

The spectacular growth of financial assets in the last few decades doesn't directly reflect the growth of income or wealth – after all, for every dollar of debt securities owned, somebody owes a dollar. But it does suggest that financial markets play an ever-greater role in greasing the wheels of modern economies. Note, too, that bank deposits/loans have lost a lot of ground to private debt securities markets – indirect evidence that securities markets now offer more efficient intermediation between borrowers and lenders in everything from mortgages to credit-card debt.

A few trillion here, a few trillion there...

GLOBAL FINANCIAL ASSETS (IN \$ TRILLIONS)	1980	1996	1999	2003
Stocks	2.8	14.3	36.5	31.9
Private Debt Securities	1.7	11.7	20.2	30.7
Government Debt Securities	2.2	10.6	14.4	20.1
Bank Deposits	5.4	16.4	25.0	35.4

GLOBAL FINANCIAL ASSETS (% OF TOTAL)	1993	1996	1999	2003
United States	36	37	40	37
Europe	27	29	28	31
Japan	23	19	18	15
China	3	3	3	4
Other	11	12	11	12

FINANCIAL DEPTH (FIN. ASSETS/GDP)	1980	1993	1999	2003
United States	1.79	2.86	4.18	3.97
United Kingdom	1.03	2.45	4.07	3.85
Eurozone	0.77	1.75	2.62	3.14
Eastern Europe				0.99
Japan	2.00	2.73	3.87	4.11
China				3.23
Korea				2.14
India				1.37

SOURCE: McKinsey Global Institute, "\$1.18 Trillion and Counting," 2005.
Downloadable at http://www.mckinsey.com/mgi/reports/pdfs/gcm/MGI_capital_market.pdf.