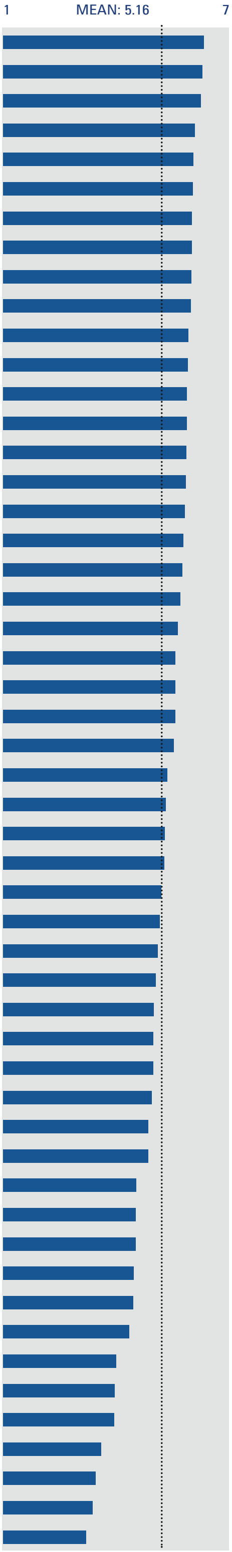
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.12

Regulation of security exchanges

Regulation of securities exchanges in your country is (1 = not transparent, ineffective, and subject to undue influence from industry and government, 7 = transparent, effective, and independent from undue influence from industry and government)

RANK	COUNTRY/ECONOMY	SCORE
1	Sweden	6.26
2	Australia	6.22
3	Hong Kong SAR	6.19
4	South Africa	6.02
5	Singapore	5.99
6	Chile	5.98
7	Germany	5.95
8	Ireland	5.95
9	France	5.94
10	Korea, Rep.	5.92
11	Switzerland	5.85
12	Belgium	5.84
13	Finland	5.82
14	Norway	5.81
15	Austria	5.80
16	United Kingdom	5.79
17	Panama	5.76
18	Bahrain	5.72
19	Netherlands	5.70
20	Canada	5.64
21	Indonesia	5.58
22	Israel	5.52
23	India	5.52
24	United States	5.52
25	Malaysia	5.48
26	Peru	5.31
27	Thailand	5.26
28	Japan	5.24
29	Turkey	5.23
30	Brazil	5.14
31	Mexico	5.10
32	Nigeria	5.05
33	Hungary	5.00
34	Poland	4.95
35	Colombia	4.94
36	Spain	4.93
37	Czech Republic	4.90
38	Philippines	4.81
39	United Arab Emirates	4.80
40	Venezuela	4.49
41	Slovak Republic	4.48
42	Italy	4.47
43	Kuwait	4.42
44	Argentina	4.41
45	Vietnam	4.31
46	Pakistan	3.96
47	Egypt	3.93
48	Saudi Arabia	3.91
49	Russian Federation	3.57
50	China	3.42
51	Kazakhstan	3.35
52	Ukraine	3.18



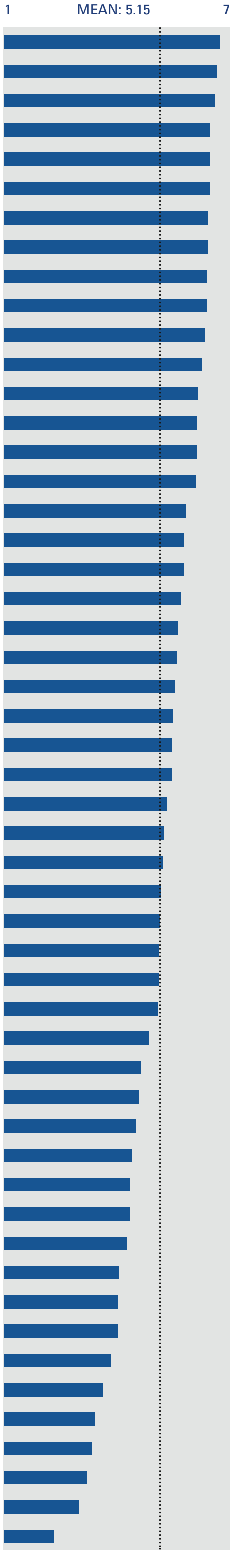
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.13

Property rights

Property rights, including over financial assets (1 = are poorly defined and not protected by law, 7 = are clearly defined and well protected by law)

RANK	COUNTRY/ECONOMY	SCORE
1	Germany	6.67
2	Switzerland	6.58
3	Austria	6.54
4	Singapore	6.41
5	Netherlands	6.40
6	Finland	6.40
7	Australia	6.35
8	Sweden	6.34
9	Ireland	6.32
10	Norway	6.31
11	Hong Kong SAR	6.27
12	Japan	6.19
13	Canada	6.08
14	France	6.06
15	United Kingdom	6.06
16	Belgium	6.04
17	South Africa	5.78
18	Malaysia	5.71
19	Korea, Rep.	5.71
20	Israel	5.65
21	United States	5.55
22	Spain	5.54
23	Bahrain	5.48
24	Hungary	5.44
25	Chile	5.41
26	Kuwait	5.40
27	India	5.28
28	United Arab Emirates	5.18
29	Saudi Arabia	5.17
30	Panama	5.12
31	Thailand	5.10
32	Egypt	5.05
33	Slovak Republic	5.05
34	Italy	5.03
35	Turkey	4.80
36	Czech Republic	4.58
37	Colombia	4.53
38	Brazil	4.46
39	Philippines	4.35
40	China	4.31
41	Mexico	4.30
42	Vietnam	4.23
43	Poland	4.01
44	Kazakhstan	3.98
45	Pakistan	3.98
46	Nigeria	3.81
47	Peru	3.59
48	Indonesia	3.38
49	Ukraine	3.29
50	Russian Federation	3.16
51	Argentina	2.97
52	Venezuela	2.29



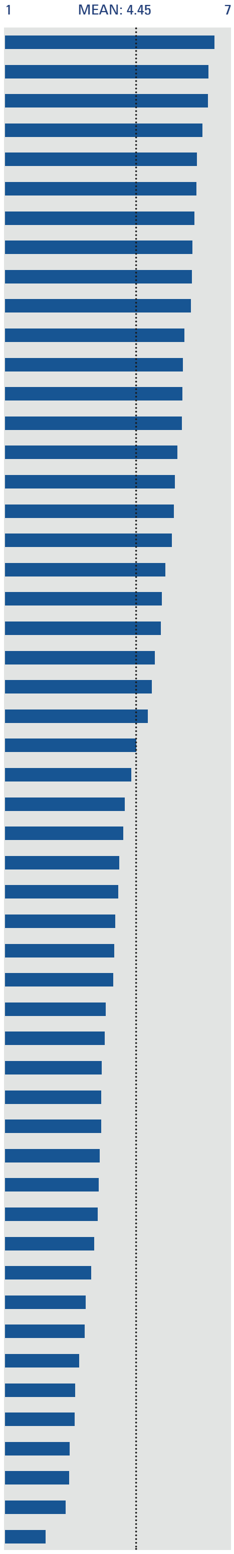
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.14

Intellectual property protection

Intellectual property protection in your country (1 = is weak and not enforced, 7 = is strong and enforced)

RANK	COUNTRY/ECONOMY	SCORE
1	Germany	6.48
2	Finland	6.33
3	Switzerland	6.31
4	Singapore	6.17
5	Netherlands	6.03
6	Sweden	6.01
7	United Kingdom	5.96
8	France	5.91
9	Australia	5.90
10	Austria	5.87
11	Belgium	5.70
12	Canada	5.66
13	Norway	5.64
14	Japan	5.63
15	Ireland	5.51
16	Hong Kong SAR	5.45
17	United States	5.42
18	Korea, Rep.	5.37
19	South Africa	5.20
20	Malaysia	5.11
21	Israel	5.08
22	Spain	4.92
23	United Arab Emirates	4.84
24	Bahrain	4.74
25	Hungary	4.44
26	Italy	4.31
27	Thailand	4.13
28	Panama	4.09
29	India	3.99
30	Chile	3.96
31	Czech Republic	3.88
32	Saudi Arabia	3.86
33	Slovak Republic	3.83
34	Kuwait	3.63
35	Pakistan	3.61
36	Colombia	3.53
37	Egypt	3.51
38	Mexico	3.51
39	Poland	3.48
40	Turkey	3.45
41	China	3.42
42	Brazil	3.33
43	Kazakhstan	3.26
44	Indonesia	3.11
45	Philippines	3.08
46	Nigeria	2.94
47	Argentina	2.83
48	Vietnam	2.82
49	Ukraine	2.69
50	Peru	2.67
51	Russian Federation	2.58
52	Venezuela	2.06



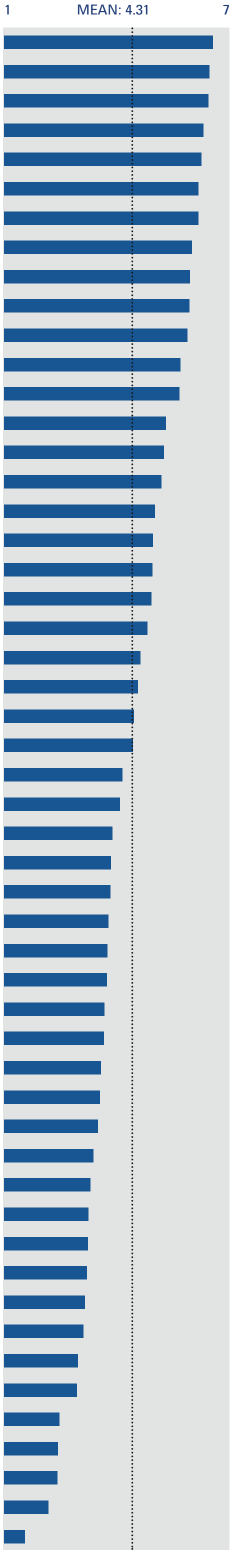
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.15

Diversion of public funds

In your country, diversion of public funds to companies, individuals or groups due to corruption (1 = is common, 7 = never occurs)

RANK	COUNTRY/ECONOMY	SCORE
1	Finland	6.48
2	Sweden	6.39
3	Singapore	6.37
4	Switzerland	6.23
5	Norway	6.18
6	Netherlands	6.11
7	Australia	6.10
8	Austria	5.94
9	Hong Kong SAR	5.88
10	Germany	5.87
11	United Kingdom	5.82
12	United Arab Emirates	5.63
13	Ireland	5.61
14	Belgium	5.25
15	France	5.20
16	Canada	5.13
17	Korea, Rep.	4.96
18	United States	4.91
19	Malaysia	4.90
20	Japan	4.87
21	Israel	4.77
22	Chile	4.58
23	Spain	4.52
24	Bahrain	4.41
25	Kuwait	4.38
26	Saudi Arabia	4.11
27	South Africa	4.04
28	Turkey	3.84
29	Hungary	3.80
30	Egypt	3.79
31	Thailand	3.74
32	Slovak Republic	3.71
33	Kazakhstan	3.70
34	India	3.64
35	Italy	3.62
36	Pakistan	3.54
37	Poland	3.51
38	Panama	3.47
39	Indonesia	3.35
40	Mexico	3.27
41	China	3.22
42	Vietnam	3.20
43	Ukraine	3.18
44	Peru	3.12
45	Czech Republic	3.08
46	Russian Federation	2.94
47	Colombia	2.91
48	Philippines	2.45
49	Argentina	2.41
50	Nigeria	2.40
51	Brazil	2.16
52	Venezuela	1.54



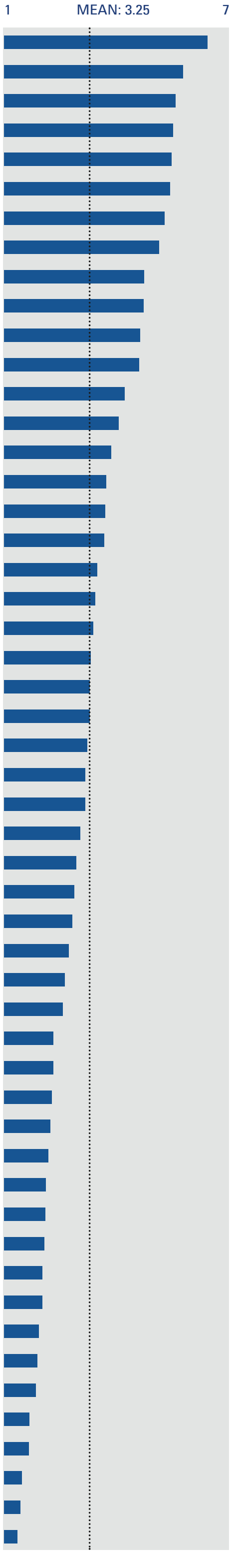
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.16

Public trust of politicians

Public trust in the financial honesty of politicians is (1 = very low, 7 = very high)

RANK	COUNTRY/ECONOMY	SCORE
1	Singapore	6.35
2	Finland	5.71
3	Switzerland	5.51
4	Norway	5.45
5	United Arab Emirates	5.41
6	Netherlands	5.37
7	Hong Kong SAR	5.23
8	Sweden	5.08
9	Australia	4.68
10	Austria	4.67
11	Malaysia	4.58
12	Germany	4.55
13	Saudi Arabia	4.17
14	Korea, Rep.	4.02
15	United Kingdom	3.82
16	Canada	3.69
17	Chile	3.66
18	Belgium	3.63
19	France	3.45
20	Japan	3.40
21	United States	3.34
22	Kuwait	3.28
23	Ireland	3.25
24	Bahrain	3.25
25	Israel	3.19
26	China	3.14
27	Spain	3.13
28	South Africa	3.01
29	Vietnam	2.90
30	Egypt	2.84
31	Turkey	2.79
32	Thailand	2.70
33	Indonesia	2.60
34	Kazakhstan	2.55
35	Hungary	2.30
36	Pakistan	2.30
37	Poland	2.26
38	India	2.21
39	Italy	2.16
40	Colombia	2.10
41	Slovak Republic	2.08
42	Mexico	2.06
43	Panama	2.01
44	Nigeria	2.01
45	Czech Republic	1.91
46	Russian Federation	1.87
47	Ukraine	1.83
48	Peru	1.67
49	Philippines	1.65
50	Argentina	1.46
51	Brazil	1.43
52	Venezuela	1.35



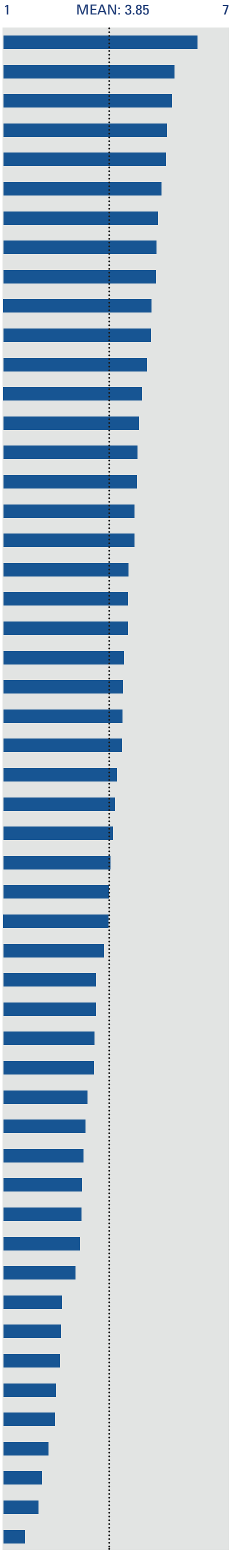
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.17

Effectiveness of law-making bodies

How effective is your national parliament/congress as a law-making institution? (1 = very ineffective, 7 = very effective—among the best in the world)

RANK	COUNTRY/ECONOMY	SCORE
1	Singapore	6.09
2	Australia	5.49
3	Malaysia	5.42
4	United Kingdom	5.29
5	Finland	5.27
6	Norway	5.15
7	Sweden	5.06
8	Switzerland	5.02
9	Canada	5.00
10	Germany	4.89
11	Netherlands	4.87
12	Japan	4.76
13	South Africa	4.64
14	Ireland	4.55
15	India	4.51
16	Austria	4.50
17	France	4.44
18	United States	4.44
19	United Arab Emirates	4.28
20	Korea, Rep.	4.26
21	Turkey	4.26
22	Hong Kong SAR	4.16
23	China	4.13
24	Spain	4.12
25	Israel	4.11
26	Kuwait	3.98
27	Thailand	3.92
28	Kazakhstan	3.87
29	Vietnam	3.80
30	Chile	3.77
31	Saudi Arabia	3.76
32	Belgium	3.63
33	Nigeria	3.43
34	Egypt	3.42
35	Pakistan	3.38
36	Slovak Republic	3.37
37	Indonesia	3.20
38	Hungary	3.15
39	Bahrain	3.09
40	Russian Federation	3.06
41	Czech Republic	3.04
42	Colombia	3.01
43	Italy	2.89
44	Philippines	2.53
45	Poland	2.51
46	Ukraine	2.48
47	Mexico	2.37
48	Panama	2.35
49	Brazil	2.18
50	Peru	2.01
51	Argentina	1.91
52	Venezuela	1.56



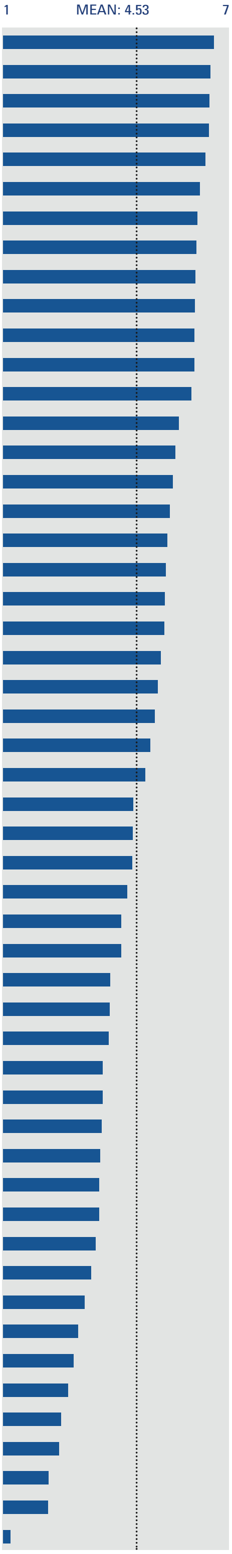
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.18

Judicial independence

Is the judiciary in your country independent from influences of members of government, citizens, or firms? (1 = no—heavily influenced, 7 = yes—entirely independent)

RANK	COUNTRY/ECONOMY	SCORE
1	Germany	6.53
2	Finland	6.43
3	Netherlands	6.41
4	Australia	6.40
5	Switzerland	6.30
6	Sweden	6.16
7	Norway	6.09
8	Austria	6.06
9	United Kingdom	6.04
10	Israel	6.03
11	Canada	6.01
12	Ireland	6.01
13	Hong Kong SAR	5.94
14	Singapore	5.60
15	Japan	5.51
16	South Africa	5.45
17	Belgium	5.37
18	India	5.30
19	France	5.26
20	Malaysia	5.24
21	Kuwait	5.23
22	Korea, Rep.	5.13
23	United States	5.06
24	United Arab Emirates	4.98
25	Egypt	4.86
26	Thailand	4.72
27	Hungary	4.41
28	Turkey	4.40
29	Saudi Arabia	4.39
30	Chile	4.25
31	Czech Republic	4.10
32	Bahrain	4.09
33	Colombia	3.81
34	Italy	3.79
35	Spain	3.76
36	Slovak Republic	3.61
37	Vietnam	3.61
38	Mexico	3.58
39	Poland	3.54
40	Nigeria	3.52
41	Pakistan	3.51
42	China	3.43
43	Philippines	3.31
44	Brazil	3.14
45	Indonesia	2.97
46	Kazakhstan	2.85
47	Russian Federation	2.70
48	Ukraine	2.52
49	Panama	2.47
50	Peru	2.19
51	Argentina	2.17
52	Venezuela	1.19



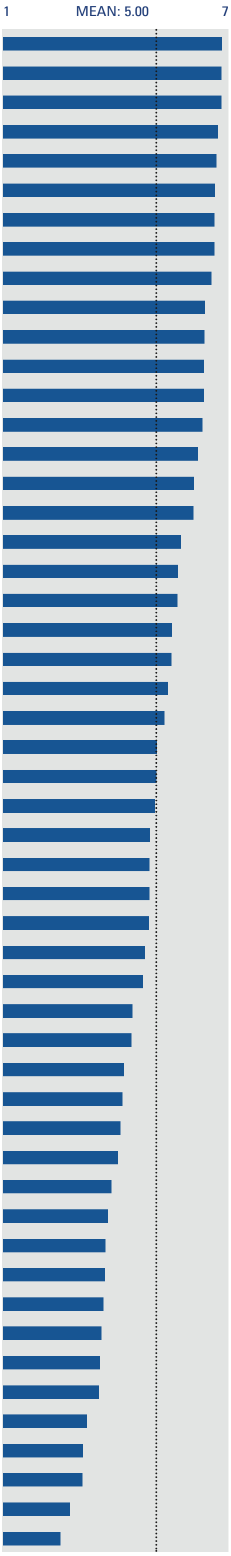
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.19

Irregular payments in judicial decisions

In your industry, how frequently would you estimate that firms make undocumented extra payments or bribes connected with getting favorable judicial decisions (1 = common, 7 = never occurs)

RANK	COUNTRY/ECONOMY	SCORE
1	Finland	6.75
2	Sweden	6.74
3	Germany	6.73
4	Singapore	6.64
5	Austria	6.60
6	Australia	6.57
7	Netherlands	6.55
8	Switzerland	6.55
9	Norway	6.47
10	Japan	6.30
11	Hong Kong SAR	6.29
12	Canada	6.27
13	Ireland	6.27
14	United Kingdom	6.24
15	France	6.12
16	Belgium	6.01
17	Israel	6.00
18	South Africa	5.67
19	United Arab Emirates	5.59
20	Spain	5.58
21	Malaysia	5.44
22	Chile	5.42
23	Korea, Rep.	5.33
24	Bahrain	5.24
25	United States	5.04
26	Hungary	5.03
27	Kuwait	4.99
28	Italy	4.86
29	Turkey	4.85
30	India	4.85
31	Egypt	4.83
32	Thailand	4.72
33	Czech Republic	4.67
34	Saudi Arabia	4.40
35	Poland	4.37
36	Brazil	4.17
37	China	4.13
38	Russian Federation	4.08
39	Colombia	4.01
40	Slovak Republic	3.84
41	Mexico	3.75
42	Kazakhstan	3.69
43	Panama	3.67
44	Nigeria	3.63
45	Ukraine	3.58
46	Vietnam	3.54
47	Pakistan	3.51
48	Argentina	3.20
49	Philippines	3.09
50	Indonesia	3.08
51	Peru	2.75
52	Venezuela	2.51



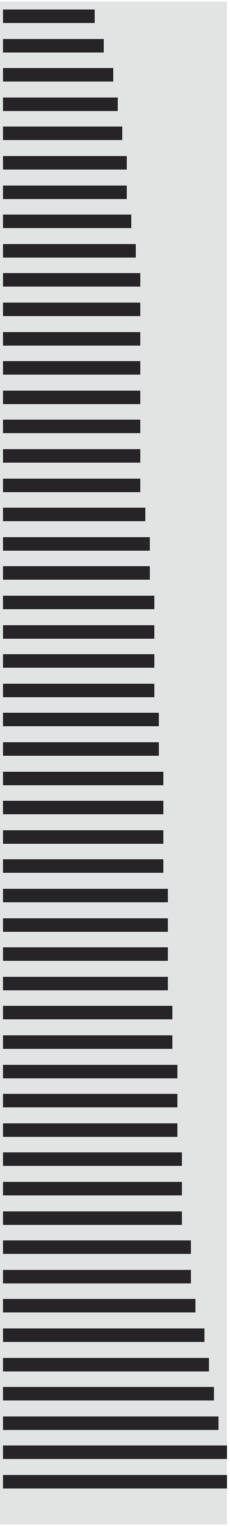
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

1.20

Number of procedures to enforce a contract

Number of procedures from the moment the plaintiff files a lawsuit in court until the moment of payment | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	Ireland	20.00
2	Singapore	22.00
3	Hong Kong SAR	24.00
4	Netherlands	25.00
5	Austria	26.00
6	Belgium	27.00
6	Czech Republic	27.00
8	Australia	28.00
9	Venezuela	29.00
10	France	30.00
10	Japan	30.00
10	Malaysia	30.00
10	Slovak Republic	30.00
10	South Africa	30.00
10	Sweden	30.00
10	Ukraine	30.00
10	United Kingdom	30.00
18	Panama	31.00
19	Switzerland	32.00
19	United States	32.00
21	Finland	33.00
21	Germany	33.00
21	Hungary	33.00
21	Norway	33.00
25	Colombia	34.00
25	Vietnam	34.00
27	China	35.00
27	Israel	35.00
27	Korea, Rep.	35.00
27	Thailand	35.00
31	Argentina	36.00
31	Canada	36.00
31	Chile	36.00
31	Turkey	36.00
35	Philippines	37.00
35	Russian Federation	37.00
37	Kazakhstan	38.00
37	Mexico	38.00
37	Poland	38.00
40	Indonesia	39.00
40	Nigeria	39.00
40	Spain	39.00
43	Italy	41.00
43	Peru	41.00
45	Egypt	42.00
46	Saudi Arabia	44.00
47	Brazil	45.00
48	India	46.00
49	Pakistan	47.00
50	Kuwait	50.00
50	United Arab Emirates	50.00
n/a	Bahrain	n/a



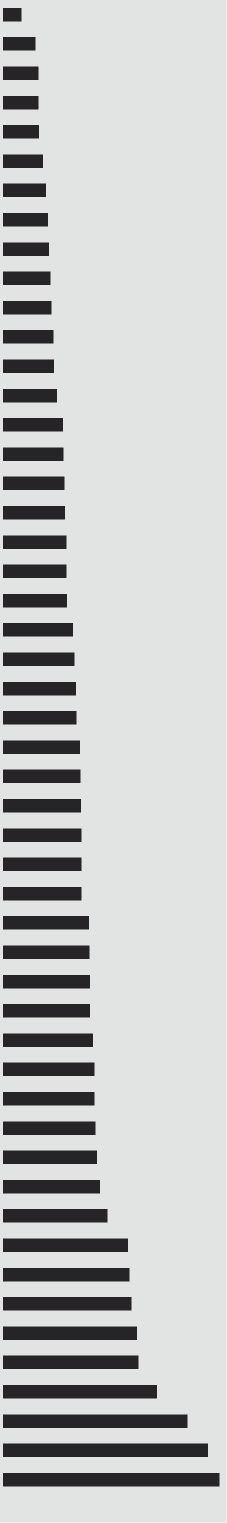
SOURCE: The World Bank, *Doing Business 2008*

1.21

Time to enforce a contract

Number of days required to resolve a dispute | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	Singapore	120
2	Hong Kong SAR	211
3	Kazakhstan	230
3	Korea, Rep.	230
5	Finland	235
6	Australia	262
7	Russian Federation	281
8	Vietnam	295
9	United States	300
10	Norway	310
11	Japan	316
12	France	331
13	Hungary	335
14	Ukraine	354
15	Germany	394
16	Austria	397
17	United Kingdom	404
18	China	406
19	Mexico	415
20	Switzerland	417
21	Turkey	420
22	Nigeria	457
23	Peru	468
24	Thailand	479
25	Chile	480
26	Belgium	505
27	Sweden	508
28	Venezuela	510
29	Netherlands	514
30	Ireland	515
30	Spain	515
32	Slovak Republic	565
33	Kuwait	566
34	Canada	570
34	Indonesia	570
36	Argentina	590
37	Malaysia	600
37	South Africa	600
39	United Arab Emirates	607
40	Brazil	616
41	Saudi Arabia	635
42	Panama	686
43	Czech Republic	820
44	Poland	830
45	Philippines	842
46	Pakistan	880
47	Israel	890
48	Egypt	1,010
49	Italy	1,210
50	Colombia	1,346
51	India	1,420
n/a	Bahrain	n/a



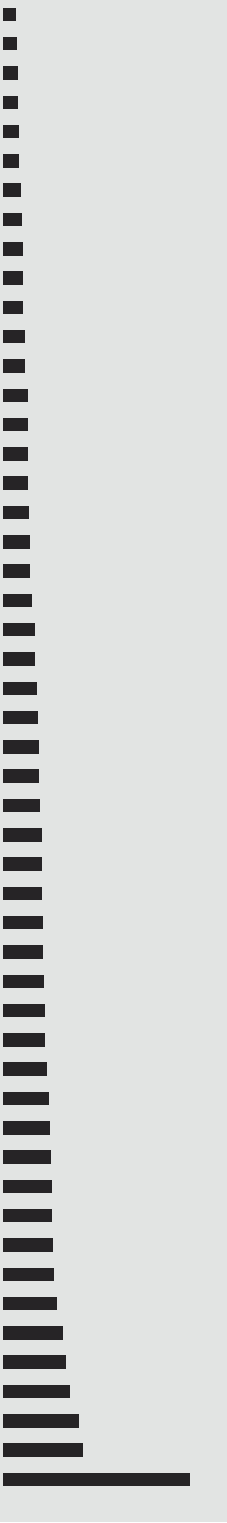
SOURCE: The World Bank, *Doing Business 2008*

1.22

Cost of enforcing contracts

Cost of enforcing contracts as a percentage of debt | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	China	8.80
2	United States	9.40
3	Norway	9.90
4	Poland	10.00
5	Korea, Rep.	10.30
6	Finland	10.40
7	Germany	11.80
8	Austria	12.70
9	Hungary	13.00
10	Kuwait	13.30
11	Russian Federation	13.40
12	Thailand	14.30
13	Hong Kong SAR	14.50
14	Canada	16.20
15	Argentina	16.50
15	Brazil	16.50
17	Belgium	16.60
18	Spain	17.20
19	France	17.40
20	Singapore	17.80
21	Turkey	18.80
22	Australia	20.70
23	Switzerland	21.20
24	Kazakhstan	22.00
25	Japan	22.70
26	United Kingdom	23.40
27	Pakistan	23.80
28	Netherlands	24.40
29	Egypt	25.30
29	Israel	25.30
31	Slovak Republic	25.70
32	Philippines	26.00
33	United Arab Emirates	26.20
34	Ireland	26.90
35	Malaysia	27.50
35	Saudi Arabia	27.50
37	Chile	28.60
38	Italy	29.90
39	Vietnam	31.00
40	Sweden	31.30
41	Mexico	32.00
41	Nigeria	32.00
43	Czech Republic	33.00
44	South Africa	33.20
45	Peru	35.70
46	India	39.60
47	Ukraine	41.50
48	Venezuela	43.70
49	Panama	50.00
50	Colombia	52.60
51	Indonesia	122.70
n/a	Bahrain	n/a



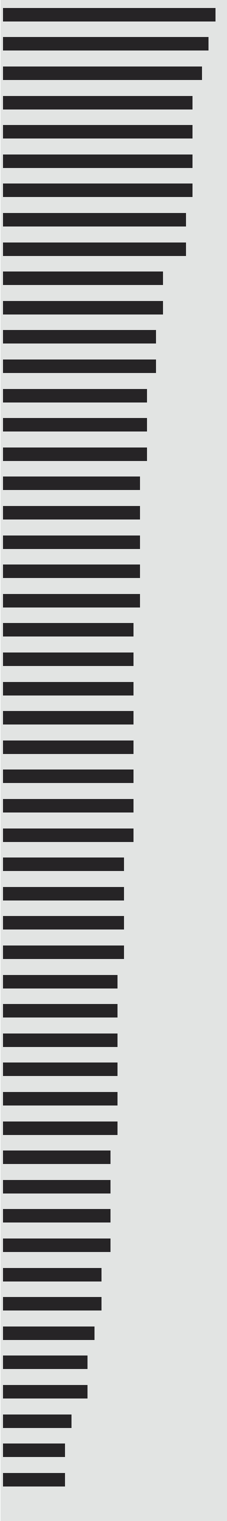
SOURCE: The World Bank, *Doing Business 2008*

1.23

Strength of investor protection

This index assesses the strength of investor protection on a 0-to-10 (best) scale | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	Singapore	9.30
2	Hong Kong SAR	9.00
3	Malaysia	8.70
4	Canada	8.30
4	Ireland	8.30
4	Israel	8.30
4	United States	8.30
8	South Africa	8.00
8	United Kingdom	8.00
10	Belgium	7.00
10	Japan	7.00
12	Norway	6.70
12	Peru	6.70
14	Colombia	6.30
14	Kuwait	6.30
14	Pakistan	6.30
17	Chile	6.00
17	India	6.00
17	Mexico	6.00
17	Poland	6.00
17	Thailand	6.00
22	Australia	5.70
22	Finland	5.70
22	Indonesia	5.70
22	Italy	5.70
22	Kazakhstan	5.70
22	Nigeria	5.70
22	Saudi Arabia	5.70
22	Sweden	5.70
30	Brazil	5.30
30	France	5.30
30	Korea, Rep.	5.30
30	Turkey	5.30
34	China	5.00
34	Czech Republic	5.00
34	Egypt	5.00
34	Germany	5.00
34	Russian Federation	5.00
34	Spain	5.00
40	Argentina	4.70
40	Netherlands	4.70
40	Panama	4.70
40	Slovak Republic	4.70
44	Hungary	4.30
44	United Arab Emirates	4.30
46	Austria	4.00
47	Philippines	3.70
47	Ukraine	3.70
49	Switzerland	3.00
50	Venezuela	2.70
50	Vietnam	2.70
n/a	Bahrain	n/a



SOURCE: The World Bank, *Doing Business 2008*

1.24

Time to close a business

Time in years to close a business | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	Bahrain	n/a
2	Ireland	0.40
3	Japan	0.60
4	Canada	0.80
4	Singapore	0.80
6	Belgium	0.90
6	Finland	0.90
6	Norway	0.90
9	Australia	1.00
9	Spain	1.00
9	United Kingdom	1.00
12	Austria	1.10
12	Hong Kong SAR	1.10
12	Netherlands	1.10
15	Germany	1.20
16	Korea, Rep.	1.50
16	United States	1.50
18	China	1.70
19	Italy	1.80
19	Mexico	1.80
21	France	1.90
22	Hungary	2.00
22	Nigeria	2.00
22	South Africa	2.00
22	Sweden	2.00
26	Malaysia	2.30
27	Panama	2.50
28	Thailand	2.70
29	Argentina	2.80
29	Pakistan	2.80
29	Saudi Arabia	2.80
32	Ukraine	2.90
33	Colombia	3.00
33	Poland	3.00
33	Switzerland	3.00
36	Peru	3.10
37	Kazakhstan	3.30
37	Turkey	3.30
39	Russian Federation	3.80
40	Brazil	4.00
40	Israel	4.00
40	Slovak Republic	4.00
40	Venezuela	4.00
44	Egypt	4.20
44	Kuwait	4.20
46	Chile	4.50
47	Vietnam	5.00
48	United Arab Emirates	5.10
49	Indonesia	5.50
50	Philippines	5.70
51	Czech Republic	6.50
52	India	10.00

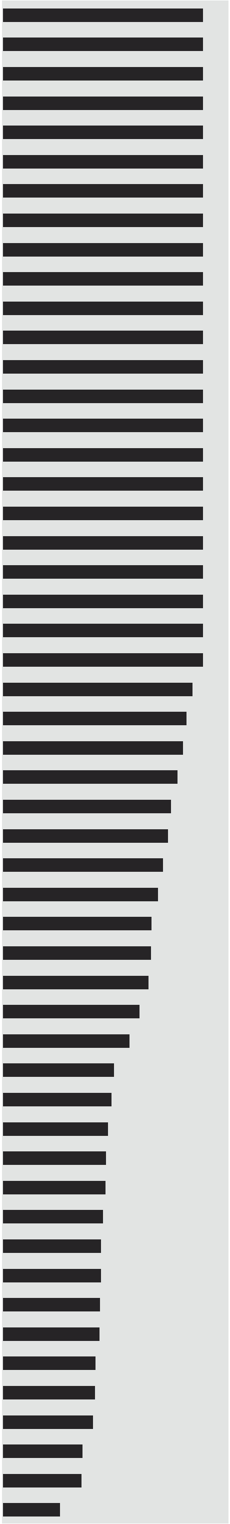
SOURCE: The World Bank, *Doing Business 2008*

1.25

Domestic financial sector liberalization

This index measures the degree of domestic financial sector liberalization within a country, standardized on a 1-to-7 scale | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	Australia	7.00
1	Austria	7.00
1	Bahrain	7.00
1	Belgium	7.00
1	Canada	7.00
1	Chile	7.00
1	Finland	7.00
1	France	7.00
1	Germany	7.00
1	Hong Kong SAR	7.00
1	Ireland	7.00
1	Israel	7.00
1	Japan	7.00
1	Korea, Rep.	7.00
1	Malaysia	7.00
1	Netherlands	7.00
1	Norway	7.00
1	Singapore	7.00
1	South Africa	7.00
1	Spain	7.00
1	Sweden	7.00
1	United Kingdom	7.00
1	United States	7.00
24	Thailand	6.63
25	Indonesia	6.42
26	Panama	6.29
27	Italy	6.11
28	Mexico	5.87
29	Colombia	5.77
30	Switzerland	5.60
31	Nigeria	5.42
32	Philippines	5.19
33	Peru	5.18
34	Brazil	5.09
35	United Arab Emirates	4.78
36	Argentina	4.43
37	Saudi Arabia	3.88
38	India	3.79
39	Hungary	3.67
40	Slovak Republic	3.60
41	Kuwait	3.59
42	Turkey	3.50
43	China	3.43
44	Czech Republic	3.43
45	Poland	3.39
46	Egypt	3.37
47	Vietnam	3.24
48	Kazakhstan	3.21
49	Pakistan	3.15
50	Ukraine	2.77
51	Russian Federation	2.74
52	Venezuela	1.99



SOURCE: Graciela Kaminsky and Sergio Schmukler, 2003. "Short-Run Pain, Long-Run Gain: The Effects of Financial Liberalization." IMF Working Paper 03/34. Washington, DC: International Monetary Fund

Section II

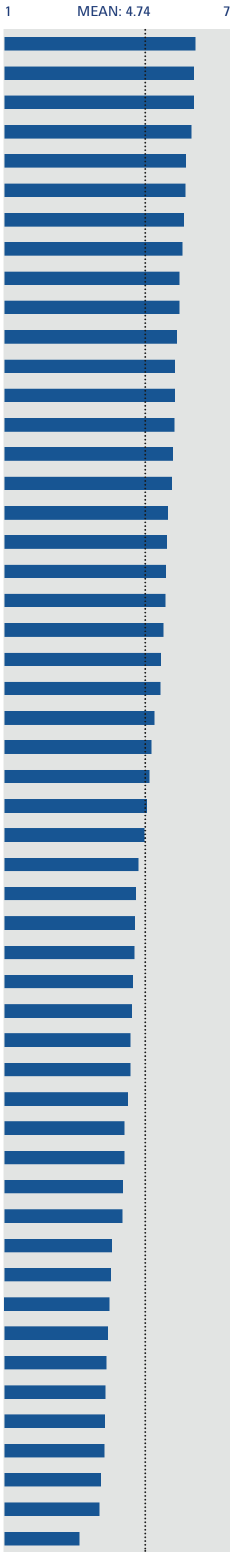
Business environment

2.01

Quality of management schools

Management or business schools in your country are (1 = limited or of poor quality, 7 = among the best in the world)

RANK	COUNTRY/ECONOMY	SCORE
1	France	6.01
2	Belgium	5.97
3	Switzerland	5.97
4	Canada	5.91
5	Spain	5.76
6	United States	5.75
7	Singapore	5.71
8	India	5.67
9	United Kingdom	5.59
10	Netherlands	5.59
11	Finland	5.53
12	Sweden	5.47
13	Ireland	5.47
14	Israel	5.46
15	Australia	5.42
16	Hong Kong SAR	5.39
17	Chile	5.29
18	Norway	5.26
19	South Africa	5.24
20	Malaysia	5.22
21	Austria	5.17
22	Germany	5.11
23	Korea, Rep.	5.09
24	Argentina	4.94
25	Indonesia	4.86
26	Thailand	4.80
27	Philippines	4.74
28	Czech Republic	4.67
29	Colombia	4.51
30	Peru	4.45
31	Mexico	4.42
32	Poland	4.41
33	Italy	4.37
34	Turkey	4.34
35	Hungary	4.31
36	United Arab Emirates	4.30
37	Venezuela	4.24
38	Brazil	4.15
39	Slovak Republic	4.15
40	Japan	4.11
41	Kuwait	4.09
42	Saudi Arabia	3.82
43	Russian Federation	3.79
44	Pakistan	3.76
45	Panama	3.71
46	Ukraine	3.68
47	Bahrain	3.65
48	Nigeria	3.64
49	China	3.62
50	Kazakhstan	3.53
51	Egypt	3.49
52	Vietnam	2.97



SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

2.02

Quality of math and science education

Math and science education in your country's schools (1 = lag far behind most other countries, 7 = are among the best in the world)

RANK	COUNTRY/ECONOMY	SCORE
1	Singapore	6.34
2	Belgium	6.29
3	Finland	6.17
4	Hong Kong SAR	5.85
5	Switzerland	5.72
6	France	5.71
7	Czech Republic	5.53
8	Korea, Rep.	5.46
9	India	5.38
10	Malaysia	5.36
11	Netherlands	5.27
12	Canada	5.21
13	Ireland	5.16
14	Hungary	5.12
15	Australia	5.11
16	Austria	5.06
17	Slovak Republic	5.05
18	Japan	5.03
19	Israel	4.94
20	Indonesia	4.94
21	Sweden	4.81
22	Germany	4.79
23	Russian Federation	4.72
24	Thailand	4.63
25	Ukraine	4.59
26	United States	4.54
27	United Kingdom	4.54
28	Poland	4.52
29	United Arab Emirates	4.52
30	Norway	4.44
31	China	4.38
32	Italy	4.27
33	Turkey	4.26
34	Saudi Arabia	3.94
35	Spain	3.93
36	Kazakhstan	3.92
37	Kuwait	3.85
38	Vietnam	3.83
39	Bahrain	3.78
40	Colombia	3.78
41	Argentina	3.32
42	Nigeria	3.17
43	Pakistan	3.12
44	Egypt	3.06
45	Chile	3.04
46	Philippines	2.95
47	Panama	2.92
48	Venezuela	2.92
49	Mexico	2.81
50	Brazil	2.76
51	South Africa	2.35
52	Peru	2.06

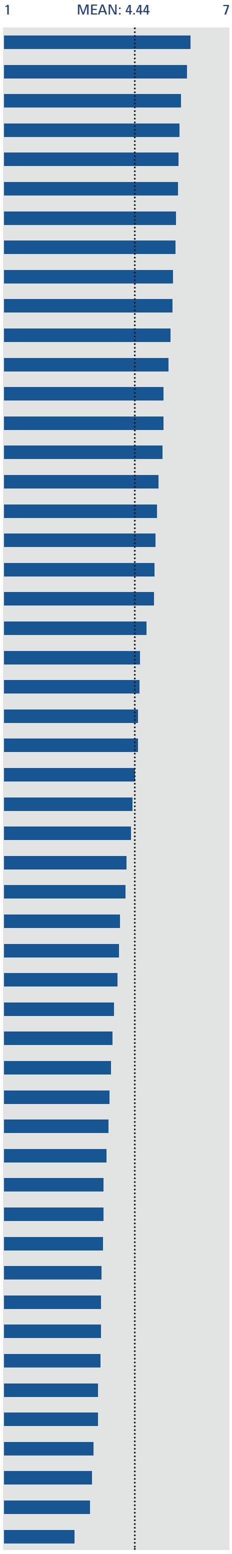
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

2.03

Extent of staff training

The general approach of companies in your country to human resources is (1 = to invest little in training and employee development, 7 = to invest heavily to attract, train, and retain employees)

RANK	COUNTRY/ECONOMY	SCORE
1	Switzerland	5.90
2	Sweden	5.80
3	Japan	5.64
4	Korea, Rep.	5.61
5	Austria	5.58
6	Singapore	5.57
7	Netherlands	5.52
8	Germany	5.50
9	Norway	5.43
10	United States	5.42
11	Belgium	5.37
12	Finland	5.32
13	Ireland	5.18
14	Malaysia	5.18
15	United Kingdom	5.16
16	Australia	5.05
17	South Africa	5.02
18	Israel	4.97
19	France	4.95
20	Canada	4.94
21	Hong Kong SAR	4.74
22	Philippines	4.57
23	India	4.56
24	Indonesia	4.52
25	Czech Republic	4.52
26	Thailand	4.44
27	United Arab Emirates	4.37
28	Chile	4.33
29	Slovak Republic	4.21
30	Brazil	4.19
31	Turkey	4.04
32	Kuwait	4.01
33	Spain	3.97
34	Panama	3.89
35	Bahrain	3.84
36	China	3.81
37	Mexico	3.76
38	Poland	3.74
39	Colombia	3.69
40	Hungary	3.61
41	Argentina	3.61
42	Nigeria	3.60
43	Saudi Arabia	3.56
44	Italy	3.54
45	Egypt	3.54
46	Vietnam	3.53
47	Peru	3.47
48	Venezuela	3.46
49	Kazakhstan	3.34
50	Russian Federation	3.30
51	Ukraine	3.25
52	Pakistan	2.85



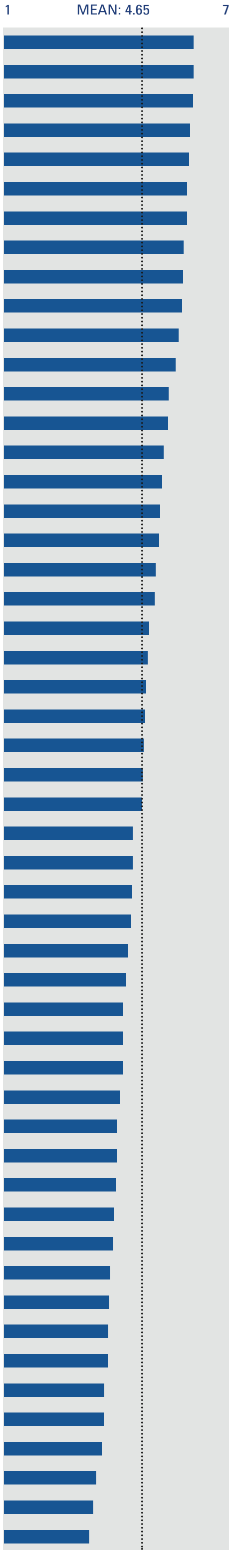
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

2.04

Local availability of specialized research and training services

In your country, specialized research and training services are (1 = not available, 7 = available from world-class local institutions)

RANK	COUNTRY/ECONOMY	SCORE
1	Switzerland	5.99
2	United States	5.99
3	Germany	5.98
4	Sweden	5.89
5	United Kingdom	5.87
6	Japan	5.82
7	Netherlands	5.81
8	Belgium	5.73
9	Finland	5.71
10	Canada	5.68
11	France	5.59
12	Israel	5.51
13	Korea, Rep.	5.33
14	Austria	5.32
15	Australia	5.20
16	Singapore	5.16
17	Norway	5.10
18	Hong Kong SAR	5.08
19	Malaysia	4.99
20	Ireland	4.96
21	Czech Republic	4.82
22	Italy	4.78
23	Indonesia	4.74
24	India	4.71
25	Brazil	4.67
26	South Africa	4.64
27	Chile	4.63
28	China	4.38
29	Spain	4.38
30	Poland	4.37
31	Turkey	4.34
32	Argentina	4.26
33	Slovak Republic	4.21
34	United Arab Emirates	4.14
35	Kuwait	4.14
36	Mexico	4.13
37	Nigeria	4.05
38	Hungary	3.97
39	Thailand	3.97
40	Philippines	3.94
41	Saudi Arabia	3.88
42	Panama	3.87
43	Colombia	3.79
44	Vietnam	3.77
45	Peru	3.74
46	Russian Federation	3.73
47	Kazakhstan	3.63
48	Egypt	3.62
49	Ukraine	3.57
50	Bahrain	3.43
51	Pakistan	3.34
52	Venezuela	3.24



SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

2.05

Brain drain and ease of hiring foreign labor

This variable is the average of the results to two Survey questions in the Survey: Your country's talented people (1 = normally leave to pursue opportunities in other countries, 7 = almost always remain in the country); and Labor regulation in your country (1 = prevents your company from employing foreign labor, 7 = does not prevent your company from employing foreign labor)

RANK	COUNTRY/ECONOMY	SCORE
1	Kuwait	5.80
2	United Arab Emirates	5.68
3	Ireland	5.67
4	United States	5.59
5	Singapore	5.42
6	Finland	5.39
7	Norway	5.37
8	Switzerland	5.35
9	Chile	5.34
10	United Kingdom	5.23
11	Indonesia	5.22
12	Hong Kong SAR	5.18
13	Malaysia	4.90
14	Netherlands	4.86
15	Korea, Rep.	4.82
16	Germany	4.76
17	Japan	4.76
18	Spain	4.75
19	Sweden	4.65
20	Bahrain	4.63
21	Thailand	4.60
22	Canada	4.58
23	Saudi Arabia	4.53
24	Belgium	4.52
25	Czech Republic	4.46
26	Panama	4.41
27	China	4.40
28	Austria	4.40
29	Brazil	4.32
30	Slovak Republic	4.31
31	Argentina	4.29
32	Italy	4.28
33	Australia	4.27
34	Colombia	4.24
35	France	4.23
36	Mexico	4.19
37	India	4.13
38	Israel	4.11
39	Hungary	4.03
40	Peru	4.03
41	Turkey	4.02
42	Vietnam	4.00
43	Pakistan	3.97
44	Nigeria	3.81
45	Egypt	3.76
46	Russian Federation	3.71
47	Kazakhstan	3.66
48	Poland	3.57
49	Ukraine	3.45
50	South Africa	3.33
51	Venezuela	3.26
52	Philippines	3.17

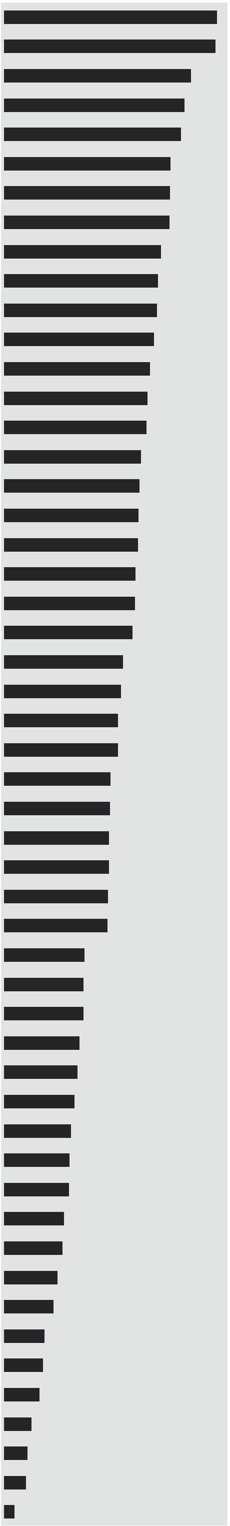
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

2.06

Tertiary enrollment

Gross tertiary enrollment rate | 2006 or most recent year available

RANK	COUNTRY/ECONOMY	HARD DATA
1	Finland	93.22
2	Korea, Rep.[5]	92.60
3	United States	81.77
4	Sweden	78.99
5	Norway	77.51
6	Ukraine	72.78
7	Australia	72.70
8	Russian Federation	72.28
9	Hungary	68.60
10	Spain	67.36
11	Italy	66.99
12	Poland	65.58
13	Argentina[4]	63.77
14	Belgium	62.84
15	Canada[3]	62.36
16	Netherlands	59.81
17	United Kingdom	59.34
18	Ireland	58.77
19	Singapore[5]	58.60
20	Israel	57.57
21	Japan	57.31
22	France	56.16
23	Venezuela	51.96
24	Kazakhstan[5]	51.18
25	Austria	49.89
26	Czech Republic	49.85
27	Chile	46.57
28	Germany	46.34
29	Thailand	45.90
30	Switzerland	45.80
31	Panama	45.49
32	Slovak Republic	45.32
33	Peru	35.06
34	Egypt[4]	34.75
35	Turkey	34.62
36	Hong Kong SAR	32.97
37	Bahrain	32.05
38	Colombia	30.83
39	Saudi Arabia	29.22
40	Malaysia[4]	28.58
41	Philippines	28.47
42	Mexico	26.08
43	Brazil[4]	25.48
44	United Arab Emirates[2]	23.24
45	China	21.58
46	Kuwait	17.56
47	Indonesia	16.98
48	South Africa	15.41
49	India	11.85
50	Nigeria[4]	10.15
51	Vietnam[1]	9.47
52	Pakistan	4.52



SOURCE: UNESCO Institute for Statistics (June 2008); World Bank, *World Development Indicators 2008* (published version); national sources

[1] 2000 [2] 2003 [3] 2004 [4] 2005 [5] 2007

2.07

Irregular payments in tax collection

In your industry, how frequently would you estimate that firms make undocumented extra payments or bribes connected with annual tax payments? (1 = common, 7 = never occurs)

RANK	COUNTRY/ECONOMY	SCORE
1	Sweden	6.77
2	Finland	6.77
3	Singapore	6.67
4	Germany	6.59
5	Austria	6.57
6	Australia	6.57
7	United Arab Emirates	6.48
8	Switzerland	6.45
9	Norway	6.42
10	Bahrain	6.41
11	Netherlands	6.40
12	Hong Kong SAR	6.37
13	Canada	6.35
14	Ireland	6.26
15	United Kingdom	6.21
16	Japan	6.20
17	France	6.19
18	Spain	6.04
19	Kuwait	6.03
20	Chile	6.03
21	Belgium	5.93
22	South Africa	5.87
23	Korea, Rep.	5.58
24	Slovak Republic	5.55
25	Hungary	5.54
26	Malaysia	5.50
27	Czech Republic	5.48
28	Turkey	5.45
29	Israel	5.41
30	Peru	5.35
31	United States	5.26
32	Russian Federation	5.15
33	Saudi Arabia	4.95
34	Mexico	4.92
35	Italy	4.91
36	Panama	4.90
37	Thailand	4.71
38	Colombia	4.70
39	Poland	4.64
40	China	4.37
41	Egypt	4.36
42	Brazil	4.35
43	Venezuela	4.29
44	Kazakhstan	4.26
45	India	4.19
46	Ukraine	4.05
47	Argentina	3.93
48	Pakistan	3.34
49	Indonesia	3.31
50	Philippines	3.28
51	Vietnam	3.15
52	Nigeria	2.94

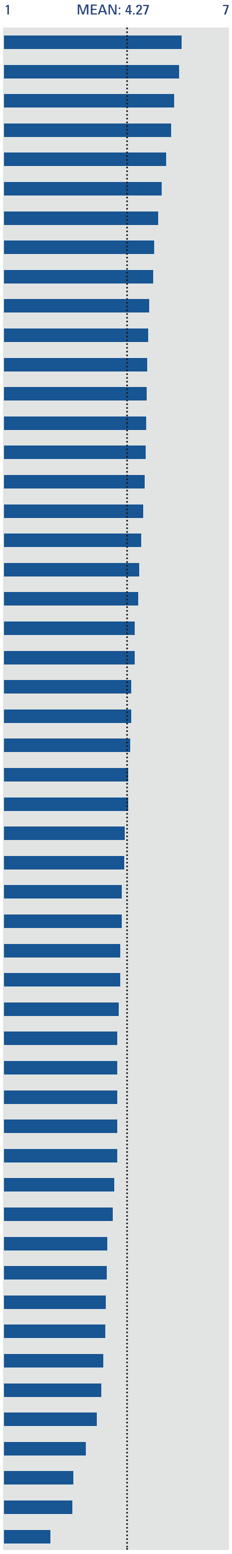
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

2.08

Distortive effect on competition of taxes and subsidies

In your country, government subsidies and tax breaks seriously distort competition (1 = strongly agree, 7 = strongly disagree)

RANK	COUNTRY/ECONOMY	SCORE
1	Singapore	5.67
2	Hong Kong SAR	5.60
3	United Arab Emirates	5.47
4	Chile	5.39
5	Bahrain	5.26
6	Netherlands	5.14
7	South Africa	5.05
8	Saudi Arabia	4.95
9	Finland	4.92
10	Malaysia	4.82
11	Switzerland	4.79
12	Korea, Rep.	4.76
13	Israel	4.75
14	Norway	4.74
15	Australia	4.72
16	Ireland	4.70
17	Sweden	4.66
18	United Kingdom	4.61
19	Austria	4.56
20	France	4.53
21	Germany	4.44
22	Indonesia	4.44
23	Italy	4.34
24	Thailand	4.34
25	Japan	4.32
26	Colombia	4.26
27	Pakistan	4.26
28	China	4.17
29	Brazil	4.16
30	Belgium	4.10
31	Canada	4.10
32	Kuwait	4.06
33	Slovak Republic	4.06
34	Mexico	4.02
35	Nigeria	3.98
36	United States	3.98
37	Philippines	3.97
38	Vietnam	3.97
39	India	3.97
40	Spain	3.90
41	Turkey	3.86
42	Poland	3.71
43	Egypt	3.70
44	Czech Republic	3.68
45	Peru	3.66
46	Hungary	3.61
47	Kazakhstan	3.55
48	Panama	3.44
49	Russian Federation	3.15
50	Argentina	2.82
51	Ukraine	2.79
52	Venezuela	2.22



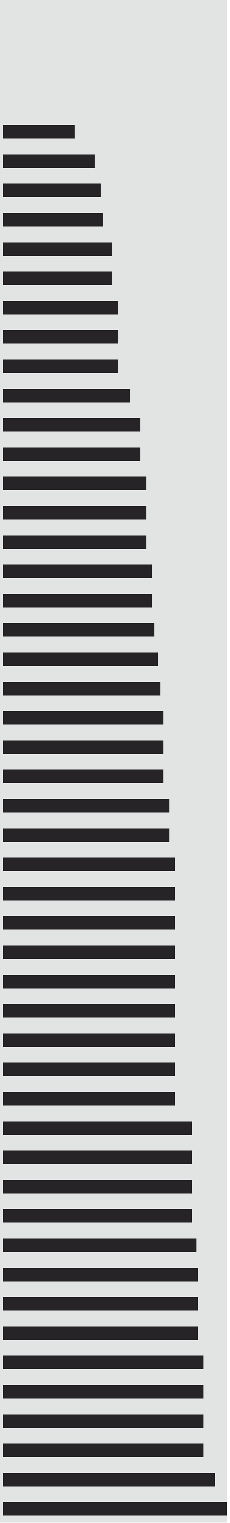
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

2.09

Corporate tax rate

The top tax rate on corporate income | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Bahrain	0.00
1	Kuwait	0.00
1	Saudi Arabia	0.00
1	United Arab Emirates	0.00
5	Ireland	12.50
6	Hungary	16.00
7	Chile	17.00
8	Hong Kong SAR	17.50
9	Poland	19.00
9	Slovak Republic	19.00
11	Egypt	20.00
11	Singapore	20.00
11	Turkey	20.00
14	Canada	22.10
15	Czech Republic	24.00
15	Russian Federation	24.00
17	Austria	25.00
17	Switzerland	25.00
17	Ukraine	25.00
20	Finland	26.00
20	Netherlands	26.00
22	Germany	26.40
23	Malaysia	27.00
24	Korea, Rep.	27.50
25	Mexico	28.00
25	Norway	28.00
25	Sweden	28.00
28	Israel	29.00
28	South Africa	29.00
30	Australia	30.00
30	Indonesia	30.00
30	Japan	30.00
30	Kazakhstan	30.00
30	Nigeria	30.00
30	Panama	30.00
30	Peru	30.00
30	Thailand	30.00
30	United Kingdom	30.00
39	Belgium	33.00
39	China	33.00
39	India	33.00
39	Italy	33.00
43	France	33.80
44	Brazil	34.00
44	Colombia	34.00
44	Venezuela	34.00
47	Argentina	35.00
47	Philippines	35.00
47	Spain	35.00
47	United States	35.00
51	Pakistan	37.00
52	Vietnam	40.00



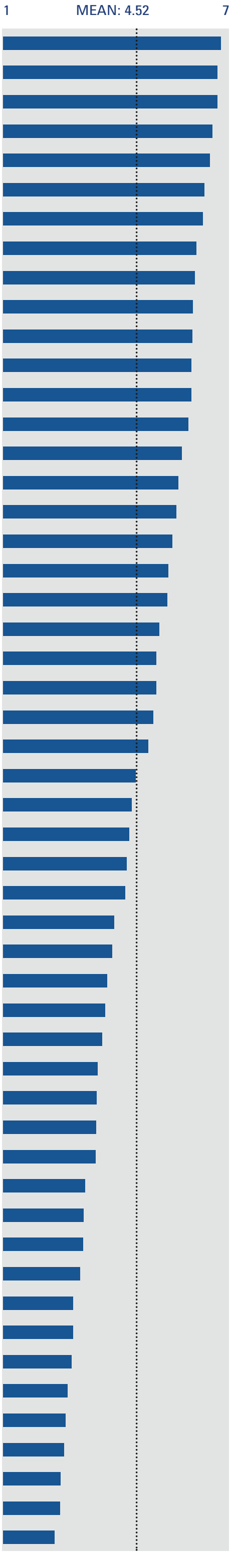
SOURCE: Heritage Foundation, *2008 Index of Economic Freedom*

2.10

Quality of overall infrastructure

General infrastructure in your country is (1 = underdeveloped, 7 = extensive and efficient by international standards

RANK	COUNTRY/ECONOMY	SCORE
1	Switzerland	6.71
2	Germany	6.62
3	Singapore	6.62
4	France	6.48
5	Finland	6.42
6	Austria	6.27
7	Hong Kong SAR	6.23
8	United States	6.06
9	Sweden	6.03
10	Canada	5.97
11	United Arab Emirates	5.96
12	Belgium	5.94
13	Japan	5.93
14	Netherlands	5.85
15	Malaysia	5.69
16	Korea, Rep.	5.59
17	United Kingdom	5.54
18	Australia	5.43
19	Spain	5.33
20	Norway	5.31
21	Thailand	5.09
22	Israel	5.02
23	Chile	5.01
24	Bahrain	4.94
25	Kuwait	4.81
26	South Africa	4.48
27	Czech Republic	4.37
28	Saudi Arabia	4.30
29	Panama	4.24
30	Hungary	4.20
31	Ireland	3.91
32	Slovak Republic	3.86
33	Turkey	3.73
34	Egypt	3.68
35	China	3.59
36	Italy	3.48
37	Mexico	3.45
38	Pakistan	3.44
39	Kazakhstan	3.43
40	Ukraine	3.15
41	India	3.11
42	Argentina	3.10
43	Russian Federation	3.02
44	Poland	2.83
45	Colombia	2.83
46	Vietnam	2.80
47	Brazil	2.69
48	Philippines	2.64
49	Indonesia	2.60
50	Peru	2.50
51	Venezuela	2.49
52	Nigeria	2.35



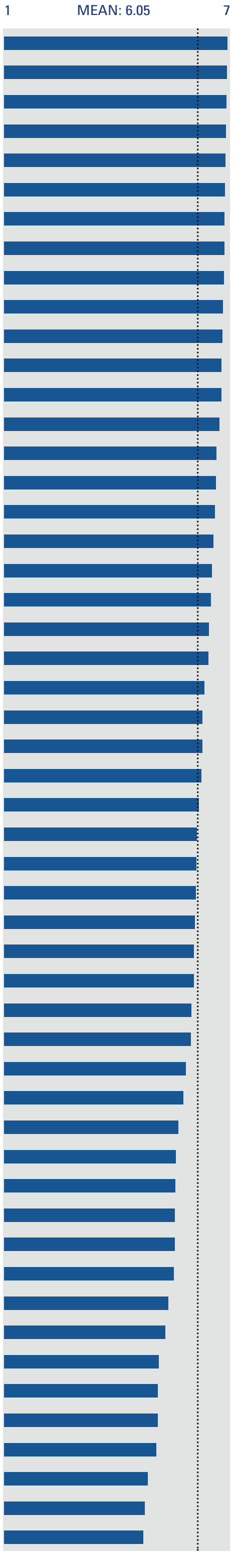
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

2.11

Quality of telephone/fax infrastructure

New telephone lines for your business are (1 = scarce and difficult to obtain, 7 = widely available and highly reliable)

RANK	COUNTRY/ECONOMY	SCORE
1	Switzerland	6.86
2	Finland	6.84
3	Germany	6.83
4	Singapore	6.82
5	Sweden	6.80
6	Japan	6.79
7	Hong Kong SAR	6.78
8	France	6.78
9	Austria	6.76
10	Norway	6.73
11	Netherlands	6.72
12	Israel	6.69
13	Canada	6.69
14	Belgium	6.64
15	United Arab Emirates	6.57
16	United Kingdom	6.55
17	Chile	6.52
18	Slovak Republic	6.49
19	United States	6.45
20	Hungary	6.42
21	Korea, Rep.	6.37
22	Czech Republic	6.35
23	India	6.25
24	Egypt	6.20
25	Australia	6.20
26	Bahrain	6.17
27	Malaysia	6.10
28	Thailand	6.05
29	Spain	6.04
30	Turkey	6.03
31	Colombia	6.00
32	Brazil	5.98
33	Kuwait	5.97
34	Panama	5.91
35	Peru	5.89
36	Saudi Arabia	5.76
37	Mexico	5.70
38	Vietnam	5.57
39	Italy	5.50
40	China	5.49
41	Argentina	5.48
42	Ireland	5.47
43	Philippines	5.45
44	Pakistan	5.31
45	Venezuela	5.22
46	Nigeria	5.06
47	Indonesia	5.03
48	Kazakhstan	5.03
49	Russian Federation	4.99
50	South Africa	4.77
51	Poland	4.68
52	Ukraine	4.65



SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

2.12

Internet users

Internet users per 100 inhabitants | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Netherlands	85.71
2	Norway	81.68
3	Sweden	76.97
4	Canada	76.77
5	Korea, Rep.	71.11
6	United States	69.83
7	Japan	68.27
8	United Kingdom	63.16
9	Singapore	59.36
10	Switzerland	58.07
11	Finland	55.60
12	Malaysia	54.23
13	Hong Kong SAR	52.97
14	Italy	52.91
15	Australia	52.05
16	Austria	51.31
17	France	49.57
18	Belgium	46.95
19	Germany	46.67
20	Spain	42.83
21	Slovak Republic	41.76
22	United Arab Emirates	36.69
23	Poland	36.58
24	Hungary	34.75
25	Czech Republic	34.69
26	Ireland	34.23
27	Kuwait	28.93
28	Bahrain	28.44
29	Israel	27.74
30	Chile	25.24
31	Peru	22.89
32	Brazil	22.55
33	Argentina	20.91
34	Ukraine	19.57
35	Mexico	18.98
36	Saudi Arabia	18.66
37	Russian Federation	18.02
38	Turkey	17.73
39	Vietnam	17.21
40	Panama	15.29
41	Venezuela	14.52
42	Colombia	14.49
43	Thailand	13.07
44	India	10.72
45	China	10.35
46	Kazakhstan	8.71
47	Egypt	7.95
48	South Africa	7.77
49	Pakistan	7.64
50	Nigeria	5.95
51	Philippines	5.92
52	Indonesia	4.69

SOURCE: International Telecommunication Union, *World Telecommunication Indicators 2007*; national sources

2.13

Broadband Internet subscribers

Total broadband Internet subscribers per 100 inhabitants | 2006 or most recent year available

RANK	COUNTRY/ECONOMY	HARD DATA
1	Netherlands	31.79
2	Korea, Rep.	29.27
3	Finland	27.14
4	Norway	26.81
5	Switzerland	26.48
6	Sweden	25.87
7	Hong Kong SAR	24.51
8	Canada	22.91
9	Belgium	22.58
10	United Kingdom	21.71
11	France	20.93
12	Israel	20.75
13	Japan	20.62
14	United States	20.11
15	Australia	19.15
16	Singapore	18.26
17	Germany	18.13
18	Austria	17.70
19	Spain	15.42
20	Italy	14.86
21	Ireland	14.30
22	Hungary	11.90
23	Czech Republic	10.90
24	Poland	7.56
25	Chile	5.92
26	Slovak Republic	5.87
27	Bahrain	5.23
28	United Arab Emirates	5.17
29	Argentina	4.05
30	China	3.85
31	Turkey	3.74
32	Malaysia	3.49
33	Brazil	3.14
34	Mexico	2.85
35	Russian Federation	2.03
36	Venezuela	1.98
37	Peru	1.71
38	Colombia	1.36
39	Ukraine	1.13
40	Panama	1.01
41	Kuwait[1]	0.93
42	Saudi Arabia	0.87
43	South Africa	0.70
44	Vietnam	0.61
45	Egypt	0.27
46	Kazakhstan	0.21
47	India	0.21
48	Thailand[1]	0.16
49	Philippines[1]	0.15
50	Indonesia[1]	0.09
51	Pakistan	0.02
52	Nigeria[1]	0.00

SOURCE: International Telecommunication Union, *World Telecommunication Indicators 2007*; national sources

[1] 2005

2.14

Telephone lines

Main telephone lines per 100 inhabitants | 2006 or most recent year available

RANK	COUNTRY/ECONOMY	HARD DATA
1	Switzerland	66.89
2	Germany	65.94
3	Canada	64.49
4	Sweden	59.52
5	United Kingdom	56.15
6	France	55.82
7	United States	55.63
8	Hong Kong SAR	53.89
9	Ireland	49.93
10	Korea, Rep.	49.82
11	Australia	48.81
12	Italy	46.25
13	Spain	45.81
14	Netherlands	45.61
15	Belgium	45.30
16	Norway	44.27
17	Israel	43.88
18	Austria	43.40
19	Japan	43.02
20	Singapore	42.32
21	Finland	36.30
22	Hungary	33.37
23	Vietnam[1]	32.23
24	Russian Federation	30.80
25	Poland	29.81
26	Czech Republic	28.28
27	United Arab Emirates	28.12
28	China	27.79
29	Ukraine	26.84
30	Bahrain	26.30
31	Turkey	25.39
32	Argentina	24.17
33	Slovak Republic	21.62
34	Brazil	20.54
35	Chile	20.20
36	Kazakhstan	19.77
37	Kuwait	18.70
38	Mexico	18.33
39	Colombia	16.98
40	Malaysia	16.83
41	Saudi Arabia	15.68
42	Venezuela	15.49
43	Panama	14.85
44	Egypt	14.33
45	Thailand	10.92
46	South Africa	9.88
47	Peru	8.46
48	Indonesia	6.57
49	Philippines	4.30
50	India	3.64
51	Pakistan	3.34
52	Nigeria	1.26

SOURCE: International Telecommunication Union, *World Telecommunication Indicators 2007*; national sources

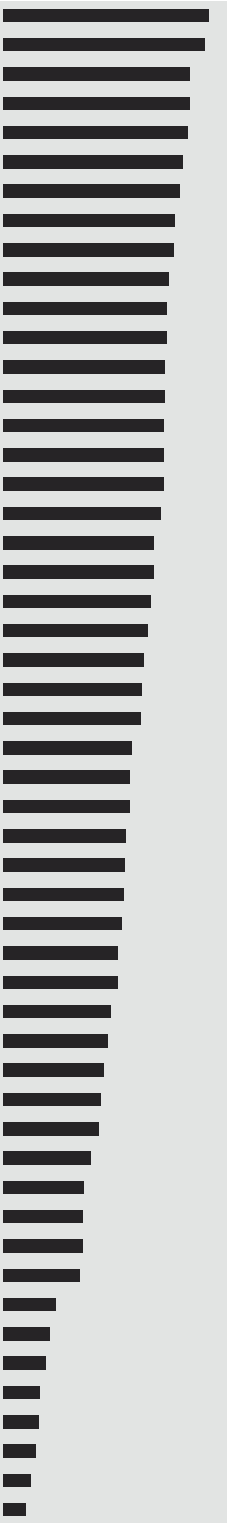
[1] 2005

2.15

Mobile telephone subscribers

Mobile cellular telephone subscribers per 100 inhabitants | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Italy	135.14
2	Hong Kong SAR	132.68
3	Bahrain	122.88
4	Israel	122.74
5	Czech Republic	121.54
6	United Arab Emirates	118.51
7	United Kingdom	116.57
8	Austria	112.81
9	Ireland	112.59
10	Singapore	109.34
11	Norway	107.87
12	Finland	107.76
13	Ukraine	106.53
14	Spain	106.39
15	Sweden	105.92
16	Netherlands	105.91
17	Russian Federation	105.71
18	Germany	103.55
19	Switzerland	99.04
20	Hungary	98.95
21	Australia	97.02
22	Poland	95.45
23	Belgium	92.55
24	Kuwait	91.49
25	Slovak Republic	90.60
26	France	85.08
27	Korea, Rep.	83.77
28	South Africa	83.33
29	Argentina	80.52
30	United States	80.32
31	Japan	79.32
32	Saudi Arabia	78.05
33	Chile	75.62
34	Malaysia	75.45
35	Turkey	71.00
36	Venezuela	69.04
37	Panama	66.14
38	Colombia	64.31
39	Thailand	62.88
40	Canada	57.57
41	Brazil	52.90
42	Kazakhstan	52.86
43	Mexico	52.63
44	Philippines	50.75
45	China	34.83
46	Peru	30.91
47	Indonesia	28.30
48	Nigeria	24.05
49	Egypt	23.86
50	Pakistan	21.98
51	Vietnam	18.17
52	India	14.83



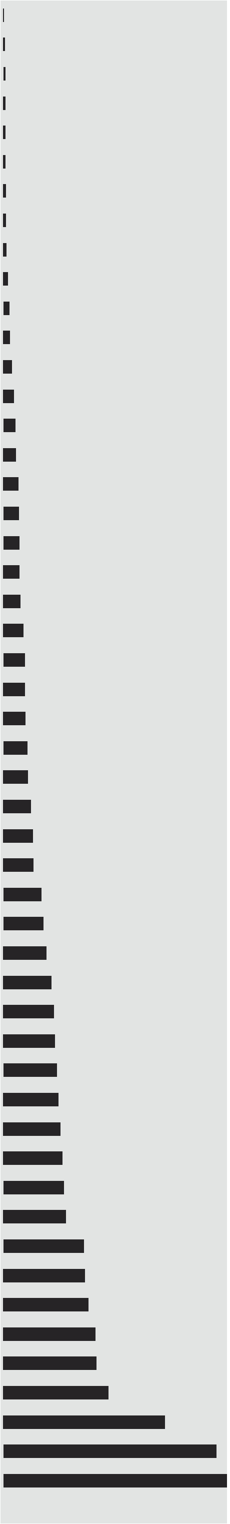
SOURCE: International Telecommunication Union, *World Telecommunication Indicators 2007*; national sources

2.16

Cost of starting a business

Cost of starting a business as a percentage of income per capita | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	Ireland	0.30
2	Sweden	0.60
3	United States	0.70
4	Australia	0.80
4	Singapore	0.80
4	United Kingdom	0.80
7	Canada	0.90
8	Finland	1.00
9	France	1.10
10	Kuwait	1.60
11	Switzerland	2.10
12	Norway	2.30
13	Hong Kong SAR	3.10
14	Russian Federation	3.70
15	Slovak Republic	4.20
16	Israel	4.40
17	Belgium	5.30
18	Austria	5.40
19	Thailand	5.60
20	Germany	5.70
21	Netherlands	6.00
22	South Africa	7.10
23	Japan	7.50
24	Kazakhstan	7.60
25	Ukraine	7.80
26	China	8.40
27	Chile	8.60
28	Argentina	9.70
29	Brazil	10.40
30	Czech Republic	10.60
31	Mexico	13.30
32	Pakistan	14.00
33	Spain	15.10
34	Korea, Rep.	16.90
35	Hungary	17.70
36	Malaysia	18.10
37	Italy	18.70
38	Colombia	19.30
39	Vietnam	20.00
40	Turkey	20.70
41	Poland	21.20
42	Panama	22.00
43	Venezuela	28.20
44	Egypt	28.60
45	Peru	29.90
46	Saudi Arabia	32.30
47	Philippines	32.60
48	United Arab Emirates	36.90
49	Nigeria	56.60
50	India	74.60
51	Indonesia	80.00
n/a	Bahrain	n/a



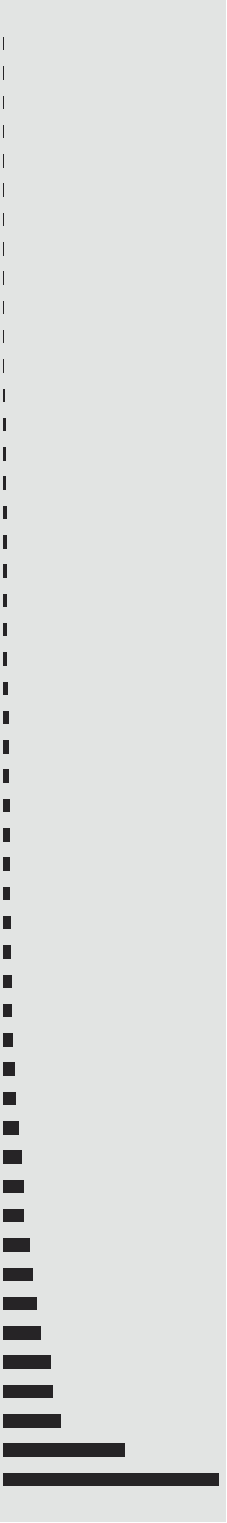
SOURCE: The World Bank, *Doing Business 2008*

2.17

Cost of dealing with licenses

Cost of dealing with licenses as a percentage of income per capita | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	United Arab Emirates	1.50
2	Malaysia	10.00
3	Hungary	10.40
4	Thailand	10.70
5	Australia	13.20
6	United States	13.40
7	Slovak Republic	14.90
8	Japan	17.80
9	Czech Republic	18.50
10	Ireland	19.80
11	Hong Kong SAR	21.30
12	Singapore	22.90
13	France	24.90
14	South Africa	30.40
15	Norway	46.20
16	Switzerland	52.70
17	Brazil	59.40
18	Germany	63.10
19	Belgium	63.70
20	United Kingdom	64.60
21	Spain	64.90
22	Austria	73.70
23	Netherlands	76.00
24	Saudi Arabia	94.50
25	Philippines	102.40
26	Mexico	103.50
27	Sweden	106.40
28	Israel	115.50
29	Finland	122.30
30	Canada	125.40
31	Chile	128.10
32	Italy	138.20
33	Panama	143.90
34	Poland	159.80
35	Peru	165.00
36	Korea, Rep.	170.20
37	Kuwait	209.40
38	Argentina	234.10
39	Indonesia	286.80
40	Venezuela	326.00
41	Turkey	369.90
42	Vietnam	373.60
43	Egypt	474.90
44	India	519.40
45	Colombia	602.80
46	Ukraine	668.50
47	China	840.20
48	Pakistan	869.50
49	Nigeria	1,016.00
50	Kazakhstan	2,129.90
51	Russian Federation	3,788.40
n/a	Bahrain	n/a



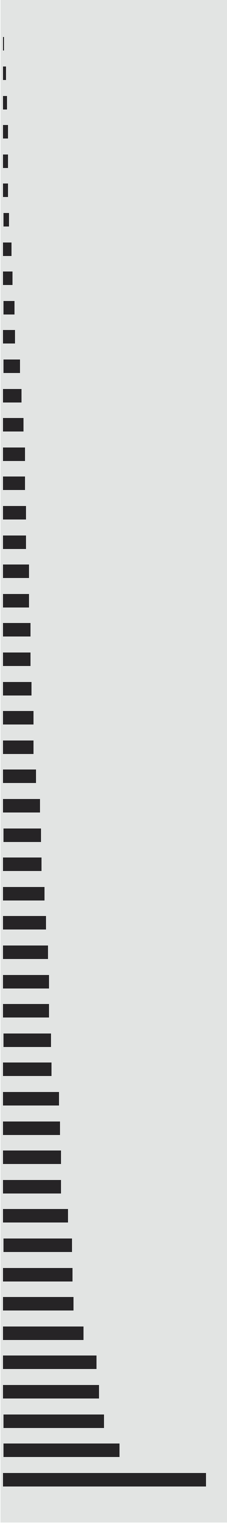
SOURCE: The World Bank, *Doing Business 2008*

2.18

Cost of registering property

Cost of registering property as a percentage of income per capita | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	Saudi Arabia	0.00
2	Slovak Republic	0.10
3	Russian Federation	0.30
4	Switzerland	0.40
5	Kuwait	0.50
5	Poland	0.50
5	United States	0.50
8	Italy	0.60
9	Kazakhstan	0.90
10	Egypt	1.00
11	Vietnam	1.20
12	Chile	1.30
13	Canada	1.80
14	United Arab Emirates	2.00
15	Venezuela	2.20
16	Malaysia	2.40
16	Panama	2.40
18	Colombia	2.50
18	Norway	2.50
20	Brazil	2.80
20	Singapore	2.80
22	Czech Republic	3.00
22	Sweden	3.00
24	Turkey	3.10
25	Peru	3.30
25	Ukraine	3.30
27	China	3.60
28	Finland	4.00
29	United Kingdom	4.10
30	Philippines	4.20
31	Austria	4.50
32	Mexico	4.70
33	Australia	4.90
34	Hong Kong SAR	5.00
34	Japan	5.00
36	Germany	5.20
37	Pakistan	5.30
38	France	6.10
39	Netherlands	6.20
40	Korea, Rep.	6.30
40	Thailand	6.30
42	Spain	7.10
43	Israel	7.50
44	Argentina	7.60
45	India	7.70
46	South Africa	8.80
47	Ireland	10.20
48	Indonesia	10.50
49	Hungary	11.00
50	Belgium	12.70
51	Nigeria	22.20
n/a	Bahrain	n/a



SOURCE: The World Bank, *Doing Business 2008*

2.19

Cost to export

Total official cost in US dollars associated with exporting a container, excluding tariffs and trade taxes | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	China	390.00
2	Singapore	416.00
3	Finland	420.00
4	Malaysia	432.00
5	United Arab Emirates	462.00
6	Pakistan	515.00
7	Norway	518.00
8	Hong Kong SAR	525.00
9	Israel	560.00
10	Sweden	561.00
11	Peru	590.00
12	Thailand	615.00
13	Chile	645.00
14	Panama	650.00
15	Indonesia	667.00
16	Vietnam	669.00
17	Egypt	714.00
18	Germany	740.00
19	Korea, Rep.	745.00
20	Czech Republic	775.00
21	Philippines	800.00
22	India	820.00
23	Poland	834.00
24	Austria	843.00
25	Turkey	865.00
26	Netherlands	880.00
27	Australia	930.00
28	Kuwait	935.00
29	United Kingdom	940.00
30	United States	960.00
31	Hungary	975.00
32	Japan	989.00
33	Spain	1,000.00
34	Saudi Arabia	1,008.00
35	Slovak Republic	1,015.00
36	Nigeria	1,026.00
37	France	1,028.00
38	Ukraine	1,045.00
39	South Africa	1,087.00
40	Brazil	1,090.00
40	Ireland	1,090.00
42	Switzerland	1,238.00
43	Italy	1,291.00
44	Mexico	1,302.00
45	Argentina	1,325.00
46	Canada	1,385.00
47	Colombia	1,440.00
48	Belgium	1,600.00
49	Russian Federation	2,050.00
50	Venezuela	2,400.00
51	Kazakhstan	2,730.00
n/a	Bahrain	n/a

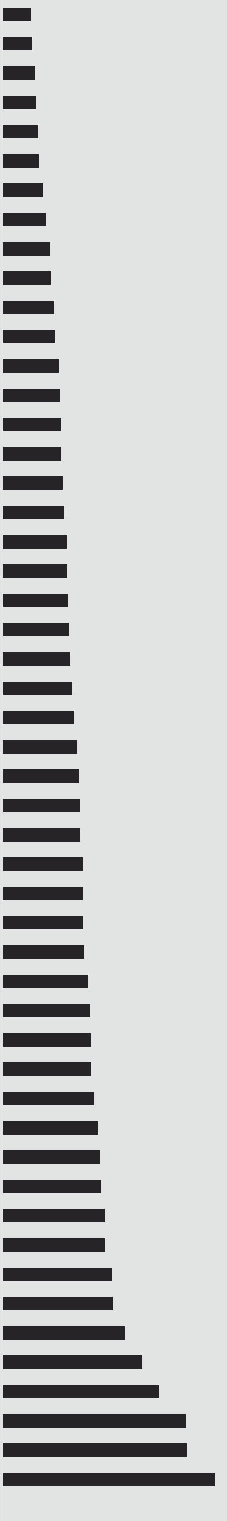
SOURCE: The World Bank, *Doing Business 2008*

2.20

Cost to import

Total official cost in US dollars associated with importing a container, excluding tariffs and trade taxes | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	Singapore	367.00
2	Malaysia	385.00
3	Finland	420.00
4	China	430.00
5	United Arab Emirates	462.00
6	Norway	468.00
7	Hong Kong SAR	525.00
8	Israel	560.00
9	Sweden	619.00
10	Indonesia	623.00
11	Peru	670.00
12	Chile	685.00
13	Egypt	729.00
14	Korea, Rep.	745.00
15	Saudi Arabia	758.00
16	Germany	765.00
17	Thailand	786.00
18	Philippines	800.00
19	Poland	834.00
20	Austria	843.00
21	Panama	850.00
22	Czech Republic	860.00
23	Vietnam	881.00
24	India	910.00
25	Kuwait	935.00
26	Hungary	975.00
27	Spain	1,000.00
28	Netherlands	1,005.00
29	Turkey	1,013.00
30	Japan	1,047.00
30	Nigeria	1,047.00
32	Slovak Republic	1,050.00
33	Ukraine	1,065.00
34	Australia	1,120.00
35	Ireland	1,139.00
36	France	1,148.00
37	United States	1,160.00
38	South Africa	1,195.00
39	Brazil	1,240.00
40	United Kingdom	1,267.00
41	Italy	1,291.00
42	Switzerland	1,333.00
43	Pakistan	1,336.00
44	Canada	1,425.00
45	Colombia	1,440.00
46	Belgium	1,600.00
47	Argentina	1,825.00
48	Russian Federation	2,050.00
49	Venezuela	2,400.00
50	Mexico	2,411.00
51	Kazakhstan	2,780.00
n/a	Bahrain	n/a



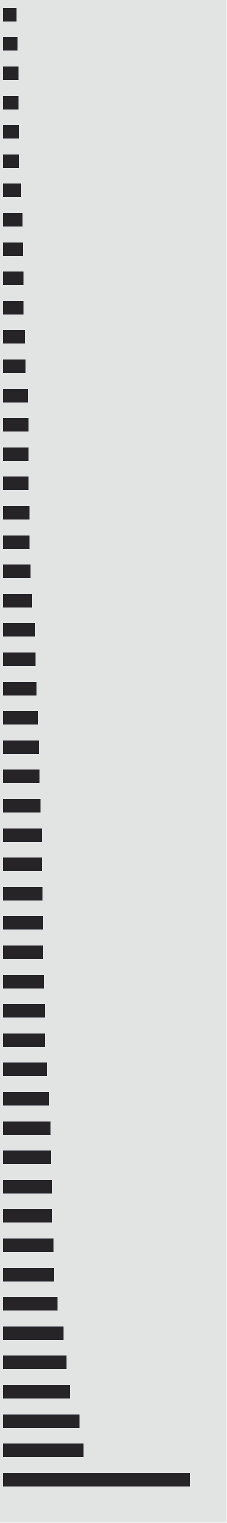
SOURCE: The World Bank, *Doing Business 2008*

2.21

Cost of enforcing contracts

Cost of enforcing contracts as a percentage of claim | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	China	8.80
2	United States	9.40
3	Norway	9.90
4	Poland	10.00
5	Korea, Rep.	10.30
6	Finland	10.40
7	Germany	11.80
8	Austria	12.70
9	Hungary	13.00
10	Kuwait	13.30
11	Russian Federation	13.40
12	Thailand	14.30
13	Hong Kong SAR	14.50
14	Canada	16.20
15	Argentina	16.50
15	Brazil	16.50
17	Belgium	16.60
18	Spain	17.20
19	France	17.40
20	Singapore	17.80
21	Turkey	18.80
22	Australia	20.70
23	Switzerland	21.20
24	Kazakhstan	22.00
25	Japan	22.70
26	United Kingdom	23.40
27	Pakistan	23.80
28	Netherlands	24.40
29	Egypt	25.30
29	Israel	25.30
31	Slovak Republic	25.70
32	Philippines	26.00
33	United Arab Emirates	26.20
34	Ireland	26.90
35	Malaysia	27.50
35	Saudi Arabia	27.50
37	Chile	28.60
38	Italy	29.90
39	Vietnam	31.00
40	Sweden	31.30
41	Mexico	32.00
41	Nigeria	32.00
43	Czech Republic	33.00
44	South Africa	33.20
45	Peru	35.70
46	India	39.60
47	Ukraine	41.50
48	Venezuela	43.70
49	Panama	50.00
50	Colombia	52.60
51	Indonesia	122.70
n/a	Bahrain	n/a



SOURCE: The World Bank, *Doing Business 2008*

2.22

Cost of closing a business

Cost of closing a business as a percentage of the estate | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	Colombia	1.00
1	Kuwait	1.00
1	Norway	1.00
1	Singapore	1.00
5	Belgium	4.00
5	Canada	4.00
5	Finland	4.00
5	Japan	4.00
5	Korea, Rep.	4.00
5	Netherlands	4.00
5	Pakistan	4.00
5	Switzerland	4.00
13	United Kingdom	6.00
14	Peru	7.00
14	United States	7.00
16	Australia	8.00
16	Germany	8.00
18	France	9.00
18	Hong Kong SAR	9.00
18	India	9.00
18	Ireland	9.00
18	Russian Federation	9.00
18	Sweden	9.00
24	Argentina	12.00
24	Brazil	12.00
26	Chile	15.00
26	Czech Republic	15.00
26	Hungary	15.00
26	Malaysia	15.00
26	Spain	15.00
26	Turkey	15.00
26	Vietnam	15.00
33	Austria	18.00
33	Indonesia	18.00
33	Kazakhstan	18.00
33	Mexico	18.00
33	Panama	18.00
33	Slovak Republic	18.00
33	South Africa	18.00
40	China	22.00
40	Egypt	22.00
40	Italy	22.00
40	Nigeria	22.00
40	Poland	22.00
40	Saudi Arabia	22.00
46	Israel	23.00
47	United Arab Emirates	30.00
48	Thailand	36.00
49	Philippines	38.00
49	Venezuela	38.00
51	Ukraine	42.00
n/a	Bahrain	n/a

SOURCE: The World Bank, *Doing Business 2008*

Section III

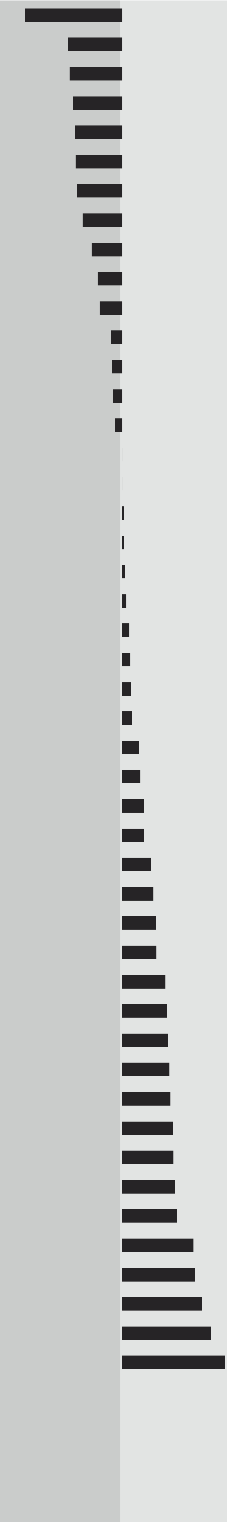
Financial stability

3.01

Change in real effective exchange rate

Average percentage change in real effective exchange rate from year to year over the period 2002–06

RANK	COUNTRY/ECONOMY	HARD DATA
1	Argentina	–8.48
2	South Africa	–4.68
3	United States	–4.58
4	Bahrain	–4.24
5	Hong Kong SAR	–4.10
6	Saudi Arabia	–4.04
7	Japan	–3.92
8	Egypt	–3.44
9	Israel	–2.62
10	Malaysia	–2.12
11	China	–1.94
12	Peru	–0.92
13	Germany	–0.82
14	Vietnam	–0.78
15	India	–0.56
16	United Kingdom	–0.02
17	Venezuela	0.04
18	Mexico	0.14
18	Ukraine	0.14
20	Pakistan	0.24
21	Austria	0.38
22	Poland	0.62
23	Colombia	0.72
24	Sweden	0.78
25	France	0.86
26	Finland	1.48
27	Hungary	1.58
28	Netherlands	1.92
28	Switzerland	1.92
30	Belgium	2.50
31	Singapore	2.74
32	Thailand	2.96
33	Canada	2.98
34	Spain	3.78
35	Norway	3.94
36	Ireland	4.00
37	Philippines	4.14
38	Chile	4.24
39	Italy	4.46
40	Korea, Rep.	4.48
41	Czech Republic	4.64
42	Australia	4.80
43	Turkey	6.22
44	Russian Federation	6.36
45	Slovak Republic	6.98
46	Indonesia	7.78
47	Brazil	9.02
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Panama	n/a
n/a	United Arab Emirates	n/a



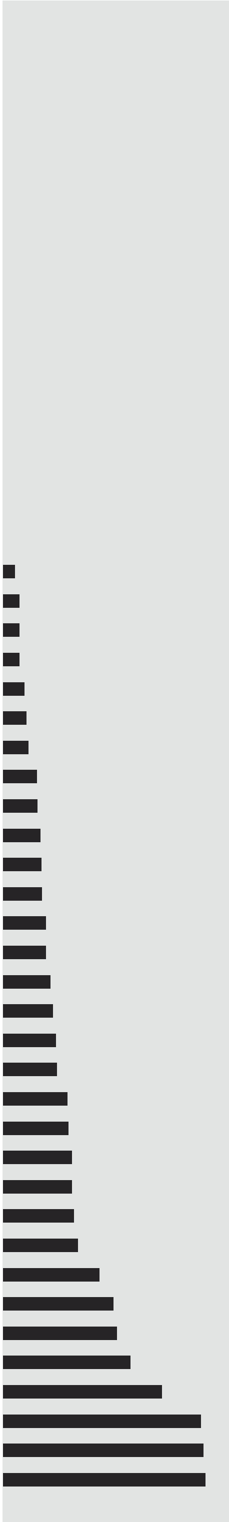
SOURCE: Moody's *Statistical Handbook* (May 2007)

3.02

External vulnerability indicator

The external vulnerability indicator is the sum of several measures of external exposure as a percentage of foreign exchange reserves | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Australia	n/a
1	Austria	n/a
1	Belgium	n/a
1	Canada	n/a
1	Finland	n/a
1	France	n/a
1	Germany	n/a
1	Hong Kong SAR	n/a
1	Ireland	n/a
1	Italy	n/a
1	Japan	n/a
1	Netherlands	n/a
1	Norway	n/a
1	Singapore	n/a
1	Spain	n/a
1	Sweden	n/a
1	Switzerland	n/a
1	United Kingdom	n/a
1	United States	n/a
1	Russian Federation	15.40
21	Malaysia	21.10
21	Pakistan	21.10
23	China	21.40
24	Peru	27.70
25	Vietnam	30.40
26	India	33.30
27	Thailand	44.60
28	Indonesia	45.20
29	Egypt	48.90
30	Mexico	50.20
31	Venezuela	51.20
32	Saudi Arabia	55.90
33	Korea, Rep.	56.50
34	South Africa	61.80
35	Czech Republic	65.50
36	Brazil	69.20
37	Ukraine	70.70
38	Philippines	84.70
39	Chile	85.90
40	Colombia	90.20
41	Kuwait	90.40
42	Slovak Republic	93.10
43	Kazakhstan	98.00
44	Israel	126.20
45	Argentina	145.10
46	Turkey	149.40
47	Poland	167.20
48	United Arab Emirates	208.90
48	Hungary	259.90
48	Bahrain	263.30
48	Panama	265.80
n/a	Nigeria	n/a



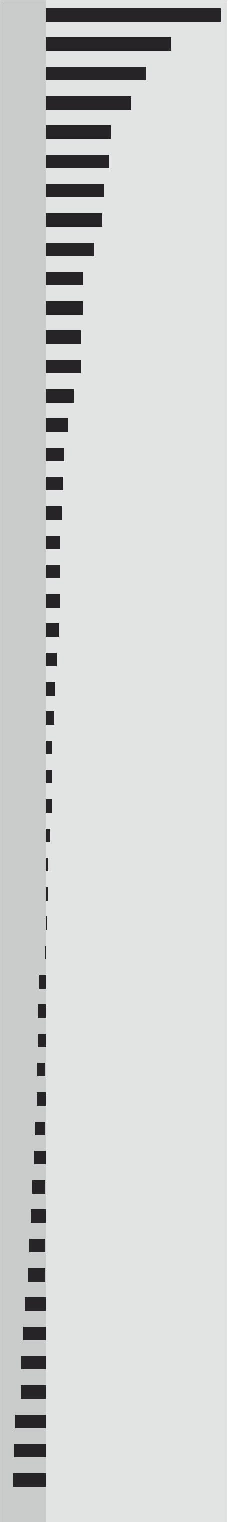
SOURCE: Moody's *Statistical Handbook* (May 2007)

3.03

Current account balance to GDP

Current account balance to GDP provides an indicator of the difficulty a country might have in mobilizing the foreign exchange necessary for debt service | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Kuwait	46.10
2	Saudi Arabia	33.10
3	Singapore	26.50
4	United Arab Emirates	22.60
5	Malaysia	17.10
6	Norway	16.70
7	Switzerland	15.30
8	Venezuela	14.90
9	Bahrain	12.80
10	Netherlands	9.90
11	China	9.80
12	Hong Kong SAR	9.30
12	Russian Federation	9.30
14	Sweden	7.40
15	Finland	5.80
16	Israel	4.90
17	Germany	4.70
18	Philippines	4.30
19	Argentina	3.80
19	Japan	3.80
21	Austria	3.70
22	Chile	3.60
23	Indonesia	2.90
24	Peru	2.60
25	Belgium	2.30
26	Canada	1.70
27	Egypt	1.60
27	Thailand	1.60
29	Brazil	1.30
30	Vietnam	0.70
31	Korea, Rep.	0.60
32	Kazakhstan	0.30
33	Mexico	-0.20
34	Ukraine	-1.60
35	France	-2.00
35	Italy	-2.00
37	Colombia	-2.10
38	Poland	-2.30
39	Ireland	-2.60
40	India	-2.90
41	United Kingdom	-3.40
42	Pakistan	-3.90
43	Czech Republic	-4.20
44	Panama	-4.60
45	Australia	-5.40
46	Hungary	-5.80
47	South Africa	-6.40
48	United States	-6.50
49	Turkey	-7.90
50	Slovak Republic	-8.30
51	Spain	-8.50
n/a	Nigeria	n/a



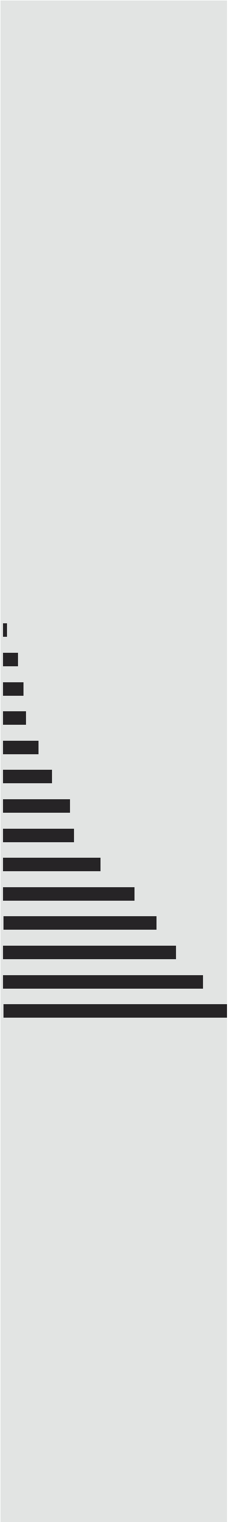
SOURCE: Moody's *Statistical Handbook* (May 2007)

3.04

Dollarization vulnerability indicator

This variable measures the risk of payment crisis and default originating from the presence of a large amount of dollarization in the domestic banking system | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Australia	n/a
1	Austria	n/a
1	Belgium	n/a
1	Brazil	0.00
1	Canada	n/a
1	Colombia	0.00
1	Finland	n/a
1	France	n/a
1	Germany	n/a
1	Hong Kong SAR	n/a
1	Ireland	n/a
1	Italy	n/a
1	Japan	n/a
1	Netherlands	n/a
1	Norway	n/a
1	Singapore	n/a
1	Spain	n/a
1	Sweden	n/a
1	Switzerland	n/a
1	United Kingdom	n/a
1	United States	n/a
22	Venezuela	1.30
23	South Africa	5.20
24	India	7.10
25	Mexico	7.90
26	Russian Federation	12.30
27	Argentina	17.00
28	Pakistan	23.40
29	Kazakhstan	24.80
30	Indonesia	34.10
31	Philippines	46.00
32	Ukraine	53.60
33	Peru	60.50
34	Vietnam	70.00
35	Egypt	79.20
n/a	Bahrain	n/a
n/a	Chile	n/a
n/a	China	n/a
n/a	Czech Republic	n/a
n/a	Hungary	n/a
n/a	Israel	n/a
n/a	Korea, Rep.	n/a
n/a	Kuwait	n/a
n/a	Malaysia	n/a
n/a	Nigeria	n/a
n/a	Panama	n/a
n/a	Poland	n/a
n/a	Saudi Arabia	n/a
n/a	Slovak Republic	n/a
n/a	Thailand	n/a
n/a	Turkey	n/a
n/a	United Arab Emirates	n/a



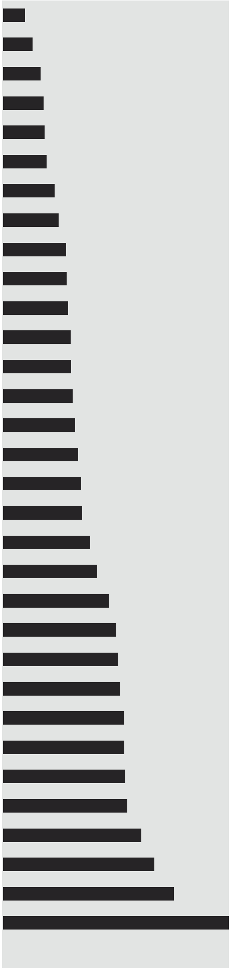
SOURCE: Moody's *Statistical Handbook* (May 2007)

3.05A

External debt to GDP (developing economies)

External debt as a percentage of GDP | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Saudi Arabia	9.60
2	China	12.80
3	India	16.30
4	Kuwait	17.70
5	Brazil	18.00
6	Mexico	19.00
7	South Africa	22.40
8	Venezuela	24.30
9	Egypt	27.50
10	Pakistan	27.70
11	Korea, Rep.	28.30
12	Colombia	29.40
13	Thailand	29.60
14	Peru	30.30
15	Russian Federation	31.40
16	Chile	32.70
17	Malaysia	34.10
18	Vietnam	34.60
19	Indonesia	37.90
20	Czech Republic	41.10
21	Ukraine	46.40
22	Poland	49.20
23	Philippines	50.30
24	Argentina	51.00
25	Turkey	52.60
26	United Arab Emirates	53.00
27	Slovak Republic	53.20
28	Panama	54.30
29	Israel	60.30
30	Kazakhstan	66.00
31	Bahrain	74.50
32	Hungary	98.60
n/a	Nigeria	n/a



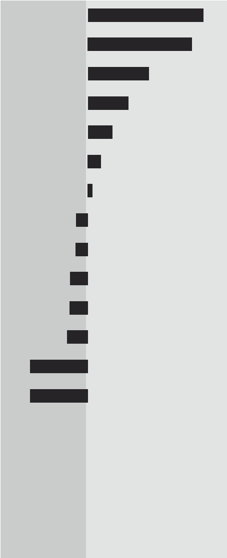
SOURCE: Moody's *Statistical Handbook* (May 2007)

3.05B

Net international investment position to GDP (advanced economies)

Net international investment position as a percentage of GDP | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Switzerland	121.30
2	Singapore	109.50
3	Norway	63.90
4	Japan	42.50
5	Germany	25.50
6	Netherlands	13.80
7	France	4.80
8	Finland	–12.20
9	Canada	–12.60
10	Sweden	–18.50
11	United States	–19.24
12	United Kingdom	–21.90
13	Australia	–60.60
14	Spain	–60.80
n/a	Austria	n/a
n/a	Belgium	n/a
n/a	Hong Kong SAR	n/a
n/a	Ireland	n/a
n/a	Italy	n/a



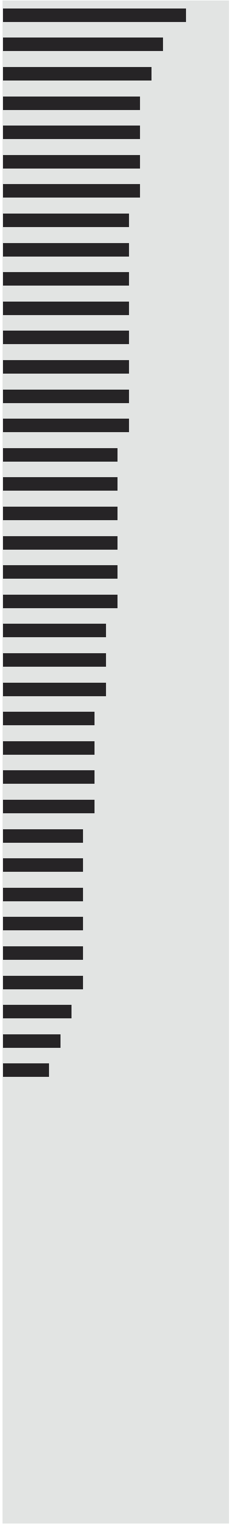
SOURCE: Moody's *Statistical Handbook* (May 2007)

3.06

Activity restrictions for banks

This index measures the degree to which banks are allowed to engage in fee-based activities rather than more traditional interest spread–based activities | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Indonesia	16.00
2	Chile	14.00
3	Thailand	13.00
4	Czech Republic	12.00
4	Italy	12.00
4	Peru	12.00
4	Saudi Arabia	12.00
8	Argentina	11.00
8	Hungary	11.00
8	India	11.00
8	Japan	11.00
8	Korea, Rep.	11.00
8	Malaysia	11.00
8	Panama	11.00
8	United States	11.00
16	Australia	10.00
16	Bahrain	10.00
16	Kuwait	10.00
16	Singapore	10.00
16	South Africa	10.00
16	Sweden	10.00
22	Brazil	9.00
22	Finland	9.00
22	France	9.00
25	Canada	8.00
25	Poland	8.00
25	Russian Federation	8.00
25	Switzerland	8.00
29	Austria	7.00
29	Belgium	7.00
29	Germany	7.00
29	Ireland	7.00
29	Philippines	7.00
29	Spain	7.00
35	Netherlands	6.00
36	Mexico	5.00
37	United Kingdom	4.00
n/a	China	n/a
n/a	Colombia	n/a
n/a	Egypt	n/a
n/a	Hong Kong SAR	n/a
n/a	Israel	n/a
n/a	Kazakhstan	n/a
n/a	Nigeria	n/a
n/a	Norway	n/a
n/a	Pakistan	n/a
n/a	Slovak Republic	n/a
n/a	Turkey	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Venezuela	n/a
n/a	Vietnam	n/a



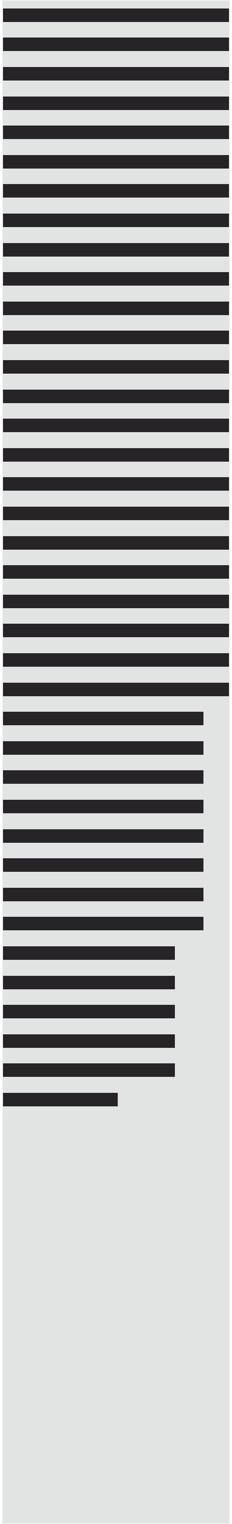
SOURCE: James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC

3.07

Entry restrictions for banks

This index measures the extent of procedures required for opening a bank and maintaining a banking license | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Austria	8.00
1	Bahrain	8.00
1	Belgium	8.00
1	Brazil	8.00
1	Canada	8.00
1	Czech Republic	8.00
1	Hungary	8.00
1	Indonesia	8.00
1	Ireland	8.00
1	Italy	8.00
1	Kuwait	8.00
1	Malaysia	8.00
1	Mexico	8.00
1	Panama	8.00
1	Philippines	8.00
1	Poland	8.00
1	Russian Federation	8.00
1	Saudi Arabia	8.00
1	Singapore	8.00
1	South Africa	8.00
1	Switzerland	8.00
1	Thailand	8.00
1	United Kingdom	8.00
1	United States	8.00
25	Argentina	7.00
25	Australia	7.00
25	Finland	7.00
25	France	7.00
25	Japan	7.00
25	Netherlands	7.00
25	Spain	7.00
25	Venezuela	7.00
33	Germany	6.00
33	India	6.00
33	Korea, Rep.	6.00
33	Peru	6.00
33	Sweden	6.00
38	Chile	4.00
n/a	China	n/a
n/a	Colombia	n/a
n/a	Egypt	n/a
n/a	Hong Kong SAR	n/a
n/a	Israel	n/a
n/a	Kazakhstan	n/a
n/a	Nigeria	n/a
n/a	Norway	n/a
n/a	Pakistan	n/a
n/a	Slovak Republic	n/a
n/a	Turkey	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Vietnam	n/a



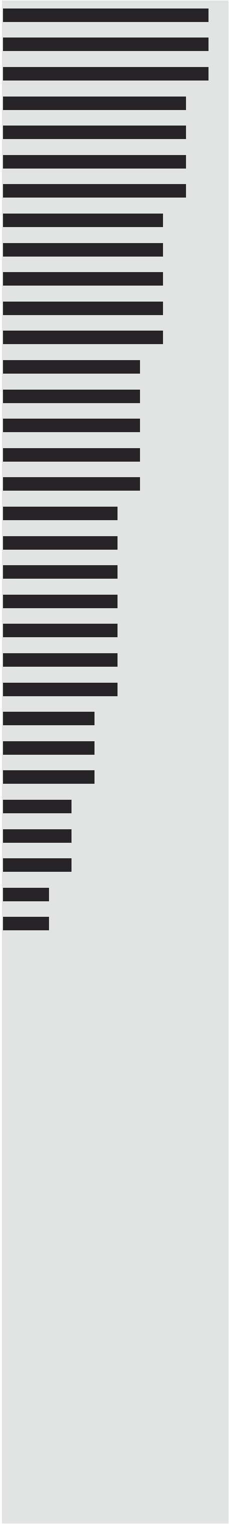
SOURCE : James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC

3.08

Capital restrictions for banks

This index is based on different measures of capital regulatory stringency | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Kuwait	9.00
1	South Africa	9.00
1	Spain	9.00
4	Bahrain	8.00
4	France	8.00
4	Hungary	8.00
4	India	8.00
8	Germany	7.00
8	Indonesia	7.00
8	Russian Federation	7.00
8	Singapore	7.00
8	Thailand	7.00
13	Chile	6.00
13	Japan	6.00
13	Philippines	6.00
13	United Kingdom	6.00
13	United States	6.00
18	Argentina	5.00
18	Austria	5.00
18	Brazil	5.00
18	Czech Republic	5.00
18	Netherlands	5.00
18	Panama	5.00
18	Saudi Arabia	5.00
25	Canada	4.00
25	Finland	4.00
25	Korea, Rep.	4.00
28	Belgium	3.00
28	Poland	3.00
28	Venezuela	3.00
31	Ireland	2.00
31	Peru	2.00
n/a	Australia	n/a
n/a	China	n/a
n/a	Colombia	n/a
n/a	Egypt	n/a
n/a	Hong Kong SAR	n/a
n/a	Israel	n/a
n/a	Italy	n/a
n/a	Kazakhstan	n/a
n/a	Malaysia	n/a
n/a	Mexico	n/a
n/a	Nigeria	n/a
n/a	Norway	n/a
n/a	Pakistan	n/a
n/a	Slovak Republic	n/a
n/a	Sweden	n/a
n/a	Switzerland	n/a
n/a	Turkey	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Vietnam	n/a



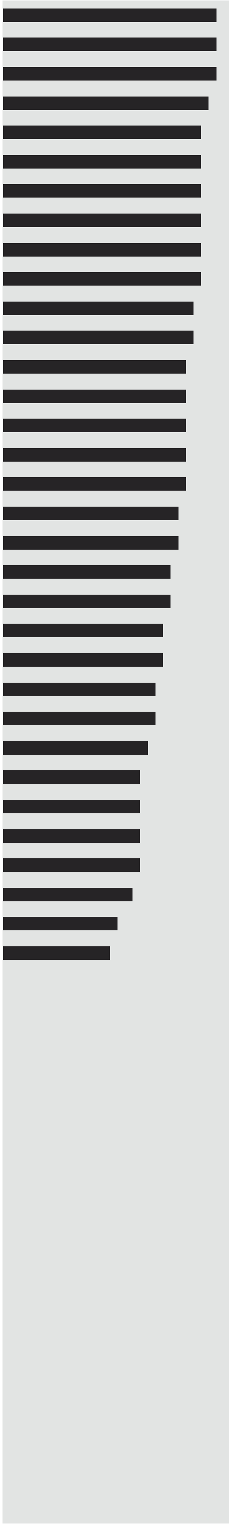
SOURCE: James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC

3.09

Official supervisory power

This index measures the extent to which official supervisory authorities have the authority to take specific actions to prevent and correct problems | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Brazil	14.00
1	Hungary	14.00
1	Switzerland	14.00
4	Singapore	13.50
5	Australia	13.00
5	Ireland	13.00
5	Malaysia	13.00
5	Saudi Arabia	13.00
5	United States	13.00
5	Venezuela	13.00
11	Belgium	12.50
11	Korea, Rep.	12.50
13	Bahrain	12.00
13	Japan	12.00
13	Panama	12.00
13	Peru	12.00
13	Thailand	12.00
18	Mexico	11.50
18	Spain	11.50
20	Argentina	11.00
20	Chile	11.00
22	Austria	10.50
22	South Africa	10.50
24	Czech Republic	10.00
24	India	10.00
26	Poland	9.50
27	Finland	9.00
27	France	9.00
27	Germany	9.00
27	United Kingdom	9.00
31	Russian Federation	8.50
32	Italy	7.50
33	Canada	7.00
n/a	China	n/a
n/a	Colombia	n/a
n/a	Egypt	n/a
n/a	Hong Kong SAR	n/a
n/a	Indonesia	n/a
n/a	Israel	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Netherlands	n/a
n/a	Nigeria	n/a
n/a	Norway	n/a
n/a	Pakistan	n/a
n/a	Philippines	n/a
n/a	Slovak Republic	n/a
n/a	Sweden	n/a
n/a	Turkey	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Vietnam	n/a



SOURCE: James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC

3.10

Private monitoring of the banking industry

This index measures the degree to which the private sector monitors the banking industry (higher percentage values indicate greater transparency) | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	South Africa	9.00
2	Australia	8.00
2	Bahrain	8.00
2	Japan	8.00
2	Mexico	8.00
2	Netherlands	8.00
2	Singapore	8.00
2	Spain	8.00
2	Thailand	8.00
10	Argentina	7.00
10	Brazil	7.00
10	France	7.00
10	Germany	7.00
10	Hungary	7.00
10	Indonesia	7.00
10	Ireland	7.00
10	Italy	7.00
10	Korea, Rep.	7.00
10	Malaysia	7.00
10	Panama	7.00
10	United Kingdom	7.00
10	United States	7.00
23	Belgium	6.00
23	Chile	6.00
23	Czech Republic	6.00
23	Finland	6.00
23	Russian Federation	6.00
23	Sweden	6.00
23	Switzerland	6.00
30	Peru	5.00
n/a	Austria	n/a
n/a	Canada	n/a
n/a	China	n/a
n/a	Colombia	n/a
n/a	Egypt	n/a
n/a	Hong Kong SAR	n/a
n/a	India	n/a
n/a	Israel	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Norway	n/a
n/a	Pakistan	n/a
n/a	Philippines	n/a
n/a	Poland	n/a
n/a	Saudi Arabia	n/a
n/a	Slovak Republic	n/a
n/a	Turkey	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Venezuela	n/a
n/a	Vietnam	n/a

SOURCE: James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC

3.11

Frequency of banking crises

This variable is calculated based on the number of banking crises that countries experienced from 1974 to 2003

RANK	COUNTRY/ECONOMY	HARD DATA
1	Austria	0.00
1	Bahrain	0.00
1	Belgium	0.00
1	Ireland	0.00
1	Kazakhstan	0.00
1	Netherlands	0.00
1	Pakistan	0.00
1	Poland	0.00
1	Saudi Arabia	0.00
1	Switzerland	0.00
1	United Arab Emirates	0.00
12	Australia	1.00
12	Canada	1.00
12	China	1.00
12	Colombia	1.00
12	Czech Republic	1.00
12	Finland	1.00
12	France	1.00
12	Germany	1.00
12	Hungary	1.00
12	India	1.00
12	Israel	1.00
12	Italy	1.00
12	Japan	1.00
12	Korea, Rep.	1.00
12	Kuwait	1.00
12	Nigeria	1.00
12	Norway	1.00
12	Panama	1.00
12	Peru	1.00
12	Singapore	1.00
12	Slovak Republic	1.00
12	Spain	1.00
12	Sweden	1.00
12	Ukraine	1.00
12	United States	1.00
12	Vietnam	1.00
38	Brazil	2.00
38	Chile	2.00
38	Egypt	2.00
38	Indonesia	2.00
38	Malaysia	2.00
38	Mexico	2.00
38	Philippines	2.00
38	Russian Federation	2.00
38	South Africa	2.00
38	Thailand	2.00
38	United Kingdom	2.00
38	Venezuela	2.00
50	Hong Kong SAR	3.00
50	Turkey	3.00
52	Argentina	4.00

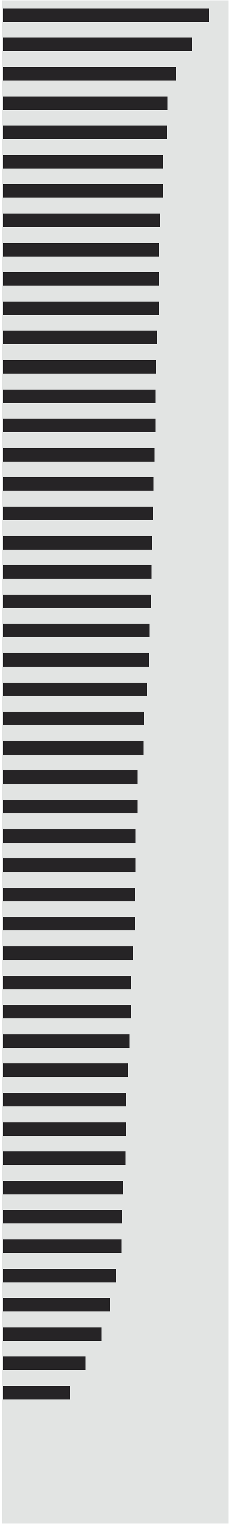
SOURCE: Gerard Caprio and Daniela Klingebiel. 2003. "Episodes of Systemic and Borderline Financial Crises." Washington, DC: World Bank

3.12

Stability Index

This variable measures the asset quality, capital adequacy, liquidity and sensitivity to market risk in a banking system | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	India	7.21
2	Nigeria	6.62
3	Finland	6.06
4	United States	5.76
5	Mexico	5.73
6	Switzerland	5.60
7	South Africa	5.59
8	Japan	5.50
9	Ireland	5.46
10	Slovak Republic	5.45
11	Hong Kong SAR	5.45
12	Turkey	5.38
13	Poland	5.36
14	Sweden	5.34
15	Pakistan	5.33
16	United Kingdom	5.30
17	Singapore	5.27
18	Canada	5.24
19	Netherlands	5.21
20	Australia	5.20
21	Panama	5.18
22	Germany	5.12
23	Austria	5.10
24	Spain	5.04
25	Colombia	4.94
26	Chile	4.92
27	France	4.71
28	Argentina	4.71
29	Malaysia	4.64
30	Hungary	4.63
31	Venezuela	4.62
32	Kuwait	4.61
33	Peru	4.54
34	Thailand	4.48
35	Norway	4.47
36	Czech Republic	4.43
37	Russian Federation	4.38
38	Italy	4.31
39	Egypt	4.30
40	Indonesia	4.29
41	Belgium	4.19
42	China	4.16
43	Korea, Rep.	4.15
44	Israel	3.95
45	Brazil	3.74
46	Philippines	3.44
47	Kazakhstan	2.89
48	Ukraine	2.34
n/a	Bahrain	n/a
n/a	Saudi Arabia	n/a
n/a	United Arab Emirates	n/a
n/a	Vietnam	n/a



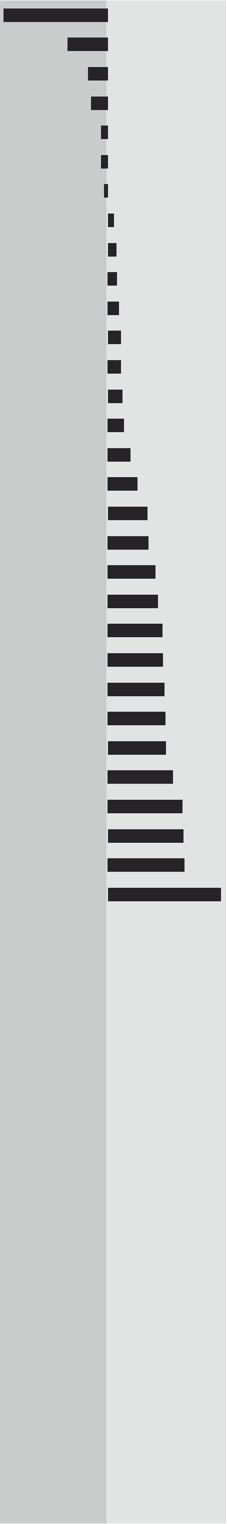
SOURCE: World Bank, Financial Indicators website www.financial-indicators.org

3.13

Cumulative real estate appreciation

Percentage average annual appreciation of national real estate prices deflated with the local GDP deflator for the period 2001–05

RANK	COUNTRY/ECONOMY	HARD DATA
1	Russian Federation	–68.40
2	Japan	–26.30
3	China	–13.10
4	Indonesia	–10.90
5	Germany	-4.60
6	Malaysia	-4.30
7	Israel	-2.40
8	Philippines	3.90
9	Colombia	5.50
10	Thailand	6.10
11	Switzerland	7.30
12	Singapore	8.50
13	Norway	8.70
14	Czech Republic	9.50
15	Netherlands	10.60
16	Austria	15.00
17	Canada	19.60
18	Korea, Rep.	25.90
19	Italy	26.80
20	United States	31.30
21	Finland	32.90
22	Hungary	35.90
23	Sweden	36.30
24	Australia	37.30
25	Hong Kong SAR	38.00
26	Ireland	38.10
27	Belgium	42.90
28	Spain	49.00
29	United Kingdom	49.60
30	France	50.30
31	South Africa	74.20
n/a	Argentina	n/a
n/a	Bahrain	n/a
n/a	Brazil	n/a
n/a	Chile	n/a
n/a	Egypt	n/a
n/a	India	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Mexico	n/a
n/a	Nigeria	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Peru	n/a
n/a	Poland	n/a
n/a	Saudi Arabia	n/a
n/a	Slovak Republic	n/a
n/a	Turkey	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Venezuela	n/a
n/a	Vietnam	n/a



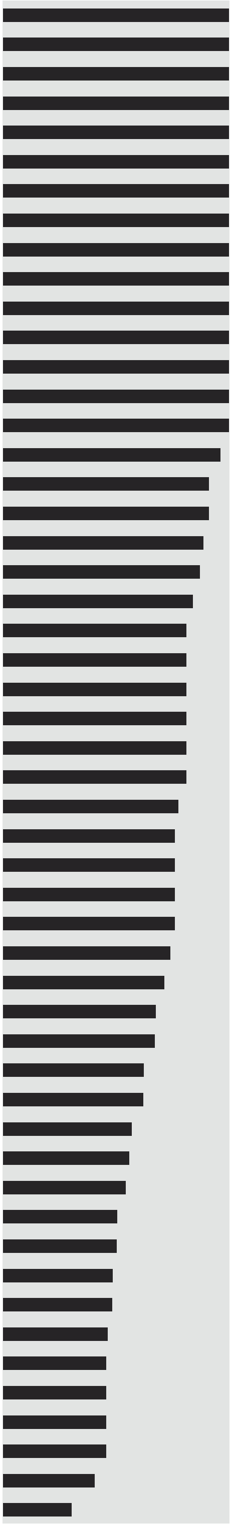
SOURCE: Joshua Aizenman and Yothin Jinjarak. 2008. "Current Account Patterns and National Real Estate Markets." NBER Working Paper No. 13921. Cambridge, MA: NBER

3.14

Local currency sovereign rating

This variable measures the probability that a country will pay its local currency borrowing in a full and timely manner | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Australia	20.00
1	Austria	20.00
1	Canada	20.00
1	Finland	20.00
1	France	20.00
1	Germany	20.00
1	Ireland	20.00
1	Netherlands	20.00
1	Norway	20.00
1	Singapore	20.00
1	Spain	20.00
1	Sweden	20.00
1	Switzerland	20.00
1	United Kingdom	20.00
1	United States	20.00
16	Belgium	19.00
17	Chile	18.00
17	United Arab Emirates	18.00
19	Hong Kong SAR	17.50
20	Japan	17.18
21	Italy	16.56
22	Israel	16.00
22	Korea, Rep.	16.00
22	Kuwait	16.00
22	Malaysia	16.00
22	Saudi Arabia	16.00
22	South Africa	16.00
28	Czech Republic	15.30
29	Bahrain	15.00
29	Mexico	15.00
29	Slovak Republic	15.00
29	Thailand	15.00
33	China	14.59
34	Poland	14.10
35	Russian Federation	13.32
36	Hungary	13.23
37	Kazakhstan	12.28
38	Colombia	12.25
39	Peru	11.22
40	Egypt	11.00
41	India	10.71
42	Philippines	9.97
43	Brazil	9.91
44	Indonesia	9.56
45	Vietnam	9.52
46	Turkey	9.13
47	Pakistan	9.01
48	Nigeria	9.00
48	Panama	9.00
48	Ukraine	9.00
51	Venezuela	7.99
52	Argentina	6.00



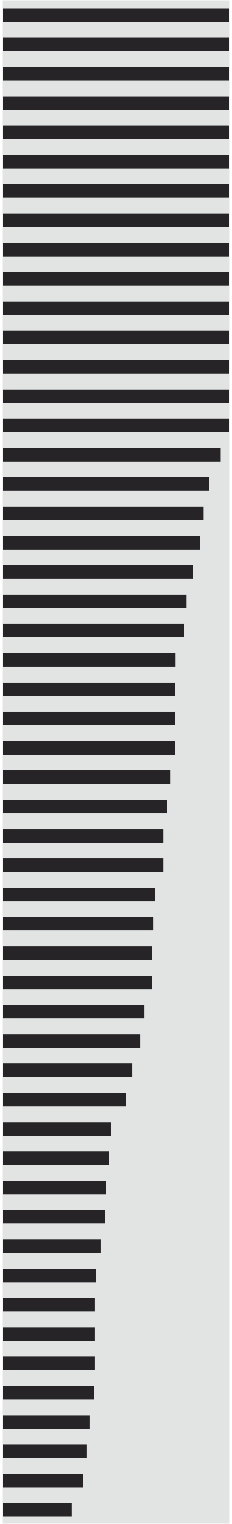
SOURCE: Standard and Poor's, "Sovereign Ratings History Since 1975" (January, 2007)

3.15

Foreign currency sovereign rating

This variable measures the probability that a country will pay its foreign currency borrowing in a full and timely manner | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Australia	20.00
1	Austria	20.00
1	Canada	20.00
1	Finland	20.00
1	France	20.00
1	Germany	20.00
1	Ireland	20.00
1	Netherlands	20.00
1	Norway	20.00
1	Singapore	20.00
1	Spain	20.00
1	Sweden	20.00
1	Switzerland	20.00
1	United Kingdom	20.00
1	United States	20.00
16	Belgium	19.00
17	United Arab Emirates	18.00
18	Hong Kong SAR	17.50
19	Japan	17.18
20	Italy	16.56
21	Kuwait	16.00
22	Saudi Arabia	15.81
23	Chile	15.03
24	Bahrain	15.00
24	Korea, Rep.	15.00
24	Slovak Republic	15.00
27	China	14.59
28	Czech Republic	14.30
29	Israel	14.00
29	Malaysia	14.00
31	Hungary	13.23
32	Poland	13.10
33	South Africa	13.00
33	Thailand	13.00
35	Russian Federation	12.32
36	Mexico	12.00
37	Kazakhstan	11.28
38	India	10.71
39	Peru	9.38
40	Colombia	9.25
41	Panama	9.00
42	Brazil	8.91
43	Vietnam	8.52
44	Turkey	8.13
45	Nigeria	8.00
45	Ukraine	8.00
47	Venezuela	7.99
48	Philippines	7.97
49	Indonesia	7.56
50	Pakistan	7.30
51	Egypt	7.00
52	Argentina	6.00



SOURCE: Standard and Poor's, "Sovereign Ratings History Since 1975" (January, 2007)

Section IV

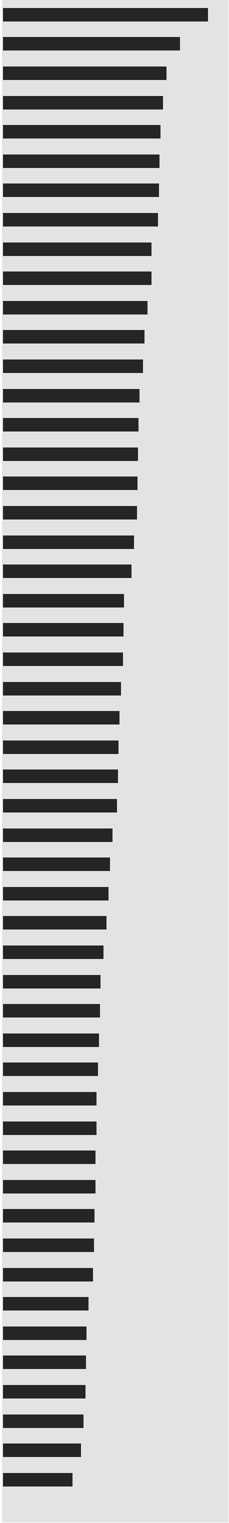
Banks

4.01

Size index

This index is an average of scaled indicators measuring the size of the banking sector | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	Hong Kong SAR	10.77
2	Canada	9.30
3	Switzerland	8.57
4	United States	8.40
5	Netherlands	8.26
6	China	8.20
7	Malaysia	8.19
8	United Kingdom	8.13
9	Spain	7.80
10	Korea, Rep.	7.80
11	Norway	7.59
12	Singapore	7.42
13	Thailand	7.35
14	Israel	7.15
15	Australia	7.12
16	Germany	7.09
17	Ireland	7.06
18	Japan	7.02
19	Austria	6.87
20	Sweden	6.75
21	Italy	6.34
22	France	6.31
23	Saudi Arabia	6.29
24	Vietnam	6.18
25	South Africa	6.10
26	Belgium	6.07
27	Kuwait	6.04
28	Finland	5.98
29	Chile	5.74
30	Panama	5.60
31	Indonesia	5.52
32	Hungary	5.42
33	Czech Republic	5.28
34	Bahrain	5.10
35	Slovak Republic	5.09
36	Ukraine	5.03
37	Poland	4.97
38	Kazakhstan	4.91
39	Philippines	4.89
40	Russian Federation	4.85
41	Nigeria	4.84
42	Pakistan	4.79
43	Peru	4.78
44	Colombia	4.73
45	Egypt	4.47
46	Venezuela	4.37
47	Turkey	4.35
48	India	4.32
49	Mexico	4.23
50	Brazil	4.08
51	Argentina	3.64
n/a	United Arab Emirates	n/a



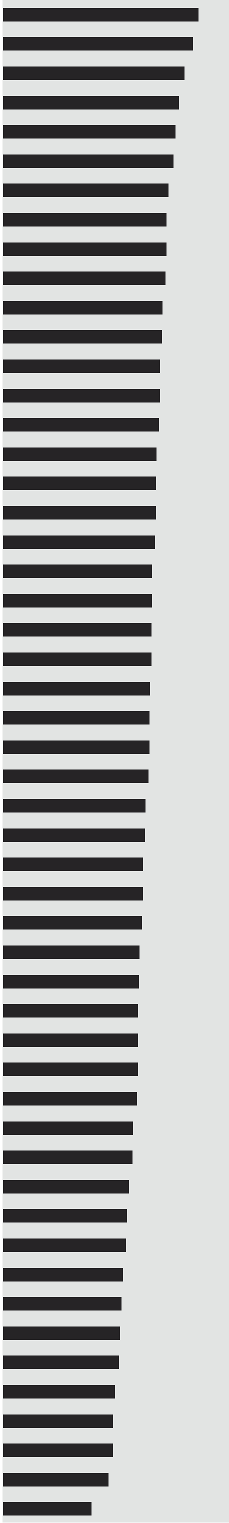
SOURCE: World Bank, Financial Indicators website www.financial-indicators.org

4.02

Efficiency index

Average of the subdimension indexes measuring profitability, efficiency, and competitiveness | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	United Arab Emirates	6.84
2	United States	6.65
3	Indonesia	6.35
4	United Kingdom	6.16
5	Pakistan	6.03
6	Japan	5.96
7	Germany	5.79
8	Malaysia	5.72
9	France	5.72
10	Ireland	5.69
11	Kuwait	5.58
12	Belgium	5.56
13	Korea, Rep.	5.50
14	China	5.49
15	Thailand	5.45
16	Egypt	5.37
17	Saudi Arabia	5.36
18	Ukraine	5.35
19	Italy	5.31
20	South Africa	5.22
21	Vietnam	5.21
22	Turkey	5.20
23	Austria	5.20
24	Spain	5.14
25	Venezuela	5.13
26	Panama	5.12
27	Colombia	5.09
28	Nigeria	4.99
29	Hungary	4.97
30	Kazakhstan	4.89
31	Canada	4.89
32	Slovak Republic	4.86
33	Philippines	4.77
34	Poland	4.76
35	Hong Kong SAR	4.73
36	India	4.73
37	Norway	4.73
38	Russian Federation	4.69
39	Australia	4.54
40	Chile	4.53
41	Israel	4.40
42	Bahrain	4.33
43	Netherlands	4.31
44	Mexico	4.19
45	Sweden	4.15
46	Singapore	4.09
47	Finland	4.05
48	Argentina	3.91
49	Czech Republic	3.84
50	Switzerland	3.84
51	Brazil	3.69
52	Peru	3.09



SOURCE: World Bank Financial Indicators, available at www.financial-indicators.org; James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC

4.03

Public ownership of banks

Percentage of the banking system's assets that is in banks that are 50 percent or more government owned | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	Australia	0.00
1	Belgium	0.00
1	Canada	0.00
1	Finland	0.00
1	Hungary	0.00
1	Malaysia	0.00
1	Singapore	0.00
1	South Africa	0.00
1	Spain	0.00
1	Sweden	0.00
1	United States	0.00
12	Austria	0.01
13	France	0.30
14	Bahrain	1.00
15	Czech Republic	2.49
16	Netherlands	4.50
17	Italy	9.30
18	Venezuela	9.88
19	Switzerland	11.56
20	Philippines	12.10
21	Panama	12.30
22	Peru	12.43
23	Thailand	14.50
24	Chile	17.00
25	Slovak Republic	18.20
26	Korea, Rep.	18.80
27	Saudi Arabia	19.80
28	Poland	20.30
29	Russian Federation	38.50
30	Germany	39.99
31	Argentina	41.90
32	Brazil	45.20
33	India	74.00
n/a	China	n/a
n/a	Colombia	n/a
n/a	Egypt	n/a
n/a	Hong Kong SAR	n/a
n/a	Indonesia	n/a
n/a	Ireland	n/a
n/a	Israel	n/a
n/a	Japan	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Mexico	n/a
n/a	Nigeria	n/a
n/a	Norway	n/a
n/a	Pakistan	n/a
n/a	Turkey	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	United Kingdom	n/a
n/a	Vietnam	n/a

SOURCE: James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC; associated World Bank Survey III database, available at http://go.worldbank.org/SNUSW978P0

4.04

Public credit registry coverage

Percentage of adults covered by a public credit registry | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	Belgium	57.20
2	China	49.20
3	Spain	44.90
4	Malaysia	44.50
5	Chile	26.20
6	Argentina	25.50
7	France	24.80
8	Peru	20.70
9	Indonesia	20.50
10	Brazil	17.10
11	Italy	11.00
12	Turkey	10.30
13	Vietnam	9.20
14	Pakistan	4.60
15	Czech Republic	4.20
16	Egypt	1.60
17	United Arab Emirates	1.40
18	Austria	1.30
19	Slovak Republic	1.20
20	Germany	0.70
21	Australia	0.00
21	Canada	0.00
21	Colombia	0.00
21	Finland	0.00
21	Hong Kong SAR	0.00
21	Hungary	0.00
21	India	0.00
21	Ireland	0.00
21	Israel	0.00
21	Japan	0.00
21	Kazakhstan	0.00
21	Korea, Rep.	0.00
21	Kuwait	0.00
21	Mexico	0.00
21	Netherlands	0.00
21	Nigeria	0.00
21	Norway	0.00
21	Panama	0.00
21	Philippines	0.00
21	Poland	0.00
21	Russian Federation	0.00
21	Saudi Arabia	0.00
21	Singapore	0.00
21	South Africa	0.00
21	Sweden	0.00
21	Switzerland	0.00
21	Thailand	0.00
21	Ukraine	0.00
21	United Kingdom	0.00
21	United States	0.00
21	Venezuela	0.00
n/a	Bahrain	n/a

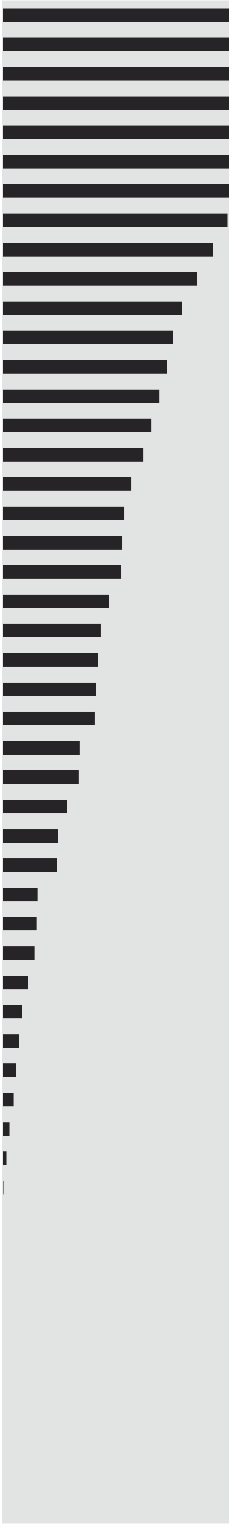
SOURCE: The World Bank, *Doing Business 2008*

4.05

Private credit bureau coverage

Percentage of adults covered by a private credit registry | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	Argentina	100.00
1	Australia	100.00
1	Canada	100.00
1	Ireland	100.00
1	Norway	100.00
1	Sweden	100.00
1	United States	100.00
8	Germany	98.10
9	Israel	91.60
10	United Kingdom	84.60
11	Netherlands	78.10
12	Korea, Rep.	74.20
13	Italy	71.50
14	Japan	68.30
15	Hong Kong SAR	64.70
16	Mexico	61.20
17	Slovak Republic	56.00
18	Czech Republic	53.00
19	South Africa	52.10
20	Poland	51.50
21	Brazil	46.40
22	Singapore	42.70
23	Panama	41.60
24	Austria	40.60
25	Colombia	39.90
26	Chile	33.50
27	Peru	33.00
28	Thailand	27.90
29	Switzerland	24.00
30	Saudi Arabia	23.50
31	Finland	14.90
32	Kuwait	14.50
33	Kazakhstan	13.70
34	India	10.80
35	Spain	8.30
36	Hungary	6.90
37	Philippines	5.50
38	Russian Federation	4.40
39	Turkey	2.70
40	Pakistan	1.40
41	Indonesia	0.20
42	Belgium	0.00
42	China	0.00
42	France	0.00
42	Nigeria	0.00
42	Ukraine	0.00
42	United Arab Emirates	0.00
42	Venezuela	0.00
42	Vietnam	0.00
n/a	Bahrain	n/a
n/a	Egypt	n/a
n/a	Malaysia	n/a



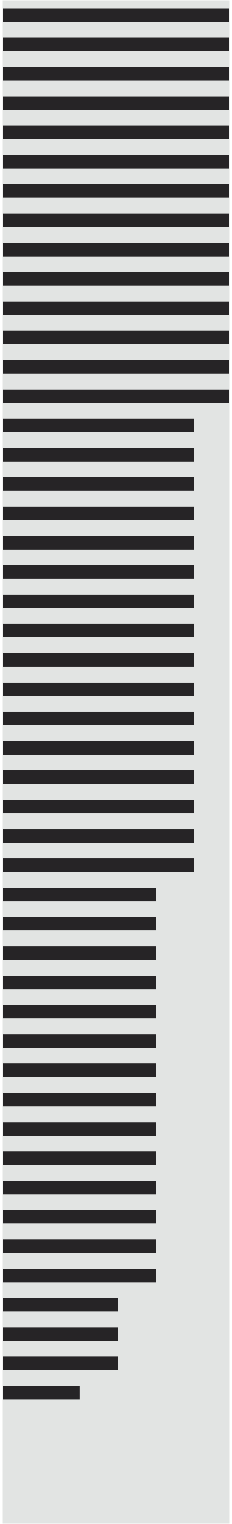
SOURCE: The World Bank, *Doing Business 2008*

4.06

Credit Information Index

Indexed value for the amount of credit information available from either a public registry or a private bureau | 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	Argentina	6.00
1	Austria	6.00
1	Canada	6.00
1	Germany	6.00
1	Japan	6.00
1	Malaysia	6.00
1	Mexico	6.00
1	Panama	6.00
1	Peru	6.00
1	Saudi Arabia	6.00
1	South Africa	6.00
1	Spain	6.00
1	United Kingdom	6.00
1	United States	6.00
15	Australia	5.00
15	Brazil	5.00
15	Chile	5.00
15	Colombia	5.00
15	Czech Republic	5.00
15	Finland	5.00
15	Hong Kong SAR	5.00
15	Hungary	5.00
15	Ireland	5.00
15	Israel	5.00
15	Italy	5.00
15	Korea, Rep.	5.00
15	Netherlands	5.00
15	Switzerland	5.00
15	Thailand	5.00
15	Turkey	5.00
31	Belgium	4.00
31	China	4.00
31	Egypt	4.00
31	France	4.00
31	India	4.00
31	Kazakhstan	4.00
31	Kuwait	4.00
31	Norway	4.00
31	Pakistan	4.00
31	Poland	4.00
31	Russian Federation	4.00
31	Singapore	4.00
31	Slovak Republic	4.00
31	Sweden	4.00
45	Indonesia	3.00
45	Philippines	3.00
45	Vietnam	3.00
48	United Arab Emirates	2.00
49	Nigeria	0.00
49	Ukraine	0.00
49	Venezuela	0.00
n/a	Bahrain	n/a



SOURCE: The World Bank, *Doing Business 2008*

Section V

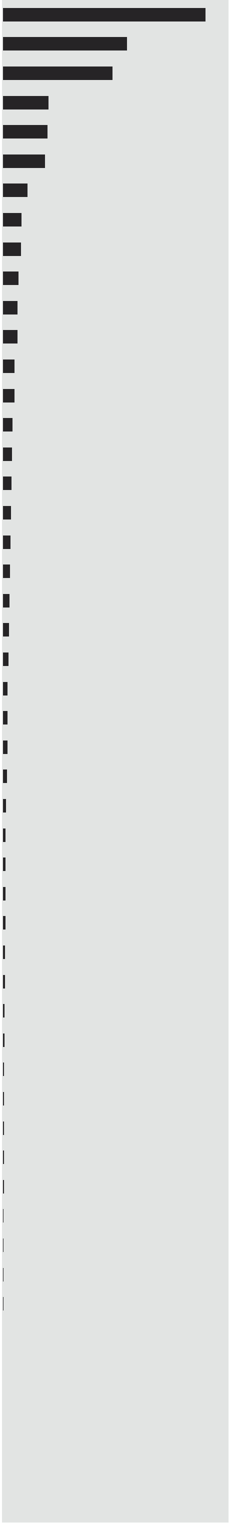
Non-banks

5.01

IPO market share

Percentage of world IPOs (initial public offerings) issued in a given country as measured by US dollars | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	France	31.00
2	China	18.97
3	United States	16.78
4	Japan	6.90
5	United Kingdom	6.77
6	Russian Federation	6.37
7	Germany	3.73
8	Brazil	2.83
9	Italy	2.71
10	Hong Kong SAR	2.33
11	Korea, Rep.	2.20
12	Australia	2.19
13	India	1.76
14	Netherlands	1.74
15	Spain	1.43
16	Switzerland	1.36
17	Canada	1.27
18	Kazakhstan	1.16
19	Norway	1.11
20	Austria	1.05
21	Saudi Arabia	0.99
22	Singapore	0.87
23	Thailand	0.78
24	Mexico	0.68
25	Ireland	0.66
26	United Arab Emirates	0.66
27	Sweden	0.59
28	Belgium	0.40
29	South Africa	0.32
30	Finland	0.32
31	Poland	0.32
32	Turkey	0.31
33	Argentina	0.30
34	Philippines	0.25
35	Nigeria	0.16
36	Bahrain	0.16
37	Czech Republic	0.11
38	Indonesia	0.10
39	Malaysia	0.09
40	Egypt	0.08
41	Chile	0.08
42	Israel	0.06
43	Vietnam	0.04
44	Ukraine	0.01
45	Slovak Republic	0.01
n/a	Colombia	n/a
n/a	Hungary	n/a
n/a	Kuwait	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Peru	n/a
n/a	Venezuela	n/a



SOURCE: Thomson Financial SDC Platinum, retrieved December 2007

5.02

IPO proceeds amount

Total IPO (initial public offering) proceeds as a percentage of GDP | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Kazakhstan	4.41
2	France	3.73
3	Hong Kong SAR	3.29
4	Bahrain	2.80
5	China	1.91
6	Singapore	1.76
7	Russian Federation	1.74
8	United Arab Emirates	1.06
9	Thailand	1.02
10	Norway	0.96
11	Switzerland	0.96
12	Austria	0.88
13	Ireland	0.80
14	United Kingdom	0.78
15	Saudi Arabia	0.77
16	Australia	0.77
17	Netherlands	0.71
18	Brazil	0.71
19	Korea, Rep.	0.63
20	Philippines	0.58
21	India	0.52
22	Japan	0.43
23	Finland	0.42
24	Sweden	0.41
25	Italy	0.39
26	Argentina	0.37
27	Nigeria	0.37
28	Germany	0.34
29	South Africa	0.34
30	United States	0.34
31	Spain	0.31
32	Canada	0.27
33	Belgium	0.27
34	Poland	0.25
35	Mexico	0.22
36	Egypt	0.21
37	Turkey	0.21
38	Czech Republic	0.20
39	Vietnam	0.19
40	Malaysia	0.16
41	Chile	0.15
42	Israel	0.12
43	Indonesia	0.08
44	Slovak Republic	0.05
45	Ukraine	0.03
n/a	Colombia	n/a
n/a	Hungary	n/a
n/a	Kuwait	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Peru	n/a
n/a	Venezuela	n/a

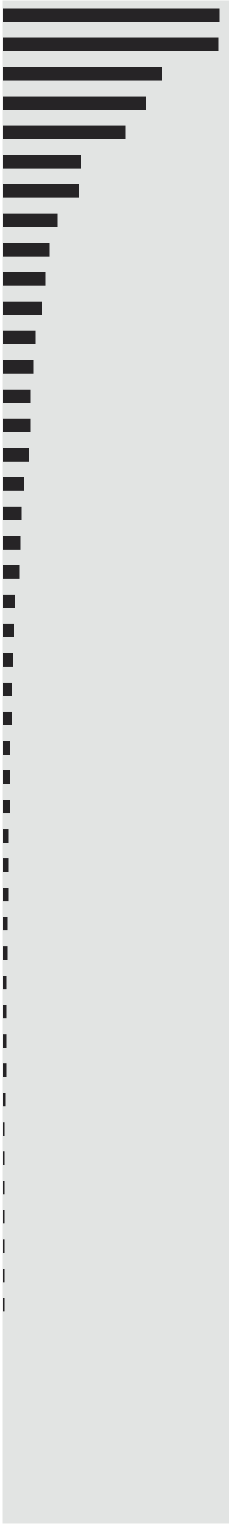
SOURCE: IPO information from Thomson Financial SDC Platinum, retrieved December 2007, GDP data from Moody's Investors Service

5.03

Share of world IPOs

Number of IPO (initial public offering) issues as a percentage of total global number of issues | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Japan	14.20
2	United States	14.13
3	United Kingdom	10.44
4	China	9.38
5	Australia	8.03
6	India	5.11
7	France	4.97
8	Canada	3.55
9	Germany	3.05
10	Malaysia	2.77
11	Hong Kong SAR	2.56
12	Singapore	2.13
13	Brazil	1.99
14	Italy	1.78
14	Korea, Rep.	1.78
16	Poland	1.70
17	Norway	1.35
18	Russian Federation	1.21
19	Netherlands	1.14
20	Sweden	1.07
21	Belgium	0.78
22	Spain	0.71
23	Saudi Arabia	0.64
24	Austria	0.57
24	Switzerland	0.57
26	Ireland	0.43
26	Israel	0.43
26	United Arab Emirates	0.43
29	Philippines	0.36
29	Thailand	0.36
29	Turkey	0.36
32	Finland	0.28
32	Indonesia	0.28
34	Argentina	0.21
34	Kazakhstan	0.21
34	Mexico	0.21
34	South Africa	0.21
38	Czech Republic	0.14
39	Bahrain	0.07
39	Chile	0.07
39	Egypt	0.07
39	Nigeria	0.07
39	Slovak Republic	0.07
39	Ukraine	0.07
39	Vietnam	0.07
n/a	Colombia	n/a
n/a	Hungary	n/a
n/a	Kuwait	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Peru	n/a
n/a	Venezuela	n/a



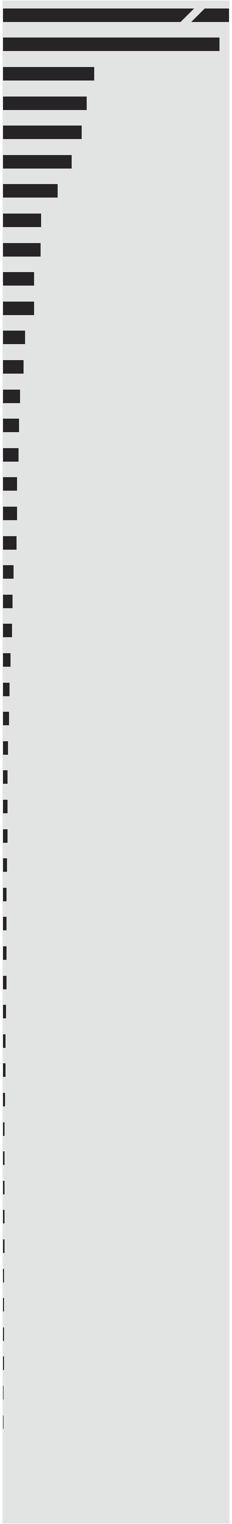
SOURCE: Thomson Financial SDC Platinum, retrieved December 2007

5.04

M&A market share

Dollar value of M&A (mergers and acquisitions) occurring in a given country as a percentage of total global value | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	United States	44.40
2	United Kingdom	11.33
3	Canada	4.77
4	France	4.38
5	Germany	4.10
6	Japan	3.60
7	Spain	2.84
8	Italy	1.98
9	Australia	1.97
10	Sweden	1.61
11	Netherlands	1.61
12	Russian Federation	1.14
13	India	1.07
14	China	0.89
15	Korea, Rep.	0.82
16	Turkey	0.81
17	Hong Kong SAR	0.73
18	Brazil	0.71
19	Switzerland	0.69
20	Norway	0.54
21	South Africa	0.49
22	Singapore	0.46
23	Israel	0.37
24	Ireland	0.32
25	Malaysia	0.30
26	Finland	0.26
27	Belgium	0.23
28	Mexico	0.22
29	Thailand	0.22
30	Nigeria	0.20
31	Austria	0.18
32	Poland	0.18
33	Chile	0.17
34	Hungary	0.17
35	Colombia	0.14
36	Argentina	0.13
37	Egypt	0.13
38	Peru	0.09
39	Panama	0.07
40	Philippines	0.07
41	Indonesia	0.07
42	Kazakhstan	0.07
43	Czech Republic	0.06
44	United Arab Emirates	0.05
45	Slovak Republic	0.04
46	Ukraine	0.03
47	Bahrain	0.03
48	Venezuela	0.02
49	Vietnam	0.01
50	Saudi Arabia	0.00
51	Kuwait	0.00
n/a	Pakistan	n/a



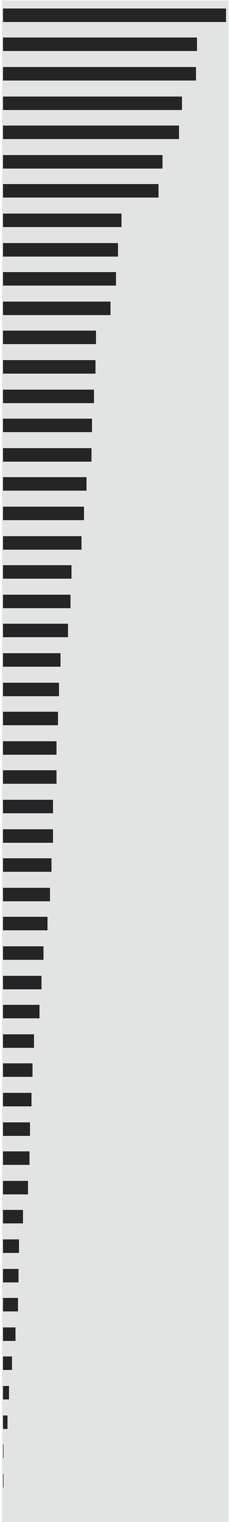
SOURCE: Thomson Financial SDC Platinum, retrieved December 2007

5.05

M&A transaction value to GDP

This variable is the rank value of the transaction in US dollars (including the net debt of the target) as a percentage of GDP | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	United Kingdom	14.64
2	Sweden	12.72
3	Panama	12.66
4	Hong Kong SAR	11.73
5	Canada	11.56
6	Singapore	10.45
7	United States	10.19
8	Australia	7.77
9	Israel	7.53
10	Netherlands	7.41
11	Spain	7.04
12	Malaysia	6.11
13	Turkey	6.06
14	France	5.95
15	South Africa	5.82
16	Bahrain	5.79
17	Switzerland	5.47
18	Norway	5.29
19	Nigeria	5.15
20	Hungary	4.48
21	Ireland	4.41
22	Germany	4.27
23	Finland	3.76
24	Egypt	3.65
25	India	3.59
26	Chile	3.51
27	Russian Federation	3.49
28	Thailand	3.26
29	Italy	3.26
30	Colombia	3.18
31	Peru	3.08
32	Kazakhstan	2.91
33	Korea, Rep.	2.66
34	Japan	2.52
35	Slovak Republic	2.39
36	Brazil	2.03
37	Argentina	1.91
38	Philippines	1.85
39	Belgium	1.76
40	Austria	1.72
41	Poland	1.61
42	Czech Republic	1.31
43	Ukraine	1.03
44	China	1.01
45	United Arab Emirates	0.96
46	Mexico	0.80
47	Indonesia	0.57
48	Vietnam	0.37
49	Venezuela	0.27
50	Kuwait	0.03
51	Saudi Arabia	0.01
n/a	Pakistan	n/a



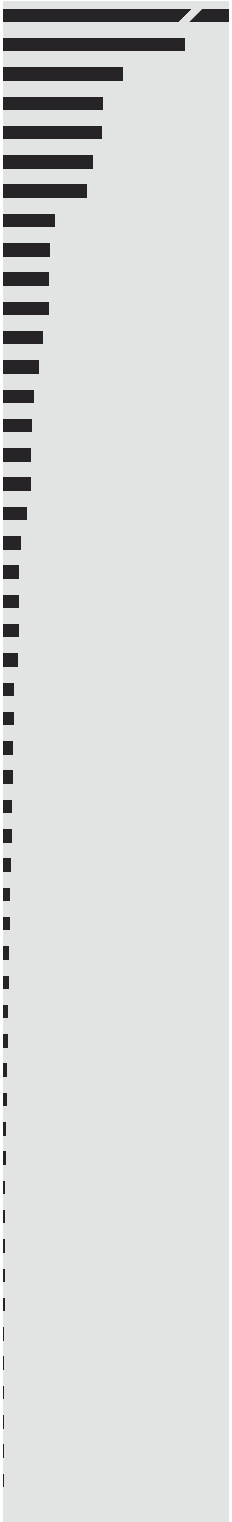
SOURCE: Thomson Financial SDC Platinum, retrieved December 2007

5.06

Share of total number of M&A deals

Percentage of world M&A (mergers and acquisitions) deals occurring in a given country as measured by the share of total number of global M&A deals | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	United States	33.15
2	United Kingdom	9.54
3	Japan	6.27
4	Australia	5.22
5	Canada	5.20
6	Germany	4.73
7	France	4.37
8	Spain	2.69
9	India	2.42
10	China	2.40
11	Malaysia	2.38
12	Italy	2.05
13	Sweden	1.88
14	Hong Kong SAR	1.60
15	Korea, Rep.	1.48
16	Netherlands	1.47
17	Russian Federation	1.42
18	Singapore	1.25
19	Switzerland	0.91
20	Norway	0.82
21	Brazil	0.81
22	Finland	0.79
23	Belgium	0.77
24	Thailand	0.57
25	Ireland	0.56
26	Austria	0.51
27	South Africa	0.48
28	Poland	0.45
29	Mexico	0.43
30	Czech Republic	0.39
31	Israel	0.33
31	Turkey	0.33
33	Argentina	0.29
34	Hungary	0.28
35	Indonesia	0.23
35	Philippines	0.23
37	Ukraine	0.20
38	Chile	0.19
39	Colombia	0.13
40	Egypt	0.11
41	United Arab Emirates	0.10
42	Peru	0.09
42	Slovak Republic	0.09
44	Nigeria	0.08
45	Vietnam	0.06
46	Kazakhstan	0.05
46	Venezuela	0.05
48	Saudi Arabia	0.05
49	Panama	0.04
50	Bahrain	0.03
51	Kuwait	0.01
n/a	Pakistan	n/a



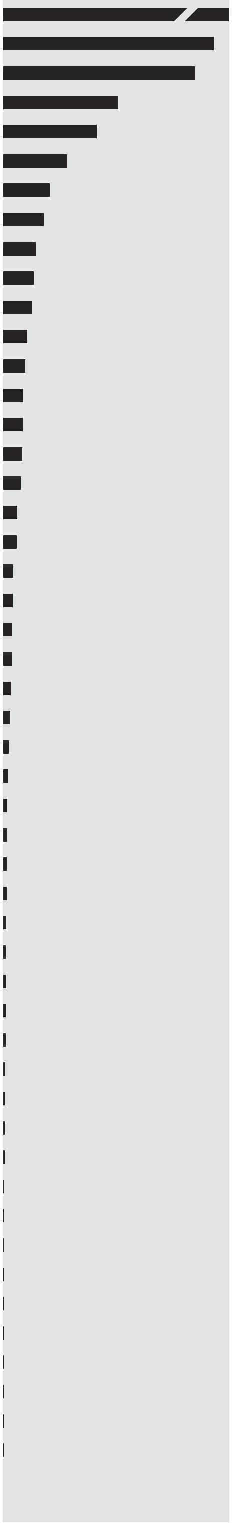
SOURCE: Thomson Financial SDC Platinum, retrieved December 2007

5.07

Insurance premiums, direct

Direct insurance premiums (life and non-life), including commissions and other charges, prior to cession to a reinsurance company (US$ millions) | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	United States	1,170,100.63
2	Japan	460,261.25
3	United Kingdom	418,366.44
4	France	251,163.81
5	Germany	204,543.92
6	Italy	138,679.22
7	Korea, Rep.	101,179.38
8	Canada	88,199.97
9	China	70,805.49
10	Spain	65,813.39
11	Netherlands	62,669.10
12	Australia	52,561.14
13	Ireland	47,281.32
14	India	43,032.01
15	Switzerland	41,757.58
16	South Africa	40,730.65
17	Belgium	37,888.61
18	Brazil	30,389.67
19	Sweden	29,182.20
20	Russian Federation	21,503.57
21	Hong Kong SAR	19,842.33
22	Austria	19,567.62
23	Finland	19,308.18
24	Norway	16,248.82
25	Mexico	15,072.21
26	Poland	11,946.51
27	Singapore	10,775.51
28	Israel	7,754.16
29	Malaysia	7,536.73
30	Thailand	7,127.87
31	Turkey	6,617.53
32	Argentina	5,631.55
33	Czech Republic	5,304.46
34	Venezuela	4,886.13
35	Indonesia	4,848.55
36	Chile	4,704.08
37	Hungary	3,789.03
38	Colombia	3,199.74
39	Ukraine	2,738.61
40	United Arab Emirates	2,726.19
41	Slovak Republic	1,819.58
42	Philippines	1,750.96
43	Saudi Arabia	1,590.09
44	Peru	1,082.66
45	Pakistan	949.04
46	Vietnam	937.32
47	Egypt	843.12
48	Nigeria	716.43
49	Kuwait	628.20
50	Panama	474.39
n/a	Bahrain	n/a
n/a	Kazakhstan	n/a



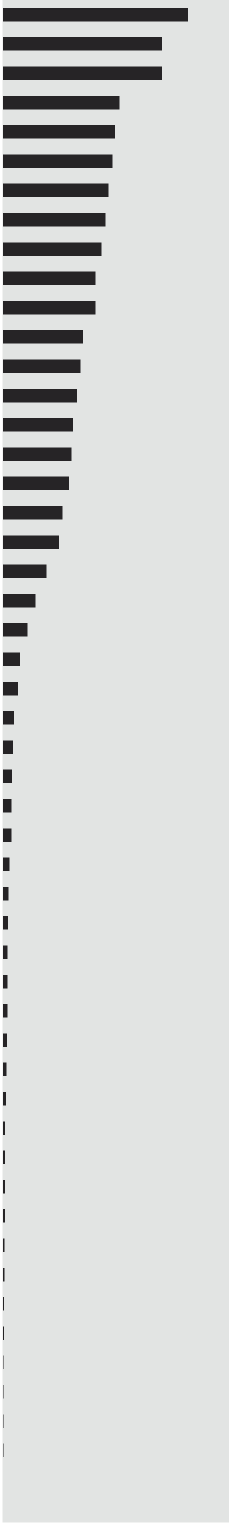
SOURCE: Swiss Re, *World Insurance in 2006: Premiums Came Back to "Life"*

5.08

Insurance density

Direct life insurance premiums (life and non-life) per capita from domestic sources (US dollars) | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	United Kingdom	6,466.70
2	Ireland	5,564.67
3	Switzerland	5,561.89
4	France	4,075.38
5	United States	3,923.65
6	Netherlands	3,828.83
7	Finland	3,681.18
8	Japan	3,589.65
9	Belgium	3,442.45
10	Norway	3,229.05
11	Sweden	3,226.16
12	Hong Kong SAR	2,787.63
13	Canada	2,708.34
14	Australia	2,580.83
15	Germany	2,436.80
16	Austria	2,396.67
17	Italy	2,302.25
18	Korea, Rep.	2,071.26
19	Singapore	1,957.72
20	Spain	1,514.64
21	Israel	1,132.49
22	South Africa	855.79
23	United Arab Emirates	585.40
24	Czech Republic	519.59
25	Hungary	376.23
26	Slovak Republic	336.90
27	Poland	310.31
28	Malaysia	292.17
29	Chile	285.70
30	Kuwait	227.20
31	Venezuela	179.53
32	Brazil	160.89
33	Russian Federation	150.86
34	Panama	144.28
35	Argentina	143.90
36	Mexico	139.14
37	Thailand	110.06
38	Turkey	89.22
39	Colombia	69.14
40	Saudi Arabia	63.12
41	Ukraine	59.55
42	China	53.49
43	India	38.44
44	Peru	38.15
45	Indonesia	21.50
46	Philippines	20.73
47	Egypt	11.18
48	Vietnam	10.98
49	Pakistan	5.89
50	Nigeria	5.33
n/a	Bahrain	n/a
n/a	Kazakhstan	n/a



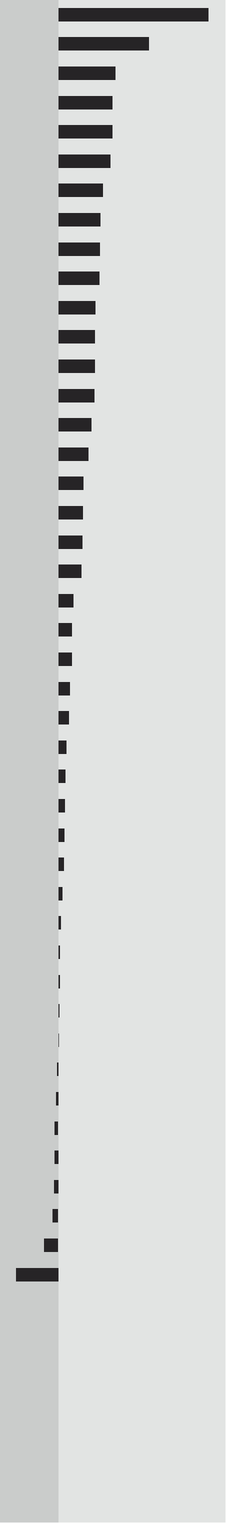
SOURCE: Swiss Re, *World Insurance in 2006: Premiums Came Back to "Life"*

5.09

Real growth of direct insurance premiums

Annual real rate of growth (%) of direct premiums (life and non-life) based on local currency prices | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	India	52.55
2	Venezuela	31.80
3	United Kingdom	20.09
4	South Africa	19.06
5	Poland	18.98
6	United Arab Emirates	18.33
7	Argentina	15.63
8	Hungary	14.75
9	Pakistan	14.54
10	Hong Kong SAR	14.40
11	Mexico	13.06
12	Colombia	12.86
13	China	12.79
14	Turkey	12.60
15	Russian Federation	11.57
16	France	10.61
17	Brazil	8.85
18	Korea, Rep.	8.73
19	Philippines	8.55
20	Peru	8.09
21	Chile	5.36
22	Finland	4.81
23	Netherlands	4.80
24	Spain	4.11
25	Canada	3.72
26	Israel	2.85
27	Sweden	2.50
28	Vietnam	2.40
29	United States	2.13
30	Australia	2.07
31	Singapore	1.40
32	Malaysia	0.92
33	Germany	0.55
34	Thailand	0.54
35	Austria	0.41
36	Indonesia	0.31
37	Czech Republic	–0.50
38	Ukraine	–0.83
39	Switzerland	–1.27
40	Egypt	–1.36
41	Japan	–1.49
42	Norway	–1.97
43	Italy	–4.90
44	Belgium	–14.85
n/a	Bahrain	n/a
n/a	Ireland	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Panama	n/a
n/a	Saudi Arabia	n/a
n/a	Slovak Republic	n/a



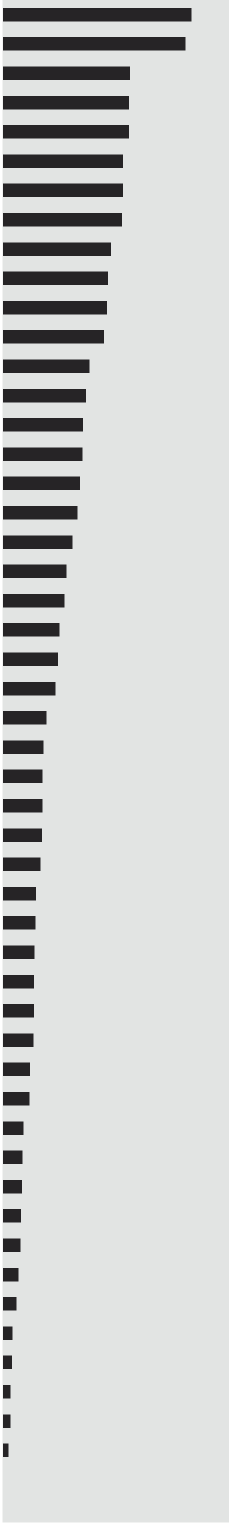
SOURCE: Swiss Re, *World Insurance in 2006: Premiums Came Back to "Life"*

5.10

Insurance penetration

Direct domestic premiums (life and non-life) as a percentage of GDP | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	United Kingdom	16.50
2	South Africa	15.96
3	Korea, Rep.	11.11
4	Switzerland	11.02
5	France	11.02
6	Japan	10.50
7	Hong Kong SAR	10.47
8	Ireland	10.40
9	Netherlands	9.45
10	Belgium	9.18
11	Finland	9.11
12	United States	8.83
13	Sweden	7.57
14	Italy	7.24
15	Australia	6.98
16	Canada	6.95
17	Germany	6.72
18	Singapore	6.49
19	Austria	6.06
20	Israel	5.54
21	Spain	5.37
22	Malaysia	4.94
23	India	4.78
24	Norway	4.56
25	Czech Republic	3.80
26	Poland	3.53
27	Thailand	3.45
28	Slovak Republic	3.43
29	Hungary	3.39
30	Chile	3.28
31	Brazil	2.85
32	Ukraine	2.82
33	Panama	2.74
34	China	2.71
35	Venezuela	2.69
36	Argentina	2.63
37	Colombia	2.35
38	Russian Federation	2.32
39	Mexico	1.79
40	United Arab Emirates	1.67
41	Turkey	1.64
42	Vietnam	1.54
43	Philippines	1.50
44	Indonesia	1.33
45	Peru	1.16
46	Egypt	0.79
47	Pakistan	0.76
48	Kuwait	0.65
49	Nigeria	0.64
50	Saudi Arabia	0.46
n/a	Bahrain	n/a
n/a	Kazakhstan	n/a



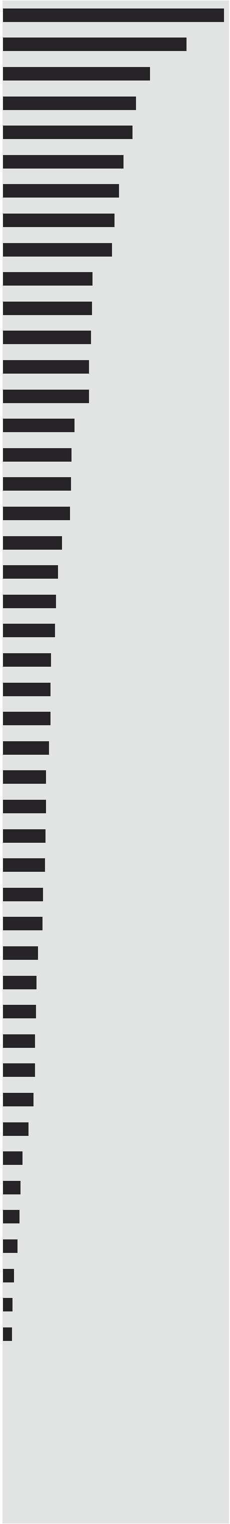
SOURCE: Swiss Re, *World Insurance in 2006: Premiums Came Back to "Life"*

5.11

Relative value-added of insurance

The value added by insurance services to the economy after costs are subtracted, as a percentage of GDP | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Switzerland	4.84
2	Hong Kong SAR	4.01
3	Singapore	3.21
4	Egypt	2.91
5	Israel	2.83
6	United Kingdom	2.63
7	Korea, Rep.	2.54
8	Australia	2.44
9	United States	2.38
10	Brazil	1.96
11	South Africa	1.94
12	Netherlands	1.92
13	Austria	1.88
14	Japan	1.88
15	Chile	1.56
16	Colombia	1.49
17	Belgium	1.48
18	Ireland	1.46
19	Argentina	1.29
20	Russian Federation	1.20
21	Malaysia	1.15
22	Slovak Republic	1.13
23	France	1.05
24	Mexico	1.04
25	India	1.04
26	Philippines	1.00
27	Peru	0.94
28	Hungary	0.94
29	Germany	0.92
30	Panama	0.91
31	China	0.87
32	Italy	0.86
33	Turkey	0.76
34	Canada	0.73
35	Sweden	0.72
36	Saudi Arabia	0.70
37	Indonesia	0.69
38	Spain	0.66
39	Vietnam	0.55
40	Finland	0.42
41	Norway	0.38
42	Venezuela	0.36
43	Nigeria	0.31
44	Kuwait	0.24
45	Poland	0.20
46	Czech Republic	0.19
n/a	Bahrain	n/a
n/a	Kazakhstan	n/a
n/a	Pakistan	n/a
n/a	Thailand	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a



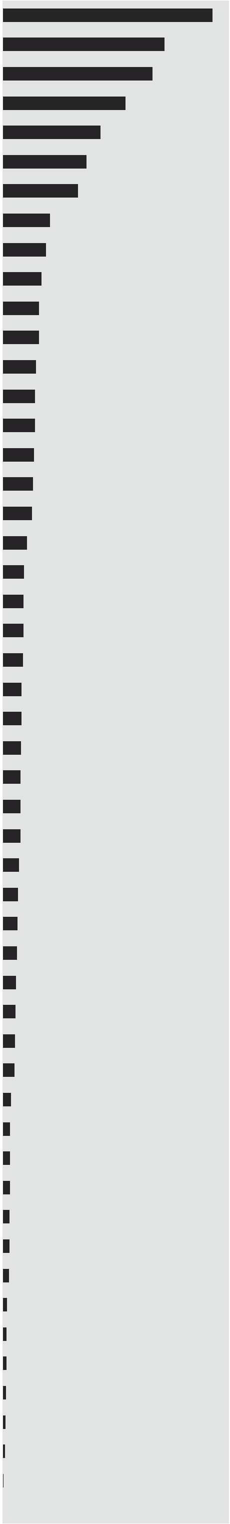
SOURCE: Global Insight, *World Industry Monitor,* October 25, 2007

5.12

Securitization to GDP

The sum of asset-backed securities (ABS), mortgage-backed securities (MBS), high-yield bonds, and highly leveraged loans' deal value as a percentage of GDP | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	United States	22.92
2	Kazakhstan	17.65
3	United Kingdom	16.34
4	Netherlands	13.39
5	Spain	10.65
6	Ireland	9.11
7	Australia	8.16
8	Canada	5.14
9	Ukraine	4.67
10	Turkey	4.20
11	Russian Federation	3.91
12	Germany	3.91
13	Belgium	3.58
14	Italy	3.49
15	France	3.45
16	Egypt	3.37
17	Bahrain	3.26
18	Sweden	3.15
19	Korea, Rep.	2.59
20	Brazil	2.25
21	Norway	2.24
22	Peru	2.24
23	Philippines	2.17
24	India	2.02
25	Indonesia	2.01
26	Argentina	1.94
27	Hungary	1.90
28	Switzerland	1.89
29	Nigeria	1.88
30	Panama	1.74
31	South Africa	1.62
32	Vietnam	1.57
33	Colombia	1.50
34	Singapore	1.41
35	Chile	1.32
36	Japan	1.29
37	Hong Kong SAR	1.25
38	Czech Republic	0.86
39	Mexico	0.76
40	Thailand	0.76
41	Finland	0.74
42	Saudi Arabia	0.70
43	Venezuela	0.67
44	Austria	0.65
45	Malaysia	0.40
46	Pakistan	0.36
47	United Arab Emirates	0.33
48	Kuwait	0.28
49	Poland	0.25
50	China	0.17
51	Slovak Republic	0.03
n/a	Israel	n/a



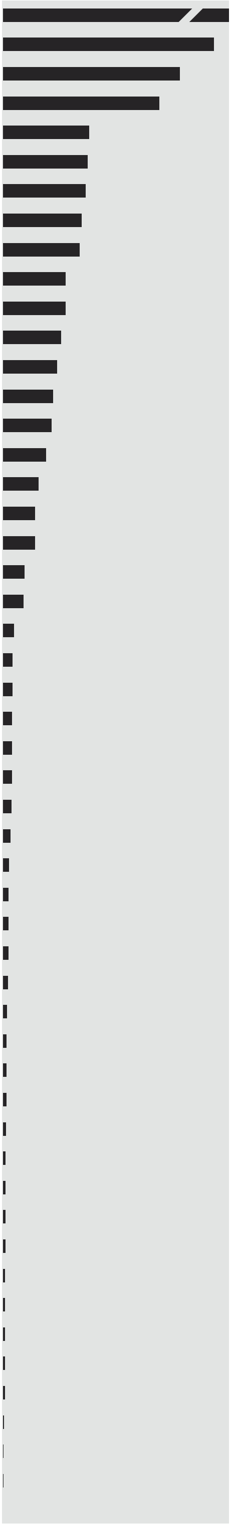
SOURCE: Dealogic Analytics, data retrieved February 2008

5.13

Share of total number of securitization deals

The sum of asset-backed securities (ABS), mortgage-backed securities (MBS), high-yield bonds, and highly leveraged loans as a percentage of total deals | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	United States	64.93
2	Russian Federation	4.61
3	United Kingdom	3.86
4	Korea, Rep.	3.41
5	France	1.88
6	Canada	1.85
7	Argentina	1.80
8	Germany	1.71
9	India	1.67
10	Brazil	1.36
10	Spain	1.36
12	Italy	1.26
13	Kazakhstan	1.18
14	Japan	1.09
15	Australia	1.06
16	Ukraine	0.94
17	Netherlands	0.77
18	Mexico	0.70
19	Peru	0.69
20	Indonesia	0.46
21	Turkey	0.44
22	China	0.23
23	Philippines	0.20
23	Switzerland	0.20
25	Belgium	0.19
25	Hong Kong SAR	0.19
25	Ireland	0.19
28	South Africa	0.18
29	Sweden	0.16
30	Colombia	0.13
31	Singapore	0.12
32	Norway	0.11
32	Thailand	0.11
34	Chile	0.10
35	Vietnam	0.08
36	Austria	0.07
36	Nigeria	0.07
36	Poland	0.07
39	Hungary	0.06
40	Czech Republic	0.05
40	Finland	0.05
40	Malaysia	0.05
40	Pakistan	0.05
44	Bahrain	0.04
44	Egypt	0.04
44	Saudi Arabia	0.04
44	United Arab Emirates	0.04
44	Venezuela	0.04
49	Kuwait	0.02
50	Panama	0.01
50	Slovak Republic	0.01
n/a	Israel	n/a



SOURCE: Dealogic Analytics, data retrieved February 2008

Section VI

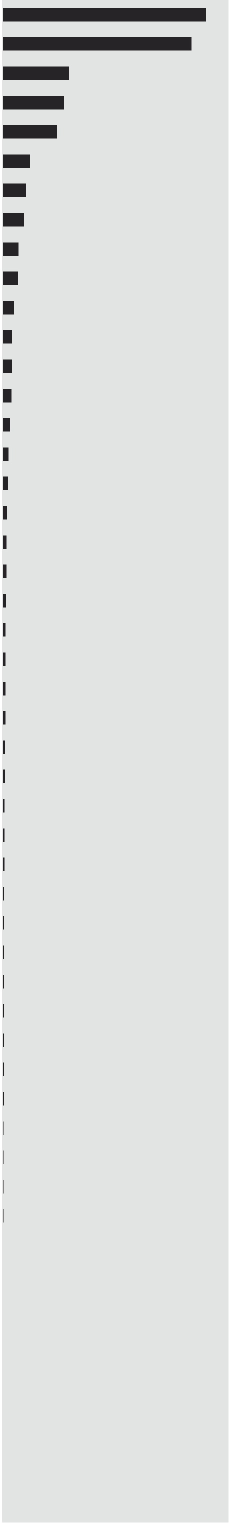
Financial markets

6.01

Spot foreign exchange turnover

Percentage share of world total of spot foreign exchange turnover | April 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	United Kingdom	26.62
2	United States	24.71
3	Switzerland	8.61
4	Japan	8.01
5	Singapore	7.08
6	Australia	3.52
7	Hong Kong SAR	3.01
8	Russian Federation	2.70
9	France	1.99
10	Germany	1.94
11	Korea, Rep.	1.38
12	Belgium	1.16
13	India	1.14
14	Canada	1.08
15	Italy	0.89
16	China	0.66
17	Sweden	0.62
18	Spain	0.49
19	Austria	0.44
20	Brazil	0.40
21	Mexico	0.36
22	Ireland	0.31
23	Israel	0.28
24	Norway	0.27
25	South Africa	0.27
26	Netherlands	0.24
27	Saudi Arabia	0.22
28	Poland	0.19
29	Hungary	0.17
30	Chile	0.16
31	Indonesia	0.13
32	Malaysia	0.13
33	Bahrain	0.12
34	Czech Republic	0.11
35	Thailand	0.11
36	Colombia	0.10
37	Argentina	0.09
38	Philippines	0.09
39	Turkey	0.06
40	Finland	0.05
41	Peru	0.05
42	Slovak Republic	0.02
n/a	Egypt	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Venezuela	n/a
n/a	Vietnam	n/a



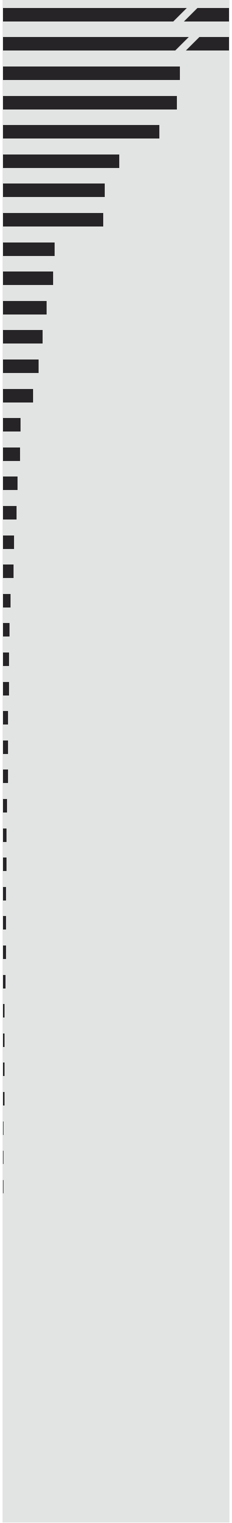
SOURCE: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.02

Outright forward foreign exchange turnover

Percentage share of world total of outright forward foreign exchange turnover | April 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	United Kingdom	29.92
2	United States	27.37
3	Japan	6.17
4	Singapore	6.07
5	Germany	5.45
6	Switzerland	4.05
7	Hong Kong SAR	3.54
8	Australia	3.49
9	France	1.80
10	Belgium	1.75
11	India	1.52
12	Netherlands	1.37
13	Korea, Rep.	1.24
14	Canada	1.04
15	Italy	0.61
16	Norway	0.58
17	Spain	0.50
18	Austria	0.46
19	Sweden	0.38
20	Chile	0.36
21	Russian Federation	0.26
22	South Africa	0.22
23	Czech Republic	0.21
24	Ireland	0.21
25	Bahrain	0.17
26	Thailand	0.16
27	Turkey	0.16
28	Poland	0.13
29	Indonesia	0.12
30	Colombia	0.12
31	Mexico	0.10
32	Finland	0.09
33	Malaysia	0.09
34	Brazil	0.08
35	Peru	0.05
36	Philippines	0.05
37	Hungary	0.04
38	Saudi Arabia	0.04
39	China	0.01
40	Argentina	0.00
41	Slovak Republic	0.00
n/a	Egypt	n/a
n/a	Israel	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Venezuela	n/a
n/a	Vietnam	n/a



SOURCE: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.03

Foreign exchange swap turnover

Percentage share of world total of foreign exchange swap turnover | April 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	United Kingdom	42.01
2	United States	11.15
3	Hong Kong SAR	5.70
4	Switzerland	5.44
5	Singapore	5.42
6	Japan	5.22
7	Australia	5.17
8	France	4.07
9	Germany	2.41
10	Canada	1.96
11	Sweden	1.53
12	Belgium	1.23
13	Norway	1.22
14	Italy	1.02
15	Russian Federation	0.70
16	Netherlands	0.70
17	India	0.63
18	Korea, Rep.	0.51
19	Austria	0.49
20	Mexico	0.48
21	South Africa	0.45
22	Spain	0.37
23	Finland	0.33
24	Poland	0.27
25	Ireland	0.27
26	Israel	0.21
27	Hungary	0.20
28	Thailand	0.19
29	Slovak Republic	0.15
30	Czech Republic	0.12
31	Turkey	0.09
32	Malaysia	0.06
33	Saudi Arabia	0.06
34	Philippines	0.05
35	China	0.04
36	Bahrain	0.03
37	Indonesia	0.03
38	Chile	0.02
39	Colombia	0.00
40	Brazil	0.00
n/a	Argentina	n/a
n/a	Egypt	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Peru	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Venezuela	n/a
n/a	Vietnam	n/a

SOURCE: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.04

Interest rate derivatives turnover: Forward rate agreements

Percentage share of world total of over-the-counter single currency forward interest rate agreements turnover | April 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	United Kingdom	45.61
2	United States	27.19
3	Germany	7.35
4	France	5.64
5	Sweden	2.61
6	Switzerland	1.85
7	Canada	1.83
8	Norway	1.58
9	Australia	1.06
10	Japan	1.01
11	Italy	0.75
12	South Africa	0.68
13	Belgium	0.49
14	Singapore	0.48
15	Poland	0.42
16	Netherlands	0.28
17	Hong Kong SAR	0.21
18	Hungary	0.17
19	Austria	0.17
20	Spain	0.16
21	Czech Republic	0.14
22	Korea, Rep.	0.13
23	Mexico	0.09
24	Finland	0.05
25	Ireland	0.03
26	Thailand	0.00
27	Malaysia	0.00
28	Turkey	0.00
29	Colombia	0.00
30	Indonesia	0.00
30	Philippines	0.00
30	Saudi Arabia	0.00
33	Chile	0.00
n/a	Argentina	n/a
n/a	Bahrain	n/a
n/a	Brazil	n/a
n/a	China	n/a
n/a	Egypt	n/a
n/a	India	n/a
n/a	Israel	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Peru	n/a
n/a	Russian Federation	n/a
n/a	Slovak Republic	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Venezuela	n/a
n/a	Vietnam	n/a

SOURCE: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.05

Interest rate derivatives turnover: Swaps

Percentage share of world total of over-the-counter single currency interest rate swaps turnover | April 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	United Kingdom	45.98
2	United States	20.58
3	France	9.00
4	Germany	4.10
5	Switzerland	3.52
6	Singapore	3.51
7	Japan	3.18
8	Netherlands	1.65
9	Italy	1.59
10	Australia	1.15
11	Hong Kong SAR	1.04
12	Belgium	1.02
13	Spain	1.01
14	Canada	0.70
15	Ireland	0.45
16	Korea, Rep.	0.29
17	Austria	0.26
18	India	0.22
19	Mexico	0.15
20	Sweden	0.13
21	Finland	0.13
22	South Africa	0.09
23	Poland	0.08
24	Norway	0.08
25	Thailand	0.02
26	Hungary	0.02
27	Czech Republic	0.01
28	Bahrain	0.01
29	Brazil	0.01
30	Malaysia	0.01
31	Saudi Arabia	0.01
32	Indonesia	0.00
33	Turkey	0.00
34	Peru	0.00
35	Chile	0.00
36	Philippines	0.00
37	Colombia	0.00
n/a	Argentina	n/a
n/a	China	n/a
n/a	Egypt	n/a
n/a	Israel	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Russian Federation	n/a
n/a	Slovak Republic	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Venezuela	n/a
n/a	Vietnam	n/a

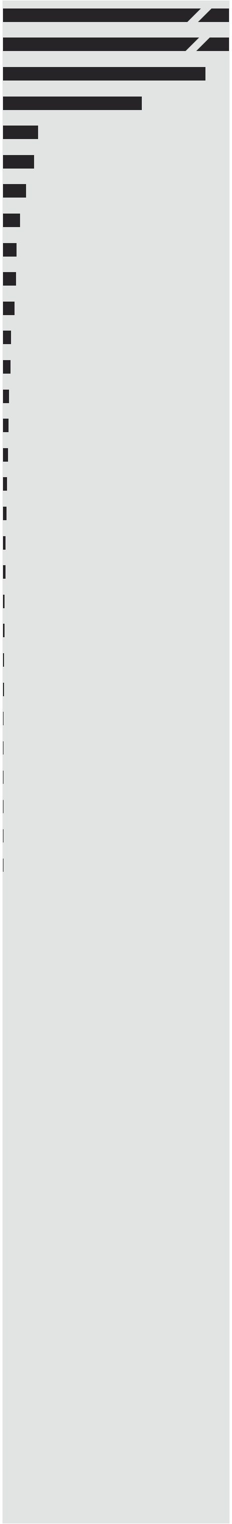
SOURCE: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.06

Interest rate derivatives turnover: Options

Percentage share of world total of over-the-counter interest rate options turnover | April 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	United States	42.61
2	United Kingdom	34.26
3	Japan	8.83
4	France	6.06
5	Belgium	1.53
6	Canada	1.34
7	Italy	1.00
8	Germany	0.73
9	Singapore	0.57
10	Sweden	0.55
11	Australia	0.49
12	Finland	0.33
13	South Africa	0.31
14	Spain	0.25
15	Netherlands	0.22
16	Hong Kong SAR	0.21
17	Korea, Rep.	0.16
18	Thailand	0.15
19	Austria	0.09
20	Mexico	0.09
21	Saudi Arabia	0.06
22	Ireland	0.06
23	Turkey	0.04
24	Norway	0.03
25	Switzerland	0.02
26	Poland	0.00
27	Czech Republic	0.00
28	Indonesia	0.00
28	Malaysia	0.00
30	Brazil	0.00
n/a	Argentina	n/a
n/a	Bahrain	n/a
n/a	Chile	n/a
n/a	China	n/a
n/a	Colombia	n/a
n/a	Egypt	n/a
n/a	Hungary	n/a
n/a	India	n/a
n/a	Israel	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Peru	n/a
n/a	Philippines	n/a
n/a	Russian Federation	n/a
n/a	Slovak Republic	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Venezuela	n/a
n/a	Vietnam	n/a



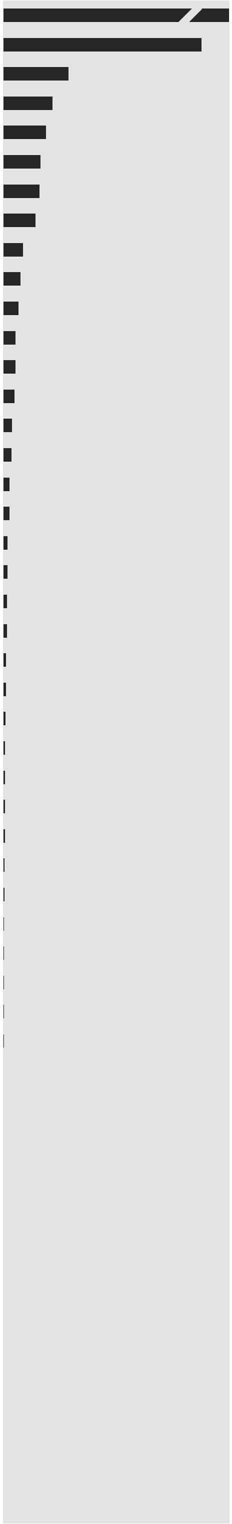
SOURCE: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.07

Foreign exchange derivatives turnover: Currency swaps

Percentage share of world total of over-the-counter foreign exchange currency swaps turnover | April 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	United Kingdom	47.57
2	United States	17.31
3	Australia	5.66
4	Canada	4.28
5	France	3.71
6	Korea, Rep.	3.22
7	Singapore	3.11
8	Japan	2.77
9	Hong Kong SAR	1.67
10	Turkey	1.48
11	India	1.28
12	Netherlands	1.05
13	Ireland	1.05
14	Belgium	0.96
15	Brazil	0.71
16	Saudi Arabia	0.70
17	Austria	0.50
18	Germany	0.49
19	Spain	0.34
20	Italy	0.34
21	Indonesia	0.29
22	Thailand	0.28
23	Switzerland	0.21
24	Poland	0.18
25	Norway	0.14
26	Bahrain	0.13
27	Finland	0.13
28	South Africa	0.10
29	Malaysia	0.10
30	Chile	0.07
31	Sweden	0.05
32	Philippines	0.04
33	Mexico	0.03
34	Colombia	0.02
34	Czech Republic	0.02
36	Hungary	0.00
n/a	Argentina	n/a
n/a	China	n/a
n/a	Egypt	n/a
n/a	Israel	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Peru	n/a
n/a	Russian Federation	n/a
n/a	Slovak Republic	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Venezuela	n/a
n/a	Vietnam	n/a



SOURCE: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.08

Foreign exchange derivatives turnover: Options

Percentage share of world total of over-the-counter foreign exchange options turnover | April 2007

RANK	COUNTRY/ECONOMY	HARD DATA
1	United Kingdom	42.62
2	United States	30.12
3	Switzerland	4.76
4	Japan	4.32
5	Singapore	4.04
6	Hong Kong SAR	2.29
7	France	2.22
8	Australia	1.87
9	India	1.52
10	Canada	1.04
11	Germany	0.99
12	Italy	0.75
13	Sweden	0.70
14	Belgium	0.61
15	Austria	0.31
16	Spain	0.30
17	Netherlands	0.26
18	Korea, Rep.	0.25
19	Ireland	0.18
20	Israel	0.16
21	Poland	0.14
22	Turkey	0.07
23	Bahrain	0.06
24	Hungary	0.06
25	Mexico	0.05
26	Finland	0.05
27	Indonesia	0.05
28	Norway	0.04
29	Saudi Arabia	0.04
30	South Africa	0.03
31	Czech Republic	0.03
32	Slovak Republic	0.02
33	Brazil	0.02
34	Thailand	0.01
35	Malaysia	0.01
36	Russian Federation	0.01
37	Colombia	0.00
38	Philippines	0.00
n/a	Argentina	n/a
n/a	Chile	n/a
n/a	China	n/a
n/a	Egypt	n/a
n/a	Kazakhstan	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Peru	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Venezuela	n/a
n/a	Vietnam	n/a

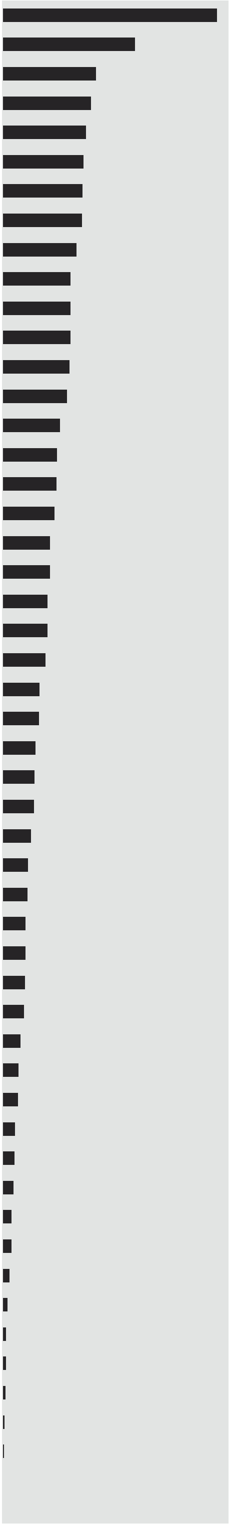
SOURCE: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.09

Equity market turnover

The total value of shares traded during the period divided by the average market capitalization for the period | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	Pakistan	374.25
2	Saudi Arabia	231.00
3	Spain	162.38
4	Turkey	154.12
5	Germany	144.65
6	United Kingdom	140.67
7	Italy	139.20
8	Finland	137.95
9	United States	127.96
10	Japan	117.93
11	Sweden	117.83
12	Czech Republic	117.72
13	Norway	116.42
14	Netherlands	111.34
15	Switzerland	99.30
16	Kuwait	93.88
17	India	93.61
18	United Arab Emirates	89.39
19	China	81.92
20	France	81.91
21	Hungary	77.39
22	Australia	77.27
23	Thailand	74.09
24	Canada	63.11
25	Singapore	62.61
26	Ireland	56.17
27	Israel	55.14
28	Indonesia	53.73
29	Hong Kong SAR	48.88
30	Austria	43.01
31	Egypt	42.82
32	South Africa	39.03
33	Russian Federation	38.89
34	Brazil	38.08
35	Poland	36.09
36	Argentina	30.23
37	Malaysia	26.61
38	Mexico	25.49
39	Belgium	20.43
40	Philippines	19.99
41	Colombia	17.79
42	Kazakhstan	14.87
43	Chile	14.77
44	Nigeria	11.38
45	Peru	7.16
46	Bahrain	4.57
47	Venezuela	4.43
48	Ukraine	3.58
49	Panama	1.76
50	Slovak Republic	1.55
n/a	Korea, Rep.	n/a
n/a	Vietnam	n/a



SOURCE: World Bank, Financial Indicators website www.financial-indicators.org

6.10

Private-sector bonds to GDP

The total amount of outstanding domestic debt securities by private domestic entities as a percentage of GDP | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	United States	114.00
2	Netherlands	69.53
3	Malaysia	52.36
4	Italy	49.85
5	Sweden	42.93
6	Japan	42.46
7	Spain	42.12
8	France	41.55
9	Austria	39.90
10	Australia	39.12
11	Belgium	35.18
12	Germany	34.53
13	Switzerland	32.43
14	Ireland	28.31
15	Finland	24.94
16	Norway	21.86
17	Thailand	20.29
18	Chile	19.92
19	Singapore	18.85
20	Canada	18.73
21	Hong Kong SAR	17.86
22	United Kingdom	15.89
23	South Africa	12.94
24	Brazil	12.01
25	China	11.07
26	Argentina	8.42
27	Czech Republic	5.92
28	Hungary	4.97
29	Mexico	4.83
30	Peru	3.97
31	Indonesia	2.37
32	India	0.97
33	Colombia	0.51
34	Venezuela	0.32
35	Philippines	0.26
n/a	Bahrain	n/a
n/a	Egypt	n/a
n/a	Israel	n/a
n/a	Kazakhstan	n/a
n/a	Korea, Rep.	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Pakistan	n/a
n/a	Panama	n/a
n/a	Poland	n/a
n/a	Russian Federation	n/a
n/a	Saudi Arabia	n/a
n/a	Slovak Republic	n/a
n/a	Turkey	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Vietnam	n/a

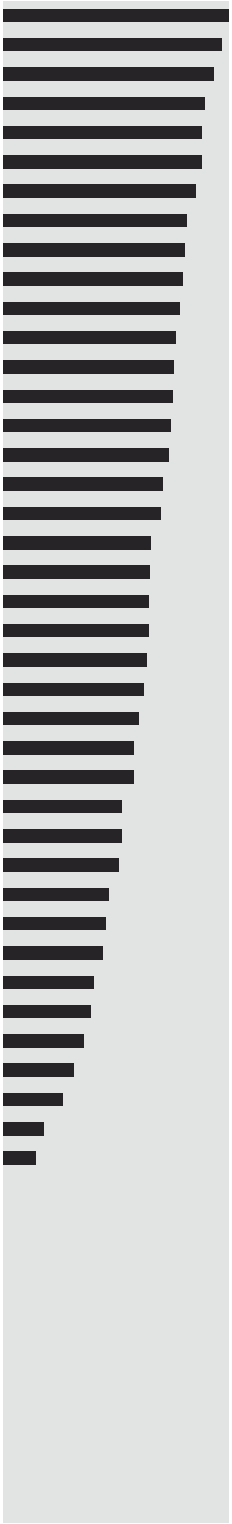
SOURCE: World Bank, Financial Indicators website www.financial-indicators.org

6.11

Public-sector bonds to GDP

This index is based on the total amount of outstanding domestic debt securities by public domestic entities as a percentage of GDP | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	France	7.00
2	Canada	6.70
3	Turkey	6.44
4	Netherlands	6.17
5	United States	6.10
6	Czech Republic	6.10
7	Brazil	5.91
8	Sweden	5.62
9	Hungary	5.58
10	Germany	5.49
11	Italy	5.41
12	Singapore	5.28
13	Spain	5.23
14	Philippines	5.19
15	Malaysia	5.15
16	Belgium	5.06
17	Venezuela	4.90
18	Finland	4.83
19	India	4.52
20	South Africa	4.50
21	Switzerland	4.45
22	Poland	4.45
23	Austria	4.40
24	United Kingdom	4.31
25	Pakistan	4.15
26	Colombia	4.01
27	Japan	4.00
28	Slovak Republic	3.63
29	Argentina	3.62
30	China	3.54
31	Mexico	3.25
32	Thailand	3.14
33	Ireland	3.06
34	Indonesia	2.76
35	Chile	2.67
36	Norway	2.46
37	Australia	2.15
38	Hong Kong SAR	1.81
39	Peru	1.25
40	Russian Federation	1.00
n/a	Bahrain	n/a
n/a	Egypt	n/a
n/a	Israel	n/a
n/a	Kazakhstan	n/a
n/a	Korea, Rep.	n/a
n/a	Kuwait	n/a
n/a	Nigeria	n/a
n/a	Panama	n/a
n/a	Saudi Arabia	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Vietnam	n/a



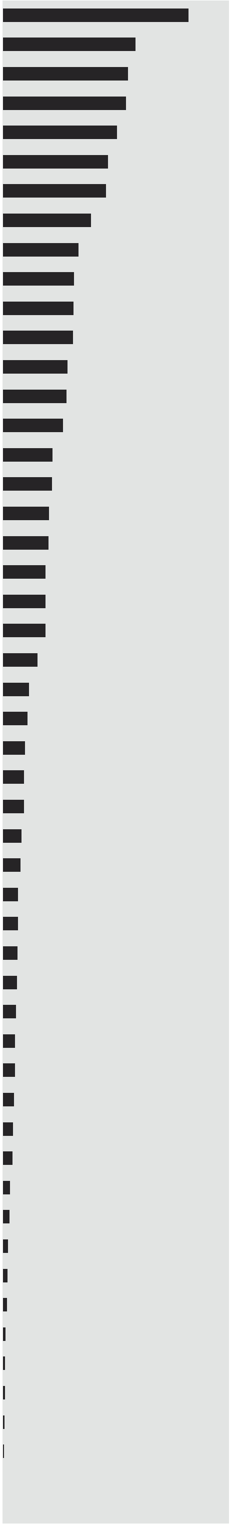
SOURCE: World Bank, Financial Indicators website www.financial-indicators.org. Adjusted based on World Economic Forum analysis.

6.12

International bonds to GDP

Percentage of GDP represented by international bonds | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	Netherlands	121.66
2	Ireland	87.04
3	Belgium	81.98
4	Germany	80.51
5	Switzerland	74.89
6	Austria	68.83
7	United Kingdom	67.65
8	Spain	57.50
9	Sweden	49.56
10	Finland	46.63
11	France	46.11
12	Panama	45.90
13	Italy	42.20
14	Argentina	41.62
15	Australia	39.29
16	Singapore	32.39
17	Hong Kong SAR	32.17
18	Bahrain	29.90
19	Philippines	29.66
20	Norway	27.89
21	United States	27.83
22	Canada	27.61
23	Malaysia	22.40
24	Venezuela	16.88
25	Hungary	15.83
26	Israel	14.30
27	Brazil	13.65
28	Kazakhstan	13.50
29	Colombia	11.94
30	Mexico	11.26
31	Poland	9.76
32	Chile	9.66
33	Turkey	9.24
34	Peru	9.15
35	Russian Federation	8.38
36	South Africa	7.81
37	Slovak Republic	7.64
38	Ukraine	7.05
39	Japan	6.39
40	Thailand	6.07
41	Czech Republic	4.58
42	Indonesia	4.22
43	Egypt	3.25
44	Vietnam	2.70
45	Kuwait	2.49
46	Nigeria	1.48
47	China	1.19
48	India	1.10
49	Pakistan	0.79
50	Saudi Arabia	0.35
n/a	Korea, Rep.	n/a
n/a	United Arab Emirates	n/a



SOURCE: World Bank, Financial Indicators website www.financial-indicators.org

Section VII

Size, depth, and access

7.01

M2 to GDP

Money and quasi-money supply as a percentage of GDP | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	Hong Kong SAR	252.27
2	China	153.55
3	Switzerland	146.71
4	Canada	146.30
5	Japan	137.88
6	Malaysia	124.80
7	United Kingdom	124.78
8	Singapore	109.55
9	Thailand	105.62
10	Israel	96.15
11	Egypt	92.36
12	Australia	75.74
13	United States	72.36
14	Panama	72.26
15	Korea, Rep.	69.78
16	Vietnam	68.68
17	Czech Republic	67.68
18	Bahrain	65.75
19	India	62.85
20	Slovak Republic	57.10
21	South Africa	56.68
22	Kuwait	52.31
23	Philippines	51.33
24	Chile	49.72
25	Sweden	48.27
26	Hungary	47.97
27	Pakistan	45.39
28	Turkey	44.39
29	Saudi Arabia	44.38
30	Poland	40.40
31	Indonesia	40.32
32	Ukraine	37.56
33	Colombia	29.77
34	Russian Federation	29.38
35	Argentina	28.70
36	Brazil	26.81
37	Peru	26.78
38	Mexico	26.35
39	Kazakhstan	24.96
40	Nigeria	20.57
41	Venezuela	19.24
n/a	Austria	n/a
n/a	Belgium	n/a
n/a	Finland	n/a
n/a	France	n/a
n/a	Germany	n/a
n/a	Ireland	n/a
n/a	Italy	n/a
n/a	Netherlands	n/a
n/a	Norway	n/a
n/a	Spain	n/a
n/a	United Arab Emirates	n/a

SOURCE: World Bank, Financial Indicators website www.financial-indicators.org

7.02

Private debt to GDP

The sum of domestic debt securities and international debt securities for financial institutions and corporate issuers as a percentage of GDP | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Netherlands	216.17
2	Ireland	165.36
3	United States	157.67
4	Spain	146.55
5	Switzerland	117.87
6	Germany	115.51
7	United Kingdom	104.60
8	Austria	103.88
9	Belgium	103.67
10	France	101.08
11	Sweden	99.04
12	Australia	97.50
13	Italy	94.63
14	Malaysia	77.44
15	Korea, Rep.	68.59
16	Norway	60.31
17	Singapore	52.66
18	Canada	50.65
19	Hong Kong SAR	50.19
20	Finland	48.92
21	Japan	45.46
22	Bahrain	29.63
23	Kazakhstan	27.30
24	Brazil	22.56
25	South Africa	22.51
26	Mexico	22.47
27	Thailand	22.31
28	Chile	21.69
29	United Arab Emirates	18.57
30	China	15.80
31	Hungary	12.73
32	Czech Republic	11.06
33	Argentina	10.53
34	Philippines	9.90
35	Israel	7.53
36	Russian Federation	6.22
37	Peru	5.89
38	Indonesia	5.62
39	Panama	4.50
40	India	4.50
41	Kuwait	3.17
42	Ukraine	2.97
43	Egypt	2.17
44	Turkey	2.15
45	Venezuela	1.99
46	Poland	1.90
47	Slovak Republic	1.42
48	Colombia	1.40
49	Saudi Arabia	0.97
50	Pakistan	0.47
n/a	Nigeria	n/a
n/a	Vietnam	n/a

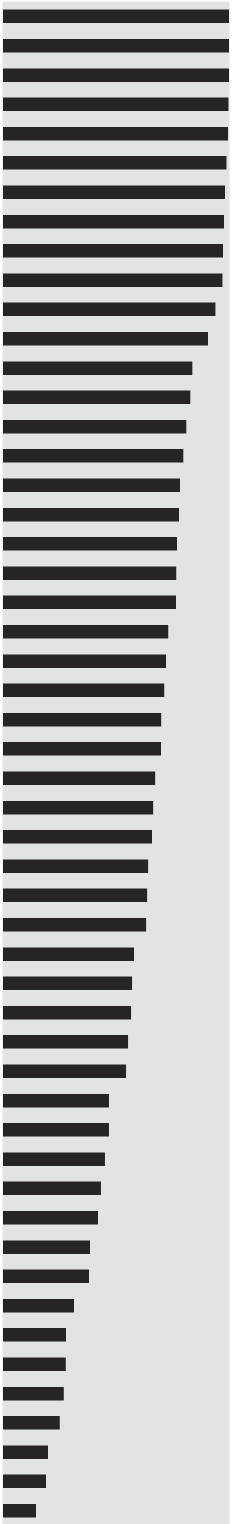
SOURCE: Bank of International Settlements, Quarterly Review, December 2007

7.03

Public debt to GDP

This index is based on the total debt owed by government to domestic residents, foreign nationals, and multilateral institutions as a percentage of GDP | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Austria	7.00
2	Panama	6.93
3	Argentina	6.91
4	Philippines	6.89
5	France	6.88
6	Hungary	6.83
7	India	6.79
8	Norway	6.75
9	Germany	6.72
10	Canada	6.70
11	Colombia	6.49
12	Pakistan	6.26
13	Israel	5.79
14	Belgium	5.72
15	Netherlands	5.61
16	Switzerland	5.51
17	Sweden	5.41
18	Singapore	5.37
19	Brazil	5.31
20	Poland	5.29
21	Turkey	5.28
22	Vietnam	5.05
23	United Kingdom	4.98
24	Malaysia	4.93
25	Italy	4.83
26	Thailand	4.82
27	Spain	4.66
28	Finland	4.59
29	Indonesia	4.54
30	Slovak Republic	4.44
31	United States	4.40
32	Egypt	4.38
33	Japan	4.00
34	South Africa	3.95
35	Peru	3.92
36	Saudi Arabia	3.83
37	Bahrain	3.77
38	Korea, Rep.	3.22
39	Czech Republic	3.22
40	Ireland	3.11
41	Venezuela	2.98
42	Mexico	2.91
43	China	2.66
44	United Arab Emirates	2.63
45	Australia	2.17
46	Ukraine	1.92
47	Nigeria	1.91
48	Hong Kong SAR	1.85
49	Kazakhstan	1.72
50	Russian Federation	1.37
51	Kuwait	1.31
52	Chile	1.00



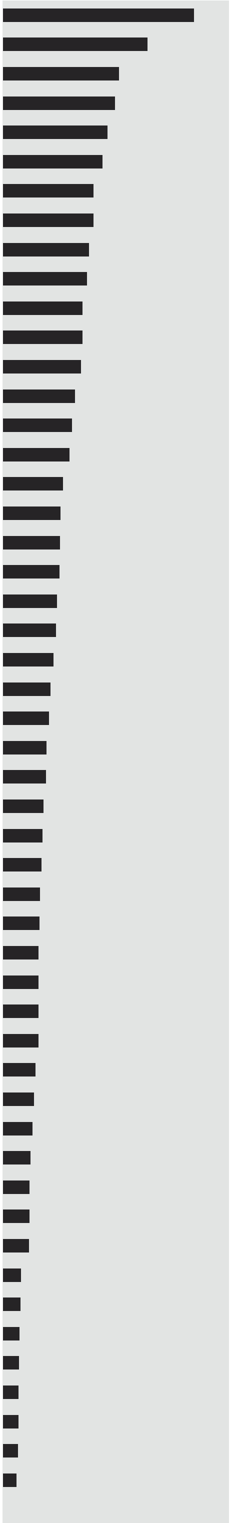
SOURCE: Economist Intelligence Unit, *CountryData Database* (July 2008). Adjusted based on World Economic Forum analysis.

7.04

Bank deposits to GDP

This variable shows the demand, time, and savings deposits in deposit money banks as a share of GDP | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Hong Kong SAR	250.42
2	Japan	189.35
3	Canada	152.02
4	China[1]	147.12
5	Switzerland	137.04
6	United Kingdom	130.63
7	Belgium	118.79
8	Netherlands	118.47
9	Spain	112.41
10	Malaysia	110.17
11	Ireland	104.19
12	Singapore	103.90
13	Germany	102.15
14	Thailand	94.12
15	Austria	90.23
16	Israel	87.25
17	Egypt	78.50
18	Australia	75.25
19	Panama	74.26
20	Bahrain	73.80
21	France	70.37
22	United States	69.11
23	Korea, Rep.	66.04
24	Vietnam	61.90
25	Czech Republic	60.01
26	South Africa	56.91
27	Italy	55.97
28	India	52.99
29	Brazil	51.74
30	Norway	50.46
31	Finland	48.47
32	Slovak Republic	47.82
33	Philippines	46.60
34	Sweden	46.42
35	Chile	46.39
36	Kuwait	46.29
37	Hungary	42.32
38	Saudi Arabia	40.65
39	Poland	38.11
40	Turkey	35.67
41	Indonesia	34.50
42	Pakistan	34.46
43	Ukraine[1]	33.86
44	Russian Federation	23.54
45	Kazakhstan	22.75
46	Peru	21.24
47	Argentina	20.69
48	Mexico	20.34
49	Venezuela	20.13
50	Colombia	19.35
51	Nigeria	17.19
n/a	United Arab Emirates	n/a



SOURCE: IMF, *International Financial Statistics* (electronic version, July 2008 or PDF version, July 2007). Calculated using methodology detailed in Thorsten Beck, Asli Demirgüç-Kunt, and Ross Levine. 2000. "A New Database on Financial Development and Structure." *World Bank Economic Review* 14: 597–605

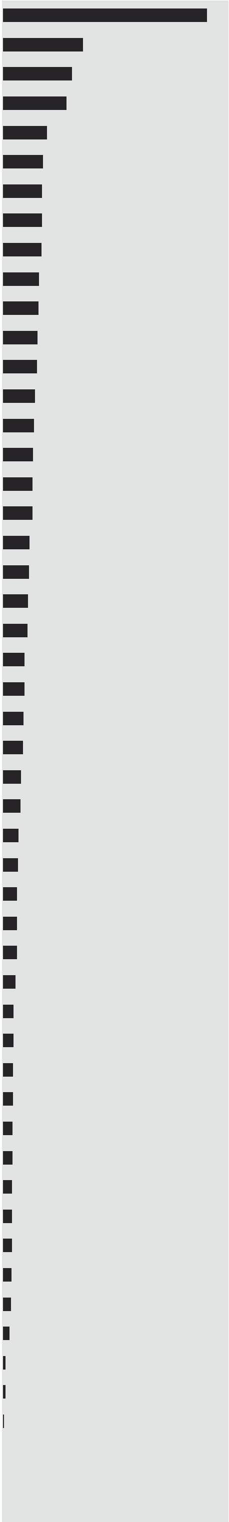
[1] Not deflated

7.05

Stock market capitalization to GDP

This indicator is the value of listed shares as a percentage of GDP | 2006 or most recent year available

RANK	COUNTRY/ECONOMY	HARD DATA
1	Hong Kong SAR	713.26
2	Switzerland	280.20
3	South Africa	240.44
4	Singapore	221.54
5	Kuwait[1]	153.89
6	United Kingdom	139.22
7	Saudi Arabia	136.64
8	United States	135.37
9	Malaysia	133.89
10	Sweden	125.47
11	Canada	123.28
12	Bahrain[2]	120.24
13	Australia	118.28
14	Finland	111.15
15	Japan	108.27
16	Chile	103.50
17	Israel	103.12
18	Netherlands	102.90
19	France	91.82
20	Spain	90.04
21	Korea, Rep.	86.08
22	Belgium	85.53
23	Egypt	74.58
24	Russian Federation	74.51
25	India	70.64
26	Norway	69.04
27	Thailand	62.12
28	Ireland	60.63
29	Brazil	53.28
30	Peru	51.03
31	Italy	48.42
32	Germany	48.37
33	Austria	48.32
34	Philippines	43.61
35	Turkey	36.52
36	Poland	35.52
37	Pakistan	33.62
38	Mexico	33.54
39	Colombia	32.13
40	Hungary	31.68
41	Panama	30.86
42	Kazakhstan	30.30
43	Czech Republic	29.94
44	Argentina	29.73
45	Indonesia	26.52
46	Nigeria	21.33
47	Slovak Republic	8.75
48	Vietnam	7.15
49	Venezuela	3.14
n/a	China	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a



SOURCE: Stock market capitalization and GDP data from the World Bank, *World Development Indicators* (July 2008); other data from the IMF, *International Financial Statistics* (electronic version, July 2008 or PDF version, July 2007). Calculated using methodology detailed in Thorsten Beck, Asli Demirgüç-Kunt, and Ross Levine. 2000. "A New Database on Financial Development and Structure." *World Bank Economic Review* 14: 597–605

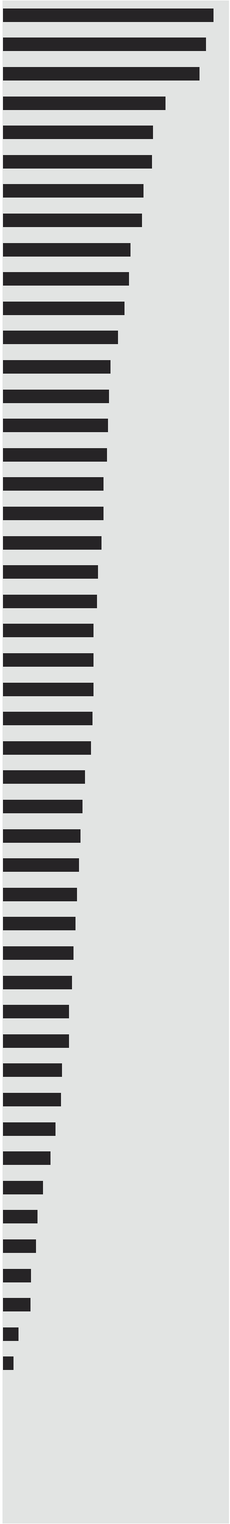
[1] GDP from 2005 [2] 2005

7.06

Relative value-added of financial institutions to GDP

Value that financial institutions add to the economy after costs are subtracted as a percentage of GDP | 2006

RANK	COUNTRY/ECONOMY	HARD DATA
1	Panama	9.21
2	Switzerland	8.87
3	Hong Kong SAR	8.60
4	Singapore	7.10
5	China	6.56
6	Egypt	6.51
7	Israel	6.15
8	Canada	6.08
9	Korea, Rep.	5.57
10	Australia	5.51
11	United States	5.32
12	United Kingdom	5.02
13	Italy	4.69
14	India	4.64
15	Netherlands	4.59
16	Spain	4.55
17	Brazil	4.39
18	Japan	4.39
19	Belgium	4.31
20	South Africa	4.16
21	Venezuela	4.10
22	Austria	3.96
23	Slovak Republic	3.95
24	Germany	3.95
25	France	3.90
26	Philippines	3.84
27	Hungary	3.57
28	Chile	3.48
29	Kuwait	3.38
30	Argentina	3.32
31	Ireland	3.23
32	Czech Republic	3.17
33	Colombia	3.08
34	Thailand	3.02
35	Norway	2.88
36	Sweden	2.87
37	Russian Federation	2.57
38	Malaysia	2.54
39	Mexico	2.29
40	Peru	2.08
41	Finland	1.75
42	Saudi Arabia	1.51
43	Indonesia	1.44
44	Vietnam	1.21
45	Turkey	1.19
46	Nigeria	0.66
47	Poland	0.45
n/a	Bahrain	n/a
n/a	Kazakhstan	n/a
n/a	Pakistan	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a



SOURCE: Global Insight, *World Industry Monitor,* October 25, 2007

7.07

Private credit to GDP

Private credit by deposit-money banks and other financial institutions as a percentage of GDP | 2006 or most recent year available

RANK	COUNTRY/ECONOMY	HARD DATA
1	United States	193.69
2	Canada	183.84
3	Netherlands	168.56
4	Switzerland	168.09
5	Ireland	167.19
6	United Kingdom	163.89
7	Spain	151.08
8	Hong Kong SAR	138.68
9	Korea, Rep.	112.51
10	Sweden	111.39
11	Austria	110.71
12	Malaysia	110.17
13	Germany	108.84
14	Australia	107.45
15	South Africa	103.62
16	Norway	101.96
17	Japan	97.54
18	Singapore	96.15
19	France	94.12
20	Italy	90.98
21	Israel	87.54
22	Thailand	86.94
23	Belgium	77.53
24	Finland	74.61
25	Chile	74.54
26	Panama[1]	74.43
27	Vietnam[1]	58.65
28	Kuwait	55.97
29	Egypt[1]	55.92
30	Hungary	51.36
31	Saudi Arabia	49.23
32	India	40.23
33	Kazakhstan	37.67
34	Czech Republic	37.32
35	Slovak Republic	35.92
36	Brazil	32.89
37	Philippines	29.00
38	Turkey	28.82
39	Pakistan	26.48
40	Russian Federation	26.22
41	Poland[1]	26.15
42	Colombia	24.46
43	Indonesia	22.69
44	Mexico	19.54
45	Peru	17.29
46	Nigeria[1]	12.15
47	Argentina	11.36
48	Venezuela[1]	10.47
n/a	Bahrain	n/a
n/a	China	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a

SOURCE: Thorsten Beck, Asli Demirgüç-Kunt, and Ross Levine. 2000. "A New Database on Financial Development and Structure." *World Bank Economic Review* 14: 597–605

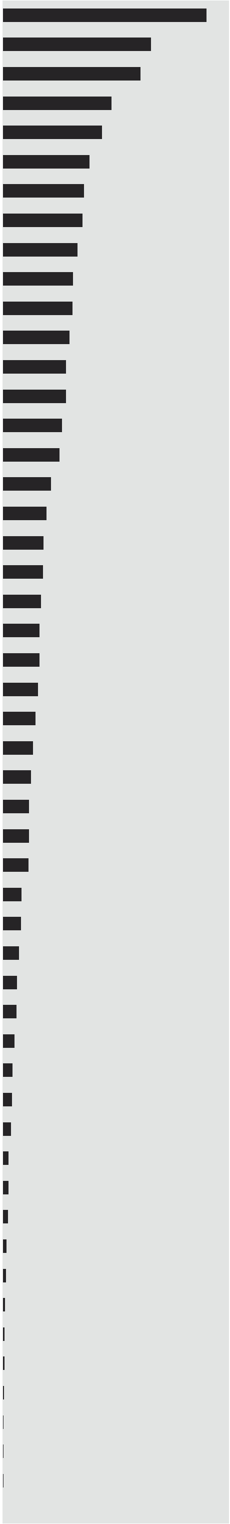
[1] 2005

7.08

Stock market value traded to GDP

Total value of shares traded on stock market exchanges as a percentage of GDP | 2006 or most recent year available

RANK	COUNTRY/ECONOMY	HARD DATA
1	Saudi Arabia[1]	356.22
2	Hong Kong SAR[1]	258.82
3	Switzerland[1]	240.65
4	United Kingdom[1]	189.27
5	United States[1]	173.24
6	Korea, Rep.	150.91
7	Finland[1]	141.58
8	Spain[1]	138.47
9	Sweden[1]	129.71
10	South Africa	122.53
11	Netherlands[1]	121.34
12	Kuwait[1]	116.38
13	United Arab Emirates[1]	110.35
14	Japan	110.22
15	Singapore[1]	102.68
16	Pakistan	98.24
17	Australia[1]	84.08
18	Canada	75.87
19	India	70.45
20	France[1]	69.38
21	Norway[1]	65.92
22	Italy	63.27
23	Germany[1]	63.08
24	China	61.28
25	Turkey	56.52
26	Russian Federation	52.12
27	Israel	48.52
28	Thailand	45.13
29	Malaysia	44.92
30	Egypt	44.16
31	Ireland	32.06
32	Belgium[1]	30.67
33	Hungary	27.62
34	Brazil	23.83
35	Czech Republic	23.18
36	Chile	19.72
37	Poland	16.25
38	Austria[1]	15.00
39	Indonesia	13.40
40	Philippines	9.62
41	Mexico	9.54
42	Colombia	8.34
43	Bahrain[1]	5.51
44	Peru	4.58
45	Nigeria	3.10
46	Argentina	2.12
47	Kazakhstan	1.89
48	Ukraine	1.32
49	Panama[1]	0.48
50	Venezuela	0.37
51	Slovak Republic	0.17
n/a	Vietnam	n/a



SOURCE: Thorsten Beck, Asli Demirgüç-Kunt, and Ross Levine. 2000. "A New Database on Financial Development and Structure." *World Bank Economic Review* 14: 597–605

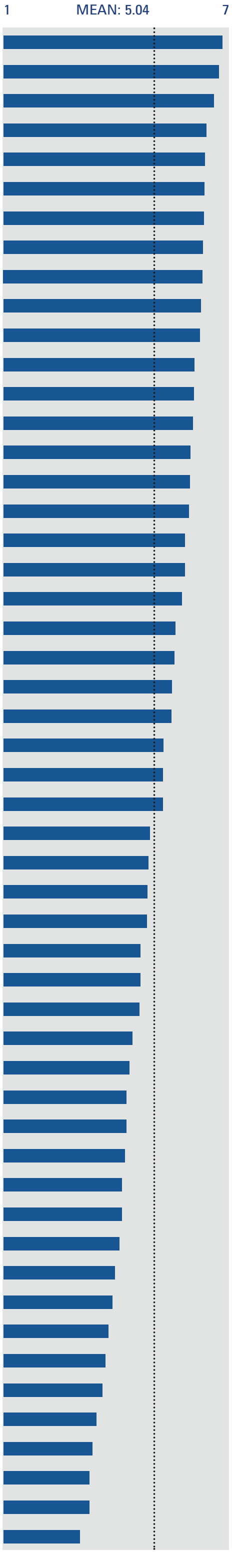
[1] 2005

7.09

Financial market sophistication

The level of sophistication of financial markets in your country is (1 = lower than international norms, 7 = higher than international norms)

RANK	COUNTRY/ECONOMY	SCORE
1	Switzerland	6.75
2	United Kingdom	6.66
3	Hong Kong SAR	6.53
4	United States	6.33
5	Canada	6.29
6	Sweden	6.28
7	Australia	6.26
8	Ireland	6.24
9	Netherlands	6.23
10	Germany	6.19
11	Singapore	6.16
12	Finland	6.01
13	South Africa	6.00
14	France	5.98
15	Israel	5.91
16	Belgium	5.90
17	Norway	5.87
18	Austria	5.77
19	Bahrain	5.77
20	Spain	5.69
21	Chile	5.52
22	Panama	5.49
23	Malaysia	5.42
24	Brazil	5.41
25	Korea, Rep.	5.20
26	India	5.18
27	Japan	5.18
28	Turkey	4.85
29	Thailand	4.80
30	United Arab Emirates	4.78
31	Slovak Republic	4.77
32	Hungary	4.59
33	Kuwait	4.59
34	Mexico	4.57
35	Czech Republic	4.39
36	Italy	4.30
37	Peru	4.23
38	Colombia	4.22
39	Philippines	4.19
40	Poland	4.11
41	Saudi Arabia	4.11
42	Pakistan	4.04
43	Kazakhstan	3.93
44	Argentina	3.86
45	Venezuela	3.75
46	Nigeria	3.67
47	Indonesia	3.59
48	Egypt	3.44
49	Russian Federation	3.33
50	Ukraine	3.25
51	China	3.25
52	Vietnam	3.01



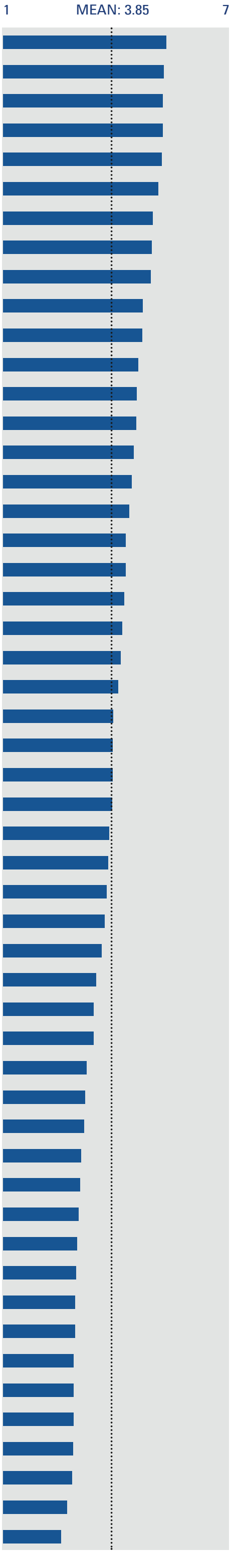
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

7.10

Venture capital availability

In your country, how difficult is it for entrepreneurs with innovative but risky projects to find venture capital? (1 = impossible, 7 = very easy)

RANK	COUNTRY/ECONOMY	SCORE
1	United States	5.28
2	Finland	5.21
3	Netherlands	5.19
4	Norway	5.18
5	Israel	5.16
6	United Kingdom	5.07
7	Sweden	4.92
8	Ireland	4.89
9	Hong Kong SAR	4.87
10	Australia	4.66
11	Singapore	4.64
12	United Arab Emirates	4.54
13	Korea, Rep.	4.50
14	Malaysia	4.49
15	Germany	4.42
16	Canada	4.37
17	Switzerland	4.31
18	Belgium	4.21
19	Spain	4.21
20	Austria	4.18
21	India	4.12
22	France	4.08
23	Kuwait	4.02
24	Chile	3.89
25	Indonesia	3.87
26	Panama	3.87
27	Japan	3.86
28	Bahrain	3.78
29	Slovak Republic	3.75
30	South Africa	3.72
31	Saudi Arabia	3.66
32	Poland	3.58
33	Kazakhstan	3.44
34	Hungary	3.37
35	Thailand	3.37
36	Ukraine	3.19
37	Russian Federation	3.15
38	Vietnam	3.12
39	Czech Republic	3.04
40	Peru	3.02
41	China	2.98
42	Colombia	2.94
43	Egypt	2.91
44	Philippines	2.89
45	Italy	2.89
46	Turkey	2.85
47	Argentina	2.84
48	Nigeria	2.84
49	Mexico	2.83
50	Pakistan	2.81
51	Venezuela	2.67
52	Brazil	2.52



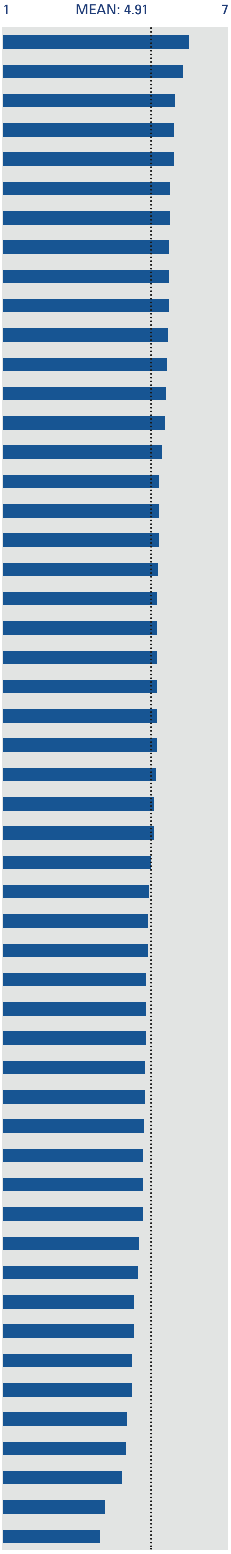
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

7.11

Ease of access to credit

During the past year, obtaining credit for your company has become (1 = more difficult, 7 = easier)

RANK	COUNTRY/ECONOMY	SCORE
1	Slovak Republic	5.88
2	Sweden	5.72
3	Turkey	5.52
4	Norway	5.49
5	United Arab Emirates	5.49
6	Finland	5.38
7	Panama	5.38
8	Hong Kong SAR	5.36
9	Kuwait	5.35
10	India	5.35
11	Chile	5.33
12	Peru	5.30
13	Ireland	5.28
14	South Africa	5.26
15	Colombia	5.17
16	Korea, Rep.	5.10
17	Thailand	5.10
18	Singapore	5.09
19	Netherlands	5.07
20	Israel	5.06
21	United States	5.06
22	Czech Republic	5.06
23	Indonesia	5.06
24	Bahrain	5.05
25	Malaysia	5.05
26	United Kingdom	5.03
27	Japan	4.98
28	Australia	4.97
29	Russian Federation	4.89
30	Pakistan	4.83
31	Canada	4.82
32	Venezuela	4.81
33	Kazakhstan	4.77
34	Switzerland	4.77
35	Germany	4.75
36	Philippines	4.74
37	Spain	4.72
38	Mexico	4.71
39	Brazil	4.69
40	Vietnam	4.69
41	Hungary	4.67
42	Belgium	4.58
43	France	4.56
44	Austria	4.43
45	Argentina	4.43
46	Poland	4.40
47	Saudi Arabia	4.38
48	Ukraine	4.26
49	Italy	4.24
50	Egypt	4.14
51	China	3.68
52	Nigeria	3.54



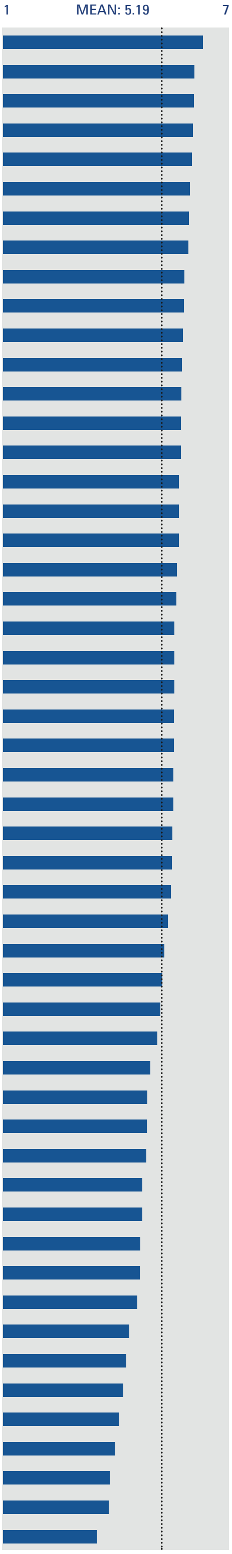
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

7.12

Ease of access to local equity market

Raising money by issuing shares on the stock market in your country is (1 = impossible, 7 = very easy)

RANK	COUNTRY/ECONOMY	SCORE
1	Sweden	6.24
2	Indonesia	6.01
3	Hong Kong SAR	6.00
4	South Africa	5.97
5	Norway	5.95
6	Australia	5.89
7	Chile	5.87
8	Japan	5.85
9	United Kingdom	5.75
10	India	5.74
11	United States	5.71
12	Kuwait	5.69
13	Bahrain	5.67
14	Singapore	5.66
15	Israel	5.66
16	Malaysia	5.61
17	Netherlands	5.60
18	Finland	5.60
19	Switzerland	5.55
20	Germany	5.54
21	France	5.49
22	Canada	5.49
23	Korea, Rep.	5.49
24	Turkey	5.48
25	Austria	5.47
26	United Arab Emirates	5.46
27	Vietnam	5.46
28	Nigeria	5.43
29	Thailand	5.42
30	Panama	5.40
31	Belgium	5.32
32	Ireland	5.23
33	Philippines	5.17
34	Spain	5.12
35	Peru	5.04
36	Pakistan	4.86
37	Brazil	4.78
38	Egypt	4.76
39	Italy	4.75
40	Saudi Arabia	4.64
41	Poland	4.64
42	Mexico	4.60
43	Colombia	4.58
44	Czech Republic	4.52
45	Hungary	4.30
46	Russian Federation	4.22
47	China	4.15
48	Venezuela	4.03
49	Kazakhstan	3.94
50	Ukraine	3.80
51	Argentina	3.77
52	Slovak Republic	3.47



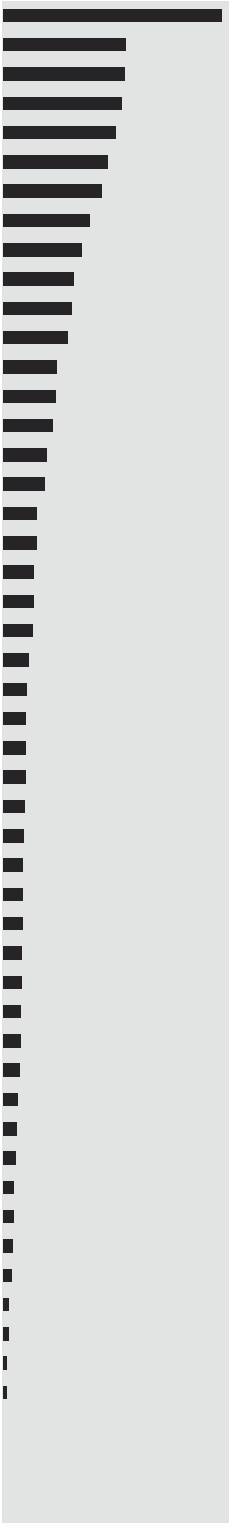
SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

7.13

Bank branches

Number of branches per 100,000 inhabitants | 2005

RANK	COUNTRY/ECONOMY	HARD DATA
1	Spain	95.87
2	Austria	53.87
3	Belgium	53.15
4	Italy	52.07
5	Germany	49.41
6	Canada	45.60
7	France	43.23
8	Switzerland	37.99
9	Netherlands	34.23
10	United States	30.86
11	Australia	29.86
12	Hungary	28.25
13	Ireland	23.41
14	Norway	22.92
15	Sweden	21.80
16	Finland	19.06
17	United Kingdom	18.35
18	Israel	14.74
19	Brazil	14.59
20	Bahrain	13.48
21	Korea, Rep.	13.40
22	Panama	12.87
23	Czech Republic	11.15
24	Slovak Republic	10.28
25	Argentina	10.01
26	Japan	9.98
27	Malaysia	9.80
28	Chile	9.39
29	Singapore	9.13
30	Colombia	8.74
31	Turkey	8.50
32	Indonesia	8.44
33	Kuwait	8.27
34	Poland	8.17
35	Philippines	7.83
36	Mexico	7.63
37	Thailand	7.18
38	India	6.30
39	South Africa	5.99
40	Saudi Arabia	5.36
41	Pakistan	4.73
42	Venezuela	4.41
43	Peru	4.17
44	Egypt	3.62
45	Kazakhstan	2.47
46	Russian Federation	2.24
47	Nigeria	1.62
48	China	1.33
n/a	Hong Kong SAR	n/a
n/a	Ukraine	n/a
n/a	United Arab Emirates	n/a
n/a	Vietnam	n/a



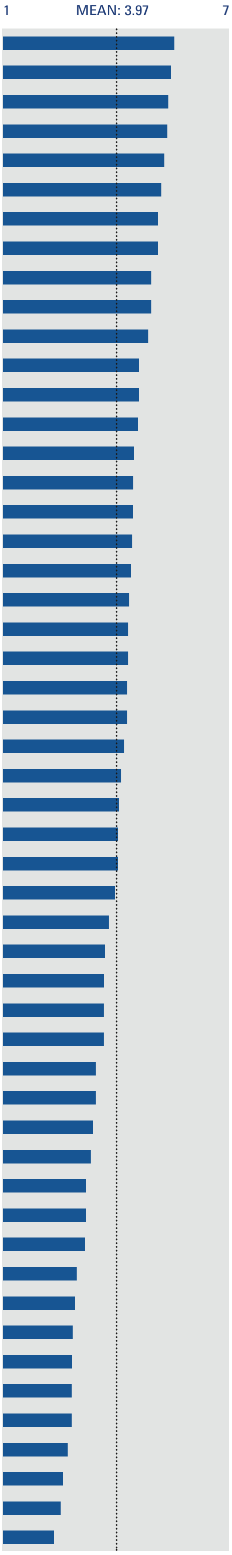
SOURCE: Maria Soledad Martinez Peria,Thorsten Beck, and Asli Demirguc-Kunt. 2005. Indicators of Access to and Use of Financial Services Across Countries. World Bank database available at http://go.worldbank.org/EZDOBVQT20

7.14

Ease of access to loans

How easy is it to obtain a bank loan in your country with only a good business plan and no collateral? (1 = impossible, 7 = very easy)

RANK	COUNTRY/ECONOMY	SCORE
1	Norway	5.49
2	Finland	5.40
3	United Kingdom	5.33
4	Netherlands	5.30
5	Sweden	5.23
6	United Arab Emirates	5.14
7	United States	5.05
8	Ireland	5.05
9	Australia	4.88
10	Hong Kong SAR	4.88
11	Singapore	4.81
12	Kuwait	4.56
13	Malaysia	4.55
14	Israel	4.53
15	Switzerland	4.42
16	Germany	4.41
17	Panama	4.40
18	Slovak Republic	4.39
19	Korea, Rep.	4.35
20	Belgium	4.31
21	Canada	4.28
22	Chile	4.28
23	Bahrain	4.25
24	Austria	4.25
25	India	4.18
26	Thailand	4.10
27	Pakistan	4.04
28	Indonesia	4.02
29	Spain	4.00
30	South Africa	3.92
31	France	3.76
32	Hungary	3.67
33	Japan	3.65
34	Kazakhstan	3.64
35	Saudi Arabia	3.63
36	Poland	3.43
37	Peru	3.43
38	Czech Republic	3.36
39	Venezuela	3.29
40	Ukraine	3.18
41	Colombia	3.17
42	Turkey	3.15
43	Philippines	2.92
44	Italy	2.88
45	Vietnam	2.82
46	Russian Federation	2.81
47	Mexico	2.79
48	Brazil	2.79
49	Egypt	2.69
50	China	2.57
51	Nigeria	2.50
52	Argentina	2.33



SOURCE: World Economic Forum, Executive Opinion Survey 2006, 2007

Technical Notes and Sources

The following section complements the data tables by providing additional information and definitions for the hard data indicators that enter the composition of the Financial Development Index 2008. In the following pages, the number next to the variable corresponds to the number of the data table that shows the ranks and scores for all countries on this particular indicator.

The data used in this *Report* represent the best available estimates from various international agencies, private sources, and national authorities at the time the *Report* was prepared. It is possible that some data will have been updated or revised after publication.

Section I: Institutional environment

1.01 Capital account liberalization

This index measures the degree of capital account liberalization within a country, standardized on a 1-to-7 scale | 2005

This variable measures specifically the level of capital controls based on information from the IMF's Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER). The World Economic Forum created an interaction term between these data and the Legal and regulatory issues subpillar of this Financial Development Index and standardized the scores on a scale from 1 to 7.

Source: Menzie Chinn and Hiro Ito. 2007. "A New Measure of Financial Openness." *Journal of Comparative Policy Analysis* (forthcoming). Data set available at http://www.ssc.wisc.edu/~mchinn/research.html. Interaction results from World Economic Forum analysis.

1.07 Shareholder rights index

This variable is an aggregation of numerous measures of shareholder rights

Source: Sergio Schmukler (personal communication)

1.20 Number of procedures to enforce a contract

Number of procedures from the moment the plaintiff files a lawsuit in court until the moment of payment | 2007

A *procedure* is defined as any interaction between the parties, or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment, and steps necessary to enforce the judgment. The survey allowed respondents to record procedures that exist in civil law but not common law jurisdictions, and vice versa. For example, the judge can appoint an independent expert in civil law countries, whereas both parties in common law countries send lists of their expert witnesses to the court. To indicate the overall efficiency of court procedures, one procedure is now subtracted for countries that have specialized commercial courts and one procedure for countries that allow electronic filing of court cases.

Source: The World Bank, *Doing Business 2008*

1.21 Time to enforce a contract

Number of days required to resolve a dispute | 2007

Time is recorded in calendar days, counted from the moment the plaintiff files the lawsuit in court until payment. This includes both the days when actions take place and the waiting periods in between. The respondents make separate estimates of the average duration of different stages of dispute resolution: the completion of service of process (time to file the case), the issuance of judgment (time for the trial and obtaining the judgment), and the moment of payment (time for enforcement).

Source: The World Bank, *Doing Business 2008*

1.22 Cost of enforcing contracts

Cost of enforcing contracts as a percentage of debt | 2007

This variable is recorded as a percentage of the claim, assumed to be equivalent to 200 percent of income per capita. Only official costs required by law are recorded, including court and enforcement costs and average attorney fees where the use of attorneys is mandatory or common.

Source: The World Bank, *Doing Business 2008*

1.23 Strength of investor protection

This index assesses the strength of investor protection on a 0-to-10 (best) scale | 2007

The Strength of Investor Protection Index is the average of the extent of disclosure index, the extent of director liability index, and the ease of shareholder suits index. The index ranges from 0 to 10, with higher values indicating more investor protection.

Source: The World Bank, *Doing Business 2008*

1.24 Time to close a business

Time in years to close a business | 2007

Information is collected on the sequence of procedures and on whether any procedures can be carried out simultaneously. Potential delay tactics by the parties, such as the filing of dilatory appeals or requests for extension, are taken into consideration.

Source: The World Bank, *Doing Business 2008*

1.25 Domestic financial sector liberalization

This index measures the degree of domestic financial sector liberalization within a country, standardized on a 1-to-7 scale | 2005

This index was calculated on the basis of whether or not controls (ceilings and floors) on interest rates and credit exist, and whether or not deposits in foreign currency are allowed. Schmukler and Kaminsky updated their results up to 2005 for a subset of the sample countries. The World Economic Forum used their methodology to update the rest of the countries for the purposes of the calculations in this report. National sources, central banks, and IMF reports were the main sources of these updates. The World Economic Forum then created an interaction term between these data and the Legal and regulatory issues subpillar of this Financial Development Index and standardized the scores on a scale from 1 to 7.

Source: Graciela Kaminsky and Sergio Schmukler, 2003. "Short-Run Pain, Long-Run Gain: The Effects of Financial Liberalization." IMF Working Paper 03/34 Washington, DC: International Monetary Fund

Section II: Business environment

2.06 Tertiary enrollment

Gross tertiary enrollment rate | 2006 or most recent year available

This variable is the ratio of total enrollment, regardless of age, to the population of the age group that officially corresponds to the level of education shown. Estimates are based on UNESCO's classification of education levels. Tertiary enrollment requires, as a minimum condition of admission, the successful completion of education at the secondary level or evidence of attainment of an equivalent level of knowledge; instruction is provided at a university, teachers' college, or higher-level professional school.

Source: UNESCO Institute for Statistics (June 2008); World Bank, *World Development Indicators 2008* (published version); national sources

2.09 Corporate tax rate

The top tax rate on corporate income | 2006

This represents the top tax rate on corporate income in a country, as compiled by the Heritage Foundation from Ernst &Young, Deloitte, IMF, investment agency and governmental sources.

Source: Heritage Foundation, *2008 Index of Economic Freedom*

2.12 Internet users

Internet users per 100 inhabitants | 2006

Internet users are people with access to the worldwide network

Source: International Telecommunication Union, *World Telecommunication Indicators 2007;* national sources

2.13 Broadband Internet subscribers

Total broadband Internet subscribers per 100 inhabitants | 2006 or most recent year available

The International Telecommunication Union considers broadband to be any dedicated connection to the Internet of 256 kilobits per second (kb/s) or faster, in both directions. *Broadband subscribers* refers to the sum of DSL, cable modem, and other broadband (for example, fiber optic, fixed wireless, apartment LANs, satellite connections) subscribers.

Source: International Telecommunication Union, *World Telecommunication Indicators 2007;* national sources

2.14 Telephone lines

Main telephone lines per 100 inhabitants | 2006 or most recent year available

A main telephone line is a telephone line connecting the subscriber's terminal equipment to the public switched telephone network and that has a dedicated port in the telephone exchange equipment.

Source: International Telecommunication Union, *World Telecommunication Indicators 2007;* national sources

2.15 Mobile telephone subscribers

Mobile cellular telephone subscribers per 100 inhabitants | 2006

The term *subscribers* refers to users of mobile telephones subscribing to an automatic public mobile telephone service that provides access to the public switched telephone network using cellular technology. This can include analogue and digital cellular systems but should not include noncellular systems. Subscribers to fixed wireless, public mobile data services or radio paging services are not included.

Source: International Telecommunication Union, *World Telecommunication Indicators 2007;* national sources

2.16 Cost of starting a business

Cost of starting a business as a percentage of income per capita | 2007

This variable measures the official fees and fees for legal or professional services if such services are required by law to start a new business. Fees for purchasing and legalizing company books are included if these transactions are required by law. The company law, the commercial code, and specific regulations and fee schedules are used as sources for calculating costs. In the absence of fee schedules, a government officer's estimate is taken as an official source. In the absence of a government officer's estimate, estimates of incorporation lawyers are used. If several incorporation lawyers provide different estimates, the median reported value is applied. In all cases the cost excludes bribes.

Source: The World Bank, *Doing Business 2008*

2.17 Cost of dealing with licenses

Cost of dealing with licenses as a percentage of income per capita | 2007

This variable measures fees associated with completing the procedures to legally build a warehouse are recorded, including those associated with obtaining land use approvals and preconstruction design clearances; receiving inspections before, during, and after construction; getting utility connections; and registering the warehouse property. Nonrecurring taxes required for the completion of the warehouse project also are recorded. The building code, information from local experts, and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used.

Source: The World Bank, *Doing Business 2008*

2.18 Cost of registering property

Cost of registering property as a percentage of income per capita | 2007

This variable is a percentage of the property value, assumed to be equivalent to 50 times income per capita. Only official costs required by law are recorded; these include fees, transfer taxes, stamp duties, and any other payment to the property registry, notaries, public agencies, or lawyers. Other taxes, such as capital gains tax or value-added tax, are excluded from the cost measure. Both costs borne by the buyer and those borne by the seller are included. If cost estimates differ among sources, the median reported value is used.

Source: The World Bank, *Doing Business 2008*

2.19 Cost to export

Total official cost in US dollars associated with exporting a container, excluding tariffs and trade taxes | 2007

This variable measures the fees levied on a 20-foot container in US dollars. All the fees associated with completing the procedures to export the goods are included. These include costs for documents, administrative fees for customs clearance and technical control, terminal handling charges, and inland transport. The cost measure does not include tariffs or trade taxes. Only official costs are recorded.

Source: The World Bank, *Doing Business 2008*

2.20 Cost to import

Total official cost in US dollars associated with importing a container, excluding tariffs and trade taxes | 2007

This variable measures the fees levied on a 20-foot container in US dollars. All the fees associated with completing the procedures to import the goods are included. These include costs for documents, administrative fees for customs clearance and technical control, terminal handling charges, and inland transport. The cost measure does not include tariffs or trade taxes. Only official costs are recorded.

Source: The World Bank, *Doing Business 2008*

2.21 Cost of enforcing contracts

Cost of enforcing contracts as a percentage of claim | 2007

This variable is recorded as a percentage of the claim, assumed to be equivalent to 200 percent of income per capita. Only official costs required by law are recorded, including court and enforcement costs and average attorney fees where the use of attorneys is mandatory or common.

Source: The World Bank, *Doing Business 2008*

2.22 Cost of closing a business

Cost of closing a business as a percentage of the estate | 2007

The cost of the proceedings is recorded as a percentage of the estate's value. The cost is calculated on the basis of survey responses by insolvency practitioners and includes court fees as well as fees of insolvency practitioners, independent assessors, lawyers, and accountants. Respondents provide cost estimates from among the following options: less than 2%, 2–5%, 5–8%, 8–11%, 11–18%, 18–25%, 25–33%, 33–50%, 50–75%, and more than 75% of the value of the business estate.

Source: The World Bank, *Doing Business 2008*

Section III: Financial stability

3.01 Change in real effective exchange rate

Average percentage change in real effective exchange rate from year to year over the period 2002–06

Real effective exchange rates (REERs) are available only for a subgroup of rated countries and come from two main sources: JP Morgan and the IMF. The JP Morgan REER index relies on available measures of the prices of domestically produced finished manufactured goods (excluding primary food and energy), while the IMF index is based on consumer prices. Cross-country comparisons are therefore difficult, but changes over time for individual countries still give a rough indication of the evolution of relative costs. This variable relies on available measures of the prices of domestically produced finished manufactured goods and consumer prices.

Source: Moody's *Statistical Handbook* (May 2007)

3.02 External vulnerability indicator

The external vulnerability indicator is the sum of several measures of external exposure as a percentage of foreign exchange reserves | 2006

This variable is the short-term external debt + currently maturing long-term external debt + total nonresident deposits over one year / official foreign exchange reserves (%).

Source: Moody's *Statistical Handbook* (May 2007)

3.03 Current account balance to GDP

The current account balance to GDP provides an indicator of the difficulty a country might have in mobilizing the foreign exchange necessary for debt service | 2006

Source: Moody's *Statistical Handbook* (May 2007)

3.04 Dollarization vulnerability indicator

This variable measures the risk of payment crisis and default originating from the presence of a large amount of dollarization in the domestic banking system | 2006

Source: Moody's *Statistical Handbook* (May 2007)

3.05A External debt to GDP (developing economies)

External debt as a percentage of GDP | 2006

This variable measures the total debt held by nonresidents, regardless of the currency in which the debt is denominated, as a share of GDP for emerging markets only.

Source: Moody's *Statistical Handbook* (May 2007)

3.05B Net international investment position to GDP (advanced economies)

Net international investment position as a percentage of GDP | 2006

For advanced economies only, this variable measures the role these countries play in the international movement of capital. The estimate is based on the difference between the market value of a country's foreign assets and that of its liabilities relative to GDP.

Source: Moody's *Statistical Handbook* (May 2007)

3.06 Activity restrictions for banks

This index measures the degree to which banks are allowed to engage in fee-based activities rather than more traditional interest spread–based activities | 2006

Measured activities include securities activities, insurance activities, and real estate activities.

Source: James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC

3.07 Entry restrictions for banks

This index measures the extent of procedures required for opening a bank and maintaining a banking license | 2006

Source: James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC

3.08 Capital restrictions for banks

This index is based on different measures of capital regulatory stringency | 2006

This variable is composed of different measures of capital regulatory stringency including overall capital stringency and initial capital stringency. Overall capital stringency measures the extent of regulatory requirements and specific guidelines regarding the amount of capital that banks must have. Initial capital stringency measures the extent to which the source of funds that count as regulatory capital can include assets other than cash or government securities, borrowed funds, and whether the sources of capital are verified by the regulatory or supervisory authorities.

Source: James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC

3.09 Official supervisory power

This index measures the extent to which official supervisory authorities have the authority to take specific actions to prevent and correct problems | 2006

Possible actions include restructuring power, declaring insolvency power, and prompt corrective power that force automatic enforcement actions such as intervention.

Source: James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC

3.10 Private monitoring of the banking industry

This index measures the degree to which the private sector monitors the banking industry (higher percentage values indicate greater transparency) | 2006

Indicators included in assessment of private monitoring include the requirement of certified auditing, percentage of 10 biggest banks rated by international rating agencies, and bank accounting.

Source: James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC

3.11 Frequency of banking crises

This variable is calculated based on the number of banking crises that countries experienced from 1974 to 2003

The crisis count includes systemic banking crises (defined as much or all of bank capital being exhausted), borderline cases of systemic crisis, and smaller non-systemic crises.

Source: Gerard Caprio and Daniela Klingebiel. 2003. "Episodes of Systemic and Borderline Financial Crises." Washington, DC: World Bank

3.12 Stability Index

This variable measures the asset quality, capital adequacy, liquidity and sensitivity to market risk in a banking system | 2005

This variable is the average of the subdimension indexes within the dimension of stability. This dimension is comprised of capital adequacy, asset quality (borrowers), asset quality (lenders), liquidity, and sensitivity to market risk. The average is calculated with at least one subdimension index. The variable values are very specific to banking stability; as explained in the Methodology section, very high stability does not imply efficiency or a positive influence on access to capital.

Source: World Bank, Financial Indicators website www.financial-indicators.org

3.13 Cumulative real estate appreciation

Percentage average annual appreciation of national real estate prices deflated with the local GDP deflator for the period 2001–05

Source: Joshua Aizenman and Yothin Jinjarak. 2008. "Current Account Patterns and National Real Estate Markets." NBER Working Paper No. 13921. Cambridge, MA: NBER

3.14 Local currency sovereign rating

This variable measures the probability that a country will pay its local currency borrowing in a full and timely manner | 2006

Local currency sovereign credit ratings of Standard and Poor's were converted on a linear numerical scale from 0 (reflecting SD) to 20 (reflecting AAA). Credit outlooks were given either a positive 0.3 or a negative 0.3 to be added or taken off of the actual rating of a country. Accounting for structural breaks occurred when a country was upgraded or downgraded between an investment and sub-investment grade. Given that ratings action does not take place at regular intervals, calculating the ratings for one year would take into account the number of days that a country was rated before a change in the rating. For instance, if a country was upgraded one notch on February first, from a 16 to a 17, then a weighted average would be calculated (11 months based on the new rating of 17 and 1 month based on the rating of 16). The same thing occurred for downgrades, and for credit outlook changes.

Source: Standard and Poor's, "Sovereign Ratings History Since 1975" (January, 2007)

3.15 Foreign currency sovereign rating

This variable measures the probability that a country will pay its foreign currency borrowing in a full and timely manner | 2006

Foreign currency sovereign credit ratings of Standard and Poor's were converted on a linear numerical scale from 0 (reflecting SD) to 20 (reflecting AAA). Credit outlooks were given either a positive 0.3 or a negative 0.3 to be added or taken off of the actual rating of a country. Accounting for structural breaks occurred when a country was upgraded or downgraded between an investment and sub-investment grade. Given that ratings action does not take place at regular intervals, calculating the ratings for one year would take into account the number of days that a country was rated before a change in the rating. For instance, if a country was upgraded one notch on February first, from a 16 to a 17, then a weighted average would be calculated (11 months based on the new rating of 17 and 1 month based on the rating of 16). The same thing occurred for downgrades, and for credit outlook changes.

Source: Standard and Poor's, "Sovereign Ratings History Since 1975" (January, 2007)

Section IV: Banks

4.01 Size index

This index is an average of scaled indicators measuring the size of the banking sector | 2005

These indicators are deposit money bank assets to GDP, central bank assets to GDP, M2 to GDP, total system deposits to GDP, private credit to GDP, private credit to total domestic GDP, and private credit to total funding. The average is calculated when a value is present for at least one indicator.

Source: World Bank, Financial Indicators website www.financial-indicators.org

4.02 Efficiency index

Average of the subdimension indexes measuring profitability, efficiency, and competitiveness | 2005

Specifically, this variable is comprised of the Three-bank concentration ratio (assets), Three-bank concentration ratio (deposits), Lending-deposit rates spread, Net interest margin, Operating costs to total assets, Return on assets (adjusted), Return on assets (median), and foreign bank ownership. In addition to the above variables calculated by the World Bank, the fraction of the banking system that is foreign-owned was added to capture an additional dimension of banking efficiency.

Source: James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC

4.03 Public ownership of banks

Percentage of the banking system's assets that is in banks that are 50 percent or more government owned | 2005

Measured as of year-end 2005.

Source: James Barth, Gerard Caprio, and Ross Levine. 2007. "Bank Regulations Are Changing: But for Better or Worse?" World Bank Discussion Paper, Washington, DC; associated "World Bank Survey III" database, available at http://go.worldbank.org/SNUSW978P0

4.04 Public credit registry coverage

Percentage of adults covered by a public credit registry | 2007

Includes information on repayment history, unpaid debts, or credit outstanding.

Source: The World Bank, *Doing Business 2008*

4.05 Private credit bureau coverage

Percentage of adults covered by a private credit registry | 2007

Includes information on repayment history, unpaid debts, or credit outstanding.

Source: The World Bank, *Doing Business 2008*

4.06 Credit Information Index

Indexed value for the amount of credit information available from either a public registry or a private bureau | 2007

Higher values of this index, with responses ranging from 0 to 6, indicate more credit information available from either a public registry or a private bureau to facilitate lending decisions.

Source: The World Bank, *Doing Business 2008*

Section V: Non-banks

5.01 IPO market share

Percentage of world IPOs (initial public offerings) issued in a given country as measured by US dollars | 2006

IPOs are issues where the common stock has never traded publicly in any market and is offered in its initial public offering. Annual volumes accumulate the proceeds amount + over allotment sold (US$ millions) [amount of the issue in this market plus the over allotment amount (a.k.a. green shoe) sold in this market] for all issues based on the issue/announcement date.

Source: Thomson Financial SDC Platinum, retrieved December 2007

5.02 IPO proceeds amount

Total IPO (initial public offering) proceeds as a percentage of GDP | 2006

This variable represents IPO proceeds as a percentage of GDP. The initial public offering (IPO) proceeds amount is calculated when the common stock has never before traded publicly in any market. Annual volumes accumulate as the proceeds amount + over allotment sold (US$ millions), which is the amount of the issue in this market plus the over allotment amount (a.k.a. green shoe) sold in this market] for all issues based on the issue/announcement date.

Source: IPO information from Thomson Financial SDC Platinum, retrieved December 2007, GDP data from Moody's Investors Service

5.03 Share of world IPOs

Number of IPO (initial public offering) issues as a percentage of total global number of issues | 2006

This variable counts the number of IPO issues as defined in variable 5.02 and shows the percentage of the total global issuance in number of issues attributable to that country.

Source: Thomson Financial SDC Platinum, retrieved December 2007

5.04 M&A market share

Dollar value of M&A (mergers and acquisitions) occurring in a given country as a percentage of total global value | 2006

Percentage of the total world rank value of the transaction in US dollars (including the net debt of the target) attributable to a given country. The rank value is calculated by subtracting the value of any liabilities assumed in a transaction from the transaction value and by adding the target's net debt (US$ millions). Net debt is straight debt + short-term debt + preferred equity – cash and marketable securities as of the date of the most current financial information prior to the announcement of the transaction. Preferred equity is not included if the cost to acquire preferred shares (CSTPFD) is filled in.

Source: Thomson Financial SDC Platinum, retrieved December 2007

5.05 M&A transaction value to GDP

This variable is the rank value of the transaction in US dollars (including the net debt of the target) as a percentage of GDP | 2006

The rank value is calculated by subtracting the value of any liabilities assumed in a transaction from the transaction value and by adding the target's net debt (US$ millions). Net debt is straight debt + short-term debt + preferred equity – cash and marketable securities as of the date of the most current financial information prior to the announcement of the transaction. Preferred equity is not included if the cost to acquire preferred shares (CSTPFD) is filled in.

Source: Thomson Financial SDC Platinum, retrieved December 2007

5.06 Share of total number of M&A deals

Percentage of world M&A (mergers and acquisitions) deals occurring in a given country as measured by the share of total number of global M&A deals?2006

The percentage of total world rank value of transactions in US dollars (including the net debt of the target), attributable to a particular country. The rank value is calculated by subtracting the value of any liabilities assumed in a transaction from the transaction value and by adding the target's net debt (US$ millions). Net debt is straight debt + short-term debt + preferred equity – cash and marketable securities as of the date of the most current financial information prior to the announcement of the transaction. Preferred equity is not included if the cost to acquire preferred shares (CSTPFD) is filled in.

Source: Thomson Financial SDC Platinum, retrieved December 2007

5.07 Insurance premiums, direct

Direct insurance premiums (life and non-life), including commissions and other charges, prior to cession to a reinsurance company (US$ millions) | 2006

Premium volumes are converted into US dollars to facilitate comparisons between the different markets and regions, using the average exchange rate for the financial year. Where no premium data are available (indicated by "n/a" for the local currency value), the premium income in US dollars is estimated based on the assumption that the ratio of insurance premiums to GDP remained constant (constant insurance penetration).

Source: Swiss Re, *World Insurance in 2006: Premiums Came Back to "Life"*

5.08 Insurance density

Direct life insurance premiums (life and non-life) per capita from domestic sources (US dollars) | 2006

Only premium income from domestic risks is used to calculate insurance penetration and density. Cross-border business is not included. This exclusion has a significant effect in Luxembourg, Ireland, and the United Kingdom.

Source: Swiss Re, *World Insurance in 2006: Premiums Came Back to "Life"*

5.09 Real growth of direct insurance premiums

Annual real rate of growth (%) of direct premiums (life and non-life) based on local currency prices | 2006

Real growth rates are calculated using premiums in local currencies and adjusted for inflation using the consumer price index for each country.

Source: Swiss Re, *World Insurance in 2006: Premiums Came Back to "Life"*

5.10 Insurance penetration

Direct domestic premiums (life and non-life) as a percentage of GDP | 2006

Only premium income from domestic risks is used to calculate insurance penetration and density. Cross-border business is not included. This exclusion has a significant effect in Luxembourg, Ireland and the United Kingdom.

Source: Swiss Re, *World Insurance in 2006: Premiums Came Back to "Life"*

5.11 Relative value-added of insurance

The value added by insurance services to the economy after costs are subtracted, as a percentage of GDP | 2006

This indicator represents what remains of total sales revenue after the costs of providing insurance products are taken out, signifying the value the insurance sector creates in the economy.

Source: Global Insight, *World Industry Monitor,* October 25, 2007

5.12 Securitization to GDP

The sum of asset-backed securities (ABS), mortgage-backed securities (MBS), high-yield bonds, and highly leveraged loans' deal value as a percentage of GDP | 2006

Source: Dealogic Analytics, data retrieved February 2008

5.13 Share of total number of securitization deals

The sum of asset-backed securities (ABS), mortgage-backed securities (MBS), high-yield bonds, and highly leveraged loans as a percentage of total deals | 2006

Source: Dealogic Analytics, data retrieved February 2008

Section VI: Financial markets

6.01 Spot foreign exchange turnover

Percentage share of world total of spot foreign exchange turnover | April 2007

Transactions are measured in US dollars and involve the exchange of two currencies at a rate agreed upon on the date of the contract for value of delivery at a time less than two days into the future. The spot legs of swaps were not included among spot transactions but were treated as swap transactions even when they were for settlement within two days (i.e., including "tomorrow/next day" transactions).

Source: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.02 Outright forward foreign exchange turnover

Percentage share of world total of outright forward foreign exchange turnover | April 2007

Transactions are measured in US dollars and involve the exchange of two currencies at a rate agreed upon on the date of the contract for value of delivery at a time more than two days into the future. Exchange rate is for cash settlement at some time in the future (more than two business days later).

Source: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.03 Foreign exchange swap turnover

Percentage share of world total of foreign exchange swap turnover | April 2007

Transactions are measured in US dollars and involve the actual exchange of two currencies (principal amount only) on a specific date at a rate agreed upon at the time of conclusion of the contract (the short leg), and a reverse exchange of the same two currencies at a date further in the future and at a rate (generally different from the rate applied to the short leg) agreed at the time of the contract (the long leg). Both spot/forward and forward/forward swaps are included. Short-term swaps carried out as "tomorrow/next day" transactions are also included in this category.

Source: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.04 Interest rate derivatives turnover: Forward rate agreements

Percentage share of world total of over-the-counter single currency forward interest rate agreements turnover | April 2007

Transactions are measured in US dollars and involve interest rate forward contracts in which the rate to be paid or received on a specific obligation for a set period of time, beginning at some time in the future, is determined at contract initiation.

Source: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.05 Interest rate derivatives turnover: Swaps

Percentage share of world total of over-the-counter single currency interest rate swaps turnover | April 2007

Transactions are measured in US dollars and involve agreements to exchange periodic payments related to interest rates on a single currency; these can be fixed for floating, or floating for floating based on different indices. This group includes those swaps whose notional principal is amortized according to a fixed schedule independent of interest rates.

Source: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.06 Interest rate derivatives turnover: Options

Percentage share of world total of over-the-counter interest rate options turnover | April 2007

Transactions are measured in US dollars and involve option contracts that give the right to pay or receive a specific interest rate on a predetermined principal for a set period of time.

Source: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.07 Foreign exchange derivatives turnover: Currency swaps

Percentage share of world total of over-the-counter foreign exchange currency swaps turnover | April 2007

Transactions are measured in US dollars and involve contracts that commit two counterparties to exchange streams of interest payments in different currencies for an agreed period of time and to exchange principal amounts in different currencies at a pre-agreed exchange rate at maturity.

Source: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.08 Foreign exchange derivatives turnover: Options

Percentage share of world total of over-the-counter foreign exchange options turnover | April 2007

Transactions are measured in US dollars and involve contracts that give the right to buy or sell a currency with another currency at a specified exchange rate during a specified period. This category also includes exotic foreign exchange options such as average rate options and barrier options.

Source: Bank of International Settlements, Triennial Central Bank Survey, December 2007

6.09 Equity market turnover

The total value of shares traded during the period divided by the average market capitalization for the period | 2005

The average market capitalization is calculated as the average of the end-of-period values for the current period and the previous period.

Source: World Bank, Financial Indicators website www.financial-indicators.org

6.10 Private-sector bonds to GDP

The total amount of outstanding domestic debt securities by private domestic entities as a percentage of GDP | 2005

Domestic debt is deflated by the average of the end-of-year value for year t and year t–1, both deflated by the end-of-year consumer price index (CPI); the GDP is deflated by the annual value of the CPI.

Source: World Bank, Financial Indicators website www.financial-indicators.org

6.11 Public-sector bonds to GDP

This index is based on the total amount of outstanding domestic debt securities by public domestic entities as a percentage of GDP | 2005

Domestic debt is deflated by the average of the end-of-year value for year t and year t–1, both deflated by the end-of-year consumer price index (CPI); the GDP is deflated by the annual value of the CPI. A non-monotonic treatment was applied as described in the methodology section and the values standardized on a 1-to-7 scale.

Source: World Bank, Financial Indicators website www.financial-indicators.org

6.12 International bonds to GDP

Percentage of GDP represented by international bonds | 2005

Source: World Bank, Financial Indicators website www.financial-indicators.org

Section VII: Size, depth, and access

7.01 M2 to GDP

Money and quasi-money supply as a percentage of GDP | 2005

This variable shows money and quasi-money as a percentage of GDP, calculated using the following deflation method:

$$\frac{(0.5) \times \left[\frac{F_t}{P\_e_t} + \frac{F_{t-1}}{P\_e_{t-1}} \right]}{\frac{\mathrm{GDP}_t}{P\_a_t}} ,$$

where F is money and quasi-money, P_e is end-of-period CPI, and P_a is average annual CPI.

Source: World Bank, Financial Indicators website www.financial-indicators.org

7.02 Private debt to GDP

The sum of domestic debt securities and international debt securities for financial institutions and corporate issuers as a percentage of GDP | 2006

Source: Bank of International Settlements, *Quarterly Review* December 2007

7.03 Public debt to GDP

This index is based on the total debt owed by government to domestic residents, foreign nationals, and multilateral institutions as a percentage of GDP | 2006

The total debt includes both local and foreign currency owed by government to domestic residents, foreign nationals, and multilateral institutions such as the IMF, and is expressed as a percentage of GDP. A non-monotonic treatment was applied as described in the methodology section and the values standardized on a 1-to-7 scale.

Source: Economist Intelligence Unit *CountryData Database,* data retrieved July 2008

7.04 Bank deposits to GDP

This variable shows the demand, time, and savings deposits in deposit money banks as a share of GDP | 2006

The ratio is calculated using the following deflation method:

$$\frac{(0.5) \times \left[\frac{F_t}{P\_e_t} + \frac{F_{t-1}}{P\_e_{t-1}} \right]}{\frac{\mathrm{GDP}_t}{P\_a_t}} ,$$

where F is demand and time and saving deposits, P_e is end-of-period CPI, and P_a is average annual CPI .

Source: Data are from the IMF *International Financial Statistics* database, electronic version, accessed July 2008 or the July 2007 PDF version. Calculated using methodology detailed in Thorsten Beck, Asli Demirgüç-Kunt, and Ross Levine. 2000. "A New Database on Financial Development and Structure." *World Bank Economic Review* 14: 597?605

7.05 Stock market capitalization to GDP

This indicator is the value of listed shares as a percentage of GDP | 2006 or most recent year available

The ratio is calculated using the following deflation method:

$$\frac{(0.5) \times \left[\frac{F_t}{P\_e_t} + \frac{F_{t-1}}{P\_e_{t-1}} \right]}{\frac{\mathrm{GDP}_t}{P\_a_t}} ,$$

where F is stock market capitalization, P_e is end-of-period CPI, and P_a is average annual CPI.

Source: Stock market capitalization and GDP data are from the World Bank *World Development Indicators* database, accessed July 2008; other data from the IMF *International Financial Statistics* database, electronic version, accessed July 2008 or the July 2007 PDF version. Calculated using methodology detailed in Thorsten Beck, Asli Demirgüç-Kunt, and Ross Levine. 2000. "A New Database on Financial Development and Structure." *World Bank Economic Review* 14: 597?605

7.06 Relative value-added of financial institutions to GDP

Value that financial institutions add to the economy after costs are subtracted as a percentage of GDP | 2006

This indicator represents what remains of total sales revenue after the costs of providing financial products are taken into account. This signifies the value the financial institutions sector creates in the economy.

Source: Global Insight, *World Industry Monitor,* October 25, 2007

7.07 Private credit to GDP

Private credit by deposit-money banks and other financial institutions as a percentage of GDP | 2006 or most recent year available

The ratio is calculated using the following deflation method:

$$\frac{(0.5) \times \left[\frac{F_t}{P\_e_t} + \frac{F_{t-1}}{P\_e_{t-1}} \right]}{\frac{\mathrm{GDP}_t}{P\_a_t}} ,$$

where F is credit to the private sector, P_e is end-of-period CPI, and P_a is average annual CPI .

Source: Thorsten Beck, Asli Demirgüç-Kunt, and Ross Levine. 2000. "A New Database on Financial Development and Structure." *World Bank Economic Review* 14: 597?605.

7.08 Stock market value traded to GDP

Total value of shares traded on stock market exchanges as a percentage of GDP | 2006 or most recent year available

Source: Thorsten Beck, Asli Demirgüç-Kunt, and Ross Levine. 2000. "A New Database on Financial Development and Structure." *World Bank Economic Review* 14: 597?605

7.13 Bank branches

Number of branches per 100,000 inhabitants | 2005

Source: Maria Soledad Martinez Peria, Thorsten Beck, and Asli Demirgüç-Kunt. 2005. *Indicators of Access to and Use of Financial Services Across Countries.* World Bank database, available at http://go.worldbank.org/EZDOBVQT20

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While financial systems are a key factor in economic growth, there is still surprisingly little agreement about how to define and measure their development. To address this gap, the World Economic Forum has undertaken a research initiative aimed at providing business leaders and policymakers with a common framework to identify and discuss the key factors in the development of global financial systems and markets.

This inaugural *Financial Development Report 2008* measures and analyzes the factors enabling the development of financial systems in 52 countries. The *Report* aims to provide a comprehensive means for countries to benchmark the various aspects of their financial systems and establish priorities for improvement. It will be published annually so that countries can continue to benchmark themselves and track their progress over time.

The *Report* presents the rankings of the first Financial Development Index (FDI) developed by the World Economic Forum in collaboration with the academic community, multilateral organizations and business leaders. It assembles a vast amount of data to create a holistic assessment of the different aspects of complex financial systems including the institutional environment, the business environment, financial stability, banks, capital markets, and overall capital availability and access. Essay contributions elaborate on the role of financial systems in reducing poverty as well as the relationship between financial stability and the development of financial systems. The *Report* contains detailed profiles for the 52 countries covered by the FDI this year. Data used in the calculation of the Index are fully annotated and clearly presented.

Written in a nontechnical language and style, the *Report* appeals to a large audience made up of policymakers, business leaders, academics, and different organizations of civil society. It aims to provide policymakers a balanced perspective as to which aspects of their country's financial system are most important and the ability to empirically calibrate this view relative to other countries.

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