



PRESS RELEASE

Over Half (53%) of Canadian Households \$200 or Less Away from Insolvency, Yet Still Optimistic about Financial Future

Over Four in Ten (44%) Afraid They Will Be in Financial Trouble If Interest Rates Go Up Much More

Toronto, ON, April 8, 2021 — After several months of going through a second wave of the COVID-19 pandemic, there are signs that Canadians are starting to feel more positive towards their personal finances. Now in its sixteenth wave, the MNP Consumer Debt Index, conducted quarterly by Ipsos, tracks Canadians' attitudes about their debt situation and their ability to meet their monthly payment obligations. The Index currently stands at 96 points, up seven points over December 2020, offering a sign that things could be looking up for Canadians as the country cautiously re-opens.

Pinched Financially, but Still Optimistic

While things may seem on the up-and-up, the Index has also found that households are reporting having less money left over at the end of the month (\$625 on average, -\$108 from December). This decline could be the result of generous government aid programs and debt holidays given by lenders simply having run their course. Canadian households may be discovering that their bills are becoming due, even if many may not be back to full-time employment.

Potential Debt Trap as Low-Interest Spending Continues

With interest rates having remained low in 2020, some Canadians have seen opportunities to take advantage of favourable rates to make purchases not normally within their budget. Six in ten (59%) believe that now is a good time to buy things that they otherwise might not be able to afford (-2 from December). In addition, nearly half (49%) say they're more relaxed about carrying debt than they usually are (+2), rising to more than half (53%) of those aged 18-34 and 60% among those living in Quebec.

Despite the uncertainty brought by the pandemic, bad financial habits are still in evidence. With interest rates potentially set to increase in 2021, over four in ten (44%) are afraid that they will be in financial trouble if rates go up much more, and four in ten (40%) are already beginning to feel the effects of interest rates increasing. Furthermore, over half (51%) are concerned about their ability to repay their debts if interest rates rise. Those aged 18-34 (59%) and 35-54 (59%) are more likely to be concerned about their ability to repay their debts if interest rates rise, compared to those aged 55+ (40%).

About four in ten (35%) are concerned that rising interest rates could move them towards bankruptcy, rising to over half (52%) among those aged 18-34 and those living in Atlantic Canada. This concern is also prominent among those who have a household income under \$40,000 (42%).





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Changing Habits as Pandemic Adds to Debt Load

The survey finds that as many over half (55%) of Canadians say they have had to change their financial habits in some way as a result of the pandemic, and over two in ten (25%) have taken on more debt since March of last year. This includes using their savings to pay for bills (20%), using credit cards (14%), using line of credit (7%), taking out a bank loan (3%), or deferring mortgage payments (3%).

Given the difficulties over the past year, some Canadians are considering changing their financial habits over the next year, with nearly half (45%) say they are going to change in some way. Over two in ten (22%) say they are considering reducing their consumer spending or expenses, rising to nearly three in ten (29%) among those who live in Alberta. Some Canadians are considering paying their bills in the next year by using their savings (12%), credit cards (8%), taking out a bank loan (5%), or using a line of credit (5%). However, very few Canadians are planning to get professional help (4%) or contact a licensed insolvency trustee to discuss debt relief options (2%) in the next year.





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About the Study

These are some of the findings of an Ipsos poll conducted between March 4-9, 2021, on behalf of MNP LTD. For this survey, a sample of 2,001 Canadians aged 18 years and over was interviewed. 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 ± 2.5 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. For more information about the MNP Consumer Debt Index, please visit mnpdebt.ca/CDI.

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