

**THIS IS NATION BUILDING IN THE 21ST CENTURY:
Building financial inclusion and health**

Submission to Federal Financial Sector Review Part 2

**ABLE Financial Empowerment Network
September 29, 2017**



TABLE OF CONTENTS

Executive Summary	i – iv
1. Introduction	1
Canadian banks are at a crossroads	
Canadian households are losing ground financially	
Banks can play a greater role in building household financial health	
Technology is also opening up new opportunities to broaden financial inclusion	
It’s time for a national conversation	
2. Canadians with low incomes have unique financial challenges and needs	5
3. Begin by building financial inclusion	6
Update basic account standards	
Broaden our definition of basic financial products/services all Canadians need access to	
Expand our knowledge of household financial vulnerability and health in Canada	
Make banks more accessible and responsive to the needs of vulnerable Canadians	
Invest in community efforts to build financial inclusion and health of vulnerable Canadians	
4. Strengthen protection for consumers	12
Establish ‘duty to act in the best interest of the consumer’ as a core principle	
Bring greater transparency to enforcement efforts	
Curb high-cost alternative financial services	
5. Focus on building consumer financial health	15
Encourage banks to adopt a consumer financial health focus	
Invest in community programs that improve financial inclusion and health outcomes	
6. Conclusion	16
Notes	18
Appendix 1	21

EXECUTIVE SUMMARY

Canadian banks are at a crossroads

Canada's banks are at an important crossroads when it comes to their role and relationship with Canadians. The globalization of the financial marketplace, explosion of new financial products, rise of fintech, and data analytics enabling banks to know their customers like never before, have all enabled banks to deliver value and drive sales and earnings in new ways. These have all coincided, however, with an appreciable decline in the financial health of Canadians.

The irony of this is not lost on Canadians who may legitimately wonder why they are struggling so hard to maintain a financial foothold in a marketplace that, theoretically, has never been better equipped to help them succeed.

Canadian banks and banking regulators have an important choice to make. Should we content ourselves with simply focusing on incremental improvements to address 'pain points' we can no longer ignore or can we embrace a much bolder aspiration – inviting banks, regulators and other key stakeholders to revisit the role of banks in view of both their exciting new capabilities and the growing financial challenges of Canadians, and articulating a new consensus on what we can and should expect from our banks?

We would argue that ensuring banks adhere to the rules is not enough. Banks alone cannot eliminate barriers to financial inclusion, capability and opportunity for Canadians, but they are powerful institutional actors with infrastructure, expertise, data, tools, resources and the potential to make an even greater positive impact for Canadians.

Our goal should be to make Canada's banks the best in the world at actively supporting *all* citizens to build their financial wellbeing.

It's time for a national conversation

The time is ripe for a broader national conversation about what Canadians need and should expect from their banks, in the face of the financial difficulties so many households are experiencing, ongoing financial exclusion of the most vulnerable Canadians, and the opportunities offered by new data, insights and technologies to help Canadians build their financial wellbeing in today's challenging environment.

We also need to explore new ways to engage financial institutions, community and consumer stakeholders, researchers, and policy makers in more collaborative processes to build a shared, evidence-based, understanding of the financial challenges facing Canadians and to work on comprehensive solutions together. No one sector has the answer to these challenges, but all have a role to play, and we will be more successful if we build capacity and processes to work together in defining problems and finding solutions.

The federal government is uniquely placed to convene and support these processes. Canada's *Bank Act* Review and ongoing development of the Consumer Protection Framework are ideal opportunities to undertake new research and to explore more collaborative problem-solving approaches. We encourage

the Department of Finance and FCAC to give consideration to how we can use this moment to make progress on these fronts.

In preparation, the Steering Committee of the national ABL Financial Empowerment Network has taken this opportunity to capture feedback from our network and to make some specific suggestions for ways in which the federal government can strengthen our current financial consumer protection regime, expand financial inclusion, shed more light on the financial challenges of Canadians and begin exploring ways we can address these.

Recommendations

❖ Update basic account standards

1. Work with the Canadian Bankers Association to update its [2014 Low-Cost Account Guidelines](#) to align with new voluntary [National Bank Account Standards](#) established in the United States, in particular with respect to features that reduce or eliminate the possibility that account holders will incur unanticipated penalties and fees.

❖ Broaden our definition of basic financial products/services all Canadians need access to

2. Identify, and find ways to address, key market failures with respect to safe and affordable financial products and services for people with low incomes and other vulnerable populations. (This analysis must include consideration of access to affordable credit.) To this end, convene key financial, research, and community sector stakeholders to consider:
 - Which basic or minimum financial services do all Canadians need to be fully financially included in today's society?
 - Who is currently not able to access which basic or minimum services and why?
 - What steps must be taken by whom to close these gaps?
3. Amend Section 627.02 (a) which set out principles of the Consumer Protection Framework in Bill C-29 to read that “basic banking services (including basic bank accounts and other financial products and services that may be deemed essential by the federal government or, by mutual agreement, by banks themselves) should be accessible to, and meet the needs of, low-income and vulnerable Canadians.”
4. Amend Section 983(2) of the *Bank Act*, to allow credit unions, as prudentially regulated deposit-taking institutions, to use the terms “bank” and “banking” to describe their activities and services, as long as they ensure that consumers understand they are dealing with a credit union, not a bank.

❖ Expand our knowledge of household financial vulnerability and health in Canada

5. Task Statistics Canada with the development of a national program to monitor and report regularly on the financial inclusion and health of Canadian households and any related disparities among Canadians and the causes of such disparities.

6. Establish a national Centre for Excellence on Household Financial Stability and Health to conduct targeted investigations into the financial challenges of Canadian households and effective solutions, giving priority to populations demonstrating financial vulnerability, as well as to issues that are sufficient in scope to pose risks to Canada's overall economic growth and performance, and to social cohesion and inclusion.

❖ **Make banks more accessible and responsive to the needs of vulnerable Canadians**

7. Ensure that banks incorporate accessibility for vulnerable populations (e.g. people living on low incomes, people with disabilities, newcomers, Indigenous Peoples, people with mental health challenges) into their broader accessibility training for frontline personnel.
8. Expand Section 627.91(1)(a)(ii) of Bill C-29 which addresses public accountability statements of banks, to include reporting on measures taken by the bank and its prescribed affiliates to provide products and services to people with low incomes, as well as persons facing accessibility, linguistic or literacy challenges.
9. Ensure that mandatory disclosure of information on the conditions to be met for the opening of a retail deposit account by a natural person under subsections 627.04(1), (3) and (4) of Bill C-29 be in plain language and include information on the option to submit: "any document from a reliable source that indicates the person's name and date of birth, if the person's identity is also confirmed by a customer in good standing with the member bank or by a natural person of good standing in the community where the point of service or branch is located."
10. Mandate the inclusion of a standardized Financial Facts Label¹ on the front page of contracts and all advertising materials for federally-regulated financial products/services for which fees, commissions and/or interest are charged.
11. Establish an appropriate grade level standard for English and French language used in mandatory disclosure statements to ensure that information is as accessible as possible to all consumers, including those with low English/French language and literacy skills.

❖ **Invest in community efforts to build financial inclusion and health of vulnerable Canadians**

12. Expand the role and resources of the Financial Consumer Agency of Canada to include financial empowerment of low-income and other vulnerable people to make informed financial decisions by providing tools and skill building opportunities directly and through community service entities, and by promoting a more inclusive and fair financial marketplace.
13. Empower and resource FCAC to work with other federal departments to identify and pursue opportunities to build proven financial empowerment approaches into existing federal strategies and programs where there is evidence that this can both improve the strategy/program's target outcomes and measurably improve the financial outcomes of the populations served.

❖ **Establish ‘duty to act in the best interest of the consumer’ as a core principle**

14. Make the duty to act in the best interest of the customer at all times, to the best ability of the bank and its employees, a core principle of the Consumer Protection Framework in the *Bank Act*.

❖ **Bring greater transparency to enforcement efforts**

15. Publish annual data on the number and type of financial consumer complaints received and their resolution.

16. Publish the Terms of Reference for any industry reviews and provide a mechanism for interested organizations and individuals to submit relevant information and viewpoints for FCAC’s consideration.

❖ **Curb high-cost alternative financial services**

17. Permanently expand the Financial Consumer Agency of Canada’s mandate and provide them with the necessary resources on an ongoing basis, to investigate, monitor and report on the nature, extent and impact of high-cost, alternative financial services across Canada; conduct research on effective regulatory and consumer education responses (including those used in other jurisdictions), and to regularly convene meetings with their provincial counterparts, as well as with consumer and community stakeholders, to exchange knowledge and experiences and build consensus on solutions that can be implemented by provincial regulators and integrated into federal and community consumer education efforts.

18. Review the current 60% annual interest rate threshold for criminal usury² with a view to lowering it.

❖ **Encourage banks to adopt a consumer financial health focus**

19. As part of the *Bank Act* Review, consult with banks on the feasibility of adopting common consumer health metrics that all banks will measure and report on annually.

❖ **Invest in community programs that improve financial inclusion and health outcomes**

20. Invest in sustainable delivery of community financial empowerment supports needed to enable vulnerable Canadians to achieve full financial inclusion and to help advance other key federal policy objectives (e.g. building household financial stability and health, increasing uptake of RESP, increasing uptake of Canada Child Benefit, fostering successful integration of newcomers, etc.)

ABLE Financial Empowerment Network: Who we are

ABLE is national coalition of practitioners, financial institutions, researchers, academics, policymakers and funders who are dedicated to reducing poverty through financial empowerment initiatives focused on improving the financial security of vulnerable, low income community members.

This brief is endorsed by the ABLE members listed below. For more information on signatories, please see [Appendix 1](#).

National organizations/associations

ABC Life Literacy Canada
ACORN Canada
AFOA Canada
PLAN Institute
Prosper Canada
4 Pillars Consulting

Provincial organizations

Immigrant and Refugee Community Organization of Manitoba

Local organizations

Causeway Work Centre, Kitchener-Waterloo
Community Financial Counselling Services, Winnipeg
EBO Financial Education Centre, Ottawa
Ma Mawi Wi Chitata Centre, Winnipeg
Momentum, Calgary
SEED Winnipeg
Stella's Circle, St. John's
West Neighbourhood House, Toronto

Local networks

Calgary Financial Empowerment Collaborative
Financial Literacy Action Network of Ottawa (FLANO)

Experts

Jerry Buckland, Professor of International Development Studies at Menno Simons College
Gail Henderson, Assistant professor at Queen's University Faculty of Law
John Stapleton, Open Policy Ontario

1. Introduction

Canadian banks are at a crossroads

Canada's banks are at an important crossroads when it comes to their role and relationship with Canadians.

The globalization of the financial marketplace, explosion of new financial products, rise of fintech, and data analytics enabling banks to know their customers like never before, have all enabled banks to deliver value and drive sales and earnings in new ways. These have all coincided, however, with an appreciable decline in the financial health of Canadians.

The irony of this is not lost on Canadians who may legitimately wonder why they are struggling so hard to maintain a financial foothold in a marketplace that, theoretically, has never been better equipped to help them succeed.

At the same time, media accounts of unethical and prohibited bank sales practices reported by over one thousand current and former bank employees have called into question the integrity of banks and those who work in them, as well as the adequacy of our consumer protection rules and their enforcement.

Canadian banks and banking regulators have an important choice to make.

Should we content ourselves with simply focusing on incremental improvements to address 'pain points' we can no longer ignore or can we embrace a much bolder aspiration – inviting banks, regulators and other key stakeholders to revisit the role of banks in view of both their exciting new capabilities and the growing financial challenges of Canadians, and articulating a new consensus on what we can and should expect from our banks?

We would argue that ensuring banks adhere to the rules is not enough.

Banks alone cannot eliminate barriers to financial inclusion, capability and opportunity for Canadians, but they are powerful institutional actors with infrastructure, expertise, data, tools, resources and the potential to make an even greater positive impact for Canadians. The banking sector in Canada is highly concentrated, with Canada's largest six banks holding more than 90% of total banking assets. Their national branch networks also means that initiatives undertaken by these institutions to benefit the financial health of low-income and vulnerable Canadians can have tremendous impact.

Our goal should be to make Canada's banks the best in the world at actively supporting *all* citizens to build their financial wellbeing.

Canadian households are losing ground financially

Why? Because, if we look beyond income alone to the actual balance sheets of Canadian households, Canadians have experienced a gradual decline in their financial health over the past 35 years.

From being the proverbial ants of Aesop's fable, we have become a nation of grasshoppers. In 1982, we routinely set aside 20 percent³ of our yearly income in savings. Today, household savings are perilously low with the average household saving just 4.3%⁴ of its annual income, far below the threshold for financial stability and health. Canadian household debt is also at an historic high – with the average Canadian household now owing \$1.69 for every dollar of income.⁵

At the same time, community organizations have been increasingly aware of a sea change in the financial lives of low and modest income Canadians. They have seen more people struggling to cobble together an income from multiple part-time and temporary jobs; more families working hard, but having to borrow for food and rent; and more fringe financial services springing up in their neighbourhoods. Unstable incomes, accompanied in some cases by high debt, leave low and modest income Canadians less able to manage sudden, unexpected expenses.

While policy makers and others have struggled to understand the causes of this change, recent TD research indicates that high rates of month-to-month income volatility (attributable to growth in precarious employment⁶) are affecting the ability of almost 40% of adult Canadians to plan ahead and save.⁷ Those affected report lower overall financial health than other Canadians and are significantly more likely to experience financial stress and to see themselves falling behind financially.⁸

Individuals are also shouldering more economic risk than before, due to the erosion of stable jobs, the loss of workplace pension and insurance benefits that once accompanied those jobs, and the growing disconnect between this new labour market reality and our social safety net programs.

Finally, the growing number and complexity of financial products and decisions Canadians must navigate increasingly challenges the time and expertise they have to deal with them.

Banks can play a greater role in building household financial health

Solutions to these challenges do not lie entirely, or even first and foremost, with banks. That said, any policy effort to improve the financial wellbeing of Canadians and, by extension, Canada's economic stability overall, must consider the fundamental question of what role banks can and should play in this process.

Are banks just businesses like any other or are they fundamental to our collective financial wellbeing and, therefore, critical leading actors with a responsibility to actively help Canadians to build their financial security and health?

Most Canadians would agree that banks, at the very least, have a responsibility to abide by the rules that govern them and to act ethically in the interests of their customers at all times. Based on recent media accounts, even this is proving a challenge in some cases where employees have reported serious breaches of ethical and regulatory boundaries. More work is needed to understand the extent and causes of these practices, to catch them sooner when they occur, and to apply a transparent enforcement process to improve customers' faith in enforcement and to help to prevent future occurrences.

But even if every bank were to play by the rules, is that enough? We would argue no.

Technological advancements, artificial intelligence, big data, and new analytic capabilities have provided banks with the ability to know and reach each customer in a way we could not imagine a decade ago. With this, they have gained new insights and capabilities to drive sales and earnings. They have also gained an unprecedented ability to assess the financial health and needs of their customers and, should they choose to use it, the opportunity to use their products, services and strategies to improve customer financial health, in tandem with their own bottom lines. As fintech alternatives challenge traditional financial service models, some would even argue that building value for customers by building their financial health is *the* route to continued viability for banks and their ability to achieve sustainable, responsible earnings in the future. The danger is that new technologies will make it easier for banks to focus their marketing efforts and product offerings on only the most profitable customers. It is necessary, therefore, for bank regulations to ensure that low-income and other vulnerable groups are not excluded from the potential benefits of these advancements.

Technology is also opening up new opportunities to broaden financial inclusion

While Canada may be seen as a financial inclusion success story internationally, the reality is that far too many Canadians are still shut out of the financial mainstream by virtue of where they live, their income, and/or by systemic barriers that prevent them from accessing the financial products, services and advice they need to build their financial wellbeing.

While technology alone cannot solve this problem, it has opened up new opportunities to potentially extend mainstream financial services to underserved rural, remote and low-income communities in ways that no longer require costly bricks and mortar or onsite personnel, but can nonetheless meet the needs of the unbanked and underbanked in flexible, responsive and cost-effective ways. Technology can also enable banks to know their customers with low incomes better so that they can do a better job of designing and delivering tailored products and services that meet the unique needs of these customers,

as well as those with higher incomes, rather than leaving them at the mercy of more expensive and risky alternative financial services. Full financial inclusion in this context though will require public investment to ensure that all communities have access to adequate internet services and ensuring the availability of affordable mobile plans for people with low incomes.

Finally, as the marketplace evolves, so too does the basic set of banking products that people need to be fully financially included. We need to consider whether access to a basic banking account is adequate to achieve financial inclusion or whether appropriate credit and savings products are now equally essential to participate fully in the financial mainstream and to maintain financial health. Rising rates of payday loan use in Canada by Canadians in all income quintiles⁹ speak to the need for safer, more affordable alternatives.

It's time for a national conversation

The time is ripe for a broader national conversation about what Canadians need and should expect from their banks, in the face of the financial difficulties so many households are experiencing, ongoing financial exclusion of the most vulnerable Canadians, and the opportunities offered by new data, insights and technologies to help Canadians build their financial wellbeing in today's challenging environment.

The federal government's Financial Sector Review and statutory review of the *Bank Act* and its ongoing work on an evolving Financial Consumer Protection Framework are all important opportunities to engage banks, consumer voices, and Canadians more generally on how we can move closer to this goal, and what this means for the legislation, regulations and voluntary guidelines that govern our banks moving forward.

Legislation, regulations and guidelines are just one half of the picture, however. We also need to explore new ways to engage financial institutions, community and consumer stakeholders, researchers, and policy makers in more collaborative processes to build a shared, evidence-based, understanding of the financial challenges facing Canadians and to work on comprehensive solutions together.

No one sector has the answer to these challenges, but all have a role to play, and we will be more successful if we build capacity and processes to work together in defining problems and finding solutions.

The federal government is uniquely placed to convene and support these processes. To be effective though, this requires going beyond traditional parliamentary and departmental consultations. We need more effective ways to monitor and assess the actual financial health of households and the challenges they are facing, and to design more dynamic and sustained processes that bring key stakeholders from all sectors together and effectively employ evidence, dialogue and collaboration to tackle key questions.

Canada's forthcoming *Bank Act* Review and ongoing development of the Consumer Protection Framework are ideal opportunities to undertake new research and to explore more collaborative problem-solving approaches. We encourage the Department of Finance and FCAC to give consideration to how we can use this moment to make progress on these fronts.

In preparation, the Steering Committee of the national ABLE Financial Empowerment Network has taken this opportunity to capture feedback from our network and to make some specific suggestions for ways in which the federal government can strengthen our current financial consumer protection regime, expand financial inclusion, shed more light on the financial challenges of Canadians and begin exploring ways we can address these.

2. Canadians with low incomes have unique financial challenges and needs

The Canadians served by ABLE members are often socially and economically excluded and, therefore, very likely to also experience some measure of financial exclusion. Due to their limited financial resources, they have no room for financial mistakes and are, therefore, also at the greatest risk of harm when it comes to gaps in our financial consumer protection framework. At the same time, people with lower incomes may be transitioning to a higher or lower income, depending on work opportunities, family responsibilities, health circumstances, etc. Ensuring that this is fully taken into account when they purchase financial products and services, and receive unbiased and objective advice regarding these products and services is important.

The financial marketplace continues to grow increasingly complex and financial products, services and advice are increasingly delivered via technological channels, rather than face-to-face in traditional 'bricks and mortar' branch structures. These trends further increase the risk that people with low incomes, as well as other vulnerable groups, will be left out and left behind due to the following barriers:

- Inadequate identification to open bank accounts
- Low English/French language, literacy, numeracy, financial literacy and/or computer skills
- Lack of access to internet and/or a secure computer
- Lack of access to local mainstream financial services in many rural and remote, and some inner-city, communities
- Low or no access to safe and affordable financial products, services or advice that meet their needs.

While Canada exceeds most other nations in the percentage of its population who are banked, those who are not banked are most likely individuals with low incomes, and some sub-populations are at much higher risk than other Canadians of being unbanked. For example, the unbanked rate for Indigenous persons in Canada is estimated to be from 4.2 per cent¹⁰ to as high as 15 per cent.¹¹ If we

also include the underbanked, approximately 13 per cent of Canadians overall either have no bank accounts or zero-balance accounts, and a majority of these tend to be the urban poor.¹² Even those who are fully banked, however, may still find it difficult to access or benefit from mainstream consumer information and protection resources, and even more so if they have language and literacy challenges.

3. Begin by building financial inclusion

We appreciate the strides Canada has made in providing more accessible financial services for vulnerable populations and we acknowledge and applaud the many proposed improvements to our consumer financial protection framework that were set out in Bill C-29 last year. It is not enough, however, to protect those who are already accessing mainstream financial services. We also need to ensure that *all* Canadians are able to easily access the financial products, services and advice that they need to build their financial wellbeing.

Update basic account standards

A basic bank account is the cornerstone of financial inclusion, but too many people with low incomes avoid having or using a bank account due to their fear of hidden or unpredictable fees that can drive them into overdraft and trigger still greater penalties they cannot afford. We know from our work that even small unanticipated fees, let alone large NSF penalties, can wreak havoc on the budgets of people living with low incomes, impinge on their ability to meet their basic needs, and even lead to crises like eviction if they are unable to meet other financial commitments like rent payments. Removing uncertainty from our basic banking framework is, therefore, critical to any effort to improving the financial health of people with low incomes.

In 2015-16, Bank On and the Cities for Financial Empowerment Fund secured the agreement of national banks in the United States to adhere to new [national account standards](#)¹³ that made basic banking safer and more affordable for millions of unbanked and underbanked Americans. While Canada's own guidelines for low-cost and no-cost accounts compare very favourably in many respects with those adopted in the U.S., there is still room for improvements that can help to reduce the number of unbanked and under-banked in Canada and move us to the forefront of international financial inclusion efforts. We therefore recommend that:

1. ***The federal government work with the Canadian Bankers Association to update its [2014 Low-Cost Account Guidelines](#) to align with new voluntary [National Bank Account Standards](#) established in the United States, in particular with respect to features that reduce or eliminate the possibility that account holders will incur unanticipated penalties and fees. Where Canada's guidelines already exceed those of the U.S. with respect to safety, certainty and affordability for consumers, we should continue to adhere to the Canadian standard.***

Broaden our definition of basic financial products/services all Canadians need access to

In today's financialized world, most of us would agree that a basic bank account is no longer sufficient to enable people to participate fully in the financial mainstream or to build their financial wellbeing. Other products and services are needed – like access to safe and affordable credit, savings products that enable even those with high income volatility to save, and access to quality, relevant, unbiased financial advice for people of all income levels. Failure to ensure access to these products and services exposes people with low incomes and other vulnerable individuals to significantly higher uncertainty, risks and costs when it comes to accessing financial services. They are also significant barriers to the achievement of a more inclusive economy – a key objective of the current government. We therefore recommend that:

2. ***The government should identify, and find ways to address, key market failures with respect to safe and affordable financial products and services for people with low incomes and other vulnerable populations. (This analysis must include consideration of access to affordable credit.) To this end, it should convene key financial, research, and community sector stakeholders to consider:***

- ***What basic or minimum financial services do all Canadians need to be fully financially included in today's society?***
- ***Who is currently not able to access which basic or minimum services and why?***
- ***What steps must be taken by whom to close these gaps?***

Key market gaps examined should include, but not be limited to:

- ***A dearth of safe and affordable options for small-dollar amount, short term loans or credit***
- ***The absence of unbiased sources of quality financial advice tailored to the financial needs and realities of people with low incomes; and***
- ***The absence of mainstream financial services in many rural and remote, as well as some inner city communities.***

3. ***The government amend Section 627.02 (a) which set out principles of the Consumer Protection Framework in Bill C-29 to read that “basic banking services (including basic bank accounts and other financial products and services that may be deemed essential by the federal government or, by mutual agreement, by banks themselves) should be accessible to, and meet the needs of, low-income and vulnerable Canadians.”*** This is intended to leave open the possibility that the government or banks themselves may deem a broader suite of financial services to be basic in today's society, as per recommendation #2 above; and to encourage banks to undertake broader efforts to meet the financial needs of people with low incomes that extend beyond basic banking accounts.

In keeping with the general public's understanding of terms like 'bank' and 'banking' and the valued role that credit unions play in providing access to affordable financial services, including basic deposit accounts, credit unions should be allowed to use these terms, while making clear that consumers are dealing with a credit union, not a bank. We therefore recommend that:

4. ***The government should amend Section 983(2) of the Bank Act, to allow credit unions, as prudentially regulated deposit-taking institutions, to use the terms "bank" and "banking" to describe their activities and services, as long as they ensure that consumers understand they are dealing with a credit union, not a bank.***

Expand our knowledge of household financial vulnerability and health in Canada

It is clear from the limited evidence currently available, that we know very little about the actual financial lives of Canadian households, and why they are experiencing greater financial instability. This is even truer for low-income and other vulnerable populations.

This gap is particularly evident when we look south to the United States, where they have made huge gains in understanding thanks to the emergence of a networked, cross-sectoral community of purpose aimed at rebuilding household financial stability post-2008, and their investment in landmark research aimed at understanding why households were struggling and what to do about it.¹⁴ This research has transformed policy makers' understanding of the financial challenges facing American households and the risks these pose to America's future economic stability and growth. Examples include:

- The U.S. Federal Reserve established a national [Center for Household Financial Stability](#) that conducts longitudinal monitoring research, as well as targeted investigative studies.
- The landmark [US Financial Diaries](#) study explored in depth the everyday financial lives of over 200 American families over an entire year.
- The [JP Morgan Chase Institute](#) analysed the accounts of 1 million customers to uncover the extent of income volatility in the U.S. and its causes.¹⁵
- The Aspen Institute's [EPIC Program](#) has worked with key institutional stakeholders and experts to develop consensus on a solutions framework for mounting income volatility and household financial insecurity.
- The Pew Charitable Trust's [Financial Security and Mobility](#) Initiative conducts and publishes extensive research, including a national household *Survey of American Family Finances*.

There is no reason Canada cannot undertake similar research to generate the evidence we need to understand critical financial challenges and to develop effective solutions. We therefore recommend that:

5. ***The government should task Statistics Canada with the development of a national program to monitor and report regularly on the financial inclusion and health of Canadian households and any related disparities among Canadians and the causes of such disparities.*** In addition to the current Canadians Financial Capability Survey and Survey of Financial Security, this program should include longitudinal research and household-level ethnographic research on household financial dynamics and behaviour with respect to income, spending, saving, and debt, as well as financial inclusion and tax filing behavior.

6. ***The government should also establish a national Centre for Excellence on Household Financial Stability and Health to conduct targeted investigations into the financial challenges of Canadian households and effective solutions, giving priority to populations demonstrating financial vulnerability, as well as to issues that are sufficient in scope to pose risks to Canada's overall economic growth and performance, and to social cohesion and inclusion.*** For an example of a similar institute, see the St. Louis Federal Reserve Center for Household Financial Stability at: <https://www.stlouisfed.org/household-financial-stability>.

Make banks more accessible and responsive to the needs of vulnerable Canadians

Understanding poverty and its impacts on existing and potential customers can be a powerful way to help bank personnel enable people with low incomes to obtain financial services appropriate to their needs and avoid purchasing inappropriate products that pose unnecessary costs and risks. To this end, training for frontline personnel should promote understanding of the barriers people with low incomes often encounter when attempting to access mainstream financial services and ways frontline personnel can help to mitigate or eliminate these barriers altogether.

Particular attention should be given to ensuring staff are knowledgeable about products that are particularly valuable for specific groups (e.g. RESP and Canada Learning Bond for families with children, RDSP for people with disabilities and their families, TFSAs as savings vehicles for people with low incomes) and products that are inappropriate for certain groups (e.g. RRSPs for people with chronically low incomes for whom these will create unnecessary tax liabilities post-retirement).

People with low incomes who are newcomers, Indigenous, living with a disability or experiencing mental health may also face additional barriers when it comes to accessing mainstream financial services and, in some cases, require more time and effort to serve. For a bank to be accessible, however, it is important that these customers be treated with the same professionalism, respect and dignity as other customers and that they receive an equitable level of service that enables them to access the banking products and

services that meet their needs. Relevant cross-cultural and sensitivity training for staff can help to break down these barriers and ensure a quality experience for all customers. We therefore recommend that:

7. ***The government ensure that banks incorporate accessibility for vulnerable populations (e.g. people living on low incomes, people with disabilities, newcomers, Indigenous Peoples, people with mental health challenges) into their broader accessibility training for frontline personnel.***
8. ***The government expand Section 627.91(1)(a)(ii) of Bill C-29 which addresses public accountability statements of banks, to include reporting on measures taken by the bank and its prescribed affiliates to provide products and services to people with low incomes, as well as persons facing accessibility, linguistic or literacy challenges.*** This was a requirement under the prior legislative framework and we believe the ongoing challenge of financial inclusion for people with low incomes requires continued accountability on this issue.

Lack of adequate formal identification, and the cost to obtain such identification, is a major barrier to financial inclusion for many people with low incomes, including people who are homeless, people fleeing domestic violence, and young people. Too often, people with low incomes who do seek to open bank accounts are not advised of the option to have an eligible community member vouch for them and, even when community organizations actively intervene with banks to help their clients avail themselves of this option, they are often told by frontline bank personnel that there is no such option. Mandatory disclosure of this option, publicly displayed in plain language at branches and on each banks' website with a link to the relevant legislation/regulations online, will help to both inform bank personnel that this is a consumer right in Canada and empower people with low incomes and the organizations supporting them to avail themselves of this right. FCAC's Clear Language Guidelines are an excellent standard that can be referred to in relevant regulations. We therefore recommend that:

9. ***The government ensure that mandatory disclosure of information on the conditions to be met for the opening of a retail deposit account by a natural person under subsections 627.04(1), (3) and (4) of Bill C-29 be in plain language and include information on the option to submit: "any document from a reliable source that indicates the person's name and date of birth, if the person's identity is also confirmed by a customer in good standing with the member bank or by a natural person of good standing in the community where the point of service or branch is located."***

Ensuring that all mandatorily disclosed information is presented in a clear and standardized way strengthens cost disclosure practices of businesses and enables consumers to easily compare products across the marketplace. Research suggests that disclosure can have a positive impact on the financial choices of consumers¹⁶ and that financial product disclosures are most effective in aiding decision making when they are short and simple, standardized, clear about risks and benefits, meaningful, well-presented and tested.¹⁷ We therefore recommend that:

10. ***The government mandate the inclusion of a standardized Financial Facts Label¹⁸ on the front page of contracts and all advertising materials for federally-regulated financial products/services for which fees, commissions and/or interest are charged.*** Similar to the nutritional labels found on all food packages, a Financial Facts Label is a standardized box that displays financial information about a credit product, such as loan amount, annual interest rate, fees, payment amounts and total cost of borrowing.

Many people struggle with banking and financial terminology but people with language and literacy barriers face an even steeper challenge when it comes to making sense of financial and banking information. For mandatory disclosure of information to be effective as a means of informing and equipping consumers to make optimal financial choices, the information must be easily intelligible to everyone – even those with low literacy and English/French language skills. To this end, we encourage the government to seek guidance from established literacy organizations with experience serving newcomers and people with low incomes and literacy barriers to decide on an appropriate standard. Literacy, numeracy and language barriers also often deter people with low incomes and other vulnerable populations from accessing mainstream banking services. Clear and consistent product labelling and public display of required information in plain language are all important ways to make banks and bank products easier to navigate for consumers. We therefore recommend that:

11. ***The government establish an appropriate grade level standard for English and French language used in mandatory disclosure statements to ensure this information is as accessible as possible to all consumers, including those with low English/French language and literacy skills.***

Invest in community efforts to build financial inclusion and health of vulnerable Canadians

There is strong evidence from the United States, and emerging evidence in Canada, that well designed community financial empowerment supports tailored to the needs of vulnerable populations can help connect them to the financial mainstream and measurably improve key financial outcomes like income, saving and debt levels and credit scores. These services include:

- Independent financial information, education and advice
- Assistance with tax filing and accessing benefits (e.g. tax clinics to promote CCB take-up)
- Connecting people to safe and affordable financial products
- Helping people access saving and asset building opportunities (e.g. RESP, RDSP)
- Consumer education and protection.

Further investment is needed to develop, adapt and pilot effective interventions for diverse First Nations, Inuit and Métis communities (urban, rural, and remote) and other vulnerable populations (e.g. newcomers, people with disabilities, people with low incomes, youth at risk etc.). Work is also needed

on the best ways to integrate effective interventions into existing federal, provincial and municipal services targeted to vulnerable groups to achieve sustainable scale and reach for these services. We would therefore recommend that:

12. ***The federal government should expand the role and resources of the Financial Consumer Agency of Canada to include financial empowerment of low-income and other vulnerable people to make informed financial decisions by providing tools and skill building opportunities directly and through community service entities, and by promoting a more inclusive and fair financial marketplace.*** FCAC's U.S counterpart, the Consumer Financial Protection Bureau, plays this role extremely successfully in the United States and has helped to catalyse and develop significant community knowledge and capacity on effective interventions to build financial wellbeing among vulnerable groups. FCAC is already beginning to play this role through its financial literacy efforts, but lacks the formal mandate and resources to more actively champion and support complementary financial empowerment initiatives.

13. ***The federal government should empower and resource FCAC to work with other federal departments to identify and pursue opportunities to build proven financial empowerment approaches into existing federal strategies and programs where there is evidence that this can both improve the strategy/program's target outcomes and measurably improve the financial outcomes of the populations served.*** IRCC has already begun this process on its own by integrating financial literacy and supports into its Settlement Program and by funding initiatives to equip settlement service providers with the training and tools they need to deliver these services to newcomers. ESDC is also investing in a National Financial Empowerment Champions initiative through its Social Innovation Program, with a view to scaling financial empowerment supports in 5 communities across Canada. There are still many more opportunities, however, to integrate financial empowerment approaches to boost target outcomes including, but not limited to: Canada Student Loans; Canada's Homelessness Strategy; First Nations and Inuit health, welfare and housing programs; programs for urban indigenous communities; youth employment strategies and programs; programs and strategies targeted to people with disabilities; and Canada's forthcoming National Poverty Reduction Strategy.

4. Strengthen protection for consumers¹⁹

Canadians who are able to successfully access banking products, services and advice should be able to do so with the confidence that their bank is acting ethically, within the rules, and in their best interests at all times. Unfortunately, this may not always be the case.

This spring, CBC Radio ran a series of stories on frontline bank employees who reported being pressured to engage in unethical or prohibited behavior to meet sales targets in order to keep their jobs. Behaviours included inappropriately upselling customers, signing them up for products and investments

without disclosing required information, or neglecting to obtain their consent. The CBC stories were based on over 3,000 emails from current and former employees of BMO, CIBC, RBC, Scotiabank, and TD across Canada.

Banks responded by highlighting that these practices violated their policies and codes of conduct, were inconsistent with their findings from regular employee and customer satisfaction tracking, and that their performance management systems were geared to encourage employees to achieve sales goals *and* act in their customers' best interest. Banks invited anyone affected to submit their complaints for investigation and some launched internal reviews and employee consultations to assess the extent of the problem.

Is the behavior reported by the media that of a comparatively few "bad apples" in a banking system that employs hundreds of thousands of frontline employees or is it indicative of a more systemic problem? While Canada's banking system is globally acknowledged to be one of the most stable and well-regulated in the world with respect to prudential regulation, media stories have left Canadians wondering whether regulation of financial consumer protection is wanting.

In response, the Financial Consumer Agency of Canada announced that it has moved up a previously scheduled routine review of banking practices and that the review will now focus on the recently reported claims of inappropriate practices. We are encouraged that FCAC is responding with an in-depth review and look forward to the results when they are released publically at the end of this year.

Establish 'duty to act in the best interest of the consumer' as a core principle

These accounts highlight the importance of making it unequivocal and incumbent upon all banks and all bank employees to act in the best interest of their customers at all times. To this end, we would recommend that:

14. ***The government make the duty to act in the best interest of the customer at all times, to the best ability of the bank and its employees, a core principle of the Consumer Protection Framework in the Bank Act.***

Bring greater transparency to enforcement efforts

While FCAC and the government have responded promptly to media reports of wrongdoing by some bank employees, with a substantive review, consumer confidence could be further strengthened by making FCAC's complaints, investigative and enforcement processes more transparent. To this end, we would recommend that:

15. ***The government publish annual data on the number and type of financial consumer complaints received and their resolution.*** This will enable others interested in identifying and developing solutions to barriers to banking, to see which issues are trending and most challenging to resolve.
16. ***The government should publish the Terms of Reference for any industry reviews and provide a mechanism for interested organizations and individuals to submit relevant information and viewpoints for FCAC's consideration.*** A more open process that informs consumers of the issues FCAC is reviewing and invites unfiltered consumer input is more likely to give consumers confidence that the government is actively enforcing the rules and advancing their interests.

Curb high-cost alternative financial services

Making our banks more welcoming and inclusive, as well as more effective at serving the full diversity of Canadians, is an important means of building financial wellbeing for vulnerable Canadians who are currently outside the financial mainstream. We also need to do more, however, to protect consumers who currently rely on high cost, alternative, financial services. These include services offering cheque cashing, rent-to own arrangements, and loans at annual interest rates near, at, or even above the legal limit of 60% (e.g. payday loans, installment loans, pawn loans, title loans, and auto loans).^{20,21}

FCAC has been active in convening and fostering dialogue with provincial regulators on ways provincial consumer protection regulation can be further strengthened to increase consumer awareness of: harmful payday lending practices, lower cost options that may be available to them, and where they can seek help. This work, combined with provinces' own efforts, has led to significant provincial initiatives to tighten regulation of payday lending. There is still much room, however, for consistent enhancements across the country as well as similar efforts targeted to curbing the other excessive, high cost, lending services noted above. FCAC's own research on auto loan practices is an excellent start at investigating this issue, but similar work is needed on other forms of high cost alternative financial services, as well as dialogue with provinces on effective regulatory and consumer education responses. We therefore recommend that:

17. ***The federal government permanently expand the Financial Consumer Agency of Canada's mandate, within the scope of federal jurisdiction, and provide them with the necessary resources on an ongoing basis, to investigate, monitor and report on the nature, extent and impact of high-cost, alternative financial services across Canada; conduct research on effective regulatory and consumer education responses (including those used in other jurisdictions), and to regularly convene meetings with their provincial counterparts, as well as with consumer and community stakeholders, to exchange knowledge and experiences and build consensus on solutions that can be implemented by provincial regulators and integrated into federal and community consumer education efforts.*** As part of this effort, we would encourage the government and provincial counterparts to consider standardizing product/service labelling to make true costs to consumer

clear, provide information on less costly alternatives, let people know where they can find more information online and who they can call locally to obtain help with money problems (e.g. 211).

18. ***The federal government should review the current 60% annual interest rate threshold for criminal usury²² with a view to lowering it.*** This would reduce harm to consumers and help discourage the continued proliferation of alternative financial services that contribute to mounting and excessive household consumer debt loads, impose excessive costs on consumers who can least afford them, and generally undermine rather than build the financial wellbeing of Canadians.

5. Focus on building consumer financial health

Encourage banks to adopt a consumer financial health focus

In the United States, leading edge financial service providers, supported by the [Center for Financial Services Innovation](#) (CFSI), are responding to the disruptive force of new financial technologies, shifting customer demands and challenging economic realities by transforming the role that they play in consumers' lives. Adopting a [consumer financial health framework](#), they are exploring ways to measure and invest in building their customers' financial wellbeing, as a route to creating responsible and sustainable profits over time. This means defining success to include positive financial health outcomes for their customers, as well as positive outcomes for their businesses.

To this end, CFSI and its partners have developed a comprehensive set of [indicators](#) that banks can use to track their customers' financial health and inform the development of new strategies, products and services to build their financial wellbeing. If there is still truth in the adage that "what gets inspected, gets respected," then this approach merits a closer look by our own banks and regulators. We therefore recommend that:

19. ***As part of the Bank Act Review, the government consult with banks on the feasibility of adopting common consumer health metrics that all banks will measure and report on annually. The purpose of this would be to provide a clear, empirical, real time picture of how Canadians are doing with respect to their financial health, and to enable a stronger focus on consumer financial health when it comes to the development of each bank's products, services and business strategies. In considering what to measure and how, this process should draw on the work of CFSI outlined above.***

To the extent that fintech companies offer innovative new solutions that can help consumers better manage their money in the face of challenges like month-to-month income volatility, we support allowing banks to make referrals to fintech companies, subject to appropriate consumer consent, consumer protection, and prudential and commercial activities limitations.

We also welcome the government's plans to examine the merits and risks of open banking that will allow customers to share their data with other financial service providers, with the right privacy and security protections in place.

Invest in community programs that improve financial inclusion and health outcomes

Even as banks work to improve their inclusion of vulnerable Canadians and to more effectively meet their banking needs, it is not realistic to assume that banks alone will be able to provide the most vulnerable consumers with the information, assistance and advice they need to build their financial wellbeing.

Some of the services people require are not services banks provide (e.g. benefit screening, tax filing assistance, financial advocacy and problem-solving, credit repair, debt management, financial coaching). In other cases, banks lack the specialized knowledge about people with low incomes' life contexts and financial realities to fully assist these customers to choose the right products, solve their financial problems, and/or build their financial wellbeing.

For many vulnerable Canadians, community-based financial supports (e.g. financial education, problem-solving and coaching programs, tax clinics, credit counselling, help opening RESPs and RDSPs) can enable them to address their immediate needs, build their financial capability and confidence, and help them identify and pursue financial goals, including connecting them to mainstream banking services when they are ready.

There is growing evidence that these services help vulnerable groups to improve their financial stability and measurably improve key financial outcomes like income, saving and debt levels and credit scores. At present, however, these services are frequently not available in many communities. We therefore recommend that:

- 20. The government should invest in sustainable delivery of community financial empowerment supports needed to enable vulnerable Canadians to achieve full financial inclusion and to help advance other key federal policy objectives (e.g. building household financial stability and health, increasing uptake of RESP, increasing uptake of Canada Child Benefit, fostering successful integration of newcomers, etc.)***

6. Conclusion

The genius at the heart of Canada's banks and banking regime is that they are rooted in the premise that our banks are more than just businesses. They are semi-public institutions that are critical to the smooth functioning and health of our economy, provide essential services to Canadians, and are at their very

best when working in tandem with governments and civil society to understand and respond to national financial challenges and opportunities – in short, when they are nation builders.

This understanding and approach has set us apart on the world stage, causing Canada to be ranked first among 134 countries on the soundness of its banks by the World Economic Forum.²³ It has also served Canadians well when it has mattered most, enabling us to successfully weather the 2008 global financial crisis that inflicted prolonged economic hardship on so many other nations.

The world continues to evolve, however, and we must evolve with it if all Canadians are to prosper. Banks alone cannot eliminate barriers to financial inclusion, capability and opportunity for Canadians, but they are powerful institutional actors with infrastructure, expertise, data, tools, resources and the potential to make an even greater positive impact for Canadians.

Canadian households are struggling and now is the time for all of us to step up – not simply to enforce the rules, but to make our financial institutions the best in the world at actively supporting *all* citizens to build their financial wellbeing.

This is nation building in the 21st century. Let's start the conversation.

Notes

¹ José Quiñonez, Vivian Pacheco, and Eva Orbuch, *Just the financial facts, please! A Secret Survey of Financial Services in San Francisco's Mission District*. San Francisco: Mission Asset Fund, 2010.

http://policylinkcontent.s3.amazonaws.com/JustTheFinancialFactsPlease_MissionAssetFund_0.pdf

² Section 347 of the Criminal Code: <http://laws-lois.justice.gc.ca/eng/acts/C-46/page-77.html#h-99>

³ Q1 1982 household saving rate for Canada. Statistics Canada.

⁴ Rate for Q1 2017. Statistics Canada. *Economic indicators, by province and territory (monthly and quarterly) (Canada)*. <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/indi02a-eng.htm>

⁵ Rate for Q1 2017. Statistics Canada. *Table 2 Households and non-profit institutions serving household sector indicators – Market value, not seasonally adjusted*. <http://www.statcan.gc.ca/daily-quotidien/170614/t002a-eng.htm>

⁶ U.S. research shows that a staggering 41 percent of banked Americans experience monthly income changes of 30 percent or more and that 53 percent of this volatility is due to their jobs. Volatility affects some groups more than others – in this case, 70 percent of young adults and 74 percent of earners in the bottom income quintile. **See:** Farrell, D. and Greig, F. (2015) *Weathering Volatility: Big Data on the Ups and Downs of U.S. Individuals*. JPMorgan Chase Institute. In Canada, the PEPSO study in Southern Ontario found that about 44 percent of working adults are affected by job precarity, with many having trouble getting ahead or moving into better jobs. **See:** *The Precarity Penalty The impact of employment precarity on individuals, households and communities —and what to do about it*. Executive Summary. May 2015. McMaster University and United Way Toronto.

https://pepsouwt.files.wordpress.com/2015/05/precariety-penalty-summary_final-hires_trimmed.pdf

Nationally, 2014 Statistics Canada data indicate many Canadians are self-employed (15.3 percent), involuntarily employed part time (5.3 percent) or in a temporary job (11.3 percent). These numbers suggest that at least one third of working age Canadians may be affected by this problem. As in the U.S., young people and those with low incomes are most likely to be affected. **See:** Fleury, Dominique. "Precarious Employment in Canada: An Overview of the Situation." *HillNotes*, Jan 27, 2016. Library of Parliament, Ottawa.

<https://hillnotes.ca/2016/01/27/precariety-employment-in-canada-an-overview-of-the-situation/>

⁷TD Bank Group. *Pervasive and Profound: The Impact of Income Volatility on Canadians*. May 2017. <https://td-capa.s3.amazonaws.com/prod/default/0001/01/2ed95a1a680ea5b78ab53646f1f432f51405bc02.pdf>

⁸ Ibid.

⁹ Prosper Canada. *Health Check: Low-income Household Finances in Canada*, presentation to 2015 ABLE Financial Empowerment Conference, p. 23.

http://www.prospercanada.org/prospercanada/media/PDF/ABLE%202015%20Presentations/Plenary_Day1/Plenary_Health-Check-Liz-Mulholland.pdf

¹⁰ 2009 Canadian Survey of Financial Capability

¹¹ Bowles, Paul, Keely Dempsey, and Trevor Shaw. 2010. *Fringe Financial Institutions, the Unbanked and the Precariously Banked: Survey Results from Prince George, B.C.*

¹² J. Buckland and X.-Y. Dong. "Banking on the Margin in Canada," *Economic Development Quarterly*, **August 2008**, vol. 22 no. 3, p. 253.

¹³ These standards were subsequently updated in 2017-8.

¹⁴ See:

Aspen Institute, *Income Volatility: A Primer*

<http://static1.squarespace.com/static/56ba3fc540261d9363ecd2d1/t/57be0a80414fb54bce1ee80b/1472072324346/Income+Volatility+-+A+Primer+ percent28May percent29.pdf>

Aspen Institute, *Reading and resources on income volatility*

<http://www.aspenepic.org/whatwknow>

JP Morgan Chase Institute, *Paychecks, Paydays, and the Online Platform Economy: Big Data on Income Volatility*

<https://www.jpmorganchase.com/corporate/institute/report-paychecks-paydays-and-the-online-platform-economy.htm>

The Pew Charitable Trusts, *State of household balance sheets and financial security*

<http://www.pewtrusts.org/en/research-and-analysis/reports/2015/01/the-precarious-state-of-family-balance-sheets>

U.S. Financial Diaries – Observational research study examining the financial lives and behavior of 300+ families with low or modest incomes over one year. <http://www.usfinancialdiaries.org/>

Jonathan Morduch and Rachel Schneider. *Spikes and Dips: How Income Uncertainty Affects Households.* 2013. <http://www.usfinancialdiaries.org/issue1-spikes>

St. Louis Federal Reserve Center for Household Financial Stability
<https://www.stlouisfed.org/household-financial-stability>

- William R. Emmons and Bryan J. Noeth. ***The Nation's Wealth Recovery Since 2009 Conceals Vastly Different Balance-Sheet Realities among America's Families.*** 2013. <https://www.stlouisfed.org/publications/in-the-balance/issue3-2013>
- Ray Boshara. ***Policy Perspectives on Fostering Consumer Financial Health.*** Presentation at EMERGE Conference Center for Financial Services Innovation June 4, 2014
<https://www.stlouisfed.org/~media/Files/PDFs/HFS/assets/CFSI-remarks-Boshara-June2014.pdf>
- Ray Boshara. ***Thrivers and Strugglers: The Balance Sheets and Financial Health of U.S. Families*** Presentation to Assets Funders Network 2015 Grantmaker Meeting, Dallas.
<https://www.stlouisfed.org/~media/Files/PDFs/HFS/assets/Boshara-ANF-Dallas-2015.pdf>

¹⁵ See: JP Morgan Chase Institute. [*Weathering Volatility: Big Data on the Financial Ups and Downs of US Individuals*](#), May 2015.

¹⁶ A U.S. found that disclosing how payday loan fees add up over time, and what repayment looks like on average, resulted in less borrowing, and that communicating the cost of borrowing in terms of dollars, rather than through a percentage, resulted in a reduction in borrowing of 23%. See Marianne Bertrand and Adair Morse, "Information Disclosure, Cognitive Biases, and Payday Borrowing," Working Paper, (Chicago: Booth School of Business, University of Chicago, 2010), cited in Signe-Mary McKernan, Caroline Ratcliffe, and Daniel Kuehn, *Prohibitions, Price Caps, and Disclosures: A Look at State Policies and Alternative Financial Product Use*, (Washington D.C.: Urban Institute, 2010), 7, http://web.law.columbia.edu/sites/default/files/microsites/transactional-studies/files/9PDL_McKernan_Ratcliffe_and_Kuehn_2010_Prohibitions-Price-Caps-and-Disclosures.pdf

¹⁷ New Zealand, Ministry of Business, Innovation & Employment, *Financial Product Disclosure: Insights from Behavioural Economics*, report prepared by Kirsty Johnston, Christine Tether, and Ashley Tomlinson, Occasional Paper 15/01 (2015), iii-iv, <http://www.mbie.govt.nz/publications-research/publications/economic-development/2015-occasional-papers/Financial%20product%20disclosure%20insights%20from%20behavioural%20economics.pdf>.

¹⁸ José Quiñonez, Vivian Pacheco, and Eva Orbuch, *Just the financial facts, please! A Secret Survey of Financial Services in San Francisco's Mission District.* San Francisco: Mission Asset Fund, 2010.
http://policylinkcontent.s3.amazonaws.com/JustTheFinancialFactsPlease_MissionAssetFund_0.pdf

¹⁹ For more information and suggestions on how the government can further financially include and protect Canadians with low incomes, we encourage readers to consult our more extensive brief on this subject, [*Toward a Comprehensive and Inclusive Consumer Protection Framework for Canada*](#), submitted to Finance Canada, February 28th 2014 by the Canadian Literacy and Learning Network, St. Christopher House (now West Neighbourhood House), Momentum Calgary, SEED Winnipeg, and Social and Enterprise Development Innovations (now Prosper Canada).

²⁰ This is the threshold rate used to determine criminal usury in the Criminal Code, however, payday lenders are exempt from this limit in provinces that have regulations licencing and/or authorizing their services and allowing a higher rate.

²¹ Some services exceed the allowable limit through the use of other charges and fees that are not presented as interest, but effectively have the same impact.

²² Section 347 of the Criminal Code: <http://laws-lois.justice.gc.ca/eng/acts/C-46/page-77.html#h-99>

²³ World Economic Forum (2008) The Global Competitiveness Report, Table 8.07, p. 456, at <http://www.weforum.org/documents/GCR0809/index.html>, accessed May 11, 2010.

APPENDIX 1

ABLE Financial Empowerment Network signatories



ABC Life Literacy Canada envisions a Canada where everyone has the literacy skills they need to live a fully engaged life. ABC is a national, non-profit literacy organization that supports community learning centres and workplaces in delivering skills training. ABC has been active in the financial literacy sector for 6 years through our Money Matters program, with over 10,000 participants engaged, in every province and territory. www.abclifeliteracy.ca



ACORN (Association of Community Organizations for Reform Now) Canada is an independent national organization of low- and moderate-income families. We have over 102,000 members organized into twenty neighbourhood chapters in nine cities across Canada. We believe that social and economic justice can best be achieved with a national active membership who are invested in their organization and focused on building power for change! www.acorncanada.org



AFOA Canada was founded as a not-for-profit association in 1999 to help Aboriginal people better manage and govern their communities and organizations through a focus on enhancing finance and management practices and skills. AFOA Canada's premise is that one of the keys to successful self-determination, creating a better life for Canada's Aboriginal people and a better future for the next generation lies in improving the management skills of those responsible for the stewardship of Aboriginal resources.

After sixteen years in operation, AFOA Canada has become the centre for excellence and innovation in Aboriginal finance, management and leadership. It is the only organization in Canada that focuses on the capacity development and day-to-day needs of those Aboriginal professionals who are working in all areas of finance, management, band administration, leadership and program management. **"We are Building a Community of Professionals"** www.afoa.ca



The **Calgary Financial Empowerment Collaborative (FEC)** is a multi-sector collaborative working to provide Calgarians struggling to make ends meet with opportunities to reduce debt, grow savings, and build assets, and address the root causes of poverty through policy and systems change work. Calgary is the first Canadian city to implement a Financial Empowerment model of poverty reduction, and the FEC is working to advance the City's poverty reduction strategy, Enough for All. www.financialempowerment.ca



Causeway Work Centre transforms lives and fuels community economic development in the Ottawa region through an integrated network of innovative training and employment programs, one-on-one support, cross-sector partnerships, commercial and retail lending, and by creating socially minded businesses.

Causeway began in 1977 as an organization focused on assisting people with mental health issues find employment. Over the years, Causeway has expanded its activities and impact through an ongoing commitment to innovation. Through this commitment, Causeway has been able to support a broader spectrum of disadvantaged people, pilot new ventures that address community needs, and become a recognized leader in the area of social enterprise. www.causewayworkcentre.org



CFCS is a non-profit credit counselling agency based in Winnipeg that provides a variety of affordable and accessible financial counselling/financial literacy services and programs for individuals across the province of Manitoba for more than 40 years. CFCS advocates on behalf of its clients and the community on issues regarding financial services and is a Prosper Canada Financial Empowerment Champion. www.debthelpmanitoba.com



EBO Financial Education Centre is the most prominent non-profit community organization to offer unbiased financial literacy services in both official languages in Ottawa in partnership with the community, public and private sectors. Since 1979, our mission is to fight financial exploitation and consumer debt. www.centre-ebo.com



The **Financial Literacy Action Network of Ottawa (FLANO)** was created in 2012 to bring together a multitude of organizations and individuals from various sectors in the community involved in financial literacy, with the goal of raising awareness about the financial literacy needs and benefits among the most vulnerable members of the Ottawa's population. www.flano-ralfo.ca



The Immigrant and Refugee Community Organization of Manitoba Inc. (IRCOM) *strives to empower newcomer families to integrate into the wider community through affordable transitional housing, programs, and services.* Our Asset and Capacity Building Programs deliver Money Management Training; offer a Saving Circle and an Individual Development Account program, a Transportation Loan Repayment Program, and other workshops to help increase financial literacy. In 2016-2017 the IRCOM Access to Benefits program helped newcomers access close to \$1.9 million in their entitled benefits. www.ircom.ca

Jerry Buckland, Professor of International Development Studies at Menno Simons College. <http://www.mscollege.ca/about.php?s=faculty&id=515>

John Stapleton, Open Policy Ontario. <http://openpolicyontario.com/>

Gail Henderson, Assistant professor at Queen's University Faculty of Law. <http://law.queensu.ca/faculty-research/faculty-directory/gail-henderson>



Ma Mawi Wi Chi Itata Centre is a strength and value-based family resource centre delivering community-based programs and services within the philosophy embodied in our name. Ma Mawi Wi Chi Itata Centre believes in accountability, transparency and effective use of resources. Today, through initiatives aimed directly at supporting families, Ma Mawi Wi Chi Itata Centre delivers community based programs and services within the philosophy that is embodied in our name. For us, this means working together with our families, our partners, funders and governments to create community based solutions that build local capacity for self-care. www.mamawi.com



Momentum is a change-making organization that combines social and economic strategies to reduce poverty. We use a holistic approach that covers everything from financial literacy, entrepreneurship and skills training, to developing communication skills, and building self-confidence. At Momentum, everything we do is grounded in a community economic development model, which means we work with individuals, businesses and systems to build a more inclusive local economy. www.momentum.org



Plan Institute is a national non-profit social enterprise that works to improve the lives of people with disabilities and their families through policy reform, community-based projects and education. We partner with other like-minded organizations to develop innovative projects; we offer a suite of educational initiatives designed for individuals, families and organizations; and we provide collaborative leadership by convening a diverse group of stakeholders to encourage public policy reform for systems transformation. www.planinstitute.ca



Prosper Canada is a national charity dedicated to expanding economic opportunity for Canadians living in poverty through program and policy innovation. As Canada's leading national champion of financial empowerment, we work with governments, businesses, and community groups to develop and promote financial policies, programs and resources that transform lives and foster the prosperity of all Canadians. www.prospercanada.org



Supporting Employment and Economic Development (SEED) Winnipeg Inc. is a community economic development organization established to reduce poverty in Winnipeg. SEED Winnipeg is dedicated to building strong communities and increasing opportunities for people through financial empowerment programs and services. www.seedwinnipeg.ca



Society for Manitobans with Disabilities is working to achieve a community that supports the independence, participation and empowerment of persons of all abilities. SMD is located in Winnipeg and throughout Manitoba in six regional offices that provide services and support to people with disabilities. www.smd.mb.ca



Stella's Circle is a leading non-profit community organization in St. John's, Newfoundland & Labrador. The mission of Stella's Circle is to transform lives by offering Real Homes, Real Help, and Real Work. We provide various housing, counselling, and employment programs to people who face many barriers to fully participating in their community. These barriers can include mental health issues, addictions, homelessness, poverty, criminal justice involvement, low literacy, and unemployment. www.StellasCircle.ca



West Neighbourhood House, formerly St. Christopher House, is a multi-service neighbourhood centre in Toronto providing direct services with a community development approach. The mission is to enable less-advantaged individuals and groups to gain greater control over their lives and their community. The range of low-income people served by the House includes families with children, people with disabilities, immigrants and refugees, seniors, and people with mental health issues and/or addictions. www.westnh.org



4 Pillars Consulting Group has supervised the successful restructuring of millions of dollars of debt held by over 20,000 clients across Canada since 2002. On average our clients have been able to eliminate 80 percent of their debt. We structure the lowest possible settlements for debtors, helping them show restitution to creditors and prevent claims of bankruptcy. By incorporating financial literacy learning into our programs we have achieved a 97% success rate. www.4pillars.ca