



It is time to start taking Gen Zs more seriously

Here is what makes them tick when it comes to money management, financial products and FSPs

About this Report

We generated a set of **credible hypothesized truths** about Gen Zs and their relationships with money and FSPs from referenced reputable data sources. These hypotheses were used as the basis for describing Gen Z FSP clients in this report.

If these hypotheses about Gen Zs are correct, then it would be **important to know how well each of the FSP brands targeting Gen Zs does** at satisfying the underlying needs of each of the hypotheses. This would provide rational explanations for why some fashion retail brands do better than others at attracting more Gen Z customers.

If these hypotheses are not correct, we will be able to diagnose and **find out what the real hypotheses are** and how well each of the fashion retail brands does on each dimension.



(Informed) Gen Z Money hypotheses

Gen Z's approach to money and financial services is shaped by their unique circumstances, values, and the digital age they've grown up in.

As a generation that has witnessed economic challenges such as the 2008 financial crisis and the COVID-19 pandemic, they are pragmatic but also tech-savvy and value-driven.

Here's what we know about Gen Z and their relationship with money and financial service providers:

Gen Z's Approach to Money and Financial Services

CONTENTS:

1. Financial Prudence and Caution
2. Digital-First Approach to Banking and Financial Services
3. Tech-Savvy and Financial Education
4. Investing Early and Risk Awareness
5. Financial Inclusion and Social Responsibility
6. Entrepreneurship and Side Hustles
7. Debt Avoidance and Cautious Borrowing



1. (Informed) hypothesis

Financial Prudence and Caution

Gen Z tends to be more financially cautious than previous generations. Growing up during a period of economic uncertainty, many members of Gen Z prioritize saving and avoiding debt.

In SA, this caution is heightened by high youth unemployment rates of 62% for those aged 15-24 (BusinessTech). They are particularly wary of consumer debt and prefer to minimize borrowing wherever possible.

57% of Gen Z South Africans opened their first credit product via clothing accounts, which serve as a gateway for financial education, teaching them about affordability, interest, and budgeting (RCS Group 2023).



2. (Informed) hypothesis

Digital-First Approach to Banking and Financial Services

Gen Z is a digital-native generation, who expect financial services to meet their needs through online and mobile platforms. In South Africa, **75% of Gen Z** uses mobile payment apps regularly, and **50%** use digital wallets for payments (Investec).

They prioritize **convenience** and **seamlessness** in their banking experiences, favoring platforms like **TymeBank** and **Capitec** for their digital-first approach (BusinessTech).

Many Gen Zs are also inclined to use **neobanks** and **fintech platforms** for their banking and investing needs. With digital-first products, they avoid traditional banking hassles and focus on faster, more intuitive interfaces (BusinessTech).





3. (Informed) hypothesis

Tech-Savviness and Financial Education

While Gen Z is highly tech-savvy, there's a strong demand for more in-depth financial education. In **2023**, **56% of Gen Z South Africans** sought financial literacy through online platforms, social media, and influencers (Investec).

The rise of **influencers** discussing money management on platforms like TikTok and Instagram has made financial literacy more accessible to Gen Z (Investec).

Gen Zs are proactive in learning how to manage their money, often using apps that provide tutorials on budgeting, saving, and investing (Investec)

4. (Informed) hypothesis

Investing Early and Risk Awareness

Gen Z in South Africa is showing early interest in investing, particularly in accessible platforms like **EasyEquities**. **40% of Gen Zs** in Africa have engaged with investment platforms in 2023 (Pierrine Consulting)

However, despite their enthusiasm, only **1% of their transactions** are dedicated to investments, highlighting a gap between interest and actual investment behaviour (Pierrine Consulting)

While cryptocurrency is gaining popularity, many South African Gen Zs remain cautious of its risks. They often prefer more conservative investments like ETFs and shares (Pierrine Consulting)(BusinessTech)





5. (Informed) hypothesis

Financial Inclusion and Social Responsibility

Gen Z is deeply concerned with **ethical practices** and **social responsibility**, and they want their financial service providers to align with these values. **77% of South African Gen Zs** prioritize ethical investment options (RCS Group).

They favour banks and financial institutions that demonstrate a commitment to sustainability, green bonds, and financial inclusion for marginalized communities.

Banks like **Absa** and **Nedbank** have introduced sustainable and ethical financial products to appeal to these values (RCS Group).

6. (Informed) hypothesis

Entrepreneurship and Side Hustles

South African Gen Z is entrepreneurial, with **65% of young South Africans** aspiring to start their own businesses or side hustles(RCS Group).

The rise of digital payment platforms like **Yoco** and **PayFast** has made it easier for them to manage freelance work or small business ventures(BusinessTech). This generation is driven by the need for **financial independence** and flexibility, seeking financial products that cater to their business needs.





7. (Informed) hypothesis

Debt Avoidance and Cautious Borrowing

Unlike millennials, who relied heavily on credit cards and loans, Gen Z in South Africa prefers to avoid traditional forms of debt.

58% of South African Gen Zs prefer using debit cards over credit to avoid high-interest payments (BusinessTech).

They are also more likely to embrace Buy Now, Pay Later (BNPL) services like PayJustNow and Mobicred, which allow them to make purchases without incurring long-term debt (BusinessTech).

What Gen Zs Regard as Important Characteristics of an FSP

CONTENTS:

1. Digital-First and Mobile-Friendly Experiences
2. Transparency and Trustworthiness
3. Ethical Practices and Social Responsibility
4. Financial Education and Support
5. Customization and Personalization
6. Innovation and Future-Readiness



1. (Informed) hypothesis

Digital-First and Mobile-Friendly Experiences

Gen Z expects **seamless digital experiences** from their FSPs. With over **75%** using mobile payment and peer-to-peer (P2P) apps (Investec), they want their financial services to be accessible **anytime, anywhere** via mobile apps, websites, and digital platforms.

Mobile-First Design: Gen Z values intuitive, easy-to-navigate apps that allow them to bank, invest, or make payments with minimal effort (Investec) (BusinessTech)

Fast and Convenient Transactions: **50%** of South African Gen Z users regularly use **digital wallets**, and they expect quick, reliable payments for both online and in-person transactions (Investec).





2. (Informed) hypothesis

Transparency and Trustworthiness

Gen Z places high importance on **transparency** in fees, risks, and rewards from financial institutions. They are wary of hidden charges and want their FSP to communicate openly about **costs** and **terms of service**.

Clear Communication: According to a 2021 Deloitte survey, **77% of Gen Z respondents** prefer financial providers that demonstrate **ethical practices**, particularly around environmental, social, and governance (ESG) criteria (RCG Group)

Simple, No-Fuss Services: Gen Z prefers a straightforward, no-hassle approach to banking, wanting FSPs that cut through complexity and offer clear products (Investec).

3. (Informed) hypothesis

Ethical Practices and Social Responsibility

Gen Z is a generation driven by **social values**, and they expect their FSPs to align with those values. They are particularly drawn to **sustainable** and **ethical investing options**, wanting financial institutions that make a positive impact.

Ethical Investment Options: FSPs that offer green bonds, micro-lending, or responsible investment funds resonate strongly with Gen Z (Investec)(RCS Group)

Commitment to Inclusivity: Financial inclusion is a key issue, and Gen Z values FSPs that help underserved or marginalized communities gain access to financial services (RCS Group).





4. (Informed) hypothesis

Financial Education and Support

Many Gen Zs seek **financial literacy** tools as they navigate budgeting, saving, and investing. They expect their FSP to go beyond basic services by offering **educational resources** to help them manage their finances more effectively.

Interactive Learning: 56% of Gen Z South Africans find financial education programmes important and rely on social media, apps, and influencers for learning (Investec).

In-App Tutorials: FSPs that integrate financial literacy tools, such as investment guides or budgeting tips, into their digital platforms will likely gain Gen Z's loyalty (Investec)(Pierrine Consulting).

5. (Informed) hypothesis

Customization and Personalization

Gen Z expects a more **personalized experience** from their financial service providers, with tailored products and services that suit their specific needs and preferences.

Customizable Financial Tools: They want financial products that can adapt to their changing lifestyles, such as flexible savings options, customizable budgets, or targeted investment portfolios (Investec).

•**Relevant Rewards and Perks:** Financial incentives like cashback on purchases, discounts, or rewards that fit Gen Z's priorities—such as travel, education, or tech—are valued (Investec)





6. (Informed) hypothesis

Innovation and Future-Readiness

As a tech-savvy generation, Gen Z is drawn to FSPs that embrace **innovation** and new technologies, including **cryptocurrency** and **Open Banking** solutions (Investec).

Digital Payment Solutions: FSPs that integrate with **cryptocurrency** or offer emerging payment methods like **Buy Now, Pay Later (BNPL)** options, as well as P2P platforms, are more likely to engage this generation (Investec)(BusinessTech).

Mobile Security and Ease of Use: Gen Z values the ability to manage their money through secure, reliable apps that offer convenience without sacrificing security(BusinessTech)(Investec).

Brand Atlas Profilers

Brand Atlas is a consumer research tool designed to enable the defining, sizing, describing, and analyzing targeted consumer segments.

Brand Atlas takes hundreds of lifestyle measures across all major market sectors and includes filters on hundreds of brands.

In addition, in the fashion retail sector, Brand Atlas measures retail brand needs and brand perceptions to inform brand positioning strategic thinking.

If you buy a Brand Atlas Profiler priced at R35 000, All Told will execute a survey with your customer base to test these hypotheses about Gen Zs and their relationship with money and FSPs, and find out how well your brand (and those of your competitors) does at understanding and living up to Gen Zs FSP expectations