

Support. Educate. Empower.
Importance of Financial Literacy Programs
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Introduction

Credit Counselling Services of Atlantic Canada, Inc. (CCSAC) is a registered non-profit organization, providing confidential and professional budget, credit and debt repayment counselling programs to families and individuals.

Established in 1994, CCSAC has several offices located throughout Atlantic Canada. We have offices located in New Brunswick (Saint John, Moncton and Fredericton), Prince Edward Island (Charlottetown), Nova Scotia (Halifax, New Glasgow, Truro, Kentville, Yarmouth, Bridgewater and Sydney) and Newfoundland Labrador (St. John's). CCSAC offers a variety of programs to help consumers increase understanding of their finances. We assist our clients to create a household budget; we offer clients information on using credit wisely and when needed we offer a Debt Management Program for those that are struggling with debt.

Our certified counsellors are completely accessible to anyone who needs our help (via face to face counselling, telephone and on-line chat). Our counsellor's take the time to review each client's financial situation; they take the time to get to know the client they are counselling; they educate and set realistic recommendations that work for the client.

Credit Counselling Services of Atlantic Canada has been working with consumers on improving their financial literacy for over 16 years. We believe that early and continuous education on money management is essential in making financial decisions and making it through times of financial instability.

What financial knowledge and skills are essential for all Canadians?

The clients that we serve face financial crises due to many reasons, but the number one reason has been lack of education as it pertains to budgeting and money management.

Some of the basic financial skills that Canadians need, and what we have observed that our clients lack are:

- Understanding your bank statement
- Knowing your expenses
- Understanding credit
- Knowing your interest rates
- Knowing the cost of borrowing

Clients could weather storms easier with the basic skills needed to handle their finances. Having the fundamental basics of budgeting and knowledge of the cost of decisions is essential. **No one can predict when there may be a loss of employment, death of a spouse, re-location of work, but we must plan for it.**

Basic budgeting skills such as reconciling your bank statement and being aware of your expenses are no longer a given. With the way technology has changed people are no longer paying as much attention to their finances as they need to. Bank fees and additional usage charges have become a given, we are no longer questioning fees hikes and “add-ons.”

So often we hear from consumers that they are not aware of the financial services available and what they offer.

Borrowing and Debt

Day after day we hear in the news that debt levels continue to rise and that Canadians are spending more than they are saving.

The consumers that come through our door on average have 7 unsecured debts. These debts range from credit cards to store cards, to financing on furniture to overdrafts and lines of credits. For every need there is a credit product to service it. The list goes on and on in regard to the availability of credit. Understanding the cost of credit, what it means if you only pay the minimum balance, the implications of missing a payment or carrying too much credit are not factored in when credit is being applied for. The assumption is that if they are willing to loan me the money I am able to afford it. Thoughts automatically go to what points can I earn with this card or what is the most I qualify for as a limit.

Understanding the fine print is essential; consumers are signing on to credit, credit insurance and purchase plans without understanding the full costs and their end of the agreement. Time is not taken to ensure that the capacity to carry the debt is there.

Recommendations

There needs to be a marketing campaign to create awareness as to the necessity of Financial Literacy, and information on who is accredited to provide that education. **Government needs to make this a priority and disseminate how important financial literacy is for Canadians.** In our counselling sessions and presentations consumers articulate their surprise at the cost of the interest on their credit cards.

Credit grantors need to ensure that their borrowers are educated as to the true cost. Asking someone to sign up for a credit card and all the insurances associated in the middle of a department store is not the proper way to counsel someone on what they are signing up for. **Employing agencies, such as credit counselling to educate their consumers is a win-win approach for the lender and borrower.** With financial education the lender has a more informed borrower thus creating less risk.

Funding agencies that talk to consumers about the true cost of credit is essential; whether through grants, clients served or presentation allowances etc.

Conclusion

Credit Counselling Services of Atlantic Canada already has regional representation for Atlantic Canada, and is an accredited member of Credit Counselling Canada. We are known as a reliable advocate for consumers facing financial difficulty and we have immense experience in dealing on the local and national levels when it comes to developing and pursuing initiatives.

This is not an issue that can be tackled overnight; it will require collaboration among stakeholders in the financial industry and government. For those in the non-profit sector funding will be required to ensure that those who need to improve their financial literacy are receiving the information that they need to do so.

Some of our statistics

- Our clients carry on average 7 unsecured debts
- We counselled 5,592 consumers in 2009
- Our clients carry on average unsecured debt of \$25,570

Some of our resources

- We are an accredited member of Credit Counselling Canada (CCC) (www.creditcounsellingcanada.ca)
- Members of our agency play an active role on committees within CCC
- Members of our agency have active roles on various boards and advisory committees/groups local and national
- We have a working relationship with all creditors
- We had an outreach (consumer contact) in 2009 of 86,284 persons

Enclosed

- 8 Weeks at a time
- Our services