

COMMUNITY BASED FINANCE FOR COMMUNITY CAPACITY BUILDING

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1. POLICY PROBLEM	4. MIDSTREAM RESEARCH FINDINGS & POLICY STATUS	
<p>An increasing number of low income Canadians cannot access institutionalized sources of financial capital. This incidence of financial exclusion is rising with the increasing sophistication and complexity of financial services offered by mainstream financial institutions.</p> <p>Many people of all ages, backgrounds and levels of education have difficulty understanding basic financial information and so have difficulty making well informed financial choices.</p> <p>There is rising incidence of "fringe" financial services offered by non-financial firms targeting low income borrowers: microcredit and payday loans.</p>	<ul style="list-style-type: none"> • Microcredit programs are growing in number and popularity in Canada. • These programs require more business skills and mentoring supports for borrowers than do similar programs in the developing countries. • These programs are grass roots opportunities to build capacity within a local community. • To date there is no systematic analysis of the performance of these programs from which to ascertain efficiencies and accessibility. 	<ul style="list-style-type: none"> • Changes in the legislation governing payday loans are incomplete and in need of enforcement definition and consumer education supports. • Financial literacy assessment and education opportunities are minimal, and especially so for members of at-risk communities. • Policies to promote affordable small dollar loans to low income Canadians are needed.
2. RESEARCH QUESTIONS	5. ONGOING RESEARCH AND COMMUNICATION ACTIVITIES	
<p>Are microcredit programs and payday loans an efficient and equitable means of delivering small investment loans to residents of low income communities begin to better meet the credit needs of the financially excluded?</p> <p>Are there changes in educational and financial policies that might better promote financial inclusion?</p>	<p>Developing a convenient and accessible program evaluation instrument for use by volunteer microcredit operators is a key component of the ongoing research knowledge exchange.</p> <p>Writing policy briefs and media articles are necessary to help inform policy makers and educators about the financial education and enforcement considerations related to payday loans.</p>	<p>Developing a Financial Literacy Assessment and Education instrument offers a means by which people can self-assess or join a guided workshop to improve their financial capabilities.</p> <p>Reaching out to youth has led to a collaborative project with the local (Black Creek Community Health Centre Youth Program) community volunteer group "Financial Literacy Program Proudly Investing in Life" (FLiP/PLF) to develop a curriculum around financial information of particular interest to youth.</p>
3. RESEARCH OBJECTIVES & METHODOLOGY	6. POLICY EVALUATION & RECOMMENDATIONS	
<p>Survey the "fringe" financial system in Ontario: microcredit programs and payday loan options. Survey the scholarship and public policies related to microcredit and payday loans. Survey the literature on financial literacy and financial capability.</p> <p>Employ an interactive research approach that permits community input into the definition of the research problems and their analyses.</p>	<p>The benefits of a full spectrum micro-credit program may well include significant non-financial social and economic benefits, including greater self-actualization, greater labour market potential, greater social inclusion, better consumer choices, and increased participation in capital markets. Educational and financial subsidies—in the form of program support and loan guarantees—may be necessary to ensure the programs realize their potential for promoting financial inclusion.</p> <p>A program (curriculum and support materials) to "train the trainer" delivered through community-based financial literacy programs will expand needed financial education and assessment opportunities that are sensitive to different cultures, constituency life situations, and financial needs.</p>	
CURRENT STUDENT RESEARCHERS (LA&PS, PROGRAM OF STUDY)		
<p>MICROCREDIT PROJECT Shazma Abdulla (Eng) Nimmy George (PubPol&Admin) Jing Li (MA, Econ) Tom Tran (Econ)</p>	<p>PAYDAY LOANS PROJECT Monica Zamfir (Bus Econ)</p>	<p>FINANCIAL LITERACY PROJECT Neil Britto (Bus Admin) Adnan Raja (Eng) Justin Yan (Internat'l Dev't Studies)</p>