Bertos manufacturing corporation

Finance

Lecturer Question Suitable Countries for the Establishment of BSFI Subsidiary

China is suitable for a subsidiary of the Bertos Financial Services, Inc (BFSI) because it will open up the Asian financial market. Currently BFSI has so subsidiary in Asia. The Chinese financial market is currently expanding rapidly because the monetary policy is being integrated into the general economic policy. Therefore, financial institutions are becoming more significant in the Chinese economy (Buckley & Casson 34).

Brazil is suitable for the BFSI subsidiary because it is a major world emerging economy. Brazil also represents the first South America investment destination for the BFSI. The current financial market situation in Brazil is comfortable. This is because of the high Basel Index, which ensures adequate capital base for absorbing losses for risks (Madula 103).

Australia is suitable for immediate establishment of BFSI subsidiary. This is because the retail financial market is not fully exploited in Australia. The Australian market will open up other polar market for financial service offered by the BFSI. The Financial system of Australia has three major operation pattern; borrowing funds, lending funds, and transferring financial claims (Twitchett 43).

Switzerland is also an appropriate subsidiary location for BFSI. This is because it has high Gross Domestic product per capita (Twitchett 29). Also the value of the Swiss Franc has in the recent financial history been very stable. The financial sector is also very vibrant because it represented 11. 6% of the GDP.

The financial sector of Russia is also very vibrant. Therefore, the BFSI should immediately set up a subsidiary in the country. Financial retail services are so many in the country; this can be illustrated by the high numbers of international payments schemes (Cecil et al). At the end of 2013, number of credit cards issued by the financial institutions exceeded 128 million.

Question 2 - Key Financial Issues of the Selected Countries

China is currently experiencing reforms in the financial sector. These reforms include the introduction of insurance services and leasing services. The operational boundaries are currently being removed, to enhance customer competition in the financial services sector (Buckley & Casson 34). The financial reforms create room for private and multinational financial firms to be established.

The financial system of Brazil is based on a modern and stable banking system. The financial market embraces the current technology based payment systems; the market infrastructure is also very reliable and can be predicted. The 2008 international crisis had minimal effect in the financial systems of Brazil. The cushioning effect was because of large equity volumes held by the firms in financial sector (Madura 101).

The financial system of Australia is regulated by two main bodies. The Australian Securities and Investment Commission is responsible for ensuring consumer protection and the market dignity. Another responsibility entails the regulation of financial institutions; both private and public. The Australian Prudential Regulatory authority aims at licensing the financial institutions (Twitchett 76). All financial institutions operating in Australia must periodically report to this body.

Swiss neutrality and sovereignty has ensured stable financial sector; in which financial institutions develops and thrives. The financial sector is regulated through the Swiss Financial Markets Supervisory Authority(Twitchett 47). The Authority gets its mandate from the various state statutes. The financial system of Switzerland has a reputation for financial secrecy.

The financial sector in Russia is strictly regulated. This is because both private and public financial institutions have to meet statutory legislation requirements; and strictly adhere to the various Bank of Russia regulations (Cecil et al 20). Financial services in the retail financial sector are received mostly through the credit worthiness of the clients.

Works Cited

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