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AFIA report confirms non-bank lenders as vital to Australia's housing finance ecosystem

Non-bank lenders are a vital piece of Australia's housing finance puzzle, providing competition and access for thousands of creditworthy Australians overlooked by traditional banks, according to a new report released today by the Australian Finance Industry Association (AFIA).

With housing accessibility and affordability at crisis levels, AFIA's inaugural report on residential mortgage non-bank lenders (RNBLs) demonstrates the integral role they play in helping Australians achieve home ownership.

Through driving product and service innovation, enhancing competition and their willingness to serve markets often overlooked – like freelancers, contractors and small-business owners – RNBLs provide essential market dynamism and financial inclusion in Australia's mortgage market.

AFIA CEO Diane Tate said the report confirms RNBLs are a critical and well regulated part of the nation's financial ecosystem.

"Non-bank lenders are helping thousands of Australians achieve their home ownership dreams. They deliver competition, choice and access for borrowers, and operate under a robust regulatory and funding framework," Ms Tate said.

"Our report shows non-bank lenders open doors for borrowers overlooked by traditional banks, while pushing the market forward with competitive pricing, innovative products and better service for all Australians.

"The data confirms that non-bank lenders are well regulated and committed to responsible lending, consistently reporting low arrears rates, prudent lending standards and strong support for customers in hardship.

"Non-bank lenders are a disciplined part of the financial system – they're licensed, consumer-regulated and held to the same responsible lending standards as traditional banks, delivering safe, responsible lending for borrowers.

"At a time where housing accessibility is front and centre, non-bank lenders are more important than ever, supporting everyday Australians like freelancers, contractors and small-business owners get on the property ladder."

Key findings from the report, developed in association with Positive Economics Advisory¹, include:

- In FY25, RNBLs supported around 51,000 Australians purchase or refinance a home, with RNBLs typically targeting underserved market segments such as self-employed borrowers and those in industries with more variable income – expanding access to mortgage finance.
- RNBLs total stock of loans amounted to \$72.2 billion, representing 3% of housing finance nationally – providing essential market dynamism and competition and making up a small but important share of the residential mortgage market.
- RNBLs proportion of new loans above 80% loan-to-value ratios (LVR) is less than 20%, which is lower than that of major banks (over 30%) – indicating prudent lending.

- RNBLs arrears profile is comparable to that of the major banks, with a slightly higher share in early-stage arrears (0.67% vs. majors at 0.58%) and a lower share in 90+ day arrears/non-performing (0.81% vs. majors at 1.10%) – reflecting responsible lending practices.
- Over 80% of all hardship applications received by RNBLs are approved – demonstrating their commitment to supporting customers experiencing financial hardship.

ENDS

A copy of the report is [available here](#).

EDITOR'S NOTES

¹ The report into RNBLs primarily relies on AFIA's Residential Mortgage Financial Year 2025 survey, supplemented with analysis from Positive Economics Advisory. The report is supported by publicly available information including from the Reserve Bank of Australia (RBA) and other regulators.

It is important to distinguish non-bank lenders from banks and the private credit segment that has grown in Australia and globally – a summary of the key differences is provided below, with additional information available in the report's appendix:

- NBLs typically provide standardised and specialised finance products to consumers and small investors, are consumer-regulated and funded through transparent, often rated, funding structures.
- Banks typically fund standardised loans for consumers, businesses and corporates, and are consumer-regulated and regulated by APRA because they are responsible for ensuring the safety of customer deposits.
- Private credit funds typically provide bespoke, negotiated and often illiquid loans to corporates or property vehicles, usually on a wholesale basis, and are not positioned as consumer lenders or residential mortgage providers.

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ABOUT AFIA

AFIA is the only peak body representing the entire finance industry in Australia.

We represent over 150 members, including banks, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia's future.

We collaborate with our members, governments, regulators, and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.