

INFORMATION ABOUT FINANCIAL PRODUCTS AND VULNERABLE CLIENTELES

Executive summary
June 2010

Consumers are being offered an ever-growing number of financial products, and apparently they continue to have little or no information on how best to utilize them.

The various types of information brochures provided by financial institutions, government organizations or community groups are thus an invaluable resource for informally acquiring financial knowledge. This is often the first source of information for consumers, in many cases at the very moment when they need a financial product. The quality and accessibility of those documents is therefore important in informing consumers of their rights and obligations, and in enabling consumers to take advantage of market opportunities.

If the consumer has adequate tools in this process, i.e., if he has access to clear, intelligible and objective information, he will be able to acquire a new level of financial literacy and better consumption habits, and make better personal finance decisions. Inversely, if he is poorly informed or guided, he will emerge with a more acute feeling of inadequacy, vulnerability and unease regarding personal finance issues, and will continue following negative financial consumption patterns.

Given that the ability to read, understand and decode information varies according to the literacy levels of individuals, certain consumer categories are particularly vulnerable to the negative consequences of exposure to information that is of poor quality, difficult to understand and lacking in objectivity. They then find themselves even more disadvantaged and ill-prepared for making responsible and profitable economic decisions. The young and the elderly are two particularly vulnerable categories. These two groups have special circumstances in terms of learning skills and financial products. Young people have little or no experience in personal finances, whereas their needs are many and growing. The elderly have a learning capacity that cannot but decline over time, and that may be undermined by health problems or declining faculties.

We wanted to focus on the quality and accessibility of financial information addressed to the young and the elderly – two consumer categories generally recognized as being more vulnerable.

We selected and analysed 16 documents about personal finances or financial products and services. To evaluate those brochures, guides and leaflets produced by financial institutions, government organizations and community groups and issued to the public, we submitted them to three distinct analytical methods: computer-assisted readability analyses, expert readings and discussion groups.

With regard to documents intended for the elderly, the expert reading concluded that none of the retirement guides attained “its goal of providing the reader with clear, complete and relevant

La force d'un réseau

Nos membres réguliers

ACEF ABITIBI-TÉMISCAMINGUE
ACEF AMIANTE – BEAUCE – ETCHÉMIN
ACEF DE L'EST DE MONTRÉAL

ACEF DE L'ÎLE-JÉSUS
ACEF DE LANAUDIÈRE
ACEF DU NORD DE MONTRÉAL
ACEF ESTRIE

ACEF GRAND-PORTAGE
ACEF MONTRÉGIE-EST
ACEF RIVE-SUD DE QUÉBEC
ACQC

6226, rue Saint-Hubert, Montréal (Québec) Canada H2S 2M2
T : 514 521 6820 | Sans frais : 1 888 521 6820 | F : 514 521 0736
union@consommateur.qc.ca | www.consommateur.qc.ca/union

retirement information.” In the discussion group formed by elderly persons, the definitions taken from the documents were insufficiently clear to participants and did not clear up misconceptions. The level of financial literacy required to understand those documents is high, which restricts their accessibility.

Overall, the texts intended for young people obtained more-favourable verdicts from expert readings. The most widespread problem with those documents is excessive marketing, to the detriment of information. Too often, the leaflets and brochures that financial institutions address to young people are marketing tools that serve the purposes of financial institutions and governments as well as young people. The basic message is thus obscured, and the consumer does not find the desired information.

Practices that rely on transparency and the intelligence of consumers – such as explanations of credit charges, cautions regarding investment risks, or incorporating financial education lessons – are appreciated and inspire trust.

The information documents we studied that were produced by government organizations and community groups were clearly intended for consumer information and education purposes. The participants in our discussion groups expressed interest in receiving information from unbiased organizations they can trust.

Improving the quality of financial information means changing the way information documents are written, in order to make them more readable to all customers. So it is useful to follow certain principles: knowing one’s audience, using a plan, adopting clear and simple language, lightening the visual presentation of documents, etc. There is also a series of writing techniques for improving textual clarity (tables, glossaries, indexes, etc.).

Governments can work to improve the level of financial literacy by fostering an increase in the information offered; they can also encourage healthy competition by asking their regulatory bodies as well as community organizations to produce documents that provide information complementing that of financial institutions.

On the basis of this study, Union des consommateurs issues the following main recommendations:

1. That the federal and provincial governments work to improve the quality, accessibility and objectivity of financial information documents produced by financial institutions, government organizations and community groups, in order to make such documents more understandable and accessible to all clienteles, while taking into account the specific requirements of the young and the elderly.
2. That governments support initiatives to develop and disseminate personal finance information provided by community groups, by granting necessary funding to that effect.
3. That the appropriate authorities pursue their efforts to provide information complementing that already available on the market.

4. That public bodies rely more on community organizations for producing information and education documents regarding financial consumption, in addition to, and not in replacement of, documents from government organizations.
5. That producers of financial information incorporate document evaluation techniques (such as discussion groups, expert readings, readability analyses or any other method deemed relevant) within the writing and production process itself.

French version available on our website.

The present document summarizes a research report published by Union des consommateurs in June 2010 as part of a research project funded by Industry Canada's Office of Consumer Affairs. This report is available in French and in English on our website.