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Report

Total Consumer Debt Climbs to \$2.2 Trillion with Credit Card Spending Up

Q3 Consumer Credit Trends and Economic Insights

December 2021

Whether it's pent-up consumer demand, lifting of travel restrictions or higher disposable incomes, Canadians are giving their credit cards a workout heading into the holidays according to Equifax Canada's most recent consumer credit trends and insights report. **The average monthly credit card spend per credit card holder is up by 3.9 per cent this quarter when compared to the pre-pandemic period of Q3 2019, which is mostly driven by younger consumers under the age of 35.**

Growth in spend, however, has not translated into an inability to pay off credit card balances as the average monthly payment per consumer has also increased. For every dollar spent, consumers made payments of \$0.97 in the last quarter, meaning the impact to overall card balance is still relatively low. Credit card balances remained 1.9 per cent lower when compared to Q3 2020.

"Many consumers are eager to get back to pre-pandemic activities especially with the holidays approaching which is creating increased demand for certain goods and services," said Rebecca Oakes, AVP of Advanced Analytics at Equifax Canada. "Inflation is likely being impacted as a result. Plus, certain industries are also being impacted by supply chain challenges. Take the auto industry, for example: reduced supply is contributing to higher vehicle prices leading to average auto loan amounts being the highest we've seen in over a decade."

"Inflation is a very real concern. Food prices are up and so are the prices for other commodities. Consumers must be cautious with their spending habits as higher prices on day-to-day goods can lead to an increased reliance on credit and rise in overall debt."

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Rebecca Oakes
AVP of Advanced Analytics
at Equifax Canada



Total Consumer Debt Continues to Grow

Increasing credit activity in tandem with mortgage growth has pushed the overall consumer debt up to \$2.2 trillion, an increase of 7.8 per cent in Q3 2021 when compared to Q3 2020. On an individual basis the average consumer debt (excluding mortgages) is now \$20,739, a drop of 1.7 per cent when compared to Q3 2020.

"The good news is that we saw higher payments and a large fall in non-mortgage consumer debt during 2020 due to government support mechanisms, increased saving levels and reduced credit demand," said Oakes. "Average non mortgage debt is still below pre-pandemic levels but it has been gradually increasing throughout 2021".

New mortgage growth slowed down this quarter with a modest 7.7 per cent year-over-year increase, unlike the last two quarters which saw over 20 per cent growth in new mortgages compared to the pre-pandemic period. Lower volume, however, has not resulted in lower loan amounts. The average loan amount for new mortgages increased again by 18.3 per cent year-over-year and 1.4 per cent quarter-over-quarter and now stands at \$360K.

"Future interest rate movements will not only have an impact on consumers with variable interest rate products in the short term, but also could put pressure on some homebuyers with fixed interest mortgages in future years," Oakes cautions. "Consumers who took advantage of very low rates over the last 18 months on high value mortgages may feel pressure at the end of their term when they have to renew their mortgage at a much higher rate."

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Delinquencies Continue to Decline

The 90+ day delinquency rates for both mortgage and non-mortgage products continued to decrease this quarter, down by 28.5 per cent and 22.2 per cent respectively, when compared to Q3 2020.

"Government support has been a boon for many financially stressed consumers who have managed to pay off their debts in time," said Oakes. "However, we can likely expect a rise in delinquency in the coming months as government benefits came to an end in October for most consumers."

Age Group Analysis – Debt & Delinquency Rates (excluding mortgages)

Age	Average Debt (Q3 2021)	Average Debt Change Year-over-Year (Q3 2021 vs. Q3 2020)	Delinquency Rate (Q3 2021)	Delinquency Rate Year-over-Year (Q3 2021 vs. Q3 2020)
18-25	\$8,333	-4.04%	1.05%	8.38%
26-35	\$16,801	0.69%	1.23%	-4.96%
36-45	\$24,842	-0.27%	0.99%	-20.60%
46-55	\$31,204	-1.34%	0.74%	-37.22%
56-65	\$26,136	-2.96%	0.66%	-25.84%
65+	\$14,563	-2.37%	0.77%	-23.87%
Canada	\$20,739	-1.71%	0.87%	-22.22%

Major City Analysis – Debt & Delinquency Rates (excluding mortgages)

City	Average Debt (Q3 2021)	Average Debt Change Year-over-Year (Q3 2021 vs. Q3 2020)	Delinquency Rate (Q3 2021)	Delinquency Rate Year-over-Year (Q3 2021 vs. Q3 2020)
Calgary	\$25,285	-3.16%	1.13%	-12.22%
Edmonton	\$24,565	-3.73%	1.33%	-42.97%
Halifax	\$21,081	-3.90%	0.99%	-11.86%
Montreal	\$15,912	2.15%	0.76%	-34.08%
Ottawa	\$18,372	-2.07%	0.78%	-15.36%
Toronto	\$19,609	0.47%	1.04%	-16.30%
Vancouver	\$21,929	-1.01%	0.66%	-14.58%
St. John's	\$23,977	-2.32%	1.16%	-12.29%
Fort McMurray	\$38,431	-0.85%	1.57%	-7.82%



Province Analysis – Debt & Delinquency Rates (excluding mortgages)

Province	Average Debt (Q3 2021)	Average Debt Change Year-over-Year (Q3 2021 vs. Q3 2020)	Delinquency Rate (Q3 2021)	Delinquency Rate Year-over-Year (Q3 2021 vs. Q3 2020)
Ontario	\$20,681	-1.46%	0.82%	-18.20%
Quebec	\$18,126	0.05%	0.58%	-36.79%
Nova Scotia	\$20,907	-3.30%	1.15%	-15.53%
New Brunswick	\$22,270	-3.60%	1.28%	-10.75%
P.E.I.	\$22,096	-0.64%	0.77%	-17.44%
Newfoundland	\$23,160	-1.41%	1.19%	-15.87%
Eastern Region	\$21,893	-2.81%	1.18%	-14.13%
Alberta	\$25,438	-3.23%	1.25%	-26.55%
Manitoba	\$17,011	-3.59%	1.02%	-18.77%
Saskatchewan	\$22,630	-3.12%	1.15%	-14.89%
B.C.	\$21,283	-1.84%	0.77%	-13.80%
Western Region	\$22,448	-2.69%	1.02%	-21.36%
Canada	\$20,739	-1.71%	0.87%	-22.22%

* Based on Equifax data for Q3 2021



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