

August 26, 2022

Delivered by email to: Consultation@fcac.gc.ca

The Behavioural Finance Lab
Financial Consumer Agency of Canada
427 Laurier Ave West, 6th floor
Ottawa, Ontario K1R 1B9

Re: Comments on the Draft Measurement Plan for the National Financial Literacy Strategy 2021–2026

The Ombudsman for Banking Services and Investments (OBSI) is pleased to provide our comments to the Financial Consumer Agency of Canada on its Draft Measurement Plan for the National Financial Literacy Strategy 2021–2026.

OBSI is a national, independent, and not-for-profit organization that helps resolve and reduce disputes between consumers and over 1500 banks, credit unions and financial services firms from across Canada in both official languages. We have been providing these services for over 25 years.

We work in partnership with regulators, industry, and consumer groups to ensure Canadians receive fair, impartial outcomes to their financial service complaints. We also share our knowledge and expertise with stakeholders on complaint trends and provide resources to help firms and consumers avoid problems before they arise. Challenges and issues relating to financial literacy are central to many of these conversations, and the importance of financial literacy as a foundation for Canadians' financial wellbeing and resilience cannot be overstated.

We commend the FCAC for its explicit acknowledgement that the improvement of Canadians' financial wellbeing, resilience and financial literacy is a goal that will be accomplished most effectively through the collaborative efforts of all participants in Canada's financial services sector and through partnerships that extend beyond the sector itself. The National Financial Literacy Strategy 2021 – 2026 (the Strategy) and the Draft Measurement Plan that is the subject of this consultation (the Plan) combine to establish a collaborative and empirically based program of financial literacy improvement that in our view is well-conceived and will serve as an effective platform for the improvement of consumer financial wellbeing and resilience in Canada.

Provided below are our responses to the questions put forward by the FCAC.

Question 1: Proposed Steps -- *What kinds of supports would be most helpful for your organization to incorporate Strategy-Aligned Measures in your initiatives?*

OBSI's complaint resolution framework is data rich. Since 2016, we have used a case management system that captures hundreds of points of information about each inquiry we receive and each case we open. We also deploy consumer surveys at regular intervals throughout our process, and longer surveys of consumers and firms at the conclusion of each case. We have used these important resources over the years to improve our services, improve our transparency, and build special reports such as our [2019 Seniors Report](#), our [2020 Report on Income and Canadian Financial Consumer Complaints](#), and our [25th Anniversary Report](#).

A key challenge for us, and likely for other organizations of similar scale, is limited access to the expertise of behavioural scientists and data analysts, which limits our ability to optimize the use of our data resources. Partnership or collaboration with organizations, such as FCAC, with access to such expertise would be helpful.

Overall, the proposed tools and guidance outlined in the draft measurement plan, including access to support directly provided by the FCAC, should enhance our ability to participate and use of Strategy-Aligned Measures (SAMs) in our operations and communications.

We believe the process outlined in the plan to create new measurements where needed are clear and we look forward to the deployment of the Measures Library and access to existing measures. We also expect that this system and the SAMs will be part of an incremental learning process for all stakeholders.

Are there barriers to your adoption of the Measurement Plan and if so, how can the financial ecosystem help mitigate them?

The most significant barriers we anticipate to working with the plan relate to challenges in obtaining direct responses from consumers who often experience "survey fatigue", as well as the cost of additional measurement programs that might be required to measure outcomes complementary to our existing measurement tools.

Question 2: Additional Measures -- *Do you have any suggestions for additional measures that can help evaluate progress toward achieving the outcomes of the Strategy (i.e., the 18 target outcomes associated with the key priorities and/or the five consumer building blocks)?*

We believe the six ecosystem priorities, 18 targeted outcomes, and five skill, capacity and behavioural building blocks of the Strategy are well considered and represent an ideal set of financial literacy outcomes for Canadians. Not surprisingly we see a particularly strong alignment with some of our own existing communications and outreach efforts, particularly relating to:

- Ecosystem Priority 1 - communicating in ways people understand. OBSI advances this priority by focussing on clear communications, in multiple media channels, on topics relating to key facts about financial products and services that Canadians use, how to avoid negative outcomes when choosing financial products and services, and how to resolve problems if they arise. We use multiple strategies for these communications, from sharing key facts and statistics to storytelling through case studies and bulletins.

- Ecosystem priority 6 - strengthening consumer protection measures. OBSI advances this priority and its targeted outcomes by using our communications channels to promote consumer awareness of their rights and responsibilities and to assist financial services firms in understanding emerging issues in consumer protection, as well as industry best practices for effective consumer complaint handling.
- Consumer building block 1 - building consumer skills in navigating the financial marketplace. OBSI works towards this important objective by sharing our knowledge and expertise to help consumers understand the costs, risks, benefits, and limitations of financial products and services, helping consumers understand their rights and responsibilities, including how to approach complaint resolution if a problem arises, helping consumers recognize and take steps to protect themselves against fraud, financial abuse, cybercrime, and inappropriate products and services, and by always ensuring that our services are accessible to people with financial vulnerabilities or low levels of digital access or literacy.

We note that some of the target outcomes outlined in the Measures Library at Annex III of the Plan include few or no SAMs. While we understand that the Measures Library is still under development, we suggest that FCAC consider including the following additional measures, which reflect some common themes that arise in the cases that we see:

- Target outcome 1.1
 - o To the best of your knowledge, do you think the following statement about a financial product is true or false (or if you don't know):
 - The government of Canada will pay money towards a child's post-secondary education if their parent opens and contributes to an RESP account.
 - People are responsible for every withdrawal or transfer they make from their account, even if they are tricked into doing it.
 - E-transfers can be reversed by the bank if the sender makes a mistake.
 - People who pay off their mortgage balance early can be charged thousands of dollars in penalties.
 - It's okay for a person share a credit or debit card PIN with a family member if they trust them.
 - Most credit cards in Canada charge more than \$100 per year for every \$500 balance.
- Target outcome 6.1
 - o Number of consumer complaints received at first level
 - o Proportion of first level consumer complaints escalated to second level
 - o Proportion of second level consumer complaints escalated to ECB.
 - o Proportion of front-line personnel have received appropriate dispute resolution and de-escalation training
 - o Number of consumer complaints alleging the sale of inappropriate products or services.
- Target outcome 6.3
 - o Number of Canadians seeking resolution for complaints through internal complaint handling channels.

- Number of Canadians seeking resolution for complaints through external complaint handling channels.
- Have you ever had a seriously dissatisfying experience with your financial institution? If yes, did you make a formal complaint?
- To the best of your knowledge, do you think the following statement about the financial system in Canada is true or false (or don't know):
 - Banks are required to respond to all complaints they receive.
 - If someone has complained to a bank and they are not satisfied with the bank's response, they can go to a free, independent ombudservice to get help with their complaint.

Question 3: Opportunities and Risks

What additional opportunities and risks should we consider as we collectively measure the impact of the National Financial Literacy Strategy 2021–2026? Can you think of potential solutions or steps we can take to help mitigate those risks?

We see the greatest opportunity and greatest risk as two sides to the same coin. We believe the consolidation of measurement information by the FCAC provides a great opportunity to establish a meaningful database on a national scale that would be difficult to replicate otherwise. However, there is a risk that over time, the number of SAMs held in the library could become too numerous, becoming difficult for stakeholders to navigate and diluting its value. Too many examples of measurement approaches and data could lead to a lack of focus or challenges with meaningful interpretation of the various measurement outcomes and reported findings. However, we believe this risk is manageable if careful attention is paid to what is included in the library using an appropriate filter for quality and alignment.

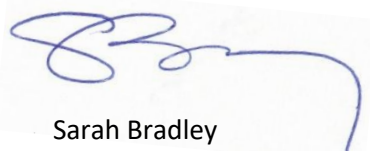
Question 4: General Comments

Are there any other elements that could be added or removed from the Draft Measurement Plan?

We believe the Plan is an excellent initiative and would anticipate that it will evolve as stakeholders and FCAC begin to use the tools and guidelines.

Thank you for providing us with the opportunity to participate in this important consultation. We would be pleased to provide further feedback at any time.

Sincerely,



Sarah Bradley
Ombudsman & CEO