



## More Ways To Connect With Gen Z As Future Customers

by [Steve Brown](#)



customer acquisition

customer experience

Gen Z

**Summary:** Gen Z is the fastest growing market segment and will make up almost one-third of the workforce by 2030. These young consumers are tech-savvy, value-driven, and financially cautious. Here are four strategies for community financial institutions to engage Gen Zers early on in their financial journey.

Did you know that some of the most famous teenage influencers have more than 100MM followers across social media? The social media platforms with the highest followers of influencers include Instagram (82%), YouTube (41%), TikTok (23%), Twitter (23%), and lastly Facebook (5%). These influencers can earn up to \$25K per post, depending on the platform. Not a bad way to start saving a little money!

While most members of Gen Z don't have that kind of following, their influence on spending — directly or indirectly — is considerable. Their purchasing power is currently estimated to exceed \$143B. Furthermore, by 2030 Gen Z is expected to make up almost one-third of the workforce and have [7x more spending power than they did in 2019](#), according to a study by Oxford Economics.

As most consumers establish their primary banking relationship by the age of 18, community financial institutions (CFIs) must engage these Gen Z customers early. Doing so should help secure the next generation's banking dollars.

We have written BID articles in the past year about [how best to appeal to this generation](#). Strategies such as providing omnichannel financial education, targeting startups, fostering trust, and offering entrepreneurial guidance can all be very effective. Here are **four additional strategies** to help you finetune your approach.

**1. Offer a hyper-personalized experience.** As digital natives, Gen Zers have very high expectations when it comes to doing business online. They want instant access to bite-sized content and solutions that respond to — and even anticipate — their needs. For example, they would prefer a balance drop alert if a transaction could result in an overdraft on their account and possible fees. By incorporating real-time customer data and artificial intelligence, CFIs can develop the most relevant content on an individual level to help customize the Gen Z banking experience.

**2. Meet their needs with relevant products.** As this generation has been shaped by the Great Recession and more recently COVID, they tend to be far more cautious about money than previous generations. A survey by Goldman Sachs' digital bank, Marcus, found that [63% of Gen Z respondents would like to increase their savings in 2022](#), 47% want to improve their credit score, and 46% plan to stick to a budget. In addition, although most Gen Zers would like to buy their own property someday (91%), many are also concerned about managing college debt. To appeal to this segment, CFIs could offer financial advice, along with products, that can help these customers achieve their goals.

**3. Connect with their values.** Gen Zers care about the bigger issues — racial justice, inequality, and the environment — and believe in their power to drive change. Not only do they want products to

align with their values, but they also care about an institution's stance on key issues, such as sustainability and diversity. If you haven't already, now is a good time to define your institution's values and communicate them broadly. Be clear, align your values with company goals, and then celebrate your achievements.

Some CFIs are making headway in this area. One organization in DC is investing in underfunded communities through affordable housing, job creation, and lending to those who need it most. Another institution in NY has committed to a net-zero target by 2045, while a third CFI in CA funds diverse and minority-owned businesses. All of them have made these offerings part of their core branding, and are not shy to talk about their efforts to drive change, appealing to the value-driven Gen Z generation.

**4. Enable buying through social media.** Gen Zers are avid social media users. Not only do they search and digest huge amounts of content, but they also buy through social networks. eMarketer values the [total US market for social commerce at almost \\$80B by 2025](#). It has also found that more than half of 18-24Y olds, and nearly half of 14-17Y olds, are social buyers. CFIs could support these customers by developing ways for them to pay for products and services seamlessly through social media.

Despite fintechs and neobanks offering Gen Zers the technology they are seeking, [almost 90% of this generation still choose traditional banking providers](#). As their choice tends to be driven by high levels of trust, CFIs should leverage this favored position and foster their loyalty to gain and retain these valuable customers.

## START SMALL AND UPGRADE LATER WITH CECL FIT

We know that not every banker has the same needs. So CECL FIT® gives you options to custom-fit your portfolio. Start with a small package and you can still upgrade as you grow. Learn more about our [CECL FIT solution](#).

## ECONOMY & RATES

Rates As Of: 02/16/2022 11:11AM (GMT-0800)

| Treasury  | Yields  | MTD Chg                            | YTD Chg |
|-----------|---------|------------------------------------|---------|
| 3M        | 0.40    | 0.18                               | 0.34    |
| 6M        | 0.72    | 0.23                               | 0.53    |
| 1Y        | 1.05    | 0.30                               | 0.69    |
| 2Y        | 1.52    | 0.37                               | 0.81    |
| 5Y        | 1.91    | 0.31                               | 0.66    |
| 10Y       | 2.04    | 0.27                               | 0.54    |
| 30Y       | 2.37    | 0.27                               | 0.47    |
| FF Market | FF Disc | IOER (Interest on Excess Reserves) |         |
| 0.08      | 0.25    | 0.15                               |         |
| SOFR      | Prime   | OBFR (Overnight Bank Funding Rate) |         |
| 0.05      | 3.25    | 0.07                               |         |

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This

*document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.*