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Technologies Influencing Generation Z Payments Adoption

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The latest generation to come of age, Gen Z, is the first generation that is truly mobile-native — it could be called the smartphone generation. While the group's next older peers, Millennials, experienced the birth of Google and Facebook, they did so on PCs and laptops, as their flip phones could not surf the Internet. When the oldest Millennials hit age 25 in 2008, the smartphone with its apps was being born. In that same year, the first of Gen Z was just starting to enter middle school. As Millennials began to experiment with mobile banking and e-commerce, they made banks and merchants stand up and take notice, forcing them to cater to their emerging digital needs. In contrast, for Gen Z, these are not experiments but expectations, since they have not known a time before mobile devices and broadband. From school-issued iPads to hand-me-down smartphones, Gen Z has always used the mobile channel to navigate the world. This report examines how Gen Z approaches technology and the generation's impact on banking and retail commerce. It provides insight into Gen Z consumers' expectations for how companies should seek to serve them and meet their needs.

Key questions discussed in this report:

- What is the definition of Gen Z, and how is it different from Millennials?
- How have Gen Z consumers differed in adoption of mobile banking from Millennials when Millennials were at the same age?
- How does Gen Z compare with other generations in independence in financial decision-making?
- How does Gen Z differ from other generations in payment behaviors?
- How does Gen Z approach social media differently from other generations?
- What defines this generation in terms of online and mobile banking?
- How does this generation approach or access credit? What are the demands for credit cards?
- How do bots, artificial intelligence (AI), and other technologies influence Gen Z when it comes to purchases and acquiring credit and other payment forms?

The consumer data in this report was primarily collected from the following:

- A random-sample survey of 3,000 respondents conducted online in October-November 2017.

The overall margin of error is +1.74 at the 95% confidence level. The margin of error is larger for subsets. Data on the industry participants were derived from interviews with industry leaders. Supplementary data were provided by secondary sources such as the Consumer Financial Protection Bureau (CFPB), the Federal Reserve Bank, the U.S. Treasury, and company websites.

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