

Survey on Financing and Growth of Small and Medium Enterprises, 2017

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Almost half (47.1%) of small and medium-sized enterprises (SMEs) requested external financing in 2017. External financing includes any request for a non-residential mortgage, business line of credit, term loan, business credit card, lease financing, trade credit financing, equity financing or government financing.

The largest enterprises were the most likely to request external financing. Of the SMEs with 100 to 499 employees, 67.4% requested external financing, compared with 36.5% for those with 1 to 4 employees.

Enterprises in the manufacturing (61.3%), wholesale trade (58.6%) and primary (56.9%) sectors were most likely to have made requests for external financing. The professional, scientific and technical services sector (31.1%) made the fewest external financing requests.

In 2017, 57.5% of SME exporters of goods or services requested external financing, compared with 45.7% of non-exporters.

SMEs that were equally owned by men and women were more likely to request external financing (50.8%) than enterprises wholly owned by men (46.1%) or by women (37.4%).

Among all types of external financing, SMEs most often requested trade credit (25.7%) and debt financing (25.6%) in 2017. Equity financing (0.8%) was the least requested.

SME requests for debt financing totalled an estimated \$60.9 billion in 2017, 92.8% of which was approved. Business lines of credit and business credit cards were the most frequently requested types of debt financing.

SME requests for lease financing totalled \$5.7 billion, 97.4% of which was approved.

SMEs have most often used personal financing (83.9%) and credit from financial institutions (37.4%) to finance the start-up of their businesses. Financing from angel investors and venture capital providers (1.9%) was used the least.

Table 1
Percentage of enterprises that requested external financing, by type of external financing

	Debt financing	Lease financing	Trade credit financing	Equity financing	Government financing
	%				
Small and medium enterprises, total					
1 to 499 employees	25.6	7.2	25.7	0.8	3.7
Employment size					
1 to 4 employees	19.7	4.0	19.8	0.4	1.8
5 to 19 employees	31.6	9.6	31.9	0.9	5.5
20 to 99 employees	35.4	13.5	34.6	2.0	6.1
100 to 499 employees	36.7	21.7	40.7	3.5	14.3

Source(s): Survey on Financing and Growth of Small and Medium Enterprises (2941).



Table 2
Percentage of enterprises that requested debt financing, by type of debt financing

	Non-residential mortgage	Line of credit	Term loan	Credit card
	%			
Small and medium enterprises, total				
1 to 499 employees	4.0	11.7	6.6	10.3
Employment size				
1 to 4 employees	2.9	9.3	4.0	8.5
5 to 19 employees	4.6	14.1	9.2	12.2
20 to 99 employees	7.3	16.8	10.3	12.7
100 to 499 employees	5.5	12.6	13.4	15.2

Source(s): Survey on Financing and Growth of Small and Medium Enterprises (2941).

Note to readers

The 2017 Survey on Financing and Growth of Small and Medium Enterprises was conducted in partnership with a consortium of organizations led by Innovation, Science and Economic Development Canada.

Data are based on responses from over 9,000 enterprises selected from Statistics Canada's Business Register, which is a database of all businesses producing goods and services in Canada.

The following enterprises are excluded from the survey: enterprises with no employees or with 500 or more employees; enterprises with less than \$30,000 in gross revenue; non-profit organizations (such as schools, hospitals and charities); joint ventures; and government agencies. Survey coverage also excludes enterprises in the following industries (identified by the North American Industry Classification System):

- utilities
- finance and insurance
- management of companies and enterprises
- educational services
- public administration
- automotive equipment rental and leasing
- commercial and industrial machinery and equipment rental and leasing
- out-patient care centres
- medical and diagnostic laboratories
- other ambulatory health care services
- general medical and surgical hospitals
- psychiatric and substance abuse hospitals
- specialty (except psychiatric and substance abuse) hospitals
- private households
- community food and housing, and emergency and other relief services.

The survey results cover 10 industry groupings, 4 employment sizes, 10 geographic regions and whether firms are start-ups or established.

Data are also available for 2000, 2004, 2007, 2011 and 2014. To meet the sponsor's needs, changes were made to each survey iteration. These include changes to the target population, sample design and questionnaire content. Direct comparisons of results across reference years cannot be made.

Data from the [Biannual Survey of Suppliers of Business Financing](#) for the first half of 2018 were released in The Daily on November 8 and provide an up-to-date portrait of the supplier side of business financing.

Definitions, data sources and methods: survey number [2941](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; mediahotline@statcan.gc.ca).

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