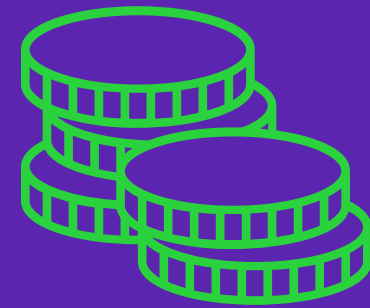


2023 CONSUMER DEBT REPORT

Prepared for  Credit
Counselling
Society



METHODOLOGY

What

Canadians were surveyed on their financial health and perceptions of financial assistance. Specific topic areas included debt and savings levels, people's experiences managing and carrying debt, and perspectives Canadians have on reaching out for financial assistance.

Who



A nationally representative sample of n=1,013 Canadians, plus boosts of n=100 Canadians in each of B.C., Alberta, Saskatchewan, Manitoba and Ontario. Final data are weighted to match census proportions on age, gender, and province.

When

The study was fielded from January 5 to 11, 2023

Note

Differences between netted (summed) results and their individual components in this report are due to rounding.

Where relevant, significant differences vs. a study fielded in January 2022 are noted with   at 95% confidence.



STATE OF CANADIANS' PERSONAL FINANCES

SECTION SUMMARY:

STATE OF CANADIANS' PERSONAL FINANCES

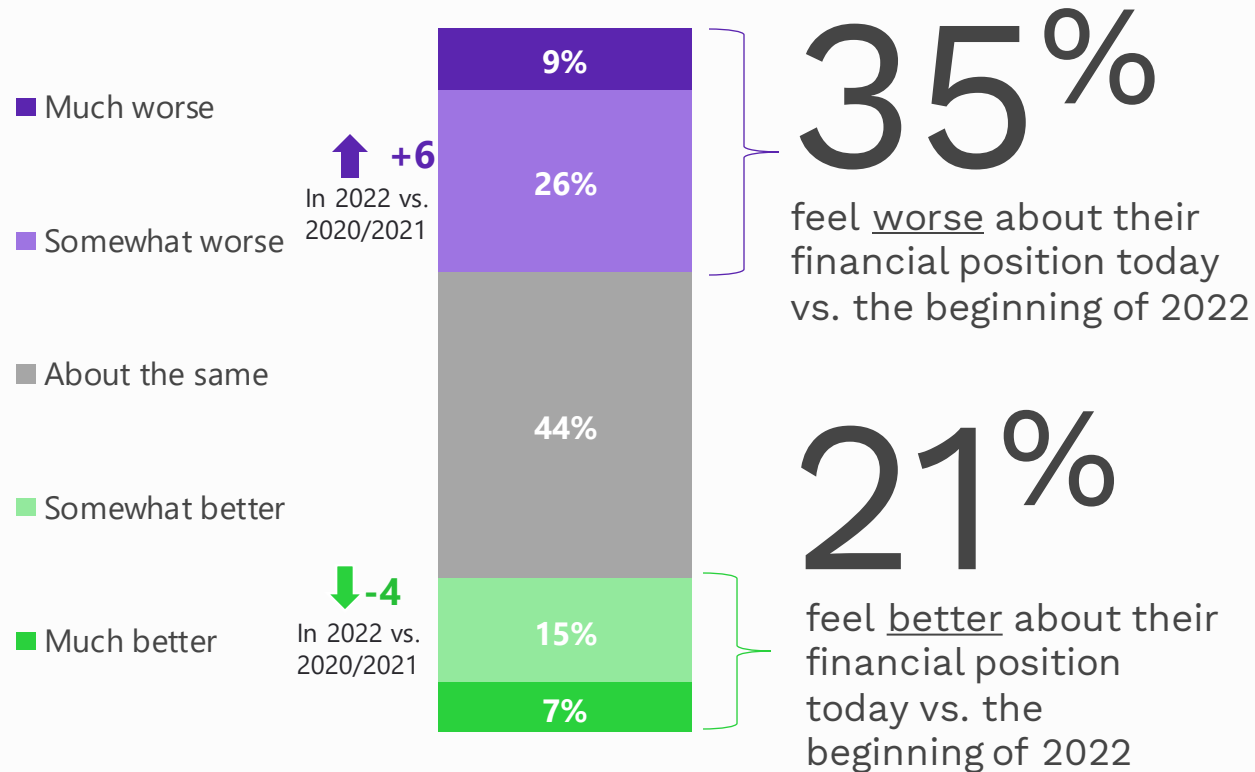
Amidst inflation and rate hikes in 2022, Canadians are more likely to feel worse off now than better. While levels of confidence and anxiety about personal finances are similar to one year ago, the specific circumstances for Canadians have notably changed:

- Canadians struggled more in 2022 because of **costs**, whereas in 2021/2020 it had more to do with **economic uncertainty**
- While job instability has been much less of an issue over the past 12 months, spending more on essentials has become an even bigger reason for Canadians' worsening financial situation, with more than half ranking it as the number one contributing factor. Also notable is a significant increase in spending on non-essentials over the past year.

A THIRD OF CANADIANS FEEL WORSE ABOUT THEIR FINANCES COMPARED WITH LAST YEAR.

Those hardest hit financially over the past year include the unemployed, and those carrying higher non-mortgage debt.

Financial Situation Now vs. Beginning of 2022



Canadians are more likely to feel worse about their financial position today if they are:

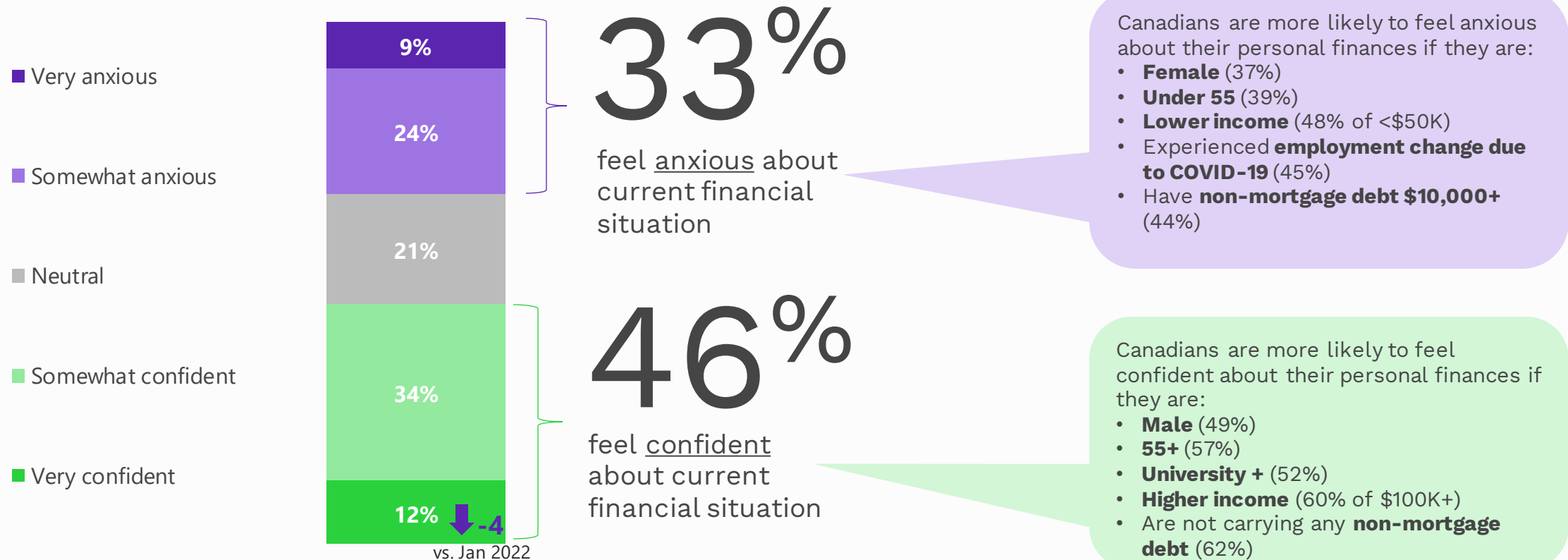
- Unemployed** (47%)
- Carrying non-mortgage debt \$10,000+** (45%)
- Anxious in financial situation** (66%)

Canadians are more likely to feel better about their financial position today if they are:

- 18-34** (33%)
- 35-54** (22%)
- Post-Secondary+ Educated** (25%)
- Employed** (28%)
- Confident in financial situation** (31%)

A THIRD OF CANADIANS FEEL ANXIOUS ABOUT THEIR CURRENT FINANCIAL SITUATION.

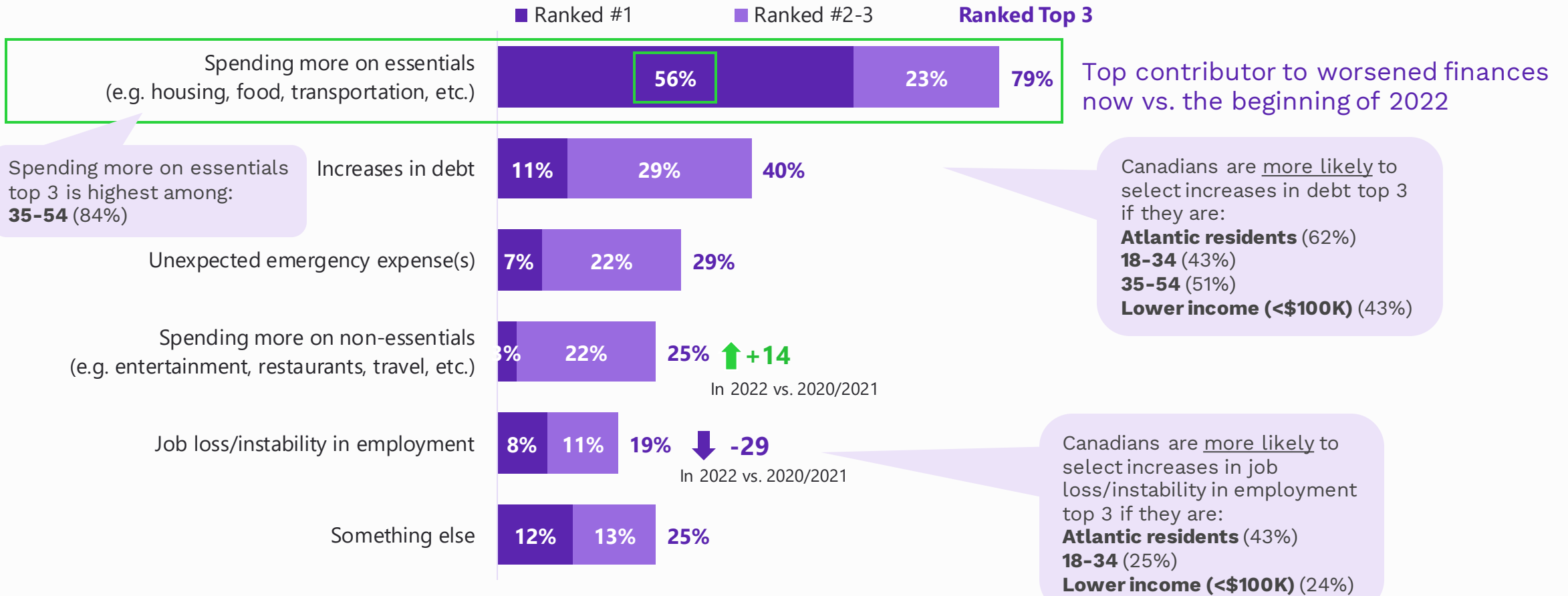
Lower income earners, those who experienced employment change due to COVID-19, and those carrying higher non-mortgage debt are among those feeling more anxious.



FOUR IN FIVE SAY THAT SPENDING MORE ON ESSENTIALS AS THE TOP CONTRIBUTOR TO THEIR WORSENING FINANCIAL SITUATION.

Job loss is much less of a factor compared with the first two years of the pandemic, while spending more on non-essentials has become a much bigger factor over the past year.

Reasons for Worsened Financial Situation

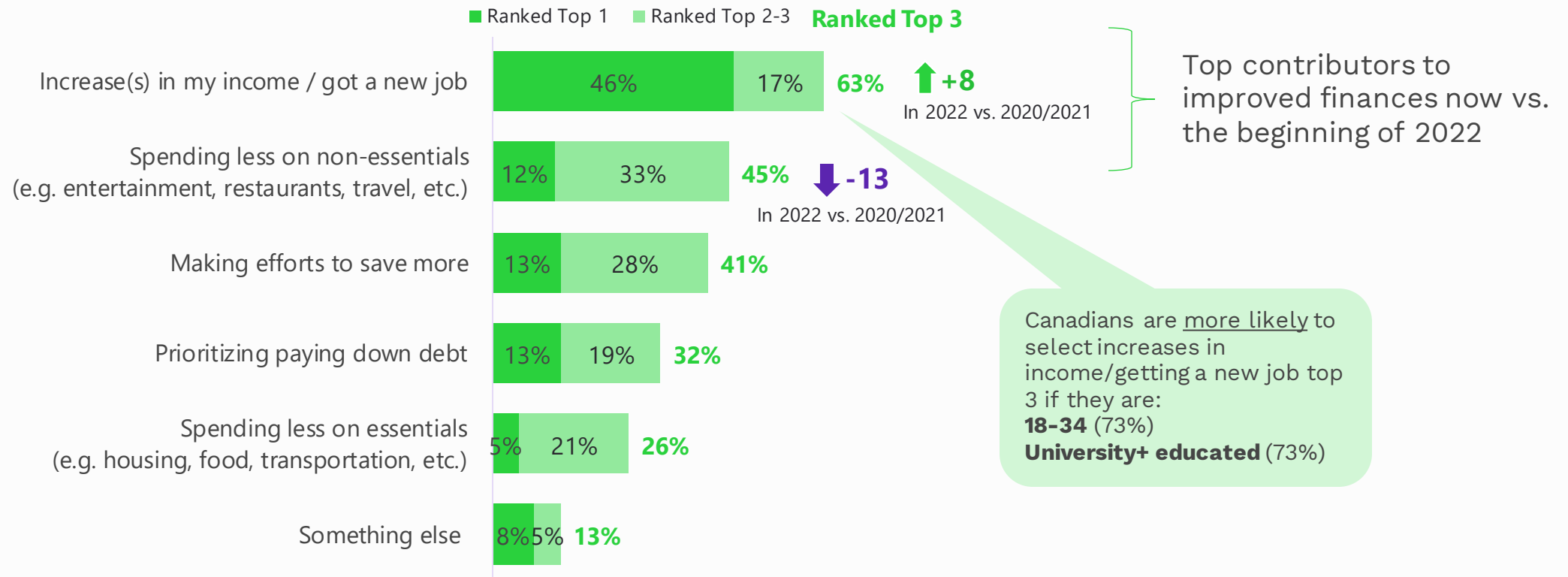


*Note: Question wording changed in January 2023. Previous question asked about sources used since the start of the pandemic in March 2020
 3% indicated they are "Not sure" what contributed to their worsened financial situation.
 Base: Much/Somewhat worse financial situation (n=525)
 What contributed most to your worsened financial situation now vs. the beginning of the last year (Jan 2022)?

TOP REASONS FOR IMPROVED FINANCIAL SITUATION ARE INCREASES IN INCOME AND REDUCED DISCRETIONARY SPENDING.

Increases in income have been a much bigger factor for improved financial situation over the past year, compared with the first two years of the pandemic.

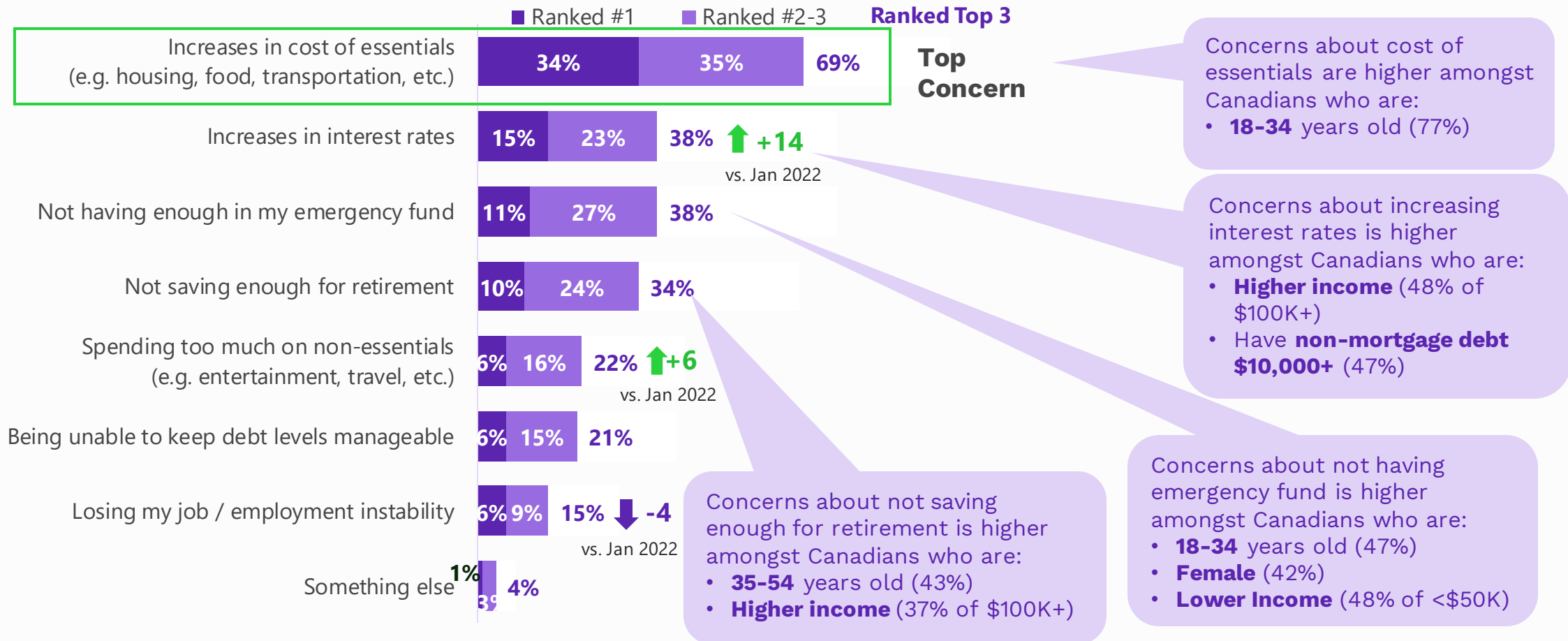
Reasons for improved financial situation



INCREASING COST OF ESSENTIALS REMAINS THE TOP FINANCIAL CONCERN FOR CANADIANS.

Concerns about the cost of essentials are highest amongst younger Canadians.

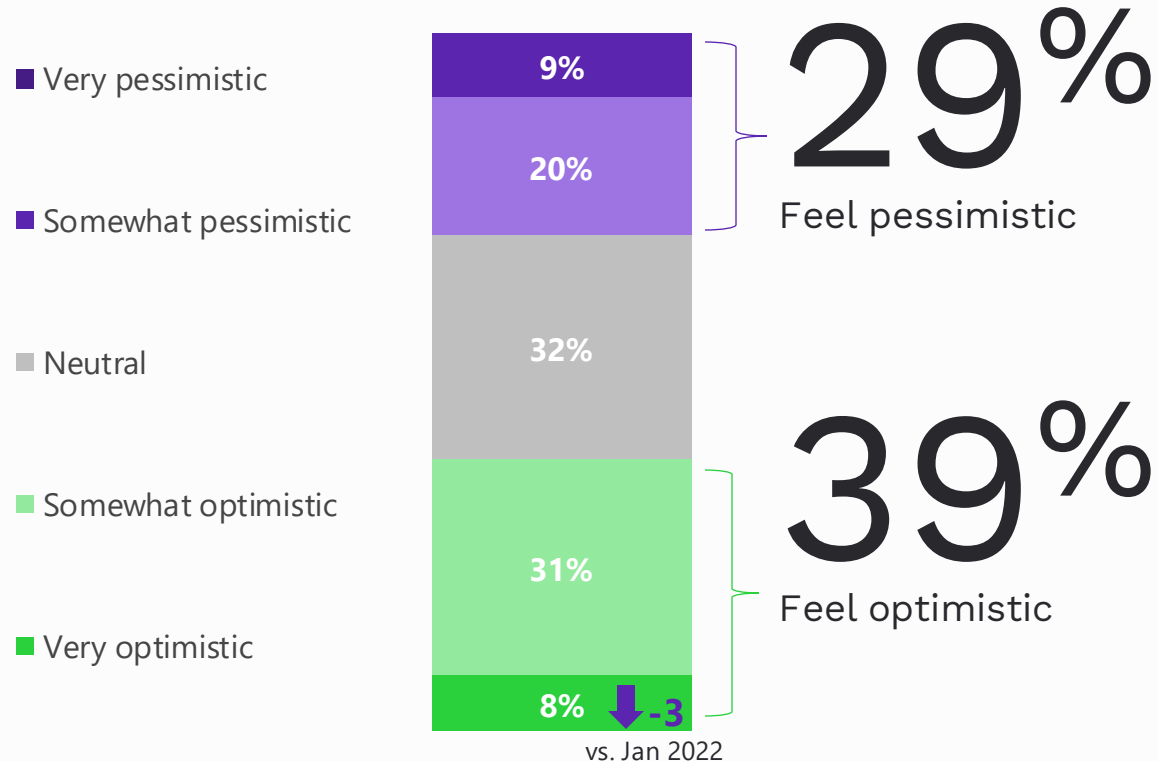
Greatest current financial concerns



THREE-IN-TEN CANADIANS FEEL PESSIMISTIC ABOUT THEIR FINANCIAL SITUATION, AND VERY FEW FEEL FULLY OPTIMISTIC HEADING INTO 2023.

Levels of optimism and pessimism are strongly tied to income and current debt levels.

Attitudes about personal finances to start 2023



Canadians are more likely to feel pessimistic to start 2023 if they are:

- **Saskatchewan** (45%) residents
- **Earn <\$50K** (36%)
- **Anxious** in their current financial situation (68%)
- Have debt **\$10,000+** (38%) or **<\$10,000** (28%)

Canadians are more likely to feel optimistic to start 2023 if they are:

- **Higher income** (47% of \$100K+)
- **Confident** in their current financial situation (66%)
- Have debt **<\$10,000** (42%) or **no debt** (47%)



DEBT AND SAVINGS

SECTION SUMMARY:

DEBT AND SAVINGS

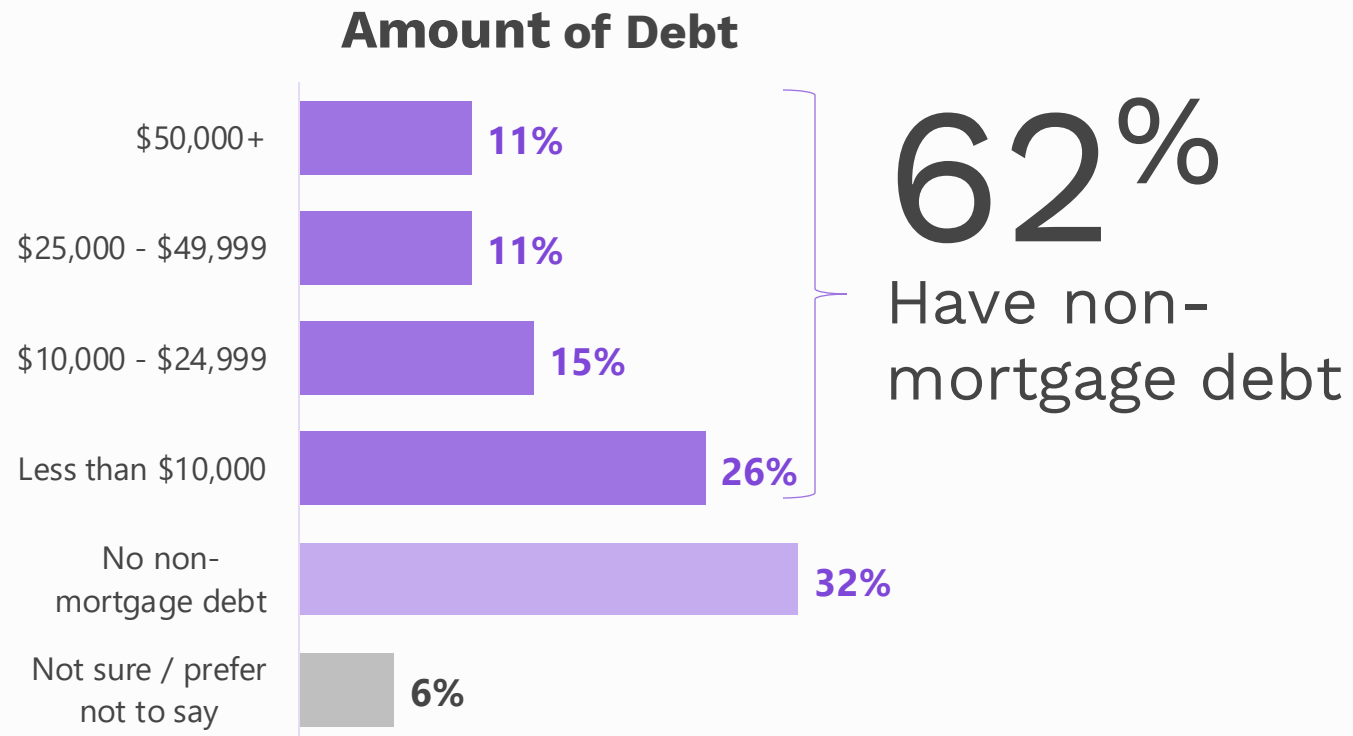
Canadians have been increasingly likely to have turned to sources of financial support over the last year, compared with the first two years of the pandemic.

- Changes in the availability of government benefits (e.g. CERB) has meant that more Canadians are turning to other sources of support, notably personal savings, credit cards, and banks.

Almost half of Canadians have seen an increase in total debt over the last year, and while the majority of those carrying debt have taken proactive measures to manage this, there are still many who are turning to more loans and risking falling further into debt as a result.

NON-MORTGAGE DEBT LEVELS HAVE REMAINED ON PAR WITH 2022, WITH SIX-IN-TEN CARRYING DEBT

35-54 year olds are the most likely group of Canadians carrying debt.



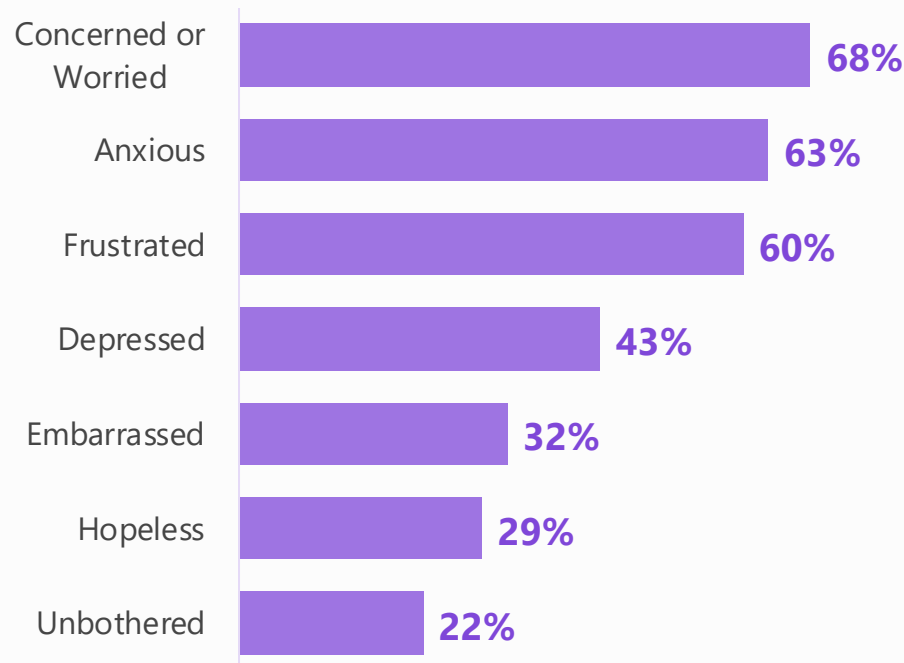
Canadians are more likely to have debts if they are:

- **Atlantic Canada** (78%) residents
- **Aged 35-54** (74%)
- Have **post-secondary education** (67%)
- **Employed** (69%)
- **Anxious** in their current financial situation (75%)

OVER HALF OF CANADIANS WITH DEBT FEEL CONCERNED, ANXIOUS, OR FRUSTRATED, PARTICULARLY YOUNGER CANADIANS AND FEMALES.

Canadians over 55 are more likely to say they are unbothered by their levels of debt.

How Canadians Feel About Their Debt Levels



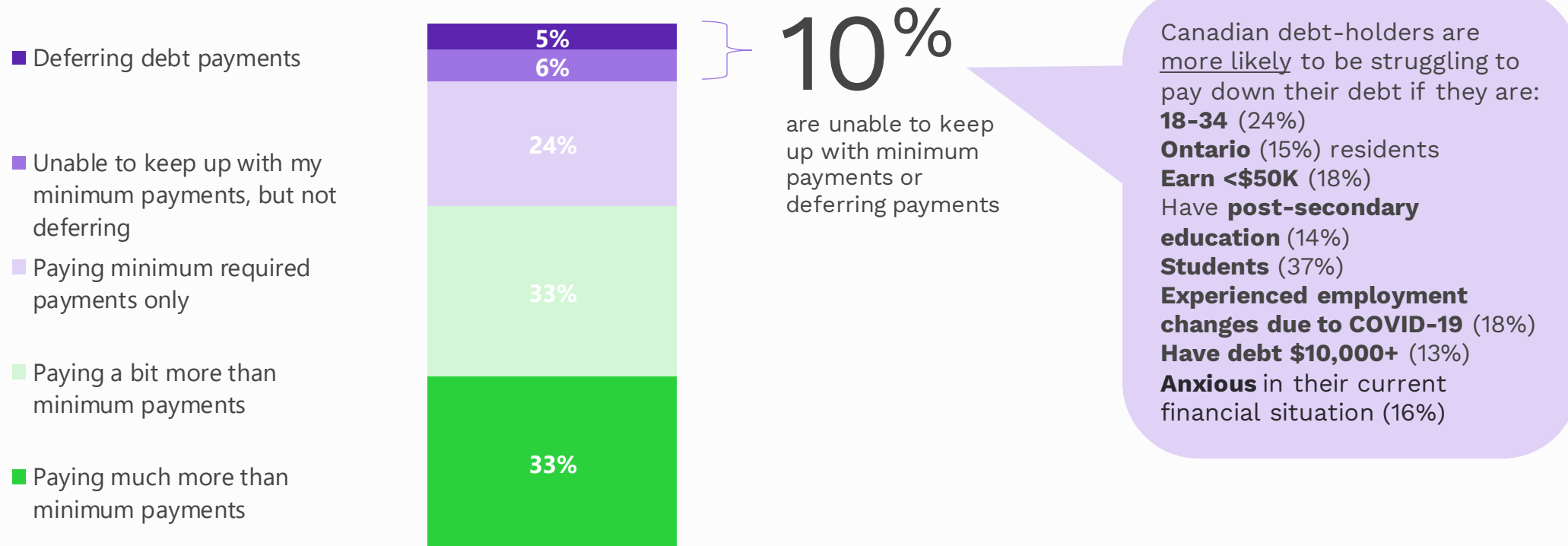
Younger Canadians (<55), **females** and lower income Canadians (<\$50K) are more likely to be experiencing negative emotions as a result of their debt levels.

Older Canadians (55+) are more likely to be **unbothered** by their debt levels (32%)

ONE-IN-TEN CANADIANS WITH NON-MORTGAGE DEBT ARE DEFERRING DEBT PAYMENTS

Half of younger Canadians and lower income earners are either deferring payments, unable to keep up with minimum payments, or paying minimum required payments only.

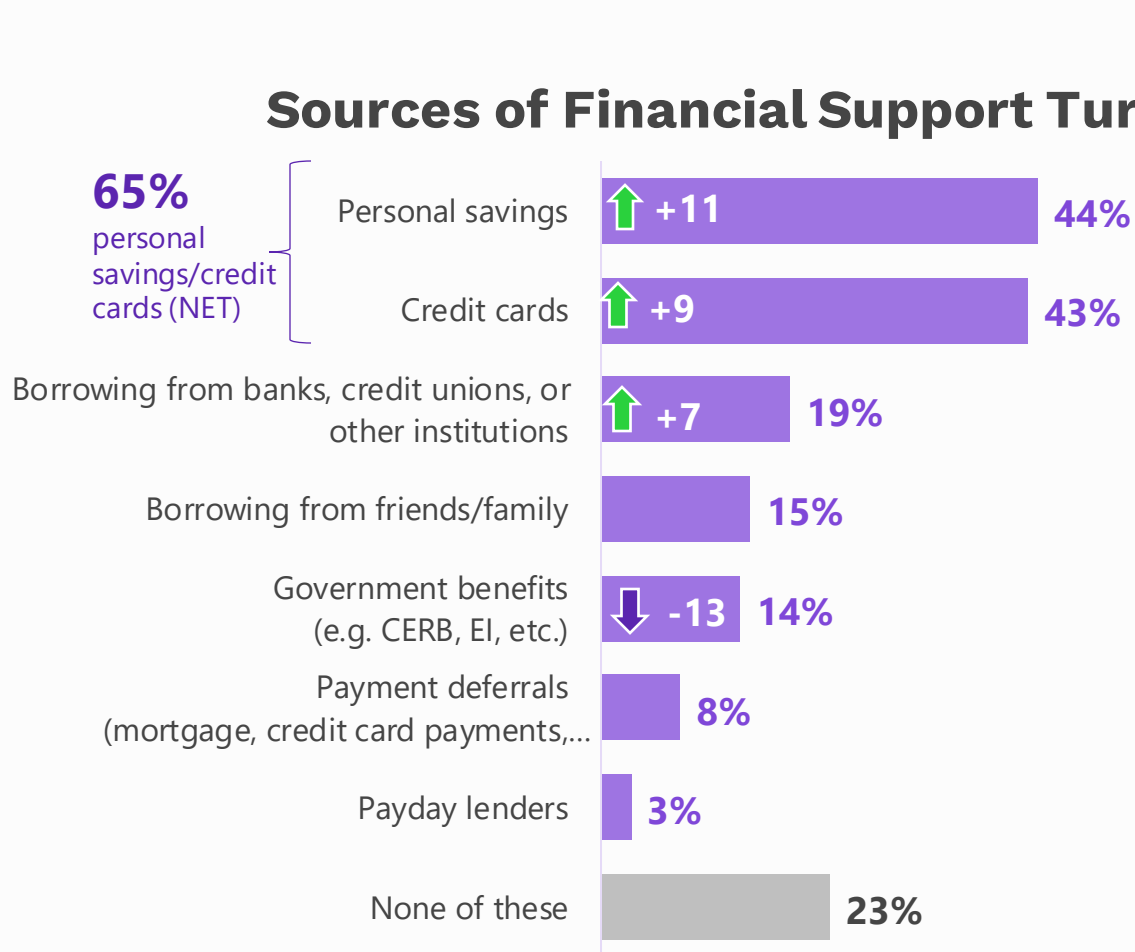
How Canadians are Managing Debt



THREE-IN-FOUR CANADIANS WITH DEBT HAVE TURNED TO FINANCIAL SUPPORT OVER THE PAST YEAR.

Canadians are most likely to have turned to personal savings and credit cards.

Sources of Financial Support Turned To



65% personal savings/credit cards (NET)

52% credit cards/borrowing from banks (NET)

77%

of those carrying debt have sought financial help in the past year

+10

Canadian debt-holders are more likely to be turning to credit cards if they are:

- **Female** (47%)
- **Under 55** (50%)

Canadian debt-holders are more likely to be borrowing from banks or other institutions if they are:

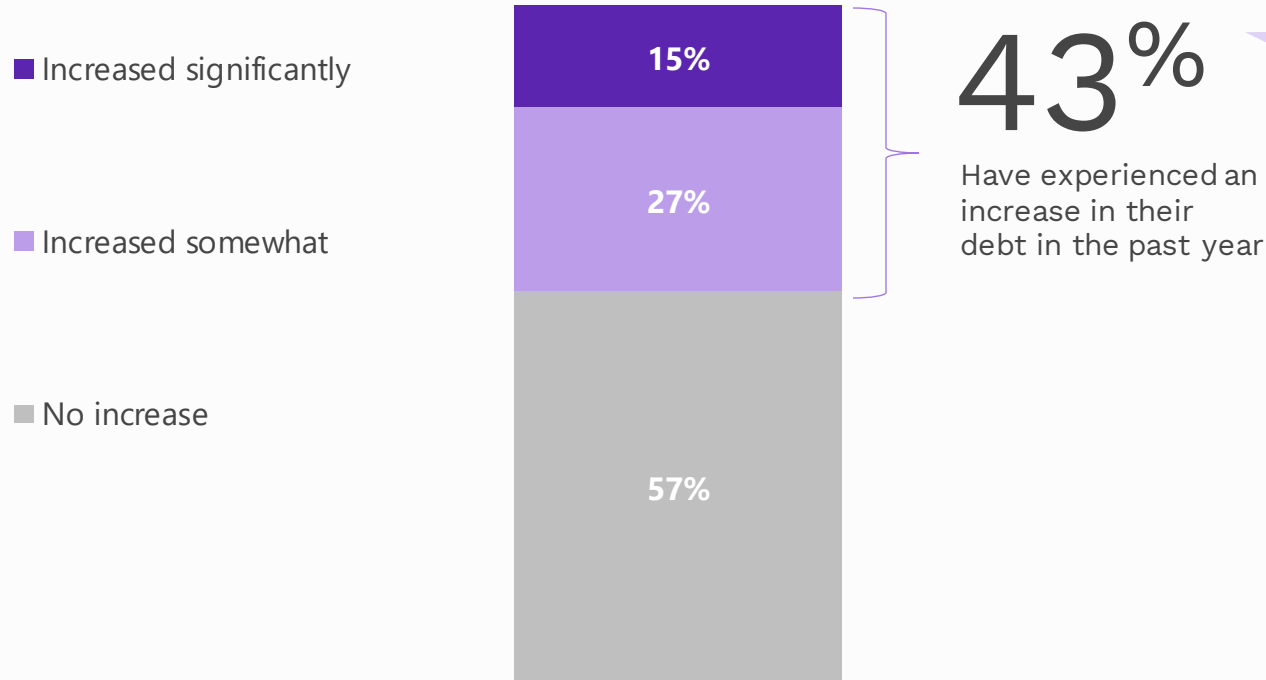
- **BC** (24%) or **Ontario** (25%) residents
- Have **debt \$10,000+** (26%)

18 to 34 year olds are more likely to have turned to other sources for financial support than Canadians 35+

MORE THAN FOUR-IN-TEN CANADIANS HAVE EXPERIENCED AN INCREASE IN DEBT IN THE PAST YEAR.

Canadians under 55 and those who experienced employment changes due to COVID-19 have seen higher increases in debt.

Past Year Change in Debt



Canadian debt-holders are more likely to have seen increases in their debt if they are:

18-34 (47%)

35-54 (55%)

Experienced employment changes due to COVID-19 (54%)

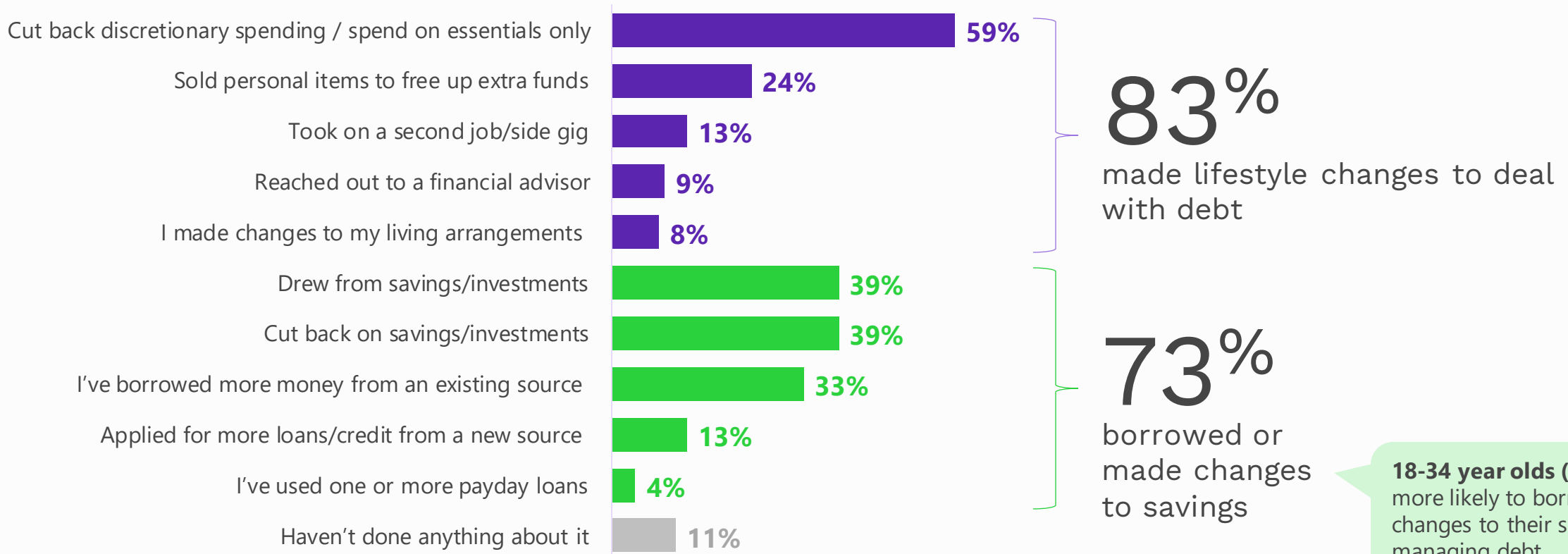
Have debt \$10,000+ (65%)

Anxious in their current financial situation (66%)

WHILE MANY CANADIANS HAVE MADE LIFESTYLE CHANGES TO MANAGE DEBT, THREE-IN-FOUR ARE ALSO RELYING ON LOANS OR CHANGES TO THEIR SAVINGS.

Prioritizing spending on essentials is the most common lifestyle change to manage debt increase.

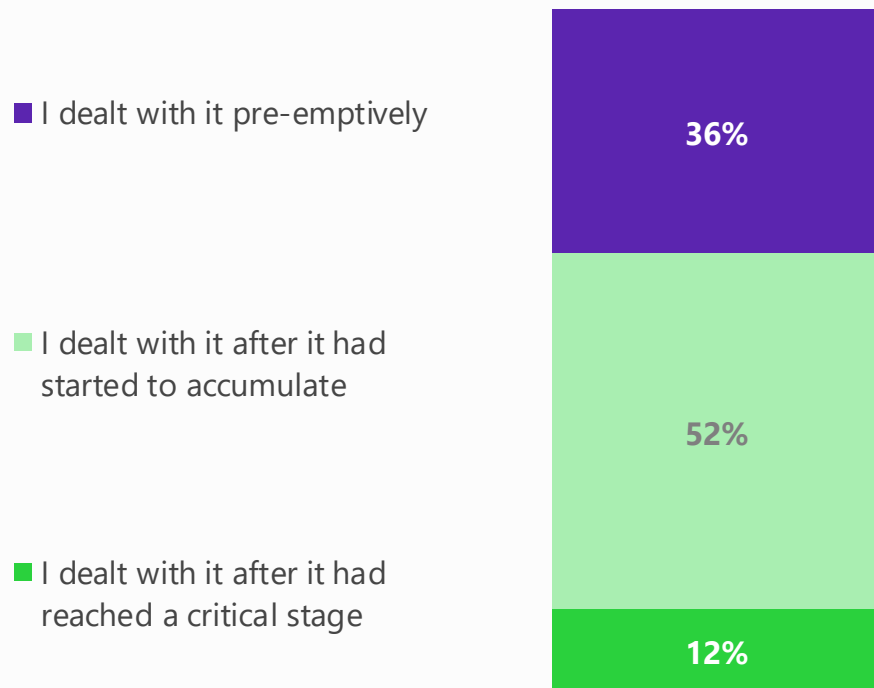
Changes to Manage Debt Increase



ONLY A THIRD OF CANADIANS HAVE BEEN MANAGING DEBT PRE-EMPTIVELY, WITH HALF TAKING ACTION AFTER IT STARTED TO ACCUMULATE

One-in-ten Canadians with debt (including mortgage debt) only took action after their debts had reached a critical stage.

How Long Before Taking Action on Debt Increase



Canadians with increased debt in 2022 are more likely to have dealt with it pre-emptively if they are:

- 18-34** (43%), **55+** (40%)
- Earn \$100K+** (46%)
- Have **post-secondary education** (41%)
- Confident** in their current financial situation (60%)

Those who waited until their debt reached a critical stage were more likely to be:

- **Quebec** (22%) residents
- Have **high school or less** education (18%)
- Earn **<\$50K** (22%)
- **Anxious about** their current financial situation (17%)

TWO-THIRDS OF CANADIANS HAVE RECENTLY HAD TO LEAN ON CREDIT OR SAVINGS

Those who have seen an increase in debt are significantly more likely to have taken financial actions.

Recent Financial Actions Taken

Drawn from savings/investments

41%

Used credit instead of cash

36%

Cut back on your savings

35%

Applied for more credit

12%

None of the above

32%

Debt increased
(over 2022)

Debt did not
increase
(over 2022)

54%

31%

55%

21%

51%

23%

22%

6%

11%

48%

Higher among:

- Ages **18-54** (43%)
- **Anxious** about their financial situation (55%)
- Have debt **\$10,000+** (52%)

Higher among:

- Ages **55+** (41%)
- HHI **\$100K+** (36%)
- **Quebec** residents (44%)
- **Confident** in their financial situation (48%)
- No non-mortgage debt (50%)



PERCEPTIONS OF FINANCIAL ASSISTANCE

SECTION SUMMARY:

PERCEPTIONS OF FINANCIAL ASSISTANCE

Canadians continue to have predominantly negative associations with reaching out for financial help themselves. Canadians with the highest debt loads feel the worst about reaching out for financial help.

Taking on a second job is either a significant possibility or already a reality for two out of five Canadians.

- A third of Canadians are also likely to consider late bill payments or selling personal items a significant possibility

CANADIANS FEEL PREDOMINANTLY NEGATIVE ABOUT REACHING OUT FOR FINANCIAL HELP

In particular, those with higher debt levels are more likely to say reaching out makes them feel embarrassed, inadequate or like a failure.

How reaching out for financial help would make you feel Non-Mortgage Debt Levels

Younger Canadians (18-34) have a more negative view of reaching out for financial help, being more likely to say it would make them feel **inadequate** (27%), **out of options** (43%), **helpless** (26%) or **failure** (27%).

Older Canadians (55+) are more likely to see reaching out for financial help in a positive light, with two-in-ten saying it would make them feel Prudent (18% vs. 11% of those under 55).

			No Debt	<\$10,000	\$10,000+
Embarrassed	38% ↓ -6 vs. 2022		35%	34%	44%
Out of options	36% ↓ -4 vs. 2022		34%	34%	39%
Responsible	23%		20%	25%	25%
Failure	22% ↓ -4 vs. 2022		15%	21%	28%
Inadequate	21%		18%	18%	25%
Helpless	19% ↓ -4 vs. 2022		20%	15%	22%
Irresponsible	18%		16%	18%	20%
Proactive	16%		13%	20%	18%
Prudent	14%		14%	15%	12%
Mature	13%		11%	14%	15%
Lost	10%		8%	11%	13%
Something else	3%		3%	2%	3%

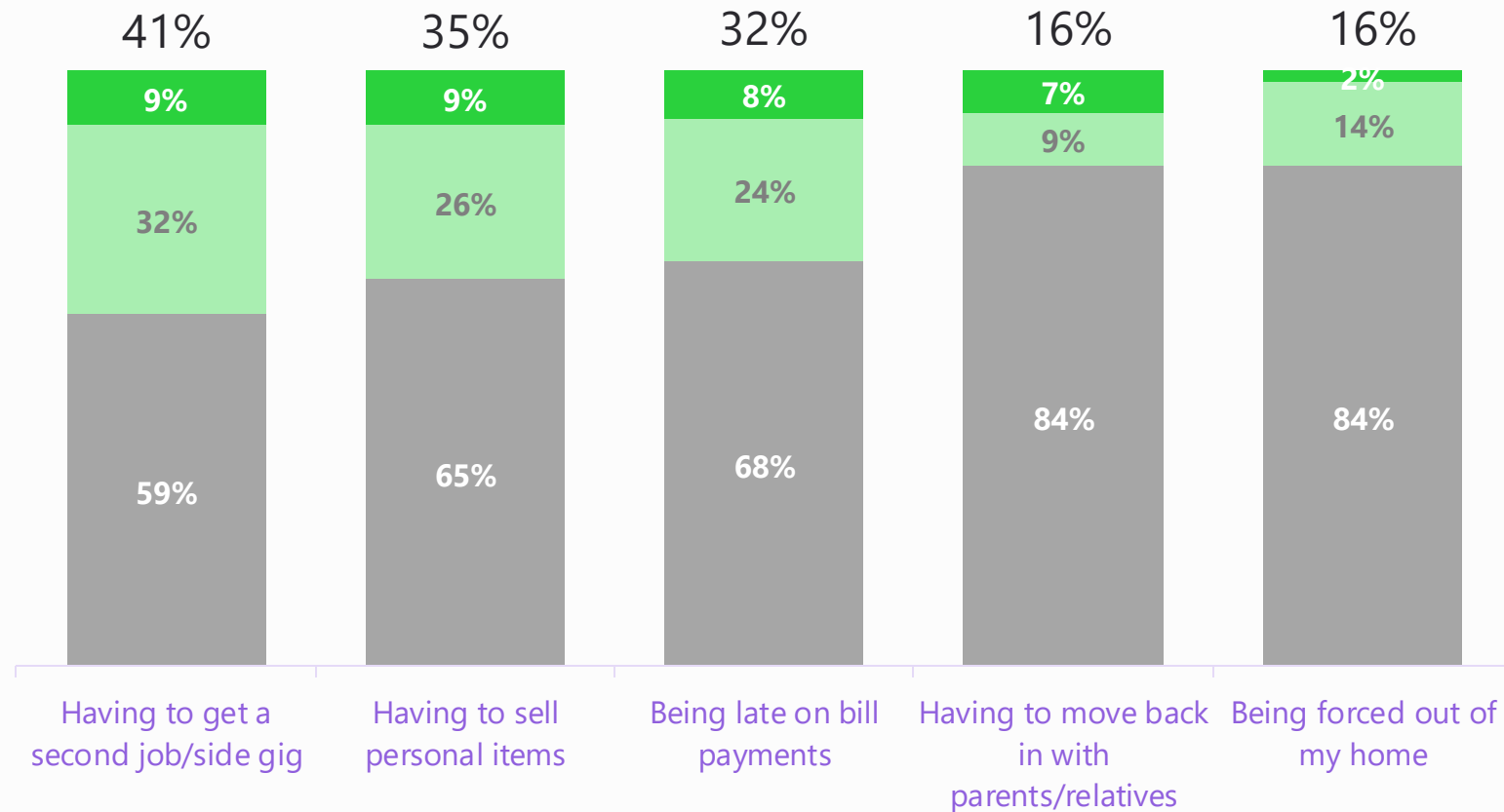
A THIRD OF CANADIANS THINK THAT GETTING A SECOND JOB IS A SIGNIFICANT POSSIBILITY IF INFLATIONARY PRESSURES CONTINUE

Most Canadians do not anticipate a change in lifestyle if inflationary pressures continue.

Likely Scenarios will Face if Inflationary Pressures Continue

Currently experiencing + significant possibility %

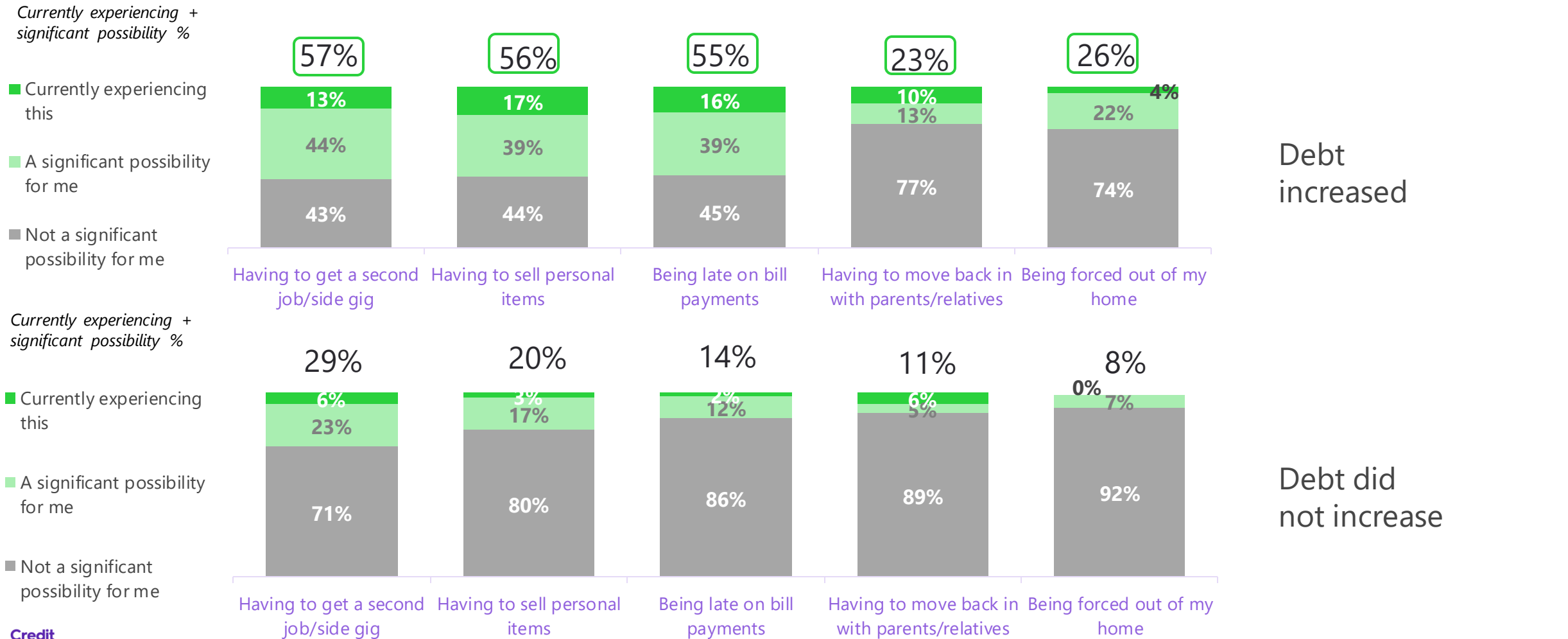
- Currently experiencing this
- A significant possibility for me
- Not a significant possibility for me



THE LIKELIHOOD OF ALL SCENARIOS INCREASE FOR THOSE WHOSE DEBT HAS INCREASED

Canadians whose debt has increased are at least twice as likely to be currently experiencing or worry about the likelihood of these scenarios.

Likely Scenarios will Face if Inflationary Pressures Continue



*New question asked in 2023

Base: Debt increased (n=617), no increase in debt (n=896)

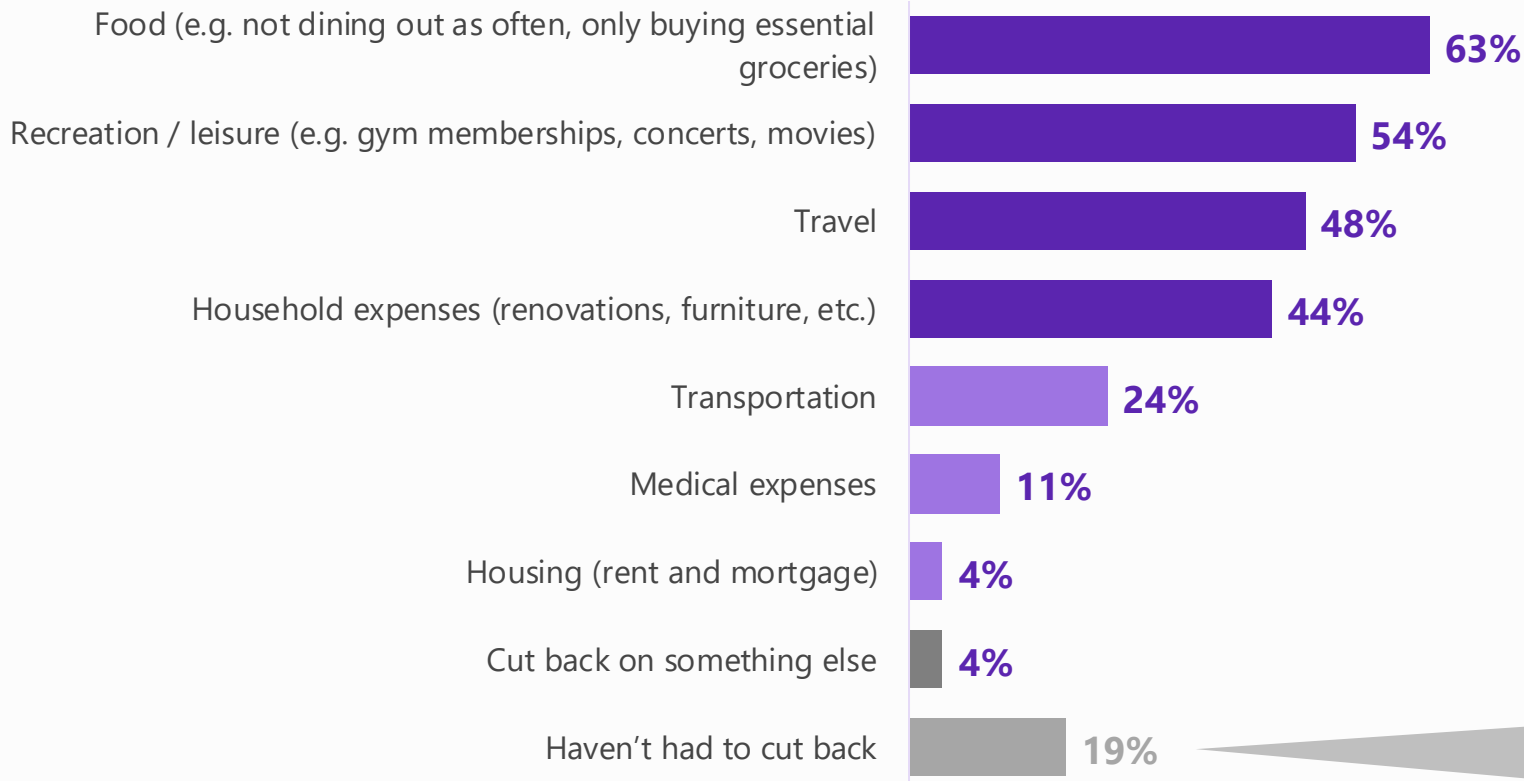
Q29. If the current interest rate hikes and inflationary pressures continue, to what extent do you think the following scenarios are a possibility for you?

Higher than other groups at 95% confidence (Green box)
Lower than other groups at 95% confidence (Red box)

THE MAJORITY OF CANADIANS HAVE HAD TO CUT BACK ON EXPENSES, WITH FOOD BEING THE TOP CATEGORY.

Recreation, travel, and household expenses are other key areas where Canadians have cut back recently.

Recent Expense Cutbacks



Higher among:

- Ages **18-54** (68%)
- HHI **<\$50K** (72%)
- **BC** residents (70%)
- **Anxious** about their financial situation (87%)
- Have debt **\$10,000+** (73%)

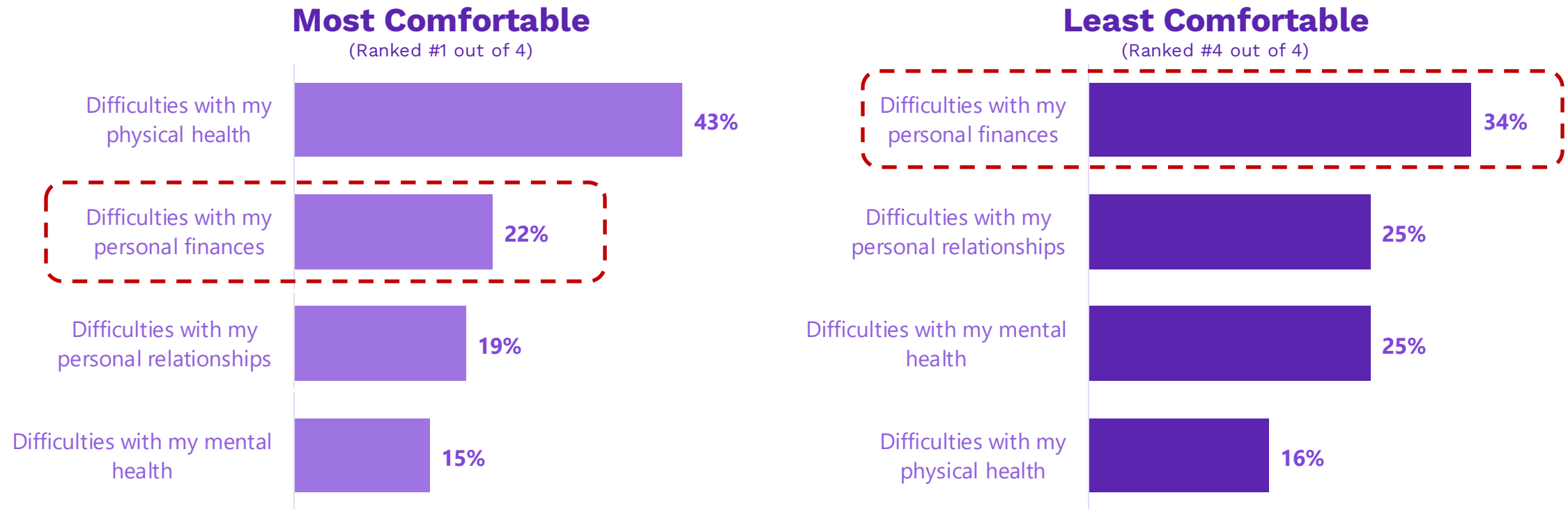
Higher among:

- Ages **55+** (30%)
- HHI **\$100K+** (24%)
- **Quebec** residents (24%)
- **Confident** in their financial situation (35%)
- No non-mortgage debt (33%)

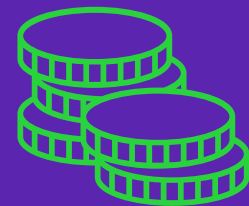
SIMILAR TO THE 2022 RESULTS, THREE-IN-TEN CANADIANS FEEL MORE COMFORTABLE DISCUSSING THEIR PHYSICAL/MENTAL HEALTH OR PERSONAL RELATIONSHIPS THAN FINANCES WITH A FRIEND OR FAMILY MEMBER.

One-in-five are most comfortable discussing financial difficulties, rather than discussing health or relationship matters.

Comfort Levels Discussing Personal Finances



THANK YOU



APPENDIX: SUMMARY OF REGIONAL DIFFERENCES

BC 

B.C. residents are *more likely* to...

- be worried about debt levels increasing
- borrow from banks
- feel proactive to reach out for financial help
- have cut back on food, household expenses, recreation/leisure

Alberta 

Albertans are *more likely* to...

- feel better about their financial situation
- be concerned about not having enough money to pay the bills, and losing their jobs
- be using personal savings
- feel responsible to reach out for financial help
- feel optimistic about their financial situation for 2023
- have cut back on household expenses, transportation, travel
- be concerned about increases in costs of essentials

Saskatchewan 

Saskatchewanians are *more likely* to...

- feel anxious about their finances
- feel inadequate, irresponsible, lost, out of options, helpless, embarrassed and a failure to reach out for financial help
- feel pessimistic about their financial situation for 2023
- have cut back on recreation/leisure
- be concerned about not saving enough for retirement, and increases in interest rates

Manitoba 

Manitobans are *more likely* to...

- feel anxious about their finances
- feel worse about their financial situation
- be worried about losing their jobs
- be using government benefits
- feel inadequate and embarrassed to reach out for financial help
- have cut back on recreation/leisure

Ontario 

Ontarians are *more likely* to...

- feel very confident with their finances
- be worried about economic factors outside of their control
- have seen an increase in total debt in the past year