



When we first saw the Globe's article this week entitled "[Ottawa's \\$20 billion loan program sees little demand](#)," we immediately knew that it wasn't the case that businesses were not applying for this assistance. Something much larger is at play, and it goes to the root of Canadian business and, in particular, supporting innovation and entrepreneurship.

You see, there is a lot of demand from businesses for this assistance. Their hurt is real. But the program is essentially administered by the big six banks. Many Canadians see these banks as appendages of government; promoters of public good if you will, and the banks do everything they can to foster this image.

Entrepreneurs and businesspeople across Canada know that, while the Canadian banks are exceedingly well run, they are motivated first and foremost by profit. They are ferocious competitors and will stop at nothing to protect their own interests. Their shareholders rightly expect nothing less.

Which brings us to what is really going on with the government's \$20 billion loan program. The demand for assistance is massive; however, the banks are incentivized to use that capital only when it improves their overall position. New loans, where none existed before, are harder than ever to get. Existing borrowers with loans outstanding may find a more receptive hearing from their friendly banker, but only because the banker can call upon government funds to improve the bank's own position.

Make no mistake about it: the need for assistance as a result of COVID-19 in many sectors of the Canadian economy is acute. We at INFOR Financial have direct experience to know this is a fact.

Making the banks the gatekeepers of the people's capital is clearly not working. It was never going to work. We need a new approach.

One such approach might be giving the Business Development Bank of Canada (BDC) a broader mandate. Today, BDC rarely treads on the banks' toes by competing with them. Rather, BDC is more likely to round out the banks' financing syndicates where the banks don't have an appetite to hold the full loan.

A revitalized BDC with a more flexible mandate to step in where the banks fear to tread would be much more aligned with the public policy objectives of the government.

Alternatively, the government needs to step up and administer this loan program directly, perhaps with the help of independent financial advisors. Whatever route the government chooses, it should take action immediately because nothing less than the heart and soul of Canadian business is at risk.

For our part, at INFOR Financial, we have doubled down on our commitment to providing an independent voice for Canadian business. We have recently hired well-respected senior bankers Ross Prokopy to build our Calgary office, Yong Kwon to better serve our technology and communications clients, and Paul Liebovitz to lead a team to assist businesses with their debt needs.

We continue to be relentless advocates to help our clients increase their capital resources. We know which banks are most likely to step up and in what circumstances, and we know which ones are less likely to offer assistance. We are here to help find a solution.

If you think we can help your business, please don't hesitate to reach out. We can hopefully steer you in the right direction because like you we are first and foremost empathetic business builders.

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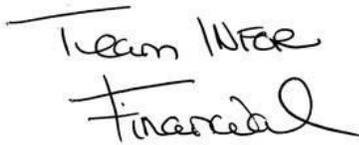
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Yours Truly,

Handwritten signature in black ink that reads "Team INFOR Financial". The signature is written in a cursive, flowing style.

The INFOR Financial Team



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