

## Biannual Survey of Suppliers of Business Financing Data Analysis, First Half 2012

[www.ic.gc.ca/surveys](http://www.ic.gc.ca/surveys)

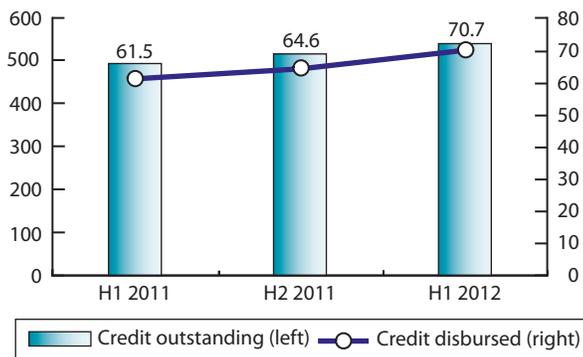
February 2013

This document represents the second Industry Canada release of information from the new Biannual Survey of Suppliers of Business Financing. The survey collects data on business lending activities.

### Overall Conditions

Survey results highlight a continued increase in business lending activity in the first half of 2012. In total, lenders disbursed approximately \$71 billion in new loans<sup>1</sup> to Canadian businesses between January and June (H1 2012), compared with approximately \$65 billion in new loans disbursed between July and December (H2 2011) (Figure 1). This translates into an increase in new loan activity of approximately 9.4 percent. Survey results are consistent with an overall loosening in business lending conditions as reported in the Bank of Canada's *Senior Loan Officer Survey*.<sup>2</sup>

**Figure 1: Value of credit outstanding (\$ billions) and value of credit disbursed (\$ billions)**



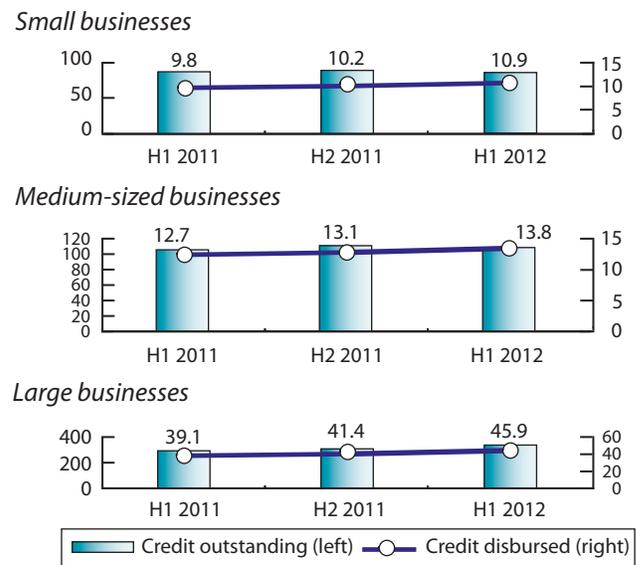
Source: Statistics Canada, *Biannual Survey of Suppliers of Business Financing*, 2012.

### Business Size Conditions

Based on survey findings, lending activity for businesses of all sizes increased in the first half of 2012. The increase was most pronounced among large businesses (those with loan authorization levels above \$5 million) to which lenders disbursed approximately \$46 billion in new loans. This represented a 10.9-percent increase in disbursals compared with the second half of 2011. Similarly, lending

activity increased for small businesses (those with loan authorization levels below \$1 million) and medium-sized businesses (those with loan authorization levels of between \$1 million and less than \$5 million), with loan disbursals rising by about 6.9 percent and 5.3 percent respectively (Figure 2). Outstanding loan balances remained about the same over the period for small and medium-sized businesses.

**Figure 2: Value of credit outstanding (\$ billions) and value of credit disbursed (\$ billions) by size of business**



Source: Statistics Canada, *Biannual Survey of Suppliers of Business Financing*, 2012.

### Lending Activity

Foreign banks returned aggressively to the market in the first half of 2012, increasing loan disbursals to businesses by 25.6 percent. This followed a 15.5-percent decrease in disbursals in the second half of 2011. Credit unions and

<sup>1</sup> New loans include term loans and mortgages that generally have a fixed repayment schedule of greater than one year.

<sup>2</sup> The *Senior Loan Officer Survey* collects information, on a quarterly basis, on the perspectives of lenders on price and non-price terms of business lending.

Caisses populaires continued to increase loans as well, with disbursements rising 14.4 percent in the first half of 2012 compared with the second half of 2011 and by 25.8 percent year-over-year. Loan disbursements by domestic banks, which make up 43.3 percent of the new loans market, also continued to grow steadily increasing disbursements by 1.9 percent in the first half of 2012 compared with the second half of 2011 and 14.4 percent year-over-year (Table 1).

**Table 1: Value of credit disbursed (\$ millions) by supplier type**

Supplier type	2011		2012
	H1	H2	H1
Domestic banks	26,726	29,994	30,563
Other banks	15,609	13,191	16,567
Credit unions, Caisses populaires	6,745	7,419	8,486
Finance companies	6,876	8,081	9,192
Insurance companies and portfolio managers	5,578	5,964	5,850
All suppliers	61,534	64,649	70,658

Source: Statistics Canada, *Biannual Survey of Suppliers of Business Financing*, 2012.

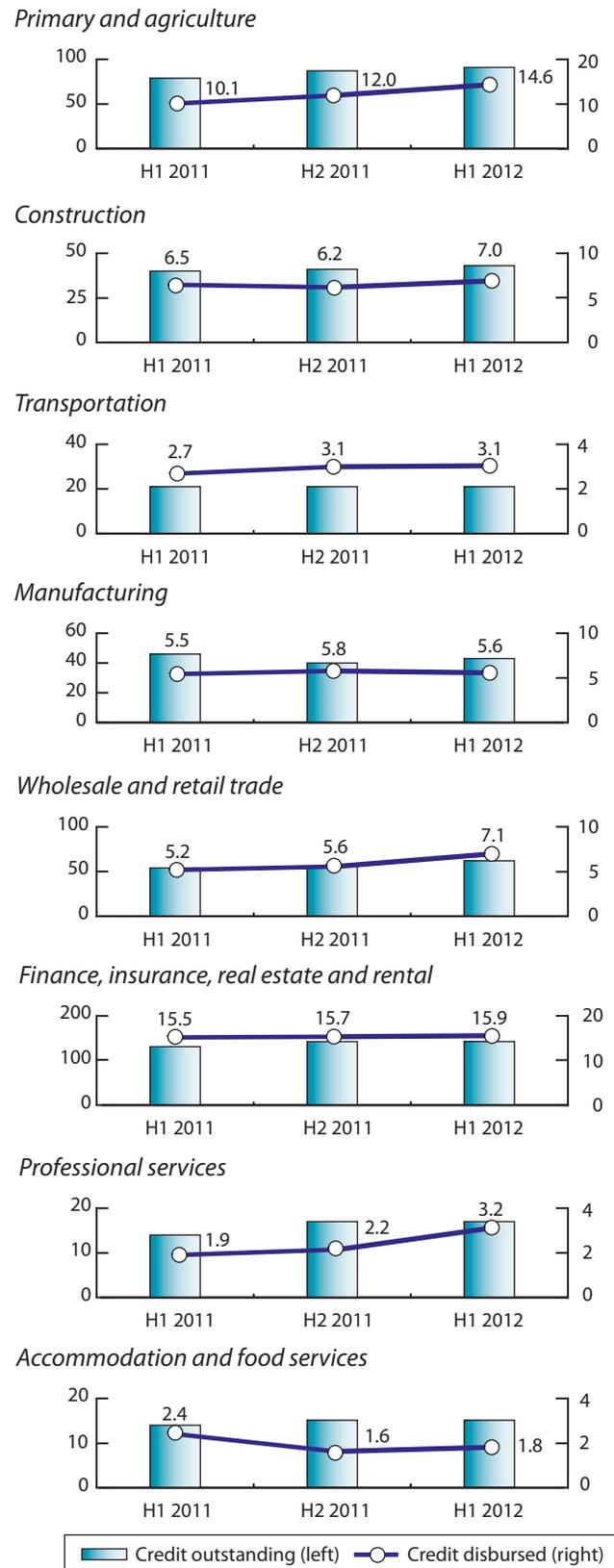
## Industry Conditions

Survey findings point to an increase in lending activity across most sectors in the first six months of 2012. Sectors experiencing the highest increases were the professional, scientific and technical services sector and the wholesale and retail trade sector, which saw increases in loan disbursements of 45.5 percent and 26.8 percent respectively (Figure 3). Firms in the primary and agriculture sector also experienced a substantial increase in lending activity, with loan disbursements rising by 21.7 percent. Conversely, a decline in lending activity was observed in the manufacturing sector. Specifically, new loans disbursed to manufacturing businesses fell by about 3.4 percent from \$5.8 billion in the second half of 2011 to \$5.6 billion in the first half of 2012. Loan disbursements to the transportation sector remained flat at about \$3.1 billion. Loan disbursements rebounded for the construction sector, rising from \$6.2 billion to \$7.0 billion, representing a 12.9-percent increase.

## About the Survey

The *Biannual Survey of Suppliers of Business Financing* is the result of a commitment by the Government of Canada to improve the availability of information about financing of businesses in Canada. Data are collected from 120 major suppliers of financing, including domestic banks and credit unions and Caisses populaires, representing over 90 percent of all lending to businesses in Canada. Data are collected through an electronic questionnaire.

**Figure 3: Value of credit outstanding (\$ billions) and value of credit disbursed (\$ billions) by industry**



Source: Statistics Canada, *Biannual Survey of Suppliers of Business Financing*, 2012.

Note: Numbers do not add up due to exclusion of the "other industries" category.