



The Way to Gen Z and Millennial Hearts?

It's All About the Experience



The banking industry continues to transform at breakneck pace, driven in large part by the need to attract younger customers who bank differently than previous generations. In lieu of seeking personal experiences in branches, Millennial and Gen Z consumers are more apt to conduct their banking activities digitally. They expect a robust banking experience that matches what they've come to expect from other apps, yet they want it on their terms, when and where they need it.

The challenge for banks and credit unions is to innovate quickly with online and mobile solutions that appeal to this sought-after segment—and the result is a financial landscape that is shaping up to be significantly different for consumers of all ages.

Dialing Up Convenience for Younger Users

Younger consumers are much more dependent on the internet compared to older generations. In fact, a study conducted by The Center for Generational Kinetics found that 48% of Gen Z and 46% of Millennials can't go more than 4 hours without internet access before they become uncomfortable.

To accommodate this digital-first focus and the expectation of instant gratification, financial institutions are redefining how they deliver banking solutions. As younger generations seek experiences that offer speed and convenience, savvy banks and credit unions are looking to these consumers as bellwethers of industry trends and are investing in new ways to serve them.

We've seen this phenomenon in social payments, watching younger consumers turn to digital-based payment solutions instead of traditional channels such as checks or cash. As consumers spend more time online, they access payment solutions like Zelle that allow them to pay others in real time through their trusted financial institution. Additionally, companies like Uber and DoorDash have developed seamless payment solutions that benefit their gig workers—often younger individuals. These companies have partnered with financial institutions to offer embedded payment functionality within their applications to simplify financial transactions on the job, at the point their workers need it.





An evolution of this trend in the digital banking space is delivering banking capabilities in non-financial solutions as a means of connecting with users in new ways, outside of traditional channels. For example, a software solution used by employees at a travel agency could use embedded banking technology to allow agents to open an account or transfer funds to another account, directly from the software solution they use to manage their travel agency, eliminating the need for agents to visit their financial institution's site or app to complete banking activities. Or, a credit union could work with a local university to enable students to check balances or make tuition payments directly within the student portal. The number of potential use cases is endless.

By embedding these banking capabilities in these non-financial partner applications, the financial institution offers greater convenience to users while exposing its brand through new channels.

As Siri and Alexa have ushered in the artificial intelligence (AI) age, consumers have also come to expect immediate customer support at the point of need. To tap into this trend, banks and credit unions have begun using enhanced digital support tools to provide interactive, real-time support more in-tune with younger consumers. Digital support enhances call centers, interacting with users online, on their mobile device or laptop using the language of younger generations—text, chat, and video. These platforms seamlessly blend online communication, collaboration, and automation, allowing users to interact using their preferred method of contact.

Using Data Intelligence to Drive Customized Experiences

Younger consumers have grown accustomed to seeing customized marketing offers in their email and social feeds. When [researchers](#) surveyed Gen Zers about privacy, 44% of respondents said they would provide personal data to enable a more personalized experience over an anonymous one. And, 44% would stop visiting a website if it didn't anticipate what they needed, liked, or wanted.

Businesses like Amazon use consumers' data to keep relevant products and services in front of them, and financial institutions—with perhaps more insight into consumers' behavior than any other industry—have the opportunity to do the same.

Banks and credit unions are beginning to understand the power of data to better engage with their audience and personalize the experience. Data intelligence tools can help financial institutions evaluate their users' digital banking activities to provide more tailored offers. For example, an institution might analyze consumers' mortgage balances and combine that with information about real estate values from an external data source. Using this information, it could offer home equity-centric products and services to those consumers with significant home equity.



Digital tools are also available that provide consumers with insight into financial health, including credit score information, directly within the online or mobile banking experience. Tools that promote financial health appeal to Millennials and Gen Z users who, as they get older, begin to seek mortgages or business loans. Based on data inherently available through financial institutions, financial health tools can offer consumers an interactive financial education that goes beyond credit score information, answering questions like, “What happens to my credit score if I take out a loan?”

When banks and credit unions incorporate this type of tool into their trusted digital banking platform, their users can build out personalized experiences to monitor spending and improve finances. They can self-select spending categories and set spending limits. Then, as the financial health tool gathers and analyzes the data, these users can view spending breakdowns through digital dashboards. Embedded tools like these can provide a great deal of value for Gen Z and Millennial users to build out their finances for the future while simultaneously building loyalty to the institution’s brand and keeping them from going elsewhere to find the same data.

Capitalizing on Digital Banking Trends

A robust digital banking platform built to leverage new technology quickly—and a digital banking partner that monitors the complex fintech landscape to help you identify new trends and capabilities—is imperative to providing the increased convenience and customized experience today’s younger consumers have come to expect. Younger generations have grown up with technology and therefore have higher expectations when it comes to their digital banking experience. Financial institutions that can transform to meet growing demand for both a convenient and customized experience are best positioned to win these coveted users.



About Apiture

Apiture delivers award-winning digital banking solutions to banks and credit unions throughout the U.S. Our flexible, highly configurable solutions meet a wide range of financial institutions' needs, from leveling the playing field with larger institutions to supporting growth through innovative data intelligence and embedded banking strategies. With our API-first approach, our clients can maximize the capabilities of their platform while preserving a seamless user experience. Our exclusive focus on digital banking, and a team with hundreds of years of collective experience working at U.S. financial institutions, means we're dedicated to meeting the unique needs of our clients while providing a level of support that's unmatched in the industry. Apiture is headquartered in Wilmington, North Carolina, with offices in Austin, Texas.

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