WEALTH MANAGEMENT

From adoption to execution

SBL is no longer a differentiator. It is table stakes.
The challenge now is execution at scale.

Executive summary

From adoption to execution

Securities-Based Lending (SBL) has crossed a structural threshold. What was once a differentiator is now table stakes. The question is no longer whether firms should offer SBL, but whether they can deliver it at scale, safely, consistently, and in a way that strengthens the advisor-client relationship.

Our 2026 Industry Survey (lender perspective) and Advisor Sentiment Study reveal clear alignment across the ecosystem: advisors are ready, institutions are committed, growth expectations are high, yet penetration remains low.

- Most firms report SBL penetration below 4% today
- Many expect it to reach 6% – 10% within three years
- Balances are projected to grow at mid- to double-digit rates over the next 12 months

Advisor acceptance is firmly established.

- **92%** of advisors report being familiar with SBL loans
- **73%** have recommended SBL as an alternative to selling assets
- **55%** cite AUM retention as a primary benefit

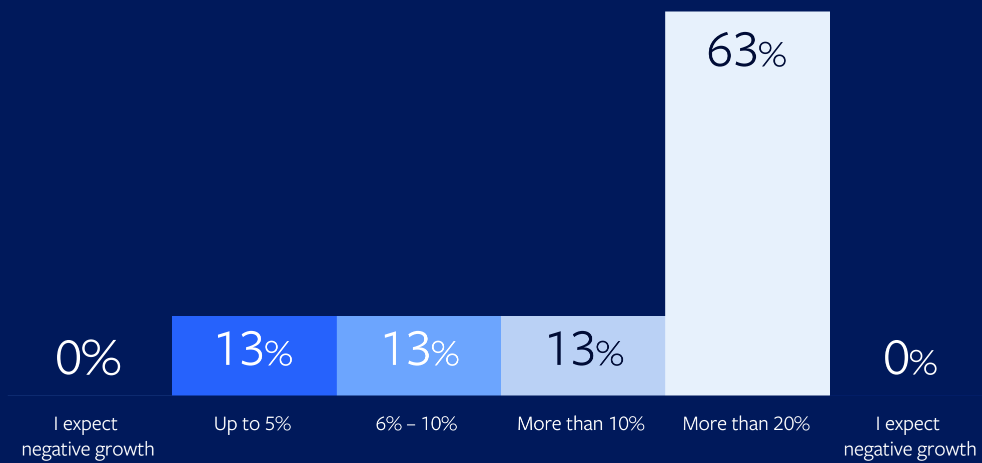
Resistance to leverage has largely disappeared. The constraint on growth is no longer cultural, it is operational.

Advisors point to execution friction:

- Only **23%** of advisors rate their lending solution as “excellent”
- **40%** spend two to four hours arranging a single loan
- **73%** want lower minimum thresholds to serve the Mass Affluent segment
- **75%** believe SBL should be embedded within a broader lending platform

Risk concerns persist but are manageable. Most of advisors who have experienced maintenance calls report there were handled effectively.

In the next 12 months, I expect SBL outstandings to grow by



Advisors are not questioning SBL as a product; they are asking for automation, real-time oversight, opportunity identification tools, and workflow integration.

In response, institutions are investing in integration, time-to-loan reduction, specialist support models, and scalable Mass Affluent operating frameworks.

SBL demand remains resilient even in a higher rate, more volatile environment. Its core advantages (speed, competitive pricing and preservation of long term investment strategy) remain intact. Increasingly, SBL is embedded within a broader balance sheet approach to advice.

The SBL growth ceiling will be determined less by appetite and more by execution architecture. As SBL scales into higher volume segments, firms will require:

- Predictive opportunity identification
- Automated eligibility assessment
- Real-time risk monitoring

AI will not replace advisors, it will augment them, surfacing opportunities, flagging risks and reducing the operational burden.

Firms that succeed will:

- Educate advisors on liquidity's strategic role and utility
- Activate advisors through frictionless execution
- Embed credit discipline into technology rather than relying on manual processes
- Reduce cost-to-originate to unlock Mass Affluent scale
- Integrate lending across CRM, planning, and proposal tools
- Use intelligent automation to surface opportunities and manage risk proactively

SBL will continue to expand. The open question is not whether the market wants it, but whether firms can deliver it at scale and in a risk-managed way.

Advisors are not questioning SBL as a product; they are asking for automation, real-time oversight, opportunity identification tools, and workflow integration.

1. The penetration gap is the real opportunity

The market believes in SBL. The growth opportunity lies in increasing adoption across existing books.

While balances grow, account usage tells the true story:

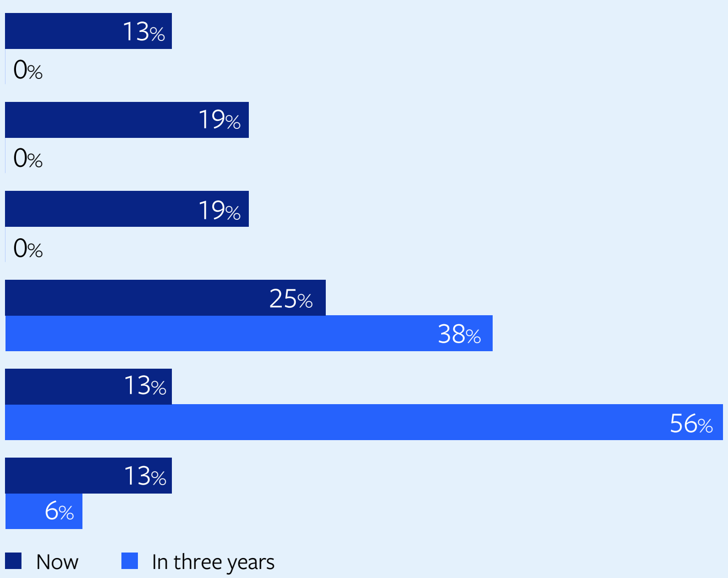
- Most firms remain below 4%
- Expectations shift toward 6–10% within three years
- Some anticipate exceeding 10%

Advisor sentiment reinforces this upside. Seventy three percent want lower minimum thresholds to serve Mass Affluent clients.

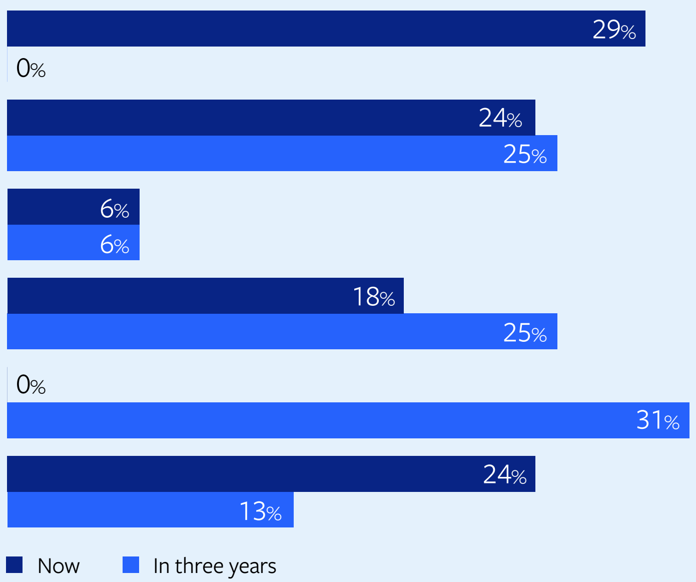
The constraint is not demand, it is eligibility structure and cost to originate.

High performing firms demonstrate that account penetration rises when lending is easy to originate, clearly positioned and consistently executed. In those environments, SBL becomes a routine part of advisor dialogue.

SBL penetration in wealth management accounts—today vs. in three years



SBL penetration in brokerage accounts—today vs. in three years



Unlocking internal AUM

The growth engine is already inside the book
Firms overwhelmingly identify deeper penetration of existing AUM as the primary growth driver.

The economics are straightforward:

- Trust already exists
- Assets are already on platform
- Lending acquisition cost is lower than new client acquisition
- SBL strengthens retention

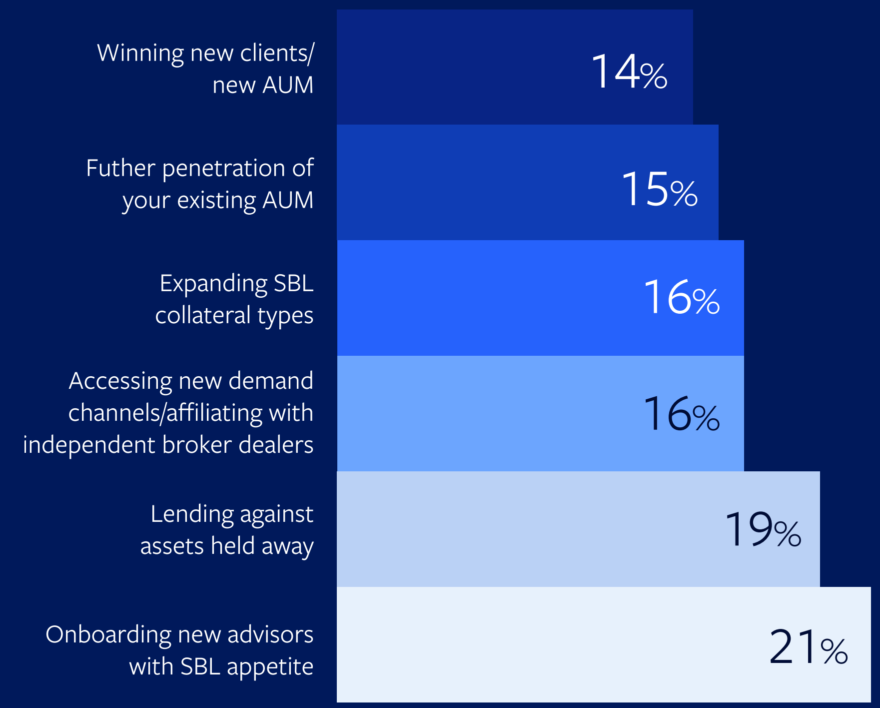
The remaining unlock is systematic opportunity identification. Only about half of firms use automated tools to surface SBL opportunities.

The shift is from reactive origination to predictive engagement, using data to identify liquidity needs, tax events and behavioral signals across advisor books.

Complementary strategies include:

- Recruiting advisors with an established appetite for SBL
- Winning new clients with a more complete, balance sheet aware product offering
- Expanding into new demand channels, including independent broker dealers and RIAs
- Selectively broadening collateral eligibility and lending against assets held away

Our strategy for SBL growth is...



Growth is increasingly portfolio based—balancing expansion with credit discipline.

2. Advisor activation

From willing to productive

The nature of advisor reluctance has changed.

Concerns about debt or complexity have largely disappeared. The constraint today is operational friction.

Advisors who have not yet originated loans are less likely to raise SBL proactively, particularly when the process feels time-consuming or operationally complex.

Survey responses confirm:

- Only 29% cite product complexity as a concern
- None consider debt inappropriate within wealth strategy
- 51% worry about volatility
- 47% cite interest rate risk

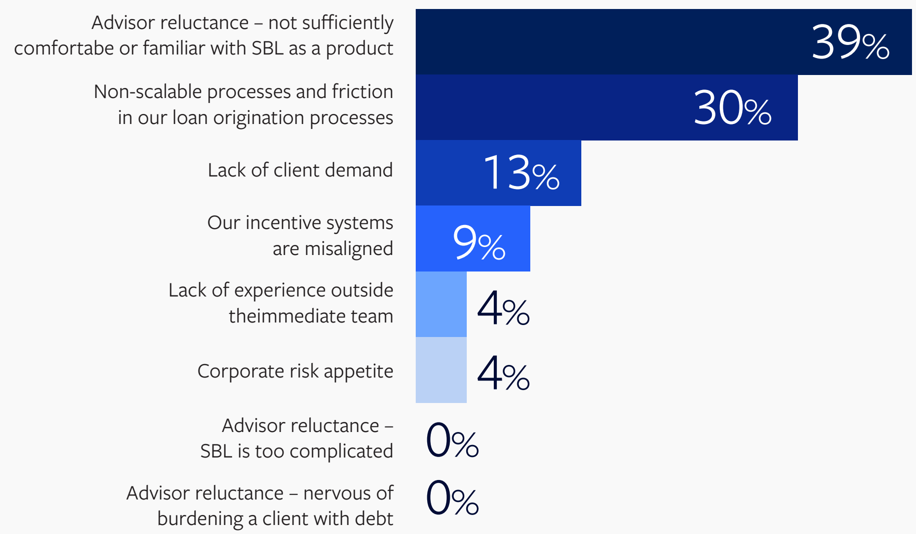
These are visibility and control issues—not philosophical objections.

The contrast is stark once advisors engage. Those comfortable with SBL typically write 3–5 loans per month. Adoption is not gradual, it is binary.

AI-enabled advisor assistants can reduce activation friction by guiding advisors through eligibility, collateral optimization and scenario modeling in real time—compressing learning curves and increasing confidence during client conversations.

The growth lever is activation. Firms that support the first loan through tools, specialists and streamlined workflows see sustained penetration growth.

SBL growth is hampered at our organization by...



SBL adoption

92% familiar with SBLOCs

73% have recommended SBL

55% cite AUM retention

The operating model shift

Advisor-led, infrastructure-enabled
As SBL volumes grow, delivery models are evolving.

This shift reflects operational reality. Advisors are expected to provide holistic advice while managing larger and more complex books of business. Expecting every advisor to master credit structuring, policy interpretation, and collateral management is neither realistic nor necessary.

Leading firms are converging on a hybrid model:

- Advisors own the client relationship and identify lending needs
- Lending specialists support structuring and policy navigation
- Technology streamlines workflow, monitoring and controls

This improves consistency, reduces execution risk, and shortens time-to-loan.

Capacity pressures are real:

- 40% of advisors spend two to four hours arranging a standard SBL loan
- 21% spend four to six hours

At scale, manual models break. Infrastructure determines who will lead.

This is not a high-touch versus high-tech decision. It is about aligning relationship ownership with institutional execution infrastructure. As SBL matures from product to embedded platform capability, scalable models will separate leaders from laggards.

40%

of advisors spend two to four hours arranging a standard SBL loan

21%

spend four to six hours

3. SBL as a strategic defense

Liquidity is becoming retention infrastructure

Every lender respondent agrees: SBL attracts new AUM and creates stickier balances.

If liquidity is not available internally, assets will migrate externally. In this context, SBL is no longer simply a growth lever, it is a defensive necessity.

From the client's perspective, access to SBL provides flexibility and optionality. It enables investors to act as cash buyers, manage short term liquidity needs and pursue opportunities without disrupting long term investment strategies. From the firm's perspective, it strengthens client relationships and embeds lending into the broader wealth proposition.

Advisor mobility and competition for AUM reinforce this dynamic. Fifty five percent cite retention as a primary reason for recommending SBL, underscoring SBL's role as both growth lever and defensive necessity.

Liquidity is becoming retention infrastructure.

Number of loans arranged per month by an advisor comfortable with SBL and already writing loans

4. Channel expansion

The independent opportunity

Advisor migration toward independent models continues. The independent channel represents meaningful growth potential, particularly as advisors will bring existing loan books and established liquidity demand.

Supporting this channel requires flexibility in operating models, including the ability to lend against assets held away and to integrate with external custodians.

As competitive pressure rises and data capabilities improve, reluctance to lend against external assets is diminishing.

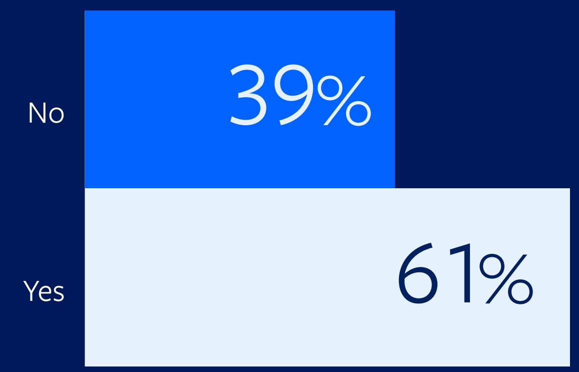
Network and marketplace models are also emerging, allowing allocation across multiple balance sheets and supporting smaller loan economics at scale.

Marketplaces and network models

In parallel, a growing number of firms are exploring marketplace or network based SBL models. While still a minority interest, these approaches allow firms to allocate loans across multiple balance sheets, manage concentration risk and offer greater choice to advisors and clients.

Such models are particularly relevant when firms encounter loan levels that they prefer not to hold on their own balance sheet, or when supporting advisors across multiple channels. Without automation, the economics of smaller loan sizes constrain growth. As SBL scales, these networked approaches are likely to become an increasingly important part of the lending ecosystem.

Level of interest in the independent channel as a source of new SBL business



5. The scalability test

Winning the Mass Affluent market

The Mass Affluent segment represents the next growth frontier.

Nearly three quarters of advisors believe minimum line sizes should be lowered to extend SBL to more Mass Affluent clients. The next wave of growth will depend less on demand and more on reducing cost-to-originate and embedding automated eligibility controls.

Serving the Mass Affluent segment requires a fundamentally different operating model than traditional high net worth lending. Loan sizes are smaller, volumes are higher, and margins depend on efficiency and automation rather than bespoke structuring. But volume changes everything.

Serving this segment requires:

- Automated eligibility and suitability checks
- Embedded leverage guardrails
- Scalable advisor led and self service journeys

Margins depend on efficiency, not bespoke structuring. The Mass Affluent segment will test whether firms can industrialize lending safely.

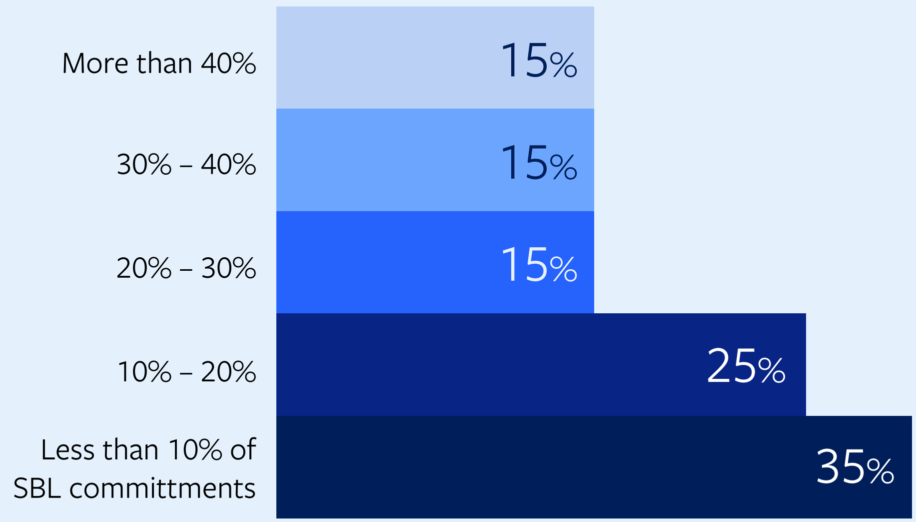
Digital delivery: Advisor-led and client empowered

Interest in client self service portals continues to grow. While few firms offer full self service today, most plan to within the next two to three years.

Self service complements, not replaces, the advisor. It allows clients to explore borrowing capacity, run scenarios and execute simple transactions independently, reducing friction while maintaining appropriate control.

As digitally native investors accumulate wealth, expectations for on demand access will only increase. Lenders must evolve alongside broader digital standards.

Proportion of SBL held by Mass Affluent in three years



Opening up the mass affluent market

73% want lower minimums

75% want SBL in a broader lending platform

6. Execution discipline

Consistency over speed

Time to loan remains a visible execution benchmark. Standard SBL funding is typically 2–5 days. A small number of firms can achieve funding in under forty-eight hours, and complex loans often exceed one week. These delays highlight ongoing challenges in data aggregation, collateral assessment and manual credit processes.

The opportunity is not simply faster funding, it is predictable execution.

AI-assisted document extraction, collateral classification and risk scoring reduce variability and improve control.

This is where consistency becomes a competitive advantage.

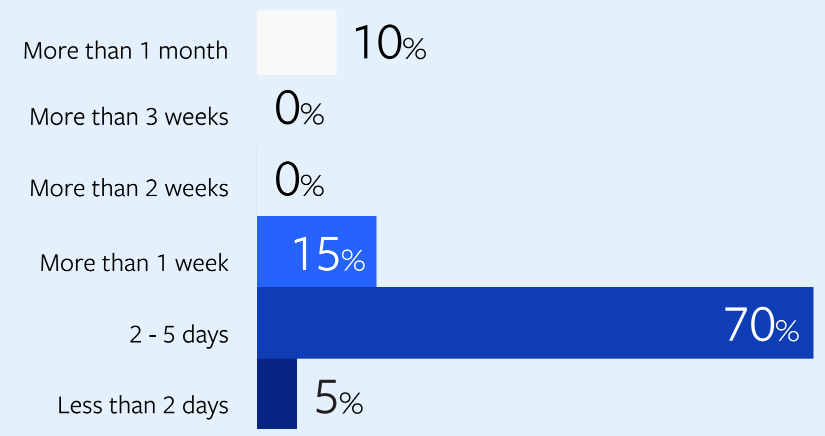
Friction in SBL execution

23% rate solution as excellent

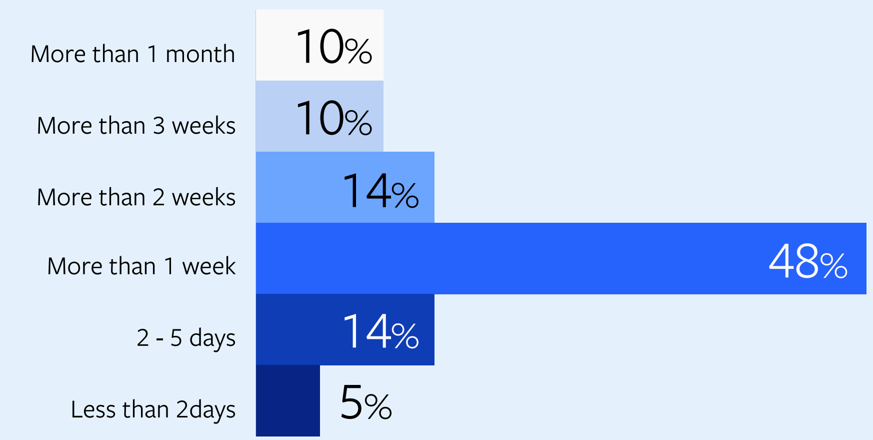
40% spend 2–4 hours per loan

21% spend 4–6 hours

Current time to loan for a standard SBL



Current time to loan for a complex SBL



7. Intelligent infrastructure

Automation as governance

Technology is shifting from enabler to control framework.

Although SBL typically represents a modest share of total innovation budgets, investment priorities are sharply focused. Firms are directing resources toward initiatives that improve execution, reduce friction, and enhance the advisor experience.

Investment priorities today focus on:

- Faster origination
- Workflow automation
- Sales channel enablement
- CRM integration

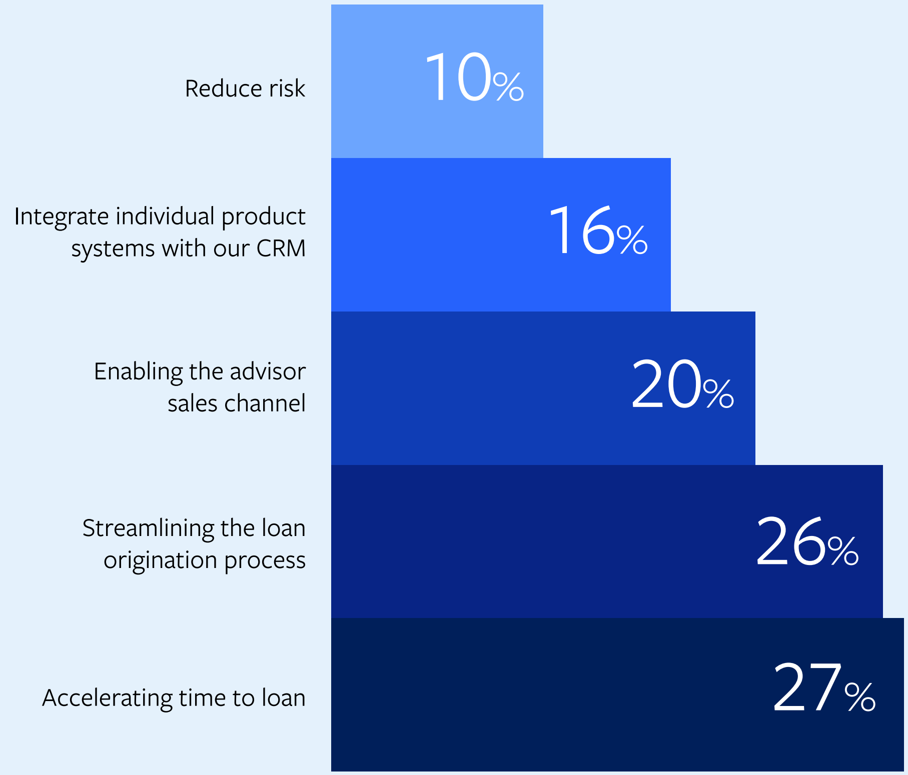
Advisor feedback is clear:

- Only 23% rate their current lending solution as excellent
- 26% want better integration with advisory platforms
- 75% want SBL to be embedded in a broader lending ecosystem rather than operate as a standalone product.

As SBL scales, systems must enforce suitability rules and embed credit policies directly into workflow.

The next frontier moves beyond workflow digitization toward intelligent automation. As penetration expands, particularly into the Mass Affluent segment, static rules-based models will struggle to manage volume and complexity without adding friction.

Primary focus of SBL investment



AI provides structural advantages:

- Predictive opportunity identification across advisor books
- Real-time portfolio stress testing and maintenance call forecasting
- Automated collateral optimization and eligibility scoring

AI does not replace the advisor relationship. It enhances it, reducing manual burden, increasing confidence, and embedding credit discipline directly into the lending architecture.

As SBL industrializes, intelligent systems become the connective tissue between growth ambition and risk governance.

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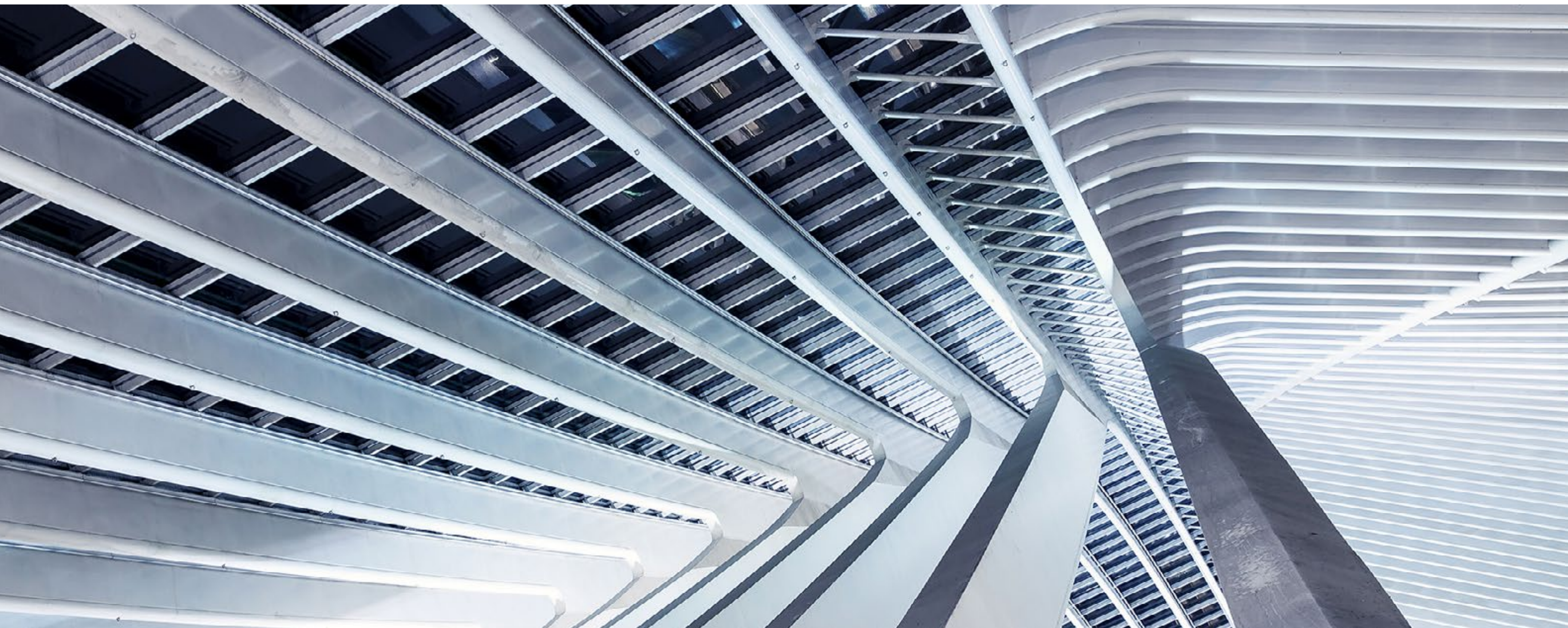

Conclusion

The execution divide

SBL has entered a new phase of maturity. Demand is resilient, advisor acceptance is high, and the opportunity to increase account penetration is substantial.

The defining challenge is no longer adoption, but execution at scale.

Firms must support higher volumes, broader client segments and multiple delivery channels, while maintaining credit discipline, reducing operational friction and delivering a consistent client experience.

As penetration rises, scalable growth will depend on intelligent systems that expose opportunities, automate eligibility and monitor risk in real time.

The firms that succeed will be those that:

- Activate advisors through frictionless, technology-supported execution
- Remove friction through automation
- Embed credit discipline into system architecture
- Leverage data and AI to identify opportunities and forecast risk
- Prepare for channel fragmentation and held-away complexity
- Prove scalability in the Mass Affluent segment

SBL will continue to grow. The differentiator will not be who offers SBL, but who can scale it.

The defining challenge is no longer adoption, but execution at scale.

Infographic

Adoption and Acceptance

Adoption is complete, growth is no longer cultural

Bank view	Advisor view
SBL is now table stakes	92% familiar with SBLOCS
Advisor resistance has faded	55% cite AUM retention benefit
Lending embedded in wealth proposition	73% recommend for liquidity as an alternative to selling assets

Growth expectations

The penetration gap is a substantial execution opportunity

Bank view	Advisor view
Expect mid-single to low double-digit balance growth	92% familiar with SBLOCS
Account penetration <4% today	73% want lower minimum thresholds
Expect penetration 6–10% in 3 years	Mass Affluent seen as major opportunity

What's slowing growth

Infrastructure, not demand is the constraint

Bank view	Advisor view
Non-scalable operating models	40% spend 2–4 hours per loan
Inconsistent time to loan	Only 23% rate solution "excellent"
Limited integration across systems	26% want better tech integration

Risk & confidence

Advisors don't fear risk, they want visibility

Bank view	Advisor view
Need embedded credit discipline	51% concerned about volatility
Governance must move into systems	73% have seen maintenance calls
Scale requires policy enforcement tech	63% say calls handled effectively

The future model

The market is aligned. Execution determines who wins

Bank view	Advisor view
Integrated lending solution	75% want SBL part of broader solution
Mass Affluent scalability	73% want lower thresholds
Specialist support models	Automation & streamlined workflows
CRM & planning integration	Real-time monitoring & alerts

Conclusion

Bank view	Advisor view
Want scalable infrastructure	Want frictionless tools

••• **Both** want growth •••

••• **Neither** questions SBL as a product •••

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