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# Standing Committee on Finance

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Chair: Karina Gould





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Thursday, April 23, 2026

• (0900)

[English]

**The Chair (Hon. Karina Gould (Burlington, Lib.)):** Good morning, colleagues. I call this meeting to order.

Welcome to meeting number 35 of the House of Commons Standing Committee on Finance. Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders.

Before we continue, I would ask all in-person participants to consult the guidelines written on the cards on the table. These measures are in place to help prevent audio and feedback incidents and to protect the health and safety of all participants, including the interpreters. You will also notice a QR code on the card, which links to a short awareness video.

I would like to remind participants of the following points. For those of you who are participating by video conference, please click on the microphone icon to activate your mic, and please mute yourself when you are not speaking. For those on Zoom, at the bottom of your screen you can select the appropriate channel for interpretation, either floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

This is a reminder that all comments should be addressed through the chair.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, March 9, 2026, the committee will resume its study of household debt in Canada.

I would like to welcome our witnesses.

[Translation]

We welcome our witness, Mr. Philippe d'Astous, Associate Professor at HEC Montréal, appearing as an individual.

[English]

From Cardus, we have Brian Dijkema, president for Canada. From MNP LLP, we have Mr. Grant Bazian, president, and Ms. Sheri Aberback, senior vice-president.

All virtual witnesses have conducted a mandatory sound check, and now we will begin with opening remarks.

[Translation]

Mr. Astous, we will start with you. You have five minutes.

**Philippe d'Astous (Associate Professor, HEC Montréal, As an Individual):** Thank you for inviting me to participate in this study.

My name is Philippe d'Astous. I'm an associate professor and director of the financial education laboratory at HEC Montréal.

As part of my research, I have studied household debt from several angles, including minimum credit card payments, instalment purchases and mortgage payments. One of the findings from my research is that the problem is not just household debt, but the fact that many credit products remain difficult to understand, even for educated consumers. Debt can therefore become problematic if households make credit decisions today without fully understanding their future implications.

I teach a personal finance course as part of the Bachelor of Business Administration program at HEC Montréal, and I've noticed that many basic aspects of debt are poorly understood, even by university business students. For example, does the bank charge interest on my credit card when I make only the minimum payment? Are the equal-payment plans I see online really free of charge? As an exercise, we study debt contracts in class to better understand their terms, and it's clear that reading them often remains a challenge.

To fully understand where we stand with household debt levels, we must also ensure that consumers understand the impact of their financial choices. Otherwise, they may find themselves more vulnerable in the event of future hardships. Using the example of minimum credit card payments, I have shown in my research that there are two types of consumers likely to make the minimum payment and, as a result, end up paying high interest charges: those who cannot afford to pay more, and those who can afford to pay more but may not understand the high cost of interest they incur by making only the minimum payment.

When we examine instalment purchases, my research shows that some households tend to rely on these loans repeatedly, which means they must manage multiple monthly payments, putting them at greater risk of defaulting.

Because it incurs costs, the use of high-interest credit represents a trade-off between consumption today, which is offset by interest costs, and the ability to pay in the future. Households must therefore clearly understand, at the time they take on debt, that their current choices may limit their future financial flexibility, even if they do not lead to bankruptcy.

There are therefore two key takeaways from my findings that could help improve the situation. First, I believe it is important to present the true cost of credit in a clear and simple manner, as well as to highlight the cost incurred when a payment is missed—not just when all payments are made on time.

Second, it remains important to double efforts to teach financial literacy early on so that young consumers—who are the borrowers of tomorrow—are better equipped to understand the consequences of their borrowing decisions. Research shows that education is most effective when it is provided just in time, that is, at the moment when borrowing decisions are being made.

I would like to thank you for your invitation. I will be happy to answer your questions in both official languages.

• (0905)

**The Chair:** Thank you, Mr. d'Astous.

[English]

We will continue now with Mr. Dijkema for five minutes, please.

**Brian Dijkema (President, Canada, Cardus):** Thank you, Madam Chair.

Thank you, everyone. Thank you for your work.

My name is Brian Dijkema. I'm the president of Cardus in Canada. Cardus is a think tank that studies the relationships among individuals, markets, the state and civil society. Our goal is to see civil society, markets and the state working together to form a flourishing society.

I'm going to be speaking to you today on the effects of the introduction of online gambling, and particularly sports gambling, on household debt. I'm going to be sharing some data with you that comes from some of our studies, along with a recommendation or two that can help address this challenge.

Online gambling, and particularly sports betting, was introduced in Canada in 2019. It was done through the provinces via an exemption from the federal government to allow the provinces to do that. Today, about one in three young adults gamble online. In Ontario alone, there are about 1.3 million accounts of online gamblers.

Again, to be clear, we're not talking about people betting on a poker game on a Saturday night or anything like that, but people who are betting online. The average player account of the 1.3 million accounts sustains net losses of \$283 per month.

The Canadian Centre on Substance Abuse and Addiction says that players should not spend more than 1% of their pre-tax household income. For that number—\$283 per month of losses—for that to be true, someone's income would have to be \$340,000. As somebody who lives in Ontario, I can assure you that is not the average wage. For the average Ontario household to spend less than 1%, they should be losing no more than \$89 per month. In other words, it is more than three times more than the safe allowable limit.

Those who are spending over that allowable limit and exceeding the 1% threshold are 4.3 times as likely to experience financial harm—the harm that Professor d'Astous was referring to—the trade-offs between interest and so on. They're 4.7 times more likely

to experience relational harm: divorce, domestic abuse and things like that. They are 3.9 times as likely to experience emotional or psychological harm: depression, anxiety and things like that. They are 4.4 times as likely to experience harm for health problems, so things like substance abuse and so on. That is a huge challenge in Canada.

The Canadian Centre on Substance Abuse and Addiction also reports that of those who are gambling online, almost a quarter of them reported experiencing a high level of gambling-related harms, including reduction of savings, increased credit card debt—the very debt that the professor was speaking about—and challenges with managing their household income.

We have compared it with a regime in which there's no private online gambling and have seen the number of calls that have come in to mental health addictions. We have seen, particularly with young men aged 15 to 24 years, that there has been an increase in calls to the addiction lines by 144% over the last few years to 337%. It is a serious problem.

We have seen that this is actually mirroring empirical evidence that has been done in the United States. I'll share a little bit about that data with you.

In the United States, they have studied the difference between states that have online sports betting. They can see that credit scores actually declined by about 0.3% in states where there are legalized forms of sports betting. In places where there is legalized access to online sports betting, the effect is nearly three times as large. Bankruptcy rates were up 25% to 30%, three to four years after online betting was legalized. We're beginning to see that in Ontario as well and in other places that have legalized it. Debt collections increased by 8% and debt consolidation loans, the loans that people are using to try to manage their debt, increased by 10%. It is a massive problem.

Why is this happening? It's the Stanley Cup playoffs right now. We all hope that the Montreal Canadiens bring the cup back to Canada—at least, I do. The reality is that more and more people watching sports online are being subjected to absolute harassment by people encouraging them to bet. These are often young people seeing sports for their first time and beginning to understand it purely through betting.

One study shows that there are 2.8 references to sports betting every minute during a sports broadcast. On average, about one-fifth of the total broadcast time includes some sort of gambling reference. When you watch the Habs win on Friday, just watch the boards and watch the advertising, you will be subjected to it.

It is a fairly significant account, and it is something that can be done. It is a new and negative effect on Canadian households and on their debt, and it targets a particularly challenging population, that of young men who are having challenges with savings, finding work and so on.

● (0910)

Our encouragement to this committee is to recognize that this is a massive and growing contributor to the problem of debt in Canada, and we should be doing something about it. I would draw your attention to Senator Marty Deacon's bill—

**The Chair:** Mr. Dijkema, please wrap up quickly.

**Brian Dijkema:** I would encourage you to follow that bill and support it if you can.

Thanks so much.

**The Chair:** Thank you. We appreciate your enthusiasm. I noted around the table that there were many excited faces when you talked about the Montreal Canadiens.

I would like to now turn to our witnesses from MNP for a five-minute opening statement.

Thank you.

**Grant Bazian (President, MNP LLP):** Thank you, Madam Chair and members of the committee.

My name is Grant Bazian. I'm the president of MNP Ltd., one of Canada's largest consumer insolvency practices. I'm based in Vancouver, and there's no hope of the Canucks bringing the cup back any time soon.

Beside me is Sheri Aberback, a senior vice-president of MNP Ltd. Sheri is based in Montreal.

Our trustees meet with thousands of Canadians every year, and the trends we see are consistent from coast to coast. As you are aware, household debt in Canada is the highest in the G7, but it is not just a macroeconomic statistic. What we see every day is the reality behind that data: mortgage renewals rising by hundreds or thousands of dollars a month; the cost of living outpacing income; reliance on credit for basic expenses; younger families entering the housing market with record debt; and seniors on fixed incomes who are unable to keep up. These pressures are national and persistent.

Housing is the largest driver of household debt. Many Canadians have no margin for error, and even a small shock—a job loss, an illness or a rate increase—can trigger a crisis. Inflation has slowed, but the cumulative rise in prices has permanently stretched budgets, especially when wages have not kept pace.

At the same time, more Canadians are turning to high-interest credit, which can quickly become a long-term burden. By the time they reach a trustee, many have already maxed out credit cards, taken out high-interest loans, used payday-style products and/or refinanced their homes, sometimes multiple times. These patterns reflect limited alternatives and delayed intervention.

Financial distress is also a mental health issue. Many people we meet are experiencing anxiety, depression and overwhelming stress, often waiting too long to seek help. Moreover, MNP has been conducting a consumer debt index survey with Ipsos for the last seven years, and several clear, recurring trends and concerns have emerged: declining confidence after repeated economic shocks; rising reliance on credit for essentials; a shrinking financial cushion, with many within \$200 of insolvency each month; growing emotional strain; seasonal improvements that no longer lift sentiment;

delayed financial decisions without improved resilience; and widening vulnerability among younger, lower-income and, increasingly, middle-income Canadians.

Canadians are adapting to chronic strain rather than recovering from it.

The most important insight I can offer is that high household debt reflects financial literacy gaps, lending practices that normalize long-term indebtedness and structural pressures, such as housing costs, inflation and interest rates outpacing incomes.

I will now turn it over to my colleague.

● (0915)

[*Translation*]

**Sheri Aberback (Senior Vice-President, MNP LLP):** Thank you, Mr. Bazian.

We offer four recommendations. The first is to increase public awareness of federally regulated debt relief options. Clearer public information would prevent reliance on unlicensed, high-fee consultants.

The second recommendation is to strengthen consumer protections around high-interest credit. High-cost products trap households in long-term debt. Stronger disclosure limits on predatory pricing and incentives for lower-cost alternatives would reduce harm.

The third recommendation is to address the housing debt connection. Improve housing affordability through increased supply and reduced barriers to construction will reduce the need for excessive borrowing.

The fourth recommendation is to support practical financial education. Education should focus on real decisions, such as mortgage renewals, repayment strategies, emergency savings, early warning signs and understanding interest. Practical tools build resilience.

In closing, household debt is not just a macroeconomic statistic. It is a daily reality for millions. The insolvency system is a vital safety valve, but it should be a last resort. With earlier intervention, stronger protections and policies addressing root causes, many Canadians could avoid insolvency altogether.

Thank you. We look forward to your questions.

**The Chair:** Thank you to the witnesses.

[English]

We'll start now with Mr. Kelly for six minutes.

Please go ahead.

**Pat Kelly (Calgary Crowfoot, CPC):** Thank you.

To our MNP witnesses, we have heard repeatedly at this committee that the only thing keeping us from truly spectacular insolvencies, foreclosures and that type of thing is the resilience of Canadians by way of their ongoing refinancing of debt, skipping other necessities and draining savings. Insolvency is a lagging indicator, because people will burn all their savings, skip other expenses and see if they can stretch their debts out for longer periods.

Is this a sustainable way for our economy to sustain these debt loads, especially when mortgage renewals are overwhelmingly resulting in higher payments for consumers because of the timing of when most people got deep into debt?

**Grant Bazian:** That's a very good question.

What we're seeing more is people relying upon high-interest loans and payday-type loans. Prior to COVID, when people came in, they may have had one or two on their statement of affairs, and now they have multiple. To your point, they're using more debt to survive.

Is it sustainable? I think as long as minimum payments are being made and pressure is being put forward on these people, they're going to continue to live in that environment. There will be a tipping point one day when some sort of shock or crisis hits them, whether it's the loss of a job, an illness or a separation or divorce. That will definitely have an adverse effect on their cash flow, and that could be a very strong crisis that would tip them over into an insolvency situation, where they may need our services to do a bankruptcy or a proposal.

**Pat Kelly:** If income loss is the main tipping point or the event most likely to trigger an insolvency, what do you make of the employment figures? We saw 108,000 job losses in February. I don't believe the March numbers are out yet.

What do you make of the rising unemployment and the effect this has on indebted Canadians?

**Grant Bazian:** I would imagine that jobs are created as well, so I don't know how that's going to turn around.

If those people who are losing jobs aren't finding jobs in the near term, they will have to rely upon other types of credit or savings, for sure. For how long that would be sustainable is hard to say, but I would imagine they would probably find jobs in due course, though maybe not at the same level.

Is it sustainable? It's hard to say.

● (0920)

**Pat Kelly:** It was a net loss of 108,000, so those were 108,000 people not finding new jobs.

With respect to your recommendations, and specifically recommendation number three, housing is the main driver of debt, and the

pressure of housing, I presume, is a factor in driving people to high interest-rate debt, payday loans, credit cards and this kind of thing.

You had quite a bit to say about the housing supply. Do you have some more you want to add to that recommendation? I think the committee would be happy to hear it.

**Grant Bazian:** There seems to be a shortage of housing, for sure, and people want to keep their houses, if they have them. What they're doing is spending all their time and money trying to keep their house, and as a result, all of their other payments are suffering. When people come to see us, there are two things they like to keep: their houses and their cars.

With a housing shortage, they may be stuck with alternatives, like high rent, and that hurts their cash flow.

**Pat Kelly:** A witness on Monday said that housing starts have gone over the cliff and there's an absence of housing starts in Ontario. There were zero starts last month in the GTA for condominium construction, and all other types of housing starts are down.

How do you anticipate this will affect insolvencies and the indebtedness of Canadians?

**Grant Bazian:** I don't know if it's 100% linked that they can't start a house. They have to live somewhere, so they're probably renting. If there's a shortage of housing, rent may go up. That may be a tipping point for some—if they can't afford the rent—to come see us to help solve their financial problems.

**Pat Kelly:** Quickly, with the minute or so I have left, Professor d'Astous, you spoke about plain language contracts, being clearer with Canadians about what they're borrowing and an increase in financial literacy.

Given all of the factors we've heard already today about affordability and the pressure of the cost of living, wages not keeping pace with the cost of living and interest payments on things like mortgages increasing, is there anything, really, other than an increasingly productive economy, that allows for higher wages and better incomes to support people long term?

I support financial literacy and I support plain language contracts, but none of those things are going to solve the cost of living crisis.

**Philippe d'Astous:** Of course. You need to understand, when you get into that contract in the first place, that it's going to limit your future self in the margins of adjustments that you have. I think that's the emphasis I'd like to put here.

**Pat Kelly:** Okay.

**The Chair:** Thank you, Mr. Kelly.

We'll continue now with Mr. MacDonald for six minutes.

**Kent MacDonald (Cardigan, Lib.):** Thank you, Madam Chair.

Thank you to the witnesses.

We've seen an evolving theme as we've been doing this study for several weeks now and hearing from a lot of different witnesses. The picture is obviously that there are Canadians struggling with household debt. I think the high inflation that ended about a year and a half ago is starting to offer some relief. I heard the comments that wages aren't keeping up with inflation. Actually, the truth is that wages have exceeded inflation in the last 12 months since Prime Minister Carney came into office. That is what we are seeing.

What I really want to focus on—and am interested in—is Professor d'Astous's talk about behaviour and how it affects people's decisions.

Professor, we're seeing a lot of financial institutions offering instalment-style payments. Even credit cards now with BMO or whomever are offering that you can make the payments over several months. Digital banking platforms are offering special deals. This is something that we weren't subjected to previously. Is this creating more problems for people?

As they break these payments down into smaller amounts, do they make bad choices as consumers? Can you comment on that?

**Philippe d'Astous:** That's a great question. I've studied administrative bank-level data on consumers who use these instalment loans. The instalment loans we had in our data were the old type of loans: You buy a couch and pay for it in instalments, or you buy a TV and pay for it in instalments. One of the findings we had was that, across all types of consumers, they're more likely to get a new loan as soon as the first one expires, whether they have the liquidity or not. What that tells us is that some people rely on these types of loans, even if they perhaps have the liquidity to not rely on these loans. For some reason, they agree to pay high interest to get these loans, and this high interest that they pay on these loans is not very productive. It's money they could use to do other things—maybe increase their education, maybe find a better job—but they're using it to consume.

• (0925)

**Kent MacDonald:** I'll move to another topic. You talked about financial literacy. A couple of the witnesses mentioned that financial literacy is something that has been flagged.

We see students entering university today, and it's a different world than it was. If you're as old as me and have grown children... When I went to school, it was cash. There were no credit cards. There wasn't that risk of making bad choices. Today—and I've lived this with my children—they're managing tuition, rent, credit cards and that first time away from home, and they tend to not have the financial literacy to deal with all of those items at once.

Ms. Aberback and Professor d'Astous, could you comment on what we can do better to get young adults ready to understand financial terms?

**Sheri Aberback:** Absolutely. I think the earlier that you start on the education, the better it is. Even in primary school, you can start to explain to them what the math is: that you can only spend what you have. Back in the day—when you talked about having cash—when you had a \$20 bill in your pocket, once it was gone, it was

gone. Today, that's not the same thing. It's very easy when you tap with a credit card or a debit card and it's gone. It's fun. It's a different type of experience.

The earlier we can start teaching the kids, the better. Then, as it goes into high school and later on, you're hoping that they'll have a much better understanding as to the financial products that are out there and what it truly means to be solvent, to have more, to put away and to put aside—and to start, even if it's a dollar per week, putting away and saving for the future.

**Philippe d'Astous:** I can only agree with this.

One thing I want to add is that students come into my classroom and, for example, don't understand that you still pay interest on your credit card if you make only the minimum payment. However, once you teach them that you do pay interest, they understand it, and they're going to use it.

Financial education does work. Financial literacy is important. It's the basic building block to make sure that in the future they won't find themselves in over-indebtedness.

**Kent MacDonald:** High household debt is obviously something many Canadians are struggling with. As government officials, what would you recommend we do differently in policy, other than the affordability measures we've put in?

Since our government was formed a year ago, we've brought in a groceries and essentials benefit, which is going to help out families with up to \$1,900 this year, and then with \$1,400 for four years afterward. We've brought in a reduction in income tax rates for all middle-income Canadians. Are there other measures we should be looking at?

Anyone can opine on this.

**The Chair:** Be very brief. You have about 20 seconds.

**Grant Bazian:** Ultimately, for the long-term effect, to fix that would be education, as we all alluded to. On short-term effects, there definitely is an understanding that long-term debt is fine to have in this country. I was never brought up that way. I don't think you were, either.

It's difficult to fix it immediately. There's a long-term look we have to have here in terms of education and maybe changing society's outlook on debt as something you can have for a long period of time.

**The Chair:** Thank you, Mr. MacDonald.

[*Translation*]

Mr. Garon for six minutes.

**Jean-Denis Garon (Mirabel, BQ):** Thank you, Madam Chair.

I'd like to thank all the witnesses for joining us this morning.

I'll start with you, Professor d'Astous. In the conversations we've had since this study began, I sometimes get the impression that we're talking about debt as if it were inevitable, as if people were forced into debt or as if banks were lending them money without them asking. As I understand it, there's also a factor of individual freedom at play here. People go into debt because they want to go into debt.

This brings us to the issue of financial literacy. To manage debt properly, you need to be able to create a budget and understand contracts. That requires financial literacy. Witnesses who appeared before the committee told us that Canada is almost a global model when it comes to financial literacy. I'd like to know if that's true.

Beyond that, when we look at the research in this field—including your own—we realize that it's not so much financial literacy that matters as the timing of when it's applied. People often go into debt in circumstances where they are experiencing a shock, such as job loss. It's a very emotional and very short-term decision. These are moments when, sometimes, the rational side of human nature is not at the forefront.

What good is having taken financial literacy courses over the past 15 years when you're forced to borrow at a time when you're vulnerable?

What can be done to help people who are vulnerable when they borrow?

• (0930)

**Philippe d'Astous:** Thank you for the question.

When it comes to financial literacy, when I compare Canada to other countries in the Organization for Economic Cooperation and Development, or OECD, I see that we're pretty much in the same boat. I wouldn't say that Canada stands out significantly, either positively or negatively. We're all pretty much the same. We all have our shortcomings.

Next, I'd like to come back to just-in-time education. When students walk into my classroom and I talk to them about retirement plans, pensions and annuities, they aren't interested. But when we start talking about mortgages, credit cards, budgets, and loans and grants—that's when they perk up. That's what we see in our research, too. So, we need to make sure we talk to young people in the right way, at the right time, about the topics that matter to them and that will be relevant. If there's a debt problem or an issue with sports betting, we need to go talk to these young people to prevent these problems before they arise.

**Jean-Denis Garon:** So I understand that this is an ongoing process that varies depending on the stage of life.

A professor from the Institut national de la recherche scientifique, or INRS, came to talk to us about the difference between debt and excessive debt. According to her research, some people are overextended and highly vulnerable to bankruptcy, particularly to shocks that can occur at certain points in their lives: job loss, childbirth, workplace injuries and so on.

We know that the Canadian Employment Insurance program, for example, does not cover nearly half of those who should be in-

sured. We know the importance of the social safety net. Many programs are provincial.

How can public policy—which is our social safety net—help us prevent the worst for certain households that have excessive debt or have been pushed into excessive debt due to personal circumstances?

**Philippe d'Astous:** In some of our research, we specifically examine job loss, using administrative data from Statistics Canada. We have found that in recent years, more and more people have turned to what is known as on-demand work or entrepreneurship after losing their jobs, resulting in income losses that can persist for several years. This is well documented in the literature on job loss.

The fact that we see, in our research, that people are turning to entrepreneurship suggests that there may be a gap to fill. We were talking about the 108,000 net job losses. Some of these individuals may turn to self-employment, gig work, or entrepreneurship to make ends meet.

**Jean-Denis Garon:** Thank you.

Your opening remarks surprised me a bit. I get the impression that young people have never been more interested in financial matters, investing, or real estate. As I've mentioned several times to this committee, social media has played a major role in this. However, what you're essentially telling us—to summarize—is that your students are unable, or nearly so, to create a budget or understand the financial implications of their decisions. I'm not saying this applies only to HEC Montréal. Please don't take this as an attack.

Are young people perhaps misinformed? Are they getting their information from the wrong sources?

Furthermore, what role do the Autorité des marchés financiers, or AMF, the provinces, Quebec, and the federal government play in countering the misinformation circulating on social media, which has become a major source of information for young people?

**Philippe d'Astous:** As you so aptly said, it's important to note that young people are more interested in personal finance than ever before. Of all the courses I teach, this is the one that interests people the most. However, it's true that we sometimes have to steer them back on track, for example when they listen to podcasts or financial influencers.

Young people have access to a lot of information. There's a lot of content circulating on social media, but in an academic setting, we're able to refocus them, get them back on track, and show them, in a very practical way, the implications of their choices.

**Jean-Denis Garon:** What about the ones who aren't going to university?

• (0935)

**Philippe d'Astous:** This is where it's absolutely essential to consider financial literacy courses early on. In Quebec, we're lucky because we have one. There's a financial literacy course in grade 11. I've seen groups of students who took it and others who didn't, since it's a recent addition, and I see a difference in how they think about and approach these issues. So, obviously, this needs to start before students take my course.

**Jean-Denis Garon:** Thank you.

**The Chair:** Thank you, Mr. Garon.

[*English*]

I will continue now with Mr. McLean for five minutes, please.

**Greg McLean (Calgary Centre, CPC):** Thank you, Madam Chair.

Welcome, guests.

I read MNP's brief on this, and the one statistic that we hear a lot is the number of Canadians—I think it's 40% of Canadians—who are within \$200 of insolvency every month. Can you please explain what that means?

Does that mean that 40% of Canadians come home at the end of the month and realize that if they didn't have that \$200 they had in their balance sheet right now, they would be facing bankruptcy? Is that what we're talking about? Can you please explain it? We've heard it for a long time.

**Grant Bazian:** That comes from our survey, and it's—

**Greg McLean:** Can you please explain what it means?

**Grant Bazian:** Sure, of course. It's a sentiment survey; this is what people feel. Whether or not they're going home and doing the math, they're feeling that at the end of every month, they're \$200 away from being insolvent, meaning they cannot pay their debts in an ordinary fashion or that their assets are less than their liabilities. It's just a state of financial being. It's defined in our legislation. What they are feeling is that if they had \$200 less every month, they may be insolvent and they may be at a point where they have to come see a trustee.

**Greg McLean:** Okay. Thank you.

I'm going to switch now to talking about debt service ratios, because, in Canada, our debt service ratio for consumers is around 14%. About 14% of disposable income in Canada goes towards debt service. The commensurate number in the United States is about 11%. It is 11% versus 14%.

Can you explain why it's higher in Canada than it is in the United States?

**Grant Bazian:** I really can't with any form of certainty. I would imagine that the cost of living may be a part of that. It could be relative to interest rates and inflation. I haven't really studied it enough to answer that with any sort of certainty.

**Greg McLean:** Our cost of servicing debt in Canada is 3% higher. About half of that is mortgage debt, and half of that is consumer debt of some sort—autos or credit cards—yet the Bank of Canada rate is 2.25% versus about 150 basis points higher in the United States. The United States banks charge more interest, yet the United States consumer pays less interest.

Have you thought about how that doesn't work and how that equation isn't fitting for Canadians versus Americans?

**Grant Bazian:** I haven't done the comparison, so, no, I haven't thought about it.

**Greg McLean:** Maybe I can prompt you a little here. Our debt situation in Canada has mounted extremely high in the last handful

of years. We're up to, at the federal level, \$1.3 trillion in debt. When you include the provincial debt, we're at \$2.5 trillion. There is an extra \$2.6 trillion of consumer debt on top of that.

With the mounting debt in Canada, which is primarily from governments, do you see a potential crowding out of debt available for consumer means and, as a result, higher interest rates?

**Grant Bazian:** I'm not really sure how to answer the question. I'm not really sure I understand it, to be honest with you.

**Greg McLean:** Okay. Let me explain it a little more clearly.

No matter how much the Bank of Canada lowers the interest rate, the five-year rate doesn't seem to respond, so the mortgage rate is still elevated compared to the bank rate. That indicates there's a crowding out in debt markets. The big actor in debt markets continues to be the government.

Can you see that maybe, if the government weren't taking as much debt space, there would be lower rates available to Canadians?

**Grant Bazian:** It seems like a good question for an economist rather than a trustee, but that is a potential.

**Greg McLean:** Okay.

Given how much Canadians are in debt here, they're making choices. The number one choice Canadians make when they spend money is food, food for their family, and you have more than two million Canadians per month lining up at food banks. Do you have any idea, from your research, how much more outstanding consumer debt there would be if this availability of food banks wasn't there for Canadians, at the very basic level, at this point in time?

**Grant Bazian:** We haven't done any empirical studies on that whatsoever. All I can say is that the people who come to see us who are suffering financial concerns rely on credit to pay for some of their food essentials.

● (0940)

**Greg McLean:** Are the people who come to you for credit already using food banks?

**Grant Bazian:** I haven't done that corollary or those equations to determine whether they're doing the same thing.

**Greg McLean:** They're either going to food banks or, if they're seeking credit protection, they're putting their purchases of food on credit cards at this point in time. Would you say that? That's at 22% or 24% interest.

**Grant Bazian:** That's something we are seeing. They are using credit for essentials like utilities and food.

**The Chair:** Thank you very much, Mr. McLean. That concludes your time.

We'll continue now with Mr. Sawatzky for five minutes.

**Jake Sawatzky (New Westminster—Burnaby—Maillardville, Lib.):** Thank you, Chair.

Mr. Dijkema, thank you so much for your introductory remarks. I find very similar concerns when it comes to gambling and how widespread this has become.

I'd like to note that the Maryland Center of Excellence on Problem Gambling reports that individuals with a gambling disorder have a suicide rate five to 10 times greater than the general population, and 4% to 40% or higher will attempt suicide. When you think about how common sports betting has become, this is a serious issue. It's become very normalized when it comes to watching sports. Gambling becomes part of what people are doing.

You mentioned Marty Deacon's bill. This has been supported by my colleagues MP Bardeesy and Bardish Chagger. I'm very happy to hear that there's some movement there. I share your concerns.

One thing I want to ask you about is how real-time betting plays into this. People are watching sports and making these impulsive decisions while the sports are ongoing.

**Brian Dijkema:** Thank you very much for that question. Your insights are accurate. The increase in suicidal ideation and otherwise is very much there.

What real-time betting does is it creates an environment where betting on a sports game resembles more and more a slot machine. Studies have shown that the closer something comes to a slot machine, with the speed, the ability to go up and down very quickly and the need to make quick decisions, it triggers dopamine hits in one's mind that make it more addictive. In line, you can get higher wins and higher losses at the time. For people who have done any betting, that's what actually drives the excitement and what drives the addiction.

A number of studies, including studies that we've cited in our papers, show that in-game betting actually creates a situation that resembles an electronic gaming machine. Those are the most addictive. Studies have shown that those are the most addictive. Effectively, what you're doing is you're turning a hockey game, which you should be watching and enjoying the ups and downs with your family or your community or in your local pub, into a slot machine. If anybody's been in a casino, you can see the affect on the face is not one of the excitement that we see in the advertisements. It's actually a very flat affect. That is what drives the addictions, and the addictions are what drive the questions of suicide that the member has noted.

That is one of the challenges. As we've turned more and more sports events into slot machines, we see higher levels of addiction, particularly, as I noted, among young men, who have their own mental health challenges. Our goal is to try to create a bit of a wall around that.

One thing we could do is Senator Deacon's bill, which would ban sports advertising. We would be in favour of that. We would suggest that for the members around the table, regardless of the party, it's one of these beautiful issues that the left and the right can agree on. The left wants to protect the vulnerable, or at least that's the stereotype, and the right wants to ensure good fiscal decisions. With betting, the house wins, but it's never the household. It's always BetMGM or, in this case, the state, which I think is also addicted to the revenue.

I think that was a very good question. Thank you so much.

**Jake Sawatzky:** Thank you, Mr. Dijkema.

I actually have a friend who is going through an issue like this. They noted exactly what you said about the facade of sports betting, and how once you're in the app, it becomes slot machines and casino-like gambling methods. That's very interesting.

Could you speak a bit to the widespread advertising that we're seeing? With every sports game you're watching, you're starting to see tons of ads being pumped for sports betting. Could you speak to that, please?

**Brian Dijkema:** Absolutely.

I will just note that your friend's observation about driving them toward the casino is exactly true. That's exactly what the companies want. Again, those are the most addictive games and that's where they want their revenue. The sports betting is actually a hook to get them into that.

As far as the advertising is concerned, I shared with you some of the data on the amount of time that people are spending watching advertising. It's about a fifth of a total production. You can see now that even the analysis is brought to you by companies. I think there's been a Faustian bargain with producers of hockey games—Rogers, Sportsnet and others—where they have exchanged the cash of the advertising for, effectively, a colonization—

● (0945)

**The Chair:** Thank you, Mr. Dijkema. I'm going to have to conclude this round here.

Thank you, Mr. Sawatzky.

[*Translation*]

Mr. Garon for two and a half minutes.

**Jean-Denis Garon:** Thank you very much.

Professor d'Astous, there is no question in my mind that the marketing strategies of financial institutions—and the sales pitches of mortgage brokers, in particular—can influence people's debt levels and the type of loan they take out.

When we read your résumé or CV, it's clear that you know a lot about personal finance. It's very public.

If you go to see a mortgage broker and they read your CV, do you think they'll try to sell you a product differently than they would to someone they assume is uninformed?

What would be the difference in the sales pitch, and what might be the impact on the contract selected in the end?

**Philippe d'Astous:** That's an excellent question.

I won't speak from personal experience, but research has also been conducted on the impact of financial advice. I would say that, all things considered, in our experimental studies with real financial advisors, we see that the decisions or recommendations they make are generally sound. We don't see any major mistakes, but it's certainly true that, like everyone else, financial advisors can also have biases. The literature shows that, sometimes, financial advisors tend to recommend products they own themselves, products they trust, or products they're familiar with.

As for determining whether these products are good or not for the consumer, that's a step that goes a bit beyond what my research could show, but the literature demonstrates that there is a slight familiarity bias involved in what is recommended.

**Jean-Denis Garon:** We have one minute left, so I'll keep my question short.

In your opinion, do banks prefer higher or lower minimum payments on credit cards?

Do they want people to stay in debt and risk defaulting on their payments, or would they rather people pay off their debts?

**Philippe d'Astous:** A study was conducted on a bank that had decided to raise the minimum payment on its credit cards. Some consumers were affected and others were not, and the result was quite clear. Raising the minimum payment leads to an increase in payment defaults. The bank, in general, won't like this, because it will suffer losses.

For the bank, finding a balance is difficult, because lower minimum payments allow it to earn more interest income, while higher minimum payments help ensure that the debt will be repaid. So, it's not that simple to answer this question.

**Jean-Denis Garon:** Thank you very much.

**The Chair:** Thank you.

[English]

We'll continue now with Ms. Cobena for five minutes, please.

**Sandra Cobena (Newmarket—Aurora, CPC):** Mr. Bazian, you just finished mentioning that, unfortunately, a lot of Canadians rely on credit card debt to cover the basic essentials, some of which, of course, are groceries. Statistics Canada also released that transportation, housing and food are costing Canadians approximately 104% of their income, and that Canadians are about \$200 away from not being able to meet their financial obligations.

What do you see as the root cause of this trend?

**Grant Bazian:** I think it's a combination of many things. We've talked about gambling today. Gambling is part of it. There's also drug addiction, illnesses, job loss and family breakups. Those all combine to cause this. I wouldn't attribute it to one particular outstanding issue. You have to look at it as a case-by-case situation.

Keep in mind that when people say they are feeling \$200 away from being insolvent, it means they're not going to be able to make their payments in an orderly fashion. They may rely on debt after that \$200 amount.

**Sandra Cobena:** Have you seen a concentration within any given group of Canadians?

**Grant Bazian:** I would say you're probably seeing a little bit more in the younger generation, because they have more debt to deal with. They typically have mortgages, car loans and youngsters they have to care for with day care, as opposed to the older demographic, which typically has those debts paid off. It's a little bit more common in the younger generation and with those who have a lower income.

• (0950)

**Sandra Cobena:** What impact does this increased indebtedness, especially amongst young Canadians, have on things like family formation, for instance?

**Grant Bazian:** I take it you mean just having families. Obviously you'd probably have to ask them directly. When people come to see us, we don't ask if their debt is stopping them from having a family, but I think that younger Canadians are having fewer children so that may be part of it. They may be fearful of starting a family if they can't afford living on their own with their current debt obligations.

**Sandra Cobena:** In your recent consumer debt index report, it said that one-third of Canadians—roughly 32%—could not absorb an interest rate hike. Of course, given the statistics that we're talking about, that's intuitive.

With many Canadians increasingly relying on debt to cover basic expenses like food, could you describe what even a slight increase in interest rates would do to those who are struggling the most?

**Grant Bazian:** Yes, it pushes them closer to a tipping point. Every time there's an interest rate increase or some sort of inflationary measure that causes consumer goods to increase, it pushes people closer to coming to see us and maybe doing a formal insolvency filing like a bankruptcy or proposal. The tipping point would vary per individual, but it does inch them closer towards having to come and see a trustee.

**Sandra Cobena:** Of course, we're doing the study because we want to understand what is driving this trend of increasing indebtedness, and why Canadians are having to rely on credit card debt for basic needs. It's also to get your recommendations in terms of how we can break this trend. We are seeing this trend. It's been consistent, even post-COVID.

Some of the solutions are one-time handouts here and there, but what would be your recommendations in terms of a longer term, sustainable solution that Canadians who find themselves in that situation would need?

**Grant Bazian:** That goes back to some of our original comments. The financial gap has to be closed. Not all Canadians but many people who come to see us do not understand how interest works. They don't understand the financial burden that they're putting themselves in, and that just by making a minimum payment, how long that debt becomes normalized. I think that's a fundamental part of it. That's a root cause. It's education.

A lot of people know how to do a budget, and a lot of people understand how interest works, but they still come to see us, because they simply can't afford to live the way they have been. Sometimes they make bad decisions. They try to keep up with the Joneses. They're overspending for that purpose. A lot of people are having a hard time just making ends meet. Their income is insufficient to pay their rent and their interest obligations. It's a combination of all of those.

Fundamentally, to answer your question, I would say education is a big component of it. Somehow it's changing the psyche, the culture—that long-term indebtedness is normal. I think that's a big problem that we're seeing.

**The Chair:** Thank you very much, Ms. Cobena. That concludes your time.

We'll finish this hour with Mr. Turnbull for five minutes.

**Ryan Turnbull (Whitby, Lib.):** Thanks, Chair.

Thanks to all the witnesses for being here today.

I just wanted to state on the record that statistics show that wages have outpaced inflation for over three years. The latest results actually show that wages are growing at over twice the rate of inflation, so that's just to ground us in facts and statistics. I know Conservatives particularly don't like hearing that stat, but it is the truth.

We've heard about a K-shaped economy, with the idea that the people who are in the lowest, most vulnerable positions are the ones who are being most impacted.

We did an analysis in my office recently about all the supports we've wrapped around all the different cost of living pressures that are on families. For roughly an average family of four, we totalled the income tax cut, the CCB—the child care benefit—dental care, the groceries and essentials benefit and the national school food program. All of these things add up to about \$30,000 per year. That's significant support.

Can you speak to how much those things have helped alleviate a problem that would be much worse today if those weren't in place?

**Grant Bazian:** We haven't done a study to come up with that answer. All I can say is that people coming into our offices simply can't make ends meet, despite any subsidies that are out there.

All of those are helpful. I think they're interim solutions, and whether or not they are long-term solutions is questionable. That's what we're facing. People are coming in. They're spending more than they're earning, and they're having a hard time making ends meet with the income they have.

• (0955)

**Ryan Turnbull:** Thanks very much.

I'm going to hand it to my colleague, Karim Bardeesy, for some questions now.

**Karim Bardeesy (Taiaiko'n—Parkdale—High Park, Lib.):** Thank you, Mr. Turnbull.

Thank you, Madam Chair.

I have a few questions for Mr. Dijkema.

Thank you for sharing some of the facts and figures around the impacts of online sports betting in Canada. I will throw a few more on the table. For Ontario Internet gaming, the cash wagers increased 31% year over year from September 2024 to 2025, and it now has \$8.6 billion in receipts. As well, 89% of sports gambling-related accounts are opened by boys and men aged 15 to 44, and people who self-report problems with online gambling, self-report at a rate 45 times greater than those who are primarily lottery users. We have some big issues here.

I want to get into some of the issues. I'll ask you a series of short questions.

Who's making money in the sector? Who are the beneficiaries? We've heard about the costs. Who's benefiting?

**Brian Dijkema:** The primary beneficiary is actually the state, and that's something we've argued for a long time. Many people are concerned about the fact that there is.... They're worried about the people, and I think that's exactly right.

What we have argued at Cardus and what the data shows is that gambling revenues effectively function as a tax, and particularly it's a tax on the vulnerable. We've done studies on who is betting, and those with the lowest incomes bet the highest proportion of their income on it. It's regressive in nature. We have the state as the primary beneficiary, and then you have large companies, like BetMGM and others, that have created that and who are getting the most.

**Karim Bardeesy:** What are the responsibilities of teams, leagues and broadcasters in this industry?

**Brian Dijkema:** Unfortunately, the leagues are also addicted. They had a number of people moving away from their sports so they turned to sports betting to drive revenues. In 1990, the NFL commissioner said, "Nothing has done more to despoil the games [that we] play and watch than widespread gambling on them." Many players themselves don't like it. They say they're not animals to be bet on. Unfortunately, they're hooked to the revenue, and it's a huge challenge for them.

**Karim Bardeesy:** Is this kind of economic activity worth the cost?

**Brian Dijkema:** It is not. There's nothing wrong with betting. I would be happy to play poker with you and give you my money because I'd probably lose, but the reality is that what we have is an architectural structure, a choice structure, that is actually taking money out of people's pockets and putting it into the pocket of the state without the accountability that we normally have.

**Karim Bardeesy:** You've shared some of the addictive features of online gaming and how a positive, pleasurable sports experience can become tainted. You've described a bit about what your think tank does, and it's also animated by Christian values. I just want to understand a bit of what "better" looks like. We have Bill C-211 to help regulate the online sports betting and advertising sector. What else does "better" look like?

**Brian Dijkema:** One would be to actually stop the advertising. We know that advertising works. That's why people spend money on it, so stopping that would actually prevent people from putting more and more of their money into it. It's also important to change the architecture. They're actually preying on your imagination. Rather than the work of buying a house, doing all the work or starting a business, it's just "imagine the freedom", and that's a huge challenge. Getting rid of that is one.

The other is to look at how we actually take that money. We suggest moving it out of the consolidated revenue fund. One of the things we suggest is to create prize-linked savings accounts, which allow people to bet but those monies stay in savings accounts that can actually be used as a savings regime.

We know that people who have less than \$250 in their accounts are more than five times more likely to use things like payday

loans. We're suggesting that the state should get it out of its consolidated revenue fund, stop it being a tax and increase it being a savings vehicle for people, like they've done in France and England.

**The Chair:** Great. Thank you very much, Mr. Dijkema.

That concludes the time we have allocated for today's meeting. On behalf of the committee, I would really like to thank the witnesses for their time and their efforts today.

If it is the will of the committee, we shall adjourn.

**Some hon. members:** Agreed.

**The Chair:** Great. Have a great weekend, everyone. Thank you.

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