



PRESS RELEASE

MNP Debt Index Reaches Lowest Level Recorded, Weighed Down by Concerns over Omicron, Renewed Lockdowns, Rising Inflation

Canadian Households Show Weakened Optimism in Financial Future, Even If Financial Situation Unchanged over Past Few Months

Toronto, ON, January 17, 2022 — As Canadians face another pandemic winter and the renewed lockdowns due to the Omicron variant, worries of rising inflation and increases in the cost of living contributed to further eroding their confidence in their financial futures. The MNP Debt Index, conducted quarterly by Ipsos, has plummeted 7 points since last quarter to 88 points, its lowest reading since its inception in June 2017. While the holiday season tends to put a dent Canadian households' financial optimism, factors unique to this holiday season such as inflation and Omicron have accelerated an already downward trend.

Dented Confidence over Financial Future

Unchanged from September, nearly half (46%) of Canadians continue to report that they are \$200 away or less from not being able to meet all their financial obligations, including 27% who say they already don't make enough to cover their bills and debt payments. Making matters worse, three in ten (31%, +2pts) say they are finding it even harder to pay down debt, and two in ten (20% +3pts) say it has become much less affordable to set aside money for savings.

Recent concerns over the cost of living mean that fewer Canadians believe that their current debt situation is better than it was in the past. This shift can be explained by the fact that more Canadians would rate their current net debt situation as 'worse' compared to the past. When asked to look back to one year ago, a quarter of Canadians perceive their current debt situation to be better (24%). While this proportion is stable from last quarter, what is more striking is that 16% believe that it is in fact worse, an increase of 4 points from September.

In addition, many Canadian households are thinking about the future with some apprehension. Looking to one year from now, one-third of Canadians expect their debt situation to improve (32%, -2) but 1 in 10 believe it will worsen (10%, +1). Looking five years into the future, one in ten believe that their debt situation will worsen (10%), a three-point increase from last quarter that indicates that some are preparing to settle in for a bumpy ride.

Falling into 'Financial Bad Habits'

Compared to the same time last year, more Canadians are engaging in what many debt professionals consider 'bad financial habits' such as paying only the minimum balance on their credit card (21%, +3 since same time last year) or borrowing money they can't afford to pay back quickly (11%, +1 since same time last year). More say they were lured in this year by deals or offers on special days such as Black Friday (12%, +4). Making matters worse, six in ten (59%) Canadians point to low interest rates as the catalyst for buying things that they otherwise might not be able to afford (+1 since last quarter).



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Coping with Life Changes

With much uncertainty on the horizon for the new year, Canadians are expressing some concern about their ability to cope with life changes without increasing their debt load. Although their confidence is largely decreasing from last wave, Canadians are *most* confident in handling a change in their relationship status (27%, -1) and having an illness and being unable to work for three months (25%, -4). On the other hand, Canadians are the *least* confident in their ability to cope with the death of an immediate family member (22%, -3) and to pay for either their own or someone else's education (21%, -3).

Perhaps a sign of what is to come over the next year, over four in ten say they are concerned about their *current* level of debt (43%, +5), a significant increase from last wave. However, the proportion of Canadians who say they regret the amount of debt they've taken on in life remains stable – but the fact remains that over four in ten (45%) still say they regret it.





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About the Study

These are some of the findings of an Ipsos poll conducted between December 1-7, 2021, on behalf of MNP LTD. For this survey, a sample of 2,000 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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