

The Global Financial Crisis: Causes and Solutions

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This paper describes the process that caused the financial credit crisis. It also analyzes the factors that led to the crisis and corrective measures that were taken to face the financial challenges. Financial market deregulation and lack of supervision has caused the mortgage market bubble that led to the credit crisis and forced the insolvency of many banks in the U.S. and the world. Imbalance in the world trade, United States consumption pattern, and world dependency on the US\$ currency, and the complex US financial derivatives market, were among the leading factors for the crisis. To face the crisis governments implemented different financial saving plans, spending stimulus packages, and aggressive monetary policies. To avoid future crisis financial markets must be effectively regulated and supervised. The global trade must be balanced and a better financial system must be implemented by the IMF.

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