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### MNP Consumer Debt Index Rebounds Significantly (Up 8 Points) as Concerns over Interest Rates Ease

*Fewer Canadians concerned about their current debt situation and more rate their personal debt situation 'excellent'.*

**Toronto, ON, April 8, 2024** — The MNP Debt Index has rebounded to 91 points, up 8 points since last quarter. Canadians are feeling much better about their current personal finances after a year of low scores. With interest rates likely coming down soon, Canadians are feeling much better about their current debt situation, expected debt situation, and ability to absorb interest rate increases. However, scores are being held back likely due to a higher proportion still concerned with interest rate hikes (i.e. mortgage renewals) which will affect their ability to repay their debts, stoking concerns about being pushed towards bankruptcy.

#### *Young Canadians are Building Up their Month-End Finances*

Consistent with last quarter, 45% of Canadians are \$200 or less away from failing to meet all their financial obligations. However, there is a shift among those who were close to insolvency and already not making enough to cover their bills. 31% of Canadians say they already can't cover their bills and debt payments, an increase of 4 points, and those who are \$1 to \$200 away from insolvency has declined by 4 points. Walking on the edge of insolvency continues to be more prevalent among women (47%) than men (42%) but the gap has narrowed from the previous quarter. Furthermore, Canadians who are concerned with social financial obligations or 'social squeeze' (52%) are more likely to be at risk of insolvency than those are not (33%).

Canadians continue to grow their financial cushion as the average amount of money that Canadians have left over at the end of the month has improved to \$842, up \$47 from the previous quarter. Canadians have seen a bump in month-end finances across all demographics, most notably younger Canadians, those with \$100K+ incomes, and Albertans. Interestingly, those aged 18-34 (\$1,101, +\$234) now hold a significant lead in month-end finances over those aged 35-54 (\$700, -\$79), and 55+ (\$784, +\$27), as younger people generally have fewer financial obligations.

#### *Debt Perceptions Take a Turn for the Better*

Canadians' net personal debt rating (positive subtract negative) has improved significantly to 22 points, an eight-point increase from last quarter. The shift is due to more Canadians rating their personal debt situation as 'excellent' (41%, +6), and fewer rating their personal debt as 'terrible' (19%, -2). Compared to last quarter, Canadian households are much less concerned with their financial situation as fewer are concerned about their current level of debt (41%, -6) and less regret the amount of debt they've taken on in life (44%, -3).



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Current debt perceptions have rebounded to match similar levels observed in March 2023 after recording record lows. Canadians were asked to reflect on their current debt situation compared to one year ago, and more perceive their current debt situation to be better (27%, +5), while significantly fewer have rated their current debt situation as much worse compared to a year ago, a decrease of 6 points from the previous quarter (16%).

Canadians' perceptions of their expected debt situation in the future continue to climb after reaching record lows in September 2023. When Canadians were asked to consider their expected debt situation one year from now, three in 10 expect their debt situation to be better (30%, +2) and fewer believe it will worsen (14%, +2), indicating minor but consistent improvements.

### *Perceptions of Rising Interest Rates Appears Manageable*

Canadians' perception of their ability to absorb additional interest rate increases has improved significantly compared to last quarter. When asked their ability to absorb an interest rate increase of 1 percentage point, a quarter (25%, +3) say they are much better equipped to absorb this increase than they used to be, while one in five (20%, -7) say their ability to deal with this increase has worsened. When the 1% was phrased as an extra \$130 in interest rates increases, a quarter (24%, +5) say their ability to absorb this increase is much better, while fewer (27%, -9) say it is much worse.

As Canadians' feel more confident with their ability to absorb additional interest rates, sentiments around interest rates have also improved. Fewer are concerned about their ability to repay their debts (58%, -5), and fewer say if interest rates go up much more, they will be in financial trouble (54%, -3). Women and Canadians aged 35-54 are most likely to agree that with interest rates rising, they will be more careful with how they spend their money. Canadians aged 18-34 are most likely to be concerned with rising interest rates on their ability to repay debt, putting them in financial trouble, or moving them towards bankruptcy.

### *Pandemic Recovery and Social Squeeze*

One third of Canadians have recovered financially since the start of the pandemic in 2020 (33%), however, another third state they are worse off financially now than they were pre-pandemic (32%). Canadians who are worse off financially are predominantly aged 35-54 and have lower income. Two in ten (20%) state that the pandemic did not significantly impact their finances, primarily those aged 55 and older.

Half of the population (49%) is concerned with the 'social squeeze' on their personal finances, meaning that they are worried about the amount of money they'll have to expend for lifestyle/social obligations such as weddings and socializing. Specifically, Canadians aged 18-34 (59%) and 35-54 (58%) are most concerned with social squeeze due to having to fulfill expensive social obligations. Although Canadians across most provinces are concerned with social squeeze, Quebec residents are significantly less likely to be concerned (40%). Those with poor personal debt ratings are significantly more concerned with the 'social squeeze' (75%), given their already precarious financial position.





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### About the Study

These are some of the findings of an Ipsos poll conducted between March 8 – March 15 2024, 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  $\pm 2.5$  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](http://mnpdebt.ca/CDI).

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