

How Young People View Credit: Predictable Debt Overload?

Final Report of the Research Project
Presented to Industry Canada's
Office of Consumer Affairs



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The masculine is used generically in this report.

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UNION DES CONSOMMATEURS, *Strength through Networking*

Union des consommateurs is a non-profit organization whose membership is comprised of several ACEFs (*Associations coopératives d'économie familiale*), *l'Association des consommateurs pour la qualité dans la construction* (ACQC), as well as individual members. Union des consommateurs' mission is to represent and defend the rights of consumers, with particular emphasis on the interests of low-income households. Union des consommateurs' activities are based on values cherished by its members: solidarity, equity and social justice, as well as the objective of enhancing consumers' living conditions in economic, social, political and environmental terms.

Union des consommateurs' structure enables it to maintain a broad vision of consumer issues even as it develops in-depth expertise in certain programming sectors, particularly via its research efforts on the emerging issues confronting consumers. Its activities, which are nation-wide in scope, are enriched and legitimated by its field work and the deep roots of its member associations in the community.

Union des consommateurs acts mainly at the national level, by representing the interests of consumers before political, regulatory or legal authorities or in public forums. Its priority issues, in terms of research, action and advocacy, include the following: family budgets and indebtedness, energy, telephone services, radio broadcasting, cable television and the Internet, public health, food and biotechnologies, financial products and services, business practices, and social and fiscal policy.

Finally, in the context of market globalization, Union des consommateurs works in collaboration with several consumer groups in English Canada and abroad. It is a member of *Consumers International* (CI), a United Nations recognized organization.

1. Introduction

Le passage de l'enfance à l'âge adulte amène son lot de responsabilités et de privilèges. Pour plusieurs, c'est aussi la découverte d'une nouvelle source financière: le crédit. (...) malheureusement, tous n'en font pas une utilisation appropriée.

Martin Sylvestre, *Les jeunes carburent à la consommation*,
L'Hebdo Journal, September 14, 2010¹

Buying on credit is a widespread practice today, among young people as well as adults. In fact, like any other sector of the population, young people – including minors – are targeted by advertisements for all types of credit.

Children are initiated to consumerism from their infancy. Research on the socialization of children as consumers began in the fifties, and proliferated in the seventies due to consumer groups' concerns about the effects of marketing on the development of young children². We summarized this issue in a recent study³:

Children and teenagers don't become consumers all of a sudden, but through a long socialization process that begins at a very young age.

When his parents take him shopping, an eight-month-old baby marvels at the bright colours of the various products on display and is fascinated by this world he is discovering. According to a study, a child has gone shopping over 200 times by the age of two.

The child's wonderment at products on display in department stores is all the greater because those products (and the type of place where they can be obtained) gain the prestige of "being on TV". [...]

Children's difficulty in distinguishing between information and advertising is of course a factor that reinforces their desire to possess products advertised on television – if only to make the world in which they live correspond to the fantasy world in which the product is presented to the senses (the idealized physical environment, colours and sounds), emotionally (overflowing joy, affection and pleasure) or physically (people and things often seem to defy the laws of physics). [...]

¹ Martin Sylvestre, *Les jeunes carburent à la consommation*, L'Hebdo journal, September 14, 2010. [Online] <http://www.lhebdojournal.com/Economie/Vos-finances/2010-09-14/article-1748198/Les-jeunes-carburent-a-la-consommation/1> (Consulted on July 15, 2011).

² For a review of 25 years of research on the subject, see John, Deborah Roedder (1999): "Consumer socialization of children: A retrospective look at twenty-five years of research," *Journal of Consumer Research*, Volume 26, Number 3, pp. 183–213. [Online] http://www.sfu.ca/media-lab/cmns320_06/readings/roedder_john_consumer_socialization.pdf

³ Union des consommateurs, *Minors, Contracts and Consequences*, Montreal, June 2011, pages 8 and following. [Online] http://uniondesconsommateurs.ca/docu/protec_conso/MineursContratsConsequences.pdf (Consulted on May 2, 2012).

Children's first experience with money features spending, not saving. [...] As the child grows up, he acquires experience in the consumer world as elsewhere, and develops a critical ability in the face of offers made to him. But it should never be forgotten that a teenage consumer remains, in a sense, in a probationary period, since his young age and limited experience prevent him from having all the necessary perspective for correctly judging the marketing messages communicated to him, particularly given the enormous peer pressure.

Once they turn 18, young people are solicited by financial institutions, even right on school campuses. Financial institutions go so far as to offer students bonuses or gifts in exchange for a credit card contract. But by its very nature, credit advertising, like any other, only presents incomplete and biased information, likely to influence young people's perception of credit. Based on such information, the desire to become a full member of a society oriented toward consumerism and acquisitiveness leads to using credit while perceiving it erroneously. Between purchasing a product with variable credit and purchasing that product in a single cash payment, the distinctions end up muddled to the point where the actual price is eclipsed by the amount of monthly instalments... not counting the number of those instalments.

Are young people clearly aware that credit is not just a payment method? Do they correctly assess the difference between the various types of credit offered to them? Where does their knowledge of credit come from? What is their perception of credit, its usefulness, purpose and risks? What is their capacity to detect the mirages of marketing? Their level of resistance to solicitation? Does their perception of credit risk leading them to debt overload?

Considering the increasing indebtedness of young people, the ubiquitous advertising of credit, their possible ignorance of how credit operates, etc., the present project examines, notably through discussion groups, young people's perception of credit, the factors that have moulded that perception, and the latter's consequences on credit use by young people. The present report presents the results of that research among young people aged 15 to 21. For the purpose of analysis, we formed groups of young people who do not usually use credit yet (aged 15 to 17) and groups of young people who use credit (aged 18 to 21). It should be mentioned that the purpose of this research is to identify certain trends in young people's perception of credit. Given the limited sampling, the results of this study should be considered only as an overview of certain realities.

The first chapter of the present report draws a portrait of young people's indebtedness and credit use. We will discuss the general financial situation of young people, the types of credit they use, etc. Finally, we will analyse available data on young people's attitude toward and perception of credit.

The second chapter presents the workings of the discussion groups: methodology used, minutes of the discussions, etc. The discussion groups attempted to discern young people's perception of credit, the sources of that perception, the ability of young people to understand credit advertisements, etc.

Based on data collected in a review of the literature and in the discussion groups, the third and final chapter considers the necessity of modifying young people's perception of credit, and how and when it would be best to do so.

The study's conclusions are followed by recommendations intended to be useful in current and future discussions on the subject.

2. Credit and Young People – Context

De nombreux jeunes de moins de 25 ans sont endettés au point de faire faillite ou de devoir consolider leurs dettes quand ce n'est pas une agence de recouvrement qui les harcèle sans cesse.

Yves Therrien

Le Soleil, November 17, 2010⁴

2.1 Young People's indebtedness and Credit Use

A) Indebtedness of Young People

The Canadian population's level of debt is high – the household debt-to-income ratio, on the rise for several years, reached a new high of 146.9% in the first quarter of 2011⁵, and a “historic level” of 152.98% in the third quarter⁶; it attained 121.3% in 2006⁷. This situation is of concern to personal finance experts, who see it as a danger to the financial stability of households, which could be hit hard if, for example, interest rates increased. So the debt level of Canadian households is the subject of many articles, studies and surveys attempting to explain the phenomenon and presenting statistics. The available data suggest that indebtedness is not an isolated phenomenon found only in certain more vulnerable population groups (unemployed, welfare recipients, students, etc.). Quite the contrary, heavy debt permeates the entire population, more or less so depending on household income or age, notably:

Those with annual household incomes of under \$35,000, households with children, and younger respondents are much more likely to acknowledge that their debt has noticeably increased⁸.

The life cycle model⁹ developed by Modigliani and Brumberg may partly explain this situation; indeed, it is normal that a young thirty-something couple, for example, accumulates more debt

⁴ Yves Therrien, Endettement et crédit: des jeunes acculés à la faillite, Le Soleil, Québec City, November 17, 2010. [Online] <http://www.cyberpresse.ca/le-soleil/affaires/consommation/201011/17/01-4343695-endettement-et-credit-des-jeunes-accules-a-la-faillite.php> (Consulted on October 10, 2011).

⁵ Certified General Accountants Association of Canada. *A Driving Force No More: Have Canadian Consumers Reached Their Limits?* August 2011. [Online] http://www.cga-canada.org/en-ca/ResearchAndAdvocacy/AreasofInterest/DebtandConsumption/Pages/ca_debt_default.aspx (Consulted on November 15, 2011).

⁶ Gérard Bérubé, Le tiers des ménages a atteint sa limite d'emprunt, Le Devoir, Montreal, January 27, 2012. Our translation.

⁷ Certified General Accountants Association of Canada. *Household Indebtedness*. Ottawa, Thursday, June 23, 2011. Household Indebtedness – Presentation before the Standing Senate Committee on Banking, Trade and Commerce [Online] http://www.cga-canada.org/en-ca/SpeechesPresentations/ca_pre_2011-06-23_indebtedness.pdf. The text of the June 2011 presentation mentions a new ratio of 147.3%. (Consulted on April 12, 2012).

⁸ Certified General Accountants Association of Canada, *A Driving Force No More: Have Canadian Consumers Reached Their Limits?* 2011. [Online] http://ppm.cga-canada.org/en-ca/Documents/ca_rep_2011-06_debt-consumption.pdf (Consulted on October 10, 2011).

than an older couple: student loans, mortgages, child-rearing expenses, etc. Inversely, a retired couple should accumulate little or no debt: paid mortgage, no dependent child, etc. Statistics Canada data appear to confirm the soundness of this model:

Parmi les familles endettées comptant un couple en 2009, celles âgées de 19 à 34 ans avaient un rapport entre les dettes et le revenu avant impôt de 180 %. Cela signifie que pour chaque tranche de 1000 \$ de revenu, ces familles devaient 1800 \$. En revanche, le rapport entre les dettes et le revenu pour les familles comptant un couple de 50 à 64 ans était de 125 %¹⁰.

As for young people specifically, whether or not they are students, they are in the red like the other sectors of the population; but to what extent? Many researchers have attempted to answer this question. Available data show that youth debt is following the same trend as in the population as a whole: it is substantial and increasing, as the following statistics point out:

Les jeunes qui ont à peine atteint la vingtaine sont de plus en plus nombreux à vivre d'importants problèmes financiers en raison de leur haut niveau d'endettement. Près de 60 % des 18-29 ans ont des dettes, le plus souvent de carte de crédit. Le tiers doit plus de 10 000 \$ et le cinquième, plus de 20 000 \$. Et l'endettement des citoyens va croissant, indiquent toutes les statistiques disponibles¹¹.

And:

Parmi les groupes d'âge, ce sont les jeunes Canadiens de 18 à 34 ans qui, dans une proportion de 64%, sont les plus nombreux à longer inconfortablement le précipice budgétaire¹².

⁹ "Le modèle de cycle de vie, introduit par Modigliani, décrit de façon normative le comportement dans le temps d'un agent qui consomme, épargne et accumule selon une certaine rationalité. Évaluant l'ensemble des revenus qu'il percevra au cours de la vie, l'agent choisit la façon optimale de les consommer en maximisant son utilité. [...] On suppose que l'agent évalue au début de sa vie active le total des ressources dont il disposera durant son existence: il s'agit, en fait, de la somme cumulée de ses revenus du travail car on ne tient pas compte ici d'espérances d'héritage ou de gains en capital. En maximisant son utilité, il choisit ensuite de consommer cette somme de façon optimale. Ainsi, plutôt que de consommer en fonction du revenu du moment, l'agent considère l'ensemble de ses ressources qu'il mobilise à son gré au cours du temps par le biais de l'emprunt ou du placement. S'il désire consommer plus que son revenu présent, il doit emprunter, sinon il épargne."

Françoise Charpin, Le modèle du cycle de vie, une approche numérique, Revue de l'OFCE, 1988, Volume 25, Number 25, pp. 173-198. [Online]

http://www.persee.fr/web/revues/home/prescript/article/ofce_0751-6614_1988_num_25_1_1157 (Consulted on November 15, 2011).

¹⁰ Radio-Canada. Les trois quarts des Canadiens sont endettés. April 21, 2011. [Online] <http://www.radio-canada.ca/nouvelles/Economie/2011/04/21/012-endettement-menages-statistiques.shtml> (Consulted on September 21, 2011).

¹¹ Alexandre Shields, Un cours d'initiation à l'économie et à la finance est sur le métier, Le Devoir, November 1, 2011. [Online] <http://m.ledevoir.com/economie/actualites-economiques/334936/un-cours-d-initiation-a-l-economie-et-a-la-finance-est-sur-le-metier> (Consulted on October 25, 2011).

¹² Table d'action contre l'appauvrissement de l'Estrie. L'endettement. [Online] <http://www.tacaestrie.org/effets/endettement.html> (Consulted on November 15, 2011).

According to data published in 2011:

Même si les prêts étudiants demeurent la plus importante source de crédit, plus du tiers des étudiants aura contracté une dette moyenne de 8000\$ auprès d'une banque à la fin des ses études. Une portion non négligeable des étudiants (16%) devra même au-delà de 15 000\$ à une institution financière¹³.

A study of Quebec students that was conducted by the Fédération étudiante universitaire du Québec (FEUQ) reached similar conclusions in 2011, in revealing that 35% of the students owed financial institutions \$8,043 on average¹⁴.

Table 1a) presents statistics on debt among different age groups in the Canadian population. We see that among two-parent families with children aged less than 25, young households (respondents aged 19 to 34) are on average \$141,000 in debt – almost 30% more than all households of this type (\$110,000). Likewise for singles: \$82,000 among those aged 19 to 34, compared to \$69,000 for all singles.

TABLE 1a)
Proportion and Average Debt of Those with Debt, by Age and Family Type, 2009¹⁵

	Age of respondent			
	19 to 34	35 to 49	50 to 64	
	percentage			
All family types	76	79	83	64
Couple family, no children under 25	72*	91*	82*	62*
Couple family, youngest child 0 to 24	86*	90*	88*	76*
Single parent family, youngest child 0 to 24	80*	73	81*	83*
Other families	66	67*	68	57
Unattached individual†	63	73	65	56
	dollars			
All family types	119,000	122,000	136,000	91,000
Couple family, no children under 25	110,000*	141,000*	124,000*	87,000
Couple family, youngest child 0 to 24	147,000*	144,000*	157,000*	117,000*
Single parent family, youngest child 0 to 24	102,000*	97,000 ^E	98,000*	118,000* ^E
Other families	91,000	96,000	80,000	68,000 ^E
Unattached individual†	69,000	82,000	75,000	56,000
† reference group				
* statistically significant difference from the reference group at $p < 0.05$				
Source: Statistics Canada, Canadian Financial Capability Survey, 2009.				

¹³ Stéphanie Grammond, La rentrée scolaire à crédit, La Presse, Montreal, September 3, 2011. [Online] <http://lapresseaffaires.cyberpresse.ca/economie/quebec/201109/02/01-4431177-la-rentree-scolaire-a-credit.php> (Consulted on October 15, 2011).

¹⁴ FEUQ, Les étudiants dans le rouge ! – La FEUQ dresse un portrait des plus préoccupants de l'endettement étudiant et tire la sonnette d'alarme, September 6, 2001. [Online] <http://www.feuq.qc.ca/spip.php?article247> (Consulted on November 21, 2011).

¹⁵ Statistics Canada, Table 1, Proportion and average debt of those with debt, by age and family type, 2009, April 21, 2011. [Online] <http://www.statcan.gc.ca/pub/11-008-x/2011001/t/11430/tbl001-eng.htm> (Consulted on November 25, 2011); Table 1b), Debt-to-pre-tax income ratio of Canadians, by age and family type, 2009, April 21, 2011. [Online] <http://www.statcan.gc.ca/pub/11-008-x/2011001/t/11430/tbl002-eng.htm> (Consulted on October 21, 2012).

If the gaps in average debt are telling, the problem appears even more worrisome when we consider the debt ratios. As they appear in Statistics Canada data for the same year, the ratios do indeed reveal a considerable gap between age groups. Table 1b) presents the statistics on Debt-to-pre-tax income ratio of Canadians, by age and family type.

TABLE 1b)
Debt-to-pre-tax income ratio of Canadians, by age and family type, 2009¹⁵

	Age of respondent			
	19 to 64	19 to 34	35 to 49	50 to 64
	percentage			
All family types	161	174	171	131
Couple family, no children under 25	136*	148*	137*	128
Couple family, youngest child 0 to 24†	170	180	178	125
Single parent family, youngest child 0 to 24	227*	197	254*	181*
Other families	161	176E	108*	131
Unattached individual	157	209E	142*	137
† reference group				
* statistically significant difference from the reference group at $p < 0.05$				
Note: These figures are not strictly comparable with National Accounts estimates as they use different measures of debt and income.				
Source: Statistics Canada, Canadian Financial Capability Survey, 2009.				

We see in the table above that Canadians aged 19 to 34 have a higher debt/income ratio, whatever the family type except for the single parent families whose youngest child is aged 24 or less. The gap is deepest for the unattached individual, where the debt ratio for young people (19 to 34) is 33% higher than the average for all Canadians aged 19-64, which means it is 47% higher than in the 35-49 group and 53% higher than in the 50-64 group.

In short, youth debt is substantial, to the point of causing anxiety among many (39%) young people aged 18 to 34. Data on how people feel about their debt are presented in Table 2, taken from an Ipsos Reid Poll report on behalf of Royal Bank.

TABLE 2
How People Feel about their Personal Debt Levels¹⁶
(circles indicate significant statistical differences)

	Gender		Age			Household Income			Household Composition	
	Male	Female	18-34	35-54	55+	<\$30k	\$30k - <\$60k	\$6k+	Kids	No kids
	(n= 53)	(n=1058)	(n=649)	(n=812)	(n=550)	(n=478)	(n=618)	(n=915)	(n=391)	(n=1620)
My current debt level causes me a great deal of anxiety	8%	8%	11%	10%	4%	13%	8%	6%	12%	7%
My current debt level causes me some anxiety	23%	25%	28%	28%	17%	29%	21%	24%	29%	23%
I am somewhat comfortable with my current debt level	28%	24%	26%	30%	22%	21%	27%	28%	33%	25%
I am very comfortable with my current debt level	20%	18%	15%	19%	23%	13%	16%	24%	12%	21%
I have no personal debt	21%	24%	21%	14%	34%	24%	27%	18%	13%	24%

In its press release about this poll, the Royal Bank makes the following point:

Across all age groups, "paying down debt now" was seen as very important, with anxiety about debt highest (39 per cent) among Canadians aged 18-34¹⁷.

The above data draw a portrait of youth debt, all occupations taken together (students, workers, part-time workers, unemployed, etc.), and how young people feel about their debt level. But it appears that a category of youth deserves special attention due to its higher debt level: students¹⁸. Indeed, student debt is often higher than that of average young Canadians; this is all the more so during postsecondary studies, given the high costs of these study periods and the student loans granted to pay those costs.

Le Conseil canadien sur l'apprentissage a révélé qu'en 2009, la dette moyenne pour un étudiant universitaire s'élevait à 26 680 dollars, tandis que celle d'un diplômé collégial s'élevait à 13 600 dollars. Un véritable projet de société pour les étudiants québécois et canadiens¹⁹!

¹⁶ Royal Bank, Ipsos Reid Poll, 2011. [Online] <http://www.rbc.com/newsroom/pdf/0914-poll-debt-slide.pdf> (Consulted on September 26, 2011).

¹⁷ Royal Bank, Younger Canadians feel most anxious about debt and are most likely to delay plans, September 14, 2011. [Online] <http://www.rbc.com/newsroom/2011/0914-poll-debt.html> (Consulted on September 26, 2011).

¹⁸ The data on student debt are presented only as an indication; our study focuses on consumer credit.

¹⁹ Ameriquebet.net, Les étudiants québécois et canadiens plus endettés que jamais, September 23, 2010. [Online] <http://www.ameriquebec.net/actualites/2010/09/23/endettement-etudiant-quebec-canada-4770.qc> (Consulted on November 13, 2011).

In addition, it appears that student debt, already high, is rising. Between 1995 and 2005, the number of postsecondary graduates with a debt of over \$25,000 at the end of their studies increased by 10 percentage points, meaning 58%, jumping from 17 to 27%²⁰. “En excluant le Québec, le tiers des étudiants canadiens terminent leurs études universitaires avec une dette de 20 000\$ et plus. Il y a 10 ans, seulement 20% des étudiants se trouvaient dans cette situation²¹.”

While the above data exclude Quebec, the reason is not that the situation is so different in this province: 65% of university undergraduates have an average debt of almost \$14,000, and 25% owe over \$20,000²².

The data presented are eloquent: young people are in debt, and their debt is increasing. That debt makes them anxious – enough to make them consider bankruptcy: from 1987 to 2005, the number of bankruptcies among 15-25 year-olds doubled. Among 25-35 year-olds, we note an increase of 150% over the same period²³.

Debt problems related to student loans, but also to consumer credit, are reportedly two major causes of bankruptcy among 18-30 year-olds²⁴.

B) Credit Use among Young People

Credit is not used only among a particular sector of the Canadian population, but among all sectors in greater or lesser proportions. Young Canadians are also in debt, at times more than their elders, many of whom nevertheless have more financial obligations, whether family-related or other. What constitutes youth debt?

In 2005, a study conducted by Marie J. Lachance, Pierre Beaudoin and Jean Robitaille of Université Laval à Québec concluded:

Plus de 75% des jeunes ont au moins une dette, la plus répandue étant la dette d'étude, suivie du solde impayé sur une carte de crédit. L'étude permet de confirmer que le niveau d'utilisation du crédit et le nombre de jeunes ayant des dettes a cru considérablement depuis 10 ans²⁵.

²⁰ Lisa-Marie Gervais, Les étudiants canadiens de plus en plus endettés, Le Devoir, Montreal, January 30, 2010. [Online] <http://www.ledevoir.com/societe/education/282155/les-etudiants-canadiens-de-plus-en-plus-endettes> (Consulted on November 13, 2011).

²¹ Pascale Breton, Les étudiants lourdement endettés, La Presse, Montreal, November 1, 2011. [Online] <http://www.cyberpresse.ca/actualites/quebec-canada/education/201110/31/01-4463160-les-etudiants-lourdement-endettes.php> (Consulted on November 21, 2011).

²² Pierre Saint-Arnaud, La FEUQ dénonce l'endettement étudiant, la Presse canadienne, September 6, 2011. [Online] <http://www.cyberpresse.ca/actualites/quebec-canada/education/201109/06/01-4431929-la-feuq-denonce-lendettement-etudiant.php> (Consulted on November 21, 2011).

²³ Carmen-Gloria Sanchez Maîtriser ses finances personnelles : ce n'est pas un luxe !, Mémoire du conseil permanent de la jeunesse, October 2010. [Online] www.cpj.gouv.qc.ca/publications/avis-memoires-recherches-propos/education.html (Consulted on November 27, 2011).

²⁴ David Riendeau, Une première faillite à 18 ans, La revue des Amériques, February 24, 2009. [Online] <http://revuedesamericques.com/2009/02/24/une-premiere-faillite-a-18-ans/> (Consulted on November 27, 2011).

²⁵ Marie J. Lachance et al. *Les jeunes adultes québécois et le crédit*. Enfances, Familles, Générations, Number 2, 2005. [Online] <http://www.efg.inrs.ca/index.php/EFG/article/view/19> (Consulted on June 4, 2012).

It should be noted that the proportion of young Canadians who own a credit card has increased remarkably over the years. While about 25% of Quebecers aged 19 to 24 owned one or more credit cards in 1986, that proportion already reached 57% (among 18-24 year-old Quebecers) in 2001 (and 66.4% among young Canadians), compared to 87.7% among the entire Canadian population²⁶.

According to a 2005 Union des consommateurs survey of college and university students, the percentage of credit card holders increases dramatically over the course of their studies. For example, between the start of our survey in autumn 2003, and its end in winter 2005, the number of students who did not own a credit card fell drastically. 96% of university students had at least one by the end of our survey.

Among college students, the proportions were practically inverted over the same period: *“alors que 35% des étudiants possédaient une carte de crédit au moment du premier questionnaire, il n'en restait plus que 36% à ne pas en avoir au moins une au moment du cinquième questionnaire”*²⁷.

Lors du 1er questionnaire, 56,7% de l'échantillon possédait déjà une carte de crédit, soit 186 étudiants sur 328. Plus précisément, 128 répondants (39% du total des répondants) avaient 1 seule carte, 38 possédaient 2 cartes (11,6%) et 20 participants (6%) avaient 3 cartes de crédit ou plus en main. Les détenteurs de cartes de crédit possédaient donc majoritairement 1 seule carte (69%), mais près de 11% d'entre eux possédaient déjà 3 cartes de crédit ou plus.

*Lors du 5e questionnaire [février 2005], la proportion de détenteurs de cartes de crédit était passée à 81,5%, soit 123 étudiants sur 151. De ce nombre, 90 répondants (59,6% du total des répondants) avaient 1 carte de crédit, 29 (19,2%) en possédaient 2, alors que 4 participants seulement (2,6%) en avaient 3 ou plus.”*²⁸.

Marie J. Lachance's 2005 study revealed that 77.4% of 18-29 year-olds owned credit cards, all issuers taken together, with an average of 1.99 (E.T.= 1.5) card per holder²⁹. According to the Financial Consumer Agency of Canada (FCAC), 72% of young people in that age group owned a credit card in 2008³⁰. More recently:

En novembre 2009, la Coalition des associations de consommateurs du Québec (CACQ) a notamment rendu publique une étude qui dévoile qu'aujourd'hui, 71 % des Québécois âgés de 18 à 29 ans possèdent à tout le moins une carte de crédit, comparativement à 25 % en 1986. Dans 22 % des cas, c'est en cédant à la pression de la sollicitation qu'ils ont obtenu leurs cartes. [...] Toujours selon la recherche

²⁶ *Ibid.*

²⁷ Union des consommateurs, Cartes de crédit et jeunes : une combinaison fatale ?, Montreal, August 25, p. 25 [Online] <http://uniondesconsommateurs.ca/docu/budget/01-cartescredit-F.pdf> (Consulted on January 15, 2012). Given the limited number of youth polled (328 youth at the beginning of the survey and 151 at the end, the results of this survey are only meant as an overview of certain student realities.

²⁸ *Ibid.* Page 13 and following.

²⁹ Marie J. Lachance, *op. cit.*, Note 25.

³⁰ FCAC, Youth Financial Literacy Study – 2008, August 2008. [Online] <http://www.fcac-acfc.gc.ca/eng/resources/surveystudies/YouthFinLit2008/PDF/YouthFinLit2008-eng.pdf> (Consulted on January 15, 2012).

commandée par la CACQ, 24 % des jeunes Québécois font toujours ou souvent leur épicerie à crédit, parce trop surendettés³¹.

In summer 2010, a survey conducted on behalf of the Coalition des associations de consommateurs du Québec revealed the following³²:

Interrogés quant au nombre de cartes qu'ils possèdent, 37 % des répondants ont indiqué en avoir une en leur possession, contre 25 % qui en auraient deux, 9 % qui en possèderaient trois, 8 % qui en auraient quatre ou plus et 19 % qui n'en auraient aucune.

Les Québécois âgés de 14 ans ou plus auraient ainsi en leur possession 1,8 carte de crédit en moyenne, contre 2,1 cartes pour les gens disposant d'un revenu annuel de 75 K\$ et plus et 2,3 cartes pour les anglophones.

Chez les 14-21 ans spécifiquement, les résultats révèlent que 22 % d'entre eux disposeraient d'une carte de crédit, contre 3 % qui en auraient deux. De fait, les trois quarts (75 %) des répondants de 14 à 21 ans interrogés ont indiqué ne pas avoir de carte de crédit en leur possession³³.

Finally, in 2010, a memorandum by the Conseil permanent de la jeunesse (CPJ) stated:

De 1994 à 2004, l'utilisation du crédit de consommation par les jeunes a augmenté de façon importante. En effet, au cours de ces 10 années, le nombre de jeunes détenant une carte de crédit a bondi de 75 %. Il y avait aussi 3 fois plus de jeunes possédant une marge de crédit en 2004 que 10 ans auparavant. Comme ce sont les produits de crédit les plus faciles à obtenir, leur progression notable n'est pas surprenante. Les prêts personnels ont toutefois aussi connu une hausse importante chez les jeunes Québécois. Leur utilisation a été multipliée de 2 à 4 fois, selon la définition utilisée³⁴.

As reported in that CPJ memorandum, credit use by young people is not limited to credit cards. Moreover, as pointed out by Marie J. Lachance, credit card use is not limited to cards from major issuers such as Visa and MasterCard, but includes cards from department stores and oil companies, and adds to other types of debt:

L'examen des données concernant l'utilisation des produits de crédit par les sujets conduit au constat suivant : en 2004, les jeunes de 18 à 29 ans utilisent les produits de

³¹ Véronik Talbor, Ces jeunes qui croient être riches, La revue de cœur et d'action, January 12, 2010. [Online] http://www.larevue.qc.ca/economie_ces-jeunes-qui-croient-etre-riches-n17402.php (Consulted on April 19, 2012)

³² The data obtained from this poll should be put in perspective, however. The poll was conducted among young people aged 14 to 21. But credit cards are not generally issued to young people less than 18 years of age. With the inclusion of youth aged 14 to 18, we may legitimately believe that statistics on the sample as a whole may be tainted.

³³ CACQ, Sondage sur les attitudes et perceptions de la population québécoise en regard des cartes de crédit, L'observateur, Montreal, October 13, 2010. [Online] http://www.cacq.ca/assets/files/sondage/Sondage_credit_2010.pdf (Consulted on January 17, 2012).

³⁴ Mémoire du Conseil permanent de la jeunesse, Maîtriser ses finances personnelles : ce n'est pas un luxe !, October 2010. Available on the website of Mouvement Jeunesse Baie-James [Online] http://www.mbj.ca/mes-references/publications/doc_details/180-memoire-cpj-maitriser-ses-finances-personnelles (Consulted on January 17, 2012).

crédit à un niveau relativement élevé. Notamment, 77,4% de l'ensemble des sujets détiennent au moins une carte de crédit personnelle ou conjointe, avec une moyenne de 1,9 (E.T.= 1,5) carte par détenteur. Ce sont 75,1% de l'ensemble des sujets qui disposent d'au moins une carte bancaire et 24,4% d'au moins une carte de magasin ou de pétrolière. Toujours dans l'ensemble de l'échantillon, 37,0% disposent d'une marge de crédit personnelle ou conjointe. Une forte majorité (76%) a rapporté avoir une dette quelconque avec une moyenne de 1,9 (E.T.= 1,1) dettes différentes par personne ayant déclaré au moins une dette. Environ 65% ont contracté un ou plusieurs prêts personnels, excluant l'hypothèque, qui ne sont pas encore remboursés entièrement. Ce pourcentage diminue à 43% si l'on exclut aussi les prêts étudiants³⁵.

A survey of Canadians aged 18 to 29³⁶ conducted in 2008 on behalf of FCAC showed similar results:

*Among the "mainstream" products and services assessed (i.e., those offered by banks), chequing accounts (85%) are the most commonly-owned, followed by savings accounts (74%) and credit cards (72%). Only five percent have neither a chequing nor a savings account. Student loans (28%) and personal lines of credit (22%) are held by smaller proportions*³⁷.

The same survey adds:

*Six in ten young Canadians report they currently have some debt, with credit card debt (reported by 65% of those with some debt) by far the most common, followed by student loans (44%). More than one-third (36%) of young Canadians carrying some debt have debts of \$10,000 or more, and one in five (21%) are carrying \$20,000 or more in debt. (Note that three in ten do not know or would not divulge the current level of their debt.*³⁸)

The survey prepared for FCAC also examined young people's use of other forms of credit. FCAC's initiative is welcome, because rarely are young people polled on the use of products other than traditional credit products (credit card, personal loan, car loan, student loan, credit limit). The results speak for themselves: young people use credit in all its forms.

*The Youth Financial Literacy Study also examined usage of "alternative" financial products and services (specifically payday lenders, cheque cashers and pawnbrokers). Fewer than two in ten (17%) used any of these services in the past year. Cheque cashers are the most commonly-used of the three services assessed: one in ten (11%) have used this service in the past year, while about one in twenty (7%) have used a payday lender (and 12% have ever used one) and an equal proportion (5%) have used a pawnbroker in the past year*³⁹.

³⁵ Marie J. Lachance, *op. cit.* Note 25.

³⁶ 617 young people were polled by telephone, while 2,501 young people answered an online questionnaire.

³⁷ FCAC, Youth Financial Literacy Study – 2008. [Online] <http://www.fcac-acfc.gc.ca/eng/resources/surveystudies/YouthFinLit2008/PDF/YouthFinLit2008-eng.pdf> (Consulted on January 21, 2012).

³⁸ *Ibid.*

³⁹ *Ibid.*

Table 3 presents a 2005 snapshot of debts accumulated by young Quebecers.

TABLE 3
Type and Average Amounts of Various Debts
Declared by Quebecers Aged 18 to 29⁴⁰

Type de dette	% de l'échantillon total (n=980)	Montant moyen en \$ ^a (écart-type)
Prêt étudiant	39,9	7 489 (6 192)
Solde dû sur carte de crédit	34,7	1 122 (2 217)
Dettes sur marge de crédit	15,9	4 248 (5 778)
Prêt achat/location véhicule	20,6	9 436 (6 286)
Prêt meubles, électroménagers	13,5	1 385 (1 852)
Prêt d'un proche	13,2	2 389 (3 589)
Prêt hypothécaire	8,8	88 644 (42 968)
Autres	6,5	4 095 (4 294)

[a]Calculé pour le sous-groupe de sujets ayant déclaré le montant de la dette spécifiée.

2.2 Young People's Attitude toward and Perception of Credit

While both perception and attitude contribute to a person's approach to a given subject, it is important to distinguish them. Young people's perception of credit – which is what we want to examine – is the mental image they have formed from their senses in relation to experience and thought, along with a process of emotional integration and interpretation of that sensory information, as the Grand dictionnaire terminologique defines perception⁴¹. Attitude consists both of the frame of mind conditioned by such perception, and of the resulting behaviour patterns.

However, our review of the literature revealed that, among some authors, when the issue is young people and credit, the terms *attitude* and *perception* seem to be used interchangeably. Although the distinction between the two concepts may be slight, we will nevertheless try to consider both aspects.

How do young people perceive credit, its usefulness, purpose and risks? How is that perception of credit integrated with that of personal finances? Do young people clearly perceive that credit is not a method of payment? That debt actually poses a risk? To what extent does that perception condition their use of credit? Does their perception of credit carry a risk of leading them to debt overload? How able are they to detect marketing mirages and resist solicitation?

⁴⁰ Marie J. Lachance, *op. cit.* Note 25.

⁴¹ Grand dictionnaire terminologique, Office de la langue française, Montreal, [Online] <http://www.oqlf.gouv.qc.ca/ressources/gdt.html> (Consulted on November 28, 2011).

Data on young people's perception of credit are not as numerous as on their debt level or credit use. Available data notably indicate that young people are divided on these issues.

According to a survey of 980 young Quebecers aged 18 to 29, perceptions of credit are certainly mixed:

Ainsi, parmi d'autres résultats, 48,9 % croient qu'il est normal aujourd'hui d'avoir des dettes et 41,8 % qu'il ne faut pas avoir peur d'utiliser le crédit. Un peu moins de 40 % sont d'ailleurs d'avis qu'il y a plus d'avantages que d'inconvénients à utiliser le crédit. À l'autre extrémité, 36,8 % sont d'accord pour dire que le crédit est synonyme de problèmes et 43 % ne sont pas d'accord avec l'idée que « De nos jours, utiliser le crédit est une nécessité. » Un aspect rallie toutefois les répondants : 84 % sont en désaccord avec l'énoncé à l'effet qu'avec le crédit, il ne sert à rien d'économiser pour acheter des biens ou services⁴².

In surveys of ACEF budget counsellors, the latter indicated a negative slide over the years:

Selon les intervenants, la perception des jeunes d'aujourd'hui qui consultent l'organisation concernant le crédit est souvent faussée, voire démesurément positive, comparativement aux jeunes qui se présentaient au début de la carrière de ces intervenants⁴³.

These factors are of concern. Indeed, if half of young people find it normal to be in debt and if 40% of them think there are more pros than cons to using credit, we may think that those young people eventually risk losing control over their personal finances due to substantial credit use that does not worry them enough to urge them to prudence.

Regarding credit card payment specifically, another survey reports the following:

Pour ce qui est de la perception entretenue du paiement par carte de crédit, les résultats relatifs à l'ensemble de la population québécoise de 14 ans et plus révèlent que 59 % de celle-ci le considèrent utile, contre 16 % qui le perçoivent comme essentiel, 11 % superflu et 10 %, risqué pour la santé financière.

Notons à cet égard que l'utilité perçue du paiement par carte de crédit croît avec le revenu familial annuel, passant de 49 % chez les moins fortunés à 67 % chez les mieux nantis.

Chez les 14-21 ans, les résultats indiquent que la moitié (53 %) d'entre eux considère le paiement par carte de crédit comme étant utile, alors que 22 % y voient plutôt un risque pour leur santé financière et 19 % un outil de paiement superflu, contre 5 % qui le considèrent essentiel. Au total, c'est donc 4 répondants sur 10 (41 %) âgés de 14 à 21

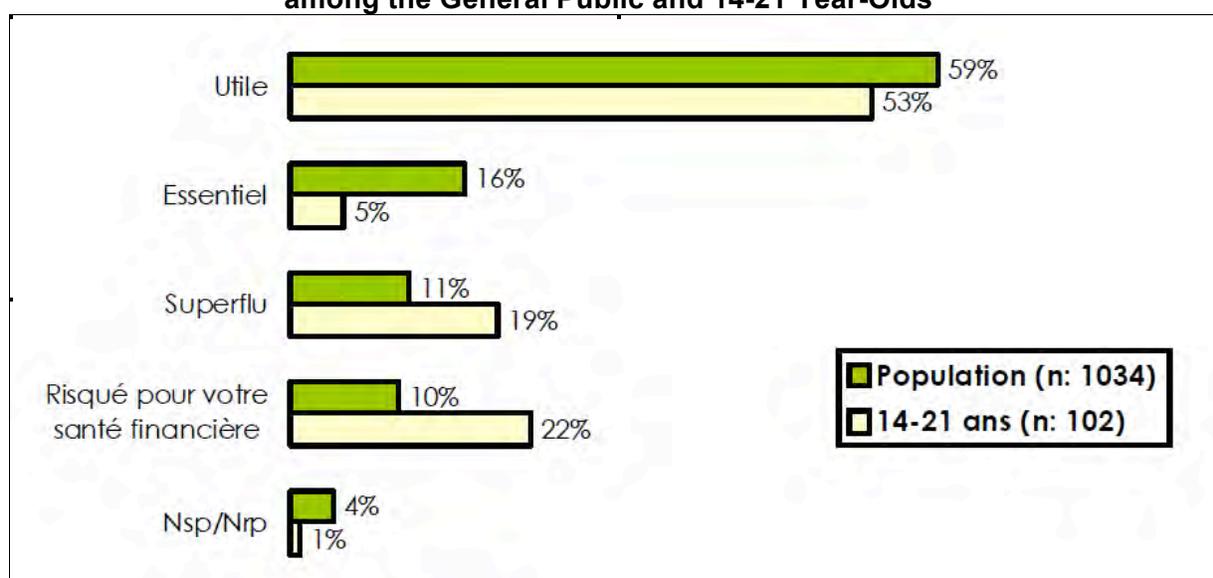
⁴² Marie J. Lachance, Pierre Beaudoin and Jean Robitaille, Les jeunes adultes québécois et le crédit Résultats préliminaires, 2004. [Online] <http://www.consommateur.qc.ca/campagne/pdf/com04.pdf> (Consulted on August 25, 2011).

⁴³ Mémoire du Conseil permanent de la jeunesse, Maîtriser ses finances personnelles : ce n'est pas un luxe !, October 2010. [Online] http://www.google.ca/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0CDoQFjAB&url=http%3A%2F%2Fwww.mbj.ca%2Fpublications%2Fdoc_download%2F180-memoire-cpj-maitriser-ses-finances-personnelles&ei=QMSIT9SnK8XX0QGH17TjCQ&usq=AFQjCNH7KT_GNtF_ckx9HhI8z0vHGpCIpA&sig2=kBSbSg70nRIPW8m88g1-gA (Consulted on January 17, 2012).

ans qui entretiendraient une perception négative du paiement par carte de crédit (risqué ou superflu)⁴⁴.

Table 4 illustrates those data on young people's perception and presents them in parallel with popular perception.

TABLE 4
Perception of Credit Card Payment
among the General Public and 14-21 Year-Olds⁴⁵



It thus appears that young people perceive credit cards as useful, but also as posing a financial health risk. But the general public's perception seems to indicate that with age, the perception of credit usefulness becomes more favourable, while the perception of risk falls by over half.

Again regarding credit card payment, a poll commissioned by BMO Bank of Montreal and conducted by the Léger Marketing firm in May 2011 among 625 Canadians aged 18 or over and registered in a university or college revealed that:

[...] Canada's youth are prudent users of credit cards, treating them as payment vehicles, instead of borrowing instruments.⁴⁶

Studies confirm a significant difference in young people's perception of credit and their attitude when the time comes to use it. In fact, many young people (45% of 18-29 year-olds⁴⁷) consider

⁴⁴ CACQ, *op. cit.* Note 33.

⁴⁵ *Ibid.*

⁴⁶ BMO Bank of Montreal, Chill out Canada – Students Smarter than You Think about Credit Cards, Marketwire, August 18, 2011. [Online] <http://www.marketwire.com/press-release/chill-out-canada-students-smarter-than-you-think-about-credit-cards-tsx-bmo-1551069.htm> (Consulted on November 28, 2011).

⁴⁷ Lynda Young, *Les jeunes de 18 à 29 ans et le crédit : faits saillants tirés de deux études effectuées par l'OPC en 1994*, Office de la protection du consommateur, 1995.

Quoted in Marie Lachance, *op. cit.* Note 25. See also: Coalition des associations de consommateurs, *Sondage sur les attitudes et perceptions de la population québécoise en regard des cartes de crédit, October 2010*,

that credit cards lead them to consume more. As mentioned above, almost 60% of 18-29 year-olds have debts, most often from credit cards. Table 5 presents more details on young people's attitude toward credit cards.

TABLE 5
The Most Frequent Credit Card Uses
among the General Public and among Age Groups⁴⁸

	Population (n : 816) (%)	14-21 ans (n : 25) (%)	22-34 ans (n : 72) (%)	34-44 ans (n : 123) (%)	45-54 ans (n : 175) (%)	55-64 ans (n : 208) (%)	65 ans et + (n : 214) (%)
Pour me gâter	37	49	41	37	35	38	33
Pour l'achat de biens essentiels (frigo, cuisinière, etc.)	36	24	26	39	32	40	37
Pour profiter d'une occasion	33	33	26	28	36	38	28
Pour une urgence (ex : bris de frigo)	27	17	46	31	34	25	18
Pour combler un manque de revenus (liquidités)	9	12	21	14	8	6	6
Autre raison	30	29	22	28	29	31	33

So a majority of young people reportedly perceive credit card payments as a method of payment rather than a means of obtaining credit. But almost one out of two believes that a credit card can lead to increased consumption. Half of young people aged 14 to 21 use credit cards for personal gratification – we note that this particular type of use tends to decrease with the age of users. There thus appears to be a contradiction between their perception of credit cards and their attitude, i.e., how they use those cards. A survey of Quebec adults that was conducted by the Coalition des associations de consommateurs du Québec (CACQ) pointed out the same contradictions between people's perception of and attitude toward credit. Table 6, taken from CACQ's press release, presents certain high points of that survey.

⁴⁸ CACQ, *op. cit.* Note 33.

TABLE 6
Comparison between Perceptions of and Attitudes toward Credit⁴⁹

PERCEPTIONS	REALITIES
One out of five Quebecers holding a credit card admits to being led at least occasionally to purchase over budget	86% of Canadians consider that easy access to credit is contributing factor of indebtedness (Office of Consumer Affairs)
91% of survey respondents report that their debt level was under control and reasonable	Canadians are in debt to 145% of their annual disposable income (Office of the Superintendent of Bankruptcy, 2009) From 1987 to 2005, the number of bankruptcies doubled among 15-24 year-olds and increased by 150% among 25-35 year-olds (Proulx)
Two thirds of Quebecers consider credit card payment as useful and essential	About 85% of respondents in debt reported an active credit card debt (Certified General Accountants Association of Canada, "Where Has the Money gone: The State of Canadian Household Debt in a Stumbling Economy (2009)")

Budget counsellors met by the Conseil permanent de la jeunesse indicated the following:

Le crédit facile fausse également leur perception des ressources disponibles. En effet, le crédit a acquis une position tellement centrale dans la conception des finances personnelles des jeunes qui se présentent dans les ACEF, qu'il fait partie intégrante de leur « budget ». Une marge de crédit ou une carte de crédit fait partie, selon leur conception, de leur actif⁵⁰.

A study conducted by Léger Marketing on behalf of the Bank of Montreal in summer 2011 among a sample of 625 Canadians aged 18 or over and registered in college or university reported that:

post-secondary students across Canada showed a high level of financial literacy related to credit cards: 83 per cent said they are confident they know how to use a credit card effectively, and 73 per cent said they pay their balance off in full each month⁵¹.

⁴⁹ CACQ, la carte de crédit : un facteur d'endettement pour un Québécois sur cinq!, November 17, 2010. Faits saillants du sondage : Les perceptions versus les réalités [Online]. Our translation. <http://cacq.ca/consommateur/2010/lancement.html> (Consulted on 23 janvier 2012).

⁵⁰ Mémoire du Conseil permanent de la jeunesse, Maîtriser ses finances personnelles : ce n'est pas un luxe !, October 2010. [Online] http://www.mbj.ca/mes-references/publications/doc_details/180-memoire-cpj-maitriser-ses-finances-personnelles (Consulted on January 17, 2012).

⁵¹ BMO Bank of Montreal, Chill out Canada – Students Smarter than You Think about Credit Cards, Marketwire, August 18, 2011. [Online] <http://www.marketwire.com/press-release/chill-out-canada->

However, the CACQ survey presents different results regarding full payment of the balance:

Les résultats indiquent également que 7 Québécois sur 10 possédant une carte de crédit paieraient toujours leur solde entier (58 % des 14-21 ans), contre 17 % souvent (17 % des 14-21 ans), 9 % rarement (17 % des 14-21 ans) et 3 %, jamais⁵².

According to Marie J. Lachance's research, 10% of young people polled who consider themselves to be good users of credit are actually not, because they accumulate unpaid balances on their credit card. The average grade given by the researcher regarding minimal knowledge shows again the discrepancy between perception and reality:

Neuf questions ont été posées dans le but de vérifier si les sujets possédaient un niveau de connaissances minimal dans le domaine du crédit. La note moyenne obtenue pour l'ensemble du groupe est de 49,6%. [...] Par ailleurs, près de 30% des sujets qui disposent d'une marge ou d'au moins une carte de crédit ne connaissent pas le taux d'intérêt annuel de la carte qu'ils utilisent le plus souvent ou de leur marge de crédit⁵³.

With those data in mind, it is difficult not to question the soundness of young people's perception of themselves as prudent users of credit; that perception seems irreconcilable with their demonstrated ignorance of the basic operation and elements of credit.

When comparing perceptions in different countries, we find examples in France. A survey conducted by the CSA Institute on behalf of the Éducation Financière du Public (IEFP) among, on one hand, 5 groups of 15-20 year-olds (qualitative survey) and, on the other hand, 803 15-20 year-olds (quantitative survey) to probe the behaviour of 15-20 year-olds toward money revealed the following:

[...] les jeunes se sentent généralement insuffisamment préparés aux questions de l'argent et que leurs connaissances proviennent essentiellement de leurs parents. Ils se montrent ouverts à une pédagogie de l'argent, avec une préférence pour les aspects pratiques.

- *Les jeunes ont une perception frileuse de l'argent*
- *L'argent leur apparaît comme un motif sous-jacent d'anxiété, d'où un besoin important de sécurisation.*
- *Ils sont conscients que l'argent ne tombe pas du ciel*
- *Confrontés à cette perception (anxiété) et à l'incertitude de leur avenir (notamment de leur emploi futur), les jeunes attribuent une forte valeur au travail. Ils le considèrent comme un enjeu majeur et le moyen naturel pour obtenir de l'argent (pour 96 % des 15-20 ans). De façon surprenante, 40 % d'entre eux citent toutefois en 2ème position de moins nobles moyens pour acquérir de l'argent : le jeu pour 22 %, l'argent gris (vol, trafics,..) pour 8 %⁵⁴.*

[students-smarter-than-you-think-about-credit-cards-tsx-bmo-1551069.htm](http://www.lafinancepourtous.com/Une-enquete-sur-les-jeunes-et-l.html) (Consulted on January 27, 2012).

⁵² CACQ, *op. cit.* Note 33.

⁵³ Marie J. Lachance, Pierre Beaudoin and Jean Robitaille, *op. cit.* Note 42.

⁵⁴ Institut pour l'éducation financière du public, Sondage les jeunes et l'argent, February 22, 2012.

[Online] <http://www.lafinancepourtous.com/Une-enquete-sur-les-jeunes-et-l.html> (Consulted on March 25, 2012).

How was young Canadians' perception of credit formed?

Marie J. Lachance's study also examines this subject:

La source d'apprentissage principale en matière de finances personnelles la plus fréquemment rapportée est la famille (pour 37,8 % des sujets), suivie par l'expérience personnelle (25,4%) et les cours suivis à l'école ou ailleurs (13,1 %). Les médias, les amis et les conseillers financiers ne sont mentionnés que par 5 à 6,5 % des sujets. Les conjoints ferment la marche avec 2,7 %⁵⁵.

It can be said that that young people's trivialization and perception of credit are likely major factors influencing them in their use of credit and could eventually lead them to use credit irresponsibly. But the above data are more nuanced as to young people's perception of credit. For instance, only half of the young people surveyed find it normal nowadays to have debts. Moreover, in the light of data on young French people and money, can we believe that young Canadians are as reticent as young French people toward credit? Do young Canadians also learn about credit mainly from their parents?

To answer those questions and eventually prevent unfortunate situations resulting from misuse or ill-advised use of credit, it is important now to further document young people's perception of credit and how that perception was formed, in order to determine how to intervene with them for their benefit. In that effect, we formed four discussion groups. The following chapter presents the methodology used to set them up and the main observations they yielded.

⁵⁵ *Ibid.*

3. Where Does Young People's Perception of Credit Originate?

To probe young people's perception of credit and determine how that perception was formed, we chose to set up discussion groups rather than use another data collection method (semi-directed individual interviews, telephone survey, Internet survey, etc.). We estimated that discussion groups would better help us investigate through open questions, interactions between participants, possibly collecting a large number of views in a short time, and the moderator's opportunity to follow up with participants when necessary.

3.1 Methodology

To set up and conduct the discussion groups, we commissioned an external firm.

In an attempt to determine whether the reality of young francophones in Quebec and young anglophones in Ontario was different, we chose to hold discussion groups in both languages (2 groups in French in Montreal and 2 groups in English in Toronto). The discussions were held on September 27, 2011, in the firm's offices. The comments of both towns' participants appeared to be very similar; therefore, our remarks apply indifferently to both regions' participants, unless otherwise noted.

With regard to age, we wanted to find out the perception of credit both among young people who did not yet generally use credit, i.e., those less than 18 years of age (2 of the 4 discussion groups were therefore formed by 15 to 17 year-olds), and among young people who are generally new users of credit (2 of the 4 discussion groups were therefore formed by 18 to 21 year-olds). Discussions lasted a maximum of 90 minutes. The participants received a fee of \$60 in Montreal and \$75 in Toronto.

The groups from Montreal comprised a total of 15 participants (six 15-17 years-old and nine 18-21 years-old) and the groups from Toronto 20 participants (two groups of ten participants), for a total of 35 participants.

The recruiting questionnaire is reproduced in Annex 1.

The discussion guide was designed with the collaboration of Union des consommateurs' Comité finances personnelles et endettement and Laval University Professor Marie J. Lachance, and was then adapted and administered by the external firm; it is reproduced in Annex 2. The advertisements used for Block 4 questions are reproduced in Annex 3.

The participants were not notified beforehand of the discussion groups' theme or sponsor.

3.2 Profiles of Participants

Table 7 presents the profiles of discussion group participants.

TABLE 7
Profiles of Discussion Group Participants

Group	Date and Time	Location	Age	Gender	Number of Participants
1	September 27, 2011, 18h00	Montreal	15 to 17 years	4 men 2 women	6
2	September 27, 2011, 19h30	Montreal	18 to 21 years	4 men 5 women	9
3	September 27, 2011, 18h00	Toronto	15 to 17 years	4 men 6 women	10
4	September 27, 2011, 19h30	Toronto	18 to 21 years	5 men 5 women	10

Given that credit card issuers have a policy not to issue credit cards to minors, we assumed that our two groups of 15-17 year-olds did not have any, so that they likely did not have much access to credit, since credit cards are among the easiest means of access to credit. Of the six minor participants in the francophone group, five had no form of credit. The sixth had a credit card with an unpaid balance. Of the ten minors in the anglophone group, six had no form of credit. Four had a credit card, two with no unpaid balance and the other two with an unpaid balance.

All the minor participants were students.

Of the 19 adult participants, only one had no form of credit. Another one only had a student loan as credit. In the francophone group, one of the participants had an unused credit card, four had a credit card with no unpaid balance, and four had a credit card with an unpaid balance, while one also had a credit line. In the anglophone group, five participants had a credit card with no unpaid balance (two of them also had a student loan), and three with an unpaid balance (all three also declared a car loan, and one additionally had a credit line and a student loan).

All the adult participants save one were students. Nine of the participants (six francophones and three anglophones) juggled studies and work.

3.3 Main Observations

A) General Perception of Credit

The discussion groups revealed that when credit is mentioned, young people spontaneously think of credit cards. Only when asked to think further do they come up with other credit products, such as car loans and student loans. The words they use when referring to credit (interest, debt, money you don't have, money you'll have to pay back with interest) show that they understand the general principle (money lent in exchange for paying interest).

First, when questioned about their perception of credit, young people perceive it negatively. The wariest ones and those who perceive credit most negatively appear to be those who have not experienced credit yet. After reflection, young people express a more nuanced perception of credit and indicate that, in some situations and depending on the use made of it, credit is not necessarily negative. They point out that credit can be well managed and that it should not be misused. The qualification may depend on the situation and the use: credit is negative if you're in debt and positive if you're not. In addition, for certain major purchases (car, house), young people think credit is a necessary evil. The perception of older youth is not so clear-cut; they perceive credit as generally positive, while noting that it has a very negative reputation among the general public.

When questioned more specifically about the pros and cons of credit, young people mention, about the advantages of credit: the possibility of acquiring a good without immediately having the money to do so, the convenience of credit, the fact of not having to carry cash, and the reward plans associated with many credit cards. It should be noted that these two last aspects are directly related to the method of payment and not to credit itself.

Regarding the disadvantages, the participants mentioned that credit makes it easy to purchase (thus carrying a risk of overconsumption) and recalled the high interest rates associated with credit cards. The 18 to 21 year-olds, who have more experience of credit, seem more aware of its risks. Thus, when the disadvantages were discussed, they mentioned the risk of indebtedness, of making payments indefinitely, and the possibility that they may no longer be able to reimburse credit in the long term.

B) Sources of Information

What sources of information about credit do young people have?

Given that the young people met listed a number of credit pros and cons, we wanted to know their sources of information. The majority said they had heard about credit pros and cons from their parents, family, or media advertisements (credit card advertisements, notably).

Questioned more specifically about the family as a source of information on credit, most of them stated that their parents had talked to them about it. The parents had mainly cautioned and advised their children to beware of credit.

The young people added that their perception of credit was also formed by observation of experiences (generally bad) within their circle and by their own experience. The older participants (aged 18 to 21) also mentioned having obtained information on the advantages of credit from their financial institution, and on credit in general from, in Quebec, a consumer magazine (Protégez-vous) article.

Financial institutions are thus also used as a source of information on credit by some of the discussion group participants. In fact, several young people stated that they obtained information, when wanting a credit card, directly from their financial institution. Others reported having received at home a letter offering them a credit card, or having been offered one when they subscribed to a service package at their financial institution.

Older friends or those who have a credit card were also included as sources of information about credit, as well as teachers, who reportedly had encouraged some of the participants to

obtain credit, by explaining that it is important to have credit early, whether or not it is used, in order to build “a good credit history” as soon as possible.

An interesting aspect: the sources of information appear to differ between young people from Montreal and Toronto. Indeed, several young people from Montreal mentioned that they had heard about the pros and cons of credit in high school. In Toronto, credit-related issues do not seem to have been addressed in school.

When the young people were questioned about the first source(s) of information on credit, i.e., the first times they had heard about it, their memories were less clear. Few could say who had talked to them about credit for the first time. After reflection, they think their parents were the first to have talked to them about credit. Some young people also mentioned the possibility that advertising or the news had contributed to mould their current views on credit, or at least had led them to question people in their circle about credit.

What was the nature of the information they received about credit?

Several discussion group participants mentioned that their parents had warned them about credit, and had advised them that it can be dangerous. The younger participants (aged 15-17, so without any credit experience, for the most part) did not seem to have been informed about how credit works (reimbursement to be made, monthly instalments to pay, etc.), so they had more-limited knowledge. In fact, they indicated that they felt insufficiently informed about credit. If they had a credit card, they “would know how to spend, but not how to pay back.”

Some participants witnessed their parents having bad experiences with credit, and were thus made aware of the dangers of credit, so they had a more negative view of it. Others, particularly older participants, mentioned that their parents had advised them to obtain credit soon to “build their credit history.” Their parents had reportedly informed them that credit is a good thing if used correctly.

If they want further information on credit, young people reportedly turn mainly to their parents or to a financial institution. Older participants, the vast majority of whom had a credit card, named financial institutions above all other sources when we asked them who they would approach for credit information or advice. Some participants added that they would first go on the Internet to search for information, and then turn to their parents or their financial institution to ask questions.

C) Specific Perceptions of Credit

To assess certain specific perceptions that young people might have of credit, nine statements were presented to them to find out whether each statement corresponded to their perception of credit. It should be noted that the answers to all the questions in this section are coloured by the fact that, for most young people, credit often just means credit cards.

Some of the statements are related directly to the method of payment rather than to credit as such. None of the young people present expressed a comment to that effect or made that distinction when it could have applied.

We asked the participants if they perceived credit as:

1. A means of making online purchases

For almost all the young people attending the discussion groups, credit is spontaneously associated with online purchases. They see it as a major benefit of credit cards.

2. A means of building a credit history and a reputation

The majority of older participants do perceive credit use as a means to build a credit history and a reputation. Young people think it important to have a good credit history so that lenders may eventually trust them (for a car loan, a mortgage, etc.). Young people who agreed with this 2nd statement indicated that this information came from their parents, their financial institution or a member of their circle. The Toronto youth added that their credit history could be required when they applied for a job.

This 2nd statement did not elicit a response from the younger participants, for whom it generally referred to an unknown concept. A few had heard about it from a teacher, while others had erroneous information on the subject.

3. A means of buying something when you don't immediately have the money to do so

For the large majority of the young people surveyed, this is a good definition of credit: credit is indeed a way to acquire something when one does not have the means to pay for it immediately. Although they agree that credit is regularly used in this way, they add that it is risky to do so. Thus, some participants dissociated themselves from this 3rd statement: they viewed it as a good definition of credit, but did not find that it described a wise use of credit. They thought it better to take the time to save the necessary amount (in one's bank account) before buying on credit. Finally, some participants understood by this statement a method of payment used when one is not physically carrying the cash (a simple method of payment) – a statement with which they agreed.

4. A means of acquiring a luxury good (e.g., a trip)

Depending on their interpretation, the young people have varied opinions of this statement. Young people who see credit as a way to pay for a luxury good associate “luxury” with an expensive good or service (trip, electronics, furniture, hotel room, etc.). Young people see this statement as a good definition of credit insofar as they could not buy this type of product with their debit card, given the limited authorized debit amounts. So young people think credit cards are useful for buying luxury goods, but not solely for that purpose.

The young people who did not view this statement as a good way to define credit do not believe it describes an advantage or *raison d'être* of credit, given the dangers of this type of use. These young people rather consider that credit should not be used to buy a luxury good when one has not saved the necessary amounts beforehand. So these young people state that if they used credit to make large purchases, they would risk taking too much time reimbursing, and might never be able to do so.

5. *A means of monitoring your purchases, for instance thanks to credit card statements*

Several participants agreed that this statement describes one of the advantages of credit (in this case, credit cards), while recognizing that this is not an exclusive or distinctive advantage of credit. Indeed, some young people mentioned that their debit card statement was more easily accessible, clearer, and more regularly updated.

Among the younger groups, this statement was more nebulous: they did not know that a statement of expenditures was sent to credit card holders, and they mentioned that it was just as simple to monitor one's purchases by keeping one's bills.

6. *A secure method of payment*

The majority of discussion group participants do not perceive credit as a secure method of payment. In fact, they think it easy to have one's credit card stolen or to lose it, or that it is risky to spend too much. Young people who had interpreted this statement as a way to define credit explained that it is easy to have a credit card cancelled, that financial institutions reimburse in the event of fraud, and that cash is more frequently lost.

7. *A means of obtaining rewards*

The majority of young people attending the discussion groups did not indicate that this statement defines credit, either because they did not know about the reward plans occasionally associated with credit cards, or because they did not think those plans define credit itself, or because they did not see the plans as a sufficient reason to buy on credit. The young people who had knowledge of those reward plans opined that they constituted an advantage of credit.

8. *A means of avoiding to pay fees to financial institutions*

The few participants who stated that this statement applied well to credit reported that their financial institution imposed fees when they made transactions with their debit card, but not with their credit card. Using the credit card thus seemed to them a way to avoid paying fees to a financial institution. However, very few participants understood this statement. No one pointed out that, whereas no fees are levied at the moment of a credit card purchase, any unpaid balance carries interest. Nor did anyone point out that fees are levied for any cash advance on a credit card, and often for using a credit line.

9. *A means of saving money rather than paying for expenditures*

Practically no participant perceived credit as a means of saving money. Most of the participants did not understand the statement, since they did not see how it might be possible to save money in this way, which required sooner or later reimbursing the money lent. A few exceptions among the 18 to 21 year-olds mentioned that it might be possible to save in this way, because money could be invested at a higher interest rate than the rate on the borrowed money.

D) Prudent and Intelligent Use of Credit?

We asked the young people to define what they thought might be a prudent and intelligent use of credit. Generally, for young people, using credit intelligently means using one's credit card as a method of payment while making sure that the amount spent is in one's bank account beforehand. No one mentioned that this constituted more a method of payment than an actual use of credit. Some participants added that it was necessary to work, not attain one's credit limit, have a contingency plan, not have several credit cards, monitor one's expenditures, and not buy things one does not really need.

No follow-up question was asked of the participants about what they considered a prudent and intelligent use of credit more generally (not solely with a credit card). We chose to leave them free to broaden the issue of credit as a whole, which they did not do.

E) Instalment Payments

When the participants were questioned about the option offered by some merchants to purchase products by paying monthly instalments, several participants stated that this way of paying seemed practical, particularly for more-expensive products.

Moreover, some participants mentioned that often merchants do not display the full and final price of items, and that this practice can be misleading. Those young people thought it important to have complete information in order to assess the offers presented.

F) Perceptions of Credit Advertisements

Influence of advertising

The participants indicated that advertising could influence them but that it did not improve their understanding of credit. Very lucidly, the older youth stated that they did not want to allow themselves to be influenced by advertising, but that they were sure advertising was effective and had an effect on them in any case.

Young people are aware that advertisements aim to sell a product and thus present only a product's good qualities. So they do not consider advertisements to be reliable sources of information about all aspects of a product, including more-negative ones. The participants see nothing abnormal in this, since it is in the nature of marketing.

Finally, some participants mentioned that advertising was useful to them in presenting various available credit products, since they could then search for information elsewhere. One participant suggested that there should be a law requiring advertisers to present the negative aspects of credit as well.

Understanding an advertisement offering a product in 50 interest-free instalments

We presented the participants with two advertisements taken from online merchants' sites; we wanted to see if our participants were going to associate those advertisements with credit and question the offers (the advertisements are reproduced in Annex 3).

The first advertisement presented to the participants indicated: *You can pay in 50 interest-free payments[†] on electronics**.

The majority of the young people understand that according to that advertisement, the item's total price will be divided in 50. They think they will pay no interest and will have to pay before November 2015 (as indicated in the advertisement).

Several participants also noted that the advertisement included a little cross after "50 interest-free instalments" and a star (asterisk) after "for electronics," and that those symbols likely referred to more-restrictive terms. Other young people thought some information was missing, particularly on reimbursement frequency, total price and what the symbols referred to. Finally, some of the older participants observed that "50 instalments" seemed too long a term, especially in the field of electronics.

No participant made the link between such electronics advertisements and credit advertisements.

Understanding an advertisement offering a product with 0% purchase financing up to 84 months

The second advertisement presented to the participants indicated: *Join the Mazda community: 0% purchase financing up to 84 months.*

This advertisement seemed more difficult to understand, particularly among the younger groups (15 to 17 year-olds), where several young people thought they would have nothing to pay before 84 months, although they found this very surprising. The other young people thought the repayment terms were the same as in the previous advertisement. Here again, no participant made the link between such vehicle advertisement and credit advertisements.

In a Montreal group (18 to 21 year-olds), we asked the participants if they thought it possible that a dealer would really offer cars at 0% interest. According to the young people questioned, if it were not true, the dealer could not advertise it. The young people then offered explanations: a desire to move excess inventory, to induce people to buy a high-end model, to build customer loyalty, etc.

When asked to compare the two advertisements, they answered that the first one was easier to understand. But they said the advertisements raised their suspicions by not providing sufficient information.

3.4 Conclusion

The discussion groups gave the occasion to observe some emergent trends as to young people's perception of credit.

When the participants think about credit, credit cards are the first type of product that comes to mind, and the credit aspect is often obscured by the payment method aspect. This bias means that a certain confusion may have tainted some of the answers: for example, the advantages most frequently mentioned are related to the payment instrument rather than to credit as such.

It appears that the participants, particularly the younger ones (aged 15 to 17 years) are wary of credit. Our less experimented groups perceive credit more negatively and fear it more. The older participants, who know credit, perceive it more positively and more realistically, including the risks of credit use.

Young people take their information about credit from 3 sources, mainly: friends and family, financial institutions (the older youth), and advertising. They have also learned from people in their circle who have had negative experiences. Some of the young people who had studied credit issues in a high school course seemed better informed than the others. While young people lack information, they think they can obtain it easily from parents or financial institutions.

The basics easily come to their minds (debts, interest, amounts to repay with interest), as well as some advantages (related, in many cases, to the payment tool rather than credit itself: convenience, possibility of acquiring something without immediately having the necessary cash, making online purchases) and drawbacks (credit fees, incentive to spend, endless payments, risk of becoming debt-laden).

As for the first sources of knowledge about credit, young people mainly remember having been warned or cautioned by their parents, but also having been made aware of credit through advertisements. Few young people seem to fully understand the workings of credit and the peculiarities of the various credit products.

It should be recalled that when the discussion group participants think about credit, the credit card is the first product that comes to mind. The majority of participants perceive credit as a means of making online purchases, or a means of acquiring a product when one does not immediately have the necessary money. Among the older participants, credit as a means of building a credit history was mentioned as an element of definition; this element was raised several times during the discussions: it was considered one of the main advantages of credit, as instilled by parents and schools, which insisted on the importance of rapidly building a credit history (for a future car or home purchase or to obtain a job).

Regarding advertising, the participants are well aware that it is in the nature of marketing to present only the good side of a product. They try not to be duped, but are aware that they can still be influenced.

In examining advertisements for credit offers, the participants mentioned that merchants regularly do not display the full and final price of items and that this practice can be misleading. In one of the advertisements submitted, they observed that the number of instalments seemed very high for the type of product. The veracity of an interest-free financing advertisement was not questioned – if it were false, the advertisers would not have the right to show the advertisement, according to the participants. The latter did not allude to the fact that this was credit to the same extent as a personal loan that would have been contracted to purchase the same vehicle.

Despite their reservations about the risks of credit, the participants have a positive perception of it, overall: it's "a good thing as long as it's well used."

How to explain this apparent contradiction? Perhaps the perceived advantages of credit are immediate or provide instant gratification of a desire or need, whereas the perceived disadvantages are related to risks: purely potential disadvantages, so avoided with minimal caution. And yet, among the disadvantages of credit is this: what is acquired on credit (as

opposed to cash payment) costs more. While the basic process is understood in the abstract (credit => repayment + interest), this real, immediate and inevitable disadvantage is not among those mentioned by the young participants.

As for avoiding risks by demonstrating elementary prudence, it is revealing that among the credit disadvantages mentioned is the “possibility” of indebtedness, whereas it is in the very nature and definition of credit that it creates indebtedness.

It may also be problematic that according to young people, one of credit’s main advantages – even making it almost necessary in their view to obtain credit as soon as possible – is building a credit history, whereas the purpose of a credit history is in fact to provide an even greater opportunity to obtain additional credit. To caricature this perception: obtaining credit guarantees the possibility of ever-greater debt, and this is viewed as an intrinsic advantage of credit.

It is encouraging in itself that the possibility of overconsumption was evoked. It remains to be seen how realistically the probabilities of overconsumption are assessed, given some studies’ conclusions that in fact, the primary use made of credit cards often consists of overconsumption⁵⁶...

⁵⁶ See Table 5, page 20: among 49% of 14-21 year-olds (vs. 37% among the population as a whole), the credit card is used for “spoiling ourselves” – more than double the use “for an essential good” (24% among the same age group).

4. Is It Possible to Change Young People's Perception of Credit?

Si l'on souhaite s'attaquer à l'endettement préoccupant des jeunes, il faut alors se questionner sur ce qui le rend acceptable aux yeux de la majorité.

Julia Posca, *L'endettement forme la jeunesse*
Relations journal, No. 745, December 2010⁵⁷.

By means of discussion groups, we attempted to analyse young people's perception of credit, the origins of that perception and, more broadly, young people's understanding of credit. Thanks to the data collected, we can now inquire into how and when to reach young people for their benefit.

The discussion groups revealed that young people often spontaneously have a negative perception of credit and are relatively wary of it. This recalcitrant perception is more widespread among younger teens (aged 15 to 17). Older youth, who use credit and have first-hand experience of it, have a more positive perception; they seem slightly better informed and their representation of credit seems a little more realistic. It is not clear where young people obtain their perception of credit; they suggest that their parents' experience of credit, as well as advertising, likely contributed to forming that perception.

Why, despite a mostly negative perception of credit observed in in our discussion groups, do young people use it abundantly when it becomes available to them⁵⁸? It appears that credit use among peers is a factor that, by being commonplace and thus trivialized, may influence young people to use it as well:

Considérant l'influence réelle des pairs sur le comportement de consommation des jeunes et le fait que près de 40% des sujets constatent que leurs amis sont de grands utilisateurs du crédit, on peut se questionner sur la possible banalisation du crédit dans leur environnement immédiat⁵⁹.

Given the perceived advantages of credit, the fact that access to credit is so simple probably makes it more attractive to use. In addition, new financial responsibilities may lead young people to turn to credit. Indeed, young people, who generally work only part-time, often do not have sufficient resources to defray the financial obligations entailed by, for example, moving near a university campus, tuition fees, furniture, or purchases that may be or appear necessary to attain an acceptable social status or integration (means of communication, clothing) or made necessary by a newly acquired independence (means of transportation, for example).

En Occident, la consommation constitue une manière pour l'individu d'exprimer son identité et de se différencier de ses pairs. Ceci est d'autant plus vrai pour les adolescents et les jeunes adultes, et ce, peu importe leur condition économique. Dans

⁵⁷ Julia Posca, *L'endettement forme la jeunesse*, Revue Relations, Number 745, December 2010. [Online] http://cjf.qc.ca/fr/relations/impr_article.php?ida=95 (Consulted on March 6, 2012).

⁵⁸ For data on young people's credit use, see Chapter 2, page 8.

⁵⁹ Marie J. Lachance, Pierre Beaudoin and Jean Robitaille, *op. cit.* Note 42.

ces circonstances, il semble normal pour les consommateurs de se procurer à crédit les biens et les loisirs qui les rapprocheront du statut social convoité⁶⁰.

Sound information is certainly crucial. The illusion of being well informed poses very real risks: among the young people who participated in our discussion groups, the older ones declared themselves better informed about the operation and risks of credit. We might assume that this better knowledge leads to using credit more prudently. But in that group, some young people were accumulating unpaid balances on their credit card while juggling a car loan and a line of credit, in addition to a student loan in some cases. So can we state that more information automatically reduces the risk of debt overload? Should not the source and context of information about credit be considered determining factors?

4.1 What Type of Information Would Reach Young People Usefully?

The discussion groups demonstrated that the majority of participants perceived credit according to the following characteristics: a means to make purchases, a means to build a credit history, and a means to acquire a product without immediately having the cash to pay for it. As we can see, the participants' perception of "credit" is quite scattered. Indeed, the first characteristic is related to a payment instrument that does not necessarily involve credit – one can make online purchases without using credit, if one has the appropriate tool: prepaid card, *PayPal* account, for example. The second characteristic is related to an external element, i.e., a third party's documentation of a credit history in view of obtaining more credit subsequently – in fact, the participants mentioned that the simple possession of a credit card helps build a credit history, whether or not credit is used. Thus, two of the three purported characteristics of credit are not actually specific to credit and may only have a very indirect relation to it.

As our discussion groups revealed, young people's perception of credit appear closely related, if not practically limited, to credit cards. These limitations naturally lead to certain shortcomings and distortions in young people's perception of credit. And yet, on entering college or university, students are regularly offered, in addition to credit cards, other credit products such as personal loans or lines of credit. So it is curious that the young people attending the discussion groups do not think about those products when asked about credit.

Even when discussing credit cards, the younger participants, who will likely have one in the near future, do not know much about them – some do not know that a monthly statement of purchases and balance is sent and that the full balance should be paid at that time to avoid having to pay interest. The overall operation of credit cards is not well known by young people: for example, the effects of late payments on the calculation of interest, or the consequences of making only the minimum payment, etc.

Young people could also be better informed about the operation, pros and cons of other credit products, in order to know, if ever they needed credit, how to compare available products and use them intelligently. Indeed, some credit products are more complex and/or riskier than others (the aspects to be considered for obtaining a line of credit or a credit loan, for instance, can be very different) and, as those products become accessible, it is inconceivable that young people only have a poor knowledge of their operation, advantages and disadvantages.

⁶⁰ Julia Posca, *op. cit.* Note 57.

Another serious shortcoming is in young people's ability to maintain a critical attitude toward advertising and to analyse the credit offers made by the latter. More information on credit in general would certainly be useful to them, but so would information on advertising and its techniques used by merchants to encourage purchases. In addition, young people should certainly receive information making them more critical toward advertisements. In fact, none of the young people met doubted that a car dealer could offer financing plans at 0% interest. When questioned on the subject, the young people went so far as to try to explain how such tempting offers could realistically be made (to attract customers, induce purchases of luxury cars, move excess inventory, etc.). No one asked whether a cash payment could have been lower. And yet, increasing the quoted price to pretend that financing carries no interest, while the actual cash price is lower, is a well-documented practice, particularly among car dealers⁶¹.

Young people thus lack a certain quantity of important information about credit and its operation. But when asked where they would look for information about credit if necessary, most answer that they would turn to their parents or to a financial institution, despite their stated suspicion of commercial representations. The older participants – the large majority of whom owned a credit card – who were asked where they would look for credit information or advice named the financial institutions above all. Given that those institutions want to make credit products available that will generate profits, so that they cannot be totally impartial in providing credit information, it is worrisome that many young people consider them an ideal source of information on, for instance, the operation, advantages and disadvantages of credit cards.

4.2 How and When Can Young People Be Reached?

Currently, according to our discussion groups, young people obtain credit information essentially from 3 sources: their parents, financial institutions, and advertising.

Regarding the role of family, a French study points out the following:

La gestion pratiquée par les parents demeure pour la majorité des jeunes le modèle. [...] Les parents jouent un rôle fondamental dans la transmission des savoirs en matière d'argent ; ils sont la principale source de conseils dans ce domaine devant le cercle des amis. Il n'apparaît certes pas de pédagogie parentale parfaitement « pensée », structurée dans tous les foyers mais la reproduction du modèle parental est omniprésente dans la mesure où les parents s'apparentent à la « référence » unique en matière de gestion.

*Environ 8 jeunes de 15 à 20 ans sur 10 demandent conseil à leurs parents, 1 sur 2 à leurs amis*⁶².

⁶¹ See for example the 2004 report produced by the television program La Factice on behalf of Radio-Canada. [Online] http://www.radio-canada.ca/actualite/v2/lafactice/niveau2_4451.shtml. See also: Publicité trompeuse, on the consultantautomobile.com website, <http://www.consultantautomobile.com/publicite-trompeuse.html>; Buying a new car: the ins and outs of car financing in 4 questions, by Merlin Assurance <http://www.merlinassurance.ca/blog/en/auto-3/buying-a-new-car-the-ins-and-outs-of-car-financing-in-4-questions>. In its September 2011 edition, Protégez-vous magazine also published an article on the subject: *0 %, ça vaut la peine ?*.

⁶² Institut pour l'éducation financière du public, Sondage les jeunes et l'argent, February 22, 2012. [Online] <http://www.lafinancepourtous.com/Une-enquete-sur-les-jeunes-et-l.html> (Consulted on March 25, 2012).

Unfortunately, our study does not permit us to know what credit information each young person receives at home or in his immediate environment, or to assess the quality of that information. Ms. Goyette, a counsellor at the Solutions Budget Plus in Sherbrooke, observes the following:

Les gens ne sont pas assez informés sur le crédit et le budget, et ça a un impact sur les jeunes [...]. Ils voient leurs parents utiliser la carte de crédit, consommer, voire surconsommer, et ils entendent peu parler de budget. Les parents sont les premiers modèles pour les jeunes⁶³.

The fact that the family is the main source of information on credit issues can thus raise legitimate concerns:

Un sondage mené en mai 2011 par le cabinet Ipsos Reid révélait que 79 % des Canadiens ne pensent pas pouvoir enseigner à une autre personne les notions d'argent, d'épargne et de budget⁶⁴.

The financial institutions, for their part, are taking over the financial education sector and seek to inform and educate the young and less young about issues of credit, budget, etc. Some financial institutions create personal financial information websites⁶⁵. One might fear that the desire of certain financial institutions to inform is in fact motivated by a desire to induce young people to use credit. For example, following a poll, the Bank of Montreal stated:

[...] Only 47 per cent of post-secondary students collect some kind of rewards points on their credit cards and three in five (61 per cent) don't take advantage of the student discounts available to them.

[...]

"Armed with the right card, conservative credit limits, and relevant information and advice, students do exercise an appropriate degree of prudence, which speaks well of their basic financial literacy and prospects for future financial health," added Ms. McVey⁶⁶.

A commentator announced that the Bank of Montreal, on the basis of those findings, was preparing to launch a campaign to raise young people's awareness of how to take full advantage of its various credit cards (discounts and other bonuses)⁶⁷. True, if a user can obtain discounts, it is a good thing to know. A credit awareness-raising campaign openly based on an incentive to use credit – rewards and other bonuses that are, by the way, paid by consumers as

⁶³ Marc Tison, <http://lapresseaffaires.cyberpresse.ca/economie/quebec/201011/23/01-4345328-endettement-les-jeunes-suivent-lexemple-de-leurs-parents.php>

⁶⁴ Coalition des associations de consommateurs du Québec (CACQ), *Parce que l'argent ne pousse pas dans les arbres... À quand le retour des cours d'économie au secondaire pour freiner le surendettement?*, November 22, 2011. [Online] http://www.danslamargejusquaucou.com/wp-content/uploads/2011/11/comm_educ_fin_22nov2011.pdf (Consulted on March 12, 2012).

⁶⁵ For example, National Bank has created the website [Online] <http://www.clearfacts.ca/> (Consulted on March 16, 2012).

⁶⁶ BMO Bank of Montreal, *Chill out Canada – Students Smarter than You Think about Credit Cards*, Marketwire, August 18, 2011. [Online] <http://www.marketwire.com/press-release/chill-out-canada-students-smarter-than-you-think-about-credit-cards-tsx-bmo-1551069.htm> (Consulted on January 27, 2012).

⁶⁷ Banque Credit, *Les étudiants canadiens sont suffisamment prudents avec leurs cartes de crédit*, August 25, 2011. [Online] <http://www.banquecredit.ca/tag/bmo> (Consulted on January 15, 2012).

a whole – does not seem to us the healthiest or most impartial way to raise young people's level of financial literacy.

The financial institutions are in a conflict of interest when offering information on products they sell. Indeed, a company that profits notably from fees – interest and others – that must be paid by consumers who do not pay their credit card balances on time may be less inclined to insist on the importance of paying a credit card balance in full rather than making the minimum payment. It may be tempted to maximize the advantages of one product or another depending on the profits that can be generated.

Given that people currently experiencing debt overload have likely obtained information from their financial institution, it would surely be foolhardy to allow financial institutions to exercise an even broader role as providers of information. Information on personal finances and on the various credit products should be made available by impartial persons or organizations that derive no advantage from credit product offerings or from household debt.

Finally, advertising, by its nature and purpose (promoting a product to sell it), can in no case be considered a reliable source of credit information to young people. Although the latter are aware that advertising only presents a product's positive aspects and voluntarily neglects to mention the negatives, they do not have sufficient knowledge and experience and do not mistrust advertising sufficiently; their analysis of advertisements presenting zero-interest financing plans constitutes an eloquent example of this.

Advertisers obviously try to seduce by shamelessly tugging at the heartstrings of a target audience. What tool could be more effective than a promise of freedom made to young people yearning for emancipation?

Les banques et les compagnies émettrices de cartes de crédit ont abondamment recours à la rhétorique de la liberté et de l'émancipation pour interpeller les consommateurs : « la liberté n'a pas d'âge », avance une publicité de Visa destinée aux étudiants⁶⁸.

Every weapon is used to make credit appear desirable and camouflage its more problematic aspects. Young people, when bombarded by such advertisements or other types of solicitation, do not necessarily have the tools and critical faculties to maintain the composure and distance that are indispensable for making well-considered decisions.

In short, to provide young people with credit information, sources other than parents, financial institutions and advertising should be identified. It is also important to reach young people when they are receptive to this type of information. The discussion groups demonstrated that young participants aged 15 to 17 have a negative perception of credit, about which they know very little, whereas that perception is different among 18-21 year-olds. It thus appears that the critical time to discuss credit is when young people are 17-18 years of age, i.e., just before they start using or are offered credit. In fact, the Conseil permanent de la jeunesse expressed this opinion in 2010:

Alors que le ratio d'endettement, tel que nous l'avons vu précédemment, est très élevé pour les jeunes qui ont un revenu inférieur à 5 000 \$ annuellement, ces derniers doivent

⁶⁸ Maxime Ouellet, La fabrique du consommateur endetté, Relations journal, No. 745, December 2010. [Online] <http://cjf.qc.ca/fr/relations/article.php?ida=94> (Consulted on March 15, 2012).

*acquérir des connaissances de base rapidement pour être en mesure de faire des choix éclairés. En effet, c'est également à cet âge, à la fin du secondaire, que les jeunes devront déterminer s'ils poursuivront des études spécialisées ou iront sur le marché de l'emploi directement.*⁶⁹

So 18 years of age is the time when young people start using credit and make choices that will have major financial consequences; therefore, this is the time when information should be provided to them.

The school appears to be the ideal place to offer young people as much information as possible about credit and personal finances. If they received in school the information they need, it is highly likely that only afterward would they consult, for complementary information, their parents, financial institutions and advertising, on the basis of a more objective knowledge and perspective on the issue. Indeed, some of the young people who had studied credit issues as part of a high school course seemed to have a better knowledge of credit and its workings than the other young people. Another demonstration of the school's influence on young people's understanding of credit: many of those whose teachers had promoted credit "to build a reputation" said it was important to use credit for that purpose. And yet, this single piece of information absolutely needs to be put in context, otherwise it could be more damaging than truly useful; unfortunately, it does not appear to have been put in context for the discussion group participants. A structured course with contents identified and developed beforehand by personal financial experts, and carefully validated to guarantee maximum objectivity, could certainly help counter incomplete or misleading information provided by teachers untrained to offer this type of information.

A course similar to one that used to be offered to Secondary 5 students in Quebec would certainly be appropriate:

Avant les années 1960, le fait de recourir au crédit pour effectuer des achats ordinaires était un phénomène plutôt rare. L'opinion publique y était défavorable, car le crédit à la consommation était associé à une mauvaise gestion des affaires personnelles. Aujourd'hui, les choses ont bien changé. Le crédit à la consommation fait désormais partie du mode de vie des Québécois. On emprunte généralement sans culpabiliser. [...] Les gens apprécient mieux les avantages du crédit. [...] Grâce au crédit, on n'est pas obligé de retarder la réalisation de certains projets comme l'achat d'une voiture, par exemple.

Cette introduction au crédit à la consommation, extraite d'un manuel d'économie pour les élèves de 5e secondaire, côtoyait une section sur les avantages de la planification budgétaire et une autre sur les dangers de l'endettement. Le cours d'économie a été retiré du programme en 2009 – après que celui d'économie familiale ait été aboli à la fin des années 1990. Et l'endettement chez les jeunes, lui, a depuis augmenté⁷⁰.

A Credit Canada survey of parents and teenagers that was partly sponsored by the Ontario Association for Credit Counselling Services indicated that training at school would be the way preferred by parents and youth alike:

⁶⁹ Mémoire du Conseil permanent de la jeunesse, Maîtriser ses finances personnelles : ce n'est pas un luxe !, October 2010. [Online] http://www.mjbc.ca/mes-references/publications/doc_details/180-memoire-cpj-maitriser-ses-finances-personnelles (Consulted on January 17, 2012).

⁷⁰ Julia Posca, *op. cit.* Note 57.

Teenagers said they wanted to learn about money through interactive means. Twenty-seven per cent indicated that taking a class in school was their first choice, 22 per cent ranked interactive exercises with friends as their second choice, and 15 per cent ranked interactive exercises with parents as their third choice⁷¹.

Thus, a course on credit generally, its workings, advantages and disadvantages would certainly be an ideal way to better educate young people in this aspect of personal finances:

[L]es études de Lachance révèlent que les cours en matière de finances personnelles ont bien leur place : « les sujets ayant rapporté que les cours avait été leur principale source d'apprentissage en matière de finances personnelles ont enregistré des performances significativement plus élevées sur le plan des connaissances vis-à-vis le crédit que ceux ayant mentionné avoir acquis ces connaissances par l'intermédiaire de leur expérience personnelle, de leur famille, ou encore de leurs pairs. » Ainsi, l'éducation financière en milieu scolaire aurait une influence positive sur les attitudes des jeunes face à l'argent et aux autres concepts s'y rattachant. Dans cette optique, l'école est un lieu tout indiqué pour susciter l'intérêt des jeunes quant à la littératie financière. Bien que l'influence du milieu varie d'un jeune à l'autre, il n'en demeure pas moins que ce milieu les incite à adopter des comportements prudents avec leurs finances personnelles⁷².

Moreover, such courses should aim to sharpen young people's critical faculties, notably regarding credit advertising. It does appear that young people are not sufficiently critical toward such advertising or when questioned about various credit offers.

The results of our discussion groups, which are in line with those of other existing studies, indicate that young people's knowledge of credit remains limited, often only to an approximate understanding of the basic pros and cons of credit cards. So they should receive more information about credit at a time when they are receptive. The credit information to be given them should be as complete as possible and pertain to the various types of available credit (credit card, credit line, personal loan, lease, mortgage, payday loans, etc.) and, by developing their critical faculties, raise their awareness of the credit mirages presented by advertising.

⁷¹ Credit Canada. National survey of parents and teenagers about financial education, 2008. Published in Ontario Ministry of Education, A Sound Investment – Financial Literacy Education in Ontario Schools, 2010. [Online] http://www.edu.gov.on.ca/eng/Financial_Literacy_Eng.pdf (Consulted on March 13, 2012).

⁷² Mémoire du Conseil permanent de la jeunesse, Maîtriser ses finances personnelles : ce n'est pas un luxe !, October 2010. [Online] http://www.mbj.ca/publications/doc_download/180-memoire-cpj-maitriser-ses-finances-personnelles (Consulted on January 17, 2012).

5 CONCLUSIONS

Today's youth have grown up in a society where credit is ubiquitous. Many of them use various credit products more and more frequently.

According to FCAC, the proportion of young people aged 18 to 29 who owned a credit card was 72% in 2008. In coming years, young people will likely continue using various credit products: credit cards, personal loans, lines of credit, etc. In addition, young people will continue being solicited by financial institutions wherever they are and are likely to be vulnerable – in educational institutions and on campuses, notably.

At a time when they are beginning to accumulate expenditures, young people are living in a world where credit is ubiquitous and where they are frequently offered access to it – access that, according to advertisements, can give them the freedom they covet. But their general knowledge about credit is meagre and their perception, particularly in the case of younger teens, is often limited to a few credit card aspects that seem familiar to them. This means that young people would certainly benefit from more education about the pros and cons of credit and about essential rules for optimal credit use that would avoid the inherent risks to the extent possible.

Moreover, the best time to inform and educate them and act on their perception of credit is not so easy to determine. The majority of young people turn to their parents, their circle and financial institutions to obtain information. However, those sources may not always be in the best position to offer information and advice about credit. The school appears to be an ideal place to offer that information, so long as it is done at the right time and that such training is integrated within a broader approach to personal financial management. There are a number of such initiatives in Canada to instill essential principles in young people about financial concepts (credit, budget, savings, etc.):

- *British Columbia has made financial literacy a mandatory requirement in high school [...]*
- *Manitoba recently announced its Building Futures Project, which will integrate economic and financial capability, knowledge, skills and abilities into the compulsory provincial curriculum.*
- *Ontario has also announced that it will incorporate financial literacy into its existing Grade 4 to 12 curriculum by September 2011⁷³.*

⁷³ Task Force on financial Literacy, *Leveraging Excellence: Charting a course of action to strengthen financial literacy in Canada*, Ottawa, Canada, 2011. [Online] <http://www.litteratiefinanciereaucanada.com/excellence/excellence-08-eng.html> (Consulted on March 13, 2012).

In Ontario, the willingness to integrate financial literacy with the curriculum is motivated by such considerations as the following:

After they graduate, students quickly take on more responsibility. They begin working, participate in apprenticeship programs, or attend college or university. Their financial security and well-being will depend in part on their skills in dealing with the increasingly complex world of finance.

[...]

*In addition, embedding learning about financial literacy in existing mandatory courses will help students develop critical thinking skills related to financial decision making in a meaningful context [...].*⁷⁴

All these initiatives are interesting, but it might be good to consider establishing harmonized provincial programs, in order to ensure, amongst others, that all young Canadians have a good knowledge of credit, its operation, its pros and cons, and related risks, and to sharpen young people's critical faculties in the face of the various credit offers and advertisements.

While establishing a basic course in the above subjects would be a significant first step, debt-related problems are now reaching such proportions that society must question the consequences of credit ubiquity, constant calls to consume, and the financial industry's responsibility:

*Certes, les jeunes pourraient être mieux instruits quant aux risques de l'endettement. À cet égard, réintroduire le cours d'économie dans les écoles secondaires serait certainement un pas dans la bonne direction – plutôt que d'y organiser des ateliers de simulation boursière. Mais ce ne serait qu'une manière de limiter les dégâts. S'attaquer au problème de l'endettement comme s'il était la conséquence d'un manque d'éducation équivaut, tout compte fait, à un refus de remettre en question le modèle culturel dont dépend notre système économique. Car distinguer le surendettement de l'endettement raisonnable, c'est aussi cautionner le besoin de consommer, peu importe la finalité de cette consommation et les conditions qui la rendent possible. D'autre part, en blâmant les jeunes pour leur insouciance, on déresponsabilise l'industrie financière, celle-là même qui a pourtant tout intérêt à ce que ses clients s'endettent. Ce qui apparaît cette fois-ci comme une manière de consentir à ce qu'on pourrait qualifier de nouvelle norme de l'endettement*⁷⁵.

On the basis of the results of our qualitative study, which are in line with those of many other existing studies, we formed the recommendations that follow.

⁷⁴ Ontario Ministry of Education, A Sound Investment – Financial Literacy Education in Ontario Schools, 2010. http://www.edu.gov.on.ca/eng/Financial_Literacy_Eng.pdf (Consulted on March 13, 2012).

⁷⁵ Julia Posca, *op. cit.* Note 57.

6 Recommendations

- Whereas buying on credit is widespread today, among adults and young people alike;
- Whereas young people of all ages are, directly or indirectly, targeted by advertising when the time comes for the latter to promote credit in all its forms;
- Whereas statistics show that young people's indebtedness is following the same trend as that of the population as a whole: their debt is substantial and increasing;
- Whereas between 1987 and 2005, the number of bankruptcies doubled among 15-25 year-olds and increased by 150% among 25-35 year-olds;
- Whereas young people's perception of credit is limited mainly to their knowledge of a few features of credit cards;
- Whereas some of the information provided to young people about credit and its operation is deficient;
- Whereas this lack of knowledge does not enable them to use credit optimally and avoid its risks;
- Whereas credit information should not be provided in a vacuum, but should be integrated with efforts to improve the financial literacy of young people by interrelating the essential components of sound financial management;
- Whereas complete, objective and disinterested information should be provided to young people, particularly to counter misleading advertisements:

1. Union des consommateurs recommends that the federal and provincial governments establish overall strategies to ensure that young people receive broad and objective information on credit, debt and sound personal financial management;
2. Union des consommateurs recommends that the appropriate governments provide community groups specializing in budget and debt matters with adequate financial resources to establish and maintain programs and initiatives offering young people all the necessary information to raise their awareness of issues related to credit, debt and sound personal financial management;

- Whereas the proportion of young Canadians who own a credit card has increased remarkably over the years;
- Whereas almost half of young people find it normal to be in debt and that 40% of them perceive more advantages than disadvantages in using credit;
- Whereas the available forms of credit are multiplying;
- Whereas young people do not use credit cards only from major issuers such as Visa and MasterCard, but also from department stores or oil companies, and that they are using other forms of credit as well (credit lines, personal loans, etc.);
- Whereas there appear to be shortcomings in young people's objective knowledge of credit;
- Whereas young people receive their credit information essentially from 3 sources: their parents, financial institutions and advertising;
- whereas 79% of Canadians do not feel able to teach another person about money, savings and budgets;
- whereas financial institutions offer credit products and can therefore not be totally impartial in offering credit information;

- Whereas advertising, by its very nature and purpose, cannot be a reliable source of credit information for young people;
- Whereas information on personal finances and credit should be provided by impartial, objective, disinterested sources;
- Whereas the critical time for addressing credit would be when young people are about 17-18 years of age, i.e., just before they begin using it and are offered credit;
- Whereas the school appears to be the ideal place for offering young people maximum information on credit and personal finances;
- Whereas the information provided should aim to develop young people's critical faculties regarding credit and advertising:

3. Union des consommateurs recommends that provincial governments establish, in partnership with independent personal financial experts (professors, budget counsellors), courses in personal financial education;

4. Union des consommateurs recommends that those courses notably include teaching about credit, credit products, and the latter's pros and cons;

5. Union des consommateurs recommends that those courses include teaching about reasonable consumption and about debt;

6. Union des consommateurs recommends that those courses include awareness-raising about advertising techniques;

- Whereas information on personal finances and the various credit products should be made available by impartial persons or organizations that derive no benefit from offering those products;
- Whereas it is important, in order to improve financial literacy generally, that consumer information about credit and, more broadly, about personal financial management be impartial, objective and disinterested, and be integrated with principles of sound financial management;
- Whereas financial institutions provide consumers with financial information;
- Whereas that information, offered by parties that may find it in their economic interest not to provide objective and disinterested information, should not be perceived as objective by consumers:

7. Union des consommateurs recommends that the appropriate governments regulate the financial information offered by financial institutions, so that consumers clearly see that it is not impartial and objective information;

- Whereas young people seem to attach huge importance to the usefulness of obtaining credit in order to build a credit history;
- Whereas, on the basis of that perception, consumers may be induced to fall into debt or expose themselves uselessly to debt risks that might otherwise be avoided:

8. Union des consommateurs recommends that the appropriate governments prohibit any representation promoting the importance of building a credit history while aiming to induce a consumer to request credit.

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UNION DES CONSOMMATEURS, *Mineurs, contrats et conséquences*, Union des consommateurs, Montreal, Quebec, Canada, June 2011.

http://uniondesconsommateurs.ca/docu/protec_conso/MineursContratsConsequences.pdf

ANNEX 1: Recruiting Questionnaire

Groupes de discussion avec des jeunes (15 à 21 ans).

Recrutement de 12 personnes par groupe.

	Critère (âge)	Heure	Lieu	Langue	Date
Groupe 1	15 à 17 ans	18h	Montréal	Français	September 27
Groupe 2	18 à 21 ans	19h30	Montréal	Français	September 27
Groupe 3	15 à 17 ans	18h	Toronto	Anglais	September 27
Groupe 4	18 à 21 ans	19h30	Toronto	Anglais	September 27

Une autorisation parentale sera demandée afin de recruter les jeunes de 15 à 17 ans.

Cibler la région de Montréal RMR pour les groupes 1 ou 2

Cibler la région de Toronto RMR pour les groupes 3 ou 4

AGE:

Dans quel groupe d'âge vous situez-vous? Est-ce ...

14 ans ou moins	01	=> Terminer
15 à 17 ans	02	Groupes 1 ou 3
18 à 21 ans	03	Groupes 2 ou 4
22 à 24 ans	04	=> Terminer
25 à 34 ans	05	=> Terminer
35 à 44 ans	06	=> Terminer
45 à 54 ans	07	=> Terminer
55 à 64 ans	08	=> Terminer
65 ans et plus	09	=> Terminer

Q1:

Est-ce que vous ou quelqu'un de votre entourage travaillez dans l'un des secteurs suivants? Plusieurs réponses possibles.

Marketing / Recherche marketing	1	=> Terminer
Publicité	2	=> Terminer
Médias (journaux, radio ou télévision)	3	=> Terminer
Relations publiques	4	=> Terminer
Secteur bancaire, financier ou des assurances	5	=> Terminer
Aucun de ces secteurs	7	

Q2:

Parmi la liste suivante, quelle(s) forme(s) de crédit utilisez-vous actuellement?

Cochez tous les choix applicables à votre situation

- Prêt étudiant 01
- Prêt auto 02
- Prêt personnel 03
- Marge de crédit 04
- Prêt pour des meubles, appareils électroniques, électroménagers, etc. (financement auprès du commerçant). 05
- Carte de crédit sans solde (le paiement de la carte est toujours effectué en totalité à tous les mois) 06
- Carte de crédit avec solde (le paiement n'est pas toujours effectué en totalité tous les mois) 07
- Prêt hypothécaire 08
- Autre forme de crédit, précisez : _____ 09 **valider si pertinent**
- Aucune forme de crédit 97
- Je ne sais pas 98 => Terminer

On souhaite idéalement que soient représentés 3 types de participants :

- **aucun crédit ou endettement autre que prêt étudiant et hypothèque : 97 ou 01 ou 08**
- **crédit mais pas endettement : 06**
- **crédit en endettement : 02, 03, 04, 05, 07 et 09**

SEXE: Bonne diversité.

Vous êtes...

- ... Un homme 1
- ... Une femme 2

OCCUP:

Quelle est votre occupation principale actuelle ?

- Travailleur 01
- Étudiant 02
- Étudiant et travailleur 03
- Autre 96

REVEN:

Parmi les catégories suivantes, laquelle reflète le mieux le revenu total avant impôt de tous les membres de votre foyer pour l'année 2010 ?

- Moins de 20 000\$ 1
- Entre 20 000\$ et 39 999\$ 2
- Entre 40 000\$ et 59 999\$ 3
- Entre 60 000\$ et 79 999\$ 4
- Entre 80 000\$ et 99 999\$ 5
- 100 000\$ et plus 6

SCOL:

À quel niveau se situe la dernière année de scolarité que vous avez terminée?

- Primaire 1
- Secondaire..... 2
- Collégial 3
- Universitaire certificats et diplômes 4
- Universitaire 1er cycle Baccalauréat 5
- Universitaire 2e cycle Maîtrise..... 6
- Universitaire 3e cycle Doctorat 7
- Je préfère ne pas répondre 9

Q3:

Avez-vous déjà participé à un groupe de discussion pour lequel vous avez reçu une rémunération ?

- Oui 1
- Non 2 => INVI1

Q4:

À combien de groupes de discussion avez-vous déjà participé ?

- Moins de 5 1
- 5 et plus 2 => Terminer

Q5:

À quand remonte votre dernière participation ?

- 12 derniers mois 1 => Terminer
- Plus de 12 mois 2

INVI1 (Montréal):

Nous organisons des groupes de discussion qui auront lieu dans le Vieux-Montréal le mardi 27 septembre 2011, à 18h00 ou à 19h30 et recherchons des gens comme vous pour y participer. La rencontre durera 1h30 et les participants recevront 60\$ pour les remercier de leur collaboration. Êtes-vous intéressé(e) à participer à cette rencontre?

IMPORTANT : Si vous êtes choisi, nous vous rappellerons quelques jours avant le groupe afin de confirmer votre présence et vous informer de l'heure exacte et de l'endroit où se tiendra la discussion. Vous devrez arriver au moins 15 minutes avant le début du groupe. Les retardataires ne seront pas admis dans le groupe.

- Oui 1
- Non 2 => Terminer

INVI2 (Toronto):

Nous organisons des groupes de discussion qui auront lieu à Toronto le mercredi 27 septembre 2011, à 18h00 ou 19h30, et recherchons des gens

comme vous pour y participer. La rencontre durera 1h30 et les participants recevront 75\$ pour les remercier de leur collaboration. Êtes-vous intéressé(e) à participer à cette rencontre?

IMPORTANT : Si vous êtes choisi, nous vous rappellerons quelques jours avant le groupe afin de confirmer votre présence et vous informer de l'heure exacte et de l'endroit où se tiendra la discussion. Vous devrez arriver au moins 15 minutes avant le début du groupe. Les retardataires ne seront pas admis dans le groupe.

Oui 1
Non 2 => Terminer

S9:

Il y aura un enregistrement audio/vidéo des groupes de discussion et celui-ci servira à Léger Marketing et ses mandataires. Acceptez-vous que l'activité à laquelle vous prendriez part soit filmée?

Oui 1
Non 2 => Terminer

QE:

Merci, vous vous qualifiez pour participer à notre étude. Nous contacterons sous peu les personnes retenues par téléphone pour fixer un rendez-vous. Merci de répondre aux questions qui suivent, afin de nous laisser vos coordonnées.

NOM:

Veuillez inscrire votre prénom et nom de famille.

TELEA:

Veuillez inscrire votre numéro de téléphone, en commençant par l'indicatif régional. Exemple: 514-982-2464
999-999-9999

TELEB:

Est-ce qu'il y a un autre numéro de téléphone où l'on peut vous joindre? Si NON (pas d'autre numéro de téléphone), NE RIEN INSCRIRE et passer à la case suivante.
999-999-9999

COURR:

Quelle est votre adresse courriel?
\$@

ANNEX 2: Discussion Guide



GUIDE DE DISCUSSION

**ETUDE QUALITATIVE AUPRES DE JEUNES DE 15 A 21 ANS
A PROPOS DE LEURS PERCEPTIONS DU CREDIT**

**GROUPES DE DISCUSSION
27 SEPTEMBRE 2011, 18H ET 19H30
MONTREAL**

**ANIMATRICE :
ARANCHA PEDRAZ-DELHAES**

PROJET 12978-011

Leger
MARKETING

507, place d'Armes, bureau 700
Montréal (Québec) H2Y 2W8
Téléphone : 514-982-2464
Télécopieur : 514-987-1960



INTRODUCTION	PRÉSENTATION GÉNÉRALE
DURÉE	10 minutes

Présentation

- Présentation de l'animatrice
- Présentation de Léger Marketing
- Importance de donner ses opinions personnelles, spontanées et honnêtes
- Pas de mauvaises réponses
- Importance de réagir aux opinions des autres
- Importance de parler une personne à la fois
- Miroir sans tain, présence d'observateurs
- Enregistrement audio-vidéo pour analyse subséquente
- Renseignements recueillis qu'aux fins de l'étude (ses mandataires et partenaires)

Objectif de la rencontre

- L'objectif de la rencontre d'aujourd'hui est de recueillir vos opinions et votre perception à l'égard du crédit.

Présentation des participants

- Prénom ?
- Habite avec parents/famille, conjoint(e), colocataires ?
- Occupation (travail et/ou études) ?

BLOC 1	CONNAISSANCE ET OPINION GÉNÉRALE DU CRÉDIT
DURÉE	20 minutes

Définition

1.1. D'abord, si je vous dis « crédit », à quoi pensez-vous ?

1.2. À quels produits pensez-vous quand on parle de « crédit » ?

L'animatrice précise aux participants : Pour toute la discussion, quand on parlera de crédit, on exclura les prêts hypothécaires et les prêts étudiants.

Utilisation

1.3. Personnellement quelles formes de crédit utilisez-vous ?

(Cette question est abordée rapidement, simplement pour connaître le profil des participants autour de la table.)

Perception

1.4. Globalement, pour vous, le crédit, est-ce quelque chose de positif ou de négatif ? Pourquoi ?

(Cette question est abordée rapidement, simplement pour connaître la perception générale des participants autour de la table.)

1.5. Selon vous, y a-t-il des avantages au crédit ?

D'où détenez-vous cette information sur les avantages du crédit ?

(L'objectif n'est pas de discuter des avantages en les nommant, mais simplement de savoir s'ils pensent qu'il y a des avantages au crédit et surtout où ils en ont entendu parler.)

1.6. Selon vous, y a-t-il des inconvénients ou risques au crédit

D'où détenez-vous cette information sur les risques du crédit ?

(L'objectif n'est pas de discuter des inconvénients en les nommant, mais simplement de savoir s'ils pensent qu'il y a des inconvénients au crédit et surtout où ils en ont entendu parler.)

BLOC 2	SOURCES D'INFORMATION
DURÉE	15 minutes

Sources passées

- 2.1. Plus jeune, vous souvenez-vous qui vous a parlé du crédit?
 - Famille
 - Amis
 - Institution financière

- 2.2. Quel type d'information vous a-t-on donné sur le crédit?
 - Conseils
 - Mises en garde
 - Modes d'utilisation
 - Produits disponibles

- 2.3. De qui avez-vous reçu cette information ?
 - Famille
 - Amis
 - Institution financière
 - Médias

Si la famille ne sort pas spontanément :

- 2.4. Est-ce que l'on parlait de finances personnelles, de crédit et de dettes dans votre famille?

- 2.5. Parlait-on des avantages et des inconvénients?

Sources actuelles

- 2.6. Avez-vous l'impression d'avoir suffisamment d'information à propos du crédit ?

- 2.7. Si vous aviez besoin de renseignements ou de conseils sur un produit de crédit, vers qui ou quoi vous tourneriez-vous ?
 - Famille, amis
 - Institution financière (conseiller)
 - Internet
 - Journaux, magazines

- Publicités

BLOC 3	PERCEPTIONS SPÉCIFIQUES PAR RAPPORT AU CRÉDIT
DURÉE	20 minutes

3.1. Je vais maintenant vous distribuer une feuille et je vous demanderais de cocher les énoncés qui représentent pour vous ce qu'est le crédit.

- Un moyen de se constituer un dossier de crédit et se faire un nom.
- Un moyen d'obtenir des récompenses.
- Un moyen d'éviter d'avoir à payer des frais aux institutions financières.
- Un moyen de s'acheter une chose quand on n'a pas l'argent immédiatement.
- Un moyen de faire des achats en ligne.
- Un moyen de suivre ses achats, par exemple grâce au relevé de carte de crédit.
- Un moyen de se payer un luxe (ex. un voyage ou autre).
- Un moyen de mettre de l'argent de côté, d'épargner, plutôt que d'avoir à payer ses dépenses.
- Un moyen sécuritaire de paiement.

Suit une discussion de groupe à ce sujet. L'animatrice peut relancer les participants par des questions comme...

- Pourquoi pensez-vous cela?
- Est-ce important pour vous?

3.2. Selon vous, qu'est-ce qu'une utilisation prudente et intelligente du crédit ?

3.3. Que pensez-vous des commerçants qui offrent la possibilité d'acheter des produits (meubles, cellulaires, appareils électroniques, électroménagers, etc.) en payant par versements mensuels ? Pourquoi ?

BLOC 4	PUBLICITÉS SUR LE CRÉDIT
DURÉE	15 minutes

4.1. Selon vous, est-ce que les publicités sur le crédit influence votre connaissance et votre compréhension du crédit ?

4.2. Avez-vous l'impression que les publicités sur le crédit vous informent bien sur les avantages et les inconvénients du crédit?

Je vais maintenant vous montrer une publicité (l'animatrice montre la publicité A – aucun intérêt pour une période données).

4.3. Que comprenez-vous de cette publicité?

Je vous montre maintenant une autre publicité (l'animatrice montre la publicité B – taux d'intérêt de 0%).

4.4. Que comprenez-vous de cette publicité ?

Rapidement, si le temps le permet :

4.5. Pour vous, est-ce que ces deux publicités sont pareilles, vous présentent le crédit de la même façon ? Si non, qu'est-ce qui est différent entre les deux publicités ?

MERCI DE VOTRE COLLABORATION !

ANNEX 3: Advertisements

The image displays two advertisements. The top advertisement is for electronics financing, featuring a navigation bar with categories: MEUBLES, ÉLECTRONIQUES, ÉLECTROMÉNAGERS, SOMMEIL, EN PROMOTION, NOUVEAUTÉ, and CENTRES de LIQUIDATION. Below the navigation bar are images of a camera, a home theater system, a television, and a camcorder. The main text reads: "50 Vous pouvez payer en VERSEMENTS SANS INTÉRÊT* sur les appareils électroniques*" and "jusqu'en novembre 2015". The bottom advertisement is for Mazda, with the headline "Faites partie de la communauté Mazda" and a "PLUS" button. It features social media icons for Facebook, Twitter, and YouTube. The main text reads: "0% de financement à l'achat jusqu'à 84 mois sur les Mazda6 Tribute RX-8 et MX-5" and includes another "PLUS" button.

FURNITURE ELECTRONICS APPLIANCES BEDS AND MATTRESSES ON SALE NEW PRODUCT **WORLD'S LARGEST LIQUIDATION CENTRES**



50 You can pay in **INTEREST-FREE* PAYMENTS** on electronics* until **November 2015**

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MORE    



0%
purchase financing
up to 84 months
on Mazda6, Tribute, RX-8 and MX-5