There's more to the story

How richer data can support more confident new-to-credit decisions



experian



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Executive summary

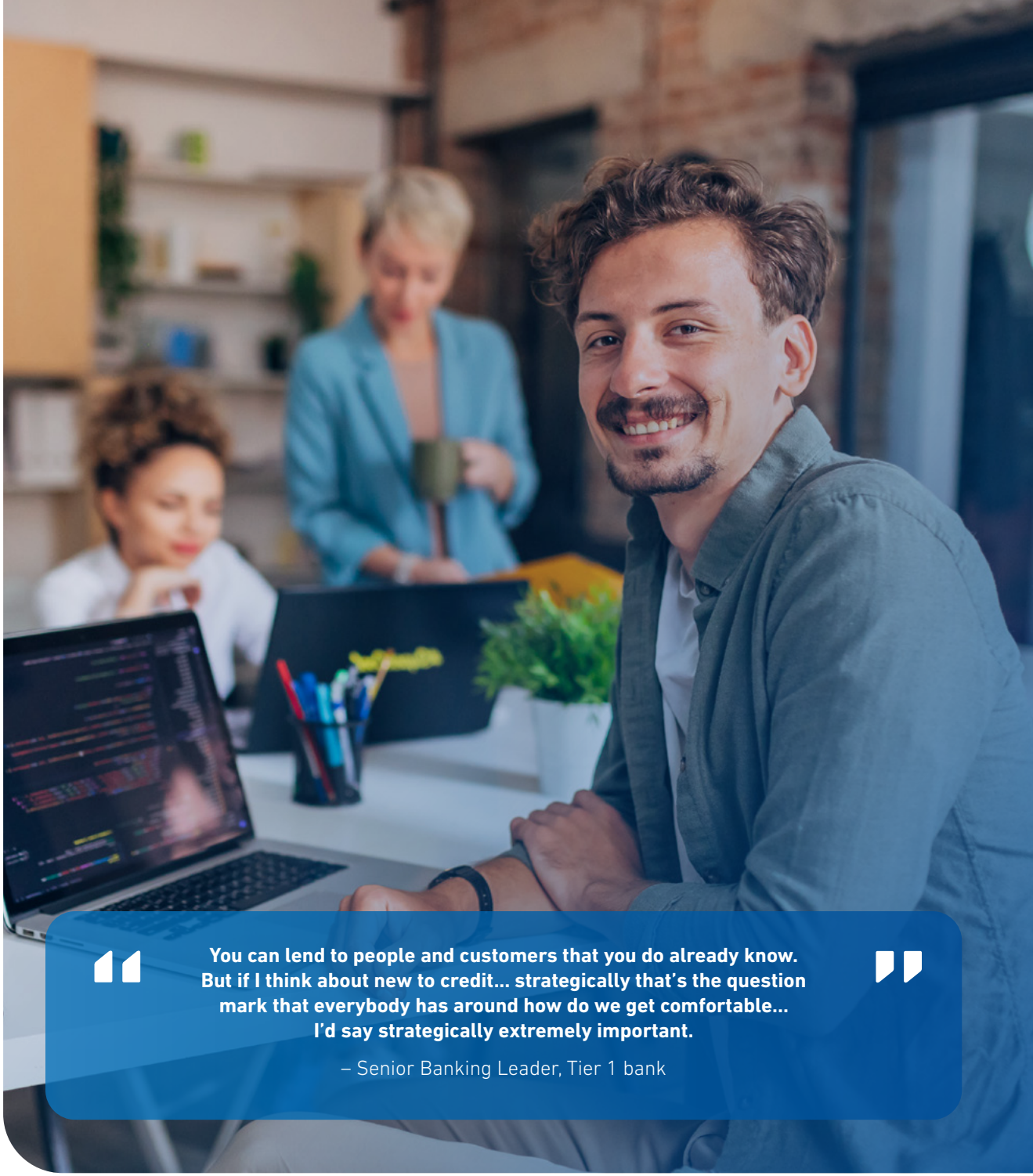
Experian's June 2026 research suggests many Australians are choosing not to apply for credit, even when they may have a need for it. Among consumers aged 18-30, 43.8% avoided applying because they expected to be declined or found the process off-putting.

Overseas-born respondents reported a similar rate, while six in ten small and medium businesses (SMEs) (60.1%) had never applied for business credit.

Reported approval rates were high among those who applied, including 77.6% of younger applicants and 89.0% of SME applicants. However, these figures describe only respondents who reached the application stage; they don't show the eligibility or likely outcomes of those who held back. Among younger consumers, a lack of credit history was the application difficulty cited most often. Businesses trading for one to two years were almost three times as likely as established firms to find it difficult to demonstrate their finances (46.3% compared with 15.9%).

Some younger consumers and newer businesses are instead turning to credit outside traditional lending. Nearly three in ten younger consumers (29.2%) use Buy Now Pay Later (BNPL), while more than half of businesses trading for one to two years (56.1%) have used alternative finance. These choices may shape where their earliest credit relationships are formed. A decline may discourage further engagement: 68.9% of younger applicants whose most recent application was declined said they had since avoided applying for credit.

For lenders, the challenge is whether they have enough trusted evidence to assess these customers confidently and efficiently. Those interviewed for this report viewed customers new to credit as strategically important, but said short or fragmented histories can make timely assessment more difficult.



> **You can lend to people and customers that you do already know. But if I think about new to credit... strategically that's the question mark that everybody has around how do we get comfortable... I'd say strategically extremely important.**
>
> – Senior Banking Leader, Tier 1 bank

The first credit relationship can be important. Lenders interviewed observed that customers who begin with a bank may remain with it, creating an opportunity to build an early relationship that works for both the customer and the lender. Realising that opportunity starts with understanding who is not reaching the application stage, what evidence may be missing for each group, and how clearer guidance before and after an application could keep suitable customers engaged.

Experian's new-to-credit research brings together two surveys conducted in June 2026, one including 504 Australians aged 18-30 and another involving 546 small and medium businesses, alongside eight in-depth interviews with senior Australian lending and credit risk professionals. Together, the findings explore why some consumers and businesses do not enter the credit application process, the challenges they can face when they do, and the evidence lenders may need to assess them with greater confidence.



Who isn't reaching the application stage

Consumers aged 18–30 (n=504) and small and medium businesses (n=546), June 2026

43.8% of consumers aged 18–30 had avoided applying for credit

60.1% of SMEs had never applied for business credit

68.9% of declined younger applicants hadn't applied again

89.0% of SME applicants were approved

What application data doesn't show

Application data captures only those who decide to apply. It doesn't reveal how many people considered borrowing but held back, and this research indicates that group may be substantial.

Among consumers aged 18–30, 43.8% had avoided applying for credit because they expected to be declined or found the process off-putting. Of those who had applied, 15.3% reported being declined. Among SMEs, 60.1% had never applied for business credit, while 89.0% of applicants reported being approved.

These figures come from different questions and respondent groups, so they can't show whether those who held back would have qualified. They do show that application and approval data captures only people who entered the process, leaving the needs, eligibility and likely outcomes of non-applicants unknown.

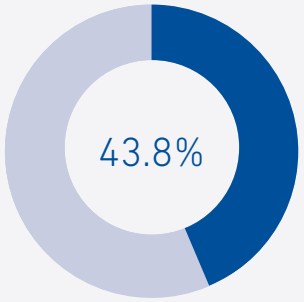
For those who do apply, a short credit history can still make assessment more difficult. Brokers and lenders interviewed described such applications being delayed, referred for manual review or assessed more conservatively when the available file contained limited financial information.

> **This person doesn't really have too much on their file. We don't know how confident we are in their ability to repay us. So therefore, under that criteria, we're going to reject this application.**
>
> – Finance Broker

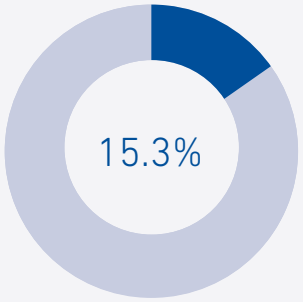
Some of the missing evidence may already exist in other sources. Depending on availability and permitted use, it could be held by another credit bureau or within commercial credit data, reported BNPL repayment records, income verification, business cashflow or rental payment history. Clearer guidance before an application could also help people decide whether to proceed and understand what information they may need to provide.

Who applies and who holds back

Consumers aged 18–30

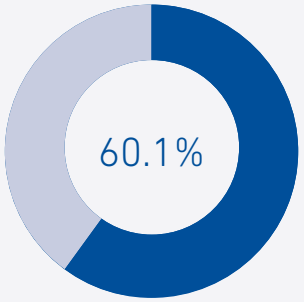


had avoided applying

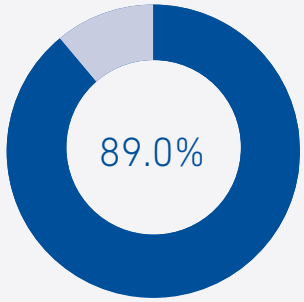


of applicants were declined

Small and medium businesses



had never applied



of applicants were approved

Figures come from different survey questions and are not directly comparable.

Why some younger consumers don't apply

For younger consumers, having limited credit history is the most commonly reported application difficulty. Among respondents aged 18–30, 16.5% identified it as the hardest part of applying for credit, more than any other factor.

For younger consumers, having limited credit history is the most commonly reported application difficulty. Among respondents aged 18–30, 16.5% identified it as the hardest part of applying for credit, more than any other factor. Avoidance was also highest among the youngest respondents: 56.9% of 18–19-year-olds said they had avoided applying, compared with 38.8% of those aged 25–30. Some of that hesitation may come from concern about the application itself, including whether applying could count against them on their credit file. Some non-bank lenders now use a soft check to give an indicative outcome first, which may help consumers understand where they stand before committing to a full application.

Many are already using other forms of credit. Among respondents, 27.8% had used an alternative provider because they assumed a bank would decline them, while 29.2% currently use BNPL. These behaviours give useful context on how some younger consumers first access credit outside traditional products. BNPL providers typically start new customers on lower limits and may restrict further use when payments are missed. This can help limit their exposure and support faster approvals. For a younger consumer, a modest starting limit may also feel less daunting than a credit card or personal loan.

Where BNPL repayment history is reported, available and permitted for use, it can provide lenders with an additional record of repayment behaviour to consider alongside other relevant information.

> **If we had integrations and we could see that they're paying the bills on time... that would be also helpful to say that we have some kind of history.**
>
> – Lending Platform Leader, Tier 1 bank subsidiary

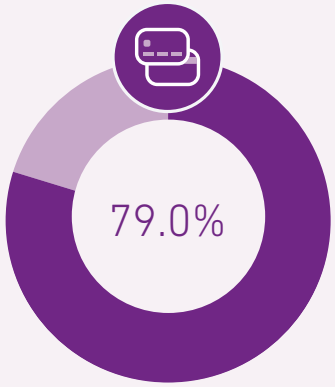
When asked what lenders should consider, respondents most often nominated income (58.9%). Around half also wanted payment history for rent, bills and subscriptions (48.0%), employment stability (47.6%) and savings behaviour (47.0%) to be taken into account. Lenders interviewed said younger applicants expect a prompt response, and one put a number on it.

> **Those age groups need decisions fast. They've given you everything and expect an answer in two or three days.**
>
> – Lending Platform Leader, digital lender

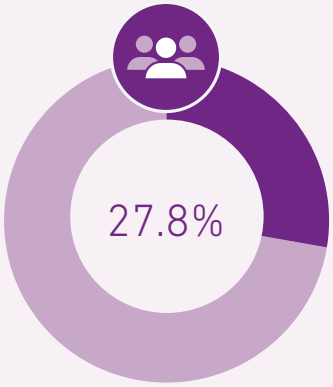
A decline can influence more than a single application. Among younger consumers whose most recent application was declined, 68.9% said they had since avoided applying for credit, compared with 42.7% of those who had been approved; 45.9% also reported a more negative view of the provider. Clear explanations may help preserve the relationship: nearly a quarter of respondents (24.8%) said that understanding what could improve their chances next time was part of a good lending experience.

How younger Australians are accessing credit

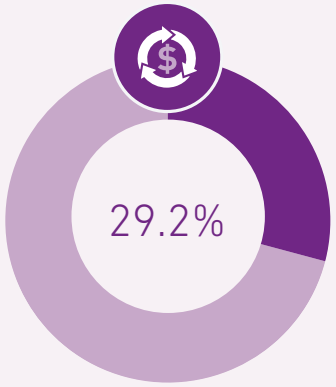
Consumers aged 18–30



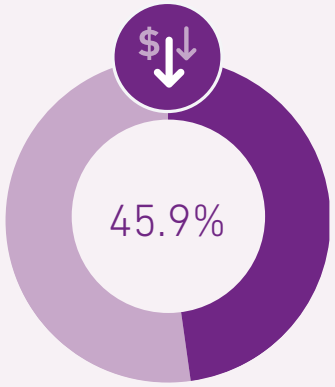
had applied for a credit product



used an alternative provider because they assumed a bank would say no



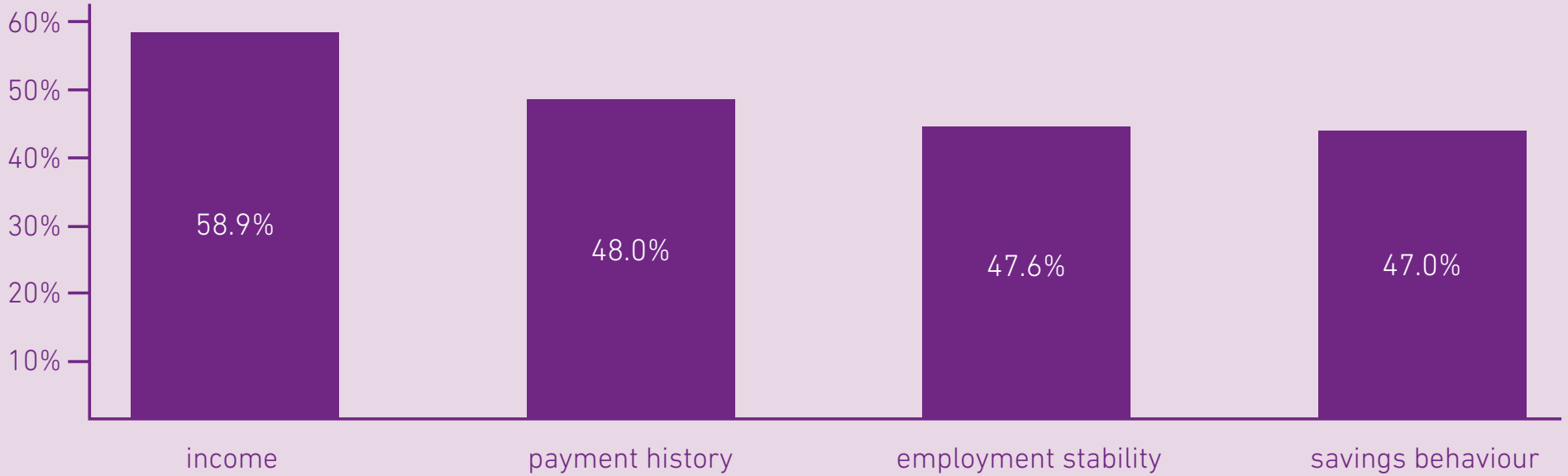
currently use BNPL



of declined applicants had a more negative view of the provider

What younger consumers want lenders to consider

% of consumers aged 18–30





When financial history doesn't travel

People arriving in Australia may bring years of experience managing money but have little credit history visible to a local lender. This can affect recent migrants, temporary visa holders and returning Australians whose financial history was largely established overseas.

In the consumer survey, overseas-born respondents aged 18–30 were more likely than Australian-born respondents to report difficulty gaining approval for their first credit product (46.9% compared with 33.2%) and to identify a lack of credit history as a barrier (23.4% compared with 15.5%). Their rates of avoiding applications (42.2%) and doubting that lenders assess people fairly (17.2%) were similar to those of Australian-born peers. The overseas-born subgroup comprised 64 respondents and was used as a proxy for people whose financial history was largely established outside Australia, so the findings are directional.

When reflecting on their experience of first arriving in Australia, overseas-born respondents most often identified documentation requirements as a challenge (53.1%), followed by limited local credit history (32.8%) and unfamiliarity with the system (29.7%). Only 14.1% said their overseas financial history had been completely recognised, while 28.1% said it hadn't been recognised at all. Better guidance or support was the improvement most often nominated (60.9%), followed by simpler documentation (46.9%). These findings should be interpreted as directional because the subgroup was defined by birthplace rather than recency of arrival.

As a practical starting point, lenders could make clearer which documents applicants need to provide and what overseas information, if any, can be considered.

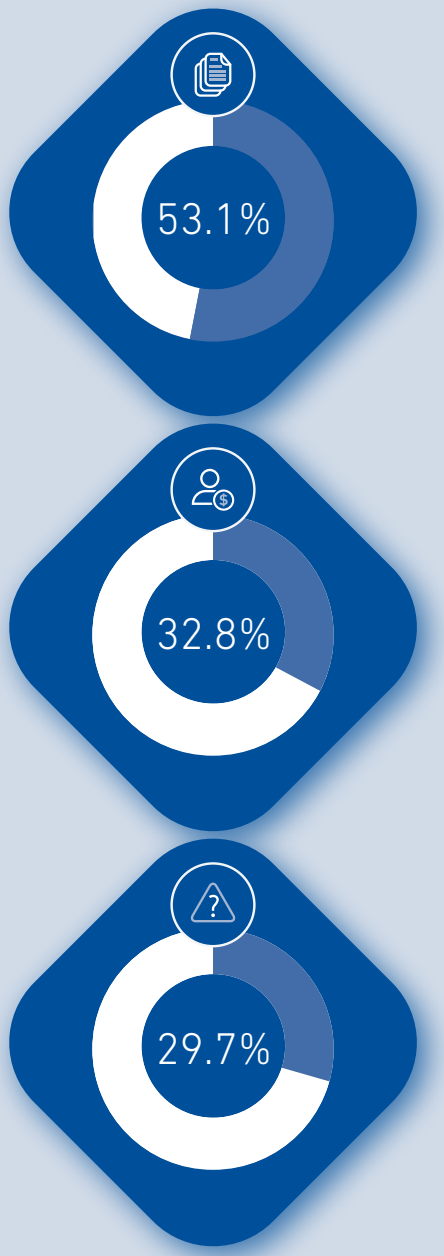
Not every barrier can be addressed through additional data. Lenders interviewed described eligibility policies that restrict lending to permanent residents or citizens, regardless of income or repayment history, because of jurisdictional risks where assets or credit histories are held overseas.

> **Data cannot be passed from jurisdiction to jurisdiction… it has to be handled with in-country guidelines and legal requirements.**
>
> – Wholesale Risk Leader, Tier 1 bank

Identity verification can also be harder. Where an applicant has little or no local credit history, there are fewer existing records to check their identity details against, so lenders may rely more heavily on documents and account verification. Strong identity and account verification can help lenders manage fraud risk without treating people new to Australia as a higher risk.

For applicants who meet a lender's existing eligibility criteria, verified local identity and income information, together with evidence of how they manage their finances in Australia, may support a more confident assessment. Any use of this information must remain within applicable residency, anti-money laundering (AML), know your customer (KYC), responsible lending, privacy and jurisdictional requirements.

Challenges when first arriving in Australia



named documentation as a challenge

limited local credit history

unfamiliar with the system

What would have helped

Overseas-born respondents aged 18–30 (n=64, directional)

60.9% better guidance or support

46.9% simpler documentation

35.9% recognition of prior financial history

How well overseas financial history was recognised

14.1% said their overseas history was completely recognised

28.1% said it wasn't recognised at all

Why newer businesses can be harder to assess

Newer businesses can find it particularly difficult to demonstrate how they are performing. In the SME survey, 46.3% of businesses trading for one to two years reported difficulty demonstrating their financial position, compared with 15.9% of those trading for six years or more years.

Sole traders can sit between personal and business lending, with income that varies from month to month and limited financial records even where the business is trading consistently. They were the least likely business type to have applied for credit, at 25.7%, compared with 39.6% of micro businesses and 54.8% of small businesses. Use of alternative finance was also highest among newer firms: 56.1% of businesses trading for one to two years had used it, compared with 25.2% of those trading for six years or more.

Lenders interviewed described the issue primarily as one of verification. A short trading history can make income harder to confirm and leave less reliable evidence on which to assess risk. Some lenders are therefore reviewing how much trading history they require where an applicant has moved from pay as you go (PAYG) employment into self-employment in the same industry.

> **We're looking to refine some policies... where a sole trader has been working as a PAYG in a particular industry and then has moved into sole trading in the same industry... we don't necessarily need 2 years' worth because if anything goes wrong, you can just get another job in that space.**
>
> – Credit Assessor, Tier 1 bank

SME owners also indicated which information they would like lenders to consider. Cashflow was nominated by 58.1%, business activity by 54.4% and transaction history by 51.3%, well ahead of accounting software data (22.2%). Among applicants, the most common reported challenge was the cost of credit (42.2%), followed by documentation (30.7%), indicating that the issue extends beyond access to affordability.

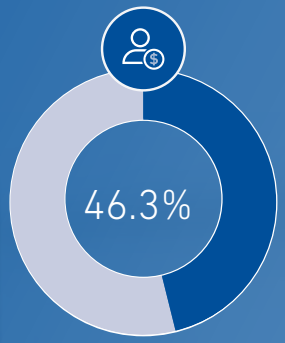
Verification can be harder again when business and personal finances run through the same accounts. This can make income and expenses difficult to separate in bank statements, so lenders may ask for other supporting documents, such as tax returns or notices of assessment. With AI increasingly being used to create or alter documents, relying on documents alone may also give fraudsters an opening.

Where policy, availability and legally permitted use allow, combining commercial and consumer credit information with cashflow, transaction and verification data may give lenders a more complete view of how a newer business is trading today.

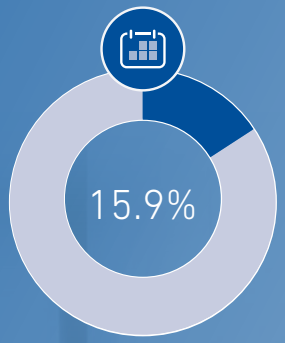


Small and medium business insights (n=546)

Difficulty demonstrating finances, by years trading

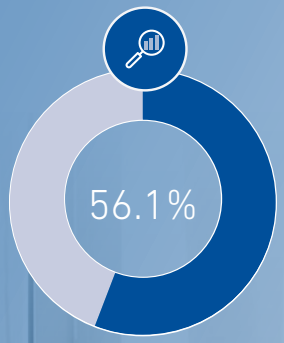


Trading one or two years

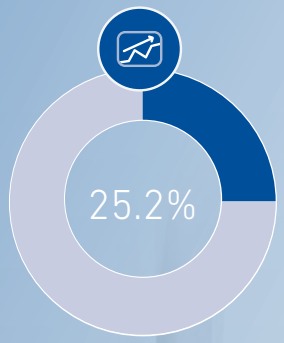


Trading six or more years

Use of alternative finance, by years trading

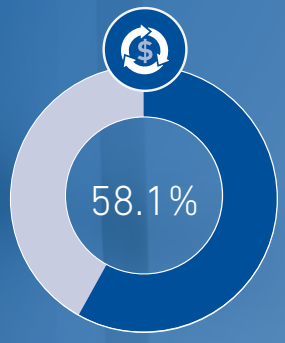


One to two years

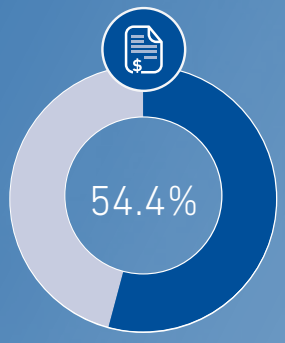


Six years or more

How SME owners want to be assessed



cashflow



business activity



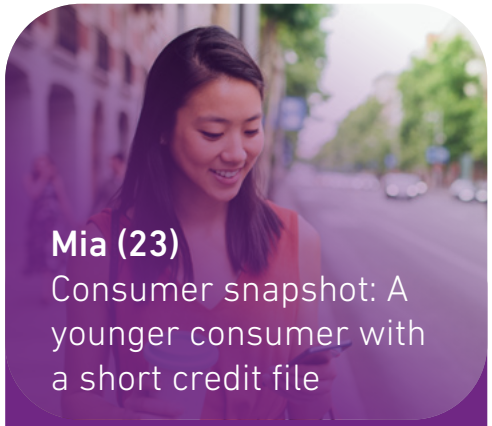
transaction history

How additional evidence could help different customers

Different applicants may require different evidence to support an assessment. A younger consumer with a short credit file, a person whose financial history was established overseas and a sole trader in their second year of trading can each present a different information gap. The examples here illustrate how those gaps may arise.

The way younger people first appear on a credit file is changing, and Experian data shows credit cards are becoming less likely to be the starting point. Since BNPL providers were required to run credit checks from June 2025, BNPL enquiries have become the first enquiry on many young people's credit reports, ahead of utilities and telcos. Living arrangements may also explain why utilities and telcos are no longer the usual starting point. More young people are living at home for longer or in shared accommodation, where bills are less likely to be in their name, and many choose prepaid phone plans.

These three snapshots are illustrative examples based on themes from the research. They do not depict individual research participants or establish how any applicant would be assessed.



Mia (23)

Consumer snapshot: A younger consumer with a short credit file

Mia, 23, budgets carefully and has used BNPL for two years without missing a payment. Her limited traditional credit history may make a rapid assessment more difficult, even though she expects a decision within two or three days.

43.8% of surveyed consumers aged 18–30 had avoided applying for credit because they expected to be declined or found the process off-putting.

Evidence lenders could consider

Available consumer credit bureau data, reported BNPL and other repayment history, rental payment records, and verified income and employment information.



Amara (29)

Consumer snapshot: A professional who is new to Australia

Amara, 29, moved to Australia eighteen months ago after building eight years of banking history overseas. When she applies for a car loan, little of that history is visible locally, and she is unsure which documents to provide or what other information the lender can consider.

14.1% of overseas-born respondents said their overseas financial history was completely recognised in Australia, while 28.1% said it wasn't recognised at all (n=64, directional).

Evidence lenders could consider

Verified identity and local income information, available Australian credit bureau records, and local repayment behaviour.



Daniel (34)

Business snapshot: A sole trader in his second year of trading

Daniel, 34, started his freelance design business eighteen months ago and now has four regular clients. When he applies for a small business loan, his income is harder to verify because his personal finances, business activity and cashflow are spread across different accounts and records.

46.3% of businesses trading for one to two years found it difficult to demonstrate their financial position, compared with 15.9% of those trading six years or more.

Evidence lenders could consider

Commercial and consumer credit bureau data, business cashflow and transaction records, and verified trading activity and income.



Seeing the whole customer

Across the groups surveyed, many potential borrowers are not reaching the point at which a lender can assess them.

Among consumers aged 18–30, 43.8% had avoided applying for credit, with overseas-born respondents reporting a similar rate, while six in ten SMEs (60.1%) had never applied for business credit. The research also shows that short or fragmented credit histories can make assessment harder, although it does not establish why every respondent remained outside the application process.

Lenders interviewed see customers that are new to credit as strategically important and described early customer relationships as a potential source of longer-term growth

> **We know students who have banked with us and generally move into adulthood and into employment generally stick with the bank that they've always had... we know that new to credit is your source of growth.**
>
> – Senior Banking Leader, Tier 1 bank

That pattern may be changing. Many younger customers now bank with more than one provider or use budgeting apps to manage their money, so a single bank may not see their full financial position. With the customer's consent, Open Banking data shared under the Consumer Data Right (CDR) can give lenders a more complete and accurate picture across accounts.

Part of the answer lies in determining where relevant evidence sits. In a market with more than one consumer credit bureau, the information available about a customer may differ between the bureaux. Relevant history may also be distributed across consumer and commercial credit data, reported BNPL activity, verification data and account transaction behaviour. Lenders interviewed wanted more employment, income and account transaction evidence in their assessments. Testing the coverage and predictive value of these sources can help lenders determine whether they identify suitable customers sooner and recognise applicants that sit outside of their risk appetite.

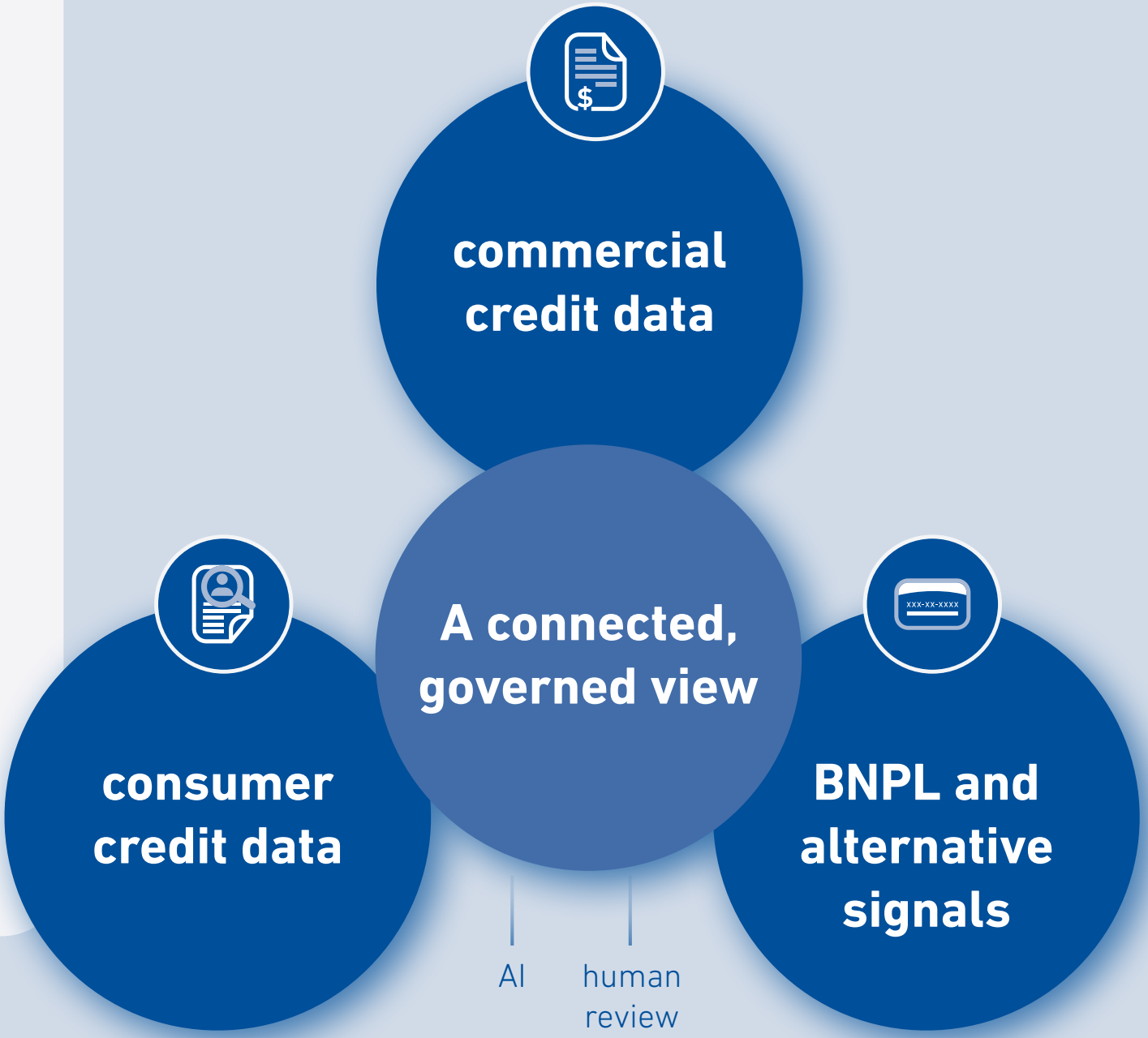
> **Having a 360-degree view means looking at transaction accounts, spending habits and employment stability, based on evidence rather than declaration alone.**
>
> – Lending Platform Leader, digital lender

Coverage across the credit reporting system continues to develop. The independent Review of Australia's Credit Reporting Framework, published in September 2024, identified BNPL and motor vehicle finance as notable gaps in credit reporting coverage. Wider data sharing may improve visibility, but lenders must still determine which sources to combine and how to resolve conflicting signals so that decisions based on additional information remain explainable.

Within appropriate governance and oversight, AI-assisted tools may help lenders analyse information from multiple sources, identify inconsistencies and route cases for further review. The interviews indicate that lenders are exploring these capabilities rather than establishing their effectiveness. Any value will depend on data quality and coverage, explainability, effective human oversight and compliance with applicable obligations.

Lenders interviewed described modernising their platforms and exploring AI-assisted decisioning, while retaining experienced human involvement for complex cases and applications supported by limited credit history.

> **"There's a big push within the bank to obviously embrace AI and try and bring that into daily tasks... I don't think it can be fully automated."**
>
> – Senior Risk Analyst, Tier 1 bankk



What lenders could consider next

A practical starting point for lenders could be to identify which customers are not entering the application process and what evidence could support a more confident assessment. The four questions below provide a framework for doing so. The aim is to move quickly where the evidence is clear, apply further analysis where it is limited, and explain clearly when the answer is “not yet”.

Four questions for lenders

1. Who is not entering the application process?

Approval and decline rates capture only customers who apply. Examining avoidance, abandoned applications, behaviour after a decline and movement to alternative providers can help lenders identify where prospective customers disengage. People who never reach the application stage remain outside observed application and outcome data, so their needs, eligibility and likely outcomes are unknown.

2. Where is available information incomplete?

Younger consumers, people new to Australia and newer businesses may each present different information gaps. Lenders can examine where customers are delayed, referred, declined or assessed more conservatively because the available evidence is limited, while recognising that the research does not establish how many would otherwise fall within risk appetite. These cases can require additional manual review, increasing cost and processing time without necessarily changing the outcome.





In practice: a second look with transaction data

Experian worked with a New Zealand utility provider to give applicants who had been declined on bureau data the option of sharing their bank transaction data. Most (73%) chose to, and 85% of those scored above the provider's Transaction Risk Score cut-off. One was a working professional returning to New Zealand after time overseas, whose limited local history had made it hard to get connected. While the example comes from a different market and sector, it shows how current financial behaviour can sit alongside credit history when assessing someone with a limited file.

3. Which additional information could improve confidence?

Within existing risk, policy and permitted-use settings, lenders can test consumer and commercial credit bureau data, reported BNPL repayment behaviour, income and identity verification, and transaction data to determine which sources could improve confidence and decision quality.

For younger consumers, BNPL enquiries recorded in Experian's consumer bureau, together with repayment information where providers report it, may add context to a short credit file, subject to legally permitted use. For people new to Australia, transaction data from their Australian bank accounts, shared with their consent, may show income regularity and how they manage existing commitments before a credit history develops. Transaction risk scores built from that data may add further context.

For self-employed applicants and SME owners, Experian's commercial bureau may provide evidence of business activity and payment behaviour where formal financial statements are limited. With the required consents in place, lenders could also consider consumer credit checks (where there is a lawful basis) on the people behind the business, giving a view of how the owner manages their personal commitments. Lenders should test the coverage and predictive value of each source rather than assume it will improve an individual decision.

Experian's earlier analysis of Afterpay customers' credit files, published in June 2025 and before the introduction of the new BNPL regulatory requriements found an average Experian credit score of 743, similar to credit card applicants (771) and higher than personal loan applicants (646). Twelve per cent were new to credit. This suggests BNPL use doesn't necessarily point to a weaker credit profile. Separately, following the introduction of new BNPL credit regulation on 10 June 2025 where BNPL providers are required to undertake credit assessments, BNPL credit enquiries are now recorded on consumers' credit files, which may provide lenders with additional information about a young applicant's early credit history.

4. Can current processes use that information effectively?

More data doesn't automatically enable better decisions. Lenders could consider whether their workflows, models and governance can use additional information in a consistent and explainable way, with AI-assisted tools operating under appropriate human oversight. Straightforward cases may then progress faster, while complex or incomplete applications are directed to the appropriate level of human review.

The challenge for lenders extends beyond the decisions they make. It also includes understanding why some customers don't enter or complete the application process, while avoiding assumptions about their eligibility or likely performance.

Experian can help lenders identify where their current data and decisioning environment may provide an incomplete view of these customers. Within existing policies and legally permitted uses, lenders can then test which additional data sources improve coverage, confidence, decision quality and the routing of cases for further review. Experian's consulting and analytics teams can also support this work, including retrospective analysis that tests how additional data sources would have performed on a lender's past applications.

Methodology and resources

This report combines two Experian surveys of Australian consumers and SMEs with qualitative interviews with senior lending and credit risk professionals, alongside independent published sources.

Consumer survey

Consumer findings are based on an online survey of 504 Australians aged 18 to 30, conducted by PureProfile in June 2026. The survey explored experience of applying for credit, barriers to applying, use of alternative providers and BNPL, views on how lenders should assess applicants and what would make access to credit easier for these applicants. Question bases vary where individual items applied only to applicants or specific subgroups.

SME survey

SME findings are based on an online survey of 546 Australian small and medium businesses, conducted by PureProfile in June 2026. The sample comprised sole traders (41.4%), micro businesses with one to four staff (18.5%) and small businesses with five to 19 staff (40.1%). Findings on applicants, business type and business age are re-based to the relevant group.

Lender interviews

Lender insights are drawn from eight in-depth interviews of around 60 minutes each, conducted in June 2026 using the Askable platform. Participants held senior roles in credit risk, lending, decisioning, relationship management, wholesale risk and finance broking, across Tier 1 banking (four), digital lending (one), non-bank mortgage lending (one) and finance broking (two). Interviews followed a semi-structured discussion guide and were analysed thematically. A target of 12 interviews was set. Coverage of BNPL providers, telecommunications providers and some Tier 2 institutions was not achieved, so findings should be read as directional. All quotations are anonymised by role and organisation type, and ellipses mark omitted words.

Overseas-born subgroup

Findings for people new to Australia are based on the 64 consumer survey respondents who were born overseas, used as a proxy for people whose financial history was largely established outside Australia. These findings are directional and should not be generalised to all migrants, visa holders or recent arrivals.

Evidence limitations

This report does not include national market sizing, bureau performance analysis or default outcomes, so it cannot quantify how many creditworthy customers are not being reached.

Definitions and notes

New-to-credit refers to consumers or businesses with limited or no traditional credit history. A thin credit file describes a file with limited recorded history and is not a judgement on risk. People new to Australia are those whose financial history may largely be established overseas, whether newly arrived, on a temporary visa or returning Australians. BNPL refers to Buy Now Pay Later payment products. Consumer age findings are based on the following approximate sample sizes: 18–19 (n=65), 20–24 (n=184) and 25–30 (n=255). Figures are shown to one decimal place.

Additional sources

Review of Australia's Credit Reporting Framework, Final Report, 30 September 2024, independent reviewer Ms Heidi Richards. Available at treasury.gov.au/publication/p2024-687599

Experian and Afterpay, The next chapter of BNPL: an evolution in the credit market, 2025. Available at experian.com.au/insights-au/report/next-chapter-in-bnpl/

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