



Financial Consumer
Agency of Canada

Agence de la consommation
en matière financière du Canada



MAKE CHANGE THAT COUNTS:

National Financial
Literacy Strategy
2021 - 2026





Information contained in this publication or product may be reproduced, in part or in whole, and by any means, for personal or public non-commercial purposes without charge or further permission, unless otherwise specified. Commercial reproduction and distribution are prohibited except with written permission from the Financial Consumer Agency of Canada.

For more information, contact:

Financial Consumer Agency of Canada
427 Laurier Ave. West
Ottawa ON K1R 1B9

www.canada.ca/en/financial-consumer-agency

Cat. No. FC5-71/2021E-PDF (Electronic PDF, English)

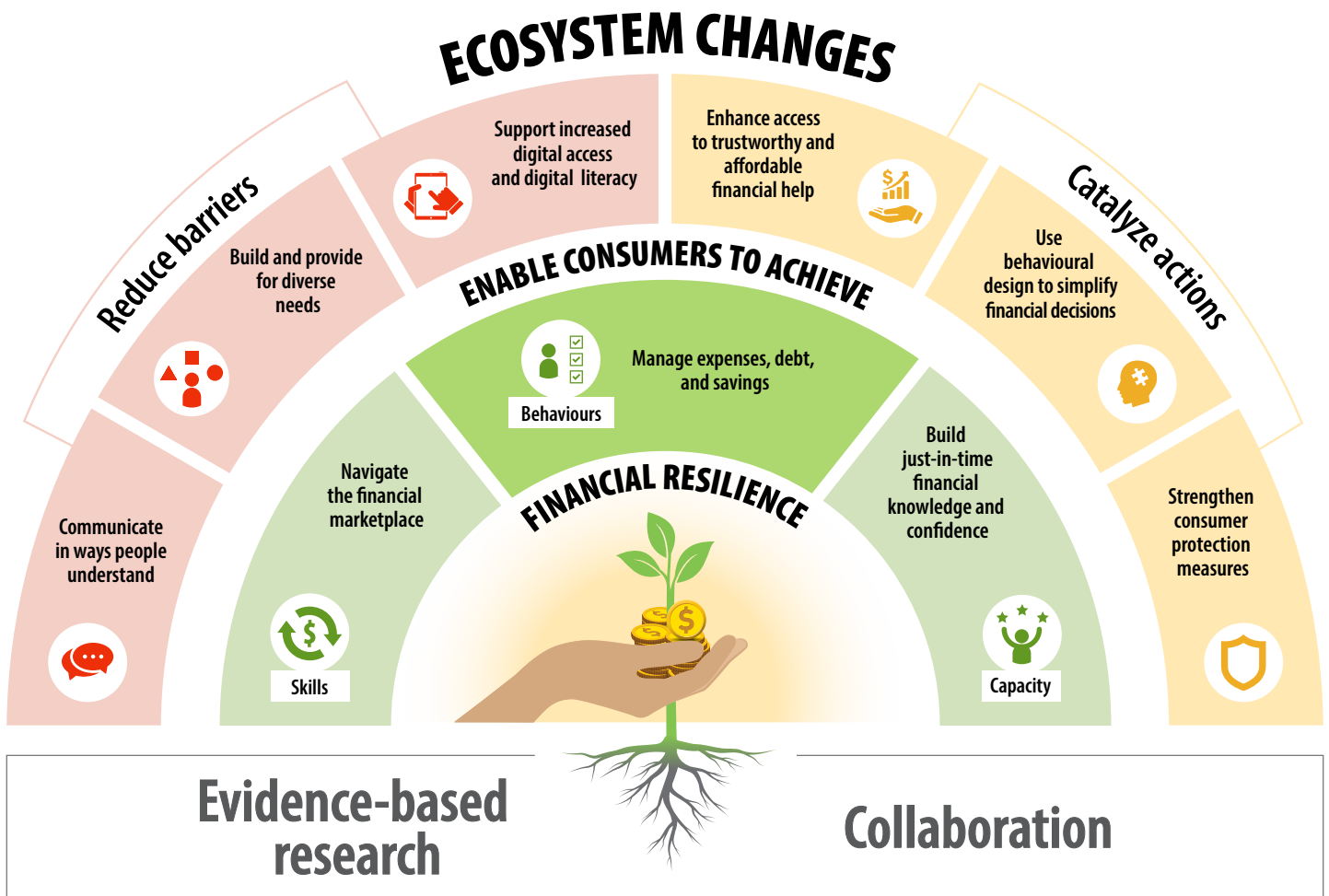
ISBN 978-0-660-39790-0

©Her Majesty the Queen in Right of Canada, as represented by the Minister of Finance Canada, August 2021.

Aussi disponible en français sous le titre :

Faisons des changements qui comptent : Stratégie nationale pour la littératie financière 2021-2026

The Strategy at a Glance



A 5-year plan to create a more **accessible, inclusive, and effective** financial literacy ecosystem for all Canadians.

Vision

A Canada where everyone can build financial resilience in an increasingly digital world.

Table of Contents

Executive Summary	5
I. Message from the Commissioner and the Deputy Commissioner	7
II. Does Canada Still Need a Financial Literacy Strategy?	10
III. Defining Financial Resilience	13
IV. National Financial Literacy Strategy 2021-2026	13
A. Reducing Barriers	17
Ecosystem Priority 1: Communicate in Ways People Understand	17
Ecosystem Priority 2: Build and Provide for Diverse Needs	19
Ecosystem Priority 3: Support Increased Digital Access and Digital Literacy.....	22
B. Catalyzing Action	24
Ecosystem Priority 4: Enhance Access to Trustworthy and Affordable Financial Help.....	24
Ecosystem Priority 5: Use Behavioural Design to Simplify Financial Decisions	27
Ecosystem Priority 6: Strengthen Consumer Protection Measures	31
V. 5 Key Consumer Building Blocks	33
Skills: Navigating the Financial Marketplace.....	34
Capacity: Build Just-In-Time Financial Knowledge and Confidence	34
Behaviour: Manage Expenses.....	35
Behaviour: Manage Debt	35
Behaviour: Manage Savings.....	36
VI. What's Next? Measuring Progress.....	37
VII. REFERENCES	38

Executive Summary

The **National Financial Literacy Strategy 2021-2026** sets out a bold vision: A Canada where everyone can build financial resilience in an increasingly digital world.

Where individuals and families are able to respond and adapt well to life's financial changes, uncertainties, and vulnerabilities. Where all Canadians benefit from an accessible, inclusive, and effective financial ecosystem.

What is the National Strategy?

The Financial Consumer Agency of Canada's (FCAC's) mandate is to protect Canadian financial consumers and strengthen financial literacy. The National Financial Literacy Strategy ("National Strategy") is an important contributor to achieving our mandate.

The National Strategy is a 5-year plan to create a more accessible, inclusive, and effective financial ecosystem that supports diverse Canadians in meaningful ways. The National Strategy is focused on how financial literacy stakeholders can reduce barriers, catalyze action, and work together, so that we can collectively help Canadians build financial resilience.

Why is This Important?

Now is a time of great change. Canadians face an increasingly complex and digital financial marketplace. The global pandemic has magnified economic challenges and disparities for many people. This historic event has also exposed the fact that financial vulnerability can affect anyone—regardless of income, background, or education.

With this as context, the goal of the National Strategy is to help Canadians build financial resilience, so that they can confidently navigate financial decisions in challenging times and a digital economy.

Financial resilience is the ability to adapt or persevere through both predictable and unpredictable financial choices, difficulties, and shocks in life. The ability to build financial resilience does not lie in the hands of the consumer alone, but is rather a function of both individual actions and systemic facilitation.

Just as Canada's financial sector has been proven to be financially resilient, so too do Canadian consumers need to be financially resilient. A healthy and prosperous economy depends on both our institutions and our people.

How Will We Achieve This?

To build financial resilience, Canadians need a financial ecosystem that works for them. Improving the financial resilience of Canadians is a shared responsibility and all stakeholders have a role to play. The National Strategy provides a roadmap to guide stakeholders in supporting this ambition and help focus our combined efforts. The National Strategy highlights the following:

- **Improving the Financial Ecosystem for Consumers.** There are 6 priority areas identified in the National Strategy which will reduce barriers and catalyze action to enable consumers to build the skills, capacity, and behaviours that will lead to greater financial resilience.
 - **Reducing Barriers.** The National Strategy lays out a framework through which stakeholders can reduce barriers in the ecosystem that limit or hinder people from accessing, understanding, and using appropriate financial products, services, and information to their benefit. It identifies 3 ways in which we can reduce barriers for financial consumers:
 - Priority 1: Communicate in ways people understand
 - Priority 2: Build and provide for diverse needs
 - Priority 3: Support increased digital access and digital literacy

-
- **Catalyzing Action.** The National Strategy lays out a framework through which stakeholders can enhance the ability of Canadians to take positive financial actions, and to address biases and misunderstandings about how best to assist people with financial challenges. It identifies 3 ways in which we can catalyze action for financial consumers:
 - Priority 4: Enhance access to trustworthy and affordable financial help
 - Priority 5: Use behavioural design to simplify financial decisions
 - Priority 6: Strengthen consumer protection measures
 - **Improving Canadians’ Skills, Capacity, and Behaviours.** In addition to ecosystem improvements, the National Strategy highlights 5 key consumer building blocks where stakeholders can work with Canadians to improve their financial resilience.
 - The following key consumer building blocks for managing money have been proven to help consumers develop the skills, capacity, and behaviours that lead to financial resilience, and are relevant for everyone in society, regardless of income, personal context, or circumstances:
 1. Skills to navigate the financial marketplace
 2. Just-in-time knowledge and confidence
 3. Managing expenses
 4. Managing debt
 5. Managing savings

Foundation: The Importance of Research and Collaboration

The foundation of the National Strategy is an evidence-based approach grounded in sound research. Using this approach will help stakeholders advance the strategy in measurable, outcome-driven ways, and help consumers build the skills, capacity, and behaviours that will lead to financial resilience.

The National Strategy also emphasizes collaboration between all ecosystem stakeholders. In order to achieve results, there is a great need for partnerships and cooperation, as well as increased investment in initiatives that work.

Our Next Steps

We will continue our engagement with stakeholders to identify specific initiatives and programs that will advance the goals of the National Strategy. In the coming months, we will define and publish progress measures for each of the ecosystem priority target outcomes and consumer building blocks in the strategy.

We will also report periodically on how we are doing against these measures and whether adjustments to the National Strategy are recommended.

Let’s make change that counts.

I. Message from the Commissioner



"The renewal of the National Strategy marks an exciting time for everyone involved in strengthening Canadians' financial literacy. We, at FCAC, are proud to be a leader in financial literacy and the National Financial Literacy Strategy is a bold step forward. FCAC looks forward to collaborating with organizations and individuals across the country as we work to reduce barriers and catalyze action to help Canadians build financial resilience. Together, we will make change that counts."

After many months of consultation with stakeholders, researchers, and individual Canadians, I am delighted to share with you, on behalf of the Financial Consumer Agency of Canada (FCAC), and all of our contributors, the renewed National Financial Literacy Strategy 2021-2026.

The renewed National Strategy is significant for a number of reasons. First, strengthening the financial literacy of Canadians is essential for us to fulfill our mandate of protecting financial consumers. Second, since the first strategy was released more than 5 years ago, it is useful to step back and review progress, gather new insights, and consider the current environment in which Canadians find themselves.

By doing so, we can be confident that our collective work remains relevant and impactful. It also enables us to connect anew with all of the stakeholders who have been tirelessly immersed in the longer-term goal of strengthening Canadians' financial literacy. FCAC applauds your ongoing work, whether through community organizations, the financial services industry, the non-profit or public sector, or academia.

Our renewed National Strategy builds upon the solid foundation set by the first strategy and the meaningful results that have been achieved. We have witnessed the efforts of organizations and individuals across the country who, through collaboration, passion, and creativity, have brought us to this point. We have learned from these experiences and have welcomed the advice that we heard through our consultations. The renewed National Strategy is stronger for it.

The renewed National Strategy reflects a vision of a Canada where everyone can build financial resilience in an increasingly digital world. It is intentionally ambitious and aspirational, and it challenges all participants in the financial literacy ecosystem, including our own Agency, to produce better outcomes for consumers.

Though there is much more work to do, this is an exciting time for everyone engaged in the challenge. We, at FCAC, are proud to be a leader in financial literacy and we are committed to working with the stakeholder community to tackle the new set of priorities outlined in our National Financial Literacy Strategy 2021-2026. Let's make change that counts.

Judith Robertson
Commissioner

Message from the Deputy Commissioner



"This strategy is about making it [financial decisions] a little less overwhelming for financial consumers in Canada. We need to help consumers take individual action, and we need an ecosystem that enables them to surmount adversity and build resilience."

People make many thousands of decisions every day, of which over 200 decisions are about food alone¹. The vast majority of these are unconscious decisions. One of the reasons they are unconscious is that our brains simply don't have the metabolic capacity (energy) to process everything we see, hear, or learn.

So, evolution has come up with heuristics, or rules of thumb, that can help us make many of these decisions easily without 'thinking' too much (that is, unconsciously). This can be very helpful. For example, as I play catch with my daughter, I seldom think about the trajectory of the ball or calculate the angle of its path. Instead, I unconsciously 'guesstimate' where it's going to land and try to put myself in its path to the ground. Most of the time, this works really well. But guesstimating how much of my salary I need to put aside for my mortgage each month likely wouldn't work as well.

This is because financial decisions commonly need a lot more conscious thought and precision. They're often complex, affect more than just oneself (not paying that mortgage would impact my family), and emotional (the stock market is testament to how the very human emotions of investors impact the successes and failures of entire corporations). Add to these, societal constructs about money and success, attributions of fault for financial decisions that unwittingly lead to poor outcomes, and the dizzying array of products, services, and messages that are directed at people about how, when, why and what decisions they should make about their money. No wonder it all seems overwhelming!

A New Direction for the National Financial Literacy Strategy

This strategy is about making it a little less overwhelming for financial consumers in Canada. To learn about what this strategy needs to do, we looked to learnings from evidence-based research on what helps consumers make good financial decisions, and we engaged in consultations with financial literacy stakeholders across the country. Stakeholders were unerringly of the view that in order to be effective, the financial ecosystem in Canada needs to work better for and with the people of Canada. The diversity of our financial products and services needs to match the diversity of our people. It needs to help resolve the vulnerabilities that people experience, not ignore or exploit them – vulnerabilities that the COVID-19 pandemic has only served to expose and underscore, such as the lack of financial resilience, or the resources to weather an expected storm.

Recognizing the Cognitive Tax of Scarcity

The lack of resources in particular is an important consideration for the programs that stem from this strategy. Research has shown that scarcity of resources (for example, money or time) imposes a 'cognitive tax' on people. The same people make poorer cognitive decisions when they have fewer resources, that is, are themselves feeling 'poorer'², and better ones when they have more resources, that is, are feeling 'richer'. As we recover from the economic fallouts of the pandemic in the coming years, we need to remember that many people are resource poorer, and more uncertain about the future, than they were before the pandemic. To counter the burden of the cognitive tax people are dealing with, we need to pay extra attention to make sure our programs are not just good. Our programs need to be good enough to actively make it easier for people to make decisions that will lead them to good outcomes. For example, automatic deductions from both my partner's and my bank accounts on our respective paydays to a joint 'mortgage' account is an easy way for my family to ensure we don't have to do mathematical calculations to ensure our mortgage is paid on time.

Financial Resilience is Our Goal

The ultimate goal of our National Strategy is financial resilience. Resilience is a word more commonly associated with mental and emotional fortitude – the ability to surmount rather than succumb to the challenges that life throws our way. Researchers who study resilience examine the contribution of two principal factors to resilience. Individual characteristics, choices and actions, and external, environmental factors that either enable the individual or act as barriers on their road to resilience. The path to financial resilience is no different. We need to help consumers take individual action, and we need an ecosystem that enables consumers' ability to surmount shocks and adversity and build resilience.

1 Wansink, B., & Sobal, J. (2007). [Mindless Eating: The 200 Daily Food Decisions We Overlook](#). *Environment and Behavior*, 39(1), 106–123.

2 SCARCITY The New Science of Having Less and How It Defines Our Lives; Sendhil Mullainathan; Eldar Shafir; Picador 11/04/2014 ISBN: 9781250056115

This is an ambitious undertaking. But as the great poet and activist Maya Angelou once said, “Nothing will work unless you do.” And the commitment, passion, and resilience of the 90 organizations representing financial consumers from coast to coast to coast that we met during our consultations, and the many who contributed to the National Strategy in other ways, have me convinced that together, we CAN make change that counts.

Dr. Supriya Syal
Deputy Commissioner, Research, Policy, and Education

II. Does Canada Still Need a Financial Literacy Strategy?

The launch of this 5-year strategy comes at a time when COVID-19 has amplified the challenges faced by many Canadians, especially those with financial vulnerabilities. Many Canadians are facing the greatest financial challenges of their lives and are seeking help to make good financial decisions. Our recent consultations made the case loud and clear: Canada still needs a financial literacy strategy.

The Success of the First National Strategy (2015-2020)

Launched in 2015, the first [National Strategy for Financial Literacy](#) marked a milestone in our efforts to create a country where financial knowledge, skills, and confidence are strengthened, valued, and supported. It sparked positive changes for many Canadians and their communities.

The inaugural strategy inspired many successful initiatives that enabled Canadians to acquire or sharpen their money skills and behaviours. Today, financial education is integrated in schools from coast to coast to coast, reaching many grade levels. It is embraced in more workplaces, communities, and homes. Canadians have at their fingertips a growing number of tools, resources, and supports to boost their money skills and financial literacy.

This progress is in no small part due to tremendous collaboration across the country. The first National Strategy spurred a greater spirit of partnership and cooperation among organizations, researchers, sectors, and practitioners, helping to connect a previously fragmented financial literacy community passionate about supporting Canadians in making sound financial decisions. As outlined in our 2019 [Progress Report](#), there are many examples of effective partnership and information sharing, the development of tailored programs for many Canadians, and considerable community engagement. A striking example of cross-sector collaboration are the 18 [financial literacy networks](#)—from New Brunswick’s Financial Education Network (FEN) to Aspire Calgary to the Yukon Literacy Coalition and beyond—representing more than 600 organizations across Canada, all working to advance the cause.

Our Collective Work Is More Important Than Ever

These are meaningful achievements that have propelled Canada’s financial literacy movement forward since 2015. But our journey is by no means done.

It is critical that we continue, expand, and innovate in our efforts to help people understand and manage their finances. We must build on what we have learned so far, because financial literacy has taken on increased importance in an ever more complex financial world, and because Canadians face new challenges in their financial lives.

Canadians Under Pressure: Managing Money in Today’s World

The Pandemic Has Intensified Financial Stress and Challenges

For many people, money management is confusing, frustrating, and overwhelming. In fact, finances continue to be the greatest source of stress for Canadians—significantly more than work, personal health or relationships.³

The global pandemic has intensified financial challenges for many people, and revealed a concerning lack of financial resilience. This historic event has exposed the fact that financial vulnerability can affect anyone—no matter their income, level of education, or where they live. Although emergency government supports helped impacted households manage on a temporary basis, many Canadians are now trying to plan for an uncertain future, including financial, career, and lifestyle changes to help them rebound or rebuild their lives.

“This Isn’t Easy”: Canadians Face a Marketplace Maze

On top of their personal financial realities, Canadians face a difficult landscape. The marketplace for financial products, services, and advice is complex, constantly changing, and increasingly digital. There is a wide range of product choices, as well as a huge amount of information and advice through money experts, apps, and websites.

³ FCAC, Review of Financial Literacy Research in Canada, November 2020.

The result? It's tougher than ever to navigate the financial marketplace, know who to trust for help, and how to make good decisions. And for many people, especially those most in need of financial knowhow, the maze is simply too overwhelming to navigate.

How Financial Literacy Can Help

Financial literacy is a critical life skill. It is a key contributor to financial resilience, and its value is recognized world-wide. Low levels of financial literacy can increase the likelihood that someone is, or will become, financially vulnerable. Increasing financial literacy decreases the risk of vulnerability and increases the likelihood of financial resilience. The Government of Canada, along with financial literacy stakeholders across the country, have long realized the need to help Canadians strengthen their financial literacy and plan for their future. When people feel more in control of their finances, the benefits are immediate.

What Is Financial Literacy?

There is some confusion about what is included in 'financial literacy'. Different organizations across the world have used different definitions. As framed for the purpose of our National Strategy, financial literacy includes not only the skills and capacity to make informed financial decisions, but also actions or behaviours that lead to positive financial outcomes. Importantly, this means that a financial literacy effort is only successful if it leads consumers to achieve outcomes that are appropriate for their needs. The measure of success is the outcome (for example, lesser or manageable debt, and greater financial resilience). The purpose of financial literacy education is to increase people's ability to achieve those outcomes.

While financial education is a crucial contributor to successful outcomes, consumers also need a financial ecosystem that works to facilitate those outcomes. This National Strategy provides a framework for how the financial literacy ecosystem can evolve to help consumers on this journey.

“Financial Literacy+”: Beyond Education

Overall, the lessons we've learned show that to be successful, financial literacy interventions need to be easy to understand, relevant to people's goals and context, and delivered at the right time through tailored and tested approaches. And they need to be grounded in evidence to make a real difference in creating sustainable changes in behaviours and actions.

During our consultations, many stakeholders were concerned about the prevalence of misguided assumptions regarding the drivers of successful financial behaviours. We heard this—and we agree. It's essential that all of us in the stakeholder community recognize and understand the complexities and nuances of financial behaviour.

First, behavioural research tells us that knowledge is insufficient as a driver of success. Many forms of information compete for consumers' limited attention. Consumers cannot be reasonably expected to correctly identify the key information they need among the millions of messages they are bombarded with through education, marketing, advertising, and so on.

Second, no matter how well we educate them, we cannot expect consumers to be experts at everything, neither can knowledge alone overcome all barriers.

Third, financial decisions are complex and emotional, and need to be made in the context of many competing life decisions, and in a financial marketplace that is changing rapidly.

We need to understand how people make decisions and then use that understanding to help them make the right decisions. We need to make sure the financial literacy ecosystem is designed to help people at the right time and place. And we need to provide the right supports and catalysts to drive the best financial decisions for consumers. Financial education complemented by behavioural design, and supported by the reduction of barriers and the addition of catalysts to the financial ecosystem, are important parts of a holistic approach to helping Canadians build financial resilience.

A Canada-Wide Solution: Why a National Strategy Matters

The financial literacy ecosystem (see visual below) is filled with many players, spread across the country, that play a role in the financial lives of Canadians. That is why advancing financial literacy and ultimately, better financial outcomes, is a shared responsibility—one that requires a Canada-wide solution.

It is essential that we work together and maximize our resources to improve the ecosystem, so we can help Canadians build financial resilience as they face a complex and increasingly digital landscape.

Through a nationally coordinated approach, we can:

- rally and focus the efforts of different stakeholders toward a common vision, priorities, and target outcomes
- harness this ecosystem to reach and engage more Canadians in consistent, targeted, and effective ways
- spark new partnerships, projects, and opportunities, while reducing duplication of efforts across sectors
- increase knowledge-sharing and gain valuable insights, so we continue doing what works well and stop doing what doesn't work

Financial Literacy Ecosystem

Stakeholders who can help create a more **accessible, inclusive, and effective** financial ecosystem for Canadians



Examples of stakeholder groups in the ecosystem



Community groups

- Financial literacy networks
- Nongovernmental and community organizations
- Advocacy/consumer organizations



Financial services industry

- Banks, credit unions, fintechs, insurance companies, etc.
- Financial advisors
- Credit and debt counselling service providers
- Licensed insolvency trustees
- Industry and professional associations
- Payment card network operators
- Credit bureaus



Governments and regulators

- Financial Consumer Agency of Canada
- Governments – federal, provincial/territorial, and municipal
- Indigenous governments
- Federal and provincial/territorial regulators
- Self-regulatory organizations



Other key players

- Research, academia, and educators
- Indigenous organizations and communities
- Employers/workplaces
- Financial influencers and opinion leaders

III. Defining Financial Resilience

Financial Resilience

Financial resilience is the ability to adapt or persevere through both predictable and unpredictable financial choices, difficulties, and shocks in life. Just as psychological resilience allows people to recover and get past negative life events, financial resilience allows people to recover and get past negative financial events.

The ability to build financial resilience depends on the individual as well as the environment or ecosystem they operate in. It is achieved when an individual or group is able to access appropriate resources, and use their skills, knowledge, and confidence to make appropriate financial decisions even in times of financial challenge.

Building financial resilience allows individuals to come back from financial adversity and/or take advantage of opportunities to build a better financial future.

How Should We Approach Financial Resilience?

Financial resilience is changeable across time and improvements rely on many factors, such as:

1. A person's access to appropriate resources. These can include financial resources (savings, assets, and income), as well as support from government (benefits), social resources (family, friends, community), help from non-profits and community organizations, and other professional resources (employer programs).
2. A person's financial literacy. These can include personal financial management skills and habits (planning and budgeting), knowledge, confidence, and ability to use these to make financial decisions that will lead to positive outcomes.

Importantly, financial resilience depends to a great extent on the financial ecosystem within which the consumer operates. The ability to build financial resilience does not lie in the hands of the individual alone but is rather a function of both individual actions and systemic facilitation. Access to resources is not equal and disparities abound. Some of the questions we in the ecosystem need to ask ourselves are:

- How easy is it for a person to understand financial information?
- How easy is it for them to access affordable and trustworthy financial help?
- Are products and services designed to be inclusive and accessible?
- How are consumer choices structured – do they encourage decisions that can lead to positive financial outcomes?

National Financial Literacy Strategy – Sidebar 1

IV. National Financial Literacy Strategy 2021-2026

This National Strategy sets out a framework for FCAC and every stakeholder to create a more accessible, inclusive, and effective ecosystem that supports diverse Canadians in meaningful ways. We highlight ways that stakeholders can reduce barriers, catalyze action, and work together, so that we can collectively support Canadians in the pursuit of financial resilience.

How We Listened and Used Evidence to Shape the New Strategy

The inaugural National Strategy (2015-2020) was an important first step in our collective efforts—but it was only the beginning of our journey. We must build on that foundation by making our efforts more targeted, more nuanced, and more effective so all Canadians have an opportunity to succeed.

To inform this next phase, we consulted with financial literacy stakeholders across Canada, researchers in Canada and abroad, and individual Canadians. We also drew insights from in-house and external research, and our own experiences over the past 5 years. All our evidence shows that many Canadians continue to face barriers. And where barriers don't exist, some people need a guiding nudge or the right incentives to help them take positive financial actions. For more details, a summary of our learnings is provided in the report, [What We Heard: Shaping a new national strategy for financial literacy](#).

This process helped evolve our thinking about how this next phase of our collective efforts can best serve Canadians' needs in our new realities that are increasingly shaped by digital commerce.

This Strategy Is About Improving the Ecosystem

This National Strategy is about harnessing the ecosystem for more and better impact. The focus has shifted from individual habits toward addressing the systemic and structural barriers that prevent or limit many Canadians from achieving better financial outcomes.

The National Strategy encourages all stakeholders to help make changes to the ecosystem, to ensure it is accessible, inclusive, and effective for all Canadians, especially people most in need due to barriers or personal circumstance. Together, we need to ensure Canadians are well supported and empowered to engage in activities that help them build financial resilience. The more successful the National Strategy is at influencing this wider system, the more we can produce positive change for individuals and families.

The Vision

A Canada where everyone can build financial resilience in an increasingly digital world.

The Strategic Themes and Priorities

To help focus our combined efforts in pursuit of this vision, we have established 2 overarching themes and 6 priority areas for action. These are summarized below and discussed further in *Harnessing the Ecosystem: Priorities/In Focus: Ecosystem Priorities for Action*.

Theme 1: Reduce Barriers

Objective: Reduce barriers in the ecosystem that limit or hinder people from accessing, understanding, and using appropriate financial products, services, and education to their benefit.

Priority 1: Communicate in ways people understand

Priority 2: Build and provide for diverse needs

Priority 3: Support increased digital access and digital literacy

Theme 2: Catalyze Actions

Objective: Catalyze actions to help build financial resilience by creating new and more opportunities for Canadians to take positive financial actions, and addressing biases and misunderstandings about how best to assist people with financial challenges.

Priority 4: Enhance access to trustworthy and affordable financial help

Priority 5: Use behavioural design to simplify financial decisions

Priority 6: Strengthen consumer protection measures

The Foundation: An Evidence-Based and Collaborative Approach

The foundation of the National Financial Literacy Strategy is an evidence-based approach grounded in sound research. Using this approach will help ecosystem stakeholders advance the 6 priorities in measurable, outcome-driven ways, and help consumers build the skills, capacity, and behaviours that will lead to financial resilience. The National Strategy also emphasizes that collaboration between all ecosystem stakeholders is essential to improving the financial resilience of Canadians.

Evidence-Based Research

Research that looks at the efficacy of financial literacy interventions, as measured by positive financial outcomes, is relatively new. In the past few years, a growing body of high-quality research has found new insights that are informing the work of FCAC and others. This body of evidence indicates that traditional ways of thinking about personal finance education need to be adjusted to be more effective. In order to achieve better financial outcomes, we need to acknowledge and use research which shows that the impacts of education alone are limited.

To achieve better financial outcomes, we need to be realistic about the impact that education alone can have and take contextual influences on consumer behaviour into account when designing materials, resources, tools, products, or services for consumers.

For example, interventions that take contextual influences on behaviour into account have been proven to be more effective than education alone in increasing the uptake of government benefits, the likelihood of filing taxes on time, and saving for retirement. Equally important, we need to shift our focus to measuring and scaling what works and stop doing what doesn't work.

The priorities identified in the National Strategy reflect our current best thinking on the changes that the Canadian financial literacy ecosystem can make to create meaningful positive impact for financial consumers. As the National Strategy is implemented, FCAC will continue its research to assess the effectiveness of the 6 priorities in improving consumer financial outcomes, and ultimately helping build consumer financial resilience.

Specifically, research should aim to:

- identify and understand gaps, needs, contexts, and behavioural outcomes
- user-test and evaluate effectiveness of interventions across different audiences
- iteratively improve consumer experience and outcomes

Evidence-based research on actual consumer outcomes can lead to tangible improvements in the design and delivery of financial literacy interventions that will increase the financial resilience of Canadians. To optimize its value, research must inform action. Research findings should be made freely and transparently available to practitioners, program developers, and policymakers so that researchers and all stakeholders can learn from one another. FCAC will make its own data and research freely available and will direct stakeholders to other data and research that can inform their efforts. We encourage all ecosystem stakeholders to do the same.

Evidence produced by sound research can lead to improvements in existing interventions or to the creation of entirely different interventions. To the extent feasible, each new or changed intervention should be subjected to rigorous testing, and the results of that research used to iteratively improve stakeholder efforts to advance the National Strategy's 6 priorities. As needed over the course of the 5 years of the National Strategy, FCAC will adjust the priorities, in consultation with stakeholders, to reflect our collective experience and research findings.

Collaboration

The first National Strategy sparked incredible collaboration across the country. Through its implementation, the stakeholder community from coast to coast to coast engaged in numerous partnerships to deliver programs to help Canadians understand their finances better. There are many successful and promising initiatives that could expand and increase their impact with more funding or other support.

Financial resilience for Canadians requires consistent support from all financial literacy ecosystem stakeholders. There is a greater need for partnerships and cooperation, as well as increased investment in initiatives that work. By working together, we can drive improvements in financial literacy initiatives and solutions, financial outcomes, and ultimately financial resilience in Canada.

Collaboration is needed to:

- drive greater use of evidence-based approaches and common agreement on concepts, methods, and standards for research
- deliver or scale programming, and amplify impact
- share insights, resources, and best practices

FCAC is committed to cross-sector collaboration and working with partners, stakeholders, and Canadians to implement this National Strategy. The Agency will continue to share resources, implement interventions and programs, advance policy recommendations, host forums and events, and lead Financial Literacy Month activities and communications.

Harnessing the Ecosystem: Priorities

This National Strategy recognizes that financial knowledge and education in isolation will not lead to better financial outcomes. The financial ecosystem also needs to evolve such that it can be used effectively by all Canadians, and such that it can reach more Canadians, in particular, people facing the most challenges due to barriers or circumstances.

Everyone in the ecosystem has a role to play, including FCAC and other regulators and government bodies, the financial services industry, the private, non-profit and community sectors, financial literacy educators and influencers. The National Strategy identifies 6 main ecosystem priorities, discussed in the following pages. This is not intended to be an exhaustive list, but rather

priority areas through which stakeholders can reduce barriers and catalyze actions that improve consumer financial outcomes, and ultimately help build financial resilience for all Canadians.

The 6 ecosystem priorities for the National Strategy are organized into 2 categories:

A. Reducing Barriers:

Stakeholders noted the importance of reducing and removing structural and systemic impediments in order to help financial consumers in Canada achieve better financial outcomes. Barriers in the financial ecosystem limit consumers’ ability to access, understand, choose, and use financial products and services that are most suitable for their needs. Specifically, the insights gleaned from our consultations and our research point to the need for reducing barriers to access and comprehension as a first order of business: we need to communicate in ways people understand and facilitate access to financial products and services for diverse needs.

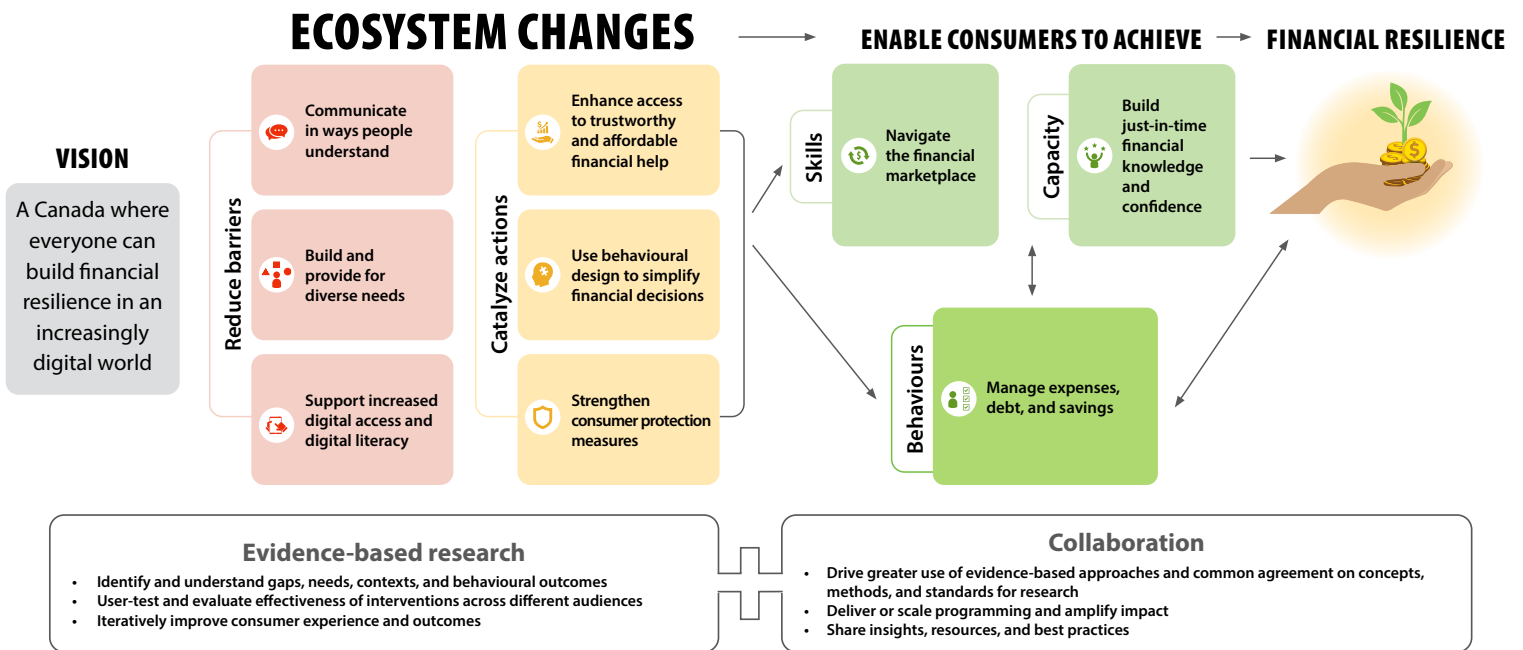
B. Catalyzing Actions:

Even in the absence of obvious barriers, consumers are not always able to make the right financial decision at the right time. This may be because the financial marketplace is too complex, the number of choices too confusing, or because other factors and decisions compete for consumers’ attention and motivation. Stakeholders noted the importance of experimenting with ways to catalyze or motivate financial actions that would benefit consumers. Specifically, the insights gleaned from both our consultations and our research point to the need for using behavioural design to simplify financial decisions and providing consumers with adequate help and guidance when making those decisions.

Collective action on these priorities from different ecosystem stakeholders will facilitate consumers’ ability to build the skills, capacity, and behaviours they need to achieve financial resilience.

National Financial Literacy Strategy

A 5-year plan to create a more **accessible, inclusive, and effective** financial literacy ecosystem for all Canadians.



In Focus: Ecosystem Priorities for Action

A. Reducing Barriers

The National Strategy lays out a framework through which ecosystem stakeholders can work together to reduce barriers in the ecosystem that limit or hinder people from accessing, understanding, and using appropriate financial products, services, and information to their benefit. We have identified 3 priorities through which we can reduce barriers for consumers:

1. Communicate in Ways People Understand
2. Build and Provide for Diverse Needs
3. Support Increased Digital Access and Digital Literacy

Ecosystem Priority 1: Communicate in Ways People Understand



The aim of this priority is to encourage stakeholders to communicate in ways everyone can understand. It has the following 3 targets:

Target Outcome 1:

More Canadians understand the key facts (including costs, risks, benefits, and limitations) about the financial products and services that are available to them.

Target Outcome 2:

More Canadians understand which financial products and services are appropriate for their own situation and goals.

Target Outcome 3:

Fewer Canadians experience negative financial outcomes related to not understanding key facts (including costs, risks, benefits, and limitations) or an inability to determine which financial products and services are good for their own situation (including their needs, risk tolerance, and budget constraints).

Why Is This Important?

How information is presented to people can have a significant impact on their decisions. Information that is difficult to understand can be a barrier to knowledge—and an obstacle to making appropriate decisions. In particular, the greater the understandability of information, the more likely it is to engender trust and confidence. If information is too long, confusing, overwhelming, or not presented in a way that simplifies decision-making, it can prevent people from taking action or lead them to making inappropriate decisions. To be effective, information must be, at the very least, understandable by the consumers it is intended for.

Canadians need financial information, instructions, advice, and tools that they understand. Consumer-facing content needs to be drafted in ways that don't mislead people so they can choose the products and services that best meet their needs. This includes simplifying information, and also providing it using visuals and other formats such as videos to overcome language, accessibility, or literacy barriers. Information related to new financial products and services in particular is often confusing, difficult to understand, and more like a "sales pitch" than a consumer-friendly, fact-oriented explanation about the product.

FCAC's inaugural National Strategy for Financial Literacy prioritized the need for stakeholders to apply plain language principles. Since then, many financial institutions and other organizations have made clear communication and plain language a priority. In this next iteration of the National Strategy, we are building on these early results.

What Is the Meaning of “Communicate in Ways People Understand”?

Communicating in ways people understand means using comprehension or understanding as the measure of success. This means user-testing consumer-facing materials with real consumers to make sure they understand it and are able to use it to make a decision about what is appropriate for their own particular needs.

Typically, it is material that provides relevant information in plain language that is easy to understand. It focuses on what is truly important for the consumer, is free of legalese and jargon, and facilitates informed decision-making. Depending on the audience it is intended for, it is also mindful of people’s different abilities, circumstances, and financial situations.

Financial communication includes:

- financial education content and resources
- financial counselling and advice
- informational materials, disclosure documents, and instructions for financial products and services
- marketing material and advertising
- account statements (banking and credit card statements)

National Financial Literacy Strategy – Sidebar 2

Who Can Benefit?

- Everyone

How Can Ecosystem Stakeholders Advance This Priority?

What FCAC Will Do

- Lead by example in testing to ensure all our resources for consumers are understood by them.
- Explore ways to showcase excellence in clear communication and plain language, including by recognizing those that successfully convey financial information to consumers.
- Develop targeted education outreach strategies, programs, and interventions that relay understandable and relevant information to specific audiences.

If You are in the Financial Services Industry⁴

- Conduct user-testing with diverse groups of consumers to measurably assess consumer understanding of financial disclosures and other financial communications.
- Pilot the use of alternative forms of communication, such as videos, infographics, and animations, to enhance consumer comprehension of financial information.
- Share the results of your organization’s efforts so others learn what works and what does not, and so that the ecosystem can track and learn from our collective successes.
- Work with experts to create a plain language guide and adopt best practices and standards for understandable communication.

⁴ Financial services industry includes banks, credit unions, fintech businesses, insurance companies, financial advisors, etc.

If You are a Regulator or Government Body

- Look at ways to test and regulate innovative practices in consumer communications, including financial disclosures and sales materials.
- Continue to use a range of communications media and technologies to reach Canada’s diverse population.
- Ensure communications are tested and shown to be understood by the people they are intended for.

If You are a Financial Literacy Community Group

- Conduct user-testing with diverse groups to evaluate their comprehension of your financial content and communication or develop appropriate partnerships to help guide such efforts.
- Advocate on behalf of your clients when you see a need for plain language resources in the financial marketplace.
- Adopt and share best practices on understandable communications that work with the clients you serve.

Ecosystem Priority 2: Build and Provide for Diverse Needs



The aim of this priority is to encourage stakeholders to use tailored approaches to better serve the financial needs of diverse audiences. It has the following 3 targets:

Target Outcome 1:

More Canadians have access to, and use, financial products and services that are tailored to their needs, vulnerabilities (see sidebar), and resource constraints.

Target Outcome 2:

More Canadians, particularly those with diverse needs or one or more forms of vulnerability, are involved and consulted in the development and delivery of financial products and services, which in turn leads to higher levels of inclusion.

Target Outcome 3:

Fewer Canadians experience a low quality of service (including disrespect or not being offered a product or service appropriate for their needs) when accessing financial products or services.

Why Is This Important?

Canadians are not a homogenous group. Neither are their needs. Many people across our country—of different cultures, communities, income levels, generations, and gender—feel the “financial system” does not speak to them. Indeed, many stakeholders in our consultations noted that “mainstream” financial literacy information is often not relevant to specific populations and can alienate them by failing to grasp their financial situation, priorities, or views toward money. This can create a barrier to access, understanding, and use, and lead to the lack of financial inclusion.

There is rarely a “one-size-fits-all” solution, and we should build financial products, services, and literacy efforts that acknowledge and embrace a sophisticated understanding of diversity and inclusion. For instance, women, people of colour, Indigenous Peoples, newcomers to Canada, older Canadians, or people living on low incomes, have unique needs which are likely not captured by what is commonly held to be the “average” reference point. Financial literacy efforts should speak to these realities. This includes being attuned to cultural practices and religious beliefs around money, accommodating disabilities and cognitive challenges, providing multilingual resources, and using relevant role models.

While there has been an increase in stakeholder activities to reach and engage a wider diversity of Canadians, more can be done to reduce barriers and make financial literacy efforts, as well the financial system overall, more inclusive, and accessible. With tremendous diversity in Canada, stakeholders have a responsibility to use a range of strategies to reach and engage everyone, ultimately driving greater financial inclusion in Canada.

Who Can Benefit?

Everyone benefits from content and approaches tailored to their needs. Consumers who can benefit in particular include:

- women
- Indigenous Peoples
- racialized Canadians
- older Canadians
- newcomers to Canada
- linguistic minorities
- people with disabilities or cognitive challenges

Cross-Cutting Lens: Women's Financial Resilience

Research shows that women face different and greater financial challenges than men, including systemic and societal barriers to financial resilience.

While gender inequities have narrowed in recent years, key challenges—especially those related to balancing unpaid caregiving responsibilities (such as childcare and elder care) and paid work—have been exacerbated during the COVID-19 pandemic. Women were disproportionately affected during the pandemic, as many were forced to leave the labour force or reduce their work hours to manage their children's schooling, and other unpaid caregiving and household responsibilities.⁵ In the labour force, incomes are also lower for Indigenous, immigrant, and racialized women. In addition, women are more likely than men to be single parents and work in fields with precarious positions and low wages⁶.

These realities are underscored by additional research that highlights a gender gap in the financial resilience of Canadians. More women struggle with their finances compared to men.⁷ They are more likely to borrow for day-to-day expenses, report higher levels of debt-related stress, spend more than their income, and feel less confident that they could cover an unexpected cost of \$2,000.⁸ Research shows that even women business owners face greater barriers to accessing financing and are more likely to be rejected or receive less funding than men.⁹

We have an increasing amount of knowledge in this area, but there is still much we do not know. Research from other countries tells us that women are more likely to face discrimination, which manifests as lower access to credit and lower credit scores. Even women within the financial industry itself report much higher levels of gender bias and inequality.¹⁰ These differences are often amplified by other cross-sectional factors such as race, income, and being an Indigenous person.

The National Strategy recognizes these important issues and calls on all stakeholders to adopt gender-based approaches and tailor programs for women and certain communities of women.

National Financial Literacy Strategy – Sidebar 3

5 [Canadians' Well-being in Year One of the COVID-19 Pandemic \(statcan.gc.ca\)](https://www150.statcan.gc.ca/n1/pub/26-669-x/2020001/article/00001-eng.htm)

6 [Labour market impacts of COVID-19 on Indigenous people: March to August 2020 \(StatCan\); Employment gaps and underemployment for racialized groups and immigrants in Canada \(Skills Next, 2020\)](https://www150.statcan.gc.ca/n1/pub/26-669-x/2020001/article/00001-eng.htm)

7 [Financial well-being in Canada: Survey results - Canada.ca](https://www150.statcan.gc.ca/n1/pub/26-669-x/2020001/article/00001-eng.htm)

8 [Canadians and their Money: Key Findings from the 2019 Canadian Financial Capability Survey - Canada.ca; Review of Financial Literacy Research in Canada: An Environmental Scan and Gap Analysis - Canada.ca](https://www150.statcan.gc.ca/n1/pub/26-669-x/2020001/article/00001-eng.htm)

9 [ISED, Increasing access to capital](https://www150.statcan.gc.ca/n1/pub/26-669-x/2020001/article/00001-eng.htm)

10 [The equity equation: A roadmap to equity, diversity and inclusion in Canadian finance \(2020; Women in Capital Markets\)](https://www150.statcan.gc.ca/n1/pub/26-669-x/2020001/article/00001-eng.htm)

How Can Ecosystem Stakeholders Advance This Priority?

What FCAC Will Do

- Lead by example in tailoring financial literacy content, programs, communications, and experimental interventions to meet the needs of diverse population groups.
- Conduct ongoing research and analysis to identify and understand diverse needs of target population groups who are at greater risk of experiencing financial vulnerabilities.
- Collaborate and engage with community-based organizations serving diverse audiences to user-test and develop resources to serve their audiences.

If You are in the Financial Services Industry

- Design, user-test for effectiveness, and offer financial products, services, and resources that account for barriers faced by consumers living with vulnerabilities¹¹.
- Use consumer surveys and complaints data to collect information on quality of service to diverse populations. Use this data to target training and policy reviews to strengthen financial inclusion in areas where gaps are identified.
- Collaborate with, and provide support to, community groups serving diverse populations to appropriately scale tailored financial literacy initiatives proven to be effective with their audiences.

If You are a Regulator or Government Body

- Pilot and evaluate experimental interventions designed to encourage consumers who experience vulnerabilities to build their financial assets, including savings, and to increase the uptake of underutilized programs.
- Work with the financial services industry to increase financial inclusion through targeted programs, policies, and initiatives that use greater inclusion as the measure of success.
- Leverage collaborative relationships with other departments, governments, and community partners who have expertise in relevant areas to expand and amplify services and programs for diverse populations.

If You are a Financial Literacy Community Group

- Partner with researchers to design, user-test for effectiveness, and offer financial literacy resources that account for barriers faced by consumers living with vulnerabilities.
- Support evidence-supported peer educator approaches, for example, women facilitators to provide workshops for women, Indigenous trainers to teach Indigenous people.
- Incorporate and/or conduct research on the unique needs of diverse populations to inform evidence-based solutions that address barriers to financial resilience. Share the needs of the community you serve with regulators and the financial services industry.

¹¹ E.g., Lack of access to local financial services resulting in higher costs to consumers – see Case Study 2 in [Review of Financial Literacy Research in Canada](#)

Ecosystem Priority 3: Support Increased Digital Access and Digital Literacy



The aim of this priority is to ensure Canadians are equipped with the digital resources, tools, and skills they need to participate fully in today's increasingly digital financial marketplace. It has the following 3 targets:

Target Outcome 1:

More Canadians are equipped with the digital literacy and skills required to manage their finances online.

Target Outcome 2:

More Canadians are aware of how to protect their financial information online and proactively take steps to keep their data safe.

Target Outcome 3:

Fewer Canadians, especially those with one or more vulnerabilities, experience barriers to managing their finances as a result of lack of access to digital tools and technology.

Why Is This Important?

As the financial sector moves online, it is evident that a financial literacy strategy for today's increasingly digital financial marketplace needs to highlight the need for digital access and digital literacy. While this move to digital was already well underway prior to 2020, the COVID-19 pandemic has accelerated this trend, making the need for digital access and literacy even more pressing.

The ubiquity of smartphones, tablets and computers, financial applications that facilitate banking through digital devices, improvements to wireless technology, and a reduction in physical service points have permanently transformed the way Canadians bank and interact with financial services. On the one hand, this has provided consumers with new and improved financial products and services. And it has also provided financial literacy stakeholders with additional resources. For instance, digital tools offer the opportunity for just-in-time delivery of financial education, which is far more effective than traditional methods of delivery.

On the other hand, a lack of reliable, high-speed internet, computers, and digital skills can be barriers to financial inclusion. The shift toward digital financial products and services increases the risk that some segments of the population will be underserved by financial service providers. To be effective, financial literacy initiatives need to find ways to reduce the digital divide, ensure there continue to be non-digital alternatives, expand accessibility, and strengthen the skills of all Canadians so they can participate more fully in the digital financial marketplace.

Digital literacy in the financial realm also goes beyond the ability to effectively find, navigate, and interact with digital content. Digital financial literacy also requires consumers to take steps to protect themselves and their financial information online. In particular, Canadians need the ability to differentiate between trustworthy sources of financial information, and online fraud and scams.

We Need Both Digital Access and Digital Literacy

There are 2 linked but distinct parts to this ecosystem priority:

Access: For some Canadians, lack of access to digital resources, technology, and tools is a fundamental barrier to participating in the digital financial marketplace. The lack of digital infrastructure is a barrier not only to financial inclusion, but also to economic and social inclusion. Improving accessibility is critical for those who do not have the digital access they need to use digital financial tools, resources, products, and services. Equally, we need to ensure that we reduce the penalty that the lack of digital access can impose on consumers by ensuring alternatives continue to be available.

Literacy: Even when digital infrastructure is available, the lack of digital literacy can preclude Canadians' ability to competently and confidently use tools such as online banking to manage day-to-day transactions and search online for financial information. Many online tools and calculators are not particularly friendly to some audiences. For example, online applications can be especially difficult for those with language, cognitive, or other barriers.

National Financial Literacy Strategy – Sidebar 4

Who Can Benefit?

Everyone benefits from improving accessibility and digital financial literacy. Consumers who can benefit in particular include:

- people with limited digital access and/or digital skills, including seniors, Indigenous Peoples, recent immigrants, people living in rural or remote communities, and those with limited experience with the Canadian financial marketplace
- people with limitations (such as physical, mental, cognitive, or who have low literacy or numeracy), and those who may have difficulties accessing on-site or in-person locations
- children and youth, as investing in their digital financial literacy skills has the potential to yield long-term dividends over the course of their financial lives

How Can Ecosystem Stakeholders Advance This Priority?

What FCAC Will Do

- Lead by example in building, testing, and providing reliable digital financial resources and tools targeted to a diverse audience with various competency levels (for example, FCAC Budget Planner and other online tools).
- Collaborate with partners to strengthen digital financial literacy and access.
- Test and validate resources that will help consumers avoid online financial fraud and scams.

If You are in the Financial Services Industry

- Test and build financial tools, resources and services that are appropriate for audiences with a diverse range of digital access and skills, and provide non-digital alternatives when needed.
- Leverage online platforms to reach consumers “just-in-time”.
- Include opportunities for financial learning that incorporate digital literacy and education about how to avoid online fraud and scams in financial literacy initiatives for consumers.

If You are a Regulator or Government Body

- Consider how to minimize the barriers created by unequal access to reliable and affordable digital technology and tools, particularly for vulnerable populations.
- Expand access to digital literacy and skills development, including fraud avoidance.
- Focus financial literacy initiatives through technologies and platforms that Canadians prefer and already use.

If You are a Financial Literacy Community Group

- Incorporate digital literacy skills training in financial literacy training including how to complete forms, security, safe searching, and scams.
- Help improve consumers’ ability to find and authenticate financial information, products, and services online. This includes their ability to evaluate financial tools and technologies and their effectiveness for their personal financial situations, as well as their ability to understand terms and conditions and privacy policies.

B. Catalyzing Action

The National Strategy lays out a framework through which ecosystem stakeholders can work together to catalyze action by enhancing the ability of Canadians to take positive financial actions and addressing biases and misunderstandings about how best to assist people with financial challenges. There are 3 priorities through we can catalyze action for consumers:

- Enhance Access to Trustworthy and Affordable Financial Help
- Use Behavioural Design to Simplify Financial Decisions
- Strengthen Consumer Protection Measures

Ecosystem Priority 4: Enhance Access to Trustworthy and Affordable Financial Help



The aim of this priority is to enhance access to trustworthy and affordable financial help services, particularly for vulnerable Canadians. It has the following 3 targets:

Target Outcome 1:

More Canadians have access to, and use, relevant and unbiased financial advice that is affordable.

Target Outcome 2:

More Canadians who access relevant and unbiased financial advice experience positive financial outcomes.

Target Outcome 3:

Fewer Canadians receive financial advice that is inappropriate for their circumstances and financial needs.

Why Is This Important?

Trustworthy financial help and advice can be an important catalyst for good financial decisions which result in positive outcomes and improved financial resilience. While relevant and unbiased financial advice is available to those who can afford it, low cost or free options for advice are limited for Canadians who have financial challenges and few resources with which to meet those challenges.

In our consultations, stakeholders noted that even when affordable financial help at the community level is available, it is often not well known or used. Among the reasons noted for few people using free or low-cost service to assist with money management were:

- Perception about cost – a recurring theme during our consultations was, if people know where to get help, they assume it's going to be expensive.
- Awareness of availability – some people don't know where they should go for help. A recent study found 4-in-10 Canadians would have no idea where to turn when facing a debt crisis¹².
- Lack of access due to geographic barriers.
- Social stigma associated with over-indebtedness or financial struggles make it difficult for people to talk about their finances and makes them feel ashamed about needing or seeking help.
- Perceptions of failure can lead people to wait too long to seek assistance. They feel overwhelmed and unable to act, thereby exacerbating the problem.

Financially vulnerable consumers in Canada need to be aware of, and able to access, affordable, credible, and objective financial advice. In the absence of affordable and trustworthy financial advice, Canadians turn to temporary stopgap measures to meet challenging financial needs (for example, high-cost alternative lenders), which can lead to additional negative outcomes.

Destigmatizing and encouraging conversations about money, and creating easy connections to credible, free, or low-cost sources for financial advice and information, will relieve a significant burden for many Canadians and help them get on the path to building financial resilience.

¹² Credit Counselling Canada

Who Can Benefit?

Everyone benefits from access to trustworthy and affordable financial help. Consumers who can benefit in particular include:

- low-income Canadians
- people with little to no experience with the Canadian financial marketplace
- people who are “unbanked” or face other barriers to financial learning or services

Diverse Sources of Financial Vulnerability

Financial vulnerability affects a wide variety of people, regardless of culture, community, or background.

A financially vulnerable consumer is someone who, due to circumstance, is especially susceptible to negative financial outcomes. There are many reasons that consumers experience financial vulnerability—which broadly consist of:

- the financial circumstances of consumers, including life-changing events
- psychological and physical characteristics
- social barriers that increase the risk of poor financial outcomes

The National Strategy emphasizes financial vulnerability as a cross-cutting dimension. Anyone can become financially vulnerable, for example, due to a change in relationship status or a shock such as a loss of employment. Low levels of financial literacy can increase the likelihood that someone is, or will become, financially vulnerable. Financial resilience decreases the likelihood of vulnerability and increases the likelihood of being able to bounce back from an adverse event that might lead to vulnerability.

While vulnerability is not limited to certain groups or demographics, systemic barriers have led to certain groups being more likely to face financial vulnerability.

National Financial Literacy Strategy – Sidebar 5 (1/2)

In our consultations, we found the following major sources of financial vulnerability in Canada:

Sources of Financial Vulnerability	Groups Most Affected
Low income	Youth, women, single parents, newcomers, people with disabilities, Indigenous Peoples
Lack of product/service experience	Youth, newcomers
Low confidence	Low-income earners, people with limited education, women
Low digital literacy/access	Seniors, rural inhabitants
Mental scarcity ¹³	Youth, seniors, low-income earners, people with limited education, newcomers, people with disabilities
Risk and/or fear of discrimination	Visible minorities, newcomers, gender-diverse people, Indigenous Peoples, people with a disability, women

Many vulnerable Canadians face barriers to achieving positive financial outcomes. Poverty, in particular, is the most powerful predictor of poor financial resilience. For instance, research has shown that the added challenges and distractions tied to having a lower or irregular income can act as a huge “cognitive and brain tax” on people.¹⁴ This can impede attention, memory, and the kinds of complex decision-making and longer-term thinking needed to optimally manage their finances.

People who are already overwhelmed by debt are at risk of default or bankruptcy—due to an unexpected or sudden loss of income—are the least able to make the decisions necessary to avoid getting caught in a vicious debt cycle.

With household debt levels increasing in recent years, and exacerbated by the pandemic and related job losses,¹⁵ financial vulnerability is on the rise. This is compromising people’s ability to deal with financial shocks. Collectively, we must improve access to trustworthy financial help, especially at the earliest signs of financial difficulty.

National Financial Literacy Strategy – Sidebar 5 (2/2)

How Can Ecosystem Stakeholders Advance This Priority?

What FCAC Will Do
<ul style="list-style-type: none"> • Lead by example in continuing to collect, analyze, and publish data about types, sources, and quality of financial advice and tools provided to Canadians. • Examine options to support increased access to affordable, competent, unbiased financial advice and help, which is tailored for diverse populations. • Advocate for access to better financial product and service options for lower-income and vulnerable Canadians.

¹³ This is the noted “cognitive and brain tax”, where resource limitations and competing needs make it difficult to focus on and complete challenging, unfamiliar, or multiple tasks

¹⁴ Zhao and Tomm (2018), Oxford Research Encyclopedia of Psychology; Huijsmans et al., (2019), PNAS 116: 11699-704

¹⁵ [Bank of Canada Financial System Review \(2021\)](#); [Statistics Canada National balance sheet \(Q1, 2021\)](#); [Statistics Canada Canadians’ well-being in year one of the COVID-19 pandemic](#)

If You are in the Financial Services Industry

- Use positive consumer outcomes as the measure of success for financial advice you provide.
- Create, user-test for effectiveness, and offer tools and interventions to help people manage credit, including at an early stage when bills and commitments are first missed.
- Provide safe, unbiased spaces for Canadians to discuss financial challenges, and tailored financial help, including easily accessible referrals to free or low-cost debt relief options for financially vulnerable and at-risk Canadians.
- Offer innovative financial product options that promote and reward positive financial behaviours (such as savings, debt management, etc.).

If You Are a Regulator or Government Body

- Provide referrals to affordable and trustworthy financial help, and work with financial institutions and financial literacy stakeholders to publicize and promote these resources.
- Work with financial institutions to create opportunities to share referrals to affordable and trustworthy financial help.
- Collect, analyze, and publish data about types, sources, and quality of financial advice and tools provided to Canadians.

If You Are a Financial Literacy Community Group

- Use positive consumer outcomes as the measure of success for financial advice you provide.
- Identify trustworthy sources of advice and communicate this information to financial consumers.
- Promote organizations or programs offering affordable financial help.
- Collaborate with researchers at FCAC, and other government partners, to assess the accessibility of financial advice. Conduct evidence-supported interventions to improve Canadians' access to, and identification of trustworthy financial advice. Evaluate these interventions to assess whether they are achieving their goal.

Ecosystem Priority 5: Use Behavioural Design to Simplify Financial Decisions



The aim of this priority is to encourage ecosystem stakeholders to design and present information in ways that facilitate and motivate consumer financial decisions and practices that are beneficial for the consumer.

Target Outcome 1:

More ecosystem stakeholders use behavioural insights and design research to test and deploy consumer-facing materials¹⁶ that demonstrably help Canadians make financial decisions that will lead to positive financial outcomes.

Target Outcome 2:

More Canadians use tools that use behavioural insights in the design and presentation of financial decisions to facilitate and motivate choices leading to better outcomes.

Target Outcome 3:

Fewer Canadians purchase or use financial products and services that are not in their own best interest due to the misuse of behavioural design elements.

¹⁶ Consumer-facing materials include information about financial products and services, marketing content, and financial literacy/consumer education materials.

Why Is This Important?

Behavioural science is the study of how people behave, and why they make the choices and decisions that they do. Understanding how people make decisions is an essential component to designing effective policies, programs, and interventions. There is significant opportunity to increase the use of behavioural insights and design across the financial literacy ecosystem in Canada. In our consultations, we heard about effective behavioural design-based programs and pilot experiments that successfully motivated low-income people to save.

As the financial marketplace moves online, our ability to experiment with altering the structure of decisions is enhanced. Good use of behavioural design elements can help guide consumers toward their goals while minimizing the effort, time, and willpower needed to achieve the outcomes the National Strategy is trying to achieve.

Use of Behavioural Design by Governments

In recent years, a diverse set of governments and industries have used behavioural science, coupled with design research, to test and deploy innovative approaches to driving desirable behaviours and outcomes. Such efforts commonly involve designing better choice architectures, automation, visualizations, or digital interaction design. This embrace of behavioural design is motivated by the growing understanding that the context or environment in which decisions are made affects what people choose to do.

The context can include the emotional state people are in when making a decision, what else is competing for their attention at the time of the decision, or how the decision is structured. The practice of behavioural design includes using evidence-based methods to test and validate what works prior to scaling up a given program or policy intervention. Specifically in the context of financial decisions, behavioural design has proven effective in driving positive actions in a variety of financial areas such as:

- improving tax filing
- incentivizing saving and increasing retirement savings in particular
- repaying debts more efficiently
- simplifying insurance application processes

FCAC's Pilot Studies Using Behavioural Design

FCAC—along with partners and stakeholders—applies insights from research and behavioural science to deploy practical, direct-to-consumer tools and interventions that transform research into action. These interventions, such as the Refund to Savings (R2S) and mobile budgeting interventions, aim to promote positive and lasting behavioural changes with the goal to improve Canadians' financial outcomes and strengthen their financial resilience.

National Financial Literacy Strategy – Sidebar 6 (1/2)

Refund to Savings (R2S)

R2S is a tax-time savings intervention that was developed in collaboration with industry and academic partners to help Canadians increase their financial resilience for the future. It embeds behavioural insights into an online tax filing process to “nudge” Canadians to deposit their tax refunds into savings accounts. Tax refunds are often the single greatest financial lump-sum that people see in a year, so directing them into a savings vehicle rather than spending can be a significant contribution to improving their financial resiliency.

R2S is modelled after a similar pilot in the United States which has been running successfully for the past 7 years. It was first piloted in Canada in the summer of 2020 and has demonstrated positive initial results. Preliminary analyses show that 9.5% of people in the pilot are pre-committing to save their tax refund. This means that simply telling people about the value of saving at beginning of their tax-filing experience results in the increased intention to save.

Budgeting

FCAC’s mobile budgeting experiment used behavioural insights to empower Canadians to achieve their financial goals. FCAC first piloted this intervention in the summer of 2016 through a healthy lifestyle mobile application. Canadian users of the app were invited to complete a series of educational quizzes that aimed to improve their budgeting confidence, knowledge, and behaviours via targeted nudges, call to action statements, incentives, concrete examples, and plain language financial education messaging.

The mobile budgeting intervention enabled sustained behaviour change among non-budgeters. More than half (54%) of those who began budgeting during the intervention were still budgeting a year-and-a-half later. Importantly, new budgeters were also more likely to meet financial responsibilities like paying bills on time, and to report fewer spending-related regrets over the long-term (70% vs 45%). When asked how they would get back on track if they were struggling to make ends meet, budgeters were more likely than non-budgeters to say they would reduce their spending (83% vs 68%) or avoid using credit (17% vs 12%).

National Financial Literacy Strategy – Sidebar 6 (2/2)

Who Can Benefit?

- Everyone

How Can Ecosystem Stakeholders Advance This Priority?

What FCAC Will Do

- Lead by example to implement evidence-based behavioural experiments and pilot projects designed to drive sound financial decisions.
- Study the impact of behavioural design initiatives from other jurisdictions in driving positive consumer outcomes to assess their adaptability for a Canadian context.
- Support non-profits and community service providers in integrating behavioural insights, design research, and experimentation into the delivery of their financial education services.
- Continue to collaborate with a wide variety of stakeholders to develop pilot experiments, interventions, and tools incorporating behavioural science.

If You are in the Financial Services Industry

- Implement user-testing and behavioural design approaches to ensure that product information highlights what consumers need to know, when they need to know it, and does not overwhelm or confuse them.
- Ethically design and test products that incorporate “defaults” or “nudges” to increase the likelihood that people will make positive choices. Examples include enabling consumers to set their own predefined spending limits, set their own higher minimum credit payment limits, or automate “roundup” saving strategies.
- Leverage technology to deliver real-time access and important account information, for example, nudging through digital alerts, emails, texts, such as required by the new Financial Consumer Protection Framework.
- Simplify the process of making decisions along the user journey, for instance, by providing just-in-time education or information in ways that allow users to make quick comparisons between options, and facilitating actions, for example, displaying how much progress along a multi-step process a user has made.

If You are a Regulator or Government Body

- Continue conducting behavioural research and evaluation to help identify innovative best practices for improving the financial health of Canadians.
- Continue working with financial literacy stakeholders and financial service providers to design, test, and implement behavioural design initiatives to drive positive financial behaviours.
- Design programs or interventions that incorporate “defaults” to increase the likelihood that people will make choices that lead to positive outcomes.

If You are a Financial Literacy Community Group

- Offer simplified, just-in-time, contextually relevant information to help bridge the gap between knowledge and decision-making.
- Use technology, gamification, hands-on activities, and incentives, where possible, to make financial education more appealing to Canadians.
- Augment financial literacy programs and tools through the application of behavioural insights such as text reminders of key takeaways.

Ecosystem Priority 6: Strengthen Consumer Protection Measures



The aim of this priority is to encourage stakeholders to strengthen and adapt consumer protection measures with a view to improving consumer outcomes in an increasingly digital financial marketplace.

Target Outcome 1:

More stakeholders in the financial services industry adopt concrete measures to prioritize financial consumer protection and the fair treatment of consumers, including the protection of consumer data, selling appropriate products and services, and effective complaint resolution.

Target Outcome 2:

More Canadians benefit from an appropriate level of consumer protection and market conduct standards whether they deal with new or existing providers of digital products, services, or practices.

Target Outcome 3:

More Canadians understand their rights and responsibilities when dealing with the financial services industry, and how and where to seek resolution when they experience a problem.

Why Is This Important?

In our consultations, we heard that Canadians want and need strong consumer protections. While Canada enjoys a robust consumer protection regime, in a rapidly changing financial sector it can be unclear what laws, regulations, or other obligations may apply. As the financial sector becomes increasingly complex and the lines between financial service providers and technology companies become increasingly blurred, collaborative policy approaches will be required to ensure Canadians continue to benefit from high standards of consumer protection.

We must monitor and respond to emerging trends and issues brought about in part by the digital transformation of the financial sector. We must also consider the impact of new providers, digital products, services, and practices. For example, use of personal data to design products and services requires oversight to ensure consumers are not subjected to deceptive marketing. It also requires a review of policies, procedures, and practices to ensure that they adequately protect consumer data and are transparent about how consumers' data is used. In addition, protecting consumers from the increased risk of fraud, particularly in a digital environment, is key to keeping consumers' money safe and maintaining their trust in the financial sector.

Second, it is important that Canadians know their rights and responsibilities when dealing with financial service providers—and the safeguards in place to protect them. Given the variety of financial products, services, and providers, it can be challenging for Canadians to know where to turn when they have a problem. Many consumers do not have the knowledge they need to navigate the financial system and resolve complaints, and consequently lose trust and confidence in the financial services industry.

Increased Incidence of Fraud

Given that anyone can create, publish, and broadcast financial information online, it is essential that the financial ecosystem put measures in place to protect consumers from fraud and scams.

- Canadian financial services are increasingly available 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 fraudsters they trust with their financial affairs. More than 1-in-5 Canadians (22%) say they were a victim of a financial fraud or scam in the last 2 years.¹⁷
- Fraudulent behaviour appeared to increase as a result of the pandemic, likely due to increased consumer vulnerability and the corresponding growth of the digital economy. The COVID-19 pandemic created new risks for consumers, as digital fraudsters found new opportunities to target individuals and businesses with various forms of scams, such as fraudulent loan websites and government grant scams. The pandemic accelerated the shift toward online activities, including digital and contactless payments, and cyber fraudsters tried to take advantage of consumers. The Canadian Anti-Fraud Centre reports that between March 6, 2020 and May 31, 2021 there were 19,610 Canadian victims of COVID-19-related fraud and \$7.4 million lost as a result.¹⁸ These scams targeted many Canadians who experienced financial hardship during the pandemic.

National Financial Literacy Strategy – Sidebar 7

A strong system of financial consumer protection, with all stakeholders committed to strengthening consumer protection and increasing positive outcomes for consumers, is essential to the well-being of all Canadians and vital to their participation in the economy.

Who Can Benefit?

- Everyone

How Can Ecosystem Stakeholders Advance this Priority?

What FCAC Will Do

- Lead by example in working across sectors to develop and test interventions that help stakeholders prevent financial fraud and protect consumer data.
- Monitor and conduct research on emerging trends and issues in the financial sector to make evidence-based recommendations where gaps in consumer protection are identified.
- Conduct public awareness campaigns to educate consumers on emerging risks/opportunities and promote knowledge of consumers' rights and responsibilities, including how to resolve a complaint.

If You are in the Financial Services Industry

- Use positive consumer outcomes as the measure of success.
- Develop and implement internal or industry codes of conduct, or public commitments to advance consumer protection, particularly where there are gaps caused by innovation or digital transformation.
- Regularly undertake internal risk assessments to identify weaknesses in internal policies and procedures and/or training that may facilitate fraud or financial abuse, and address these weaknesses through enhancements.
- Ensure customers have ready access to a complaint resolution procedure that is fair and effective.

¹⁷ FCAC 2019, [Canadians and their money: Key findings from the 2019 Canadian Financial Capability Survey](#)

¹⁸ [Canadian Anti-Fraud Centre](#)

If You are a Regulator or Government Body

- Collaborate with other government bodies, industry stakeholders, and associations to develop and apply appropriate legislative and regulatory measures across Canadian jurisdictions that protect consumers, promote financial inclusion in a digital world, and are not barriers to competition or innovation.
- Use an outcomes-based regulation approach to understand which regulatory tools and policies lead to positive outcomes for financial consumers.
- Participate in public awareness campaigns to promote financial consumer rights and responsibilities, and promote strategies to prevent financial fraud or abuse.
- Promote the effective handling of consumer complaints by the financial services industry.

If You are a Financial Literacy Community Group

- Point consumers to unbiased, accurate information on their financial rights and responsibilities, financial product comparison tools, and how to resolve a complaint.
- Promote the Canadian Anti-Fraud Centre for reporting financial fraud or abuse.
- Share insights, data, and research on emerging consumer protection issues with regulators and other government bodies.

V. 5 Key Consumer Building Blocks

Enabling Better Financial Outcomes for Consumers

This strategy is not about telling Canadians how to manage their money. That is a very personal thing. Everyone's needs and situations vary.

However, based on input from our consultations and a growing body of empirical research, we have identified 5 key consumer building blocks that have been proven to help consumers develop the skills, capacity, and behaviours that lead to financial resilience. These building blocks are relevant for everyone in society, regardless of income, personal context, or circumstances.

The National Strategy proposes that it is up to each stakeholder in the financial literacy ecosystem to help consumers focus on one or more of these key building blocks. We suggest that stakeholders test different strategies, educational approaches, and engagement tactics with the people they serve, and use the ones that help the most.

How Can We Help Canadians Take Individual Action to Build Financial Resilience?

Building financial resilience requires actions from consumers. However, which actions consumers can take are embedded and dependent on the environment in which they operate. The ability of an individual to build financial resilience is dependent on systemic facilitation.

Systemic facilitation includes:

1. Actions by ecosystem stakeholders on priorities that will help reduce barriers and add catalysts to the environment in which consumers operate (described in Section IV)
2. Actions by ecosystem stakeholders in helping consumers build the individual skills, capacity, and behaviours that will help consumers achieve better outcomes (described below)

The 5 key consumer building blocks which ecosystem stakeholders should focus on facilitating are:

1. Skills to navigate the financial marketplace
2. Just-in-time knowledge and confidence
3. Managing expenses
4. Managing debt
5. Managing savings

Skills: Navigating the Financial Marketplace



The aim of this building block is to enable more Canadians to be aware of, know how to learn about, and have access to financial products and services that will help them achieve their goals.

Why Is This Important?

Financial products, services, and advice are essential to help Canadians manage their money and achieve financial resilience. Yet navigating Canada's financial landscape is a challenge for many people due to the growing complexity of financial products and services, the number of choices and players, and the increasing role of financial technology and digital product offerings. It is important for people to be able to comparison shop, be aware of the different service providers and options, and know how to safeguard their interests.

Consumers must be able to access financial products and services that meet their needs, while avoiding those that do not, as well as have a clear understanding of who to turn to if they have a complaint to resolve.

In Focus: Actions That Ecosystem Stakeholders Can Take

- Direct consumers to sources of trustworthy information that can help them compare the costs, risks, benefits, and limitations of the products, service, or financial service provider they are considering.
- Ensure consumers know their rights and responsibilities when purchasing a financial product or service, including how to resolve a complaint.
- Help consumers recognize and take steps to protect themselves against fraud, financial abuse, cybercrime, and costly and inappropriate products and services.
- Provide assistance to people with financial vulnerabilities, low levels of digital access or literacy to use financial services effectively.

Capacity: Build Just-In-Time Financial Knowledge and Confidence



The aim of this building block is to enable more Canadians to have the information they need at the right time, along with the understanding, skills, and confidence to use that information to achieve their financial goals.

Why Is This Important?

Learning about a financial product or service at the right time can help people make better decisions. For example, it is best to help consumers learn about different types of mortgages, interest rates, terms, amortization, and prepayment penalties when they are considering buying a house. Similarly, it is useful to help consumers understand interest rates, compound interest and repayment times for credit card balances when they are choosing between different credit cards (such as between a high-interest rewards card or a low-interest no-rewards card). Research shows that consumers are most likely to be receptive to information when it is relevant to them, that is, just-in-time, and at the point of decision. Research also shows that just-in-time is when information is most likely to drive decisions that lead to good outcomes.

Consumers should feel empowered to ask the right questions and to recognize when they need to ask for help. They need access to trustworthy, unbiased sources of information at the right time, in the right place, and in the right form. These are important factors in developing consumer confidence to make decisions that result in better financial outcomes.

In Focus: Actions That Ecosystem Stakeholders Can Take

- Before they commit to a financial product or service, help consumers understand the key facts about it, including its costs, risks, benefits, and limitations.
- Provide and direct consumers to trustworthy and unbiased financial advice and resources, for example, certified financial advisor, government web resources¹⁹.
- Encourage consumers to be realistic about their future income and expenses when making important financial decisions, and to seek qualified, trustworthy advice when making a financial plan.

Behaviour: Manage Expenses



The aim of this building block is to enable more Canadians to keep up with their bills and credit commitments.

Why Is This Important?

Research shows that managing day-to-day expenses is a bedrock of effective money management. Effective budgeting and money management helps consumers live within their means and contributes to increased feelings of control and decreased stress.

People who understand their financial situation, follow a spending plan, and actively track their money are more likely to keep up with their expenses, reach financial goals, and build financial resilience.

In Focus: Actions That Ecosystem Stakeholders Can Take

- Make it easy for consumers to receive reminders, automate bill payments and/or align payment dates with their pay schedule. For example, to avoid forgetting and incurring late fees and interest, consumers could select the best payment date.
- Help consumers develop a budget or spending plan to feel confident about where their money goes. Nudge consumers to regularly review their spending to monitor their progress in following their spending plan (see FCAC Budget Planner).²⁰
- Engage with academics, researchers, and stakeholders to test new interventions to help people manage day-to-day expenses.

Behaviour: Manage Debt



The aim of this building block is to enable more Canadians to feel in control of their overall debt situation.

Why Is This Important?

People take on debt in many ways, including credit cards, car loans, student loans, lines of credit, payday loans, and mortgages. Many consumers are unaware of the total long-term cost of this debt due to compound interest and fees. Total consumer debt levels have never been higher and too few consumers have a realistic plan for paying it back. Conversely, the lack of access to

¹⁹ FCAC provides resources on the [Canada.ca](https://www.canada.ca) website, organized by themes such as [Debt and borrowing](#) and [Financial tools and calculators](#). Each theme has topics such as [Loans and lines of credit](#), and subtopics such as [Payday loans](#).

²⁰ [FCAC Budget Planner](#)

affordable, appropriate, low-interest credit for financially vulnerable consumers can lead to lack of inclusion. Together, these issues can lead to increased debt-related stress, feelings of lack of control, and low levels of financial resilience.

The ability to access appropriate forms of credit, and the use of simple, intentional, tailored debt management strategies for consumers are both important contributors to financial resilience.

In Focus: Actions That Ecosystem Stakeholders Can Take

- Pilot and test experimental interventions to help consumers pay down their debts and avoid incurring additional debt-related costs. These experiments could evaluate the impacts of interventions such as:
 - increasing the amount and/or frequency of minimum payments
 - increasing payment amounts in alignment with salary increases or bonuses
 - paying off high-interest debt first and exploring opportunities to reduce interest payments on existing debts through refinancing
 - consolidating debts so consumers can focus on fewer repayment plans
- Provide consumers with trustworthy and unbiased financial information and advice to help them make informed borrowing choices using affordable credit options and lower-risk debt.
- Engage with academics, researchers, and stakeholders to test new interventions to help people manage debt wisely.

Behaviour: Manage Savings



The aim of this building block is to enable more Canadians to engage in savings practices that will help them weather financial shocks and unexpected expenses, as well as achieve their financial goals.

Why Is This Important?

Saving for goals involves putting money aside for the future. Some of the most common uses for savings are unexpected expenses, education, vacations, and retirement. Canadians who actively save have higher levels of financial well-being than those with similar incomes who do not²¹. Savings that can be used for 'emergency' expenses directly improve financial resilience as the alternative would be increased debt.

Saving for goals and other aspects of financial planning gives consumers a stronger sense of control and satisfaction with their finances.

In Focus: Actions That Ecosystem Stakeholders Can Take

- Make it easy for consumers to put saving routines or systems in place, such as automated savings on paydays, or roundup savings linked to all debit and credit card purchases, to regularly and proactively set aside money for emergency savings.
- Nudge consumers to regularly review their savings to monitor their progress in achieving their savings goals.
- Test behavioural interventions and educate consumers about these strategies. For instance, consumers might be more motivated to save if they can name their savings accounts after specific goals, for example, the 'car repair/replacement pot' or the 'kids' camp/holiday pot'.
- Engage with academics, researchers, and stakeholders to test new interventions to help people manage savings.

²¹ [Financial well-being in Canada: Survey results \(FCAC, 2019\)](#)

Correcting Unfounded Assumptions About Poor Financial Health

Too often, we fault people in financial difficulty, or those who suffered poor financial outcomes, for their choices or lack of financial literacy. Yet these realities are more often due to circumstances that are beyond a person's control.

For example, debt is a survival strategy for some consumers—a path taken out of necessity and not financial illiteracy. Even individuals who diligently manage their personal finances can experience dramatic, life-altering events. These include sudden increases in expenses, or decreases in wages

caused by things such as: a rapid increase in housing costs, a fall in workforce demand, increases in precarious work, experiencing financial abuse or fraud, or even a pandemic.

This National Strategy encourages all stakeholders to understand the dynamics, systemic factors, and personal barriers (including social stigmas) that hinder a person's ability to achieve financial well-being. By having this greater understanding, stakeholders can more effectively support Canadians in building financial resilience.

National Financial Literacy Strategy – Sidebar 8

VI. What's Next? Measuring Progress

As we implement the National Strategy, we will iteratively measure what works, what doesn't, and where refinements should be made. Throughout, and at the conclusion of the 5-year term of this strategy, we will examine 3 main questions:

- Have the target outcomes detailed in the ecosystem priorities been achieved? Has this led to a more accessible, inclusive, and effective financial ecosystem for Canadians?
- Has the stakeholder ecosystem enabled more Canadians to achieve the key consumer building blocks to financial resilience?
- And most importantly, are more Canadians financially resilient?

Measuring the overall impact of the National Strategy is essential to its success. In the coming months, we will define progress measures for each of the ecosystem priority target outcomes and consumer building blocks in the strategy.

These outcomes can be measured in many ways: some have relevant metrics that we have used in the past, such as the Canadian Financial Capability Survey, while others require further study and the identification of baseline measures. As we work to create indicators to track our collective progress—both quantitative and qualitative—we will draw on ethnographic research, surveys, experiments, interventions, and the advice of experts.

Role of Stakeholders

As part of this National Strategy, FCAC will look for opportunities to support and partner with a wide range of stakeholders to track the strategy's target outcomes. We will make our results available to all stakeholders, and we invite all financial literacy stakeholders to report on their own tracking indicators and progress toward the strategy's outcomes. This can include:

- reporting on progress measures relevant to their work or area of business
- sharing research findings and insights
- letting FCAC and other stakeholders know about new financial literacy initiatives and interventions

Through measuring and tracking all our efforts, we can develop a coordinated national picture of our progress, provide transparency on the effectiveness of implementation, and collectively identify what works to help consumers build financial resilience.

Let's make change that counts.

VII. REFERENCES

In addition to the feedback and input we received during the consultations, we referred to the following research sources for insights in the development of the National Financial Literacy Strategy.

FCAC Publications

- [Financial Consumer Agency of Canada Business Plan 2021-2022 to 2023-2024](#)
- [Review of Financial Literacy Research in Canada: An Environmental Scan and Gap Analysis](#) (November 2020)
- [Summative Evaluation of the Financial Literacy Program: Final Evaluation Report](#) (March 2020)
- [Industry Review: Bank Complaint Handling Procedures](#) (February 2020)
- [Dashboard on COVID-19 surveys](#) (Financial Well-Being and Bank Products and Services)
- [Canadians and their Money: Key Findings from the 2019 Canadian Financial Capability Survey](#) (November 2019)
- [Financial well-being in Canada: Survey results](#) (November 2019)
- [Highlights: Key findings from the Survey on Banking of Canadians](#) (July 2019)
- [Using Research to Improve the Financial Well-being of Canadians: Post-symposium Report](#) (June 2019)
- [Sustained behaviour change through financial education: A budgeting longitudinal study using mobile technology](#) (June 2019)
- [Home equity lines of credit: Consumer knowledge and behaviour](#) (January 2019)
- [Report on Best Practices in Financial Consumer Protection](#) (May 2018)
- [Domestic Bank Retail Sales Practices Review](#) (March 2018)
- [Financial Literacy and Retirement Well-Being in Canada: An Analysis of the 2014 Canadian Financial Capability Survey - Canada.ca](#) (May 2017)
- [The Path Towards Smarter, More Targeted and More Effective Financial Literacy: Post-symposium Report](#) (April 2017)
- [Initiating budgeting behaviour among non-budgeters—A financial literacy pilot using mobile technology - Canada.ca](#) (April 2017)

Financial Literacy Strategies

- [Australia National Financial Capability Strategy 2018](#)
- [Implementing the National Strategy for Financial Literacy — Count me in, Canada: Progress report 2015-2019](#)
- [MALAYSIA National Strategy for Financial Literacy 2019-2023](#)
- [National Strategy for Financial Literacy — Count me in, Canada](#)
- [New Zealand National Strategy for Financial Capability 2021-2024](#)
- [Promoting Financial Success in the United States: National Strategy for Financial Literacy 2016 Update](#)
- [Quebec Financial Education Strategy: 2019–2022 Orientations and action plan](#)
- [UK Strategy for Financial Wellbeing](#)

Research Insights

- Bank of Canada. (2021) [Financial System Review - 2021](#)
- Brascoupé S., Mulholland E. (2019). [The Shared Path: First Nations Financial Wellness](#), AFOA Canada, Prosper Canada.
- Canadian Anti-Fraud Centre, [The impact of COVID-19 fraud, March 6, 2020 - May 31, 2021](#)
- Gerrans, P., & Hershey, D. A. (2017). [Financial adviser anxiety, financial literacy, and financial advice seeking](#). Journal of Consumer Affairs, 51(1), 54-90.

-
- Huijsmans, I., Ma, I., Micheli, L., Civai, C., Stallen, M., Sanfrey, A. (2019). [A scarcity mindset alters neural processing underlying consumer decision making](#). PNAS 116: 11699-11704.
 - Letkiewicz, J., Robinson, C., & Domian, D. (2016). [Behavioural and wealth considerations for seeking professional financial planning help](#). Financial Services Review, 25, 105-126.
 - Metzler, A., Zhou, Y., Grace, C. (2019). [Learning about Financial Well-being in Canada](#), Canadian Payroll Association.
 - Moreland, K. A. (2018). [Seeking financial advice and other desirable financial behaviors](#). Journal of Financial Counseling and Planning, 29(2), 198-207.
 - Palameta, B., Nguyen, C., Hui, T., Gyarmati, D. (2016). [The link between financial confidence and financial outcomes among working-age Canadians](#)
 - Statistics Canada. (2021a). [Canadians' well-being in year one of the COVID-19 pandemic](#)
 - Statistics Canada. (2021b). [National balance sheet \(Q1, 2021\)](#)
 - Statistics Canada. (2021c). Table 36-10-0112-01 [Current and capital accounts - Households, Canada, quarterly](#)
 - Varatharasan, N., Fremont, A. (2020). [Providing one-on-one financial coaching to newcomers: Insights for frontline service providers](#). Toronto: Prosper Canada.
 - Westermann, S., Niblock, S. J., Harrison, J. L., & Kortt, M. A. (2020). [Financial Advice Seeking: A Review of the Barriers and Benefits](#). Economic Papers: A journal of applied economics and policy, 39(4), 367-388.
 - Xiao J., O'Neill, B. (2018). ["Mental accounting and behavioural hierarchy: Understanding consumer budgeting behaviour"](#), International Journal of Consumer Studies 42: 448–59.
 - Zhao, J. & Tomm, B.M. (2018). [Psychological responses to scarcity](#). Oxford Research Encyclopedia of Psychology.