



First to market

Financial services group Firstfolio has continued its buying spree – recently adding mortgage services group MyLender to its distribution pool. CEO **Mark Forsyth** talks to Victoria Rooney about becoming a big fish in a shrinking pond

FIRSTFOLIO HAS CONTINUED TO BOLSTER ITS DISTRIBUTION NETWORK DESPITE SLOWING MARKET CONDITIONS. CAN YOU EXPLAIN THE STRATEGY?

When we started Firstfolio we knew mortgages would make up to 95 per cent of our business but we see the future of our business in providing a holistic solution centred on property. That's why we're actively pursuing deals that will expand our distribution to enable us to service the clients we currently deal with, like property developers, insurance companies, self-managed super-funds and so on. Myself and some of my partners also come from a direct sales background so we understand how a national footprint can ameliorate risk and provide the business with extra leverage to ride out specific market cycles.

HOW HAS THE LIQUIDITY CRUNCH AFFECTED FIRSTFOLIO'S PLANS FOR GROWTH?

It's actually sped up our strategy. The market is full of so many players, and I predicted around 24 months ago that it would start to consolidate. There are a lot of businesses that are not in the position to stand alone now – so we are accelerating our consolidation strategy.

We are taking a three-pronged approach, which involves looking at financial businesses that are looking to exit the market and those that want to stay in it, and also

WHAT DO YOU PERCEIVE TO BE THE BIGGEST THREAT TO THE MORTGAGE INDUSTRY AND GROWTH AT THE MOMENT?

I don't think the current state of competition in the market is healthy. If the public starts to think that they shouldn't deal with non-banks we'll see a return to the banks' monopoly of the industry – and I don't believe that would be a healthy outcome for the market or for borrowers.

HOW DO YOU SEE THE FUTURE OF THE AUSTRALIAN NON-BANK LENDING SECTOR PANNING OUT?

I think the market will focus increasingly on businesses that have IT compliance and processing systems – so if you're a small independent mortgage manager it's going to be tough. The market will consolidate and we might see 10 groups that provide finance as a fulcrum – like ourselves and Resi – that do a good job, have long-term relationships and that want to lend wholesale funds.

The Australian market as a whole though is more robust than people think. We keep looking at the US but we're sitting in this fantastic position with China and India, where we have an enormous amount of positive indicators! The world is still awash with cash – I just think we're being a little bit manically depressed.m

