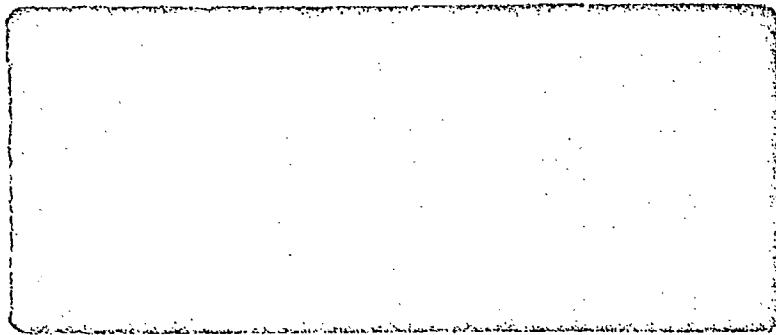


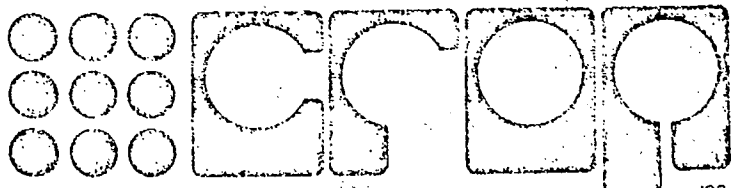
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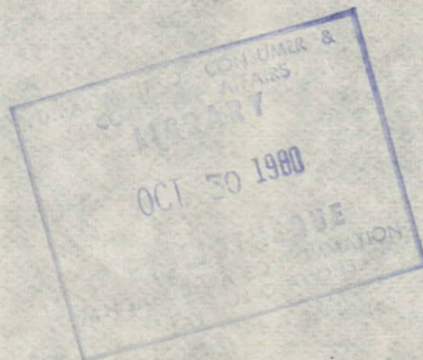
inc.

ACCESS TO FINANCIAL SERVICES

Prepared for:
CONSUMER AND CORPORATE AFFAIRS CANADA

By:
CROP Inc.

#0882E and #0885



Kevin Lang
Senior Research
Consultant
Montreal, July 1978

In order that the text be easier to read, in many places in the text, we have avoided using phrases which are necessary for precision or accuracy. Thus we frequently refer to "residents of low income areas or "the low income sample" instead of "the sample of residents of census tracts in Halifax, Montreal, Toronto, Winnipeg and Vancouver for which the median income in 1971 was below \$8,500." Similarly, on occasions, having specified that 54% of Canadians have a chequing/savings account, we will go on to explain that 75% of Canadians have a chequing/savings account at a bank without using the stylistic phrase "of those who have a chequing/savings account". This omission is only made where there appear to be no problems of clarity. We trust that these omissions will have rendered the text less cumbersome and not made understanding more difficult.

A study of this nature is inevitably the result of the work of many individuals too numerous to name separately. Nevertheless, I wish particularly to thank Jean-Pierre Toupin who supervised this study on behalf of Consumer and Corporate Affairs Canada.

The responsibility for any errors of fact or interpretation remains entirely my own.

Kevin Lang
Montreal, August 1978

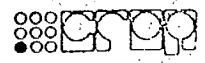
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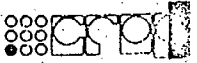
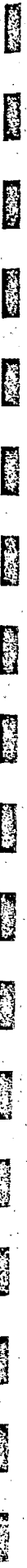
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EXECUTIVE SUMMARY





1. EXECUTIVE SUMMARY

1.1 Introduction

The present study is designed to determine whether certain types of Canadians have difficulty obtaining financial services, and, if so, to give some preliminary information concerning the reasons for these problems of access. Nevertheless, the study provides considerable additional information with respect to the use of financial services. Where these results are of particular interest they are discussed in the text.

1.2 Research Design

It is maintained that non-use of financial services may be due to four basic causes:

1. Prejudice
2. Screening for risk
3. Self-exclusion
4. No demand

On this basis, access to financial services can be placed in one or more of seven categories:

1. General access to financial services
2. High refusal rate attributable to screening
3. High refusal rate attributable to prejudice
4. High non-application rate attributable to accurately perceived problems of access
5. High non-application rate attributable to inaccurately perceived difficulties of access
6. High non-application rate attributable to organisation of finance industry ✓
7. High non-application rate attributable to factors independent of the finance industry.

The study was conducted using two modified probability samples. The first was conducted among a sample of 1920 Canadians. The sample is representative of the non-institutionalized population age 18 and up outside the Yukon and North-West Territories. Interviews of approximately twenty minutes duration were conducted in English and French. The questionnaire for this study was piggy-backed to the CROP REPORT. Field work was conducted between April 21 and May 1, 1978.

The second study, using the same questionnaire was conducted among a representative sample of 928 Canadians living in low income areas in Halifax, Montreal, Toronto, Winnipeg and Vancouver. Low income areas were defined as census tracts for which the median income in 1971 was below \$8,500. Field work was conducted between May 5 and May 15, 1978.

The questionnaire deals with eleven financial services and six financial institutions. The services studied were:

1. Chequing accounts
2. Chequing/savings accounts
3. True savings accounts
4. Registered home-owners savings plans
5. Registered retirement savings plans
6. Term deposits
7. Whole life insurance policies
8. First mortgages
9. Second mortgages
10. Personal loans
11. Bank credit cards

The institutions studied were:

1. Banks
2. Credit unions
3. Trusts and mortgage companies
4. Life insurance companies
5. Consumer loan companies
6. Bank credit card companies

For each service, respondents were asked whether they presently have the service and, if so, where. If they did not have the service, they were asked if they had applied within the last three years and, if not, why not. Those who presently have the service or applied within the last three years were asked if they had been refused the service in the course of the last three years, and, if so, where.

1.3 Highlights of Results

Access to chequing, chequing/savings and true savings accounts is widespread. Most Canadians have at least one of these types of account and many have more than one. Relatively few have been refused such an account in the course of the last three years. 1
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One interesting difference between groups is that francophones, respondents from low income areas, and people who deal with a credit union are relatively more likely to have a chequing/savings account compared with their use of other types of accounts.

Non-use of these services is generally attributed to lack of need and, to a lesser extent, lack of money. There is no evidence that Canadians or any group of Canadians feel they can not obtain one of these accounts.

Personal loans also appear to be readily available. The ¹⁰ estimated refusal rate for these loans is under 5%. Three out of ten (32%) Canadians have a personal loan.

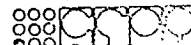
Four out of ten (38%) Canadians have a bank credit card. ¹¹ Master Charge is somewhat less common than is Chargex. Again relatively few respondents indicate difficulties obtaining one of these cards. Although the data do not allow us to calculate a refusal rate precisely, it appears to fall between that for mortgage loans and that for personal loans. ^{34% against}

Consequently, it appears that it is relatively more difficult ¹⁰⁻⁵ to obtain mortgage credit than fixed term personal credit or revolving credit. This is consistent with widely held views concerning the nature of the supply of credit. Credit ration- ¹¹ing appears to affect the supply of credit more sharply for mortgages than for other types of loans.

Although credit is generally available, certain factors are used to screen potential borrowers. These include income, home- ownership, marital status and length of time in job.

We uncovered no evidence of prejudice in the financial system. However, screening is applied where risk is involved. Nevertheless the refusal rate overall seems to be relatively low and non-application, on the whole, does not seem to be due to a belief that it is too difficult to obtain credit.

Since screening is used, it remains to be determined whether those indicators used to screen applicants are justified. Unfortunately, such an investigation is beyond the scope of the present study.



trusts by residents of low income areas. The marketing strategy of trusts does not appear to have led to a major development of branches in these areas.

Somewhat fewer respondents have a high interest deposit; about one-quarter have a registered retirements savings plan (26%) and term deposits (24%). Relatively few (6%) have a registered home-owners savings plan. Again there is no evidence of discrimination or screening with respect to these types of deposits. Instead non-application can be attributed to factors independent of the finance industry. Although most respondents who do not have these services ascribe their non-application to lack of need, the relation between income, wealth and the demand for such services provides an indication of the causes of the absence of demand for these services. It is clear that the demand for high interest deposits will be a function of wealth and income. Consequently, it is not surprising to find that relatively fewer renters or members of low income groups make use of these services.

Whole life insurance policies are a common form of investment. Over half (51%) of respondents say they have one. Applicants for life insurance policies are subject to screening. Those with health problems are more likely to be refused.

Applicants for credit are subject to screening. Applicants who are home-owners, have lived in their present place of residence for a long period of time, those with higher incomes and those who give evidence of job stability as well as married applicants are relatively more likely to have their application accepted.

On the whole, those categories for which the refusal rate is high are also those for which the application rate is low. This implies that, "collectively", Canadians who are relatively

less likely to have an application for credit accepted are relatively less likely to consider it a good idea to apply for credit. In this respect, it is clear that there must be an objective or subjective cost attached to the inability to repay credit. This appears to be the case. Participants in the group interviews frequently expressed opposition to credit and felt that it was a bad idea to get into debt. The person who took credit could risk losing "everything" or at least his purchase by not being able to meet payments. *Psychology*

Moreover, opposition to revolving credit appears to be greater than opposition to fixed term personal credit or mortgage loans. While 46% of those who did not apply for a bank credit card say they did not do so because they are against these cards, opposition was cited by 8% of non-applicants for personal loans and only 1% of non-applicants for mortgage loans. Again these attitudes were reflected in the group discussions. Participants indicated that credit cards are dangerous because they incite consumers to spend more. Several participants kept credit cards only for "emergencies". It should equally be noted that fewer respondents are against mortgage loans than are opposed to personal loans. It appears that while personal loans are considered to indicate that a consumer is living beyond his means (with the possible exception of a very large purchase such as a car), most Canadians do not expect to be able to pay cash for a house.

In this respect, it is important to note that it appears to be relatively more difficult to obtain a mortgage loan than a personal loan. It has been argued that the supply of personal credit is relatively elastic while that of mortgage credit is not. This is reflected in higher refusal rates for mortgage credit. Again, the major reason for not applying is not that

respondents feel that they will not be able to obtain a loan but rather "lack of need." It appears that most respondents do not apply for mortgage credit because either they already have a house or lack sufficient funds to purchase one.

It is therefore worth noting that relatively few Canadians have a registered home-owners savings plan. In fact, fewer than one renter in ten (9%) has an RHOSP. Furthermore, we estimate the average duration of an RHOSP to be three or four years. Thus while RHOSP's appear to help a small but significant proportion (perhaps 1/2% per year) of the population to save enough money to purchase a house, they are largely used by those who are already near to purchasing a home. Whatever the merits of RHOSPs, they do not appear to make a major contribution to the ability of lower and lower middle income families to purchase a home.

This raises serious questions concerning access to housing for members of these income groups. While these are beyond the scope of the present inquiry, it is important to note that the combination of limited access to mortgage credit and the relatively slight importance of tax incentives may greatly limit the ability of lower and lower middle income families to purchase a house. Moreover, if the supply of mortgage credit is basically inelastic, measures which do not increase supply are unlikely to have much effect on access.

It has been noted that screening is used to determine who will obtain credit and that this screening appears to be most important with respect to mortgage credit. It is further noted that the action of "screened" groups appears to confirm the judgement of financial institutions. However, it is important to make two additional points. First, it is beyond the scope of this study to determine whether the factors used to screen

applicants are justified. While there is no evidence of discrimination, in the sense that we use the term, because riskless services are generally available, it is possible that those items used to screen applicants do not effectively enable lenders to determine who is capable of re-paying a loan. Second, the very fact that some Canadians are refused loans implies that some of those who are unable to obtain credit expect the benefits of the loan to exceed its costs. An unemployed person may be a poor risk, but his "need" for credit may be relatively greater. Consequently there are problems of access for certain Canadians. It is beyond the scope of this study to judge the moral or economic justification of these limitations.

It also appears that limits on the interest rate allowed on small short period loans lead to difficulties for applicants for this type of credit. In the course of the group interviews, one participant mentioned this type of problem, and it affected at least two respondents in the quantitative studies. This is of particular importance since those applicants who are most likely to need such loans are also those who are least likely to have access to revolving credit such as bank credit cards.

Finally, it appears that many Canadians are not making the most profitable use of chequing and savings accounts. There is considerable use of chequing/savings accounts when it would be more rational to use a chequing or true savings account or both. Chequing/savings accounts are relatively more important among residents of low income areas, francophones and consumers who deal with credit unions. While all these variables are related, each has an independent effect.

It is worth noting that credit was relatively tight over the period studied. According to our estimates, 1976 was the tightest credit year since 1966 (we did not examine years prior to 1966). In the period 1975 through early 1978, credit was less tight than in the period 1968 through 1970 but much tighter than in the period 1971 through 1973.

Thus while other three year periods may have been marked by greater problems of access, the period studied was a period of suitably difficult access.

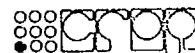
We therefore suggest the following recommendations:

1. Discrimination in the financial system, if it exists, does so at a level below that detectable in the present study, and therefore, does not appear to be systematic. However, screening is used to determine whether applicants should receive certain financial services. It is beyond the scope of this study to establish whether or not the signals used for screening are justified, and, consequently, a study should be undertaken to determine their validity.
2. Mortgage credit is more difficult to obtain than are other forms of credit, and, consequently, certain "safe" applicants may be unable to obtain mortgage loans. It also appears that registered home-owners savings plans are rarely used by low and lower middle income families. We therefore suggest that a study be undertaken to evaluate difficulties of access to housing and the economic and social impact of any problems on low and lower income families.
3. There appear to be some problems of access to small short period loans. A further enquiry should be made into this particular market, particularly with respect to enacting particular legislation dealing with small loans such as that which presently exists in several American states.

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THEORETICAL FRAMEWORK





2. THEORETICAL FRAMEWORK

1.1 Basic Concepts

With respect to access to the financial system, it is important to distinguish between three basic situations: universal access, lack of supply, lack of demand. In the first case, all consumers have the service. In the second no institution offers the service while in the third no consumer wishes to make use of it.

This approach unfortunately, eliminates the problem which we wish to examine, because in the last two cases the service is not marketed, and, consequently will not be an existing financial service. In the first case, access is universal and, thus no problem of access exists. (1)

(1) Although we do not concentrate on non-existing services, this does not mean that they are without interest or importance. Political scientists have a growing tendency not to consider "power" as the ability to make decisions (Dahl) but as this and the capacity to avoid a decision being taken (Bachrach and Baratz). It has been suggested that a third dimension of power, the ability to prevent an issue from being raised, exists. In this respect economists have tended to treat lack of demand and supply as a simple extension of the price system. There is no demand for gold-laced paper tissues, because at the price producers would require to supply the good, consumers prefer other items. Consequently, little attention is given to the existence of free goods or to the absence of goods other than in the context of the existence, uniqueness and stability of general equilibrium. However, it seems apparent that a monopolist may be capable not only of making "supernormal" profits on a certain good, but by not producing a certain good, he may assure its non-supply. In this sense, it is perfectly possible that there exists a demand for certain financial services which are not presently marketed. It would be interesting to compare services offered in Canada with those available elsewhere to determine whether such services do exist. In this respect, in the course of the present enquiry, it was noted that the market for small short-period loans appears to be restricted although such loans are readily available in certain American states where very high interest rates are permitted on this type of credit. This line of enquiry is outside the scope of the present study, but it offers considerable potential for both economists and financial marketing experts.

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Individuals may not use existing financial service, for one of four basic reasons:

1. Prejudice: The financial institutions simply do not wish to serve them. This may be due to the feelings of the managers of financial institutions or because of the real or perceived prejudice of their staff or customers. In the technical language of the economist, the bankers, staff or customers derive negative utility from dealing with individuals from certain socio-demographic groups (supply factor).
2. Screening: In cases of risk, the financial institutions attribute a higher statistical probability of negative results to certain socio-demographic groups. Example: low income families may be believed to have a greater likelihood of default on loans (supply factor).
3. Self-exclusion: Individuals may believe that they would not be given access to financial services. (Demand factor which may or may not reflect a supply factor).
4. No demand: For a variety of reasons individuals may not need financial services.

Each of these explanations is plausible a priori. In the case of prejudice, we can usefully draw on the work of Arrow ⁽²⁾ with respect to the job market. While Becker ⁽³⁾ attempted

(2) Arrow, Kenneth J., "Models of Job Discrimination", and "Some Mathematical Models of Race Discrimination in the Labour Market" in Pascal, A.H. ed., Racial Discrimination in Economic Life, Lexington, Mass. 1972.

(3) Becker, Gary S., The Economics of Discrimination, University of Chicago Press, Chicago, 1968.

to explain job discrimination and segregation in terms of employers' utility functions, Arrow shows that in a competitive market, discrimination (prejudice related wage differences) can not occur provided that there are a sufficiently large minority of employers who are not prejudiced.

There may however be segregation (in Arrow's example, all-white and all-black firms). He also shows that employee prejudice will lead to segregation but not discrimination. However, if there is prejudice among employees and a new group (blacks) arrives on the market, both discrimination and segregation may occur.

It would be relatively simple to extend these proofs to any sales situation. If we assume that there is considerable competition, although not necessarily perfect competition, financial services will be available at the same "price" for everyone provided at least some financial institutions are not prejudiced. Similarly, if customers or staff are perceived by managers as prejudiced, segregation but not discrimination will occur. However, if in the latter case certain groups entered the market late, both discrimination and segregation could occur. It is likely that low income groups, women, and immigrants, among others, are relative newcomers to the market for financial services; thus it is possible that prejudice could lead to exclusion or discrimination in their cases. / *

While much of economic theory is based on the assumption of perfect information, in the last few years, it has become clear that the effect of relaxing this assumption may be sufficient to explain the non-existence ⁽⁴⁾ of certain markets or lead to

(4) Akerloff, George A., "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism", Quarterly Journal of Economics, August 1970, 84: 488-500. See also note 1 above.

rationing (5). Demand may be affected directly or indirectly (6) by imperfect information.

Spence argues that in cases of imperfect information, sellers give off signals (observable attributes which are alterable by the individual's actions) and indices (observable unalterable attributes). The buyer uses these attributes to screen sellers.

Stiglitz and Rothschild (7) maintain that screening is also used by sellers in cases of risk (e.g. insurance).

This concept can usefully be applied to only some financial services. Banking accounts without chequing rights are risk free from the point of view of the financial institution.

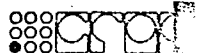
Bounced cheques may represent a slight risk to the (reputation of the) financial institution, but on the whole risk plays its most important role in the case of loans and the granting of credit cards.

In these cases, the financial institution will try to minimize the probability of default. Since it is impossible to distinguish directly between defaulters and non-defaulters, the decision will be based on indicators of the probability that an individual will default. It is difficult to see what signals (alterable attributes) borrowers could give off to influence this decision; it appears that lenders must rely on indices (sex, age, race,

(5) Jaffee, Dwight M. and Russell, Thomas, "Imperfect Information, Uncertainty, and Credit Rationing", Quarterly Journal of Economics, Nov. 1976, 90: 651-666.

(6) Akerloff (op. cit.) and Spence, Michael, "Job Market Signaling", Quarterly Journal of Economics, 1973, 87: 355-374

(7) Rothschild, Michael and Stiglitz, Joseph, "Equilibrium In Competitive Insurance Markets: An Essay on the Economics Of Imperfect Information," Quarterly Journal of Economics, Nov. 1976, 90: 629-649.



past history, etc.). These indices will be used to estimate the probability of default which in turn determines whether or not the person obtains the loan.

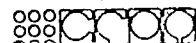
It is important to note that the imputed probabilities of default are not necessarily accurate. While the probability of non-repayment can be calculated for borrowers, no information exists concerning those who are denied loans. Unless experimentation occurs, the financial institution may have no reason to move from its equilibrium.

This may explain the possibility of a stable equilibrium. If low interest lenders cannot price discriminate, it may be possible for high interest lenders to deal with a slightly riskier market. Jaffee and Russell⁽⁸⁾ who exclude the possibility of screening for degrees of risk, consider two rates of interest to be possible only in disequilibrium.

However, there are two other possibilities. In the first case higher interest lenders may be able to increase the probability of re-payment through closer contact with the client. Second, borrowers are also in a situation of imperfect information. They must estimate the probability that they will be given a loan at each institution. If the probability is perceived as sufficiently greater at the higher interest lender, the borrower will choose to go there.

Again, self-selection may reflect inaccurate perceptions. It is entirely possible that the individual would have received the loan at a low interest lender. Since he has not attempted to obtain the loan, he has no information disconfirming his perception. If anything, his (false) view that it is easier to obtain the loan from a more expensive lender is confirmed.

(8) Jaffee and Russell (op. cit.)



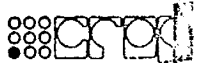
The analysis of the use of financial services involving risk thus entails two factors which render analysis difficult. If potential borrowers are refused loans, it is difficult to determine whether the screening used was accurate. If self-exclusion occurs, it is also difficult to determine whether or not this is justified. We will be forced to rely on the outcome in apparently similar cases.

The situation where there is no demand for certain financial services is relatively straightforward conceptually, and requires no comment here. However, conceptual simplicity does not necessarily entail easy investigation, and more will be said on this subject later.

It is important to note that supply and demand are not constant over the business cycle. Demand for credit is likely to be higher at the peaks while supply may well be smaller because of governments' counter-cyclical monetary policies. Thus, at the peak of the business cycle, screening is likely to play a more important role than it would at the trough. Similarly, no demand should have a relatively more important role at the trough.

Consequently, with this limitation in mind, we seek to:

1. Determine the use of financial services for each type of financial institution.
2. Assess the role of refusal in the use of financial institutions.
3. Evaluate the importance of other factors with respect to consumer demand for financial services.



In addition to the data on attitudes and experience, socio-demographic information must be collected to fill a two-fold purpose. First, we must be able to identify non-users of financial services. Second, we must be able to examine characteristics which might be used in a screening process.

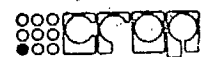
This data will allow us to identify groups for which there is a high refusal rate of applications for financial services. If these services have an inherent risk factor, the cause can be attributed to screening. If however, there is a high refusal rate for risk free services, it will be important to determine the weight accorded to various factors.

In the event that self-exclusion plays an important role in the non-use of financial services, the refusal rate should be examined in order to establish whether self-exclusion reflects an accurate perception of the situation.

If demand for financial services is low, we must distinguish between factors which are attributable to the organisation of the financial industry and those which are independent of it.

Thus for each financial service, we seek to distinguish which of the following apply for each of a number of important socio-demographic groups:

1. General access to financial service
2. High refusal rate attributable to prejudice
3. High refusal rate attributable to screening
4. High non-application rate attributable to accurately perceived difficulties of access



5. High non-application rate attributable to inaccurately perceived difficulties of access
6. High non-application rate attributable to organisation of finance industry
7. High non-application rate attributable to factors independent of the finance industry.

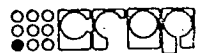
It is to be noted that situation 4 will be found in conjunction with 2 or 3. Where the non-application rate is very high, it will be impossible to distinguish between 4 and 5. Within these limits, the classification of the situation with respect to each service and type of institution into one or more of the above categories will greatly facilitate the choice of policy options.

2.2 Questionnaire Design

For each of eleven financial services, respondents were asked if they have the service and, if so, where. Those who do not have the service were asked if they had applied for it in the course of the last three years and, if not, why not. Those who either have the service or applied for the service in the course of the last three years were asked if they had been refused the service in the course of the last three years and, if so, where and why.

This approach allows us to establish the reasons for non-demand as well as to detect those groups which are most subject to refusal. It provides us with information concerning the stock of consumer services and the flow of refusals. These are the relevant variables for most problems of access. However, this information does not provide us with the refusal rate for these services. The additional questions which would have been necessary to determine the refusal rate would have been an unnecessary addition to the already heavy respondent burden. Nevertheless, in most cases, on the basis of reasonable assumptions, it is possible to estimate the refusal rate.

RESULTS





3. RESULTS

3.1 Introduction: Socio-economic Characteristics Of Samples

Throughout much of this section we compare our low income sample with our national sample.* It is therefore important to recognize two essential points: first, the low income sample is drawn from low income urban areas; consequently, while relatively more of the low income sample than of the national sample have low or middle incomes, some of the former have upper middle or high incomes. Secondly, the two samples differ in terms of other characteristics which are not necessarily causally linked with income.

The median family income of the national sample is approximately \$17,650 while that of the low income sample is about \$13,250. Nevertheless one-fifth (20%) of the national sample report family incomes below \$12,000 while a similar proportion (25%) of "low income" respondents report incomes over \$18,000.

At the same time, the two samples differ in respects which are not essentially causally linked with income. The entire low income sample is drawn from five urban centers; Vancouver, Winnipeg, Toronto, Montreal and Halifax while about one-third of the national sample comes from these cities. Moreover, over half of low income respondents are located in Québec (Montreal) as opposed to about one-quarter of the national sample. Consequently, since it is well known that credit unions are used more widely in Montreal than in Canada as a whole, we should not be surprised to find that relatively more of our low income sample than of our national sample deal with a credit union.

* We refer to the sample of low income census tracts in the five regional urban centers as the low income sample. The sample of the Canadian population is the national sample.

Thus, care must be used when the two samples are compared. If differences between the two groups can be ascribed to region or population density, they may be spurious.

This is particularly so in the case of what we refer to as ecological differences. In many cases we find differences in the characteristics of similar income groups for the two samples (e.g. respondents in the national study with incomes under \$12,000 are more likely to say they have a true savings account than are their counterparts in the low income study.) In this case, causality may be ascribed to ecological factors, that is to say that the type of neighbourhood people live in is likely to influence their behaviour. Thus, low income families in upper income neighbourhoods behave relatively more like upper income families than similar families in low income neighbourhoods. A parallel influence affects the behaviour of upper income families in low income neighbourhoods. However, these differences may, in fact, be due to other differences between the two groups for which, ideally, we should control.

Even with respect to the application of statistical controls, a certain amount of attention is required. Other differences may also be due to ecological factors. It would therefore be erroneous to control for them.⁽¹⁾

Nevertheless it should be noted that because all other variables, have not been controlled, the "ecological effect" will be over or under-estimated depending on the direction of influence of uncontrolled variables.

(1) For a fuller discussion of causal and intervening variables see Hirschi, T. and Selvin, H., Principles of Survey Analysis, New York: Free Press 1973.

TABLE 3.1.1

ANNUAL FAMILY INCOME

| | <u>ANNUAL FAMILY INCOME</u> | | <u>ESTIMATED</u> | | <u>TOTAL</u> | |
|----------------------|-----------------------------|-------------------|------------------|-------------------|-----------------|-------------------|
| | <u>NATIONAL</u> | <u>LOW INCOME</u> | <u>NATIONAL</u> | <u>LOW INCOME</u> | <u>NATIONAL</u> | <u>LOW INCOME</u> |
| LESS THAN \$2,500 | 0.9% | 4.5% | 0.0% | 3.8% | 0.9% | 4.9% |
| \$2,500 - \$5,999 | 6.0% | 13.0% | 4.9% | 18.0% | 6.7% | 14.9% |
| \$6,000 - \$8,999 | 6.3% | 11.7% | 12.6% | 8.3% | 8.2% | 12.6% |
| \$9,000 - \$11,999 | 7.2% | 10.0% | 10.0% | 15.0% | 8.7% | 11.5% |
| \$12,000 - \$14,999 | 10.3% | 13.6% | 12.1% | 12.0% | 12.1% | 14.8% |
| \$15,000 - \$17,999 | 13.2% | 12.1% | 12.0% | 11.3% | 15.0% | 13.3% |
| \$18,000 - \$24,999 | 18.6% | 13.8% | 13.2% | 3.8% | 20.6% | 14.2% |
| \$25,000 AND OVER | 22.3% | 10.8% | 13.3% | 10.5% | 24.3% | 11.9% |
| DON'T KNOW/NO ANSWER | 15.1% | 10.3% | 21.8% | 17.3% | 3.3% | 1.8% |

3.2 Chequing Accounts

Over half (53%) of Canadians presently have a chequing account on which they are not paid interest; 45% say they do not have one while 2% do not offer a response.

Perhaps not surprisingly, chequing accounts are particularly common among full-time (59%) and part-time workers and relatively less common among students (23%) and the unemployed (29%). Moreover relatively more respondents at the upper end of the occupational scale say they have a chequing account. The proportion is 81% in the case of top management, top talent and major professionals and 74% for executives, administrators and lesser professionals.

Since occupation is correlated with income and education, it is not surprising to find high income and high education respondents are also more likely to have a chequing account. Fully 72% of those with 17 years or more education as opposed to 57% (thirteen to sixteen years) 55% (nine to twelve years) and 37% (eight years or less) of the others have a chequing account. Similarly the proportion with one of these accounts ranges from 19% in the case of the under \$2,500 family income group to 66% for those with family incomes \$25,000 and over. Moreover, 74% of those with personal incomes of \$25,000 or more say they have a chequing account.

One notable difference occurs with respect to language group. While 61% of English-speaking Canadians have chequing accounts, this proportion drops to 37% in the case of French-speaking Canadians and to 42% for other Canadians.

TABLE 3.2.1

HAVE CHEQUING ACCOUNT BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|--------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1920) | (23) | (120) | (119) | (137) | (189) | (235) | (365) | (450) | (282) |
| HAVE | 52.9 | 19.3 | 37.9 | 46.7 | 38.6 | 49.7 | 51.7 | 58.4 | 65.6 | 47.8 |
| DON'T HAVE | 44.7 | 78.3 | 61.7 | 50.8 | 59.3 | 49.5 | 45.5 | 40.1 | 32.3 | 46.2 |
| D.K./N.A. | 2.5 | 2.5 | 0.4 | 2.5 | 2.2 | 0.8 | 2.8 | 1.5 | 2.1 | 5.9 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (928) | (38) | (118) | (107) | (96) | (123) | (114) | (133) | (95) | (104) |
| HAVE | 38.4 | 16.9 | 29.5 | 31.9 | 38.4 | 44.1 | 32.5 | 49.5 | 46.4 | 42.3 |
| DON'T HAVE | 60.4 | 77.7 | 69.4 | 67.2 | 61.6 | 53.4 | 66.6 | 50.5 | 53.6 | 55.0 |
| D.K./N.A. | 1.2 | 5.3 | 1.1 | 1.0 | 0.0 | 2.5 | 0.9 | 0.0 | 0.0 | 2.7 |

Relatively fewer (38%) members of the low income sample have chequing accounts; 60% say they do not have one while 1% do not know or refuse to answer. Thus individuals in low income areas are only 73% as likely as Canadians in general to have a chequing account.

As in the case of the national sample, full-time workers in low income areas are more likely (48%) to have a chequing account than are other residents. However those working part-time are somewhat less likely (30%) than low income residents in general to have one although, once again, students (28%) and the unemployed (20%) are least likely to have a chequing account. Despite the limited sample size, it appears that relatively more members of the upper occupational categories have chequing accounts; 66% of the professional, executive and administrative classes compared with 30% of unskilled workers have one of these accounts.

The relation between income and having a chequing account is less clear than in the case of the national sample. While the proportion of chequing account holders rises monotonically with family income until \$15,000, it ceases to follow such a pattern above this level.

Anglophones in low income areas more frequently (48%) have a chequing account than do allophones (38%) or francophones (28%). Thus the pattern is the same as for the national sample.

However, the higher proportion of francophones in the low income sample can not explain the different proportions of chequing account holders in the two samples. Relatively more

TABLE 3.2.2

HAVE CHEQUING ACCOUNT BY LANGUAGE AND CITIZENSHIP (%)

| | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>OTHER</u> | <u>CANADIAN BY BIRTH</u> | <u>NATURALIZED</u> | <u>NOT CITIZEN</u> |
|--------------------------|--------------|---------------|----------------|--------------|--------------------------|--------------------|--------------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (1920) | (405) | (1380) | (123) | (1550) | (280) | (80) |
| HAVE | 52.9 | 36.7 | 60.8 | 42.2 | 52.0 | 56.9 | 58.7 |
| DON'T HAVE | 44.7 | 59.0 | 37.5 | 55.1 | 45.4 | 40.5 | 40.8 |
| D.K./N.A. | 2.5 | 4.3 | 1.7 | 2.7 | 2.6 | 2.5 | 0.6 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (928) | (349) | (448) | (125) | (711) | (151) | (64) |
| HAVE | 38.4 | 27.6 | 48.0 | 37.7 | 36.6 | 45.7 | 39.6 |
| DON'T HAVE | 60.4 | 71.0 | 50.8 | 61.5 | 61.9 | 53.7 | 60.4 |
| D.K./N.A. | 1.2 | 1.4 | 1.2 | 0.8 | 1.5 | 0.6 | 0.0 |

anglophones in the national sample (61%) than in the low income sample (48%) have chequing accounts. The same situation holds true for francophones and allophones; 37% of francophones and 42% of allophones in the national sample have chequing accounts as compared with 28% of francophones and 38% of allophones in the low income sample. If we re-weight the low income sample so as to give it the same language make-up as the national sample, 42% of the low income sample would have chequing accounts. Residents of low income areas would still have 22% fewer chequing accounts compared with the national average.

Some of the difference between the low income and national groups can be explained by the different income make-up of the two groups; however, this does not explain all of the difference. If we were to weight the low income sample in order to give it the same income composition as the national sample, 42% of residents of low income areas would have chequing accounts.

Consequently, it is clear that ecological and residual factors must account for much of the difference between residents of low income areas and Canadians as a whole. Language and income alone or together do not explain why fewer of the latter than of the former have chequing accounts. It seems likely that the difference between the two groups is due to social and geographical factors as well as the differences in the composition of the population.

Of those who have a chequing account, 85% of Canadians have one in a bank; 19% have an account in a credit union, and 4% have one in a trust company. The total proportion of accounts is 108% which indicates that at least some Canadians have two chequing accounts.

TABLE 3.2.3

WHY DID NOT APPLY FOR CHEQUING ACCOUNT BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|-------------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 39.7 | 70.2 | 54.4 | 44.5 | 46.7 | 44.8 | 43.9 | 34.9 | 29.6 | 40.6 |
| * | | | * | | | * | | | * | |
| SAMPLE SIZE | (747) | (17) | (70) | (59) | (62) | (82) | (102) | (123) | (123) | (109) |
| DO NOT NEED | 81.1 | 70.5 | 70.2 | 80.2 | 73.9 | 80.2 | 81.8 | 89.4 | 83.8 | 81.0 |
| NOT ENOUGH MONEY | 8.2 | 18.9 | 20.6 | 5.7 | 10.2 | 8.9 | 8.0 | 4.0 | 5.5 | 7.6 |
| DON'T KNOW SERV. | 3.5 | 3.5 | 0.6 | 2.1 | 6.4 | 6.0 | 3.3 | 0.9 | 1.9 | 6.7 |
| OPPOSED | 2.1 | 0.0 | 5.6 | 4.4 | 2.6 | 1.5 | 0.6 | 3.7 | 0.9 | 0.8 |
| OTHER | 1.3 | 0.0 | 0.0 | 0.0 | 5.5 | 1.1 | 0.9 | 0.0 | 3.1 | 0.0 |
| D.K./N.A. | 3.8 | 7.0 | 3.0 | 7.5 | 1.5 | 2.4 | 5.5 | 1.9 | 4.8 | 4.0 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 56.9 | 77.6 | 67.7 | 65.3 | 58.6 | 49.1 | 62.2 | 45.8 | 47.5 | 53.0 |
| * | | | * | | | * | | | * | |
| SAMPLE SIZE | (534) | (30) | (83) | (69) | (55) | (62) | (70) | (60) | (46) | (59) |
| DO NOT NEED | 71.3 | 47.9 | 59.0 | 70.6 | 66.3 | 86.2 | 73.8 | 72.7 | 93.0 | 68.7 |
| NOT ENOUGH MONEY | 14.3 | 37.9 | 29.2 | 19.5 | 6.9 | 5.4 | 9.2 | 5.7 | 0.0 | 16.8 |
| DON'T KNOW SERV. | 6.3 | 7.1 | 5.1 | 4.4 | 7.7 | 3.4 | 7.7 | 14.6 | 4.4 | 2.1 |
| OPPOSED | 1.6 | 0.0 | 0.0 | 1.8 | 0.4 | 1.7 | 3.0 | 1.7 | 2.6 | 2.9 |
| OTHER | 0.6 | 0.0 | 2.6 | 0.0 | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| D.K./N.A. | 6.0 | 7.2 | 4.1 | 3.7 | 16.7 | 3.4 | 6.3 | 5.3 | 0.0 | 9.5 |

The present study confirms the view that relatively more francophones than members of other language groups deal with credit unions. While 61% of francophones have their account at a bank, fully 57% have one at a credit union and 4% have it at a trust company. This compares with 90% of anglophones who deal with a bank, 11% who do their chequing with a credit union and 4% who have their chequing account at a trust. Despite the small sample size, it appears that allophones are even less likely than anglophones to have their chequing account with a credit union; 99% deal with a bank for this service while 2% do their chequing with a credit union and 3% with a trust.

Francophones are also more likely to have more than one account; the proportion of accounts identified in the case of francophones is 122% which indicates that about one-fifth of francophone chequing account holders have two such accounts. This compares with about one in twenty anglophone and one in thirty allophone chequing account holders.

Non-whites are also much more likely to deal with a bank. All 26 non-whites who have a chequing account deal with a bank. One of these also has an account with a credit union while three also do their chequing with a trust company.

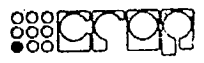
This situation is confirmed by the low income survey. Of 25 non-whites in the sample, 24 deal with a bank. Three non-whites have accounts at a credit union while none has a chequing account at a trust.

Overall, of those residents of low income areas who have a chequing account, 79% have it at a bank, 26% at a credit union and 2% at a trust.



TABLE 3.2.4
CHEQUING ACCOUNT

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|----------------------|------------------------|--------------------------|
| SAMPLE SIZE | (1920) | (928) |
| HAVE | 52.9% | 38.4% |
| BANK | 45% | 30% |
| CREDIT UNION | 10% | 10% |
| TRUST | 2% | 1% |
| APPLIED | 3.5% | 3.8% |
| DID NOT APPLY | 39.7% | 56.9% |
| DO NOT NEED | 32% | 41% |
| NOT ENOUGH MONEY | 3% | 8% |
| DON'T KNOW SERVICE | 1% | 4% |
| OPPOSED | 1% | 1% |
| OTHER | 1% | 0% |
| DON'T KNOW/NO ANSWER | 2% | 3% |
| DON'T KNOW/NO ANSWER | 3.7% | 0.8% |
| NUMBER REFUSED | (6) | (1) |



As is the case nationally, francophones who live in low income areas are more likely than other residents to deal with a credit union; 60% of francophones have their chequing account in a bank while 48% have it in a credit union and none in a trust. On the other hand 88% of anglophones do their chequing at a bank compared with 17% at a credit union and 3% at a trust. Although the sample size is small, it appears that the great majority of allophones deal with a bank.

Although relatively more low income than national respondents have their chequing account at a credit union, this appears to be due primarily to the language composition of the low income group. In fact relatively more "national" francophones than "low income" francophones deal with a credit union.

Four out of ten Canadians (40%) do not have a chequing account and have not applied for one in the course of the last three years. Respondents in this category were asked why they had not applied.

Eight out of ten (81%) respondents say they did not apply because they did not need a chequing account; 8% indicate they did not have enough money; 4% did not know that chequing accounts on which you receive no interest exist while 2% do not believe in them or are opposed to them; 1% give a variety of other reasons while 4% give no reason.

It is interesting to note that francophones (8%) are more likely than other Canadians to say they are not aware of chequing accounts on which no interest is paid.

Fully six out of ten (57%) residents of low income areas do not have a chequing account and did not apply for one in the last three years. The higher proportion here is more or less the consequence of the lower proportion of this group who have chequing accounts.

Relatively fewer (71%) respondents in the low income sample than in the national sample say they did not apply for a chequing account because they did not need one. On the other hand, relatively more indicate they did not have enough money (14%) or they were unaware of the service (6%); 2% offer other reasons while 6% give none at all.

Again francophones more frequently (11%) indicate that they were unaware of the service. Moreover the proportion of "low income" francophones who are unaware of the service may be slightly higher than that for francophones as a whole.

Among the reasons given for not applying for a chequing account is the view that the respondent would not be able to obtain the service. One respondent in the national survey and two in the low income survey give this reason.

In fact, six members of the national sample and one member of the low income sample claim to have been refused a chequing account in the last three years. While no statistical reliability can be accorded to the information it is interesting to examine the cases in detail.

The "low income" respondent is a white anglophone Montrealer with a family income of \$12,000 to \$15,000. He was refused because "the bank did not have the service".

Of the six "national" respondents, five were refused by a bank and one by a credit union. All six are white; two are francophones while four are anglophones. One is not a Canadian citizen.

Five of the six give reasons for the refusal:

"Lack of sufficient identification and established credit in Canada (being an American) just in Canada for a few months."
(Edmonton)

"Felt I wasn't old enough." (Toronto)

"Parce que je n'avais pas d'emploi fixe."
(Montreal)

"Have to have more credit (better credit)."
(Cambellton, N.B.)

"No steady source of income."
(Township 59, P.E.I.)

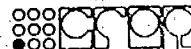
It is worth noting that six of those refused a chequing account are in the 18 to 29 year old age group. Although only one respondent says that age was a factor in his refusal, this variable appears to play a major role in the small number of refusals. It is also worth noting that the young are probably more likely to apply for one of these accounts while members of other age groups are more likely to have had one for some time.

In fact three of the seven respondents who were refused a chequing account indicate they have one elsewhere. On this basis there does not appear to be any group which experiences difficulties obtaining a chequing account. Despite the small number of refusals, access to chequing accounts appears to be nearly universal.

Where respondents do not have chequing accounts, the cause appears to be lack of demand due either to some unspecified reason or to a perceived lack of funds.

Despite this generally favourable situation, certain individuals may nevertheless experience difficulties of access. The stock of chequing accounts is 53%. However, it is likely that about 15% to 20% of Canadians applied for a chequing account in the last three years.⁽²⁾ Consequently as many as 2% of applicants for chequing accounts might be refused.

(2) About 13% of Canadians changed neighbourhoods in the last three years and having a chequing account. A further 4% do not have a chequing account but applied for one in the last three years. Some of those who moved would keep their old chequing accounts while others who did not move would open new ones. This is the basis for our estimate.



3.3 Chequing/Savings Accounts

Over half (54%) of Canadians have a chequing/savings account; 44% say they do not have one while 2% do not know or refuse to give an answer.

As is the case with chequing accounts, relatively fewer students (43%) and unemployed persons (43%) have chequing/savings accounts. However there is no clear difference between those employed full (57%) or part-time (52%) and those who stay at home (52%) or are retired (56%)

Surprisingly income is only mildly related to having a chequing/savings account. While those with family incomes under \$6,000 have relatively fewer chequing/savings accounts than those with higher family incomes, no clear relation between income and holding one of these accounts exists for higher levels of income.

The most striking difference is between francophone and other Canadians. While 68% of francophones have a chequing/savings account, only 51% of allophones and 49% of anglophones have one.

Chequing/savings accounts are as common among residents of low income areas as they are nationally; 52% of the latter say they have a chequing/savings account. On the other hand 46% say they do not have one while 1% do not offer a response.

As is the case nationally, lower income respondents (under \$6,000) are less likely to have a chequing/savings account than are others. There appears to be a greater tendency for members of the over \$15,000 income group to have one of these accounts.

TABLE 3.3.1

HAVE CHEQUING/SAVINGS ACCOUNT BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|--------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1920) | (23) | (120) | (119) | (137) | (189) | (235) | (365) | (450) | (282) |
| HAVE | 54.0 | 26.8 | 44.9 | 54.0 | 51.5 | 57.3 | 56.1 | 54.3 | 59.0 | 48.4 |
| DON'T HAVE | 43.6 | 70.7 | 54.8 | 46.0 | 46.0 | 42.3 | 41.8 | 44.2 | 39.8 | 43.1 |
| D.K./N.A. | 2.4 | 2.5 | 0.3 | 0.0 | 2.6 | 0.5 | 2.0 | 1.5 | 1.2 | 8.5 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (928) | (38) | (118) | (107) | (96) | (123) | (114) | (133) | (95) | (104) |
| HAVE | 52.5 | 31.4 | 37.7 | 54.4 | 56.4 | 53.6 | 61.5 | 60.4 | 62.9 | 41.1 |
| DON'T HAVE | 46.4 | 63.2 | 61.2 | 45.6 | 43.6 | 45.5 | 38.5 | 37.9 | 37.1 | 55.1 |
| D.K./N.A. | 1.1 | 5.3 | 1.1 | 0.0 | 0.0 | 0.8 | 0.0 | 1.6 | 0.0 | 3.8 |

Francophones living in low income areas are also more likely to have a chequing/savings account than are their anglophone and allophone homologues. Seven out of ten (69%) francophones in this group have one of these accounts compared with 40% of anglophones and 48% of allophones.

Nationally, of those who do have a chequing/savings account, 75% have it at a bank, 34% at a credit union and 6% at a trust.

Race does not seem to be correlated with where an individual has an account. Whites and non-whites deal with banks, credit unions and trust companies in about the same proportions.

However, respondents who are Canadian citizens by birth are less likely to deal with a bank than are naturalized or non-citizens; 72% of Canadian citizens by birth have their chequing/savings account at a bank, 38% at a credit union and 5% at a trust. This compares with 89% of others who deal with a bank, 16% who deal with a credit union and 8% who deal with a trust.

Francophones again have a greater tendency to have their account at a credit union. Less than half (49%) have their chequing/savings account at a bank compared with 72% who go to a credit union and 1% who deal with a trust. On the other hand, anglophones (88%) and allophones (97%) most frequently deal with a bank rather than with a credit union (15% and 11%, respectively) or a trust company (8% and 6%, respectively). The reader will note that once again, francophones have a greater tendency to have more than one account.

TABLE 3.3.2

HAVE CHEQUING/SAVINGS ACCOUNT BY LANGUAGE AND CITIZENSHIP (%)

| | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>OTHER</u> | <u>CANADIAN BY BIRTH</u> | <u>NATURALIZED</u> | <u>NOT CITIZEN</u> |
|--------------------------|--------------|---------------|----------------|--------------|--------------------------|--------------------|--------------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (1920) | (405) | (1380) | (123) | (1550) | (280) | (80) |
| HAVE | 54.0 | 67.8 | 48.6 | 51.4 | 55.0 | 52.9 | 44.4 |
| DON'T HAVE | 43.6 | 29.2 | 49.8 | 41.1 | 42.6 | 45.1 | 51.5 |
| D.K./N.A. | 2.4 | 2.9 | 1.6 | 7.5 | 2.3 | 2.0 | 4.1 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (927) | (349) | (448) | (125) | (711) | (151) | (64) |
| HAVE | 52.5 | 69.4 | 39.6 | 47.7 | 54.9 | 45.4 | 48.0 |
| DON'T HAVE | 46.4 | 29.7 | 59.3 | 24.3 | 44.0 | 53.2 | 52.0 |
| D.K./N.A. | 1.1 | 0.9 | 1.1 | 1.7 | 1.2 | 1.4 | 0.0 |

Among residents of low income areas who have an account, two-thirds (66%) have their chequing/savings account at a bank while 44% deal with a credit union and 1% with a trust.

Francophone residents of these areas are again more likely to deal with a credit union; 63% of francophones as opposed to 20% of anglophones and 7% of allophones have their chequing/savings account at a credit union. On the other hand, 48% of francophones compared with 90% of anglophones and 82% of allophones deal with a bank.

Canadian citizens by birth less frequently (62%) have their chequing/savings account at a bank than do other respondents (83%). Conversely they more frequently deal with a credit union (50%) than do others (24%).

It can be seen that the difference between the low income and national samples is primarily due to their different language compositions. The higher proportion of low income respondents who deal with a credit union is explained by the greater relative importance of francophones in this sample.

Four out of ten Canadian (42%) have not applied for a chequing/savings account in the last three years and do not presently have one.

Eight out of ten (80%) did not apply simply because they did not need such an account. One out of ten (9%) feel they did not have sufficient money while 3% express opposition to the service and 2% say they did not know it existed. A variety of other responses comprise the remaining 1% while 4% do not offer a reason.

TABLE 3.3.3

WHY DID NOT APPLY FOR CHEQUING/SAVINGS ACCOUNT BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|----------------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 41.9 | 70.2 | 55.5 | 42.9 | 39.0 | 41.3 | 41.0 | 42.9 | 37.6 | 42.2 |
| * | | | * | | | * | | | * | |
| SAMPLE SIZE | (864) | (15) | (71) | (50) | (71) | (82) | (108) | (166) | (185) | (116) |
| DO NOT NEED | 80.4 | 63.4 | 60.1 | 72.6 | 72.5 | 78.6 | 80.3 | 86.7 | 85.7 | 86.1 |
| NOT ENOUGH MONEY | 9.2 | 26.0 | 30.1 | 11.2 | 11.4 | 14.6 | 6.1 | 4.4 | 4.9 | 5.7 |
| DON'T KNOW SERV. | 2.2 | 0.0 | 4.8 | 0.0 | 8.4 | 3.2 | 1.9 | 0.8 | 1.5 | 1.5 |
| OPPOSED | 3.2 | 0.0 | 0.4 | 3.1 | 0.2 | 1.1 | 3.2 | 4.9 | 5.5 | 2.5 |
| OTHER | 0.8 | 0.0 | 0.6 | 0.0 | 2.5 | 0.6 | 0.8 | 0.5 | 0.0 | 1.9 |
| D.K./N.A. | 4.2 | 10.6 | 4.1 | 13.1 | 5.0 | 1.9 | 7.8 | 2.6 | 2.4 | 2.3 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 44.1 | 65.5 | 62.3 | 43.3 | 42.2 | 40.0 | 36.5 | 34.5 | 36.0 | 51.5 |
| * | | | * | | | * | | | * | |
| SAMPLE SIZE | (425) | (25) | (73) | (48) | (44) | (50) | (44) | (50) | (34) | (57) |
| DO NOT NEED | 69.2 | 39.5 | 52.4 | 63.3 | 69.2 | 78.4 | 82.6 | 84.0 | 93.7 | 65.2 |
| NOT ENOUGH MONEY | 22.3 | 44.8 | 38.9 | 26.9 | 24.5 | 13.4 | 11.2 | 10.3 | 1.9 | 21.6 |
| DON'T KNOW SERV. | 1.9 | 4.7 | 2.7 | 2.7 | 0.0 | 4.1 | 0.0 | 2.4 | 0.0 | 0.0 |
| OPPOSED | 2.0 | 7.3 | 0.0 | 4.5 | 0.5 | 0.0 | 0.0 | 0.0 | 3.4 | 5.5 |
| OTHER | 0.8 | 0.0 | 2.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.6 |
| D.K./N.A. | 3.8 | 3.7 | 3.1 | 2.7 | 5.8 | 4.1 | 6.2 | 3.3 | 0.0 | 5.1 |

The proportion who say they did not have enough money is inversely correlated with income. Three out of ten (29%) respondents with family incomes under \$6,000 compared with 5% of those with family incomes over \$25,000 indicate they did not have enough money. Similarly 16% of those with personal incomes under \$6,000 compared with 2% of those with personal incomes over \$18,000 cite this reason.

At the same time francophones are more likely to feel they did not have sufficient money; 25% give this opinion as opposed to 6% of anglophones and 9% of allophones. However this difference loses its significance when we consider that far fewer francophones did not apply for a chequing/savings account. As a proportion of the total language group 6% of francophones compared with 3% of anglophones did not apply for a chequing/savings account because they did not have sufficient funds.

Seven out of ten (69%) residents of low income areas who did not apply for a chequing/savings account did not do so because they felt no need for the service. On the other hand 22% say they lack sufficient funds while 2% are opposed to the service and 2% did not know it exists; 1% express other reasons while 4% can not or will not offer any.

In the low income sample francophones do not blame lack of money for their not applying for a chequing/savings account. This confirms the view that the higher proportion of francophone non-applicants nationally who cite insufficient funds as their reason for not applying for a chequing/savings account is an artifact of the greater existing stock of such accounts among this language group.

TABLE 3.3.4
CHEQUING/SAVINGS ACCOUNTS

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|----------------------|------------------------|--------------------------|
| SAMPLE SIZE | (1920) | (928) |
| HAVE | 54.0% | 52.5% |
| BANK | 41% | 35% |
| CREDIT UNION | 19% | 29% |
| TRUST | 2% | 1% |
| APPLIED | 1.7% | 2.2% |
| DID NOT APPLY | 41.9% | 44.1% |
| DO NOT NEED | 34% | 30% |
| NOT ENOUGH MONEY | 4% | 10% |
| DON'T KNOW SERVICE | 1% | 1% |
| OPPOSED | 1% | 1% |
| OTHER | 0% | 0% |
| DON'T KNOW/NO ANSWER | 2% | 2% |
| DON'T KNOW/NO ANSWER | 2.6% | 1.1% |
| NUMBER REFUSED | (4) | (0) |



On the other hand, there is an inverse relation between income and citing lack of money as the reason for not applying for a chequing/savings account; 40% of those with family incomes under \$6,000 compared with 7% of those with family incomes over \$18,000 give this reason.

However, in addition to the income effect there is a strong ecological effect. For a given income level, a higher proportion of "low income" respondents than national respondents say the reason they did not apply for a chequing/savings account is that they didn't have enough money; thus 29% of "national" respondents with family incomes under \$6,000 compared with 40% of "low income" respondents in the same category indicate they had insufficient funds to apply for a chequing/savings account. Similarly 5% of "national" respondents with family incomes over \$18,000 as opposed to 7% of "low income" respondents in the same income group give this reason.

Inability to obtain a chequing/savings account was not a major reason for not applying for one. Only two respondents in each sample cite this factor. Both are white anglophone home-makers. One is divorced, the other married. One has a family income of \$2,500 to \$6,000 while the other has a family income of \$9,000 to \$12,000.

In fact a total of four respondents indicate they were refused a chequing/savings account. Not a single member of the low income sample relates such an experience.

All four respondents have had their jobs for at least three years. All are white and Canadian citizens by birth. Three are francophones; one is anglophone. Two of the francophone were refused by credit unions. The remaining two respondents

did not indicate where they had been refused. Only one respondent offered a reason for the refusal:

"On m'a dit que cela m'était inutile pour le moment". (Ascension, Que.)

While the proportion of Canadians who were refused a chequing/savings account is small, the refusal rate may nevertheless be relatively high. Between 10% and 15% of Canadians may have applied for a chequing/savings account in the last three years.⁽³⁾ Consequently the refusal rate would be between 3% and 4%.

As in the case of chequing accounts, however, there does not appear to be any group which experiences difficulties obtaining a chequing/savings account. Over half of Canadians already have one. Those who do not have such an account generally indicate that they do not need one or that they lack sufficient funds.

(3) See not 2 for an explanation of the method used to estimate this proportion.

3.4 True Savings Accounts

Six out of ten (62%) Canadians have a true savings account. On the other hand 36% say they do not have one while 2% do not offer a response.

The proportion of respondents with true savings accounts rises with level of education; 46% of those with eight years or less education compared with 64% (9-12 years), 70% (13-16 years) and 75% (17 years or more) of the other groups have a true savings account.

Relatively more anglophones have a true savings account; 68% compared with 51% of francophones and 46% of allophones have one of these accounts.

Somewhat fewer (49%) "low income" respondents have a true savings account; 50% say they do not have one while 1% do not offer a response.

As in the national sample relatively more anglophones (54%) than francophones (39%) have a true savings account. However in the low income sample, allophones most frequently (62%) have a true savings account.

The lower proportion of true savings account holders among "low income" respondents can not be explained by the greater proportion of francophones in this group. Among both anglophones and francophones, having a true savings account is less frequent among low income area residents than it is nationally. However, this pattern is reversed among allophones.

TABLE 3.4.1

HAVE TRUE SAVINGS ACCOUNT BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|--------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1920) | (23) | (120) | (119) | (137) | (189) | (235) | (365) | (450) | (282) |
| HAVE | 61.8 | 36.7 | 48.2 | 60.3 | 62.4 | 57.7 | 60.4 | 65.7 | 67.7 | 59.4 |
| DON'T HAVE | 36.0 | 60.9 | 51.4 | 38.4 | 35.0 | 42.0 | 37.5 | 32.2 | 31.4 | 33.6 |
| D.K./N.A. | 2.3 | 2.5 | 0.4 | 1.4 | 2.6 | 0.2 | 2.0 | 2.0 | 1.0 | 7.0 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (928) | (38) | (118) | (107) | (96) | (123) | (114) | (133) | (95) | (104) |
| HAVE | 49.4 | 39.2 | 35.6 | 36.7 | 45.0 | 54.9 | 59.8 | 52.8 | 71.5 | 42.8 |
| DON'T HAVE | 49.7 | 57.7 | 62.3 | 62.4 | 55.0 | 45.1 | 40.2 | 46.4 | 28.5 | 54.5 |
| D.K./N.A. | 0.9 | 3.1 | 2.1 | 0.9 | 0.0 | 0.0 | 0.0 | 0.8 | 0.0 | 2.7 |



Among "low income" respondents, having a true savings account is correlated with income; 36% of those with family incomes under \$9,000 have true savings accounts.

Nationally, of those who have a true savings account, 76% have one with a bank, 27% with a credit union and 10% with a trust. It should be noted that the market share of trusts with respect to true saving accounts is considerably larger than that with respect to chequing and chequing/savings accounts.

As it has already been demonstrated that relatively more whites, Canadian citizens by birth and francophones make use of credit unions,⁽⁴⁾ this exercise will not be repeated here.

It should suffice to note that the pattern holds for true savings accounts.

Among "low income" respondents who have a true savings account, 76% deal with a bank, 28% with a credit union and 3% with a trust. Again, the usual groups show a greater tendency to have their account with a credit union.

However the relatively fewer users of trusts in low income areas can not be attributed to the language composition of the two samples. Instead the main difference appears to be ecological. For a given income level, relatively fewer "low income" respondents deal with a trust.

One-third (34%) of all Canadians do not presently have a true savings account and have not applied for one in the last three years.

(4) See sections 3.2 and 3.3

TABLE 3.4.2

HAVE TRUE SAVINGS ACCOUNT BY LANGUAGE AND CITIZENSHIP (%)

| | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>OTHER</u> | <u>CANADIAN BY BIRTH</u> | <u>NATURALIZED</u> | <u>NOT CITIZEN</u> |
|--------------------------|--------------|---------------|----------------|--------------|--------------------------|--------------------|--------------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (1920) | (405) | (1380) | (123) | (1550) | (280) | (80) |
| HAVE | 61.8 | 50.9 | 68.0 | 45.6 | 61.8 | 61.1 | 65.8 |
| DON'T HAVE | 36.0 | 46.2 | 30.6 | 46.8 | 36.0 | 37.1 | 30.1 |
| D.K./N.A. | 2.3 | 2.9 | 1.5 | 7.5 | 2.2 | 1.9 | 4.1 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (928) | (349) | (448) | (125) | (711) | (151) | (64) |
| HAVE | 49.4 | 39.1 | 54.4 | 61.9 | 46.6 | 59.2 | 56.2 |
| DON'T HAVE | 49.7 | 60.6 | 44.5 | 36.2 | 52.9 | 38.4 | 42.3 |
| D.K./N.A. | 0.9 | 0.3 | 1.1 | 1.9 | 0.5 | 2.3 | 1.5 |

Again the most common reason for not having applied is lack of need; 71% cite this factor compared with 22% who say they did not have enough money while 2% are opposed to this type of account and 1% give other reasons; 4% do not offer a response.

Relatively fewer (57%) "low income" respondents cite lack of need as their reason for not applying for a true savings account. However this is due to the higher proportion of non-applicants in the low income survey. In fact, 23% of the national sample as opposed to 27% of the low income sample do not have a true savings account and did not apply for one because of lack of need.

On the other hand relatively more of the low income sample say they did not have enough money to apply for a true savings account. This is the opinion of 33% of non-applicants or 16% of the entire sample; 7% of the entire national sample express this view.

In the "low income" survey, there is a very clear relation between "not having enough money" and family income; 47% of those with family incomes under \$6,000 as opposed to 16% of those with incomes over \$18,000 feel they did not have enough money to apply for a true savings account. While this relation exists in the national survey it is less regular perhaps due to the limited sample size.

Much, although not all, of the difference between the "low income" and "national" samples can be attributed to their different income group compositions.



TABLE 3.4.3

WHY DID NOT APPLY FOR TRUE SAVINGS ACCOUNT BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|----------------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 33.6 | 63.7 | 43.0 | 37.0 | 28.6 | 39.8 | 36.4 | 30.1 | 29.3 | 32.8 |
| * | | | * | | | * | | | * | |
| SAMPLE SIZE | (648) | (15) | (57) | (48) | (49) | (73) | (76) | (102) | (134) | (94) |
| DO NOT NEED | 71.0 | 41.6 | 68.5 | 69.2 | 51.8 | 66.9 | 75.2 | 73.4 | (75.3) | 75.5 |
| NOT ENOUGH MONEY | 22.4 | 46.6 | 28.1 | 23.7 | 40.5 | 32.4 | 17.8 | 23.6 | 13.0 | 16.1 |
| DON'T KNOW SERV. | 0.6 | 0.0 | 0.0 | 0.0 | 2.9 | 0.0 | 1.2 | 0.0 | 0.9 | 0.5 |
| OPPOSED | 1.5 | 0.0 | 0.7 | 2.6 | 0.0 | 0.2 | 0.4 | 2.3 | 2.4 | 2.4 |
| OTHER | 0.6 | 0.0 | 0.7 | 1.1 | 1.3 | 0.0 | 1.5 | 0.0 | 1.3 | 0.0 |
| D.K./N.A. | 3.8 | 11.7 | 2.0 | 3.4 | 3.5 | 0.6 | 4.0 | 0.8 | 7.0 | 5.6 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 47.4 | 56.9 | 61.1 | 60.0 | 51.6 | 43.4 | 38.5 | 42.9 | 27.3 | 51.5 |
| * | | | * | | | * | | | * | |
| SAMPLE SIZE | (438) | (22) | (73) | (64) | (50) | (52) | (43) | (55) | (26) | (53) |
| DO NOT NEED | 57.3 | 36.0 | 44.1 | 50.3 | 62.2 | 56.6 | 74.4 | 72.4 | 71.7 | 53.0 |
| NOT ENOUGH MONEY | 33.0 | 54.3 | 45.0 | 44.5 | 31.2 | 30.2 | 19.9 | 15.9 | 16.0 | 34.5 |
| DON'T KNOW SERV. | 1.3 | 0.0 | 1.4 | 1.6 | 0.0 | 0.0 | 2.8 | 4.2 | 0.0 | 0.0 |
| OPPOSED | 2.3 | 5.4 | 0.0 | 0.0 | 2.2 | 2.4 | 0.0 | 3.7 | 7.6 | 4.8 |
| OTHER | 1.0 | 0.0 | 2.8 | 1.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.7 |
| D.K./N.A. | 5.1 | 4.3 | 6.6 | 1.9 | 4.4 | 10.8 | 2.9 | 3.8 | 4.7 | 5.1 |

Two respondents in each survey indicate that they would not be able to obtain a true savings accounts. Three of the four have family incomes of \$2,500 to \$6,000; the fourth has a personal income in this range.

In fact, four respondents indicate that they were refused a true savings account in the course of the last three years. One (from the national survey) is an unemployed francophone white with a family income of \$12,000 to \$15,000. The reason for refusal or the type of institution which refused the account were not given.

The other three respondents who were refused true savings accounts are drawn from the "low income" sample. Two are white francophones while one is a white anglophone. One is unemployed and one has lived less than a year in each of his last two homes. Two were refused by a bank. The third does not state what type of institution refused him.

The following reasons for the refusals were given:

"Not enough identification to satisfy them".
(Winnipeg)

"Mort du mari". (Montreal)

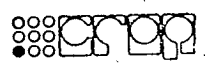
Again it does not appear that members of any groups experience major difficulties in obtaining a true savings account. Over 60% of Canadians already have one. Almost all of those who do not have a true savings account say they do not need one or that they do not have enough money.



TABLE 3.4.4

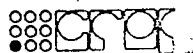
TRUE SAVINGS

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|----------------------|------------------------|--------------------------|
| SAMPLE SIZE | (1920) | (928) |
| HAVE | 61.8% | 49.4% |
| BANK | 47% | 38% |
| CREDIT UNION | 19% | 14% |
| TRUST | 2% | 1% |
| APPLIED | 1.2% | 2.4% |
| DID NOT APPLY | 33.6% | 47.4% |
| DO NOT NEED | 24% | 27% |
| NOT ENOUGH MONEY | 8% | 16% |
| DON'T KNOW SERVICE | 0% | 1% |
| OPPOSED | 1% | 1% |
| OTHER | 0% | 0% |
| DON'T KNOW/NO ANSWER | 1% | 2% |
| DON'T KNOW/NO ANSWER | 3.6% | 0.8% |
| NUMBER REFUSED | (1) | (3) |



The proportion of refusals appears to be very low. It seems that about 15% of Canadians applied for a true savings accounts in the course of the last three years⁽⁵⁾. In this case the refusal rate would be less than 1%.

(5) See note (2) for an explanation of the method used to estimate this proportion.



3.5 Chequing And Savings: A Second Look

Of all accounts held by Canadians about one-third are true savings accounts (37%), one-third chequing/savings accounts (32%) and one-third chequing accounts (31%). Since relatively more non-applicants say they did not have enough money in the case of true savings accounts (22%) than in the case of chequing/savings (9%) or chequing accounts, we might expect that relatively more savings accounts would be held by upper income account-holders and relatively more chequing and chequing/savings accounts by lower income account-holders. In fact, this is not the case. There is no clear relation between income and the proportion of account holders who have true savings accounts. Furthermore the proportion of accounts which are true savings accounts is the same for the national (37%) and low income samples (35%).⁽⁶⁾

Similarly there is no clear relation between income and the proportion of chequing or chequing/savings accounts held. In the national sample, there appears to be a very slight tendency for higher income account-holders to have a higher proportion of chequing accounts. The opposite appears to be the case in the low income sample. We can thus presume that the relation is spurious.

However there is a notable difference between the national sample and the low income sample. While chequing and chequing/savings accounts are held in almost equal numbers nationally, low income respondents hold more chequing/savings accounts (37%) than they do chequing accounts. Since this difference can not

(6) It is important to note that we are distinguishing among the types of accounts actually held. It is perfectly possible for low income families to hold fewer of each type of account but to hold them in the same proportion as other Canadians.

be attributed to the different income compositions of the two samples, it must be due to some other unexamined factors.

Two possible explanations suggest themselves, the type of institution used by members of the two samples and language. While 26% of the low income sample deal with a credit union for their chequing account, only 19% of the national sample do so. Similarly 44% of the former and 34% of the latter have their chequing/savings account at a credit union. There is, however, no difference in the proportion (27% and 28%, respectively) who deal with a credit union for their true savings account. These figures also testify to credit unions' greater relative importance with respect to chequing/savings accounts. At the same time, francophones have a greater tendency to have chequing/savings accounts. Francophones make up a relatively larger proportion of the low income sample than of the national sample.

In fact, nationally, among francophones, chequing/savings accounts make up the largest portion (44%) of accounts while true savings (33%) and chequing accounts (24%) are relatively less important. Among anglophones, however, chequing/savings accounts are a smaller portion (27%) than are true savings (38%) or chequing accounts (34%).

The greater importance of chequing/savings accounts for credit unions is also confirmed. These make up 41% of accounts in credit unions compared with 37% for true savings accounts and 22% for chequing accounts. Banks, on the other hand, have fewer chequing/savings accounts (31%) than chequing (34%) or true savings accounts (36%). Thus either the different institutions used or the different language compositions of the two samples might explain the different observed distributions of accounts.

TABLE 3.5.1

PROPORTION OF EACH TYPE OF ACCOUNT AS PERCENTAGE OF TOTAL ACCOUNT BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|--------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| CHEQUING | 31.4 | 23.3 | 28.9 | 29.0 | 25.3 | 30.2 | 30.7 | 32.7 | 34.1 | 30.7 |
| CHEQUING/ SAVINGS | 32.0 | 32.4 | 34.3 | 33.5 | 33.8 | 34.8 | 33.4 | 30.4 | 30.7 | 31.1 |
| TRUE SAVINGS | 36.6 | 44.3 | 36.8 | 37.5 | 40.9 | 35.0 | 35.9 | 36.8 | 35.2 | 38.2 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| CHEQUING | 27.4 | 19.3 | 28.7 | 25.9 | 27.5 | 28.9 | 21.1 | 30.4 | 25.7 | 33.5 |
| CHEQUING/ SAVINGS | 37.4 | 35.9 | 36.7 | 44.2 | 40.3 | 35.1 | 40.1 | 37.1 | 34.8 | 32.6 |
| TRUE SAVINGS | 35.2 | 44.8 | 34.6 | 29.8 | 32.2 | 36.0 | 38.9 | 32.5 | 39.5 | 33.9 |



If language is controlled, we find that there is a difference between "national" and "low income" francophones with respect to the distribution of accounts. There is, however, no difference between the two samples of anglophones. Consequently, if there is an ecological effect, it would appear to influence francophones but not anglophones.

On the other hand, if we control for type of institution used, other interesting differences appear. There is a slight but significant tendency for more "low income" than "national" accounts in banks to be chequing/savings accounts and for fewer to be chequing accounts. On the other hand, in credit unions, while relatively more "low income" than "national" accounts are chequing/savings, there are relatively fewer savings accounts.

Finally, if we control simultaneously for language and institution used, we find that whether they deal with a bank or credit union francophones in the low income sample tend to have more chequing/savings accounts relative to other accounts. However, this effect is stronger in the case of credit unions.

It is also important to note that type of institution as well as language influence the type of account used. Since credit unions tend to be largely francophone institutions, it might be expected that the relation between language or type of institution and type of account is due to the close correlation between being a francophone and dealing with a credit union. In fact, "francophone" accounts in a bank are more likely to be chequing/savings (41%) than are "anglophone" accounts (28%) but they are less likely to be so than are "francophone" accounts in a credit union (49%). This pattern is repeated



TABLE 3.5.2

PROPORTION OF EACH TYPE OF ACCOUNT AS PERCENTAGE OF TOTAL ACCOUNTS
BY LANGUAGE AND TYPE OF INSTITUTION

| | <u>ALL</u> | | | <u>BANK</u> | | | <u>CREDIT UNION</u> | | | <u>TRUST</u> |
|--------------------------|--------------|---------------|----------------|--------------|---------------|----------------|---------------------|---------------|----------------|--------------|
| | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>TOTAL</u> |
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| CHEQUING | 31.4 | 23.6 | 34.3 | 33.8 | 27.3 | 35.5 | 22.2 | 21.1 | 24.5 | 19.9 |
| CHEQUING/SAVINGS | 32.0 | 43.6 | 27.4 | 30.7 | 41.0 | 28.0 | 40.7 | 48.9 | 27.5 | 27.1 |
| TRUE SAVINGS | 36.6 | 32.8 | 38.3 | 35.5 | 31.7 | 36.6 | 37.0 | 30.0 | 48.0 | 53.1 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| CHEQUING | 27.4 | 20.2 | 33.8 | 29.5 | 23.3 | 34.0 | 21.4 | 16.6 | 32.2 | |
| CHEQUING/SAVINGS | 37.4 | 51.1 | 27.9 | 33.9 | 46.8 | 28.8 | 49.3 | 57.5 | 29.5 | |
| TRUE SAVINGS | 35.2 | 28.6 | 38.3 | 36.6 | 30.0 | 37.3 | 29.3 | 25.9 | 38.3 | |

TABLE 3.5.3

CHEQUING, CHEQUING/SAVINGS AND TRUE SAVINGS ACCOUNTS (NATIONAL SAMPLE)

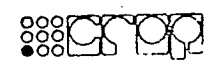
| | <u>CHEQUING</u> | <u>CHEQUING/SAVINGS</u> | <u>TRUE SAVINGS</u> |
|----------------------|-----------------|-------------------------|---------------------|
| SAMPLE SIZE | (1920) | (1920) | (1920) |
| HAVE | 52.9% | 54.0% | 61.8% |
| BANK | 45% | 41% | 47% |
| CREDIT UNION | 10% | 19% | 19% |
| TRUST | 2% | 2% | 2% |
| APPLIED | 3.5% | 1.7% | 1.2% |
| DID NOT APPLY | 39.7% | 41.9% | 33.6% |
| DO NOT NEED | 32% | 34% | 24% |
| NOT ENOUGH MONEY | 3% | 4% | 8% |
| DON'T KNOW SERV. | 1% | 1% | 0% |
| OPPOSED | 1% | 1% | 1% |
| OTHER | 1% | 0% | 0% |
| D.K./N.A. | 2% | 2% | 1% |
| DON'T KNOW/NO ANSWER | 3.7% | 2.6% | 3.6% |
| NUMBER REFUSED | (6) | (4) | (1) |



TABLE 3.5.4

CHEQUING, CHEQUING/SAVINGS AND TRUE SAVINGS ACCOUNTS (LOW INCOME SAMPLE)

| | <u>CHEQUING</u> | <u>CHEQUING/SAVINGS</u> | <u>TRUE SAVINGS</u> |
|----------------------|-----------------|-------------------------|---------------------|
| SAMPLE SIZE | (928) | (928) | (928) |
| HAVE | 38.4% | 52.5% | 49.4% |
| BANK | 30% | 35% | 38% |
| CREDIT UNION | 10% | 29% | 14% |
| TRUST | 1% | 1% | 1% |
| APPLIED | 3.8% | 2.2% | 2.4% |
| DID NOT APPLY | 56.9% | 44.1% | 47.4% |
| DO NOT NEED | 41% | 30% | 27% |
| NOT ENOUGH MONEY | 8% | 10% | 16% |
| DON'T KNOW SERV. | 4% | 1% | 1% |
| OPPOSED | 1% | 1% | 1% |
| OTHER | 0% | 0% | 0% |
| D.K./N.A. | 3% | 2% | 2% |
| DON'T KNOW/NO ANSWER | 0.8% | 1.1% | 0.8% |
| NUMBER REFUSED | (1) | (0) | (3) |



in the "low income" survey. Again, relatively more "franco-
phone" (47%) than "anglophone" (29%) accounts in banks are
chequing/savings. However the proportion of "francophone"
accounts in credit unions which are chequing/savings is
even greater (58%). Consequently, we conclude that there
is a three way interaction between language group, "milieu"
and financial institution which influences the type of
account individualshold. Nationally, anglophones who deal
with a credit union have a greater tendency to hold true
savings accounts than do those who deal with a bank. However,
since this result is not replicated in the "low income"
survey, no final conclusion can be drawn.

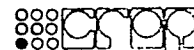
Before we move on to other typesof financial services, a
few general remarks are in order. True savings accounts
appear to be the most widely desired of the three major
typesof accounts. Fully 62% of Canadians already have one.
Only 24% of the public say they do not need one. On the other
one third do not need each of a chequing (32%) and chequing/
savings (34%) account.

However this situation may be more apparent than real.
Chequing and chequing/savings accounts both fill a transactions
role. While it is clearly rational to hold both a true
savings and chequing account and it may be rational to hold
(if somewhat less so) both a true savings and chequing/savings
account, it is unlikely to be rational to hold both a chequing
and a chequing/savings account. Consequently a consumer who
has a chequing account does not "need" a chequing/savings
account and vice versa. Over half of Canadians already have
each type of account. It is therefore not surprising that
relatively few Canadians express a desire for a chequing or
chequing/savings account. On the contrary, it is surprising
to find that the number of chequing and chequing/savings
accounts per capita is greater than one.

TABLE 3.5.5
HAVE CHEQUING AND SAVINGS ACCOUNTS * (%)

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|-----------------------------------|------------------------|--------------------------|
| ALL | 15.3 | 8.9 |
| CHEQUING, CHEQUING/ SAVINGS | 7.4 | 5.8 |
| CHEQUING, TRUE SAVINGS | 23.1 | 14.6 |
| CHEQUING/SAVINGS, TRUE SAVINGS | 15.0 | 14.9 |
| CHEQUING | 7.1 | 8.9 |
| CHEQUING/SAVINGS | 16.2 | 23.0 |
| TRUE SAVINGS | 8.4 | 11.0 |
| NONE | 7.5 | 12.8 |

* In this table only positive answers are counted. "Don't know" responses are treated as "Do not have".



In fact, 23% of Canadians have both a chequing and a chequing/savings account, as do 15% of residents of low income. Moreover, of these over half have all three types of accounts. On the other hand, relatively more (23%) low income area residents than Canadians as a whole (16%) have a chequing/savings account only. Furthermore, 16% of Canadians and 24% of "low income" respondents have neither a chequing/savings nor a chequing account.

It is worth noting that 8% of Canadians have none of these accounts. This proportion rises to 13% in low income areas. This proportion declines with income. While 39% of those with family incomes under \$2,500 have none of these accounts, this is the case for only 3% of those with family incomes over \$25,000. Similarly, among members of the low income sample, 47% of respondents with family incomes under \$2,500 and 6% of those in the over \$25,000 income group do not have any of these accounts.

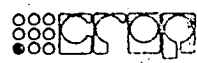
Certain groups are generally less likely to have any of these accounts: the young (9%), women with (9%) or without (11%) jobs outside the home and allophones (14%). However, none express difficulties of access.

It is, however, worth noting that of fifteen respondents refused one of these accounts, eleven are between 18 and 29 years hold. The higher incidence of refusal for this age group may well reflect the fact that a higher proportion of this group apply for an account for the first time.

TABLE 3.5.6
DO NOT HAVE AN ACCOUNT BY INCOME * (%)

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|----------------------|------------------------|--------------------------|
| TOTAL | 7.5 | 12.8 |
| LESS THAN 2.5M | 38.8 | 47.4 |
| 2.5 - 6M | 22.5 | 29.7 |
| 6 - 9M | 11.7 | 20.1 |
| 9 - 12M | 12.5 | 11.5 |
| 12 - 15M | 9.3 | 6.7 |
| 15 - 18M | 6.9 | 7.5 |
| 18 - 25M | 6.2 | 2.7 |
| 25M AND OVER | 3.2 | 5.6 |
| DON'T KNOW/NO ANSWER | 2.9 | 4.9 |

* In this table "Don't know" responses are treated as "Do not have"



3.6 Registered Home-Owners' Savings Plans

One Canadian in twenty (6%) has a registered home-owners' savings plan (RHOSP); 91% say they do not have one while 3% do not indicate whether or not they possess an RHOSP.

RHOSPs are found almost exclusively in upper and upper middle income households; 87% of all RHOSPs are held by respondents with family incomes of over \$15,000. Only 12% belong to consumers with family incomes between \$9,000 and \$15,000 while less than 1% of those with an RHOSP have family incomes under \$9,000.

Anglophones more frequently have an RHOSP than do other Canadians; 6% of anglophones compared with 5% of franco-phones and 2% of allophones have one.

It is somewhat surprising to find that 4% of home-owners have an RHOSP. While RHOSPs are relatively more common among renters (9%) than among home-owners, by the very nature of RHOSPs, very few home-owners should have one. In fact, home-owners account for over half (53%) of RHOSPs.

The high proportion of home-owners who have RHOSPs can only be explained in two ways. Either there is a significant group of individuals who are not qualified for an RHOSP but nevertheless have one or most people who have an RHOSP hold it for a very short period (about two years). Those home-owners who have an RHOSP will have bought their home within the last twelve months. Under previous regulations if the home or homes owned by a couple were registered only under one name, the other member of the couple could legally have an RHOSP. Some home-owners who made use of this opportunity may not yet have liquidated their RHOSP.

TABLE 3.6.1

HAVE RHOSP BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|--------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1920) | (23) | (120) | (119) | (137) | (189) | (235) | (365) | (450) | (282) |
| HAVE | 5.6 | 2.9 | 0.0 | 0.4 | 2.2 | 4.6 | 8.3 | 8.5 | 8.4 | 2.6 |
| DON'T HAVE | 90.9 | 97.1 | 100.0 | 99.3 | 95.2 | 93.7 | 89.5 | 87.6 | 87.9 | 89.3 |
| D.K./N.A. | 3.4 | 0.0 | 0.0 | 0.3 | 2.6 | 1.8 | 2.2 | 3.9 | 3.7 | 8.1 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (927) | (38) | (117) | (107) | (96) | (123) | (114) | (133) | (95) | (104) |
| HAVE | 5.6 | 0.0 | 0.0 | 2.2 | 6.2 | 3.6 | 2.7 | 13.6 | 15.4 | 3.2 |
| DON'T HAVE | 93.3 | 92.1 | 99.1 | 96.7 | 92.4 | 96.2 | 97.1 | 85.3 | 83.6 | 94.3 |
| D.K./N.A. | 1.3 | 7.9 | 0.9 | 1.1 | 1.4 | 0.2 | 0.2 | 1.2 | 1.0 | 2.4 |

TABLE 3.6.2

HAVE RHOSP BY LANGUAGE AND HOME OWNERSHIP (%)

| | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>OTHER</u> | <u>OWN</u> | <u>RENT</u> | <u>LIVE WITH PARENTS</u> |
|--------------------------|--------------|---------------|----------------|--------------|------------|-------------|--------------------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (1920) | (405) | (1380) | (123) | (1220) | (562) | (91) |
| HAVE | 5.6 | 4.6 | 6.5 | 1.9 | 4.5 | 9.2 | 4.6 |
| DON'T HAVE | 90.9 | 91.4 | 91.2 | 85.8 | 92.2 | 89.2 | 88.4 |
| D.K./N.A. | 3.4 | 4.0 | 2.3 | 12.3 | 3.3 | 1.7 | 7.0 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (927) | (348) | (448) | (125) | (343) | (540) | (33) |
| HAVE | 5.6 | 3.8 | 7.7 | 3.9 | 5.7 | 5.7 | 0.0 |
| DON'T HAVE | 93.1 | 96.2 | 90.8 | 91.8 | 92.7 | 93.6 | 94.4 |
| D.K./N.A. | 1.3 | 0.0 | 1.5 | 4.3 | 1.6 | 0.7 | 5.6 |

Two possible explanations are apparent. The higher proportion of renters in the "low income" sample may increase the proportion of RHOSP holders. On the other hand, the relation between income and having an RHOSP may be different for the two groups.

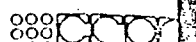
In fact, in low income areas, the proportion of home-owners who have an RHOSP is the same (6%) as the proportion of renters (6%) who have one. Consequently, it is unclear what impact the proportion of owners in the samples has on the relative importance of RHOSP holders.

On the other hand, it appears that upper income respondents (over \$18,000) in the "low income" sample may have a greater tendency to have an RHOSP than do their counterparts in the national sample. As a hypothesis, we suggest that this may reflect different proportions of home-owners in the two groups.

Nationally, of those who have an RHOSP over half (53%) of consumers have one in a bank; 27% have one in a trust while the rest (20%) deal with Credit Union. Thus trusts have a considerably larger share of the market for RHOSP than for more common types of accounts.

Trusts have a somewhat smaller (10%) share of the market in low income areas. Banks hold 56% of the market compared with 34% for credit unions. Nevertheless, here too, trusts hold a larger share of the market for RHOSP than for other types of accounts.

Nationally, nine out of ten (87%) of Canadians do not have an RHOSP and did not apply for one in the last three years. The overwhelming majority of these (83%) indicate that they did not need one. The second most common reason is simply





that consumers do not know that the service exists (6%); 5% say they do not have enough money; 1% feel they could not get an RHOSP while a similar proportion are opposed to the service; 1% give other reasons while 3% give none.

The proportion who say they do not have enough money is inversely correlated with income. Thus 12% of those with family incomes under \$6,000 compared with 2% in the over \$25,000 income group say they do not have enough money.

The overwhelming majority (86%) of those who say they have no reason to use an RHOSP are home-owners. Fewer than 1% of renters feel they could not get an RHOSP. Consequently there do not appear to be widespread perceived problems of access for those who are genuinely eligible for RHOSPs.

Nine out of ten (92%) low income respondents do not have an RHOSP and have not applied for one in the course of the last three years. Of these seven out of ten (71%) say they did not need this service; 14% consider that they did not have enough money while 10% were unaware of the service; 1% are opposed to RHOSPs while 1% give a variety of answers and 3% offer no reason.

Again perceived lack of money is associated with income. Fully 26% of those with family incomes under \$6,000 compared with 3% of those in the over \$25,000 income group say they do not have enough money for an RHOSP.

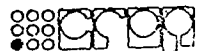
Moreover, for a given level of income, "low income" non-applicants more frequently consider they do not have enough money for an RHOSP. Thus the difference between the two groups reflects not only their respective income compositions but also an ecological factor.



TABLE 3.6.4

RHOSP

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|----------------------|------------------------|--------------------------|
| SAMPLE SIZE | (1920) | (927) |
| HAVE | 5.6% | 5.6% |
| BANK | 3% | 3% |
| CREDIT UNION | 1% | 2% |
| TRUST | 2% | 1% |
| APPLIED | 2.2% | 0.8% |
| WOULD NOT APPLY | 87.3% | 91.9% |
| DO NOT NEED | 72% | 66% |
| NOT ENOUGH MONEY | 5% | 13% |
| DON'T KNOW SERVICE | 6% | 9% |
| OPPOSED | 1% | 1% |
| COULD NOT GET | 1% | 0% |
| OTHER | 1% | 1% |
| DON'T KNOW/NO ANSWER | 3% | 3% |
| DON'T KNOW/NO ANSWER | 4.8% | 1.6% |
| NUMBER REFUSED | (2) | (1) |



Only two respondents in the "low income" sample believe they could not obtain an RHOSP. One is a renter while the other is a home-owner. Consequently, it appears that "low income" respondents generally do not consider that there are problems of access to RHOSPs.

In fact, three respondents indicate that they were refused an RHOSP. Two are drawn from the "national" sample while the other is a member of the "low income" sample. All three are home-owners. The reasons for refusal reflect this situation.

"Own other property." (Winnipeg, low income sample)

"Was not eligible." (Winnipeg, national sample)

"Because we owned several houses and RHOSP applies to the first time buyer of a home if that home is the principal residence" (Orangeville, Ontario)

Consequently it appears that consumers who were genuinely qualified for an RHOSP and applied for one had no difficulties obtaining one. Nevertheless, relatively few Canadians make use of this service, and, of those who do, a majority are home-owners and over eight out of ten are in the upper and upper middle income groups.

3.7 Registered Retirement Savings Plans

One-quarter (26%) of Canadians have a registered retirement savings plan (RRSP); 71% say they do not have one while 3% do not know or refuse to answer.

The proportion of respondents who have an RRSP is strongly correlated with income. While 3% of those with family incomes under \$2,500 have one of these plans, fully 33% of those in the over \$25,000 income category have one. *Income*

Although anglophones (28%) and francophones (25%) have RRSPs in roughly equal proportions, allophones less frequently (10%) have one of these plans. *lang*

About one out of eight (12%) residents of low income areas have an RRSP; on the other hand, 86% do not while 1% do not state whether or not they have one. *low inc area*

As nationally, there is a strong relation between income and the proportion of residents of low income areas who have RRSPs. While 2% of respondents in the under \$6,000 income group have an RRSP, 26% of those with family incomes over \$25,000 have one.

Moreover, for a given level of income, a higher proportion of "national" respondents than "low income" respondents have an RRSP. Thus among those with family incomes over \$25,000, 33% of the national sample as opposed to 26% of the "low income" sample have an RRSP. Similarly for those with family incomes between \$18,000 and \$25,000, 37% of the national sample and 20% of the low income sample have an RRSP.

There is no obvious socio-demographic factor to which this difference can be attributed. Consequently, we must assume that there is some form of ecological factor influencing behaviour.

Of those Canadians who have an RRSP, 36% have it with a life insurance company, 24% with a bank, 22% with a trust and 20% with a credit union. It is evident that life insurance companies have captured a large part of the market than have other financial institutions with a wider variety of savings plans. Trusts also have a large share of the market relative to their share of the more traditional accounts. However their share is nevertheless smaller than that for RHOSPs.

Seven out of ten (69%) Canadians do not have an RRSP and have not applied for one in the course of the last three years. The major reason for not applying is lack of need. Three-quarters (75%) of non-applicants cite this factor; 13% say they do not have enough money; 3% do not know the service exists; 2% consider they would be unable to get such a plan while 1% are opposed and 5% do not give a reason.

The proportion who believe they would not be able to get an RRSP appears to be slightly correlated with income; 3% of those with family incomes under \$6,000 compared with 1% of those with family incomes over \$25,000 say they could not get an RRSP. The difference is slight but may indicate a general tendency.

However this probably reflects the greater proportion of persons who are already retired who are likely to be found in lower income groups; 38% of those who say they would not

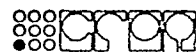


TABLE 3.7.1

HAVE RRSP BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|--------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1920) | (23) | (120) | (119) | (137) | (189) | (235) | (365) | (450) | (282) |
| HAVE | 25.8 | 2.9 | 8.3 | 13.7 | 18.1 | 24.9 | 23.8 | 37.2 | 33.1 | 20.7 |
| DON'T HAVE | 71.3 | 94.6 | 91.4 | 86.0 | 79.4 | 75.1 | 74.0 | 59.7 | 63.4 | 72.7 |
| D.K./N.A. | 2.9 | 2.5 | 0.3 | 0.3 | 2.6 | 0.0 | 2.2 | 3.1 | 3.5 | 6.6 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (927) | (38) | (118) | (106) | (96) | (123) | (114) | (133) | (95) | (104) |
| HAVE | 12.4 | 3.1 | 1.7 | 6.1 | 9.8 | 12.2 | 17.4 | 19.9 | 25.7 | 9.8 |
| DON'T HAVE | 86.3 | 93.8 | 97.5 | 91.8 | 89.1 | 85.0 | 82.5 | 78.9 | 74.3 | 88.9 |
| D.K./N.A. | 1.3 | 3.1 | 0.9 | 2.1 | 1.1 | 2.8 | 0.2 | 1.2 | 0.0 | 1.4 |

be able to get an RRSP are already retired. Moreover 5% of those over age 60 did not apply for an RRSP because they could not get one.

Nine of ten (86%) residents of low income areas do not have an RRSP and have not applied for one in the course of the last three years. The principal reason cited is lack of need (70%). Two out of ten (18%) say they do not have enough money while 5% are unaware of the services; 1% each say that they are opposed to the service, could not get it or give other reasons; 4% can not or do not wish to cite a reason.

In fact only one respondent was refused an RRSP. This person is not a Canadian citizen and had recently moved to a new neighbourhood. He gave no reason for the refusal.

Overall there seem to be no perceived or experienced problems in obtaining an RRSP.

TABLE 3.7.2

HAVE RRSP BY LANGUAGE AND CITIZENSHIP (%)

| | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>OTHER</u> | <u>CANADIAN BY BIRTH</u> | <u>NATURALIZED</u> | <u>NOT CITIZEN</u> |
|--------------------------|--------------|---------------|----------------|--------------|--------------------------|--------------------|--------------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (1920) | (405) | (1380) | (123) | (1550) | (280) | (80) |
| HAVE | 25.8 | 25.4 | 27.6 | 10.3 | 26.3 | 25.2 | 22.1 |
| DON'T HAVE | 71.3 | 71.3 | 70.6 | 77.4 | 71.1 | 72.0 | 70.3 |
| D.K./N.A. | 2.9 | 3.2 | 1.8 | 12.4 | 2.6 | 2.8 | 7.6 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (927) | (349) | (447) | (125) | (711) | (150) | (64) |
| HAVE | 12.4 | 11.8 | 14.9 | 6.5 | 13.1 | 10.8 | 9.5 |
| DON'T HAVE | 86.3 | 87.6 | 84.4 | 88.9 | 86.1 | 87.6 | 85.2 |
| D.K./N.A. | 1.3 | 0.6 | 0.7 | 4.6 | 0.9 | 1.5 | 5.3 |

TABLE 7.3

WHY DID NOT APPLY FOR RRSP BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|-------------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 69.0 | 96.8 | 91.0 | 79.7 | 70.8 | 72.0 | 72.5 | 59.0 | 63.1 | 69.2 |
| | | | * | | | * | | | * | |
| SAMPLE SIZE | (1317) | (22) | (112) | (99) | (103) | (137) | (160) | (222) | (276) | (186) |
| DO NOT NEED | 74.7 | 51.4 | 76.3 | 63.8 | 74.5 | 69.2 | 79.5 | 69.5 | 79.3 | 80.3 |
| NOT ENOUGH MONEY | 13.2 | 27.0 | 17.5 | 17.3 | 15.5 | 19.8 | 11.1 | 17.3 | 9.0 | 5.4 |
| DON'T KNOW SERV. | 3.1 | 2.6 | 2.9 | 2.7 | 1.4 | 2.3 | 3.5 | 4.9 | 2.4 | 3.7 |
| OPPOSED | 1.1 | 0.0 | 0.0 | 0.0 | 1.5 | 1.2 | 0.2 | 2.9 | 1.3 | 0.8 |
| COULD NOT GET | 1.9 | 13.5 | 2.3 | 5.2 | 1.2 | 1.3 | 1.1 | 1.0 | 0.8 | 2.9 |
| OTHER | 0.9 | 0.0 | 0.0 | 0.0 | 1.9 | 0.2 | 1.2 | 0.2 | 2.4 | 0.2 |
| D.K./N.A. | 5.0 | 5.5 | 1.1 | 11.0 | 4.1 | 5.9 | 3.3 | 4.2 | 4.8 | 6.7 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 85.5 | 91.4 | 98.8 | 91.3 | 88.3 | 84.6 | 81.4 | 79.7 | 74.8 | 83.3 |
| | | | * | | | * | | | * | |
| SAMPLE SIZE | (798) | (35) | (116) | (97) | (86) | (104) | (94) | (105) | (72) | (89) |
| DO NOT NEED | 69.5 | 66.9 | 55.9 | 66.9 | 73.9 | 67.3 | 74.7 | 72.3 | 92.6 | 61.2 |
| NOT ENOUGH MONEY | 18.1 | 19.1 | 28.4 | 19.5 | 16.9 | 17.2 | 16.4 | 14.0 | 4.4 | 22.4 |
| DON'T KNOW SERV. | 5.0 | 5.3 | 9.8 | 6.3 | 6.4 | 6.2 | 3.9 | 2.3 | 0.0 | 2.9 |
| OPPOSED | 1.3 | 2.7 | 0.0 | 1.1 | 0.3 | 1.9 | 1.1 | 3.3 | 0.0 | 1.6 |
| COULD NOT GET | 1.0 | 6.0 | 1.8 | 1.1 | 0.0 | 1.3 | 0.0 | 0.0 | 1.6 | 0.0 |
| OTHER | 1.0 | 0.0 | 0.9 | 1.3 | 0.0 | 0.0 | 1.1 | 1.0 | 1.4 | 3.3 |
| D.K./N.A. | 4.1 | 0.0 | 3.3 | 3.9 | 2.6 | 6.0 | 2.7 | 7.0 | 0.0 | 8.5 |

TABLE 3.7.4

RRSP

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|----------------------|------------------------|--------------------------|
| SAMPLE SIZE | (1920) | (927) |
| HAVE | 25.8% | 12.4% |
| BANK | 6% | 3% |
| CREDIT UNION | 5% | 3% |
| TRUST | 5% | 2% |
| LIFE INSURANCE | 9% | 4% |
| APPLIED | 0.6% | 0.6% |
| DID NOT APPLY | 69.0% | 85.5% |
| DO NOT NEED | 57% | 60% |
| NOT ENOUGH MONEY | 4% | 16% |
| DON'T KNOW SERVICE | 4% | 4% |
| OPPOSED | 0% | 1% |
| COULD NOT GET | 1% | 1% |
| OTHER | 0% | 1% |
| DON'T KNOW/NO ANSWER | 2% | 4% |
| DON'T KNOW/NO ANSWER | 4.6% | 1.3% |
| NUMBER REFUSED | (1) | (0) |



3.8 Term Deposits

One-quarter (24%) of Canadians have a term deposit or guaranteed investment certificate; 71% say they do not have one while 5% can not or do not wish to answer.

Having a term deposit is directly related to family income. While 15% of those with family incomes under \$6,000 have a term deposit, fully 30% of respondents with family incomes over \$25,000 have one.

As is the case with registered retirement savings plans and registered home-owners savings plans, relatively fewer allophones than anglophones and francophones have a term deposit. This is the case for only 12% of allophones compared with 24% of anglophones and 27% of francophones. This situation is equally reflected in the differences between respondents according to citizenship status. While 25% of Canadian citizens (by birth or naturalized) have a term deposit, this is the case for only 12% of non-citizens.

Relatively fewer residents of low income areas have a term deposit; 15% of respondents in the low income sample say they have one of these deposits while 82% say they do not and 2% do not offer a response. Again there appears to be an ecological effect. While 30% of respondents to the national survey in the over \$25,000 family income group have a term deposit, only 25% of respondents to the low income survey in this income group say they have one of these deposits. Similarly only 9% of "low income" respondents in the under \$6,000 family income group compared with 15% of "national" respondents in this group indicate they have a term deposit. Nevertheless the relation between income and the likelihood of having of term deposit clearly holds in the low income as well as the national sample.

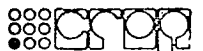


TABLE 3.8.1

HAVE TERM DEPOSIT BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|--------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1920) | (23) | (120) | (119) | (137) | (189) | (235) | (365) | (450) | (282) |
| HAVE | 24.0 | 2.6 | 17.3 | 18.9 | 25.6 | 20.2 | 22.1 | 27.8 | 29.8 | 20.5 |
| DON'T HAVE | 71.0 | 97.4 | 75.9 | 77.5 | 71.9 | 78.0 | 74.4 | 70.0 | 65.6 | 65.9 |
| D.K./N.A. | 4.9 | 0.0 | 6.8 | 3.6 | 2.6 | 1.9 | 3.4 | 2.2 | 4.6 | 13.6 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (927) | (38) | (118) | (106) | (96) | (123) | (114) | (133) | (95) | (104) |
| HAVE | 15.2 | 8.0 | 9.2 | 14.4 | 11.1 | 14.8 | 18.7 | 18.3 | 24.6 | 13.3 |
| DON'T HAVE | 82.3 | 81.7 | 89.7 | 84.6 | 87.9 | 84.3 | 77.6 | 79.9 | 75.4 | 78.8 |
| D.K./N.A. | 2.4 | 10.3 | 1.1 | 1.0 | 1.1 | 0.8 | 3.6 | 1.8 | 0.0 | 7.8 |

The relation between citizenship status and the probability of having a term deposit also holds for the low income sample; 15% of citizens by birth and 19% of naturalized citizens compared with 6% of non-citizens have a term deposit.

However, there is no clear relation between language and the likelihood of having a term deposit among members of the low income sample; 18% of allophones, 17% of francophones and 13% of anglophones indicate they have a term deposit.

Nationally among those who have a term deposit, 53% have one in a bank, 30% in a credit union and 28% in a trust. Francophones, as for all services studied so far, have a greater tendency to deal with a credit union.

Among residents of low income areas who have a term deposit, 61% deal with a bank, 35% with a credit union and 15% with a trust. Consequently it appears that residents of low income areas are relatively less likely than other Canadians to deal with a trust.

The main reason given by Canadians for not applying for a term deposit is lack of need; 56% of those who did not apply and do not presently have a term deposit give this reason. On the other hand fully 30% indicate they did not have enough money while 7% do not know of the service. It is worth noting that this means that 5% of Canadians are unaware of the existence of term deposits. One percent of non-applicants give other reasons for not applying while 6% do not know or do not wish to answer.

Four out of ten (42%) residents of low income areas who did not apply for a term deposit in the course of the last three years indicate they did not do so because they did not need

TABLE 3.8.2

HAVE TERM DEPOSIT BY LANGUAGE AND CITIZENSHIP (%)

| | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>OTHER</u> | <u>CANADIAN BY BIRTH</u> | <u>NATURALIZED</u> | <u>NOT CITIZEN</u> |
|--------------------------|--------------|---------------|----------------|--------------|--------------------------|--------------------|--------------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (1920) | (405) | (1380) | (123) | (1550) | (280) | (80) |
| HAVE | 24.0 | 26.7 | 24.2 | 12.4 | 24.7 | 25.2 | 11.6 |
| DON'T HAVE | 71.0 | 68.1 | 71.7 | 75.6 | 70.4 | 70.9 | 81.2 |
| D.K./N.A. | 4.9 | 5.2 | 4.2 | 12.0 | 5.0 | 3.9 | 7.2 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (927) | (349) | (448) | (124) | (711) | (150) | (64) |
| HAVE | 15.2 | 16.6 | 12.7 | 17.9 | 15.3 | 18.7 | 6.2 |
| DON'T HAVE | 82.3 | 82.2 | 84.6 | 77.1 | 82.4 | 77.7 | 92.3 |
| D.K./N.A. | 2.4 | 1.1 | 2.8 | 5.0 | 2.3 | 3.6 | 1.5 |

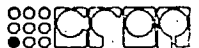
TABLE 3.8.3

WHY DID NOT APPLY FOR A TERM DEPOSIT BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|----------------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 69.5 | 97.6 | 77.2 | 74.7 | 66.9 | 76.5 | 74.0 | 67.7 | 63.3 | 66.7 |
| | * | | * | | | * | | | * | |
| SAMPLE SIZE (1340) | (1340) | (22) | (93) | (90) | (99) | (150) | (170) | (251) | (290) | (175) |
| DO NOT NEED | 55.6 | 49.8 | 42.7 | 58.9 | 44.4 | 39.8 | 53.8 | 62.4 | 64.0 | 59.9 |
| NOT ENOUGH MONEY | 29.9 | 25.3 | 44.4 | 27.7 | 46.4 | 39.9 | 25.7 | 27.4 | 24.9 | 23.5 |
| DON'T KNOW SERV. | 7.3 | 13.8 | 7.3 | 7.0 | 2.6 | 12.5 | 13.7 | 3.2 | 4.7 | 7.7 |
| OTHER | 0.9 | 0.0 | 1.9 | 1.3 | 0.0 | 1.0 | 1.0 | 0.2 | 0.6 | 1.8 |
| D.K./N.A. | 6.2 | 11.0 | 3.7 | 5.1 | 6.6 | 6.9 | 5.8 | 6.9 | 5.7 | 7.1 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 81.8 | 86.2 | 88.0 | 84.0 | 86.7 | 82.3 | 77.6 | 80.2 | 75.5 | 78.8 |
| | * | | * | | | * | | | * | |
| SAMPLE SIZE (763) | (763) | (33) | (104) | (90) | (84) | (102) | (90) | (106) | (72) | (82) |
| DO NOT NEED | 41.7 | 35.0 | 37.9 | 39.6 | 44.6 | 41.8 | 43.6 | 38.9 | 45.4 | 47.0 |
| NOT ENOUGH MONEY | 40.4 | 50.9 | 47.6 | 38.4 | 44.9 | 42.8 | 41.4 | 37.2 | 28.3 | 34.9 |
| DON'T KNOW SERV. | 11.7 | 8.4 | 5.8 | 17.8 | 5.4 | 9.7 | 10.9 | 18.9 | 19.8 | 6.9 |
| OTHER | 1.5 | 5.7 | 3.0 | 1.2 | 0.0 | 1.0 | 1.2 | 0.2 | 1.7 | 2.8 |
| D.K./N.A. | 4.7 | 0.0 | 5.8 | 3.1 | 5.2 | 4.7 | 2.9 | 4.7 | 4.8 | 8.4 |

TABLE 3.8.4
TERM DEPOSIT

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|----------------------|------------------------|--------------------------|
| SAMPLE SIZE | (1920) | (927) |
| HAVE | 24.0% | 15.2% |
| BANK | 13% | 9% |
| CREDIT UNION | 7% | 5% |
| TRUST/MORTGAGE | 7% | 2% |
| APPLIED | 1.1% | 0.6% |
| DID NOT APPLY | 69.5% | 81.8% |
| DO NOT NEED | 39% | 35% |
| NOT ENOUGH MONEY | 21% | 35% |
| DON'T KNOW SERVICE | 5% | 8% |
| OTHER | 1% | 1% |
| DON'T KNOW/NO ANSWER | 4% | 3% |
| DON'T KNOW/NO ANSWER | 5.6% | 2.2% |
| NUMBER REFUSED | (0) | (0) |



3.9 Whole Life Insurance Policies

Half (51%) of Canadians have a whole life insurance policy (one with an investment component); on the other hand, 44% say they do not have one while 5% do not offer a response.

The proportion of respondents who have a whole life insurance policy rises with the level of family income. Thus 36% of those with family incomes under \$6,000 compared with 60% of those with family incomes over \$18,000 say they have a whole life insurance policy.

Relatively more francophones than other Canadians have a whole life insurance policy; 61% of francophones compared with 49% of anglophones and 27% of allophones say they have one of these policies.

Similarly, Canadians by birth are more likely to have a whole life insurance policy than are other Canadians. Fully 53% of Canadians by birth as opposed to 41% of naturalized citizens and 42% of non-citizens have one of these policies.

Four out of ten (43%) residents of lower income areas say they have a whole life insurance policy. On the other hand, 56% indicate they do not have one while 2% do not express themselves either way. Consequently relatively fewer residents of low income areas than Canadians as a whole have a whole life insurance policy.

This difference can not be explained by the income compositions of the two groups. At low incomes (under \$12,000), at least, "lower income" respondents are less likely than are "national" respondents to have a whole life insurance policy.

Consequently, the relation between income and proportion of respondents who have a whole life insurance policy is strong among members of the low income sample. While 22% of residents of low income areas with family incomes under \$6,000 indicate they have one of these accounts, 55% of those with family incomes over \$18,000 have one.

Similarly, the difference between residents of low income areas and Canadians as a whole can not be explained by the different language composition of the two groups. On the contrary, the higher proportion of francophones among residents of these areas serves to lessen this difference. However, it is interesting to note that there is no difference between francophones residents of low income areas (58%) and francophones as a whole (61%). However, anglophone residents of low income areas are much less likely (37%) than are anglophones as a whole (49%) to have a whole life insurance policy. Similarly, while 27% of allophones as a whole have one of these policies, this is the case for only 18% of allophones who live in low income areas.

It will also be noted from the above that in the low income survey as well as in the national survey, francophones have a greater tendency than do anglophones or allophones to have a whole life insurance policy. This also holds true of Canadian citizens by birth. Among residents of low income areas, 48% of Canadian citizens by birth compared with 26% of naturalized citizens and 29% of non-citizens have one of these policies.

TABLE 3.9.1

HAVE WHOLE LIFE INSURANCE POLICY BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|--------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1919) | (23) | (120) | (119) | (136) | (189) | (235) | (365) | (450) | (282) |
| HAVE | 51.0 | 37.5 | 32.9 | 44.5 | 48.0 | 48.9 | 55.4 | 62.4 | 51.9 | 38.1 |
| DON'T HAVE | 44.4 | 62.5 | 64.8 | 53.3 | 48.6 | 49.0 | 38.6 | 34.4 | 39.6 | 50.9 |
| D.K./N.A. | 4.6 | 0.0 | 2.3 | 2.2 | 3.4 | 2.1 | 6.1 | 3.2 | 3.5 | 11.0 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (927) | (38) | (118) | (106) | (96) | (123) | (114) | (133) | (95) | (104) |
| HAVE | 42.6 | 23.4 | 22.3 | 39.4 | 39.5 | 46.4 | 55.5 | 59.2 | 49.3 | 33.6 |
| DON'T HAVE | 55.8 | 74.3 | 75.8 | 59.6 | 57.1 | 52.0 | 44.5 | 38.3 | 49.7 | 65.1 |
| D.K./N.A. | 1.6 | 2.4 | 1.9 | 1.0 | 3.4 | 1.6 | 0.0 | 2.5 | 1.0 | 1.4 |

Seven out of ten (73%) Canadians who do not have a whole life insurance policy and have not applied for one in the course of the last three years say they did not do so because they did not need one; 10% indicate that they did not have enough money while 6% are opposed to such policies. Less than 2% each say the policies are too expensive, that they could not get one or cite other factors; 6% do not offer an explanation.

The response "not enough money" is as usual correlated with income. 16% of those with family incomes under \$9,000 compared with 5% of those with family incomes over \$18,000 indicate that the reason they did not apply was that they did not have enough money.

Among residents of low income areas, 70% of those who do not have a whole life insurance policy and have not applied for one in the course of the last three years say that the reason they did not apply was because they did not need one; 16% indicate they did not have enough money while 8% are opposed to this service; 1% each say they could not get one, that they are too expensive or give other reasons; 3% do not offer a reason.

While 1% of respondents who did not apply for a whole life insurance policy consider that the reason they did not apply for such a policy was that they could not get one, there do appear to be certain problems of access to this service. In the two studies together, 21 respondents indicate that they were refused one of these policies over the course of the last three years; seven are drawn from the national sample while the remaining fourteen are drawn from the low income sample.

TABLE 3.9.2

HAVE WHOLE LIFE INSURANCE POLICY BY LANGUAGE AND CITIZENSHIP (%)

| | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>OTHER</u> | <u>CANADIAN BY BIRTH</u> | <u>NATURALIZED</u> | <u>NOT CITIZEN</u> |
|--------------------------|--------------|---------------|----------------|--------------|--------------------------|--------------------|--------------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (1919) | (405) | (1379) | (123) | (1549) | (280) | (80) |
| HAVE | 51.0 | 61.1 | 49.3 | 26.6 | 53.0 | 41.0 | 42.0 |
| DON'T HAVE | 44.4 | 33.0 | 47.1 | 64.3 | 42.0 | 55.0 | 51.0 |
| D.K./N.A. | 4.6 | 5.9 | 3.6 | 9.1 | 5.0 | 4.0 | 7.0 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (927) | (349) | (448) | (124) | (711) | (150) | (64) |
| HAVE | 42.6 | 58.5 | 36.7 | 18.0 | 47.7 | 26.4 | 28.9 |
| DON'T HAVE | 55.8 | 39.5 | 62.0 | 80.4 | 50.6 | 72.2 | 69.5 |
| D.K./N.A. | 1.6 | 2.0 | 1.3 | 1.5 | 1.7 | 1.4 | 1.6 |

Overall, the socio-demographic backgrounds of the respondents do not differ greatly from other members of the sample in the case of the national study. It is worth noting that four of the seven were either unemployed at the time of the survey or had been in the course of the preceding twelve months. Otherwise, the backgrounds of those who were refused appear to be fairly diverse although it is worth noting that five of the twenty-one are 60 years old or more.

However, a definite pattern appears if we consider the responses of those members of the sample who gave reasons for their refusals:

"I was sick at the time I applied for a life insurance for me and my children, but did not get it -- health." (Victoria)

"Wouldn't cover skin complaint. Allergy to a detergent misdiagnosed as eczema."
(Hamilton)

"Le poids, trop gros." (Annonciation)

"Bad risk. I have cancer." (Sydney)

The remaining three respondents who said they had been refused a whole life insurance policy did not give a reason for the refusal.

"Ils ont dit que j'étais malade; ils ont trouvé
"56" affaires pour m'assurer plus cher." (Montréal)

"Parce que j'étais sur le bien-être." (Montréal)

"I'm diabetic. The insurance policy I have is running since 1952." (Montreal)

TABLE 9.3

WHY DID NOT APPLY FOR WHOLE LIFE INSURANCE POLICY BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25+</u> | <u>DK/NA</u> |
|-------------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 38.5 | 68.5 | 63.9 | 43.6 | 37.4 | 44.9 | 33.4 | 28.6 | 33.3 | 44.7 |
| * | | | * | | | * | | | * | |
| SAMPLE SIZE | (806) | (15) | (76) | (58) | (64) | (88) | (91) | (120) | (162) | (132) |
| DO NOT NEED | 73.3 | 57.1 | 65.8 | 72.9 | 70.5 | 70.5 | 76.4 | 70.6 | 78.8 | 76.3 |
| NOT ENOUGH MONEY | 9.8 | 14.1 | 23.1 | 6.8 | 15.1 | 10.3 | 11.0 | 4.3 | 4.8 | 9.7 |
| OPPOSED | 6.2 | 9.8 | 1.6 | 2.5 | 3.7 | 7.4 | 3.6 | 9.6 | 8.0 | 7.5 |
| COULD NOT GET | 1.0 | 0.0 | 1.4 | 1.5 | 7.3 | 0.0 | 1.2 | 0.7 | 0.3 | 0.0 |
| TOO EXPENSIVE | 1.7 | 0.0 | 2.1 | 7.2 | 0.5 | 2.1 | 0.6 | 1.8 | 1.0 | 0.9 |
| OTHER | 2.1 | 0.0 | 2.1 | 0.0 | 0.0 | 1.0 | 4.1 | 6.8 | 1.9 | 0.0 |
| D.K./N.A. | 5.8 | 18.9 | 4.1 | 9.2 | 2.9 | 8.7 | 3.1 | 6.2 | 5.3 | 5.5 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 53.7 | 70.7 | 72.5 | 55.3 | 56.3 | 50.9 | 42.3 | 40.1 | 46.8 | 61.4 |
| * | | | * | | | * | | | * | |
| SAMPLE SIZE | (495) | (27) | (83) | (58) | (55) | (63) | (48) | (53) | (44) | (64) |
| DO NOT NEED | 69.9 | 45.2 | 63.1 | 63.5 | 77.2 | 70.9 | 73.7 | 83.4 | 85.6 | 64.5 |
| NOT ENOUGH MONEY | 15.9 | 35.4 | 26.3 | 19.4 | 13.2 | 16.1 | 10.6 | 4.8 | 0.0 | 16.0 |
| OPPOSED | 7.5 | 8.2 | 5.0 | 7.7 | 3.9 | 7.1 | 9.2 | 5.0 | 11.6 | 11.4 |
| COULD NOT GET | 1.1 | 3.5 | 1.2 | 1.7 | 0.0 | 0.3 | 0.0 | 2.0 | 0.0 | 1.7 |
| TOO EXPENSIVE | 1.1 | 7.7 | 1.5 | 0.0 | 0.0 | 1.6 | 0.0 | 2.0 | 0.0 | 0.0 |
| OTHER | 1.3 | 0.0 | 1.1 | 3.4 | 0.4 | 1.6 | 4.3 | 0.4 | 0.0 | 0.0 |
| D.K./N.A. | 3.1 | 0.0 | 1.7 | 4.2 | 5.3 | 2.3 | 2.2 | 2.4 | 2.8 | 6.4 |

"J'ai perdu ma jambe et on m'a payé complètement mon assurance. On me refuse maintenant d'autres assurances." (Montréal)

"Parce que j'avais une maladie de coeur."
(Montréal)

"Disaient que j'avais le coeur malade."
(Montréal)

"I was sick at the time." (Montreal)

"Pour cause de maladie." (Montréal)

"I have provincial assistance and they paid --
They could not use this money for life
insurance." (Halifax)

"Health reasons." (Winnipeg)

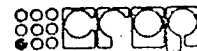
"I have a bad heart -- a poor risk I guess.
They wouldn't give it to me." (Winnipeg)

Three other respondents did not offer a response to the question concerning why they had been refused.

Of the fifteen respondents who offer reasons for their refusal, thirteen cite health related causes. Clearly there are notable problems of access to life insurance for individuals who are considered poor risks for health reasons. However, there is no evidence to demonstrate that Canadians who are in generally good health have difficulty obtaining whole life insurance policies.

TABLE 3.9.4
LIFE INSURANCE POLICY

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|----------------------|------------------------|--------------------------|
| SAMPLE SIZE | (1919) | (927) |
| HAVE | 51.0% | 42.6% |
| APPLIED | 1.4% | 2.5% |
| DID NOT APPLY | 38.5% | 53.7% |
| DO NOT NEED | 29% | 37% |
| NOT ENOUGH MONEY | 4% | 8% |
| OPPOSED | 2% | 4% |
| COULD NOT GET | 0% | 1% |
| TOO EXPENSIVE | 1% | 0% |
| OTHER | 1% | 0% |
| DON'T KNOW/NO ANSWER | 2% | 2% |
| DON'T KNOW/NO ANSWER | 8.2% | 1.3% |
| NUMBER REFUSED | (7) | (14) |



3.10 First Mortgage Loans

Three out of ten (30%) Canadians say they presently have a first mortgage loan: on the other hand 65% indicate they do not have one while 5% do not offer a response.

The mortgage market appears to be dominated by upper and upper middle income consumers. Fully one-third of mortgage loan holders (34%) are drawn from the above \$25,000 family income group while two-thirds (66%) come from the above \$18,000 category. Lower middle income families (\$12,000 to \$15,000) account for just over one-quarter of the market (28%) while only 7% of those with family incomes under \$12,000 say they have a mortgage loan.

The mortgage loan is also dominated by married persons; 39% of respondents who are married as opposed to 5% of those who are single, widowed, separated or divorced say they have a mortgage loan. This means that married persons represent 96% of those who say they have mortgage loans.

Anglophones are also more likely to have a mortgage loan than are francophones or allophones. While 34% of anglophones say they have a mortgage loans, this is the case for only 24% of francophones and 17% of allophones.

Relatively fewer members of the low income sample have a mortgage loan; 18% of this group indicate they have one while 80% say they do not and 3% do not know or refuse to reply.

In this group as well, the market is dominated by upper and upper middle income persons especially when it is remembered that these groups make up a relatively smaller proportion of

TABLE 3.10.1

HAVE FIRST MORTGAGE LOAN BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|--------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1920) | (23) | (120) | (119) | (137) | (189) | (235) | (365) | (450) | (282) |
| HAVE | 29.9 | 10.7 | 5.0 | 11.9 | 12.6 | 25.4 | 36.8 | 46.7 | 41.1 | 16.6 |
| DON'T HAVE | 65.4 | 86.4 | 93.0 | 87.8 | 79.4 | 72.4 | 61.7 | 48.1 | 55.0 | 71.9 |
| D.K./N.A. | 4.7 | 2.9 | 1.9 | 0.3 | 8.1 | 2.1 | 1.6 | 5.1 | 4.0 | 11.5 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (916) | (38) | (117) | (107) | (94) | (120) | (113) | (131) | (93) | (103) |
| HAVE | 17.8 | 0.0 | 5.9 | 5.9 | 10.7 | 20.1 | 23.3 | 33.7 | 32.3 | 15.4 |
| DON'T HAVE | 79.5 | 97.1 | 92.2 | 89.5 | 89.1 | 76.8 | 73.7 | 64.1 | 67.5 | 78.2 |
| D.K./N.A. | 2.7 | 2.9 | 1.9 | 4.6 | 0.2 | 3.2 | 3.0 | 2.1 | 0.2 | 6.5 |

this sample compared with the national average; 33% of respondents with family incomes over \$18,000 compared with 4% of those with family incomes under \$6,000 say they have one of these loans. Consumers with family incomes over \$18,000 make up 45% of the market in low income areas.

In the low income sample, proportionally more married respondents than other respondents say they have a mortgage loan. This is the case for 25% of the former but only 7% of the latter.

While in the national survey, it is evident that anglophones have mortgage loans far more frequently than do francophones, this is not the case in low income areas; 18% of anglophones and 17% of francophones in these areas say they have a mortgage loan.

This difference appears to reflect the relative importance of credit unions among the two groups. Nationally, credit unions take up a far larger proportion of the francophone market (38%) than of the anglophone market (8%). This holds in low income areas where credit unions have 52% of the francophone market but only 20% of the anglophone market. Moreover, credit unions have a much larger share of the market in low income areas (31%) than they do nationally (15%).

In other words, credit unions are as likely to grant a mortgage loan to a resident of a low income area as of other areas relative to their importance in the population. Banks, on the other hand, have equal proportions of both markets (about 27%). Thus relative to their importance in the market, banks are as likely to grant a mortgage loan to a resident of a low income areas as to residents of other

TABLE 3.10.2

HAVE FIRST MORTGAGE LOAN BY LANGUAGE AND MARITAL STATUS (%)

| | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>OTHER</u> | <u>MARRIED</u> | <u>SINGLE</u> | <u>WIDOW</u> | <u>DIVORCED</u> | <u>SEPARATED</u> |
|--------------------------|--------------|---------------|----------------|--------------|----------------|---------------|--------------|-----------------|------------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | |
| SAMPLE SIZE | (1920) | (405) | (1380) | (123) | (1371) | (349) | (132) | (28) | (39) |
| HAVE | 29.9 | 24.2 | 33.6 | 17.2 | 39.4 | 3.2 | 6.1 | 8.7 | 12.4 |
| DON'T HAVE | 65.4 | 68.0 | 64.0 | 67.0 | 56.9 | 87.9 | 86.7 | 87.6 | 87.6 |
| D.K./N.A. | 4.7 | 7.8 | 2.4 | 15.8 | 3.7 | 8.9 | 7.2 | 3.7 | 0.0 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | |
| SAMPLE SIZE | (916) | (347) | (439) | (124) | (537) | (237) | (80) | (31) | (31) |
| HAVE | 17.8 | 16.7 | 17.8 | 21.4 | 25.1 | 6.7 | 9.0 | 10.9 | 4.6 |
| DON'T HAVE | 79.5 | 79.8 | 79.8 | 76.7 | 72.4 | 91.0 | 87.3 | 89.1 | 83.9 |
| D.K./N.A. | 2.7 | 3.5 | 2.4 | 1.9 | 2.4 | 2.3 | 3.7 | 0.0 | 11.5 |

areas. Finally trust and mortgage loan companies have a higher proportion of the market nationally (42%) than in low income areas (28%). Consequently, they are less likely to grant a mortgage loan to a resident of a low income area than to a resident of another area even when we take market size into account.

However, francophones make greater use of credit unions relative to banks and trusts than do anglophones. Consequently, the proportion of francophones in low income areas who have a mortgage loan is not significantly lower than the proportion of francophones nationally who have one of these loans.

It is worth noting that the direction of causality can not be inversed. In other words, it can not be the case that credit unions have a large proportion of the market in low income areas because they have a larger proportion of the francophone market and the francophone market holds up better in low income areas than does the anglophone market. If this were the case, the proportion of the anglophone market held by credit unions would be the same in low income areas as nationally. However, credit unions have 8% of the anglophone market nationally but 20% of this market in low income areas.

Two-thirds of Canadians do not have a mortgage loan and have not applied for one in the course of the last three years (63%). Of these, nine out of ten (92%) say they did not need one; only 5% cite other reasons while 3% do not offer a response.

TABLE 3.3

WHY DID NOT APPLY FOR FIRST MORTGAGE LOAN BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|----------------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 63.1 | 89.5 | 89.7 | 85.6 | 73.2 | 69.7 | 59.3 | 47.1 | 51.9 | 72.0 |
| * | | | * | | | * | | | * | |
| SAMPLE SIZE | (1207) | (21) | (113) | (100) | (103) | (135) | (140) | (172) | (232) | (191) |
| DO NOT NEED | 92.3 | 91.7 | 89.5 | 90.5 | 95.9 | 90.1 | 90.6 | 94.4 | 94.7 | 91.1 |
| NOT ENOUGH MONEY | 2.2 | 0.0 | 1.4 | 5.1 | 0.5 | 1.9 | 4.9 | 0.7 | 1.5 | 2.1 |
| OPPOSED | 1.2 | 0.0 | 2.9 | 0.0 | 0.0 | 3.3 | 0.0 | 0.0 | 2.6 | 0.6 |
| OTHER | 1.4 | 0.0 | 0.8 | 0.0 | 3.1 | 3.3 | 1.4 | 2.4 | 0.5 | 0.8 |
| D.K./N.A. | 3.0 | 8.3 | 5.4 | 4.4 | 0.4 | 1.4 | 3.2 | 2.6 | 0.7 | 5.5 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 78.3 | 94.8 | 92.2 | 92.7 | 85.9 | 76.6 | 71.2 | 63.3 | 62.6 | 78.0 |
| * | | | * | | | * | | | * | |
| SAMPLE SIZE | (721) | (36) | (110) | (97) | (82) | (92) | (80) | (83) | (59) | (82) |
| DO NOT NEED | 92.1 | 85.5 | 89.9 | 90.7 | 95.8 | 91.8 | 90.6 | 96.1 | 98.3 | 89.3 |
| NOT ENOUGH MONEY | 5.0 | 5.9 | 10.1 | 4.1 | 2.6 | 7.1 | 6.5 | 0.0 | 1.7 | 4.8 |
| OPPOSED | 0.5 | 0.0 | 0.0 | 1.0 | 0.0 | 0.0 | 1.6 | 0.0 | 0.0 | 1.4 |
| OTHER | 0.9 | 2.6 | 0.0 | 2.1 | 1.6 | 0.0 | 0.0 | 2.6 | 0.0 | 1.4 |
| D.K./N.A. | 1.4 | 5.9 | 0.0 | 2.1 | 0.0 | 1.1 | 1.3 | 1.3 | 0.0 | 3.1 |

While the above analysis concerning the relative market shares of credit unions, banks and trusts might imply some difficulties of access for residents of low income areas, the data concerning why respondents did not apply for a mortgage loan do not confirm this view. In fact 78% of residents of low income areas do not have a mortgage loan and have not applied for one in the course of the last three years. Of these, 92% say they did not need a loan; 5% indicate they did not have enough money while 1% offer another reason and 1% do not give an answer.

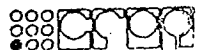
Although relatively few respondents consider that they did not apply for a mortgage loan because they would not be able to obtain one, 12 respondents in the national survey and 5 in the low income survey indicate they were refused a mortgage loan.

Nationally, of those who were refused 7 were refused by a bank, 4 by a credit union and 3 by a trust. Consequently there were one or two cases of multiple refusal. Among "low income" respondents who were refused a first mortgage, 4 were refused by a bank, 1 by a credit union and none by a trust.

If we compute the expected distribution of refusals on the assumption that refusals will be proportional to market share in each market, the expected number of refusals is 6.1 for banks 4.4 for credit unions and 8.5 for trusts. A corrected Chi square test reveals that the actual distribution differs significantly from the expected distribution at the .05 level.

TABLE 3.10.4
FIRST MORTGAGE

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|----------------------|------------------------|--------------------------|
| SAMPLE SIZE | (1920) | (916) |
| HAVE | 29.9% | 17.8% |
| BANK | 8% | 5% |
| CREDIT UNION | 4% | 5% |
| TRUST/MORTGAGE | 12% | 5% |
| LIFE INSURANCE | 2% | 1% |
| OTHER | 3% | 2% |
| APPLIED | 1.1% | 1.5% |
| DID NOT APPLY | 63.1% | 78.3% |
| DO NOT NEED | 58% | 72% |
| NOT ENOUGH MONEY | 1% | 4% |
| OPPOSED | 1% | 0% |
| OTHER | 1% | 1% |
| DON'T KNOW/NO ANSWER | 2% | 1% |
| DON'T KNOW/NO ANSWER | 5.9% | 2.4% |
| NUMBER REFUSED | (12) | (5) |



Two possible interpretations exist. Either banks have a greater than average tendency to refuse mortgage loans while trusts have a lower than average tendency in this direction or marginal applicants for mortgage loans are generally more likely to apply to a bank and less likely to apply to a trust than are other applicants in their area. Either hypothesis is intuitively plausible and the small sample size does not allow us to distinguish between them.

With respect to the national sample, there is some evidence that the lack of stable employment may have contributed to the refusals; 5 of the twelve respondents have been unemployed in the course of the last twelve months while 5 of the eleven who are married indicate that their spouse has been unemployed in the course of the last twelve months. Moreover 9 out of 12 are between 18 and 29 years old.

However, relatively few of the reasons given for the refusals reflect these factors:

"My husband forgot to mention one item on the form. Don't know what it was not."
(Edmonton)

"Were not told the reason -- just no money available." (Wataskiwan)

"No reason -- bank unstated." (Winnipeg)

"Personality conflict." (Saskatoon)

"Property." (Delaware)

"The house was in town limits but it wasn't connected to town services. The house was too old; they didn't want to give a mortgage on a house of eighty years. The credit union would have lent me the money but they were lacking in funds; no mortgage money was available." (Strathroy)

"Parce qu'on faisait déjà affaire avec une compagnie de finance et cela nous aurait fait deux paiements." (Montmagny)

"Parce que je n'ai pas poussé cela. Ils n'avaient pas voulu parce que je ne travaillais pas à l'année." (Montmagny)

"Didn't have enough for down payment, and they didn't consider me a good customer." (Newfoundland)

"They refused because it was too high a risk."

The remaining three respondents did not indicate why they had been refused a first mortgage loan.

The members of the low income sample who were refused gave the following explanations:

"House too old." (Montreal)

"Because we were not on power at the time." (Vancouver)

"Too high a debt ratio." (Vancouver)

"I had had my job for only one half year. We had only the minimum down payment, and my job did not appear to be too secure to them. However, they asked us to return after eight months to discuss it further." (Halifax)

3.11 Second Mortgage Loans

Relatively few Canadians have a second mortgage loan; 4% indicate they have one while 90% say they do not and 6% do not offer a response. Because so few Canadians have a second mortgage relatively little can be said about the type of person who has one.

However, it is notable that non-financial institutions play a major role in this market. While 22% of those who have a second mortgage deal with a bank, 19% with a trust or mortgage company, 14% with a credit union and 5% with a life insurance company, fully 36% deal with some other institution or person. Of the 26 individuals who say they obtained a second mortgage from a source other than those listed, 12 contracted the loan privately; 7 obtained it from the government; 2 received a second mortgage from a finance company while 5 do not say where they obtained it.

The situation is similar in the case of residents of low income areas; 4% indicate they have a second mortgage loan while 93% say they do not have one and 3% do not know or refuse to answer. Again because of limited sample size little else can be said about holders of second mortgages.

However, it does appear that a high percentage of second mortgages obtained by residents of low income areas come from other sources than the major financial institutions. In fact, 26% say they obtained their mortgage loan from a bank, 14% from a credit union, 20% from a trust or mortgage company and 3% from a life insurance company. Fully 45% received their second mortgage from some other source. Of the respondents in this category, 8 obtained the mortgage from the government, 6 from private individuals and 3 from a finance company.

TABLE 3.11.1

HAVE SECOND MORTGAGE LOAN BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|--------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1919) | (23) | (119) | (119) | (137) | (189) | (235) | (365) | (450) | (282) |
| HAVE | 3.9 | 7.8 | 0.3 | 2.2 | 1.5 | 3.2 | 5.4 | 3.0 | 6.8 | 2.9 |
| DON'T HAVE | 89.7 | 92.2 | 95.7 | 97.1 | 87.4 | 93.5 | 90.5 | 90.6 | 87.1 | 84.7 |
| D.K./N.A. | 6.4 | 0.0 | 4.0 | 0.7 | 11.1 | 3.3 | 4.1 | 6.4 | 6.1 | 12.4 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (927) | (38) | (118) | (107) | (96) | (122) | (114) | (133) | (95) | (104) |
| HAVE | 4.2 | 2.9 | 1.9 | 1.8 | 1.3 | 6.8 | 4.3 | 7.3 | 8.6 | 1.4 |
| DON'T HAVE | 92.7 | 94.1 | 96.9 | 94.5 | 95.8 | 90.9 | 92.2 | 91.1 | 85.1 | 94.6 |
| D.K./N.A. | 3.1 | 2.9 | 1.2 | 3.6 | 2.9 | 2.3 | 3.5 | 1.6 | 6.3 | 4.1 |

Of the 87% of Canadians who do not have a second mortgage and have not applied for one in the course of the last three years, almost all (93%) say they did not need one. The same is true of the 92% of residents of low income areas in this category; 92% indicate that they did not need a second mortgage loan.

A total of six respondents were refused a second mortgage loan in the course of the last three years.

"Hard to say -- personal." (Vancouver)

"They said we can't pay off our second mortgage because it's closed. We were never told of this when we bought. It's 15 1/2% interest. So we wanted to get some interest saved." (Winnipeg)

"Etant veuve, je n'avais pas d'autres garanties; les banques n'aiment pas enlever le bien à la personne." (Val D'Or)

"We had to get a co-signer so didn't get it. We wouldn't ask anyone to sign. Didn't try anyone else -- did without it." (Winnipeg)

"Because it was too much of a risk."

The only member of the low income sample to have been refused a second mortgage loan did not know why he had been refused.

It is difficult to conclude a great deal about the market for second mortgages because of the limited sample size. However it appears that access is greatly facilitated by the intervention of government particularly in low income areas.

TABLE 3.11.2
SECOND MORTGAGE

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|----------------------|------------------------|--------------------------|
| SAMPLE SIZE | (1919) | (927) |
| HAVE | 3.9% | 4.2% |
| BANK | 1% | 1% |
| CREDIT UNION | 1% | 1% |
| TRUST/MORTGAGE | 1% | 1% |
| LIFE INSURANCE | 0% | 0% |
| OTHER | 1% | 2% |
| APPLIED | 0.5% | 0.0% |
| DID NOT APPLIED | 87.2% | 91.7% |
| DO NOT NEED | 81% | 84% |
| NOT ENOUGH MONEY | 1% | 4% |
| OPPOSED | 1% | 1% |
| OTHER | 1% | 1% |
| DON'T KNOW/NO ANSWER | 3% | 2% |
| DON'T KNOW/NO ANSWER | 8.5% | 3.9% |
| NUMBER REFUSED | (5) | (1) |

3.12 Personal Loans

Three out of ten (32%) Canadians have obtained a personal loan in the course of the last three years; on the other hand, 65% say they have not and 3% do not offer a response. Personal loans are relatively more common among those with family incomes over \$12,000 (40%) than among those with family incomes of \$9,000 to \$12,000 (30%), \$6,000 to \$9,000 (17%) and under \$6,000 (12%).

Consequently the personal loan market is largely dominated by upper and upper middle income consumer; 54% of those who obtained personal loans have family incomes of over \$18,000, 32% are in the \$12,000 to \$18,000 range and 14% have family incomes below this level. However use of personal loans declines with age (44%, 18 to 29; 41%, 30 to 44; 28%, 45 to 59; 9%, 60 and over).

Allophones appear to be relatively less likely to obtain personal loans than are other Canadians. Only 20% of the former compared with 32% of francophones and 33% of anglophones obtained a personal loan in the course of the last three years. Similarly relatively fewer naturalized citizens (20%) than Canadians by birth (34%) obtained a personal loan. Surprisingly non-citizens obtained personal loans almost as frequently (30%) as did Canadians by birth.

Almost as many residents of low income areas as Canadians as a whole obtained a personal loan in the course of the last three years. Fully 30% of residents of these areas indicate that they took out a loan during this period; 69% did not obtain a personal loan during this period while 1% can not or do not wish to respond.

TABLE 3.12.1

OBTAINED PERSONAL LOAN BY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|--------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1917) | (23) | (120) | (118) | (137) | (189) | (235) | (364) | (450) | (281) |
| HAVE | 31.5 | 22.8 | 9.2 | 17.4 | 29.8 | 40.3 | 40.1 | 39.8 | 38.8 | 13.1 |
| DON'T HAVE | 65.4 | 74.6 | 88.4 | 81.3 | 67.6 | 58.2 | 58.5 | 57.3 | 59.6 | 77.9 |
| D.K./N.A. | 3.0 | 2.6 | 2.4 | 1.4 | 2.6 | 1.5 | 1.3 | 2.9 | 1.7 | 9.0 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (928) | (38) | (118) | (107) | (96) | (123) | (114) | (133) | (95) | (104) |
| HAVE | 30.1 | 14.0 | 11.6 | 16.1 | 30.5 | 45.0 | 32.8 | 42.9 | 43.8 | 21.1 |
| DON'T HAVE | 68.8 | 86.0 | 86.2 | 82.9 | 69.5 | 53.1 | 65.2 | 57.1 | 56.2 | 76.2 |
| D.K./N.A. | 1.2 | 0.0 | 2.1 | 1.0 | 0.0 | 1.9 | 2.0 | 0.0 | 0.0 | 2.7 |

The relation between income and the proportion of respondents who have personal loans holds for the low income sample as well as the national sample. Moreover, the proportion of each income group which obtained a personal loan over the period is about the same for the national sample and the low income and national samples. Consequently there is no evidence of an ecological effect influencing behaviour with respect to personal loans.

We also remark a greater tendency for the young to obtain a personal loan; 47% of those age 18 to 29 compared with 37% (30 to 44 years old) 22% (45 to 59 years old) and 7% (60 years and up) of the other age groups have one of these loans.

Among residents of low income areas, allophones obtain a personal loan relatively less frequently than do anglophones or francophones. In fact, only 17% of allophones compared with 32% of anglophones and 33% of francophones have obtained a personal loan in the course of the last three years. A similar pattern holds with respect to citizenship status. Naturalized citizens obtain relatively fewer loans (18%) than do citizens by birth (33%) or non-citizens (28%).

Of those Canadians who obtained a personal loan in the course of the last three years, 65% borrowed from a bank, 27% from a credit union, 8% from a finance company and 5% from a variety of other sources.

Consumer finance companies are used relatively more frequently by low income borrowers; 18% of borrowers with family incomes under \$12,000 obtained their personal loan from a consumer finance company. This is the case for only 3% of borrowers with family incomes over \$18,000.

TABLE 3.12.2

OBTAINED PERSONAL LOAN BY LANGUAGE AND CITIZENSHIP (%)

| | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>OTHER</u> | <u>CANADIAN BY BIRTH</u> | <u>NATURALIZED</u> | <u>NOT CITIZEN</u> |
|--------------------------|--------------|---------------|----------------|--------------|--------------------------|--------------------|--------------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (1917) | (402) | (1380) | (123) | (1547) | (280) | (80) |
| HAVE | 31.5 | 31.7 | 32.7 | 19.5 | 33.7 | 19.6 | 30.0 |
| DON'T HAVE | 65.4 | 64.6 | 64.6 | 78.1 | 63.3 | 78.7 | 66.6 |
| D.K./N.A. | 3.0 | 3.6 | 2.6 | 2.4 | 3.0 | 1.7 | 3.4 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | |
| SAMPLE | (927) | (349) | (448) | (125) | (711) | (151) | (64) |
| HAVE | 30.1 | 32.8 | 32.2 | 17.3 | 33.2 | 18.4 | 27.8 |
| DON'T HAVE | 68.8 | 66.9 | 65.7 | 81.9 | 65.6 | 80.1 | 72.2 |
| D.K./N.A. | 1.2 | 0.3 | 2.1 | 0.8 | 1.2 | 1.5 | 0.0 |

A similar pattern holds for residents of low income areas; 58% of borrowers obtained their personal loan from a bank, 28% from a credit union, 13% from a consumer finance company and 7% from a variety of other sources.

Low income borrowers are again more likely to deal with a consumer finance company. Fully 21% of borrowers with family incomes under \$12,000 compared with 4% of those with family incomes over \$18,000 obtained their loan from a bank.

Two-thirds (64%) of Canadians do not have a personal loan and did not apply for one in the course of the last three years. Of these, fully 87% say they did not apply because they did not need a personal loan; 7% are opposed to personal loan while 3% mention monetary factors. Less than 1% cite other reasons and 3% do not offer a response.

A similar pattern holds for the 66% of residents of low income areas who did not apply for a personal loan; 78% say they did not need one; 8% are opposed to personal loans while a further 8% cite monetary factors; 2% say they could not get a personal loan while 3% do not offer a response. It is worth noting that all thirteen respondents who consider they could not get a personal loan have personal incomes under \$12,000.

In fact, 33 members of the national sample and 28 members of the low income sample indicate that they have been refused a personal loan in the course of the last three years.

One major factor which appears to influence personal loan refusal is job stability. In the national sample only 9 out of 33 of those who had been refused had been in their job for over two years. This compares with 67% of all those who

TABLE 2.3

WHY DID NOT APPLY FOR PERSONAL LOAN BY FAMILY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|-------------------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 63.5 | 77.4 | 89.4 | 81.4 | 64.8 | 54.0 | 57.2 | 56.1 | 56.6 | 75.4 |
| | * | | * | | | * | | | * | |
| SAMPLE SIZE (1189) | (1189) | (18) | (102) | (94) | (91) | (102) | (136) | (202) | (244) | (200) |
| DO NOT NEED | 86.6 | 78.4 | 81.0 | 84.9 | 87.6 | 88.6 | 89.4 | 90.7 | 85.4 | 84.5 |
| NOT ENOUGH MONEY/ COSTS TOO MUCH | 3.4 | 0.0 | 6.4 | 5.1 | 2.2 | 4.3 | 0.3 | 1.5 | 5.5 | 2.7 |
| OPPOSED | 6.8 | 8.7 | 10.2 | 5.6 | 5.7 | 6.2 | 9.4 | 4.7 | 6.8 | 6.3 |
| COULD NOT GET | 0.3 | 0.0 | 1.3 | 1.3 | 0.6 | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 |
| OTHER | 0.3 | 0.0 | 0.0 | 0.0 | 3.4 | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 |
| D.K./N.A. | 2.7 | 12.8 | 1.1 | 3.0 | 0.6 | 0.9 | 0.8 | 2.8 | 2.0 | 6.3 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 66.5 | 86.2 | 82.6 | 81.3 | 67.2 | 50.9 | 62.2 | 54.8 | 53.2 | 75.8 |
| | * | | * | | | * | | | * | |
| SAMPLE SIZE (612) | (612) | (33) | (99) | (84) | (61) | (64) | (72) | (70) | (50) | (79) |
| DO NOT NEED | 78.0 | 69.4 | 68.0 | 82.8 | 76.6 | 77.6 | 85.9 | 84.6 | 84.9 | 72.0 |
| NOT ENOUGH MONEY/ COSTS TOO MUCH | 8.3 | 25.0 | 16.8 | 7.3 | 1.7 | 5.1 | 5.9 | 1.5 | 2.3 | 11.0 |
| OPPOSED | 8.3 | 0.0 | 7.6 | 4.7 | 8.1 | 13.6 | 6.4 | 6.9 | 12.8 | 12.8 |
| COULD NOT GET | 2.2 | 5.6 | 3.6 | 0.0 | 7.8 | 1.6 | 0.0 | 1.5 | 0.0 | 1.8 |
| OTHER | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 | 0.0 | 0.0 |
| D.K./N.A. | 3.1 | 0.0 | 3.9 | 5.2 | 5.9 | 2.0 | 1.8 | 4.0 | 0.0 | 2.4 |

applied for a loan (unweighted percentage). Similarly only 4 out of 10 spouses had been in their jobs for over two years compared with 67% for all spouses. Among members of the low income sample who were refused a personal loan, only 5 out of 28 have been in their job for over two years compared with 60% of all applicants for a personal loan. At the same time 4 out of 7 spouses had held their jobs for more than two years compared with 73% of all spouses.

Renters are also far more likely to be refused personal loans than are home-owners. Nationally renters make up 34% of all applicants for personal loans but 78% of all those refused. In low income areas, renters account for 59% of applicants and 82% of refusals.

Single persons are also more likely to have difficulty obtaining a personal loan. Nationally 36% of persons denied such loans are single or divorced although these two groups make up only 20% of applicants. Similarly 64% of low income residents who are refused a personal loan are single or divorced compared with 36% of all applicants.

It is therefore not surprising to find that the refusal rate is higher for those age 18 to 29. Forty of those refused are in this age group. However, as the young dominate the personal loan market, the refusal rate is only slightly higher for this group than for other Canadians.

Family income is also related to credit refusal. Nationally 13% of applicants but 30% of those refused have family incomes under \$12,000. In low income areas this group accounts for 26% of the applicants but 36% of those refused.

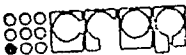


TABLE 3.12.4

PERSONAL LOAN

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|-------------------------------------|------------------------|--------------------------|
| SAMPLE SIZE | (1917) | (928) |
| HAVE | 31.5% | 30.1% |
| BANK | 21% | 17% |
| CREDIT UNION | 9% | 8% |
| TRUST | 1% | 1% |
| LIFE INSURANCE | 0% | 0% |
| CONSUMER FINANCE | 3% | 4% |
| OTHER | 1% | 1% |
| APPLIED | 0.5% | 1.7% |
| DID NOT APPLY | 63.5% | 66.5% |
| DO NOT NEED | 55% | 52% |
| NOT ENOUGH MONEY/ COSTS TOO MUCH | 2% | 5% |
| OPPOSED | 4% | 6% |
| COULD NOT GET | 0% | 1% |
| OTHER | 0% | 0% |
| DON'T KNOW/NO ANSWER | 2% | 2% |
| DON'T KNOW/NO ANSWER | 4.6% | 1.5% |
| NUMBER REFUSED | (33) | (28) |



Personal income also is correlated with the refusal rate. Nationally 45% of applicants and 61% of those refused have personal incomes under \$12,000. In low income areas 58% of applicants and 79% of those refused have personal incomes under \$12,000.

Of those who were refused, 43 were turned down by a bank, 11 by a credit union, 7 by a consumer finance company, 2 by a trust, 1 by a life insurance company and 3 by other sources; 2 do not state what type of institution turned them down. These proportions generally reflect the institutions' shares of the market.

The explanations given by members of the national sample who were refused a personal loan generally reflect the factors already stated:

"Wasn't working at the time." (Vancouver)

"Was off work." (Vancouver)

"Because I'm on social assistance." (Victoria)

"Not enough collateral." (Edmonton)

"Was never told the reason."

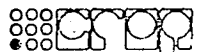
"Didn't have an account with the bank long enough." (Calgary)

"No permanent residence. Not enough collateral." (Calgary)

"Moving around. Unstable life situation." (Calgary)

"Bank wanted me to pay off loan I had with finance company. Thought I had too much debt already." (Welaskiwin)

"The company didn't think the article I was going to purchase was worth the value of the loan." (Vancouver)



"Not by own bank." (Toronto)

"They thought they had already loaned us enough." (Hamilton)

"On n'a pas assez de garanties." (Montreal)

"Je n'avais pas assez de garanties et pas d'endosseur et je ne voulais pas prendre d'hypothèque sur ma maison." (Montréal)

"I asked for \$300.00. The first bank referred me to the one I had done some business with earlier. The second bank refused. The first bank asked me to return; I didn't go back." (Halifax)

"No collateral or so they said, but I got it later on when I re-applied." (Newfoundland)

"My wife wasn't working then, and they thought I wanted too much money considering my income, but I have a part-time job on a strictly cash basis that I didn't tell them about. (Newfoundland)

"My credit rating wasn't established; so I had to get someone to co-sign." (Newfoundland)

"Too young and no credit or collateral." (Campbellton, N.S.)

"Unemployed." (Nashwasksis, N.B.)

The response of those members of the low income sample who were refused a personal loan are similar:

"Parce que je suis sur le bien-être social." (Montréal)

"Parce que ça faisait pas assez longtemps que j'étais au Québec." (Montréal)

"Montant pas assez important; la banque a précisé que c'était pas assez payant." (Montréal)

"Pas d'emploi stable." (Montréal)

"Travail pas stable et étudiant, mais j'ai trouvé un endosseur, donc ce prêt qui fut d'abord refusé fut ensuite accepté." (Montréal)

"Pas assez de réponses. Pas assez solvable."
(Montréal)

"Ma mère était trop âgée. (l'endosseur)."
(Montréal)

"J'avais pas assez d'argent dans mon compte."
(Montréal)

"Je ne sais pas; j'ai jamais compris pourquoi
il l'avait refusé." (Montréal)

"Montant trop élevé de \$10,000. Tant qu'en
avoir moins j'ai laissé tomber." (Montréal)

"J'avais trop gagné pour recevoir ce prêt."
(Montréal)

"Pas de garantie suffisante d'après eux."
(Montréal)

"Parce que mon crédit n'étais pas assez bon.
J'avais un emploi à temps partiel." (Montréal)

"Pas assez longtemps que j'avais fait mon
premier prêt." (Montréal)

"J'en dois déjà." (Montréal)

"Valeur moins sûre, maison mobile usagée."
(Montréal)

"Pour des cours qui selon eux ne sont pas
indispensables." (Montréal)

"Never told me personally why I couldn't
have it. Told yes one day and no the next. I
went to another bank and got it anyway."
(Halifax)

"They said I was trading in my cars too often.
That's the only reason, I guess; that's what
they said." (Halifax)

"Because of reporting false statements in
application form." (Vancouver)

"On m'a dit que pour un emprunt il fallait être propriétaire." (Montréal)

"Not enough cash collateral." (Vancouver)

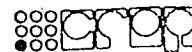
"They felt I had enough debt now with purchasing business." (Vancouver)

"I didn't have steady employment." (Halifax)

"Job, university. They would have allowed me less than I applied for."

Nationally 3% of applicants for a personal loan were refused though some eventually obtained the loan elsewhere. In low income areas this proportion rises to 9%.

Consequently it appears that while there is general access to personal loans, financial institutions do use a certain number of screening devices which eliminate a small minority of applicants. These appear to be among others, income, length of time in job, marital status and perhaps place of residence.



3.13 Bank Credit Cards

Four out of ten (38%) Canadians have one of the two major bank credit cards; 60% say they do not while 2% do not indicate whether or not they have one. In fact, 31% say they have Chargex while 17% indicate that they have Master Charge. This means that about 10% of Canadians have both major credit cards.

The likelihood of having a bank credit card is strongly related to income. Those over half (54%) of those with family incomes over \$25,000 have one while only 9% of those with family incomes under \$6,000 do so.

Anglophones also more frequently have a bank credit card than do other Canadians. Four out of ten (42%) of the former as opposed to 34% of francophones and 14% of allophones say they have a major bank credit card.

Married people are also more likely to have a bank credit card. Four out of ten married respondents (44%) compared with only two out of ten (22%) of other respondents indicate that they have a bank credit card.

Residents of low income areas are far less likely to have bank credit cards than are Canadians as a whole. In fact, only 21% say they have one of these cards as opposed to 79% who say they do not. Furthermore this holds true for both Chargex and Master Charge; 17% say they have Chargex while 8% say they have Master Charge. Thus a resident of a low income area is only 55% as likely as other Canadians to have a Chargex card and only 47% as likely to have Master Charge.

TABLE 3.13.1

CREDIT CARD HELD BY FAMILY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|--------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1920) | (23) | (120) | (119) | (137) | (189) | (235) | (365) | (450) | (282) |
| HAVE | 38.0 | 18.3 | 7.3 | 21.2 | 28.7 | 30.0 | 43.4 | 51.1 | 53.5 | 24.9 |
| DON'T HAVE | 59.9 | 81.7 | 90.8 | 78.6 | 71.3 | 68.5 | 55.5 | 47.1 | 44.6 | 69.4 |
| D.K./N.A. | 2.1 | 0.0 | 2.0 | 0.3 | 0.0 | 1.5 | 1.1 | 1.8 | 1.9 | 5.6 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (928) | (38) | (118) | (107) | (96) | (123) | (114) | (133) | (95) | (104) |
| HAVE | 20.7 | 5.5 | 3.4 | 11.2 | 12.0 | 25.8 | 29.2 | 35.2 | 36.4 | 16.0 |
| DON'T HAVE | 79.1 | 94.5 | 96.6 | 88.8 | 88.0 | 74.2 | 69.9 | 64.8 | 63.6 | 83.8 |
| D.K./N.A. | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.9 | 0.0 | 0.0 | 0.2 |

Moreover, this difference can not be explained by the income compositions of the two groups. While 52% of Canadians with family incomes over \$18,000 have one of these cards, only 36% of low income area residents in this income bracket have Chargex or Master Charge.

Of the 58% of Canadians who do not have a bank credit card and have not applied for one in the course of the last three years, over half (54%) say they did not need one. It is, however, particularly striking that 39% of Canadians are opposed to these cards. A further 5% cite monetary factors while 1% mention other reasons and 1% do not offer a response. x

The pattern among non-applicants in low income areas is similar. Over three-quarters (76%) of residents of these areas do not have a bank credit card and have not applied for one in the course of the last three years. Of these 46% say they did not need one. However, fully 41% say they are opposed to bank credit cards; 8% give monetary reasons while 2% say they could not get a card and 1% cite other causes while 2% do not give a response. Those who say they could not get one are drawn almost exclusively from the under \$12,000 family income and under \$6,000 personal income groups.

In fact, 23 respondents in the national survey and 14 in the low income survey say they have been refused a bank credit card in the course of the last three years.

Among those who were refused, there is a relatively high proportion of respondents who have been living in their homes for less than five years; 12 out of 14 of the low income sample and 19 out of 23 of the national sample fall into this category.

TABLE 3.13.2

HAVE CREDIT CARD BY LANGUAGE AND MARITAL STATUS (%)

| | <u>TOTAL</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>OTHER</u> | <u>MARRIED</u> | <u>SINGLE</u> | <u>WIDOW</u> | <u>DIVORCED</u> | <u>SEPARATED</u> |
|--------------------------|--------------|---------------|----------------|--------------|----------------|---------------|--------------|-----------------|------------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | |
| SAMPLE SIZE | (1920) | (405) | (1380) | (123) | (1371) | (349) | (132) | (28) | (39) |
| HAVE | 38.0 | 34.3 | 42.3 | 14.3 | 44.4 | 20.2 | 20.8 | 20.9 | 29.3 |
| DON'T HAVE | 59.9 | 63.2 | 56.3 | 81.2 | 53.7 | 76.5 | 76.8 | 79.1 | 70.7 |
| D.K./N.A. | 2.1 | 2.4 | 1.4 | 4.4 | 1.8 | 3.3 | 2.5 | 0.0 | 0.0 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | |
| SAMPLE SIZE | (928) | (349) | (448) | (125) | (546) | (240) | (80) | (31) | (31) |
| HAVE | 20.7 | 22.7 | 22.1 | 11.9 | 26.2 | 13.9 | 9.5 | 11.5 | 14.8 |
| DON'T HAVE | 79.1 | 77.3 | 77.8 | 87.3 | 73.5 | 86.1 | 90.5 | 88.5 | 85.2 |
| D.K./N.A. | 0.1 | 0.0 | 0.0 | 0.8 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |

"National" respondents gave the following reasons for the refusals:

"They asked me to wait for a while as I hadn't been in Edmonton very long, and I had just started a new job. I just never bothered going back later." (Edmonton)

"I wasn't old enough at the time although I can't recall if they ever gave me an opportunity." (Calgary)

"Because I have no credit reference." (Calgary)

"Work record was poor. I'm too young was the reason given." (Wetaskiwin)

"I had a bad credit rating at one time." (Winnipeg)

"Didn't supply enough references or assets." (Saskatoon)

"They told me lack of income. I have a feeling it was because I'm a female. I know a boy with not so much money and he got it at eighteen." (Toronto)

"Refused because I didn't make enough money." (Hamilton)

"Qualified as a risk but wasn't because application was filled out wrong." (Thunder Bay)

"They say I had insufficient assets, and they wanted my husband to sign my application to be responsible for my card." (Orangeville, Ont.)

"We didn't have sufficient assets or high enough equity in our home when we applied." (Orangeville)

"On ne m'a pas répondu; alors j'ai laissé tomber." (Montgagny)

"Pas assez d'argent en banque." (Annonciation)

"Because of my profession. I'm a musician; they said they didn't accept that as stable." (Newfoundland)

TABLE 3.3.3

WHY DID NOT APPLY FOR CREDIT CARD BY FAMILY INCOME (%)

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|-------------------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 57.5 | 81.5 | 91.5 | 75.9 | 67.7 | 66.5 | 51.7 | 43.4 | 42.6 | 67.9 |
| | * | | * | | | * | | | * | |
| SAMPLE SIZE | (1112) | (18) | (108) | (89) | (93) | (127) | (131) | (173) | (194) | (179) |
| DO NOT NEED | 53.9 | 47.6 | 54.4 | 51.9 | 52.2 | 49.7 | 56.0 | 47.5 | 52.2 | 64.1 |
| OPPOSED | 38.7 | 37.5 | 31.9 | 39.4 | 41.0 | 47.9 | 39.1 | 48.6 | 40.2 | 25.2 |
| NOT ENOUGH MONEY/ COSTS TOO MUCH | 4.8 | 11.9 | 7.7 | 7.9 | 5.8 | 1.9 | 3.7 | 1.9 | 5.1 | 5.6 |
| COULD NOT GET | 0.6 | 0.0 | 0.5 | 0.7 | 0.0 | 0.0 | 0.2 | 0.2 | 1.3 | 1.4 |
| OTHER | 0.5 | 0.0 | 3.3 | 0.0 | 0.0 | 0.0 | 0.4 | 0.6 | 0.4 | 0.0 |
| D.K./N.A. | 1.4 | 3.0 | 2.3 | 0.0 | 1.0 | 0.6 | 0.6 | 1.1 | 0.9 | 3.6 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| DO NOT HAVE AND DID NOT APPLY | 76.5 | 94.8 | 95.8 | 82.0 | 84.4 | 68.6 | 67.9 | 62.1 | 62.6 | 84.1 |
| | * | | * | | | * | | | * | |
| SAMPLE SIZE | (711) | (36) | (113) | (88) | (81) | (84) | (77) | (83) | (61) | (88) |
| DO NOT NEED | 45.9 | 44.0 | 36.6 | 48.4 | 47.6 | 42.9 | 47.0 | 49.8 | 50.1 | 50.5 |
| OPPOSED | 41.3 | 24.3 | 37.0 | 42.7 | 42.8 | 44.0 | 46.2 | 47.2 | 49.9 | 32.9 |
| NOT ENOUGH MONEY/ COSTS TOO MUCH | 7.9 | 17.6 | 16.3 | 7.4 | 5.8 | 7.7 | 5.4 | 1.6 | 0.0 | 8.4 |
| COULD NOT GET | 2.1 | 5.1 | 6.7 | 1.2 | 1.9 | 0.0 | 0.0 | 1.3 | 0.0 | 1.6 |
| OTHER | 0.7 | 5.8 | 1.1 | 0.0 | 0.0 | 1.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| D.K./N.A. | 2.2 | 3.3 | 2.2 | 0.2 | 1.9 | 4.2 | 1.4 | 0.0 | 0.0 | 6.5 |

"Just bought a house and not in financial stability; just out of university with student loan." (Nashwaskisis, N.B.)

"Because neither of us was working at the time." (Township 59, P.E.I.)

"Short term with present employer, lack of interest in me."

"No credit rating."

"Haven't enough money." (Winnipeg)

"Low income" respondents gave the following reasons:

"Pas d'emploi stable." (Montréal)

"Je n'avais pas travaillé pendant un an à la même place. Je pensais qu'on pouvait l'obtenir après six mois à la même place." (Montréal)

"J'ai fait une demande il y a deux ou trois ans à laquelle on n'a jamais répondu." (Montréal)

"In fact, I received no answer -- Maybe I was not qualified. I don't know." (Montréal)

"A l'époque, pas encore six mois de travail dans la compagnie." (Montréal)

"Ai retardé de payer mon prêt-bourse à l'université de Montréal." (Montréal)

"Didn't work then." (Montréal)

"I didn't have a job." (Montréal)

"Selon Master Charge - pas solvable. Selon nous, faisons pas affaire avec la bonne banque." (Montréal)

"Because I wasn't a resident of Quebec long enough according to them." (Montréal)

"Because of false statements in application form." (Vancouver)

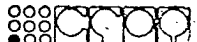
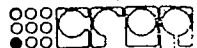


TABLE 3.13.4
BANK CREDIT CARD

| | <u>NATIONAL SAMPLE</u> | <u>LOW INCOME SAMPLE</u> |
|----------------------|------------------------|--------------------------|
| SAMPLE SIZE | (1920) | (928) |
| HAVE | 38.0% | 20.7% |
| CHARGEEX | 31% | 17% |
| MASTER CHARGE | 17% | 8% |
| APPLIED | 1.7% | 2.3% |
| DID NOT APPLY | 57.5% | 76.5% |
| DO NOT NEED | 31% | 35% |
| NOT ENOUGH MONEY | 3% | 6% |
| OPPOSED | 22% | 32% |
| COULD NOT GET | 0% | 2% |
| OTHER | 0% | 0% |
| DON'T KNOW/NO ANSWER | 1% | 2% |
| DON'T KNOW/NO ANSWER | 2.8% | 0.2% |
| NUMBER REFUSED | (23) | (14) |



"Pas assez longtemps à mon emploi." (Montréal)

"Parce qu'on nous a dit ne pas être éligibles
parce que nous venions de partir à notre compte."
(Montréal)

"Poor credit." (Vancouver)

It appears that access to bank credit cards is generally widespread for those who want one. Many Canadians however are opposed to them. Furthermore, certain screening variables are used to determine who will obtain one of these cards. Consequently, access is not universal.

However 15 of those who were refused a bank credit card eventually got one. It seems that access to these services varies according to where and when the application is made.

3.14 The Credit Market: A Second Look

We have examined access to three major types of credit; mortgages, fixed term personal credit and revolving credit. ^{cards} It appears that of the three, fixed term personal credit is the most easily attainable. Three out of ten Canadians obtained a personal loan in the course of the last three years. The refusal rate for these loans was 3%. While about the same proportion have first mortgage loans (although not all were acquired in the course of the last three years), but the refusal rate appears to be about 7%.⁽⁶⁾ It is impossible to estimate the refusal rate for bank credit cards with the present data set. However for the refusal rate to be higher than 7%, less than one-quarter of existing bank credit cards would have been acquired in the last three years. For the refusal rate to be 3% about half would have been acquired in the last three years.

The greater difficulty encountered by consumers who attempt to obtain mortgage loans is consistent with the nature of the supply of consumer and mortgage credit. Evans and Kisselgoff found that the supply of credit to consumers for the purchase of automobiles is highly elastic.⁽⁷⁾ Their results indicate that if credit is restricted in this area, the limiting occurs through an increase in the size of the down payment required and a shortening of the repayment period. Consequently we would not expect to find a high rate of refusal for consumer loans.

The mortgage loan market behaves very differently. It is believed that credit for housing is largely a residual. Builders and home buyers essentially receive what is left

(6) For an explanation of the estimating technique used see note (2).

(7) For a review of the literature in this area see Evans, Michael K., *Macroeconomic Activity*, Harper & Row: New York, 1969.

over from total available credit after the demand for business investment and consumer durables has been satisfied. To a large extent the demand for business credit and consumer durables is concurrent with the business cycle. In other words, in periods of boom the demand for business and consumer credit is relatively large and during periods of recession, it is relatively small. Since total credit is largely constant over the business cycle (or the supply may vary counter-cyclically because of government policy), the supply of mortgage credit tends to be somewhat greater during periods of recession.


Consequently we would expect the refusal rate to be higher for mortgage credit than for personal credit. In a situation of perfect information this would not be the case. Potential borrowers would know whether or not they could obtain credit from a given lender and apply or not apply accordingly.

However, we know that information is not perfect and knowledge of change in financial institutions' lending policies is not transmitted instantaneously. Consequently it is possible that certain applications for credit are refused. Furthermore, it is probable that the proportion of applications for credit refused is higher in the case of mortgage loans than in the case of consumer credit. First, if credit refusal is the result of the failure of the information system, it is more likely that this system will fail when policy varies (mortgage loans) than when it is constant (consumer credit). Secondly, if consumers only apply for loans which they can safely repay without hardship, and the supply of consumer credit is infinitely elastic, all applications will be granted. However, if the supply is inelastic, as in the case of the mortgage market, some "safe" loans will be refused. In the light of this analysis, it is apparent that if lenders and borrowers agree on what is a safe loan, all applications for consumer

TABLE 3.14.1

CREDIT APPLICATION AND REFUSAL BY INCOME

| | <u>TOTAL</u> | <u>-2,500</u> | <u>2.5-6M</u> | <u>6-9M</u> | <u>9-12M</u> | <u>12-15M</u> | <u>15-18M</u> | <u>18-25M</u> | <u>25M+</u> | <u>DK/NA</u> |
|------------------------------------|--------------|---------------|---------------|-------------|--------------|---------------|---------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1920) | (23) | (120) | (119) | (137) | (189) | (235) | (365) | (450) | (282) |
| APPLICATIONS PER CAPITA | 1.3 | 0.6 | 0.4 | 0.6 | 1.0 | 1.1 | 1.3 | 1.6 | 1.7 | 1.2 |
| REFUSAL RATE PER 100 APPLICANTS | 2.9 | 7.7 | 2.4 | 11.7 | 8.1 | 3.8 | 2.9 | 1.7 | 2.1 | 1.8 |
| r = -.57 | | | | | | | | | | |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (928) | (38) | (118) | (107) | (96) | (123) | (114) | (133) | (95) | (104) |
| APPLICATION PER CAPITA | 0.9 | 0.3 | 0.3 | 0.6 | 0.7 | 1.1 | 1.1 | 1.3 | 1.4 | 0.7 |
| REFUSAL RATE PER 100 APPLICANTS | 6.0 | 15.4 | 9.4 | 16.7 | 7.6 | 6.4 | 8.3 | 2.8 | 2.3 | 1.5 |


 = -.66

(r = -.64 across both samples)

credit will be granted. On the other hand, some applications for mortgage loans will be refused.

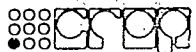
On this basis we would expect a correlation between refusal rates and application rates. Where respondents are more likely to be refused credit they are less likely to apply either because there is general agreement as to what constitutes a safe loan or because the possibility of being refused is higher and consequently the expected benefit from the transaction is lower.

In either case we would expect to find that for sub-groups of the population for which the refusal rate is high, the proportion of the group who apply for credit will be relatively low. Unfortunately we can not verify this hypothesis for each type of credit because of the limited sample size. However, we can combine all three to obtain a useful test. (8) (9)

(8) We have divided total refusals by the number of "applicants" and users of the service. Provided the ratio of those who have applied in the course of the last three years to the stock of users is constant, this rate will under-estimate the true refusal rate but will be perfectly correlated with it. On the other hand, if this ratio is not constant, the correlation coefficient will be biased and the "refusal rate" will not reflect true differences in the rate of refusal. A simple example suffices:

Suppose 60% of those over age 30 and 40% of those under age 30 have mortgage loans before the three year period and a further 30% of the former and 20% of the latter apply during the three year period. The application to stock ratio is therefore constant at 0.5. The estimated refusal rate will be one-third of the true rate in each case. The application rate will be over-estimated by a factor of three, r is unbiased as:

$$r_{xy} = \frac{\Sigma(3x)(\frac{1}{3}y)}{\sqrt{(\Sigma 3x^2)(\Sigma \frac{1}{3}y^2)}} = \frac{\Sigma xy}{\sqrt{(\Sigma x^2)(\Sigma y^2)}}$$



(8) Cont.

Now suppose instead that those under age 30 have no stock of mortgage loans. The application and refusal rates for this group will be accurately estimated. The correlation coefficient will therefore have a downward bias:

$$r_{xy} = \frac{\sum(a_i x_i)(y_i/a_i)}{\sqrt{\sum(a_i x_i)^2 \sum(y_i/a_i)^2}} = \frac{\sum x_i y_i}{\sqrt{\sum(a_i x_i)^2 \sum(y_i/a_i)^2}} \neq \frac{\sum xy}{\sqrt{\sum(x^2) \sum(y^2)}}$$

(9) The remainder of this section is based on unweighted data.

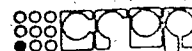


TABLE 3.14.2

CREDIT APPLICATION AND REFUSAL BY LENGTH OF RESIDENCE AND HOME OWNERSHIP

| | <u>TOTAL</u> | <u>-1 yr</u> | <u>1-2 yr</u> | <u>2-5 yr</u> | <u>5-10 yr</u> | <u>+10 yr</u> | <u>NA</u> | <u>OWN</u> | <u>RENT</u> | <u>LIVE WITH PARENTS</u> | <u>DK/NA</u> |
|---------------------------------|--------------|--------------|---------------|---------------|----------------|---------------|-----------|------------|-------------|--------------------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | | |
| SAMPLE SIZE | (1920) | (312) | (220) | (351) | (325) | (700) | (12) | (1220) | (562) | (91) | (47) |
| APPLICATIONS PER CAPITA | 1.3 | 1.3 | 1.5 | 1.6 | 1.3 | 1.0 | 1.0 | 1.5 | 0.9 | 0.6 | 1.2 |
| REFUSAL RATE PER 100 APPLICANTS | 2.9 | 6.7 | 5.1 | 2.3 | 1.4 | 1.0 | 0.0 | 1.4 | 7.5 | 3.6 | 5.2 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | | |
| SAMPLE SIZE | (928) | (162) | (142) | (180) | (144) | (300) | (0) | (343) | (541) | (33) | (8) |
| APPLICATIONS PER CAPITA | 0.9 | 0.9 | 1.1 | 1.1 | 0.9 | 0.6 | - | 1.2 | 0.6 | 0.7 | 0.9 |
| REFUSAL RATE PER 100 APPLICANTS | 6.0 | 11.6 | 5.3 | 7.5 | 3.3 | 2.2 | - | 2.1 | 10.8 | 9.1 | 0.0 |

TABLE 3.14.3

CREDIT APPLICATION AND REFUSAL BY MARITAL STATUS AND TELEPHONE

| | <u>TOTAL</u> | <u>MARRIED</u> | <u>SINGLE</u> | <u>WIDOWED</u> | <u>SEPARATED</u> | <u>DIVORCED</u> | <u>HAVE TEL.</u> | <u>NO TEL.</u> |
|------------------------------------|--------------|----------------|---------------|----------------|------------------|-----------------|----------------------|--------------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | |
| SAMPLE SIZE | (1920) | (1371) | (349) | (132) | (28) | (39) | (1876) | (44) |
| APPLICATIONS PER CAPITA | 1.3 | 1.5 | 0.8 | 0.7 | 1.0 | 1.1 | 1.3 | 0.8 |
| REFUSAL RATE PER 100 APPLICANTS | 2.9 | 2.6 | 4.4 | 1.1 | 7.1 | 7.0 | 2.8 | 10.8 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | |
| SAMPLE SIZE | (1928) | (546) | (240) | (80) | (31) | (31) | (871) | (57) |
| APPLICATION PER CAPITA | 0.9 | 1.0 | 0.8 | 0.4 | 0.5 | 0.8 | 0.9 | 0.5 |
| REFUSAL RATE PER 100 APPLICANTS | 6.0 | 4.2 | 10.4 | 3.3 | 0.0 | 20.0 | 5.8 | 10.7 |

Table 3.14.1 shows the refusal rate and application rate for each income group in both the national and low income samples. It can be readily seen that low income respondents are more likely to be refused and less likely to apply. In fact, the Pearson product moment correlation between the application rate and the refusal rate is $-.57$ in the case of the national sample and $-.66$ for the low income sample. It is $-.64$ across the two samples. All three correlations are statistically significant at the $.05$ level at least.

On the other hand, while respondents who have lived for short periods of time in their present home are less likely to obtain credit, the application rate does not appear to be inversely correlated with length of residence. In fact r equals $+.52$ for the national sample and $+.02$ across the two samples. However, neither correlation is statistically significant.

Respondents who have had a job for a long period of time are less likely to be refused credit; they are equally more likely to apply. In the case of the national sample r equals $-.23$ while it is equal to $-.34$ for the low income sample. Across the two samples it equals $-.34$. All three correlations are statistically significant at the $.05$ level.

As stated above, two interpretations are possible, either Canadians with low incomes recognize the greater difficulty of access associated with their income level, or they generally agree with the financial institutions' assessment of their ability to re-pay the loan.

The latter hypothesis supposes that there is a cost associated with failure to re-pay a loan. This is a reasonable hypothesis. During the group interviews which preceded the quantitative stage

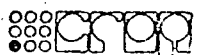


TABLE 3.14.4

CREDIT APPLICATION AND REFUSAL BY OCCUPATION

| | <u>TOTAL</u> | <u>W. FULL</u> | <u>W. PART</u> | <u>STAY HOME</u> | <u>STUDENT</u> | <u>RETIRED</u> | <u>UNEMPLOYED</u> |
|------------------------------------|--------------|----------------|----------------|------------------|----------------|----------------|-------------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (1920) | (895) | (225) | (385) | (74) | (256) | (81) |
| APPLICATIONS PER CAPITA | 1.3 | 1.6 | 1.2 | 1.2 | 0.7 | 0.6 | 0.9 |
| REFUSAL RATE PER 100 APPLICANTS | 2.9 | 3.4 | 2.9 | 1.5 | 1.9 | 0.0 | 8.5 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | |
| SAMPLE SIZE | (928) | (430) | (95) | (205) | (38) | (94) | (62) |
| APPLICATION PER CAPITA | 0.9 | 1.2 | 0.8 | 0.6 | 0.7 | 0.3 | 0.7 |
| REFUSAL RATE PER 100 APPLICANTS | 6.0 | 3.9 | 3.8 | 7.7 | 18.5 | 0.0 | 26.8 |

of this study several participants expressed the view that credit is dangerous. Moreover, fully one-fifth (22%) of Canadians are opposed to revolving credit (bank credit cards).

On the other hand relatively few non-applicants for credit cite their inability to obtain credit as their main reason for not applying. Consequently, it does not seem likely that it is because respondents are aware that they are unable to obtain credit that they do not apply. Moreover, in absolute terms, refusal rates remain relatively low. Most Canadians who apply are able to obtain credit. At the most the increased probability of being refused serves as a deterrent.

Consequently we conclude that among potential borrowers, there appears to be general concordance between the views of the major financial institutions and consumers' perceptions regarding the advisability of their taking out loans.

However, if this hypothesis is correct, consumers who have held their jobs for relatively short periods do not consider themselves relatively less credit worthy than do those who have held their jobs for longer periods. Although there is a correlation between length of employment and the probability of having credit accepted, there is no correlation between application rate and refusal rate with respect to employment. One other possibility exists; it may be that consumers who have held their jobs for relatively short periods consider themselves bad credit risks (i.e. the imputed cost is higher); however, their need for credit is also higher. In other words, the cost-benefit ratio would lead them to apply in greater relative numbers even though they are relatively less credit worthy.

TABLE 3.14.5

CREDIT APPLICATION AND REFUSAL BY LENGTH OF EMPLOYMENT

| | <u>TOTAL</u> | <u>-1 yr</u> | <u>1-2 yr</u> | <u>3-5 yr</u> | <u>6-10 yr</u> | <u>+10 yr</u> | <u>SELF</u> | <u>DK/NA</u> |
|------------------------------------|--------------|--------------|---------------|---------------|----------------|---------------|-------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | |
| SAMPLE SIZE | (1120) | (170) | (185) | (225) | (176) | (321) | (33) | (10) |
| APPLICATIONS PER CAPITA | 1.5 | 1.2 | 1.4 | 1.7 | 1.7 | 1.5 | 1.7 | 2.7 |
| REFUSAL RATE PER 100 APPLICANTS | 3.2 | 8.4 | 4.7 | 4.5 | 2.0 | 0.6 | 3.5 | 0.0 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | |
| SAMPLE SIZE | (525) | (73) | (107) | (128) | (47) | (155) | (12) | (3) |
| APPLICATIONS PER CAPITA | 1.1 | 0.9 | 1.2 | 1.3 | 1.3 | 1.0 | 1.0 | 1.3 |
| REFUSAL RATE PER 100 APPLICANTS | 3.9 | 9.1 | 7.9 | 2.4 | 1.7 | 1.3 | 0.0 | 0.0 |

With this interpretation in mind, it is worth noting that married consumers and those with telephones are relatively less likely to be refused and relatively more likely to apply for credit.

The one area of exception to the general availability of consumer credit appears to be small short period loans. Although borrowers and lenders may agree that these loans are safe, fixed transaction costs make them unprofitable for lenders. During the group interviews which preceded the survey, one participant related that she had applied for a \$100 loan and had been refused because the amount was too small. Two of those refused personal loans in the surveys mention that they would have had to borrow more than they wished to in order to be able to obtain the loan.

That such a limit exists appears likely. With respect to any case where credit is granted, there is a fixed transaction cost. This consists largely of the cost of paper work and credit checks. To a large extent these costs can be assumed to be fixed or at least to rise less than proportionally to the size of credit. Consequently it is likely that there is some limit in terms of amount of credit and repayment period below which financial institutions will not offer credit.

It is for this reason that revolving credit has such importance. In this way financial institutions avoid the full transaction cost associated with small amounts of credit. However, bank credit cards, the major source of revolving credit are largely the domain of upper and upper middle consumer. Consequently, the low income consumer, the most likely person to really need such a loan, may have difficulty obtaining a small short period loan.

TABLE 3.14.6

CREDIT APPLICATION AND REFUSAL BY LANGUAGE AND UNEMPLOYMENT DURING LAST 12 MONTHS

| | <u>TOTAL</u> | <u>BEEN * UNEMP.</u> | <u>NOT UNEMP.</u> | <u>DK/NA</u> | <u>SPOUSE * UNEMP.</u> | <u>SPOUSE NOT UNEMPLOYED</u> | <u>DK/NA</u> | <u>FRENCH</u> | <u>ENGLISH</u> | <u>OTHER</u> |
|--------------------------|--------------|--------------------------|-----------------------|--------------|----------------------------|----------------------------------|--------------|---------------|----------------|--------------|
| <u>NATIONAL SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (1920) | (372) | (1326) | (136) | (198) | (1001) | (139) | (405) | (1380) | (123) |
| APPLICANTS PER CAPITA | 1.3 | 1.2 | 1.4 | 1.1 | 1.5 | 1.5 | 1.3 | 1.2 | 1.3 | 1.1 |
| REFUSAL RATE | 2.9 | 6.0 | 2.1 | 1.4 | 6.3 | 1.9 | 1.1 | 2.1 | 3.2 | 2.2 |
| <u>LOW INCOME SAMPLE</u> | | | | | | | | | | |
| SAMPLE SIZE | (928) | (170) | (656) | (33) | (73) | (414) | (31) | (349) | (448) | (125) |
| APPLICANTS PER CAPITA | 0.9 | 0.9 | 0.9 | 1.0 | 1.1 | 1.0 | 0.6 | 0.9 | 0.9 | 0.7 |
| REFUSAL RATE | 6.0 | 8.8 | 4.0 | 2.9 | 4.9 | 3.3 | 10.0 | 9.1 | 3.8 | 5.6 |

* EXCLUDES THOSE UNEMPLOYED AT TIME OF SURVEY

With respect to the general validity of the results, it is important to note that the period studied is not marked by slackness in the credit market. If anything, credit was relatively scarce during this period.

One good measure of credit scarcity in Canada is the difference between the short-term and long-term interest rates as measured by the rates paid on three month Treasury Bonds and Government of Canada Securities for periods over ten years. While movement in the latter reflects long-term trends and expectations, the former is affected much more sharply by short-term market conditions.

During the period 1966 to first quarter 1978, the average difference between the two interest rates was 1.5%. During the period studied the average difference was .98%. Moreover the average difference was .07% in 1976 making that year the tightest year in the credit market in the period. *lower → tighter*

Consequently, the relative ease of access to credit can not be attributed to special conditions although it seems that there were years which were notably worse. The period 1968 to 1970 was marked by greater credit scarcity than the period studied while from 1971 to 1973 credit was much less tight.

3.15 The Meaning of Refusal

It is apparent from table 3.15.1 that exclusion from financial services is quite rare. Seven out of fifteen respondents who were refused a chequing, chequing/savings or true savings account eventually obtained one elsewhere. Eleven out of seventeen of those who were refused have a first mortgage while this is true of forty-five of the sixty-one members of the sample who were refused a personal loan. Even in the case of bank credit cards, fifteen of the thirty-seven persons refused have one.



TABLE 3.15.1

OBTENTION OF FINANCIAL SERVICES AMONG THOSE REFUSED

| | NATIONAL SAMPLE | | | | LOW INCOME SAMPLE | | | |
|------------------|----------------------|-------------|-------------------|--------------|----------------------|-------------|-------------------|--------------|
| | <u>TOTAL REFUSED</u> | <u>HAVE</u> | <u>DON'T HAVE</u> | <u>DK/NA</u> | <u>TOTAL REFUSED</u> | <u>HAVE</u> | <u>DON'T HAVE</u> | <u>DK/NA</u> |
| CHEQUING | 6 | 2 | 4 | 0 | 1 | 0 | 1 | 0 |
| CHEQUING/SAVINGS | 4 | 3 | 1 | 0 | - | - | - | - |
| TRUE SAVINGS | 1 | 1 | 0 | 0 | 3 | 1 | 2 | 0 |
| RHOSP | 2 | 0 | 2 | 0 | 1 | 1 | 0 | 0 |
| RRSP | 1 | 1 | 0 | 0 | - | - | - | - |
| TERM DEPOSIT | - | - | - | - | - | - | - | - |
| LIFE INSURANCE | 7 | 5 | 2 | 0 | 14 | 7 | 7 | 0 |
| FIRST MORTGAGE | 12 | 7 | 5 | 0 | 5 | 4 | 1 | 0 |
| SECOND MORTGAGE | 5 | 2 | 1 | 2 | 1 | 1 | 0 | 0 |
| PERSONAL LOAN | 33 | 25 | 8 | 0 | 28 | 20 | 8 | 0 |
| BANK CREDIT CARD | 23 | 10 | 13 | 0 | 14 | 5 | 9 | 0 |

3.16 Income and Wealth: The Ecological Effect Reconsidered

Throughout much of the analysis, it has been shown that the behaviour of "national" and "low income" respondents differ even for a given level of income. Two reasons for this phenomenon are apparent.

First, sociologists have demonstrated the existence of an ecological effect concerning certain types of behaviour. Middle class voters are more likely to vote like working class voters if they live in a working class area than if they live in a middle class area. It seems apparent that middle and upper income consumers in low income areas may act more like low income consumers. Promotional activities may vary among financial institutions depending on the type of clientele they serve. The behaviour of friends as well as the level of knowledge about financial services is also likely to influence behaviour.

However, the "low income" sample not only has a lower median income than the national sample but is, also generally less wealthy. It seems wealth as well as income should influence the use of financial services.

The greater wealth of the national sample is demonstrated by the higher proportion of home-owners for a given level of income. Moreover at each level of income, "low income" home-owners are more likely to have a mortgage. The fact that for a given level of income, a higher proportion of national home-owners have a term deposit and an RRSP tends to confirm this hypothesis.

If we examine only the behaviour of home-owners for given levels of income, there are very few differences between "national"

and "low income" respondents with respect to their use of national accounts. The one exception is the greater use of true savings accounts by upper income home-owners in the national sample.

"Low income" home-owners are more likely to have a second mortgage or a personal loan than are "national" home-owners. It appears that this is due to a wealth effect, as the ecological effect would tend to work in the opposite direction.

It seems that the use of personal credit increases with income but declines with wealth. The proportion of respondents with personal loans increases monotonically with income. However in seven out of eight cases relatively more renters than home-owners have personal loans. The one exception, the over \$18,000 low income group may simply indicate that home-owners in this group have higher incomes than do renters.

The greater use of second mortgages by "low income" respondents may also confirm the importance of security with respect to use. Second mortgages are often used for the purchase of consumer durables ⁽¹⁰⁾. The present study implies that this is particularly important for borrowers who can not provide other forms of security.

(10) Kisselgoff, Avram, Factors Affecting the Demand For Consumer Installment Credit, National Bureau of Economic Research, Technical Paper No. 7, New York 1952.

TABLE 3.16.1

HAVE FINANCIAL SERVICES BY INCOME (HOME-OWNERS) (%)

| | LESS THAN 6M | | 6-12M | | 12-18M | | 18M AND OVER | |
|------------------|--------------|------|-------|------|--------|------|--------------|------|
| | NAT. | LOW | NAT. | LOW | NAT. | LOW | NAT. | LOW |
| SAMPLE SIZE | 83 | 46 | 192 | 72 | 294 | 97 | 620 | 120 |
| CHEQUING | 44.5 | 48.5 | 45.0 | 45.0 | 53.0 | 43.1 | 65.7 | 56.5 |
| CHEQUING/SAVINGS | 50.5 | 34.3 | 59.0 | 62.9 | 59.4 | 62.9 | 57.9 | 57.8 |
| TRUE SAVINGS | 51.4 | 59.4 | 60.9 | 37.7 | 60.0 | 60.7 | 68.8 | 65.5 |
| RHOSP | 0.0 | 0.0 | 1.5 | 3.2 | 4.7 | 2.1 | 6.3 | 11.6 |
| RRSP | 13.2 | 4.2 | 19.5 | 11.0 | 27.4 | 17.9 | 40.2 | 23.4 |
| TERM DEPOSIT | 16.2 | 11.5 | 30.7 | 22.2 | 29.2 | 24.4 | 32.4 | 22.5 |
| LIFE INSURANCE | 37.1 | 22.3 | 42.6 | 34.2 | 49.4 | 51.0 | 64.0 | 52.8 |
| FIRST MORTGAGE | 7.6 | 12.1 | 17.2 | 28.3 | 45.8 | 52.0 | 55.6 | 57.6 |
| SECOND MORTGAGE | 1.9 | 4.7 | 0.5 | 4.4 | 6.3 | 13.9 | 7.0 | 15.1 |
| PERSONAL LOAN | 4.1 | 9.0 | 13.9 | 14.6 | 31.1 | 32.4 | 37.0 | 45.4 |
| CREDIT CARD | 10.3 | 10.4 | 30.1 | 15.0 | 36.5 | 33.4 | 59.1 | 38.5 |

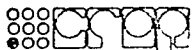
TABLE 3.16.2

HAVE FINANCIAL SERVICES BY INCOME (RENTERS) (%)

| | LESS THAN 6M | | 6-12M | | 12-18M | | 18M AND OVER | |
|------------------|--------------|------|-------|------|--------|------|--------------|------|
| | NAT. | LOW | NAT. | LOW | NAT. | LOW | NAT. | LOW |
| SAMPLE SIZE | 67 | 127 | 125 | 156 | 175 | 139 | 177 | 107 |
| CHEQUING | 26.0 | 21.3 | 38.4 | 32.4 | 47.6 | 39.0 | 58.9 | 42.6 |
| CHEQUING/SAVINGS | 26.4 | 38.3 | 44.3 | 50.9 | 51.8 | 55.5 | 55.1 | 63.2 |
| TRUE SAVINGS | 36.8 | 28.5 | 55.8 | 41.8 | 59.1 | 51.3 | 61.2 | 54.4 |
| RHOSP | 0.9 | 0.0 | 1.8 | 3.2 | 10.1 | 5.2 | 17.6 | 17.8 |
| RRSP | 8.8 | 1.8 | 7.2 | 6.1 | 23.0 | 12.9 | 26.1 | 24.1 |
| TERM DEPOSIT | 10.3 | 7.7 | 11.2 | 10.2 | 11.3 | 14.0 | 21.4 | 18.2 |
| LIFE INSURANCE | 23.7 | 20.8 | 39.9 | 40.0 | 53.9 | 49.3 | 51.4 | 56.1 |
| FIRST MORTGAGE | 0.0 | 1.7 | 1.3 | 0.2 | 1.5 | 3.5 | 9.7 | 4.4 |
| SECOND MORTGAGE | 0.0 | 0.0 | 1.3 | 0.0 | 0.0 | 0.0 | 0.5 | 0.2 |
| PERSONAL LOAN | 19.3 | 13.6 | 21.6 | 26.8 | 46.3 | 39.7 | 53.8 | 39.8 |
| CREDIT CARD | 4.3 | 2.7 | 14.7 | 9.0 | 36.6 | 24.3 | 39.9 | 34.5 |

APPENDIX I

REPORT ON FOCUS GROUP INTERVIEWS





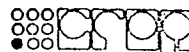
QUALITATIVE STUDY
ACCESS TO THE BANKING SYSTEM

Prepared for:
CONSUMER AND CORPORATE AFFAIRS

By:
CROP Inc.

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under the supervision
of Kevin Lang,
Senior Research
Consultant
Montreal, May 1978

#0885



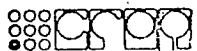
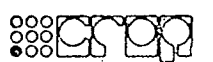
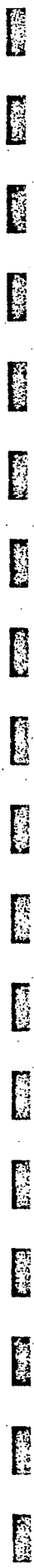


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1. STUDY OBJECTIVES AND METHODOLOGY

1.1 Objectives

- (1) To study behaviour patterns and in-depth attitudes with respect to financial services and institutions.
- (2) To establish a framework for a quantitative study on access to the Canadian financial system.



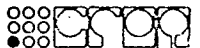
1.2 Methodology

Two focus group interview sessions were conducted (one in French, one in English) in order to examine the subject of financial services. The French language session was held in Montreal at Groupe Centre on April 3; the English session was conducted in Toronto at Research House on April 4. Representatives of Consumer and Corporate Affairs and CROP attended the sessions, viewing the proceedings through a one-way mirror. The discussions lasted approximately two hours and were taped-recorded on cassette and reel-to-reel systems. A moderator's schedule was prepared prior to the focus groups to ensure that all relevant topics would be covered.

Experienced CROP interviewers recruited participants, using a screening questionnaire to ensure that:

1. Some respondents had applied for and been refused either credit cards, personal loans or mortgage loans.
2. Some respondents did not possess either chequing or savings accounts.
3. The annual household income of respondents was below \$12,000.
4. Participants had not attended a focus group within the last 12 months.
5. Neither participants nor members of their immediate families were employed by financial institutions, advertising agencies or marketing research firms.

Both groups were balanced in terms of sex and marital status. A total of 17 participants attended the groups.



1.3 Presentation of Results

Please note that the following report is based on the comments of 17 people and should not be regarded as representative of the Canadian population. Rather, the report presents in-depth attitudes, without statistical significance, related to the subject of financial services in Canada.



2. HIGHLIGHTS

- . Most participants have savings or savings/chequing accounts. They are aware of other financial services but know few details and have no use for such options as registered savings plans or term deposits.
- . Anglophone participants have generally chosen banks for their accounts; the francophones almost exclusively use the caisses populaires. Convenient location appears to be the major criterion for selecting a particular bank or caisse populaire branch.
- . The caisse populaire is regarded with pride by the francophone participants, more like a friend than an institution. It "belongs to us", is trusted and looks after the members' needs. No such sentiments are voiced by the anglophones with respect to the bank system.
- . Relatively few participants possess a credit card. Those who do use cards say they limit their charges and pay the bill in full each month. Fears of overspending and liability for stolen cards are mentioned as reasons for avoiding credit cards.
- . All participants appear to be worry about going into debt of any degree. Terms such as "gullible people" often came up in the discussion of using credit. A number of participants feel it is too easy to borrow money and condemn any encouragement on the part of lenders.

- . Lenders are criticized for not always explaining the borrowing terms and allowing people to borrow more than their budgets let them pay back. There appears to be some feeling that the lender has a responsibility to stop people from taking on too much credit.
- . Incidence of experience with loans is very low. Participants agree that in most cases it is preferable to save up for an item; the exception would be an expensive purchase such as a car.
- . Participants do not appear to have any concrete knowledge of interest rates on personal loans although it was agreed that different banks are competitive with one another and finance companies charge the highest rates.
- . Finance companies appear to be the most disliked borrowing source; their lending rates are regarded as exorbitant. Banks are preferred by the anglophones, caisses populaires by the francophone participants.
- . Participants are reluctant to talk about credit refusal experiences. Hypothetical reasons for refusal which were suggested included inability to carry the monthly payments and stability of job and income - both "economic" factors.
- . Refusal reasons mentioned with respect to actual experience tend to be less economically oriented; too small a loan (and hence too much paper work for the lender), sex of applicant (female) or lack of preparation when the request is made.

3. SUMMARY OF FINDINGS

3.1 Use of Financial Services

3.1.1 Accounts

Most French and English language participants have savings or savings/chequing accounts and appear to be aware of the interest rates associated with each. Accounts are perceived as useful for paying bills or cashing cheques. One Toronto participant describes his chequing account as a means of keeping a financial record. Those who do not use chequing services appear to have had no trouble with bill payment.

Nous on l'utilise pour payer nos factures.

It gives me a record as to who's been paid, who hasn't been paid. On various occasions where people say: "We haven't been paid" and I just say, "Well sorry about that but here's the cancelled check".

Moi j'ai un compte d'épargne où je dépose un peu de temps en temps et j'ai un compte courant où on fait les chèques, puis l'argent roule tout le temps.

3.1.2 Choice of institution

The most frequently chosen institution for accounts among the French language participants is the caisse populaire. Although a particular caisse may be chosen for its close proximity to home or service, the system itself is preferred over banks by most participants. The caisse populaire is perceived as a Québec institution, one of the few which belongs to and is geared for the people in this province. It is seen as more personal relative to the banks; each caisse member has a voice as a shareholder.

C'est par sentiment, (la caisse) est une chose qui nous appartient, nous Canadiens-français, c'est une de nos forces, en fait, c'est à peu près la seule .

La caisse, c'est fait pour donner des services à ses membres tandis que les compagnies c'est fait pour donner de l'argent à ses actionnaires. C'est pour ça qu'on préfère les caisses populaires surtout aussi que c'est québécois, pour une fois qu'on a de quoi.

A la caisse, la pyramide est à l'envers. A la banque il y a un grand manitou en haut tandis que la caisse c'est tout le monde, on est tous des ionnaires.

The credit union system receives little attention by the Toronto participants, all of whom have chosen banks in which to open accounts. Convenient location is the most frequently given reason for choosing a particular bank. Attention in varying degrees is given to customer service, although participants acknowledge that problems, such as balancing accounts, "turn you way off".

I went to three banks, until I found one I was satisfied with. Primarily customer service.

I don't worry about how friendly they are. It's nice, but people are people.

3.1.3 Awareness of other services

Participants in both Montreal and Toronto are aware of services such as registered savings plans, stocks and bonds as other means of putting money aside. However, none report having used any of these services. Some attribute their avoidance of such services to lack of information; they know little about registered plans, stocks or bonds beyond the name. Others regard these services as options for wealthier people.

3.2 Credit Cards

3.2.1 Patterns of credit card use

Few participants in these groups possess a credit card. Those who do have cards often mention bank cards (Chargex, Master Charge); one participant has an oil company card. Chargex and Master Charge are described as universal, accepted everywhere and hence preferable to more limited credit cards. It appears that use of credit cards is often restricted to emergency and unusual situations.

(A credit card is useful) if you need something and don't have any money to pay for it.

Chargex parce que . . . ça dépanne un peu partout.

Moi j'ai les cartes de gaz pour dépanner, si jamais on tombe en panne sur la route, on sait jamais combien ça peut nous coûter.

3.2.2 Perceived problems with credit card use

There is widespread opposition to credit cards. Even those who use them do so with caution. Most participants believe credit cards encourage impulse spending; it is too simple to lose control and go over the credit limit. Some mentioned responsibility for charges made on stolen cards. One participant pointed out that merchandise prices were higher in stores accepting credit cards in order to cover the cost of handling the cards.

Mais il y a un gros danger; les gens qui n'ont pas de contrôle c'est fatal.

C'est simplement l'impulsion du moment qui nous a fait acheter cet article-là. Alors, si on n'avait pas eu de carte peut-être on l'aurait pas acheté.

3.3 Personal and Mortgage Loans

3.3.1 Use of credit

The incidence of actual experience with personal or mortgage loans appears to be low among the participants in these groups. They avoid going into debt; most say they prefer to save money to buy an item.

Moi en tous cas je me sens mal quand je dois de l'argent, ça fait que j'aime autant pas emprunter, j'aime autant ramasser mon argent puis quand j'ai argent, (me l')acheter.

However, most agree that for items such as a car it would be more feasible to take out a loan; the rate of saving money could not catch up with the rate of price increases.

By the time you saved up enough for a car it would probably cost \$24,000.

Buying on monthly terms is generally considered to be more expensive than taking out a loan for the purchase.

J'ai acheté une bibliothèque et des volumes et je payais \$10.00 par mois, et ça m'a coûté deux fois plus cher que si j'avais fait un prêt à la caisse.

If people are going to go out and buy something on time, then they should figure out what they're going to spend before that. And have it all thought out entirely before they go in and buy something on time.

I wouldn't (pay on monthly terms) if I had the money. Cause there's no way my interest rates- I wouldn't do it unless it was something super special terrific.

My husband and I bought a fridge through Bad Boy and they dealt with a finance company . . . can't remember now how much we paid out in interest but it was incredible, I couldn't believe it.

3.3.4 Choice of institution

Of all money-lending institutions, finance companies appear to be regarded with the most suspicion, the least respect, primarily due to their high interest rates. Certain participants believe that finance companies will lend money to anyone, regardless of the risk involved.

Mais les compagnies de finance, je trouve qu'elles exploitent le monde.

Nothing ever happens in a finance company . . . has anyone ever been refused in a finance company?

I know of some people who are poor paid (sic), but they still get their money from a finance company.

Banks are judged to be generally more discriminating, taking fewer risks. However, some bank branches are accused of looking for "floor traffic" in order to make money with interest on borrowed money.

Some branches are greedy enough because they have to have so much traffic.

Dans les banques j'ai eu l'impression qu'ils voulaient faire de l'argent avec moi avant même de me donner le service demandé.

Among francophone participants, the caisse populaire is the most preferred lending institution. Participants trust the caisse populaire and believe it would look after their needs better than any other institution. The raison d'être of a

caisse is to lend money to its members; a caisse would not be trying to make money through high interest rates.

La caisse c'est fait pour prêter de l'argent à ses membres.

J'ai eu une expérience avec une banque mais avec une caisse on n'essaie pas de faire de l'argent avec nous, on nous comprend mieux.

Si je veux faire un prêt, je vais à la caisse parce que c'est là que j'ai mon compte; je leur fais confiance.

Certain participants in both groups have no preference regarding type of institution, but would borrow from whichever offered the best option.

Quand je fais un prêt personnel, je magasine pour trouver la meilleure affaire.

Je calculerais quel moyen est le plus avantageux.

(I'd go to) the cheapest. The cheapest interest.

For mortgage loans, many anglophone participants regard trust companies as the best situation; trusts are knowledgeable about and familiar with this type of loan and offer competitive lending rates.

I went for a mortgage. I went to the bank. They didn't know what they were talking about. . . We got the loan through a trust company. It was going to take the bank 10-15 days to process.

As with other financial services, most francophone participants appear to regard the caisse populaire as first choice for mortgage loans.

Mon prêt hypothécaire, je l'ai fait à la caisse et on a fait un budget avec moi.

3.3.4 Reasons for credit refusal

Most participants appeared hesitant to talk about their own experiences with credit refusal. In the Toronto group, held after the Montreal one, the questions of refusal was presented more generally, asking about hypothetical or friends' experiences with loans. This approach appears to have elicited more discussion about this topic. Consequently, the following is based on responses of Toronto participants only.

A number of reasons for refusals have been suggested. Those related to the hypothetical refusal experiences tend to be more oriented towards economic than personal factors: ability to carry the monthly payments, stability of job and income or the lender's own judgement of these two criteria.

I know I couldn't get a loan. I don't make enough. You have to have a job for a (certain) amount of time and have a credit rating.

If they won't give you a loan I think it's because you can't pay it back.

I think also depending on the bank manager-they have their own ideas, as we have our own ideas. And maybe he didn't think that was a good idea to give a loan.

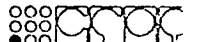
The "personal" factors leading to refusal are more often mentioned with respect to participants own or their friends' actual experiences. Size of the loan applied for (and hence the amount of paper work for the lending institution), sex of applicant (female, single or married) and lack of clear explanation of why the money is needed are cited as factors.

I was refused a loan at a bank. I only needed \$100.00 and I went to the bank and asked them if I could borrow just \$100.00. I didn't think I would have any problems and they refused me; they said it was because I hadn't been at my place of employment very long but I don't think. I think they thought it was too much paper work.

I've seen some of the statistics and single females and females are bad risks in that respect. (borrowing money)

Business loan. Primarily it was my fault. I came in unprepared.

, women) got very huffy about it. But it didn't change the situation. They weren't given credit. They could have had their husbands co-sign but they didn't want it that way. They were, and had been, working for quite a while. This was through a departmental store.

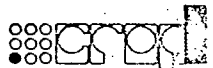


4. CONCLUSIONS

In view of the general reluctance of participants to discuss their use of financial services, in general, and problems of access, in particular, care must be applied to the interpretation of the quantitative studies. Respondents may have a tendency to understate problems of access. This can best be avoided by a business like attitude on the part of the interviewers. Particular care must be taken so that they do not become "friends" with respondent.

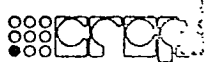
There is little evidence that participants detect problems of access to the financial system. On the whole financial institutions are believed to give credit too easily.

One area which should be observed carefully is the possibility of particular problems for applicants who seek small short term loans.



APPENDIX





MODERATOR'S SCHEDULE

1. Introduction

2. Checking, Checking-Savings accounts:

- with which type of institution?
- why/why not have account?
- refused? where? why?

3. Savings accounts:

- with which institution
- why/why not?
- refused? where? why?

4. Other financial services; RHOSP, RRSP, life insurance, term deposits:

- with which institution?
- why/why not?
- refused? where? why?

5. First and second mortgage loans:

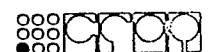
- with which institution?
- refuse? where? why?
- shop around?

6. Personal loans:

- with which institution?
- how much?
- aware of details, interest rate, total cost?
- why didn't you apply?
- refused? where? why?
- could you get loan?

7. Credit cards:

- which ones?
- why?
- why don't have?
- refused? where? why?



ECHEANCIER DE L'ANIMATEUR

1. Introduction

2. Comptes de chèques, chèques-épargne:

- avec quel genre d'institution?
- pourquoi/pourquoi pas avoir de compte?
- refusé? où? pourquoi?

3. Comptes d'épargne-véritable:

- avec quelle institution?
- pourquoi/pourquoi pas?
- refusé? où? pourquoi?

4. Autres services financiers; REER, REEL, Assurance-Vie dépôt à terme:

- avec quelle institution?
- pourquoi/pourquoi pas?
- refusé? où? pourquoi?

5. Prêts en première et en deuxième hypothèque:

- avec quelle institution?
- refusé? où? pourquoi?
- magasiner pour trouver la
meilleure affaire?

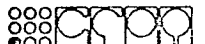
6. Prêts personnels:

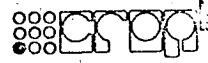
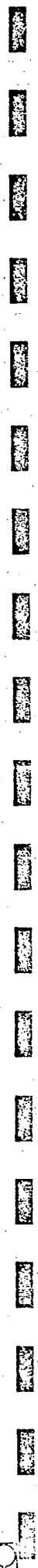
- avec quelle institution?
- quel montant?
- au courant des détails,
taux d'intérêt, coût total?
- pourquoi n'avez-vous pas
essayé d'en obtenir?
- refusé? où? pourquoi?
- pourriez-vous en obtenir?

7. Cartes de crédit:

- lesquelles?
- pourquoi?
- pourquoi n'en avez-vous pas?
- refusé? où? pourquoi?

SCREENING QUESTIONNAIRES





Hello, my name is _____ from CROP, we are doing a consumer survey and I'd like to ask you some questions on banking services.

1. Do you have a checking or savings account in a bank?

- Checking
- Savings
- Both
- Neither
- D.K./N.A.

| |
|--|
| |
| |
| |
| |
| |

2/10 if possible

2. Have you ever applied for a personal or a mortgage loan?

- Yes
- No
- D.K./N.A.

| |
|--|
| |
| |
| |

Go to Q.4

3. Did you receive this loan?

- Yes
- No
- D.K./N.A.

| |
|--|
| |
| |
| |

3/10

4. Have you ever bought on terms or delayed payment on a credit card?

- Yes
- No
- D.K./N.A.

| |
|--|
| |
| |
| |

← 2/5 males
2/5 females

5. Do you have any plans to apply for a loan or credit in the next 12 months?

- Yes
- No
- D.K./N.A.

| |
|--|
| |
| |
| |

2/10

6. In what age category would you place yourself?

READ

- 18 and under
- 18 - 29 years
- 30 - 49 years
- 50 years and over

| |
|--|
| |
| |
| |
| |

TERMINATE

TERMINATE



7. In which of the following categories does the combined annual income of your household fall?

| | | | |
|------|---------------------|--|-----------|
| READ | less than \$12,000 | | 5/10 |
| | \$12,000 - \$15,000 | | 5/10 |
| | more than \$15,000 | | TERMINATE |
| | D.K./N.A. | | |

8. Do you work in any of the following types of places?

| | | | |
|------|--|--|-----------|
| READ | Store | | |
| | Financial institution (bank, trust, caisse) | | TERMINATE |
| | Advertising or market research | | TERMINATE |
| | Factory | | |
| | Office | | |
| | Other | | |
| | Housewife | | |

Note

| | | | |
|------|--------|--|------|
| Sex: | Male | | 5/10 |
| | Female | | 5/10 |

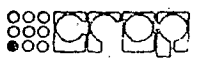
10. What is your marital status?

| | | |
|----------------|--|-----|
| Married | | |
| Single | | Mix |
| Div./Wid./Sep. | | |

11. Have you attended a group discussion in the last 12 months?

| | | |
|-----|--|-----------|
| Yes | | TERMINATE |
| No | | |

INVITE THEM TO THE GROUP GIVE THEM ADDRESS, DATE AND TIME AND INFORM THEM THAT THEY WILL RECEIVE A RESPONDENT FEE OF \$15.00.

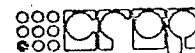


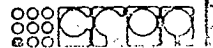




APPENDIX II

METHODS





METHODS

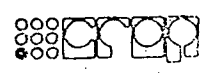
Sample Design

Two samples were used for this study. The first is representative of the non-institutionalized population of Canada, age 18 and up and excluding those living in the Yukon and North West Territories. The second sample is representative of the population of low income census tracts in Halifax, Montreal, Toronto, Winnipeg and Vancouver. A low income census tract was defined as one for which the median income of its 1971 equivalent was \$8,500 or less.

The national sample is stratified into six regions: British Columbia, Alberta, Manitoba-Saskatchewan, Ontario, Québec and the Atlantic Provinces. Within each region, municipalities are divided into four groups: metropolitan areas with a population of over 500,000, cities population size 100,000 to 500,000, towns with a population 5,000 to 99,999, and rural areas with a population under 5,000.

Within each stratum populated areas are chosen on a random basis. Within each stratum each populated area has a possibility of being chosen proportional to its size. In practice, this means that all metropolitan areas and all cities, except in Ontario are included in the sample.

For those areas chosen for which census tracts exist, census tracts are selected on a random basis with probability of being chosen proportional to population. Where the town is not large enough to be divided into census tracts, it is treated as one single census tract. Within each census tract two pairs of interviewing blocks are established again by a random procedure although census tract data does not allow us to make the possibility of being chosen based on block population. Of each pair of blocks, one is designated "masculine" and the other "feminine".



Between five and nine interviews are assigned for completion on each block. These are divided into four age quotas; 18 to 29 years old, 30-44 years old, 45-59 years old and 60 years old and up. The quotas are determined by distribution of population within the census tract. Most quota sizes are limited to one or two respondents. The maximum quota size is three.

In the case of "feminine" blocks, a further quota is imposed for working women. Men may only be interviewed after 5:00 on weekdays and on week-ends.

In the event of an interviewer being unable to complete the quotas assigned, specific instructions are provided for the choice of a new block.

In the case of the sample of low income neighbourhoods, a list of eligible census tracts was drawn up. The sample was stratified by city. Census tracts within each city were chosen systematically at random. Thereafter the procedure is the same as for the national sample.

No statistical margin of error can be established for the sample. The calculation of a margin of error assumes that we can calculate the probability of any given individual being chosen. In practice, population samples rarely respond to this criterion as response rates vary from 60% to 80%. Margins of error calculated for probability samples are based entirely on calculations of variance and do not take bias into account. It is implicitly or explicitly assumed that non-response does not lead to bias.

The margin of error for a modified probability sample can not be calculated because we can determine neither the probability of an individual being chosen nor the bias inherent in the

sampling technique. The use of quotas prevents us from estimating the variance. Bias is introduced by excluding from the universe all those who are not at home when the interviewer passes.

A comparison between the modified probability sample and a multi-stage area clustered sample hereafter referred to as clustered sample hinges primarily on an evaluation of the distribution of non-response. Although the variance of a modified probability sample cannot be calculated, it should be similar to that of the clustered sample. The small size of the quotas (one or two) means that a respondent is chosen virtually at random among those individuals who are at home at the time of the survey. The interviewer chooses the first person on his search route. Where there is only one person in the quota, the individual is effectively chosen at random. Where all quotas have only one respondent, the sample becomes equivalent to a stratified sample with one person per stratum. It seems that the stratification within a cluster should, if anything, reduce the variance of the sample. If we assume that the variance of the two samples are equal, a comparison of the two samples must be based on their biases and consequently on non-response.

On this basis, there is no a priori reason to assume that the bias of a modified probability sample is greater than that of a clustered sample. An analysis of a recent study by CROP which used a clustered sample reveals that roughly 50% of completions result from the first interview attempt. If this is standard, we can assume that roughly one-third of the

population are excluded from the clustered sample while about two-thirds are excluded from the modified probability sample. Ceteris paribus. this would make it likely that the bias of the modified probability sample is greater. However, the nature of the modified probability sample is such that it ensures proportional representation of geographic areas (interviewing blocks) whereas the clustered sample does not.

Consequently, since certain types of areas are subject to a higher rate of non-response than others, the clustered sample is subject to ecological bias whereas the modified probability sample is not. Thus we can draw no a priori conclusions about the relative size of bias.

Our experience leads us to believe that bias is not an important variable either in the case of the clustered or modified probability sample. The reader is advised to assume that the margins of error are approximately the same as those for a clustered sample.

The Use of Statistical Tests

Standard statistical tests do not apply to the type of sample used. These tests apply only to simple random samples and not to samples using weights. We have used average weights of 1.0 within each category compared when applying a Chi square tests. This is a means of diminishing not removing the problems associated with the use of Chi square tests. These, as always, should be treated only as guides. As Chi square is sensitive to sample size and our combined samples contain almost 3,000 respondents, we have generally avoided including the results of Chi square tests in the text as these would give unwarranted strength to certain conclusions.

Field Work

The questionnaire for the national survey was piggy-backed to CROP's Omnibus Service. The field work for this phase of the study took place between April 21 and May 1, 1978.

The survey of low income areas was conducted using the same team of interviewers as for CROP's Omnibus Service. The field work for this phase of the study took place between May 5 and May 15, 1978.

Because of the particular possibility that allophones, especially those who speak neither English nor French, might experience difficulties of access to the financial system, it was considered important to be able to interview these people. However, financial constraints made it impossible to ensure interviewing capability for all languages. However, it was decided to use multi-lingual interviewers in all areas in the low income sample where non-English and non-French speaking people represented more than 5% of the population. Again for financial reasons, the questionnaire was not translated. Instead interviewers were asked to translate on the spot. Given the financial constraints we were obliged to choose between the bias entailed by not interviewing foreign language households and the inter-interviewer variance entailed by leaving the translation to the interviewers concerned. Considering the importance of examining this group and the very real possibility that it would differ considerably from other groups in the population, it was felt that excluding the group would be a major drawback and might entail considerable bias. However, as almost all questions asked were of a factual nature, the impact of inter-interviewer variance was expected to be slight. (1)

(1) For an explanation of the terms used as well as a discussion of related issues, see Hyman, Herbert H., Cobb, William J. et al., Interviewing In Social Research, Chicago: University of Chicago Press, 1954.

Coding

On the basis of our research design, we set up the following codes for the open-ended question concerning why respondents had not applied for financial services:

1. Do not need
2. Could not get
3. Does not correspond to my needs

Do not need differs from does not correspond to my needs in the sense that the latter implies that an alteration of some sort to the service would cause the respondent to take the service. This includes responses such as "bank hours inconvenient."

On the basis of our past research, we also included the code:

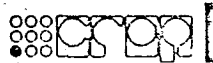
4. Opposed to service

Finally, additional codes were established on the basis of the responses received:

5. Costs too much
6. Not enough money
7. Don't know service
8. Other

These codes, which reflect consumers perceptions of their behaviour do not necessarily fit neatly into the economist's conceptual framework.

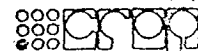
For the economist, the demand for financial services is a function of prices and income. Unless a financial service is a

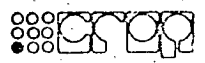


Giffen good,⁽²⁾ if this price falls, demand will increase. Thus "do not need" can be interpreted as "costs too much". Similarly unless a financial service is an inferior goods, if income rises, demand for service will increase. Thus we can interpret "do not need" as "not enough money." If the translation costs are included "do not need" may very well mean "could not get." Finally, certain goods such as credit may well be inferior at least for some consumers. Consequently, we may interpret, "do not need" as "opposed to service."

The importance of these relations is not in their impact on the theory of money (a field in which the author has no pretensions whatsoever), but instead that they demonstrate the need for careful interpretation. Particularly in the light of the degree of respondent burden imposed by the questionnaire, a high proportion of respondents who say they do not need the service should not be treated as implying deficient demand unless consideration is given to why there is so little demand. The response "do not need" should instead be treated as an indicator of the possible level of demand.

(2) A Giffen good is one for which demand falls when its price falls.





APPENDIX III

DEMOGRAPHIC CHARACTERISTICS OF SAMPLES



NATIONAL SAMPLE

LOW INCOME SAMPLE

REGION

| | | |
|-------------------------------------|----------------|---------------|
| TOTAL | 1920 100.0% | 928 100.0% |
| BRITISH COLUMBIA (Vancouver) | 292 10.5% | 132 18.4% |
| ALBERTA | 300 7.3% | |
| MANITOBA-SASKATCHEWAN (Winnipeg) | 285 8.9% | 129 14.0% |
| ONTARIO (Toronto) | 352 36.5% | 77 10.2% |
| QUEBEC (Montreal) | 397 27.9% | 490 55.2% |
| ATLANTIC PROVINCES (Halifax) | 294 9.0% | 100 2.2% |

OWN OR RENT

| | | |
|----------------------|---------------|--------------|
| OWN | 1220 66.8% | 343 38.1% |
| RENT | 562 26.3% | 541 58.0% |
| LIVE WITH PARENTS | 91 5.0% | 33 3.1% |
| DON'T KNOW/NO ANSWER | 47 1.8% | 11 0.8% |

NATIONAL SAMPLELOW INCOME SAMPLEMARITAL STATUS

| | | |
|----------------------|---------------|--------------|
| MARRIED | 1371 72.4% | 546 58.8% |
| SINGLE | 349 16.9% | 240 25.9% |
| WIDOW | 132 7.3% | 80 8.5% |
| SEPARATED | 28 1.5% | 31 3.5% |
| DIVORCED | 39 1.7% | 31 3.4% |
| DON'T KNOW/NO ANSWER | 1 0.1% | 0 - |

COMBINED ANNUAL FAMILY INCOME

| | | |
|----------------------|--------------|--------------|
| UNDER \$2,500 | 23 0.9% | 38 4.5% |
| \$2,500 - \$5,999 | 120 6.0% | 118 13.0% |
| \$6,000 - \$8,999 | 119 6.3% | 107 11.7% |
| \$9,000 - \$11,999 | 137 7.2% | 96 10.0% |
| \$12,000 - \$14,999 | 189 10.3% | 123 13.6% |
| \$15,000 - \$17,999 | 235 13.2% | 114 12.1% |
| \$18,000 - \$24,999 | 365 18.6% | 133 13.8% |
| \$25,000 and over | 40 22.3% | 95 10.8% |
| DON'T KNOW/NO ANSWER | 282 15.1% | 104 10.3% |

NATIONAL SAMPLE

LOW INCOME SAMPLE

(ESTIMATED)

| | | |
|----------------------|-------------|-------------|
| UNDER \$2,500 | 0 0.0% | 3 3.8% |
| \$2,500 - \$5,999 | 13 5.0% | 17 18.0% |
| \$6,000 - \$8,999 | 31 12.6% | 11 8.3% |
| \$9,000 - \$11,999 | 28 10.0% | 17 15.0% |
| \$12,000 - \$14,999 | 31 12.1% | 13 12.0% |
| \$15,000 - \$17,999 | 41 12.0% | 11 11.3% |
| \$18,000 - \$24,999 | 33 13.2% | 4 3.8% |
| \$25,000 and over | 40 13.3% | 8 10.5% |
| DON'T KNOW/NO ANSWER | 65 21.8% | 20 17.3% |

CITIZENSHIP

| | | |
|--------------------------------|---------------|--------------|
| CANADIAN CITIZEN (by birth) | 1550 81.1% | 711 74.7% |
| NATURALIZED CITIZEN | 280 13.8% | 151 17.8% |
| NOT CITIZEN | 80 4.6% | 64 7.2% |
| DON'T KNOW/NO ANSWER | 10 0.5% | 2 0.2% |

NATIONAL SAMPLE

LOW INCOME SAMPLE

RACE

| | | |
|-----------------|---------------|--------------|
| WHITE | 1831 96.8% | 852 91.6% |
| BLACK | 8 0.3% | 28 2.6% |
| ORIENTAL | 29 1.0% | 20 2.6% |
| EASTERN INDIAN | 6 0.2% | 13 1.2% |
| AMERICAN INDIAN | 8 0.2% | 8 1.0% |
| NOT RECORDED | 38 1.5% | 7 0.8% |

YEARS SCHOOLING

| | | |
|-------------|--------------|--------------|
| NONE | 10 0.4% | 13 1.5% |
| 1-8 years | 384 22.1% | 281 31.1% |
| 9-12 years | 918 45.6% | 425 44.9% |
| 13-16 years | 446 23.3% | 153 16.3% |
| 17+ years | 156 8.2% | 50 5.7% |
| NO ANSWER | 6 0.4% | 6 0.6% |

NATIONAL SAMPLE

LOW INCOME SAMPLE

LANGUAGE SPEAK AT HOME

| | | |
|--------------------|---------------|--------------|
| FRENCH | 405 27.5% | 349 39.3% |
| ENGLISH | 1380 65.0% | 448 45.6% |
| OTHER | 123 6.7% | 125 14.4% |
| FRENCH AND ENGLISH | 10 0.5% | 4 0.5% |
| NO ANSWER | 2 0.2% | 2 0.2% |

SEX

| | | |
|-------------------------------------|--------------|--------------|
| MALE | 937 49.3% | 445 47.9% |
| FEMALE NOT EMPLOYED OUTSIDE HOME | 561 28.9% | 264 28.4% |
| FEMALE EMPLOYED OUTSIDE HOME | 422 21.8% | 219 23.8% |

TELEPHONE

| | | |
|-----|---------------|--------------|
| YES | 1876 97.2% | 871 93.7% |
| NO | 44 2.8% | 57 6.3% |

NATIONAL SAMPLE

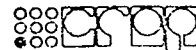
LOW INCOME SAMPLE

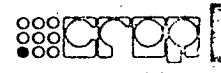
AGE

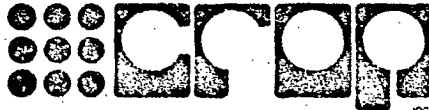
| | | |
|----------------------|--------------|--------------|
| 18-29 | 571 29.1% | 302 31.6% |
| 30-44 | 532 27.1% | 214 23.2% |
| 45-59 | 417 21.1% | 201 21.9% |
| 60+ | 399 22.5% | 210 23.3% |
| DON'T KNOW/NO ANSWER | 1 0.2% | 1 0.1% |



APPENDIX IV
QUESTIONNAIRES.







CROP INC., 1500 Stanley, suite 520, Montréal (Québec) H3A 1R3
 tel. - (514) 849-8086

ACCESS TO FINANCIAL SYSTEM

May

| | | |
|---|---|---|
| 8 | 8 | 5 |
| 1 | 2 | 3 |

Questionnaire no

| | | | |
|---|---|---|---|
| | | | |
| 4 | 5 | 6 | 7 |

Time started: _____ Time finished: _____ Total minutes: _____
 (8, 9, 10)

Block: _____ (11, 12) (13)

od afternoon (evening), I am _____ from the Public
 opinion Research Center and we're conducting a survey on the use of financial
 services.

Age: _____ (14, 15)

(16)

Sex: male 1
 female not at work 2
 female at work 3

Let's begin by talking about the place you live ...

(17)
 1

1. How long have you been living in ...

| | Less than 1 year | 1 to 2 years | More than 2 to 5 years | More than 5 to 10 years | More than 10 years | N.A. |
|---|------------------------|-----------------|------------------------------|-------------------------------|--------------------------|------|
| 1.1 this apartment/ house? | 1 | 2 | 3 | 4 | 5 | 9 |
| 1.2 Canada? | 1 | 2 | 3 | 4 | 5 | 9 |

(18)
 (19)

IF LIVED IN APARTMENT/HOUSE FOR LESS THAN A YEAR

1.3 your previous
 apartment/house? 1 2 3 4 5 9

(20)

2. Do you own or rent your home?

own home. 1
 rent home. 2
 D.K./N.A. 9

(21)

I am going to ask you about different types of financial services.
Let's start with a chequing account ...

A. Do you have a chequing account on which no interest is paid? (22)

yes 1
no. 2 } Go to Q.A.2
D.K./N.A. 9

A.1 In what type of institution do you have it?

| | | | | | |
|-------------|------------------------|-------------|-------------------|------------------|--------------|
| READ | | <u>Have</u> | <u>Don't have</u> | <u>D.K./N.A.</u> | |
| | Bank | 1 | 2 | 9 | (23) } Go to |
| | Credit union | 1 | 2 | 9 | (24) } Q.A.4 |
| | Trust company. | 1 | 2 | 9 | (25) } |

A.2 Have you applied for a chequing account in the last three years? (26)

yes 1 Go to Q.A.4
no. 2
D.K./N.A. 9 Go to Q.A.4

A.3 Why didn't you apply? (27)

PROBE

Go to Q.B

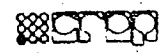
A.4 Even if you have a chequing account, have you been refused one in the last three years? (28)

yes 1
no. 2 } Go to Q.B
D.K./N.A. 9

A.5 What type of institution refused you?

| | | | | | |
|-------------|------------------------|----------------|--------------------|------------------|------|
| READ | | <u>Refused</u> | <u>Not refused</u> | <u>D.K./N.A.</u> | |
| | bank | 1 | 2 | 9 | (29) |
| | credit union | 1 | 2 | 9 | (30) |
| | trust company. | 1 | 2 | 9 | (31) |

A.6 Why were you refused? **PROBE** (32)



B. What about a chequing/savings account ... that is, do you have a chequing account on which interest is paid?

SAVINGS ACCOUNT WITH CHEQUING RIGHTS

yes 1
no 2
D.K./N.A. 9

(33)

} Go to Q.B.2

B.1 In what type of institution do you have it?

READ

Have Don't have D.K./N.A.
Bank 1 2 9
Credit union 1 2 9
Trust company. 1 2 9

(34)

(35)

(36)

} Go to Q.B.4

B.2 Have you applied for a chequing-savings account in the last three years?

(37)

yes 1
no 2
D.K./N.A. 9

Go to Q.B.4

2

Go to Q.B.4

B.3 Why didn't you apply?

(38)

PROBE

Go to Q.C

B.4 Even if you have a chequing-savings account, have you been refused one in the last three years?

(39)

yes 1
no 2
D.K./N.A. 9

1

2

} Go to Q.C

B.5 What type of institution refused you?

READ

Refused Not refused D.K./N.A.
Bank 1 2 9
Credit union 1 2 9
Trust company. 1 2 9

(40)

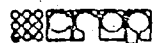
(41)

(42)

B.6 Why were you refused?

(43)

PROBE



C. What about a true savings account ... that is a savings account on which you can not write cheques?

BONUS SAVINGS

yes
no.
D.K./N.A.

(44)
1
2 } Go to Q.C.2
9

C.1 In what type of institution do you have it?

READ

| | <u>Have</u> | <u>Don't have</u> | <u>D.K./N.A.</u> |
|------------------------|-------------|-------------------|------------------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust company. | 1 | 2 | 9 |

(45)
(46)
(47) } Go to Q.C.4

C.2 Have you applied for a true savings account in the last three years?

yes
no.
D.K./N.A.

(48)
1 Go to Q.C.4
2
9 Go to Q.C.4

C.3 Why didn't you apply?

PROBE

(49)
Go to Q.D

C.4 Even if you have a true savings account, have you been refused one in the last three years?

yes
no.
D.K./N.A.

(50)
1
2 } Go to Q.D
9

C.5 What type of institution refused you?

READ

| | <u>Refused</u> | <u>Not refused</u> | <u>D.K./N.A.</u> |
|------------------------|----------------|--------------------|------------------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust company. | 1 | 2 | 9 |

(51)
(52)
(53)

C.6 Why were you refused?

PROBE

(54)



D. Do you have a registered home-owners savings plan (RHOSP)? (55)

yes 1
no. 2
D.K./N.A. 9

} Go to Q.D.2

D.1 In what type of institution do you have it?

READ

| | <u>Have</u> | <u>Don't have</u> | <u>D.K./N.A.</u> |
|------------------------|-------------|-------------------|------------------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust company. | 1 | 2 | 9 |

(56) } Go to
(57) } Q.D.4
(58) }

D.2 Have you applied for a registered home-owners savings plan? (59)

yes 1
no. 2
D.K./N.A. 9

1 Go to Q.D.4
2
9 Go to Q.D.4

D.3 Why didn't you apply? (60)

PROBE

Go to Q.E

D.4 Even if you have a registered home-owners savings plan, have you been refused one in the last three years? (61)

yes 1
no. 2
D.K./N.A. 9

} Go to Q.E

D.5 What type of institution refused you?

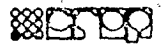
READ

| | <u>Refused</u> | <u>Not refused</u> | <u>D.K./N.A.</u> |
|------------------------|----------------|--------------------|------------------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust company. | 1 | 2 | 9 |

(62)
(63)
(64)

D.6 Why were you refused? (65)

PROBE



E. Do you have a registered retirement savings plan (RRSP)?

(66)

yes 1
 no 2
 D.K./N.A. 9

} Go to Q.E.2

E.1 In what type of institution do you have it?

READ

| | Have | Don't have | D.K./N.A. |
|----------------------------|------|------------|-----------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust company. | 1 | 2 | 9 |
| Life insurance co. | 1 | 2 | 9 |

(67)
 (68)
 (69)
 (70)

} Go to Q.E.4

E.2 Have you applied for a registered retirement savings plan in the last three years?

(71)

yes 1
 no 2
 D.K./N.A. 9

1 Go to Q.E.4
 2
 9 Go to Q.E.4

E.3 Why didn't you apply?

(72)

PROBE

Go to Q.F

E.4 Even if you have a registered retirement savings plan, have you been refused one in the last three years?

(73)

yes 1
 no 2
 D.K./N.A. 9

} Go to Q.F

E.5 What type of institution refused you?

READ

| | Refused | Not refused | D.K./N.A. |
|----------------------------|---------|-------------|-----------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust company. | 1 | 2 | 9 |
| Life insurance co. | 1 | 2 | 9 |

(74)
 (75)
 (76)
 (77)

E.6 Why were you refused?

(78)

PROBE



F. Do you have a term deposit or guaranteed investment certificate? (79)

yes 1
 no. 2
 D.K./N.A. 9 } Go to Q.F.2

F.1 In what type of institution do you have it? (17)

READ

| | Have | Don't have | D.K./N.A. |
|-------------------------------|------|------------|-----------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust or mortgage co. | 1 | 2 | 9 |

(18) } Go to
 (19) } Q.F.4
 (20) }

F.2 Have you applied for a term deposit or guaranteed investment certificate? (21)

yes 1 Go to Q.F.4
 no. 2
 D.K./N.A. 9 Go to Q.F.4

F.3 Why didn't you apply? (22)

PROBE

Go to Q.G

F.4 Even if you have a term deposit or guaranteed investment certificate, have you been refused one in the last three years? (23)

yes 1
 no. 2
 D.K./N.A. 9 } Go to Q.G

F.5 What type of institution refused you? (24)

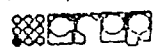
READ

| | Refused | Not refused | D.K./N.A. |
|------------------------------------|---------|-------------|-----------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust or Mortgage company. | 1 | 2 | 9 |

(24)
 (25)
 (26)

F.6 Why were you refused? (27)

PROBE



G. Do you have a (whole) life insurance policy ... that is one that has cash value?

- yes
- no.
- D.K./N.A.

(28)
 1 Go to Q.G.3
 2
 9

G.1 Have you applied for a whole life insurance policy in the last three years?

- yes
- no.
- D.K./N.A.

(29)
 1 Go to Q.G.3
 2
 9 Go to Q.G.3

G.2 Why didn't you apply?

PROBE

(30)

 Go to Q.H

G.3 Even if you have a life insurance policy, have you been refused one in the last three years?

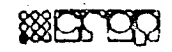
- yes
- no.
- D.K./N.A.

(31)
 1
 2 } Go to Q.H
 9 }

G.4 Why were you refused?

PROBE

(32)



H. Do you have a first mortgage loan?

yes 1
 no 2
 D.K./N.A. 9

(35)

} Go to Q.H.2

H.1 In what type of institution do you have it?

READ

| | Have | Don't have | D.K./N.A. |
|-------------------------------------|------|------------|-----------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust or mortgage company | 1 | 2 | 9 |
| Life insurance company | 1 | 2 | 9 |
| other (specify): | 1 | 2 | 9 |

(34)

(35)

(36)

(37)

(38)

} Go to Q.H.4

H.2 Have you applied for a first mortgage loan in the last three years?

yes 1
 no 2
 D.K./N.A. 9

(39)

1 Go to Q.H.4

2

9 Go to Q.H.4

H.3 Why didn't you apply?

PROBE

(40)

Go to Q.I

H.4 Even if you have a first mortgage loan, have you been refused one in the last three years?

yes 1
 no 2
 D.K./N.A. 9

(41)

} Go to Q.I

H.5 What type of institution refused you?

READ

| | Refused | Not refused | D.K./N.A. |
|------------------------|---------|-------------|-----------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust or mortgage co.. | 1 | 2 | 9 |
| Life insurance company | 1 | 2 | 9 |
| other (specify): | 1 | 2 | 9 |

(42)

(43)

(44)

(45)

(46)



II.6 Why were you refused?

(47)

PROBE

I. Do you have a second mortgage loan?

(48)

- yes 1
- no 2
- D.K./N.A. 9

} Go to Q.I.2

I.1 What type of institution do you have it?

READ

| | Have | Don't have | D.K./N.A. |
|-------------------------------------|------|------------|-----------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust or mortgage company | 1 | 2 | 9 |
| Life insurance company | 1 | 2 | 9 |
| other (specify): _____ | 1 | 2 | 9 |

(49)
(50)
(51)
(52)
(53)

Go to Q.I.4

I.2 Have you applied for a second mortgage loan in the last three years?

(54)

- yes 1
- no 2
- D.K./N.A. 9

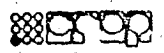
Go to Q.I.4
Go to Q.I.4

I.3 Why didn't you apply?

(55)

PROBE

Go to Q.J



I.4 Even if you have a second mortgage loan, have you been refused one in the last three years? (56)

- yes 1
- no. 2
- D.K./N.A. 9

} Go to Q.J

I.5 What type of institution refused you?

READ

| | <u>Refused</u> | <u>Not refused</u> | <u>D.K./N.A.</u> |
|-------------------------------------|----------------|--------------------|------------------|
| Bank | 1 | 2 | 9 |
| Credit union . . . | 1 | 2 | 9 |
| Trust or mortgage company | 1 | 2 | 9 |
| Life insurance co. | 1 | 2 | 9 |
| other (specify): _____ | 1 | 2 | 9 |

(57)
(58)
(59)
(60)
(61)

I.6 Why were you refused?

PROBE

(62)

J. Have you obtained a personal loan in the last three years? (63)

- yes 1
- no. 2
- D.K./N.A. 9

} Go to Q.J.2

J.1 In what type of institution do you have it?

READ

| | <u>Have</u> | <u>Don't have</u> | <u>D.K./N.A.</u> |
|----------------------------|-------------|-------------------|------------------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust company | 1 | 2 | 9 |
| Life insurance company . . | 1 | 2 | 9 |
| Consumer finance company . | 1 | 2 | 9 |
| other (specify): _____ | 1 | 2 | 9 |

(64)
(65)
(66)
(67)
(68)
(69) } Go to Q.J.4

J.2 Have you applied for a personal loan in the last three years? (70)

- yes 1
- no. 2
- D.K./N.A. 9

Go to Q.J.4
Go to Q.J.4



J.3 Why didn't you apply?

(71)

PROBE

Go to Q.K

J.4 Even if you have a personal loan, have you been refused one in the last three years?

(72)

yes 1
no 2
D.K./N.A. 9

} Go to Q.K

J.5 type of institution refused you?

READ

| | Refused | Not refused | D.K./N.A. |
|------------------------------------|---------|-------------|-----------|
| Bank | 1 | 2 | 9 |
| Credit union | 1 | 2 | 9 |
| Trust company | 1 | 2 | 9 |
| Life insurance company | 1 | 2 | 9 |
| Consumer finance company | 1 | 2 | 9 |
| other (specify): _____ | 1 | 2 | 9 |

(73)
(74)
(75)
(76)
(77)
(78)

J.6 Why were you refused?

(79)

PROBE

K. Do you have Chargex or Master Charge?

(80)

yes 1
no 2
D.K./N.A. 9

} Go to Q.K.2

K.1 Which one do you have?

(17)

READ

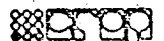
| | Have | Don't have | D.K./N.A. |
|-------------------------|------|------------|-----------|
| Chargex | 1 | 2 | 9 |
| Master Charge | 1 | 2 | 9 |

5
(18) } Go to
(19) } Q.K.4

K.2 Have you applied for one of these cards in the last three years?

(20)

yes 1 Go to Q.K.4
no 2
D.K./N.A. 9 Go to Q.K.4



K.3 Why didn't you apply?

(21)

PROBE

Go to Q.A

K.4 Even if you have one of these cards, have you been refused one in the last three years?

(22)

yes 1
no 2
D.K./N.A. 9

} Go to Q.A

K.5 Which one refused you?

READ

| | Refused | Not refused | D.K./N.A. |
|-------------------------|---------|-------------|-----------|
| Chargex | 1 | 2 | 9 |
| Master Charge | 1 | 2 | 9 |

(23)

(24)

K.6 Why were you refused?

(25)

PROBE

To conclude ...

A. What is your principal occupation?

(26)

working: full time 1
part time 2
stay at home. 3
student 4
retired 5
unemployed. 6
no answer 9

} Go to Q.E

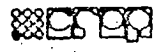
} Go to Q.F

B. What is your occupation?

READ

(27, 28)

- Top management, top talent and major professional 01
- Executive, administrative, lesser professional. 02
- Owner - small retail store or business. 03
- Farmers (owners and managers) 04
- Technicians, minor administrative 05
- White collar, clerical (non-supervisory). 06
- Salesmen. 07
- Skilled and semi-skilled labor. 08
- Unskilled labor 09
- Service and protective workers. 10



C. How long have you been in your job? (29)

| | | | |
|--------------------------------------|-----------------------------|---|-------------|
| <input type="checkbox"/> READ | less than a year. | 1 | } Go to Q.E |
| | 1 to 2 years. | 2 | |
| | 3 to 5 years. | 3 | |
| | 6 to 10 years. | 4 | |
| | more than 10 years. | 5 | |
| <input type="checkbox"/> DO NOT READ | self-employed. | 6 | |
| | D.K./N.A. | 9 | |

D. How long were you in your previous job? (30)

| | | |
|--------------------------------------|-----------------------------|---|
| <input type="checkbox"/> READ | less than a year. | 1 |
| | 1 to 2 years. | 2 |
| | 3 to 5 years. | 3 |
| | 6 to 10 years. | 4 |
| | more than 10 years. | 5 |
| <input type="checkbox"/> DO NOT READ | not applicable. | 8 |
| | D.K./N.A. | 9 |

E. Have you been unemployed at any time in the course of the last 12 months? (31)

| | | |
|--|---------------------|---|
| | yes | 1 |
| | no. | 2 |
| | no answer | 9 |

F. Do you, or does anyone in your family living here at home belong to a labor union? (32)

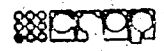
| | | |
|--|--|-----|
| | respondent belongs to union. | 1 |
| | other family member belongs to union | 2 8 |
| | no one belongs to union. | 3 9 |

G. What is your religious affiliation? (33)

| | | |
|-------------------------------|-------------------------|-----|
| <input type="checkbox"/> READ | Catholic | 1 |
| | Protestant | 2 6 |
| | Jewish | 3 7 |
| | other (write in): _____ | 4 8 |
| | none | 5 9 |

H. How many years of schooling have you completed? (34)

| | | |
|--|----------------------------|-----|
| | none | 1 |
| | 1 to 8 years. | 2 |
| | 9 to 12 years. | 3 |
| | 13 to 16 years | 4 |
| | 17 years or more | 5 9 |



I. Are you....

(35)

- married. 1
- single 2
- widowed. 3 } Go to Q.P
- separated. 4
- or divorced 5

J. What is your husband/wife's principal occupation?

(36)

- working: full time. 1
- part time. 2
- stay at home 3 } Go to Q.N
- student. 4
- retired. 5
- unemployed 6 } Go to Q.O
- no answer. 9

K. What is his/her occupation? READ

(37, 38)

- Top management, top talent and major professional. 01
- Executive, administrative, lesser professional 02
- Owner - small retail store or business 03
- Farmers (owners and managers). 04
- Technicians, minor administrative. 05
- White collar, clerical (non-supervisory) 06
- Salesmen 07
- Skilled and semi-skilled labor 08
- Unskilled labor. 09
- Service and protective workers 10

L. How long has he/she been in his/her job?

(39)

READ

- less than a year 1
- 1 to 2 years 2
- 3 to 5 years 3
- 6 to 10 years. 4 } Go to Q.N
- more than 10 years 5
- DO NOT READ self-employed. 6
- D.K./N.A.. 9

M. How long was he/she in his/her previous job?

(40)

READ

DO NOT READ

- less than a year 1
- 1 to 2 years 2
- 3 to 5 years 3
- 6 to 10 years. 4
- more than 10 years 5
- DO NOT READ not applicable 8
- D.K./N.A.. 9



N. Has he/she been unemployed at any time in the last twelve months? (41)

| | |
|-------------------|---|
| yes | 1 |
| no | 2 |
| D.K./N.A. | 9 |

O. In which of the following categories does his/her age fall? (42)

| | |
|----------------------|---|
| 18 to 29 | 1 |
| 30 to 44 | 2 |
| 45 to 59 | 3 |
| 60 or over | 4 |
| D.K./N.A. | 9 |

P. Do you have any children living here at home with you ...

| | | | |
|----------------------------------|------------|-----------|------|
| | <u>Yes</u> | <u>No</u> | |
| ... age 12 or younger? | 1 | 2 | (43) |
| ... age 13 to 18? | 1 | 2 | (44) |

Q. And what is the total number of people in your household? (45)

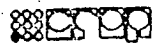
| | |
|-------------------------|---|
| one | 1 |
| two | 2 |
| three | 3 |
| four | 4 |
| five | 5 |
| six | 6 |
| seven or more | 7 |
| D.K./N.A. | 9 |

R. In which of the following categories does the combined annual income of all members of your household fall? (46)

IF NO ANSWER, CODE
YOUR ESTIMATE BELOW:

| | |
|--------------------------------|-----|
| under \$2,500 | 1 |
| \$2,500 to \$5,999 | 2 |
| \$6,000 to \$8,999 | 3 |
| \$9,000 to \$11,999 | 4 |
| \$12,000 to \$14,999 | 5 |
| \$15,000 to \$17,999 | 6 |
| \$18,000 to \$24,999 | 7 |
| \$25,000 and over | 8 9 |

1, 2, 3, 4, 5, 6, 7, 8 (47)



R.1 And what is your personal income? (48)

- under \$2,500 1
- \$2,500 to \$5,999 2
- \$6,000 to \$8,999 3
- \$9,000 to \$11,999. 4
- \$12,000 to \$14,999 5
- \$15,000 to \$17,999 6
- \$18,000 to \$24,999 7
- \$25,000 and over 8 9

S. Which language do you most frequently speak at home? (49)

- French 1
- English. 2
- other (specify). 3
- no answer. 9

INTERVIEWER NOTE:

T. Language of interview.

- French 1
 - English. 2
 - other. 3
- } P. à Q.V

U. Do either you or your husband speak either English or French? (51)

- yes. 1
- no 2
- D.K./N.A.. 9

V. Are you ... (52)

- a Canadian citizen from birth. 1
- a naturalized citizen. 2
- or not a Canadian citizen?. 3
- D.K./N.A.. 9

W. IF MARRIED What about your husband/wife? Is he/she ... (53)

- a Canadian citizen from birth. 1
- a naturalized citizen. 2
- or not a Canadian citizen?. 3
- D.K./N.A.. 9



INTERVIEWER:
PLEASE NOTE

| | |
|--------------------------|---|
| White. | 1 |
| Black. | 2 |
| Oriental | 3 |
| East Indian. | 4 |
| American Indian. | 5 |

Respondent's name: _____

Address: _____

Apt. #: _____ Telephone No.: _____

Area Code: _____ Date: _____

Interviewer's Name: _____

THANK YOU FOR YOUR COOPERATION

| | | | | | | | | | | | | | | | | | | | | |
|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|--|--|---|---|
| | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | 7 | 8 |
| 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | | | | |

(CODE) (NUMERO DE TELEPHONE) (DATE)

(54)

INTERVIEWER:
PLEASE NOTE
REFUSAL TO
GIVE TEL.
NO., REFUSE

MARK NO
TELEPHONE,
NONE





CROP INC., 1500 Stanley, suite 520, Montreal (Quebec) H3A 1R3
 Tel. - (514) 849-8085

ACCES AU SYSTEME BANCAIRE

May

| | | |
|---|---|---|
| 8 | 8 | 5 |
| 1 | 2 | 3 |

Questionnaire no

| | | | |
|---|---|---|---|
| | | | |
| 4 | 5 | 6 | 7 |

Heure du début: _____ Heure de la fin: _____ Total minutes: _____
 (8, 9, 10)

Bloc: _____ (11, 12) (13)

Bonjour (bonsoir), je suis _____ du Centre de Recherche sur l'Opinion Publique, nous faisons un sondage sur les services financiers.

Age: _____ (14, 15)

(16)

Sexe: homme 1
 femme sans emploi 2
 femme ayant un emploi 3

Pour commencer parlons un peu de votre lieu de résidence ...

(17)
 1

1. Depuis combien de temps habitez-vous ...

| | Moins d'un an | De 1 à 2 ans | Plus de 2 à 5 ans | Plus de 5 à 10 ans | Plus de 10 ans | P.R. |
|--|---------------|--------------|-------------------|--------------------|----------------|------|
|--|---------------|--------------|-------------------|--------------------|----------------|------|

1.1 ce logement, cette maison? 1 2 3 4 5 9 (18)

1.2 au Canada? 1 2 3 4 5 9 (19)

SI A VECU DANS LOGEMENT/MAISON DEPUIS MOINS D'UN AN

1.3 dans votre ancien(ne) logement/maison? 1 2 3 4 5 9 (20)

2. Etes-vous propriétaire ou locataire de votre maison? (21)

propriétaire 1
 locataire 2
 N.S.P./P.R. 9

Nous allons parler de différents types de services financiers. Commençons avec le compte de chèques ...

A. Avez-vous un compte de chèques sur lequel on ne vous paie pas d'intérêts?

(22)

oui 1
 non 2
 N.S.P./P.R. 9

} P. à Q.A.2

A.1 Avec quel genre d'institution faites-vous affaire?

| LIRE | Faites | Faites pas | N.S.P./P.R. |
|--|--------|------------|-------------|
| Banque | 1 | 2 | 9 |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 |
| Société de Fiducie | 1 | 2 | 9 |

(23) } Passez
 (24) } à Q.A.4
 (25) }

A.2 Avez-vous essayé d'obtenir un compte de chèques au cours des trois dernières années?

(26)

oui 1
 non 2
 N.S.P./P.R. 9

P. à Q.A.4
 P. à Q.A.4

A.3 Pourquoi n'avez-vous pas essayé?

(27)

SONDER

P. à Q.B

A.4 Même si vous avez un compte de chèques en ce moment, est-ce qu'on a refusé de vous en accorder un au cours des trois dernières années?

(28)

oui 1
 non 2
 N.S.P./P.R. 9

} P. à Q.B

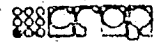
A.5 Quel genre d'institution financière a refusé?

| LIRE | Refusé | Pas refusé | N.S.P./P.R. |
|--|--------|------------|-------------|
| Banque | 1 | 2 | 9 |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 |
| Société de fiducie | 1 | 2 | 9 |

(29)
 (30)
 (31)

A.6 Pourquoi vous a-t-on refusé? **SONDER**

(32)



B. Maintenant pour ce qui est des comptes de chèques-épargne ... Avez-vous un compte de chèques-épargne sur lequel on vous paie de l'intérêt? (33)

COMPTE D'EPARGNE
AVEC DROIT DE
CHEQUES

oui 1
non 2
N.S.P./P.R. 9

} P. à Q.B.2

B.1 Avec quel genre d'institution faites-vous affaire?

LIRE

| | Faites | Faites pas | N.S.P./P.R. |
|--|--------|------------|-------------|
| Banque | 1 | 2 | 9 |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 |
| Société de fiducie | 1 | 2 | 9 |

(34) }
(35) } Passer
(36) } à Q.B.4

B.2 Avez-vous essayé d'obtenir un compte de chèques-épargne au cours des dernières années? (37)

oui 1
non 2
N.S.P./P.R. 9

P. à Q.B.4
P. à Q.B.4

B.3 Pourquoi n'avez-vous pas essayé? (38)

SONDER

P. à Q.C

B.4 Même si vous avez un compte de chèques-épargne, est-ce qu'on a refusé de vous en accorder un au cours des trois dernières années? (39)

oui 1
non 2
N.S.P./P.R. 9

} P. à Q.C

B.5 Quel genre d'institution financière a refusé?

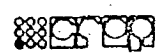
LIRE

| | Refusé | Pas refusé | N.S.P./P.R. |
|--|--------|------------|-------------|
| Banque | 1 | 2 | 9 |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 |
| Société de fiducie | 1 | 2 | 9 |

(40)
(41)
(42)

B.6 Pourquoi vous a-t-on refusé? (43)

SONDER



C. Pour ce qui est des comptes d'épargne-véritable ... Avez-vous un compte d'épargnes où vous ne pouvez pas faire de chèques?

COMPTE DE SUPER-EPARGNE (EPARGNE-BONI)

oui 1
non 2
N.S.P./P.R. 9

(44)
} P. à Q.C.2

C.1 Avec quel genre d'institution faites-vous affaire?

LIRE

Faites Faites pas N.S.P./P.R.
Banque 1 2 9
Caisse populaire/caisse d'économie 1 2 9
Société de fiducie 1 2 9

(45)
(46)
(47)
} Passer à Q.C.4

C.2 Avez-vous essayé d'obtenir un compte d'épargne-véritable au cours des trois dernières années?

oui 1
non 2
N.S.P./P.R. 9

(48)
P. à Q.C.4
P. à Q.C.4

C.3 Pourquoi n'avez-vous pas essayé?

SONDER

Horizontal lines for handwritten response.

(49)
P. à Q.D

C.4 Même si vous avez un compte d'épargne-véritable en ce moment, est-ce qu'on a refusé de vous en accorder un au cours des trois dernières années?

oui 1
non 2
N.S.P./P.R. 9

(50)
} P. à Q.D

C.5 Quel genre d'institution financière a refusé?

LIRE

Refusé Pas refusé N.S.P./P.R.
Banque 1 2 9
Caisse populaire/caisse d'économie 1 2 9
Société de Fiducie 1 2 9

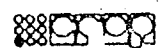
(51)
(52)
(53)

C.6 Pourquoi vous a-t-on refusé?

SONDER

Horizontal lines for handwritten response.

(54)



D. Avez-vous un régime enregistré d'épargne logement?

(55)

| | | |
|---------------------|---|--------------|
| oui | 1 | } P. à Q.D.2 |
| non | 2 | |
| N.S.P./P.R. | 9 | |

D.1 Avec quel genre d'institution faites-vous affaire?

LIRE

| | <u>Faités</u> | <u>Faites pas</u> | <u>N.S.P./P.R.</u> |
|--|---------------|-------------------|--------------------|
| Banque | 1 | 2 | 9 |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 |
| Société de fiducie | 1 | 2 | 9 |

(56) } Passer
 (57) } à Q.D.4
 (58) }

D.2 Avez-vous essayé d'obtenir un régime d'épargne-logement au cours des trois dernières années?

(59)

| | | |
|---------------------|---|------------|
| oui | 1 | P. à Q.D.4 |
| non | 2 | |
| N.S.P./P.R. | 9 | P. à Q.D.4 |

D.3 Pourquoi n'avez-vous pas essayé?

(60)

SONDER

P. à Q.E

D.4 Même si vous avez un régime d'épargne-logement en ce moment, est-ce qu'on a refusé de vous en accorder un au cours des trois dernières années?

(61)

| | | |
|---------------------|---|------------|
| oui | 1 | } P. à Q.E |
| non | 2 | |
| N.S.P./P.R. | 9 | |

D.5 Quel genre d'institution financière a refusé?

LIRE

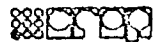
| | <u>Refusé</u> | <u>Pas refusé</u> | <u>N.S.P./P.R.</u> |
|--|---------------|-------------------|--------------------|
| Banque | 1 | 2 | 9 |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 |
| Société de fiducie | 1 | 2 | 9 |

(62)
 (63)
 (64)

D.6 Pourquoi vous a-t-on refusé?

(65)

SONDER



E. Avez-vous un régime enregistré d'épargne-retraite (REER)? (66)

- oui 1
 - non 2
 - N.S.P./P.R. 9
- } P.à Q.E.2

E.1 Avec quel genre d'institution faites-vous affaire?

| LIRE | <u>Faites</u> | <u>Faites pas</u> | <u>N.S.P./P.R.</u> | |
|---|---------------|-------------------|--------------------|------|
| Banque | 1 | 2 | 9 | (67) |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 | (68) |
| Société de fiducie | 1 | 2 | 9 | (69) |
| Compagnie d'assurance-vie | 1 | 2 | 9 | (70) |

} Passer
à Q.E.4

E.2 Avez-vous essayé d'obtenir un régime d'épargne-retraite au cours des trois dernières années? (71)

- oui 1 P.à Q.E.4
- non 2
- N.S.P./P.R. 9 P.à Q.E.4

E.3 Pourquoi n'avez-vous pas essayé? (72)

SONDER

P.à Q.F

E.4 Même si vous avez un régime d'épargne-retraite en ce moment, est-ce qu'on a refusé de vous en accorder un au cours des trois dernières années? (73)

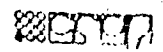
- oui 1
 - non 2
 - N.S.P./P.R. 9
- } P.à Q.F

E.5 Quel genre d'institution financière a refusé?

| LIRE | <u>Refusé</u> | <u>Pas refusé</u> | <u>N.S.P./P.R.</u> | |
|---|---------------|-------------------|--------------------|------|
| Banque | 1 | 2 | 9 | (74) |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 | (75) |
| Société de fiducie | 1 | 2 | 9 | (76) |
| Compagnie d'assurance-vie | 1 | 2 | 9 | (77) |

E.6 Pourquoi vous a-t-on refusé? (78)

SONDER



F. Avez-vous un dépôt à terme ou un certificat de placement garanti? (79)

- oui 1
 - non 2
 - N.S.P./P.R. 9
- } P. à Q.F.2

F.1 Avec quel genre d'institution faites-vous affaire? (17)

| LIRE | Faites | Faites pas | N.S.P./P.R. |
|--|--------|------------|-------------|
| Banque | 1 | 2 | 9 |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 |
| Société de fiducie ou de prêt hypothécaire . . | 1 | 2 | 9 |

- 2
 - (18)
 - (19)
 - (20)
- } Passer à Q.F.4

F.2 Avez-vous essayé d'obtenir un de ces comptes au cours des trois dernières années? (21)

- oui 1 P. à Q.F.4
- non 2
- N.S.P./P.R. 9 P. à Q.F.4

F.3 Pourquoi n'avez-vous pas essayé? (22)

SONDER

P. à Q.G.

F.4 Même si vous avez un dépôt à terme ou un certificat de placement garanti en ce moment, est-ce qu'on a refusé de vous en accorder un au cours des trois dernières années? (23)

- oui 1
 - non 2
 - N.S.P./P.R. 9
- } P. à Q.G.

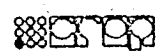
F.5 Quel genre d'institution financière a refusé? (24)

| LIRE | Refusé | Pas refusé | N.S.P./P.R. |
|--|--------|------------|-------------|
| Banque | 1 | 2 | 9 |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 |
| Société de fiducie ou de prêt hypothécaire . . | 1 | 2 | 9 |

- (24)
- (25)
- (26)

F.6 Pourquoi vous a-t-on refusé? (27)

SONDER



G. Avez-vous une police d'assurance-vie entière avec une valeur de rachat? (28)

oui 1 P. à Q.G.3
 non 2
 N.S.P./P.R. 9

G.1 Avez-vous essayé d'obtenir une police d'assurance-vie au cours des trois dernières années? (29)

oui 1 P. à Q.G.3
 non 2
 N.S.P./P.R. 9 P. à Q.G.3

G.2 Pourquoi n'avez-vous pas essayé? (30)

SONDER

_____ P. à Q.H

G.3 Même si vous avez une police d'assurance-vie en ce moment, est-ce qu'on a refusé de vous en accorder une au cours des trois dernières années? (31)

oui 1
 non 2
 N.S.P./P.R. 9 } P. à Q.H

G.4 Pourquoi vous a-t-on refusé? (32)

SONDER

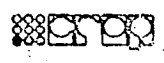
H. Avez-vous un prêt en première hypothèque? (33)

oui 1
 non 2
 N.S.P./P.R. 9 } P. à Q.H.2

H.1 Avec quel genre d'institution faites-vous affaire? (34)

| LIRE | Faites | Faites pas | N.S.P./P.R. | |
|--|--------|------------|-------------|------|
| Banque | 1 | 2 | 9 | (34) |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 | (35) |
| Société de fiducie ou de prêt hypothécaire . . | 1 | 2 | 9 | (36) |
| Compagnie d'assurance-vie | 1 | 2 | 9 | (37) |
| autre (spécifier): | 1 | 2 | 9 | (38) |

Passer à Q.H.4



H.2 Avez-vous essayé d'obtenir un prêt en première hypothèque?

(39)

- oui 1 P.à Q.H.4
- non 2
- N.S.P./P.R. 9 P.à Q.H.4

H.3 Pourquoi n'avez-vous pas essayé?

(40)

SONDER

P.à Q.I

H.4 Même si vous avez un prêt en première hypothèque en ce moment; est-ce qu'on a refusé de vous en accorder un?

(41)

- oui 1
- non 2 } P.à Q.I
- N.S.P./P.R. 9

H.5 Quel genre d'institution financière a refusé?

LIRE

| | Refusé | Pas refusé | N.S.P./P.R. | |
|--|--------|------------|-------------|------|
| Banque | 1 | 2 | 9 | (42) |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 | (43) |
| Société de Fiducie ou de prêt hypothécaire . . | 1 | 2 | 9 | (44) |
| Compagnie d'assurance-vie | 1 | 2 | 9 | (45) |
| autre (spécifier) | 1 | 2 | 9 | (46) |

H.6 Pourquoi vous a-t-on refusé?

(47)

SONDER

I. Avez-vous un prêt en deuxième hypothèque?

(48)

- oui 1
- non 2 } P.à Q.I.2
- N.S.P./P.R. 9

I.1 Avec quel genre d'institution faites-vous affaire?

LIRE

| | Faites | Faites pas | N.S.P./P.R. | |
|--|--------|------------|-------------|------|
| Banque | 1 | 2 | 9 | (49) |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 | (50) |
| Société de fiducie ou de prêt hypothécaire . . | 1 | 2 | 9 | (51) |
| Compagnie d'assurance-vie | 1 | 2 | 9 | (52) |
| autre (spécifier) | 1 | 2 | 9 | (53) |

(49)

(50)

(51)

(52)

(53)

Passer à Q.I.4



I.2 Avez-vous essayé d'obtenir un prêt en deuxième hypothèque au cours des trois dernières années?

(54)

- oui 1 P.à Q.I.4
- non 2
- N.S.P./P.R. 9 P.à Q.I.4

I.3 Pourquoi n'avez-vous pas essayé?

(55)

SONDER

P.à Q.J

I.4 Même si vous avez un prêt en deuxième hypothèque en ce moment, est-ce qu'on a refusé de vous en accorder un au cours des trois dernières années?

(56)

- oui 1
- non 2
- N.S.P./P.R. 9 } P.à Q.J

I.5 Quel genre d'institution financière a refusé?

LIRE

| | <u>Refusé</u> | <u>Pas refusé</u> | <u>N.S.P./P.R.</u> | |
|---|---------------|-------------------|--------------------|------|
| Banque | 1 | 2 | 9 | (57) |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 | (58) |
| Société de fiducie ou de prêt hypothécaire. | 1 | 2 | 9 | (59) |
| Compagnie d'assurance-vie autre (spécifier) | 1 | 2 | 9 | (60) |
| _____ | 1 | 2 | 9 | (61) |

I.6 Pourquoi vous a-t-on refusé?

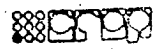
(62)

SONDER

J. Avez-vous contracté un prêt personnel au cours des trois dernières années?

(63)

- oui 1
- non 2
- N.S.P./P.R. 9 } P.à Q.J.2



J.1 Avec quel genre d'institution faites-vous affaire?

| LIRE | <u>Faites</u> | <u>Faites pas</u> | <u>N.S.P./P.R.</u> |
|--|---------------|-------------------|--------------------|
| Banque | 1 | 2 | 9 |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 |
| Société de fiducie | 1 | 2 | 9 |
| Compagnie d'assurance-vie | 1 | 2 | 9 |
| Compagnie de finance | 1 | 2 | 9 |
| autre (spécifier) | | | |
| | 1 | 2 | 9 |

(64) }
 (65) } Passer
 (66) } à Q.J.4
 (67) }
 (68) }
 (69) }

J.2 Avez-vous essayé d'obtenir un de ces prêts au cours des trois dernières années?

- oui 1 P.à Q.J.4
- non 2
- N.S.P./P.R. 9 P.à Q.J.4

J.3 Pourquoi n'avez-vous pas essayé?

SONDER

(71)
 P.à Q.K

J.4 Même si vous avez un prêt personnel en ce moment, est-ce qu'on a refusé de vous en accorder un au cours des trois dernières années?

- oui 1
- non 2
- N.S.P./P.R. 9

(72)
 1 }
 2 } P.à Q.K
 9 }

J.5 Quel genre d'institution financière a refusé?

| LIRE | <u>Refusé</u> | <u>Pas refusé</u> | <u>N.S.P./P.R.</u> |
|--|---------------|-------------------|--------------------|
| Banque | 1 | 2 | 9 |
| Caisse populaire/caisse d'économie | 1 | 2 | 9 |
| Société de fiducie | 1 | 2 | 9 |
| Compagnie d'assurance-vie | 1 | 2 | 9 |
| Compagnie de finance | 1 | 2 | 9 |
| autre (spécifier) | | | |
| | 1 | 2 | 9 |

(73)
 (74)
 (75)
 (76)
 (77)
 (78)

J.6 Pourquoi vous a-t-on refusé?

SONDER

(79)



K. Avez-vous une carte Chargex ou Master Charge? (80)

oui 1
non 2
N.S.P./P.R. 9

} P. à Q.K.2

K.1 Quelle(s) carte(s) possédez-vous? (17)

| LIRE | Possède | Ne possède pas | N.S.P./P.R. |
|-------------------------|---------|----------------|-------------|
| Chargex | 1 | 2 | 9 |
| Master Charge | 1 | 2 | 9 |

3

(18)

(19)

} P. à Q.K.4

K.2 Avez-vous essayé d'obtenir une de ces cartes au cours des trois dernières années? (20)

oui 1
non 2
N.S.P./P.R. 9

1 P. à Q.K.4

2

9 P. à Q.K.4

K.3 Pourquoi n'avez-vous pas essayé? (21)

SONDER

P. à Q.A

K.4 Même si vous avez une carte de crédit en ce moment, est-ce qu'on a refusé de vous en accorder une au cours des trois dernières années? (22)

oui 1
non 2
N.S.P./P.R. 9

1

2

9 P. à Q.A

K.5 Quelle(s) carte(s) vous a-t-on refusée(s)?

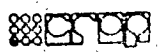
| LIRE | Refusée | Pas refusée | N.S.P./P.R. |
|-------------------------|---------|-------------|-------------|
| Chargex | 1 | 2 | 9 |
| Master Charge | 1 | 2 | 9 |

(23)

(24)

K.6 Pourquoi vous a-t-on refusé? (25)

SONDER



Pour terminer ...

A. Quelle est votre principale activité? (26)

- travaille: à temps plein 1
- à temps partiel 2
- tient maison. 3
- étudie. 4 } P. à Q. "E"
- retraité. 5 }
- en chômage, cherche un emploi 6 } P. à Q. "F"
- P.R.. 9 }

B. Quelle catégorie parmi les suivantes correspond le mieux à votre occupation principale? (27, 28)

LIRE

- Direction et professionnels de classe supérieure. 01
- Administrateur, exécutif et autres professionnels 02
- Propriétaires - petits magasins de détail, petite entreprise. 03
- Fermier (propriétaire et administrateur). 04
- Techniciens et petits administrateurs 05
- Collet-blancs, employé de bureau. 06
- Vendeurs. 07
- Ouvrier spécialisé et semi-spécialisé 08
- Ouvrier non-spécialisé, journalier. 09
- Ouvrier des services et de la protection. 10

C. Depuis combien de temps faites-vous ce travail? (29)

LIRE

NE PAS LIRE

- moins d'un an 1
- de 1 à 2 ans. 2
- de 3 à 5 ans. 3
- de 6 à 10 ans 4
- plus de 10 ans. 5 } P. à Q. "E"
- à son compte. 6 }
- N.S.P./P.R. 9 }

D. Pendant combien de temps avez-vous occupé votre emploi précédent? (30)

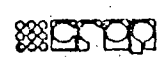
LIRE

NE PAS LIRE

- moins d'un an 1
- de 1 à 2 ans. 2
- de 3 à 5 ans. 3
- de 6 à 10 ans 4
- plus de 10 ans. 5
- ne s'applique pas 8
- N.S.P./P.R. 9

E. Avez-vous été en chômage à un moment ou l'autre durant les 12 derniers mois? (31)

- oui 1
- non 2
- P.R.. 9



F. Est-ce que vous, ou une autre personne de votre famille habitant cette maison, est membre d'un syndicat de travailleurs? (32)

le répondant 1
 un membre de sa famille. 2 8
 ni le répondant, ni un autre 3 9

G. Quelle est votre religion? (33)

LIRE Catholique 1
 Protestant 2 6
 Juive. 3 7
 autre: _____ 4 8
 (préciser)
 aucune 5 9

H. Combien d'années d'étude avez-vous complété? (34)

aucune 1
 de 1 à 8 ans 2
 de 9 à 12 ans. 3
 de 13 à 16 ans 4
 17 ans et plus 5 9

I. Etes-vous ... (35)

marié(e) 1
 célibataire. 2
 veuf(ve) 3 } P.à Q. "P"
 séparé(e). 4 }
 ou divorcé(e) 5 }

J. Quelle est la principale activité de votre mari/femme? (36)

travaille: à temps plein. 1
 à temps partiel. 2
 tient maison 3 }
 étudie 4 } P.à Q. "N"
 retraité, rentier. 5 }
 en chômage, cherche un emploi. 6 }
 P.R. 9 } P.à Q. "O"

K. Quelle catégorie parmi les suivantes correspond le mieux à son occupation principale? (37, 38)

LIRE

- Direction et professionnels de classe supérieure 01
 - Administrateur, exécutif et autres professionnels. 02
 - Propriétaires - petits magasins de détail, petite entreprise 03
 - Fermier (propriétaire et administrateur) 04
 - Techniciens et petits administrateurs. 05
 - Collet-blancs, employé de bureau 06
 - Vendeurs 07
 - Ouvrier spécialisé et semi-spécialisé. 08
 - Ouvrier non-spécialisé, journalier 09
 - Ouvrier des services et de la protection 10

L. Depuis combien de temps fait-il(elle) ce travail? (39)

- | | | | |
|--------------------|-------------------------|---|---------------|
| LIRE | moins d'un an | 1 | } P. à Q. "N" |
| | de 1 à 2 ans. | 2 | |
| | de 3 à 5 ans. | 3 | |
| | de 6 à 10 ans | 4 | |
| | plus de 10 ans. | 5 | |
| NE PAS LIRE | à son compte. | 6 | |
| | N.S.P./P.R. | 9 | |

M. Pendant combien de temps a-t-il(elle) occupé son emploi précédent? (40)

- | | | |
|--------------------|-----------------------------|---|
| LIRE | moins d'un an | 1 |
| | de 1 à 2 ans. | 2 |
| | de 3 à 5 ans. | 3 |
| | de 6 à 10 ans | 4 |
| | plus de 10 ans. | 5 |
| NE PAS LIRE | ne s'applique pas | 8 |
| | N.S.P./P.R. | 9 |

N. Est-ce qu'il/elle a été en chômage à un moment ou l'autre durant les douze derniers mois? (41)

- | | |
|---------------------|---|
| oui | 1 |
| non | 2 |
| N.S.P./P.R. | 9 |

O. Auquel des groupes d'âge suivants appartient-il(elle)? (42)

- | | |
|-------------------------|---|
| 18 à 29 ans | 1 |
| 30 à 44 ans | 2 |
| 45 à 59 ans | 3 |
| 60 ans et plus. | 4 |
| N.S.P./P.R. | 9 |

P. Avez-vous des enfants qui vivent ici avec vous ...

- | | <u>Oui</u> | <u>Non</u> | |
|--|------------|------------|------|
| ... enfants de 12 ans et moins | 1 | 2 | (43) |
| ... enfants de 13 ans à 18 ans | 1 | 2 | (44) |

Q. Combien y a-t-il de personnes en tout dans votre foyer? (45)

- | | |
|-----------------------|---|
| une | 1 |
| deux. | 2 |
| trois | 3 |
| quatre. | 4 |
| cinq. | 5 |
| six | 6 |
| sept et plus. | 7 |
| N.S.P./P.R. | 9 |



R. Dans quelle catégorie se situe le revenu annuel combiné de tous les membres de votre ménage?

(46)

SI P.R. CODER VOTRE ESTIME DU REVENU DU MENAGE CI-BAS:

- moins de \$2,500. 1
- de \$2,500 à \$5,999 2
- de \$6,000 à \$8,999 3
- de \$9,000 à \$11,999. 4
- de \$12,000 à \$14,999 5
- de \$15,000 à \$17,999 6
- de \$18,000 à \$24,999 7
- \$25,000 et plus. 8 9

1, 2, 3, 4, 5, 6, 7, 8 (47)

R.1 Et dans quelle catégorie se situe votre revenu annuel personnel?

(48)

- moins de \$2,500. 1
- de \$2,500 à \$5,999 2
- de \$6,000 à \$8,999 3
- de \$9,000 à \$11,999. 4
- de \$12,000 à \$14,999 5
- de \$15,000 à \$17,999 6
- de \$18,000 à \$24,999 7
- \$25,000 et plus. 8 9

S. Quelle langue parlez-vous le plus souvent à la maison?

(49)

- Français 1
- Anglais. 2
- autre: _____ 3
(préciser)
- pas de réponse 9

T. Langue de l'entrevue

NOTE A L'INTERVIEWER:

(50)

- Français 1
 - Anglais. 2
 - autre. 3
- } P. à Q.V

U. Est-ce que vous ou votre époux/épouse parle anglais ou français?

(51)

- oui. 1
- non. 2
- N.S.P./P.R.. 9



V. Etes-vous ...

- citoyen(ne) canadien(ne) de naissance. 1
- naturalisé(e) citoyen(ne). 2
- ou n'êtes pas citoyen(ne) canadien(ne). 3
- N.S.P./P.R.. 9

(52)

W. **SI MARIE(E)** Et votre mari/femme? Est-il/elle ...

- citoyen(ne) canadien(ne) de naissance. 1
- naturalisé(e) citoyen(ne). 2
- ou n'est pas citoyen(ne) canadien(ne) 3
- N.S.P./P.R.. 9

(53)

INTERVIEWER: S.V.P. NOTER

- Blanc 1
- Noir. 2
- Asiatique 3
- Indien (Indes, Pakistan). 4
- Indien d'Amérique 5

(54)

Nom du répondant: _____

Adresse: _____

Apt.#: _____ numéro de téléphone: _____

Code régional: _____ Date: _____

Nom de l'interviewer: _____

INTERVIEWER:
 INSCRIRE "REFUS
 AU NO DE TEL.
 SI REpondant
 REFUSE
 ET "AUCUN" SI
 PAS DE NO DE
 TELEPHONE

MERCI DE VOTRE COLLABORATION

| | | | | | | | | | | | | | | | | |
|--------|----|----|----|----|----|----|----|----|----|----|----|----|-----------------------|----|--------|----|
| 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 |
| (CODE) | | | | | | | | | | | | | (NUMERO DE TELEPHONE) | | (DATE) | |

