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Winning Gen Z: The Future of Banking: *A Comprehensive Guide to Attracting, Engaging, and Retaining Gen Z Customers*

Introduction

Meet Gen Z: the digitally native, socially conscious, and fiercely independent generation redefining the financial landscape. Born after 1996, Gen Z represents approximately 12.8% of the U.S. workforce as of 2022, a figure projected to grow to 30% by 2030. Globally, they make up about 30% of the population. They are emerging as a significant force in banking, prioritizing seamless digital experiences, ethical business practices, and tools that empower their financial independence.

For banks and credit unions, the stakes couldn't be any higher. With fintech disruptors and neobanks luring away younger customers, traditional institutions must evolve to stay relevant.

This white paper provides a roadmap to understanding Gen Z's mindset and crafting strategies to attract, engage, and retain them.

THE GEN Z FINANCIAL MINDSET

Distinct Financial Behaviors

■ Savings-Oriented:

Approximately 69% of Gen Z save money regularly with many prioritizing homeownership.

For example, they turn to high-yield savings accounts, automated savings apps like Digit, and investment platforms such as Acorns to grow their wealth efficiently. Additionally, they frequently use Personal Financial Management (PFM) tools like Empower, YNAB (You Need A Budget), and PocketGuard to create budgets, track spending, and set financial goals.

These tools help them plan for milestones such as building an emergency fund, paying off student loans, and saving for significant life events like buying a home or traveling.

Integrating these types of tools with your institution's Digital Banking Experience will encourage them to do more of their banking within your banking ecosystem—and discourage them for utilizing third-party fintech apps and tools.



Digital-First:

Nearly all banking is conducted online using platforms like Venmo, PayPal, and digital-only banks such as Chime and Ally. These platforms attract Gen Z with features like instant peer-to-peer transfers, no-fee accounts, and intuitive mobile interfaces.

Gen Z also explores apps like Robinhood for investing and Stash for micro-savings, embracing digital solutions that provide simplicity and accessibility.

Diverse Financial Relationships:

Loyalty to a single institution is rare; many maintain accounts across multiple providers.

Value-Based Investing:

Gen Z favors companies aligned with their personal values, even at the cost of lower returns.

For example, brands like Tesla and Patagonia resonate with Gen Z for their focus on sustainability and innovation.

They also gravitate toward investments in renewable energy companies and ESG (Environmental, Social, and Governance) funds. Platforms like Betterment and Wealthsimple cater to Gen Z's desire for ethical investing by offering socially responsible portfolios.

Additionally, tech-based assets like Bitcoin, Ethereum, and NFTs appeal to their tech-savvy nature and interest in decentralized finance. Gen Z expects banking to be as intuitive as their favorite apps. A clunky interface or complicated onboarding process drives them to competitors offering streamlined solutions.

Beyond functionality, they want financial choices that reflect their values—sustainability, diversity, and social responsibility are non-negotiables. You need to give them what they want—they expect it.

*Gen Z favors companies aligned with their personal values, **even at the cost of lower returns.***

 **Betterment**

Wealthsimple

ATTRACTING GEN Z: PURPOSE-DRIVEN ENGAGEMENT

Key Strategies

Authenticity:

- Collaborate with influencers who genuinely use and endorse your products. For instance, Cash App's partnerships with popular social media influencers and celebrities have effectively captured Gen Z's attention through engaging and relatable content.
- Create educational content addressing financial concerns to position your institution as a trustworthy resource. Chase, for example, has launched initiatives like financial literacy programs tailored for younger audiences.

Cause-Driven Marketing:

- Highlight sustainability and social responsibility initiatives. Aspiration stands out with its commitment to carbon-neutral banking and environmentally friendly practices, which resonate strongly with Gen Z values.
- Showcase community investments or carbon-neutral operations. Bank of the West has successfully positioned itself as a leader in sustainability-focused banking through its "Banking for a Better World" campaign.

Flexible Offerings:

- Design accounts that adapt to diverse goals, such as saving for a home or investing in socially responsible funds. Amalgamated Bank and Sunrise Banks offer ESG (Environmental, Social, and Governance) investment options that align with the ethical priorities of Gen Z.

A bank offering "zero fees and 24/7 mobile banking" grabs attention, but adding a donation to a climate change initiative with every new account opened as seen in campaigns by brands like Aspiration creates a deeper connection with Gen Z customers.

Aspiration
Do Well. Do Good.

ONBOARDING: SEAMLESS AND ENGAGING

The First 10 Minutes Matter First impressions define relationships. An ideal onboarding process is:

Fast and Digital-First:

- Guided tours under 10 minutes using tools like direct deposit switching APIs such as Plaid, Yodlee, or MX, which simplify processes like linking accounts and setting up direct deposits.

Personalized:

- Tailor the journey with data analytics to align with individual preferences.

Transparent:

- Clearly communicate terms, conditions, and benefits to build trust.

CROSS-SELLING WITH PURPOSE

Gen Z doesn't want to feel sold to—they want to feel supported. Blanket promotions for credit cards or loans won't resonate. Instead, focus on:

Personalized Recommendations:

Leverage AI to suggest relevant products based on life events. For example, Wells Fargo uses predictive analytics to offer personalized financial advice and recommend products like savings accounts or mortgage options based on customer data.

Bank of America's Erica, an AI-driven virtual assistant, provides tailored insights into spending habits and suggests ways to save or invest.

And fintech app **Betterment** uses AI algorithms to recommend investment strategies aligned with individual goals, such as saving for retirement or purchasing a home. These implementations demonstrate how AI can deepen engagement by delivering relevant, context-specific recommendations.



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Gamification:

Reward milestones like savings goals with perks or incentives. For example, fintech app Qapital uses gamified savings rules, allowing users to set goals and trigger savings through actions like rounding up purchases or completing specific tasks.

Similarly, Acorns encourages users to invest their spare change by rounding up transactions and celebrates milestones with progress tracking and achievement badges.

Banks like PNC Bank have introduced gamified budgeting tools through their Virtual Wallet, providing visual aids and alerts to help customers manage their money more effectively.

These strategies engage Gen Z by combining financial literacy with interactive, goal-oriented experiences.

Values Alignment:

Promote green investments or community-impact loans. For instance, Aspiration has built its reputation on offering fossil fuel-free investment options, allowing customers to ensure their funds align with their environmental values.

Another example is Amalgamated Bank, which offers “Impact Deposits” that fund projects like affordable housing and renewable energy, appealing to Gen Z’s desire to support social causes.

Sunrise Banks is also aligning their values by focusing on financial inclusion and community development, which resonates strongly with younger, socially conscious customers.

RETENTION: BUILDING TRUST THAT LASTS

Continuous Digital Innovation:

Regularly update platforms to remain feature-rich and intuitive. Reports from Forrester and Gartner highlight that Gen Z expects regular enhancements to their digital experiences, including seamless app updates and innovative features.

Ally Bank is a standout in this space, consistently rolling out digital-first solutions such as innovative savings tools and user-friendly mobile interfaces that resonate with younger consumers.

Consistent Communication:

Share updates on funding renewable energy projects or supporting local businesses to reinforce shared values.

A good example of this is Aspiration, which has built its brand around eco-focused initiatives, including a commitment to carbon-neutral banking and funding renewable energy projects, which

resonate deeply with Gen Z's preference for ethical business practices.

Bank of the West has decided to distinguish itself with its "Banking for a Better World" campaign, showcasing its investments in sustainability and community development.

The Long-Term Benefits of Strong Onboarding:

When done right, onboarding sets the tone for the entire relationship. It's your chance to show that your institution isn't just another bank but a trusted financial partner.

Chime's simple and intuitive onboarding process is a great example; deploying instant account setup and fee transparency has helped it build strong loyalty among younger users.

Ally Bank's approach is to use personalized onboarding emails to introduce new customers to tools like savings buckets and automatic round-ups, helping them immediately engage with the platform.

By creating a smooth, personalized, and transparent onboarding experience, you can build trust, increase engagement, and position your institution as their go-to financial resource.

Conclusion: A Generation Worth Winning

Engaging Gen Z is not just an opportunity—it's a necessity for financial institutions looking to remain competitive in an evolving marketplace. This generation demands more than just financial services; they expect meaningful connections, value alignment, and innovative experiences that cater to their needs.

By embracing digital innovation, financial institutions can provide the seamless and intuitive platforms Gen Z craves.

Authentic engagement through values-driven marketing and personalized support builds trust and fosters loyalty. And by aligning with their sustainability and ethical priorities, banks and credit unions can position themselves as partners in Gen Z's financial journey.

The path forward is clear: Institutions that commit to meeting Gen Z's expectations today will not only capture their attention but also secure their loyalty for the future.

Are you ready to redefine banking for this transformative generation?

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About This White Paper

This guide draws from industry-leading research to help financial institutions connect with Gen Z. Together, we can redefine banking for a new generation:

Want to learn more?

[CONTACT US](#)

Let's Talk!

info@stackpolepartners.com

www.stackpolepartners.com/contact

APPENDIX

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