



APPEALING TO **GENERATION Z**

Gearing Your Financial Institution to
Appeal to the “Digital Natives”



Believe it or not, Millennials are no longer the youth we see so often reported in the news. They have been “adulting” for years and currently make up over 34% of the workforce in the US. In fact, some of the quirkiest internet scares and sensations for the past few years can be attributed to up-and-coming Generation Z.

The “Tide Pod Challenge”? The “OK Boomer” craze?

But Generation Z is much more than a few internet memes and YouTube challenges, they are also the next big market for financial services.



Who is Generation Z

While experts regularly debate the true cut-off years for each generation, Generation Z falls somewhere between 1995 and 2010. Primarily raised by Generation X and early Millennials, Gen Z has been largely shaped by the effects of the Great Recession. As children these individuals saw their parents lose jobs, retirement savings and even homes. As they grew up, the lasting effects of the Recession were visible on the news and at home.

This Generation is also referred to as “digital natives” due to their life-long history of internet and mobile access. Gen Z is well-versed in use of social media, especially video. Some other interesting digital statistics include:

- 85% use YouTube, 35% use it more than any other social media
- 58% check their email multiple times per day
- 39% subscribe to more than one e-newsletter
- 72% use Instagram
- 35% of Gen Z visit a company’s website to find out about products or services

Gen Z vs. Millennials

They have also been privy to the steady and ongoing roasting of Millennials for “job hopping,” “participation trophies,” and “avocado toast.” But the most pervasive and scary lesson they have learned is about the life-long handicap many Millennials are facing due to student debt.

It is true that in some ways Generation Z resembles Millennials. Both value jobs with flexible work schedules and paid time off. They also have a heavy addiction to their smart phones. But the thing that sets Generation Z apart is their active desire to “not end up like Millennials.” Their biggest desire is to work, save money and gain independence both personally and financially.

How Generation Z Views Finances

One of the biggest stressors for Generation Z is their finances. Despite their young age, over 60% of Gen Z already have savings accounts. The average age for them to begin researching financial planning is 13. The majority (89%) of Gen Z say they feel empowered when they plan for their financial future.

This generation has seen the two groups before them struggle with student debt and retirement. With this in mind, they are finding ways to earn money early, start saving for their future sooner, and create a plan to achieve a successful career without relying on loans.

- 77% of Gen Z already earn extra money through freelance work, a part-time job or an earned allowance
- 1 in 5 say personal debt should be completely avoided
- 35% plan to start saving for retirement in their 20s
- 24% of Gen Z plan to pay for college with their own savings and 38% plan to work while in school.

But it is not all roses and retirement. Despite lofty goals and good work ethic, Generation Z is falling into some of the same traps other Generations have stumbled over.

- ½ of Generation Z are in debt to the tune of \$8,000
- Over ½ have less than \$250 in savings
- 40% of Gen Z do not create or use a budget
- 81% stress about money, compared to 64% of all adults

How Can Financial Institutions Reach Gen Z?

Remember that Generation Z is still young – ranging from 24 to as young as 9. As such, this age group provides a wealth of opportunity for the savvy bank or credit union willing to provide knowledge, experiences and education. Here are some top tips for appealing to the up-and-coming “digital natives.”

1. Provide Educational Entertainment – 42% of Gen Z say they are looking for brands to entertain them. 40% are looking for education. But, considering their main stressors and desire to achieve financial freedom, it may be best to provide a little of both. Gamification to help create budgets, follow financial plans and achieve savings goals could be a good solution.

2. Get Involved – Try reaching out to local universities, school districts and youth programs about presenting a financial education program. Consider finding ways to tap local youth to help make decisions about student outreach.

3. Build Cohesive Experiences – Only half of Generation Z have visited a branch in the last month. But any Gen Z with a bank account has likely interacted with their account on a mobile device. Making sure your digital experiences are as good as your in-person (and vice versa) will be a big step to maintaining their business. It will help you keep your Millennial demographic, too.

Keep in mind that Generation Z is striving for financial independence. They grew up seeing how financial insecurity can negatively impact a person’s life. It is for this very reason that a lack of financial control is what stresses them most. Actively helping them reach their biggest goal in a fun, interactive way will help you create a lasting and authentic relationship with a loyal, hard-working cohort.

Sources:

- Visual Capitalist
- The Center for Generational Kinetics
- PR Daily
- Financial Brand

