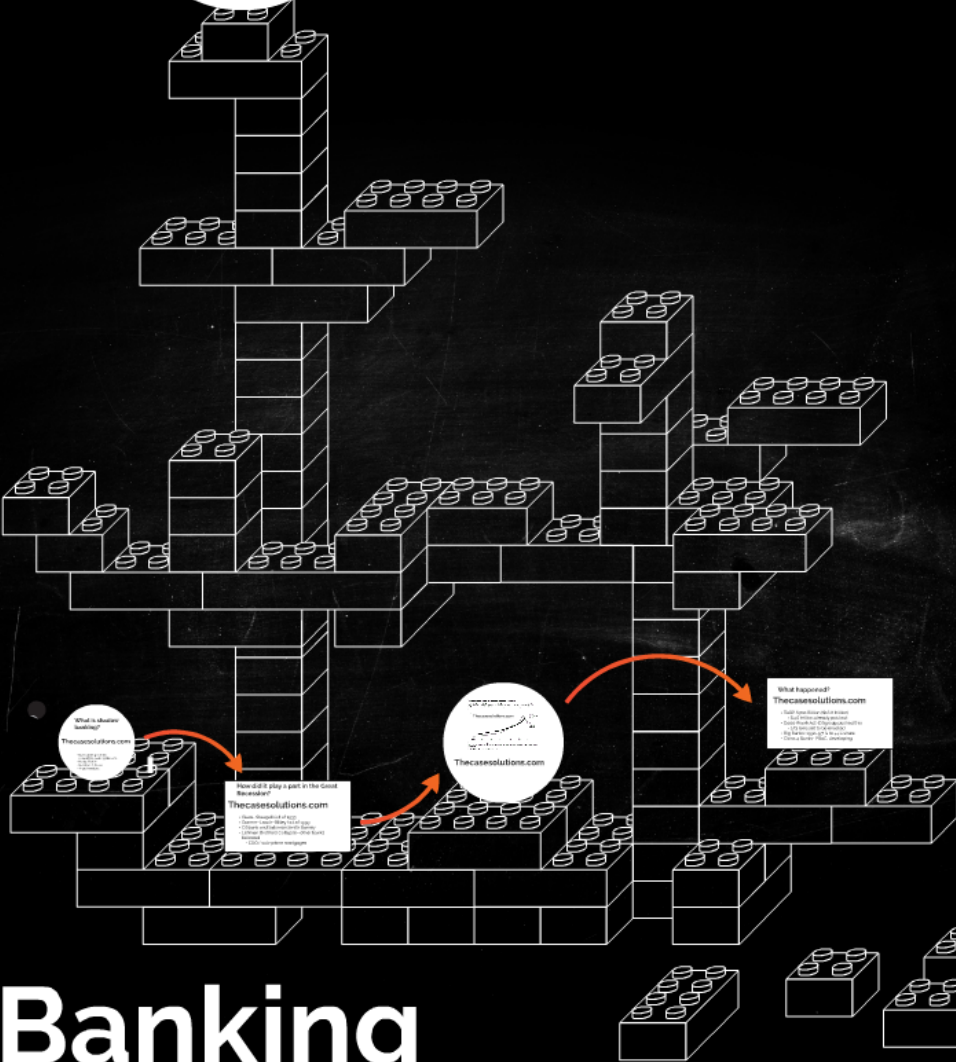


How do we fix it?
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- Artificial Scarcity
- Risk Diversification
- Housing crisis
- More growing industries
- Decreases heavy involvement of big banks
- American Ingenuity



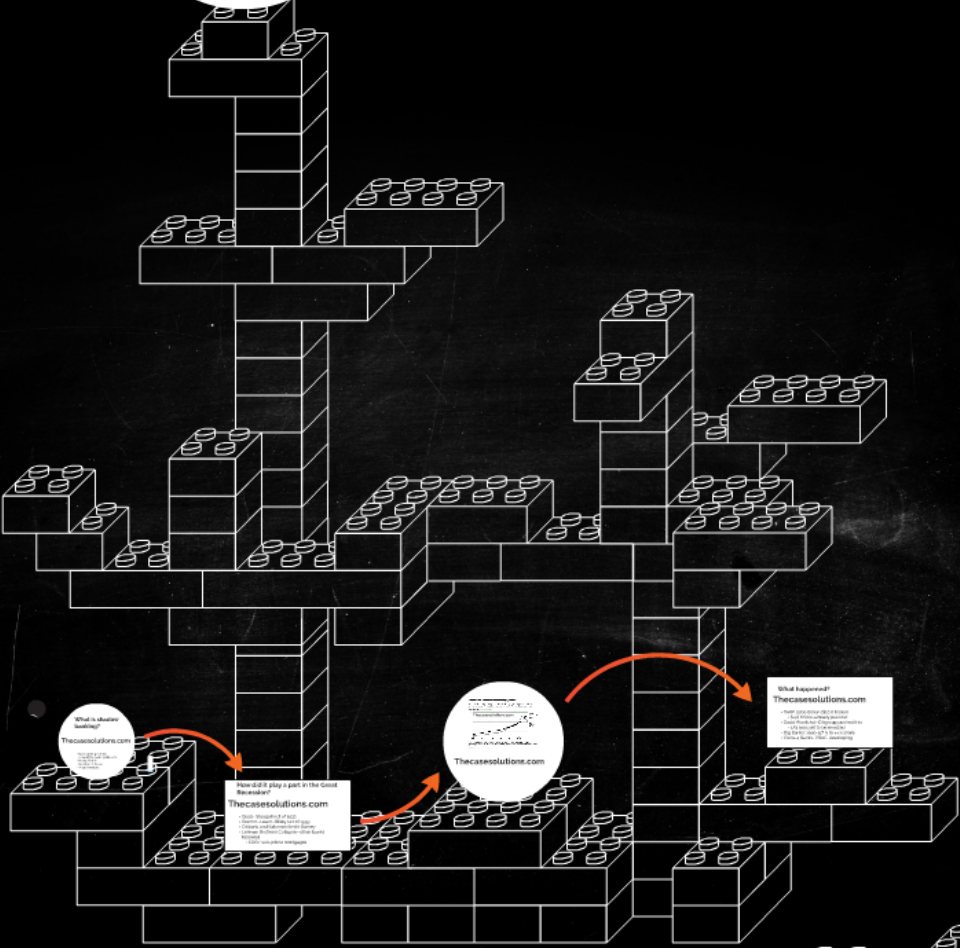
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Shadow Banking

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What is Shadow Banking?
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How did it play a part in the Credit Crunch?
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What happened?
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Shadow Banking

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What is shadow banking?

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- Non-banking entities committing banking like acts
- Hedge Funds
- Investment Banks
- Angel Investors

How did it play a part in the Great Recession?

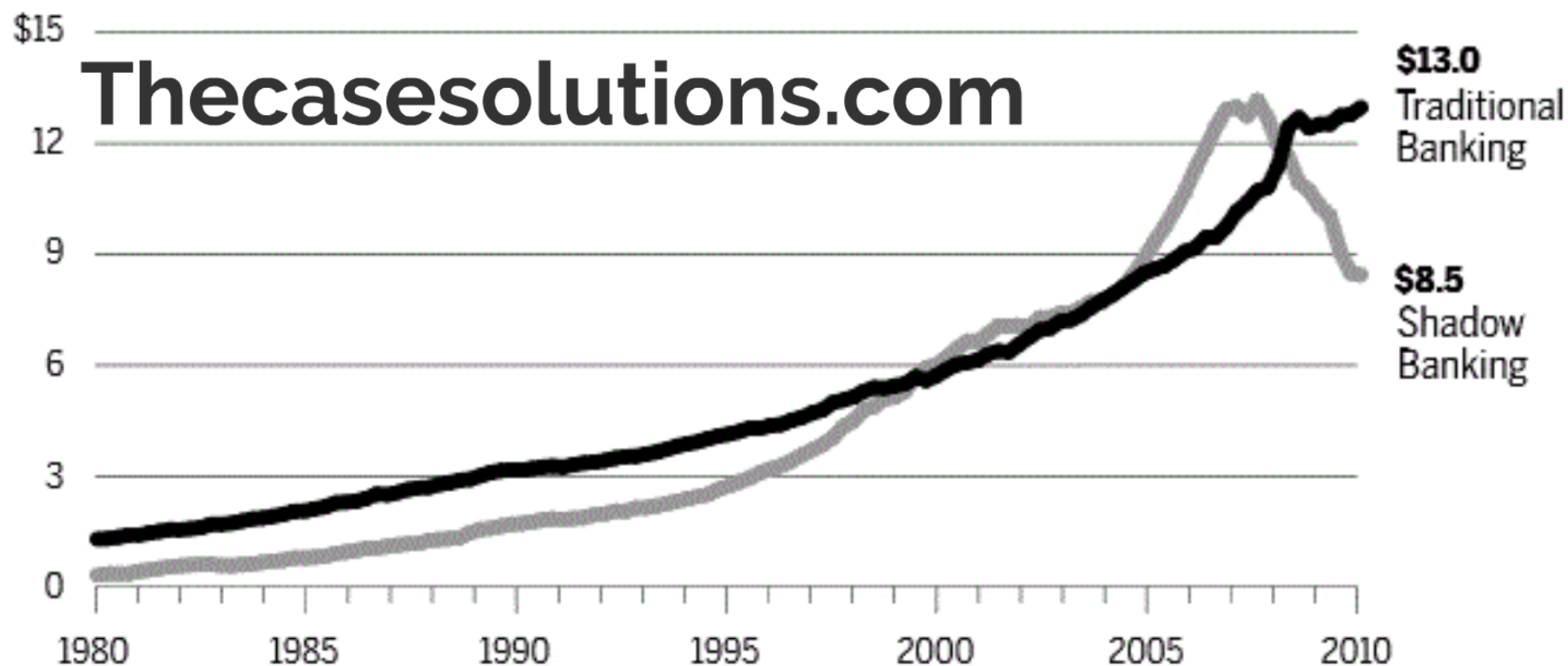
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- Glass- Steagall Act of 1933
- Gramm–Leach–Bliley Act of 1999
- Citibank and Salomon Smith Barney
- Lehman Brothers Collapse--other banks followed
 - CDO/ sub-prime mortgages

Traditional and Shadow Banking Systems

The funding available through the shadow banking system grew sharply in the 2000s, exceeding the traditional banking system in the years before the crisis.

IN TRILLIONS OF DOLLARS



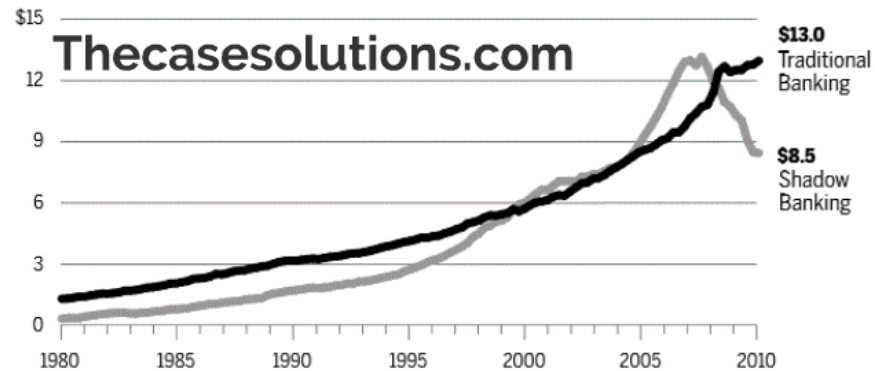
NOTE: Shadow banking funding includes commercial paper and other short-term borrowing (bankers acceptances), repo, net securities loaned, liabilities of asset-backed securities issuers, and money market mutual fund assets.

SOURCE: Federal Reserve Flow of Funds Report

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What happened?

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- TARP \$700 Billion (\$16.8 trillion)
 - \$4.6 trillion already paid out
- Dodd-Frank Act-Citigroup pushed this
 - 1/3 laws yet to be enacted
- Big Banks: 1990-9,7 % to 44% share
- China 4 Banks- PBoC, developing

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