More than half (53%) of Canadian households are $200 or less away from insolvency; yet many remain optimistic about their financial future.

Nearly half (45%) of Canadians say they plan to change their financial habits in some way in the next year.

Ipsos

MNP LTD

Toll Free 310-DEBT

Licensed Insolvency Trustees

MNPdebt.ca

Calgary, AB, April XX, 2021 — After a several-months-long resurgence of the COVID-19 pandemic, there are signs Canadians are starting to feel more positive about their personal finances. Now in its sixteenth wave, the quarterly MNP Consumer Debt Index conducted by Ipsos has reached 96 points. The Index has increased by seven points over the last wave, indicating things could be looking up for Canadians as the country begins to cautiously re-open. The Index tracks Canadians' attitudes about their debt situation and ability to meet their monthly payment obligations.

Financially pinched, but still optimistic

While things may seem to be trending upward, the Index has also found households report having less money left over at the end of the month ($625 on average, down $108 from December). This decline could be the result of generous government aid programs and lender-driven payment extensions simply having run their course. Canadian households may be finding their bills are coming due, even if many are not yet back to full-time employment. This precarity nonetheless persists, with just one in five Canadians (27%, +2pts from last wave) feeling confident they could cope with the loss of employment or change in wage or seasonal work.

What could possibly account for the fact Canadians simultaneously report having less money leftover at month-end, but also feel increasingly confident about their financial futures? With the rollout of vaccines across the country and arrival of spring, Canadians may no doubt feel as if the worst of the pandemic is behind them. Households have also had a year to adjust their habits during the pandemic, meaning they may still feel they're in control of their finances, even if they have less money after paying their monthly bills. Despite struggling financially, Canadians could be seeing the light at the end of the tunnel and basing their assumptions on the belief a return to normal is imminent.

When asked to look back to one year ago, more than a quarter of Canadians perceive their current debt situation to be better (26%), while about one in 10 believe that it is worse (11%). Over one in 10 (14%) who reside in Atlantic Canada, and nearly two in 10 (16%) from the gen z / millennial cohort say that their debt situation is worse compared to one year ago. Looking back over the previous five years, roughly a third (35%) say their debt situation has improved and two in 10 (16%) say it is now worse. Those in Alberta (20%), and nearly two in 10 (19%) gen z / millennials say their debt situation is worse compared to five years ago.

Potential debt trap as low-interest spending continues

With interest rates hitting historic lows through 2020, some Canadians have seen opportunities to make purchases not normally within their budget. Six in 10 (59%) believe that now is a good time to buy things they otherwise couldn't afford (-2 from December). In additional, nearly half (49%) say they're more relaxed about carrying debt than usual (+2) — rising to more than half (53%) of those aged 18-34 and 60 percent of those living in Quebec.

Bad financial habits are still evident despite the uncertainty brought on by the pandemic. With interest rates potentially set to increase in 2021, over four in 10 (44%) worry this could place them in financial trouble; four in 10 (40%) say they're already beginning to feel the effects of interest rates increasing. More than half (51%) worry about their ability to repay debts if interest rates rise. Those aged 18-34 (59%) and 35-54 (59%) are more likely to be concerned about their ability to repay their debts if interest rates rise, compared to those aged 55+ (40%).

About four in 10 (35%) are concerned that rising interest rates could move them towards Bankruptcy, rising to over half (52%) among those aged 18-34 and those living in Atlantic Canada. This concern is also prominent among those who have a household income under $40,000 (42%).

Changing habits as pandemic adds to debt load

The survey finds more than half (55%) of Canadians say they have had to change their financial habits in some way as a result of the pandemic, and a quarter (25%) have taken on more debt since March. This includes using credit cards (14%), using lines of credit (7%), taking out a bank loan (3%), or deferring mortgage payments (3%). One in five (20%) have also had to pull from emergency savings to pay household bills.

Given the difficulties over the past year, some Canadians (45%) are considering changing their financial habits over the next year. More than two in 10 (22%) say they are considering reducing their consumer spending or expenses, including nearly three in ten (29%) Albertans. Some Canadians are considering using savings to pay their bills in the next year by using their savings (12%) — while a minority worry debt in the form of credit cards (8%), bank loans (5%), lines of credit (5%) will be necessary.

About the MNP Consumer Debt Index

These are some of the findings of an Ipsos poll conducted between March 4-9, 2021, on behalf of MNP LTD. For this survey, a sample of 2,001 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:

Grant Bazian, CIRP, LIT
President, MNP LTD
1.877.363.3437
grant.bazian@mnp.ca

About Ipsos

Ipsos is the world's third largest market research company, present in 90 markets and employing more than 18,000 people.

Our passionately curious research professionals, analysts and scientists have built unique multi-specialist capabilities that provide true understanding and powerful insights into the actions, opinions and motivations of citizens, consumers, patients, customers or employees. We serve more than 5000 clients across the world with 75 business solutions.

Founded in France in 1975, Ipsos is listed on the Euronext Paris since July 1st, 1999. The company is part of the SBF 120 and the Mid-60 index and is eligible for the Deferred Settlement Service (SRD).

ISIN code FR0000073298, Reuters ISOS.PA, Bloomberg IPS:FP www.ipsos.com