Gen Z Payments Insights

Fall 2022
Who We Are

Point of Contact
Category Experts
Advise & Empower
Long Term
Thought Leadership
Who Is Gen Z?
A Generation, Not A Demo

As Gen Z grows in size and diversity, this generation is beginning to steal the Millennial spotlight and make its mark on businesses.

TRADITIONALISTS
youngest is 77 years old

BABY BOOMERS
currently 58-77 years old

GENERATION X
currently 42-58 years old

MILLENNIALS
currently 26-42 years old

GENERATION Z
15-26 years old currently

Prior to 1945
1945-1964
1964-1980
1980-1996
1996-2007
WHAT MAKES GEN Z UNIQUE?

Gen Z embodies a distinct set of characteristics, when compared to older generations.

<table>
<thead>
<tr>
<th>Highly Educated</th>
<th>Uniquely Multicultural</th>
<th>Notably Activist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Among adults 18-21 no longer in high school, % enrolled in college</td>
<td>Racial composition of 7-22 year-olds</td>
<td>% of each generation who thinks government should be doing more to solve problems</td>
</tr>
<tr>
<td>Gen Zers in 2018</td>
<td>Early Boomers in 1969</td>
<td>Gen Z</td>
</tr>
<tr>
<td>57%</td>
<td>Gen Xers in 1987</td>
<td>Millennial</td>
</tr>
<tr>
<td>52%</td>
<td>Millennials in 2003</td>
<td>Gen X</td>
</tr>
<tr>
<td>43%</td>
<td>Gen Zers in 2019</td>
<td>Gen Zer</td>
</tr>
<tr>
<td>Early Boomers in 1969</td>
<td>82%</td>
<td>57%</td>
</tr>
<tr>
<td>70%</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>61%</td>
<td>43%</td>
<td></td>
</tr>
</tbody>
</table>

Gen Z identifies as LGBTQ more than any other generation, supports LGBTQ rights, and are cognizant of brand support.

58%

Of LGBTQ adults have reported either temporarily or permanently halting support of a brand if they felt they did not represent them.

This sentiment of needing representation in advertising can be found across all of Gen Z.

More than other generations, Gen Z is looking towards advertising to mirror their reality – racial diversity, inclusivity and imperfect lives.

Source: Mintel
Although currently lacking, Gen Z influence and spending power will continue to swell as they gain financial independence from their parents.

**BANK OF AMERICA CONSIDERS GEN Z TO BE THE MOST DISRUPTIVE TO ECONOMIES, MARKETS AND SOCIAL SYSTEMS.**

- LAUMA TIMANS-KALNS, STRATEGIST @ BOA

<table>
<thead>
<tr>
<th>Generation</th>
<th>Global Spend Power in 2020</th>
<th>Household Purchasing Influence</th>
<th>Global Income by 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Z</td>
<td>$143B</td>
<td></td>
<td>$33T</td>
</tr>
<tr>
<td>Millennials</td>
<td>$600B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gen X</td>
<td>$575B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>$593B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Silent</td>
<td>$48,917</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: (1) Business Insider, January 2020, (2) WARC, August 2019, (3) CNBC.com, Gen Z incomes predicted to beat millennials’ in 10 years, https://www.cbre.com/en/insights/articles/omnichannel-how-does-online-spending-vary-by-generation
As their influence and purchasing power grows, their cultural impact can be seen

A new trend on TikTok and Twitter took shape over the past week, with groups of young moviegoers dressing in formal attire to attend “Minions: The Rise of Gru” in style. Dubbed #Gentleminions, the hashtag has accrued 5 million views on TikTok, gaining such a level of prominence that Universal Pictures, the distributor behind the “Despicable Me” spinoff, issued a formal acknowledgement of the trend. “To everyone showing up to ‘Minions’ in suits: we see you and we love you,” Universal wrote.

“I’m sure a majority of people in my generation — because we grew up with the ‘Despicable Me’ movies — now have nostalgia and enough money to see it on our own. We’ll be inclined to do so in our own way. It’s funny to see how that turns into such a big trend.”

Gen Z is an integral audience for financial services

“As digital natives who have never known life without the internet, Gen Zers conduct the majority of their banking and financial business online, something many did even before the pandemic’s accelerating force.” – eMarketer
Gen Z feels uniquely insecure in their financial situations

Exiting the pandemic and entering economic turmoil has left Gen Z feeling financially lost and confused. Therefore, they are looking to brands and other reputable sources for guidance and convenience.

- 70% of Gen Z adults feel they are not financially healthy.
- 39% of Gen Z adults are likely to feel pessimistic about their futures.
- 48% of Gen Z adults are not comfortable making major financial commitments.

Source: Mintel
Placing convenience first, Gen Z is leaning heavily into mobile banking and payments.

**Physical Cards are on the Decline**

- Gen Z anticipates reducing their use of debit cards in the future from 35% to 26%.
- Gen Z also anticipates less use of credit cards in the future from 16% to 14%.

**Mobile Payments Gain Traction**

- 60% of Gen Z prefers using mobile payments for digital purchases.
- Regarding in person purchases, reports anticipate increased mobile usage from 5% to 19%.
- By 2023, 4.4B global consumers will shop from a digital wallet.
Apple’s Fintech Ambitions

During Apple’s June 2022 WWDC conference, the company highlighted new fintech features - spotlighting their eventual goal of removing the need for a physical wallet entirely.

Apple Wallet New Features & Focus

1. “Pay Later”, Apple’s version of BNPL powered by MasterCard, will be interest and fee free.

2. New payment systems have been implemented to allow payment via tapping one iPhone against another.

3. These new features will also work to drive adoption of the Apple Card, Apple’s credit card offering.
Other brands are looking to capitalize on digital payments as well.

Google announced the relaunch of their Google Wallet feature with many speculating Google Pay to be merged into this app in the near future.

BoA and Wells Fargo are urging retailers to accept money-transfer service Zelle as a payment option to enter the emerging payments market.

PayPal expanded their services once again to allow the transfer of crypto currencies from their platform into external wallets.
Looking Ahead At The Payments Landscape Of The Future

Rise of the Full-Service Finance Platform

35% of executives worldwide say that within 10 years, it is highly likely that most of the financial transaction will take place through a single, super app. 1

As convenience becomes a key attribute for consumer consideration, brands are leveraging their digital offerings to become one-stop shops for all financial needs.

Revolut

“One app, all things money”

Services including:

- Bank accounts
- Stock trading
- Debit cards
- Cryptocurrency exchange
- Currency exchange
- Peer-to-peer payments

Originally UK base, Revolut has expanded to seven countries in seven years

Other Fintech brands aim to replicate this through expanding offerings as well

In addition to offerings, brands are also looking to expand business globally

Sources: 1. Insider Intelligence,
Thank You!