



BANKING'S BOLD LEAP INTO THE GEN ERA

By Allison Netzer

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THE 72 MILLION AMERICAN MEMBERS OF GEN Z ARE YOUNG, DIVERSE AND MOBILE FRIENDLY. IS YOUR BANK READY TO ATTRACT AND RETAIN THEIR BUSINESS?

Generation Z, born between 1997 and 2012, are technologically astute digital natives ready to leave their mark on the world. With an estimated \$360 billion in annual spending power, coupled with many more years of financial activity, this segment is significantly influencing the economic scene.

At a time when banks and credit unions are increasingly aware of the advancing age of their conventional customer base, embracing the preferences of younger clientele is essential. For this still-emerging customer group, mobile banking is a given, not a novelty, and outdated incentives are more likely to generate scorn than pique interest.

Gen Z is deeply integrated with social media platforms, using them for communication, socializing and research. They're passionately invested in their communities, redefining the concept in a digital context. Additionally, Gen Z has minimal patience for brands that don't align with their socially conscious, environmental and cultural values.

To attract and retain these young, dynamic clients, it's vital to understand their lived experiences and priorities. Strategies should be tailored to reflect their digital proficiency, social consciousness and expectation for modern, value-driven services.

Unraveling Gen Z, Diversity, Digitization and Disruption

~50% This demographic segment is the most racially and culturally diverse generation, with **nearly half considered “racial or ethnic minorities.”**

15% They are **diverse in their gender and sexuality**, too, with **15% identifying as LGBTQ+**, nearly three times the overall rate of 5.65% of U.S. adults.

75% They are true digital natives, and many were navigating mobile devices at a young age. Studies have shown that about **75% received their first smartphone** by age 13.

Hyperconnected, they always have a device close at hand to order food and goods, learn and bank online.

80% In surveys, **80% of this generation reports having an app to transfer money** and **more than a third of all their transactions** take place on a mobile device.

“Gen Z is the first generation to actively embrace the concept of wanting everything to be digital first with ease of use,” said Michelle Prohaska, Chief Compliance Officer at Nymbus. “It’s not just in banking, but in all areas of their lives.”

All that access to technology means this generation is comfortable with change, **as long as it’s at their fingertips.**

56% For instance, even though 64% say they’d recommend their bank for traditional savings and borrowing products, **56% would be willing to switch to banking offered by technology companies.**

Compared to previous generations, this group is saving more — an average of 14% of their income, with an eye toward early retirement. Banks who seize the opportunity to develop an intimate understanding of how and where to get their attention can capture a share of those deposits.

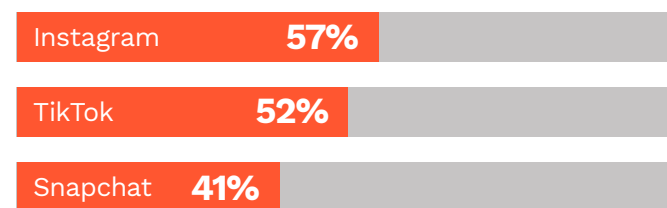
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Embrace Social Platforms As Hubs for Engagement

Gen Z uses sites like YouTube, TikTok, Instagram and Snapchat for almost every aspect of their daily lives — including to gather financial information.

>40% **More than 40%** of them **spend over three hours per day on TikTok.**

One **survey** found that those looking for personal financial advice look to:



The same survey found that of those consumers:

75% follow specific influencers who create financial content.

45% have taken action based a financial influencer’s advice.

“We know that Gen Z manages their finances quite differently than generations before them,” said Ami Iceman Haueter, Chief Research and Digital Experience Officer at MSU Federal Credit Union. “They’re carrying anywhere from 10 to 20 apps with financial access and they want consistent digital experiences that feel accessible and manageable.”

Banks that build a robust and transparent social media presence can position themselves as trustworthy brokers in the digital space by answering questions, providing accurate financial education and tailoring personalized recommendations.

Ready to maximize your social media investment? Make an impact with these engagement tips:

Pick your place: Not all social sites are created equal, and banks don’t have to be everywhere. This generation loves YouTube, TikTok and Snapchat but doesn’t care much about Facebook or Twitter. Invest your efforts where they’ll make an impact.

Don’t delay: The internet moves fast and social media moves even faster. Stay on top of relevant trends and act right away. Get speedy approval from compliance so you don’t miss the moment — nothing’s more “cringe” than a stale meme.

Hashtags matter: Choose wisely when tagging your content to ensure it reaches the right audience.

Keep it brief: Shorter is better on social media, and video is a must. The most viewed content is less than 15 seconds long, so keep it snappy or they’ll keep scrolling.

Partner up: Financial influencers garner significant engagement on social media. Consider hiring a spokesperson to boost your social traction.

Attracting and retaining young account holders goes beyond a fun TikTok challenge. These discerning clients demand services that are straightforward, easy, efficient and meaningful. If not met, they’ll readily seek alternatives.

60% A 2022 survey revealed that **60% of Gen Z would change banks for an improved mobile or digital experience.**

But don’t close the branches just yet!

40% Though a recent **study** found that 99% of these young clients use a mobile app for a wide array of banking tasks, **40% will open an account, resolve a dispute or conduct transactions in person if they think it will be easier.**

“They definitely like being able to talk to someone when navigating something that may be a little outside their comfort zone,” said Iceman Haueter.

~50% About half say **they expect to be able to schedule appointments** and call a branch within a bank’s mobile app.

When they do come in, consumers expect the brick-and-mortar experience to be quick, easy and digital.

Foster Community-Driven Digital Banking Initiatives

In digital communities, young consumers coalesce around shared interests, identities and values. From a new server on Discord to IRL (in real life) activism, Gen Z is eager to join a cause, find a trend and align with like-minded peers. A 2021 **survey** found that in the last two years, almost a third had attended political events or public meetings and about a quarter had contacted a public official about a cause that’s important to them.

For financial institutions, this presents an opportunity to meet these customers where they are — from a place of authenticity. By actively supporting causes and engaging customers in philanthropic efforts, banks can establish themselves as agents of positive change and forge deeper connections with this generation.

Financial institutions can build personal connections with young customers online through virtual events like workshops and interactive sessions on financial topics. Entertaining initiatives like contests and challenges around financial literacy, entrepreneurship or philanthropy can engage these digital natives in gamified incentives that build brand loyalty and establish your brand as a trustworthy information source.

Rather than taking a blanket approach, savvy banks are identifying affinity groups in their customer data and marketing personalized experiences to niche communities of young adults.

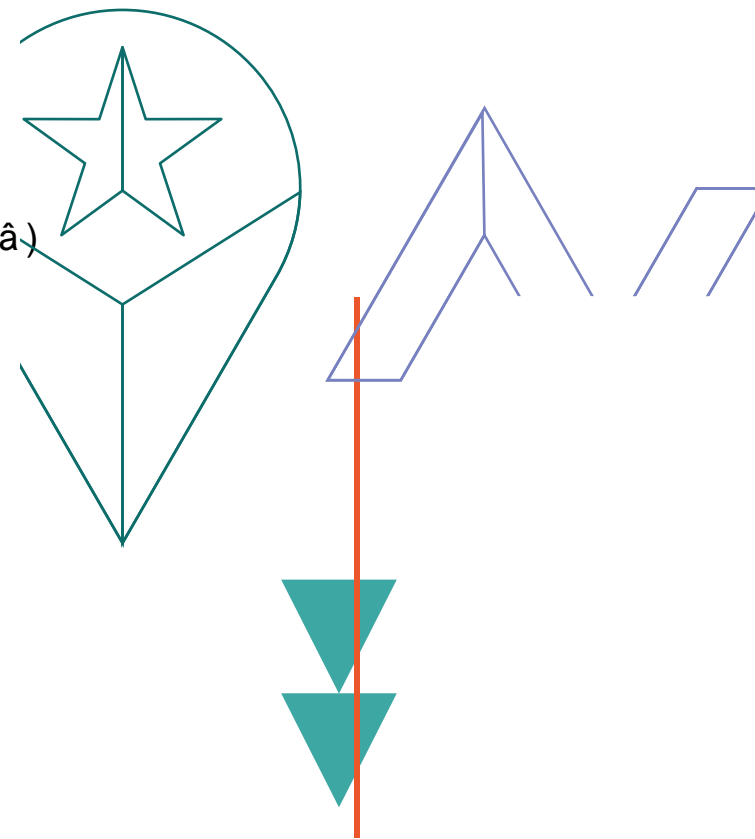
Cultivate Loyal Customers Through Financial Literacy

Having lived through challenging financial times, the members of this generation want to understand how money works. In fact, **one study** found they were three times more likely than their Millennial peers to take a financial education course.

Gen Z has many ways to move money through the payment system, whether their Venmo account or Starbucks card. It's important to earn their loyalty now as they amass wealth, enter different life phases and

— Aleda De Maria

Executive Vice President, Consumer Banking and Operations at PeoplesBank



If trends hold, Gen Z could be the most educated in history, as they are more likely to live with a college-educated parent and have high rates of college attendance themselves. As they mature, their digital connections and 24/7 information

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To address their interest in information, banks' these customers' understanding and brand loyalty, too. Courses can touch on foundational topics such as budgeting, taxes, responsible credit use, saving, renting, home buying and investments. Keep in mind these themes when building programs that are

Looking ahead, Gen Z and their favored banks and brands are set to make waves. Are you tuned into their frequency? Thriving digital hubs partners will cultivate resilient partnerships and agile technology that keeps pace with their young customers' evolution.

You can do it: While much of this generation relies on learning independence. Equip them with the tools to make important money decisions on their own.

Victorious institutions will establish genuine connections, both virtually and IRL, and they'll empower the upcoming generation of consumers to predecessors.

Navigating the debt labyrinth: Young consumers parents and peers, making them cautious. However, they need guidance on managing debt responsibly and building a solid credit history for future



Keen to unlock the secrets of engaging and retaining this youthful customer base?

Cracking the Code of Gen Z: A New Opportunity for Community Banks, penned by the thought leaders at Nymbus.

Start Tracking Interactions , Not Just Transactions

How much more could you do if all customer information and touch points were in a consolidated view? Effortlessly share knowledge amongst your team with a CRM that integrates with your core banking system.

And now with a fresh new look!



The CRM Platform Made for Bankers