What AI Lending Means for Advisory Standards

By Paul Goodman
Chair and Founder of Goodman Corporate Finance

The pace of change in SME lending is not overstated. Challenger and specialist banks now account for 60 per cent of gross SME bank lending in the UK, overtaking the big five for a fifth consecutive year. AI-driven underwriting is increasingly central to how they operate. Credit decisions that once took weeks are now measured in hours. This is not a technology promise. It is the current market reality.

That matters. Access to finance has historically been one of the most persistent constraints on SME growth. But the speed of approval is not the same as the quality of advice, and as AI becomes more deeply embedded in lending infrastructure, that distinction matters more, not less.

Commercial finance for SMEs is rarely a straightforward data problem. The stage a business has reached, the sector it operates in, its existing debt structure, the sequence in which capital should be deployed: none of these translate neatly into a credit algorithm. A business can satisfy every automated criterion and still be accessing the wrong product at the wrong moment. Faster approval of a poorly structured facility is not progress. It is a more efficient route to the same problem.

NACFB data published earlier this year is instructive. In 2025, broker members considered an average of six lenders per deal. A quarter of successfully funded clients had already been declined elsewhere before a broker became involved. That figure deserves attention. It does not suggest the technology failed those businesses. It suggests their cases required context, advocacy and structured thinking that an automated system was not positioned to provide.

None of this is an argument against AI in lending. The efficiency gains are real, and the industry should embrace them. Faster processing, real-time credit assessment and reduced document handling all improve outcomes when deployed in support of considered advice. The question is not whether to use the technology. It is whether the intermediary market is being honest about what it cannot do.

The clients who benefit most from broker involvement tend to be those with complex situations, uncertain financial histories and capital requirements that need careful thought before any facility is placed. These are also the cases where automated assessment is least reliable. They are the cases that define what this industry is actually for.

AI will continue to reshape how lending decisions are made and how quickly capital reaches businesses that need it. That is a good development. But the adviser's role, asking whether this is the right facility, at the right time, for the right reasons, is not something an algorithm absorbs. It is something the industry needs to protect.

Speed gets the deal done. Judgment determines whether it was the right one.