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Systemic Risk, Inflation and Growth: What Has the Pandemic Taught Us?

By: Steven C. Isberg, PhD, Senior Fellow, Credit Research Foundation

Overview

U.S. Treasury Secretary and former Chair of the Federal Reserve Board Janet Yellin recently admitted that she did not understand the causes of the exceedingly high inflation currently plaguing the U.S. economy. This shouldn't come as that big of a surprise given the fact that the economy is demonstrating signals that simply don't match up with mainline economists' understanding of how it works. As the stock market continues to decline and inflation fails to abate, the Federal Reserve is signaling additional interest rate increases. The Fed seems to be following an old rule: "if inflation, then increase interest rates." Just today (15 June) the Fed has announced an increase of 75 basis points, the largest single increase in rates since 1994.

The major flaw in that response lies in that very misunderstanding of the nature and causes of the current inflation. The traditional policy of raising interest rates in response to inflation assumes that the latter is present due to...

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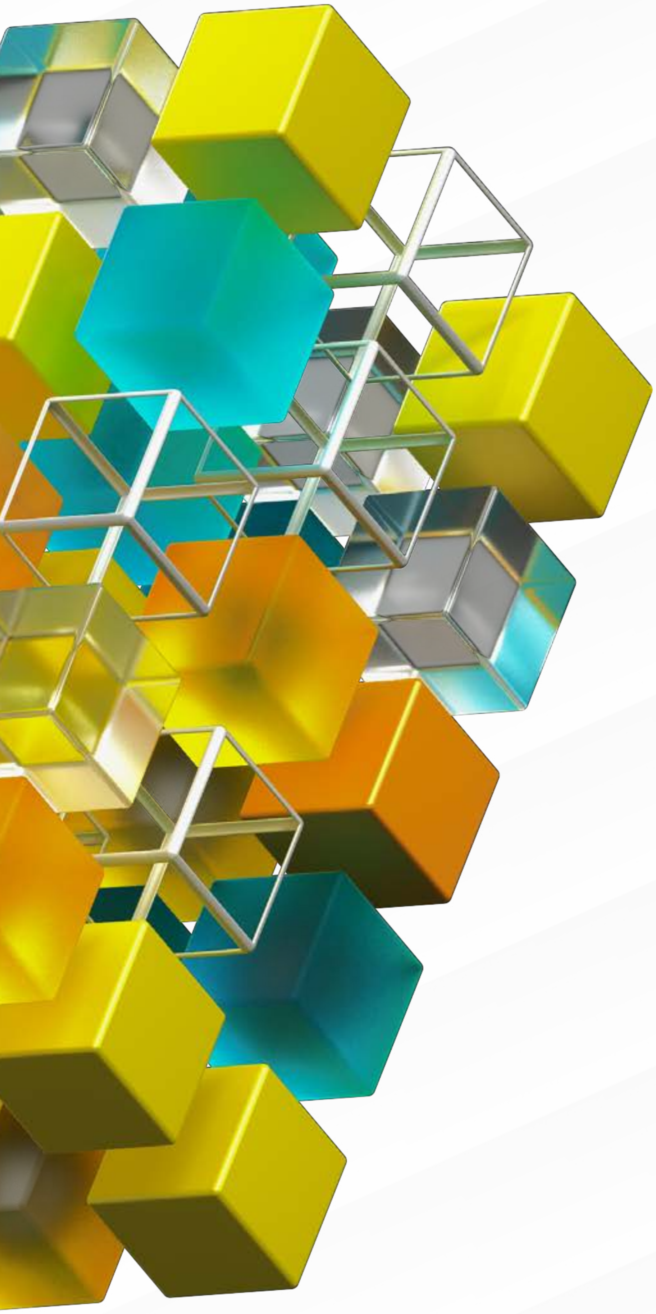
About the Author

Steven C. Isberg is the Chair of the Department of Accounting at Towson University and teaches graduate and undergraduate courses in corporate finance, financial analysis and valuation, and financial economic history. As Sr Research Fellow at the Credit Research Foundation he conducts various research studies and delivers online financial analysis courses as part of the CRF Online Classroom™ program. He has over 25 publications in academic and professional journals and has served as a professional business consultant to a variety of firms.



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Improving Control and Visibility: To Cloud or Not to Cloud?

Why it's no longer an either/or question for finance

By: Bart Parren, SVP Solution Transformation, Serrala

A short guide for finance teams to building an effective strategy with cloud solutions and achieving secure and flexible finance processes.

The future is in the cloud – as the significantly rising numbers of organizations using the cloud for their businesses show. Gartner, for example, has predicted that global public cloud services spending will reach $482 billion in 2022, compared to $313 billion in 2020. Meanwhile, on-premise enterprise resource planning (ERP) systems are the prime location for finance teams to store their sensitive financial data and will likely still play an important role in the years to come. So which IT strategy should finance teams pursue? What is the best way to more efficiency and visibility into corporate cash flows? Should they stay on-premise or plan to move fully to the cloud? Or is there a middle path that combines the best of both worlds in a hybrid model? If you are pondering the pros and cons of the different options and are looking for some best practice ideas for developing your IT strategy, this article might provide the guidance you're looking for.

Introduction

Finance and treasury teams have not always been the fastest when it comes to embracing the latest innovations in technology, including cloud solutions. And it makes sense, because they handle sensitive data and need to ensure that they are secure. But cloud finance solutions have matured considerably in recent years, and today the cloud is an attractive approach for companies everywhere. Large companies with over 2,000 employees are currently more advanced than small and medium-sized companies when it comes to developing cloud strategies, as the KPMG 2021 Cloud Monitor (Germany) reveals. The majority of large companies (53%) are pursuing a...

About the Author

Bart Parren is SVP Solution Transformation at Serrala. He joined Serrala in 2007, serving as director of product management and managing director for Europe. He has over 20 years of experience in treasury management, including project management, systems implementation, development and pre-sales and sales for treasury software solutions. Prior to Serrala, he was market manager and senior product manager for XRT in France and consultant for Beyers & Partners in Belgium. He graduated in econometrics from the University of Tilburg, and Japan Studies from Kokusai Kirisutokyou Daigaku in Tokyo.

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Why Someday Every Business Will Have a Digital Lockbox

By: Mitchell Rose, Senior Vice President & General Manager, Corporate Segment, Billtrust

How AR and AP professionals prefer to make and receive payments is shifting alongside the colossal growth of the B2B payments market. When the market was worth a fraction of what it is now, check was by far the preferred payment method. Now that roughly $120T in B2B payments are processed annually, demand for quick, easy and efficient digital payments experiences are becoming a necessity to ensure efficient financial operations. A natural evolution of this has been the introduction of digital lockboxes, an electronic address businesses use to receive payments via ACH, credit card or wire transfer.

I believe, someday soon, every business will have one because, just as physical lockboxes automate check processing, digital lockboxes automate electronic payments where remittances are typically received by email or via a portal. Given the volume of payments changing hands in the B2B space today – as well as the challenges threatening to slow down the movement of cash – it is imperative that AR and AP professionals are able to quickly and easily send and receive payments.

With that in mind, here's why digital lockboxes will soon become commonplace across the B2B landscape.

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About the Author

Mitchell Rose is Senior Vice President and General Manager, Corporate Segment at Billtrust, where he has worked with hundreds of businesses to help them automate their order-to-cash process. Before Billtrust, he held senior-level marketing positions with Coca-Cola, Mattel and Warner Lambert. Mitch holds an MBA from Columbia University in Marketing and a BS in Applied Economics from Cornell University.
He can be reached at mrose@billtrust.com.

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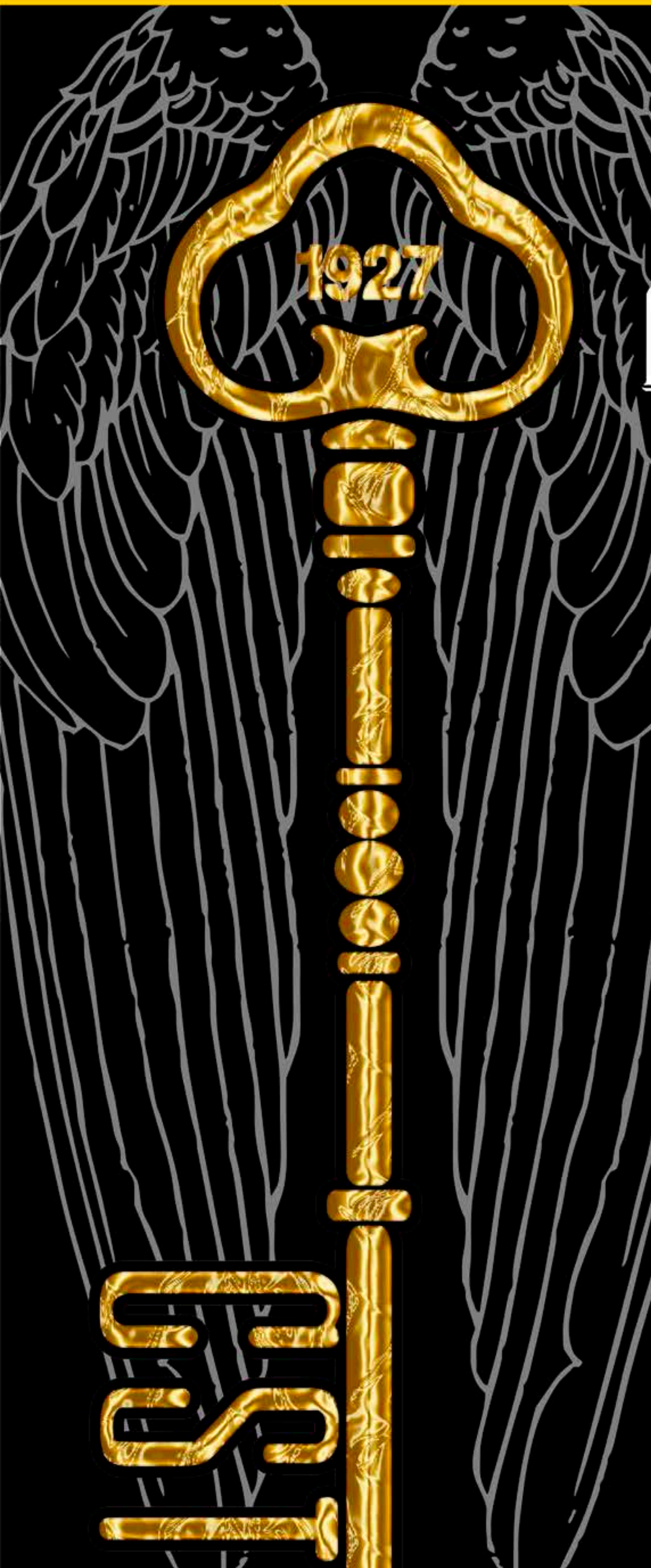

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Under Pressure: What Vendors Need to Know About Payment Pressure and its Potential Impact on Preference Liability

By: Jordana Renert and Keara Waldron, Lowenstein Sandler LLP

Vendors know too well the warning signs of a customer in distress: slower customer payments, delayed shipments, distress in financial reporting, and rumors that the customer is experiencing financial difficulty and may be headed for bankruptcy. Naturally, under these circumstances, a vendor's priorities shift to ensuring payment of outstanding balances and decreasing future financial exposure. However, where the customer's future involves bankruptcy, vendors should be aware of one countervailing concern: the potential for being sued for a "preference" after the bankruptcy case is filed. As it turns out, the efforts a creditor undertakes to mitigate its credit exposure in the days, weeks, and months prior to a bankruptcy filing may actually increase a creditor's eventual preference exposure.

Section 547 of the Bankruptcy Code permits a trustee or debtor-in-possession to avoid and recover from creditors' payments...

About the Authors

Jordana L. Renert is Partner in Lowenstein Sandler's Bankruptcy & Restructuring Department. Jordana's practice is devoted to helping clients navigate all aspects of financial restructuring by identifying and implementing innovative solutions and strategies aimed at maximizing recovery. She advises clients on all facets of complex Chapter 11 reorganizations, workout proceedings, and corporate trust matters and represents clients ranging from trade creditors, creditors' committees, and lenders to indenture trustees and agents.

Keara Waldron is Senior Counsel in Lowenstein Sandler's Bankruptcy & Restructuring Department. Keara's practice is focused on representing debtors, creditors' committees, and other parties in the context of complex Chapter 11 bankruptcies, as well as litigating adversary proceedings and other contested matters. Central in Keara's practice is the representation of trade creditors in avoidance action proceedings.


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Dealing With Rejection: Are Arbitration Clauses Enforceable After the Underlying Contract is Rejected in Bankruptcy?

*By: Gianfranco Finizio, Esq. and Kelly E. Moynihan, Esq., Kilpatrick Townsend & Stockton LLP**

**The views expressed herein are solely the view of the authors, Gianfranco Finizio, Esq. and Kelly E. Moynihan, Esq. and not necessarily the views of Kilpatrick Townsend & Stockton LLP. This article is provided for educational purposes and does not constitute legal advice.*

Arbitration provisions are material portions of a contract or purchase order that were bargained for by the parties and allow for a potentially cheaper and quicker resolution to contractual disputes as compared to protracted litigation in state or federal courts. However, what happens to an arbitration provision contained in a contract that was rejected by a contract counterparty that filed for bankruptcy? That is precisely the question that was addressed in a recent opinion from the United States Bankruptcy Court...

About the Authors

Gianfranco Finizio is a bankruptcy and financial restructuring partner in the New York office of Kilpatrick Townsend & Stockton LLP. He represents creditors' committees, indenture trustees, debtors, unsecured creditors, and other significant parties-in-interest in complex Chapter 11 reorganizations and other distressed situations.

Kelly E. Moynihan is a bankruptcy and financial restructuring associate in the New York office of Kilpatrick Townsend & Stockton LLP. She specializes in the representation of debtors, creditors' committees, indenture trustees, and other significant parties-in-interest in complex Chapter 11 reorganizations and other distressed situations.

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Timing is Everything

By: Kenneth A. Rosen, Esq.

"It can happen so fast
Or a little bit late
Timing is everything"

A song by Garrett Helmund from the movie "Country Strong" released in 2010

Some court decisions are worth re-reading despite their age. *Barnhill v. Johnson* (**503 U.S. 393 (1992)**) is one of those decisions. It has been cited 807 times!

The task of collecting a past due debt often becomes an exhausting exercise consisting of numerous phone calls, broken promises and never-ending negotiations. Many times, it becomes a situation of "get what you can while you can before it's too late to get anything". It is a shame if, after all your hard work, you end up having to repay to a bankruptcy estate money that you worked so hard to collect.

The *Barnhill v. Johnson* decision, issued by the Supreme Court, is one such case that reminds you that time really matters. If you think that your customer is on the verge of disaster, either...

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About the Author

Kenneth A. Rosen, Esq - Lowenstein Sandler Chair Emeritus, Bankruptcy & Restructuring Department with more than 35 years of proven experience, Ken is the first call for companies seeking a strategic plan for recovery from financial distress.

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