

Impact of Global Financial Crisis on Banking Sector: An Over View

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ABSTRACT

Global financial crisis staggered the world economy in 2008 and it is immensely impacted the banking sector. This crisis started from USAs investment bank Lehman Brothers bankruptcy. The cause of crisis 2008 was subprime lending and busting the housing bubbles in the USA mortgage market. Subprime lending implies that offering loans to the persons who are not in a position to repay it. All of the sudden all the housing loan borrowers in the USA failed to repay their loans. All the banks were faced liquidity problems that lead to collapse of banks. This crisis hasn't affected only the banking sector, it leads to the global economic downturn. In this paper articulating how the impact of economic crisis on the banking sector in emerging economies, USAs bank failures, and impact of crisis on Indian banking system and how the Reserve Bank of India intervened to manage the impact of crisis on Indian Banking sector.

KEYWORDS: Global financial crisis, Banking sector, Subprime lending.

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