

Highlights of the memorandum issued by Desjardins Group on financial literacy

Desjardins—A key player in financial education in Canada

Desjardins Group has been contributing to the financial and economic education of its members for more than 100 years. Given Desjardins Group's cooperative nature, its actions are guided by a service logic that gives priority to the interests of its members and clients. In today's difficult economic climate, where household debt is on the rise and saving is becoming more and more complex, Desjardins could not remain silent during the Canada-wide consultation process held on financial literacy. In May 2010, it presented a memorandum to the Task Force on Financial Literacy. Here are the highlights of that paper.

OUR CONVICTIONS

Knowledge, skill and self-confidence are the foundations of financial literacy and key qualities in responsible financial decision-making.

For Desjardins, it is essential to help consumers—especially students, low-income families and individuals, and immigrants—learn how to manage their personal finances.

It is important for everyone to learn how to save, draw up and follow a budget, know how much they are spending, and identify their priorities and upcoming projects.

Financial education must be part of the school program starting in the early years, but must also extend beyond it. By involving various stakeholders in the private sector and the community, a larger number of consumers can be reached.

As the population is aging and massive numbers are retiring, financial education has become more important than ever. Educated consumers are in a better position to take advantage of their assets in view of their retirement.

Desjardins firmly believes that if people have a good understanding of financial matters, they will make more enlightened choices in saving and investing and thus avoid fraudulent situations.

All information produced by financial institutions must take people's literacy into account. Financial information must be clear and straight-forward so that consumers can properly understand it.

Those who are better informed will make more appropriate choices, demand financial products tailored to their needs, and be in a better position to save. That will contribute to the sustainable growth and prosperity of our economy.



Cooperating in building the future

Desjardins has always been involved in a large number of financial education initiatives, as the following examples indicate:

SUPPORTING FINANCIAL EDUCATION IN THE SCHOOL NETWORK

- The school caisses teaches children about saving money and helps them understand the fundamentals of financial independence. This initiative was introduced by Desjardins Group founder, Alphonse Desjardins, in 1907.
- The student caisses in high schools are mini caisses of an educational, economic and social nature that are managed solely by volunteer students.
- Desjardins offers conferences to prepare high school students for their financial life and provides tools to support teachers and other individuals who work with young people.
- Fourteen young representatives at the college and university levels give talks, organize conferences, distribute information, and refer young people with specific needs to the appropriate resources.
- Disnat, which specializes in online brokerage, has designed an innovative approach to familiarize university students with the vast world of securities.

As at June 30, 2009, 340 caisses in Québec and Ontario were offering this educational service in close to 1,100 elementary schools.



SUPPORTING THE FINANCIAL EDUCATION OF YOUNG PEOPLE OUTSIDE THE SCHOOL NETWORK

- **Chrome** is an educational program for young people which offers access to online information on finance, an e-zine, and Desjardins Chromatic Savings.
- The **École de l'argent (Money School)** is an initiative based on a partnership between Desjardins and the Carrefour jeunesse emploi de l'Outaouais, the Autorité des marchés financiers and other stakeholders. It gives young people aged 16 to 30 an opportunity to talk about money, develop good consumer habits, find a job or return to school.
- The **Young Intern Officer** program provides access free of charge to the **Know-how and Governance** training program for Desjardins Group directors.

HELPING CANADIANS IMPROVE THEIR KNOWLEDGE OF FINANCIAL PRODUCTS

- Three magazines have been published for close to 50 years:
 - *Desjardins and Me (Espace D)*, which deals with personal finances (circulation of 400,000)
 - *Desjardins Entreprises*, geared to small, medium and large businesses (circulation of 65,000)
 - *Partenaires*, which targets the agricultural and agri-food industries (circulation of 23,000)
- For the past seven years, Desjardins Financial Security has been conducting national surveys on health and retirement in order to identify Canadians' concerns about these issues and provide them with information on questions that matter to them.



PROVIDING OUR MEMBERS AND CLIENTS WITH TOOLS

- Simulators, educational tools and advisory columns
- A series of short programs entitled “Tout savoir sur vos avois”
- Two blogs: one for people between 18 and 30, the other for people over 30
- Video clips and Webcasts intended for the general public, students and young workers
- The ActiLife newsletter



More than 2.4 million individuals visited Desjardins.com each month in 2009 and had access to the educational columns.

HELPING STUDENTS FINANCE THEIR EDUCATION

\$10 million in scholarships to 8,700 young people over the past 40 years.

- In 2008, the caisses awarded 2,342 scholarships for a total of \$1,403,977.
- Fondation Desjardins granted 315 scholarships and awards totalling \$642,000; more than half were university scholarships.

HELPING INDIVIDUALS WITH FINANCIAL DIFFICULTIES

- **Desjardins Mutual Assistance Funds (MAF)** were created to meet the needs of members experiencing financial difficulties and ease the burden of the growing debt levels and financial vulnerability of families and individuals.
- The **CRÉAVENIR** program—for young entrepreneurs aged 18 to 35 who have a promising business project but do not meet the usual criteria for financing—provides access to financing and support.

More than \$2 million loaned under **MAF** since 2001 – \$572 per loan
More than \$1 million loaned under **CRÉAVENIR** since 2005 – \$11,300 per loan

SUPPORTING RETIREMENT PLANNING

- Desjardins Financial Security offers its group retirement plan participants a multiple award-winning program, Setting Sail for the Future, which explains retirement in lay terms.

HELPING PROTECT AGAINST FRAUD

- The Web sites of Desjardins and its subsidiaries provide tools to test whether a user's behaviour is at risk and information on how to report fraud.
- The In Charge of Your Life and Your Property program for seniors enables Desjardins caisse employees to detect situations of abuse, such as theft, embezzlement, fraudulent use of an ATM card, and to refer seniors to the proper authorities.

PRODUCING EASY-TO-UNDERSTAND DOCUMENTS

- Desjardins Financial Security has implemented an effective communication program with its business sectors to ensure that clear and accessible language is used in the documents intended for its clientele.

Our recommendations to the Canadian Task Force on Financial Literacy



RAISE AWARENESS AND PROMOTE

To design and launch a communication campaign to raise the public's awareness about financial literacy. This campaign should be able to publicize the issue and inform people about the resources available to deal with it.

A program could be set up, such as a "0-10-300 financial health program," based on a physical health initiative, where "0-10-300" stands for 0 minutes late in paying your debts, 10 minutes a month to monitor your budget, and 300 minutes a year to plan for your retirement.

RECOGNIZE AND COORDINATE

To identify, recognize and support existing programs in Canada and quality educational content. Developing new programs would create more confusion than solutions. Emphasis must be placed on aligning programs and on identifying gaps and ways of bridging them. Desjardins asked the government to recognize and support the Group's expertise in financial education as reflected in its initiatives with the school network, especially the school caisses and student caisses.

The government must base its action plan on the different financial literacy initiatives that already exist in Canada and identify areas where new action is required.

EDUCATE AND GUIDE

To encourage the school network to include financial education on its curriculum, be it through school programs or extra-curricular activities.

To set up educational programs for the general public, for each life stage and some specific situations. These programs would be offered jointly by public, cooperative, private and non-profit organizations.

To financially support the creation of short workshops and other support strategies on various aspects of financial literacy. These workshops and strategies would be intended for the general public and sponsored by the governments, financial institutions, Desjardins, market intermediaries, ACEFs (associations coopératives d'économies familiales) or other community organizations active in the financial sector.

COMMUNICATE EFFECTIVELY

To suggest measures to the financial services industry to ensure that all documents for the general public are written in clear and accessible language, using recognized principles of readability and intelligibility.



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