

Back in the mortgage market

But this time Stockley's offering more

SIMON STOCKLEY has ants in his pants, it seems. That's certainly the impression anyone looking at his career would get: he's always trying something new and, when it succeeds, moves on to the next thing. Maybe he's best described as a serial entrepreneur.

His latest venture – non-bank company Integer offering mortgage and transactional banking products – has serious financial backers and investment partners in Investec and Purple Capital. Obviously, the start-up capital is important – but so is the culture of the partners. Among South Africa's big banks, Investec is by far the most entrepreneurial, and Purple Capital's Mark Barnes is a legendary entrepreneur.

"For me that was appealing in launching this new business. I liked the pairing of Investec and Purple Capital. Both are strong entrepreneurs – that struck a chord with me," says Stockley. Integer will be offering mortgages and banking products, including a Visa debit card with a low-cost credit facility, underwritten by securitisation issues, a lower-cost vehicle for mortgage finance Stockley pioneered in SA when he founded SA Home Loans (SAHL) in 1999.

SAHL was at first greeted with indifference by the Big Four that dominate SA's mortgage market. But that soon changed. Not only as SAHL began to nibble away at their market share through lower-cost mortgage finance but also because of the competition it introduced to the cosy mortgage market. Bank managers suddenly found good retail clients asking why they shouldn't shift their bonds to SAHL and save a large amount in interest



Serial entrepreneur.
Simon Stockley

payments. The banks subsequently became far more flexible, offering rates to quality clients as near as they could to SAHL's.

That's the market Stockley is again targeting: he calls it the "just below relationship banking" segment, which he found at SAHL were the most reliable mortgage clients. The very top end of the market – homes at R10m and more – can be risky. The high fliers often get into trouble. It's the upper- and middle-income clients that tend to be the solid part of the market, never missing a mortgage payment.

Those are also the clients he believes receive the worst service from SA's large banks. It's quality loans like these that Stockley will bundle up into a securitisation issue, the type of financial instrument institutional buyers are keen on, especially given the lack of new Government gilt issues.

But isn't the timing bad, com-

ing on the heels of the US sub-prime mortgage crunch that has knocked banks worldwide and has investors suspicious of mortgage-backed securities?

"I don't think so. SA hasn't experienced the rumblings seen in the US and Europe. And when the dust settles I think asset managers will again be looking for quality assets. Our mortgages are for 85% of the value of the home – the type of quality mortgage-backed securitisation issues pioneered by SAHL. If anything, the sub-prime credit crunch will offer opportunities," Stockley says.

Integer will not only be up the noses of the Big Four banks but also of Stockley's old company. How does SAHL feel about that? "I haven't heard. We'll be competing. Where I've been a little disappointed with SAHL is I feel they haven't maintained the integrity of the brand. They were the challenger brand. Now they

seem comfortably part of the system – they're behaving like the establishment. Maybe it's the shareholder base (Standard Bank owns 45% of SAHL)."

Before SAHL, Stockley, with a law degree he's never used in the legal profession, set up and managed the property Townhouse Group for 10 years. His interest in property development and marketing began to cross over to banking when he founded SAHL. After his resignation from SAHL in October 2004, he consulted to the company for a year, then embarked on an extended Saudi Arabian safari, where he launched the Gulf region's first Sharia compliant mortgage securitisation programme. He's retained by Kingdom Instalment in Saudi Arabia as an adviser to the board.

Stockley is also non-executive chairman of Ghana Home Loans in Ghana and non-executive vice-chairman of Diamond Mortgages in Nigeria.

He describes Integer as a "private equity punt" for Investec and Purple Capital. Apart from running the company it's also a private equity punt for him. In March, Stockley merged his investment and advisory activities under Catalis, a company through which he consults to national and international clients. Catalis has also taken a private equity stake in Integer.

Now based in Cape Town (he was in Durban with SAHL), Stockley says his aim is to introduce some choice to what he feels is a tired, indifferent and boring banking sector. Where will he be tomorrow? Who knows? Like we said, Stockley has ants in his pants

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