Canada Small Business Financing Program (CSBFP)
Lender Awareness and Satisfaction Study

Final Report

Prepared for:
Industry Canada

Prepared by:
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EXECUTIVE SUMMARY

The Canada Small Business Financing Program (CSBFP) is a federal government program whose objective is to help small businesses obtain access to financing. Through this program, financial institutions make loans to businesses that they may otherwise not be able to offer. The financial institutions then register these loans with the program and, should the loan default, the government covers a portion of the lender’s losses. The government collects fees to help offset the costs of the program, namely the cost of loans that default. Annually, CSBFP helps businesses access nearly $1 billion in capital. As lenders are under no compulsion to make loans under the program, awareness and satisfaction with the program among financial institutions is essential to its success.

A 2014 survey of financial institutions, including all of Canada’s major large banks, as well as over forty credit unions and caisses populaires, found high rates of awareness and satisfaction with the CSBFP. These findings from the frontlines were further verified through key informant interviews with CSBFP policy advisors and other relevant executives representing Canada’s largest financial institutions. The survey was administered in late winter and early spring 2014; the key informant interviews were conducted in late spring 2014.

Virtually all loan officers surveyed were aware of the program (98%). Program users rely primarily on in-house resources for information, though these are less commonly available to small banks and credit unions. Among official resources, the program’s guidelines and website are considered the most useful. There is significant demand, however, among program users for these resources to be updated more frequently and made more user-friendly.

Program use was highest among loan officers at large banks (79%), followed by small banks (59%) and credit unions and caisses populaires (54%). The primary barrier to use was a lack of suitable clients or demand. This was echoed by a common demand among program users to expand CSBFP’s business and expenditure eligibility criteria, thus opening it to a broader clientele of borrowers. There was an appetite among financial institutions for Industry Canada to conduct more online and in-person information sessions to increase lenders’ comfort with the program. Other barriers included the program’s administrative requirements and corporate decisions previously made to not use the program based on negative experience.

Satisfaction with the program was high, though less widespread than previously observed. In 2004 6% of program users were very satisfied with CSBFP’s policies and procedures overall, and 81% were somewhat satisfied. In 2014 22% reported being very satisfied and 45% reported being somewhat satisfied. This would suggest opinions of the program have polarized over the past decade, with it seemingly improving in the eyes of some while deteriorating in the eyes of others. This trend was observed for nearly all two dozen program attributes studied. Program users would like Industry Canada to consider changing CSBFP’s maximum loan term, maximum loan size, the business and eligibility criteria, and the required documentation. Key informants clarified increases for loan size and loan term are necessary to match the increasing cost of real estate in Canada’s metropolitan centres.

The changes made to the program on April 1st, 2014 have been well received by loan officers. Over two-thirds of program users (69%) indicated that they will increase their use. Most well-received were reductions in paperwork, deregulation of the maximum financing percentage, and extra coverage for the lender in certain conditions. Credit unions were especially satisfied with a change
permitting lenders to charge conventional lending fees, which will make the program a more
attractive option to offer their members. Small banks were especially satisfied with administrative
changes which reduce their overhead. Large banks, already the main users of the program, would
likely require further changes, as those described above, to significantly increase their use.

The CSBFP remained a valued product among Canadian financial institutions. Without the CSBFP,
program users estimated about nearly half (46%) of CSBFP loan borrowers would be rejected for a
loan, and most others (30%) would have only be approved under less favourable conditions. The
recent changes are likely to increase use among financial institutions.

This report details the levels of CSBFP awareness, use and satisfaction among Canada’s financial
institutions. It contains evidence that the changes are generally viewed favourably and may lead to
increased use in future. Finally this report contains recommendations from lenders to potentially
improve the program further.
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SECTION 1: INTRODUCTION

Industry Canada commissioned R.A. Malatest & Associates Ltd. (the Consultant) to administer the 2014 Canada Small Business Financing Program Lender Awareness and Satisfaction Study. The Consultant has prepared this document to present the results of the study. This initial section provides information to provide context to the findings, including the background, objectives, and methodologies.

1.1 Background

For more than 50 years, Industry Canada’s Canada Small Business Financing Program (CSBFP) has helped small businesses start up and grow. Over the past 15 years alone, the program has fostered businesses with over 120,000 loans totaling nearly $1 billion each year.1

1.1.1 The Program

The CSBFP helps small businesses with their financing needs. Under the program, the Government of Canada facilitates small businesses accessing credit from financial institutions by sharing the risk with lenders. The program’s main objectives are:

- To help new businesses get started and established firms make improvements and expand;
- To improve access to loans that would not otherwise be available to small businesses; and
- To stimulate economic growth and create jobs for Canadians.

The program is open to small businesses or start-ups in Canada, with gross annual revenues of $5 million or less. Not eligible under this program are farming businesses, not-for-profit organizations, or charitable and religious organizations. Loans can be used to finance the cost of:

- Purchasing or improving land, real property or immovables;
- Purchasing new or existing leasehold improvements; and
- Purchasing or improving new or used equipment.

Financing up to a maximum of $500,000 is available to any one borrower, of which no more than $350,000 can be used for purchasing or improving equipment, and leased property. The program is delivered by financial institutions, which register loans under the program with Industry Canada.

Financial institutions are responsible for making lending decisions including the businesses to receive a loan and the interest rate to be applied. The interest rate may be variable or fixed:

- Variable rate to a maximum of lender’s prime lending rate plus 3%.
- Fixed rate to a maximum of lender’s single family residential mortgage rate plus 3%.

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A registration fee of 2% of the total amount loaned under the program must also be paid by the borrower to the lender. It can be financed as part of the loan. The registration fee and an annual administration fee are submitted to Industry Canada by the lender to help offset the costs of the program for the government. The annual administration fee of 1.25 percent is paid on the outstanding loan amounts and it is usually included as part of the interest rate charged on loans.

1.1.2 2014 Changes
On April 1, 2014 a number of changes were made to the program. The changes were meant to improve the CSBFP by enhancing the availability of asset-based financing to small businesses, particularly start-ups; reducing the administrative burden of the program; and, enhancing measures to deter fraud. Availability was enhanced by removing certain limits and allowing conventional lending fees to be charged, which make CSBFP loans more attractive to lenders. This in turn will result in lenders being more willing to make loans under the program to those that lack the credit to qualify for other financing products. Administrative burden was alleviated by reducing the invoicing and proof of payment requirements, as well as reforming the claims review process to focus on substantiating losses rather than the entire amount of loans. Fraud deterrence was enhanced by incentivizing site visits.

1.1.3 Research Objectives
The purpose of the 2014 CSBFP Lender Awareness and Satisfaction Study was to gauge the level of awareness and satisfaction with the CSBFP among financial institutions in Canada. Also gauged were rates of program use, and the incrementality of the program (i.e., the perceived impact on the approval or rejection of borrowers if the CSBFP were not in place). Please note the limitations to gauging rates of program use from this study in the subsection below on limitations (1.3.2).

Awareness, more specifically, included not only knowledge of the program’s existence but also of its parameters. Parameters studied include expenditure eligibility, the maximum loan size, and deadlines associated with the registration of loans and submission of claims. Awareness of the recent round of changes made to the CSBFP was also studied, though its timing impacts the reliability of this information (see Limitations subsection below). In addition to levels of awareness, this study also examined sources of awareness, including usage and perceived usefulness of various sources of program information.

Satisfaction with the program is an even more complex concept. In order to fully explore program users’ satisfaction, respondents were asked to provide feedback on aspects of the program, such as defining policies and procedures, attributes of service delivery, and the recent changes made to the program.

1.1.4 Previous Lender Study
The purpose of the 2014 study was also to compare awareness, use and satisfaction with historical data. In 2004, Industry Canada conducted an earlier awareness and satisfaction survey of lenders. For the 2004 study, 1,494 loan managers were surveyed. As was necessary for the 2014 study, the

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2 The changes were implemented mid-way through survey administration. Please see the limitations discussed in Appendix A for how this impacted the study’s findings.
sample contained a mixture of program user sample provided by Industry Canada and sample provided by financial institutions.\(^3\)

This study compares a multitude of awareness and satisfaction measures between results for 2004 and 2014, with some exceptions. Some program design and service variables surveyed on in 2004 were consolidated or dropped due to perceived redundancy. Additionally, the 2004 survey did not include questions on the impact of the program and, naturally, did not survey on changes made to the program in 2014. Finally, it should be noted that the sampling approaches for the 2004 and 2014 study differed fundamentally. First, two major (unnamed) institutions decided not to participate in the 2004 study. The 2014 study also used a variety of different sampling techniques on a per-institution basis. Resultantly, comparisons are largely restricted to overall findings as opposed to trends by institution-type or region.

1.1.5 Previous Borrower Study

In 2013 Industry Canada commissioned the Consultant to conduct a CSBFP satisfaction and awareness study among small-to-medium enterprises that met CSBFP business eligibility criteria (including borrowers and non-borrowers). That study (herein the “borrower study”) centered on a survey of 1,085 businesses with similar questions as the 2004 and 2014 lender studies. In particular, satisfaction with the program’s policies and procedures was gauged using similar scale questions. Thus comparisons are made in this study between borrowers and lenders where appropriate.

1.2 Research Activities

As with the past CSBFP lender awareness and satisfaction study, the Consultant used two methods to collect feedback on the program from:

- **Survey of loan officers:** 860 surveys completed by lenders at 10 banks and 43 credit unions between February 19 and April 30, 2014, resulting in a wealth of quantitative data to measure CSBFP awareness, satisfaction, and impact. Respondents consisted of loan officers and comparable positions responsible for small business lending

- **Key informant interviews with relevant executives:** 17 interviews were completed with representatives from eight banks, four credit unions and caisses populaires, and the Credit Union Central of Canada between June 2 and June 20, 2014. These representatives included government liaisons, program experts, and risk managers.

The bulk of the findings in this report are based on the survey of loan officers. Key informant interviews are cited to elaborate on findings. Please see the Methodology (Appendix A) for a detailed account of how these two activities were implemented. See Appendices B and C for the English and French versions of the survey questionnaire, including skip patterns that delineated program users from non-users. See Appendices D and E for the English and French versions of the key informant interview guide.

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\(^3\) The 2004 report notes that two banks refused to take part in any survey activity. In 2014 all major banks participated in the survey. Due to privacy restrictions the missing banks for 2004 may not be identified.
1.3 How to Read this Report

The following sections of this report are ordered thematically, generally moving from awareness of the program, to experience and satisfaction with the program, and finally the future of the program in light of its recent changes. The next section (Section 2) reports on awareness of the program and knowledge of its eligibility criteria and program parameters, as well on the use of sources of program information. This section also reports on awareness of the recent changes. Section 3 reports on the direct experience of loan officers with the program over the past five years. It also includes reasons cited by loan officers for not using the program. Sections 4 and 5 report on satisfaction with the program, first on its design and then on the service provided by the Program Administration. Both of these sections include future changes recommended by survey respondents and key informant interviewees. Both sections also include linear regression analysis to better understand which particular aspects of program design and service provided drove overall rates of satisfaction. Section 4 also compares program satisfaction between lenders and borrowers, drawing on a 2013 borrower study. Section 6 assesses the impact of the program by gauging the incrementality of the program estimated by loan officers. Section 7 focuses on program users’ response to the recent changes made to the program, including their satisfaction with these changes and how they may affect their future use of the program. Each of these sections includes comparisons against the 2004 study (where data permits) and between regions and institution groups (see subsection below on terminology for further details). Section 8 contains the study’s conclusions.

1.3.1 Note on Terminology

The Canada Small Business Financing Program is referred to as ‘the CSBFP’ or ‘the program’ throughout this report. Survey respondents are referred to as ‘respondents’ and ‘loan officers’ throughout the study. Among respondents, distinctions are made between program users and non-users, based on whether the respondent has had direct experience with the program over the past five years. Key informant interviewees from large banks, small banks, credit unions and caisses populaires are referred to as ‘key informants’.

Comparisons are made throughout the report by institution type and region. The types of institutions are defined:

- **Large banks**: Canada’s five largest financial institutions, namely the Bank of Montreal, the Scotiabank, the Canadian Imperial Bank of Commerce, the RBC Royal Bank, and TD Canada Trust;
- **Small banks**: Small financial institutions, namely, the ATB Financial, the HSBC, Laurentian Bank, and National Bank; and,
- **Credit Unions and Caisses Populaires**: Over forty institutions, including relatively large number of loan officers and key informants representing the Desjardins Group, Meridian Credit Union, Servus Credit Union, and Vancity. Throughout the report this group is often referred to as ‘credit unions’ for brevity’s sake.

Regions are defined as Ontario, Quebec, Atlantic Canada (including Newfoundland and Labrador, New Brunswick, Nova Scotia, and Prince Edward Island), and Western and Northern Canada (including Alberta, British Columbia, Manitoba, Saskatchewan, and the three territories).
The body responsible for the administration of the CSBFP is referred to as the “CSBF Program Administration,” or the “Program Administration.” The department responsible for the design of the program, Industry Canada, is at times referred to as “IC.”

Throughout the report, figures and tables may refer to non-responses or missing data. Rates of “DK/NR” refer to responses of “Don’t know” or “No response” (i.e. respondent unable or unwilling to answer).
SECTION 2: AWARENESS

This section reports the awareness of the program among loan officers. In addition to overall awareness, also studied are awareness of the program’s eligibility criteria and parameters, and sources of information relied upon by program users.

2.1 General Awareness of the Program

There is almost universal awareness of the program among loan officers surveyed (98%)\(^4\). Awareness is marginally higher at large and small banks (99% and 100%, respectively) compared to credit unions and caisses populaires (94%). Awareness is consistently high across Canada. Awareness was similarly high in 2004 (94% overall).

Nearly all of those aware (97%) know the program by its proper name as opposed to its previous incarnations, such as the Small Business Loans Program or Business Improvement Loan. This appears to be an improvement since 2004, when only 85% of those aware knew the program’s proper name.

Lenders are far more aware of the program than borrowers. The 2013 borrower study found only half (50%) of CSBFP loan recipients were certain their loan was covered by the program, and only one-in-eight (13%) knew the program by its proper name.

2.2 Awareness of Eligibility Criteria

Most loan officers who have used the program in the past five years can correctly identify eligible and ineligible expenditures (see Figure 2.1 below). Generally speaking, loan officers were somewhat more knowledgeable of what is eligible versus what is not.

<table>
<thead>
<tr>
<th>Did the respondent know whether the following was eligible or ineligible?</th>
<th>2004 (n=1,045)</th>
<th>2014 (n=600)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment (eligible)</td>
<td>97%</td>
<td>99%</td>
</tr>
<tr>
<td>Leasehold improvements (eligible)</td>
<td>95%</td>
<td>99%</td>
</tr>
<tr>
<td>Buildings and land (eligible)</td>
<td>94%</td>
<td>96%</td>
</tr>
<tr>
<td>Working capital (ineligible)</td>
<td>91%</td>
<td>96%</td>
</tr>
<tr>
<td>Goodwill (ineligible)</td>
<td>96%</td>
<td>95%</td>
</tr>
<tr>
<td>Purchase of shares (ineligible)</td>
<td>89%</td>
<td>90%</td>
</tr>
<tr>
<td>Inventory (ineligible)</td>
<td>83%</td>
<td>86%</td>
</tr>
</tbody>
</table>

Knowledge of expenditure eligibility criteria was generally consistent across regions and between institutions, and on par with findings from 2004. In interviews with financial institutions’ CSBF Program liaisons and policy experts, it was stressed that additional clarity regarding expenditure

\(^4\) This statistic was calculated by excluding respondents from lists of program users provided by IC (11% of total sample).
eligibility would be welcome, such as examples of the differences between equipment and inventory.

### 2.3 Awareness of Program Parameters

Knowledge of the program’s precise terms and conditions was significantly lower than that of eligibility criteria, and in fact may have decreased since 2004 (see sub-sections below). There was no significant variation by region but there are differences by institution type (see Figure 2.2 below). Overall, loan officers from credit unions and caisses populaires demonstrated the strongest rates of program knowledge. Additionally, small banks’ program users demonstrated greater program knowledge than those at large banks.

#### Figure 2.2: Knowledge of Terms and Conditions, by Institution Type

<table>
<thead>
<tr>
<th>Did the respondent know...</th>
<th>2004 Study</th>
<th>2014 Study</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Institutions</td>
<td>Large Banks</td>
</tr>
<tr>
<td>(n=1,045)</td>
<td>(n=600)</td>
<td>(n=384)</td>
</tr>
<tr>
<td>The maximum loan amount is $500,000</td>
<td>89%</td>
<td>79%</td>
</tr>
<tr>
<td>85% is the maximum % of losses the government will reimburse</td>
<td>52%</td>
<td>42%</td>
</tr>
<tr>
<td>The lender has three months to register the loan</td>
<td>29%</td>
<td>20%</td>
</tr>
<tr>
<td>Lenders have 36 months to submit a claim</td>
<td>6%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Base: Program users.

#### 2.3.1 Maximum Loan Size

Most loan officers are aware of the maximum amount a borrower can access under the program. However, this rate may have decreased since 2004, from 89% to 79%. At that time maximum was $250,000; it has since been increased to $500,000. About one-tenth (9%) believed the maximum to be $350,000, which is in fact the sub-limit for equipment and leasehold improvements. 3% believed the old maximum was still in effect.

#### 2.3.2 Maximum Reimbursement

Just under half of program users know the maximum percentage of losses on a loan the government will reimburse the lender in the event of default. This rate may represent a decrease in awareness since 2004 (from 52% to 42%). The maximum percentage of losses to be reimbursed is 85%. As the figure below shows, most incorrect guesses were no more than ten percentage points above or below the actual limit.
2.3.3 Loan Registration Deadline

Most loan officers are not aware of the deadline to register a CSBFP loan with Industry Canada. Only one-in-five (20%) knew loan officers have three months from the date of first disbursement, excluding extensions. This may represent a decrease in knowledge since 2004 (29%).

Interestingly, program users who reported having registered a loan in the past five years were only somewhat more knowledgeable of the registration deadline than those who had not (21% to 17%).

2.3.4 Claim Submission Deadline

Few users were aware that lenders have a 36 month deadline to submit a claim for a CSBFP loan. However, the fact one-tenth (10%) of users were aware of the exact deadline may represent a marginal improvement since 2004 (6%). Users were generally unsure of this, with over two-thirds (69%) unwilling to venture a guess. One-fifth (20%) believed lenders had one year or less to submit a claim. Even among users who had processed a claim in the past five years, they were only about twice as likely to know the precise deadline as those who had not (20% versus 8%).

2.4 Awareness of Program Changes

As the survey of lenders was conducted between mid-February and late April 2014, a number of respondents were surveyed after the program changes went into effect on April 1st 2014. Among program users surveyed before April 1st, only one-in-eight (13%; n=364) were aware of the (then) forthcoming changes; after April 1st awareness improved significantly, with nearly three-in-five (58%; n=203) aware of the (then) recent changes. This result may also be the result of the timing of surveying the various financial institutions. Institutions were surveyed at different times, with some banks surveyed exclusively before April 1st and others exclusively afterwards. This scheduling was in

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5 The questionnaire phrasing was modified accordingly based on the date.
part due to some institutions wishing to implement internal awareness campaigns before their employees were surveyed. As a result, awareness was 13% for large banks, 18% for small banks, and 76% for credit unions and caisses populaires – a trend due primarily to the timing of the institutions’ participation in the survey (Pre-April 1 surveying focussed primarily on the large banks).

Meaningful comparisons between regions may be made by controlling for the time a user was surveyed. Awareness was significantly higher in Québec, both before and after April 1st, and generally consistent elsewhere in the country (see Figure 2.4 below). According to key informants, this was the result of deliberate awareness campaigns conducted by small banks and caisses populaires in Québec.

<table>
<thead>
<tr>
<th>Region</th>
<th>Before Changes (n=364)</th>
<th>After Changes (n=203)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quebec</td>
<td>23%</td>
<td>86%</td>
</tr>
<tr>
<td>Western Canada and North</td>
<td>14%</td>
<td>47%</td>
</tr>
<tr>
<td>Ontario</td>
<td>9%</td>
<td>43%</td>
</tr>
<tr>
<td>Atlantic Canada</td>
<td>7%</td>
<td>44%</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td><strong>13%</strong></td>
<td><strong>58%</strong></td>
</tr>
</tbody>
</table>

Base: Program users (n=567).

### 2.5 Sources of Program Information

Most users rely on in-house resources for information about the CSBF Program (87%; see Figure 2.5, next page). Among resources provided by Industry Canada, the program’s website (74%) and guidelines (73%) are the most commonly accessed. About half also rely on the CSBF Act itself (58%) and its regulations (48%).

Institutions differed in their use of information sources. Program users from large banks were most reliant on in-house resources (92%), compared to lower rates at small banks (85%) and credit unions (77%). In turn, credit unions were significantly more likely to rely on CSBFP’s official information sources, such as its program guidelines or website (92% for both).

Generally speaking, virtually all sources of information were considered useful by those who rely on them. Looking more closely, in-house resources and the program’s website and guidelines were considered most useful compared to other resources (see Figure 2.6, next page).

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6 Use of sources in 2014 may not be directly compared with observations made in 2004 as the prior study asked about awareness of the sources as opposed to their use.
Figure 2.5: Information Sources Used

Base: Program users (n=595).

<table>
<thead>
<tr>
<th>Information Source</th>
<th>% of Loan Officers Indicating Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-house resources</td>
<td>87%</td>
</tr>
<tr>
<td>Program website</td>
<td>75%</td>
</tr>
<tr>
<td>Program guidelines</td>
<td>73%</td>
</tr>
<tr>
<td>The CSBF Act itself</td>
<td>58%</td>
</tr>
<tr>
<td>Program regulations</td>
<td>48%</td>
</tr>
<tr>
<td>Program brochure</td>
<td>39%</td>
</tr>
<tr>
<td>Notices to lenders</td>
<td>27%</td>
</tr>
<tr>
<td>Program Info Line</td>
<td>17%</td>
</tr>
<tr>
<td>Quarterly bulletins</td>
<td>7%</td>
</tr>
<tr>
<td>Program annual report</td>
<td>3%</td>
</tr>
</tbody>
</table>

Figure 2.6: Usefulness of Information Sources

<table>
<thead>
<tr>
<th>Information Source</th>
<th>% of Users who Accessed Each Information Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-house resources (n=520)</td>
<td>Very useful 59% Somewhat useful 36% Not very useful 4%</td>
</tr>
<tr>
<td>Program guidelines (n=437)</td>
<td>Very useful 59% Somewhat useful 34% Not very useful 2%</td>
</tr>
<tr>
<td>Program website (n=444)</td>
<td>Very useful 56% Somewhat useful 36% Not very useful 5%</td>
</tr>
<tr>
<td>The CSBF Act itself (n=344)</td>
<td>Very useful 47% Somewhat useful 41% Not very useful 7%</td>
</tr>
<tr>
<td>Program Info Line (n=104)</td>
<td>Very useful 42% Somewhat useful 41% Not very useful 3%</td>
</tr>
<tr>
<td>Program brochure (n=234)</td>
<td>Very useful 41% Somewhat useful 49% Not very useful 7%</td>
</tr>
<tr>
<td>Program regulations (n=286)</td>
<td>Very useful 41% Somewhat useful 46% Not very useful 8%</td>
</tr>
<tr>
<td>Notices to lenders (n=160)</td>
<td>Very useful 38% Somewhat useful 44% Not very useful 9%</td>
</tr>
<tr>
<td>Quarterly bulletins (n=40)</td>
<td>Very useful 33% Somewhat useful 50% Not very useful 10%</td>
</tr>
<tr>
<td>Program annual report (n=20)</td>
<td>Very useful 10% Somewhat useful 55% Not very useful 5%</td>
</tr>
</tbody>
</table>
2.5.1 Additional Information Requested by Institutions

Some key informant interviews requested that certain types of information be made available via existing sources of information. These included:

- Best practices and success stories from different institutions, including how institutions are altering their policies in light of the recent program changes;
- An accessible\(^7\) program data repository, including that for loan performance and claims approval;
- Lists of businesses “red-flagged” for fraud by other institutions; and,
- Common issues and mistakes made on claims and forms.

\(^7\) Either directly accessible to financial institutions or accessible via a dedicated information officer with the Program Administration.
SECTION 3: EXPERIENCE WITH THE PROGRAM

This section reports on the use of the CSBFP during the previous five years by loan officers. Additionally, it examines reasons why some loan officers have not used the program.

3.1 Use of the Program

Over two-thirds (71%) of loan officers surveyed have had direct experience with the program since 2009. Of these “program users”, nearly all (99%) made a loan under the program. Moreover, about three-quarters of users (73%) completed a registration form, but only a tenth (11%) prepared a claim.

Program use appears to have modestly increased since 2004 when 66% of officers reported having made or registered a loan under the program. This change however should be observed with caution as the sampling approaches for the two studies were significantly different.

Use is notably higher at the large banks compared to small banks and credit unions (see Figure 3.1 below). Program use also varies notably by region, though this is largely related to smaller banks and credit unions. As shown below, loan officers at the large banks are generally consistent in their use across regions; regional differences are found however among small institutions. In Québec, most officers at small banks and caisses populaires have used the program, while most of their contemporaries in Ontario and the West have not. As a result of this, Québec stands out as the most active user of the program (84%), well ahead of Ontario (73%) and the West (61%).

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8 This statistic was calculated by excluding respondents from lists of program users provided by IC (11% of total sample).
9 In 2004, institutions were randomly sampled and two major financial institutions did not participate. In 2014, a mix of employee lists provided by institutions, public directories of institutions' branches, and a list of program users provided by IC were sampled. No major institutions declined to participate in 2014.
10 Comparisons may not be made with the 2004 study as it did not report on usage by region or institution group.
3.2 **Reasons for Not Using the CSBFP**

Loan officers who do not use the program generally cite a lack of suitable clients, or the ability to provide other options to borrowers, than have a problem with the program itself. These main reasons for not using the program have remained generally consistent over time (see Figure 3.2 below). The most common reason for not using the program both in 2004 and 2014 is a lack of suitable clients or demand.\(^{11}\) The other main reasons were effectively the same, though they were all cited about twice as often in 2014 compared to 2004 (e.g., alternate options doubled from 8% to 16%).

**Figure 3.2: Main Reason(s) for Not Using the Program, 2004 vs. 2014**

<table>
<thead>
<tr>
<th>2004 (n=420)</th>
<th>2014 (n=207)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No suitable clients (50%)</td>
<td>No suitable clients or demand (43%)</td>
</tr>
<tr>
<td>New to the job / insufficient experience (9%)</td>
<td>Can provide other financing options to borrower (20%)</td>
</tr>
<tr>
<td>Can provide other financing options to borrower (8%)</td>
<td>New to the job / insufficient experience (16%)</td>
</tr>
<tr>
<td>Not their responsibility / portfolio (8%)</td>
<td>Administrative burden (12%)</td>
</tr>
<tr>
<td>Corporate decision not to use the program (6%)</td>
<td>Not their responsibility / portfolio (12%)</td>
</tr>
<tr>
<td>Administrative burden (5%)</td>
<td>Corporate decision not to use the program (10%)</td>
</tr>
</tbody>
</table>

Base: Random sample; aware of program; no direct experience within previous five years. Totals may not add up to 100% as multiple responses permitted, and reasons cited by fewer than 10% of non-users excluded.

Some reasons for not using the program were more common in particular regions, though a lack of suitable clients or demand was consistently most cited reason across the country (see Figure 3.3 below). In Western Canada, alternate financing options and administrative burden were cited more commonly than elsewhere. In Atlantic Canada, about one-third of non-users cited inexperience with

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\(^{11}\) This should not be interpreted as a criticism of the program’s business eligibility criteria as only one eighth (13%) of non-users said this aspect of the program requires improvement.
the program; only one-fifth of those in Ontario and Québec cited this, and only 11% in the West. Corporate decisions not to use the program were cited most in Ontario, and generally uncommon elsewhere.

**Figure 3.3: Main reasons for not using the program, by Region**

<table>
<thead>
<tr>
<th>Main reason(s) for not using the program</th>
<th>Total</th>
<th>Western Canada and North (n=207)</th>
<th>Ontario (n=104)</th>
<th>Quebec (n=73)</th>
<th>Atlantic Canada (n=21)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not suitable clients / no demand</td>
<td>43%</td>
<td>45%</td>
<td>40%</td>
<td>44%</td>
<td>45%</td>
</tr>
<tr>
<td>Can provide other financing options to the borrower</td>
<td>20%</td>
<td>27%</td>
<td>13%</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>New to the job / insufficient experience</td>
<td>16%</td>
<td>11%</td>
<td>19%</td>
<td>20%</td>
<td>34%</td>
</tr>
<tr>
<td>Administrative burden</td>
<td>12%</td>
<td>17%</td>
<td>7%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Not their responsibility / portfolio</td>
<td>12%</td>
<td>16%</td>
<td>6%</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>Corporate decision to not use the program</td>
<td>10%</td>
<td>8%</td>
<td>17%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Base: Random sample; aware of program; no direct experience within previous five years. Totals may not add up to 100% as multiple responses permitted, and reasons cited by fewer than 10% of non-users excluded.

Comparing financial institutions, the order of reasons remains generally consistent though some reasons are more pronounced than others (see Figure 3.4, next page). For instance, while a lack of suitable clients or demand was the number one reason for non-use across institution groups, it was cited by a majority of small banks’ non-users versus only a third at credit unions; large banks fell roughly in between. The ability to provide other financing options was more common among the banks than credit unions.
### Figure 3.4: Main reasons for not using the program, by Institution Type

<table>
<thead>
<tr>
<th>Main reason(s) for not using the program</th>
<th>Total</th>
<th>Large Banks</th>
<th>Small Banks</th>
<th>Credit Unions / Caisse populaires</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(n=207)</td>
<td>(n=101)</td>
<td>(n=41)</td>
<td>(n=65)</td>
</tr>
<tr>
<td>Not suitable clients / no demand</td>
<td>43%</td>
<td>43%</td>
<td>55%</td>
<td>36%</td>
</tr>
<tr>
<td>Can provide other financing options to the borrower</td>
<td>20%</td>
<td>24%</td>
<td>23%</td>
<td>11%</td>
</tr>
<tr>
<td>New to the job / insufficient experience</td>
<td>16%</td>
<td>18%</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>Administrative burden</td>
<td>12%</td>
<td>13%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Not their responsibility / portfolio</td>
<td>12%</td>
<td>8%</td>
<td>14%</td>
<td>17%</td>
</tr>
<tr>
<td>Corporate decision to not use the program</td>
<td>10%</td>
<td>8%</td>
<td>9%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Base: Random sample; aware of program; no direct experience within previous five years. Totals may not add up to 100% as multiple responses permitted, and reasons cited by fewer than 10% of non-users excluded.

Non-users recommended a number of areas of the program they would like to see improved. These are included in the next section and compared to changes recommended by users.
SECTION 4: SATISFACTION WITH PROGRAM DESIGN

This section reports on program users’ satisfaction with CSBFP’s design, both overall and in regards to its specific parameters. Satisfaction scores for specific parameters are joined with relevant recommendations made by financial institutions to improve the program. Also included here is a comparison in recommended improvements between users and non-users.

4.1 Overall Satisfaction with Program Design

Satisfaction with the program is high, with two-thirds of program users (67%) indicating they are satisfied with its policies and procedures overall (see Figure 4.1 below). There is some regional and institutional variation, with somewhat higher rates of satisfaction in Québec and Atlantic Canada, and among credit unions and caisses populaires.

Figure 4.1: Users Very or Somewhat Satisfied with Policies and Procedures Overall, by Region and Institution Type

<table>
<thead>
<tr>
<th>Institution Type</th>
<th>Western Canada and North</th>
<th>Ontario</th>
<th>Québec</th>
<th>Atlantic Canada</th>
<th>All Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Banks</td>
<td>63%</td>
<td>64%</td>
<td>72%</td>
<td>70%</td>
<td>65%</td>
</tr>
<tr>
<td>(n=135)</td>
<td>(n=185)</td>
<td>(n=26)</td>
<td>(n=38)</td>
<td></td>
<td>(n=384)</td>
</tr>
<tr>
<td>Small Banks</td>
<td>50%</td>
<td>*</td>
<td>70%</td>
<td>*</td>
<td>65%</td>
</tr>
<tr>
<td>(n=12)</td>
<td>(n=2)</td>
<td>(n=50)</td>
<td>(n=3)</td>
<td></td>
<td>(n=67)</td>
</tr>
<tr>
<td>Credit Unions/ Caisses populaires</td>
<td>72%</td>
<td>85%</td>
<td>73%</td>
<td>83%</td>
<td>75%</td>
</tr>
<tr>
<td>(n=52)</td>
<td>(n=19)</td>
<td>(n=67)</td>
<td>(n=11)</td>
<td></td>
<td>(n=149)</td>
</tr>
<tr>
<td>All Financial Institutions</td>
<td>65%</td>
<td>66%</td>
<td>72%</td>
<td>72%</td>
<td>67%</td>
</tr>
<tr>
<td>(n=199)</td>
<td>(n=206)</td>
<td>(n=143)</td>
<td>(n=52)</td>
<td></td>
<td>(n=600)</td>
</tr>
</tbody>
</table>

Base: Program users.

In 2014, there appears to be a lower rate of satisfaction across the board but a much higher rate of those who are very satisfied. As such, it may be said that since 2004 satisfaction with the program has become more polarized (see Figure 4.2 below). Previously, majorities of users reported they were somewhat satisfied with the program’s terms and conditions, excluding the annual administration fee, while very few reported being very satisfied. When asked for overall satisfaction, 87% said they were very or somewhat satisfied, though very few (6%) reported the former. For instance, overall satisfaction decreased from 87% very/somewhat satisfied to 67%, but those who are very satisfied increased from 6% to 22%. A similar trend was observed for all terms and conditions, excluding maximum loan size – an exception to be expected considering the maximum was doubled from $250,000 to $500,000 since the previous lender study.
Figure 4.2: Satisfaction with the Program’s Terms and Conditions, 2004 versus 2014

<table>
<thead>
<tr>
<th>Term or Condition</th>
<th>2004</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum % of asset cost to be financed</td>
<td>35%</td>
<td>51%</td>
</tr>
<tr>
<td>Guarantees required</td>
<td>43%</td>
<td>42%</td>
</tr>
<tr>
<td>Securities required</td>
<td>42%</td>
<td>41%</td>
</tr>
<tr>
<td>Business eligibility criteria</td>
<td>43%</td>
<td>36%</td>
</tr>
<tr>
<td>Maximum loan size</td>
<td>41%</td>
<td>35%</td>
</tr>
<tr>
<td>Expenditure eligibility criteria</td>
<td>43%</td>
<td>31%</td>
</tr>
<tr>
<td>Maximum term of loan</td>
<td>38%</td>
<td>34%</td>
</tr>
<tr>
<td>Due diligence requirements</td>
<td>39%</td>
<td>31%</td>
</tr>
<tr>
<td>Maximum interest rate</td>
<td>37%</td>
<td>31%</td>
</tr>
<tr>
<td>Policies and procedures, overall</td>
<td>45%</td>
<td>22%</td>
</tr>
<tr>
<td>Loan loss sharing ratio</td>
<td>33%</td>
<td>32%</td>
</tr>
<tr>
<td>2% registration fee</td>
<td>34%</td>
<td>28%</td>
</tr>
<tr>
<td>Required documentation</td>
<td>37%</td>
<td>23%</td>
</tr>
<tr>
<td>1.25% administration fee</td>
<td>26%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Base: Program users (2004 n=1,045; 2014 n=600). Bracketed figures are very and somewhat satisfied combined.

It is noteworthy that overall satisfaction saw the greatest decrease of those very/somewhat satisfied (-20%) compared to the specific terms and conditions. Terms and conditions that decreased the most were administrative aspects (i.e., required documentation and due diligence requirements), and the business and expenditure eligibility criteria.

What then to make of this shift? Representative of multiple institutions, including both banks and credit unions, reported “evaluation fatigue” – that though Industry Canada has consulted financial institutions multiple times over the past decade to get their feedback on the CSBFP, change has come slowly. As a large number of changes were introduced while the survey was being conducted in spring 2014, many respondents may have felt Industry Canada had ignored previous feedback. This becomes evident when comparing the views of officers who were and were not aware of the changes.
Respondents that are aware of the changes were more satisfied with the program. Three-quarters (76%) of users aware of the program changes said they were very or somewhat satisfied with the program overall, versus less than two-thirds (63%) who were unaware of the changes. For some of the less satisfactory aspects of program design – particularly those which were subject to recent changes – similar trends were observed. For example, satisfaction with the required documentation was 73% among those aware of the changes versus only 55% among those unaware. Additionally, users who were aware of the changes were also more satisfied with the due diligence requirements (+7%), the securities required (+6%), and the maximum percentage of the asset to be financed (+6%) – all of which were affected by the 2014 changes. Moreover, users who were aware of the changes expressed lower rates of satisfaction with the administration fee (-10%) and maximum loan term (-9%), two items which were not changed in 2014. (A further discussion of receptiveness to program changes is found in Section 7 of this report).

### 4.1.1 Key Drivers of Satisfaction with Program Design

Overall satisfaction with the design of the program appears to be driven primarily by a select number of program policies and procedures. In other words, a program user’s satisfaction – or dissatisfaction – with a few specific aspects of the CSBFP is likely to predict overall satisfaction with the program. Using linear regression analysis, it was found that the following five aspects strongly or modestly relate\(^\text{12}\) to overall satisfaction:

- Required documentation (strongly related);
- Due diligence requirements (strongly related);
- Business eligibility criteria (modestly related);
- Maximum interest rate (modestly related); and
- Maximum loan size (modestly related).

As such, the expenditure eligibility criteria, the loan loss sharing ratio, the required securities and guarantees, the maximums for financing percentage and loan term, and the registration and administration fees are not significantly related to overall satisfaction with the program itself.

The required documentation, due diligence requirements, and the business eligibility criteria were also the top three program aspects most related to overall satisfaction with the CSBFP.

### 4.1.2 Comparing Satisfaction between Lenders and Borrowers

Lenders and borrowers reported similar rates of overall satisfaction with program design. Though the 2013 borrowers study surveyed satisfaction with the “overall fairness of the terms and conditions,” as opposed to “policies and procedures, overall” similar rates were found; two-thirds of both borrowers (66%) and lenders (67%) were either very or somewhat satisfied.

However, when looking at specific aspects of program design it is clear that lenders had more positive impressions of the program than borrowers (see Figure 4.3 below). Satisfaction with the interest rate and the fees was markedly higher among lenders compared to borrowers. Also

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\(^{12}\)'Strongly’ denotes significance at the 0.01 level; ‘modestly’ at the 0.05 level. The five aspects are listed from strongest to weakest significance.
relatively higher was satisfaction with the availability of program information (an aspect of service discussed in greater length in Section 5 of this report).

Figure 4.3: Lenders and Borrowers Very or Somewhat Satisfied with Selected Aspects of Program Design

<table>
<thead>
<tr>
<th>Aspect of Program Design</th>
<th>Lenders (2014; n=600)</th>
<th>Borrowers (2013; n=570)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities and guarantees required</td>
<td>80%</td>
<td>70%</td>
</tr>
<tr>
<td>Availability of program information</td>
<td>77%</td>
<td>56%</td>
</tr>
<tr>
<td>Maximum interest rate</td>
<td>68%</td>
<td>36%</td>
</tr>
<tr>
<td>Policies and procedures, overall</td>
<td>67%</td>
<td>66%</td>
</tr>
<tr>
<td>2% registration fee</td>
<td>62%</td>
<td>32%</td>
</tr>
<tr>
<td>Required documentation</td>
<td>60%</td>
<td>55%</td>
</tr>
<tr>
<td>1.25% administration fee</td>
<td>41%</td>
<td>22%</td>
</tr>
</tbody>
</table>

4.2 Improving Program Design

The key areas for improvement identified by users and non-users of the program have changed since 2004 (see Figure 4.4, below). While reducing the administrative burden remains a common refrain among users and non-users alike, the particular parameters loans officers would like to see improved have changed. In 2004, augmenting the loan limit and reducing the fees and costs associated with the program were identified as key areas for improvement. In 2014, revising the business and expenditure eligibility criteria was more commonly requested. There is a more pronounced interest among users to increase the amortization period than observed previously. Notable among non-users is that in 2004 the number one “improvement” recommended was increasing awareness (advertise/inform), followed by generic recommendations (e.g., reduce administrative burden, reduce costs). In 2014, awareness was not a top concern for non-users, and their recommendations were more program specific (e.g., revise criteria, augment limits). This suggests that increasing program use is now more dependent on fine-tuning aspects of the program rather than building awareness or fundamentally restructuring it.

Figure 4.4: Key areas for improving the program, comparing users and non-users, 2004 vs. 2014

<table>
<thead>
<tr>
<th>Group</th>
<th>2004</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Users</td>
<td>Augment loan limit</td>
<td>Reduce administrative burden</td>
</tr>
<tr>
<td></td>
<td>Reduce administrative burden</td>
<td>Revise business &amp; expenditure eligibility criteria</td>
</tr>
<tr>
<td></td>
<td>Reduce / make more flexible fees and costs</td>
<td>Lengthen the amortization period (esp. real estate)</td>
</tr>
<tr>
<td>Non-users</td>
<td>Advertise / inform</td>
<td>Reduce administrative burden</td>
</tr>
<tr>
<td></td>
<td>Reduce the administrative burden</td>
<td>Revise business &amp; expenditure eligibility criteria</td>
</tr>
<tr>
<td></td>
<td>Reduce / make more flexible fees and costs</td>
<td>Augment loan limit</td>
</tr>
</tbody>
</table>

Phrasings included in Figure 4.3 are those from the 2014 lenders survey. Key differences in the 2013 borrowers study were: maximum interest rate referred to as “interest rate charged” and required documentation as “administrative reporting requirements.” Also note that the lenders survey included separate questions for securities and guarantees; the numbers presented in this figure are a calculated mean score.
The remainder of this section focuses in on the particular terms and conditions of the program. However rather than regurgitate the satisfaction statistics presented in Figure 4.2 above, these subsections explore the feedback garnered from key informant interviews, pronounced differences between financial institutions, and highlighting terms and conditions program users\textsuperscript{14} singled out for needing improvement.

4.2.1 Administrative Burden

Aside from the fees attached to CSBFP loans, their required documentation generates the greatest dissatisfaction among program users. Required documentation was the aspect of the program most commonly cited as needing improvement, with one-in-three (33\%) users identifying it could be improved. Among recent changes to the CSBFP, the reduction in the number of invoices and cheques that must be collected and submitted by lenders was most well-received (see Section 7 for a greater discussion of this and other specific changes). In addition to administrative burden, the due diligence requirement were also a source of consternation for some users, with 15\% of program users identifying them as in need of improvement.

These concerns are generally restricted to loan officers from banks rather than credit unions and caisses populaires. For example, pluralities of loan officers from large banks (38\%) and small banks (44\%) identified the required documentation as needing improvement. Among credit unions however, improving this aspect was a relatively low priority (14\%). A similar trend was found for due diligence requirements (identified by 21\% of small banks’ and 17\% of large banks’ loan officers, versus only 6\% at credit unions).

Key informants mentioned a number of ways administrative burden could be further reduced, aside from reducing the number of invoices and cheques to be collected and submitted. Generally speaking, most institutions’ representatives agreed the administrative burden could be further reduced and that doing so would likely increase program use. Several large banks requested they be permitted to pay their clients a small portion of a loan without proof of payment. One institution for instance suggested a maximum threshold of $10,000 to $20,000. Multiple institutions also recommended allowing alternate forms of proof of payment, including statutory declarations for buildings and leasehold improvements, and submitting electronic images of invoices instead of original copies.

4.2.2 Eligibility Criteria

About one-fifth of program users reported the expenditure eligibility (22\%) and business eligibility criteria (18\%) could be improved. These parameters were greater concerns among loan officers from large banks than small banks and credit unions. Key informants (and to a lesser extent, program users comments) provided clarity on how exactly these criteria may be improved.

\textsuperscript{14} A plurality of non-users (45\%) could not indentify one aspect of the program that could use improvement, and thus further statistics on terms and conditions they flagged for improvement are not provided. As Figure X shows, they generally identified the same key areas as in need of improvement (i.e., administrative burden and eligibility criteria).
There was little unity on which ineligible expenditures should be allowed under the program. Expenditures mentioned included share purchases, inventory, working capital, and franchise fees—though each was identified by only one institution.

In suggesting improvements to business eligibility, there was more unity. A number of large and small banks believe holding companies, particularly for loans covering real estate, should be eligible for CSBFP loans. A range of institutions noted that the ‘revenue cap’ for eligible businesses should be increased from $5,000,000 or made flexible on a per-industry basis.

4.2.3 Limits

Almost a quarter of program users reported that the maximum term (23%) and size (22%) of CSBFP loans could be improved. Credit unions were more interested in increasing the maximum term while large and small banks were more interested in increasing the maximum size. Fewer suggested improving the maximum interest rate (15%) or the maximum percentage of the cost of asset to be financed (10%). The interest rate was more of a concern to credit unions (22%) than large (14%) or small banks (7%).

Key informants had a number of recommendations for how to increase the maximum term and size of CSBFP loans, which echoed comments from program users. The recommendations largely related to increasing the limits for real estate purchase. In regards to loan size, large and small banks recommended either an overall increase, or an increase for real estate from $500,000 to somewhere between $750,000 and $1,000,000. Credit unions, which noted their clientele are unlikely to make such large real estate purchases, suggested increasing the loan size limit, either by eliminating the $350,000 sub-limit for equipment, or segregating equipment and real estate, thus allowing for a total loan size of $850,000. In regards to loan terms, both large banks and credit unions suggested increasing the term exclusively for real estate from 10 years to between 15 and 20 years.

A number of key informants expressed that the maximum interest rate constrains the profitability of CSBFP loans, but this was balanced by general relief that their institutions will now be permitted to charge conventional lending fees. No key informants took issue with the maximum financing percentage, which was increased as part of the April 1, 2014 changes.

4.2.4 Fees

Though program users unsurprisingly expressed low rates of ‘satisfaction’ with the program’s registration and administration fees, only an eighth (13%) recommended that either fee be ‘improved.’ Furthermore, feedback from key informants suggests that dissatisfaction with the fees is now being mitigated by the April 1st, 2014 change permitting the charging of conventional lending fees to loan recipients which will help lenders recoup these costs.

The administration fee was more concerning to credit unions (25%) than either large (8%) or small banks (6%). Opinions were relatively consistent regarding the registration fee.
4.2.5 Other Terms and Conditions

Other terms and conditions do not appear to be sources of contention for program users, and went generally unmentioned by key informants. Fewer than ten percent of users suggested making improvements to securities and guarantees required (9%) and the loan loss sharing ratio (3%).
SECTION 5: SATISFACTION WITH SERVICE PROVIDED

This section reports on program users’ satisfaction with the delivery of service provided by the CSBF Program Administration, both overall and in regards to specific service attributes. Satisfaction scores for specific attributes are joined with relevant recommendations made by financial institutions to improve the service provided.

5.1 Overall Satisfaction with Service Provided

Satisfaction with the CSBF Program Administration is high, with over two-thirds of program users (72%) indicating they are very or somewhat satisfied with the service provided overall (see Figure 5.1 below). As observed for program design, there is some regional and institutional variation, with somewhat higher rates of satisfaction in Québec and Atlantic Canada, and among credit unions and caisses populaires.

Figure 5.1: Users Very or Somewhat Satisfied with Service Provided by CSBFP Administration Overall, by Region and Institution Type

<table>
<thead>
<tr>
<th>Institution Type</th>
<th>Regions</th>
<th>Western Canada and North</th>
<th>Ontario</th>
<th>Québec</th>
<th>Atlantic Canada</th>
<th>All Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Banks</td>
<td></td>
<td>67%</td>
<td>64%</td>
<td>75%</td>
<td>72%</td>
<td>66%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(n=135)</td>
<td>(n=185)</td>
<td>(n=26)</td>
<td>(n=38)</td>
<td>(n=384)</td>
</tr>
<tr>
<td>Small Banks</td>
<td></td>
<td>40%</td>
<td>*</td>
<td>78%</td>
<td>*</td>
<td>69%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(n=12)</td>
<td>(n=2)</td>
<td>(n=50)</td>
<td>(n=3)</td>
<td>(n=67)</td>
</tr>
<tr>
<td>Credit Unions/ Caisses populaires</td>
<td></td>
<td>88%</td>
<td>85%</td>
<td>87%</td>
<td>100%</td>
<td>88%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(n=52)</td>
<td>(n=19)</td>
<td>(n=67)</td>
<td>(n=11)</td>
<td>(n=149)</td>
</tr>
<tr>
<td>All Financial Institutions</td>
<td></td>
<td>71%</td>
<td>66%</td>
<td>82%</td>
<td>77%</td>
<td>72%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(n=199)</td>
<td>(n=206)</td>
<td>(n=143)</td>
<td>(n=52)</td>
<td>(n=600)</td>
</tr>
</tbody>
</table>

Base: Program users.

As was observed for program design, fewer program users reported being very or somewhat satisfied with the service provided overall, but the rate of those who were very satisfied increased substantively (see Figure 5.2 below). However, the more drastic decreases in satisfaction – for instance regarding speed of service, accessibility, and courtesy – are driven by higher non-response rates. Overall, over one-quarter of respondents were unable to rate their satisfaction with the Administration’s courtesy (35%), accessibility (34%), competence (32%), speed of service (29%), and fairness (29%).
Overall satisfaction with the service provided was higher among users who prepared a claim in the past five years (84% very or somewhat satisfied), compared to those who had submitted a form or registered a loan (73%) or made a loan under the program (72%). Differences based on program experience were especially pronounced for those five aspects of service with high overall non-response rates. (See sub-section 5.3 below for further discussion of this issue).

### 5.2 Key Drivers of Satisfaction with Service Provided

Overall satisfaction with the service provided by the CSBF Program Administration is driven by a number of service aspects. Using linear regression it was found the six aspects were significantly related\(^\text{15}\) to overall satisfaction (with service):

\[^{15}\text{The six aspects are listed from strongest to weakest influence on overall satisfaction with service.}\]
➢ Sensitivity to lenders’ needs;
➢ Competence;
➢ Accessibility;
➢ Ease of completing forms;
➢ Fairness; and,
➢ Service in official language of choice.

As such, availability and clarity of program information, speed of service, and courtesy are not significantly related to overall satisfaction with the Program Administration.

Compared to 2004, the key drivers are generally the same as those in 2014 with the exception of accessibility, which then was among the least significant service aspects.

In a separate regression test it was found that experience with the program has a modest relation with overall service satisfaction. Program users who had prepared a claim were somewhat likelier to be satisfied than those who had not.

5.3 Improving Service Provided

In 2014, the aspects of service which program users most commonly cited as needing improvement were:
➢ Ease of completing forms (24%);
➢ Clarity of program information (19%);
➢ Availability of program information (14%);
➢ Program sensitivity to lenders’ needs (14%);
➢ Speed of service (7%); and,
➢ Accessibility of the staff (7%).

About half of program (54%) users identified at least one service aspect in need of improvement. This is an increase compared to 2004 when less than a third (31%) identified any aspects needing improvement.

Due to the low response rate to this question in 2004, it is difficult to compare service aspects most in need of improvement. For instance, the most commonly cited aspects were accessibility and clarity of information (8%) and accessibility of personnel (5%); no other service aspect was cited by more than 5% of program users. In the remainder of this section, these aspects are discussed including concrete improvements suggested by key informant interviewees. Speed of service and accessibility are discussed together with other attributes of the Program Administration, as relations were found between them and the nature of a program users’ direct experience with the CSBFP.

---

16 Total exceeds 100% as multiple responses permitted.
5.3.1 Ease of Completing Forms

A plurality of program users (24%) cited forms as needing improvement. This was also a top area for improvement in 2004. This was particularly a concern among the large banks (29%). Credit unions were significantly less concerned with forms (13%). Key informants identified some specific areas for improvement. These included allowing leaseholds and equipment to be reported together in security documents, and removing the “check list” of documents included at the end of the claims form. Multiple institutions also requested being able to complete forms online.

5.3.2 Clarity and Availability of Program Information

The availability and clarity of program information were the two highest rated aspects of CSBF Program Administration. However satisfaction on this front differs significantly between large banks and other types of financial institutions. Though similar proportions of program users across institutions types were very or somewhat satisfied with availability (76%) and clarity of program information (73%), large banks had higher rates of being very satisfied. For instance, 41% of large banks’ users were very satisfied with availability of information versus only 15% for small banks. As discussed in the sub-section below this may relate to larger banks’ ability to supplement Industry Canada’s official sources of program information (e.g., website, guidelines) with in-house resources.

Key informants, particularly those representing credit unions and caisses populaires, identified clarity of program information as an area in need of improvement. Generally, key informants said that making guidelines more digestible / user-friendly would increase comfort among lenders and lead to increased program use. In particular, informants said this could be achieved by providing more concrete examples to distinguish eligible and ineligible expenditures, and equipment versus operating costs. One informant suggested two versions of the guidelines could be provided: an exhaustive edition for back office workers like themselves, and a more basic version for frontline workers like loan officers.

5.3.3 Sensitivity to Lenders’ Needs

Overall, one-in-seven (14%) program users said the Program Administration could improve by being more sensitive to lenders’ needs. Based on key informant interviews, some instances of perceived insensitivity were mentioned. First, as discussed at greater length in Section 7 of this report, some institutions believe Industry Canada is slow to act on feedback from institutions. Second, key informants mentioned that claims were refused for minor errors (e.g., spelling mistakes, improperly completed forms) as opposed to serious concerns (e.g., fraud potential, ineligibility of expenses). Though some key informants said the Program Administration has improved in this regard in recent years, others said greater leniency on minor errors would make the program more attractive to lenders frustrated with CSBFP’s administrative burden.

5.3.4 Impressions of the CSBF Program Administration

Program users who have had direct experience with the CSBF Program Administration are generally satisfied with the service they receive. Although fewer than half of program users reported being very or somewhat satisfied with each of the Administrations’ competence, fairness, speed, courtesy, and accessibility, these low rates of satisfaction should be read with two caveats in mind:

1. As noted in Section 5.1 above, the non-reply rate for these questions was uncommonly high. This is likely due to most respondents being only involved in the writing of loans and not in
administrative functions such as loan registration or claims submission. As Figure 5.3 below shows, rates of a satisfaction with attributes of the Program Administration are somewhat higher among the subsets of program users who have either submitted a form or registered a loan, and significantly higher among those who have prepared a claim. These ‘administration-engaged’ program users also reported much higher response rates to these questions.

2. Interviews with key informants reveal that most institutions – namely the large banks that made up the majority of survey respondents – have designated individuals who act as liaisons between lenders and the Program Administration. Moreover, informants generally expressed high levels of satisfaction with the Administration, particularly in regard to their accessibility. Some informants did note that there is a perception among some program users that claims will be rejected due to “bureaucratic reasons.” This concern was noted by multiple credit union representatives.

![Figure 5.3: Users Very or Somewhat Satisfied with Attributes of the Program Administration, by Experience](image)

<table>
<thead>
<tr>
<th>Attribute of the Program Administration</th>
<th>All Program Users (n=593)</th>
<th>Experience(s) with the CSBFP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Made a Loan (n=586)</td>
<td>Submitted Form / Registered Loan (n=443)</td>
</tr>
<tr>
<td>Competence</td>
<td>47% (32%)</td>
<td>47% (32%)</td>
</tr>
<tr>
<td>Fairness of Decisions</td>
<td>47% (29%)</td>
<td>47% (29%)</td>
</tr>
<tr>
<td>Speed of Service</td>
<td>44% (29%)</td>
<td>44% (29%)</td>
</tr>
<tr>
<td>Courtesy</td>
<td>44% (35%)</td>
<td>43% (35%)</td>
</tr>
<tr>
<td>Accessibility</td>
<td>42% (34%)</td>
<td>41% (34%)</td>
</tr>
</tbody>
</table>

Note: Primary figures denote percent of users who replied “very” or “somewhat satisfied;” bracketed figures denote replies of “don’t know / no response.”

### 5.3.5 Bilingual Service

Program users were largely satisfied with being able to receive service in the official language of their choice (53% very satisfied, 19% somewhat satisfied). Overall, less than 1% of all program users reported being dissatisfied with their ability to bilingual service. Satisfaction however was less strong in Quebec (33% very satisfied) compared to Western Canada (63% very satisfied), or Ontario and Atlantic Canada (58% for both).
SECTION 6: IMPACT OF THE PROGRAM

This section reports on the impact of the program. This is measured primarily by incrementality: the estimation of how many CSBFP borrowers would be unable to obtain loans if the program were not in place. As some borrowers may be able to obtain credit without the program but under different conditions, these less favourable conditions are also reported.

6.1 Incrementality

Integral to evaluation of the CSBFP is assessing how its absence would impact small business borrowers throughout Canada. Program users estimate that only one-quarter (25%) of CSBFP loan borrowers would have been approved for a loan with conditions as favourable (to the borrower) if the program did not exist (see Figure 6.1 below). Moreover, nearly half (46%) would be outright rejected for a loan while the remainder (30%) would be approved but under less favourable conditions. (See the sub-section below for what less favourable conditions would be).

Figure 6.1: Estimated Share of CSBFP Borrowers who would be Approved or Rejected without the Program

<table>
<thead>
<tr>
<th>Without the CSBF Program, what percentage of borrowers would be...</th>
<th>All Institutions</th>
<th>Large Banks</th>
<th>Small Banks</th>
<th>Credit Unions / Caisses populaires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved for a loan with the same or more favourable conditions</td>
<td>25%</td>
<td>23%</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>Approved for a loan with less favourable conditions</td>
<td>30%</td>
<td>24%</td>
<td>43%</td>
<td>38%</td>
</tr>
<tr>
<td>Rejected</td>
<td>46%</td>
<td>53%</td>
<td>33%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Base: Program users. Note, the lower count is due to approximately one-quarter of program users unable to provide estimates.

The overall trend is largely driven by large banks that made up the majority of respondents. Small banks and credit unions estimated only a third (33%) of their CSBFP borrowers would be outright rejected; their loan officers estimated that a plurality of their CSBFP borrowers would be approved with less favourable conditions.\(^\text{17}\)

6.2 Alternate Conditions for CSBFP Loan Borrowers

Collectively, program users estimated about one-third (30%) of CSBFP loan borrowers would be approved with less favourable conditions. The majority of users (60%) said these borrowers would need to provide more collateral, and about half (49%) said loan sizes would be reduced (see Figure 6.2 below). Moreover, institutions differed in what other conditions would be required to approve

\(^\text{17}\) There was no significant variation between regions. While program users in Québec estimated a lower percentage of borrowers would be outright rejected, this is skewed by the disproportionate share of small banks and credit unions / caisses populaires in that province.
loans for these borrowers. About half (48%) of large banks’ users would also require increased borrower equity; this was less common among users at small banks (32%) and credit unions (38%). Credit unions were most inclined to impose a higher interest rate (44%), though followed closely by large banks (39%). Small banks were the most inclined to require more collateral and approve loans for a smaller amount, but less inclined to impose any other conditions.

**Figure 6.2: Estimated Share of CSBFP Borrowers who would be Approved or Rejected without the Program**

<table>
<thead>
<tr>
<th>Less favourable conditions</th>
<th>All Institutions (n=375)</th>
<th>Large Banks (n=226)</th>
<th>Small Banks (n=45)</th>
<th>Credit Unions / Caisses populaires (n=105)</th>
</tr>
</thead>
<tbody>
<tr>
<td>More Collateral</td>
<td>60%</td>
<td>61%</td>
<td>64%</td>
<td>56%</td>
</tr>
<tr>
<td>Less Amount</td>
<td>49%</td>
<td>48%</td>
<td>64%</td>
<td>45%</td>
</tr>
<tr>
<td>Increased Borrower Equity</td>
<td>43%</td>
<td>48%</td>
<td>32%</td>
<td>38%</td>
</tr>
<tr>
<td>Higher Interest Rate</td>
<td>39%</td>
<td>39%</td>
<td>23%</td>
<td>44%</td>
</tr>
<tr>
<td>Shorter Term</td>
<td>24%</td>
<td>25%</td>
<td>20%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Base: Program users. The lower count, relative to Figure X, is due to a number of loan officers estimating no borrowers would be approved with less favourable conditions.
SECTION 7: CHANGES TO THE PROGRAM

This section reports on the receptiveness of program users to six major changes which were made to the CSBFP on April 1st, 2014. All program users were asked if they were aware of the changes, had the changes described to them, and were asked how each would impact their future use of the program. The six changes were:

- Reducing the number of invoices and cancelled cheques that need to be collected and submitted;
- Deregulating the maximum financing percentage;
- If a site visit is conducted, the lender will have extra assurance that a claim will be paid;
- Removing the 25% limit on unsecured personal guarantees;
- Allowing conventional lending fees to be charged; and,
- Focusing on verifying the loss, rather than the entire loan amount in a claim.

7.1 Overall Satisfaction with Changes

Program users were satisfied with the changes, with nearly two-thirds (64%) responding they were very or somewhat satisfied and only 1% expressing a negative opinion; the remainder expressed either a neutral opinion on no opinion (largely due to low awareness). Satisfaction was higher among those who were aware of the changes prior to the survey (see Figure 7.1 below).

Figure 7.1: Overall Satisfaction with the Changes, by Awareness of Changes

<table>
<thead>
<tr>
<th>Satisfaction with the Changes</th>
<th>All Program Users (n=577)</th>
<th>Awareness Prior to Survey</th>
<th>Aware (n=171)</th>
<th>Unaware (n=398)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very satisfied</td>
<td>28%</td>
<td>36%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Somewhat satisfied</td>
<td>36%</td>
<td>44%</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Neutral</td>
<td>21%</td>
<td>17%</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>Somewhat dissatisfied</td>
<td>1%</td>
<td>3%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Don't know / Don't have enough information</td>
<td>14%</td>
<td>1%</td>
<td>18%</td>
<td></td>
</tr>
</tbody>
</table>

Base: Program users (n=577).

Satisfaction was especially strong among credit unions and caisses populaires, with nearly half (46%) of their program users reporting being very satisfied. Recall however that awareness was much higher among credit unions, and awareness of the changes tended to increase satisfaction with them. Satisfaction was largely consistent across regions. Above-average rates of satisfaction in Québec (88% very/somewhat satisfied versus 70% elsewhere) were the combined result of the survey’s timing and the disproportionately high number of caisses populaires in that province.

Most program users report the changes will increase their usage of the program, whether they were previously aware of them (76%) or not (66%). Only 2% of program users reported the changes will decrease their usage of the program. Not surprisingly, satisfaction with the changes and likelihood
to increase use had a strong, positive correlation. Prior awareness had no significant correlation on either satisfaction or likelihood to increase use.\textsuperscript{18}

### 7.2 Impact of Specific Changes

Program users were asked whether each change would increase or decrease their use of the program. Generally each change was estimated to increase or not impact use, though some respondents did feel some changes would negatively affect their use of the program (see Figure 7.3 below). For instance, the most popular change was reducing the administrative burden by reducing the number of invoices and cheques lenders must collect and submit to the Program Administration. As noted in section 4.2.1 there are a number of other changes to administrative burden that key informants said would make the program more attractive. However, though 62\% of program users said this will increase their use, 10\% reported this would decrease their use. It is possible then that these instances of negative impact reflect disappointment that changes fell short of their expectations rather than disinclination to use the program. On the other hand, it is possible that some program users will “give up” on the program due to their disappointment in the changes. Prior awareness of the changes had no consistent relation with each change’s predicted impact on use.

#### Figure 7.3: Impact of Changes on CSBFP Use

<table>
<thead>
<tr>
<th>Program Change</th>
<th>Increase Greatly</th>
<th>Increase Somewhat</th>
<th>No Impact on Use</th>
<th>Decrease Somewhat</th>
<th>Decrease Greatly</th>
<th>Don’t Know / No response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce administrative burden</td>
<td>47%</td>
<td>15%</td>
<td>23%</td>
<td>3%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Deregulate max. financing percentage</td>
<td>38%</td>
<td>19%</td>
<td>26%</td>
<td>4%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Extra assurance if site visit conducted</td>
<td>26%</td>
<td>17%</td>
<td>41%</td>
<td>4%</td>
<td>3%</td>
<td>8%</td>
</tr>
<tr>
<td>Remove limit on personal guarantees</td>
<td>21%</td>
<td>15%</td>
<td>43%</td>
<td>7%</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>Allow conventional lending fees</td>
<td>22%</td>
<td>14%</td>
<td>45%</td>
<td>5%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Focus on verifying the loss</td>
<td>18%</td>
<td>13%</td>
<td>44%</td>
<td>4%</td>
<td>2%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Base: Program users (n=577).

Receptiveness to specific changes varied somewhat between institutions. For large banks, the “top three” changes were the same as the overall results — reducing administrative burden, deregulating the maximum financing percentage, and extra assurance if a site visit is conducted. Small banks were especially receptive to the reduction in administrative burden, but less inclined to increase use due to the site visit change. Instead, they were more satisfied with the change to focus claims review on verifying the loss rather than the entire loan amount. Credit unions were the least “impressed” by the reduced administrative burden, though recall from section 4.3 that credit unions were least inclined to feel such improvements were necessary. The change allowing conventional lending fees to be charged was most popular among credit unions and caisses populaires.

\textsuperscript{18} Excluding non-responses (e.g., “I don’t have enough information”).
SECTION 8: CONCLUSIONS

This study found a high level of awareness and satisfaction among lenders with the Canada Small Business Financing Program. Awareness of recent changes to the program however was relatively low. Communicating to lenders how these changes make the program easier to use and more profitable is likely to result in even higher rates of both satisfaction and program use.

Virtually all loan officers surveyed are familiar with the CSBFP. Moreover, most program users understand the program’s eligibility criteria. Future awareness efforts thus should focus on improving loan officers’ understanding of the program’s finer details, such as deadlines for loan registration and claims submission, and the maximum percentage of a loan the government will reimburse. This could be coupled with campaigns to inform loan officers of the changes made to the program in 2014 (see more on changes further below). Awareness efforts, and the general provision of program information, should place special emphasis on small banks and credit unions, which are less likely than the large banks to produce their own in-house resources.

Program use is considerably higher among the large banks compared to small banks and credit unions. If program use is to be increased, a range of different changes will be necessary to meet different types of institutions needs. The large banks, who are already the primary users of the program, want to be able to make CSBFP loans to a broader clientele and for larger amounts. Expanding the business and expenditure eligibility criteria, such as by permitting loans to holding companies, and increasing the maximum loan size and term – particularly to accommodate high-value real estate purchases in Canada’s biggest cities – would be necessary to increase large banks’ program use. Credit unions, on the other hand, are concerned with the cost of making CSBFP loans. Any changes which would reduce the cost to lenders, such as increasing the maximum interest rate or reducing the administration fee, would make the program more attractive to their loan officers. Small banks reported being particularly burdened by the program’s administrative requirements, and thus any further reductions in that regard may lead to increased use among their officers.

The changes made to the program in 2014 may meet some of these demands, particularly among small banks and credit unions. Overall, two-thirds of program users reported the changes will encourage them to increase their use of the program. The most popular changes were the reductions in administrative burden, deregulation of the maximum financing percentage, and providing extra assurance claims will be paid if a site visit was conducted. Reducing administrative burden was the most well received by small banks, and allowing conventional lending fees the most well received by credit unions – logical trends in light of the their respective loan officers’ and key informants qualms with the program. It is unlikely that any of the changes will have a significant negative impact on program use. Though program users did express some negative feelings towards select changes, these opinions were mitigated by positive feelings towards others.

The key drivers of satisfaction – and dissatisfaction – with the program itself were impressions towards the program’s reporting and due diligence requirements, the business eligibility criteria, and the maximum interest rate and loan sizes. Changes made to those first two items should result in opinions of the program improving in the future.
One potentially worrisome trend is polarization of views surrounding the program. While there is a much higher rate of program users who are very satisfied with the program, compared to the previous study a decade earlier, there appears to be also lower rate of satisfaction across the board. However, as awareness of the recent program changes increases, Industry Canada can expect program satisfaction to increase as well. Program users who were aware of the recent changes expressed greater levels of satisfaction with the program design overall and greater satisfaction with policies that were subject to change. Effective communication of the changes, in particular how reporting and due diligence requirements have been lessened, is likely to improve opinions.

Impressions of the Program Administration have similarly polarized since 2004. About one-third of program users were unable to score the Program Administration on its competence, fairness, courtesy or accessibility. This was found to be in part driven by program users’ personal experience with the program. Those who have actually engaged directly with the Program Administration, either by registering a loan or submitting a claim, reported higher levels of satisfaction than those were only involved in the writing of loans. Again, greater outreach efforts may mitigate this by increasing the profile of the Program Administration among loan officers.

Lenders reported that a combination of both in-person outreach and online communication are necessary to improve knowledge and familiarity with the program. Recommended online methods included more frequent webinars, more frequent updates of the program website’s Frequently Asked Questions, and distribution of an electronic newsletter. Some lenders would like to see more program data be made available to help demonstrate the value of making CSBFP loans. Lenders also stressed that online communication is not sufficient by itself, and that in-person outreach is necessary to convince former users of the program’s value and the impact of recent changes.

Interestingly lenders have a more thoroughly positive impression of the program than their CSBFP loan borrowers. Recent and possible future changes to the program are likely to have divergent effects on these two groups of program users. In 2013 borrowers reported low levels of satisfaction with the maximum interest rate, and would like to see it reduced, while some lenders – particularly low-use institutions like credit unions – would like to see it increased. Allowing conventional lending fees, to which credit unions were particularly supportive, will likely reduce satisfaction with the program among borrowers. On the other hand, reductions in administrative burden are likely to improve opinions of the program among lenders and borrowers alike.

The program enables institutions to lend to businesses which would otherwise be deemed too great a risk. Without the program, about half of CSBFP borrowers would likely be unable to secure asset financing. Looking forward the program is performing satisfactorily for most loan officers, and the recent set of changes are likely to increase satisfaction among small banks and credit unions – institutions that have traditionally been less likely to use the program. Further changes to reduce administration are likely to also be well-received, both among lenders and borrowers. Changes that would allow lenders to increase the profitability of the product, however, may appeal to lenders but upset borrowers. These things in mind, it is recommended that Industry Canada and the CSBF Program Administration to do its utmost to communicate what changes have been made – and why others have not.
Appendix A: Methodology
Methodology

This section details how the survey of loan officers and key informant interview were conducted. It also describes limitations to the study’s findings based on the nature of these activities.

Survey of Loan Officers

The purpose of the survey of loan officers was to gauge the opinions of loan officers from across the Canadian finance industry. Towards this goal, the Consultant developed a mixed sampling frame of lenders through various sources. This consisted primarily of institution-provided sample, including lists of loan officers provided by financial institutions, and lists of loan officers and branches accessed from institutions’ public websites, and lists of program users provided by Industry Canada. To qualify for the survey, loan officers had to have some involvement in small business lending.

The Consultant made use of a mixed-mode strategy (online and telephone) in order to collect survey data. The program user sample provided by Industry Canada included both specific telephone and online contact details for individual employees. Institution-provided sample ranged from similarly detailed databases to more basic directories (such as simply branch addresses and phone numbers). As such, some respondents self-completed the survey upon receiving an invitation letter by email, while others were contacted exclusively by phone. One large bank preferred their employees not be contacted by a third-party and recruited participants internally. They emailed employees who they believed would be appropriate respondents, providing them with a link to a website where the survey could be completed online (see the Limitations section below for how this may have impacted results).

The table below (Figure 1.1, next page) presents the telephone activities completed between February 19 and April 30, 2014. Note completions are divided between financial institution sample and Industry Canada (IC) sample. The former consists of lists of loan officers and branches either provided by institutions or obtained from their public directories. The latter, IC sample, was drawn from a list of program users maintained by the CSBF Program Administration. These completions are excluded from two analyses in this report – overall rates of awareness and program use – as they would skew findings.

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19 Survey completions from lists of program users are excluded from some analyses in this report in order to simulate a “random sample” of loan officers (i.e., overall rates of program awareness and program use).
## Appendix A: Methodology

### Industry Canada

August 8, 2014

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**Figure 1.1: Call Disposition of Survey Respondents**

<table>
<thead>
<tr>
<th>Call Status</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-qualifier (i.e., branch does not do small business lending)</td>
<td>234</td>
</tr>
<tr>
<td>Number not in service</td>
<td>68</td>
</tr>
<tr>
<td>Wrong number/business no longer exists</td>
<td>11</td>
</tr>
<tr>
<td><strong>Sub-total -- Ineligible Respondents</strong></td>
<td><strong>313</strong></td>
</tr>
<tr>
<td>No answer/Busy/Left message/Call again</td>
<td>1,506</td>
</tr>
<tr>
<td>Completed questionnaire</td>
<td>820</td>
</tr>
<tr>
<td>Financial Institution Sample</td>
<td>723</td>
</tr>
<tr>
<td>Industry Canada Program User Sample</td>
<td>97</td>
</tr>
<tr>
<td>Refusal</td>
<td>143</td>
</tr>
<tr>
<td>Incomplete questionnaire</td>
<td>76</td>
</tr>
<tr>
<td><strong>Sub-total -- Eligible Respondents</strong></td>
<td><strong>2,545</strong></td>
</tr>
<tr>
<td><strong>TOTAL CASES ACCESSED</strong></td>
<td><strong>2,858</strong></td>
</tr>
</tbody>
</table>

The response rate among eligible respondents was 32%, only somewhat lower than the response rate for the previous lender study (37%). The final ratio of completes-to-refusals was approximately 6:1, representing strong participation by the financial institutions. While some institutions limited their involvement, for instance setting a cap on how many of their employees could be contacted, no institution flatly refused to participate.

**Quantitative Analysis of Survey Findings**

Surveys completed online and by telephone were entered into a dedicated survey database. At the conclusion of the survey, the Consultant reviewed the data collected and exported it for analysis into SPSS. All data was cleaned to ensure that no data anomalies such as outliers exist.

As awareness and satisfaction with the program was expected to vary significantly by financial institution, it was necessary to ensure the data collected was representative of the makeup of the Canadian finance industry. Setting proportional targets from the outset was not possible due to the limited sample available for some institutions. Rather data obtained was weighted so that financial institutions are proportional to their population (as defined by the number of branches). Institution-specific weights were calculated for each of the five large banks and the largest credit union (Desjardins), and group weights were calculated for the small banks and other credit unions respectively. The following table (Figure 1.2, next page) presents the key corporate characteristics of the financial institutions included in the research, namely their location and type.

---

R.A. Malatest & Associates Ltd.

August 8, 2014
Table 1.2: Sample, by Region and Institution, with and without Weighting

<table>
<thead>
<tr>
<th>Region</th>
<th>Institution Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Large Banks</td>
<td>Small Banks</td>
</tr>
<tr>
<td></td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Western Canada and North</td>
<td>179 (185)</td>
<td>42 (35)</td>
</tr>
<tr>
<td>Ontario</td>
<td>231 (235)</td>
<td>6 (5)</td>
</tr>
<tr>
<td>Quebec</td>
<td>32 (32)</td>
<td>56 (42)</td>
</tr>
<tr>
<td>Atlantic Canada</td>
<td>46 (52)</td>
<td>4 (3)</td>
</tr>
<tr>
<td>Total</td>
<td>489 (504)</td>
<td>108 (85)</td>
</tr>
</tbody>
</table>

Note: Bracketed figures are unweighted counts.

Key Informant Interviews

The intent of the key informant interviews was to serve as a series of validation sessions. Key informants were provided with summaries of the overall survey results and results for their institution. Interview guides followed common scripts, but customized for each institution to verify and expand on findings. See Appendices C and D for the English and French versions of the key informant interview template. The table below (Figure 1.3) summarizes the number of interviewees by institution type.

Table 1.3: Key Informants, by Institution Type

<table>
<thead>
<tr>
<th>Institution Type</th>
<th>Large Banks</th>
<th>Small Banks</th>
<th>Credit Unions / Caisses populaires</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Interviews</td>
<td>7</td>
<td>3</td>
<td>7</td>
<td>17</td>
</tr>
</tbody>
</table>

Limitations

There are two key limitations to this study’s findings, both related to survey administration; timing and sampling.

Timing affected the Consultant’s ability to calculate awareness of the recent program changes. The changes were made on April 1, 2014, roughly in the middle of survey administration. As a result, about half of respondents were surveyed on their awareness and satisfaction with “upcoming” changes, while the other half were asked about “recent changes.” Aside from semantic differences, internal awareness campaigns by financial institutions directly impacted their loan officers’ awareness of the changes. Section 2.4, which reports on awareness of changes, addresses this issue at greater length. However, it should be noted that the timing of the survey prior to the changes, and even the lack of awareness of the changes after their implementation may mean that some opinions expressed by survey respondents, and possibly even key informants, may be out of
context. For instance, some of the concerns that may have lead to reduced satisfaction may have already been addressed.

A broader issue with the survey administration, one that notably impacts the overall rate of program use reported, is the mixed sampling method used to contact survey respondents. It was generally found that institutions that provided lists or surveyed internally on the Consultant’s behalf reported higher rates of use than those which were surveyed using public lists (e.g., obtained from public directories). Some key informants for list-providing institutions commented that the observed rate of use were higher than they expected. With these points in mind, the sample of loan officers should not be interpreted as a random sample, and it should be assumed that true rates of use are somewhat lower than those reported here.
Appendix B: English Questionnaire
Introduction

Phone version:

May I speak to [name of individual | the account manager responsible for commercial loans to small and medium enterprises or SMEs]? [IF NO COMMERCIAL LOANS ARE MADE, TERMINATE.]

Hello, my name is _______________________ and I am calling from R.A. Malatest and Associates. Industry Canada has asked our firm to conduct a study regarding the Canada Small Business Financing (CSBF) Program. You have been identified as one of the individuals with whom we should discuss these issues. The conversation will take approximately 15 minutes. Please be assured that the responses collected will be treated in the strictest confidence. In accordance with the provisions of the Privacy Act, the study report will not identify respondents and all reports will be based on aggregates and averages.

Are you able and willing to answer a few questions regarding commercial loans to small and medium sized enterprises?

   o  Yes (Rebook if requested)
   o  No (offer email invitation to online version)

Please note that this call may be recorded for quality control purposes. If there is any question you feel unable to answer, you may reply “Don’t know” and we will move onto the next question.

Online version:

Thank you for your interest in our survey. Industry Canada has asked our firm to conduct a study regarding the Canada Small Business Financing (CSBF) Program.

The results of the national study will be used by the Government of Canada to guide public policy. The survey should take fewer than 15 minutes to complete, depending on your responses. Please be assured that the responses collected will be treated in the strictest confidence. If there is any question you feel unable to answer, you may reply “Don’t know” and we will move onto the next question.

Are you able and willing to answer a few questions regarding commercial loans to small and medium sized enterprises?

   o  Yes
   o  No
General Awareness of the Program

Q1 Have you ever heard of the Canada Small Business Financing Program?

1. Yes
2. No
99. Don’t Know / No Response

[IF Q1 = NO OR DON’T KNOW]

Q2 Have you ever heard of the Small Business Loans Act or SBLA program?

1. Yes
2. No
99. Don’t Know / No Response

[IF Q2 = NO OR DON’T KNOW]

Q3 Have you ever heard of the Business Improvement Loans or BIL program?

1. Yes
2. No
99. Don’t Know / No Response

COMPLETE INTERVIEW

COMPLETE INTERVIEW

[INTERVIEWS TERMINATED ON THESE KNOWLEDGE QUESTIONS ARE TALLIED AS COMPELTED FOR THE MEASUREMENT OF THE GENERAL AWARENESS]

[IF Q2=YES]

Q4 The Small Business Loans program (SBLA) is now known as the Canada Small Business Financing Program. In the next questions, I will refer to both as the CSBF Program.

[IF Q3=YES]

Q5 The Business Improvement Loans program (BIL) is now known as the Canada Small Business Financing Program. In the next questions, I will refer to both as the CSBF Program.
Use of the Program

Q6 Have you had any direct experience with loans made under the CSBF Program since April 2009 (e.g., making loans under the program, preparing a claim, or submitting a registration form)?

1. Yes
2. No
99. Don’t Know / No Response

[IF Q6 = YES]

Q7 What experience have you had with the CSBF program? Have you [POSSIBLE ANSWERS ARE YES, NO, AND DON’T KNOW / REFUSAL]?

7.1 Made a loan under the CSBF program?
7.2 Filled out and submitted a registration form?
7.3 Prepared a claim?

COMPUTE CSBFPUSE:
YES (Q7.1=YES OR Q7.2=YES OR Q7.3=YES)
NO (Q6=NO/DK OR (Q7.1=NO/DK AND Q7.2=NO/DK AND Q7.3=NO/DK)

[IF Q6=NO/DK OR Q7.1=NO/DK]

Q8 What is the main reason(s) why you haven’t made a loan? [DO NOT READ; AVOID DON’T KNOW. PROBE IN DEPTH TO GET A GOOD UNDERSTANDING OF THE REASONS. RESPONDENT CAN PROVIDE MULTIPLE ANSWERS]

1. Corporate decision not to use the program
2. No suitable clients
3. Administrative burden
4. The lender can’t charge for some internal administrative fees
5. Can provide other financing options to the borrower
6. Insufficient amount of profit or incentive to the lender
7. Maximum allowed interest rates under the program are too low
8. The lender bases lending decisions on the borrower’s credit
98. Other ________________________________
99. Don’t Know / No Response
Appendix B: English Questionnaire

[IF CSBF USE=NO]

Q9  If the CSBF Program could improve only one aspect of its product, what would you suggest that be? [DO NOT READ LIST; AVOID DON'T KNOW]

1. The business eligibility criteria under the program
2. The eligible expenditures to be included in the cost of the asset
3. The maximum percentage of the cost of asset to be financed
4. The maximum term of loan
5. The loan loss sharing ratio
6. 2% registration fee charged to the borrower and submitted by the lender
7. 1.25% quarterly administration fee charged to the lender
8. The maximum interest rate
9. The maximum loan size
10. Required documentation
11. The securities and guarantees required
12. The due diligence requirements
13. The maximum government liability or the 90-50-10 rule
98. Other __________________________
99. Don’t Know / No Response

[IF CSBF USE=NO AND Q9 <> DK]

Q10  Are there any other aspects of the CSBF Program that could be improved? [DO NOT READ LIST; ACCEPT MULTIPLE ANSWERS]

1. The business eligibility criteria under the program
2. The eligible expenditures to be included in the cost of the asset
3. The maximum percentage of the cost of asset to be financed
4. The maximum term of loan
5. The loan loss sharing ratio
6. 2% registration fee charged to the borrower and submitted by the lender
7. 1.25% quarterly administration fee charged to the lender
8. The maximum interest rate
9. The maximum loan size
10. Required documentation
11. The securities and guarantees required
12. The due diligence requirements
13. The maximum government liability or the 90-50-10 rule
98. Other __________________________
99. Don’t Know / No Response

[IF CSBFPUSE=NO COMPLETE INTERVIEW]

[INTERVIEWS COMPLETED HERE ARE TALLIED AS COMPLETED FOR THE MEASUREMENT OF USE]
Awareness of Program Parameters

[ONLY THOSE WHO HAVE REGISTERED A LOAN, MADE A LOAN OR PREPARED A CLAIM UNDER THE PROGRAM SINCE APRIL 2009 MAKE IT HERE.]

Q11 I would like to ask you a few questions on your awareness of the program parameters. As far as you know, can the following types of assets be financed under the CSBF Program? [READ ALL, ANSWER EACH AS 1 Yes | 2 No | 99 Don’t know]

11.1 Equipment
11.2 Working capital
11.3 Goodwill
11.4 Inventory
11.5 Leasehold improvements
11.6 Buildings and land
11.7 Purchase of shares

Q12 As far as you know, how long does the lender have to register the loan with Industry Canada from the date of first disbursement, excluding extensions?

1. MONTHS _____________
99. Don’t Know / No Response

Q13 What is the maximum loan amount a borrower can access under this program?

1. $ ____________________
99. Don’t Know / No Response

Q14 What is the maximum percentage of losses on a loan the government will reimburse the lender in the event of a default?

1. % ____________________
99. Don’t Know / No Response

Q15 As far as you know, how long does a lender have to submit a claim for a CSBF loan from the date of default, excluding extensions?

1. MONTHS ______
99. Don’t Know / No Response
Satisfaction with Parameters

Q16  Now, I would like to turn to your satisfaction with the parameters and other requirements of the CSBF Program. For each of the following, please indicate whether you are very satisfied, somewhat satisfied, neutral, somewhat dissatisfied or very dissatisfied.

[PERMUTATE; KEEP THE LAST ITEM LAST] [INCLUDE DON’T KNOW/REFUSE OPTION BUT DO NOT READ].

16.1 **The criteria to be eligible for the program.** (The business must be for-profit, carried on in Canada and have annual gross revenues of $5 million or less. Farming businesses and charitable or religious institutions are not eligible.)

16.2 **The expenditures that are eligible to be included in the cost of the asset.** (Loans must be used to finance the purchase or improvement of real property or equipment, the purchase of leasehold improvements or the financing of program registration fees.)

16.3 **The maximum percentage of cost of asset to be financed.** (90% of the eligible cost of the asset.)

16.4 **The maximum term of loan.** (The maximum term for any loan is 10 years from the date the first payment of principal and interest, is scheduled to be made.)

16.5 **The loan loss sharing ratio.** (Eligible losses on loans are shared as follows: 85 percent government and 15 percent lender.)

16.6 **The 2% registration fee charged to the borrower.** (Paid at the time of registration, this fee can be included in the CSBF Loan.)

16.7 **The 1.25% annual administration fee charged to the lender on a quarterly basis.** (Paid annually on outstanding loan amounts, this fee may be included as part of the interest rate charged on loans.)

16.8 **The maximum interest rate.** (Floating rate: the lender’s prime rate plus 3% which includes the 1.25% administration fee. OR Fixed rate: the lender’s single family residential mortgage rate plus 3% which includes the 1.25% administration fee.)

16.9 **The maximum loan size.** (Not more than $500 000 in total loans outstanding of which a maximum of $350 000 can be used to finance the purchase or improvement of equipment or leasehold improvements.)

16.10 **The required documentation.** (Appraisals, evidence supporting the financing of the assets by the borrower, etc.)

16.11 **The guarantees required.** (The lender may take an unsecured personal guarantee of up to 25% of the loan amount.)

16.12 **The securities required.** (The lender must take a valid and enforceable first-ranking security in the assets of the small business whose purchase or improvement is to be financed by the loan.)

16.13 **The due diligence requirements.** (Lenders are expected to apply the same care and procedures in making a CSBF loan as they would for their conventional loans of similar amounts.)

16.14 **Policies and procedures, overall.**
Q17 If the CSBF Program could improve only one thing with regard to program parameters and other requirements, what would you suggest? [DO NOT READ; AVOID DON'T KNOW]

1. The business eligibility criteria under the program
2. The eligible expenditures to be included in the cost of the asset
3. The maximum percentage of the cost of asset to be financed
4. The maximum term of loan
5. The loan loss sharing ratio
6. 2% registration fee charged to the borrower and submitted by the lender
7. 1.25% quarterly administration fee charged to the lender
8. The maximum interest rate
9. The maximum loan size
10. Required documentation
11. The securities and guarantees required
12. The due diligence requirements
98. Other ____________________________________________
99. Don’t Know / No Response

[IF Q17 <> 99]

Q18 What parameters of the CSBF Program could be improved? [DO NOT READ; ACCEPT MULTIPLE ANSWERS]

1. The business eligibility criteria under the program
2. The eligible expenditures to be included in the cost of the asset
3. The maximum percentage of the cost of asset to be financed
4. The maximum term of loan
5. The loan loss sharing ratio
6. 2% registration fee charged to the borrower and submitted by the lender
7. 1.25% quarterly administration fee charged to the lender
8. The maximum interest rate
9. The maximum loan size
10. Required documentation
11. The securities and guarantees required
12. The due diligence requirements
98. Other ____________________________________________
99. Don’t Know / No Response
Satisfaction with Service

Q19 For each of the following aspects of service, please indicate whether you are very satisfied, somewhat satisfied, neutral, somewhat dissatisfied or very dissatisfied, [PERMUTATE; KEEP THE LAST ITEM LAST] [INCLUDE DON’T KNOW/REFUSE OPTION BUT DO NOT READ].

19.1 Availability of program information
19.2 Clarity of program information
19.3 Speed of service by the CSBF Program Administration
19.4 Competence of the CSBF Program Administration
19.5 Fairness of the CSBF Program Administration
19.6 Program meeting lenders’ needs
19.7 Accessibility of the staff
19.8 Ease of completing forms
19.9 Service in the official language of your choice
19.10 Courtesy of the CSBF Program Administration
19.11 Your satisfaction with the service provided, overall

Q20 If the CSBF Program could improve only one thing with regard to its service, what would you suggest that be? [DO NOT READ; AVOID DON’T KNOW]

1. Availability of program information
2. Clarity of program information
3. Speed of service by the CSBF Program Administration
4. Competence of the CSBF Program Administration
5. Fairness of the CSBF Program Administration
6. Program meeting lenders’ needs
7. Accessibility of the staff
8. Ease of completing forms
9. Service in the official language of your choice
10. Courtesy of the CSBF Program Administration
98. Other ______________________________________
99. Don’t Know / No Response
[IF Q20 <> 99]

Q21 What else could the CSBF Program improve with regard to its service? [DO NOT READ; ACCEPT MULTIPLE ANSWERS]

1. Availability of program information
2. Clarity of program information
3. Speed of service by the CSBF Program Administration
4. Competence of the CSBF Program Administration
5. Fairness of the CSBF Program Administration
6. Program meeting lenders’ needs
7. Accessibility of the staff
8. Ease of completing forms
9. Service in the official language of your choice
10. Courtesy of the CSBF Program Administration
98. Other ______________________________________
99. Don’t Know / No Response
Information

Q22 I will read you a list of possible sources of information about the CSBF Program. Please tell me which of the following you have used? [PERMUTATE; POSSIBLE ANSWERS ARE YES (1), NO (2), OR DON’T KNOW/REFUSE TO ANSWER (9)]

22.1 The Canada Small Business Financing Act
22.2 The CSBF Program Regulations
22.3 The CSBF Program guidelines
22.4 The CSBF Program website
22.5 The CSBF Program brochure
22.6 Notices to lenders
22.7 Quarterly program bulletins
22.8 The CSBF Program Info-line
22.9 Information sources produced by your institution
22.10 The CSBF Program Annual Report

Q23 I will read you a list of possible sources of information about the CSBF Program. Please tell me whether each is very useful, somewhat useful, not very useful or not at all useful, starting with... [ONLY INCLUDE OPTIONS “USED” IN Q22, IN SAME ORDER AS THEY APPEARED IN Q22 FOR THE RESPONDENT] [INCLUDE DON’T KNOW/REFUSE OPTION BUT DO NOT READ].

23.1 The Canada Small Business Financing Act
23.2 The CSBF Program Regulations
23.3 The CSBF Program guidelines
23.4 The CSBF Program website
23.5 The CSBF Program brochure
23.6 Notices to lenders
23.7 Quarterly program bulletins
23.8 The CSBF Program Info-line
23.9 Information sources produced by your institution
23.10 The CSBF Program Annual Report
Impact

Q24  Without the CSBF Program, what percentage of the CSBFP borrowers would be:

24.1  Approved for a loan with the same or more favourable conditions as CSBFP;
24.2  Approved for a loan with less favourable conditions; or,
24.3  Rejected?

(Please provide your best estimate; numbers should add up to 100%)

[IF RESPONDENT REQUIRES DETAILS ON CSBF CONDITIONS:

Conditions of CSBFP:

- Loan limit up to $500,000 (of which no more than $350,000 for purchase of equipment or leasehold improvements);
- Maximum term of 10 years;
- Personal guarantee limited to 25% of loan amount; and,
- Maximum interest rate of prime rate plus 3%; or,
- Single-family residential mortgage plus 3%.

[IF Q24.2 IS GREATER THAN 0]

Q25  What would those less favourable conditions be? [DO NOT READ; ACCEPT MULTIPLE ANSWERS]

1. Higher interest rate
2. Less amount
3. Shorter term
4. More collateral
5. Increased borrower equity
98. Other ________________________________
99. Don’t Know / No Response
Upcoming / Recent Changes to the CSBFP

As you may be aware, changes were made to the CSBF Program on April 1, 2014. The changes are meant to improve the CSBF Program by:

- Enhancing the availability of asset-based financing to small businesses, particularly start-ups;
- Reducing the administrative burden of the program and making it easier to use; and,
- Enhancing measures to deter fraud.

Q26 Are you familiar with the recent program changes?

1. Yes
2. No
99. Don’t Know / No Response

Q27 A number of changes were made. To what degree do you think that each of the following changes will influence your offering the program to your SME clients?

Please bear in mind that your institution may have decided not to adopt these changes.

For each change, please respond using a five point scale where five means, “Greatly increase my usage of the program,” one means “Greatly decrease my usage of the program,” and three means, “Have no affect on my usage of the program.”

Recent Changes

27.1 Allow conventional lending fees to be charged (e.g. the same loan set-up, renewal and annual review fees that are charged for conventional loans).

27.2 Remove the 25% limit on unsecured personal guarantees (Lenders have the option to take an unsecured personal guarantee for up to the full loan amount - an increase from the current rate of 25 percent of the loan amount.)

27.3 Deregulate the maximum financing percentage (The lender and borrower can determine what percentage of the project should be financed which could be up to 100 percent of the project cost. As a result, lenders will no longer need to prove that the maximum financing limit was respected during claim procedures. This will reduce the amount of proof of purchase paperwork that borrowers and lenders need to collect up-front and submit during claim procedures.)

27.4 Reduce the number of invoices and cancelled cheques that need to be collected and submitted (Proof of purchase and payment documentation will now need to be submitted for the outstanding principal loan amount [before realizations] rather than for the entire project financed.)

27.5 Focus on verifying the loss, rather than the entire loan amount in a claim (The new focus of claim review will be to substantiate the loss, rather than the entire loan amount. This change will reduce the frequency of claim adjustments and reduce administrative burden on lenders).
27.6 If a site visit is conducted, the lender will have extra assurance that a claim will be paid (With this change, in the case where security is not enforceable, if the lender provides proof that they did a site visit to ensure the borrower appeared legitimate and the assets financed existed, a claim would be paid.)

Q28 What is your overall satisfaction with the recent changes to the program?

1. Very dissatisfied
2. Dissatisfied
3. Neutral
4. Satisfied
5. Very satisfied
99. Don't Know / Don't have enough information

Q29 Overall, do you think the recent changes to the program will:

1. Greatly decrease my usage of the program
2. Somewhat decrease my usage of the program
3. Have no affect on usage of the program
4. Somewhat increase my usage of the program
5. Greatly increase my usage of the program
99. Don't Know / Don't have enough information

Q30 Finally, are there any additional changes which would positively impact your usage of the program?

1. __________________________________________________________
   __________________________________________________________
   __________________________________________________________
99. Don't Know / No Response
Appendix C: French Questionnaire
Introduction

Version téléphonique

Puis-je parler à [nom de la personne | le gestionnaire de comptes chargé des prêts commerciaux aux petites et moyennes entreprises ou PME]? [SI AUCUN PRÊT COMMERCIAL N'A ÉTÉ ACCORDÉ, METTRE FIN À L'APPEL.]

Bonjour, mon nom est _______________________ et je vous appelle au nom de R.A. Malatest and Associates. Industrie Canada a demandé à notre entreprise de réaliser une étude concernant le Programme de financement des petites entreprises du Canada (PFPEC). Vous faites partie des personnes avec lesquelles nous devrions discuter de ce sujet. La conversation durera environ 15 minutes. Soyez assuré que vos réponses demeureront strictement confidentielles. Conformément aux dispositions de la Loi sur la protection des renseignements personnels, le rapport d'étude ne permettra pas d'identifier les répondants, et tous les rapports se fonderont sur des groupes de données et des moyennes.

Êtes-vous en mesure et disposé à répondre à quelques questions concernant les prêts commerciaux aux PME?

- Oui (convenez du moment d'un appel ultérieur si la demande vous est faite).
- Non (proposez une invitation par courriel à répondre à une version en ligne).

Sachez que cet appel peut être enregistré aux fins de contrôle de la qualité. S'il ya une question que vous vous sentez incapable de répondre, vous pouvez répondre «ne sais pas» et nous passerons à la question suivante.

Version en ligne

Nous vous remercions de l'intérêt que vous portez à notre enquête. Industrie Canada a demandé à notre entreprise de réaliser une étude concernant le Programme de financement des petites entreprises du Canada (PFPEC).

Les résultats de l'étude nationale serviront à l'orientation des politiques du gouvernement du Canada. Le questionnaire devrait nécessiter moins de 15 minutes, selon la nature de vos réponses. Soyez assuré que vos réponses demeureront strictement confidentielles. S'il ya une question que vous vous sentez incapable de répondre, vous pouvez répondre «ne sais pas» et nous passerons à la question suivante.

Êtes-vous en mesure et disposé à répondre à quelques questions concernant les prêts commerciaux aux PME?

- Oui
- Non
Connaissance générale du PFPEC

Q1 Avez-vous déjà entendu parler du Programme de financement des petites entreprises du Canada ou PFPEC?

1. Oui  
2. Non  
99. Ne sait pas/ Aucune réponse

[SI Q1 = NON OU NE SAIT PAS]

Q2 Avez-vous déjà entendu parler de la Loi sur les prêts aux petites entreprises ou du programme de la LPPE?

1. Oui  
2. Non  
99. Ne sait pas/ Aucune réponse

[SI Q2 = NON OU NE SAIT PAS]

Q3 Avez-vous déjà entendu parler du programme de prêts destinés à l'amélioration d'entreprises ou du programme PAE?

1. Oui  
2. Non  
99. Ne sait pas/ Aucune réponse  
TERMINER L’ENTREVUE

[LES ENTREVUE TERMINÉES À LA SUITE DE CES QUESTIONS SUR LES CONNAISSANCES SONT CONSIDÉRÉES COMME COMPLÉTÉES AUX FINS DE LA MESURE DU NIVEAU GÉNÉRAL DE CONNAISSANCE.]

[SI Q2 = OUI]

Q4 Le Programme de prêts aux petites entreprises (PPPE) est désormais connu sous le nom de Programme de financement des petites entreprises du Canada. Dans les prochaines questions, j’utiliserai le terme « PFPEC » pour faire référence aux deux programmes.

[SI Q3 = OUI]

Q5 Le Programme de prêts destinés à l'amélioration d'entreprises (PAE) est désormais connu sous le nom de Programme de financement des petites entreprises du Canada. Dans les prochaines questions, j’utiliserai le terme « PFPEC » pour faire référence aux deux programmes.
Utilisation du PFPEC

Q6 Avez-vous eu une expérience directe avec les prêts consentis en vertu du PFPEC depuis avril 2009 (p. ex., consentir des prêts dans le cadre du programme, préparer une demande d’indemnisation, soumettre un formulaire d'enregistrement)?

1. Oui
2. Non
99. Ne sait pas / Aucune réponse

[SI Q6 = OUI]

Q7 Quelle a été votre expérience avec le PFPEC? Avez-vous [RÉPONSES POSSIBLES : OUI, NON, NE SAIT PAS/REFUS]

7.1 Consenti un prêt en vertu du PFPEC?
7.2 Rempli et soumis un formulaire d'enregistrement?
7.3 Préparé une demande d'indemnisation?

COMPUTE CSBFPUSE:
OUI (Q7.1=OUI OR Q7.2=OUI OR Q7.3=OUI)
NON (Q6=NON/NSP OR (Q7.1=NON/NSP AND Q7.2=NON/NSP AND Q7.3=NON/NSP)

[SI Q7.1 = NON ou NE SAIT PAS]

Q8 Quelle est la principale ou quelles sont les principales raisons pour lesquelles vous n'avez pas consenti de prêt? [NE PAS LIRE LA LISTE, ÉVITER LES « NE SAIT PAS ». INTERROGER DE MANIÈRE PLUS APPROFONDE POUR AVOIR UNE BONNE COMPRÉHENSION DES RAISONS. LE RÉPONDANT PEUT DONNER PLUSIEURS RÉPONSES.]

1. Décision de l'entreprise de ne pas recourir au PFPEC
2. Aucun client approprié
3. Fardeau administratif
4. Le prêteur ne peut imposer certains frais administratifs internes
5. Il peut offrir d'autres options de financement à l'emprunteur
6. Mesures incitatives ou profits insuffisants pour le prêteur
7. Les taux d'intérêt maximaux permis dans le cadre du PFPEC sont trop faibles
8. Le prêteur fonde ses décisions de prêt sur la cote de crédit de l'emprunteur
98. Autre ____________________________________________
99. Ne sait pas / Aucune réponse
Appendix C: French Questionnaire

[SI Q7.1, Q7.2 et Q7.3 = NON/NE SAIT PAS]

Q9 Selon vous, si le PFPEC pouvait améliorer un seul élément de son produit, quel devrait être cet élément? [NE PAS LIRE LA LISTE, ÉVITER LES « NE SAIT PAS »]

1. Les critères d'admissibilité des entreprises dans le cadre du pfpec
2. Le montant des frais admissibles pouvant être inclus dans le coût des actifs
3. Le pourcentage maximal du coût des actifs pouvant faire l'objet d'un financement
4. La durée maximale du prêt
5. Le ratio de partage des pertes sur prêt
6. Les droits d'enregistrement de 2 % qui sont imposés à l'emprunteur et soumis par le prêteur
7. Les frais administratifs trimestriels de 1,25 % qui sont imposés au prêteur
8. Le taux d'intérêt maximal
9. Le montant maximal du prêt
10. Les documents exigés
11. Les garanties et les sûretés exigées
12. Les conditions de diligence raisonnable
13. La responsabilité maximale du gouvernement ou la règle du 90-50-10
98. Autre ____________________________________________
99. Ne sait pas / Aucune réponse

[SI Q7.1, Q7.2 ET Q7.3 = NON/NE SAIT PAS et que Q9<>NE SAIT PAS]

Q10 Est-ce que d'autres éléments du PFPEC pourraient être améliorés? [NE PAS LIRE LA LISTE, ACCEPTER LES RÉPONSES MULTIPLES]

1. Les critères d'admissibilité des entreprises dans le cadre du pfpec
2. Le montant des frais admissibles pouvant être inclus dans le coût des actifs
3. Le pourcentage maximal du coût des actifs pouvant faire l'objet d'un financement
4. La durée maximale du prêt
5. Le ratio de partage des pertes sur prêt
6. Les droits d'enregistrement de 2 % qui sont imposés à l'emprunteur et soumis par le prêteur
7. Les frais administratifs trimestriels de 1,25 % qui sont imposés au prêteur
8. Le taux d'intérêt maximal
9. Le montant maximal du prêt
10. Les documents exigés
11. Les garanties et les sûretés exigées
12. Les conditions de diligence raisonnable
13. La responsabilité maximale du gouvernement ou la règle du 90-50-10
98. Autre ____________________________________________
99. Ne sait pas / Aucune réponse

[SI Q7.1, Q7.2 et Q7.3 = NON/NE SAIT PAS->Mettre fin à l'entrevue]

[LES ENTREVUES QUI SE TERMINENT À CETTE ÉTAPE SONT CONSIDÉRÉES COMME COMPLÉTÉES AUX FINSS DE LA MESURE DE L'UTILISATION.]
Connaissance des paramètres du PFPEC

[SEULS LES RÉPONDANTS QUI ONT ENREGISTRÉ UN PRÊT, CONSENTE UN PRÊT OU QUI ONT PRÉPARÉ UNE DEMANDE D'INDEMNISATION EN VERTU DU PROGRAMME DEPUIS AVRIL 2009 SE RENDENT À CETTE ÉTAPE.]

Q11 J'aimerais vous poser quelques questions concernant votre connaissance des paramètres du Programme. D'après ce que vous savez, est-ce que les types d'actifs suivants peuvent être financés en vertu du Programme FPEC? [LIRE LA LISTE, NOTER LES RÉPONSES ANSI : 1 Oui | 2 Non | 99 Ne sait pas]

11.1 Matériel
11.2 Fonds de roulement
11.3 Fonds commercial
11.4 Inventaire
11.5 Améliorations locatives
11.6 Immeubles et terrains
11.7 Achat d'actions

Q12 D'après ce que vous savez, de combien de temps dispose le prêteur pour enregistrer le prêt auprès d'Industrie Canada à partir de la date du premier versement, en excluant les prolongations? [NE PAS LIRE, RÉPONSES EN NOMBRE DE MOIS]

1. MOIS _____________
99. Ne sait pas / Aucune réponse

Q13 Quel est le prêt maximal que peut obtenir un emprunteur dans le cadre du PFPEC? [NE PAS LIRE, RÉPONSES ARRONDIÉES AU DOLLAR LE PLUS PRÈS]

1. $ ________________
99. Ne sait pas / Aucune réponse

Q14 Quel est le pourcentage maximal de pertes sur un prêt que le gouvernement remboursera au prêteur en cas de défaut de paiement? [NE PAS LIRE, ARRONDIR LE POURCENTAGE À L’UNITÉ LA PLUS PRÈS]

1. % ________________
99. Ne sait pas / Aucune réponse

Q15 D'après ce que vous savez, dans le cadre du PFPEC, de combien de temps dispose le prêteur pour soumettre une demande d'indemnisation à partir de la date du défaut de paiement, en excluant les prolongations? [NE PAS LIRE, RÉPONSES EN NOMBRE DE MOIS]

1. MOIS ___________
99. Ne sait pas / Aucune réponse
Satisfaction à l'égard des paramètres

Q16 J'aimerais maintenant discuter de votre satisfaction à l'égard des paramètres et d'autres exigences du PFPEC. Pour chacun des énoncés suivants, veuillez indiquer si vous êtes très satisfait, satisfait, neutre, insatisfait ou très insatisfait. [PERMUTER; GARDER LE DERNIER POINT POUR LA FIN] [NE PAS LIRE, INCLURE « NE SAIT PAS » OU « REFUS »]

16.1 **Les critères d'admissibilité des entreprises en vertu du Programme.** (L'entreprise doit être à but lucratif, mener ses activités au Canada et avoir un revenu brut égal ou inférieur à 5 millions de dollars. Les entreprises agricoles et les institutions caritatives ou religieuses ne sont pas admissibles.)

16.2 **Le montant des dépenses admissibles pouvant être inclus dans le coût des actifs.** (Les prêts doivent servir à financer l'achat ou l'amélioration d'un bien immobilier ou de matériel, l'achat d'améliorations locatives, ou à financer des droits d'enregistrement au Programme.)

16.3 **Le pourcentage maximum du coût de l'actif à financer.** (90 % du coût admissible de l'actif)

16.4 **La durée maximale du prêt.** (La durée maximale d'un prêt est de 10 ans à partir de la date prévue du premier paiement du capital et des intérêts.)

16.5 **Le ratio de partage des pertes sur prêt.** (Les pertes admissibles sur les prêts sont partagées comme suit : 85 % pour le gouvernement et 15 % pour le prêteur.)

16.6 **Les droits d'enregistrement de 2 % imposés à l'emprunteur.** (Ces frais sont payés à l'enregistrement et peuvent être inclus dans le prêt accordé en vertu du PFPEC.)

16.7 **Les frais administratifs trimestriels de 1,25 % qui sont imposés au prêteur.** (Payés annuellement sur le montant non remboursé, ces frais peuvent être inclus dans le taux d'intérêt appliqué aux prêts.)

16.8 **Le taux d'intérêt maximal.** (Taux variable, soit le taux préférentiel du prêteur plus 3 %, ce qui comprend les frais administratifs de 1,25 % OU taux fixe, soit le taux du prêt hypothécaire pour une l'habitation unifamiliale de l'emprunteur plus 3 %, ce qui comprend les frais d'administration de 1,25 %.)

16.9 **Le montant maximal du prêt.** (Total des prêts non remboursés ne dépassant pas 500 000 $, duquel un maximum de 350 000 $ peuvent servir à financer l'achat d'améliorations locatives et l'achat ou l'amélioration de matériel.)

16.10 **Les documents exigés.** (Évaluations, preuve à l'appui du financement de l'actif par l'emprunteur, etc.)

16.11 **Les garanties exigées.** (Le prêteur peut prendre une garantie personnelle non assortie d'une sûreté, d'une valeur pouvant aller jusqu'à 25 % du montant prêté.)

16.12 **Les sûretés exigées.** (Le prêteur doit prendre une sûreté de premier rang valable et exécutoire sur les actifs de la petite entreprise dont l'achat ou l'amélioration doit être financé au moyen du prêt.)

16.13 **Les exigences en matière de diligence raisonnable.** (On s'attend à ce que le prêteur applique à un prêt accordé en vertu du Programme les mêmes soins et les mêmes procédures qu'il applique aux prêts ordinaires de montants équivalents.)

16.14 **Les politiques et les procédures, en général.**
Q17 Selon vous, si le PFPEC pouvait améliorer un seul point en ce qui a trait à ses paramètres et à ses autres exigences, quel devrait être ce point? [NE PAS LIRE LA LISTE, ÉVITER LES « NE SAIT PAS »]

1. Les critères d'admissibilité des entreprises dans le cadre du pfpec
2. Le montant des frais admissibles pouvant être inclus dans le coût des actifs
3. Le pourcentage maximal du coût des actifs pouvant faire l'objet d'un financement
4. La durée maximale du prêt
5. Le ratio de partage des pertes sur prêt
6. Les droits d'enregistrement de 2 % qui sont imposés à l'emprunteur et soumis par le prêteur
7. Les frais administratifs trimestriels de 1,25 % qui sont imposés au prêteur
8. Le taux d'intérêt maximal
9. Le montant maximal du prêt
10. Les documents exigés
11. Les garanties et les sûretés exigées
12. Les conditions de diligence raisonnable
98. Autre ____________________________________________
99. Ne sait pas / Aucune réponse

[SI Q18 <> 99]

Q18 Quels paramètres du Programme pourraient être améliorés? [NE PAS LIRE LA LISTE, ACCEPTER LES RÉPONSES MULTIPLES]

1. Les critères d'admissibilité des entreprises dans le cadre du pfpec
2. Le montant des frais admissibles pouvant être inclus dans le coût des actifs
3. Le pourcentage maximal du coût des actifs pouvant faire l'objet d'un financement
4. La durée maximale du prêt
5. Le ratio de partage des pertes sur prêt
6. Les droits d'enregistrement de 2 % qui sont imposés à l'emprunteur et soumis par le prêteur
7. Les frais administratifs trimestriels de 1,25 % qui sont imposés au prêteur
8. Le taux d'intérêt maximal
9. Le montant maximal du prêt
10. Les documents exigés
11. Les garanties et les sûretés exigées
12. Les conditions de diligence raisonnable
98. Autre ____________________________________________
99. Ne sait pas / Aucune réponse
Satisfaction à l’égard du service

Q19 Pour chacun des éléments suivants relatifs au service, veuillez indiquer si vous êtes très satisfait, satisfait, neutre, insatisfait ou très insatisfait. [PERMUTER; GARDER LE DERNIER POINT POUR LA FIN] [NE PAS LIRE, INCLURE « NE SAIT PAS » OU « REFUS »]

19.1 La disponibilité des renseignements relatifs au Programme
19.2 La clarté des renseignements relatifs au Programme
19.3 La rapidité du service offert par le personnel administratif du PFPEC
19.4 La compétence du personnel administratif du PFPEC
19.5 L’équité des décisions du personnel administratif du PFPEC
19.6 La réceptivité du Programme aux besoins des prêteurs
19.7 L'accessibilité du personnel
19.8 La simplicité des formulaires
19.9 Le service dans la langue officielle de votre choix
19.10 La courtoisie du personnel administratif du PFPEC
19.11 Votre satisfaction quant au service offert, dans l'ensemble

Q20 Selon vous, si le PFPEC pouvait améliorer un seul élément en ce qui concerne le service, quel devrait être cet élément? [NE PAS LIRE LA LISTE, ÉVITER LES « NE SAIT PAS »]

1. La disponibilité des renseignements relatifs au Programme
2. La clarté des renseignements relatifs au Programme
3. La rapidité du service offert par le personnel administratif du PFPEC
4. La compétence du personnel administratif du PFPEC
5. L'équité des décisions du personnel administratif du PFPEC
6. La réceptivité du Programme aux besoins des prêteurs
7. L'accessibilité du personnel
8. La simplicité des formulaires
9. Le service dans la langue officielle de votre choix
10. La courtoisie du personnel administratif du PFPEC
11. Votre satisfaction quant au service offert, dans l'ensemble
98. Autre ________________________________
99. Ne sait pas / Aucune réponse
Q21 Quel autre élément le PFPEC pourrait-il améliorer en ce qui concerne son service? [NE PAS LIRE LA LISTE, ACCEPTER LES RÉPONSES MULTIPLES]

1. La disponibilité des renseignements relatifs au Programme
2. La clarté des renseignements relatifs au Programme
3. La rapidité du service offert par le personnel administratif du PFPEC
4. La compétence du personnel administratif du PFPEC
5. L'équité des décisions du personnel administratif du PFPEC
6. La réceptivité du Programme aux besoins des prêteurs
7. L'accessibilité du personnel
8. La simplicité des formulaires
9. Le service dans la langue officielle de votre choix
10. La courtoisie du personnel administratif du PFPEC
11. Votre satisfaction quant au service offert, dans l'ensemble
98. Autre ______________________________________
99. Ne sait pas / Aucune réponse
**Renseignements**

**Q22** Je vais vous énumérer des sources possibles de renseignements sur le PFPEC. Veuillez m’indiquer lesquelles vous avez déjà consultées. [PERMUTER, RÉPONSES POSSIBLES : OUI (1), NON (2) ou NE SAIT PAS/PAS DE RÉPONSE (9)]

22.1 La Loi sur le financement des petites entreprises du Canada  
22.2 Le Règlement sur le financement des petites entreprises du Canada  
22.3 Les lignes directrices du PFPEC  
22.4 Le site Web du PFPEC  
22.5 La brochure promotionnelle du PFPEC  
22.6 Les avis aux prêteurs  
22.7 Les bulletins trimestriels concernant le PFPEC  
22.8 La ligne-info du PFPEC  
22.9 Les sources de renseignements produites par votre institution  
22.10 Le rapport annuel du PFPEC

**Q23** Je vais vous énumérer des sources possibles de renseignements sur le PFPEC. Veuillez me dire si selon vous chacune est très utile, assez utile, plus ou moins utile ou totalement inutile, en commençant par.. [N’INCLURE QUE LES OPTIONS UTILISÉES À LA Q23, EN RESPECTANT L’ORDRE D’ÉNONCIATION DU RÉPONDANT] [NE PAS LIRE, INCLURE UNE CATÉGORIE « NE SAIT PAS/PAS DE RÉPONSE »]

23.1 La Loi sur le financement des petites entreprises du Canada  
23.2 Le Règlement sur le financement des petites entreprises du Canada  
23.3 Les lignes directrices du PFPEC  
23.4 Le site Web du PFPEC  
23.5 La brochure promotionnelle du PFPEC  
23.6 Les avis aux prêteurs  
23.7 Les bulletins trimestriels concernant le PFPEC  
23.8 La ligne-info du PFPEC  
23.9 Les sources de renseignements produites par votre institution  
23.10 Le rapport annuel du PFPEC
Incidence

Q24 Sans le PFPEC, quel pourcentage des demandes de prêts des emprunteurs du PFPEC serait :

24.1 Approuvé aux mêmes conditions ou à des conditions plus favorables que celles du PFPEC?
24.2 Approuvé à des conditions moins favorables que celles du PFPEC?
24.3 Rejeté?

*(Donnez l’estimation la plus juste; le total devrait arriver à 100 %)*

[AU CAS OÙ LE RÉPONDANT AURAIT DES QUESTIONS, VOICI LES CONDITIONS RELATIVES AU PFPEC]

Conditions relatives au PFPEC :

- Prêt maximal de 500 000 $ (duquel un maximum de 350 000 $ peut servir à financer l'achat d'améliorations locatives ou de matériel);
- Durée maximale d'un prêt : 10 ans;
- Garantie personnelle limitée à 25 % du montant du prêt;
- Taux d'intérêt maximal : taux préférentiel plus 3 %; ou
- Taux hypothécaire pour résidence unifamiliale plus 3 %

[SI Q24.2 EST SUPÉRIEURE À 0]

Q25 Quelles seraient ces conditions moins favorables? [NE PAS LIRE LA LISTE, ACCEPTER LES RÉPONSES MULTIPLES]

1. Un taux d’intérêt plus élevé
2. Un montant inférieur
3. Une durée de prêt plus courte
4. Davantage de garanties
5. Exigences plus élevées en ce qui concerne l’actif
98. Autre ____________________________________________
99. Ne sait pas / Aucune réponse
Appendix C: French Questionnaire

Modifications qui ont été apportées au PFPEC

Comme vous le savez peut-être, des modifications ont été apportées au PFPEC le 1er avril 2014. Ces modifications visent à améliorer le PFPEC notamment en :

- accroissant le financement reposant sur l’actif offert aux petites entreprises, particulièrement aux entreprises en démarrage;
- diminuant le fardeau administratif du programme et en facilitant son utilisation;
- renforçant les mesures visant à empêcher la fraude.

Q26 Connaissiez-vous les modifications récemment apportées au Programme?

1. Oui
2. Non
99. Ne sait pas / pas de réponse

Q27 Bon nombre de modifications ont été apportées. Selon vous, dans quelle mesure chacune des modifications suivantes aura-t-elle une incidence sur la façon dont vous offrirez le Programme à vos clients PME?

Rappelez-vous qu’il se peut que votre institution a décidé de ne pas adopter ces modifications.

Veuillez utiliser une échelle composée de cinq points, où cinq signifie « Contribuera grandement à accroître mon utilisation du PFPEC », où un signifie « Contribuera grandement à restreindre mon utilisation du PFPEC » et où trois signifie « N'aura eu aucune incidence sur mon utilisation du programme ».

Modifications Récentes

27.1 Permettre aux prêteurs d'exiger les mêmes frais que sur les autres types de prêts. (p. ex. les prêteurs pourront exiger, pour le montage financier, le renouvellement et l'examen annuel d'un prêt, les mêmes frais que ceux qu'ils exigent sur leurs prêts ordinaires).

27.2 Éliminer la limite équivalant à 25 % du prêt pour les garanties personnelles non assorties de sûretés. (Le prêteur pourra prendre une garantie personnelle non assortie d'une sûreté, d'une valeur pouvant aller jusqu'à 100 % du montant du prêt, une augmentation par rapport au taux actuel de 25 %.)

27.3 Déréglementer le pourcentage maximal de financement. (Le prêteur et l'emprunteur pourront déterminer quel pourcentage du projet devrait être financé; ce pourcentage pourra correspondre à 100 % des coûts du projet. Par conséquent, les prêteurs n'auront plus à prouver que le pourcentage maximal de financement a été respecté, lors de la procédure des demandes d'indemnisation. Cela réduira la quantité de paperasse (preuves d’achat) que les emprunteurs et les prêteurs doivent recueillir immédiatement et soumettre durant la procédure des demandes d'indemnisation.)
27.4 Réduire le nombre de factures et de chèques annulés devant être recueillis et présentés. (Les documents concernant les preuves d’achat et de paiement devront désormais être soumis au titre du montant impayé du principal du prêt [avant réalisation] plutôt qu’en fonction de l’ensemble du projet financé.)

27.5 Vérifications axées sur les pertes plutôt que sur le montant du prêt lors d’une réclamation. (Désormais, les vérifications des demandes d’indemnisation seront axées sur la justification des pertes plutôt que sur le montant total du prêt. Cette modification réduira la fréquence des ajustements des demandes d’indemnisation, ainsi que le fardeau administratif imposé aux prêteurs.)

27.6 Le prêteur aura une garantie supplémentaire d’indemnisation si une visite est effectuée auprès de l’emprunteur. (Avec cette modification, dans le cas d’un défaut où la sûreté n’est pas exécutoire, le prêteur sera indemnisé s’il prouve qu’il a visité l’emprunteur afin de s’assurer de sa légitimité et de l’existence des actifs financés.)

Q28 Dans quelle mesure êtes-vous satisfait des modifications récentes apportées au Programme?

1. Très insatisfait
2. Insatisfait
3. Neutre
4. Satisfait
5. Très satisfait
99. Je ne sais pas / J’ai besoin de plus amples renseignements

Q29 Dans l’ensemble, pensez-vous que les modifications récentes apportées au Programme :

1. Réduiront grandement l’utilisation du PFPEC
2. Réduiront quelque peu l’utilisation du PFPEC
3. N’auront aucune incidence sur l’utilisation du PFPEC
4. Accroîtront quelque peu l’utilisation du PFPEC
5. Accroîtront grandement l’utilisation du PFPEC
99. Je ne sais pas / J’ai besoin de plus amples renseignements

Q30 Enfin, pouvez-vous nommer d’autres modifications qui auraient une incidence positive sur votre utilisation du Programme?

1. _____________________________________________________________
   _____________________________________________________________
   _____________________________________________________________
99. Ne sais pas / Aucune réponse
Appendix D: English Key Informant Interview Guide
Introduction

Thank you for agreeing to take part in this interview as part of Industry Canada’s awareness and satisfaction study of the CanadaSmall Business Financing Program. These interviews are being conducted following a national survey of 820 loan officers who represent all of Canada’s major financial institutions in Canada, as well as over thirty smaller banks, caisses populaires and credit unions. The objectives of the interviews are to:

- Identify similarities and inconsistencies in the areas of satisfaction and areas for improvement between front-line and corporate perspectives;
- Determine the context for some of the results, particularly lender specific results;
- Identify if there are any areas your financial institution may wish to address internally as a result of the findings, and if so, if and how Industry Canada (IC) could best help you address these areas;
- Identify the areas your financial institution would like IC to address (e.g., parameters, service, information products), your general priority of these areas for action, and your suggestions for how IC could best address these areas.

Confidentiality and Privacy: Please be assured that nothing you say in this interview will be publically associated with you or your institution. Our final report will discuss only aggregate trends or refer to issues raised by “one bank” or “one credit union or caisse populaire.” Industry Canada will however receive a brief summary of any changes your institution would like to see made to the CSBF Program, and any actions that you would like IC to take. This summary will be restricted to internal use by the Program Administration so it may respond directly to your institution’s needs. Please note this interview may be recorded for note-taking purposes. Recordings will not be shared with Industry Canada and will be destroyed upon the completion of this study.

SECTION 1 Involvement with the CSBF

1.1 What is your role within your institution? (Probe to determine if the perspective is corporate or claim/realization office)

1.2 Please describe your involvement with the CSBF Program.
SECTION 2 High Level Findings

In this section we will share with you some of the high level findings of our survey of loan officers, after which we will ask you a few short questions to help us to contextualize our findings. If we found that your institution’s loan officers differed significantly from these findings, we will share what we found and ask you to comment.

High Satisfaction with Program

Overall satisfaction was high among loan officers that have made loans the program, with over two-thirds (68%) saying they were very or somewhat satisfied with the program’s policies and procedures. They did identify as well a number of key areas for improvement, namely the maximum loan size and term, the business and expenditure eligibility criteria, and the required documentation.

2.1 What should the maximum loan term and loan size be set at? (Probe: overall changes versus exceptions for particular loans).

2.2 How could the CSBFP improve the business eligibility and expenditure eligibility criteria? (Probe: To whom should the eligibility be expanded? For what types of purchases should it be expanded to include?)

2.3 What required documentation is most burdensome? How could it be improved?

2.4 From your perspective, are the key areas for improvement the same as those of front line loan officers? If not, how do they differ, and why?

2.5 [Only for institutions with low rates of overall satisfaction] Compared to other institutions, yours reported lower rates of satisfaction with the program’s terms and conditions. Aspects of the program’s design which your staff found least satisfactory were X, Y, and Z. Are there underlying reasons for this dissatisfaction? How do those aspects of the program’s design affect your institution’s use of the program?

High Satisfaction with Service

Loan officers were generally satisfied with the service being provided by the CSBF Program administration, with almost three-quarters (72%) being very or somewhat satisfied. When asked about service areas the administration could improve, they identified a number of key areas for improvement, namely the ease of completing forms, making program information more available and clearer, and making the program more sensitive to lenders’ needs.

2.6 How could forms be made easier to complete? Are there further improvements that could be made to the new forms released April 1, 2014?

2.7 In what ways could information be made more available and clearer?
2.8 In what ways could the program be more sensitive to lenders’ needs?

2.9 From your perspective, are the key areas for improvement the same as those of front line loan officers? If not, how do they differ, and why?

2.10 [Only for institutions with average rates of service satisfaction and reported lower satisfaction with the competence of the CSBF Program administration] Compared to other institutions, program users from your institution reported average levels of satisfaction with the service provided. However, service areas which your staff found least satisfactory – other than those just discussed – also included X, Y, and Z. Are there underlying reasons for this average level of satisfaction? How do these service areas affect your institution’s use of the program?

2.11 [Only for institutions with low rates of service satisfaction] Compared to other institutions, program users from your institution reported low levels of satisfaction with the service provided. Service areas your staff found least satisfactory were X, Y, and Z. Are there underlying reasons for this dissatisfaction? How do these service areas affect your institution’s use of the program?

Program Use

[Skip this sub-section for institutions with average rates of use]

We found that nearly all loan officers surveyed (97%) were aware of the program. Of those who were aware, about three-quarters (74%) reported direct experience with the program in the past five years.

2.12 [Only for institutions with above-average rates of use] Program use was significantly higher among respondents from your institution. What motivates your institution to use the CSBFP compared to other financing options?

2.13 [Only for institutions with below-average rates of use] Program use was significantly lower among respondents from your institution. When asked for their main reasons for not using the program, non-users’ most common replies were X, Y, and Z; is that a fair summary of why your institution is not using the program? Are there other reasons?

High Satisfaction with Changes

As you are likely aware, a number of changes were made on April 1, 2014, to the CSBF Program. Loan officers were reported being generally satisfied with the changes, with about two-thirds saying they were very or somewhat satisfied with the changes, overall (65%), and that they were greatly or somewhat likely to increase their use of the program as a result (69%). The specific changes that were most well-received by loan officers were:

- Reducing the number of invoices that need to be collected and submitted;
- Deregulating the maximum financing percentage; and,
If a site visit is performed, giving lenders extra assurance a claim will be paid.

2.14 [Only for institutions with high satisfaction / likelihood to increase use]
Your institution’s staff was especially receptive to the changes compared to other institutions. How do these changes make the CSBFP a more attractive option for you and your clients?

2.15 [Only for institutions with average satisfaction / likelihood to increase use]
How do these changes make the CSBFP a more attractive option for you and your clients? What other changes could have been made that could make it even better?

2.16 [Only for institutions with low satisfaction / likelihood to increase use]
Your institution’s staff, however, was relatively less receptive to the changes compared to other institutions. What do these changes accomplish that make the program more attractive to your institution, and how do they fall short?

2.17 From your perspective, are the well-received changes the same as those of front line loan officers? If not, how do they differ, and why?

SECTION 3 CONCLUSIONS

Thinking about what we discussed today, we’d now like to hear what your institution may do in response to these findings and what you think Industry Canada could and should do.

4.1 Do any of the findings surprise or concern you? If so why?

4.2 Will any of the findings prompt your institution to take action internally? Which findings, and why? How will you take action?

4.3 What could Industry Canada do to help you take action?

4.4 IC provides a variety of tools on its website that can be used to help increase CSBFP knowledge among loan officers (Subscription list, PowerPoint Presentations, etc – see list). What other tools or methods could IC implement to help increase program knowledge among loan officers?

4.5 Are there any other comments or suggestions you would like to make before we conclude this interview?

Thank you for contributing to this study!
Appendix E: French Key Informant Interview Guide
Introduction

Nous vous remercions d’avoir accepté de participer à cette entrevue dans le cadre de l’étude de sensibilisation et de satisfaction d’Industrie Canada à propos du Programme de financement des petites entreprises du Canada (PFPEC). Ces entrevues font suite à une enquête nationale menée auprès de 820 responsables des prêts représentant la totalité des grandes institutions financières canadiennes ainsi que plus de 30 petites banques, caisses populaires et coopératives de crédit. Ces entrevues visent à :

- déterminer, et ce, aussi bien pour les aspects évalués comme satisfaisants que pour les aspects évalués comme pouvant être améliorés, les similitudes et les divergences entre le point de vue du personnel de première ligne et celui de l’administration centrale de l’institution financière;
- préciser le contexte pour certains des résultats, en particulier pour ceux qui sont propres aux prêteurs;
- cerner d’éventuels aspects du programme pour lesquels votre institution financière souhaiterait, à la suite des constatations de l’enquête, apporter des améliorations internes, à expliciter si, dans ce cadre, elle envisagerait une aide d’Industrie Canada (IC) et, dans l’affirmative, à préciser sous quelle forme elle aimerait que cette aide soit apportée;
- recenser les aspects du programme pour lesquels votre institution financière souhaiterait qu’IC apporte des améliorations (p. ex. les paramètres, le service ou les produits d’information), à établir vos priorités globales quant aux mesures à mettre en œuvre par rapport à ces différents aspects et à prendre connaissance de vos suggestions sur les mesures les plus opportunes qu’IC pourrait prendre en la matière.

Confidentialité et protection de la vie privée : Soyez certain que vos réponses dans le cadre de cette entrevue ne seront rendues publiques que de façon anonyme sans qu’il soit possible d’établir un lien quelconque avec vous ou avec votre institution financière. Les analyses de notre rapport final porteront exclusivement sur des tendances regroupées en mentionnant des problèmes soulevés par « une banque » ou par « une coopérative de crédit ou une caisse populaire ». De courtes synthèses relatives aux modifications du PFPEC souhaitées par votre institution financière et aux mesures qu’IC pourrait prendre en la matière seront toutefois transmises à Industrie Canada. Ces synthèses seront exclusivement exploitées en interne par l’administration du programme afin de répondre directement aux besoins de votre institution financière. Veuillez noter que cette entrevue pourra être enregistrée aux fins de prise de notes. Ces enregistrements ne seront pas communiqués à Industrie Canada et seront détruits une fois l’étude menée à bien.
SECTION 1  Participation au PFPEC

1.1 Quel est votre rôle au sein de votre institution financière? (Approfondissez pour déterminer si le point de vue du répondant correspond au point de vue de l’administration centrale de l’institution financière ou au point de vue du service des demandes d’indemnisation ou de réalisation des prêts.)

1.2 Veuillez décrire votre participation au programme PFPEC.

SECTION 2  Constations générales

Dans cette section, nous allons vous communiquer quelques-unes des constatations générales de notre enquête auprès des responsables des prêts, après quoi nous vous poserons quelques courtes questions pour nous aider à mettre nos constatations en contexte. S’il s’avère que les constatations pour les responsables des prêts de votre institution financière diffèrent notablement des constatations générales, nous vous communiquerons nos résultats et nous vous demanderons de les commenter.

Satisfaction élevée vis-à-vis du programme

La satisfaction globale vis-à-vis du programme s’est avérée élevée parmi les responsables des prêts, plus des deux tiers d’entre eux (68 %) indiquant qu’ils étaient assez satisfaits ou très satisfaits des politiques et des procédures du programme. Ils ont également recensé un certain nombre d’aspects clés du programme susceptibles d’être améliorés, en l’occurrence le montant maximal et la durée maximale des prêts, les critères d’admissibilité liés au type d’entreprise et de dépenses et les documents exigés.

2.1 Quels devraient être la durée maximale et le montant maximal des prêts? (Approfondissez en différenciant les changements généraux par rapport aux exceptions concernant certains prêts particuliers.)

2.2 Comment le PFPEC pourrait-il améliorer les critères d’admissibilité liés aux types d’entreprise et de dépenses? (Approfondissez en déterminant à quel type d’entreprise et à quel type de dépenses le programme devrait être étendu.)

2.3 Quels sont les documents demandés qui représentent la charge de travail administrative la plus lourde? Comment pourrait-elle être allégée?

2.4 Partagez-vous l’opinion des responsables des prêts en contact avec la clientèle quant aux principaux aspects du programme pouvant être améliorés? Dans la négative, en quoi votre opinion diffère-t-elle de la leur et pourquoi?

2.5 [Exclusivement pour les institutions présentant un faible taux de satisfaction globale] Par rapport à d’autres institutions, votre institution financière a indiqué des taux de satisfaction plus faibles en ce qui concerne les conditions du programme. Les aspects de la conception du programme que le personnel a trouvé les moins satisfaisants sont X, Y et Z. Existe-t-il des motifs sous-jacents pour expliquer ce manque de satisfaction? Dans quelle
mesure ces aspects de la conception du programme se répercutent-ils sur l’utilisation qu’en fait votre institution financière?

*Satisfaction élevée vis-à-vis du service*

Les responsables des prêts étaient en général satisfaits du service fourni par l’administration du programme PFPEC, près des trois quarts d’entre eux (72 %) se déclarant très satisfaits ou plutôt satisfaits. Lorsque nous les avons questionnés à propos des aspects du service que l’administration du programme pourrait améliorer, ils ont recensé un certain nombre d’améliorations possibles portant sur des aspects essentiels, en l’occurrence des formulaires plus faciles à remplir, des renseignements sur le programme plus accessibles et plus clairs et une meilleure prise en compte des besoins des prêteurs par le programme.

2.6 Comment pourrait-on rendre les formulaires plus faciles à remplir? D’autres améliorations pourraient-elles être apportées aux nouveaux formulaires disponibles depuis le 1er avril 2014?

2.7 Comment pourrait-on rendre les renseignements sur le programme plus accessibles et plus clairs?

2.8 Comment le programme pourrait-il mieux prendre en compte les besoins des prêteurs?

2.9 Partagez-vous l’opinion des responsables des prêts en contact avec la clientèle quant aux aspects essentiels à être améliorés? Dans la négative, en quoi votre opinion diffère-t-elle de la leur et pourquoi?

2.10 [Exclusivement pour les institutions financières ayant indiqué des taux de satisfaction moyens vis-à-vis du service et signalé un niveau de satisfaction inférieur à la moyenne vis-à-vis de la compétence de l’administration du programme PFPEC]

Par rapport à d’autres institutions financières, les utilisateurs du programme de votre institution financière ont signalé des niveaux de satisfaction moyens vis-à-vis du service fourni. Les aspects du service que le personnel a trouvé les moins satisfaits — en dehors de ceux dont nous venons de discuter — incluaient également X, Y et Z. Existe-t-il des motifs sous-jacents pour expliquer ce manque de satisfaction? Dans quelle mesure ces aspects du service se répercutent-ils sur l’utilisation du programme que fait votre institution financière?

2.11 [Exclusivement pour les institutions financières ayant de faibles taux de satisfaction vis-à-vis du service]

Par rapport à d’autres institutions financières, les utilisateurs du programme de votre institution financière ont signalé de faibles niveaux de satisfaction vis-à-vis du service fourni. Les aspects du service que le personnel a trouvé les moins satisfaits étaient X, Y et Z. Existe-t-il des motifs sous-jacents pour expliquer ce manque de satisfaction? Dans quelle mesure ces aspects du service se répercutent-ils sur l’utilisation du programme que fait votre institution financière?
Utilisation du programme

[Sautez cette sous-section pour les établissements dont le taux moyen d'utilisation
L’enquête auprès des responsables des prêts a montré qu’ils connaissaient pratiquement tous (97 %) le programme. Parmi ceux qui connaissaient le programme, près des trois quarts (74 %) en ont signalé une utilisation directe durant les cinq dernières années.

2.12 [Exclusivement pour les institutions financières ayant un taux d’utilisation du programme supérieur à la moyenne]
Les répondants de votre institution ont indiqué un taux d’utilisation du programme notablement plus élevé que les autres institutions financières. Pourquoi votre institution financière privilégie-t-elle l’utilisation du PFPEC par rapport à d’autres solutions de financement?

2.13 [Exclusivement pour les institutions financières ayant un taux d’utilisation du programme inférieur à la moyenne]
Les répondants de votre institution ont indiqué un taux d’utilisation du programme notablement moins élevé que les autres institutions financières. Lorsqu’on a demandé aux répondants qui n’utilisaient pas le programme leurs principales raisons, les réponses les plus fréquentes étaient X, Y et Z. Ces réponses constituent-elles une synthèse objective des raisons pour lesquelles votre institution financière n’utilise pas le programme? Y a-t-il d’autres raisons?

Satisfaction élevée vis-à-vis des changements

Comme vous le savez probablement, un certain nombre de changements ont été apportés au PFPEC le 1er avril 2014. Les résultats de l’enquête auprès des responsables des prêts montrent qu’environ deux tiers de ces derniers (65 %) étaient globalement assez satisfaits ou très satisfaits des changements apportés; 69 % des répondants ont indiqué qu’il était très probable ou assez probable que leur utilisation du programme augmente à la suite de ces changements. Voici les changements particuliers qui ont été les mieux accueillis par les responsables des prêts :

- Réduction du nombre de factures devant être rassemblées et envoyées;
- Déréglementation du pourcentage de financement maximum;
- Assurance supplémentaire pour le prêteur qu’une demande d’indemnisation sera payée en cas de visite sur place.

2.14 [Exclusivement pour les institutions financières ayant un niveau de satisfaction élevé et une forte probabilité d’accroître leur utilisation]
Le personnel de votre institution financière s’est montré particulièrement réceptif aux changements apportés par rapport à celui d’autres institutions. En quoi les changements apportés font-ils du PFPEC une solution plus séduisante pour vous et pour vos clients/membres?
2.15 [Exclusivement pour les institutions financières ayant un niveau de satisfaction moyen et une probabilité moyenne d’accroître leur utilisation]
En quoi les changements apportés font-ils du PFPEC une solution plus séduisante pour vous et pour vos clients/membres? Quels sont les autres changements qui auraient pu être apportés et qui auraient pu rendre cette solution encore plus séduisante?

2.16 [Exclusivement pour les institutions financières ayant un faible niveau de satisfaction et une faible probabilité d’accroître leur utilisation]
Votre institution financière s’est montrée relativement moins réceptive que les autres institutions vis-à-vis des changements apportés. Qu’est-ce qui, dans les changements, rend le programme plus séduisant pour votre institution et en quoi échouent-ils à atteindre cet objectif?

2.17 Partagez-vous l’opinion des responsables des prêts en contact avec la clientèle quant aux changements qui seraient les bienvenus? Dans la négative, en quoi votre opinion diffère-t-elle de la leur et pourquoi?

SECTION 3 CONCLUSIONS

En réfléchissant à notre discussion d’aujourd’hui, nous aimerions savoir ce que votre institution pourrait faire en réaction aux constatations de l’enquête et ce que, selon vous, Industrie Canada pourrait et devrait faire.

4.1 Certaines des constatations de l’enquête vous surprennent-elles ou vous inquiètent-elles? Dans l’affirmative, pourquoi?

4.2 Certaines des constatations de l’enquête inciteront-elles votre institution à prendre des mesures internes? Dans l’affirmative, de quelles constatations s’agit-il et pourquoi? Quelles mesures comptez-vous prendre?

4.3 Que pourrait faire Industrie Canada pour vous aider à mettre en œuvre ces mesures?

4.4 IC propose différents outils sur son site Web susceptibles d’être utilisés pour mieux sensibiliser les responsables des prêts au PFPEC (abonnement à un bulletin, présentations PowerPoint, etc. – voir la liste). Y a-t-il d’autres outils ou d’autres méthodes qu’IC pourrait utiliser pour que les responsables des prêts soient mieux sensibilisés au programme?

4.5 Avez-vous d’autres commentaires à faire ou d’autres suggestions à proposer avant de conclure cette entrevue?

Nous vous remercions de votre contribution à cette étude!