

Media Release

The evolution of Australia and New Zealand's \$100 billion non-bank securitisation industry

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The ability of non-bank lenders to continue access funding, manage relationships, as well as their capacity to provide innovative technology solutions, are the three most crucial factors facing the \$100 billion Australian and New Zealand non-bank securitisation sector, a report published today by Perpetual Corporate Trust has found.

[*'Agility Agenda: The story of Australia and New Zealand's non-bank sector; past, present and future'*](#), looks at the evolution of the industry from its beginnings nearly 30 years ago. It highlights four key areas that has allowed the non-bank sector to flourish, while also recognising the threats and concerns industry participants have about its future growth opportunities.

The report includes the views of 31 CEOs, CFOs, Group Treasurers, Portfolio Managers and other executives covering Australian and New Zealand non-bank issuers, warehouse banks, and both local and global investors.

Industry strength built on four key traits

Since the global financial crisis, the growth and success of the non-bank sector has been built on their ability to access funding, identify market niches where traditional banks may not operate, build and maintain excellent funding relationships, and agile, easy and convenient technology solutions to deliver service excellence for their clients and investors.

Perpetual Corporate Trust Chief Executive Richard McCarthy said: "For close to 30 years the securitisation market has been a trusted and well-utilised form of funding for non-banks to deliver competitive products to consumers in Australia.

"Over that time the industry has evolved to meet the changing needs of institutional investors, and throughout the past decade specifically, non-banks have thrived as a result of their ability to access competitive and reliable funding from both domestic and international investors, through building and fostering strong relationships, writing good credit, while adopting innovative technology solutions to create great customer advocacy to quickly grow their customer base."

Access to funding remains vital

A significant factor in non-bank growth has been the ability to access securitisation funding at a cost which enables them to be competitive in the market.

While respondents highlighted there was little to suggest the traditional funding path for new issuers was likely to change, there are significant headwinds for new entrants due to the current state of the market, with the expectation that it will be difficult for many to get traction in the short to medium term.

“Non-banks have always been conscious of the needs of funders and have developed strong, long-term relationships that are standing them in good stead right now. With the broader geopolitical and economic landscape changing, non-banks will continue to be agile and navigate the impacts at both a funding and consumer lending perspective.

“Non-banks have been through the dot com, GFC and COVID cycles and have robust business models, with diversified funding from both domestic and international investors with secure long term relationships which I’m sure will enable them to manage this latest cycle of broader market uncertainty” Mr McCarthy added.

Technology the key for future success

The report also highlighted the important role technology will play for the industry’s future growth. While the focus on customer experience with quick and seamless loan application and approvals has been fundamental to consumer growth, there is a clear need to continue investing in digital solutions that allow non-banks to remain agile and competitive.

Mr McCarthy added: “While consumers are often the beneficiaries of technology developments in the sector, the increased cyber risks, requirements of funders and the need to proactively service borrowers both give rise to the value of having internal processes and systems running as efficiently, effectively and economically as possible.”

[Download a copy of the report](#)

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Perpetual’s corporate trust division provides services to managed funds, the debt market and includes a growing digital business, encompassing Laminar Capital.

Headquartered in Sydney, Perpetual services its global client base from offices across Australia as well as internationally from Asia, Europe, the United Kingdom and United States.

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Perpetual Corporate Trust’s (PCT) vision is to be the leading fiduciary and digital solutions provider to the banking and financial services industry. Renowned domestic and global financial institutions leverage our unique suite of products across debt markets, managed funds, and digital solutions to support their business strategy, while acting in the best interests of all parties.

Perpetual Digital, PCT’s innovation company, is a professional services business delivering SaaS products and data services. Our mission is to drive the success of our own PCT business as well as our clients by delivering next generation software and data solutions.

Our strategy is simple: enable client success by focusing on helping clients, and the broader eco system, be more effective, efficient, scalable and economical, while managing ever-increasing cyber security risks and maintaining compliance.

About the Report

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