

# Multinational Banks and the Ripple Effects of Global Economic Crises

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## **EXECUTIVE SUMMARY**

*Multinational banks play a significant role in the global economy, and they are often at the forefront of global economic crises. This chapter examines the ripple effects of global economic crises on multinational banks, using case studies of several major banks during the 2008 financial crisis and the COVID-19 pandemic. The chapter finds that multinational banks are particularly vulnerable to global economic crises because of their complex operations and global reach. When a crisis hits, it can quickly spread to different countries and regions, and multinational banks can find themselves exposed to losses in multiple markets. The chapter also finds that multinational banks play a role in transmitting global economic crises. For example, when a crisis hits, multinational banks may tighten lending standards and reduce their exposure to certain markets. The chapter concludes by discussing the implications of these findings for regulators and policymakers.*

## INTRODUCTION

Multinational banks play a significant role in the global economy. They are involved in a wide range of activities, including lending, investment banking, and asset management. Multinational banks also have a global reach, with operations in multiple countries. Global economic crises can have a significant impact on multinational banks. When a crisis hits, it can quickly spread to different countries and regions, and multinational banks can find themselves exposed to losses in multiple markets. Additionally, global economic crises can lead to a credit crunch, which can make it more difficult for multinational banks to lend money to their customers. This research paper examines the ripple effects of global economic crises on multinational banks. It uses case studies of several major banks during the 2008 financial crisis and the COVID-19 pandemic to illustrate how global economic crises can impact multinational banks.

The paper finds that multinational banks are particularly vulnerable to global economic crises because of their complex operations and global reach. Additionally, the paper finds that multinational banks can play a role in transmitting global economic crises. The paper concludes by discussing the implications of these findings for regulators and policymakers. It argues that regulators need to be more vigilant in overseeing multinational banks, and that policymakers need to develop policies to mitigate the risks posed by these banks. We will discuss three case in this paper they are City Group and the financial crisis 2008, HSBC and the financial crisis 2008 and JPMorgan Chase

*Figure 1. Causes of the 2008 global financial crisis*



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