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Market **Pulse**



Equifax® Canada Market Pulse Quarterly Business Credit Trends

October 2026

Q2
2026

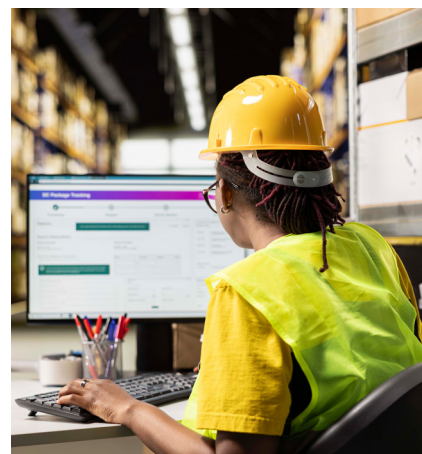
Canadian Businesses Carrying More Debt As Tariffs and Payment Stress Deepens

According to new Equifax Canada Q2 2026 Commercial Credit Trends data, Canadian businesses are carrying more debt and showing increasing signs of payment stress with banks and lenders. In addition recent changes to trade tariffs are creating additional uncertainty for organizations managing elevated debt and cash flow challenges.

Average commercial debt per business rose 7.3 per cent year-over-year to \$30,581 in the second quarter, while the 60+ day delinquency rate on financial credit products reached its highest level since 2019 at 4.0 per cent, up 19.7 per cent year-over-year. "The data continues to show an important divide in how Canadian businesses are managing their financial obligations," said **Jeff Brown, Head of Commercial Solutions at Equifax Canada**. "Businesses appear to be doing a better job of staying current with suppliers they depend on to keep operating, all the while payment pressure with banks and lenders continues to build. This suggests many businesses are still making difficult choices about where their cash goes."

Trade tariffs bring uncertainty for key industries

Recent changes to trade tariffs are affecting selected Canadian exports and creating additional pressure for businesses and sectors already managing elevated debt and cash-flow challenges. Business restructuring proposals surged 30.32 per cent year-over-year. At the same time, late payments to suppliers continued to decrease. The 60+ day delinquency rate for industrial trade credit fell 24.4 per cent year-over-year to 4.26 per cent. This is a period of significant economic and market uncertainty. Equifax Canada is committed to helping lenders make smart lending decisions so that businesses will have the access to capital they need to keep our economy strong," noted Brown.



Debt growth increasingly concentrated among higher-risk businesses

The increase in business debt is not being felt evenly across the market. High-risk businesses (which are those with the [Equifax Business Failure Risk Score](#) between 1026 and 1060) carried the largest average debt load, at \$125,517 per business, up 48.2 per cent year-over-year. Businesses in the highest-risk tier saw average balances more than double, increasing 103.1 per cent to \$42,986.

Debt also grew sharply among Canada's youngest businesses. Companies 12 months old or younger, who often have higher start-up costs, recorded a 71.7 per cent year-over-year increase in average debt balances, reaching \$48,173.

"These are the businesses we need to watch closely," said Brown. "Rising debt is not necessarily a sign of financial distress on its own, particularly for a young or growing business. The concern is when rapidly increasing balances are combined with greater difficulty staying current on financial obligations."

Businesses also continued to shift away from revolving credit. Average line-of-credit balances declined 14.6 per cent year-over-year to \$17,570, while average commercial credit card balances fell 8.9 per cent to \$5,412. In contrast, average installment loan balances increased 6.9 per cent to \$131,107 which may suggest that businesses are seeking out other debt consolidation solutions.

The number of businesses with at least one 30+ day delinquency fell 3.6 per cent year-over-year to 271,645. However, the severity of late payments on financial products continued to increase.

The 60+ day delinquency rate on commercial credit cards rose 24 per cent year-over-year to 4.07 per cent.



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Head of Commercial Solutions,
Equifax Canada

Credit performance shows a widening divide among provinces

Ontario recorded the highest provincial financial-trade delinquency rate at 4.44 per cent, followed by Alberta at 3.93 per cent and Manitoba at 3.68 per cent.

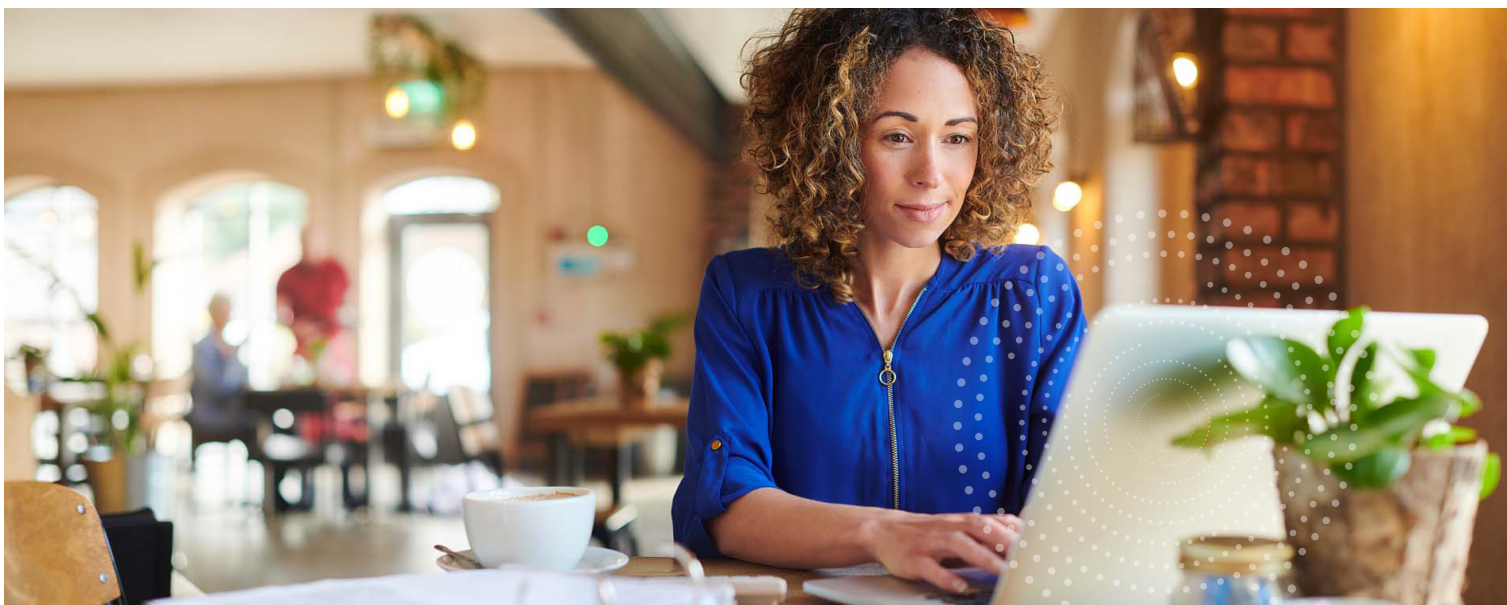
The opposite trend is occurring with supplier payments. Industrial trade delinquencies declined across every region, including decreases of more than 20 per cent in Ontario, Quebec, Alberta, Saskatchewan and British Columbia.

British Columbia entered the second half of 2026 with the highest average commercial debt per business in Canada, at \$79,171, while commercial credit inquiries in the province declined 4 per cent year-over-year. Atlantic Canada recorded the fastest increase in average business debt, up 21.2 per cent.

“Lower supplier delinquencies are encouraging, but they should not necessarily be interpreted as evidence that business conditions are broadly improving,” added Brown. “When businesses are staying current with suppliers while falling further behind with lenders, it can be an indication that they are prioritizing the payments most essential to keeping the business operating.”

Businesses remain cautious about new credit

Commercial credit inquiries increased 2.6 per cent overall in the second quarter to 259,720. Manufacturing credit inquiries declined 3.5 per cent year-over-year. The sector also experienced a 21.9 per cent year-over-year increase in 60+ day bank-loan delinquencies, which reached 4.5 per cent.



More businesses seek restructuring

Separate federal insolvency statistics also point to changing patterns among businesses seeking restructuring. According to the Office of the Superintendent of Bankruptcy, there were 1,281 business insolvency filings during the second quarter of 2026, essentially unchanged from a year earlier. However, bankruptcies declined 8.1 per cent while restructuring proposals increased 30.3 per cent year-over-year.

“The shift suggests that a growing proportion of insolvent businesses are attempting to restructure their obligations rather than move directly to bankruptcy,” noted Brown.

Transportation and Warehousing recorded a 36 per cent year-over-year increase in insolvencies, while Construction recorded the largest number of insolvency filings nationally, at 214, a 2 per cent increase year-over-year.

Businesses enter a period of continued economic and trade uncertainty

The Q2 results come as Canadian businesses face continued uncertainty around economic growth, interest rates, operating costs and the evolving Canada-U.S. trade environment.

“For businesses, that makes managing cash flow and understanding their credit position increasingly important,” concluded Brown. “The data suggests many Canadian companies are being cautious about borrowing while managing higher debt and rising payment pressure.”

Equifax is committed to partnering with small business lenders to support the growth and long-term health of Canadian small businesses, empowering Canada’s financial ecosystem with data and insights to move the Canadian economy forward.



Province Analysis

60+ days Delinquency Rates (Account Level)

Province	Delinquency Rate : Financial Trades (Q2 2026)	Delinquency Rate Change: Financial Trades (Q2 2026 vs. Q2 2025)	Delinquency Rate: Industrial Trades (Q2 2026)	Delinquency Rate Change: Industrial Trades (Q2 2026 vs. Q2 2025)
Ontario	4.44%	22.17%	4.28%	-23.72%
Quebec	3.57%	11.00%	3.24%	-23.92%
Nova Scotia	3.11%	26.87%	4.50%	-29.07%
New Brunswick	3.19%	18.38%	3.72%	-23.38%
PEI	3.15%	23.36%	3.10%	-32.02%
Newfoundland	3.46%	21.62%	3.96%	-20.77%
Eastern Region	3.20%	22.59%	4.02%	-26.60%
Alberta	3.93%	20.78%	5.29%	-25.20%
Manitoba	3.68%	15.24%	3.91%	-13.02%
Saskatchewan	3.34%	17.05%	5.20%	-21.83%
British Columbia	3.44%	17.59%	4.99%	-23.93%
Western Region	3.65%	18.84%	5.00%	-23.23%
Canada	4.00%	19.71%	4.26%	-24.36%

* Based on Equifax data for Q2 2026

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