

Extra credit #2

Finance



Film Review on Financial Crisis The CNBC Subprime Mortgage Special - House of Cards gives an explanation of the global financial crisis. David Faber, a CNBC reporter, effectively investigates the factors that led to the international financial meltdown. The film illustrates first person accounts by the key stakeholders; for example, investment bankers, home buyers, and also the mortgage brokers. Majority of the stakeholders allowed financial greed to blindly influence their financial decisions. The resultant effect was a major international financial collapse, since the period of the Great Depression.

The Credit Crisis is a short video by Jonathan Jarvis, which illustrates the 2007 international financial crisis. It is very challenging to identify an individual or organization that was not negatively affected by the crisis. Understanding the complex financial systems that resulted in the large scale financial meltdown is very difficult. The movie demystifies the subprime lending, poor relationship among the financial stakeholders, and the Glass-Steagall Act adequately. Knowledge is power, and Wall Street has continuously applied the principle to benefit financially.

The CNBC Subprime Mortgage Special - House of Cards illustrates issues that closely resemble the current real estate sector. One of the issues is the profit motive among the real estate players. The financial greed among investors is what led to the financial crisis. Quick Loan Funding provided credit to people who could not afford down payment. Thus the number of borrowers increased, and the company recorded millions in profit. Presently, many financial institutions fund mortgage products by providing cheap credit facilities to the investors.

The Credit Crisis illustrates that the financial system is complex and large
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scale. Very many people do not understand this complex financial system, and thus the financial crisis was experienced. Millions of Americans did not understand the magnitude of the large credit bubble that occurred during the past decade, due to limited financial knowledge. When the bubble burst, negative financial consequences were thus realized. Many people currently do not understand the global financial system because of the complexities involved. Due to the greed of financial institutions, many people still get excessive credit products despite of negative effects shown during the financial crisis.

The two films have one major similar feature. They both discuss the negative effects of the global financial crisis. The Credit Crisis explains that the financial crisis resulted into high levels of default in mortgage or credit servicing and repayments. Many home buyers were thus forced to sell, so as to get enough finances for servicing credit. CNBC Subprime Mortgage Special - House of Cards illustrates that many families were forced to sell their homes, so as to service the huge credits owed to the financial institutions. The two films also have differences. The analyzed difference involves the presentation technique, of the global financial crisis. CNBC Subprime Mortgage Special - House of Cards is an investigative documentary on the financial crisis. The documentary is relatively longer due to long illustration and explanation of financial crisis factors. The Credit Crisis illustrates graphic illustrations of the financial crisis. The graphic presentation is short because it provides summary points on the financial crisis issues.

References

<http://crisisofcredit.com/>

<http://www.hulu.com/watch/59026>

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