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Technical Writing Assignment:  
Problem Description and Research*

## **Memorandum**

TO: Stephen Lecce, Minister of Education of Ontario  
FROM: Omid Moaddab, York University student  
DATE: October 30, 2019  
SUBJECT: Increasing financial literacy of Ontario students

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“Financial literacy is the confluence of financial, credit and debt management and the knowledge that is necessary to make financially responsible decisions – decisions that are integral to our everyday lives.” (Zucchi, 2019). Lack of it is one of the most critical problems for both regular citizens and governments. With changes in the labour markets leading to divergence in wages between employees and the emergence of financial technology, individuals are more than ever responsible for their finances. These changes are coupled with increasing complexity in financial products such as student loans, mortgages, credit cards, mutual funds and annuities (Lusardi, 2019, p. 1). For example, employer-sponsored defined benefit (DB) pension plans are being replaced by defined contribution (DC) plans, which entirely shifts the responsibility for retirement saving and investing from employers to employees (Lusardi, 2019, p. 1).

The bad news is, individuals are not doing well at all on managing their finances. “Canadians now collectively owe \$2,110.3-billion – including \$620.7-billion in consumer credit (such as credit card debt and personal loans) and \$1,384.2-billion in mortgage debt. That works out to an unprecedented \$1.71 of debt for every dollar of disposable income.” (Globe and Mail, 2017). This massive amount of debt is even threatening individuals’ health: “[...] economic insecurity even causes physical pain, reduces pain tolerance and predicts the use of over-the-counter painkillers. The stress of money problems can also affect the health of our relationships; a 2014 poll by the Bank of Montreal found that fighting about money was the top reason Canadians would seek a divorce.” (Globe and Mail, 2017).

Consequently, the governments will have to spend a large portion of their budget to save their citizens’ lives. Social welfare systems, student debts and fraud protections are some of the primary sources of Canada’s deficit. As an example, “Canadians lost an estimated \$290-million to fraud between 2014 and 2016, with cons occurring by telephone, email, social media and in person” (Globe and Mail, 2017).

The government can save millions of dollars by spending money on educating individuals on financial literacy to prevent these problems from occurring in the first place. For example, one

essential part of financial literacy is finding out how to protect personal information (Globe and Mail, 2017) and the government can provide the basic training to different kinds of scams and techniques to not fall for them to avoid the costs of investing the scams and preventing the nations' money to get out of the country and into the wrong hands.

“Overall, financial literacy affects everything from day-to-day to long-term financial decisions, and this has implications for both individuals and society. Low levels of financial literacy across countries are correlated with ineffective spending and financial planning, and expensive borrowing and debt management.” (Lusardi, 2019, p. 6).

The main challenge with providing a good financial literacy education is that “finance is non-intuitive to the human brain. Research has shown that people consistently fail to grasp the impact of compound interest or ongoing expenses on their well-being.” (Soman, 2017).

So we have to start the financial lessons from a young age. “The Organization for Economic Co-operation and Development (OECD) runs a program called the Program for International Student Assessment (PISA). Since 2012, this program added financial literacy to its assessment of math, science and reading in 15 countries (including seven Canadian provinces). [...] Results from PISA show that teaching financial capabilities in schools does have a significant and positive impact on financial decision-making by 15 year olds.” (Soman, 2017).

However, the problem with these programs is that they focus mainly on teaching appropriate financial behaviour and rule of thumbs and students do not fully grasp the theoretical knowledge of financial literacy (Soman, 2017). This prevents them from making their own decisions on financial problems which are a little more complex than the ones they have encountered before.

I am a domestic university student in Ontario and have a sister who is attending high school in Ontario. I try my best to introduce her to basic financial literacy concepts but we both see the lack of educational resources at our disposal. Fortunately, The Ministry of Education of Ontario has plans to introduce new financial literacy courses for K12 students in 2020 (Loriggio, 2019) but more has to be done and other provinces in Canada are thinking of them: “British Columbia stands out: A new curriculum includes mandatory financial literacy instruction within math courses at every grade level, beginning in kindergarten.” (Soman, 2017). The purpose of final recommendation report is for the Ministry of Education to review the report and the proposed solutions and budget for the research accordingly.

In writing this memo, I have researched dozens of articles, journals, magazines and web-based sources. I used tools such as Google Scholar to find scholarly and credible sources. I have chosen the three most relevant sources to my research by narrowing my focus on sources emphasizing on consequences of financial illiteracy and/or the different methods of financial education and their impact on financial literacy.

Sincerely,  
Omid Moaddab

## Annotated List of References

Dollars and (smart) sense: Why every Canadian child needs to be financially literate. (2017, June 8). *The Globe and Mail*. Retrieved from <https://www.theglobeandmail.com/life/globewe/dollars-and-smart-sense-why-every-canadian-child-needs-to-be-financially-literate/article37854898/>

Globe and Mail argue in favour of providing financial education for children. It uses the federal government's 2014 Canadian Financial Capability Survey results to illustrate that Canadians have a poor understanding of how money works. It then provides numerous examples in which proper financial literacy could save individuals and governments from massive debts. Globe and Mail is Canada's foremost news media company and has a broad audience of all ages. It used its platform to inform all Canadians of financial literacy regardless of their age, sex, etc.

Loriggio, P. (2019, July 2). Ontario's new Grade 10 careers curriculum to stress financial literacy. *BNN Bloomberg*. Retrieved from <https://www.bnnbloomberg.ca/ontario-s-new-grade-10-careers-curriculum-to-stress-financial-literacy-monetizable-skills-1.1282569>

BNN Bloomberg is a Canadian specialty television channel owned by Bell Media. It is reporting from the Canadian Press that Ontario is adding Financial Literacy to the grade 10 curriculum. The tone of this report is professional and tries to be as objective as possible. The readers are the regular Canadian residents and will most likely believe this news based on BNN Bloomberg's good reputation.

Lusardi, A. (n.d.). Financial literacy and the need for financial education: evidence and implications. *Swiss Journal of Economics and Statistics*. 155, 1 (2019) doi: <https://doi.org/10.1186/s41937-019-0027-5>

Lusardi claims lack of financial literacy has severe implications for both individuals and society, and thus there needs to be more emphasis on financial education. They heavily support their claim by citing dozens of research studies (For example, the findings from the Flat World Project across 15 countries, which gives the percentage of individuals from different countries who answered a set of financial literacy questions correctly). The author invites researchers to do further studies in this area, and that is why they have published their article on SpringerOpen, which makes their work freely available online for everyone.

Soman, D. (2017, December 6). Why financial literacy should be taught in every school: U of T expert. *U Of T News*. Retrieved from <https://www.utoronto.ca/news/why-financial-literacy-should-be-taught-every-school-u-t-expert>

Soman explains why financial literacy education has to have a place in every school. They support their thesis by emphasizing the value of financial literacy and the desperate need for financial education in schools, citing academic journals from top-ranking universities such as Cornell when they demonstrate how finance is non-intuitive for humans. Then, the author uses their expertise in psychology and explains some of the caveats with current financial educations and suggests the characteristics of an alternative solution. The author is a professor in UofT, and they wrote this article UofT News to inform students and researchers of their recent findings in hopes of inviting further research on finding better financial education programs.

Zucchi, K. (2019, October 26). Why financial literacy is so important. *Investopedia*. Retrieved November 3, 2019, from <https://www.investopedia.com/articles/investing/100615/why-financial-literacy-and-education-so-important.asp>.

Investopedia is a financial education website consisting of a group of editors, writers, product experts, etc. The authors of the article argue in favour of increase in financial literacy of everyone. They support their case by explaining the effect of current trends such as complex financial options, lack of government aid and longer life spans on consumers' lives. Investopedia is well known in the financial industry. The authors write articles of these to provide value for interested individuals in financial topics, hoping they later consider to take the paid financial courses offered by Investopedia. The