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Interest Rates in 2026: Why Some Loans Are Getting Cheaper While Others Rise

By Mary Nebotakis, Managing Director, Natloans, B. Eco, Dip. Financial Services

Interest rates have dominated financial headlines throughout 2026.

At the policy level, the direction set by the Reserve Bank of Australia has been clear: tighter conditions, elevated rates, and a stronger focus on inflation control. For many borrowers, this has translated into higher repayments and reduced borrowing capacity.

However, the broader lending market tells a more nuanced story.

While headline rates remain elevated, not all lenders are moving in the same direction. In fact, across certain lending categories—particularly car loans and personal loans—competition is driving more favourable pricing for some borrowers.

Understanding where and why this is happening can help borrowers make more informed decisions.

Are Interest Rates Still Rising?

The short answer is: it depends on the type of loan and the lender .

Variable home loan rates tend to move more closely in line with changes to the official cash rate. However, other lending products—such as car loans and personal loans—are influenced by a wider range of factors, including:

Competition between lenders

Funding costs and risk appetite

Target borrower segments

Loan security (secured vs unsecured)

As a result, while some rates remain elevated, others are becoming more competitive as lenders adjust their strategies.

Car Loans in 2026: A Competitive Segment

Car finance is one area where borrowers may find more flexibility and competitive pricing than expected.

Personal Car Loans

For individuals purchasing a vehicle, lenders typically offer a range of options:

Secured car loans These loans use the vehicle as collateral and often come with lower interest rates, particularly for new or near-new cars.

Unsecured car loans These provide greater flexibility (for example, when purchasing older vehicles), though usually at a higher interest rate.

Fixed vs variable rates Fixed rates offer repayment certainty, while variable rates may provide flexibility if market conditions change.

The availability of multiple structures allows borrowers to tailor finance to their priorities—whether that's minimising cost or maximising flexibility.

Business Vehicle Finance

For business owners, vehicle finance can also be structured in ways that support cash flow and operational efficiency.

Common options include:

Chattel mortgages , where the business owns the vehicle while the lender takes security

Low-doc loans , which may suit businesses with limited financial documentation

Novated leases , often used as part of employee salary packaging arrangements

Each structure has different tax, cash flow, and ownership implications, making it important to select the right approach based on business needs.

Personal Loans: Flexible Lending in a Changing Market

Personal loans continue to play a role as a flexible funding option for a range of purposes.

Common uses include:

Home improvements or renovations

Vehicle purchases

Travel or major life events

Education or professional development

Access to short-term liquidity

In recent years, competition in this segment has increased, with some lenders offering:

Streamlined application processes

Faster approval timeframes (sometimes same-day)

Reduced or no ongoing account-keeping fees on certain products

As with all lending, rates and features vary significantly between providers, making comparison important.

Why Rates Can Differ Between Lenders

A key reason borrowers may see different rates across lenders is that each institution operates with its own strategy.

Factors that influence lender pricing include:

Risk tolerance : Some lenders actively compete for lower-risk borrowers

Funding models : Differences in how lenders source capital

Market positioning : Certain lenders focus on niche segments (e.g. self-employed borrowers or specific industries)

Promotional activity : Temporary rate reductions to attract new customers

This variation creates opportunities—but also makes it harder to assess the market without a broad view.

Should You Revisit Your Existing Loan?

Many borrowers assume their current loan remains competitive over time.

However, in a changing rate environment, this is not always the case.

Reviewing an existing loan may reveal opportunities to:

Reduce the interest rate

Lower monthly repayments

Adjust loan terms to better suit current circumstances

Consolidate or restructure debt

Even small changes in rate or structure can have a noticeable impact over the life of a loan.

The Importance of Comparing Options

In a fragmented lending environment, relying on a single lender or limited comparison can mean missing more suitable options.

Comparing across a broader range of lenders allows borrowers to:

Identify more competitive rates

Access different loan structures

Match lending features to their specific needs

This is particularly relevant in segments like car loans and personal lending, where pricing and policies can vary widely.

Final Thoughts

While interest rates remain elevated overall, the lending market in 2026 is far from uniform.

Opportunities still exist—particularly in asset finance and personal lending—but they are increasingly dependent on where you look and how your application is structured.

For borrowers, this reinforces the importance of staying informed, reviewing existing arrangements, and understanding the full range of available options.

Important Information

This information is general in nature and does not take into account your personal objectives, financial situation, or needs

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