



Innovation, Science and
Economic Development Canada

Innovation, Sciences et
Développement économique Canada

2024

Biannual Survey of Suppliers of Business Financing

Data Analysis, Second 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 second half of 2024 as disbursements and credit outstanding increased. The value of disbursements and credit outstanding rose by 1.8% and 1.1% from the first half (H1) of 2024 (January to June) to \$203.2 billion and \$1362.8 billion respectively, during the second half (H2) of 2024 (July to December).

The increase in credit disbursements was driven by a rise in new loans to large borrowers and medium borrowers by 2.0% and 0.9% respectively. Lending to small borrowers remained stable during this period.

New lending increased across most industries, with the exception of the transportation and warehousing and the other services sectors, which saw declines of 20.2% and 10.9%, respectively. In contrast, lending rose by 30.3% in accommodation and food services, 21.1% in construction, and 14.5% in the primary sector.

These changes unfolded amid a series of four consecutive Bank of Canada rate cuts in H2 2024, which brought the policy rate down from 4.5% in July to 3.25% by year-end.

Macroeconomic conditions in the second half of 2024 became increasingly favorable, as Canadian economic growth accelerated due to the delayed impact of earlier interest rate cuts and the end of quantitative tightening.

By year-end, the economy demonstrated notable resilience—Consumer price index (CPI) inflation hovered near the 2% target, and credit conditions continued to ease.

However, rising external uncertainties—particularly the broad-based tariffs being proposed by the new U.S. administration—posed a threat to global trade.

In Canada, early signs suggested that some firms had downgraded their expectations for sales, investment, and hiring, heightening risks to the near-term economic outlook.¹

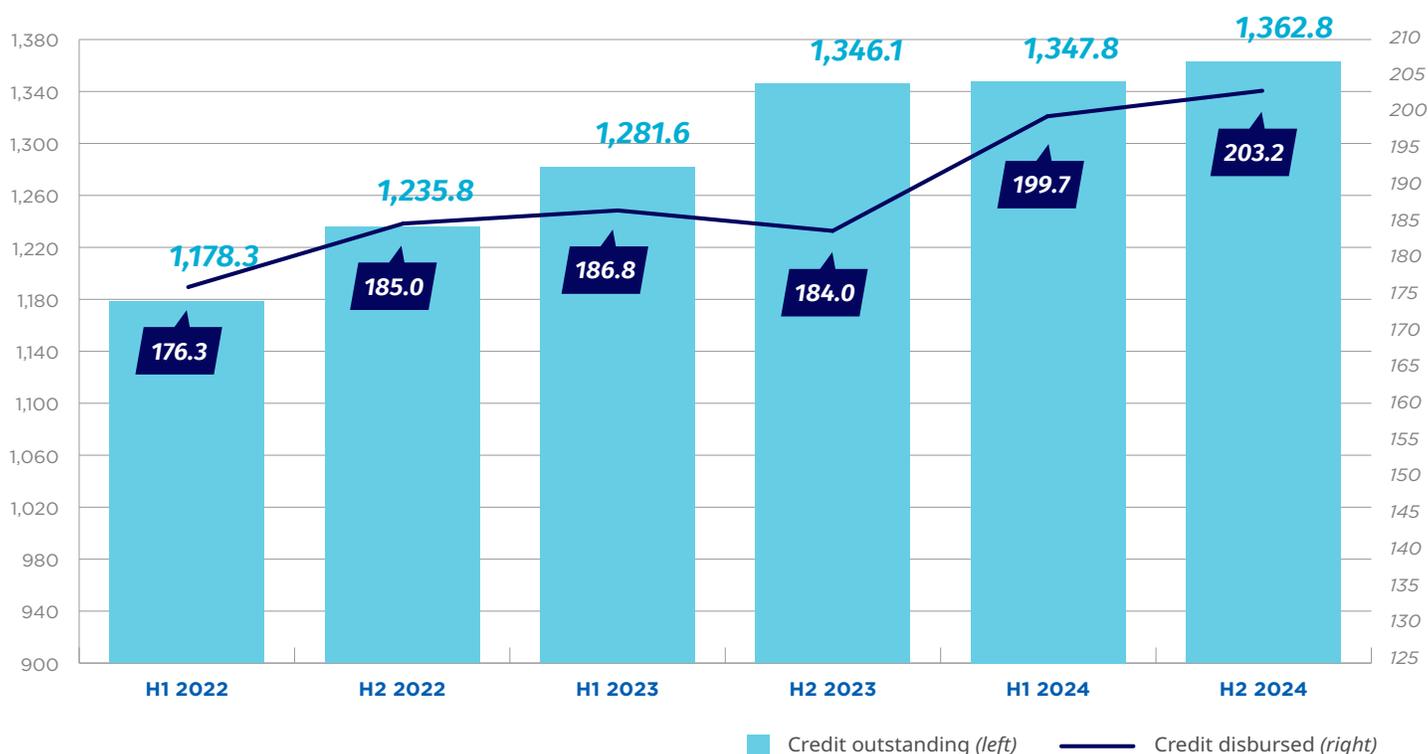
Bank of Canada surveys indicated an overall easing of credit conditions for lenders and for borrowers during the second half of 2024.

¹ For the state of macroeconomic conditions in the Canadian economy, see the [Monetary Policy Report—January 2025](#) 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 H1 2024 and H2 2024.² The value of disbursements³ to businesses totalled \$203.2 billion in H2 of 2024, compared with \$199.7 billion in H1 2024, an increase of 1.8% (Figure 1). The total value of credit outstanding⁴ rose during the same period, increasing to \$1362.8 billion in H2 2024, 1.1% above H1 2024 levels.

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.

Following a period of rapid policy rate hikes from 2022 through early 2024, the Bank of Canada shifted to a more accommodative stance in the second half of 2024, lowering its policy rate from 4.5% in July to 3.25% by December.

The weekly effective business interest rate,⁵ which is considered a proxy for the interest rate available to businesses, decreased from 6.6% to 5.1% over the course of H2 2024 (Figure 2).

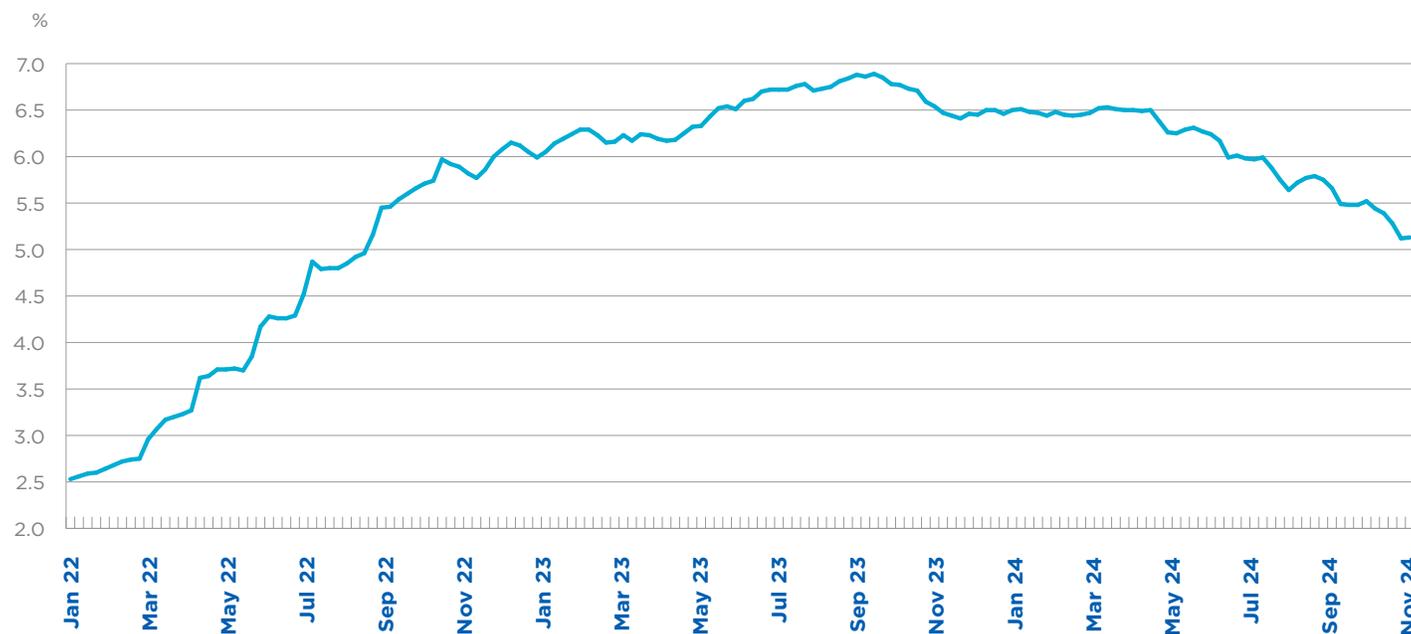
² The *Biannual Survey of Suppliers of Business Financing* collects aggregate information on the financing of businesses in Canada. The survey covers the lending of banks, credit unions and other suppliers of financing in Canada and excludes government-funded lending such as the Canada Emergency Business 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 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 H2 2024, the target of the overnight rate decreased from 4.5% to 3.25% ([see full data](#)).

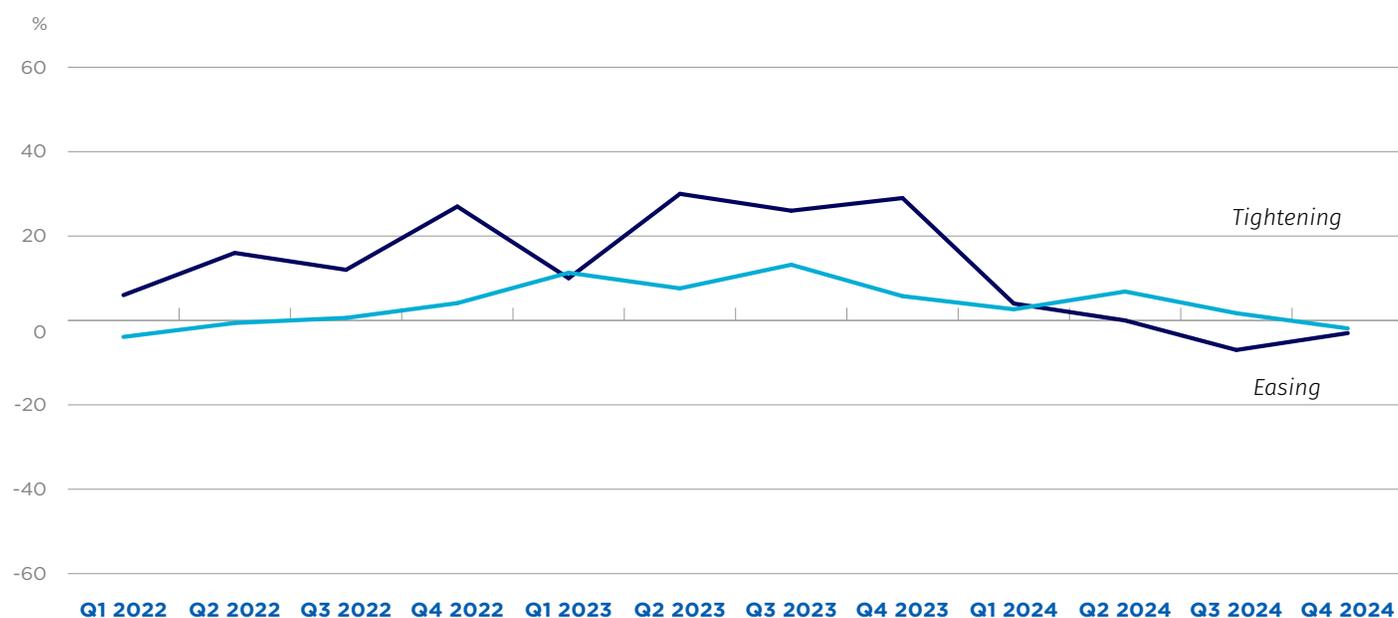
Figure 2: Weekly effective business interest rate, January 2022 to December 2024



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

According to results from the Bank of Canada's *Senior Loan Officer Survey*, lenders reported an overall easing of business lending conditions in H2 2024 (Figure 3). Likewise, indicators of business lending conditions in the Bank of Canada's *Business Outlook Survey* pointed to easing lending conditions in H2 2024. By late H2 2024, the gap between the proportion of businesses that reported tighter lending conditions and those that reported easing lending conditions decreased.

Figure 3: 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.

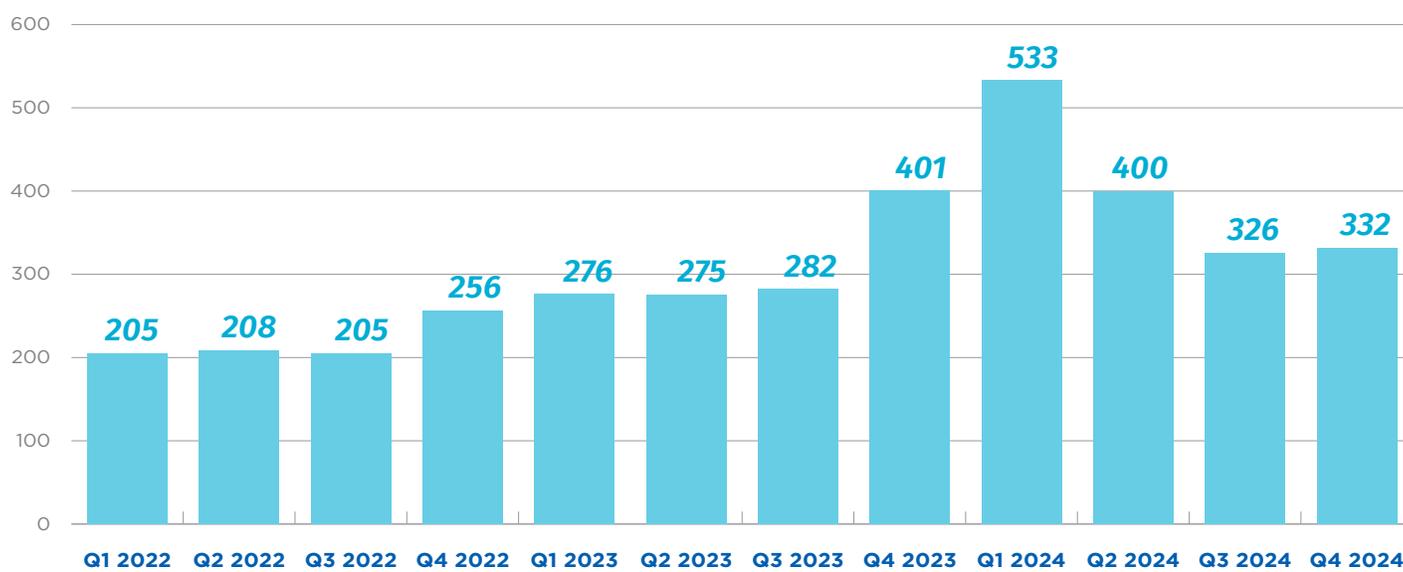
Note 2: Positive values indicate a tightening of credit. Negative values indicate a loosening of credit.

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

During H2 2024, bankruptcies averaged 329 per month—a 29.5% decrease from the monthly average of 466 in the first half of the year (Figure 4).⁶ After peaking at 374 in November, monthly bankruptcies declined to 289 by December, falling below the 2024 average.

The decline in bankruptcies occurred against a backdrop of favorable macroeconomic conditions, including lower interest rates and accelerating economic activity during the second half of 2024.⁷

Figure 4: Average monthly bankruptcies for businesses



Sources: 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. Between H1 2024 and H2 2024, new loans by insurance companies and portfolio managers (which represented 3.5% of new lending in H2 2024) and credit unions and caisses populaires (which represented 5.1% of new lending in H2 2024) increased by 35.8% and 16.6% to \$7.1 billion and \$10.3 billion, respectively.

Domestic banks, which accounted for 70.3% of new lending in Canada in H2 2024, increased their disbursements by 1.5% to \$142.8 billion. In contrast, between H1 2024 and H2 2024, new loans by other banks (which represented 14.0% of new lending in H2 2024) and other financial institutions (which represented 7.1% of new lending in H2 2024) decreased by 5.5% and 1.8% to \$28.5 billion and \$14.4 billion, respectively.

⁶ The number of bankruptcies in H2 2024 was greater than pre-pandemic levels (average of 247 monthly in H1 2019).

⁷ Bankruptcy figures comprise a small proportion of all closures, since they do not include businesses that terminated operations without filing for bankruptcy.

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

Supplier type	2022		2023		2024	
	H1	H2	H1	H2	H1	H2
Domestic banks	105.6	112.0	117.6	115.4	140.7	142.8
Other banks	34.7	37.0	33.6	36.6	30.2	28.5
Credit unions and caisses populaires	15.0	15.6	16.1	10.5	8.9	10.3
Finance companies	16.6	16.1	15.0	15.6	14.7	14.4
Insurance companies and portfolio managers	4.4	4.3	4.5	6.0	5.2	7.1
All suppliers	176.3	185.0	186.8	184.0	199.7	203.2

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

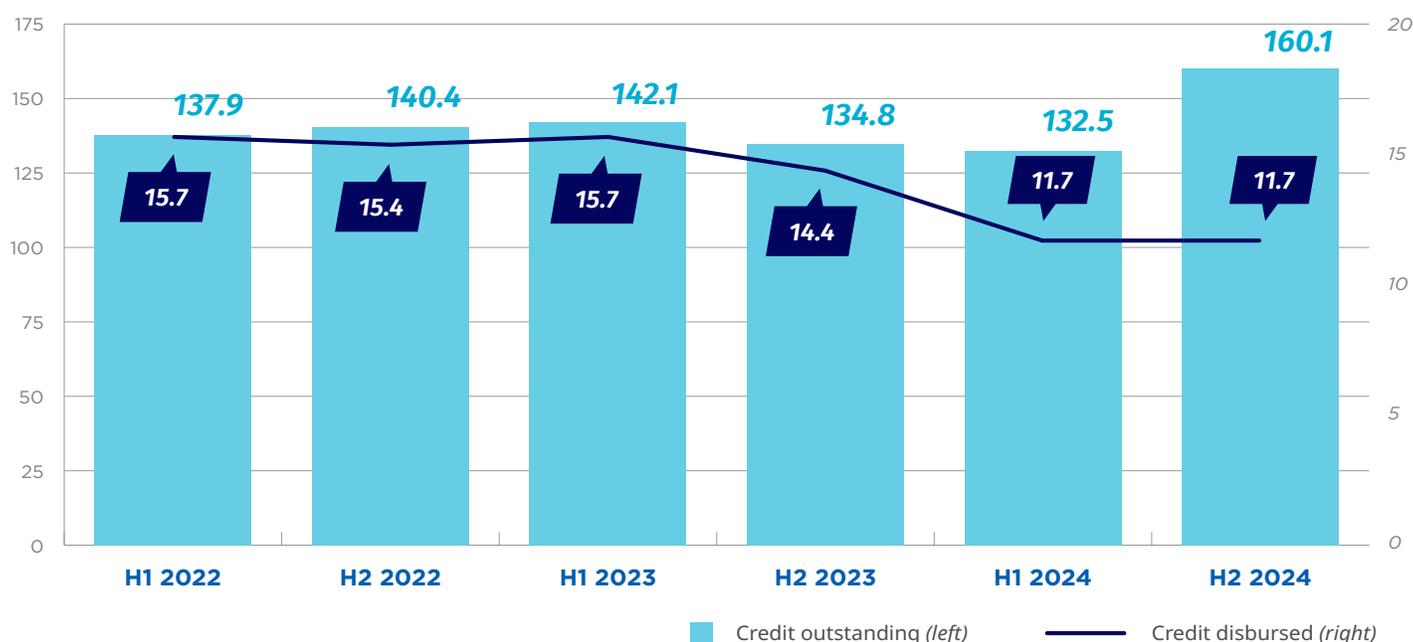
Lending conditions by loan authorization levels

Results from the *Biannual Survey of Suppliers of Business Financing* indicate that the value of business credit disbursed (Figures 5a to 5c) to small borrowers (those with loan authorization levels of less than \$1 million) remained stable from H1 2024 to H2 2024, totalling \$11.7 billion. In contrast, new loans to medium borrowers (those with loan authorization levels of \$1 million or more but less than \$5 million) and to large borrowers (those with loan authorization levels of \$5 million or more) increased by 0.9% and 2.0% to \$22.3 billion and \$169.2 billion, respectively.

With respect to the value of credit outstanding by loan authorization levels, readers should note that a significant change in reporting methods by a key respondent resulted in substantial changes across authorization levels, with credit outstanding for smaller borrowers increasing substantially and credit outstanding for medium and larger borrowers decreasing accordingly.⁸ In particular, the value of credit outstanding to small borrowers rose by 20.9% from H1 2024 levels, reaching \$160.1 billion. In contrast, the value of credit outstanding declined for medium and large borrowers by 1.1% and 1.0%, respectively, to \$205.1 billion and \$997.6 billion.

Given the change in reporting noted above, differences in H2 2024 in credit outstanding for a given borrower size should be viewed as primarily attributable to the new reporting method, rather than reflecting actual differences in credit outstanding. As such, the changes in credit outstanding from H1 2024 to H2 2024 shown in Figures 5a, 5b and 5c should be interpreted with caution.

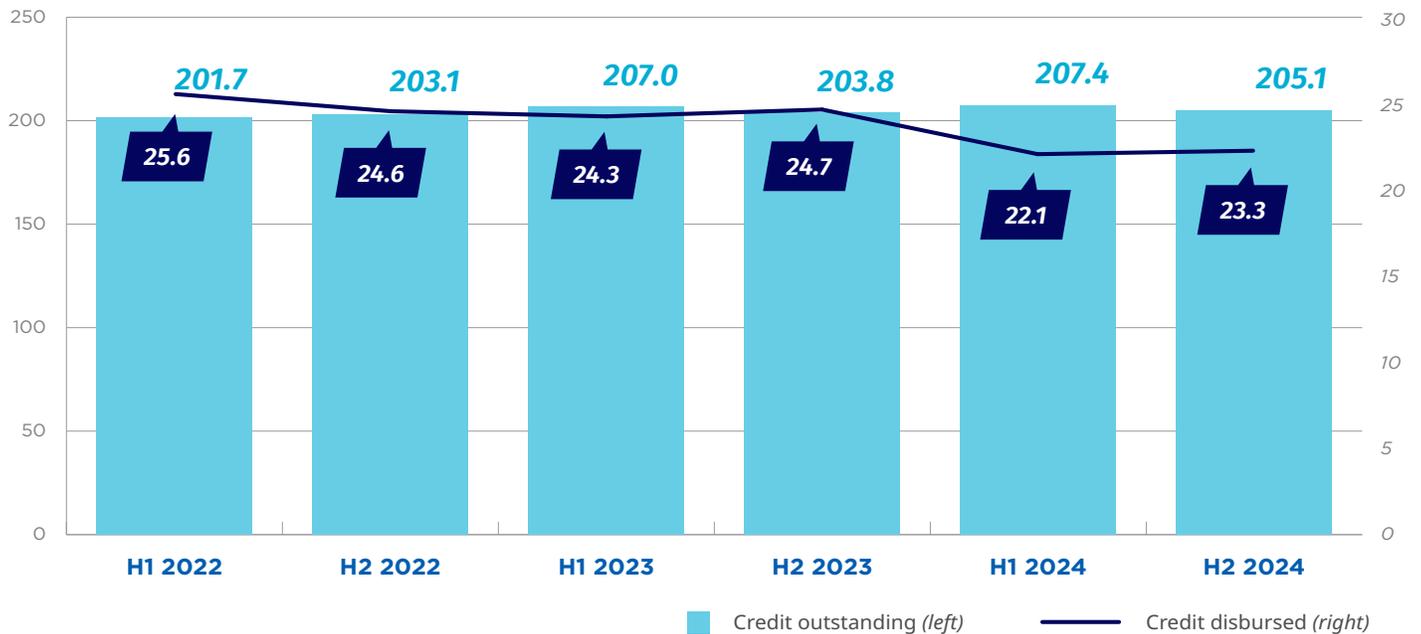
Figure 5a: Value of credit outstanding (\$ billions) and disbursed (\$ billions), small borrowers



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

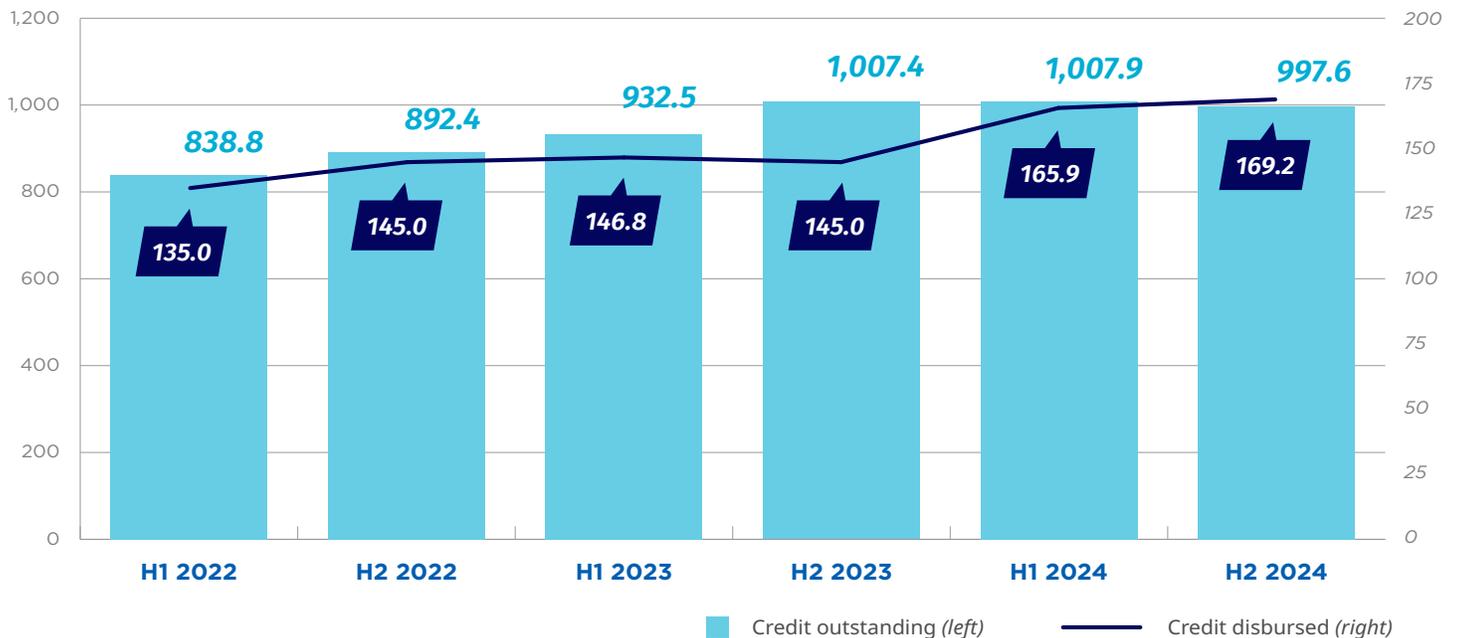
⁸ Previously, the key respondent had grouped together as one loan multiple loans issued to the same borrower, resulting in larger values of loans and a smaller number of loans for borrowers with more than one loan. Starting in H2 2024, this respondent began reporting each loan separately for borrowers with more than one loan. This change in reporting effectively caused a break in the time series, resulting in a significant increase in credit outstanding for small borrowers from H1 2024 to H2 2024, and in corresponding decreases in credit outstanding for medium and large borrowers over the same period. The most substantial observed change was in credit outstanding for borrowers with loan authorization levels of \$50,000 or less, which rose from \$10.3 billion in H1 2024 to \$39.1 billion in H2 2024; this change is largely attributable to the change in reporting. This revised approach to reporting, which better aligns with respondents' business practices, will be maintained in future reporting.

Figure 5b: 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 5c: Value of credit outstanding (\$ billions) and disbursed (\$ billions), large borrowers



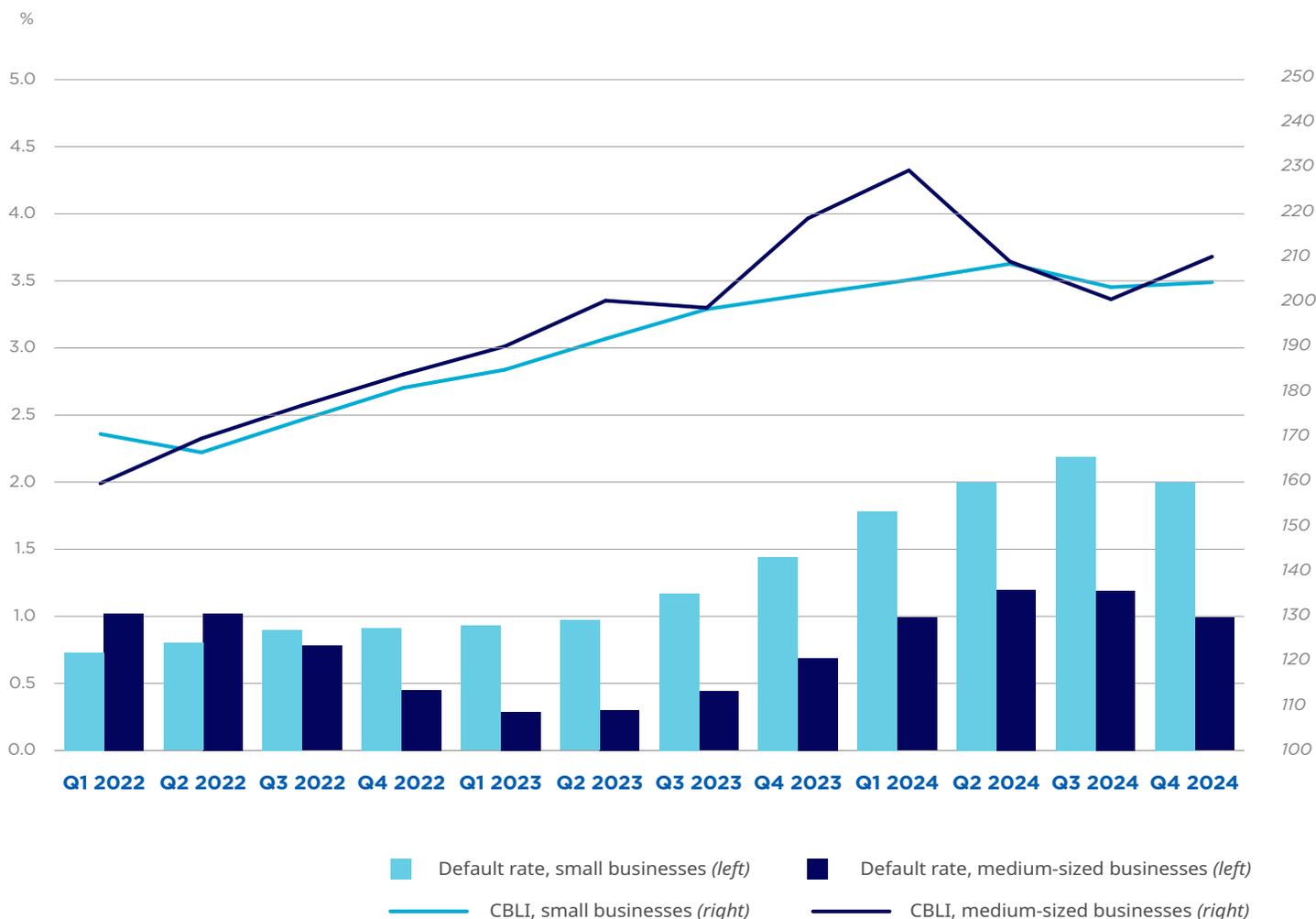
Source: Statistics Canada, Table 33-10-0013-01—Business credit outstanding, by supplier type and authorization level.

Data from PayNet’s Canadian Business Lending Index (CBLI) indicates that new lending to small businesses declined in Q3 2024, followed by a slight rebound in Q4. However, lending levels in both quarters remained below those observed in Q2 2024 (Figure 6).⁹ For medium-sized businesses, the CBLI shows a decline in lending in early H2 2024, with a subsequent increase in late H2 that pushed lending above Q2 levels.

Based on PayNet data, loan defaults by medium-sized businesses decreased during H2 2024 compared with H1 2024. PayNet data indicates that loan defaults by small businesses increased in early H2 2024 before declining in late 2024.

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 6: 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.

⁹ 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 \$4.6 million and medium borrowers are those with a H/C of more than \$4.6 million, but less than \$21 million.

Lending conditions by sector

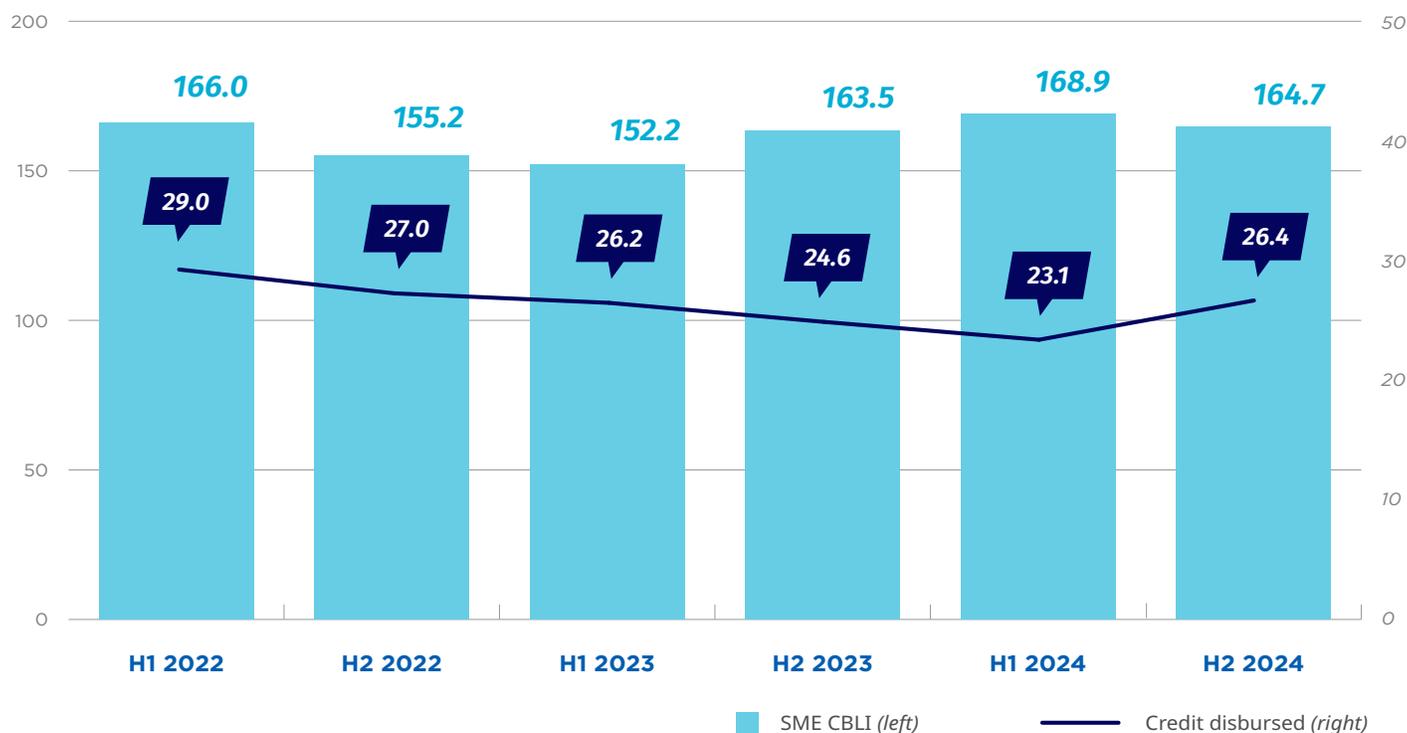
Results¹⁰ from the *Biannual Survey of Suppliers of Business Financing* indicate substantial sectoral differences in the value of business credit disbursements during H2 2024. From H1 2024 to H2 2024, new lending increased in accommodation and food services (30.3%, \$5.5 billion), construction (21.1%, \$20.4 billion), primary (14.5%, \$26.4 billion), professional, scientific and technical services (6.2%, \$5.5 billion), manufacturing (3.3%, \$23.4 billion) and the wholesale and retail trade (1.8%, \$19.7 billion) sectors.

In contrast, new loans to business decreased in the transportation and warehousing (-20.2%, \$12.4 billion) and other industries (-10.9%, \$39.9 billion) sectors.

According to PayNet's CBLI, new business lending activity increased from H1 2024 to H2 2024 across several sectors, including accommodation and food services (31.9%), other industries (22.1%), wholesale and retail trade (3.7%) and professional, scientific and technical (3.3%).

Conversely, the CBLI shows a decline in lending from H1 2024 to H2 2024 in the construction (-7.1%), manufacturing (-5.3%), primary (-2.5%) and transportation and warehousing (-0.1%) sectors.¹¹

Figure 7a: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), primary sector

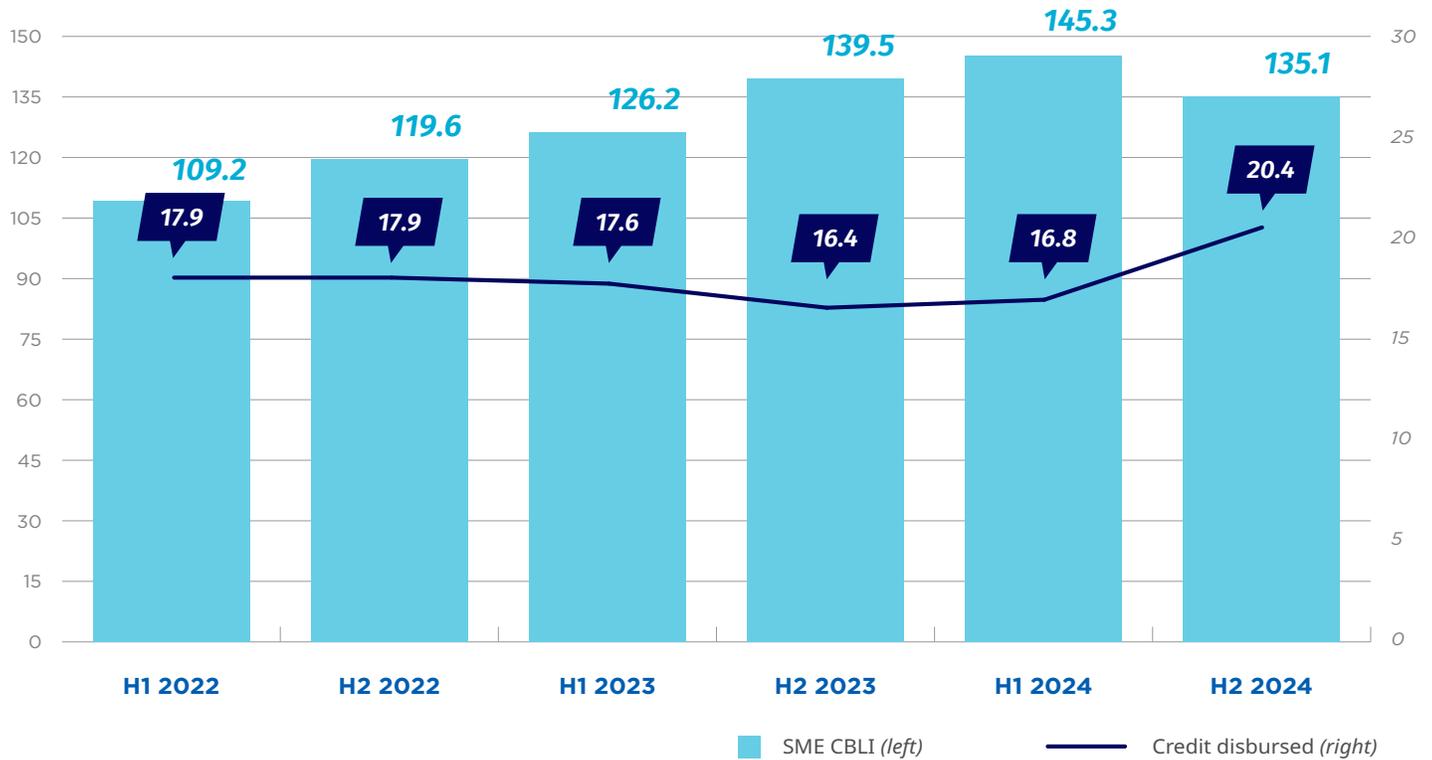


Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

¹⁰ 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.

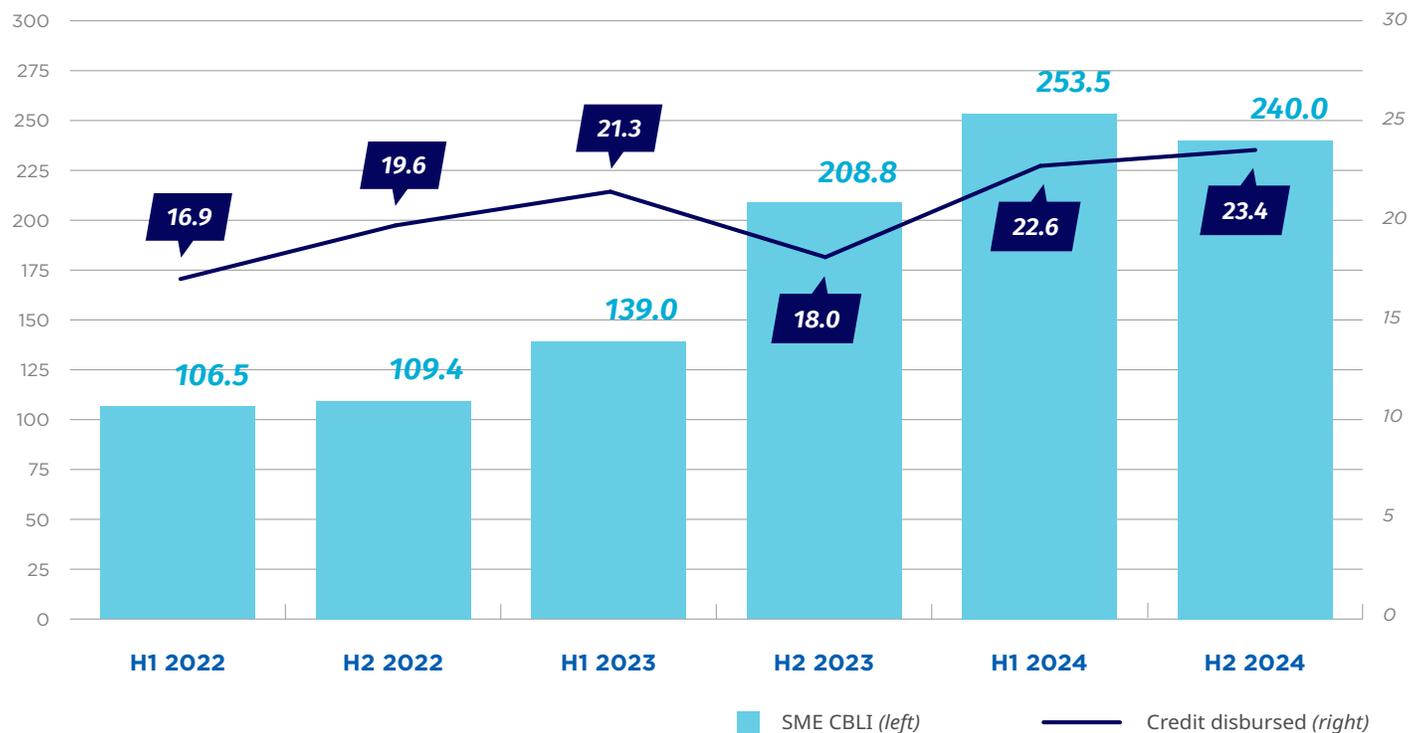
¹¹ As mentioned above, direct comparisons between the CBLI and the *Biannual Survey of Suppliers of Business Financing* should be limited due to methodological differences.

Figure 7b: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), construction sector



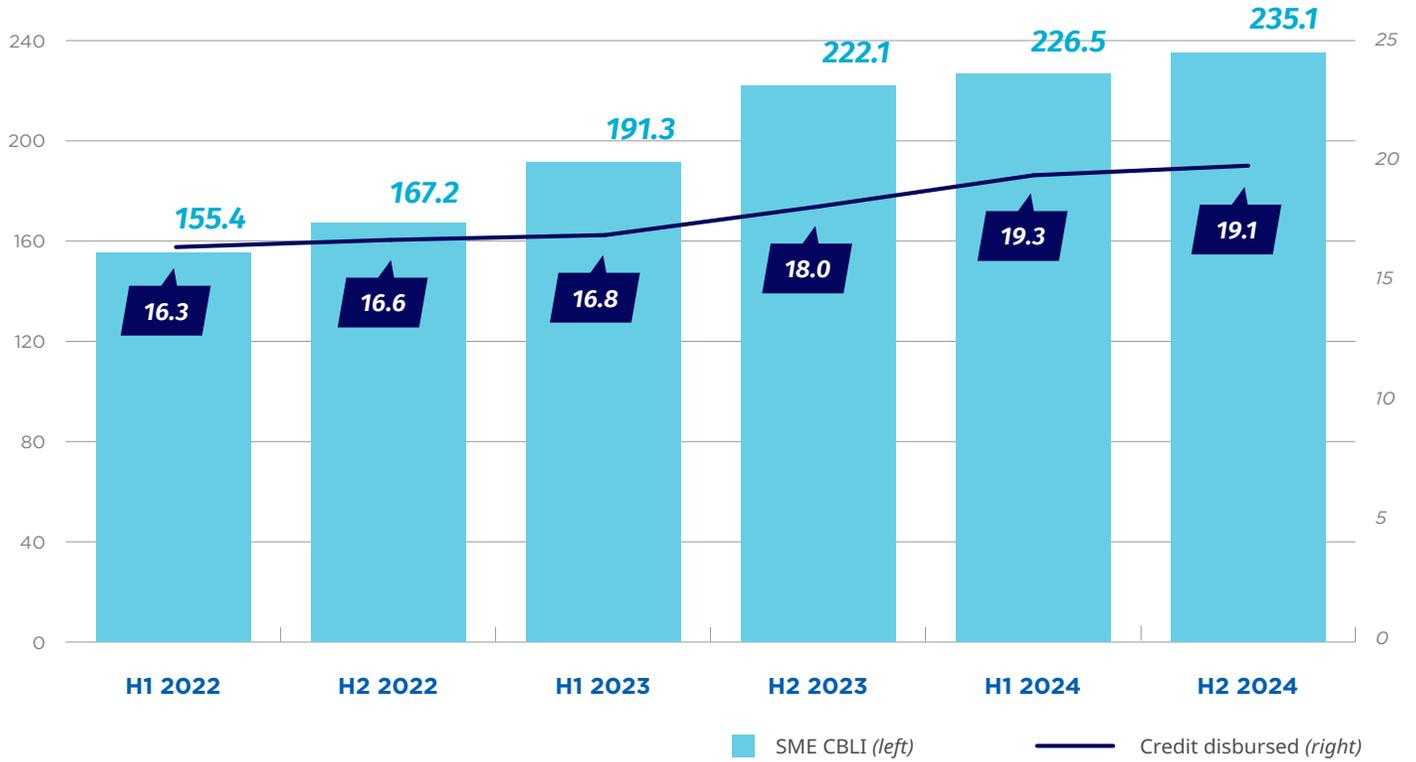
Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

Figure 7c: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), manufacturing sector



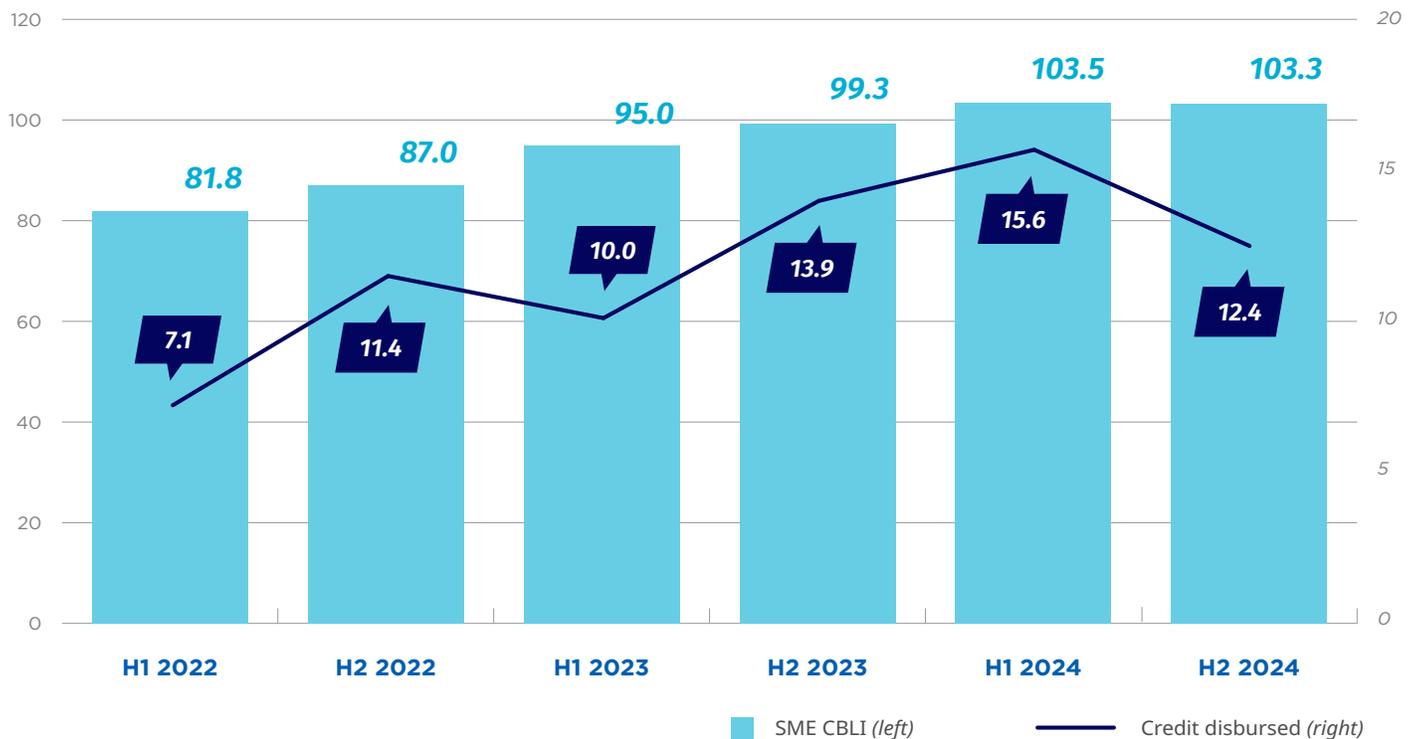
Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

Figure 7d: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), wholesale and retail trade sectors



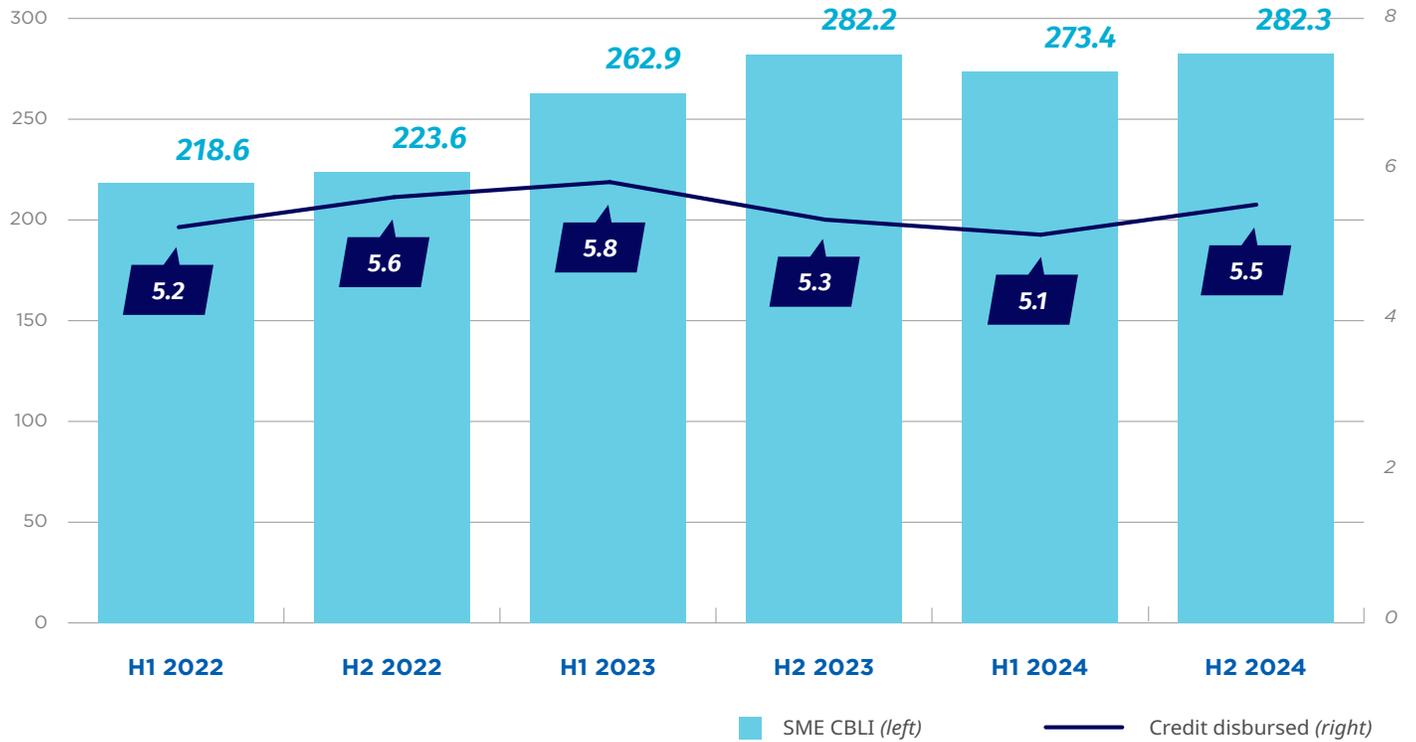
Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

Figure 7e: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), transportation and warehousing sector



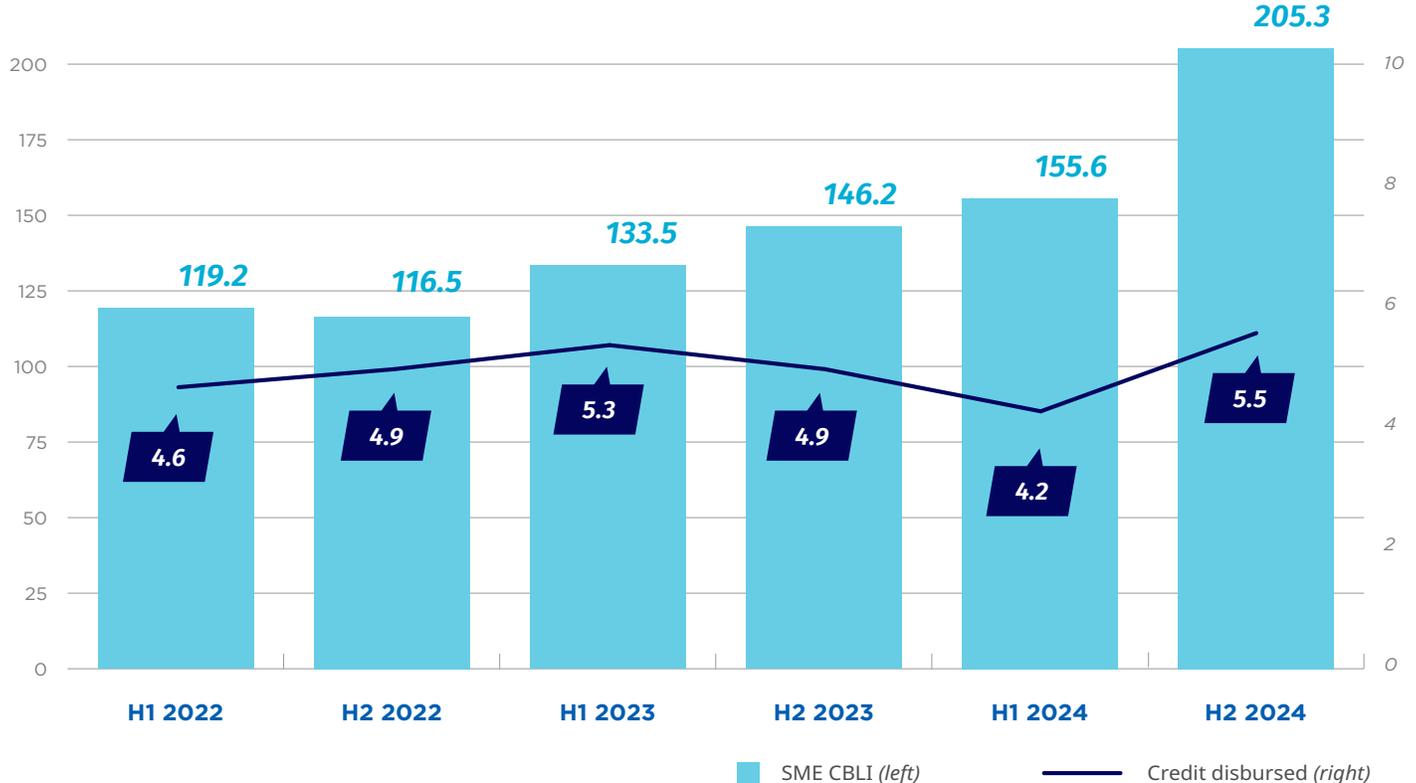
Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

Figure 7f: SME Canadian Business Lending Index and value of credit disbursed (\$ billions), professional, scientific and technical services sector



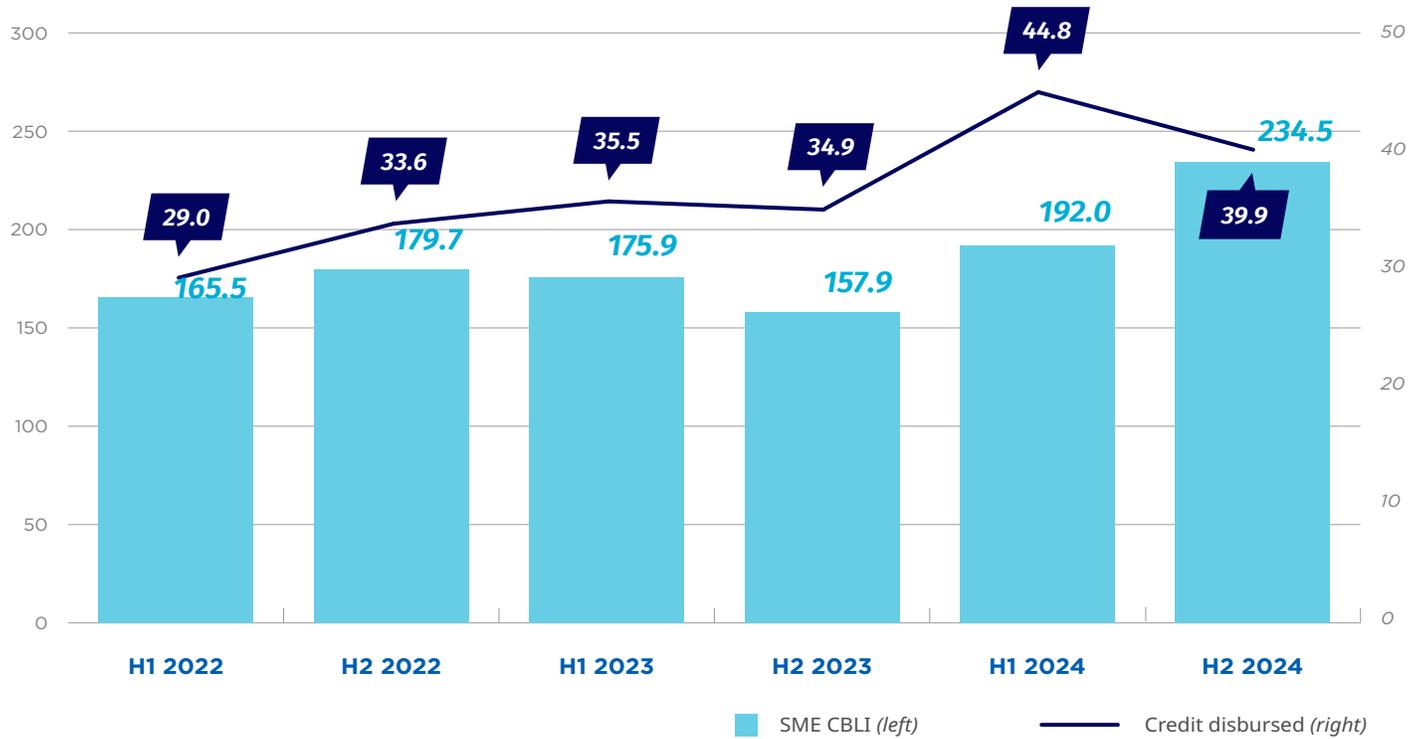
Sources: PayNet Inc., *Canadian Business Lending Index*, 2024; and Statistics Canada, Table 33-10-0014-01—Business credit outstanding, by supplier type and industry.

Figure 7g: 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 7h: 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.