



The Strategic Counsel

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# Canadian Bankers Association

## SME Survey Results: Assessments of Relationship with FIs

August 2008

## Technical

- ◆ Gregg, Kelly, Sullivan & Woolstencroft: *The Strategic Counsel* is pleased to present the following report to the Canadian Bankers Association.
- ◆ The findings are based on a national proportionate sample of Small and Medium Sized business (SMEs) representatives who were interviewed by telephone between August 5 and August 15, 2008.
- ◆ A sample of 200 is accurate within +/-6.9 percentage points, 19 times out of 20. Among subgroups, however, the margins for error are higher.
- ◆ The primary objective of this research was to determine the SMEs' assessments of the financial services marketplace within Canada.

## Number of Employees

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K- \$499K	\$500K- \$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	\$	%
1 – 5	53	65	64	29	49	57	51	50	58	53	61	44
6 – 10	16	-	15	28	18	10	19	14	15	14	13	19
11 – 15	9	4	4	18	8	14	4	9	9	9	3	12
16 – 20	5	-	1	12	8	5	1	6	2	3	3	7
21 – 30	1	-	-	3	2	-	1	-	2	3	-	-
31 – 40	3	-	-	7	2	5	1	3	1	2	3	3
Only Business Owners/Partners	16	31	16	3	15	10	21	19	12	16	16	15

Q. Excluding yourself, how many people are employed by the company in all locations?  
 Base: Total sample

## 2007 Revenue

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K- \$499K	\$500K- \$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	\$	%
\$30,000 – under \$100 000	26	100	-	-	18	21	39	21	33	20	27	30
\$100,000 – under \$500,000	40	-	100	-	45	41	34	45	36	50	40	32
\$500,000 – under \$1 million	17	-	-	49	21	14	14	15	18	19	8	21
\$1million – under \$5 million	18	-	-	52	16	24	13	20	14	11	24	18

Q. What was the total amount of your business' revenue for the year 2007?  
Base: Total sample

## Type of Business

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K- \$499K	\$500K- \$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	\$	%
Sales (retail, wholesale)	18	19	18	16	19	10	23	16	21	22	16	15
Renovation/Construction (incl. electrical)	9	4	3	19	6	13	7	10	7	6	11	8
Repair (auto, boats etc.)	8	12	11	2	6	11	7	4	12	9	7	8
Restaurants and Bars	7	4	10	6	12	3	6	6	9	11	3	6
Manufacturing	6	4	5	7	8	6	3	7	3	8	2	7
Accounting/Book-Keeping	4	8	4	2	3	3	6	4	3	2	7	4
Travel and Tourism	4	4	4	3	2	5	4	1	7	-	7	4
Transportation/Trucking	4	-	4	6	6	2	3	4	3	5	5	1
Real Estate	3	2	5	2	3	3	3	5	1	2	2	6
Services (Taxi, Funeral Home etc.)	3	4	1	4	2	6	1	4	2	3	-	6
Law/Legal	3	2	5	-	2	2	4	4	1	-	7	1
Health and Medical Research	3	4	3	2	3	2	3	2	3	3	5	-

Q. What sector or type of business is your company in?  
Base: Total sample

## Type of Business (cont'd)

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K- \$499K	\$500K- \$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	%	%
Convenience store or gas station	3	2	3	3	5	2	1	4	1	5	-	3
Excavation	2	-	3	3	3	2	1	2	2	-	3	3
Gift store	2	2	1	2	-	2	3	1	1	3	-	1
Printing/Publishing	2	-	3	2	-	2	3	1	2	2	3	-
Consulting	2	-	1	3	2	2	1	3	-	2	2	1
Oil and gas supply	2	2	-	3	2	2	1	1	2	-	3	1
Auto	2	2	-	3	-	5	-	-	2	-	3	1
Technology	2	2	1	2	-	3	1	2	1	-	2	3
Fibre glass	1	-	3	-	2	2	-	-	2	3	-	-
Rental service	1	-	1	2	-	2	1	1	-	-	-	3
Gun smith/Firearms	1	4	-	-	-	-	3	1	1	-	2	1
Training and Fitness/Recreation	1	-	1	2	2	2	-	2	-	2	-	1
Extermination	1	2	1	-	2	-	1	1	1	-	2	1
Furniture/Cabinet making	1	-	1	2	2	2	-	2	-	2	-	1
Insurance	1	2	-	2	-	2	1	2	-	-	-	3
Other	11	17	10	7	13	10	10	11	9	13	11	10

Q. What sector or type of business is your company in?  
Base: Total sample

## Type of Main FI Used by Business

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K- \$499K	\$500K- \$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	\$	%
A bank	72	69	75	69	76	67	71	78	64	75	68	71
A credit union	28	29	25	29	24	32	27	21	35	25	32	26
Other	1	2	-	-	-	1	-	1	-	-	-	1
DK/NA/Ref	1	-	-	2	-	-	1	-	1	-	-	1

Q. What type of financial institution is your business' main financial institution? Is it...  
Base: Total sample

## Duration of business relationship with your Main FI

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K- \$499K	\$500K- \$5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	\$	%
Less than one year	2	2	-	3	5	-	-	1	2	2	-	1
1 – 3 years	11	12	8	13	13	8	10	11	9	27	-	6
4 – 5 years	13	10	19	9	22	11	6	15	10	27	8	6
6 – 8 years	10	6	11	10	12	14	3	11	9	19	7	4
9 – 10 years	10	6	13	9	13	11	4	9	9	23	3	3
11 – 15 years	18	17	15	21	13	14	24	17	19	-	45	10
16 – 20 years	10	15	10	4	5	11	13	8	11	-	27	3
More than 20 years	29	33	24	31	16	30	39	28	30	3	10	67
DK/NA/Ref	1	-	1	-	-	-	1	1	-	-	-	1

Q. How long has your business had a relationship with?  
Base: Total sample

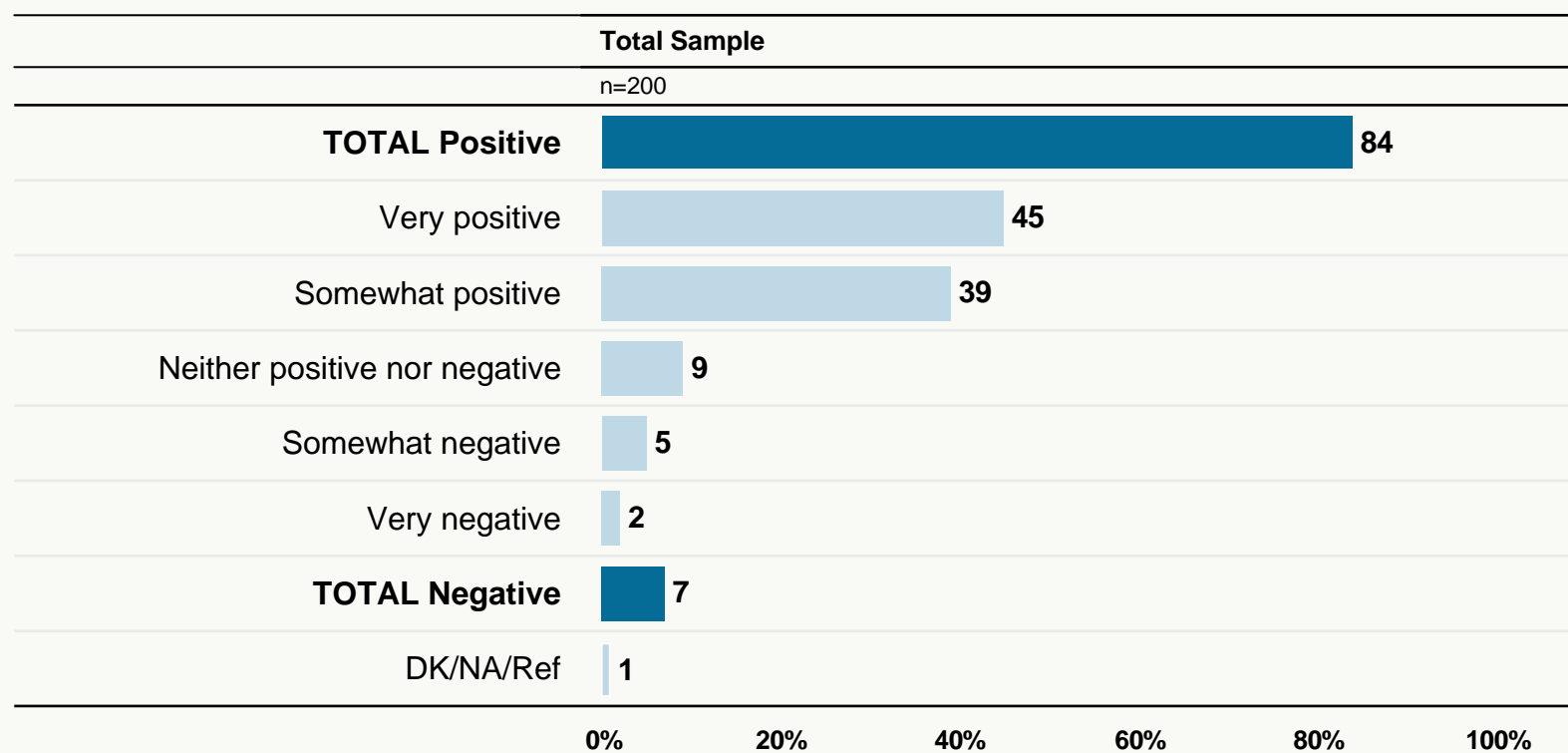


## Incidence of Personal and Business Banking with the same FI

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K-\$499K	\$500K-\$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	\$	%
Yes	65	65	71	57	57	68	70	63	67	59	73	64
No	33	31	28	41	43	29	27	35	30	38	27	33
DK/NA/Ref	2	4	1	2	-	3	3	2	2	3	-	3

Q. Do you do both your personal and business banking with the same bank or financial institution?  
 Base: Total sample

# Assessments of Relationship Between Main FI/Banker and Business



Q. How would you describe the relationship between your business and your main banker or financial institution? Would you describe it as...  
 Base: Total sample

## Awareness of Good Alternatives for Credit

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K- \$499K	\$500K- \$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	%	%
Yes	71	69	70	72	73	67	71	71	69	70	69	71
No	29	29	30	28	27	33	27	29	30	30	29	29
DK/NA/Ref	1	2	-	-	-	-	1	-	1	-	2	-

Q. In addition to banks, are you aware of other good alternatives for credit?  
Base: Total sample

## Financial Institution Selection: credit services vs. non-credit, banking services

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K-\$499K	\$500K-\$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	%	%
Primarily for credit services	31	33	21	40	31	35	26	24	36	25	27	37
Primarily for non-credit, banking services	62	62	69	53	61	59	64	67	56	72	61	53
DK/NA/Ref	8	6	10	7	8	6	10	9	8	3	11	10

Q. Thinking back to when you established your relationship with your main financial institution, did you select your financial institution primarily for credit services or for non-credit, banking services?

Base: Total sample

## Existence of Credit Relationship with FI

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K-\$499K	\$500K-\$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	\$	%
Yes	72	64	74	77	73	73	70	75	69	72	74	70
No	27	37	24	22	27	25	27	24	29	25	26	29
DK/NA/Ref	2	-	3	2	-	2	3	1	2	3	-	1

Q. Do you have a credit relationship with your financial institution, including things like loans or lines of credit?

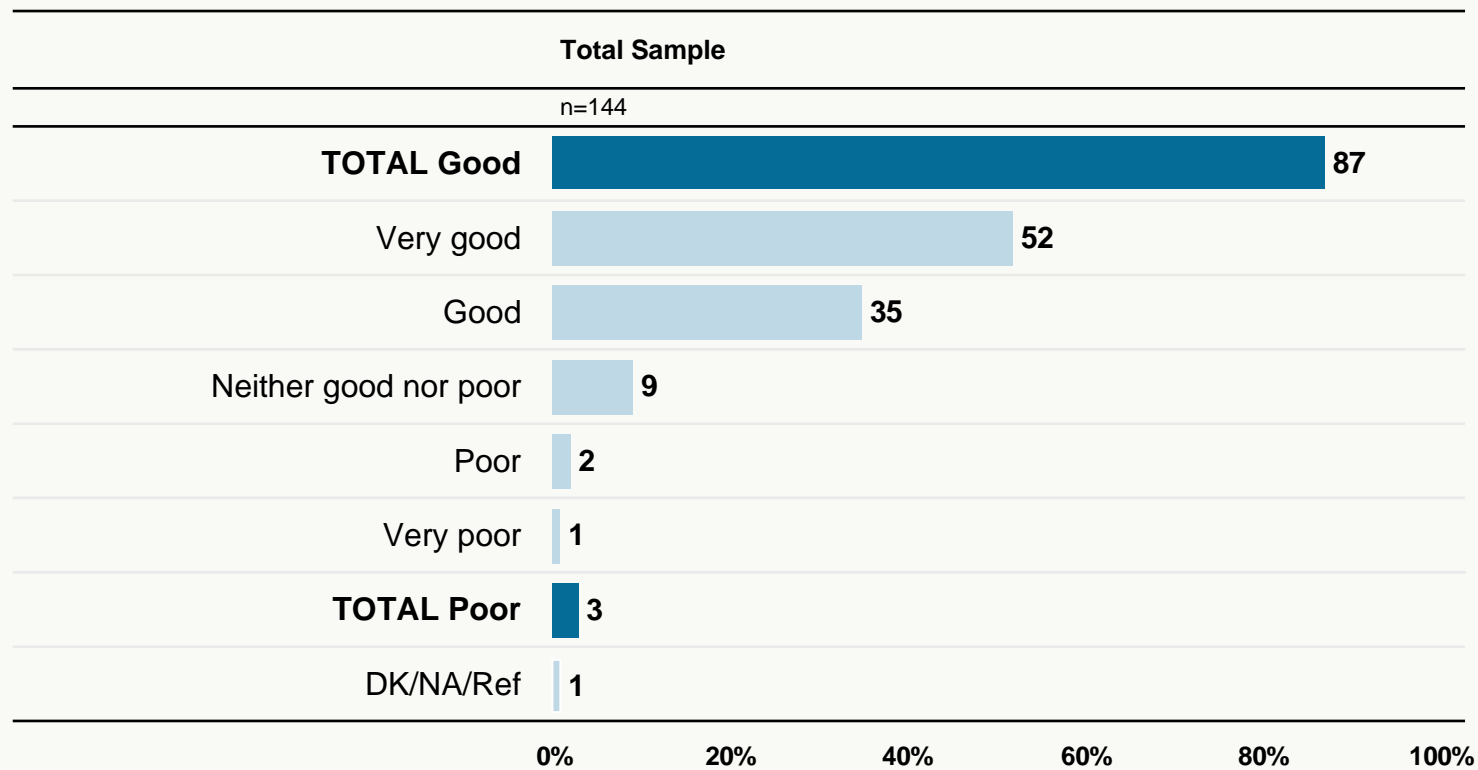
Base: Total sample

## Duration of Credit Relationship with main Financial Institution

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K-\$499K	\$500K-\$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	144	33 <sup>c</sup>	59	52	49 <sup>c</sup>	46 <sup>c</sup>	49 <sup>c</sup>	76	61	46 <sup>c</sup>	46 <sup>c</sup>	51
	%	%	%	%	%	%	%	%	%	%	\$	%
Less than one year	2	3	2	2	6	-	-	1	3	4	-	2
1 – 3 years	11	6	14	12	12	11	10	12	12	26	4	4
4 – 5 years	14	9	20	10	25	7	10	15	13	20	7	16
6 – 8 years	8	6	5	14	8	13	4	9	8	9	9	8
9 – 10 years	10	12	14	6	12	15	4	5	15	22	7	4
11 – 15 years	16	12	14	21	8	17	22	17	13	4	30	14
16 – 20 years	9	9	9	10	12	7	8	8	10	4	22	-
More than 20 years	26	39	20	23	12	30	35	28	25	11	17	47
DK/NA/Ref	4	3	3	4	4	-	6	5	2	-	4	6

Q. How long have you had a credit relationship with your main financial institution?  
 Base: Among those respondents with a credit relationship with their main financial institution.  
 c Caution, small base size.

# Impression of Credit Relationship with main Financial Institution



Q. How would you describe your credit relationship with your main financial institution? Would you say it is...  
 Base: Among those respondents with a credit relationship with their main financial institution.

## Importance of Selected Factors in Credit Relationship

<b>Total Somewhat/Very Important</b>	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K-\$499K	\$500K-\$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	%	%
Access to credit	89	77	91	96	93	94	81	88	89	94	87	86
Face-to-face contact/ relationship	88	89	86	90	93	91	81	84	91	89	89	86
Providing low cost products and services	84	77	90	84	94	84	76	87	82	89	87	78
Being technologically advanced	78	65	88	78	79	81	76	77	79	78	82	75
Providing a wide selection of products/services	78	75	75	85	87	84	66	79	78	81	81	74
Being a specialist in your industry	66	71	65	65	67	64	69	62	71	63	65	71

Q. How important to your business are each of the following from a financial institution...very important, somewhat important, not too important, not at all important? How about...  
Base: Total sample



## Incidence of Switching Financial Institutions for All Banking Needs

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K- \$499K	\$500K- \$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	\$	%
Yes	34	35	29	38	27	32	41	40	27	19	34	47
No	66	65	71	62	73	68	59	60	73	81	66	53

Q. Has your business ever switched from one financial institution to another for some or all of your banking needs?  
Base: Total sample

## Number of Institutions Considered Prior to Switching

	Total
n=	67
	%
One	43
Two	16
Three	22
Four	2
Five	2
More than five	5
DK/NA/Ref	10

Q. How many different institutions did you consider before switching?  
 Base: Among those respondents who have switched from one financial institution to another.

## Reason for Switching Financial Institutions

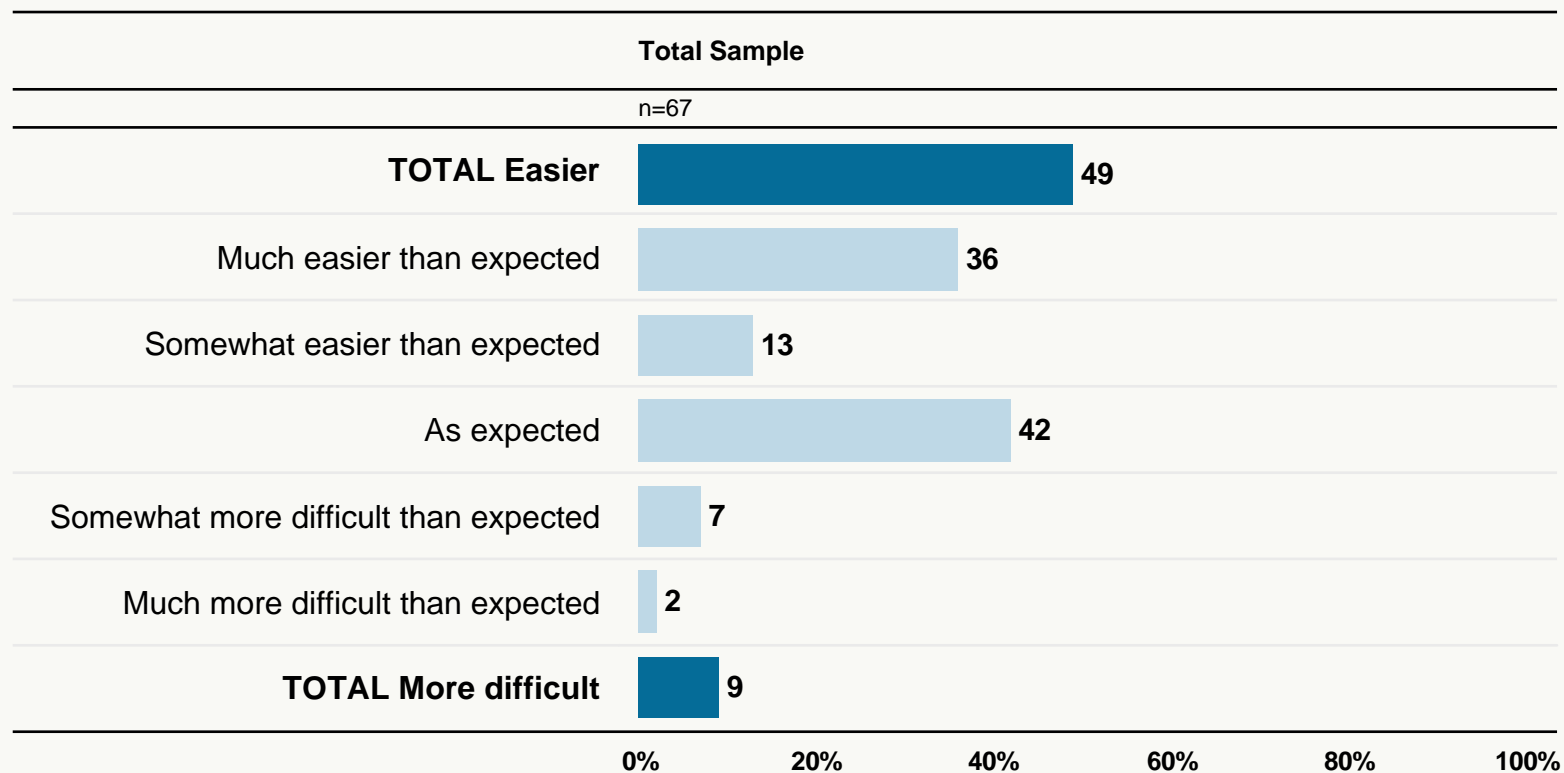
	Total*
n=	67
	%
<b>Negative Reasons TOTAL NEGATIVE</b>	<b>48</b>
Poor service generally	22
Fees/Price	8
Lack of personal attention	6
Lack of services needed	5
Branch closed down /Bank mgr. quit	5
Lack of credit	2
<b>Positive Reasons TOTAL POSITIVE</b>	<b>73</b>
Able to procure a better credit relationship with another financial institution	16
Better deal with another financial institution	13
More/better personal attention	12
Proximity/Location	12
Convenience/Ease of procedure	12
Better service offer	6
Heard new FI was better	2
Other	9
DK/NA/Ref	2

Q. What prompted you to switch from one financial institution to another?

Base: Total sample

\*Note: Multi mention response

# Compared to Expectations, Ease of Switching Financial Institutions



Q. Compared to your expectations, how easy was it to switch from one financial institution to another? Would you say it was...  
 Base: Among those respondents who have switched from one financial institution to another.

# Channels or Transaction Options Used in Day-to-Day Business Banking

	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K-\$499K	\$500K-\$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	200	52	80	68	67	63	70	101	89	64	62	73
	%	%	%	%	%	%	%	%	%	%	\$	%
In-person service with a teller at a branch	83	83	83	84	84	79	86	79	89	91	69	88
On-line or Internet banking	54	52	51	57	63	57	41	55	49	59	58	45
An account manager	51	33	46	69	52	52	47	53	46	53	52	48
ABMs	51	52	54	46	46	54	51	54	45	52	61	41
Direct contact by telephone with a dedicated banker/customer service representative	47	39	41	59	45	54	41	44	48	41	50	49
Telephone banking using automated telephone service	27	29	30	22	18	32	31	29	26	28	29	25
Other	2	2	1	3	2	3	1	2	1	-	3	3

Q. Thinking about your day-to-day business banking, which of the following channels or transaction options do you use? Does your business use...  
 Base: Total sample

## Change in Use of On-line or Internet Banking in Last 2 Years

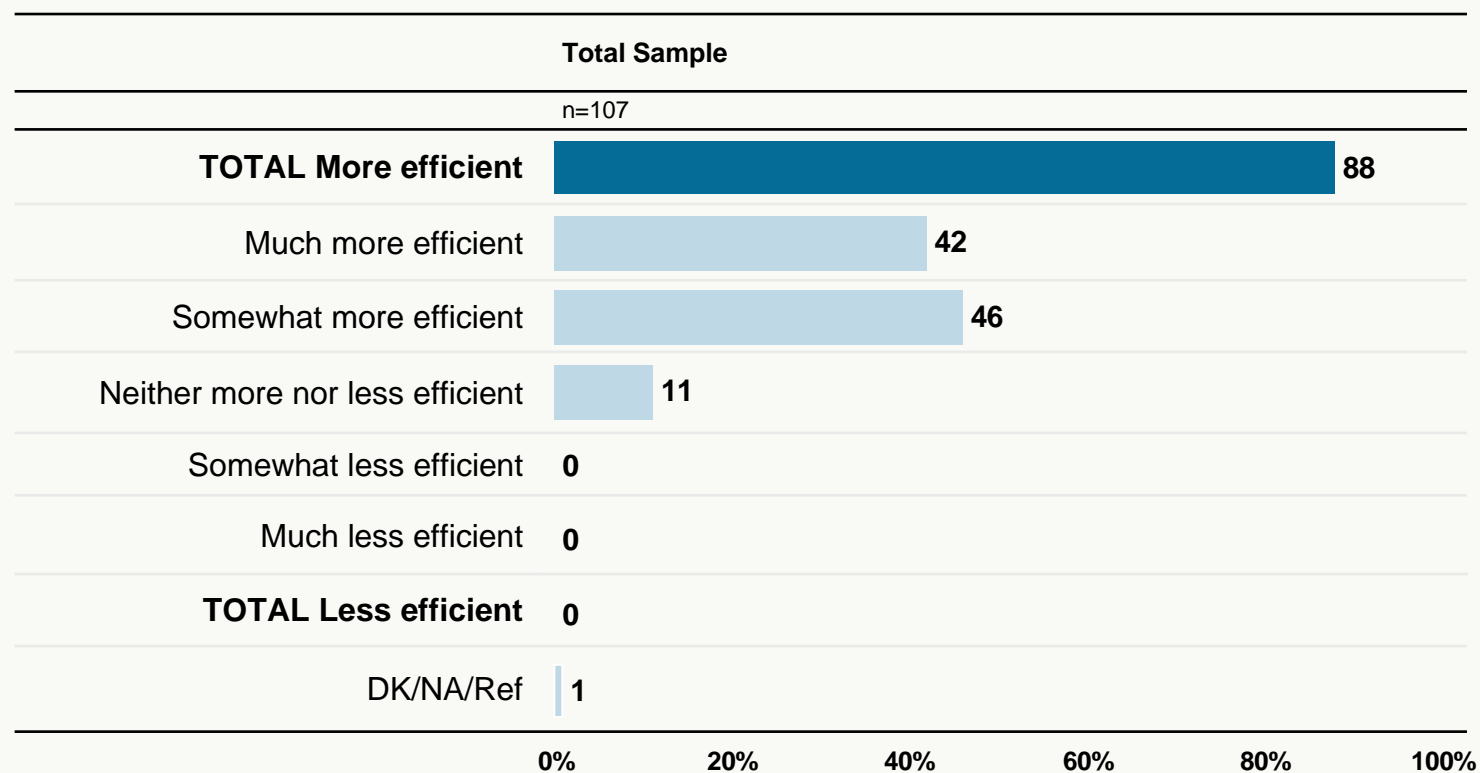
	Total	Annual Revenue			Age			Residence		Duration in Business		
		<\$100K	\$100K- \$499K	\$500K- \$<5M	<45	45-54	55+	Urban	Rural	<11 Years	11-20 Years	20+ Years
n=	107	27 <sup>c</sup>	41 <sup>c</sup>	39 <sup>c</sup>	42 <sup>c</sup>	36 <sup>c</sup>	29 <sup>c</sup>	56	44 <sup>c</sup>	38 <sup>c</sup>	36 <sup>c</sup>	33 <sup>c</sup>
	%	%	%	%	%	%	%	%	%	%	\$	%
Increased	57	52	51	67	55	69	45	68	43	50	58	64
Stayed about the same	39	48	42	31	38	31	52	30	50	50	33	33
Decreased	2	-	2	3	2	-	3	-	5	-	3	3
DK/Ref	2	-	5	-	5	-	-	2	2	-	6	-

Q. Over the past two years, has your business' use of on-line or internet banking increased, stayed about the same or decreased?

Base: Among those respondents who use on-line banking.

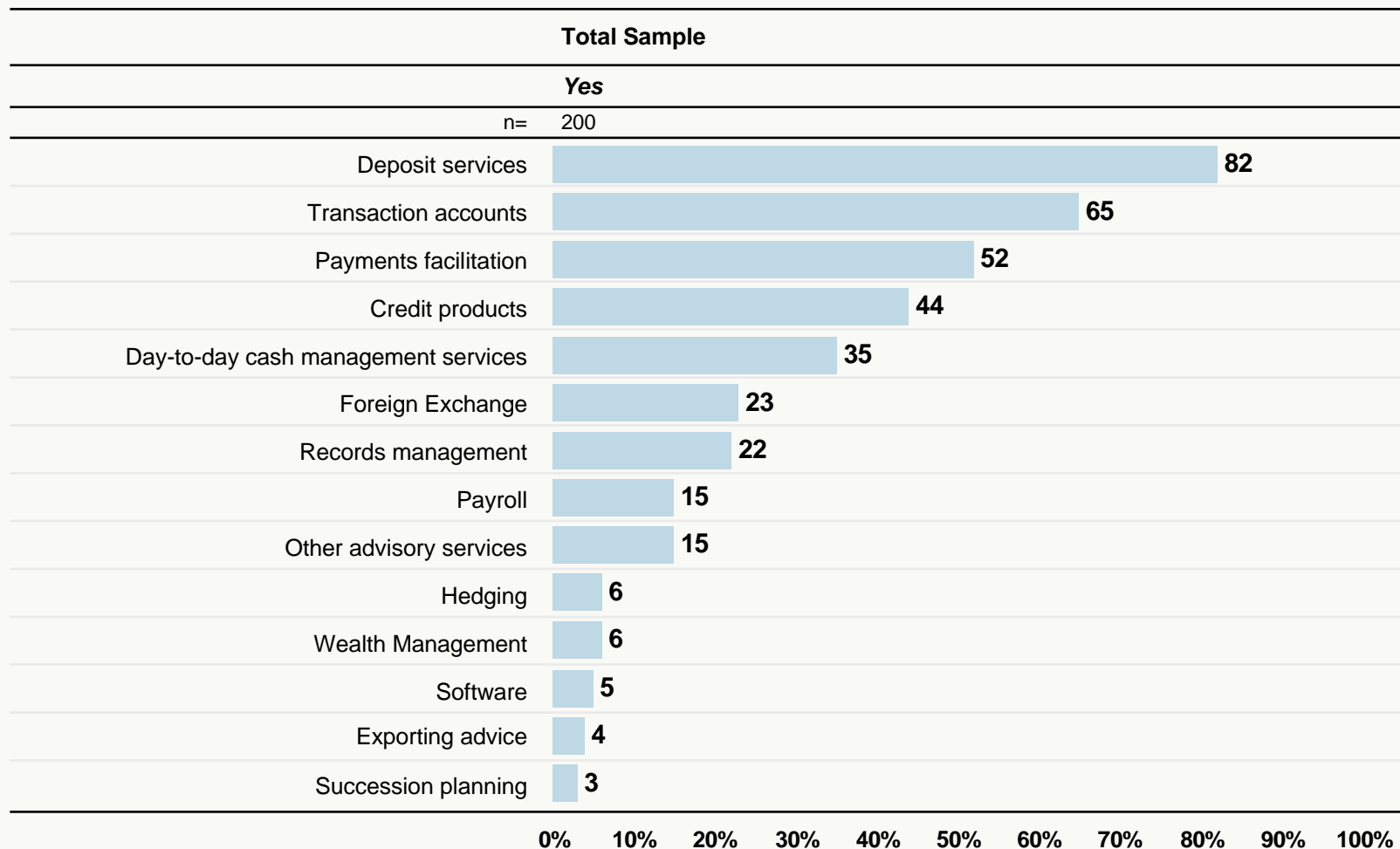
c Caution, small base size.

# Assessments of Efficiency Changes Using On-Line Banking



Q. Would you say that on-line or internet banking has made your business more efficient by reducing the time needed to do basic banking? Has it made your business...  
 Base: Among those respondents who use on-line banking.

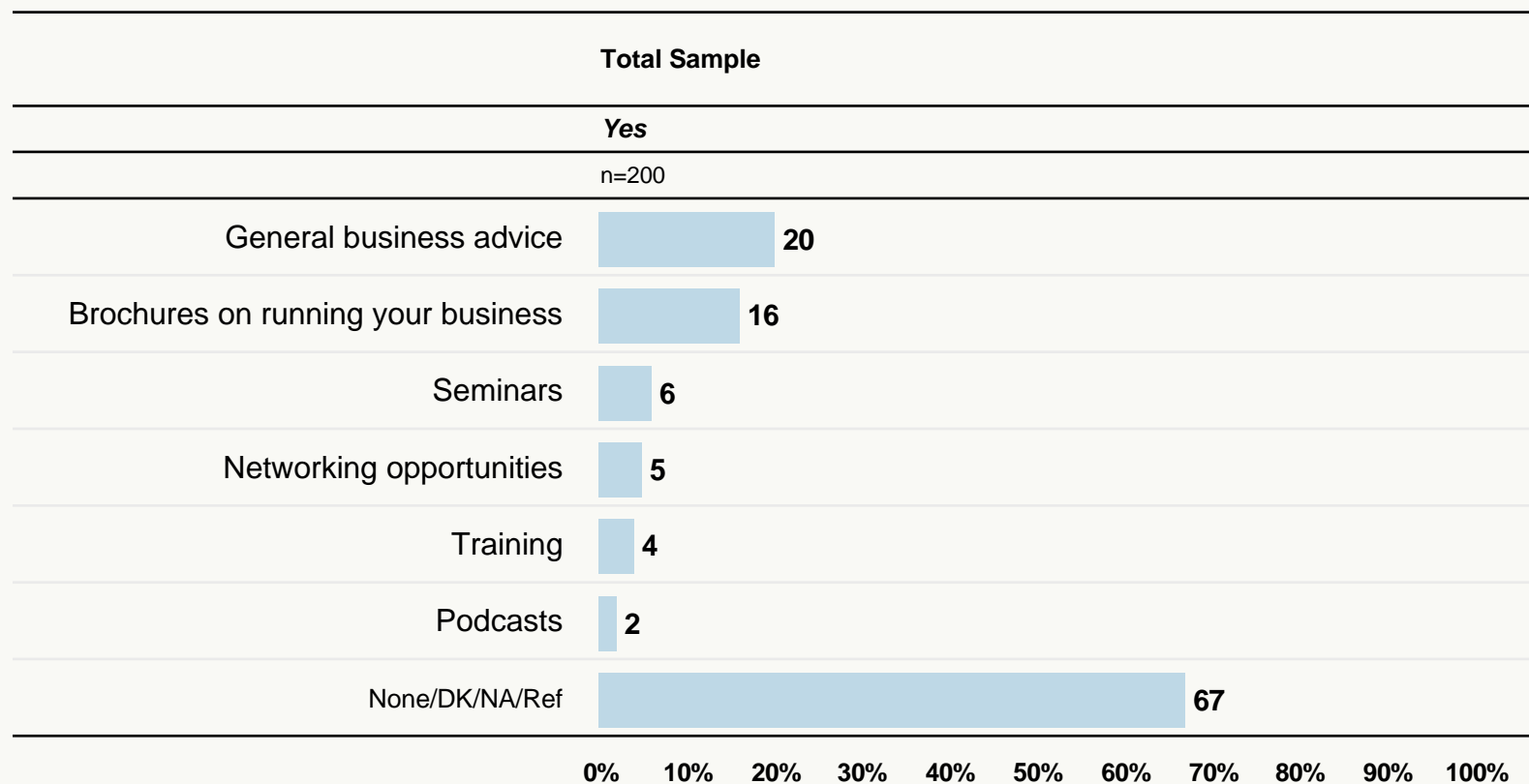
# Type of Banking Services used with Main Financial Institution



Q. Which of the following types of banking services are you using with your main financial institution?  
 Base: Total sample



## Other Types of Banking Services used with Main Financial Institution



Q. Which of the following other types of services have you used with your main financial institution?  
 Base: Total sample