



**First Nations Financial Literacy
Ottawa roundtable summary report
April 29th, 2015**

After generations of financial exclusion, First Nations, Metis and Inuit communities are at a significant disadvantage and are experiencing a significant gap in financial literacy skills. The current financial literacy deficit is exacerbated by persistent cultural and systemic barriers that prevent Indigenous communities from fully participating in financial decision-making. As many Indigenous families currently live below the poverty line, capacity-building in these communities is critical for their long-term viability and success. To support financial literacy development, we have to address the much bigger and more profound exclusions between First Nations, Metis and Inuit communities and the rest of Canada, and develop more inclusive and generative public policy.

On April 29th, Canada's Public Policy Forum convened the First Nations Financial Literacy Forum, the third and final meeting of a project seeking to identify ways for Indigenous communities to gain greater access to revenue. Julie Cafley, Vice-President of the Public Policy Forum moderated a discussion with contributions from prestigious Canadian leaders, including National Chief Perry Bellegarde of the Assembly of First Nations, Jane Rooney, Canada's first Financial Literacy Leader, and The Right Honourable Paul Martin.

The Current State of First Nations Financial Literacy

National Chief Perry Bellegarde challenged participants to consider financial literacy in a broader context for First Nations, Metis and Inuit communities. Of the 100 poorest performing communities on the Community Well-Being Index, 96 are First Nations communities.¹ Without a foundation of a healthy, safe community, financial literacy is much less meaningful. The trauma of residential schools continues to negatively influence family relationships, reduce community safety and security, and interfere with broader educational and learning outcomes. Systemic poverty, hunger and insufficient housing limit opportunities for Indigenous peoples. A holistic understanding of the context and motivation of Indigenous communities is crucial for anyone encouraging capacity-building in these communities.

¹ Aboriginal Affairs and Northern Development Canada. *2011-2012 Report on Plans and Priorities*. Retrieved from <http://www.aadnc-aandc.gc.ca/eng/1315424049095/1315424155048>.

Aboriginal Affairs and Northern Development Canada works to identify and minimize barriers. Still, the unique circumstances affecting First Nations, Metis and Inuit communities require specific supports. For example, there is a disproportionate number of Indigenous people experiencing homelessness in Canada. Indigenous homelessness has been referred to as an epidemic.² With no permanent residence, it is difficult to hold onto personal identification. Individuals are more likely to lose or have stolen their personal effects. These individuals without ID are excluded from participating in banking activities, doubly marginalizing them from Canadian society.

BARRIERS TO ACCESSING FINANCIAL SERVICES

Indigenous communities may already be willing to participate in banking and financial systems, but systemic barriers still prevent them from having equal access. Participants noted the requirement of proper identification can be problematic. In some cases, individuals are unsure how to apply for government identification. To address this need, Thunder Bay's Bay Credit Union has partnered with the Kinna-Aweya Legal Clinic to help individuals obtain basic identification, allowing them access to financial services. Service Ontario provided staff to assist individuals in completing the forms, and Bay Credit Union provided refreshments and transportation. The Kinna-Aweya Legal Clinic is looking at establishing an ID Bank where clients can have a safe space to store their ID at all times.

Although many programs receive external funding, the delivery structure can also create barriers to success. Currently, financial support is often sporadic, intermittent, and project based. Many argue long-term funding would produce better literacy outcomes. With strong competition for limited funds, service organizations are often guarded against sharing successful tools with one another. Many participants are concerned the competitive funding structure reduces efficiencies and encourages replication of resources and programs.

To simplify the landscape, the Financial Consumer Agency of Canada recently launched the Canadian Financial Literacy Database, which assembles hundreds of financial literacy tools from across the country. The large number of tools available suggests funding has not been lacking in this area, yet persistently poor outcomes indicate these resources have not had their intended impact. There still exists an opportunity for agencies to partner with one another to reduce duplication of efforts and increase available funding pools for other programs.

² Patrick, Caryl. *Aboriginal Homelessness in Canada: A Literature Review*. Toronto: Canadian Homelessness Research Network Press, 2014.

Program Design

For a financial literacy program to contribute to capacity-building, its design should consider the full needs of the community. The Financial Consumer Agency of Canada defines financial literacy as “the knowledge, skills, and confidence to make responsible financial decisions.”³ While community leaders may require specific skills to negotiate multi-million dollar natural resource development opportunities, any individual can benefit from training to make better personal decisions. Student loans, mortgage negotiations, raising children, and retirement all require financial planning and the outcome of each decision can also have a significant impact on a community’s well-being. The success of small businesses depends on the financial proficiency of the entrepreneur. First Nations, Metis and Inuit communities are culturally unique. Even within this target population, a single program design will not meet everyone’s needs. Tailoring learning opportunities to various circumstances will increase the financial health of every member of every indigenous community.

Opportunities currently exist to increase financial management capacity at the governance level. The First Nations Fiscal Management Board (FNFMB), as part of the First Nations Fiscal Management Act (FNFMA), supports individual communities in financial management and works with communities to certify them for investment and economic development. Sound financial reporting and documentation from Indigenous governing bodies will increase legitimacy for those communities in their interactions with financial institutions and governments. Increasing access to FNFMA programs to more Indigenous communities will serve to strengthen relations overall.

ONTARIO FIRST NATIONS FINANCIAL WELLNESS PROJECT

Prosper Canada and AFOA Canada are partnering to deliver a three year project to build sustainable capacity through financial wellness programs. Beginning in four First Nations communities, community members will collaborate on the development and delivery of the tools used. Those tools will be integrated into existing programs and services. The project approaches financial wellness as a product of personal, institutional and community influences. The Ontario First Nations Financial Wellness Project intends to support communities beyond financial literacy alone. This will include financial education, coaching, and one additional program selected by the community.

Using five strategies proven to assist individuals in achieving financial wellness, this project will work with communities to set goals, develop the capacity, and evaluate the success of the program. The program framework, tools and resources will be subsequently shared with other First Nations communities.

³ Financial Consumer Agency of Canada. *Financial literacy background*. Retrieved from <http://www.fcac-acfc.gc.ca/Eng/financialLiteracy/financialLiteracyCanada/Pages/Background-Historique.aspx>

Building Relationships

Since many non-profit organizations do not have the capacity to offer additional programming, non-traditional partners may be more successful in introducing financial literacy concepts. Financial institutions, schools, health care workers, private sector employers, and service providers can leverage their interactions with community members to include and encourage financial conversations. The private sector has an enormous opportunity to be a significant partner in skill development, as many companies deliberately work with Indigenous communities in local projects. As part of the hiring process, employers can explicitly discuss issues relating to salary, taxation, deductions, mandatory contributions, matched contributions, and pension plans, among others. By creating these opportunities, financial literacy is incorporated into systems that have trust, stability, reach, expertise, and a strong reputation.

To introduce financial planning to First Nations, Metis and Inuit communities, personal and relatable messages work best. Relatable messages focus less on personal responsibility and instead emphasize the relationship between financial planning and maintaining a certain standard of living. Framing financial strategies around a goal can be a useful planning structure. For example, college tuition can be positioned as a savings goal. Together, financial advisors and families can identify a timeline and milestones to work towards in order to achieve this savings goal.

Community champions also serve to build trust. These champions can serve as role models and mentors, bringing financial management into the public consciousness and promoting it as a viable career option for disenfranchised youth. As the band council is already accountable for the majority of programming, roundtable participants expressed concern that additional responsibility may overburden Chief and Council. A discrete economic development body will help to share responsibility, accountability and transparency. Even one Chartered Professional Accountant per community would inevitably enrich working relationships between the band council and external partners, but interest is currently low. The Martin Aboriginal Education Initiative is working to increase the number of Indigenous financial professionals by providing facilitating mentorship opportunities across the country.

ACCOUNTING MENTORSHIP PROGRAM

To increase the number of First Nations, Metis and Inuit financial professionals, the Martin Aboriginal Education Initiative launched its Accounting Mentorship Program in 2008. Accountants from across the country provide advice, offer job shadowing, and introduce First Nations, Metis and Inuit youth to the office environment. The program operates in 13 cities in 5 separate provinces.

The Accounting Mentorship Program seeks to increase graduation rates and encourage post-secondary enrollment in financial programs among Indigenous youth. By doing so, Indigenous communities have a financial representative to negotiate economic development proposals and advise band and council on financial issues, as well as provide role modelling within the community.

Conclusions and Next Steps

Participants stressed the present moment as an opportune time to strategize and develop policy. The final report of the Truth and Reconciliation Commission will be released in June. The Tsilhqot'in First Nation Supreme Court decision in 2014 ruled First Nations can claim territorial rights to land, even without proof of title. The Ring of Fire project in Ontario has been suspended. These circumstances are creating a new space for working with Indigenous people and present a window of opportunity to improve the individual and collective financial literacy of First Nations, Metis and Inuit communities. As it stands, if communities do not feel confident in their ability to participate in economic development, they will refuse.

First Nations, Metis and Inuit communities require better programs and innovative strategies to help community members feel confident and competent to make significant financial decisions. Indigenous people first need a safe, supportive and resourceful learning environment in which to learn. Secondly, communities need bold action to introduce legislative changes that empower First Nations, Metis and Inuit. The Indian Act provides the government with significant control over Indigenous land and resources. Although the First Nations Fiscal Management Act was passed to return power to on-reserve communities, enormous challenges remain. A whole-of-government approach is required to address the urgent needs of First Nations, Metis and Inuit communities.

Participants offered several recommendations to create the necessary conditions for financial literacy in First Nations, Metis and Inuit communities.

Recommendations for Indigenous Communities

- Identify community champions to spearhead financial literacy programs and lead economic development activities;
- Draw on existing tools to strengthen financial management at the governance level (e.g. financial certification under the First Nations Fiscal Management Act); and
- Create a separate economic development body to share responsibility with Chief and Council.

Recommendations for the Non-Profit Sector

- Identify non-traditional partners that may provide training and education during their interactions with community members, including
 - Health care providers,
 - Private sector employers, and
 - Education and financial professionals;
- Design financial literacy programs that address each financial decision over a lifetime;
- Develop messaging that speaks with communities in a personal, goal-focused way; and
- Share best practices with other agencies.

Recommendations for Governments

- Invest in equitable programs for First Nations, Metis and Inuit communities to elevate baseline social conditions;
- Streamline processes, reduce red tape, and facilitate program accessibility;
- Work with the FMB and First Nations to identify opportunities to strengthen financial management at the governance level;
- Fund collaborative models that engage financial institutions, non-profit organizations, and community leaders;
- Support Chartered Professional Accountant development in First Nations, Metis and Inuit communities;
- Offer long-term funding that includes operational costs; and
- Incorporate financial literacy programs in more diverse grant eligibilities.

With thanks to our partners:

