



« Towards a National Strategy on Financial Education »

**Executive summary of the Submission presented to the
Task Force on Financial Literacy**

May 2010

Option consommateurs

MISSION

Option consommateurs is a not-for-profit association whose mission is to promote and defend the rights and interests of consumers and ensure that they are respected.

HISTORY

Option consommateurs has been in existence since 1983, when it sprang from the *Mouvement des associations coopératives d'économie familiale* (ACEF), more particularly, the ACEF of Montreal. In 1999, it merged with the *Association des consommateurs du Québec* (ACQ), which had already pursued a similar mission for over 50 years.

PRINCIPAL ACTIVITIES

Options consommateurs' team of approximately 30 employees work in five departments: Budgeting, Energy Efficiency, Legal Affairs, Press Room, and Research and Representation. Over the years, *Option consommateurs* has developed special expertise in the areas of financial services, health, agrifood, energy, travel, access to justice, trade practices, indebtedness, and the protection of privacy. Every year, we reach 7,000–10,000 consumers directly, conduct numerous interviews in the media, participate in working groups, sit on boards of directors, carry out large-scale projects with key partners, and produce research reports, policy papers and buyers' guides, including the annual *Toy Guide* in *Protégez-vous* magazine.

MEMBERSHIP

In its quest to bring about change, *Option consommateurs* is active on many fronts: carrying out research, organizing class action suits, and applying pressure on companies and government authorities. You can help us do more for you by becoming a member of *Option consommateurs* at www.option-consommateurs.org/en/

EXECUTIVE SUMMARY

Canada faces two major challenges in its citizens' personal finances: a low rate of financial literacy and numeracy as well as an overall high rate of personal indebtedness.

Option consommateurs has focused for over 25 years on the economic situation of vulnerable households, including working with many who come to ask for help dealing with personal financial difficulties.

Many Canadian consumers face significant challenges in understanding the increasingly complex financial products and services that are on offer. We need think only of credit card statements, mortgage loan contracts or investment account statements. This situation is the result of an information imbalance between the financial services industry and the consumer.

Throughout the world, various countries have adopted financial education strategies and actions plans generally after a working group review and wide-ranging surveys of individuals' understanding of personal finances and management. These countries have established institutions to carry out their action plans. The common denominator of their structures is that they bring together representatives from the public, private and community sectors. Each party has a separate but complementary role in the design, implementation and evaluation of financial education tools.

Finally, in order to guarantee the success of the National Strategy for Financial Literacy, we must convince Canadians of the importance of good management of personal finances. This message must be conveyed by a large-scale social market-

ing campaign which helps people to modify their individual behaviour, but on the understanding that they are also supplied the tools to do so.

Here, then, are our major recommendations:

- 1. Option Consommateurs (OC) recommend that Canada adopt a strategy on financial education along with a national action plan.**
- 2. OC recommend that the plan of action be targeted primarily at children and adolescents, starting in Grade 1 and continuing right to the end of high school. It absolutely must include a family component.**
- 3. OC recommend that the plan adopt the approach known as “life-cycle events”. It is a learner-centred approach that motivates and empowers.**
- 4. OC recommend that the action plan provide for the specific needs of identifiable target audiences (immigrants, elderly, indigenous, etc.). It must be adapted to people's different lifestyles. To the extent possible, the tools used must come from independent sources and be developed in partnership with community agencies. The dissemination of financial education must reach Canadians wherever they are: in schools, at workplaces, employment insurance centres, shelters, etc.**
- 5. OC recommend that the action plan include a component on training the financial institution employees who sell financial products and services to Canadian consumers.**
- 6. OC recommend the creation of a national financial literacy coordination office, under the aegis of the Financial Consumer Agency of Canada.**
- 7. OC recommend that the national financial literacy coordination office set up a website with plain language tools aimed at Canadian consumers.**
- 8. OC recommend the creation of a Canadian fund for financial literacy aimed at support for the creation of financial education projects, programs and tools, especially those aimed at community groups.**
- 9. OC recommend that the governance of the coordination and fund be entrusted to a multipartite committee of representatives from the public, private and community sectors.**

- 10. OC recommend long-term financial commitment from the federal, provincial and territorial governments.**
- 11. OC recommend that the private sector contribute financially to the action plan implementation.**
- 12. OC recommend that community organizations be funded to participate in implementing the action plan.**
- 13. OC recommend, as a first step in the action plan, the development of a national social marketing campaign on the importance of sound personal finance management.**
- 14. OC recommend that the federal government consider the most effective ways to increase savings rates, without reducing the existing social safety net currently, especially for those in retirement.**
- 15. OC recommend that the Government of Canada develop rules to define lenders' responsibility for the clarity of contracts for financial services.**

For further information, please contact:
Madame Geneviève Reed
Head, Research and Representation
reed@option-consommateurs.org