The New Paradigm (Fourth of a Series)

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Why is private credit getting called out for potential bubbles and systemic risk when banks have been the ones failing? We posed that question to Van Hesser, the chief strategist for KBRA. Mr. Hesser produces a weekly podcast, "Three Things in Credit." His October 27th conversation about private credit, capital markets and the economy caught our attention.

"It's a reflection of what's new," he told us in our latest Private Capital Call podcast. "Post GFC regulators very successfully de-risked the banking system. We've seen a lot of capital coming into private capital markets over the past decade or so. The rush of money into that space gives some pause as they try to figure out is this a good or bad thing…

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