

How banks can leverage Gen Z's growing 'cash stuffing' trend

Article

The news: Social media influencers have helped lead Gen Zers back to cash. Now 23% of these young consumers use it almost exclusively, according to an online HarrisPoll of 2,118 US and UK adults in 2023.

What “cash stuffing” entails: Gen Zers are withdrawing large amounts of cash and budgeting by putting it into envelopes, according to Newsweek.

- The envelopes are organized and labeled as specific "buckets" for various expenditures.
- The consumers’ primary aim is to gain better control over spending by physically visualizing and allocating money for specific purposes.
- Once the consumer has exhausted the cash in a particular envelope, they stop spending in that category until the next cash infusion. **This helps set limits on discretionary spending.**

How we got here: This digitally native generation is accustomed to managing many aspects of their lives online, but **digital payments facilitate this generation’s emotional spending habit**—something 59% of them admit to struggling with.

- As a result, **Gen Zers’ use of cash has increased since 2022.**
- Though they crave a more tangible way of getting their financial lives on track, they haven’t gone full analog. **Some major TikTok influencers have helped the cash-stuffing trend take off.**
- Newsweek reports that cash-friendly TikTokers Monets Money and CDN Cash Stuffer Girl each have millions of likes and views, demonstrating the widespread appeal of such advice.

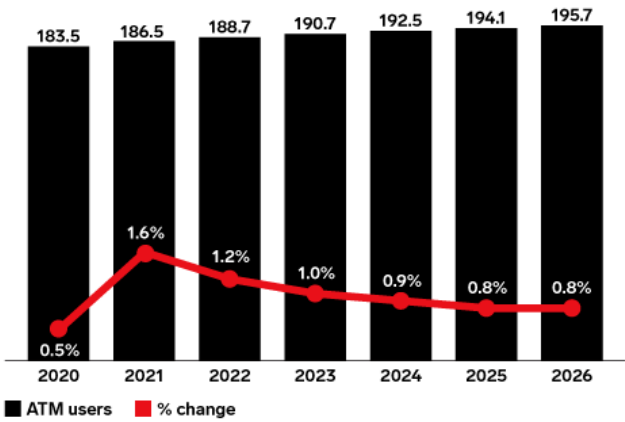
What this trend means for banks: Financial institutions (FIs) that want to get in on this trend need to rethink three key strategies:

- **ATM location:** If they’re a digital-only bank or have closed lots of physical locations, they should consider covering customers’ ATM fees, at least up to a certain threshold. Figuring out which accounts Gen Zers gravitate toward can help FIs determine if this benefit should be universal or solely target cash-reliant consumers.
- **Savings products:** To reduce Gen Zers’ temptation toward emotional spending, FIs should educate them about accounts like CDs that require their money to be stashed away for a specified period of time, but that offer higher earnings at the end of that period. A bonus: Unlike the envelope in their drawer, such accounts are FDIC-insured.
- **Professional advice:** Banks can demonstrate their familiarity with Gen Z’s trending habits by encouraging young consumers to bring in leftover cash at the end of the month and connecting them with in-house budgeting tools and services.

Also, Gen Zers really want to boost their credit scores as a tangible measure of financial health. Explaining that they can't really do that if their funds are all cash, educating them about credit scores, and referring them to internal score-boosting products could improve their loyalty and make them feel better understood.

US ATM Users, 2020-2026

millions and % change



Note: bank account holders ages 18+ who conduct banking activities, such as withdrawing and depositing money at an ATM, at least once per year; includes bank-owned and non-bank-owned ATMs
Source: Insider Intelligence, March 2022

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