



Community and Health Services
Office of the Commissioner

Memorandum

TO: Members of Committee of the Whole
FROM: Adelina Urbanski, Commissioner of Community and Health Services
DATE: March 5, 2015
RE: **Government of Canada's Consultation on Financial Literacy**

The Federal Government is leading the development of a national strategy for financial literacy for all Canadians, particularly for individuals with unique financial literacy challenges. In 2014, the Government of Canada appointed a Financial Literacy Leader, Jane Rooney, to direct the development and implementation of a national strategy and a national steering committee on financial literacy.

Public consultations were initiated in 2014, seeking feedback on ways to improve the financial knowledge, skills and confidence of all Canadians to make responsible financial decisions. The public consultation was broken down into three phases:

- Phase 1: Strengthening seniors' financial literacy
- Phase 2: Strengthening the financial literacy of priority groups
- Phase 3: Strengthening the financial literacy of young and adult Canadians

The purpose of this memorandum is to provide an overview of The Regional Municipality of York's response regarding the financial literacy of priority groups, including low-income, people with disabilities and newcomers. The response was prepared in consultation with Regional staff that deliver programs and develop policies pertaining to these priority groups. The deadline to submit feedback was December 10, 2014. In order to meet the federal government's deadline and ensure the Region's feedback would be considered in the development of the national strategy, the Region's response was approved and submitted by the Regional Chairman.

Financial literacy is essential to the prosperity and financial well-being of York Region and its residents

The federal government's consultation questions were broken down into six categories.

1. Helping people plan ahead
2. Helping Canadians manage their financial affairs
3. Helping improve understanding of, and access to, public and private benefits
4. Helping individuals in the priority groups increase their knowledge of how to protect themselves from fraud and financial abuse
5. Measuring progress
6. Developing a national strategy

The Region's response stressed that financial literacy is only one part of a larger framework of financial empowerment, which includes advocating for the elimination of barriers within the financial system, so individuals can access and better understand the opportunities available to improve their financial situation.

Some of the key challenges around financial literacy, and areas where it was suggested that the federal government focus its efforts included:

- Front-line staff working in financial institutions need to be aware of options and opportunities available to priority groups, as they are different than those of middle/high income customers (e.g., develop specific tools to assist individuals with asset-building, saving and planning for the future).
- Financial institutions unknowingly create barriers and penalize priority groups by neglecting to develop programs, services and resources tailored to their unique needs and life circumstances (e.g., need to consider removing hold requirements for cashing government-issued cheques, regulating non-sufficient fund charges and examining opportunities around no-fee daily banking, etc.).
- There is a need to improve partnerships and co-ordination between community agencies, financial institutions and all levels of government, as each sector has a role to play in improving the financial well-being of priority groups (e.g., capitalize on reciprocal training opportunities where expertise could be shared across public, private and not-for-profit sectors to better serve priority groups).
- Individuals with a low-income are more likely to use expensive fringe financial services (e.g., payday lenders, cheque-cashing stores, etc.), placing them in a cycle of high interest rates, which impedes their ability to save and get out of debt. They are more likely to use fringe services due to their lack of comfort and understanding of what financial institutions have to offer and convenience.
- The federal government should work with its stakeholders, as well as provincial and municipal governments to measure the impact of financial literacy programs (e.g., measure level of awareness and attitude/behaviour change) to determine effectiveness and identify future opportunities.

Next Steps

The national strategy for financial literacy will be published sometime in 2015. Staff will monitor the development of the strategy and report back to Council.

If you have any questions, or would like to see the full York Region response to the federal government, please contact Lisa Gonsalves at ext. 72090 or by email at lisa.gonsalves@york.ca.

Adelina Urbanski
Commissioner of Community and Health Services

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#5806422