

## Submission: Renewing the National Strategy for Financial Literacy

January 28<sup>th</sup> 2021

We would like to commend the Financial Consumer Agency of Canada for welcoming a discussion on women as a part of the National Strategy for Financial Literacy renewal process. Everyone in Canada should have access to knowledge, tools and services to strengthen their financial well-being. In our everyday work, we see the role that financial wellbeing has on women's safety.

The Woman Abuse Council of Toronto (WomanACT) is an organization that works to eradicate violence against women through research and policy, education and community mobilization. A key area of focus in our work is the intersections between women's economic security and safety. We welcome this opportunity to provide input into the National Strategy for Financial Literacy and we encourage ongoing discussion and collaboration.

### **Financial literacy and violence against women**

Women's economic security and safety are deeply connected. Women's economic insecurity can marginalize women, increasing their risk of victimization. It is also a barrier to their safety. We hear consistently that women's lack of access to income, savings, housing and employment is a key barrier to leaving violent situations. Violence has long term economic impacts on women. It often results in costs for survivors, including health costs, lost wages and relocation expenses. In addition, survivors can experience long-term economic consequences that make it difficult to rebuild their financial stability, including debt, poor credit, a diminished ability to work and ongoing legal costs. Financial hardship after leaving an abusive relationship is a near universal experience for survivors.

### *Recommendations:*

- Acknowledge and understand the relationship between women's economic insecurity and violence against women when developing policies and programs that are working to increase individual's financial stability and well-being.
- Continue to engage the anti-violence against women sector in the development, implementation, and evaluation of the national strategy's activities.

### **Systemic and societal barriers to women's financial security and independence**

Women face systemic barriers to economic security often in the form of public policies and gender norms and attitudes. Policies continue to reproduce conditions of women's financial dependence. For example, some policies require that finances are joined when a couple has been residing together, even after a very short period of time. Other policies and programs have asset eligibility thresholds that leave women having to decide between giving up their savings or their home in order to access particular services or assistance. Furthermore, we often hear from women that their financial knowledge and skills are undermined by professionals in the financial industry. This is supported by a common practice we see in which financial support or payments are made, by default, to the man.

*Recommendations:*

- Ensure that programs and initiatives created and supported through the national strategy challenge systemic barriers and promote women's financial independence.
- Undertake research to better understand the systemic barriers faced by women in achieving financial stability.
- Undertake research to understand the most effective ways to overcome current attitudes and norms around women and finances.

**Adopting an intersectional gender-based analysis**

Women face different financial challenges than men. Despite the narrowing of the gender income gap over the last few decades, women in Canada have on average a lower personal income than men. Lone mothers have the lowest average income followed closely by single women and senior women. Among Canadian women, lower incomes are seen by Indigenous, immigrant, and racialized, as well as women with activity limitations. Furthermore, despite a greater focus on retirement readiness, women accumulate less wealth because of the gender wage gap and their discontinuous workforce participation.<sup>i</sup>

In addition to a gender wage gap, Canadian women are more likely to be engaged in unstable, precarious and low-income employment than men and more likely to hold more than one job. Approximately 20% of women aged 25-54 work part-time, compared to 5% of men. The female unemployment rate is 7%, the female Indigenous population unemployment rate is 13% and women who are very recent immigrants have the highest unemployment rate in Canada at 16%.<sup>ii</sup> Women with a history of domestic violence also report changing jobs more often and working more frequently in casual and part-time roles compared to women without experiences of violence.<sup>iii</sup>

The responsibility and decision making of household finances is also gendered. Women are more likely to be responsible for daily household financial spending and allocation and yet less likely to engage in the decision making of large financial decisions in the household.<sup>iv</sup>

Canadian women have lower financial literacy scores than men, and are less likely to have confidence in their financial skills. Lower financial literacy scores were higher among particular groups of women including immigrant women and senior women.<sup>v</sup>

#### *Recommendations*

- Apply an intersectional gender-based analysis to the national strategy and associated programs and initiatives.
- Develop tailored programs that address the specific needs of particular communities and populations of women.
- Encourage greater research into the financial literacy needs and barriers of different groups and populations of women.

#### Promising practices: tailored programs for particular communities of women

**Empower U (Edmonton, Alberta):** Empower U brings together community organizations and an Alberta-owned financial institution to deliver financial literacy training to low-income women. Through a 20-week course, participants learn about topics like budgeting, setting financial goals, debt and credit, and government benefits. They also have access to one-on-one coaching for individualized financial support, as well as knowledge-sharing opportunities on how money management can be connected to experiences of trauma.<sup>vi</sup> Uniquely, Empower U offers a matched savings component, where money saved by participants over its duration is matched by the partnered financial institution on a 1:2 ratio. The program serves 200 women living in poverty each year.

**Let's Talk Money (Melbourne, Australia):** Let's Talk Money supports migrant and refugee women to improve financial literacy, social inclusion, and economic independence. The program was developed by a nonprofit organization in response to Australia's national framework on preventing violence against women and the unique barriers to economic security that newcomer women face. Using a peer educator approach, Let's Talk Money trains and employs women from diverse cultural backgrounds to provide workshops in their own communities. Workshops cover topics like financial rights and responsibilities, credit cards and loans, tenancy rights, and taxes, and are offered in 14 languages. An evaluation of the program found that it was the first time many of the participants were receiving information on finances despite living in Australia for several years, and that key facilitators of the program included: linguistic and cultural connections, being in a women-only group, attending workshops in a familiar place, and having childcare available.<sup>vii</sup> To date, Let's Talk Money has reached almost 600 women.

#### **Financial abuse as a form of intimate partner violence**

Financial abuse is a distinct and yet very common form of intimate partner violence. Evidence has shown that 50% of survivors residing in shelters in Canada have experienced financial abuse.<sup>viii</sup> Like other forms of violence against women, financial abuse is used as a tactic to harm and control. It is often used by the abuser to increase the survivor's dependence on them through isolation, monitoring their movements and depriving them of any financial independence.<sup>ix</sup> Financial abuse can involve restricting access to household income and benefits, withholding financial information, monitoring spending, excluding a partner from important financial decisions, and coerced debt.

Our research into financial abuse has found that one of the most common forms of financial abuse is coerced debt. A common experience of survivors is that abusive partners and ex-partners take our loans in their name. At times, survivors are not aware of the debt that has been accrued in their name until the debt is too large to address.<sup>x</sup>

Financial abuse can be difficult to identify by survivors as well as by community organizations and financial institutions. Financially abusive behaviours can be considered normal because of gendered roles and norms related to money, family and relationships. Furthermore, financially controlling tactics can also appear to be ordinary financial arrangements or disagreements between partners.

Through our work with survivors, we have heard that access to information on their rights in addition to financial supports and options is critical. This helps them make informed decisions and allows them to take back some control over their finances. Survivors have also shared the importance of free financial counselling that is gender-responsive and trauma-informed. For example, financial literacy education or support should not only explain how to open a bank account but should encourage women to have their own bank account.<sup>xi</sup>

### *Recommendations*

- Support free financial literacy training and education for survivors of domestic violence that is gender-responsive and trauma-informed.
- Support free financial counselling and debt remediation for survivors of financial abuse.
- Work with other government ministries, financial institutions and community organizations to raise public awareness on financial abuse with a focus on identification and response.
- Support the development of guidelines and best practices for government and financial institutions to identify and respond to customers impacted by financial abuse as a form of intimate partner violence.

### Engaging the banking and finance sector

The banking and finance sector can have a significant impact on the lives of survivors of intimate partner violence when sharing household information, approving loans, designing joint products, and when responding to joint account issues. While it can be difficult for a financial institution to know if a customer is experiencing domestic violence, they can serve as a critical point of identification and ongoing support. There is the potential for the public, banking and financial sector to help prevent coerced debt and help survivors regain financial independence.

Currently in Canada, there is very little demonstration of efforts to meaningfully mitigate financial abuse among customers and there is a need to better understand the role and position of the financial sector in preventing this common form of abuse. There are, however, practices outside of Canada that we can learn from.

The Australian Banking Association has developed an [industry guideline on financial abuse and family violence policies](#). The guideline provides direction to banks on how to raise awareness and respond to financial abuse as well as support best practices across financial institutions. This includes advice on scenarios of coerced debt.<sup>xii</sup>

UK Finance developed a [Financial Abuse Code of Practice](#) on best practices for banks on preventing, identifying and responding to financial abuse among customers. The code also outlines suggestions for increasing and enhancing training on financial abuse within institutions.<sup>xiii</sup>

We again commend the Financial Consumer Agency of Canada for holding a consultation on the renewed National Strategy for Financial Literacy. We strongly believe that this strategy should focus on closing the financial literacy gender gap in Canada and work to promote women's economic well-being and independence. It has the potential to impact women's economic security in addition to their safety.

We also see an opportunity for the National Strategy for Financial Literacy to help raise awareness and provide critical responses to help address financial abuse experienced by women in Canada. Again, we look forward to the opportunity to discuss what this could look like and would welcome a discussion on how the Government of Canada can work with financial institutions and anti-violence against women organizations to improve a coordinated response to financial abuse.

<sup>i</sup> Fox, D. and Moyser, M. (2018) Women in Canada: A Gender-based Statistical Report. The Economic Well-Being of Women in Canada, <https://www150.statcan.gc.ca/n1/pub/89-503-x/2015001/article/54930-eng.htm>

<sup>ii</sup> Ferrao, V. "Paid Work" Women in Canada: A Gender-based Statistical Report, 2010, Canada

<sup>iii</sup> Wathen, C.N., MacGregor, J.C.D., and MacQuarrie, B.J. (2014) Can Work be Safe, When Home Isn't? Initial Findings of a Pan-Canadian Survey on Domestic Violence and the Workplace. Retrieved from [http://makeitourbusiness.ca/sites/makeitourbusiness.ca/files/DVWork\\_Survey\\_Report\\_2014\\_EN\\_0.pdf](http://makeitourbusiness.ca/sites/makeitourbusiness.ca/files/DVWork_Survey_Report_2014_EN_0.pdf)

<sup>iv</sup> OECD (2013) Addressing women's needs for financial education, [https://www.oecd.org/daf/fin/financial-education/OECD\\_INFE\\_women\\_FinEd2013.pdf](https://www.oecd.org/daf/fin/financial-education/OECD_INFE_women_FinEd2013.pdf)

<sup>v</sup> Drolet, M. (2016) Gender differences in the financial knowledge of Canadians, <https://www150.statcan.gc.ca/n1/pub/75-006-x/2016001/article/14464-eng.htm#moreinfo>

<sup>vi</sup> Institute for the Advancement of Aboriginal Women. (2020) Building leaders through financial literacy. Retrieved from <https://iaaw.ca/wp-content/uploads/2020/10/IAAW-Leadership-Event-Final-Report-2020-002.pdf>

<sup>vii</sup> Women's Health in the North. (2019) Let's Talk Money evaluation summary. Retrieved from <https://www.whin.org.au/resources/economic-equality-resources/>

<sup>viii</sup> Statistics Canada. (2019) Canadian residential facilities for victims of abuse, 2017/2018. Retrieved from <https://www150.statcan.gc.ca/n1/en/pub/85- 002-x/2019001/article/00007-eng.pdf?st=SKone9ir>

<sup>ix</sup> Docherty, L., Zawitkoawski, S., Wilson, B., and Currie, E. (2019) "Hidden in the Everyday" Financial abuse as a form of intimate partner violence in the Toronto area. Retrieved from: [https://womanact.ca/wp-content/uploads/2020/11/WomanACT\\_Hidden-in-the-everyday\\_Financial-Abuse-Report.pdf](https://womanact.ca/wp-content/uploads/2020/11/WomanACT_Hidden-in-the-everyday_Financial-Abuse-Report.pdf)

<sup>x</sup> Docherty et al., 2019

<sup>xi</sup> Ibid.

<sup>xii</sup> Australian Banking Association Industry guideline: Financial abuse and family and domestic violence policies. Retrieved from: <https://www.ausbanking.org.au/financial-abuse-and-family-and-domestic-violence-policies/>

<sup>xiii</sup> UK Finance (2018). Financial Abuse Code of Practice. Retrieved from: <https://www.ukfinance.org.uk/financial-abuse-code-practice>