

Impact Factor: **1.5**

5-Year Impact Factor:

Contents

More

Abstract

This article argues that financial literacy needs vary within an income level as well. Consider two people of equal income, one a small business operator and the other a tradesperson. For their personal or household maintenance, their financial literacy needs might be quite similar. However, with respect to their working lives, the small business operator's financial literacy needs are likely more elaborate than those of the tradesperson. To successfully operate a small business, the operator requires knowledge of balance sheets that the tradesperson may not need.

neighborhoods, ns by explaining ortant structural qualitative field research undertaken in three Canadian inner cities, it then moves to examine low-income respondents' financial literacy. The results show that many low-income respondents evidenced financial literacy in that many learned to cope with strict budgets, used diversified activities to raise their income, constrained their credit, and were reasonably knowledgeable about relevant government programs and banking services. Where particular constraints were noted in financial literacy, they related to detailed knowledge about institutional policies and attitudes about deeper financial and life goals.

By clicking "Accept Non-Essential Cookies", you agree to the storing of cookies on your device to enhance site navigation, analyze site usage, and assist in our marketing efforts. [Privacy Policy](#) [Cookie Policy](#)

Manage Cookies

Accept Non-Essential Cookies

Reject Non-Essential Cookies



Get full access to this article

View all access and purchase options for this article.

Get Access 

1.

1. Financial literacy needs vary within an income level as well. Consider two people of equal income, one a small business operator and the other a tradesperson. For their personal or household maintenance, their financial literacy needs might be quite similar. However, with respect to their working lives, the small business operator's financial literacy needs are likely more elaborate than those of the tradesperson. To successfully operate a small business, the operator requires knowledge of balance sheets that the tradesperson may not need.

2. Consumer theory can be adjusted through tastes so that consumption becomes satiated at some point. However, this is not commonly assumed in economic theory.
3. Thaler and Sunstein (2008) argue behavioral economics insights call for “libertarian paternalism” and government policies that induce more self-interested behavior.
4. Informal learning is embedded “in our everyday activities, whether we are at work, at home, or in the community, and lacking institutional sponsorship, adults rarely label these activities as learning” (Merriam, Caffarella & Baumgartner, 2006, p. 35). It is the act of “spontaneous, unstructured learning that goes on daily in the home and neighborhood . . . in the workplace, marketplace” (Coomb, 1985, p. 92, cited in Merriam et al., 2006, p. 35).
5. For a full analysis of this survey and the questionnaire for the Financial Choice Survey, see Buckland and Fikkert (2008).
6. For a full analysis of this survey and the questionnaire, see Fikkert (2008).
7. This is a 24-page survey questionnaire made up of four sections: Section I contains questions about social and economic background of the participant (including questions about family size, housing, income and employment), Section II has questions about the types of financial services used by the participant (including frequency of use and service fee), Section III contains questions about the participant’s past and future planned spending, and Section IV has questions about the respondent’s views about a variety of issues to do with financial services. For the full survey questionnaire, see Buckland and Fikkert (2008).
8. Low-income cutoffs (LICOs) are a threshold below which a household is likely to spend a disproportionate amount of its income on basic necessities. LICOs vary by household size and type of community in which the family is resident. It is determined by estimating the income level at which households are likely to spend 20% more on necessities than the average Canadian household (Statistics Canada, 2006). LICOs (for 2005) for the largest community (> 500,000 people) for a one- and two-person household are Can\$20,778 and Can\$25,867, respectively.
9. One argument is that because lenders lack information about borrowers (information asymmetry), they pursue a nonmarket means to allocate credit (Stiglitz & Weiss, 1981). This is done by lowering their interest rate and then rationing out the cheap credit to their best customers.

References

Atkinson, A., McKay, S., Collard, S., & Kempson, E. (2007). Levels of financial capability in the UK. *Public Money and Management*, 27(1), 29-36.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Buckland, J., & Fikkert, A. (2008). *Choosing financial services where the options are limited: A report on a survey of financial service choice of residents in inner-city neighbourhoods in Toronto, Vancouver and Winnipeg*. Retrieved March 15, 2009, from <http://www.uwinnipeg.ca/~buckland>

[Google Scholar](#)

Buckland, J., & Dong, X. (2008). Banking on the margins in Canada. *Economic Development Quarterly*, 22(3), 252-263.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Buckland, J., & Martin, T. (2005). Two-tier banking: The rise of fringe banks in Winnipeg's inner-city. *Canadian Journal of Urban Research*, 14(1), 158-181.

[Google Scholar](#)

Fikkert, A. (2008). *Life goals, finances and financial service choice: Using "financial life histories" to understand low-income people's financial coping*. Retrieved March 15, 2009, from <http://www.uwinnipeg.ca/~buckland>

[Google Scholar](#)

Hilgert, M.A., Hogarth, J.M., & Beverly, S.G. (2003). Household financial management: The connection between knowledge and behavior. *Federal Reserve Bulletin*, 89(7), 309-322.

[Google Scholar](#)

Karlan, D.S., & Zinman, J. (2005). *Observing unobservables: Identifying information asymmetries with a consumer credit field experiment*. New York: Federal Reserve Bank of New York.

[Google Scholar](#)

La Novara, P., Lathe, H., Garneau, G., Pringle, D. (2003). *2000 income: An overview Perspectives on Labour & Income 15*, 66-69.

[Google Scholar](#)

Lave, J., & Wenger, E. (1991). *Situated learning: Legitimate peripheral participation* . Cambridge: Cambridge University Press.

[Crossref](#)

[Google Scholar](#)

Les Etudes de Marche Createc. (2006). *General survey on consumers financial awareness, attitudes and behaviour*. Montreal.

[Google Scholar](#)

Manitoba Family Services and Consumer Affairs (2009). *Employment and income assistance manual*, available: <http://www.gov.mb.ca/fs/manuals/eia/index.html>, accessed 4 January 2010.

[Google Scholar](#)

Merriam, S.B., Caffarella, R.S., & Baumgartner, L. (2006). *Learning in adulthood: a comprehensive guide*. 3rd ed. San Francisco, CA: Jossey-Bass.

[Google Scholar](#)

National Council of Welfare (2006). *Welfare incomes 2005*. Ottawa: National Council of Welfare.

[Google Scholar](#)

Organisation for Economic Co-operation and Development. (2005). *Improving financial literacy: Analysis of issues and policies*. Paris: Author.

[Google Scholar](#)

Osberg, L. (2008). *A quarter century of economic inequality in Canada: 1981-2006* . Ottawa: Canadian Centre for Policy Alternatives.

[Google Scholar](#)

Ozanne, J.L., Adkins, N.R., & Sandlin, J.A. (2005). Shopping [for] power: How adult literacy learners negotiate the marketplace. *Adult Education Quarterly*, 55(4), 251-268.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Sherradan, M., & Barr, M.S. (2004). *Institutions and inclusion in saving policy*. Boston: Joint Center for Housing Studies, Harvard University .

[Google Scholar](#)

Sherraden, M., & Barr, M.S. (2005). *Institutions and inclusion in saving policy*. In E. Belsky (Ed.), *Creating wealth in low-income communities* (pp. 286-315). Washington, DC: Brookings Institution.

[Google Scholar](#)

Statistics Canada (2006). *Low income cut-offs for 2005 and low income measures for 2004*. Ottawa: Statistics Canada, Income Statistics Division.

[Google Scholar](#)

Stiglitz, J., & Weiss, A. (1981). Credit rationing in markets with imperfect information . *The American Economic Review* 71(3).

[Web of Science](#)

[Google Scholar](#)

Social and Enterprise Development Innovations. (2008). *Delivery models for financial literacy interventions: A case study approach*. Ottawa, Canada: Author.

[Google Scholar](#)

Thaler, R.H., & Sunstein, C.R. (2008). *Nudge: Improving decisions about health, wealth and happiness*. New Haven, CT: Yale University Press.


[Google Scholar](#)

Similar articles:

 Restricted access

[Banking on the Margin in Canada](#)

Show Details 

 Open Access

[The Mediating Role of Access to Financial Services in the Effect of Financial Literacy on Household Income: The Case of Rural Ghana](#)

Show Details 

 Free access

[Financial literacy among high school students: Evidence from India](#)

Show Details 

[View More](#)

Sage recommends:

SAGE Knowledge

Book chapter

[Teen Spending: Are Teenagers Learning to Manage Money Wisely?](#)

Show Details 

SAGE Knowledge

Entry

[Financial Literacy](#)

Show Details 

CQ Researcher

Report

[Teen Spending](#)

Show Details 

[View More](#)

You currently have no access to this content. Visit the [access options](#) page to authenticate.

[Download PDF](#)

Also from Sage

CQ Library

Elevating debate

Sage Data

Uncovering insight

Sage Business Cases

Shaping futures

Sage Campus

Unleashing potential

Sage Knowledge

Multimedia learning resources

Sage Research Methods

Supercharging research

Sage Video

Streaming knowledge

Technology from Sage

Library digital services