



BACKGROUND: THE JOURNEY TO A NEW NATIONAL STRATEGY

Launched in 2015, the first [National Strategy for Financial Literacy — Count me in, Canada](#) marked a milestone in our efforts to create a country where financial knowledge, skills and confidence are strengthened, valued and supported. Since then, a lot has been achieved and learned. Now, we are exploring ways to evolve and improve the strategy.

What We've Learned, What Has Changed

Positive Results

The first [national strategy](#) sparked positive changes for many Canadians and their communities.

Over the past few years, the landmark strategy rallied the public, private and non-profit sectors, as well as thousands of individuals. It inspired many successful initiatives that enabled Canadians to acquire or sharpen their money skills and behaviours. In fact, as outlined in our [Progress Report](#), there are countless examples of effective collaboration and information sharing, the development of tailored programs for many Canadians, and considerable community engagement.

Today, financial education is integrated in schools from coast to coast to coast, reaching many grade levels. It is embraced in more workplaces, communities and homes. Canadians have at their fingertips a growing number of tools, resources and supports to boost their money skills and financial literacy. There is a greater spirit of collaboration among organizations, researchers, sectors and practitioners, helping to connect a previously fragmented financial literacy community passionate about supporting Canadians in making informed financial decisions.

These are meaningful achievements that propelled the financial literacy movement forward from five years ago.

Challenges

At the same time, we discovered some gaps in implementing the initial national strategy. Among them:

- **Growing financial fragility and stress:** While efforts to improve financial literacy have expanded, there remain a number of unmet needs and gaps. Basic money management skills across some segments of the Canadian population remain insufficient as seen in the recent fielding of the [Canadian Financial Capability Survey](#) (CFCS). Too few Canadians have enough savings to face unexpected financial events and this has gotten worse in recent months. [Statistics Canada](#)¹ found that about 1 in 10 working Canadians worked in the informal gig economy pre-COVID, and for half of them, gig earnings were their only source of income. Bank of Canada [research](#)² found that part-time workers, youth and people in provinces with historically high unemployment rates were most likely to be gig workers. One third of Canadians say they have too much debt and 27% say they borrow to buy food or pay for their daily expenses. Further, research continues to show that financial stress remains the top stressor for Canadians, above work, personal health, and relationships.

¹ Statistics Canada, [The impact of COVID-19 on the gig economy: Short- and long-term concerns](#), Released: 2020-05-20

² Bank of Canada, Staff Analytical Note [The Size and Characteristics of Informal \("Gig"\) Work in Canada](#), Released 2019-06



- **Broad goals:** The national strategy itself had three goals that were quite broad. While this helped get both the cause and conversation rolling among stakeholders, an action plan with targeted initiatives for specific audiences might have generated more widespread involvement in reaching the goals.
- **Changing behaviour:** We learned about the limits of financial education. While important, knowledge is only one factor that shapes financial decisions and well-being. Behavioural economics tell us that other factors – including one’s income, socio-economic background, personality traits and views about money – all play a role. Emotions also matter. Money decisions can be both emotional and rational at the same time. This explains why behaviour change can require significant effort and desire. Moving forward, it’s important that we recognize these complexities.
- **Measurement:** Methods and datasets used to measure Canadians’ progress in strengthening their financial literacy can lack timeliness and may not clearly link outcomes to specific initiatives or interventions. The [Canadian Financial Capability Survey](#) is conducted every 5 years to allow time for change to happen, but this is too long a timeframe to ensure that programs are addressing the needs of Canadians. The Financial Consumer Agency of Canada (FCAC) is currently conducting monthly surveys to determine the impact of the pandemic on Canadians’ financial well-being. Continued ongoing measurement would allow FCAC to have a better understanding of the needs of Canadians. It is also important that everyone who offers programs is able to evaluate them to ensure that their programs are addressing participants’ needs. However, we have heard that some organizations lack the expertise and funding to consistently undertake program evaluation. Establishing metrics to evaluate progress would also help.
- **Barriers:** There are a number of individual and systemic barriers that can prevent or impede some low-income Canadians, newcomers, seniors, Indigenous Peoples and others from accessing mainstream financial products, services and programs.

Key Developments

There have been other developments causing us to reflect on how the strategy can evolve. The most obvious is the COVID-19 pandemic, which has transformed people’s lives and the economy. The complexity of personal finance can be challenging in normal times. With the pandemic, it is even tougher. This crisis is shining the light on important personal finance issues, including the value of having emergency savings and anticipating future needs.

Also, new trends and issues related to personal finance have emerged, fueled by the latest research and innovations, including an expansion in digital financial services. Approaches to financial education and improving financial well-being continue to evolve, anchored by new evidence on how best to motivate behavioural change. Finally, research has shown that excessive or high-cost debt can create financial stress, which is like a ‘mental tax’: it reduces cognitive abilities and leads to poor financial decisions. Ultimately, people who are already overwhelmed by debt and money problems can get caught in a vicious circle.



The Opportunity:

How We're Listening and Using Evidence to Renew the Strategy

FCAC is committed to harnessing all the learnings, experiences and work achieved since 2015 as we update the strategy. We now have much more evidence on how best to reach and encourage people to use tools and resources that can help them build and shape positive behaviours to help them strengthen their financial literacy. This is an opportunity to leverage insights and accelerate progress.

As part of our strategy renewal process, our steps to date have included:

- Identifying segments of the Canadian population most in need and the top financial challenges they face, as revealed through the [2019 Canadian Financial Capability Survey](#), Statistics Canada data and other research sources³.
- Distilling the learnings from the previous strategy, [the Summative Evaluation of the Financial Literacy Program \(2020\)](#) and the international community, including the effectiveness of various financial literacy programs in Canada and abroad.
- Using the latest ideas for delivering financial education and inspiring lasting behavioural change. Research shows how changing people's behaviour boils down to three factors: awareness, positive motivation and confidence in the ability to execute the behaviour.
- Reaching out to key partners and stakeholders to help us identify priority areas and target groups.

Throughout November 2020 in conjunction with the 10th anniversary of Financial Literacy Month, we are conducting online consultations. We want to capture the views of individual Canadians, as well as stakeholders across the public, private and non-profit sectors.

Guided by this input, we will finalize the emerging strategy and release it in the spring of 2021.

³Financial well-being in Canada: Survey results <https://www.canada.ca/en/financial-consumer-agency/programs/research/financial-well-being-survey-results.html>