

Media release

“Too small to be a target”: New report finds cyber security mindset puts small businesses at risk

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New auDA research shows small businesses underestimate their cyber risk: one in three think they are too small to be targeted and nearly half believe that if large organisations cannot avoid cyber attacks, they have little chance of protecting their own business.

Released today, *auDA's Digital Lives of Australians 2026* report reveals this mindset leaves small businesses exposed and is compounded by low confidence.

While 92% of small businesses hold personal or sensitive data, only 26% feel confident they can protect it. Confidence is also low when it comes to responding to incidents, with just 64% of small businesses and 50% of consumers saying they know where to report a data security breach.

Informed by insights from 2,080 consumers, 408 small businesses, findings from other key online topics in the report include:

AI use accelerates

- 61% of consumers and 72% of small businesses have used AI, up 5% and 8% year-on-year
- AI users are more optimistic about the technology, with 53% of occasional users positive about AI, compared to 12% of non and infrequent users.

A strong desire for AI regulation

- 69% of consumers and 68% of small businesses see a need for AI regulatory safeguards, up 5% and 3% year-on-year
- Top regulatory priorities are:
 - Rules against using AI in ways that may cause harm to individuals
 - Data security requirements for AI platforms
 - Rules against collecting or using personal data to train AI models without consent.

Cyber security and AI considered most important digital skills yet gaps exist

- The most important digital skills are considered:
 - Cyber security – 70% of consumers and 72% of small business, yet only 12% and 24% report high capability
 - AI – 59% of consumers and 69% of small business, but only 39% and 29% report high capability.



- Australians expect employers to provide digital skills training and prefer online formats

Broader use of Digital ID¹ may drive uptake

- 62% of consumers would be more likely to use Digital ID if it could be used with all service providers
- 79% of small businesses not using Digital ID are interested to accept it for customers to streamline identity verification.

auDA CEO Bruce Tonkin said, “auDA’s annual *Digital Lives of Australians* study offers a timely view of how Australians are navigating an increasingly complex digital world, and opportunities to address gaps in trust, capability and security.

“The 2026 *Digital Lives* report shows that while Australians and small businesses are embracing new technologies such as AI, digital trust and confidence are not keeping pace. It’s vital to uplift cyber resilience, work to improve digital skills and ensure practical support keeps up with the way people use the internet today.

“This year, for the first time, we have outlined practical insights and considerations from the research to help guide government, industry and academia in their work to address common challenges and build stronger engagement and trust in Australia’s digital economy.”

Read the full *Digital Lives of Australians 2026 report* on the auDA website: www.auda.org.au/DL

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Notes to media:

Digital Lives is an annual research study, conducted by auDA since 2021, into the online experiences of Australian consumers and small businesses.

Research comprised of:

- An online survey: 2,080 consumers, 408 small business owners or managers
- Focus groups: 8 online focus groups – 4 consumer groups and 4 small business groups (55 participants in total)
- In-depth interviews: 5 consumers and 5 small business owners
- The samples were weighted to reflect the Australian population.

Digital Lives of Australians 2026 was undertaken on behalf of auDA by SEC Newgate Research.

¹The term *Digital Identity* in the *Digital Lives* report refers to Australia’s secure system for verifying identity online. It reduces the need to repeatedly share documents like passports or bank statements and is stored safely on a device. This differs from a digital driver’s licence, which is a digital copy of a singular ID. Digital IDs can be created through accredited providers such as myID, the Australian Government’s digital identification system. For more information: www.digitalidsystem.gov.au.



Previous *Digital Lives of Australians* reports can also be found at: www.auda.org.au/DL

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About auDA:

.au Domain Administration Limited (auDA) is the trusted administrator of the .au domain name system (DNS), which is Australian critical infrastructure that underpins Australia's digital economy and society. Established in 1986, the .au DNS has served Australian and global internet users for four decades, and provides a stable foundation for innovation and emerging technologies to support Australia's digital future.

auDA is a not-for-profit, community-based organisation, endorsed by the Australian Government to innovate and invest in the Australian internet ecosystem to improve the utility of the .au domain for all Australians. Through its steady stewardship of the .au domain and support of internet governance through multi-stakeholder decision making, auDA strives to ensure the internet remains open, free, secure and interoperable.

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