

March 2022

# Gen Z: The Future of Spending

Uncovering How Zoomers Pay

Thunes.

# A New Generation of Paying

The way that every generation pays for goods and services is changing, all around the world. But one generation in particular stands out. Generation Z – young people born between the late 1990s and the early 2010s – is growing up with a different set of habits and behaviours to the generations that came before.

This is why we at Thunes decided to conduct a research and look into Gen Z's payment preferences, financial attitudes and spending habits. We have identified 13 emerging and developed markets that cumulatively account for 3.3 billion of the global population, and surveyed a group of Gen Z respondents asking them about their social and payment habits.

We believe that every business needs to understand how its audience's preferences are changing, so that it can cater to those changing needs. And the growing economic impact of zoomers makes it imperative to work out what they want.

Indeed, research from Bank of America suggests that worldwide, Gen Z's income will grow by 400% over the coming years

to reach \$33 trillion by 2030. By then, this group will hold more than a quarter of global income, and their spending power will surpass that of millennials – the generation that preceded them – in 2031.

That power, by the way, will be concentrated in certain parts of the world: Nine in 10 zoomers live in emerging markets, Bank of America's research reveals. A fifth of this generation lives in one single country – India.

These trends raise important questions for every business. What makes Gen Z tick? How will they decide where to spend their growing income? Who will have an influence on those decisions? Join us as we dig deeper into those questions, based on research with zoomers in 11 emerging markets, as well as in the UK and the US.



**Peter De Caluwe**  
Chief Executive Officer  
Thunes

## The 13 emerging and developed markets we studied



# Towards a New Normal for Payments

## Gen Z embraces digital technologies to manage their money

Zoomers are the first generation who, without exception, have grown up entirely in the age of the internet. And Gen Z's immersion in digital technologies from their earliest years onwards has shaped the way they see the world – both how they make decisions, and how they put those decisions into practice.

The influence of digitalisation is clear in each of the significant trends identified in this report. Zoomers are living their

lives online – and they expect the brands with which they interact to accommodate that. And while there are subtle differences between the attitudes and behaviours of Gen Zs living in emerging markets and their counterparts in developed economies, both groups are digital citizens.

**Our Research Identifies  
FIVE MAJOR TRENDS. ►►**



# 01

## Social Media Determine When Gen Zs Spend Their Time and Money

In some countries, more than **9 in 10 Gen Zs** say they now use social media on multiple occasions throughout the day, and the platforms they log into continue to grow in number. TikTok, for example, is rapidly catching up to YouTube, Facebook and Instagram.

Social media is particularly all-consuming in emerging markets, where more than three-quarters of zoomers check in multiple times over the course of a day. And inevitably, such high usage rates make social media hugely influential: more than two-thirds of Gen Zs living in emerging markets say they have purchased products they first discovered on social media (their peers in the UK and the US are also social media-driven purchasers, albeit in slightly smaller numbers). Moreover, recommendations from other social media users are very powerful.

Indeed, the “**Tik Tok made me buy it**” theme has become a global phenomenon, accelerating throughout the Covid-19 pandemic when social media users had more time to consume and create content. TikTok content showcasing items has repeatedly led to shortages of these products; **#AmazonFinds** lists have been a huge hit, driving purchasing activity.

# 8 in 10

**Zoomers say they now use social media at least once a day**





## 02

### Emerging Money Management Tools are Gaining Ground

Gen Zs are embracing new types of money management tools and have relatively little enthusiasm for traditional products such as bank accounts: **62% do not have one.** Mobile wallets, by contrast, are growing fast – in some markets, almost half of zoomers now use this type of account.

Moreover, while mobile wallets and similar innovations have traditionally been associated with emerging markets, where conventional banking has had less exposure, it would be a mistake to expect Gen Zs living in developed economies to follow their parents' preferences. The evidence of our research is that zoomers globally are moving away from banking products. Businesses that do not adjust accordingly risk being shunned by Gen Z.



**62%**  
of Zoomers  
do not have  
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account

# 03

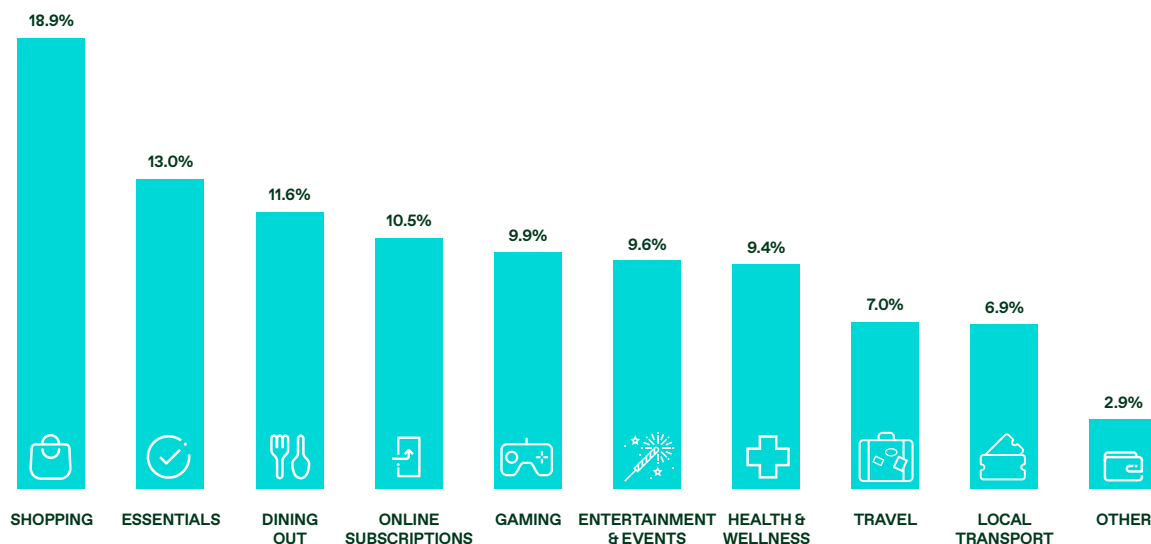
## Zoomers Shop as Much as They Like to Party

This is particularly true in emerging markets, where **Gen Zs currently spend 19% of their money shopping for clothes and electronic goods**. By contrast, going out to eat, or to entertain, accounts for a slightly lower proportion of zoomers' spending.

With much of that shopping taking place online, it is critical for retailers looking for a slice of this increasingly important market to offer the payment options that zoomers prefer. But even when it comes to the physical retail environment – or indeed at entertainment venues and in restaurants, cafes and coffee shops – Gen Zs will expect to be offered a broad range of payment choices.

In developed markets, entertainment and dining out does account for a slightly higher share of wallet, but shopping – and online shopping in particular – is nonetheless one of Gen Z's favourite activities. Here too, payment options will need to become more diverse.

## HOW GEN Z DIVIDES THEIR SPENDING



# 04

## Physical Cash is on the Decline

Cash is already highly unpopular with many Gen Zs. In Western markets, for example, around a quarter of Gen Zs almost never use cash. In emerging markets, many of which have traditionally been thought of as cash-based economies, the use of physical currency to settle transactions is also becoming far less common, though it remains an important payment method.

In part, this no doubt reflects the changing shape of the global economy. As more people spend more of their money online – with zoomers leading the charge away from physical retail – the use of physical cash will naturally decline.

But even where both parties are in the same place at the time of the transaction – say, in a physical retail outlet or a restaurant – physical cash is becoming a far less popular way to pay. There are simply more payment options available, many of which are a more natural fit to the way in which people now live their lives.

## Wallets are dominating payment methods in emerging markets:

paytm

DANA

gopay

easypaisa

M-PESA

GCash

OVO

JazzCash

pix  
powered by Banco Central



# 05



## Zoomers Want Brands They Trust When It Comes to Payments

Gen Zs looking for alternatives to cash want payment methods they can trust and feel safe with. The single most important driver for zoomers considering which payments option to use is brand trust and – and that is true in both developed and developing economies.

In practice, of course, brand trust has several components. **Gen Zs certainly want to use brands they know and recognise** – building brand awareness is therefore crucial to emerging payments providers. But that awareness also has to generate the right associations – above all, payments brands must be perceived as secure and reliable; innovation and usability are part of the picture too (indeed, user experience is the second most popular answer from zoomers when asked how they choose their primary payment method).

Making the right connection with potential users will be crucial for any provider seeking to build a customer base of Gen Zs. By contrast, pricing and parental recommendation are much less powerful points of competitive differentiation.

## Top 5 Factors that Impact Zoomers' Payment Choice:



**Brand**



**User  
Experience**



**Instant  
Transfers**



**Features  
& Services**



**Local  
Acceptance  
& Adoption**



PART 2

# The Payments Space in Detail

Gen Z's preferences and behaviours uncovered





## Gen Z's Favourite Social Media Channels Revealed




Gen Zs are voracious consumers of social media, particularly in emerging economies. In Kenya and Nigeria, for example, 96% and 92% of Gen Zs respectively say they use social media on multiple occasions throughout the day. In almost every emerging market surveyed, zoomers are at least daily users of social media.

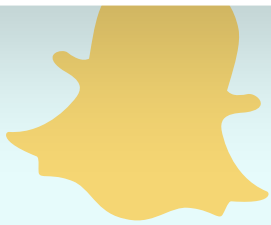

There are exceptions. Russian Gen Zs, for example, are less likely to be found on social media; usage is also a little lower in Indonesia. Overall, however, emerging market Gen Zs are typically much more active users of social media than their counterparts in Western countries such as the US and the UK.



In most emerging markets, more established social media channels enjoy larger market shares in this research (which looks at the channels zoomers consult daily) – notably YouTube, Facebook, and Instagram. However, TikTok, which arrived on the scene only in 2016, has captured significant numbers of Gen Zs. In Mexico, for example, TikTok is close to overtaking both Facebook and Instagram, and is already ahead of YouTube. Only India, which banned TikTok in June 2020, has not seen this phenomenon.



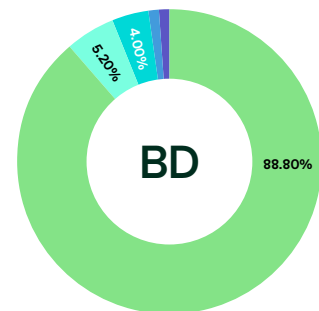
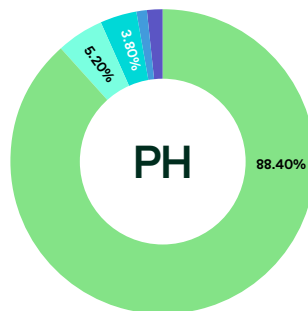
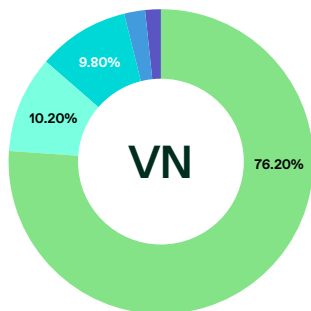
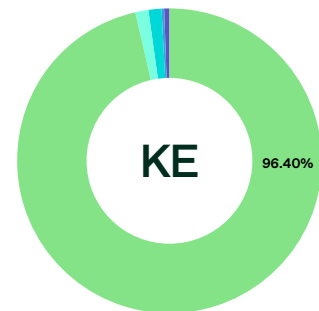
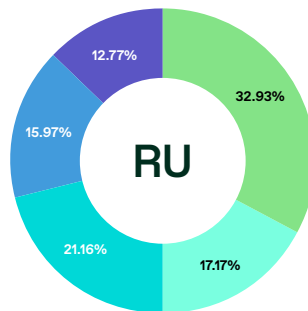
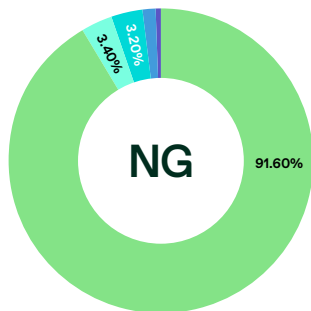
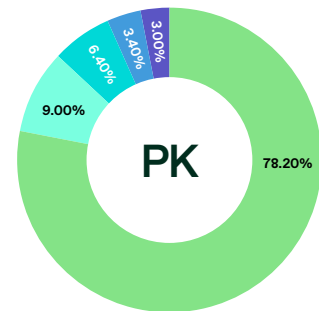
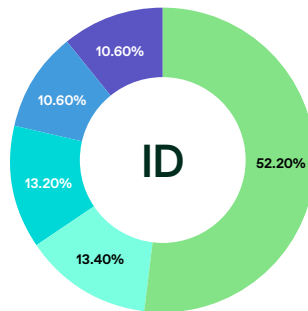
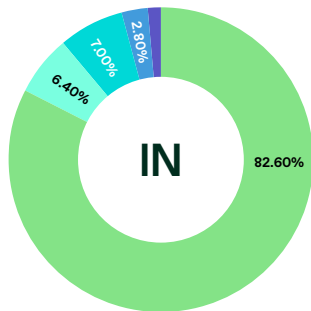
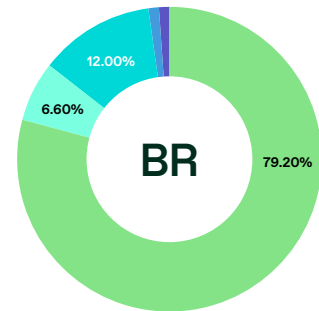
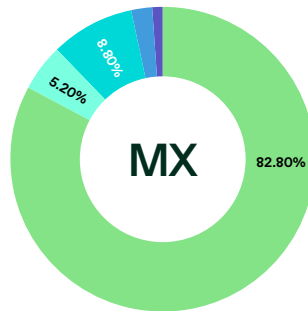
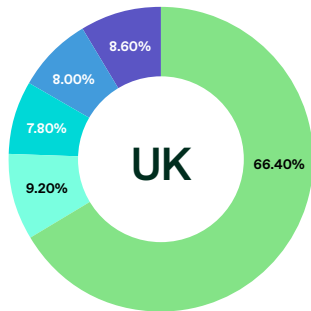
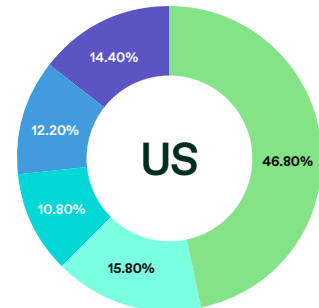
Social media is part of zoomers' daily lives – and not just for entertainment purposes, though YouTube is ubiquitous and Facebook remains popular, particularly compared to the UK and the US, where younger people are moving on to other social media. Professional social media channels such as LinkedIn have also gained traction, particularly in India and Indonesia, as well as in the West.



# How often do you use social media?

Overall, Gen Zs in emerging markets are more active social media users than their counterparts in the US and the UK.

Multiple times a day   Roughly once a day   2-3 times a week   Once a week   Less than once a week

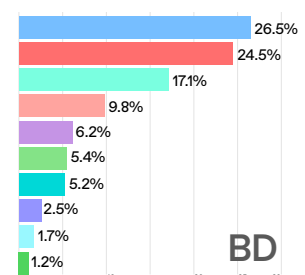
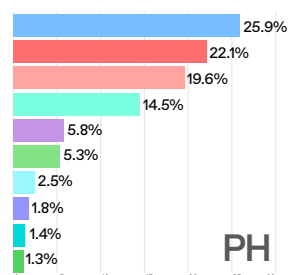
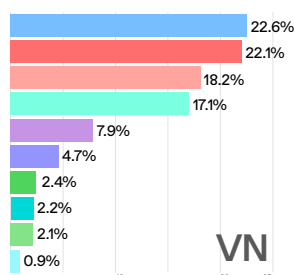
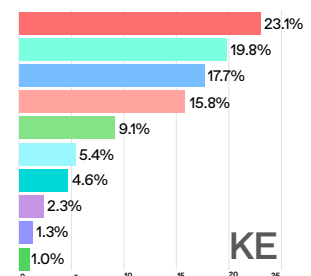
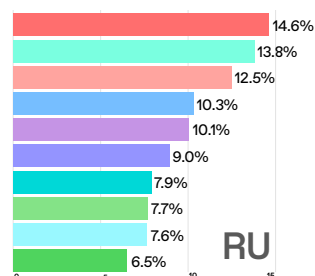
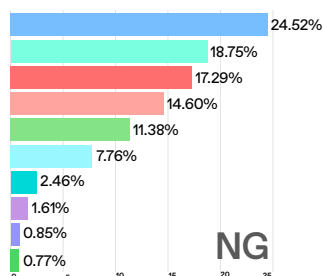
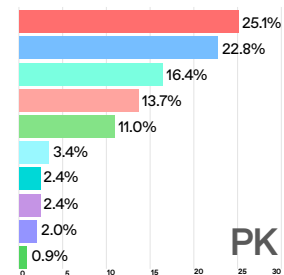
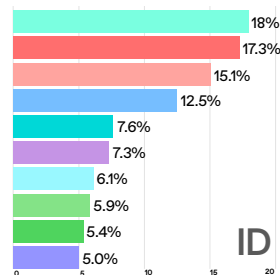
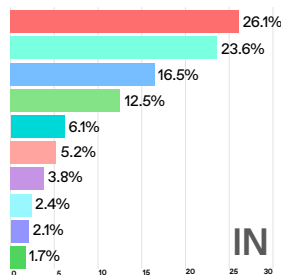
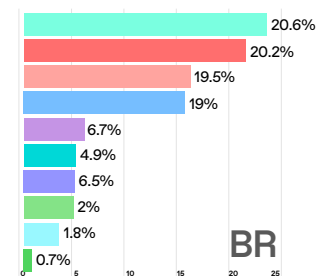
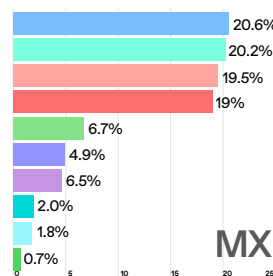
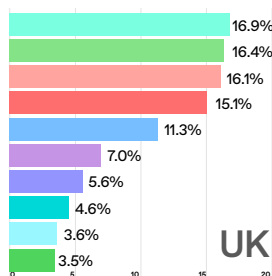
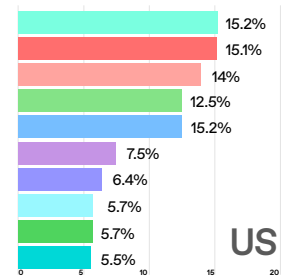


Research findings are based on a survey of a representative sample of 6,500 people (aged 16-24 years old) in 13 developed and emerging countries (including US, UK, Mexico, Brazil, India, Indonesia, Pakistan, Nigeria, Russia, Kenya, Vietnam, the Philippines, and Bangladesh). Conducted by Thunes via survey platform Pollfish in January 2022.

# Which social media/entertainment apps do you use daily?

Launched in 2016, Tik Tok has experienced quick global adoption and is now one of the most loved platforms by Gen Z users.

● TikTok ● Snapchat ● Facebook ● Instagram ● WeChat  
● YouTube ● Twitch ● LinkedIn ● Discord ● Other





## How Gen Zs Decide Where to Spend

Interwoven into their lives, social media is a powerful influence in the attitudes of Gen Zs and the choices they make – including spending decisions. This is particularly true of Gen Zs living in emerging economies: across all of these economies surveyed in this research, 66.4% say they have purchased products that they first discovered on social media – a greater proportion than say the same in either the US or the UK.

Social media is a particularly powerful inspiration for product purchases in **Mexico, Brazil and Vietnam; in each case, more than 80% of Gen Zs report having made purchases following seeing a product on social media.** By contrast, only 53% of Gen Zs in Pakistan say they have been influenced in this way.

Overall, however, the hugely important role of social media in driving spending activity is clear. In Mexico and Brazil, for example, 22% and 17% of zoomers respectively say a

recommendation from someone they follow on social media could be key.

Moreover, other digital resources are driving spending too. In particular, Gen Zs in emerging economies are strikingly likely to stress the importance of rating and review sites as influential in their spending decisions. Indeed, in most countries, Gen Zs are more likely to look to these sites for information than to consult friends or families. **In Kenya, 44% of Gen Zs trust ratings and reviews,** more than twice as many as those who cite friends or families; in the Philippines, 43% of Gen Zs agree.

The data underlines the extent to which zoomers are now conducting their lives online in some way. Social media provides an ongoing source of inspiration as they think about how to spend their money. The verdict of online analysts is considered more important as Gen Zs ponder those purchase than the views of their nearest and dearest.

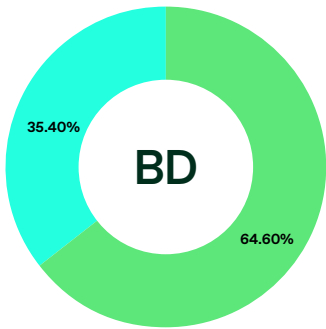
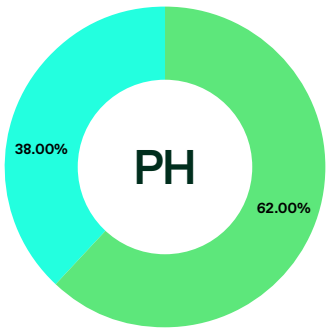
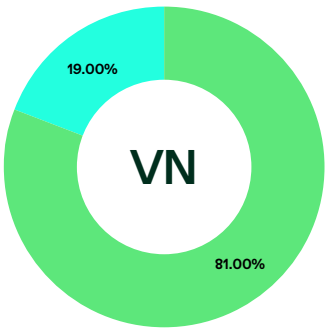
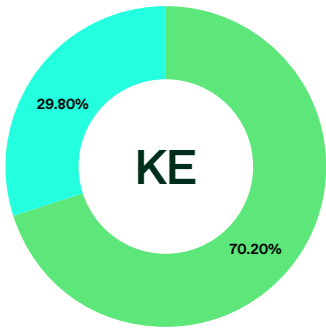
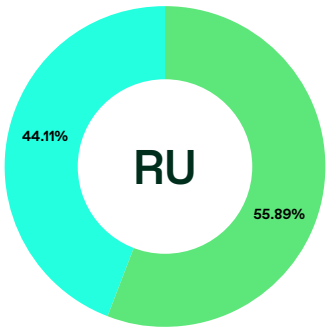
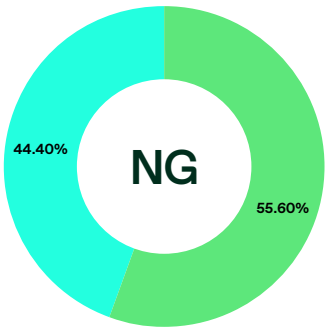
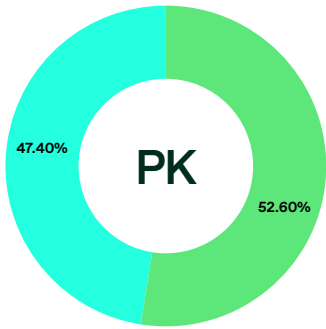
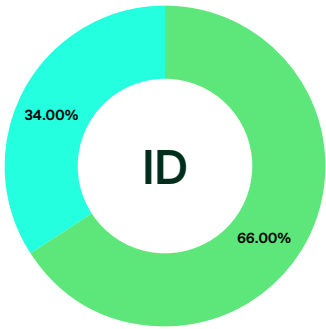
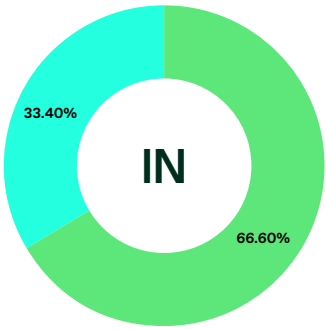
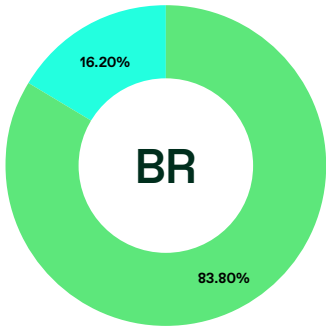
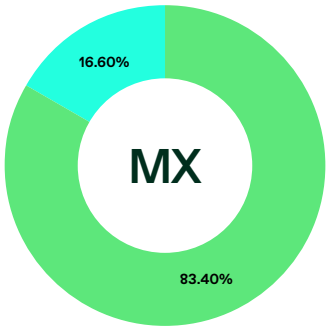
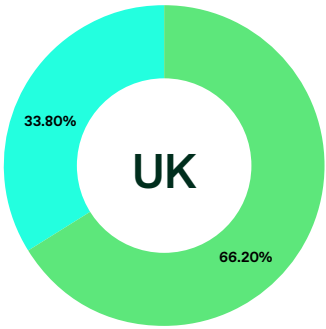
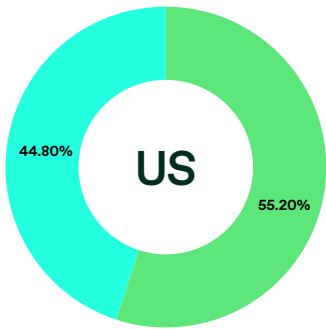
# 66%

**of Zoomers say they have purchased products that they first discovered on social media.**

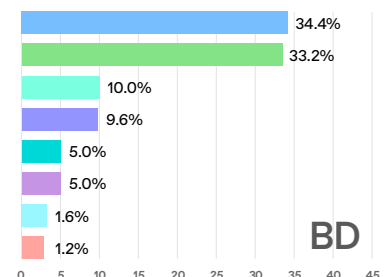
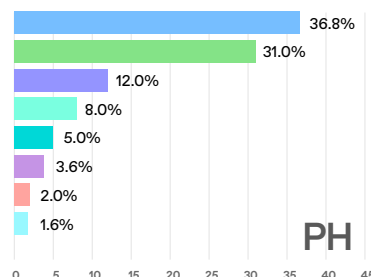
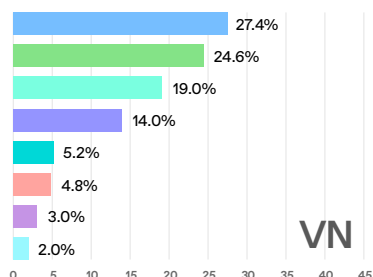
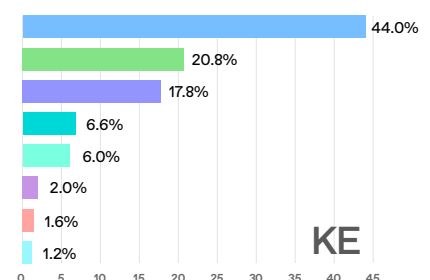
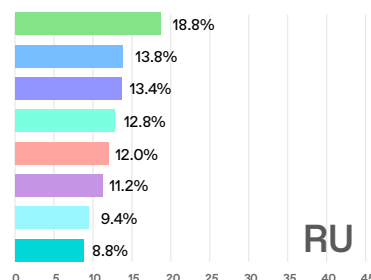
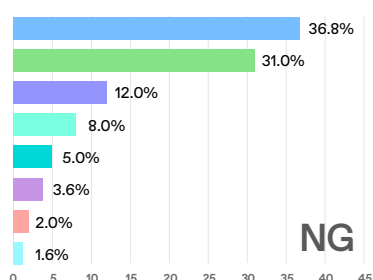
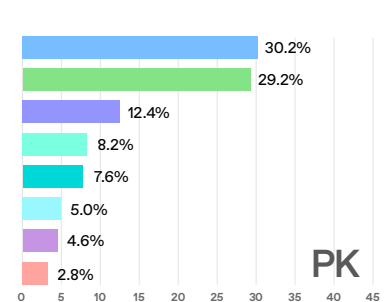
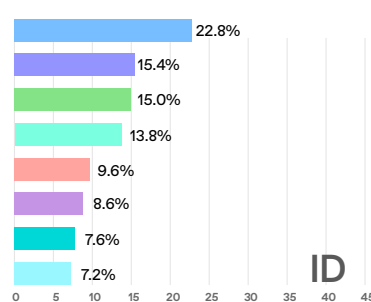
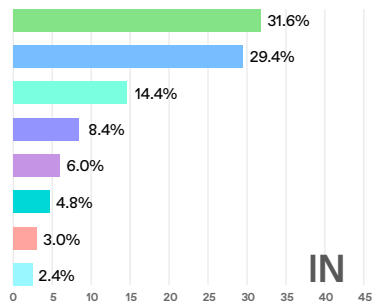
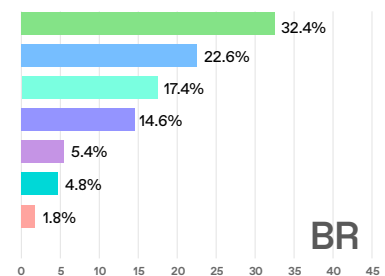
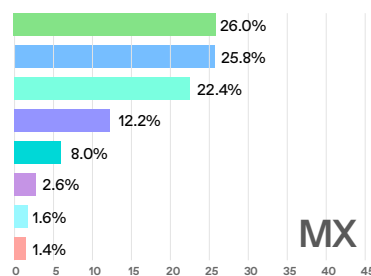
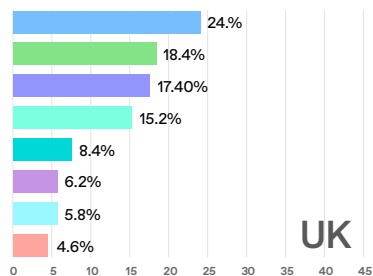
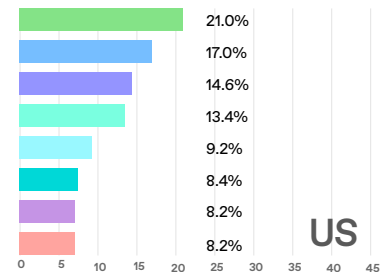




# Have you ever made a purchase after seeing the product on social media?



# When deciding on what to buy online, which factor is most important for you?



## How Gen Zs Manage Their Money

Gen Zs are finding new ways to manage their money, eschewing the financial products that previous generations had no choice but to rely on. And in emerging economies, where financial exclusion has been a longstanding problem, new tools and technologies are improving access to basic financial services.

Across all the emerging markets surveyed in this research, **almost two-thirds of Gen Zs (62%) say they do not have a bank account** – be it a personal bank account or one opened by their parents. In the past, most of those young people would have found it challenging to participate in many areas of trade and commerce, but today, mobile wallets are filling the gap.

In several emerging markets, mobile wallets – often provided by new market entrants, including non-financial services sector players such as telecoms companies – are now the most popular type of money management tool for zoomers. **In the Philippines, for example, 41% of zoomers say they have a mobile wallet, compared to just 24% who have access to a bank account.**

**In other emerging economies, bank accounts do have greater market penetration amongst Gen Zs, but even in these cases, mobile wallets are popular too.**

- In Nigeria, for example, 45% have access to a bank account – more than in any other emerging market in the research – but 20% have a mobile wallet.
- In Kenya, 45% of Gen Zs have access to bank accounts, but 31% have a mobile wallet

Clearly, even in markets when the population is less underserved by the banking sector, zoomers are looking for other payment options.

Indeed, the lesson here is that mobile wallets are a crucial tool for Gen Zs living in emerging economies – more so than in Western markets where conventional banking services have traditionally been more widely available. For some emerging economy zoomers, mobile wallets from new entrants to financial services provide a means to access services they would previously have been excluded from; but even in countries with less of an exclusion issue, use of mobile wallets has become widespread.

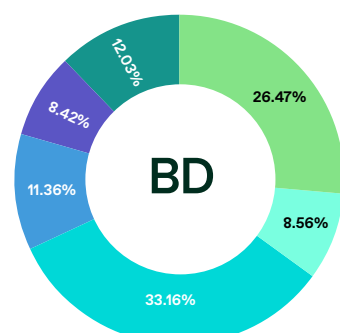
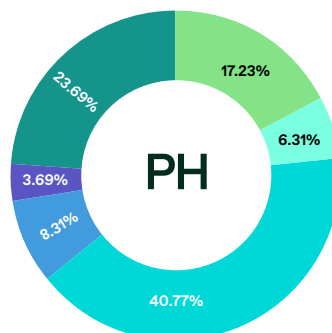
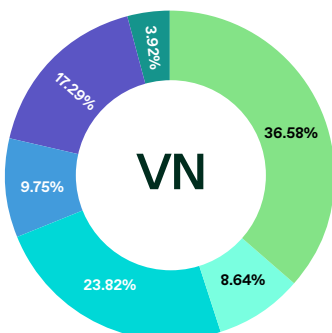
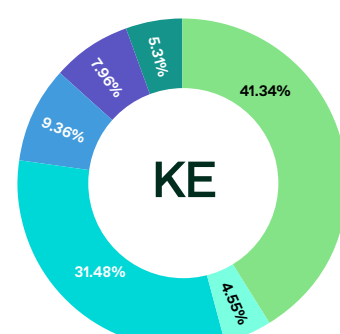
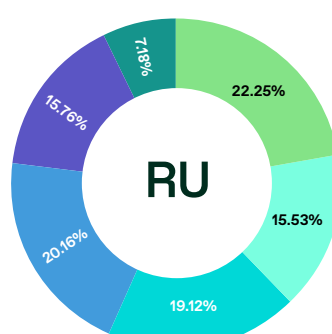
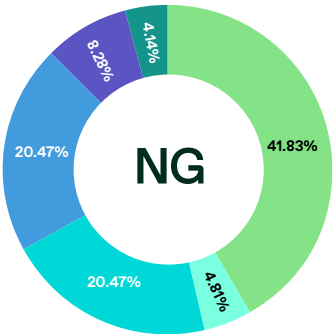
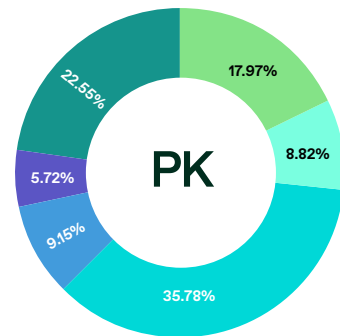
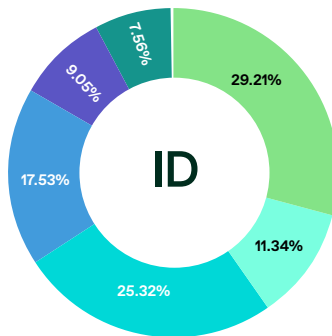
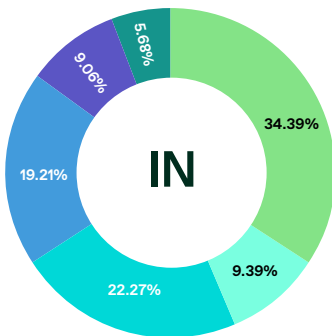
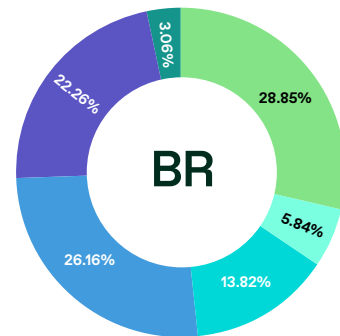
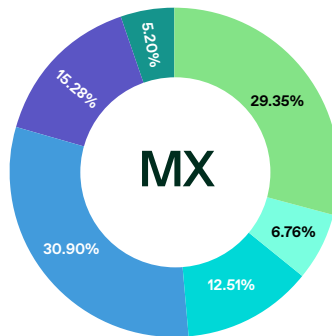
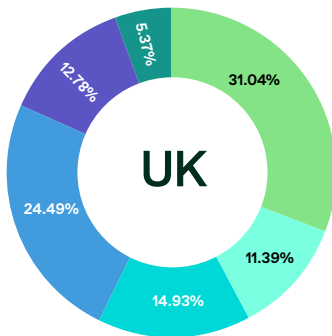
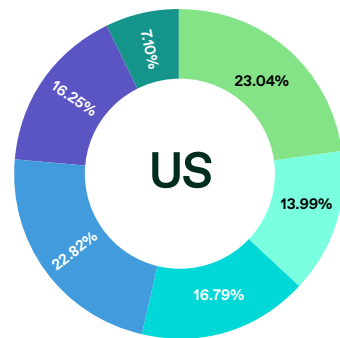


# 62%

**say they do not have a bank account - be it a personal bank account or one opened by their parents.**

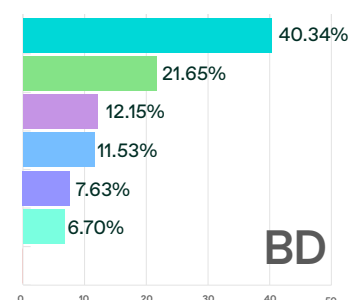
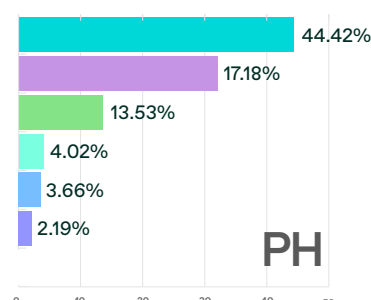
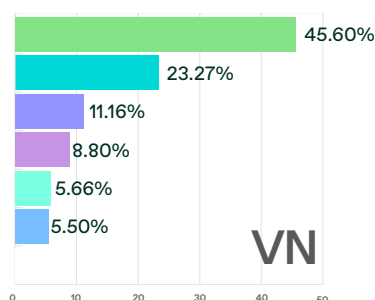
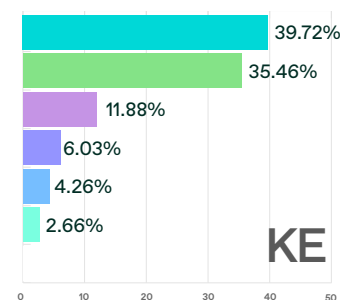
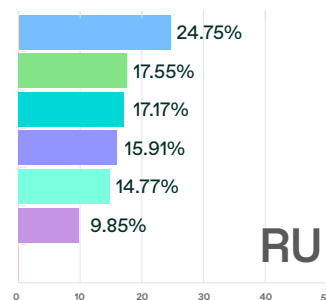
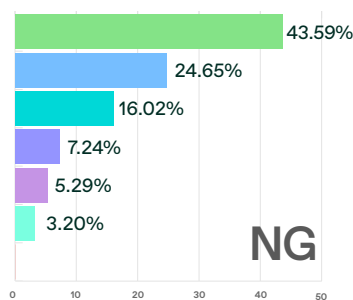
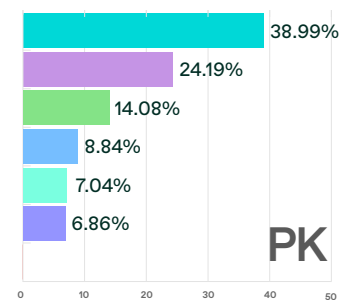
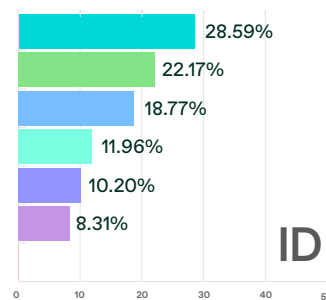
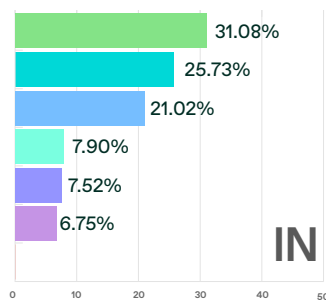
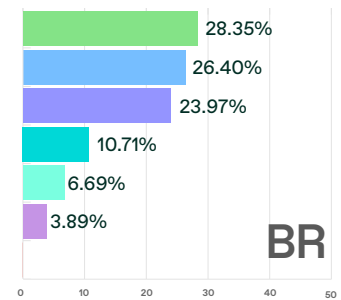
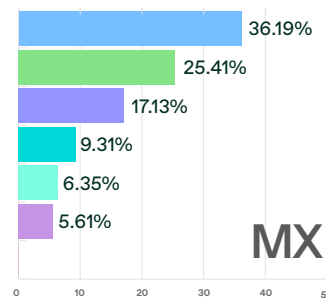
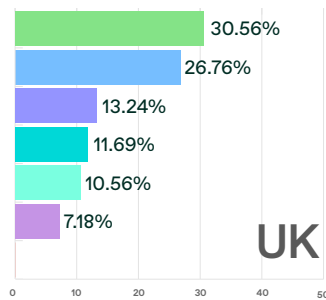
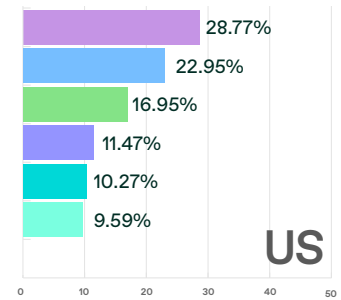
# Do you have any of the following financial tools?

- Personal bank account opened by me
- Personal bank account opened by my parents
- Mobile wallet
- Debit card
- Credit card
- None of the above



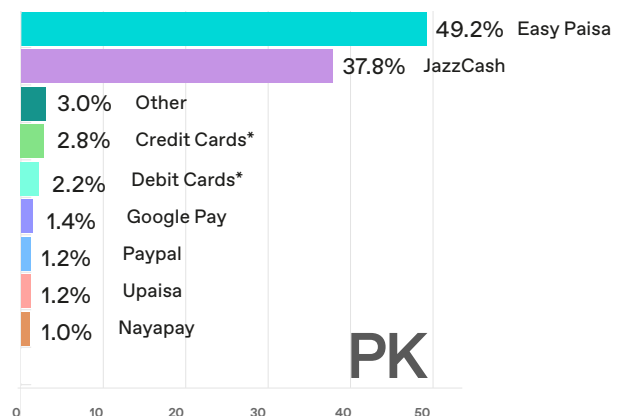
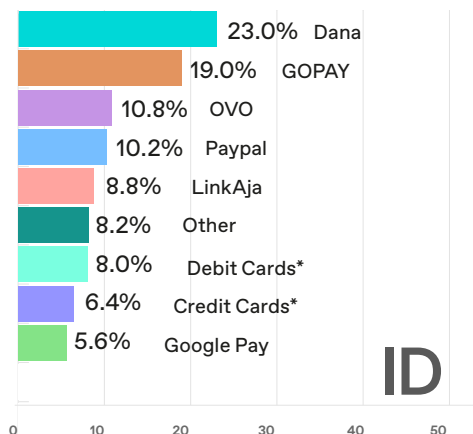
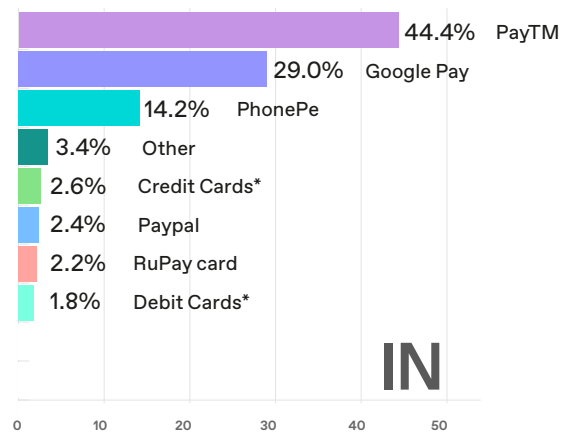
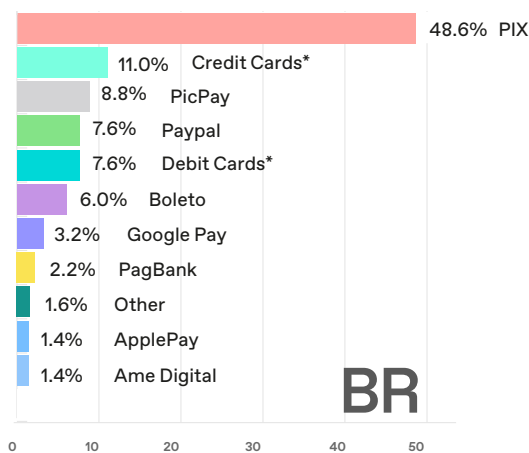
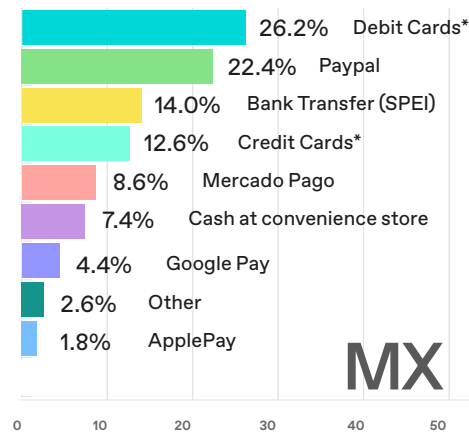
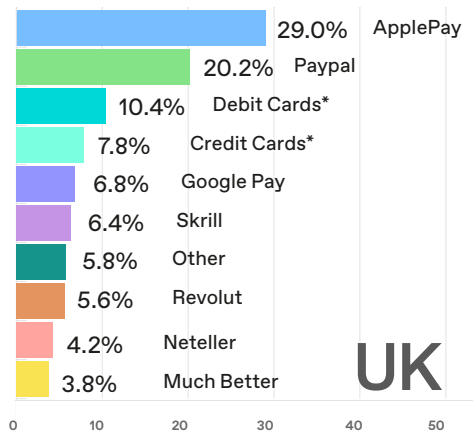
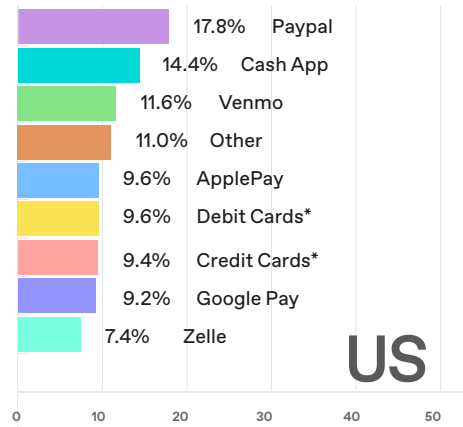
# Which financial tool do you use most often?

- Personal bank account opened by me
- Bank account issued by one of my parents
- Credit card
- Mobile wallet
- Debit card
- None of the above



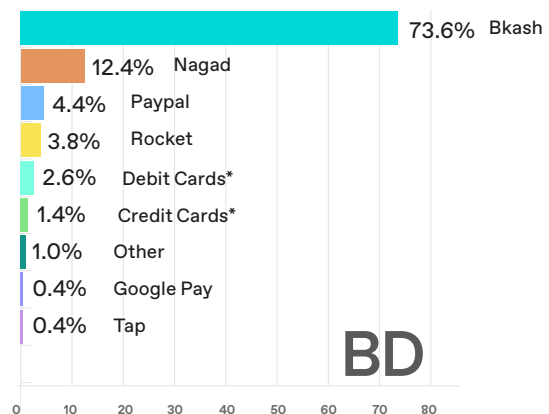
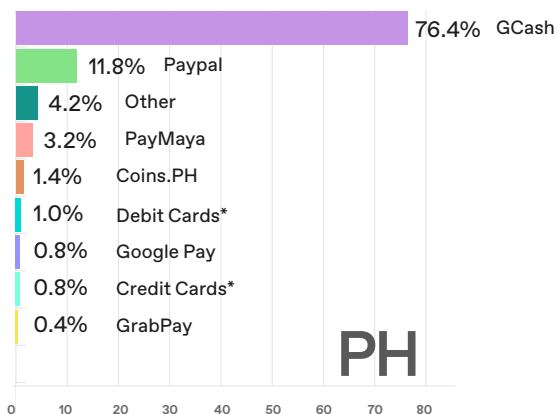
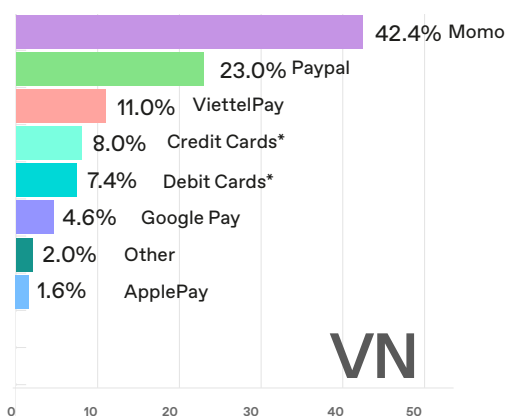
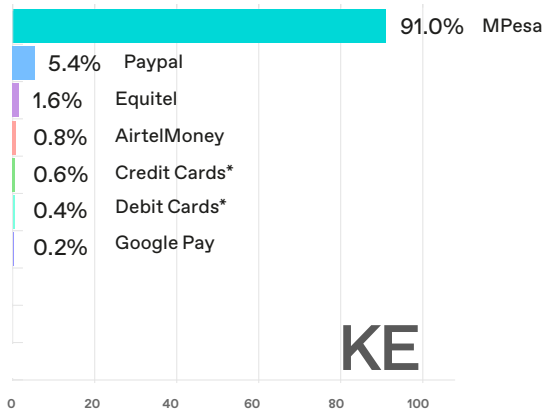
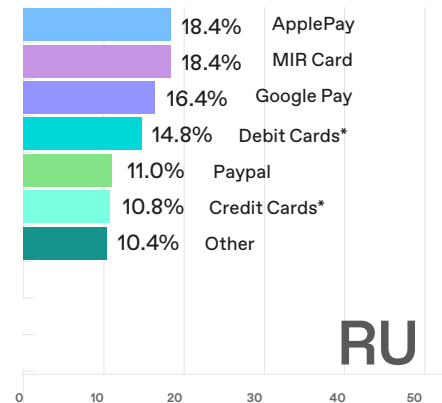
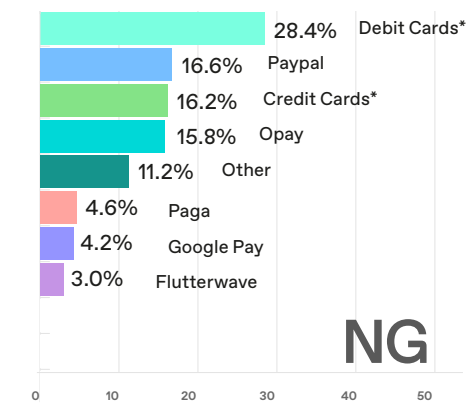


# Which local payment brand do you use most often?



\*Includes Visa, Mastercard and American Express

# Which local payment brand do you use most often?



\*Includes Visa, Mastercard and American Express

## How Gen Zs Spend Their Money

**Is Gen Z a generation of shoppers?**  
**The answer is yes –**

and potentially more so than other generations. Certainly, in a number of markets, shopping accounts for the single biggest share of Gen Z's spending – ahead even of entertainment, events and eating out.

On average, Gen Zs in emerging markets spend around 19% of their money on retail shopping – more than their counterparts in Western markets such as the US and the UK. The figure is highest in the Philippines, where shopping accounts for almost a quarter (24%) of spending, followed closely by Kenya (24%).

The next biggest financial commitment for zoomers is the essential items they need to buy, including groceries and household goods. But the cost of living in

some countries is higher than others. In Indonesia, for example, zoomers spend less than 10% of their money on essentials, compared to 21% and 19% in Kenya and the Philippines respectively.

Other important elements of Gen Z's financial commitments include spending on eating out, entertainment subscriptions such as Netflix and Spotify, and going out to events and other forms of entertainment. But it would be wrong to think of Gen Z as purely hedonistic: respondents across the emerging markets in this survey spend an average of almost 10% of their money on health and wellbeing – in Pakistan, the figure is almost 16%.

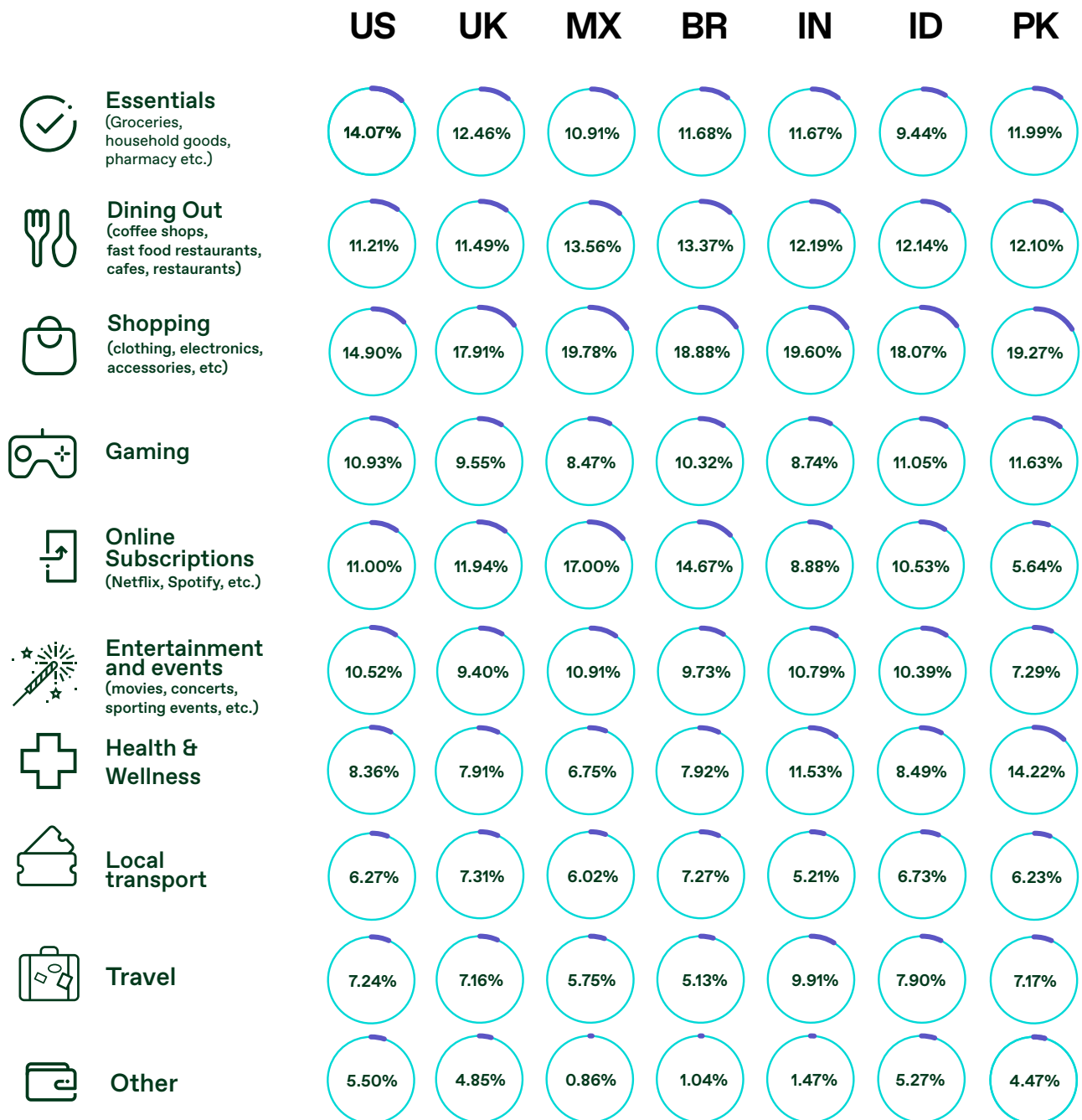
One thing is certainly true, however. An increasing proportion of spending is taking place online. That's true across all generations, as online retail and home entertainment grow at a rapid pace, but Zoomers' embrace of digital technologies puts them at the vanguard of this trend.

# 19%

**of Zoomers' money in emerging markets is spent on retail shopping - more than their counterparts in the US and the UK.**



# What do you mostly spend your money on?



## The 13 emerging and developed markets we studied

 BANGLADESH

 BRAZIL

 INDIA

 INDONESIA

 KENYA

 MEXICO

 NIGERIA

 PAKISTAN

 PHILIPPINES

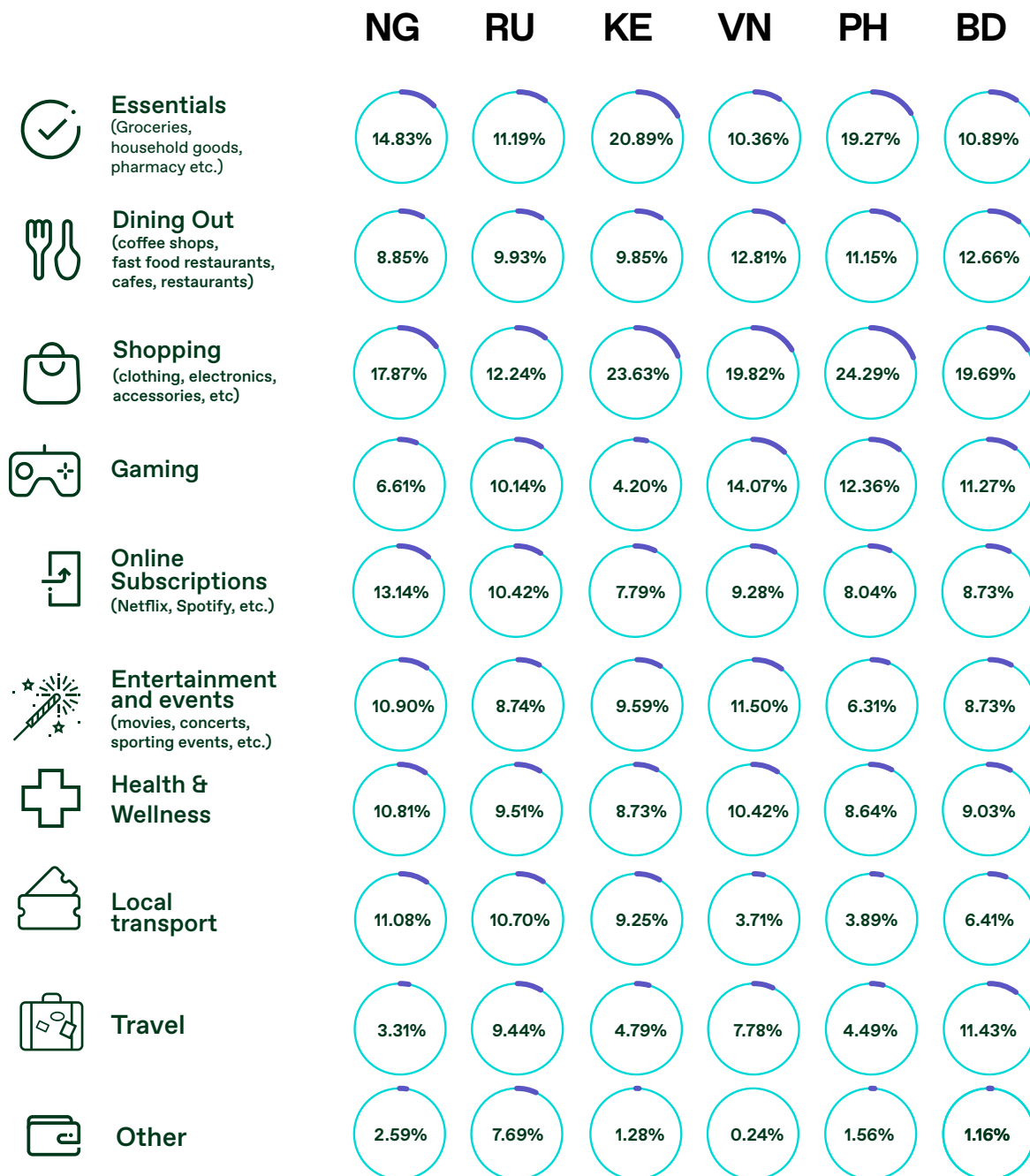
 RUSSIA

 UNITED KINGDOM

 UNITED STATES

 VIETNAM

# What do you mostly spend your money on?



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 **BANGLADESH**

 **BRAZIL**

 **INDIA**

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 **KENYA**

 **MEXICO**

 **NIGERIA**

 **PAKISTAN**

 **PHILIPPINES**

 **RUSSIA**

 **UNITED KINGDOM**

 **UNITED STATES**

 **VIETNAM**



# How Gen Zs Pay Their Bills

Whatever they spend their money on, zoomers are increasingly unlikely to pay with physical cash. In many markets – including emerging economies, but in particular in the West – fewer than half of Gen Zs use physical cash at least once a day. And sizeable proportions almost never use it.

This is not to say physical cash is disappearing altogether – at least for now. **It remains an important payment method that zoomers in many emerging economies, including Pakistan, Bangladesh, Nigeria, Kenya, and the Philippines, still use very frequently.**

Nevertheless, it is crucial for new payments providers to understand how Gen Zs decide on their primary payment methods, as zoomers look beyond physical cash in so many places. And our research suggests a variety of factors are important. The value of brand is clear – across the emerging markets in this research, 17% pick out brand trust and security as their number one factor, rising to 25% in Indonesia. Ease of use is especially valued by 15% of Gen Zs, who point to the importance of a good user experience; 19% of Brazilians cite this driver. The availability of useful features and services is also a key deciding factor for many.

Then there is acceptance: Gen Zs naturally want to be sure they will be able to use their chosen payment method in the places they spend money. In Kenya, 25% of Gen Zs point to this as a key consideration.

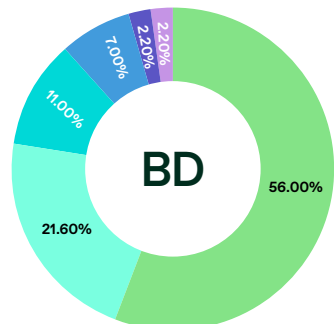
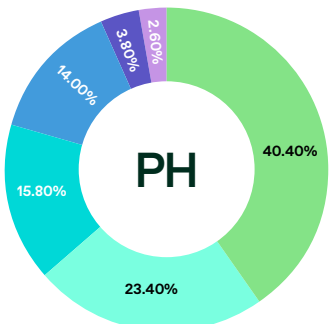
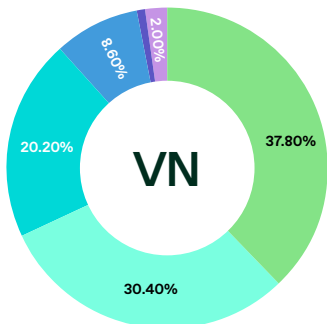
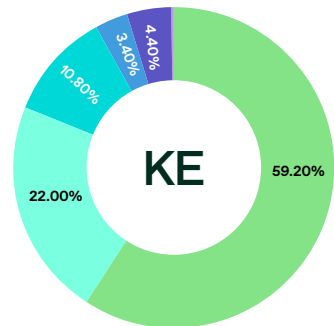
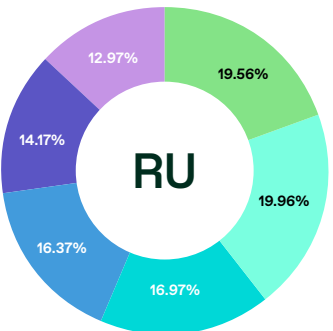
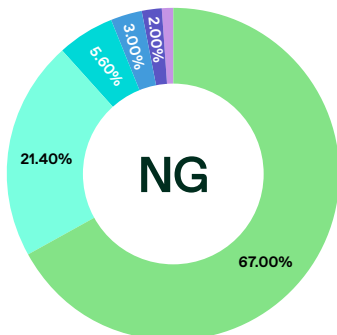
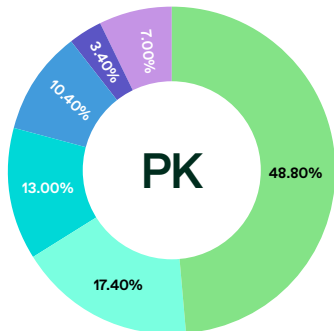
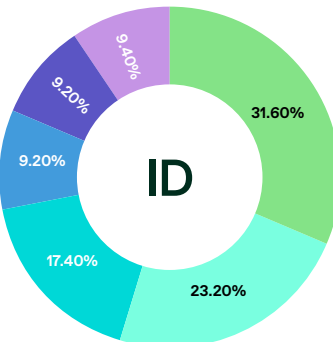
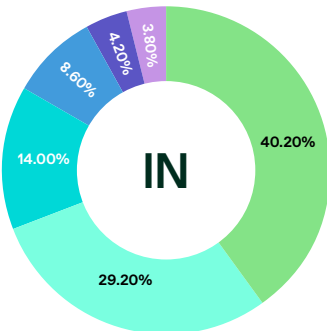
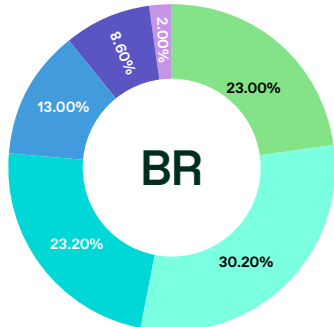
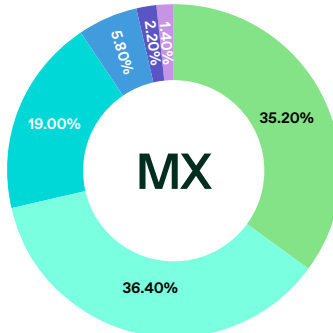
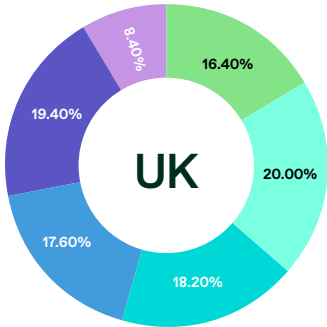
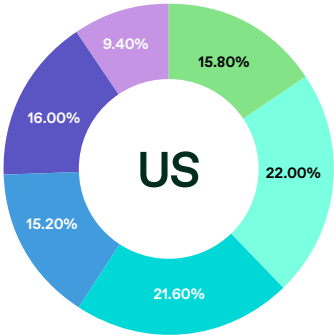
The trend away from physical cash is most established in Western markets.

- In the US and the UK, for example, **25% and 28% of zoomers respectively say they almost never use cash.**
- In Russia, **60% of Gen Zs say they use cash once or twice a week, or even less frequently**
- In Brazil and Indonesia, **46% and 45% respectively say the same.**
- In India, Pakistan, Vietnam and the Philippines more than **30% in each case of zoomers use cash one or twice a week, or even less often.**

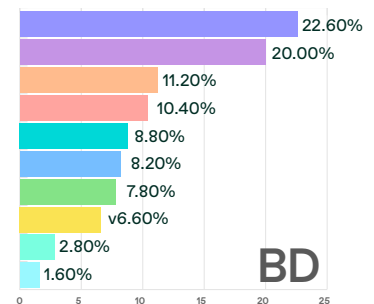
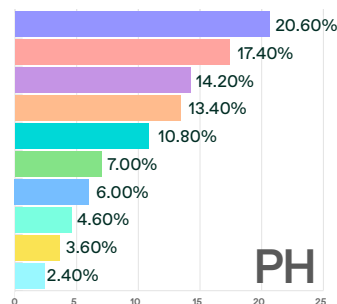
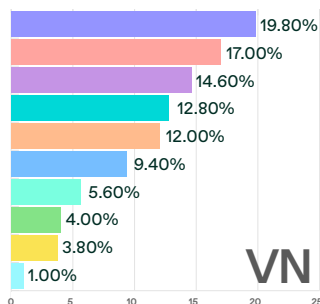
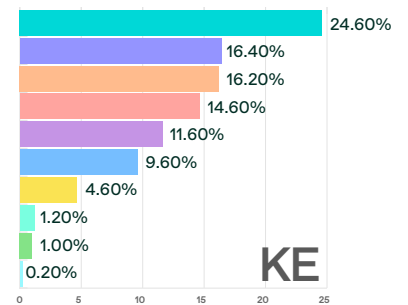
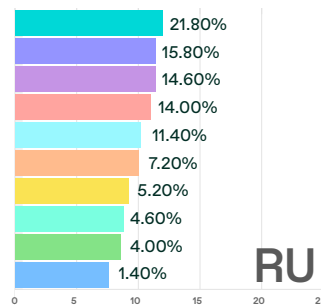
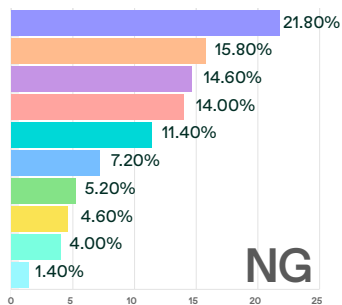
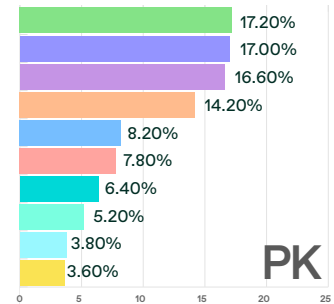
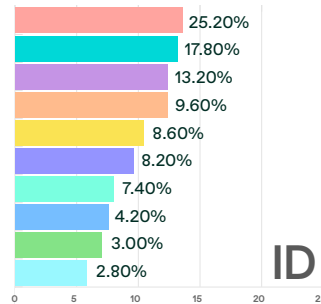
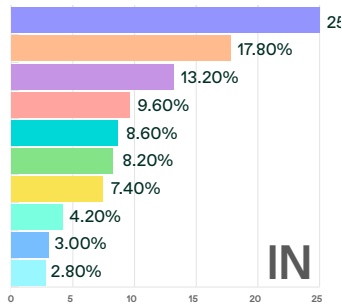
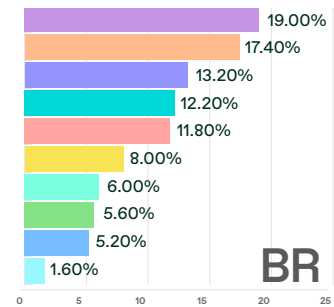
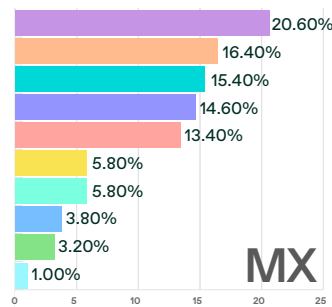
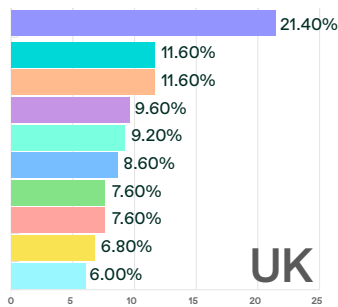
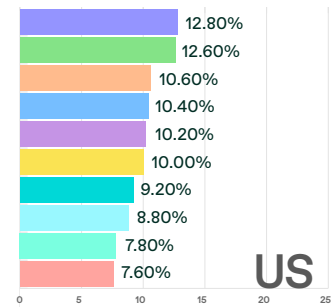
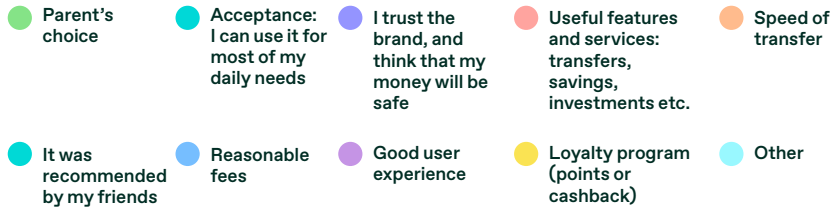
The data reflects the evolution of financial tools and technologies. Traditionally, many of these countries have been largely-cash based societies, with significant chunks of the population operating outside the banking system. But while bank account take-up in many economies is still modest, the growth of options such as mobile wallets – as well as the ubiquity of mobile phones – has enabled growing numbers of Gen Zs to embrace electronic payment options. Payees in retail, leisure and other consumer-facing sectors have moved quickly to facilitate this.

The bottom line is that with the number of cash-free payment options growing for Gen Zs around the world, the proportion using physical cash regularly is likely to continue decreasing.

# How often do you use cash?



# What is the most important factor when choosing your primary payment method?





# Conclusion

Our research contains some crucial lessons for those who hope to count Gen Zs amongst their customers – both organisations that are hoping to sell zoomers products and services, and those that are driving innovation in payments and the broader payments space.

Above all, it is clear that this digital native generation feels completely comfortable making decisions about what to do with their money online. Social media influencers (including friends and family, and strangers) help shape their choices. Online reviews and recommendations are hugely powerful.

Moreover, Gen Zs are equally happy to implement those decisions online. They are spending more on digital purchases, rather than in physical outlets. They are embracing a broad range of digital financial tools.

In this new world, zoomers are choosing service providers with whom they feel comfortable and local brands play an important role in their daily lives. Gen Zs are keeping their spend with brands with whom they feel secure, confident and welcome; the user experience is a key battleground.

Notably, many of these takeaways apply

even more strongly in emerging markets than in developed economies – and even where this is not yet the case, the trend towards digitalised services is accelerating. Given the growing concentration of zoomers in the world's developing economies, this should not be overlooked.

As for the future, expect the pace to pick up even more. As new sectors and monetisation models evolve, such as the creator economy and the Metaverse, and as zoomers look for new ways to make careers and earn income, innovation and adaptability of payments to their expectations will become critical. Players that have ambitions in these new sectors will require an understanding of the relationship between zoomers and their money.

The bottom line? Gen Z's choices, decisions and purchasing power will determine the success – or otherwise – of organisations in the decades ahead, both in the traditional economy and in the new spaces now emerging. The ability to understand how zoomers make and implement these decisions, and to adapt accordingly, will be a crucial point of competitive differentiation in the years to come.



Thunes.

