



MNP Debt Index declines significantly as Canadians deal with rising rates and affordability pressures

Canadians regret the amount of debt they have and are concerned about their financial outlook



MNP^{LTD}

Toll Free 310-DEBT

Licensed Insolvency Trustees

[MNPdebt.ca](https://www.MNPdebt.ca)

Toronto, ON, July 10, 2023 — The quarterly MNP Debt Index has declined to 83 points, down six points this quarter after rebounding from the all-time low six months ago. Canadians continue to feel pessimistic about their personal finances and debt as the cost of living remains a prominent issue for most households. With interest rates trending upward again, many are likely feeling even less certain about their financial outlook.

Insolvency rates at an all-time high

More than half (52%, +6) of Canadians report that they are \$200 away or less from not being able to meet all their financial obligations at month end, including a third (35%, +5) who already don't make enough to cover their bills and debt payments — the highest proportion recorded to date. As insolvency rates climb, the average amount of money Canadians have left over at the end of the month has dropped slightly to \$771, down \$16 from last quarter.

Women (-\$110), Canadians aged 55+ (-\$73), and those with a household income of \$60,000 to \$100,000 (-\$208) saw a decrease in month-end finances. Notably, this decline has widened the gap between the average month-end finances between men (\$985) and women (\$570) and those aged 18-34 (\$859) and 55+ (\$777).

Canadians are more concerned about debt

Canadians' net personal debt rating has declined to 17 points, a seven-point drop from last quarter. The shift reflects fewer Canadians rating their personal debt situation as excellent (36%, -4pts) and more rating it as terrible (19%, +3pts).

When asked about their current debt situation compared to one year ago, a quarter of Canadians feel it's improved (24%, -1pt). In contrast, more Canadians have rated their current debt situation as much worse compared to a year ago — up three points from last quarter (18%). When asked to forecast their expected debt situation one year from now, three in 10 Canadians expect it will improve (30%, -1pt), while more believe it will worsen (15%, +2pts).

Half of Canadians now say they regret the amount of debt they've taken on in life (52%, +9), the highest proportion recorded to date. More Canadians are also concerned about their current level of debt (48%, +2). Those most likely to regret the amount of debt they've taken on include Atlantic Canadians (57%, +10pts), Albertans (56%, +16pts), and Millennials (61%, +6pts).

Interest rates remain a prominent issue

Canadians are still pessimistic about their ability to absorb interest rate increases. A fifth (22%, -2pts) say they're much better equipped to absorb an increase of one percentage point, while more (23%, +2pts) say their ability to deal with this increase has worsened. When the question was rephrased to ask their ability to absorb an extra \$130 per month, a fifth (19%, -2pts) said their ability to absorb this increase is much better, while a third (32%, +2pts) said it is much worse.

Canadians were asked to reflect on their personal finances amidst increasing interest rates. More say they are more concerned about their ability to pay their debts (66%, +6pts) than last quarter. More Canadians also say they're already beginning to feel the effects of interest rate increases (69%, +4pts) and will be careful with how they spend their money (86%, +3pts). As concern continues to grow, about three in five Canadians say they will be in financial trouble if interest rates go up much more (63%, +6pts).

Consistent with last quarter, women and Canadians aged 35-54 and 55+ are most likely to agree they will be more careful with how they spend their money due to rising interest rates. Canadians with less than \$40,000 in household income and those aged 18-34 and 35-54 are most likely to:

- be feeling the effects of interest rate increases,
- worry they will be in financial trouble if rates go up much more, and
- be concerned with their ability to repay their debts,
- fear that rising interest rates will move them close to Bankruptcy.

Canadians struggling with affordability and the rising cost of living

The rising cost of living continues to adversely affect the affordability of many essentials for Canadians. Perceptions have slightly improved, but among a list of everyday essentials, roughly half of Canadians have noted that the following expenses are less affordable:

- Feeding themselves and their family (52%, -5pts)
- Clothing or other household necessities (48%, -3pts),
- Putting money aside for savings (54%, -4pts)
- Housing (45%, unchanged)
- Transportation (44%, -6pts)

When asked how much more they feel they're spending on essentials each week compared to a year ago, a quarter of Canadians noted their weekly expenses have increased by less than \$100 (23%) or between \$100 and \$200 (27%). Notably, those who are already insolvent are just as likely to say their weekly expenses have increased as the total population. On average, Canadians say they are spending an additional \$220 per week on necessities — higher among men (\$240), those aged 18-34 (\$272), and those with a household income greater than \$100,000 (\$310).

About the Study

These are some of the findings of an Ipsos poll conducted between June 1 and June 6, 2023, 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:

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



MNP
LTD

Toll Free **310-DEBT**