



# **Asset Building and Financial Literacy for Aboriginal Peoples**

**First Nations Social Development Society  
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# Presentation outline

1. Who is SEDI?
2. Asset building – track record
3. Financial literacy – track record
4. Challenges and considerations
5. Where we go from here



# Who is **SEDI** ?

- National charity, over 20 years of experience in socio-economic innovation
- Partnership orientated
- Develop and test large scale strategies to enable the poor, unemployed and underemployed become self-sufficient
- Inform and influence policy and practice
- Impacts: SEB, fin. lit., asset-building etc.



# Our policy areas:

- Self-Employment
- Asset-Building
- Youth with Barriers
- Financial Literacy
- Policy Development
  - linking policy and community



# Asset-building /Asset poverty

- An approach to addressing poverty that provides access to personal savings and assets, in addition to income support and social services.
- Includes a broad array of public policies, strategies, and programs that enable people with limited financial resources to accumulate productive financial and tangible assets and enhance their financial capability



# Proposed asset effects

Smooth consumption AND:

- Improve household stability
- Create orientation toward the future
- Stimulate enhancement of assets
- Enable focus and specialization
- Provide a foundation for risk taking
- Increase personal efficacy
- Increase social connectedness and influence
- Increase political participation
- Enhance the well-being of offspring



## Track record: Asset-building

- 1997 introduced the concept that poverty is an issue of assets as well as income and services
- *Learn\$ave* – demonstration of IDAs for learning
- Design input - RDSP and Canada Learning Bond
- Secured welfare regulatory support in six provinces
- CRA decision to exempt matched savings 2007



## Track record: continued

- Co-sponsored first international conference on asset based approaches for the poor 2002
- 08-On Provincial Commitment for 10m demo
- Independent Living Account
  - 57% success rate of moving shelter residents to independent living. Current research, expansion
- Developed international contacts in the UK, United States and through the OECD and WEF



# Financial literacy:

- The intellectual backbone of saving, planning and investing in one's future
- The foundation from which to better survive, navigate, make more advantageous decisions with existing resources
- Can assist to break the cycle of poverty
- A basic (essential?) skill for **all** Canadians



# Financial literacy:

Definition: 3 main components:

- Financial knowledge and understanding
- Financial skills and competence
- Financial responsibility



## Who:

- **OECD** – International Gateway for FL
  - 30 Member States
- **US** – Presidents Advisory Committee on FL
- **FCAC** – School Programming – The City
- **CBA**- “Your Money” – non-commercial
- **SEDI** - Canadian Centre for Financial Literacy
  - History of Serving Vulnerable Populations inc. Youth
  - FL as a pre-condition of successful asset-building
- **Community Based** – across country (113)
- **‘Soft’ Service**- No rigorous evidence-based models



# Track record: financial literacy

- Developed and delivered first financial literacy curriculum to communities across Canada.
- Launched first capacity building (training of trainers) initiative for community agencies.
- Successfully advocated for Department of Finance support in the Spring 07 Federal budget
- Developed first multi-sectoral national advisory committee on financial literacy
- Co-sponsored two conferences on fin. lit.
- Opened the Canadian Centre for Financial Literacy



## Track record: continued

- **Budget 09:** *“Financial Literacy is the ability to understand personal and broader financial matters, apply knowledge and assume responsibility for one’s financial decisions. Financial literacy is an important life skill that empowers consumers to make the best financial decisions in their particular circumstances”*
- Establishment of Independent Task Force (business, education, voluntary and academics)
- Recommendations to Minister of Finance on a “cohesive national strategy”
- Federal Secretariat



# AB and FL challenges:

- **Lack of Access**
  - Decreased propensity to participate in \$ opportunities
  - Decreased awareness of rights and responsibilities
- **Poor Financial Decision Making**
  - Poor navigation of current economic systems
  - Low capability for self-management of financial services
- **Limited Opportunity to Build Assets**
  - Limited access and decreased motivation



# Aboriginal Canadians

- Reason to expect even greater gap in wealth
  - Pattern of improvement in socio-economic indicators but still widespread social and economic exclusion
  - Structural and personal barriers to asset development
    - Crown seizure and ownership of major asset (land and housing)
    - Less access to banking services
    - Tax treatment of income (no tax benefit)
    - Historic pattern of initiatives to deliver on obligations under Treaty and inherent rights focus on maintenance (income/services)
    - Lower literacy and numeracy
    - Historic and intergenerational socio-economic factors



# First Nations Development Institute

- Mission: “to restore Native control and culturally-compatible stewardship of the assets they own - be they land, human potential, cultural heritage, or natural resources - and to establish new assets for ensuring the long-term vitality of Native communities.”
- 1998: funding, technical consulting, capacity building, Native Assets Research Centre
- Sept. 2003:
  - 11 IDA programs in 8 states, 6 with FNDI funding
  - 780 + participants since 1998
  - Various goals, funding and management structures
  - Homeownership/housing most common use, then education/training



# Redwood Valley Tribal IDA

- Cost-shared by FNDI and tribal economic development department
- Managed by tribal council
- Aimed at youth (high school to 25)
- Education and training
- 4:1 match on \$1,000 over 1-2 years
- Financial education with focus on PSE/training



# Native Financial Education Coalition

- Started by US Treasury Department in 2000 now lead by Oweesta (national native CDFI)
- Includes national, regional, local Aboriginal and non-Aboriginal organizations
- Awareness, information exchange, technical assistance, capacity building
- Interventions for youth, basic adult skills development, tax issues, consumer protection (fringe banking and predatory lending), management of new assets (ie: disbursements of profits from local gaming and resources).



# Key Issues / Challenges

- Band collective / individual assets
- Poverty
- Male dominated family and community life
- Severe infrastructure and housing issues
- Capacity building
- Remote areas
- Numerous governance structures
- Other priorities – Health, CED, Resource depletion, employment and education etc.



## Continued:

- difficulty in achieving change with the issues related to poverty looming
- need for and openness to new ways of doing things in economic and social development
- principles of self-sufficiency, community control, and holistic approaches



## Important principles:

- Possible new tool for the tool-box
- From the ground-up, not top down
- Accommodates cultural considerations
- Inclusive and accessible
- Address existing barriers
- Make existing systems more inclusive
- Introduce new models



## Need answers:

- Relevance to priorities?
  - Income security reform, education, housing, economic development, + +
- Culturally appropriate?
  - Mechanism (individual / communal)?
  - Financial capability education?
- Structural issues?
  - Local capacity, urban/on-reserve, governance, access to banking + +
- Enough promise to warrant further research and a demonstration?
- Next steps?



***This project was a springboard and it caught me on the way down. I never thought about banking or even how important saving really is. No one ever invested in me before and that is what really made the difference. Everyone living like me should have the same opportunity.*** *SEDI Project Participant*





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