

We reckon Mortgage Choice is currently fairly priced, on a yield of 6-6.5 per cent and a PE of 14.5 times. **HOLD**.

Baycorp Advantage (BCA) \$3.40

Shares in the debt management house have held up stoically since cashbox Allco Equity's \$3.52 a share partial bid expired with minimal takers.

Not that we suggest that Allco failed. After all, Allco ended up with a 17 per cent stake and was the catalyst for Baycorp's board initiating the changes desired by Allco.

Baycorp's defence strategy — a \$150 million share capital return and selling its debt collection arm — was cheekily borrowed from Allco's armoury.

There's another reason to hang around on the Baycorp register: potential regulatory changes benefiting its core credit bureau operation.

The issue is somewhat arcane but involves whether Australia should adopt a so-called positive regime for credit reporting.

Under current privacy and other rules, lenders can check out whether a potential borrower has defaulted in the past, but that's about it.

Positive reporting — which is in place in countries including the US and Britain — allows credit reference agencies to collate and sell other data including the type of lending and the borrower's credit limit.

The unlisted Dun & Bradstreet has been lobbying hard for positive reporting and wheeled out US privacy expert Michael Turner to argue the case for "regime change" over a spot of tucker yesterday.

Apologies for the fuzzy outline (we blame the Penfold Bin 389 on offer) but Tucker's thesis revolves around positive reporting helping Columbian single mothers obtain credit and pushing down average US credit card rates.

The local angle is that D&B — which is building up a rival credit bureau to Baycorp — claims initial success in convincing Attorney General Philip Ruddock (and consumer credit welfare groups) of the merits.

The next step is a parliamentary inquiry if the issue tickles the Government in the right place.

Criterion rates Baycorp a **HOLD** on the short-term expectations that Allco's influence will drive further performance improvement.

The introduction of limited positive reporting would greatly bolster Baycorp's ability to sell useful credit bureau info to lender clients.

Unsurprisingly positive reporting also would benefit D&B, which has been mulling a listing and expects to do so late next year.

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