

QUÉBEC FINANCIAL EDUCATION STRATEGY

2018 Edition



AUTORITÉ
DES MARCHÉS
FINANCIERS

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Members of the *Comité consultatif en éducation financière*

Autorité des marchés financiers

Ministère de l'Éducation et de l'Enseignement supérieur
Ministère des Finances
Office de la protection du consommateur
Retraite Québec

Chambre de la sécurité financière
Chambre de l'assurance de dommages
Investment Industry Regulatory Organization of Canada

Desjardins Group
National Bank
Bank of Montreal
Sunlife Financial
Montréal Exchange
Finance Montréal

Institut québécois de planification financière
Ordre des comptables professionnels agréés du Québec
Conseil des fonds d'investissement du Québec
Canadian Bankers Association
Insurance Bureau of Canada
Canadian Life and Health Insurance Association

Mouvement d'éducation et de défense des actionnaires
Union des consommateurs
Option consommateurs
Coalition des associations de consommateurs du Québec
FAIR Canada

Québec financial education strategy: Channelling education efforts and resources

“By supporting consumers who are becoming increasingly responsible in managing their personal finances, our numerous financial education initiatives, in conjunction with those of our partners, are bearing fruit. However, it is important to maintain sustained and concerted awareness efforts because financial education, like many other pursuits, is a long-term process. The AMF has made this a priority.”

Louis Morisset, President and CEO *Autorité des marchés financiers*

Under the consumer protection and assistance mandate conferred on it by the Québec Government, the *Autorité des marchés financiers* (AMF) places great importance on the financial education of Quebeckers.

Since its establishment in 2004, the AMF has consolidated a team dedicated exclusively to financial education, has initiated or financially supported numerous partnerships, in particular through its Education and Good Governance Fund, has fostered networking within a growing number of organizations and specialists engaged in financial education, and has developed an index to measure Quebeckers' financial awareness.

As a member of several national and international associations, the AMF can share its initiatives as well as draw on best practices from around the world.

In order to optimize its financial education efforts and resources, the AMF gained inspiration from international leaders and, in 2014, laid the groundwork for a Québec financial education strategy.

In the first stage, a forum was created to bring together key players of the Québec economy, including from the financial markets oversight sector, the financial industry, related government departments and agencies, and the leading consumer associations. The *Comité consultatif en éducation financière* (financial education advisory committee) (the “Committee”) is therefore composed of 25 organizations that have agreed to work together to develop and implement a financial education strategy for Québec.

The second stage set out the orientations of the strategy, following consultations with Committee members about the vision and broad areas of intervention proposed by the AMF.

In the third stage, a three-year action plan was developed further to greater consultation with members of the *Réseau québécois de spécialistes en éducation financière* (Québec network of financial education specialists). The action plan for implementing the strategy began in June 2015.

This document presents the results of efforts to date, including the key orientations adopted and the 2015-2018 action plan.

National financial education strategies: Global context

Definition of a national financial education strategy

The set of co-ordinated proposals and actions adopted by several organizations to improve consumers' personal financial knowledge and behaviours.

A financial education strategy goes beyond the delivery of information. It also aims to instill or influence behaviours so that consumers adopt healthy, lifelong financial habits.

In 2015, the Organisation for Economic Co-operation and Development (OECD) surveyed more than 50 governments that were developing national financial education strategies. Among them was Canada, which mandated a Financial Literacy Leader and a National Steering Committee to establish a national strategy that same year.

While financial literacy will not solve all financial problems, it is an important complement to market oversight and consumer protection. It cannot replace fair and effective regulation, but it can help foster greater participation by consumers in the financial markets through socioeconomic inclusion and financial enrichment.

The development of a national strategy will, in particular, identify available resources and assess financial education needs and the related challenges. This strategy also brings together organizations active in this area, and helps them identify common objectives and measure the effectiveness of initiatives taken by the greatest number of partners possible.

This joint planning is intended to optimize efforts to increase the spinoffs across a country, jurisdiction or economy.

According to the OECD, the success of a national financial education program is often tied to the following:

- a neutral, objective leader who plays a key role, such as a regulator;
- a survey of existing tools and programs;
- a tool to measure the level of financial literacy of the target population;
- a solid network of partners.

As these elements are present in Québec, it is possible and even advisable to address the issues characteristic of the Québec financial context as part of a strategy built around objectives that are specific to the province.

Financial issues for Quebeckers

Québec household debt has risen sharply over the past few years and now stands at over 150% of personal disposable income.

For some time now, however, growth of indebtedness has slowed and even stabilized, while debt service (interest and principal) has remained unchanged, mainly due to steadily declining interest rates in recent years.

Although lower than in the rest of Canada, where the debt ratio is 168%, household debt is nonetheless of concern and represents a major weakness in the Québec economy.

The current increase in interest rates will no doubt affect household debt service. However, in the event of a steep rise in the cost of borrowing or a severe economic downturn, many households could end up in serious difficulty.¹

Quebeckers are also affected by other issues observed elsewhere in the world. For example, the growing complexity and diversification of financial products available to consumers are problematic in terms not only of their ability to manage the risk of investment losses, but also the suitability of products offered or sought.

Another important issue is pension plan sustainability and the shifting of responsibilities to workers and retirees. Now more than ever, retirement planning requires input from financial education specialists, as Quebeckers are compelled to assume greater responsibilities in this regard.

Paradoxically, these developments can be financial education opportunities to encourage Quebeckers to take more interest in managing their personal finances. The implementation of a Québec financial education strategy is the most promising joint approach to addressing these issues.

¹ Mario Houle, Chief Economist at the AMF, December 2017.

Québec context

It has been claimed that Québec society and its francophone majority still hold certain values that regard money with skepticism, specifically, Judeo-Christian values that have shaped several generations.

One of the most recent thoughtful exercises on this subject was the TV series *Les grands moyens*.² This four-part multiplatform documentary invites viewers to take part in a collective discussion on the role of money. Accounts from business and entertainment personalities highlight some of the clichés about how Quebecers are still uncomfortable talking about money. In many respects, their relationship with money sets them apart from consumers in other provinces in Canada.

Québec is also characterized by the unique nature of its financial education organizations. The AMF, for example, provides an integrated framework for the Québec financial sector, notably in the areas of insurance, securities, deposit institutions – other than banks – and the distribution of financial products and services. The AMF is specifically mandated to inform, raise awareness and assist consumers in all areas relating to personal finances.

The *Office de la protection du consommateur* is another distinctive component of the regulatory landscape, and positions Québec at the forefront of protection of consumer rights.

Also noteworthy is the contribution of financial services cooperatives, which have been involved in financial education for more than a century, and community organizations such as ACEFs and budget assistance agencies that have been active in virtually all regions of Québec for half a century.

Against this backdrop, an action plan specifically for Québec is likely to maximize the chances of success of future financial education campaigns and initiatives.

AMF index : A tangible measure

The AMF Index assesses the perceived usefulness of 40 “knowledgeable” financial behaviours and their rate of adoption by a sampling of 1,500 individuals in charge of managing their household finances.

The data collected in 2016, when compared with those collected in 2012, show a statistically significant improvement, but still highlight several issues confirming the importance of consolidating efforts to increase Quebeckers’ financial awareness.

- While improvements have been observed, the fact remains that very few Quebeckers have taken concrete steps to plan for their retirement. Less than one Quebecker in two (43%) has determined whether they have enough savings to retire; just under two-thirds (60%) have taken into account key financial concepts such as inflation and longer-than-average life expectancy.
- 29% of Quebeckers who do business with a financial advisor have asked how he was compensated; 33% never asked about his fees.
- The AMF Index also reveals that 41% of Québec investors check whether their financial advisor is authorized to sell the product being offered, something that is simple to do by consulting the AMFs register.
- Moreover, Quebeckers who do not do business with a financial advisor are less knowledgeable about financial matters (52.3%) than those who benefit from the expertise of a professional (64.1%).

The 4th edition of the AMF Index will be produced in winter 2018.

Contributing to a cultural shift about money

Several specialists admit that financial education is not the miracle solution for the weaknesses observed in Québec society. A consumer, even one who is highly knowledgeable about finances, is bombarded by offerings for credit as well as financial products and services, and can be irrational in his choices and behaviours.

However, working together to strengthen consumers' knowledge and make them aware of the importance of adopting good financial behaviours could have measurable beneficial effects in the medium to long term.

Heightened interest in topics such as the economy, personal finances, investment and retirement planning may make it easier to acquire knowledge, seek out help and adopt good financial behaviours. The spinoffs may also contribute to boosting financial market competitiveness and consumer confidence in these markets. In all, a greater interest in money matters may lead to improved individual and collective financial well-being.

The Québec financial education strategy may thus help modernize the province's financial culture.

PHASE I

Working together to advance financial education in Québec and improve Quebeckers' financial well-being

In Québec, the high number of educational programs and financial education stakeholders highlights the need for concerted efforts.

A survey conducted in December 2014 identified more than 150 programs and tools available to Québec consumers. In addition, numerous organizations help Quebeckers to improve their financial well-being.

Working in partnerships and sharing resources and expertise are the best ways to optimally cover all the financial skills that Quebeckers need to develop.

Recognizing the potential of each organization—its area of expertise, track record and experience with clients—will identify partnerships that can create effective programs or build on existing programs, regardless of their business development objectives.

In Phase I of this strategy, two broad areas of intervention are chosen to achieve the proposed vision:

Recognize	Act
Build on the success of existing programs and organizations.	Co-ordinate our financial education actions to maximize spinoffs.
Vision	
<p>The list of available financial education resources is up-to-date and accessible.</p> <p>Each educational tool and program is known to the target audience and is part of a planned promotional campaign.</p> <p>Organizations recognize their mutual expertise, mission and target audiences.</p>	<p>Organizations consider existing tools before generating new ones.</p> <p>Organizations share best practices in financial education.</p> <p>The number of participants has risen.</p>

By adopting knowledgeable behaviours and acquiring skills, Quebeckers will improve their financial well-being

Although it urges organizations to work together more closely, the Québec financial education strategy focuses on consumers, more specifically, the improvement of their financial knowledge.

The orientations adopted in 2014 reflect the monitoring, research and surveys conducted by AMF *Direction de l'éducation financière*. They are also developed from discussions with members of the network of Québec financial education specialists and findings by Committee members.

Based on the work and exchanges, it is important to prioritize the following actions:

- Encourage Quebeckers to talk more about money, finances and economic issues.
- Prompt consumers to take charge of managing their personal finances.
- Facilitate access to financial education training programs.
- Raise consumers awareness of the pitfalls of indebtedness and financial fraud.
- Boost confidence in the financial markets.
- Make Quebeckers aware of their rights and responsibilities as regards personal finances.
- Acknowledge the role of financial sector representatives and inform them of existing tools.
- Favour socioeconomic inclusion of the most underprivileged members of society.

Three broad areas of intervention were therefore chosen in order to achieve the proposed vision.

Speak	Learn	Act
Contribute to a shift in financial culture to encourage Quebeckers to talk more about money, finances and economic issues.	Offer learning opportunities at all key life events in the most accessible formats and networks.	Encourage Quebeckers to take steps to better manage their finances.

Vision

<p>Quebeckers discuss personal finances in order to improve their knowledge and obtain the help they need.</p> <p>Quebeckers are comfortable speaking about money matters with an advisor and asking questions, and they understand the choices they are offered.</p> <p>Personal finances have a more predominant place in Québec media.</p>	<p>Quebeckers have numerous opportunities to improve their financial knowledge.</p> <p>Quebeckers use the resources at their disposal to pursue their financial learning throughout their lives.</p> <p>Young people are targeted at each level of education: primary, secondary, CEGEP and university.</p> <p>Educational content is written in plain language.</p>	<p>Quebeckers take steps to improve their personal finances by using a budget tool, saving, purchasing adequate insurance or investing.</p> <p>Quebeckers plan their retirement more proactively.</p> <p>Quebeckers use credit wisely and responsibly and take a critical consumer approach.</p> <p>Quebeckers recognize, avoid and report financial fraud.</p>
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2015-2018 ACTION PLAN COLLABORATION

Efforts will focus on recognition of successful financial education partnerships and collaborative projects.

The AMF and its main partners will be closely involved in actions to recognize expertise and financial education partnerships.

AREA OF INTERVENTION 1

Recognize the success of existing programs and organizations

Actions	<ul style="list-style-type: none">• The AMF will contact partners regularly to update the activities and description of financial education organizations.• The AMF will promote the directory of financial education tools and programs on a regular basis.
Objectives	<ul style="list-style-type: none">• The AMF's directory is accessible, consulted, user-friendly and up-to-date.
Measurement	<ul style="list-style-type: none">• Feedback from the Québec network of financial education specialists.

AREA OF INTERVENTION 2

Co-ordinate our financial education actions to maximize spinoffs

Actions	<ul style="list-style-type: none">• Through an annual prize, the AMF will acknowledge the best partnership projects during Financial Education Day.
Objectives	<ul style="list-style-type: none">• Education projects carried out as a partnership will be more widely recognized and visible.
Measurement	<ul style="list-style-type: none">• Quality of chosen projects.• Feedback from the Québec network of financial education specialists.

2015-2018 ACTION PLAN

FINANCIAL WELL-BEING

The three broad areas of intervention in this phase are monitored by three working committees created at the 2015 Financial Education Day to implement the strategy and the action plan.

Comité Connaissances et compétences financières

(financial knowledge and skills committee)

This committee is responsible for drawing up a list of skills and knowledge necessary for lifelong financial well-being, intended initially for the financial education network.

Comité Programmes éducatifs (educational programs committee)

This committee is responsible for identifying financial knowledge opportunities according to pre-determined target audiences and the strategy objectives. Its role is to create innovative partnerships which will lead to effective programs designed without business development objectives in mind.

Comité Pour un changement de culture financière au Québec

(committee for a shift in financial culture in Québec)

The role of this committee is to propose a joint campaign to encourage Quebecers to talk more about money, finances and economic issues.

Consult the [2017 Report on the Québec Financial Education Strategy](#)

AREA OF INTERVENTION 1 *Speak*

Contribute to a shift in financial culture to encourage Quebecers to talk more about money, finances and economic issues

Actions	<ul style="list-style-type: none">• Pursue initiatives encouraging Quebecers to talk more about money.• Provide Quebecers with and promote the tools they need to become comfortable speaking about money matters with an advisor or a budget assistance agency.• Develop and implement a public relations plan associated with the action plan with targeted reporters.
Objectives	<ul style="list-style-type: none">• Quebecers are encouraged to talk more about money.• Tools are accessible that enable Quebecers to ask for advice or help with their personal finances and talk about money with a professional.• A public relations plan is drawn up to increase media interest in matters of personal finances, and its impact is measured.
Measurement	<ul style="list-style-type: none">• Establish an annual measurement through a survey.• Statistics on use of the tools.• Analyze media coverage.

AREA OF INTERVENTION 2 Learn

Offer learning opportunities at all key life events in the most accessible formats and networks.

Actions	<ul style="list-style-type: none">• Develop a curriculum for financial knowledge and skills based on key life events.• Promote initiatives targeting young people at various levels of education: primary, secondary and CEGEP.• Increase the number of financial education activities while offering existing programs at the workplace and in the community.
Objectives	<ul style="list-style-type: none">• A tool to develop crucial skills for key life events accessible to financial education specialists for developing future programs.• Increase the number of financial education activities in teaching establishments, workplaces and the community.
Measurement	<ul style="list-style-type: none">• Validation of curriculum by financial education specialists.• Survey of activities by partners.

AREA OF INTERVENTION 3 Act

Encourage Quebecers to take steps to better manage their finances.

Actions	<ul style="list-style-type: none">• Increase awareness of the advantages of saving and financial planning.• Increased promotion of the advantages of planning for retirement.• Continue to educate Quebecers so they develop the reflex to comparison shop and make inquiries before buying products/ services (for investment or consumption) or using credit.• Pursue financial fraud awareness efforts and partnerships.
Objectives	<ul style="list-style-type: none">• Improvement of the main indicators, including the AMF Index.• Whether they deal with a representative or use a calculator, increase the number of Quebecers who check whether they have enough savings to retire.• Quebecers buy the products and services they need, at the lowest possible cost.
Measurement	<ul style="list-style-type: none">• AMF Index and other statistical indicators.• Statistics on the use of planning tools.

ADDITIONAL RESOURCES

[OECD](#)

[AMF Index](#)

[Financial education specialists website](#)