

Financial Literacy: Resources for Newcomers to Canada



Spring 2008
Prepared by SEDI

Acknowledgements

Financial support from Industry Canada to conduct the research on which this report is based is gratefully acknowledged. The views expressed in this report are not necessarily those of Industry Canada or of the Government of Canada.

SEDI also gratefully acknowledges the support of Paul Chaulk, Atlantic Evaluation Group, who acted as a reviewer of the methodology of this research.

SEDI also gratefully acknowledges Carolina Gajardo, Manager Housing Help, at COSTI Immigrant Services for her review of this research report.

This research was also made possible with the kind cooperation of key informants who lent their expertise and time to reaching the research goals of this project.

**Financial Literacy:
Resources for Newcomers to Canada
SEDI 2008**

Executive Summary	<i>i</i>
Introduction	<i>1</i>
Literature Review	<i>2</i>
<i>Immigration demographics in Canada</i>	<i>2</i>
<i>Poverty as endemic among newcomer populations</i>	<i>3</i>
<i>Demand for financial literacy among newcomers</i>	<i>4</i>
<i>Conclusion</i>	<i>8</i>
Methodology	<i>9</i>
<i>Literature review</i>	<i>9</i>
<i>Data collection</i>	<i>9</i>
<i>Key informant interviews</i>	<i>10</i>
<i>Methodological limitations</i>	<i>10</i>
Results	<i>12</i>
<i>Organizational demographics</i>	<i>12</i>
<i>Delivery methods</i>	<i>13</i>
<i>Intervention purpose</i>	<i>15</i>
<i>Audiences served by interventions</i>	<i>15</i>
<i>Topics covered by interventions</i>	<i>17</i>
<i>Languages</i>	<i>18</i>
<i>Sample validity</i>	<i>20</i>
Discussion	<i>21</i>
<i>Current supply of financial literacy to newcomers</i>	<i>21</i>
<i>Content</i>	<i>22</i>
<i>Delivery</i>	<i>23</i>
Conclusions	<i>26</i>
Appendices are available upon request:	
A: <i>Matrix of key informant demographics</i>	
B: <i>Interview template for key informants</i>	
C: <i>Full list of products and services sampled</i>	
D: <i>Full results of the environmental scan</i>	
E: <i>Bibliography</i>	

Social and Enterprise Development Innovations
1110 Finch Avenue West, Suite 406
Toronto, ON M3J 2T2
Phone: (416) 665-2828 / Fax: (416) 665-1661
Email: info@sedi.org
Internet: www.sedi.org

Executive Summary

The ability to make informed financial decisions is essential for basic functioning in Canadian society. For the purpose of this and other research, SEDI proposes that this set of skills, knowledge and confidence be described as financial literacy. Financial literacy is critical for the effective functioning of all consumers in a knowledge economy, but market structures may be creating groups of particularly vulnerable consumers.

Newcomers to Canada may face particular challenges in meeting their needs for financial information, education and advice during their settlement and integration in Canada. Newcomers face numerous barriers, not the least of which are language, cultural and settlement. In addition, recent studies have revealed that poverty is an increasing reality among many newcomers. Poverty has been shown to further exacerbate an individual's ability to access opportunities to build financial literacy. At the same time, people struggling with poverty have the most to gain from programs that can help them move towards self-sufficiency.

At the first National Symposium on Financial Capability: *Canadians and Their Money*, held in Ottawa in June 2005, several policy-makers and stakeholders signaled the need for Canada to develop an inclusive and comprehensive response to the national challenge of financial literacy. This report describes research undertaken to learn more about the supply of financial literacy interventions to newcomer populations, gaps in services and key causes of these gaps. Multiple and complimentary methods were employed including 1) a literature review of peer-reviewed articles and other secondary research that addressed issues in design and delivery of financial literacy interventions for newcomers; 2) an environmental scan based in a web search that served to populate a database with current and relevant interventions supplying newcomers to Canada with financial literacy; and 3) key informant interviews that served to fill in gaps in the scan and validate assumptions or patterns found in the research. A number of key conclusions from this research are outlined below.

Newcomers may be underserved when it comes to educational and advisory supports as a lot of 'information' only products are provided through settlement services.

Topics most offered through financial literacy programs focus on government benefits, taxes and social assistance as well as credit/debt, banking and consumerism. These topics may not reflect the actual interests and needs of newcomers. More research, particularly market research with newcomers, would be needed in order to determine the relevance of these topics to consumers.

However, individualized support may be even more important than which topics are offered. Current delivery might be falling short of providing for the needs of newcomers. Points to improve upon include:

- Systems of delivery that focus more on individual client needs and realities.
- Decreased emphasis on topics as the component part of financial literacy training and more effort applied to ensuring topics are relevant to client groups.
- Increased focus on facilitation of information transfer to newcomers and opportunities for education and advice that dovetail with other services already offered.

- Partnership between sectors is needed to enhance funding and create programming that might help newcomers move towards self-sufficiency.
- Additionally, more flexibility of government programming that allows for financial literacy to be embedded in existing support programs, such as employability training. More also needs to be done to raise awareness of the need for timely intervention in financial literacy for newcomers.

There are also numerous areas where further study could assist in product and service delivery. For example, further study is also needed to help understand newcomer needs and preferences for financial literacy interventions upon entering Canada. (SEDI conducted a similar study that sampled some newcomer preferences and experiences with accessing financial literacy supports, but it focused on a few cohorts of low-income earning newcomers alongside Canadian-born individuals of low-income; a broader study focused on newcomers might therefore be considered). More research is also required in order to continue to document and understand the extent of the impacts of financial literacy interventions for newcomers.

Introduction

The ability to make informed financial decisions is essential for basic functioning in Canadian society. For the purpose of this and other research, SEDI proposes that this set of skills, knowledge and confidence be described as financial literacy. Financial literacy is critical for the effective functioning of all consumers in a knowledge economy, but market structures may be creating groups of particularly vulnerable consumers.

Newcomers to Canada may face particular challenges in meeting their needs for financial information, education and advice during their settlement and integration in Canada. Newcomers face numerous barriers upon settling in Canada, including language, cultural and settlement. In addition, recent studies have revealed that poverty is an increasing reality among many newcomers. Poverty has been shown to further exacerbate an individual's ability to access opportunities to build financial literacy. At the same time, people struggling with poverty have the most to gain from programs that can help them move towards self-sufficiency.

At the first National Symposium on Financial Capability: *Canadians and Their Money*, held in Ottawa in June 2005, several policy-makers and stakeholders signaled the need for Canada to develop an inclusive and comprehensive response to the national challenge of financial literacy. Recently in Ontario, community consultations were carried out as a part of the assessment of services provided under the Canada-Ontario Agreement to provide settlement services. In that report, it was revealed that low financial literacy levels among newcomers is a key concern of settlement support providers. Recommendations from the consultations included improving the information currently available to newcomers, bridging services between key need communities and the financial sector, providing earlier and more timely access to financial literacy information, education and advice upon entry to Canada, more specialized support for those who need one-on-one attention and better resources for settlement workers including tools and programs.

This report builds on the current momentum to supply newcomers with support so that they might better function in the Canadian financial marketplace and under the Canadian financial system and describes research undertaken to learn more about the current supply of financial literacy interventions to newcomer populations, gaps in services and key causes of these gaps. This report will begin by reviewing literature on challenges facing immigrants in Canada, trends in the delivery of financial literacy internationally and models for improving the access to and delivery of financial literacy interventions for newcomers.

Next, it will describe the landscape of available financial literacy supports that are targeted towards newcomers to Canada. Within this sketch of available resources, this study looks closely at the formats such interventions are delivered in, the topics they cover, the audiences they are targeted towards and the language provisions they make so that newcomers might enjoy greater access to these resources. Finally, conclusions are drawn and recommendations made in terms of suggestions for improvement of delivery of products and services to better address the needs of newcomers to Canada.

Literature Review

Newcomers to Canada arrive from all over the world in response to a wide range of push and pull factors and, during settlement, require a variety of services that may or may not be available. This review looks specifically at the financial literacy challenges facing newcomers to Canada, strategies that might help them seek out financial literacy opportunities and where gaps in services exist.

Immigration demographics in Canada

Low language skill is cited to be a major barrier to accessing financial services and those who come with the ability to speak one or both of Canada's official languages are considered to have an advantage¹. Understanding financial services and literature for basic products can sometimes require high literacy skills. It is often not considered adequate to be proficient in one of the official languages in order to understand the financial system; therefore domination of the language is key. Those who come with limited proficiency in English or French are at a disadvantage, yet still required, if not also expected, to make financial decisions².

The face and pattern of immigration to Canada is changing rapidly in a knowledge economy. New programs such as the Provincial Nominee Program is fast-tracking newcomers to those parts of the country where labour shortages are great, while policy change is redirecting funding for settlement programs to provincial jurisdictions which is changing the services being offered to newcomers. While the top immigrant sending countries continue to be China, India and the Philippines, the absolute numbers of individuals from these countries is decreasing. At the same time, more immigrants from the U.S., Iran, U.K. and Korea came to Canada in 2006³. And while projections for 2006 predicted an increase in newcomers to Canada, the actual number of people that entered was lower⁴.

According to Statistics Canada's *Longitudinal Survey on Immigrants in Canada*, more than 85% of refugees have no savings upon arrival in Canada, while 50% of immigrants in the skilled economic immigrant category have savings that exceed \$15,000 and 50% in the business economic category have savings that exceed \$100,000⁵.

Given this wide spectrum of wealth, background, motivation for immigrating and destination, newcomers cannot be characterized as a single need group.

¹ Statistics Canada, *Knowledge of Official Languages Among New Immigrants: How Important is it in the Labour Market?* (Ottawa: Statistics Canada, 2005).

² Lutheran Immigrant and Refugee Service, "Financial Literacy for Newcomers: Weaving Immigrant Needs into Financial Education" (Baltimore: LIRS, 2007), 10.

³ Citizenship and Immigration Canada, *Fourth Quarter Data 2006*, The Monitor, Issue 2 (Ottawa, 2007).

⁴ Citizenship and Immigration Canada, *Fourth Quarter Data 2005*, The Monitor, Issue 2 (Ottawa, 2006).

⁵ Statistics Canada, *Longitudinal Survey of Immigrants to Canada*, (Ottawa: Statistics Canada, 2005), p. 90.

Poverty as endemic among newcomer populations

A major obstacle to increasing financial literacy in Canada, in general, is low-income. This is not to suggest that low income and low financial literacy are somehow correlated as studies show the contrary: when given the opportunity, low-income earners can and do move towards self-sufficiency⁶. Instead, this suggests that barriers often endemic to poverty, such as time constraints, low mobility, and low attachment to the financial services mainstream, compromise the ability of the poor to access financial literacy supports⁷. In addition, without adequate access to financial literacy supports, low income earners are at greater risk of slipping further into poverty.

While many newcomers to Canada never experience poverty, studies are showing that poverty is increasingly a 'rite of passage' for newcomers. Studies have shown that upon arrival and during the first year of settlement the probability of entering poverty is high among newcomer populations at 34%-46% (depending on the cohort) and this tendency seems to be increasing for newer cohorts. Statistics show that approximately 65% of immigrants experience bouts of low income within the first 10 years in Canada. Recent statistics show that the percent of those who leave poverty within one year is diminishing⁸.

Not only do many newcomers, therefore, struggle with poverty, the face of poverty in Canada has a large newcomer contingent as well. In Toronto, the city that receives the majority of newcomers, approximately 20% of those using foodbanks have recently arrived to Canada. This does not count those foreign-born naturalized citizens among the remaining 80% of foodbank users; therefore the incidence of immigrants among these populations is most likely higher⁹.

Surprisingly, the tendency to enter low income has been concentrated among skilled workers in recent years: individuals who are selected for immigration due to a combination of sizeable savings, marketable skills and high education levels. Unlike immigrants in the family class, skilled workers do not have an already established family to rely upon when coming to Canada¹⁰. Regrettably, skills and education do not seem to diminish the probability that a newly arrived immigrant will enter low income, nor do language abilities, country of origin, family status, age or years in Canada. Fully 19% of newcomers found themselves in situations of chronic low income after 5 years; after 10 years, only a very small decrease in this probability reveals that chronic low-income is a persistent problem among newcomers¹¹.

⁶ Sharon Collard et al. *Tackling Financial Exclusion: An Area-based Approach* (Policy Press (pfrc at U of Bristol, 2005).

⁷ SEDI, *Financial Literacy Products and Services: Understanding Consumer Preferences Among Vulnerable Populations* (Toronto: SEDI, 2007).

⁸ G. Picot, F. Hou and S. Coulombe, *Chronic Low-income Dynamics Among Recent Immigrants*, (Ottawa: Statistics Canada, 2007), p. 7.

⁹ Daily Bread Food Bank, *Who's Hungry: 2007 Profile of Hunger in the GTA* (Toronto: DBFB, 2007) p. 11, http://www.dailybread.ca/upload/DBFB_WhosHungry_Report.pdf

¹⁰ Picot, Hou and Coulombe, *Chronic Low Income Dynamics*, p. 8.

¹¹ Ibid.

Demand for financial literacy among newcomers

Studies in the U.S. have shown that many newcomers to that country have low attachment to mainstream financial services¹². A person does not have to be 'unbanked' in order to be receiving sub-optimal financial services, not to mention sub-optimal financial literacy services. Large immigrant social networks, while sometimes a life preserver for those who are alone and isolated, can also have negative side-effects. Cycles of poverty are propagated when new immigrants are discouraged from using mainstream financial services. Plenty of fringe and network-based services are readily available and more familiar to newcomer groups, and many people are steered towards them through social networks. Unfortunately these services often consist of loan sharks and predatory pay-day lending services and include identity-theft and fraud. As the report details:

Service providers in Baltimore and Phoenix noted that newcomers have a tendency to trust others who speak their language even if they do not fully understand the legalities they are agreeing to. In the Twin Cities, fraud by a tax preparer of Somali origin affected hundreds of Somali families¹³.

Theft of cash, received through irregular work and stored at home, was also a persistent problem among these communities¹⁴.

Yet, building trust among newcomer populations with respect to the financial services sector proved to be much more challenging than simply dispelling myths about identification requirements and service fees. The report revealed that, in practice, bank staff are not always aware of the regulations, and settlement workers don't often have the technical expertise needed to fully investigate newcomer options in accessing financial services¹⁵.

Another key obstacle particular to newcomers is the lack of adequate services to send money overseas. While remittances sent abroad from the U.S. in 2002 topped \$30 million¹⁶, there is some speculation whether the services used to send those earnings are the most efficient or cost-effective. Some reports suggest that there is a large market for such remittances in the U.S. with many institutions seeking to cater to newcomers by tailoring services to meet these markets¹⁷. However, in the absence of legislation to control the pricing and accessibility of such services, there is little to ensure that these transactions, often factoring among some of the largest expenses in the newcomer's budget, are being carried out transparently and efficiently. For example, the majority of Latino remitters use non-bank wire transfer companies which, according to many experts, should be better regulated¹⁸.

According to the LIRS report, a key topic of interest to newcomers in the U.S. is credit, and evidence from Canada suggests similar interests among newcomers. However, newcomers too infrequently receive information about proper use of credit and the need to build good credit¹⁹.

¹² LIRS, *Financial Literacy for Newcomers*.

¹³ Ibid, p. 11.

¹⁴ Ibid, p. 9.

¹⁵ Ibid, p. 9.

¹⁶ Ibid, p. 10.

¹⁷ Brookings Institution, *Financial Access for Immigrants: Conference Report # 19*, The Brookings Institution Policy Brief (Washington D.C.: Brookings Institution, 2004).

¹⁸ LIRS, *Financial Literacy for Newcomers*, p. 10.

¹⁹ Ibid, p.10; SEDI, *Financial Literacy Products and Services*.

For example, many newcomers are unaware of how overdue payments on utilities and other services can affect future credit ratings, as many come from countries where such systems of credit tracking do not exist.

Securing access to loans, for personal or business capital gain, is often one of the biggest obstacles faced by newcomers whose credit history is not recognized in Canada. Researchers at the Atlantic Metropolis Centre found that, among a group of newcomers in Nova Scotia surveyed on the topic of access to credit, 81% of loan applications submitted by survey respondents had been turned down because of a 'lack of Canadian credit history'²⁰. For entrepreneurs who responded to the survey, the top 2 sources of start-up capital for their business were their 'own money' (37%) and money 'from family and friends' (26%). This tendency varied among immigrants from different countries of origin²¹.

Many newcomers, therefore, find themselves to be protagonists of a vicious cycle, unable to access the credit they need in order to get ahead, and unable to get ahead so that they might access credit. It is not uncommon, as a direct result of being turned down for loans, that newcomers seek out credit cards to help build their credit history in Canada (79% of respondents)²². Many borrow on high-interest or only access pre-paid or co-signed cards, which creates financial vulnerabilities.

While barriers to access might occur on the consumer side, suppliers also have a responsibility to make their services accessible. Work at the Pew Hispanic Centre in Washington has recognized that there is a marketing problem in the financial industry contributing to the low up-take of services by newcomers in the U.S. The research found that marketing practices, cost structures and business plans are:

substantially geared to customers who are deeply familiar with the financial institution and the financial practices and financial culture that developed in this country...That's based on a population quite different than the immigrant population²³.

In recent consultations with the settlement service sector and newcomers themselves, the government of Canada revealed that this is also true of Canada's 'Big 5' financial institutions. In consultation, settlement organizations suggested:

implementing education and awareness programs in (financial) institutions in order to encourage policy changes that address and accommodate newcomers' special circumstances²⁴.

However, the 'Big 5' have been slow to respond to the needs of newcomers. HSBC Bank of Hong Kong is the only foreign bank to have taken advantage of the "Banks and Banking Law Revision

²⁰ N. Atallah and S. Rebelo, *Recognition of Credit History for New Immigrants*, (Halifax: Atlantic Metropolis Centre, 2006), p. 1

²¹ Ibid.

²² Ibid, p. 20.

²³ Pew Hispanic Centre, "Remarks by Robert Suro" (presented at the Federal Reserve Bank of Chicago's Financial Access for Immigrants Conference April 15, 2004).

²⁴ Citizenship and Immigration Canada, *Consultations on the Settlement and Language Training Services Needs of Newcomers: in Support of the Canada-Ontario Immigration Agreement* (Ottawa: CIC, 2006), p. 87.

Act of 1980" which allowed foreign banks to enter the Canadian market, followed by an opportunity to become chartered in 1999. A part of HSBC's success in Canada is that it also capitalized on immigration policy change in the 1980s that allowed for a new class of economic immigrants – the entrepreneurial class – to enter the country under special condition of proven assets that would be deposited and invested in Canada. It is no wonder that HSBC became known as the immigrant's bank:

...between 1986 and 2002, Canada received 737,351 ethnic Chinese immigrants along with \$14.9 billion they brought with them, almost 1.6 times greater than the money brought by all other immigrants combined. Within the first six-month period after their arrival, 10% of all Chinese immigrants and 25% of Chinese business immigrants continued to receive money from sources outside Canada²⁵.

HSBC is a special case in Canada of a bank that caters to a highly specialized market of newcomers to Canada. Beyond Mainland Chinese, Taiwanese and those from Hong Kong, however, the bank offers little in the way of specialized services to other newcomer groups. Nevertheless, it does stand as an example of how financial institutions can work across borders to better serve immigrant markets.

This intimates that financial institutions currently do not go far enough to respond to the needs of the newcomer market. This poses a challenge for financial literacy providers as orienting newcomers towards systems that do not necessarily welcome them and can discourage these consumers from persisting in the demand for adequate services.

At the same time, however, some newcomer groups, and particularly those with long histories in the receiving country, are renowned for establishing their own institutions that cater specifically to the needs of their own particular communities. One such example is the Portugese community in Toronto that has established credit unions to meet the needs of Portugese newcomers²⁶. Another such example is the Muslim Loan Fund at the East London Small Business Centre in the UK. This fund allows its members, mostly ethnic minorities in the Tower Hamlets and Newham part of London, to apply for loans and contribute donations rather than interest payments (largely disapproved of within the Muslim community) to the growing core of the loan fund. The fund itself is primarily funded by the Government's Phoenix Fund²⁷.

Recent community consultations in Ontario have revealed that financial management training is in demand among immigrant populations. Several recommendations suggest ways to implement such programs and make these opportunities available to newcomer audiences. Recommendations include: providing pre-departure information about functioning in Canada's financial environment; one-on-one delivery of programs in the early settlement period; location-specific financial primers including cost-of-living break-downs and model budgets reflecting those regions; general cash flow information for a typical Canadian family; specialized sessions for seniors and youth; tools and information for settlement workers; and, finally, financial information centres throughout Ontario.

²⁵ Ibid, p. 5.

²⁶ Lo, Teixeira and Truelove, "Cultural Resources, Ethnic Strategies, and Immigrant Entrepreneurship: A Comparative Study of Five Immigrant Groups in the Toronto CM" in *Policy Matters 2* (Toronto: CERIS/Metropolis, 2004).

²⁷ C. Pilley, *Immigrants and Financial Services: Literacy, Difficulty of Access, Needs and Solutions*, (Hamburg: Institut Für Finanzdienstleistungen, 2003, unpublished).

Around the world, governments, voluntary sector groups and the private sector are recognizing the demand among newcomers for financial literacy opportunities and are meeting that demand.

An example from the U.K. is the network of Citizen's Advice Bureaux (CABs) - working in over 3,000 locations across the U.K. to help people resolve their legal, money and other problems through the provision of free information and advice and by influencing policy. The CABs have documented experiences in working with migrant workers, mostly undocumented foreign workers, to help them access financial literacy advice. Language barriers remain the largest challenge for the provision of advice through CABs. Although some have adopted telephone-assisted simultaneous translation through a service known as Language Line, this service is often expensive. Other centers have gone so far as to hire a translator or specify language skills in the search for new advisers²⁸.

Another strategy that has built access to the service for newcomers, across languages as well as cultures, is partnering with local cultural associations to learn about the specific needs and concerns in the community while offering information about CAB services. Many newcomers have preconceived notions of the extent of the advice or information offered at the centers and such community-based sessions help newcomers understand their options for financial literacy training²⁹.

Toynbee Hall in London also offers financial literacy programs to newcomers, and operates Services Against Financial Exclusion (S.A.F.E.), a program that works primarily with ethnic minority groups to build financial literacy and inclusion. The program operates in Tower Hamlets, an area with extreme rates of low-income, where residents are primarily ethnic minorities. The area had been hit hard with bank closures, and local Citizens Advice Bureaux had noted a raise in multiple debt issues³⁰. The topic most addressed through this program is money advice, based on the belief that helping people avoid financial difficulties in the first place is the most cost effective mode of financial literacy assistance. This 'first contact' for clients of the program builds bridges for referral to the community including information on banking services, different branches and their services and more innovative community services such as not-for-profit cheque-cashing services.

The U.S. also is home to financial literacy programs tailored to the needs of newcomers. For example, the Microbusiness Development Corporation in Denver has incorporated financial literacy into business development courses. One such program requires four 2-hour workshops in which all clients evaluate their beliefs and values about money. Participants also have an opportunity to receive tools for personal financial management. The one-on-one nature of the programming makes it easier to address the particular concern of new immigrants³¹.

Another key strategy is to use 'teachable moments' such as tax season, when individuals are receiving tax refunds and wondering what to do with the money. A tax clinic in Baltimore, offered in Spanish for the large Hispanic community, offers tax seminars which draw about 25 people a

²⁸ Citizens Advice Bureau, <http://www.citizensadvice.org.uk/>

²⁹ Ibid.

³⁰ Pilley, *Immigrants and Financial Services*.

³¹ LIRS, *Financial Literacy for Newcomers*, p. 17.

month and offer information on the benefits of filing taxes. Free tax preparation is offered to families that make less than \$40,000 per year³².

One note of caution, however: seeking out financial literacy is not always practical, depending on who in the household manages the money and who attends the courses. When the main breadwinner in a low income household is also the one who makes the financial decisions, seeking out financial literacy supports becomes difficult due to time restrictions. This is often the set-up of home-production responsibilities in newcomer households and, more often than not, these roles are gendered, with the men often working more than one job to make ends meet and the women caring for the home³³. At the same time, having household members who do *not* make the financial decisions receive financial literacy training may not be a viable solution to this problem. It can lead to domestic problems and potentially curtail the impact of financial literacy services³⁴.

Conclusion

Many financial literacy services for newcomers are created with the assumption that newcomers are particularly vulnerable to either financial exclusion or making uninformed financial decisions. Characteristics upon which this assumption is based include being new to the context in which the decision-making is taking place, receiving counseling from inappropriate sources (often friends, families and possibly predatory, extended networks) and having insufficient language skills to navigate financial services. Focusing on early intervention for newcomers in financial literacy building is a priority for settlement workers, but is also difficult to achieve as mistrust of authorities and chronic low income put newcomer populations at-risk and out of touch with these programs. Programs in the U.K. and the U.S. were examined and demonstrated innovative ways to enfranchise recently-arrived immigrants into financial literacy programs. The successes of these programs can be attributed to the persistence of staff, multiple delivery formats and environments (i.e. at schools, government offices, settlement offices, ESL classrooms, banks and predatory lending offices, employee recruitment centers, etc.), and also to the modular and flexible nature of the programming itself.

At the same time, however, reaching scale with such programs is difficult because they are labour-intensive and ultimately costly. Therefore, program staff have been innovative in keeping costs to a minimum and in partnering towards better resource allocation. Settlement organizations are encouraged by the positive responses of program clients and are optimistic that the positive impacts of programs to date are representative of the potential impact on the broader population. More needs to be done to raise awareness of the need for timely intervention in financial literacy for newcomers. More research is also required in order to continue to document and understand the extent of the impacts of financial literacy interventions for newcomers.

³² Ibid, p. 17.

³³ Ibid, p. 10.

³⁴ Ibid.

Methodology

Multiple and complimentary methods were employed including 1) a literature review of peer-reviewed articles and other secondary research that addressed issues in design and delivery of financial literacy interventions for newcomers; 2) an environmental scan based in a web search that served to populate a database with current and relevant interventions supplying newcomers to Canada with financial literacy; 3) key informant interviews that served to fill in gaps in the scan and validate assumptions or patterns found in the research.

Literature review

A review of the primary and secondary literature on financial literacy for newcomers was conducted using academic research databases such as ERIC, CSA Francis and Social Services Abstracts. Terms searched included 'financial literacy', 'financial education', 'financial capability', 'financial orientation', 'newcomers', 'immigrants', 'migrants', 'foreign-born', 'settlement', 'financial consumer education' and 'newcomer consumer education'. Websites of relevance and known to SEDI were also browsed.

The objective of the review was to build a sampling frame by which to scan effective financial literacy products and services for newcomers.

Data collection

Through an internet search for financial literacy products and services provided by organizations in Canada, information was gathered about organizations that offer such resources to newcomers. Their websites and web-based publications (i.e. annual reports, CRA financial information, program evaluation reports, course offerings and seminar guides) were reviewed. Data was catalogued in a customized database according to supplier demographic information (geographic location, organizational reach, industry type, organizational size and/or type). Financial literacy products and services offered by the suppliers were also catalogued. A resource's accessibility to newcomers was mostly gauged by some indication of intent to include newcomers on the website or in the product or service description itself. In the absence of such an indication, resources that offer services in a non-official language were also catalogued as a proxy service for newcomers. The limitations of this approach are discussed below. Where possible, internet searches were supplemented with random phone calls and emails to verify information or check that website information was complete and up to date. Over 330 organizations were searched looking at multicultural associations, provincial settlement councils, financial services associations, and ethnic media associations. Of these 330 organizations, 84 were identified as providing financial literacy to newcomers.

The information sampled consisted of 1) the suppliers of financial literacy and their demographic information including location, scale of operations and the sector in which they operated; 2) the products provided by suppliers and 3) the services provided by suppliers. For each product and service, information was gathered on the format in which they were delivered, the purpose of the intervention, the topics covered, the audiences targeted, the costs to end-users of accessing the intervention and the languages in which the intervention is offered.

This information was collected into a searchable ACCESS database format and queries were built in order to access aggregate information on patterns of delivery of financial literacy products and services to newcomers.

Key informant interviews

Key informant interviews were conducted with 18 individuals from across sectors who either work with newcomers, work in the field of financial literacy or otherwise have insight into the needs and issues facing newcomer populations. Informants were culled from SEDI's own networks as well as from the scan itself and identified through the 'snowball effect' where one contact identifies another as a key source of knowledge.

The interviews served to validate the findings in the database as well as fill in gaps in knowledge and understanding that were presented by the database findings in order that SEDI might better draw conclusions from the study. In doing so, the research team strove to ensure balanced representation of informants across the country and across sectors. Informants were also chosen for their ability to provide specific information on certain patterns or issues in settlement services identified through the scan or through the literature review. For example, an effort was made to sample on the east coast where the rate of immigrants settling in that part of Canada are the highest³⁵; or to gather respondents from violence against women programs housed in settlement organizations where women making use of these programs are most likely to be transitioning towards independent living and positioned to benefit from financial literacy interventions.

An outline of the key informants interviewed and their respective geographic and sectoral affiliations can be found in Appendix A. Respondents answered open-ended questions. A sample of the interview template can be found in Appendix B.

Methodological limitations

While the research was designed in collaboration with and reviewed throughout by a methodologist to mitigate the deleterious effects of methodological constraints, it is almost impossible to eliminate them entirely.

Over-reliance on the internet as the primary source of data collected in the scan is problematic because it increases the probability of bias. Not all organizations report on their activities on-line, and those who do may not report on them in timely or complete manners. Given that intended audiences of organizational websites range among clients, prospective clients, the general public and funders, it is much to expect of websites to offer full disclosure on an organization's activities. On the other hand, large organizations, particularly in the private sector, have the resources to keep their on-line information current and bias might occur from over-sampling these providers.

The internet also requires a certain amount of interpretation by the researcher who may have to read 'between the lines' using his or her discretion to determine whether a product or service qualifies under the criteria set out in the sampling frame. For example, general reports of 'settlement services' were not assumed to include financial information, education or advice transfer. This measure was taken to protect the integrity of the sample. The key informant

³⁵ Citizenship and Immigration Canada, *Third Quarter Data 2006*, The Monitor, Issue 2 (Ottawa, 2007).

interviews were designed to follow-up on the validity of this framework, and to identify any gaps in the supply that might occur due to an organization's failure to report on their financial literacy interventions in a web-based format.

In addition to bias caused by the nature of the medium through which sampling took place, the capacity of the research team to screen French-language content was low.

The criteria used to identify a financial literacy intervention as being inclusive of newcomers was two-pronged 1) support was offered in at least one non-official language and/or 2) content was explicitly directed towards newcomers (i.e. a specific immigration status was required in order to access the intervention), particularly where it was offered in at least one of Canada's two official languages. The hidden assumption here is that newcomers do not all speak English or French as their first language or sufficiently as a learned language to make use of financial literacy supports offered in either of those. Key informants were asked to comment on the adequacy of multilingual supports as a measure of access.

Perhaps the best measure of accessibility of a product or service to newcomer communities would be sampling the uptake of an intervention by certain groups in order to determine whether it is accessible and what makes it accessible to newcomers. This, of course, is market research that is outside the scope of this study, but might be considered for further study to help understand newcomer needs and preferences for financial literacy interventions upon entering Canada. SEDI has conducted a study of this nature that sampled some newcomer preferences and experiences with accessing financial literacy supports, but it focused on a few cohorts of low-income earning newcomers alongside Canadian-born individuals of low-income; a broader study focused on newcomers might therefore be considered.

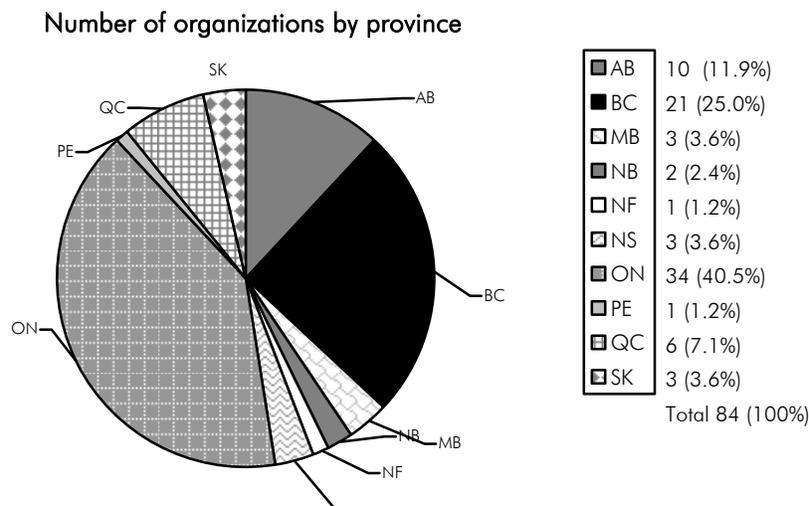
Finally, key informant responses to invitations to participate in the research was much lower than anticipated for no particular reason other than candidates were often too busy and could not find the time. Nevertheless, a good spread of informants was achieved with balanced representation from sectors and geographic regions that was almost in proportion to the sample collected in the scan. Some informants were chosen because they skewed the sample away from trends found in the scan which is a technique used to ensure the validity of the sample.

Results

Organizational demographics

Through this project, a total of 84 organizations (for a full listing of organizations and products and/or services provided by each, please see Appendix C) were sampled with some of those offering more than one product and/or service to clients. In total, 70 services and 44 products were sampled in the database. British Columbia and Ontario (25.0% and 40.5% respectively) dominate the provision of interventions with Alberta not far behind at 11.9% (Figure 1). This is not surprising as these are large immigrant-receiving provinces. The low representation from Quebec can be explained by under-sampling in that province for reasons described in the *Methodology Limitations* section above.

Figure 1:



A provincial breakdown of the organizations by sector reveals that the large number of delivery agents in Ontario can be accounted for by the presence of federal government delivery agencies, national headquarters of large chartered banks and national headquarters of large non-profit organizations (NPOs) in that province. If we control for these organizations, British Columbia takes the lead as the number one province providing financial literacy products and services to newcomers.

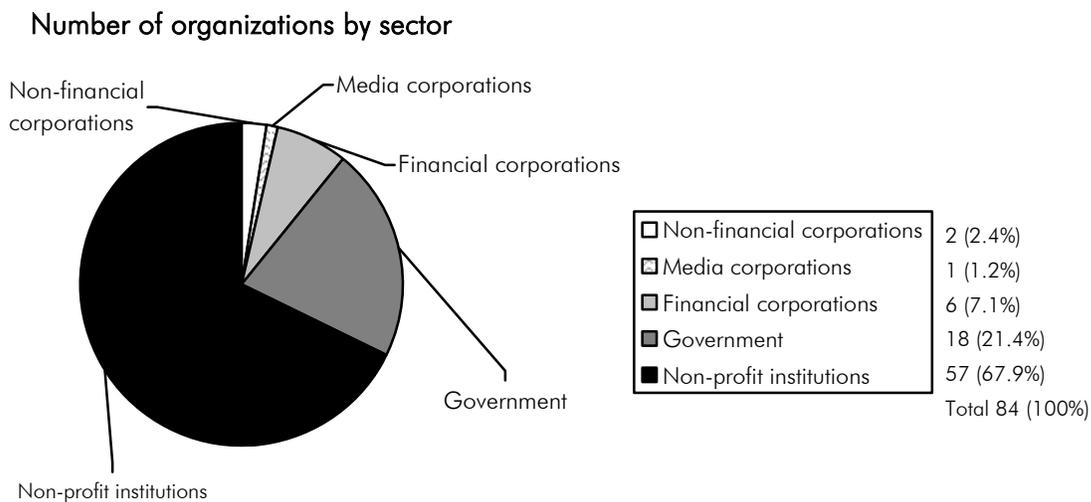
The majority of all organizations sampled provide products or services on a local community or municipal level (67.9%) while those whose delivery has a provincial reach made up 13.1% of the organizational sample and those with international and national reaches 10.7% and 7.1% respectively.

NPOs factored largely among delivery agents (Figure 2), more so among those providing services (87.3%) than products where governments dominated as the main delivery agents (52.3%). Of the NPOs, the vast majority operated mid-sized budgets between \$30,000 - \$5M annually while 16.0% operated budgets of between \$5 M and \$30 M. The government bodies that most

delivered interventions were provincial or territorial departments or agencies (50%), followed by federal departments or agencies (33.0%). It is not surprising that regional governments are delivering more services than the federal government given that many provinces hold agreements with Citizenship and Immigration Canada that increase their capacity to deliver services to newcomers.

The provision of services by NPOs reflects the general government funding structure for settlement services where governments deliver their services through contracts with NPOs. The fact that product delivery is less often contracted out is seen in the findings here where the percent of all products provided by NPOs was almost half of that provided by governments (52.3%). While financial institutions delivered only a small percent of services (5.7%), they almost matched NPOs as the second most prominent delivery agents of services (20.7% vs. NPOs at 22.0%)

Figure 2:

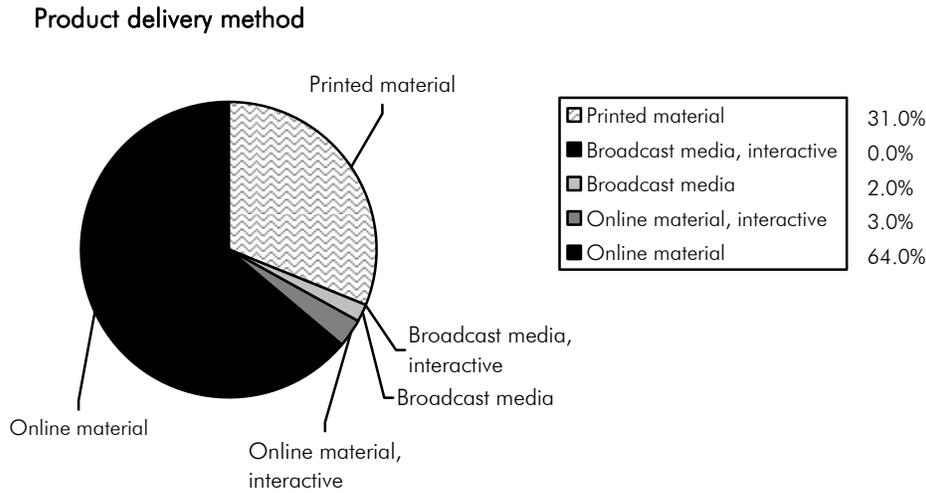


Delivery methods

All interventions were classified as either products or services where products were tangible items including print (newspapers, magazines, brochures, etc.), online material (informational websites), and interactive online material (web portals, calculators, quizzes, any items that allowed a client to interact with the material). Services, on the other hand, were interventions that required the animation of material by a professional or practitioner including small group courses (up to 20 learners), large group courses (more than 20 learners), self-directed (drop-in centres where an individual was available with no appointment necessary), or one-on-one (appointment-based, client-focused sessions). Organizations used a variety of methods to deliver financial literacy products and services to newcomers, with some offering more than one product and/or service.

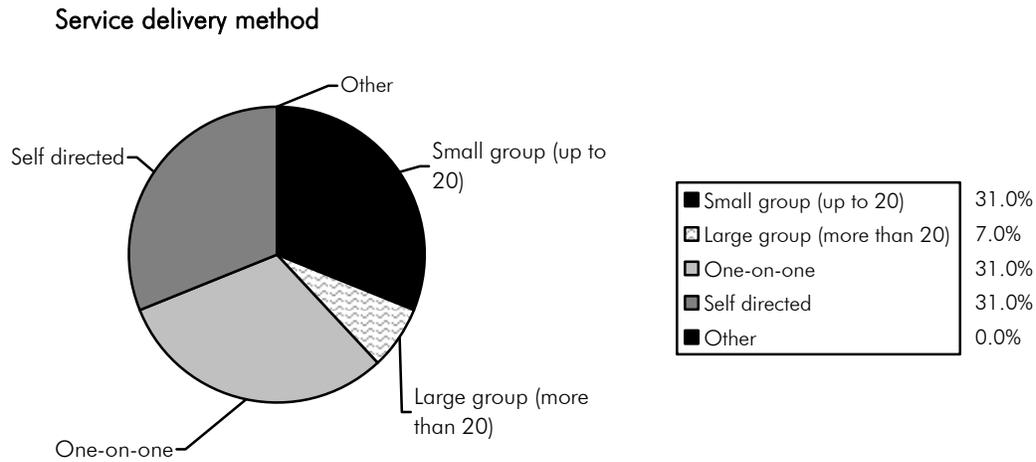
The most-offered format for a product was online material (64.0%). The majority of on-line resources were not offered in any other format (Figure 3). Print material was the second most-offered format (31.0%) and, in contrast to online material, the majority of these did come in alternative formats. It seems that online products might be seen as the 'industry standard' when it comes to providing consumers with information-based interventions.

Figure 3:



Among the most-offered delivery formats for services sampled in this research, the small-group format, one-on-one delivery and self-directed delivery all factor equally at 31.0% (Figure 4). With services, delivery in multiple formats was less common than with products. This might be due to the nature of services, i.e. given that delivery of services tends to be labour-intensive, delivery agents will tend to invest more in getting a single delivery model right – this was corroborated through key informant interviews.

Figure 4:



Intervention purpose

In an effort to understand the end goal or purpose of a product or service each intervention was assessed for the purpose they served whether they were informational, educational or advisory in nature. Interventions with an informational purpose had a wide range of applications requiring minimal intervention, focusing on transferring facts to clients. Those with an educational purpose required much more intervention (including facilitators, web portals, learning modules) to facilitate knowledge transfer and client capacity building. Those with an advisory purpose strove to offer information transfer based on an individual client's particular profile or specific circumstance.

For both products and services, the most common purpose encountered among the interventions was information transfer. 77.5% served at least this purpose, if not a mixed purpose. Among products, advice was a distant second purpose of product interventions (7.8%) and it was never offered without also striving to meet the goal of either offering information or education alongside. While somewhat surprising given that it is difficult for products to appeal to an individual's circumstances, it is conceivable that the purposes of products that are highly targeted towards the needs of a particular end-group might appear to overlap or even converge.

For example, the Employment Access Strategy for Immigrants targets highly trained professional newcomers to British Columbia through their lookingahead.ca web portal. The portal offers tips, information and also advice, and a targeted end-group may blur the line between the latter two. This is especially true when that intervention offers resources and follow-up with information and links to further advice.

While advice did factor among product interventions, it is of interest to note the observation that financial advisors and planners that were screened through the search did not offer specific client-centered advice targeted towards newcomers and, as a result, there are no financial advisors within the sample collected.

In the case of services, education was the less-distant second purpose of interventions with 21.8% of all service purposes being educational. Of note, however, among the purposes of services was the high number of information on offer. It was expected that services would be geared towards education or advice, yet informational interventions comprised 72.4% of all service purposes. The spike in informational offerings might reflect the high number of drop-in centres at settlement NPOs (see *Delivery Methods* above) and, as discussed during key informant interviews, might also reflect a need for more targeted, educational or advisory services in the settlement sector.

A sampling of the costs to clients of accessing interventions revealed that products are mostly free with only one, a newcomer magazine, asking for a subscription but necessarily requiring one as it offers free distribution to public areas. Among the services, only one course required payment and another offered otherwise paid courses for free on a sliding scale to those on low incomes.

Audiences served by interventions

For the purposes of this research, all products and services sampled had to be identified as targeting newcomers, recent immigrants or prospective immigrants to Canada. Interventions 'targeting newcomers' were those financial literacy products and services that were available in a non-official language or a region's secondary language. The research team recognized that this was not a fully accurate method as some official-language interventions can be used by

newcomers (i.e. In 2006, French was the second most popular language of origin among new immigrants to Quebec³⁶), while non-official language interventions can be accessed by long-established first generation Canadians (beyond 5 years in the country), by second generation Canadians, or by anyone else who happens to speak a non-official language for reasons other than heritage (i.e. for work, learnt it in school, etc). At the same time, the vast majority of newcomers already speak an official language upon entering Canada, therefore using language as the sole indicator in screening for the inclusion of newcomers among the audience of an intervention is problematic. To account for this, the content of the intervention was also considered, as well as delivery site (i.e. made available at a settlement organization or a Citizenship and Immigration Canada office).

All services were targeted towards newcomers or prospective immigrants. Other populations targeted through these same interventions were women, people with disabilities and people with low wealth. Interestingly, 17.1% of the services sampled were also targeted towards low-income earners. This is in stark contrast to alternative audiences served by products among which low-income earners did not factor at all. The provision of financial literacy to low-income earners through services might be explained by the high number of tax clinics and drop-in centres that, as a part of regular settlement services, offer information on government benefits and other social assistance.

Among the recent immigrants receiving services were government-sponsored refugees and people in the first year of the settlement process. Government sponsored refugees were identified on interview as being a group in high need of support of all kinds and there are a high number of programs targeting this population which might account for this finding. Key informants also identified the first year as a timely and opportune moment to build financial literacy and, while services did cater highly to this population, more can be done (see *Discussion* below).

In addition to products offered to recent immigrants to Canada is a substantial number of products (36.4%) offered to prospective immigrants. This is in contrast to services where only one bank offered orientation through branches abroad before clients embarked on the emigration process. The internet and other on-line materials might account for the high volume of financial literacy products offered to prospective immigrants. In contrast to services, other audiences served by products that included immigrants were those targeted towards middle-high income earners and people with high wealth. All but one product was considered to be targeted towards newcomers or prospective newcomers. One website directed towards foreign travelers to Canada was deemed to provide useful information on currency and the Canadian financial system, and was included in the sample.

Sub groups of immigrants served by products were divided more according to pre-arrival and post-arrival information, delivered in an open-ended fashion to whomsoever might have access and who has landed immigrant status.

³⁶ Citizenship and Immigration Canada, *Facts & Figures 2006*, (Ottawa: CIC, 2007).

Other audiences identified as being targeted by these interventions include parents, professionals and people with post-secondary education as well as naturalized Canadians of specific heritages or ethnic communities. Among these are Chinese, Eastern European, North African and Arabic individuals.

What is clear from this is that there is much more to newcomer needs than language assistance. A discussion of these needs follows in the *Discussion* portion.

Topics covered by interventions

Among the topics most offered through financial literacy interventions, banking, government benefits and taxes were the top three on offer through services while products concentrated on providing information, education and advice around banking, credit and debt, the Canadian financial system and consumption. The significance of this divergent focus between topics offered through products and services was not calculated, however, it is conceivable that some topics might be more conducive to delivering through certain formats rather than others. The treatment of certain topics over others might also be governed by funding regimes or established program requirements where volunteer tax clinics and government benefit information through a drop-in centre are both common fixtures in settlement organizations. The question that remains is whether these funding structures are in line with the need for information, education and advice on money matters among newcomers.

When providers go outside these frameworks to deliver beyond what might be required of funding programs, new topics of interest enter in among financial literacy interventions. For example, the cost of living in Canada or parts of Canada was a topic that was not pre-set by the literature review or the sampling design, however proved to be a key offering among financial literacy interventions for newcomers, especially among products, factoring in the top 50 percentile of topics covered by interventions.

On the other hand, topics that were nowhere among the financial literacy interventions sampled are remittances, predatory lending and credit history, all of which were identified through the literature review as areas of great need among newcomers. These might have been on low offer in Canada for several reasons. In the case of remittances, there are no established mainstream services that provide these services, much of the market for money transfers is saturated by transfer agencies and banks have yet to enter the competition, therefore newcomers may feel that they have very little choice when it comes to remittances and, therefore, there is not much around which capacity can be built. In contrast, in the US, competition to transfer money abroad is fierce, opening an opportunity for consumer education. In Canada, consumer education to newcomers has not seemed to focus on remittances.

In the case of credit history, the reasoning might be similar, where there is very little that newcomers can do in the absence of a credit history. In addition to learning about this extra barrier, skills and knowledge around confronting this barrier might be concentrated in the area of credit and debt where alternatives to bank loans might be discussed.

Through the key informant interviews, the question of whether or not the current topics are relevant to newcomers or what the processes of determining need for interventions on specific topics was discussed (see *Discussion* below).

Languages

The majority of financial literacy interventions sampled were offered in several languages (3 or more) where at least one of the languages was an official language of Canada (French or English). Among services, 59% offered such multilingual interventions and among products, 39% offered multilingual interventions. As discussed above, however, these results might be due to oversampling in the area of non-official languages as this was a part of the criteria for inclusion of immigrants among the audiences of interventions. That said, however, it is important to note that there was an incredible wealth of language options, with over 45 different languages and dialects originating from almost every sub-continent of the world.

While the wealth of language options that offer financial literacy might suggest that newcomers do not encounter language barriers when accessing interventions, this is not necessarily the case. It is important to examine whether the distribution of interventions in certain languages match the distribution of newcomers to Canada whose mother tongues are in those languages. Using 2006 data from Citizenship and Immigration Canada, the top languages of refugee and family status newcomers in prime immigrant-receiving parts of the country were charted. Only refugee and family status newcomers were considered as they have a lower probability of knowing an official language upon immigration and, therefore, a higher probability of requiring integration services in their mother tongue³⁷. Taken together, the mother tongues of these two groups were used as a measure of 'language need'. The data collected on the multilingual options of products and services were also broken out by province to match against those of actual 'language needs' in each province. The situation of Quebec is not illustrated here as language barriers in sampling from Quebec posed as a barrier to researchers weakening the representative sample of organizations from that province.

³⁷ On average 63% of refugees and family status immigrants in English-speaking Canada have no knowledge of either official language compared to 86% of skilled applicants, skilled worker spouses and economic immigrants in this part of the country; in French-speaking Canada, 75% of refugees and family status immigrants have some knowledge of either official language compared to 96% of skilled applicants, skilled worker spouses and economic immigrants. Adapted from Statistics Canada, *Longitudinal Survey of Immigrants to Canada: A Portrait of Early Settlement Experiences*. Catalogue no. 89-614, September 2005, p 30.

Table 1: Comparison of the top 5 languages needed in 3 large immigrant receiving provinces and the top 5 languages on offer through financial literacy interventions

Province	Top 5 language need according to numbers of refugees and family status immigrants ³⁸	Top 5 number of financial literacy interventions offered in non-official languages
Ontario	Chinese (7,991) Punjabi (5,192) Spanish (4,203) Urdu (3,541) Tagalog (1,923)	Chinese (13) Spanish (10) Arabic (8) Punjabi (7) Somali (5)
Alberta	Punjabi (1,341) Chinese (817) Tagalog (540) Vietnamese (440) Spanish (376)	Chinese (3) Arabic (2) Punjabi (2) Spanish (1)
British Columbia	Punjabi (3,968) Chinese (2,959) Tagalog (920) Spanish (262) Farsi (172)	Chinese (11) Spanish (8) Punjabi (8) Somali (1)

From Table 1, it is clear that in some parts of the country, certain populations of newcomers might be underserved as they might be experiencing language barriers when accessing financial literacy information, education and advice. Of particular note are those whose mother tongues are Urdu and Tagalog in Ontario; those with Tagalog and Vietnamese as their mother tongues in Alberta; and those with Tagalog and Farsi as their mother tongue. While it is entirely possible that some populations such as Urdu-speaking who are underserved in Ontario might commonly have a second language represented among the languages on offer such as Punjabi. There are those populations, however, such as those with Tagalog as a mother tongue, who seem to be excluded abjectly across the country. Follow up research is needed to better assess language needs of immigrants when accessing financial literacy interventions and follow-up research on the availability and accessibility in Quebec is also needed. (Please see Appendix D for full results of the environmental scan of financial literacy for newcomers).

³⁸ Citizenship and Immigration Canada, *Facts & Figures 2006*.

Sample validity

The key informant interviews confirmed the validity of the sample. When asked *what good financial literacy resources they were aware of*, informants identified resources that were already in the database 97% of the time. This suggests that the sampling was complete, except, of course, for Quebec where, as mentioned above, the field was under-sampled due to logistical constraints.

Those resources that informants tended to be most familiar with were government informational pages and local settlement services. Where new resources were identified for inclusion in the scan, they were often smaller organizations with low web capabilities, or infrequently updated websites. A few of the resources not detected by the scan were offerings through regular programs at settlement organizations such as drop-ins and language training, but in follow-up, the resources offered were quite sparse and ad-hoc throughout programming and there was little capability within the organization to deal with the broader need for financial literacy training. Therefore, the validation of the sample was deemed to be successful.

Discussion

Current supply of financial literacy to newcomers

According to this research, the majority of interventions sampled reach newcomers as information. While this information is able to be generalized and largely applicable to different aspects of an individual's decision-making processes, there is very little evidence that the current supply for newcomers is tooled to suit the needs of newcomer populations. For example, offering information in multiple languages is important, but perhaps not the most important part of making interventions accessible to newcomers.

Several key informants felt that the current information, while a good start, was too passive to suit the needs of newcomers. The term 'passive' means putting the onus on the individual to pursue the product or information. Marketing through effective 'product placement' was suggested as one way to begin taking some of the burden of responsibility off of the newcomer who is often vulnerable and at-risk of making mal-informed choices in the early settlement stage. However effective product placement, for example, may not necessarily help newcomers identify themselves as being 'in-need' of this particular kind of service.

Building a demand for financial literacy among newcomers has been identified as an area in need of much improvement. This cannot be done passively, therefore facilitators, practitioners and animators of information need to be made available. In addition, there was much discussion within the key informant interviews of the relevance of timely intervention for this particular sub-population. At the same time, however, practitioners caution that 'timely' and 'active' might be interpreted by end-clients as overt, aggressive and, therefore, untrustworthy and patronizing. While there is a danger in leaving interventions too late, informants urged that there is also a danger in lumping all newcomers into a single category of need.

While earlier intervention is necessary, any strategy to implement such interventions should take full account of the fact that newcomers are not necessarily 'market-ready' to receive it. This was noted to be particularly true in the early months of settlement when the ideology of emigration was strong, making it difficult for a newcomer to perceive poverty as a part of immigration that many others just like them go through. At the same time, it should also not be taken for granted that all newcomers will need some form of 'newcomer-specific' intervention. Indeed, many individuals do manage to adapt quickly and effectively to life in Canada for a variety of reasons and their particular financial literacy needs may resemble those of the 'general Canadian population' rather than those of a newcomer.

This, of course, begs the question of what newcomer-specific interventions might look like and what the specific topic areas that make these interventions relevant to this sub-population might be.

Content

The topics currently offered through established financial literacy programs are somewhat relevant to newcomers, but almost all key informants felt that key topics or particular issues were missing. A concern was that topics tend to be top-down, or industry-driven rather than client-need driven. For example, in the case of rural New Brunswick, many newcomers arrive under the Provincial Nominee Program on a fast-track to citizenship and settle based on their ability to participate in the labour market needs of a particular location. In New Brunswick, the current trend among newcomers is business start-up and many are in need of financial literacy and orientation towards the Canadian 'way of doing business'. Less about money management and cashflows, what is most topical for newcomers in this example is information, education and advice on Canadian systems of property purchase, making acquisitions under existing legislation and the timelines in business start up which many newcomers find particularly slow. Therefore, while there is a need for certain basic financial literacy training, informants cautioned against over-emphasizing topics as the driving force behind financial literacy and suggested a mitigated approach be employed. This would put a degree of separation between the learner and the content of the training, whereby facilitators or practitioners would be responsible for bridging modules and specific product or service content with the individual's situation or context.

Another example of this top-down approach that should be modified is the provision of information, education and advice on 'payday loans'. While this issue was among those identified through the literature review to be top of mind among newcomers, informants claimed that 'payday loans' are not perceived by clients as a topic of relevance. From the perspective of one key informant, nobody who accesses payday loans feels that they have a choice in doing so, therefore presenting 'payday loans' as a topic to newcomers would be ineffective. A more effective approach would be to look at the topic from the client's perspective who would consider it a part of 'banking'. While the undercurrent in this observation might be that clients are actually in denial when it comes to their financial decisions, impressing issues on them before they identify with them will not improve up-take. Generally, newcomers, just like all consumers, would prefer to participate in conversations where they can focus on problem solving rather than problem identification. Indeed, a gap exists between the client's readiness to receive certain training and their need for that training. Bridging this space is a task that requires more attention and many informants agreed that if practitioners do not take up this task, presenting new topics will be ineffective in reaching this audience.

One informant in this study felt that tailoring' programming to the particular needs of each individual client was the only additional support needed to bring relevant financial literacy to newcomers. Effective delivery of financial literacy to newcomers in this scenario would not be about ensuring the topics are right at all, but rather likening a person's particular experience in their home country to common practice in Canada. This goes beyond giving a cultural account of the 'way things are done in Canada'. This labour-intensive strategy would draw on the resources of someone who is already familiar with the sending country's context as well as the particular client's individual experience with money management in their country of origin. The facilitator's job, in this case, is much more like that of a counselor where a re-mapping of consumer associations with financial decision-making takes place, orienting the individual towards Canadian society, but on their own terms.

The case for this suggests that orienting people towards the Canadian financial system is not enough. For example, financial products in some developing countries are seen as status symbols,

where a person might point to their 3 credit cards to demonstrate that they are a person of high economic value. Once in Canada, a person might perceive offers from credit cards erroneously, as indicators that their socio-economic status has followed them to their country of settlement. The reality however is that credit cards are readily both available and accepted for a vast amount of purchases. In this situation, credit may be more of a hazard than a status symbol, yet the cultural re-orientation towards these concepts often lead people into difficult financial situations.

In discussing how to avoid being biased and aggressive in bringing financial literacy to newcomers while also being timely and relevant in the delivery of the intervention, one insightful suggestion was to perform a full 'readiness' assessment with newcomers 'at the gate' or immediately upon arrival in Canada. This approach would serve to identify a particular individual's or family's needs for financial literacy interventions and could be used to streamline them towards certain programming. Whether or not such a diagnostic approach would be tenable is open for debate; however it does shed light on the fact that there are few pathways and end-programs to which people might be referred upon undergoing assessment.

Delivery

According to the environmental scan, the delivery of financial literacy to newcomers is concentrated in the non-profit sector and key informant interviews tended to validate this finding. At the same time, however, many of the interventions delivered through this sector are government-funded and follow government-funding guidelines. An interview with a provincial representative at the Ministry of Migration and Multiculturalism in British Columbia revealed that the funding structure in that province only allows for the delivery of financial literacy interventions as a part of 'light touch' services. On the other hand, however, funding prospects for general financial literacy programs in British Columbia is expanding (i.e. municipalities, credit unions and provincial community services departments are adding financial literacy to the list of eligible programs), and some groups are using these other funding streams to build larger financial literacy programs that can respond to the needs of newcomers. The case of British Columbia, however, is a unique one in Canada, and still evolving, yet it emphasizes the innovative ways in which the delivery of financial literacy is changing.

Interviews were conducted with community-based, non-settlement program managers to learn about other pathways to financial literacy that newcomers might be accessing. For those programs that sought to support people through situations of adversity such as Violence Against Women programs, financial advocacy for low-income earners programs and job training programs, there was a consensus that financial literacy was a necessary component. While the Violence Against Woman program could not, for resource purposes, offer any in-house training, and the availability of programs to which clients could be referred that suited their needs was extremely limited, there was a strong recognition of the relevance of financial literacy to such programming. For the other two programs, financial literacy is offered to different degrees and seen as relevant and necessary to helping the clients transition out of adversity and into self-sufficiency.

Where newcomers factored among the clients of these programs, there was no specific need identified. Like any other individual, the general observation was that individuals respond better to programs when they can identify with and trust program facilitators and other clients. Also, when an effort is made within these programs to help clients make personal linkages, newcomers find their own comfort level within the program. One key observation among all practitioners whether of settlement programs or other community-based program is that there is no single attitude

towards money management that characterizes newcomers. Newcomers are not inherently thrifty because immigration has required it of them, they are not necessarily unfamiliar with the Canadian financial system as many have deep knowledge about financial services, they are not necessarily debt-averse and, due to general high levels of education among this population, they are not necessarily good savers. What was broadly identified as an important tenet for moving forward in developing programs and tools is that newcomers might have a wide range of skills, knowledge and confidence, therefore the supports that they need the most are ones that recognize their individuality. This suggests that the construct of 'newcomer' is artificial when it comes to meeting this population's needs for supports.

Following this logic, and building on findings from recent SEDI research, it is possible that the settlement sector is not the only effective delivery agent for financial literacy interventions. It is one of perhaps many different locations. One area that has yet to be explored for possible applications is the workplace. No workplaces were found, through this research, to offer financial literacy supports to newcomers, however one might expect that employers who do offer financial literacy would not do so in a way that segregates newcomer employees from others. Canadian employers were not surveyed as a part of this research, but with workplace-based delivery of financial literacy growing around the world, it is conceivable that this might also be a feasible location for offering such supports to all consumers, not just newcomers.

The current involvement of the financial sector in delivering financial literacy to newcomers is low while existing products and services do not go far to offer objective financial literacy supports that are not tied to service or product sales. HSBC operates seminars abroad before people emigrate so that they might orient themselves towards the institution and its products/services before even leaving the country. Product-specific and tailored to a high-end client, this is reflective of the general support available to newcomers through this sector. Interestingly, however, research has shown that 'high-end' newcomers, in fact, can occupy a very unique space of being both low-income earners and of high wealth after spending large pre-immigration family holdings purchasing a house outright. This means that many seemingly high-functioning individuals are actually precariously housed and at-risk of homelessness³⁹. This phenomenon provides a challenge for the field of financial literacy where those in extreme need or those who might benefit the most from the intervention do not appear to be struggling economically. They are also often those who are most embedded within their Diaspora communities and difficult to reach through community services. Therefore, while the settlement sector seems to be the natural space for providing financial literacy services to newcomers, there may be many yet unexplored arenas in which this intervention might be supplied.

Banks represent some of the areas of first contact that newcomers have with the Canadian financial system. In conversation with representatives of financial institutions, newcomers are not often recognized as a target clientele. While many banks admit proudly that they serve newcomers, they do not tend to market towards their needs, never mind take the initiative to provide financial literacy products and services. One key informant from a financial institution revealed that it is not uncommon for newcomers to encounter obstacles in obtaining loans when their credit history from abroad is not recognized and their credit history in Canada is short or non-existent. At the same time, however, previous research with newcomer populations suggests that newcomers do not feel alienated from banks in Canada, especially upon early arrival among economic immigrants who

³⁹ V. Preston, R. Murdie and A. Murnaghan, *The Housing Situation and Needs of Recent Immigrants in the Toronto CMA*, (Toronto: CERIS – The Ontario Metropolis Centre, 2007).

are required to bring large savings with them upon entry to Canada. For these individuals, banks are 'particularly friendly' and the general understanding among newcomers is that banks are not there to help, but rather to bolster its profit margins⁴⁰. As such, key questions are what roles can banks play in supporting financial literacy interventions, or should they play a role at all.

Examples of community-bank partnerships that promote financial literacy among newcomers are limited. Those that do exist tend to use financial literacy supports to help improve access to loans and other products and services. From the bank's point of view, a candidate for a loan with some financial literacy training is stronger than one without. This, however, should not obfuscate the fact that such training could never replace the utility of a strong credit rating in obtaining financial products. From the perspective of the financial industry, therefore, while financial literacy is 'nice to have' it is rarely seen as a field in which the financial industry should be delivering products or services.

Several informants suggested that when the creditor is the government, financial literacy should be a key support. As in the case of the Immigration Loans Program that offers, to those entering Canada through the refugee stream, financial assistance with transportation to Canada, medical exams abroad and offsetting the cost of travel documents, newcomers who already predominantly have low savings (see *Literature review* above) should not be expected to enter into repayment without some guidance and support.

There is one arena that received strong support from many informants as a key place to offer financial literacy services to newcomers. Classes that offer English as a Second Language (ESL) to newcomers are opportune vehicles through which to offer financial literacy supports. ESL classes target different sub-populations of newcomers – they range from government-sponsored programs as a part of the settlement process, to college-based private paid programming. ESL courses have been identified as ideal because they represent a system that is already in place for which all newcomers are eligible and the vast majority access at some point in their settlement process. The content of the courses also lends itself to teaching financial literacy as students tend to become better engaged in the material when learning about topics relevant and applicable to their lives.

Private colleges and schools that deliver financial literacy through ESL programs feel that they are offering their students greater value, as well as value to the community and to themselves as an institution producing highly productive graduates.

According to informants, some ESL programs across the country, offered through the federal government's Language Instruction for Newcomers to Canada (LINC) program, offer basic banking orientation. This, however, is small in comparison to previous ESL curriculums operated by the national LINC program which housed large units on banking, budgeting, housing and taxes. With decreased funding to this program, the ability to conduct these modules in demonstrable and client-relevant ways, such as 'trips to the market' conducted during class to help students practice their knowledge and skills, has discontinued.

While the current pattern of supply and delivery of financial literacy resources to newcomers flows through the settlement sector in partnership with government settlement service programs, there is much in support of other avenues and vehicles that might be relevant and just as good, if not better, systems of delivery of financial literacy interventions to newcomers.

⁴⁰ SEDI, *Financial Literacy Products and Services*.

Conclusions

Looking at the current supply of financial literacy products and services to newcomers in Canada has revealed that there is much being offered through settlement services that is informational in orientation and that newcomers might be underserved when it comes to educational and advisory supports. Topics most offered through financial literacy programs focused on government benefits, taxes and social assistance as well as credit/ debt, banking and consumerism. There was some question as to whether these topics reflected the actual interests and needs of newcomers or whether they were determined through industry-driven assessments of need or client-specific assessments of need. More research, particularly market research with newcomers, would be needed in order to determine the relevance of these topics to consumers. Discussions with key informants, however, suggest that topics are not the most important element in making programming relevant to newcomers; what is perhaps most important is offering individualized support.

Key informant interviews, however, elucidated different ways in which the current delivery might be falling short of providing for the needs of newcomers and suggested points for improvement. These include:

- Systems of delivery that focus more on individual client needs and contexts.
- Decreased emphasis on topics as the component part of financial literacy training and more effort applied to ensuring topics are relevant to client groups.
- Increased focus on facilitation of information transfer to newcomers and opportunities for education and advice that dovetail with other services already offered such as other community-based programming, college and school programming and workplace delivery.
- Partnership between sectors is needed to enhance funding and create programming that might help newcomers move towards and sustain self-sufficiency.
- More flexibility of government programming that allows for financial literacy to be embedded in existing support programs, such as employability training.
- More also needs to be done to raise awareness of the need for timely intervention in financial literacy for newcomers.

There are also numerous areas where further study could assist in product and service delivery. For example, further study is also needed to help understand newcomer needs and preferences for financial literacy interventions upon entering Canada. SEDI conducted a similar study that sampled some newcomer preferences and experiences with accessing financial literacy supports, but it focused on a few cohorts of low-income earning newcomers alongside Canadian-born individuals of low-income; a broader study focused on newcomers might therefore be considered. More research is also required in order to continue to document and understand the extent of the impacts of financial literacy interventions for newcomers.

Appendices

- Appendix A:** *Matrix of key informant demographics*
- Appendix B:** *Interview template for key informants*
- Appendix C:** *Full list of products and services sampled*
- Appendix D:** *Full results of the environmental scan*
- Appendix E:** *Bibliography*

Appendices are available upon request. Please contact SEDI at info@sedi.org

Les annexes sont disponibles sur demande. Veuillez contacter SEDI à info@sedi.org

Annexes	
Annexe A:	<i>Matrice démographique des répondants clés</i>
Annexe B:	<i>Modèle d'interview avec les répondants clés</i>
Annexe C:	<i>Liste des organismes offrant une éducation financière aux nouveaux arrivants</i>
Annexe D:	<i>Résultats de l'analyse sur les interventions d'éducation financière pour les nouveaux arrivants</i>
Annexe E:	<i>Bibliographie</i>