



POWERING
SMART
DECISIONS.



BAI Banking Outlook Special Report:
Banking Attitudes,
Generation-by-Generation



As digital banking continues to expand, consumer preferences are shifting, behaviors evolving. Many of these attitudes and actions vary by generation.

In both 2019 and 2020, BAI conducted surveys to reveal how banking behaviors are changing, and how that change has accelerated since the start of the pandemic. The answers, especially when split by generation, were surprising.

These surveys reached an equal number of Gen Z, Millennial, Gen X and Boomers+ consumers. About half were large bank customers, and the rest spread out between direct banks, regional banks and credit unions.

Of the four groups, the youngest are ...

MEET GEN Z

Gen Z is ambitious and ready to take charge of their lives. In fact, 59% of Gen Z consumers say they are financially independent (up from 47% in 2019). Having been raised in the digital age, this generation is very comfortable with digital banking, such as opening deposit accounts online and relying on their mobile banking apps. But the fastest way to capture their loyalty might just be with around-the-clock service. When asked how their digital apps can be improved, 24/7 customer service was their #1 choice.



18-24
years old

75% plan to achieve a **higher standard of living** than their parents



59% are financially independent

58% prefer to open a deposit account **via desktop or mobile app**



61% bank at the same financial services organization as their parents

Wants

- + **24/7 Customer Service**
- + **Advice**
- + **Convenience**

Gen Z Avoids Debt

Gen Z consumers prefer to pay by debit card and are least likely to use a credit card.

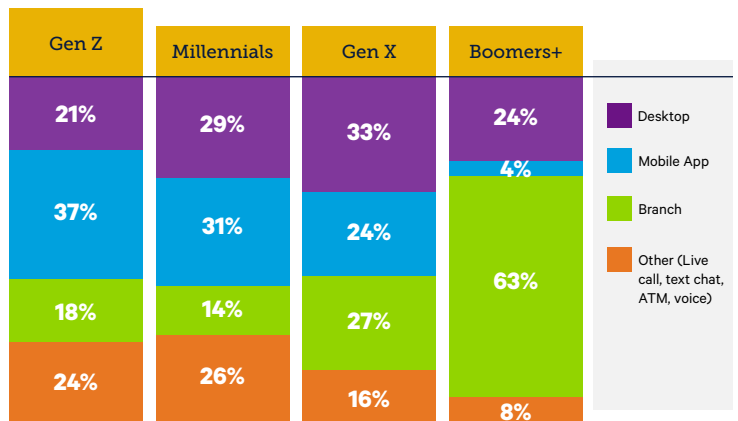
Preferred Payment Methods

	Gen Z	Millennials	Gen X	Boomers+
1	Debit Card 44%	Credit Card 46%	Credit Card 35%	Credit Card 47%
2	Cash 28%	Debit Card 23%	Debit Card 33%	Debit Card 31%
3	Credit Card 17%	Cash 21%	Cash 21%	Cash 17%
4	Mobile Payment 11%	Mobile Payment 11%	Mobile Payment 11%	Mobile Payment 5%

Gen Z is Mobile-Centric

They prefer to open deposit accounts through a mobile app, and by a significant margin.

Most Preferred Way for Opening Deposit Accounts



When asked how the customer experience can be improved, Gen Z chose **"Enhance mobile channel."** No other generation had that answer in their top three responses, including **Millennials** ...

MEET MILLENNIALS

Millennials are career and investment focused. They are also stable: 85% say they are financially independent, and 71% are employed full time. Those numbers are the highest of any age group. Raised in the digital age, they value speed—they want faster payments and quicker transfers—along with a seamless omnichannel experience. They also average 114 interactions a month with their financial services organization. That's nearly 4X the number of average interactions per Boomers+, and 50% more transactions than either Gen Z or Gen X.



25-40
years old

75% would switch their primary financial services organization for a **better mobile app**

55% are more concerned about fraud than they were a year earlier (**only 15% are less concerned**)



85% would bank with a **non-traditional bank** such as Amazon, Apple or PayPal

79% have opened a deposit account online

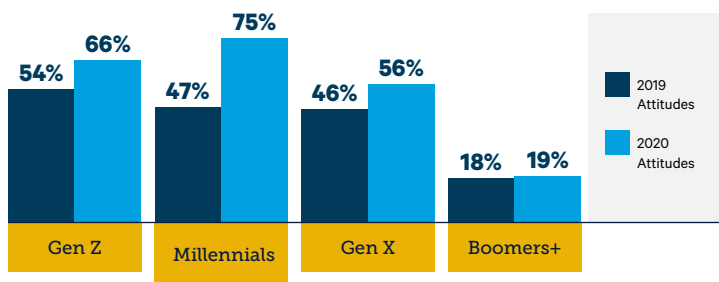
Wants

- + **Personalized Communication**
- + **Better Digital Apps**
- + **Faster Payments**

Millennials Want a Better Mobile Experience

In 2020, three-quarters of Millennials would switch banks for a better mobile experience. That's 28% more than the year before.

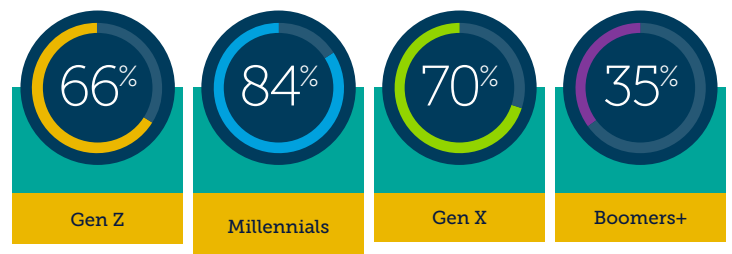
"I would switch financial services organizations for a better mobile banking app."



Millennials are Comfortable with Digital Advice

Millennials are the most comfortable receiving advice digitally, even more so than Gen Z.

"I am comfortable receiving financial advice via artificial intelligence (AI)."



When asked how their banking app could be improved, Millennials chose **"Quicker money transfers"** as their top choice. **Gen X**, on the other hand, wanted "Faster payments." Speaking of which ...

MEET GEN X

Gen X is similar to Gen Z and Millennials in their comfort using digital services, but they align with Boomers+ consumers in other areas, such as their preference for traditional banks. In fact, Gen X trusts their primary financial services provider more than any other generation. While only 39% of Gen X consumers have experienced fraud or identity theft, 95% of them believe their primary financial services "did enough to resolve fraudulent activity on my account quickly and efficiently."



41-56 years old

91%
trust their
primary
financial
services
provider



36%
would share
more personal
information for
better service

45% prefer banks and credit unions **with branches** (even if they don't use them)



53%

say their **savings** have **decreased** or have trouble making ends meet since the beginning of the pandemic

Wants

- + Online Account Opening for Deposits and Loans
- + Low Fees
- + Faster Payments

Gen X Wants Great Rates

Gen X is the only generation that lists "Best Rates" as the #1 reason they would choose a primary financial services organization.

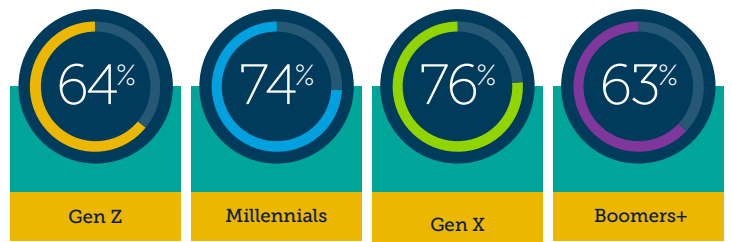
Reasons (by Generation) for Selecting a New Primary Financial Services Organization

	Gen Z	Millennials	Gen X	Boomers+
1	Lowest Fees 33%	Lowest Fees 28%	Best Rates 39%	Lowest Fees 33%
2	Best Rates 27%	Positive Reputation 27%	Lowest Fees 37%	Best Rates 31%
3	Positive Reputation 25%	Superior Customer Experience 24%	Cash Incentives/Rewards 24%	Cash Incentives/Rewards 31%
4	Large ATM Network 24%	Best Products 23%	Positive Reputation 22%	Convenient Branch Network 23%

Gen X Feels Protected

Of all age groups, Gen X is most comfortable with their financial service organization's fraud protection.

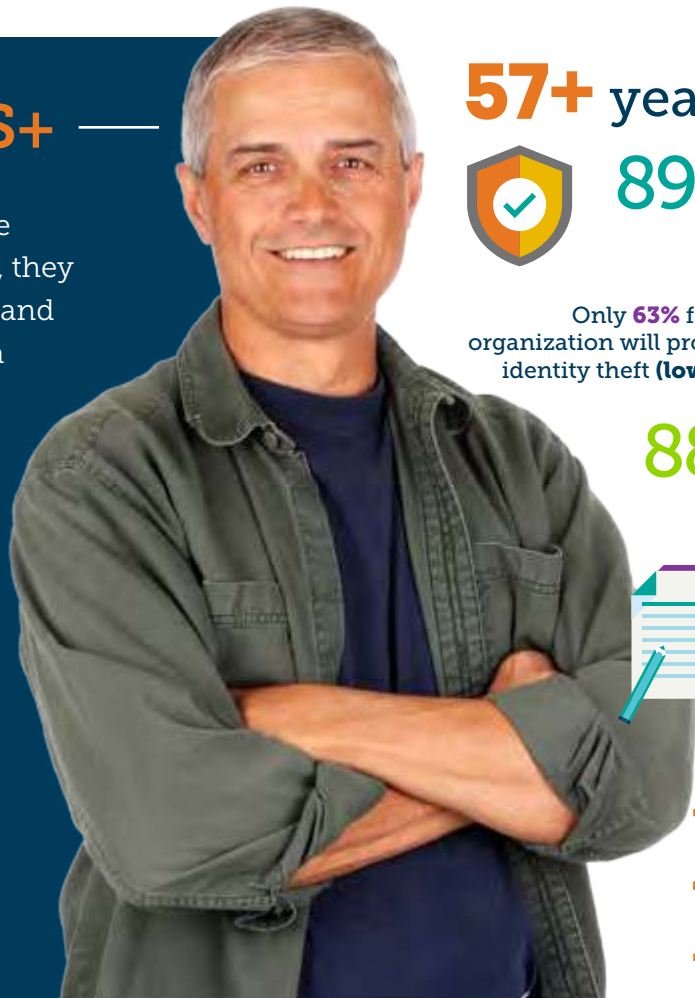
"My primary financial service organization is doing enough to protect me from fraud and identity theft."



Although they prefer their primary financial services organization, 71% of Gen X would consider banking with a **nontraditional player like PayPal or Amazon**. Only 27% of **Boomers+** feel the same way ...

MEET BOOMERS+

Boomers+ are less likely to prioritize digital and mobile services; instead, they want branches that are convenient and nearby. In fact, 63% prefer to open a deposit account at a branch, more than twice any other generation and more than 4X the number of Millennials. They are also loyal and content with their current banking situation. They are the most likely generation to continue to use the same financial services organization next year and their satisfaction rating is the highest of any generation.



57+ years old



89% trust their financial services provider

But ...

Only **63%** feel their financial services organization will protect them from fraud and identity theft (**lowest % of any generation**)

88% agree their primary financial services provider **meets their needs**



63% prefer to open deposit accounts at the branch

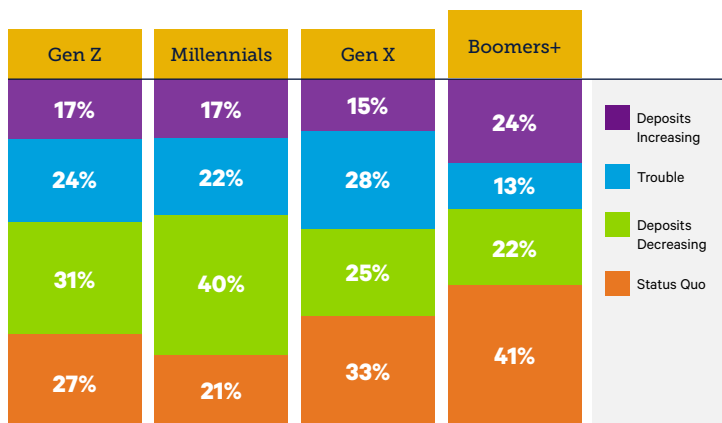
Wants

- + **Face-to-face Service**
- + **Convenient Branch Locations**
- + **Security**

Boomers+ is Stable

Boomers+ save more than any generation, and despite the pandemic are in the least amount of financial difficulty.

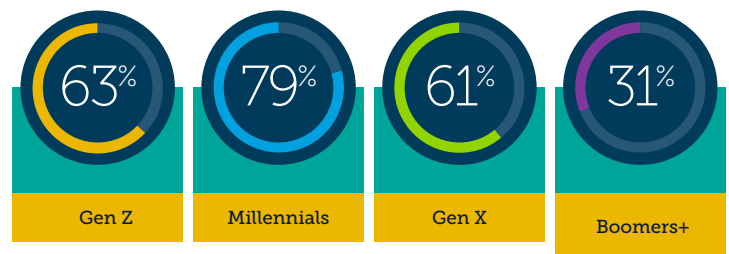
Savings Situation by Generation



Boomers+ is Traditional

They are the only generation who are likely to never have opened a deposit account online.

Percent of Consumers Who Have Opened a Deposit Account Online



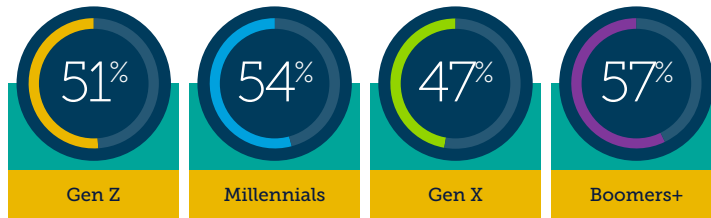
Boomers+ prefer traditional banking interactions. For example, only 35% are comfortable receiving **financial advice via AI** (artificial intelligence), versus more than 70% of **Gen Z**, **Millennial** and **Gen X** consumers. But that doesn't mean **Boomers+** don't also share many behaviors of other generations, too ...



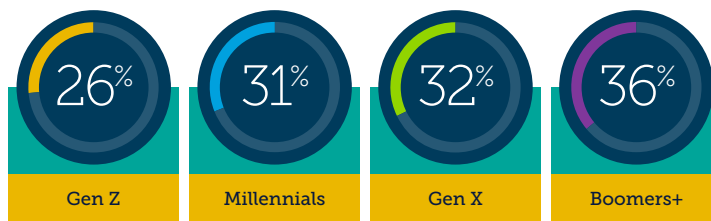
Differences, and Similarities

While generations are marked by their differences, they do share some of the same attitudes. For example, about half of consumers plan to give all their future deposit business to their current primary financial services organization. Those numbers fall rapidly for loans and investments, but are consistent across all generations.

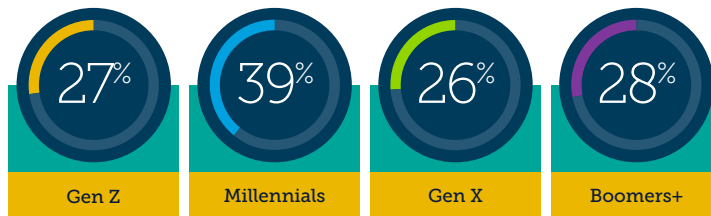
Plan to give their future **deposit** business to their current provider.



Plan to give their future **loan** business to their current provider (excludes credit cards)



Plan to give their future **investment** business to their current provider



It's important for financial services leaders to understand these generational differences, as well as the generational consistencies, in order to plan for the future. What services should you prioritize? What features should you communicate to your consumers and promote? Which digital offerings should you invest in to improve and expand? Recognizing behaviors, and using that data to predict future behaviors, will position your organization for success.



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