

# Consumer Lending - Canada - 2021

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## This report looks at the following areas:

- The impact of COVID-19 on consumer lending.
- Consumer behaviours and attitudes related to lending—what is the level of interest and need for these products, ownership of secured and unsecured debt products, how do consumers choose a lender, attitudes towards debt & borrowing, purpose of loans, etc.

The Canadian lending landscape has changed drastically over the past decade. This evolution has impacted virtually all types of financing, from personal loans and lines of credit to mortgages and business and auto financing. Mortgages are the biggest chunk of the lending business. The red-hot housing market has ensured strong growth, not only in mortgages, but other home equity products such as HELOCs (home equity lines of credit) and loans as home owners borrowed more to upgrade their homes; the result of white-collar employees spending more time at home due to the pandemic. As a consequence, housing affordability is a major issue for first-time home buyers.

Mortgage borrowing reached record highs in 2020, with households adding nearly \$108 billion in mortgage debt, compared with less than two thirds of that amount in 2019 and just under \$46 billion in 2018. Growth in consumer credit remained strong with Canadians using a wide variety of borrowing products to cover a wide variety of expenses, from vehicle purchases to education. In recent times, Fintech lenders are also emerging to grab a slice of this market.



“The current housing boom across Canada has resulted in record mortgage and consumer lending growth; as the strongest players, the big banks have made record profits as new home buyers struggle to buy their first homes. A supply/demand imbalance in housing means that the situation is unlikely to resolve in the near future.”

– Sanjay Sharma, Senior Financial Services Analyst

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- Mortgage debt rises to record levels
- HELOC balances increase while unsecured lines of credit decline
- Housing affordability in a major concern
- Canada has an aging population, boosting home equity products

### MARKET FACTORS

- Mortgage debt rises to record levels
- HELOC balances increase while unsecured lines of credit decline
- Housing affordability in a major concern
- Working from home boosts housing demand
- Canada has an aging population, boosting home equity products

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### Did you know?

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