

Consumer Attitudes Towards Debt - Canada - July 2015

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“The growth in household debt may not necessarily be a danger sign; this may be a reflection of better credit scoring systems leading to a more accurate assessment of individual credit risk.”

—
Sanjay Sharma, Senior Financial Services Analyst

This report looks at the following areas:

- Are Canadians carrying too much debt?
- Impact of marketplace lenders on the consumer lending business in Canada
- A third of young Canadians are stressed about money and looking for help
- Are British Columbians more likely to be impacted by potential interest rate hikes?

Almost every day Canadians see headlines proclaiming that household debt levels have reached record highs. But there are counter arguments from some experts that Canadians can handle this increased borrowing based on the macroeconomic fundamentals of the economy and the financial strength of Canadian households. Some of the steady rise in household debt in Canada could also be a generational shift in attitudes, as credit becomes easier to access. Also, often times, debt is used for many productive purposes such as education, starting a business or buying a home.

The consumer lending business has thrived under the prolonged low interest rate environment and Canada's strong economic fundamentals. The continued strength of the housing market in most parts of the country has ensured strong profits for financial institutions. Canada has one of the highest rates of home ownership in the world and around a third of Canadians have an outstanding mortgage. In addition to mortgages, Canadians continue to borrow money through lines of credit, credit cards and specific product loans, such as auto or Registered Retirement Savings Plan (RRSP) loans. The lending market is dominated by the major banks but smaller banks, credit unions and specialised lending companies also continue to thrive. New entrants such as online marketplace lenders are aiming to gain traction in this market.

This report covers consumer behaviour and attitudes related to consumer borrowing (credit cards, mortgages, loans and lines of credit). We explore issues such as lending product ownership rates, amount of debt owed, usage and interest in debt management tools, attitudes towards personal finances and general attitudes towards debt and borrowing.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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