



MNP Consumer Debt Index rebounds to 88 points after a considerable drop last quarter

Significantly fewer Canadians say they are financially insolvent.



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Calgary, AB, April 14, 2025 — The MNP Consumer Debt Index has rebounded to 88 points, a nine-point increase since the previous quarter, almost returning to the 89-point level recorded in June 2024. This improvement has occurred amid the background of two interest rate cuts by the Bank of Canada since last quarter and continued uncertainty regarding potential U.S. tariffs impacting the Canadian economy. However, the on-again, off-again nature of the potential tariffs may be giving Canadians some optimism for the future.



Fewer Canadians (43%, -7 pts) report being \$200 or less away from financial insolvency each month. This is due to significantly fewer Canadians saying they are already financially insolvent (26%, -9 pts). However, half of Canadian women still report being \$200 or less away from financial insolvency, though this proportion has dropped significantly (48%, -7 pts).

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 women (+\$158), those aged 35-54 (+\$147) and those in \$40,000 to \$60,000 households (+\$343).

Personal debt rating recovers significantly

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

Further key interest rate cuts this quarter have improved both Canadians' debt situation and their expected debt situation compared to last quarter. Three in 10 Canadians expect their debt situation one year from now to improve (30%, +3 pts), and fewer believe it will worsen (13%, -6 pts). The proportion of Canadians feeling better about their expected debt situation five years from now has increased slightly (39%, +2 pts), while the proportion believing their debt situation will worsen has decreased (11%, -7 pts).

Diminishing concerns about interest rates and personal finances

The key interest rate is now sitting at 2.75 percent after two interest rate cuts by the Bank of Canada in 2025. Canadians' perception of their ability to absorb additional interest rate increases has rebounded as a result after a sharp drop last quarter. More Canadians (24%, +4 pts) state they are much better equipped to absorb an interest rate increase of one percentage point and fewer (21%, -6 pts) say their ability to deal with such an increase has worsened.

Fewer Canadians now agree with statements reflecting personal concern over interest rates compared to the previous quarter. Specifically, fewer (52%, -5 pts) express worry about being in financial trouble if interest rates rise or are anxious about their ability to repay their debts even if interest rates decline (43%, -7 pts). Significantly fewer Canadians now fear that rising interest rates could move them towards Bankruptcy (38%, -8 pts).



Economic uncertainty and housing

The 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. Three-quarters of Canadians (74%) say they have cut back on spending due to economic uncertainty. Women (77%) and those aged 35-54 (81%) are more likely to have reduced their spending compared to men (70%) and those in other age groups.

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

Two in five Canadians (44%) anticipate an increase in housing costs, while half (52%) expect costs to remain stable and a small amount (4%) expect a decrease. Renters are more likely to expect rising housing costs (65%) compared to homeowners (30%). Canadians under the age of 55 are also more likely to anticipate an increase compared to those 55 and older. Those with lower income are more likely to expect rising costs compared to higher-income households. Half (52%) of those earning under \$40,000 expect an increase compared to a third (34%) of those earning \$100,000 or more.

About the Study

These are some of the findings of an Ipsos poll conducted between March 11 and March 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 ± 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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