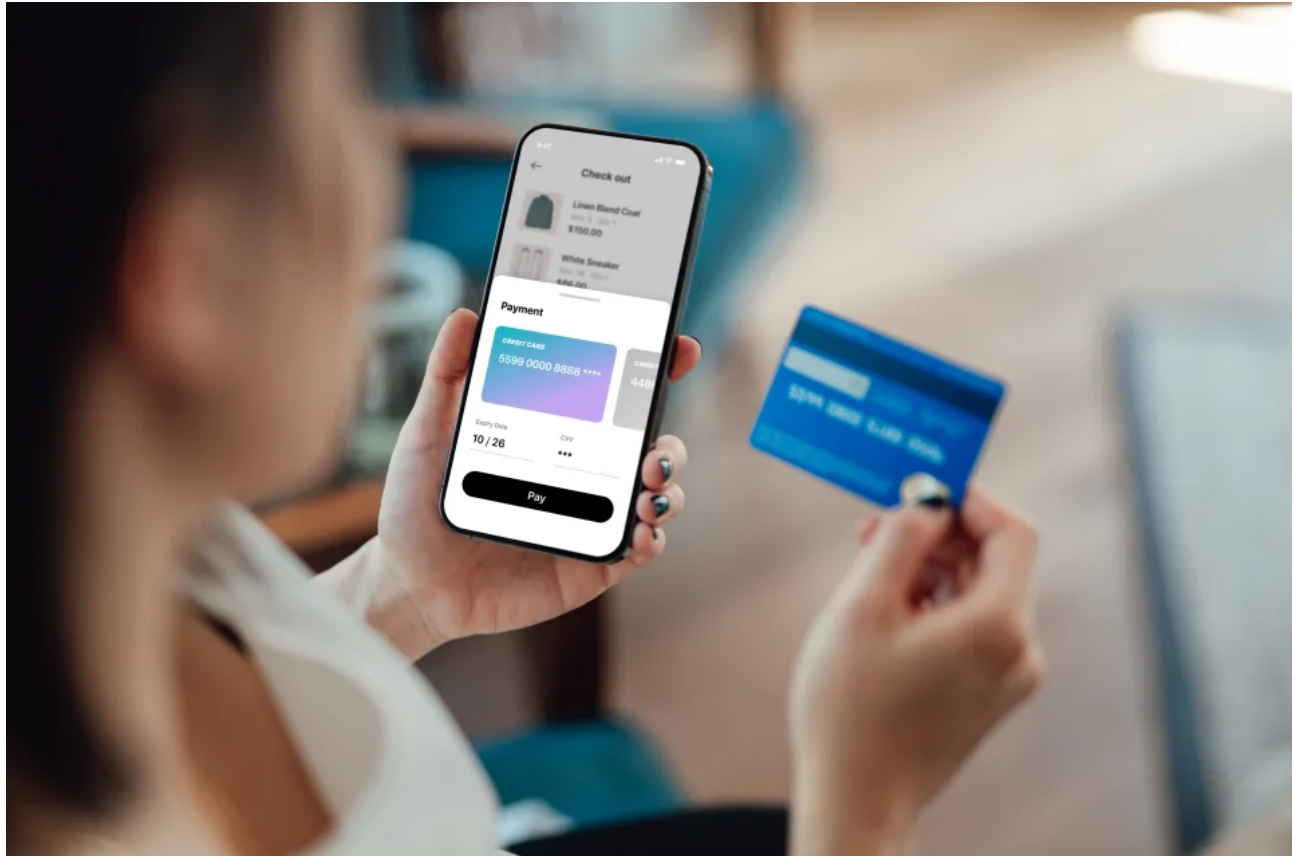


# How quiet spending is eating into your budget and you don't even realize it

Michelle Zadikian :: 11/19/2022

---



Quiet spending can come in many forms including buying extra items online to get free shipping or loading up on sale items, FP Canada said.

Despite careful budgeting and concerns about their finances, Canadians might still be spending extra money without even realizing it, according to a survey from professional oversight body FP Canada.

It's called "quiet spending" and it happens when consumers make purchases they don't think twice about, either because of a force of habit or for convenience.

So-called quiet spending can come in many forms, FP Canada said, such as charging subscriptions directly to your credit card, buying extra items at retailer checkouts or loading up on items just because they're on sale. Other examples include buying additional products online to qualify for free shipping and using "buy now pay later" options.

“This is where it comes to attention. You know, when you have an intention on your financial awareness, your intention is going to help protect you from frivolous spending,” Scott Plaskett, chief executive officer and managing partner at Ironshield Financial Planning, told *Yahoo Finance Canada* in a phone interview.

[The survey](#), conducted by FP Canada among Angus Reid Forum members, found 51 per cent of respondents were concerned about their finances, yet most haven’t changed their unconscious spending habits compared to six months ago. Some, in fact, reported their quiet spending habits have worsened.

While the spending might be subtle and difficult to recognize for individuals, retailers have long taken notice, and often strategize about how to take advantage of this trend, especially with the holidays fast approaching.

“It’s really becoming front of mind for, at least, the retailers. I think that’s happening just as a result of the state of the economy,” Plaskett said.

“Everybody’s now hungry to find ways of generating more business.”

## **Younger Canadians more vulnerable to quiet spending on credit cards**

Canadians aged 18-34 were most likely to report frequently using their credit cards to make purchases and charge subscriptions directly to their cards, the survey found.

“We’re seeing it definitely on the people who probably have less life experience with credit card use and the convenience factor of credit cards and, sort of, encouraging some of the younger demographic to just use it. It’s easier. It’s simpler. It’s on our phones,” Plaskett said.

One of the easiest ways to break this cycle though is to simply request a replacement credit card with a new number from your provider, he said.

“What that will do is it will force you to then re-setup any of the subscriptions, any monthly payments, anything that you need. Only then set up the ones that you need, and everything else will just fall by the wayside,” he said.

## **When not to feel guilty about your spending**

Plaskett said for anyone who constantly feels guilty about spending, particularly on items some might consider frivolous such as an expensive coffee or other discretionary items, the root problem is likely that the individual doesn’t know where they stand financially.

When you’re not aware of how spending impacts your long-term goals, feelings of guilt are likely to arise, he added. This is where being intentional with your financial plan is paramount.

“Once they have those planning solutions in place, I actually encourage them to spend on lifestyle, because if you know that your financial future is taken care of because of your intention around your planning, and you have surplus cash available, why would you not spend it on lifestyle today and enjoy that?” he said.

“Financial planning is actually about spending. It’s just making sure your spending is intentional. And so when we know that the amount you’re putting aside is what is required for you to accomplish your goals and you have surplus, why would you deny yourself anything further? You’ve got this money, spend it! Your future is taken care of.”

The survey of 1,502 Canadians was conducted between Oct. 21-22 and has a margin of error of +/- 2.5 percentage points at a 95 per cent confidence level.

*Michelle Zadikian is a senior reporter at Yahoo Finance Canada. Follow her on Twitter [@m\\_zadikian](#).*