



How Does the Bad Bank Concept Influence the Commercial Banks Ability and Willingness to Increase Commercial Lending in Germany

By Alexej Antropov

Grin Verlag. Paperback. Condition: New. 28 pages. Dimensions: 8.5in. x 5.5in. x 0.1in. Seminar paper from the year 2010 in the subject Business economics - Investment and Finance, grade: 1, 3, University of applied sciences, Munich, course: International Finance and Accounting, language: English, abstract: During the Financial Crisis 2007-2010, which was the result of housing bubble in the United States in 2006, commercial banks rapidly decreased the amount of commercial lending worldwide. So called subprime credits made the assets of commercial banks less worth during a short period. It was the cause for the credit crunch in many economies. Because many enterprises have to rely on debt capital, which they lend from commercial banks to finance their investments, the credit crunch hit such enterprises very hard. The outcome is that the whole economy suffers. Many governments elaborated the bad bank concept to solve the problem of decreased commercial lending, also Germany. It means, that banks will be allowed to start special purpose vehicles (SPV) for holding the subprime credits and to bring such subprime credits out of the balance sheet of the bank. In Anglo-Saxon countries there are two other terms in use for SPV: (loan) recovery agency and asset management...



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