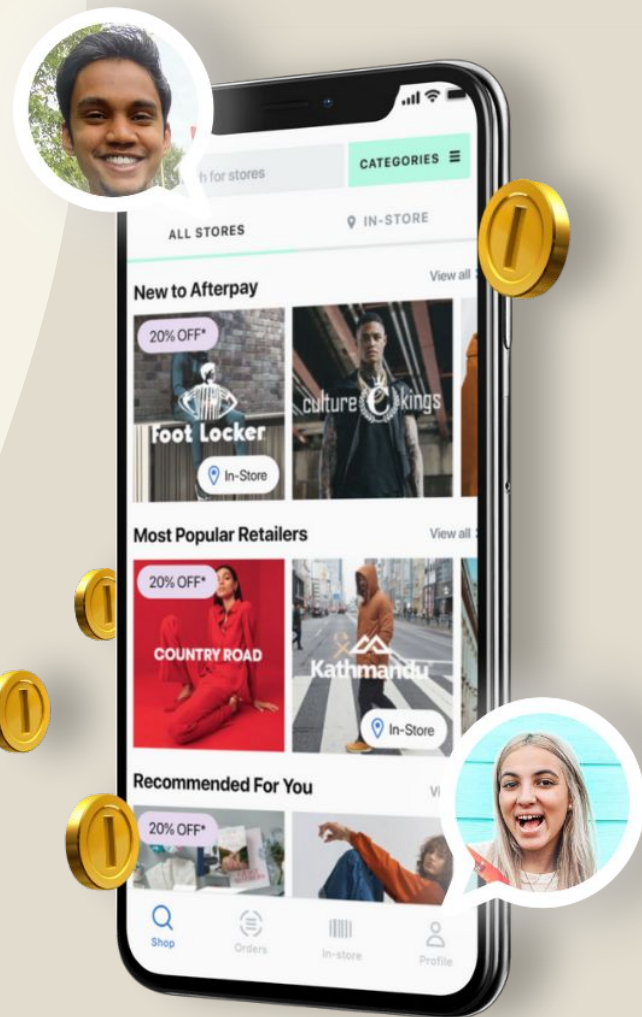


knit

# Gen Z's Money Management

Spending, Saving & Investing Trends

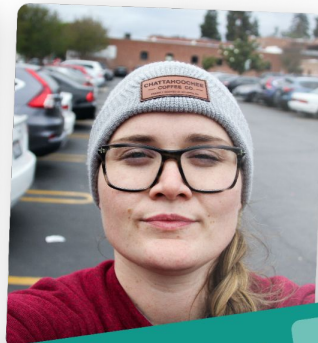
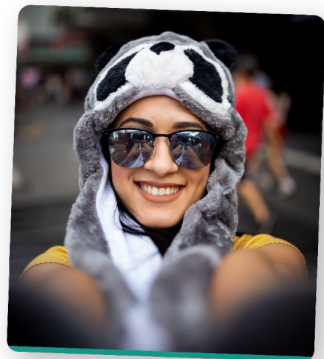
2021 Report



# About *knit*

Knit helps brands understand this next generation of consumers through **on-demand feedback from Gen Z**. Get instant answers to your biggest Gen Z strategy questions and feedback on all your product or marketing ideas – by tapping into Knit’s panel of over 60,000 Gen Z consumers. Access both the “what” and “why” behind all your decisions through our extensive quant & qual solutions, and ensure you talk to your exact audience through our robust segmentation capabilities (geo, interests, and more).

## Trusted Gen Z Research provider of:



Send to your entire Gen Z Panel?

225 Respondents

Launch N

More on Knit at: [goknit.com](https://goknit.com)



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This report includes quantitative & qualitative data from across 5 Knit studies surveying an aggregate sample of 1,750 Gen Z consumers (aged 18-24, geographically represented in 39 states). Any external source is linked directly within the report.







# The rise of the Gen Z dollar







## Gen Z is defining a new world

It seems like just yesterday everyone was talking about millennials, and their predilection for “killing” everything from [diamonds](#) to [napkins](#). Now however, the tune has changed.

The average millennial is in their mid-30s. There’s a new exciting demographic in town: **Gen-Z**, colloquially known as **zoomers**. And much like their predecessors, they have plenty of strange new habits for analysts and marketers to unpack.



# The future of consumer spending

Gen Z represents the future of consumer spending – and it's time companies start shifting their focus to target this market segment. It's not merely enough to “keep a pulse” on Gen Z through the occasional Google search, webinar attendance or report download. To survive, your brand needs a plan to adapt its marketing and product strategies to ensure a future with this generation.

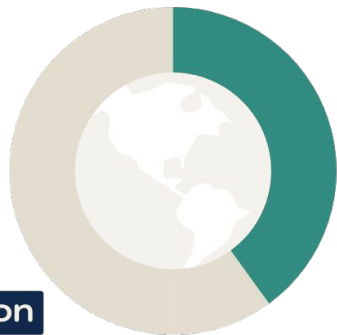
Gen Z, **born between 1997 and 2012**, is rapidly growing into one of the largest sectors of the consumer population.



Gen Z  
accounts for  
**40%**

of the world's

consumer population



## Growing consumer presence

According to a McKinsey & Company study, Gen Z makes up roughly 40 percent of global consumers. **By 2030 that number is expected to increase to 48 percent**, as more of Gen Z enters the workforce. These numbers alone should be enough to make any company reconsider their current product & marketing strategies.






# Their **money** is on the table...

The sheer volume of consumers isn't all that's opening eyes though – there's serious dollars available for the taking. As the economy starts to bounce back from the effects of COVID-19, an interesting trend has emerged amongst young people: **Gen Z is leading the charge at driving the economy forward.** As of this report, Gen Z spending levels are only five percent below their pre-pandemic numbers, trending ahead of older generations who have been slower to return to their previous spending amounts.



**Gen Z**  
spending  
is only  
**5%**  below  
pre-pandemic numbers  
(ahead of all other generations)





## Gen Z's standalone BUYING POWER

**\$44 billion**



## Gen Z's buying power INFLUENCE

**\$600 billion**



## And it's adding up to **significant** spending power

It's also interesting to look at the power Gen Z holds, not just in terms of personal retail spending, but also in regards to influence. It's thought that this generation is the key to increasing the spending of older generations, shaping and impacting the products and brands their parents buy from. Census data shows that approximately 17 percent of Gen Z changed their living situations during the pandemic, many moving back in with their parents after only a few short years out of the house. This proximity reinforces the idea that Gen Z directly influences the spending of other cohorts.

When considering this impact, **the buying power of Gen Z expands from \$44 billion to \$600 billion annually.**

Brands need to recognize these shifts in purchasing power and begin to alter marketing & product innovation accordingly. It's time to re-focus to a new generation of consumers in order to grow revenue, and if Gen Z has any say in the matter, prevent extinction.



# Their financial habits are being guided by **new** virtues and beliefs

The financial habits of the zoomers are especially interesting to unpack. These habits follow many trends that started with millennials, but they have reached a zenith under the **“smartphone generation”** (or whatever label you choose to apply to the zoomers.) There are plenty of financial activities and behaviors that were totally normal for Gen-Xer parents and boomer grandparents – and even millennial older siblings – that Gen-Z is eschewing entirely.

Now plenty of these statistics, of course, are due to the relatively young age of zoomers compared to other generations (the oldest amongst them are only 24, after all). Still, the peculiarities of Gen-Z should not be ignored. Not only are their activities different from their predecessors, but their attitudes toward finances may be as well. Studies show that Gen-Z is more thrifty than many older Americans, but also that they are **more willing to invest in experiences**. They **also** engage with brands differently, expecting “authenticity” and shared values from the companies that sell them products. All of these contribute to a complex and unique portrait of the average zoomer consumer.

And as their parents and grandparents get older, millions of **zoomers are poised to become beneficiaries of the largest generational wealth transfer in American history**. If banks, others in the financial services industry, and even brands don’t act quickly, they may risk losing out on the business and brand loyalty of an entire generation.





# 3 forces shaping Gen Z's financial behaviors





## In the Shadow of '08

During the housing crisis and subsequent recession of 2008, while millennials were entering college and the workforce in an era of uncertainty, the average zoomer was still just in grade school. Some commentators initially [claimed](#) that this distance would make Gen-Z less cautious about money than the slightly older millennials. Stepping into the roaring Obama-era economy, so the conventional wisdom went, the zoomers were poised to be the big spenders that the millennials never got the chance to be.

Yet these calculations were off well before the blights of COVID-19 and its accompanying economic downturn. Even before 2020, there were signs that Gen-Z's attitude towards money had been shaped by the turbulent financial events of the last decade.

[Similar to millennials](#), the zoomers have a less positive view of capitalism due to the subtle, psychological effects of seeing family members struggle during the great recession. [Jason Dorsey](#), author of Zconomy, claims that zoomers have been **more financially cautious than millennials** even before COVID hit.

The '08 crisis may have had fundamental effects on the younger zoomers, causing them to develop more **financially frugal habits**, and take a more pragmatic view of money. Especially now that Gen-Z is facing another economic downturn just as they are entering the workforce, brands would do well to reach out with responsible financing advice, emphasizing the ways zoomers can better protect themselves from future crises.



“This is the generation that saw their parents **lose their houses** or **lose their jobs**, and they witnessed that at a **critical time.**”

~ **Jason Dorsey**

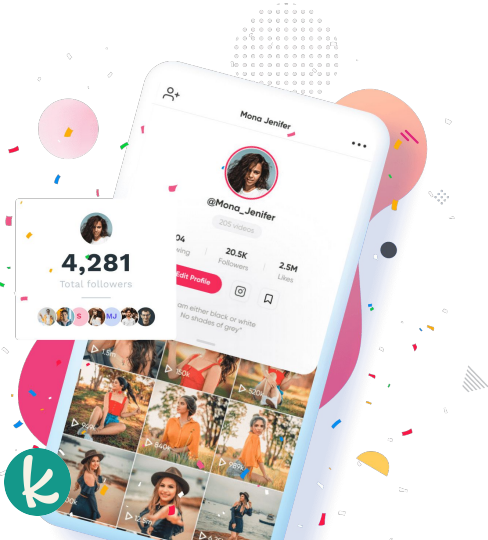
Author of Zconomy



49%  
of Gen Z cite  
social media



as their primary influence  
for financial decisions



## Social (and Financial?) Butterflies

Easily the biggest news story in the last year related to Gen-Z and finance was the Gamestop short squeeze [affair](#). You know the story well by now – a mix of trolling, memes, and over-inflated market values that seems straight out of Elon Musk’s fever dream. But as fun as it is to gawk at the chaos wreaked by some bored, ballsy Redditors, the truth is that **social media is a major motivating force for Gen-Z’s financial decision making**. 49% of Gen-Z cite social apps as their primary influence for financial decisions, over family, friends, or even personal experiences. In addition, 30% have consulted Reddit to make financial decisions. Clearly, the Gamestop affair was no isolated incident.

Some brands may see these numbers, and reason that the best way to reach zoomers is to advertise directly to them on social media platforms like Youtube, Reddit, and Instagram. Yes and no. While there is no doubt that leveraging social media is a must for any brand hoping to reach zoomers, it may not be as simple as buying ads. **Gen-Z expects “authenticity” from brands**, a particularly elusive quality that is difficult to define and impossible to fake. With a high degree of technological literacy, zoomers will see through manipulative ad campaigns; they’re far more attracted to genuinely useful information that brands can offer them, especially if it is seen as popular among their peers.

One approach that some financial brands have seen success with is the power of influencer marketing. [Data](#) shows that 88% of zoomers are following social media influencers, providing an outreach channel that is potential highly lucrative. [Step](#) – the no-fee digital bank for teenagers – has partnered with popular Tiktok influencers to reach out directly to Gen-Z with voices they already trust. By partnering with social media personalities and launching a teen-focused brand ambassador program, Step shows how innovative social media campaigns can be used to attract Gen-Z consumers, while avoiding traditional advertising.

## Let's Get Digital, Digital...

By now, Gen-Z is probably just as tired of hearing cracks about being glued to their smartphones as their grandparents are about hearing "Okay, Boomer." Cliche as it may be, however, [the numbers](#) don't lie: **zoomers spend an average of 4 hours and 15 minutes on their phone** every day, with 64% saying they are "constantly connected" online. As the first true "digital natives," Gen-Z's smartphone usage extends into every corner of their life. Financial activities and decision making, of course, are no exception.

One of the most obvious ways that phones enter into the equation is through the rise of mobile payments, which are an increasingly popular option for both millennials and zoomers. Thanks to the convenience, speed, and relative security, [40%](#) of zoomers report using payment apps such as Venmo, with 15% using them regularly. Payment apps are not the complete picture, however. Mobile banking, budgeting apps, and even investing apps such as Robinhood are also extremely popular, with time spent on such apps more than [doubling](#) during the pandemic. There are many reasons for the popularity of such apps, but it is not hard to see that investing in mobile financial solutions is a strong channel to reach Gen-Z's eyes – and their wallets.

# 64%

of Gen Z say they're

constantly  
connected



## Harnessing these forces

No generation is a monolith, of course. Gen-Z is the most ethnically and racially diverse cohort of Americans in history, and one must not be too hasty to make generalizations. But in order to reach the zoomers, brands must pay attention to how their values and habits have been shaped by their lived experience. Growing up amidst the recession has taught them the importance of frugality and financial preparedness. Social media has opened them up to more perspectives than their parents ever had access to. And the proliferation of smartphones means that **convenience and instant accessibility are non-negotiable**. By taking all of these factors into account, banks and other financial brands can build stronger relationships with Gen-Z.







# Gen Z's money management



## Eyes on the prize.

It's hard to predict exactly what the future will hold for the companies currently competing for Gen Z's wallets – especially those within the Fintech marketplace. Undoubtedly, many institutions will choose not to make any drastic changes to their business practices in the face of generational tide shifts. Companies accustomed to an older clientele will hardly suffer in the short term while remaining stuck in their ways. But rest assured, this generation's money management will shape companies and trends for decades to come.

For banks and Fintechs vying for Gen-Z dominance the stakes are high. A Knit study shows that, **43% of Gen-Z uses a single institution for all of their financial needs**, and nearly two thirds would do the same if they found one company that met all of their needs. Companies that pay close attention to the needs and pain points of Gen-Z, and that are willing to adapt their current business practices to new audiences, may secure a valuable, loyal customer base across every vertical.



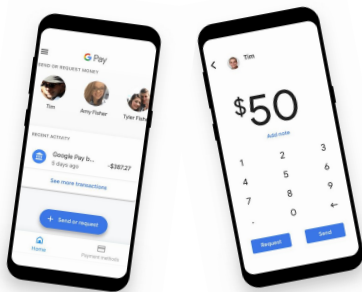
**43%**  
of Gen Z use a  
**single** financial institution  
for all their financial needs



Gen Z's most requested  
banking services:

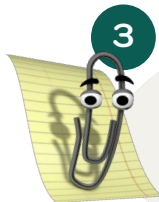
#1

**P2P  
Payments**  
(51%)



2

**Stock  
Investing**  
(47%)



3

**Financial  
Advising**  
(32%)

It all starts with **mobile**  
banking for them

And that's where we'll start – with mobile banking, where **87% of Gen Z** manage their funds. As Gen Z seeks a “one-stop-shop” digital solution for their banking needs, brands and banks must be on high alert for this generation's preferences, both current and future, in order to remain in their good graces and retain their high-valued dollars.

A generation's banking  
**desires** worth noting

Taking note of their mobile banking habits is not quite as useful without understanding their usage of these apps. Their top mobile banking uses? Nearly every Gen Zer surveyed by Knit is frequently **checking their account balance** (93%), while over two thirds drop in to transfer money (69%) and deposit checks (65%) via mobile. But that's their current behaviors. When asked **what they want most from a banking provider** they mentioned peer-to-peer payments, access to stock investing and financial advising.

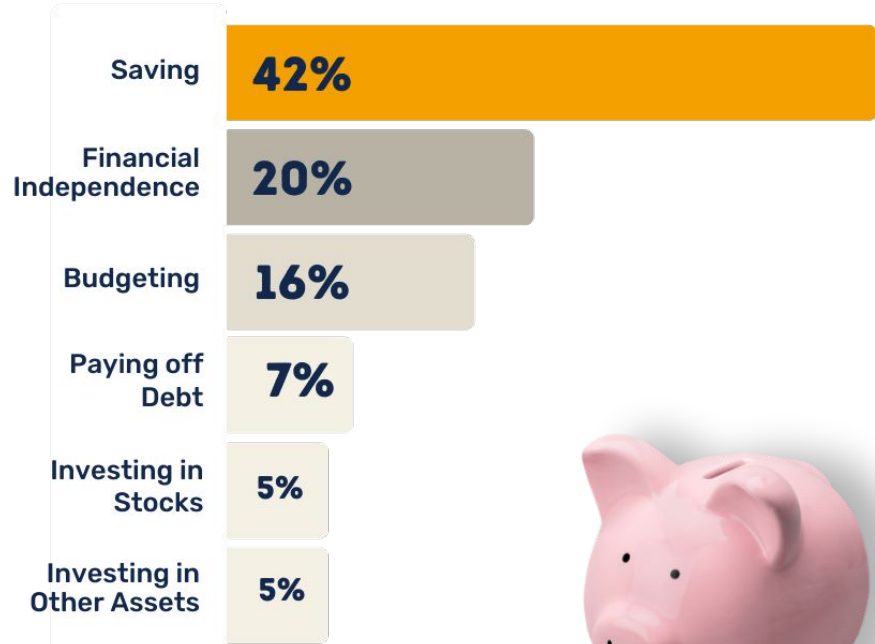


## Gen Z wants help in managing money.

If you've been on any social platform over the last decade, you've likely seen the meme on how grade school drilled in that "the mitochondria is the powerhouse of the cell" yet failed to properly show us how to do our taxes... Well Gen Z may be clever with their meme use, but request for financial mentorship holds true to their financial priorities as well.

When asked what are **Gen Z's top financial priorities** via a Knit survey, **saving** (42%) was by and far the number one answer. Gen Z wants advice from experts in the space on how they can best manage their finances. In fact, their second, third and fourth priorities follow the similar need for advice – as they seek to become financially independent (20%), better budget (16%) and pay off debt (7%) respectively.

## Gen Z's top financial priorities:



# How does Gen Z approach saving?

With “saving” topping the charts as Gen Z’s #1 financial focus, having a deep understanding of how they currently go about stashing cash is a necessity. If you can understand how they save, you can get a better sense of what they’re willing to spend on. You can better grasp their psyche when speaking to them to shell out for *your* product.

We asked Knit’s panel of 60,000+ Gen Z consumers how they approach saving. These are the most common answers we received.

**Tip:** Click each video to view on Youtube.

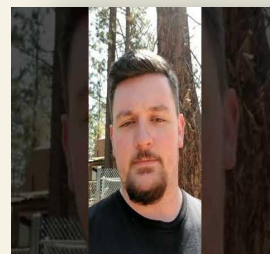
## Short-term tightening for Splurges

We heard frequent mentions of near-sighted goals and of a tendency to “tighten” normal, unnecessary spending in order to save for bigger “splurges” – like trips, vacations & tech.



## “Safe” & “Comfortable” Planning

Growing up through the ‘08 recession, many of Gen Z’s saving habits are geared around a “safe” future, and even though they may be young, it’s top-of-mind when allocating their income.



## “Don’t touch me” Accounts

We’ve seen Gen Z’s savings accounts also be set up as general emergency funds – which they often reference as “don’t touch me” savings accounts.



## But they're **not always** able to think ahead

Being younger in their careers (with many still in school), this generation's discretionary income is still limited, and that extends to their savings. For many, their main source of income is solely from part-time jobs, making savings a far-too-often afterthought to immediate needs. In this facet, when Gen Z hears savings, a heavy portion think of savings as a week-over-week goal to tap into for immediate needs, as verified by Knit's Voice of Consumer Videos from our own Gen Z panel.

### **Near-sighted Savings for Immediate Needs**

With a general aversion to debt, Gen Z saves a large portion of their income to cover immediate needs – like college, meals, transportation, etc – to better ensure a debt-free future as best they can.





# How does Gen Z approach budgeting?

Once you've grasped where this generation's head is at regarding where they're storing their dollars long term, you can grasp a better sense of how they budget overall. And on that note, we heard directly from Gen Z on how they budget to give a better understanding to brands vying for their spending dollars.

We asked Knit's panel of 60,000+ Gen Z consumers how they approach budgeting. These are the most common answers we received.

**Tip:** Click each video to view on Youtube.

## Weekly Spend Journaling

More frugal in nature, this generation has taken to journaling as a means to track spending – particularly for non-essential purchases.



## Frequent Account “Health Checks”

Given that their income is still nascent and growing, this generation leans on frequent health checks of their accounts – often checking money both in and out.

## Strict Rules + Couponing

We heard from many within this generation that they abide by strict budgeting rules (which many picked up from social media tips), in conjunction with seeking discounts and coupons on many of their purchases.





# Investing for this generation



# A generation to **invest** in

For those who think of investing primarily as an activity of older and more affluent Americans, the beginning of 2021 came as something of a shock. Empowered by the **increased democratization of the market** caused by apps like Robinhood, as well as the **ability to instantaneously communicate with fellow investors** on social media, millions of amateur investors bought up shares of flailing retailer Gamestop in mid-January, betting against major hedge funds in a short-squeeze operation. The coordinated buying effort became a viral news sensation, particularly because so many of the buyers were young and experienced. We will no doubt be grappling with the long term implications of the Gamestop Short Squeeze for years to come; for now, it can be seen as the dramatic **entrance** of Gen-Z into the investing world.

Obviously, “Gamestop-Gate” does not tell the entire story. While, yes, there are plenty of young traders who throw caution to the wind, ignore traditional financial wisdom, and invest heavily in viral “meme stocks,” there are also a large number of young people who have a more serious interest in investing long term. Thanks largely to technology increasing access to the market, young people have begun investing **en-masse** in recent years. And although at the moment “zoomers” are investing relatively small amounts, that may very well change. Over the next several decades, the greatest wealth transfer in **history** is set to take place as Boomers leave their money to younger children and grandchildren. As Gen-Z gains access to more capital, the idiosyncrasies of this new generation of investors will be impossible for Wall Street to ignore.





## Gen Z is new to the investing world

With many just getting their first taste of what real income looks like while entering the job market, Gen Z is still early in their investment journeys. In fact, a Knit survey found that 61% have still yet to begin investing in traditional stocks and trading. And they're not fully gung ho into cryptocurrencies yet either, with only 15% having dipped their toes into crypto trading at the time of this report.

61%

have never invested in

stocks



85%

have never invested in

crypto



Wish their banking app offered:

47%

the ability to

invest in  
stocks

32%

advice on  
investing

## But they want more access & advice

Though this generation may not be fully *in* on investing at the moment, it's definitely top-of-mind for them in the solutions that they seek from their banking and financial partners. 47% of Gen Z wish their banking apps offered more accessible solutions to trading and nearly a third of zoomers are actively seeking out advice on investing. Both promising figures in migrating this generation's dollars into the market.



For those **not** investing:  
What's holding them back?

I don't know enough about it to  
make **informed decisions**

**It's confusing**

Probably will in the  
future, **never started**

not **financially  
literate**

**Not enough money** to  
invest in stocks

feel like I'd **waste**  
my money

**lack of capital**

**Not a  
gambler**

For those who **are** investing:  
What influenced them to start?

**My dad** does it  
so he is  
**teaching me**

My **dad** wanted me  
to learn about the  
stock market

To save and make  
money for  
**retirement**

money to use for  
my **retirement**  
years down the  
road



## They trade with their gut... for better and for worse.

One of the most confounding aspects of the Gamestop story was that young investors were seemingly ignoring the rational rules of the marketplace. Why bet against the experienced hedge fund managers, especially for a failing retailer during a global pandemic? Some called these irrational investors "[nihilists](#)," but their behavior was not actually so different than their generational cohorts. According to Peter Garnry, head of equity strategy at Saxo Bank, many Gen-Z investors are buying shares not based on valuation, but on "[narratives, stories, and themes](#)." Without the ingrained mindset of Wall Street investment bankers, young traders are instead **basing their decisions on more intangible qualities**, such as having a personal connection to a company.

Some speculate that the impulsive decisions of young, inexperienced traders will have disastrous effects further down the road. Criticizing apps like Robinhood for doing "little to deter poor decisions," [Financial Times](#) reporter Siddarth Shrikanth lamented that young people could potentially jeopardize their financial futures due to a lack of knowledge and discipline. Still, not all Gen-Z investors go to those extremes. Many are more [risk-averse](#), investing carefully with long-term gains in mind. These are the kinds of traders that the industry should pay attention to: those who are invested in companies on that more personal level, but not to the extent that they will throw away their money on a whim. By focusing on this instinct for narrative and personal connections, companies and investment firms can attract Gen-Z investors who are looking for something more than just dollars and cents.





## Investing is **political**.

For a generation that has thrown much of its weight behind social movements like Black Lives Matter and March for our Lives, it should come as little surprise that **Gen-Z brings their political beliefs onto the trading floor as well**. The practice of socially responsible investing (SRI) has become extremely popular among younger generations, with a US Trust [study](#) finding that **76% of Gen-Z investors have reviewed their assets for their social impact**. This could mean investing only in funds that divest from fossil fuels, or supporting companies that are committed to certain values like diversity, equity, inclusion, and justice. The thought process is that, by supporting socially responsible companies and withholding capital from those with bad practices, young people can make a real difference with their wallets.

Financial activism is certainly not a new phenomenon, but it seems to be a popular one among Gen-Z investors in particular. It is also growing in influence: in 2019, **\$21 billion in new money was pulled into “sustainable” funds**, a 400% increase since the previous year. That said, it can often be difficult to find a [balance](#) between supporting companies with strong values and maximizing returns. Some critics in the financial community call it a contradictory idea, while others believe that sustainable investing will guarantee a more prosperous future for everyone. Regardless of where one falls along the political spectrum, it is undeniable that Gen-Z is taking into account these factors in their investing.



**76%**  **review their investments for**  
**social impact**



## Where is Gen Z seeking their financial advice?

60%



Forums

44%



YouTube

41%



TikTok

## ...and also social.

Who says playing the market is only for rugged individualists? True to their reputation as a generation fluent in social media from birth, zoomers are also turning to platforms like Instagram, Reddit, and TikTok for investment advice and camaraderie. A recent [Magnify Money study](#) found that, while unlikely to seek advice from traditional financial advisers, 44% of Gen-Z investors have gone to YouTube for investing information in the past month, with 41% opting for TikTok. At the same time, **nearly 60% of millennial and Gen-Z investors are a part of an online investment forum** – such as r/WallStreetBets, the subreddit that was instrumental in the Gamestop short squeeze. Like any other online community, these forums are rife with inside jokes, memes, and indecipherable lingo. But they also provide a sense of community to young investors who are just getting starting in the financial world. That kind of community is something that Gen-Z looks for in many parts of their lives, and it's something that the financial services industry should take note of.

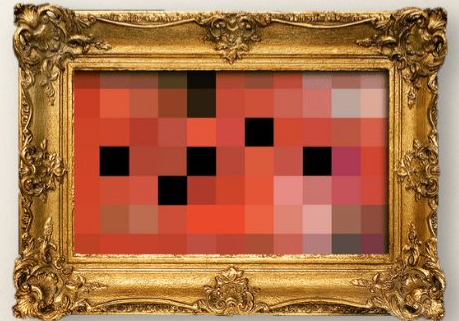
While some may question the wisdom of taking stock tips from social media influencers (for whom there is little barrier for entry, and zero regulation), it cannot be denied that Gen-Z is doing exactly that. [45%](#) of Gen-Z gets financial advice from social media platforms, a number that should jump out to any company looking to reach this coveted demographic. Not only should these companies invest in social media outreach strategies – what better way is there to reach zoomers? – but they should also pay attention to the deeper lesson. Zoomers are not averse to seeking out help. They are, for the most part, brand new to investing, and they have a lot to learn. In video interviews conducted by Knit, zoomers admitted that one of their main barriers to investing was a lack of education. However, they want this education to be on their own terms. Take the time to get to know these potential investors, learn what their values are, and make an effort to communicate to them on a personal level. For the company that takes that lesson to heart, working with Gen-Z should be no trouble at all.





# Evolving with Gen Z

Trends to take note of





# The forces vying for Gen Z's dollars

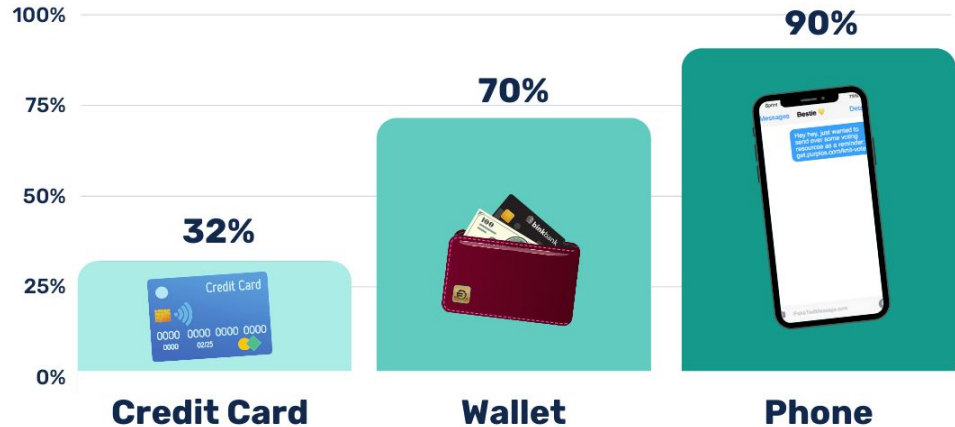
As new generations enter the marketplace, they often bring with them novel values and behaviors that can cause disruption for established brands. At the same time, these changes can also create opportunities for companies that are able to adapt. That is exactly what is happening with Gen-Z right now. As this oft-discussed age group becomes a bigger part of the US economy, a heated competition is arising between incumbent enterprises and ambitious startups to answer one big question: **who will the zoomers trust with their money?**

As the first generation to grow up not just with the internet, but with ready access to smartphones, it's a no-brainer that the future of finance for zoomers will revolve around digital and mobile offerings. A [2020 poll](#) showed that 90% of Gen-Z would not leave the house without their phone, while only 70% said the same about their wallets!

**The forces driving Gen Z's financial habits have led to 3 key trends:**

- Personalization
- An aversion to debt
- Early Adopters of New Trends

## Gen Z's Must-Haves When Leaving Home



## For them, it's **personal**.

For zoomers, the internet is more than just a tool. It has been with them for their entire lives, equal parts encyclopedia, swiss army knife, and trusted confidante. This has led many of them to a **favorable** view of the internet, with 66% believing it can bring people closer together, and 56% saying they are friends with someone they only know online. This can be good news for brands, banks and Fintech companies alike, who can rely on reaching Gen-Z customers through online channels. But it also means that their expectations are a little different.

The key word is **personalization**. As digital natives, zoomers have no problem scouring the web for a product suited precisely to their needs. The more customizable an offering is, the more likely they are to choose it. In addition, many of them expect brands to communicate with them on a personal level, and even to share their values. Among older zoomers, **85%** of respondents in a recent poll said they wanted brands to “make the world a better place.” Clearly, Gen-Z expects a “personal” touch – in multiple senses of the word – from any company they do business with.





## Personalize or die

In some ways, the financial sector is falling behind in this regard (re: personalization). **Nearly half of Gen-Z considers banking interactions either “not personalized at all” or only “slightly personalized”** compared to platforms like Amazon or Netflix. But there are plenty of ways a smart Fintech company can stand out.

Interviews conducted by Knit indicate that zoomers rely extensively on **word of mouth** and **peer recommendations** to find financial services and apps. This opens an opportunity for companies to leverage brand ambassadors and even influencer marketing, establishing a personal relationship with Gen-Z consumers.

In addition, the rise of “**Altruistic Investing**” – firms or banks such as **Aspiration** that prioritize social or environmental justice in their investments – may provide a blueprint for how to capture the trust of civically minded zoomers. The bottom line is that in order to win over Gen-Z, brands need to get personal: both in the products they offer, and in the way they communicate.





## Avoiding the big D-Word

Growing up in a post-recession world, Gen Z's financial well-being is viewed as being more precarious, and trust in major financial institutions shakier. At the same time, this sense of disillusionment may have led zoomers to form healthier, smarter money habits.

A [2020 study](#) from TransUnion showed that **half of credit-active zoomers have a credit score in the prime range**, compared to 39% of millennials at the same age. At the same time, less zoomers have taken out student loans compared to millennials – [37%](#) compared to 44%. In fact, college registration is [declining](#) overall among Gen-Z, many of whom view the benefits of a degree as not worth the cost of debt.

How does Gen-Z feel about credit cards? The answer to that question may be a bit complicated, according to some recent reports on the spending habits of the much discussed post-millennial generation.

Members of **Gen-Z own less credit cards than the average consumer** – [1.5, compared to 4](#) – and there are some indicators that they are less likely than previous generations to use credit as a primary payment method.

Now, this is not to say that young people have abandoned credit entirely; credit card usage remains widespread across all consumers polled, and over half of zoomers have at least one. That said, Gen-Z may be more willing than previous generations to explore alternatives to credit that are “low-commitment, straightforward... budget-focused, customer-centric and empower rather than entrap,” according to a 2020 report from [Afterpay](#).



## Credit card ownership?

Gen Z

1.5



Avg US consumer

4





## Time to address their **concerns**

The lesson to take their dwindling interest in student loans is that debt and financial stability sits heavy on the mind of Gen-Z, whether they owe anything or not. Participants in Knit interviews repeatedly expressed a **desire for financial guidance** from banks, seeking advice on topics such as budgeting, investing, and even cryptocurrency.

Companies hoping to earn Gen-Z trust should take note of this, and seek out ways to engage audiences with educational content and other financial literacy tools. Not only is this a great way for Fintechs to reach a demographic that spends much of their time online, but it will also help synonymize their brand with integrity and trust.





## The **BNPL** alternative

One recent financial trend of note is the rise of Buy Now Pay Later (BNPL) apps. Although they did not invent the concept of BNPL – a purchasing option in which consumers pay for products in installments over a predetermined time frame, often with no interest – companies like Klarna and Pay L8r have become increasingly popular in recent years, especially among a younger audience. **Gen-Z spending on these apps has increased by over 200% since 2020**, and in the UK BNPL is the **fastest growing** online payment method.

What is the reason behind Gen-Z's attraction to BNPL, and what lessons can Fintech companies learn from their popularity? While many cite the **convenience** of BNPL as a major factor, it is also interesting to note that many see the services as a supplement or even an alternative to credit cards. For those with a less stable income, or those looking to avoid falling into debt, the **no-strings-attached nature of BNPL is a major benefit**. This leads us to our next keyword, one that defines zoomers as much as it haunts them: debt.

**209%**  
↑ In BNPL **usage**  
by Gen Z demo

afterpay ↻

Klarna™

affirm

sezzle



## It's being **adopted** everywhere (for good reason)

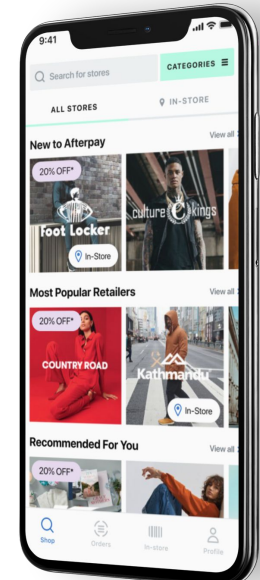
In many ways, Buy Now Pay Later can be seen as the industry's response to the distinctive behaviors that Gen-Z brings to the marketplace. For [debt-averse](#) zoomers, daunted by the possibility of a mounting credit card bill, BNPL can seem like a more affordable, flexible option. In addition, **BNPL is perfectly fitted for Gen-Z's desire to form more personal connections with brands**. Rather than mediating purchases through banks and other traditional financial institutions, brands can offer flexible payment plans directly to consumers, helping to nurture the brand/consumer relationships that zoomers cherish. [Microsoft](#) is one company that has experimented with BNPL recently, allowing consumers to buy the new Xbox in a series of monthly installments. [Mastercard](#), too, partnered with payment processor TSYS in 2020 to introduce a range of BNPL options to current card-users.

Microsoft, Mastercard, and now [Amazon](#) are experimenting with new payment methods in response to current trends in order to better serve Gen-Z consumers. They are making a bet on a relatively new idea, and they ought to be admired for that.

Even though credit cards are not going anywhere, the popularity of BNPL means that incumbent financial brands would be foolish to ignore it – unless they want to be outpaced by startups and shrewd competitors. Gen-Z, although still in its early stages of bringing capital to the marketplace, is poised to drastically increase their buying power in the coming years as our country begins to undergo the greatest [wealth transfer](#) in its history.

Buy Now Pay Later is just one way that financial brands can adapt to this new, coveted demographic, but it could be a highly lucrative one: one optimistic report estimates that BNPL transactions could reach as much as \$680 billion by 2025. Regardless of whether they invest in BNPL, every company should be considering how their current practices can be best adapted to reach a Gen-Z audience in the years to come.

**42%**  
**more likely to buy**  
**a product if**  
**BNPL offered**





## Early adopters of new trends (like NFTs)

A recent Saturday Night Live [skit](#) spoke the question on everyone's mind, when Pete Davidson asked in the form of a rap: "What the \*\*\*\* is an NFT?!" While the segment was intended to be humorous, it did reflect the lively cultural conversation surrounding this latest blockchain buzzword, which ranges from excitement, to skepticism, to confusion. Everyone has an opinion on NFTs, it seems, even those who don't know exactly what they are.

A lack of understanding has certainly not scared investors away from the NFT market, however. Short for "Non-Fungible Token," NFTs raked in over [\\$1.5 billion](#) in the first three months of 2021, including a piece by the digital artist [Beeple](#) that sold at Christie's for a whopping \$69 million. Although the market has experienced a massive [downturn](#) in the last month, there is still plenty of interest from brands, collectors, and investors. As the initial shockwaves of NFT-mania seem to be subsiding, now is the perfect time to answer some basic, crucial questions about these blockchain-based commodities – including which audiences have the most interest in them, and how brands can leverage that information to their benefit.

NFTs can be difficult to wrap one's head around, but they basically behave like any other commodity. Some people believe they have a certain value, and are willing to spend money – potentially huge amounts – on buying them. And like other commodities, there are some audiences who are more interested in NFTs, and some who could care less. Research from Knit and other insights providers helps to shed a light on who is who among these audiences.

10% of all US adults collect NFTs, according to [Morning Consult](#), including 15% of men and 4% of women. Generationally, it seems that Millennials are the most interested by far in NFTs, with 23% collecting them. No other generation cracks 10%, with the younger (and theoretically more tech-savvy) Zoomers only collecting at a rate of 4%. Interestingly, this breakdown broadly correlates with which generations collect physical items as well. Men are also more likely to be collectors than women, and Millennials are once again the generation with the most collecting-mania. Interestingly, physical collectors are also more likely to be interested in NFTs, with over half reporting to be at least "somewhat interested" in collecting them.



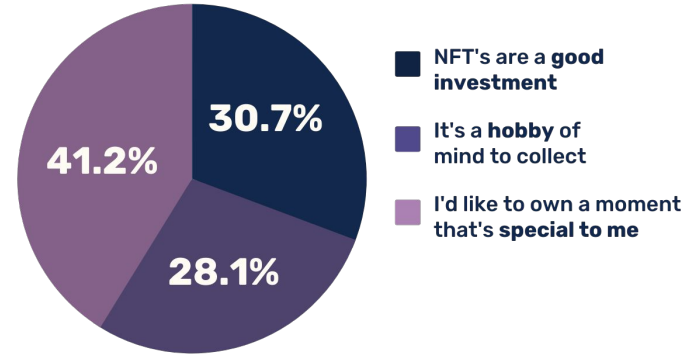
## It's being **adopted** everywhere (for good reason)

For Knit, the statistics about Gen-Z are the most interesting. Why are the youngest American consumers, who grew up with their smartphones and have an intimate connection with digital technology, collecting even less NFTs than the older Millennials and Gen-Xers? We surveyed over 420 Gen-Z consumers between 18 and 24 to get to the bottom of their NFT-hesitance. Some of the insights we learned include:

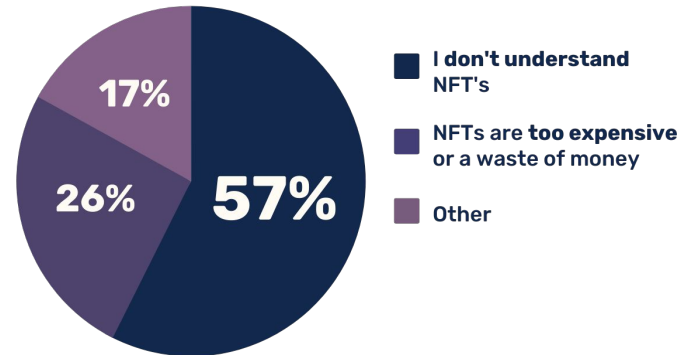
- Although only 4% of Zoomers currently collect NFTs, **29.7% are either "somewhat interested" or "greatly interested" in them.**
- The reasons for this interest was nearly evenly split, but with one interesting leader standing out at 41.2%: "I'd like to own a moment that's special to me."
- Among those uninterested in NFTs, over 57% said that the reason was because "I don't understand NFTs," leaving a **huge opportunity through growth and education.**

NFTs as a concept are still in their very nascent stages, and no one knows for sure if and how they'll grow in adoption to both the wider market along with Gen Z. But if you're a betting brand, leaning into the NFT space can offer a high upside if you leverage the proper mix of non-fungible offerings, marketing and education to capture this early adopter generation.

### Reasons for NFT interest:



### Reasons for uninterested in NFTs:





## It's **your** move.

Gen Z makes up a large percentage of consumer spending, and it's only projected to increase in the next year.

As an industry leader, how do you successfully target this cohort? The best approach is one backed by data and research – Gen Z will be tricky to navigate without it.







# knit

You make **hundreds** of decisions about Gen Z every week.

It's time to include them.

More on Knit at: [goknit.com](https://goknit.com)