

Learning objectives

Chapter 36

Having read through this chapter you should be able to:

- Give a definition of deregulation
- Provide an overview of the main features of deregulation in the US and UK as it applied to financial institutions
- Explain how and why house prices in both the US and the UK rose
- Explain why banks adopted risk seeking behaviour
- Provide an account of how this additional risk was 'managed'.
- Describe the process of securitisation
- Explain the role of credit default swaps in securitisation
- Provide an account of how the rise in loan defaults led to a banking crisis
- Provide an analysis of how the financial crisis fed through to the real economy