

## Raddon Research Insights:

Generation Z: The Touchscreen Generation



# Raddon Research Insights

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# Executive Summary

Generation Z has been called many things, but homogeneous is not one of them. This generation's unique experience growing up amid the rapid evolution of personal technology and the resulting surge in accessible information have shaped their preferences as consumers, especially in the financial services sphere. Our analysis has revealed that:

- Gen Z remains concerned about global issues, including climate change and terrorism, but their personal financial well-being ranks as the most important issue to them. Looking forward, they remain optimistic about their future financial prospects.
- Gen Z has challenged and will continue to challenge the status quo. Many are beginning to question whether the value of college is worth the cost, though most still anticipate obtaining some form of higher education.
- Even at a young age, members of Gen Z are focused on saving the money they earn. In fact, among those who already have a job, saving money was cited as the top reason for working.
- While Gen Z remains open to industry disruptors in the financial services sphere (e.g., fintechs, Apple, Amazon), there are still segments of this generation that will continue to prefer traditional financial service providers. In fact, among those in Gen Z who already have some type of financial account, nearly half have designated a major bank as their primary financial institution (PFI), exceeding the analogous shares among Gen X, Baby Boomers, and Traditionalists.
- The role of social media is evolving with Gen Z, changing from a platform to connect with friends to a space where they can also learn and shop. However, while the majority of Gen Z have used social media to make a purchase, only a small portion have used it to help inform a financial decision or have even sought out their financial service provider's social media page, suggesting that social media remains an untapped avenue for financial service providers to connect with Gen Z.
- Most members of Gen Z lack confidence in their own financial knowledge. They tend to turn to their parents and other trusted adults first when seeking financial information.
- When it comes to account preferences, Gen Z has conveyed significant interest in "safe" checking products that won't allow them to be caught off guard by fees.
- Though Gen Z largely prefers to conduct routine banking activities via their phones, they prefer to meet with a representative when seeking information or assistance, such as opening a new account.

The bottom line is that Gen Z cannot be painted with a broad brush. Instead, financial service providers must find ways to connect to Gen Z on a more individual level and tailor products to fit their needs. Furthermore, the value this generation places on both technology and personal interactions means financial service providers should focus on streamlining their processes so that Gen Z can seamlessly switch between digital channels and face-to-face interactions.

# Generation Z: The Touchscreen Generation

Gen Z has already begun to make its mark on the nation by challenging the status quo and altering the lens through which we view our world. Technology and the widespread dissemination of information through the internet have encouraged Gen Z to be more independent and freethinking. As a result, they are much more willing to pursue the unconventional route than previous generations, even the Millennials. As this younger generation comes of age, financial institutions will have to adapt to changing expectations to capture Gen Z's business.

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In this follow-up to our preliminary analysis of Gen Z in 2017 (Generation Z: The Kids Are All Right — How High Schoolers Perceive Financial Needs and Opportunities), we surveyed 16- to 19-year-olds to compare our current perceptions of the first true digital generation to what we saw two years prior. By evaluating which key behaviors and preferences among Gen Z have stayed the same and which have shifted since 2017, we hope to broaden our understanding of who they are, what they want, and where they are going.

## **Methodology**

In this study, we surveyed 2,892 participants between the ages of 16 and 19. We gathered a large sample size from varying geographic areas of the United States as well as demographic backgrounds to provide reliable results. The survey was conducted via a panel and was completed online in June 2019. This paper will explore the results of the survey, comparing them with our previous Gen Z study from 2017 and other Raddon Research Insights studies where appropriate.

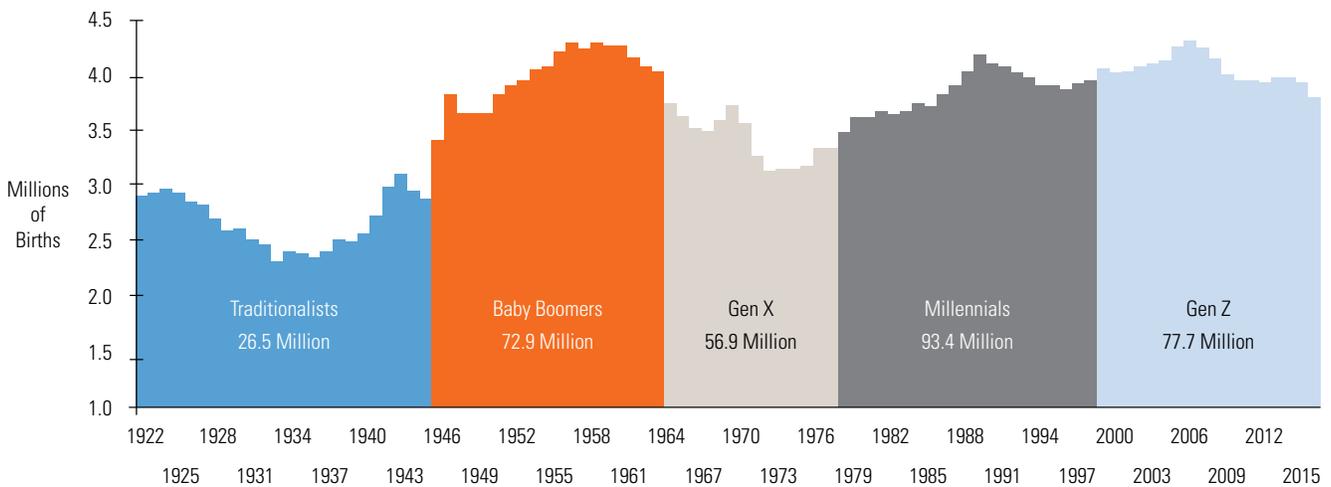
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### Generation Z in Context

Although there is no hard and fast line as to where one generation stops and another starts, we use the birth year 2000 as the demarcation point for the beginning of Gen Z. As illustrated by the consistently high births per year over the past two decades, the youngest

generation in America right now has already become the second largest, surpassing the Baby Boomers. As shown in Figure 1, the total population of Baby Boomers in the United States is 72.9 million, while the total population of Gen Z is 77.7 million. This suggests that Gen Z will be a defining generation.

Figure 1: U.S. Births Per Year



Source: Raddon Research Insights

Gen Z has been described as the most heterogeneous generation to date, and the availability of choices – from education and jobs to smaller things like which app they’ll order dinner from – has never been greater. This is no coincidence. Technology has enabled them to “vote with their wallets” across the world by supporting

online businesses, and they often choose socially conscious and responsible businesses. In general, Gen Z expects a high level of engagement and service, and this will translate to their financial services expectations as well.

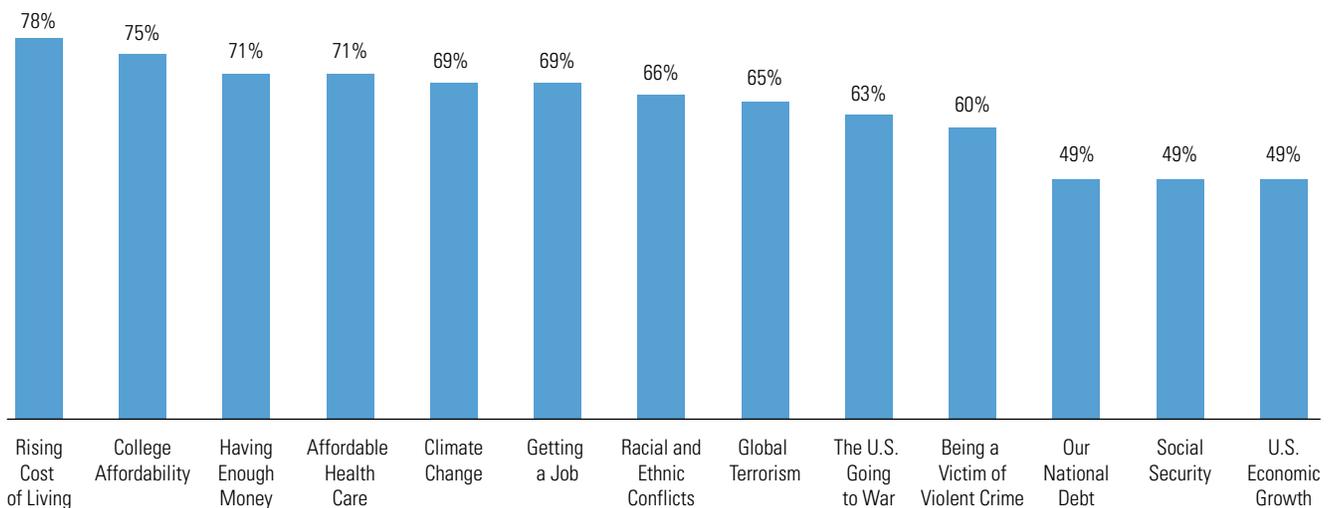
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### General Concerns

To understand how a generation thinks, it helps to understand what issues matter to them. In our first look at Gen Z in 2017, we asked respondents about chief concerns across a wide spectrum of issues. We asked

this question again in 2019. Figure 2 shows the priority of concerns as expressed in 2019, while Figure 3 shows how those concerns have evolved from 2017 to 2019.

**Figure 2: Chief Gen Z Concerns, 2019**



Source: Raddon Research Insights

As shown in Figure 2, the top four concerns among Gen Z in 2019 all have some bearing on personal finance. The fifth issue – climate change – is the most important global issue, followed by racial and ethnic conflicts

(seventh in importance), global terrorism (eighth), and the U.S. going to war (ninth). These results suggest that Gen Z may have personal financial pressures at the front of mind more so than older generations.