

**Most
Canadians
feel they're
financially
literate.**

**Our survey
says otherwise.**

Results from a May 2017 survey conducted by Ipsos on behalf of LowestRates.ca.

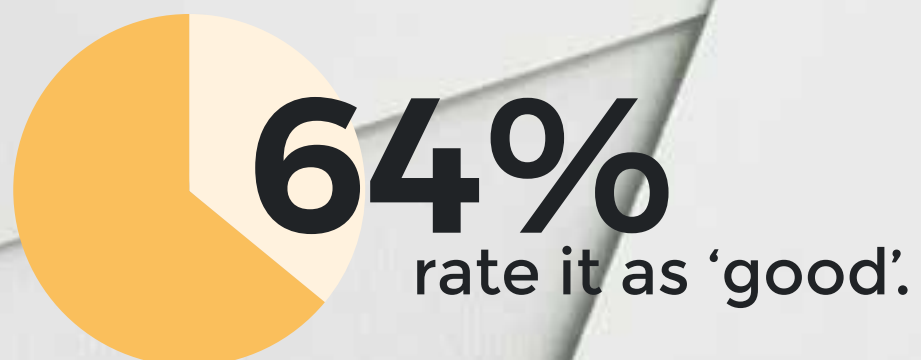
These are some of the findings of an Ipsos poll conducted between May 18 and May 23, 2017, on behalf of LowestRates.ca. For this survey, a sample of 1,001 Canadians aged 18+ from Ipsos' online panel was interviewed online. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within ± 3.5 percentage points, 19 times out of 20, had all Canadian drivers been polled.



LowestRates.ca

Canadian financial literacy at a glance.

In this survey, we defined financial literacy as one's ability to understand how money works in the world. It's clear, based on the results, that Canadians feel confident about their financial knowledge.



But reality is different.

Nearly six in ten Canadians surveyed – **57%**
– failed our test on basic financial literacy.



When asked just how much they knew about their finances, Canadians came up short. We compiled 15 questions based on common inquiries received at LowestRates.ca and discovered most Canadians don't have the answer.

Let's take a look at some of the questions.



True or false: A mortgage term refers to the length of time you need to pay off your mortgage
51% answered incorrectly



True or false: Applying for a credit card can negatively affect your credit score
36% answered incorrectly



True or false: You need to be licensed to buy stocks in Canada
11% answered incorrectly



True or false: All banks charge you money to have a chequing account
34% answered incorrectly



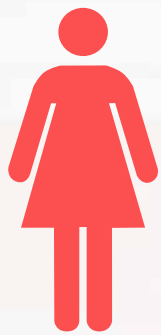
True or false: A car that is more expensive always costs more to insure than a cheaper car
50% answered incorrectly

*All 15 questions and correct answers can be found at the end of the report.

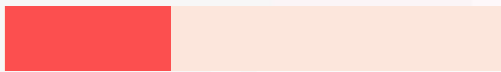
And a closer look at the results.

Canadians who rate their financial literacy as excellent were significantly more likely to pass the test than those that didn't. Meanwhile, Baby Boomers came out as the generation with the most knowledge.

Here's a further breakdown of the results.



39%
of women passed.



48%
of men passed.



52% of Baby Boomers passed.

45% of Gen X'ers passed.

31% of Millennials passed.

What's going on with Millennials?

Millennials are among the most digitally savvy generation, but their knowledge of financial literacy has a long way to go.

Millennials were the most likely of all age groups to rate their financial literacy as “excellent” **(18%)**, and yet, they failed the quiz more than any other generational cohort **(69%)**.

Clearly there's some work to do.



A provincial breakdown.

So, who are the most financially literate Canadians? The honour goes to B.C., the only province to have a more than 50% pass rate.

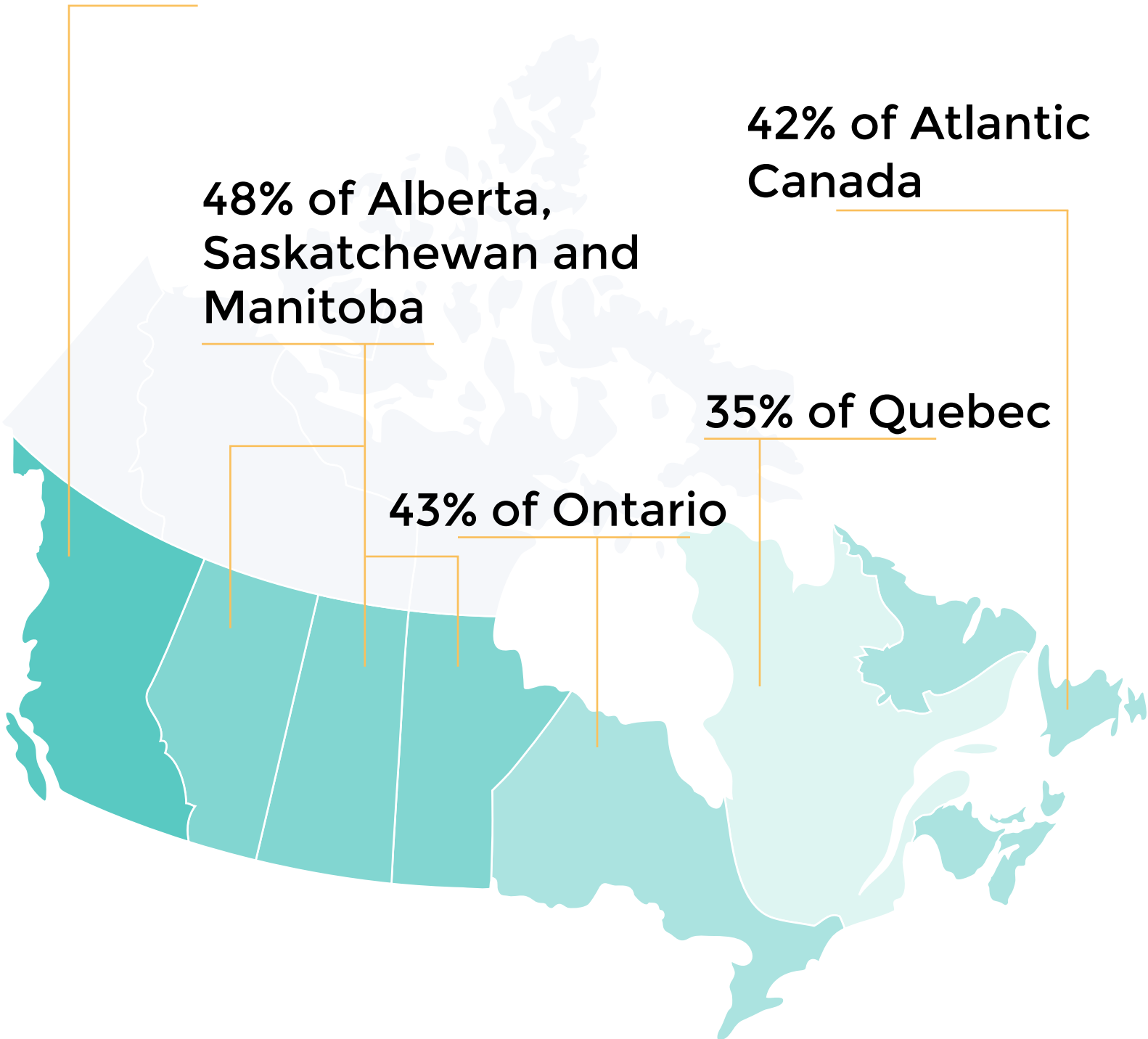
51% of B.C.

48% of Alberta,
Saskatchewan and
Manitoba

42% of Atlantic
Canada

35% of Quebec

43% of Ontario



So what's going on?

Clearly there's a disconnect between what Canadians think they know and what they actually know. And an uninformed consumer is one who can be taken advantage of.

Here's what some experts have to say on our findings.

“There's a long way to go before we can consider this nation financially literate”

When it comes to self-assessing financial literacy, it appears Canadians are overly optimistic, somewhat akin to how car owners all consider themselves “above average” in their driving skills.

But whether we're talking about overconfidence when driving or about our financial and investing skills, both can be dangerous. The recent Ipsos survey conducted for [LowestRates.ca](#) underlines the potential hazards of such overconfidence: while 78% of Canadians consider themselves “financially literate” 57% failed a 15-question test on financial literacy. And the younger you are, the lower the pass rate (defined as 8 or more correct answers): 52% of baby boomers (like myself) passed, versus only 31% of Millennials.

Mind you, the questions were no slam-dunk: they are considered at the “intermediate” level rather than “basic.” I blush to admit that I myself ended up guessing wrong on three questions (number 4, 7 and 13). Even so, I find it disturbing that most Millennials answered more than half the questions incorrectly. Clearly, despite personal finance being almost ubiquitous on the web, mass media and social media, there's a long way to go before we can consider this nation financially literate.

***Jonathan Chevreau* is the founder of the Financial Independence Hub and co-author of Victory Lap Retirement.**

A top-down view of a desk. On the left, a portion of a corkboard is visible. In the center, a white notebook is open, with a pen resting on its right page. The pen is silver and black. The notebook has some faint text on it, including "Ando's work" and "does not leave you ind".

“Personal finance needs to be made more accessible”

It would be easy to look at these results and assume millennials are slacking when it comes to their financial literacy, but these results speak to the fact that most financial learning happens in the moment. If you’ve never bought a house or owned a car, it makes sense that you don’t know much about the intricacies of mortgages or car insurance. Of course people who have more experience with buying and using financial products over the years would have greater knowledge of how those products work — even if it just means learning from their mistakes.

While there’s definitely a need for programs that teach the basics of financial literacy — budgeting, saving and the like — there’s equally a need for resources that help people navigate literacy about each financial product they need, as they need it. That means accessible, informative and yes, entertaining, information about everything from credit scores to insurance needs to be available for all age levels.

Desirae Odjick, millennial personal finance expert, halfbanked.com

“We need to roll up our sleeves and work on financial literacy”

Who said Canadians are modest? While it’s great to see how confident we all are in our financial knowledge, the results speak volumes about how little we actually know. The less we understand how personal finance works, the more financial institutions will be able to take advantage of our ignorance, saddling us with high fees and inflated interest rates.

For us, the survey shows that we need to continue to educate Canadians about their options. No one should be settling for only one quote on a mortgage rate — it’s the biggest financial decision most of us will make, after all. Improving financial knowledge starts by teaching Canadians that they have choice.

Justin Thouin is the founder and CEO of LowestRates.ca

Financial Literacy Quiz Results
(correct answers are bolded)

	True	False	Don't Know	Total Wrong Answer
A mortgage term refers to the length of time you need to pay off your mortgage	51%	30%	18%	70%
You must pay for government insurance on mortgages where you put down less than 20% of a down payment - unless the home is worth \$1 million or more	33%	14%	53%	67%
A car that is more expensive always costs more to insure than a cheaper car	50%	33%	16%	67%
You never have to report interest and profits gained in your TFSA when filing taxes	36%	35%	28%	65%
You can have multiple TFSA accounts with different banks at the same time	42%	19%	39%	58%
Your auto insurance automatically goes down when you turn 25	34%	44%	23%	56%
Applying for a credit card can negatively affect your credit score	46%	36%	17%	54%
Home insurance can sometimes protect you if your dog bites someone in your home	46%	19%	34%	54%
Your home insurance will always cover you if a tree falls on your home	26%	48%	26%	52%
Checking your credit score has no impact on the score itself	48%	31%	21%	52%
The colour of your car affects your car insurance rate	32%	51%	17%	49%
All banks charge you money to have a chequing account	34%	52%	14%	48%
Auto insurance premiums can be cancelled mid-way through their term	53%	18%	29%	47%
You need to be licensed to buy stocks in Canada	11%	55%	34%	45%
There's no need to get travel insurance if you're travelling within Canada between provinces	27%	56%	18%	44%