

Understanding and Overcoming Financial Vulnerabilities Facing Newcomer Communities in Toronto



Access Alliance conducted a community based research study in 2014 with newcomers in Toronto. We used a mixed-method design consisting of a survey (n=200), in-depth interviews with 8 participants, and a day long focus group discussion with service providers. Unfortunately many of the themes presented still ring true, and have been exacerbated by the COVID-19 pandemic.

Structurally vulnerable: This study recognizes that vulnerability is not an inherent trait. Rather, it is created by the systems that make up our society which are ultimately organized to exclude and oppress certain groups, including newcomers. Here, we define 'vulnerable newcomers' as those living in rental units in low-income neighborhoods, unemployed, who came through refugee streams, and have limited English language fluency.

Recommendations

Within the financial sector:

- ✓ Educate and empower newcomers to routinely build savings and investments
- ✓ Offer low-interest line of credit and accessible forms of mortgage
- ✓ Adopt "Access without Fear" policy
- ✓ Adopt/strengthen employment equity based hiring practices
- ✓ Organize regular workshops to banking staff on how culture or immigration/newcomer status affects financial behaviors and practices.



Spanning policies and domains related to labor market, immigration and social services:

- ✓ Introduce proactive labor market policies, incentives and enforcement measures
- ✓ Fund and expand equity based and demand-side led employment services and workforce development programs
- ✓ Advocate for more inclusive and fair immigration policies
- ✓ Introduce progressive legislation to make cost of living more affordable
- ✓ Fund innovative community development programs that can reduce social isolation/exclusion



Findings

- 1 Vulnerable newcomer groups self-reported their financial knowledge as limited, and face barriers to acquiring this knowledge, such as low education and unemployment.** Even those with strong financial knowledge were impacted by these factors in terms of being able to engage in sound financial practices.
- 2 Systemic barriers hinder vulnerable newcomer groups from building savings and investments, and in managing debt,** for example sponsored refugees being burdened by the [Immigration Transportation Loan](#) to the federal government, or the ineligibility for long-term investments such as mortgages.
- 3 Vulnerable newcomer groups are at very high risk for retirement insecurity** due to factors like precarious employment. Many relied on their children for retirement support or planned to retire back home.
- 4 Vulnerable newcomer groups have limited knowledge of tax credits and benefits,** despite regularly filing tax returns.

5 Due to gender bias, financial knowledge, capacity and role of women tend to be misunderstood and overlooked.

6 Cultural beliefs and views about money strongly shape financial practices like taking loans, budgeting, and saving for retirement and children's education, for example, those based on Islamic principle around accessing interest-based products.

7 Crucially, the root causes of financial vulnerabilities and service/ knowledge gaps are linked to structural factors including the disproportionate socio-economic inequities in terms of poverty, unemployment, under-employment, precarious employment, wage gap, housing and food insecurity, and social exclusion.

Conclusion

To address these root causes, financial institutions need to work across sectors with settlement agencies, employment agencies and community agencies to champion socio-economic success and wellbeing for newcomers. Specially, this will require working together to mobilize bold legislative and system changes in multiple policy domains including in the labor market, immigration, and social/community programs.