



MNP Consumer Debt Index reaches record low, weighed down by concerns over Omicron, renewed lockdowns, and rising inflation

Canadian households show weakened optimism in financial future, even if financial situation unchanged over past few months.



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TORONTO, ON, January 17, 2022 — Rising inflation and a higher cost of living are further eroding Canadians' confidence in their financial futures as households face another pandemic winter with renewed lockdowns due to the Omicron variant. The MNP Consumer Debt Index, conducted quarterly by Ipsos, has plummeted seven points since last quarter to 88 points — the lowest reading since its inception in June 2017. While the holiday season tends to hamper Canadian households' financial optimism, factors such as inflation and Omicron have accelerated an already downward trend this year.

Dented confidence over financial future

Nearly half (46%) of Canadians continue to report they're \$200 away or less from not being able to meet all their financial obligations at month-end (unchanged from September) — including 27 percent who say they already don't make enough to cover their bills and debt payments. Making matters worse, three in 10 (31%, +2pts) say they're finding it even harder to pay down debt, while two in 10 (20% +3pts) say it's become much less affordable to set money aside for savings.

Recent concerns over the cost of living mean fewer Canadians believe their current debt situation is better than it was in the past. When asked to look back one year, a quarter of Canadians perceive their current debt situation to be better (24%). While this proportion is stable from last quarter, more striking is that 16 percent believe it is worse, an increase of four points from September.

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

Falling into bad habits

Compared to the same time last year, more Canadians are engaging in what many debt professionals consider bad financial habits, such as only paying the minimum balance on their credit card (21%, +3pts since same time last year) or borrowing money they can't afford to pay back quickly (11%, +1pt since same time last year). More say they were lured in by deals or special offers such as Black Friday (12%, +4pts) this year. Making matters worse, six in 10 (59%) Canadians point to low interest rates as the catalyst for buying things they otherwise might not be able to afford (+1pt since last quarter).

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 has largely decreased from last wave, Canadians are most confident in handling a change in their relationship status (27%, -1pt) and having an illness and being unable to work for three months (25%, -4pts). On the other hand, Canadians are the least confident in their ability to cope with the death of an immediate family member (22%, -3pts) and to pay for either their own or someone else's education (21%, -3pts).

Perhaps a sign of what's to come over the next year, more than four in 10 say they're concerned about their current level of debt (43%, +5pts) — a significant increase from last wave. While the proportion of Canadians who say they regret the amount of debt they've taken on in life remains stable, the fact remains more than four in 10 (45%) still say they regret it.

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.

For more information on this news release, please contact:

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