

Five Years after Financial Crash Banks and Finance Industry Not Better Prepared

Written by Australian Business



(PRLEAP.COM) New York – November 13, 2013 – Strategic Consulting Services (www.strategiccs.org), a New York firm providing client-focused financial consulting, sees that five years after the anniversary of the collapse of Lehman Brothers and shattered [confidence in global finance](#), the financial industry has not improved. While the banking industry is stronger than it was, critics and Strategic Consulting Services agree, regulations need to go further for real protection for American families.

Looking at the status of banks, lending, and the average American's wallet, there is still [cause for alarm](#)

. The bailouts and Troubled Asset Relief Program (TARP) have had uncertain benefits for the American economy at the cost of hundreds of billions in funds given to financial institutions. Of this, [only \\$8.6 billion](#) was directed at "troubled assets" of distressed homeowners. However, the 19 largest financial institutions benefited the most, receiving over \$160 billion. Looking back to see the results, just before the financial crisis, the assets of JP Morgan Chase & Co. were \$1.8 trillion and five years later have almost [doubled to \\$2.4 trillion](#).

On the positive side, now if large banks get into trouble there are rules to manage their liquidation to hopefully prevent a similar bailout from taxpayer funds. Banks are better capitalized and balance sheets of companies like Countrywide have been corrected. [Sheila Bair](#), the former head of the Federal Deposit Insurance Corp, says that, "For one thing, the Dodd-Frank financial reform bill put in place a mechanism to unravel big banks without government bailout ... I do believe this would insulate the broader economy from any problems from a large bank failure and impose the losses where they belong - on the shareholders and creditors of that large financial institution, not on taxpayers or other members of the industry." However as 2013 continues, the provisions of Dodd-Frank still have not been finalized and progress on the bill's details are uncertain. "So I would have to really kind of give reform a mediocre grade. That's not to say nothing has been done. There have been some significant changes, but not nearly what we need," Bair says.

Looking at the average American the story is different five years later. [Associated Press analysis](#) of households in the 10 biggest economies shows families spend more cautiously, have pulled hundreds of

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billions of dollars out of stocks, cut borrowing, and poured money into savings with smaller interest payments. After adjusting for inflation, Americans increased their spending in the five years after the crisis at one-quarter the rate before the crisis, according to PricewaterhouseCoopers. "More than what laws have been passed and how banks are different, five years after the collapse of Lehman Brothers and the financial market crash the real impact is on the average consumer's wallet and mindset. This generation is now distrustful of banks and faceless financial organizations that make billions of profit while still foreclosing homes, often unnecessarily. This is changing how Americans' spend, save, apply for credit, payoff debts, and invest for the future." said Ben Kittle, Senior Financial Consultant at Strategic Consulting Services.

About Strategic Consulting Services Strategic Consulting Services is a financial services firm with teams specialized in Debt Management, Mortgages and Business Services. With a comprehensive client-focused approach, the Company provides assessments looking beyond immediate financial issues to help clients build greater financial strength with smart habits and choices. Since 2007, Strategic Consulting Services has helped individuals and small businesses create savings plans, reduce debt, and make wiser spending choices. For more information visit www.strategiccs.org .