



How Gen Z are reshaping the banking landscape

Written by Marie Simmons from the
Retail and Commercial Banking segment of
Be | Shaping the Future UK.

Be SHAPING
THE FUTURE

Generation Z (Gen Z) are projected to be the largest consumer group with a monumental impact on global markets, making them the most influential generation since the baby boomers. They were born between 1997-2012, and account for 32% of the global population.¹

They are unique compared to other generations for a number of reasons: they were raised in an entirely digitised era, are therefore known for their use of technological devices and social media, their interest in environmental, social and political issues, and matters of ethical concern.

Their behaviours and thought processes have been influenced by being raised in an era of economic instability, thus affecting their consumption patterns, financial vulnerability and relationship with brands. This blog will discuss the challenges and opportunities banking and other financial organisations face when trying to attract and retain Gen Z as customers.

¹ [Gen Z to Outnumber Millennials Within a Year: Demographic Trends - Bloomberg](#)

"Gen Z are projected to be the largest consumer group... making them the most influential generation since the baby boomers."

How are Gen Z reshaping the consumer landscape?

Gen Z are displaying vastly different behaviours to prior generations, revolutionising and reshaping the consumer landscape, with consequences permeating the financial services market that are both transformational and challenging. This puts pressure on businesses to rethink how they communicate, deliver value, attract and retain customers and ensure they are upholding the high expectations of this cohort.

Organisations will have to ask themselves what do Gen Z want and how can we best deliver it?

"Gen Z are displaying vastly different behaviours to prior generations, revolutionising and reshaping the consumer landscape..."

Only eight seconds?

Members of Gen Z were raised in a highly stimulating environment and are digital natives due to a lifelong exposure to technology. This has resulted in a hypercognitive generation adept at utilising a myriad of digital devices, social networks and platforms.

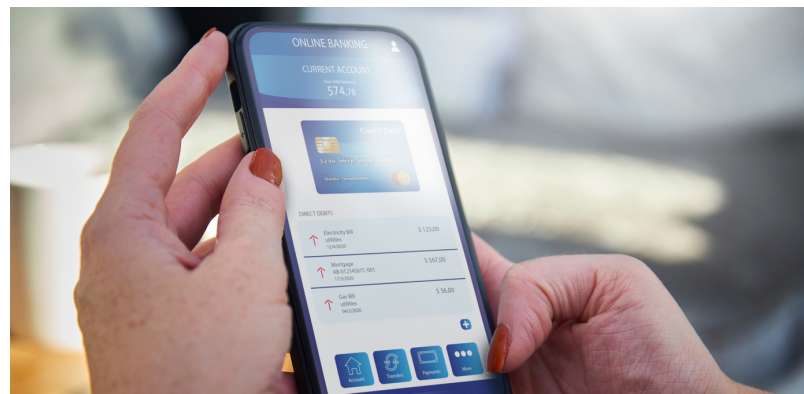
Gen Z are also used to having readily accessible information at their fingertips and are proficient at multi-tasking, often swapping between activities and screens at a rapid rate. This has resulted in them having the lowest attention span when compared to other demographics, a mere eight seconds. Consequently, organisations must work harder to capture their attention and sustain it in a fraction of the time comparative to other generations.

App design is key

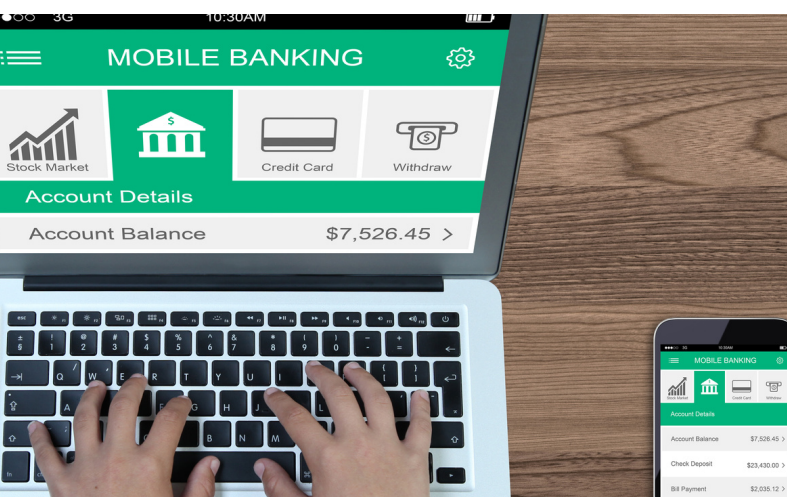
Due to their digital upbringing, Gen Z are more comfortable using online and mobile banking platforms and are less likely to visit traditional branches. This increases the importance of financial services organisations having a strong online presence and the availability of digital banking options.

Research shows that most Gen Zs check their bank account balance daily and are likely to use savvy banking apps to analyse their spending and savings data to effectively manage their accounts.

This may in part be due to the current confluence of geopolitical and economic challenges and macroeconomic trends, resulting in Gen Z being significantly worse off financially compared to their baby boomer counterparts at the same age.



"...most Gen Zs check their bank account balance daily and are likely to use savvy banking apps..."



Traditional banks have lost 22% market share² since 2009 to the challenger banking apps, like Revolut and Monzo. They are therefore attempting to keep up with disrupting challenger FinTechs by pivoting to app-based services and working to improve their digital offerings to win back market share.

"Traditional banks have lost 22% market share since 2009 to the challenger banking apps..."

Revolut and Monzo help customers to monitor their spending and assist in creating workable budgets and rewards for keeping on track. Another FinTech example is Plum, which helps users invest, save and manage their spending. Plum analyses the users' saving potential based on an expenditure evaluation within three minutes.³



Consequently, financial services organisations need to create more targeted offerings, focusing on product

² UK fintech at the tipping point: where do retail banks stand? (exus.co.uk)

³ Plum - Money, motivated (withplum.com)

and app design opportunities to meet expectations and support this demographic.

Core banking processes

Gen Z have a strong desire for immediacy - they're used to being able to do everything on their phones and having information available immediately. This poses a challenge for some legacy banks, where their payment processes can take up to four working days to transfer funds internationally.

Long wait times for bank account, loan and mortgage approvals, and ineffective processes will cause frustration within this cohort.

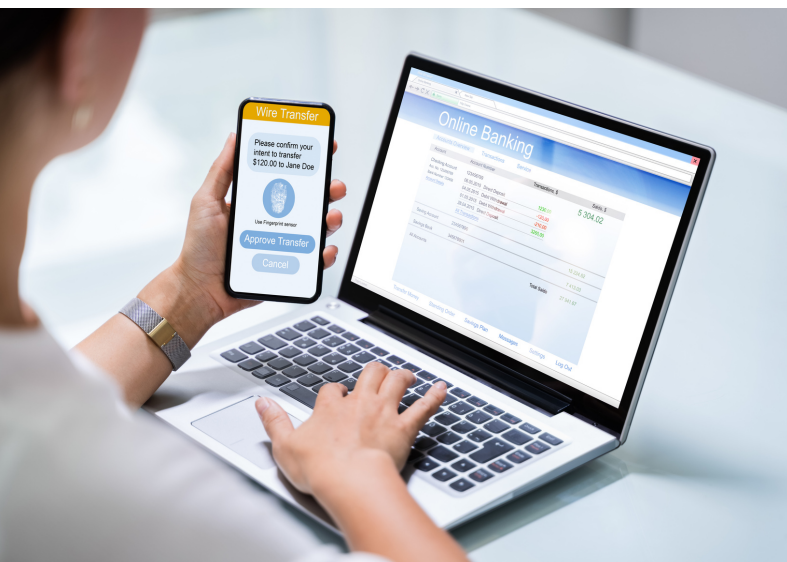
Banks should be investing in making improvements to these processes to ensure they remain a competitive and viable option for Gen Z.



We are seeing a gradual step change.

A project we completed with a global tier one bank revealed that particular focus is being dedicated to optimising the customer onboarding process, to ensure customers can use the products and services on offer through simple and intuitive methods.

Streamlining processes using straight through processing will be key with enhanced onboarding functionality, intuitive, minimalist design and accessibility.



Ethicality must be considered

Due to the widespread availability of information, younger consumers are quick to form an opinion of a brand, the company who owns it and their suppliers.

28%⁴ of 'Zoomers' cite the ethics of a company would be influential in their decision making, thus financial services organisations will need to be mindful of this and aspire to be inwardly and outwardly ethical to avoid scandal and any negative publicity. A key example of this is the funding of environmentally negative companies.

Following a number of high-profile cyber-attacks on businesses, data security has been proven to be an integral requirement for Gen Z from their financial providers, with 66% highlighting they would only stay with a financial services organisation if they have a proven record of robust data security practices.⁵

4 [How Gen Zers Are Choosing Their Financial Services Provider And Why This Matters \(forbes.com\)](https://www.forbes.com)

5 [Generation Z - Fuelling disruption in financial services.pdf \(theia.org\)](https://theia.org)

"Streamlining processes using straight through processing will be key with... intuitive, minimalist design and accessibility."



Summary

As the Gen Z workforce matures and increases their buying power they will become savvy market participants.

Gen Z's insatiable appetite for instantly available information, a customised experience and desire for financial awareness presents an opportunity for financial services organisations to develop functionality within applications, like AI virtual assistants and spending analytics to guide Gen Zers to make informed financial decisions.

The prevalence of an increasingly diversified financial services market means organisations will have to work harder to remain competitive. Financial services organisations must invest in attracting and retaining Gen Z and be mindful of their lack of attention span, the huge availability of alternatives and increased digitalisation, meaning swapping providers can be done with ease.

"The prevalence of an increasingly diversified financial services market means organisations will have to work harder to remain competitive."

Serving this cohort in a relatable way, whilst attempting to ensure the banks' other customers are not alienated is going to be a game changer.



"Serving this cohort in a relatable way, whilst attempting to ensure the banks' other customers are not alienated is going to be a game changer."

About us

Be | Shaping the Future is a leading pan-European financial services management consultancy, operating in 13 countries across Europe.

We are a disrupter to the top-tier consultancy brands, trusted by five out of ten of Europe's leading banks (alongside other leading financial institutions and FinTechs).

We are one of the fastest growing consultancies with dedicated specialist teams in:

- Finance & CFO advisory
- Cards and payments
- Retail and commercial banking
- ESG
- Risk, regulatory and compliance

We work in partnership with our clients to deliver transformational change and strategic advice, powered by a unique culture, attaining a new quality and price standard.

The Retail and Commercial Banking team at Be | Shaping the Future UK is composed of innovative thinkers, strategic advisors and transformation specialists.

Our key service areas include:

- Digital and business transformation
- Data analytics and innovation
- Operational excellence

Utilising our broad experience from across the banking sector, we ensure our clients take advantage of market disruption to achieve lasting value.

Bringing deep industry expertise and expert consulting capabilities, we support our clients to tackle their biggest opportunities and challenges to deliver fundamental and enduring change to their businesses.

Contact

For more information on how we can help with your retail and commercial banking transformation initiatives, please get in touch.



David Royle

Partner - Retail &
Commercial Banking

David has over 25 years of banking and consultancy experience, having worked with global banks, building societies and dynamic challenger brands.

He specialises in digital transformation and data analytics to drive business innovation and change. Studying changing customer behaviour for many years, he has supported the sector to innovate and change, leading many industry firsts. He previously founded a FinTech start up to bring new insight and innovation to Personal Financial Management.

E: d.royle@beshapingthefuture.co.uk

T: +44(0) 7769 222877

W: www.beshapingthefuture.co.uk



Marie Simmons

Consultant - Retail &
Commercial Banking

Marie is an experienced management consultant, having worked on a variety of large-scale projects across financial services and technology.

E: m.simmons@beshapingthefuture.co.uk

W: www.beshapingthefuture.co.uk