



BACKGROUND: PROPOSED GOALS FOR ACTION

The Financial Consumer Agency of Canada (FCAC) is working to renew the National Strategy for Financial Literacy. We have identified a number of goals as possible focus areas for the strategy. Evidence to date suggests these should be priorities due to their influence on financial well-being and to their relevance not only during uncertain times, but through all life stages.

Proposed Goal: 'Decrease the Debt Habit'

Financial literacy outcomes by 2026:

The Strategy's overall aim in this area is to increase the number of Canadians who:

- avoid borrowing for day-to-day expenses
- prioritize paying down debt and make informed borrowing choices
- are confident in reaching out for the help they need with debt problems

Who are the priority audiences?

This goal is focused on people who:

- rely on debt to pay for everyday essentials
- are over-leveraged financially

Why is this goal important?

Debt is a realistic part of modern life. The benefits are significant. So too are the consequences. That's why it's important to make informed choices about borrowing money and using credit. Debt continues to be a massive problem for many Canadians. It's a top risk for their financial security. And a top cause of their stress. For years now, debt levels for individuals and households have been concerning. Even before the pandemic, many Canadians juggled massive mortgages, credit card balances, student loans and lines of credit. Now the pandemic has added to that.

Key facts and insights:

- 1 in 4 Canadians say they borrow to buy food or pay for daily expenses.
- 31% of Canadians believe they have too much debt.
- Canadians had \$1.77 of debt for every dollar of income at the end of 2019. In 2007, that figure was \$1.44.
- 7% of Canadians use payday loans.

What actions can help achieve this goal?

Many groups are already active in this area. Below are just a few examples of ways stakeholders can help advance the goal, and we invite other ideas you may have:

Educate:

- Providing free access to impartial resources that provide relevant debt advice, in plain language.
- Teaching Canadians about optimal repayment strategies (especially if people carry multiple debts), which can make a big difference in total cost.



Communicate:

- Creating a national public awareness campaign around decreasing the debt habit and focussing on the repayment habit (drive a culture change that celebrates responsible debt management).
- Making debt repayment less overwhelming by promoting goal achievement, as behavioural studies show that successful debt repayors set "sub-goals" and tackle them one at a time, giving them feelings of progress.

Support:

- Supporting the early take-up of debt advice by over-indebted Canadians, by identifying opportunities to intervene at an earlier stage for those who need help.
- Focusing on activities such as coaching that help individuals build financial confidence and develop responsible attitudes toward debt and credit use.
- Designing credit/debt products in a way that reduces the likelihood of over-indebtedness.

Collaborate:

- Establishing partnerships to develop or scale-up financial coaching and repayment initiatives.
- Sharing resources with community agencies that work with Canadians in financial difficulty.
- Learn from researchers and practitioners to see how data translates into the real world.

Research:

- Engage with Canadians and undertake research to determine the most effective ways to overcome current attitudes and behaviours toward debt.
- Conducting short- and long-term impact studies of your organizations' activities and using the data to both promote and improve your services.

Report:

- Publicly reporting the results of your organization's efforts so others learn what works and what doesn't, and so that we can track our collective success.

Proposed Goal: 'Increase the Saving Habit'

Financial literacy outcomes by 2026:

The Strategy's overall aim in this area is to increase the number of Canadians who:

- actively save on a regular basis
- have the ability to save more
- have emergency savings to help deal with a financial shock or unexpected expenses

Who are the priority audiences?

Active saving is a good money habit for everyone. The strategy places particular focus on those who don't regularly save or don't save enough.

Why is this goal important?

All our evidence shows that **active saving is a key to improving financial well-being**. Regardless of how much people earn, Canadians who actively save have higher levels of financial well-being than those who don't. This holds true across countries, based on international research. Unfortunately, too few Canadians are saving regularly, or are not saving enough. In just a few decades, Canada has gone from being a 'nation of savers' to a 'nation of spenders' With many Canadians living pay cheque to pay cheque, they do not have extra funds



available to absorb an unexpected expense like sudden job loss, or other costs like car or home repairs, dental bills or other emergencies.

Key facts and insights:

- Less than 50% of Canadians are saving regularly for unexpected expenses.
- Canadians' household savings rate (the share of disposable income that is saved) is 1.7%, near its lowest point in six decades. In contrast, in the five countries with the highest savings rates, residents save 10% or more of their income. Canadians are in the bottom half of the Organisation for Economic Co-operation and Development (OECD) countries when it comes to saving.

What actions can help achieve this goal?

Below are just a few examples of ways stakeholders can help advance the goal, and we invite other ideas you may have:

Educate:

- Providing free access to impartial information resources that deliver relevant advice specific to the needs of prospective savers.
- Using videos, animation and other engaging tools to teach the value of saving.

Communicate:

- Championing the cause of saving by building public awareness about the value and simplicity of regular saving, and making it more attractive (i.e., less boring) by promoting goal achievement.
- Creating a coordinated national campaign to encourage Canadians to actively save and build an emergency fund (e.g., "Stash 10% of your cash!" "Every little bit adds up," etc.).

Support:

- Offering incentivized savings accounts for uses such as buying a computer, home, or appliance.
- Exploring ways that employers could make saving easier through simple and innovative solutions such as default payroll deposit options that make saving "automatic" for all employees, including permanent, temporary and contract workers.
- Promoting and harnessing tools that people use daily with minimal effort (e.g., apps/websites through which people can save money).
- Encouraging people who have paid off their debts to reallocate those payments into an emergency savings account.

Collaborate:

- Establishing partnerships to develop or scale-up savings programs and digital tools.
- Creating "savings buddy" programs and online community challenges that drive more people to save.
- Establishing partnerships to develop or scale-up matched savings programs for vulnerable people.

Research:

- Undertaking research to determine the most effective ways to motivate the savings habit.
- Using experimentation to prompt savings behaviour in those who do not currently save, currently being tested in FCAC's Tax Refund to Savings pilot.
- Conducting short- and long-term impact studies of your organizations' activities and using the data to both promote and improve your services.

Report:

- Publicly reporting the results of your organization's efforts so others learn what works and what doesn't, and so that we can track our collective success.



Proposed Goal: 'Motivate the Budgeting Habit'

Financial literacy outcomes by 2026:

The Strategy's overall aim in this area is to increase the number of Canadians who:

- know how to successfully budget
- actively track and manage their day-to-day money
- regularly review their spending and feel confident about where their money goes

Who are the priority audiences?

Not everyone may feel the need to start and follow a budget. Yet our evidence shows there are segments of the population who could benefit from budgeting and financial planning. It is especially relevant for those who have limited or irregular income, are struggling financially, are trying to pay off debt, aren't sure where their money goes and feel overwhelmed by their finances.

Why is this goal important?

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 than are non-budgeters. Many Canadians who don't have a budget cannot make regular, pro-active decisions to ensure they have enough money to cover household expenses or priorities. Unable to make ends meet each month, they may turn to payday loans, make only minimum payments on credit card bills or borrow more to keep up with expenses.

Key facts and insights:

- Research highlights the benefits of budgeting: people who budget have better financial outcomes. They use their budgets to pay down debts, save for the future and save for emergencies.
- Evidence also shows that various incentives, tools and supports can be effective in promoting budgeting behaviours among previous non-budgeters.
- About 1 in 6 Canadians (17%) say their monthly spending exceeds their income.

What actions can help achieve this goal?

Many groups are already active in this area. Below are examples of ways stakeholders can help advance the goal, and we invite other ideas you may have:

Educate:

- Offering budgeting workshops and seminars, with content tailored to different audiences.
- Ensuring budgeting tools are accessible by offering them in a variety of digital and paper formats for all Canadians, including older people, newcomers and people living with a low-income.

Communicate:

- Championing budgeting and why it matters through awareness campaigns (ads, social media, etc.).
- Promoting apps, software and other tools that make budgeting easier.

Support:

- Creating or expanding 'budget coaching' programs that can be delivered in different ways (e.g., in-person, virtually or using virtual reality techniques).
- Offering incentives for participating in sustained budgeting initiatives.



Collaborate:

- Creating communities of support such as ‘budgeting buddies’.

Research:

- Undertaking research to determine the most effective ways to overcome current attitudes and behaviours toward budgeting.
- Conducting short- and long-term impact studies of your organizations’ activities and using the data to both promote and improve your services.
- Continuing evaluation and innovative improvements to increase effectiveness of budgeting tools (e.g, FCAC’s Budget Planner).
- Exploring further budgeting pilots and experimentation (e.g. similar to the Carrot Rewards pilot).

Report:

- Publicly reporting the results of your organization’s efforts so others learn what works and what doesn’t, and so that we can track our collective success.

Proposed Goal: ‘Encourage a future focus’

Financial literacy outcomes by 2026:

The Strategy’s overall aim in this area is to increase the number of Canadians who:

- Forecast their financial needs (e.g., buying a car or a computer) and make plans to achieve them, including by setting financial goals.
- Take actions (e.g., having appropriate savings, insurance, investments, or accessing savings vehicles like Tax-Free Savings Accounts or Registered Education Savings Plans) to ensure a sustainable financial future and feel confident in their choices.

Who are the priority audiences?

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.

Why is this goal important?

As Canadians are living longer and healthier lives, they see the need to change the way they plan for their financial futures. A future focus is helpful to manage life events (e.g., having children) and reach shorter-term priorities, such as buying a computer, as well as long-term goals like retirement saving. Some Canadians aren’t sure how much they need to save and the appropriate products and services available to help them reach their goals. 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.

Key facts and insights:

- 56% of Canadians are confident they will have the standard of living they hope for in retirement.
- 19% of Canadians who do not have a plan to save for retirement, anticipate having to work longer into their retirement years.



What actions can help achieve this goal?

We encourage governments, private sector and non-profit organizations, as well as financial services providers, to consider how they can introduce, improve or amplify their activities to support this goal. Activities may include the following:

Educate:

- Ensuring plain and inclusive language in all learning/information materials, so they are accessible and easy to understand for diverse audiences.
- Use life events as ‘teachable moments’ to deliver new financial knowledge, skills or confidence.

Communicate:

- Promoting the benefits of financial planning on one’s financial well-being. For example, help people create mental pictures of their future: research suggests when people focus more on the future, they tend to be less impulsive, regardless of their level of financial knowledge.
- Making it easier for people to find out if they are eligible for government benefits and, if so, how to access them.

Support:

- Creating simple and affordable supports, videos and tools that make it easy for Canadians to engage in financial planning and long-term saving.
- Providing people with nudges at key milestones/decision points.
- Introducing or expanding auto-enrolment plans (e.g., company pension plans).

Collaborate:

- Working with the financial services sector to develop programs and evaluating their existing resources to ensure that they provide relevant financial advice specific to the needs of different audiences.
- Consulting with employers, human resources professionals, pension plan service providers and workers who participate in federal apprenticeship and youth employment strategy programs on how best to implement workplace financial learning.

Research:

- Undertaking research studies to determine the most effective ways to help people adopt a future focus to their financial affairs.
- Conducting short- and long-term impact studies of your organizations’ activities and using the data to both promote and improve your services.

Report:

- Publicly reporting the results of your organization’s efforts so others learn what works and what doesn’t, and so that we can track our collective success.



Proposed Goal: 'Help Canadians protect themselves'

Financial literacy outcomes by 2026:

The Strategy's overall aim in this area is to increase the number of Canadians who:

- understand their rights and responsibilities linked to financial products and services like loans, pension plans, insurance, etc.
- are aware of their rights to privacy and disclosure of information
- recognize and take steps to protect themselves from fraud and financial abuse.
- feel confident to make a complaint if they have a problem with their financial service provider.

Who are the priority audiences?

Financial consumer protection concerns every Canadian. It is especially relevant to youth, who should learn safe financial habits early, and seniors, who may be targets for financial fraud and abuse. Knowing ones' financial rights, responsibilities and the safeguards in place to protect consumers, is also important to anyone who feels underserved by the financial services industry.

Why is this goal important?

Canadian financial services are available through traditional institutions and online. This has led to a growing risk of abuse, including cybercrime and identity theft. Other types of fraud and financial abuse continues too, as elderly or other vulnerable persons fall victim to people they trust with their financial affairs. Victims may lose confidence in their ability to manage their own financial affairs and achieve their goals.

Research shows that many Canadians are unaware of how to protect themselves. And many fail to report incidents to authorities out of confusion, fear or embarrassment. With consumer protection regulations in place at different levels of government, it can be challenging for Canadians to know where to turn. Some newer financial services providers are not regulated. Public, private and non-profit organizations can all play a role in helping Canadians understand how they are protected and how to minimize their risks.

Key facts and insights:

- More than 1 in 5 Canadians (22%) say they were a victim of a financial fraud or scam in the last two years.
- A recent survey on banking in Canada found that many older adults are not aware of—or do not know where to find—information to protect themselves against financial fraud and scams. This was especially true for those aged 75 and older ([FCAC, 2019](#)).

What actions can help achieve this goal?

Canadians and stakeholders from all sectors can work to help achieve this goal. In particular, governments, law enforcement organizations, financial services providers and media outlets have important roles to play. Some possible activities are:

Educate:

- Providing free access to impartial information that teaches Canadians how to prevent fraud and financial abuse, with content tailored to provide more information about where and how they can make a complaint, and their rights and responsibilities around financial products and services.



Communicate:

- Developing simple messages to encourage consumers to safeguard their money and interests.
- Conducting national and regional public awareness campaigns to promote financial consumer rights and responsibilities.

Support:

- Creating an online community challenge that can drive more people to protect themselves.
- Providing easy-to-access means to seek impartial, accurate information and transparent and effective ways to raise complaints or report poor or unfair treatment.

Collaborate:

- Maintaining or enhancing partnerships that aim to prevent financial fraud.
- Working across sectors to develop and test interventions that help people and organizations better prevent financial fraud.

Research:

- Undertaking research studies to determine the most effective ways to help Canadians protect their interests.
- Conducting short- and long-term impact studies of your organizations' activities and using the data to both promote and improve your services.

Report:

- Publicly reporting the results of your organization's efforts so others learn what works and what doesn't, and so that we can track our collective success.

Proposed Goal:

'Boost understanding of financial products and services'

Financial literacy outcomes by 2026:

The Strategy's overall aim in this area is to increase the number of Canadians who:

- shop around for the financial products and services that best meet their needs
- familiarize themselves with financial products and services before they buy or use them
- understand benefits and pension plans offered by governments, employers, unions or other providers

Who are the target audiences?

We believe all Canadians should have a basic understanding of the financial products and services available to help them achieve their goals at different life stages.

Why is this goal important?

Financial products and services are essential tools to help Canadians achieve financial well-being. It is beneficial for consumers to examine all features, fees, rules, restrictions and options when buying financial products and services to ensure they best fit their needs. The number and complexity of financial services and products continues to multiply, creating overwhelming choice for consumers. Studies reveal some Canadians lack a basic understanding of various financial products and their benefits. As a result, they 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.



Key facts and insights:

- 14% of Canadians indicated they have received information from their bank that was difficult to understand over the past 12 months (Survey on Banking of Canadians, 2019).

What actions can help achieve this goal?

All stakeholders who offer financial products, services and programming can work to enable this goal in a variety of ways. We invite any ideas you may have. A list of possible activities includes:

Educate:

- Teach Canadians to be smart financial consumers, by researching products and services, asking the right questions, shopping around to compare and making informed choices.
- Offering experiential learning opportunities that allow consumers to gain first-hand experience with financial products and skills relevant to their own life circumstances, which in turn will boost financial confidence.

Communicate:

- Using clear, plain language in all marketing and product information and training front-line staff to do the same when explaining financial products and services to consumers.
- Ensuring products are sold in a way that includes balanced disclosure and advice.

Support:

- Ensuring financial products and services are as easy to use as possible.
- Providing practical support and assistance to help people shop around and get the best deal.

Collaborate:

- Supporting and investing in capacity-building initiatives that boost the ability of community organizations working with low-income Canadians, newcomers and individuals facing barriers to financial services, to offer financial education.
- Working across the financial services industry to identify where and how to improve product and services information for all financial consumers, and developing a 'best practice' playbook.
- Working across the financial services industry to create simple products for consumers who need only basic, low-cost, easy-to-understand products and services.

Research:

- Undertaking research studies to determine the most effective ways to achieve this goal.
- Conducting short- and long-term impact studies of your organizations' activities and using the data to both promote and improve your services.

Report:

- Publicly reporting the results of your organization's efforts so others learn what works and what doesn't, and so that we can track our collective success.