

Banking Service 2020 Report Card

How well do Canadian banks
serve their SME clients?

MARCH 2020



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS**

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ABOUT CFIB

The Canadian Federation of Independent Business (CFIB) is Canada’s largest association of small and medium-sized businesses with 110,000 members across every industry and region. CFIB conducts research, member surveys and economic analyses to study the impact of policies on independent businesses and advise governments on how they can support entrepreneurship.

[Learn more at cfib.ca/research.](https://cfib.ca/research)

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Introduction

CFIB's latest bank rankings continue to show that credit unions are rated more favourably than conventional banks in providing services to small- and medium-sized enterprises (SMEs). Regional players follow, with ATB Financial, Desjardins and National Bank in the second, third and fourth spots, ahead of the Big Five. The Bank of Montreal received the highest score among the Big Five banks while Royal Bank of Canada scored the lowest. HSBC scored the lowest out of all the banks in serving SME clients.

As banking and financing can be critical to the success of a small business, it is important to monitor how financial institutions service small- and medium-sized enterprises (SMEs). The Canadian Federation of Independent Business (CFIB) has been monitoring how Canada's financial institutions are serving SMEs for several decades. This is the fourth report on this subject since 2010¹.

Based on feedback from SMEs, this report will provide specific ways financial institutions and governments can improve the banking experience of small- and medium-sized businesses across Canada. While the report highlights shortcomings of certain financial institutions in various service areas, banks that work to improve their service for SMEs will likely realize greater returns for their financial institution.

¹ While this report compares findings back to 2010, CFIB has been publishing banking reports every three to four years since 1982.



Assessing the Banks

In assessing the banks, this report determines scores by size of business and for overall performance. This report is based on the results of a survey conducted from April 9 to July 29, 2019 and is based on a sample of 11,599 small and medium-sized business owners from across Canada. Each bank's score is based on the survey responses from their SME clients.

In developing the approach for scoring the banks, CFIB determined the areas of banking that are most important for small and medium-sized businesses based on member feedback. They are:

1. **Financing** — Whether they are just starting out or are established and looking to grow, reliable and affordable financing that can be secured on competitive borrowing terms is crucial to a business's success. SME owners depend on financing from their main bank for day-to-day purchases, as well as for longer term borrowing needs.
2. **Fees** — CFIB's Business Barometer from January 2020 found that 38% of SMEs report banking costs as a major cost constraint for their business. While business owners understand that any product or service has a price, they expect to receive value for the fees they pay. In addition to getting their money's worth, businesses do not want to pay extra for things that make little sense, such as charges for moving money between accounts within the same bank.
3. **Account manager** — Relations with the local branch account manager can be of great importance to SMEs' overall banking experience. CFIB's survey found that 73% of small business owners have an account manager, and another 8% indicated that they would like to have a relationship with an account manager. It is therefore important that banks continue to ensure there is a high quality of service offered by their account managers.
4. **Service** — Lastly, banks need to provide other services that small- and medium-sized business owners require, such as bank statements that identify various fees and services in a transparent and easy-to-read format. Business owners also greatly benefit from being able to access a branch near their business location and having the option to easily conduct their banking online.

Each area of evaluation received equal weight (25 per cent) when calculating the overall score for each bank. Bank scores are based on a relative scale of 0 (worst) to 10 (best). See Appendix 1 for more details on the methodology, including how scores were calculated and the composition of each area of banking.



SMEs overall level of satisfaction with Canada's financial institutions

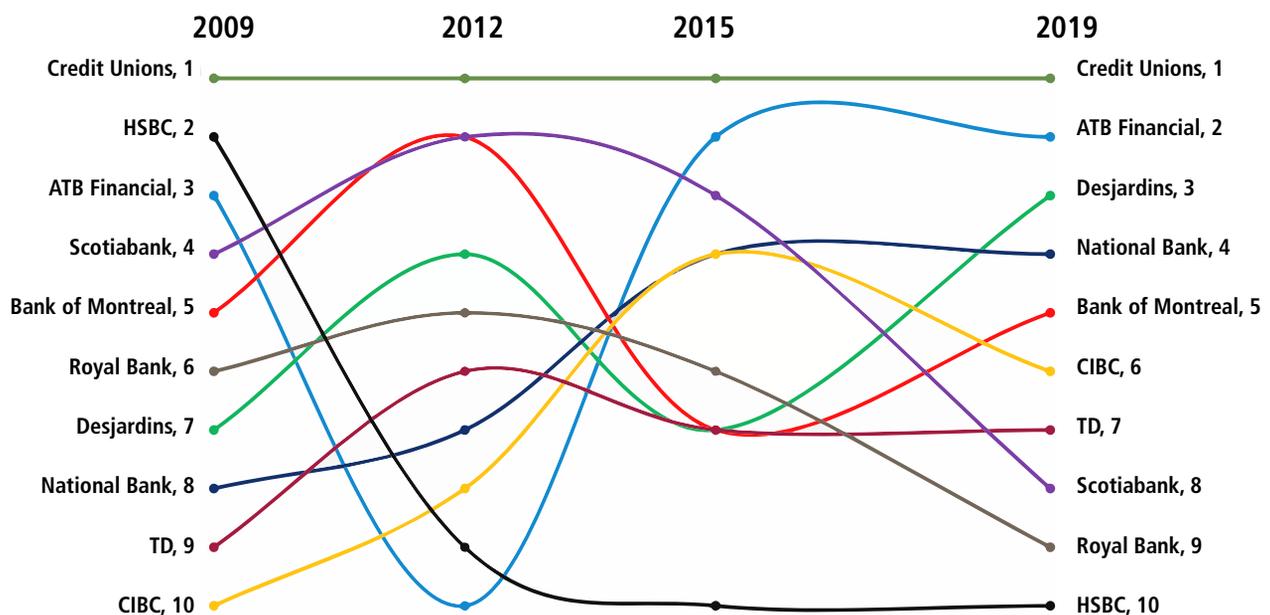
Overall ranking

CFIB's survey found that SME clients of credit unions and smaller regional financial institutions were significantly more satisfied with their banking services than those using the services of the big banks. Credit unions have held on to the first place ranking since 2009. That said, there has been quite a bit of movement in the rankings of other smaller financial institutions, and among the Big Five banks (Bank of Montreal [BMO], Royal Bank of Canada [RBC], the Canadian Imperial Bank of Commerce [CIBC], TD Canada Trust [TD] and Scotiabank).

Among smaller institutions, the big success story was Desjardins, which jumped from seventh place in 2015 to third place in 2019. ATB Financial continued to be relatively well-liked by its SME clients, holding on to second place overall while National Bank held on to its fourth place rank.

Among the Big Five, a comeback was made by BMO, which moved up two spots since 2015 to fifth overall and was ranked highest among the big banks (Figure 1). This improvement is more consistent with BMO's performance prior to 2015 when it was often among the highest ranking of the big banks.

FIGURE 1: CHANGES IN RANKING, ALL SMES, 2009-2019



TD held on to its ranking of seventh overall but, due to movement by other institutions, still made gains in its ranking among the big banks. Scotiabank, in contrast, had a significant drop, falling five spots from third overall to eighth. Among the big banks, Scotiabank only ranks higher than RBC.

CIBC dropped two places to rank sixth among all financial institutions in 2019. RBC also lost ground, dropping three spots to ninth overall and placing lowest among the big banks. However, it was HSBC that ranked last overall, which was consistent with its ranking in 2015.

Overall scoring by area

Credit unions achieved the highest overall score followed by ATB Financial and Desjardins (Table 1). In terms of the individual areas evaluated, credit unions achieved the highest scores across all four areas (Table 1). Credit unions really stood out in the areas of fees and account manager, where they scored significantly higher than all other financial institutions.

For the second report in a row, HSBC received the lowest overall score. HSBC is the weakest among all the banks for service by a significant margin. Interestingly, shortcomings in the area of service seem to be one of the main reasons for HSBC scoring lowest overall, as its scores in all other areas are not as low relative to other banks. For example, in the areas of fees and financing, HSBC received the second and third best scores, respectively.

Among the Big Five banks, BMO received the best average score thanks to good results in the areas of financing and account manager relative to other banks, but underperforms in service and fees (Table 1). BMO received a better grade than other big banks in financing because the bank outperforms them when it comes to willingness to lend and borrowing terms (see Appendix 2 for detailed results by bank). However, there is room for improvement in other areas. More specifically, if BMO wants to improve its overall score, it will need to improve the clarity of its bank statements (see Appendix 2).

Despite a good score in the area of service, CIBC places second among the big banks, mostly due to a low score in the area of fees. To improve, it will be crucial for the bank to review its fees and make sure they correlate with the level of services provided.

TD once again scored the lowest in providing financing, as it also did in 2015. Even so, the bank received the best score in the area of service among the Big Five banks. Moving forward, TD needs to improve access to financing for the smallest businesses in order to increase its score (see more details in the next section). Additionally, significant improvements are needed in the areas of fees and account manager, as TD was ranked second to last in both.

TABLE 1: OVERALL BANK SCORES BY SERVICE AREA, ALL SMES, (BEST = 10; WORST = 0)

Rank	Financial Institutions	Overall	Financing	Fees	Account Manager	Service
1	Credit Unions	6.19	4.77	6.00	6.12	7.86
2	ATB Financial	4.42	3.82	3.85	2.15	7.83
3	Desjardins	4.23	3.54	2.11	4.36	6.90
4	National Bank	3.51	2.44	2.53	3.80	5.28
5	Bank of Montreal	3.40	2.78	1.58	3.39	5.83
6	CIBC	3.24	2.23	1.42	3.25	6.07
7	TD	2.79	1.30	1.21	1.27	7.39
8	Scotiabank	2.72	1.95	2.00	1.19	5.72
9	Royal Bank	2.69	1.83	0.85	1.85	6.23
10	HSBC	2.49	3.62	4.18	1.80	0.35

Scotiabank scores the lowest out of all banks in the area of account manager. This was a seven-position fall from its third place ranking in this area of banking in 2015. This may suggest that there has been some kind of shift in Scotiabank’s approach to their account managers’ interactions with SME clients since the last time CFIB conducted this study. Scotiabank did, however, receive the best score in fees among the Big Five banks.

Finally, RBC performed well in the area of service but scored lowest in fees, as it did in 2015, and scored second lowest in financing. Similar to TD, RBC will need to find ways to make it easier for the smallest businesses to access financing in order to increase its overall score (see next section).



Level of satisfaction by size of business

Smallest businesses (fewer than five employees)

Levels of satisfaction vary widely based on the size of the business receiving the services. Overall, the bigger the business, the higher the level of satisfaction with the financial institution.

When it comes to serving the smallest businesses (those with fewer than five employees), credit unions received the highest overall score (Table 2). Credit unions also scored the highest for the smallest firms in three of the four areas of evaluation: financing, fees and account manager.

ATB Financial placed second overall among the smallest businesses, but managed to score the highest for service (Table 2).

National Bank and Desjardins followed in the third and fourth spots, although National Bank received the lowest score in the area of service. To improve in this area, National Bank should take steps to increase the clarity of its bank statements (see Appendix 2 for detailed results by bank).

Among the smallest businesses, the Big Five banks scored lowest in the rankings. The best of the five was BMO, which ranked fifth overall. A high level of dissatisfaction with the level of fees was the main factor pulling BMO's score down.

CIBC and Scotiabank obtained similar levels of satisfaction, ranking sixth and seventh. Similar to BMO, CIBC's score was pulled down by a low score in the area of fees, while a low score in the area of account manager held down Scotiabank's score.

TABLE 2: BANK SCORES BY SERVICE AREA: SMALLEST BUSINESSES (0-4 EMPLOYEES)

Rank	Financial Institutions	Overall	Financing	Fees	Account Manager	Service
1	Credit Unions	5.75	4.35	5.99	5.29	7.37
2	ATB Financial	4.52	4.00	3.86	2.41	7.81
3	National Bank	3.65	2.45	2.92	4.15	5.07
4	Desjardins	3.51	3.01	1.34	3.28	6.43
5	Bank of Montreal	3.26	2.42	0.97	3.80	5.87
6	CIBC	2.54	1.03	0.81	2.60	5.73
7	Scotiabank	2.52	1.46	2.02	0.92	5.70
8	TD	2.05	0.00	0.00	1.14	7.07
9	Royal Bank	1.90	0.69	0.30	0.14	6.46

Note: HSBC is excluded in the smallest businesses category (0-4 employees) due to small survey sample sizes.

Closer to the bottom of the rankings, TD ranked ninth and received the lowest possible score of 0.00 in both financing and fees. A score of 0.00 indicates that the bank received the lowest score out of all financial institutions in the area of fees, and each of the three factors making up the score for financing: willingness to lend, lending terms, and information requirements for financing (see Appendix 2).

Finally, RBC ranked last among the smallest businesses. While receiving a good score for service, RBC performed poorly in all other areas of evaluation (financing, fees and account manager).

Comments from business owners (less than five employees)

“

Being an SME start-up, the catch-22 of obtaining a revolving line of credit to match growth is an exceedingly difficult barrier to overcome. No BDC or federal/provincial programs are effective in supporting entrepreneurial businesses.

ATB Financial client, wholesaler, Alberta

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“

Last October the CIBC branch in my town closed, leaving us with no financial institution nearer than 20 km away, changing a two-block walk to a 40 km round trip for change or deposits.

CIBC client, yarn specialist, Ontario

”

“

We recently switched from BMO to a local credit union and I can't say enough about how happy we are with the shift. We were very unhappy with the bank's high service fees, including high monthly account fees and fees for depositing cash. Additionally, there were long line-ups and poor service at the bank which we didn't enjoy, and it caused us to not want to go there. As a small local business we find that the personalized service and philosophy of the credit union fits better for us.

Credit union client, farmer, Manitoba

”

“

...The mortgage situation is horrible. Twice I was refused by my own branch when I had previous mortgages up to a million and had never missed a payment in 20 years. I was forced to go to outside brokers who charged insurance and then had my own bank buy my mortgage from the broker! I literally ended up back in the office of the same person who wouldn't even fill out a mortgage application for me to arrange the payments on the mortgage once accepted through a broker. I have never missed a mortgage payment in my life on the seven mortgages we have held. Still can't get a bank to fill out a mortgage application for me.

Scotiabank client, weddings organiser, British Columbia

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“

Banking fees for small businesses are unreasonable. I went from being a sole proprietor to corporation last year, which meant my banking fees went from \$0.00 per transaction as per personal banking, to over \$1.00 per transaction as per corporate banking. This might appear trivial to institutions that make large sums per year, but it puts the smaller businesses at a disadvantage. I don't think it's fair that the banks are allowed to charge the business for moving money from one account to another (i.e. from income to operating) within the same bank.

Royal Bank client, physiotherapist, Ontario

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Small businesses (5 to 49 employees)

On average, scores attained by financial institutions for small businesses (those with 5 to 49 employees) were slightly higher than those for the smallest businesses.

Credit unions once again outperformed all other financial institutions (Table 3). In fact, they received the best scores by a comfortable margin in all four areas.

Regional players Desjardins and ATB Financial ranked second and third, respectively. While ATB Financial outperformed Desjardins in three out of the four areas of evaluation, its low score for account manager caused it to forfeit second place to Desjardins.

In fourth place was CIBC. Despite ranking first out of the big banks for small businesses, CIBC received the second worst score in the area of fees.

National Bank and BMO received virtually the same score. The two banks received comparable scores across all areas of evaluation with National Bank performing slightly better in fees and account manager, while BMO performed marginally better in financing and service.

TD and RBC placed seventh and eighth in the rankings. TD received the worst score in the area of account manager, while RBC scored lowest in fees.

Scotiabank placed ninth, with the worst score in financing and the second worst score in the area of account manager.

HSBC came in last. While receiving the second-best score in fees and a relatively good score in financing, the bank received the lowest possible score of 0.00 in service. This score means that HSBC received the lowest scores in all four factors making up the area of service: clarity of bank statements, access to branch, user friendliness of online banking, and range of services offered through online banking.

TABLE 3: BANK SCORES BY SERVICE AREA: SMALL BUSINESSES (5-49 EMPLOYEES)

Rank	Financial Institutions	Overall	Financing	Fees	Account Manager	Service
1	Credit Unions	6.29	4.75	5.71	6.53	8.20
2	Desjardins	4.48	3.47	2.31	4.95	7.18
3	ATB Financial	4.33	3.69	3.85	1.96	7.85
4	CIBC	3.60	2.90	1.62	3.64	6.24
5	National Bank	3.41	2.43	2.23	3.54	5.44
6	Bank of Montreal	3.41	2.71	1.95	3.17	5.80
7	TD	3.15	2.09	1.87	1.01	7.62
8	Royal Bank	3.07	2.39	1.08	2.79	6.04
9	Scotiabank	2.62	1.98	1.75	1.12	5.66
10	HSBC	2.30	3.44	4.17	1.59	0.00

Comments from business owners (5- 49 employees)

“

Banks are constantly changing personnel so small business managers keep changing and never get to really know our business. Very frustrating. Makes it hard to count on banks.

*Scotiabank client,
aviation consultant, Ontario*

”

“

It's a long story out here in Alberta. We have been in business since 1959 and never have I been treated so poorly by a bank and I have been running our business for over 35 years, using the same bank for the last 16 of it. The sad thing is that I have plenty of assets to back up my loan of \$500k and the company has struggled for the last 3 years and has turned the corner this past year. The bank has put us through hell and forced us to spend needless money, bounced cheques, held cheques, sell assets, and now after everything is settled refuses to give us any line of credit. We will be moving our commercial banking business shortly. I would not recommend the BMO to anyone.

Bank of Montreal client, electrician , Alberta

”

“

Business banking should be treated differently than personal. In order to promote small business in Ontario and Canada, business people should not fear how business banking works. My experience is the bank expects you to have cash, own personal money, then they might give you a loan, credit line etc. Why have business banking if there is no risk for the bank? Of course they need to be able to know you can pay your expenses and loans back, but there needs to be some other way for collateral or trust between businesses and banks.

*Scotiabank client, wholesaler,
Ontario*

”

“

Level of personal customer service at my CIBC branch has deteriorated (...) while at the same time the bank has ceased providing some services and has imposed additional fees. I have needed to personally extend credit to my business and despite offering substantial security, my bank has refused to provide the requested amount of credit despite my having personally and corporately banked there for decades. The National Bank was pleased to provide the financing and is actively pursuing all of my corporate and personal business so I am likely to move my personal and corporate banking there despite the fact that their closest branch is not nearly as close to my office location.

CIBC client, industrial painter, Ontario

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“

I wish my bank (ATB) would be more of a resource for finding working capital for my business. The traditional vehicles-loans, lines of credit, are difficult and onerous to get, and I often get less than what I asked for. I have a proven, successful business and yet it doesn't seem to be enough. I'm left feeling faintly embarrassed that I'm/my business is not good enough to deserve cash, somehow. I would love to have regular meetings with my account manager about my cash flow/working capital reserves and what the bank can do to help me. Even having a bank representative whose job it is to be knowledgeable about federal and provincial grants and loans would be awesome. I don't think my bank is proactive enough about this sort of thing at all.

ATB Financial client, beauty service provider, Alberta

”

Medium-sized businesses (50 to 499 employees)

Satisfaction levels with financial institutions are significantly higher among medium-sized businesses (those with 50 to 499 employees). While among the smallest businesses only credit unions scored higher than 4.50, all banks received a score higher than 4.50 in relation to serving medium-sized businesses (Table 4).

Once again, credit unions received the highest scores in fees, account manager and service. Desjardins placed second and obtained the best score in the area of financing.

There is a significant gap between these two and the rest of the financial institutions (Table 4). In fact, Scotiabank, RBC, TD and CIBC were tightly bunched together in third to sixth place, but were still a full two points below credit unions and Desjardins.

TD received the lowest score of all banks for financing among medium-sized businesses, as it did among the smallest businesses as well. HSBC ranked seventh overall and had a relatively good score in financing but the lowest score for service. Finally, despite doing relatively well among smaller businesses, BMO placed last overall among medium-sized businesses and had the lowest scores in the areas of fees and account manager.

TABLE 4: BANK SCORES BY AREA: MEDIUM-SIZED BUSINESSES (50-499 EMPLOYEES)

Rank	Financial Institutions	Overall	Financing	Fees	Account Manager	Service
1	Credit Unions	9.25	9.42	10.00	9.17	8.42
2	Desjardins	8.08	9.72	7.10	7.62	7.89
3	Scotiabank	5.87	6.55	5.23	4.94	6.77
4	Royal Bank	5.66	5.96	3.44	6.69	6.56
5	TD	5.65	4.09	4.69	6.17	7.63
6	CIBC	5.49	5.47	4.87	4.47	7.14
7	HSBC	4.97	6.02	4.25	4.66	4.95
8	Bank of Montreal	4.59	7.44	2.87	2.18	5.87

Note: ATB Financial and National Bank are excluded in the medium-sized businesses category (50-499 employees) due to small survey sample sizes.



Summary & Recommendations

This report shows that despite dominating the market², the Big Five banks are not as good as credit unions and regional players when it comes to serving SMEs. Many smaller businesses in particular have difficulty accessing the financing they need for their business to grow and succeed. Additionally, this report illustrates the strong dissatisfaction with banking fees, which has long been identified by CFIB as one of the major cost constraints faced by small businesses³.

Based on survey feedback, CFIB makes the following recommendations to help improve banking services to SMEs:

SME owners

- Use the information in this report to help determine which bank is the most appropriate for your financing or banking needs.
- Shop around for competitive rates and services.
- Keep your account manager informed about your developments, plans, needs, and concerns. A more informed account manager is better able to serve you.
- Request regular meetings with your account manager to review your business banking needs.
- Ask your bank to provide recommendations for alternative sources of financing if you are declined for bank financing.
- Stay aware of bank fee changes.

Banks, credit unions & caisses populaires

FINANCING

- Concentrate on providing low cost financing and increasing access for SMEs in need of financing.
- Increase staff knowledge of alternative financing options and ensure that they willingly provide information on those options to SME clients (e.g. federal and provincial grant programs).
- Do not promote credit cards as a main alternative source of long-term financing for SMEs.
- Adhere to the financing terms within the Small Business Banking Code of Conduct.
- Ensure new online lending operations (e.g. Kabbage, Thinking Capital, etc.) only supplement, not replace, traditional bank lending.

² CFIB Small Business Bank Market Share, 2019.

³ CFIB Business Barometer January 2020.

- Focus on “relationship” lending by ensuring small business bankers get to know their SME clients.
- Do not restrict financing during economic downturns for SME clients with a good history.

FEES

- Reduce fees and ensure value for services offered to SME clients.
- Eliminate fees to move money within the same bank.
- Publicly disclose service fee revenues generated from SME clients.
- Rather than increasing fees on cheques or disincentivizing their use, provide incentives to SMEs to use newer and more efficient types of payment (e.g. online payments, Business to Business (B2B), etc.).
- Ensure that existing and new types of payment are not designed to solely benefit banks and electronic solutions providers (i.e. SMEs should not be treated as a cash cow).
- Ensure transparency of costs associated with the processing of all types of payment for SMEs.
- Ensure transparency of bank account fees charged for SMEs.

ACCOUNT MANAGER

- Ensure that account managers work in the best interest of the client by focusing less on sales and more on providing advisory services.
- Empower account managers at the branch level by ensuring that they are well versed on small business needs and risk assessment, as well as by giving them greater decision-making and credit-scoring authority.
- Assess the risk of SME clients using a combination of credit scoring and the knowledge gained through the account manager’s relationship with their SME clients.
- Explain clearly to the client what credit scoring is, its importance and how to improve their score.
- Decrease account manager turnover rate. The business client-bank relationship can be improved by decreasing the number of times account managers change. Instead, focus on building a long-term relationship with the SME client by conducting regular visits and meetings.
- Improve responsiveness and reduce wait times to see an account manager.
- Ensure account managers meet with their clients regularly to gain understanding of each business. For example, have account managers visit new business clients at their place of work, and schedule regular visits (e.g. every 2-3 years) based on the needs and interests of each client.

SERVICE

- Focus on core business banking and the competencies required to improve the delivery of banking services to SME clients.
- Build stronger community presence among SMEs (e.g. easier access to branch).
- Continue to find ways to keep meaningful contact with small business owners in order to better understand their needs. In particular, do not abandon SMEs in non-urban areas.
- Focus on producing clear, legible bank statements.
- Continue developing cost-effective online services, such as low-cost options for electronic payments (e.g. online, mobile, etc.) and for Business to Business (B2B) payments while making sure traditional ways of banking are still available.
- Clearly explain fees associated with bank accounts and advise SME clients on how to obtain the best value for their money.

Government

- Ensure that banks adhere to the Small Business Banking Code of Conduct and that the interests of SMEs are served.
- Ensure banks actively promote alternative sources of financing besides bank financing (e.g. angel investing, crowdfunding, venture capital) as per the Small Business Banking Code of Conduct. Ensure the policy environment is encouraging of alternatives.
- Work with banks to ensure that the Canada Small Business Financing Program primarily benefits small and micro-businesses (i.e. the smallest businesses).
- Explore how open banking could bring innovation and competition to the banking sector and ensure that it results in tangible benefits for SMEs.
- Monitor banking fees and ensure bank statements provide small business owners with clear, easy-to read information about their accounts.
- Introduce an independent authority to monitor bank fees for SMEs and provide advice on bank fees (i.e. similar to the Financial Consumer Agency of Canada for consumers), or expand the mandate for the Financial Consumer Agency of Canada to include SME bank fees and financing issues (e.g. ensuring banks provide reasons for why a business is declined for financing).
- Enforce one low fee for SMEs when making online payments to government (e.g. tax remittance).
- Bank of Canada should reinstate the reporting of data on financing provided to small businesses (e.g. authorized business loans less than \$200,000) to determine whether the smallest businesses have adequate access to financing and ensure that banks are accountable for their lending practices (e.g. lending to businesses of all sizes).



Appendix 1: Methodology

This report is based on the results of a survey conducted from April 9 to July 29, 2019 and is based on a sample of 11,599 small and medium-sized business owners from across Canada. For comparison purposes, a probability sample with the same number of respondents would have a margin of error of plus or minus 0.91 per cent, 19 times out of 20.

Through this survey, CFIB members were asked to rate their main bank (very satisfied, somewhat satisfied, somewhat dissatisfied, very dissatisfied) on eleven factors.

An index was created to score and rate each bank on a scale of 0 (worst) to 10 (best) for each factor. The highest percentage of respondents who answered “very dissatisfied” or “somewhat dissatisfied” was assigned a score of 0 while the lowest percentage of respondents received a score of 10. All other values were normalized and were between 0 and 10.

These values form a relative index as a basis for comparison. Scores presented are by size of firm (fewer than 5 employees, 5-49 employees, 50-499 employees).

Due to small survey sample sizes:

- ATB Financial and National Bank were excluded in the 50-499 employee size category.
- HSBC was excluded in the 0-4 employee size category.

The rationale for distinguishing business clients by their size is based on the premise that smaller businesses generally receive different levels of treatment and service from their bank compared to larger firms. This has been documented extensively in previous CFIB studies. Another reason to focus on the size of the business is that certain institutions cater to different business clients.

The bank scores provide important information for business owners to use in making informed decisions. Choosing a bank that is the right fit for the business can make the difference between success and failure. Conversely, the scores provide banks with a valuable source of intelligence on how they are treating their SME clients.

The formula used for the normalized score for each factor is:

$$(\max-x)/(\max-\min)*10$$

Where x = the value of % Very Dissatisfied and % Somewhat Dissatisfied for each bank

Min and max are the minimum and maximum of the values (sum of % Very Dissatisfied and % Somewhat Dissatisfied) across each factor.

The 11 normalized scores were then classified under one of four areas and an average score by area was calculated for each bank.

Bank score by area – Financing

SME owners rely on financing from their main bank for their day-to-day purchases and longer-term borrowing needs. They also look to secure financing on competitive borrowing terms.

1. Willingness to lend	2. Lending terms (interest, collateral, etc.)	3. Information requirements for financing
average of 3 normalized factor scores above = area score for “Financing”		

Bank score by area – Fees

Bank fees have a huge impact on SMEs’ bottom lines. SME owners want low fees and expect the level of fees charged to reflect the quality and level of service received.

4. Level of fees
= area score for “Fees”

Bank score by area – Account Manager

The account manager experience can make or break the SME relationship. As the account manager acts as the key contact to their main bank, SME owners need the account manager to have a good understanding of their business, be accessible, and treat them well.

5. Understanding of my business by account manager	6. Accessibility of account manager	7. Treatment by account manager
average of 3 normalized factor scores above = area score for “Account Manager”		

Bank score by area – Service

Banks also need to pay attention to other services that SME owners require. For example, bank statements should be made clear to help business owners with their recordkeeping, and to provide greater transparency in fees to better understand the rationale behind them.

8. Clarity of bank statements	9. Access to branch (e.g. proximity to local branch, hours of operation)	10. User friendliness of online banking	11. Range of services offered through online banking
average of 4 normalized factor scores above = area score for "Service"			

Preliminary overall score

Area score for "Financing"	Area score for "Fees"	Area score for "Account Manager"	Area score for "Service"
average of 4 area scores above = preliminary overall score			

FINAL (weighted) overall bank score

Final overall scores are then calculated using bank scores received under each business size category and are weighted according to the survey sample.

Preliminary overall score for smallest business (0-4 empl.) category	Preliminary overall score for small business (5-49 empl.) category	Preliminary overall score for medium-sized business (50-499 empl.) category
= 41.5% of final overall score	= 54.4% of final overall score	= 4.1% of final overall score
sum of 3 weighted scores above = final overall score		



Appendix 2: Detailed scores by financial institution

ATB Financial

	Smallest business (0-4 employees)	Small business (5-49 employees)	Medium-sized business (50-499 employees)
Willingness to lend	3.16	3.79	
Lending terms (interest, collateral, etc.)	4.24	3.71	
Information requirements for financing	4.61	3.55	
Financing Score	4.00	3.69	N/A
Level of fees	3.86	3.85	
Fees Score	3.86	3.85	N/A
Understanding of my business by account manager	1.35	2.32	
Accessibility of account manager	4.21	1.96	
Treatment by account manager	1.69	1.60	
Account Manager Score	2.41	1.96	N/A
Clarity of bank statements	4.36	4.38	
Access to branch (e.g. proximity to local branch, hours of operation)	9.75	10.00	
User friendliness of online banking	9.59	9.65	
Range of services offered through online banking	7.55	7.33	
Service Score	7.81	7.85	N/A
Total Score	4.52	4.33	N/A

Bank of Montreal

	Smallest business (0-4 employees)	Small business (5-49 employees)	Medium-sized business (50-499 employees)
Willingness to lend	2.51	3.39	7.16
Lending terms (interest, collateral, etc.)	3.01	3.04	7.26
Information requirements for financing	1.75	1.70	7.91
Financing Score	2.42	2.71	7.44
Level of fees	0.97	1.95	2.87
Fees Score	0.97	1.95	2.87
Understanding of my business by account manager	4.33	3.78	1.82
Accessibility of account manager	3.16	2.79	3.75
Treatment by account manager	3.90	2.93	0.95
Account Manager Score	3.80	3.17	2.18
Clarity of bank statements	3.52	4.37	5.38
Access to branch (e.g. proximity to local branch, hours of operation)	6.28	6.20	6.04
User friendliness of online banking	7.85	6.76	5.49
Range of services offered through online banking	5.84	5.87	6.56
Service Score	5.87	5.80	5.87
Total Score	3.26	3.41	4.59

Canadian Imperial Bank of Commerce (CIBC)

	Smallest business (0-4 employees)	Small business (5-49 employees)	Medium-sized business (50-499 employees)
Willingness to lend	0.53	2.83	4.98
Lending terms (interest, collateral, etc.)	1.22	3.51	7.45
Information requirements for financing	1.34	2.36	3.97
Financing Score	1.03	2.90	5.47
Level of fees	0.81	1.62	4.87
Fees Score	0.81	1.62	4.87
Understanding of my business by account manager	2.53	3.90	7.30
Accessibility of account manager	1.99	3.64	3.01
Treatment by account manager	3.30	3.39	3.10
Account Manager Score	2.60	3.64	4.47
Clarity of bank statements	3.54	4.89	8.85
Access to branch (e.g. proximity to local branch, hours of operation)	5.47	5.92	4.41
User friendliness of online banking	8.35	8.25	8.75
Range of services offered through online banking	5.58	5.90	6.56
Service Score	5.73	6.24	7.14
Total Score	2.54	3.60	5.49

Credit Unions

	Smallest business (0-4 employees)	Small business (5-49 employees)	Medium-sized business (50-499 employees)
Willingness to lend	3.89	4.21	8.69
Lending terms (interest, collateral, etc.)	4.50	5.84	9.57
Information requirements for financing	4.65	4.19	10.00
Financing Score	4.35	4.75	9.42
Level of fees	5.99	5.71	10.00
Fees Score	5.99	5.71	10.00
Understanding of my business by account manager	4.82	6.91	7.50
Accessibility of account manager	5.50	6.53	10.00
Treatment by account manager	5.55	6.14	10.00
Account Manager Score	5.29	6.53	9.17
Clarity of bank statements	6.71	7.17	7.27
Access to branch (e.g. proximity to local branch, hours of operation)	8.27	9.21	9.86
User friendliness of online banking	8.54	9.51	9.79
Range of services offered through online banking	5.96	6.90	6.75
Service Score	7.37	8.20	8.42
Total Score	5.75	6.29	9.25

Desjardins

	Smallest business (0-4 employees)	Small business (5-49 employees)	Medium-sized business (50-499 employees)
Willingness to lend	3.31	4.30	10.00
Lending terms (interest, collateral, etc.)	2.14	2.62	10.00
Information requirements for financing	3.56	3.51	9.15
Financing Score	3.01	3.47	9.72
Level of fees	1.34	2.31	7.10
Fees Score	1.34	2.31	7.10
Understanding of my business by account manager	4.82	5.83	10.00
Accessibility of account manager	3.36	5.01	6.64
Treatment by account manager	1.64	4.01	6.21
Account Manager Score	3.28	4.95	7.62
Clarity of bank statements	5.56	5.63	10.00
Access to branch (e.g. proximity to local branch, hours of operation)	4.41	6.36	1.57
User friendliness of online banking	8.95	9.33	10.00
Range of services offered through online banking	6.81	7.41	10.00
Service Score	6.43	7.18	7.89
Total Score	3.51	4.48	8.08

	Smallest business (0-4 employees)	Small business (5-49 employees)	Medium-sized business (50-499 employees)
Willingness to lend		4.48	7.13
Lending terms (interest, collateral, etc.)		3.46	7.72
Information requirements for financing		2.38	3.22
Financing Score	N/A	3.44	6.02
Level of fees		4.17	4.25
Fees Score	N/A	4.17	4.25
Understanding of my business by account manager		1.84	7.06
Accessibility of account manager		1.56	5.14
Treatment by account manager		1.35	1.78
Account Manager Score	N/A	1.59	4.66
Clarity of bank statements		0.00	7.14
Access to branch (e.g. proximity to local branch, hours of operation)		0.00	4.06
User friendliness of online banking		0.00	5.43
Range of services offered through online banking		0.00	3.18
Service Score	N/A	0.00	4.95
Total Score	N/A	2.30	4.97

National Bank

	Smallest business (0-4 employees)	Small business (5-49 employees)	Medium-sized business (50-499 employees)
Willingness to lend	1.24	2.86	
Lending terms (interest, collateral, etc.)	3.56	2.64	
Information requirements for financing	2.55	1.79	
Financing Score	2.45	2.43	N/A
Level of fees	2.92	2.23	
Fees Score	2.92	2.23	N/A
Understanding of my business by account manager	3.91	4.33	
Accessibility of account manager	4.83	3.43	
Treatment by account manager	3.71	2.85	
Account Manager Score	4.15	3.54	N/A
Clarity of bank statements	2.08	3.04	
Access to branch (e.g. proximity to local branch, hours of operation)	6.11	6.15	
User friendliness of online banking	7.76	7.14	
Range of services offered through online banking	4.34	5.42	
Service Score	5.07	5.44	N/A
Total Score	3.65	3.41	N/A

Royal Bank of Canada

	Smallest business (0-4 employees)	Small business (5-49 employees)	Medium-sized business (50-499 employees)
Willingness to lend	0.33	2.72	6.12
Lending terms (interest, collateral, etc.)	0.88	2.51	5.83
Information requirements for financing	0.86	1.93	5.93
Financing Score	0.69	2.39	5.96
Level of fees	0.30	1.08	3.44
Fees Score	0.30	1.08	3.44
Understanding of my business by account manager	0.00	3.00	6.86
Accessibility of account manager	0.41	2.71	8.08
Treatment by account manager	0.00	2.68	5.12
Account Manager Score	0.14	2.79	6.69
Clarity of bank statements	1.83	2.04	3.40
Access to branch (e.g. proximity to local branch, hours of operation)	7.56	7.66	8.57
User friendliness of online banking	8.91	7.81	7.85
Range of services offered through online banking	7.55	6.64	6.42
Service Score	6.46	6.04	6.56
Total Score	1.90	3.07	5.66

Scotiabank

	Smallest business (0-4 employees)	Small business (5-49 employees)	Medium-sized business (50-499 employees)
Willingness to lend	1.12	1.87	7.53
Lending terms (interest, collateral, etc.)	1.73	2.63	6.38
Information requirements for financing	1.54	1.42	5.75
Financing Score	1.46	1.98	6.55
Level of fees	2.02	1.75	5.23
Fees Score	2.02	1.75	5.23
Understanding of my business by account manager	1.53	1.22	5.66
Accessibility of account manager	0.18	0.43	4.96
Treatment by account manager	1.04	1.71	4.20
Account Manager Score	0.92	1.12	4.94
Clarity of bank statements	2.02	1.89	6.84
Access to branch (e.g. proximity to local branch, hours of operation)	6.01	6.67	7.11
User friendliness of online banking	8.50	8.14	8.05
Range of services offered through online banking	6.28	5.93	5.06
Service Score	5.70	5.66	6.77
Total Score	2.52	2.62	5.87

TD Canada Trust

	Smallest business (0-4 employees)	Small business (5-49 employees)	Medium-sized business (50-499 employees)
Willingness to lend	0.00	2.10	3.89
Lending terms (interest, collateral, etc.)	0.00	2.75	4.50
Information requirements for financing	0.00	1.42	3.88
Financing Score	0.00	2.09	4.09
Level of fees	0.00	1.87	4.69
Fees Score	0.00	1.87	4.69
Understanding of my business by account manager	1.84	1.95	7.70
Accessibility of account manager	0.00	0.34	5.36
Treatment by account manager	1.59	0.73	5.45
Account Manager Score	1.14	1.01	6.17
Clarity of bank statements	4.68	5.31	5.95
Access to branch (e.g. proximity to local branch, hours of operation)	8.37	8.96	7.97
User friendliness of online banking	8.71	9.46	9.53
Range of services offered through online banking	6.51	6.73	7.06
Service Score	7.07	7.62	7.63
Total Score	2.05	3.15	5.65



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