



NAB SME Business Insights

Embracing AI: Adoption & Key Opportunities Identified by SMEs

April 2026

Australian SMEs are at a critical turning point in their AI adoption, with usage accelerating but varying sharply across industries. Digitally mature sectors are already realising clear productivity and decision-making gains, while others remain constrained by capability gaps and uncertainty about value. This widening divide highlights both strong momentum and significant untapped potential as AI becomes an increasingly important driver of SME performance.

Methodology

Report findings drawn from responses of approximately 670 SME firms across the non-farm sector, surveyed from 10 November - 9 December 2025.

Australian SMEs are at a **pivotal moment** in their AI journey



42%

of small businesses are already using AI

14%

Planning to adopt AI

16%

Believe AI won't assist them

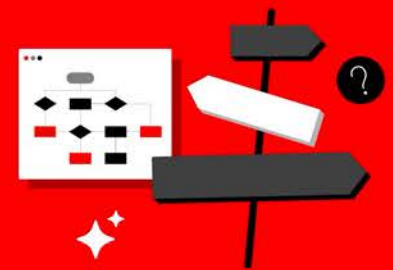
Small businesses are **saving time** using AI



35% Automating repetitive work



31% Improving marketing & sales



23% Supporting better decision making

The degree of adoption **varies significantly** across sectors

This divide highlights the transformative impact of AI for early adopters, and substantial opportunity for lagging sectors.



69%
Property Services



65%
Finance & Insurance



61%
Business Services



35%
Manufacturing



22%
Retail



21%
Transport & Storage

←
Leading adopters

→
Room to grow

Summary

Australian SMEs are at a pivotal moment in their AI journey, with adoption accelerating but highly uneven across industries.

- Data-heavy industries such as Finance & Insurance, Business Services and Property Services are emerging as clear leaders, rapidly embedding AI to streamline workflows, strengthen forecasting and improve compliance.
- Customer-facing sectors, by contrast, are deploying AI primarily to lift sales performance, personalise communications and enhance service delivery.
- AI adoption is not only uneven across industries but also across business functions.

Marketing and sales functions have seen the most widespread uptake, particularly in customer-facing industries such as Accommodation, Cafes & Restaurants, Wholesale and Retail. By contrast, operational functions such as logistics and finance have higher adoption in data-heavy or process-intensive sectors like Health, Finance & Insurance, and Transport & Storage.

- The research also uncovers a persistent scepticism among a notable proportion of SMEs - 16% believe AI will not benefit their business at all. This underscores the ongoing need for education and support around AI's practical benefits, especially in sectors with legacy systems or lower digital maturity.
- The central message is clear: Each sector's operating model, data maturity and commercial pressures is shaping the pathways SMEs are taking.

While Australian SMEs are gaining solid momentum in AI adoption, the journey is highly sector-specific, with digitally advanced sectors pulling ahead while others remain cautious or constrained. This growing divide highlights both the transformative impact of AI for early adopters and the substantial opportunities yet to be realised by lagging sectors.

AI adoption among Australian SMEs: A snapshot in transition

NAB's survey data provides a clear snapshot of how AI adoption varies across industries, revealing a business landscape that is almost evenly split between current users and non-users, with a significant minority preparing to adopt.

- Overall, 42% of businesses report using AI today, 44% are not using it and 14% plan to introduce it.
- This balanced distribution reflects an economy in transition - AI is gaining momentum, but some SMEs remain uncertain about its value, readiness or applicability.
- Uptake remains uneven and strongly shaped by industry-specific factors - refer to chart below.

Industry Leaders: Why Data-Driven Sectors Are Pulling Ahead

Industries with strong digital foundations are leading AI adoption

- **Property Services (69%), Finance & Insurance (64%), and Business Services (61%)** show the highest usage
- These sectors are well positioned to benefit from AI due to high data availability and digital maturity
- AI aligns closely with key tasks in these industries, including:
 - Forecasting and modelling
 - Compliance and risk management
 - Process automation and efficiency gains
- **Accommodation, Cafes & Restaurants (50%)** are also emerging as strong adopters
- Competitive pressures in customer engagement, pricing, and operational efficiency are driving uptake in this sector.

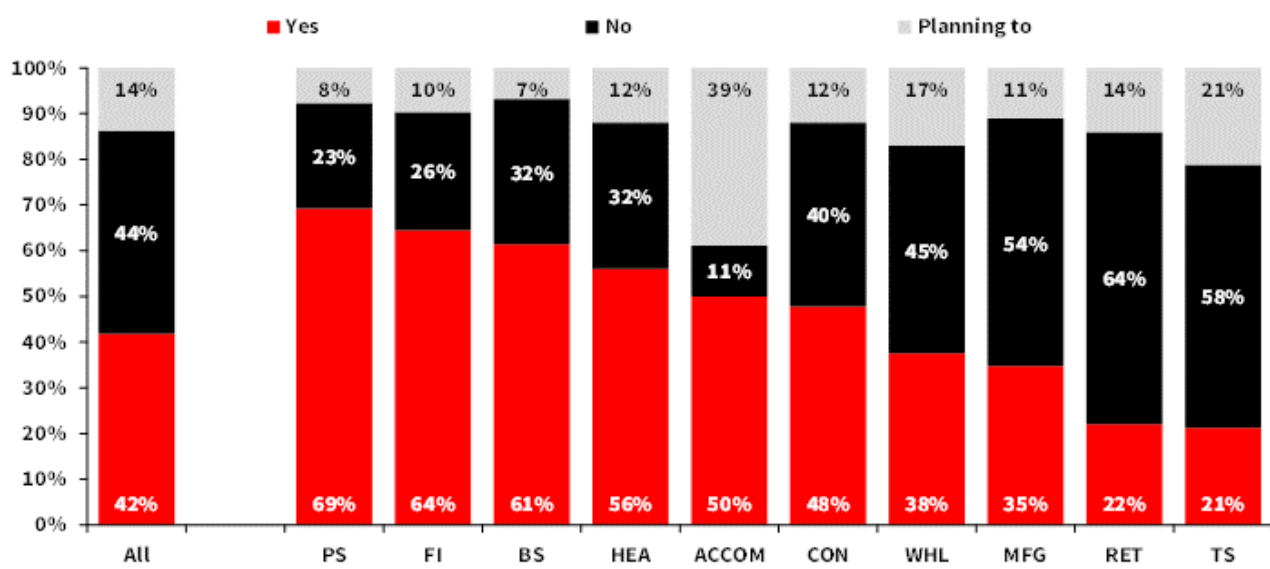
Overall, leadership in AI adoption reflects a strong fit between industry operating models and AI capabilities.

Some sectors have emerged as clear leaders in AI adoption, with industries with strong digital foundations or analytical workflows leading adoption. Property Services stands out with a striking 69% utilisation rate, followed closely by Finance & Insurance Services (64%) and Business Services (61%). It isn't particularly surprising that sectors like Property Services, Finance & Insurance, and Business Services have emerged as leaders in AI adoption. These industries are naturally well suited to benefit

from AI because they already operate with high levels of digital maturity and deal with extensive volumes of data. The nature of their work - reliant on tasks such as forecasting, modelling, compliance, and process automation - means that AI tools can deliver immediate and tangible productivity and efficiency gains.

Similarly, Accommodation, Cafes & Restaurants, with a 50% adoption rate, are rapidly embracing AI to enhance customer engagement, pricing, and operational efficiency, responding to competitive pressures in their sector. Overall, the data reflects that sectors with strong digital foundations or analytical workflows are best positioned to integrate and benefit from AI, so their leadership in adoption aligns well with expectations set by their operational models and industry needs.

Currently using AI tools or plaforms in your business (%)



Sector Key

PS – Property Services | FI – Finance & Insurance | BS – Business Services | HEA – Health | ACCOM – Accommodation, Cafés & Restaurants | CON – Construction | WHL – Wholesale | MFG – Manufacturing | RET – Retail | TS – Transport & Storage

In contrast, other industries are lagging. Transport & Storage has the lowest adoption rate at just 21%, despite obvious potential for AI-enabled logistics improvements. Retail also shows relatively low adoption (22%). Manufacturing, with 35% adoption, shows moderate progress, indicating that while the use cases are clear, implementing AI in physical production environments remains challenging. Retail has the highest share of nonusers (64%), with Transport & Storage (58%) and Manufacturing (54%) also showing substantial hesitation. These industries generally operate with tighter margins, legacy systems, and fragmented supply chains - constraints that can make AI integration more challenging. In contrast, only 11% of firms in Accommodation, Cafes & Restaurants report not using AI, underscoring how quickly that sector is transforming.

Intent to adopt AI in the future provides important signals about momentum across sectors. Accommodation (39%) stands out, suggesting rapid acceleration is likely as businesses respond to competitive pressures around customer engagement, pricing and efficiency. Transport & Storage (21%) also shows relatively strong planned adoption, indicating the sector may soon begin shifting toward AI-enabled logistics and routing systems. Wholesale (17%) also displays moderate intent to adopt, hinting at future digital uplift from a low base.

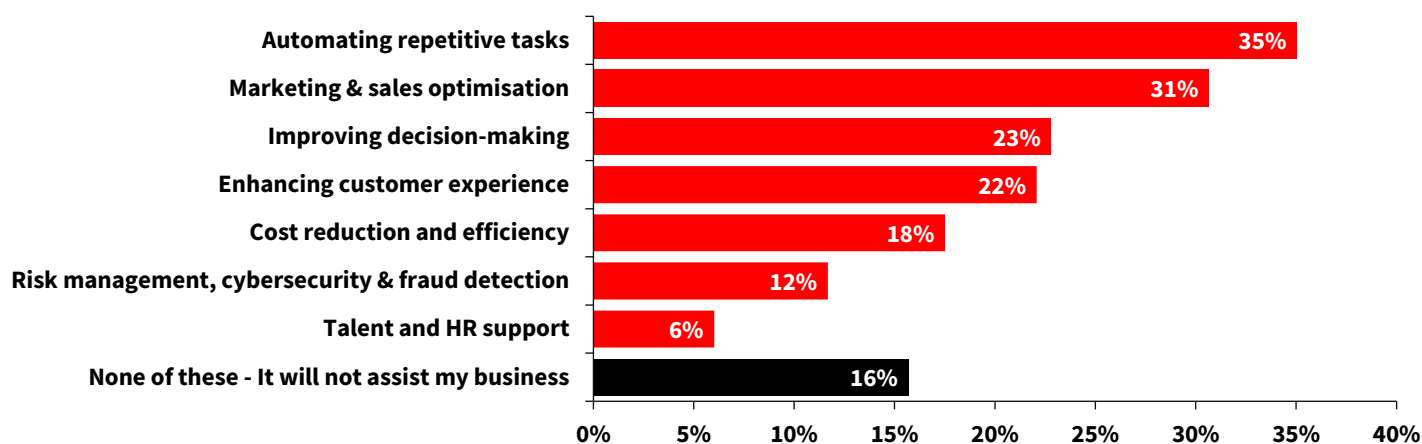
Overall, the data reveals a distinctly polarised AI landscape across Australian SMEs. Digital-heavy industries - such as Property Services, Finance & Insurance, and Business Services - are already deeply engaged with AI, reflecting their stronger data maturity and clearer use case alignment. In contrast, operationally intensive sectors including Wholesale, Transport & Storage, and Manufacturing are adopting AI more cautiously, often constrained by legacy systems, cost pressures, or implementation complexity. At the same time, a meaningful share of firms across all industries signal plans to adopt AI in the near-term, suggesting momentum is building. Taken together, the results point to steadily accelerating AI uptake, with some sectors now well advanced, others rapidly catching up, and many just beginning their digital transformation journey.

Where SMEs see the biggest opportunities for AI

SMEs across industries are turning to AI primarily to automate repetitive tasks and enhance marketing & sales optimisation, though the degree of adoption varies significantly across sectors.

Overall, automation stands out as the strongest opportunity, with 35% of all SMEs selecting this as the area where AI could assist most. Marketing & sales optimisation follows closely at 31%, highlighting strong recognition of AI’s potential to improve targeting, customer insights, and commercial performance. Improving decision-making also ranks highly at 23%, reflecting growing confidence in AI as a strategic tool. Customer experience enhancement (22%) and cost reduction & efficiency (18%) are important but vary in priority across industries. Despite opportunities, 16% of firms believe AI will not assist their business, revealing persistent scepticism or capability gaps.

Tools you see AI assisting most with your business



Across the SME landscape, automation stands out as the strongest perceived opportunity for AI, though its value varies considerably by sector. Industries with complex, process-heavy workflows - most notably Finance & Insurance (52%), Business Services (52%) and Healthcare (40%) - see automation as a key driver of productivity, administrative streamlining and compliance support. In contrast, SMEs in more customer-facing sectors such as Retail (22%), Wholesale (32%) and Accommodation, Cafes & Restaurants (33%) place less emphasis on automation, reflecting their greater focus on revenue generation and client interaction rather than back-office improvement. These differences underscore how each sector’s operational structure and cost model shape where businesses expect AI to deliver the greatest value - refer to table below.

Marketing & sales optimisation is the second-most consistently valued application of AI, particularly in sectors where customer acquisition and engagement are central to commercial performance. Accommodation, Cafes & Restaurants (44%) show the strongest expectations in this area, reflecting their reliance on personalised outreach, targeted communication and dynamic pricing. Retail (31%) and Wholesale (38%) also demonstrate strong interest, underscoring the competitive advantage data-driven marketing now provides. By contrast, Transport & Storage (15%) and Health (8%) assign relatively low importance to marketing applications, consistent with their operationally focused business models rather than sales-led growth strategies.

Case study: Using AI to strengthen judgement, not replace relationships



Design and Diplomacy is a Melbourne-based interior design and property services business specialising in bespoke residential interiors, property styling and turnkey -fit outs-. Each project is tailored in close collaboration with clients.

For Director Timothy Gauci and Designer Nicole Langelier, this context shapes how they use AI in their business. Rather than replacing human interaction, AI is a means of support - improving efficiency and decision making while preserving trust-based client relationships.

“AI is a productivity and thinking accelerator - not a substitute for professional judgement.”

Mr Gauci & Ms Langelier use AI internally to save time on operational matters, including summarising reports, contracts and client emails. It is used to identify risks, gaps and actions from technical material, and generate structured draft proposals and responses from detailed prompts. It sense checks invoices and project documentation. It also supports internal process design and opportunity

identification. This approach aligns closely with where SMEs see the greatest value from AI: automation, marketing and sales support, and improved decision making. Clear standards around tone, formatting and structure ensure outputs remain distinctive and human-led. AI supports professional judgement – it does not replace it.

Expectations around AI-enabled decision making differ significantly across industries. Data-rich or analytics-heavy sectors, particularly Finance & Insurance (35%) and Business Services (30%), place substantial value on AI’s ability to enhance forecasting, risk assessment and operational planning. In comparison, Construction (14%), Retail (16%) and Property Services (15%) show more modest interest - likely reflecting greater reliance on human judgment, lower data maturity, or challenges in integrating AI into established decision workflows. These differences illustrate how confidence in AI-driven insights is closely tied to sector-specific readiness and clarity around use cases.

Tasks you see AI assisting with your business

	All	MFG	CON	RET	WHL	TS	FI	BS	PS	ACCOM	HEA
Automating repetitive tasks	35%	28%	38%	22%	32%	30%	64%	52%	38%	33%	40%
Marketing & sales optimisation	31%	29%	31%	31%	38%	15%	26%	32%	46%	44%	8%
Improving decision-making	23%	24%	14%	16%	30%	21%	35%	30%	15%	44%	24%
Enhancing customer experience	22%	15%	27%	19%	25%	9%	29%	20%	19%	33%	28%
Cost reduction and efficiency	18%	18%	22%	14%	11%	15%	29%	23%	15%	6%	24%
Risk management, cybersecurity & fraud detection	12%	6%	18%	8%	14%	3%	10%	20%	19%	6%	4%
Talent and HR support	6%	7%	8%	7%	5%	3%	0%	5%	12%	0%	8%
None of these - It will not assist my business	16%	19%	12%	20%	22%	18%	10%	9%	8%	6%	16%

Service-intensive sectors are prioritising customer experience enhancement. Accommodation, Cafes & Restaurants (33%) and Health (28%) record the strongest interest, aligning with their high touch models where responsiveness, personalisation and service efficiency heavily influence customer outcomes. Construction (27%) also stands out, possibly reflecting growing expectations around transparency and communication on project timelines. In contrast, Transport & Storage shows very limited emphasis on customer experience applications (9%), instead favouring operational efficiency over direct consumer interaction.

Cost reduction vs growth Cost reduction & efficiency improvement rank moderately overall but are more important in cost pressured sectors such as Finance & Insurance (29%), Business Services (23%) and Health (24%). These industries face significant regulatory, labour or administrative burdens and therefore see AI as a tool to ease rising operating costs. By comparison, Accommodation, Cafes & Restaurants (6%), Wholesale (11%) and Retail (14%) place far less emphasis on cost reduction as an AI use case, likely because their current AI focus is geared toward sales growth, demand generation and customer engagement rather than margin management.

Perceptions of AI's role in cybersecurity, fraud detection and risk management also vary sharply. Business (20%) and Property Services (19%) show the most meaningful interest, followed by Construction (18%) and Wholesale (14%). These sectors typically face high exposure to compliance obligations, data security risks or complex supply chains. Conversely, industries such as Transport & Storage (3%), Health (4%), and Accommodation, Cafes & Restaurants (6%) show very low interest - potentially underestimating their vulnerability to cyber threats or lacking the capability to integrate AI-based protections. This gap highlights a disconnect between actual risk exposure and perceived relevance of AI-driven security tools.

Finally, Talent & HR support is uniformly low across all industries. Even in Property Services - the most engaged sector - interest reaches only 12%. This points to a broader hesitancy toward people-focused AI tools such as recruitment automation, workforce planning and performance analytics.

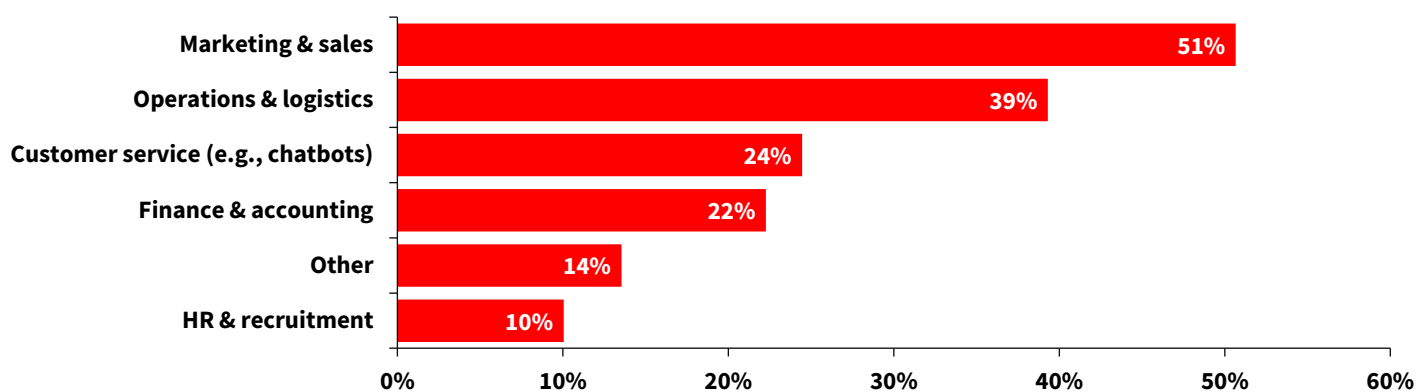
Taken together, these trends show that AI adoption is strongly shaped by sector characteristics. While AI is widely recognised as a tool for operational improvement and strategic enhancement, its adoption path remains highly industry specific, reflecting each sector's commercial drivers, data maturity and perceived opportunities

How SMEs are currently using AI tools and platforms in their business

Australian SMEs are adopting AI unevenly across functions, with the strongest uptake concentrated in marketing & sales, and operations & logistics. Overall, 51% of SMEs use AI in marketing & sales, making it the most widely adopted function. This usage is especially pronounced in industries such as Accommodation, Cafes & Restaurants (89%), Wholesale (70%), Retail (68%), and Property Services (61%). Manufacturing (56%) and Construction (54%) also show strong engagement in this area. In contrast, Transport & Storage firms reported 0% usage in this category, and Finance & Insurance just 10%, highlighting significant sectoral divergence.

AI tools in marketing & sales - such as customer segmentation, targeted advertising, and personalised recommendations - can help businesses increase their reach, engage more effectively with customers, and drive revenue. This is particularly valuable in highly competitive sectors like Accommodation, Cafes & Restaurants, Wholesale, Retail, and Property Services, where attracting and retaining customers is essential for success. Furthermore, these industries often have high-volume, high-frequency customer interactions, making them well-suited to benefit from AI-driven automation and data analytics. AI can streamline marketing campaigns, optimise pricing, and improve lead conversion rates, all of which contribute to top-line growth. In contrast, sectors such as Transport & Storage and Finance & Insurance may prioritise operational efficiency or compliance over direct sales initiatives, explaining their lower AI adoption in marketing & sales. Overall, the focus on marketing & sales reflects the immediate and measurable return on investment that AI can offer in customer-facing roles.

Areas SMEs currently use AI tools & platforms in their business (%)



Case study: Time back to do work that matters



Bella Manufacturing is a Sunshine Coast based fabrication business which builds bespoke food trucks, food trailers, shipping container conversions and specialist mobile fit outs for a range of corporate, not for profit and Government clients in Australia and select export markets.

Every build is designed and manufactured in-house by a team of 23 trade-qualified staff.

Director Andrew Blair says the diversified client base – including Domino’s Pizza, Nestle and Boost Juice, the NSW RFS, Army and organisations serving people experiencing homelessness and remote Northern Territory communities – demands focus on individual client needs.

A recent convert, Mr Blair is an early adopter in the manufacturing sector, where only 35% currently use AI. He’s now utilising the technology for a host of the marketing, sales, operations and logistics demands most popular among SMEs, supporting his staff to attend AI workshops so they can too.

“The sales team render vehicles in client branding so they can see exactly what their business could look like before committing a dollar. Meeting transcripts replace notetaking, so staff focus on the clients as people. And before meetings with the COO, CFO or external advisors, AI helps interrogate the numbers and sharpen the questions, so those conversations go deeper.”

“The time it gives back is yours. Put it into the business, use it to find new customers, prepare better for important meetings, or just get home on time. That is the point. Not the technology. The time.”

Procurement is another area where Mr Blair says small businesses can use AI to save them both money and time, recently using AI drawing on his business data to assist in comparing insurance quotes. “I uploaded everything, wrote some brief instructions explaining what I needed and what I wanted from the outcome, had the comparison done and clarification emails drafted to each broker, all within 10 to 15 minutes. We ended up \$2,800 better off.”

His advice to small businesses owners is simple – start experimenting with simple questions. “You will find uses you never anticipated,” Mr Blair said.

The second most common application is in operations & logistics, used by 39% of SMEs overall. Adoption is particularly high in Health (79%), Finance & Insurance (65%), Transport & Storage (57%) and Business Services (52%). These industries typically involve intricate, highly regulated, or time-sensitive processes - such as managing patient records, processing financial transactions, or coordinating shipments - where efficiency, accuracy, and compliance are critical. Automation and optimisation tools powered by AI can streamline these workflows, minimise manual errors, and ensure adherence to regulatory standards. Additionally, these sectors often handle large volumes of data and require real-time decision-making. AI-driven solutions can analyse vast datasets, forecast demand, optimise resource allocation, and enhance supply chain management, thereby delivering tangible improvements in productivity and cost control. In comparison, Wholesale (18%), Property Services (22%), and Manufacturing (24%) exhibit more moderate levels.

Customer service - including chatbots and automated support - shows 24% adoption overall. Usage varies by industry, Property Services and Accommodation, Cafes & Restaurants are most engaged at 33% and Business Services (11%) and Transport & Storage (14%) least engaged. Chatbots offer several key benefits for businesses, especially in customer service. By providing automated support, chatbots enable companies to deliver instant responses to customer enquiries at any time of day, improving responsiveness and overall satisfaction. This is particularly valuable for sectors with high customer interaction volumes, such as Accommodation, Cafes & Restaurants and Property Services, where prompt service can influence customer loyalty and drive repeat business.

Additionally, chatbots can handle routine queries and tasks - such as booking appointments, answering frequently asked questions, or providing order updates - freeing up staff to focus on more complex or personalised service needs. This increases operational efficiency and can help reduce labour costs. Chatbots also ensure consistency in responses, minimising the risk of human error and delivering a uniform brand experience across all customer touchpoints. Furthermore, by capturing and analysing customer interactions, chatbots can provide valuable insights into common issues, preferences and trends, enabling businesses to refine their products and services. Overall, while adoption varies by industry, the main benefits of chatbots are improved customer responsiveness, cost savings, enhanced efficiency, and actionable data for continuous improvement.

AI adoption for financing & accounting sits at 22% overall. The Transport & Storage sector stands out sharply with 57% usage. SMEs in Finance & Insurance (35%), Business Services (33%), Accommodation, Cafes & Restaurants (33%) and Manufacturing (32%) also report a relatively high usage. Meanwhile, Retail (9%) and Construction (12%) show minimal adoption. Higher adoption rates likely reflect the complexity, volume, or regulatory requirements of their financial operations. For example, Transport & Storage businesses often manage intricate logistics, billing, and payment processes, making automation and data-driven tools highly valuable for accuracy and efficiency. Similarly, Finance & Insurance firms face stringent compliance obligations and handle vast amounts of financial data, making AI-powered solutions attractive for streamlining processes, ensuring accuracy, and reducing risk.

Use of AI-powered HR & recruitment tools recorded the lowest adoption overall at just 10%. Property Services show the highest use at 19%, followed by Construction at 18%. Health was also relatively high at 14%, while several industries. SMEs in Accommodation, Cafes & Restaurants and Transport & Services however reported 0% adoption. It is somewhat surprising that AI adoption for HR and recruitment tools is so low among Australian SMEs, given the increasing capabilities of AI in automating recruitment processes, streamlining workforce planning, and delivering data-driven performance analytics. AI-powered recruitment tools can help businesses quickly identify and attract top talent by efficiently screening resumes, reducing unconscious bias, and predicting candidate suitability based on advanced analytics. Automation can also ease the administrative burden on HR teams, freeing up staff to focus on more strategic initiatives and employee engagement.

Furthermore, AI can enhance workforce planning by forecasting staffing needs, analysing turnover trends, and identifying skill gaps. Performance analytics powered by AI can provide actionable insights to improve employee development, optimise team dynamics, and boost overall productivity. In a competitive labour market, these capabilities can offer a significant edge. The low adoption rate may reflect broader hesitancy or lack of awareness about the potential of people-focused AI tools, as indicated by uniformly low interest across all industries - even in sectors otherwise engaged with AI.

Areas SMEs currently use AI tools and platforms in their business

	All	MFG	CON	RET	WHL	TS	FI	BS	PS	ACCOM	HEA
Marketing & sales	51%	56%	54%	68%	70%	0%	10%	41%	61%	89%	14%
Operations & logistics	39%	24%	40%	32%	18%	57%	65%	52%	22%	33%	79%
Customer service (e.g. chatbots)	24%	24%	27%	27%	27%	14%	20%	11%	33%	33%	14%
Finance & accounting	22%	32%	12%	9%	18%	57%	35%	33%	11%	33%	14%
Other	14%	12%	19%	9%	21%	0%	15%	11%	0%	0%	14%
HR & recruitment	10%	8%	10%	18%	6%	0%	5%	19%	6%	0%	14%

Implications

Overall, these patterns show Australian SMEs at a critical turning point in their AI adoption, with usage accelerating but varying sharply across industries. Digitally-mature sectors such as Finance & Insurance, Business Services and Property Services are already realising clear productivity and decision-making gains, while others - particularly Retail, Transport & Storage and Manufacturing - remain constrained by capability gaps and uncertainty about value. This widening divide highlights both strong momentum and significant untapped potential as AI becomes an increasingly important driver of SME performance.

While business size is not the sole determinant, it likely contributes to some of the observed differences in AI adoption by industry. Larger SMEs typically have more resources and capability to integrate AI, especially in sectors where digital transformation is already advanced. However, sector-specific drivers, competitive dynamics, and the availability of accessible AI solutions also play critical roles, enabling smaller businesses to adopt AI rapidly despite their size-related constraints.

Finally, despite the enormous promise of AI, concerns centring on data privacy, ethical implications, and the potential for job displacement as automation increases, may also influence uptake. Additionally, the rapid pace of technological change can be daunting, especially for businesses lacking dedicated IT expertise or resources for upskilling staff. Addressing these challenges will require not only improved access to trustworthy AI solutions but also clear guidance, robust governance frameworks, and ongoing support to ensure AI adoption delivers benefits while safeguarding against unintended risks. Commonwealth Government data and calculations show SMEs accounting for 53% of economic activity.¹ For the wider Australian economy to realise the productivity dividend AI promises, support for SMEs to plan for and adoption AI specific to sector and business needs will be critical.

¹ [Contribution to Australian Gross Domestic Product | ASBFEO](#) Source: ABS Australian Industry, Table 5, May 2025 and ASBFEO calculations, private sector industry. The ABS publish this data for selected industries, which excludes financial and insurance services.

Contact the authors

Dean Pearson

Head of Behavioural & Industry Economics
Dean.Pearson@nab.com.au
+61 0 457 517 342

Robert De lure

Director Behavioural & Industry Economics
Robert.De.lure@nab.com.au
+61 0 477 723 769

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