Young Professionals’ Financial Preferences

SURVEY DATA — 2020-2021
Over the past year, Epic Research has conducted extensive consumer research through numerous surveys, collecting data from thousands of consumers to assess their behaviors and preferences regarding banking and financial services products.

These surveys have shown distinct patterns, and some key differences between consumers aged 18–44 (referred to herein as “younger consumers”) and those aged 45 and above (referred to herein as “older consumers”).

Here, we highlight the key differences between younger and older consumers’ behaviors and preferences as they relate to credit cards, personal loans, deposits, and financial services marketing.
In this report, we review the results from the following six surveys taken over a nine-month period:

- Deposits Survey – 1,340 respondents – July 29, 2020
- Personal Loan Survey – 1,533 respondents – September 3, 2020
- Credit Card Banking Survey – 1,393 respondents – December 13, 2020
- Paying Bills During COVID Survey – 1,107 respondents – January 14, 2021
- Banking Survey – 1,090 respondents – March 15, 2021
- Digital Banking Survey – 1,614 respondents – April 24, 2021

Survey results may be reflective of an audience that responds to online surveys.
WAYS TO GROW CARD ACQUISITION FOR YOUNGER CONSUMERS

Incentives and rewards that would convince younger customers to open a card at their primary bank (the banks where consumers have their checking accounts)

MINIMUM REWARDS

- **CASH BACK CATEGORY TIERS:** 3%–5%
- **CASH BONUS:** AT LEAST $100

LEADING INCENTIVES

- **HIGH CASH BACK RATE**
- **LOW INTEREST RATE**

70% of younger consumers prefer having most of their banking products with ONE BANK

This preference is highest among younger consumers
Surprisingly, younger consumers are more likely (70%) than older consumers (60%) to prefer having all their financial products at one bank.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Prefer to use SAME BANK for most banking products</th>
<th>Prefer to have VARIOUS providers for banking products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 18-29</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>Age 30-44</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>Age 45-60</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>Age 61+</td>
<td>57%</td>
<td>43%</td>
</tr>
</tbody>
</table>
When asked why they opened credit cards at their primary bank, younger consumers cited “good rewards” most frequently, with “convenience” a close second.

Of those who did not have a card with their primary bank, most younger consumers said the “rewards were not good enough” or they “did not offer an appealing acquisition incentive.”

A common response among those who selected “Other” was that they simply had not considered applying for a card with their primary bank.

---

**REASONS YOUNGER CONSUMERS OPENED A CREDIT CARD WITH THEIR PRIMARY BANK**

- Good rewards: 34%
- Cash incentive: 31%
- Low interest rate: 19%
- No fees: 11%
- Convenience: 3%
- Other: 2%

**REASONS YOUNGER CONSUMERS DID NOT OPEN A CREDIT CARD WITH THEIR PRIMARY BANK**

- Rewards lacking: 29%
- Acquisition incentives lacking: 18%
- Annual fee: 16%
- High interest rate: 9%
- Acquisition incentives lacking: 4%
- Did not qualify: 14%
- Other: 10%

47% of younger consumers said needed at least $100 incentive to switch banks.
When targeting younger consumers, banks should offer a cash back or “generic” travel rewards card, as younger consumers overwhelmingly report using their cash back cards as their primary credit cards.

Although 60% of younger consumers reported having a travel rewards card, only 35% of those with a travel card (21% of all younger consumer respondents) use a card tied to a particular airline or hotel. Thus, banks do not need a co-brand partner to offer a successful travel rewards card.

SOURCE: EPIC RESEARCH CREDIT CARD BANKING SURVEY — 1,393 RESPONDENTS — DECEMBER 13, 2020
Younger consumers are more likely to apply for a new credit card account in the near term, with

**34%**
saying they were likely to apply versus only 14% of older consumers.

The younger demographic also likes to use comparison websites (e.g., Credit Karma, Nerd Wallet) to acquire a card, with 45% having used one in the past year *(however, one third of those using comparison sites went directly to the card issuer to apply).*
PAYMENT METHODS FOR DAILY PURCHASES

Which of the following do you primarily use for daily purchases (e.g., groceries, restaurant, online)?

Respondents reported using similar payment methods for “daily purchases” across age groups.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Credit card</th>
<th>Debit card</th>
<th>Cash</th>
<th>Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 18-29</td>
<td>44%</td>
<td>49%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Age 30-44</td>
<td>48%</td>
<td>47%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Age 45-60</td>
<td>38%</td>
<td>53%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Age 61+</td>
<td>59%</td>
<td>34%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

SOURCE: EPIC RESEARCH BANKING SURVEY — 1,090 RESPONDENTS — MARCH 15, 2021
PAYMENT METHODS FOR LARGER PURCHASES AND TRAVEL

Which of the following do you primarily use for larger purchases and travel purchases?

However, younger consumers reported less frequent use of credit cards for larger purchases and travel purchases, instead using debit cards more frequently. Younger consumers are also slightly more likely to use cash for such purchases.

SOURCE: EPIC RESEARCH BANKING SURVEY — 1,090 RESPONDENTS — MARCH 15, 2021
ALTERNATIVE PAYMENT METHODS

Which of the following alternative payment methods do you use? [check all that apply]

Among alternative payment methods used by respondents, PayPal was the most popular method used by all age groups, with Venmo and Apple Pay next most popular with younger consumers.

SOURCE: EPIC RESEARCH BANKING SURVEY — 1,090 RESPONDENTS — MARCH 15, 2021
Personal Loans
Younger consumers are **67%** more likely to have recently taken out a personal loan than older consumers.

**Weighted distribution by age of consumers who have taken out a personal loan in the past 5 years**

- **Age 18-29**: 32%
- **Age 30-44**: 30%
- **Age 45-60**: 24%
- **Age 61+**: 14%
Surprisingly, younger consumers’ primary reason for needing a loan was more likely to be a medical expense and less likely to be debt consolidation than it was for older consumers.

**Graph: Reasons for Personal Loan**

- **Home Improvement:**
  - Age 18-44: 24%
  - Age 45+: 28%

- **Medical Expense:**
  - Age 18-44: 15%
  - Age 45+: 5%

- **Consolidate or Refi Debt:**
  - Age 18-44: 22%
  - Age 45+: 30%

- **Wedding:**
  - Age 18-44: 5%

- **Vacation:**
  - Age 18-44: 4%
  - Age 45+: 3%

- **Start a Business:**
  - Age 18-44: 7%
  - Age 45+: 3%

- **Moving Expense:**
  - Age 18-44: 14%
  - Age 45+: 19%

- **Large Purchase:**
  - Age 18-44: 14%
  - Age 45+: Not applicable

**Source:** EPIC Research Survey of 792 respondents who acquired a personal loan in the past 5 years — September 3, 2020
Younger consumers applied with more lenders for their personal loans.

**Number of Lenders**

- **Age 18-29**:
  - One: 48%
  - Two: 28%
  - Three: 19%
  - Four: 4%

- **Age 30-44**:
  - One: 49%
  - Two: 26%
  - Three: 16%
  - Four: 5%
  - Five: 4%

- **Age 45-60**:
  - One: 61%
  - Two: 24%
  - Three: 12%
  - Four: 3%

- **Age 61+**:
  - One: 82%
  - Two: 10%
  - Three: 5%

*Source: EPIC Research Survey of 792 Respondents Who Acquired a Personal Loan in the Past 5 Years — September 3, 2020*
Interestingly, younger consumers were less likely than older consumers to use an online-only lender for their loans and were slightly more likely to use a bank with local branches.

**SOURCE:** EPIC RESEARCH SURVEY OF 792 RESPONDENTS WHO ACQUIRED A PERSONAL LOAN IN THE PAST 5 YEARS — SEPTEMBER 3, 2020
Younger consumers are most likely to have their checking account with “national banks” (e.g., Chase, Citi, Bank of America, Wells Fargo) or “online-only banks”, while older consumers are most likely to have their account with “local banks” (i.e., community banks).

<table>
<thead>
<tr>
<th>Age</th>
<th>I do not have a checking account</th>
<th>Online-only bank</th>
<th>National bank</th>
<th>Local bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 18-29</td>
<td>14%</td>
<td>34%</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Age 30-44</td>
<td>12%</td>
<td>43%</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>Age 45-60</td>
<td>9%</td>
<td>51%</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>Age 61+</td>
<td>6%</td>
<td>52%</td>
<td>40%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Epic Research Deposits Survey — 1,340 Respondents — July 29, 2020
SWITCHING BANKS

When was the last time you switched financial institutions for your checking account?

Although checking account relationships are traditionally very “sticky”, younger consumers reported switching banks more recently:

44% switched banks in the past four years, while only 20% of older consumers reported switching that recently.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>1 - 4 years ago</th>
<th>7 - 12 months ago</th>
<th>Within the past 6 months</th>
<th>11+ years ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 18-29</td>
<td>14%</td>
<td>27%</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>Age 30-44</td>
<td>16%</td>
<td>25%</td>
<td>8%</td>
<td>20%</td>
</tr>
<tr>
<td>Age 45-60</td>
<td>13%</td>
<td>23%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Age 61+</td>
<td>16%</td>
<td>54%</td>
<td>13%</td>
<td>10%</td>
</tr>
</tbody>
</table>

I have never switched banks for my checking account

1 - 4 years ago
11+ years ago
5 - 10 years ago
7 - 12 months ago
Within the past 6 months

SOURCE: EPIC RESEARCH DEPOSITS SURVEY — 1,340 RESPONDENTS — JULY 29, 2020
Among those who had recently switched banks, branch location was a large driver among all age groups, but younger consumers were more swayed by cash bonuses than older consumers and were less influenced by customer service issues.

REASONS FOR SWITCHING BANKS

What made you switch banks for your checking account? [check all that apply]

SOURCE: EPIC RESEARCH DEPOSITS SURVEY — 694 RESPONDENTS WHO HAD SWITCHED BANKS WITHIN PAST 10 YEARS — JULY 29, 2020
Although consumers among all age groups selected a “cash bonus” as the most compelling incentive, it was selected most by younger consumers, who also favored “digital capabilities” more than older consumers.

Older consumers disproportionately selected “other”, often explaining they would not switch banks for any reason.
Over 90% of respondents among all age groups have accounts at banks with local branches, with most choosing their banks because of the ability to make deposits or cash checks in person.

“No-fee ATMs” and “security of having a branch if needed” were the next most frequently reported reasons respondents chose their banks.

Interestingly, younger consumers were slightly more likely than older consumers to have selected a local bank for access to a safe deposit box.
Respondents visited branches pre-pandemic at similar rates regardless of age, with younger consumers slightly less likely to visit branches on a weekly basis, and a bit more likely to visit on a monthly basis.

**FREQUENCY OF BRANCH VISITS**

*In the year prior to the pandemic, how frequently did you visit your branch (including drive-thru)?*

![Bar chart showing frequency of branch visits by age group](chart.png)

**SOURCE:** EPIC RESEARCH BANKING SURVEY — 1,090 RESPONDENTS — MARCH 15, 2021
Receptivity to Marketing
I would be receptive to offers in my mailbox from financial institutions for products in the next 90 days.

Disproving the conventional wisdom that direct mail is on the way out, younger consumers are twice as likely as older consumers to be receptive to mailed offers for financial products.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Strongly Agree</th>
<th>Somewhat Agree</th>
<th>Somewhat Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 18-29</td>
<td>11%</td>
<td>30%</td>
<td>20%</td>
<td>39%</td>
</tr>
<tr>
<td>Age 30-44</td>
<td>8%</td>
<td>22%</td>
<td>16%</td>
<td>54%</td>
</tr>
<tr>
<td>Age 45-60</td>
<td>8%</td>
<td>13%</td>
<td>18%</td>
<td>61%</td>
</tr>
<tr>
<td>Age 61+</td>
<td>2%</td>
<td>11%</td>
<td>7%</td>
<td>80%</td>
</tr>
</tbody>
</table>

**SOURCE:** EPIC RESEARCH PAYING BILLS DURING COVID SURVEY — 1,107 RESPONDENTS — JANUARY 14, 2021
PREPARED METHODS TO RECEIVE OFFERS

I would be interested in hearing about offers from banks through the following methods in the next 90 days. [check all the apply]

However, when given the option, all consumers — including younger ones — expressed a greater interest in receiving offers via email.

SOURCE: EPIC RESEARCH PAYING BILLS DURING COVID SURVEY — 1,107 Respondents — January 14, 2021
Digital Banking
Younger consumers reported significantly more frequent use of their bank’s app, with 85% using it at least weekly, compared to 70% of older consumers.

*Percentage may be inflated given the nature of an audience responding to an online survey.

Source: Epic Research Digital Banking Survey of 1,167 respondents who had used their bank’s app in the last 12 months — April 24, 2021
Consumers of all ages were most likely to have used their bank’s app to check a balance, transfer money between accounts, and deposit a check.

However, younger consumers were more likely than older ones to also do the following:

- Apply for a loan or credit card,
- Use a virtual financial assistant,
- Make peer-to-peer payments,
- Use in-app budgeting resources,
- Manage investments, and
- Make contactless payments.
Younger consumers were nearly 30% more likely than older consumers to express interest in receiving account servicing communications VIA TEXT MESSAGE.
IMPORTANCE OF DIGITAL CAPABILITIES

Would you consider switching to a bank that has a better app or better online servicing capabilities?

Younger consumers are also

5x more likely than older ones to consider switching to a bank with BETTER DIGITAL OFFERINGS.

SOURCE: EPIC RESEARCH DIGITAL BANKING SURVEY OF 1,167 RESPONDENTS WHO HAD USED THEIR BANK’S APP IN THE LAST 12 MONTHS – APRIL 24, 2021
Younger consumers showed a greater preference for having a CONSOLIDATED VIEW of their balances from all their financial accounts in one app.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Yes</th>
<th>No, but I'm interested</th>
<th>No, and I'm not interested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 18-29</td>
<td>46%</td>
<td>22%</td>
<td>32%</td>
</tr>
<tr>
<td>Age 30-44</td>
<td>47%</td>
<td>24%</td>
<td>29%</td>
</tr>
<tr>
<td>Age 45-60</td>
<td>22%</td>
<td>27%</td>
<td>51%</td>
</tr>
<tr>
<td>Age 61+</td>
<td>28%</td>
<td>18%</td>
<td>54%</td>
</tr>
</tbody>
</table>

SOURCE: EPIC RESEARCH DIGITAL BANKING SURVEY OF 1,167 RESPONDENTS WHO HAD USED THEIR BANK’S APP IN THE LAST 12 MONTHS – APRIL 24, 2021

Do you currently use an app that allows you to view the balances of all your financial accounts in one app (e.g., Charles Schwab, Mint, Personal Capital)?
Despite their interest in digital capabilities, younger consumers (like older ones) still prefer to go to a branch to open a new checking account and apply for a personal loan.

**BANKING PREFERENCES**

ASKED OF YOUNGER CONSUMERS: If you were to perform each of the following activities, would you prefer to conduct them in a branch, over the phone, in an app, or through your bank’s website?

**SOURCE:** EPIC RESEARCH DIGITAL BANKING SURVEY OF 586 RESPONDENTS AGED 18-44 WHO HAD USED THEIR BANK’S APP IN THE LAST 12 MONTHS – APRIL 24, 2021
When asked what they would like added to their bank’s apps, popular answers among younger consumers included:

**ADDITIONAL APP FEATURES**

- **BUDGETING**
  - and expense tracking tools

- **MORE COMPREHENSIVE SERVICES**
  - similar to those available through the bank’s website – like the ability to open new accounts

- **INVESTMENT**
  - options

*Source: Epic Research Digital Banking Survey of 586 respondents aged 18-44 who had used their bank’s app in the last 12 months – April 24, 2021*
The data presented in this report is based on the results of numerous nationwide consumer surveys of individuals aged 18 years old and older with annual household incomes of $50,000 and above.

Epic Research’s highly experienced marketers, data scientists and financial services executives use innovative, data-driven techniques to model, design, and execute high-performing direct marketing campaigns to drive customer acquisition.

For more information, please contact Melanie Augustin, Managing Director of Business Development, at Melanie@epicresearch.net.