



## Credit policy too tight: Firstfolio

**The government** should be insisting banks loosen their credit policies, said Firstfolio CEO Mark Forsyth.

“It’s a little bit risky, but if the government wants to get momentum back into the market, it should tell banks to stop tightening credit. [After all] it’s guaranteeing the funds,” he said.

According to Forsyth the government’s role is to solve the problems plaguing the market and not to ‘prop up’ banks.

“The government should assess what each banks’ lending criteria is,” he said.

“Lenders shouldn’t be allowed to just sit on the money and make their results look good.”

Forsyth said that, with banks already reducing LVRs, government intervention was urgently needed.

“The horse has bolted. The LVRs have dropped and valuations already take conservatism into account, so why make it doubly conservative?” he said. “I’d like to see the government step in and freeze more credit restriction. I think they need to say ‘we need to have lending at 80–85%’.”

An LVR of 80, Forsyth said, was a stretch for most people. He added that it was more than conservative enough.

