



PRESS RELEASE

MNP Consumer Debt Index Holds at 88 Points, But Canadians' Financial Optimism Could Waver Amidst Global Economic Uncertainty

Insolvency rates are stable, and Canadians are holding more money after all expenses.

Toronto, ON, Jul 14, 2025 —The MNP Consumer Debt Index held firm at 88 points – the same as last quarter. This stability may be partially attributed to the Bank of Canada holding key interest rates steady at 2.75% and ongoing tariff negotiations with the United States. While consumer sentiment is currently stable, future optimism levels could be volatile due to economic uncertainty, global affairs, and the potential impact of U.S. tariffs on Canada.

Financial Insolvency Risk and Personal Debt Ratings Hold Steady

Four in ten Canadians (42%, -1) are \$200 or less away from financial insolvency each month, on par with last quarter. However, average monthly savings have increased by \$49, now reaching \$916 as Canadians are likely building a financial cushion during tough economic times.

Canadians' net personal debt rating (positive subtract negative) remained stable at 21 points (-1) after recovering from an all-time low of 8 points in December 2024. The one-point decline in net rating is a result of a one-point shift from excellent to neutral debt ratings, with 39% (-1) rating their debt as excellent and 18% (unchanged) rating it as terrible.

Expectations for Future Debt and Ability to Absorb Interest Rate Hikes

Expected debt situations improved slightly, with 33% (+3) expecting their debt to be better a year from now and 40% (+1) expecting it to improve in 5 years. However, 13% believe their debt will worsen on both the 1-year and 5-year horizon.

As the Bank of Canada held interest rates, Canadians' perception of their ability to absorb rate increases remained consistent. Canadians' ability to absorb an interest rate increase of 1 percentage point is consistent with the previous year with 24%, stating they are much better equipped to absorb this increase than they used to be. However, one in five (22%, +1) continue to say their ability to deal with this increase has worsened.

Overall, most Canadians indicate they have a solid understanding of how interest rates impact their financial situation, up 4 points and matching the proportion compared to a year ago (80%). Despite interest rates holding steady, more individuals express concerns as the fear of rising interest rates drives some to worry about potential bankruptcy (41%, +3). Furthermore, even if interest rates were to decline, a significant portion remains concerned about their ability to repay debt (45%, +2).





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Significant Financial Pressures on Canadian Households

Canadians are feeling the impact of current financial pressures, with many taking steps to prepare for potential economic challenges. Over a third (37%) of Canadians are feeling more cautious with how they manage their money due to current financial pressures. Furthermore, 36% feel anxious or stressed about their financial situation, with females (40%) more likely than males (31%) to feel this way. Younger age groups (45% of 18-34, 44% of 35-54) and lower income households (44% of those under \$40K) are especially impacted. In addition, 32% feel stuck living paycheck to paycheck, with this sentiment being higher among females (36% vs 28% of males), younger groups (37% of 18-34, 39% of 35-54), and households under \$40K (45%). Only 22% feel relatively stable despite current pressures, while 15% say they don't feel impacted at all.

In response to these pressures, Canadians are taking proactive steps to prepare as four in ten Canadians (41%) say they are reducing discretionary spending. Moreover, 33% are increasing savings or building an emergency fund, which is more common among younger groups (39% of 18-34 vs 28% of 55+) and higher income households (41% of \$100K+ vs 26% of under \$40K). Additionally, 27% are prioritizing debt repayment, and 24% are creating or revising their budget. However, 23% of Canadians are putting important life goals on hold, climbing to 33% among 18-34 year olds.

About the Study

These are some of the findings of an Ipsos poll conducted between June 9 – 13 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 ± 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.

For more information on this news release, please contact:

Sean Simpson
Senior Vice President, Canada, Public Affairs
sean.simpson@ipsos.com

Raymond Vuong
Senior Account Manager, Canada, Public Affairs
raymond.vuong@ipsos.com





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