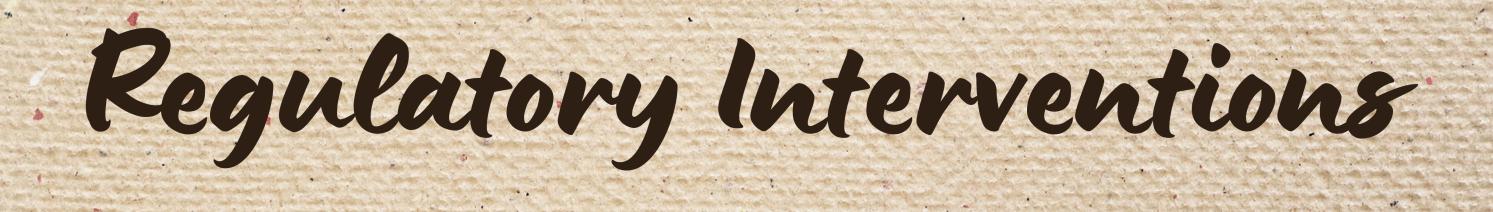


Introduction

Mortgage based securities (MBS) are the core of the entire global financial system because they turn hither-to-non tradable assets such as mortgages into tradable instruments. Unexpected shock in the form of the COVID-19 pandemic became the major disruptor in development of theias MBS market, thus revealing its fragilities and pushing stakeholders into context of fluctuating environments.

Impact

The outbreak impacted the global economy and affected a number of people's employment, and also the volume of mortgage delinquencies rose. As a result, MBS was exposed to higher risk since borrowers were increasingly in a position to default on their payments.



Governments initiated compensations to the effect of stimulus measures such as, mortgage relief programs to assist the borrowers as well as maintain market stability.

Conclusion

The financial devastation caused by COVID-19 has once again proved that the financial system is very much dependent on the MBS market and hence the need to ensure that it is more resilient. This work comprises ideas on what such disrupted stakeholders are learning and how they may engage in preparing for future incidents.

Resource

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