

Gen Z will be opening up a lot of new bank accounts, but banks will have to win their business

Article

The news: As Gen Z achieves financial independence, its members want to separate from the adults who helped open their first accounts, [per](#) Morning Consult.

- Financial institutions (FIs) looking to secure Gen Z clients should ensure that their strategies align with this generation's unique vision for banking.

Breaking down the data: As Gen Z leaves their parents' homes, starts college, or enters the workforce, they want to assume control over their own individual financial paths.

- 25% of Gen Z plans to open a new bank account in the next six months, while just 10% of the general population plans to do so.
- 72% of Gen Z has a checking account, while 57% has a savings account. Many of these existing accounts could have been created jointly with another adult.
- **9%** of Gen Z is considered underbanked—along with a whopping **52% of millennials**. That means they have a bank account but also use alternative financial services, such as cashing checks through a non-bank entity or purchasing money orders.

Gen Z's evolving saving habits: Inflation has throttled Gen Z's ability to set money aside for the future, per a recent **Bank of America survey** of 1,156 general population adults and a partially overlapping sample of 1,167 Gen Z adults.

- **Almost 40% of Gen Z individuals reported recent financial setbacks**, leading to diminished savings or accumulating new debt.
- **More than half of Generation Z lacks a basic emergency fund** capable of covering three months' worth of expenses.
- **25% of Gen Zers admitted having resorted to borrowing money from family or friends** due to financial constraints.
- Due to inflation, **75% of Generation Z has reduced spending** by focusing on cooking at home, spending less on clothes, and buying only essential groceries—indicating a desire to save, or at least slow down their debt accumulation.

Gen Z's vision for banking: And inflation isn't the only factor influencing Gen Z's financial decisions.

- **Gen Z wants their FIs to choose eco-friendly partnerships** and practice transparency in disclosing the types of companies they work with—pushing some FIs to reconsider associations with non-environmentally friendly industries like Big Oil.

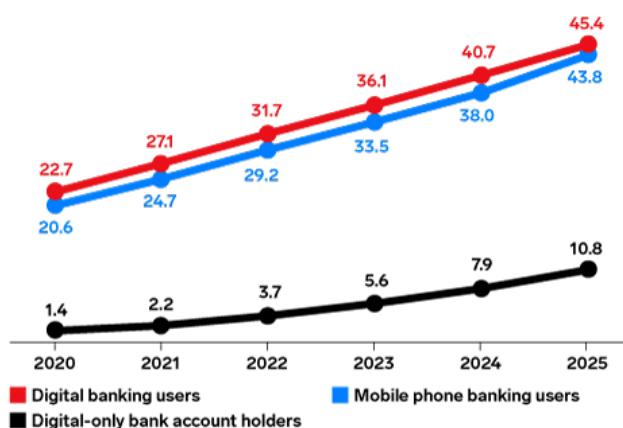
- When choosing an FI, **Gen Z seeks tailored financial services like personalized advice** geared towards helping them meet their specific financial goals.
- They're so serious about seeking out seamless digital banking experiences that **they want to test-drive applications before committing.**

Key takeaways: To compete for Gen Z's business, FIs will need to refine their strategies and brands.

- If FIs want to tap into this market, they need to evaluate whether maintaining less-than-eco-friendly partnerships outweighs the benefits of Gen Z customers.
- And given Gen Z's desire to save, FIs can build stronger relationships by offering personalized advice on how to achieve their savings and debt remediation goals.
- As the US and other countries advance toward an open banking environment, no customer relationship is a given—FIs will need to keep continuously earning loyalty.

US Gen Z Digital* and Mobile* Banking Users, 2020-2025

millions



*Note: digital banking users are internet users who access their bank, credit union, credit card, or brokerage account digitally via any device at least once per month; mobile banking users are mobile phone users who access their bank, credit union, credit card, or brokerage account via mobile browser, app, or SMS using a mobile phone at least once per month; excludes virtual wallet services (e.g., PayPal, Google Wallet); digital-only bank account holders are individuals who have at least one account at an FDIC-backed digital-only full-service bank open to all consumers that includes transactional and savings options but does not operate physical branches, and where all account management is carried out via web browsers, mobile apps, or over the phone; Gen Z are individuals born between 1997 and 2012; *forecast from March 2021*

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