



Financial Consumer
Agency of Canada

Agence de la consommation
en matière financière du Canada

Financial Consumer Agency of Canada

Public opinion research study: High-Cost Credit Users 2023 – Executive Summary

Executive Summary

Prepared for:

Financial Consumer Agency of Canada

- **Supplier Name:** Leger Marketing Inc.
- **Contract number:** CW2241314
- **Contract Value:** \$95,356.18 (including HST)
- **Award date:** October 3, 2022
- **Delivery date:** July 17, 2023
- **Registration number:** POR# 056-22

For more information on this report, please contact the Financial Consumer Agency of Canada at: information@fcac-acfc.gc.ca

Ce rapport est aussi disponible en français.

Prepared for the Financial Consumer Agency of Canada

Supplier Name: Leger

July 2023

This report presents the executive summary for the Financial Consumer Agency of Canada Survey of High-Cost Credit Users conducted by Leger on behalf of the Financial Consumer Agency of Canada (FCAC). The survey was conducted with 2,307 Canadians between December 2nd, 2022 and January 17th, 2023.

Ce rapport est aussi disponible en français sous le titre: Agence de la consommation en matière financière du Canada, Étude d'opinion publique sur les utilisateurs de crédit à coût élevé 2023 - Résumé exécutif.

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427 Laurier Ave W. 6th Fl.
Ottawa, ON Canada
K1R 1B9

- **Catalogue Number:** FC5-88/2023E-PDF
- **International Standard Book Number (ISBN):** 978-0-660-49401-2
- **Related publications (registration number):** POR# 056-22
Catalogue number: FC5-88/2023F-PDF (Executive Summary, French)
International Standard Book Number (ISBN): 978-0-660-49402-9 (French)

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1. Executive Summary

1.1 Background and objectives

The Financial Consumer Agency of Canada (FCAC) is an independent federal government agency tasked with ensuring that federally regulated financial entities comply with consumer protection measures set out in legislation, public commitments, and codes of conduct. Mandated to protect Canadian financial consumers, FCAC also promotes financial education to strengthen the knowledge, skills and confidence of Canadians and raise awareness of consumer rights and responsibilities. FCAC is further mandated to monitor trends and issues that could impact financial consumers.

Many Canadians who lack access to conventional banking services, referred to as "underbanked," often have no choice but to seek out financial products and services from alternative finance providers. These providers typically offer products or services with higher interest rates than those offered by retail banks or traditional financial institutions. As a result, these Canadians end up paying significantly higher borrowing costs.

The objective of this research is to support FCAC's mandate by deepening its understanding, from a consumer perspective, of Canadian's use, awareness, understanding, and impressions of certain high-cost credit products. The study included participants who had obtained these types of products, including (1) payday loans, (2) high-cost lines of credit, and (3) high-cost instalment loans in the last three years.

The results will be used to inform FCAC in its consumer protection and consumer education and awareness functions, including the development of timely, evidence-based analysis and advice on emerging issues that may impact financial consumers. The data will also help the Agency improve the financial literacy of Canadians by helping to inform the development of timely and unbiased consumer information on high-cost credit.

1.2 Methodology

Quantitative research was conducted through online surveys, using Computer Aided Web Interviewing (CAWI) technology. Leger Marketing Inc. programmed and fielded a survey developed by FCAC.

The targeted audience of this study included a national sample that reflected those who utilized one of three high-interest loans including payday loan holders, instalment loan hold, and line-of-credit holders.

Those who had a line of credit or instalment loan were included in the survey if they had received a loan from a lender who only offers high-cost loans or if they said they received a loan with an interest rate above 20%. The survey was conducted among a total sample of 2,307 Canadian adults. The respondents were recruited via Leger's web panel using a random selection stratified by region.

A pre-test of 38 interviews was completed before launching data collection to validate the programming of the questionnaire in both English and French. An average of thirteen minutes and forty-two seconds was required for the respondents to complete the survey.

Leger adheres to the most stringent guidelines for quantitative research. The survey instrument was compliant with the Standards of Conduct of Government of Canada Public Opinion Research.

1.3 Contract value

The contract value for this study was \$95,356.18 (including HST).

1.4 Political neutrality requirement

Political neutrality certification

I hereby certify as Senior Officer of Leger that the deliverables fully comply with the Government of Canada political neutrality requirements outlined in the Policy on Communications and Federal Identity and the Directive on the Management of Communications.

Specifically, the deliverables do not include information on electoral voting intentions, political party preferences, standings with the electorate or ratings of the performance of a political party or its leaders.

Signed:

A handwritten signature in blue ink that reads "Andrew Enns". The signature is written in a cursive style with a prominent initial 'A'.

Andrew Enns
Executive Vice-President, Leger