

**Remarks by Jane Rooney, Financial Literacy Leader**  
**January 26, 2017**  
**Wiesbaden, Germany**  
**G20 Conference: Digitising finance, financial inclusion and financial literacy**  
**(Remarks for a workshop on financial literacy)**  
**909 words (5 minutes)**

**Introduction**

Thank you Annamaria (Lusardi) for that kind introduction and the opportunity to speak at this workshop.

Like some other G20 countries, over the last decade we've had record-low interest rates.

At the same time, Canadian households are now devoting less of their disposable income to savings than ever before; and, at 167%, their debt-to-disposable income ratio is at an historical peak.

On top of this, in Canada, like in most G20 economies, financial products and services have become increasingly complex; people are making transactions at a faster pace because of technology; and there's been a shift in responsibility to consumers to make more decisions for themselves.

Financial literacy has always been important but is even more so in this environment.

**The digital age and opportunities to harness technology – Carrot app**

Canada is one of the most connected countries in the world and 99 percent of Canadians have bank accounts. At FCAC, we oversee the access to banking regulations, which give Canadians the right to open an account.

More than 70 percent of people have a smartphone, and most consumers have Internet access.

In this age of digitalization, we must be attuned to every opportunity to use technology to make people's lives easier.

Financial service providers have been ahead of the curve in their use of technology in many respects.

Just look at the advances in mobile banking and how easy technology has made it for consumers to make payments with their credit and debit cards ("tap and go") and mobile devices.

Consumer demand for speed, convenience and rewards is driving trends worldwide. In Canada, in 2015, "contactless" payments grew by 70 percent in volume and value of transactions.

Also, online transfers are the fastest growing - they reached an estimated 120 million transactions worth \$45 billion in Canada alone.

And we know mobile banking is on the rise - 44 percent of Canadians conducted at least some of their banking on a mobile device in 2015, an 11 point jump from 2014.

Digitalization and technology must also be at the core of our interventions aimed at raising the financial literacy levels of consumers.

I'm going to share an example of how we've used a mobile application to educate consumers and influence behaviour around budgeting.

Through our research, we identified budgeting as a foundation to financial wellbeing because it helps people manage their money and debt, save and plan for their future.

From recent research, we know that it's particularly effective when people are under financial stress. According to our government data, less than half of Canadians have a budget but, when people have one, 93 percent say they "usually" or "always" stick to it.

Evidence tells that us people who have the greatest financial knowledge, confidence and skills tend to budget. We could also reverse that: Those who budget have the highest levels of knowledge, skills and confidence.

FCAC found that near seniors (non-retirees over the age of 55) who have a budget and stick to it were twice as likely to have a good idea of how much is needed for their retirement when compared to near-seniors who did not budget.

And we learned that consumer messages received through mobile devices help change behaviour.

Let me tell you more about this.

In 2016, we ran a pilot focussing on budgeting through a mobile app called Carrot Rewards.

It offered consumers loyalty reward points in exchange for responding to short quizzes and receiving financial education messages about budgeting.

We followed up with users of the app and found it had a tremendous impact.

### **Slide 1**

At the end of the pilot, our preliminary results showed users of the app were more knowledgeable about budgeting - from 57 percent to 67 percent (a 10 percentage point increase).

### **Slide 2**

As well, those who were "confident" in their ability to make and follow a budget increased from 32 percent to 37 percent. Those who were "very confident" in their ability to make and follow a budget doubled from 11 percent to 22 percent.

### **Slide 3**

Finally, after the pilot, 14 percent of people who were not budgeting had begun to use a budget.

### **Digitalization challenges going forward**

I am convinced that optimizing our use of digital tools is a powerful way of reaching out to consumers and encouraging positive behavioural change.

The challenge is: How do we take that research and use technology to change behaviour, and how can we make it accessible to, and used by, the largest number of Canadians across the country, including the most vulnerable populations?

Like in many other countries, in Canada, we have pockets with limited access to technology. This includes certain regions but also some segments of the population. Access to technology and digital literacy will be increasingly critical in the financial literacy world.

We know this is an international concern and we're fortunate to have networks like INFE to address these issues together and learn from each other.

One last point about the Canadian landscape. I was thrilled by the announcement from Canada's broadcast and communications regulator last month that it will broaden Internet access to more Canadians in underserved areas.

In its announcement, it declared broadband Internet a "basic service," which I fully agree with.

This will go a long way in addressing part of the "access to technology" issue, which I consider as one of the biggest challenges for us in being able to have an optimal impact on consumers with our financial literacy interventions in years to come.

Thank you for this opportunity and I welcome any questions you have for me.