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## **Bridging the Digital Divide: Encouraging Societal Participation in the Face of an Increasingly Digital World**

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**Matter Commented On:** Bank of Canada Public Consultation and the Digital Divide

The Bank of Canada’s pursuit to introduce a digital Canadian dollar is often prefaced by [reference](#) to the necessity of this development, should digital currencies issued by other countries become widespread enough that they begin compromising centrally issued currencies. Most recently, in May of 2023, a [public consultation](#) was launched around a potential central bank digital currency (CBDC) which accepted responses until June 19, 2023. The Bank of Canada recognizes that a decline in cash use could leave groups of Canadians financially excluded, especially considering ongoing unequal levels of access to technological resources and advancements.

A digital currency has the potential to most significantly affect those already facing isolation due to geographical, financial, and other similar barriers. As we engage more and more with technology in our day-to-day lives, including in our social, educational, and financial routines, we must remain mindful of the infrastructure in place and demand law and policy to ameliorate such gaps in access. This blog post will detail this gap – also known as the ‘digital divide’ – how it currently manifests, and how it is set up to fail those who are already most disadvantaged. I will conclude with a discussion of financial technology and an analysis of this growing area as a case study on what kinds of policy can be implemented, their potential benefits, and next steps available for governmental action.

### **Recognizing a Digital Divide**

Despite the recognition of access to information as a human right, the internet has left a gap between those who have access to the information in the digital era and those who do not. This existing and increasingly widening valley is known as the “digital divide” – and is fueled by a series of dynamic factors distinguishing those with access from those without it (see Karen Mossberger, Caroline J Tolbert, & Mary Stansbury, [Virtual Inequality: Beyond the Digital Divide](#) (Washington: Georgetown University Press, 2003) 1-15). Despite the rapid diffusion of internet use around the world, a high concentration and disproportionate number of users are centered in more developed countries like the United States and Canada (see Wenhong Chen & Barry Wellman, “The Global Digital Divide – Within and Between Countries” (2004) 1:7 IT & Society

18 at 19). The high cost of internet access, the dominance of content in English, and a lack of content relevant for those living and working outside of predominantly urban areas, all contribute to a resulting barrier. This can be especially true for those living in geographical areas where the dissemination of internet influence has not been as profound or overt. Those living on the fringes of their respective communities require adequate telecommunication policies, infrastructure, and education, alongside accompanying legislation, in order to gain access to online content and its surrounding discourse.

The internet has become a means of facilitating the exchange of information – one of the most in-demand commodities in an era where data collection and digital monitoring are recurring topics of debate. In 1946, when the UN General Assembly declared that “freedom of information is a fundamental human right” and “an essential factor in any serious effort to promote the peace and progress of the world” (see UN General Assembly, “[Calling of an International Conference on Freedom of Information](#)” A/RES/59, 14 December 1946), states began recognizing the relationship between the existence and promotion of information-transmission infrastructure and the freedom of information itself. By the 1960s, the body of scholarship dissecting the importance of infrastructure and the ability to access information was rapidly growing (see Robin Mansell, “[The Life and Times of the Information Society](#)” (2010) 28:2 Prometheus 165).

The United Nations has published several reports and declarations that provide a robust look into the obligations that some states have committed to (see e.g. Human Rights Council, [Report of the Special Rapporteur on the Promotion and Protection of the Right to Freedom of Opinion and Expression, 17<sup>th</sup> Sess, A/HRC/17/27, 16 May 2011](#) ). In the [Joint Declaration on Freedom of Expression and the Internet](#) (2011), representatives from several international human rights organizations committed to promoting and facilitating universal access to the internet, and emphasized that policies and laws were a necessary component to fostering greater access to the internet. The Declaration makes several key policy statements, though this post will focus on one significant policy in particular.

The Declaration makes it clear that a state may never justify cutting off access to the internet for any members of its population, while reiterating the obligation to ensure policies or laws fostering greater access include persons with lower incomes or who live in rural areas. Clearly, the UN had the marginalization of specific communities in mind when defining internet access as a human right. As internet use and the freedom to access information have become commonplace for many of us in metropolitan areas, it is important to remember that not all individuals enjoy the same level of high-quality and continuous access to the internet. An existing and troubling lack of universal access weakens the ability of the internet to be engaged with at its full potential as a tool to disseminate information.

In Canada, both the lack of consistent, high-quality internet access in rural areas, as well as widening income inequality, seem to be among the largest contributors to the digital divide (see Michael Haight, Anabel Quan-Haase & Bradley Corbett, “[Revisiting the digital divide in Canada: the impact of demographic factors on access to the internet, level of online activity, and social networking site usage](#)” (2014) 17 Inf Com & Soc 503). The divide is also augmented by a lack of digital literacy among older populations and lower income communities, and the monopolization of online connectivity resources in different locations across the country, resulting in a select number of corporations having the ability to increase subscription costs for those with fewer options for communication services (CRTC, [Communications Monitoring Report 2019, \(2020\)](#)). This divide is most visible in Northern Canada, due to economic, regional, and topographical constraints, which are all further exacerbated by low digital literacy rates, lack of access to technology, and lack of financial incentives for corporations and the government in setting up productive and accessible telecommunications infrastructure. These digital injustices are layered over pre-existing, complex systemic and structural barriers to full participation in Canadian society (see Ashleigh Weeden & Wayne Kelly, “[The Digital Divide Has Become a Chasm](#)” *CIGI* (26 July 2021)) – barriers that have consequently been baked into Canada’s legal infrastructure surrounding basic participation in the information era.

### **Progress in Financial Technology**

Despite this unequal access to the internet, the rapid evolution in technology throughout the 1990s and 2000s catalyzed a seismic shift in the approach taken towards several sectors, the world of finance being an especially potent one. Specifically, financial technology has experienced an unprecedented acceleration in recent years (see Ryan Clements, “[Evaluating the Costs and Benefits of a Smart Contract Blockchain Framework for Credit Default Swaps](#)” (2019) 10:2 Wm & Mary Bus L Rev 369). Historically, systemic issues have permeated the world of finance, leading to estimates that over 75% of the world’s poorest populations are ‘unbanked’, or are individuals who do not readily have access to a bank account (see Nizan Geslevich Packin & Yafit Lev-Artez, “[Big data and social netbanks: Are you ready to replace your bank](#)” (2016) Hous L Rev 1211). There is also the persistent issue of “underbanked” people, or individuals who may have *some* relationship with banks but still rely on fringe financial institutions for their basic financial needs. While the reasons for unbanked and underbanked populations are diverse and complex, some key factors include financial illiteracy, a lack of credit history, and even feelings of distrust and disrespect when dealing with traditional financial infrastructure (see Jerry Buckland, “[Fringe bank sector growing with support from low income people](#)” *CBC News* (1 December 2014)).

The introduction of fintech platforms, and their growing influence on the world of finance and investing will only serve to exaggerate these issues. While such technology and their development have the potential to promote inclusion, overcoming any existing systemic barriers remains an undertaking requiring both government and legislative intervention to eliminate the financial

challenges experienced by those living in poverty and/or in rural areas. Unfortunately, this seems to have been ignored so far in the gradual launching of various fintech platforms, ushering in an era of investing based on digital assets or cryptocurrency. Alongside the trend towards an adoption of fintech in Canada, there also persists a gap in access for those facing barriers to receiving technological information. However, this also presents an opportunity to ensure new infrastructure is implemented in a way that invites increased education and participation in rudimentary societal practices like finance.

## **Searching for Solutions**

The list of exacerbating factors in the digital divide is long, and this post does not seek to resolve them all. However, there are concrete steps that can be taken to encourage participation in the Canadian economy. First, we must consider basic public policy design principles, and apply them to an evolving industry; while technology may be daunting due to the expertise needed to understand and speak on it, designing policy to guide its evolution is no different than historical policy development. Good policy helps facilitate justice, which should begin with a process of data collection and analysis on what contributes to both a hesitation towards engaging with technological advances being introduced to society, and how those hesitations may coincide with existing issues regarding a universal ability to freely access financial information and resources. As opposed to the reactive and disjointed programs and commissions that have been established to look at these issues from varying angles, a better approach may be the construction of a cohesive panel or commission with a mandate to understand certain communities' engagement with technology and finance.

Second, broadening access to internet infrastructure and nationalizing such infrastructure and internet provider services – like Telus and Shaw – as a whole will indicate governmental commitment to address the lack of access to broadband services and financial information. Moreover, such commitment signals flexibility and willingness to *invest* in the necessary, vital means required to facilitate and manifest changes in the digital divide and unequal abilities to access the internet. Service providers should not compete based on capital and name recognition in specific locations and communities, but rather on their individual ability to provide proper and consistent services. In other words, it should not come down to which of the massive corporations is able to market themselves the most efficiently in a rural area; rather, corporations should gain clientele because they are able to provide steady, reliable internet access to a rural area that would otherwise go without that quality, or any quality, of internet service. Weeden & Kelly point out certain reasonable governmental obligations in this sphere and recognize the importance of shaking up Canada's telecommunications landscape for good cause. They state: "reconfiguring the way digital infrastructure and programs are governed is critical to ensuring that public investments are accountable to public interests". Keeping providers' profits bound to their responsiveness to public interest as a whole, and not merely its most profitable segments, requires both

acknowledgement and investment on the part of political leaders, but would also ultimately open the door to increased participation in various forms of technology-based societal participation.

Finally, marginalized communities – particularly those in rural areas – need to see an increased investment in physical infrastructure aimed at digital capacity and efficiency. Not only will this result in increased effectiveness of service and equality of access, but in the long term it will also increase opportunities to establish new businesses, services delivered to wider geographic areas, and quality of business services functioning online (see Wayne Kelly & Scott McCollough, “[State of Rural Information and Communication Technologies in Manitoba](#)”). Further, an increased investment in physical infrastructures will help remove many of the geographic challenges and costs faced by residents in these areas, which will only be augmented by the potential progress towards a nationalization of service providers.

The inclusion of all citizens in the advancement of the Canadian economy, and society in general, is vital to the preservation of human rights and freedoms. International governmental bodies have asserted that access to information is a fundamental necessity and freedom, and the means by which individuals may access this information must be reliable and guaranteed. This imposes an obligation on governments to ensure all citizens are invited and encouraged to keep up with technology by ensuring all people are able to participate and engage with these advancements. In light of recent developments by the Bank of Canada in moving towards the introduction of an official digital Canadian currency, and given the persisting digital divide and rapid movement towards increasingly online-based financial systems in Canada, this naturally increases governmental obligations to be mindful of those who face a disadvantage in their ability to engage with these necessary industries. By emphasizing the existing harms of the digital divide when it comes to public engagement in society, as well as the vast number of benefits of investing in infrastructure, policy and legislative development, and digital literacy in rural communities, the government may be better prepared to see a breakthrough in helping to resolve the issue of the digital divide in Canada.

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