

BUILDING A SHARED POLICY & RESEARCH AGENDA

Thoughts on Mainstream & Fringe Financial Institution
Research & Policy

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ABLE's Pillars

Pillar 1: Expand Financial information, education and coaching to 1 million Canadians living on low income.

Pillar 2: Help leverage an additional \$100M in income for eligible Canadians living in poverty by facilitating their access to government benefits and entitlements.

Pillar 3: All financial institutions adopt strategies to better meet the financial literacy, banking, and advice needs of customers and members living on low income

Pillar 4: Increase take-up of the Canada Learning Bond to 40% of eligible beneficiaries.

Pillar 5: All provinces enact effective payday loan regulation to better protect consumers against high fees and the risk of falling into a 'debt trap'.

ABLE's Pillars 3 & 5

Pillar 3: All financial institutions adopt strategies to better meet the financial literacy, banking, and advice needs of customers and members living on low income

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Pillar 5: All provinces enact effective payday loan regulation to better protect consumers against high fees and the risk of falling into a 'debt trap'

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Foster FI services & products that meet the needs and enable to goals of low-income people & curtail FI services & products that undermine these

ABLE's Pillars 3

Pillar 3: All financial institutions adopt strategies to better meet the financial literacy, banking, and advice needs of customers and members living on low income

Mainstream bank services

- Lower fees
- Fees disclosed but sense of loss of control
- Inaccessible locations
- Shorter operating hours
- Well regulated for safety and soundness NOT for accessibility
- Transactions services AND building assets/credit
- Weak staff training for low-income people: knowledge, skills, & attitude

Fringe bank services

- Higher fees
- Fees disclosed but confusing
- Accessible locations
- Extended operating hours
- Weakly, if at all, regulated
- Transactions services
- No building assets/credit
- Growing number of operators
- Growing number of services offered by different companies

ABLE's Pillars 5

Pillar 5: All provinces enact effective payday loan regulation to better protect consumers against high fees and the risk of falling into a 'debt trap'

- Need universal regulations for fringe services: payday lending, pawnbroking, rent-to-own, etc.
- Ongoing issues: fair fee, repeat borrowing, internet lending, corporatization
- Need better data for decision-making. But note dilemma with more. There is an ethical issue too: some people benefit and some do not.
- What about a new model: see the US CFPB that is promoting the Oregon model including underwriting, longer duration, and installment repayment