

Canadian institutions have not reacted specifically to the advent of Europe 1992, but rather to general market conditions influenced by events such as the Canada-U.S. Free Trade Agreement (FTA) and to drastic changes in the Eurodollar markets, in which they were once very active. Deregulation and internationalization have led to reduced margins, which, together with rising costs, have forced companies to focus on a selection of sophisticated services in which Canadian institutions have a particular expertise. Banks and their investment dealer affiliates are specializing in capital market products such as mergers and acquisitions, which are in great demand in Europe. Insurance companies are considering promoting abroad some of the experience and technology developed for products such as mutual funds management and life insurance. In other words, Canadian financial institutions are using a product-by-product approach and have generally preferred to remain independent rather than enter into some form of association with competitors.

Canadian institutions see great potential in Europe, but major moves need time and must be very carefully planned. Their attention is focused primarily on consolidating the domestic market. The U.S. market also offers attractive opportunities for expansion, and techniques and technologies developed in the U.S. market can in turn be exploited in European markets. In the meantime, Europeans are making their move very quickly. Leading institutions are occupying key positions, alliances are being sealed and potential partners are playing musical chairs around the best projects. For Canadian financial institutions, to venture out of the U.K. to the EC frontiers is to face new cultures and unfamiliar markets; but it might also be to prospect rich claims. Are Canadians sufficiently aware that some of their products have great appeal for Europeans? This appeal, coupled with their Canadian advanced marketing know-how, could produce rewarding successes.