



# Renewing the National Strategy for Financial Literacy 2021-2026

*Helping Canadians strengthen their financial literacy during uncertain times*

[Consultation Paper](#)



## PUBLIC CONSULTATION

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This is a consultation paper. We welcome your views.

The Financial Consumer Agency of Canada (FCAC) is working to renew the National Strategy for Financial Literacy. We need your input! As part of our public consultations during Financial Literacy Month in November 2020, we invite you to:

- Participate in our online engagement site to share your ideas.
- Share your comments on this **Consultation Paper**. It has some initial ideas and questions for your consideration, as well as two background documents for more context – **Backgrounder: Proposed Goals for Action** and **Backgrounder: The Journey to a New National Strategy**.

You can also send your comments to:

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Financial Consumer Agency of Canada  
427 Laurier Ave West, 6<sup>th</sup> floor  
Ottawa, Ontario K1R 1B9  
Email: [Consultation@fcac.gc.ca](mailto:Consultation@fcac.gc.ca)

All comments received by FCAC will be subject to the *Access to Information Act* and the *Privacy Act* and may be disclosed in accordance with their provisions.

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## I. INTRODUCTION

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**Financial literacy:** a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being.<sup>1</sup>

**Financial well-being** is attained by being able to meet current and ongoing financial needs; feeling secure about your financial future; and being free to make choices that allow you to enjoy life.<sup>2</sup>

As we near the end of 2020, in what has been a challenging year, the Financial Consumer Agency of Canada (FCAC) is reviewing ways to strengthen and support Canadians' financial literacy.

This year has certainly tested Canadians' financial well-being and how their level of financial literacy impacted their ability to get by in a difficult time. With many Canadians living with low savings and high debt levels prior to the pandemic, the impact of these behaviours became even more evident as COVID-19 caused job losses and business closures.

With the sudden economic slowdown, Canadians had to make decisions on how to continue to pay their bills, manage their debts and stretch their savings over an unknown timespan. This historic event also exposed the financial vulnerability of many members of our society, from low-wage earners and workers in the gig economy, to single-parent households and new Canadians.

Although government supports helped impacted households manage on a temporary basis, many Canadians are now trying to plan for an uncertain future, including financial, career and lifestyle changes to help them rebound or rebuild their lives. Good money management is a crucial skillset that will enable them to do so.

The year 2020 also marks the fifth anniversary of the release of our country's first-ever [National Strategy for Financial Literacy — Count me in, Canada](#). Launched in 2015, this ambitious strategy established a vision for "strengthening the financial well-being of Canadians", and called on organizations to help make financial literacy a lifelong journey. Previous research had indicated that personal financial habits contribute directly to an individual's overall financial well-being, so it was clear that bolstering Canadians' financial literacy from childhood to retirement was a crucial piece of the puzzle.

It is time to build upon this foundation – to reflect on the learnings gained as we rolled out and implemented that first strategy, and to capture the evolving views and experiences of Canadians. Based on that experience, we also now have much more evidence on how best to reach people across Canada and help them improve their financial literacy.

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<sup>1</sup> Recommendation of the Council on Financial Literacy, Organisation for Economic Co-operation and Development (OECD) Legal Instruments, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0461> Adopted 28/10/2020

<sup>2</sup> Financial well-being in Canada: Survey results, Financial Consumer Agency of Canada, <https://www.canada.ca/en/financial-consumer-agency/programs/research/financial-well-being-survey-results.html>, November 2019



FCAC is committed to continuing its work with partners, stakeholders and all Canadians to advance the next iteration of our national strategy to a new level: to make it more measurement-focused, more innovative, and more reflective of our changing world.

We have prepared this Consultation Paper to both present ideas and gather feedback. Your input will help us refine and shape the emerging strategy, which we plan to launch in the spring of 2021. We want to ensure that our strategy is inclusive, relevant, and accessible for all Canadians. With years of progress and national teamwork to build upon, the collective impact of FCAC and our collaborators will help us drive better financial outcomes for all Canadians.

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## II. STRATEGY RENEWAL: MAKING CHANGES THAT COUNT

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We recognize that Canadians face a different world today. The next iteration of the national strategy for financial literacy must reflect that. We believe it must centre on helping Canadians manage their finances not only in challenging times, but throughout their lives. We hope to engage them in financial literacy initiatives that will allow them to foster good, everyday money habits that can create financial resilience and security. Basic money management skills, like saving in an emergency fund and controlling one's spending, have always been crucial aspects of life. The COVID-19 pandemic has only served to underscore their importance.

As we look to renew the Strategy, we aim to build upon the combined efforts and results of FCAC and all of our collaborators over the past few years, but with an emphasis on more targeted, impactful, and measurable actions going forward. All our research and experience to date suggest that, to be successful, the next strategy should:

- Put a **stronger focus on specific goals** that can inspire Canadians into action (i.e., take a more proactive approach to forming better money habits, finding the right resources and supports, and monitoring their progress as they master their finances).
- Use **evidence-based insights to guide resources and actions** for greater impact
- Place **increased emphasis on actions that support behavioural change** to influence financial well-being (Canadian and international research has shown that changing our behaviour and forming new habits can make a real difference).
- Stress the **importance of evaluation and measurement**, and set financial literacy targets to gauge progress over a five-year timeline (2021-2026).
- Encourage **tracking and reporting** that will drive collective impact and collaboration through shared responsibility.



## Vision and Goals

Our vision is to increase the financial literacy of Canadians, which in turn will increase their financial well-being. To achieve this, we propose the following goals to guide efforts toward meaningful progress by 2026. The goals are informed by extensive research and input from experts that suggest that even small improvements in these areas can have significant impacts on financial literacy, and in turn, financial resilience and well-being.

### **Promoting positive financial attitudes and building financial confidence**

Through the strategy, we intend to continue building on ways to change our relationship with money and foster healthy financial habits, which in turn will lead to greater financial confidence in Canadians.

### **Decrease the debt habit**

Debt continues to be a massive problem for many Canadians. It is both a top risk for Canadians' financial security and a top cause of their stress. Based on our research, we believe that our new financial literacy strategy should focus on helping Canadians tackle debt, including the prioritizing of paying down debt, avoiding borrowing for day-to-day expenses and making informed longer-term borrowing choices.

### **Increase the savings habit**

Evidence shows that active saving is a key to improving financial resilience and well-being. Regardless of how much people earn, Canadians who save actively have higher levels of financial well-being than those who don't. This also holds true across countries, based on international research. We aim to use our financial literacy initiatives to increase saving behaviour(s) in Canadians.

### **Motivate the budgeting habit**

Research shows that having a household budget is a foundation of financial well-being and the first step for individuals to manage their financial future. People who follow a budget are more likely to keep up with their financial commitments and reduce their spending when they are struggling to make ends meet compared to non-budgeters. We aim to use our financial literacy initiatives to increase budgeting behaviour(s) in Canadians.

### **Encourage a future focus**

A future focus is a call to action for every Canadian. From a young age, developing a forward-looking habit and planning for the next stages in your life can reduce financial stress. Those who are not planning for their future often lack confidence about how to grow their savings and manage the risks along the way. In contrast, when individuals have clear goals, know how to get there and are aware of their progress, they feel more in control, positive and confident in their future. We aim to use our financial literacy initiatives to increase financial planning behaviour(s) in Canadians.



### **Help Canadians protect themselves**

Financial services are available online and through traditional institutions in Canada. This has led to a growing risk of abuse, including cybercrime and identity theft. Other types of fraud and financial abuse continue too, as elderly, or vulnerable persons, or others fall victim to agents they trust with their financial affairs. Research shows that many Canadians are unaware of how to protect themselves or they fail to report incidents to authorities out of confusion, fear or embarrassment. We aim to use our financial literacy initiatives to help Canadians better protect themselves from fraud.

### **Boost understanding of financial products and services**

A good understanding of financial products and services is important to help Canadians achieve greater financial literacy, but studies reveal that some lack even a basic understanding. Moreover, as their numbers and complexity continue to grow, creating overwhelming choice for consumers, some might not take advantage of potentially helpful products such as no-cost, low-fee or tax-free savings accounts or sign up for benefits that support education and retirement savings. We aim to use our financial literacy initiatives to increase the understanding and use of financial products and services.

Each of these goals is discussed in more detail in the [Backgrounder: Proposed Goals for Action](#). We invite your feedback on these possible goals and any other goals you feel we should consider.

### **How Stakeholders Can Support the Strategy**

Over the past few years, we have seen the community of stakeholders across the country deliver an impressive range of approaches to help Canadians master their money. FCAC encourages continued creativity and multiple champions spanning all sectors to help drive the next phase of the financial literacy strategy. Recent research offers insights that can guide improvements in the design and delivery of financial education/literacy programs, as well as inform approaches to changing behaviour.

We have identified six cross-cutting pillars to guide implementation of the new strategy as we work together towards our next set of national goals:

1. **Educate**
2. **Communicate**
3. **Support**
4. **Collaborate**
5. **Research**
6. **Report**



### Measuring and Evaluating Progress

Measuring and understanding the impact of the overall strategy, as well as individual tactics/initiatives, is essential to success. FCAC is currently working with experts to explore common indicators and concrete targets that can be used to track progress on each of the goals. Examples include both “self-reported” measures (e.g., survey data on how Canadians are managing their debt) and objectively “observed” measures (e.g., household debt data compiled by Statistics Canada).

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## III. CONSULTATION QUESTIONS

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### Question 1: Goals

Share your feedback on the proposed goals, and tell us if they should be modified, removed, changed, or other goals added?

### Question 2: Stakeholder Activities

Can you provide examples of best practices or innovative initiatives that stakeholders across the public, private and non-profit sectors can carry out to support the proposed goals? Describe the areas where FCAC could play a role.

### Question 3: Research and Evaluation

Are there any particular research results or evaluation methods that you would like to share so they could be taken into account in the development of the strategy?

### Question 4: Measuring Impact and Progress

We plan to establish targets and indicators to measure impact and track progress toward achieving the strategy’s goals. Do you have suggestions on ways we can track, measure and report on our collective actions?

### Question 5: General Comments

Are there considerations we missed that should be captured in the renewed strategy? What new ideas in financial literacy and/or financial well-being should the Financial Consumer Agency of Canada think about?