



# Senior Loan Officer Survey

on Business-Lending Practices in Canada

Results of the Third-Quarter 2009 Survey

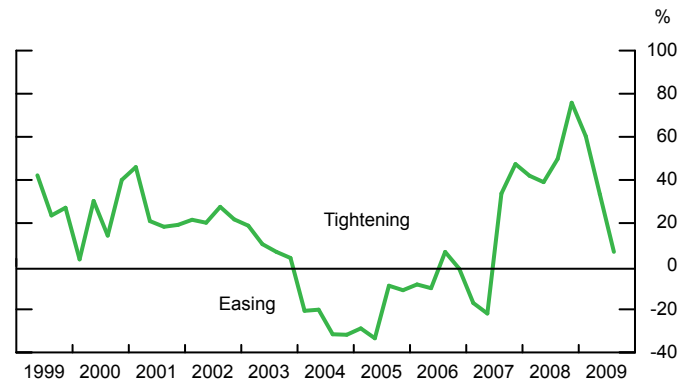
Vol. 2.3 9 October 2009

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the third quarter of 2009.

- By a narrow margin, the survey results point to continued tightening in credit conditions during the third quarter, following a period of substantial credit tightening for business borrowers (**Chart 1**). The balance of opinion indicating further tightening in lending conditions is the lowest since the onset of the global financial crisis. Note that the balance of opinion indicates only the amount of agreement among respondents about the direction of the change in conditions; it does not provide any information on the magnitude of the change.
- The tightening in conditions is in both the price and non-price aspects of business lending (**Chart 2**).
- Compared with the previous quarter, the tightening in lending conditions is less widespread among survey respondents. Indeed, a majority of respondents reported that price and non-price lending conditions remained unchanged for business borrowers during the quarter.
- Concerns about the general economic outlook, as well as industry-specific considerations, continue to be the key drivers behind the tightening in lending conditions.

**Chart 1: Lending conditions continued to tighten for Canadian firms . . .**

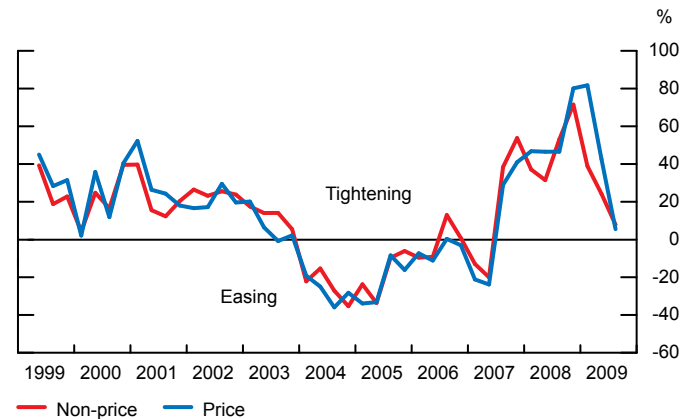
Overall business-lending conditions: Balance of opinion\*



\* 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 terms**

Price and non-price lending conditions: Balance of opinion\*



\* 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.

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 third-quarter survey was conducted between 15 September and 22 September 2009. Additional information on the survey is available on the Bank of Canada's website at <<http://www.bankofcanada.ca/en/slos/index.html>>.

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