



# Market Pulse Report Q2 2025

Mid-Year SME Lending Trends

571 Australian SMEs surveyed

May 2025





## Table of Contents

1	<a href="#"><u>SME Business Confidence &amp; Growth Outlook</u></a>	04
2	<a href="#"><u>Financial Health &amp; Funding Pressures</u></a>	07
3	<a href="#"><u>EOFY Priorities &amp; Cash Flow Needs</u></a>	10
4	<a href="#"><u>Broker Relationships &amp; Decision-Making</u></a>	13
5	<a href="#"><u>Closing Insights</u></a>	16



# Your EOFY Insights, At A Glance



**78%**

of SMEs report strong to very strong demand: confidence is holding

**64%**

have increased their growth targets for 2025



**Winning customers and improving efficiency are top strategic priorities**



## Top Concerns



**61%**

cite rising costs



**59%**

cite cash flow management

**Speed of application is the #1 lender selection factor**



**82%**

have less than 3 months' cash reserves

**52%**

already rely on a broker: trust and speed are key

**36%**

prefer non-bank lenders for upcoming funding needs





# About the Survey



## Top Representation From

Construction

Professional Services

Retail

Hospitality

Wholesale Trade

Transport & Warehousing

Survey conducted in April 2025

**571**

SME respondents  
across a dozen  
Australian industries

**99%**

of respondents are  
business founders or  
owners







**Australian SMEs remain resilient,  
with strong demand, rising  
growth ambitions and ongoing  
funding needs.**





# SMEs Are Gearing Up For Growth

## Key Takeaway

Strong demand and improved performance are fuelling growth ambitions for FY26.

**78%**

SMEs report strong demand

**77%**

saw improved financial performance

**64%**

increased their growth targets for 2025







# Borrowing Intent Is High And So Are Ambitions

## Key Takeaway

More than half of SMEs are planning to access funding soon, and they’re focused on high-impact initiatives.

55%

of SMEs plan to seek funding in the next 12 months

## Top Priorities

47%

Customer acquisition

40%

Efficiency

30%

Innovation





Despite resilience, **rising costs and tight cash reserves** are putting pressure on SMEs' financial health.





# Cash Reserves Are Tight, Pressures Are Rising

## Key Takeaway

Most SMEs are running lean, with rising costs and limited buffers creating mounting pressure.

**82%**

of SMEs have less than 3 months' cash reserves

**60%**

cite rising costs and cash flow as top concerns



# SMEs Are Plugging Gaps With Personal Savings

## Key Takeaway

SMEs are under pressure from delayed receivables, and over half are bridging gaps with personal funds.



**44%**

of SMEs say slow-paying customers cause cash flow strain

**56%**

use personal savings to manage shortfalls





1

2

3 EOFY Priorities &amp; Cash Flow Needs

4

5



## Smart Moves for a **Strong Finish**

With EOFY fast approaching, SMEs are prioritising working capital, tax management and asset investment.





# EOFY Lending Needs: Working Capital, Tax & Growth

## Key Takeaway

Working capital and tax obligations are driving demand for fast, flexible finance ahead of EOFY.



**44%**

of SMEs need working capital before June 30

**33%**

are managing or aiming to prevent tax debt

**67%**

are tax compliant, but 24% are behind





# Tax Pressures Persist, But SMEs Want To Move Forward

## Key Takeaway

Most SMEs remain growth-minded, despite rising tax pressures. Many are managing obligations through structured plans and continue to seek funding, even with policy changes.

**36%**

of SMEs say their tax debt has grown in the past year

**74%**

are managing tax via ATO payment plans

**71%**

say Instant Asset Write-Off (IAWO) changes won't affect borrowing plans





## SMEs are choosing brokers **more often – and for good reason.**

Brokers are at the heart of SME funding decisions. Speed, access and tailored advice top the list of reasons why more than half of SMEs rely on brokers to secure capital and navigate complex lending decisions.

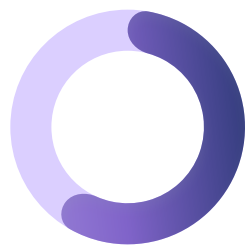




# Why 52% Of SMEs Rely On Brokers

## Key Takeaway

SMEs aren't just relying on brokers, **they're turning to them for better outcomes.** Brokers deliver **better access, faster outcomes and smarter financial advice, and SMEs know it.**



65%

say brokers give them better access to lenders and funding options

44%

value speed of access

39%

want expert guidance on complex decisions

34%

turn to brokers for better rates and terms



# Trust & Referrals Drive Broker Selection

## Key Takeaway

When it comes to choosing a broker, trust is everything. Personal referrals and professional recommendations matter far more than websites or ads.

**60%**

trust brokers and advisors most when evaluating lending options

**51%**

find their broker through referrals from peers or advisors





## SME confidence is **holding**. Growth ambition is **high**.

Access to fast, flexible funding remains key, and Lumi is here to support SME growth.



# Key trends shaping the SME lending landscape:

Confidence Holds Strong

78%

of SMEs report strong or moderate demand - business resilience is real

Borrowing Appetite Remains High

55%

of SMEs plan to seek external funding this year, despite a slight dip from last quarter.

Non-Bank Momentum

36%

of SMEs seeking funding prefer non-bank lenders - flexibility and speed are key.

Broker Reliance is Growing

52%

of SMEs already rely on a broker for financing, and referrals are the #1 discovery method.

EOFY Is A Trigger Moment:

Asset purchases, cash flow management and tax planning are top priorities.





# Methodology

Survey of 571 SMEs conducted April 2025.  
Lumi SMEs, various industries, 99% owner/founders.

## Disclaimer

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## Here To Power Your Growth

Lumi helps Australian businesses achieve sustainable financial success by offering fast, fair and flexible financial solutions, powered by our innovative lending approach.

Have questions or need assistance in finding the right loan? Lumi is here to help. Reach out to your broker or Lumi Account Manager today to get started on your path to business growth.

[lumi.com.au](https://lumi.com.au)

1300 005 864