

How can fintechs resonate with Gen Z?

The fintech landscape is booming, with investments coming in from all corners. To get ahead of the competition, it will be crucial for fintech companies to truly understand their major audiences such as the new-age generation.

Let's take the Gen Z audience, who are the future generation. A quarter (25%) of the global workforce will be made up of Gen Z in the next couple of years, making them a significant target market for fintechs like us. The key question is how fintechs can smartly engage with this younger generation.

Unlike millennials, Gen Z seek empowerment and personalisation, yet many fintechs and neobanks continue to offer a 'one size fits all' approach. Against the backdrop of rising inflation and the higher cost of living, this blanket approach definitely won't cut it. Gen Z requires a completely fresh approach from banks' in addition to the financial support systems they have provided in the past.

Gen Z and their pressing challenges

Owing to the pandemic, Gen Z are living in a time of significant political, economic and social hardship. They face a largely prolific landscape of opportunities, which sounds ideal on paper, but in practice can often be overwhelming and counter-productive.

According to month-on-month research conducted by W1TTY, 74% of Gen Z have suffered from increased mental stress as a consequence of managing their personal finances, with half (50%) also saying they deliberately avoid checking their bank account.

The struggles are particularly concerning among young women, with 82% of 18 to 24-year-old women saying managing their personal finances causes stress and anxiety.

When it comes to this generation's top financial concerns for 2022, almost one in five (18%) worry they won't meet their savings targets, 16% are concerned they won't be able to pay their bills, and a further 16% worry about maintaining a stable income this year.

This tells us that businesses must expand beyond just typical offerings and broaden out their practices so that they adequately support Gen Zs who may be experiencing the most difficult periods of their lives, financially.

How to address their needs?

1. Stay in touch.

Being in constant touch with your customer base – whether that's through customer support teams or by undertaking consumer research – is vital in making sure you understand the challenges your audiences face and adapt and reflect your support in tailored products and services. By truly understanding Gen Z, you can constantly review and adapt your product and feature offerings to the financial requirements of this generation.

2. Transparency and trust

This is fundamental. Transparency merely on transactions will no longer cut it. It is more like a default offering. Businesses need to be more of a companion that educates, equips and empowers customers. This kind of empowerment cannot be limited to knowledge, but also includes the product offerings which will give our Gen Z the freedom of choice.

Key financial tools and features for Gen Z

The cryptocurrency landscape is increasingly attracting a Gen Z audience, which has no doubt been spurred by public endorsements and the wider acceptance of digital currencies as an inevitable component of our financial system.

According to the research conducted by W1TTY, more than a third (34%) of Gen Z said that they would rather invest in cryptocurrencies than a pension, and almost a fifth (18%) want their bank to provide support and advice on investing in digital currencies. The appetite to invest in crypto is higher among young men, with almost half (46%) admitting to preferring crypto to retirement savings, compared with a quarter (27%) of young women.

This clear appetite to invest money in crypto highlights a significant opportunity for fintech businesses like ours to provide the tools and features to make sure Gen Z understands the risks associated with any investment, let alone a particularly volatile one like crypto.

Looking ahead to the future

By understanding the current and future issues that the new-age generation is facing, fintech banks and digital challengers are ideally placed to provide tailored services to ensure younger generations can better manage their finances. This is set to be the defining trend that will lead to the development of new products and services customised to specific demographics that go beyond the needs of Gen Z.

We live in exciting times and one with limitless possibilities. We are only just beginning to realise how fintech can be used to empower a new generation of people.

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