



Press Release

Looking Ahead to BOC Interest Rate Announcement, Three in Ten Canadians (31%) Anticipate Taking on More Debt if Rates Decrease

Half (52%) Concerned About Ability to Pay Down Debt if Rates Go Up

Toronto, ON, April 11, 2017 — As the nation awaits the Bank of Canada's next announcement on interest rates, a new Ipsos survey conducted on behalf of MNP Debt shows that Canadians appear more relaxed in their attitudes towards their current debt load. This is particularly the case if interest rates go down, as many anticipate taking on more debt if rates decrease.

If Rates Go Down...

For many Canadians, the moment interest rates go down is the moment when debts can start to pile up: six in ten (59%) agree (16% strongly / 43% somewhat) that if interest rates decrease, they'll be more comfortable with their debt load. For some, this sense of ease brought on by lower interest rates extends to taking on even more debt than they already have: three in ten (31%) Canadians agree (8% strongly / 23% somewhat) that if interest rates decrease, they'll be more comfortable with increasing their debt load.

If Rates Go Up...

In the inverse scenario of the BOC announcing an interest rate hike, debt becomes more immediately problematic: half (52%) of Canadians agree (21% strongly / 31% somewhat) they'll be more concerned about their ability to pay their debts than they currently are if interest rates rise. Financial insolvency is a real worry for some, with just over one in three (35%, down 3 points from September 2016) agreeing they're concerned that rising interest rates could move them towards bankruptcy (12% strongly / 24% somewhat).

Spending What They Don't Have

Some blame low interest rates for aggravating the situation, with nearly three in ten (28%) agreeing (6% strongly / 22% somewhat) the current low interest-rate environment has caused them to take on more debt than they otherwise would have.

Three in ten (30%) have seen their borrowing capacity **grow** (6% significantly / 24% increased) in the last year, and within this group, nearly four in ten (38%) agree (12% strongly / 26% somewhat) that they're more free with their spending as a result. Six in ten (58%) say their borrowing capacity stayed the same, while one in ten (12%) now have **less** borrowing capacity than they did a year ago (5% significantly / 7% decreased).

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Key Regional Differences

The prospect of **rising interest rates** is prompting more concern in some parts of Canada than others. Six in ten Atlantic Canadians (61%) and Ontarians (59%) agree that if interest rates rise, they'll be more concerned about their ability to repay their debts than they are now – ahead of those in Alberta (55%), Quebec (48%), Saskatchewan and Manitoba (43%), and BC (38%). Concern about rising interest rates triggering a move toward bankruptcy is also more pronounced in Atlantic Canada (46%), followed by Ontario (39%), Alberta (39%), Quebec (35%), the Prairies (30%), and BC (20%).

Conversely, a potential **lowering of interest rates** is more welcomed in some provinces than others. Residents of Ontario (34%) and the Prairies (34%) are most likely to agree that the current low-interest environment has caused them to take on more debt than they otherwise would have done, as do nearly three in ten residents of Alberta (27%) and Atlantic Canada (27%), one in four Quebecers (24%), and just 16% of British Columbians.

In every province but BC, more than half say that if interest rates drop still further, they'll feel more comfortable with their debt load: seven in ten **Atlantic Canadians** (71%) agree, as do 62% of Ontarians, 59% of Quebecers, 56% of Albertans, 55% of Prairie residents, and 45% of British Columbians. Some will take this a step further, saying they'll feel comfortable increasing their debt load in light of a potential rate decrease: About one in three residents of **Alberta** (35%), Atlantic Canada (35%), Ontario (34%), and Saskatchewan and Manitoba (33%) agree, as do 27% of Quebecers and 22% of British Columbians.

These are some of the findings of an Ipsos poll conducted between March 27 and March 30, 2017, on behalf of MNP Debt. For this survey, a sample of 1,500 Canadians from Ipsos' online panel was interviewed online. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within +/- 2.9 percentage points, 19 times out of 20, had all Canadian adults been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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