Bankers agree on plan to increase capital buffers

Article Review: " Bankers agree on plan to increase capital buffers" The article written by Fahey en d " Bankers agree on plan to increase capital buffers" and published in the Bloomberg Businessweek on the 25th of June 2011 proffered issues relative to the need for banks to increase their capital as an exigency response to prevent them from financial vulnerability. Fahey reported that " global central bank heads have proposed rules that would require the world's biggest banks to hold an extra 1 percent to 2. 5 percent of capital on their balance sheets, depending on their size" (Fahey par. 1). This article is related to topics discussed in class particularly focusing on planning and controlling in managerial accounting and financial statements analysis. The proposed rules were made to prevent the incident of any impending future financial crisis just like what previously happened in 2008. The article attested to the importance of the knowledge and understanding of managerial accounting and finance concepts in determining the most appropriate courses of action that would benefit various stakeholders. As discussed in the course modules, financial statements provide the picture of the performance of an organization and thereby give appropriate information to stakeholders who need to decide on patronizing products and services and serve various interests and needs. The global financial crisis in 2008 destabilized various economies that were affected by the sudden fall of financial institutions – despite the regular monitoring and analysis of financial statements. This proves that other than financial condition of the organization, stakeholders must be vigilant on the external factors that impinge on operations, especially those that affect costs and revenues. Works Cited Fahey, Jonathan. " Bankers agree on plan to increase capital

buffers." Bloomberg Businessweek 25 June 2011: 1. Web. 07 July 2011.

http://www. businessweek. com/ap/financialnews/D9O343JO0. htm