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Fintechs see targeting older customers as paramount to their survival

Article

The finding: Almost 40% of fintechs say they're not interested in attracting more Gen Z customers—and 71% of that cohort cite young consumers' lack of deposits as their reason for wanting older customers, per PYMNTS' Fintech Innovation Agenda report.

Why that's dangerous: The report suggests that fintechs may be too focused on the near term and unaware of the long-term value of their younger customers. Investing in attracting these generations is important because:

- **On average, US consumers keep the same checking accounts for 17.75 years,** and primary savings accounts for 16 years, per Bankrate.
- And despite their debt and feelings of financial insecurity, Gen Zers are actually wealthier than other generations when they were younger, per Fortune. While rising costs prevent that from translating into higher spending power, their wealth will continue to build over time.
- Millennials and Gen Zers are also set to inherit over $84 trillion in wealth by 2045 from loved ones, per The Street.

Financial institutions (FIs) that aren't targeting young consumers now could be foregoing strong relationships with them later, when their deposits have grown.

The other problem: Despite the stereotypes about them, most seniors are online—and digitally proficient. But while some fintechs are designed specifically for older users, it's a different story industrywide.

- Most fintechs design solutions and platforms geared toward younger consumers.
- And few fintech founders are baby boomers. Understanding older generations' needs may come less naturally to many startups, per Sifted.

While diversifying their customer base is important, many fintechs could find themselves pushing products that don't appeal as much to their older cohorts. Some may not have the resources to develop products that do. Meanwhile, they're missing out on building stronger ties with long-term customers that actually would want these products.

Why they're willing to gamble: It's likely a matter of survival—-years may be too long for fintechs to wait for their current customers to accumulate deposits and assets.

- Some neobanks have achieved profitability, but many are still going through fundraising rounds.
- But the venture capital for these new fintechs dropped 42% in 2024, per The Financial Brand.

This would be a good time for FIs to launch highly targeted digital products for Gen Zers and win a larger share of new customers.