



Gen Z's Rough Start with Digital Banking

15 December 2021 By: Daniel Keyes

Even though the oldest Gen Z consumers are now just 24 years old, this generation has emerged as an influential consumer segment that will pressure FIs to recast digital banking experiences and design. Satisfying their mobile-first expectations effectively will require an examination of the trends and events that influence them, including their relationship with ever-present smartphones, the disruption of the coronavirus pandemic, and even the scars of the 2008 recession.

Simply put, Gen Z is different from the generations that came before it. Its members are reaching adulthood at a time when financial relationships extend far beyond basic banking for most consumers, adoption of digital banking is effectively saturated, and there is notable dissatisfaction with mobile banking experiences. In a digital era of abundant choices and compelling services from third-party financial apps and services, FIs no longer can assume that basic banking services will appeal sufficiently to the needs of young consumers.

Key questions discussed in this report:

- What events and trends have influenced Gen Z, and how do they influence their relationships with FIs and other financial services providers?
- What makes Gen Z different from previous generations, and what challenges and opportunities do those differences present FIs?
- How should FIs improve their digital and physical banking and money movement offerings to build lasting relationships with Gen Z consumers?

Consumer data in this report is based on information gathered in a Javelin survey administered online between May and July 2021 to a random-sample panel of 10,152 consumers. Data was gathered and weighted to reflect a representative sample of the adult U.S. population. The margin of sampling error is $\pm 0.94\%$ at the 95% confidence level. The margin of sampling error is higher for questions answered by subsegments.

Consumer data referenced from 2016 is based on information gathered in a Javelin survey administered online in May 2016 to a random-sample panel of 10,639 consumers. Data was gathered and weighted to reflect a representative sample of the adult U.S. population. The overall margin of error is +0.95 percentage points at the 95% confidence level. The margin of sampling error is higher for questions answered by subsegments.

Supplementary data was provided by secondary sources such as the U.S. Census Bureau and Pew Research Center.

Because generations are not defined strictly, and some people on the cusp may identify with either generation, Javelin's definitions leave some overlap in the years that determine a consumer's generation. In addition, the cutoff for Gen Y and Gen Z and even the term "Gen Z" are still being debated and solidified by market researchers. For this report, Javelin delineates generations as follows:

Gen Z	1997 and later
Gen Y	1981 - 1996
Gen X	1965 - 1980
Baby Boomer	1946 - 1964
Silent Generation	1928 - 1945

References to Gen Z in this report refer to the generation as a whole. But because Javelin surveys only adults, data points are for consumers born between 1997 and 2003 (age 18-24 at the time of writing).

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