

MNP Consumer Debt Index

Nearly half of Canadians are doubtful they can cover living expenses this year without going further into debt - the highest level in three years

MNP
LTD

Toll Free **310-DEBT**

Worsening debt burden

Financial and economic impacts of COVID-19 have amplified debt challenges for many Canadian households.


35%

More than a third say their (or their family's) debt burden has worsened throughout the pandemic.


30%

Three in 10 say they are insolvent and cannot pay their bills and debt obligations; the most since tracking began in 2017.


51%

Half say they are more concerned about their ability to repay debts than they used to be.

A false sense of security?

Business closures and restrictions kept more money in Canadians' pockets during the pandemic. The question is whether they can hold onto these gains as the economy continues to re-open.


65%

Two-thirds say they reduced their spending during the pandemic, either by choice or by necessity.

49%

Half say their debt situation is better now than when the pandemic began.

57%

Nearly six in 10 say they took advantage of low interest rates to make purchases they normally couldn't afford.

Feeling uneasy about the rising cost of debt

With interest rates currently at historic lows, many Canadians worry about the impact of future increases on their household budget.

43%

Four in 10 say future interest rate increases could cause financial difficulties.

34%

A third are concerned future interest rate increases could drive them towards Bankruptcy.

32%

A third of homeowners already classify themselves as house poor; those on a variable rate mortgage could be especially vulnerable to interest rate increases.

About the MNP Consumer Debt Index

The MNP Debt Index has improved marginally (+1) through its seventeenth wave, building on a significant seven-point gain in March. However, there are several indications this latest uptick may be short lived. An expected increase in consumer spending, rising interest rates, and growing concerns about housing affordability are all potential challenges for Canadian households in the year ahead. Especially concerning is roughly half of Canadians (48%) remain within \$200 of financial insolvency — including one in three who say they're already insolvent — and nearly half expect to take on more debt in the next year just to cover their living expenses, the highest level in three years.



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