Manole Capital Management

7th Annual Gen Z Survey: Banking
August 2025

General Introduction:

Based in Tampa, FL, Manole Capital Management is a boutique asset manager with several U.S. equity portfolios, all of which are concentrated on the emerging FINTECH industry. Manole Capital defines FINTECH as ***"anything utilizing technology to improve an established process."***

2025 marks the seventh year Manole Capital has asked its interns to conduct Gen-Z-related research. Manole Capital's goal is to gain insights into Gen-Z's perspectives on four key aspects of financial services – banking, brokerage, crypto, and payments. This note will review the important trends in banking, and Manole Capital's prior research can be accessed via www.manolecapital.com/research.

2025 Interns:

This year, we had 7 summer interns conducting proprietary research on the banking channel. Our team came from a variety of colleges and universities, located in the United States and Canada. This research was conducted and written by Alin Nguyen (Michigan State University), Bryce Pang (Lehigh University), Claire Wong (University of Texas), Henri Hopkins (Western University), Jacky Hu (Cornell University), Jenny Zhao Chen (Cornell University), and Josh LeClair (University of Florida).

Survey Participants

As a part of our study, we surveyed and received insights from over **195 participants**, with **93%** in our targeted Gen-Z demographic. The majority of our remaining respondents were Millennials, providing **5%** of the responses. In terms of gender, **40%** of respondents identify as female, and **60%** identify as male.

Our surveyed population came from over 100 colleges and universities and included dozens of high school students. While 88% of our responses were from the United States, we also received insights from individuals in India, England, and Canada for broadened diversity.

Generations:

Whether it's the economic climate, cutting-edge technology, or even geopolitical movements, various experiences and innovations tend to shape and impact a generational group. Understanding these dynamics and preferences can inform us how various financial services (especially banking) will either succeed or fail. We provided general comments about each generation and what tends to impact their decisions. These are generalizations, so they do not apply to every individual in a generational cohort.

- **Silent Generation**: born between 1928 and 1945
- **Baby Boomers**: born between 1946 and 1964
- **Generation-X**: born between 1965 and 1980
- **Millennials**: born between 1981 and 1996
- **Generation Z**: born between 1997 and 2012

Baby Boomers were sometimes raised by frugal parents who lived through the Great Depression and World War II. Consequently, they are often motivated by work successes and prestige but can also gain satisfaction from materialistic items. Their early exposure to credit spending fed a greater consumption (relative to the Silent Generation) in housing and retail purchases. As the world digitized, Baby Boomers were forced to learn to utilize technology, like the personal computer, which was absent from their childhoods.

Gen-X grew up when cash, checks, and credit cards were all means of payment. The popularity of credit cards increased spending on various consumer discretionary goods. Due to this and other spending habits, Gen-X currently has the most generational credit card debt.

Millennials value job stability and financial security much more than other generations. Millennials began their careers during the Great Recession, with high living costs, significant student debt, and a weak job market. The scarcity of their savings often leads them to spend more on experiences than material goods.

Why Gen-Z?

Gen-Z is defined as the group born between 1997 and 2012, so the oldest members of that group are 28 today, and many aren't even in college yet, let alone the workforce. Given their age, this generation makes up only a small portion of financial advisors' current client base.

When accounting for sheer youth and the point that most working-age Gen-Zers aren't yet wealthy, it's understandable that wealth management is largely glossing over this demographic. It's a temporary phenomenon, and savvy advisors are already keeping an eye on Gen-Z, if not connecting with them, for multiple reasons. Those include older Gen-Zers being somewhat leveraged to the great wealth transfer and the fact that this demographic is flush with enthusiastic investors.

Then there's the technological element. Younger clients are significantly more likely to rely on social media for financial advice. That's particularly true among Gen-Z clients and investors, and that highlights the need for improved connections between this age cohort and the wealth management community. Getting there is a give-and-take and requires understanding the part of advisors, implying that empathy and soft skills are important when working with Gen-Z prospects.

Gen-Z Has Seen a Lot

When it comes to market climates and investing, older generations often take pride in having "seen it all" through various bull and bear markets. However, on a more recent scale, Gen-Z has already experienced significant financial turbulence. Many entered the market during the COVID years and stuck through the 2022 inflation spike and aggressive interest rate hikes. Recently, they have also faced economic uncertainty due to tariffs and broader global instability. This early exposure has shaped a generation of investors that's more financially aware than often assumed.

But they're also carrying substantial burdens such as student loans and other forms of consumer debt. According to Nationwide, "Nearly half of Gen-Z investors **(46%)** cited paying down loans and debts - not only student loan debt but also credit cards and car loans - as a top financial commitment over the next 12 months. This burden is weighing down Gen-Z at a crucial time, when they should be taking the next big steps in adulthood, like buying a house or getting married."

Optimistic?

We began this year's survey by asking, "Are you positive on the U.S. economy?"

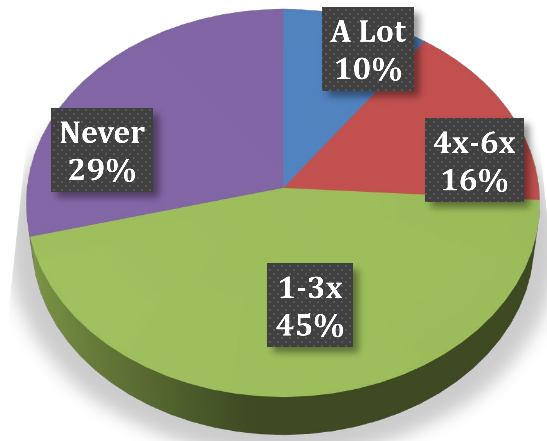
In 2025, 63% of Gen-Z respondents said yes, while 37% expressed a negative outlook. That marks a modest increase in optimism from last year, even as recession fears linger. Gen-Z's sentiment remains surprisingly resilient given today's mixed economic signals. Despite tariff uncertainty and geopolitical risks, the S&P 500 is up 7.79% year-to-date, as of August 7th. This strength has been driven by continued momentum in AI and tech innovation, sectors Gen-Z is both familiar with and heavily invested in.

In the sections below, you will find each question the Banking team asked of its respondents, as well as our opinions and big-picture takeaways from the results.

Question #1: How many times a year do you go inside a physical bank for a service/transaction?

For our first question, we analyzed how often Gen-Z visits physical banks each year.

With the continued rise of digital banking services, in-person visits were less common, as 75% of respondents stated that they visit the bank 3 times or less a year. Since 2018, respondents have steadily claimed that they are decreasing visits to physical bank branches.



In the most recent survey, 29% responded that they never go to the bank. Back in 2018, only 19% responded with the same answer.

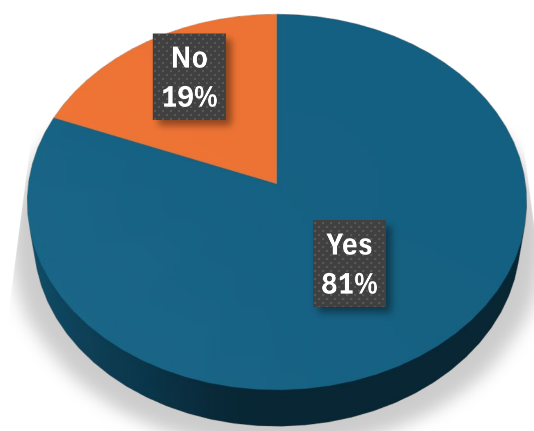
This may be due to how sophisticated and widespread technology has become. Now, people can use banking services from their home, such as depositing checks, paying bills, and transferring money. Along with that, payment apps such as Venmo or Zelle also contribute to people not visiting banks to transfer money.

In our opinion, physical bank branches are necessary to cater to older generations' needs, but in the future, it would not be too surprising for there to be significant branch closures.

Question #2: Do you believe physical bank branches are necessary?

For our second question, we wanted to understand whether Gen-Z still wants access to a physical bank branch, given their low utilization rates.

Interestingly, we found that 81% of respondents believed physical bank branches are still necessary despite a material number of people claiming that they never visit the physical bank branch. Although Gen-Z is known to be extremely tech-savvy, there are still problems that arise from technology.
For example, the app could have bugs, or there could be a cloud failure, which would cause a major inconvenience for app/web users. Having physical bank branches can act as a safety blanket for when these issues arise and show the legitimacy of the bank.



Also, having a physical bank branch provides an experience where customers can have in-person interactions, which builds trust between the customer and the bank.

In our opinion, it is smart for banks to embrace a hybrid approach that incorporates a combination of both physical bank branches and online offerings. This allows clients to have convenient access to the bank while also allowing them to potentially build relationships with employees at the bank.

Question #3: What is your deciding factor when you choose a bank?

In question 3, we wanted to understand what the most important factors were for Gen-Z when choosing their bank.

- **Reputation & Stability 36%**
- **Interest Rates 21%**
- **Customer Service 20%**
- **ATMs 13%**
- **Physical Branches 4%**
- **Promotions 4%**
- **Tech 2%**

Reputation and stability were the most important factors last year too, at 35%. In our opinion, this confirms that bank management teams should emphasize and make their reputation extremely important. Focusing on this could help a bank win a larger market share of Gen-Z.

Following that, the **interest rate** and **customer service** factors yielded about 20% of the answers each. Using this data, banks could implement some programs that involve having appealing interest rates and high customer service to attract Gen-Z customers. For example, a bank could use AI to help a customer budget, and as the customer hits certain milestones in their budgeting goal, the bank could bump up the rate tied to the account. Interestingly, most of the results to this question were within 5% of 2024's results, except customer service. In 2024, only 10% of respondents selected customer service as a deciding factor for choosing a bank, compared to 20% this year, meaning the amount of people picking customer service doubled. With a lack of interest in **promotions** (only 4%), clearly the days of a free toaster at banks are a thing of the past. We were a bit surprised that **technology** was the least important factor - for Gen-Z – when selecting their bank.

Question #4: What kind of financial institution do you bank with?

Next, we wanted to understand what type of bank Gen-Z primarily uses.

- **Large Banks 79%**
- **Regional Banks 14%**
- **Credit Unions 5%**
- **Digital Only/Neobanks 2%**

Neobanks are a relatively new concept, as they were first introduced in 2020. A neobank is a bank that provides its services, such as checking and savings accounts, digitally. Some examples of neobanks are Chime and SoFi. With a tech-forward approach to banking, we would have thought neobanks would be very popular with Gen-Z. Last year, 9% of our Gen-Z survey were using neobanks. Results this year show a meaningful (7%) decline in neobank usage.

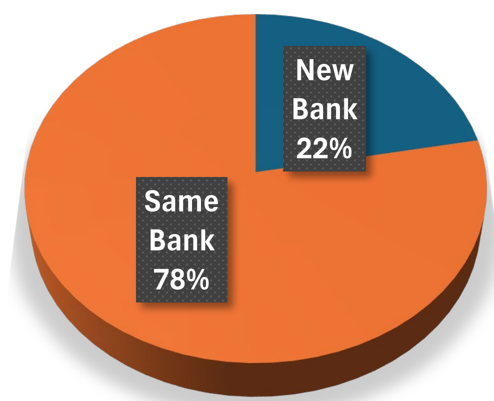
Chime (CHYM) offers features such as no-fee checking accounts and mobile-first banking. They recently went public at a valuation 54% lower than their 2021 private market peak; their stock is also down 8.8% since their June 12 IPO (through August 7th).

Our results indicate that the tech-savvy Gen-Z demographic has little interest in neobanks, and any remaining interest continues to fade away. This is a fundamental problem for Chime (and neobanks as a whole). If Gen-Z is not switching out their traditional bank for a neobank, who will? A caveat is that Chime recently posted impressive quarterly earnings, possibly indicating success with other generations or product offerings.

Based on the outcome of this question, it is safe to say that household names still dominate the banking industry. In fact, in our 2019 survey 85% of Gen-Z respondents were using a large bank, showing that neobanks have not meaningfully impacted large banks' share of Gen-Z clients. Although Gen-Z loves to use technology as it makes life simpler, this alone does not sway them from the banks that have built a formidable reputation over the past centuries. If neobanks want to eventually compete with the likes of JP Morgan, Wells Fargo, and Bank of America, they will need to innovate and build trust (and maybe branches).

Question #5: When you went to college, did you stick with the same bank you had in high school?

The transition to university life marks a pivotal moment for Gen-Z, one that signifies both growing independence and the beginning of long-term financial responsibility. It also presents a key opportunity for financial institutions to engage with young consumers in a meaningful way.



Notably, 78% of Gen-Z students continue to use the same bank they had in high school - after they went away to college. This clearly highlights the importance of early brand loyalty and the potential for banks to build lasting relationships.

This further suggests that banks could see major success with Gen-Z (and Gen Alpha) through a focus on ensuring high school students are signed up for checking and/or savings accounts.-To support students during this transition, many banks offer student-specific accounts that waive monthly service fees and provide other benefits tailored to young adults.

These offerings, often including mobile banking features, flexible account requirements, and educational tools, make it easier for students to manage their finances independently. By addressing the unique needs of college students, banks not only retain existing customers but also strengthen their position as trusted financial partners in the long term.

Question #6: How frequently do you use your bank's mobile app?

An earlier question highlighted that Gen-Z does not visit bank branches frequently, so we wanted to understand how often they use their bank's mobile app.

- **Weekly 54%**
- **Daily 32%**
- **Monthly 11%**
- **Never 3%**

With technology becoming so widespread, a large population uses their bank's mobile app regularly. 32% of respondents said they use it daily, and **97% of the total respondents said they use it at least monthly**. According to Apple Insider's research, 87% of Gen-Z own a smartphone. With the powerful technology in their hands, Gen-Z can instantly access unlimited banking applications. Further, these percentages match our 2024 survey's results closely. The only notable difference is that the percentage of respondents saying they never use their bank's mobile app decreased from 6% to 3%, showing bank mobile app usage is increasingly common.

This research shows the significance of having an app that works well, as it is a hub for people to access the bank. With the apps being capable of depositing checks and transferring money, having issues and glitches can serve as a major risk of losing customers to competitors. Neobanks can capitalize on having an app that provides a good customer experience to gain more Gen-Z customers. With user frequency showing how engaged a customer is with the bank, banks should focus on developing the strongest app possible to retain and gain customers.

Question #7: What digital banking services do you use the most?

Banks offer many different services, so it is important to analyze which service Gen-Z uses and cares about the most. The percentage of respondents stating a high usage rate of a particular service is as follows (respondents could select multiple services):

- **Money Transfer 73%**
- **Mobile Check Deposit 62%**
- **Bill Payment 36%**
- **Budgeting Tool 9%**

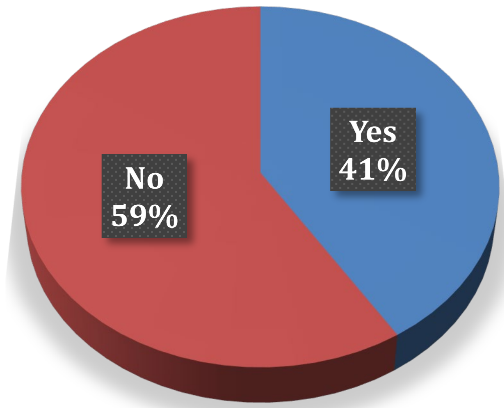
73% of the respondents claimed that they use **money transfer** services, and following that, 62% of respondents said they use **mobile check deposit** services. With there being so many different payment options, such as BNPL and digital wallets, banks should make sure that their money transferring services are operating smoothly. Also, the nearly two thirds of people using mobile check deposit services prove that Gen-Z cares about convenience and still gets an occasional paper check from their grandmother or favorite aunt.

Next, 36% of respondents **pay their bills digitally**, and the least used service was the **budgeting** tool. These two services may not be as popular as the other ones, as Gen-Zers can use other platforms to pay their bills, and also may not really care about budgeting yet. We are somewhat surprised by the low usage of bill payment, as we would have thought it would be quite popular with Gen-Z. The alternative to bill pay is often paper checks, which can be annoying to do, and the cost of a stamp is $0.78.

Question #8: Would you switch banks if they offered a better mobile app or digital features?

Given the widespread use of banking mobile apps and digital features (as established in the last two questions), we wanted to learn whether superior mobile apps or digital features would influence Gen-Z to switch banks.

Only 41% of respondents indicated they would switch banks based on the quality of mobile apps or digital features. We were somewhat surprised by this, as we expected more of Gen-Z to switch their bank for better technology.



Banks need to spend significant effort on ensuring they have top-of-the-line mobile apps and digital features, but they might not necessarily need the latest innovative technology. It seems that banks could maintain market share even if their digital offerings are not the best on the market.

The caveat to this observation is that these results still show nearly two-thirds of Gen-Z will stay with their bank regardless of the inferiority of its digital offerings. Therefore, if banks are only seeking to maintain their current share of Gen-Z clients rather than win them from other companies, they can afford to have an average offering of digital features, relative to their competitors.

Question #9: Do you use your bank's trading capabilities?

Most brokerages do not charge trading commissions any longer, but we wanted to understand if banks could open accounts and bring in assets by offering trading capabilities. Although banks offer commission-free trading, there are many ways a bank can generate revenue through margin lending or premium trading services. Therefore, it is important for banks to convince Gen-Z to use their trading services.

From the responses we gathered, we found that **only 11% of respondents use their bank's trading capabilities**. This could be because they are competing with other companies such as Robinhood, which offers a more engaging and user-friendly interface. See our fellow interns on this subject, by reading "What Gen-Z Thinks About Brokerages."

Many members of Gen-Z use Robinhood, which prides itself on having the most convenient and best mobile trading app. Since a bank's trading service can be a source of revenue generation, banks should try to come up with a new proposition that focuses on simplicity, while also integrating other propositions and incentives (ex: interest rates, etc.).

Question #10: What is your level of trust in digital-only banks compared to traditional banks?

With our previously noted low usage rate of digital banks among Gen-Z in question 4, we wanted to know whether this could be due to a trust deficit in digital-only banks.

- **Somewhat Lower 43%**
- **Much Lower 18%**
- **Same 30%**
- **Somewhat Higher 7%**
- **Much Higher 2%**

Interestingly, most respondents - 61% - indicated a lower trust in digital banks than traditional banks (43% somewhat lower trust plus 18% much lower). 30% of respondents indicated having the same level of trust in both types of banks, while 8% indicated higher trust in digital banks (6% somewhat higher plus 2% much higher).

These results, nearly identical to our 2024 survey's results, suggest that a consistent lack of trust in digital-only banks could be partially driving their low adoption among Gen-Z. To remedy this trust deficit, digital-only banks could place a greater emphasis on advertising, especially in channels that reach Gen-Z (e.g., social media).

Question #11: Would you trust "Big Tech" (Apple, Microsoft, Amazon) for banking services?

In our previous question, we wanted to understand how Gen-Z trusts digital-only banks. Now, we want to understand if Gen-Z trusts "Big Tech" for banking services. Historically, this has been the favorite question of the banking survey (by our boss). Large technology companies have continued to invest significant sums of money to offer banking services. These big companies must like the steady income, and predictability of traditional banking models.

45% of respondents indicated lower trust in "Big Tech" companies (29% somewhat lower plus 16% much lower). **1/3rd had the same leve**l of trust, while **22% had higher trust** in "Big Tech" (18% somewhat higher plus 4% much higher).

Despite Gen-Z having more trust in "Big Tech" than digital-only banks to handle their banking services, 78% still indicated having the same or more trust in traditional banks, which remains highly significant.

- **Same 33%**
- **Somewhat Lower 29%**
- **Much Lower 16%**
- **Somewhat Higher 18%**
- **Much Higher 4%**

In our 2018, 2019, and 2020 surveys, the percentage of respondents expressing interest in banking with a "Big Tech" company over a traditional bank was 32%, 34%, and 36%, respectively. With only 22% of respondents picking "Big Tech" this year, Gen-Z has clearly become much more distrusting of tech companies over the last five years.

These results are supported by *Common Sense Media's* 2025 survey of 1,000 American teens, in which the majority of teens did not trust "Big Tech" to care about their well-being (64%), make ethical and responsible decisions (53%), or keep their users' personal information safe (52%).

It may have been expected that Gen-Z would be more accepting of "Big Tech" companies managing their finances due to growing up with smartphones and social media; however, more than half of our respondents showed skepticism. This gap in trust likely stems from concerns about data privacy and the ultimate intentions of large tech firms. Just like digital-only banks, "Big Tech" firms can also face low usage rates if they try to replace traditional banks.

Question #12: What authentication method makes you feel the most secure?

Given the previously established near-unanimous use rate of banks' mobile apps among Gen-Z, we wanted to focus on how they viewed their digital banking security. Specifically, we wanted to understand which authentication method made them feel more secure when accessing their banking information digitally.

57% of respondents indicated a preference for multi-factor or two-factor authentication (MFA/2FA), with 30% of respondents wanting facial recognition authentication, and 12% wanting solely password authentication. Only 1% of respondents wanted no authentication whatsoever.

- **Multi-factor/Two-factor 57%**
- **Facial Recognition 30%**
- **Password 12%**
- **Prefer No Authentication 1%**

This suggests that Gen-Z has a mature attitude towards digital banking security rather than prioritizing convenience. With MFA/2FA authentication being the most favored method, it shows that biometrics within facial recognition is not enough to make Gen-Z feel secure with their finances. These findings indicate that Gen-Z is aware of data breaches and cyber threats, and solely relying on biometrics is not sufficient to gain Gen-Z's trust and confidence.

Conclusion:

To summarize our 2025 survey findings:

- Gen-Z visits physical bank branches infrequently, but still values their presence
- Gen-Z primarily considers reputation, customer service, and interest rates when choosing banks
- Gen-Z overwhelmingly banks with large traditional banks, and rarely use neobanks
- This lack of neobank interest is potentially due to a trust issues
- The quality of digital offerings is important, but it won't necessarily motivate them to switch banks
- The 3 most used bank services by Gen-Z are: mobile check deposits, digital bill payment, and money transfers
- Trading capabilities and budgeting tools do not seem to be what Gen-Z wants from its bank
- Gen-Z still trusts traditional banks more than neobanks or technology companies for banking services
- The majority of Gen-Z want at least two factors of authentication when accessing their banking services

In our opinion:

Albert Einstein said, "We cannot solve our problems with the same thinking we used when we created them." The banks that do not innovate their banking services will fall behind in the advancing FinTech landscape. To stay competitive, banks must continue to adapt to the ever-changing technology environment.

Though what Gen-Z wants to use banks for is different from past generations, Gen-Z still highly values physical bank branches and the reputation of their bank. Therefore, while neobanks may see growing adoption among Gen-Z in the near future, we believe that traditional banks should not be counted out.

Thank you for your interest in our Gen-Z banking note. We would love to hear from you and get your thoughts on our research, and whether you agree or disagree with any of our findings.

Have a wonderful summer!

The Manole Capital 2025 Banking Team