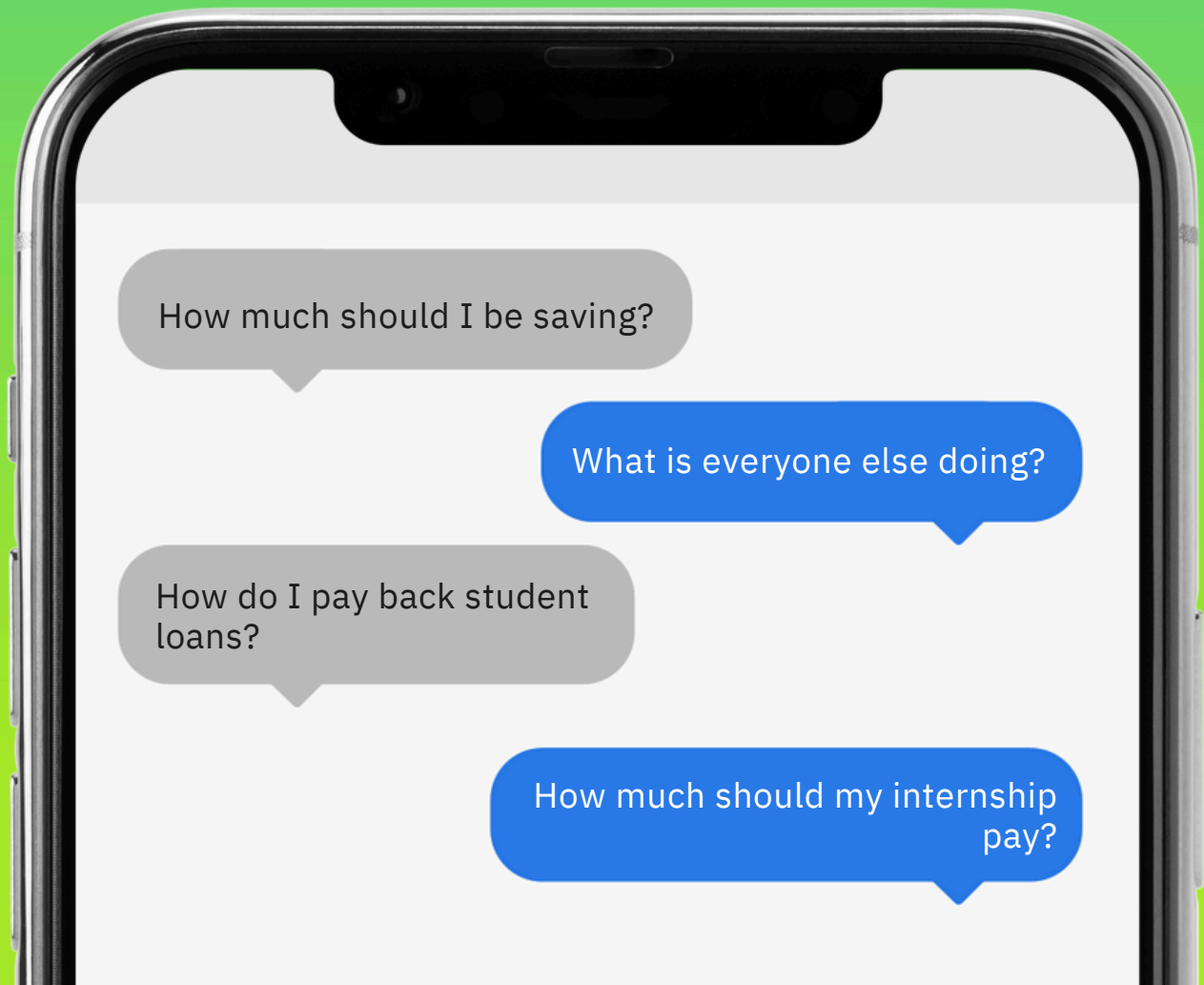


# Z Hits Different: How to Better Acquire and Engage a New Generation

What's top of mind for Gen Z?



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# On the data we used



- The pulse captured insights from Cornerstone Advisors surveying several hundred Gen Z consumers as part of the firm's larger 2024 fintech study that involved more than 5,000 total consumers.



- The paper also looked at Frich's data. The early-stage fintech company regularly quizzes its 80,000 Gen Z users on money-related subjects.



- Video interviews with seven college students and young professionals on how they feel and engage with money were also examined.

# Intro

The under-thirties are in their financial uncertainty feelings – worrying about what they'll make, how to pay their bills (especially rent) while trying to save something and deciding where to park portions of their paychecks.

Sure, it's easy to dismiss their money anxieties as something they'll get over as they come of age – that all young generations experience the need to embrace the workforce and pay for more bills that some Gen Zers currently regard as “adult expenses” when what they mean are items like healthcare and car insurance.

It's also easy to blast Gen Zers for holding onto fanciful ideas about life, taking days off for self-care and spending money on European trips, Sabrina Carpenter concerts and cowboy chic wear for their TikTok updates when they can't yet afford the purchases.

Yet, these teenagers and young adults – now aged 12 to 27 – are trying to find their financial footing at a time of profound uncertainty. While social media helps people connect with their friends, it also pressures them to live the good life with never-ending product recommendations.

But for the under-thirties, the math of buying the latest and greatest good or experience to keep up with their peers isn't playing well with the larger economic picture of soaring rents, overwhelming student loan balances and rising credit card debt. Not to mention: These young adults and teenagers have spent some of their most formative years during a global pandemic and an unhinged political environment where the U.S. Capitol was stormed.



While the ramifications continue to reveal themselves, signs of real stress around career, income and paycheck allocation are present in ways that have nuances from previous generations.

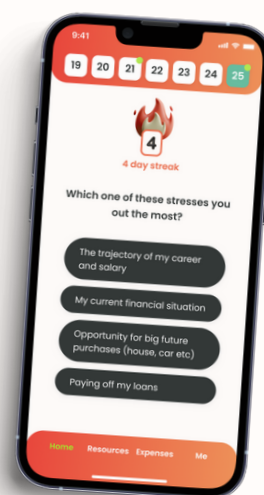
## Joshua

“The word that keeps popping into my head [when I think about money] I guess is that sometimes it makes me ... afraid.”

When Frich (which stands for effing rich) asked its Gen Z app users what stressed them out the most, their answers were clear:

- More than one-third (**36%**) said the trajectory of their career and salary
- Nearly one-third (**32%**) said their financial situation
- Just under one-fourth (**23%**) said opportunity for big future purchases (house, car)
- Less than one-tenth (**9%**) said paying off their loans

While any under-thirties require a coming-of-age financial story regardless of which generation they belong to, Gen Z – where the oldest members were just 10 years old when the iPhone launched – comes with distinctions. Already, they’re challenging work norms, returning to physical budgeting techniques and sharing their salaries and credit scores with friends and colleagues.



For the banking industry, the generation is simply too big of a group to ignore. Each year, through 2026, at least four million Gen Zers will open bank accounts, according to eMarketer.

Cornerstone Advisors partnered with fintech startup Frich to analyze some of the trends we’re seeing take root that ought to matter to bank marketers. Here are five observations:

# Fintech vs banks: A tug-of-war

First things first: The under-thirties still trust banks and credit unions more than they trust fintech companies. But that doesn't mean there aren't risks for the trend to reverse over time.

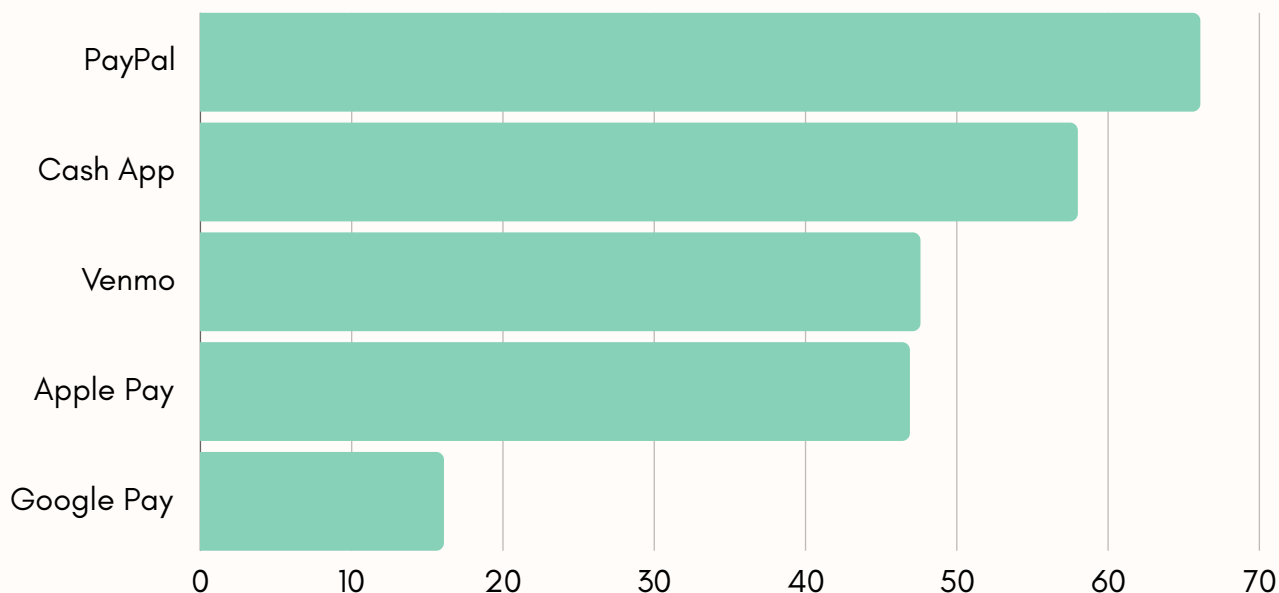
While Cornerstone data shows the vast majority of **Gen Zers (67%) said they didn't trust fintech more than a bank or credit union**, a sizable amount of the age group (just under one third) said the opposite. Only millennials said they trusted fintech more, while the rest of the older generations reported they trusted fintech less than what Gen Zers did.

Yet right now, big banks like Wells Fargo, JPMorgan Chase and Bank of America are the top places where Gen Zers keep their primary checking or payment accounts just like previous generations – heck, even a Chase exec recently said that **84% of the bank's Gen Z customers enter their brick and mortar locations**.

However, there is one obvious difference from generations of yesteryears: Gen Z, which grew up with apps like Venmo and Square Cash existing, use multiple apps to hold their money. Consider the person-to-person apps they use to pay back their IOUs.



When Cornerstone asked, “which of the following person-to-person (P2P) apps do you have on your smartphone? (select all that apply),” here’s what Gen Z said:



Strikingly, **37% of Gen Z respondents said using fintech tools increased their level of interactions with their bank or credit union** – which is more so than all other age cohorts. While we did not ask why, it’s possible Gen Zers are hopping from a P2P app to a bank or credit union app to make sure they have enough money in their primary account to send someone money.

## Mental health concerns are mounting

There is a growing acceptance that money and mental health are deeply connected and the outlook right now is grim. According to the Federal Reserve Bank of New York in May, roughly **1 in 6 Gen Zers are close to maxing out their credit.**

Pressures to spend from social media posts play a role in how Gen Zers choose to spend their money as do offline invitations from their friends. Once they age out of their college years, there's pressure to go out to a fancier dinner than a pizzeria regardless of how much they make. Some of the spending decision thinking goes: money will come back later but youth will not.

## Louisa

"Sometimes there's this pressure to try to keep up where each time you see your friends we're doing these expensive things. [...] There's this level of status, whereas I don't think anyone put this type of pressure on themselves in college."

Regardless of where the money is going, when the balance is low, the worries are consuming. According to Frich's survey question of its users, **63% said there have been a few times where money issues were making them anxious**. More troubling: **28% said "often, if not always."**

The why is rather clear. The majority of Frich's users (53%) said they've had their card declined because of insufficient funds. They're making sacrifices as workarounds.

It's one thing to get roommates to save money. It's another thing to skip a meal because of money, and yet, that's what some Gen Zers are doing. According to Frich's data, **21% of its users said they regularly skip meals to save money**.





That doesn't mean it's a universal sentiment, of course. When Frich asked its users "when you think about your future, how do you feel?," responses were mixed:

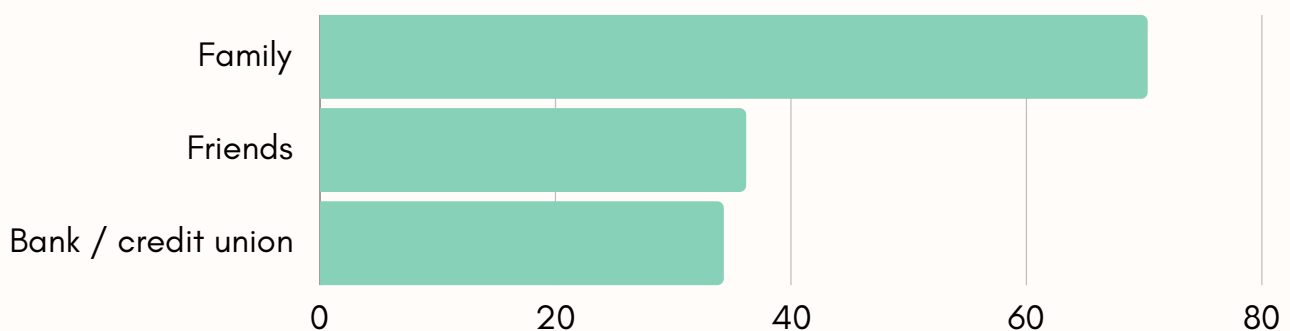
- **27%** said "excited, but worried about money" and **21%** said "mostly worried."
- On the other hand, **21%** said "I'm sure I'll figure everything out," while **30%** said "I feel confident financially, but worried about other things."

## Family and friends are the top go-to source for financial advice

In interviews with seven Gen Zers, one theme stood out among their varied comments: These young adults are turning to their friends and family for financial advice.

**As Luke said why he chose his institution:** "I've heard a lot of my family has used it and I've heard good things." Or, **Lane** getting advice from a slightly older friend on paycheck allocation and automation.

The numbers back the interviews. According to Cornerstone data, the No. 1 place Gen Z seeks financial advice is their family. The No. 2 and No. 3 places to get advice? Friends, followed by their bank or credit union. However, it's a notable drop.



Part of the reason why they turn to family first is because some Gen Zers are still relying on financial support from their family. When Frich asked users whether their parents financially support them, just under half (**47%**) said no. However, the bulk of those answering the question said they get assistance from their moms and dads:

- **22%** they cover my rent and / or bills
- **17%** they give me a limited allowance (covers some of my expenses); and
- **14%** they pay for everything

### **Ella**

“When I first graduated college, even though I had the salary that I was really excited about for the first time, it was terrifying because I have obviously never been financially independent in my life. And now it’s a lot less scary because I am pretty financially independent other than my phone bill and my car insurance [...] but I still don’t think I’m ready because I don’t have the money to pay for those things.”

## **Gig work and entrepreneurship are part of the job mix**

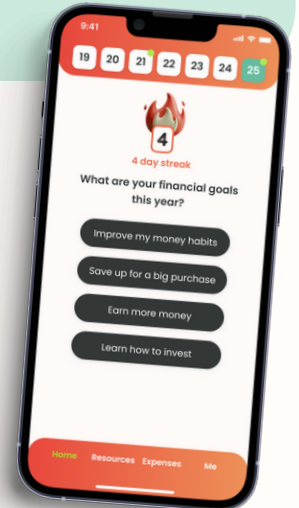
Gen Z workers are expected to outnumber baby boomers in the American labor force this year. Yet, in many cases, they’re becoming young professionals with mounting credit card debt, formidable student loan debt and soaring rents in an elevated interest rate environment.



## Ella

“When I moved out of [my parent’s home] I realized that I was hardly making enough money to live. [...] I’m now looking into entering a Master’s Program and it’s been really difficult because I’ve realized that I’m not making enough money to save money.”

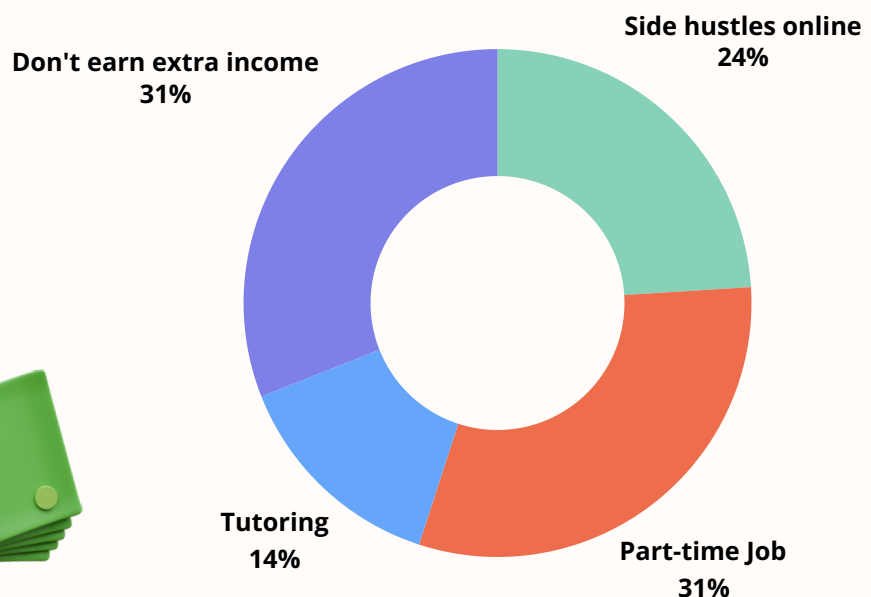
When Frich asked its users what their financial goals are this year, the majority of respondents (51%) said “**earn more money**,” followed by “**save for a big purchase**” (32%), “**improve my money habits**” (16%) and “**learn how to invest**” (1%).



Among the ways to boost income is to work multiple jobs in what is now flavorfully known as “poly-employment,” and Gen Z workers are doing that. Not only are the under-thirties freelancing and working full-time jobs, but they are pursuing small-business ideas, and in some cases, working two full-time jobs.

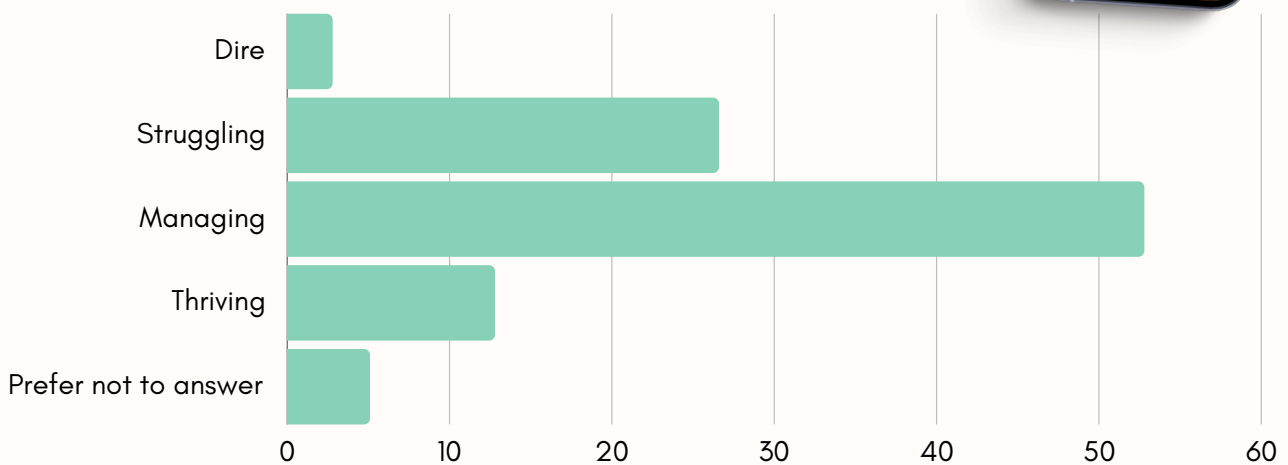
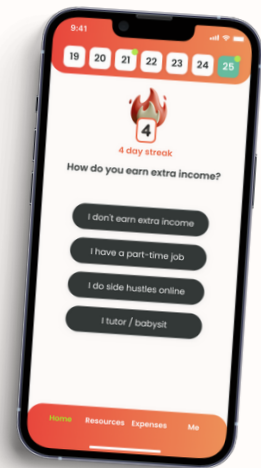
While only time will reveal what trends stay and which ones vanish, the evidence suggests that the days of working at the same place for decades are gone. Gen Zers are reducing their financial risk by not just sticking to one source of income.

## How do you earn extra income?



# Loud budgeting

According to Cornerstone’s data, just more than half of Gen Zers said they’ve been “managing” the current state of their financial health over the last three years. Still, more than one-fourth of respondents said they were struggling.



While generational labels can oversimplify traits, subtle differences are revealing themselves for how the most diverse generation of all times tries to find their financial stability.

The TikTok generation is sharing their salaries and credit scores (for those with them) with their friends. They’re working side hustles and using AARP cards to secure senior discounts at restaurants, hotels, rental cars and more. They’re resurfacing old budgeting hacks: stuffing cash in envelopes to determine what they can spend in a given month or tucking away money in jars for saving.

They’re also going viral on social media for their money techniques, like “loud budgeting” and “soft saving” and “no-buy” challenges.

**Loud budgeting:** When you tell someone no because the cost is too expensive. Think passing on a trip.

**Soft saving:** When you focus on the present rather than investing in the future. Think dining out over Roth IRAs.

**No-buy challenges:** When you don't spend money on non-essential items for a certain amount of time. Think no Uber Eats for 30 days.

So, on one hand, they are trying to live their best lives. On the other hand, they are planning for their futures.

## Lane

"I just decided one day that this will be my 2023 New Year's resolution to get my finances in order. [...] But it's still sometimes scary to open my account, partly because of my spending [...] Sometimes I'm just super in the mood to go shopping and sometimes that will happen four times a month and I don't really realize it, and then I open up my account and it's just: OMG what did I do..."

Like any generation before them, Gen Z has savings goals – some of which are as practical as they get. Per Cornerstone data, at the top of their list: A **rainy day fund (39%)**, a **big purchase (31%)** and **pay off credit card debt (27%)**.

Anecdotal interviews also reveal that they're opening Roth IRAs, physically putting some money in jars as their savings strategies and trading money tips with their friends and family. One student interviewed for this study said she graduated school with \$100,000 in a bank account.



# Last word

While there is no one way to market to such a large – and diverse – group of people, bank marketers ought to keep some things in mind when attempting to woo the generation:

- Don't preach to them. If millennials taught us anything, it's this: urging young adults to stop buying avocado toast to afford retirement is offensive at best.
- Expect multiple income sources from one person. This generation doubles up on work.
- Your institution's budgeting apps will likely need to reflect the new attitudes that include a greater openness to sharing salaries and credit scores as well as make use of trendy personal finance lingo – especially in your bank's or credit union's social media pursuits of the audience.





**Frich** is a social money community where Gen Zers can see anonymously how their peers earn, invest, save and spend. Frich helps financial institutions attract, engage and retain the next generation on their platform.

Learn more about them at [www.getfrich.com](http://www.getfrich.com) or reach out to Frich's co-founder & CEO Katrin Kaurov at [katrin@getfrich.com](mailto:katrin@getfrich.com)



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