Life Goals, Finances and Financial Service Choice
Preliminary Report Summarizing Individual Respondents’ Financial Life Histories
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Notes:
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For more information on this project please visit the website: www.uwinnipeg.ca/~buckland.
Table of Contents
Introduction .......................................................................................................................... 3
Method .................................................................................................................................. 3
The Respondents ................................................................................................................... 3
Respondent Summaries ........................................................................................................ 5
  Toronto Respondent #1, Doug .......................................................................................... 5
  Toronto Respondent #2, Edward ...................................................................................... 6
  Toronto Respondent #3, Christine .................................................................................. 6
  Toronto Respondent #4, Frank ....................................................................................... 7
  Toronto Respondent #5, Grant ....................................................................................... 7
  Vancouver Respondent #1, Henry ................................................................................... 8
  Vancouver Respondent #3, Ian ...................................................................................... 9
  Vancouver Respondent #4, Donna .................................................................................. 9
  Vancouver Respondent #6, James .................................................................................. 10
  Vancouver Respondent #12, Edith ................................................................................ 10
  Winnipeg Respondent #1, Aaron ................................................................................... 11
  Winnipeg Respondent #2, Bill ...................................................................................... 11
  Winnipeg Respondent #3, Abbey ................................................................................... 12
  Winnipeg Respondent #4, Barbara ............................................................................... 12
  Winnipeg Respondent #5, Collin .................................................................................. 13
Discussion & Conclusion .................................................................................................... 15
Appendix 1: Questionnaire for Financial Life Histories .................................................. 17
Appendix 2. Key Socio-economic Characteristics of Respondents, Financial Life Histories .... 18
Introduction
This is a preliminary report on findings from a financial life history method undertaken with 15 respondents in inner-cities in three Canadian cities between August 2006 and March 2008. It is a method that intended to understand the peoples’ experiences with life goals, household finances & financial service choice over time. By financial life history it is meant that we asked respondents to tell about their adult lives and to relate their principal life experiences to their financial experiences and to their choice of financial services. It is particularly concerned to identify significant changes in people’s lives and finances and to examine how these changes interact with financial service choice.

The qualitative analysis of the interviews is ongoing and this report summarizes one portion of that work, namely, a summary of each respondent’s key life events, financial periods and financial service choices. Further analysis of the interviews will involve qualitative methods to identify key issues raised by the respondents.

Method
One of the methods in the research plan is to investigate citizen perspectives on financial exclusion through the financial life history. This method was to be administered to 6-9 respondents at each site in the first year. The goal of this method is to provide an opportunity for the respondent to discuss his/her main periods of work/unemployed, to discuss how finances affected these periods and then explain what financial services they used & discuss how these services helped or hurt them. In total fifteen financial life histories (five in each site, Toronto, Vancouver and Winnipeg) were completed from August 2006 to March 2008.1

Recruitment was undertaken in each site using snowball sampling method. We began by advertising the research through local organizations and posterizing in the neighbourhood. Respondents must fit a set of criteria including: the person was an inner-city resident and she/he had low-income (defined as reliant on social assistance or near minimum wage employment). In addition we endeavoured to represent various inner-city populations by recruiting both men and women, European-origin, Aboriginal and visible minority; and Canadian and newcomer or immigrant/refugee.

The Respondents
In total fifteen financial life history interviews are reported on in this report. The respondents were equally distributed from Toronto, Vancouver & Winnipeg (table 1). Five of the respondents were female and ten were male. On average, residents had lived in their respective neighbourhoods for five and a half years. The age of respondents ranged from 32 to 59 with an average of 48. Four of the respondents described her or himself as Caucasian, white or European-origin; two respondents described themselves as Métis or Aboriginal; three respondents said their ethnic origin was mixed; and, two indicated origins as visible minority. Education levels ranged from grade eight to completing a college diploma with an average educational level of twelve years. Household size was small at 1.6 people but ranged from one to four persons. Fourteen respondents relied on some sort of social assistance and one was employed. At least four of those respondents relying on social assistance also had some form of informal or casual employment. Average annual gross income was $12,725. Ten of the respondents had a mainstream bank account and four did not. To facilitate the presentation we assign fictional names to each respondent.

1 Twelve financial life histories were undertaken in Vancouver. We purposively selected 5 of the 12 Vancouver financial life histories for this analysis for two reasons: one, to provide a balance of respondents among the three sites; and two, some Vancouver respondents had limited experiences with financial services so these interviews were excluded from this analysis. For this reason respondents from Vancouver are not coded with numbers one through five, unlike those from the other sites.
Table 1. Key Characteristics of Respondents*

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<th>Category</th>
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| City                                    | Toronto = 5  
Vancouver = 5  
Winnipeg = 5 |
| Gender                                  | Male=10  
Female=5 |
| Length of residency in neighborhood (years) | 5.5 |
| Age                                     | 47.6 |
| Self- described Ethnic background       | Caucasian/European/White = 4  
Métis/aboriginal =2  
Mixed = 3  
Visible minority = 2 |
| Number of Year of Education             | 12.1 |
| Number household members                | 1.6 |
| Employed or unemployed                  | Social assistance =13 |
| Household annual gross income           | $12,725 |
| Household annual gross income per capita| $8,134 |
| Holder of a current bank account?       | Yes = 10  
No = 4 |

*For more detail see Appendix 2.
**Respondent Summaries**

This report includes a summary of key life events, finances and financial services in each respondent’s life. Detailed tables summarizing each respondent’s financial life history assisted in writing these summaries but are not included here in order to maintain respondents’ anonymity.

**Toronto Respondent #1, Doug**

Toronto respondent #1, ‘Doug’ is 56 years old and has lived in Parkdale for two years. He completed grade twelve and some college and he presently relies on social assistance and does some informal work, providing him an annual income of just under $9,000. Doug lives alone and did not describe his ethnicity. He has a bank account and says that he relies on his bank for 90% of financial service needs. The remainder of his financial service needs are met through fringe banks (2%) and informal financial services (8%).

Buying a car for transportation to college was the beginning of a spiral into debt that has plagued him throughout most of his adult life. Doug had to drop out of college because his application for a student loan was denied. He feels that this event changed the course of his whole life. Doug changed careers to teaching because of a higher salary, although he feels that this might have been a mistake in the long-term. He worked for many years in music in various capacities, and returned to school to study music, which he found to be very difficult financially. After being overwhelmed by work and school, Doug quit both and began working various service and retail jobs. He worked for a time as a taxi driver, and lived out of his cab. He incurred several traffic fines and eventually lost his driving license because he was unable to pay these. The resulting lack of identification has affected his access to banking services. Doug has had many transitions throughout his life due to various crises such as deaths of close relatives, alcoholism and mental health issues. Currently he is looking for work and living on $730 per month from social assistance. Doug endeavours to pay his debts and restore his credit rating, and to repair his police record.

Through his twenties Doug held a bank account and accessed credit from banks and finance companies. He had difficulty repaying some of these loans. Since the age of 26, he has an outstanding loan of $1,000 that has now grown to $7,000. In his early thirties Doug faced growing personal problems including mental health issues. It was at this point that he first started to use a cheque-casher, Money Mart. A catalyst for switching to a cheque-casher was that he felt that service quality declined and fees increased when his bank merged with another. From this point forward Doug follows a pattern of switching between relying on a cheque-casher and a mainstream bank to primarily access liquidity services (cheque-cashing or direct deposit). The reason for switching between mainstream and fringe banks seems to relate primarily to convenience. For instance at the (approximate) age of 32 when Doug worked as a mail clerk his employer used direct deposit of pay so he shifted from relying on a cheque-casher to relying on a mainstream bank for accessing cash. Another example is that when Doug was working several jobs at once he felt that he did not have the time required to utilize a bank account so that he used cheque-cashers. He eventually opened another bank account because he wanted the ability to keep his money safe. Another reason for switching to a cheque-casher was at the (approximate) age of 53 his bank closed his account because he withdrew money he did not have in his account by falsely depositing a cheque into an automatic teller machine (ATM).

Doug currently has a bank account and occasionally loans money to friends. He expressed that the suitability of fringe and mainstream services depends on how much money he is dealing with.
Toronto Respondent #2, Edward
Toronto respondent #2, ‘Edward’ is 59 years old, lives alone and relies on a government disability pension. He has completed some college education and has lived in his present apartment in Parkdale for one and a half years.

Edward had a fondness for making money and developed an entrepreneurial spirit in his youth. When he was a teenager this evolved into stealing and he spent time in and out of jail. After being employed for a time, he was involved in a car accident at 23 and could no longer work. Later his business sense helped him in selling marijuana, which Edward did while in his thirties. Throughout his life he has intermittently relied for income on social assistance, selling drugs and casual labour. He feels optimistic about his future and endeavours to begin working and stop receiving disability support (through Ontario Disability Support Program). He believes that he needs further education in order to accomplish this goal. The theme of education as a key to a better life runs throughout his life.

Edward has had long stretches of his life in which he relied exclusively on mainstream banks. However, a drug addiction in his mid-forties led a dramatic change in his life and also led him to rely on a cheque-casher instead of a mainstream bank. Edward has always kept some money stashed at home, as well. For a time he closed his account because a misunderstanding led to an ATM withdrawal in excess of his account balance. During that time he kept all his cash at home. In his mid-forties he became addicted to cocaine. Edward related becoming addicted to his first time use of a cheque-casher. This is because during this time he did not have personal identification (ID) and the cheque-casher was convenient and many of his friends were using them. By his late forties Edward stopped using Money Marts in favour of an account at a bank.

Toronto Respondent #3, Christine
Toronto respondent #3, ‘Christine’ is 44 years old and has lived in Regent Park for five years. She lives with three children and she has completed grade twelve plus some vocational training. Christine is presently reliant on social assistance, which amounts to an annual income of just under $20,000. She describes her ethnicity as mixed. She presently has a bank account.

At the age of thirteen she began looking after her alcoholic grandmother, including shopping, paying bills and banking. At eighteen Christine had not finished high school, and found that this was a barrier to getting fulfilling jobs. She then relied on social assistance. A few years later Christine began working on the street and closed her bank account in order to hide the source of her income. Instead she simply kept her money at home. She also began selling drugs out of necessity, but felt unsafe doing so. Christine worked in the informal economy for most of her twenties, and then went back on social assistance when her grandmother had a stroke and needed care. At this time Christine struggled with an addiction and spent most of her money on drugs. Around age thirty, the bank closed her account because she overdrew on her account in order to buy drugs. As a result of this and due to a lack of ID she was then forced to begin using Money Mart. About five years later when Ontario Works instructed her to open a bank account in order to get cheques deposited, Christine opened another account with some difficulty because of a lack of ID. While pregnant she intentionally went to jail in order to take advantage of the programs offered there and to make a clean start. Recently she completed high school as well as a college program, but can no longer access childcare because the daycare considers her student loan to be income. Currently she is struggling on Ontario Works, overwhelmed by bills that exceed her income. Christine hopes to find work and also dreams of traveling but her criminal record poses a barrier to both of these goals.

Christine believes that addicts experience particular barriers to using mainstream banks because they can find it difficult to travel long distances and especially to wait in long lines. They may also be concerned about what people around them are thinking. Because of these reasons, Money Mart provided
a more comfortable environment for her when she was an addict. Christine felt more comfortable with the clientele and more respected by the staff. Although she has a bank account, she occasionally uses Money Mart to avoid holds on her cheques. She is considering changing bank accounts because she fears that OSAP will garnish her tax credits.

For much of her life Christine alternated between mainstream and fringe banks relying on cashing cheques or direct deposit. The reasons for switching have to do with convenience, how respectful bank staff are, level of anonymity and the consequences of her abusing her bank account. By her early forties she made some major steps in her life to meet some major goals. She completed high school and training to become an addictions councillor. These steps required access to credit from mainstream banks. She now owes $19,000 in student loans. While Christine still uses cheque-cashers since beginning her studies, she now relies primarily on mainstream banks.

Toronto Respondent #4, Frank
Toronto respondent #4, ‘Frank’ is fifty years old and an immigrant to Canada from an Asian country. He has lived in Parkdale for thirteen years, and has completed high school and some university. He is presently reliant on a government disability pension and does some informal work. He lives with one other person with a family income of $24,000 per year. He has a bank account and relies on it entirely for his financial services.

Frank immigrated to Canada from Asia at the age of 35 with his mother, and they both immediately opened bank accounts at TD Bank and began receiving social assistance. One year after arriving in Canada he found manual labour employment through a temporary employment agency. Five years later, after winning a scholarship, Frank enrolled in a college computer course. However, finding a job in this field has been difficult. Despite the scholarship, his education represented a financial difficulty because he could not work while in school and he had to take an $8,000 student loan that he is still struggling to pay back. While attending school Frank and his mother both lived off of her pension and sometimes they went without food. Frank planned to get full-time work, but over the last several years he has been dealing with health issues that prevent him from working as much as he would like. One of his health concerns is stress caused by his student debt. Frank relies on disability support through ODSP as well as some casual part-time labour. He cashes his cheques at his bank. Frank would like to get married in the future but feels that his finances would first have to improve.

Since Frank arrived in Canada he has travelled back to Asia twice, paid for by his family. Occasionally he sends $100 to his brother in Asia through an informal money transfer service or Western Union, but feels that this is very expensive. He used a cheque-casher once but found it too expensive. Frank has purposefully avoided credit cards so as not to exacerbate his debt. He has tried to access a line of credit but his employment status and student loan have made this impossible. He has kept the same bank account and he especially appreciates online banking services. Even though Frank has modest means, he seems to rely almost entirely on mainstream banks. The exceptions are the use of a money wiring service to send money to relatives in Asia and one experience with a cheque-casher.

Toronto Respondent #5, Grant
Toronto respondent #5, ‘Grant’ is 57 years old and has lived in Parkdale for three years. He lives alone and has completed a three year college diploma. He relies on a government disability pension and some informal work amounting to an annual income of $16,200. He describes his ethnicity as mixed. He has a bank account and relies exclusively on it for his financial services.

In his youth Grant delivered papers and collected bottles. The money that he earned went into his father’s bank account but ended up funding his high school education. After completing college, Grant emigrated to join a foreign military service for ten years. He made a comfortable living and saved money for the future. His mother was growing older and he decided to move back to Toronto to care for her and live off of his savings, taking courses and doing other things that he had always dreamed of. A
time of indecision about his life then took place in which he felt isolated and began having mental health problems. Grant went on disability support (ODSP) and for a period he stayed in and out of hospital, his family’s house, apartments and shelters. He received an inheritance when his mother died and spent it quickly on luxuries, out of fear of losing ODSP benefits. Grant then attended a retraining program. He credits a network of organizations and friends with getting him on track to being healthy. A local community agency has been especially important in his life, and they helped him set up the bank account that he still uses today. A few years ago Grant was able to save up for a vacation, and he plans to do that again. Sometimes he regrets leaving the military because now he would be retired with a very good pension. He is currently living alone and is supported by ODSP and several honoraria. Grant hopes to begin working part-time in the near future. His medication is quite expensive and if he was to work full-time he would need to determine how he would pay for it.

Grant felt much respected by bank staff when he was in the military, and believes that banks discriminate against people on social assistance. Nevertheless, Grant has relied on mainstream banks for most of his adult life with the exception of a five year period in his late thirties when he relied on his sister to cash his cheques. He feels that ODSP does not give people enough incentive to work. Grant still owns foreign assets but does not plan to liquidate them until he is off ODSP. If he did so, he worries that his ODSP would be reduced. Grant endeavours to build his credit rating and he has applied for credit cards but was declined. He believes this is because he is reliant on social assistance. He has invested in musical instruments and plans to begin saving again soon. He currently he has a bank account and has never tried Money Mart because he has heard that it is very expensive.

Vancouver Respondent #1, Henry

Vancouver respondent #1, ‘Henry’ has lived near the Downtown Eastside (DTES) for 11 years. He completed a college diploma, lives alone and relies on social assistance amounting to $15,900 per year. He describes his ethnicity as Canadian and he presently has a bank account at Pigeon Park Savings.

Alcoholism has represented a barrier in both his working and personal life. As a young man Henry worked for several companies and for the armed forces, and always had a bank account but was unable to save. After his child was born he and his family moved to South America. Henry traveled back and forth, eventually separating from his wife. He continued to work various jobs and often quit due to alcoholism. He quit working when he sought treatment for a drug addiction because he would have had to pay for it if he was not on assistance. Henry is HIV positive and still uses drugs, but tries to keep healthy. He is beginning a university course in the DTES and a casual job.

For much of his adult life until his early fifties Henry relied on mainstream banks for his financial services although he did use pawnshops in his thirties. Then when he was about 51 years old he lent his bank debit card to a friend leading to an abuse of the account. As a consequence the bank closed his account. Henry then used Money Mart exclusively for a few years because he lost his ID and could not afford to replace it. He also pawned several items to access credit. Henry recently began working for the Pacific National Exhibition, and requires a bank account to deposit cheques, so he opened an account at Pigeon Park Savings. He also borrows money from a money lender every month and this involves repaying double. Henry described his financial situation as a pattern of borrowing and repaying, but aims to get out of this debt cycle. Henry seems to have shifted in his fifties from relying primarily on mainstream banks to relying on cheque-cashers. With the advent of the Pigeon Park Savings in the Downtown Eastside he has recently shifted his business there. It would appear that the move from mainstream to fringe banks is associated with some important transitions in his life. First, while Henry struggled with alcoholism in his thirties, for most of this time he was either working or taking training courses. Mainstream banks were his choice of financial service providers. When Henry was 42 years old he moved back to Vancouver, lived in the Downtown Eastside and engaged in drugs. Henry continued with some work (telemarketing and cleaning) but was also unemployed for long periods. In this period he shifted his financial services to a cheque-casher.
Vancouver Respondent #3, Ian

Vancouver respondent #3, ‘Ian’ is a 45 year-old resident of the DTES and has completed grade 10 education. He lives alone and relies on a disability pension. Ian has an account at Pigeon Park Savings.

At the age of 16, Ian became reliant on social assistance using the ID of his 18 year old friend. At that time his landlady would cash his cheques for him. He sold marijuana at the time and did not feel that he needed a bank account. Ian began using drugs more heavily and got caught stealing government cheques. To avoid his court appearance Ian left Atlantic Canada to live at his brother’s house in the Prairies. He spent most of his twenties and thirties addicted to drugs and occasionally in jail for drug trafficking. Ian worked whenever his addiction allowed it. Drug dealers would often give him credit for his business. Ian believes that many times in his life addictions to drugs and alcohol have impeded improving his circumstances. Before beginning methadone treatment he regularly shoplifted to support his heroine addiction. Ian is presently drug-free and supports himself comfortably on disability support. He plans to begin saving soon for a new computer and is looking for a better place to live.

Until recently Ian had a bank account for only a couple short periods in his teens and twenties. Otherwise he has relied on informal and fringe financial services. This may relate to Ian’s reliance for his livelihood on the sale of illegal drugs. Presently he feels that Money Mart is expensive but that otherwise it provides satisfactory service. He had an account at Four Corners Savings Association and he now has an account at PPS. However he still enjoys the convenient hours of Money Mart. Ian also uses pawnshops and occasionally saves money by going to food banks.

Vancouver Respondent #4, Donna

Vancouver respondent #4, ‘Donna’ is 43 years old and has lived in the DTES for 5 years. She lives on her own, has completed some college education and is currently reliant on social assistance and some informal employment amounting to $4,596 per year. She describes her ethnicity as mixed.

During her twenties and early thirties Donna worked outside Canada as a professional. She struggled with alcoholism and was homeless for a two and a half year period. In her early thirties she took in her estranged sister who was an addict. This triggered events that ultimately led her to being incarcerated for eighteen months. During this time her son was put up for adoption. Soon after Donna was deported back to Canada where she began working as a professional, but the Canadian laws related to her field were different and she had to quit her job. Currently she is not looking for formal work because she believes that social assistance would be reduced dollar-for-dollar on any earnings. Instead Donna is forced to work in the informal economy. She also has difficulty getting hired because she says she is considered ‘borderline’ by employers. By this Donna means that she faces a social stigma as a sex trade worker. She hopes to travel in the future, and to move out of the DTES. To accomplish these goals she plans to stash her money at home so that the government does not have access to it.

While she was employed Donna relied on mainstream banks for her financial services. She began to rely on cheque-cashers in her mid-thirties after getting out of prison and moving to the Downtown Eastside. Before the establishment of PPS, Donna patronized Money Mart, and she appreciated that Money Mart was not concerned where her money was coming from. Currently she uses both services, but does not frequent PPS because it is too crowded and takes too much time. Donna only has her assistance cheque deposited at PPS and does not use it for her informally earned money because she is afraid that the government will be able to identify and garnish it. In this way she believes that government pushes people reliant on social assistance to rely on the informal economy. These people are forced to work under the table and hide their money as if they are criminals.
Vancouver Respondent #6, James
Vancouver respondent #6, ‘James’ is 53 years old and has completed grade 10 with some trade school education. He is a resident of the Downtown Eastside, lives alone and relies on a disability pension. He describes his ethnicity as White. James has an account at Pigeon Park Savings.

James was an orphan and was on his own at age sixteen. At eighteen he was married with a child and experiencing a very difficult financial period. He “maxed-out” all of his credit cards at this time and has avoided using any since. James had an affair and was subsequently divorced from his wife. Unable to see his child, he began using drugs and turned to crime. After spending time in jail, then worked in the two different trades, and earned a lot from selling drugs, turning an entire house into his grow operation. Although James had a bank account, he stashed all of the money that he made selling drugs in his house. He quit a high-paying job because of cocaine use; at the time he was spending everything that he made on drugs. James also had access to credit from his drug dealer. He believed that the cocaine was killing him and so decided to try heroine which he described as the worst mistake of his life. After this he began methadone treatment and took out a student loan to return to school. However, James abandoned his goal of going back to school because the student loan would disqualify him from receiving methadone which he otherwise could not afford. He is unable to work because of his health and is on disability assistance. James will get some form of pension when he is sixty or sixty-five, but he expects that anything more than $400 per month will be deducted by the social assistance agency.

James has had trouble obtaining his birth records and thus ID has been difficult for him. He used Money Mart but felt that he was spending too much money to cash his cheques, so he opened an account at PPS, and appreciates its low cost. James saves by buying groceries in bulk, and spending lots of money on food is a strategy that he employs to avoid spending money on drugs. He also frequents pawnshops. While James relied on mainstream bank services in his teens and early twenties, he shifted over to relying on informal (savings kept hidden at home; credit from drug dealers) and fringe financial services (cheque-casher, pawnshops) since then. Most recently, living in the DTES James has relied on Four Corners Savings Association and then Pigeon Park Savings for a portion of his financial services.

Vancouver Respondent #12, Edith
Vancouver respondent #12, ‘Edith’ is 50 years old and has lived in the Downtown Eastside for 6 years. She lives alone and has completed some university education, is presently reliant on social assistance and describes her ethnicity as Caucasian.

Edith completed some university studies. Her family was never without the money and she believes that this is why she did not develop a good concept of money, and always spent everything she had. Although she was advised to begin a retirement plan, she could never save money. During these years she spent it traveling and drinking, and bought a car. Edith quit her job when her brother was killed. She then moved to a remote Northern community and began drinking due to isolation. She worked several jobs throughout her twenties and earned a comfortable living, however she accumulated many possessions and developed alcohol and gambling habits. Later Edith moved outside of Canada and worked in real estate, living a lucrative lifestyle. She liked cars and expensive jewellery, and would spend her earnings no matter how much they were. Edith also began using drugs, and an inheritance that she received of $100,000 was gambled away in a matter of months. She then began pawning her possessions to pay for her gambling addiction, and eventually she was forced to file for bankruptcy. Edith says that all of her transitions were related to relationships. Ten years ago she was arrested for driving under the influence and since then has not used alcohol.

Edith then moved to the DTES, and began selling marijuana and collecting social assistance. She receives only enough assistance to pay for her rent, so she also sells used items that she collects, “dumpster-diving.” Edith dislikes Vancouver but she is trying to replace her ID, which was stolen and then lost in a fire. She had a bank account for many years through her thirties. In her thirties she became addicted to gambling and drugs and Edith was the victim of an identity theft. The bank closed her
account at that time. Since her late thirties she has not had a bank account but has relied on pawnshops for some of her financial services.

Winnipeg Respondent #1, Aaron
Winnipeg respondent #1, ‘Aaron’ is a 37 year-old lifetime resident of Winnipeg’s North End. Aaron finished grade 8, he lives alone, relies on social assistance which amounts to $5,280 annually and which includes direct payment of his rent by Employment and Income Assistance. He describes his ethnicity as Métis. He does not currently have a bank account and, according to Aaron, he is completely reliant on fringe banks for his financial services.

At an early age, Aaron skipped school to work with his father in home renovations. At 18, he went on social assistance. Shortly after, Aaron worked at casual labour for short periods throughout his life. One of the longest of these was for three weeks, after which he left because he was facing discrimination from his coworkers. For several of these years he cashed cheques at a bank without having an account. Aaron opened an account when an employer used direct deposit; however he closed it a few years later because of high fees on transactions. After this he has relied on Money Mart and then on informal cheque-cashing with grocers and landlords. He receives occasional gifts of food and tobacco from his children. Currently Aaron is on social assistance and cannot work because of health problems.

Transportation represents a barrier to banking for him, and discrimination faced at work has been an impediment to stable work. Alcoholism is often present during periods of financial difficulty throughout his life. Aaron does not foresee having a bank account because his health keeps him from having a steady job, although lower service fees would influence his decision to use a bank.

Aaron might be described as having modest life goals and resulting modest financial needs. His choice of financial services are mostly focused on ‘liquidity’ services, i.e., cheque-cashing. He has moved between use of banks and fringe banks to cash his cheques and these moves seem to be made on the basis of convenience (e.g., location, bank relationship with social assistance agency) and on fee size. For instance when Aaron was 21 years old the social assistance agency moved next door to a bank branch. This meant that it was convenient for him to pick-up his cheque and go next door to cash his cheque at a bank. About ten years later, when he was in his early thirties he found that he was paying $1.25 per transaction for his bank account so that he decided to close the account and cash his cheques at a cheque-casher. In his mid-thirties Aaron once again shifted due to convenience and fees: he was able to cash his cheques for free at a neighbourhood retailer if he purchased his groceries there. Aaron also uses pawnshops and lay-away programs to purchase small consumer items such as guitars and televisions. Pawnshops offer good quality merchandise for low prices and lay-away allow him to avoid the heavy fees associated with rent-to-own arrangements.

Winnipeg Respondent #2, Bill
Winnipeg respondent #2, ‘Bill’ is a 32 year-old who has lived in Winnipeg’s West End for one month, having moved there from a rural First Nations’ Community. He completed grade eleven, lives with two others, and has relied on social assistance but is currently engaged in informal employment which earns him approximately $4,300 per year. Bill describes his ethnicity as aboriginal. He does not have a bank account at present and says that he is equally reliant on fringe and informal financial services.

His youth included several stints in jail as well as alcohol problems. A major life change occurred when he was still a teenager and after a particularly rough period in jail. This change was made largely through self-reflection and the desire to live a better life. Bill took steps to curb his alcohol consumption and generally to be a better person. When his daughter was born, financial difficulty led him to use pawnshops. Throughout his twenties he worked painting and construction jobs, relying on Money Mart to cash his cheques. Currently Bill works informally and has a highly variable wage. On average he makes approximately $360 per month and he lives with his mother. Bill is seeking full-time work.
Bill has never had a bank account, and relies on cash and cheque-cashers. His experience with Money Mart has been inconsistent; he finds that fees vary at each location and that staff are not always willing to explain this. His primary goal for the future is to gain custody of his daughter. To do this Bill must get a full-time job so that he can live on his own. Part of this goal also includes opening his first bank account and beginning to save.

Bill has very modest income and financial goals. He uses fringe financial services to cash his cheques and has an arrangement with both parents for credit. He also lends and borrows small amounts of money with his mother on an occasional basis.

Winnipeg Respondent #3, Abbey

Winnipeg respondent #3, ‘Abbey’ is forty years old and has been a resident of the North End for eight years. She completed grade twelve, lives with one child and currently relies on social assistance, amounting to $8,400 per year. She describes her ethnicity as mixed. She currently has no bank account and says that she relies on fringe banks and informal financial providers for one-fifth and four-fifths of her financial services, respectively.

Abbey defines the major periods of her life in terms of her children. Having her first child encouraged her to become financially responsible and begin living according to a budget. She was taught how to do this by her mother and she endeavours to teach the same to her children. While Abbey was raising her children, she bought school supplies and Christmas presents throughout the year, and her annual income tax refund was a source of many of her large purchases. Abbey spent many of these years on social assistance and working as a server, until she completed rehabilitation for an addiction and no longer wanted to spend time in bars. She began a heavy labour job and made a very good wage, but she came into a period of crisis when she was hit by a car and her mother passed away. At this time Abbey decided to complete her high school education as an adult partly because she wanted to set a good example for her children. Since completing school she has been living on assistance and hopes to re-enter the work force when her health improves.

Currently she lives on less than $700 per month and has one child living with her in rental housing. Abbey closed her bank account a couple of years ago because of unexpectedly high service fees that she was unable to pay, and currently relies on Money Mart and informal cheque-cashing. Having a bank account is related for her to raising a large family; now that she no longer has three children at home, she does not feel that she needs one. However, if Abbey went back to work she would like to open an account at a credit union because she could bank at any credit union in the city without having to pay service fees.

Abbey has used a number of innovative means to meet her family’s needs. This includes schemes to save money for major events like Christmas and ways to effectively use lump-sum income like child tax benefits. Her savings schemes did not involve banks. Abbey has shifted over time between mainstream and fringe banks to cash her cheques based on convenience and fees. For example for a period in her twenties she closed her account at a trust company because of fees and cashed her cheques at the bar where she worked. She presently cashes her social assistance cheques at a grocery store for no charge if she buys her groceries there. Abbey has relied on social assistance for a long period of time but when she was employed she did not shift from informal/fringe banks to mainstream banks.

Winnipeg Respondent #4, Barbara

Winnipeg respondent #4, ‘Barbara’ is 46 years old and has lived in the North End for six years. She has completed grade nine and some college courses. Living with two children, Barbara currently relies on social assistance and works part-time with a local organization, bringing in a total household income of $19,200 per year. She describes her ethnicity as Caucasian. She presently has a bank account and says
that she relies on mainstream banks for three-quarters of her financial service needs. Fringe banks and informal financial services provide her fifteen and ten percent, respectively.

Barbara had her first child at nineteen and describes herself as a stay at home mom for the better part of the next twenty-five years. She and her husband earned income from part-time jobs, social assistance and employment insurance for many years. Financial hardships, and more specifically jobs that did not allow them to spend enough time together, put a strain on their relationship. This led to an eventual divorce. After this split, Barbara had some difficulty dealing with social assistance staff regarding her new status. She was also spurred by her divorce to begin post-secondary studies. Currently Barbara lives with her two children while she attends school, and struggles to pay the bills with social assistance. When Barbara completes her studies she hopes to be employed full-time which will allow her to stop using payday loans and to begin saving.

Barbara has used a number of innovative means to meet her family’s needs. These include ways to save money for small consumer items and borrowing from, and lending to family and friends for small amounts (e.g., $20). She obtained a credit card when she was in her early forties but it was misused by her husband so that she is not eligible for a credit card now. Barbara is currently forced to use a payday lender because she no longer knows anyone that she can borrow informally from. She prefers payday loans over pawnshops because they cost money instead of her belongings. She avoids rent-to-own schemes because of a bad experience that her mother had when she was a child.

Barbara has had the same bank account for all of her adult life, so she has not shifted between fringe and mainstream banks like some other respondents. She believes, however, that the services at her mainstream bank have deteriorated. Barbara is especially concerned with the lack of mainstream banks branches in her neighbourhood. However, she plans to remain with her bank because she believes that it would be difficult to open a new bank account. To reduce her financial service fees Barbara withdraws lump-sum amounts of money from ATMs. While this reduces her fees she feels that she spends money more quickly this way.

Winnipeg Respondent #5, Collin
Winnipeg respondent #5, ‘Collin’ is 55 years old and has lived in the west side for six years. He has completed grade twelve and some college, is presently reliant on social assistance and some self-employment earnings amounting to an approximate annual income of $9,500. He was unable to describe his ethnicity. Collin has an account at a credit union and relies almost exclusively on it for his financial services.

The major periods of his life are defined by different jobs. When Collin and his wife were both employed full-time, they enjoyed a very comfortable living. Collin felt that that during this time they enjoyed excellent and very accessible financial services from a bank. His wife’s health struggles manifested itself in material consumption, which became a cause of financial hardship. He divorced and left his job because of stress, and worked several jobs at once, usually including working for a courier company, until a knee injury prevented him from working. At this point Collin went on social assistance and nearly became homeless. During these less prosperous periods, Collin experienced racial profiling at stores and inner-city banks. He is now planning to start a small business. Collin is having difficulty obtaining credit so that he is considering taking a loan from a broker or looking for support from government agencies.

After quitting his job with the province, Collin overextended on a line of credit at bank and the bank closed his account. He began using pawnshops and informal cheque-cashing. Grocery stores have represented important places to bank. He believes that fringe banks fill holes left by banks that don’t care to deal with inner city clientele. Currently he banks at a credit union, and he would not use mainstream banks because of his distrust of them. Collin has moved from employment through unemployment to self-employment. His income has gone from middle-income through a low-income to a modest-income level. He has relied on mainstream banks when his income was middle or modest-
level. Collin relied more on informal financial services, i.e., cheque-cashing at a local grocery store, when his income was low. The move from mainstream to informal financial services was catalyzed by abusing his line of credit at a bank. With a more modest income Collin now uses pawnshops to gain credit when needed.
Discussion & Conclusion

Through this analysis we have identified some interesting results to do with financial service choice over time and as respondent’s financial positions change. We note that financial service choice can involve a kind of ‘grazing’ behaviour; we find that different income levels are related with different categories of banks; and, that particular financial inclusion projects can go some distance in replacing fringe banks.

Before continuing, a note on income level designations referred to in this discussion. We found that several respondents experienced significant changes in their finances over their lifetimes. In most cases (9/11) of significant financial change, it involved deterioration. In 2 of 11 cases (including one person who previously experienced deterioration) the respondents experienced an improvement in their financial position. We have referred to three types of financial position. Because of complicating factors such as family size and cost of living in three centres we have not defined these terms quantitatively. Instead these terms refer to the following: low-income involves reliance on social assistance; modest income involves reliance on low-wage employment (or social assistance and some employment) and may involve a large family; and, middle income involves reliance on better-paid employment (e.g., Corrections’ Officer) and a smaller family.

For respondents with low or modest income, the choice of financial service provider seems to involve some careful ‘grazing’ among financial service providers. The grazing involves a weighing of the costs and benefits and may lead the respondent to switch back and forth between one or more of, informal, fringe or mainstream financial service providers. The grazing from one to another type of bank depends on a number of factors including location, hours of operation, friendliness of staff, direct cost of fees, cheque hold policy, use of direct deposit by social assistance agency or employer, etc. If one or more of these factors change then that may tilt the balance in favour of another type of financial service provider. Holding income relatively constant we noted this type of switching behaviour with five (one-third) of the respondents (including Doug, Edward, Aaron, Bill and Abbey) during a low-income phase of their (or their entire) lives. For instance Aaron in Winnipeg cashed his cheques at BMO until the transaction fees were raised so that he switched to a neighbourhood grocer for cheque-cashing. Similarly Doug in Toronto switched to a bank account from a cheque-casher when his employer used direct deposit. This grazing pattern did not hold for all respondents. For instance, Frank and Grant, both immigrants to Canada, are described here as having modest or low income and both maintained reliance on mainstream banks during their adult lifetime in Canada.

A second interesting result from this analysis is that for several of those respondents whose financial situation changed over their lifetime, so did their choice of financial service. Ten of fifteen (two-thirds) respondents (including Doug, Edward, Christine, Grant, Henry, Donna, James, Edith, Barbara and Collin) described a deterioration of their financial position at some point in their lifetime. Two respondents (Christine and Collin) –including one whose position deteriorated earlier (Collin) – described a period in their lives when their financial situation improved. Without fail, when the respondents’ financial position was stronger, the respondent relied on mainstream banks. When the respondents’ financial position was weaker then she/he relied on a ‘grazing’ behaviour described above that may lead them to rely on informal, fringe or mainstream banks. What this suggests is that at a middle income level the net benefits (benefits less costs) of mainstream banking are much higher than fringe or informal banking. At some modest to low income level, the net benefits of mainstream bank account ownership become comparable to fringe bank and informal financial services.

A final result, relating to Vancouver, has to do with the significance of Pigeon Park Savings for the Vancouver respondents. For four of the five respondents the opening of Pigeon Park Savings has led them to rely entirely or largely on it for their financial services. This has meant that they have switched
from reliance on fringe banks to a special credit union. While we cannot say how the shift to Pigeon Park has affected their financial position we can say that it was attractive enough to get four of five respondents to shift most or all of their banking to it. It demonstrates that mainstream banking –or some modification of it– can be useful for low-income people.
Appendix 1: Questionnaire for Financial Life Histories

Section I. Household Socio-economic Characteristics [Insert Section I from Survey on Financial Services & Insurance Use]

Section II. Major Adult Life Events/Goals & Finance Issues/Plans
1. What are the principal types of financial services that you have used over the course of your adult life? E.g., fringe, mainstream & informal
   a. Why did you choose to use these particular services?

2. What were major (unexpected or expected) life events in your adult life? E.g., illnesses, death in family, bankruptcy, marriage, move to new location, etc.
   a. What type of financial services did you use to meet the needs encountered during these events?
   b. Did these services help you through these events? Why or why not?

3. What were major life goals in your adult life? E.g., education, training, business start-up, etc.
   a. What type of financial services did you use to meet the needs encountered during these events?
   b. Did these services help you to meet these goals? Why or why not?

4. To meet major life events/life goals in the future what type of financial services do you think would best assist you?
   a. Will you use the services you think are best? Why or why not?
## Appendix 2. Key Socio-economic Characteristics of Respondents, Financial Life Histories

| Respondent number | Gender | Neighborhood | Length of residency in neighborhood | Age | Self-described Ethnic background | Final Year of Education | Number household members | Employed or unemployed | Household annual gross income | Household annual gross income per capita | Holder of a current bank account? | Estimated Reliance on banks (mainstream-fringe-informal) | Notes:  
| EIA | OW | Employment, O/DSP & honoraria |
|----|----|--------------------|-------------------------------|-----|------------------------|---------------------|--------------------------|----------------------|-----------------------------|-----------------------------|---------------------|-------------------------------------------------|
| Wpg #1 | male | North End | lifetime | 37 | Métis | grade 8 | 1 | EIA | $5,280 | $5,280 | no | 0-100-0 |
| Wpg #2 | male | West End | 1 month | 32 | Aboriginal | grade 11 | 3 | informal employment EIA | $4,320 | | no | 0-50-50 |
| Wpg #3 | female | North End | 8 | 40 | Mixed | grade 12 | 2 | EIA | $8,400 | $4,200 | no | 0-21-79 |
| Wpg #4 | female | North End | 5 | 46 | Caucasian | grade 9 plus college course | 3 | EIA & local organization | $19,200 | $6,400 | yes | 75-15-10 |
| Wpg #5 | male | Wolsley | 6 | 55 | Unknown | grade 12 with college | 1 | Employed & EIA | $9,500 | $9,500 | yes | 99-0-1 |
| Tor #1 | male | Parkdale | 2 | 56 | grade 12 with college | 1 | Unemployed & EIA | $8,992 | $8,992 | yes | 90-2-8 |
| Tor #2 | male | Parkdale | 1.5 | 59 | Some college | 1 | Unemployed & ODSP | | | | |
| Tor #3 | female | Regent Park | 5 | 44 | Mixed | vocational training | 4 | OW | $19,855 | $4,964 | yes | |
| Tor #4 | male | Parkdale | 13 | 50 | Asian | some university | 2 | Casual employment & ODSP | $24,000 | $12,000 | yes | 90-9-1 |
| Tor #5 | male | Parkdale | 3 | 57 | Mixed | 3 year college diploma; other | 1 | Employment, ODSP & honoraria | $16,200 | $16,200 | yes | 100-0-0 |
### Key Socio-economic Characteristics of Respondents, Financial Life Histories (continued)

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<tr>
<th>Respondent number</th>
<th>Gender</th>
<th>Neighborhood</th>
<th>Length of residency (years)</th>
<th>Age</th>
<th>Self-described Ethnic background</th>
<th>Final/Number of Year of Education</th>
<th>Number household members</th>
<th>Employed or unemployed</th>
<th>Household annual gross income</th>
<th>Household annual gross income per capita</th>
<th>Holder of a current bank account?</th>
<th>Estimated Reliance on banks (mainstream-fringe-informal)</th>
<th>Notes</th>
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</thead>
<tbody>
<tr>
<td>Van #1 male</td>
<td>Near Downtown Eastside</td>
<td>11</td>
<td>Canadian college diploma</td>
<td>1</td>
<td>EIA</td>
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<td>$15,900</td>
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<td>Van #3 male</td>
<td>Downtown Eastside</td>
<td>45</td>
<td>grade 10</td>
<td>1</td>
<td>Disability pension EIA &amp; informal employment</td>
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<td>$4,596</td>
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<td>Downtown Eastside</td>
<td>5</td>
<td>Mixed some college</td>
<td>1</td>
<td>EIA</td>
<td>$4,596</td>
<td>Yes (PPS)</td>
<td></td>
<td></td>
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<td></td>
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<td>Van #6 male</td>
<td>Downtown Eastside</td>
<td>53</td>
<td>White grade 10 and trade school</td>
<td>1</td>
<td>Disability pension</td>
<td></td>
<td>Yes (PPS)</td>
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<td>Van #12 female</td>
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<td>Caucasian some university</td>
<td>1</td>
<td>EIA</td>
<td></td>
<td>No</td>
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<td>Summary or Average</td>
<td>Wpg=5 Tor=5 Van=5</td>
<td>5.5</td>
<td>48</td>
<td>12.1 1.6</td>
<td>Social assistance =14</td>
<td>$12,725</td>
<td>$8,134</td>
<td>Yes=10 No=4</td>
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</table>

Notes: EIA = Employment & Income Assistance; OW = Ontario Works; ODSP = Ontario Disability Support Program