

NOVEMBER 2021

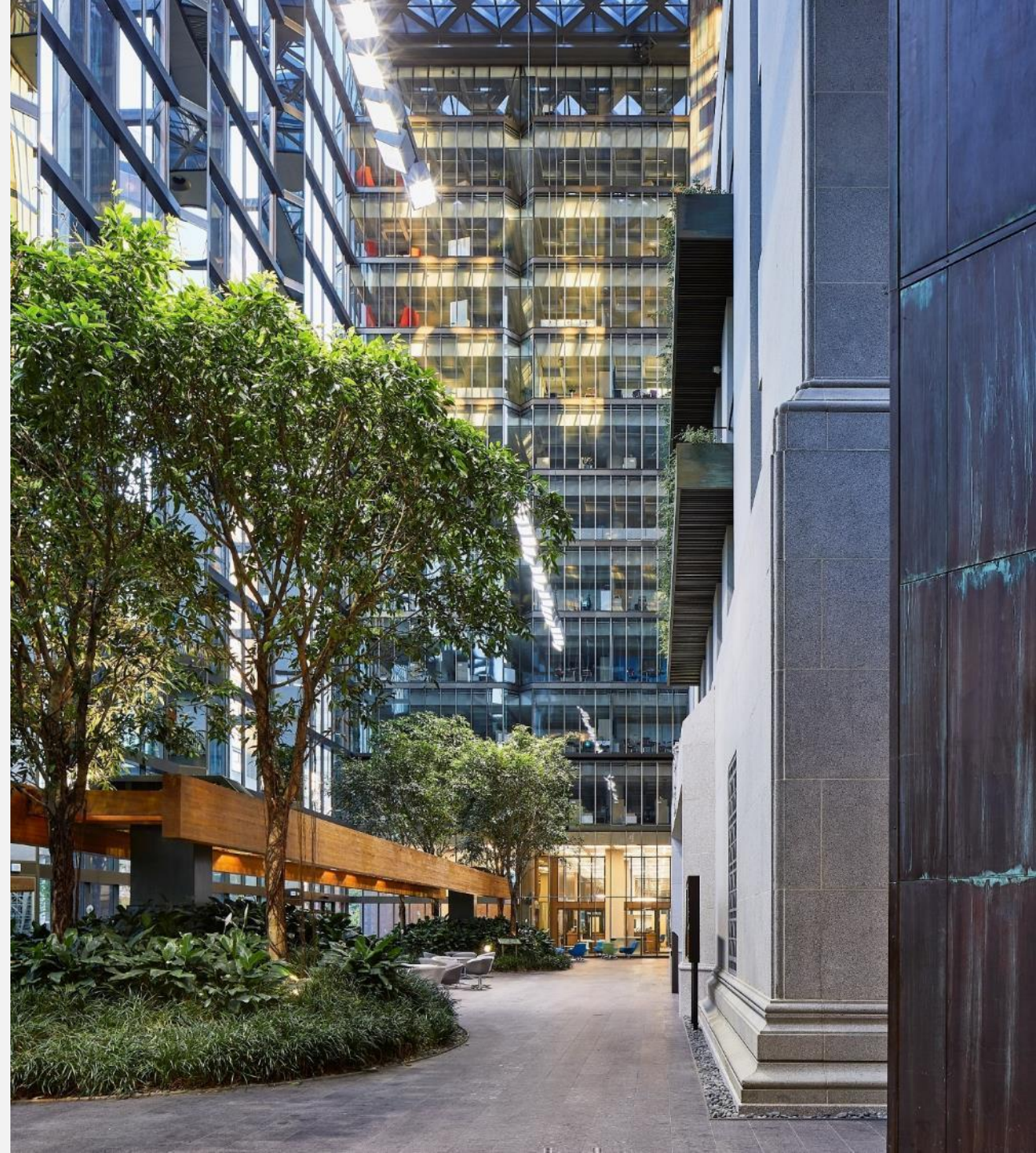
# The Indigenous economy in Canada: Partnering to promote

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2021 Symposium on Indigenous Economies

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DEPUTY GOVERNOR



# Overview

## **1. Introduction**

- › Indigenous Economy: Past, present and future

## **2. Reconciliation**

## **3. Role of Bank of Canada**

## **4. Partnership initiatives:**

- › Education and capacity building
- › Data and measurement
- › Access to cash and financial services
- › Access to finance and monetary policy transmission

## **5. Key messages**

# Indigenous Economy: Past, present and future

## Pre-arrival past

- A rich history of economic activity not well known or understood
- E.g., Trade in the Americas among Indigenous Peoples

## Colonial present

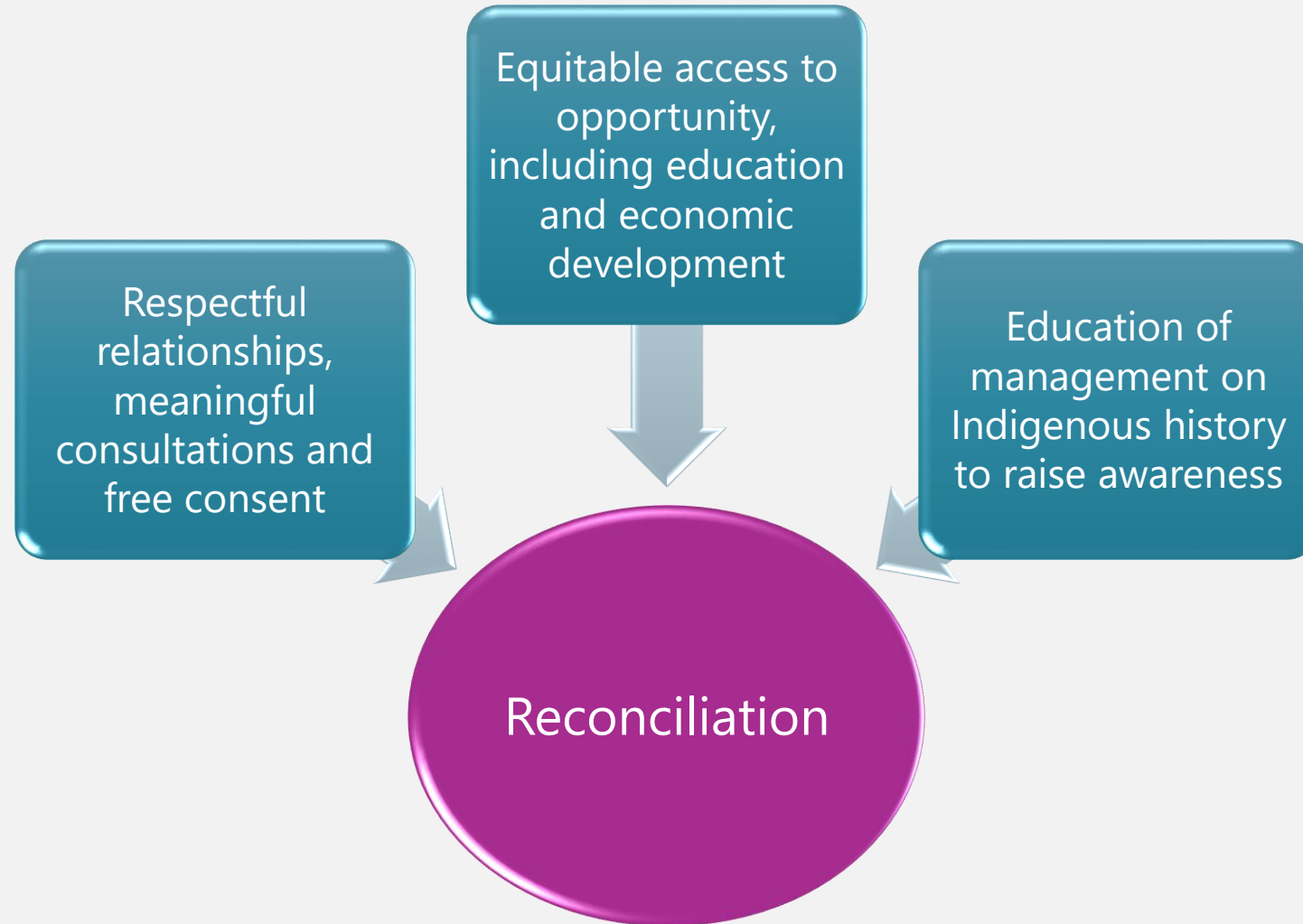
- Significant economic gaps and barriers
- Lack of opportunity
- Low living standards

## Potential future

- Strong population growth
- Close gaps
- Equal opportunity and prosperity

# Truth and Reconciliation Commission (2015)

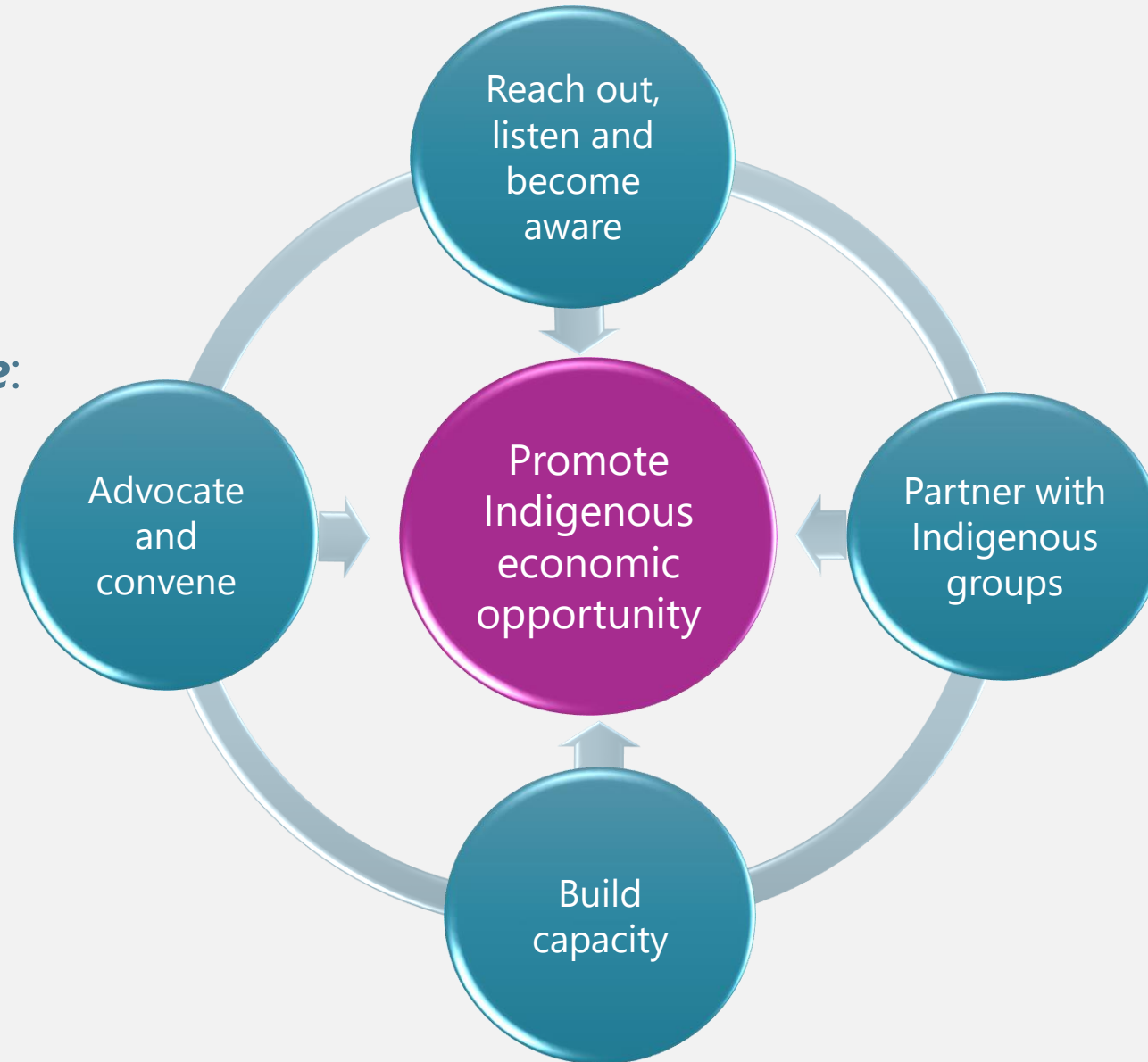
## *Call to action #92: Business and reconciliation*



# Role of Bank of Canada: A continuous process

## ***Bank of Canada's mandate:***

To promote the economic and financial welfare of Canada; this includes ***all Canadians***



# Partnership Initiatives

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# Education and capacity building

## Indigenous community

- Partner to foster economic and financial literacy for Indigenous and non-Indigenous students
- Provide post-secondary scholarships and summer internships
- Hire and retain Indigenous employees
- Provide support to Indigenous organizations for joint initiatives

## Bank of Canada

- Educate BoC staff and policymakers about Indigenous history, the need for reconciliation and BoC's role to increase their awareness
- Partner and consult with Indigenous groups about bank notes and the Bank of Canada Museum

## Central bank network

- Founding member of Central Bank Network for Indigenous Inclusion
- Share and learn from a community of practice
- Co-host first CBNII Symposium with Tulo Centre and RBNZ

# Measurement and data

Examples: Standards for First Nations band council financial reporting, Indigenous Business survey, and First Nations CPI

Large measurement and data gaps exist for Indigenous economy

They generate barriers to resources and opportunity

BoC works with Indigenous groups and public agencies to close gaps



# Access to cash and financial services

## Financial inclusion

1. Access to cash and financial services
2. Access to finance and capital at market interest rates
  - Both are required for ***economic inclusion***
  - To purchase goods, services, buy a house or start a business

## Access to cash

- ***Bank's mandate***: Issue bank notes that ***all*** can use with confidence
- Access to bank notes on some First Nations Reserves and in isolated Indigenous communities in the North is limited
  - 49 First Nations Reserves access to cash > than 100 km away

## Access to financial services

- ***Bank's mandate***: Promote a stable and ***efficient*** financial system
- Less access to financial services because of greater distance to nearest financial institution
- Less access to digital services; limited internet and mobile service
- More data and research are needed to help improve access

# Access to finance and monetary policy transmission

## Indigenous households and firms

- Finance needed for mortgages, personal loans and business investment
- Barriers: Lack of collateral, credit history and financial documentation; socio-economic barriers; high interest rates
- Heavy reliance on government funding or government guarantees

## Indigenous councils

- Finance needed for infrastructure investment -- very large gap
- Barriers: Financial reporting requirements, limited capacity and high interest rates
- Some progress: Securitize revenue streams

## Indigenous financial institutions

- Barriers: Limited access to market funding; undercapitalized; dependent on government funding
- Some progress made by Indigenous institutions set up to address barriers, but much to do
- Limited transmission of MP to Indigenous economy via markets

# Key messages

- Reconciliation is a commitment to *listen* and to *partner to promote* economic opportunity and inclusion for the Indigenous community
- Working with Indigenous institutions, the BoC is learning about the obstacles to opportunity that the Indigenous community faces
- In partnership, the BoC is committed to help reduce the economic and financial isolation of Indigenous communities
- These efforts are consistent with BoC's mandate to promote the economic and financial welfare of all Canadians