From Safety Net to Solo

A Data-Driven Look at Gen Z's Financial Journey

Executive Summary

Like other generations, Gen Z is often described in broad strokes that shape marketing and product development. While Gen Z shares some defining characteristics, what really defines their financial behaviors is no different than prior generations – **where they are in their life's journey influences their financial choices.**

Gen Z was **born between 1997 and 2012.** That makes today's Gen Zers range in age from 13-28. That encompasses a lot of life stages from middle school to perhaps parenthood. Their financial habits and attitudes are not monolithic within that range -- we'll get to that. However, their general attitudes have been shaped by growing up through significant life events that no other generation has experienced. Born in prelude to 9/11 or the shadow of that day, coming of financial age during the 2008 financial crisis, and weathering a global pandemic, Gen Z has been shaped by disruption. Not to mention, they are the first generation to not know a world without the internet.

They are often dubbed the **"digital first" generation.**

While this generation is often described as pushing boundaries and shaping the future, they are also a fiscally cautious and risk-adverse cohort. Our study looked at a subset of Gen Z as they move through key life stages in their teens and twenties. The goal was to determine whether their financial behaviors and attitudes were uniform or unique to a specific life stage. We evaluated their dependence on parents, income levels, financial attitudes and spending habits across various payment vehicles, including a deep dive on their digital payment behaviors across digital wallets and mobile apps.

KEY INSIGHTS

Journey to Financial Independence

Financial Attitudes

Spending Behaviors

Role of Wallets & Mobile Apps

Methodology

Objective:

In collaboration with Mastercard, an online survey was conducted across ***750 participants*** and ***four defined segments*** within Gen Z. The survey set out to identify whether Gen Z is monolithic in its financial attitudes and behaviors or determine if these behaviors evolve as they progress through key life stages in early adulthood.

Segments included:

Late High School

N=185 participants are currently attending high school or have yet to attend college, **ages 16 - 18**

College Students

N=190 currently attending 2 yr+ accredited college, **ages 19 - 22**

College Alternative

N=185 similar age to College and Post College but have not attended college, **ages 19 - 24**

Post College

N=190 have graduated from an accredited college, **ages 22 - 24**

CONSUMER PROFILES

Pre-College

This segment is just beginning their financial journey and relies heavily on their parents support. They are optimistic about achieving their goals but have a cautious approach to money. They see themselves as very tech-savvy.

Key Statistics

Age: 16-18

4% Financial Independence *(mostly/completely)*

36% Regular Funding from Parents

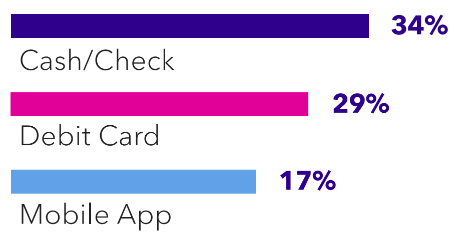
Employment

2% Employment

4% No Employment

Top Products "Owned"

Top Products "Used"



More Profile Insights

19% extremely knowledgeable about finances

47% savers

57% optimistic about achieving financial goals

87% seek parental financial advice

Self-Perception

Tech-savvy (**90%**)
Careful with money (**89%**)
Cautious (**88%**)

College

The college group is somewhat of a dicotomy with **25%** very dependent on their parents. Whereas **27%** are mostly independent and holding down full time jobs while attending college. Self described as tech-savvy but careful with their money.

Key Statistics

Age: 19-22

37% Financial Independence *(mostly/completely)*

25% Regular Funding from Parents

Employment

17% Employment

8% No Employment

Top Products "Owned"

Checking **84%**

Debit **82%**

Mobile Payment App **75%**

Top Products "Used"

Debit **36%**

Cash/Check **19%**

Credit Card **16%**

More Profile Insights

24% extremely knowledgeable about finances

37% savers

50% optimistic about achieving financial goals

74% seek parental financial advice

Self-Perception

Tech-savvy (**97%**)
Careful with money (**87%**)
Cautious (**97%**)

CONSUMER PROFILES

College Alternative

The College Alternative segment has pursued a non-college path after high school. Their financial independence is mixed. 44% report they are mostly independent, while 18% state they have no employment. Like their Gen Z peers, they report being cautious financially.

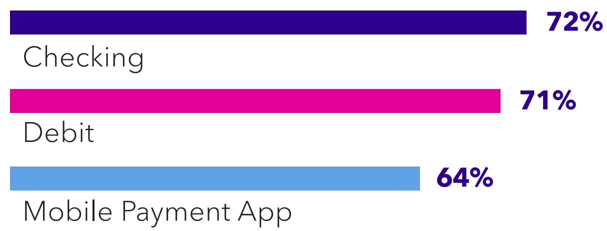
Key Statistics

Age: 18-24

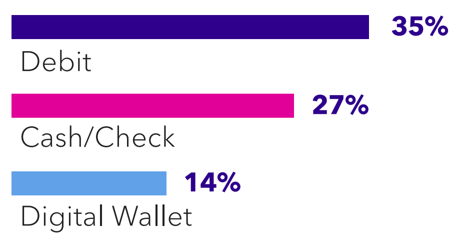
44% Financial Independence *(mostly/completely)*

9% Regular Funding from Parents

Top Products "Owned"



Top Products "Used"



Employment

35% Employment

18% No Employment

More Profile Insights

30% extremely knowledgeable about finances

22% savers

59% optimistic about achieving financial goals

68% seek parental financial advice

Self-Perception

Careful with money (**88%**)
Adventurous (**85%**)
Cautious (**84%**)

Post-College

In the years immediately following college, 63% still rely on their parents for some portion of their expenses. However, 64% report full-time employment and growing credit card usage. Even with employment, this segment reports being cautious and careful with money.

Key Statistics

Age: 23-24

70% Financial Independence *(mostly/completely)*

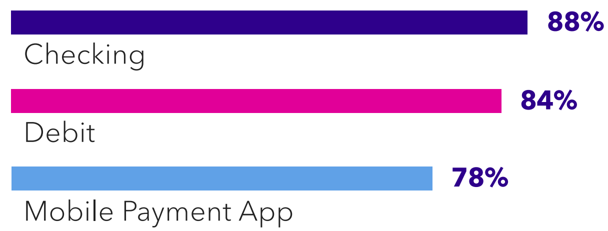
3% Regular Funding from Parents

Employment

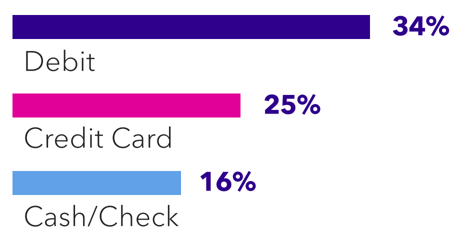
64% Full-Time Employment

11% No Employment

Top Products "Owned"



Top Products "Used"



More Profile Insights

44% extremely knowledgeable about finances

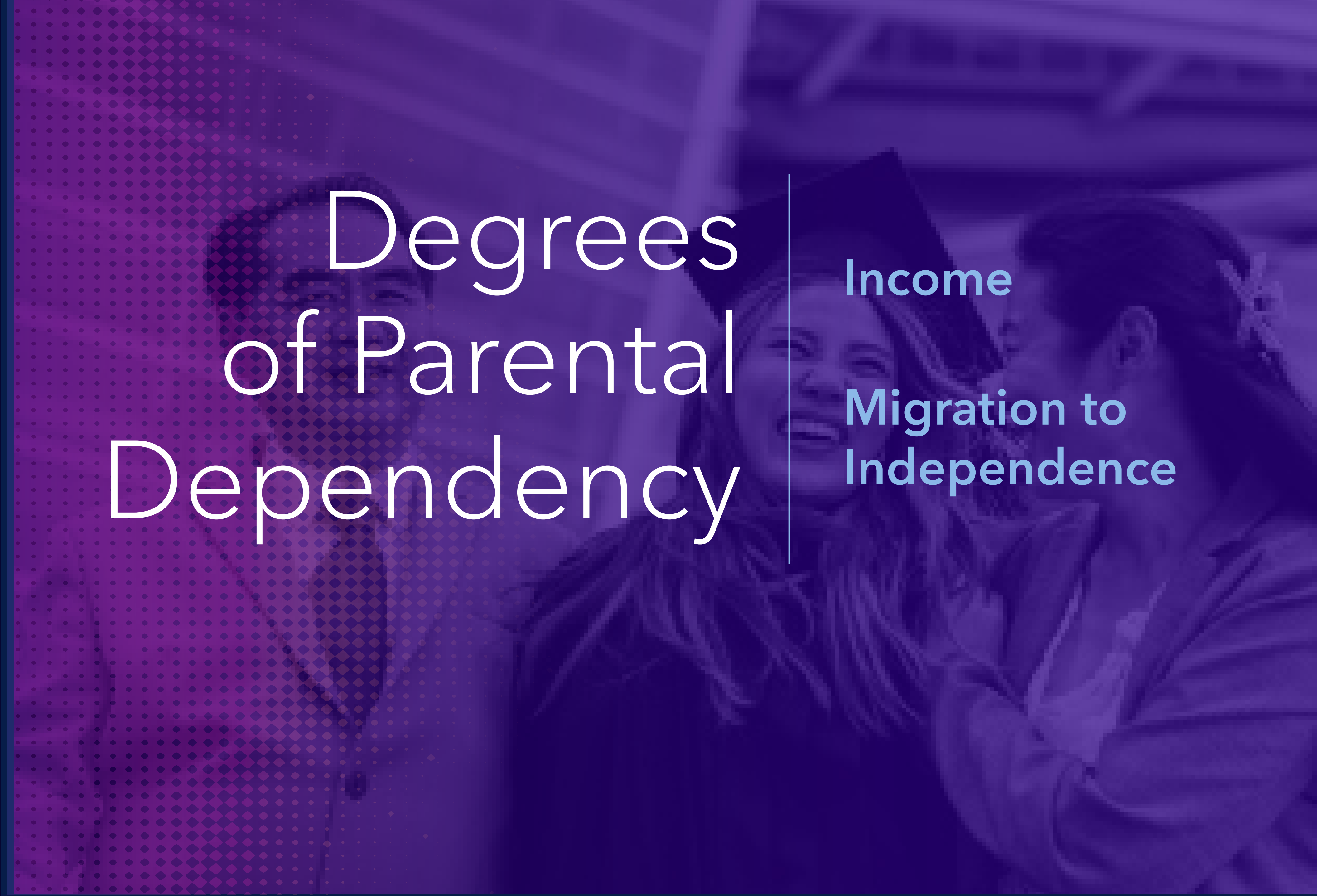
37% savers

59% optimistic about achieving financial goals

68% seek parental financial advice

Self-Perception

Tech-savvy (**90%**)
Careful with money (**87%**)
Cautious (**88%**)



Degrees of Parental Dependency

Income

Migration to Independence

As expected for this life stage, the segments studied vary in their level of dependence on parental support. Naturally, the Late High School segment reports the highest dependence on their parents, however, that dependence continues even Post College for various living expenses. There are some interesting findings in terms of employment levels, income, parental dependence and the correlation between education and employment even at this early stage in life.

As we look at reported employment levels, some interesting takeaways emerge. Post College reports that only **64%** are employed full-time. This number may be a little low due to recent college grads still job searching or those pursuing post-graduate education. Those who never attended any post-secondary education report a fairly low level of full-time employment at **35%**. An addtional **27%** report part-time employment and a full **18%** report no employment at all. This exceeds all other segments, illustrating a major gap in employment potential even at this initial stage after high school. Additionally, this segment reports only **9%** dependence on parental support.

> **17% of college attendees report working full-time likely indicating there is a healthy segment of students *pursuing part-time education and handling expenses on their own.***

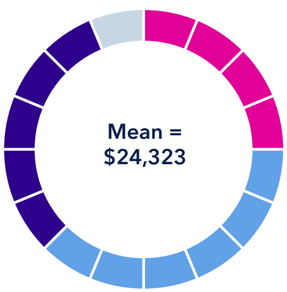
Employment by Segment

	Full Time	Part Time	Seasonal	Freelance/Gig	No Employment
Late High School	2%	35%	26%	5%	15%
College	17%	35%	18%	10%	8%
College Alternative	35%	27%	9%	7%	18%
Post College	64%	19%	1%	7%	11%

INCOME

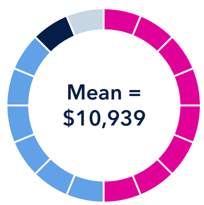
Average reported income reveals an expected trend line, but with deviations on both the high and low ends. The Late High School and College segments report a relatively strong average income given their main focus is school. The Late High School segment reports approximately **$10,000** coming dominantly from part-time jobs. And the College segment reports approximately **$24,000** annually which also drives from a mix of part-time and full-time employment. The College Alternative segment reports an average income of **$21,000** trailing those currently attending college. And the Post College segment reports **$47,000** driven largely by full-time work and probably depressed slightly by the **36%** of that segment who reporting they are not employed full time.

Income Distribution



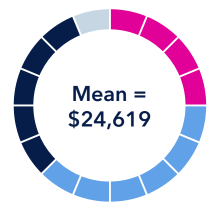
26%	Less than $4K
33%	$4K-$19,999
34%	$20K +
7%	Not Sure

Late High School



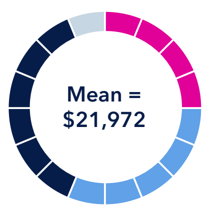
45%	Less than $4K
39%	$4K-$19,999
9%	$20K +
8%	Not Sure

College



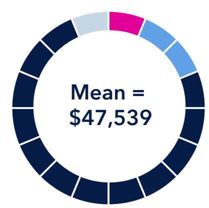
23%	Less than $4K
37%	$4K-$19,999
30%	$20K +
10%	Not Sure

College Alternative



23%	Less than $4K
35%	$4K-$19,999
34%	$20K +
8%	Not Sure

Post College



8%	Less than $4K
13%	$4K-$19,999
78%	$20K +
1%	Not Sure

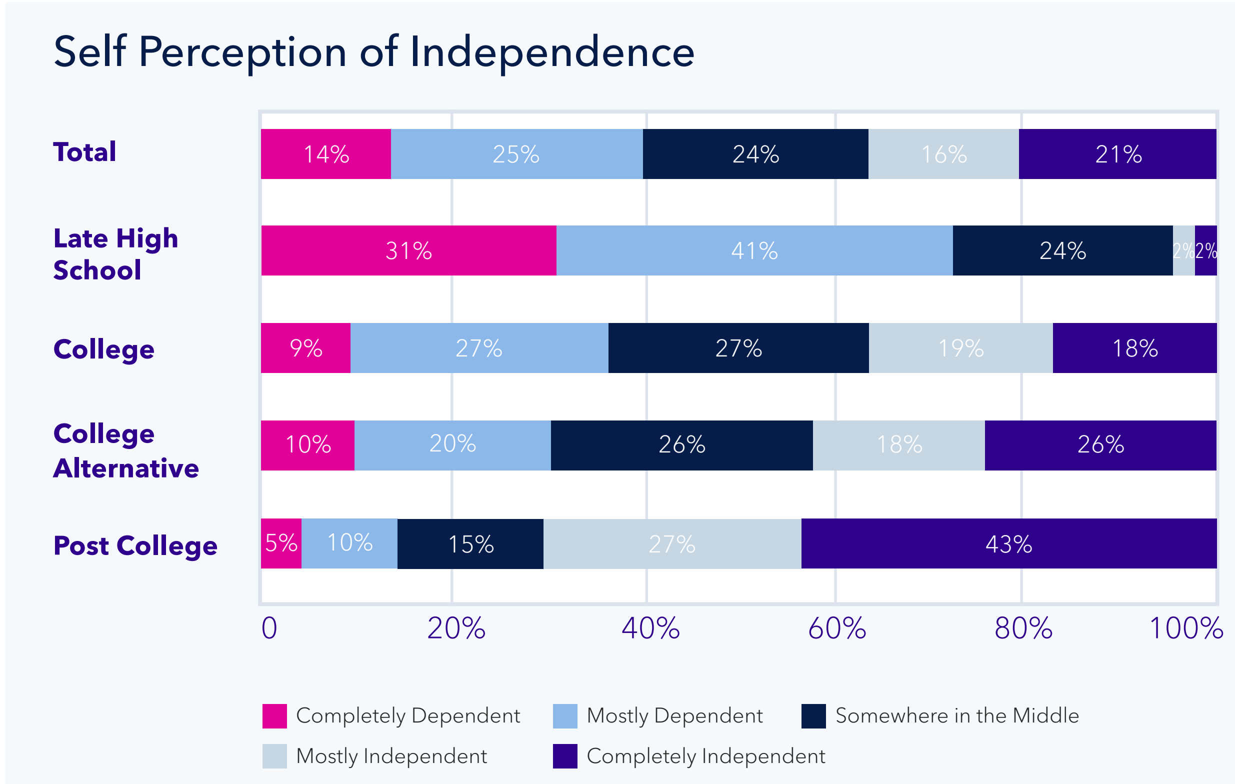
DEGREES OF PARENTAL DEPENDENCY

MIGRATION TO INDEPENDENCE

As we would expect for this life stage, there is a slow off ramp from parental support with a full **14%** of Post College Gen Zers "completely" or "mostly dependent" on parental support and an additional **29%** of this segment at least **50%** dependent on their parents.

> **In total, Gen Zers in this study reported that *only 37% of them are mostly or completely independent* from their parents.**

The proportion of support is a sliding scale with significant support still occurring for the Post College and College Alternative segments.



DEGREES OF PARENTAL DEPENDENCY

MIGRATION TO INDEPENDENCE

As Gen Z migrates through this life stage, parental support shifts from supporting teens with desired purchases and monthly expenses at high levels to supporting "must haves" for the Post College segment. Surprisingly, within the Post College segment, a sizable group receives significant support for monthly expenses (**50%**).

This is likely a result of a good proportion of this segment still transitioning into full-time employment and the current high cost of essentials like gas, groceries and rent. Their income just isn't high enough to make ends meet. Notably the College Alternative segment has a lower level of full-time employment than Post College but also receives less monthly parental support.

Monthly Parent Payments

	Late High School	College	College Alternative	Post College
My Parents Do Not Help Me Financially	2%	15%	34%	25%
Credit Card Bills	12%	24%	14%	9%
Car Payments	13%	28%	18%	15%
Rent		32%	25%	27%
Desired Purchases	72%	35%	15%	24%
Necessity Purchases	83%	49%	19%	30%
Monthly Expenses (phone bills etc)	78%	60%	38%	50%
Groceries/Food	89%	59%	37%	50%

Cautiously Optimistic

We often equate youth with risk taking, but research shows they exercise financial caution.

> ***Perhaps due to some of the cultural and economic events experienced in their young lives,*** **this portion of Gen Z reports being a cautious bunch.**

Late High School segment (those with the least amount of money) expressed the most caution (**53%**). As income grows in the other segments studied, they become slightly less conservative but still **30%+** report being fiscally conservative. As life stage progresses and they have more discretionary money, that **caution may reduce**.

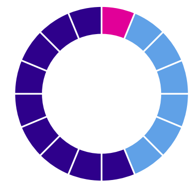
When presented with a spectrum of self-perceptions to choose from (social, tech-savvy, leader, adventurous, cautious, careful with my money, spender), "cautious" and "careful with my money" rose to the top for all four Gen Z segments studied.

"Cautious" and **"money careful"** descriptors rise to the top for all four Gen Z segments studied. This caution likely stems from a day-to-day struggle with cash flow in this young life stage. **Seventy-one percent** state they think about finances on a regular basis and **84%** describe everyday items as expensive.

Late High School and College segments also self-perceive themselves as tech-savvy. Post College and College Alternative groups also see themselves as more adventurous against the younger segments.

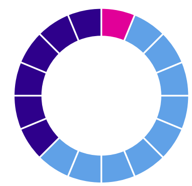
Risk Tolerance

Late High School



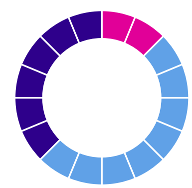
- 7% Aggressive
- 40% Moderate
- 53% Conservative

College



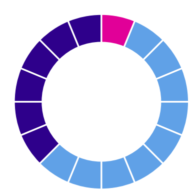
- 8% Aggressive
- 56% Moderate
- 36% Conservative

Post College



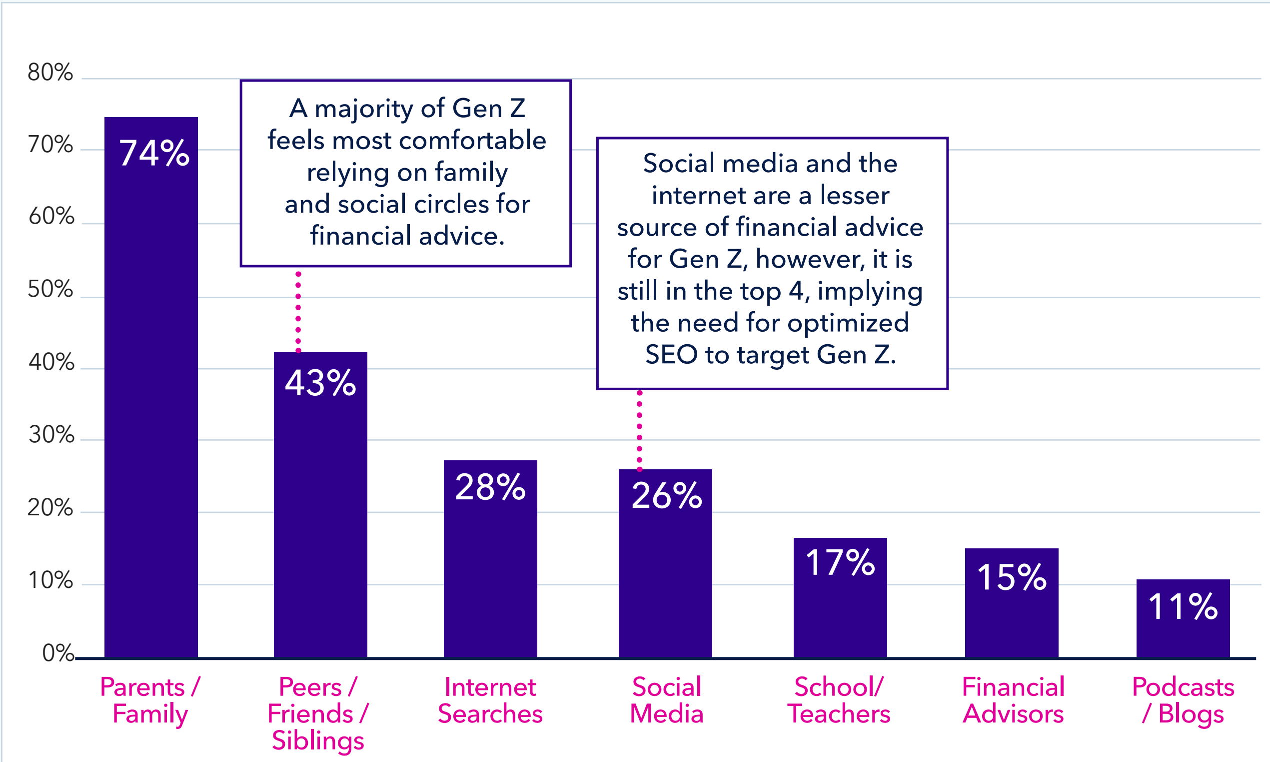
- 16% Aggressive
- 53% Moderate
- 31% Conservative

College Alternative



- 11% Aggressive
- 58% Moderate
- 31% Conservative

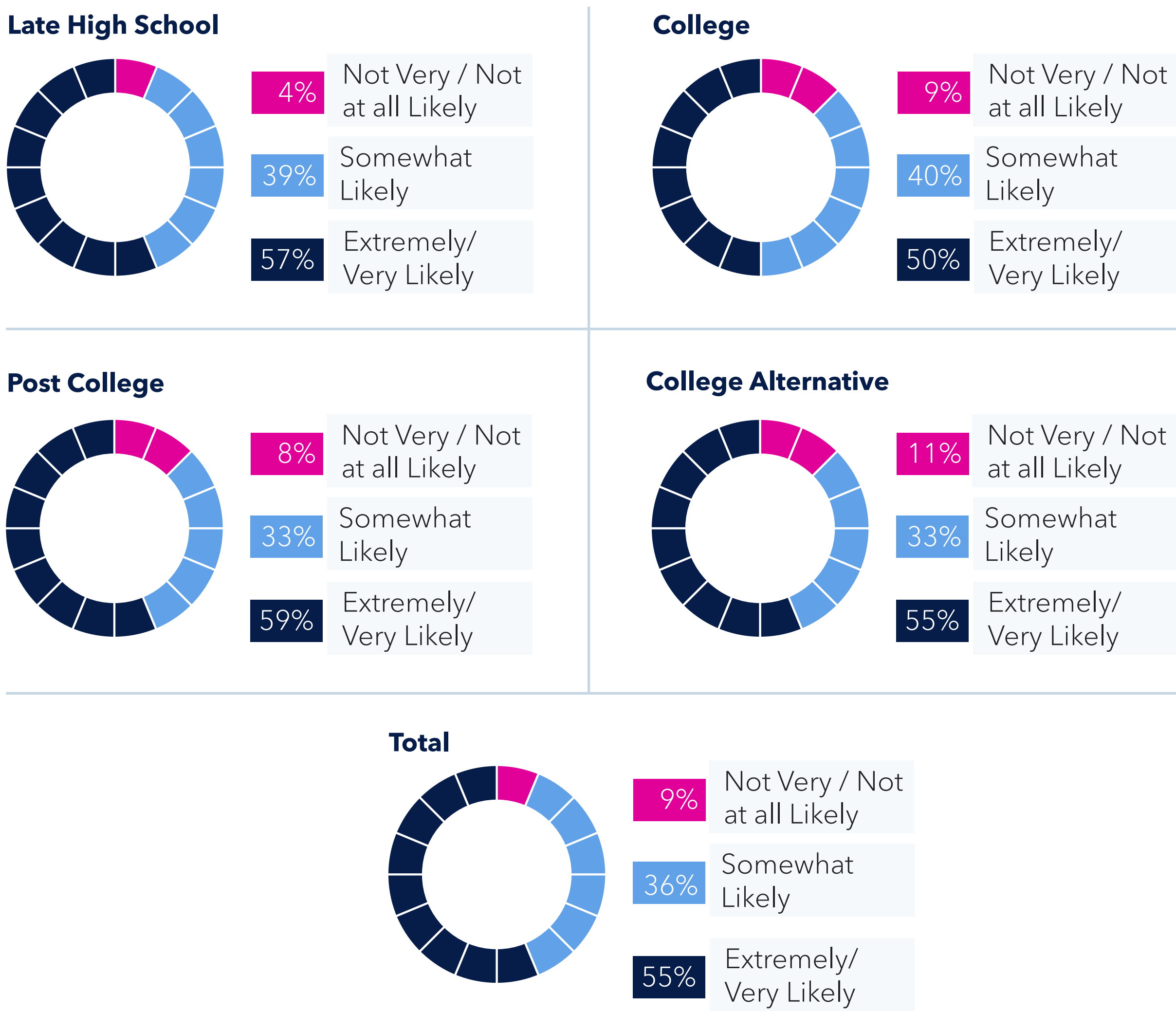
Financial Advice Sources



Podcasts like **Dave Ramsey**, **Your Rich BFF**, **Planet Money** and **Becca Dunkin** rise to the top for this generation. "Dave Ramsey" tops the chart again proving Gen Z is cautious and follows a trusted name to their parent's generation.

While this overall group expresses a cautious nature, **91%** agree it's important to start financial education early. When it comes to financial advice, parents remain the primary source of guidance. They rely heavily on word-of-mouth influence from trusted people in their lives for their financial advice rather than online, external sources. A full **74%** rely on their parents. Second to parents are their peers, friends and siblings at **43%**; this is heavily influenced by the post college set. Their trust in advice from peers grows as they age. While internet search and social media come in a distant 3rd and 4th, they are still significant and companies should ensure they optimize their SEO.

Likelihood to Achieve Financial Goals



While there is a fair degree of skepticism, *a sizable proportion are optimistic - 50% or more believe they will reach their financial goals.*

Those in the College segment expressed the least optimism, potentially a result of student loan debt.

Payment Habits

"U.S. Consumers used credit cards for **32%** of their payments, debit cards for **30%** and cash for **16%**, according to the 2024 Fed report. They used automated clearing house payments **13%** of the time, checks **3%** of the time and other methods **6%**."[1]

Among Gen Z (18-24), debit and cash usage is higher than the general population. They report **34%** of their transactions are on debit and **25%** of their transactions are cash/check. For the Post College and College segments cash usage falls in line with the general population. This suggests both education and life stage reduce cash usage. Whereas, the Late High School and College Alternative segments depend on cash at a much higher rate. Lower access to debit at the high school stage and to credit for those under 23 also factors into the high levels of cash usage.

Payment Methods

	Total	Late High School	College	College Alternative	Post College
Debit Card	34%	28%	36%	35%	34%
Credit Card	12%	5%	16%	8%	25%
Digital Wallet	13%	11%	14%	14%	13%
Mobile Payment App	12%	17%	12%	12%	9%
Cash/Check	25%	34%	19%	27%	16%
Other	4%	5%	3%	4%	3%

While debit tops the transactions across all four segments, *a migration to credit and digital wallets correlates with life stage, age and increases with education.*

[1]https://www.paymentsdive.com/news/Federal-Reserve-survey-cash-card-ACH-digital-payments/718392/

Word that Describes Feeling when Using Payment Method

Debit Card

Credit Card

Digital Wallet

Mobile Payment App

When asked which payment method they would choose if they could only have one payment vehicle, **40%** selected debit. The College (**46%**) and College Alternative (**42%**) segments select at even higher rates. When asked to select one word that describes how they feel when they pay with debit, "good", "easy" and "safe" rise to the top. Younger consumers feel safe when using a debit card. Whereas "debt" is the dominant word for credit cards.

Safe and secure don't align with credit card for these younger consumers. Digital wallets and mobile apps align with "ease" and "convenience" but don't really evoke security or safety.
In our report, **29%** of survey respondents indicated they had security concerns with using digital wallets or mobile apps. Of those, financial and personal data security were the key concerns.


Digital Natives
Product Confusion
Awareness
Adoption
Digital Wallets
Mobile App

PRODUCT CONFUSION

While Gen Zers are often identified as heavy users of digital wallets and mobile apps, there is some confusion over which payment tools they consider digital wallets and which ones they consider mobile apps. For these consumers, the line is blurry. As the speed of payments and the functionality available has grown, this group of respondents is not consistently defining various products. As a result, potential users may have confusion around what functionality these product offerings have.

As we would expect, the majority of Gen Zers surveyed view Apple Pay (**55%**) as a digital wallet however, a significant percentage (**40%**) identify it as a mobile payment app. Conversely, Samsung Wallet (with similar functionality as Apple Pay) is defined as a mobile app by **40%** and **16%** are unsure how to define it. Venmo, Zelle, Cash App and PayPal have more consistency in how consumers understand their offering. Approximately **63%** - **71%** of Gen Zers define these offerings as mobile apps but a sizable minority (**19%–27%**) view them as digital wallets. If Gen Zers have confusion, you can assume older generations are equally confused on naming.

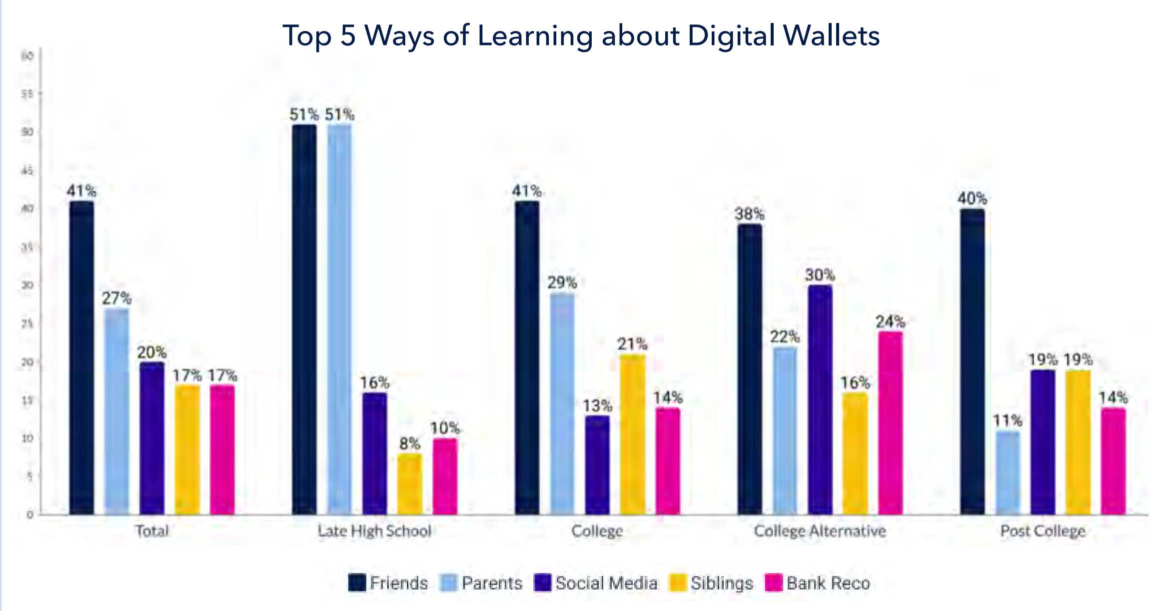
DIGITAL NATIVES

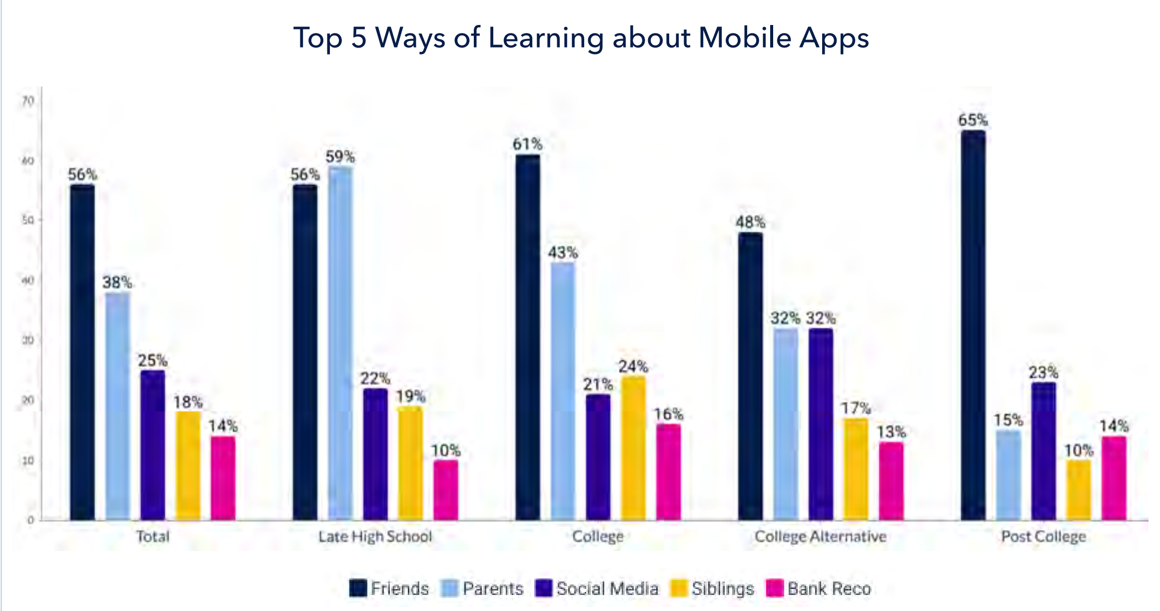
AWARENESS

While there is some naming confusion, for our study, respondents were instructed to assume: "digital wallets" are referring to wallets on your phone such as Apple Pay or Google Pay. "Mobile payment apps" are referring to apps that you can send and receive money on such as Venmo, PayPal, Cash App and Zelle.

While parents are the key influencers of Gen Zers' overall financial lives, peers outrank parents when it comes to influencing Gen Zers' awareness of individual digital payment tools. Parents rank just below peers with siblings close behind.

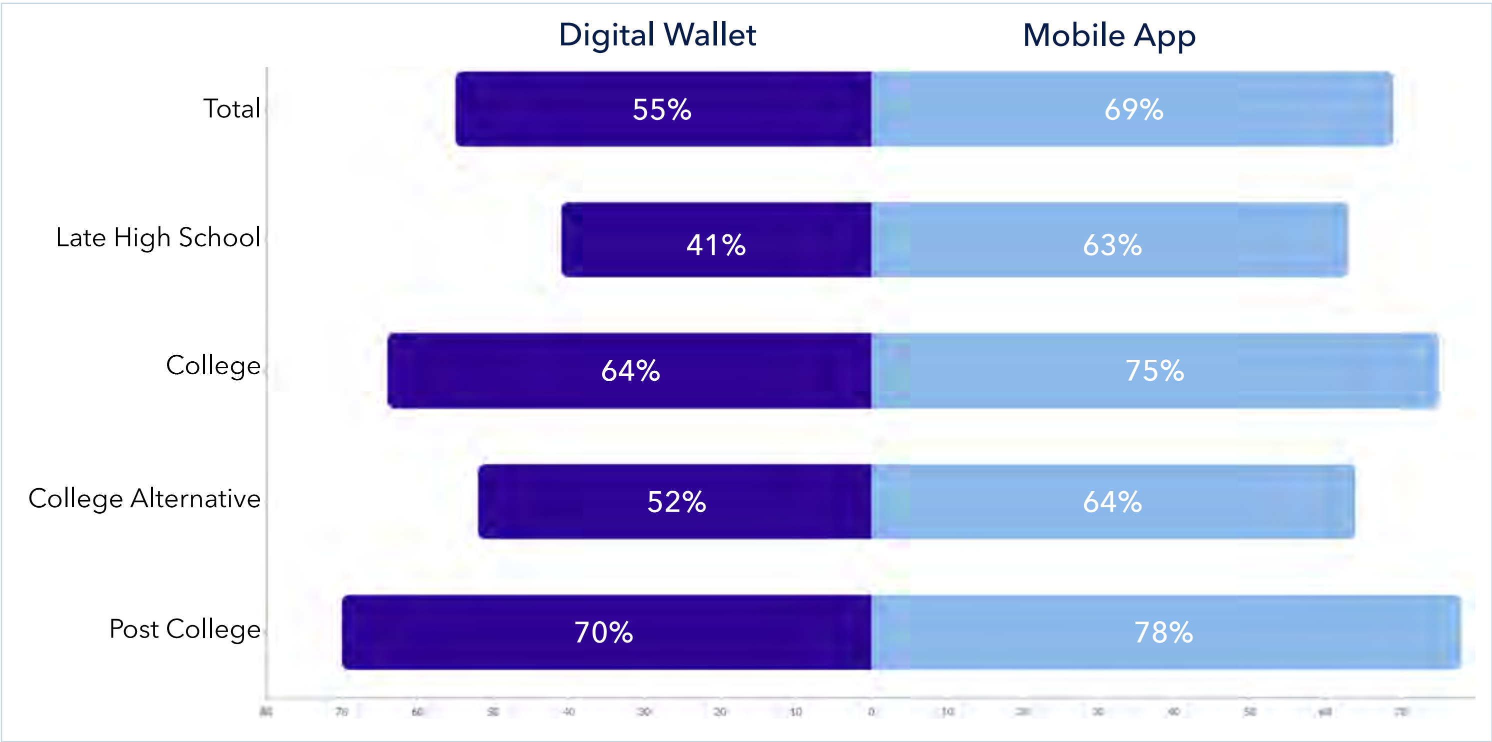
These close word-of-mouth influences are key to awareness building. **Friends & family referrals, tell-a-friend, entry strategies and word of mouth campaigns are important marketing tools to grow share.** Social media plays a significant but lesser role. Trusted sources like podcasts and financial influencers with broad reach are likely good social media content sources to influence Gen Z.





ADOPTION

For our study's 18–24-year-olds, convenience is the clear driver of digital wallet and mobile app usage. However, across these segments there are some spend patterns that are unique to life stage. Overall, we see more Gen Zers across all segments having acquired mobile apps than digital wallets. Both show a similar pattern: adoption of both digital tools rises as age and education goes up.



DIGITAL WALLET PATTERNS

	Overall	Late High School	College	College Alternative	Post College
Transportation	35%	30%	31%	39%	38%
Grocery / Household exp	33%	25%	41%	31%	34%
Monthly Expenses	18%	15%	14%	24%	16%
Streaming	26%	18%	22%	37%	20%
Entertainment	30%	29%	32%	27%	36%
Phone	25%	15%	20%	33%	25%
Dining	37%	30%	38%	41%	34%
Coffee Shop	50%	43%	55%	49%	51%
Car Payments	18%	13%	14%	25%	17%
Travel	21%	15%	16%	30%	19%
Hobbies	39%	30%	41%	44%	34%
Clothing/Apparel	40%	32%	46%	37%	43%
Other	9%	9%	9%	10%	8%

Highest use cases (Overall: Dining 37%, Coffee Shop 50%, Hobbies 39%, Clothing/Apparel 40%; College Alternative: Streaming 37%, Phone 33%, Car Payments 25%) | Significant lower than other segments (Late High School: Grocery / Household exp 25%) | Higher than peers (College: Grocery / Household exp 41%)

While more Gen Zers have mobile apps for point of sale spend and payments transactions (vs. P2P), digital wallets have a higher use rate than mobile payment apps across all four segments. The ease of use is likely the driver for that higher adoption. For digital wallets, top tier spend categories are led by coffee shops (**50%**). Tier two categories include hobbies (**40%**) and clothing and apparel (**39%**), dining out/take out (**37%**), transportation (**35%**), grocery/household items (**33%**). Across segments it's notable that the Late High School segment trails in most categories likely due to higher cash usage. The College Alternative segment has relatively higher usage rates in monthly payment categories like car payment (**25%**), phone wireless (**33%**) and streaming services (**37%**). On a relative basis, this may be because Late High School and College segments have a higher proportion of parents paying for these categories and Post College likely have more auto-pay setup for these monthly expenses. College and Post College drive the coffee/fast food and clothing/apparel usage rates up. Funding of wallets is heavily debit dependent with the College Alternative segment relying more often on digital cash for funding than other segments.

Life stage, education and income drive differences across Gen Zer's spending patterns. Understanding these patterns can help digital wallet providers and individual merchant categories drive better targeting - messaging the right audience and ensuring they are accepting digital wallets particularly in the high use categories.

Mobile App

Relative to digital wallets, mobile payment apps have lower point of sale and bill payment usage than digital wallets, however, usage for peer to peer is a key feature and qualitatively users view mobile payment app functionality as the most flexible.

"The most flexible one of all the payment methods…you can have debit cards, credit cards, checking accounts, and savings accounts."

"I use different ones because they all have a different spending amount on them. If I was to pay rent, I would use one for that, or if I'm getting food, I would use another app just for that."

"I can easily put a balance on the app which makes budgeting easy."

DIGITAL NATIVES

MOBILE APP

Within Gen Z, the life stage segments gravitate more to some mobile apps than others. In our report, PayPal has the highest adoption (**60%** overall) and a pretty equal distribution of users across our four segments. Cash App has a similar overall adoption rate to PayPal (**59%**) but gets a significant boost from the College Alternative segment at **72%** usage rates. While Venmo and Zelle have a lower adoption than PayPal and CashApp they have a clear advantage with those Gen Zers with higher education levels (and likely higher banking levels). The College and Post College segments adopt these apps at the highest rates relative to their Gen Z peers.

Mobile App

	Overall	Late High School	College	College Alternative	Post College
Transportation	20%	20%	21%	18%	20%
Grocery / Household exp	21%	26%	17%	25%	15%
Monthly Expenses	24%	17%	30%	22%	26%
Streaming	26%	25%	23%	32%	20%
Entertainment	26%	36%	18%	27%	24%
Phone	21%	23%	17%	26%	14%
Dining	28%	35%	23%	27%	29%
Coffee Shop	30%	30%	30%	31%	26%
Car Payments	15%	13%	12%	23%	8%
Travel	14%	18%	11%	16%	12%
Hobbies	32%	31%	28%	41%	21%
Clothing/Apparel	27%	33%	22%	29%	24%
Other	14%	15%	17%	9%	13%

Highest use cases　Significant lower than other segments　Higher than peers

Hobbies (**32%**), Coffee Shops (**30%**), Dining/Take Out (**28%**), and Clothing/Apparel (**27%**) top the list of spend categories for Mobile Apps across segments. Within segments, we see a similar pattern to wallets with our College Alternative segment having higher mobile app usage for living expenses like streaming, car payments and phone/wireless than other segments. While wallet usage is higher for most categories and segments, a notable departure from that pattern is with the College and Post College segments using mobile apps at a higher rate than wallets for monthly expenses indicating the functionality for these types of expenses is better suited to mobile payment apps – likely parents providing money through the payment app. Within the Late High School segment, entertainment is the category that shows stronger usage relative to other segments and digital wallets. Understanding these usage habits and potentially understanding why these unique segments behave differently across spending categories can help providers to improve program offering, functionality and marketing messages.

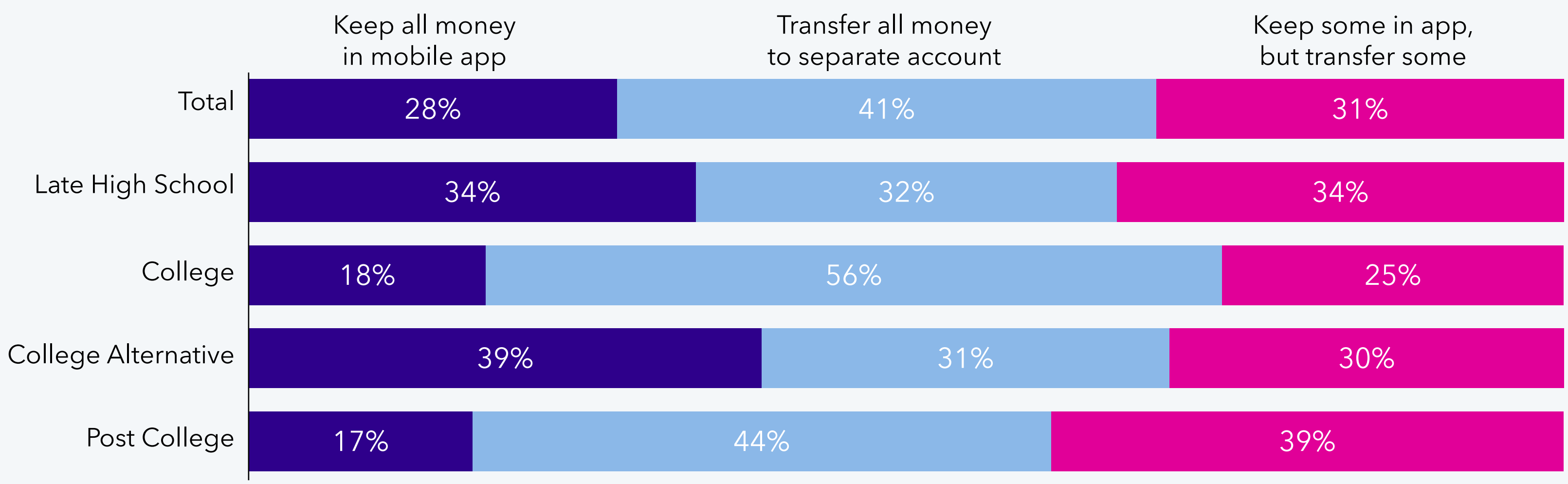
MOBILE APP

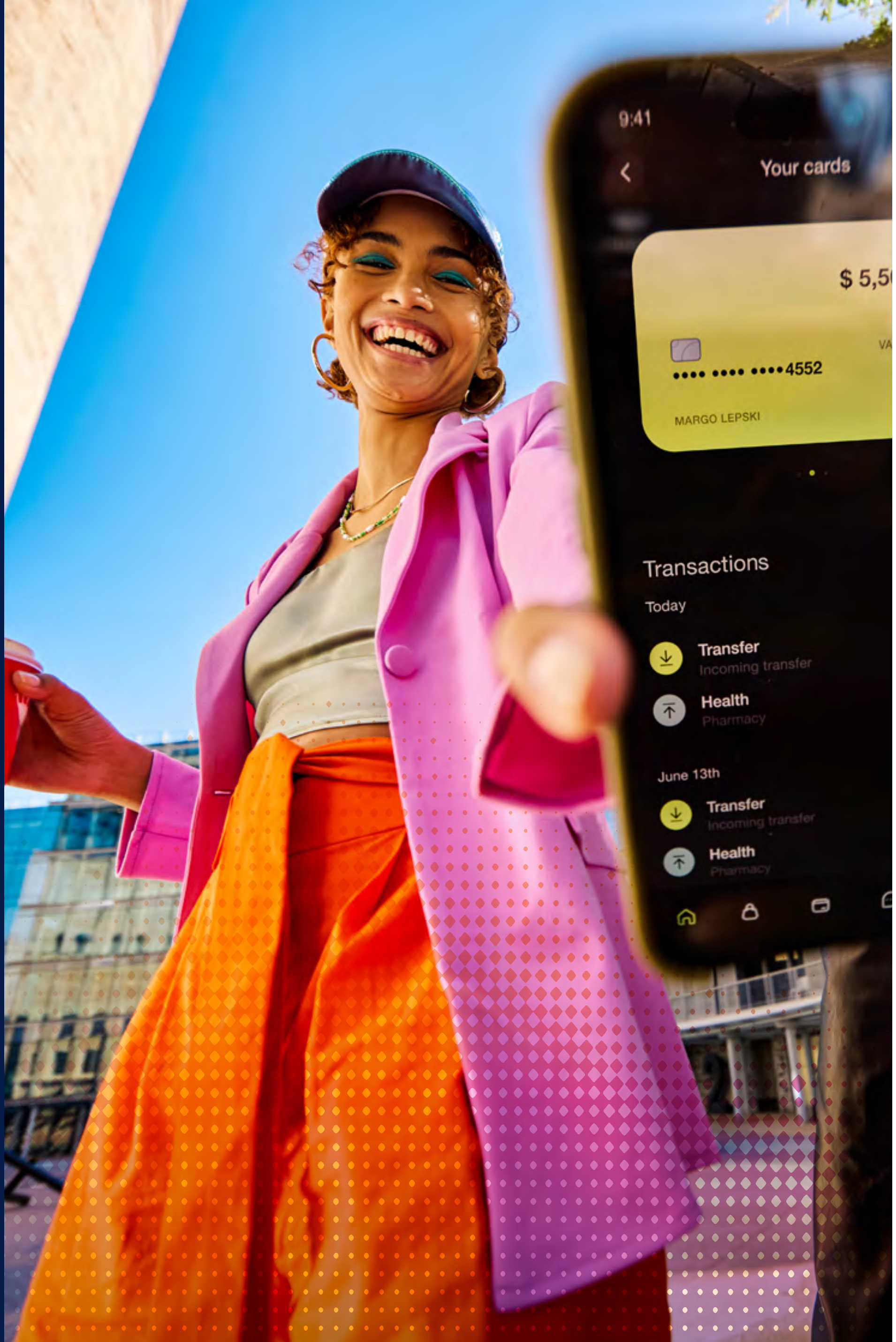
Mobile Apps are critical to managing day-to-day financial needs for many users. Our complete Gen Z report finds top funding sources include employers (**43%**), parents (**38%**), peers (**35%**) and gig work (**22%**). When asked to describe what the reasons for the funding were, wages and funds to pay living expenses top the list. It's notable that the College Alternative segment is much more dependent on mobile apps to receive these funds.

Users also vary by segment as to their habits around maintaining money in the mobile app. The College segment is the least likely to hold all the funds that flow through the app in the application. Post College is not far behind in their in-app funds behavior. The College Alternative segment has the highest propensity to leave all the funds in app.

There are a variety of reasons why users retain money in app including convenience and budgeting. Key reasons to move their money out is fear of the app crashing when they need access to funds and security concerns (particularly concerned about safety of their personal information). The more mobile app providers can address these concerns, the more likely they can get more users to migrate towards holding more money in app.

Holding Money in App





As Gen Zers are moving into financial independence, there are a number of life stages they are moving through rapidly from high school to post school employment. The targeted segment we studied (18-24) exhibits a relatively unified mindset in terms of financial caution and risk aversion as well as a more optimistic long-term view of their financial futures.

While their financial attitudes have common ground, their financial behaviors and spending patterns vary based on the life stage they occupy (late high school vs college vs post school stages). Most striking is the length of time it takes this cohort to reach financial independence. Even at 23-24 years old, many describe themselves as partially dependent on their parents for financial support. Unless the cost-of-living decreases, the pathway to full independence may continue to be a relatively long transition.

Understanding how the parent/child relationship differs betwee late high schoolers and fully employed post-college graduates can improve product offerings and messages. Importantly, this cohort doesn't just depend on their parents for money, they depend heavily on their parents for financial advice across all four segments we studied. Fintechs and payment providers looking to drive adoption should recognize that, in this stage of emerging indepdence, parents remain highly influential in Gen Z's financial decisions and should tailor their product offerings and marketing messages accordingly.

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