

Financial Literacy and Aboriginal Peoples



Photo courtesy of YWCA Metro Vancouver featuring mother and daughter from YWCA Crabtree Corner.

This overview of financial literacy and Aboriginal peoples is based on insights from expert practitioners and TD Financial Literacy Grant Fund recipients serving Aboriginal communities. Its purpose is to share knowledge on the financial literacy needs of Aboriginal peoples and how best to meet them.

ABORIGINAL PEOPLES TODAY

Over 1.4 million Aboriginal people live in urban, rural and remote communities across Canada. These comprise three distinct self-identified Aboriginal groups with diverse cultures, languages, and spiritual beliefs: First Nations (over 60 per cent), Métis (32 per cent), and Inuit (just over 4 per cent).ⁱ

Overall, the Aboriginal population is young and represents the fastest growing segment of Canada's population. In 2011, the median age among Aboriginal peoples was 28 years old, compared to 41 years for Canada's non-Aboriginal population.ⁱⁱ

Many Aboriginal people experience multiple socioeconomic barriers that affect their quality of life. This includes low-income, challenges to finding and maintaining employment, and lower average levels of educational attainment than Canadians overall.

However, there has been a considerable increase in educational attainment among Aboriginal peoples over the last decade. Aboriginal women with a Bachelor's degree now have higher median incomes than non-Aboriginal women with the equivalent degree.ⁱⁱⁱ

Aboriginal entrepreneurship is also on the rise, increasing 38 per cent between 2001 and 2006, a rate five times higher than that of Canadians overall.^{iv}

These trends offer unique opportunities for Aboriginal led financial literacy initiatives to help build financial wellness in Aboriginal communities and families.

FINANCIAL CONTEXT OF ABORIGINAL PEOPLES

For many Aboriginal peoples, financial wellness is understood as a continuous balancing of income, saving, investment, and spending to meet one's life goals. Financial wellness is influenced by: societal and institutional structures, policies and practices; personal financial literacy and behaviour; and cultural beliefs and values. ^v

Aboriginal peoples face unique barriers to their financial wellness, however. Historically, trading, bartering, and communal distributions of wealth were central to the allocation of food, shelter, clothing, and tools. These systems were disrupted by colonization and assimilation policies and practices, including Canada's residential school system.

Some Aboriginal communities enjoy access to greater resources, while others experience economic challenges arising from remoteness, high costs for basic goods and services, high housing and energy costs, and a lack of capital for social and economic development.

Remote communities may have very high energy and food costs (e.g. \$13 for a bag of apples and \$7.50 for a bag of spinach).

Communities also vary when it comes to direct access to mainstream financial institutions and services. Depending on their geographic location, some communities may have very limited or no local access at all to safe and affordable financial services.

The absence of mainstream financial institutions in many rural and remote communities and the shift to electronic banking is a significant barrier for some Aboriginal peoples. While online and telephone financial services have made it easier for some people to do their banking, pressure to use these services has distanced some Aboriginal community members from mainstream banks. Some customers prefer face-to-face interaction that is more consistent with local understandings of trust. Others are unable to access secure technology or may lack computer literacy skills.

By comparison, fringe financial services such as cheque cashers and payday lenders can seem more welcoming and easily accessible in Northern and other Aboriginal communities where there are no mainstream financial institutions.

The following figures underscore the difficulty many Aboriginal individuals and communities face when it comes to accessing safe and affordable financial services:

- According to the 2009 Canadian Financial Capability Survey, 4.2 per cent of Aboriginal respondents with low net worth indicated that they did not have a bank account, almost double the rate of 2.2 per cent for low net worth Canadians.
- Other studies estimate the rate of unbanked individuals in Aboriginal communities to be as high as 15 per cent.
- In Ontario, there are only five First Nations with a bank or credit union located in their community according to the 2011 Task Force Report on Aboriginal Financial Literacy and more recent online research.

Moreover, Aboriginal people in urban, rural and remote communities sometimes feel unwelcome in mainstream financial institutions. These circumstances contribute not only to increased reliance on fringe financial services but to difficulties effectively managing day-to-day finances including, paying bills on time and regular saving for the future.

While indicators of Aboriginal educational attainment and economic success are increasing, there are still many individuals and families who struggle to meet their basic needs. For example, urban Aboriginal people experience higher unemployment levels, lower incomes, disproportionate rates of homelessness and, according to one study, account for as much as 29 per cent of the overall homeless population. ^{ix}

4.2%

of Aboriginal survey respondents with low net worth indicated they did not have a bank account ^{vi}

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In Ontario, there are only five First Nations with a bank or credit union located in their community. ^{viii}



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FINANCIAL LITERACY NEEDS

The circumstances described above can mean significant barriers when it comes to accessing relevant financial information and services, and opportunities to establish a strong credit history.

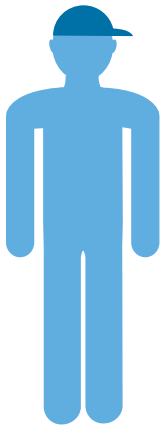
An analysis of results from the 2009 Canadian Financial Capability Survey revealed that the financial skills of Aboriginal people were lower than the Canadian average in the areas of 'making ends meet', 'choosing products' and 'staying informed.'

On the other hand, there are Aboriginal individuals and communities that have achieved wealth whether through entrepreneurship, business initiatives, land claim settlements, gaming, and natural resources. It is, therefore, important to provide relevant information on effective wealth management and knowledge on how to protect their financial resources.

Understanding retirement planning is also critical to individuals' financial wellness later in their lives, particularly if they have only limited financial resources. The financial and legal implications of living on- or off-reserve can be very complicated for First Nations peoples, while many people in general are challenged by the increasing complexity of financial products and services, as well as pension and retirement related government tax and benefit programs. Financial education can help individuals understand how government benefits, employer-sponsored pensions, employment income, investments, and personal savings all fit into one's overall retirement income.

Building community capacity to deliver tailored financial information, education and one-on-one supports is critical to promoting financial wellness in Aboriginal communities. This is the only way to ensure that key aspects of Aboriginal cultures and worldviews (such as non-monetary economies, values, customs, and languages) are incorporated to make financial literacy relevant and engaging for diverse Aboriginal communities.

Aboriginal elders and role models can also help to support efforts to enhance community financial information and decision-making, including for Aboriginal youth. Developing contextualized curricula that place Aboriginal experiences, cultures and values at the core of financial education is essential to any effort aimed at addressing financial wellness barriers faced by Aboriginal peoples.



Aboriginal youth

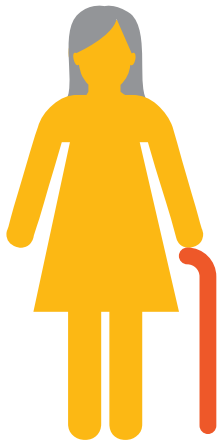
For some Aboriginal youth, family communication about finances and positive financial role models may be missing from their lives. Promoting a culture of financial health for Aboriginal youth involves an emphasis on setting goals, making informed financial decisions, and planning for the future.

Opportunities to learn and practice financial literacy skills early in life can take place in many

environments, including at school, in the community, and at home. Some studies have found that culturally appropriate experiential learning and interactive games and media can be effective in engaging young people in financial education.

Studies have also found that focusing financial education around life events can help Aboriginal children and teens understand why financial

literacy is important and useful.^x Life events might include the types of decisions they will likely encounter in the coming years, such as getting a summer or part-time job, managing their own money, choosing an affordable phone plan, and planning for post-secondary education or training.



Aboriginal seniors

Aboriginal seniors face unique challenges related to financial planning and money management. Over their lifespan they have experienced the transition toward a market economy, including the expansion of the banking system and increased use of credit. Many Aboriginal seniors, however, continue to use cash and barter in transactions for goods and services. The introduction of online financial services has also created barriers for some Aboriginal seniors who lack computer literacy skills or access to a computer with a secure internet connection.

Some Aboriginal seniors also face language and/or cultural barriers that make understanding the financial marketplace even more challenging. Financial education can help Aboriginal seniors and their families prepare for the financial implications of aging and changing care needs, which can be highly challenging in a context of limited savings for retirement, which is the case for many Aboriginal seniors.

Financial education for Aboriginal seniors should include programs and services that are accessible, unbiased, culturally appropriate and relevant for both seniors and those responsible

for their care. Topics include helping seniors and families to understand the implications of the *Indian Act*^{xi} and the differences between living on- and off- reserve so they may prepare their wills and estates accordingly. They may also want information about the public benefits programs and services available to enhance the financial wellbeing of seniors, and financial education about financial fraud and scams that specifically target people in their senior years, including the risk of greater vulnerability to financial abuse from an adult child, care giver, spouse or common-law spouse.^{xii}

TOOLS AND RESOURCES

The examples below are some of the financial literacy tools and resources currently available to support financial literacy education for Aboriginal peoples.

- AFOA Canada's *Literature Review of Indigenous Financial Literacy in Australia, Canada, New Zealand and the United States* examines both the financial literacy literature and programs for Indigenous peoples across the life cycle.
- Key recommendations from this review led to the development of AFOA Canada's *Aboriginal Financial Literacy Needs Assessment and Framework*, a comprehensive in-depth overview of Aboriginal financial literacy needs and a guide for addressing these.
- The British Columbia Association of Aboriginal Friendship Centres' *Aboriginal Financial Literacy: Journey to Empowerment* is a 250-page facilitator's guide and curriculum exploring financial literacy topics through an Aboriginal lens.
- The Healthy Aboriginal Network's *Game Plan* is a comic book for Aboriginal youth featuring a teenager named Jake who struggled with financial wellbeing until he was taught a lesson or two in financial literacy. Making the right financial decisions helped Jake achieve his goals and feel financially empowered.

Additional financial literacy tools, resources, and events can be found on the [Canadian Financial Literacy Database](#).

ENDNOTES

ⁱ Canada. Statistics Canada. *Aboriginal Peoples in Canada: First Nations, Métis and Inuit*. National Household Survey. Ottawa, 2011. <http://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-011-x/99-011-x2011001-eng.cfm>

ⁱⁱ Canada. Statistics Canada. *Aboriginal Peoples in Canada*.

ⁱⁱⁱ Brascoupe et al. "Literature Review of Indigenous Financial Literacy."

^{iv} Canadian Council for Aboriginal Business. "Promise and Prosperity: The Aboriginal Business Survey." (2011). <https://www.ccab.com/uploads/File/Promise-and-Prosperity--The-Aboriginal-Business-Survey.pdf>

^v Simon Brascoupe, Meaghan Weatherdon and Paulette Tremblay. "Literature Review of Indigenous Financial Literacy in Australia, Canada, New Zealand and the United States." AFOA Canada (2013). <https://www.afoa.ca/afoadocs/Home%20Page/Final%20AFOA%20International%20Literature%20Review%20Full%20201%20Page%20Report.pdf>

^{vi} Canada. Financial Consumer Agency of Canada. *The Future of Financial Education, Report on the 2011 FCAC-OECD Conference on Financial Literacy*. Ottawa, 2013. <http://www.fcac-acfc.gc.ca/Eng/resources/researchSurveys/Pages/TheFutur-Lavenird.aspx>

^{vii} Paul Bowles, Keely Dempsey and Trevor Shaw. "Fringe Financial Institutions, the Unbanked, and the Precariously Banked: Survey Results from Prince George, B.C." (2010). <http://www.nccah-ccnsa.ca/docs/nccah%20partner%20documents/ABDCReportOct15.pdf>

^{viii} Prosper Canada online scan of branch locations of the major banks operating in Ontario. For credit unions, report by the Canadian Cooperative Association. "Co-operatives in Aboriginal Communities in Canada." (2012). http://www.coopsCanada.coop/assets/firefly/files/files/CoopsInAboriginalCommunities2012_FINAL_lowrez.pdf

^{ix} Yale D. Belanger, Olu Awosoga and Gabrielle Weasel Head. "Homelessness, Urban Aboriginal People, and the Need for a National Enumeration." *Aboriginal Policy Studies*, 2(2), 4-33.

^x Brascoupe et al. "Literature Review of Indigenous Financial Literacy."

^{xi} The Indian Act is a Canadian statute that concerns registered Aboriginal peoples, their bands, and the system of Aboriginal reserves.

^{xii} Claudette Dumont-Smith. "Aboriginal Elder Abuse in Canada." (2002). http://www.ahf.ca/downloads/ahfresearchelderabuse_eng.pdf

The Prosper Canada Centre for Financial Literacy works with business, government, and non-profit partners to increase access to high quality, unbiased, and free financial information, education and counselling for Canadians living on low-incomes. Since 2008, the Centre has trained more than 2,000 front-line community workers from 800 organizations

and First Nations communities nationwide to deliver high quality, community financial education tailored to the needs of low-income and vulnerable Canadians. Today, these individuals are equipped to provide financial education to thousands of Canadians annually in over 150 cities across Canada.

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Co-founder and supporter of the
Prosper Canada Centre for Financial Literacy

