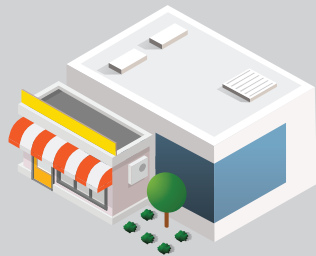




Small business access to finance: The evolving lending market

Small and medium-sized enterprises (SMEs)
are a vital part of the Australian economy

as at June 2020



There are
2.4 million
SMEs in Australia



they employ more than
7.4 million Australians



and generate more
than **\$700 billion**
of the economy's output

SMEs need finance to fund and grow their business

15% of SMEs applied for debt finance
in 2018-19 for these reasons

47%



Maintain
cash flow

41%



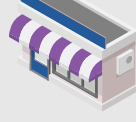
Replace or
upgrade
existing
capital

32%



New capital
purchase

31%



General
business
growth

27%

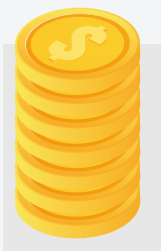


Ensure
survival

SMEs still mainly obtain finance from banks

Banks issued up to **91%** of SME debt

69%



Bank

33%



Finance
company

4%



Other institutions

8%



Friends, family
and others

14%



Existing owners
of the business

in 2018-19 SMEs sought debt finance from:

Lenders are not just banks – a broader range of lenders and products are available to SMEs



neobanks



fintech lenders



finance
companies



private credit
providers

Rapid market changes have been spurred by new technology and new data

Products include not just
property-secured
lending but ...



... also borrowing with
alternative collateral
such as vehicles,
machinery,
and invoices ...



... and some loans
are **unsecured**



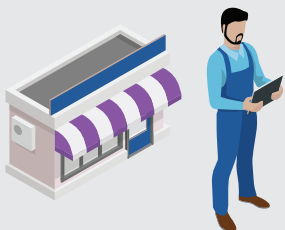
There are significant potential benefits for SMEs



Better access to finance allows
SMEs to seize opportunities



Some SMEs may be able to
borrow for the first time



More SME awareness of new lending
options will boost small business
and the economy

