Global Financial Crisis: The Role of Export, Competition and Finance

Moushakhi Ray[*]

Assistant Professor, Siliguri College, India

[*]**Corresponding Author**

ABSTRACT

The Global Financial Crisis (GFC) was a temporal phenomenon of intense turmoil in international financial markets and banking systems, spanning from mid-2007 to early 2009. The crisis was sparked by the collapse of the U.S. housing bubble and the massive failure of subprime mortgage loans. Due to the extensive interconnections of the global financial system, it rapidly spread beyond the United States, resulting in a worldwide economic meltdown that had lasting impacts on economies, employment, and financial regulations. In this background, this paper presents a theoretical framework to study the significant role of foreign direct investment and export in limiting the impact of global financial crisis. The study further reinforces its theoretical findings through comprehensive empirical investigation of the crisis-impacted economies. The theoretical model is based on Cobb-Douglas function with market capitalization of listed domestic companies as dependent variable and foreign direct investment and competition-augmented export as independent variables. The findings of the study strongly determine the positive influence of FDI and export on financial crisis. However, the theoretical framework in the present paper also helps in determining the critical values of FDI and export at which global financial crisis is minimized. The paper thus provides directions for reviving the economies from the grips of financial distress by adopting FDI and export driven policies.

Keywords: Global Financial Crisis, Foreign Direct Investment, Export, Industrial Performance

JEL Classification: G0, A1

1. INTRODUCTION

Since the early 1980s, many countries around the world have been experiencing financial crises of varying severity. These include the savings and loan crisis in the United States during the 1980s, the global stock market crash of 1987, the Mexican peso crisis (Tequila Crisis) in 1994, the Asian financial crisis of 1997–1998, and most notably, the global financial crisis of 2008. Each of these events significantly impacted global economies and financial markets, exposing vulnerabilities in financial systems that led to the collapse of many large financial institutions. As rightly pointed out by Reinhart and Rogoff (2009), "financial crises are an equal opportunity menace." From the available we can infer that financial crises may originate from domestic or external sources, and within the domestic domain, from the private or the public sector. Their variation is marked widely in terms of form and severity, which, more often than not, evolves over time and, sometimes, transform themselves into altogether different types of crises. Thanks to the global interconnection of the economic system, financial crises often spread rapidly across borders. Addressing them typically requires swift and comprehensive policy interventions, significant reforms in financial and fiscal policies, and, in many cases, coordinated international responses. In this context, the present paper attempts to study the relationship between financial crisis, on the one hand, and foreign direct investment and export, on the other, that are the main conduit for the spread of those crises. Such a viewpoint of investigation provides a new dimension to the

research on financial crisis by suggesting policy options for countries to get rid of the crisis. Indeed, a financial crisis is often a complex amalgamation of events, including sharp fluctuations in credit volumes and asset

prices, severe disruptions in financial intermediation—particularly in the availability of external financing—widespread balance sheet deterioration, which always call for substantive government intervention and proper support. It should be noted that although financial crises can be triggered by a variety of factors, they are often preceded by asset and credit booms that ultimately turn into busts. However, the present paper provides an in-depth analysis of financial crisis by primarily focusing on the prominent role of foreign direct investment and export.

The Global Financial Crisis (GFC) — commonly referred to as the 2008 financial crisis — was characterized by major upheaval in global financial and banking sectors. It was triggered by the collapse of the U.S. housing bubble and the widespread failure of subprime mortgage loans. The crisis quickly spread beyond the United States due to the deep interconnections within the global financial system, leading to a worldwide economic downturn with long-lasting effects on economies, employment, and financial regulation. Many banks around the world suffered massive losses and had to rely on government bailouts to avoid bankruptcy. The 2007–2009 Global Financial Crisis served as a painful reminder of the complex and far-reaching nature of financial crises. It affected both large and small nations, as well as wealthy and developing countries alike. Mohan (2009) thus underlined that extensive efforts have been made to examine and understand the causes of the 2007–2009 crisis. He identified that the roots of the Global Financial Crisis can be traced back to an overly accommodative monetary policy that the United States adopted during 2002–2004. Again, Portes (2009) highlighted global macroeconomic imbalances as a major underlying cause of the crisis. These imbalances, interacting with structural flaws in financial markets, gave rise to the specific characteristics and dynamics that defined the Global Financial Crisis. However, during this period of crisis, Foreign direct investment (FDI) played a complex, yet important, role in mitigating some negative effects, stabilizing certain sectors, and signalling global investor confidence. Indeed, FDI served as a cushion during the crisis, and also a catalyst for recovery. Despite reduced flows, foreign investors helped stabilize financial institutions, restore confidence, and inject capital into the economy at a critical time. Evidence shows that, in the U.S, FDI played a strategic role in the broader effort to manage the global financial crisis and to recover therefrom. As to the role of export during the Global Financial Crisis, we find that it acted primarily as a conduit of external shocks to the U.S. economy, amplifying the downturn due to falling global demand. However, in the post-crisis recovery phase, export became a key engine of growth, supported by a depreciated dollar and policy initiatives. The study relating to the impact of these crucial parameters, that is, FDI and export, on Global Financial Crisis will thus provide guidelines for economies to survive any looming crisis. This is the novelty that this paper claims.

In recent years, there has been a surge in research on the causes and dynamics of financial crises. One of the key questions in this area is whether the crises are triggered by fundamentals of the concerned economy, or else, those are simply a result of panic that may prevail for one reason or the other. Observing real-world financial collapses, several prominent scholars — including Friedman and Schwartz (1963) and Kindleberger (1978)—have argued that financial crises are often so sudden and severe that an element of panic must have been involved there. The panic-based approach was formalized in theoretical models by Bryant (1980) and Diamond and Dybvig (1983). The Diamond–Dybvig model identified that investors who fear that others will withdraw their funds from a bank, rush to do the same, depleting thereby the bank's capital and leading to a bank run. This behaviour creates strategic complementarities, where each investor's optimal action depends on the expectations about the behaviour of others. The result that follows represents multiple equilibria, that is, the one in which all investors withdraw, and another in which none of the investors withdraw. Diamond–Dybvig thus concluded that crises in this framework are self-fulfilling and cannot be directly linked to changes in economic fundamentals. The role of expectation is also quite prominent in context of exchange rate in export market. The impact of export on the financial status of the economy has been very aptly highlighted in the current paper. In contrast to the panic approach, the fundamentals-based (or information-based) view attributes crises to underlying weaknesses in the economy or financial system. This perspective has been modelled by Chari and Jagannathan (1988), Jacklin and Bhattacharya (1988), and Allen and Gale (1998). The core idea is that poor fundamentals—or negative information about the economy —can weaken banks' balance sheets,

prompting rational investors to withdraw their funds, thereby triggering a run. In this connection, Krugman acknowledged that the fundamentalist view could not adequately explain the Asian Financial Crisis of the late 1990s. In 1999, Krugman proposed a model based on self-fulfilling beliefs and multiple equilibria, thereby aligning more closely with the panic-based perspective.

Financial crisis has also been perceived from the dimensions of currency crisis and banking crisis by several researchers. According to Krugman (1979), financial crises can be an inevitable consequence of a government pursuing a fiscal policy that is inconsistent with its exchange rate regime. Again, Obstfeld (1996) identified that if enough speculators attack a currency, they can undermine the government's ability to maintain a fixed exchange rate, ultimately triggering a collapse and thereby resulting in currency crisis. Obstfeld´s model thus presents currency crisis as self-fulfilling. A seminal empirical contribution to the study of banking crises is found in Gorton (1988), who investigated the U.S. national banking era from 1863 to 1914. He provided early evidence linking banking crises to economic fundamentals. His findings showed that crises emerged when depositors responded to heightened perceived risk, particularly when key recession-related indicators—such as the liabilities of failed firms—reached critical thresholds. As these risks rose, depositors began to view bank deposits (which were often claims on firms) as unsafe and initiated early withdrawals, leading to aggregate bank runs. Historically, banking crises and currency crises were treated as distinct phenomena. However, an important consequence of financial globalization has been the increasing interdependence between these two phenomena. This dynamic, often referred to as twin crises, was documented by Kaminsky and Reinhart (1999). They identified a vicious circle in which banking and currency crises reinforce one another. In the wake of widespread financial liberalization during the 1980s, the link between these two types of crises intensified. In most cases, a banking crisis led to a weakening of the domestic currency, resulting in a currency crisis. It is notable in this context that although the weakening of currency hinders the flow of FDI, the limited capital flows cushion the economy from the shocks of financial crisis. Additionally, a weakened currency promotes export in the recovery phase and supports a crisis ridden country. These aspects are related to the present paper where the significant role of foreign direct investment and export in recovering an economy from crisis has been focused in a very pertinent way, contrary to the existing studies.

However, the studies in this field also explores the relationship between financial crisis on the one hand, and foreign direct investment and stock market on the other. The role of economic growth has also been analysed by some authors in this context. The papers by Mamta (2011), Dornean, Isan, and Oanea (2012), Atajanov and Yi (2023), and Saleh (2023) addressed the issue of foreign direct investment. Mamta (2011) analysed the flow of foreign direct investment (FDI) into the real estate sector in India and examined the impact of the global recession on these inflows, alongside the Reserve Bank of India's (RBI) initiatives to attract more FDI into the sector. The study observed that FDI inflows into various sectors in India, including housing, remained resilient despite a decline in GDP growth. The paper focused on FDI in real estate from 2005 onward, relying on secondary data. In a broader context, Atajanov and Yi (2023) investigated the impact of FDI and exports on economic growth using panel data regression and a dataset covering 1997–2020. Their empirical analysis highlighted the importance of both variables in driving growth. Similarly, Dornean, Isan, and Oanea (2012) explored the relationship between the global financial crisis and FDI flows in Central and Eastern European EU member states. Their findings indicated that economic growth significantly influences FDI levels. Complementing these empirical studies, Saleh (2023) conducted a literature review on the impact of economic and financial crises on FDI. His paper identified two main types of crisis-related effects on FDI: indirect (macro-level) and direct (micro-level). Furthermore, it categorized the behavioral responses of multinational enterprises (MNEs) during crises into three types: escape, defensive, and risky strategies. However, the issue of financial crisis and stock market has been addressed by Sharma and Seth (2011), Sakthivel, VeeraKumar, Govindarajan, and Anand (2014), Thalassinos, Pintea, Iulia (2015), and Nguyen and Minh (2025). Sharma and Seth (2011) investigated the effect of the financial crisis on stock market efficiency in emerging markets, focusing on India. Drawing on a decade's data from the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), their empirical findings suggested that the recent financial crisis had only a limited impact on the behaviour of Indian stock markets. Similarly, Sakthivel, VeeraKumar, Govindarajan, and Anand (2014) examined the global financial crisis and its impact on stock market volatility using the GJR-GARCH model. The primary objective of the paper by Thalassinos, Pintea, Iulia (2015) is to analyse the performance of

stock market indicators during the recent financial crisis across several countries. Using a sample of ten selected countries, the study conducted an empirical examination of key indicators—including market capitalization, turnover, share price indices, and other measures that capture the overall performance of capital markets. This analysis offered a chronological account of how the crisis unfolded in each market. In a related study, Nguyen (2025) investigated the determinants of market capitalization among listed companies in an emerging economy. Using the system generalized method of moments (GMM) on a dataset comprising 7,608 observations from 687 Vietnamese listed firms, the study finds that both internal and external factors significantly influenced market capitalization. Specifically, intellectual capital, sales growth, profitability, leverage, and crisis periods were positively associated with market capitalization, while foreign direct investment, inflation, and gross domestic product had a negative effect. This research contributed to the literature by jointly analysing the impacts of financial crises and the COVID-19 pandemic—an approach not previously explored. Specifically, the study underscored the pivotal role of intellectual capital in enhancing market capitalization, even during periods of economic turbulence. Alshubiri (2021) investigated the nexus between stock market capitalization and financial growth in Western European countries over the period 1989–2018. His study aimed at exploring the interactive relationship between stock markets and economic performance, specifically identifying the financial market channels through which economic growth was facilitated. Complementing this perspective, McKibbin and Stoeckel (2009) modelled the global financial crisis as a combination of shocks to housing markets and sharp increases in risk premia for firms, households, and international investors, using a dynamic stochastic general equilibrium (DSGE) global model. Their analysis demonstrated that financial market shocks could explain the severe contraction in global trade and production that were observed in 2009. Specifically, the distinction between durable and non-durable goods production and trade was crucial in understanding why global trade contracted more sharply than GDP during the crisis. The prediction of financial crisis has been studied in detail by Cavdar & Aydin (2015). Their paper discusses the pivotal role of asymmetric information in financial crisis. It is to be noted here that unlike these studies in the literature, this paper distinctively attempts to address the issue of financial crisis in economies on the basis of factors such as FDI and export. This is a relevant area but less explored in the existing research.

The rest of the paper is organized as follows. Section 2 develops a theoretical model to capture the effect of foreign direct investment and export on global financial crisis. Section 3 empirically validates the relationship between foreign direct investment and export on the one hand and global financial crisis on the other. It thus provides directions for policy formulations to revive an economy from a state of financial crisis. Section 4 concludes.

2. Theoretical Model

We consider below a mathematical framework to represent the effect of foreign direct investment and export on global financial crisis in an economy. The objective of an economy that this model considers is to minimize the impact of financial crisis whenever it arises. Hence, we seek to minimize crisis represented by equation (1) subject to the constraint given in equation (2). Equation (2) basically represents the equality between total assets and total liabilities. The following model thus attempts to highlight the significant role of FDI and export in limiting the effect of crisis.

$$GF = E^{\alpha} f^{\beta} \dots \dots \dots (1)$$

$$F = E + f \dots \dots \dots \dots \dots (2)$$

The coefficient on the right-hand side of equation (1), that is, coefficient (A) represents technological progress. In this model we have normalized it to 1 (that is, A=1), to avoid the effect of technological progress in our discussion. Note that Export (E) is defined here as the product of the degree of market competition (C) and the value of export (e). That is, E=C*e. ´E´ thus represents competition-augmented export. Indeed, the value of

export is positively dependent on the degree of market competitiveness. Thus, the variable competition augmented export (E) represents a joint effect of ′market competitiveness′ and ′value of export ′. Here, ′f′ represents foreign direct investment. It should be noted that the variables ′E′ and ′f′ in equation (1) are expressed in a negative sense — thus the higher value of E indicates the fall in the competition-augmented export (E), and higher value of foreign direct investment (f) stands for lower foreign direct investment. In equation (2), the variable ′F′ is a constant and represents the total asset or finance of the country.

However, the Lagrange is formed in equation (3) and the first order conditions are derived in equations (4), (5) and (6) respectively as follows:

$$L = E^\alpha f^\beta + \lambda(F - E - f) \ldots\ldots\ldots (3)$$

$$\frac{dL}{dE} = \alpha E^{\alpha-1} f^\beta - \lambda = 0 \ldots\ldots\ldots\ldots (4)$$

$$\frac{dL}{df} = \beta f^{\beta-1} E^\alpha - \lambda = 0 \ldots\ldots\ldots\ldots. (5)$$

$$\frac{dL}{d\lambda} = F - E - f = 0 \ldots\ldots\ldots\ldots\ldots\ldots. (6)$$

$$E = F - f \ldots\ldots\ldots\ldots. (7)$$

Equating equations (4) and (5) we get

$$\alpha E^{\alpha-1} f^\beta = \beta f^{\beta-1} E^\alpha \ldots\ldots.. (8)$$

$$f = \frac{\beta}{\alpha} E \ldots\ldots. (9)$$

Substituting the value of ′E′ from equation (7) gives the following

$$f = \frac{\beta}{\alpha} F - \frac{\beta}{\alpha} f \ldots\ldots (10)$$

$$f = \left(\frac{\beta}{\alpha + \beta}\right) F \ldots\ldots (11)$$

Equation (11) presents the value of ´f´ at which global financial crisis is minimized. Now, from equation (7) and (11) we get,

$$E = F - f$$

$$E = \frac{(\alpha + \beta - 1)f}{\beta} \ldots \ldots \ldots (12)$$

Substituting the value of ´f´ in equation (7), we can conclude that, at the given value of ´f´ in equation (11),

global financial crisis is minimized when $E = \frac{(\alpha + \beta - 1)f}{\beta}$

In equation (11), assuming the presence of constant returns to scale, that is, α+β= 1,

$$f = \beta F \ldots \ldots \ldots . (13)$$

Here, β implies the elasticity of global financial crisis with respect to foreign direct investment (f). Note that, equation (1) signifies a direct relationship between the variables f and E (that is, foreign direct investment and export both in declining sense) on the one hand, and Global financial crisis on the other. Therefore, the effect of foreign direct investment on financial crisis is dependent on the value of β, which is the elasticity of financial crisis with respect to ´f´. In case, β >1 (i.e., elastic) and if lack of foreign direct investment (f) falls, or in other words foreign investment increases, then global financial crisis decreases. This represents an improvement in the scenario of crisis. Interestingly, the rate of improvement is high due to higher elasticity (that is, elastic β). However, if β <1 (i.e., inelastic) then at a higher level of foreign investment, the situation of financial crisis improves, but at a lower rate. Consequently, when β=1 (i.e., unit elastic) the rate of improvement in the level of foreign direct investment and the abatement of financial crisis are equal. Similarly, equation (1) indicates that α is the elasticity of global financial crisis with respect to the variable ´E´. Therefore, the effect of export on global financial crisis depends on the value of α. A fall in the lack of export

(E), which represents an improvement in the level of export, will result to an improvement in the scenario of financial crisis. However, the rate of improvement in crisis is solely dependent on the value of α (given the values of f and β).

The theoretical model hence explains the positive impact of foreign direct investment and export on financial crisis and corroborates the role of the concept of elasticity in this domain.

3. Empirical Study

The present study tries to empirically validate the theoretical framework, thereby establishing a significant relationship between foreign direct investment, export and global financial crisis specifically in crisis inflicted countries. The paper uses data on market capitalization of listed domestic companies, foreign direct investment, export and competitive industrial performance (CIP) of nine countries (notably, USA, Spain, Greece, Romania, Japan, Portugal, Italy, Argentina and Brazil) for nineteen years from 2000 through 2018.

World Bank database is used in this case. Additionally, the data of CIP score is collected from United Nations Industrial Development Organization (UNIDO)[1].It should be noted here that the selected countries represent those which had been severely affected by the global financial crisis. However, the countries like Brazil and Japan encountered a delayed impact of the crisis. Although these countries seemed insulated in the beginning and their financial system initially appeared relatively resilient, but, in the later phase, they were exposed to the vulnerabilities of crisis. Moreover, it should be noted that the effects of a financial crisis often emerge well before its official pronouncement and persist long after it ends. In this context, the period from 2000 to 2018 has been selected to capture the full range of its impact. The paper uses market capitalization of listed domestic companies as a representative of global financial crisis, which is considered as the dependent variable. Foreign direct investment and competition-augmented export are considered as the independent variables. The model is formulated below.

Global Financial Crisis

$$= \alpha + \beta * foreign\ direct\ investment + \gamma * competition\ augmented\ \text{export} + \epsilon$$

where, ϵ being the disturbance term. As discussed above, competition-augmented export is defined as the product of Competitive Industrial Performance (CIP) and the Value of Export. Specifically, CIP reflects the competitiveness in the global market, that is, the export competitiveness of countries. Thus, in reference to the prior explanations, the variables CIP and value of export are treated as a joint variable to extract the actual effect of competition-augmented export. This study conducts fixed effect panel regression in Stata which corrects for heteroskedasticity and autocorrelation. The result of the Hausman test suggests the relevance of fixed effect regression in the proposed model. Our empirical findings show the value of F-statistic which is significant at more than 99 percent. This implies that the model is statistically significant and is a good fit. This result also suggests that the predictors that are used in the model are significantly related to the outcome variable. Furthermore, the coefficients of the independent variables, that is, foreign direct investment and competition-augmented export, are significant at more than 99 percent. This empirical exercise demonstrates positive coefficients of foreign direct investment and export. From the FDI's estimated coefficient, we infer that an increase in FDI would improve market capitalization of listed domestic companies by 14.0009 US\$. Similarly, an increase in competition-augmented export should improve market capitalization by 16.7755 US\$[2]. It underlines that competition-augmented export appears more important than FDI in so far as market capitalization is concerned. This paper, therefore, ascertains that an increase in foreign direct investment and competition-augmented export would necessarily help a country to come out of financial crisis. Accordingly, the policy recommendations that follow are that governments should enhance FDI inflows and boost export earnings to enable the economies to recover from the adverse effects of financial crises.

In addition to the above empirical exercise, the paper also undertakes the estimation of transcendental logarithmic (translog) function, which is an extended version of Cobb-Douglas function[3]. The main objective for using this form of function is that it represents variable returns to scale thereby removing the assumption of constant returns to scale underlying the Cobb-Douglas function. The form of the equation to be estimated is represented below.

$\ln(Global\ Financial\ Crisis)$

$$= \alpha_1 \ln(foreign\ direct\ investment) + \alpha_2 \ln(competition\ augmented\ export)$$

$$+ \alpha_{11} \ln(foreign\ direct\ investment)^2 + \alpha_{22} ln(competition\ augmented\ export)^2 + \alpha_{12}(\ln(foreign\ direct\ investment) * \ln(competition\ augmented\ export)) + \epsilon$$

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[1] See Appendix: A

[2] See Appendix: B

[3] Under specific assumptions, the translog function can be converted into CES function which can further be converted into Cobb-Douglas function.

Where ϵ is the disturbance term.

The estimation is based on Panel Regression under random effect model. The constant term is suppressed with a view to explaining the dependent variable entirely by the independent ones. The same set of data and variables as earlier are used in this estimation.

The estimation yields the value of Wald Chi-square statistic at 12495.92 which is significant at more than 99 percent. This signifies that the estimated relationship is highly significant. Among the estimated independent variables only competition-augmented export and FDI (in squared form) assume significant values in terms of their t-statistic. Since the coefficients in this function represent elasticity, we infer that the elasticities of market capitalization of listed domestic companies with respect to competition-augmented export and FDI (in squared form) are 1.716 and 0.038 respectively, indicating that the former variable is more important than the latter for augmenting market capitalization[4]. These follow the results of our previous exercise where also we find competition-augmented export to be more important than FDI.

4. CONCLUSION

In conclusion, we note that financial crises stem from intricate combinations of events, such as abrupt changes in credit volumes, asset price collapses, and disruptions in financial intermediation. The Global Financial Crisis that took place during 2007–2009 had far-flung consequences across the world's banking and financial systems. Its impact was so extensive that it did not spare either advanced or developing economies, large or small nations. The Global Financial Crisis revealed the vulnerability of economies highly dependent on foreign direct investment and export. The sharp fall in FDI curtailed capital flows, technology transfer, and investment, while the collapse in export reduced global demand, creating a reinforcing downturn. In this milieu, the present study develops and calibrates a theoretical model based on Cobb-Douglas function with market capitalization of listed domestic companies as dependent variable and foreign direct investment and competition-augmented export as independent variables. The model generates the following conclusions: (1) The effect of foreign direct investment on financial crisis depends on the elasticity of financial crisis in respect of FDI, that is, β. An improvement in FDI recovers an economy from the state of crisis at a higher or lower rate depending on the case of elastic or inelastic β respectively; and (2) the impact of competition-augmented export on global financial crisis depends on the elasticity of financial crisis in respect of competition-augmented export, that is, α. The model ascertains a positive relationship between export and financial crisis. However, the theoretical framework also helps in determining the critical values of FDI and export at which global financial crisis is minimized. To verify the theoretical conclusions, a comprehensive empirical exercise has been undertaken on the basis of the World Bank data for nine countries during 2000-18 concerning market capitalization of listed domestic companies, foreign direct investment, export and competitive industrial performance (CIP). UNIDO's scores of CIP have been used in this case. The empirical findings highlight: (1) An increase in FDI would improve market capitalization of listed domestic companies by 14.0009 US$; and (2) An increase in competition-augmented export improves market capitalization by 16.7755 US$. The results are highly significant and subsequently determine the positive influence of FDI and export on financial crisis. The paper also uses transcendental logarithmic (translog) function in estimation which yields similar result. Thus, both theoretically and empirically, this study underscores the crucial importance of FDI and export in sailing through an economy's financial distress, thereby providing policy recommendations for reviving the economies in this regard.

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[4] See Appendix: C

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APPENDIX: A

Year wise and Country wise Data on the Factors Affecting Global Financial Crisis

Year	Countries	Mkt Capitalization	FDI	Export	CIP
2000	US	1.51078E+13	3.49125E+11	1.09611E+12	0.54
2001	US	1.39837E+13	1.72496E+11	1.02681E+12	0.52
2002	US	1.10544E+13	1.11055E+11	9.97979E+11	0.5
2003	US	1.42663E+13	1.17106E+11	1.03517E+12	0.49
2004	US	1.63237E+13	2.13641E+11	1.17636E+12	0.47
2005	US	1.70009E+13	1.42344E+11	1.30158E+12	0.47
2006	US	1.9569E+13	2.98463E+11	1.47017E+12	0.49
2007	US	1.99223E+13	3.46613E+11	1.6593E+12	0.48
2008	US	1.15903E+13	3.41092E+11	1.83528E+12	0.48
2009	US	1.50773E+13	1.61083E+11	1.58277E+12	0.45
2010	US	1.72835E+13	2.64039E+11	1.85725E+12	0.45
2011	US	1.56407E+13	2.63497E+11	2.11586E+12	0.43
2012	US	1.86683E+13	2.50345E+11	2.2177E+12	0.42
2013	US	2.40349E+13	2.88131E+11	2.28792E+12	0.42
2014	US	2.63306E+13	2.51856E+11	2.37855E+12	0.41
2015	US	2.50675E+13	5.11434E+1 1	2.27062E+12	0.39
2016	US	2.73522E+13	4.74388E+11	2.23556E+12	0.38
2017	US	3.21207E+13	3.80823E+11	2.38826E+12	0.38
2018	US	3.04363E+13	2.14715E+11	2.53809E+12	0.36

2000	Spain	5.04219E+11	40509751188	1.70991E+11	0.23
2001	Spain	4.68203E+11	28909416991	1.7501E+11	0.23
2002	Spain	4.61559E+11	39359708554	1.88324E+11	0.23
2003	Spain	7.26243E+11	30744905691	2.3258E+11	0.24
2004	Spain	9.40673E+11	25268192651	2.71611E+1 1	0.24
2005	Spain	9.5991E+11	27007774843	2.87981E+11	0.23
2006	Spain	1.32292E+12	32927841460	3.17777E+11	0.23
2007	Spain	1.79983E+12	68229666915	3.82818E+11	0.22
2008	Spain	9.48352E+11	74088629877	4.17992E+11	0.22
2009	Spain	1.43454E+12	9549813317	3.43997E+11	0.22
2010	Spain	1.17162E+12	36609340306	3.68818E+11	0.21
2011	Spain	1.03099E+12	26832032515	4.37173E+11	0.2
2012	Spain	9.95088E+11	20848479096	4.16598E+11	0.19
2013	Spain	1.11656E+12	47143326585	4.46191E+11	0.19
2014	Spain	9.92914E+11	31972292815	4.58508E+11	0.19
2015	Spain	7.87192E+11	23777330434	4.01637E+11	0.18
2016	Spain	7.04551E+11	44962670966	4.17368E+11	0.18
2017	Spain	8.88838E+11	33577736759	4.61297E+11	0.18
2018	Spain	7.23691E+11	63958429157	4.99283E+11	0.18
2000	Greece		-8195469.288	30196597914	0.07
2001	Greece	84752030000	2001266.562	30582572464	0.07
2002	Greece	67061460000	34180546.54	30626385965	0.08

2003	Greece	1.06644E+11	1408086699	37167664772	0.08
2004	Greece	1.25242E+11	2147927927	48427679624	0.08
2005	Greece	1.45121E+11	688484256. 6	50868190128	0.08
2006	Greece	2.00696E+11	5411403362	55899928858	0.08
2007	Greece	2.64961E+11	1957124444	68338676372	0.08
2008	Greece	90200000000	5733447473	80002280548	0.08
2009	Greece	1.12632E+11	2766296835	61214696316	0.08
2010	Greece	67586420000	532926980. 5	64408094875	0.07
2011	Greece	33778890000	1092191388	71678237429	0.07
2012	Greece	44876550000	1662090330	69182280281	0.07
2013	Greece	82594240000	2945271845	71740917593	0.07
2014	Greece	55154270000	2697339246	76056348405	0.06
2015	Greece	42079580000	1268938506	62624189486	0.06
2016	Greece	37163048981	2698544612	60206533537	0.06
2017	Greece	50605060000	3439131880	69691186311	0.06
2018	Greece	38370850000	4025447789	82399436957	0.06
2000	Romania	363790000	1037000000	8042666726	0.06
2001	Romania	1103100000	1157000000	8929729715	0.07
2002	Romania	2489000000	1144000000	11061722688	0.07
2003	Romania	3403000000	1844000000	13996506634	0.08
2004	Romania	10964000000	6443000000	19301170435	0.09
2005	Romania	15857840000	6498650463	24155999359	0.09

2006	Romania	25234970000	11006614842	30226776025	0.09
2007	Romania	30642040000	10103086514	43142335692	0.09
2008	Romania	15149440000	13667824245	56055402885	0.1
2009	Romania	13072970000	4637684880	45307699245	0.11
2010	Romania	14200970000	3213737652	53811070204	0.11
2011	Romania	14023920000	2370097223	67874157648	0.11
2012	Romania		3047569714	63959863906	0.1
2013	Romania	24574280000	3854819398	76385138211	0.1
2014	Romania	22386840000	3869197075	82838251211	0.1
2015	Romania	18539110000	4317731472	73554067275	0.1
2016	Romania	18072690000	6252035766	78593549490	0.1
2017	Romania	23621180000	5952909608	88964370565	0.11
2018	Romania	20853790000	7343560129	1.01031E+11	0.11
2000	Japan	3.15722E+12	10688168326	5.19864E+11	0.51
2001	Japan	2.26453E+12	4926033619	4.40831E+11	0.47
2002	Japan	2.0693E+12	11557373874	4.54067E+11	0.47
2003	Japan	2.9531E+12	8771535612	5.18204E+11	0.48
2004	Japan	3.55767E+12	7527948175	6.25647E+11	0.48
2005	Japan	4.5729E+12	5459618343	6.6751E+11	0.48
2006	Japan	4.61407E+12	-2396909736	7.205E+11	0.47
2007	Japan	4.33092E+12	21631204436	7.91799E+11	0.47
2008	Japan	3.1158E+12	24624845330	8.80164E+11	0.47

2009	Japan	3.30608E+12	12226471579	6.56932E+11	0.44
2010	Japan	3.82777E+12	7440979284	8.59167E+11	0.47
2011	Japan	3.32539E+12	-850717035.1	9.20914E+11	0.43
2012	Japan	3.47883E+12	546962692. 2	9.04147E+11	0.43
2013	Japan	4.54317E+12	10648441636	8.22722E+11	0.4
2014	Japan	4.37799E+12	19752249424	8.52991E+11	0.39
2015	Japan	4.89492E+12	5252218412	7.75052E+11	0.36
2016	Japan	4.9553E+12	40954181469	8.03489E+11	0.37
2017	Japan	6.22283E+12	18802251208	8.67405E+11	0.37
2018	Japan	5.29681E+12	25289367858	9.23235E+11	0.37
2000	Portugal	60680690000	7292581671	33452144656	0.12
2001	Portugal	46337810000	6113785654	33364915450	0.12
2002	Portugal	42845350000	587893729. 7	36493691735	0.12
2003	Portugal	58284740000	10354679114	45217764525	0.12
2004	Portugal	70240380000	2485161769	52396449477	0.12
2005	Portugal	66973400000	3367937007	53424570458	0.12
2006	Portugal	1.04187E+11	13394502768	63373039604	0.11
2007	Portugal	1.32239E+11	6014642427	75020812081	0.11
2008	Portugal	68876020000	7820637676	82346807429	0.11
2009	Portugal	98247200000	5752968835	66778989702	0.11
2010	Portugal	81996700000	8998318742	71598934533	0.11
2011	Portugal	61689890000	10397474492	84455064293	0.11

2012	Portugal	65519040000	15623883335	81685225652	0.1
2013	Portugal	79177900000	14590189382	89682537232	0.1
2014	Portugal	57774190000	12512849287	92457300369	0.1
2015	Portugal	59837190000	1264336593	80984130312	0.1
2016	Portugal	57255223905	7350311647	83254740237	0.1
2017	Portugal	75589628812	11088239862	94844484378	0.1
2018	Portugal	61933604857	8390559335	1.0574E+11	0.1
2000	Italy	7.68363E+11	13172981900	2.93867E+11	0.34
2001	Italy	5.27467E+11	14878086499	2.99586E+11	0.34
2002	Italy	4.77075E+11	17239360005	3.11627E+1 1	0.34
2003	Italy	6.14842E+11	19572886734	3.6762E+11	0.35
2004	Italy	7.89563E+11	20100742902	4.33748E+11	0.34
2005	Italy	7.98073E+11	36762073075	4.57142E+11	0.34
2006	Italy	1.0265E+12	56995485107	5.10266E+11	0.34
2007	Italy	1.07253E+12	65975535145	6.05528E+11	0.34
2008	Italy	5.22088E+11	-9501579210	6.46509E+11	0.33
2009	Italy	6.55848E+11	16607196345	4.9221E+11	0.31
2010	Italy	5.35059E+11	9930501391	5.34489E+11	0.31
2011	Italy	4.31486E+11	34465481830	6.12801E+11	0.3
2012	Italy	4.81827E+11	34901033.0 1	5.87109E+11	0.28
2013	Italy	6.15462E+11	19531411962	6.06724E+11	0.28
2014	Italy	5.87312E+11	17032744039	6.22038E+11	0.28

2015	Italy		13303439230	5.37834E+11	0.26
2016	Italy		25656663795	5.43464E+11	0.26
2017	Italy		8737024579	5.93973E+11	0.27
2018	Italy		44249715319	6.4691E+11	0.26
2000	Argentina	45839340000	10418314339	31223690400	0.08
2001	Argentina	33384000000	2166136830	31112418400	0.08
2002	Argentina	16571000000	2148910000	27736610298	0.08
2003	Argentina	34994620000	1652010000	33084505278	0.08
2004	Argentina	40593870000	4124710000	39266996606	0.08
2005	Argentina	47590300000	5265250000	46198180131	0.09
2006	Argentina	51240130000	5537347786	53550250227	0.09
2007	Argentina	57070160000	6473157762	65162321195	0.09
2008	Argentina	39850360000	9725553130	79762958392	0.1
2009	Argentina	45744930000	4017158925	65133480388	0.1
2010	Argentina	63909790000	11332718626	80208867996	0.1
2011	Argentina	43579790000	10839930945	97809980731	0.1
2012	Argentina	34254750000	15323933917	88655850854	0.09
2013	Argentina	53104790000	9821661858	80690471898	0.09
2014	Argentina	60142040000	5065335542	75818867911	0.08
2015	Argentina	56134630000	11758994011	63671789069	0.07
2016	Argentina	63601116144	3260164342	69842604407	0.07
2017	Argentina	1.0874E+11	11516861462	72860557903	0.07

2018	Argentina	45986050000	11716769819	75766598613	0.06
2000	Brazil	2.26152E+11	32994718700	66777380518	0.11
2001	Brazil	1.86238E+11	23225846372	69279555096	0.11
2002	Brazil	1.26762E+11	16586600193	72546876638	0.11
2003	Brazil	2.3456E+11	10123013671	84744257516	0.11
2004	Brazil	3.30347E+11	18161380460	1.10739E+11	0.11
2005	Brazil	4.74647E+11	15459981604	1.35919E+11	0.12
2006	Brazil	7.10247E+11	19418085598	1.59214E+11	0.12
2007	Brazil	1.36971E+12	44579492464	1.86203E+11	0.12
2008	Brazil	5.91966E+11	50716402711	2.29517E+11	0.12
2009	Brazil	1.33725E+12	31480931700	1.80892E+11	0.12
2010	Brazil	1.54557E+12	82389932468	2.40003E+11	0.12
2011	Brazil	1.22894E+12	1.02427E+11	3.03017E+11	0.12
2012	Brazil	1.22745E+12	92568388321	2.92808E+11	0.11
2013	Brazil	1.02046E+12	75211029129	2.90364E+11	0.11
2014	Brazil	8.43894E+11	87713983217	2.70458E+11	0.1
2015	Brazil	4.90534E+11	64738153494	2.32489E+11	0.09
2016	Brazil	7.58559E+11	74294627801	2.23863E+11	0.09
2017	Brazil	9.54715E+11	68885491315	2.58331E+11	0.09
2018	Brazil	9.16824E+11	78183840045	2.80543E+11	0.08

Source: World Bank Database

United Nations Industrial Development Organization (UNIDO), https://stat.unido.org/

APPENDIX: B

Regression Results of Linear Function

Particulars	Fixed Effect Regression
F-statistics (Significance level)	198.20 0.00001
Foreign Direct Investment Coefficient(Significance level of t- statistics)	14.00091 0.0001
Competition-augmented Export Coefficient(Significance level of t-statistics)	16.77545 0.0001
Constant Coefficient (Significance level of t-statistics)	-2.39e+11 0.540

APPENDIX: C

Regression Results of Translog Function

Particulars	Random Effect Regression
Wald Chi-square statistic (Significance level)	12495.92 0.0000
Foreign Direct Investment Coefficient (Significance level of t- statistics)	-0.6729091 0.108
109 Foreign Direct Investment (in squared form) Coefficient (Significance level of t-statistics)	0.0375565 0.004
Competition-augmented Export Coefficient (Significance level of t-statistics)	1.716001 0.000
Competition-augmented Export Coefficient (in squared form) (Significance level of t-statistics)	0.002559 0.906
Foreign Direct Investment Coefficient* Competition-augmented	-0.0375891
Export Coefficient	0.213