

# Gen Z loves debit cards— here's why

Article



**The news:** Debit cards are Gen Z's favorite payment method, with more than two-thirds (69%) reporting daily or weekly users, [per](#) a study from EY.

Only 39% of Gen Zers reported frequent credit card use, per the survey—compared with 51% for older generations.

**The reasons behind this:**

- **Lack of understanding.** Among consumers who don't use credit cards, Gen Zers were twice as likely to say they didn't understand credit card offerings as non-Gen Z respondents.
- **Limited credit access.** It can be difficult for young consumers to access credit without prior credit experience. While this is always as generations enter adulthood, Gen Z may be having an even harder time as banks [tighten their credit card standards](#).
- **Scared of debt.** Many Gen Zers were raised in a culture that was highly skeptical and cautious of debt. And many have substantial student loan debt, making them wary of taking on additional debt. [Record high](#) credit card interest rates are amplifying those concerns.

**How providers are responding:** As Gen Z's [spending power grows](#), payment companies are offering innovative mobile-first debit card offerings to capture this volume.

- **Chime's** debit card, for example, rounds up transactions to the nearest dollar and automatically transfers the extra money into its high-yield savings account.
- **Experian** [launched the Smart Money debit card](#) to help consumers build their credit scores using payments for bills like utility and rent.
- BNPL providers like [Affirm](#) and [Klarna](#), which are already popular with Gen Z, have also launched debit cards to capture more spending volume.