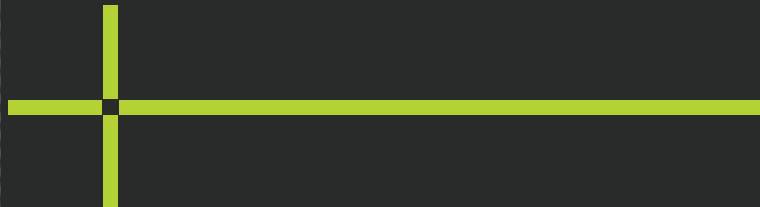


Lending (2026) + Insights

FEBRUARY, 2026



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Presented by
Craig Green +
Lindsay Johnston

Lending Insights
Report 2026

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INTRO- DUCTION

About This Report

The mortgage and banking sector is entering 2026 from a position of strength — but also heightened risk.

Credit continues to flow. Property prices remain resilient. Digital decision-making is accelerating. Yet beneath this activity, the margin for error across lending, documentation and settlement has narrowed to its tightest point in more than a decade.

This report has been prepared for our brokers and lenders operating at the front line of that reality.

At **Green** Mortgage Lawyers, we work daily at the intersection of credit, compliance, documentation and settlement. What we are seeing is not a slowdown in lending activity — but a fundamental shift in what determines success. In 2026, outcomes will be defined less by appetite and more by execution.

Broker-Led Lending

78%

Nearly **78%** of all new residential mortgages in Australia are **written through brokers** — the highest proportion on record and a decisive shift from just over 50% a decade ago.

Key Risk Point



#01

In 2026, **settlement has overtaken approval as the primary risk point**, as larger loan sizes, thinner buffers, and tighter regulatory tolerance leave little room for late-stage errors.



“Optimism doesn’t protect lenders. **Precision** does — in decision-making, documentation and execution.”

GML Mission

To strengthen lending execution by removing friction, tightening documentation accuracy and ensuring settlement certainty — so lenders and brokers can **scale confidently as complexity increases.**

Why Execution Will Define Lending Success in 2026

After years of disruption, stimulus and structural uncertainty, the mortgage and banking sector is entering a new phase. Loan growth itself is no longer the challenge; execution is. Credit continues to flow, property prices continue to rise, and digital decision-making is accelerating. Yet the margin for error across lending, documentation and property settlement has narrowed to its tightest point in more than a decade.

[Read the Full Report](#)



The mortgage lending industry enters 2026 in a fundamentally different position to where it stood just two years ago.

From our deep experience at **Green Mortgage Lawyers**, we can see the market has clearly shifted. It is no longer shaped by emergency settings, cheap money or blunt stimulus; and it is certainly not driven by interest rates alone. What is emerging instead is a far more demanding phase: one defined by tighter regulation, rising complexity and accelerating technology adoption, all playing out against a housing market that continues to defy simple economic logic.

Property prices continue to rise. Lending volumes remain resilient. Yet tolerance for error has never been lower.

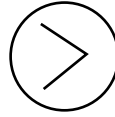
Key Risk Point

#02

Automation Risk

The market hasn't slowed — it has tightened.

Rising complexity and thinner buffers leave little room for correction.



The Australian Mortgage Economy in 2026: Growth Is Back, but Friction Is Rising

Economic growth is rebounding. Consumer spending is lifting. Business investment is increasing. Unemployment remains low. Lending continues to flow, and housing prices are rising across most Australian markets.

Download the 2026 Lending Changes



At the same time, inflation remains stubbornly above the Reserve Bank's comfort zone. With the cash rate sitting at 3.6 per cent and inflation pressures persisting in labour-intensive sectors such as housing construction, hospitality and consumer goods, the prospect of further rate rises in early 2026 remains very real.

Decoded simply, the economy is showing signs of overheating. Interest rates may not yet be doing enough to slow price growth to a level regulators are comfortable with.

With roughly one in three Australians holding housing debt, most on variable rates, even modest rate increases will have a material and immediate impact on household balance sheets.

What we are seeing is a market where activity has not slowed, but resilience is being tested. Borrowers are still moving forward, and lenders are still lending, but the margin for error has narrowed considerably.

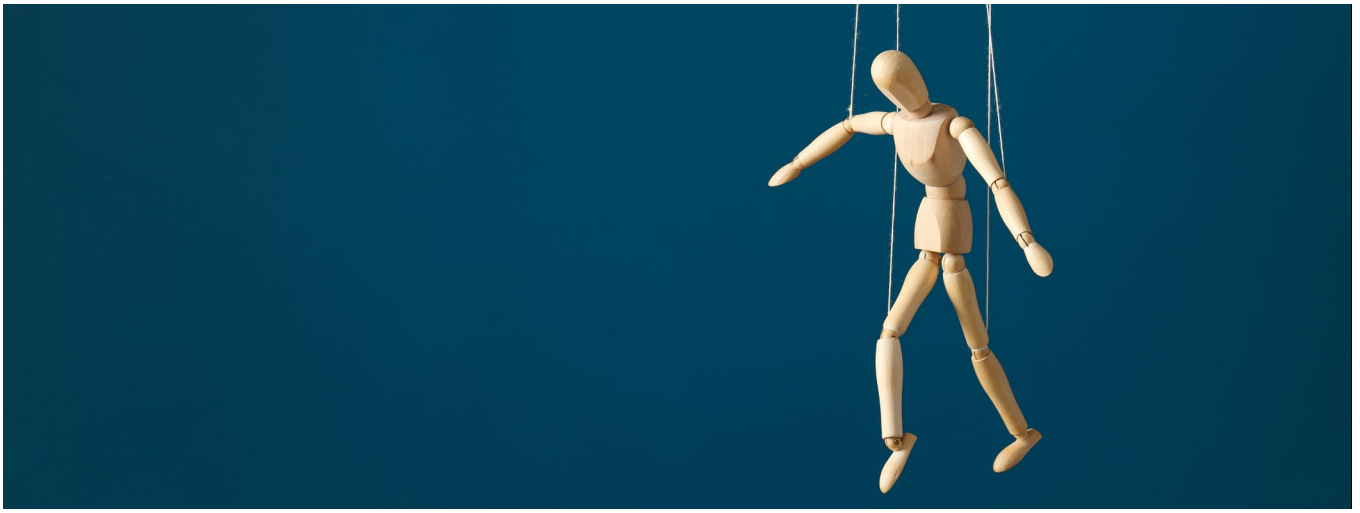
Housing: Demand Persists, Risk Concentrates

Despite rate uncertainty, housing demand remains strong. Structural supply constraints, population growth, and long-term confidence in residential property continue to underpin prices.

The result is a market characterised by larger loan sizes, thinner affordability buffers and serviceability assumptions that matter more than ever. Risk has not disappeared, it has become more concentrated.

For lenders and brokers alike, this shifts the focus away from headline rates and towards execution risk: how loan deals are structured, how accurately they are legally documented and how cleanly they settle.





Regulation: 2026 Is the Year of Constraint



Regulators are stepping in decisively.

APRA's incoming cap on high debt-to-income lending, limiting loans above a 6:1 DTI ratio to 20 per cent of new lending, will materially reduce borrowing capacity for certain borrower cohorts. Combined with heightened scrutiny around serviceability buffers, credit quality and policy adherence, this signals a clear regulatory direction: discipline over growth.

The industry is moving into a phase where credit quality, not volume, will define performance.



“With brokers now originating the majority of new mortgages, **execution risk no longer sits in silos — it runs across the entire lending chain.”**

Craig Green - Managing Partner

Green Mortgage Lawyers



Brokers: Structural Strength, Not a Passing Trend

Despite some lenders attempting to shift activity back into proprietary channels, the dominance of brokers is not reversing. Nearly 78 per cent of all new residential mortgages are now written through brokers; the highest share on record and a dramatic shift from just over 50 per cent a decade ago.

[Access Our One Page 2026 Lending Snapshot](#)

The mortgage lending industry enters 2026 in a fundamentally different position to where it stood just two years ago.

This reflects structural change, not cyclical preference.

As lending frameworks become more complex, brokers become more central. Product choice, policy interpretation, and documentation requirements are no longer simple.

Brokers play an increasingly critical role in helping borrowers navigate these layers with confidence, and that role is accelerating.

Brokers now drive lending volume at scale.



AI and Fintech: From Experimentation to Execution

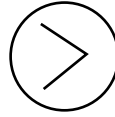
If 2024 and 2025 were years of experimentation, 2026 will be the year AI becomes operational.

The next phase is not about dashboards or insights, but about agentic AI — systems capable of acting, coordinating, investigating and optimising workflows autonomously. In lending, this means identifying default risk months earlier, flagging policy breaches before approval and managing frontline compliance activity in real time.

Fraud detection, AML investigations, and transaction monitoring will increasingly be handled by autonomous agents, with human oversight focused on complex exceptions.

AI is no longer an efficiency story. It is a risk story. Institutions that fail to integrate AI responsibly into credit, compliance and documentation workflows will find themselves exposed.





But With Automation Comes Accountability

As AI moves deeper into decision-making, regulators are sharpening their focus on governance, explainability and fairness. Expectations around data privacy, cybersecurity, and third-party technology risk are rising sharply.

Operational resilience is no longer theoretical. It is being tested in real time.

Institutions must move away from fragmented legacy systems and prioritise interoperability across platforms. Those that fail to do so will struggle to meet both regulatory scrutiny and customer expectations.

Data Security: Trust Is the New Currency

Trust underpins financial services; and it is under strain.

Fraud is evolving at unprecedented speed, fuelled by AI-enabled scams and increasing digital sophistication. Institutions now face a dual challenge: strengthening security while reducing friction for customers.

Consumers expect protection that is seamless, not obstructive. At the same time, failures in data governance now carry reputational consequences that are immediate and severe.

As AI adoption accelerates, data security is no longer a technology issue. It is a leadership issue.

Key Risk Point

#03

Automation Risk

Risk Signal: Speed Cuts Both Ways

As fraud detection, AML and transaction monitoring move to autonomous agents, the cost of poor controls rises. In 2026, AI magnifies both discipline and disorder.



“Lenders are being asked to move faster while proving more. In 2026, governance and execution discipline will matter as much as credit appetite.”

Lindsay Johnston - General Manager

Green Mortgage Lawyers



The Real Prediction for 2026

The defining feature of 2026 in lending will not be interest rates, AI or regulation in isolation.

It will be execution; and how cleanly loans are structured, documented and settled.

Rising markets expose weak processes quickly. Automation magnifies both strengths and flaws. Regulation rewards discipline and punishes inconsistency.

The institutions that succeed in 2026 will not be those chasing growth the hardest — but those operating with the greatest precision.

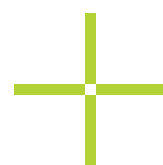
As we see it:

In today's mortgage lending market, optimism doesn't protect lenders. Discipline does.



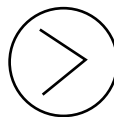


Lending in 2026: 7 Practical Steps Brokers and Lenders Should Focus On



Practical Lenders and Brokers Action List

We've put together this practical, at-a-glance checklist to help brokers and lenders navigate lending in 2026, turning our key insights into clear, actionable steps across credit, documentation and settlement, when accuracy and execution matter most.



01 Settlement has overtaken approval as the primary risk point

2026 Insight

In 2026, loan approval is no longer the primary risk point — settlement is.

Impact

Larger loan sizes, thinner buffers and tighter regulatory tolerance mean issues that surface late in the process are harder to resolve and more likely to derail settlement.



Action

Ensure loans are structurally sound, fully documented and settlement-ready from the outset. Validate documentation accuracy, condition sequencing, valuation alignment and legal readiness early to avoid settlement delays or failed completions

02 Serviceability risk now emerges before submission

2026 Insight

With larger loan sizes and thinner buffers, serviceability risk now surfaces before submission, not at credit approval.

Impact

Small assumption errors can quickly trigger credit delays, rework and borrower disappointment later in the process.



Action

Pressure-test income types, living expense assumptions and buffer sensitivity upfront, particularly for high debt-to-income loans.

03 Compliance has shifted from protection to performance

2026 Insight

In 2026, compliance discipline directly influences settlement outcomes and customer experience.

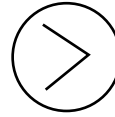
Impact

Weak compliance processes increase rework, credit rejections and last-minute conditions, placing pressure on settlement timeframes.



Action

Review pre-instruction checklists, verification steps and document accuracy to reduce rework, credit rejections and last-minute conditions, and improve settlement certainty.



04 Broker-lender workflow alignment is now structural

2026 Insight

With brokers originating nearly 78 per cent of new residential mortgages, broker-led lending is structurally embedded in the market.

Impact

Inconsistent workflows, unclear escalation paths and misaligned expectations increase execution risk at scale.



Action

Treat broker workflows as an extension of lender credit and documentation processes, with clear escalation pathways and consistent standards across teams.

05 Manual loan instruction entry has become an execution risk

2026 Insight

In 2026, re-keying loan instructions by hand introduces risk at a time when accuracy and speed matter most.

Impact

Small data errors now compound quickly, driving rework, added cost and avoidable settlement delays; precisely when tolerance for correction is lowest.



Action

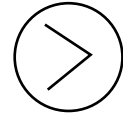
Prioritise API-enabled data transfer, including industry standards such as LIXI2, to move loan instruction data directly into legal and settlement workflows. Using APIs reduces manual re-keying, flags errors earlier, streamlines delivery to GML and supports cleaner files, faster turnaround and more reliable settlement outcomes for borrowers.

Pre-Instructions Lending Checklist



Download Now!





06 Data security now underpins execution certainty

2026 Insight

Cybersecurity, fraud prevention and data governance are now core lending risks, not IT issues.

Impact

Cyber incidents don't just compromise data, they delay settlements, disrupt workflows and erode trust across the lending chain.



Action

Review how borrower data is handled, stored and shared, particularly where third-party technology providers are involved.

07 Complexity must be escalated earlier than ever

2026 Insight

As lending complexity increases, execution risk concentrates around non-standard structures and policy

Impact

Late escalation significantly increases the likelihood of settlement disruption and regulatory exposure.



Action

Flag complex structures, policy anomalies and loan documentation issues upfront with your legal team to avoid downstream disruption.

Lending in 2026: Key Actions for Success



Download Now!





Watch This Video: 3 Habits That Keep Settlements on Track

[Click Here or Scan](#)

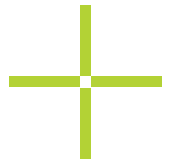
Pre-Instruction Discipline That Protects Settlement Outcomes

A practical guide to the three pre-instruction habits that prevent settlement delays. Essential viewing for all lenders and brokers — circulate to your team!





The Bottom Line for 2026



The defining feature of the lending market in 2026 will not be interest rates, AI or regulation in isolation. It will be execution.

Rising markets expose weak processes quickly. Automation magnifies both strengths and flaws. Regulation rewards discipline and punishes inconsistency.

The institutions, lenders and brokers who succeed in 2026 will not be those chasing growth the hardest — but those operating with the greatest precision across credit, documentation and settlement.

The industry is moving into a phase where credit quality, not volume, will define performance.

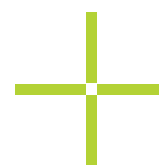
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Working with lenders
as long-term legal and
settlement partners



Strengthening Lending Today. Shaping What Comes Next.

