

Treasury Strategies Testifies on “*The Impact of Regulations on Short-Term Financing*” to the U.S. Congress

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Anthony Carfang, Managing Director of Treasury Strategies, a division of Novantas, Inc. testified today at the U.S. House of Representatives on “*The Impact of Regulations on Short-Term Financing.*” Treasury Strategies supports well-thought-out efforts to improve economic efficiency and to reduce the likelihood of another systemic failure.

Citing experiences of Treasury Strategies’ corporate clients, Carfang raised serious concerns about unintended consequences of the simultaneous implementation of Dodd-Frank, Basel III, Money Market Fund regulations:

- Impaired market liquidity
- Higher costs and less certainty for borrowers
- Reduced access to credit for businesses
- Reduced access to capital for state and local governments
- Reduced capacity for economic growth

Money Market Mutual Funds, a primary cash management tool for corporate treasurers is a case in point. Prime funds, a key funding source for corporations and banks, have declined **74% or \$1.04 trillion since the new rules were announced**. Tax exempt funds, a key funding source for municipalities, school districts and hospitals, have declined **51% or \$132 billion**. Almost all of the assets have moved into Government or Treasury Funds. This \$1.1 trillion movement of capital out of the private sector raises the cost of capital and limits credit available for America’s businesses and communities.

“Well-thought-out efforts to mitigate the adverse consequences of these regulations and restore the smooth flow of capital in the U.S. economy are essential,” noted Cathy Gregg, also a Treasury Strategies Managing Director.

Carfang summarized, “Recent financial regulations such as Dodd-Frank, Basel III, Money Market Fund regulations and many more, separately and in concert with each other, have **triggered regulatory and compliance cost burdens** that radiate through the economy. Ultimately, this is choking the U.S. economy and paralyzing American businesses and financial firms that had nothing to do with the financial crisis.” He went on to recommend, “One place to start is to dial back the most recent MMF regulations, which have caused \$1.1 trillion in assets to flee the private sector.”

To receive a copy of Carfang’s full testimony, please send an email to Testimony@TreasuryStrategies.com.

ABOUT TREASURY STRATEGIES

Treasury Strategies, a division of Novantas, Inc., is the leading treasury consulting firm. Armed with decades of experience, we’ve developed solutions and delivered insights on leading practices, treasury operations, technology, and risk management for hundreds of companies around the globe. We serve corporate Treasurers, their financial services providers and technology providers for the complete 360° view of treasury.

ABOUT NOVANTAS

Novantas is the industry leader in analytic advisory services and technology solutions for retail and commercial banks. We create superior value for our clients through deep and insightful analysis of the information that drives the financial services industry — across pricing, product development, treasury and risk management, distribution, marketing, and sales management.

With more than 200 professionals, Treasury Strategies and Novantas are a formidable team in both bank and corporate treasury markets.

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