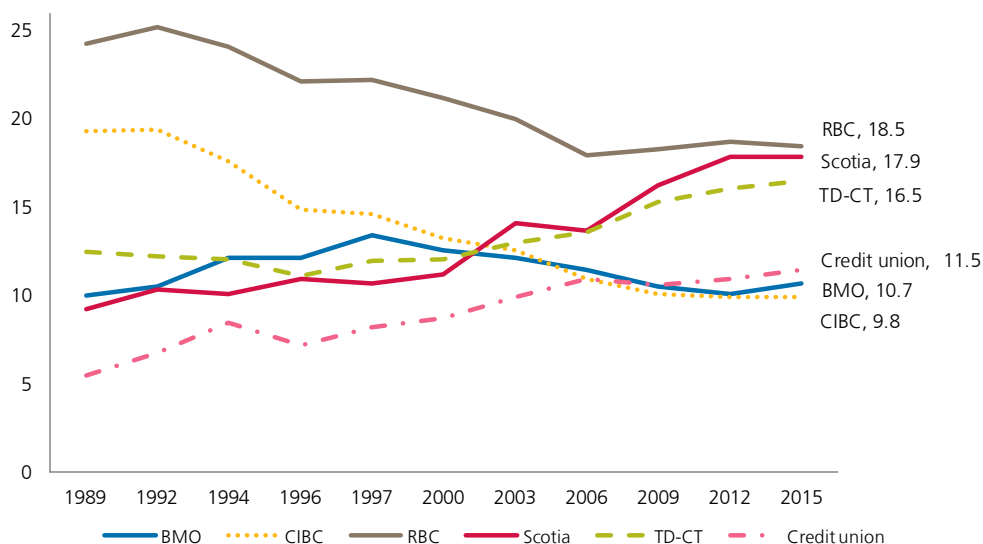


SME Bank Market Share

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Figure 1:

SME Market Share, Big Banks and Credit unions, 1989-2015 (% businesses)



CFIB has been tracking small- and mid-sized enterprises (SME) bank market share over the last few decades. While there are differing definitions of market share, CFIB offers a unique perspective on the relative dominance of the financial institutions in the SME segment, namely by the number of businesses. Based on 2015 data, there are clear leaders in the SME market but there are also signs that efforts to win SMEs have dwindled over the last few decades among certain large banks. Most notably, CIBC has dropped their market share by half over the last few decades which translates into lost opportunities to expand other banking and payment services in the SME market. Although Royal Bank still retains its first place position, it has lost significant ground over the last few decades. Bank of **Montreal's market share** has also been on the decline since 1997 but gained slightly in market share from 2012 to 2015. In contrast, Scotiabank and TD Canada Trust have crept up to second and third place as market share leaders over the last few decades. Credit unions have slowly gained market share over the years, growing from 5.5% in 1989 to 11.5% of total SME bank market share (see Figure 1).

From 2000 to 2015 (see Table 1), significant declines occurred across select banks, namely CIBC (-3.5 percentage points), Royal Bank (-2.7 percentage points), and Bank of Montreal (-1.9 percentage points). Since 2000, Scotiabank boosted its market share by 6.7 percentage points while TD Canada Trust increased its market share by 4.4 percentage points. Credit unions gained 2.8 percentage points in market share.

Table 1:

SME Market Share 2000-2015, Big Banks and Credit unions, (% , based on clients)

	2000	2009	2012	2015	2000-2015 Absolute Change
Royal Bank	21.2	18.3	18.7	18.5	-2.7
Scotiabank	11.2	16.2	17.9	17.9	+6.7
TD Canada Trust*	12.1	15.3	16.0	16.5	+4.4
Bank of Montreal	12.6	10.6	10.1	10.7	-1.9
CIBC	13.3	10.1	9.9	9.8	-3.5
Credit union	8.7	10.6	11.0	11.5	+2.8

* Data for 2000 does not reflect market share for Canada Trust given TD Bank acquired this trust company in 2001.

Table 2:

SME Market Share Leaders in 2012 and 2015, (% , based on clients), by Region

Atlantic				Quebec			
	2012	2015	Change		2012	2015	Change
Scotia	30.7	33.0	2.3	Desjardins	44.4	42.6	-1.8
RBC	21.7	21.3	-0.4	National	16.4	17.4	1.0
BMO	12.1	13.2	1.1	RBC	11.0	12.0	1.0
CIBC	10.5	8.7	-1.8	BMO	7.8	8.7	0.9
Credit union	9.3	8.6	-0.7	Scotia	6.9	5.5	-1.4
TD-CT	9.1	8.3	-0.8	TD-CT	5.5	5.2	-0.3
Caisses populaires	3.2	2.9	-0.3	CIBC	4.3	4.7	0.4
Ontario				Man. & Sask.			
	2012	2015	Change		2012	2015	Change
TD-CT	23.3	24.1	0.8	Credit union	36.7	39.2	2.5
Scotia	21.5	20.5	-1.0	RBC	19.1	18.6	-0.5
RBC	20.9	20.1	-0.8	Scotia	12.8	13.1	0.3
CIBC	11.8	12.0	0.2	TD-CT	10.1	9.0	-1.1
BMO	11.3	11.8	0.5	CIBC	9.1	8.6	-0.5
Credit union	7.0	7.7	0.7	BMO	7.1	7.0	-0.1
HSBC	1.6	1.0	-0.6	Caisses populaires	1.3	1.8	0.5
Alberta				B.C.			
	2012	2015	Change		2012	2015	Change
ATB	19.5	19.7	0.2	Credit union	21.1	23.0	1.9
RBC	15.7	17.7	2.0	RBC	19.9	17.5	-2.4
TD-CT	14.6	13.4	-1.2	Scotia	16.1	16.3	0.2
Scotia	13.5	13.9	0.4	TD-CT	14.5	15.3	0.8
Credit union	12.2	14.4	2.2	CIBC	10.8	10.1	-0.7
BMO	9.7	7.7	-2.0	BMO	9.6	12.1	2.5
CIBC	7.4	7.3	-0.1	HSBC	5.3	4.2	-1.1

Certain banks have a regional focus in Canada. For example, ATB Financial is limited to the Alberta market while Desjardins is predominantly focused in Quebec. Credit unions are more common in Western Canada.

The extent of the regional market concentration varies across the country. One in every two SMEs in Atlantic Canada either bank at Scotiabank or Royal Bank. Respective market shares are 33.0% and 21.3%.

Desjardins maintains a very strong foothold in the Quebec SME market, with a 42.6% share.

In Ontario, close to two thirds of the SME market is held by three banks — TD Canada Trust (24.1%), Scotiabank (20.5%), and Royal Bank (20.1%).

From 2012 to 2015, Scotiabank lost ground in market share in Quebec (-1.4 percentage points) and Ontario (-1.0 percentage points).

From 2012 to 2015, the largest regional gains in market share were by Scotiabank (+2.3 percentage points in Atlantic Canada), credit unions (+2.5 percentage points in Manitoba/Saskatchewan and +2.2 percentage points in Alberta), and Bank of Montreal (+2.5 percentage points in British Columbia). The largest drop in regional market share occurred in Alberta (BMO -2.0 percentage points) and British Columbia (Royal Bank -2.4 percentage points).

This report is based on the results of a survey conducted over the period from September to November 2015 in which a total of 11,400 responses were received. The responses are accurate within plus/minus 0.9 percentage points, 19 times out of 20.

For further details on recent CFIB research publications on banking issues, please refer to the following:

Bruce, Doug and Queenie Wong. Battle of the Banks. Toronto: CFIB Research. (May 2013).

<http://www.cfib-fcei.ca/english/article/5171-battle-of-the-banks-how-small-businesses-rate-their-banks.html>

Bruce, Doug and Queenie Wong. Banking on Better Service. Toronto: CFIB Research. (April 2010).

<http://www.cfib-fcei.ca/english/article/1812-banking-on-better-service.html>

Bruce, Doug. Banking Matters. Toronto: CFIB Research. (November 2007).

<http://www.cfib-fcei.ca/english/article/152-banking-matters.html>

Bruce, Doug. Banking on Competition. Toronto: CFIB Research. (October 2003).

<http://www.cfib-fcei.ca/english/article/272-banking-on-competition.html>

Bruce, Doug. Banking on Entrepreneurship. Toronto: CFIB Research. (March 2001).

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