



Innovation, Science and
Economic Development Canada

Innovation, Sciences et
Développement économique Canada

2024

Biannual Survey of Suppliers of Business Financing

Data Analysis, First Half 2024

This document presents data on the business lending activities gathered from the Statistics Canada Biannual Survey of Suppliers of Business Financing, the Bank of Canada Senior Loan Officer Survey and Business Outlook Survey, and the PayNet Canadian Business Lending Index.

Canada 

Summary

According to data from the *Biannual Survey of Suppliers of Business Financing*, business sector lending increased in the first half of 2024 as disbursements increased, while credit outstanding was flat. The value of disbursements and credit outstanding rose by 8.5% and 0.1% from the second half (H2) of 2023 (July to December) to \$199.7 billion and \$1,347.8 billion respectively, during the first half (H1) of 2024 (January to June).

The increase in credit disbursements was driven by a rise of 14.4% in new loans to large borrowers. Conversely, new loans to small borrowers dropped by 19.0% from the second half of 2023, while new loans to medium borrowers decreased by 10.3%.

Growth in credit outstanding was driven by lending to medium borrowers (those with loan authorization levels of \$1 million or more but less than \$5 million) and large borrowers (those with loan authorization levels of \$5 million or more), with credit outstanding to medium and large borrowers increasing by 1.8% and 0.1% compared with H2 of 2023, respectively.

Credit outstanding to small borrowers (those with loan authorization levels of less than \$1 million) decreased by 1.8%.

New lending was uneven across industries, ranging from decreases of 14.9%, 6.4% and 3.4% in the accommodation and food services, primary,

and professional, scientific and technical services industries, respectively, to increases of 12.2%, 25.5% and 28.5% in the transportation and warehousing, manufacturing and other industries sectors, respectively.

These changes took place against the backdrop of decrease in the Bank of Canada's key interest rate, which moved from 5% in December 2023 to 4.75% in June 2024.

The macroeconomic conditions of the first half of 2024 were slightly more favorable, with modest economic growth, reduced inflation toward the 2% target and easier credit conditions for Canadian businesses as yields on long-term government bonds declined in H1 2024.¹

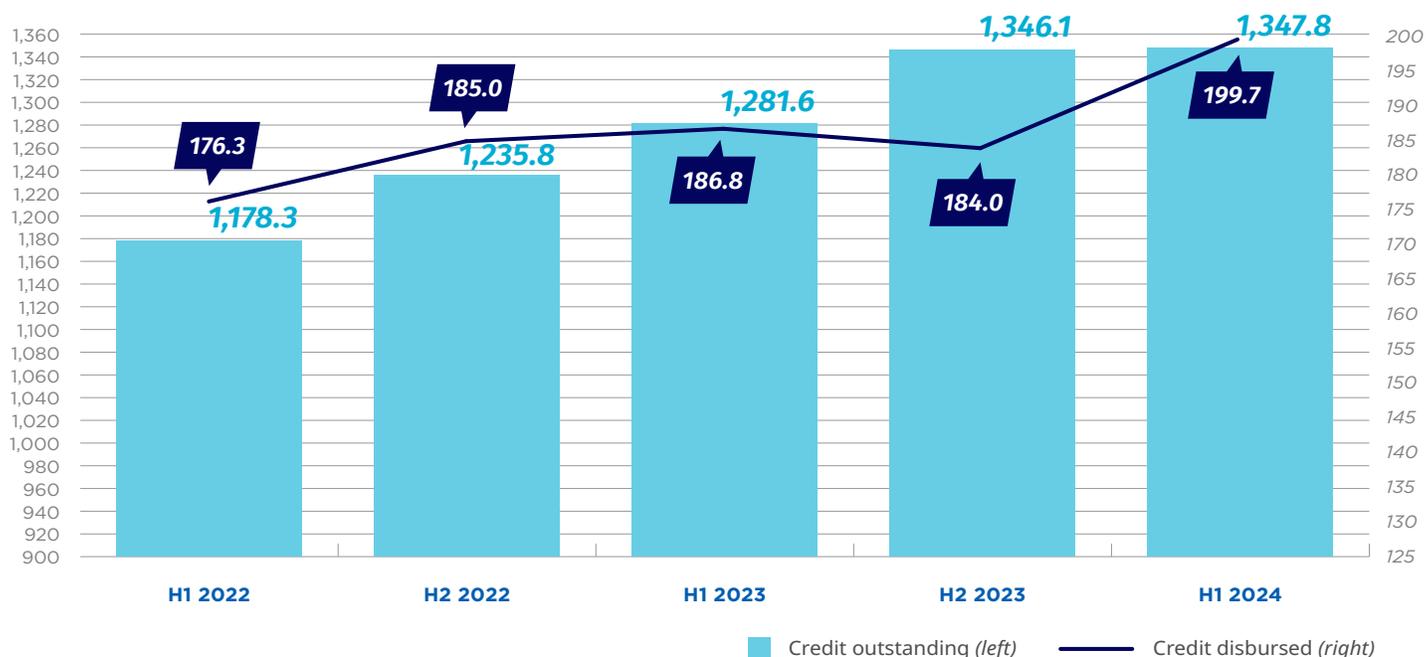
Bank of Canada surveys indicated an overall tightening of credit conditions for lenders and stable lending conditions for borrowers during the first half of 2024.

¹ For the state of macroeconomic conditions in the Canadian economy, see the [Monetary Policy Report—July 2024](#) from the Bank of Canada.

Overall lending conditions

Results from the *Biannual Survey of Suppliers of Business Financing* indicate that the value of disbursements increased between H2 2023 and H1 2024.² The value of disbursements³ to businesses totalled \$199.7 billion in H1 of 2024, compared with \$184 billion in H2 2023, an increase of 8.5% (Figure 1). By contrast, the total value of credit outstanding⁴ was roughly unchanged during the same period, increasing slightly to \$1347.8 billion in H1 2024, 0.1% above H2 2023 levels.⁵

Figure 1: Value of credit outstanding (\$ billions) and disbursed (\$ billions) to all businesses



Sources: Statistics Canada, Table 33-10-0013-01—Business credit outstanding, by supplier type and authorization level; and ISED calculations.

The Bank of Canada tightened monetary policy significantly in 2022, through quantitative tightening and rapid increases in its policy interest rate. The Bank of Canada's policy interest rate rose from 0.25% in January 2022 to 4.75% in June 2024.

From H2 2023 to H1 2024, non-mortgage loans to firms from chartered banks decreased (Figure 2). This was the first decrease of non-mortgage loans to firms from chartered banks since November 2020. The value of non-mortgage loans to firms from government levelled off during 2021, began trending down in 2022, and continued its decline in H1 2024.

² The *Biannual Survey of Suppliers of Business Financing* collects aggregate information on the financing of businesses in Canada. The survey covers the lending of banks, credit unions and other suppliers of financing in Canada and excludes government-funded lending such as the Canada Emergency Business Account (CEBA).

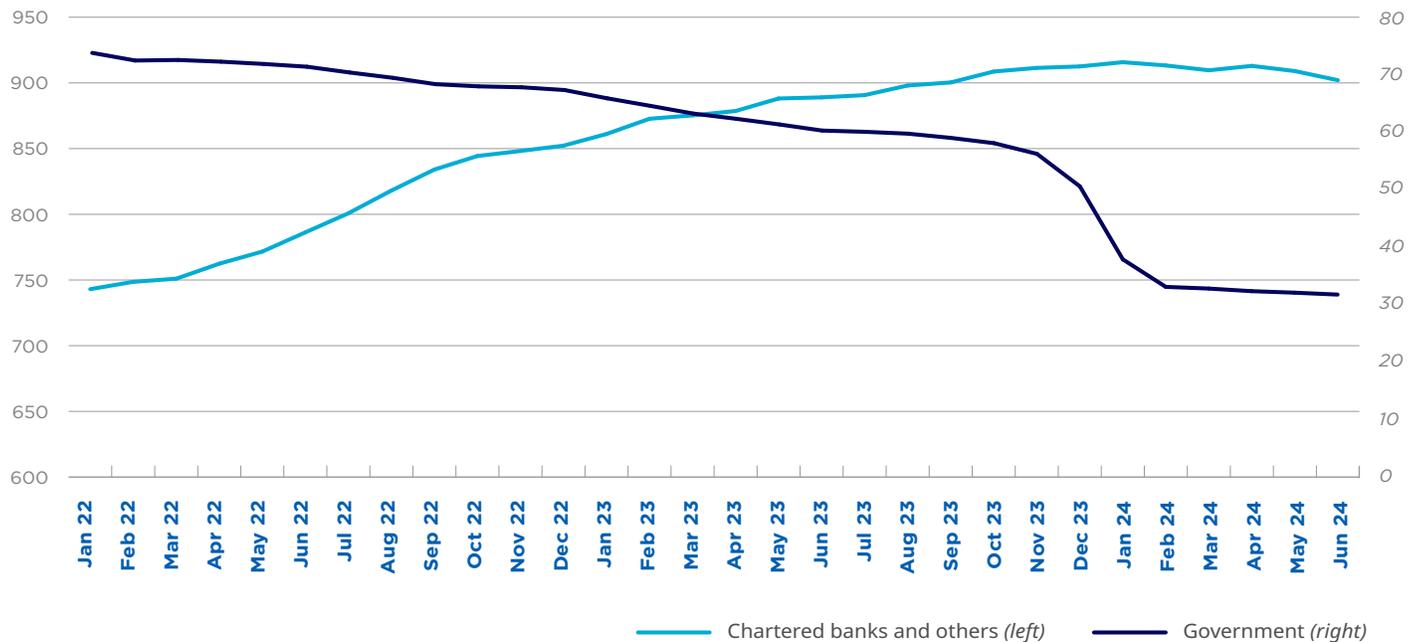
³ The value of disbursements is the total value in dollars of all funds provided to business accounts. See the *Biannual Survey of Suppliers of Business Financing* for more details.

⁴ The value of credit outstanding is the principal amount of money that all business accounts have actually borrowed but not yet paid back. See the *Biannual Survey of Suppliers of Business Financing* for more details.

⁵ Note that these figures exclude Canada Emergency Business Account (CEBA) lending, valued at roughly \$49.2 billion in January 2022, since lenders consider these loans to be off balance sheet items. Applications for CEBA funding were accepted up to June 30, 2021. CEBA had provided, as of January 2022, interest-free and partially forgivable loans of \$40,000 or \$60,000 to roughly 885,527 businesses. Statistics on CEBA lending can be found [here](#) and [here](#). CEBA lending is excluded because it originates from the Government of Canada (rather than banks or other business lenders).

Indeed, many Government of Canada financing programs introduced during the COVID-19 pandemic to support business lending were wound down in 2021 and 2022, while repayment of Canada Emergency Business Account (CEBA) loans accelerated into the end of 2023.⁶ However, the value of these government loans has remained well above pre-pandemic levels.⁷

Figure 2: Non-mortgage loans to private non-financial corporations (\$ billions)



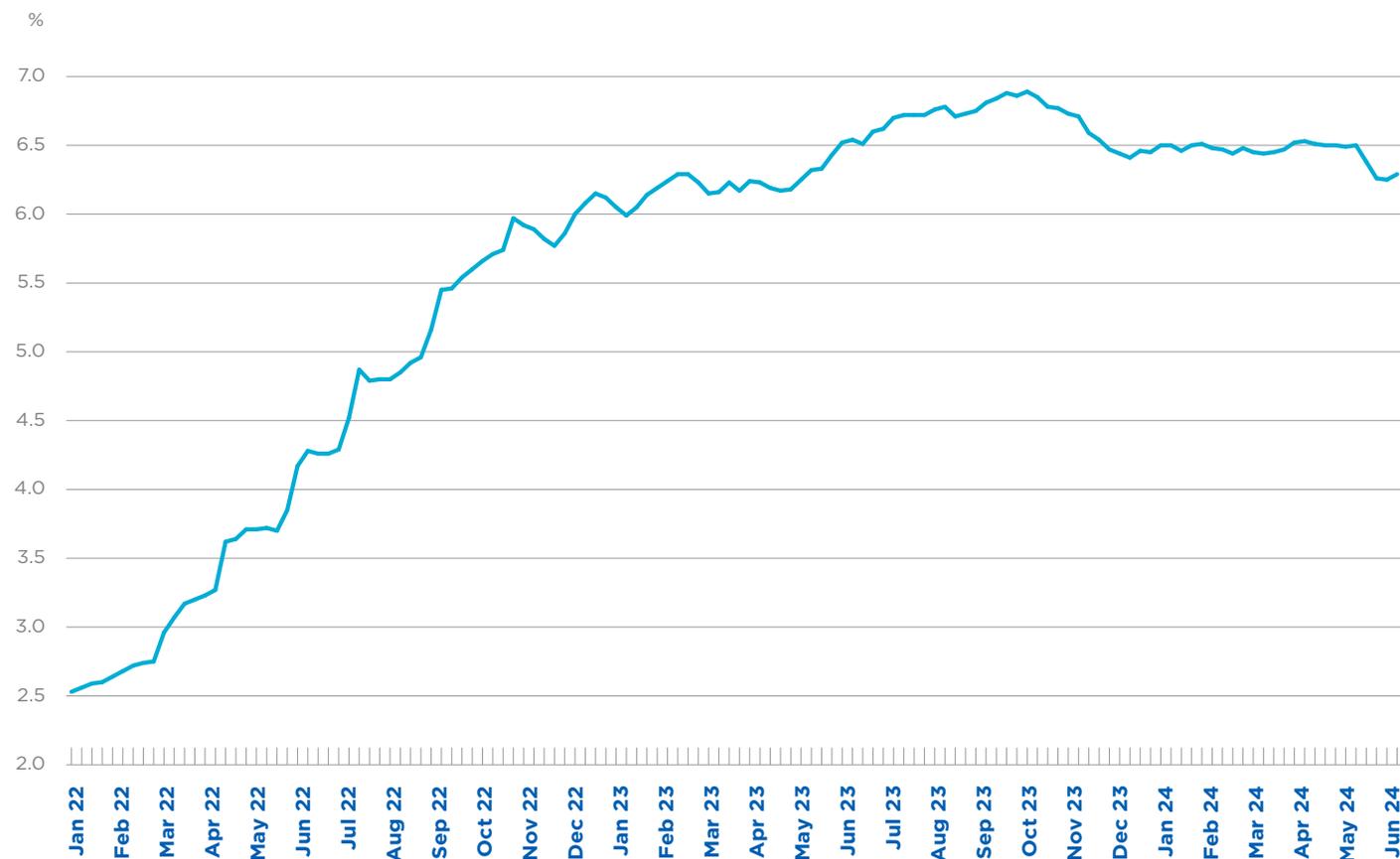
Sources: Statistics Canada, Table 36-10-0640-01—Credit liabilities of private non-financial corporations; and ISED calculations.

⁶ For more details, see Innovation, Science and Economic Development Canada, [Biannual Survey of Suppliers of Business Financing — Data Analysis, first half 2023](#). In addition, the repayment deadline for CEBA was extended to January 18, 2024. Businesses that received CEBA loans were required to repay the balance of their loans by this date to qualify for loan forgiveness of up to \$20,000 on loans of \$60,000. The remaining balances on eligible loans that were not fully repaid by this deadline were converted into a two-year term loan with a 5% interest rate, payable by December 31, 2026 (see details [here](#)).

⁷ For data covering the period before the COVID-19 pandemic, see Innovation, Science and Economic Development Canada, [Biannual Survey of Suppliers of Business Financing – Data analysis, second half of 2021](#).

The weekly effective business interest rate,⁸ which is considered a proxy for the interest rate available to businesses, moved from 6.4% to 6.3% over the course of H1 2024 (Figure 3).

Figure 3: Weekly effective business interest rate, January 2022 to June 2024

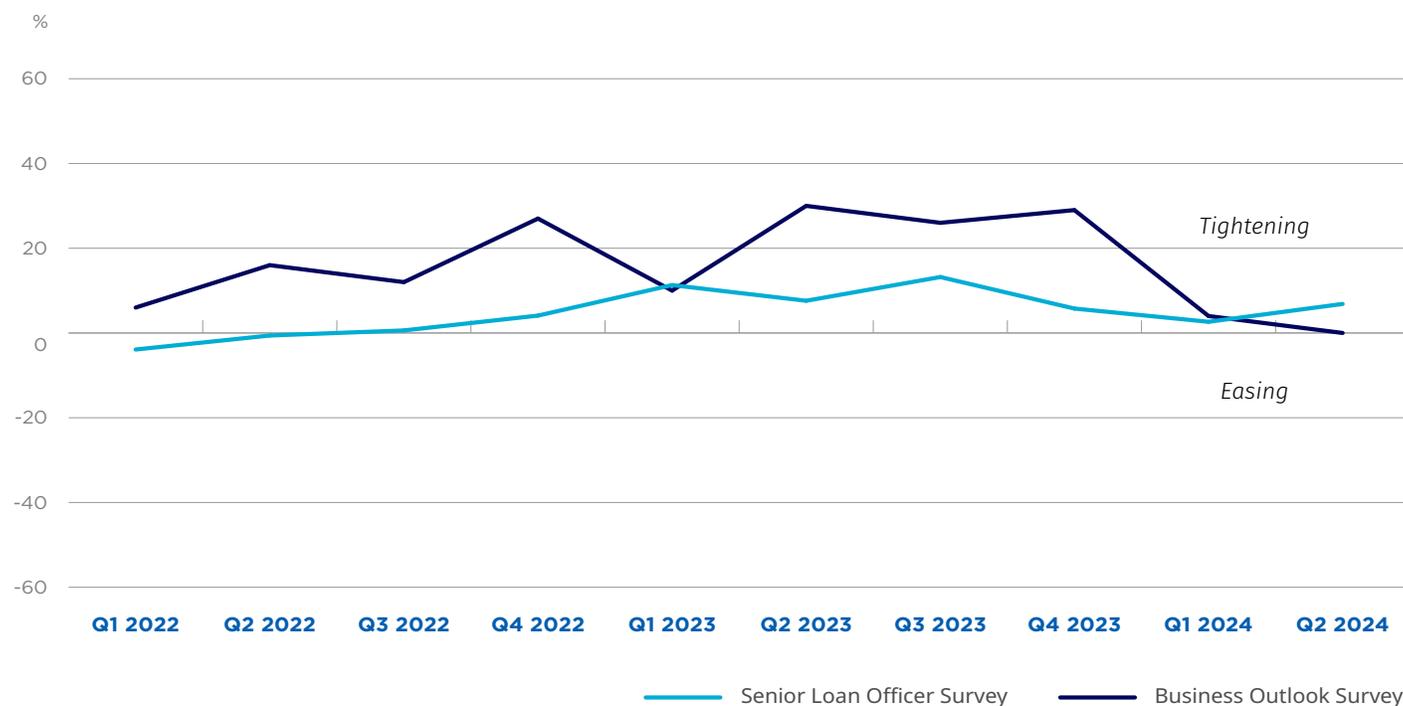


Source: Bank of Canada, Weekly effective business interest rate.

However, according to results from the Bank of Canada's *Senior Loan Officer Survey*, lenders reported an overall tightening of business lending conditions during H1 2024, with an increase in the proportion of lenders reporting tighter credit conditions relative to the proportion of lenders who reported easing in late H1 2024 (Figure 4). Additionally, indicators of business lending conditions in the Bank of Canada's *Business Outlook Survey* pointed to stable lending conditions in late H1 2024 after tighter lending conditions at the beginning of the year. Contrary to financial institutions, the gap between the proportion of businesses that reported tighter lending conditions and those that reported easing lending conditions decreased significantly during H1 2024.

⁸ The target for the overnight rate, also called "policy interest rate", is the interest rate the Bank of Canada wants financial institutions to charge each other when they make overnight loans. Over the course of H1 2024, the target of the overnight rate decreased from 5% to 4.75% (see data [here](#)).

Figure 4: Credit lending conditions in Canada



Note 1: The *Senior Loan Officer Survey* lending index shows the difference between the weighted percentage of financial institutions reporting tighter credit conditions and the weighted percentage reporting easier credit conditions in the preceding 3 months, where the weight is based on each respondent's relevant market share. The *Business Outlook Survey* lending index shows the percentage of firms reporting tighter lending terms and conditions minus the percentage reporting easier terms and conditions compared with the previous 3 months.

Note 2: Positive values indicate a tightening of credit. Negative values indicate a loosening of credit.

Sources: Bank of Canada, *Senior Loan Officer Survey*; *Business Outlook*; and ISED calculations.

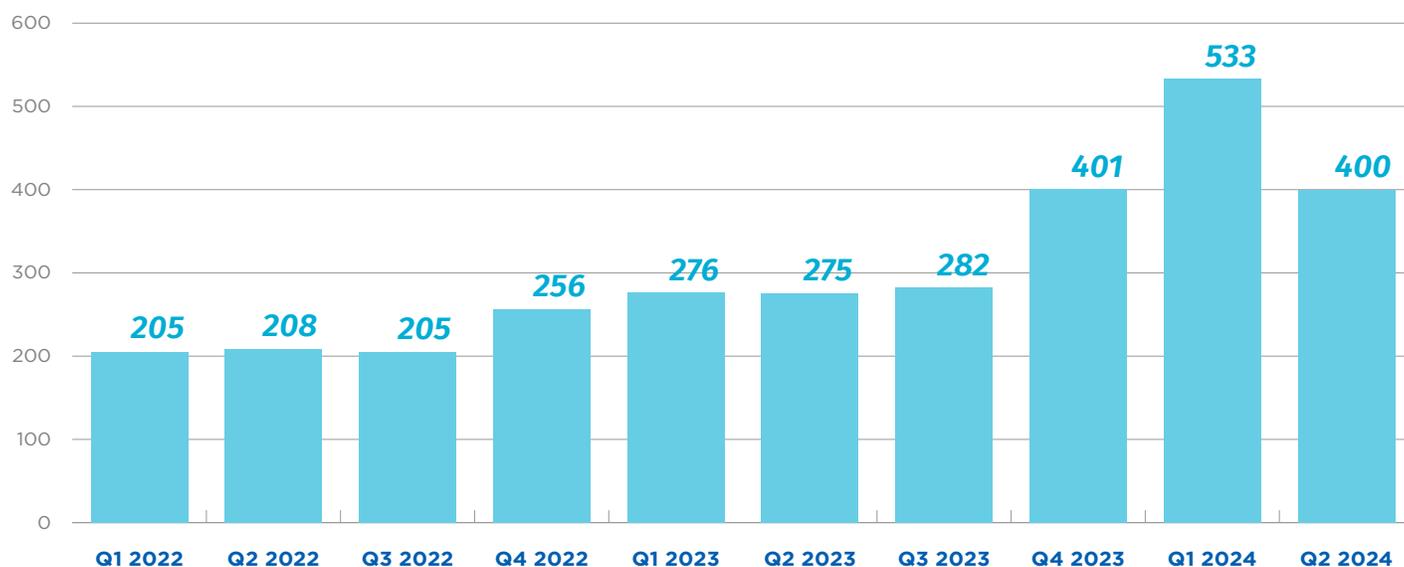
During H1 2024, bankruptcies averaged 466 per month, compared with a monthly average of 342 during H2 2023, an increase of 36.5% (Figure 5).⁹ Monthly bankruptcies peaked in January 2024 at 625, decreasing to 351, below Q4 2023 levels, by June 2024.

The increase in bankruptcies occurred in the context of the withdrawal of significant fiscal supports, such as the CEBA partial forgiveness repayment deadline in Q1 2024, as well as a number of other challenging macroeconomic factors, including high interest rates and slowing economic activity since 2023.¹⁰

⁹ The number of bankruptcies in H1 2024 was greater than pre-pandemic levels (average of 247 monthly in H1 2019).

¹⁰ Bankruptcy figures do not comprise all closures, since they do not include businesses that terminated operations without filing for bankruptcy.

Figure 5: Average monthly bankruptcies for businesses



Source: Office of the Superintendent of Bankruptcy Canada, Insolvency Statistics in Canada; and ISED calculations.

Table 1 shows data on new lending from the *Biannual Survey of Suppliers of Business Financing*, with total loan disbursements distributed by supplier type. Domestic banks, which accounted for 70.5% of new lending in Canada in H1 2024, increased their disbursements by 21.9% between H2 2023 and H1 2024 to \$140.7 billion. In contrast, between H2 2023 and H1 2024, new loans by credit unions and caisses populaires (which represented 4.4% of new lending in H1 2024) continued to drop by 15.7% to \$8.9 billion. New loans from other financial institutions (which represented 7.4% of new lending in H1 2024) and other banks (which represented 15.1% of new lending in H1 2024) decreased by 5.6% and 17.5% to \$14.7 billion and \$30.2 billion, respectively. Loans by insurance companies and portfolio managers (which represented 2.6% of new lending in H1 2024) dropped by 12.1% to \$5.2 billion.

Table 1: Value of credit disbursed (\$ billions) to all businesses by supplier type

Supplier type	2022		2023		2024
	H1	H2	H1	H2	H1
Domestic banks	105.6	112.0	117.6	115.4	140.7
Other banks	34.7	37.0	33.6	36.6	30.2
Credit unions and caisses populaires	15.0	15.6	16.1	10.5	8.9
Finance companies	16.6	16.1	15.0	15.6	14.7
Insurance companies and portfolio managers	4.4	4.3	4.5	6.0	5.2
All suppliers	176.3	185.0	186.8	184.0	199.7

Source: Statistics Canada, Table 33-10-0013-01—Business credit outstanding, by supplier type and authorization level.

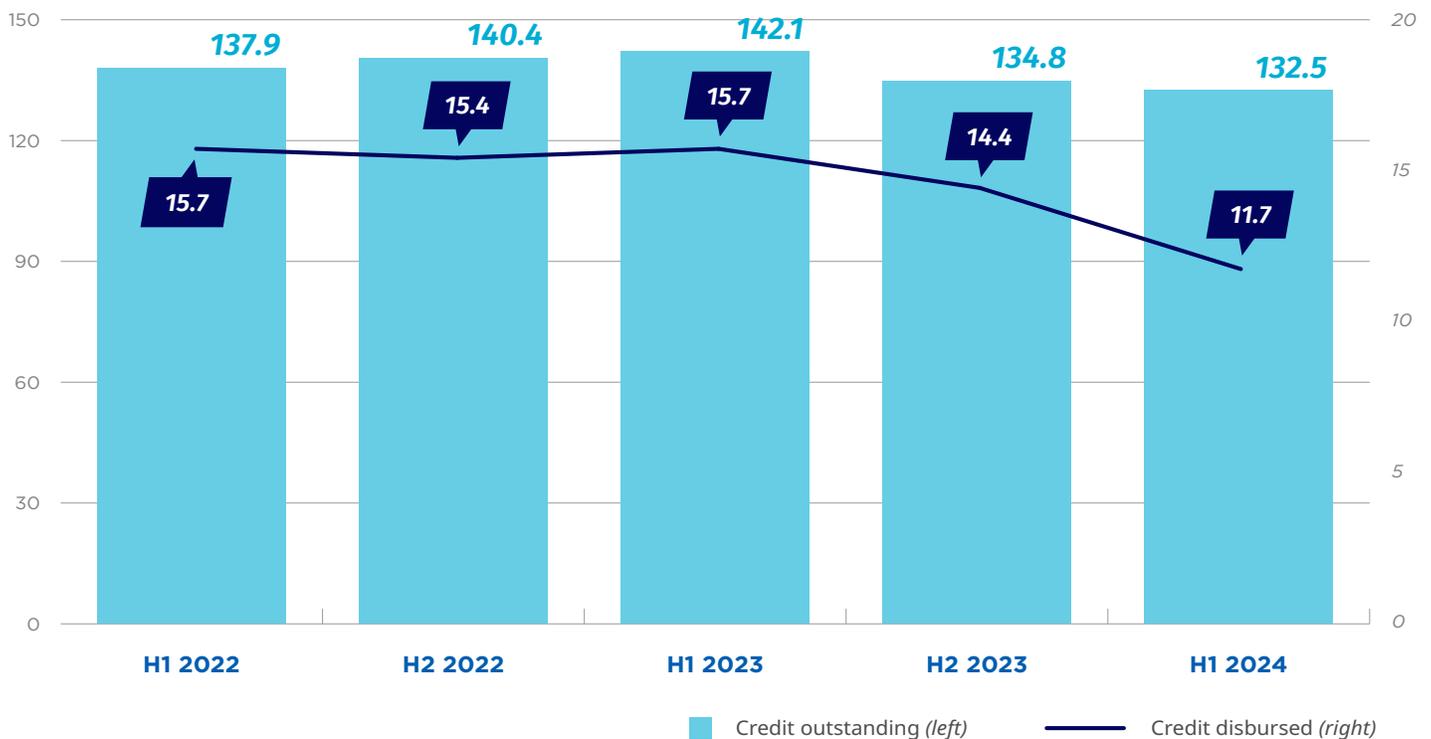
Lending conditions by loan authorization levels

Results from the *Biannual Survey of Suppliers of Business Financing* indicate that the value of business credit disbursed (Figures 6a to 6c) to small borrowers (those with loan authorization levels of less than \$1 million) and to medium borrowers (those with loan authorization levels of \$1 million or more but less than \$5 million) decreased by 19.0% and 10.3% to \$11.7 billion and \$22.1 billion, respectively.

In contrast, new loans to large borrowers (those with loan authorization levels of \$5 million or more) increased by 14.4% from H2 2023 to H1 2024 to \$165.9 billion.

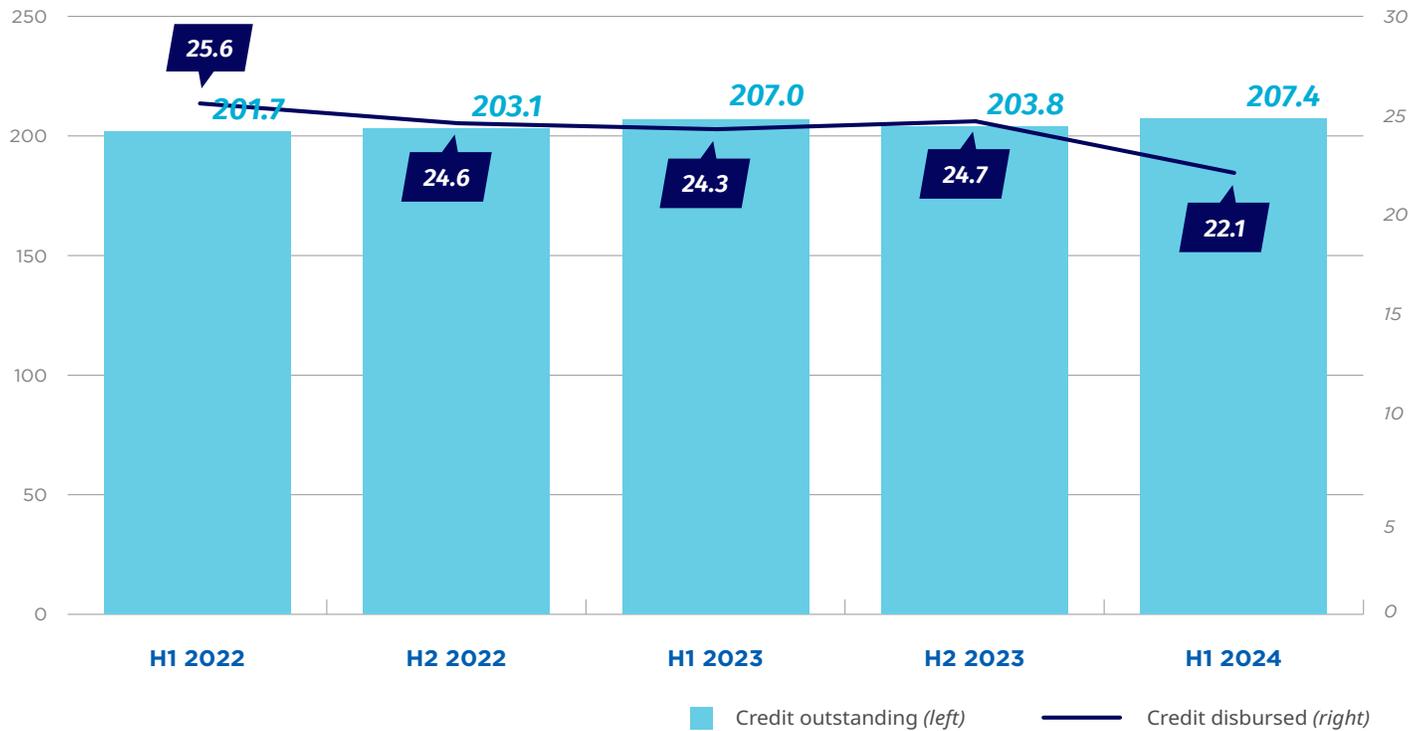
Overall, the value of credit outstanding for medium and large borrowers increased by 1.8% and 0.1%, respectively, compared with H2 2023 levels, to \$207.4 billion and \$1007.9 billion. In contrast, the value of credit outstanding for small borrowers decreased by 1.8% to \$132.5 billion.

Figure 6a: Value of credit outstanding (\$ billions) and disbursed (\$ billions), small borrowers



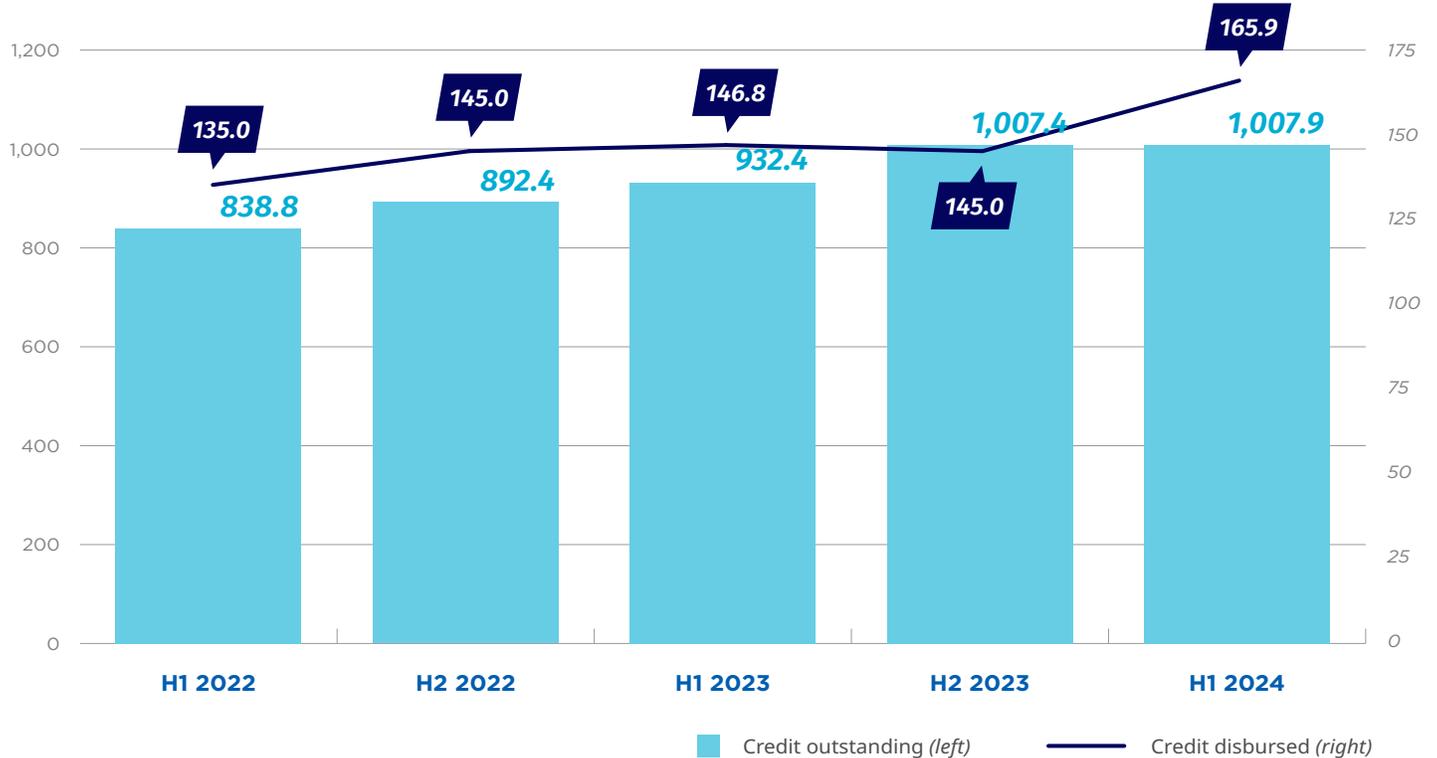
Source: Statistics Canada, Table 33-10-0013-01—Business credit outstanding, by supplier type and authorization level.

Figure 6b: Value of credit outstanding (\$ billions) and disbursed (\$ billions), medium borrowers



Source: Statistics Canada, Table 33-10-0013-01—Business credit outstanding, by supplier type and authorization level.

Figure 6c: Value of credit outstanding (\$ billions) and disbursed (\$ billions), large borrowers



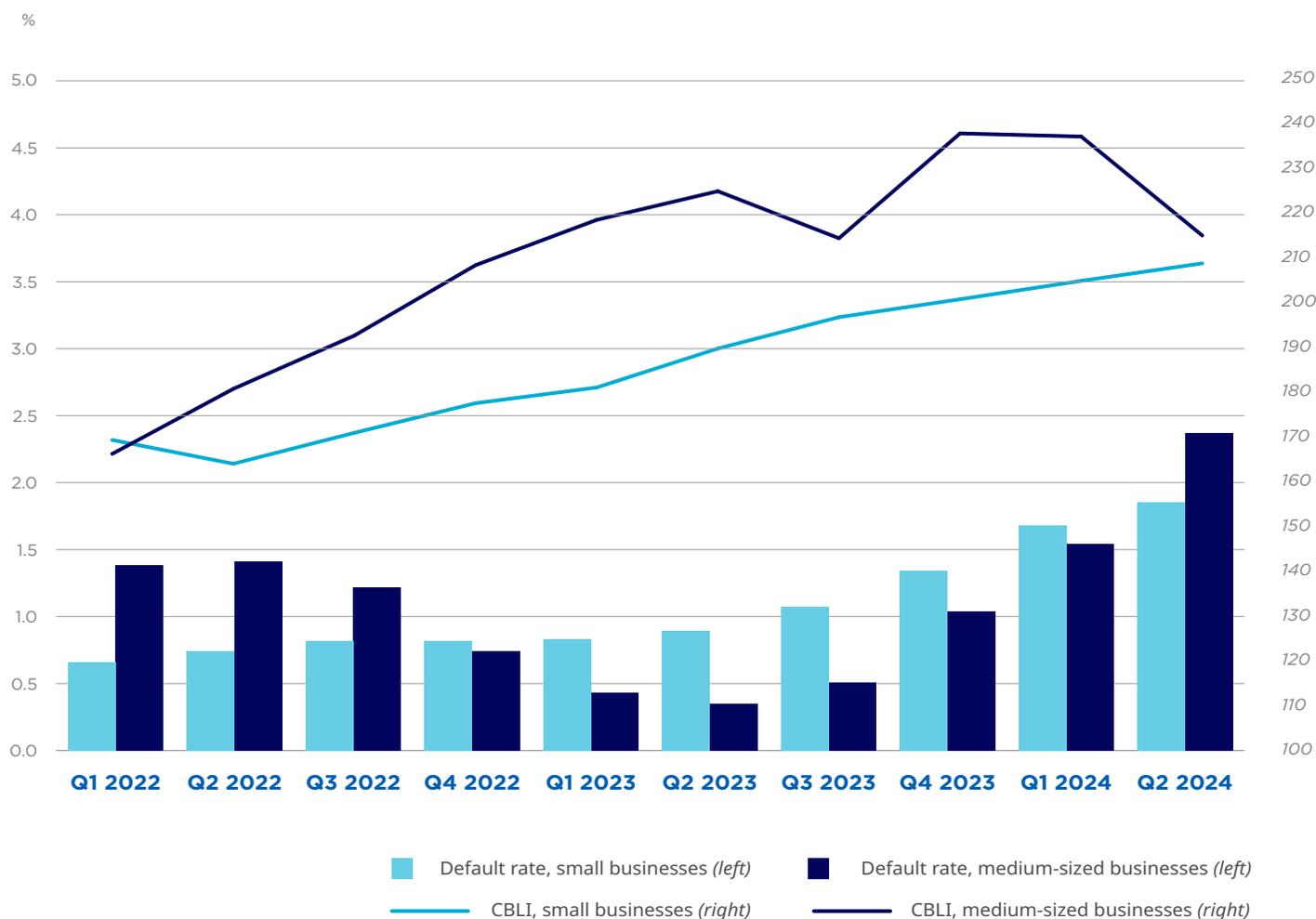
Source: Statistics Canada, Table 33-10-0013-01—Business credit outstanding, by supplier type and authorization level.

Data from PayNet’s Canadian Business Lending Index (CBLI) further suggests that new lending to small businesses continued to increase in the first and second quarters of 2024 (Figure 7).¹¹ In contrast, the CBLI indicates that lending to medium-sized businesses decreased slightly in early H1 2024 before decreased significantly in late H1 2024.

Based on PayNet data, loan defaults by small and medium-sized businesses increased during H1 2024 compared with late H2 2023.

Although PayNet’s CBLI represents a useful source to measure business lending, direct comparisons between the CBLI and the Biannual Survey of Suppliers of Business Financing should be limited due to methodological differences.

Figure 7: Loan default rate (percentage) and Canadian Business Lending Index (CBLI) for small and medium-sized businesses



Note 1: Defaults are totalled for each quarter and are divided by the average current balance outstanding for the quarter. The result is then annualized. The CBLI is calculated based on the dollar weighted percentage change in qualifying new originations from the prior quarter to the current quarter, for qualifying lenders with data in both quarters. It is then presented on an absolute index basis, indexed so that Q4 2007 equals 100.

Note 2: Since PayNet data is updated retroactively, there may be differences between the figures presented in this report and those in past reports for the same periods

Source: PayNet Inc., *Canadian Business Lending Index*, 2024.

¹¹ The CBLI is a measure of the volume of new commercial loans and leases to small and medium-sized businesses. The CBLI uses a specific definition of small and medium-sized businesses. Borrower size classification is based on the most current High Credit (H/C)—defined as the highest total balance outstanding in the PayNet Database for any given borrower. Small borrowers are those with a H/C of less than \$4 million and medium borrowers are those with a H/C of more than \$4 million, but less than \$18 million.

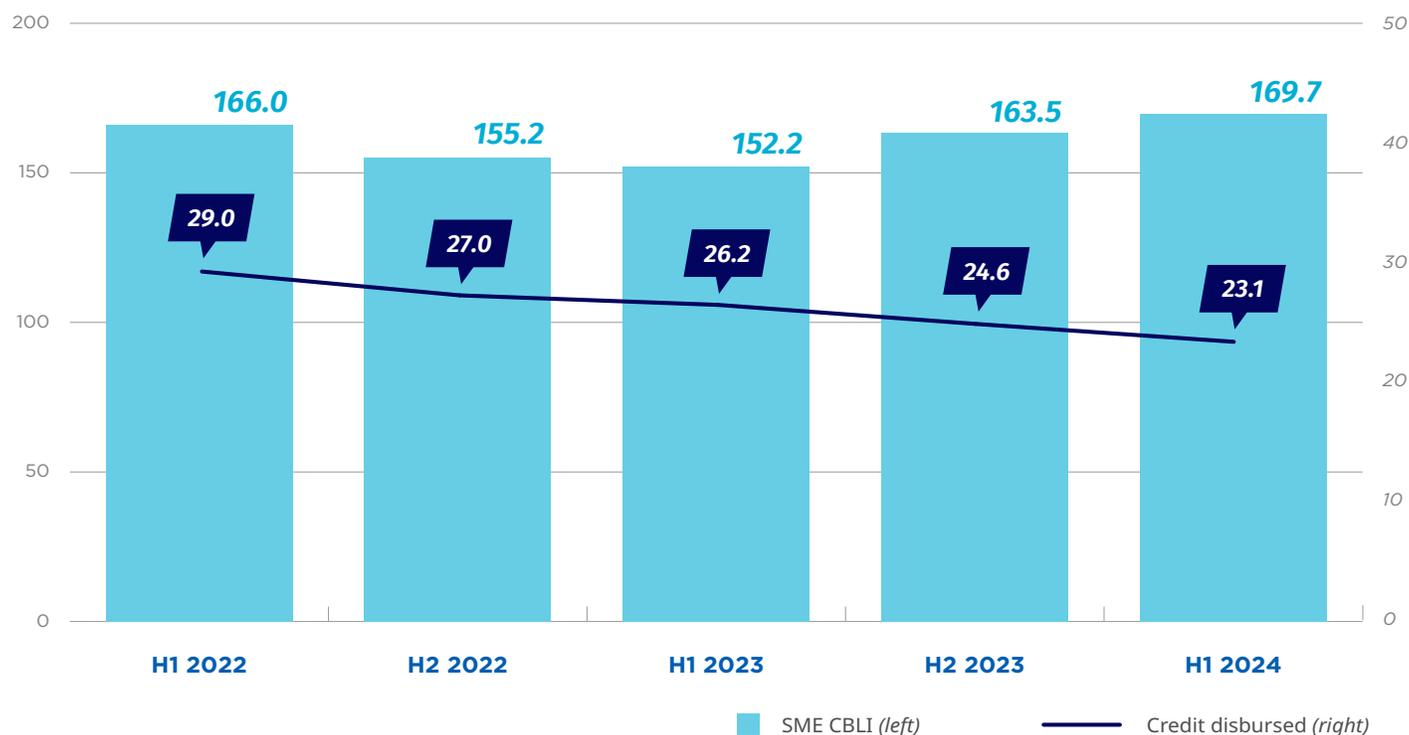
Lending conditions by sector

Results¹² from the *Biannual Survey of Suppliers of Business Financing* indicate substantial sectoral differences in the value of business credit disbursements during H1 2024. From H2 2023 to H1 2024, new lending increased in other industries (28.5%, \$44.8 billion), manufacturing (25.5%, \$22.6 billion), transportation and warehousing (12.2%, \$15.6 billion), the wholesale and retail trade (7.1%, \$19.3 billion) and construction (2.3%, \$16.8 billion) sectors.

In contrast, new loans to business decreased in the accommodation and food services (-14.9%, \$4.2 billion), primary (-6.4%, \$23.1 billion) and professional, scientific and technical services (-3.4%, \$5.1 billion) sectors.

PayNet's CBLI reported increases during H1 2024 across every industry, with the exception of the professional, scientific and technical sector. From H2 2023 to H1 2024, new business lending activity increased in the manufacturing (21.4%), other industries (21.3%), accommodation and food services (6.3%), construction (4.2%), transportation and warehousing (4.2%), primary (3.8%), and wholesale and retail trade (2%) sectors. Conversely, the CBLI indicated that lending decreased from H2 2023 to H1 2024 in the professional, scientific and technical (-3.6%) sector.¹³

Figure 8a: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), primary sector

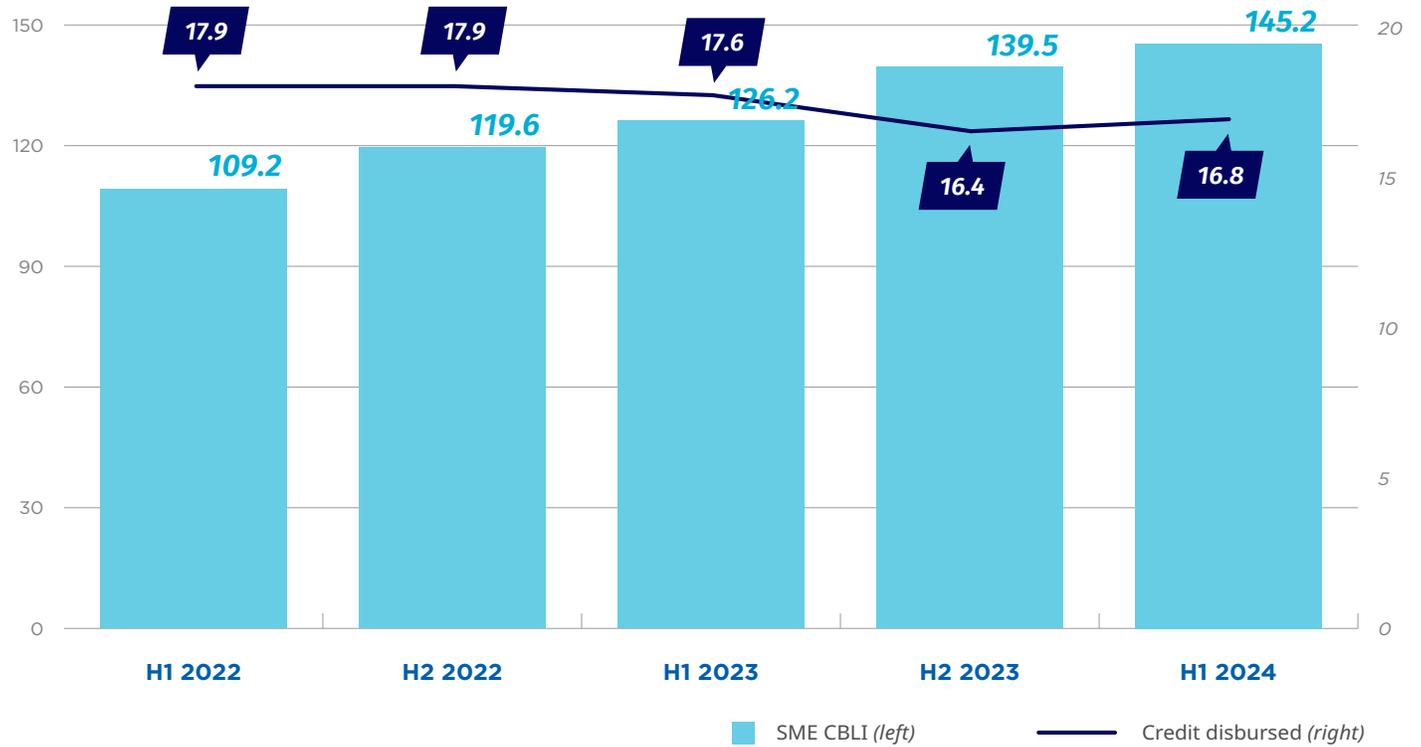


Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

¹² Disbursements for the finance and insurance sectors, as well as the real estate and rental and leasing industries, do not appear in Figures 8a to 8h. These sectors are major borrowing sectors in which disbursements decreased 14.3% and increased 15.1%, respectively, between H2 2023 and H1 2024.

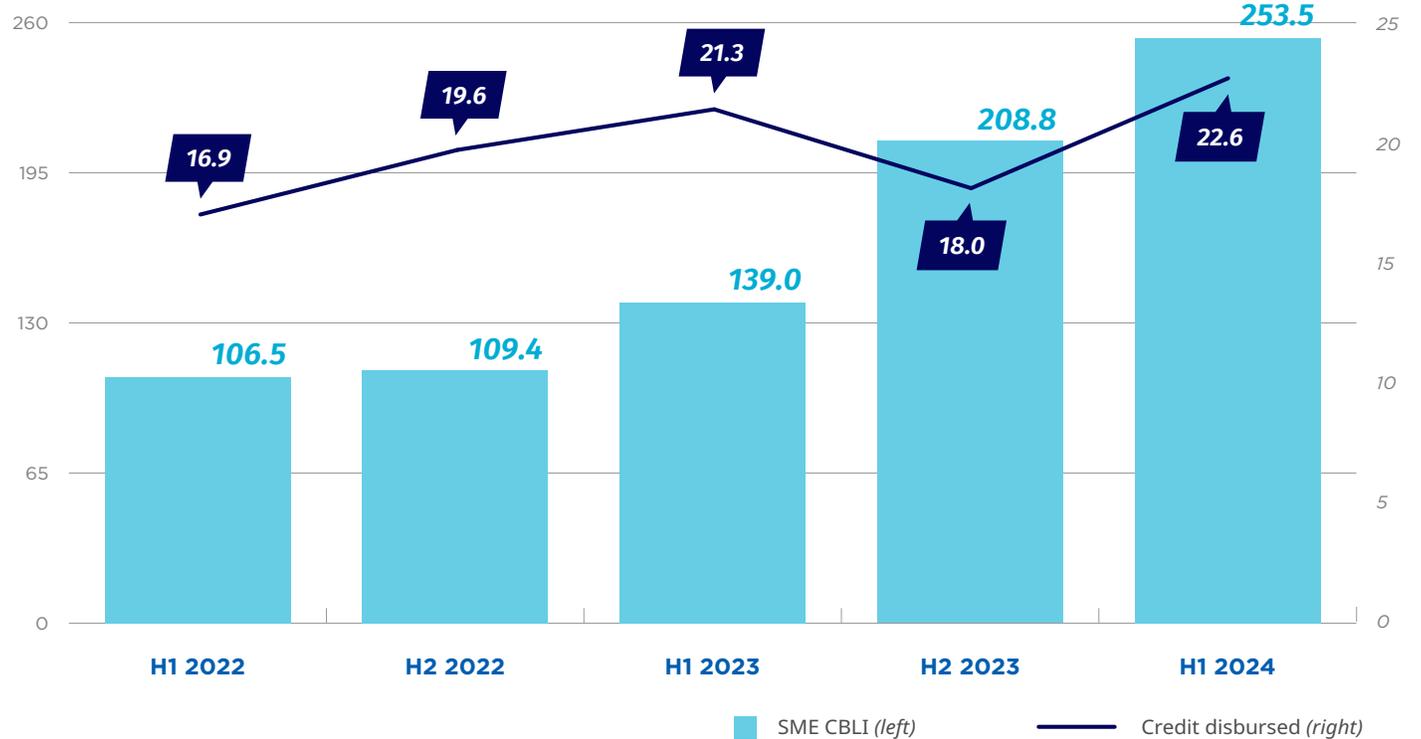
¹³ As mentioned above, direct comparisons between the CBLI and the *Biannual Survey of Suppliers of Business Financing* should be limited due to methodological differences.

Figure 8b: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), construction sector



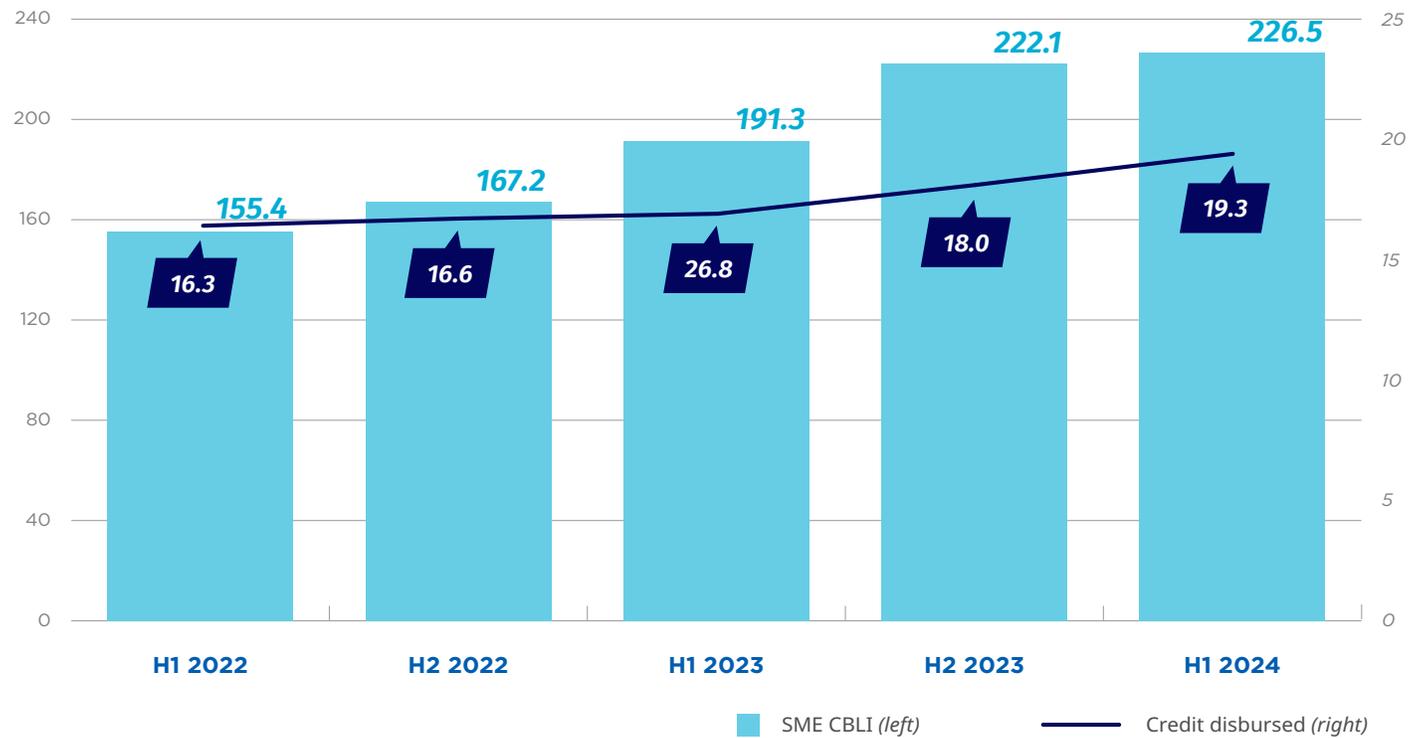
Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

Figure 8c: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), manufacturing sector



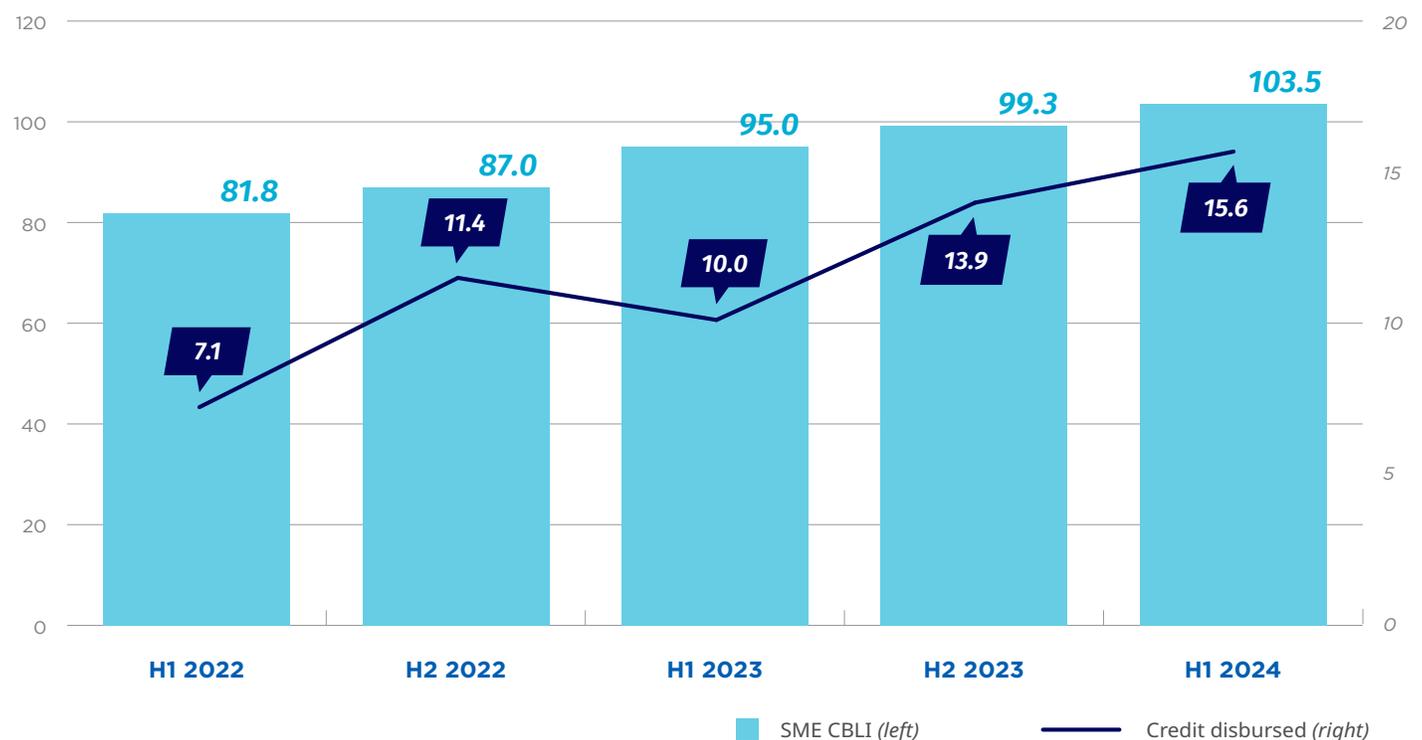
Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

Figure 8d: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), wholesale and retail trade sectors



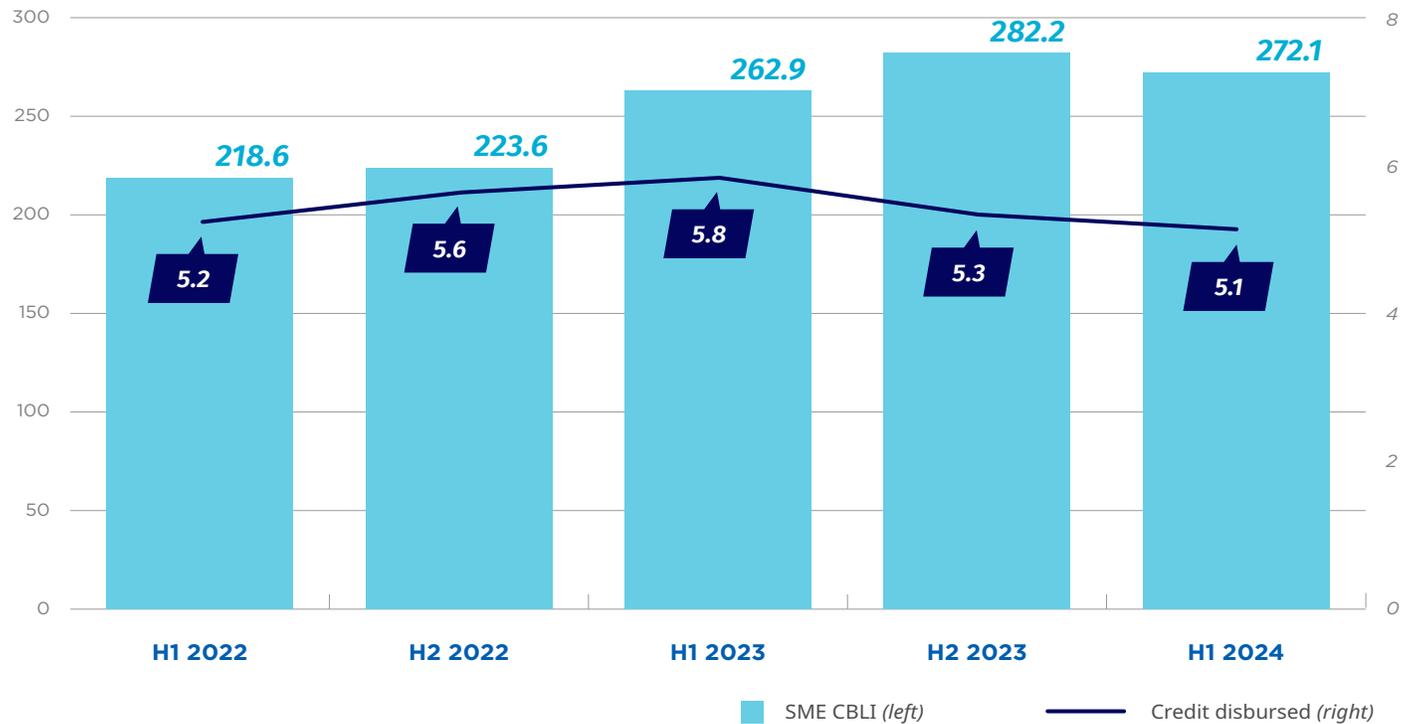
Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

Figure 8e: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), transportation and warehousing sector



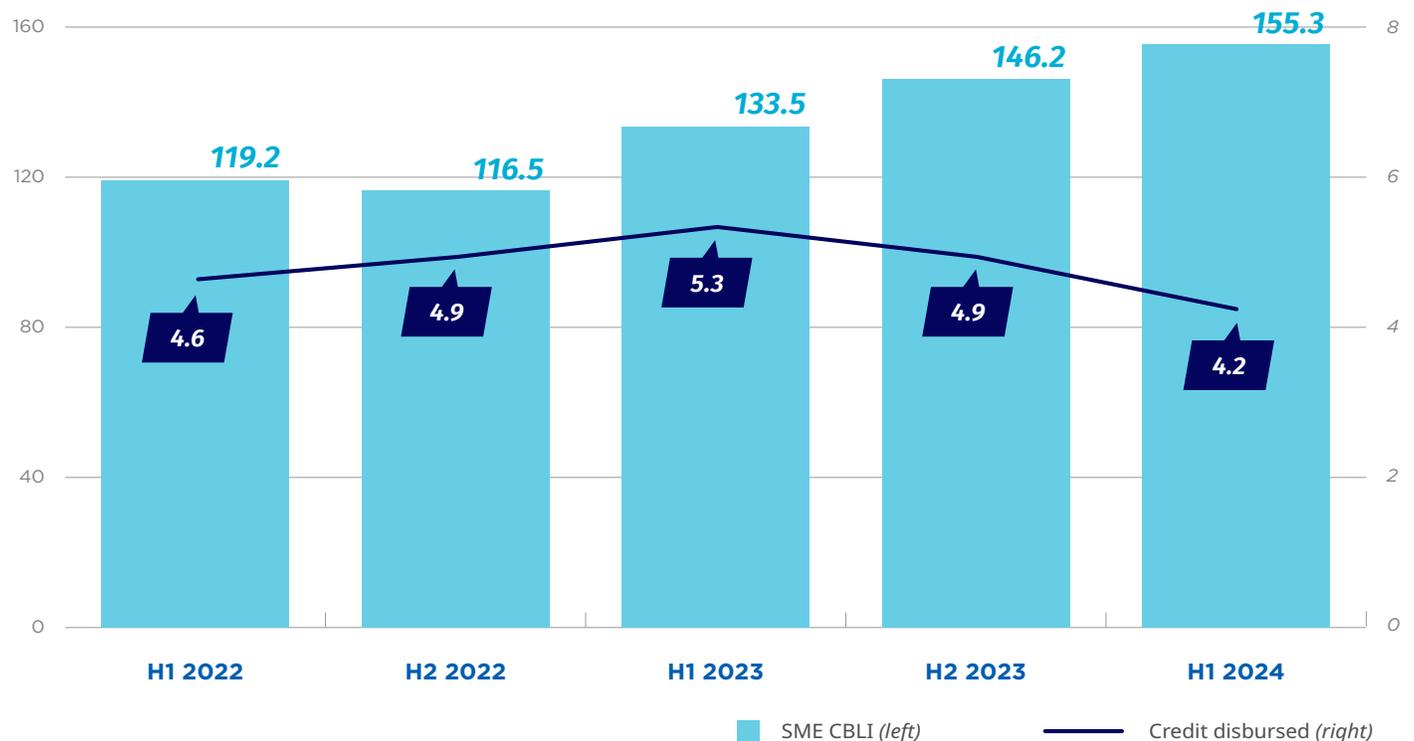
Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

Figure 8f: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), professional, scientific and technical services sector



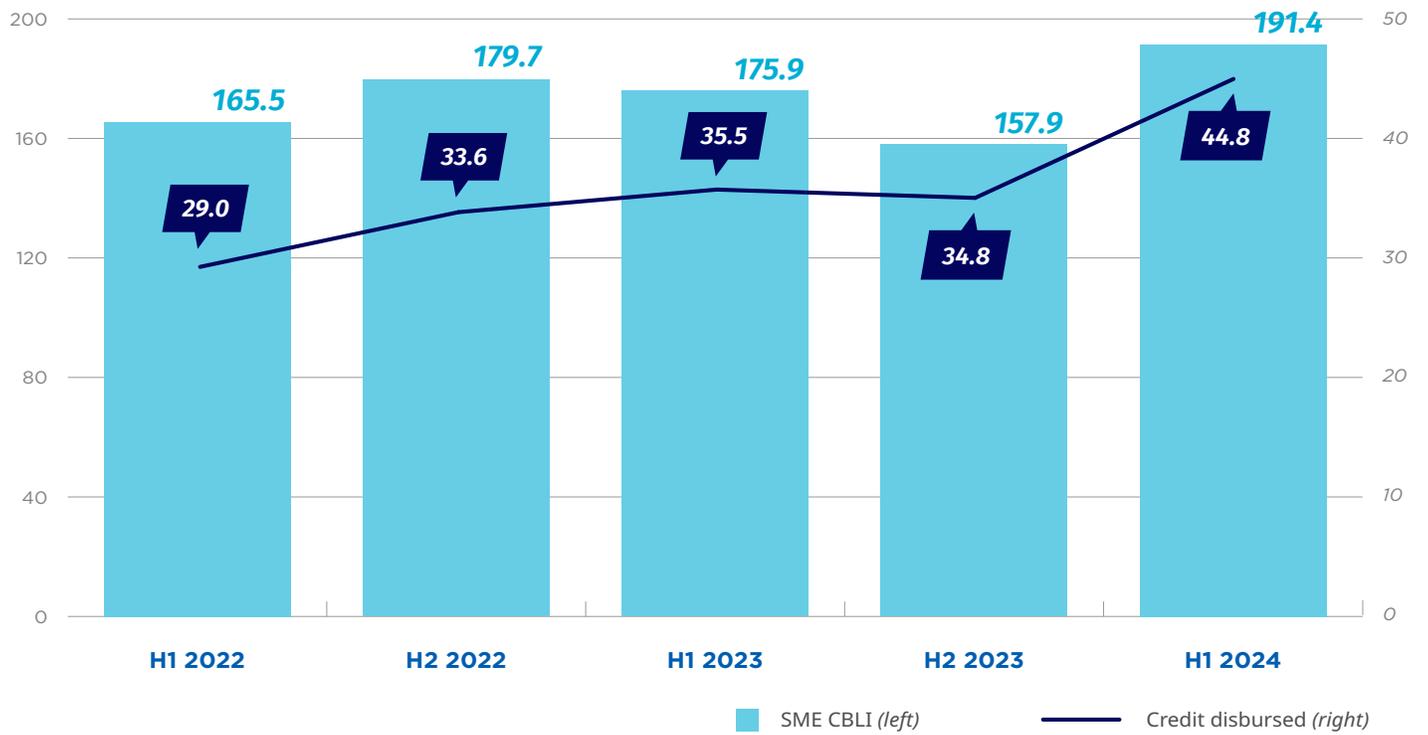
Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

Figure 8g: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), accommodation and food services sector



Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

Figure 8h: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), other industries sector



Note: Value of credit disbursed to firms in finance, insurance, real estate, and rental sector was excluded from "other industries."
 Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

About the main sources

The Statistics Canada *Biannual Survey of Suppliers of Business Financing* is designed to improve the availability of information about on business financing in Canada. This survey collects data from 120 major suppliers of financing, including domestic banks, and credit unions and caisses populaires, representing over 90% of all lending to businesses in Canada.

The Bank of Canada *Senior Loan Officer Survey* collects information on the business-lending practices of Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported

The Bank of Canada *Business Outlook Survey* consists of interviews conducted by the Bank's regional offices with the senior management of about 100 firms, selected in accordance with the composition of Canada's gross domestic product. The survey's purpose is to gather the perspectives of these businesses on topics of interest to the Bank of Canada (such as demand and capacity pressures) and their forward-looking views on economic activity.

The PayNet *Canadian Business Lending Index* is built using PayNet's proprietary database, which is updated weekly, and represents a growing collection of commercial loans and leases encompassing more than one million reported contracts worth over \$102 billion.