

# Survey on Financing and Growth of Small and Medium Enterprises, 2020

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Small- and medium-sized businesses contribute significantly to the Canadian economy, making up 98.1% of all employer businesses in Canada in 2021. Small businesses employed 9.7 million individuals in Canada. By comparison, medium-sized businesses employed 3.2 million individuals (21.2% of the labour force) and large businesses employed 2.3 million individuals (14.8% of the labour force). As such, small and medium businesses are a significant driver towards economic prosperity.

## Majority of small and medium enterprises obtain government financing

Over four-fifths (82.4%) of small- and medium-sized enterprises (SMEs) requested external financing in 2020. 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. This represents a significant increase from 2017, where 47.1% of businesses requested external financing. This change is driven by government support programs widely used by SMEs during the COVID-19 pandemic.

SMEs of all employment sizes were likely to request financing in 2020. Businesses with 20 to 99 employees (91.9%) and 5 to 19 employees (91.7%) were the most likely to request external financing, followed by businesses with 100 to 499 (88.5%), while businesses with 1 to 4 employees were the least likely (75.2%).

More than three-quarters (75.9%) of SMEs requested government financing in 2020. The request rate has increased significantly compared with 3.7% in 2017, reflecting the impact of government support programs put in place to help businesses cope with the effects of the pandemic. Virtually all (98.2%) requests for government financing in 2020 were approved.

Trade credit (24.3%), debt financing (16.3%) and lease financing (5.8%) were the next most frequent types of financing requested. Equity financing (1.0%) was the least requested type in 2020.

## Debt financing requests more common amongst medium-sized enterprises

Debt financing requests for SMEs totalled an estimated \$42.6 billion in 2020, 92.3% of which were approved. This approval rate is essentially unchanged from 2017 when 92.8% of the total dollar value of financing requests were approved. Businesses with 100 to 499 employees (28.0%) were the most likely to request debt financing, while businesses with 1 to 4 employees (12.4%) were the least likely. This is consistent with findings from the Canadian Survey on Business Conditions in the first quarter of 2022, when smaller businesses were found to be less able than their larger counterparts to take on debt.

Businesses specializing in agriculture, forestry, fishing and hunting, mining and oil and gas extraction (32.0%) were the most likely to request debt financing, followed by the manufacturing sector (21.1%) and the construction sector (17.6%).

Business lines of credit (7.3%) and business credit cards (5.9%) were the most frequently requested types of debt financing in 2020.

## Businesses entirely owned by women least likely to request debt financing

Differences were observed between levels of financing requested by SMEs based on their ownership characteristics. SMEs where business ownership by women is between 1% and 49% were the most likely to request debt financing (22.8%), while businesses entirely owned by women were the least likely (13.6%). This is a change from 2017, where business ownership by women is between 51% and 99% were most likely to request financing (35.5%).



**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
	%				
<b>Small and medium enterprises, total</b>					
1 to 499 employees	16.3	5.8	24.3	1.0	75.9
<b>Employment size</b>					
1 to 4 employees	12.4	3.1	16.9	0.4	68.5
5 to 19 employees	19.7	8.4	32.3	1.4	86.4
20 to 99 employees	24.8	10.9	36.2	2.8	84.6
100 to 499 employees	28.0	13.0	47.8	2.3	75.0

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
	%			
<b>Small and medium enterprises, total</b>				
1 to 499 employees	2.5	7.3	4.8	5.9
<b>Employment size</b>				
1 to 4 employees	1.9	5.3	3.0	4.9
5 to 19 employees	3.2	8.4	6.5	7.2
20 to 99 employees	3.4	13.6	8.6	6.6
100 to 499 employees	4.2	11.7	10.4	10.8

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

**Note to readers**

The 2020 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 almost 10,000 enterprises collected between April and August 2021.

Data from the second half of 2021 will be released in The Daily in the spring of 2022. They will provide an up-to-date portrait of the supplier side of business financing.

Available tables: [33-10-0429-01](#) to [33-10-0467-01](#) .

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; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).