



» White paper

Generation Z:

Their payments
are our future

Foreword*

Just like individual people, each generation has different needs and concerns. However, regardless of their label — X, Y, or Z — these consumer segments have one thing in common: through their spending, they express unique preferences. In this way, brands can get to know their customers better by looking at their spending patterns.

However, when it comes to Gen Z, those born between 1996 and 2010, companies must go beyond pattern recognition and seek to understand the ‘why’ behind their customers’ transactions. Thankfully, the connectivity of the ‘Zoomer’ generation greatly facilitates this: after all, this generation grew up with the smartphone and spends 74% of its free time online. As a result, more data will be available on Gen Z as it matures than any generation that has come before.

Like their spending, Zoomers prefer to communicate digitally.

However, digital-first does not mean digital-only. For example, 80% of Zoomers still use cash. What’s more, although Zoomers increasingly see themselves as trendsetters in the digital sphere, they have very down-to-earth financial concerns, such as owning a home and having sufficient emergency savings.

Set against a backdrop of economic uncertainty, these concerns present an opportunity for financial institutions. Indeed, Gen Z represents 40% of global consumers. Moreover, in the coming years, as this generation graduates from university and enters the workforce, its spending power looks set to increase.

However, financial institutions catering to Gen Z need to reflect its unique preferences. For example, as Zoomers take up the mantle of being trendsetters, any solutions targeting them must be delivered in socially relatable ways. Failing to do this is off the table as 70% of Zoomers say they influence their families’ spending decisions.

What’s more, when asked who they’d rather bank with, Zoomers rank PayPal, Apple, Amazon, and Google ahead of all financial institutions.

Thus, to even stand a chance, the financial sector must become more like the tech industry.

This starts by paying closer attention to your customers, and the preferences expressed in their spending. As Marqeta helps innovators scale payment solutions for tech-savvy — and often younger — consumers, it is uniquely placed to gauge the needs of Gen Z. As a result, this paper is a must-read for anyone seeking to capture, and delight, the digital generation.



Niels Pedersen

Senior Lecturer, Manchester Metropolitan University and author of Financial Technology: Case Studies in Fintech Innovation

*The views and opinions of third parties expressed in this White Paper do not necessarily reflect the views or opinions of Marqeta.

Introduction

Often described as “the connected generation”, “digital natives”, “GenTech”, “Zoomers” or “the mobile generation”, with high standards and an attention span of no more than eight seconds, this demographic comprises the most tech-savvy and brand-conscious, active users and influencers of social media, taking digital to the extreme.

Their lack of experience of a pre-digital world sets them apart from Millennials. However, as they watched the Millennial generation dive into deep debt from student loans, especially during rough economic times, Gen Z has become more financially conscious.

As the first wave of Gen Z consumers begins to graduate from university and start looking for jobs, its purchasing power will increase dramatically. In the coming years, Gen Z will become the next generation of supershoppers. Along with Millennials, they will soon make up a large proportion of core consumers globally.

Younger consumers often set the trend as far as new tech adoption is concerned. And Gen Z is no different, with many of its mobile-native members developing brand loyalty by their 21st birthday. To appeal to this particular group, banks and payment services providers will have to cater to the attributes and expectations that set this consumer segment apart from older generations.

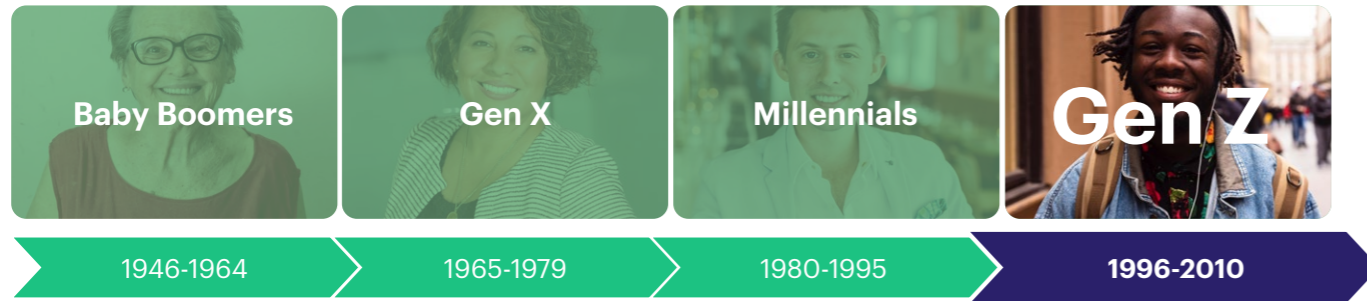
In December 2020, Marqeta surveyed more than 500 members of the Generation Z cohort in the U.K., aged 12-23, to learn about their payments and banking experiences, and banking preferences.

This paper will explore our interpretation of the survey results by tracking the banking and payments journey Gen Zers are currently making, and what lessons or trends can be identified for the future.

We will conclude with a set of our recommendations about what fintechs and banks should do to build the user experience of the future.

| | | | |
|--------------------------------------------------------|-----------|------------------------------------------------------------|-----------|
| Meet Gen Z | 4 | What do you need to know about Gen Z? | 22 |
| Key stats at a glance | 5 | Who will they bank with in the future? | 27 |
| Industry landscape | 6 | The challenges Gen Z will face | 28 |
| What financial products are available for Gen Z | 7 | How can the industry maintain relevance with Gen Z? | 31 |
| Gen Z business & innovation case studies | 10 | Are you up for the challenge? | 33 |
| wearonize | 12 | | |
| Rebellion Pay | 16 | | |
| gohenry | 18 | | |

Meet Gen Z



This demographic was born in the late 1990s and early 2000s (1996–2010) and already boasts USD 145 billion in direct spending power in the U.S. alone. Gen Z is the first generation to be introduced to all the advantages of smartphones early in life. They are immersed in online life and like solutions to flex to their needs. Facebook was a fact of life when this group entered adolescence.

By end of this decade, Gen Zers will already represent a third of all consumers. Their unique experiences are changing the ways we currently buy and sell. This is forcing brands to examine how they do business for decades to come.

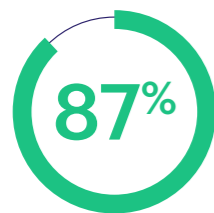
The key findings of our survey illustrate how members of Gen Z present key aspects related to Gen Z, including how they present themselves as consumers, their attitudes, and banking or payments preferences.

The general picture that emerges from our research is that Gen Zers pride themselves on their independent status in terms of bank account ownership. This in turn paints a fascinating picture of their banking behaviour, priorities and expectations. Our findings indicate that nearly three quarters (73%) of participants have a bank account in their name only, compared with only 8% who have never had a bank account.

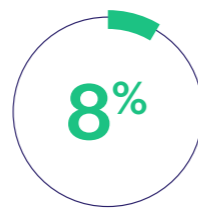
While it is a common belief that Gen Z is digital-only and will bank with whatever app they find most useful, our data shows they currently have a strong preference in opening/having bank accounts with well-established banks.

Also, the three most popular types of financial products among Gen Zers are current account/debit cards (81%), savings accounts (51%), and student loans (12%). Interestingly, only 7% of Gen Z currently uses a prepaid card such as an Osper or gohenry card.

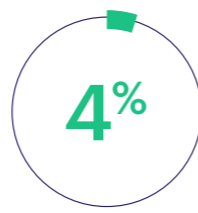
Who do you currently bank with?



87% of Gen Zers use a traditional bank such as HSBC, Natwest, Barclays, etc.



8% bank with both types of banks



4% are banking with a challenger bank such as Revolut, Monzo, etc.

Key stats at a glance

Of the global population, Gen Z makes up

30%

(approximately 2.47 billion of the 7.7 billion population globally)

Of global consumers, Gen Z accounts for about

40%

(source: McKinsey)

Gen Z currently has purchasing power worth

\$143bn
(in the U.S. alone)

(source: Business Insider)

70%+

Of Gen Zers say they influence family purchasing decisions

(source: IBM Institute for Business Value)

Of their free time, Gen Zers spend online

74%

(source: IBM Institute for Business Value)

“Children’s financial habits are formed by the age of 7, with most young people forming core behaviours which they will take into adulthood and which will affect financial decisions during the rest of their lives.”

Louise Hill, Co-founder & Chief Operating Officer, gohenry

Industry landscape

From childhood allowances to college finances, fintech start-ups — many of which aim to disrupt the traditional banking space — are looking for ways to tap into Gen Z's values of authenticity and trust.

Those companies aim to give children a taste of financial freedom and education, positioning their Unique Selling Propositions (USPs) around mobility, cashless transactions, and savings-related incentives, while enabling parents to track and block spending.

Digital neobanks, like Revolut and Starling, that predominately communicate through apps, have also entered the race to win the loyalties of the next generation by offering digital, innovative, and transparent ways to manage their money and make purchases.

Parents want their teens to be aware not only of how much they are spending, but also how they are spending. There is now an increased need for tools that help Gen Zers manage and budget their spending habits in a digital setting. Consequently, we are seeing an increase in teen banking and payment solutions from all corners of the world.

Below is a sampling of the industry players and technology available at a global level. As Gen Zers start to assert their financial power, these players will be among the enablers supporting them.

What financial products are available for Gen Z





Gen Z business & innovation case studies

wearonize

Rebellion

gohenry

wearonize

“Generation Z is a catalyst for upcoming developments in payments”

wearonize – making payments wearable

Founded in 2019, wearonize is a fintech company with headquarters in Europe. Its mission is to change the way people pay by creating the most comprehensive ecosystem for seamless and innovative payments, starting by making payments wearable for everyone. On this basis, the company enables its customers to approach especially Gen Z at eye level and answer their needs in a personal and innovative way.

wearonize is the leading full service partner for banks and producers to payment-enable their products, taking away the complexity that comes with offering payment-enabled wearables. Through their two-sided cloud platform, they match fashion accessory producers and watchmakers with banks, and manage all aspects of the supply chain for both.

What we know about Generation Z

A wearonize perspective

Generation Z is financially prudent, as many try to save each month and value financial stability. This is not surprising given that this generation grew up during the 2008 financial crisis, meaning features such as savings goals and budgeting tools are of great importance to them.

However, because Generation Z fundamentally values quality in digital products, especially when it comes to products which enable financial security and stability, a product with a poor user experience and weak features will not meet their expectations.

The social value delivered by the business is factored into the purchasing decision of the Generation Z consumer. They end or lessen a relationship with a business or product if they believe that the business acts irresponsibly or against their principles and promises.

Generation Z wants to have a positive impact on their community and family. To facilitate this, financial services should focus on strengthening the connections between individuals and provide ways to overcome collective action problems.

Challenges along the journey towards facilitating the wearable ecosystem

Although 45 banks already support the wearonize solution, it still takes on average of 3-4 weeks for each bank to onboard a new wearable producer and requires resources to connect to Visa and Mastercard. This remains a huge barrier for wearables manufacturers as the time to market is still too long. Therefore, wearonize designed its solution in such a way that a bank just needs to onboard it once, while new producers can be onboarded with only a click of a button.

One of the biggest challenges for banks is that wearables do not come in one standard format, where you only need to decide the colour scheme and logo. Handling the multitude of different wearables such as wristbands, rings and fashion accessories requires a completely different supply chain set-up than the traditional card business. That said, the biggest challenge is often a change in

mindset. More specifically, banks overcome the idea that they decide the design of a payment device. Contactless payments provide wearonize with the necessary freedom to move away from the card as the only form-factor, placing the power to decide “how to pay” firmly in the hands of consumers.

Banks also face the challenge to providing quality products and services using legacy infrastructure which most still rely on. Challenger banks provide meaningful alternatives to traditional banks and shift considerable bargaining power to consumers as a result of broadening the available banking options. In addition, many traditional banks also have investment divisions, therefore, it will be challenging for a bank to convince Generation Z consumers that the bank delivers social value if it is simultaneously also investing heavily in brown assets (e.g., any asset not defined in the E.U. Green Taxonomy).

“Attracting and retaining Generation Z will require a strategy that relies on quality of product and services, value for money, and the integration of social values, as well.”

Tom Wright, Product owner, wearonize



Challenges along the journey towards facilitating the wearable ecosystem

From the producer's point of view, the time to market is still the most important issue. We estimate that, on average, it takes more than nine months and costs up to USD 1 million for a producer to payment-enable their products. Also, each bank needs to onboard each wearable, a process that takes at least four weeks.

wearonize designed its solution to enable producers in a few weeks, and in such a way that a bank just needs to onboard wearonize and can select from a multitude of certified payment-enabled wearables with a click of a button, which reduces the onboarding time drastically.

When it comes to Gen Z, banks should not look for a one-size-fits-all solution. Consumer wearables are very much fashion-driven and so a bank or a fintech must offer a broad selection and frequently change their collection to be attractive to consumers. Furthermore, banks should avoid using wearables as a piece of brand real estate and rather think of wearables as subtle way to be top of the wallet.

“We perceive Generation Z as a catalyst for upcoming developments in payments. Their use of digital products will have a massive impact on product lifecycle and design.”

Heidrun Boeck, Member of the Board, wearonize

Supporting innovation and financial education in banking and payments

wearonize's vision is that financial education is the key to a better quality of life. Current and future generations have a greater need for financial education as payments and banking become digital and more fragmented. This fragmentation is mainly driven by the trend to move away from one bank account for life to multiple specialised apps and payment accounts for different financial services. Studies have shown that the increase of cashless payments poses a challenge to the human brain. Thus, spending physical money triggers the pain receptors in the brain while spending digital money does not.

wearonize believes that the UI/UX of a digital product must be specifically tailored to regain this loss of transparency and counter the cashless effect.

How can the industry make better decisions for future product roadmap targeting Generation Z

“As always, meet them where they are, take them seriously and listen. Traditional bank products and services rarely fit their expectations, nor are they tailored to their needs. Although Generation Z may not appear financially strong now, they will be in the near future and they already decide about a products persistence in the market.”

Heidrun Boeck & Tom Wright

The views and opinions expressed in this section are those of wearonize and do not necessarily reflect the views or opinions of Marqeta.

Rebellion

“Technologically, all fintechs will need to listen to Gen Z and adapt to all behavioural changes”

Rebellion is a Spanish neobank offering a personal Spanish IBAN alongside a physical card, Apple Pay, Google Pay, peer to peer (P2P) payments, and access to +14 years, all using a simple app — currently used by nearly 200,000 users.

In 2017, when the company was founded, the initial premise for Rebellion’s founders was to address the gap in the market between the needs of young, unbanked people who use a wide range of internet

services, but did not have easy access to independent means to pay for online purchases.

Over the last couple of years, Rebellion has seen its offering spark interest in a wider audience that includes users over 30 years old who are seeking an alternative to their conventional banks. Even though the Rebellion persona is no longer solely Gen Z-focussed, the team has built a lifestyle brand which offers different generations a simple and transparent way of managing their personal finances.

What we know about generation Z

A Rebellion Pay perspective

- Gen Z is a digital-savvy generation, they have grown up with a smartphone as a toy. They want instant, mobile-first solutions, and given their ability to navigate new technologies, Gen Z is best-prepared for the digitisation of money and financial services.
- Gen Zers consider social media as part of their identities, they share all their experiences online, and they have a strong sense of community. To engage Gen Z consumers, brands should focus on providing an authentic experience. It is these types of experiences that keep Gen Zers coming back and they may end up leveraging their own social channels to become brand ambassadors.
- This generation has a strong preference for savings and to not get into debt due to difficult circumstances they have grown up in. They may also have seen older siblings move back home, as well as multiple recessions.
- Customer support is very chat-centric to this generation.
- As compared to previous generations, Gen Z has a strong position about sustainability and the environment.

“Trust is by far a key priority for Gen Z when looking for a long-term financial partner.”

Gin Gindre, Chief Operating Officer, Rebellion Pay

“Gen Z has a deep desire to understand money management better. However, the way they want to learn about it may differ significantly from previous generations.”

Elena Polit, Chief Marketing Officer, Rebellion Pay

Banking re-invented

Members of the Gen Z generation are much more open to disruption than older generations. What they value most is immediacy, transparency, feeling connected with a brand, and of course, enjoying financial advantages.

Many traditional banks are already offering different bank accounts and debit cards for children and young people. However, they are gradually losing the young

generation because this customer group already has very high expectations of their service providers.

Neobanks have transformed the banking industry in recent years, disrupting financial services with their innovative technologies and business models. However, challenger banks still have a way to go before becoming the trusted partner for the majority of customers and gaining primary bank status.

As a generation that has grown up with fintechs and challengers as familiar institutions, Gen Z is already challenging the status quo and they are more likely to adopt neobanks as their primary accounts in the near future. A vital role in this transition is going to be financial education, and neobank offerings include the much-needed tools for young people to manage money while learning financial literacy and independence, P2P payments, spending notifications, and rewards.

An agile perspective in business transformation

As younger generations are entering the workforce with new attitudes, expectations, more spending power, and healthy signs of wanting to take greater control over their financial affairs, it is essential for industry players to keep pace with the accelerating speed of change in consumer behaviour. In the company’s view, business agility is the key element in rising to this challenge, thriving in today’s highly

competitive environment, and driving digital transformation in a post-COVID world.

Rebellion remains committed to its objective of providing a solution which enables a 360-degree banking experience that is safe, convenient, and user-friendly and will continue its efforts in this respect.

The views and opinions expressed in this section are those of Rebellion and do not necessarily reflect the views or opinions of Marqeta.



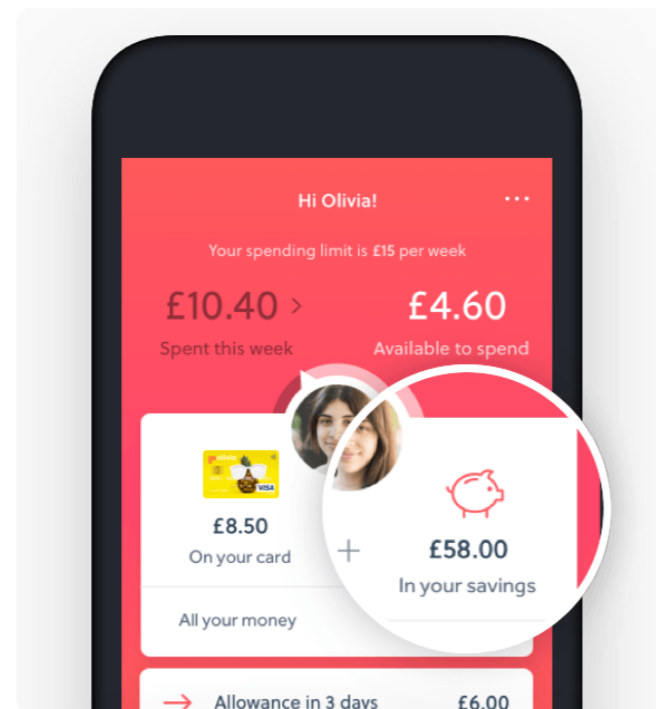
“We can all learn from Gen-Z’s approach to money, as well as the functionality they demand from their financial service providers”

gohenry is a money management app and card that empowers young people to take part in the digital economy. Co-founded in 2012 by a group of friends and parents who wanted to help their children learn about money safely, the company now has over 1.35 million customers, currently serving the U.K. and U.S. markets.

The gohenry child app empowers children to manage their money responsibly through features such as setting savings goals for the latest must-have, donating a percentage of their pocket money to gohenry’s charity partner, the NSPCC, and monitoring their available spend.

Empowering young people to take part in the digital economy

The parent app meanwhile allows adults to easily pay pocket money directly to their children’s account and agree limits on how much can be spent and where (online, in-store, or at an ATM). Parents can also receive real-time notifications showing spending activity, as well as set tasks such as washing the car to encourage children to earn their pocket money or top it up.



What we know about Generation Z

A gohenry perspective

- Gen Z is a new generation that is much more conscious of the value of money with incredibly mature attitudes towards money management. The collective estimated savings for this generation was over GBP 550 million in 2018 – proportionately three times the current adult savings ratio.
- They are also generous givers too. Since the start of lockdown, while many charities are suffering from a slowdown in funding, donations through the gohenry app to its charity partner, the NSPCC, are up an impressive 22%. Six-to-nine-year-olds led the biggest upturn with a 34% increase in donations from this youngest age group.
- This generation is not only learning how money impacts their own worlds, but also how it impacts others too, creating a group of conscious consumers along the way. This is evidenced in the recent launch of gohenry’s Eco Card — made from field corn versus fuel. It only launched last May and it is currently among the most popular card options.
- They are digital natives and they are likely to be the first cashless natives too. And they want a financial service that reflects both of these points. This includes real-time notifications of what they have spent or why a transaction has been declined; up-to-the-minute balances; the ability to separate their money into savings pots; a personalised in-app experience; and card choice to reflect their own style.

“gohenry today remains true to its founding vision – making financial education fun and true to real life to help the transition into adulthood, because children who can’t manage money become adults who can’t manage money.”

Louise Hill, co-founder and COO, gohenry

The views and opinions expressed in this section are those of gohenry and do not necessarily reflect the views or opinions of Marqeta.

Understanding the value of money

According to a Cambridge University study, children's financial habits are formed by the age of seven, with most young people forming core behaviours which they will take into adulthood and which will affect financial decisions they make during the rest of their lives. Yet, with 60% of children still leaving school without any money management skills and parents not always having the confidence or tools to teach it from scratch themselves, there is a big financial literacy gap to fill. gohenry's purpose is to empower children as they grow up by giving them the tangible money skills they will need throughout adulthood.

gohenry gives young people a way to understand the value of money and experience financial independence, to think critically about money and the means to spend digitally in a safe way — and learn from their mistakes along the way. The company achieves this by creating positive conversations with children around the pillars of money management: earning, saving, spending, and giving.

Leading the way in providing innovation and financial education

Financial education is at the heart of what the company does. It is the reason why gohenry was founded and central to its core mission: to make every kid good with money.

gohenry was the first to market when it launched in 2012 and founded a new category in financial education in the process. The gohenry form of education is hands-on and designed to create open conversations in the home around earning, saving, spending, and giving. Design and features are crucial to this. If it's not fun, visually appealing, or in their

language, it will turn Gen-Z off. Ultimately, gohenry wants kids and teens to be proud to use their gohenry card and app.

For this reason, gohenry is constantly innovating — in collaboration with its community — by co-creating services and features that suit the needs at different stages of childhood through to teens, and by integrating product planning with parents and children every step of the way — from initial feedback to market research and product testing.

“This generation has high expectations of their financial services because of the experiences they are gaining at a young age from fintech apps. As adults, they will want the option of real-time notifications of why a transaction has been declined or the ability to block a stolen or lost card on the spot, without the rigmarole of phoning and choosing between 20 options.

Banking and payments services will need to adapt to the functionality Gen-Z expects of them — not because they are a demanding group, but because they have grown up in an entrepreneurial environment with innovation all around them. They have also grown up on social media and are ready to share every experience. Settling for second best is not something they will or should do quietly.”

Louise Hill, co-founder and COO, gohenry

A woman with dark hair and glasses is lying on her stomach on a light-colored sofa. She is looking at a laptop screen to her right and holding a credit card in her left hand. The scene is dimly lit, with a blue tint. The text 'What do you need to know about Gen Z?' is overlaid on the left side of the image.

What do you need to know about Gen Z?

Findings from our research have uncovered key insights on Gen Z's banking and payments experiences, their expectations, and biggest financial priorities.

These are critical elements in understanding what makes this consumer group unique, and how brands can successfully tailor their digital marketing strategy for this younger audience.

Financial products

9 out of 10

Gen Zers bank with a traditional high street bank/brand

15%

of Gen Z would be swayed by having the same financial services products as their friends

Engagement through emerging channels

20%

of Gen Zers prefer to interact with brands via social media

16%

would rather hear from brands via email

Marketing

88%

Gen Z most attracted to offers and convenience when it comes to banking features

54%

of Gen Zers consider offers/incentives the most popular features that make financial services more attractive

Shopping and banking behaviours

80%

of Gen Z still use physical cash to make purchases

62%

of Gen Z have never used Buy Now, Pay Later for purchases

As digital natives who have grown up surrounded by technology, mobile devices, and interactive environments, you would think Gen Zers would be heavy users of digital-only banks. Not so, according to our research, as the majority of those surveyed mentioned traditional high-street banks as the types they like the most, as compared with 36% of respondents who reported not liking any particular brands.

Gen Zers' choices strongly reflect the strength of parents' banking preferences, as most of those surveyed reported that their parents bank with traditional high-street brands, including Barclays, Lloyds, Halifax, NatWest, HSBC, Nationwide, and Santander. Only 3.59% bank with Monzo and 3.39% with Starling Bank.

While legacy banks face undeniable competition from the neobanks, there is an ongoing debate as to why challengers have not yet fully won banking customers' hearts. While digital banks can be considered slightly more efficient than some high-street peers, it is still difficult to draw conclusions as to whether the promise of "banking better" is enough to convert full-time customers. In fact, one of the main obstacles holding

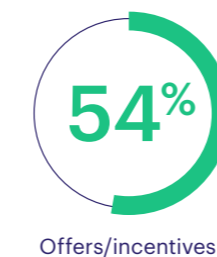
consumers back from opening an account with challenger banks is the lack of physical branches. Our research found that Gen Zers still prefer face-to-face interactions from their banking providers.

With bank branches closed due to the COVID-19 pandemic, nearly half of our respondents (48%) would still visit an open bank branch, while (15.74%) would not.

Generation Z is immersed in technology, making it an easy audience to contact, but a hard one to market to. The main challenge for banks and fintechs will be to develop and market highly functional solutions that look cool enough for teens, and at the same time give parents and guardians control and visibility over expenses and transactions.

The top response on what makes a bank account/app cool among Gen Z respondents who participated in the survey was that it is easy to use. Other features include contactless functionality, good interest rates and customer service, an aesthetically pleasing layout, the ability to pay with mobile in store and make money transfers, modern and personalised card design, tips on how to invest and save money, discounts and rewards, and strong security.

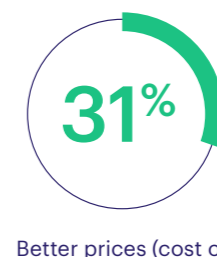
The most popular features mentioned by Gen Z that make financial services more attractive to them are offers/incentives (54.18%), convenience (speed of opening/customer service) (33.67%), better prices (cost of overdraft/ free overdraft) (31%) and better customer experience (25%):



Offers/incentives



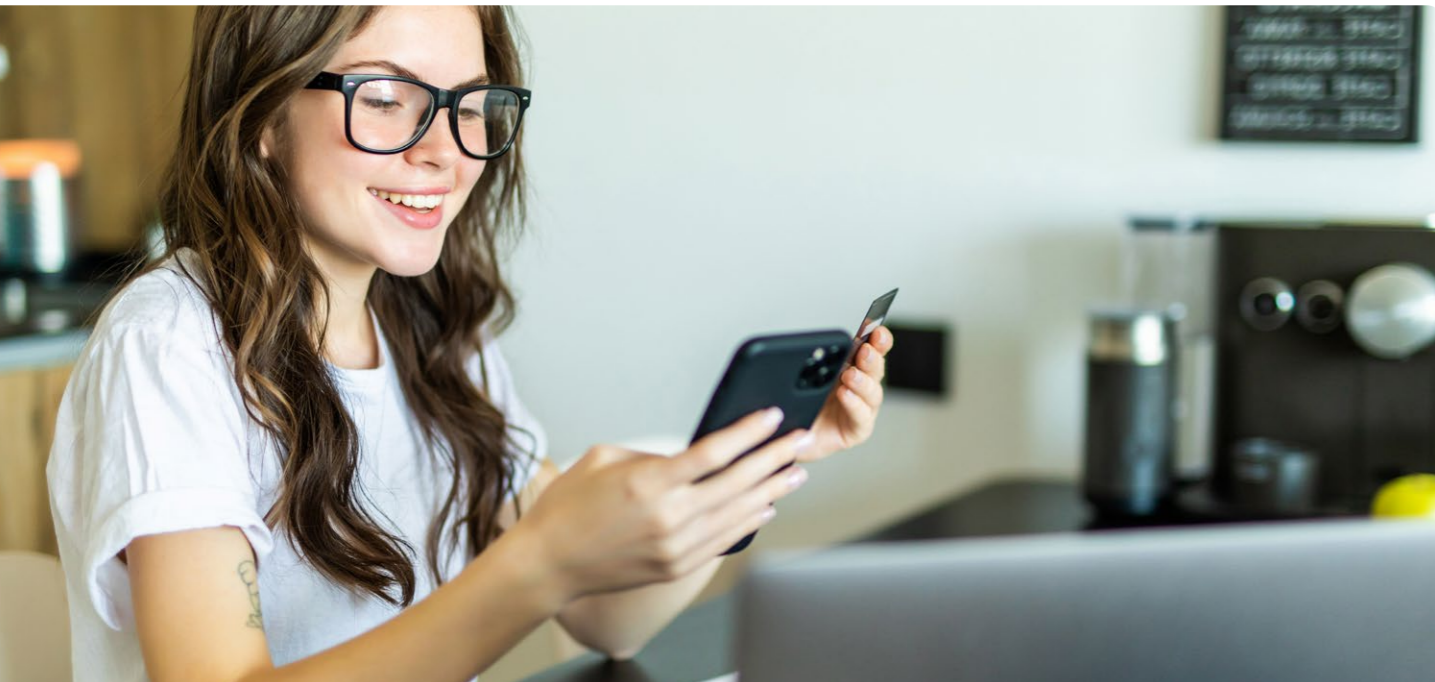
Convenience (speed of opening customer service)



Better prices (cost of overdraft/free overdraft)

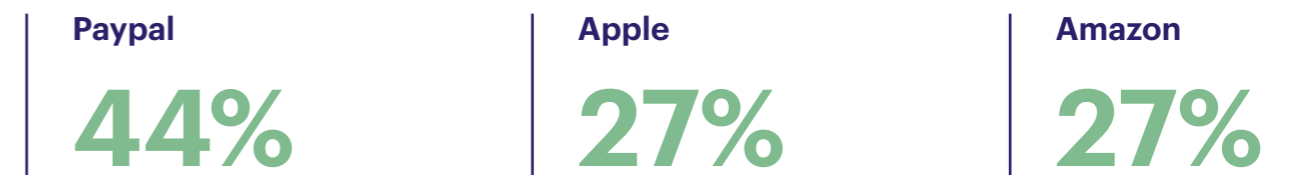


Better customer experience



Who will they bank with in the future?

The top three most popular brands that Gen Z would most consider banking with in the future



Understanding payments products

Over one in five suggest the key feature would be an easier way to pay through social media (22%), while, nearly 15% of Gen Z would be swayed by having the same financial services products as their friends.

Despite the availability of a wide range of digital payment technologies, our survey shows that Gen Z still rely heavily on cash. Over 80% of Gen Z still use physical cash to make purchases for a surprising amount of their weekly transactions (almost a quarter doing so once a week).

Interestingly, nearly two thirds (62%) of Gen Zers have never used Buy Now, Pay Later for purchases, and more than 10% of survey participants do not know what it means. These percentages reflect the importance of introducing Gen Z to different financial products when they are young, bringing out the benefits of enhancing education and understanding and what this could mean in later life.

Financial literacy is essential for children to define their future spending habits. According to

[the 2020-2021 Global Retail Banking Consumer Survey and Report by Oracle Financial Services](#), emerging generations of banking customers are more interested in learning and being educated, respected, and mentored as they grow into their financial lives. The report also highlights young consumers' expectations for banks to be there for them during key life events like marriages and home purchases and they expect banks to add value, not drain it.

Whereas many industry reports highlight consumers' desire to switch financial providers, our findings open the possibility for incumbent institutions to consolidate their banking business if they have the ability to provide the right mix of digital capabilities, benefits, products, and rewards programs.

Additionally, while traditional banks may be pleasantly surprised at the percentage of our respondents' parents who actually have accounts with digital-only banks, the future is likely to look very different for their children.

Our findings show that PayPal, Apple, and Amazon are the top three most popular brands that Gen Z would consider banking with in the future. However, a quarter (25%) of those surveyed were unsure whom they would bank with in the future.

- | | | | |
|---|--------|----|---------------|
| 1 | PayPal | 6 | Starling Bank |
| 2 | | 7 | Microsoft |
| 3 | amazon | 8 | Revolut |
| 4 | Google | 9 | f |
| 5 | monzo | 10 | Klarna. |

The challenges Gen Z will face



Owning a house

Will I ever be able to afford my own house?



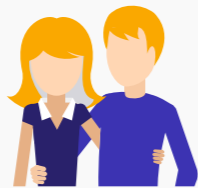
Mental health

Experiencing a mental illness can add to financial stress, and financial stress can add to a mental illness.



Unemployed

What if I can't pay off my credit card or mortgage?



No personal relationships

Financial stress can sink the ship of my social life and relationships.

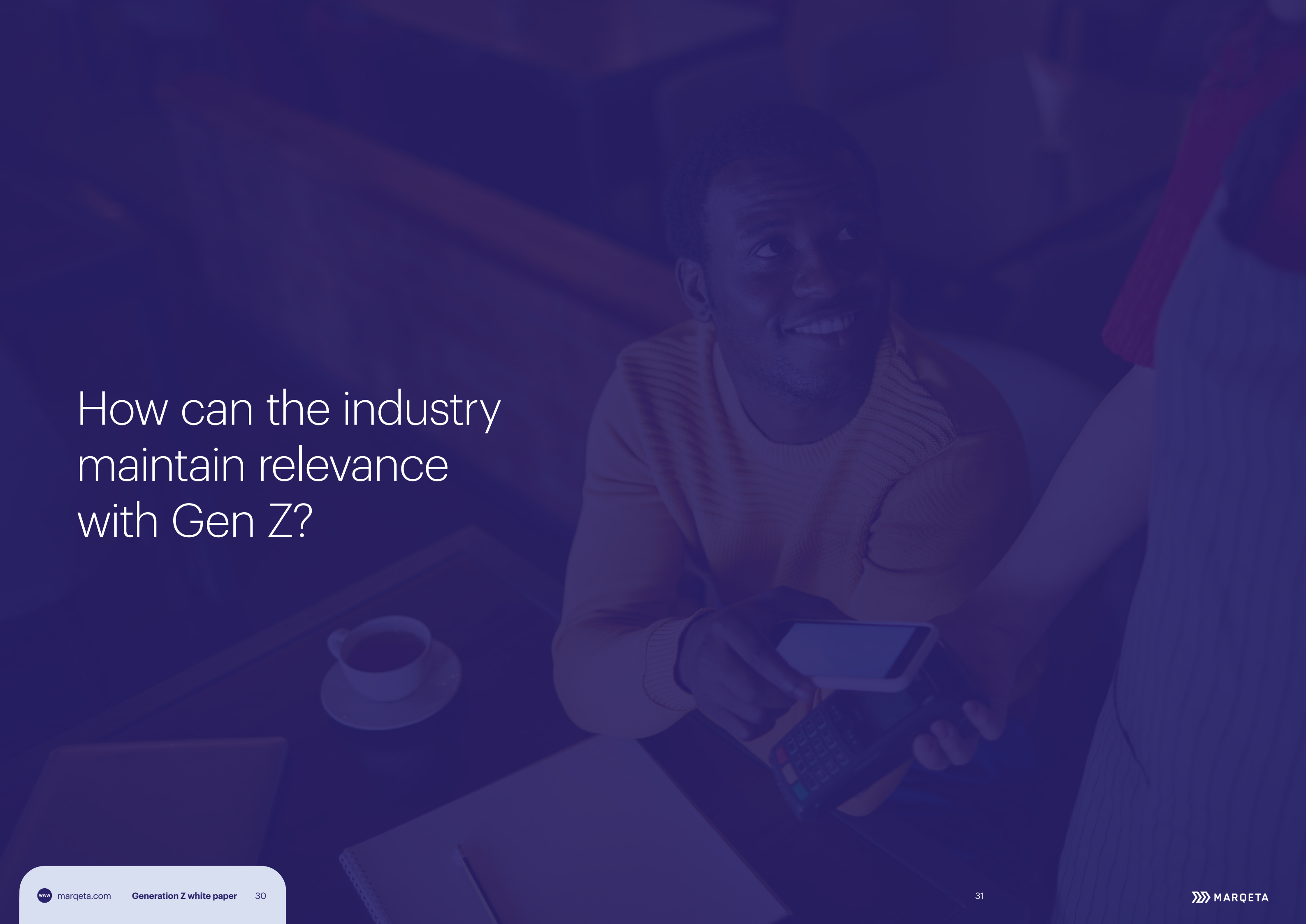
Half of Gen Zers report buying a property as the biggest life challenge they will face in the next 10 years.

A third (**34%**) cite unemployment as the biggest challenge, while **32%** worry about mental health, and **24%** see personal relationships as the issue of highest concern.

Top areas of least concern for Gen Z are financial illiteracy (**mentioned by 6%**), access to credit (**10%**), and indebtedness (**11%**).

Similarly, **over one in five (22%)** state the biggest financial priority right now is owning a house, while **18%** see the biggest priority as starting or building an emergency fund. Managing student loan debt is the top priority for **17%** of respondents.





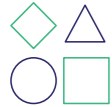
How can the industry maintain relevance with Gen Z?

Based on our survey findings and our interviews with wearonize, Rebellion Pay, and gohenry, we set out our recommendations around what fintechs and banks will need to do to 'build the bank of the future' and redesign payment products for Gen Z.



1. Listen to your audience

Actively engaging with the community is key — to gain insight into what is working and what they want more of. Integrate your planning with them every step of the way from initial feedback, to market research, to product testing.



2. Make it fun

Design is a crucial element in this. If it is not fun, visually appealing, or in their language, it will turn Gen Z off.



3. Ensure authentic interaction

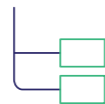
To win and retain Gen Z, financial services providers and fintechs must tap into social networks, deliver authenticity and education in their brand message, and keep their customers constantly engaged. Nearly one in five Gen Zers involved in our survey prefer to interact with brands via social media, with 16% preferring to hear from them via email, and 10% preferring to interact with their favourite brands face-to-face.



4. Tailor marketing strategies according to their needs

The most popular features mentioned by Gen Z that make financial services more attractive are offers (mentioned by 54% respondents), convenience such as speed of account opening or customer service (34%), better prices (31%), and a better customer experience (25%).

Gen Zers consider social media as part of their identities, they share all their experiences online and they have a strong sense of community. Over one in five suggest the key feature in selecting a financial services provider would be an easier way to pay through social media and nearly 15% of Gen Z would be swayed by having the same financial services products as their friends.



5. New features trigger customer loyalty

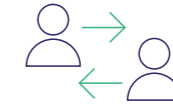
Although Gen Z may not appear financially strong now, they will be in near future, and they're already deciding your survival in the market.

Gen Z report they will most likely stay loyal to current providers with the ability to pay on the go using face, voice, or iris recognition (27%). A checkout-free experience (Amazon Go), being mentioned by 22% of respondents.



6. Financial education is key

Education is a big priority for Gen Z, with a quarter reporting that being offered free education courses will most likely keep them loyal to their current financial services provider. To stay relevant, financial institutions and fintechs must address the financial literacy gap through programmes focussed on improving financial skills and improving access to financial services, thus helping Gen Z improve its financial health and empowering clients with insights that enable informed decision making.



7. Environmental responsibility

As always, meet them where they are, take them seriously, and listen. If traditional banks want to prevail in the digital environment, they must provide clear value through their offerings and demonstrate long-term social and environmental responsibility.

Think customer-centric and do not look for a one-size-fits-all solution. Banks and fintechs must offer a broad selection and frequently change their offerings to remain attractive to their young consumers.

Are you up for the challenge?

Gen Z is better prepared, compared to previous generations, when it comes to debt/credit and overall financial planning. Having learned from the past (and from the Millennial group during the early 2000s recession) they will take a more practical approach to personal finance.

Against the backdrop of COVID-19, these skills will be needed more than ever in the years ahead. But does not mean the education has to stop.

With Gen Z entering the spotlight, companies will need to raise the bar by adapting their marketing strategies. Companies will need to invest their efforts in reimagining their business models and relationships with customers to reflect the values and shopping behaviour of their new trend-setting generation and ensure positive brand perception. By focussing on education, brands will promote broader financial inclusion, stability, and loyalty.

In return for their loyalty, Gen Z will expect fintechs and banks to deliver tech-savvy experiences that are instantaneous, highly personalised, frictionless, secure, and entertaining.

About Marqeta

Marqeta is the modern card issuing platform empowering builders to bring the most innovative products to the world. Marqeta provides developers advanced infrastructure and tools for building highly configurable payment cards. With its open APIs, the Marqeta platform is designed for businesses who want to easily build tailored payment solutions to create best-in-class experiences and power new modes of money movement. Marqeta is headquartered in Oakland, California. For more information, visit www.marqeta.com, [Twitter](https://twitter.com/marqeta) and [LinkedIn](https://www.linkedin.com/company/marqeta-inc).