

# Around the Corner with Greg Adelson: Winning Gen Z

This session of the *Around the Corner* series focused on the critical strategic priority of attracting and retaining Gen Z accountholders. The session combined macro-level market data with direct testimony from Gen Z panelists to outline how banks and credit unions can bridge the gap between traditional banking and modern digital expectations.

To help share the questions we received, we've prepared this FAQ summary and takeaway document to help provide a more comprehensive understanding of the discussion.

## Strategic Takeaways

- **Gen Z is the SMB Growth Engine:** Gen Z is driving the majority of new small business formation in the U.S.. Because small business deposits are 4.6x larger than average retail deposits, winning Gen Z is a commercial growth strategy, not just a retail one.
- **Payments are the Entry Point:** Younger generations begin their financial journeys through payments (P2P, side-hustle invoicing) rather than traditional savings accounts. If you do not win the payment, you will likely lose the deposit.
- **The "Law of Least Effort":** Gen Z prioritizes convenience and ubiquity. They use apps like Venmo because "everyone else has it," and they will "ghost" or abandon a process if it contains high friction, such as a manual KYC challenge during account opening.
- **Fragmentation vs. Longevity:** Gen Z often maintains fragmented banking relationships to maximize perks, but they are wary of closing old accounts for fear of hurting their credit scores. This creates an opportunity for banks and credit unions to become the consolidator through better budgeting tools.
- **Value-Based Decisions:** This cohort is highly motivated by environmentalism, social impact, and a company's overall reputation. Decisions on where to bank are often influenced by these values and word-of-mouth networks.

# Market Dynamics & Strategic Trends

## **Q: Why is Gen Z considered the single most important predictor of the industry's future?**

A: Gen Z is the primary driver of financial services trends for the next three to five years; they are driving the majority of new small business formation in the U.S.

Over the next 20+ years, this cohort will receive an estimated \$15 trillion in wealth transfers.

## **Q: How does Gen Z behavior impact deposit growth for community banks and credit unions?**

A: Small business deposits, which Gen Z is actively creating, are 4.6x larger than average retail deposits. The industry has seen \$3 trillion in deposit attrition to fintechs over the last three years.

As of 2025, 56% of all new checking and payment accounts were opened at fintechs rather than traditional banks or credit unions.

## **Q: What are "HENRY" marketing strategies?**

A: The HENRY acronym refers to "High Earner, Not Rich Yet" strategies used by fintechs to recruit younger users early in their financial life cycles.

These strategies disrupt the traditional generational continuity that banks and credit unions have historically relied upon.

# Gen Z Panelist Insights

## **Q: How fragmented are Gen Z banking relationships?**

A: Panelists reported holding between four and six financial apps on their phones. Audrey noted that fragmentation often occurs because users seek specific perks for different activities, such as travel, rent payments, or points, while Dane explained that he uses a "set it and forget it" app for main investments but separate apps for fun or risky investments like crypto.

## **Q: What is Gen Z's relationship with physical branches and ATMs?**

A: It's minimal at best. Dane hadn't set foot in a branch for over a year, only doing so to cash a cashier's check for a security deposit. Audrey visited a branch to close a childhood account but found it so busy that she ended up leaving and completing the process over the phone.

Regarding ATMs, cash is often viewed as unaccounted for or "free" money once it is removed from the digital balance shown on their phone.

**Q: What would make a Gen Z consumer ghost a financial institution?**

A: Friction or complication during the account opening process is a primary reason for abandonment. If there are hurdles or if the process isn't seamless, they are very likely to drop the process entirely.

**Q: What is their primary financial concern for the future?**

A: Home ownership feels unattainable or scary due to the rising housing market costs compared to wage increases. This anxiety leads many Gen Z individuals to prioritize long-term, stable index fund investments over traditional milestones like buying a home.

## Jack Henry Innovation & Solutions

**Q: What is Rapid Transfers and how does it work?**

A: Jack Henry™ Rapid Transfers provides real-time, debit-to-debit transfers utilizing Mastercard Send or Visa Direct rails. The solution features deep core integration, allowing money to move instantly within the FI's own digital banking app.

**Q: How does Tap2Local support Gen Z small business owners?**

A: Tap2Local™ turns a smartphone into a contactless point-of-sale (POS) device with no extra hardware required. It allows sole proprietors to accept debit, credit, Apple Pay, and Google Pay directly through their mobile banking app. Once enrolled, a small business can start taking payments immediately, so it's a low-friction, easy solution to adopt and begin using.

**Q: What specific fintech capabilities is Jack Henry embedding for banks and credit unions?**

A: Specific capabilities that were mentioned include:

- **Fractional Investing:** Partners like Bits of Stock and InvestiFi allow banks and credit unions to offer Robinhood-style investing.
- **Youth Banking:** Nuuvia provides an experience similar to Greenlight but keeps the account "sticky" to the community FI.
- **Buy Now, Pay Later:** Equipifi offers BNPL functionality directly through the financial institution.

## Participant Q&A Highlights

### **Q: Would Gen Z be interested in an AI-budgeted chatbot?**

A: Yes, especially if it is coupled with a private banking-style personal contact for complex issues. Gen Z generally trusts AI if the value add is clear, but they value the human backup for fixing significant problems.

### **Q: How important is a company's social impact to Gen Z?**

A: Reputation and social impact are significant; Gen Z looks at websites, sustainability reports, and social media presence to make decisions. Negative press can spread like wildfire on social media and permanently damage an FI's reputation with this cohort.

### **Q: Is 24/7 customer service a requirement for Gen Z'ers?**

A: While 24/7 digital access is expected, panelists noted they could wait until the next business day for human assistance, provided they can manage their immediate needs digitally.

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