



MNP Consumer Debt Index remains low as Canadians continue to be concerned with rising inflation and higher interest rates

Enduring financial impacts of pandemic causing Canadians to be more concerned about their debt going into 2022.



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Toronto, ON, April 18, 2022 — Continued worries about inflation and the rising cost of living weighed down Canadians' confidence in their financial stability through the first quarter of 2022. The MNP Consumer Debt Index, which is conducted quarterly by Ipsos, has remained consistent through its twentieth wave — but a one-point drop on top of last quarter's seven-point decline is enough to set at another new all-time low since inception in June 2017.

Marginal change in household financial situation

Nearly half (49%, +3pts) of Canadians continue to report they are \$200 away or less from not being able to meet all their monthly financial obligations. That includes 31 percent who say they already don't make enough to cover their bills and debt payments. In addition, the average amount Canadians have left over at month end has decreased to \$728, down \$15 from December 2021.

Canadians unprepared for rise in interest rates

Canadians have historically been optimistic about their ability to absorb an interest rate increase, however confidence is beginning to wane given higher inflation and a rising cost of living. One in five (22%) now say they're not financially prepared to deal with an interest rate increase of one percentage point, up two points from last quarter.

Furthermore, more Canadians also say they're concerned about the impact of rising interest rates on their financial situation (57%, +4pts) and their ability to cover all living / family expenses in the next year without going further into debt (53%, -2pts). The number of Canadians who say they're concerned about their current level of debt (41%, -2pts) or regret the amount of debt they've taken on in life (44%, -1pts) has dipped slightly, but remains decisively above two in five on each measure.

Half of Canadians (52%, +5pts) say they're already beginning to feel the effects of rising interest rates, and will be in financial trouble if interest rates go up much more (51%, +3pts). There has also been a notable increase in the proportion of Canadians who worry rising rates could drive them closer to Bankruptcy (39%, +4pts).

Four in five (81%, unchanged) Canadians say they will be more careful with how they spend their money in a higher interest rate environment, while more than half (57%, +3pts) are more concerned about their ability to pay their debts.

Women and those aged 35 to 54 are more likely to say they are:

- Already feeling the effects of rising interest rates,
- Concerned about their ability to repay their debt, and
- Will be more careful with how they spend their money.

One group of interest when it comes to being able to absorb higher interest rates are those who own a home or who will be renewing their mortgages during this time. Five percent of survey respondents say they will renew their mortgage in the next 12 months, which translates to nearly 2 million Canadians who may be faced with higher monthly payments than initially planned.

Understandably, 91 percent say they are being more careful with how they spend their money compared to 81 percent in the general population. A similar proportion (89%) say they have a solid understanding of how interest rate increases impact their financial situation.

While insulated from the direct impacts of interest rate increases, renters are particularly concerned about the impacts compared to the general population. Because they are generally more likely to be in a more precarious financial situation, renters are more likely to say:

- They're increasingly concerned about their ability to repay their debts (65% vs. 57%)
 - They will be in trouble if rates go up much more (62% vs. 51%)
 - Rising interest rates could move them towards bankruptcy (50% vs. 39%)
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About the Study

These are some of the findings of an Ipsos poll conducted between March 9 and March 15 2022, 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:

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About Ipsos

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