



## THE QUÉBEC FINANCIAL EDUCATION STRATEGY

The Québec Financial Education Strategy (the “Strategy”) is a wide-ranging collaborative project to improve Quebecers’ financial health. It was launched in 2014 by the *Autorité des marchés financiers* (the “AMF”), which is also the project lead, with partners such as the members of the *Comité consultatif en éducation financière* (the “financial education advisory committee”).

### STRATEGY LEAD:

Autorité des marchés financiers

### MEMBERS OF THE FINANCIAL EDUCATION ADVISORY COMMITTEE THAT ASSISTED THE AMF IN DETERMINING ORIENTATIONS AND DEVELOPING THIS ACTION PLAN:

Ministère de l’Éducation et de l’Enseignement supérieur  
Ministère des Finances  
Office de la protection du consommateur  
Retraite Québec

Chambre de la sécurité financière  
Chambre de l’assurance de dommages  
Investment Industry Regulatory Organization of Canada

Mouvement d’éducation et de défense des actionnaires  
Union des consommateurs  
Option consommateurs  
Coalition des associations de consommateurs du Québec  
Fair Canada

Desjardins Group  
National Bank  
Bank of Montreal  
Sunlife Financial  
Montréal Exchange  
Finance Montréal

Institut québécois de planification financière  
Ordre des comptables professionnels agréés du Québec  
Conseil des fonds d’investissement du Québec  
Canadian Bankers Association  
Insurance Bureau of Canada  
Canadian Life and Health Insurance Association



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## QUÉBEC FINANCIAL EDUCATION STRATEGY: FURTHER CONSOLIDATING EFFORTS AND RESOURCES FOR A GREATER IMPACT

***“With the support of its partners, the AMF is working hard to encourage and help Québec consumers become more vigilant in their financial habits and when making investment decisions. Now, more than ever, as technology continues to change and more and more new platforms offering investment opportunities emerge, financial education appears to be a preferred information vehicle for raising consumer awareness about new risks and delivering on our mission to protect Québec depositors and investors.”***

— Louis Morisset, AMF President and CEO

The Québec Financial Education Strategy project took shape in 2014, at a time when many countries, including Canada, were becoming aware of the importance of giving themselves the objectives and tools needed to support their citizens in achieving financial wellness.<sup>1</sup>

While financial literacy will not cure every financial ill, it is an important complement to market oversight and consumer protection. It cannot replace fair and effective regulation, but it can help foster greater consumer participation in the financial markets through socioeconomic inclusion and financial enrichment.

The development of a national financial education strategy is also an opportunity to catalogue available resources and diagnose needs and challenges in financial education. Such a strategy also creates linkages among organizations in the field and enables them to identify common goals and measure the effectiveness of initiatives proposed by the largest possible number of partners. It is therefore a form of coordinated planning aimed at optimizing efforts to increase the impact across a country, jurisdiction or economy.<sup>2</sup>



## FINANCIAL EDUCATION IN QUÉBEC: A PRIORITY

Since the AMF was established in 2004, it has assembled a team dedicated exclusively to financial education, initiated or financially supported many partnerships, awareness projects and research projects, promoted networking among an ever-increasing number of organizations and experts in the field, and developed an index to measure Quebecers' financial awareness (AMF Index). As a member of national and international associations of financial regulators, the AMF also promotes Québec initiatives and draws on best practices elsewhere in the world.

The AMF, inspired by international leaders, implemented the Strategy project for the purpose of optimizing the efforts and resources devoted to financial education.

In the first stage, a forum was created that brought together key players in the Québec economy, including financial market oversight and financial industry stakeholders, the relevant government departments and public bodies, and the main consumer associations. Formed in 2014, the financial education advisory committee consists of 24 organizations that have agreed to work together to develop and implement the Strategy.<sup>3</sup> An initial [action plan](#) was implemented for the 2015-2018 period with the help of an even larger number of partners.

This document describes the second Strategy action plan, focusing on the situation of financial education at the beginning of 2019, the outcome of recent months' consultations, and the major orientations and initiatives adopted for the years 2019 through 2022.

<sup>3</sup> The financial education advisory committee consists of representatives of over 20 national organizations based in Québec (representing the public, private, community, and professional oversight sectors). For the composition of the committee, see page 2.



## THE QUÉBEC CONTEXT

Québec is able to rely on a number of bodies active in financial education. The AMF, for example, ensures integrated regulation of the Québec financial sector, particularly in insurance, securities, derivatives, deposit institutions (other than banks) and the distribution of financial products and services. One of its mandates is to inform, educate and assist consumers of financial products and services. Interest in this multi-sector approach appears to be growing elsewhere in Canada.

The *Office de la protection du consommateur*, established by the Government of Québec in 1971 to inform and educate consumers, particularly in the area of consumer credit, is another innovative key player.

Other contributors include financial services cooperatives, which have been active in financial education for over a hundred years, and community organizations such as the *associations coopératives d'économie familiale* (family economy cooperative associations) (“ACEFs”) and budget assistance agencies, which have been involved in financial education in almost every region of Québec for more than half a century.

## INTEREST IS HIGHER AMONG YOUNGER QUEBECKERS

Recent data<sup>4</sup> shows that the percentage of Quebecers who say they are interested in acquiring new knowledge and comfortable talking about personal finances or investing is higher among people between the ages of 18 and 34 than among people 35 and older.

Coordinated efforts to change the financial culture by, among other things, encouraging Quebecers to seek the help they need or sharing their positive experiences, need to be maintained and even stepped up.

In this context, the chances of any financial education campaign or initiative succeeding could be maximized by using a strategy and action plan specific to Québec.

## FACTORS CONTRIBUTING TO THE SUCCESS OF A FINANCIAL EDUCATION STRATEGY IN QUÉBEC

- The central role of the AMF as a regulator providing neutral and objective perspectives and information;
- A regular survey by the AMF of existing tools and programs;
- A tool for measuring Quebecers' level of financial literacy (vigilance) (AMF Index);
- A well-established network of financial education partners and specialists led by the AMF: the Québec network of financial education specialists (the "Network");<sup>5</sup>
- A compulsory financial education course in the final year of secondary school.

In a recent report, the International Organization of Securities Commissions ("IOSCO") highlighted the importance of financial education that is proactive and that can be applied rapidly to prevent financial losses:<sup>6</sup>

*"Regulators have a number of tools at their disposal – regulation, supervision, enforcement and education. Regulation is often reactive and takes time to develop and may therefore trail innovation. Without proper authority, there may be no or limited supervision. Enforcement is also reactive, commonly occurring after laws or regulations have not been complied with, or after investors or consumers have been harmed. Education can be proactive and applied rapidly, enabling prevention, and potentially minimizing harm before it can occur."*

4 [2018 AMF Index, pages 137 and 144, Additional questions not included in the Index.](#)

5 The Network brings together over 250 experts from all walks of life who are active in financial education or interested in the related issues.

6 IOSCO Risk Outlook Report (2019). Internal document for IOSCO members.

## 2015-2018 STRATEGY ACTION PLAN: POSITIVE RESULTS

Since its official launch in 2015, the Strategy has given rise to a formal collaborative movement of financial education stakeholders in Québec, in addition to providing a better overview of the challenges to be overcome in improving Quebecers' financial health. [The activity report](#) published three years into the project described a number of initiatives that demonstrated the Strategy's ability to bring people together.

The achievements related to the first action plan (2015-2018) were inspired by the following two phases of the first version of the Strategy:

***Working together to advance financial education in Québec and improve Quebecers' financial well-being;***

***By adopting knowledgeable behaviours and acquiring skills, Quebecers will improve their financial well-being.***

These two major phases were guided by the overarching desire to contribute to a shift in financial culture. Achievements included:

- The creation by the AMF of the [Talking money in class!](#) contest for teachers at all educational levels, which features the educational tools developed by the AMF and the Network and which reached just over 20,000 students in the first three years it was held;
- Collaboration with several government agencies to produce teaching tools for the new secondary school [Financial Education Program](#);
- A survey and an on-line [directory](#) developed by the AMF of all the financial education tools available to Quebecers;
- The drafting, by the AMF and some of its partners, of a [Charter of essential skills for financial well-being](#), which provides specialists with an inventory of the essential skills that consumers need to acquire;
- The *AMF prize for collaboration in financial education* recognizing successful collaborative projects;
- The [consolidation of resources for employers](#) so that they have access to practical tools enabling them to introduce financial education into the workplace;
- The pursuit of financial education partnerships in order to reach a larger number of Quebecers and educate them on personal finance and investment issues. Examples include Question Retraite, Bourstad, the documentary [Amour et argent peuvent faire bon ménage](#), produced by *Relais-Femmes*, and the project *L'argent, comment ça marche?*, carried out by the *ACEF de la Rive-Sud de Montréal* and the *Commission scolaire Marie-Victorin*;
- The participation of AMF representatives in the implementation of the National Strategy for Financial Literacy.

## ECONOMIC ISSUES: WINTER 2019

Canadian household debt has risen sharply over the past 20 years, standing at 174% of disposable income at the end of 2018.<sup>7</sup>

For the past few quarters, however, growth in indebtedness has slowed and the debt to disposable income ratio has stabilized. In particular, growth in mortgage loans has slowed considerably.<sup>8</sup> The debt service ratio (interest and principal) has remained relatively stable despite the growth in indebtedness, but has begun to inch up in the past few quarters as a result of rising interest rates.

Although lower than in the rest of Canada, Québec household debt is still a concern and a major vulnerability in the Québec economy.<sup>9</sup>

Paradoxically, all this data could be an opportunity to encourage Quebeckers to take more interest in managing their personal finances.

<sup>7</sup> Statistics Canada. *National balance sheet and financial flow accounts, fourth quarter 2018*, March 2019.

<sup>8</sup> Ibid.

<sup>9</sup> According to the Québec government's 2019-2020 budget, the debt ratio of Québec households in 2017 was 157.3%.

## THE 2018 AMF INDEX

The AMF Index assesses the perception of usefulness and rate of adoption of 40 financial behaviours in categories related to personal finance management, insurance, investment, dealing with a representative (advisor), retirement planning and fraud prevention.

The 2018 AMF Index<sup>10</sup> shows that, although Quebecers are adopting essentially the same knowledgeable behaviours for personal finances as two years ago, many of those behaviours still need to be reinforced.

The overall result of the 2018 AMF Index (60.6%) nonetheless reveals a slight upward trend compared to the initial survey in 2012 (58.5%) and is statistically stable compared to the survey results from 2014 (60.1%) and 2016 (61.2%).

Since 2012, the main factors that have had a significant impact on the AMF Index have been the consumption (holding) of financial products and use of financial services, age, level of education, annual income, and dealing with a representative (advisor).

A comparison of the 2018 results with those of the initial survey reveals that Quebecers have increased their financial awareness in credit management, automobile insurance, and retirement planning. There was only one area, home insurance, that saw a decrease in awareness between 2012 and 2018. One of the new pieces of information collected in 2018 was respondents' interest in learning more about cryptocurrencies (18% of all respondents and 24% of respondents between the ages of 18 and 34).

Further efforts are needed to raise Quebecers' awareness of the importance of exercising even greater financial vigilance. For example, the results of the 2018 AMF Index show that less than 50% of the investors surveyed indicated that they read the information accompanying their investments and barely 16% were able to recognize three signs of fraud when they were presented with them.

### THE AMF INDEX IN BRIEF



Measures **40**  
financial behaviours

Among **1 500** Quebecers  
**18 years** or older

Responsible for managing  
their household's finances

## CONSULTATION TO CLARIFY THE 2019-2022 ORIENTATIONS

In the fall of 2018, nearly 100 members of the Network participated in a consultation launched by the AMF. The consultation marked the start of work to identify the material issues in financial education as well as orientations and initiatives for the 2019-2022 action plan. Most participants were from community organizations and the financial products and services industry. Here are the highlights:

- Debt is the issue with the greatest impact on Quebecker's financial health, followed by a lack of retirement preparation.
- Not having sufficient knowledge of the basic principles of sound personal financial management, consumption patterns, and easy access to credit are the reasons most often given to explain the above two issues.
- The Network proposes to raise Quebeckers' awareness of the impact of their financial behaviours (positive and negative) and increase the number of people who are aware of the key information and tools available to them for sound management of their finances.
- Efforts will focus on young people attending educational institutions, young adults active in the labour force, and newcomers.

Following this initial consultation, the financial education advisory committee was called upon to review the findings and clarify the priority items on which the Strategy's second action plan might be based, including:

- Monitoring current issues and taking swift action on financial education matters.
- Pooling our knowledge about consumer behaviours and promoting shared projects.
- Providing technological educational tools to young people and workers.
- Offering workshops in the workplace.
- Raising awareness among young people's friends and relatives, as a complement to initiatives targeting youth.
- Adapting existing tools to specific clienteles.
- Doing more prevention work related to key life events and transitions.
- Exploring the use of less traditional media to reach consumers.

## 2019-2022 ORIENTATIONS

The 2019-2022 orientations draw on both the 2015-2018 Strategy activity report and the consultations held by the AMF with the Network and the financial education advisory committee. These orientations are also inspired by some of the results of the 2018 AMF Index survey, the work that led to the creation of the [Charter of essential skills for financial well-being](#),<sup>11</sup> and the progress of other work being carried out elsewhere in the world with respect to other, similar strategies. Implementing a national financial education strategy requires a sustained effort over a long period to ensure that people are supported in adopting or changing certain financial behaviours. Therefore, collaboration among partners and the improvement of Quebecers' financial health—the two major phases of the initial strategy—will remain relevant in the years to come.

**THE FIRST ORIENTATION, COLLABORATION:** Further mobilize the Québec network of financial education specialists in order to increase the number of contributors, support collaboration, and maximize impact.

Considering the work to be pursued and undertaken, collaboration remains a key pillar of the Strategy. Partnering and sharing expertise are the preferred ways to maximize the impact of initiatives and reach or involve as many Quebecers as possible. These initiatives must also be guided by effective monitoring of current, if not foreseeable, financial education issues. Since 2017, Quebecers have collectively benefited from the introduction of a new compulsory financial education course for secondary-level students. As a result, today's youth and future generations of consumers will, as they approach financial independence, be more aware and equipped owing to the efforts of multiple partners working together to support teachers and students. This type of collaboration can benefit and be applied to other generations or target groups, including the elderly, newcomers, and people active in the labour market. The AMF reiterates its commitment, as part of its mission, to play a central role in mobilizing financial education contributors.

**THE SECOND ORIENTATION, FINANCIAL WELL-BEING:** Provide Quebecers with tools and programs adapted to their needs and to economic, demographic and technological issues.

Financial education needs do not decrease as the economy becomes more robust and technology improves. If anything, the opposite is true. The consultations conducted with financial education partners highlight the importance of working together to raise awareness of the positive effects of greater financial literacy and the ill-effects of financial illiteracy. Although over 140 tools and programs are currently catalogued in the [Québec directory](#), continuing efforts must be made to stimulate innovation and encourage Quebecers to take a greater interest in sound financial management. Efforts must also be made to promote those tools so that people reach for them (and have them at top of mind) whenever they need them. The AMF reiterates its commitment, as part of its mission, to make optimal use of its resources and partnerships to encourage even more Quebecers to become more vigilant in managing their personal finances.

## 2019-2022 ACTION PLAN

The 2019-2022 Action Plan reflects the AMF's commitment to meet the challenges of collaboration and help improve Quebeckers' financial health.

The AMF is delivering on this commitment by pursuing its information, awareness, financial education and consumer assistance initiatives. The AMF also intends to play a key role while focusing, in particular, on a new financial education, outreach and research partnerships program.

Members of the Network, whose participation is essential to Quebeckers' financial wellness, are again being called upon to partner with the AMF to ensure the continued implementation of the Strategy's orientations, which they had a major hand in developing. To this end, the AMF will provide new opportunities for networking, sharing ideas and information, and disseminating financial education tools and programs in Québec.

### 1. COLLABORATION FOCUSED ON MOBILIZATION

Taking action to:

- **Convince new partners from outside the financial education field to buy into the Strategy:**
  - By canvassing major public- and private-sector employers, professional associations, unions, universities and CEGEPs, many of which are already playing a role supporting or providing information on personal financial management.
  - By clarifying the needs of employees and employers in order to expand the selection of workplace educational programs.
- **Clarify and share financial education best practices:**
  - By updating the Québec directory of financial education tools and programs.
  - By augmenting the number of channels for dialogue between the partners and proposing public events for that purpose.
- **Establish new high-impact partnerships**
  - By supporting projects with several complementary partners in order to reach more consumers in a timely manner and with the appropriate tools.
- **Assess the impact of financial education mobilization**
  - By continuing and enhancing the survey of financial education initiatives and the resulting impact.
  - By validating or adapting measurement tools (surveys, evaluation grids, etc.).

## 2. FINANCIAL WELL-BEING FOCUSED ON SKILLS

This phase focuses on key skills specifically related to Quebeckers' financial well-being by encouraging the acquisition and development of those skills and their application to new technologies. These skills reflect both the [Charter of essential skills for financial well-being](#) and the findings of our consultation.

SKILL 1	Why
<p><b>Identify reliable<sup>12</sup> sources of information in order to make informed decisions</b></p>	<ul style="list-style-type: none"> <li>• One out of two Quebeckers prefer to gain new personal financial knowledge on their own.<sup>13</sup></li> <li>• New technologies can make products and services even more complex.</li> <li>• The Internet and social media continue to be influential and risky sources of information.</li> <li>• It is difficult for consumers to identify a financial professional (representative) capable of providing them with services that are suited to their needs.</li> <li>• The aging of the population and the related cognitive decline are having a growing impact on the way the personal finances of the individuals affected are managed.</li> </ul>
How	

- By increasing efforts to raise awareness of the importance of cross-checking information and sources, particularly those available on the Web and social media.
- By making modern, accessible and mobile tools available to consumers so that they can better manage their personal finances and understand the impact of certain financial decisions.
- By providing the elderly (in their living environment) and their relatives and the people working with them with educational content so that they can anticipate the effects of cognitive decline and provide for the management of the elderly person's affairs by a third party.
- By providing consumers, especially those active in the work force, with a tool to help them decide which finance professional to consult given their needs.
- By facilitating an understanding of financial products and services, including the related costs and expenses.

<sup>12</sup> Reliability refers to the ability to choose correctly from the reams of information available, especially on the Web and social media, and to the importance of cross-checking those sources.

<sup>13</sup> 2018 AMF Index.

SKILL 2	Why
<p><b>Manage your assets, income and debt</b></p>	<ul style="list-style-type: none"> <li>• Approximately three out of four Quebeckers say that managing their finances is an “easy” task, but one out of two do not spend much time on it.<sup>14</sup></li> <li>• According to the survey conducted with Network members in the fall of 2018, Quebecker indebtedness is currently the most important issue.</li> <li>• Recent legislative changes<sup>15</sup> call for consumers to be quickly informed of new conditions relating to the offering of financial products and services.</li> </ul>
<p style="text-align: center;"><b>How</b></p>	

- By providing up-to-date information on financial product and service offerings.
- By providing more structured support to frontline organizations that work with consumers, particularly in dealing with debt.
- By assessing the relevance of naming ambassadors to promote a shift in financial culture in Québec.
- By centralizing the selection of workshops and programs offered in workplaces, universities and CEGEPs, and via interactive platforms.
- By adapting existing tools to the needs of specific clientele, including members of the Indigenous nations, newcomers, the elderly, youth, and people with special needs.<sup>16</sup>

<sup>14</sup> 2018 AMF Index.

<sup>15</sup> 12 SQ 2018, c.23, *Act respecting the regulation of the financial sector*.

<sup>16</sup> For example, the AMF recently confirmed financial support for the development of educational toolkits for semi-independent young people with autism.

### SKILL 3

### Why

#### Plan for the medium- and long-term

- Financial planning for retirement is the leading topic of concern to Quebecers active in the labour force.<sup>17</sup>
- Not having sufficient knowledge to plan financially for retirement is identified as an individual, social and economic risk.
- Indebtedness can have a direct impact on retirement planning.

### How

- By increasing collaborative efforts to raise awareness, particularly in October, which is Financial Planning for Retirement Month, or during World Investor Week, an initiative of the International Organization of Securities Commissions (IOSCO) also held in October.
- By monitoring financial institutions' new technological tools.
- By exploring opportunities to develop financial education tools taking into account technological developments in the financial sector (fintech).
- By encouraging intergenerational dialogue to raise awareness of the importance of planning ahead and putting more money aside (investing).

SKILL 4	Why
<p><b>Manage risk using insurance</b></p>	<ul style="list-style-type: none"> <li>• The complexity of some types of insurance contracts can make understanding risks and coverage difficult.</li> <li>• New products and distribution methods are being offered as a result of changes in insurance legislation. Financial education remains a preferred means of encouraging consumers to adopt healthy financial habits regarding such products and methods.</li> <li>• While stimulating the development and offering of new products, the sharing economy requires an increased awareness of the concept of insurance risk.</li> <li>• Governments and insurers are more concerned than ever before about environmental issues, including natural disasters and climate change. Consumers need to be aware of the risks and have a clearer understanding of the coverage offered by insurers and the limits of that coverage.<sup>18</sup></li> </ul>
How	
<ul style="list-style-type: none"> <li>• By continuing efforts to simplify (clear and plain language) insurance contracts and other documents intended for consumers.</li> <li>• By providing educational tools adapted to new products and distribution methods.</li> <li>• By strengthening awareness efforts in the field, including during theme events.</li> <li>• By reaching young people, a target clientele of the sharing economy, in order to make them more aware of insurance risks, particularly during the 2019-2020 CEGEP Tour.</li> <li>• By planning more joint awareness campaigns during certain theme weeks or days (Civil Protection Week, the Great ShakeOut, etc.).</li> <li>• By informing consumers, including via the AMF website, about the current limits of their insurance coverage as well as actions to take to protect their property from earthquakes and floods.</li> </ul>	

## SKILL 5

## Why

### Recognize potential risks of fraud

- Very few Quebeckers are able to recognize three key signs of potential fraud.<sup>19</sup>
- New types of fraud targeting Québec consumers are emerging, especially on the Web.
- The risk of Internet and social media fraud and attempted fraud is on the rise.

## How

- By strengthening our joint fraud prevention efforts with Quebeckers through various means: Fraud Prevention Month (March), AMF CEGEP Tour (TesAffaires.com), seminars for the elderly, annual awareness campaigns, and media interviews.
- By creating, together with the Network partners, a virus alert system relating to potentially fraudulent offers.
- By analyzing, particularly through research, the most effective ways for consumers to adopt more vigilant behaviours with respect to financial fraud.



## MEASURING ELEMENTS

The AMF will report to the financial education advisory committee and Financial Products and Services Consumer Advisory Committee on the progress of the work related to this action plan.<sup>20</sup> It will conduct annual surveys to identify Network activities that are related to the 2019-2022 orientations and will present a more detailed activity report on its 2019-2022 action plan.

With the 2019-2022 Québec Financial Education Strategy and action plan, the AMF is renewing its commitment, with the contribution of its partners, to help Quebeckers become more vigilant consumers who are also more confident, especially in their financial skills.

<sup>20</sup> The mandate of the Financial Products and Services Consumer Advisory Committee is to present the views of financial consumers to the AMF. The Committee members are drawn from various sectors and professions and have a particular interest in defending and promoting the rights of consumers or vulnerable persons.