



FP Canada TM
*Advancing Professional
Financial Planning*

RESPONSE TO FCAC CONSULTATION ON RENEWING THE NATIONAL STRATEGY FOR FINANCIAL LITERACY 2021-2026

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Introduction

FP Canada™ is pleased to respond to Financial Consumer Agency of Canada (FCAC) Consultation Paper on Renewing the National Strategy for Financial Literacy 2021-2026 (“the Consultation Paper”).

A national professional body working in the public interest, FP Canada is dedicated to championing better financial wellness for all Canadians by certifying professional financial planners and leading the advancement of professional financial planning in Canada. There are approximately 21,000 financial planners in Canada today who, through CERTIFIED FINANCIAL PLANNER® certification and QUALIFIED ASSOCIATE FINANCIAL PLANNER™ certification, meet FP Canada’s standards.

Question 1: Goals – Share your feedback on the proposed goals, and tell us if they should be modified, removed, changed, or other goals added?

The FCAC’s proposed goals provide a strong starting point for the renewed strategy. That said, in our view, some modifications to the goals (and corresponding action items) will enhance the efficacy of the strategy. Our specific recommendations are as follows:

- **Self-efficacy as a fundamental strategy component** – While financial knowledge is critical, there is a growing body of behavioural research that suggests knowledge alone may not necessarily lead to the positive financial decision-making or outcomes envisaged by the strategy. In fact, research suggests higher self-efficacy (the belief in one’s own ability to succeed) is a key driver of positive behaviour. Therefore, in keeping with the FCAC’s goal of ensuring the renewed strategy uses “evidence-based insights to guide resources and actions,” and places “increased emphasis on actions that support behavioural change to influence financial well-being,” we recommend emphasizing actions that aim to increase self-efficacy and build self-confidence. We have discussed this research further in response to Question 3.
- **More emphasis on youth** – The strategy’s goals and actions are almost all targeted toward adult Canadians. By contrast, there is relatively little emphasis on goals and actions that specifically target Canada’s youth. While it is important not to lose sight of improving financial behaviours in adults, in our view there is real value in prioritizing youth as part of a national financial literacy strategy. It is easier to instil positive habits and behaviours early, before bad ones are formed, and doing so will make financially literate adults, and will in the longer term contribute more to fulfilling the FCAC’s intended outcomes.
- **Framing** – While well-meaning, we believe the proposed goal “motivate the budgeting habit,” and the notion of budgeting, can be framed in a more positive, resonant way for Canadians. Rather than seeking to advocate for the activity of budgeting in and of itself, which can be incredibly challenging to stick with over the long term, we feel the focus in the immediate term would be better served on ensuring Canadians more generally understand their financial

situation and where they are spending their money. While this may sound similar, the distinction is important. It is much easier to budget for future spending if you know where your historical spending has been. By starting with tracking and understanding historical spending, budgeting for future spending is easier to achieve, and one is more likely to stick with the budget that is set.

There are elements of this already included within the goal. (For example, one of the proposed outcomes of this goal is to increase the number of Canadians who “regularly review their spending and feel confident about where their money goes”.) We encourage the FCAC to draw these elements out and reframe this goal around them, including budgeting as a tactic rather than the goal itself.

- **Greater prioritization and focus on tactics** – While the goals and suggested action items are all valuable and well developed, with over 70 goals and potential action items identified, the strategy might benefit from prioritizing the action items.
- **Recognizing Canada’s multi-culturalism and diversity** – In our view, the strategy could benefit from greater recognition of Canada’s multi-cultural and diverse society. This can be achieved by further including newcomers to Canada and individuals who speak different languages as priority audiences.
- **Clarity** – Professional financial advice can play a valuable role in provoking the desired financial outcomes set out in the strategy. Unfortunately, across Canada today, the environment for consumers seeking out financial advice continues to be confusing and frustrating to many. Most consumers do not understand the various types of financial advice available to them, or how to distinguish between the qualifications of various financial professionals. We recommend increasing emphasis around the notion of clarity for consumers in terms of the types of financial advice and professionals that exist today and how to seek the right counsel from the right people. Two provinces – Ontario and Saskatchewan – have recently introduced legislation to restrict the use of certain financial services titles to individuals who hold the appropriate credentials. It is critical for Canadians that other provinces follow suit with their own harmonized legislation, and that clarity in titling continues to evolve further across the country. The FCAC can support this important objective as part of its financial literacy strategy.

Question 2: Stakeholder Activities - Can you provide examples of best practices or innovative initiatives that stakeholders across the public, private and non-profit sectors can carry out to support the proposed goals? Describe the areas where FCAC could play a role.

Speaking from our own experience as a professional body for financial planners, two recent examples of initiatives FP Canada has undertaken that contribute to the proposed goals include:

- **Turning academic research into action** – The FP Canada Research Foundation (“the Foundation”) regularly partners with academics and industry on financial planning-related research, with a view to engendering better financial outcomes for Canadians. One innovative thing the Foundation does is focus on ensuring its academic research findings are not just academic concepts, but are readily implementable on the ground by financial planners who work directly with Canadians. One way the Foundation does this is by developing “practice notes” for financial planners based on its research. These practice notes provide concrete

strategies and tips for applying findings from Foundation research in everyday client engagements to enhance client outcomes. ¹

FCAC can play a role in ensuring research findings translate to tangible results both by seeking to partner with and support organizations that conduct such research, and by partnering with organizations that have access to on-the-ground stakeholders who actually engage with Canadians, to ensure research learnings are implemented.

- **Engaging financial planners in opportunities to give back and share their expertise with more Canadians** – This year, in response to the COVID-19 pandemic, FP Canada launched a program to engage CFP professionals, in partnership with MPPs and MLAs, to deliver pro bono financial planning seminars for constituents in need of advice. These seminars, in addition to informing on COVID-related government financial resources and supports, cover core financial literacy topics such as investing, retirement planning, savings, debt and budgeting – in keeping with the FCAC’s strategy. We continue to roll out these seminars in provinces across the country.

The impetus for partnering with MPPs/MLAs was to expand the reach of this initiative to more Canadians in need of financial planning advice in this moment, beyond those our organization or CFP professionals would be able to reach independently. As a takeaway, the FCAC should similarly explore outside-the-box partnership opportunities with new stakeholders according to the proposed goals. For example, increasing emphasis on reaching newcomers and Canadians who speak different languages, by partnering with different organizations such as faith groups and community resource centres, would be a good place to start.

Question 3: Research and Evaluation – Are there any particular research results or evaluation methods that you would like to share so they could be taken into account in the development of the strategy?

Further to our response to Question 1, we would share with the FCAC research related to the importance of self-efficacy and confidence in engendering positive financial decision-making and outcomes.

Specifically, research conducted by Letkiewicz, Robinson and Domian (2016)² examining the behavioural aspects of financial planning, sought to understand the types of factors – aside from wealth and income – that lead people to seek financial planning help. With the backdrop of previous research having demonstrated that Canadians with financial plans feel they are saving more, living well, and experiencing higher levels of overall contentment in their lives,³ Letkiewicz et al. ultimately concluded that financial stress alone is not enough to motivate people to seek financial help. Rather, it is self- efficacy (the belief in one’s own ability to succeed) that is a consistent and strong predictor of help- seeking behaviour. Those who believe they can succeed are more likely to seek the help they need to succeed.

¹ Examples of these practice notes include <https://www.fpcanadaresearchfoundation.ca/media/cendaqws/implementation-gap-practice-notes.pdf> and https://www.fpcanadaresearchfoundation.ca/media/xwiaat3w/fp-canada-self-eff_pn.pdf

² Jodi Letkiewicz, Chris Robinson and Dale Domian, Behavioral and wealth considerations for seeking professional financial planning help (Financial Services Review, 2016). <http://fpcanadaresearchfoundation.ca/media/khyfoso3/financial-services-reveiw-publication.pdf>

³ The Value of Financial Planning: https://fpcanada.ca/docs/default-source/news/fpsc_valuestudy_reduced.pdf

From a policy perspective, the researchers specifically noted in their paper the importance of their findings for financial literacy efforts, concluding that both financial education and confidence should be considered when designing and deploying financial literacy programs. Therefore, as suggested above, in our opinion the FCAC should ensure its financial literacy strategy treats self-efficacy as fundamental.

Question 4: Measuring Impact and Progress – We plan to establish targets and indicators to measure impact and track progress toward achieving the strategy’s goals. Do you have suggestions on ways we can track, measure and report on our collective actions?

We appreciate that the FCAC has sought to prioritize measurement in the renewed strategy, noting it has been a challenge in the past for stakeholders in this space. We agree that effective measurement is critical to realizing the strategy’s vision.

In our own experience, we have found research (whether quantitative population surveys, focus groups, etc.) that involves tracking the same group over time to be highly valuable. To the extent possible, FCAC and other organizations in this sector should similarly try to track a single sample group when measuring the effectiveness of various financial literacy interventions. Such results can help other organizations more effectively orient their own activities, to produce better outcomes for Canadians.

Conclusion

FP Canada would like to thank the FCAC for the opportunity to provide comment. We commend the FCAC on the development of this renewed strategy and its critical role in enhancing the financial wellbeing of Canadians.

We would welcome the opportunity to answer questions or discuss our submission in greater detail with FCAC staff upon request.



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