

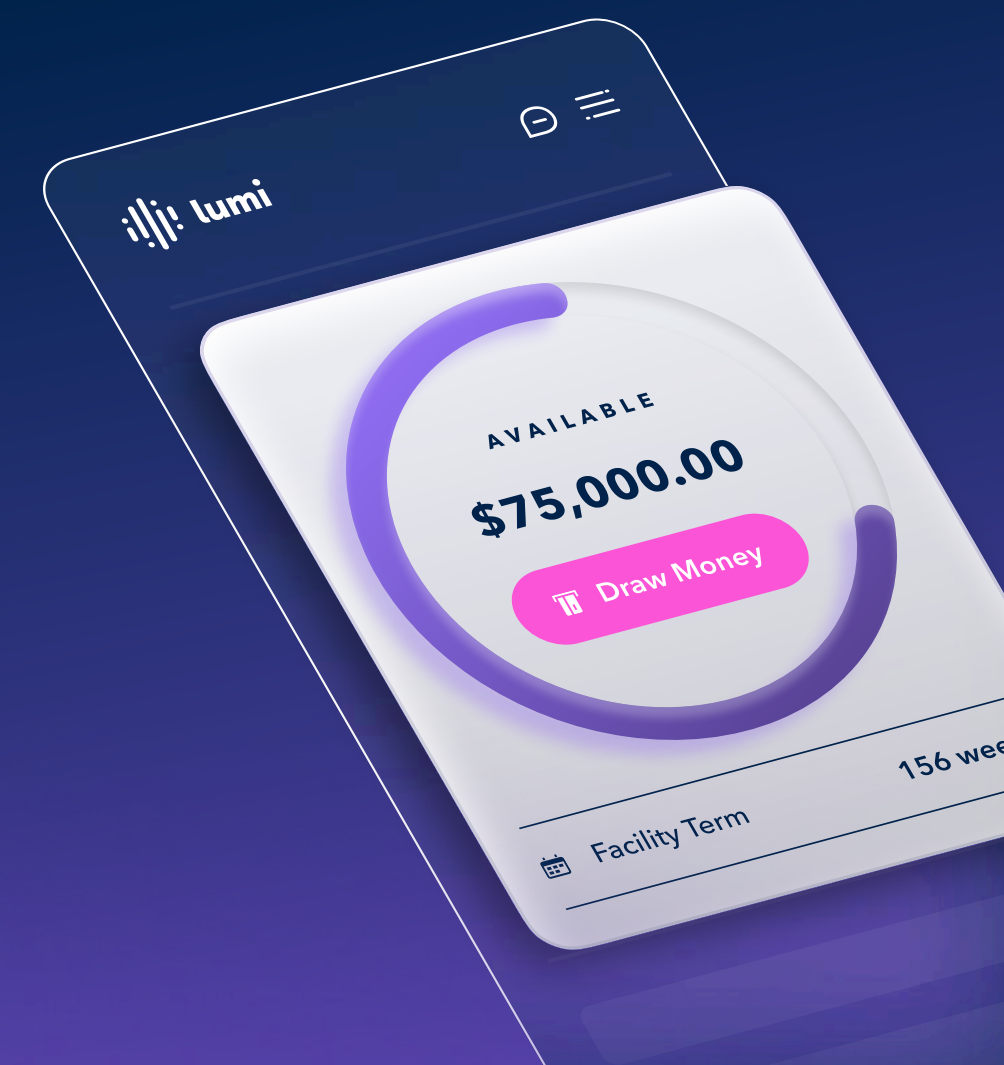


SEPTEMBER 2025

Lumi Market Pulse Q3 2025

Next Wave SME Funding Trends:
What Brokers Need to Know

545 Australian SMEs surveyed



Foreword



Peter Jolly,
former Head of Global
Markets Research, NAB

"It is often said that small and medium sized businesses are the backbone of the Australian economy. It's partly that from little things big things grow, but it's mostly that the number and breadth of SME businesses is just very large.

According to the ABS, there were 2.7 million businesses operating in Australia in June 2024, yet only 5,000 of these firms employed more than 200 people - put another way, 99.8% of businesses employed less than 200 people. Moreover, within these numbers there is a tremendous dynamism - 436,018 new firms were created in the 2023/24 year and 362,893 exited.¹

I've been observing the Australian economy and talking to individual businesses for more than three decades and the factors that drive business success and failure can be grouped into two broad areas.

First is the macro environment of interest rates, economic cycles, and customer sentiment which is the external environment businesses are given - SME's often feel these macro shifts before larger firms. The second set of factors is how firms set themselves up to deal with external factors, particularly from a financing perspective. The decisions businesses make matter.

The Lumi Market Pulse Q3 2025 report neatly captures both areas. It provides a snapshot of the broader macro environment, where it is encouraging that 74% of firms reported improved performance from a year ago and many are keen to keep expanding.

It also provides clear insights into SME's cash flow arrangements and pressures - the magnitudes and timing of funding gaps, how they intend to fund and when.

I commend Lumi for producing this report. This information is especially valuable for providers of finance as well as for SME's who want to benchmark their firms. In my experience, the combination of timely data and trusted relationships is what drives good decisions and better outcomes."

Source: [Counts of Australian Businesses, including Entries and Exits, July 2020 - June 2024](#) | Australian Bureau of Statistics

A word from Lumi's leaders

As we approach the final quarter of 2025, Australian SMEs are navigating the "EOY pivot". It's a moment where ambition meets constraint.

Seasonal demands, tighter margins and shifting customer behaviour make every decision into a potential for growth. For brokers, this is about more than providing capital; it's about guiding SMEs to turn seasonal pressure into opportunity.



**From Chief Commercial Officer,
Ben Lamb:**

"The market is evolving rapidly, and so are we. By combining deep customer insights with strategic guidance, we're helping brokers navigate opportunities and secure results that matter."



**From Deputy CEO,
Anna Hawter:**

"Halfway through 2025, we're seeing savvy SMEs making bold moves, but only when they have the right support. Brokers who understand this have a clear advantage. Behind the scenes, we're building faster tools, sharper analytics and smarter workflows so you can turn momentum into funded deals."



**From Head Of Broker,
John Clifford:**

"As we approach the end-of-year peak, a critical season for working capital, our BDMs are more than support; they're your strategic advantage. With deep insights across every major Australian industry, we equip brokers to seize seasonal opportunities, accelerate deal flow and deliver growth that sets the standard in SME finance."

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Your Latest SME Insights, At A Glance

We surveyed 545 SME owners across major Australian industries, including construction, professional services, retail, manufacturing, wholesale trade, hospitality, transport, and automotive.

Here’s what they told us about performance, priorities, and funding needs:

Key Takeaway

The message from SMEs is clear: optimism is alive, but pressure is mounting. Brokers who combine speed, trust and flexibility can convert opportunity into outcomes and lead the market this quarter.

74%

of SMEs reported business performance improvement over the past 12 months

84%

hold less than 3 months’ cash reserves

62%

missed a growth opportunity due to delayed or unavailable funding

50%

say customer acquisition remains the top growth driver



49%

have raised growth targets since January



42%

plan to seek funding in the next 6 months; 22.5% are already planning for EOY demand

67%

currently use a broker for working capital; 56% say brokers are their most trusted source



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Business Performance & Growth Drivers

Despite a turbulent year shaped by tariffs, rising costs and shifting customer behaviour, Australian SMEs are showing remarkable resilience.

For brokers, this optimism is an open door: clients are looking for support to turn stronger performance into sustainable growth, whether through customer acquisition, efficiency or expansion.

Three in four SMEs

report improved performance, and nearly half have raised their growth targets since January.





Growth is on the agenda but not at the expense of margins

Key Takeaway

SMEs are chasing growth but under pressure from rising costs and delayed decisions.

Brokers who structure funding that supports growth while protecting margins will build trust in a more selective market.

74%

of SMEs report improvement in business performance

60%

cite changing customer spending affecting growth outlook

28%

regret not increasing pricing sooner

27%

regret delaying funding



What's on the growth agenda

Key Takeaway

Despite a complex operating environment, almost half of SMEs are doubling down on growth, which is a strong marker of confidence and intent. Their priorities point to strong demand for funding that not only bridges cash flow gaps but powers their most strategic growth plays.

For brokers, the mandate is clear: guide clients to fit-for-purpose finance that enables expansion with confidence.

Performance Snapshot



49%

raised growth targets since January

Top growth levers SMEs want to invest in:

50%

Customer acquisition

33%

Expansion into new markets

35%

Efficiency

32%

New products and services



SMEs' customers are changing and so are growth blockers

Key Takeaway

Customer behaviour is changing fast: more price pressure, slower decisions, higher expectations. At the same time, SMEs face blockers from capital, costs and revenue volatility.

Brokers who tailor funding to both buffer challenges and unlock growth levers will help clients stay resilient in a tougher customer landscape.

The customer reality in 2025, according to SMEs:

46%

say customers are more price-sensitive

30%

expect more value for money

24%

are slower to make decisions

14%

only 14% of SMEs report increased customer loyalty

Biggest blockers to growth:



27%

lack of working capital



22%

cost of goods/services



18%

unpredictable revenue



17%

hiring the right talent

2

Cash Flow & Access To Funding

SMEs are navigating a challenging landscape where cash flow timing can make or break growth. Our survey shows many businesses are currently feeling the strain – relying on personal savings, missing opportunities, and will be reliant on external capital in the months ahead.

For brokers, this is the chance to step in early with flexible, timely solutions that help clients protect their operations while positioning them for future growth.



SMEs face persistent liquidity challenges

Key Takeaway

SME cash positions are no stronger than last quarter, but the sources of strain are shifting.

Brokers who can move fast with flexible solutions tailored to seasonality and receivables pressure can help businesses weather volatility.

Fragility:

84%

of SMEs operate with less than 3 months of cash reserves while only 4% have more than 6 months of runway

Missed opportunities:

62%

have missed a growth opportunity due to delayed or unavailable funding

Operational strain:

Top-3

Slow-paying customers, seasonal fluctuations and high overheads remain the top 3 causes of cash flow pressure

Blind spots:

25%

of SMEs report they either rely on instinct/experience or don't currently forecast cash flow at all



How SMEs bridge the gap

Key Takeaway

SMEs are still leaning on personal savings and stopgaps, leaving growth at risk.





Pre-empting cash flow gaps:

map seasonal peaks and payment cycles, then course-correct with funding



Optimising debt structures early:

review and optimise existing funding set-up to support sustainable growth



Aligning funding with growth plans:

uncover client goals in acquisition, efficiency or expansion and support with fit-for-purpose funding



Educating on options:

guide clients toward solutions that provide faster, more flexible access to capital and the right funding mix for their needs



Access to funding & ROI challenges

Key Takeaway

For many SMEs, access to working capital is still too slow and ROI decisions too shallow.

Brokers who educate clients on faster funding options and provide clear ROI guidance, from payback examples to simple tools, can close the gap between urgency and action.

Funding isn't just fragile, it's often too slow and uncertain:

40%

of SMEs say obtaining funding is fairly straightforward with some hurdles

22%

of SMEs find accessing finance slow, frustrating, or near impossible

26%

of SMEs waited 1-2 weeks or more for funds

SMEs seek broker support when evaluating ROI:

30%

want examples of how similar businesses saw payback

27%

want simple tools for estimating costs

26%

want help setting goals and tracking funding outcomes

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Funding Triggers & Intentions

Funding demand is shifting from long-term planning to short-term execution.

With more SMEs preparing for **end-of-year demand** and **42% planning to seek funding within six months**, timing has become as important as structure.

For brokers, anticipating these tactical needs means being first in line when opportunities and pressures hit.

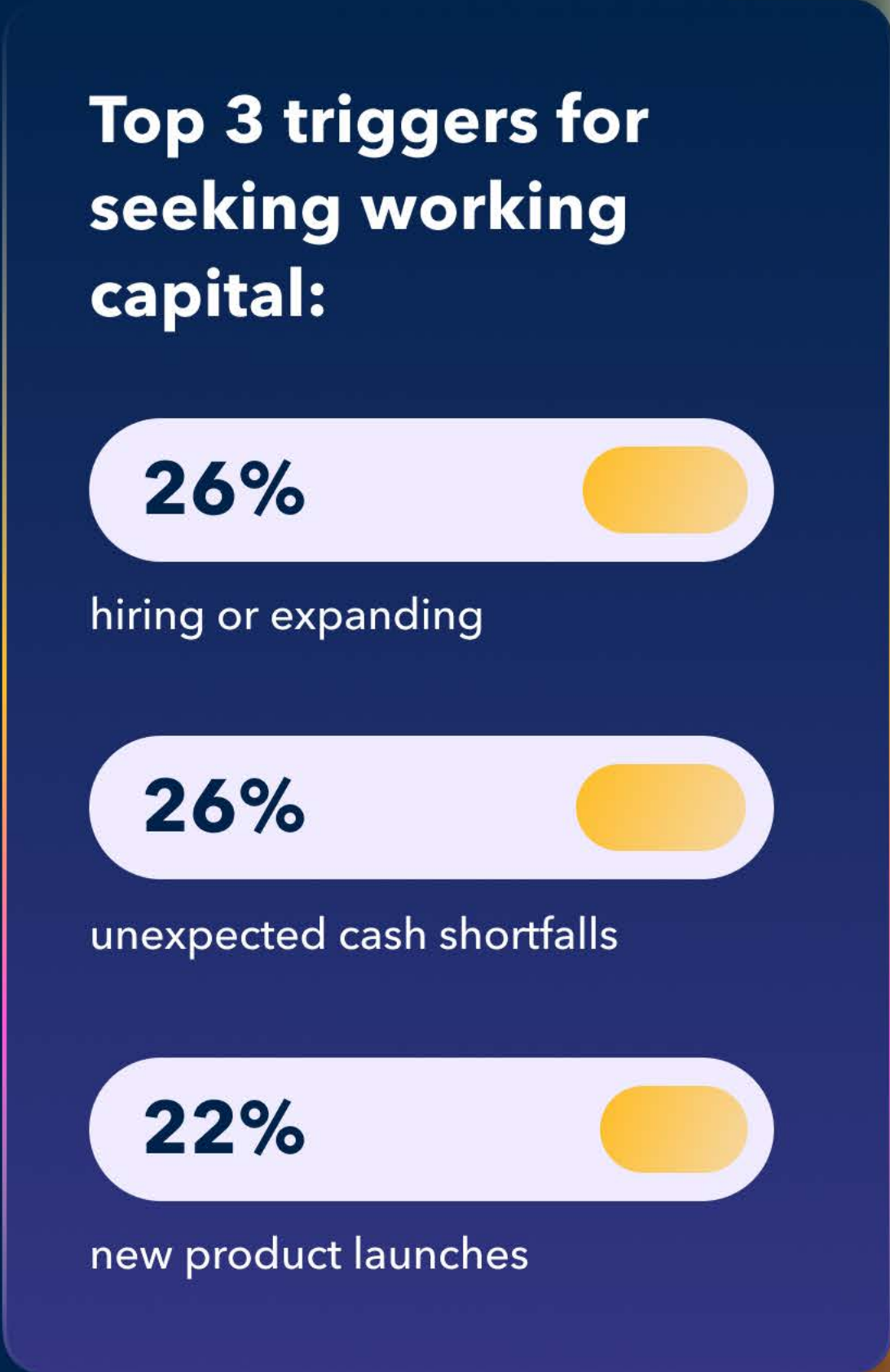


62% of SMEs are planning to seek external funding in the next 12 months

Key Takeaway

Working capital demand remains high. The shift is tactical: SMEs are reacting to contracts, shortfalls and launches in real time.

Brokers who stay close to client plans and match working capital to these opportunities can gain a decisive advantage.



22.5% of SMEs will seek end-of-year funding;
34.5% may act depending on customer demand & cash flow

Key Takeaway

End-of-year planning is underway, but for many SMEs, decisions will hinge on cash flow and customer demand.

Brokers can help by stepping in early to:

- ✓ Pre-empt cash flow gaps by mapping seasonal peaks and receivables cycles
- ✓ Help plan growth scenarios from seasonal stocking to year-round expansion
- ✓ Educate on faster funding options so clients don't miss the window



How will SMEs use their end-of-year funding?

32%

planning equipment or tech upgrades

31%

managing tax and compliance

24%

stocking up for peak season

21%

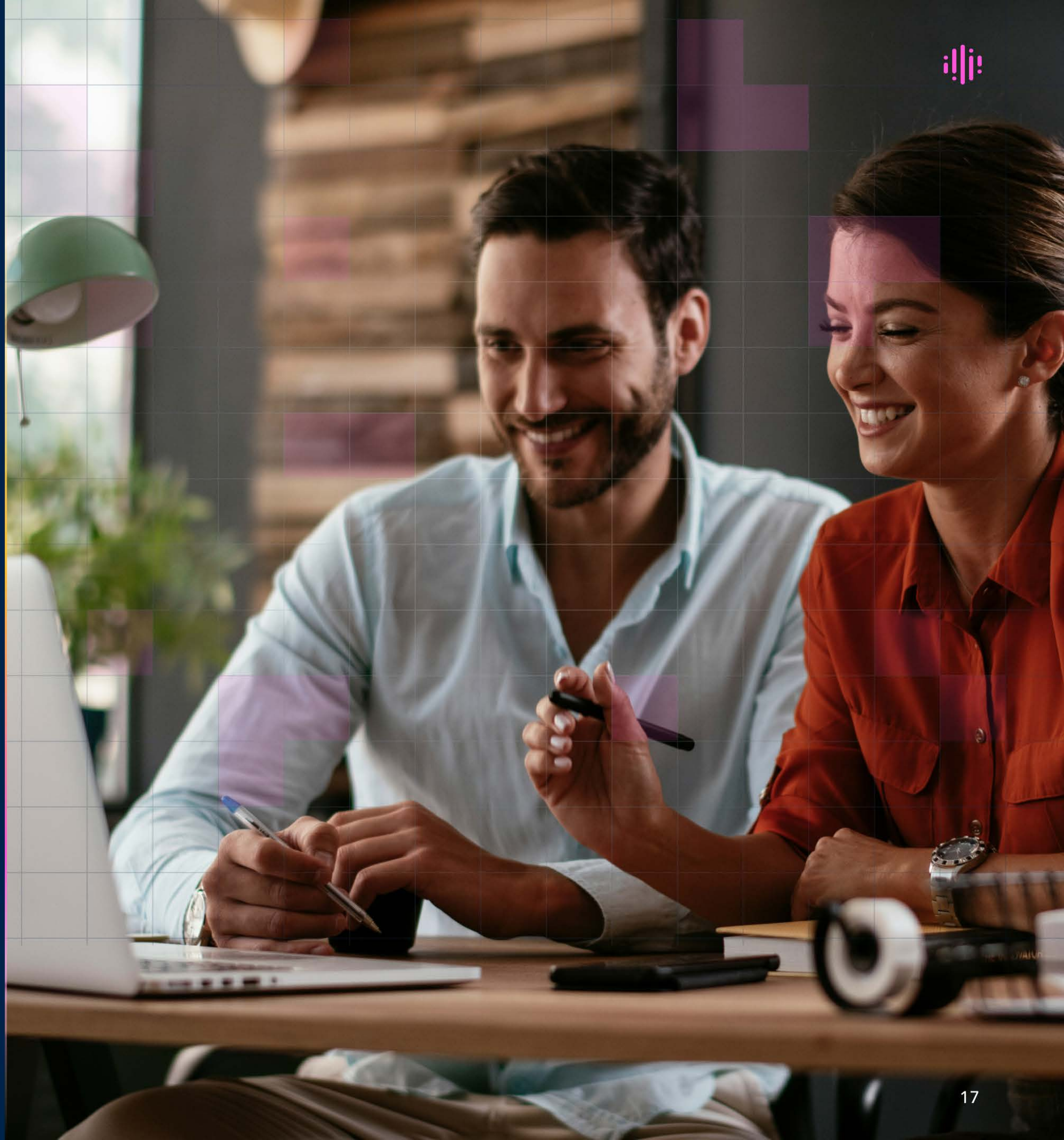
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Broker Value & Trust

For SMEs, funding decisions hinge on trust as much as on terms.

Broker reliance has grown since Q2, but expectations are higher. Those who combine access, speed and strategic guidance will hold their edge in a market where confidence is currency.





Broker reliance is growing

Key Takeaway

Broker influence has deepened: two-thirds of SMEs now rely on them. But with trust as the key currency, sustained engagement and credibility are essential.



67%
of SMEs now use a broker for working capital
↑ up from 52% in Q2



56%
trust brokers/advisers most when evaluating lending options



15%
only 15% prefer to go direct

Beyond access, SMEs want guidance

Key Takeaway

Speed and access still matter, but SMEs value brokers most when they provide clarity and strategic support. This is what turns transactions into long-term relationships.

Why SMEs turn to brokers: access & speed

55%

for access to more funding options

41%

for faster turnaround times

38%

for help negotiating better rates/terms

Why SMEs value brokers beyond access

37%

value expert guidance on complex decisions

33%

value strategic advice on funding mix

27%

value cash flow tools and market insights



SMEs say: A Great Broker Makes The Difference

To understand what SMEs truly value in their financial journey, we asked them to share their experiences. The feedback was clear: a great broker makes all the difference. Here's what they had to say:

“

“Get a good accountant and a good broker. It took us a long time but we finally got the best of both and we are thriving.”

“

“Find a good broker who you can trust, and find a lender who can support you with your cashflow needs, now and in the future.”

“

“Use a broker, they know what they're talking about. And take the risk, it's the only way to progress.”

“

“Trust the process. Seek a Broker and Financial lending institution that understands your business model.”

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Closing Insights

End-of-Year 2025 and beyond:
funding speed and timing will make
or break growth.



SMEs remain growth-oriented, but ambition has softened since Q2, **targets are more selective and tactical.**



Broker reliance is rising: usage jumped from 52% in Q2 to 67% in Q3, but trust and strategic guidance remain the differentiators.



Cash flow fragility persists: **84% still hold <3 months' reserves**, unchanged from last quarter.



Funding demand is urgent and seasonal: 42% plan to seek capital within 6 months, with EOY now a major trigger.

Methodology

Survey of 545 SME business owners across major sectors conducted in July-August 2025

Disclaimer

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

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
- ✓ **Payment Pause** offers 4 weeks interest-free when cash flow is tight

Our Line Of Credit gives clients on-demand access to funds with no ongoing fees:

- ✓ A truly revolving facility: draw, repay, reuse
- ✓ Australia's lowest one-off establishment fee
- ✓ No ongoing fees for SMEs
- ✓ Lifetime trail commission for brokers

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