

Adrenaline

Gen Z and the Future of Finance

A Generational Guide for Banking Leaders



Making up about 20% of the U.S. population – and nearly 30% of the workforce – Gen Z is already showing an outsized influence on the banking sector. While Millennials and Boomers each make up a larger proportion of the population, Gen Z's challenge of the status quo is driving change across all consumer segments.

Gen Z's demand for banking experiences that are both high-tech and high-touch, paired with their cultural influence, will transform financial services.

In this report, you will learn about:

I. Generational Influence

What matters most to Gen Z and how do they handle their money?

II. Banking by Generation: In-Branch and Digital

Do digital channels compete with or complement in-branch banking?

III. Retail Banking Expectations: Close-by, Convenient & Consultative

How do cohorts choose a primary bank and what experiences must banks deliver?

IV. Gen Z Banking Priorities

How can banks deliver on financial promises to help Gen Z achieve their goals?

V. Gen Z Brand Preferences

What do Gen Z want from brands and how does your brand stay connected and relevant?

VI. The Takeaways

How can you act on insights in this report to make your bank better?

I. Generational Influence

Gen Z and their money

While Millennials represent the largest group of consumers today and Baby Boomers have the biggest budgets, Gen Z's economic strength is on the rise.

33%

Gen Z saves one-third of their income and one-third of this generation still lives at home

4+ million

Number of accounts that will be opened each year between 2023-26

47%

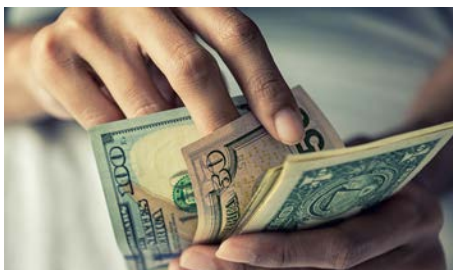
Have an account with a traditional bank, credit union or neobank

\$360 billion

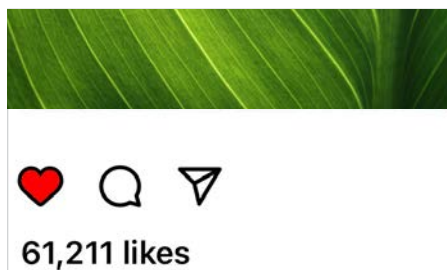
Spending power

At 65 million people in the U.S., Gen Z makes up nearly 20% of the population and already boasts more than *\$360 billion in spending power*.

What do Gen Z consumers care about?¹



Sustainability is important to them, but saving money matters more

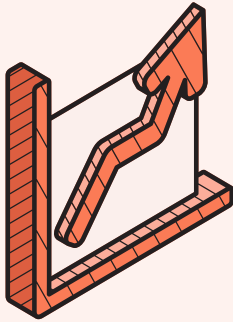


They don't mind brand interactions on social media, as long as brands are responsible



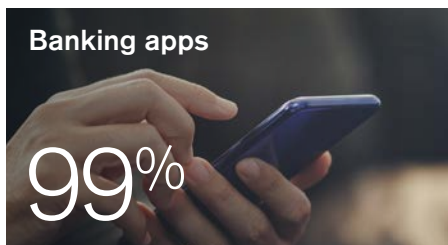
They use TikTok to discover new products, but trust friends and family most

At least four million members of Gen Z will open bank accounts each year between now and 2026.¹

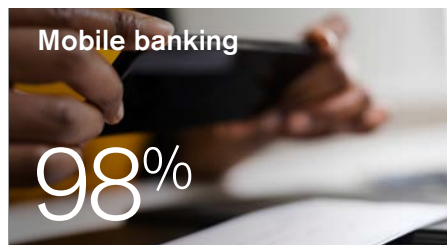


That's more than 12 million new customers in just 3 years

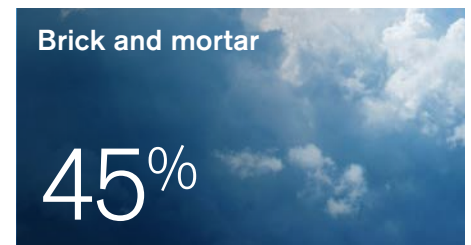
How do younger generations handle their money?²



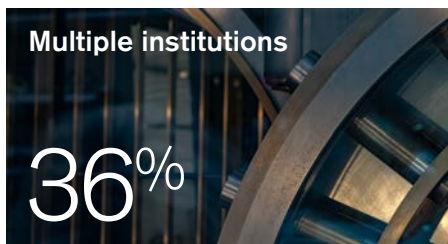
of Gen Z have used a mobile banking app in the last month



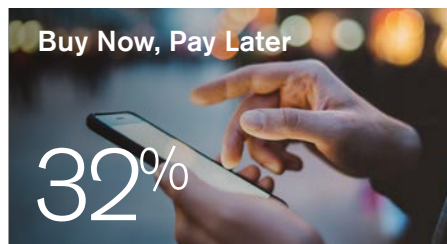
of Millennials report using mobile banking regularly



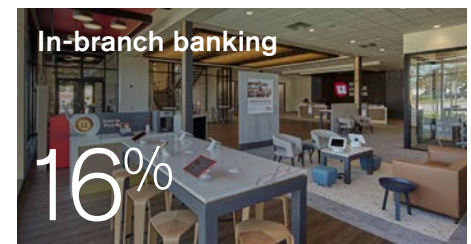
of Gen Z consumers would not open a primary bank account at a branchless bank



of Gen Z consumers have transaction accounts at multiple institutions



of Millennials have used Buy Now, Pay Later in the last month



of Gen Z report visiting a bank branch once a month

They're not afraid to have multiple accounts at different institutions, so learning how to be Gen Z's financial institution of choice is essential.

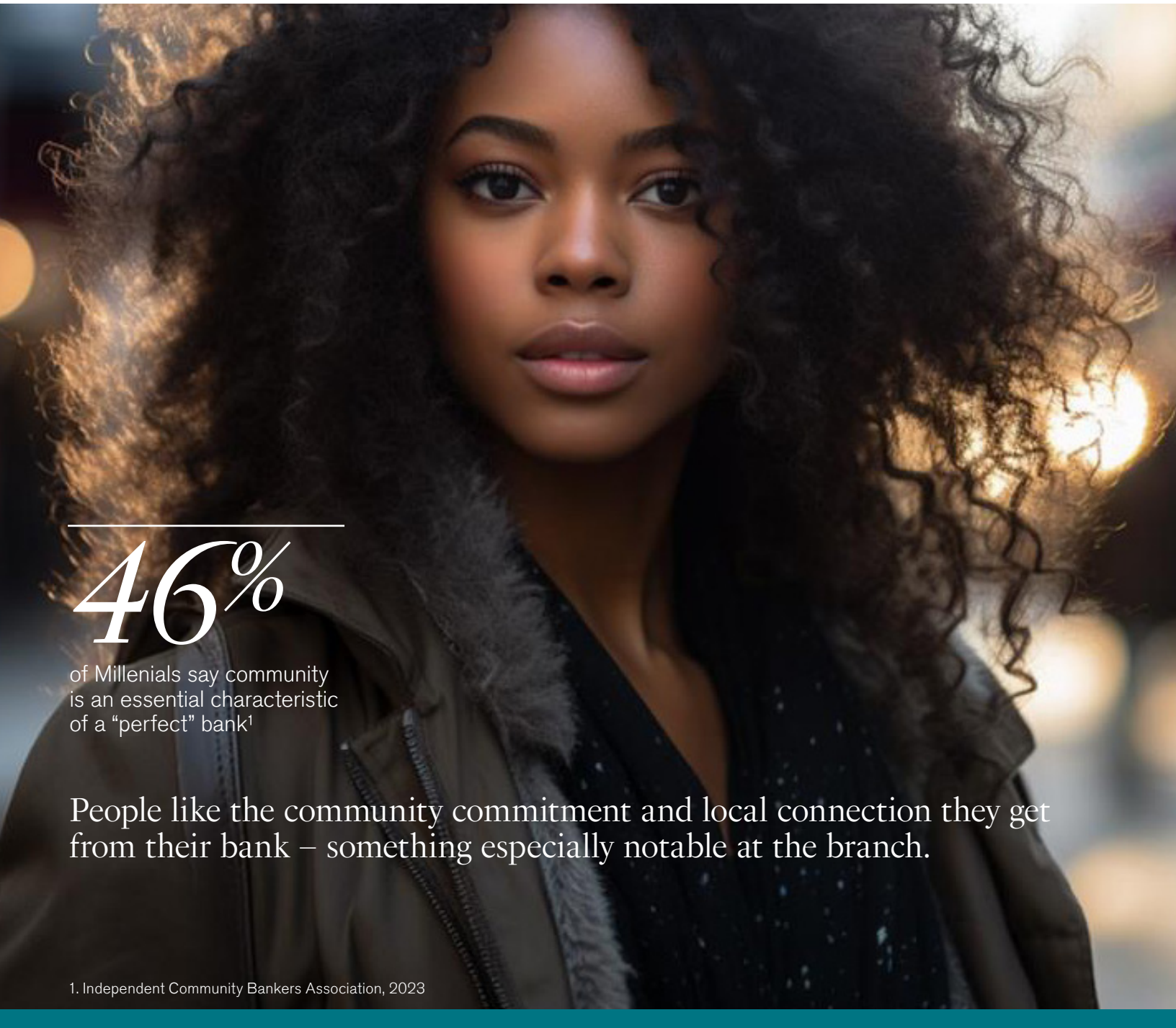
1. MX, Finn AI, Rival Technologies, and Q2, 2023

2. Cornerstone Advisors, PYMTS, Chase, and CivicScience, 2021

II. Banking by Generation: In-Branch and Digital

Do digital channels compete with or complement in-branch banking?

Despite the notable rise in digital channels over the past two decades, *nine out of ten* consumers of all generations use a mix of in-person, online and mobile banking tools.



46%

of Millennials say community is an essential characteristic of a “perfect” bank¹

People like the community commitment and local connection they get from their bank – something especially notable at the branch.

Despite being digital natives, Millennials and the up-and-coming Gen Z are not all using digital or mobile only for their banking needs

Even with these banking channels widely available, digital banking doesn't satisfy people's need for human interaction and in-person financial advice.

Why did consumers contact a person instead of using online or mobile tools?¹

40%

couldn't find what they were looking for online or via mobile

42%

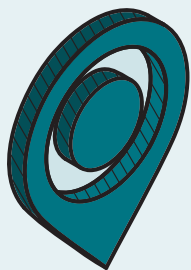
thought it would be faster and easier to talk to a real person

25%

said their bank's website or mobile app didn't support what they needed to do

20%

prefer to talk with a financial expert

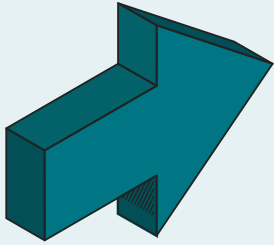


8 out of 10 consumers plan to return to the branch where they can get in-person financial advice²

1. Cornerstone Advisors, 2022

2. J.D. Power, 2023

Not only are consumers committed to the branch today, one in five said they would go to a branch more often if banking options were enhanced.¹



Postpandemic branch usage is on the rise, especially with younger generations

The critical human connection: Gen Z and Millennials like having the option of meeting with and getting advice from banking experts at the branch.

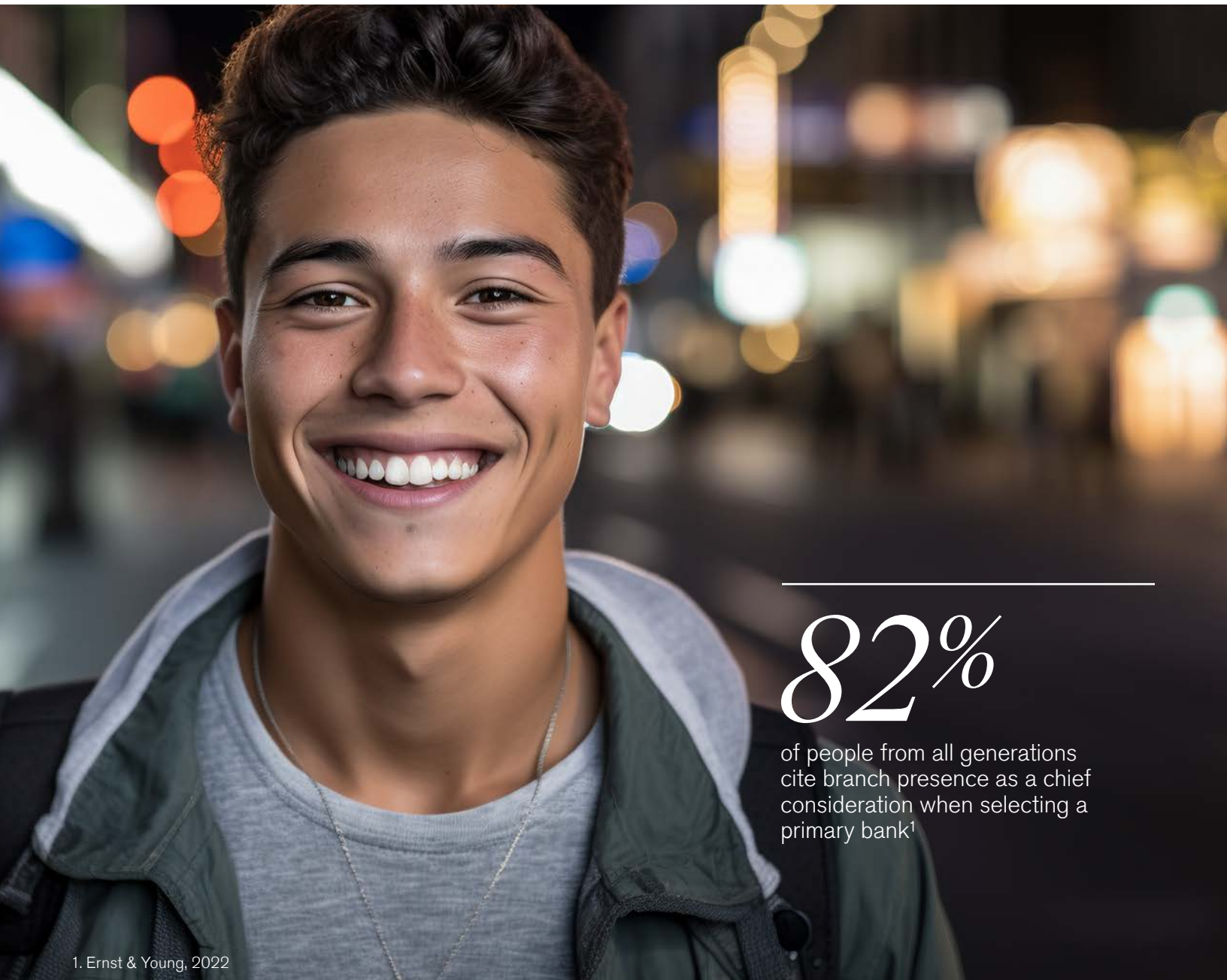
50%

of consumers between the ages of 21 and 40 went into a branch to work with staff to finish opening an account²

III. Retail Banking Expectations: Close-by, Convenient & Consultative

People of all generations want a branch nearby.

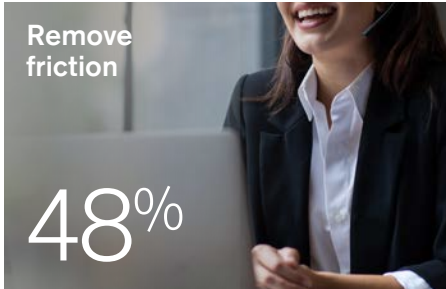
In fact, eight out of ten consumers consider having a local branch a key determinant in choosing a primary financial institution.



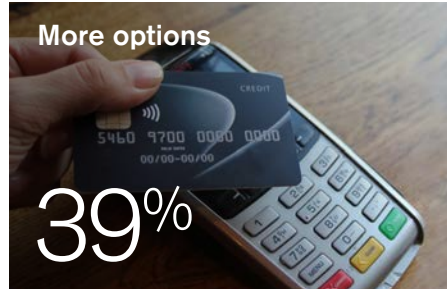
82%

of people from all generations cite branch presence as a chief consideration when selecting a primary bank¹

What are today's top trends in retail banking?¹



Removing friction from customer journey



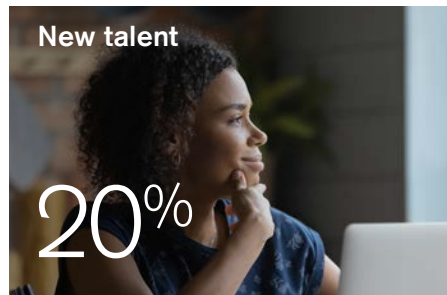
Expansion of digital products and payments capabilities



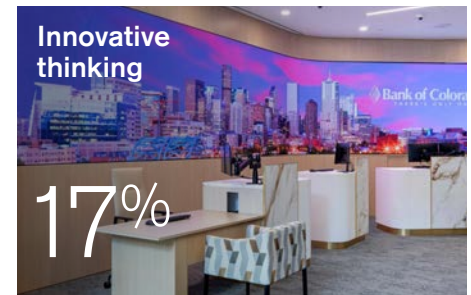
Improvement of integrated multichannel delivery



Building partnerships between banking and fintech firms

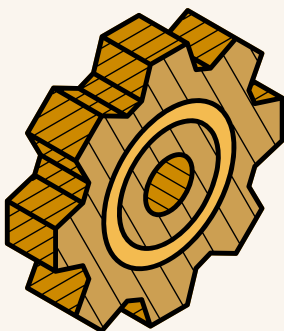


Finding and/or training new talent



Investment in innovation initiatives

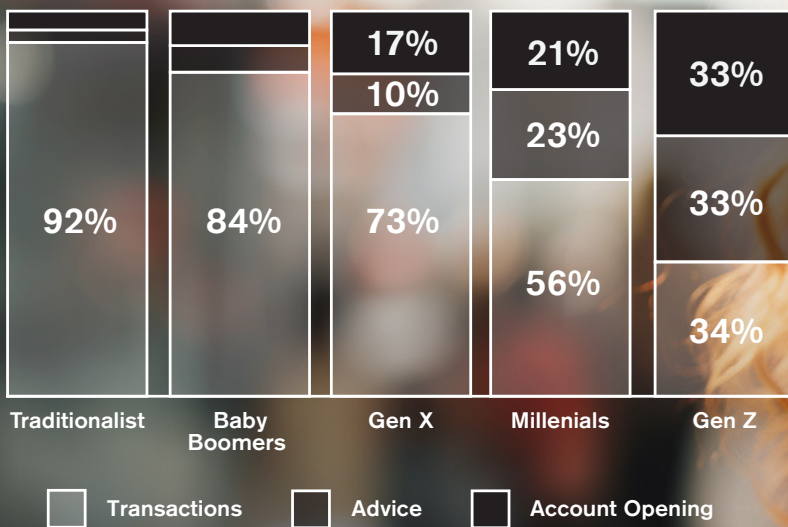
But many banks may not be adequately investing in the banking experience next-generation consumers expect.



83% of Gen Z consumers want better banking processes²

With expectations around branch banking on the move, it's essential for financial institutions to transform their branch experience to prioritize financial counsel.

Perceptions of the branch are shifting generationally from transactions to advice¹



Throughout the last year, compelling data and detailed analyses showed that branches were on the precipice of a revival. Now, all indications point to a branch resurgence.

But are branches ready?

Modern branch design should prioritize relationship banking and bank branding in the physical environment.

1. EPAM Consumer Banking Report, 2022

Top 3 best practices for bank branding at the branch¹

1. Use branch design as a differentiator

Retail branding is more than logos and color schemes – it’s a way to leverage space design for a holistic brand experience.

2. Nod to brand in inventive ways

Strong branding at the branch intuitively communicates a brand’s voice and values.

3. Lean into locality

While a unified brand voice is crucial, providing local relevance at the branch is equally important.

A survey of U.S. and Canadian consumers finds that functionality and the availability of financial expertise increased people’s desire to head to the branch.

What will drive customers to your branch?²



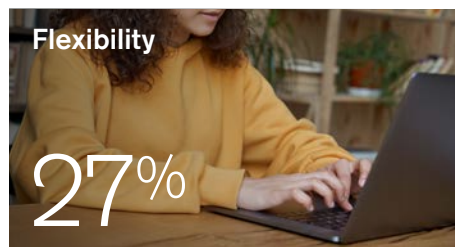
Provide greater range of ATMs and video-capable ITMs



Access to experts sharing credible advice in banking and beyond



Seminars and advice to get the most from financial products and services



Ability to start account opening online and complete final stages in the branch



Space to socialize with members of the community and network



Meeting space available for small business use

1. Adrenaline, 2023

2. The Financial Brand, 2022

IV. Gen Z Banking Priorities

For a cohort that grew up in the shadow of The Great Recession, Gen Z consumers are no strangers to economic turbulence.



80%

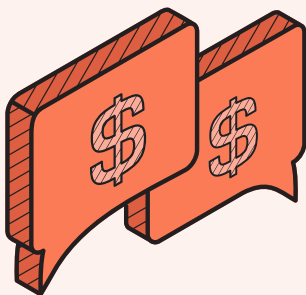
of 18-21 year-olds report that money is a significant stressor in their lives¹

64%

is the average score teens receive on the National Financial Literacy Test²

68%

of people say poor financial literacy has cost them up to \$499³



67% of teens and their parents rank finances as one of the topics discussed the most over the past six months⁴

With such a high cost to low financial literacy, the need for consumer education around financial issues is clear.

1. Elan Financial Services Report in Creditunions.com, 2020

2. Greenlight Financial, 2021

3. CNBC, 2023

4. Forbes, 2022

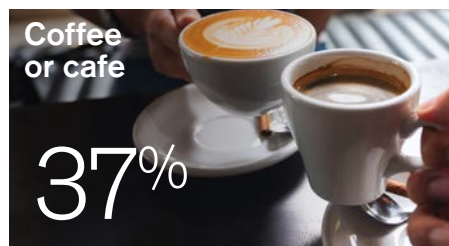


93%

of Gen Z and Gen Alpha teens believe financial literacy is the key to achieving life goals¹

Nearly half of Gen Z respondents say they'd be more likely to visit a branch if they offer advisory services, making it clear that younger generations value in-person financial expertise and support.

What do Gen Z customers want from their bank branches?²



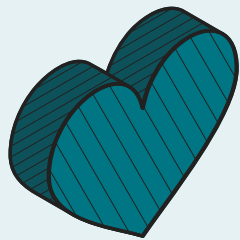
1. Forbes, 2022
2. EPAM Continuum, 2021

V. Gen Z Brand Preferences

As a generation surrounded by advertising their whole lives, Gen Z has been called “marketing intolerant” or “marketing immune.” That makes their buyer personas notoriously difficult to nail down.

But that doesn't mean we don't know what they like to buy and why. They like brands that are trustworthy, transparent, and aligned with their values.

Gen Z & brand loyalty



60% of Gen Z agree that the brands they shop with are an expression of who they are



77% value individuality and don't want to feel like they're put in a box

Gen Z gravitates toward purpose-driven brands – specifically those that prioritize corporate social responsibility and sustainability.

What values are likely to drive Gen Z purchases?¹

63%

seek companies with fair labor policies/treatment of employees

63%

look for the promotion of healthy and inclusive workplace cultures for employees

62%

examine sustainable manufacturing practices

Much like their Millennial siblings, Gen Z appreciates authenticity from brands.

3 marketing lessons from Gen Z's favorite brands¹

1. **Prioritize speed and efficiency**

2. **Advocate for social change**

3. **Skip the overly polished marketing messages**

While recent years have certainly been a catalyst for change, the ascendancy of brands with purpose have enduring relevance, especially for younger generations.

40%

of Gen Z consumers are more likely to boycott brands, compared with 16% of Millennials²

85%

think brands should minimize their environmental impact²

71%

think brands have a responsibility to give back to the community²

63%

are more likely to purchase from brands that support causes that are important to them²

54%

of Gen Z teens ages 16-19 say they have deliberately purchased or stopped using a brand because of its ethics²

80%

of Gen Z say that it's important for brands to address diversity and inclusion³

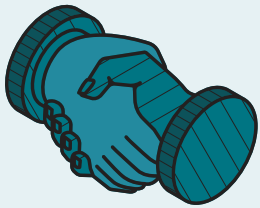
1. Inc. Magazine, 2022

2. Ipsos & RetailDive, 2022

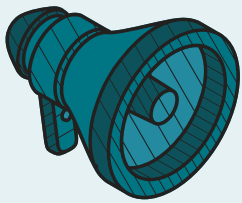
3. Quantiloop, 2022

Brand best practices for generating Gen Z love¹

With a mobile device at the ready, Gen Z uses their influence to make consumer brands better.



Gen Z are hyper-informed in identifying which brands they consider inclusive and representative



Gen Z is remaking the rules of building brand buzz as they gather around their own digital campfires like TikTok and Twitch

It's important to understand that you can't just recycle your existing Millennial marketing strategies for the next generation.

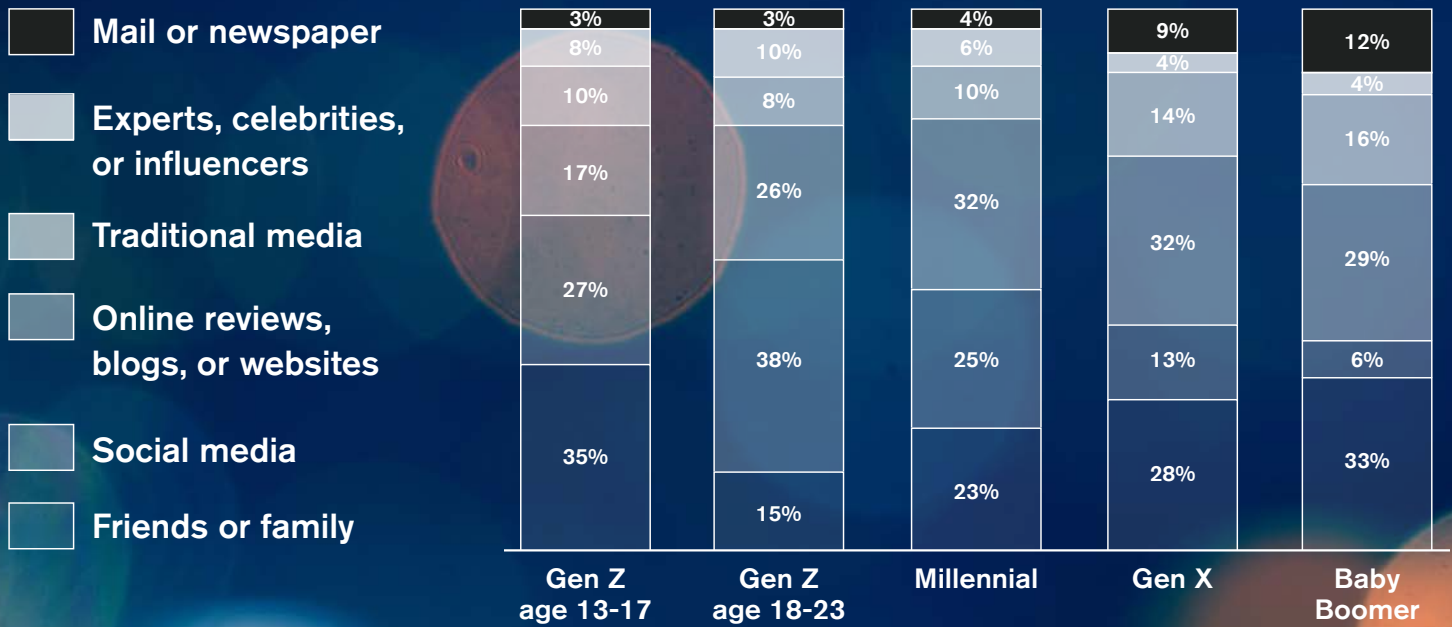
Engaging with Gen Z requires a different approach.

How marketing to Gen Z differs from Millennials

- 1. Gen Z has a shorter attention span than Millennials**, so content must engage differently
- 2. Meet Gen Z consumers on TikTok** - and let them take it from there
- 3. Gen Z sets its own trends**, so be sure to listen
- 4. Gen Z expects authenticity from influencers**, so transparency and trust are key

How does Gen Z decide what to buy?

Survey respondents say what influences their decision to buy from a brand:¹



While purpose matters to Gen Z, so does personalization

50%

of Gen Z consumers are more likely to buy from brands that understand their needs over a competitor²

And most importantly, banks and credit unions aren't just competing with each other. They're up against other financial services brands – like payments and fintech companies.

They're also competing with Gen Z's expectations from their favorite brands:



Instagram



TikTok



Discord



Snapchat



Spotify



Cash App



Twitch



Apple Pay

1. McKinsey, 2019
2. Sprout Social, 2021

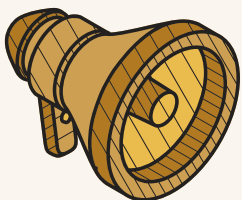
VI. The Takeaways

Married to holistic experiences, brand purpose is an essential value for financial institutions to demonstrate in everything they do, especially for appealing to Gen Z.

It's a way to stand out and differentiate financial brands amid a sea of sameness.

71% *of financial marketers say their organizations are focused on brand purpose¹*

Distinction and differentiation are foundational for building brand awareness. And, it's an essential brand value for next-generation growth.¹



41% of financial leaders cite "Standing Out" as their top brand priority²

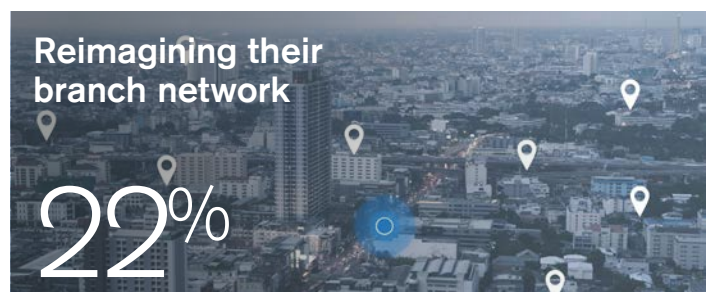
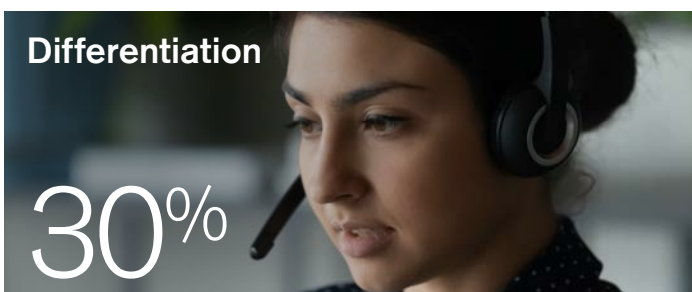
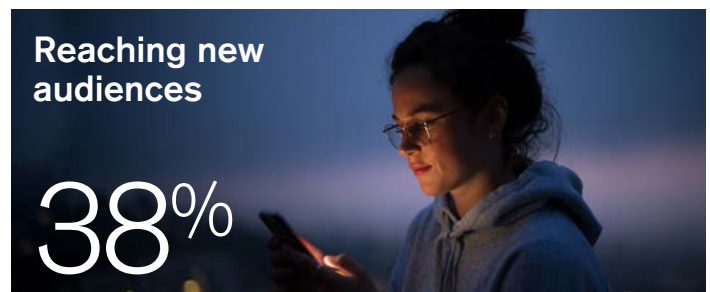
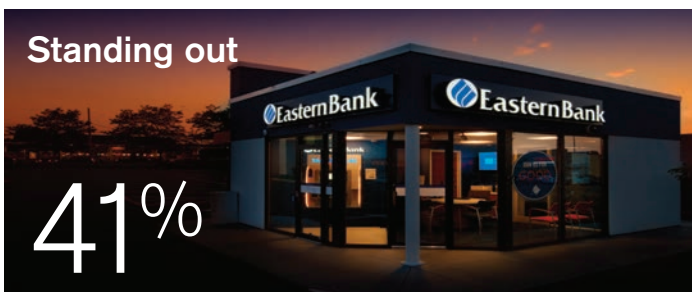


75% of banking leaders believe their brand value critically impacts their business value²

What do banking leaders focus on for brand growth?¹

Financial brands seek renewed relevance in people’s lives as new generations expect different experiences from their primary bank or credit union.

When surveyed about their institution’s brand priorities, financial industry leaders are focused on:



From brand strategy to lower-funnel marketing, branch networks to digital channels – *the financial industry is seeking renewed relevance in peoples' lives as new generations expect and value different experiences from their primary financial institution.*

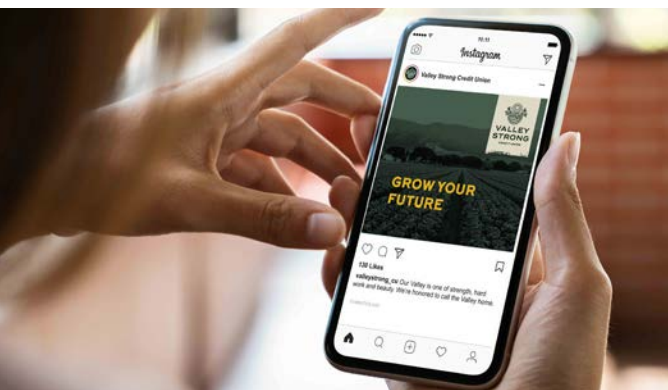
To attract new audiences and future-proof your brand:



[Read the Tower FCU case study](#)

Put People First

Move beyond customer-centricity to becoming a truly ‘life-centric’ brand that uses customer data – online and proximal to the branch – to meet people where they are with marketing that connects.



[Read the Valley Strong CU case study](#)

Personalize and Target

Deliver omnichannel experiences that are bespoke and targeted to people’s needs and aspirations, leading to exceptional customer loyalty.



[Read the Comerica Bank case study](#)

Reimagine Branch Purpose

As transactions migrate to digital channels and people look for expert advice at the branch, evolve your strategy to deliver the human-led and digitally-enabled experiences consumers seek.

Adrenaline is an end-to-end brand experience company serving the financial industry. We move brands and businesses ahead by delivering on every aspect of their experience across digital and physical channels, from strategy through implementation.

To get your financial institution ready for the next generation of banking consumers, contact us today.

adrenalinex.com

Thank you.

