



# Senior Loan Officer Survey

on Business-Lending Practices in Canada

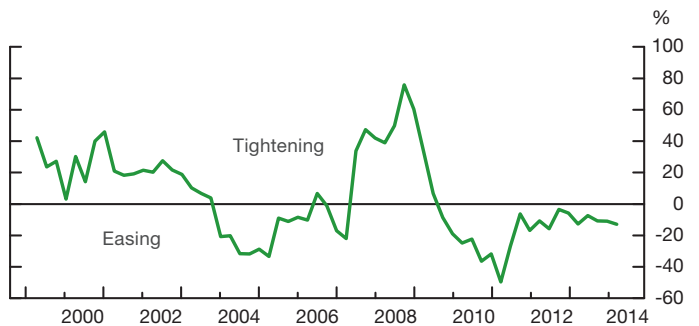
Results of the Second-Quarter 2014 Survey | Vol. 7.2 | 7 July 2014

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the second quarter of 2014.

- The survey results point to a further easing in overall business-lending conditions during the second quarter (**Chart 1**), continuing a period of almost uninterrupted easing since late 2009. The net easing was seen in both the price and non-price aspects of business lending (**Chart 2**).<sup>1,2</sup>
- Survey responses indicate that both price and non-price conditions eased for all categories of borrowers.
- Similar to the first quarter, senior loan officers noted ongoing competitive pressures among lending institutions and from capital markets as the primary reason for the second-quarter easing. Respondents reported continued improvement in access to capital markets for all grades of borrowers.
- The balance of opinion on the demand for credit from financial institutions during the second quarter tended toward a net increase, mainly from commercial and corporate borrowers. This follows a slight net decrease in demand reported in the first quarter of 2014.

**Chart 1: Senior loan officers reported a further easing in lending conditions for Canadian non-financial firms...**

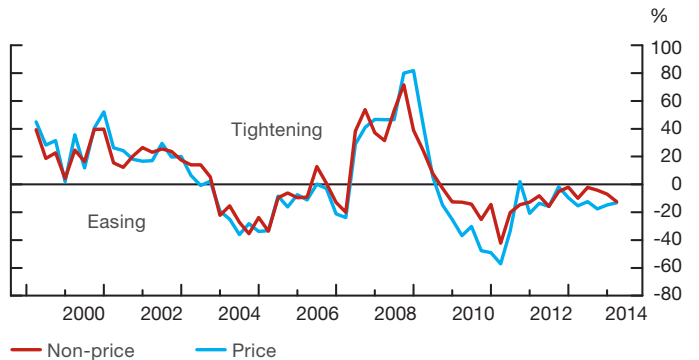
Overall business-lending conditions: Balance of opinion<sup>a</sup>



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

**Chart 2: ...in both price and non-price conditions**

Price and non-price lending conditions: Balance of opinion<sup>a</sup>



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small-business, commercial and corporate sectors.

<sup>1</sup> The SLOS defines the pricing of credit as spreads over base rates and/or fees rather than as the level of rates.

<sup>2</sup> Note that the balance of opinion indicates only the direction of the net change in lending conditions; it does not provide information on the magnitude of the change.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The second-quarter survey was conducted between 9 and 13 June 2014. Additional information on the survey is available on the Bank of Canada's website.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.