



Should You Already Be Targeting Generation Alpha?

digital banking customer acquisition

Summary: Some members of the financially-savvy Generation Alpha are starting to enter their teenage years. With children in the US “earning” \$26B in 2021, should CFIs already be appealing to this cohort? We discuss some of Gen Alpha’s key characteristics and review some of the products and services targeting children and teens.

According to the American Dialect Society, “[app](#)” was 2010’s word of the year. 2010 also saw the release of the first iPad and the launch of Instagram. What’s more, according to social researcher Mark McCrindle, that year was the start of the Generation Alpha cohort — the first “true” generation of the 21st century. With the oldest members of this group now starting to enter their teenage years, we discuss whether community financial institutions (CFIs) should be targeting this market and, if so, how.

Why You Should Care About Gen Alpha

It’s estimated that by the end of 2025, Gen Alpha — those born between 2010 and 2025 — [will number over 2B](#). As the most populous generation to date, they are expected to have a huge impact on the ways in which we work, learn, and live. In fact, their impact is already being felt: their “behind-the-scenes” buying power is believed to [influence \\$500B of purchases every year](#).

Along with Gen Z, this new generation is not afraid of money. Research from GoHenry, a financial app for children and teens aged 6-18, demonstrates that these two generations are money conscious, and [have a strong desire to be involved in their finances](#): from a young age, they want to earn it, spend it, invest it, and manage it.

These two cohorts have more money than one might expect. With average weekly earnings of \$11.17 per child from a combination of allowances, paid tasks, and gifts, children in the US earned \$26B in 2021 — and this is rising YoY. More than three-quarters of those taking part in GoHenry’s research indicated that it’s important to them to earn their own money, with money-making activities ranging from pet-sitting and online gaming to content creation and cryptocurrency investments.

The parents of Gen Alpha, who tend to be Millennials, want their children to learn about finance early on. They also want convenient and easy ways to give their children money. Since many children and teenagers have their own mobile phones, there is increasing demand to do this digitally.

Given their influence, potential market size, and interest in finances, you may want to target this cohort sooner rather than later. To do so successfully, you need to understand how they think and what appeals to them.

Understanding Gen Alpha

Growing up in an advanced digital world, Gen Alpha is incredibly tech-savvy and -empowered. They’re used to

receiving information in mobile-friendly, bite-sized, and gamified ways, with YouTube and TikTok as their preferred social media platforms.

Gen Alpha also cares about big global issues such as equality, the environment, and mental health. So, while they want to interact in mobile-first and efficient ways, they expect brands to be transparent and authentic, and to demonstrate that they’re helping society and being a positive force.

Key Learnings From Existing Offerings

Several fintechs and neobanks around the world are already targeting this market by developing purpose-built bank accounts and mobile services that cater to Gen Z, Gen Alpha, and their parents. Noteworthy examples include GoHenry, Greenlight, Busykid, RoosterMoney, Osper, and Pixpay.

Products range from offering an embedded checking account in a child’s name, to being able to send money to a child’s prepaid card linked to a parent’s account. Some services charge a monthly fee to use the app or associated debit cards, while others are free.

Crucially, they all focus on helping children and teens learn about and manage money sensibly.

They do so by offering certain **key features**, including:

- Parental monitoring and parental-child shared functionality, such as being able to set spending limits or monitor transactions and savings through a companion app
- Fun, customizable debit cards
- Savings and wealth management options that allow children to set saving goals
- Bite-size financial literacy and education
- Incentives and rewards to promote saving and financial literacy
- Ways for parents to make easy, instant money transfers and automate allowances
- Dashboards to help manage chores and ways to earn pocket money
- Ways to donate to charities

How You Can Reach This Generation

While, historically, institutions may not have aimed products and services at these younger generations, CFIs should realize the opportunity to reach new customers at a much earlier age and build loyalty for the future.

The unique needs of Gen Alpha — and their parents — can be met with tech-enabled solutions that offer gamification and incentivization. Engaging with Gen Alpha online through their preferred social media platforms, and appealing to both their financial and social impact needs, is key.

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ECONOMY & RATES

Rates As Of: 04/17/2023 07:52AM (GMT-0700)			
Treasury	Yields	MTD Chg	YTD Chg

3M	5.14	0.29	0.72
6M	5.03	0.09	0.27
1Y	4.81	0.21	0.10
2Y	4.18	0.15	-0.25
5Y	3.69	0.11	-0.31
10Y	3.59	0.12	-0.29
30Y	3.79	0.14	-0.17
FF Market		FF Disc	IORR
4.83		5.00	4.90
SOFR		Prime	QBER
4.80		8.00	4.82

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