



Appealing To The \$143B Spending Power Generation

business customers customer acquisition Gen Z

Summary: Generation Z's spending power is \$3.4T globally and \$143B in the States alone. They are becoming a powerful force, yet they welcome guidance and advice. Community financial institutions have an opportunity to reach these 78MM Americans by offering entrepreneurial guidance, providing financial education, and connecting with their altruism.

In Japan's Ashikaga Flower Park, a 150Y old wisteria tree resides, which is believed to be the oldest living wisteria in that country. Still, that is a youngster compared to the Japanese Jomon Sugi that some believe is over 5K Ys old! A youngster of the human kind, Gen Z, is making its way in the world, drawing the notice of many bankers.

Born between 1995 and 2010, **Generation Z** not only represents the newest up-and-coming segment of banking customers — but one of the largest, most diverse, and knowledgeable demographics. Depending on the data, between 73MM and 78MM Americans fit this category, also known as the “Selfie Generation,” “iGen,” “Post-Millennials,” “App Generation,” and the “TransGeneration.” What these young customers may lack in age, they make up for in financial power and potential growth.

One thing that is clear is their influence on e-commerce and mobile banking. It is estimated that Generation Z's spending power is \$3.4T globally, with the spending power of \$143B in the States. Globally this demographic represents three out of 10 people in the world. Recent research from Morgan Stanley found the Gen Z “kids” are shaping the future of banking, with up to eight out of 10 of those owning smartphones already enrolled in mobile financial services.

While community financial institutions (CFIs) lean heavily on established, older customers, we have a few insights on how to reach out to these youngest adult customers, if you haven't already.

Offer entrepreneurial guidance. Gen Zs have more of a gig-based mentality than any of the previous generations. More than seven out of 10 members of this demographic say they want to start up their own business. Playing to their entrepreneurial leanings, including side hustles or start-ups that they may launch while holding down a salaried position, is critical to connecting with these prospective customers. Having a Gen Z bank employee offer entrepreneurial financial tips through an online video is one way to engage this tech-savvy, entrepreneurial spirit.

Provide financial education. Credit score giant Experian found that, of recent high school graduates (the midpoint of Gen Z) who had never taken a personal finance class: 43% want to learn to save; 38% want to learn to manage their expenses, and 36% want a class that teaches them how to file their taxes.

Having seen the devastation of the 2008 financial crisis as children, this group is careful and concerned about the long-term success of their financial health. Providing helpful financial management checklists, tips, and resources would appeal to those potential bank customers needing some guidance for a solid financial foundation.

Connect with their altruism. According to the Raddon Research report, “Generation Z: The Touchscreen Generation,” this demographic has a deep desire not only to better understand money management, but also to use their earnings and financial success to help others.

CFIs should consider offering deposit and loan products that have a philanthropic element —where young customers can more easily and proactively contribute to local or even global organizations. Many CFIs are already posting and sharing how they contribute to the community and participate in outreach projects, which is a good way to connect with this altruistic side of the Gen Z customer too.

We have been following this generation closely over the past few years and now, as they are becoming adults, they are becoming important bank customers too.

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