

Case study - credit risk - discussion section

[Finance](#)



MEGlobal Finance Case Study Solution and discussion The current credit risk situation faced by MEGlobal is serious, and after the analysis of the possible solutions to the problem, three solutions have been devised.

Solution 1

MEGlobal can solve the existing credit risk problem by purchasing the entire shares of PreFreeze. This would help to have the longstanding business of PreFreeze continue, since the company has been in operation for a long period of time, and its business has been known to be profitable. Therefore, by purchasing the shares of PreFreeze which is currently experiencing financial problems, it would be possible for MEGlobal to save the business of this company from collapsing, since its business remains one of the major source of revenues and profitability to MEGlobal.

Solution 2

The second method that can be adapted by MEGlobal as an alternative means of solving the eminent credit risk that the company is facing, would be to adjust the time payment system, so that it can continue to offer credit to the PreFreeze company, through receiving a the maximum USD 2 million insured by the credit insurance company, and then offering the USD 3 million uninsured credit to PreFreeze company, this time round at a reduced time of 15 days credit duration.