

# FINANCIAL GOALS AND VALUES: A STUDY OF FINANCIAL LITERACY IN CANADA

A public opinion study commissioned by the  
Canadian Bankers Association

2015

ABACUS DATA



# METHODOLOGY

**Online Survey**

**1,978 Canadians, 18 to 70**

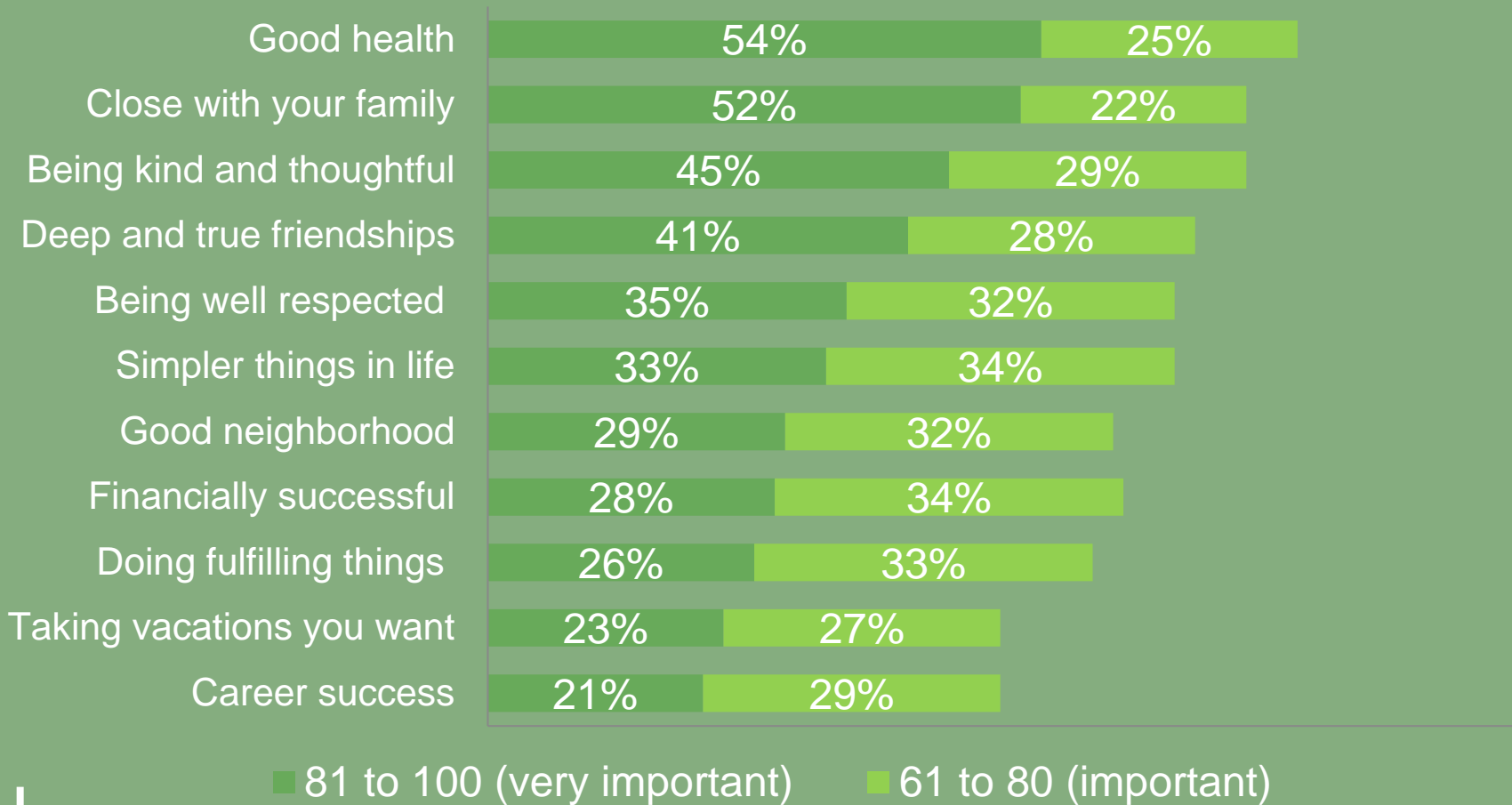
**Field dates**

**April 10 to 21, 2015**

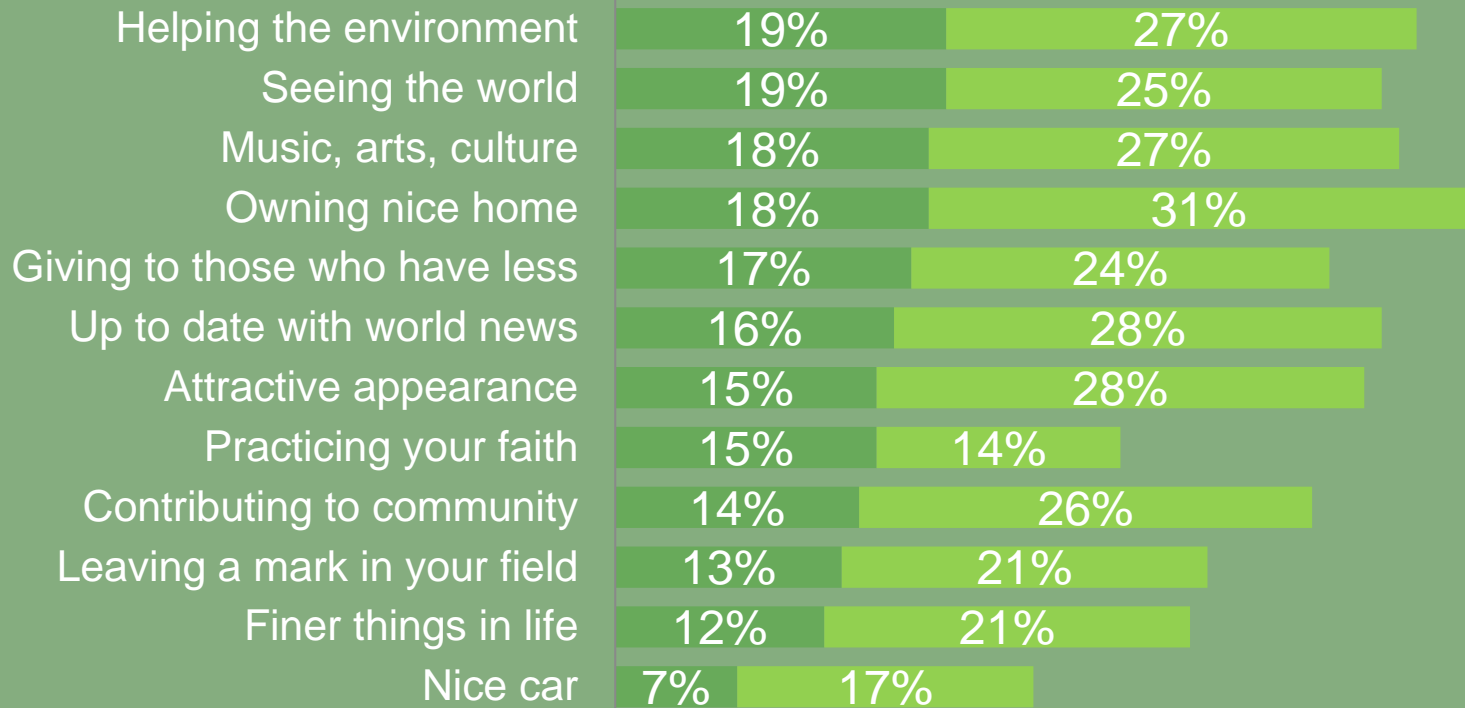
**Statistical Weighting**

**By age, gender, education,  
and region**

# PRIORITIES IN YOUR LIFE



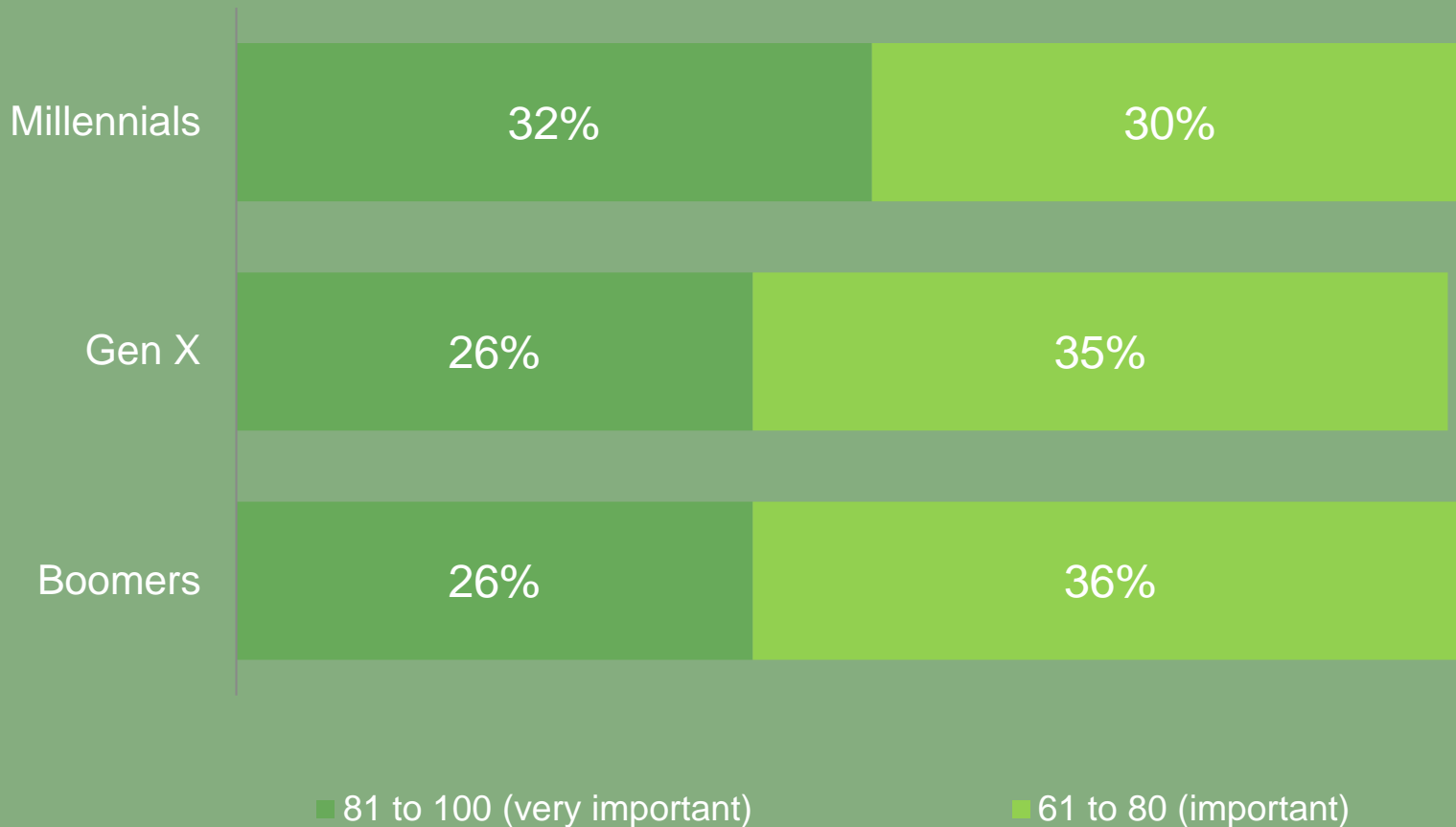
# PRIORITIES IN YOUR LIFE



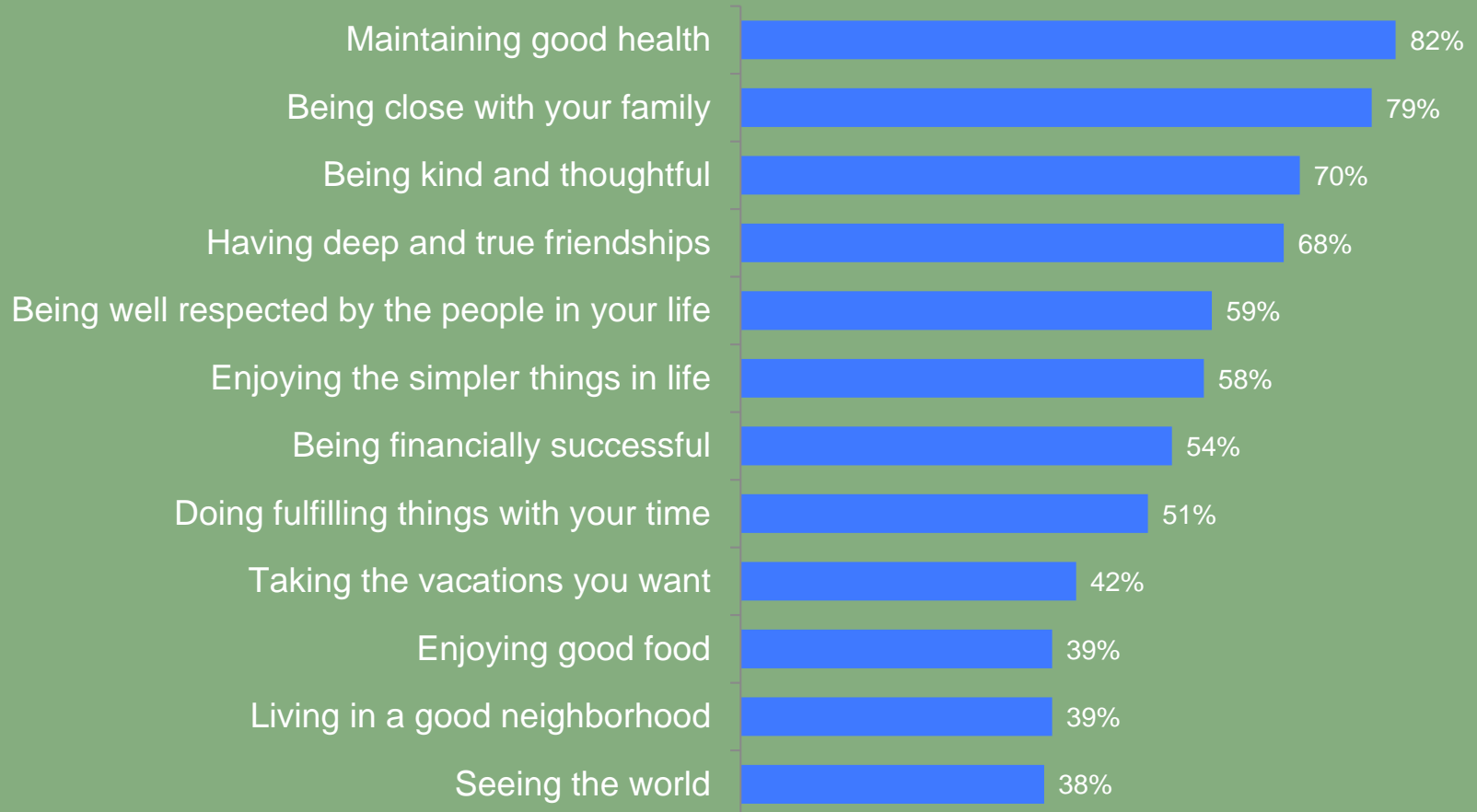
■ 81 to 100 (very important)

■ 61 to 80 (important)

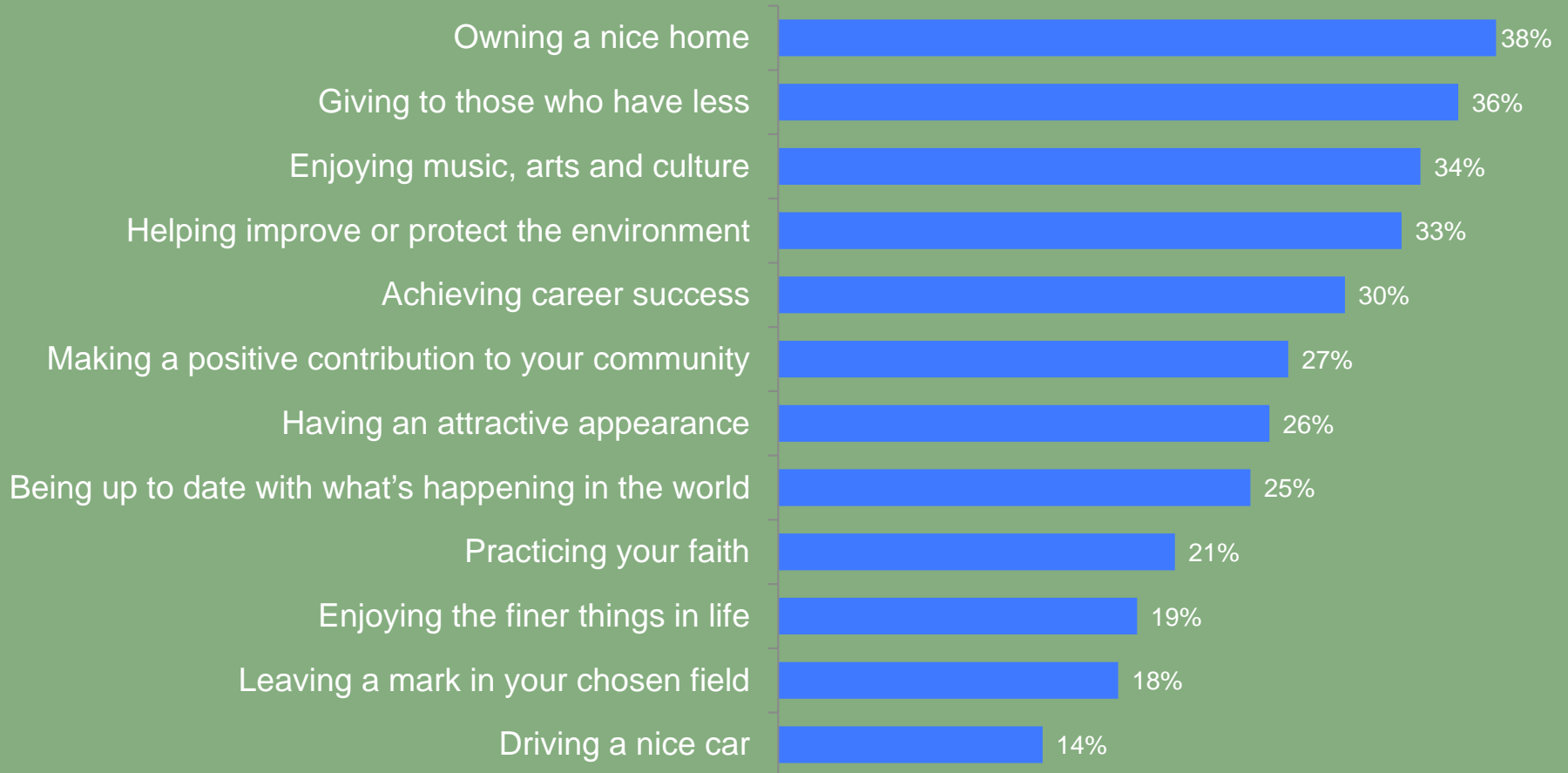
# IMPORTANCE OF FINANCIAL SUCCESS



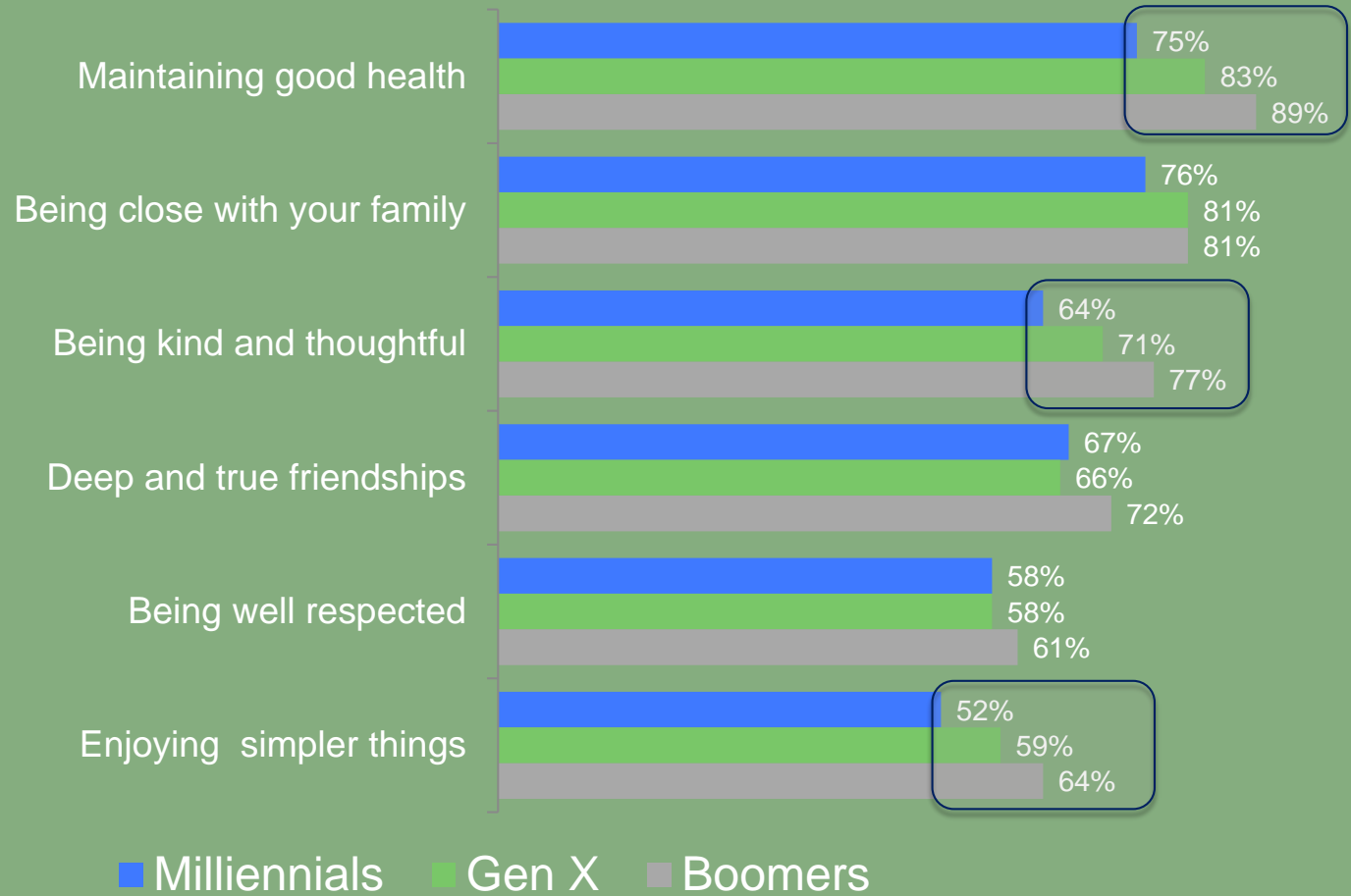
# 10 MOST IMPORTANT



# 10 MOST IMPORTANT

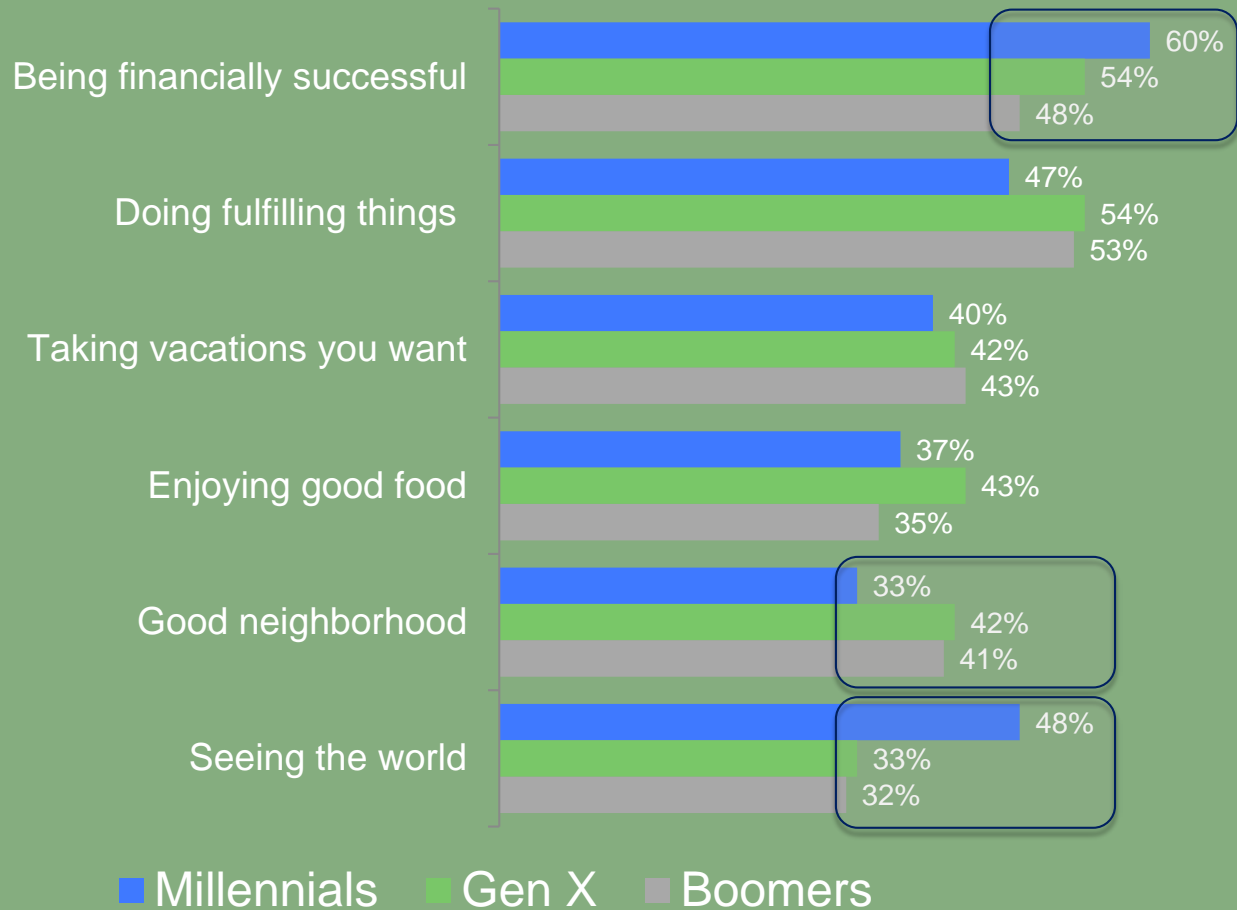


# 10 MOST IMPORTANT

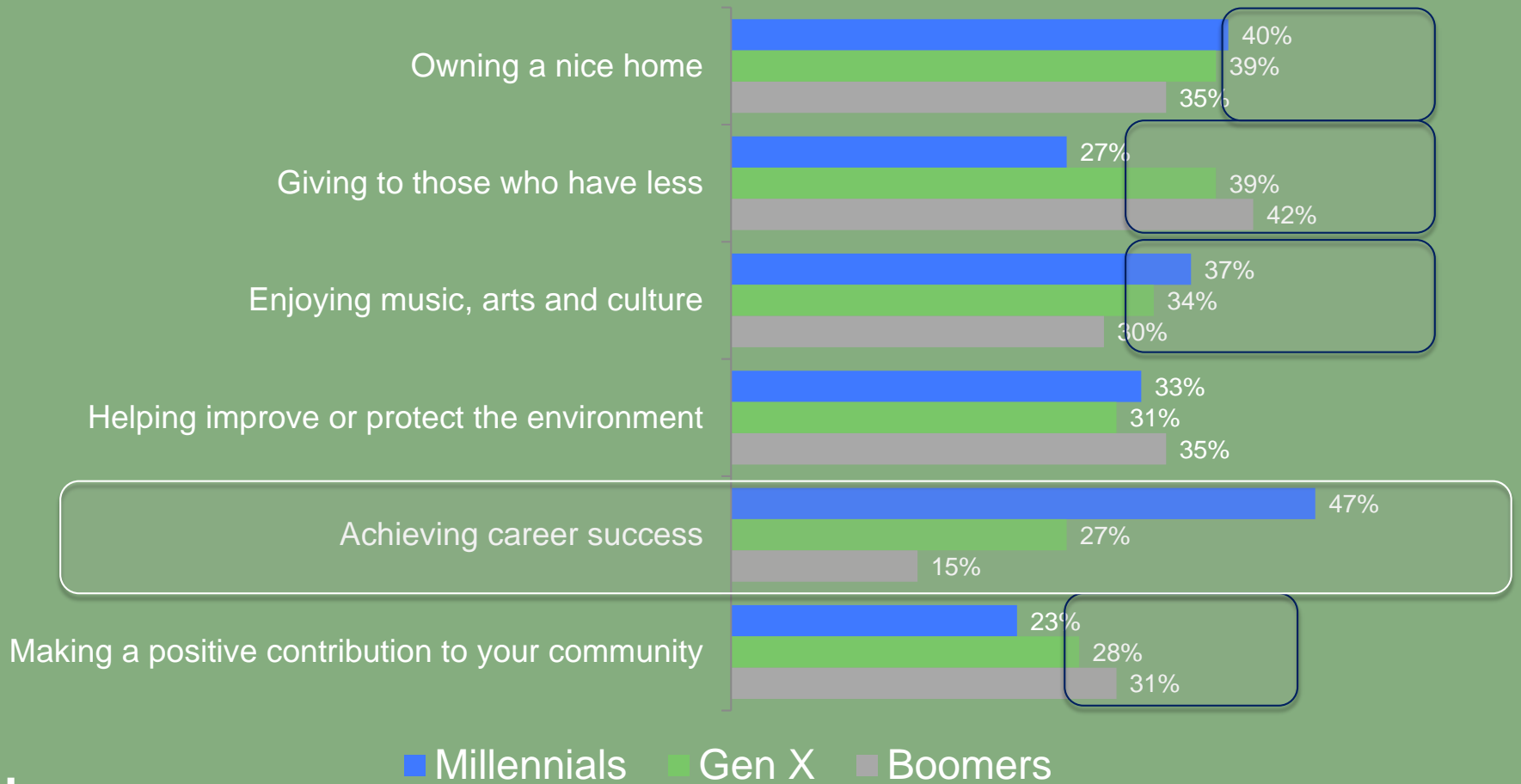




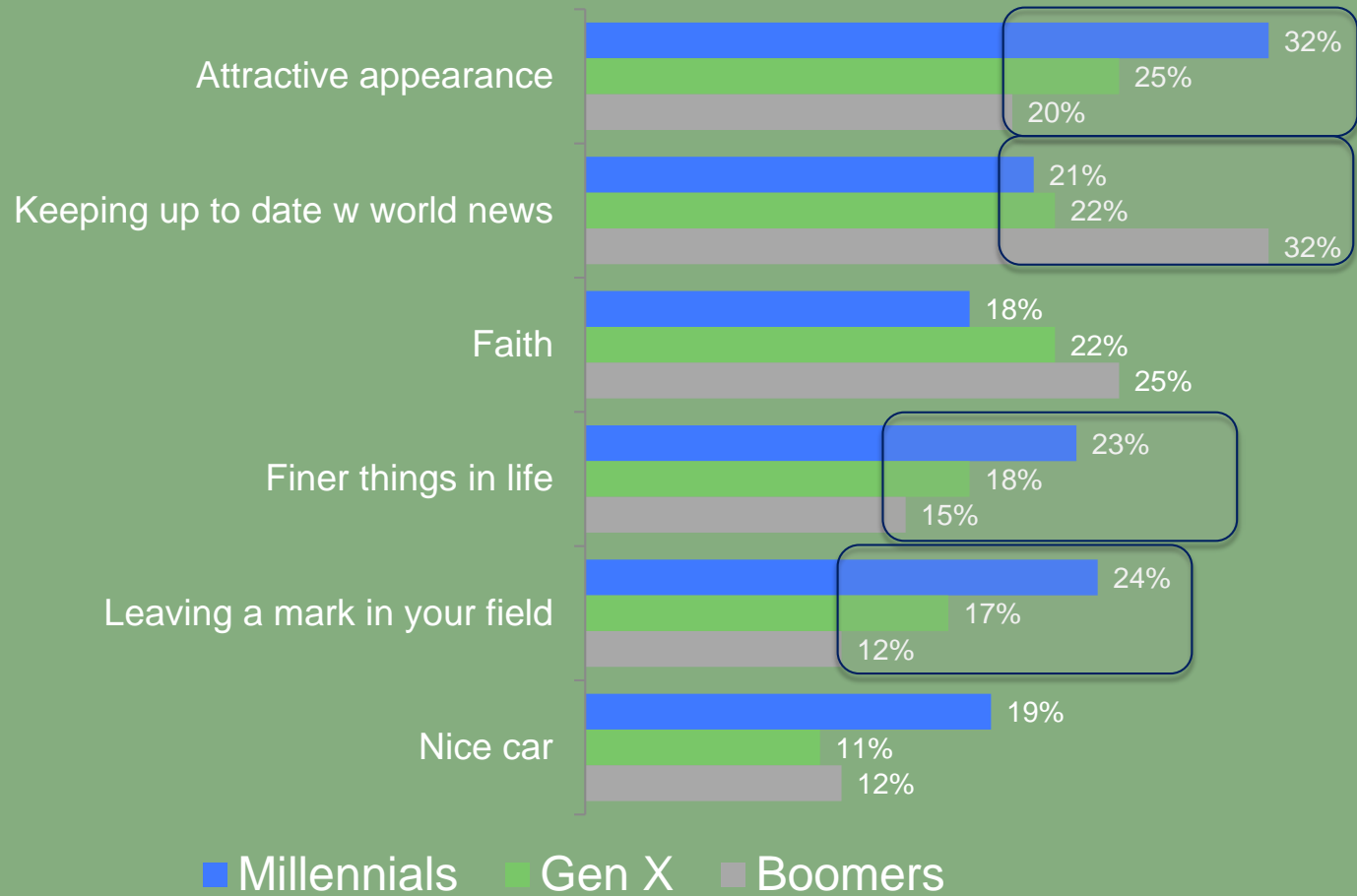
# 10 MOST IMPORTANT



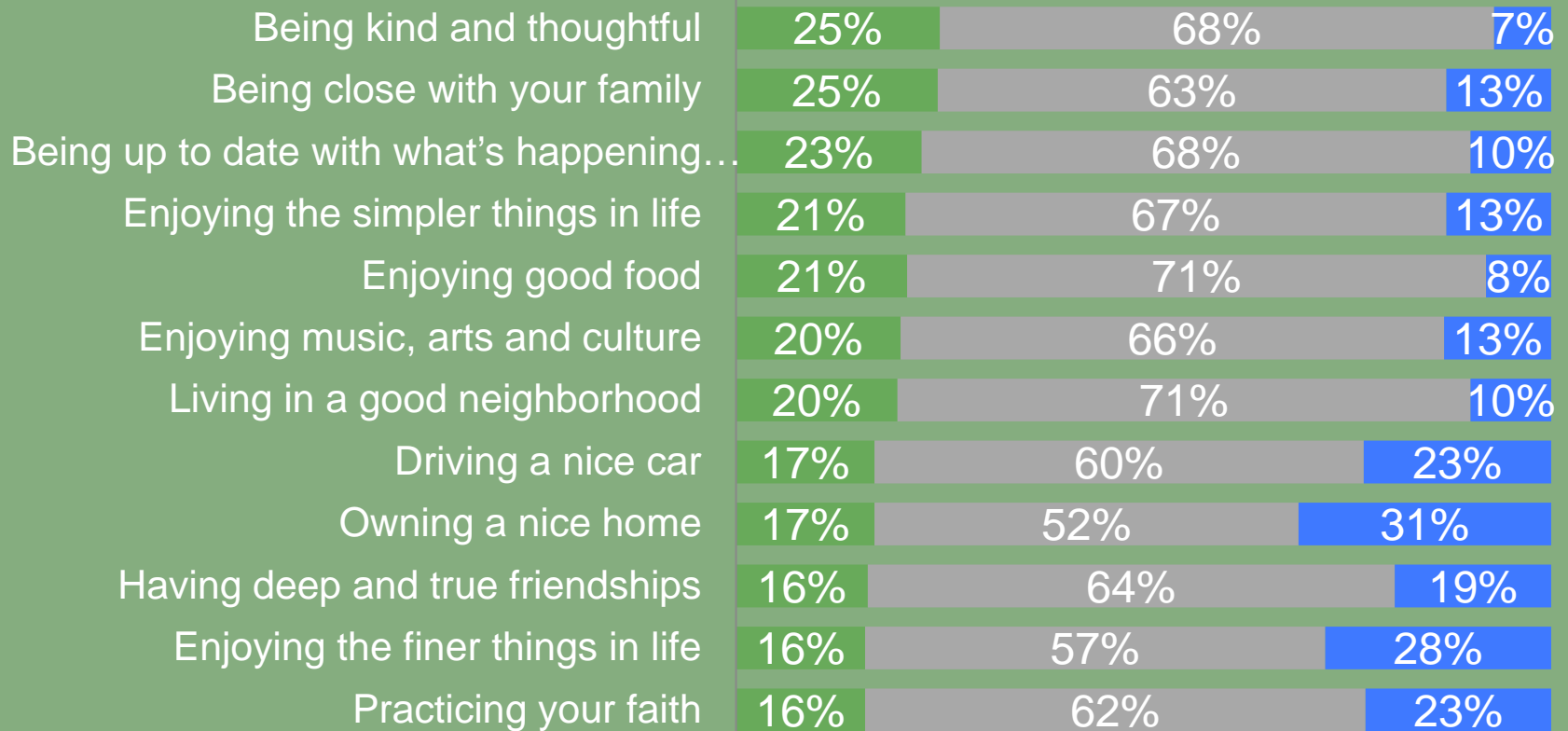
# 10 MOST IMPORTANT



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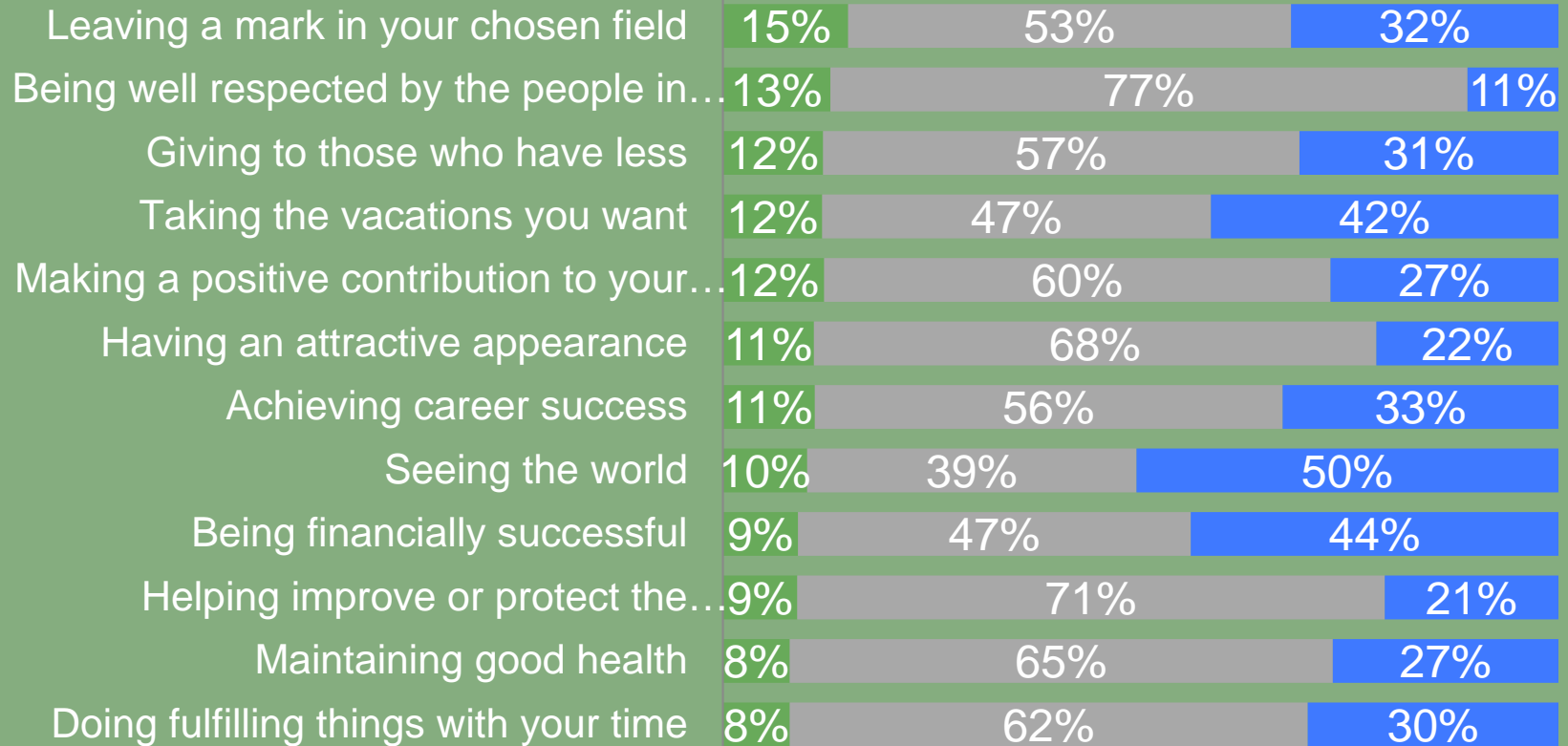


# SUCCESS WITH GOALS



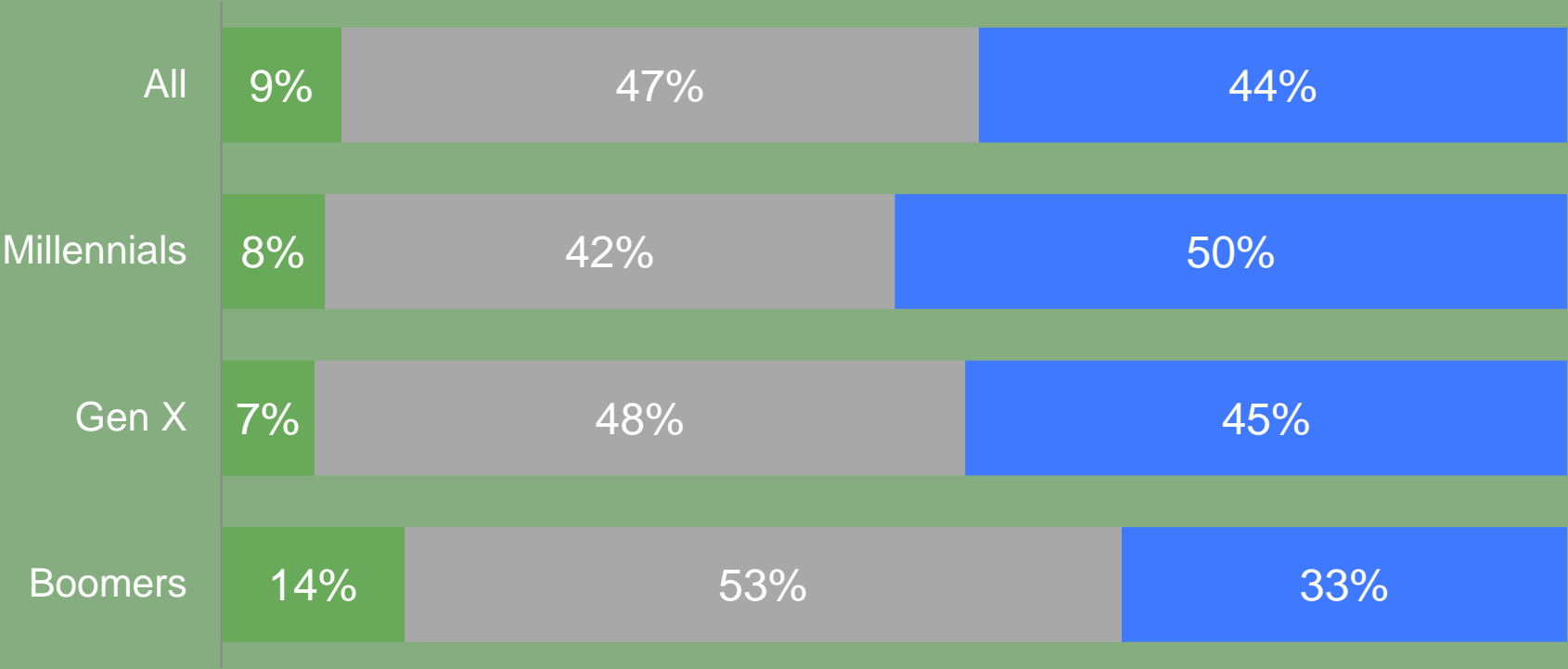
■ Exceeding your goals   ■ Meeting your goals   ■ Falling short of your goals

# SUCCESS WITH GOALS



■ Exceeding your goals   ■ Meeting your goals   ■ Falling short of your goals

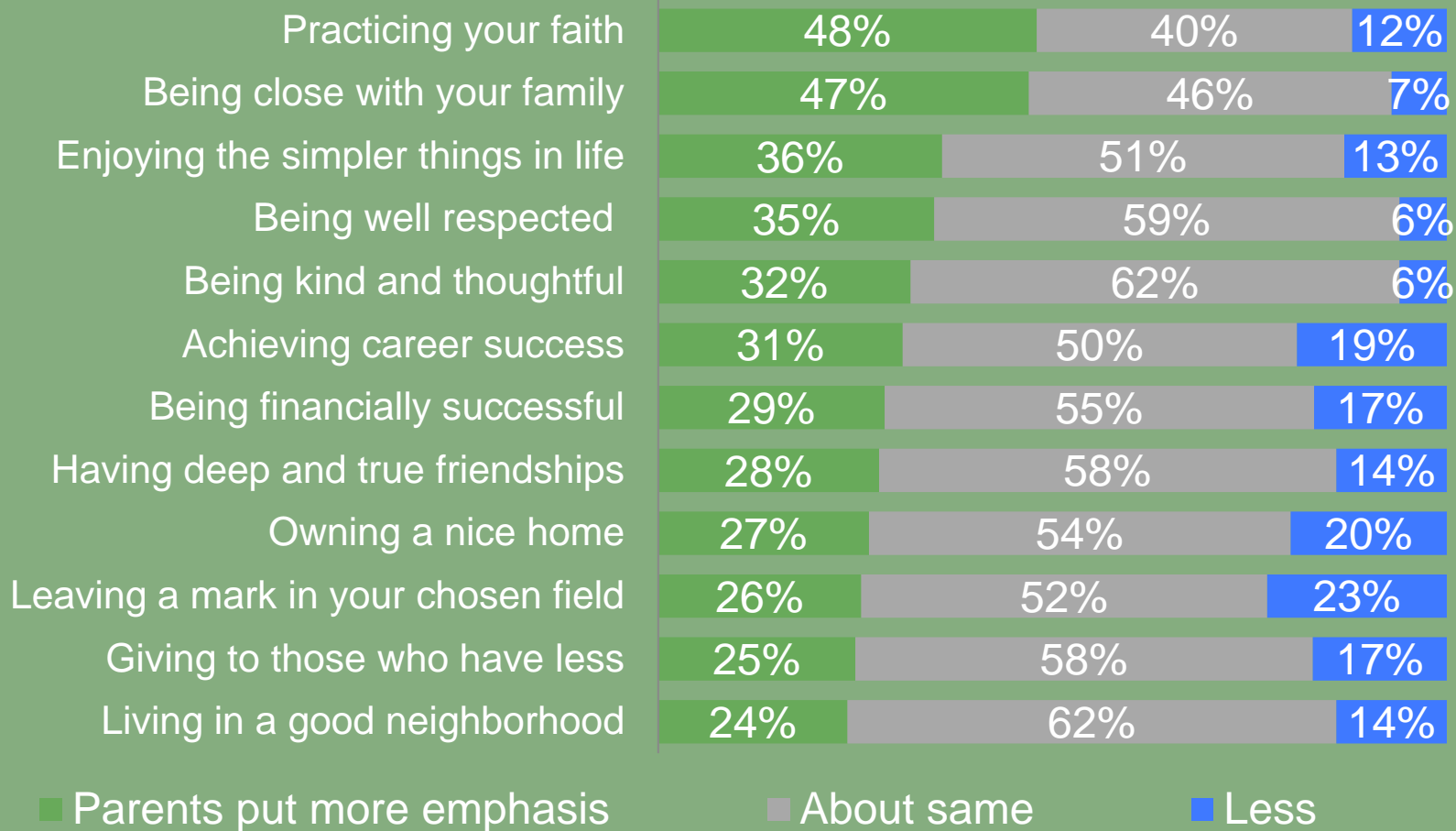
# SUCCESS – FINANCIALLY SUCCESSFUL



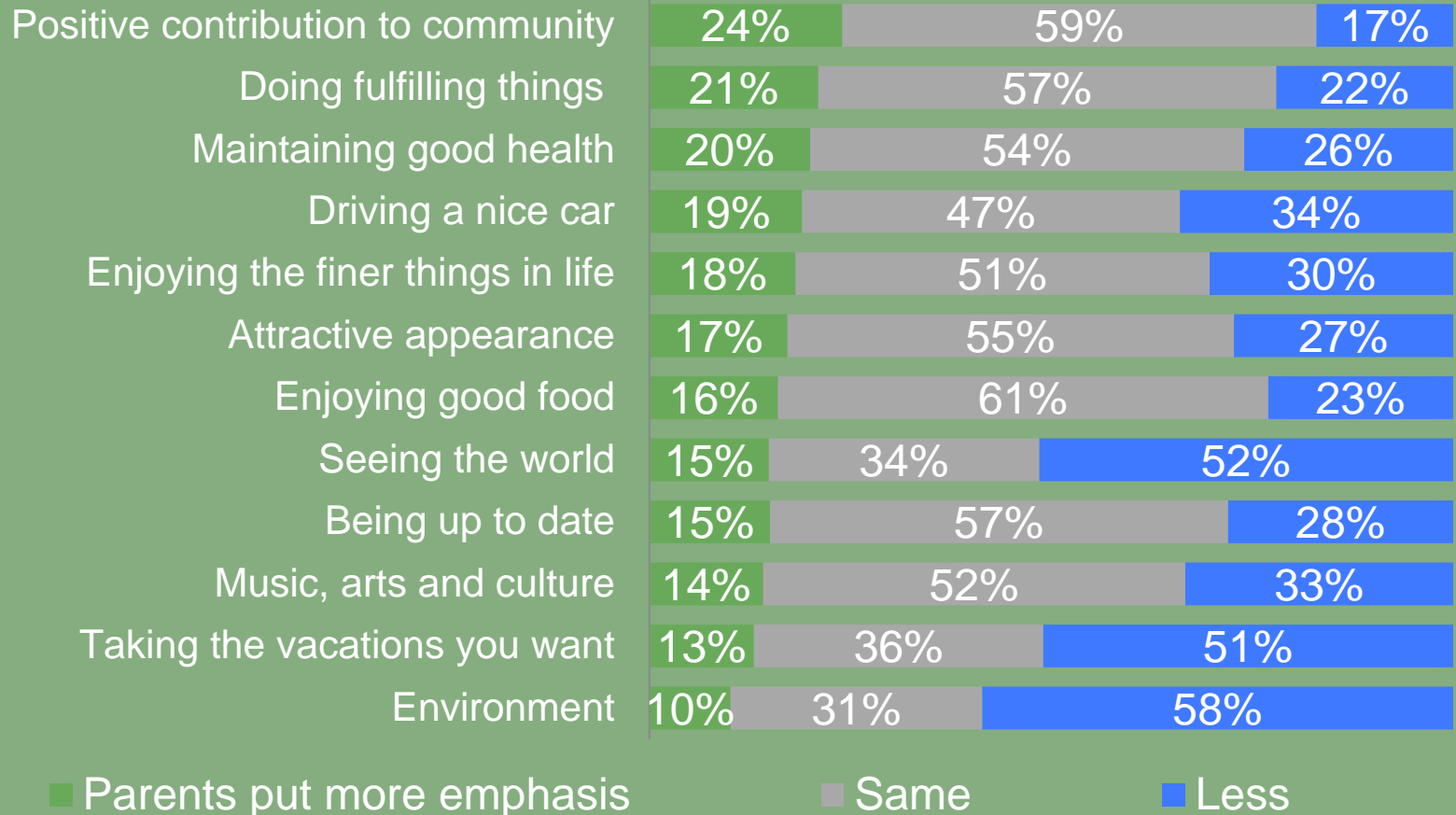
■ Exceeding your goals   ■ Meeting your goals   ■ Falling short of your goals

Thinking about these 10 goals, in each case, would you say that you are exceeding your goals, meeting your goals, or falling short of your goals?

# PARENTS' EMPHASIS DIFFERENT?

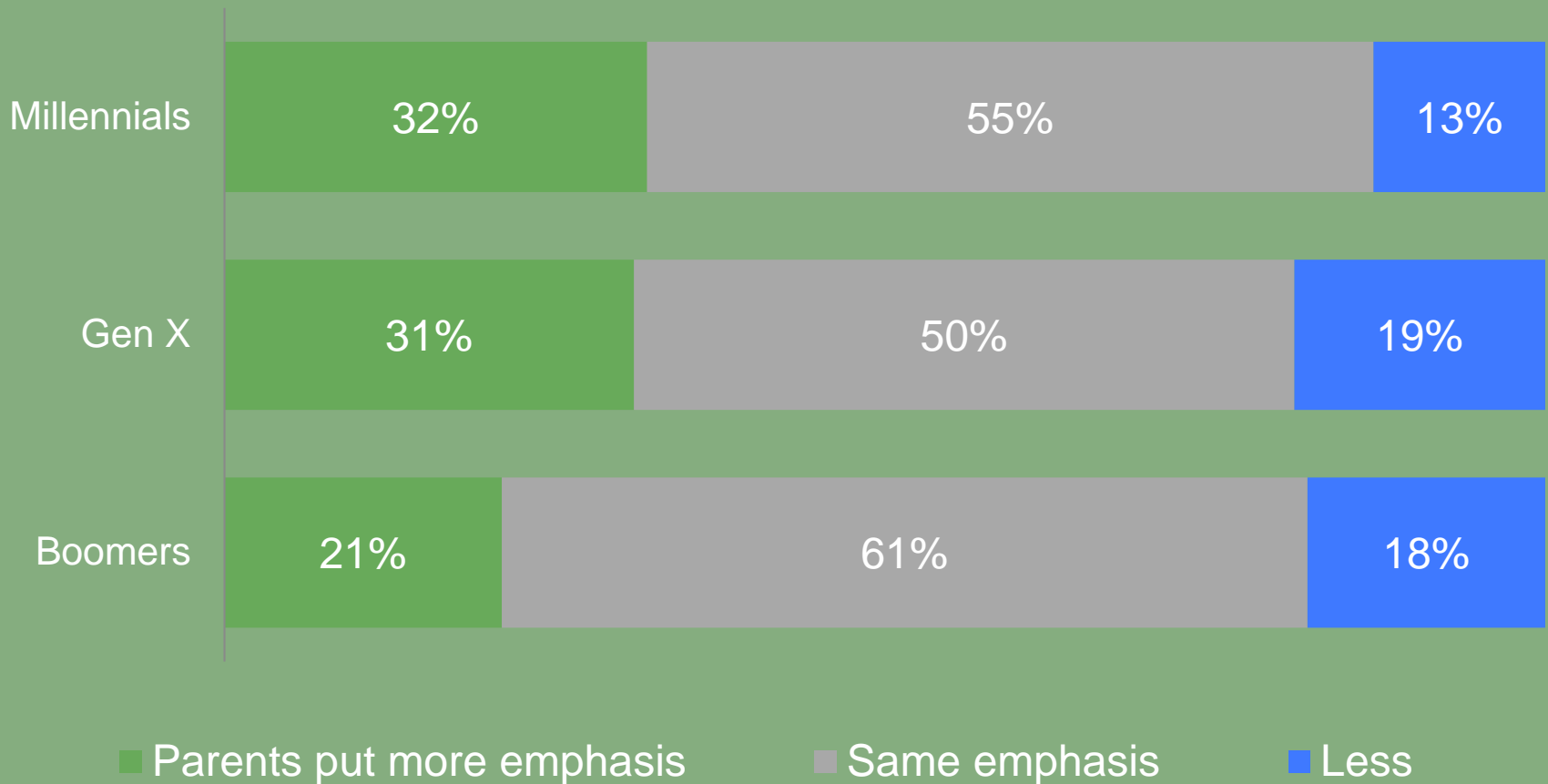


# PARENTS' EMPHASIS DIFFERENT? (2)

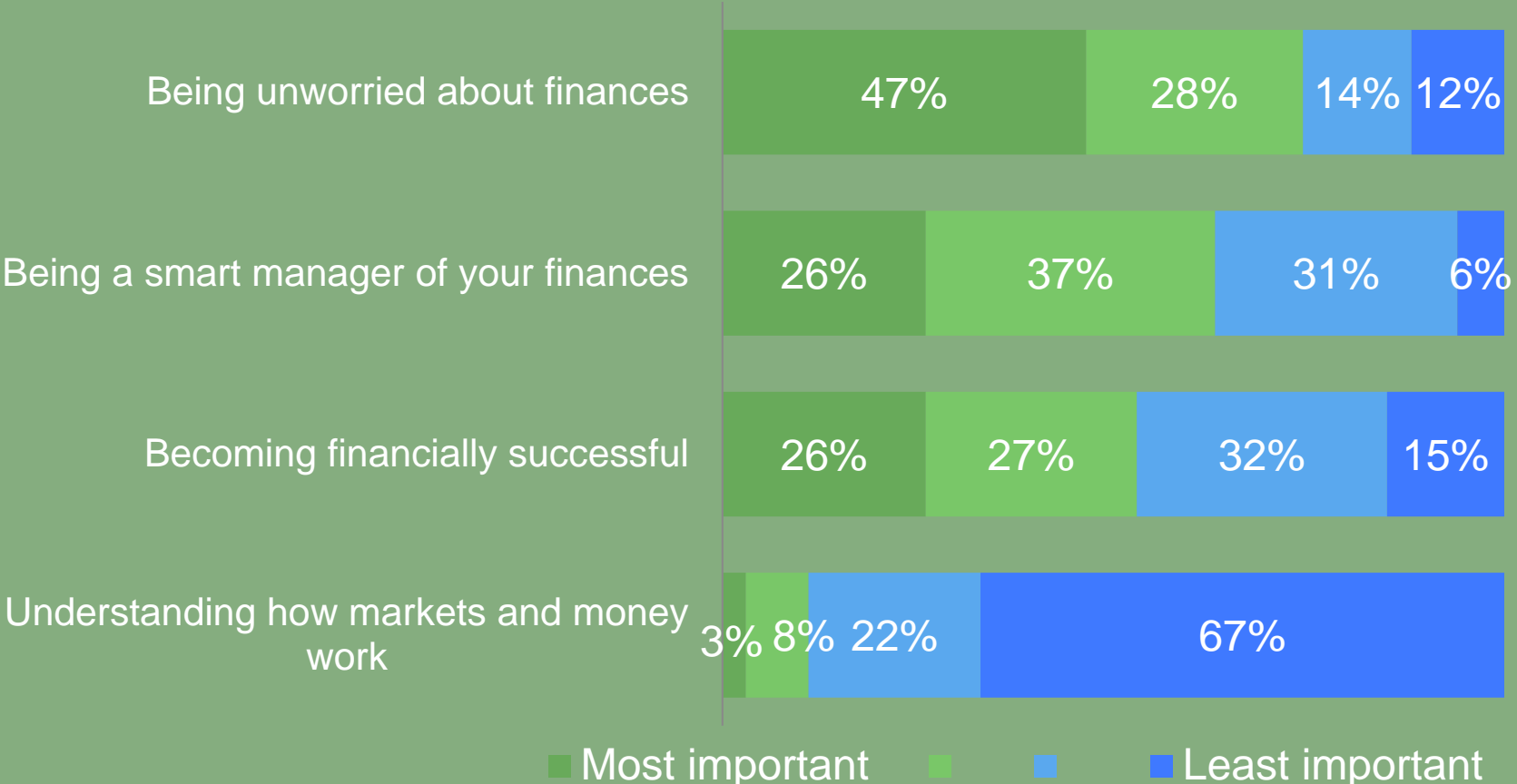




# PARENTS – FINANCIALLY SUCCESSFUL

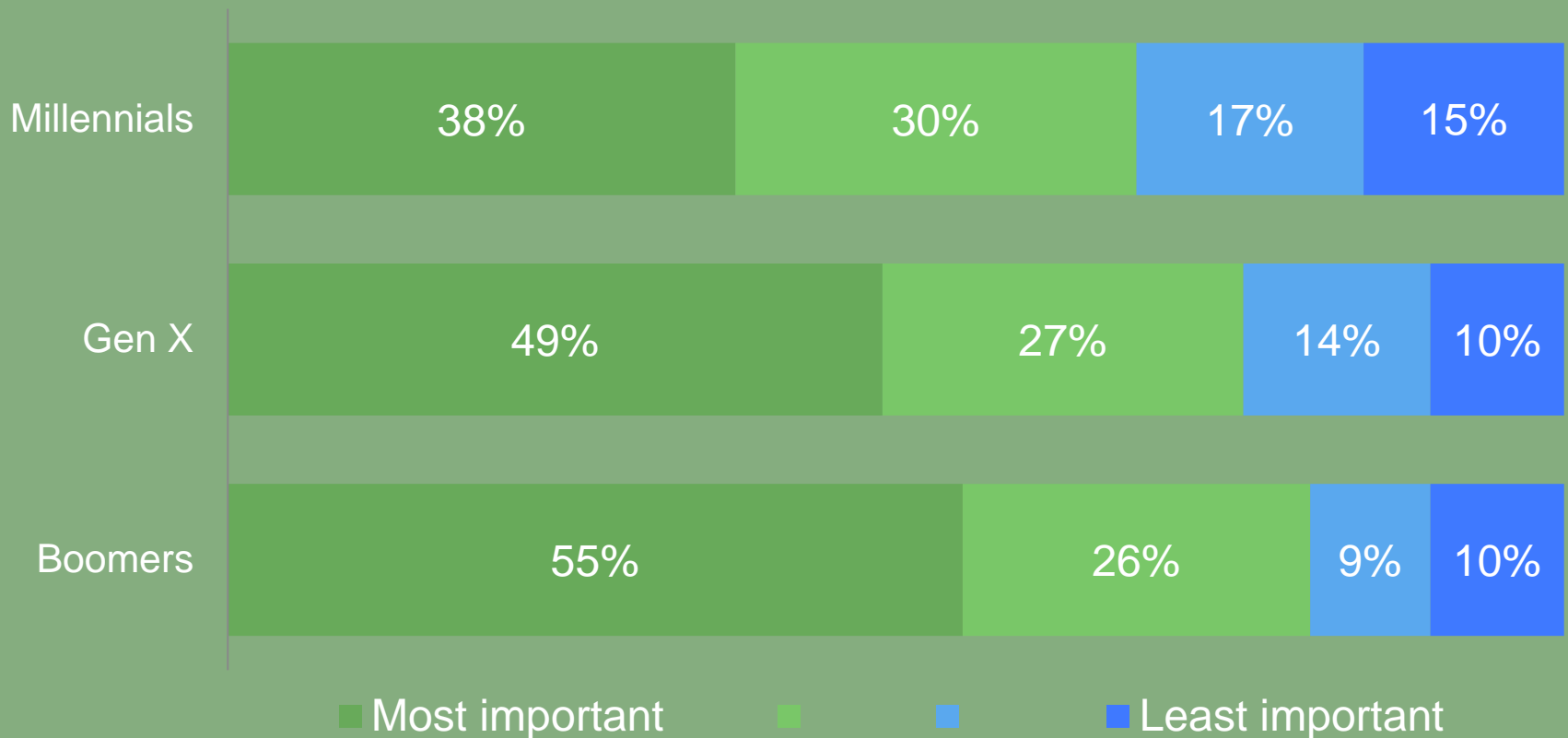


# FINANCIAL ASPIRATION

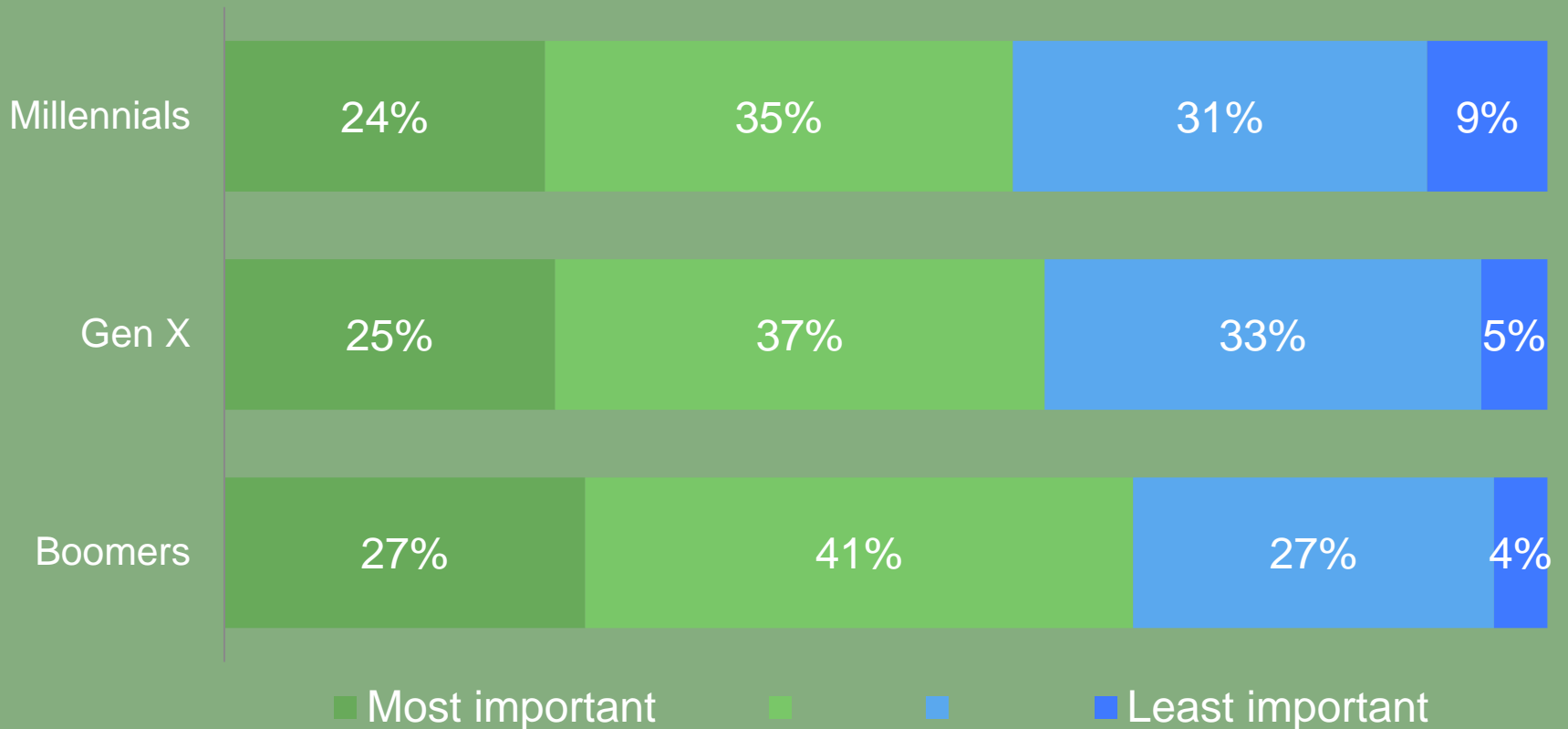


Thinking specifically about what you care about when it comes to money and finance, please rank the following in the order of importance to you.

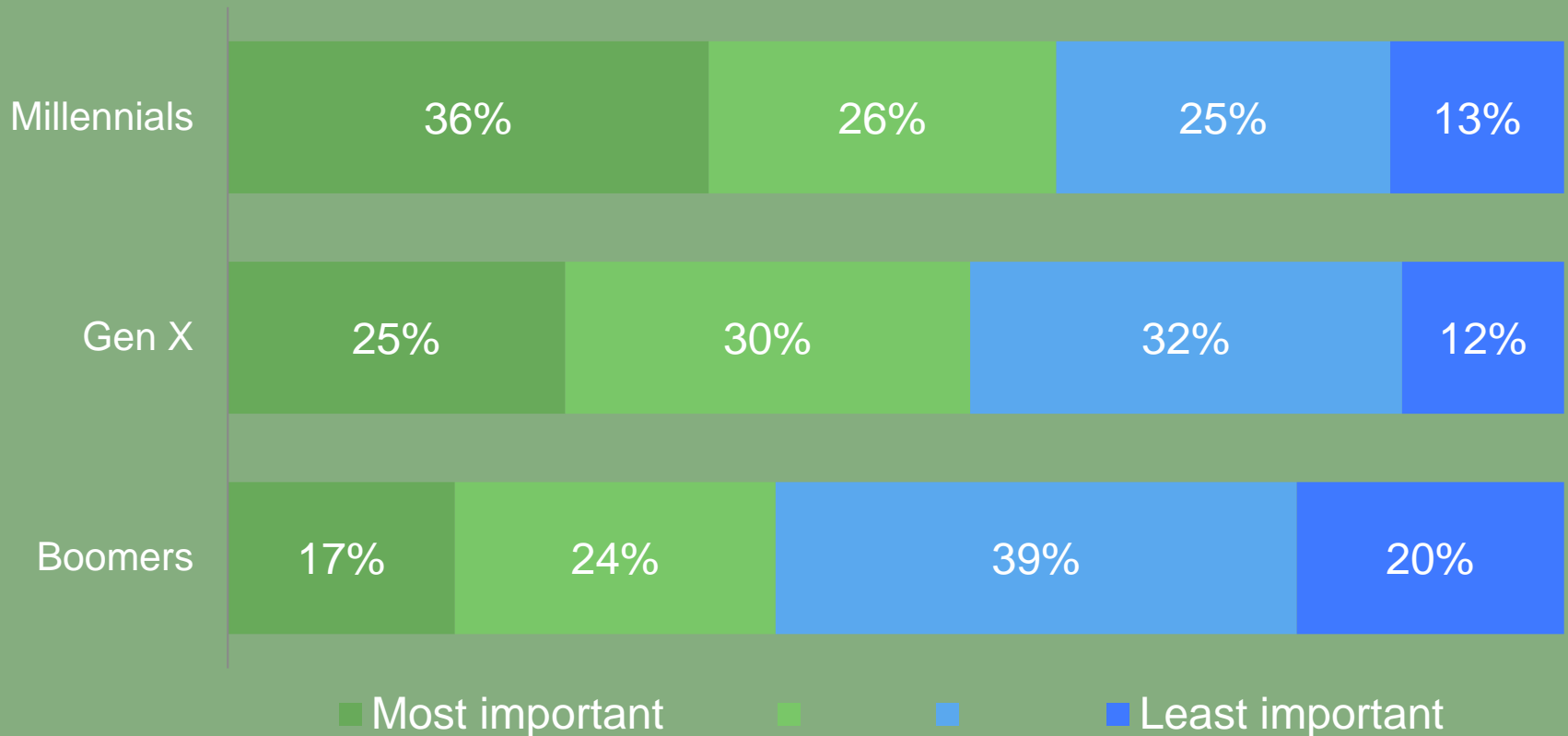
# ASPIRATION – BEING UNWORRIED



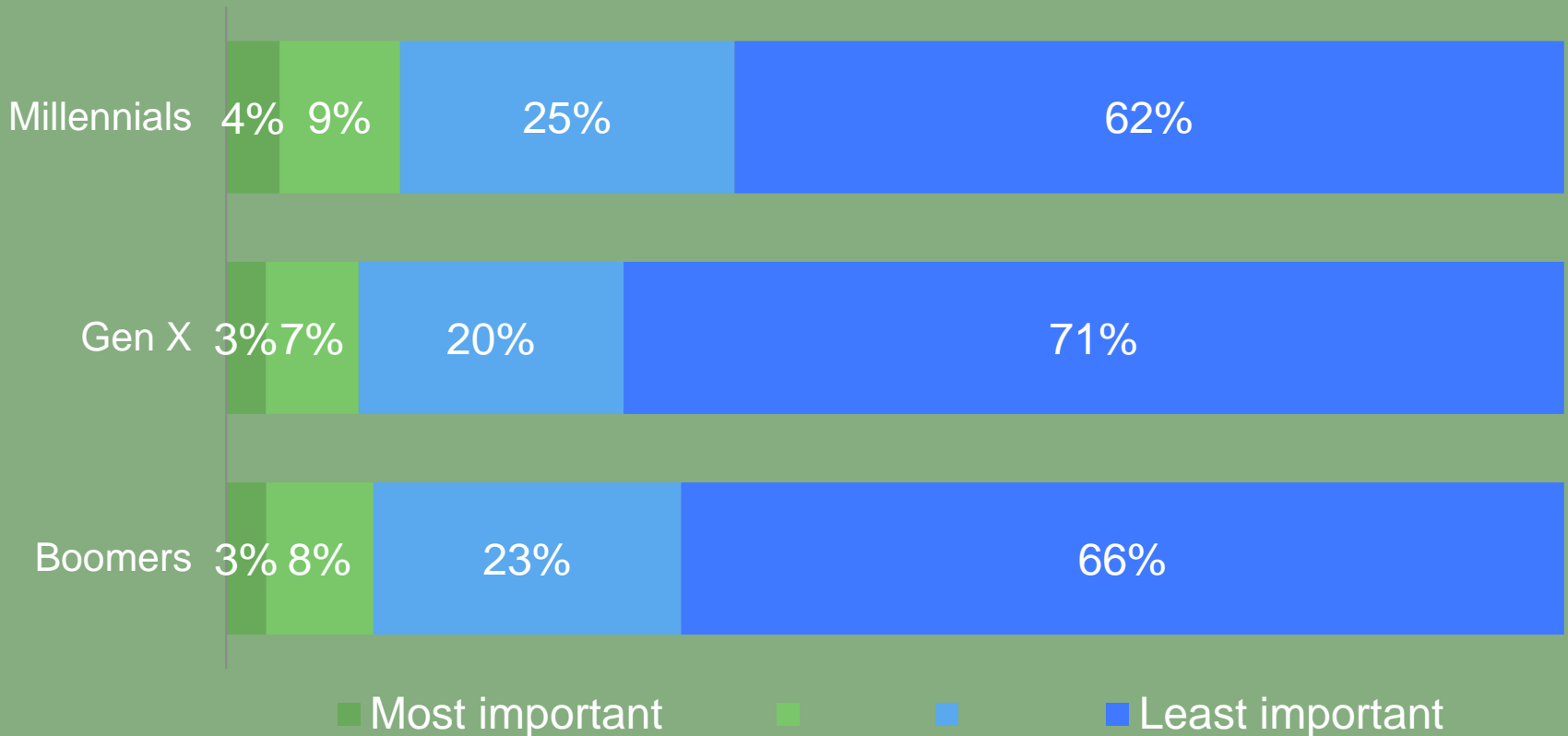
# ASPIRATION – SMART MANAGER



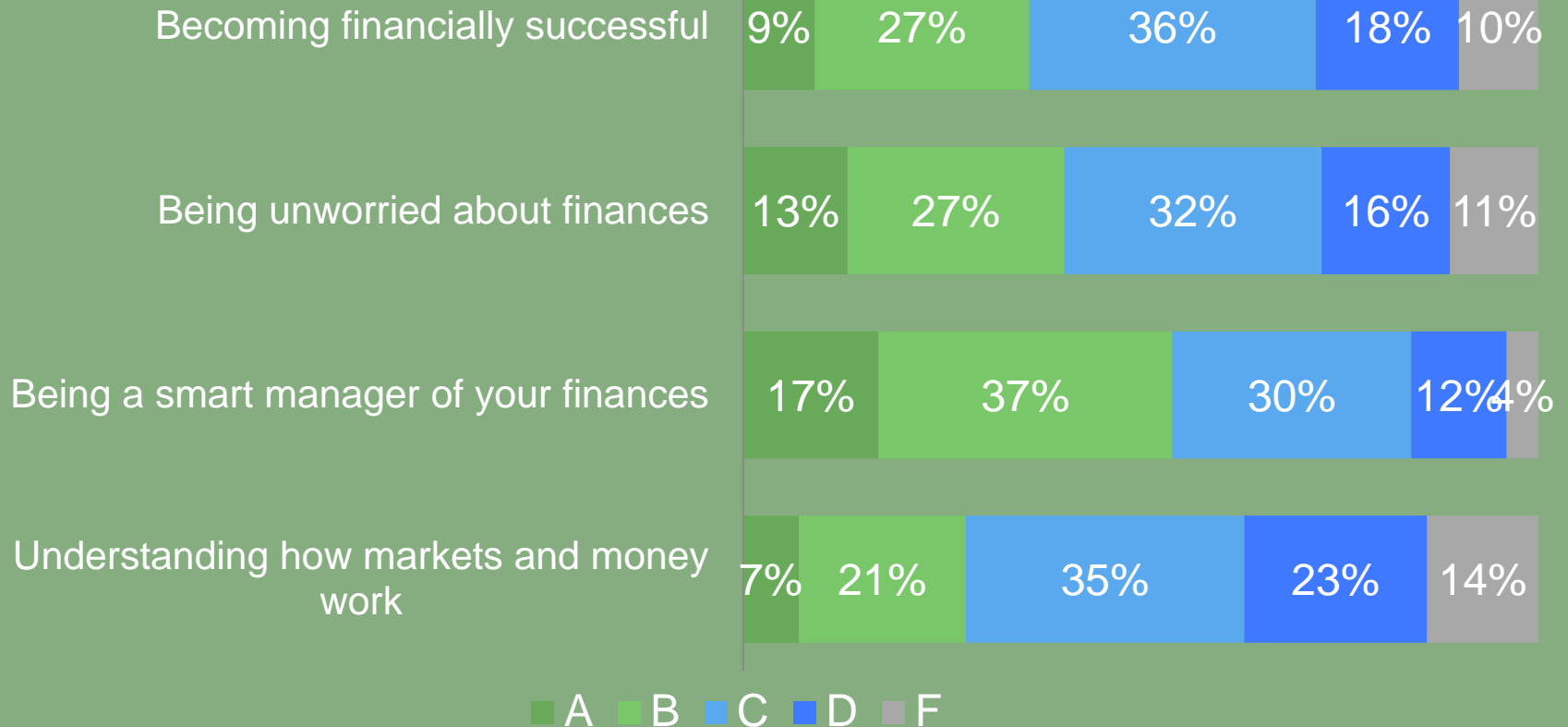
# ASPIRATION - FINANCIAL SUCCESS



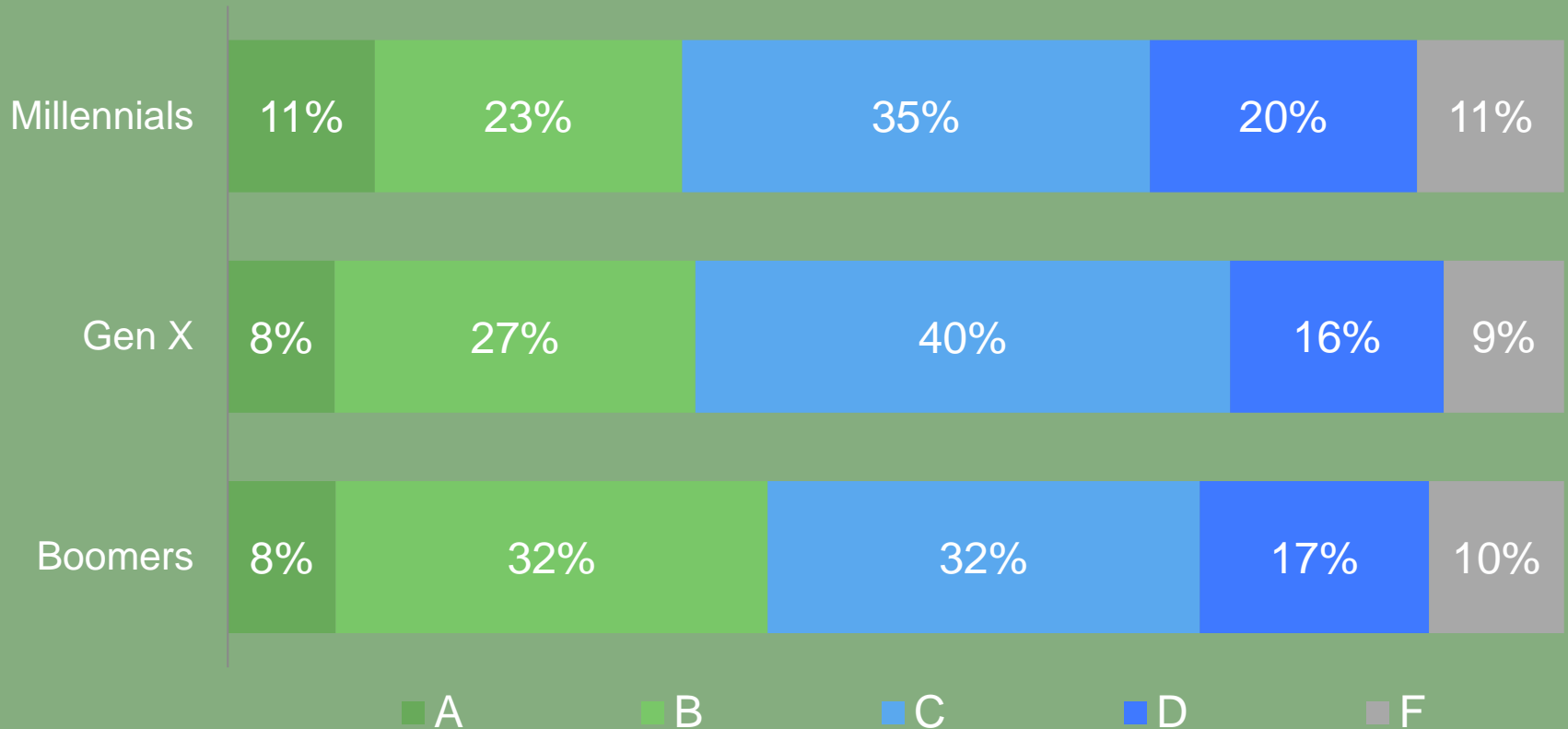
# ASPIRATION - UNDERSTANDING MARKETS & MONEY



# HOW AM I DOING?

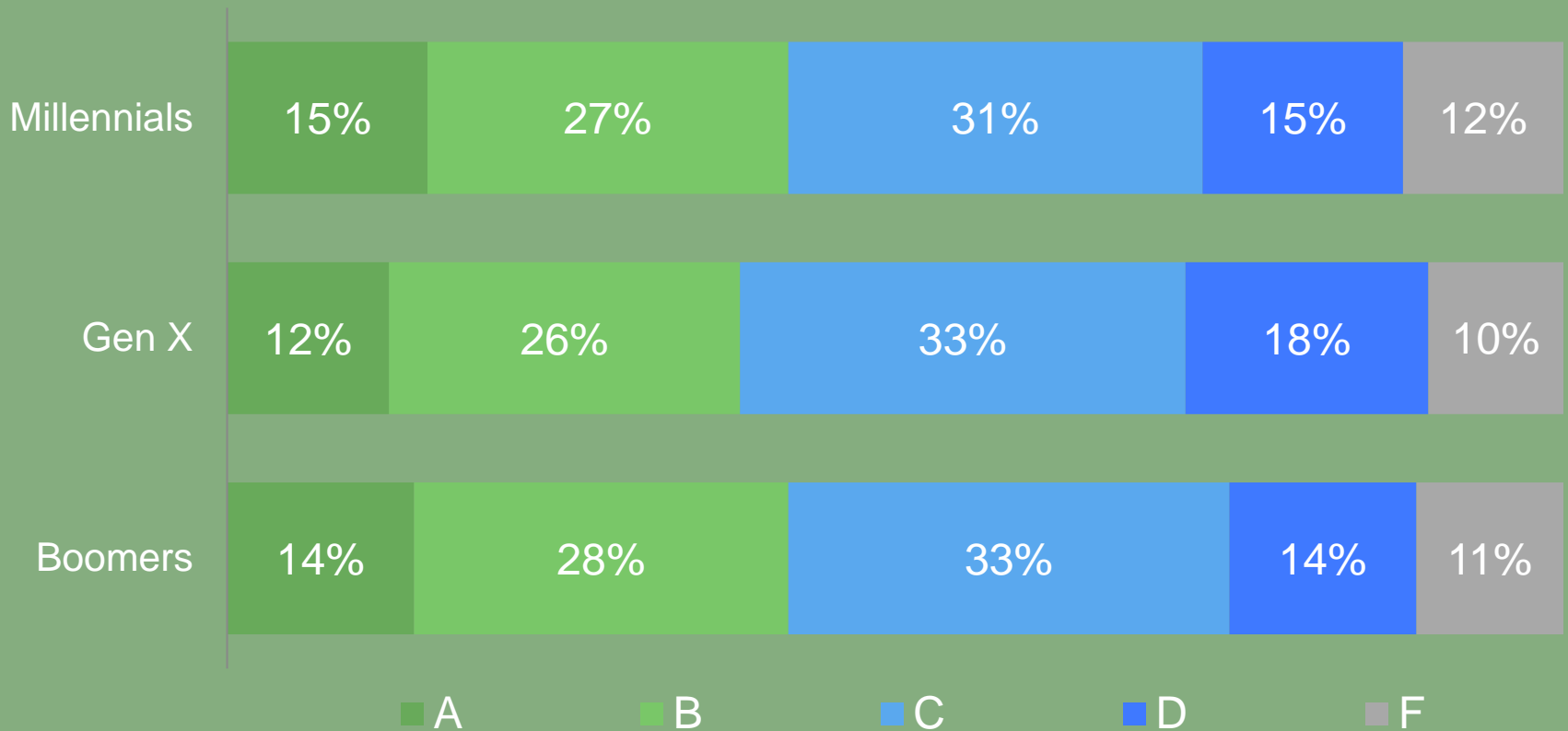


# HOW AM I DOING – FINANCIAL SUCCESS?

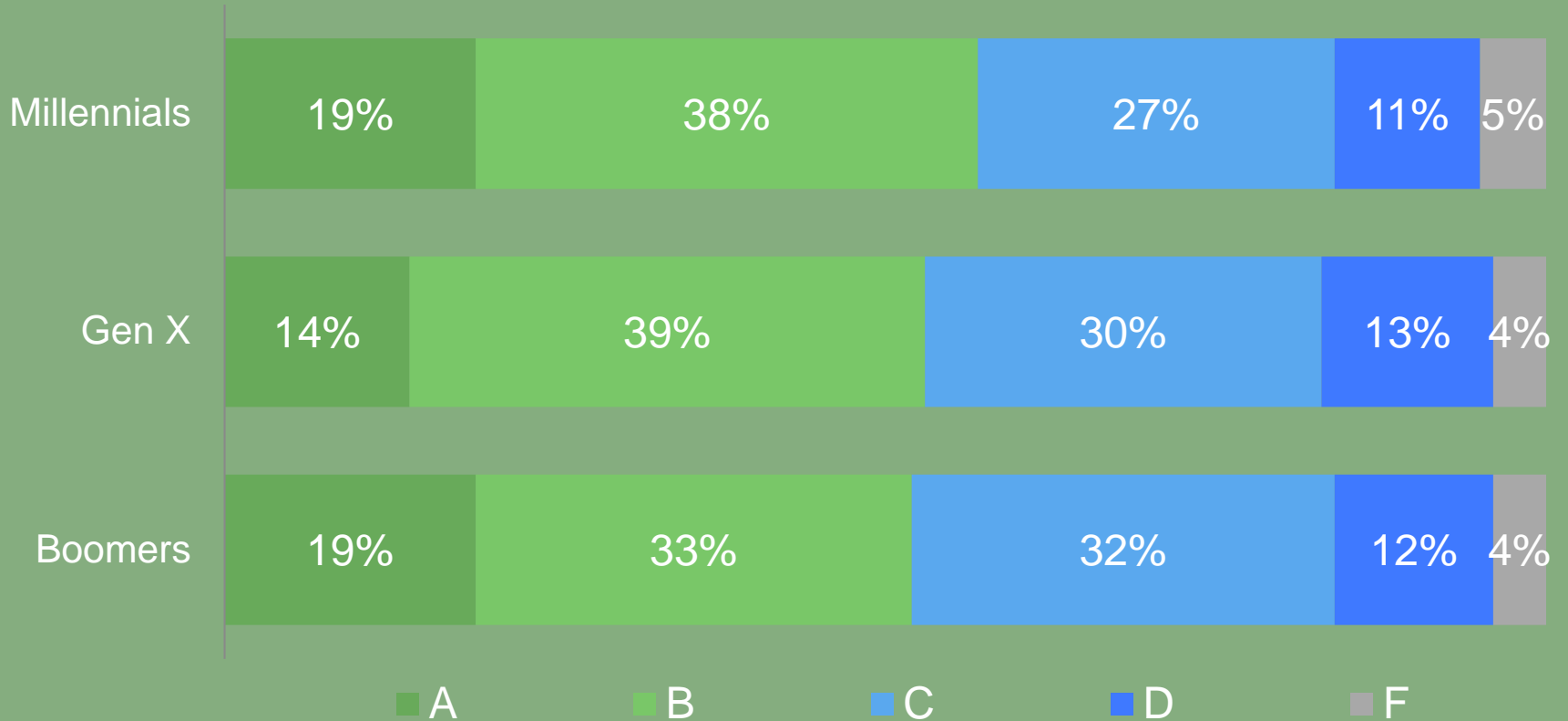




# HOW AM I DOING – BEING UNWORRIED?



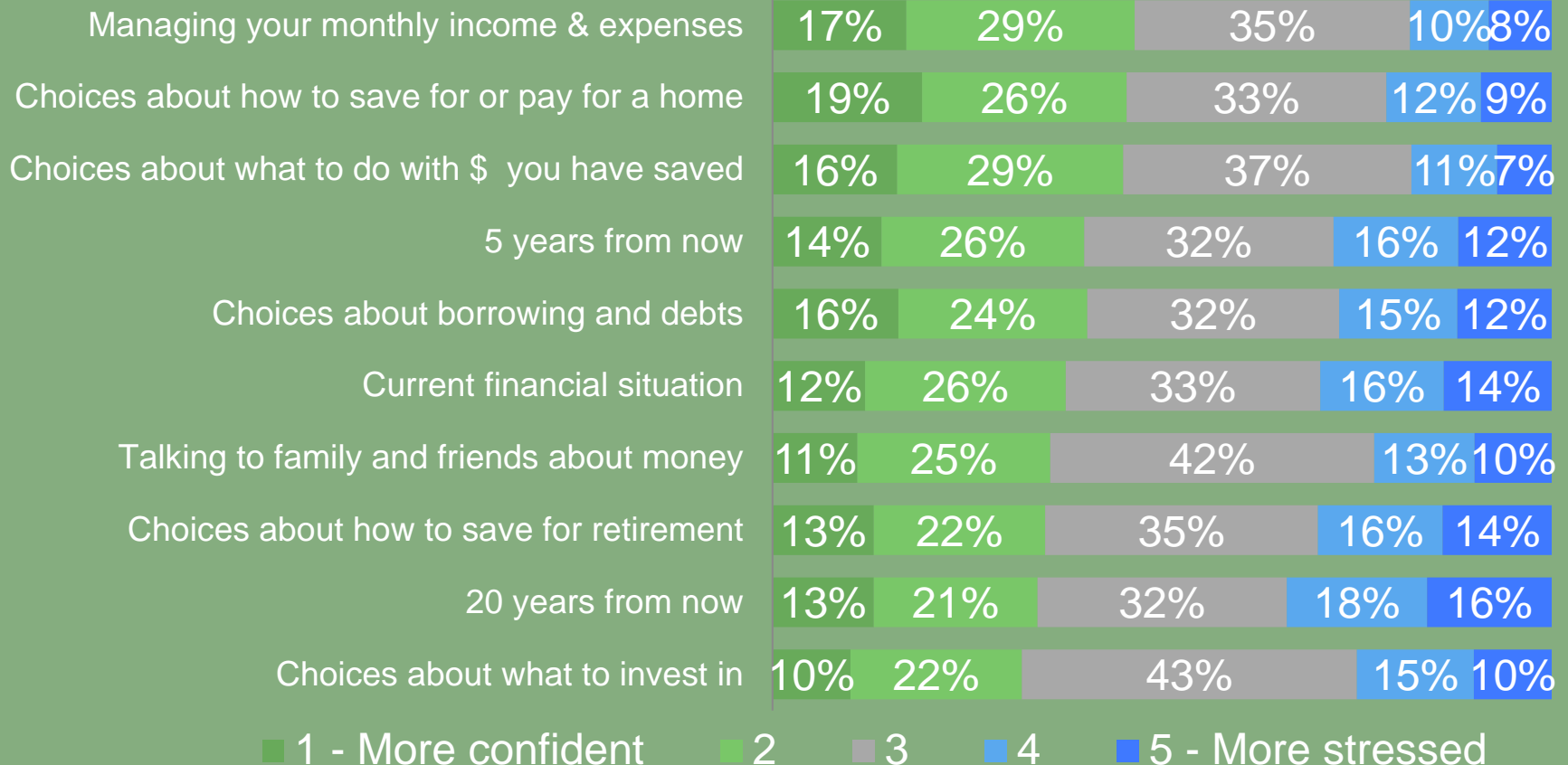
# HOW AM I DOING – SMART MANAGER?



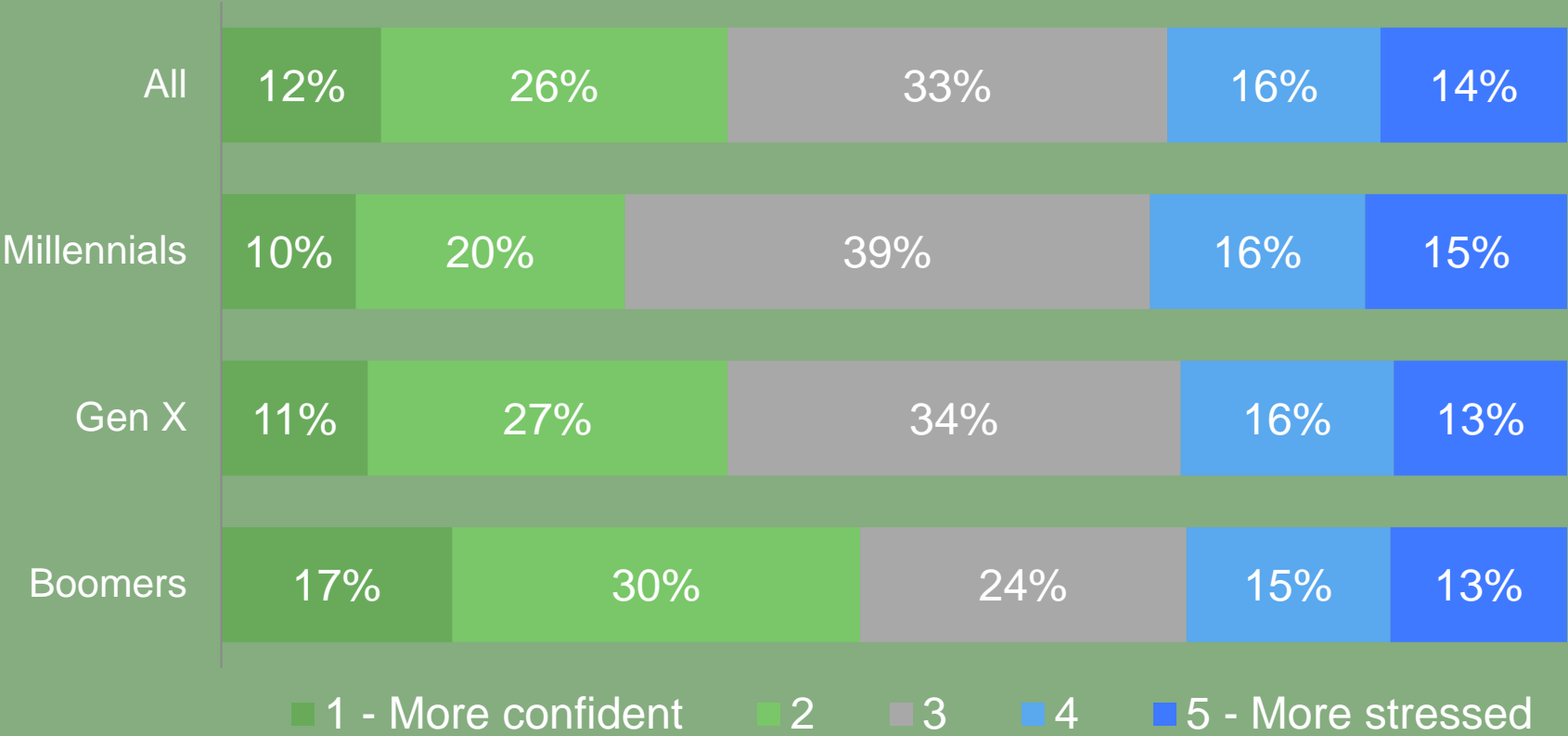
# HOW AM I DOING – UNDERSTANDING MARKETS & MONEY?



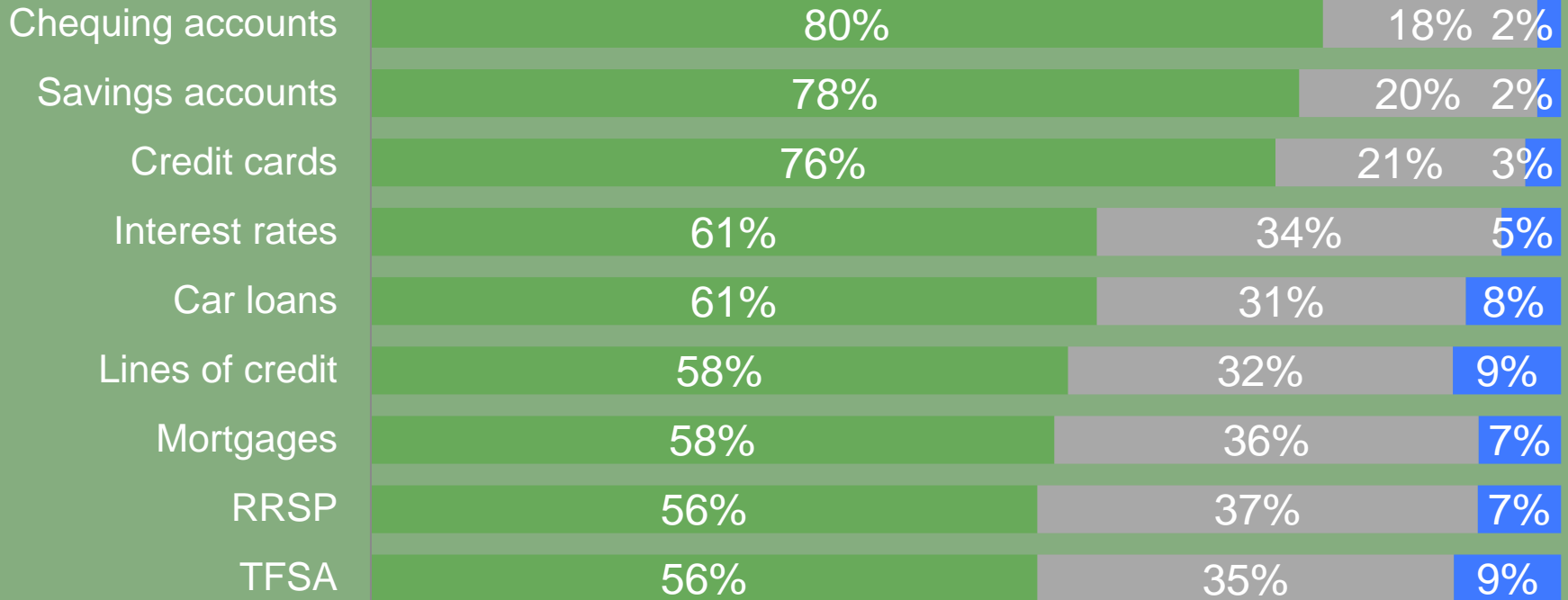
# CONFIDENCE IN SITUATIONS



# CONFIDENCE - CURRENT FINANCIAL SITUATION

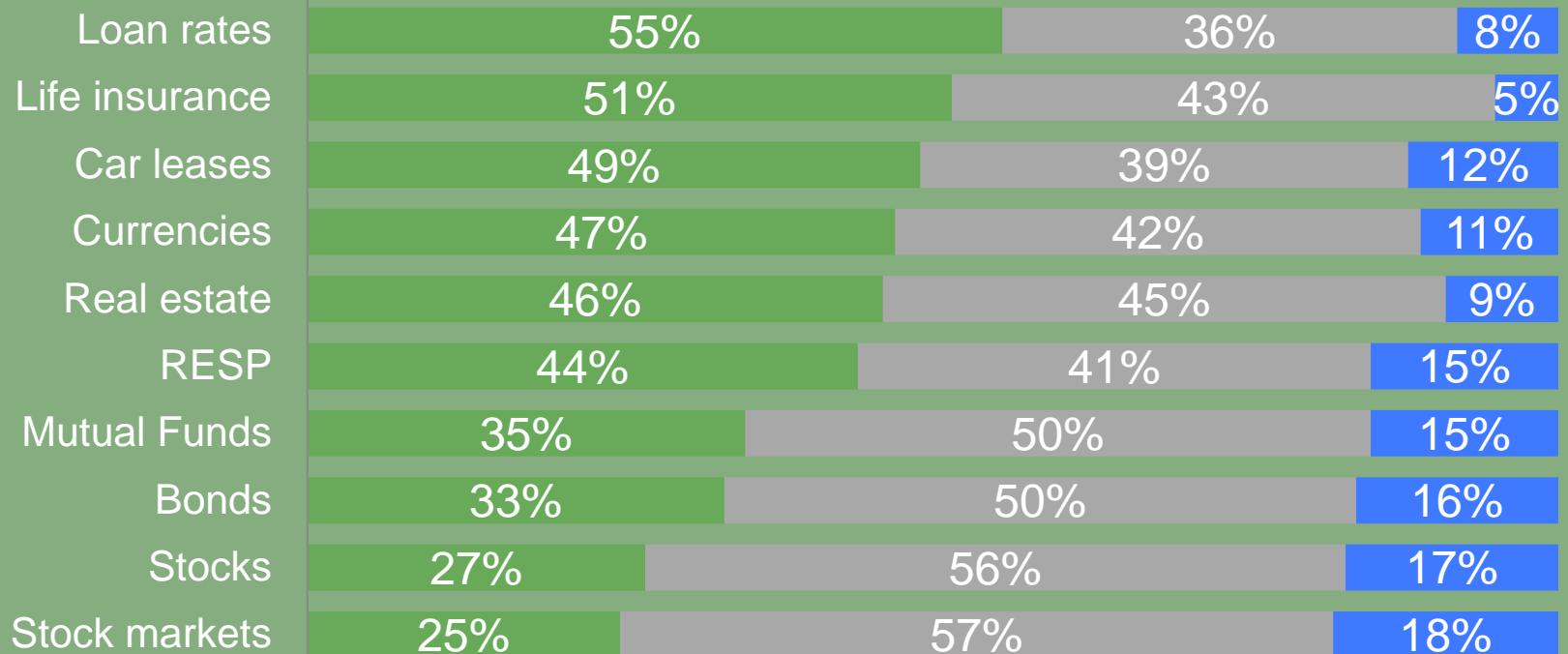


# HOW WELL DO YOU UNDERSTAND? (1)



- Sufficient understanding
- Would like to have a better understanding
- Don't know what it is at all

# HOW WELL DO YOU UNDERSTAND? (2)



- Sufficient understanding
- Would like to have a better understanding
- Don't know what it is at all

# UNDERSTANDING - SAVINGS ACCOUNTS

Millennials

62%

33%

5%

Gen X

82%

17%

1%

Boomers

90%

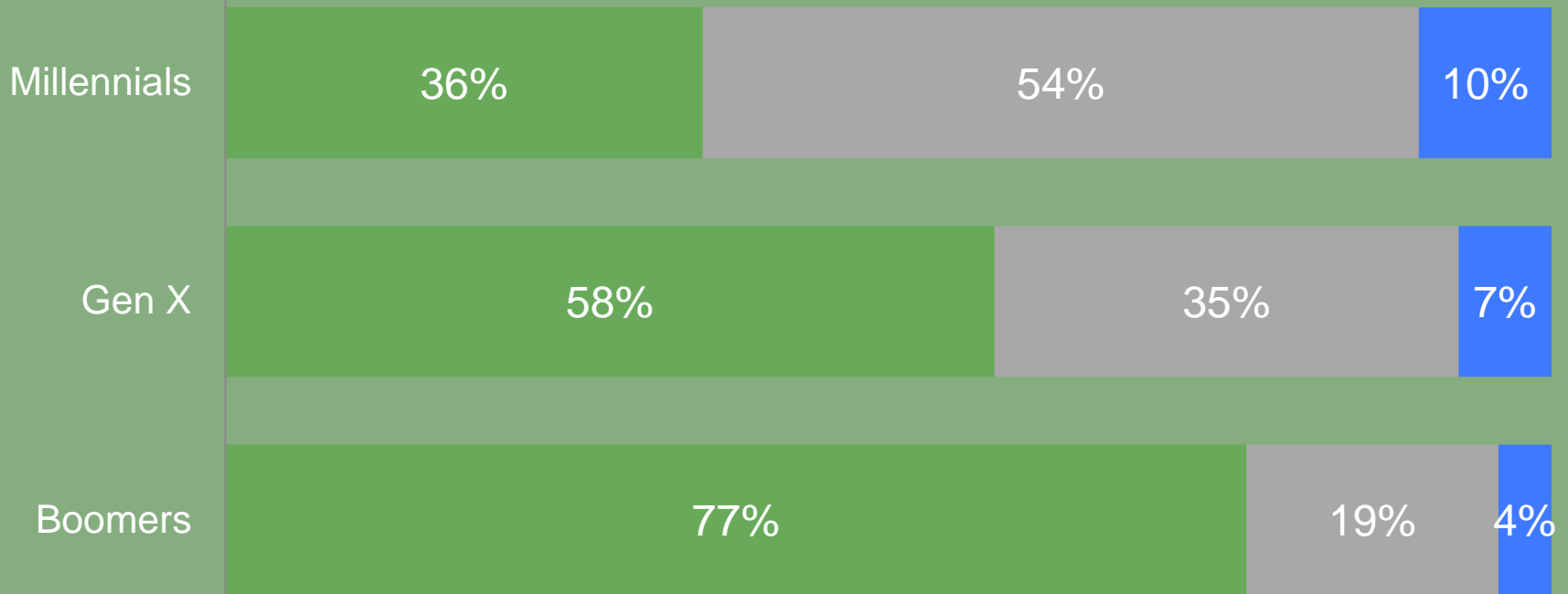
9%

1%

- Sufficient understanding
- Would like to have a better understanding
- Don't know what it is at all

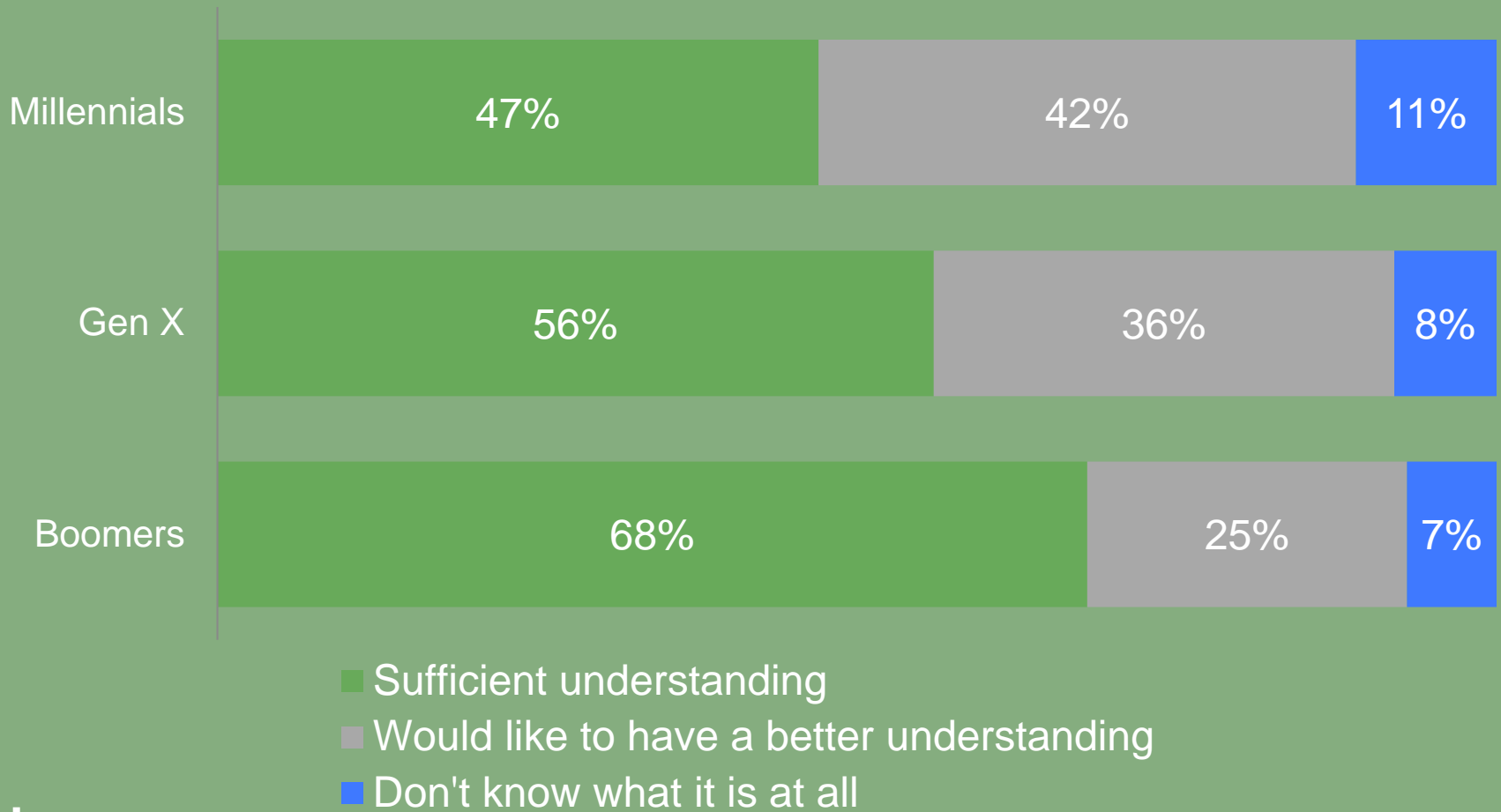


# UNDERSTANDING - RRSP

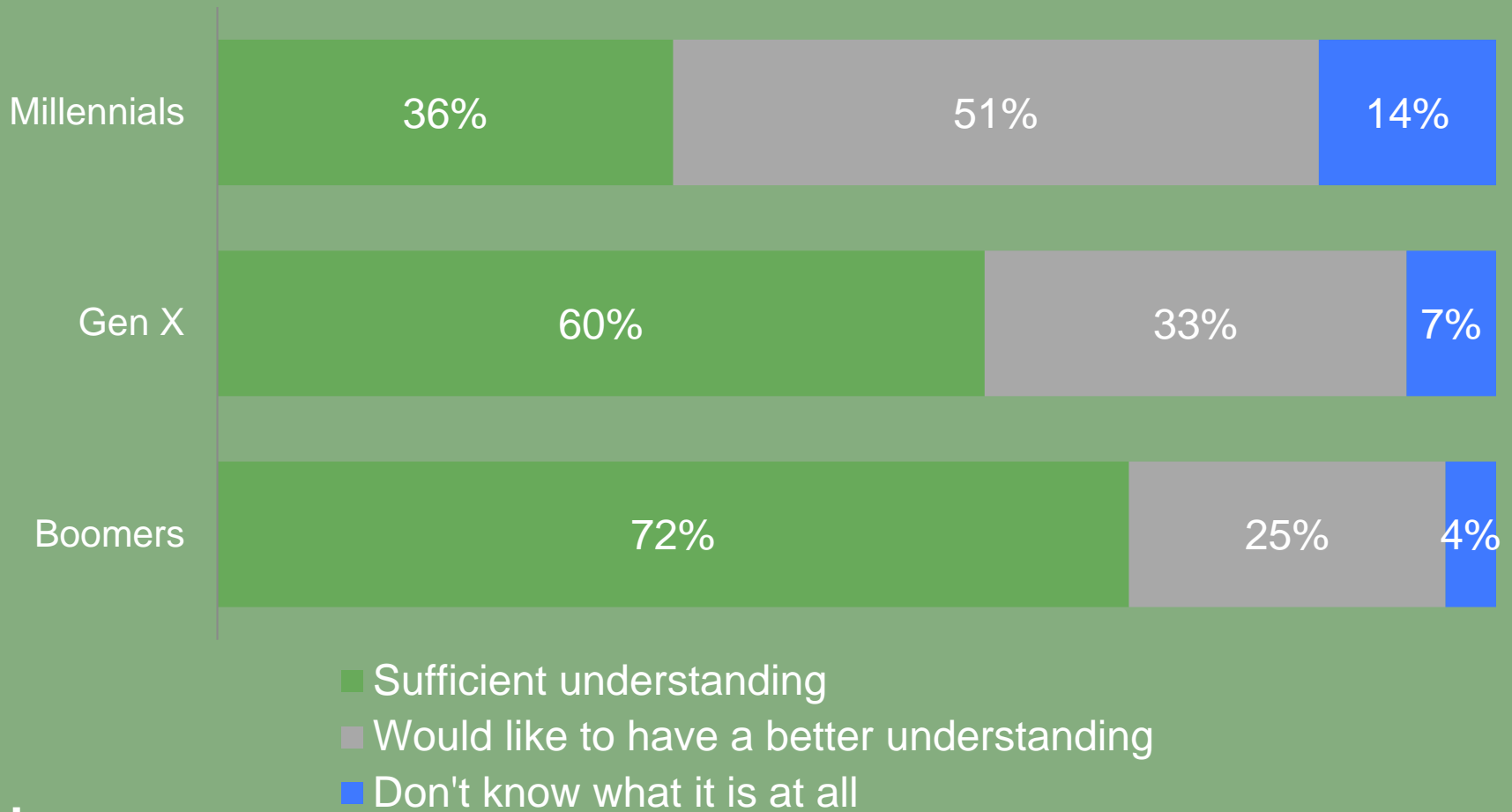


- Sufficient understanding
- Would like to have a better understanding
- Don't know what it is at all

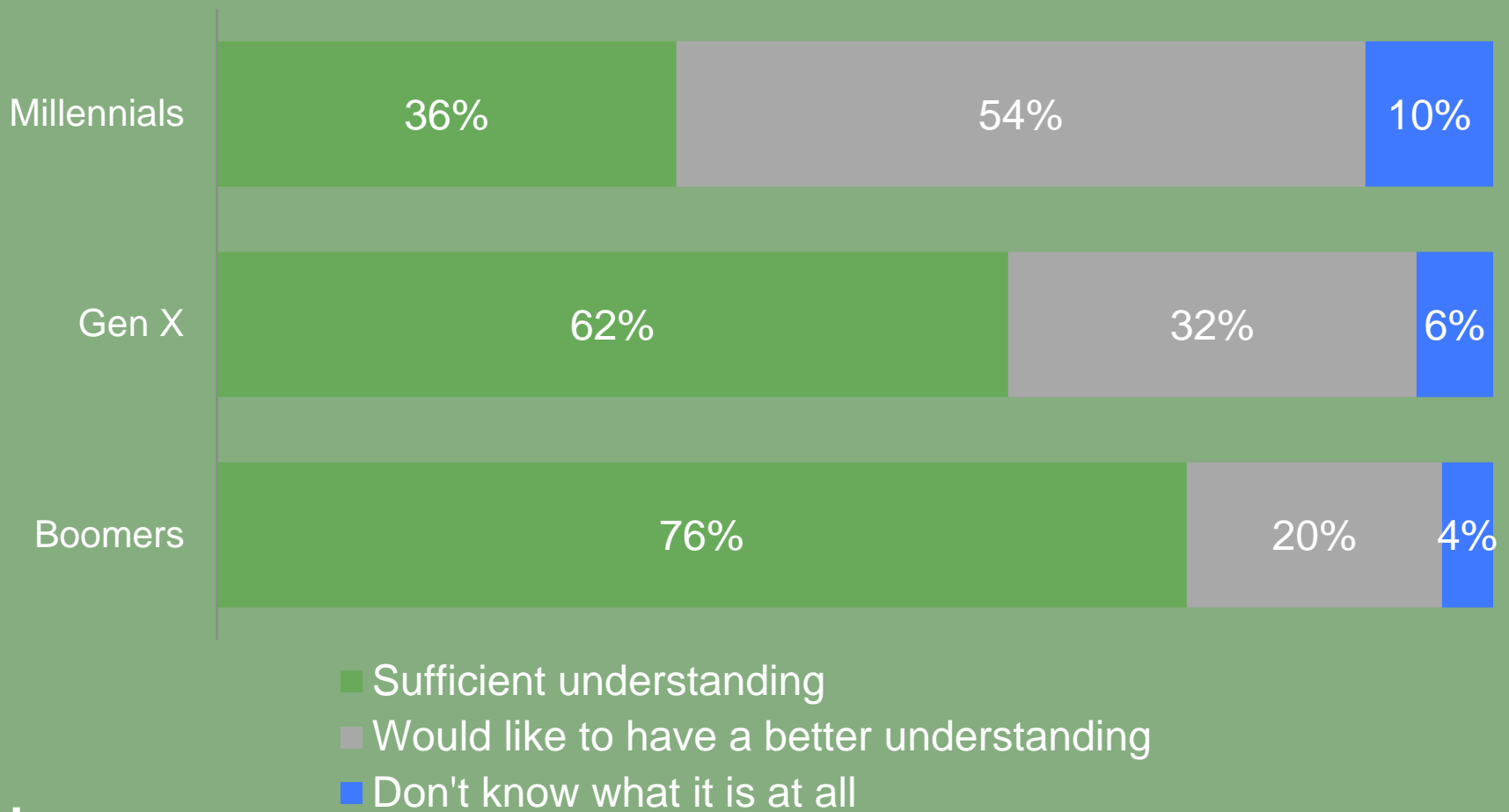
# UNDERSTANDING - TFSA



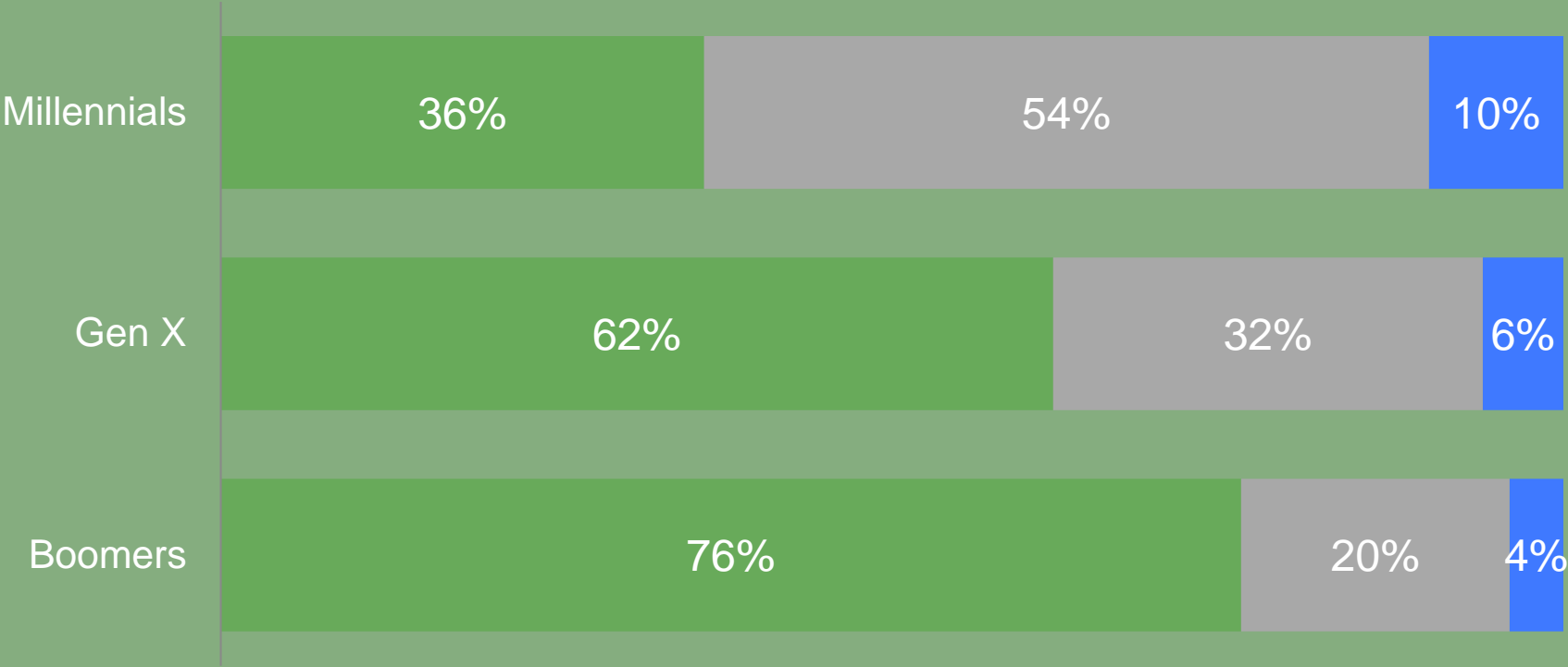
# UNDERSTANDING - LOAN RATES



# UNDERSTANDING - MORTGAGES

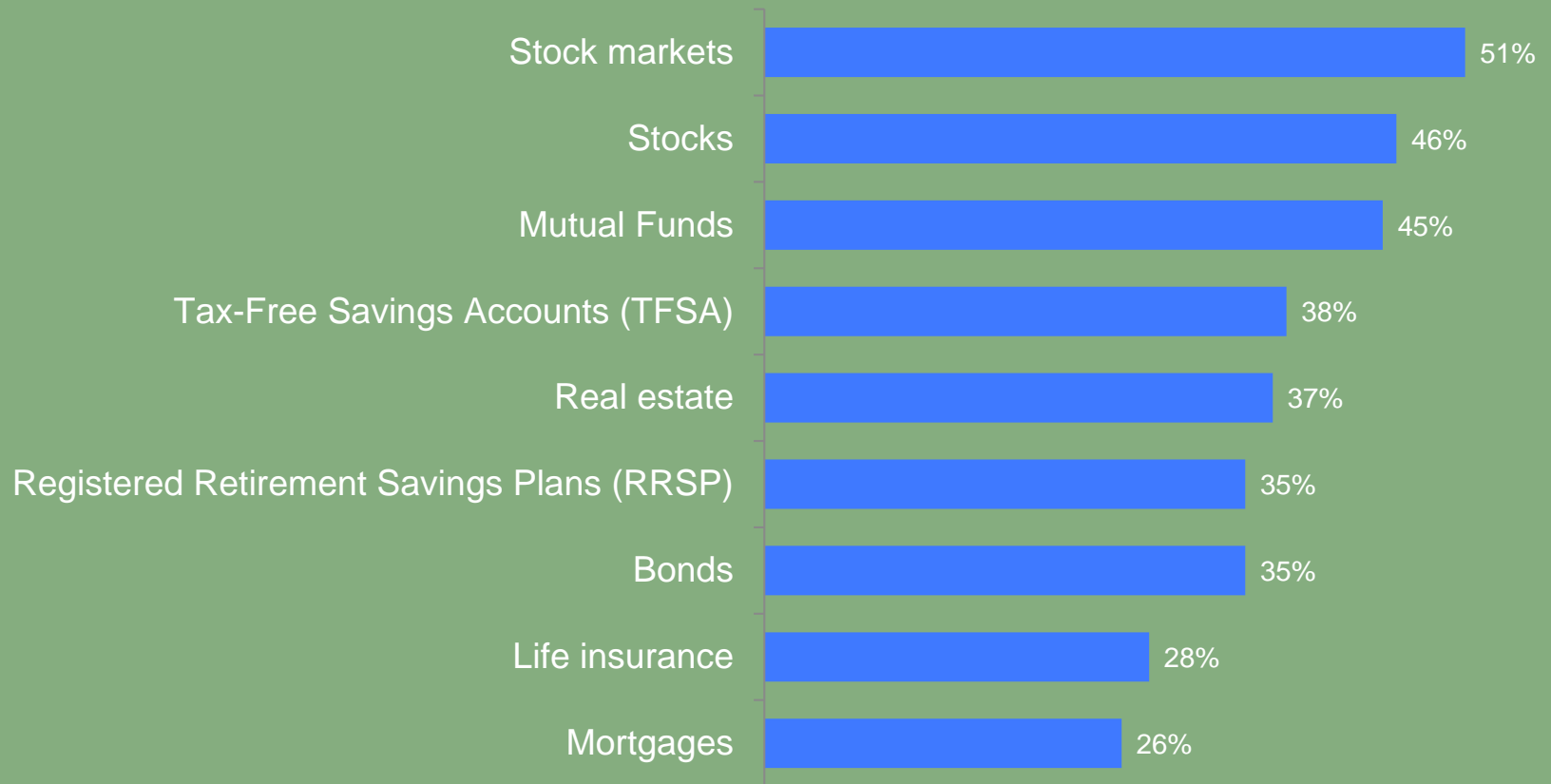


# UNDERSTANDING - CAR LOANS

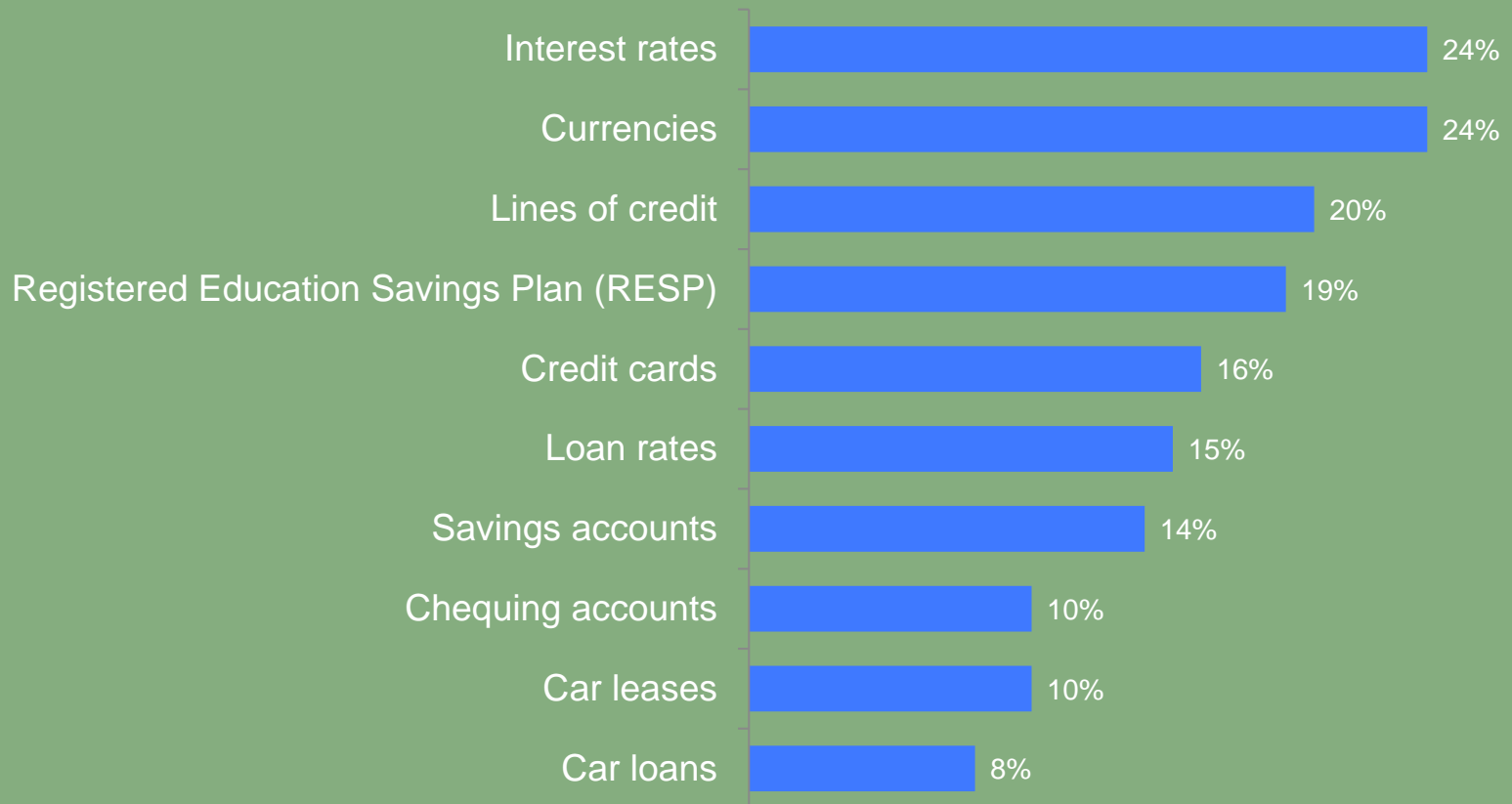


- Sufficient understanding
- Would like to have a better understanding
- Don't know what it is at all

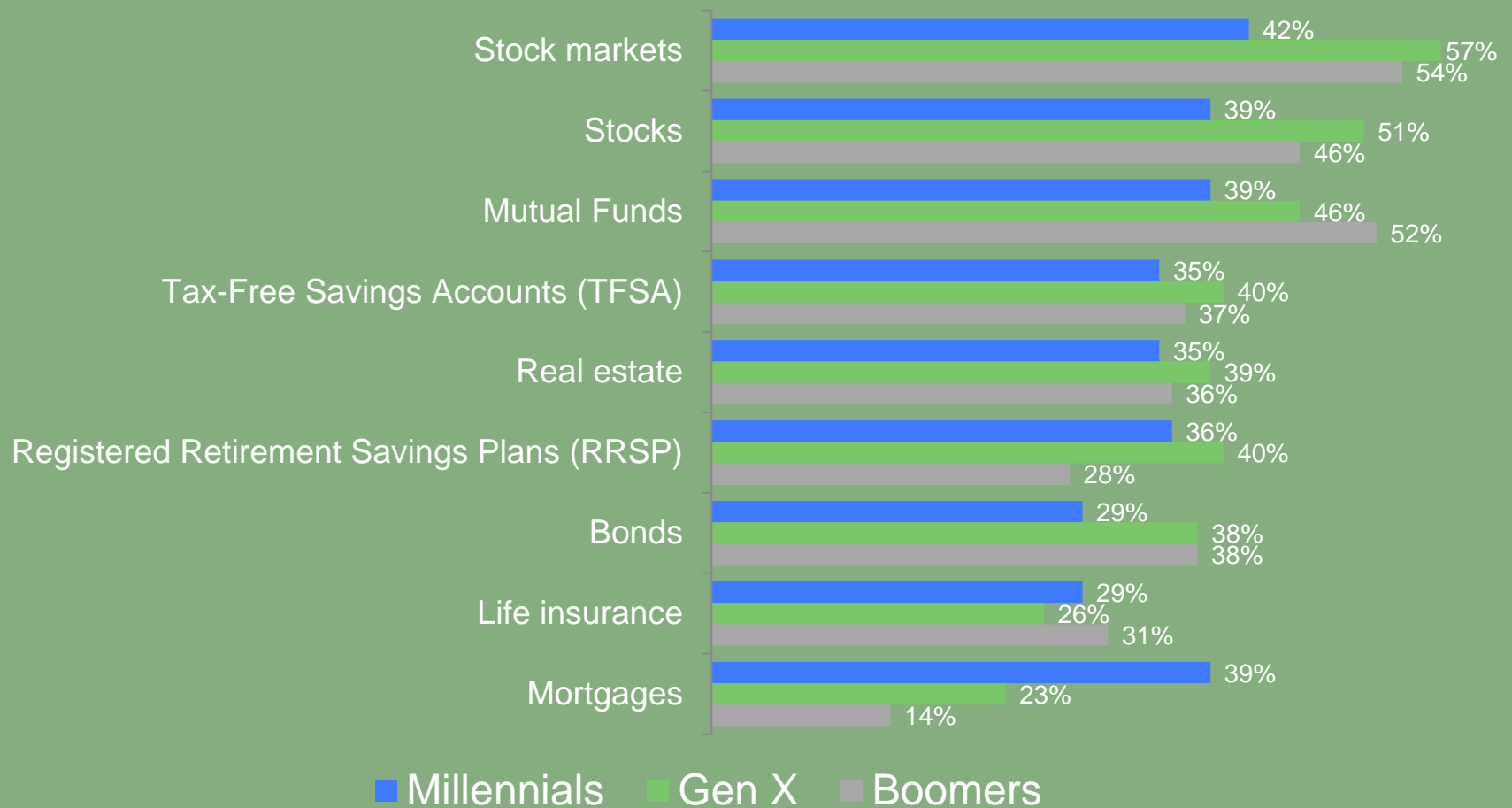
# TOP 5 MORE KNOWLEDGEABLE (1)



# TOP 5 MORE KNOWLEDGEABLE (2)

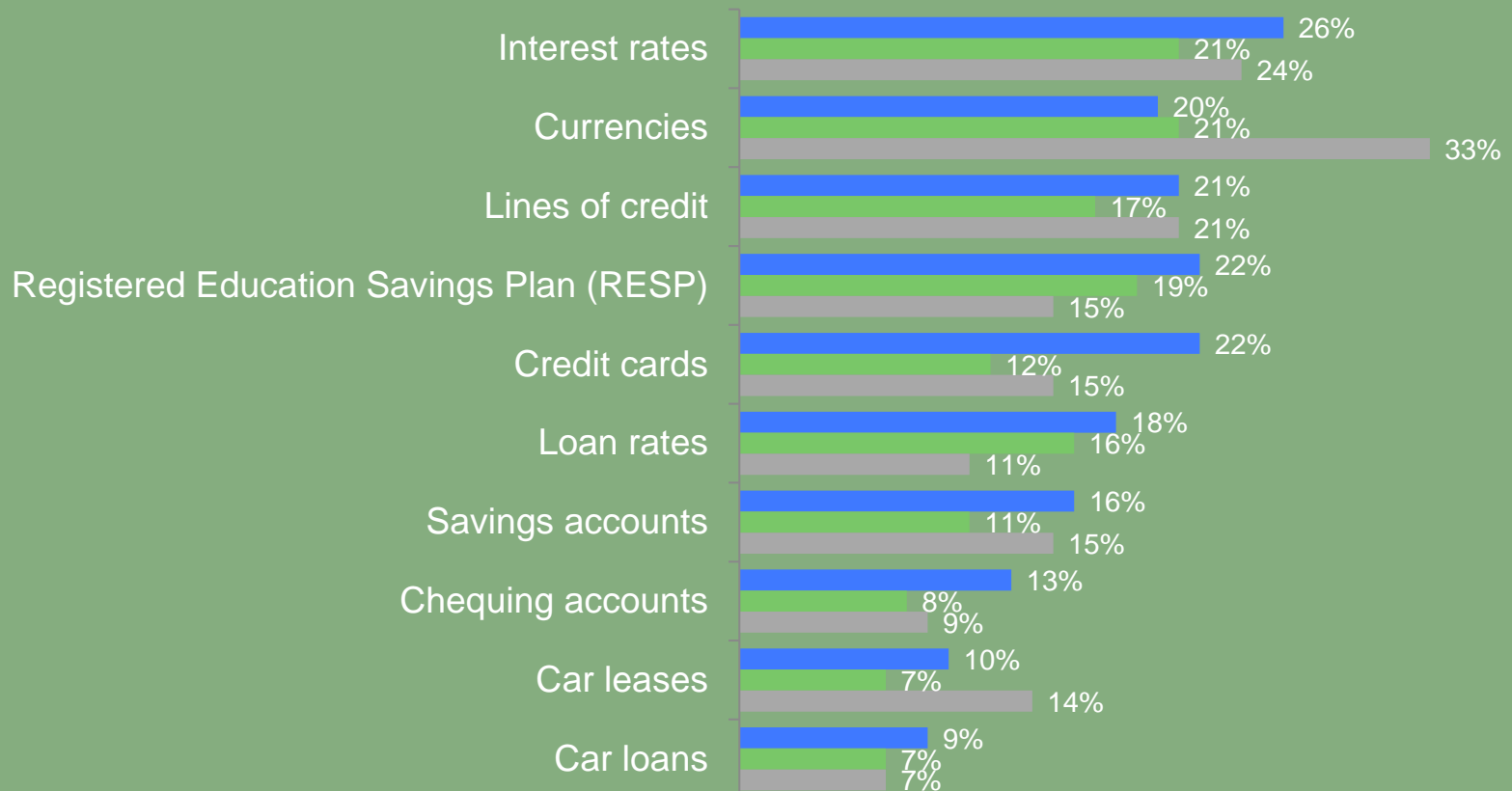


# TOP 5 MORE KNOWLEDGEABLE (1)





# TOP 5 MORE KNOWLEDGEABLE (2)

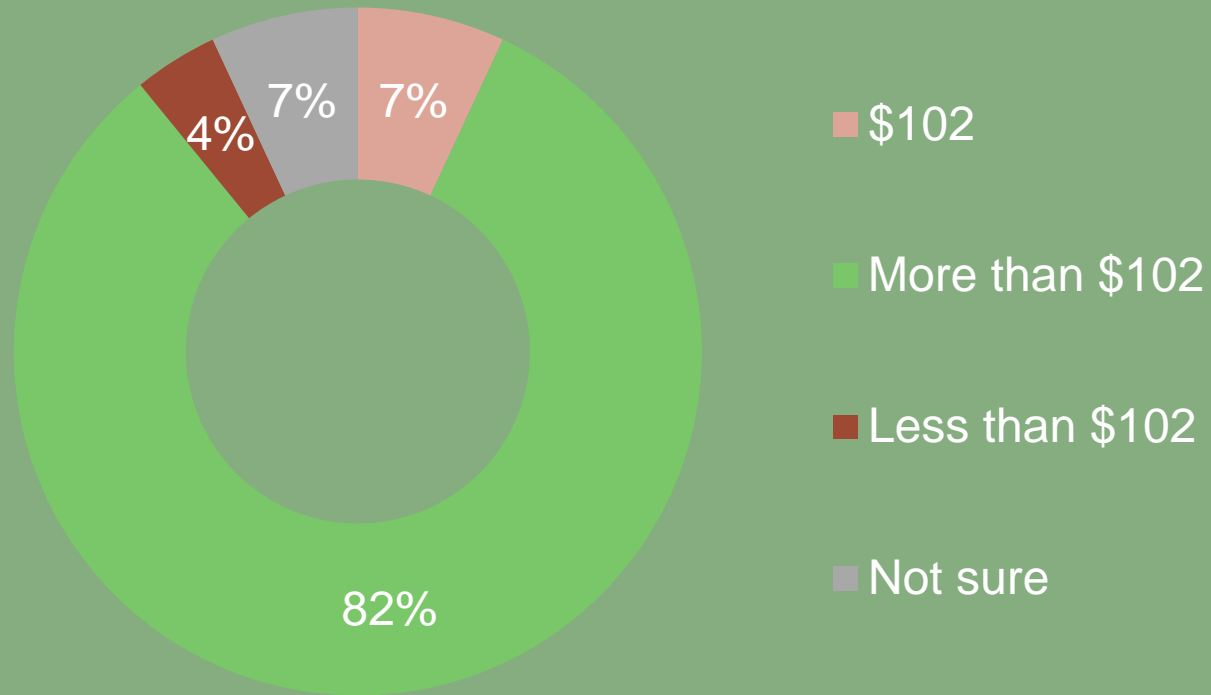


■ Millennials ■ Gen X ■ Boomers

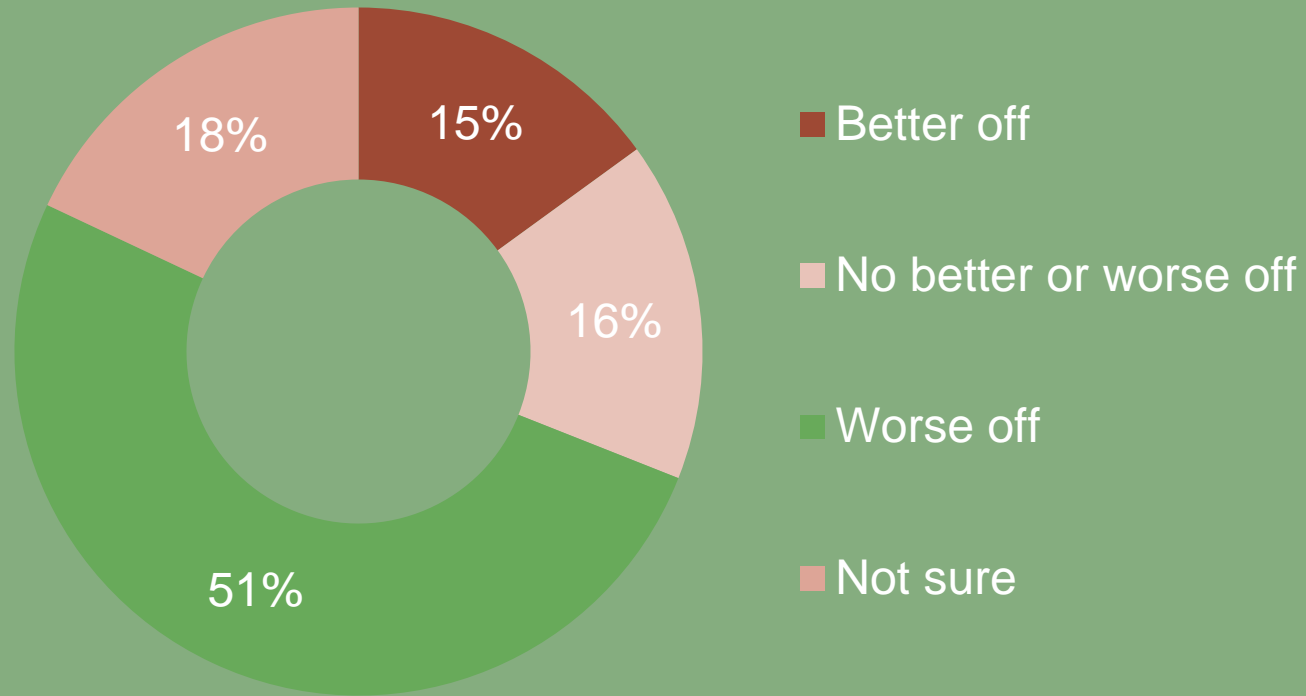
# TESTING FINANCIAL KNOW-HOW

Respondents were shown a series of five financial questions and asked to answer each to the best of their ability. This section examines the responses to those questions, and the overall accuracy of the responses.

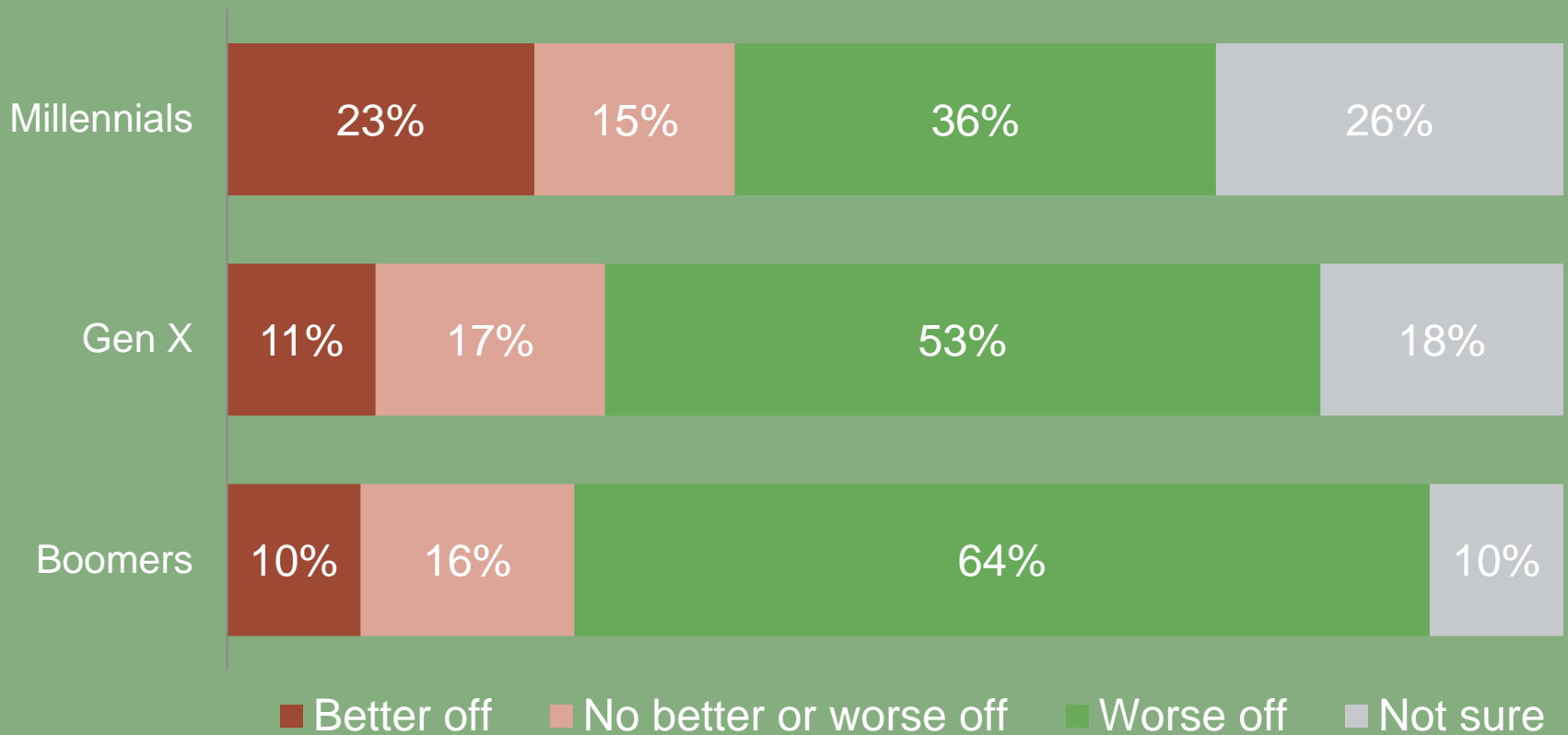
# \$100 @ 2% FOR 5 YEARS



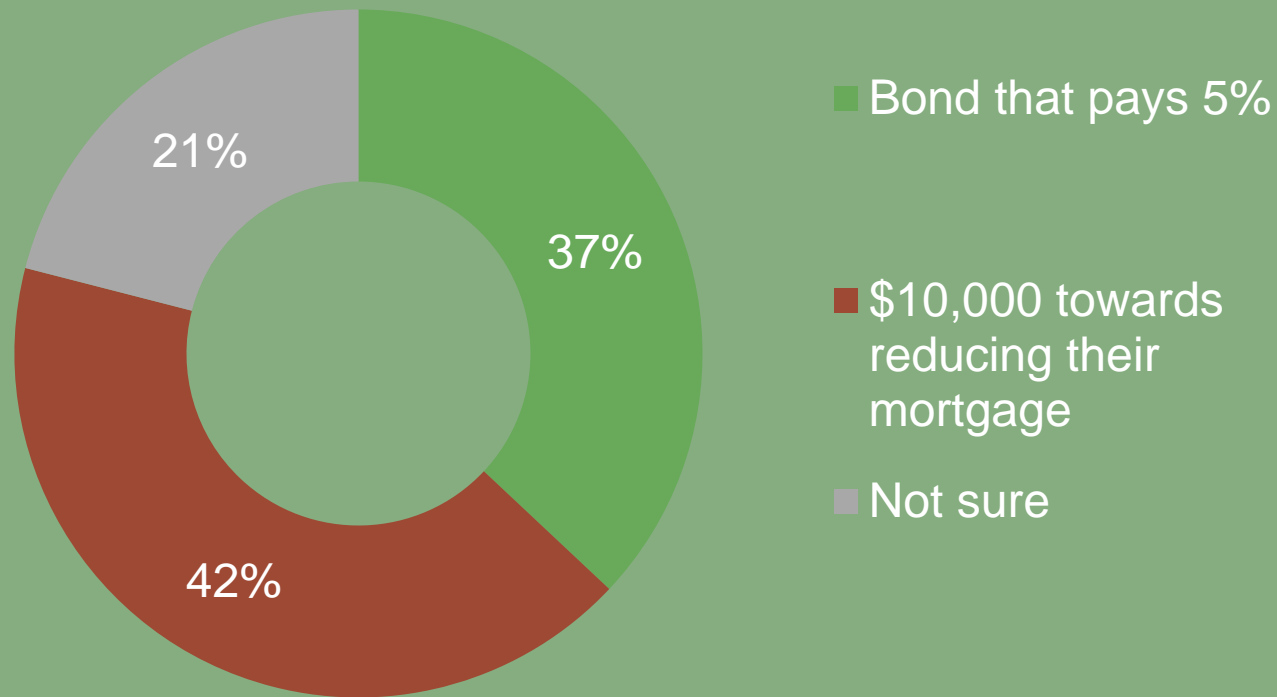
# \$10,000 @ 1% INT, 2% INFLATION



# \$10,000 INTO A SAVINGS ACCOUNT

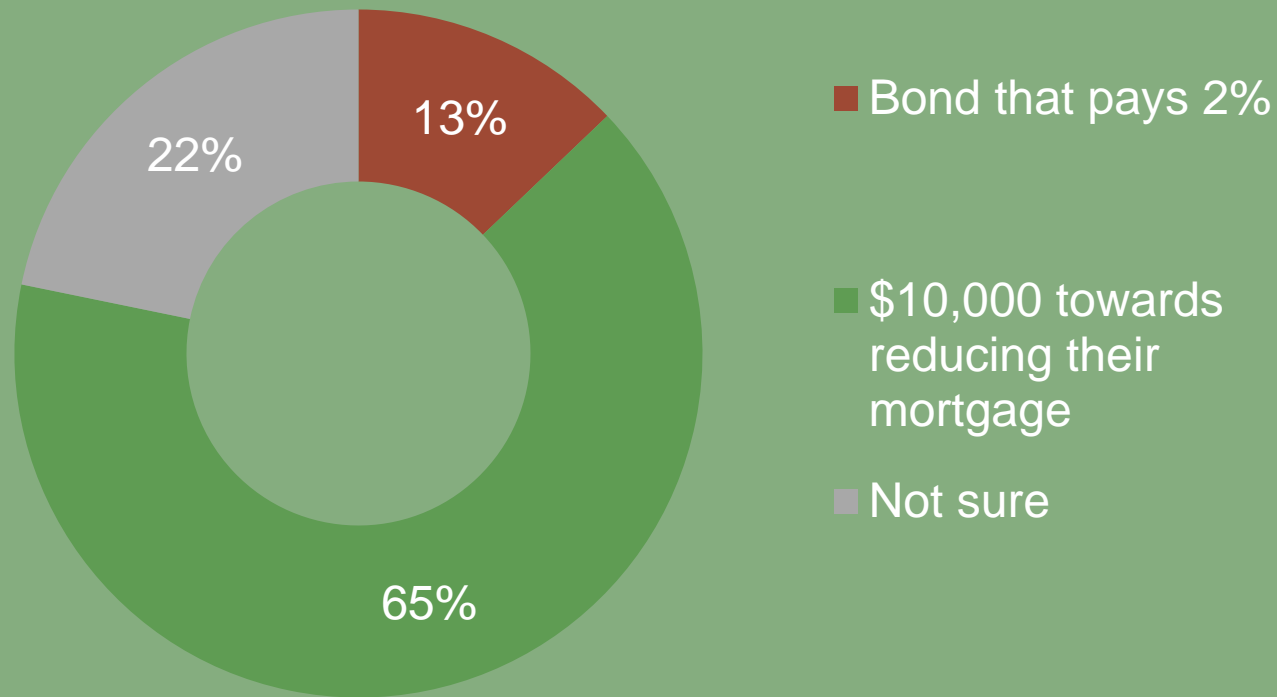


# WHAT TO DO WITH 10K WINDFALL



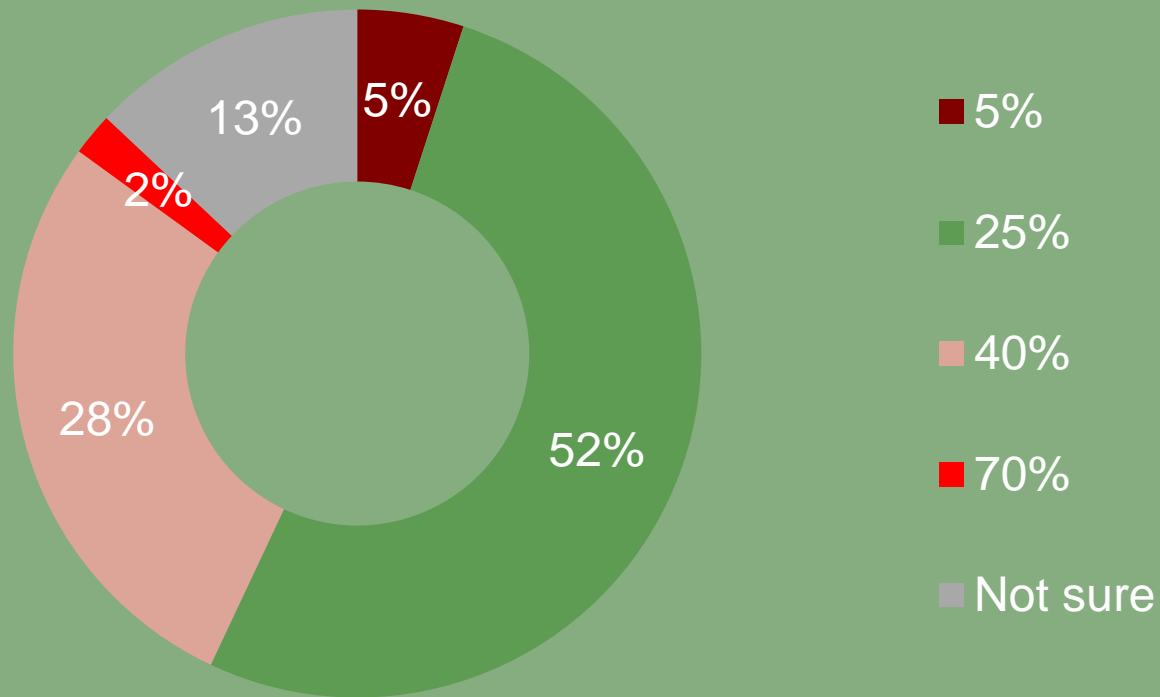
Let's imagine someone has a \$100,000 mortgage at 3.0%. They come into a windfall of \$10,000. Better to invest \$10,000 in a bond that pays 5% or put the \$10,000 towards reducing their mortgage?

# WHAT TO DO WITH 10K WINDFALL (2)



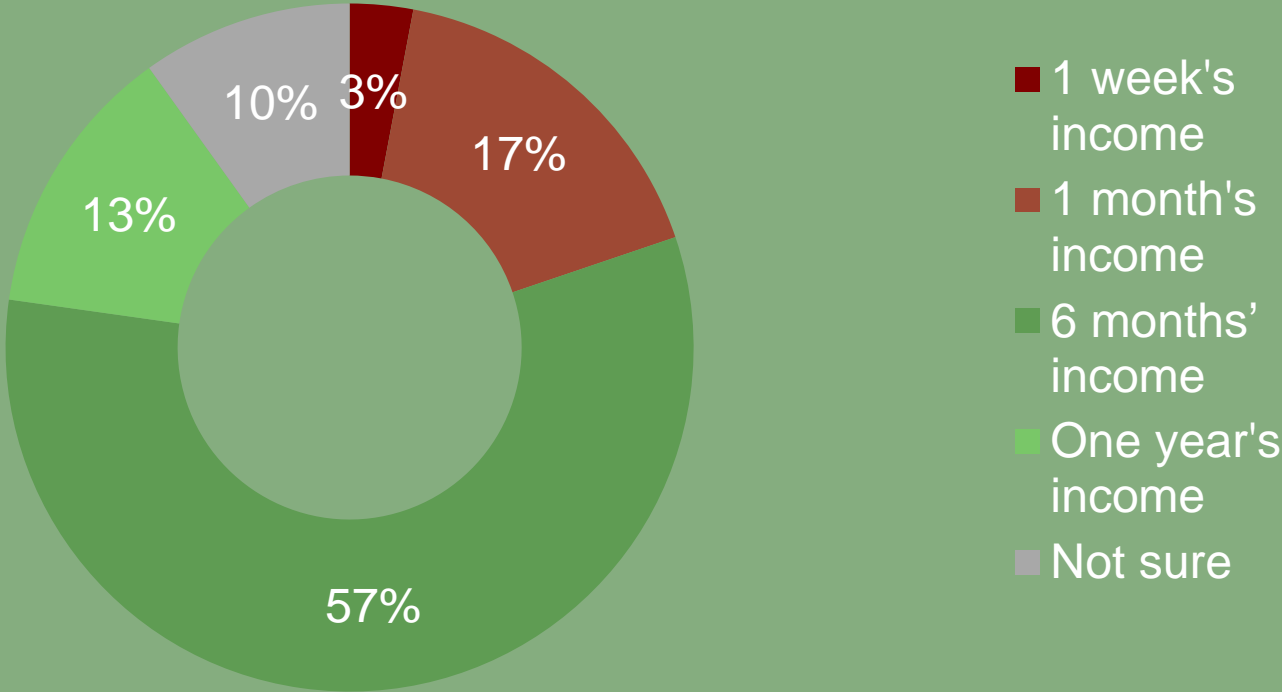
Let's imagine someone has a \$100,000 mortgage at 3.0%. They come into a windfall of \$10,000. Better to invest that \$10,000 in a bond that pays them 2% or put the \$10,000 towards reducing their mortgage?

# HOW MUCH TO SPEND ON HOUSING

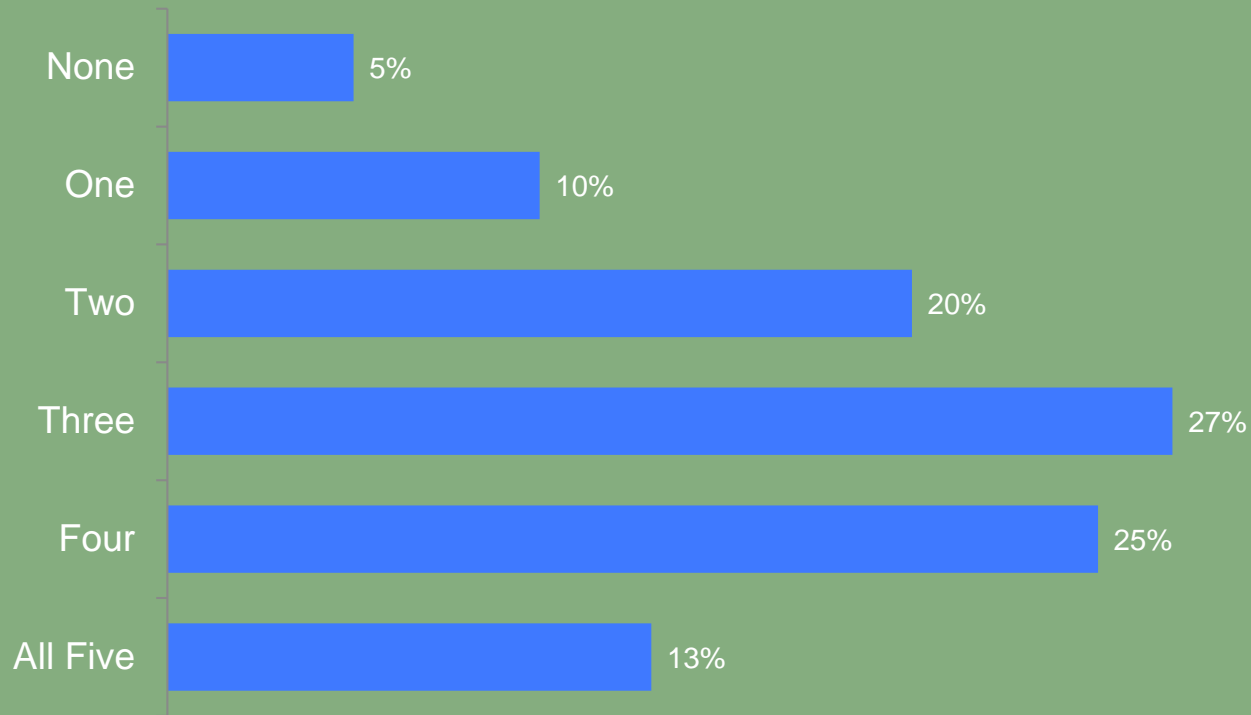




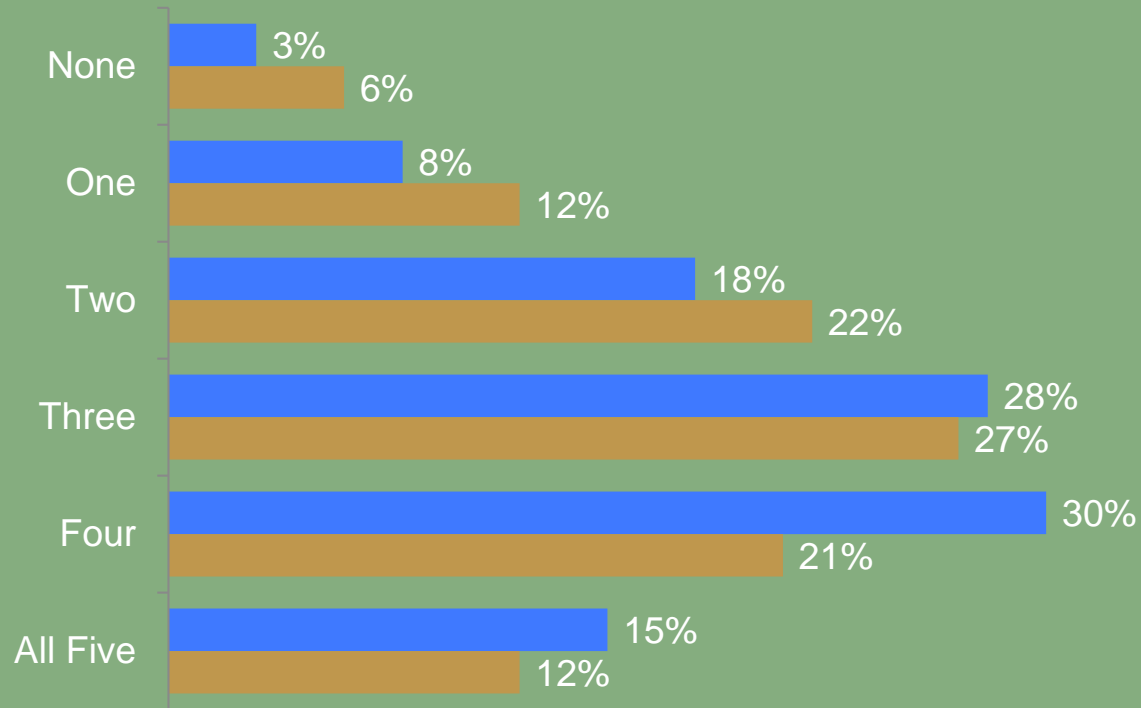
# HOUSEHOLD EMERGENCY FUND



# ACCURACY OF FINANCIAL KNOWLEDGE

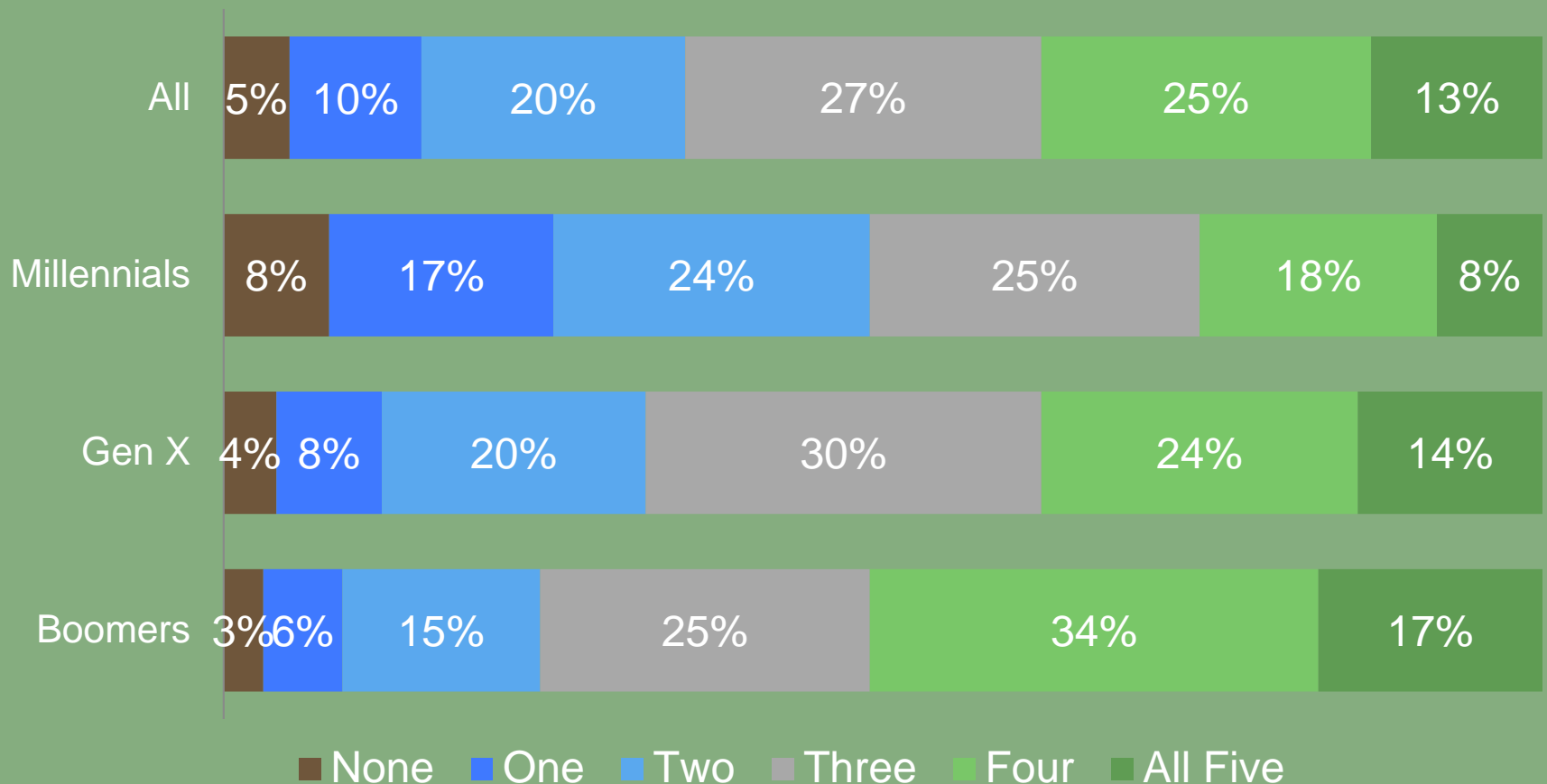


# ACCURACY OF FINANCIAL KNOWLEDGE



■ Have a Financial Advisor ■ Do Not Have a Financial Advisor

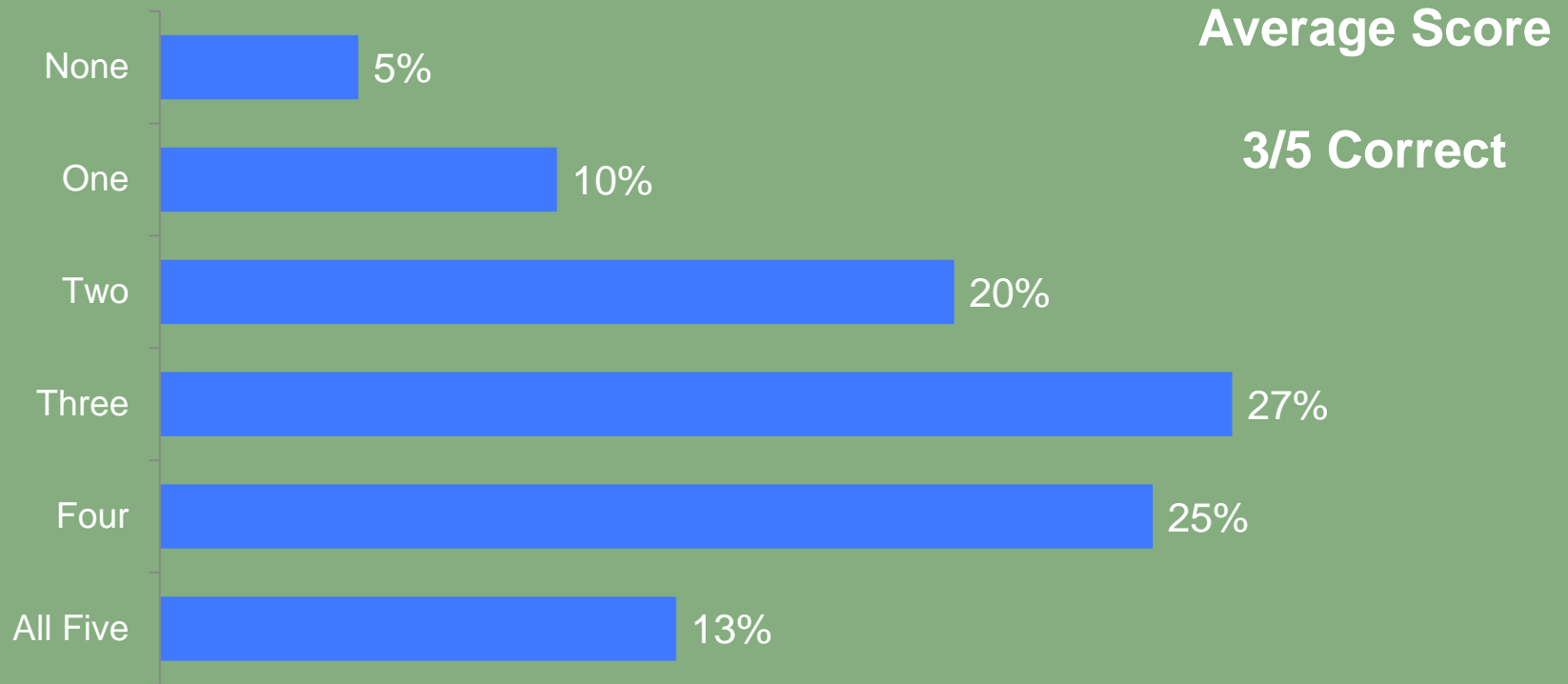
# ACCURACY OF FINANCIAL KNOWLEDGE



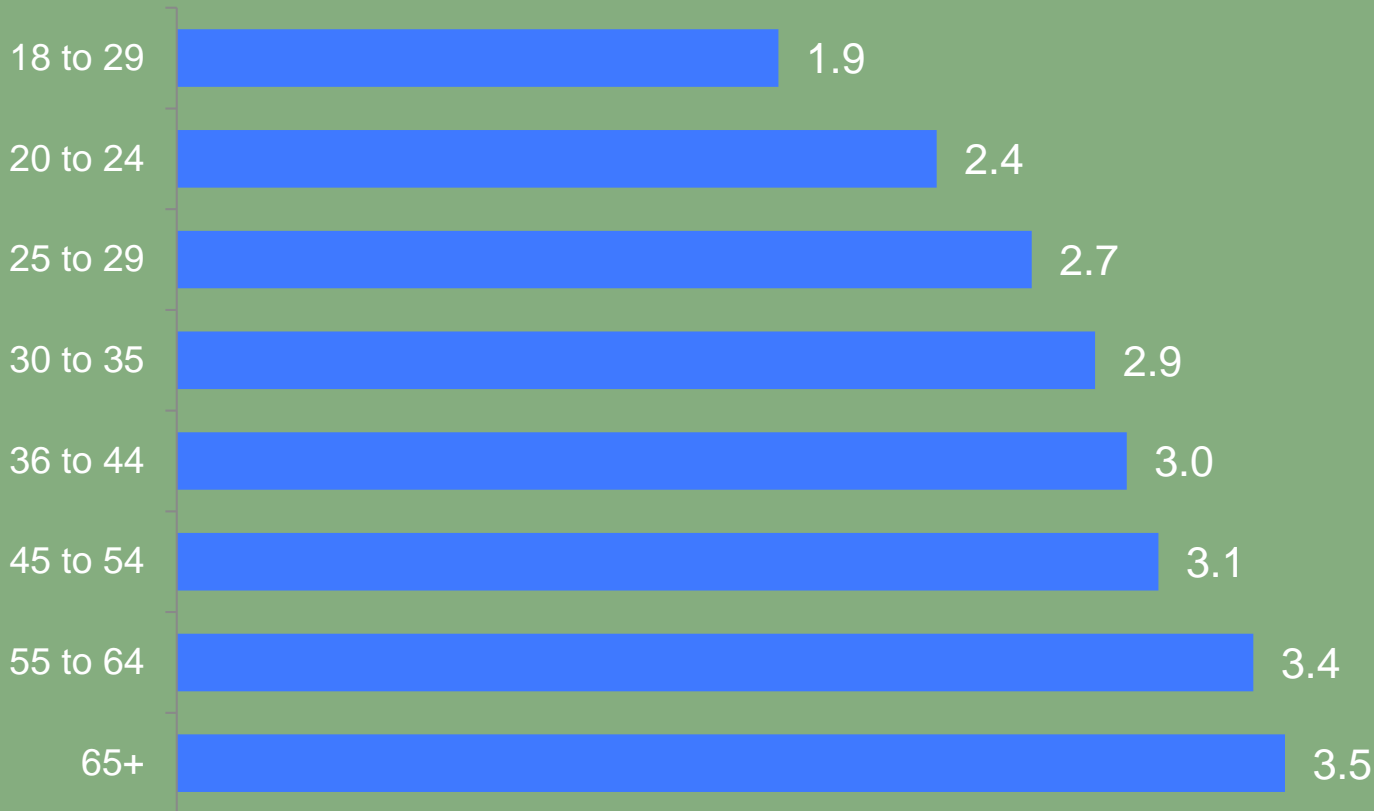
# TESTING FINANCIAL KNOWLEDGE

The following subsection compares respondents' self-described understanding of key financial concepts with their propensity to answer the financial literacy questions correctly.

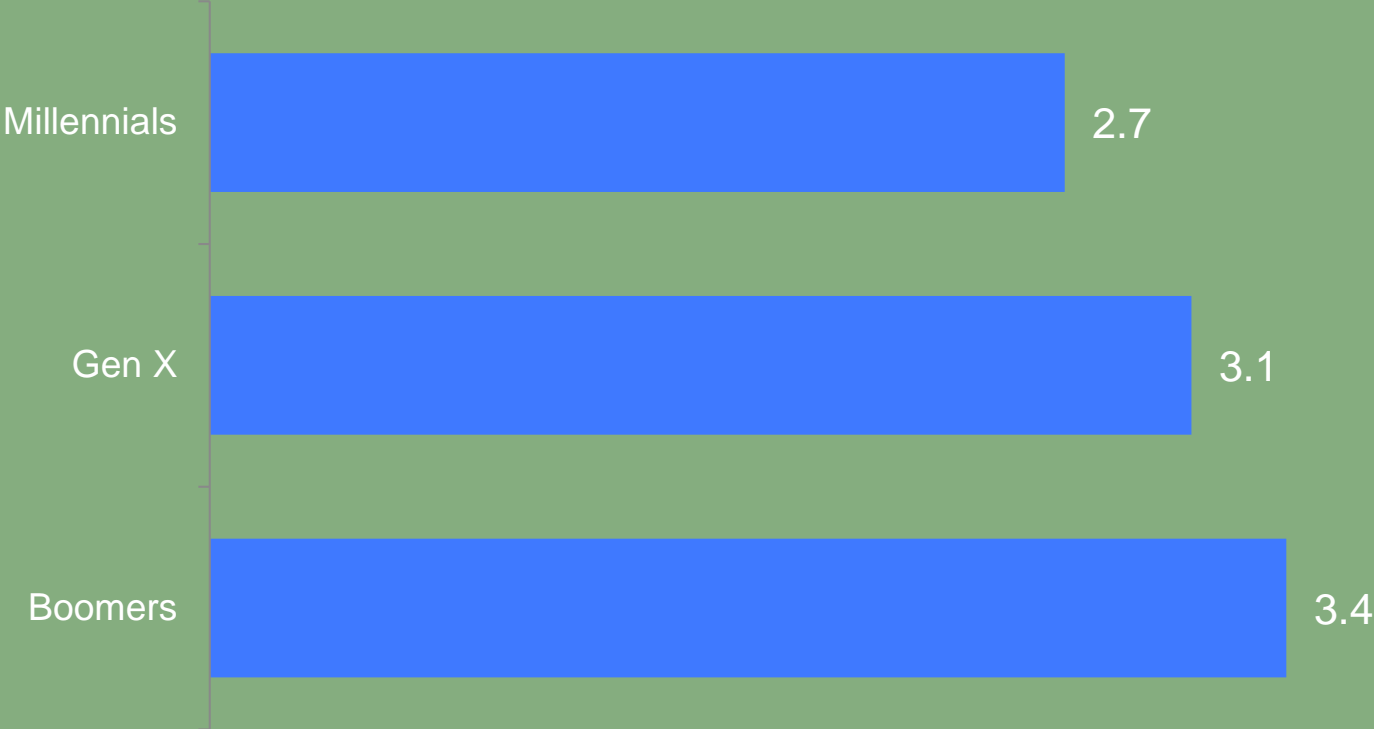
# ACCURACY OF FINANCIAL KNOWLEDGE



# FINANCIAL KNOW-HOW BY AGE

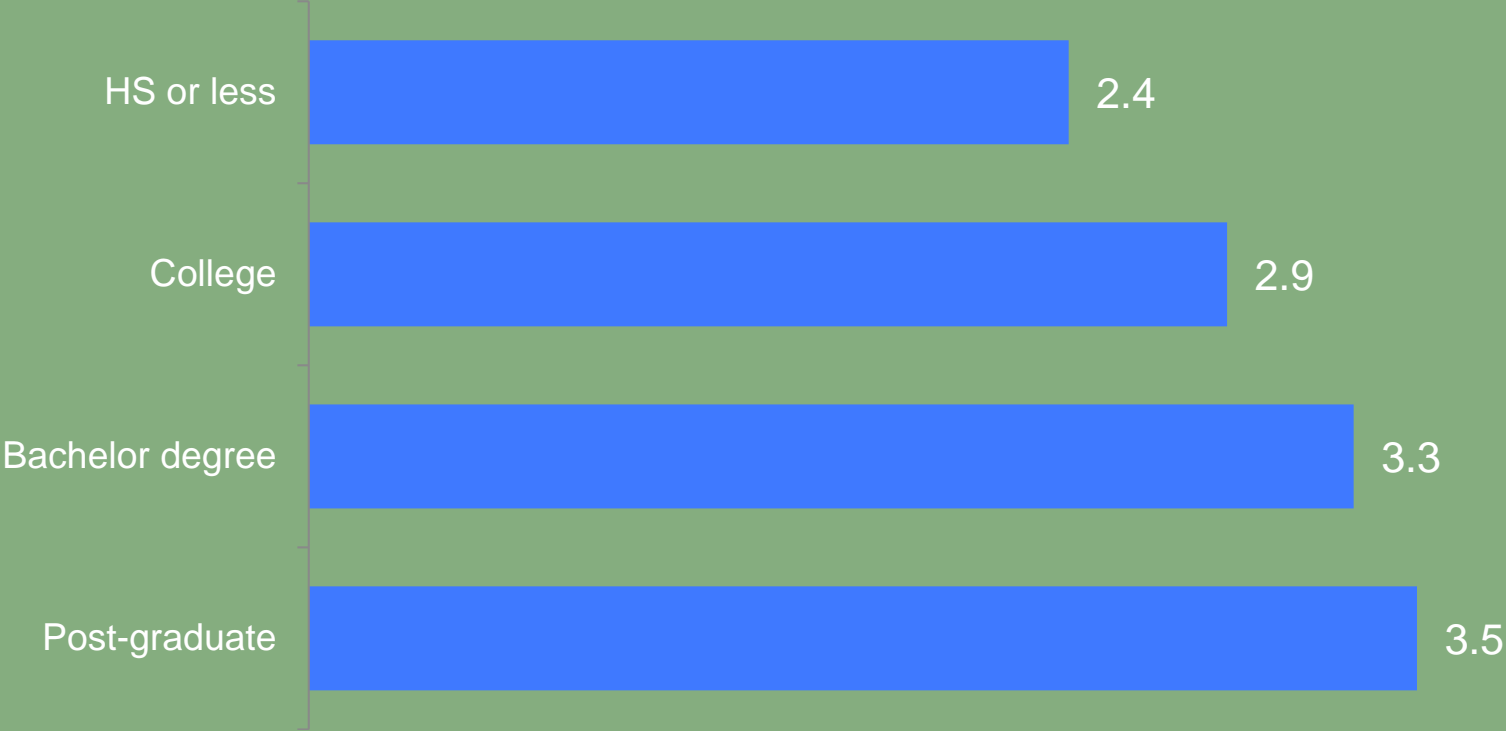


# FINANCIAL LITERACY BY GENERATION





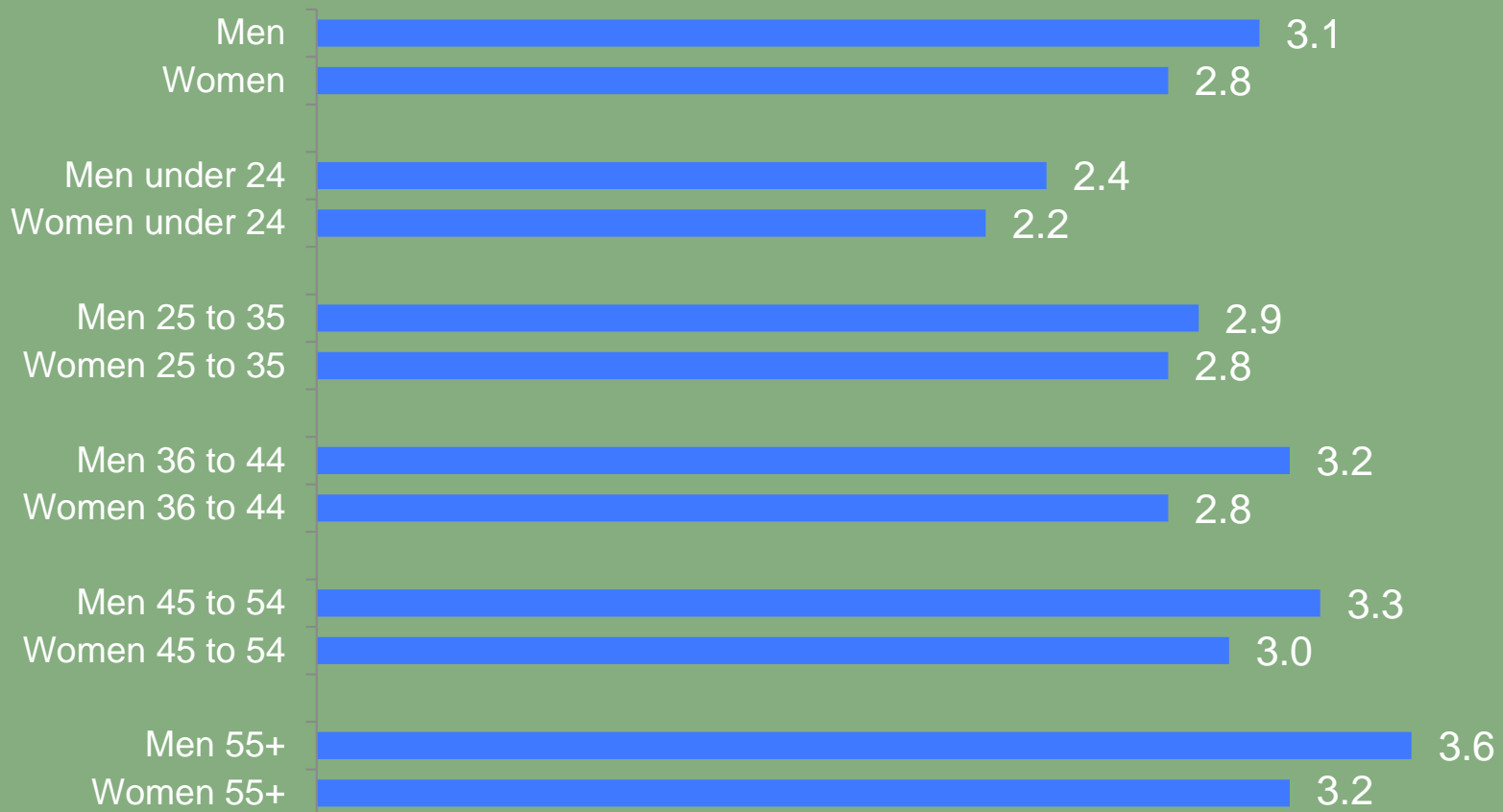
# FINANCIAL KNOW-HOW BY EDUCATION



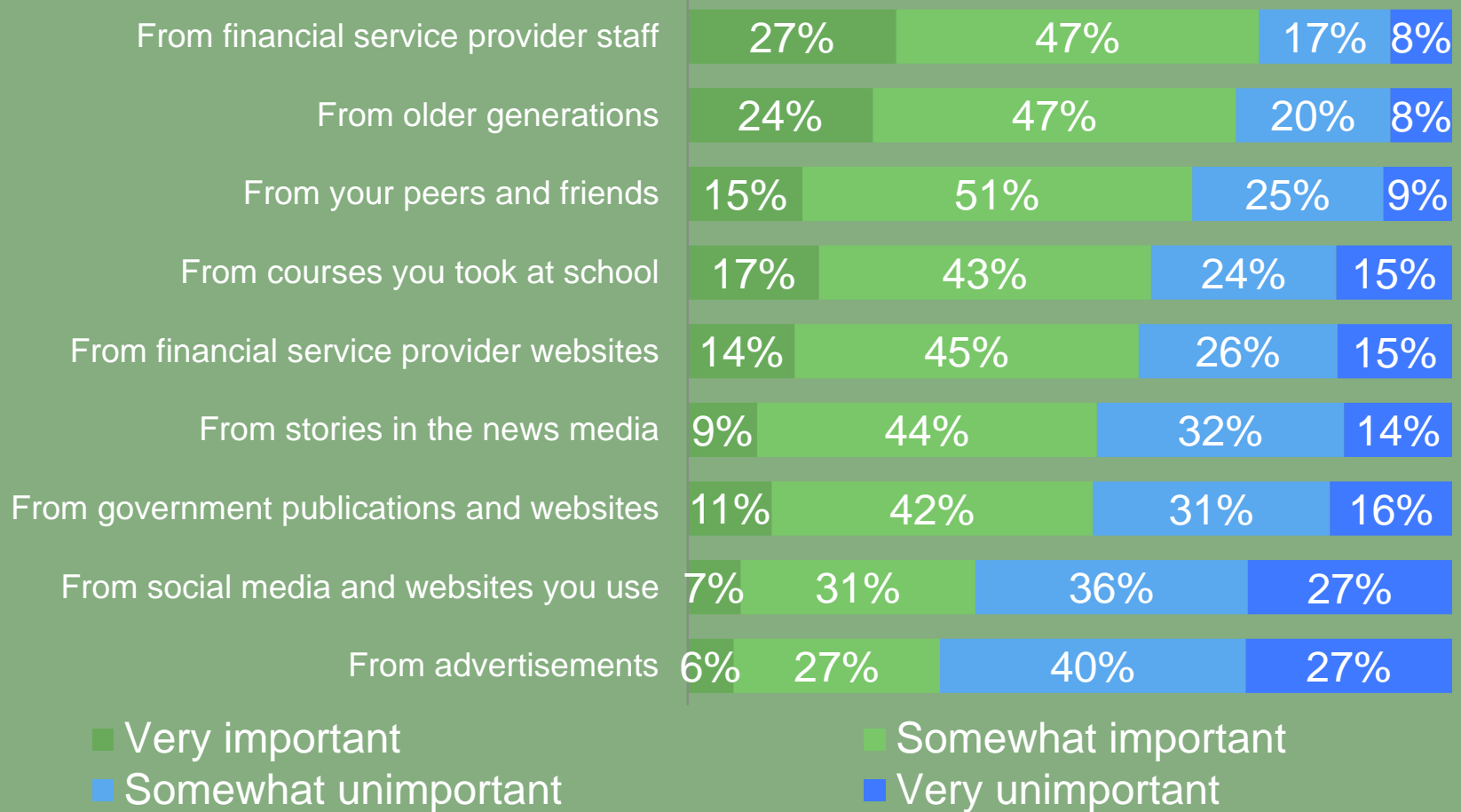
# KNOW-HOW BY BANKING BEHAVIOUR



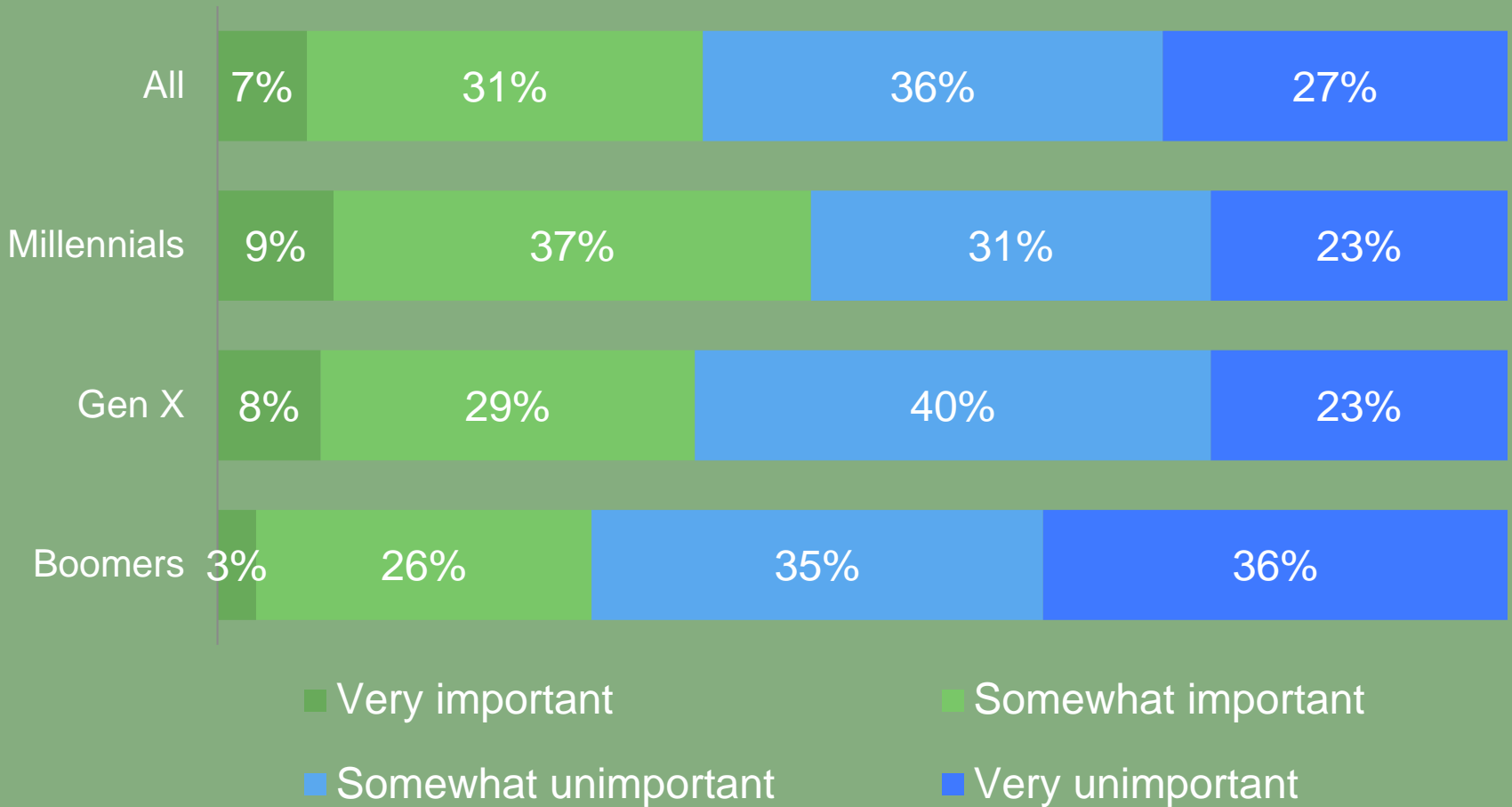
# KNOW-HOW BY GENDER & AGE



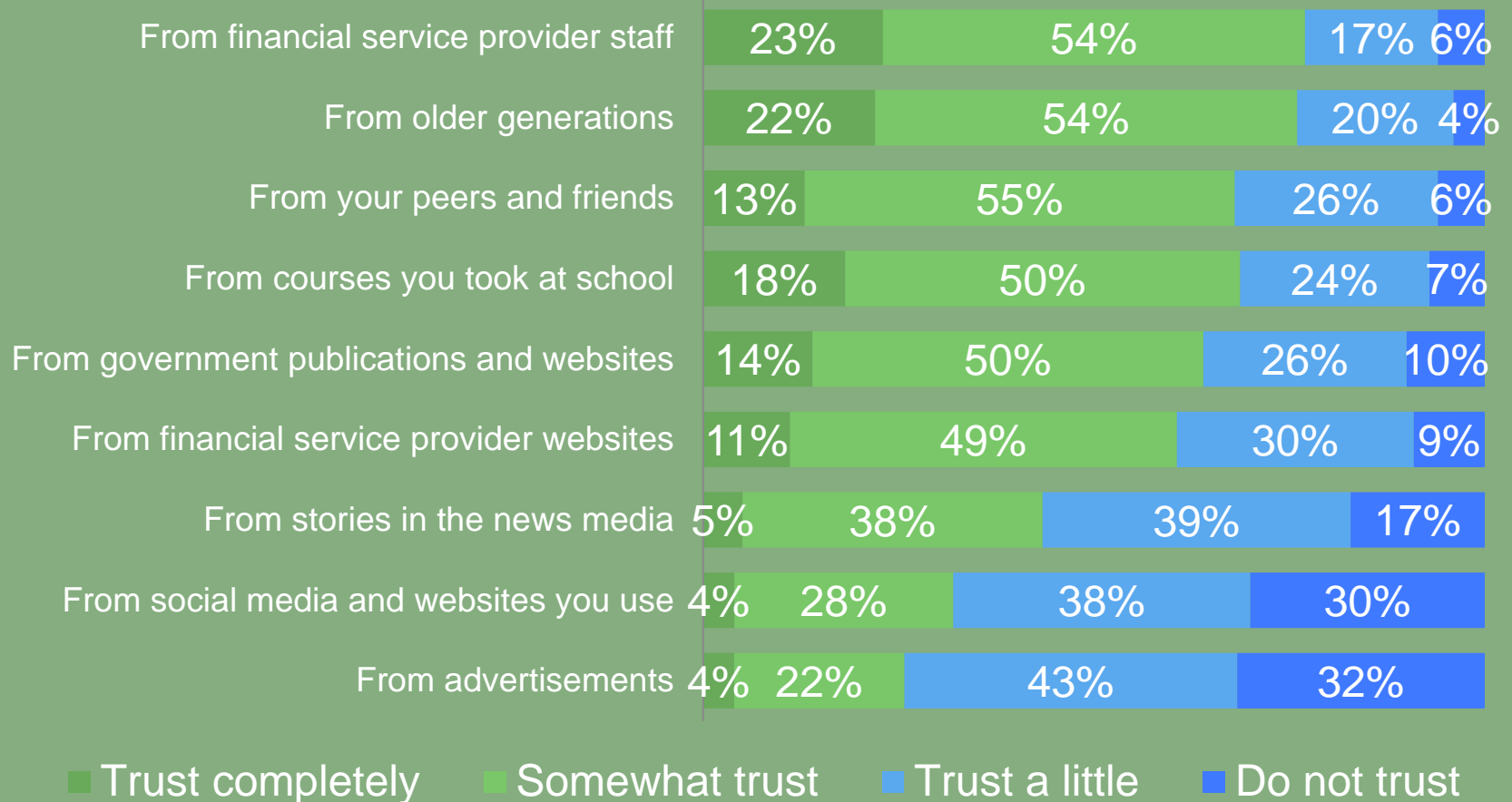
# SOURCES OF FINANCIAL LEARNING



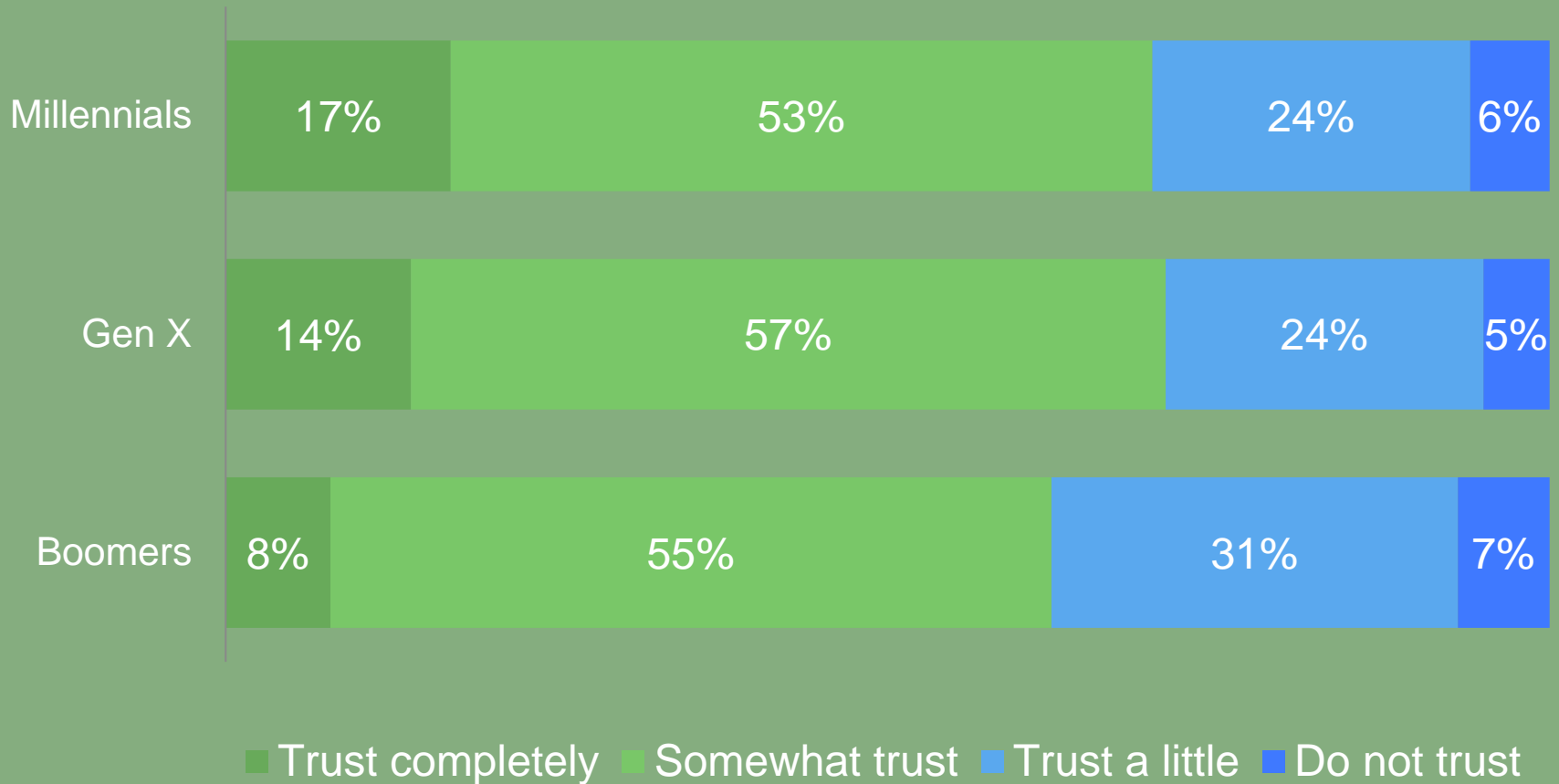
# IMPORTANCE – SOCIAL MEDIA & WEB



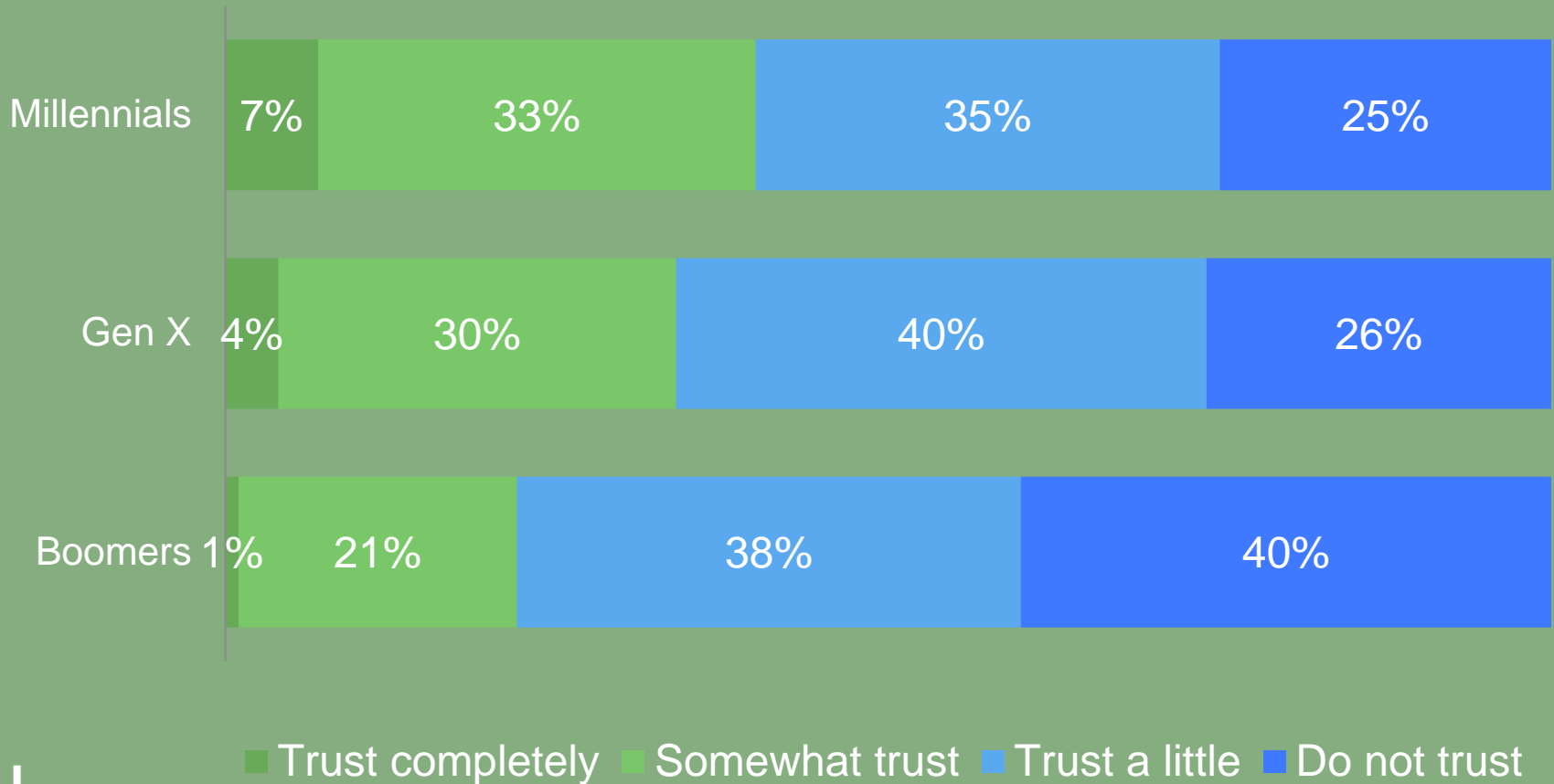
# TRUST IN SOURCES



# TRUST - PEERS & FRIENDS



# TRUST - SOCIAL MEDIA & WEB

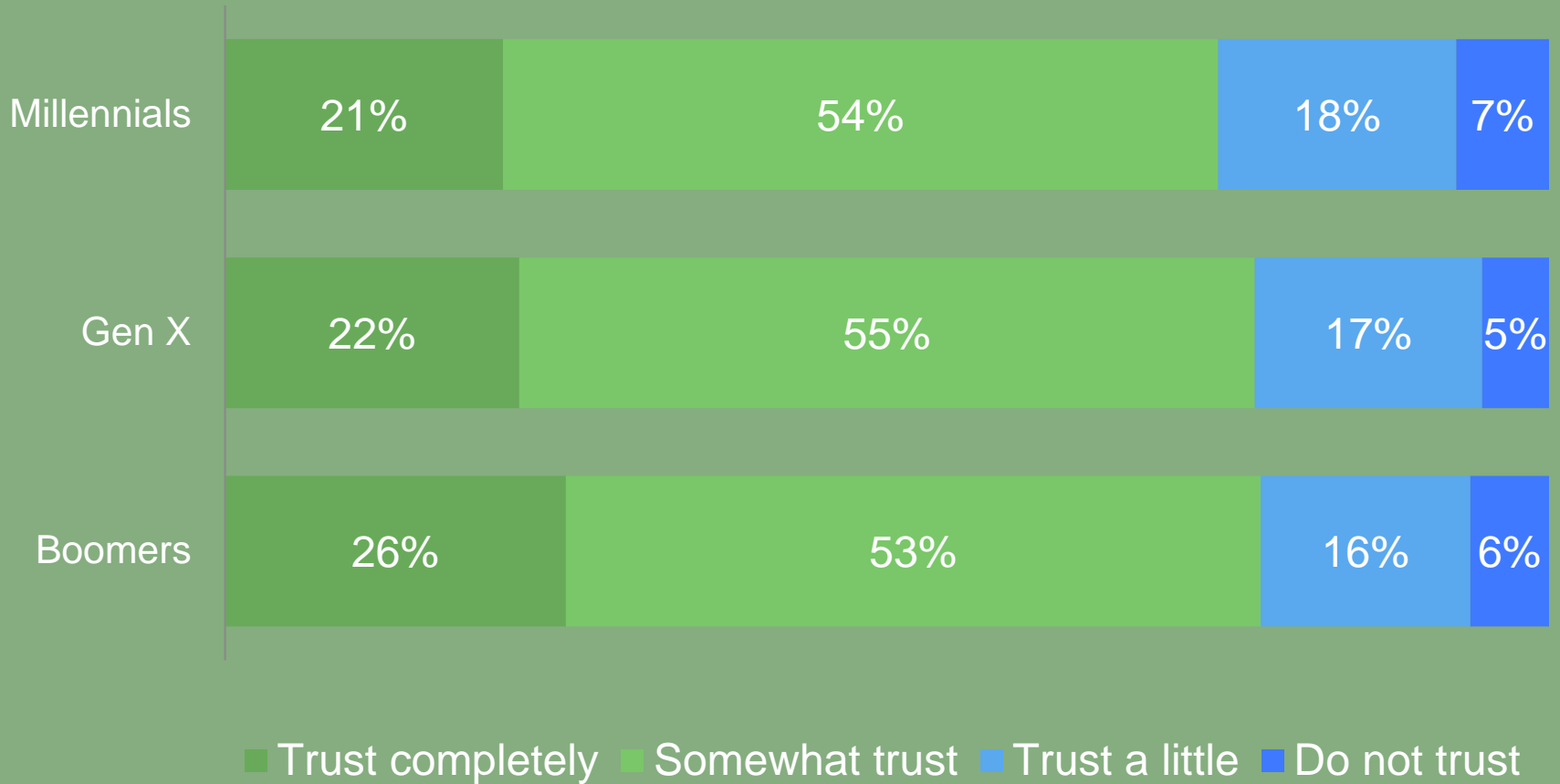


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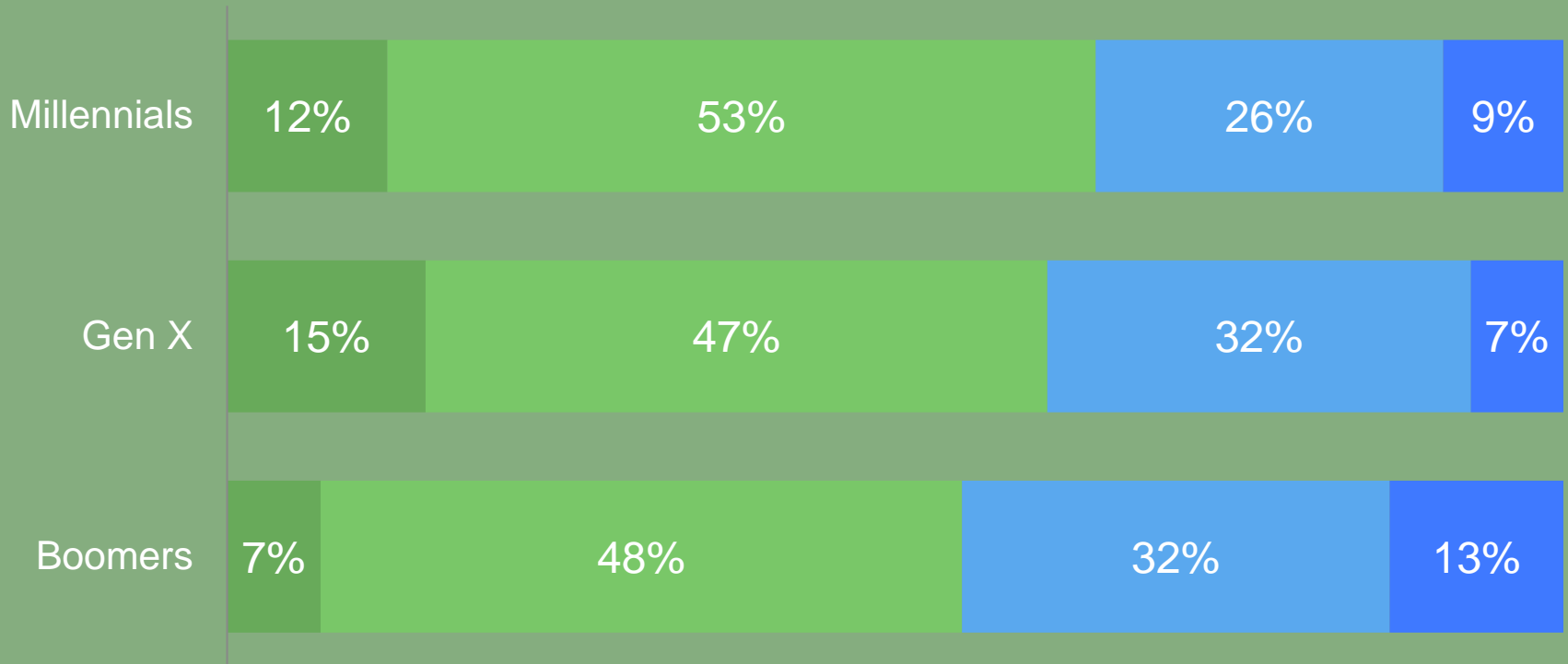
Please also indicate how much you trust each of these:



# TRUST - FINANCIAL SERVICE PROVIDERS



# TRUST - FINANCIAL SERVICE WEBSITES

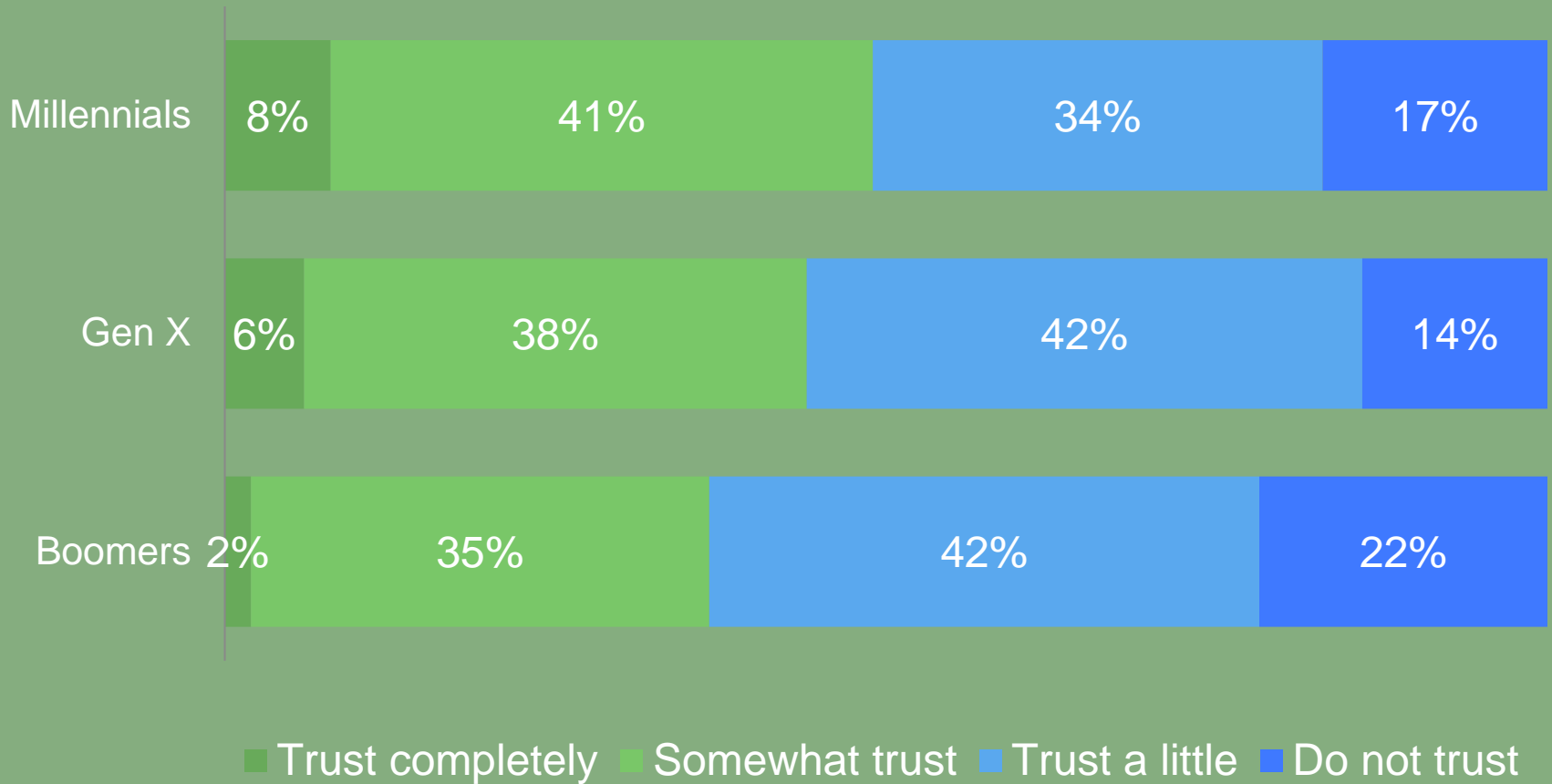


■ Trust completely ■ Somewhat trust ■ Trust a little ■ Do not trust

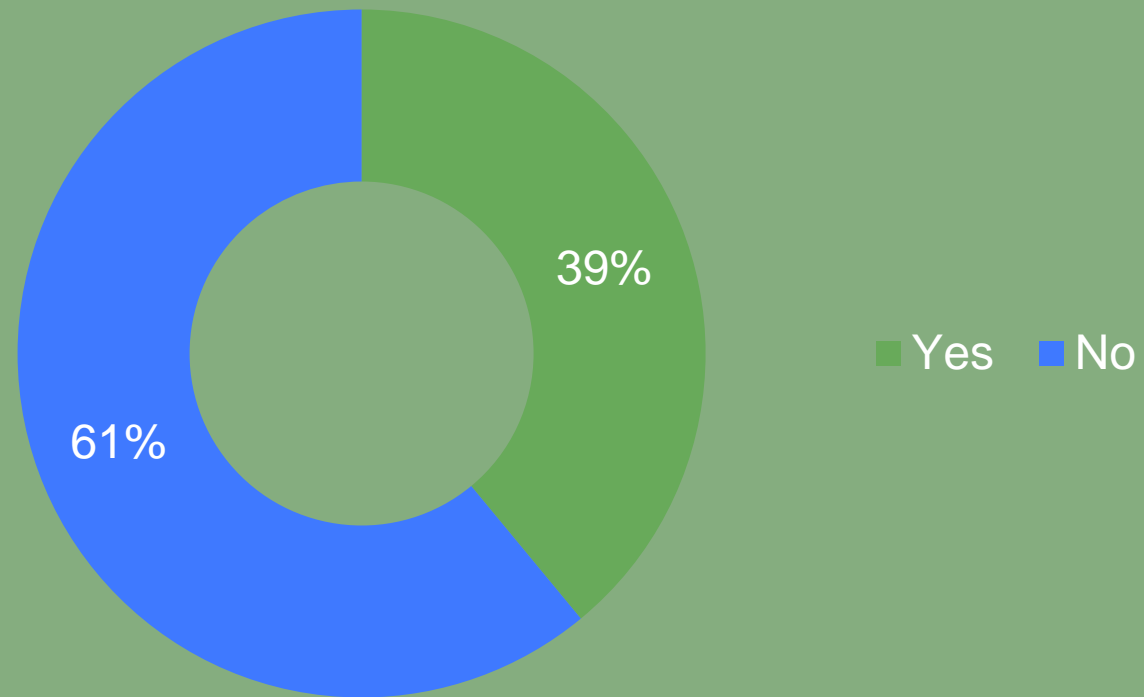
ABACUS DATA

Please also indicate how much you trust each of these:

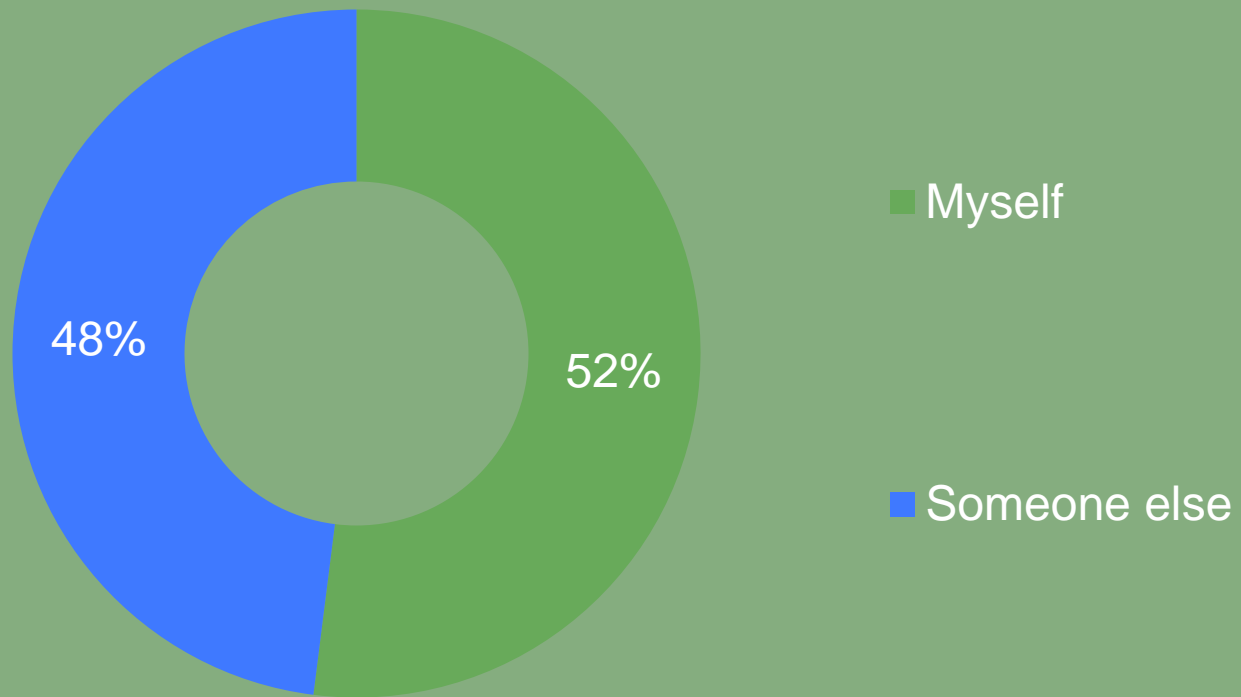
# TRUST - NEWS MEDIA



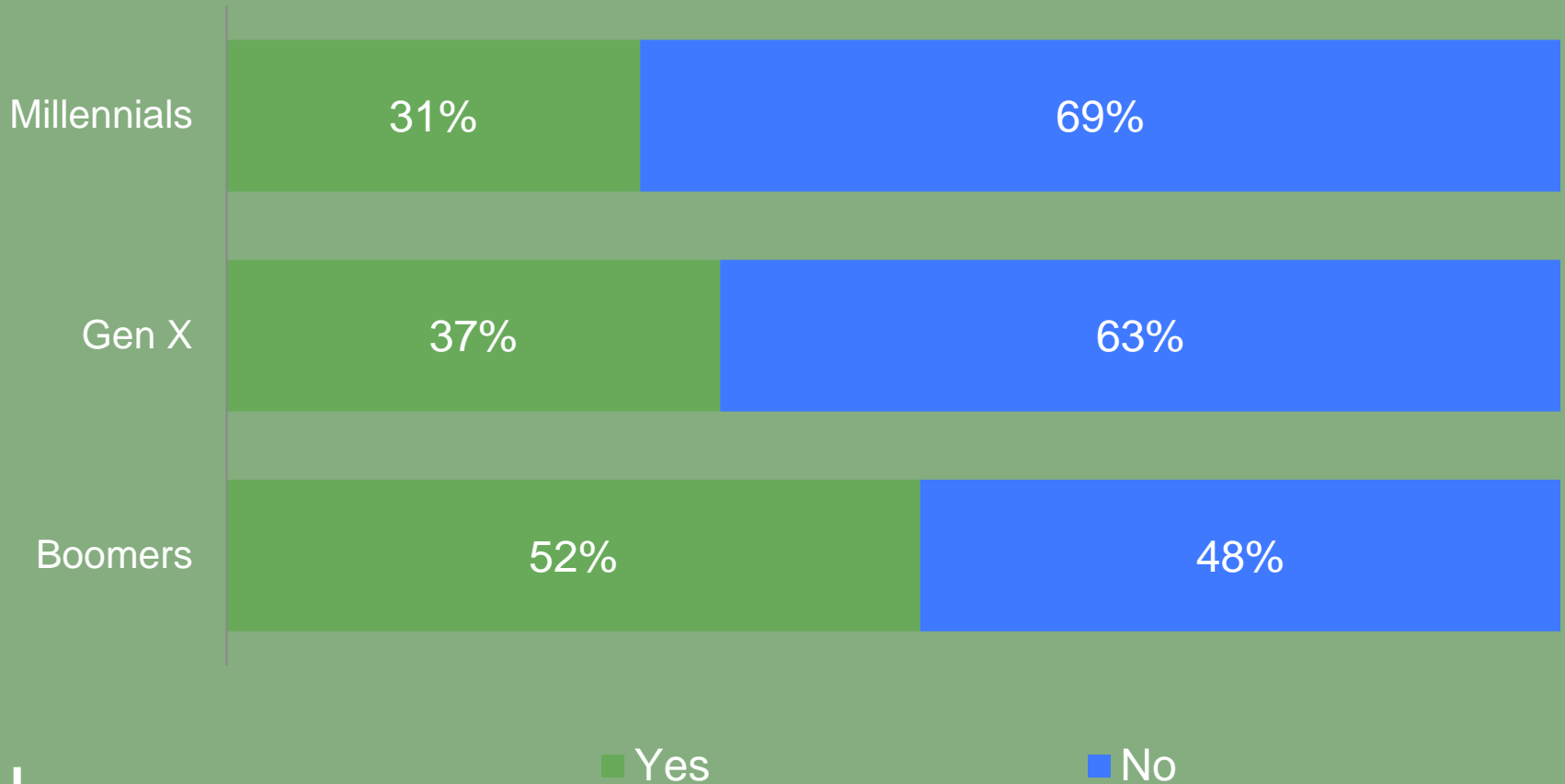
# FINANCIAL ADVISOR



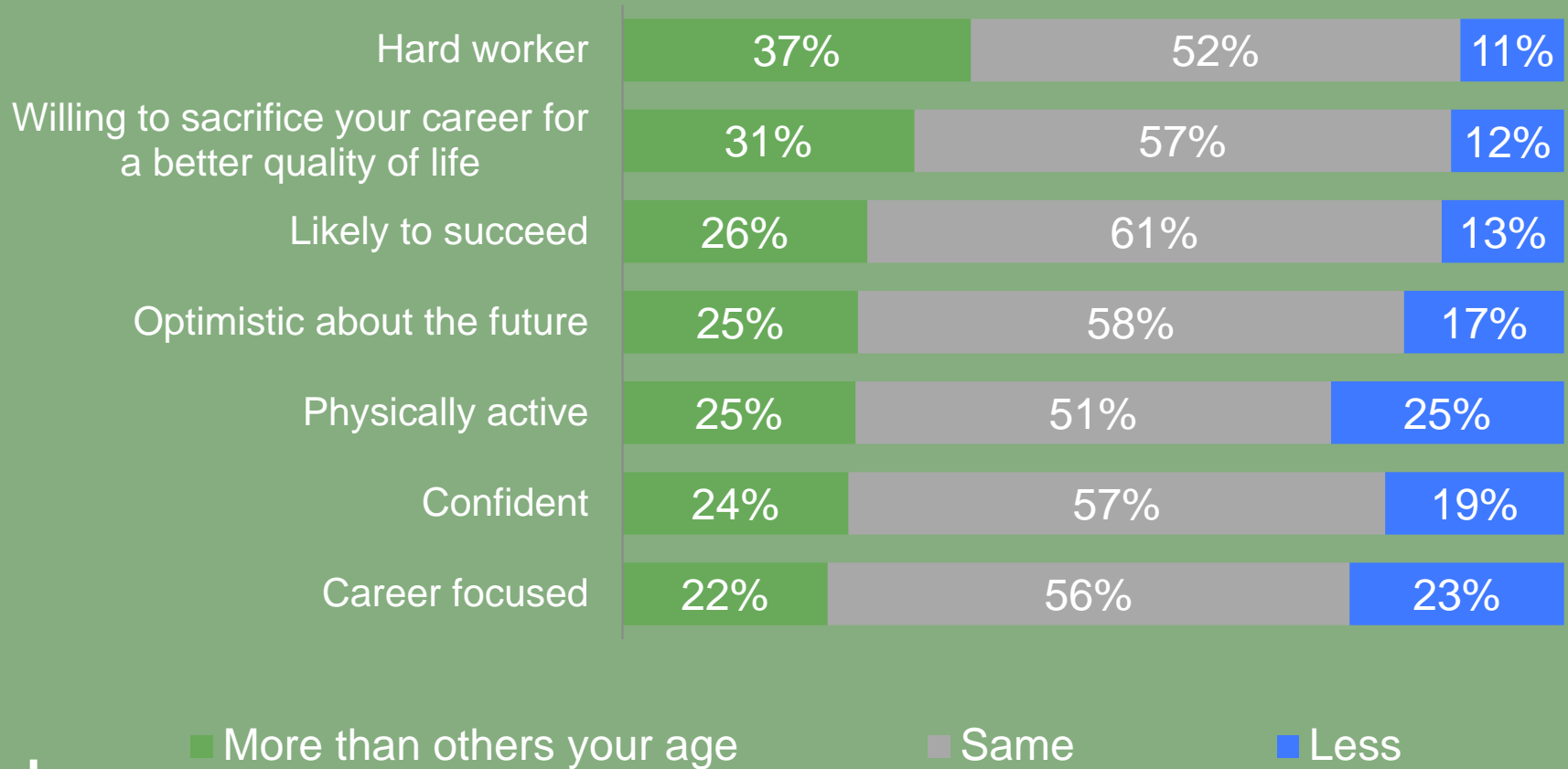
# DO YOUR OWN TAXES?



# FINANCIAL ADVISOR



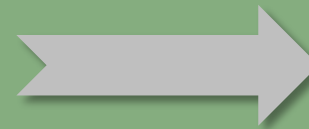
# MILLENNIALS – SELF PERCEPTION



# CORRELATES OF FINANCIAL LITERACY

Driver	Relative Weight
Formal education	27
Age	21
Total household debt	9
Total value of investable assets	6
Household income	5
Family household income growing up	10
Someone else files taxes	8
Female	8

Based on linear regression analysis.  
Only statistically significant factors shown.  
Variance explained = 22%  
Green = Positive Relationship  
Red = Negative Relationship



Financial Literacy