



Gen Z Insights

Gen Z and Money: What You Need to Know

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Meet
Gen Z



Meet Gen Z

You've no doubt heard it or uttered it yourself: "Be yourself and don't try too hard." It's sage advice on how to relate with others. It's also how Gen Z suggests that financial institutions market to their generation.



So who is Gen Z? And how are they different from Millennials?

First and foremost, Gen Z is not to be seen as a younger version of the Millennial. Born during the mid 1990s to 2012, Gen Z covers both children and students. More practical than idealistic, transparency from the outset is essential to Gen Z – especially when it comes to money.

Financial institutions need to absorb this when planning their marketing strategies to Gen Z. Being open, communicating clearly and not trying too hard when relating to others is what this generation of young consumers are after.

Putting this into context, when it comes to choosing a subject to study at university, most Gen Z take their future career path into account, studying a course that will ultimately enhance and develop their chosen work path – and that will offer them higher remuneration for their efforts. The ‘eyes are very much on the prize’ as it were, from day 1. The degree courses they apply for are ones that will potentially pay generously, as opposed to the “follow your passion” Millennial generation.

Gen Z attends universities or other higher education institutions that are the best option for their field of study; not necessarily the most prestigious or well known.

As you begin to plan your marketing strategy to attract and respond to Gen Z, here are some simple but critical pointers to bear in mind.

TOP

10

Things You Should
Know About Gen Z



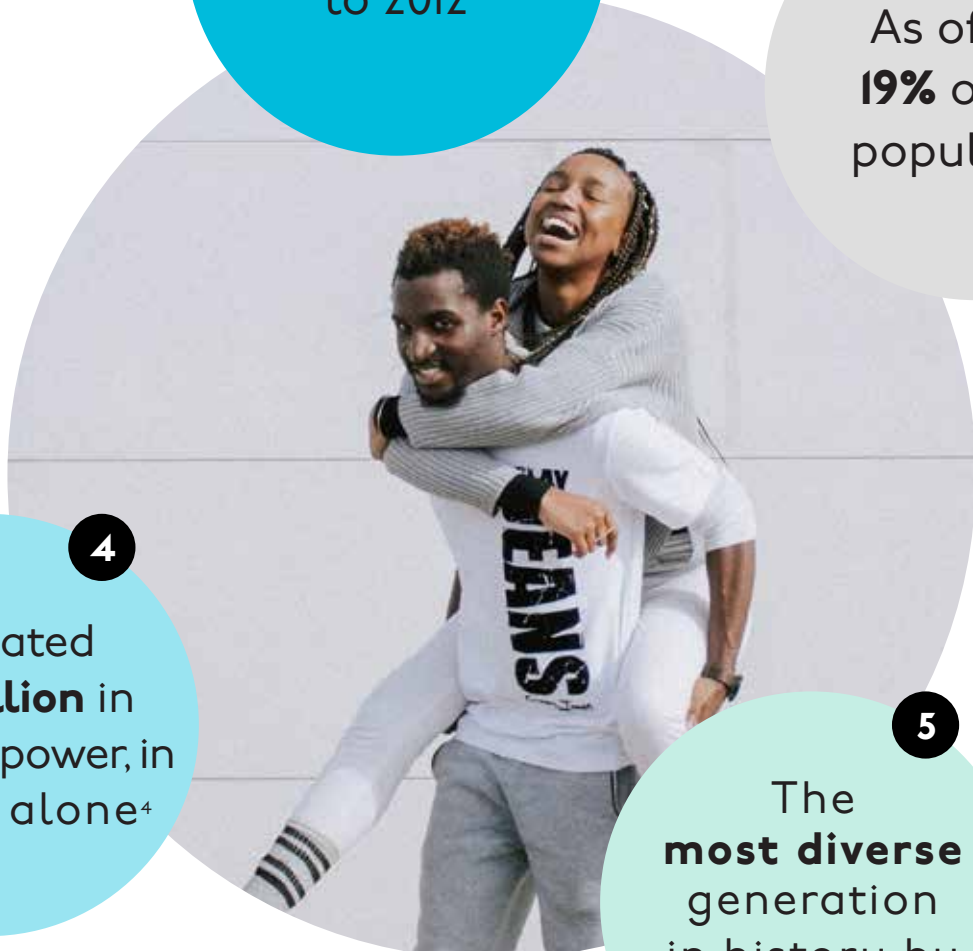
1
Willing to spend but want **value**¹

2
Born
in the mid 90's
to 2012²

3
As of 2017,
19% of U.K.
population³

4
Estimated
\$143 billion in
spending power, in
the U.S. alone⁴

5
The
most diverse
generation
in history by
2020⁵



6

They often communicate in **images**

7

Overwhelmingly **mobile - first**⁶



8

49% feel better socialising online than off⁷

9

Don't watch traditional TV⁸

10

Purchases influenced more by **friends** than public figures⁹



What
defines
Gen Z?





What defines Gen Z?

With \$143B in spending power in the US alone, it's difficult not to get excited about the opportunities that Gen Z present.

These young men and women are savvy, commercially astute, discriminating and keen observers. In terms of their thinking, Gen Z have really been the trailblazers in terms of ethical buying and spending. When it comes to money, three key events have been the catalyst in shaping their practical actions.

1. The Great Recession of 2008

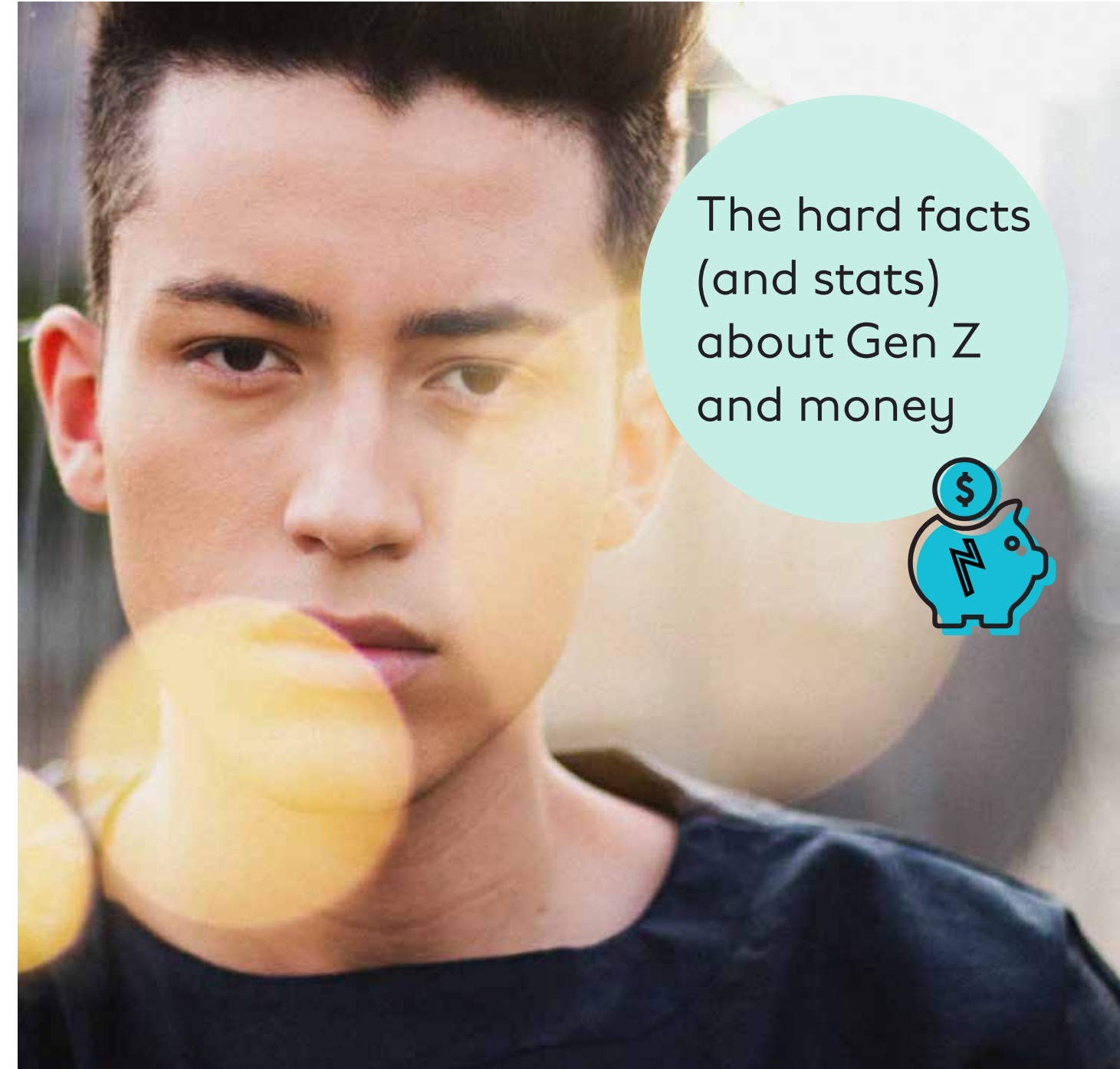
Teenagers at the time of the most recent crash, Gen Z saw their parents struggle during this period, scrimping and saving to overcome high credit card debt and over-financed mortgages. As a direct result, Gen Z are more likely to be more fiscally anxious and cautious than their predecessors.

2. Increased Credit Card Regulation

The Financial Conduct Authority (FCA) have recently issued its final policy statement¹⁰ on new rules for the credit card market, estimating that the changes will save consumers between £310 million and £1.3 billion annually in lowering interest charges and debt consequently for Gen Z and the wider population. Gen Z is becoming more familiar of their options – as campaigns extend online and apps become more readily available for consumers in this age bracket, financial marketing needs to respond to the behaviours identified in this survey and report.

3. Smartphones and Social Media

Following on from credit card regulation, unlike their Millennial counterparts, Gen Z has not known life without the internet. With a mobile phone largely within reach during the 16 hours of a day on average spent awake, this generation is confronted with an endless stream of content that saturates and dominates many facets of their lives - perhaps that's why their attention spans are 8 seconds long? That is, 4 seconds shorter than Millennials. Capturing and retaining interest is essential to this market.



The hard facts
(and stats)
about Gen Z
and money



The evidence is there - growing up during a global financial crisis has had a major impact on how Gen Z views money. A recent survey conducted by UNiDAYS of more than 1,800 Gen Z students uncovered the following (and some surprising) results.



80% of the students surveyed said they were going to university to get a higher salary.

Student debt is a no-go

Student debt for Gen Z is not an option – they don't want to face the same financial pressures and strife as the previous generations. They are super mindful when it comes to debt and don't embrace it as a way of life as many Millennials do. They believe in the university route but expect their efforts to pay off in the long run – it's their motivation. Of the Gen Z surveyed, 26% expect to graduate from university without debt. In addition to this, 26% expect to graduate with less than £20,000 in debt.



A whopping 73% of undergrad students have a job or side hustle to help pay for their education and expenses.

Not afraid of a side hustle

Laziness is not a word you would find under the dictionary definition of Gen Z – they have a real zest for life...and money. By refusing to go into massive debt, they're also likely to have additional streams of income. Instead of obtaining loans, the majority (73%) of Gen Z undergraduate students have a job or make sure they have additional funds to help pay for their education and expenses. Only 35% have government loans and most avoid private loans completely.



Being economical – Gen Z’s credit footprint

Gen Z’s conservative ways also apply to credit. Before making a purchase, 83% of those surveyed prefer to save rather than use credit. This may also be due to the fact that 52% of them don’t have a credit card and among those that do, 26% only have one.

Being fiscally savvy, Gen Z are the kids your parents would have wanted you to date. They’re financially responsible and absorb advice from their parents – at least about banking. Some may apply for a credit card only to obtain a credit score for forward planning i.e. when they want to apply for a mortgage. Many might not have a credit card yet, but 72% of them have a savings or ISA account which they opened in secondary school under the auspices of their parents.

Top Tip:

Consider marketing to students and their parents. Point out the banking benefits that both Gen Z and their parents can share, such as linked accounts for easy transfer and deposit of funds.



Among the Gen Z who have a bank account, 54% don't plan on opening another account no matter the incentive.

Gen Z have been described in three distinct banking categories¹¹:

1. There are the Conventionals – i.e. the individuals who prefer face-to-face interaction and who question technology mixing with the financial services.
2. Next, we have the Digitals – i.e. those who prefer to only bank digitally. Not fans of the old banking model.
3. Lastly, we have the Pioneers – i.e. those who are looking to the future with technology companies as financial providers but may question banks and credit providers.

When deciding which bank to open an account with, an impressive 61% of Gen Z went with the same bank as their parents – confirming that they are likely to take parental advice on board. Trailing at a distant 16%, Gen Z chose a bank that offered student discounts, while for another 14%, proximity to home or school was the deciding factor. But recognising the three categories above (and there will be more in the coming years) is a good place to start. If the budget allows, explore more than one option of marketing – add more strings to the bow to ensure you are an all-rounder in the financial field.

Next steps:

Once they have settled on the bank of choice, change is not something that Gen Z like to do. Getting them to switch will take effort. Among those of Gen Z who have opened a bank account, 54% don't plan on opening another account, no matter the incentive. A few are not quite as reluctant, with 25% reporting that an attractive £100 incentive will convince them to open another account.

Given Gen Z's reticence to change their choice of financial institution once they've opened that first account, the sooner marketers reach out to both them and their parents, the better – initiate that conversation.

Top Tip:

Point out why their parents' incumbent bank might not be right for them; or point out how it is and reward them for their continued business. Potentially, you're talking to a lifetime client whose financial needs (along with their net worth) will hopefully grow over time. The key message must be to make them feel valued and their custom appreciated from the outset – and then maintain it year on year.



Brick-and-mortar is as important as online

Our survey has suggested that whilst 55% of Gen Z would consider banking with FinTechs that only have an online presence, surprisingly, 45% of supposedly digital Gen Z would not open an account with an online-only bank.

The reason? Of these respondents, 70% say it's because they want a physical bank location.

So, what's a marketer to do to tap into this demographic?

Gen Z's have high ingenuity detectors and will call you out on it – or worse yet, simply disregard you. They're socially and politically aware and aren't afraid to stand up for what they believe in. They are conscious consumers and speak their intentions with action. That might be in the form of not shopping at certain stores that do not pay equal wages or are not environmentally ethical.

Gen Z really do look at the A-Z of things - don't doubt for a minute that they won't do their research. Growing up with the internet at their fingertips – oh the days of Encarta (!), they will do their research. Gen Z is equally diligent when it comes to researching the business practices of financial institutions.

Again, it's all about identifying and implementing what is important to Gen Z and approach your marketing strategy accordingly.



Three tips for
marketing to
Gen Z





Strengthen your systems

Equip bank accounts with easy pathways, such as built-in savings devices or apps that go some way towards avoiding debt. Make investing more straightforward with in-app banking tools. Take every opportunity to educate Gen Z about smart finance - they'll respect you for it.



Make it purposeful

Financial institutions today must have a social promise. Just as no one appreciates a friend who asks for favours and never returns them, Gen Z does not care for companies that don't deliver what they say they are going to, when they say they are going to. Gen Z knows the difference between lip service and genuine acts of social responsibility.



Be ethical

Do right by your customers and showcase it. Gen Z expects the companies they do business with to behave with integrity. They have high standards, not just for the products they buy, but also for the companies they purchase from.

Given a choice between two banks, 86% of students surveyed would choose the one that's more ethically sound and aware, even if the incentive is lower. To make an impression with Gen Z, show them that you're focused on customers and community - not just counting the beans and making profits.

About this report

The 'Gen Z and Money: What You Need to Know' (June 2018) report was generated through a quantitative online survey fielded among more than 1,800 verified Gen Z students in the UK, US, Australia and New Zealand via UNiDAYS' private online community network. Throughout the survey, the report refers to individuals surveyed as students and Gen Z.

For more information and insights about Gen Z UK, visit www.genzinsights.com/gb



About UNiDAYS

UNiDAYS is the world's leading Student Affinity Network. Today, UNiDAYS connects brands to more than 10 million Gen Z students around the world, giving them the power to make every experience more valuable and rewarding. The UNiDAYS award-winning marketing platform provides student verification technology and integrated marketing solutions to some of the world's most recognisable brands, including Levi's, Adidas and Samsung. Founded in 2011 by CEO Josh Rathour, and headquartered in Nottingham, U.K., UNiDAYS also has offices in London, New York and Sydney. The Sunday Times Tech Track 100 honored UNiDAYS as one of the top 10 fastest-growing companies in the UK. For more information, visit www.myunidays.com/genz.

Talk to us

To learn more about UNiDAYS, visit myunidays.com/genz
Email: chat@myunidays.com

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