



2016

Credit Conditions Survey

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Notes to readers

The Credit Conditions Survey was conducted between January and March of 2017. The questions were fact-based and focused on financing sought by small enterprises (1 to 99 employees) during the 2016 calendar year.

A total of 2,111 small businesses completed the questionnaire, which included 24 questions. This is the second largest Canadian survey on small business financing. The margin of error is 2.1% for questions addressed to all respondents. R.A. Malatest & Associates administered the survey for Innovation, Science and Economic Development Canada.

The following tables present the key statistics from this survey.

Table 1: Request Rates, Approval Rates and Average Amounts Authorized, 2016

Type of Financing	Request Rate	Approval Rate*	Average Amount Authorized
Debt Financing	26	82	\$270,000
Leasing	9	94	-
Equity	3	-	-
Trade Credit	7	-	-

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

Table 2: Debt Financing (Long Term versus Short Term), 2016

Type of Debt	Request Rate	Approval Rate*	Average Interest Rate	% Collateral Required	Average Amount Authorized
Long Term**	12	84	4.9	84	\$480,000
Short Term***	21	82	5.5	59	\$200,000
Overall	26	82	5.3	63	\$270,000

*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, 2016

	Request Rate	Approval Rate*	Average Amount Authorized	Total amount authorized-to-requested rate
Number of Employees				
1 to 4 employees	23	82	\$150,000	85
5 to 9 employees	23	76	\$170,000	68
10 to 19 employees	32	83	\$470,000	90
20 to 99 employees	39	92	\$450,000	99
Region				
Atlantic	26	80	\$150,000	66
Quebec	28	80	\$420,000	95
Ontario	23	85	\$340,000	83
Manitoba-Saskatchewan	25	81	\$120,000	89
Alberta	31	78	\$190,000	82
British Columbia & Territories	25	86	\$110,000	85
Industry				
Accommodation and Food	26	80	\$140,000	82
Construction	35	87	\$110,000	79
Manufacturing	26	85	\$290,000	84
Agriculture and Fishing, Forestry, and Oil and Mining	29	81	\$500,000	88
Professional Services	24	84	\$78,000	68
Transportation/Warehousing	30	89	\$140,000	93
Retail and Wholesale	29	81	\$240,000	86
Age of Business				
3 years old or younger	35	86	\$220,000	77
4 to 10 years old	31	74	\$160,000	84
More than 10 years old	24	81	\$270,000	87
Exporting Activities				
Exporter	28	78	\$300,000	88
Non-exporter	26	83	\$270,000	87
Innovation				
Product	34	79	\$160,000	81
Process	37	81	\$250,000	84
Organizational	44	76	\$530,000	92
Marketing	36	81	\$190,000	84
Innovator**	34	82	\$300,000	88
Non-innovator	19	83	\$220,000	82
Gender of Majority Owner				
Male	25	83	\$310,000	89
Female	28	85	\$180,000	93
Jointly owned	32	75	\$82,000	40
Education Level of Majority Owner				
Less than high school	28	88	\$260,000	87
High school	27	83	\$160,000	79
College/Cegep/Trade School	27	82	\$170,000	85
Bachelor's degree	25	81	\$570,000	93
Master's degree or above	24	78	\$210,000	70
Experience level of Majority Owner				
< 5 years	37	85	\$180,000	90
5 to 10 years	29	78	\$330,000	93
> 10 years	25	83	\$260,000	84
Age of Majority Owner				
Younger than 40 years old	24	89	\$210,000	90
40 to 49 years old	31	83	\$250,000	92
50 to 64 years old	28	80	\$280,000	82
65 years old or older	12	84	\$300,000	87

*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 2016 calendar year was considered an "innovator".

Table 4: Main Reason for Not Seeking Financing, 2016

Reason	%
Financing not needed	85
Unaware of financing sources	3
Thought the request would be turned down	4
Applying for financing too difficult or time consuming	4
Cost of financing too high	2
Other reason	3

Table 5: Main Intended Use of Debt Financing, 2016

Intended Use	%
Fixed asset	32
Working/Operational capital	49
Research and development	2
Debt Consolidation	7
Enter a new market	4
Other use	6

Table 6: Sale Destinations, 2016

Destination	%
Local municipality or region	76
Rest of province/territory	15
Rest of Canada	5
Rest of the world	4