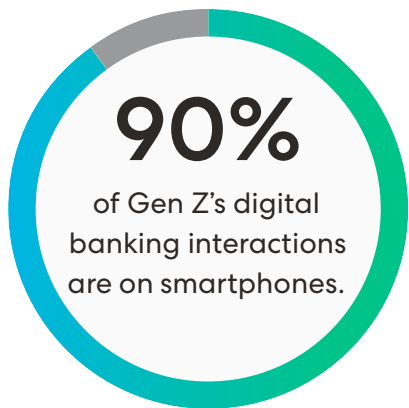


# Why Catering to Gen Z Helps Banks Win

**:ubiquity**



Banking for digital natives — today’s tweens, teens and 20-somethings — bears little resemblance to their parents’ habits. Catering to this burgeoning Gen Z consumer base requires a fresh approach to customer experience (CX). Doing so helps banks differentiate their brands across generations and boosts their long-term competitiveness.



## The Impact of Gen Z

Born roughly between 1996 and 2010, Gen Z accounts for more than 68 million Americans. About 27 million of them banked digitally at least monthly in 2021, a number expected to reach 45.4 million by 2025.

Many of those interactions are on smartphones, which account for about 90% of Gen Z's digital banking.

### Frequent online activities for these digital natives include:



#### Shopping:

More than half report buying something seen on TikTok.



#### Socializing:

65% say they get purchasing ideas from social media.

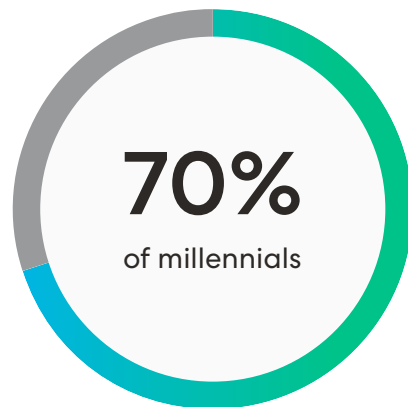
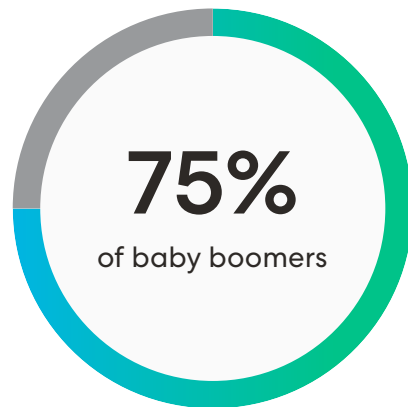


#### Working:

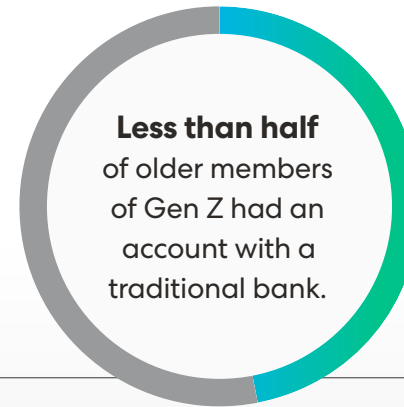
They are becoming adults in an economy in which freelance work and side gigs are the norm.

Goods and services in the gig marketplace will be worth \$455 billion in 2023, forecasters estimate. There are about 50 million participants in the related creator marketplace, with 2.3 million earning full-time wages. These individuals start their own brand, business or community and use digital platforms such as YouTube and Instagram to share their work.

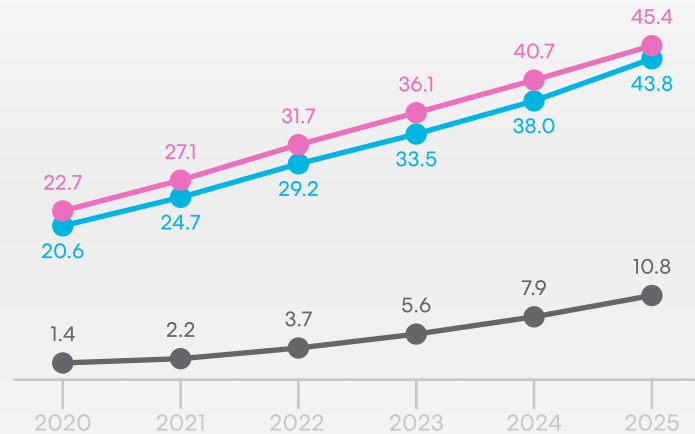
Partly because of a digital-first mindset, this young generation isn't wed to traditional banking. A 2021 [cross-generational survey](#) found less than half of older members of Gen Z had an account with a traditional bank, credit union, neobank or financial technology company. However, 75% of baby boomers and 70% of millennials did. Among survey respondents, 73% of Gen Zers and millennials had used mobile banking in the past three months, versus 28% of baby boomers. The generations also varied in their trust of traditional banks and credit unions, with under half of baby boomers expressing complete trust, while Gen Z was more skeptical.



had an account with a traditional bank, credit union, neobank or financial technology company.



### For Gen Z, banking is digital and mobile



Digital banking users

Digital-only bank account holders

Mobile phone banking users

Usage of mobile and digital banking services is expected to gradually rise for members of Gen Z, with 45.4 million banking digitally at least once a month by 2025.

Source: [US Gen Z mobile banking user stats \(2020-2025\)](#)

A key point revealed in another survey is that Gen Z and millennial consumers might not call a major bank their primary financial institution. However, the majority of them have an account with one, mainly to access mobile banking features. Thus, Gen Z represents an opportunity for traditional and nontraditional banks — if the CX is right.



54%

of Gen Z consumers drop a company due to one instance of poor customer service.

## Where Gen Z Banking and CX Needs Converge

“The one service that is a must to attract Gen Z customers is simple, effective self-service through your mobile app,” said Sagar Rajgopal, president and chief customer officer at customer service specialist Ubiquity.

“It should be a priority for any customer, but it’s absolutely a must for this demographic,” Rajgopal added.

Reinforcing this recommendation is that a third of Gen Z and millennials describe their primary financial institution as the one at which they’ve most frequently used the mobile app. Speed and ease of use are must-have mobile banking features.

A great mobile app by itself, though, isn’t enough. While Gen Z customers prefer self-service, they sometimes need help from a chatbot or interactive voice response (IVR). Getting such CX interactions right is vital, because 54% of Gen Z consumers drop a company due to one instance of poor customer service.

Gen Z customers need omnichannel capabilities that deliver consistently excellent customer service. This might include a chatbot, live chat, in-app messaging and a live agent over the phone or, increasingly, video calls. The key is to optimize CX across channels and to ensure your technology is integrated in such a way that if an inquiry escalates to a live agent, the agent knows what the customer’s problem is and how to solve it.

Achieving brand-defining customer service requires the right people, the right systems, and the right feedback loops and data analysis to drive optimization. Customers expect service agents who are empathetic, knowledgeable and capable. A seemingly uncaring service agent or multiple transfers can create negative customer sentiment — even if the problem is eventually resolved. Customer service representatives, therefore, must have enough institutional knowledge and experience, along with a positive, problem-solving attitude, if you expect to retain Gen Z customers.

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## Thoughtful Automation

As for systems that benefit CX, artificial intelligence deployed as a virtual assistant can help agents resolve customer issues faster. For instance, Aigent, an AI platform developed at Ubiquity, listens for trigger words, then provides agents the best problem-solving solutions for each customer.

The AI platform anticipates call dispositions, recognizes interaction patterns and guides successful first-call resolutions, helping banks achieve higher Net Promoter Scores and reducing average handle time, as well as regulatory complaints.

AI has an important role to play in CX, whether it's helping agents, analyzing customer data or customer-facing, but it's easy to find consumers who've had a bad chatbot experience. The technology works best for resolving simple inquiries, while agents are better suited to solve more complex issues faster. Whatever technology tools or channels you deploy, make sure you map the customer journey completely. And take the journey yourself. You might be surprised at what you learn.



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## Financial Education

As Gen Z ages, they will need mortgages, investments and more financial education, with nearly half of Gen Z consumers already engaging in credit monitoring as a learning tool, according to a JPMorgan Chase survey. Banks that provide services such as budgeting and personal financial management tools that help Gen Z consumers make smarter financial decisions can build trust and establish loyalty. However, these tools don't matter if they're not used, Rajgopal noted. Incorporating gamification, social sharing or virtual reality increases engagement, benefiting consumers during stressful economic times and setting them up for long-term financial health.



# Putting CX Practices Into Action to Meet Banking Needs

Banks need agility if they're going to meet the needs and demands of Gen Z customers. Neobanks that have grown by providing a seamless customer experience and great customer support are well positioned for this generation. Yet, that performance can be increasingly hard to achieve cost-effectively as the customer base grows.

For that reason, many neobanks have turned to outside help. Doing so lets them scale great CX. For those considering outsourcing, it's important to find someone willing to be your strategic partner, rather than another vendor, advised Rajgopal.



**You need someone who will do a comprehensive review of your CX operations and design a tailored solution for your customers that's also flexible enough to pivot to meet changing customer or market demands.**

**Sagar Rajgopal**, president and chief customer officer, Ubiquity

For example, BMTX (formerly BankMobile) manages billions of dollars in financial aid disbursements for college students, a Gen Z group that relies on student debit cards to access funds. Seeking to turn students into customers for life, the neobank needed a more intuitive and user-friendly customer experience to drive a measurable increase in customer satisfaction while reducing operating costs.

BMTX turned to Ubiquity, which started by analyzing customer flows across all channels. Ubiquity then redesigned the bank's IVR system, improving call routing and adding easy-to-navigate self-serve options. As part of the solution, Ubiquity developed customer service training focused on the top 10 call types.

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## The result was:

- 18% increase in first-call resolution
- 37% reduction in call volume
- An increase of 46 points in Net Promoter Score
- \$3 million saved annually

## Capturing the Gen Z Market

Outsourcing CX can help banks meet the requirements of Gen Z — the future of banking. Tools to do this involve accessibility across all platforms and great customer service, along with services and channels such as video calls and innovative financial learning tools that customers actually want to use. Partnering with the right provider can help with meeting Gen Z service requirements with solutions that delight customers across age groups.

“It starts and ends with the customer experience,” Rajgopal said. “Your onboarding process must be simple and convenient. You need a full suite of services that cater to and grow with Gen Z’s specific needs. And you need to take care of your customers quickly when they need help, in the channel they want.”



**It starts and ends with  
the customer experience.**

**Sagar Rajgopal**, president and chief customer officer, Ubiquity





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