



REPORT

# State of Gen Z

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The latest economic, marketing,  
finance and fraud trends

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In the financial services sector, all eyes seem to be on Generation Z, also known as Gen Z, and for good reason — as the next largest generation of consumers, their spending power is projected to reach \$12 trillion by 2030.<sup>1</sup> With members ranging in age from early teens to mid-twenties, this generation is shaped by technology, social responsibility and global events like the latest coronavirus pandemic, COVID-19. To appeal to this cohort, keeping a pulse on them is a must.

### Gen Z fast facts

- There are **69.3 million Gen Zers** in the United States.
- They **spend six or more hours per day** on their cellular phones.
- They collectively **demand purpose and accountability** from brands they interact with.
- They demand the creation of **more opportunities for people of diverse and underrepresented** backgrounds.
- **Lack of financial resources and funding options** are seen as barriers in achieving their goals.

*Source: Statista, McKinsey & Company.*

Let's explore key Gen Z trends and the implications for financial institutions.

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# Originations

## THEY'RE BECOMING MORE CREDIT ACTIVE

Originations among Gen Zers are on the rise across most credit products compared to other generations, which remain relatively steady. As more members of Gen Z transition into adulthood, there's an increasing need for credit cards and loans to support their purchases. Additionally, economic factors, such as the rising cost of living, may be driving Gen Z to rely more on borrowing.

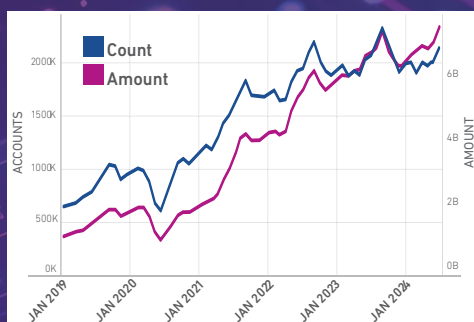
Gen Zers registered **14.4% of used retail vehicles** compared to 7.7% of new retail vehicles.<sup>2</sup>

Although mortgage originations are seeing a steady increase, many **Gen Z homeowners are faced with higher borrowing costs** compared to other generations. In fact, nearly half are paying more than 5% annually in interest.<sup>3</sup>

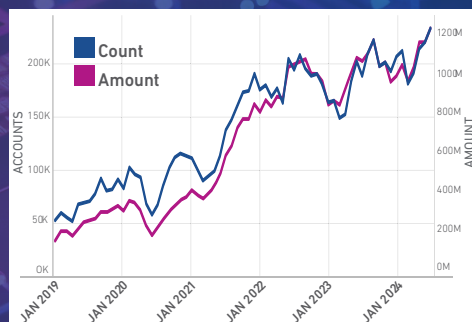
### GEN Z

### ORIGINATIONS BY PRODUCT

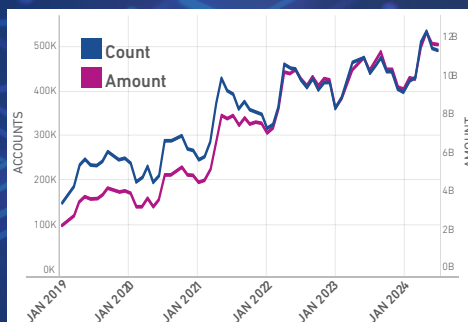
#### Bankcard



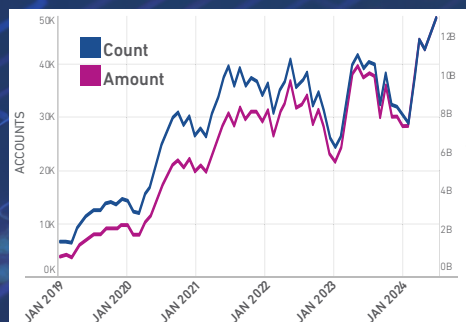
#### Unsecured personal loan



#### Auto

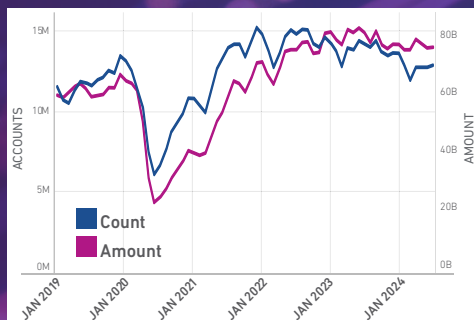


#### Mortgage

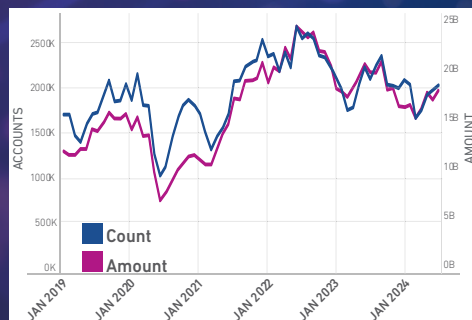


### ALL U.S. CONSUMERS

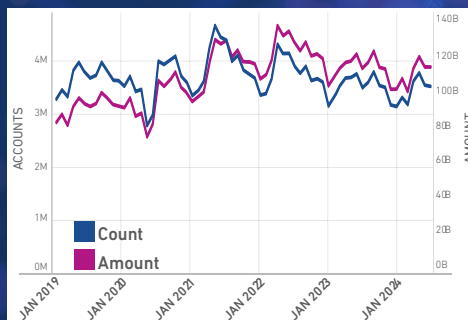
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#### Unsecured personal loan



#### Auto



#### Mortgage



Source: Experian Ascend Market Insights Dashboard.

# Delinquencies

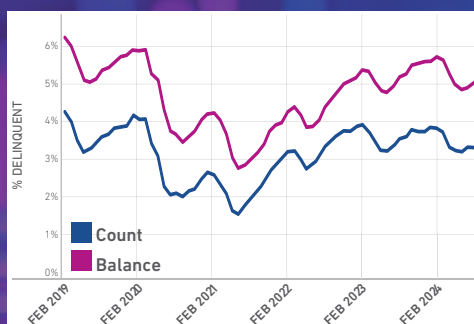
## THEY'RE HAVING TROUBLE MANAGING CREDIT CARD PAYMENTS

Gen Z consumers may be having more trouble making credit card payments compared to unsecured personal loans, auto loans, and mortgages, based on delinquencies reported by lenders to Experian. This can be attributed to inflation — as the cost of living goes up, consumers are relying more on credit cards to endure.<sup>4</sup> Additionally, Gen Zers often have lower credit limits due to their limited credit history and lower income, making it easier to max out on their cards.

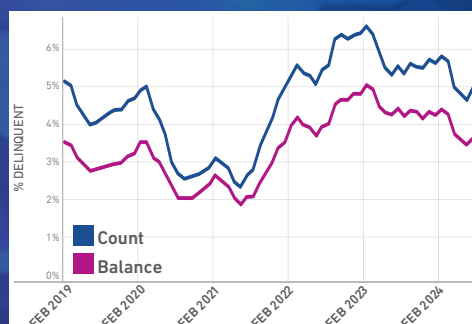
### GEN Z

#### 30+ DAYS PAST DUE FOR ALL PRODUCTS

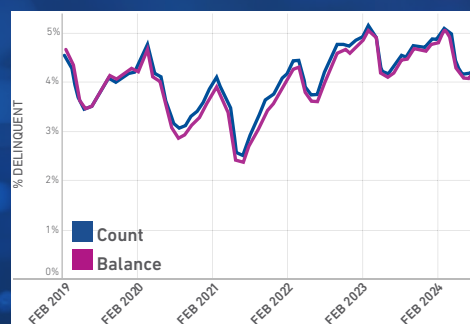
##### Bankcard



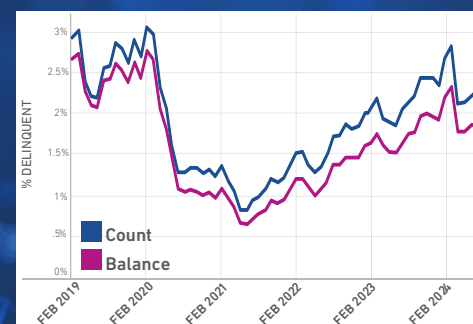
##### Unsecured personal loan



##### Auto

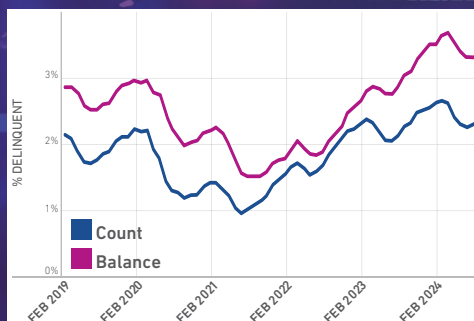


##### Mortgage

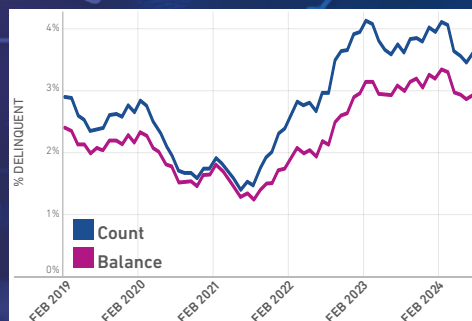


### ALL U.S. CONSUMERS

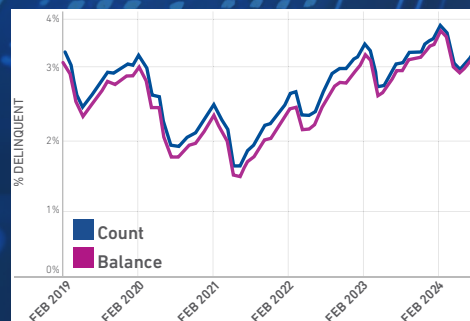
##### Bankcard



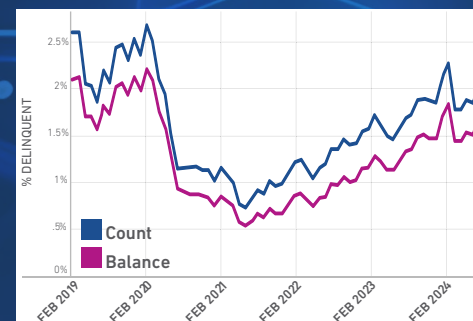
##### Unsecured personal loan



##### Auto



##### Mortgage





# Personal finance

THEY WANT TO BE FINANCIALLY LITERATE

## Gen Z debt balances versus all U.S. consumers

Average balances	Gen Z	All U.S. consumers
Auto balance	\$20,570	\$24,176
Credit card balance	\$3,716 <small>Average # of cards: 2</small>	\$7,153 <small>Average # of cards: 3</small>
Mortgage balance	\$249,762	\$262,384
Non-mortgage balance	\$16,503	\$27,183

Source: Experian Ascend data as of July 31, 2024

When looking at different types of debt, Gen Zers' balances are relatively lower than the overall consumer population. But their balances are growing. In 2023, the average total debt for Gen Zers was \$29,820, a 15.4% increase from 2022. This increase was largely due to young consumers taking on debt for the first time with new loans and credit cards.

**More than 6 in 10 Gen Z consumers say they're hopeful about their financial future<sup>6</sup>**

73% of Gen Z adults experience negative thoughts, flashbacks and anxiety when dealing with financial issues.<sup>7</sup> This can be attributed to a lack of discussion about money growing up — 51% stated their family rarely or never spoke about finances. Another factor is the economic environment — 68% report that the current economic climate is hurting their ability to be financially independent.



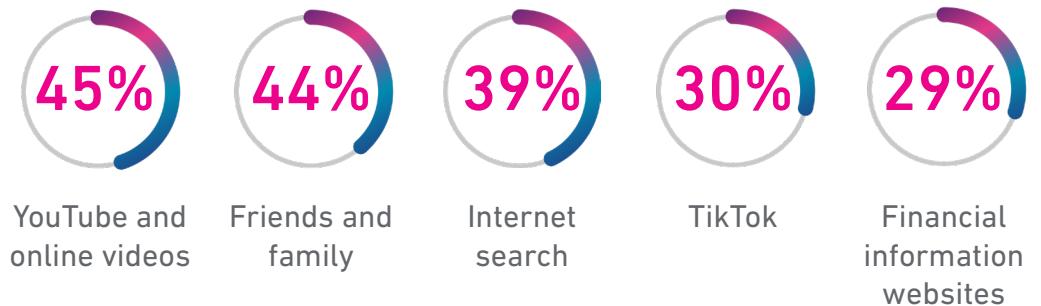




**50% of consumers expect financial providers to deliver personalized tools, products and services to help them reach their financial goals<sup>8</sup>**

To manage their debt responsibly, Gen Zers seek to improve their financial literacy. 75% strive to be more financially literate and 67% are actively looking for a trusted source for personal finance information.<sup>9</sup> Online videos, TikTok and financial information websites are a few resources they're using to learn about personal finance basics.

#### Resources Gen Zers use to learn about personal finance



Source: [2022 Investopedia Financial Literacy Survey](#)

**69% of Gen Zers use debit cards while only 39% report frequent credit card use<sup>10</sup>**

Many Gen Z consumers prefer debit cards — some don't understand credit card offerings while others find it difficult to access credit due to their limited credit history. They may also be more cautious of credit due to fear of taking on additional debt.



# Marketing

## THEY WANT TO SEE THE REAL SIDE OF BRANDS

- Gen Zers spend up to three hours per day on social media.<sup>11</sup>
- Their most-used platforms are YouTube (88%), Instagram (75%) and TikTok (69%).<sup>12</sup>
- Gen Zers are most likely to seek recommendations on social media while holiday shopping.<sup>13</sup>

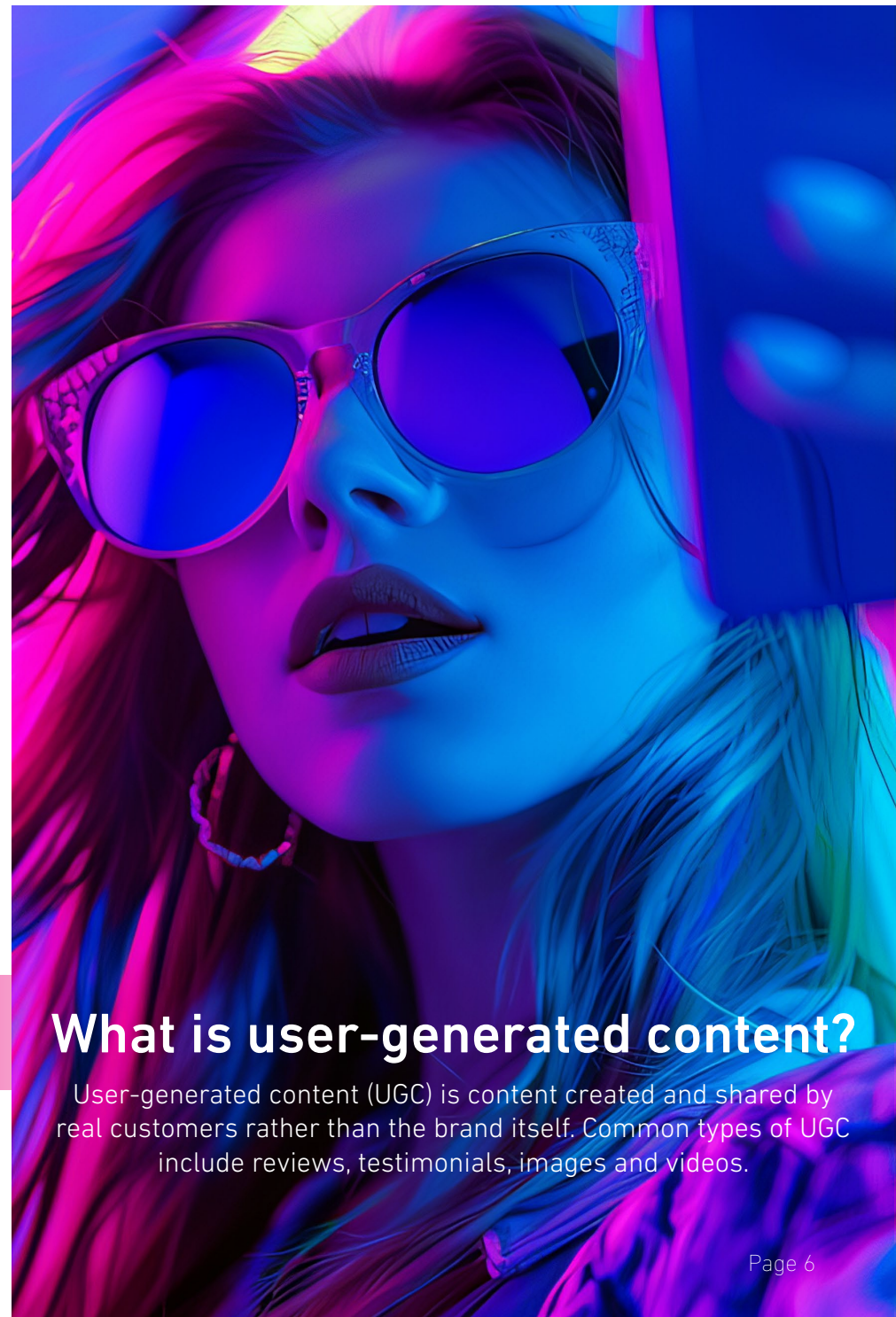
Social media is a prime space for Gen Zers to discover brands and products, but they're not easily swayed by traditional marketing. This cohort values authenticity, community and connection, leaning on peer recommendations to inform their purchasing decisions.

**70% of Gen Z consumers say that user-generated content influences their buying choices<sup>14</sup>**

Gen Zers are habitually online and therefore constantly flooded with ads. For this reason, they're more skeptical of how brands market to them. Enter UGC. Unlike brand-generated content, which can often feel overly polished, UGC captures real, unfiltered perspectives and experiences, making it more genuine and relatable to Gen Zers.<sup>15</sup> This is important as 90% say authenticity is essential when deciding which brands to support.<sup>16</sup>

**81% say multicultural and diverse consumers have a big impact on their brand choices<sup>17</sup>**

UGC also plays a significant role in promoting diversity and inclusion, both of which are vital to this cohort. Created by individuals from diverse backgrounds, UGC provides a platform for communities who may be underrepresented in mainstream media.



## What is user-generated content?

User-generated content (UGC) is content created and shared by real customers rather than the brand itself. Common types of UGC include reviews, testimonials, images and videos.

# Online experiences and activities

THEY HAVE LITTLE PATIENCE FOR FRICTION

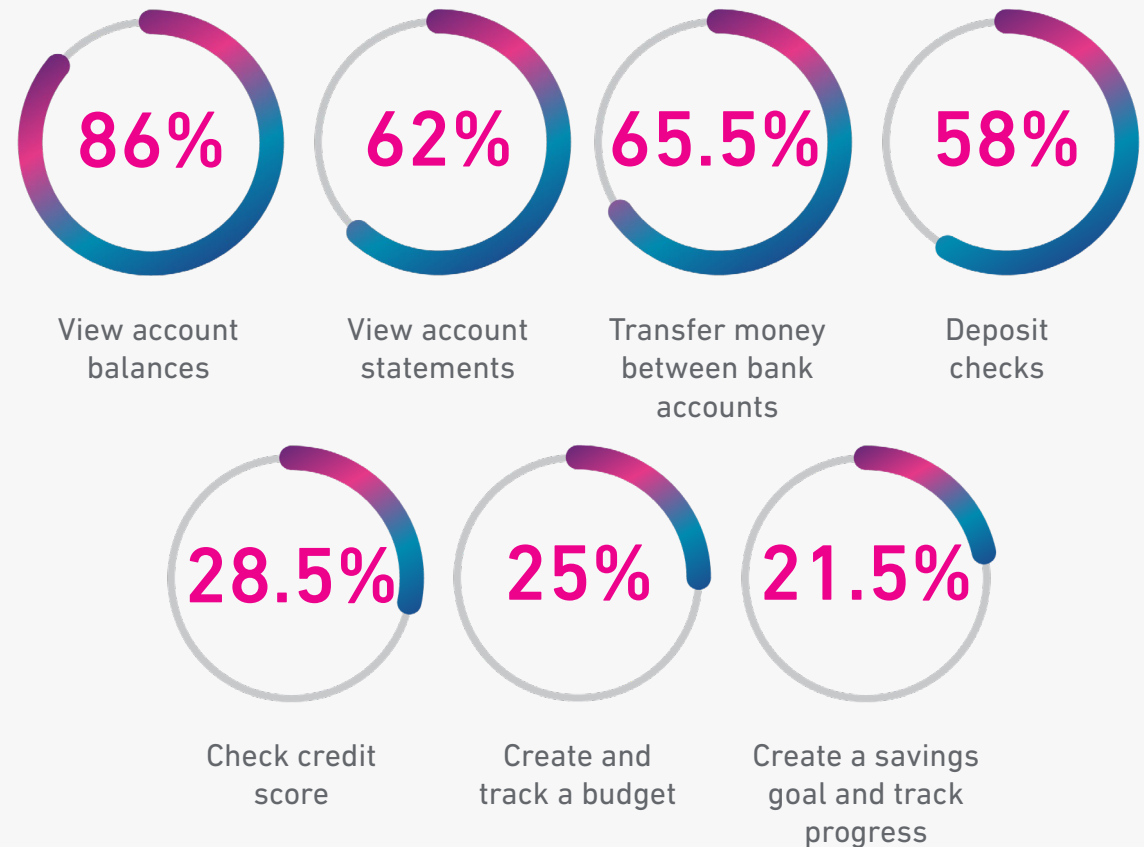
**80% would switch financial institutions if offered superior digital experiences<sup>18</sup>**

Gen Zers are highly mobile-centric — in fact, 99% leverage mobile banking apps to perform various tasks, including viewing account balances, depositing checks and tracking budgets.<sup>19</sup> The reason is simple: as digital natives, they want things done quickly — no friction, no delays. Speed, convenience and ease of use are what make these apps popular among this generation.

**42% have opened a new online account within the past six months<sup>20</sup>**

Not surprisingly, Gen Zers have similar expectations when it comes to account opening. They demand seamless experiences and are more likely than other generations to take their business elsewhere if their expectations aren't met.

## Gen Z mobile banking app activities



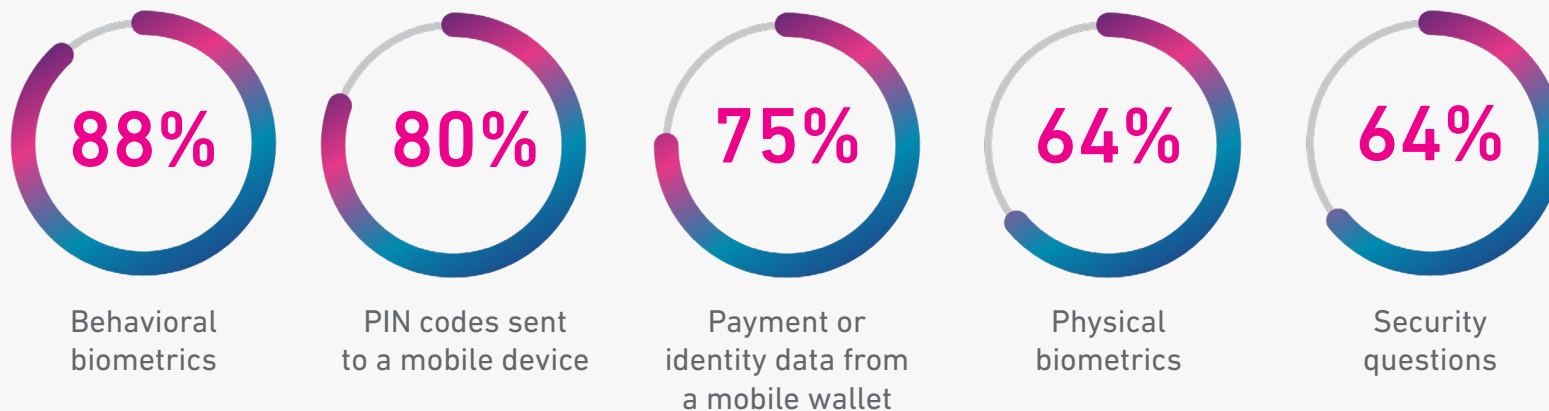
Source: Digital Banking Attitudes Study, Chase



# Fraud and identity

THEY HAVE A COMPLEX RELATIONSHIP WITH PRIVACY AND SECURITY

## Methods that evoke the highest sense of security for Gen Z



Source: For Experian by HarrisX, 2024

Seamless identity verification is crucial to Gen Zers' online experience. When asked what method made them feel most secure, they chose behavioral biometrics, followed by PIN codes sent to a mobile device and payment or identity data from a mobile wallet.

**88% of Gen Zers are willing to share personal data with a social media company<sup>21</sup>**

Gen Zers are very concerned about privacy, ranking personal information as the type of data they want to protect most.<sup>22</sup> However, they're willing to share this data with organizations if it helps improve

their online experience. This suggests that while privacy is important, Gen Zers may place a higher value on personalization.

**Gen Zers are three times more likely to get caught in online scams than Boomers<sup>23</sup>**

Gen Zers are less concerned than other generations when it comes to online security.<sup>24</sup> Yet, they're more vulnerable to cyber threats — 34% reported being victims of phishing scams compared to 12% of baby boomers.<sup>25</sup> This may be attributed to how much time they spend online compared to other generations. The more they're online, the greater the chances for exposure.

# Reaching the next generation of consumers

As you gain a better understanding of Gen Zers' behaviors and attitudes, consider these strategies:



## KEEP GEN ZERS SAFE

Despite being digital natives, Gen Zers are highly susceptible to online scams. In addition to implementing robust security measures, such as multifactor authentication, provide Gen Z consumers with educational resources to help them stay ahead of attacks.



## STRIKE A BALANCE BETWEEN PRIVACY AND PERSONALIZATION

Gen Zers want to protect their personal data, but they're also willing to share it in exchange for personalized experiences. By being transparent with your data practices, you can tailor experiences to Gen Zers' preferences while protecting and respecting their privacy.



## FOCUS ON CREDIT EDUCATION

Many Gen Z consumers are just beginning their financial journeys. Become a trusted partner by providing credit education and planning tools to help them navigate. With greater credit knowledge, Gen Zers can make smarter decisions and turn into loyal, financially responsible customers.



## MINIMIZE FRICTION

Gen Zers show a strong preference for friction-free experiences. Offer digital banking services that are user-friendly and accessible, especially on mobile. Additionally, streamline the account opening process by automating tasks such as data collection and identity verification. This way, you can drive faster decisions and deliver seamless user experiences.



## BE REAL

Gen Zers aren't fooled by glitz and glamour. Create an authentic brand identity by encouraging consumers to share their experiences with your products and services. Engage with their content and with their permission, showcase it on your own social media channels. By incorporating UGC into your marketing strategy, you can increase your brand's credibility and build trust with Gen Z consumers.

To learn how Experian's solutions can help you engage Gen Zers while controlling risk and avoiding fraud, [contact us today](#).



## Sources:

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- <sup>1</sup> Yahoo Finance, [NielsenIQ, Gen Z is projected to become the largest, wealthiest generation, according to report](#)
- <sup>2</sup> Experian, [Automotive Consumer Trends & Analysis](#)
- <sup>3,4</sup> Experian, [Gen Z Credit Scores on the Rise Along with Debt Balances](#)
- <sup>5</sup> Experian data from Q3 2023
- <sup>6</sup> Morning Consult, [What to Know About Gen Z's Relationship with Money](#)
- <sup>7</sup> Experian research survey, 2023
- <sup>8</sup> MX, [What Influences Where Consumers Choose to Bank](#)
- <sup>9</sup> Experian, Take a Look: [Millennial and Gen Z Personal Finance Trends](#)
- <sup>10</sup> EMARKETER, [Gen Z loves debit cards—here's why](#)
- <sup>11</sup> World Metrics, [Gen Z Social Media Statistics](#)
- <sup>12</sup> Morning Consult, [What to Know About Gen Z's Engagement with Social Media, Entertainment and Technology](#)
- <sup>13</sup> [Experian Marketing Services Holiday Shopping Survey 2024](#)
- <sup>14</sup> inBeat, [50 UGC Statistics + Strategic Implications for Your Brand in 2024](#)
- <sup>15</sup> LinkedIn, [How Gen Z is Redefining UGC and What It Means for Brands and Businesses](#)
- <sup>16</sup> Kadence, [The Role of Social Media in Gen Z's Purchasing Decisions](#)
- <sup>17</sup> Direct Digital Holdings, [Cracking the Code: How Multicultural & Gen Z Reshape Mainstream Marketing](#)
- <sup>18</sup> Lightico, [New Survey Shows Banks are Fumbling Gen Z Relationships](#)
- <sup>19</sup> Chase, [Digital Banking Attitudes Survey](#)
- <sup>20, 22, 24</sup> HarrisX research for Experian
- <sup>21</sup> Oliver Wyman, [How Gen Z Uses Social Media is Causing a Data Privacy Paradox](#)
- <sup>23</sup> Deloitte, [2024 Gen Z and Millennial Survey: Living and working with purpose in a transforming world](#)
- <sup>25</sup> Skyward, [Gen Z is Bad at Cybersecurity](#)

