INDUSTRY REPORT · 2026

# Banking Australia's small & medium businesses

How banks support the businesses that power the economy

Australian Banking Association



# Banks succeed when small businesses succeed

**Banks support small businesses in obvious ways, like providing business accounts, loans and payment services. But they also provide the essential infrastructure that keeps businesses running every day, from cyber security to fraud protection and digital banking. By investing billions in technology and security, banks help small businesses get paid, access finance, manage cash flow and grow with confidence.**

## EVERYDAY INFRASTRUCTURE

Banks provide transaction accounts, payments systems, merchant services and digital tools that support cash flow and day-to-day operations.

As more business activity takes place online, banks are supporting SMBs by providing new financial infrastructure. Bank investment in scam detection and payment protections reduces fraud and build confidence in digital transactions.

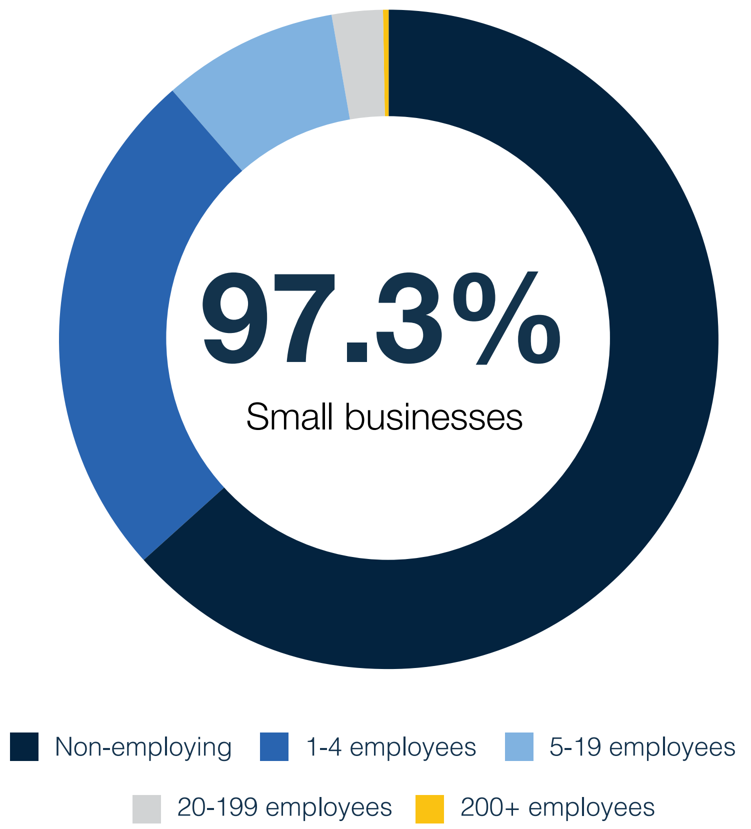
## SUPPORT THROUGH THE ECONOMIC CYCLE

SMBs often bear the brunt of periods of economic contraction, contending with reduced customer demand and dealing with increased costs of inputs.

Banks support SMBs when they want to expand but are there for contractionary periods too. Banks provide SMBs with working capital, equipment finance and the funding businesses need to continue to operate when the going gets tough.

# Small and medium businesses are critical to Australia's economy

**97.3% of the actively trading businesses in June 2025 were small businesses employing fewer than 20 people. Medium businesses (employing 20 to 199 people) accounted for 67,857 businesses.**




Of the **2,724,326** small and medium businesses (SMBs) in Australia:

| | |
|---|---|
| **1,735,470** | were self-employed or non-employing businesses |
| **688,870** | employed one to four people |
| **232,129** | employed five to nineteen people |
| **67,857** | employed twenty to two hundred people |

**SMBs generated**

**$1 trillion**

In gross value added in 2024-25

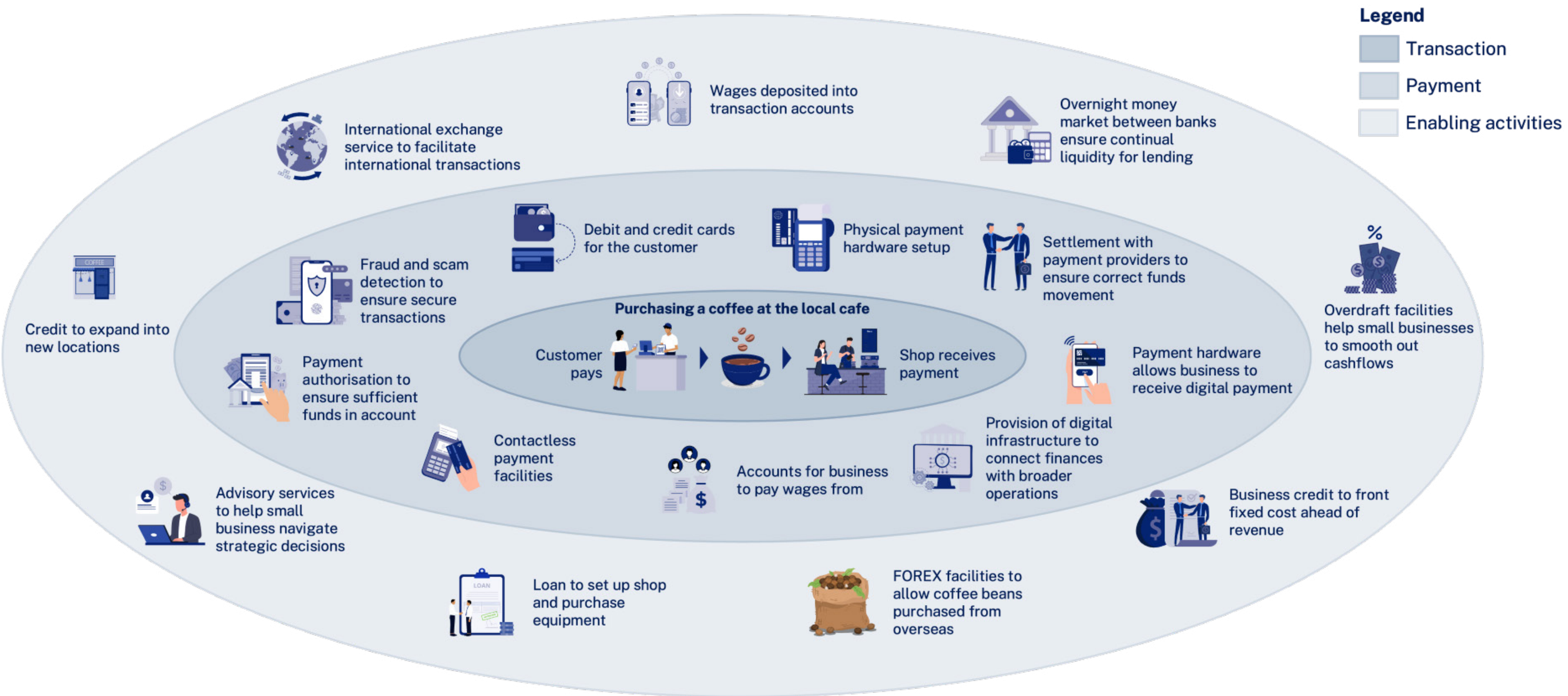
ABS, Counts of Businesses, Entries & Exits; ABS, ABS, Australian Industry.

# 1 Everyday infrastructure

**Banks provide the day-to-day financial infrastructure that allows small businesses to operate. Transaction accounts, payment services, online banking and cash flow tools are central to everyday activity: helping firms receive payments, pay suppliers and staff, and manage liquidity.**

**As more business moves online, SMBs increasingly rely on the internet, cloud services, e-commerce and digital payments. Increasing online business activity introduces new risks around cyber security and data protection. Banks are investing in IT systems to protect their SMB customers from online harms.**

# Banks provide a full range of functions that keep SMBs operating and growing




Source: Mandala analysis

CASE STUDY

# Supporting rapid scaling through digital payment infrastructure

## Bendigo Bank was quick to help Du Plessy Pralin & Otello when one of their cakes went viral

In March 2025 Sydney chocolaterie Du Plessy Pralin & Otello went viral, with demand for its signature gluten-free Japonaise cake jumping from 120 cakes a week to over 150 a day almost overnight, straining kitchen capacity and front-of-house queues.

Bendigo Bank and merchant partner Tyro responded within 48 hours, deploying additional mobile EFTPOS terminals so staff could take payments from customers queuing outside, cutting transaction times and easing queues. The bank also fast-tracked equipment finance for commercial fridges, freezers and baking equipment, letting the kitchen scale production immediately. The local Lindfield Community Bank branch provided hands-on, on-the-ground support throughout.

"When we went viral, the surge was overwhelming. Bendigo Bank didn't just provide the merchant terminals we needed to process transactions quickly; their local team supported us on the ground. Having that level of partnership allowed us to turn a sudden operational challenge into a successful scaling opportunity."
- Paul Adam, Owner, Du Plessy Pralin & Otello

Source: Pyxis Polling

# Banks offer a broad range of payment types to suit different SMB needs

**98%**

**of SMBs hold at least one banking product, from transaction accounts and payment terminals to credit and cash-flow tools**

# Backing SMBs through digital capability

## CommBank's national AI, cyber security and digital capability initiative for 1 million small businesses

CommBank is investing in practical learning and masterclasses designed to help business owners improve and protect their businesses, leveraging the latest technology - from AI-driven productivity to essential cyber security practices that can aid in safeguarding businesses and customers.

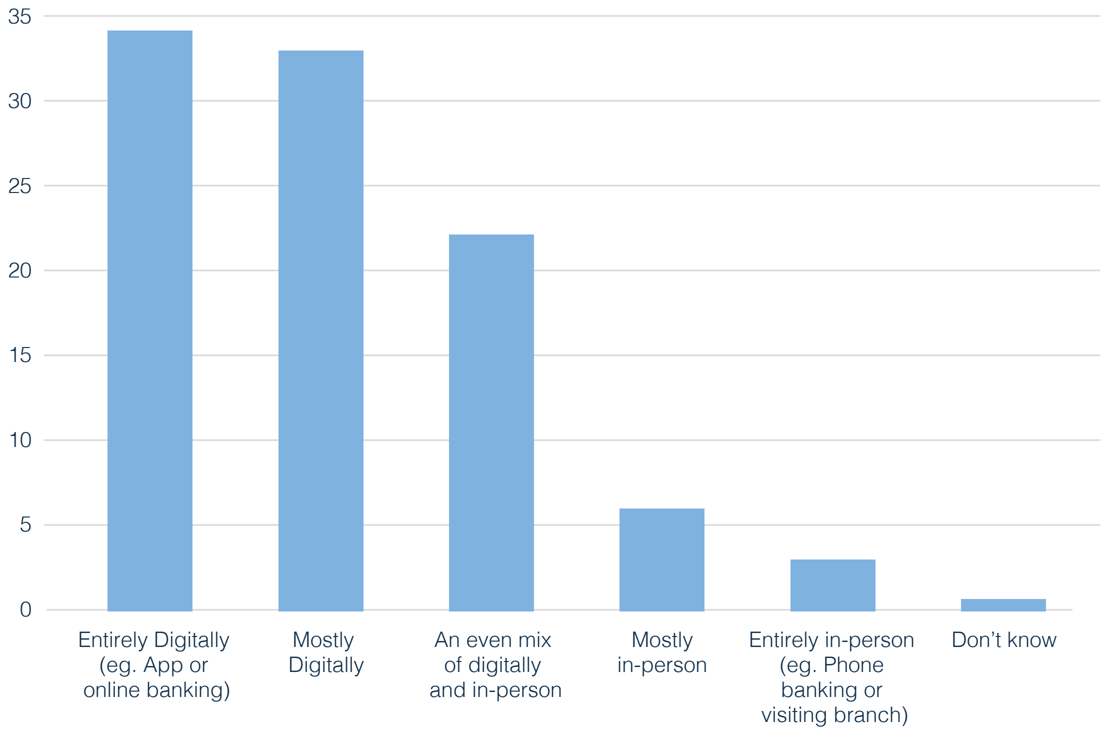
To support the initiative, CommBank has launched a partnership with OpenAI to co-develop AI learning resources and masterclasses, available on CommBank's website. The initiative aims to help small businesses build the confidence and know-how to grow securely and sustainably in the digital economy.

Whether it's a café owner using AI to build smarter rosters, a retailer creating a tailored marketing plan, or a tradie saving hours on off-site paperwork, these opportunities are now within reach.

# Digital banking is the most popular method by which SMBs want to bank

## Two-thirds of SMBs want interactions with their bank to be mostly if not entirely digital – just 1 in 10 say they prefer to do banking in-person

### HOW SMBS PREFER TO DO BANKING, %, 2026




Source: Pyxis Polling

CASE STUDY

# How Cargo Crew grew from a startup into a global modern workwear leader

## Cargo Crew's story began 24 years ago with a modest $2,000 tax return and a bold idea to reinvent modern workwear.

Throughout this journey, ANZ has been a longstanding partner, supporting Cargo Crew from their early growth years, and continuing to back the business as it scales internationally, serving 90 countries.

Co-founder and Chief Creative Officer Felicity Rodgers:

"The ANZ Business Growth Program became an important part of our development. It helped us think more strategically about scaling and gave us tools we still use today."

Cargo Crew is embracing AI as the next wave of technology.

"We see AI as an enabler. It's helped us speed up admin-heavy processes like order handling." They're "also exploring AI for early stage client uniform curation."

However, Felicity cautions: "The flipside is protecting IP.  We recently found an overseas company generating AI altered versions of our images. That's a real issue for creatives, small businesses and designers globally, and something we're navigating with legal support."

**www.cargocrew.com.au**

# Most SMBs have an online presence, meaning strengthening cyber protections is growing in importance

**Whether through a website, social media or an online marketplace, most SMBs now have some form of online presence, and that same connectivity is exposing them to growing cyber risk.**

### ONLINE PRESENCE BY BUSINESS SIZE

**62%**

of businesses with 0–4 staff have an online presence

**84%**

of businesses with 5–19 staff have an online presence

Source: ABS, Characteristics of Australian Businesses; Pyxis polling, ABA member banks

### THE COST OF BEING ONLINE

**1 in 5**

businesses reported experiencing a cyber security incident

**4 in 5**

businesses reported being exposed to a scam

### PROTECTING CUSTOMERS

In the 2025 financial year alone, banks invested

**$2.5bn**

in scam and fraud prevention

# Anyone can be scammed, but there are ways to be cautious

**82% of SMBs report having been exposed to a scam in the past year. If you think you've been scammed, contact your bank immediately. Banks have dedicated scam and fraud teams ready to help.**

| BANKS WILL NEVER: | YOU SHOULD NEVER: | YOU SHOULD ALWAYS: |
|---|---|---|
| > Contact you to ask for account or personal details via unsolicited text or email | ✗ Provide banking info, passwords or 2FA codes via phone or text | ✓ Pause to question the authenticity of an unexpected text, email or call |
| > Call and ask you to transfer funds to another account | ✗ Login to online banking via links in emails or texts | ✓ Register a PayID securely through your official bank channel |
| > Ask for online banking passcodes or passwords | ✗ Click on suspicious emails, links, or texts | ✓ Set up two-factor authentication for online banking |
| > Ask for remote access to your device | ✗ Transfer money unless absolutely certain of the recipient | ✓ Check the legitimacy of invoices and use PayID where possible |
| > Threaten you to take immediate action | ✗ Provide personal info to strangers | ✓ Immediately report suspicious activity to your bank |

Source: Pyxis Polling

# 2 Support through the economic cycle

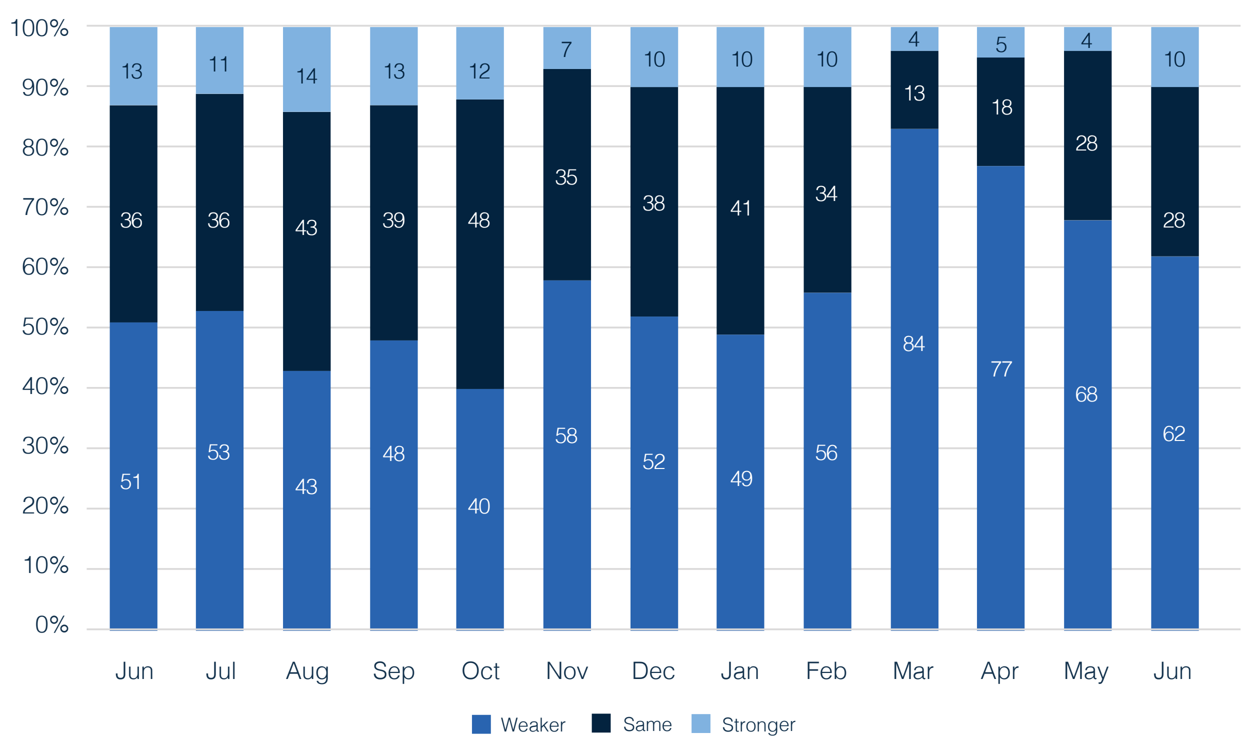
**The operating environment for SMBs remains challenging, with many managing slow demand, elevated input costs and wage pressures. Conditions are particularly difficult for businesses exposed to discretionary household spending and rising petrol costs. SMBs show resilience by adjusting prices, reducing costs or changing operating models.**

**Banks stand with their SMB customers during the peaks and troughs of the economic cycle by offering credit and providing financial difficulty support in tough times.**

# Tougher economic conditions result in increasing costs and supply constraints

**When economic conditions are tough, SMBs generally have less ability than larger firms to absorb increases in labour, energy, insurance, transport and materials. Where businesses cannot fully pass on higher costs, margins are squeezed, cash buffers are run down and the risk of business failure rises.**

**EXPECTATIONS OVER THE NEXT 3 MONTHS REGARDING ECONOMIC CONDITIONS, %, JUNE 2025 – JUNE 2026**




Source: Fifth Quadrant SME Sentiment tracker; Australian Industry Group, Energy Crisis Insights

Supply constraints in early 2026 resulted in weaker SMB business sentiment, with 84% of SMBs reporting an expectation of weaker economic conditions in March 2026.

Sentiment is returning closer to baseline level by mid-2026, with 62% of SMBs reporting they expect weaker economic conditions in June 2026.

**Global energy supply constraints in early 2026 were felt across all Australian businesses, with**

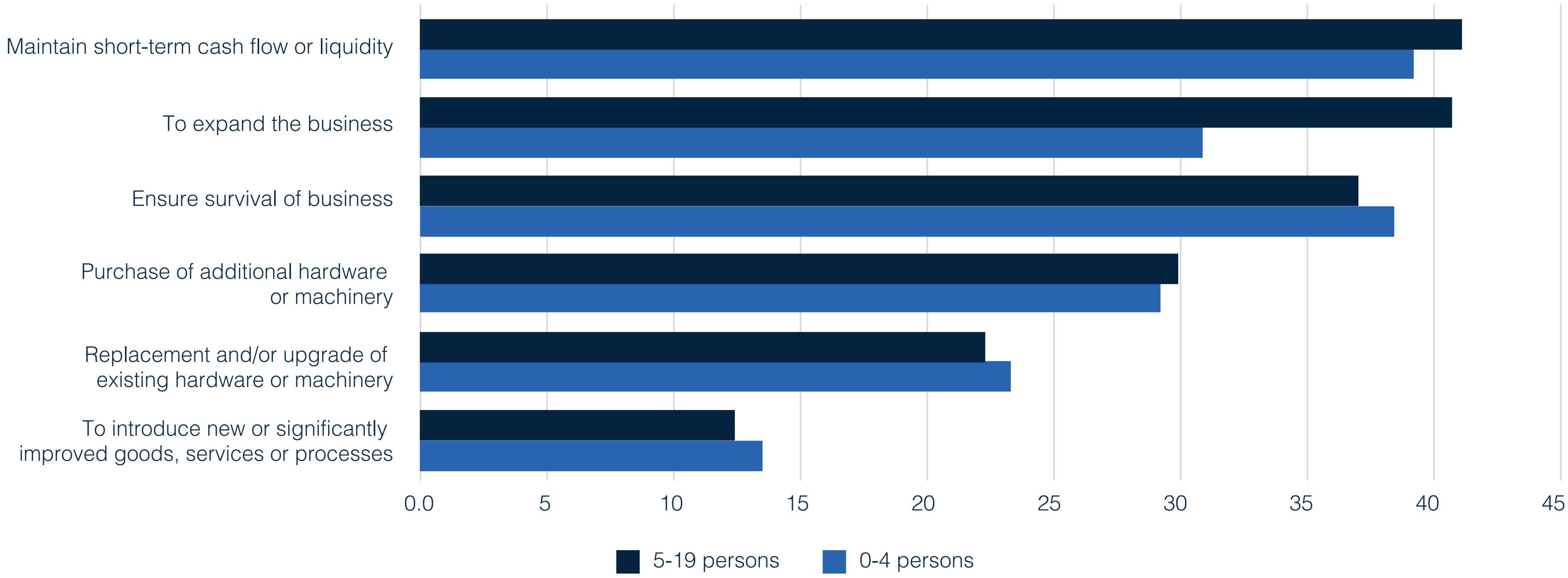
**1 in 3**

**experiencing increases in supply costs in April 2026.**

# Banks are there to support small businesses in the good times and the bad

## Just as many small businesses with 5-19 employees seek finance when they need a short-term cash injection as to expand their businesses (41%).

**REASONS FOR SEEKING DEBT OR EQUITY FINANCE, %, 2024-25**




Source: ABS, Business Characteristics

# The Economic Resilience Program

## Supporting small and medium businesses through challenging times

With global events in 2026 driving sharp increases in fuel prices and supply chain disruptions, some businesses in manufacturing, freight, logistics, fuel, fertiliser and plastics faced sudden cost pressures and cash flow challenges.

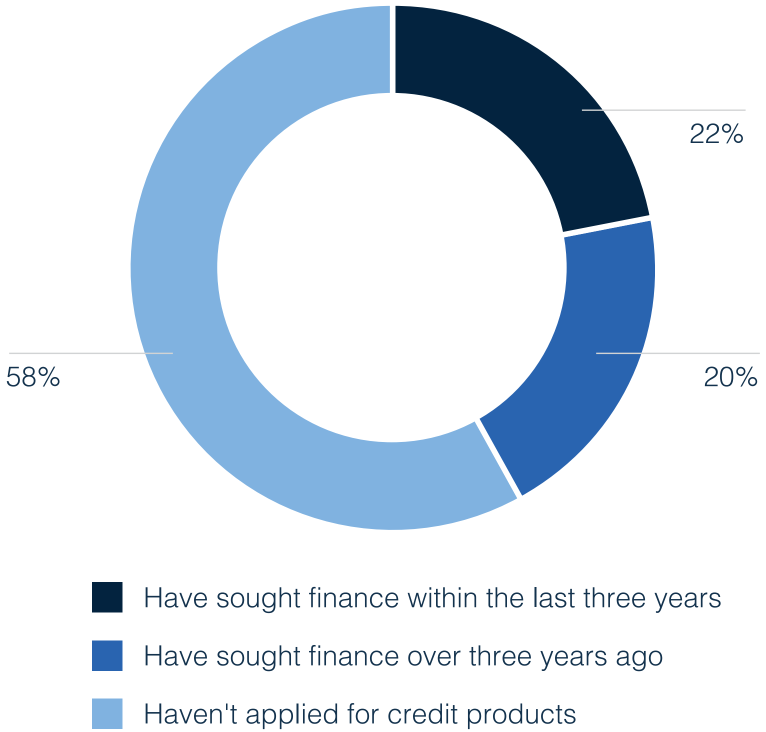
In response, the Australian Government has established the National Reconstruction Fund Corporation's (NRFC) $1 billion Economic Resilience Program (ERP), providing access to zero-interest loans for eligible businesses. Banks stepped up to support the roll-out, working alongside government to get assistance to affected businesses quickly and at scale.

As the program's delivery partners, banks are administering the loans directly to their customers. Eligible businesses with annual turnover of up to $100 million can apply through participating banks for zero-interest loans of up to $5 million, which can be used to help manage increased fuel and input costs, address supply chain disruptions and support business continuity during periods of market stress.

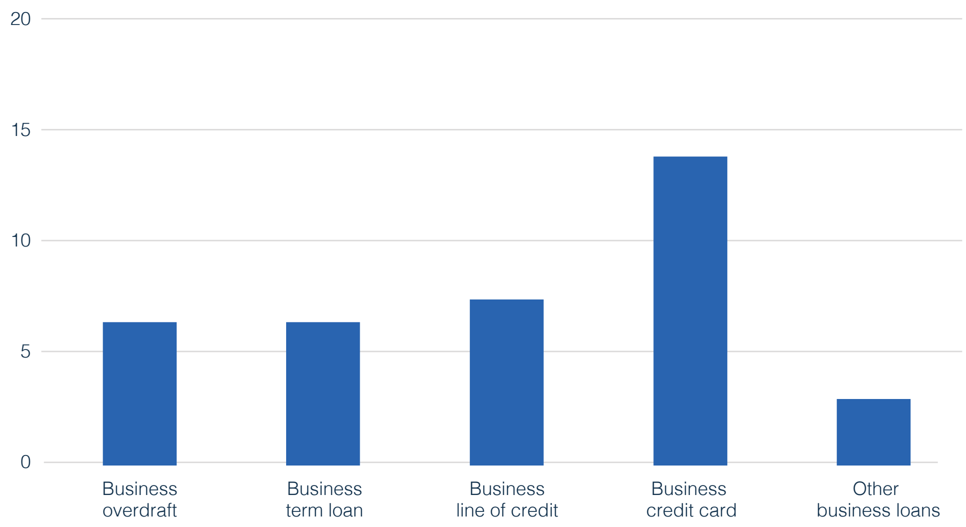
# For many SMBs finance is an essential part of doing business

## 22% of SMBs have sought credit finance in the past three years, with 81% being approved

### BUSINESSES THAT SOUGHT CREDIT FINANCE, %, 2026




### TYPE OF CREDIT FINANCE SOUGHT, %, 2026




Source: Pyxis Polling

# New technology means faster credit decisioning

**Banks are investing in systems to make credit approval times faster so businesses can get access to finance when they need it, removing uncertainty during difficult times**

NAB has introduced **QuickBiz**, an unsecured digital business loan of $5,000 to $250,000, cashflow-assessed rather than asset-secured, application in 15-20 minutes with funds available within one business day.

Source: Pyxis Polling

**27%**

**Of SMBs who applied for credit noticed their approval times were faster**

CASE STUDY

# Backing female entrepreneurship

## Over the past three years, Westpac has lent $1 billion to help more than 2,100 women start or grow a business.

Potentia Pilates, founded by Caitlyn Mefflin and her business partner Riley Byrne, used a $50,000 Westpac startup loan to fit out their first studio in Templestowe.

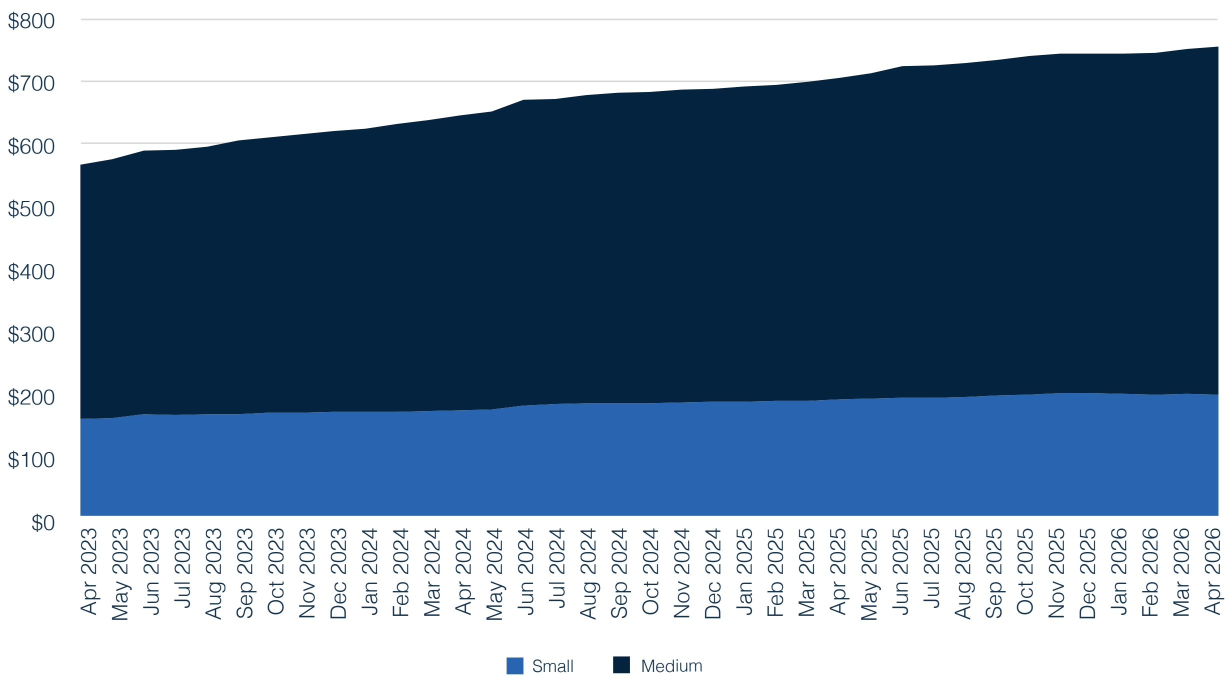
Without property to offer as collateral, they needed innovative credit solutions and Westpac's startup loan offering fit the bill perfectly. Westpac was quick to support and, eighteen months on, Potentia Pilates has opened a second studio, engaged franchise consultants to pursue national expansion and has New Zealand firmly in its sights as its first international market. The Pilates studio is also looking to expand beyond APAC, with the UK to follow.

Westpac has also launched the Westpac Female Founder Awards, a national awards program open to customers and non-customers, recognising and supporting women building businesses across Australia. The Awards pair public recognition with practical support, with winners being announced on 24 August 2026, sharing a $200,000 prize pool.

# Banks are the primary source of Australian SMB debt finance

**This finance funds working capital, equipment purchases and expansion, allowing businesses to seize opportunities and sustain operations.**

**LENDING TO BUSINESS, $BN, APRIL 2023 - APRIL 2026**




Source: RBA, Business Lending, Table D14

There was

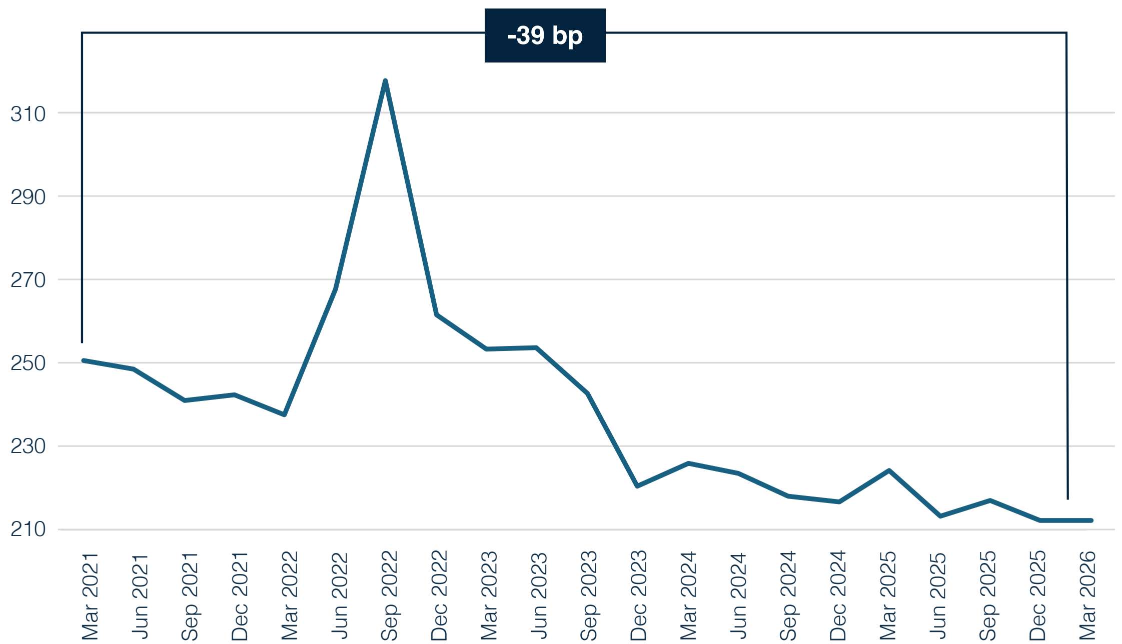
**$750bn**

in credit outstanding to SMBs in April 2026, up from just over $567 billion in April 2023.

# Margins on SMB loan interest rates have fallen relative to the RBA's cash rate

**This narrowing has been driven by stronger competition for small business lending, with more bank and non-bank lenders competing for SMB customers. For SMBs, reductions of this scale can translate into lower financing costs and more cash available for investment, growth and employment.**

**AVERAGE QUARTERLY MARGIN RATE, BASIS POINTS, 2021-2026**




Source: RBA, Interest rates; Mandala analysis

**For an SMB with a $500,000 loan, the reduction in margin equates to...**

# $1,950

**in interest repayments savings annually**

**This is equivalent to...**

**Two weeks of pay for a minimum wage employee[2]**

Note: 1. Lending rate of new variable-rate loans against cash rate target. 2. Based upon the weekly minimum wage from Fair Work (2025) 2024-2025 Annual Wage Review. Source: RBA (2026) Statistical Tables; RBA (2026) Small business economic and financial conditions; Mandala

Loan arrears placeholder (x.x%) to be confirmed from bank data

# If your business is feeling the squeeze, Australia's banks have dedicated teams ready to help

**For those struggling, it's important to contact your bank early so they can provide assistance.**

## WAYS BANKS CAN HELP INCLUDE:

- Deferral of scheduled loan repayments
- Restructuring existing loans free of the usual establishment fees
- Deferring interest payments on a case-by-case basis
- Waiving fees and charges, including break costs on term deposits
- Debt consolidation to make repayments more manageable
- Deferring upcoming credit card payments
- Increasing emergency credit card limits
- Offering additional finance to help cover cash flow shortages

METHODOLOGY

# Note on the definition of SMBs used in this report

There is no standard definition of SMBs in Australia. This report primarily uses employment size ranges to define SMBs with small businesses employing fewer than 20 staff and medium businesses employing 20-199 staff.

Reporting on financial metrics uses a separate definition of business size. Under APS 112 and 113, banks may determine which size category a business belongs to based on characteristics including turnover and credit exposure.

The ABA supports greater harmonisation of business size definitions across Australia's legislative and regulatory frameworks.

Multiple and inconsistent definitions of business size create unnecessary complexity, increases compliance costs and makes it more difficult to design, administer and access regulatory protections and financial services.

Australian Banking Association