

A low-angle, upward-looking perspective of several modern skyscrapers with glass and steel facades. The buildings are arranged in a way that they appear to converge towards the top of the frame, creating a sense of height and scale. The sky is a clear, deep blue. The overall aesthetic is clean, modern, and professional.

NEXTGEN

Open Banking in Lending: Moving Beyond Perception to Business Advantage.

From data quality and compliance to assessment efficiency,
an examination of the realities behind twelve common
Open Banking misconceptions.



How lenders are responding to rising fraud risk and operational pressure

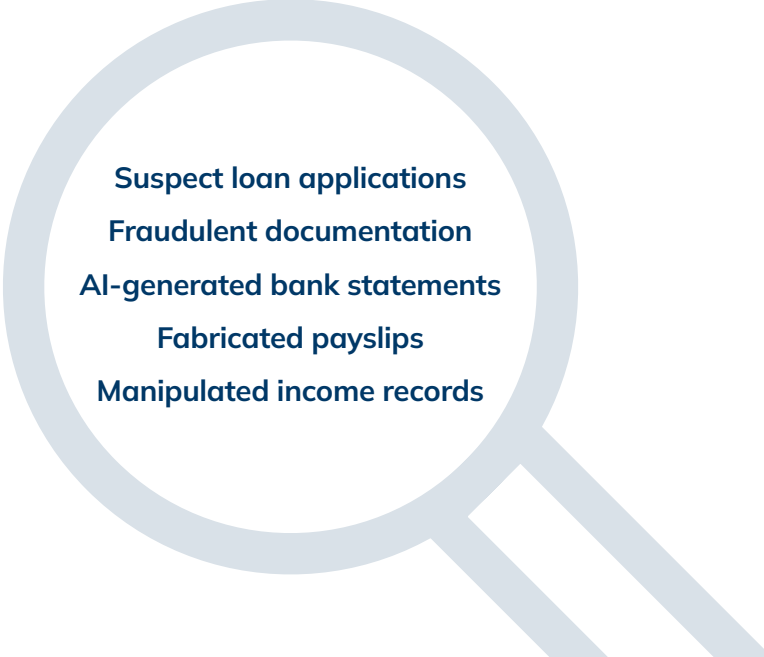
Document fraud is no longer a fringe risk for Australian lenders. It's a headline one.

Australia's major banks have recently self-reported potential **mortgage fraud estimated in the billions**, with investigations now underway across multiple institutions. Compliance reviews uncovered suspect loan applications, some apparently generated using artificial intelligence, with evidence of fraudulent borrowing extending across the banking sector simultaneously.

The common thread in many cases was fraudulent documentation, AI-generated bank statements, fabricated payslips and manipulated income records that are becoming increasingly difficult to detect through traditional manual review processes.

The process enabling this fraud is one the industry knows well.

When customers upload bank statements, payslips and supporting documents to apply for a mortgage, the process can result in missing pages, outdated statements queried, and information repeatedly requested and resubmitted. This increases costs-to-serve, is operationally heavy, and increasingly vulnerable in an environment where AI-generated documents can closely mimic financial records.



Suspect loan applications
Fraudulent documentation
AI-generated bank statements
Fabricated payslips
Manipulated income records



1.16M

Australians have already chosen to share their financial data through the CDR

Open Banking and the shift to source-verified data.

Through Australia's Consumer Data Right (CDR), customers can securely consent to share financial data directly from their financial institution. Instead of relying on uploaded documents, lenders can access real-time, source-verified client data that's tamper resistant, reducing exposure to fraud.

And while Open Banking is sometimes still spoken about as "emerging", the market has already moved.

More than 1.16 million Australians have already chosen to share their financial data through the CDR, with adoption continuing to grow. For lenders, this is more than a technology milestone. It signals growing customer familiarity with Open Banking and rising expectations for faster, more secure digital lending experiences across both direct and broker channels.

The shift is also reflected in lender priorities.



80%

of lending professionals identified **real-time verification** as a key priority.

According to [NextGen's Australian Lending Technology 2026 whitepaper](#), which surveyed 132 lending professionals on their Open Banking priorities and how they would like to see it used to deliver better customer experiences, the findings were consistent: **80%** identified real-time verification as a key priority, with income verification the leading use case. Fraud detection and risk management followed at **73%**, and expense verification at **70%**.

These priorities reflect a broader industry challenge: lenders are under pressure to reduce fraud risk, improve operational efficiency, lower cost-to-serve and deliver faster assessment outcomes without adding friction across their channels and to borrowers.

Open Banking helps **address these challenges** by removing much of the friction up front at the start of a loan application and delivering a more efficient verification process with less rework, lower fraud exposure, and faster assessment outcomes.

The shift is already underway.

CDR-enabled applications are driving stronger straight-through processing (STP) outcomes and faster turnaround times across lending operations

STP loans are unconditionally approved in **less than a third** of the market median time

Applications using Open Banking are **processed 12% faster**

Refinance applications where all applicants use Open Banking are **approved 21% faster** on median turnaround times

Despite this momentum, a number of outdated misconceptions still persist across the industry.

The following **misconceptions** reflect the most common misunderstandings when it comes to the adoption of Open Banking with lenders.

01 Fraud exposure

The Misconception: Open Banking doesn't help prevent fraud.

The Reality

Open Banking reduces fraud risk by using **source-verified, consented data** shared directly from financial institutions accredited by the ACCC and government-regulated CDR framework. It **significantly reduces risks** associated with **credential sharing** and **document manipulation** - two of the most common factors for fraud in manual document collection.



02

Cost to serve

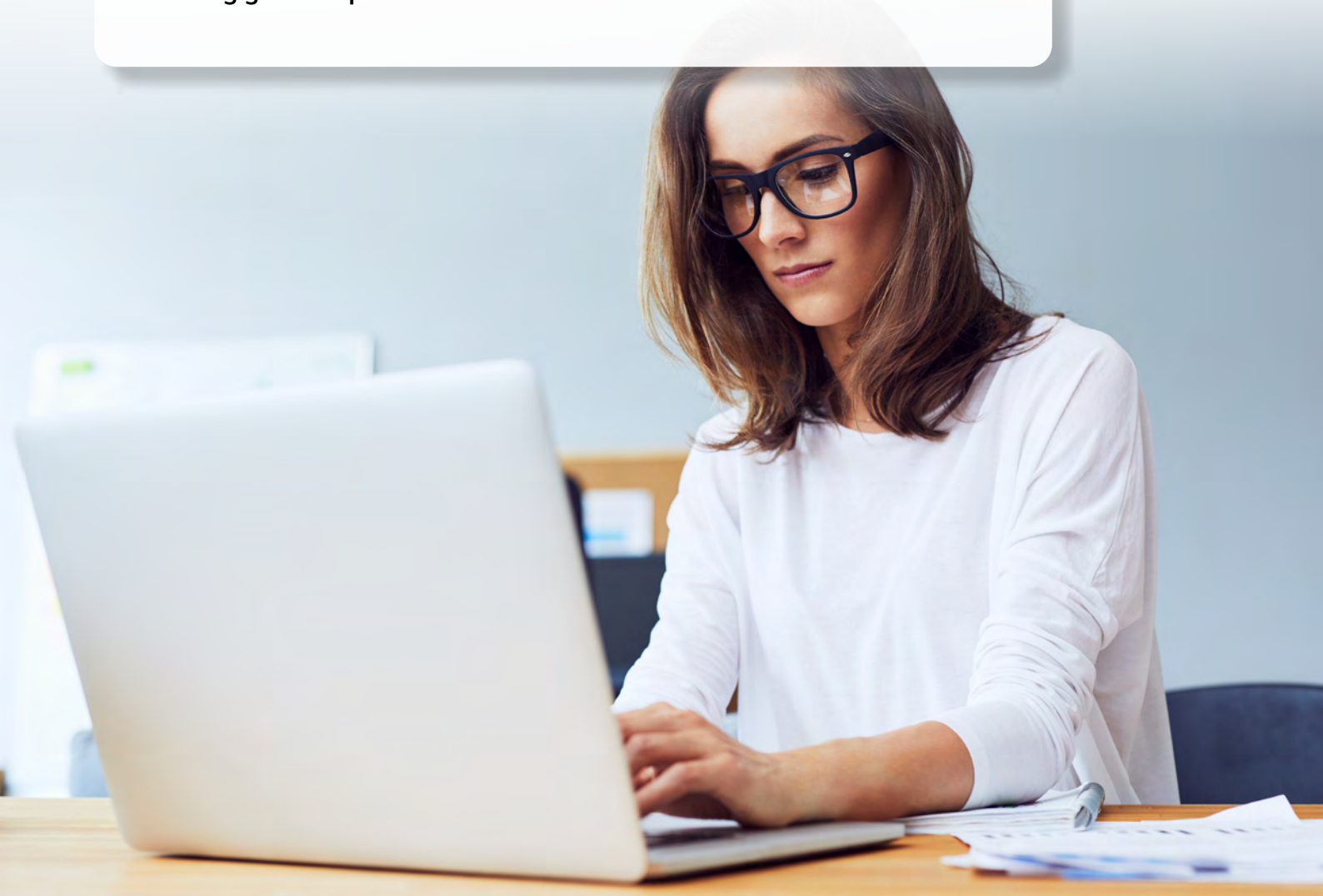
The Misconception:
Open Banking adds cost to the assessment process and increases cost to serve.

The Reality

Open Banking helps **reduce cost** to serve by minimising manual document handling, rework and repeated follow-ups between brokers, customers and assessors.

The source-verified data can also support automated and rules-based decisioning through platforms such as **ApplyOnline**, allowing applications to move through faster assessment pathways with reduced manual intervention.

Importantly, many lenders have already made significant investments in Open Banking to **meet compliance obligations**, with the focus now shifting toward **realising greater operational and customer value from that infrastructure**.



03 Data integrity

The Misconception:
Open Banking generated statements are less reliable than scanned and uploaded documents.

The Reality

Open Banking provides **ACCC regulated** and **CDR-verified, tamper-resistant data** directly from accredited financial institutions. This **delivers higher confidence** and **reduces the risks** associated with redactions, missing pages, and manipulated documents - issues that remain real risks with manually uploaded files.

04 Decision quality

The Misconception:
Open Banking doesn't materially improve risk assessment outcomes.

The Reality

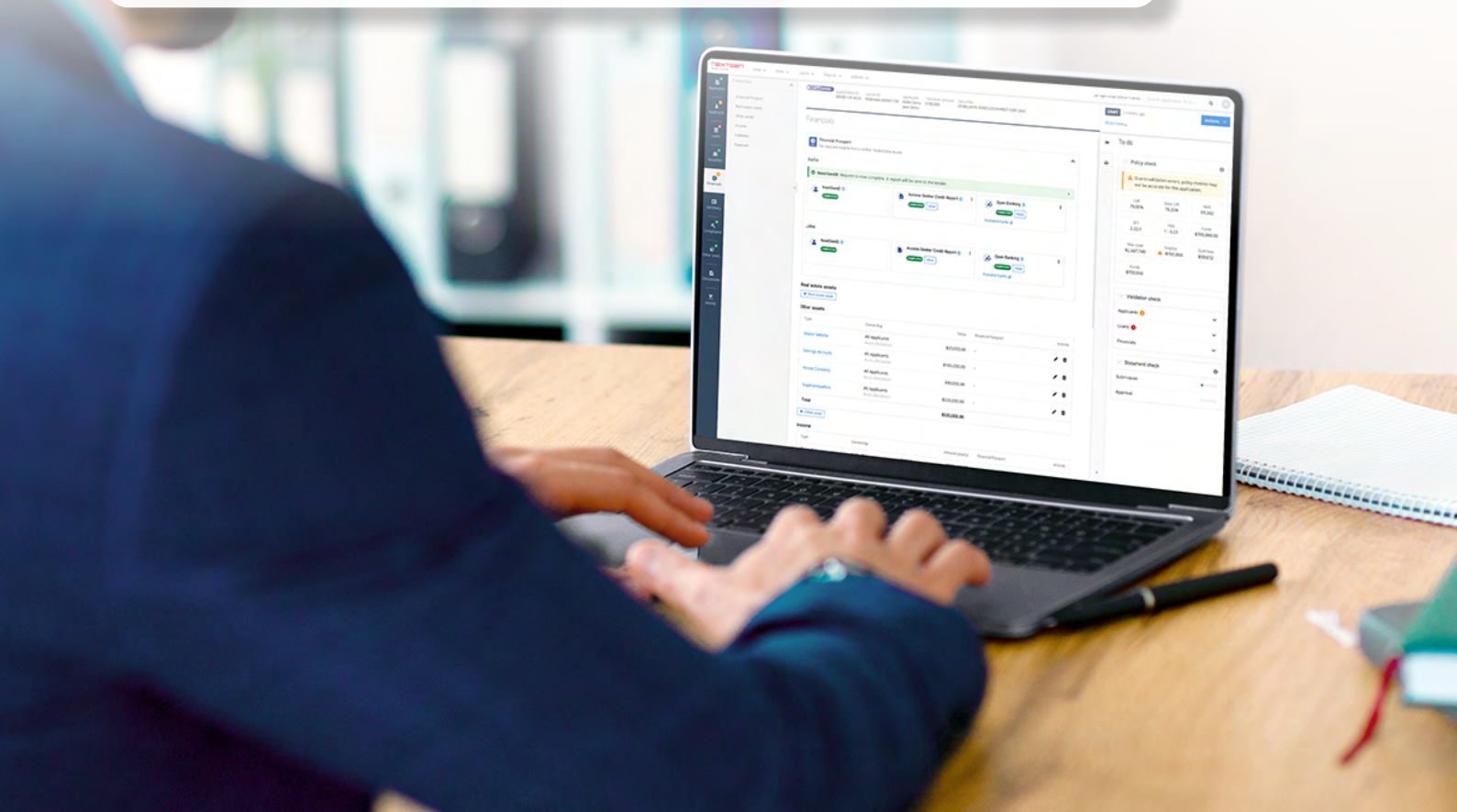
Open Banking improves risk assessment by providing real-time, verified financial data. This strengthens the verification of income, expenses, liabilities, and savings, while improving consistency in credit decisioning across assessors and reducing rework throughout the credit lifecycle, ultimately leading to better outcomes.

05 Major bank readiness

The Misconception:
The major banks haven't fully embraced Open Banking yet.

The Reality

Australia's major banks such as CBA, NAB, Westpac, including regional brands St.George, Bank of Melbourne, BankSA and Beyond Bank Australia have **already activated and embedded Open Banking capabilities across their ApplyOnline** for mortgage brokers as part of the CDR framework.



Open Banking is no longer theoretical or experimental - it is operational across the banking sector and increasingly being used to support lending, verification, and digital application workflows.

06 Industry adoption

The Misconception: Open Banking is still niche and hasn't been widely adopted.

The Reality

Open Banking is already being used at scale across the lending industry and is embedded within Australia's government-backed Consumer Data Right (CDR) framework.

Adoption continues to accelerate across both lenders and brokers, with Open Banking increasingly supporting verification, assessment and credit decisioning workflows.

The last financial year alone, more than 45,000 applications containing Open Banking data have been received by lenders through NextGen's ApplyOnline. 58 lenders have received applications using Open Banking data, with top lenders consistently receiving more than 1,000 applications per month over the past six months.

The momentum is broadening across the market. Ten lenders are now receiving more than **100** Open Banking-enabled applications each month, while the major banks are each processing more than **500** applications monthly using Open Banking data.



This is no longer an emerging capability or limited pilot program. Open Banking is already becoming part of mainstream lending operations across Australia.

07 Broker adoption readiness

The Misconception: Open Banking adoption among brokers is still low.

The Reality

NextGen's platform data tells a different story. In the past 12 months, more than 120,000 Open Banking consents have been completed via ApplyOnline. Adoption is continuing to grow, now approaching 10% of broker-originated loans and up 35% in the last six months. Assessors who haven't seen it yet will soon.

Adoption is also gaining momentum among aggregators that have integrated Frollo Open Banking capability into their CRM platforms. At Connective, approximately 16% of applications now utilise Open Banking data, while Mortgage Choice has reached 30%, highlighting growing confidence in the technology across the broker channel.



120,000

Open Banking consents have been completed via **ApplyOnline** in the last 12 months.



Broker loans are up

35%

in the last six months



08 Data completeness

The Misconception: The data isn't detailed enough for credit assessment.

The Reality

Open Banking provides **source-verified transaction, income, liability and account data** that supports faster and more consistent credit assessment. Within NextGen's ApplyOnline, **verified data flags** can help lenders streamline decisioning workflows by identifying information that has already been validated through Open Banking.

This allows applications to **move through fast-lane** assessment pathways, enables **lower-risk applications** to be auto-approved under lender policy settings, and helps assessors focus their attention only on exceptions or data requiring further review.



Rather than creating more complexity, structured Open Banking data helps reduce manual checking, improves consistency, and supports faster decision-making across the lending process.

09 Compliance and risk

The Misconception:
Open Banking increases compliance and regulatory risk.

The Reality

Open Banking under the CDR is built around **explicit customer consent, secure data sharing, and strict accreditation requirements**. It removes the need for password sharing or screen scraped data and reduces reliance on emailed or uploaded documents that can be fraudulent or mishandled.

10 Too much data

The Misconception:
Open Banking floods lenders with unnecessary amounts of data.

The Reality

Mortgage brokers submit only the statement history required under lenders' credit policies—whether that's one, three, six or 12 months of statement history or can select the data that meet the conditions specified in NextGen's ApplyOnline. As a result, lenders see only the information provided as part of the application, enabling accurate and efficient assessment without oversharing.

11 Transaction visibility

The Misconception:
It's harder to detect unusual transactions with Open Banking data.

The Reality

Open Banking provides **verified, categorised transaction data**, making it easier for mortgage brokers to identify inconsistencies or unusual transactions and spending that may need further clarification. This visibility allows potential issues to be identified and addressed with customers earlier in the application process, before a loan is submitted to the lender.

The same applies across lender proprietary channels. Compared with manually reviewing uploaded or paper-based statements, **Open Banking data is easier to assess consistently and at scale.**



Rather than reducing visibility, Open Banking gives brokers and lenders a clearer and more consistent view of a customer's financial position.

12 Speed

The Misconception:
Open Banking data slows down
loan assessment and approvals.



The Reality

Open Banking-enabled applications achieve **higher straight-through processing and faster approvals**, with turnaround times up to 12% faster and refinancing approvals up to 21% quicker. Pre-verified data means fewer requests for missing information and less back-and-forth between assessors and brokers.

The Verdict



Open Banking is no longer a future-state capability for lenders.

The lenders adopting it today are building more efficient operations and creating better experiences for brokers and borrowers alike. Those who have not are absorbing costs in manual handling, rework, and fraud exposure that Open Banking makes unnecessary.

The infrastructure is in place and the investment to build it has already been made. Every bank in Australia has funded CDR data sharing capability as part of its regulatory obligations. That cost has been paid. What remains is the decision of whether to put it to work.

Tomorrow's leading lenders already are. They are using Open Banking to:

- Speed up credit decisioning, reducing approvals from days to hours
- Reduce reliance on supporting documents, which can be fraudulently altered
- Build richer, more accurate borrower risk profiles

Lenders that are slower to operationalise will continue to absorb avoidable costs through manual processes, inefficiency, and increased risk exposure. The commercial and operational case is no longer theoretical with momentum growing across the industry.



Talk to your NextGen partnerships manager about how Open Banking is already improving assessment speed and data quality for lenders across Australia. Visit nextgen.net/open-banking



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About NextGen

NextGen is Australia's leading technology provider in the mortgage and lending industry, partnering with more than 60 banking and finance institutions.

Our flagship platform — ApplyOnline — is used by over **97%** of Australian mortgage brokers and processes around **80%** of all mortgage applications in Australia.

All data and figures presented in this paper are derived from NextGen proprietary data and reporting. Figures are accurate at the time of publication unless otherwise indicated.

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