

FEBRUARY 2021

# **From Boomers to Zoomers: Preparing Banks for the Greatest Generational Wealth Transfer in History**

New study reveals what matters most to customers and how banks can create meaningful connections across the generations.



# From Boomers to Zoomers: Preparing Banks for the Greatest Generational Wealth Transfer in History

## Get ahead of the generational shift.

Baby Boomers are predicted to pass \$8.8 trillion in assets to the generations following them over the next decade. Financial institutions need to be prepared to connect with these younger customers, taking into account how each generation's bank relationships differ. While Boomers have historically been very loyal to their banks, Gen X customers tend to be a bit more skeptical of their financial institutions. And customer experience expectations for Millennials and Gen Z (Zoomers) are heavily influenced by technology brands, including the onslaught of emerging financial technology (fintech) companies.

**The generations do not bank the same. How can banks continue to connect with their existing, aging customer base while also attracting new, younger customers?**

To answer this question we looked at several attributes, including trust, convenience, ease of interaction, and connection to identify what is essential for banks to remain competitive, set them apart from their competition, and—most importantly—how these expectations differ by generation.

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### Study overview

In January 2021, Hero Digital surveyed 1,500 people about their expectations and sentiment when it comes to interacting with their financial institutions.

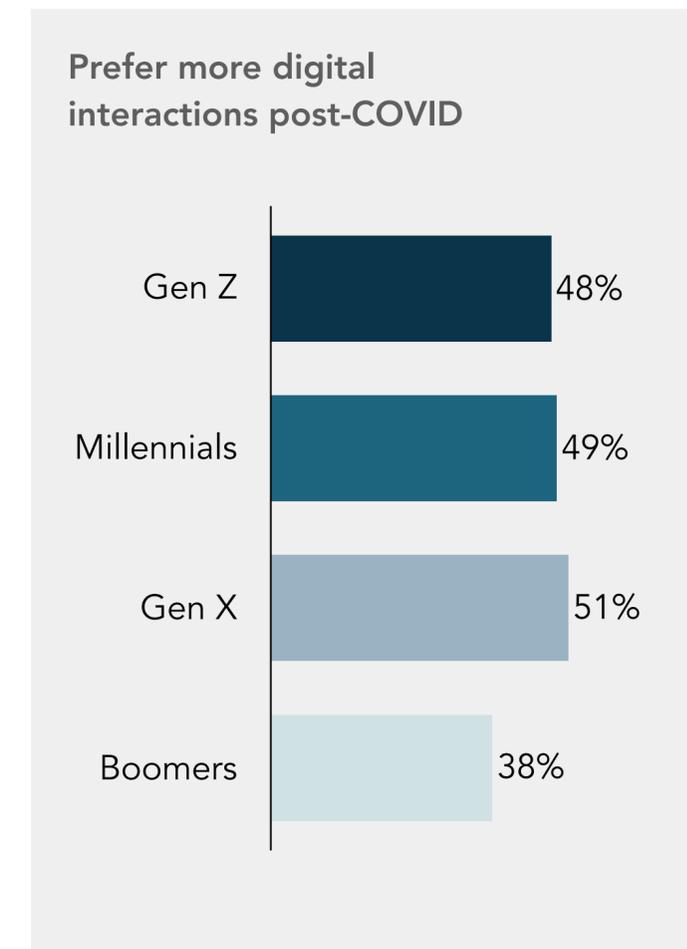


# Each generation has different banking preferences and expectations for interacting with financial institutions.

Overall, the preference for digital services is clear. Understanding your different audiences and adapting has never been more important.

Interaction preference (Indexed to average)

Generation	Entirely digital	Mostly digital	Equal mix	Mostly in-person	Entirely in-person
Gen Z	109	110	88	62	94
Millennials	121	93	105	85	59
Gen X	88	105	93	132	95
Boomers	82	91	114	121	152

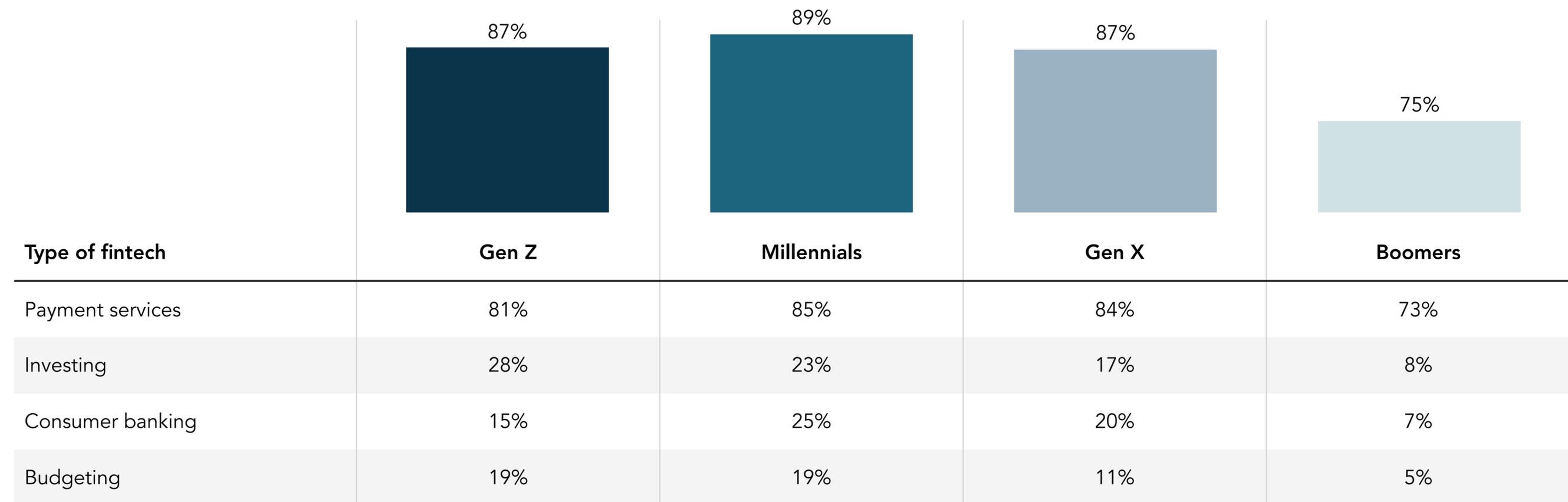


# Expectations for digital experiences are being set by interactions with companies outside the customer's primary bank.

The vast majority of banking customers also have at least one fintech account, with payment services being the most popular type.

Have at least one fintech account

■ Gen Z ■ Millennials ■ Gen X ■ Boomers

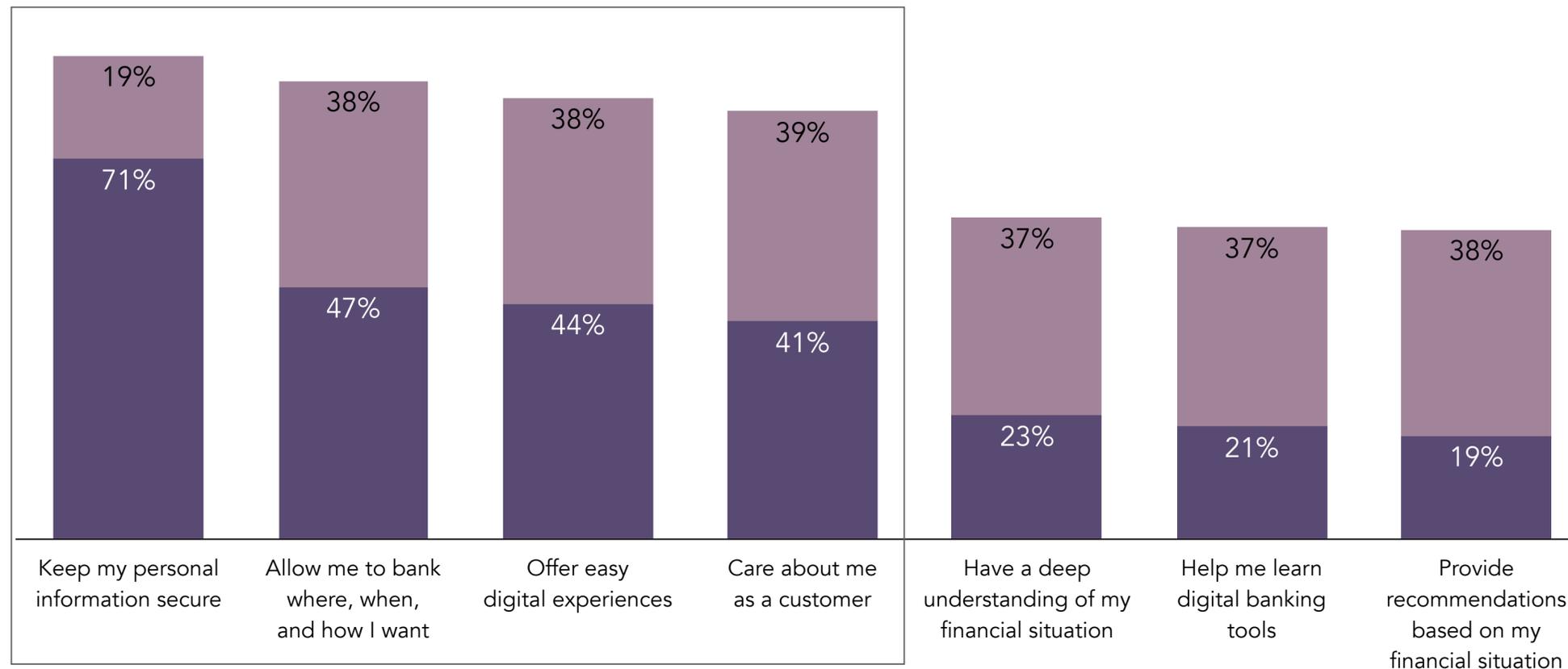


# 90% of customers expect security from their financial institutions. Flexibility, easy digital, and caring are also important.

Personalization and tailored services are not dealbreakers since expectations are lower.

I expect my financial institution to...

Strongly agree Agree



## Top expectations for financial institutions (% strongly agree/agree)

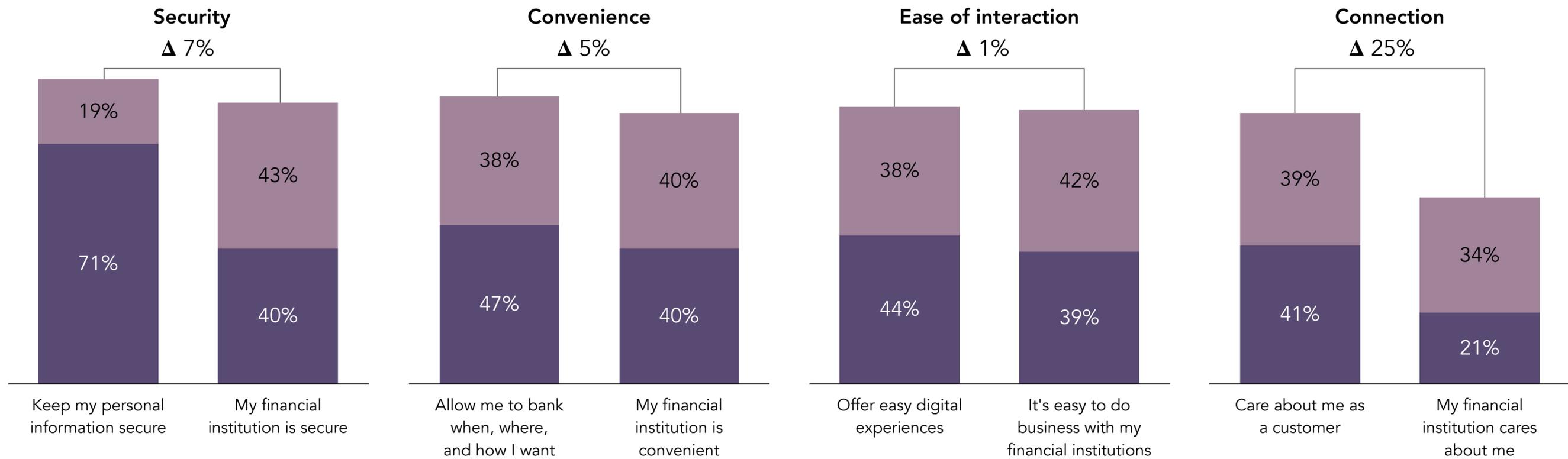
1. Keep personal info secure (90%)
2. Flexibility to bank how I want (85%)
3. Easy digital experiences (82%)
4. Care about me as a customer (80%)

# Connection is rated almost as high as convenience and ease of interaction, but many financial institutions aren't providing it.

The difference between expectations and sentiment can shed light on which attributes are foundational, market-level, or differentiating.

## Expectation vs. Sentiment

Strongly agree Agree



**Foundational**  
What is essential?

**Market level**  
What do you need to be competitive?

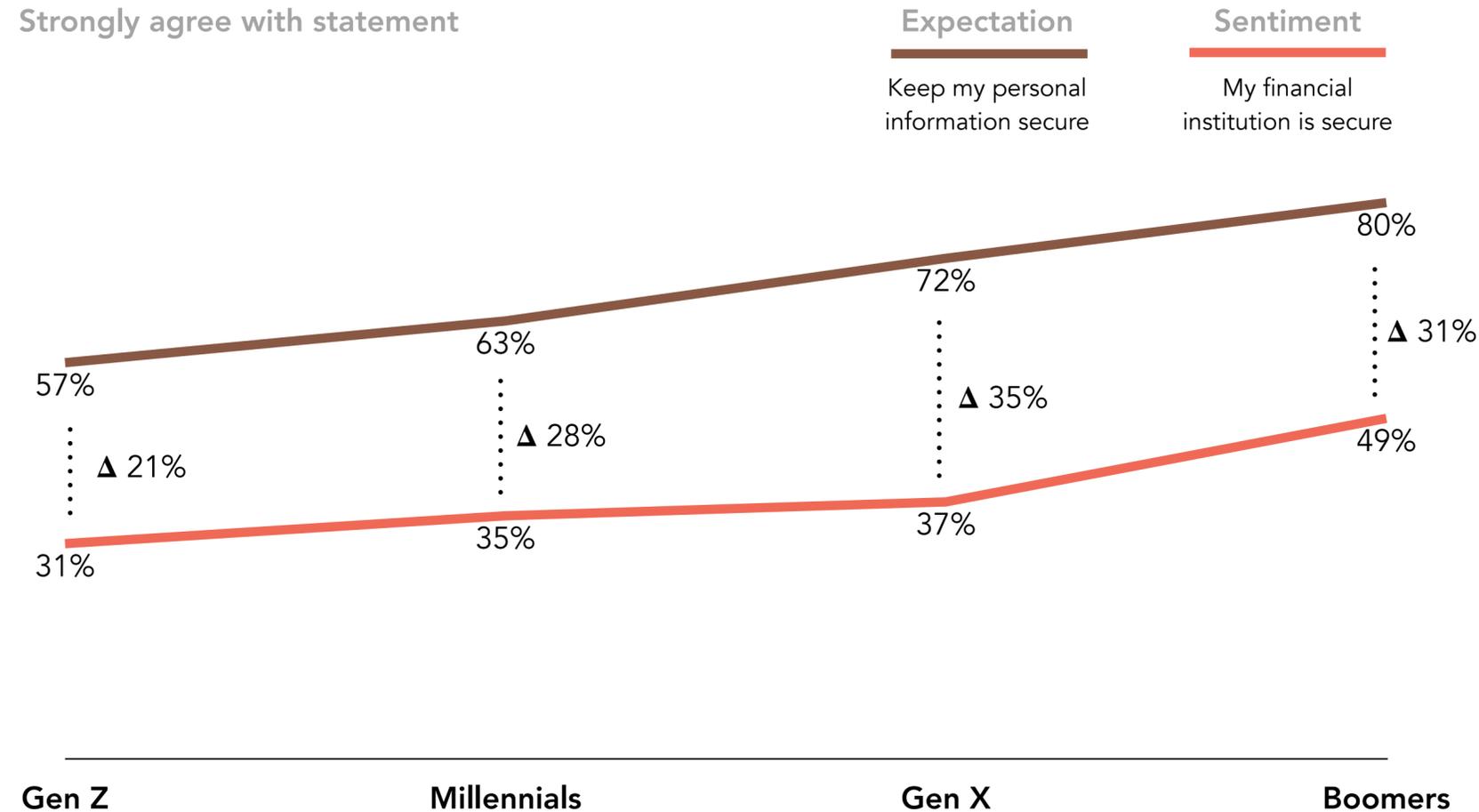
**Differentiator**  
What can set you apart?

# Security is the most important attribute across all generations making it foundational to any financial institution.

But there is also a major gap between expectations and the customer perception of security.

## Security

Strongly agree with statement



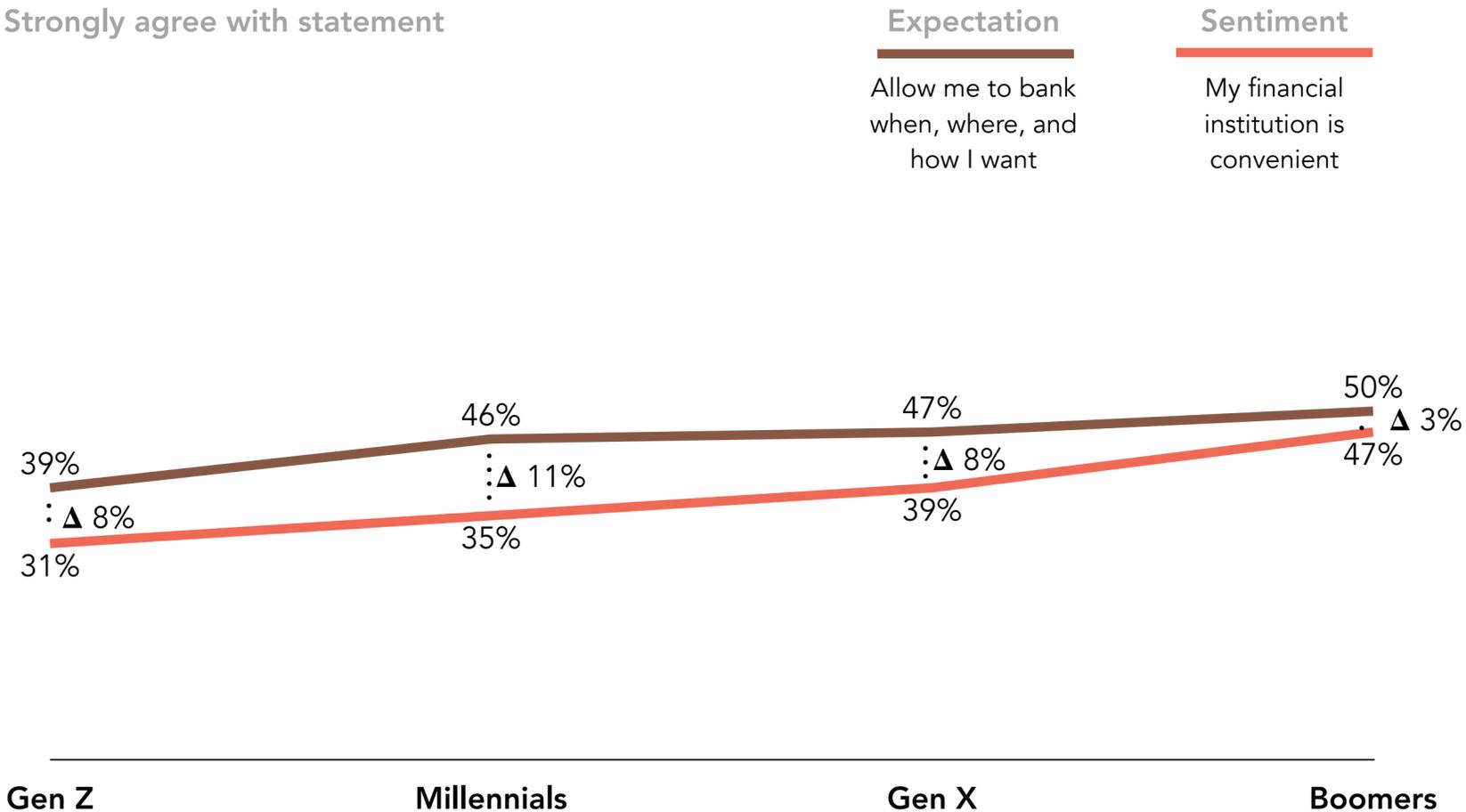
- **Gen X** has the biggest gap between expectation and sentiment (**35%**) indicating that trust may be more of an issue for this age group.
- **Boomers** have by far the highest expectations for security, with **80%** saying they strongly agree that they expect security. They also have the highest level of trust but still have a **31%** gap between expectation and sentiment.

# Expectations for convenience are largely being met by financial institutions making this a priority to remain competitive.

Millennials have the largest gap between expectations and experience when it comes to convenience in financial services.

## Convenience

Strongly agree with statement



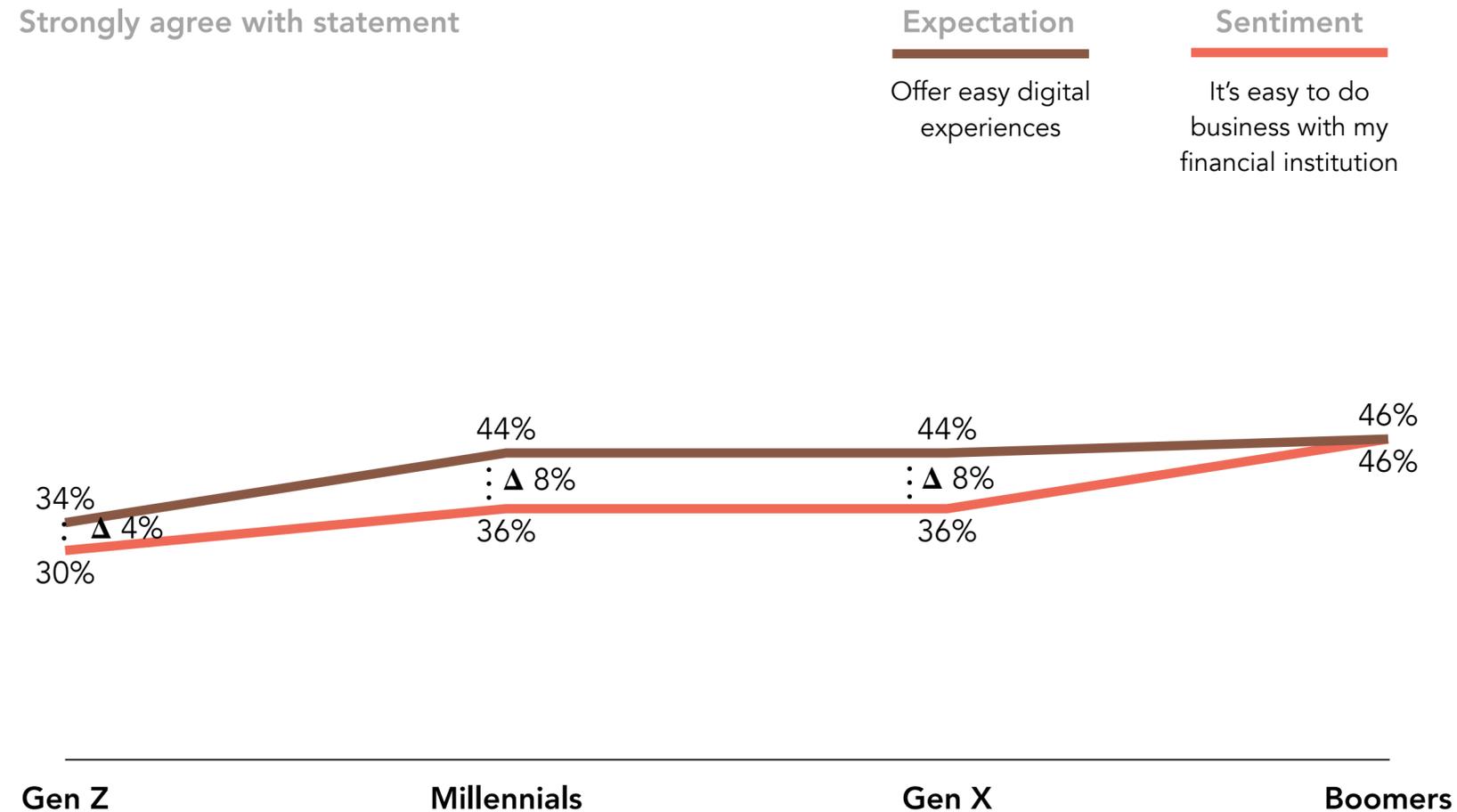
- The concept of “convenience” will differ based on preferred interaction style.
- **46% of Millennials** expect convenience, only **35%** strongly agree that their financial institutions are meeting this. This is also the generation who is most likely to prefer interacting entirely digitally.
- **Boomers**, who are most likely to prefer in-person interactions, are relatively satisfied with the convenience their financial institution offers.

# Overall, ease of interaction has the smallest gap between expectation and sentiment for all generations.

Millennials and Gen X are the least likely to feel their expectations are met when it comes to ease of interaction.

## Ease of Interaction

Strongly agree with statement



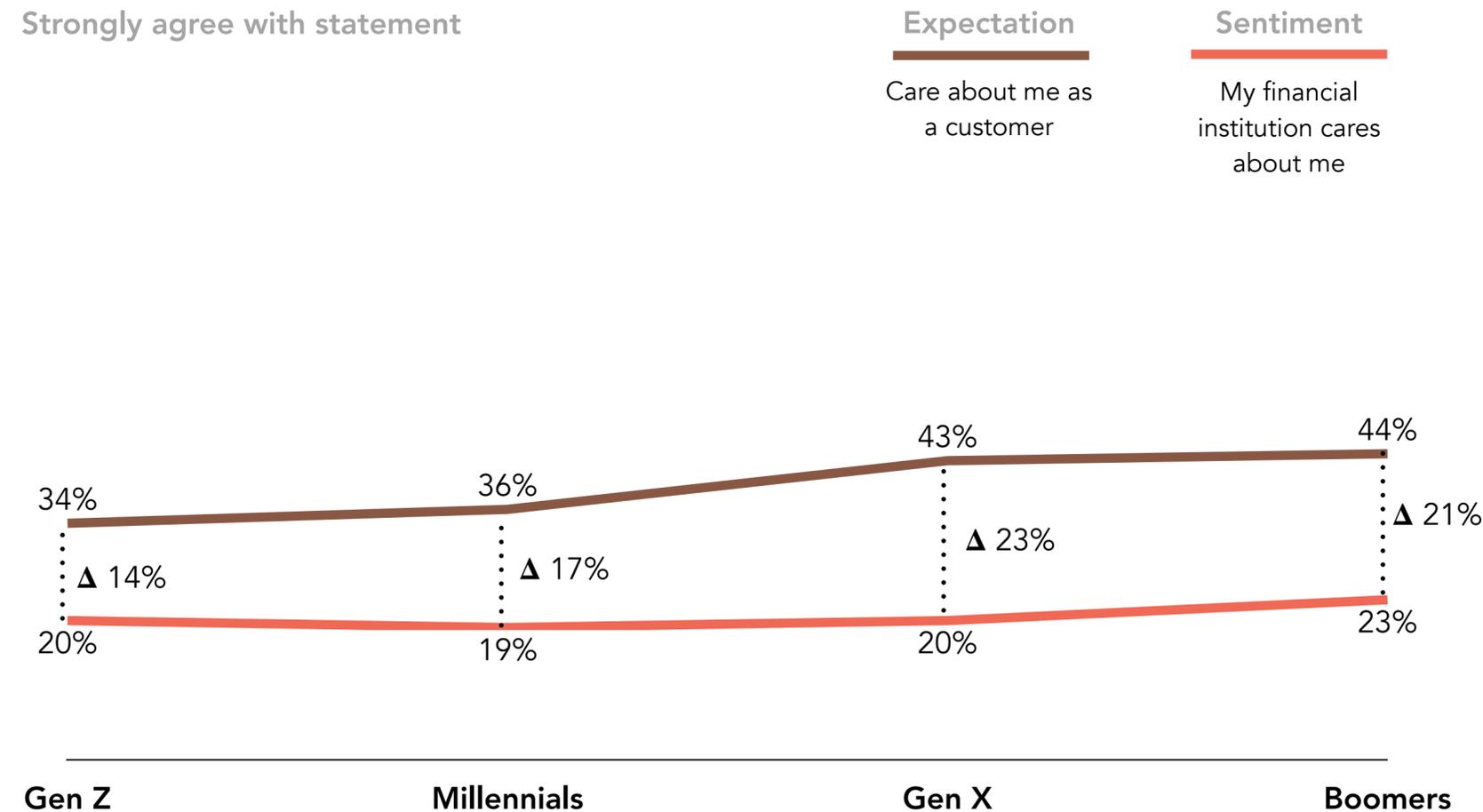
- Most customers have similar expectations around easy digital experiences with the exception of **Gen Z** who are at least 10 percentage points below other generations
- **Boomers** expect ease and are most likely to say their financial institutions are meeting that expectation. For **Boomers**, there is no gap between expectations and sentiment for ease of interaction

# A strong connection is an opportunity for financial institutions to set themselves apart from the competition.

While connection sentiment is relatively flat across generations, Gen X and Boomers have higher expectations.

## Connection

Strongly agree with statement

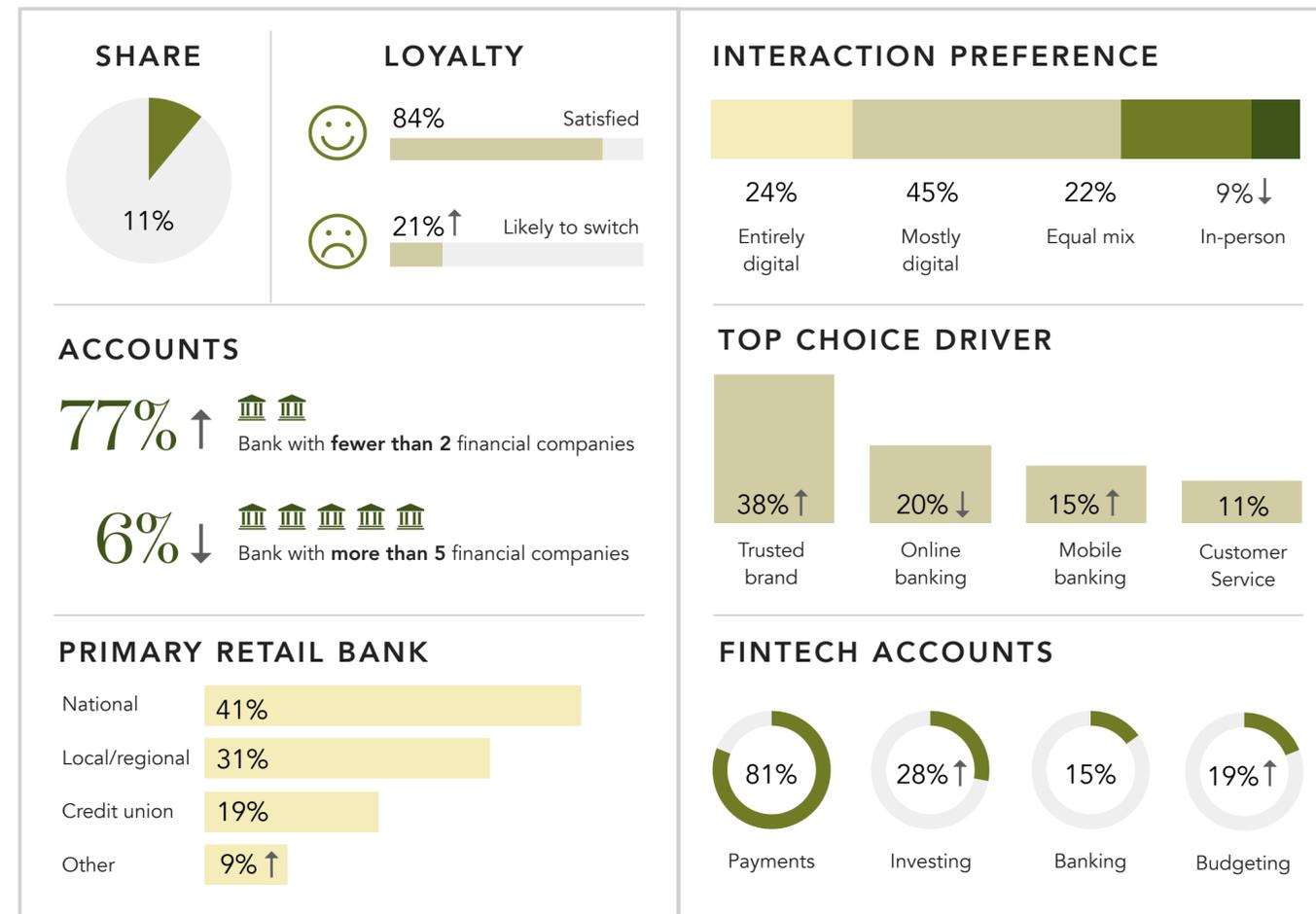


- Although expectation around caring and connection is similar to other attributes, the sentiment is much lower with only about **1 in 5** customers across **all generations** feeling their financial institution cares about them.
- While security is fundamental to any banking relationship and convenience and ease of interaction are table stakes, this gap in connection creates an opportunity for a bank to truly differentiate themselves.

# How to connect across the generations.

# Gen Z: Connect by being genuine

The blank slate generation is just starting out on their financial journey and looking for trusted brands to help them navigate.



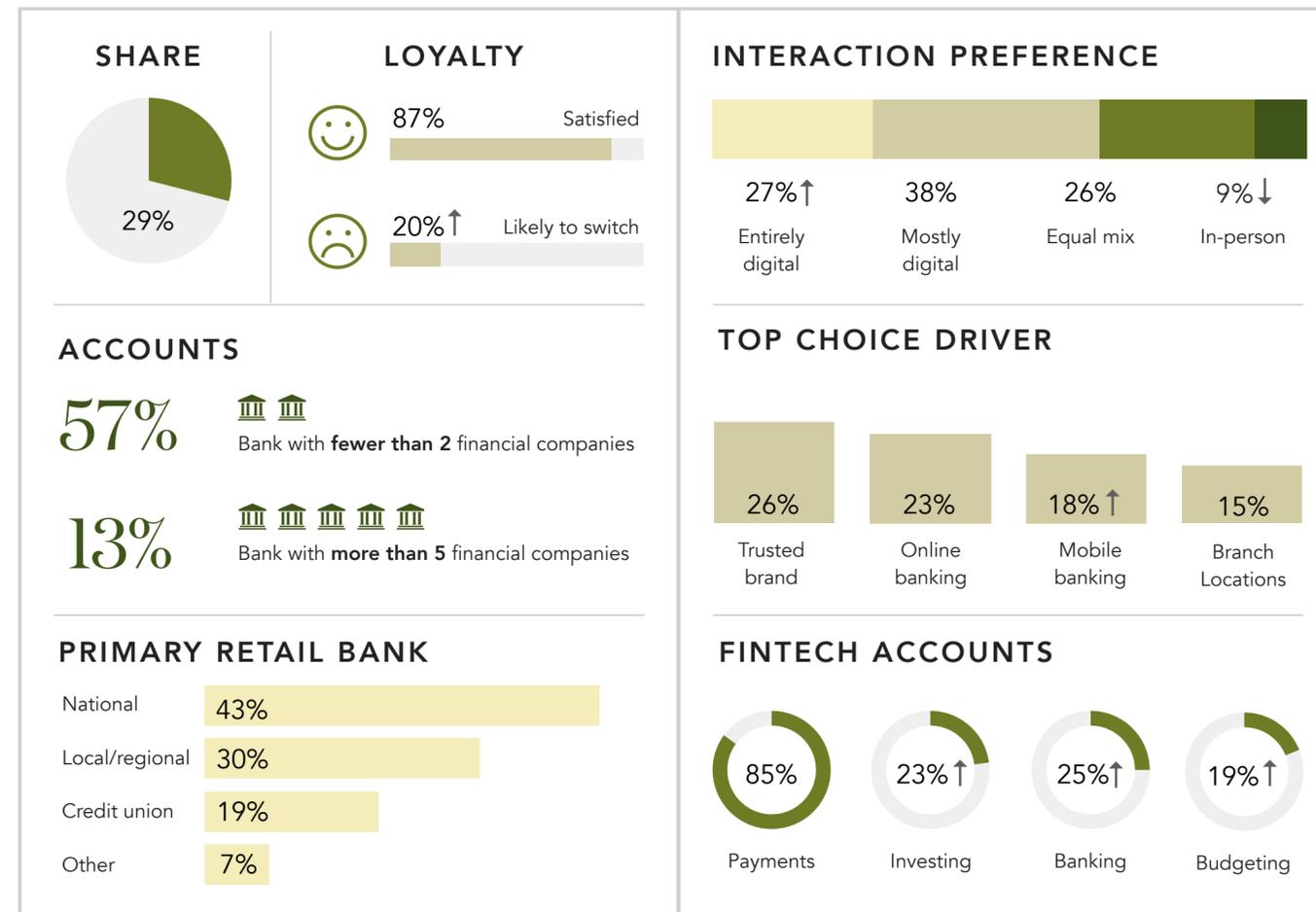
↑ = >15% above average ↓ = >15% below average

## Gen Z

- Only have accounts with one financial institution but are also more likely to switch.
- Generally lower expectations of their financial institutions.
- Prefer digital interactions, preferably mobile, and have fintech accounts, even as their primary bank.
- Less bothered by security than other generations, but more likely to chose a bank based on a trusted brand.

# Millennials: Connect by providing digital solutions

Millennials have grown up heavily influenced by tech companies and expect the same convenience from their banks.



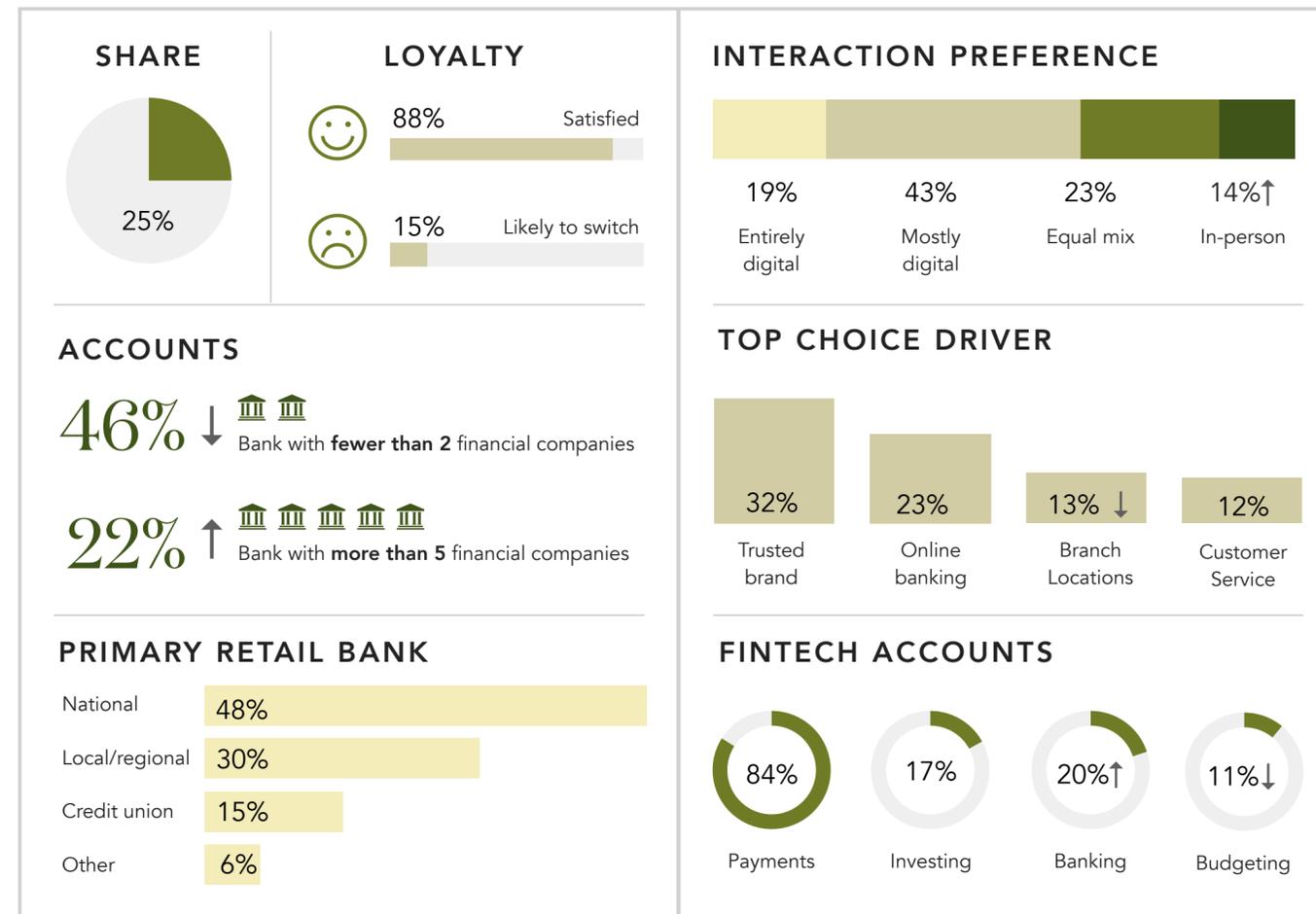
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## Millennials

- Have the biggest gap between expectation and sentiment when it comes to convenience.
- Are the most likely to prefer digital-only interactions with their financial institutions.
- Online banking is nearly as important as brand when choosing a bank; mobile banking ranks higher than other generations.
- Heavy use of fintech overall. And 1 in 4 millennials have a consumer banking fintech account.

# Gen X: Connect by leading with trust

Having experienced multiple financial recessions and scandals as adults, Gen X may be naturally more skeptical of banks.



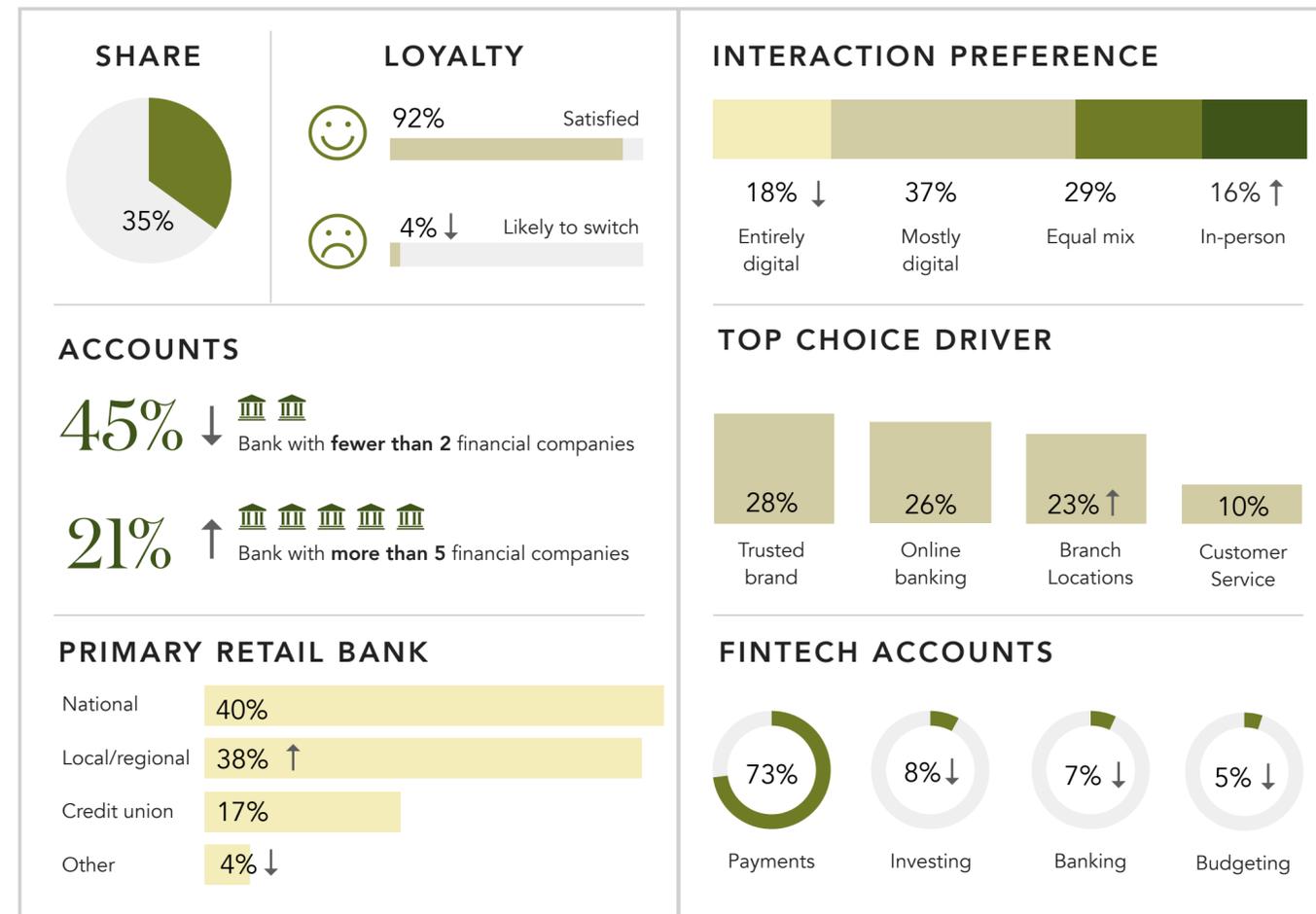
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## Gen X

- Have the biggest gap between expectation and sentiment when it comes to both trust and connection.
- Are most likely to choose a bank that is a trusted brand and more likely than other generations to bank with national bank brands over local/regional, or credit unions.
- Prefer digital interactions but more likely than younger customers to like banking in person.

# Boomers: Connect by nurturing relationships

Boomers are generally satisfied with the status quo and need to know they're being protected, taken care of, and considered.



↑ = >15% above average ↓ = >15% below average

## Boomers

- Overall the most satisfied generation, with only 4% saying they are likely to switch.
- High expectations for security over other attributes.
- Skew towards in person preference with branch location being a much stronger choice driver than for other generations.
- Have accounts with multiple companies but significantly less likely to have fintech accounts.

# Considerations in planning for what's next:

How to prepare for the greatest wealth transfer in history by maintaining what matters to your existing customers while simultaneously creating meaningful connections with the next generations.



## Foundational

What is essential?

### Security

- Are all your systems, including any personal customer data, secure?
- Do my customers trust that their personal and financial information are secure?
- For Gen X and Boomers especially, are there any specific security concerns tied to digital tools?
- Is there anything additional you can plan for (products or marketing) to reinforce the essential message of security?



## Market level

What do you need to be competitive?

### Convenience and ease of interaction

- Are your digital offerings on par with your competitors?
- Are your digital offerings on par with other industry players (e.g. fintech)?
- Is your online banking interface and functionally enough to attract and retain customers who consistently rank this as the most important attributes following brand trust (even Boomers!)?



## Differentiator

What can set you apart?

### Connection

- How can you create a genuine connection with Gen Z through digital beyond transactional activities?
- Have you planned a roadmap of digital features that are on par with Millennial's expectations?
- Is Gen X happy with the level of security they get from you? Can this be used to set you apart from less established competitors?
- As branches become less of a focus, how can you maintain strong relationships with Boomers?

To learn how Hero Digital can help you act on these insights to improve your customer experience, contact us at [business@herodigital.com](mailto:business@herodigital.com).

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