

Canadian Financial Diaries Research Project: Method & Early Phase 1 Results

Presentation to Bank of Canada Seminar

19 January 2021



FinancialDiaries.ca

Territorial acknowledgement

The CFD Research Project is housed at MSCollege, located on Treaty One territory, the ancestral lands of the Anishinaabe, Cree, and Dakota, and the homeland of the Métis. We are grateful for the care Indigenous Peoples have taken of the land and want to acknowledge the need for active reconciliation between Indigenous and Settler peoples, as advanced by the [Truth and Reconciliation Commission](#).

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**University
of Manitoba**

Outline of presentation

- Introduction (Jerry)
- The research process (Jodi)
- Quantifying the participants (Wayne)
- Preliminary qualitative insights (Jerry)

Objectives of research project

To understand the financial lives and finances of vulnerable Canadians

Limited data

Adapt the methodology to include quantitative and qualitative components

Mixed methods

Work with regulators and practitioners to advocate policies and practices that promote financial empowerment

Policymaker & regulator components

Identify a useful app, curriculum, &/or coaching method that can assist Canadians

Phase 1
Phase 2

Why is it needed?

Data is ideally disaggregated by characteristics such as age, income, ethnicity, geography, etc.

National aggregate statistics shed little light on the *causes* of financial instability.

We know very little in Canada about low and modest income household financial dynamics

National aggregate statistics shed little light on the finances of vulnerable people.

Better knowledge is needed to advise better practice and policy.

Mixed methodology

Quantitative methods:
Household financial flows



Qualitative methods: Weekly
discussions & modules



Better understanding finances
and financial lives

Team and interdisciplinary approach

Quant

- Diary, socio-demographic, asset-liabilities
- Wayne (Economics), David (Social Work)
- RAs: Isha, Jennifer

Qual

- Interviews (quarterly)
- Logs (weekly / biweekly)
- Jodi (Conflict Res'n)
- RAs: Josh, Leah

Mixed

- 'Data + Stories' = complete picture
- Jerry (Int Dev't), Wayne, Jodi, David

Some other diaries projects

- Original idea attributed to David Hulme (IDS UofManchester) around 2000
- Collins et al. (2009) *Portfolios of the Poor: 250 diaries in Bangladesh, India, South Africa*
 - Found that incomes that were small, variable, and uncertain
 - Diarists had to deal with risk and, from time to time, seek to raise useful lump sums
 - They sometimes borrow at high interest rates when they have savings

Literature review: Diaries projects

- Morduch & Schneider (2017): U.S. Financial Diaries: 235 low- and moderate-income Americans
 - Found that earning volatility was highest among the poorest participants
 - Episodic poverty
 - Spending was nearly as variable as income across the sample
 - There is considerable consumption smoothing
 - Volatility and the role of transfers: most transfers reduce income volatility

Literature review: Diaries projects

- Biosca (2020), Glasgow diaries: 45 diarists
(<https://www.gcph.co.uk/assets/0000/7325/Olga - FinWell GCPH 050319.pdf>)
 - Complex financial lives
 - Importance of social networks for financial wellbeing
- Microfinance Opportunities (ongoing), Bangladesh: 180 Garment Worker Diaries
(<https://workerdiaries.org/>)
 - Following diarists through lockdown and move to online payments
 - e.g., 61% diarists support “I can trust my factory management more if they pay me via MFS [mobile financial service]”

Why collect qualitative data?

- Explore participants understanding of money, finances and the relationship between finances and well-being
- Gives us a fuller picture of person as an individual with voice and experience and their finances

Qualitative data collection

- **Ongoing:** logs
- **Modules:** Economic well-being, Income tax, midway and exit interviews



Relationship building in qualitative inquiry

- Tea
- Trust
- Accountability
- Rapport
- Participant benefit

Approaching qualitative data

- Importance of participant voice
- Loop of data collection and analysis (Liamputtong 2009)
- Financial practices document

Unexpected outcome of CFD

- Ongoing relationship and communication with participants
- Therapy

Overview of participants

- Low and modest middle-income
- Racialized persons
- Indigenous persons
- 2SLBGQTQ
- Newcomers
- Refugees
- EIA/Disability
- Nonrepresentative sample

Canadian Financial Diaries: Quantitative Information at a Glance

1) Socio-demographic Data

- Gender, ethnicity, indigenous, marital status, age, family composition, educational attainment, immigration status

2) Income Sources

- Gross annual household income, employment income, government assistance, other income

3) Consumption Items

- Food, shelter, clothing, communications, health, household items, leisure & pets, gifts, transport, utilities, finance, miscellaneous

4) Financial Methods

- Credit card ownership and use, internet connectivity, transaction details

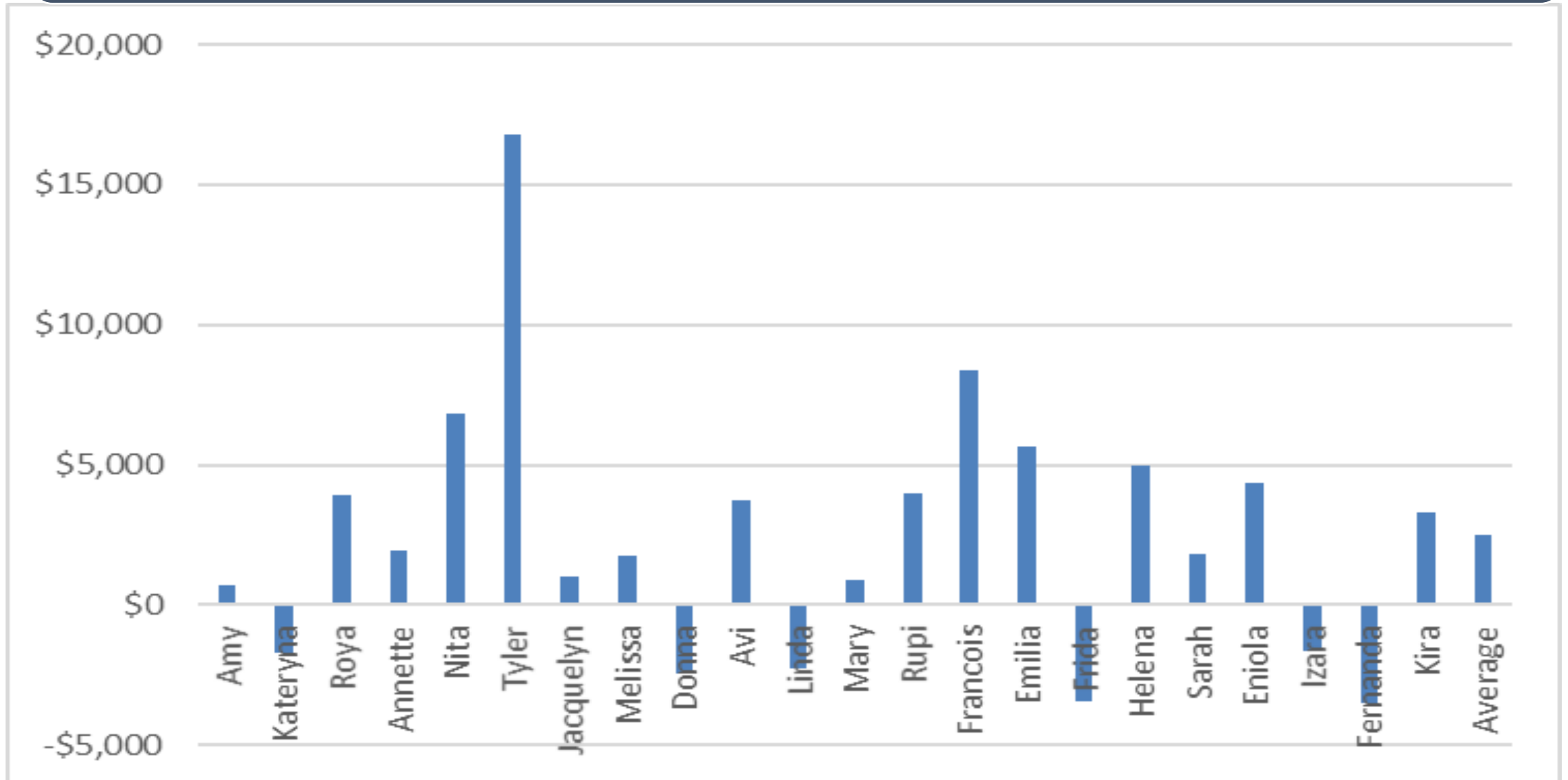
Canadian Financial Diaries: Income Series (52 week capture)

HH ID	Diary Tot	Empt	Empt%	Govt	Govt%	Other	Other%	Situation
Eniola	\$42,014	\$40,560	97%	\$1,096	3%	\$358	1%	employed
Nita	\$40,764	\$40,304	99%	\$70	0%	\$390	1%	casual
Tyler	\$31,867	\$25,535	80%	\$4,567	14%	\$1,765	6%	Employed
Francois	\$27,119	\$7,214	27%	\$19,755	73%	\$150	1%	unemployed
Helena	\$26,335	\$15,283	58%	\$9,660	37%	\$1,392	5%	Employed seasonal
Emilia	\$24,560	\$385	2%	\$24,175	98%	\$0	0%	disability
Roya	\$24,197	\$23,656	98%	\$541	2%	\$0	0%	Employed
Frida	\$24,086	\$926	4%	\$23,070	96%	\$90	0%	casual
Fernanda	\$23,446	\$23,031	98%	\$284	1%	\$131	1%	student
Donna	\$21,857	\$12,504	57%	\$7,498	34%	\$1,855	8%	Retired
Sarah	\$20,547	\$14,923	73%	\$3,456	17%	\$2,168	11%	Employed
Kira	\$20,081	\$17,351	86%	\$1,600	8%	\$1,130	6%	Employed
Melissa	\$19,636	\$500	3%	\$18,526	94%	\$610	3%	casual
Jacquelyn	\$19,360	\$16,763	87%	\$2,449	13%	\$148	1%	casual
Rupi	\$17,630	\$605	3%	\$16,995	96%	\$30	0%	unemployed
Avi	\$16,609	\$11,180	67%	\$3,729	22%	\$1,700	10%	student
Mary	\$15,798	\$4,645	29%	\$7,838	50%	\$3,315	21%	casual
Amy	\$13,949	\$422	3%	\$11,400	82%	\$754	5%	unemployed
Annette	\$13,784	\$540	4%	\$13,034	95%	\$210	2%	unemployed
Kateryna	\$13,763	\$8,079	59%	\$5,684	41%	\$0	0%	unemployed
Izara	\$11,372	\$7,840	69%	\$2,259	20%	\$1,273	11%	student
Linda	\$7,724	\$350	5%	\$5,548	72%	\$1,826	24%	casual
Average	\$21,659	\$12,391	57%	\$8,329	38%	\$877	4%	

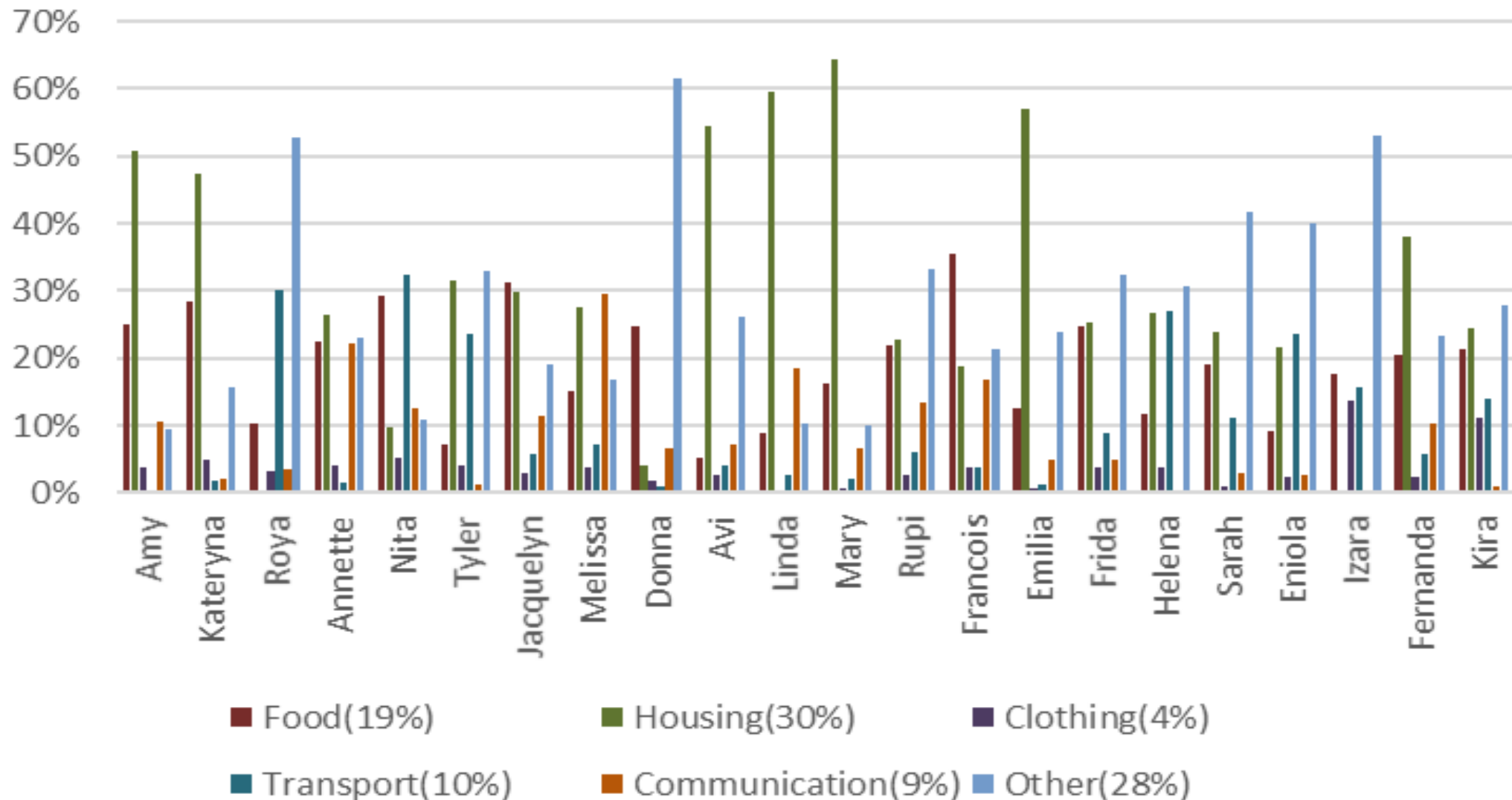
Canadian Financial Diaries: Sociodemographics (52 week capture)

HH ID	Gender	Age	Marital status	HH Size	Educ	Indig	Born in Canada	Ethnicity	Language(s)
Eniola	Female	22	Never married	1	16	No	No, 2013	Nigerian	English
Nita	Female	59	Divorced	4	16	Yes	Yes	Sioux	English , Sioux
Tyler	Male	30	Never married	1	16	No	Yes	Canadian	English
Francois	Male	52	Married	5		No	No, Sept. 2016	Congo DR	Swahili, French
Helena	Female	35	Never married	1	16	No	Yes	Mennonite	English
Emilia	Female	63	Divorced	1	13	No	No, 1980	Spanish	Spanish
Roya	Female	25	Never married	5		No	No, July 2015	Persian	Other - Farsi, Luri
Frida	Female	37	Never married	2	16	No	No, 2016	African	English
Fernanda	Female	37	Married	2	15	No	No, 2016	Brazilian	Other- Portugese
Donna	Female	63	Divorced	1		No	Yes	Canadian	English
Sarah	Female	55	Divorced	1		No	Yes	Scottish-welsh-Irish	English
Kira	Female	31	Never married	1	18	No	Yes	Russian-Mennonite	English
Melissa	Female	47	Never married	2		No	Yes	Canadian	English
Jacquelyn	Female	36	Separated	1	13	Yes	Yes	D/K	English
Rupi	Female	44	Divorced	2	18	No	No, Jan. 2017	South Asian, Bangladesh	English, Bengali
Avi	Male	34	Never married	1	u.s.w	No	No, 2013	South Asia	Other - Telugu
Mary	Female	59	Never married	1	9	No	Yes	Canadian	English
Amy	Female	38	Never married	1	14	No	Yes	Canadian	English
Annette	Female	53	Divorced	1		No	No, 1965	Canadian	English
Kateryna	Female	53	Never married	1	11	No	Yes	Mennonite/Ukranian/Eng	English
Izara	Female	19	Never married	4	14	No	No, 2015	Ethiopian	Other, Amharic
Linda	Female	63	Never married	1	10	Yes	Yes	Treaty Cliff Pegue	English, Dutch

Inflow-Outflow Differential: Selected Casual Workers



Main Consumption Items: Selected Casual Workers



Financial Practices Valued by Diarists

- Near the end of phase 1 data collection, the interviewing team asked the question, we noted many diarists were effective financial managers, and we asked,
- “How would our diaries participants advise others to manage their finances in order to manage them and or improve them?”
- Including, tips, advice, suggestions, habits, goals, practices
- What effective practices are diary participants currently using to manage their own finances?

Financial Practices Valued by Diarists

- | | |
|--------------------------|---------------------------|
| ✓ Credit card management | Loans |
| ✓ Savings | Reduce spending |
| ✓ Managing finances | Housing |
| | Employment/Raising income |

From: Frugal Financial practices of low-income Canadians

Fin Practices Valued: Credit card management



1. Pay things off on time. Don't accumulate debt with credit cards
2. Use credit cards but make sure that you have enough to pay them off
3. Pay off your credit card with weekly payments
4. Pay off credit card so you do not carry a balance month-to-month
5. Pay off credit cards online (where you can see the balance and pay it automatically and you don't have to wait for the cheque to go through)
6. Collect points on credit cards to use toward other purchases (i.e. PC Mastercard)
7. If you carry debt, change from higher interest credit card to lower interest credit card if possible

Fin Practices Valued: Savings



1. Save for your kid's future. You won't always get the Child Tax Benefit and it can help a lot
2. Participate in a saving circle or place where you can get matching funds
3. Find ways to save outside of the EIA system—perhaps have an account where money is in the care of a family member
4. Save the honorarium from Financial Diaries for when you really need it
5. Have savings deducted automatically from your pay cheque

**Fin Practices
Valued:
Managing
finances**



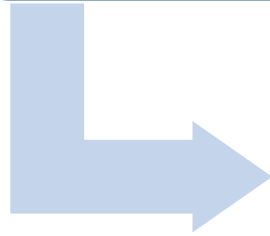
1. Write down what you spend/track it. You will learn a lot from writing and then talking about expenses with someone
2. Track spending to see where you can cut corners and make changes
3. Remember what you want to buy next month and make sure to allocate money for it
4. You can let some debts go. If you don't need a driver's license again, then don't pay your MPI
5. Watch your accounts online or use phone banking to know how much money you have to spend
6. Don't use your debit card too much so you don't have to pay extra fees

Fin Practices Valued: Managing finances

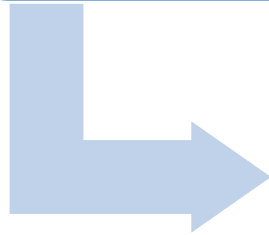


7. Put money away “mentally”/hide it physically so it will be there when you need it. One participant noted that how she hid money in a place where she does not see it regularly so “out of sign and out of mind.”
8. Watch YouTube channels on financial practices to learn more
9. Use only one card (debit or credit) so that you can track it easier
10. Don't get too stressed about finances, it'll be okay
11. When women get married, keep one credit card in maiden name (so if they get divorced/ are not on good terms with their partner, they can have a way to purchase things)

**Ideas?
Comments?
Questions?**



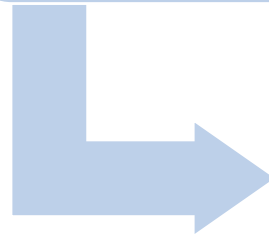
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