

# Financial institution

[Finance](#), [Investment](#)



Bridgecorp is a financial institution that operates in New Zealand and in Australia (McNabb). As a financial institution it is their responsibility to make sure that the investments of their respective investors will earn profit in a respectively manner. We all know that crises came along in every instance we face in our business. With regards to the concern of Bridgecorp, we know that they have suffered from crises that have led to the collapse of their financial institution.

As a business sector, it is expected that there will come a time that they will be facing such problems and with this they need to sacrifice a portion of what they have to make sure that the crises that will come along their way will not have any more conflicts with respect to their business. Yet on the first place, it should also be common to any business that they should look forward to possible problems lying along their way. In this manner they will have at least an idea to overcome such problems and to avoid further complications that these problems can bring to their business.

With respect to Bridgecorp, we have been given the chance to know that they have been given a 3.5 out of 5 rating by a certain agency which aims to give rating to financial institutions based upon their effectiveness as a business sector (Davies). Yet, what we did not have is the chance to know about the criteria from where the rating came. Having a rating of 3.5 out of 5 means that Bridgecorp is a financial institution that gives a respectfully, good quality service to their clients and investors (Davies). This rating was given on February and should have an effectiveness that will last until November (Davies).

But by the month of November we have know that Bridgecorp have been undergoing several operations in an attempt to save the institution to a near closure. We have known that by this time Bridgecorp has already been suffering from crises that have led them to a situation where they should sell their properties in order to regain something out of nothing they might have in case the institution will be closed in no time. As to the respectful agency who gave a 3.5 out of 5 rating to Bridgecorp, they should have look further to the capability of Bridgecorp to operate in the long run.

The agency should have also look at the present health of Bridgecorp as a financial institution. They should have seen if Bridgecorp still have the ability to their jobs well. As we have known, Bridgecorp came up to a point where they came up short upon the cash flow regarding the payment for their maturing term debenture stock deposits, interest on loans and the capital notes (McNabb). From such situation these shows that any financial institution who are coming up short regarding their payments have something wrong going on behind the scene.

Having investors close to 18000 individuals and an investment being estimated to be \$600 million these show that there are a lot of people who entrust their money to Bridgecorp (McNabb). And according to this information, a little shortage regarding the budget and funds of Bridgecorp will show a large amount of money and if it turned out to be a net loss then it only shows that Bridgecorp have lost a large amount of money. Once a financial institution have lost a great amount of money it will eventually turn out that they should have made such actions to have refund of what they have lost.

They should make ways in where they can regain what they have lost. In such manner, the fund raising ability of the institution should double their work in an attempt to regain their lost and if possible to have a higher income. But, on the blind side that we have seen after the collapse of Bridgecorp, we have known that the fund researchers of Bridgecorp have been misinterpreting their duty (Cruickshank). The fund researchers of Bridgecorp turn out to be ineffective and show that they have not performed their duties very well which is very vital to the sensitive situation that Bridgecorp have undergone (Cruickshank).

As their fund researchers fail to do their job, given that their financial institution is in a situation where they are being close to disclosure, Bridgecorp had lost the chance of having a great back up in terms of their shortage in their cash flows (Cruickshank). If only their fund researchers have been able to find such ways to support their shortage of funds and if possible if they have been able to manage an activity where they will earn extra profit that could help them have an additional income then it could have been a great help to the situation of the financial institution.

Also according to surveys, it runs out that most of the investors are looking forward to the interests that the financial institution is giving rather than the reputation that the financial institution has (Benett). It turned out that it doesn't matter whether the financial institution can give the investors a high rate security regarding their investments. Investors on their views at their investments to be a sure-earning investment and it should have a profit in every time that it has been handled by the financial institution (Benett).

In effect to Bridgecorp it turns out that in order to have more investors then they should give higher interests upon the investments being handled to them. It could have been great if only Bridgecorp have been able to manage the investments properly. According to a source, Bridgecorp has not been able to lend the investments to other investors in order to earn profits. This is opposite to the point of view of Bridgecorp's investors. Bridgecorp's investors were confident that their investments were earning profit as it was being lent to other investors.

With such lack in action like this, Bridgecorp have lost another way of earning profit from the investments of their investors and at the same time they should still pay the interest they should give to the investments they are handling. Thus, it means that instead they should have been earning from the investments they are handling then these investments have lured them closer to disclosure. As an action to then upcoming collapse of Bridgecorp, their management had come up to the point where they have decided to sell Bridgecorp's properties.

In doing so, they think that they can have an income from the sell profit of the financial institution rather than losing more as they were trying to revive their financial institution. As they were trying to revive their financial institution they have found out that instead of having profits from their actions and activities reviving the institution they are on the other hand losing more as their investors are pulling out their investments from Bridgecorp leaving them less capital to revive their financial institution.

At the act of selling the financial institution, Bridgecorp have been able to use the previous rating that they have earned from a certain company

(Ryan). They have been able to use the high rating they have earned in order to have a higher price offer to Bridgecorp as it was being sold. Yet, the rating is not the only factor to be considered if the management of Bridgecorp wants to sell their financial institution at a higher price. Advertisements and other factors like the reputation of the institution have played a very vital role in the essence of giving Bridgecorp a higher value (Ryan).

Being the only way they have by then, Bridgecorp's management have agreed that they should no longer try to revive their financial institution but it is rather an advantage for them if they will sell its properties because by selling the properties of Bridgecorp they will still have a chance to at least earn rather than continue losing their assets as they try to find ways to revive the institution. In such manner, the collapse of Bridgecorp has happened. It started from the lack of focus on the duties of the management until they have realized that it was too late to revive the financial institution they once have.

From the misinterpretations of duties to lack of efforts towards their duties came up the shortage to their cash flow which eventually leads to more complications and more net lost. If only they have given an immediate and proper action to then not yet full blown crises that the institution has suffered then it would have been possible that Bridgecorp has not yet collapsed and on the other hand could have been a financial institution with a stronger foundation. . References: McNabb, Denise. (2007, July 4. ). BRIDGECORP: Signs of a Troubled Company: The Independent Financial Review, p.

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