



# Next-gen impact

From payments to perks,  
what Gen Z wants

KNOW WHAT MATTERS:

**Gen Z** will have more buying power  
than millennials and  
baby boomers combined



# Uncovering insights through next-gen impact

**Gen Z is on the cusp of tipping the scales.** Due to their sheer size and spending power, this generation is poised to become the most influential cohort brands have ever seen.

## 9 in 10 save for what they want

While still subject to youthful impulsiveness, they are very focused on making responsible choices. Nine in 10 save up for what they want to buy, but one in three also say they tend to regret what they purchase.

## 80% want benefits

They value the traditional as much as the digital. More than 80% wanted traditional benefits, like cash back and rewards that never expire, along with security features. Gen Z looks to technology to simplify their choices and put them in control.

## Fuel banking patents

Access to unlimited choices is now their baseline. Technology has fueled incredible innovation during Gen Z's lifetime. There were more than 3,400 banking patents filed in 2019 alone.



They are young, pragmatic—and incredibly influential. Gen Z represents an impressive \$143 billion in direct and indirect buying power today.

As the largest generation in American history, these first true digital natives are aging into their own. In 10 years, they are projected to have more buying power than millennials and baby boomers combined.

Brands, retailers, and merchants must understand Gen Z's approach to their finances—or risk paying for it later.

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## GENERATION Z

**More  
choices.  
More  
expectations.**

“Gen Z has nearly limitless choices throughout their journey when it comes to engaging with retailers and brands. Those who want to stand out need to give Gen Z clarity—and comfort.”

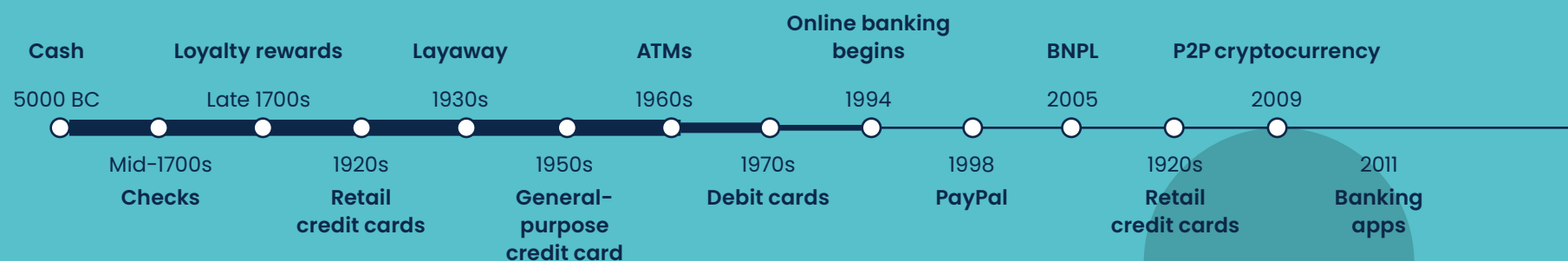
**Val Greer,**  
EVP and Chief Commercial Officer, Bread Financial



MORE CHOICES. MORE EXPECTATIONS.

# The pace of innovation continues to accelerate

Gen Z will have more buying power than millennials and baby boomers combined



Gen Z born: 1997–2012

Millennials born: 1981–1996

Gen X born: 1965–1980

Baby Boomers born: 1946–1964

**25%**

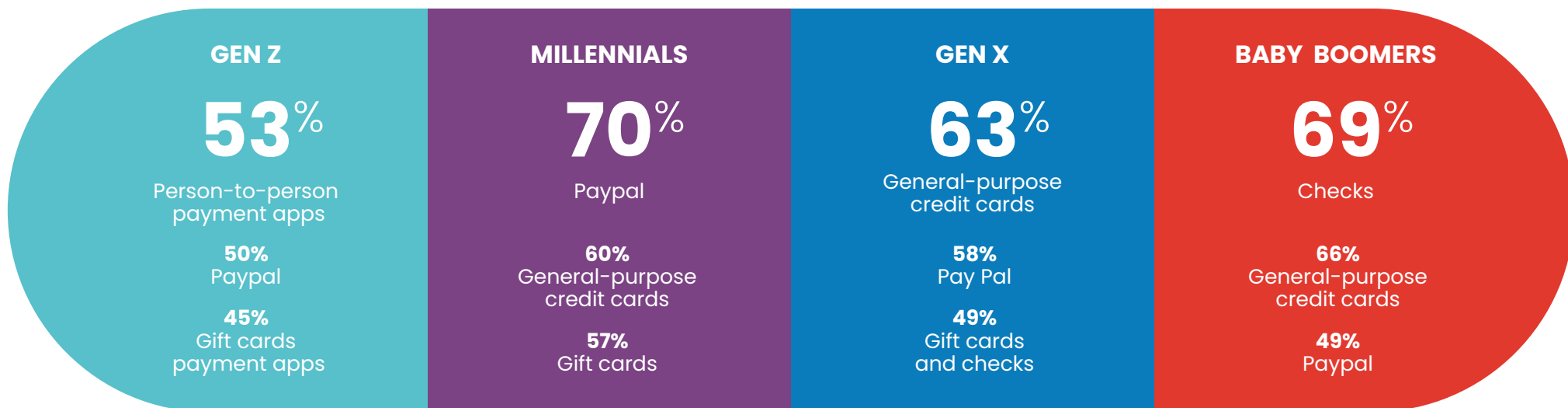
**Of Gen Zers**  
would consider using  
cryptocurrency to  
make a purchase

MORE CHOICES. MORE EXPECTATIONS.

# Generation Z is coming of age during a time of unprecedented choice.

**From cash to bitcoin, the sky is the limit when it comes to payment options.**

While cash and debit cards are tops across all consumers, generational preferences emerge with other options.



## Gen Z differs from other generations in key ways

**53%** use person-to-person payment apps, **more than any other generation.**

**14%** use rewards certificates or points, compared to 30% of millennials.

CashApp is a clear favorite, with 36% using it, nearly **2x the rate of any other generation.**

### KEY INSIGHT

**30%** of Gen Z consumers who haven't used **buy now, pay later** would consider using it.



## GENERATION Z

# Ready to pay their way.

### KEY INSIGHT

NEARLY  
**1 in 3**

Gen Zers are **already fully responsible for their finances**, while the rest still share expenses or are fully dependent on others.

READY TO PAY THEIR WAY.

# Balancing responsibility and youth

**Gen Z manages their finances responsibly.** More than any other generation, Gen Z is most likely to:

Save for  
a purchase:

**88%**

Only make a purchase when they  
can fully cover the bill:

**85%**

Say they are  
afraid of debt:

**78%**

**But they are just starting out.** And with full responsibility not weighing on them, this generation is most likely to say:

They spend more money  
when with friends:

**71%**

They are impulsive  
shoppers:

**47%**

They tend to regret  
their purchases:

**33%**



READY TO PAY THEIR WAY.

# Larger purchases call for different payment options.

**Credit cards earned a place in Gen Z's wallet.** Looking at a purchase that cost \$30 or more, some preferred to pay with credit cards:

**\$30 = 16%**    **\$150 = 25%**    **\$500 = 25%**

## Buy now, pay later making an impact.

One in 10 Gen Zers would use buy now, pay later for a \$500 purchase, the highest of any generation.

"I do use Venmo and Apple Pay but in addition to a bank account. I use Venmo for payments between friends, Apple Pay for small store purchases, and credit cards for big purchases."

Cyril A., Gen Z

## How Gen Z pays for their top expenses.

**56%** The top expense Gen Z paid for themselves was **clothing and personal items**



50% debit card

45% cash

50% credit

45% buy now, pay later

**54%** More than half of Gen Zers pay for their own **health and beauty** expenses



52% debit card

43% cash

18% credit

3% buy now, pay later

**49%** Just under half of Gen Zers pay for **special events or nights out**



51% debit card

48% cash

16% credit

2% buy now, pay later



## GENERATION Z

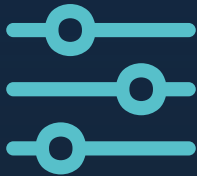
# Gen Z doesn't want new—they want better.

### KEY INSIGHT

**93%** of Gen Z believes that **in 10 years we'll be using the same payment types we use today.**



# Gen Z's wants and needs will drive innovation for years to come



**Gen Z finds the features and benefits of existing payment types appealing.**

Benefits associated with traditional general-purpose credit cards rank top in appeal to Gen Z:

**86%** want cash back on everyday purchases.

**84%** want rewards that never expire.

**83%** want to earn bonus rewards on certain spend categories.



**But, Gen Z does not have the same access to credit as previous generations.**

**27%** of Gen Z credit card users claim they were turned down when applying for their first credit card;

that rate is **2x higher** than any other generation.



**Security is more important to Gen Z than any other generation.**

**86%** want protection from fraudulent websites.

**83%** want the ability to lock the payment method if they expect fraud.

**76%** want two-step authentication.

GEN Z DOESN'T WANT NEW—THEY WANT BETTER.

# Gen Z is seeking seamless experiences

They want roadblocks removed...

**76%** want a payment type that immediately credits their account for a return.

**73%** want to earn rewards that go into the same bucket no matter how they pay.

**67%** want a payment method that can combine available cash across apps so they can instantly use the amount for a purchase or to pay a friend.

...and a payment method that puts them in control.

**79%** want a payment method that lets them manage all of their accounts—regardless of type—in one place, and digitally pay from whichever account they choose.

**59%** want the ability to schedule all of their split payments on a single day of their choosing.



“[I’m] nervous—I don’t want to make the wrong move or put myself in a situation that could cause me to be financially unstable.”

Bailey S., Gen Z

# As brands plan for the next generation of customers, they should keep three keys in mind:



## **They don't want options—they expect them.**

Gen Z is coming of age during a time of unprecedented choice, and the idea that they will always have choices is now table stakes.



## **We will not be a cashless—or cardless—society anytime soon.**

Gen Z shows a heavy reliance on cash and debit cards due to age and life stage. As they graduate into adulthood, they are signaling a desire for both traditional credit card benefits and digital payment innovations.



## **The incredible amount of choices and access to unlimited information is overwhelming.**

Gen Zers will look to brands and technology to simplify the conversation and break through the clutter.





#### **Research methodology**

A sample of 2,515 US consumers participated in the Next-gen Impact study through an online quantitative survey that took place August 6–12, 2021. Additionally, qualitative feedback was gathered from a total of 22 US consumers ages 16–24 in an online discussion board conducted on July 15–16, 2021.

#### **About Bread Financial**

Bread Financial™ (NYSE: BFH) is a tech-forward financial services company providing simple, personalized payment, lending and saving solutions. The company creates opportunities for its customers and partners through digitally enabled choices that offer ease, empowerment and financial flexibility. Driven by a digital-first approach, data insights and white-label technology, Bread Financial delivers growth for its partners through a comprehensive product suite, including private label and co-brand credit cards, installment lending and buy now, pay later (BNPL). Bread Financial also offers direct-to-consumer solutions that give customers more access, choice and freedom through its branded proprietary credit card, personal loan and saving products. Formerly Alliance Data, Bread Financial is focused on creating value and driving mutual, sustainable success for its stakeholders. An S&P MidCap 400 company headquartered in Columbus, Ohio, it is a growth-oriented business powered by 6,000+ global associates.

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