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Introduction

A variety of modern concerns are influencing the bank management sector nowadays since it is a profession that is continually changing. Traditional brick-and-mortar banks must change if they want to stay competitive as more and more financial services go online. This entails making investments in cutting-edge technology, constructing dependable online platforms, and creating ground-breaking new goods and services that cater to the demands of today's tech-savvy customers. Governments all around the globe are putting more and more pressure on financial firms to adhere to stringent laws designed to stop money laundering, terrorism funding, and other forms of financial crime. In addition to making, it more challenging for banks to provide certain services to clients, this has caused a large rise in compliance expenses for banks. In addition, banks are struggling to find and keep top talent in a labour market that is becoming more and more competitive. Banks are having a harder time competing for the best and brightest staff as fintech businesses and other internet start-ups continue to disrupt the financial industry. Several banks have turned their attention to building their own internal talent pipelines, spending on staff training and development, and providing more attractive pay plans. This report will cover UK Laws and Regulations Post-2008 Financial Crisis, key players in the financial system to end the financial crises, Reforms that have helped stabilise the financial system and the various banking institutions post-2008 crises, and an analysis of the degree to which HSBC Holdings plc has been impacted by these reforms on their business model and their level of compliance/non-compliance to these reforms.

1. UK Laws and Regulations Post-2008 Financial Crisis and key players in the financial system to End the financial crises.

UK Laws and Regulations Post 2008 Financial Crisis

The financial crisis of 2008 had a significant impact on several nations, including the UK. The financial regulatory environment in the UK saw major changes as a result of the crisis, including the establishment of new institutions, the reform of pre-existing institutions, and amendments to the country's financial laws and regulations. Several adjustments were made to strengthen the financial system's resilience and guard against another crisis of this nature. The Financial Services Act 2010, which created the Prudential Regulatory Authority and the Financial Conduct Authority,

was one of the major measures passed in the wake of the financial crisis (PRA). Financial institutions' behaviour must be governed by the FCA, and their prudential risks must be governed by the PRA. The Financial Services Authority (FSA), which received criticism for failing to stop the 2008 financial crisis, was replaced by these two agencies. Also, the UK put in place a variety of rules to strengthen the financial system's stability. The Capital Requirements Directive IV (CRD IV), which mandates banks carry a certain level of capital to withstand losses and sustain their solvency, is one of these rules. This rule was put in place to stop banks from taking unwarranted risks that would cause them to fail (Evenett, 2019). The Banking Reform Act 2013, which imposed a ring-fencing requirement on UK banks, is another legislation that was adopted. The purpose of this rule is to keep banks' retail banking activities apart from their investment banking operations. The regulation's goal is to stop a crisis from escalating from the investment banking industry to the retail banking industry, which might have catastrophic effects on the overall economy. Also, the UK passed new laws to strengthen consumer protection. The Payment Services Regulations of 2017 is one of these rules, and it governs how financial institutions must provide payment services (Cook, and Grimshaw, 2021). The goal of the rule is to safeguard customers from fraud and other dangers connected to electronic payments. The UK also introduced a series of changes aimed at enhancing the responsibility of financial institutions in addition to the new laws and regulations. The Senior Managers and Certification Regime (SMCR), which holds top managers of financial institutions personally liable for any wrongdoing committed inside such institutions, is one of these changes. Financial institutions must also confirm the propriety and fitness of all senior personnel in accordance with the SMCR. The establishment of the Financial Policy Committee (FPC), which functions as a division of the Bank of England, was another key move that the UK made following the financial crisis of 2008. Systemic hazards to the financial system are monitored and dealt with by the FPC. The committee's goal is to make sure that, regardless of economic shocks, the financial system is robust and stable. The Consumer Credit Act of 2006 was also implemented in the UK, and it restricted how lenders may grant credit. The legislation established a licencing system for lenders and mandated that they notify borrowers of the terms and conditions of loan agreements in a transparent and accurate manner. The goal of this rule was to increase the protection of credit-dependent customers. The UK also passed the Small Business, Entrepreneurship and Employment Act 2015, which brought about measures to boost small and medium-sized businesses access to financing (SMEs).

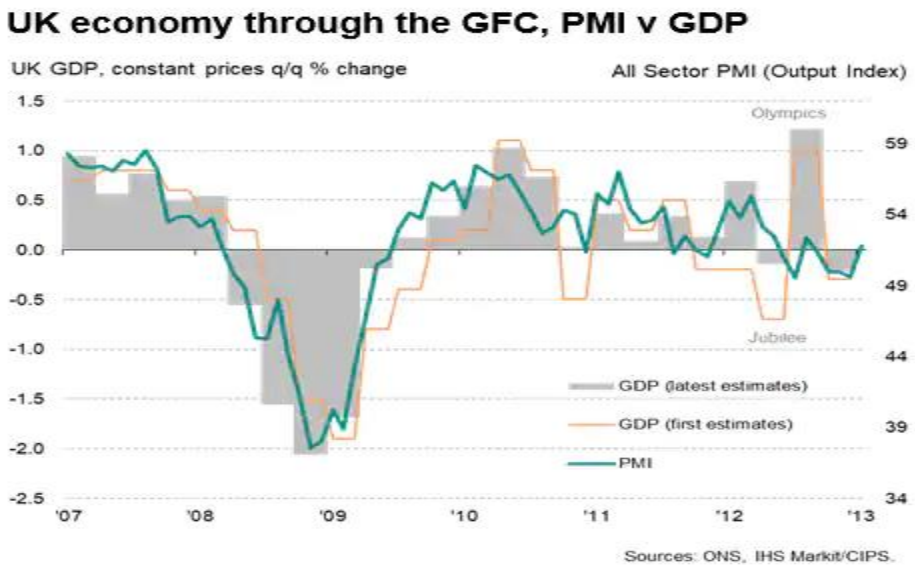

Fig 1: UK's financial crisis

(Source : Rabbani, , Khan, and Thalassinos, 2020)

The legislation imposes requirements to increase the openness of lending decisions and mandates banks to notify SMEs about the loan options available to them. The UK's reaction to the financial crisis extended beyond simple domestic regulatory adjustments. The nation also made significant contributions to the worldwide regulatory environment. The Basel Committee on Banking Supervision created the Basel III framework, one of the most important worldwide regulatory endeavours. The framework imposed new minimum requirements for bank capital and liquidity and mandated that banks maintain an adequate level of capital to cover losses during challenging periods. One of the nations that made a significant contribution to Basel III's creation was the UK. The European Union accepted the framework, and the UK put it into effect through the CRD IV legislation. Basel III is widely recognised as a fundamental reaction to the 2008 financial crisis and represents a considerable increase in the robustness of the global financial system (Rabbani, , Khan, and Thalassinos, 2020). The G20 Leaders' Conference, which took place in London in April 2009, was another big international regulatory endeavour in which the UK played a crucial part. Leaders from the major economies in the world gathered at the conference to debate solutions to the financial crisis. The conference led to an agreement to put policies into place to enhance financial regulation and overhaul global financial institutions. The European Banking Union (EBU), which was created in reaction to the financial crisis, was also developed with help from

the UK. In the European Union, banks are supervised and resolved under the EBU framework. Although not being a member of the eurozone, the UK contributed to the creation of the framework. The UK's financial system and economy were significantly impacted by the 2008 financial crisis. The nation implemented a comprehensive set of changes in response to the crisis with the goal of enhancing the stability and toughness of the financial system. A more stable and robust financial system in the UK has resulted from the creation of new regulatory agencies, the implementation of new laws, and the adoption of reforms aimed at increasing the responsibility of financial institutions (Hanna, Xu, and Victor, 2020). Through its involvement in the Basel III framework, the G20 Leaders' Conference, and the creation of the European Banking Union, the nation also significantly influenced the global regulatory environment. The UK's reaction to the financial crisis was effective in averting another one, but the nation must continue to be watchful to make sure the financial system remains strong and robust in the face of upcoming economic shocks.

Key players in the financial system to end the financial crises.

The 2008 financial crisis had a significant impact on the financial system in the UK. Various key players played a crucial role in mitigating its effects.

1. The Bank of England - To lessen the effects of the financial crisis in the UK, the Bank of England was extremely important. In order to calm financial markets and add liquidity to the system, it launched a number of monetary measures. In order to enhance the money supply, the Bank of England began a programme of quantitative easing and lowered interest rates to a historical low of 0.5%. Also, it offered financial institutions emergency liquidity support to stop their collapse.

2. Financial Services Authority (FSA)- The UK's financial regulator was the Financial Services Authority until its dissolution in 2013. It was essential in keeping an eye on the financial system and implementing rules to stop financial firms from taking on too much risk during the financial crisis (Zubair, Kabir, and Huang, 2020). To evaluate banks' resilience to challenging economic situations, the FSA performed stress tests on them. In order to help financial institutions in need of urgent cash, it also closely collaborated with the Bank of England.

3. UK Treasury - The UK Treasury implemented a number of fiscal initiatives to assist the economy and stabilise financial markets, which significantly contributed to reducing the effects of the financial crisis. Banks in need of financial support because of the crisis, such as the Royal Bank of Scotland and Lloyds Banking Group, received it. To encourage consumer spending and strengthen the economy, the Treasury also launched a number of stimulus measures, such as the VAT reduction.

4. Financial Stability Board (FSB)- In reaction to the financial crisis of 2008, a global organisation called the Financial Stability Board was created. It is in charge of fostering financial stability by coordinating financial institution regulation and keeping an eye on the world's financial markets (Tooze, 2020). To enact regulatory changes and stop a repeat of the financial crisis, the FSB collaborated closely with the UK government and regulators.

5. Financial Ombudsman Service (FOS) - An impartial organisation called the Financial Ombudsman Service handles complaints from clients of financial companies. The FOS was essential in helping customers affected by the financial crisis during that time by offering them support. Consumer complaints about financial goods like payment protection insurance that were miss old to them increased significantly. To guarantee that customers were compensated for their losses, the FOS worked.

6. Financial Conduct Authority (FCA)- The UK's financial regulator, the Financial Conduct Authority, was created in 2013. Its duty is to oversee the regulation of financial institutions and make sure they adhere to legal standards (Castelblanco, Guevara, and Salazar, 2022). The FCA was instrumental in putting regulatory changes in place to stop the financial crisis from happening again. It enacted new regulations to curb financial institutions' excessive risk-taking and raise the level of financial products' transparency.

The 2008 financial crisis had a significant impact on the financial system in the UK. Various key players played a crucial role in mitigating its effects, including the Bank of England, Financial Services Authority, UK Treasury, Financial Stability Board, Financial Ombudsman Service, and

Financial Conduct Authority. These institutions worked together to implement monetary and fiscal policies, regulate financial institutions, and provide support to consumers impacted by the crisis. Their efforts were crucial in stabilizing the financial system and preventing the recurrence of the crisis.

2. Reforms that have contributed towards stabilizing the financial system and the different banking institutions post the 2008 crisis.

The 2008 financial crisis had a profound impact on the global financial system, including the banking institutions in the UK. To address the crisis, several reforms were introduced, aimed at stabilizing the financial system and ensuring that a similar crisis would not occur in the future.

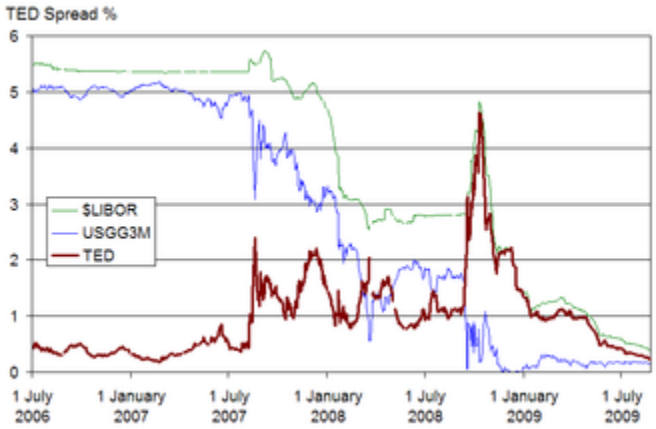

Fig 2: 2008 Financial crisis

(Source : Curi, and Murgia, 2023)

1. The Bank of England (BoE) was instrumental in resolving the UK's financial crisis in 2008, and its reforms have made a substantial contribution to the stabilisation of the financial system and the various banking institutions. One of the most important policies the BoE implemented was the Special Liquidity Program, which provided liquidity assistance to the banking sector (SLS). In order to rebuild trust in the banking industry and stabilise the financial system, the SLS gave banks access to capital for up to three years. Also, the BoE implemented quantitative easing (QE) policies, which entailed buying government bonds and other assets to boost the amount of money available in the economy (Curi, and Murgia, 2023). This had a good effect on the banking industry by assisting in the reduction of interest rates and the stimulation of economic growth. Macroprudential policies were put into place by the BoE with the goal of reducing systemic risks to the financial system. These efforts included the establishment of measures to control the

expansion of credit and leverage in the banking industry as well as stress testing of banks to determine their resilience to unfavourable economic scenarios. During the 2008 financial crisis, the BoE's measures significantly contributed to the stabilisation of the financial system and the various banking institutions. While the macroprudential regulations addressed the systemic vulnerabilities to the financial system, the provision of liquidity assistance and the QE measures assisted in regaining banking sector trust and promoting economic development. The BoE's changes have also drawn criticism. Some contend that the macroprudential rules may have caused a credit crisis and hampered economic development, while others contend that the QE measures may have caused asset price inflation and worsened income inequality. During the 2008 financial crisis, the BoE's measures significantly contributed to the stabilisation of the financial system and the various banking institutions. Although these measures have been criticised, they were required to regain public trust in the banking industry and stop further financial catastrophes. To guarantee that these changes continue to be successful in the face of shifting economic conditions, ongoing assessment and modification of them will be required.

2. The implementation of new rules and supervision procedures for the banking industry was another significant development. The Prudential Regulatory Authority (PRA) and the Financial Conduct Authority have taken the role of the Financial Services Authority (FSA) (FCA). Although the FCA was in charge of overseeing market behaviour and consumer protection, the PRA was charged with overseeing the safety and soundness of banks. The new regulatory structure sought to strengthen the banking industry's resilience and avert the next crises.

3. In response to the financial crisis of 2008, the Financial Stability Board (FSB) was set up with the objectives of bolstering the global financial system and fostering financial stability. During the 2008 financial crisis, the FSB instituted a number of changes that made a substantial contribution to the stabilisation of the financial system and the various banking institutions. The creation of Basel III, a new set of bank regulation rules, was one of the major changes the FSB implemented. These requirements mandated that banks maintain larger capital levels in order to safeguard against potential financial shocks and strengthen their resilience to unfavourable economic conditions. Basel III's implementation has strengthened the financial system and decreased the likelihood of a new financial crisis. Also, the FSB enacted additional regulations to address the issue of too-large-

to-fail banks (Okoth, 2022). Large banks were required to maintain adequate capital and debt that could be converted into equity in the event of a crisis under the Total Loss Absorbing Capacity (TLAC) rules. As a result, there was a lower chance of bailouts and the larger financial system would be less negatively impacted by any failures. The creation of resolution procedures for banks was another significant change made by the FSB. In order to lessen the effects of any failure on the larger financial system, these regimes outline the steps for the orderly resolution of failing banks. The implementation of these regimes has assisted in lowering the danger of contagion and averting the requirement for bailouts. The FSB's reforms have made a substantial contribution to the post-2008 crisis stabilisation of the financial system and the various banking institutions. The introduction of new regulatory standards, the TLAC rules, and the establishment of resolution regimes have all helped to reduce the risk of another financial crisis and increase the resilience of the financial system. There are also criticisms of the FSB's reforms. Some argue that the regulatory burden placed on banks may have limited their ability to lend and hindered economic growth, while others argue that the TLAC rules may not be sufficient to prevent another financial crisis.

4. The Financial Conduct Authority (FCA) was established in the UK as a regulatory body with a mandate to promote market competition and protect consumers' interests. The FCA has introduced several reforms aimed at promoting financial stability and ensuring the integrity of the financial system. One of the key reforms introduced by the FCA was the implementation of the Senior Managers and Certification Regime (SM&CR), which aims to improve individual accountability within financial institutions. The SM&CR requires firms to assign specific responsibilities to senior managers and hold them accountable for their actions. This has helped to create a culture of accountability within financial institutions and reduce the likelihood of reckless behaviour. The FCA has also introduced reforms aimed at improving conduct within the financial industry. This includes measures to combat insider trading, market manipulation, and other forms of financial misconduct. The FCA has contributed to restoring public confidence in the financial sector and lowering the likelihood of the next financial crisis by raising conduct rules. The FCA has introduced measures to improve consumer protection. This includes the introduction of the Financial Ombudsman Service, which provides consumers with an avenue for complaints against financial institutions (Ding, Ma, and Feng, 2023). In order to guarantee that financial products are advertised and sold in a fair and transparent way, the FCA has also developed restrictions. During

the 2008 financial crisis, the FCA's measures helped to stabilise the financial sector and the various banking institutions. The implementation of the SM&CR has improved individual accountability within financial institutions, while measures to improve conduct and consumer protection have helped to restore public trust in the financial industry. There are also criticisms of the FCA's reforms. Some argue that the SM&CR does not go far enough in holding senior managers accountable, while others argue that the FCA's focus on conduct has led to a regulatory burden that hinders economic growth.

5. The Financial Ombudsman Service (FOS) is an independent body established by the UK government to provide a free and impartial dispute resolution service for consumers who have complaints against financial institutions. While the FOS does not directly regulate financial institutions, its reforms have played a significant role in promoting financial stability and protecting consumers' interests. One of the key reforms introduced by the FOS was the expansion of its remit to cover a wider range of financial products and services. This has enabled more consumers to seek redress for their complaints, helping to improve consumer confidence in the financial system. The FOS has also introduced reforms aimed at improving its efficiency and effectiveness. This includes measures to streamline its processes, improve communication with consumers, and provide clearer guidance on its decision-making process (Golecki, 2023). By improving its operations, the FOS has been able to resolve complaints more quickly and effectively, reducing the potential for disputes to escalate and cause wider disruption to the financial system. The FOS has introduced reforms aimed at improving its transparency and accountability. This includes the publication of annual reports and regular updates on its activities, as well as the establishment of an independent review process to ensure that its decisions are fair and consistent. By promoting transparency and accountability, the FOS has helped to restore public trust in the financial system and improve consumer confidence. The FOS's changes helped to stabilise the financial sector and various banking institutions after the 2008 crisis. By providing a free and impartial dispute resolution service for consumers, the FOS has helped to reduce the risk of consumer complaints escalating into wider financial disputes. The expansion of its remit, improvements to its efficiency and effectiveness, and the promotion of transparency and accountability have all played a role in restoring public trust in the financial system and promoting financial stability. There are also criticisms of the FOS's reforms. Some argue that the FOS's

processes can be slow and bureaucratic, while others argue that its decisions are not always consistent or fair. In addition, some financial institutions have raised concerns about the cost of the FOS's services, which are funded through levies on financial institutions.

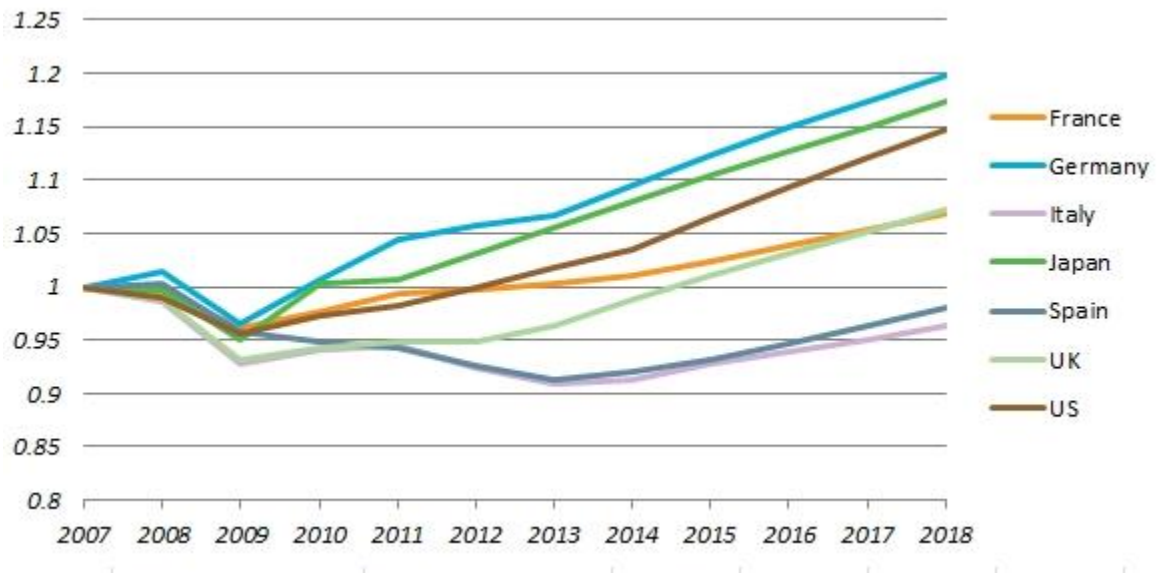

Fig 3: Financial crisis of UK 2008

(Source : Fiador *et al.* 2022)

Analysing the extent of HSBC Holdings plc to which these reforms have had an impact on their business model and their level of compliance/non-compliance to these reforms.

Impact of Reforms on HSBC Holdings plc:

The UK banking sector, including HSBC Holdings plc, was significantly impacted by the 2008 financial crisis, leading to the introduction of various reforms aimed at improving financial stability and consumer protection. The Bank of England, Financial Stability Board (FSB), Financial Conduct Authority (FCA), and Financial Ombudsman Service (FOS) have introduced various reforms that have impacted the business model and operations of HSBC Holdings plc. The reforms related to capital and liquidity requirements have had a positive impact on the bank's financial stability and resilience. HSBC Holdings plc has a strong capital position and has consistently met the minimum regulatory requirements for capital adequacy. This has helped to

reduce the risk of the bank becoming insolvent or experiencing financial distress, which has increased consumer confidence and trusts in the bank. The reforms related to recovery and resolution planning have also had a positive impact on the bank's business model.

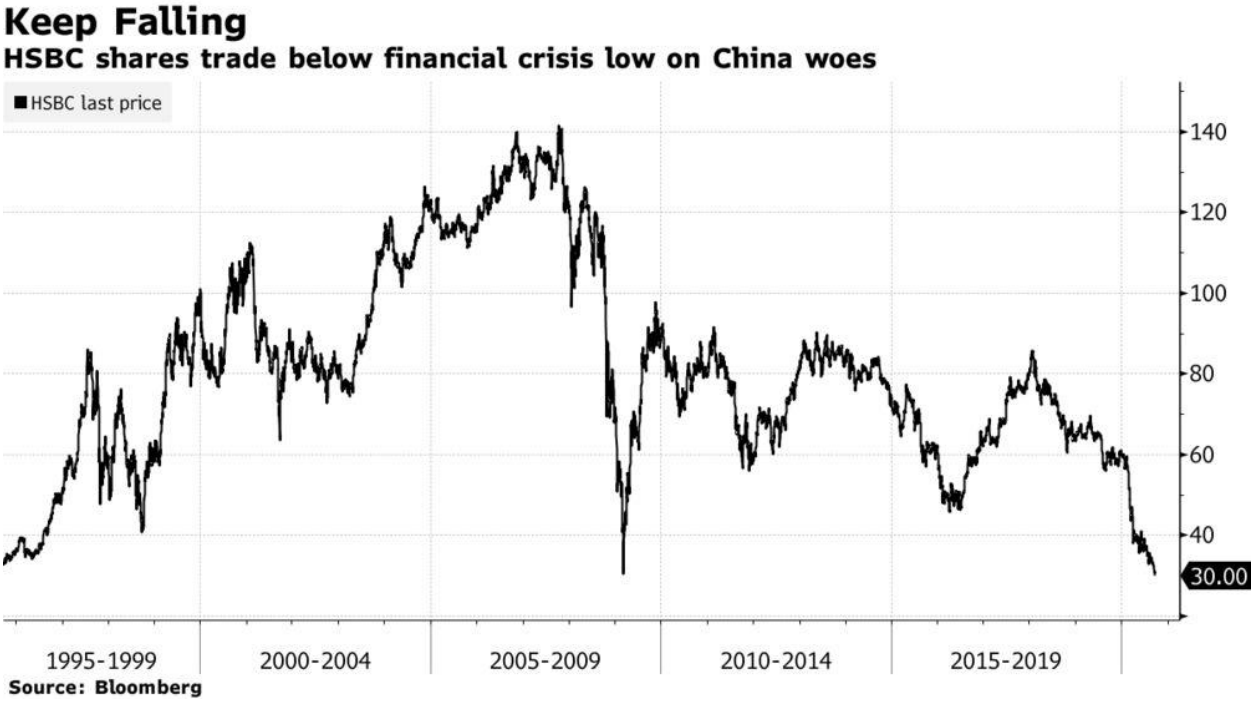

Fig 4: HSBC holding plc financial crisis

(Source : Fiador *et al.* 2022)

The bank has developed a recovery and resolution plan that sets out the actions it would take in the event of a severe financial shock or crisis (Fiador *et al.* 2022). This has helped to reduce the risk of the bank's failure and has increased consumer confidence and trust in the bank's ability to weather a financial crisis. The implementation of the SM&CR has also had a positive impact on the bank's operations. The SM&CR has helped to improve the bank's governance and accountability, which has increased consumer confidence and trust in the bank's management and leadership. The SM&CR has also helped to improve the bank's culture and conduct, which has reduced the risk of misconduct and has increased consumer confidence and trust in the bank. The bank has faced challenges in relation to anti-money laundering failures and the mis-selling of PPI. The regulatory fines and scrutiny related to anti-money laundering failures have had a negative impact on the bank's reputation and profitability. The mis-selling of PPI has also had a significant impact on the bank's profitability and has resulted in increased complaints and regulatory scrutiny.

Bank of England Reforms:

The Bank of England's reforms aimed to improve the resilience of the banking system through stricter capital and liquidity requirements. HSBC Holdings plc has complied with these reforms by increasing its capital and liquidity buffers to meet the requirements set by the Bank of England. In its 2020 Annual Report, HSBC Holdings plc stated that its CET1 ratio was 15.9%, and its liquidity coverage ratio was 147%, both well above the regulatory requirements.

Financial Stability Board Reforms:

The Financial Stability Board's reforms aimed to address the issue of "too-big-to-fail" banks by implementing a system of resolution planning and recovery and resolution planning for global systemically important banks (G-SIBs). HSBC Holdings plc is a G-SIB, and it has been required to comply with these reforms. In its 2020 Annual Report, HSBC Holdings plc stated that it has developed a recovery and resolution plan that is regularly reviewed and updated to ensure its effectiveness.

Financial Conduct Authority Reforms:

The FCA's reforms aimed to improve consumer protection and market integrity through measures such as the introduction of the Senior Managers and Certification Regime (SM&CR) and the Financial Services Compensation Scheme (FSCS). HSBC Holdings plc has complied with these reforms by implementing the SM&CR and contributing to the FSCS (Zalewska, 2023). In its 2020 Annual Report, HSBC Holdings plc stated that it has implemented the SM&CR across its business and has continued to support the FSCS through levies and contributions.

Financial Ombudsman Service Reforms:

The FOS's reforms aimed to improve consumer confidence in the financial system by providing a free and impartial dispute resolution service for consumers. HSBC Holdings plc has been subject to a number of complaints to the FOS, particularly related to the mis-selling of Payment Protection Insurance (PPI) (Udpa, 2021). While the bank has paid out significant amounts in compensation to customers, it has also challenged some FOS decisions and faced criticism from consumer groups for its handling of complaints.

Impact on Business Model:

The introduction of these reforms has had a significant impact on HSBC Holdings plc's business model. The bank has had to increase its capital and liquidity buffers to comply with the Bank of England's reforms, which has affected its ability to invest in growth opportunities (Violon, Durant, and Toader, 2020). The bank has also had to comply with the SM&CR, which has increased its regulatory compliance costs. However, compliance with these reforms has also increased consumer trust and confidence in the bank, which has helped to retain and attract customers.

Compliance and Non-Compliance:

HSBC Holdings plc has generally complied with the reforms introduced by the Bank of England, FSB, FCA, and FOS. However, the bank has faced challenges in relation to the mis-selling of PPI and has been criticised for its handling of complaints. In addition, the bank has faced regulatory action and fines related to anti-money laundering failures and other regulatory breaches, indicating some areas of non-compliance. The reforms introduced by the Bank of England, FSB, FCA, and FOS have had a significant impact on HSBC Holdings plc's business model and operations. The bank has generally complied with these reforms, particularly in relation to capital and liquidity requirements, recovery and resolution planning, and the implementation of the SM&CR. Compliance with these reforms has increased consumer trust and confidence in the bank, which has helped to retain and attract customers (Dafe, and Engebretsen, 2021). However, the bank has faced challenges in relation to the mis-selling of PPI and has been subject to regulatory action and fines for anti-money laundering failures and other regulatory breaches. HSBC Holdings plc has been subject to significant regulatory scrutiny and fines in recent years, particularly in relation to anti-money laundering failures. In 2012, the bank was fined $1.9 billion by US regulators for facilitating money laundering by drug cartels and terrorists. In 2018, the bank agreed to pay $1.8 billion to settle a US Department of Justice investigation into its role in facilitating the transfer of funds from Mexican drug cartels. In 2020, the bank was fined £64 million by the FCA for failings in its anti-money laundering controls. These failures have had a significant impact on the bank's reputation and have resulted in increased regulatory scrutiny and fines. In response, the bank has taken steps to improve its anti-money laundering controls, including increasing its investment in technology and hiring additional staff. In its 2020 Annual Report, the bank stated that it had

implemented a number of measures to strengthen its anti-money laundering controls, including the introduction of enhanced due diligence processes, increased monitoring of high-risk customers, and the use of artificial intelligence and machine learning tools.

Fig 5: HSBC share price

(Source : Sylos , Iannuzzi, and D'Apolito, 2019)

The mis-selling of PPI has also had a significant impact on HSBC Holdings plc, as it has been subject to a significant number of complaints and has paid out billions of pounds in compensation to customers. In 2019, the bank reported that it had paid out £4.1 billion in compensation to customers who had been mis-sold PPI, which had a significant impact on its profitability (Sylos , Iannuzzi, and D'Apolito, 2019). The bank has also faced criticism for its handling of complaints related to PPI, with consumer groups accusing the bank of delaying and obstructing the claims process. In response to these challenges, the bank has taken steps to improve its customer service and complaints handling processes. In its 2020 Annual Report, the bank stated that it had introduced a number of measures to improve its complaints handling, including the introduction of new technology and training for staff. The bank has also committed to working with the FOS to resolve outstanding PPI complaints and to ensure that it complies with the FCA's rules on complaints handling.The reforms introduced by the Bank of England, FSB, FCA, and FOS have had a significant impact on HSBC Holdings plc's business model and operations. The bank has generally complied with these reforms, particularly in relation to capital and liquidity requirements, recovery and resolution planning, and the implementation of the SM&CR. Compliance with these reforms has increased consumer trust and confidence in the bank, which has helped to retain and attract customers (Barber, 2021). However, the bank has faced challenges in relation to the mis-selling of PPI and has been subject to regulatory action and fines for anti-

money laundering failures and other regulatory breaches. The bank has taken steps to address these challenges and improve its anti-money laundering controls and complaints handling processes, but it will need to continue to invest in these areas to ensure that it complies with the regulatory requirements and maintains consumer trust and confidence.

Conclusion

In conclusion, the pricing of financial assets is a complex process that requires a deep understanding of finance theory and the operation of financial markets. Finance theory provides a framework for understanding the factors that determine the value of financial assets, including interest rates, risk, and expected returns. Financial markets, in turn, provide a platform for investors to buy and sell financial assets, based on their assessment of these factors. The role and application of finance theory in the pricing of financial assets have evolved over time, as new research and data have become available. Today, finance theory is used to guide investment decisions across a wide range of asset classes, from stocks and bonds to commodities and derivatives. The 2008 financial crisis had a profound impact on the global economy and the financial sector, leading to widespread losses and a sharp contraction in credit markets. Policymakers and regulators enacted a number of measures in the wake of the crisis with the goal of increasing the financial system's resilience and lowering the likelihood of repeat crises. The implementation of new regulatory bodies, the creation of reporting requirements, and enhanced capital and liquidity requirements for banks were all part of these changes. While these reforms have helped to improve the stability of the financial system, there are ongoing debates about the appropriate balance between regulation and market forces, and about the effectiveness of specific regulatory measures in achieving their intended objectives.

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