



British Columbia Securities Commission
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Vancouver, BC V7Y 1L2

Public Opinion Research ▶▶

National Report Card on Youth Financial Literacy



National Report Card on Youth Financial Literacy



THESE MATERIALS ARE NOT INTENDED TO PROVIDE SPECIFIC FINANCIAL INVESTMENT, TAX, LEGAL OR ACCOUNTING ADVICE, AND SHOULD NOT BE RELIED ON FOR THAT PURPOSE.

THESE MATERIALS ARE INTENDED FOR USE AS GENERAL INFORMATION TO UNDERSTAND YOUTH FINANCIAL LITERACY IN CANADA. THE CONCLUSIONS DRAWN AND OPINIONS STATED ARE THOSE OF THE PUBLISHER. THE DATA IS CURRENT AS OF SEPTEMBER 2011.

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Published by:

The British Columbia Securities Commission
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About this Study

Research Objective:

This is the first comprehensive Canadian benchmark study on youth financial life skills. The British Columbia Securities Commission (BCSC) hired Innovative Research Group to assess the effectiveness of secondary school financial education programs — specifically, financial literacy outcomes (knowledge, attitudes, awareness) — and in preparing young Canadians as financial consumers (behaviours). The BCSC believes that the information and analysis in this study will help educators and policymakers develop and deliver financial literacy programs for Canadian youth.

Financial literacy means having the knowledge, skills and confidence to make informed and sound financial decisions.

Many students currently leaving high school – and many adults – have weak financial skills and little knowledge of the financial realities they will face. As a result, they make costly mistakes, and are more vulnerable to scams and frauds.

By teaching students financial skills, we can give them the practical abilities and knowledge they will need to effectively manage their finances and achieve their goals.

A key component of the BCSC's mandate is to protect and promote the public interest by fostering a securities market that is fair and warrants public confidence. Youth with strong financial life skills become informed investors and contribute to a fair securities market.

Financial Life Skills Outcomes

Expectations

For the most part, high school graduates are very optimistic about the future. On average, respondents expect to be earning over \$70,000 in 10 years time (over double the amount of reported income of Canadian post-secondary graduates 10 years their age¹) and almost three quarters expect to purchase a home within 10 years, which is a much higher rate than actual home ownership.²

Attitudes

Recent high school graduates are “talking the talk” when it comes to attitudes towards financial literacy. For the most part, recent high school graduates have the right attitude. A strong majority believe it is important to learn about finances at an early age (93% agreement); it is important to build up personal savings (93%); know where to look to learn about investing and personal financial management (67%); and believe it’s important to have a written financial plan (60%).

Behaviours

However, in many cases young Canadians are not “walking the walk” when it comes to financial literacy behaviours. Many lack the financial behaviours that are important to future success. Less than half keep a budget to record income and expenses, 4-in-10 don’t know how much money they earned or spent last month and only 1-in-10 (12%) have a written financial plan.

Knowledge

Although many recent high school graduate do relatively well on financial knowledge testing, some do better than others. Respondents were asked to complete a basic financial literacy test to measure their knowledge. Nationally, 35% of graduates scored an “A” or higher on the basic financial literacy test. Over 4-in-10 (42%) British Columbia (BC) graduates scored an “A” or higher, followed by graduates from Alberta at 37% and the Prairie provinces at 36%.

¹ Statistics Canada. 2010. *Census of Canada, 2006, Individuals File* (Public Use Microdata File). All computations, use and interpretation of these data are entirely those of the authors.

² Hou, Feng. 2010. “Home ownership over the Life Course of Canadians: Evidence from Canadian Censuses of Population.” *Analytical Studies Research Paper Series*, Statistics Canada Catalogue no. 11F0019M, no. 325, Appendix Table 5, page 22. <http://www.statcan.gc.ca/pub/11f0019m/11f0019m2010325-eng.pdf>

Impact of Secondary School Financial Literacy Courses

Nationally, only 45% of recent graduates recall taking a course that covered topics on personal finance. BC and Alberta grads are most likely to recall having taking a high school course on personal finance (60%) while Ontario and Prairie province grads are least likely to recall having taken courses that covered personal finance in high school (37% and 38% respectively).

Impact of taking a course on personal finance

Those who have taken a course score slightly higher on the attitude, behaviour and knowledge indices, though not substantially so. The effects are more pronounced with regard to respondents' financial attitudes than their behaviours or knowledge.

Not all financial literacy courses are created equal – “Comprehensiveness”

Having taken a “very comprehensive” course – that is, a course or courses that covered multiple personal finance and financial skills topics – makes one much more likely to have higher scores on the attitude, behaviour and knowledge indices. However, those whose courses were “somewhat comprehensive” or “not very comprehensive” score no differently than those who did not take a course at all.

Not all financial literacy courses are effective – “Good Experience vs. Bad Experience”

Having a “good experience” with a personal finance course makes one much more likely to have higher scores on the attitude, behaviour and knowledge indices. However, those who had a “bad experience” largely score no differently than those who did not take a course at all, and in some cases score more poorly (especially with regard to financial behaviour and attitude).

Students who took both *comprehensive financial literacy courses* and had *good experiences* with them perform better when it comes to positive financial attitudes, behaviour and knowledge. Simply having taken a financial literacy course or not having taken one at all has little impact on financial attitudes, behaviour and knowledge. To have an impact, courses need to be both comprehensive and delivered in an *effective and interesting* format. Having a bad course experience produces financial literacy outcomes similar to having not taken a course at all.

Methodology and Approach

Methodology and Approach

- This survey was conducted by Innovative Research Group Inc. through an online survey among a representative sample of 3,006 Canadian high school graduates, 17 to 20 years of age. The interviews were conducted between September 7th and September 26th 2011 in both French and English.
- The youth sample was provided by Uthink Online. The survey was administered to a series of randomly selected respondents from Uthink Online's research panel. The survey was weighted to ensure that the overall sample's composition reflects actual young Canadian high school graduates between the ages of 17 and 20 according to 2006 Census data, in order to provide results that are intended to approximate a probability sample. Uthink Online provides each panellist with a unique URL. Only invited panel members are able to complete the survey, and only once.
- Prior to fielding this study, the questionnaire was pre-tested among Francophone and Anglophone panelists. They were given special instructions to complete the survey independently, and then they completed the survey with an interviewer. With the interviewer, they went through the survey, question-by-question, providing feedback on comprehensiveness, completeness, and whether the questions were ordered logically.
- A probability sample of this size would have an estimated margin of error of +/-1.8 percentage points, 19 times out of 20. The margin of error will be larger within each sub-grouping of the sample.

Note: *Graphs and tables may not always total 100% due to rounding values rather than any error in data. Sums are added before rounding numbers.*

Regional Segmentation

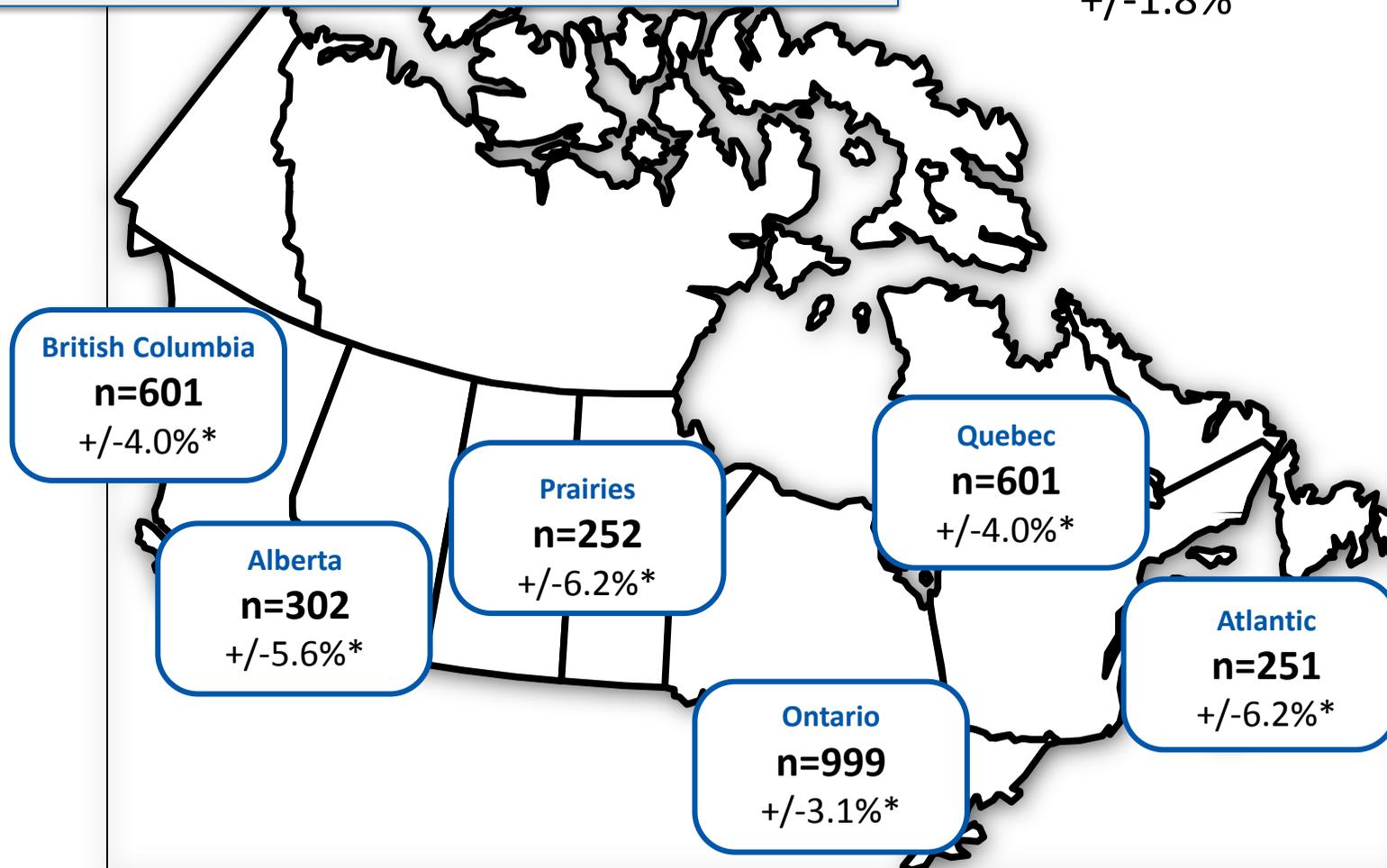
Regional groupings included:

- British Columbia
- Alberta
- Prairie Region (Manitoba and Saskatchewan)
- Ontario
- Quebec
- Atlantic (PEI, New Brunswick, Nova Scotia and Newfoundland and Labrador).

National

n=3,006

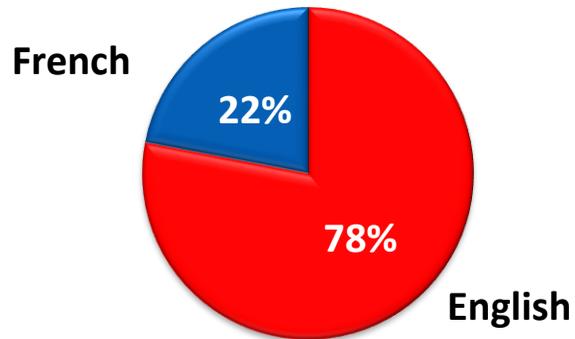
+/-1.8%*



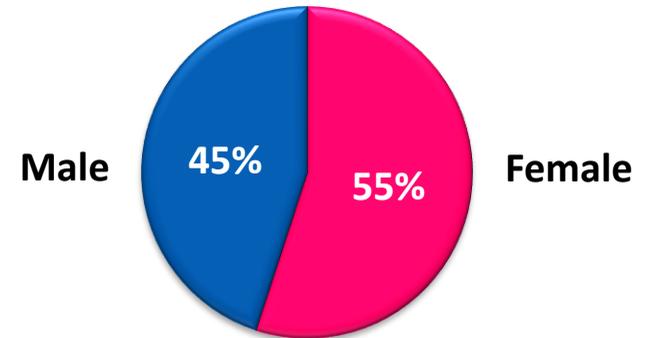
* Estimated margin of error, 19 times out of 20.

Demographic Segmentation: *Respondent Profile*

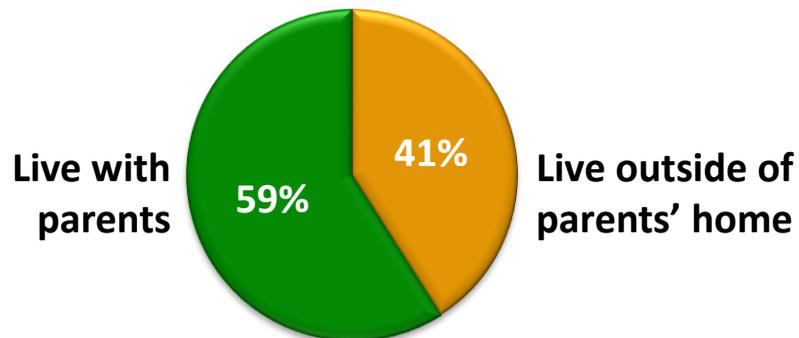
Language



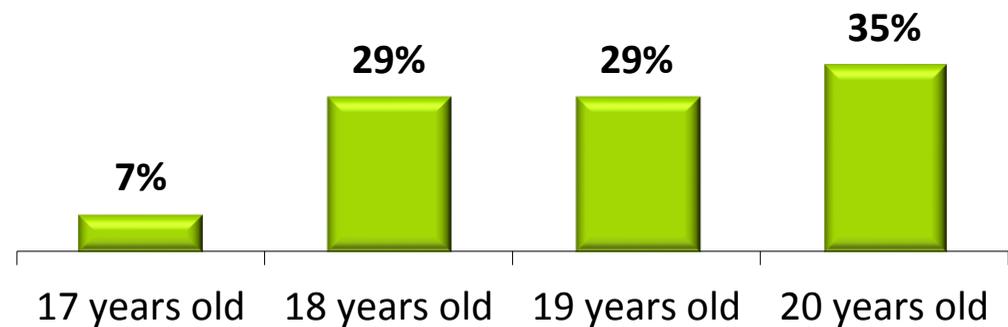
Gender



Living Status



Age (as of Dec. 31, 2011)

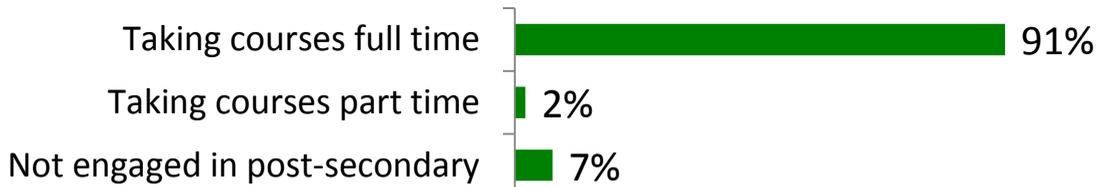


Note: 17 year olds are largely represented by Quebec respondents who graduate high school a year ahead of other provinces.

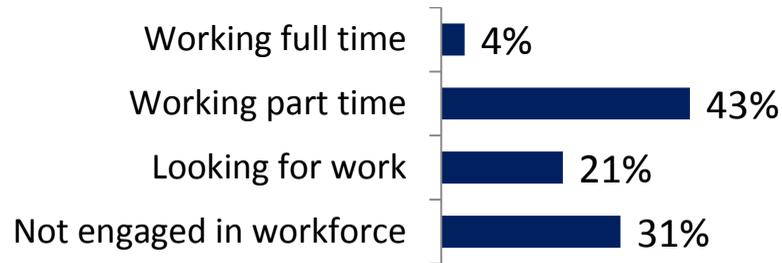
Demographic Segmentation: *Education and Employment*

DEMOGRAPHIC NOTE: The sample is largely represented by high school graduates who are currently enrolled in post-secondary studies.

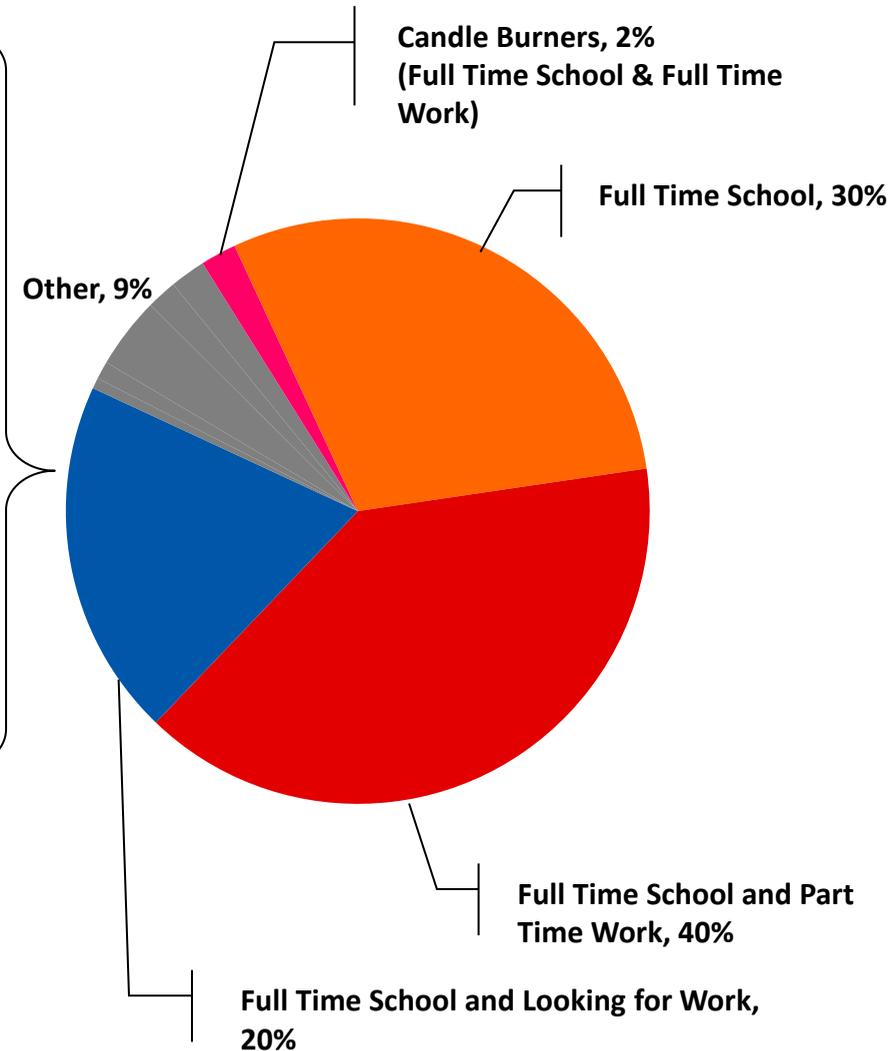
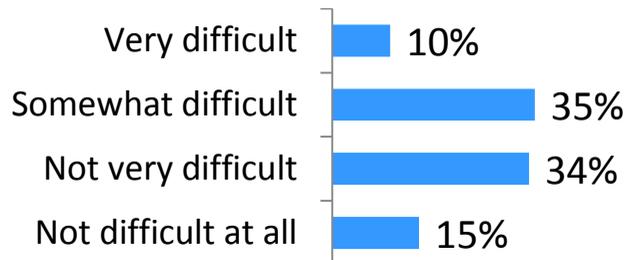
Post-secondary Education Status



Work Status



Making Ends Meet



Consumer Culture and Relationship with Money

Consumer Culture and Relationship with Money

Consumer Culture ▶▶

- For the most part, respondents report prudent buying behaviour:
 - A majority shop around before making purchases and check in with others who have experience with the product.
 - A majority disagree their expenses are based on wants rather than needs and that shopping is an important social aspect of their life.

Relationship with Money ▶▶

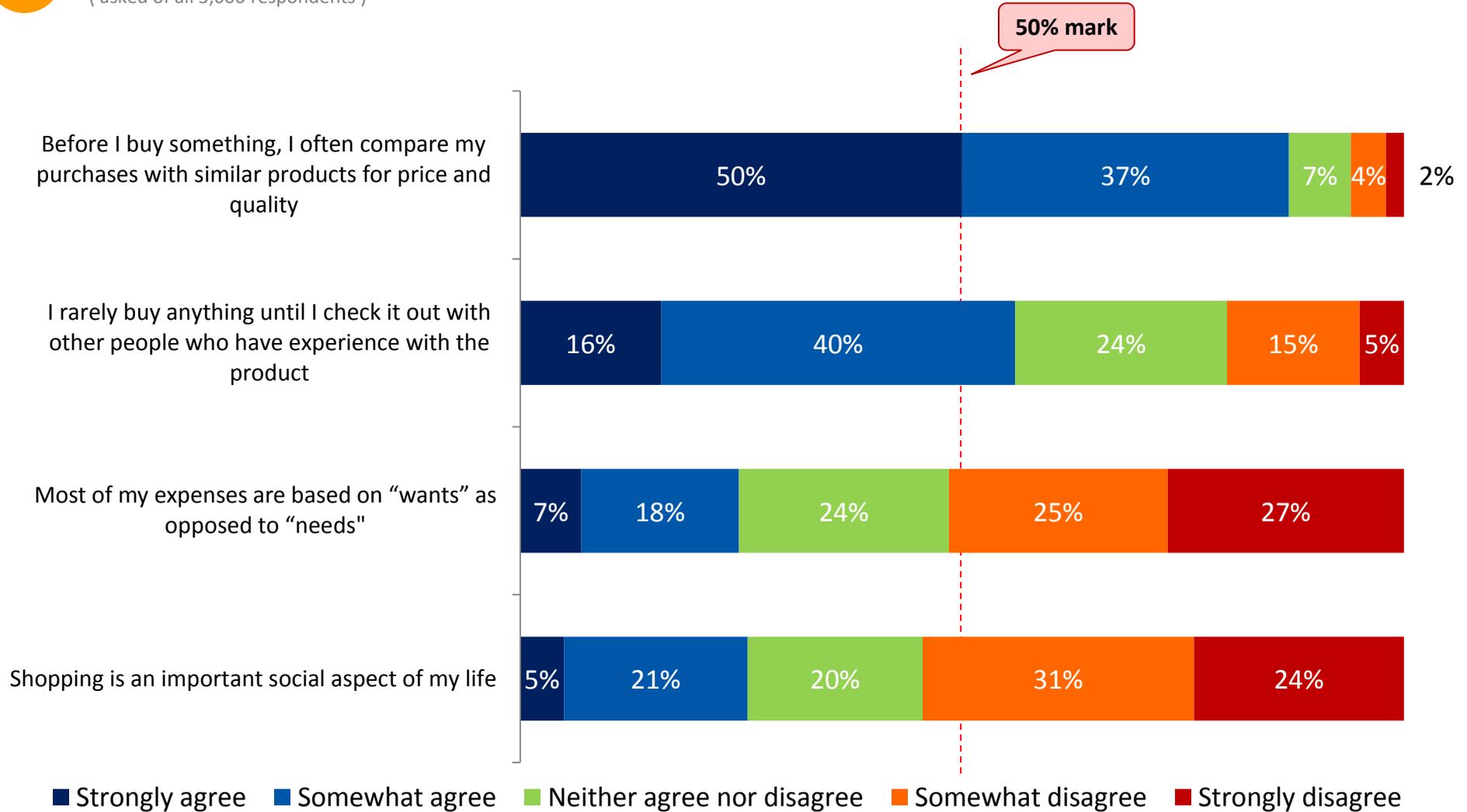
- Respondents report a very good relationship with money:
 - Recent graduates want to be financially independent: they strongly agree with “its important to live within ones means”, setting aside money today for the future and having good money habits are necessary to be successful in life.
 - Although a majority agree that it’s important to have a lot of money in life, it’s the least important tested measure among respondents.

What would you do if you won \$5,000? ▶▶

- This groups of respondents has very practical uses for hypothetical lottery winnings:
 - Most say they would pay for their education if they won \$5,000 tomorrow.
 - The second most cited response is using it for savings and investments.

Consumer Culture: for the most part, respondents report prudent buying behaviour

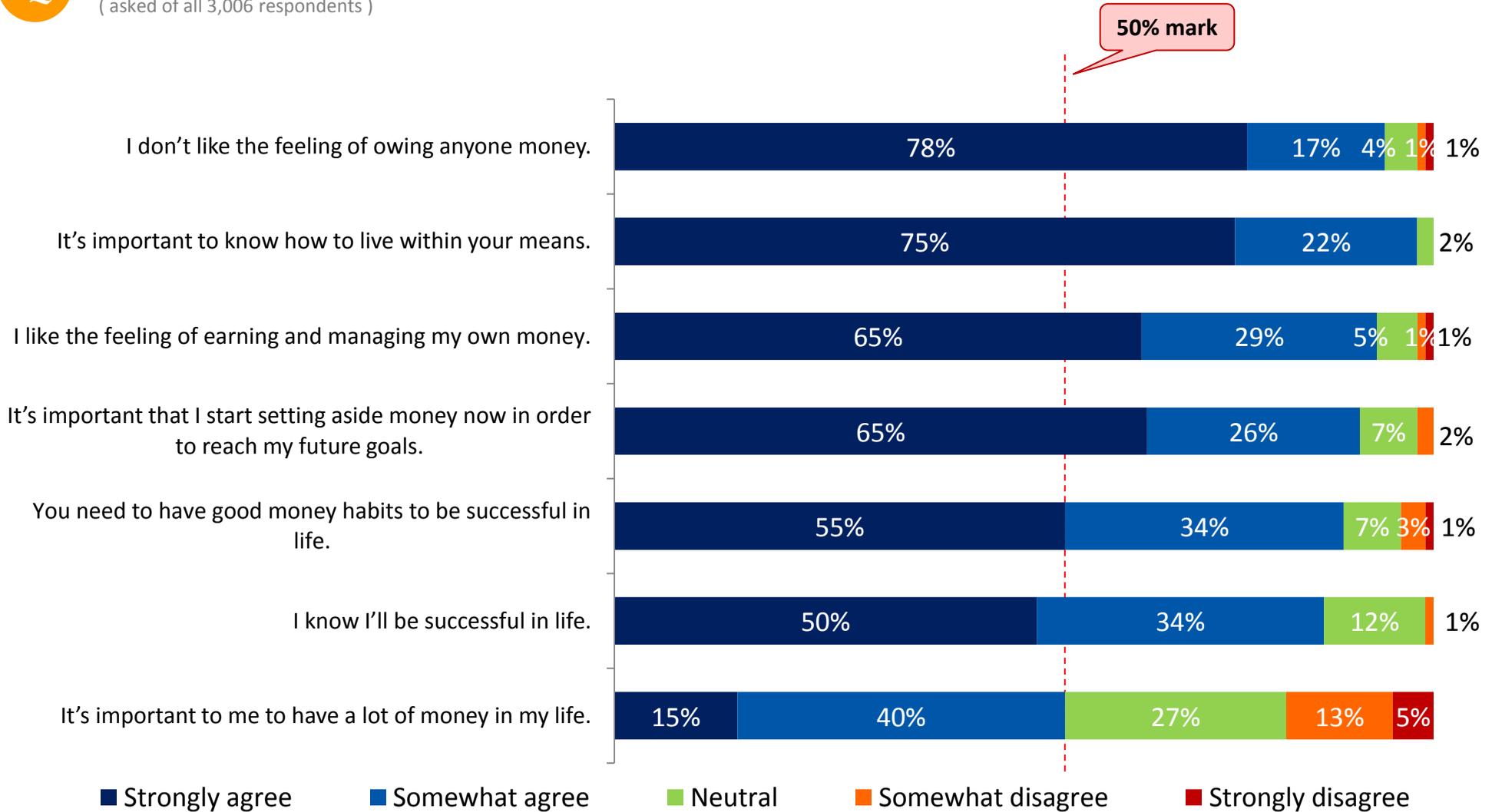
Q For each of the following statements, please indicate if you agree or disagree:
(asked of all 3,006 respondents)



Note: "Don't Know" not shown

Relationship with money

Q For each of the following statements, please indicate if you agree or disagree:
(asked of all 3,006 respondents)



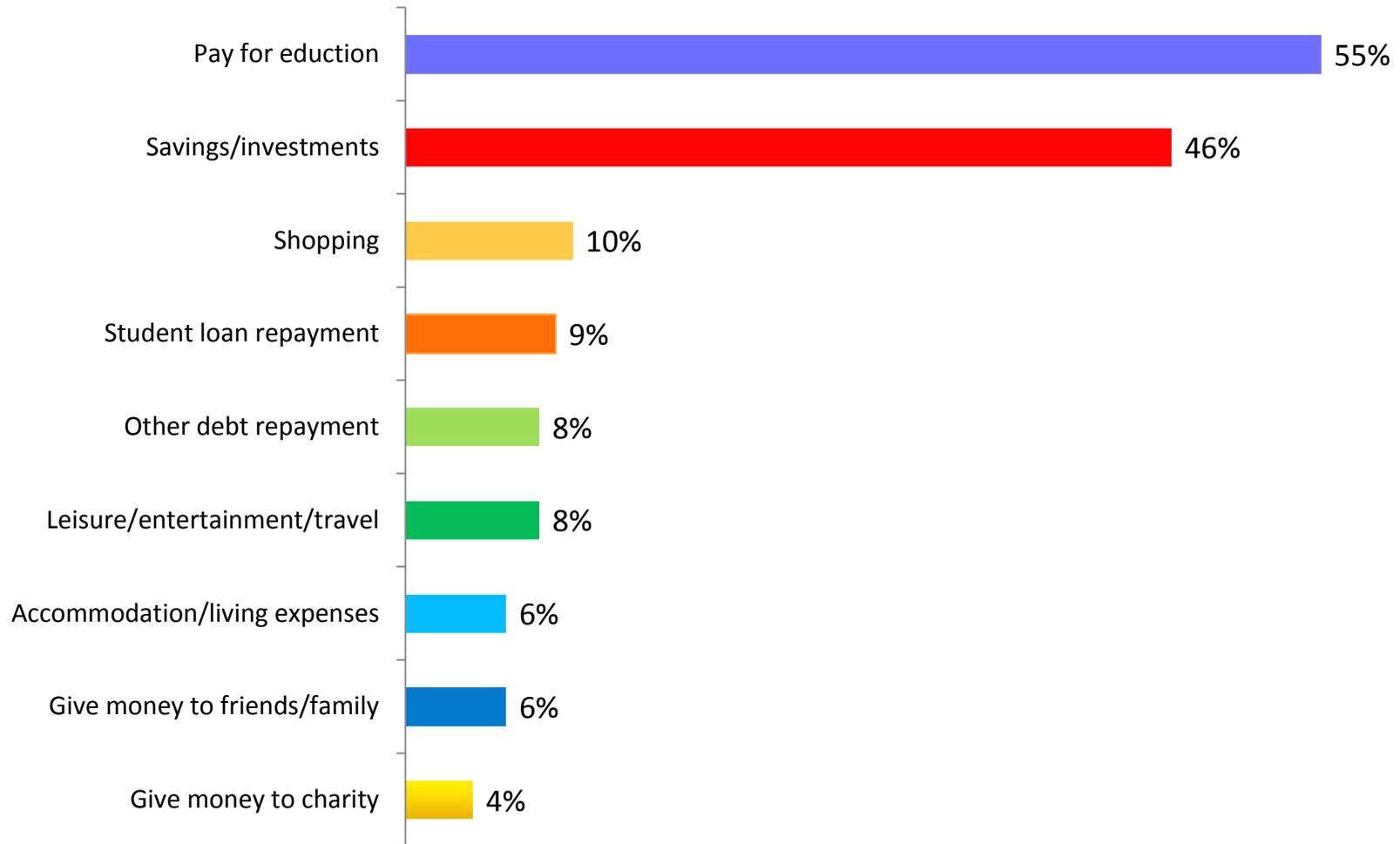
Note: "Don't Know" not shown

What would you do with \$5,000?



I'd like you to think about this hypothetical scenario. Let's assume you won \$5,000 in a lottery tomorrow. What would you do with this money?

(asked of all 3,006 respondents; sum will equal more than 100% as this was a "select all that apply" question)



Note: "Don't Know" (2%) not shown

Expectations for the Future

Expectations for the Future

Overall, respondents are largely optimistic about their future.

Expectations of Earning Potential ▶▶

- 49% of respondents predict they will be making between \$40k and \$80k in 10 years (with an average projected income of \$90,735).
- The median estimate is \$70k. This is over two times the median reported income of cohorts 10 years their age in the 2006 Census.¹
- 1-in-6 think they will be earning more than \$100k in 10 years time, while 1-in-10 predict they will earn less than \$40k.

Expectations of Home Ownership ▶▶

- 73% of respondents say they are likely to purchase a home in the next 10 years; a much higher rate than actual home ownership.
- However, only 31% say they are very likely – a number much more in line with Statistics Canada’s estimate that 42% of 25-29 year olds are homeowners.²

A Point of Comparison ▶▶

- A large majority of respondents (81%) believe they will be financially better off in life than their parents.
- 4-in-10 (41%) say they’ll definitely or very likely be better off than their parents.
- Only 12% believe it is unlikely that they will be better off than their parents.

¹ Statistics Canada. 2010. *Census of Canada, 2006, Individuals File* (Public Use Microdata File). All computations, use and interpretation of these data are entirely those of the authors.

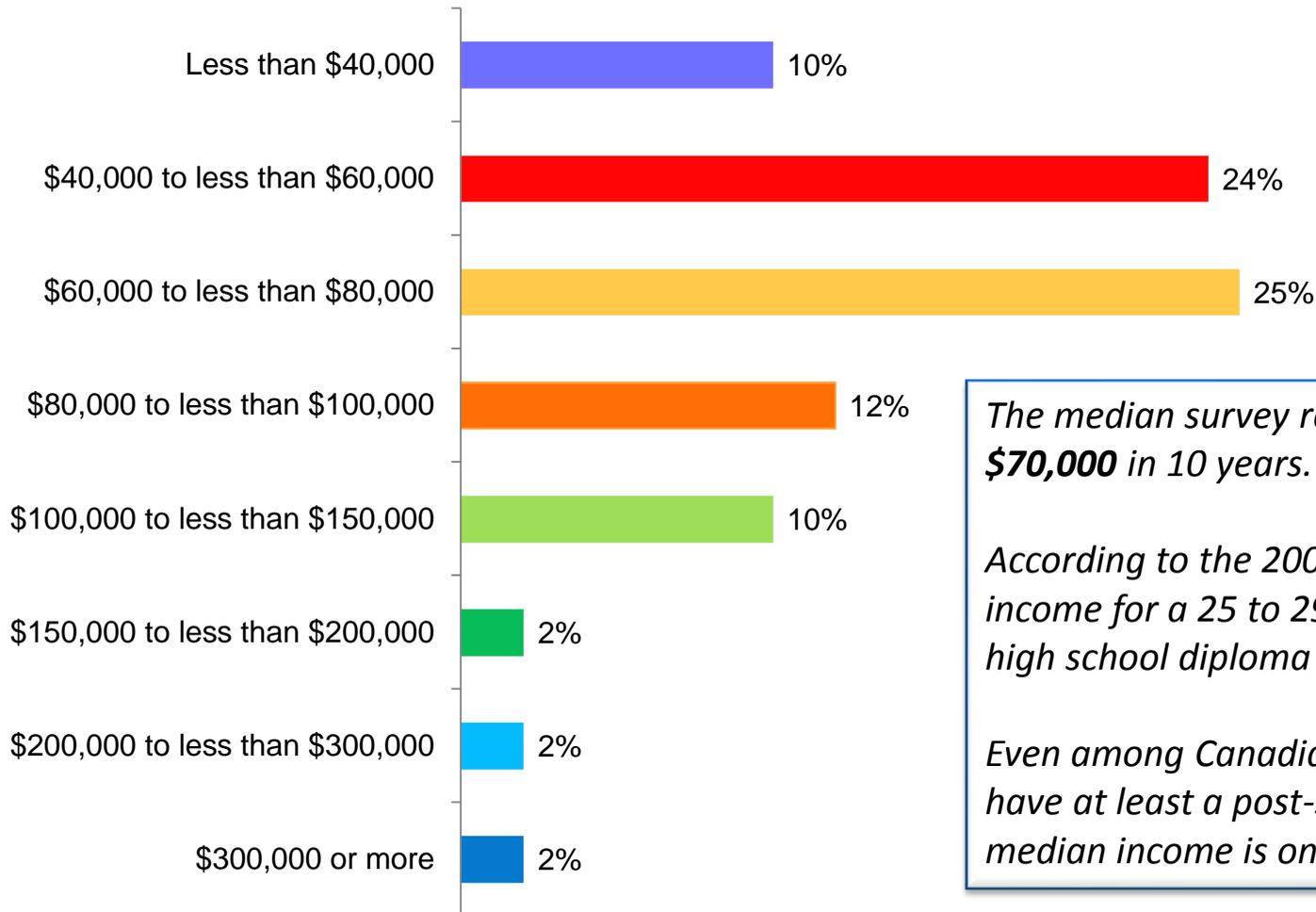
² Hou, Feng. 2010. “Home ownership over the Life Course of Canadians: Evidence from Canadian Censuses of Population.” *Analytical Studies Research Paper Series*, Statistics Canada Catalogue no. 11F0019M, no. 325, Appendix Table 5, page 22. <http://www.statcan.gc.ca/pub/11f0019m/11f0019m2010325-eng.pdf>

Future Earnings Predictions: *average respondent expects to earn an annual income of just over \$70k in 10 years time*



What do you think you will earn as an annual income in 10 years?

(asked of all 3,006 respondents)



*The median survey respondent expects to earn **\$70,000** in 10 years.*

*According to the 2006 Census¹, the median income for a 25 to 29 year old with at least a high school diploma is **\$26,000**.*

*Even among Canadians between 25 to 29 who have at least a post-secondary degree, the median income is only **\$29,000**.*

Note: "Don't Know" (13%) not shown

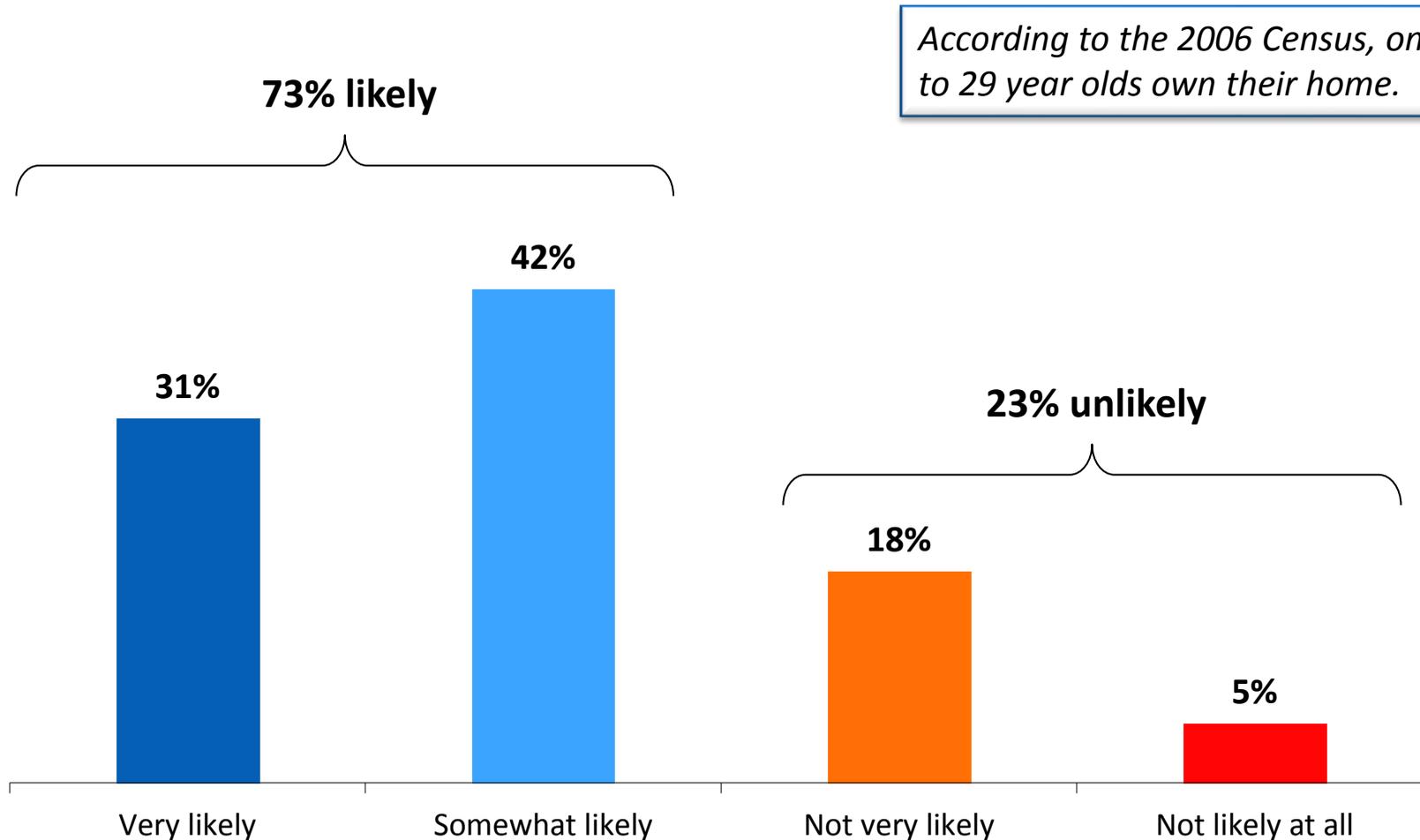
¹ Statistics Canada. 2010. *Census of Canada, 2006, Individuals File* (Public Use Microdata File). All computations, use and interpretation of these data are entirely those of the authors.

Home ownership: nearly 3-in-4 expect to own a home within the next 10 years



How likely is it that you'll purchase a home within the next 10 years?

(asked of all 3,006 respondents)



Note: "Don't Know" (4%) not shown

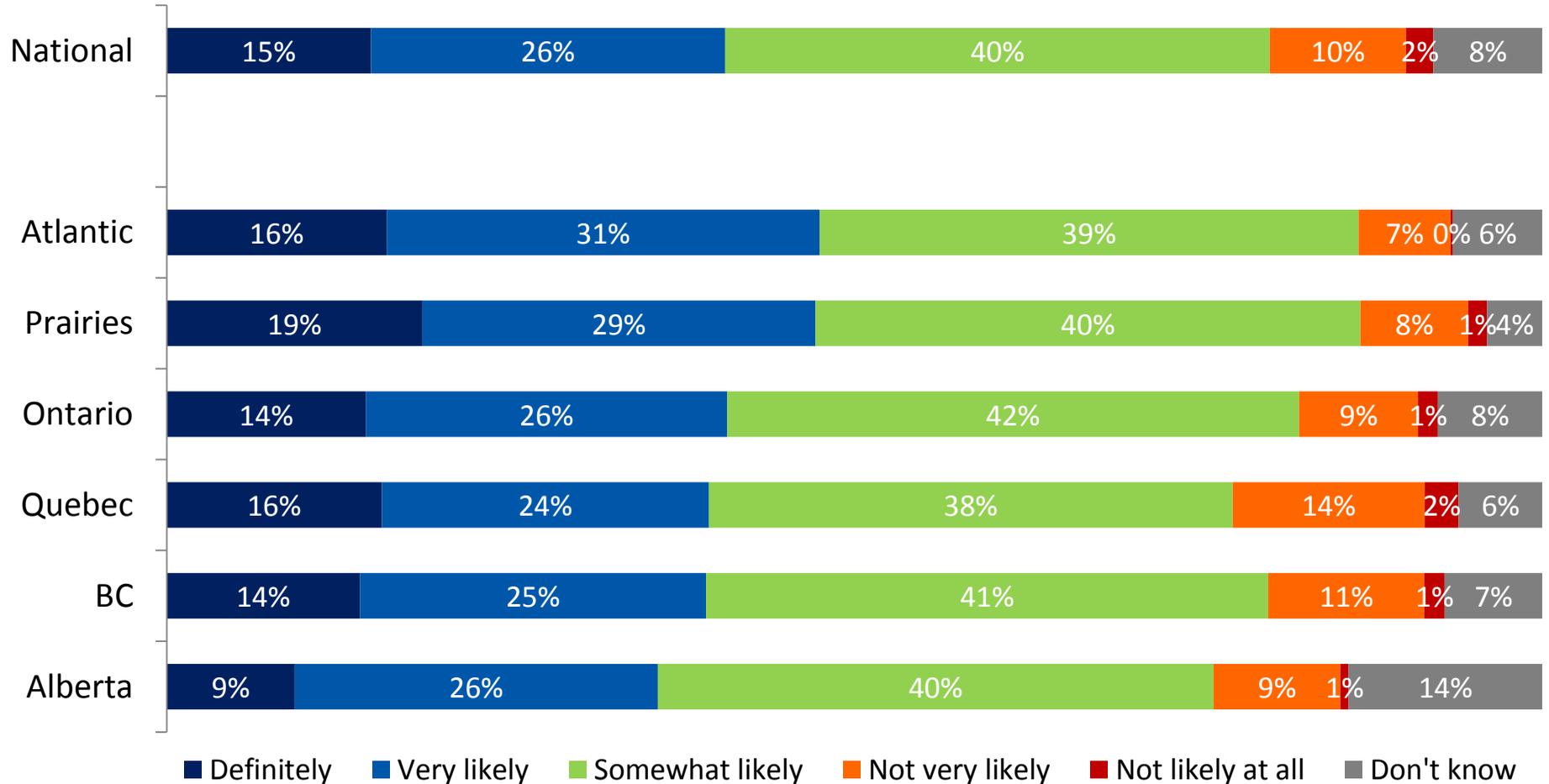
¹ Hou, Feng. 2010. "Home ownership over the Life Course of Canadians: Evidence from Canadian Censuses of Population." *Analytical Studies Research Paper Series*, Statistics Canada Catalogue no. 11F0019M, no. 325, Appendix Table 5, page 22. <http://www.statcan.gc.ca/pub/11f0019m/11f0019m2010325-eng.pdf>

Financial Optimism: majority of respondents feel they'll be financially better off in life than their parents



How likely is it that you'll be financially better off in life than your parents/guardians(s)?

(asked of all 3,006 respondents)

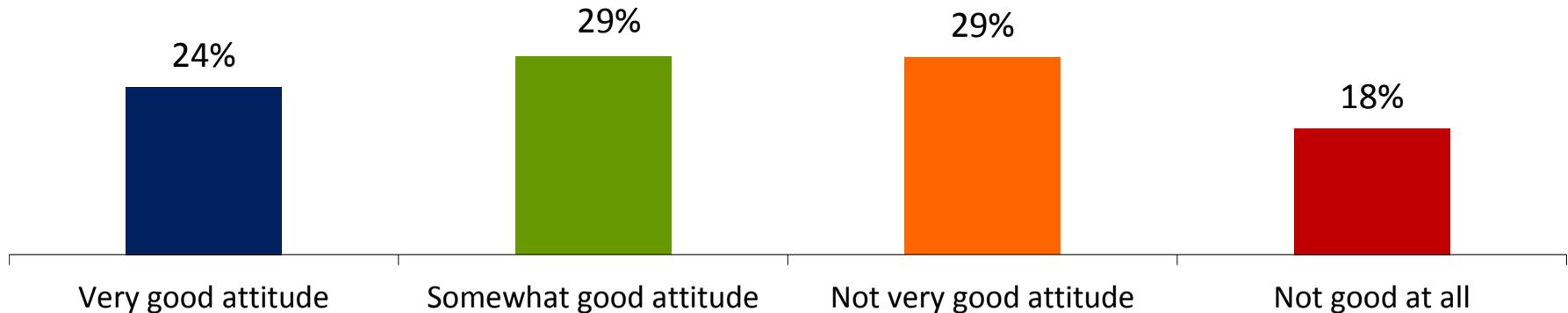


Financial Attitudes

Index of Good Financial Attitudes

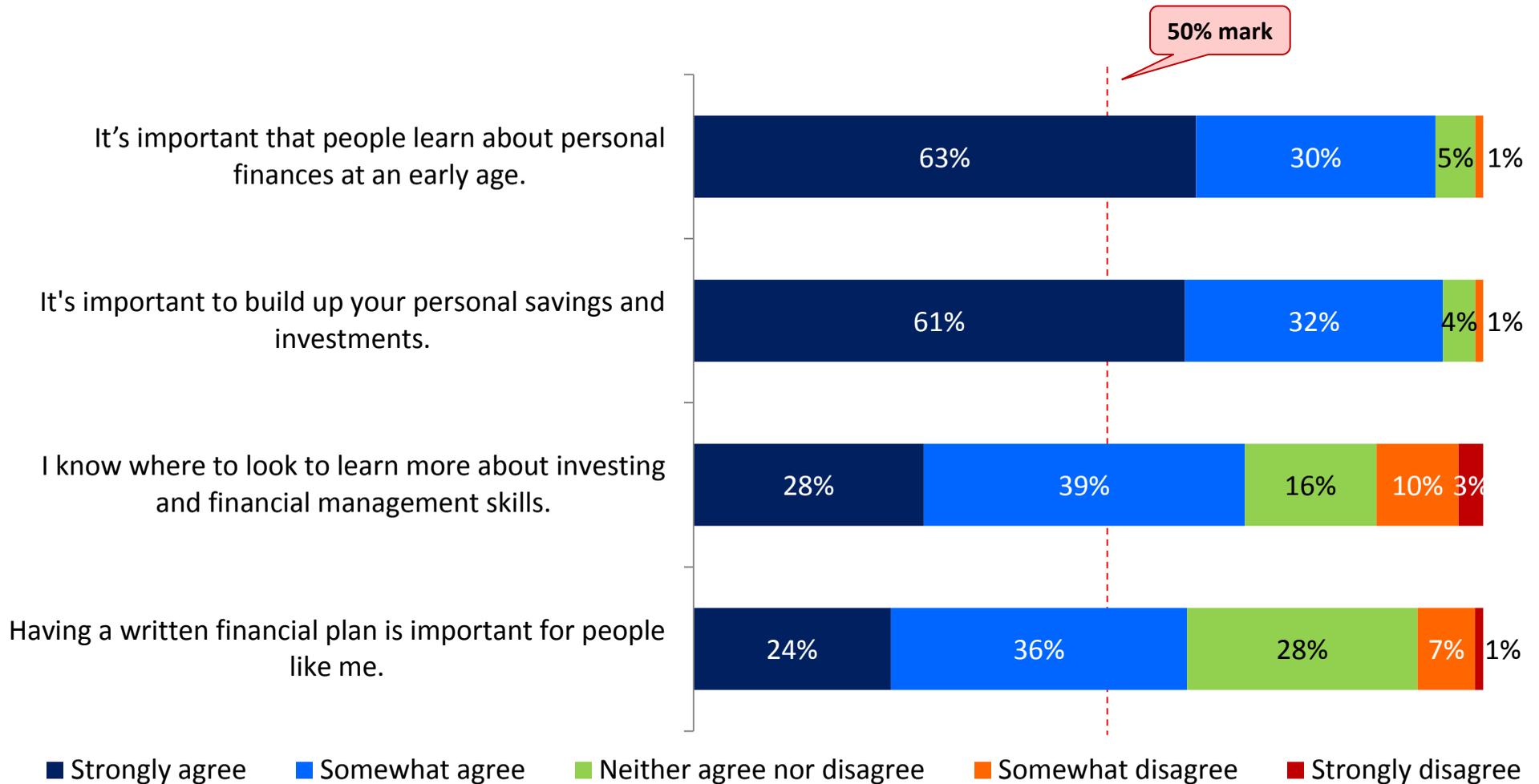
Respondents were asked to agree or disagree with the financial attitude statements below. These answers were then combined in order to create an index of “Good Financial Attitudes”. This allows us to assess how respondents with good financial attitudes differ from those with poor attitudes toward personal finance.

- *It’s important that people learn about finances at an early age.*
- *It’s important to build up your personal savings and investments.*
- *I know where to look to learn more about investing and financial management skills.*
- *Having a written financial plan is important for people like me.*



Relevance: Youth believe financial literacy is relevant to them

Q For each of the following statements, please indicate if you agree or disagree:
(asked of all 3,006 respondents)



Note: "Don't Know" not shown

Financial Behaviour

Debt, Savings and Budgeting

Debt ▶▶

- Over half of respondents carry debt, which for nearly 7-in-10 (69%) includes a student loan. Respondents also have loans from family members (27%), outstanding credit card balances (25%) and lines of credit (14%).
 - A majority carry under \$10,000 in debt. The average debt load is just under \$8,000.
 - In order to repay their debts, almost half set aside money from employment, while a quarter are doing nothing.
 - Among those with a student loan, almost half say they will definitely or very likely pay it off in 5 years.

Savings ▶▶

- Nearly 8-in-10 say they are saving for their education, followed by vacations (27%) and emergencies (26%).
- Among the 60% who already have money set aside for the future, almost all keep it in the bank (90%).
- A further 12% have GICs and 1-in-10 have mutual funds.

Budgeting and Awareness ▶▶

- Among those who have a budget, a majority use them regularly.
- Very few respondents have written financial plans (12%).
- Nearly 4-in-10 (38%) respondents admit they do not know how much they earned and spent in the last month.

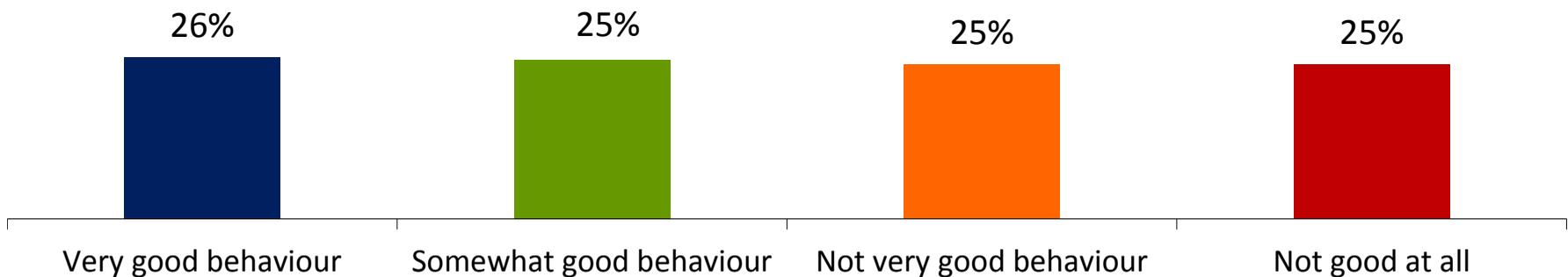
Finance and Banking Smarts ▶▶

- 13% of respondents have shared financial passwords or PIN, while 6% have been the victim of fraud or ID theft.
- Majority don't know the interest rate on their bank account, nor did they shop around for their banking services.
- 37% pay monthly banking fees, and among them only 62% know how much those fees cost.

Index of Good Financial Behaviour

Respondents were asked a series of questions about their financial behaviour. These answers were then combined in order to create an index of “Good Financial Behaviour”. This allows us to assess how respondents with good financial behaviour differ from those reporting poor financial behaviour.

- *Do you know how much money you earned and spent last month?*
- *Do you currently have a budget to track your income and expenses?*
- *Do you stick to your budget?*
- *Did you compare the cost of the banking services charges by different institutions before you opened up your last bank account?*
- *Do you currently have a written financial plan that sets out your long-term financial goals and how you will meet them?*
- *Do you know how much your banking services charges add up to in a typical month?*
- *Do you know what the interest rate on your savings account is?*
- *Do you already have money set aside (in savings accounts or other investments) for the future?*
- *Have you ever shared a financially related password or PIN with a friend?*
- *Have you ever been a victim of ID theft or fraud?*



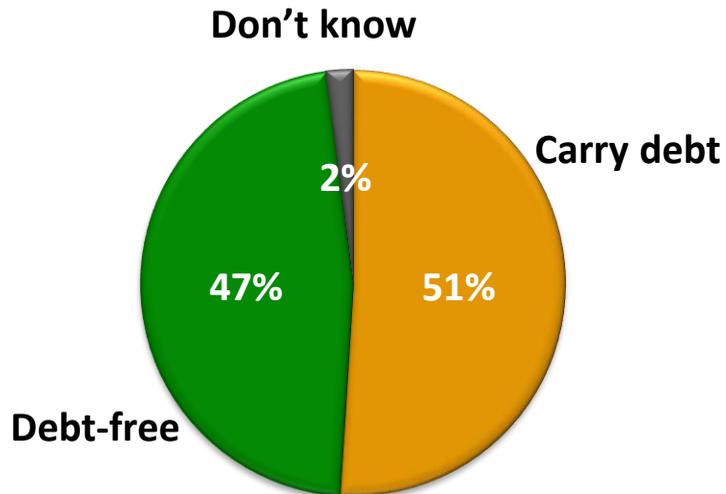
Debt Burden: Over half carry debt, mostly student loans



Do you currently carry any debt (such as a student loan, credit card debt or a loan from a friend or family member)?

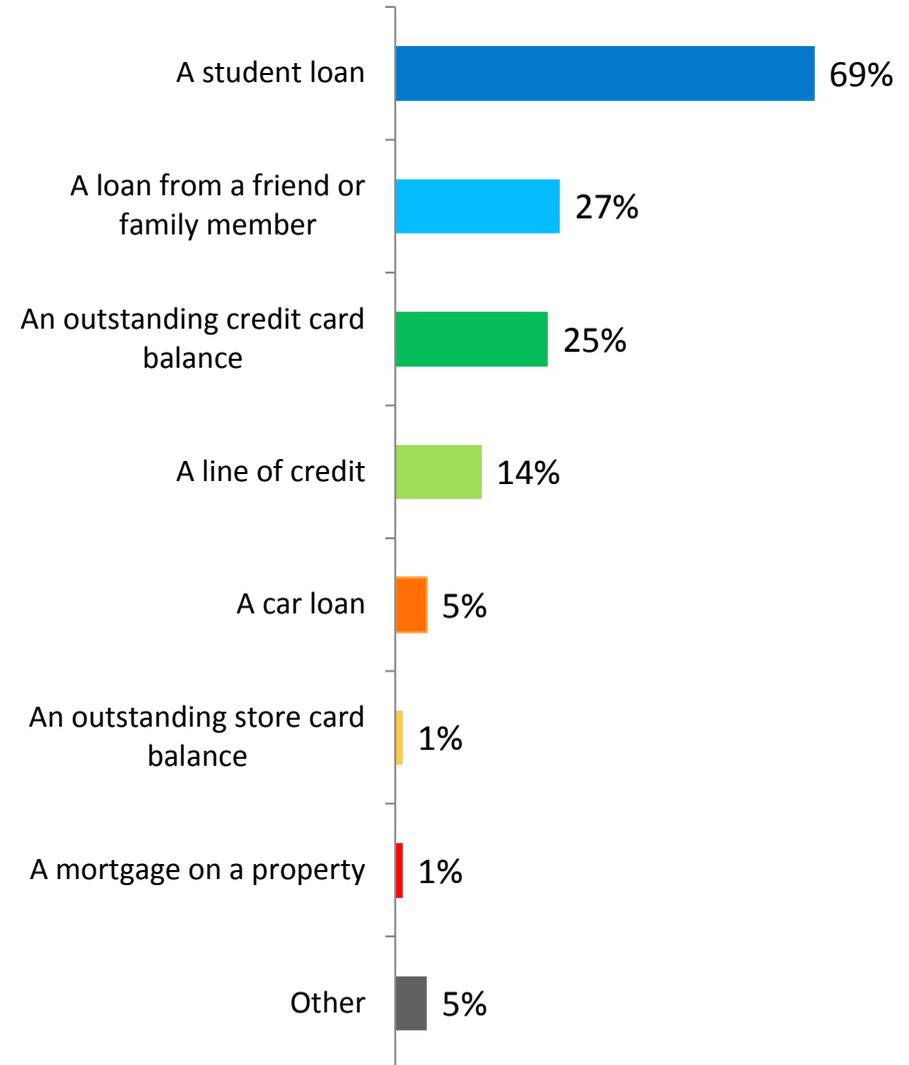
(asked of all 3,006 respondents)

National Average



What kind of debt do you currently have?

(asked only of those who responded yes to having any debt; n = 1,544)

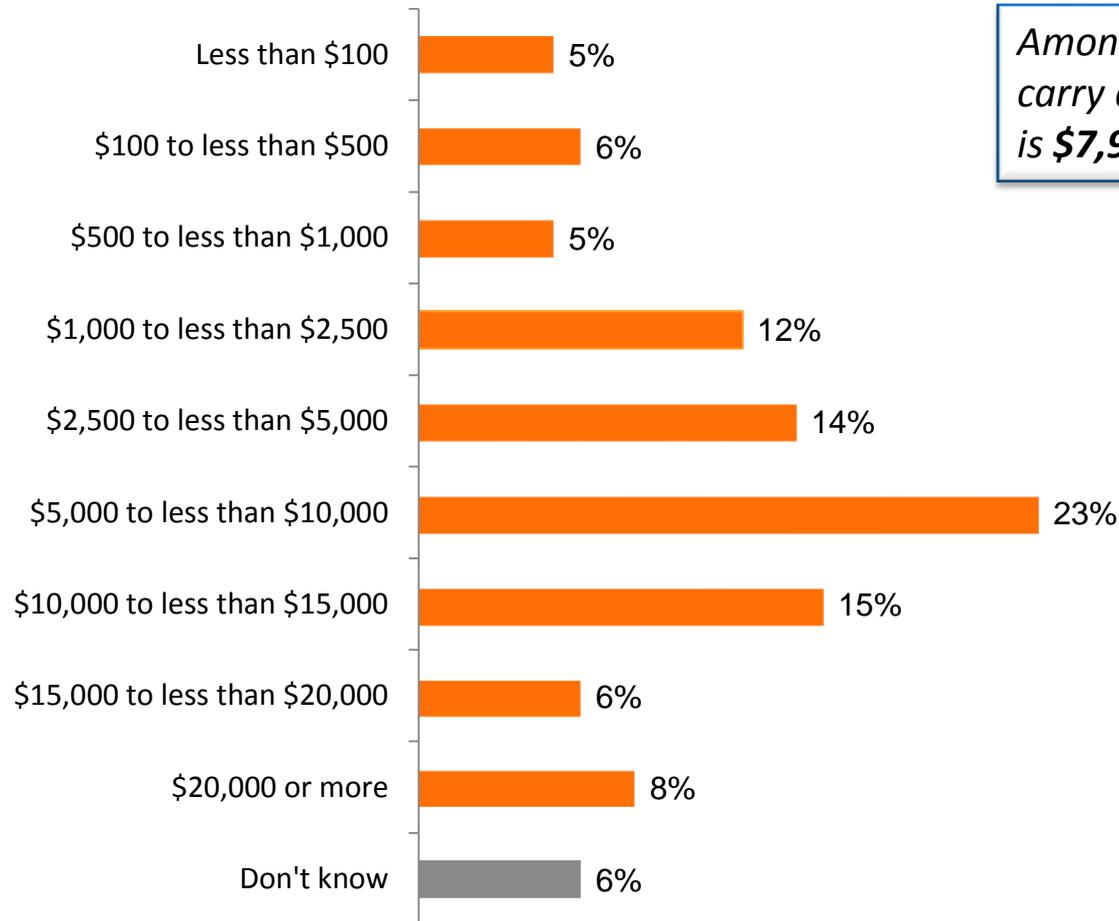


Debt Load: among those who have debt, a majority currently carry under \$10,000 in debt



In total, how much debt – excluding any mortgage debt from a property – are you currently carrying?

(asked only of those who responded yes to having any debt; n = 1,544)



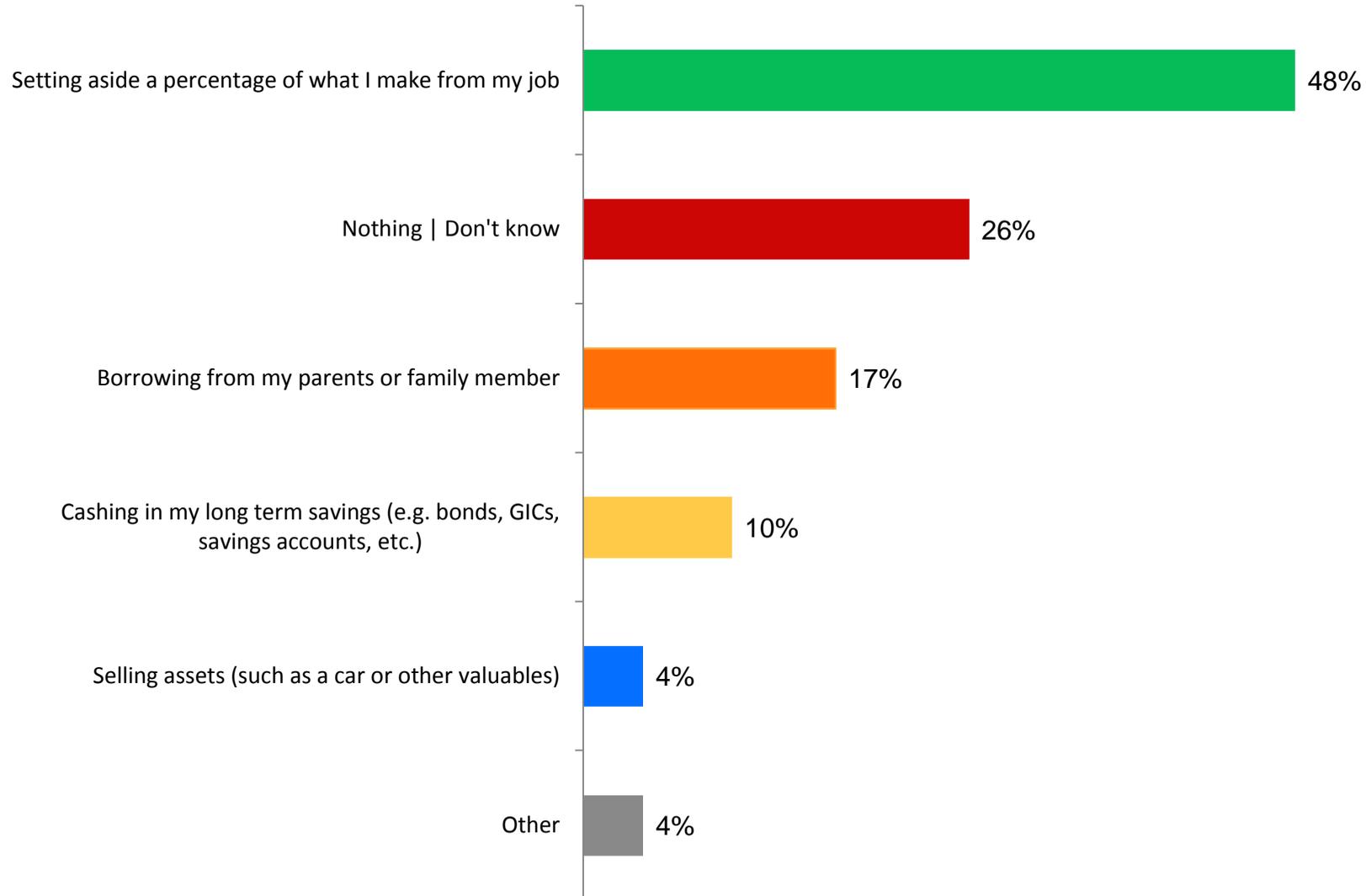
*Among the 51% of respondents who carry debt, the average debt load carried is **\$7,966.27***

Debt repayment plan: almost half set aside money from employment, while a quarter aren't doing anything



What are you currently doing to pay off your non-mortgage debt?

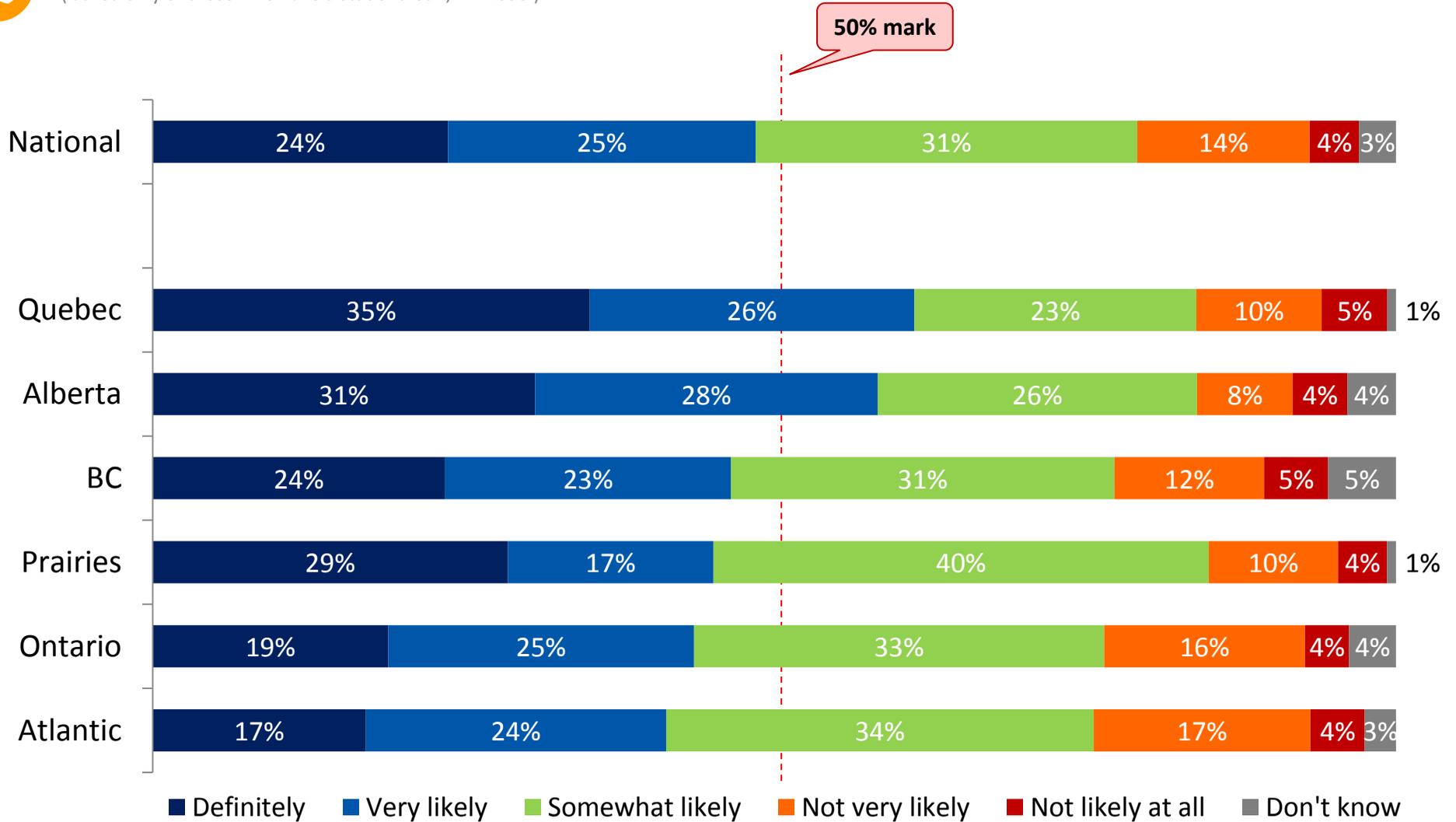
(asked only of those who responded yes to having any debt, n = 1,544 ; sum will equal more than 100% as this was a "select all that apply" question)



Student Loan Repayment: almost half of those with student loans say they will *definitely* or *very likely* pay it off in 5 years

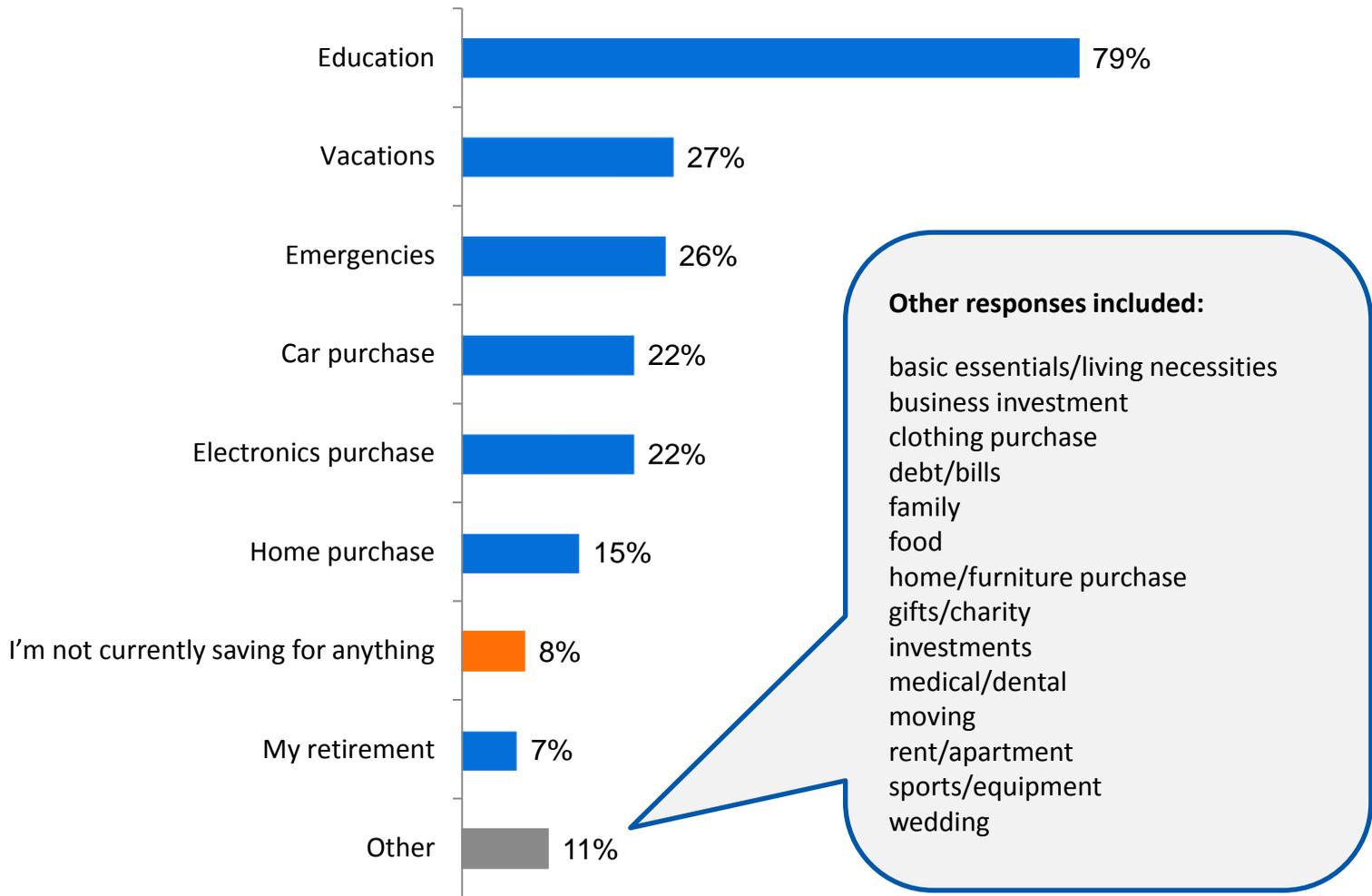


How likely is it that you will have eliminated your student loan within 5 years of completing your program?
(asked only of those who have a student loan; n = 1056)



Future savings: nearly 8-in-10 (79%) say they're saving for their education

Q What future events or purchases are you currently saving money for?
 (asked of all 3,006 respondents; sum will equal more than 100% as this was a "select all that apply" question)



Note: "Don't Know" (1%) not shown

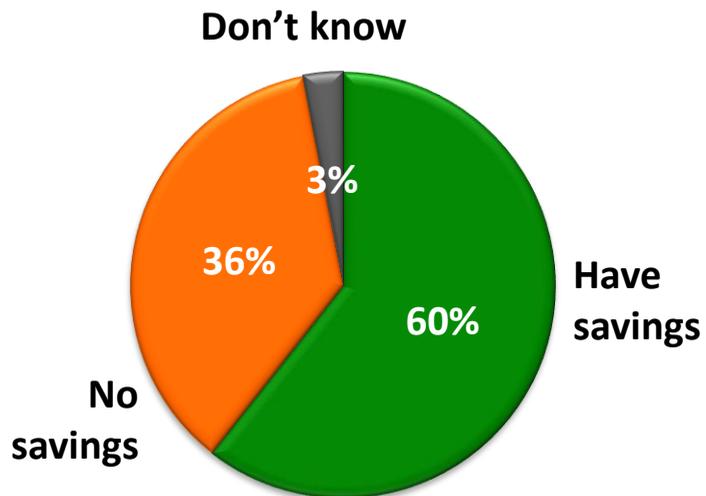
Savings and Investments: among the 60% who have money set aside for the future, almost all keep it in the bank



Do you already have money set aside (in savings accounts or other investments) for the future?

(asked of all 3,006 respondents)

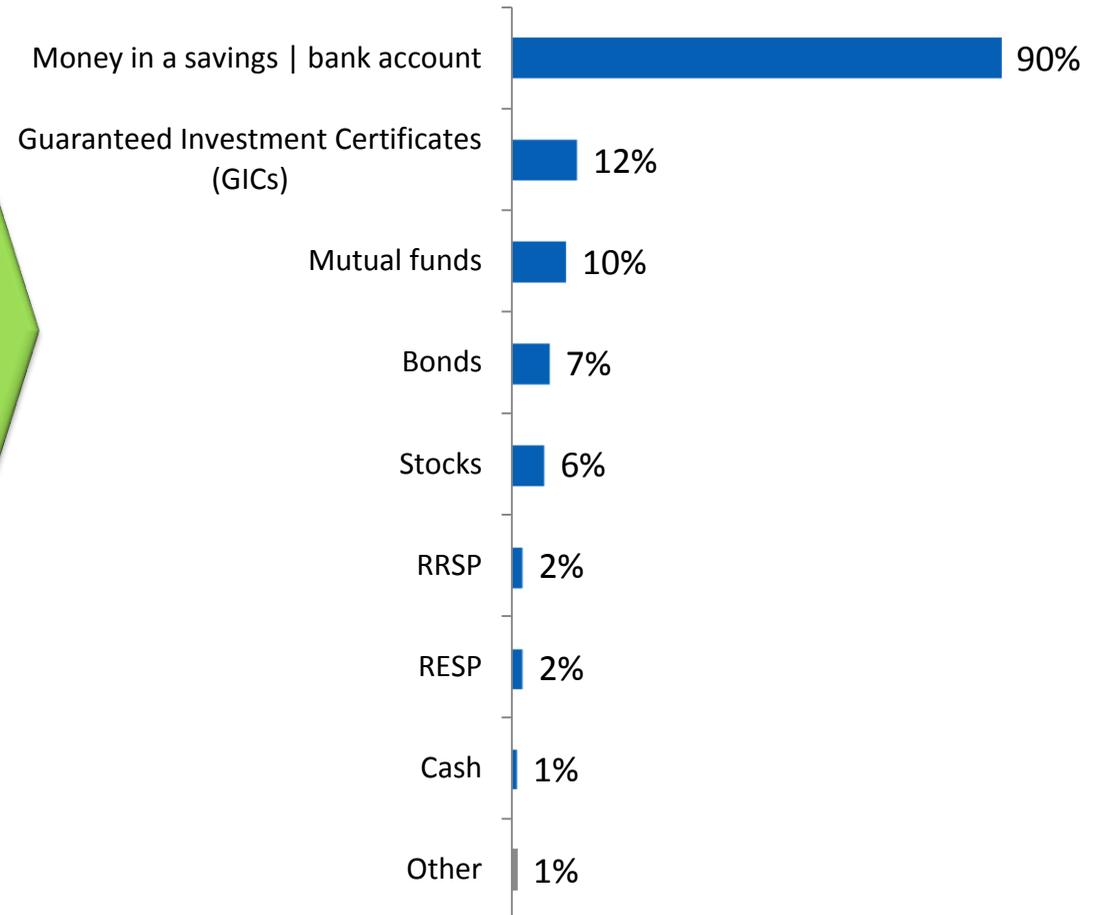
National Average



What kind of savings and investments do you currently have?

(asked only of those who currently have savings, n= 1,805; sum will equal more than 100% as this was a "select all that apply" question)

Savings Vehicles



Budgeting: among those who keep a budget, majority use it regularly

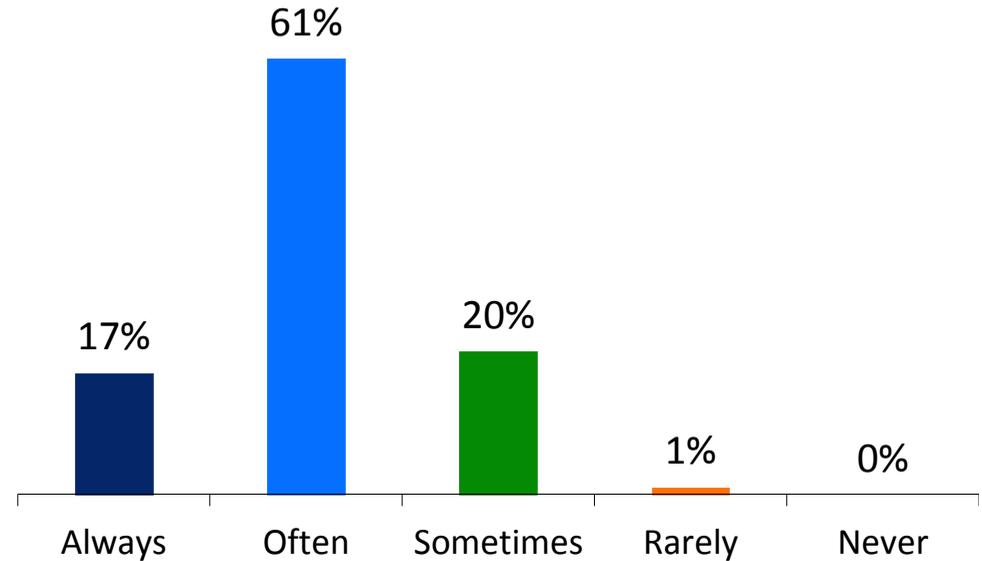
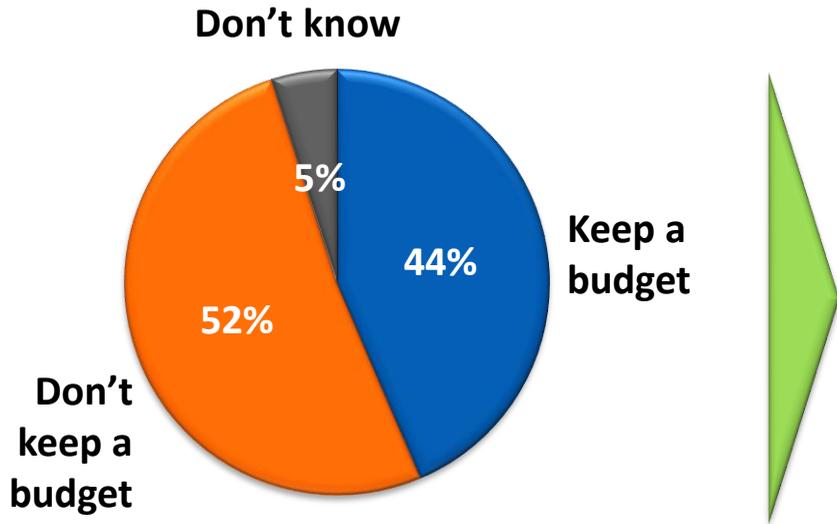


Do you currently have a budget to track your income and expenses?
(asked of all 3,006 respondents)



Do you stick to your budget?
(asked only of those who currently use a budget, n=1,321)

National Average



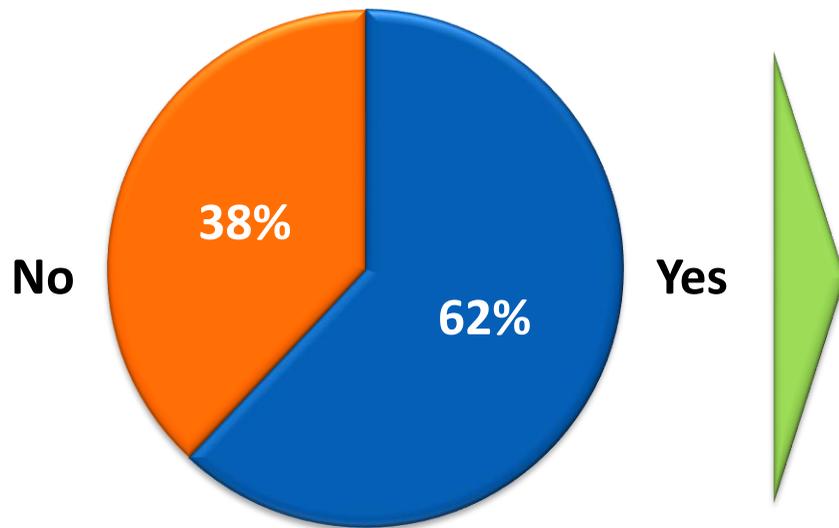
Note: "Don't Know" (1%) not shown

Budgeting in Practice: only 6-in-10 (62%) know how much money they earned and spent last month



Do you know how much money you earned and spent last month?
(asked of all 3,006 respondents)

National Average



Impact of Keeping a Budget

	Keep a Budget	Don't Keep a Budget
Know how much they earned and spent last month	75%	52%
Don't know how much they earned and spent last month	25%	48%

Those who keep a budget are more likely to know how much money they earned and spent last month.

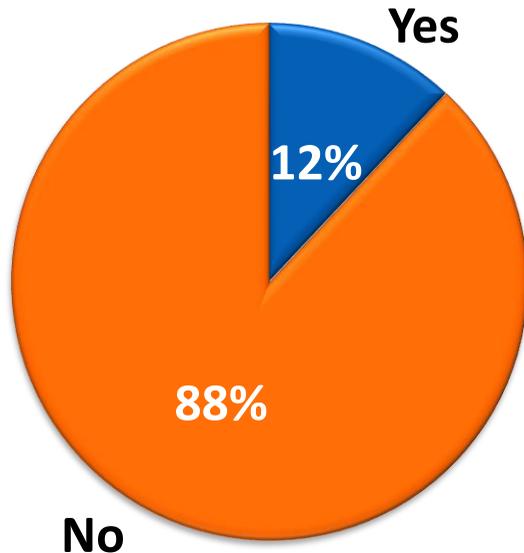
Financial Plans: very few have written financial plans



Do you currently have a written financial plan that sets out your long-term financial goals and how you will meet them?

(asked of all 3,006 respondents)

National Average



Impact of Keeping a Budget

	Keep a Budget	Don't Keep a Budget
Have a written plan	21%	6%
Don't have a written plan	79%	94%

Those who keep a budget are over three times more likely to have a written financial plan compared to those who don't keep a budget.

Banking Fees: among those who pay banking fees, nearly 4-in-10 don't know what they typically pay

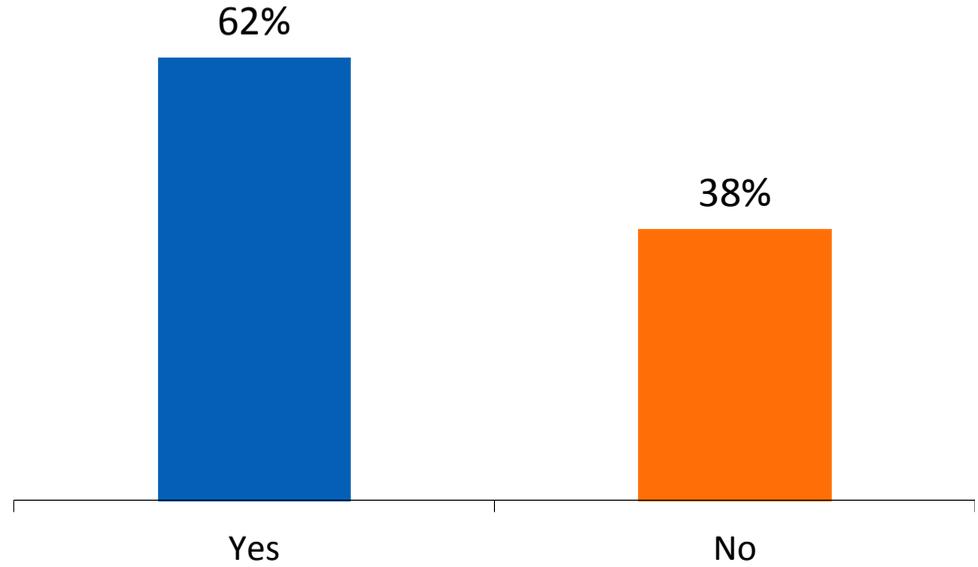
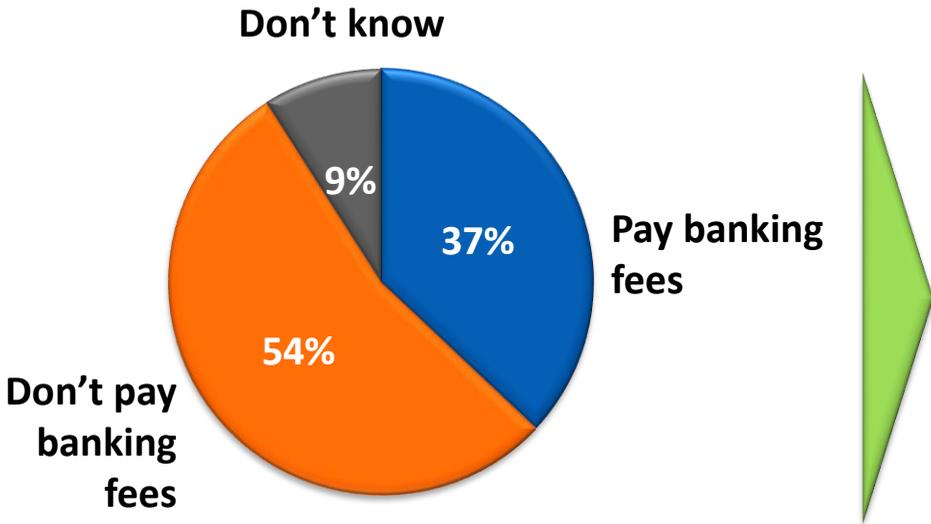


Do you pay service charges on the banking services you use (e.g. monthly fees on a bank account, debit card transaction fees, etc.)?
(asked of all 3,006 respondents)



Do you know how much your banking service charges add up to in a typical month?
(asked only of those who currently pay banking service fees, n=1,109)

National Average

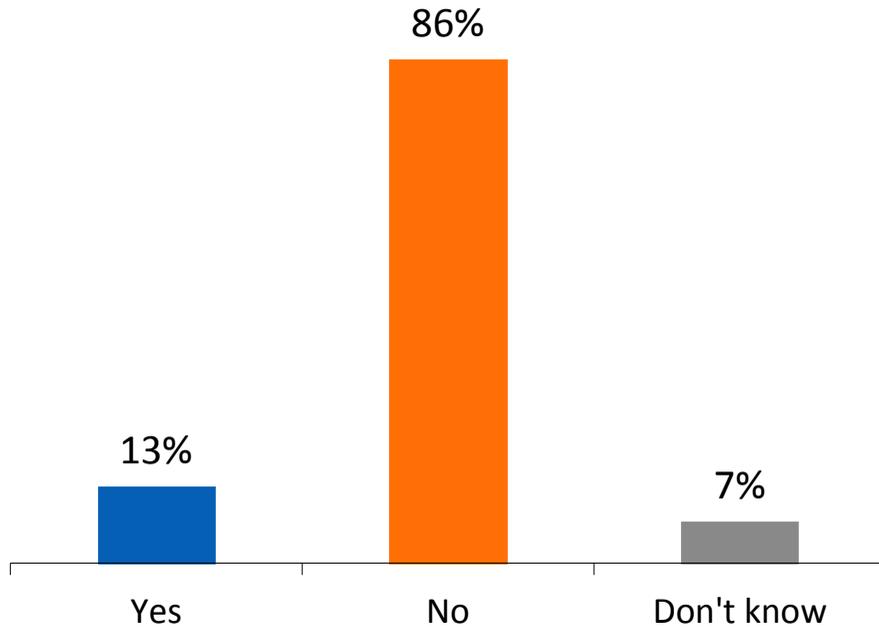


Vigilance: 13% have shared financial passwords or PIN with friends while 6% have been victims of financial fraud



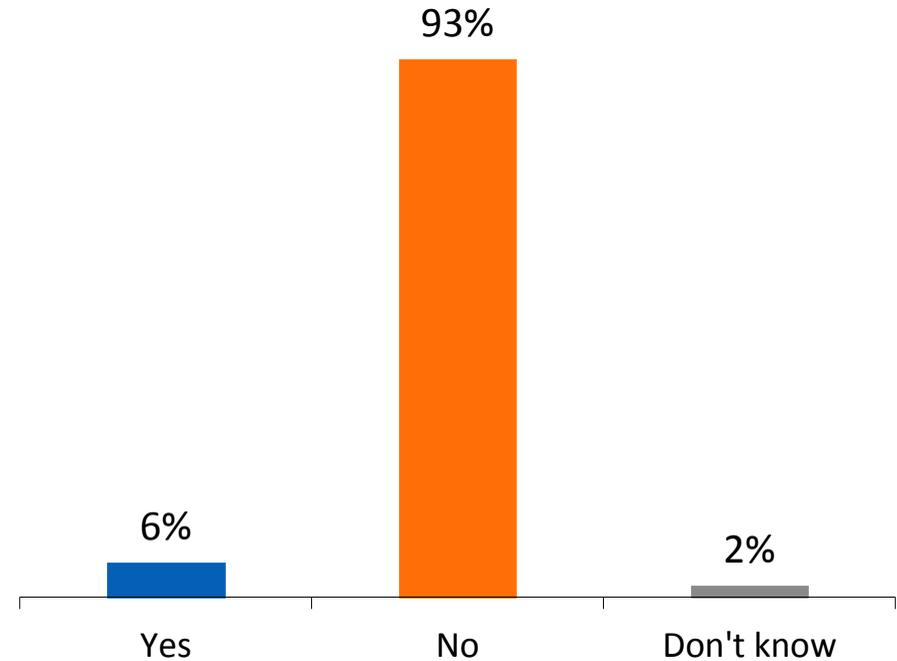
Have you ever shared a financially related password or PIN number with a friend?

(asked of all 3,006 respondents)



Have you ever been a victim of ID theft or fraud?

(asked of all 3,006 respondents)

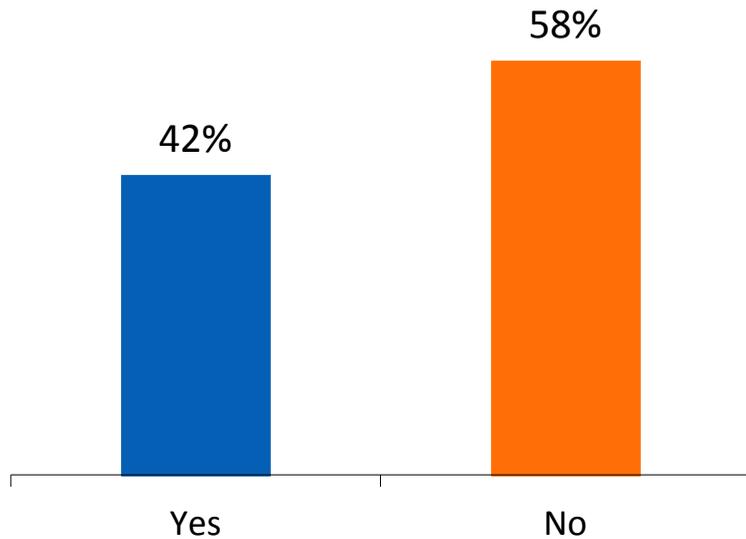


Consumer Savvy: majority don't know the interest rate on their savings account NOR did they shop around for their bank



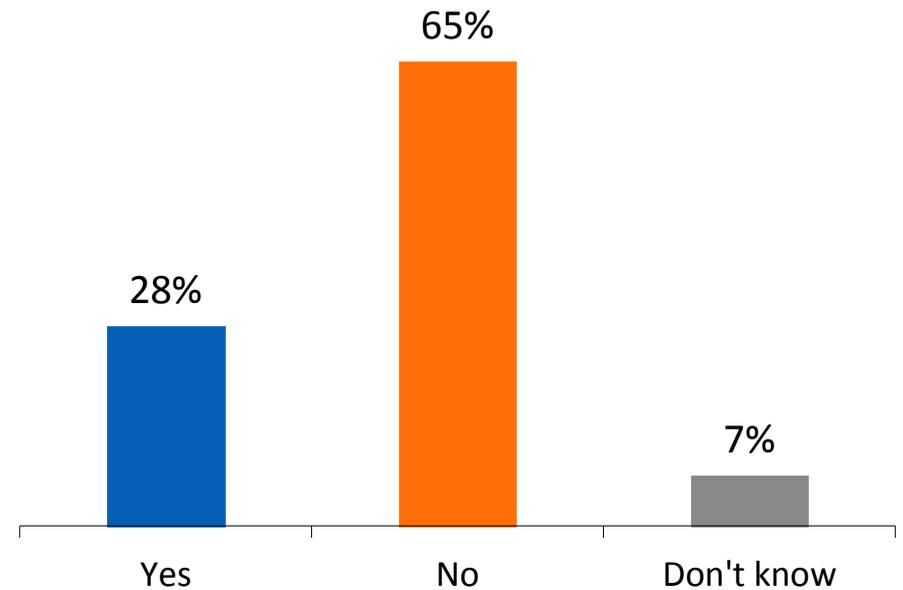
Do you know what the interest rate on your savings account is?

(asked of all 3,006 respondents)



Did you compare the cost of the banking services charges by different institutions before you opened up your last bank account?

(asked of all 3,006 respondents)



Financial Knowledge

Financial Knowledge

Source of Knowledge ▶▶

- For the most part, respondents report learning about personal finance from their parents/family (66%) followed distantly by a course in high school (10%) and through personal experience (6%).

Financial Confidence ▶▶

- Over 4-in-10 respondents say they are either extremely or very confident when it comes to making financial decisions on their own.

Reported Financial Knowledge ▶▶

- Levels of reported financial knowledge are quite high. A majority of respondents feel at least “somewhat knowledgeable” about nearly all financial issues we addressed.
- Respondents feel most knowledgeable about budgeting and debit card fees.
- They feel least knowledgeable about GICs and income taxes.

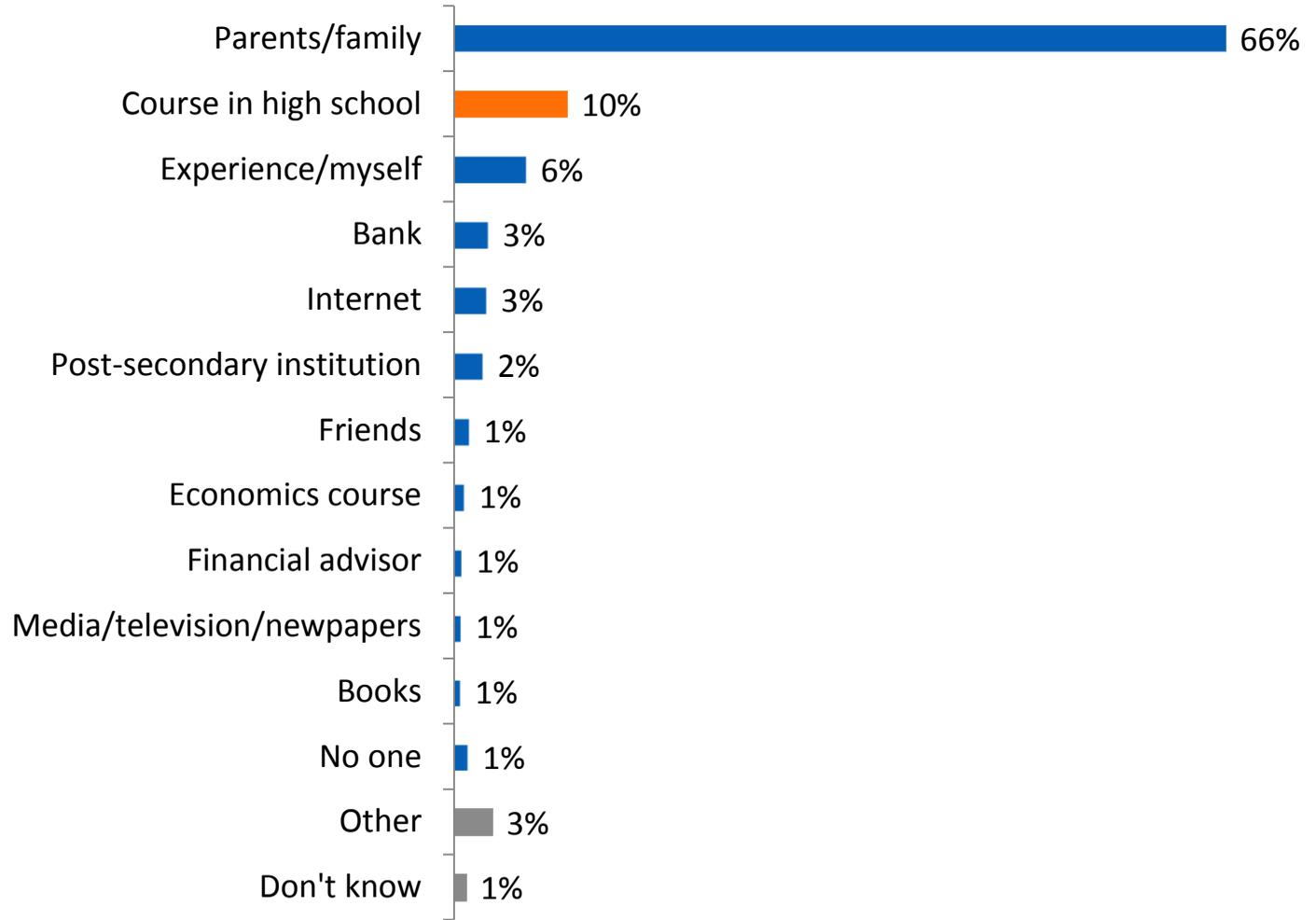
Measured Financial Knowledge ▶▶

- There is a lot of room for improvement when it comes to youth financial literacy.
- Respondents were asked to complete a basic financial literacy test to measure their knowledge. Nationally, 35% of graduates scored an “A” or higher on the basic financial literacy test.
- Over 4-in-10 (42%) of British Columbia (BC) graduates scored an “A” or higher, followed by graduates from Alberta at 37% and the Prairie provinces at 36%.

Financial Teachers: majority of respondents learned what they know today about personal finance from their family



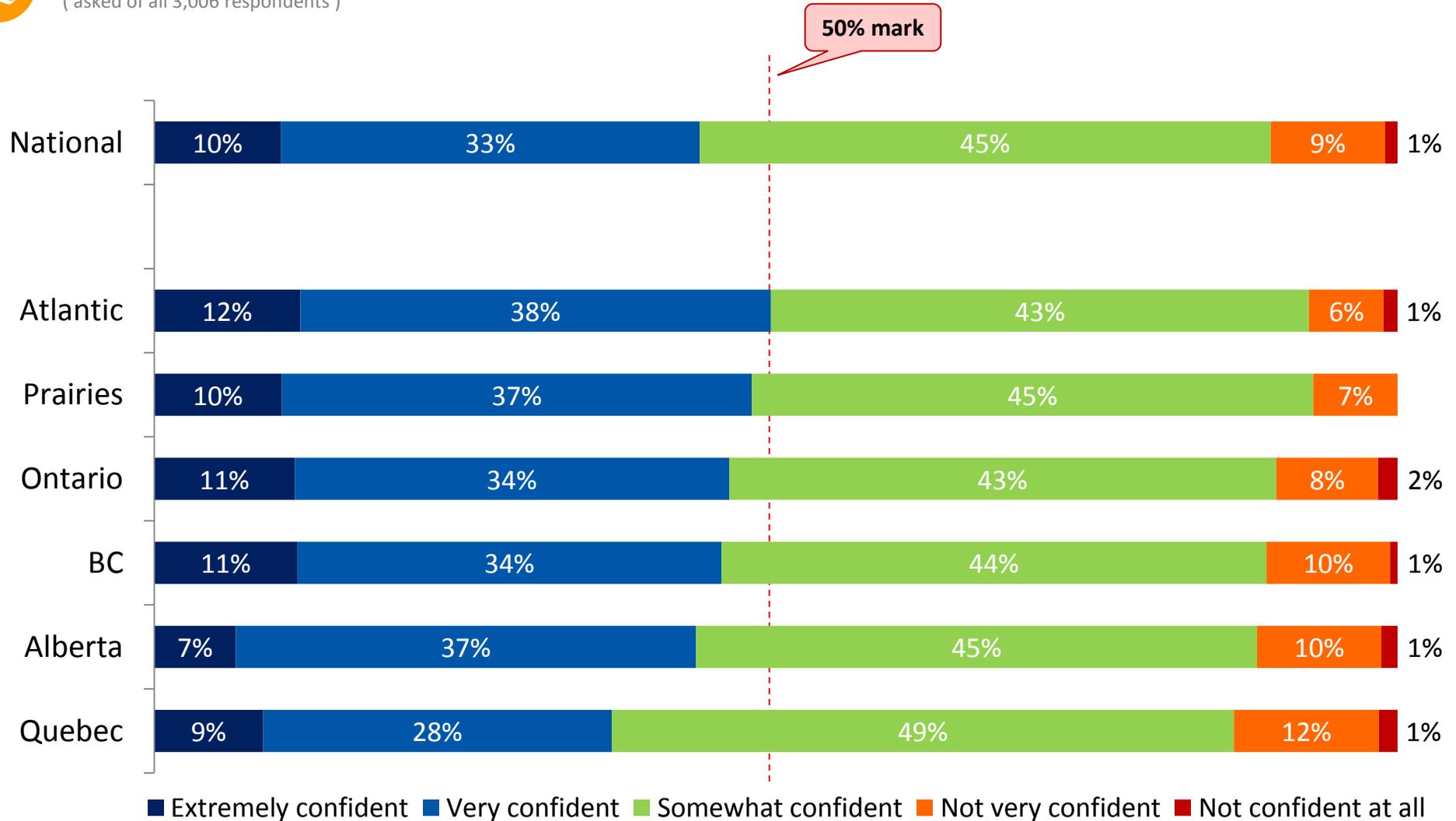
Where did you learn what you know today about money and personal finance?
(asked of all 3,006 respondents)



Financial Confidence: over 4-in-10 respondents say they are either extremely or very confident in making financial decisions



Overall, how confident would you say you are when it comes to making financial decisions on your own?
(asked of all 3,006 respondents)



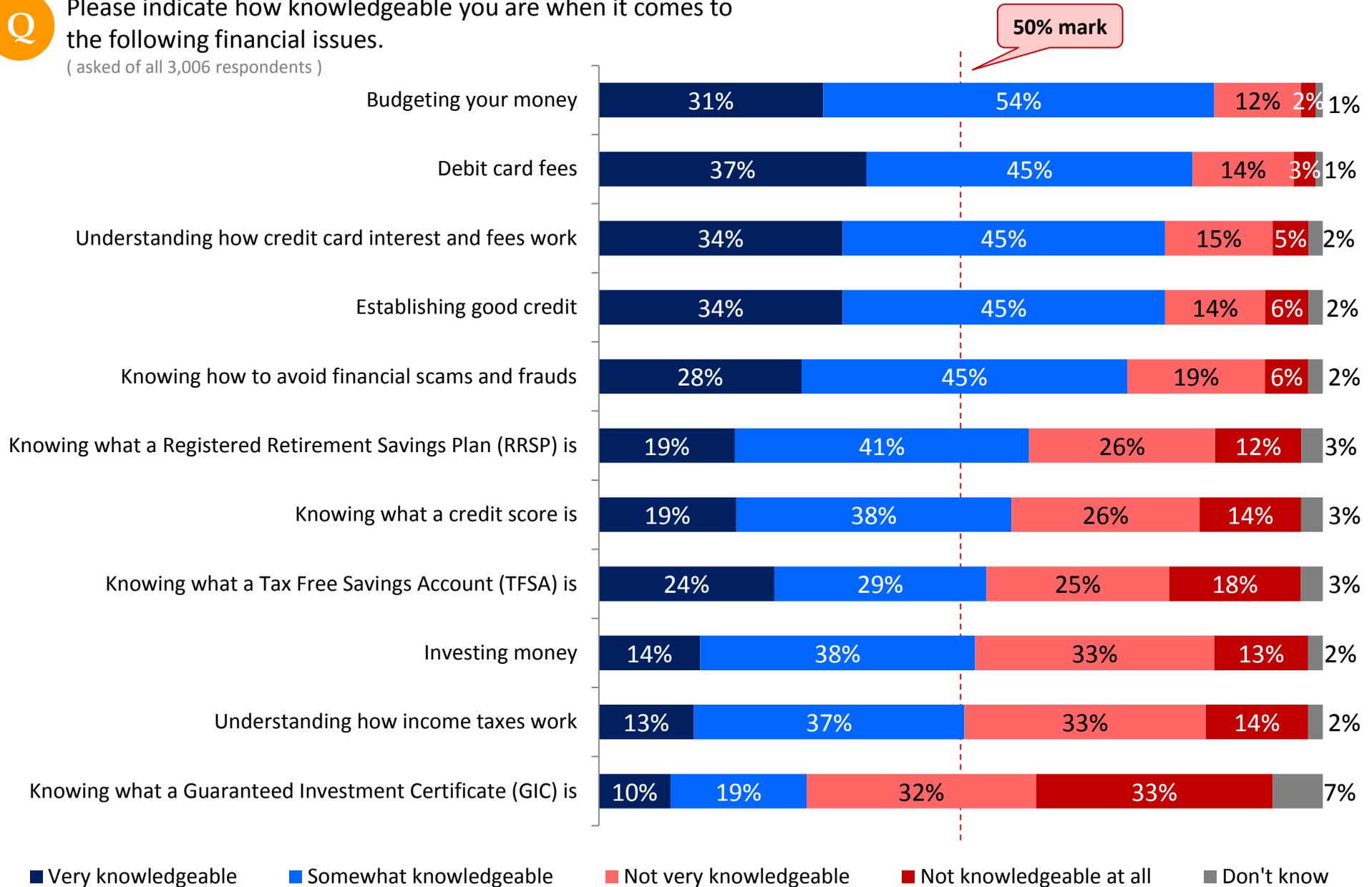
Note: "Don't Know" not shown

Reported Financial Knowledge: respondents least knowledgeable of GICs, income tax and investing



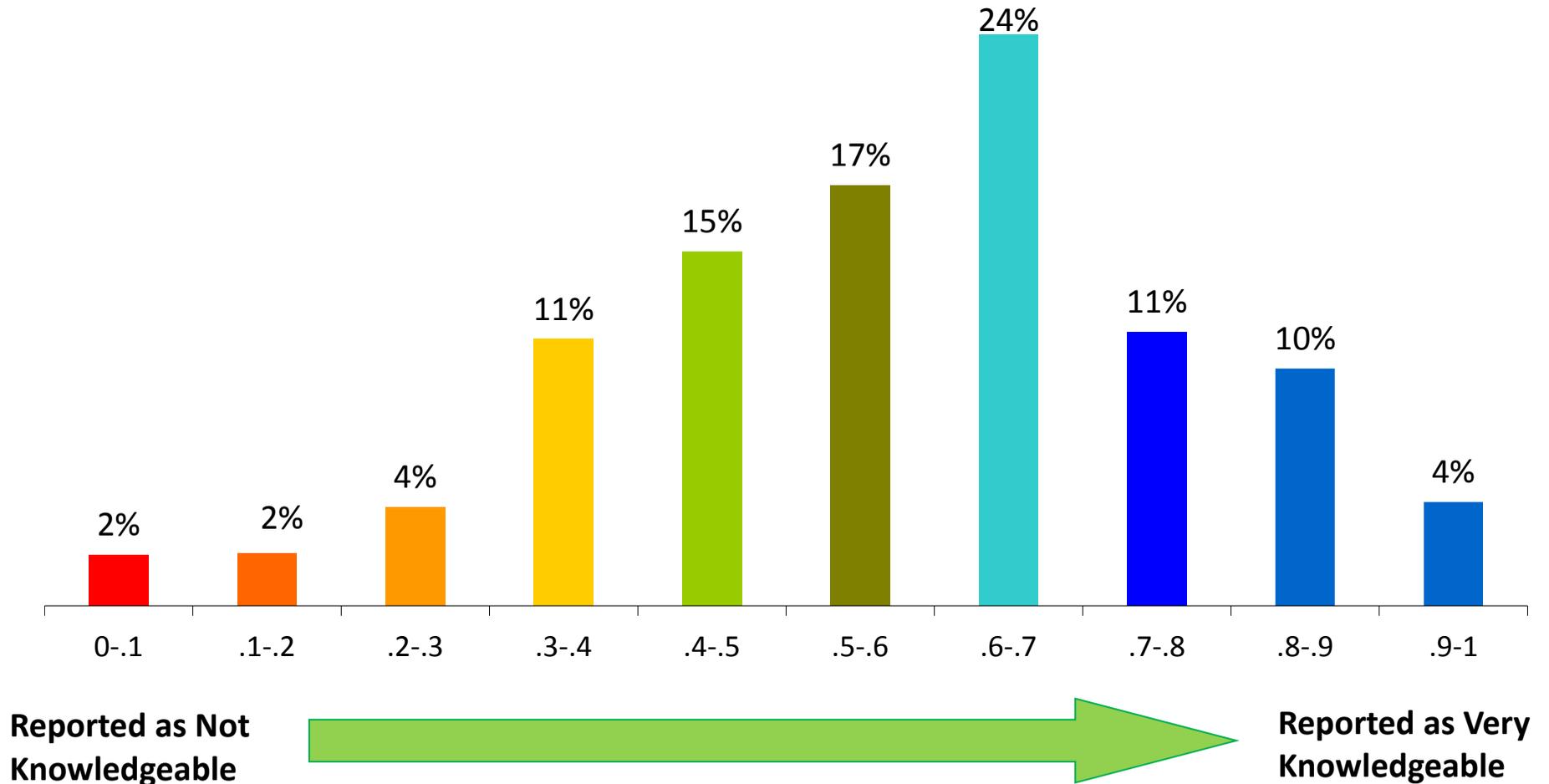
Please indicate how knowledgeable you are when it comes to the following financial issues.

(asked of all 3,006 respondents)



Overall Reported Knowledge Index

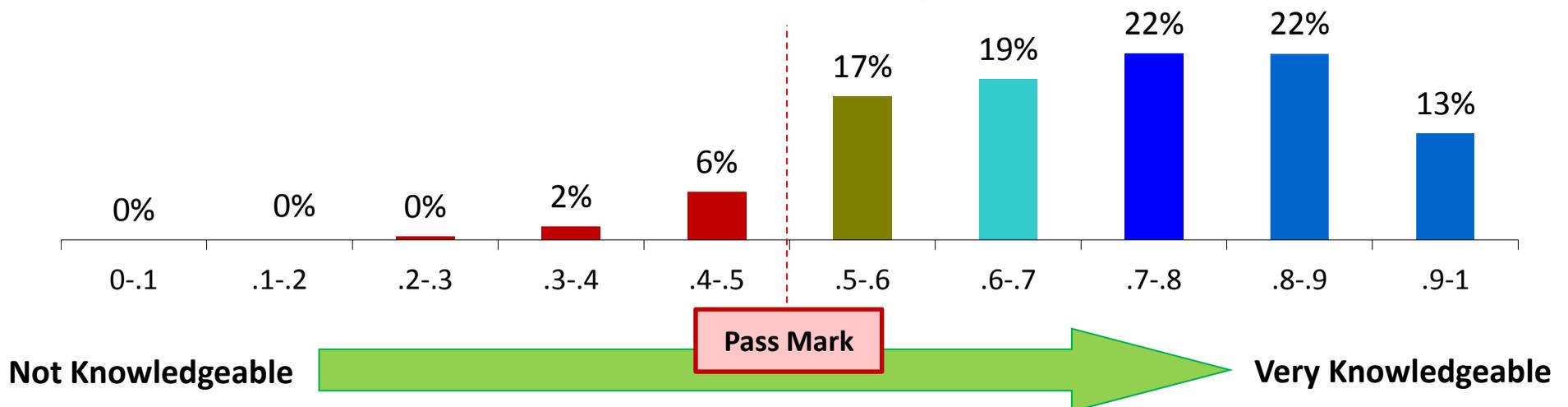
Respondents' answers to the questions asking them to rate their own financial knowledge have been combined to create an *index of reported financial knowledge*. This allows us to assess how knowledgeable respondents feel about their own personal financial literacy.



Measured Financial Knowledge Index

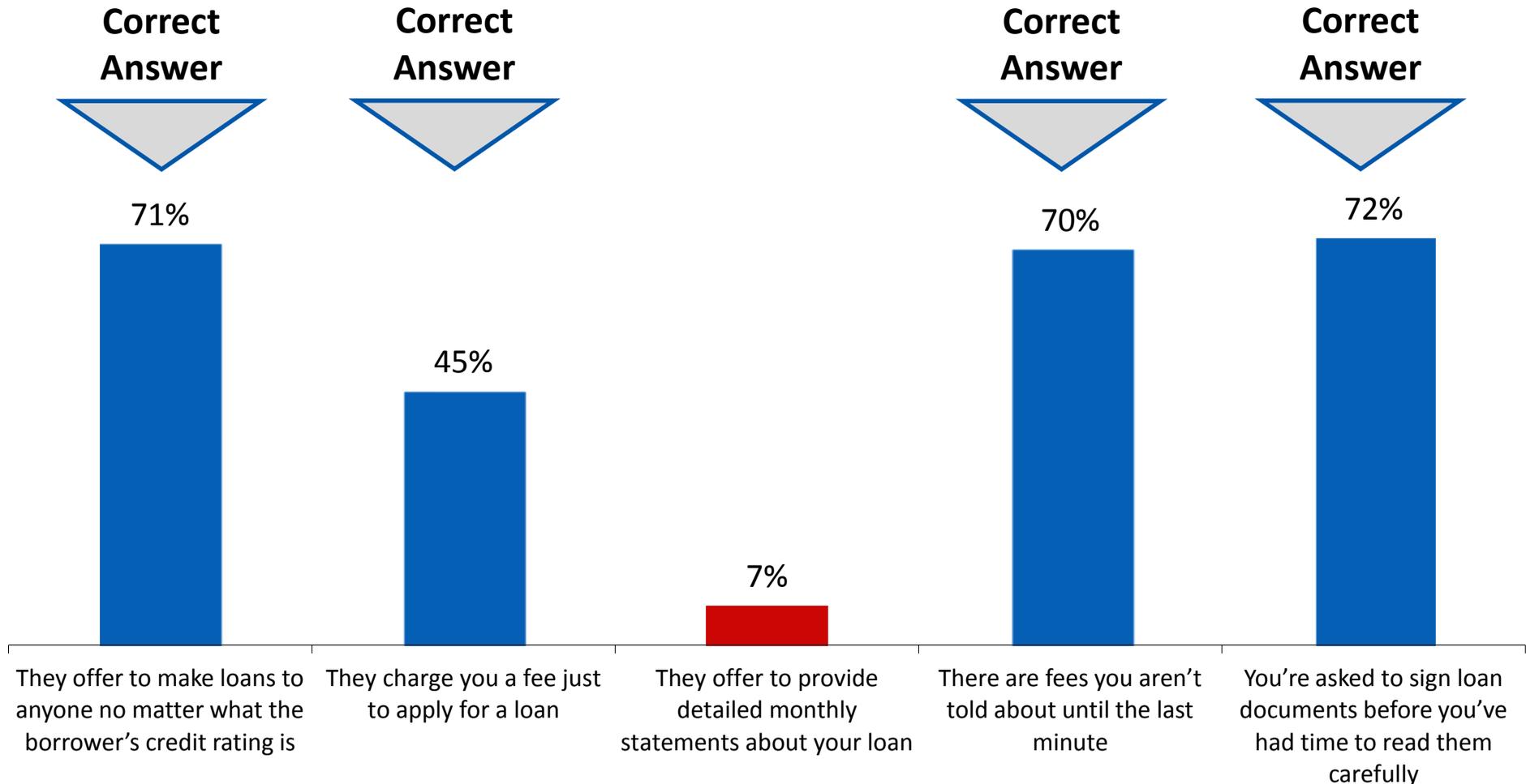
After asking respondents to rate their own financial knowledge, we asked them a series of basic financial literacy questions in order to obtain a more objective picture of youth financial literacy.

- *Diversifying your investments is a good way to reduce risk.*
- *What of the following are warning flags about potential lenders?*
- *If you were to make investments, it's best to rely mostly on advice from whom?*
- *In Canada, stockbrokers and others who are in the business of giving investment advice to the public must do what?*
- *What strategy do you think you would use if you decided to invest in the stock market?*
- *Investing in the stock market is riskier than investing in Guaranteed Investment Certificates (GICs) or a savings account at the bank.*
- *Generally speaking, investments that offer a higher than average rate of return have a higher than average level of risk.*
- *When you compare investments, which of the following do you consider important?*



Measured Knowledge: almost a third (32%) of respondents correctly identified all the potential investment warning signs

Q What of the following are warning flags about potential lenders?
(asked of all 3,006 respondents; sum will equal more than 100% as this was a “select all that apply” question)



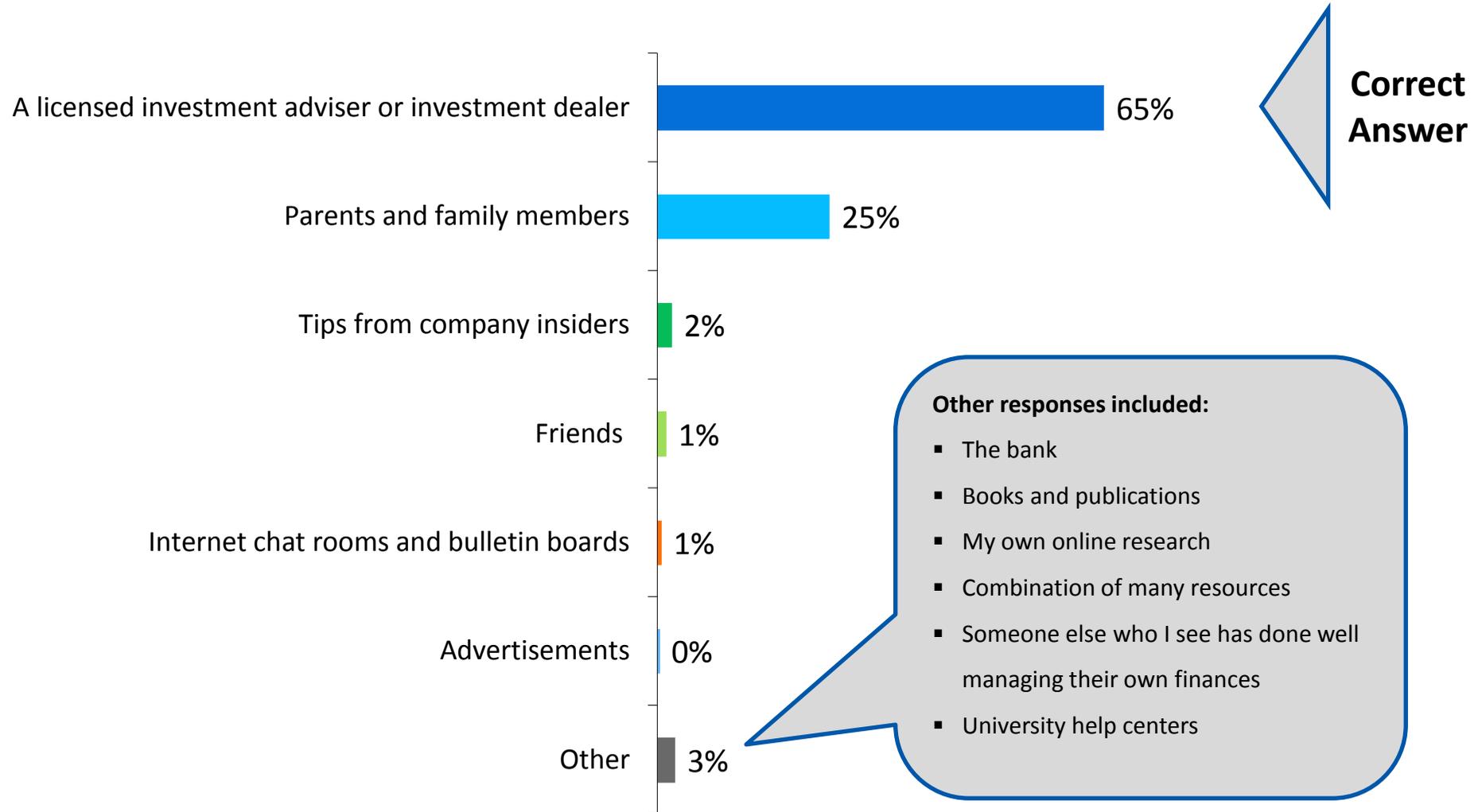
Note: “Don't Know” (9%) not shown

Measured Knowledge: a majority correctly identify the best source of investment advice among various options



If you were to make investments, it's best to rely mostly on advice from which of the following? Please select the best answer:

(asked of all 3,006 respondents)

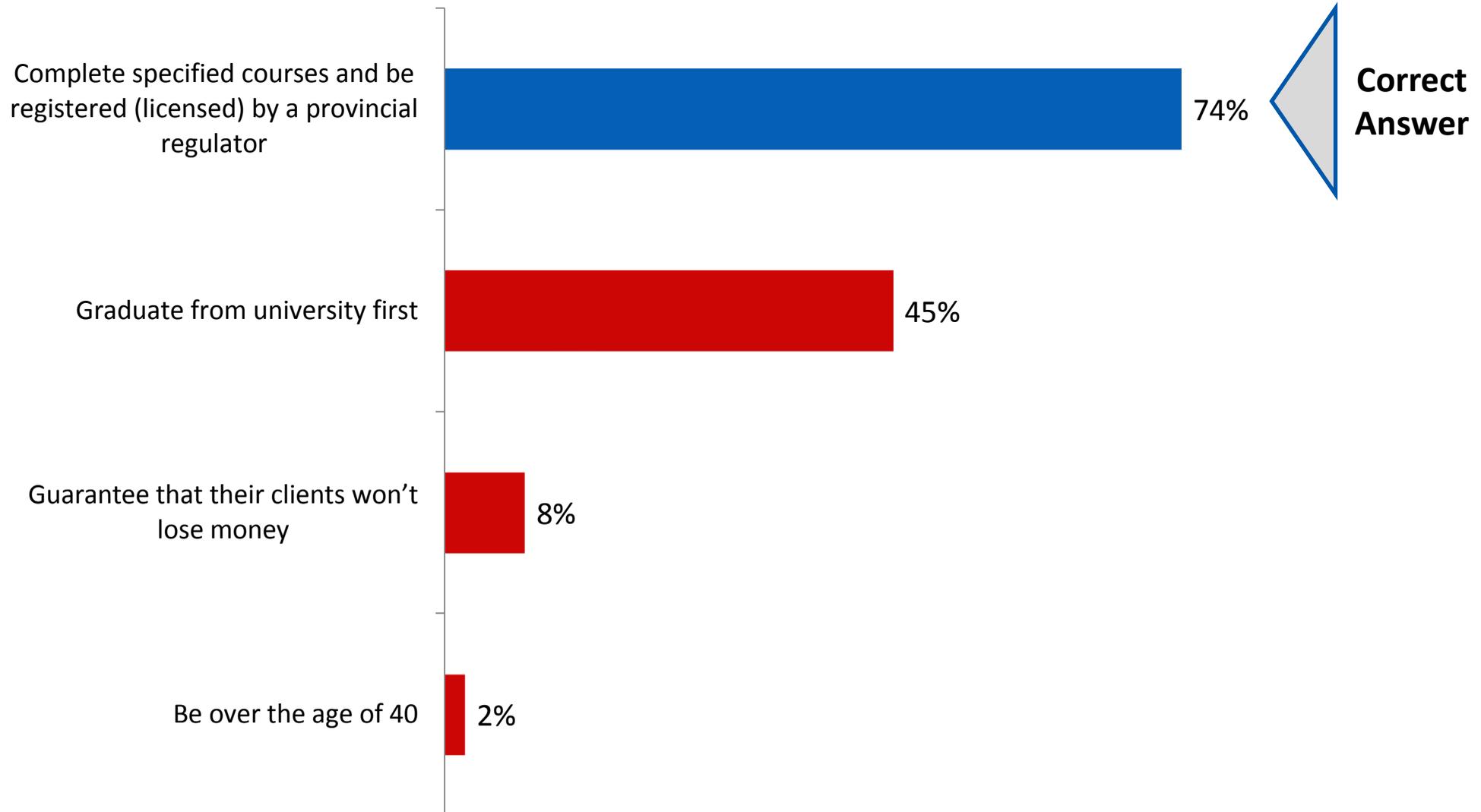


Note: "Don't Know" (3%) not shown

Measured Knowledge: majority recognize investment advisors need to be licensed by a provincial regulator



In Canada, stock brokers and others who are in the business of giving investment advice to the public must ...
(asked of all 3,006 respondents; sum will equal more than 100% as this was a "select all that apply" question)

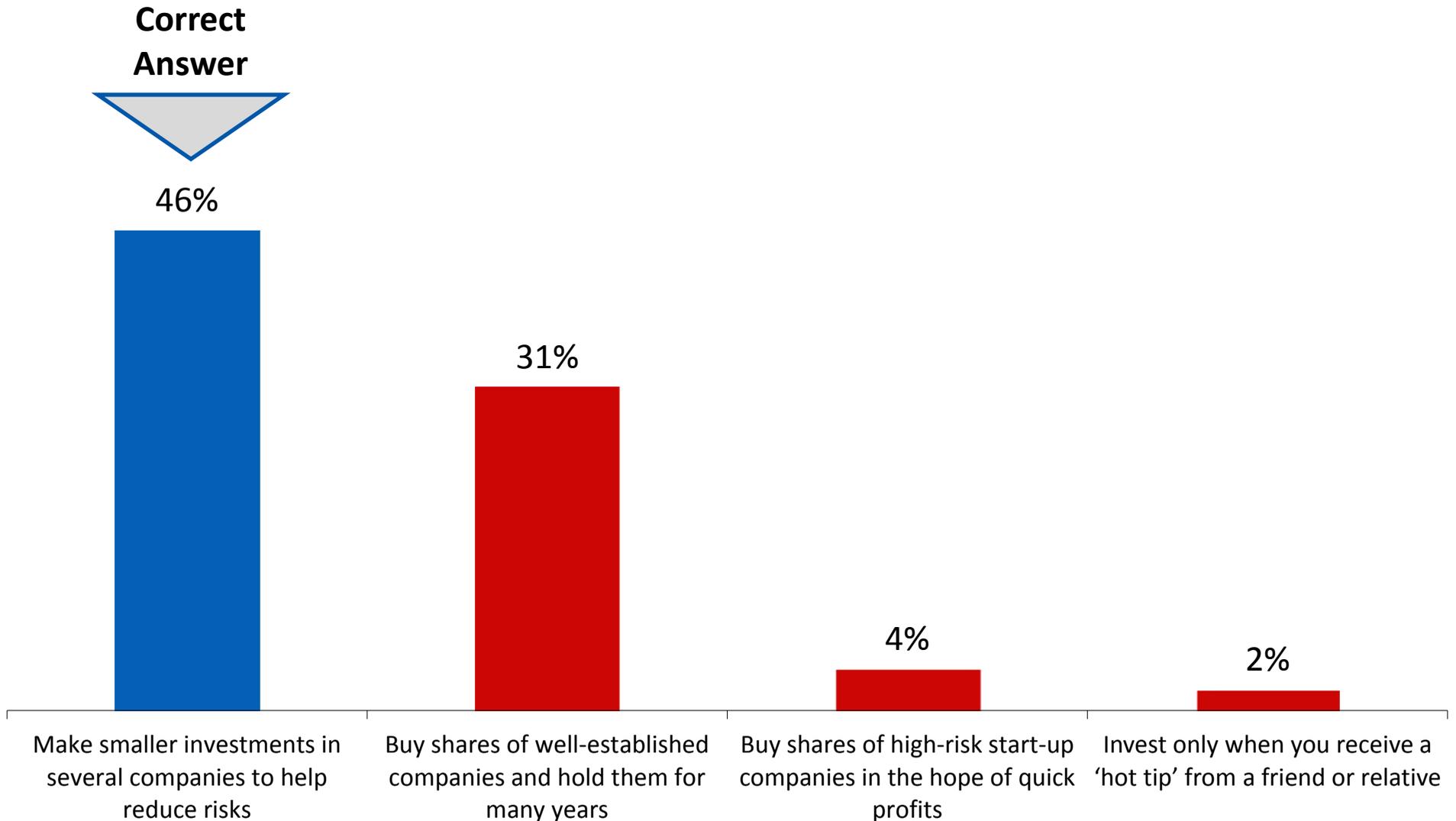


Note: "Don't Know" (19%) not shown

Measured Knowledge: just under half recognize the importance⁵⁰ of diversification among the provided investment strategies



Which strategy do you think you would use if you decided to invest in the stock market? Please select the best answer:
(asked of all 3,006 respondents)

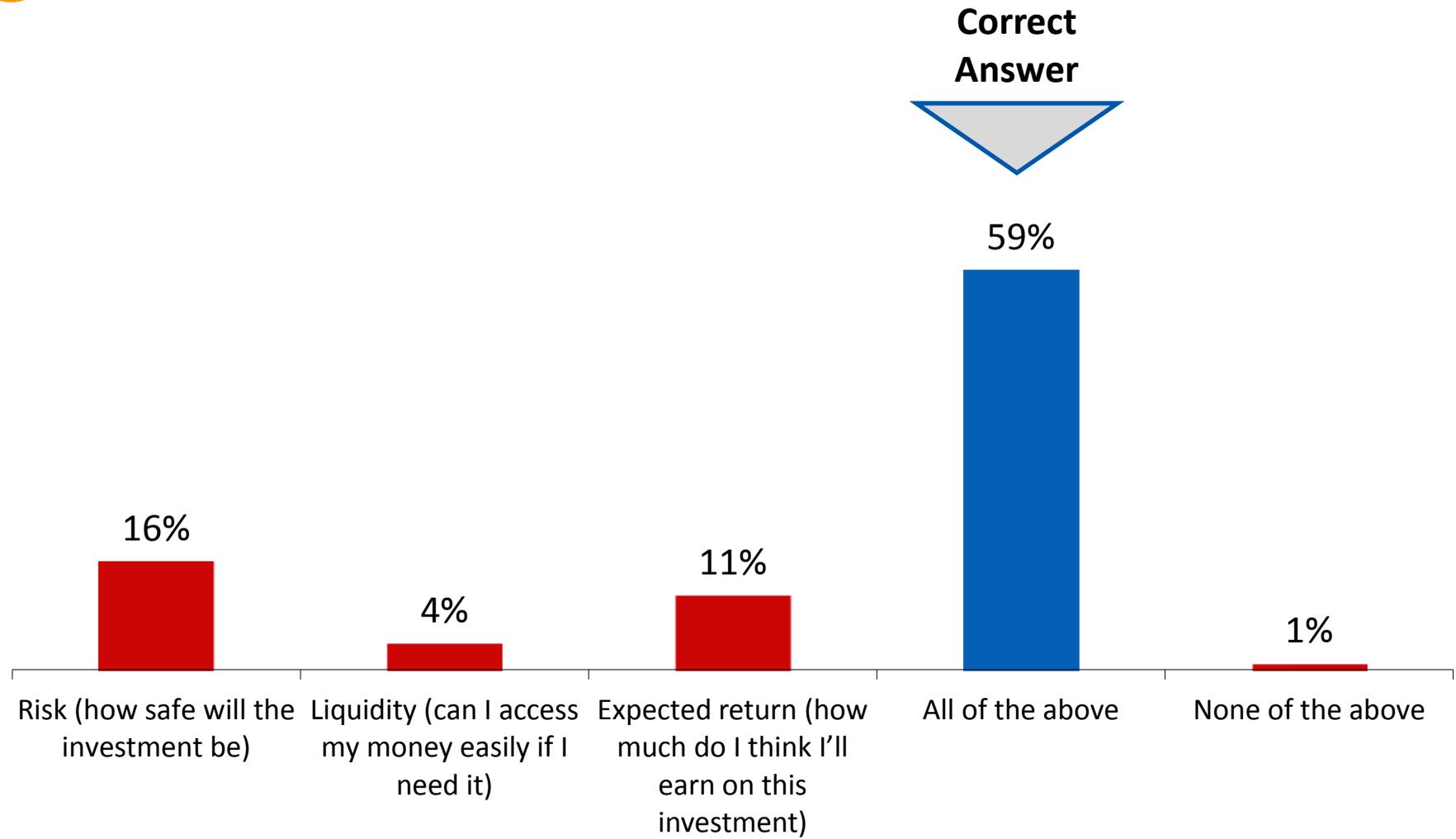


Note: "Don't Know" (18%) not shown

Measured Knowledge: majority understand one should consider *risk, liquidity & expected returns* when comparing investments



When you compare investments, which of the following do you consider important?
(asked of all 3,006 respondents)



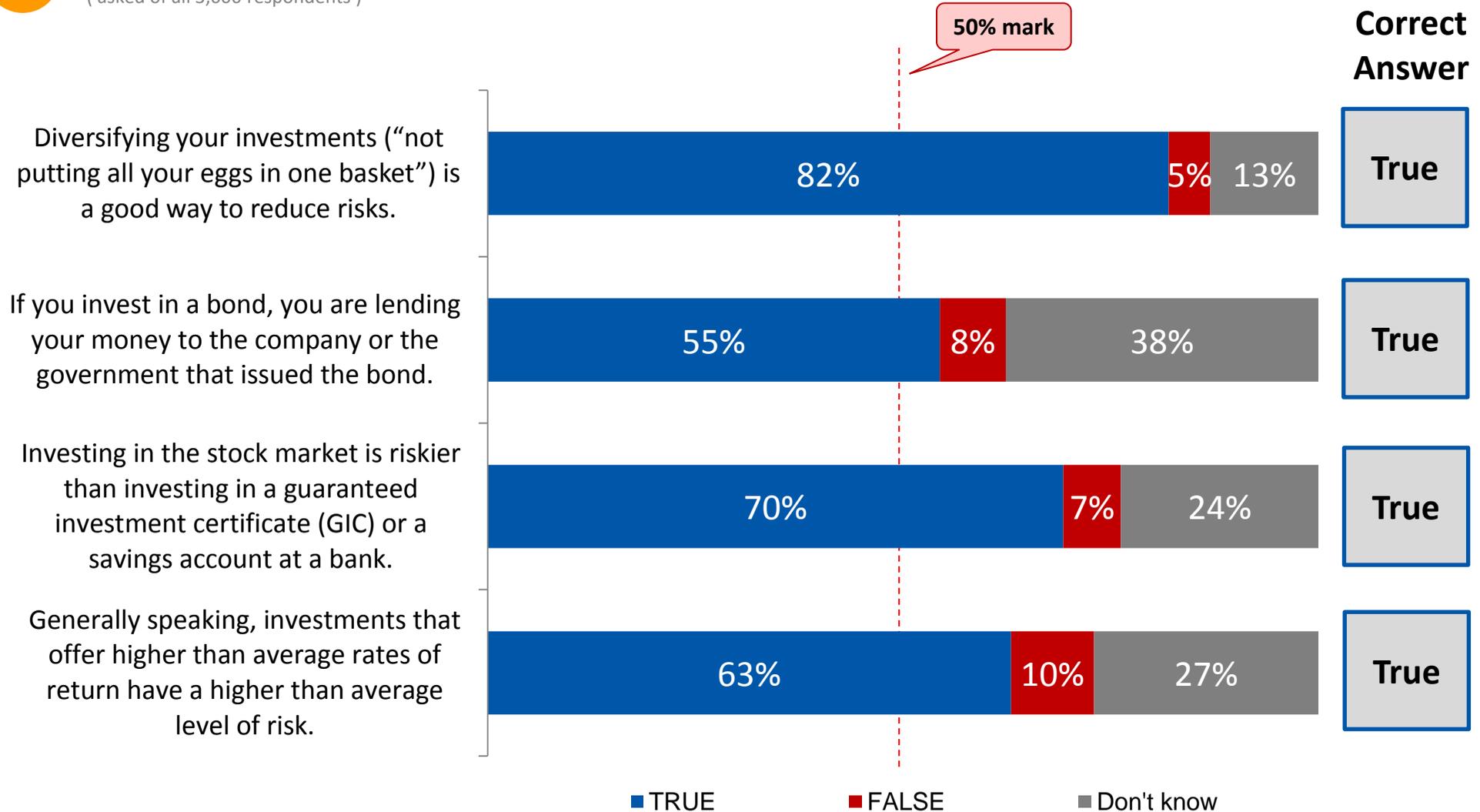
Note: "Don't Know" (10%) not shown

Measured Knowledge: majority of respondents answer *true* and *false* questions correctly



Are the following statements true or false?

(asked of all 3,006 respondents)



Overall Knowledge Index by Letter Grade

Nationally, 35% of graduates scored an “A” or higher on the basic financial literacy test. Only 2% of respondents answered every question correctly.

42% of BC graduates scored an “A” or higher, followed by graduates from Alberta at 37% and the Prairie provinces at 36%.

Respondent grades based on basic financial literacy test:

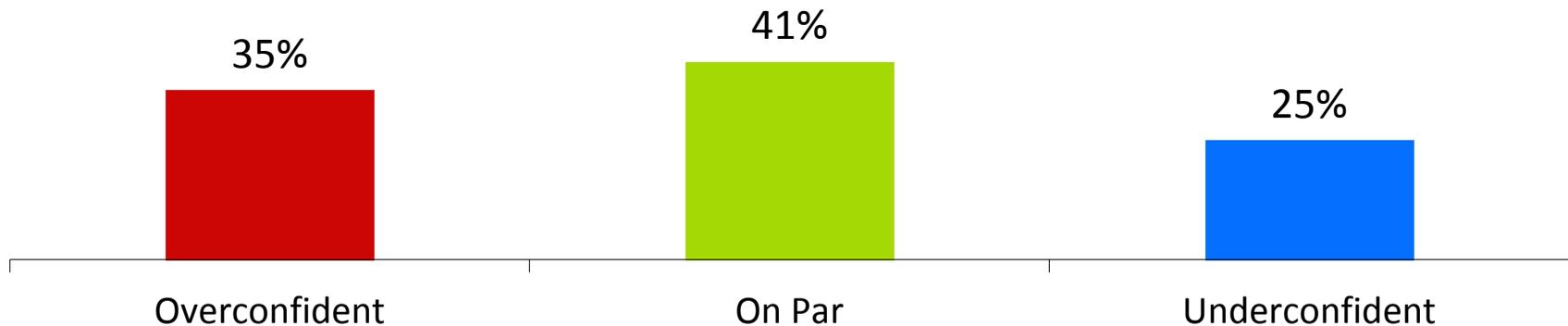
	National	BC	Alberta	Prairies	Ontario	Quebec	Atlantic
A+	13%	16%	12%	16%	12%	11%	11%
A	22%	26%	25%	20%	21%	20%	22%
B	22%	21%	25%	28%	20%	21%	28%
C	19%	16%	18%	19%	18%	23%	13%
D	17%	13%	15%	11%	20%	17%	18%
F	8%	7%	5%	7%	9%	7%	8%

Note: An “A+” represents scores of 90% or more on the test; “A” 80-89%; “B” 70-79%; “C” 60-69%; “D” 50-59%; “F” less than 50%.

By comparing *reported* to *measured* knowledge, a large group of respondents claim to know more than they actually do

Respondents were categorized into three cohorts based on their scores on the *Reported* and *Measured* financial literacy indices.

Below, we assess to what degree their levels of reported and measured knowledge match.



Over a third (35%) of respondents *report* being more knowledgeable than they actually are (as measured by the financial literacy test).

In-class Experience with Financial Literacy

In-class Experience

Personal Finance Course ▶▶

- Nation-wide only 45% of respondents recall taking a course that covered topics on personal finance.
- 60% of BC and Alberta grads recall taking such a course, while approximately 4-in-10 in the Atlantic, the Prairies, and Ontario recall taking a course. 45% of Quebec respondents recall taking a course dealing with personal finance.
- Alberta is the only province where a significant number of graduates reported taking the course online (17%).
- Majority of graduates believe their course was offered at the right time in high school.

Finance Course Coverage ▶▶

- Budgeting skills was the most cited curriculum topic among respondents who took a personal finance course (86%).
- Credit and debt, financial planning, and savings were all cited by more than 6-in-10 respondents.
- The least recalled topic area covered was fraud and ID theft at 25%.

Experience with Personal Finance Course ▶▶

- A majority agree the financial courses they took were relevant (84%) and help them manage their finances today (57%).
- Less than 2-in-10 respondents agree they “know everything they need to know about personal finance”.
- Over 7-in-10 agree that more time should have been spent teaching personal finance in high school.

Curriculum Trouble Areas ▶▶

- Overall, 3-in-10 report that none of the topics covered in their personal finance courses were difficult to understand.
- “Investing” was the topic most had difficulties understanding.

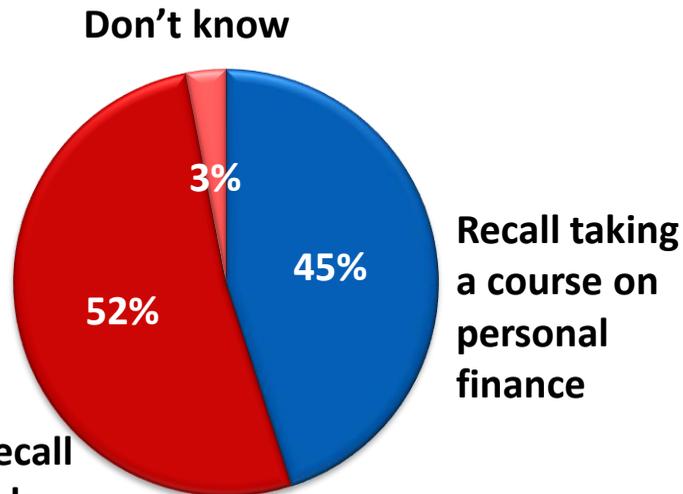
Personal Finance Course: less than half of graduates recall having taken a class on personal finance in high school



Do you recall taking a class in high school that covered personal finance including, but not limited to, topics such as budgeting, investments, credit cards and the cost of education and career options?

(asked of all 3,006 respondents)

National Average



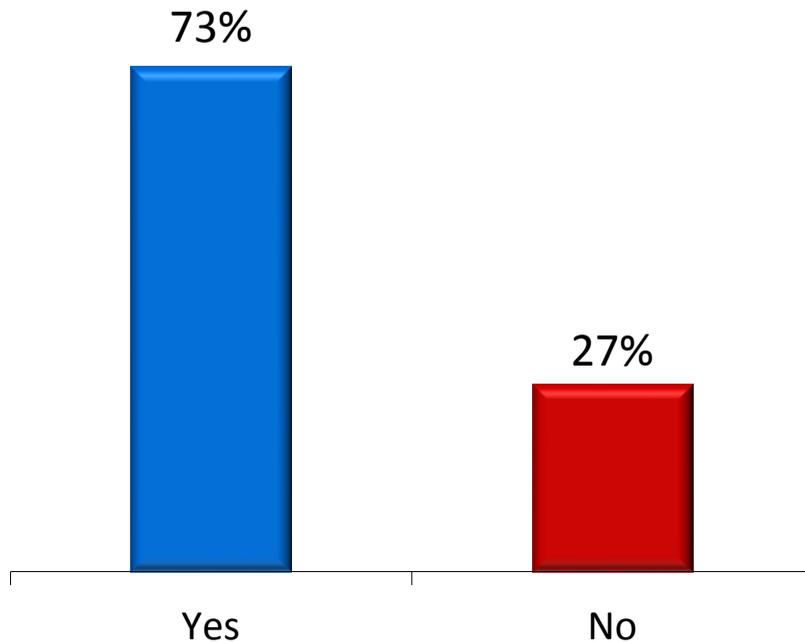
	Yes	No/ Don't know
BC	60%	40%
Alberta	60%	40%
Prairies	38%	62%
Ontario	37%	63%
Quebec	45%	55%
Atlantic	41%	59%

Course Recall: Among those who recall taking a course, nearly three quarters remember the name



Do you recall the name of the course or courses you took in high school that covered personal finance?
(asked only of those who recall taking a class, n = 1,343)

National Average



	Yes	No
BC	84%	16%
Alberta	79%	21%
Prairies	61%	39%
Ontario	66%	34%
Quebec	72%	28%
Atlantic	69%	31%

Online or In-class Courses: Majority of graduates took personal finance course primarily taught by teachers



When you took the class in high school that covered personal finance, did you take it as an online course or did you take it as a course taught primarily by a teacher?

(asked only of those who recall taking a class; n = 1,343)

National Average

Course taught
by teacher



	Online	In-class	Don't Know
BC	7%	92%	1%
Alberta	17%	81%	2%
Prairies	3%	91%	5%
Ontario	2%	96%	2%
Quebec	0%	99%	1%
Atlantic	1%	98%	1%

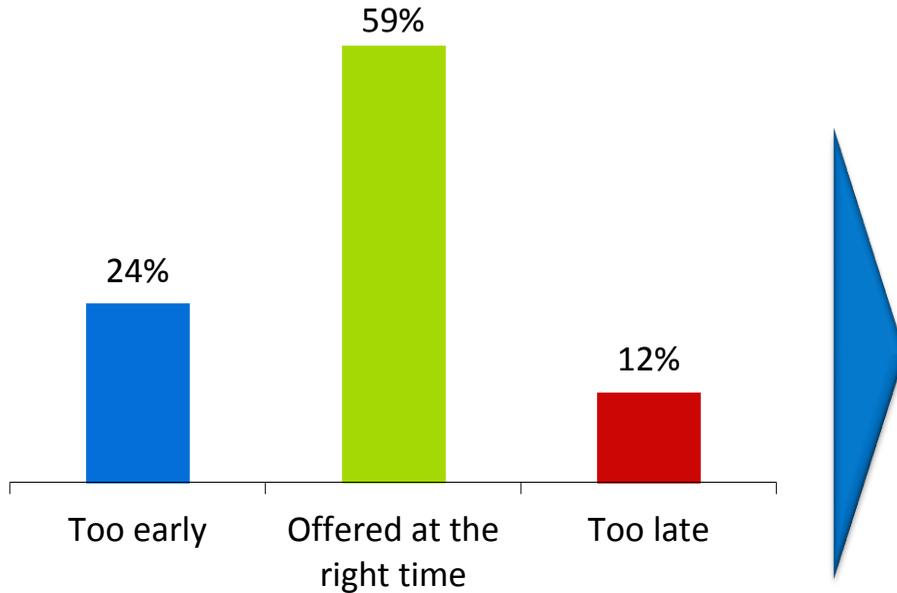
Personal Finance: majority of graduates believe their course was offered at the right time in high school



Thinking of the personal finance course(s) you took in high school, do you think the course or courses you took were offered to you at the right time?

(asked only of those who recall taking a class; n = 1,343)

National Average



Note: "Don't Know" (5%) not shown

	Too early	Right time	Too late	Don't Know
BC	32%	55%	6%	7%
Alberta	29%	50%	14%	7%
Prairies	22%	53%	17%	8%
Ontario	23%	57%	17%	3%
Quebec	17%	70%	8%	4%
Atlantic	23%	60%	12%	6%

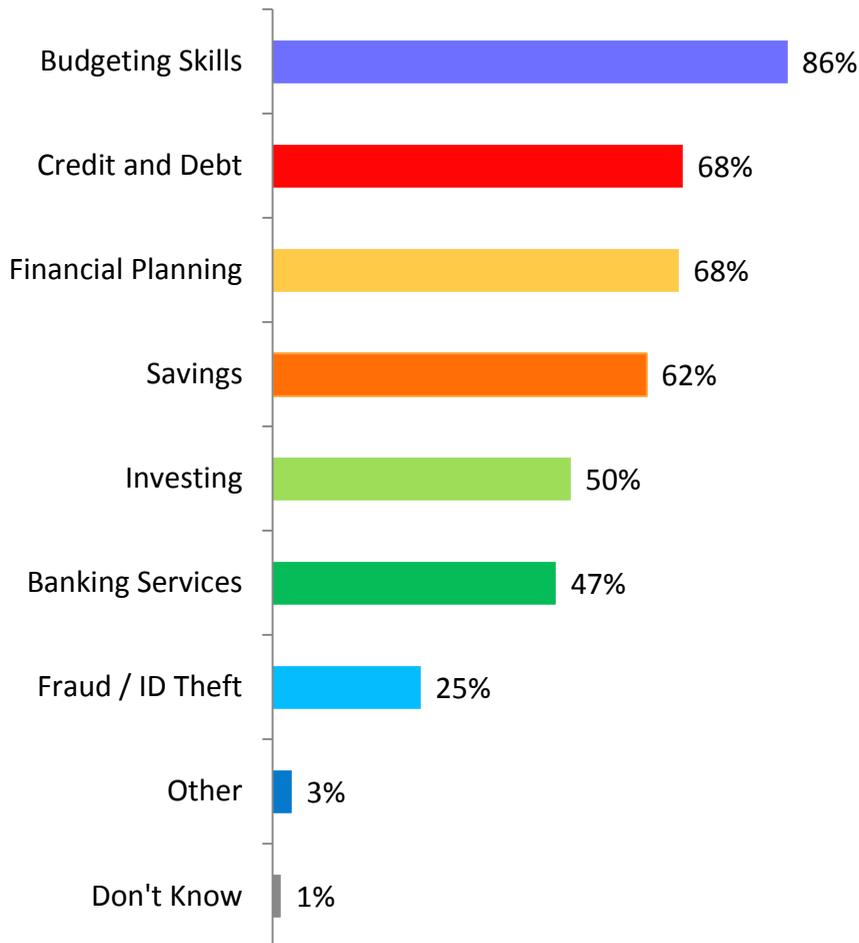
Finance Course Coverage



What was covered in the personal finance courses you took? [Select all that apply]

(asked only of those who recall taking a class, n = 1,343; multiple mention, sum will exceed 100%)

National Average



Regional Segmentation

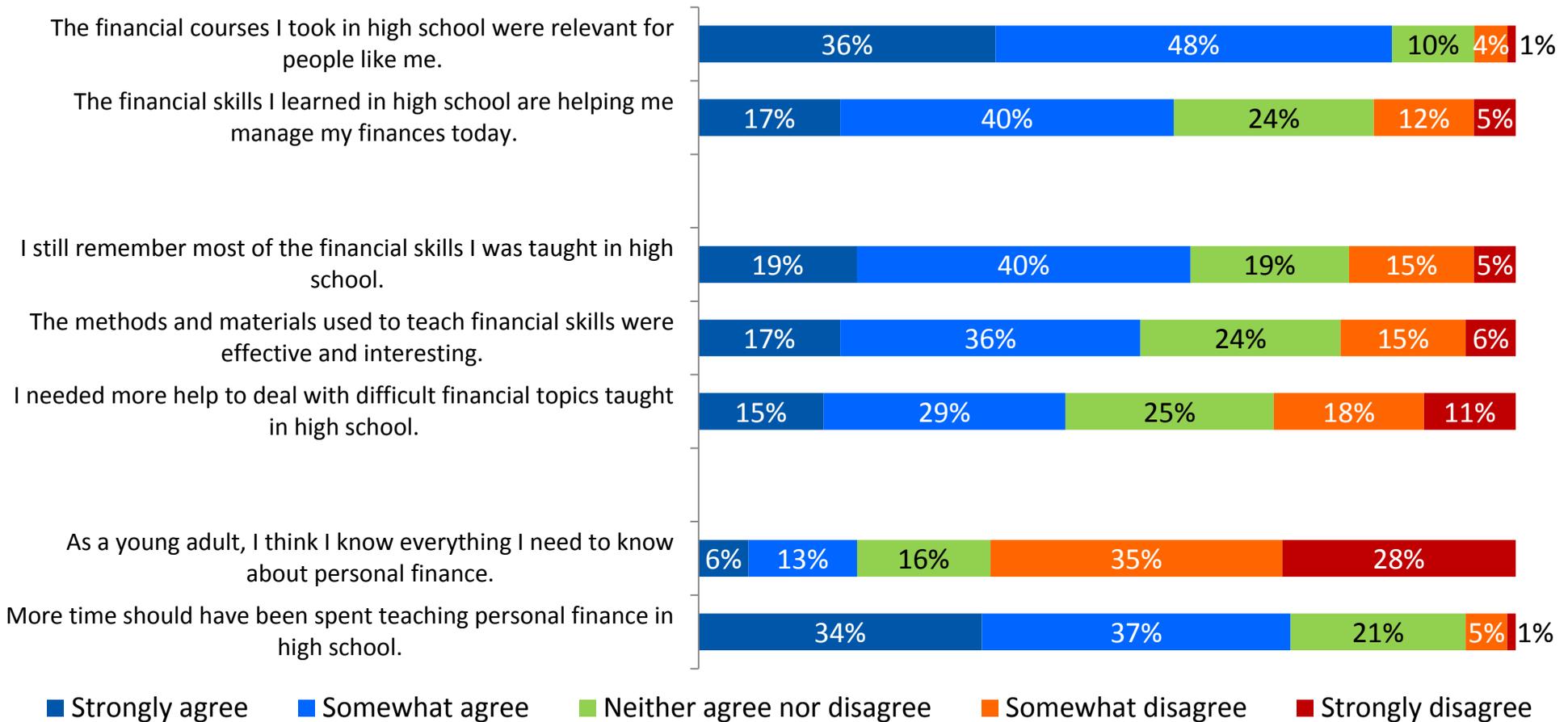
	BC	AB	Prairies	ON	QC	Atlantic
Budgeting	94%	95%	84%	82%	80%	85%
Credit & debt	58%	57%	68%	71%	82%	55%
Financial Planning	78%	83%	56%	68%	56%	63%
Savings	61%	74%	53%	65%	58%	53%
Investing	36%	41%	44%	60%	57%	37%
Banking Services	39%	42%	51%	55%	48%	35%
Fraud/ ID Theft	22%	23%	11%	31%	24%	20%
Other	1%	4%	5%	3%	4%	4%
Don't know	2%	1%	5%	1%	1%	1%

Experience with Personal Finance Curriculum



Thinking about the financial skills you were taught in high school, do you agree or disagree with the following statements?

(asked only of those who recall taking a class; n = 1,343)



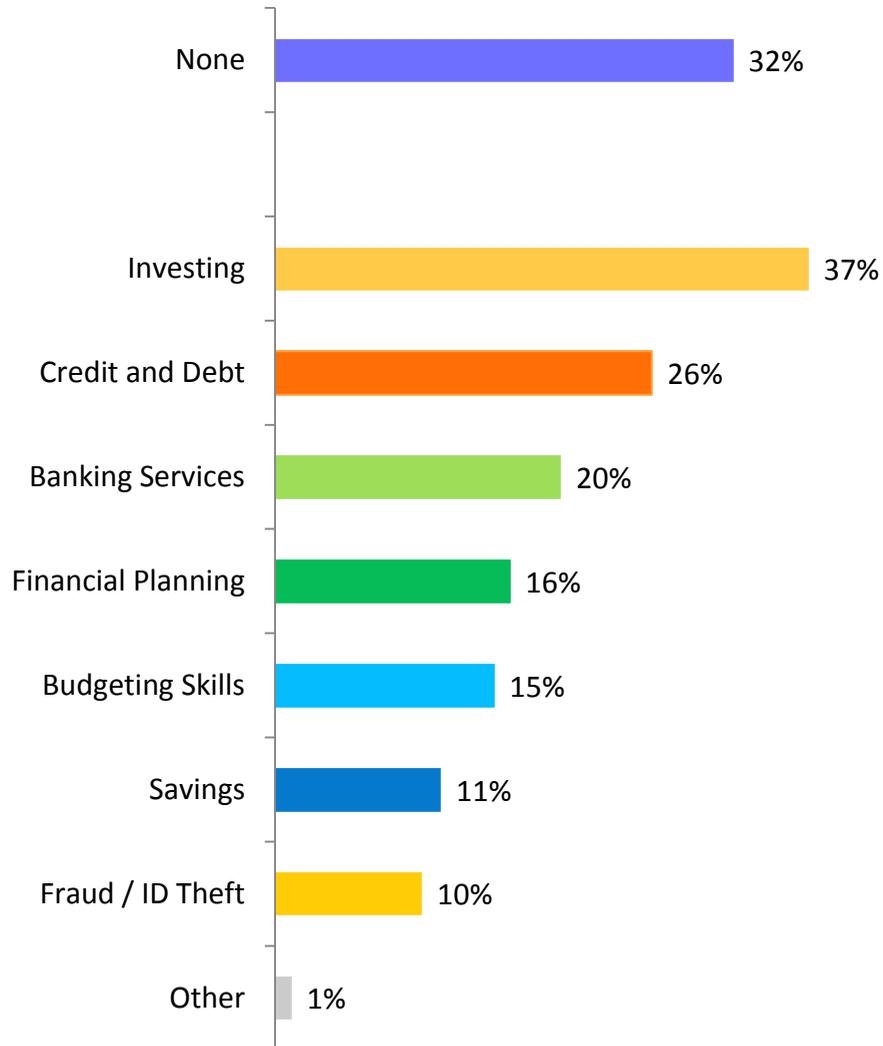
Note: "Don't Know" not shown

Curriculum trouble areas: at nearly 4-in-10 (37%), respondent had the most difficulty understanding the topic of “investing”



Thinking of the personal finance course(s) you took in high school, what topic areas, if any, did you find difficult to understand? *[Select all that apply]*

(asked only of those who recall taking a class; n = 1,343)



	BC	AB	Prairies	ON	QC	Atlantic
None	39%	32%	30%	33%	24%	33%
Investing	30%	44%	33%	37%	38%	35%
Credit & Debt	21%	32%	20%	28%	26%	24%
Banking Services	17%	23%	8%	21%	22%	13%
Financial Planning	12%	18%	13%	20%	14%	18%
Budgeting Skills	14%	12%	10%	18%	15%	14%
Savings	10%	13%	5%	13%	12%	8%
Fraud/ID Theft	8%	11%	5%	14%	8%	8%
Other	1%	1%	1%	0%	1%	1%

Note: “Don’t Know” (9%) not shown

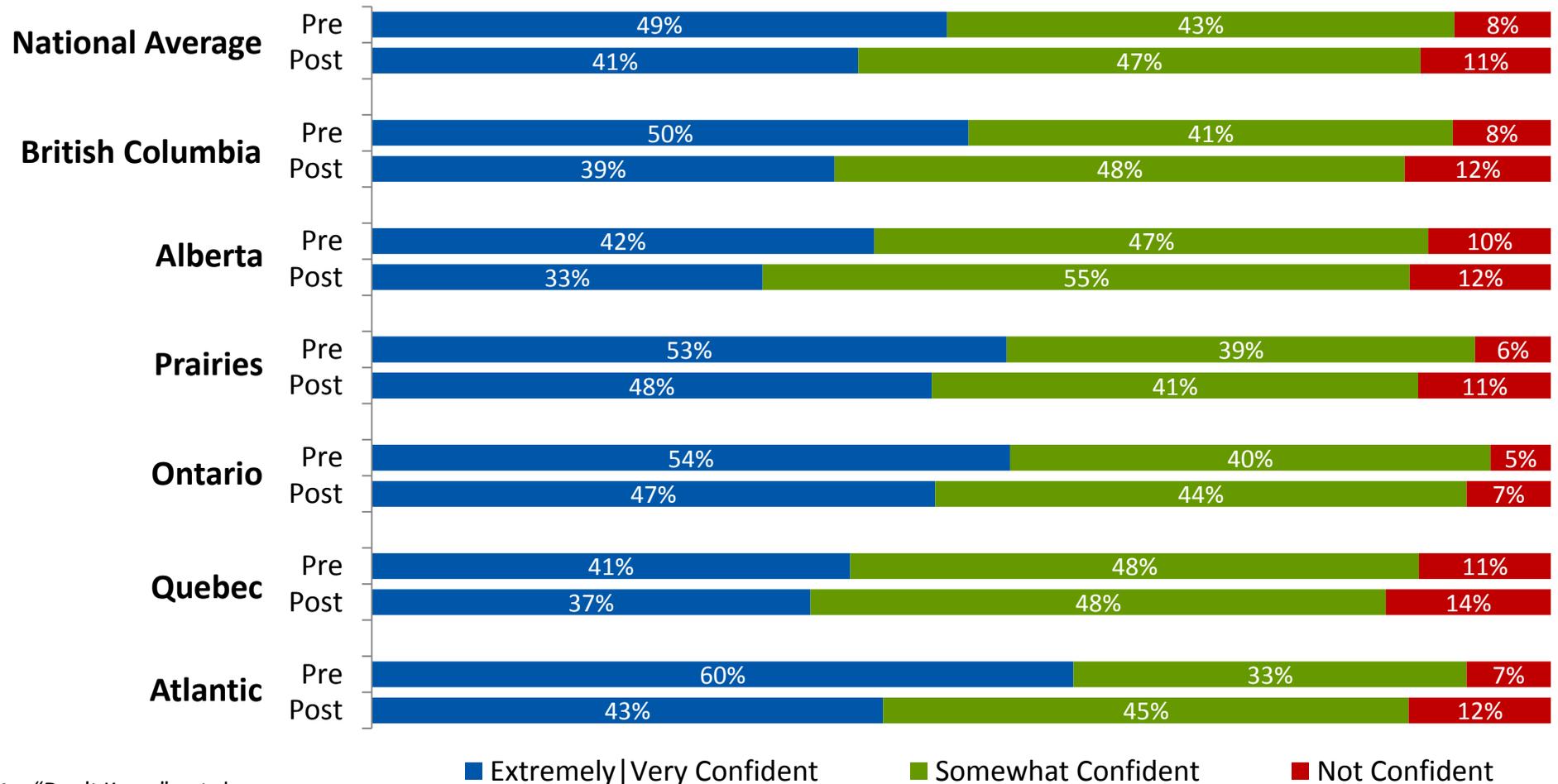
A change in confidence: Recent grads realize they don't know as much as they thought they did about financial literacy



After having completed this survey, how confident would you say you are when it comes to making financial decisions on your own?

(asked only of those who recall taking a class; n = 1,343)

Towards the beginning of the survey, respondents were asked how confident they were at making decisions on their own. After testing knowledge and experience with high school courses, we again asked respondents how confident they were. It appears that after knowledge testing, respondents aren't as confident as originally thought.



Note: "Don't Know" not shown

Impact of Personal Finance Courses

Impact of Personal Finance Courses

Impact of taking a personal finance course in high school ▶▶

- Those who recall taking the course are more likely to have a good financial attitude and less likely to have a bad one.
- There are smaller effects with regard to improved financial behaviour and financial literacy.

Taking a comprehensive course ▶▶

- Those who took a “very comprehensive” course – that is, a course or courses that covered multiple personal finance and financial skills topics – are much more likely to have a very good financial attitude than those who had a less comprehensive course, or no course at all.
- Similar, but weaker, effects are seen for financial behaviour, indicating that a comprehensive course is more closely related with good financial attitudes than with good financial behaviour.
- The impact of having taken a comprehensive course is weakest on financial knowledge. Although respondents who took a “very comprehensive” course are more likely to be in a higher grade category, the difference between those who were not exposed to a comprehensive course or any personal finance course at all is marginal.

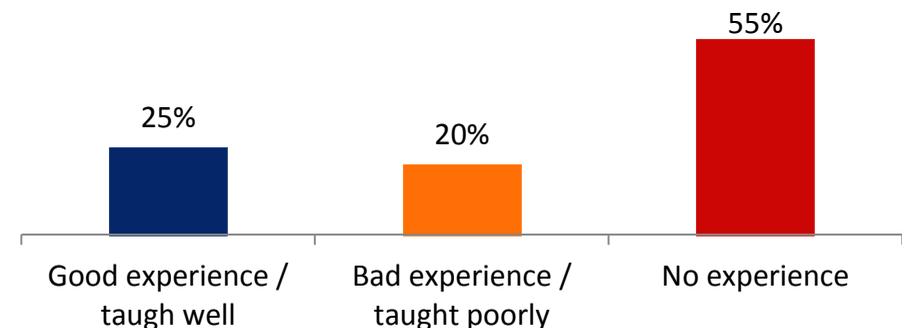
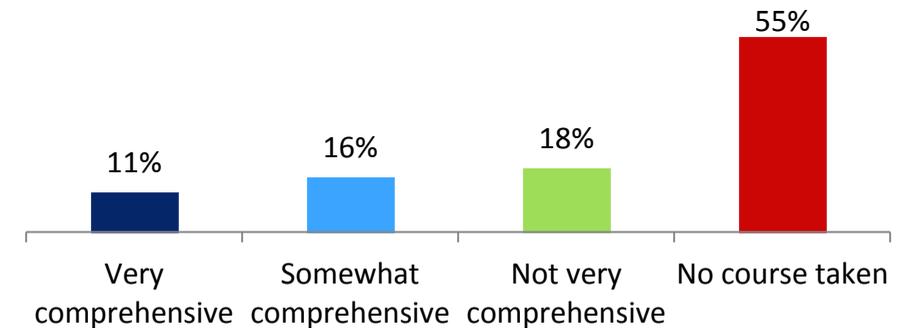
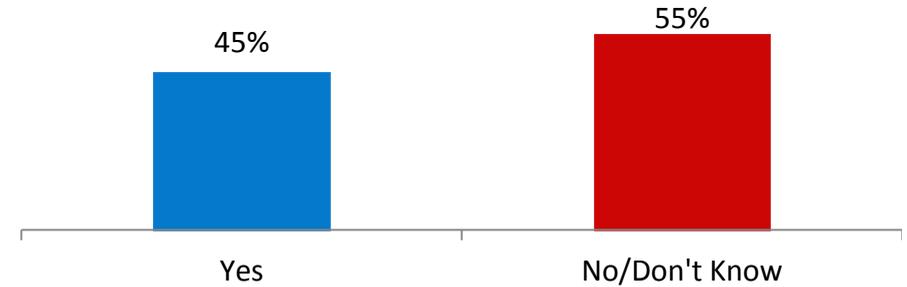
Having a good experience in your personal finance course ▶▶

- Having a good classroom experience has a large positive effect on financial attitudes, while having a bad classroom experience is actually more detrimental to financial attitudes than having not taken a personal finance course at all.
- The effects are similar with regard to good financial behaviour, with those respondents who had a good experience being much more likely to report good financial behaviour than those with a poor classroom experience or no classroom experience.
- With regard to financial knowledge, those who had a good experience are more likely to score higher on the financial literacy test than their “bad experience” and “no experience” counterparts.

Personal Finance Courses

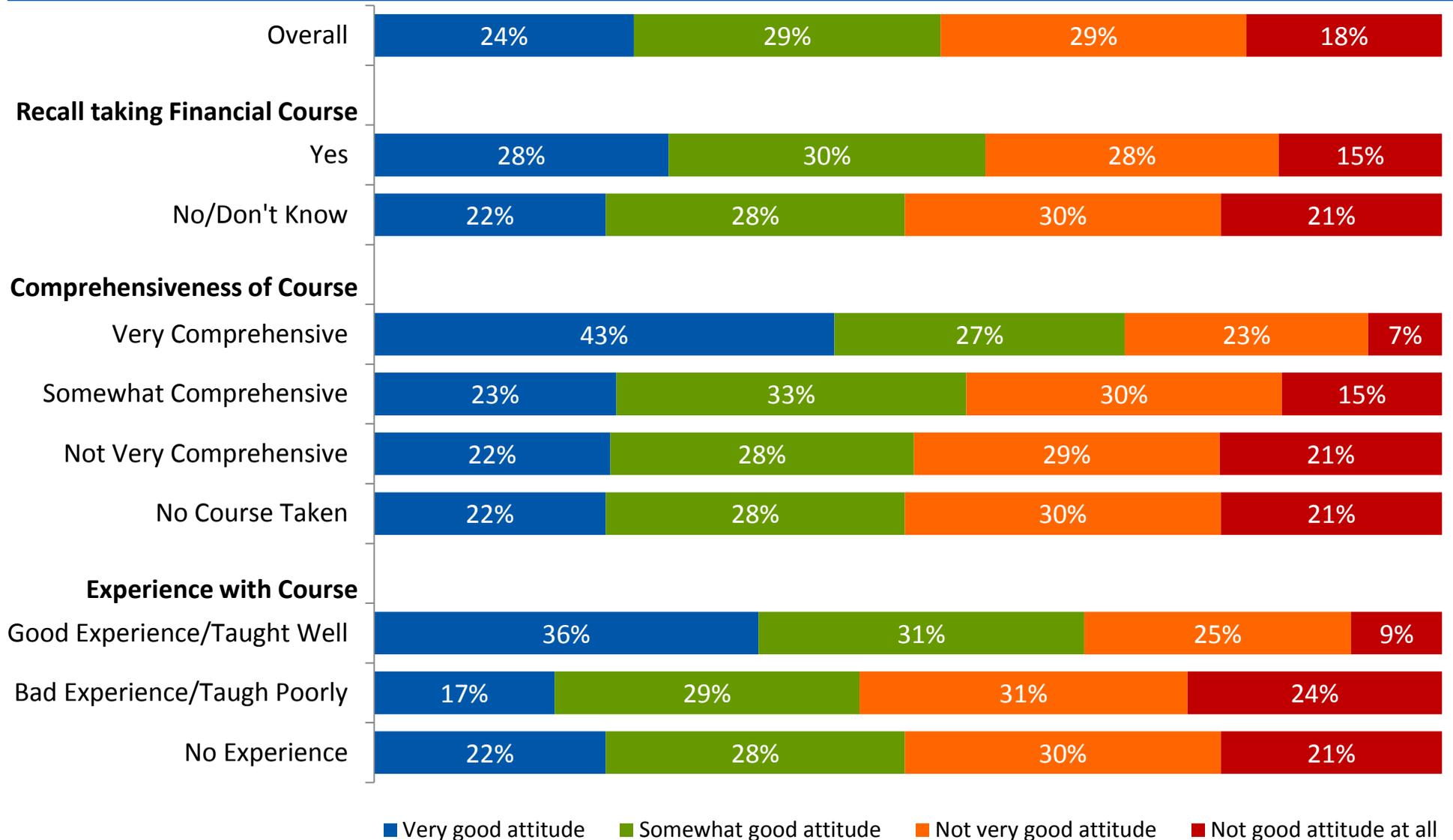
The Impact of Personal Finance Courses on our three key outcomes (Good Attitude Index, Good Behaviour Index, and Measured Knowledge) is assessed in three ways:

- Comparing those who **recall** taking a course on personal finance to those who do not recall taking such a course
- Comparing the reported **comprehensiveness** of the course (based on the number of topics the student indicates were covered in the course they took).
- Comparing students who reported having a **good experience/a well taught course** with the course to those who did not (based on students' responses to questions about the effectiveness of the course they took)



Index of Good Financial Attitude

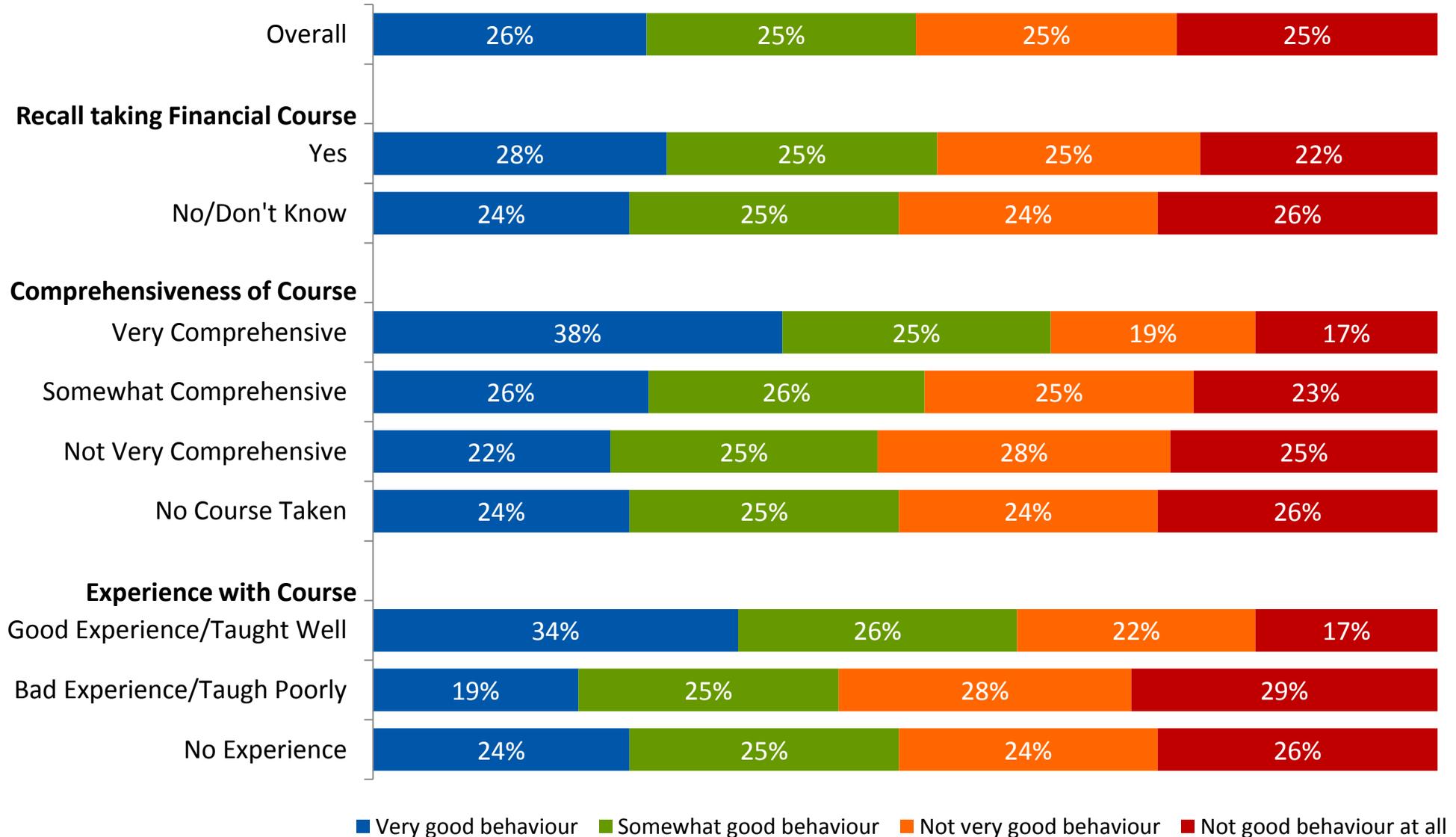
Those with good experiences and very comprehensive courses reported better financial attitudes. Those with less comprehensive courses scored quite similarly to those who did not take a course. Having a bad experience with a course may even be detrimental to financial attitudes when compared to not taking a course at all.



Note: "Don't Know" not shown

Index of Good Financial Behaviour

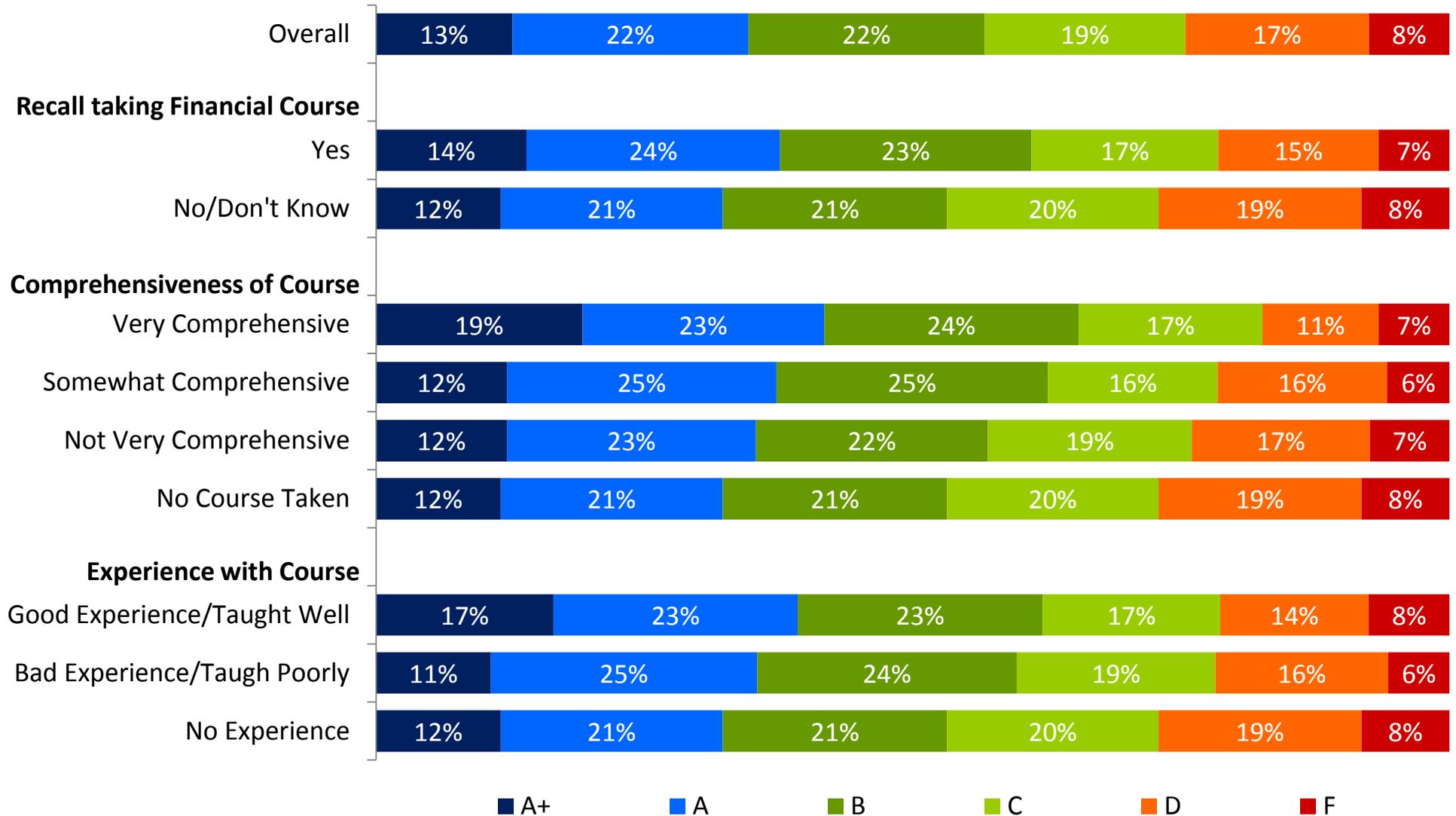
Those who had good experiences and had “very comprehensive” courses reported better financial behaviour than those who had less comprehensive courses. Again, having a bad experience could be worse than no experience at all when it comes to financial behaviour.



Note: “Don’t Know” not shown

Knowledge Index Grades

Those who had good experiences and had “very comprehensive” courses had higher measured financial literacy. The effect does not seem to come from simply taking a course. The course needs to be comprehensive and well-taught.



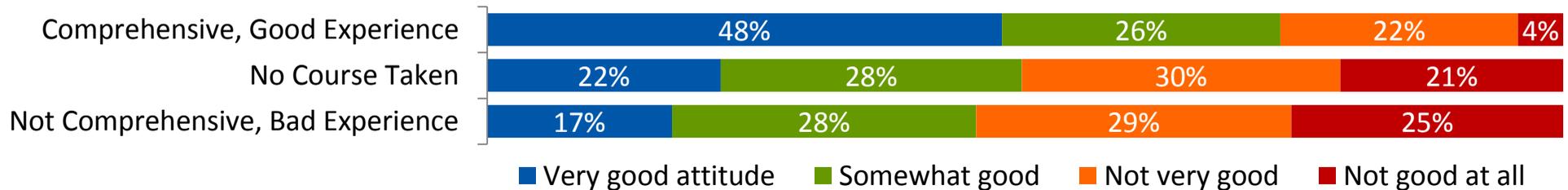
Note: “Don’t Know” not shown. An “A+” represents scores of 90% or more on the test; “A” 80-89%; “B” 70-79%; “C” 60-69%; “D” 50-59%; “F” less than 50%.

Good Financial Literacy Courses: Impact on Attitudes, Behaviour and Knowledge

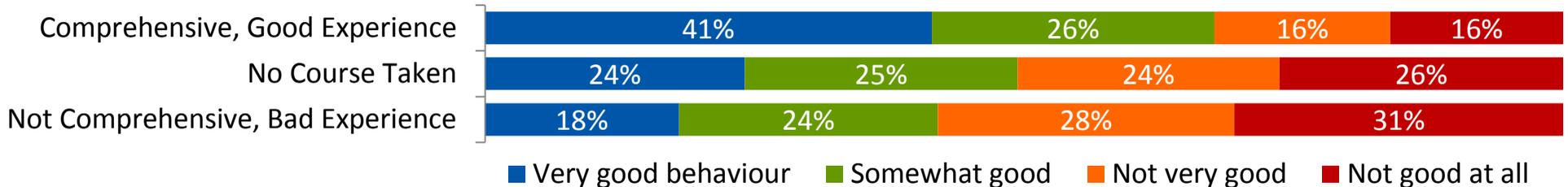
The graph below illustrates the impact that taking a comprehensive personal finance course with a good learning experience has on financial attitudes, behaviours and knowledge relative to no course at all and a course with a bad learning experience.

- **Comprehensive, good experience:** n=263 (this includes only “very comprehensive” along with good experience)
- **No course taken:** n=1664
- **Not comprehensive, bad experience:** n=334

Impact on Financial Attitudes



Impact on Financial Behaviour



Impact on Financial Knowledge



Note: “Don’t Know” not shown. An “A+” represents scores of 90% or more on the test; “A” 80-89%; “B” 70-79%; “C” 60-69%; “D” 50-59%; “F” less than 50%.

British Columbia Securities Commission



Our mission is to protect and promote the public interest by fostering:

- A securities market that is fair and warrants public confidence
- A dynamic and competitive securities industry that provides investment opportunities and access to capital

Our vision is to play a leading role in securities regulation that inspires investor confidence and supports fair, efficient, and innovative Canadian capital markets.

A key goal of the BCSC is to help investors protect their financial interests. We have developed InvestRight.org to provide investors with the tools to research and assess potential investments, and protect themselves from unsuitable or fraudulent investments.

We have a comprehensive youth education program and resource, called *The City* to help BC high school teachers teach students the fundamentals of managing money as part of the province's Planning 10 program.

We partnered with the Financial Consumer Agency of Canada (FCAC), and adapted the resource to an online format and a national audience in both official languages. *The City* is now widely used in all provinces and territories.

www.bcsc.bc.ca

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