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### MNP Consumer Debt Index Rebounds to 88 Points After a Taking a Significant Dip Last Quarter

*Significantly fewer Canadians are saying they already can't pay their bills and debts (26%, -9)*

**Toronto, ON, Apr 14, 2025** —The MNP Consumer Debt Index has rebounded to 88 points, a nine point increase since last quarter which almost returns it to the level recorded in June 2024 (89 points). This improvement has taken place amid the background of two Bank of Canada interest rate cuts since last wave and continued uncertainty regarding potential future tariffs from the United States impacting the Canadian economy. Perhaps the on-again-off-again nature of the Trump Tariff threat is giving some optimism for the future.

Fewer Canadians (43%, -7) report being \$200 or less away each month from financial insolvency. This is due to significantly fewer Canadians saying they are already insolvent (26%, -9), with no money left over at the end of the month. However, half of Canadian women still report being \$200 or less away from insolvency, though this proportion has dropped significantly (48%, -7).

The decline of insolvency risk has led to an increase in month-end finances compared to the previous quarter. The average amount of money that Canadians have left over at the end of the month has increased to \$867, up \$77 from the previous quarter. Increases are most pronounced among females (+\$158), 35-54 year olds (+\$147) and those in \$40k to <\$60k households (+\$343).

#### *Personal Debt Rating Recovers Significantly*

Canadians' net personal debt rating (positive subtract negative) has recovered from the all-time reached last quarter to 22 points, up 14 points from last quarter. This improvement is due to more Canadians rating their personal debt situation positively (40%, +9) and fewer rating it negatively (18%, -5). Given the uncertainty of the future, Canadians appear to have taken steps to reduce their debt, as they inoculate themselves from potential shocks in the future.

With further key interest rate cuts this year, there has been improvement for both Canadians debt situation and their expected debt situation compared to last quarter. Three in ten Canadians expect their debt situation one year from now to improve (30%, +3), and fewer believe it will worsen (13%, -6). Furthermore, there is also a slight increase in the proportion of Canadians feeling better about their expected debt in five years (39%, +2), and a greater decrease in the proportion believing their debt will worsen (11%, -7).

#### *Diminishing Concerns about Interest Rates and Personal Finance*





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The Bank of Canada has cut key interest rates twice in 2025 and is now sitting at 2.75 per cent. As a result, Canadians' perception of their ability to absorb additional interest rate increases has rebounded after a sharp drop last quarter. Canadians' ability to absorb an interest rate increase of 1 percentage point has improved overall with more (24%, +4) stating they are much better equipped to absorb this increase than they used to be and fewer (21%, -6) say their ability to deal with this increase has worsened.

In comparison to the previous quarter, fewer Canadians now agree with statements reflecting personal concern over interest rate impacts. Specifically, fewer (52%, -5) express worry about being in financial trouble if rates rise, are anxious about their ability to repay debts even if rates decrease (43%, -7), and fear that increasing rates could push them towards bankruptcy (38%, -8).

### *Economic Uncertainty and Housing*

Overall, a large majority of Canadians (81%) say economic uncertainty has made them more cautious about taking on new debt. This sentiment is consistent across genders, age groups, regions and income levels. In terms of spending, most Canadians (74%) say they have cut back due to economic uncertainty. Women (77%) and those aged 35-54 (81%) are more likely to have reduced spending compared to men (70%) and other age groups.

Three-quarters (73%) of Canadians are delaying major purchases or investments because of economic uncertainty. This is highest among younger age groups - 82% of those 18-34 and 78% of those 35-54, compared to 62% of those 55+. Despite the economic concerns, 59% overall still feel confident in their personal finances. This confidence is higher among men (64%), older Canadians aged 55+ (71%) and higher income households. On the other hand, a similar proportion (58%) say economic uncertainty has made them more concerned about their ability to pay off debt. Women and younger Canadians under 55, are more likely to have this concern. Finally, half (50%) say they are relying more on financial advice and planning due to uncertainty. This is most pronounced among the youngest 18-34 age group at 63%.

When it comes to housing, 44% anticipate an increase in housing costs, while 52% expect costs to remain stable and only 4% foresee a decrease. Renters have a much higher expectation of rising costs compared to homeowners - 65% of renters think their housing costs will go up, compared to only 30% of owners. Younger Canadians under 55 are also more likely to expect an increase compared to those 55 and older. In terms of income, lower income groups are more likely to expect rising costs compared to higher income households. Half (52%) of those earning under \$40,000 expect an increase vs. only 34% of those earning \$100,000 or more.





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### About the Study

These are some of the findings of an Ipsos poll conducted between March 11 – 14 2025, 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  $\pm 2.5$  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](https://mnpdebt.ca/CDI).

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