

Welcome!

- Thank you for joining this webinar on **Missing for those who need it most: Canada's financial help gap**, hosted by Prosper Canada and with funding support from Co-operators.
- The presentation will begin shortly. Audio will begin when the presentation starts.
- This session will be recorded.

This webinar was developed with support from:



Missing for those who need it most:

Canada's financial help gap

Webinar, June 22, 2023



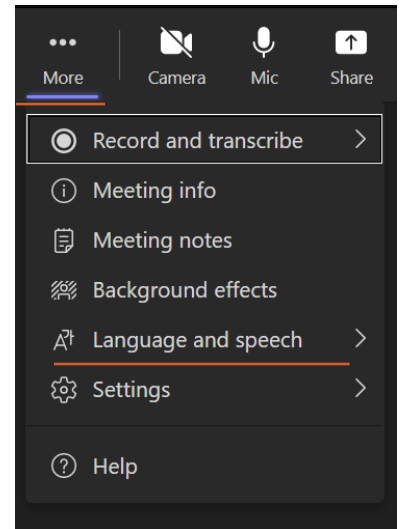
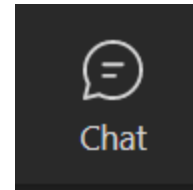
Agenda

1. Welcome and housekeeping
2. Canada's financial help gap
 - Declining household financial health for low-income households
 - Financial Help Project overview
 - Key findings
 - Moving forward
3. Panel discussion
4. Audience Q&A



Webinar logistics

- Audience members have all been put on mute for this webinar.
- Please share any questions you have using the chat box located in the menu bar at the top of your screen.
- If you would like to ask a question that is not visible to all attendees or for follow-up after the session, please email us at events@prospercanada.org.
- For closed captioning, click the three dots with the word “More” under them on the top right menu bar, then select “Language and Speech” and then “Turn on Live Captions.”
- We will share webinar slides with all participants and post a recording of the session within a few days.





Land acknowledgement

Prosper Canada – Who we are

Founded in 1986, **Prosper Canada is a national charity dedicated to expanding economic opportunity for Canadians living in poverty** through program and policy innovation.

As **Canada's leading national champion of financial empowerment**, we work with government, business and community partners to develop and promote financial policies, programs and resources that transform lives and foster the prosperity of all Canadians.



Introduction: Our speakers



Sasha McNicoll
Policy Manager
Prosper Canada



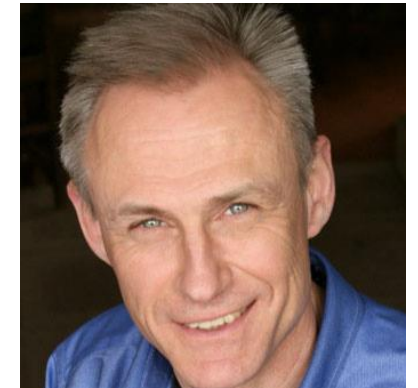
Lisa Rae
Director, System
Change
Prosper Canada



Shawna Peddle
Associate Vice-
President,
Citizenship
Co-operators



Dr. Supriya Syal
Deputy Commissioner,
Research, Policy and
Education
**Financial Consumer
Agency of Canada**



Murray Baker
Manager, Financial
Empowerment
**Family Services of
Greater Vancouver**

Declining financial health for low-income households

Even before the pandemic, many Canadians were struggling financially

Many households were unprepared for a brief emergency, let alone a prolonged economic shutdown.



43%+

of Canadians were living paycheck to paycheck¹



49%

of Canadians lacked enough savings to stay above poverty line for three months²



31%

of low-income Canadians' income goes to servicing debt, 50%+ of which is non-asset debt³



1.49%

Canada's household savings rate in 2018, compared to 10.0% in 1998⁴

176%

Canada's household debt-to-income ratio in 2019, highest in G-7⁵

137,178

Personal Insolvencies filed in 2019, 2nd highest number on record & highest in a decade⁶

Pandemic recovery has been uneven, and many Canadians are still struggling financially

Lower-income Canadian households are more financially vulnerable than before the pandemic.



63%

of low-income Canadians are very concerned about their ability to meet basic expenses⁷



54%

of Canadians with income under \$50K say they are in poor or terrible financial shape⁸



44%

of Canadians are worried money will not last, compared to 31% in 2019⁹



35%

of Canadians are short on money at the end of the month, compared to 19% in 2019¹⁰

187%

Canada's household debt-to-income ratio in 2022, highest in G-7¹¹

11,768

Canadians filed for insolvency in March 2023, the highest number for one month since 2019¹²

Canada's National Financial Literacy Strategy highlights the need to close the current gap in access to financial help

- **Ecosystem Priority 2:** Build and provide for diverse needs
- **Ecosystem Priority 4:** Enhance access to affordable and trustworthy financial help



**MAKE
CHANGE
THAT
COUNTS:**

National Financial
Literacy Strategy
2021 - 2026



The power of financial coaching: Ava's story

Ava (a single parent of four receiving social assistance) worked with **Colin, a Certified Financial Planner** and volunteer financial coach in the ***Mpower Money Coaching Program*** offered through Toronto Employment and Social Services.

Colin helped Ava to **set realistic goals to pay off her student and bank loans, stick to a budget, create an emergency fund and get a job**. After the program, Ava started making regular minimum payments on her OSAP loan, increased her monthly payments on her bank loan and successfully stuck to a budget.



“Saving for my children’s education is important to me. Paying off debt is one life lesson I don’t want my children to have to learn.”

The power of financial coaching: Ava's story

One year after the program, Ava had successfully reached her financial goals and realized other major life accomplishments – obtaining a full-time job and moving into a new house. With her new income, she continued to pay off her loans, stick to a monthly budget, and rebuild her credit score.

Looking back, though, the accomplishment Ava is most proud of is sending her first child to college without incurring any loans. Colin helped her open an RESP account and advised her to apply for grants and bursaries, rather than taking out an OSAP loan. “Now when my son finishes school, he won’t have debt to pay back,” she said.



“Saving for my children’s education is important to me. Paying off debt is one life lesson I don’t want my children to have to learn.”

Financial Help Project overview

Closing the financial help gap – Project objectives

Work with cross-sector stakeholders to:

Phase 1

Identify key **gaps in access to affordable, appropriate and trustworthy financial help** for people with low incomes in Canada.

Phase 2

Develop a cross-sector **solutions framework** to close key financial help gaps.

Priority financial help services and providers we studied

Financial help services

1. Conduct a **comprehensive financial health assessment**
2. Help to build a **comprehensive financial plan**
3. Help to develop and adhere to a **budget or spending plan**
4. Help to **solve urgent financial problems**
5. Help to understand, **navigate, select and/or access appropriate financial products**
6. Help to set and **pursue saving goals**
7. Help to **manage debt**
8. Help to **tax file and access income benefits**

Financial help providers

- Retail banks
- Credit unions
- Insurance providers
- Financial planners
- Credit counsellors
- Licensed insolvency trustees
- Commercial tax preparers
- Governments
- Community organizations

Our research approach

Map available services

**Literature scan and
market review**

Key informant interviews

**Assess affordability, appropriateness
and trustworthiness of services**

Validate findings

Project Advisory Committee and key informants

Private sector

- **Guy Anderson**, Aligned Capital Partners and Financial Planning Association of Canada
- **Peter Davis**, H&R Block
- **Andrea Di Lucca Bustard**, Vancity
- **Jessica Fisher**, Co-operators
- **Rodney MacDonald**, Intuit
- **Alexandra Macqueen**, FP Canada
- **Susan Murray**, Canadian Life and Health Insurance Association
- **Tom O'Dwyer**, Ability Tax and Trust Advisors
- **Gaby Polanco Sorto**, Gore Mutual Insurance
- **Tanya Smith**, Coast Capital Savings
- **Keith Taylor**, DUCA Financial Services Credit Union
- **Molly Willats**, Fintech Cadence
- **Elvis Wong**, RBC
- **Joan Yudelson**, FP Canada Research Foundation
- **Ken DeBlieck**, Co-operators
- **Lucilla Nardi**, Co-operators

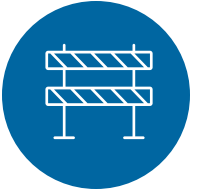
Government

- **Supriya Syal**, Financial Consumer Agency of Canada
- **Ruth Stephen**, Financial Consumer Agency of Canada
- **Nicole Rivest**, Financial Consumer Agency of Canada
- **Peter Boyd**, Service Canada
- **Kathryn Lusby Baker**, Service Canada
- **Michael Berghout**, Canada Revenue Agency

Community

- **Murray Baker**, Family Services of Greater Vancouver
- **Colin Bath**, Momentum
- **Simon Brascoupé**, First Nations Education Administrators Association
- **Stephanie Debisschop**, Plan Institute
- **Judy Duncan**, ACORN
- **Gabriele Roehl**, ACEF du Sud-Ouest de Montréal
- **Stacy Yanchuk Olesky**, Credit Counselling Canada

Key findings



Key findings

1. People with low incomes have distinct circumstances and challenges that impact their ability to access and afford financial help services

Barriers they experience include:

- **More likely to be underbanked** (have an account with a bank or credit union but regularly use alternatives).
- **Lack the means to pay** for commercial financial help services.
- **Lack the identification needed** to access financial services.
- **Mobility and distance barriers** when it comes to physically accessing financial help services.
- **Inadequate broadband infrastructure, cost of internet/mobile plans, and low digital literacy** mean virtual services are often not a viable option for low-income residents of some rural and remote communities and urban neighbourhoods.

Key findings



2. People with low incomes are less likely to trust financial professionals and those who are also Indigenous or racialized do not always feel respected by them

- Canadians with low incomes are generally less trusting than those with higher incomes.
- This low trust level extends to mainstream financial institutions and professionals.
- Low trust in a service is problematic as it can directly impact access.
- Racialized, Indigenous and marginalized groups worry more about discrimination than the broader population and past experiences often lead them to speak to financial professionals less often.

Indigenous grandfather and 12-year-old handcuffed in front of Vancouver bank after trying to open an account



Bank of Montreal and Vancouver Police Department express regret



[Angela Sterritt](#) · CBC News · Posted: Jan 09, 2020 4:00 AM EST | Last Updated: January 9, 2020

Key findings



3. Mainstream financial information, guidance and advice is often not appropriate for people with low incomes because it fails to consider their distinct circumstances

This failure can be problematic as generic financial guidance can potentially be harmful to consumers with low incomes.

Examples:

Many income support programs come with strict saving and asset limits. Going over these limits can trigger loss of eligibility for benefits that comprise most of an individual's income.

Registered Retirement Savings Plans (RRSPs) generally do not provide tax-deferral and tax-savings to Canadians with low incomes. Instead, retirement withdrawals from RRSPs trigger benefit clawbacks for retirees with low incomes.

Key findings



4. Most commercial financial help providers do not tailor their services for people with low incomes

While some financial help providers (e.g., financial planners, tax preparation services) need client income information to provide their services, **many commercial providers (e.g., banks, credit unions) do not ask customers for their individual or household incomes and tailor their services accordingly.**

Financial institutions may run income-based analyses for a particular project or product, and some may use credit scores to determine whether someone is financially vulnerable. However, **financial institutions do not, as a rule, have a comprehensive understanding of the income breakdown of their entire clientele.**

Key findings



5. Because most commercial financial help services are not designed for people with low incomes, there are few appropriate financial help services for this population

While basic commercial financial help services are available to most customers, their usefulness is limited for people with low incomes because they are not adequately tailored to their financial context and needs.

More comprehensive financial help services are not available to people with low incomes – e.g., financial planning.

While federal financial consumer protection regulations now require banks to ensure the services they offer are appropriate to the client receiving them, **banks are not obliged to offer financial help services that meet the needs of all their clients.**

Free, comprehensive, financial help programs, purpose-built for people with low incomes, are only available to a fraction of those who need them because only a small number of community organizations are trained and resourced to provide this help to financial consumers with low incomes.



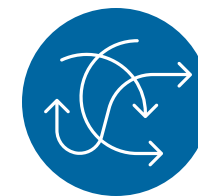
Key findings

6. Financial institutions often offer free basic financial help services, but more comprehensive financial help is typically not accessible and/or affordable to people with low incomes who need it

Comprehensive financial help services offered by financial institutions are often only available to **wealth management clients** who have a threshold amount of investable assets.

Some financial planners offer their services on a **fee-for-service or advice-only basis**, but the cost is **prohibitive** for most people with low incomes. A financial plan can cost \$3,000-\$10,000 and ongoing services range from \$120-\$400 per hour.

Key findings



7. Most financial institutions and professionals lack the understanding, tools and training to provide relevant and appropriate financial help services to people with low incomes

Most commercial financial help providers do not train their frontline staff to understand their low-income consumers – their financial context and the barriers and issues they face.

Nor do their staff have access to tailored tools, information and resources to help them more effectively meet the financial help needs of people with low incomes.

Many financial professionals also lack an adequate understanding of the financial context and needs of people with low incomes to serve them appropriately. Without this knowledge, financial help services risk undermining, rather than building, the financial health of people with low incomes.

Key findings



8. There is no strong commercial business case for seeking and serving clients with low incomes, due to limited profit generation opportunities

People with low incomes often cost more to serve and do not generate as much revenue as higher-income customers. Consequently, banks and other commercial financial service providers have little financial incentive to specifically target and attract customers with low incomes.

Technology solutions can make it less costly to serve people with low incomes, but many fintechs also lack a business case for serving or targeting this market. Fintech start-ups are typically under significant pressures to achieve strong revenue early on or to show that there is a large market opportunity.



Key findings

9. **Select community financial empowerment organizations offer free, appropriate and comprehensive financial help services but do not have the resources or geographical reach to meet the needs of all Canadians with low incomes who need help**

Community organizations providing financial help services to people with low incomes understand their financial context and needs and tailor their services accordingly.

Community members trust these organizations because they see them as unbiased.

While community-delivered financial help services are generally free, appropriate and trustworthy, they are not available in all communities, largely due to lack of funding.

Lack of established funding for community financial help services also means these organizations lack the resources they need to meet community needs.

This gap has been exacerbated by rising rates of financial vulnerability and the increasing depth and complexity of the financial problems people with low incomes present with.

Key findings



10. Canada would benefit from the collection and publication of more comprehensive, disaggregated, national data on access to financial help services and financial inclusion more broadly

Through this project, with the help of engaged stakeholders from all sectors, we have been able to qualitatively describe the current gap in access to financial help for people with low incomes.

However, without consensus on the financial products and services necessary for financial inclusion, and an accurate and differentiated empirical picture of who does and does not have access to the services, it will remain difficult to accurately target and assess the impact of solutions.

Moving forward

Next steps: 2023-24

Phase 2

With cross-sector stakeholders, develop a solutions framework to close key financial help service gaps



- Jurisdictional scan
- Literature review
- Key informant interviews



- Focus groups with people with lived experience



- Insights document



- Convening



- Solutions framework

Thank you for joining us

We will be sending you an email soon with:

- Slides from today's webinar
- Report and Executive summary
- Link to webinar recording
- Link to webinar survey

This webinar was developed with support from:



Contact

Prosper Canada

60 St. Clair Avenue East, Suite 700

Toronto, ON M4T 1N5

(416) 665-2828

www.prospercanada.org

<http://prospercanada.org/newsletter>

[Prosper Canada Online Training](#)



Lisa Rae

Director, System Change

lisarae@prospercanada.org

Sasha McNicoll

Policy Manager

smcnicoll@prospercanada.org

References

References

¹ PWC. Payroll in focus: The future of payroll. 2020 Nov.

Available from [https://payroll.ca/getmedia/5cc7b191-b1fa-4b6e-9ac9-002b1f3f1637/CPA-Future-of-Payroll-FINAL-DRAFT-\(web\).pdf](https://payroll.ca/getmedia/5cc7b191-b1fa-4b6e-9ac9-002b1f3f1637/CPA-Future-of-Payroll-FINAL-DRAFT-(web).pdf)

² Statistics Canada. Canada's Official Poverty Dashboard: Snapshot, February 2020. 2020 Feb. 24.

Available from <https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2020019-eng.htm>

³ Financial Accountability Office of Ontario. Assessing Ontario Household's Debt Burden and Financial Vulnerability. 2018 Jan.

Available from <https://www.fao-on.org/en/Blog/Publications/H-H-Debt-2018>

⁴ Credit Counselling Canada Members' Conference Halifax (June 2019) Page 22. Dodd's

⁵ Hertzberg, E. Canadians' mountain of household debt is rising again. Bloomberg News; 2019 Dec. 13.

Available from <https://business.financialpost.com/personal-finance/debt/canada-q3-household-debt-to-income-ratio-rises>

See OECD data tables: <https://data.oecd.org/hha/household-debt.htm-indicator-chart>

⁶ O'Brien, C. Personal insolvencies in Canada are at their highest level in a decade. CTV News; 2019 Dec 4.

Available from <https://www.ctvnews.ca/canada/personal-insolvencies-in-canada-are-at-their-highest-level-in-a-decade-1.4715915>

⁷ Uppal, S. Rising prices and the impact on the most financially vulnerable: A profile of those in the bottom family income quintile. Statistics Canada; 2023 Feb 8. Available from [Rising prices and the impact on the most financially vulnerable: A profile of those in the bottom family income quintile \(statcan.gc.ca\)](#)

References

⁸ Angus Reid Institute. Two-in-five say they've taken money from savings or other accounts that they generally try to avoid. 2023 Apr 6. Available from <https://angusreid.org/cost-of-living-inflation-discretionary-spending-savings-canada/>

⁹ Financial Consumer Agency of Canada. Summary of findings COVID-19 surveys: Financial impact of the pandemic on Canadians. 2023. Available from: [Summary of findings COVID-19 surveys: Financial impact of the pandemic on Canadians - Canada.ca](#)

¹⁰ Ibid.

¹¹ OECD. Household debt: Total % of net disposable income, 2022 or latest available. N.d. Available from [Household accounts - Household debt - OECD Data](#)

¹² Evans, P. Consumer insolvencies spike to highest level since 2019. CBC News; 2023 May 11. Available from [Consumer insolvencies spike to highest level since 2019 | CBC News](#)