The 2008 Global Financial Crisis: Causes, Consequences, and Lessons

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Abstract

The 2008 Global Financial Crisis was the worst economic crisis since the great depression that affected financial institutions, markets, and economies globally. This research report explores the underlying causes of the crisis, such as the United States' housing bubble burst, risk-taking by the financial institutions, collapse in the regulatory regime, and widespread use of complex financial products such as mortgage-backed securities and credit default swaps. Further, the report analyzes the ripple effect of the global recession, severe job losses, and low public confidence in the financial systems. The actions of governments and central banks, like bailout policies, monetary policy easing, and regulation reform, are analyzed to assess the level of success in stabilizing economies. Finally, the report identifies the key lessons learnt and analyzes the post-crisis reforms that have been implemented to prevent such incidents from occurring in the future. Reflecting on the 2008 crisis, this research aims to increase the level of awareness of vulnerabilities in the financial system and the need for sound regulatory practices

Keywords: Global Financial Crisis, 2008 Recession, Subprime Mortgage, Housing Bubble, Banking Collapse, Financial Regulation, Credit Default Swaps (CDS), Mortgage-Backed Securities (MBS), Lehman Brothers, Bailout, Economic Downturn, Systemic Risk, Monetary Policy, Government Intervention, Financial Reform.

Introduction

The Global Financial Crisis of 2008 is widely regarded as the worst financial crisis since the 1930s Great Depression. It started in 2007 with the high-risk mortgage crisis in the United States. The collapse of a major investment bank like Lehman Brothers on September 15, 2008, developed into a full-fledged international banking crisis. The collapse of the housing or real estate illusion is a run-up in housing prices fueled by demand, speculation, and high spending, which peaked in FY 2006-2007, was the primary and immediate cause of the financial crisis. This all began after the terrorist attacks of September 11, 2001. As a result of the same, the US economy entered a recession, and the Federal Reserve System (Fed) reduced its interest rate to 1%. Since 1% is such a low interest rate, fixed income investors who used to buy US Treasury bills became dissatisfied with the rates they were receiving and began searching for other investment options. Investment banks in the United States became aware of the situation and began to apply some of their financial tools to mortgages. Mortgages were first securitized into Mortgage-Backed Securities (MBS), a form of asset-backed securities, by investment banks in the United States. An MBS is a series of various mortgages geographically scattered to increase diversification and thereby lower risk. Investment banks use MBS to keep future returns from such investments as high as possible while lowering risk. Almost no nation in the world, developing or developed, has been spared by the effects of the US financial August 2007, it became clear that the stock system alone could not overcome the US financial crisis, and the problems had spread beyond the country's borders. At that time, central banks and governments all over the world had begun to come together to prevent a global financial crisis. At the end of 2008, all of the world's major economies were either in or fighting to stay out of recession. The World Bank predicts a 0.9 per cent rise in global economic activity in 2009, the slowest growth rate since records began in 1970. In 2008, there were real concerns that the US economy was going to collapse. That would have led to a big recession or perhaps another depression to rival the Great Depression of the 1920s and 1930s. But it was not just the US that was struggling. The entire global economy was experiencing crisis-level issues that most people were not sure how to solve. All that many people could do was watch and wait, hoping that their investments would recover and their home values would rise again. There were also a lot of worries over jobs, and people who had very high-risk and high-end portfolios saw hundreds of thousands or even millions of dollars virtually evaporate, almost overnight. The financial crisis that troubled 2008 started in 2007. That was the year when some of the mortgage securities essentially stopped working because buyers and sellers of homes could not agree on prices. Typically, the financial market works well because buyers and sellers agree. The government does not need to set prices or try to control those prices, because there will always be people who want to sell in a certain price range and people who want to buy in that same range. They can find a way to make a deal happen, and everyone is satisfied. But when that stopped working properly, due to a lack of pricing agreement, the impasse began to spread to other types of debt markets, as well. That spread was the start of the financial crisis for most markets. The solvency of some banks was called into question by other banks, and that meant the two did not want to do business together. They suddenly failed to trust one another, even if they had been doing business together for some years. In the latter part of 2008, governments jumped in to assure the public that big banks would not be allowed to fail. Only then did the economy start moving again, and it was still a struggle to gain much traction. A lot of large companies, such as many US automakers, also accepted bailouts from the government in order to keep themselves afloat, because the economy had gone down so rapidly, and recovery was very slow.

Background and Pre-Crisis Economic Conditions

Leading up to 2008, the global economy was characterized by robust growth, high liquidity, and low interest rates. U.S. financial institutions were aggressively promoting home ownership through liberal lending practices, resulting in the proliferation of subprime mortgages. These were often extended without adequate income verification or credit assessment. Financial engineering enabled the securitization of these risky assets, diffusing exposure across the globe and embedding systemic vulnerabilities in financial markets.

Literature Review

1. The 2008–2009 global financial crisis was triggered by the collapse of the U.S. housing market, driven by risky subprime mortgages and weak financial regulations. The crisis led to widespread bank failures, economic downturns across major economies, and volatile currency exchange rates. Scholars emphasize the importance of proactive policy, international cooperation, and stricter banking oversight to prevent such crises in the future. *(Needham & Needham, 2023)*

2. Wim Naudé (2009) explores the effects of the 2008 financial crisis on developing countries, noting that while the crisis originated in developed economies, it also impacted trade, investment, and financial flows in the developing world. However, the paper takes an optimistic view, highlighting factors such as limited exposure to toxic assets, improved financial regulation, and economic resilience in emerging markets like China and India, which may help many developing countries recover faster and avoid deep recessions *(Naudé, 2009)*.

3. Stiglitz (2010) argues that the 2008 financial crisis was largely due to systemic failures in financial regulation, flawed incentives, and poor corporate governance. He criticizes the U.S. financial system for misallocating capital and creating rather than managing risk.

The paper highlights the role of deregulation, excessive risk-taking, and the moral hazard of institutions deemed "too big to fail," emphasizing the urgent need for stronger regulatory reforms and international oversight *(Stiglitz, 2010)*.

Research Methodology

The methodology employed in this report is a systematic literature review combined with a qualitative, case-based approach. Secondary sources—peer-reviewed journal articles, books, policy documents, and official economic reports—were analysed using thematic coding to identify key themes in causes, consequences, and responses to the crisis. The scope includes macroeconomic impacts such as housing market failures, exchange rate volatility, global stock market responses, and institutional bailouts. Comparative analysis was also conducted to understand how nations such as the U.S., China, Japan, and Russia responded differently based on their economic structures and policy frameworks. This methodology allows the study to incorporate both macro-level economic indicators and micro-level institutional behaviours, leading to a robust understanding of the global financial crisis.

Causes of the Crisis

The crisis stemmed from a confluence of interrelated factors that together destabilized global financial systems:

- **Subprime Mortgage Expansion**: Financial institutions increasingly targeted borrowers with poor credit histories, offering so-called subprime loans. These borrowers were considered high-risk, yet they were granted loans without proper income verification or adequate documentation. Lenders assumed rising housing prices would offset the default risk, which proved to be disastrously wrong.

- **Housing Bubble**: A combination of easy credit, speculative investments, and overconfidence in real estate markets led to an unsustainable rise in housing prices. When housing prices peaked and began to decline, homeowners found themselves with mortgages exceeding the value of their homes, leading to widespread defaults and foreclosures.

- **Securitization and Derivatives**: Banks bundled subprime mortgages into complex financial instruments such as mortgage-backed securities (MBS) and collateralized debt obligations (CDOs). These instruments were sold to global investors, spreading risk across the international financial system. However, many of these securities were backed by toxic, non-performing loans.

- **Regulatory Failures**: Oversight bodies failed to adequately monitor risky lending and investment practices. The regulatory framework was fragmented and outdated, particularly concerning shadow banking institutions and over-the-counter derivatives markets. Agencies like the SEC and credit rating agencies were criticized for a lack of vigilance and misjudging the risk of financial products.

- **Leverage and Speculation**: Many financial institutions operated with extremely high leverage ratios, borrowing significantly more than they held in assets. When asset values dropped, these institutions could not cover their liabilities. Speculative behaviour, driven by short-term profit motives and weak internal controls, further intensified risk exposure.

- **Moral Hazard and Market Assumptions**: Many banks believed they were 'too big to fail' and expected government bailouts in a crisis. This moral hazard encouraged riskier behaviour. Investors also placed too much trust in the assumption that markets were efficient and self-correcting, underestimating systemic vulnerabilities.

- **Credit Rating Agencies' Failures**: Agencies like Moody's and S&P gave high ratings to low-quality debt instruments, misleading investors and enabling the expansion of risk across portfolios. This failure in independent assessment amplified the crisis's scale.

Key Financial Events of 2008

The year 2008 saw several major events that made the global financial crisis worse and changed how the world looked at banking and finance:

- **March 16, 2008 – Bear Stearns Collapse:** Bear Stearns, a large investment bank, was about to fail because it held too many risky mortgage investments. To stop panic in the financial markets, the U.S. government helped JPMorgan Chase buy the company at a very low price. This was the first big government step to try to control the crisis.

- **July 11, 2008 – IndyMac Bank Failure:** IndyMac Bank, which gave out a lot of home loans, was shut down by the government because it ran out of money. This was one of the biggest bank failures in U.S. history and made people worry about the safety of other banks.

- **September 7, 2008 – Government Takeover of Fannie Mae and Freddie Mac:** These two big companies supported many U.S. home loans. When they got into serious trouble, the U.S. government took control of them to keep the housing market from crashing completely.

- **September 15, 2008 – Lehman Brothers Bankruptcy:** Lehman Brothers, a major investment bank, could not find a buyer or get government help, so it went bankrupt. This event shocked people around the world and caused major panic in global financial markets.

- **September 16, 2008 – AIG Bailout:** AIG, one of the world's largest insurance companies, was close to failing. The U.S. government gave it an $85 billion loan to keep it from collapsing because its failure could have caused even more damage to the global economy.

- **September 29, 2008 – TARP Rejected, Stock Market Crash:** The U.S. government tried to pass a $700 billion plan to help banks, but Congress said no. The stock market reacted badly, dropping 777 points—the biggest one-day fall at the time. A few days later, the plan was approved.

- **October 8, 2008 – Global Interest Rate Cuts:** Central banks around the world, like the U.S. Federal Reserve and the European Central Bank, all cut interest rates at the same time to make borrowing cheaper and encourage economic activity.

- **December 2008 – Start of Quantitative Easing (QE1):** The U.S. Federal Reserve began a program where it bought large amounts of government and mortgage-backed bonds to put more money into the economy and lower interest rates further.

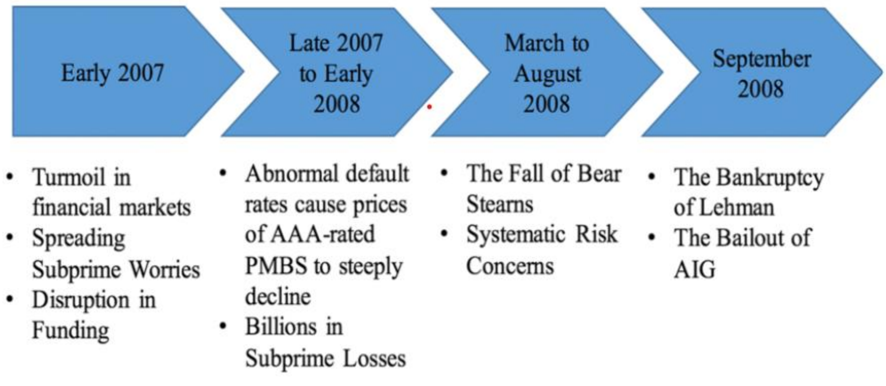

Fig.1: ***(Source:*** *Shabestari, M. A., Moffitt, K., & Sarath, B. (2020)****)***

Detailed Impacts of the 2008 Financial Crisis

1. **Global Economic Recession**

- The financial crisis plunged the global economy into the most severe downturn since the Great Depression of the 1930s.
- Advanced economies such as the U.S., U.K., Germany, and Japan entered deep recessions; emerging markets experienced dramatic slowdowns.
- Between 2008 and 2009, global GDP growth turned negative, marking the first contraction in the post-war era.
- Worldwide industrial production and trade declined by over 10%, affecting millions of jobs across multiple sectors, including manufacturing and services.
- Governments faced shrinking tax revenues and rising deficits as they increased spending to stimulate growth.

2. **Collapse of Financial Institutions**

- Over 450 U.S. banks failed between 2008 and 2012, compared to just 25 in the five years before the crisis.
- Investment banks, highly exposed to mortgage-backed securities (MBS), suffered catastrophic losses as the value of these assets plummeted.
- Bear Stearns was sold to JPMorgan Chase at a fire-sale price with federal assistance; Lehman Brothers was allowed to fail, intensifying the crisis.
- AIG, the world’s largest insurer, required a government bailout of $182 billion due to exposure to credit default swaps (CDS).
- Money market funds experienced a run for the first time in decades, leading to further instability.

3. **Housing Market Crash**

- The housing market was inflated by speculative investment and aggressive mortgage lending practices, including no-documentation ('liar') loans.
- Adjustable-rate mortgages reset at higher interest rates, causing payment shocks that borrowers could not afford.
- Over 6 million homes were foreclosed in the U.S. between 2007 and 2013, devastating communities and local economies.
- The collapse in housing prices triggered a negative wealth effect, reducing consumer spending and deepening the recession.

- Construction jobs disappeared almost overnight, contributing heavily to rising unemployment.

4. **Government Interventions**

- The U.S. Treasury and Federal Reserve intervened with massive emergency funding programs, including TARP, TALF, and the Commercial Paper Funding Facility.
- Globally, central banks cooperated in coordinated interest rate cuts and liquidity swaps to stabilize financial markets.
- In the U.K., the government nationalized Northern Rock and took equity stakes in Royal Bank of Scotland (RBS) and Lloyds Banking Group.
- China launched a $586 billion stimulus program, focusing on infrastructure investment, which helped buffer its economy from global contraction.
- The International Monetary Fund (IMF) provided emergency loans to multiple countries facing balance-of-payments crises.

5. **Social and Political Consequences**

- The crisis disproportionately affected lower-income households and minority communities, exacerbating existing inequalities.
- High unemployment persisted for years, with long-term unemployment becoming a major issue in developed economies.
- Trust in financial institutions and government oversight eroded significantly, giving rise to populist movements like Occupy Wall Street.
- In Europe, anti-austerity protests erupted in response to government spending cuts imposed during the post-crisis recovery.
- Mental health problems and social disintegration increased, especially in areas hardest hit by job losses and home foreclosures.

6. **Global Impact**

- Developing countries suffered reduced foreign investment and aid, reversing years of economic progress in regions like Sub-Saharan Africa.
- The European sovereign debt crisis was triggered as countries like Greece faced unsustainable debt levels exacerbated by the global slowdown.

- Global trade financing dried up, hitting export-dependent economies such as South Korea, Singapore, and Germany.
- Multilateral organizations like the G20, World Bank, and IMF expanded their roles to manage and prevent further economic fallout.
- New global regulations and institutions emerged to ensure financial stability and surveillance of systemic risks.

7. Regulatory Reforms

- The Dodd-Frank Act included the Volcker Rule, which limited proprietary trading by banks to reduce risk-taking.
- Consumer protection was prioritized with the creation of the Consumer Financial Protection Bureau (CFPB).
- Internationally, Basel III introduced stricter capital and liquidity requirements, along with new leverage ratios and risk coverage.
- Stress tests were implemented in the U.S., EU, and U.K. to evaluate bank resilience under adverse economic scenarios.
- Resolution regimes were introduced to allow large financial institutions to fail in an orderly manner without destabilizing the system.

Fig.2: ***(Source:** Technical Resource, n.d.)*

Case Study: United States – Epicenter of the 2008 Financial Crisis

Background

- The U.S. housing market bubble, fueled by excessive credit, deregulated financial products, and speculation, became the primary origin of the crisis.
- Banks and mortgage lenders issued high-risk subprime mortgages, often with little documentation, to borrowers who could not afford them.
- Investment banks bundled these risky mortgages into MBS and sold them globally, with credit rating agencies assigning inflated ratings.

Key Developments

- By mid-2007, defaults on subprime loans surged, triggering losses in mortgage-related securities.
- The crisis intensified in 2008 when Lehman Brothers collapsed, leading to a freeze in global credit markets.
- The U.S. government launched TARP to purchase distressed assets and inject capital into banks to restore confidence.
- Over 8.7 million jobs were lost during the recession, and the poverty rate increased to over 15% in 2010.
- State and local governments faced severe budget shortfalls, resulting in cuts to public services and layoffs of government employees.

Policy Responses

- The Federal Reserve initiated unprecedented monetary policy actions, including multiple rounds of quantitative easing (QE1, QE2, QE3).
- The Obama administration enacted the American Recovery and Reinvestment Act (ARRA), a $831 billion stimulus package aimed at job creation.
- Bank stress tests (Supervisory Capital Assessment Program) helped restore market confidence by publicly disclosing capital shortfalls.
- The CFPB was created to oversee and enforce consumer financial laws and protect borrowers from predatory lending.

Lessons Learned

- Excessive financial innovation without appropriate regulation can pose systemic risks to the global economy.
- Transparency, oversight, and consumer protection are vital in maintaining stability and preventing future crises.
- The interconnectedness of global financial markets requires international cooperation and coordinated regulatory frameworks.
- Moral hazard remains a concern when large institutions are deemed 'too big to fail' and bailed out with public funds.

Recovery, Policy Responses, and Financial Reforms

Recovery from the 2008 financial crisis required urgent policy responses followed by long-term reforms to address the root causes and restore global financial stability. Governments and central banks worldwide took aggressive actions in the immediate aftermath of the crisis and later implemented lasting structural changes:

Short-Term Policy Responses:

- Monetary Easing: Central banks like the U.S. Federal Reserve and the European Central Bank rapidly reduced interest rates to near-zero levels to stimulate borrowing and investment.

- Quantitative Easing (QE): Central banks purchased large amounts of government and mortgage-backed securities to inject liquidity into financial markets, reduce long-term interest rates, and encourage lending.

- Bank Bailouts and Capital Injections: Troubled financial institutions received government support to prevent collapse. For example, the U.S. launched the Troubled Asset Relief Program (TARP), which allocated $700 billion to recapitalize banks and purchase toxic assets.

- Government Guarantees: To restore confidence in the banking system, governments provided guarantees on bank deposits and interbank lending.

- Fiscal Stimulus Packages: Many governments launched large-scale public spending and tax-cut programs to boost demand, create jobs, and support economic growth. Notable examples include the U.S. American Recovery and Reinvestment Act (ARRA) and similar packages in China, the EU, and Japan.

Long-Term Financial Reforms:

- Dodd-Frank Wall Street Reform and Consumer Protection Act (2010): Enacted in the United States to increase transparency, reduce risk, and protect consumers. It created the Financial Stability Oversight Council (FSOC), the Consumer Financial Protection Bureau (CFPB), and introduced stricter rules for banks.

- Basel III Framework: A global standard for bank capital adequacy and liquidity, requiring stronger buffers and risk controls to help banks withstand future crises.

- Volcker Rule: Restricted banks from making speculative investments for their own gain and from owning or investing in hedge funds and private equity funds.

- Stress Testing and Capital Requirements: Major banks were required to undergo regular stress tests and maintain higher capital to reduce their risk of collapse.

- Consumer Protection Measures: Through the CFPB, regulations were established to ensure transparency and fairness in financial products such as mortgages, loans, and credit cards.

- Reform of Credit Rating Agencies: Steps were taken to reduce conflicts of interest and improve the accuracy and reliability of credit ratings.

- Orderly Resolution Authority: Mechanisms like the Orderly Liquidation Authority allowed for the structured winding down of failing banks without resorting to taxpayer bailouts.

- Global Cooperation and Monitoring: G20 nations increased coordination on financial regulations and committed to stronger oversight through institutions like the IMF and the Financial Stability Board (FSB).

Detailed Analysis of Lessons from Financial Crises in India

Overview of Financial Crises in India

India has experienced several financial crises, with the 1991 economic crisis being a defining moment that led to significant economic liberalization. The crisis was triggered by a balance of payments deficit, exacerbated by excessive reliance on imports, twin deficits (trade and fiscal), the fall of the Eastern Bloc affecting trade, Gulf War oil price spikes, and foreign debt accumulation. By 1991, foreign exchange reserves were only enough for three weeks of imports, leading to a sharp rupee devaluation (9% on 1 July and 11% on 3 July 1991) (1991 Indian economic crisis - Wikipedia). The government pledged 67 tons of gold reserves as collateral to secure a $2.2 billion emergency IMF loan, airlifting 47 tons to the Bank of England and 20 tons to the Union Bank of Switzerland, raising $600 million.

The 2008 global financial crisis, originating from the US subprime mortgage market, had a limited direct impact on India's financial sector due to its stringent regulation and limited global integration, with foreign bank assets at only 5% in 2006 (Global financial crisis and India: A look at the decade gone by - Ideas for India). However, India felt second-round effects through trade and capital flows, with GDP growth falling from 9.8% in 2007 to 3.9% in 2008, then recovering to 8.5% in 2009, compared to advanced economies at -3.4% and other emerging markets at 2.8% in 2009.

As of April 30, 2025, there are concerns about a potential looming financial crisis in India, driven by rapid credit growth, high household debt (40% of GDP), and a debt-service-to-income ratio of 12%, similar to pre-2008 levels in the US and Spain (India’s looming financial crisis - The Hindu). This report examines lessons learned, focusing on financial oversight and regulation, risks of overleveraging, and transparency and accountability in financial products.

Financial Oversight and Regulation: Strengthening Systemic Safeguards

The 1991 crisis revealed the dangers of inadequate oversight, with fiscal and trade deficits leading to a balance of payments crisis. Post-crisis, liberalization policies were implemented, opening the economy to foreign participation, which led to GDP growth from $266 billion in 1991 to $3.7 trillion in 2023 (PPP from $1 trillion to $13 trillion), poverty reduction from 55.1% in 2005–06 to 16.4% in 2019–20, and life expectancy improvement from 58.7 years in 1990 to 67.2 in 2021 (1991 Indian economic crisis - Wikipedia). However, uneven growth, increased inequality, environmental impacts, and continued current account deficits persist, with India relying on FDI and FPI, vulnerable to external shocks like U.S. Federal Reserve rate hikes.

During the 2008 crisis, India's financial sector was insulated due to stringent regulation, limited global integration, low foreign bank presence (5% in 2006), and minimal exposure to subprime mortgages, with ICICI Bank managing losses due to strong capitalization (Global financial crisis and India: A look at the decade gone by - Ideas for India). Black money in property purchases reduced mortgage loan risks. However, the crisis affected India through trade (trade growth fell from 23.53% in 2005-09 to -4.34% in 2008-09 to 2009-10) and capital flows, with external commercial borrowing growth slowing from 56.67% in 2006-07 to nearly the same in 2008-09.

Recent concerns, as of April 30, 2025, highlight a poorly regulated financial sector, with rapid credit growth (bank lending up 20% per NCAER, March 2024) and consumer over-borrowing, driven by a "this-time-is-different" narrative touting digital infrastructure for financial innovation (India’s looming financial crisis - The Hindu). The financial services industry, post-1991 liberalization, is large and chaotic, with 30+ major providers (banks, NBFCs) and thousands of smaller, often dubious players, especially post-COVID fintech offering high-interest loans. This suggests the need for enhanced oversight, with lessons emphasizing balancing liberalization with regulation to prevent systemic risks.

Risks of Overleveraging: A Persistent Threat

Overleveraging was central to the 1991 crisis, with foreign debt accumulation leading to the balance of payments crisis. The 2008 crisis globally amplified losses from leverage, and in India, while banks were insulated, recent data shows household debt at 40% of GDP, with a 12% debt-service-to-income ratio, high like US and Spain pre-2008, due to high interest rates and short-duration loans (India’s looming financial crisis - The Hindu). Lending to households grows at 25%-30% annually, used for consumption (homes, gadgets, education, vacations) rather than productive capacity, bidding up prices and reducing competitiveness.

Unsecured loans pose significant risk, with 25% of household loans unsecured, exemplified by credit card debt: 100 million cards in Jan 2024 (up from 20 million in 2011), targeting "below-prime" borrowers. Post-2008, NPAs rose from Rs. 500 billion (2005-08 average) to Rs. 7,903 billion currently, highlighting credit risk management needs (Global financial crisis and India: A look at the decade gone by - Ideas for India). The lesson is clear: managing leverage, especially household and unsecured debt, is crucial to prevent cascading defaults and economic contraction.

Transparency and Accountability in Financial Products: Enhancing Consumer Trust

Transparency and accountability are vital for consumer protection in India's financial system. The 2008 crisis showed the dangers of opaque financial products globally, and in India, the rapid growth of fintech and unsecured lending raises similar concerns. Credit card debt surged from 20 million cards in 2011 to 100 million in 2024, often targeting vulnerable borrowers, with high-interest loans from post-COVID fintech adding risks (India's looming financial crisis - The Hindu).

The need for clear disclosure is evident, with mechanisms like the Consumer Financial Protection Bureau (CFPB) in the US as a model, though India lacks a direct equivalent. The rise in NPAs and consumer over-borrowing for consumption rather than investment highlights the need for regulatory measures ensuring transparency in loan terms, interest rates, and risks. Boards and CEOs must be held accountable, with compensation structures rewarding compliance and clawback provisions, to prevent predatory practices and maintain consumer trust (Global financial crisis and India: A look at the decade gone by - Ideas for India).

Conclusion:

The 2008 Global Financial Crisis was a turning point in modern economic history. It exposed deep flaws in the global financial system, including risky lending practices, lack of proper regulation, and the dangers of overconfidence in financial innovation. The crisis not only led to massive losses for banks and investors but also caused widespread job losses, home foreclosures, and public mistrust in financial institutions. Governments and central banks around the world had to take urgent and historic actions to stabilize their economies. While the immediate crisis was eventually brought under control, the road to recovery was long and uneven. Reforms such as stronger banking regulations, improved oversight, and coordinated international responses have since been introduced. However, the crisis serves as a powerful reminder of the need for transparency, accountability, and vigilance in financial systems. Learning from 2008 is essential to avoid repeating the same mistakes in the future and to build a more stable and resilient global economy.

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