



FEBRUARY 2026

Lumi Market Pulse Q1 2026

SME Cash Flow Funding in 2026:
Where Demand Is Moving –
And How Brokers Can Respond

402 Australian SMEs surveyed



2026: A New Funding Landscape

2026 is shaping up to be a defining year for Australian SME cash flow. Growth ambition remains strong, with many businesses setting higher targets and planning expansion – but the way capital needs to support that growth is changing. Higher interest rates, tighter ATO oversight and the upcoming Payday Super reform are reshaping how and when SMEs need access to funding.

These shifts are altering day-to-day cash flow dynamics, while also creating a clear planning window. SMEs that secure and structure funding earlier in the year will be better prepared for the introduction of Payday Super from 1 July, when superannuation moves from quarterly payments to being paid alongside wages.

For brokers, this environment rewards proactive guidance. Helping clients move early, structure long-term working capital and align funding with future cash flow obligations will be critical to protecting flexibility, preserving borrowing capacity and supporting sustainable growth throughout 2026.





A word from Lumi's leaders



From Deputy CEO, Anna Hawter

"Looking ahead to 2026, we're seeing SMEs plan with intent. Demand is steady, confidence is high, and many businesses are actively positioning for growth. The challenge isn't access to funding - it's using it at the right time and in the right way.

That's where brokers add the most value. Helping clients align funding with cash flow cycles, compliance changes and operational plans is what will set strong brokers apart this year. Our role is to back you with the insight, tools and responsiveness you need to turn momentum into well-structured, sustainable outcomes."



From Chief Commercial Officer, Ben Lamb

"SME funding behaviour is evolving. Businesses are thinking strategically about how capital supports both day-to-day operations and long-term growth, and they're sending a clear signal: they value full-service brokers who can cover multiple solutions - whether it's asset finance, mortgages, or cash flow lending.

For brokers, this is a huge opportunity to strengthen relationships and become trusted advisors across the full spectrum of SME funding. At Lumi, we're focused on making this easier through faster decisions, clearer insights and simpler processes, so you can support your clients with confidence and efficiency."

Contents

1 **Business Conditions & Outlook**

2 **Cash Flow & Financial Health**

3 **Funding Intentions & Access**

4 **Macro Trends & Compliance Implications**

5 **Broker & Lending Experience**

6 **Closing Insights & What's Next**





Your Latest SME Insights, At A Glance

We surveyed 402 SME owners across major Australian industries including accommodation & food services, construction, manufacturing, professional services, retail, transport & logistics, wholesale trade and automotive.

Here's what they told us as they enter 2026:

81%

reported improved financial performance over the past 12 months

68%

increased growth targets for 2026

79%

hold less than 3 months of cash reserves

52%

plan to seek external funding in 2026, most in the next 6 months



75%

rate current demand as strong or very strong entering 2026



80%

expect ongoing or increased cash flow pressure this year

75%

trust brokers or advisers most when evaluating funding options





1

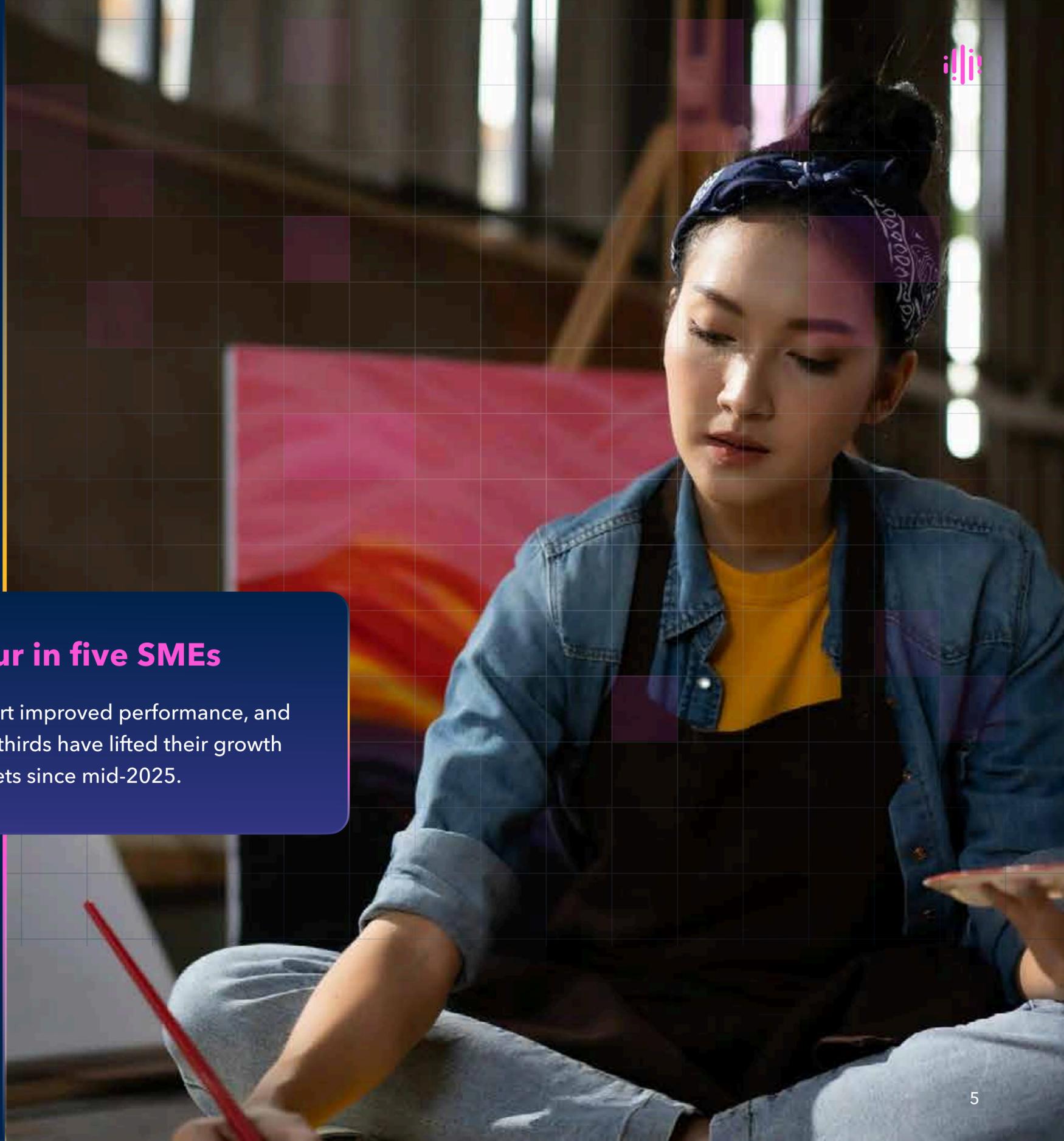
Business Conditions & Outlook

SMEs are starting 2026 with confidence but not complacency.

Strong demand and improved performance are driving higher growth targets. Yet, many SMEs are entering 2026 with limited liquidity, making timing and access to working capital increasingly important.

Four in five SMEs

report improved performance, and two-thirds have lifted their growth targets since mid-2025.





Growth ambition is rising, with structure in mind

Key Takeaway

Growth ambition is real, but selective. Cost pressures and cash flow management remain top of mind, reinforcing the need for growth that is structured and sustainable.

Brokers who help clients put funding in place ahead of cash flow pressure can support growth without disruption.

81%

of SMEs saw improvement in business performance

68%

increased growth targets for 2026

75%

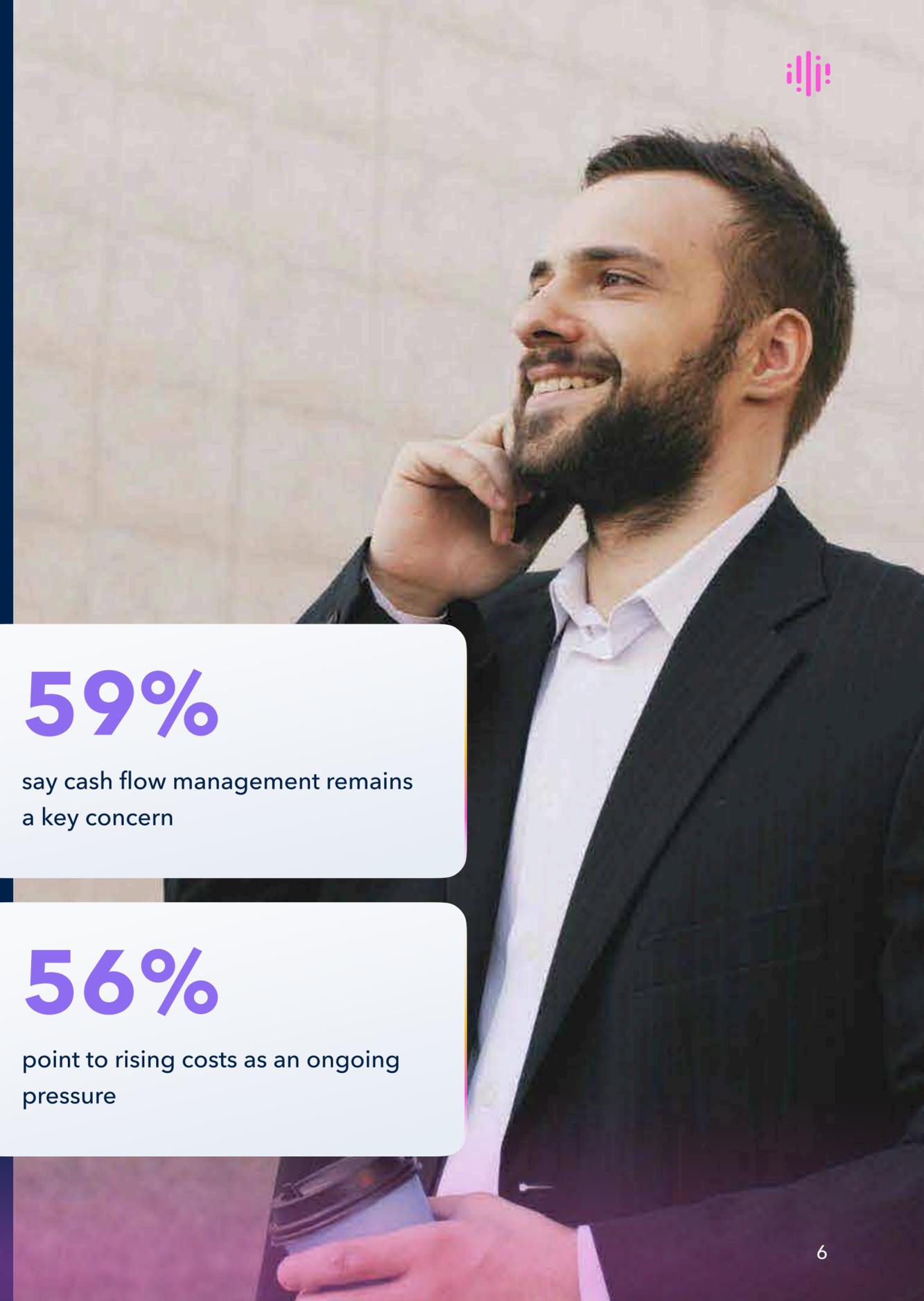
report strong and very strong demand entering the year

59%

say cash flow management remains a key concern

56%

point to rising costs as an ongoing pressure



What's on the growth agenda

Key Takeaway

SMEs are prioritising growth initiatives that drive customers, efficiency and delivery. This points to demand for funding that supports execution – not just ambition.

Brokers who align funding to clear growth objectives and timelines can help clients move from planning to action with confidence.

SMEs' top growth priorities for the first half of 2026:

46%

look to increase customer acquisition

43%

look to improve operational efficiencies

35%

look to launch new products or services

28%

look to expand into new markets



2

Cash Flow & Financial Health

If growth is the headline story of Q1 2026, cash flow is the deciding factor.

Despite improved performance, most SMEs continue to operate with limited financial headroom. What's changing in 2026 is not the presence of cash flow pressure, but the choices businesses make to manage it and the consequences those choices have for growth.

This is where working capital moves from a stopgap to a strategic tool, supporting growth without disruption.



The cash flow reality entering 2026

Key Takeaway

Cash flow remains a constraint even as performance improves. Limited liquidity continues to influence how quickly SMEs can act on growth opportunities.

Brokers who help clients plan funding around timing, not just need, can reduce disruption and keep momentum.

Limited cash, rising pressure

79% hold less than 3 months of cash reserves	34% operate with less than 1 month of cash on hand
80% expect the same or increased cash flow pressure in 2026	60% have missed growth opportunities due to delayed funding



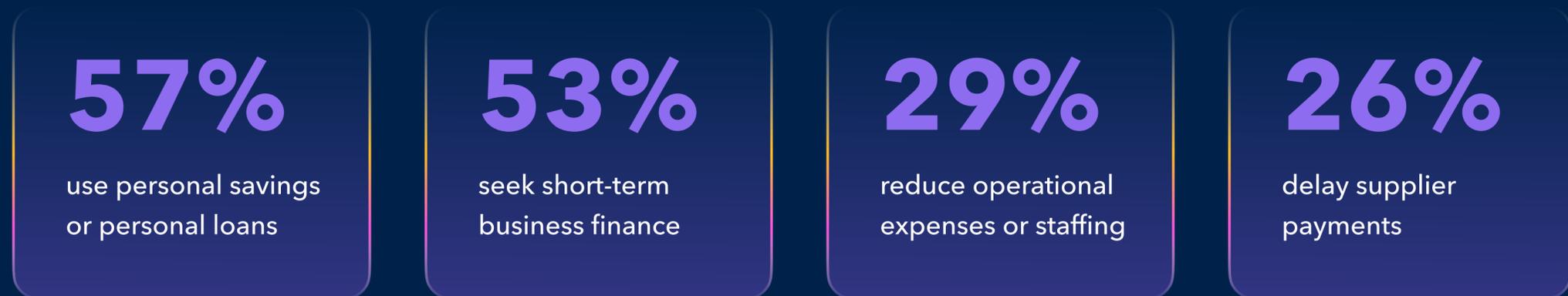


How SMEs are managing cash flow gaps

Key Takeaway

SMEs are managing cash flow pressure through a mix of personal, operational and external funding tools, often prioritising speed and immediacy over structure.

When cash flow pressure arises, SMEs most commonly:



Four ways brokers can support better outcomes:

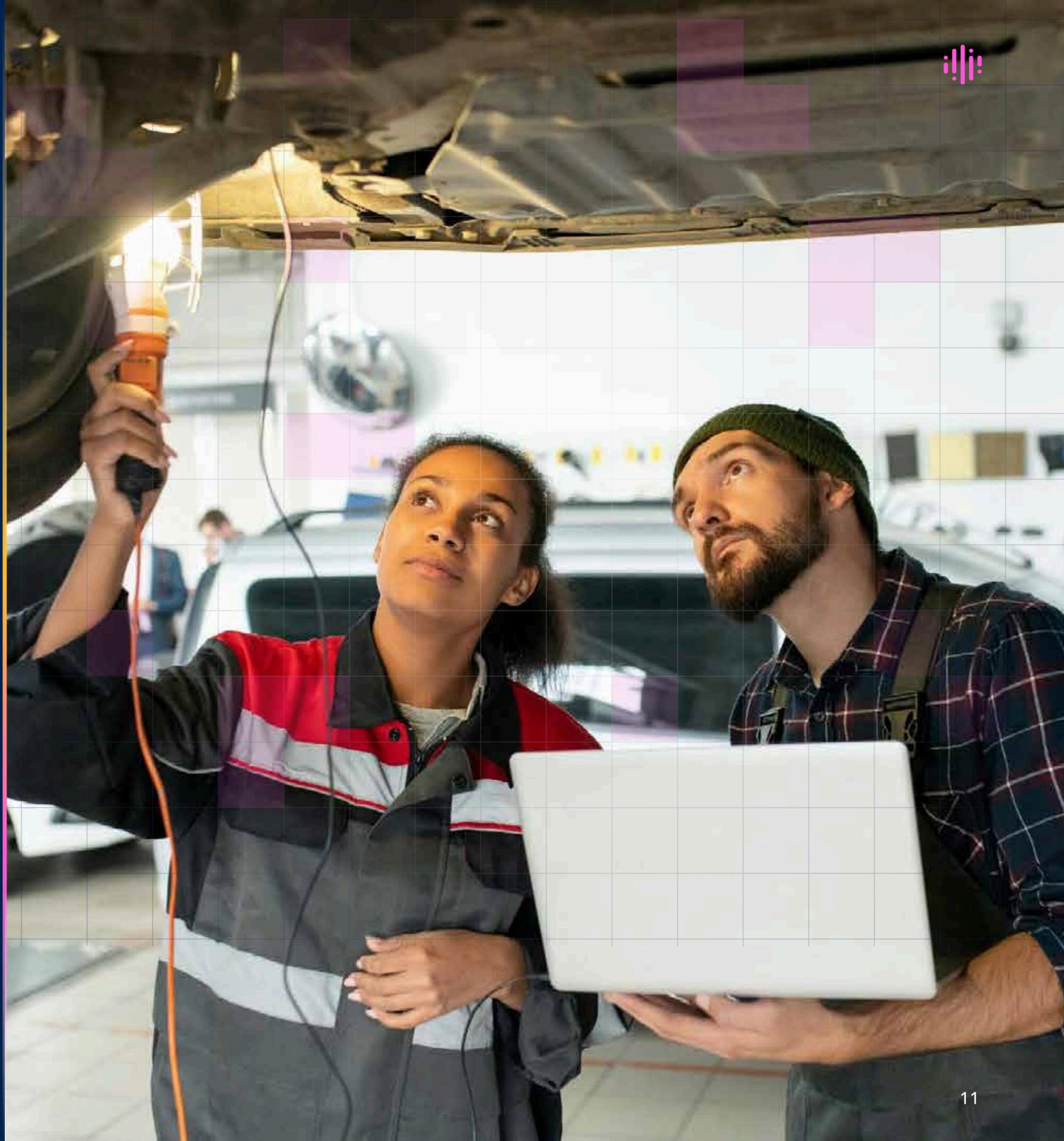
- Pre-empting cash flow gaps:**
Map seasonal demand, receivables cycles and cost peaks so funding is in place before pressure builds.
- Replacing ad-hoc fixes with long-term planning:**
Guide clients away from unsustainable cash flow practices toward working capital planning that supports continuity.
- Aligning funding with growth timing:**
Match access and limits to when clients need to act: from hiring to inventory and marketing.
- Simplifying decisions with clear options:**
Guide clients toward the funding mix that best supports their growth, cash flow, and refinancing or restructuring goals.

3

Funding Intentions & Access

Funding demand in 2026 is defined by speed, size and repetition.

SMEs are not seeking large, once-off capital injections. Instead, they are planning for smaller amounts, accessed sooner and more frequently, primarily to support growth and day-to-day execution.



Smaller, sooner, more often

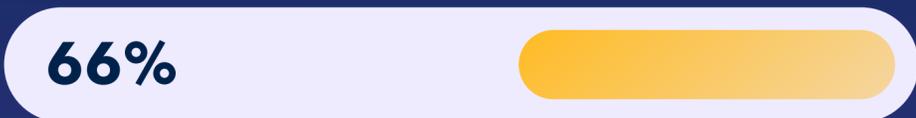
Funding demand in 2026 is skewing toward smaller, repeatable working capital needs rather than large, infrequent deals.

Key Takeaway

This pattern favours brokers who can service volume efficiently and consistently.

Brokers who build streamlined processes around sub-\$100K working capital deals can create more stable pipelines and stronger ongoing relationships.

Funding demand in 2026



Non-bank lenders are the default choice

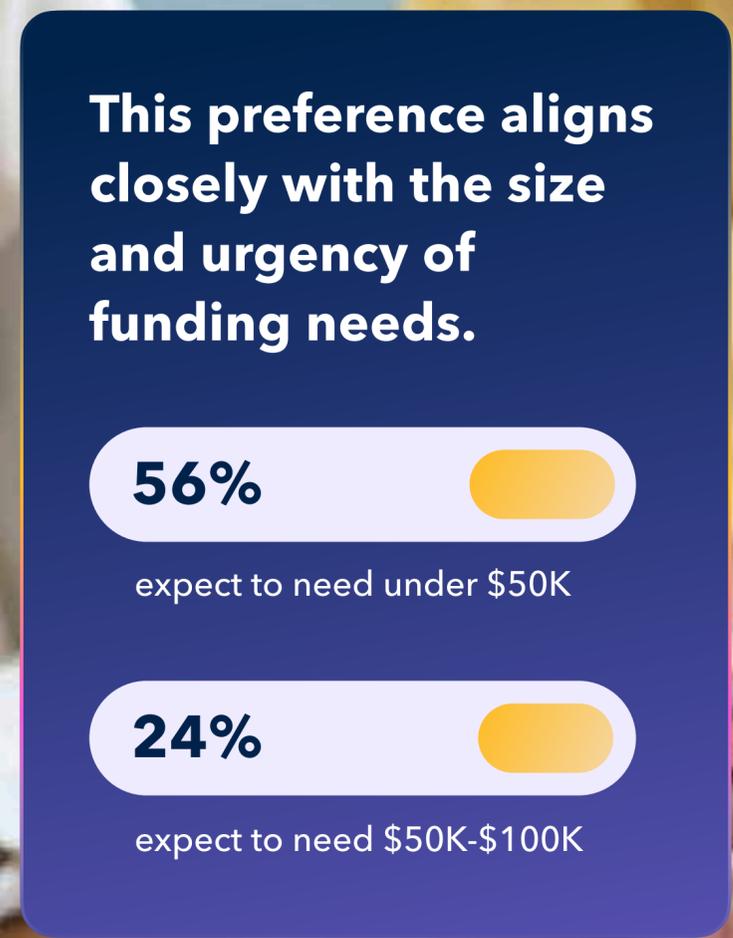
Key Takeaway

Preference for non-bank lenders reflects how SMEs expect to fund growth in 2026 - through flexible, accessible facilities that adapt to day-to-day business needs.

With banks increasingly tightening their lending criteria for SMEs, non-bank options are playing a critical role in helping businesses access the working capital and operational funding they need.

Brokers who educate clients about these options and advise on the features most beneficial to their business can align funding with SME goals, creating stronger outcomes and lasting relationships.

When SMEs think about funding in 2026, non-bank lenders are the clear first option.



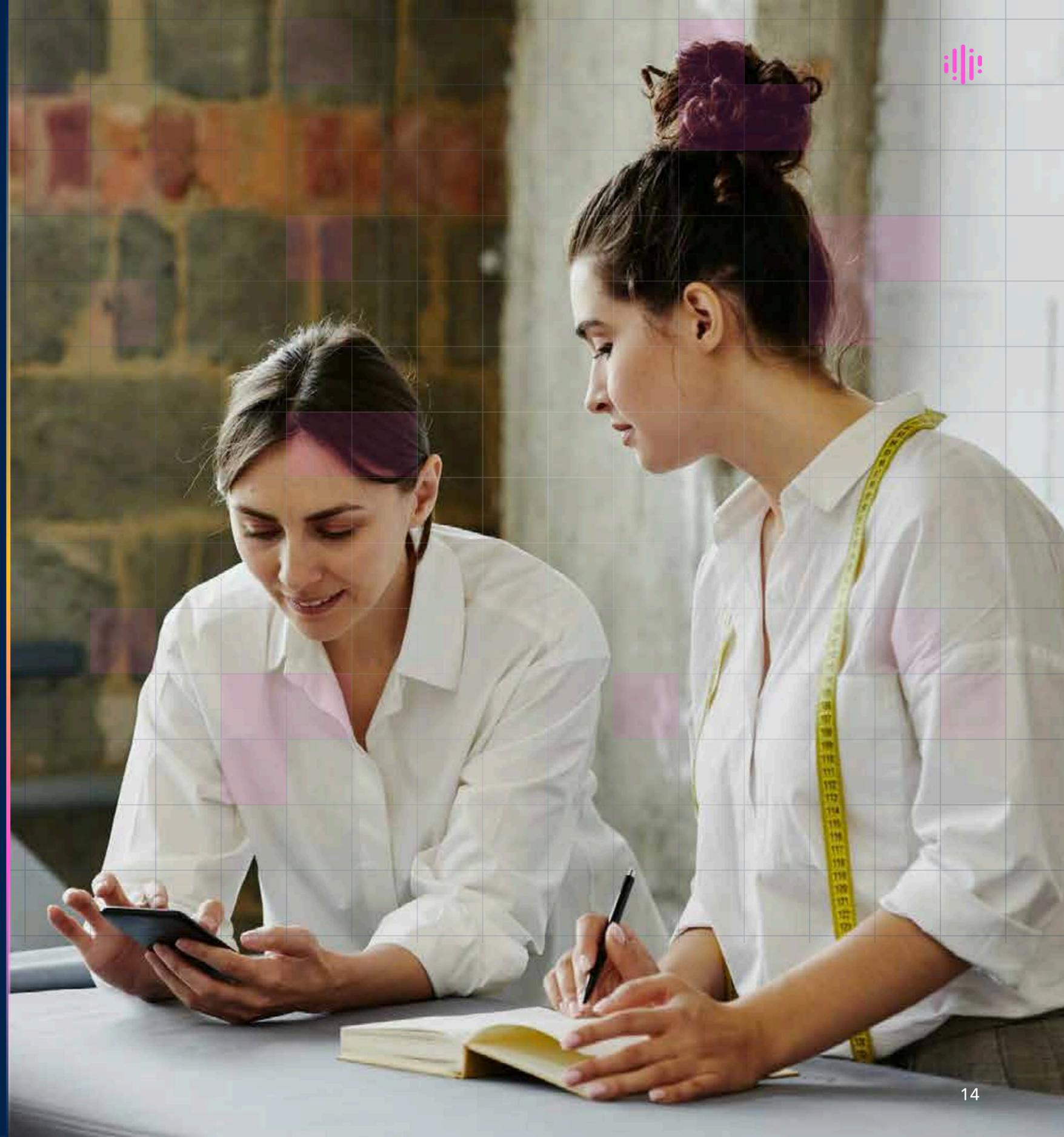
4

Macro Trends & Compliance Implications

In 2026, SMEs are set to navigate an increasingly complex macroeconomic, compliance and debt environment.

For many, this is prompting earlier conversations about debt restructuring, tax & super obligations and forward planning.

This section explores how these macro factors are influencing funding decisions in 2026, and where brokers can add value through early engagement.



Debt restructuring as a growth enabler

More SMEs are looking at debt restructuring as part of normal business planning, not just when things go wrong.

Key Takeaway

Loan consolidation and ATO-related discussions are becoming more common as businesses look to simplify their funding and improve cash flow flexibility.

Brokers who raise these conversations early can help clients make clearer decisions and identify additional working capital options.



Compliance pressures: Payday Super & beyond

Key Takeaway

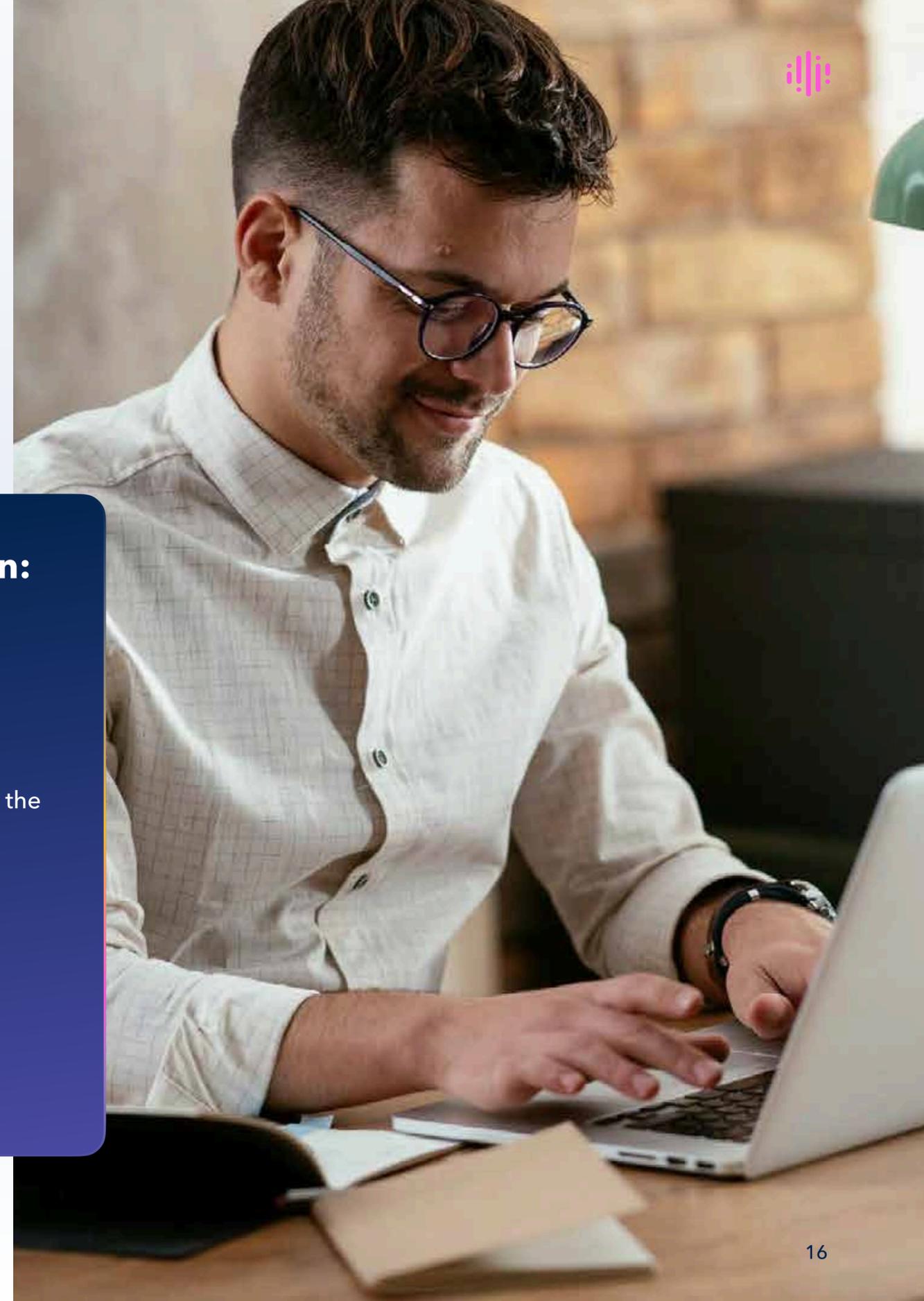
Compliance changes, particularly Payday Super reform and increased ATO enforcement, are becoming a more visible part of cash flow planning for SMEs in 2026.

While awareness of compliance pressures is high, most businesses have not yet taken steps to prepare (or fund) for their impact.

Brokers who help SMEs secure funding before Payday Super changes take effect can protect their clients' cash flow and borrowing capacity - and become a trusted strategic partner in their growth.

Compliance awareness vs. action: a gap brokers can fill

81% are aware of Payday Super reforms	35% are concerned about the impact on cash flow
29% cite intensified ATO enforcement as a major 2026 risk	11% plan to fund for it in the near term





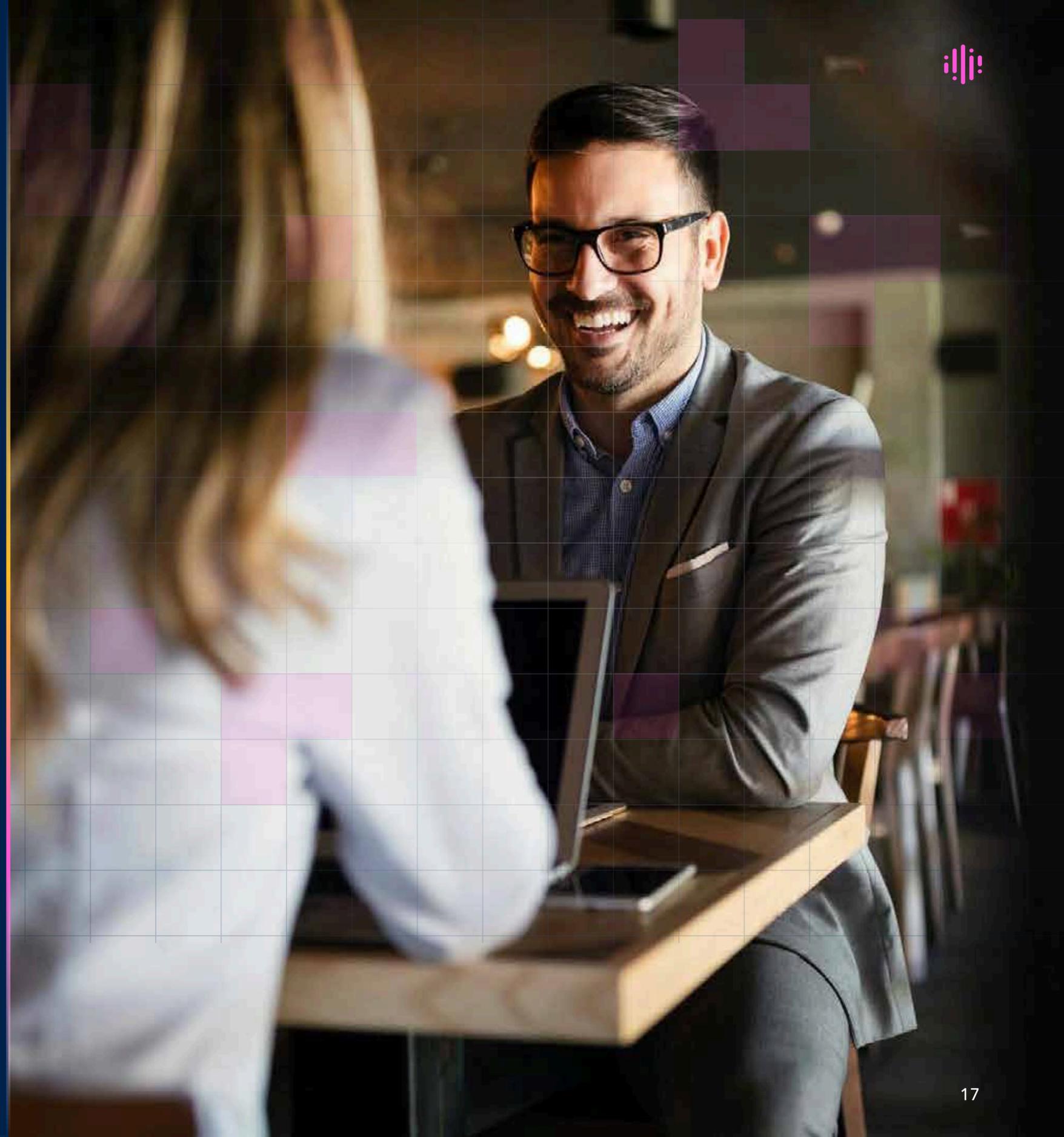
5

Broker & Lending Experience

As funding needs become more frequent, complex, and interconnected, SMEs are turning to brokers not just for access to capital, but for expertise on timing, products, and optimal funding mix.

Brokers who provide practical guidance and strategic solutions are becoming the first choice for navigating SME funding.

This section explores how SME expectations of brokers are evolving in 2026.





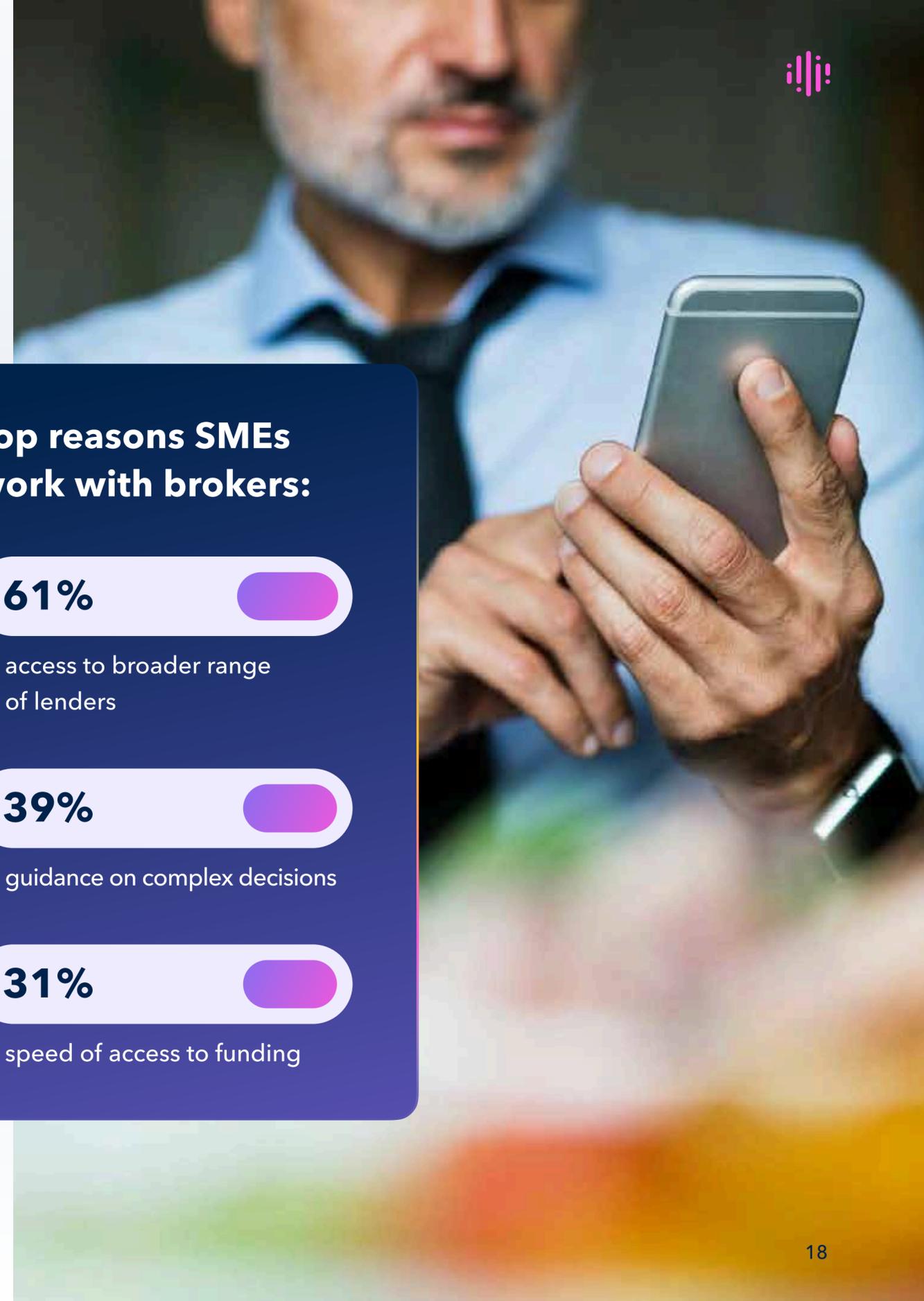
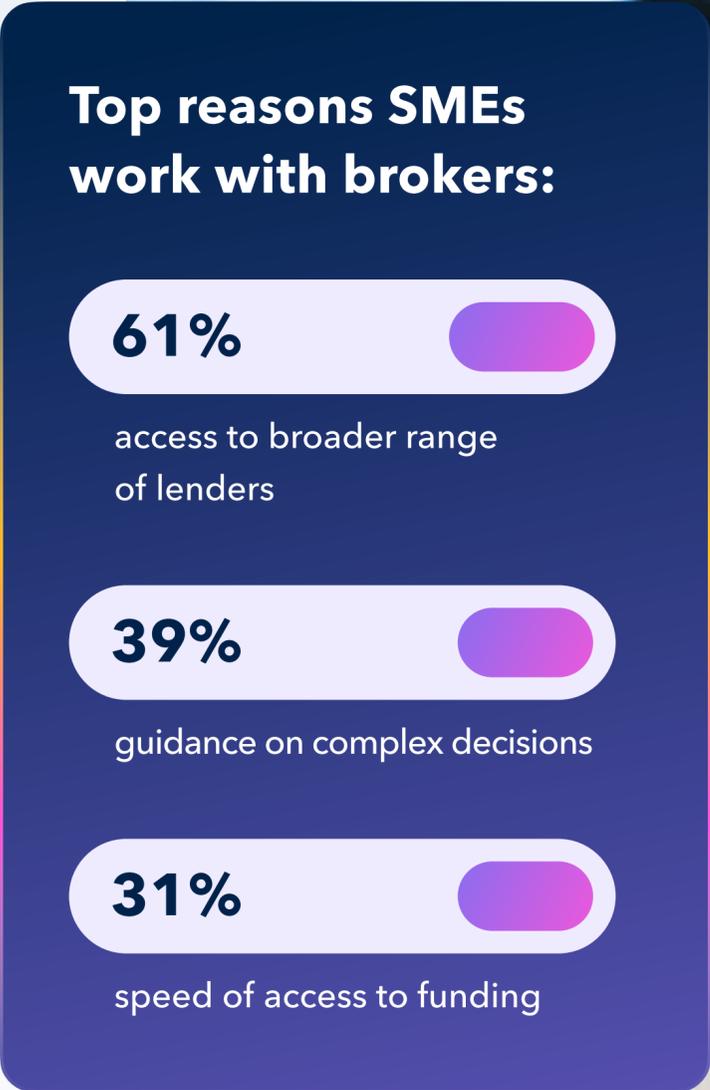
Why SMEs increasingly rely on brokers

Key Takeaway

SMEs increasingly value brokers for clarity and guidance, not just access, particularly as funding decisions span working capital, assets and longer-term planning.

Brokers who help clients navigate trade-offs around speed, structure and cost can build deeper trust and longer-term relationships.

SME trust in brokers continues to grow:





The shift toward the full-capital broker

Key Takeaway

SMEs increasingly value brokers who provide end-to-end funding support.

While specialisation still matters, demand is rising for brokers who connect cash flow, asset finance, and property decisions.

Brokers with deep SME expertise and a broad funding view are best positioned to build lasting client relationships.

Beyond Asset or Mortgage: SMEs favour brokers offering full-service support

78%

want brokers who can support their full funding demand across working capital, asset finance and longer-term structuring

50%

would switch to a broker offering integrated capital solutions

66%

prefer an asset-finance broker also supporting cash-flow needs

56%

prefer a mortgage broker also supporting cash-flow needs





6

Closing Insights:

What This Means For Brokers In 2026

In 2026, the most valuable brokers won't just place finance; they'll help SMEs structure and time it to protect cash flow, preserve borrowing capacity, and support growth.

What The 2026 SME Lending Landscape Means For Brokers

What's changing for SMEs

How brokers can turn this into a win

SMEs are growing, but running lean



Start funding conversations early to protect cash flow and borrowing capacity before growth is constrained

Cash flow management is now mission-critical for SMEs



Position working capital as a planning tool rather than a last-minute fix

Funding needs are smaller, more urgent and more frequent



Build efficient processes for repeatable sub-\$100K deals to create a consistent pipeline

Non-bank lending is now mainstream



Confidently guide clients to non-bank options that deliver speed, certainty and flexibility

Compliance and ATO pressure are increasing



Use compliance triggers as early entry points for funding and planning discussions

Debt restructuring is top of mind for many SMEs



Treat debt consolidation and ATO refinancing as gateways to unlocking growth for your SME clients

SMEs rely more on brokers for guidance



Take a full-capital view and help clients connect cash flow, assets and longer-term business objectives



Methodology

Survey of 402 SME business owners across major sectors conducted in January 2026.

Disclaimer

This document has been prepared by Lumi Financial Services Pty Ltd (“Lumi”) for informational purposes only. The information contained in this report, including all data, projections and insights, is based on survey responses from Australian SMEs and Lumi’s internal analysis as at January 2026. While care has been taken in the preparation of this material, Lumi does not warrant or represent that the information is accurate, complete, or up to date.

Nothing in this report constitutes financial advice, nor should it be relied upon as such. Before making any financial or business decisions, you should seek independent professional advice. Lumi accepts no liability for any loss arising from reliance on the information presented in this document.

All statistics and figures are subject to change without notice. © Lumi Financial Services Pty Ltd 2026. All rights reserved.



Partner With Lumi

At Lumi, we support our broker partners with funding designed to move with their SME clients: fast, fair and flexible.

Your business clients. Our funding solutions. Together, we can help Australian SMEs thrive with finance that fits their business.

Our Line Of Credit gives clients on-demand access to funds with no ongoing fees for covering cash flow gaps and capturing new opportunities.

Our Business Loan goes further, with flexible repayment features that adapt to every stage of growth:

- ✓ **Rate Ease™** automatically reduces total interest for timely repayments
- ✓ **Payment Holiday** delays the first repayment by up to 6 weeks (interest accrues)
- ✓ **Payment Pause** offers 4 weeks interest-free when cash flow is tight

[Submit A Lead](#)

[Visit Partner Portal](#)

[Follow Us](#)