Report

Non-Mortgage Delinquencies Reach Levels Not Seen Since 2009

Q1 2025 | Equifax® Canada Market Pulse
Quarterly Consumer Credit Trends

June 2025

Economic uncertainty continued to impact credit usage and consumer financial health across Canada during the first quarter of 2025 according to Equifax® Canada's latest Market Pulse Consumer Credit Trends and Insights. Total consumer debt in Canada was $2.55T at the end of Q1, up four per cent year over year, but down more than $6B from the end of 2024. Average non-mortgage debt per consumer rose to $21,859 in Q1 2025, primarily driven by a strong auto loan market as buyers looked to lock in purchases before anticipated price hikes.

"We often observe seasonal changes in credit usage during the first quarter. Generally speaking in the spring, we tend to see mortgage debt rising, however for Q1 2025 we saw mortgage debt levels fall compared to last quarter," said **Rebecca Oakes, Vice President of Advanced Analytics at Equifax Canada**." Despite a slowdown in demand for non-mortgage debt, overall balances remained fairly flat, an indication that consumer payment levels may be falling."

Card spending slows but balances continue to rise

After experiencing high numbers for new credit card openings in 2023 and 2024, the first quarter of 2025 saw a 10.3 per cent decline in new card originations. Consumers that have lower credit scores accounted for an increase in new card openings, potentially indicating heightened credit reliance and financial strain in this consumer group.

Average monthly credit card spend[1] per card holder fell by $107 dollars during Q1, dropping to the lowest level since March 2022. Ontario, British Columbia, Prince Edward Island, Nova Scotia and Yukon saw the biggest pull back in spending, dropping between six and seven per cent compared to the prior year.

"A drop in credit card spending when combined with increased payment amounts can imply improving financial conditions of consumers," said Oakes. "Our data shows card payment levels, especially for younger consumers, are starting to fall, indicating this spending slowdown is likely driven more by consumers trying to be prudent rather than switching from credit to debit for financing."

The average credit card pay rate[2] decreased to 52.9 per cent in Q1, down 32 basis points. Notably, younger consumers (under 35 years old) showed a more dramatic shift, with their average pay rate falling 392 basis points from 62.9 per cent to 58.9 per cent. This same group also exhibited the greatest increase in the level of minimum payers, rising 25 basis points year-over-year.

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1 average spend comparisons have been adjusted for inflation
2 pay rate = payments / last months balance

Mortgage growth driven primarily by renewals and refinancing

New mortgage originations jumped 57.7 per cent year-over-year in Q1 2025, but much of this activity stemmed from renewals and refinancing. This reflects the onset of the so-called "Great Renewal," as a wave of pandemic-era mortgages come up for renewal.

Renewal and refinancing activity surged, particularly in Ontario, Alberta, and B.C., with an estimated 28 per cent of mortgages switching lenders as Canadians shop around and seek better rates. Almost half of those switching (46 per cent) moved between the "Big Five" banks, reflecting intense competition among major lenders.

"The shift in the mortgage market is clear - this is currently about existing homeowners navigating a complex refinancing environment," added Oakes. "But even as some find relief, affordability challenges haven't eased for everyone."

First-time homebuyers returned to the market, with activity up 40 per cent from Q1 2024. Affordability remained a hurdle and while average monthly payments dropped by 7.8 per cent to $2,300, the average loan size increased by 7.5 per cent year-over-year.

Debt divide deepens as missed payments rise for some

While some consumers showed signs of prudence in their spending choices during the first quarter, missed payments continued to rise across most credit products. In total, more than 1.4 million consumers (1 in 22) missed at least one credit payment during the quarter.

Although mortgage holders experienced some stabilization thanks to steady interest rates, financial strain remained acute for non-mortgage consumers. Consumer level delinquency rates among non-mortgage holders rose 8.9 per cent year-over-year, compared to 6.5 per cent for mortgage holders. Younger Canadians were hit hardest, with the 18–25 age group experiencing a 15.1 per cent increase in delinquency rates.

Ontario consumers under stress

Ontario continued to remain a hotspot for financial stress in Canada, experiencing the most pronounced increase in delinquency rates across all credit products. Ontario's 90+ day mortgage delinquency rate rose to 0.24 per cent, a substantial 71.5 per cent increase since Q1 2024. British Columbia followed with a notable rise of 33.3 per cent, reaching 0.18 per cent, while the rest of Canada (excluding these two provinces) showed a comparatively modest increase of 3.3 per cent, reaching an average of 0.19 per cent overall.

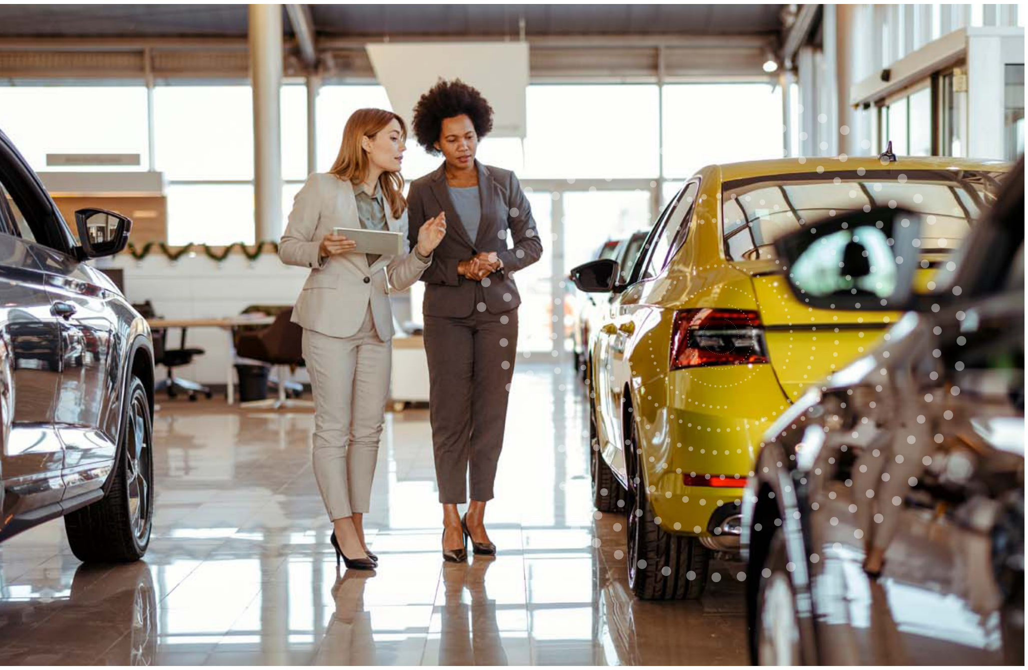
Ontario also led the rise in non-mortgage delinquencies, up 24 per cent year-over-year, followed by Alberta at 15.9 per cent and Quebec at 13.9 per cent.

Significant increases for younger consumers and auto loans

The highest credit card 90+ day delinquency rates were observed among younger consumers under the age of 26, at 5.38 per cent, a significant 21.7 per cent increase year-over-year for this group. Overall, this rate stood at 3.76 per cent, marking a 15.8 per cent increase.

Auto loans followed a similar trend, with the delinquency rate for younger consumers rising by 30 per cent to 1.95 per cent, compared to an overall rate of 1.08 per cent, which represented a 15.3 per cent increase.

"We're observing positive shifts in consumer behaviour, with reduced credit card usage and early signs of delinquency stabilization for some consumers. However, headwinds will likely persist, such as rising unemployment and rising food prices, in already strained regions," concluded Oakes.



Age Group Analysis

Debt & Delinquency Rates (excluding mortgages)

Age	Average Debt (Q1 2025)	Average Debt Change Year-over-Year (Q1 2025 vs. Q4 2024)	Delinquency Rate ($) (Q1 2025)	Delinquency Rate ($) Change Year-over-Year (Q1 2025 vs. Q1 2024)
18-25	$8,459	4.63%	2.17%	20.06%
26-35	$17,394	1.14%	2.37%	21.04%
36-45	$26,873	1.57%	1.91%	21.20%
46-55	$34,371	2.94%	1.38%	17.53%
56-65	$28,780	5.25%	1.15%	13.25%
65+	$14,596	3.57%	1.13%	3.93%
Canada	**$21,859**	**2.74%**	**1.60%**	**17.06%**

Major City Analysis

Debt & Delinquency Rates (excluding mortgages)

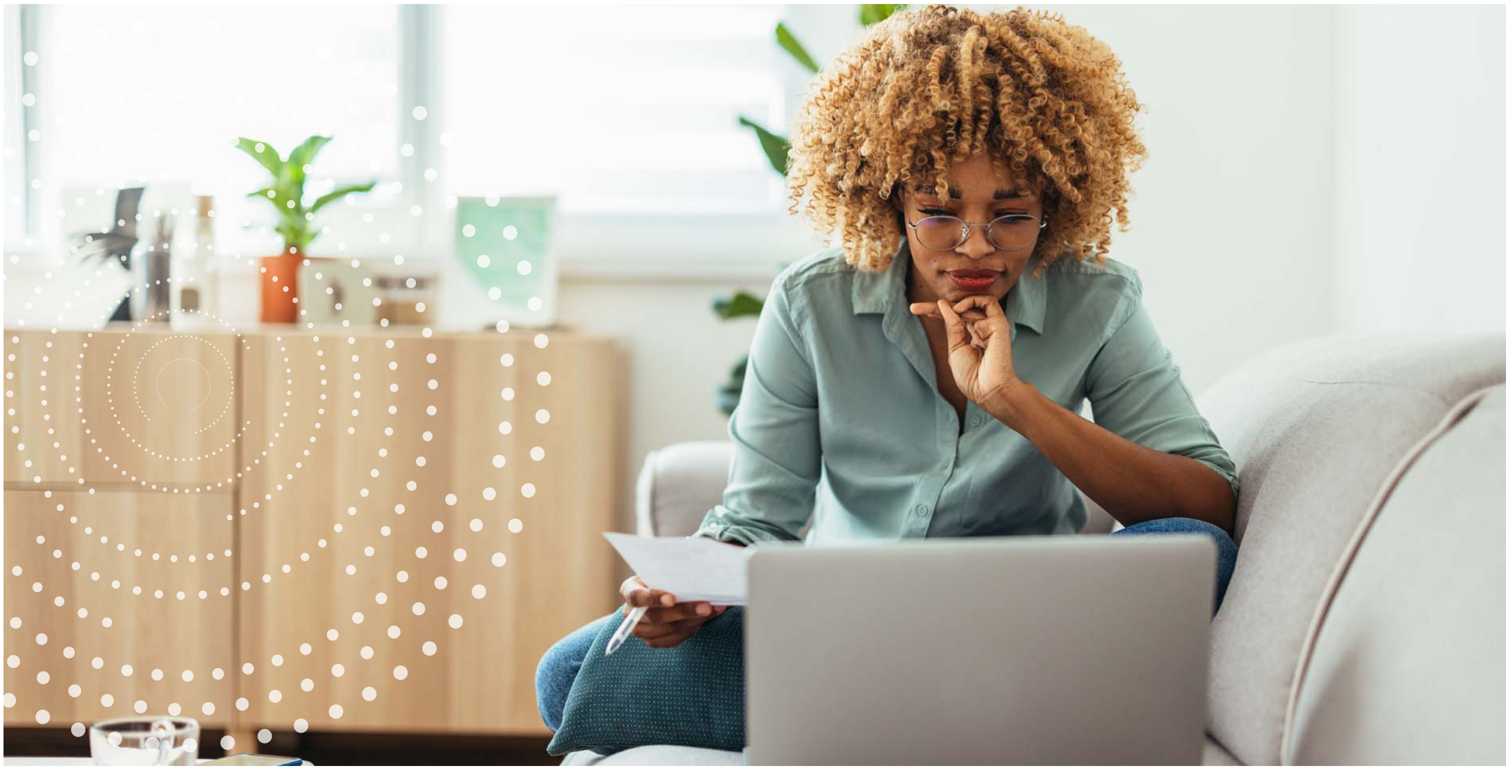
City	Average Debt (Q1 2025)	Average Debt Change Year-over-Year (Q1 2025 vs. Q4 2024)	Delinquency Rate ($) (Q1 2025)	Delinquency Rate ($) Change Year-over-Year (Q1 2025 vs. Q1 2024)
Calgary	$23,922	1.11%	1.71%	14.25%
Edmonton	$23,547	-0.03%	2.26%	18.29%
Halifax	$21,263	1.86%	1.56%	15.13%
Montreal	$16,971	2.56%	1.49%	18.52%
Ottawa	$19,501	1.16%	1.52%	22.03%
Toronto	$21,048	3.46%	2.17%	24.28%
Vancouver	$23,304	3.93%	1.28%	14.27%
St. John’s	$23,872	1.41%	1.49%	1.19%
Fort McMurray	$37,269	0.81%	2.56%	18.37%

Province Analysis

Debt & Delinquency Rates (excluding mortgages)

Province	Average Debt (Q1 2025)	Average Debt Change Year-over-Year (Q1 2025 vs. Q4 2024)	Delinquency Rate ($) (Q1 2025)	Delinquency Rate ($) Change Year-over-Year (Q1 2025 vs. Q1 2024)
Ontario	$22,543	3.08%	1.73%	24.00%
Quebec	$18,985	2.28%	1.12%	13.95%
Nova Scotia	$21,296	2.62%	1.68%	5.72%
New Brunswick	$21,490	2.82%	1.77%	9.18%
PEI	$23,707	4.09%	1.19%	8.21%
Newfoundland	$24,770	4.02%	1.56%	0.48%
Eastern Region	$22,218	3.09%	1.65%	5.74%
Alberta	$24,398	1.00%	1.97%	15.93%
Manitoba	$18,171	3.68%	1.72%	2.04%
Saskatchewan	$23,194	2.82%	1.82%	6.24%
British Columbia	$22,631	3.33%	1.40%	12.63%
Western Region	$22,878	2.44%	1.69%	12.49%
Canada	**$21,859**	**2.74%**	**1.60%**	**17.06%**

* Based on Equifax data for Q1 2025



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