

Credit Conditions Survey

2010

Updated Version – 2012-03-27

Note to readers

The Credit Conditions Survey was conducted in May and June 2011. The questions were fact-based and focused on financing sought by small enterprises (1 to 99 employees) during the 2010 calendar year.

A total of 3,573 small businesses completed the questionnaire, which included 27 questions. This is the second largest Canadian survey on small business financing. The margin of error is 1.6%, 19 times out of 20, for questions addressed to all respondents. Leger Marketing administered the survey for Industry Canada.

The following tables present the key statistics from this survey.

Table 1: Request Rates, Approval Rates and Average Amounts Authorized, 2010

Type of Financing	Request Rate	Approval Rate*	Average Amount Authorized
Debt Financing	18%	88%	\$319,000
Leasing	2%	97%	\$189,000
Equity Financing	1%	-	-
Trade Credit	1%	-	-

*A request that received either full approval or partial approval was considered "approved".

Table 2: Debt Financing (Long Term Vs. Short Term), 2010

Type of Debt	Request Rate	Approval Rate*	Average Interest Rate	% Collateral Required	Average Amount Authorized
Long Term**	9%	92%	5.4%	72%	\$415,000
Short Term***	11%	85%	6.2%	60%	\$187,000
Overall	18%	88%	5.7%	67%	\$319,000

*A request that received either full approval or partial approval was considered "approved".

**Non-residential mortgages and term loans

***Business lines of credit and credit cards

Table 3: Debt Financing By Enterprise Characteristics, 2010

	Request Rate	Approval Rate*	Average Amount Authorized
Number of Employees			
1 to 4	15%	84%	\$177,000
5 to 9	21%	88%	\$327,000
10 to 19	23%	93%	\$300,000
20 to 99	24%	97%	\$883,000
Region			
Atlantic	14%	97%	\$185,000
Quebec	25%	87%	\$177,000
Ontario	16%	86%	\$275,000
Manitoba-Saskatchewan	20%	100%	\$305,000
Alberta	15%	90%	\$338,000
British Columbia & Territories	19%	83%	\$777,000
Industry			
Accommodation and Food	17%	84%	\$95,000
Construction	26%	95%	\$235,000
Manufacturing	28%	88%	\$636,000
Agriculture and Fishing, Forestry, and Oil and Mining	20%	100%	\$561,000
Professional Services	13%	86%	\$138,000
Transportation/Warehousing	23%	81%	\$573,000
Retail Trade	16%	86%	\$123,000
Wholesale Trade	18%	93%	\$603,000
Retail and Wholesale	17%	88%	\$255,000
Age of Business			
3 years old or younger	23%	88%	\$141,000
4 to 10 years old	20%	85%	\$359,000
More than 10 years old	17%	90%	\$331,000
Exporting Activities			
Exporter	21%	86%	\$703,000
Non-Exporter	18%	88%	\$266,000
Region			
Rural	19%	93%	\$369,000
Urban	18%	86%	\$302,000
Innovation			
Product	24%	82%	\$196,000
Process	20%	93%	\$595,000
Organizational	29%	91%	\$317,000
Marketing	25%	85%	\$432,000
Innovator**	25%	87%	\$394,000
Non-Innovator	15%	89%	\$252,000
Gender of Majority Owner			
Male	19%	88%	\$366,000
Female	16%	87%	\$110,000
Jointly Owned	17%	84%	\$213,000
Education Level of Majority Owner			
Less than high school	21%	87%	\$159,000
High school diploma	19%	87%	\$200,000
College/Cegep/Trade school diploma	19%	88%	\$186,000
Bachelor Degree	18%	89%	\$594,000
Masters Degree or above	17%	90%	\$658,000
Experience Level of Majority Owner			
5 years or less	23%	88%	\$88,000
6 to 10 years	19%	84%	\$138,000
More than 10 years	18%	89%	\$363,000
Age of Majority Owner			
Younger than 40 years old	23%	90%	\$150,000
40 to 49 years old	22%	90%	\$370,000
50 to 64 years old	17%	86%	\$286,000
65 years old or older	13%	87%	\$370,000

*A request that received either full approval or partial approval was considered "approved".

**A firm that developed or introduced a product, process, organizational or marketing innovation in the 2010 calendar year was considered an "innovator".

Table 4: Main Reason for Not Seeking Debt Financing, 2010

Reason	%
Financing not needed	89%
Investment project postponed	1%
Thought request would be turned down	3%
Applying for financing too difficult	3%
Cost of financing too high	2%
Other reason	2%

Table 5: Main Intended Use of Debt Financing, 2010

Intended Use	%
Fixed asset	34%
Working/Operating capital	54%
Research and development	2%
Debt consolidations	5%
Enter a new domestic market	1%
Enter a new global market	1%
Other use	3%

Table 6: Export Destinations, 2010

Destination	%
Local municipality or region	93%
Local municipality or region <u>only</u>	54%
Rest of province/territory	37%
Rest of Canada	19%
United States	9%
Rest of the world	5%