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THE REWARD(ED) GENERATION

A ZBD Gen Z Payments Study

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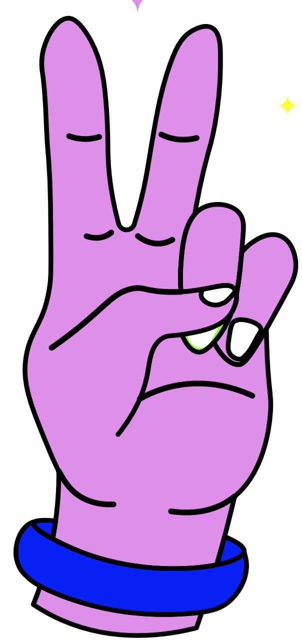
Engaging Gen Z with rewards and education

Gen Z is The Reward(ed) Generation. They expect their engagement with and loyalty to retailers, merchants, platforms and providers to be meaningfully rewarded, not just acknowledged. And they crave knowledge and education about how best to manage their finances. This paradigm shift is both being powered by and is set to radically alter the payments and fintech landscape.

This crucial generation with significant spending power is sometimes perceived as unknowable by the banking and fintech industries. We set out to discover whether that's a fair reflection. Our research shows that Gen Z is far from unreachable; however, it's true that there's no one single touchpoint for them. They use payment apps and wallets regularly, but debit cards and cash too. They're largely optimistic about their future prospects, but anxiety and insecurity feature prominently as well.

Gen Z's interest in rewards - in many formats, across many platforms and payment methods - is a common thread that binds together everything they do. It tells us, as an industry, that we need a diverse, multichannel proposition that - crucially - rewards Gen Z for the time and money they spend with us.

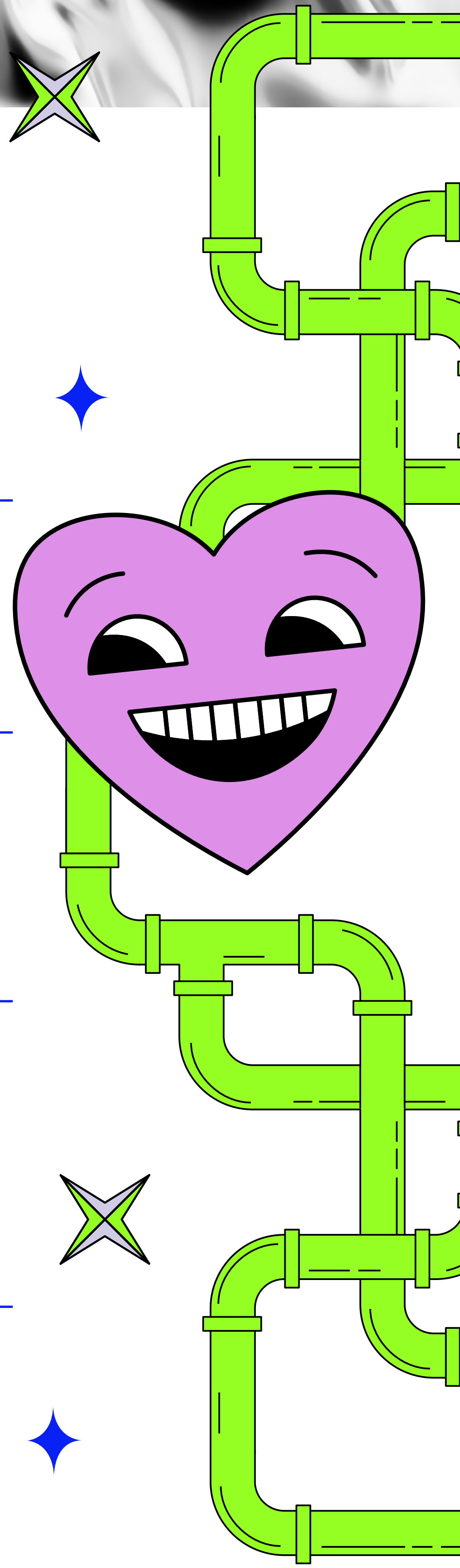
Read on for ZBD's guide to Gen Z through the lens of payments and rewards.



Ben Cousens, CSO
ZBD

Key Findings

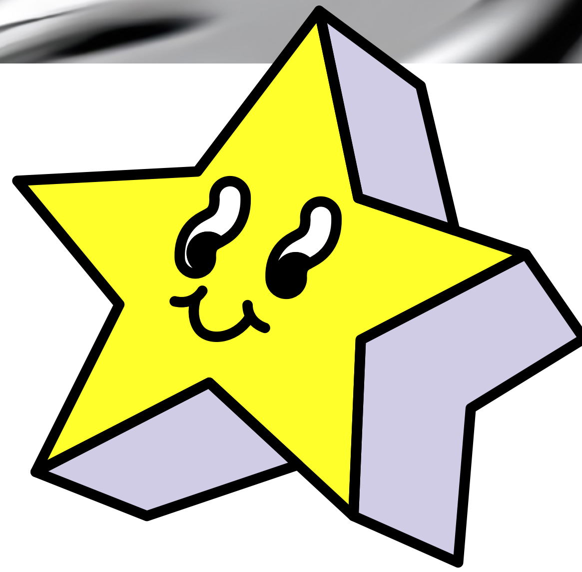
86% Of Gen Z say cashback and loyalty rewards are important	**70%** Expect to earn rewards while using apps and playing games
45% Use payment apps	**68%** Trust traditional banks
80% Feel confident in managing their finances	**68%** Often feel stressed about managing their finances
39% Say debit cards are their preferred payment method	**99%** Say financial education is important
69% Are confident they'll be able to own their own home in future	**82%** Say ownership of physical things is important



Audience

We surveyed

2,004



Gen Z adults **(aged 18-27)** in the US and UK.

50%
Male

49%
Female

1%
Non-binary

Loyalty and Rewards

Gen Z is surrounded by rewards. Individual retailers provide loyalty schemes, credit card companies reward spending, and rewarded apps and games give cash just for playing. It's no surprise then that the rewards market is growing, with the value of consumer credit card rewards alone expected to exceed $108 billion by 2026.

Gen Z not only embraces rewards, but expects them

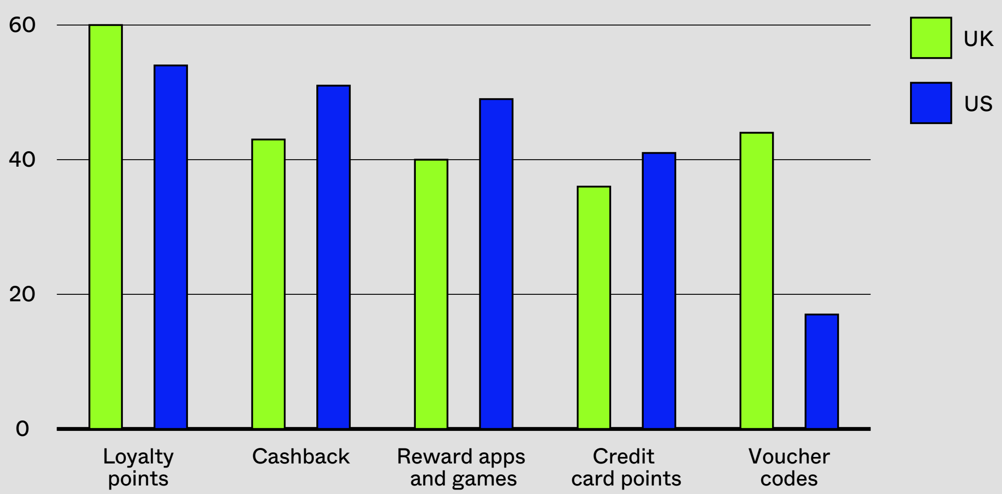
86% **believe cashback and loyalty rewards are an important part of making a purchase**

This is not entitlement, but merely a generation entering adulthood with numerous loyalty and reward programs available to them.

Loyalty and Rewards

Loyalty points are Gen Z’s most popular reward scheme, used by **57%** of those surveyed. Earning rewards through apps and games also proves popular, coming in above credit card points. **More than two in five Gen Z (44%)** are already using reward apps and games which provide rewards such as money or gift cards for completing certain actions or achievements.

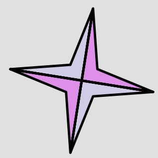
Gen Z’s Top Five Reward Schemes



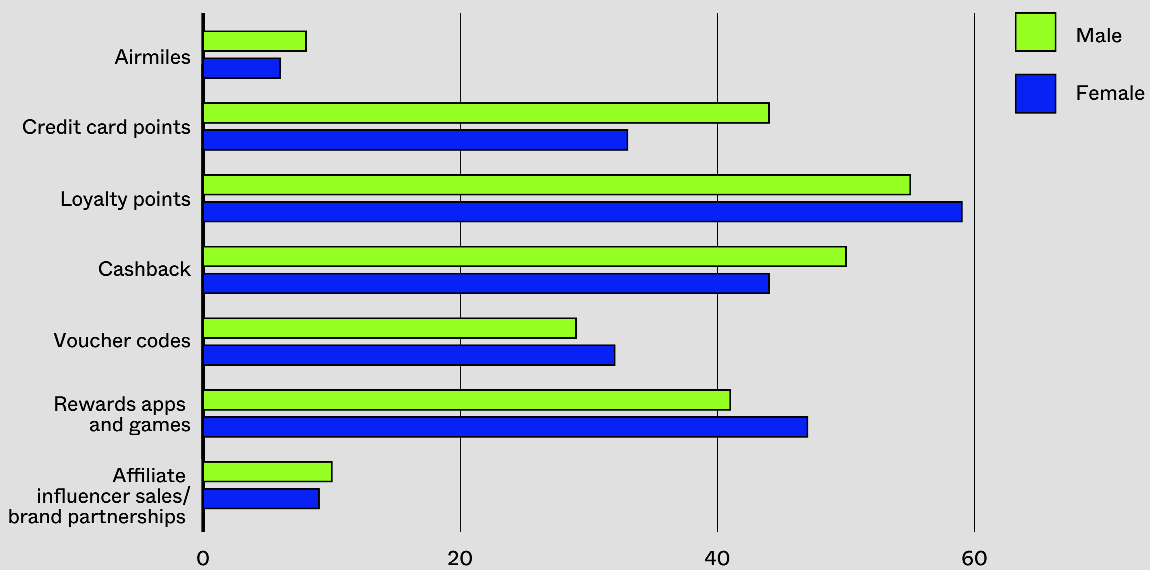
Loyalty and Rewards

Almost all respondents **(91%)** are interested in earning money by using apps and playing games

In fact, a huge **70% expect** to earn rewards while using apps and playing games **(68% UK, 73% US)**. The message is clear: Gen Z expects to be rewarded for its time, engagement and dollars. Women are more likely to use reward apps and games **(47% women vs 41% men)**.



Rewards Usage Per Gender

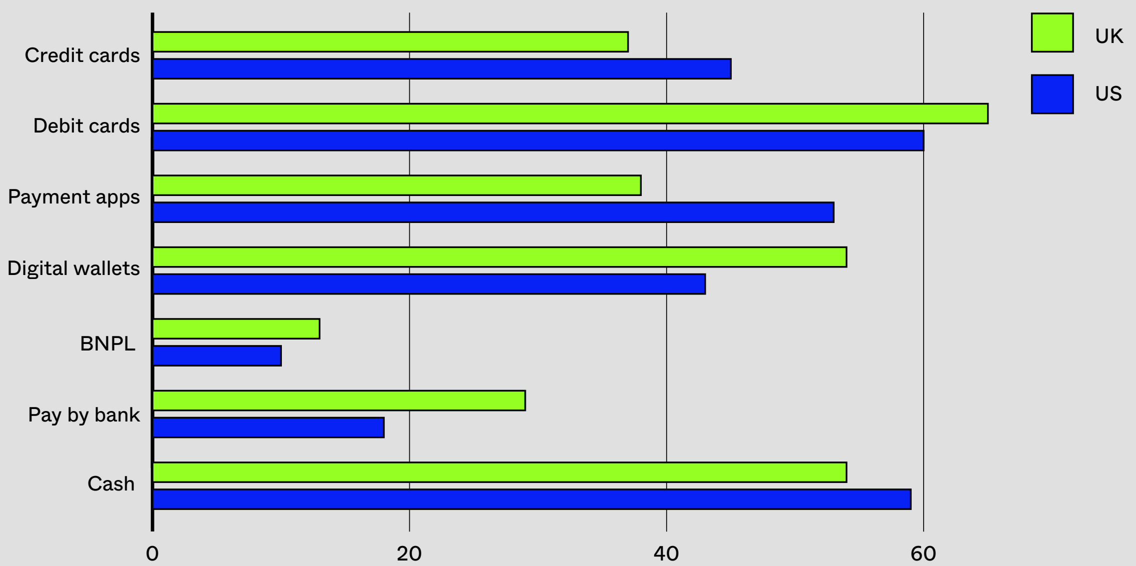


Ways To Pay

Our data debunks several myths about Gen Z - the first being that they are exclusively digital and only want to embrace the new. As we will come to see, flexibility is key with this digital native generation.

They are open to several payment methods, both old and new. A significant **62%** still use debit cards, and **57%** use cash. At the same time, they have also adopted digital-first methods in the form of payment apps **(45%)** and digital wallets (e.g. Apple Pay) **(48%)**, which have surpassed the use of credit cards **(41%)**.

Usage of Payment Methods



Ways To Pay

This flexibility is also clear when it comes to Gen Z's preferred payment methods for most of their purchases. Two in five **(39%)** still prefer to use debit cards, while **22%** choose digital wallets, and **14%** payment apps.

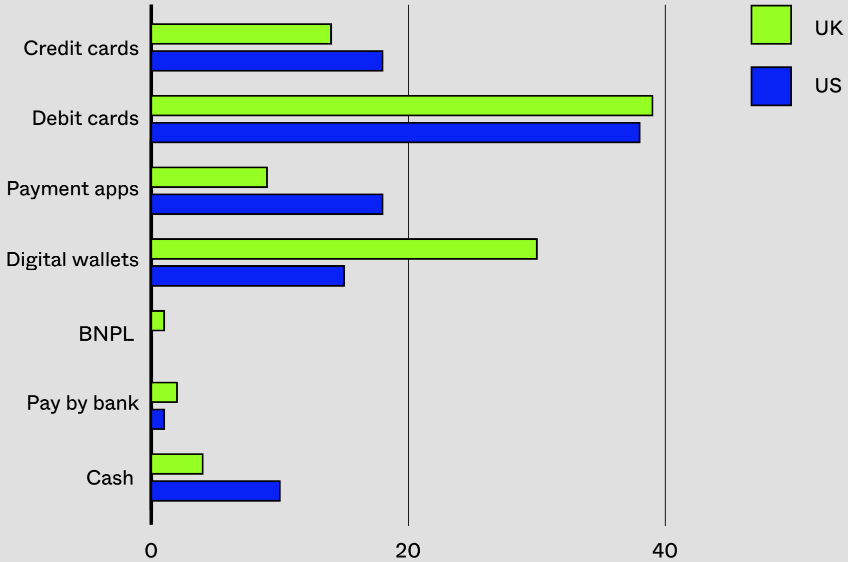
Two in five

39%

still prefer to use debit cards

Once again, there continues to be some movement towards digital methods, as a significant **30%** in the UK prefer digital wallets. Though this is halved in the US **(15%)**, US consumers are twice as likely to choose payment apps over their UK counterparts **(18% vs 9%)**.

Preferred Payment Methods



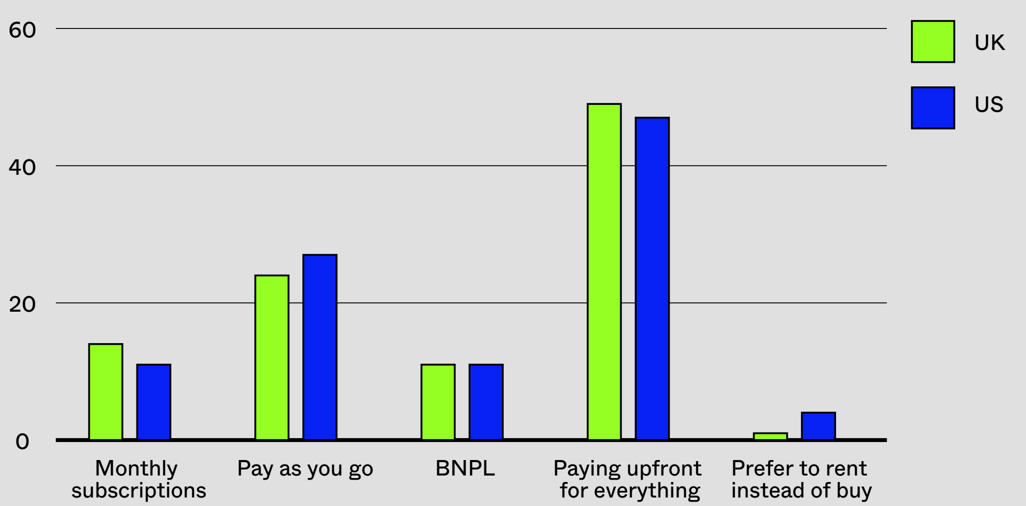
Ways To Pay

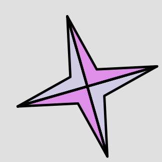
Pay by bank is used by almost a quarter **(24%)** of respondents, though it is the preferred payment method of just **2%**. However, when pay by bank is described to respondents as “linking a bank account to a game, app or digital store”, **43%** say this sounds convenient, though **38%** are concerned about safety. The variation here is yet another sign that Gen Z does not stick with one form of payment. Their concern with safety suggests a perception that new payment methods may be less secure than traditional methods.

Credit cards may have fallen out of favor, but Gen Z are still making use of credit. Almost three quarters **(72%)** say they have used buy now pay later services (BNPL), with **17%** saying they use them for most purchases and more than a third **(35%)** using them for large purchases. Use of BNPL is slightly higher in the UK **(75%)** than the US **(69%)**.

Despite regular use of credit, almost half **(48%)** of Gen Z prefer to pay for everything upfront. In a throwback to early noughties cell phone usage, more than a quarter **(26%)** prefer the concept of ‘pay as you go’ - only paying for what they use - far more than those who prefer monthly subscriptions **(12%)**.

Gen Z Payment Term Preferences





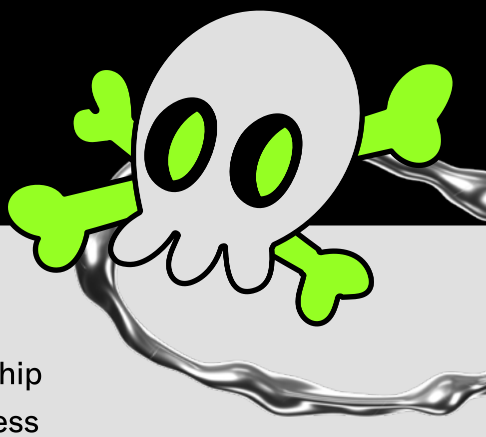
Future Finances & Education

The Gen Zs of our study spent their formative years in a pandemic, and the economic challenges that followed. Despite this, Gen Z is a resilient generation, and optimistic for their future:

34% feel certain they'll own their own home one day

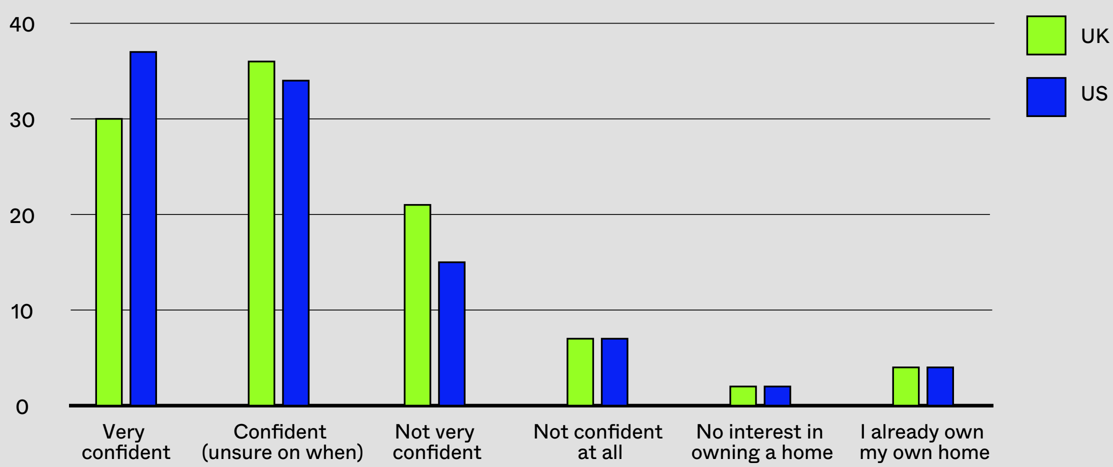
35% are confident but have no concrete timeframe

Four in five **(82%)** believe ownership of physical items such as cars and houses is important.



US Gen Zs are more confident about home ownership prospects than those in the UK, while women are less confident than men. Just **4%** already own their own home, but this rises to **8%** in the older age range.

Confidence in Future Home Buying



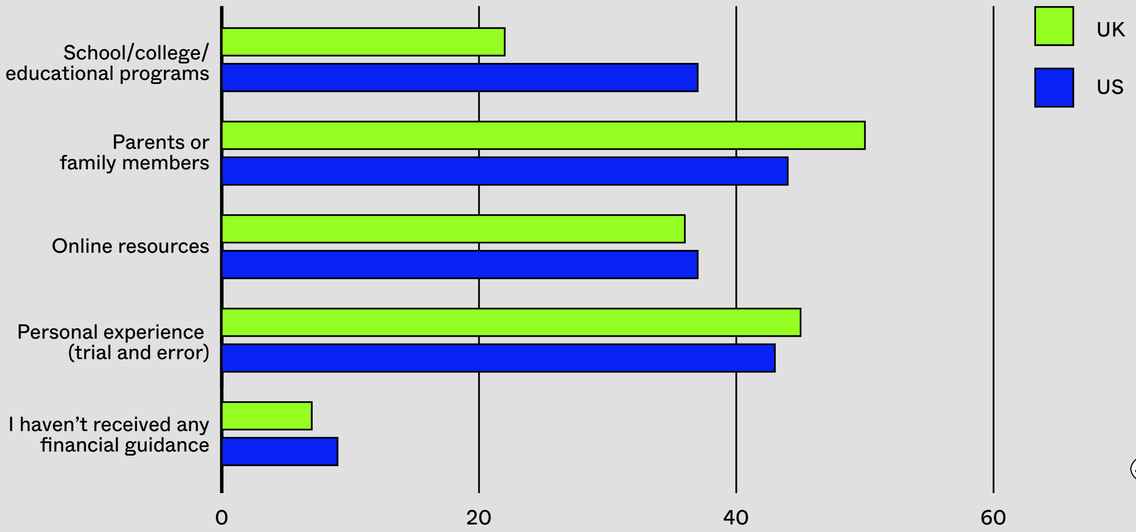
Future Finances & Education

To plan for this future, more than three-quarters **(86%)** are setting financial goals now and four in five **(80%)** feel confident in their ability to manage their finances effectively. This ability in financial management is derived more from personal experience **(44%)** and family members **(47%)** than school, colleges and educational programmes at **29%**.

Gen Z overwhelmingly believes financial education is important **(99%)**, with **46%** of those saying it is extremely important.

Those in the US **(37%)** are much more likely to have received some formal financial education than their peers in the UK **(22%)**.

Where Gen Z Learn About Financial Management



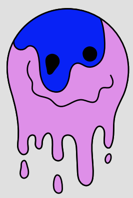
Future Finances & Education

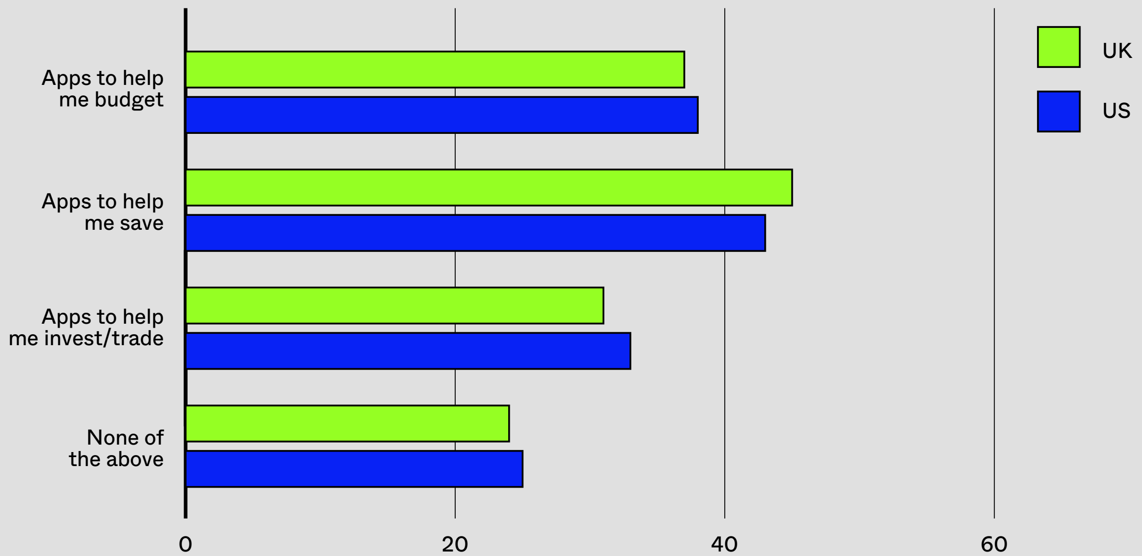
68%
often feel stressed about managing their finances

On the other hand, **68%** often feel stressed about managing their finances **(70% UK, 65% US)**. Just **3%** never feel stressed about doing so. With schools cited as the least common source of financial education, Gen Z may desire increased guidance from educators.

37% learn about financial management online (e.g. YouTube), and many Gen Z are also turning to apps to manage their money. **76%** use at least one type of financial app:

Types of Financial Apps Used by Gen Z





Ease of use is the most important factor for financial apps **(57%)**, closely followed by security **(55%)** and online reviews **(44%)**. More than one in five **(22%)** are influenced by an app's popularity with friends and peers.

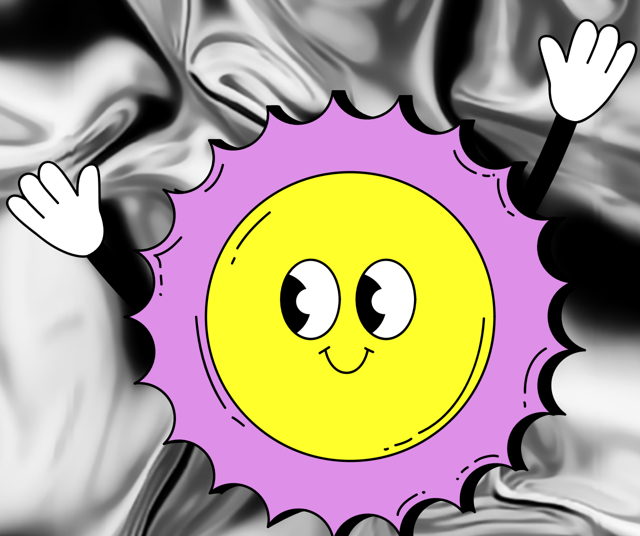
The Gen Z Trust Index

Gen Z as a digital native generation seems a perfect match for neobanks, which operate solely online. However, when asked to select their most trusted financial company, only **5%** of respondents chose neobanks.

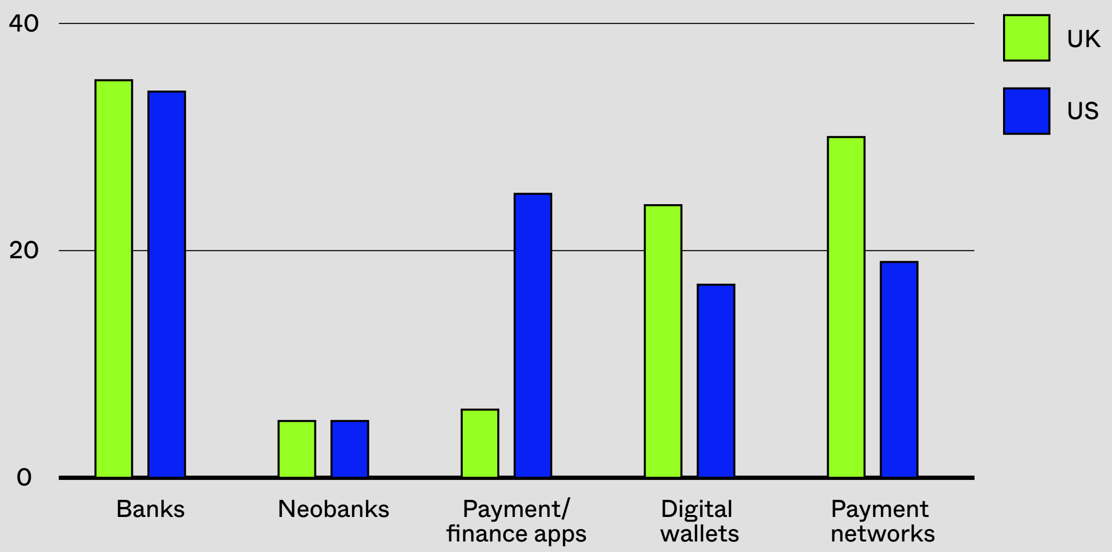
Traditional banks are the most trusted provider at 35%

This is followed by payment networks **(25%)** and digital wallets **(21%)**. It's an indication that the legacy of traditional banking providers - and perhaps parental advice - continues to influence Gen Z.

US trust in payment apps is much higher than in the UK **(25% vs 6%)**, whereas those in the UK are significantly more likely to trust digital wallet technology and payment networks.



Gen Z's Most Trusted Financial Companies



When asked specifically about traditional banks, more than two-thirds **(68%)** of Gen Z say they trust them **(24% completely, 44% mostly)**. The issues most likely to cause their trust in traditional banks to fall include high interest rates **(36%)** (33% UK, 38% US), the cost of living crisis **(34%)** (36% UK, 31% US) and the current performance of the economy **(29%)** (25% UK, 33% US). Though these are interlinked, the differences between the US and the UK indicate how political discourse and media coverage of economics differs.

More than three quarters **(78%)** of Gen Z are concerned about the privacy of their personal data when paying for things online. Those at the older end of our 18-27 sample tend to be significantly more concerned than the youngest.

Investments:
Keep With The Old, Add In The New

Gen Z today face countless options of where to invest their funds. In addition to the established methods of pensions and bonds, new technologies such as cryptocurrencies provide increased choice. Our Gen Z respondents are taking advantage of the options available, with two-thirds **(67%)** having at least one investment. The very nature of investment is to return a reward so it's no surprise that this generation is already investing in its future.

Overall, Gen Z are most likely to invest in a pension, 401k or IRA - although this may in part be driven by mandatory contributions or auto enrolment. Interestingly, Gen Z are slightly more likely to invest in cryptocurrency **(24%)** than traditional asset classes such as equities **(22%)**.

Gen Z are slightly more likely to invest in cryptocurrency

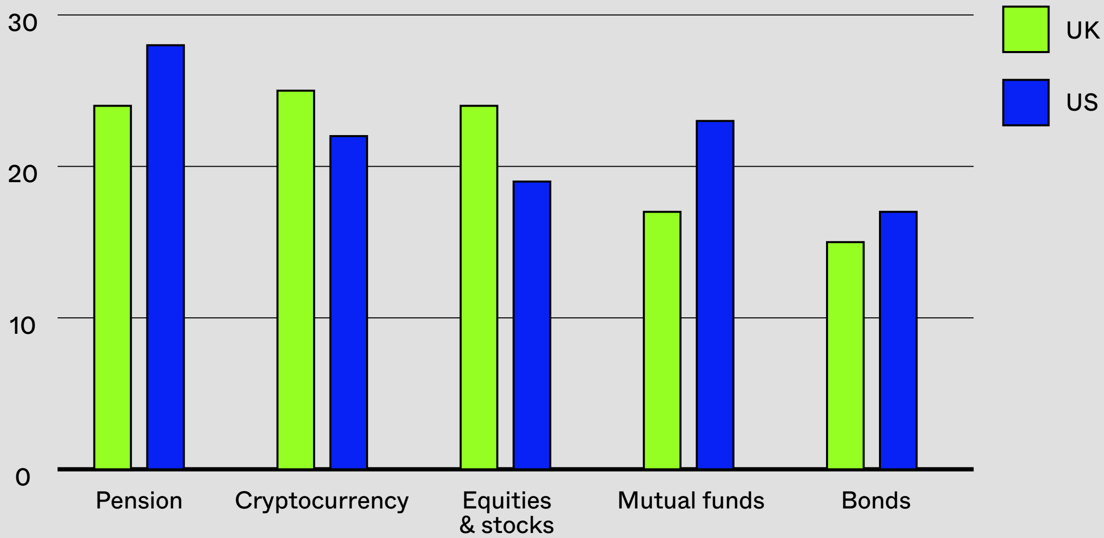
24%

than traditional asset classes such as equities

22%

Investments:
Keep With The Old, Add In The New

Top Five Ways Gen Z Invest



Gen Z's investments are driven by an overall feeling of financial security.

64% of Gen Z feel financially secure at this moment in time, highlighting their continued resilience.

This isn't uniform, however. When asked to rate their position on a scale from no financial security to total financial security, the mean average rating was **6.2/10**, indicating that many are on the borderline. A remarkable **7%** of all respondents in the US rate their financial security **1/10** - the lowest possible, while approaching half **(42%)** of all women surveyed have no investments compared to just **23%** of men.

Conclusion

Earlier this year, in summing up The ZBD Gen Z Gamer Study, we said that the digital native preferences of Gen Z meant companies should be ready to re-examine all existing models and assumptions of identity, social interaction, entertainment and economy.

The data in our payments research is more nuanced, indicating that Gen Z perhaps isn't quite ready to cut the apron strings and fully leave behind more traditional institutions and ways of transacting. For those companies and platforms that's great news, offering more precious time to adapt. For fintechs, it means there's more work to be done to build trust among Gen Z and encourage the adoption of new solutions.

Whichever camp you're in, it's abundantly clear that Gen Z expects to be rewarded for the data, time, capital, loyalty and advocacy it gives to the financial businesses and services it interacts with. Typically this has been credit card points, air miles, perhaps gift cards. Soon it'll be real money. A few years ago it simply wasn't possible to send someone a fraction of a cent: now we can do it with no fees. These technological shifts won't just power real-money rewards, but also enable new - or updated - economic models.

At ZBD, we are creating a world where money moves through the internet as seamlessly as information. If you'd like to learn more about how, please reach out and let's build the future now.

Methodology

An online survey was conducted on behalf of ZBD by Atomik Research among 2,004 respondents from across the UK and USA, all of whom were Gen Z respondents between the ages of 18-27. The research fieldwork took place between 24th–27th September 2024. Atomik Research is an independent creative market research agency that employs MRS-certified researchers and abides by MRS code.

About ZBD

ZBD is a leader in payments innovation, pushing the boundaries of how we move money across the internet. Within gaming, ZBD has made a name for itself by powering instant real-money rewards for partners ranging from Square Enix to 1047 Games. Beyond gaming, ZBD enables unique payments-based use cases across interactive entertainment and adjacent industries. Whether it's streaming money alongside audio in podcasting apps like Fountain, or implementing instant revenue sharing for each ad impression for adtech innovators like Slice and AdInMo, ZBD makes money move online as seamlessly as information.

To learn more, visit https://zbd.gg/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