



2023

Gen Z's Financial Priorities, Barriers & The Path Forward

The 2023 Better Money Habits study examines the financial attitudes and behaviors of older Gen Z (ages 18-26) Americans. The survey measures the sentiment of this group in ever-changing economic circumstances. These findings deepen our understanding of Gen Z's unique financial concerns and priorities, while strengthening our ability to meet their needs with resources and guidance throughout their financial journeys. Bank of America's Better Money Habits platform connects people at all life stages, including Gen Z, to relevant tools and resources that help build financial know-how and move them closer to their aspirations.

The survey was conducted in August 2023 and is based on a nationally representative sample of 1,167 Gen Z adults (age 18–26), inclusive of 276 Black/African American, 267 Hispanic and 616 women respondents.

Key Findings Include:

Gen Z is making lifestyle changes to combat rising prices.

- The majority of Gen Z (85%) reported having at least one barrier to financial success, including half (53%) who say the high cost of living is a barrier.
- Gen Z is making lifestyle changes as nearly three-in-four (73%) changed their habits to spend less on things like groceries and gas amidst rising prices and an inflationary environment. Of those, 96% anticipate maintaining those lifestyle changes over the next 12 months. This signals a significant shift in how Gen Z will continue responding to this environment.
 - Nearly half (43%) of Gen Z say they cooked at home more frequently rather than dining out, and 90% of this group plans to maintain this lifestyle change in the next year.
 - Similarly, 40% of Gen Z spent less on clothes, and 79% of this group will continue to do so.
 - One third (33%) limited grocery spending to just the essentials, and 79% of this group plan to keep up this change through the next year.

Gen Z are looking for ways to improve their financial health and are working through barriers.

- Over the past year, a third of Gen Z (37%) experienced a financial setback — such as being forced to stop saving and or accumulating additional debt — and within that group, more than one-in-three (37%) reported a correlating decrease in self-esteem.
- One-in-four (27%) borrowed money from friends/family.
- Gen Z respondents who have experienced a financial setback are 3x more likely to have become more financially dependent upon family than any other generation (22% for Gen Z).
- Like many Americans this year, Gen Z struggled with having adequate savings — 56% said they do not have enough emergency savings to cover three months of expenses.
- While a slight majority of Gen Z (52%) are confident they're on track to meet their financial goals, fewer than half (48%) would describe themselves as fully or mostly financially independent.
- Gen Z generally feel equipped to handle everyday financial activities. The majority are confident in their ability to manage day-to-day expenses (69%), budgeting (70%) and credit (67%). However, a preparedness gap exists for Gen Z around more complex financial planning topics, with fewer feeling equipped to save for retirement (45%) or invest in the stock market (29%).
- 74% have taken at least one positive financial action over the past year, including putting money toward savings (55%), mapping out financial goals (22%), contributing to a retirement account (22%) or investing in the stock market (15%) — only one-in-four (24%) of Gen Z respondents are confident the economy will improve, which may impact their financial priorities for the year ahead.
 - Looking ahead to the next 12 months, confidence among Gen Z is waning. Over the year ahead, just 32% feel confident the job market will improve, compared to 46% in 2021; and 26% are confident the housing market will remain strong, compared to 32% in 2021.
- Additional frequent barriers include not having enough income to achieve financial goals (36%), the economy/economic outlook (34%) and housing/rent expenses (30%).

Debt Remains a Barrier for Some

20% say debt is a barrier to achieving financial success

- Over the past year, 16% reported they accumulated more debt.
- Debt payments have also decreased year-over-year. Only 18% report paying off debt (student loans, credit cards, etc.).

Gen-Z audiences turn to family and friends over social media for trusted financial advice.

- Gen Z turns most to family (55%), friends (13%) and third-party financial education resources (15%) for financial advice.
- Just 10% of Gen Z respondents turn to social media influencers as a trusted source of financial information.
 - The majority of Gen Z (53%) who take advice from influencers will vet those financial tips before implementing the advice. Those who vet the information do so by cross-referencing online advice against education resources.
 - The majority (53%) of those who have followed financial advice from an influencer feel motivated to learn more about

the topics after taking the influencer's advice.

- When it comes to platforms Gen Z turns to for personal finance content, YouTube (34%) and TikTok (30%) top the list.
- The social media feeds of a third (32%) of Gen Z make them wish they had more money for non-essential spending.
- Fortunately, social media doesn't make the majority of Gen Z feel discouraged — 61% of them don't compare their financial situation to the people they see on social media.

Gen Z is a career-driven generation working hard for their money.

- Gen Z's top priorities for the year ahead include furthering their education (36%), advancing their career/increasing their salary (31%) and getting a new job (31%).
- Additional priorities for Gen Z include saving for retirement (26%), paying down debt (26%), building/improving credit (23%) and travelling (21%).
- Gen Z is actively looking for ways to improve their professional life. Over the past year, career actions Gen Z took included starting a new job or position (33%), negotiating a raise (22%) and applying for a new job in a new field (14%).
- A little over one third (35%) of Gen Z either currently have a side hustle or have had one in the past.
 - The top reason for starting a side hustle was to have additional income for non-essential spending (44%) and increased financial stability (36%).

Gen Z Career Spotlight

Gen Z that started a new job or position listed several motivations for the switch:

- A higher salary (36%);
- Better long-term prospects/career progression (32%);
- Position was/would be a step up (32%);
- Being unhappy in their previous role (23%).

Financial Motivations, Priorities and Barriers Among Diverse Young Adults

Black/African American Gen Z reported higher rates of financial independence and confidence compared to their peers.

- 62% identify as mostly or fully financially independent — more so than their non-Black/African American (B/AA) peers (46%).
- Over half (58%) feel confident that they are on track to meet their financial goals, more so than their non-B/AA peers (51%).
- B/AA Gen Z's top three priorities for the coming year are buying a car (33%), getting a new job or position (31%) and paying down debt (29%).
- Nearly two-thirds (62%) of B/AA respondents feel equipped to build an emergency fund, compared to 55% of their non-B/AA peers.
- B/AA Gen Z respondents are optimistic about their personal financial future (71%), the job market (51%) and economy (41%) improving, the housing market remaining strong (36%) and that the price of everyday goods will normalize (37%).
- In addition to taking new jobs to advance their careers and salaries, many B/AA have side hustles to supplement their income.
 - 37% said they currently have a side hustle, 20% said they have previously had a side hustle (v. 18% and 14%, respectively, of their non-B/AA peers).

Hispanic/Latino Gen Z respondents reported that they are on track to meet their financial goals, such as putting money toward savings.

- Hispanic/Latino Gen Z's top three financial priorities for the coming year are getting a new job or position (37%), furthering their education (33%) and paying down debt (29%).
- Among Gen Z Hispanic/Latino respondents, 49% are confident they're on track to meet their financial goals — this is similar to what Gen Z reports as a whole generation (52%).
- Two-in-three (68%) stated they do not have enough emergency savings to cover three months of expenses. This is higher than their non-Hispanic/Latino peers (52%), however generally reflects what Gen Z reports as a whole (56%).

- Top barriers to financial success reported by Hispanic/Latino Gen Z respondents included high cost of living (49%), state of the economy (31%) and debt (21%).
- Half (50%) of Hispanic/Latino respondents said they were able to put money toward savings in the last year.
- Hispanic/Latino Gen Z have changed jobs at slightly higher rates than their peers (32% v. non-Hispanic/Latino peers 24%). The rate in which Hispanic/Latino Gen Z individuals have successfully secured better employment with higher salaries is also slightly higher than their peers (32% vs. Non-Hispanic/Latino peers' 24%).

Gen Z women continue to face financial preparedness and confidence gaps in relation to men.

- Overall, Gen Z women feel less confident that they are on track to meet their financial goals (49% women vs. 55% men).
- When asked what financial actions they've taken in the last year, Gen Z women lag men when it comes to investing in the stock market (11% vs. 18%).
 - When asked how equipped they feel to invest in the stock market, only 22% of women replied that they feel equipped to do so (vs. 35% of men). *Same as 2022 data.*
- Gen Z women also feel less equipped than their male peers to handle their finances independently (56% v. 63%) and save for retirement (40% vs. 51%).
- However, women feel almost equally equipped to manage their every-day finances (70% v. 68%) and build their credit / manage it wisely (68% vs. 67%).

Gen Z women feel more pressure to keep up with their social circles when it comes to spending.

- 17% of Gen Z women said they felt pressure to participate in an event/activity with friends that they couldn't really afford (vs. 11% of men).
- 21% of women said they purchased something they really couldn't afford at the time (vs. 14% of men).
- When asked if they'd ever recommended an alternative, lower-cost event or social activity to friends, 24% of women said they had (vs. 13% of men).
- 28% of women said they skipped an event or activity because they could not afford it (vs. 21% of men).
- Women also feel more pressure from social media: 41% say their social media feed makes them wish they had more money for non-essential spending (vs. 24% of men).

While they face challenges, Gen Z women feel optimistic about their financial future and are taking their careers into their own hands.

- A majority of Gen Z women (58%) said they feel confident that their financial future is optimistic, on par with men (57%).
- Gen Z women changed jobs more than their male counterparts over the last year (37% vs. 30%).
 - When asked why they were looking for new jobs, women cited that the new position would offer a higher salary (40%) and would be a step up for them (36%).
- Looking to the year ahead, Gen Z women's top four priorities include: furthering their education (39% vs. 33% of men), getting a new job (32% vs. 31%), advancing their career/salary (29% vs. 34%) and paying down their debt (29% vs. 23%).

Methodology The Bank of America 2023 Generation Z (18-26) Better Money Habits Survey was conducted August 15th to August 28th, 2023 by Ipsos. The study was conducted in both English and Spanish and is based on nationally representative probability samples of 1,156 general population adults (age 18 or older), and a partially overlapping sample of 1,167 Gen Z adults (age 18-26), including 122 Gen Z adults from a non-probability sample. This survey was conducted primarily using the Ipsos KnowledgePanel®, the largest and most well-established online probability-based panel that is representative of the adult US population. Panelists are scientifically recruited into this invitation-only panel via postal mailings to a random selection of residential addresses. To ensure that non-internet households are included, Ipsos provides access to a tablet and internet connection to those who need them. Because of this probability-based sampling approach, KnowledgePanel findings can be reported with a margin of sampling error and projected to the general population. The margin of sampling error for the general population sample is +/- 3.6 percentage points at the 95 percent confidence level.

The survey data has been weighted to match national population benchmarks. The general population sample and Gen Z sample were weighted separately to match national population demographics of gender, age, race/ethnicity, education, region, metropolitan status, household income, language proficiency and Hispanic origin. Benchmarks for these variables were obtained from the Census Bureau's 2022 Current Population Survey (CPS), with the exception of benchmarks for language proficiency which were obtained from the Census Bureau's 2021 American Community Survey (ACS).