cognizant

Thought leadership

The hidden battleground in Australian lending

Trust built the market. The operating model will decide who scales it. Competitive advantage is shifting from customer acquisition to operational excellence.

Cognizant perspective | November 2026



Table of contents

Executive summary 03

A market entering its second phase **05**

- The next battleground 05
- Five predictions 06
- The trust foundation 06

A practical lens on readiness **07**

- What lending leaders should consider now 08

Building an AI-native operating model **08**

- The differentiator 10
- The takeaway 11

In brief

Australian non-bank lending has already won the origination battle. The next five years will be decided by execution, not the size of the loan book. Trust and security are the entry price, not the differentiator. Context, not automation, is what makes AI trustworthy in lending. And the organizations that scale fastest will be the ones that treat their operating model as the asset worth building.



Executive summary

Australian lending is changing, but not in the way many expect

Trust and experience remain the foundation of competitive advantage in lending. But what sets competitors apart is the end-to-end lending process including the broker relationships, platforms, application forms and operational workflows that sit behind every customer interaction.

Australia's lending market has evolved differently from many global markets. A broker-led distribution model, deep securitization markets and a growing non-bank sector have created one of the world's most dynamic lending ecosystems. These characteristics have accelerated competition and innovation, but they have also increased operational complexity.

Customer experience and trust have not gone away. They are why a borrower comes back and why a broker sends the next deal. That does not change as the more visible contest moves behind the end-to-end lending process; it becomes the constant that everything else in this market is now built to protect.

74.6%
of new home loans now originate through brokers[1]

5.9%
of broker-originated mortgage business is non-bank[1]

~3%
non-bank share of total AU housing loan stock[2]

If origination is where non-banks are winning attention, funding is where they are building real institutional weight. Australian public securitisation issuance rebounded sharply after 2022, and 2024 was the strongest year in over a decade, with momentum carrying into 2025 and into a wider mix of funding structures.

A$74.6B
record AU public securitisation issuance, 2024[3]

51%
share of 2024 issuance from non-bank issuers[3]

~A$80B
market tone carried into 2025 issuance[4]

The harder contest now sits deeper in the value chain as non-bank lenders diversify their products, funding structures and channels. The operating layer connecting origination, decisioning, fulfillment, servicing and capital markets is becoming the constraint on growth.

The signal is clear

The next generation of lending leaders will be defined by who can introduce new products, funding structures, distribution partnerships and regulatory changes without rebuilding their operating model each time.

Many legacy lending platforms were designed for stability, not adaptability. As lending models evolve, competitive advantage will increasingly come from operating models that allow new capabilities to be connected, configured and scaled quickly, rather than hard coded into monolithic systems.

Operational maturity will increasingly determine three outcomes that matter directly to boards and investors: speed to market, funding flexibility and confidence at scale.

Source:
1 Mortgage and Finance Association of Australia, Industry Intelligence Service 19th Edition
2 AFIA Residential Mortgage Non-Bank Lenders Report, November 2025
3 RBC Capital Markets, Securitisation Monthly, 2024 Review
4 ASF year in review: 2025

The big shift

Where competitive advantage is moving

Yesterday's winners		Tomorrow's winners
Lowest rates	→	Fastest execution
Better broker portal	→	Better operating model
Bigger balance sheet	→	Better capital orchestration
More staff	→	More automation
Standalone technology	→	Connected ecosystem
Individual functions	→	Integrated lending lifecycle

Competitive advantage is shifting from customer acquisition to operational excellence.

The competitive advantage is no longer the size of the loan book. It is the ability to evolve it without rebuilding the operating model.

The fastest-growing lenders of the next decade won't necessarily employ the most people. They'll orchestrate the best combination of AI, workflows and human expertise.



Part 1: A market entering its second phase

Why growth alone no longer defines competitive advantage

A market entering its second phase.

The market is entering a more demanding stage. Demand remains strong, but sustainable growth now depends on the operational capacity to support larger portfolios, more complex funding structures and rising data obligations.

The focus of competition is evolving

Phase 1 | Establish and grow

- Win broker relationships
- Build the loan book
- Secure funding
- Grow originations

→ **Today** →

Phase 2 | Scale and orchestrate

- Scale operations
- Orchestrate the ecosystem
- Build capital readiness
- Create AI-ready processes
- Strengthen investor confidence

Our view: Australian lending has crossed the line between growth through origination and growth through operational excellence.

The first chapter of non-bank growth was about establishing credibility, building broker relationships, proving asset performance, securing funding and scaling originations. The next chapter is more demanding. As portfolios grow, the operating model must absorb more products, more investor requirements, more data obligations and more complex funding structures.

Future-ready lending platforms will be defined by their ability to adapt to regulatory, policy and market change as quickly as they scale.

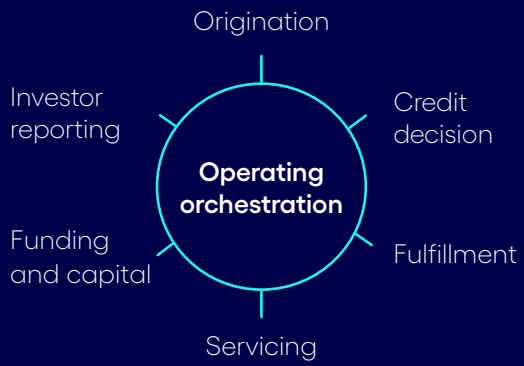
The next battleground: The operating layer is where strategy becomes execution

A connected lifecycle matters more than any single platform or provider.

The shift from fragmented delivery to capital-ready orchestration

Traditional lender

- Separate systems
- Manual handoffs
- Multiple vendors
- Duplicate data
- High operational effort



Future lender

- Connected ecosystem
- Shared data
- Automated workflows
- AI-enabled decisions
- Capital-ready by design

The shift is from fragmented delivery to capital-ready orchestration.

Every layer of lending now has capable point solutions. The problem is not a lack of technology. It is the connective tissue between those solutions: the controls, workflows, data standards and operating accountability that turn a decisioned application into a servicing-ready loan, and a servicing-ready loan into an investor-ready asset.

The organizations that treat operational integration as a product, not a collection of projects, will move faster, integrate partners more safely and create a repeatable path from origination to capital markets.

Five predictions: What will separate leaders from followers over the next five years

01

Operating models move to the board

Operations will be reviewed alongside growth, capital and risk, not treated as a back-office efficiency program.

Cognizant view

02

AI will not fix fragmentation

It will expose it. AI amplifies the quality of the processes, governance and data already in place.

Cognizant view

03

Investors assess operations

Servicing quality, governance and data lineage will increasingly influence funding access and cost.

Cognizant view

04

Ecosystems outperform vertical models

Connected specialists will create more value than attempting to own every capability.

Cognizant view

05

The fastest growers will not employ the most people

Future leaders will scale systems, partners and workflows—not just teams.

Cognizant view

These predictions point to a practical leadership agenda: decide where to automate, where to partner, where to standardise and where human expertise adds the greatest value. The priority is to make those choices consistently across the lending lifecycle.

The challenge is no longer recognising the direction of travel. It is converting strategic intent into repeatable capabilities, clearer accountability and measurable operating outcomes.

The trust foundation: Privacy, security and responsible AI are the price of entry

Lenders need operations that can scale with end-to-end data privacy, bank-grade security and responsible AI controls embedded in every workflow from day one.

Consent management should align with the Consumer Data Rights, giving customers control of their data while encryption, protected hand offs and auditable actions support regulatory confidence. These controls belong in the live operating environment, not on a future road map.

The baseline, not the ambition

It is why borrowers keep coming back, why brokers keep sending deals and why boards can say yes to scaling with confidence.

Part 2: A practical lens on readiness

Assessing where the operating model stands and what to do next.

Our field view: A lending readiness model

Our lending readiness model offers a simple way to assess whether the business is built for the next stage of growth, grounded in patterns we have seen across the lending transformation programs we have delivered. Frameworks in this space continue to evolve; this reflects our current field view, not a fixed standard.

	Customer	Data	Operations	Technology	Capital
Traditional	Transactional experiences	Fragmented and siloed	Manual and reactive	Siloed platforms	Treasury function
Future-ready	Personalised and proactive	Connected and trusted	Orchestrated and automated	Ecosystem by design	Strategic capability

The shift to future-ready capabilities unlocks scale, speed and investor confidence.

In our experience, future-readiness is not achieved through a single transformation initiative. We see it as the cumulative result of five dimensions working together.

Together, these five dimensions provide a practical way for lending leaders to assess whether their operating model is designed only for today's business or if it can continuously absorb future growth, new funding models, AI and regulatory change.

Customer

Move from a one-size-fits-all journey to contextual, proactive engagement across broker, borrower and partner channels—anchored in the trust, privacy and data security borrowers expect as a standard.

Data

Create trusted information that can be captured once and reused across decisioning, servicing, compliance and investor reporting.

Operations

Build operations around straight-through processing by design, with AI coordinating routine execution and human expertise focused on exceptions, judgment and governance.

Technology

Use modular architecture to connect specialist capabilities without forcing a multiyear replacement of every core system.

Capital

Treat funding readiness, pool construction, covenant monitoring and investor reporting as continuous operating capabilities.

Leading lenders are building operating models that adapt to change without constant redesign.

From insights to action: What lending leaders should consider now



1. Design for the next scale point

Design operating models for tomorrow's lending volumes, not today's.

Leading lenders are redesigning workflows before growth exposes operational constraints, ensuring scale can be absorbed without increasing operational complexity.



2. Make capital readiness continuous

Treat capital readiness as a permanent operating capability rather than something you activate only with raising or refinancing.

Operational transparency, connected data and investor-ready reporting will increasingly become competitive advantages as funding structures continue to evolve.



3. Orchestrate for advantage

Competitive advantage will increasingly come from orchestrating specialist technology, operations and funding partners rather than replacing every platform.

Future operating models will be built around connected ecosystems rather than monolithic architectures.



4. Automate the operating system, not isolated tasks

Position AI as the intelligence layer across lending operations rather than applying automation to isolated manual activities.

Future lending operations will increasingly rely on AI to orchestrate workflows while people focus on judgment, customer outcomes and exception management.

There is no single future-state model. Leaders should define the capabilities required at the next scale point, then build them in an order that reflects portfolio growth, funding priorities and regulatory exposure.

Part 3: Context is the real differentiator

Why context, not automation, is the real differentiator.

Building an AI-native lending operating model

Understanding where the industry is heading is only the first step. The next challenge is redesigning lending operations for an AI-native future. Many organizations are approaching AI by asking: Where can AI make our people more productive? We believe the better question is: Which lending activities can be redesigned to be digital first with minimal human involvement?

This distinction matters. Research from the MIT Center for Information Systems Research[5] shows that many organizations struggle to move beyond AI experimentation because they treat AI as a technology initiative rather than redesigning the operating model around it The organizations creating enterprise value are those redesigning workflows, data, governance and operating models, not simply deploying AI tools.

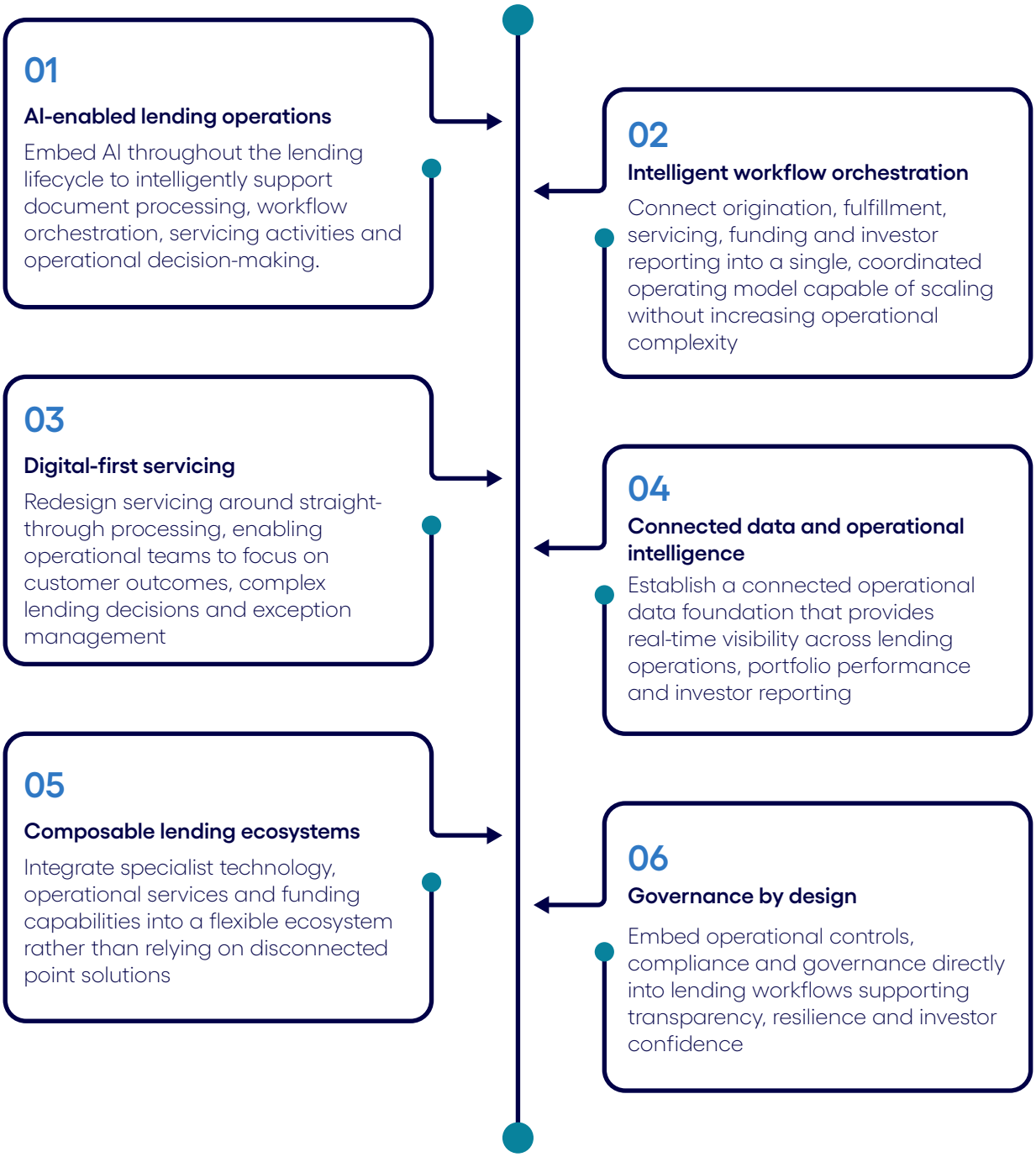
5 Source: What leaders still get wrong about AI, MIT article by Beth Stackpole, 2026

The path here is not a leap from manual process to autonomous AI. It runs through process optimization, then automation of the routine, before AI is applied to the higher-value, judgment-adjacent work that is left. Skipping steps does not make the model safer; it just means whatever process and data discipline is missing gets automated and then amplified. Security and governance controls are not a final gate at the end of this path. In the programs we lead, they are built in at every stage, from the first workflow redesign to the point AI is making routine decisions.

AI should become the operating intelligence layer across origination, fulfillment, servicing, funding and reporting. Routine work can be coordinated digitally, while people remain accountable for judgment, customer outcomes, governance and exceptions. The six capabilities below show how to make that shift structural rather than supplementary.

Six capabilities of an AI-enabled operating model

How AI is embedded across the lending lifecycle, from origination to investor reporting



This shift requires a different set of capabilities moving beyond standalone technologies toward connected operating models where AI, data, operations and capital work together as a single system.

> AI does not create operating excellence. It exposes it.

The differentiator: Context, not automation, is what makes this shift trustworthy

AI's advantage lies not in automation alone, but in carrying the full borrower, property, funding and regulatory context across the lending lifecycle so decisions remain consistent and explainable. This requires deep operational knowledge to determine where AI adds value, where human judgment is essential and how autonomy can safely increase as confidence grows. We call this context engineering: combining domain expertise, trusted context, guardrails and auditability to turn AI from point automation into a reliable production capability. As AI models become increasingly commoditized, the real differentiator will be knowing where and how to apply them responsibly.

Our experience shows that responsible AI adoption in lending depends on bringing these capabilities together:

- Process expertise that understands where AI should be applied
- Technology and security capabilities that enable it to operate safely
- Governance that gives boards, regulators and customers confidence in the outcomes

Each capability can be sourced independently. The differentiator is how effectively they are combined with deep lending context and embedded into the operating model.

Our perspective: Lending operations 2030

AI is fundamentally changing the role of lending operations. We believe AI will increasingly become the operating layer across lending, enabling routine activities to execute digitally while people focus on judgment, customer engagement, risk oversight and exception management.

As this transition accelerates, we believe leading lending organizations will progressively redesign operations around digital-first execution. Comparable transformation programs typically move straight-through rates from the 30%–40% range into the 60%–70% range within a similar cycle. We are seeing the industry's leading operating models move beyond that, toward 80%–90% straight-through processing across eligible lending activities. This is already forming today—it's not a distant target.

The objective is not simply to make today's model more efficient. It is to create an operating system that can scale with confidence across customers, investors and regulators.

> The immediate question for lending leaders is clear: which operating capabilities must be strengthened now to support the next phase of growth?

The takeaway

Australian lenders have already innovated in products, distribution and funding. The next opportunity is to connect those strengths through an operating model that brings customers, technology, operations, data and capital together. Winning models will translate change into repeatable execution: introducing new products and funding structures, applying AI responsibly and meeting regulatory expectations without allowing complexity to outpace growth.

If your organization is preparing for its next phase of growth, now is the time to assess whether your operating model is built to absorb it.



Author



Basel Eltarifi

Head of Business Services and Automation – AnZ

Basel.Eltarifi@cognizant.com

Basel Eltarifi leads Cognizant's Intuitive Operations and Automation practice in Australia. He works with clients across every sector and business function to design and deliver AI-led operations-focused transformations, helping them modernise how their operations run and realise measurable outcomes.

Cognizant (Nasdaq: CTSH) is an AI Builder and technology services provider, bridging the gap between AI investment and enterprise value by building full-stack AI solutions for our clients. Our deep industry, process and engineering expertise enables us to build an organization's unique context into technology systems that amplify human potential, drive tangible outcomes and keep global enterprises ahead in a fast-changing world. See how at cognizant.ai or @cognizant.

World Headquarters

300 Frank W. Burr Blvd.
Suite 36, 6th Floor
Teaneck, NJ 07666 USA
Phone: +1 201 801 0233

European Headquarters

280 Bishopsgate
London
EC2M 4AG
England
Tel: +44 (01) 020 7297 7600

India Corporate Office

Siruseri-Software Technology Park of India (STPI)
SDB Block—Ground Floor North Wing
Plot No H4, SIPCOT IT Park
Chengalpattu District
Chennai 603103, Tamil Nadu
Tel: 1800 208 6999

APAC Headquarters

1 Fusionopolis Link,
Level 5 NEXUS@One-North,
North Tower Singapore 138542
Phone: + 65 6812 4000

© Copyright 2025–2027, Cognizant. All rights reserved. No part of this document may be reproduced, stored in a retrieval system, transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the express written permission of Cognizant. The information contained herein is subject to change without notice. All other trademarks mentioned herein are the property of their respective owners.

WF 5247300