



Generation Next: Key Generational Insights for Financial Services

Spring 2025

PREPARED BY:
Josee Farmer, Economic Analyst



This research identifies key generational trends, preferences and insights, as well as population shifts over the next five years into key financial milestones including reaching the age of credit-eligibility, homeownership and retirement.



Key Research Takeaways

- As declining birth rates continue to limit natural population growth into the foreseeable future, **net immigration will become the sole source of population growth by 2033.**
- As the population currently stands, the next five years will be critical for **several key financial milestones:**
 - **Over the next 1-2 years, the largest cohorts of Gen Z will turn 18, allowing them to independently acquire credit,** before the trend slows with smaller subsequent cohorts.
 - Within the next 5 years, the **largest millennial cohorts will reach the average first-time homebuying age (38).**
 - Within the next 5 years, the **largest Baby Boomer cohorts and the oldest Gen X cohorts will reach average retirement age (63).**
- **Gen X expenditures exceed other generations.**
- **Assets are growing fastest for millennials,** as more millennials buy their first home and invest in other financial assets.
- **First acquired credit product is** most often, and increasingly, **credit card.**
- In general, **preference for digitalization in financial products and services, as well as banking interactions, decreases with age.**



Table of contents

Sections	Content	Slides
<u>Population Distribution and Growth</u>	Key Takeaways	6
	Growth Projections	7-9
	Population Distribution	10
<u>Generational Highlights</u>	Key Takeaways	12
	At a Glance	13
	Gen Z	14-22
	Millennial	23-30
	Gen X	31-33
	Baby Boomer	34-39
<u>Spending and Credit Trends</u>	Key Takeaways	41
	Charts	42-47
<u>Banking Preferences</u>	Key Takeaways	49
	Charts	50-52



Population Distribution and Growth

Overall population growth trajectory and generational breakdown, including outlook for immigration

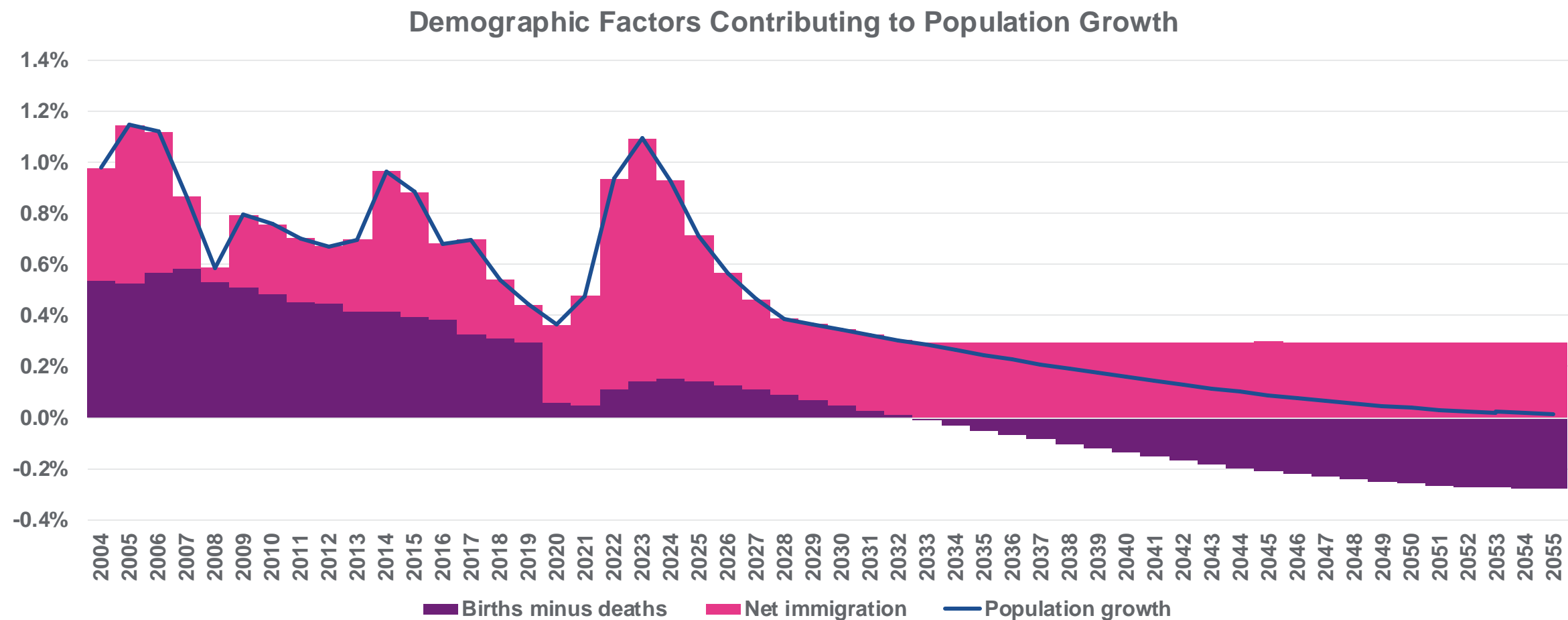


Population Distribution and Growth – Key Takeaways

- **Population growth is projected to steadily decline** for the foreseeable future.
- Current projections signal **deaths will exceed births by 2033, leaving net immigration to account for all population growth. 2025 CBO net immigration projections were reduced from the year prior.** The 2025 projections do not reflect the proposed policy of the new administration which will likely restrict immigration further.
- **People are getting married and having children later in life**, on average.
- **The largest cohorts of Gen Z, Millennials and Baby Boomers are approaching key financial milestones.**



Deaths will exceed births by 2033, leaving net immigration to account for all population growth

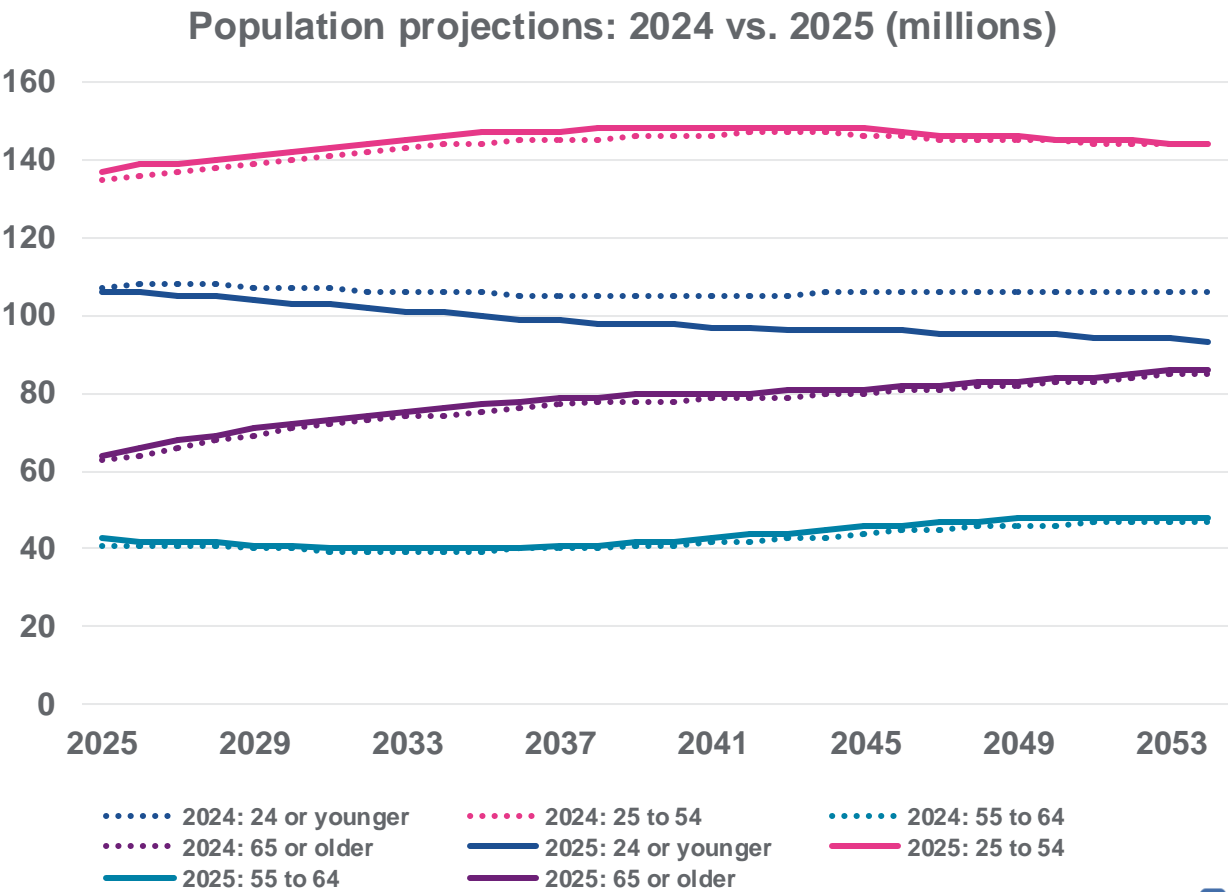
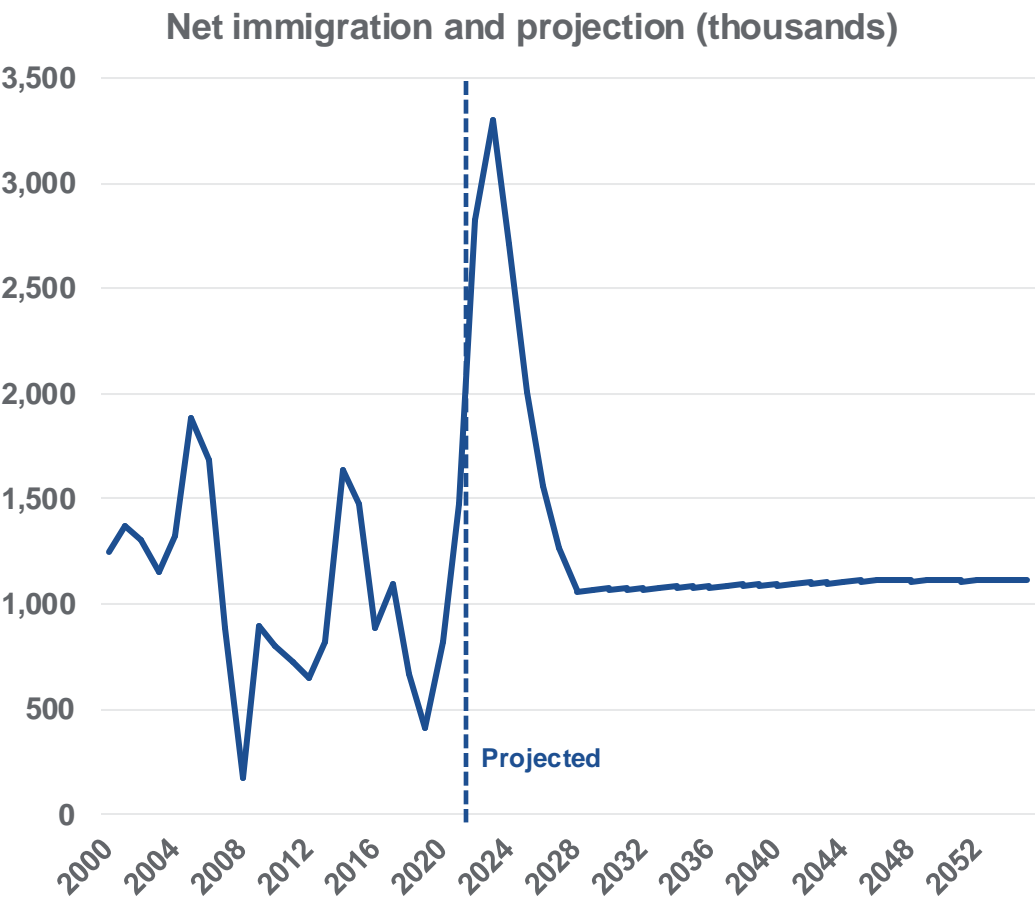


Source: CBO *Demographic Outlook January 2025*, Experian Economic Strategy Group



Reduction of net immigration projections following stricter border control policies

Slower net immigration and lower fertility rates have led to lower younger population projections

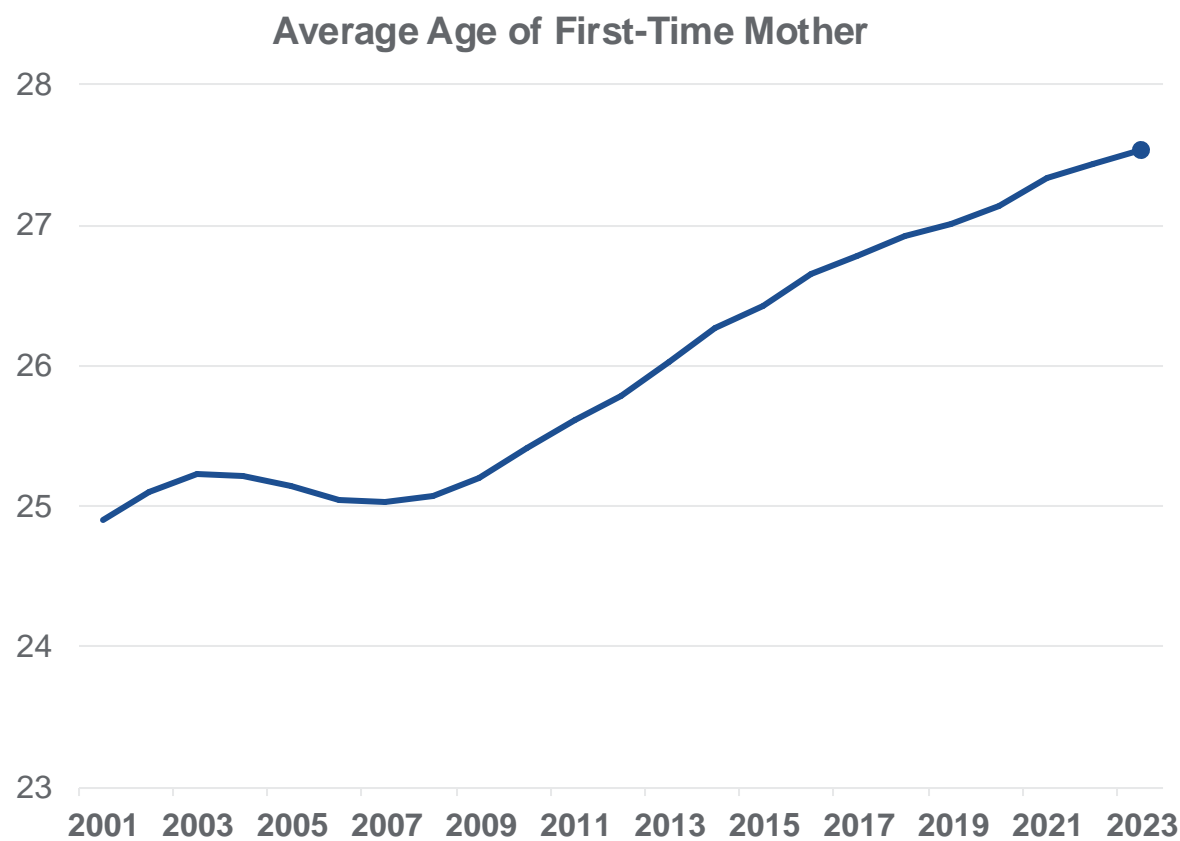
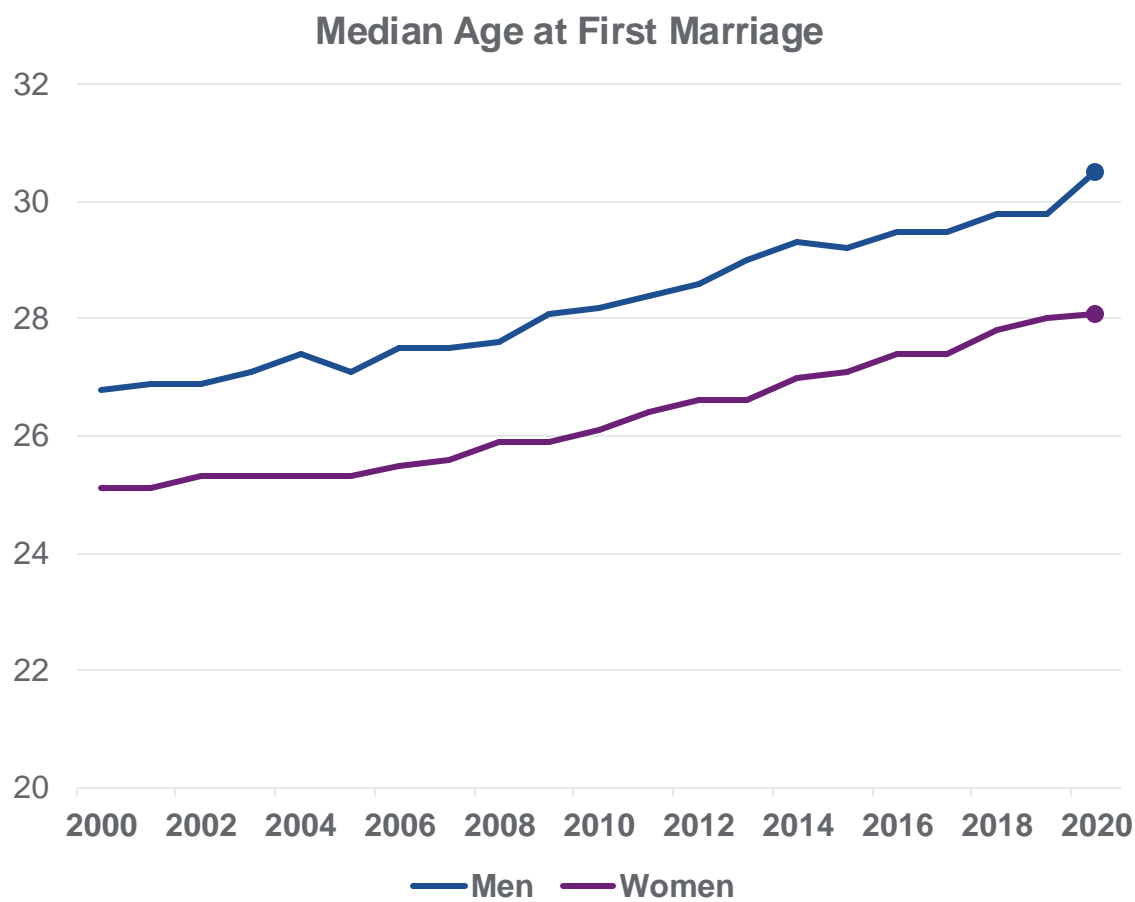


Source: CBO *Demographic Outlook January 2025*, Experian Economic Strategy Group



Marriage age has steadily increased for both men and women

Women are having children later in their 20s

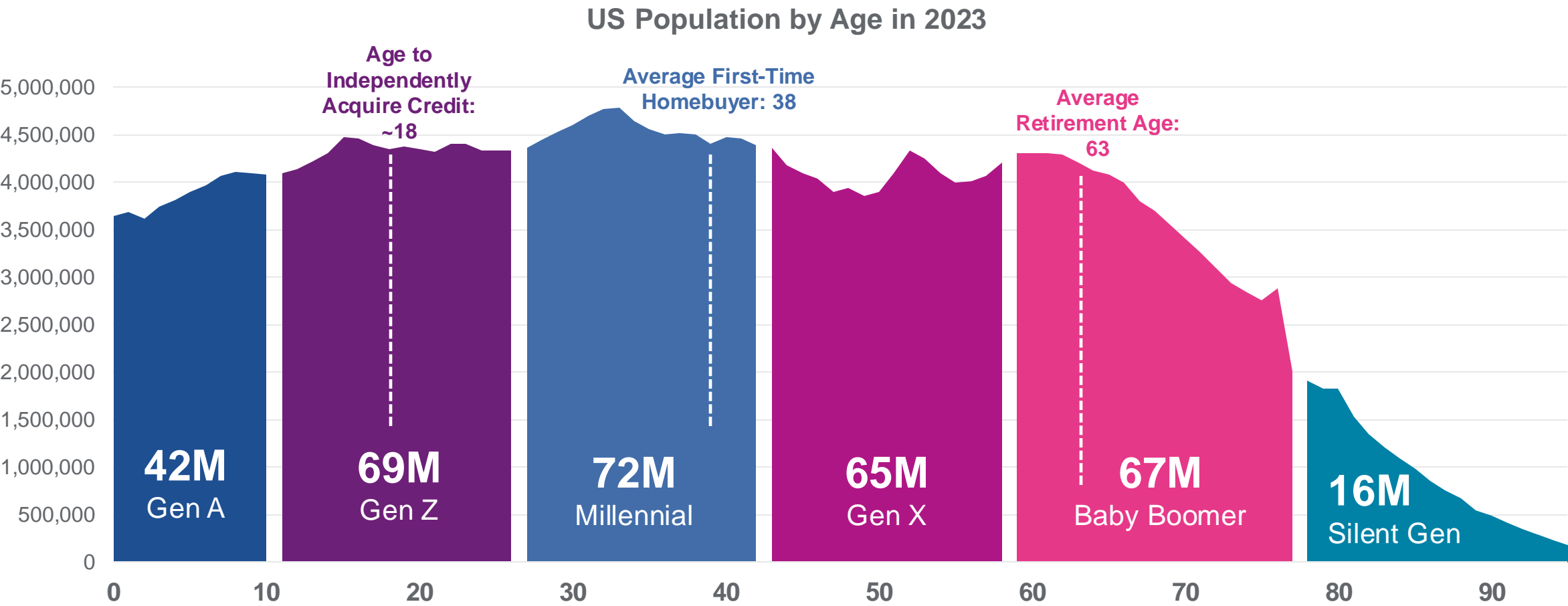


Source: Census Bureau, Centers for Disease Control and Prevention and Experian Economic Strategy Group



Several population peaks are approaching key financial age milestones

After the peak of the Gen Z population turns 18, subsequent Gen Z and Gen A cohorts will decrease in size



Source: Author's calculation, Census National Population Characteristics, National Association of Realtors, Boston College Center for Retirement Research, Experian Economic Strategy Group



Generational Highlights

Key trends in the Gen Z, Millennial, Gen X, and Baby Boomer populations including the generation density outlook, average expenditures, and key credit metrics



Generational Highlights – Key Takeaways

- **Largest cohorts of Gen Z will reach 18 years (eligible age to acquire credit independently) over next 1-2 years. Entire Gen Z generation will be eligible by 2031.**
- **Over the next five years, an increasing number of millennials, who happen to comprise the largest generation by population, will reach the average first-time home-buying age.** However, current housing market conditions are especially adverse for first-time home-buyers.
- **Oldest cohorts of Gen X will reach average retirement age within next five years.**
- **Youngest cohorts of baby boomers are the greatest in size and currently at or nearing average retirement age.**



Population at-a-Glance

Gen A (2013-present): 12.7%

Gen Z (1997-2012): 20.6%

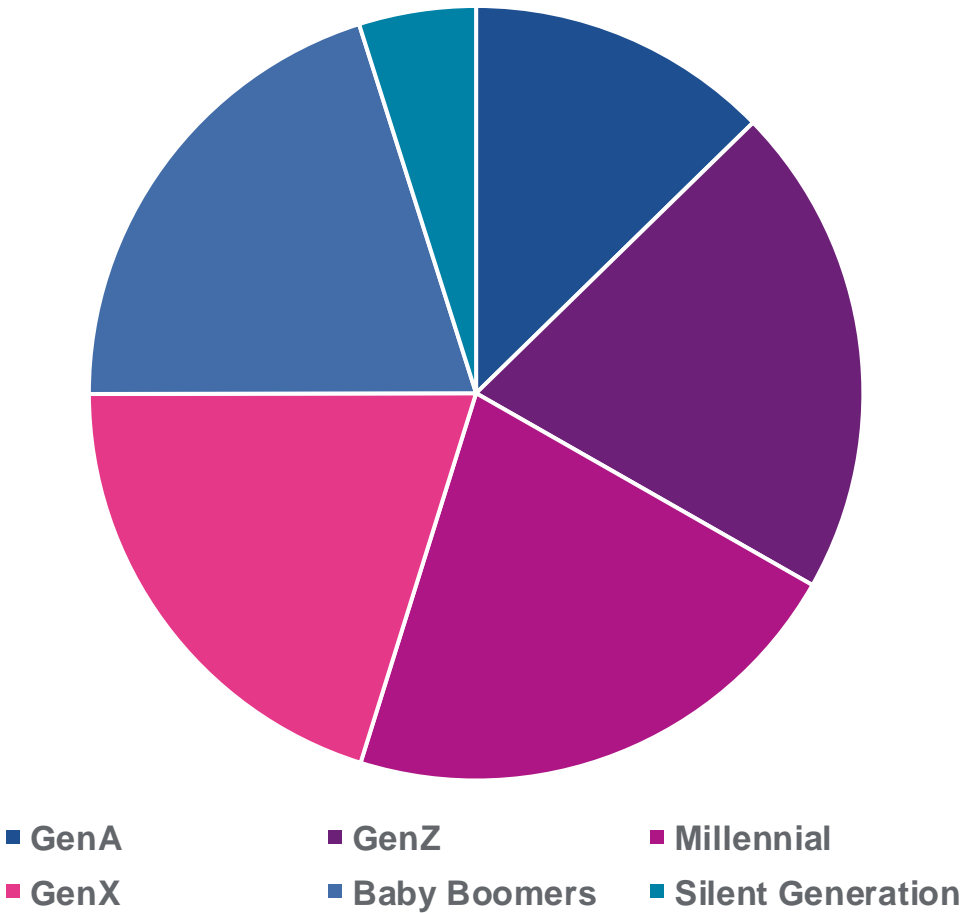
Millennial (1981-1996): 21.6%

Gen X (1965-1980): 20.1%

Baby Boomers (1946-1964): 20.1%

Silent Generation (1928-1944): 4.9%

Percentage of Population



Source: Census Bureau, Experian Economic Strategy Group



Key Trends Gen Z (1997-2012)

Entire generation will be **old enough to independently acquire credit by 2031**

- As effects of declining birth rates play out, younger cohorts of Gen Z and oldest cohorts of Gen A are smaller in size
- Largest cohorts of Gen Z will age into credit-eligibility in next 1-2 years but the outlook thereafter will subsequently decline

Young Gen Z (16-19 years) are **joining the labor force at an increasing rate**

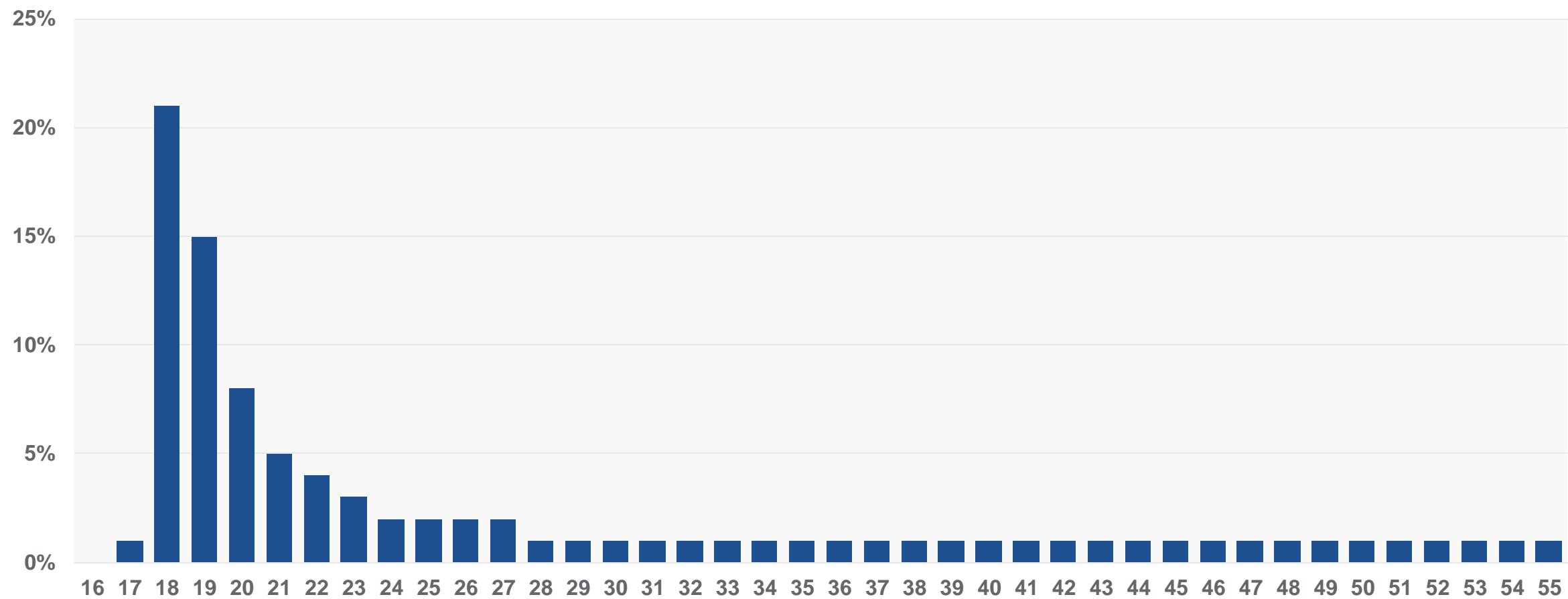
Gen Z is more likely **to lose track of their financial products and services**, due to interacting with more financial institutions than older generations

Gen Z shows **strong preference for digital banking options** – contactless digital payments and mobile banking

First borrowing experience of Gen Z is **increasingly credit card, with retail cards on the decline**

50% of people acquire their first credit product by age 21

Age of Entry into the Consumer Credit Panel

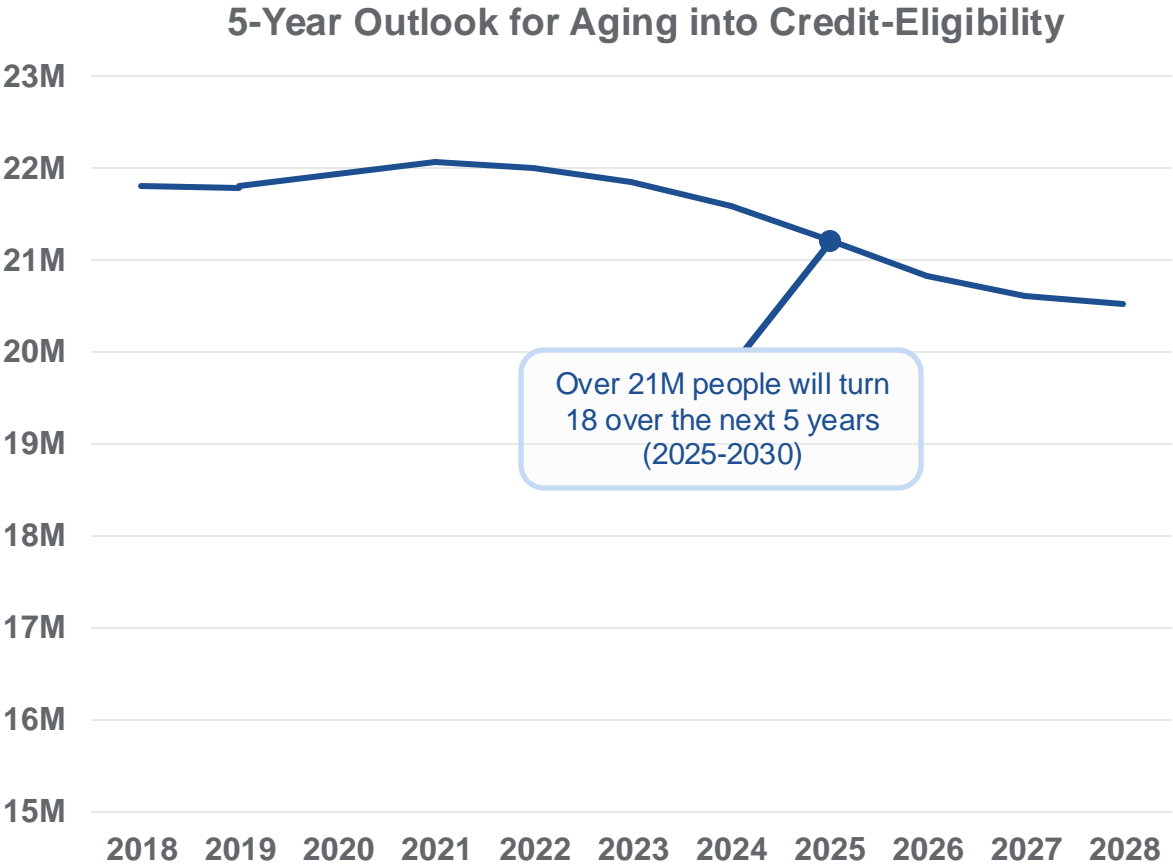
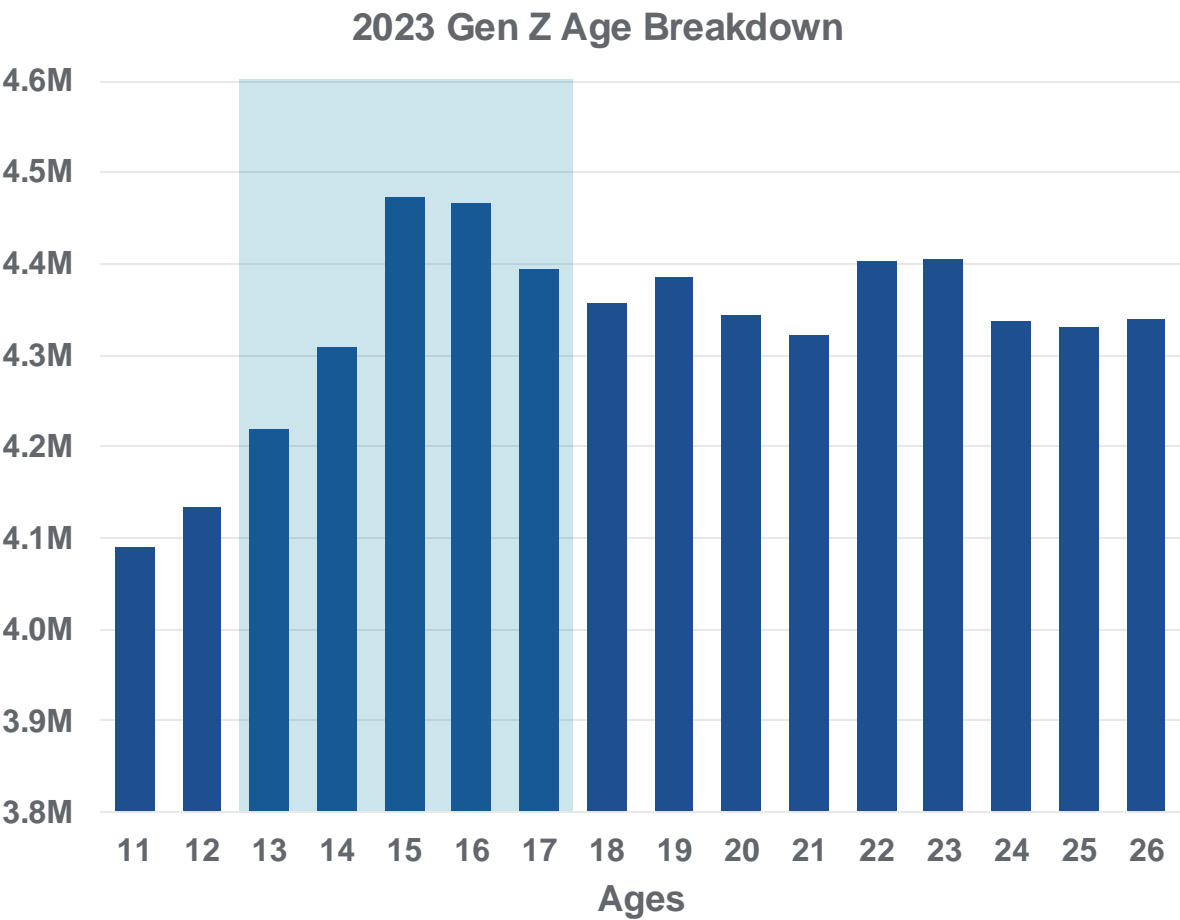


Source: Federal Reserve Bank of New York and Experian Economic Strategy Group



Peak of Gen Z population will turn 18 over the next 2 years

Due to smaller subsequent cohorts, the number of people reaching the eligible age to acquire credit on their own will begin to decline

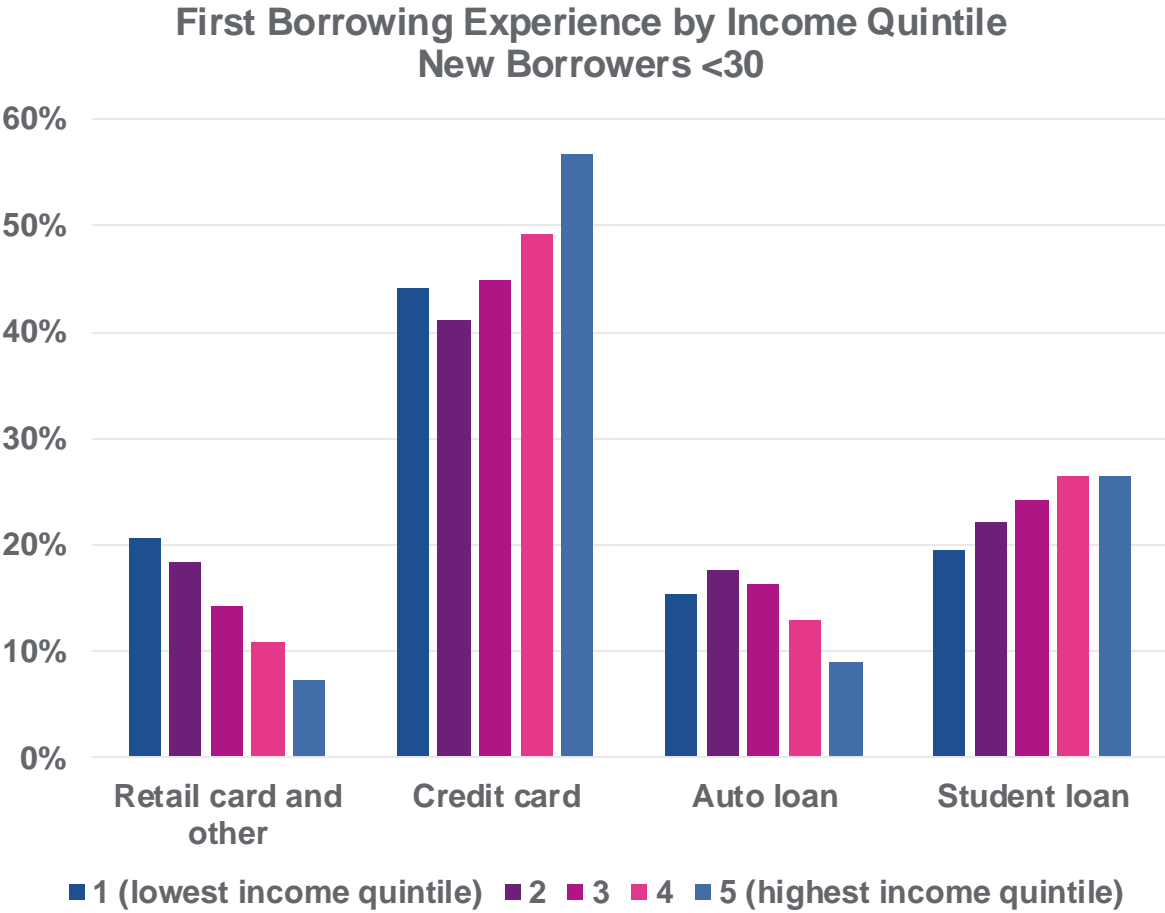
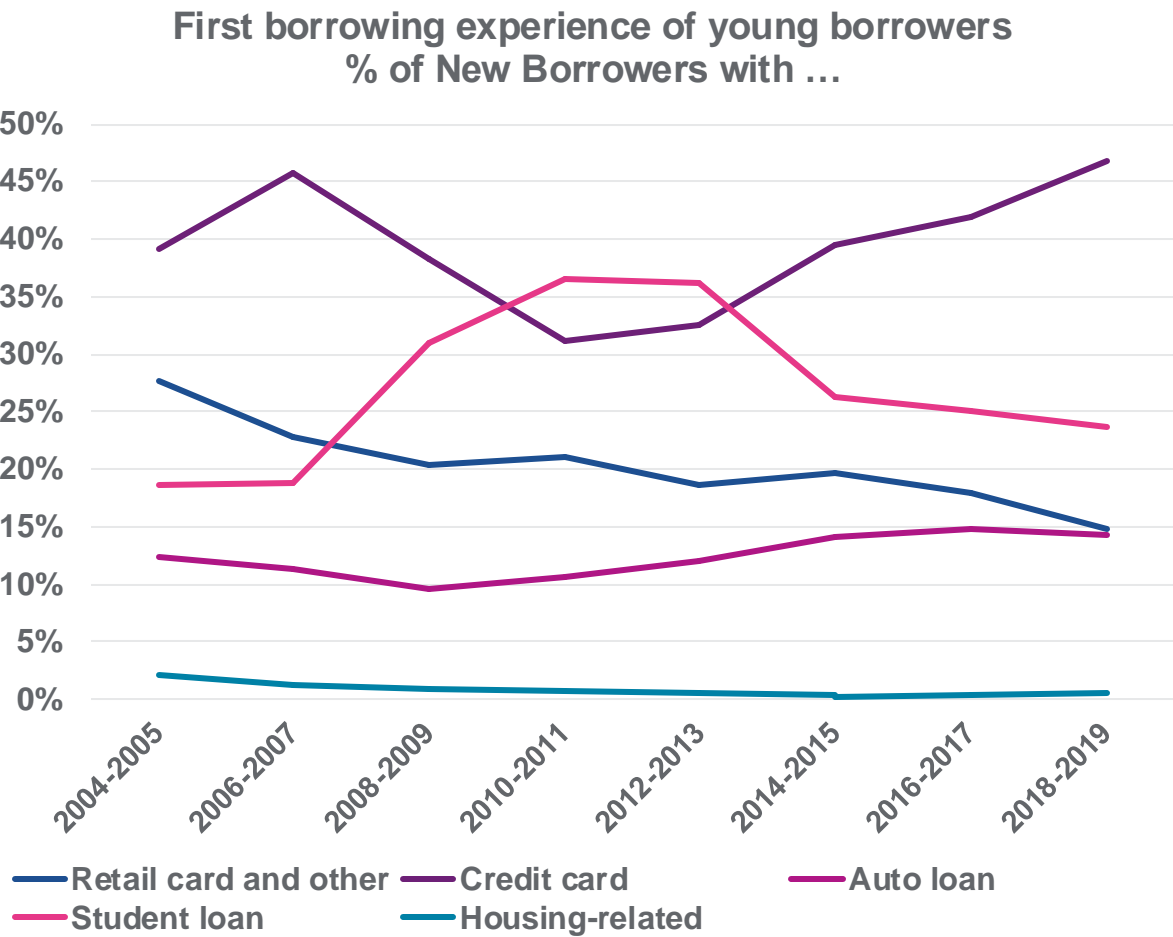


Source: Census Bureau, Experian Economic Strategy Group



Credit cards are increasingly the first acquired credit product

Retail cards are more prevalent in lower income groups vs. higher income groups

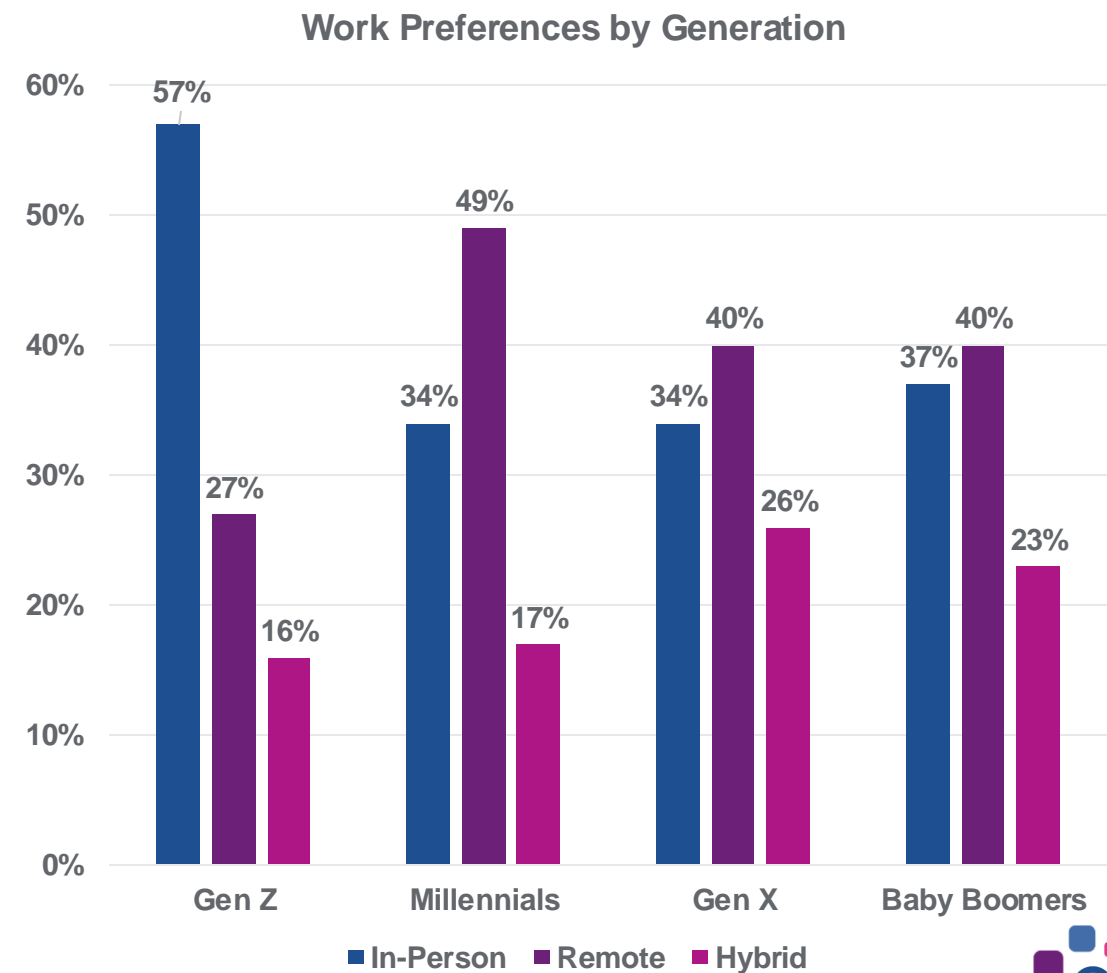
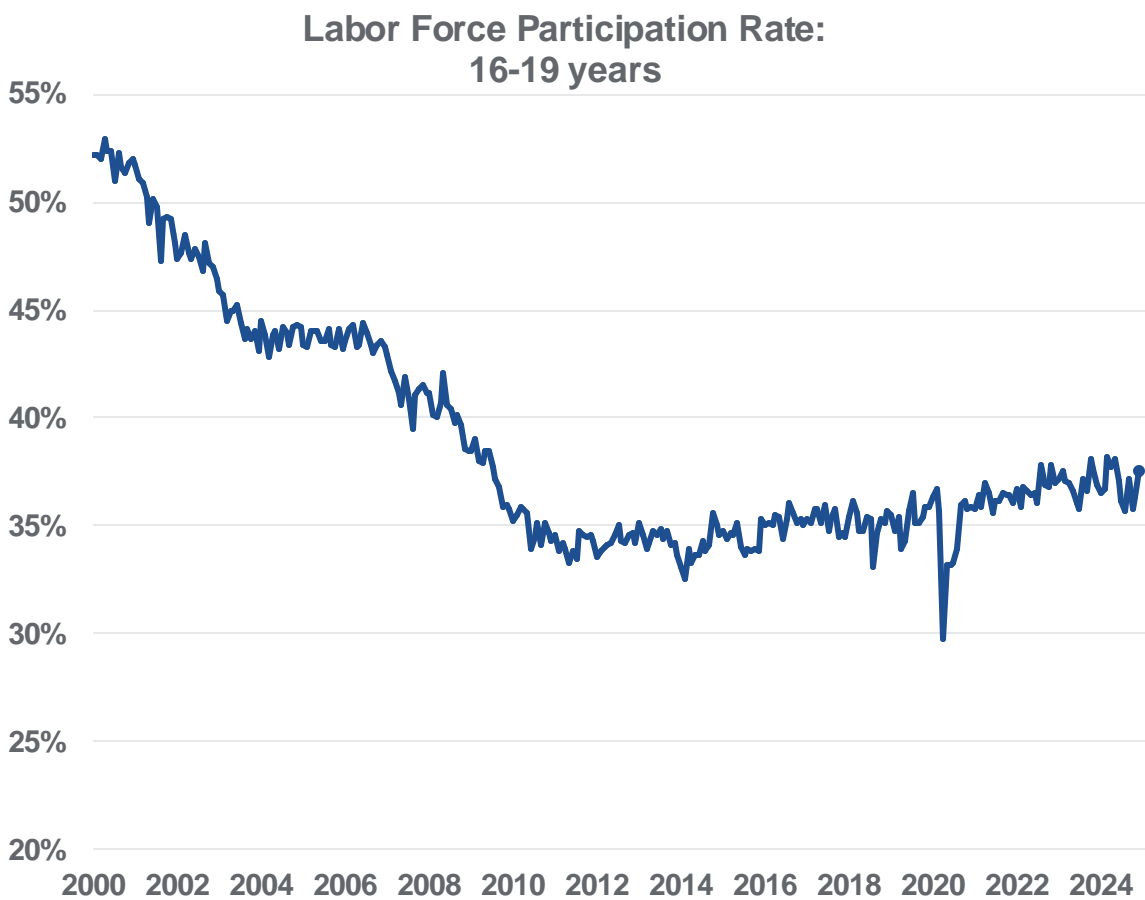


Source: New York Federal Reserve Consumer Credit Panel, Experian Economic Strategy Group



Young Gen Z is joining the labor force at increasing rate since the pandemic

Gen Z is only generation to prefer in-person over remote work

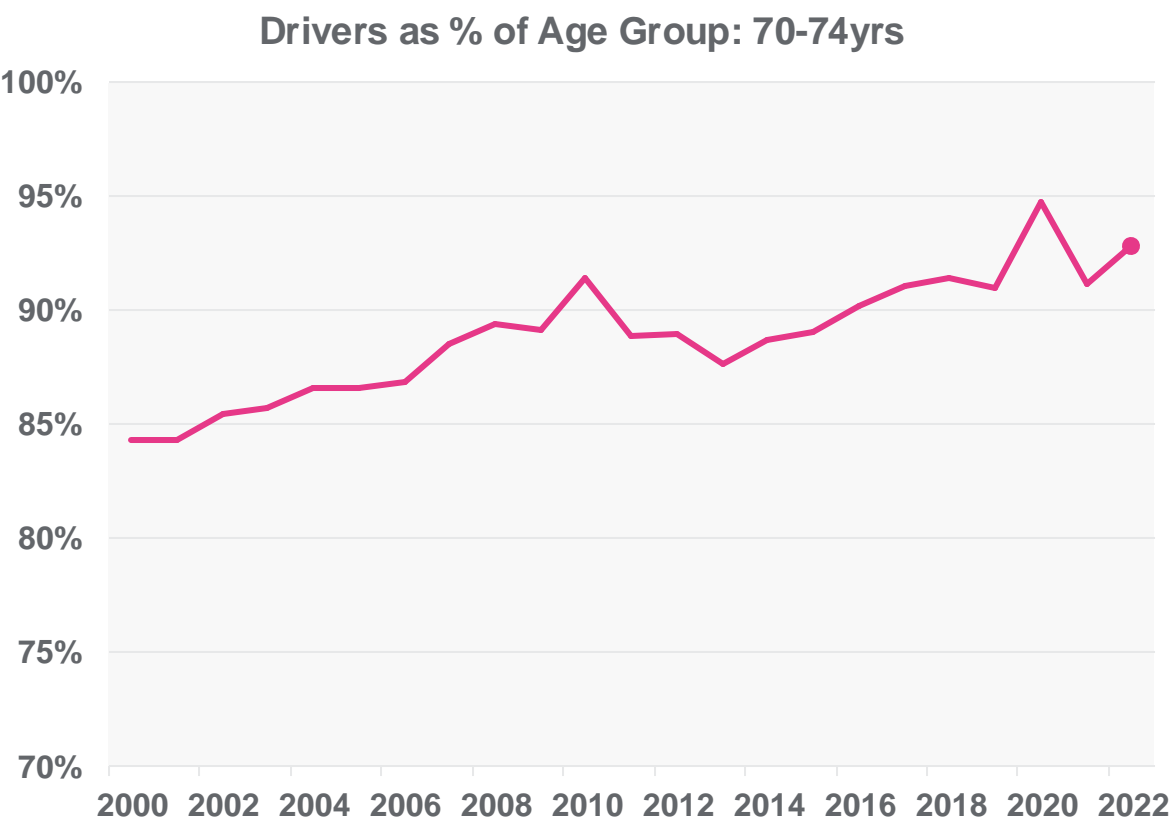
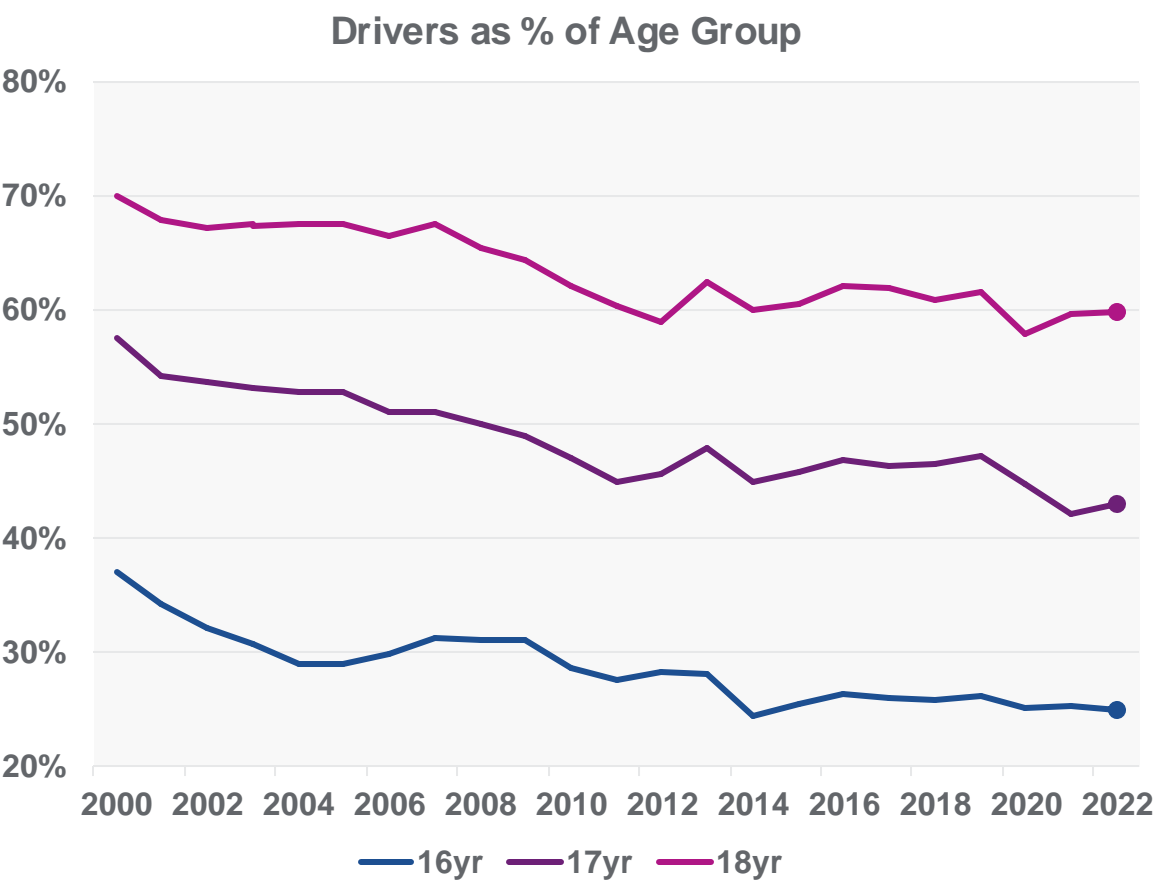


Source: BLS, Joblist 2023 U.S. Job Market Trends Report, Experian Economic Strategy Group



Fewer young people are getting driver's licenses

However, older generations are driving more

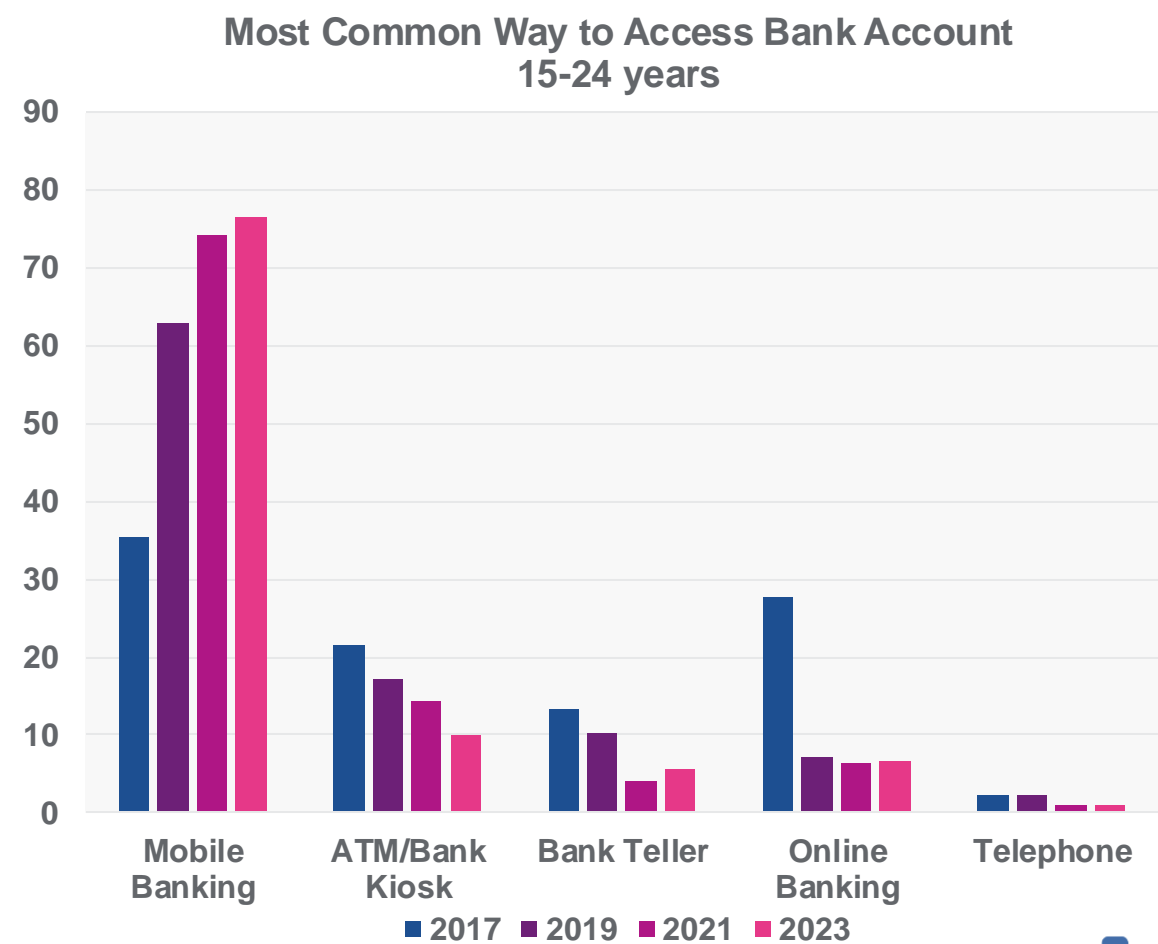
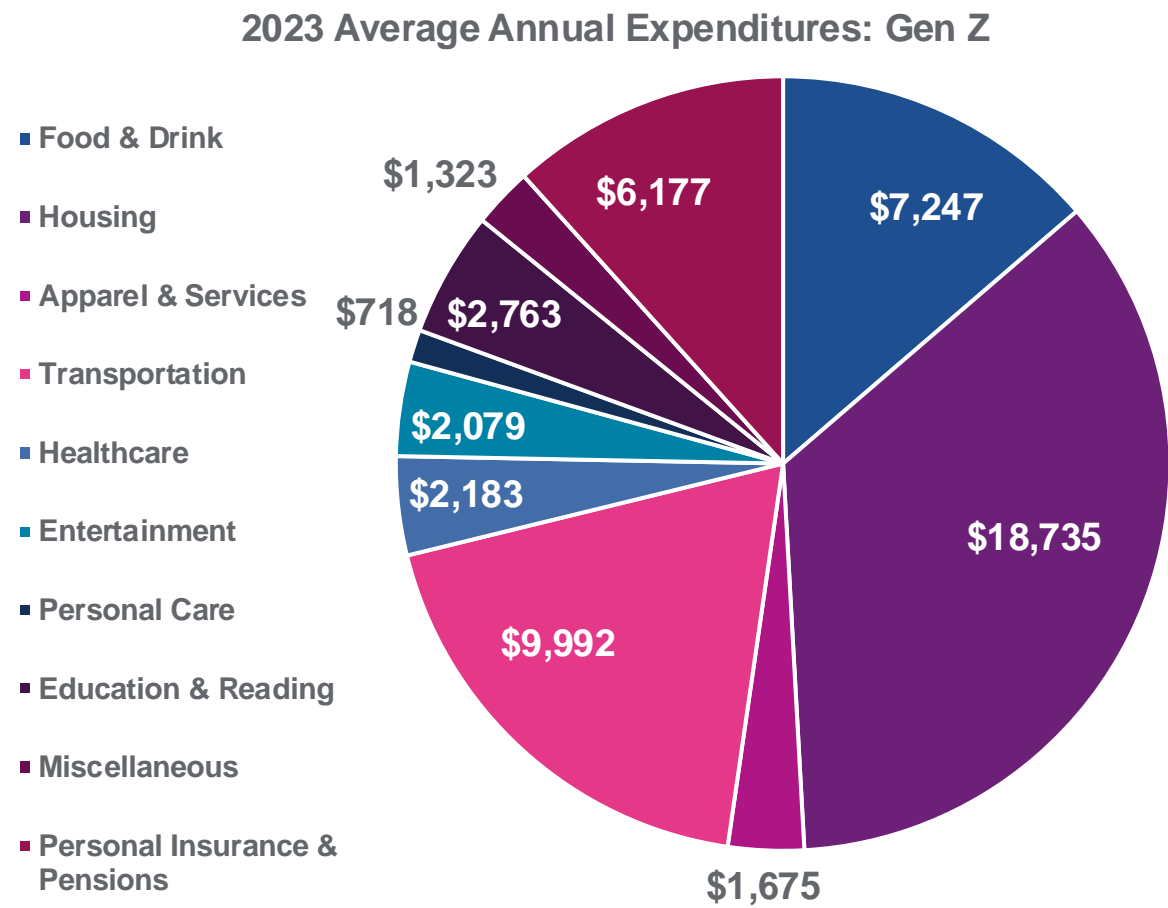


Sources: Federal Highway Traffic Safety Administration and Experian Economic Strategy Group



Housing is the largest expenditure category for Gen Z

Mobile banking has become the most common mode of account access by a wide margin for Gen Z



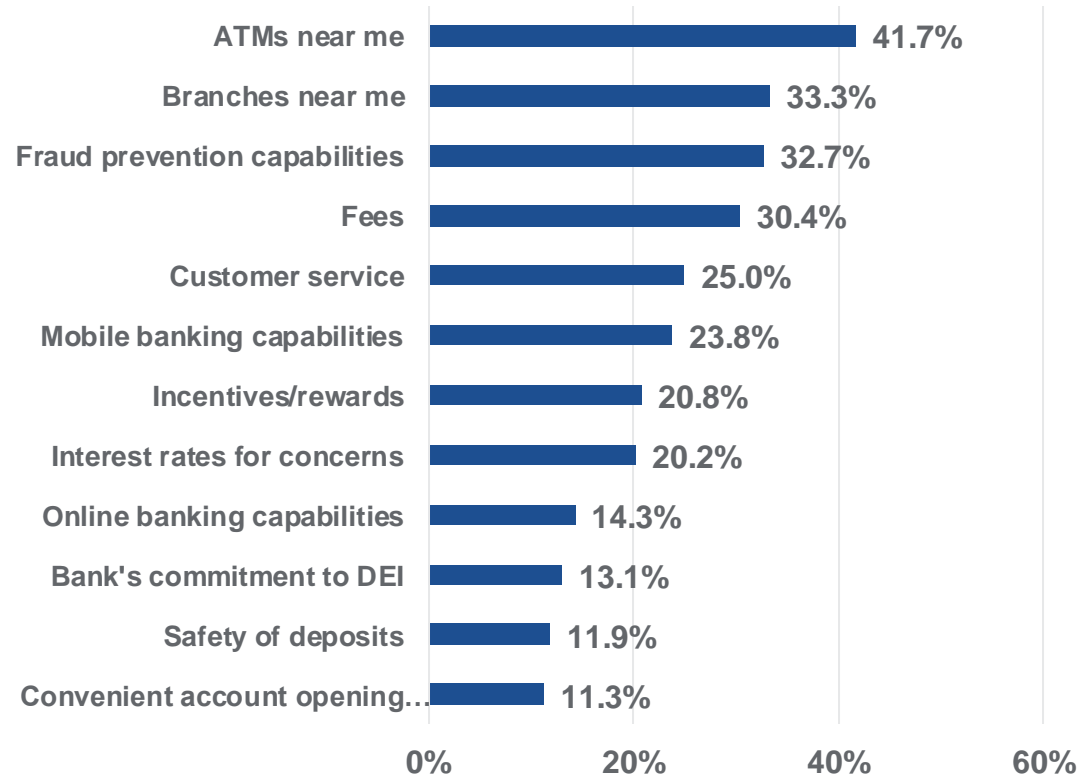
Source: FDIC, BLS, Experian Economic Strategy Group



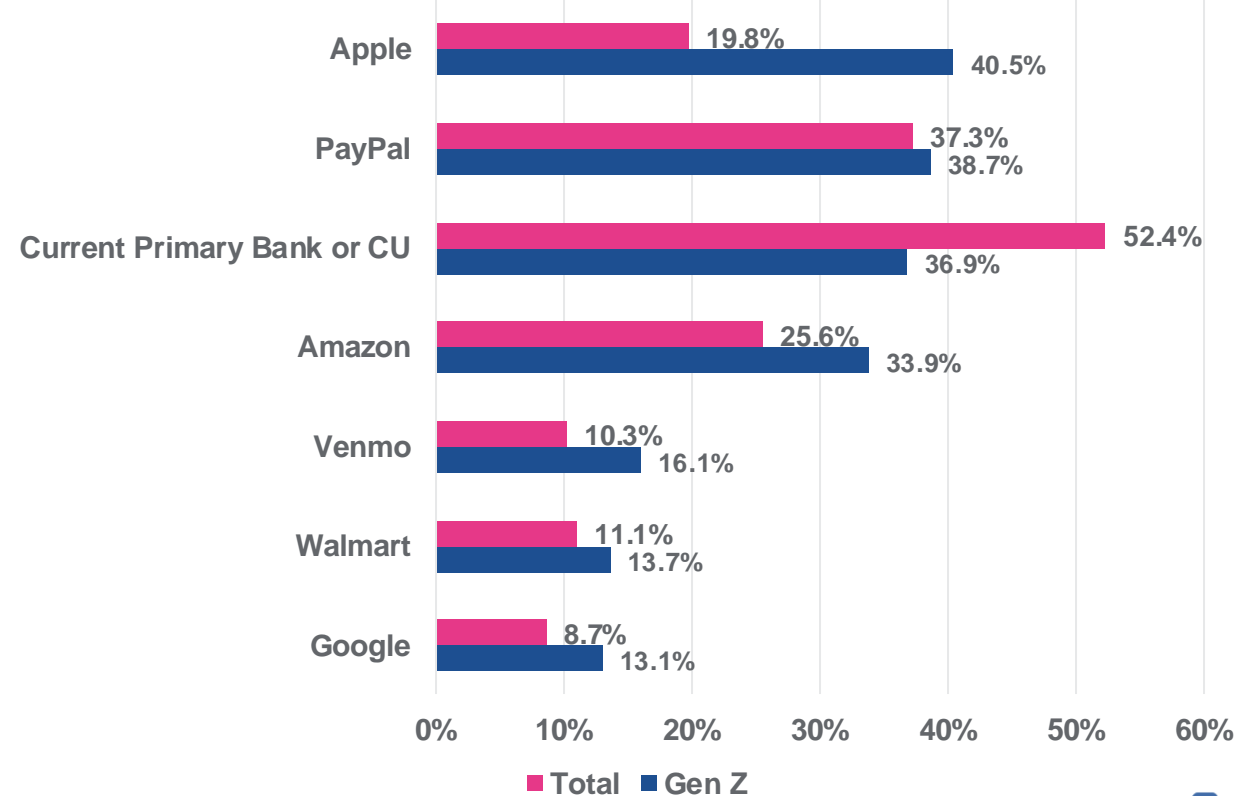
ATM availability is important to Gen Z for prospective new bank relationships

Gen Z brand trust differs from older generations

Top Factors in Choosing a New Bank
Gen Z



Top Companies to Buy Banking Products or Service
From Based Solely on Brand Trust



Source: E-Marketer, Experian Economic Strategy Group



State of Credit – Gen Z

State of Credit	December 2019	October 2024
Average Vantage Score	644	670
Median Vantage Score	663	682
Average # of credit cards	1.63	2.02
Average credit card balance	\$2,572.92	\$3,752.86
Average number of retail cards	1.65	1.48
Average retail card balance	\$1,065.87	\$1,449.25
Average mortgage debt	\$166,217.53	\$255,113.20
Number of non-deferred student trades	2.90	3.99
Average non-deferred student debt	\$16,799.65	\$21,490.03

Source: Experian State of Credit





Key Trends Millennials

(1981-1996)

Millennials are the biggest generation

The largest cohorts of millennials will be approaching the **average first-time homebuying age (38) over next 5 years**

- The 5-year outlook for non-homeowners reaching the average first-time homebuying age will decline after peaking in 2026

Millennials **spend greatest share** of their expenditures on shelter

Banking preferences differ between younger and older millennials

- Younger millennials show very similar digital banking preferences to Gen Z

A microgeneration, **coined *Zillennials*, exhibit strong financial literacy** but poor financial health

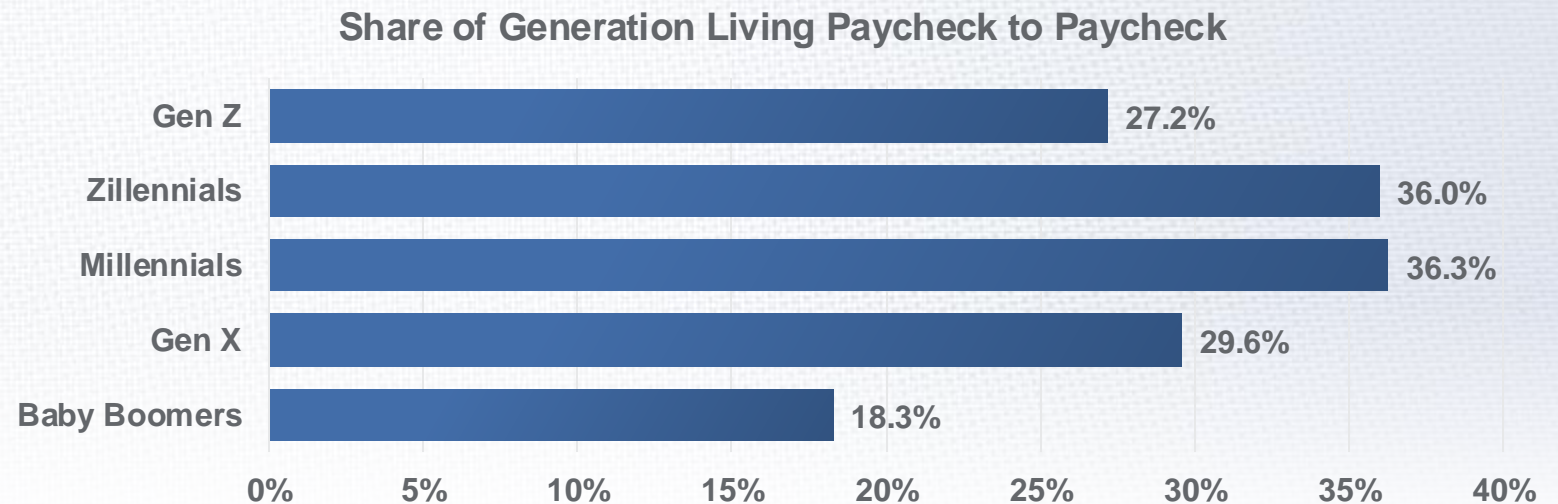


Microgeneration: **Zillennials** (1992-2002)

Zillennials are a microgeneration comprised of the **youngest cohorts of millennials and the oldest cohorts of Gen Z**

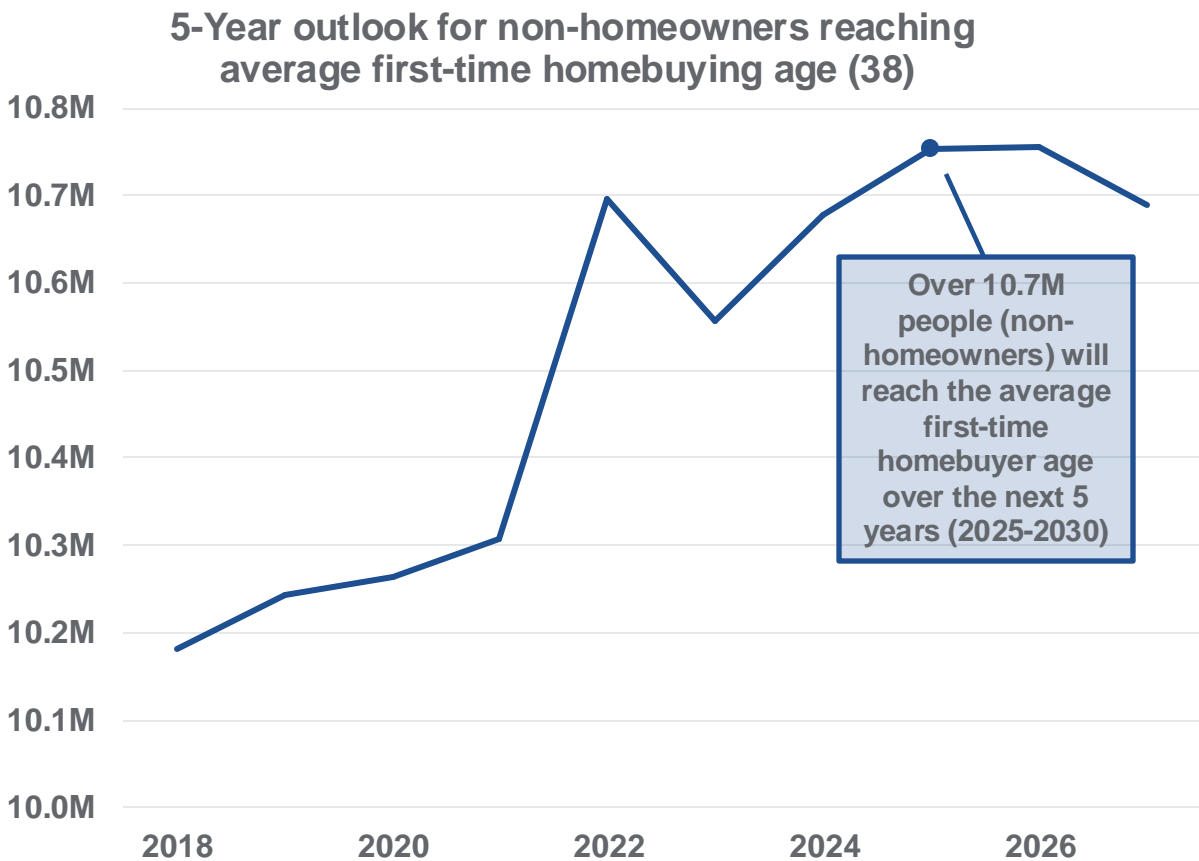
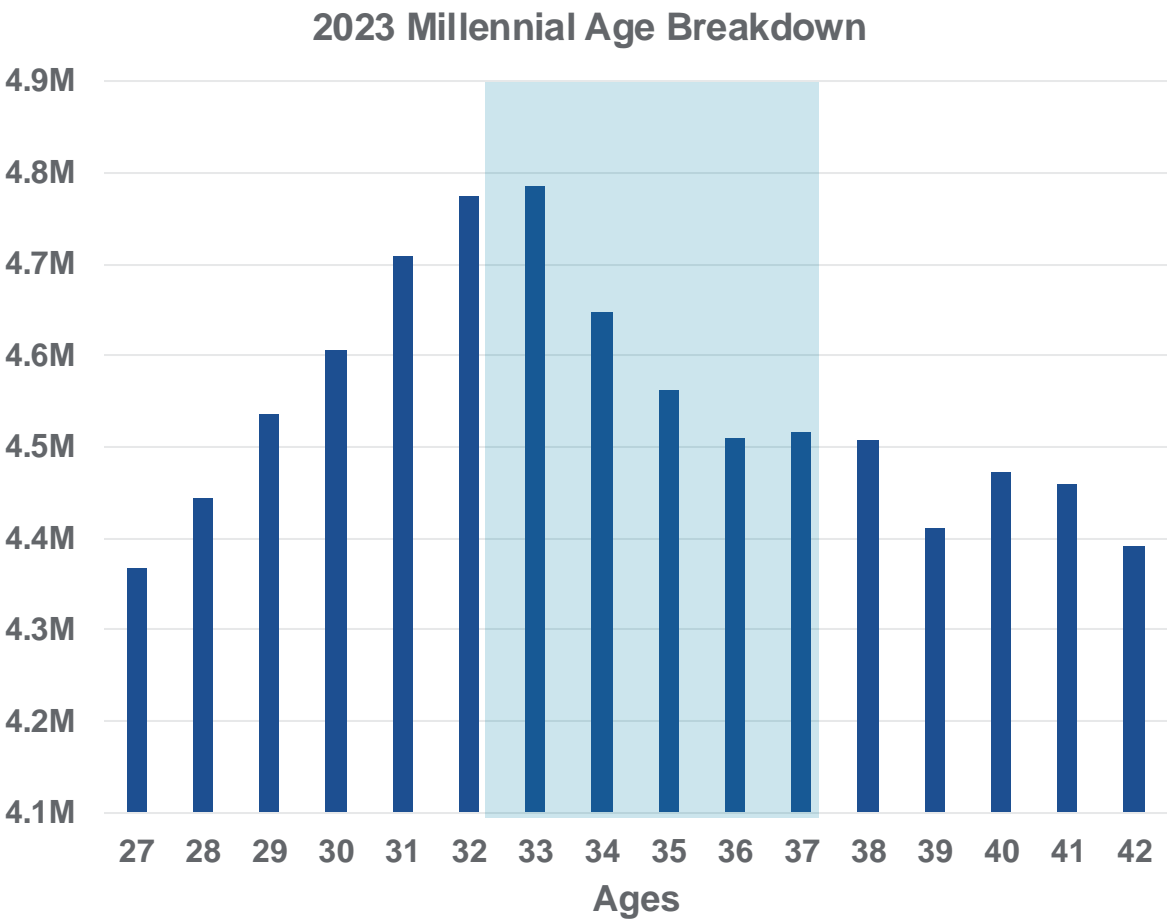
- Specific cutoffs differ, but consensus is roughly those born between 1992-2002

This microgeneration is **simultaneously quite financially savvy**, as well as one of the most likely to live paycheck-to-paycheck



Largest cohort of millennials will be approaching the average first-time home-buyer age over next 5 years

Trend will begin to decline after first-time home-buying 5-year outlook peaks in 2026



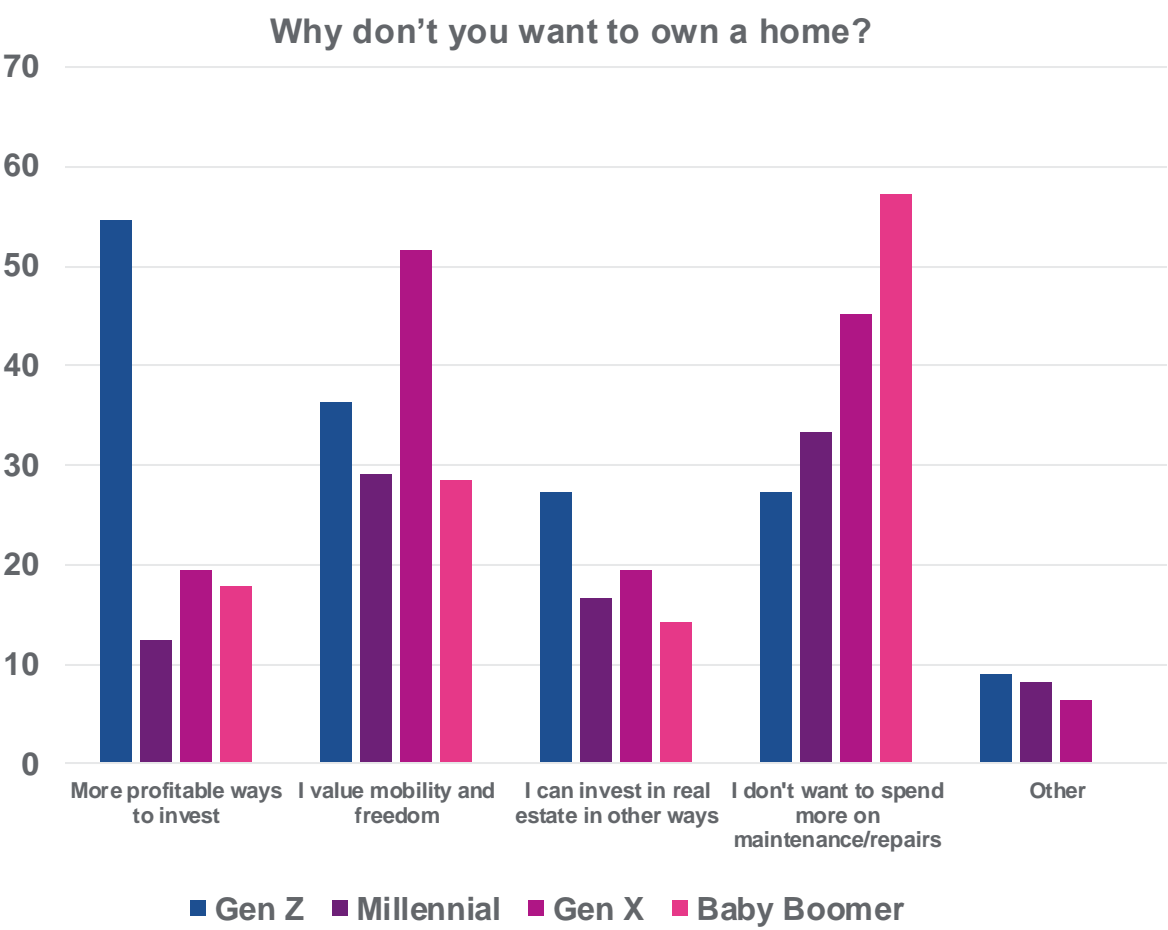
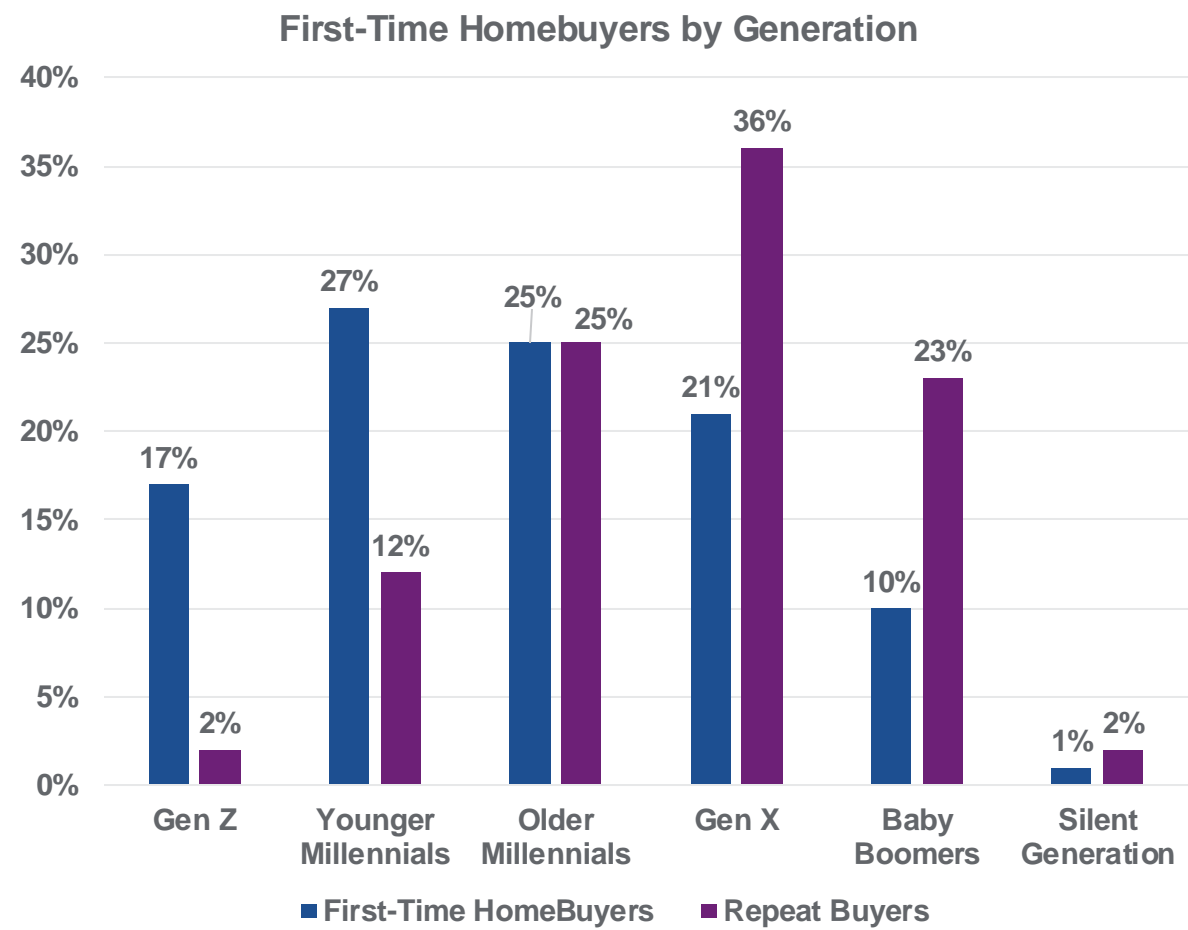
Source: Census Bureau, National Association of Realtors, Experian Economic Strategy Group

Non-homeowners are based on Q3 2024 homeownership rates by age group.



Millennials lead first-time home-buying, while Gen X lead repeat buying

Majority of Gen Z does not see owning a home as the most profitable way to invest

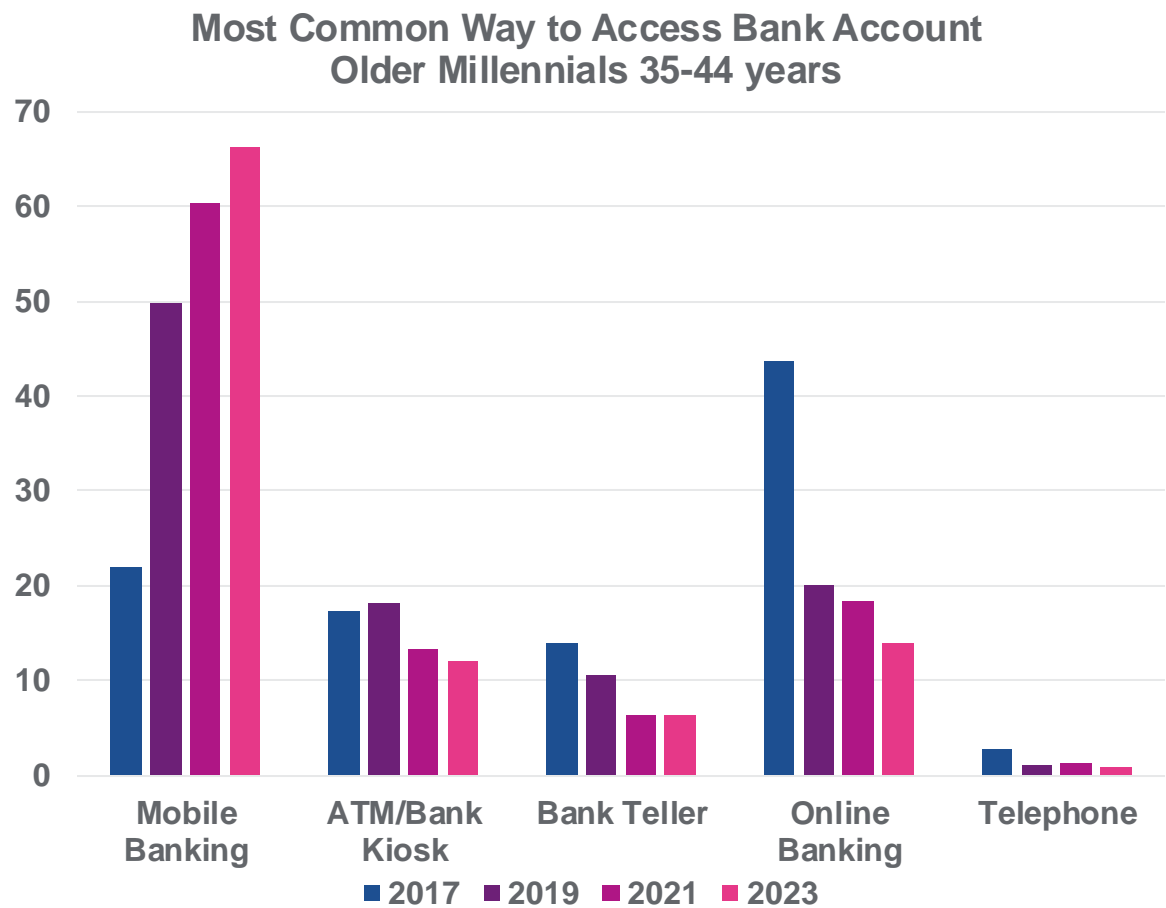
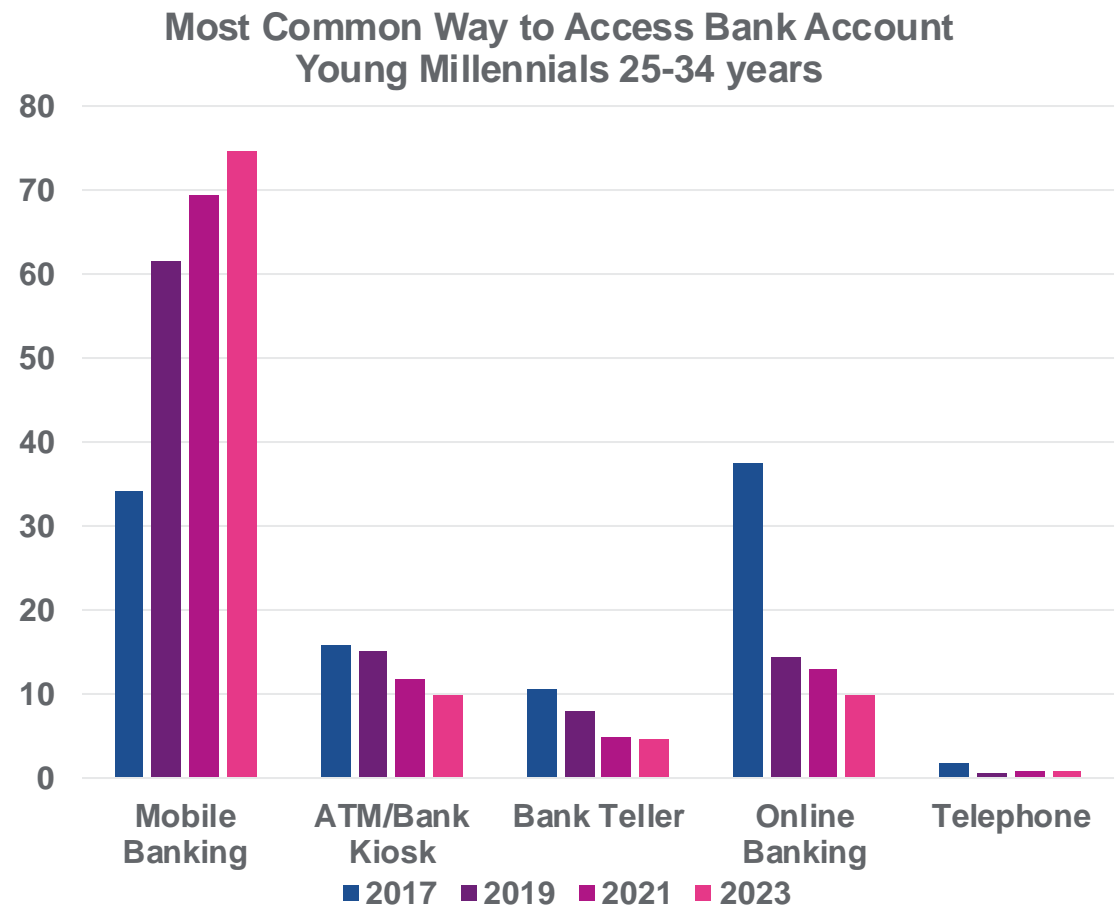


Source: Experian Mortgage, Arrived, Experian Economic Strategy Group



Younger millennials show greater preference for mobile banking

82% of millennials show preference for digital payments₁

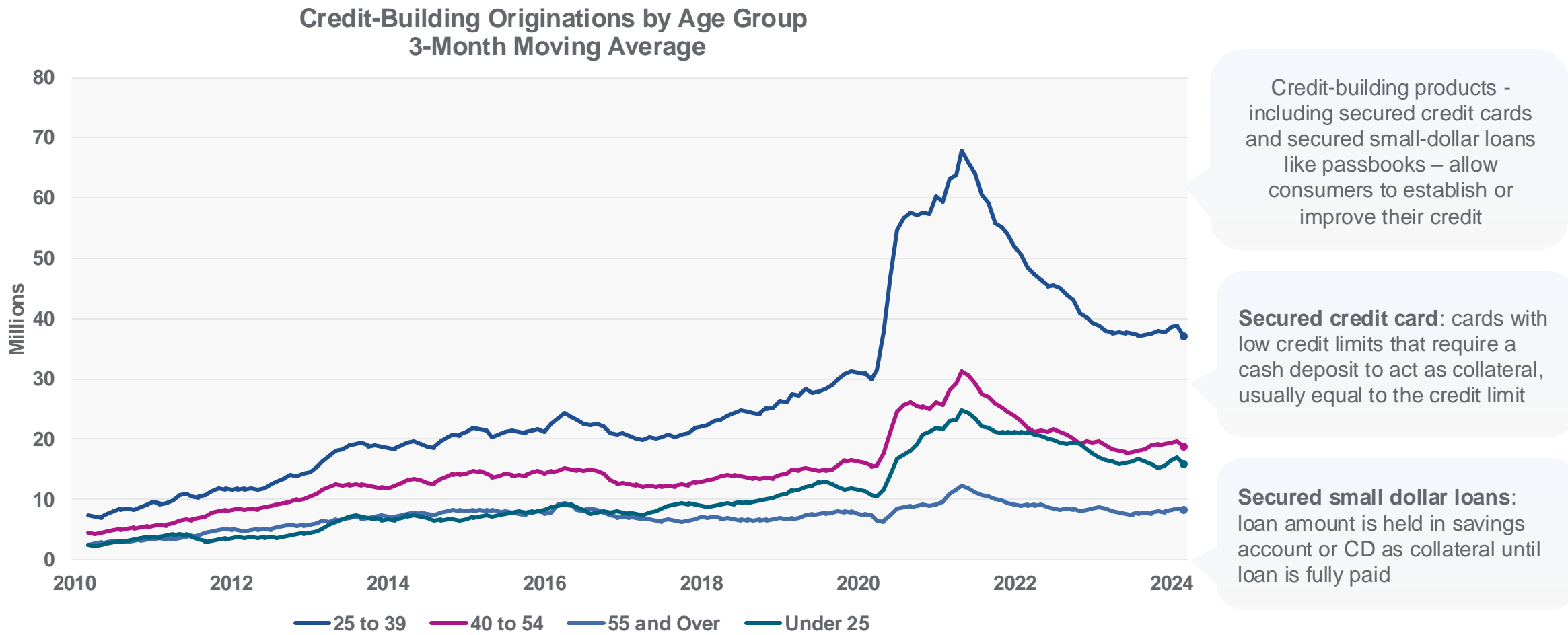


Source: FDIC, PYMNTS, Experian Economic Strategy Group



Credit-building products are most popular among millennials

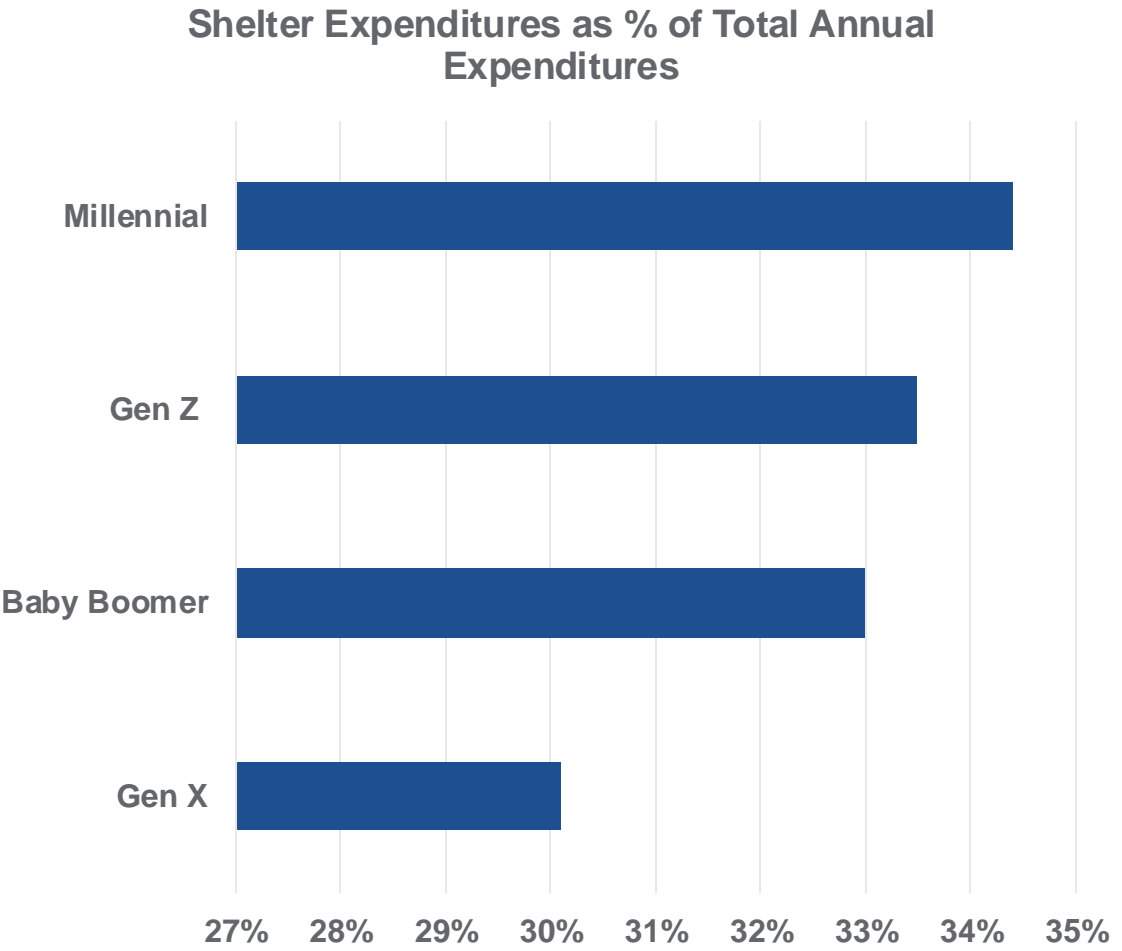
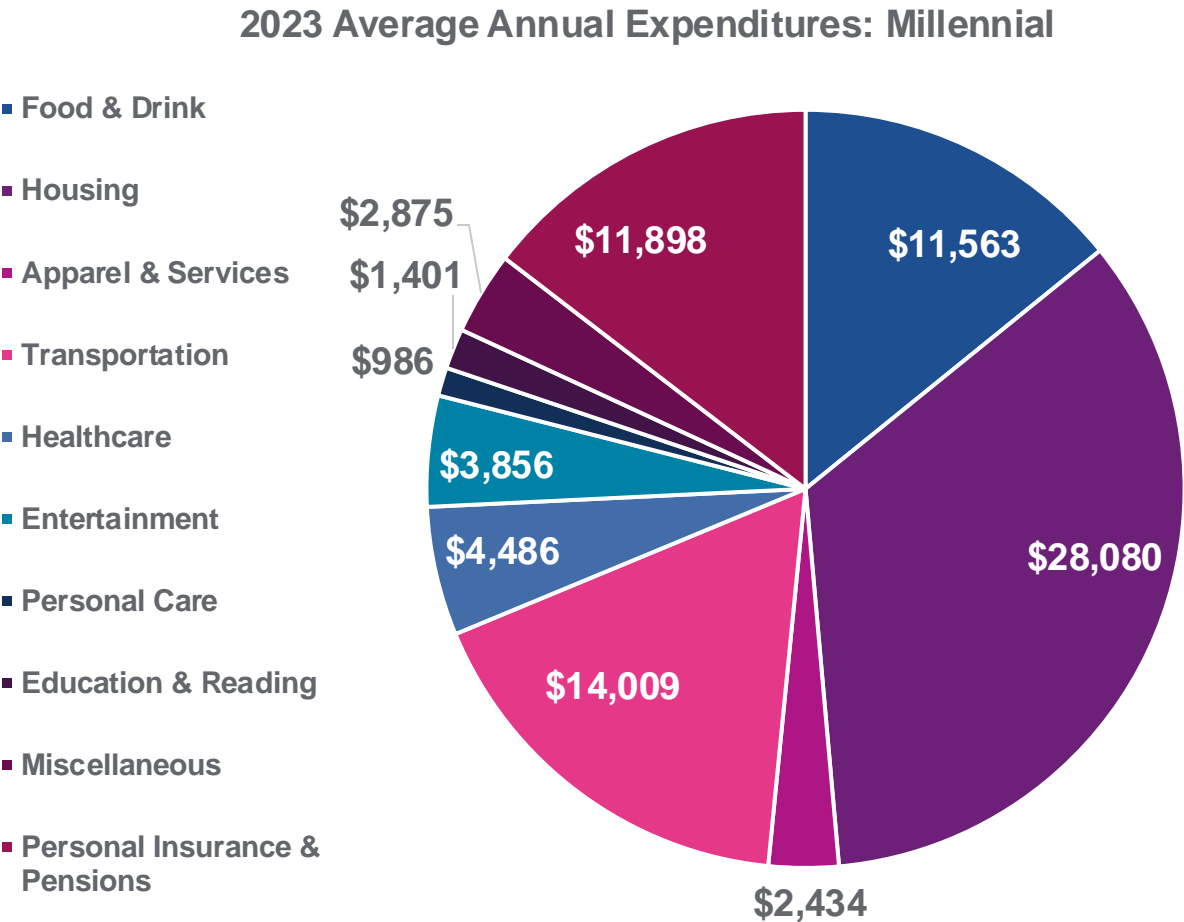
Credit-building originations remain elevated above pre-pandemic levels



Source: Federal Reserve Board of Governors and Experian Economic Strategy Group



Millennial expenditures go more toward shelter than other generations



Source: BLS, Experian Economic Strategy Group



State of Credit – Millennials

	December 2019	October 2024
Average Vantage Score	648	677
Median Vantage Score	658	684
Average # of credit cards	2.67	3.09
Average credit card balance	\$5,306.89	\$7,416.21
Average number of retail cards	1.65	2.14
Average retail card balance	\$1,818.92	\$2,208.75
Average mortgage debt	\$225,578.90	\$313,694.57
Number of non-deferred student trades	4.03	4.54
Average non-deferred student debt	\$36,120.27	\$36,934.11

Source: Experian State of Credit, Experian Economic Strategy Group





Key Trends

Gen X

(1965-1980)



Oldest cohorts of Gen X will **reach average retirement age within next 5 years**

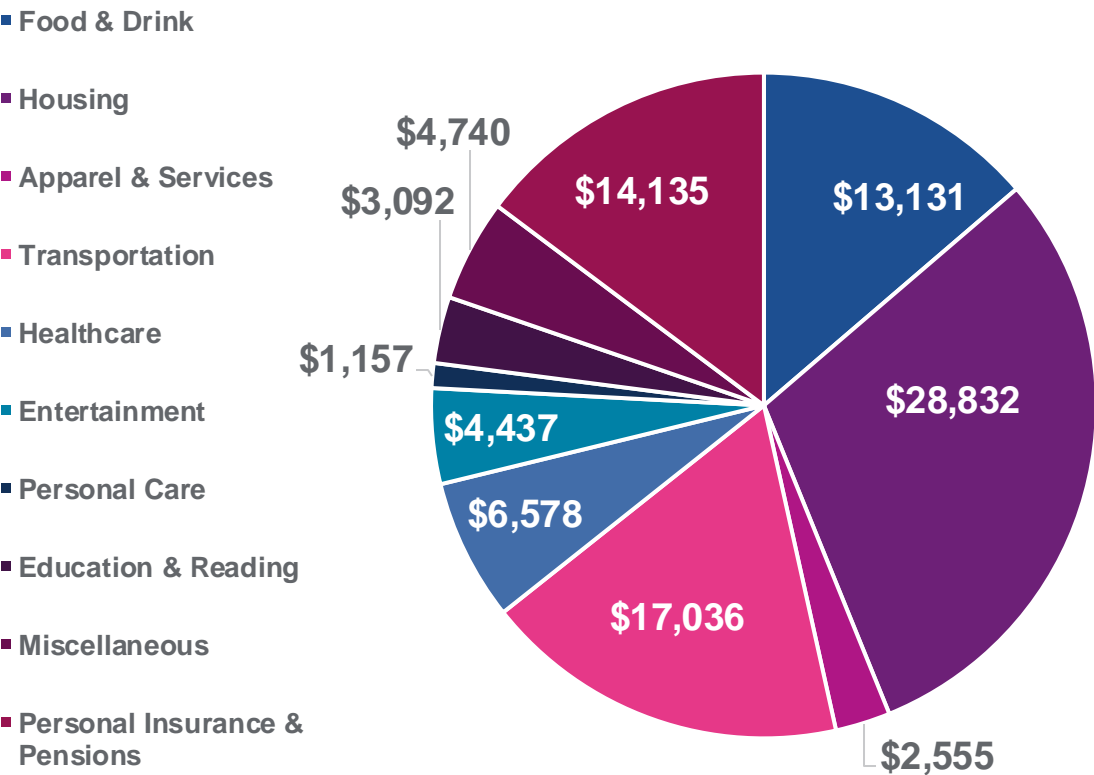
Gen X expenditures exceed other generations annually, **including the greatest share of expenditures toward personal life insurance**

- Gen X holds the greatest credit card balance on average

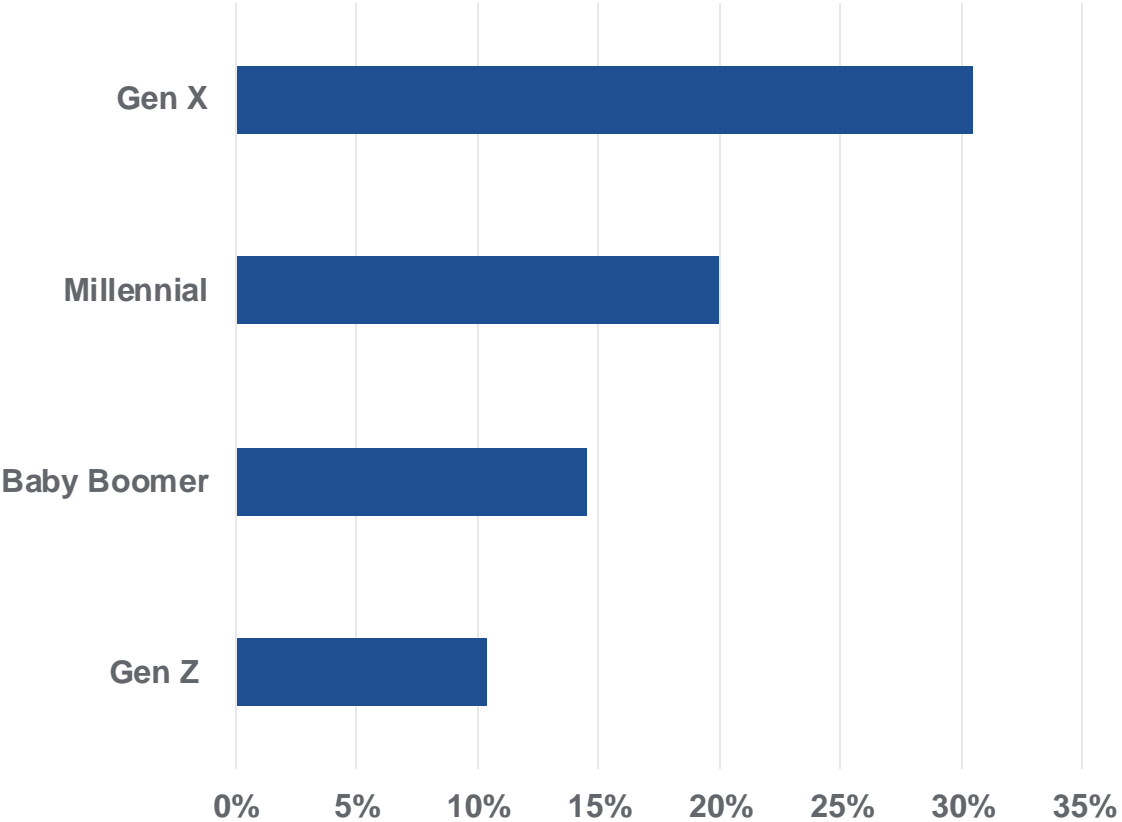
Weaker preference for mobile banking than younger generations

Gen X expenditures go more toward personal insurance than other generations

2023 Average Annual Expenditures: Gen X



Personal Insurance and Pensions as % of Total Annual Expenditures



Source: BLS, Experian Economic Strategy Group



State of Credit – Gen X

	December 2019	October 2024
Average Vantage Score	667	694
Median Vantage Score	674	711
Average # of credit cards	3.32	3.71
Average credit card balance	\$8,711.66	\$9,951.35
Average number of retail cards	2.66	2.25
Average retail card balance	\$2,269.24	\$2,549.42
Average mortgage debt	\$242,372.25	\$286,399.07
Number of non-deferred student trades	3.11	3.30
Average non-deferred student debt	\$40,872.32	\$40,063.30

Source: Experian State of Credit, Experian Economic Strategy Group



Key Trends Baby Boomers

(1946-1964)

Largest cohorts of baby boomer population are **at or near average retirement age**

Baby Boomers are **leaving the labor force and retiring earlier** than prior to the pandemic

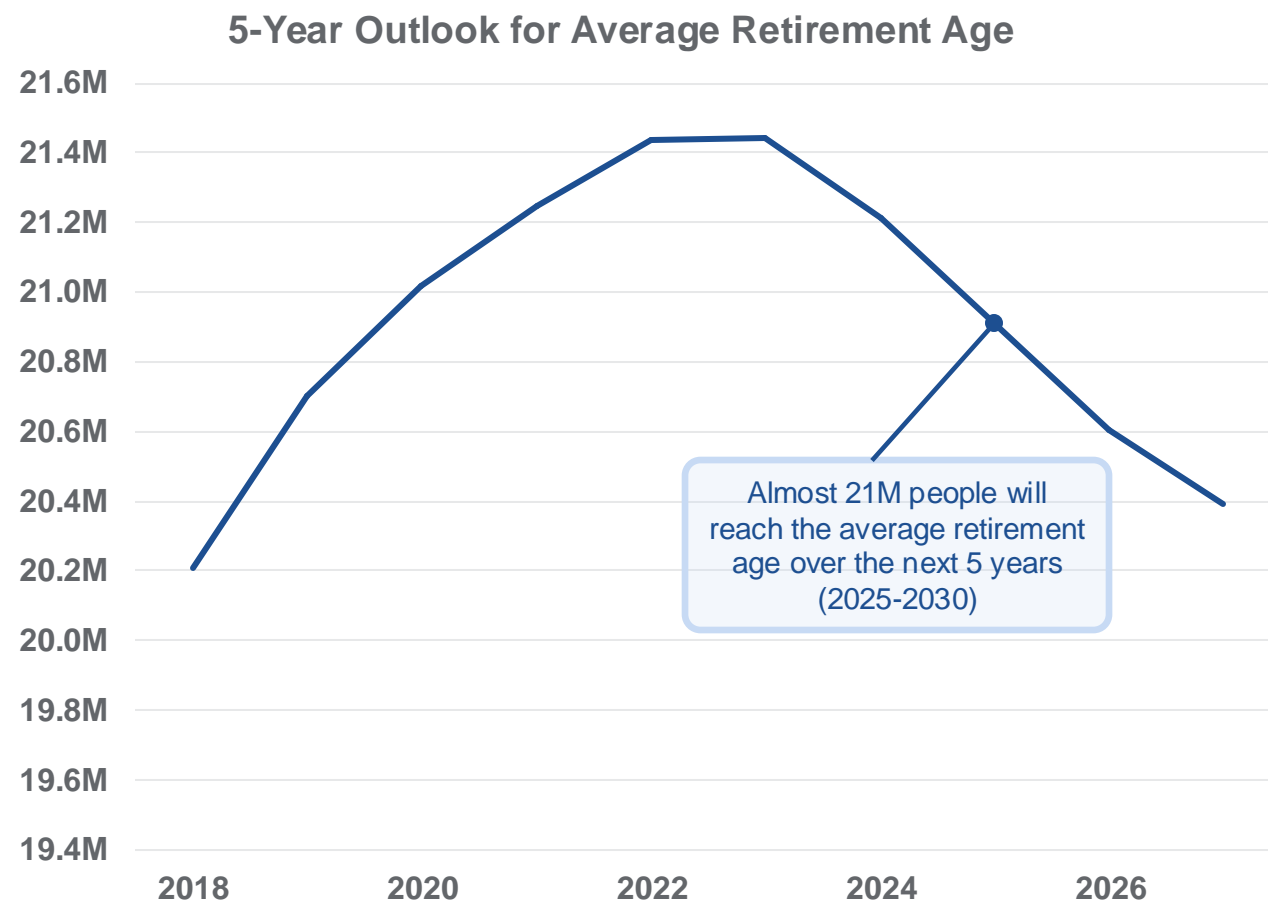
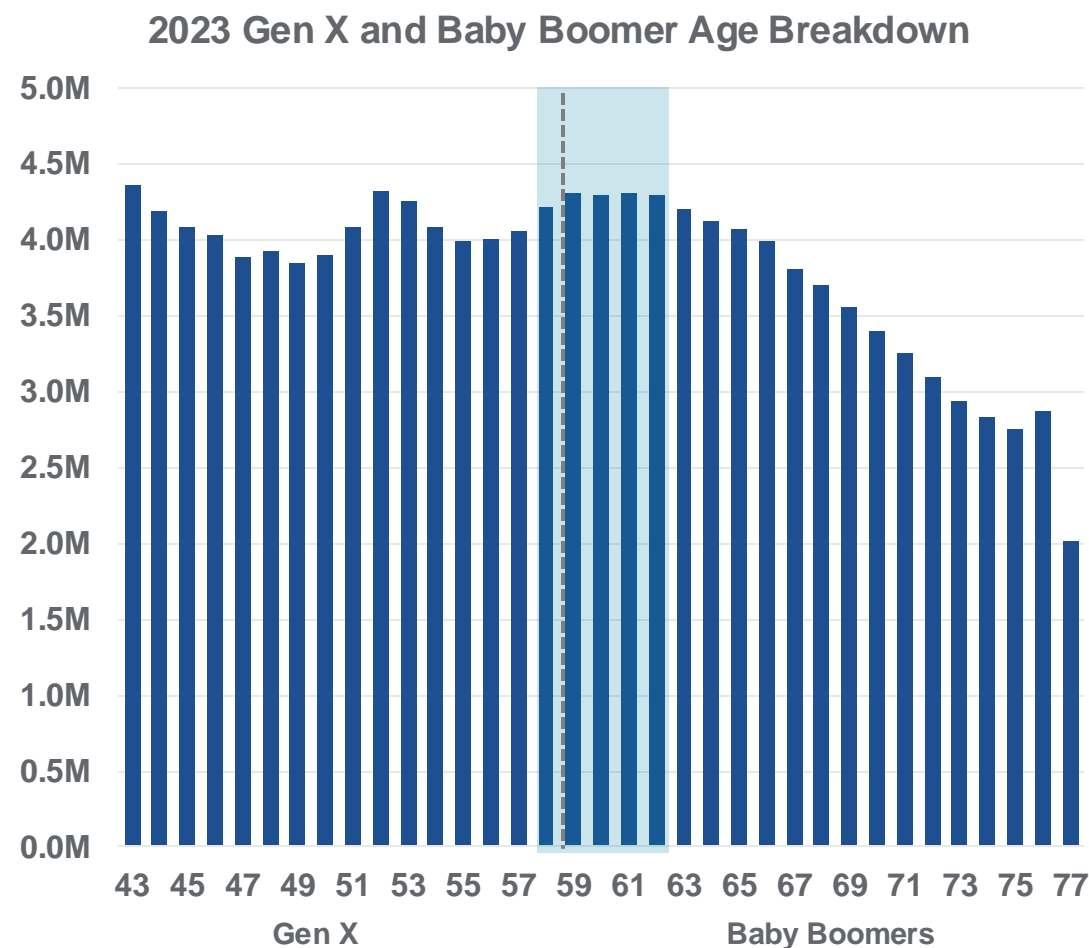
Banking preferences for older generations (baby boomers and silent generation) are **more evenly split than younger generations, still led by mobile banking but by a narrower margin**

Greater share of baby boomer expenditures **goes toward healthcare expenses**



Peak of baby boomer population is at average retirement age

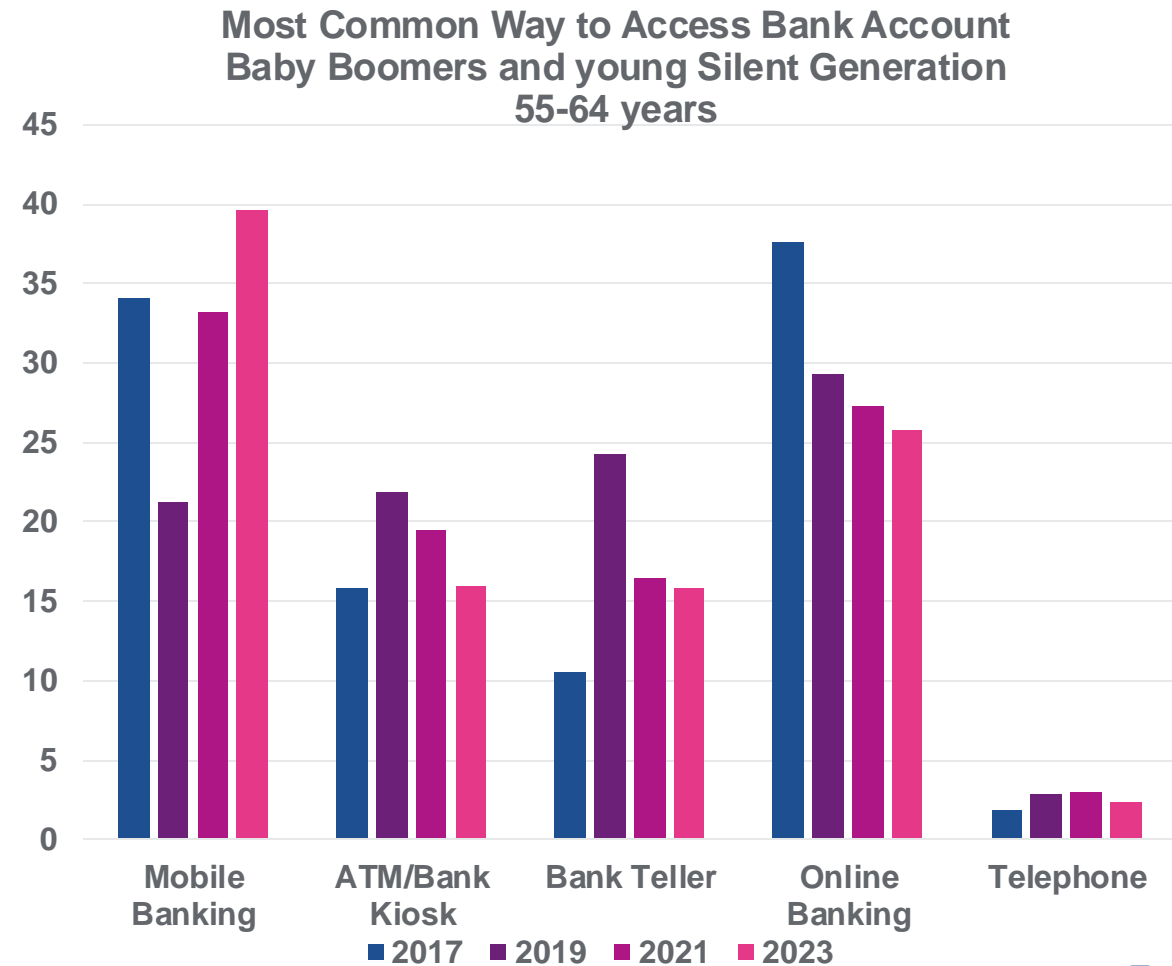
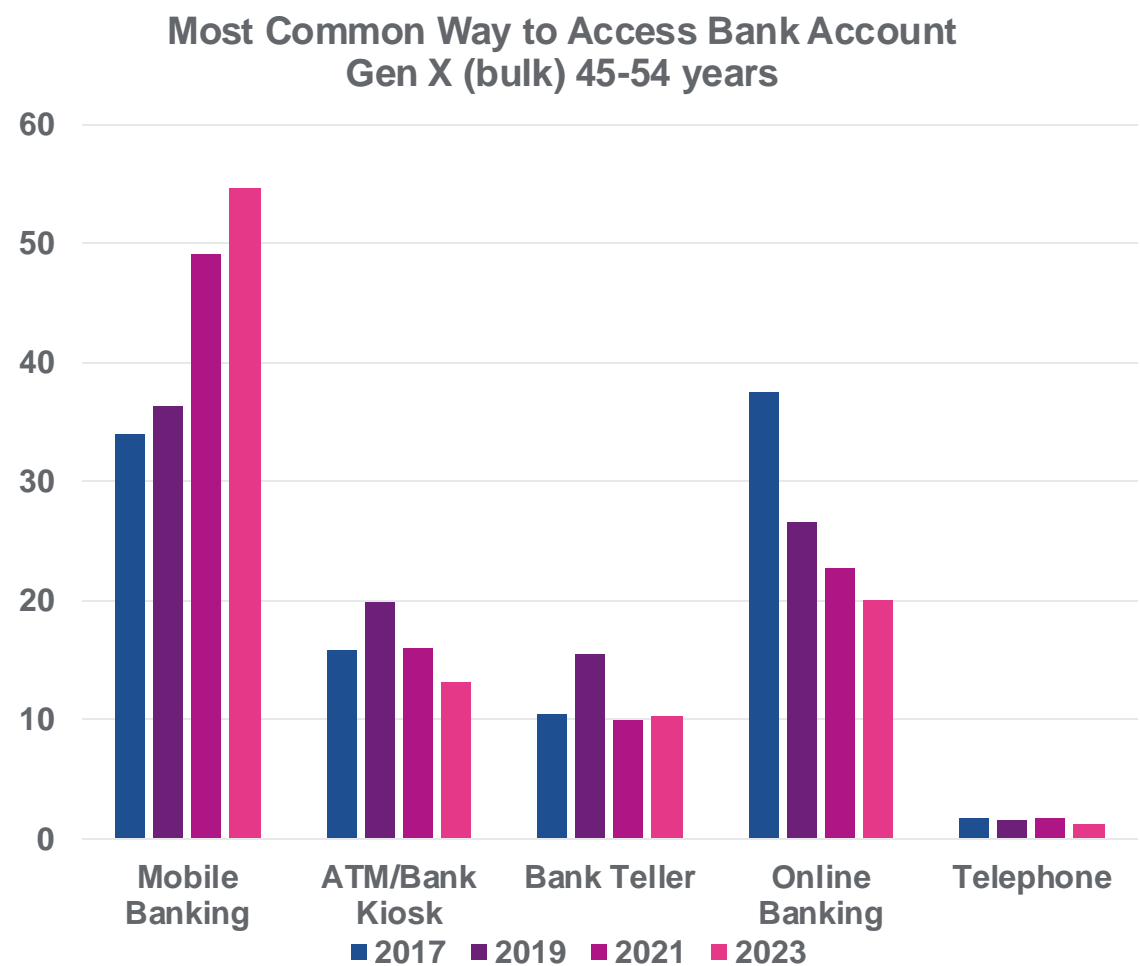
Retirement will decline after peak before ticking up again with large cohort of Gen X



Source: Census Bureau, Boston College Center for Retirement Research, Experian Economic Strategy Group



While mobile banking is still most common, older generations use other access methods more than younger ones

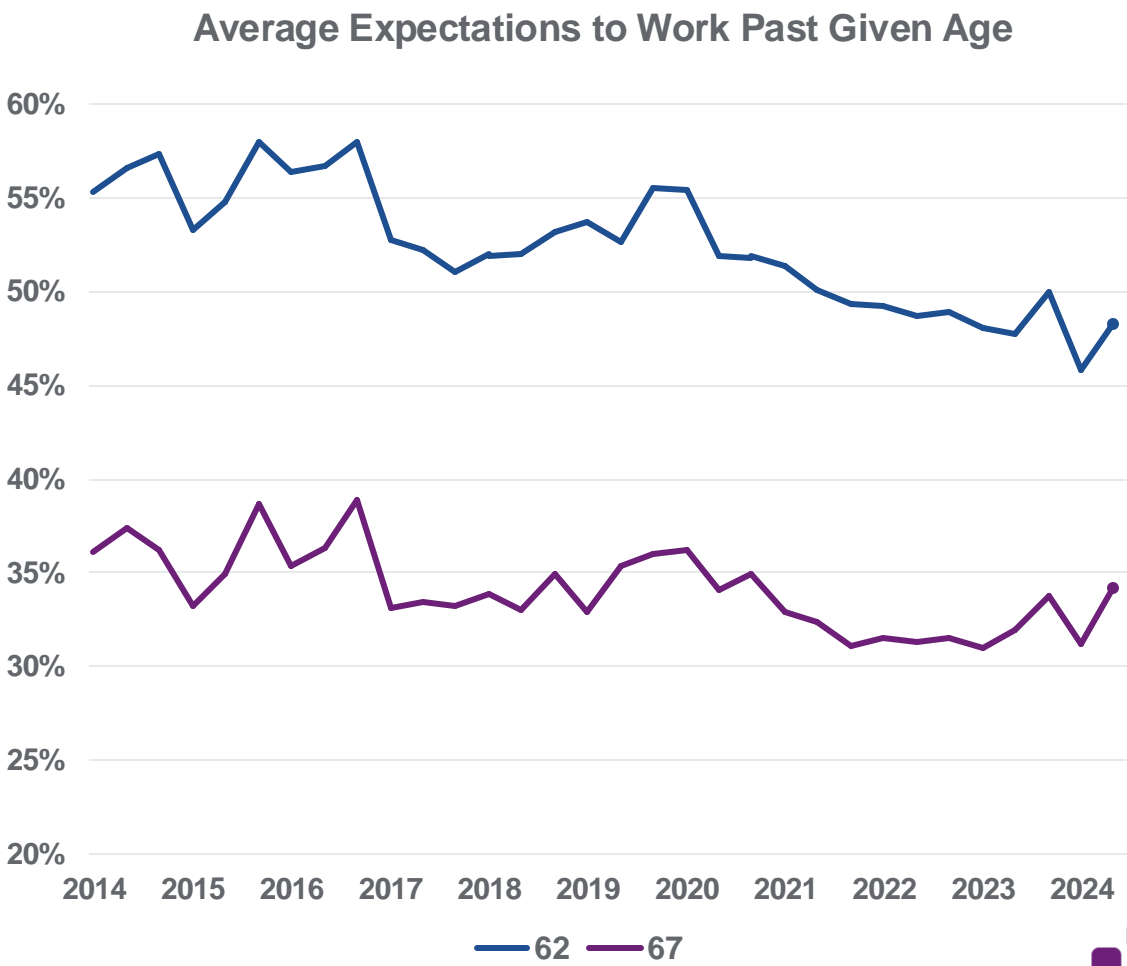
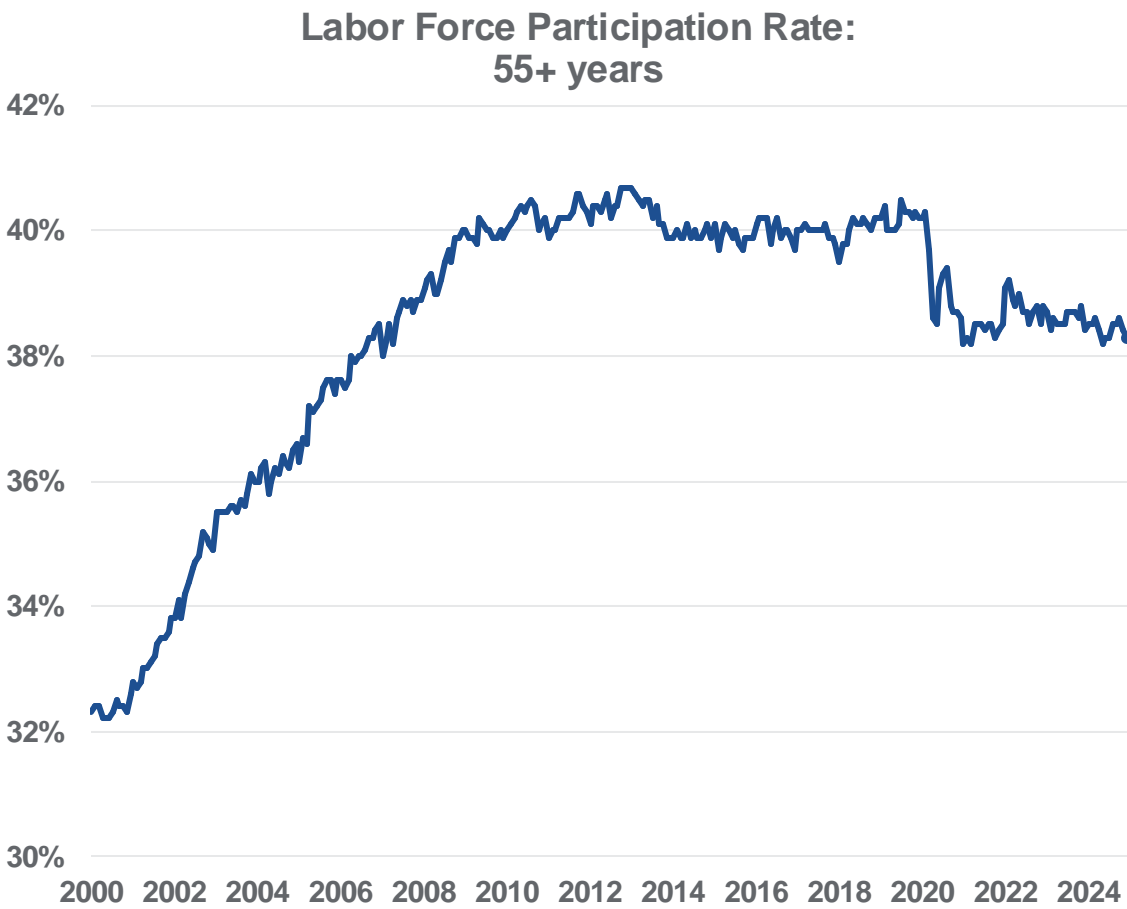


Source: FDIC, Experian Economic Strategy Group



Baby Boomers are retiring earlier than prior to the pandemic

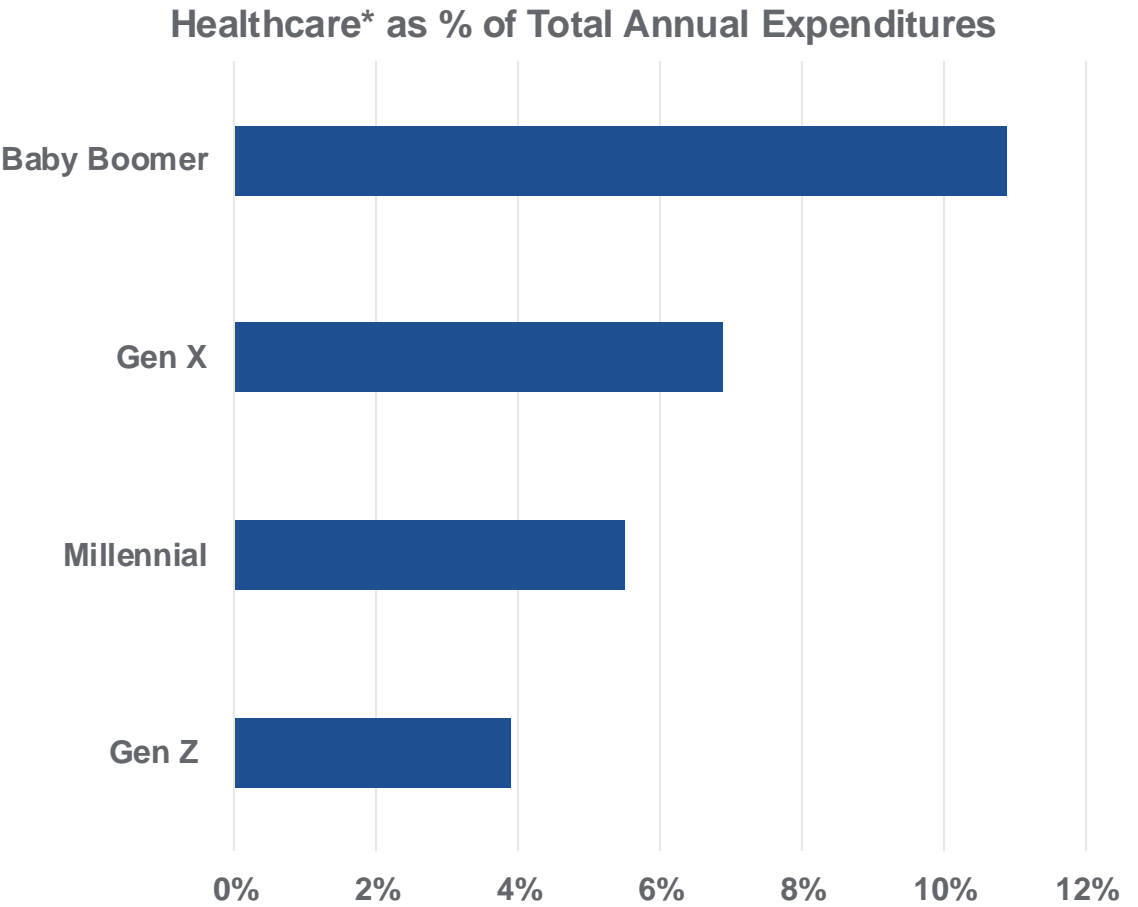
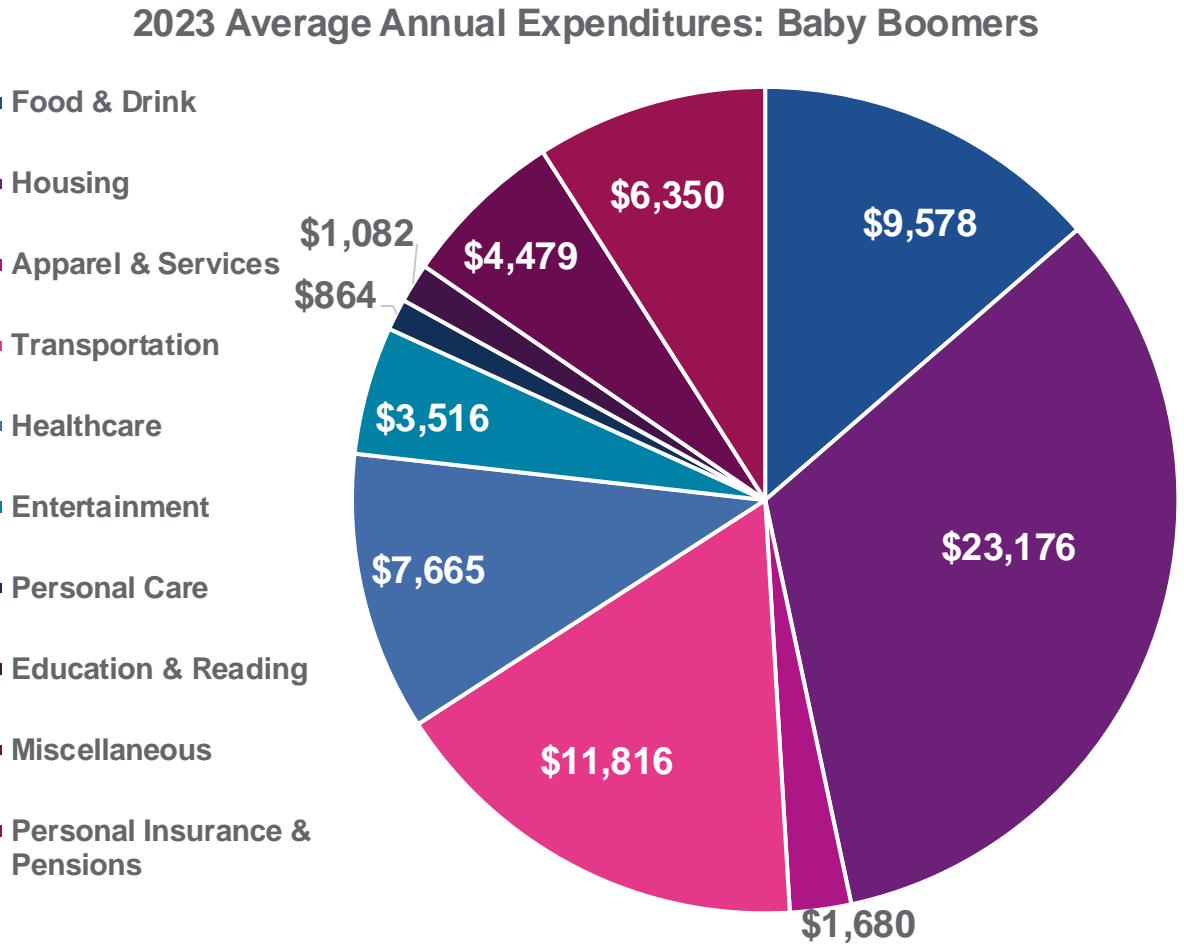
Fewer than half of workers expect to work past 62



Source: BLS, New York Federal Reserve, Experian Economic Strategy Group



Baby Boomer expenditures go more toward healthcare expenses than younger generations



Source: BLS, Experian Economic Strategy Group

*Healthcare includes health insurance, medical services/supplies and prescription drugs



State of Credit – Baby Boomers

	December 2019	October 2024
Average Vantage Score	710	735
Median Vantage Score	736	771
Average # of credit cards	3.50	3.58
Average credit card balance	\$7,633.85	\$7,173.12
Average number of retail cards	2.73	2.23
Average retail card balance	\$1,971.90	\$2,074.17
Average mortgage debt	\$190,613.99	\$213,638.66
Number of non-deferred student trades	2.45	2.61
Average non-deferred student debt	\$36,244.51	\$39,488.83

Source: Experian State of Credit, Experian Economic Strategy Group



Spending and Credit Trends

High-level spending and credit trends pulled from Experian-only credit dashboards and external expenditure and survey sources



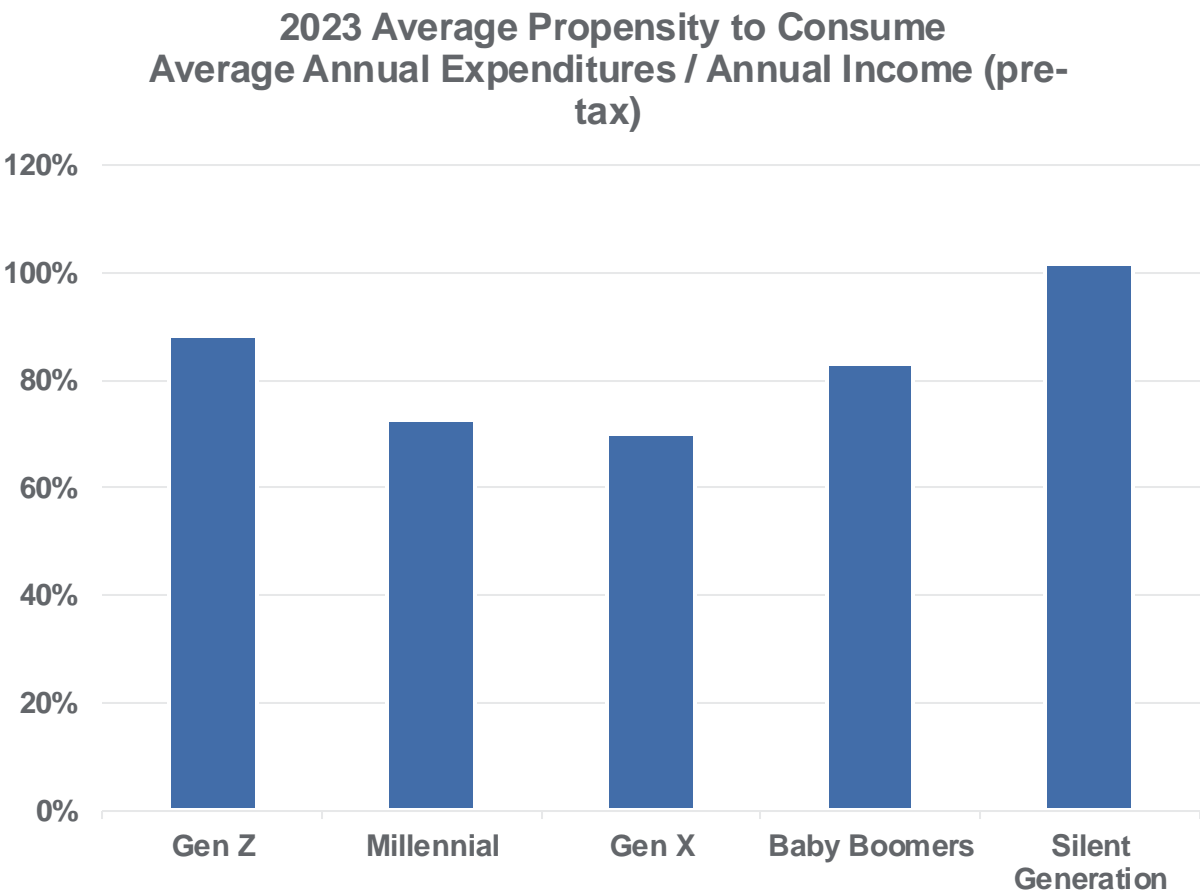
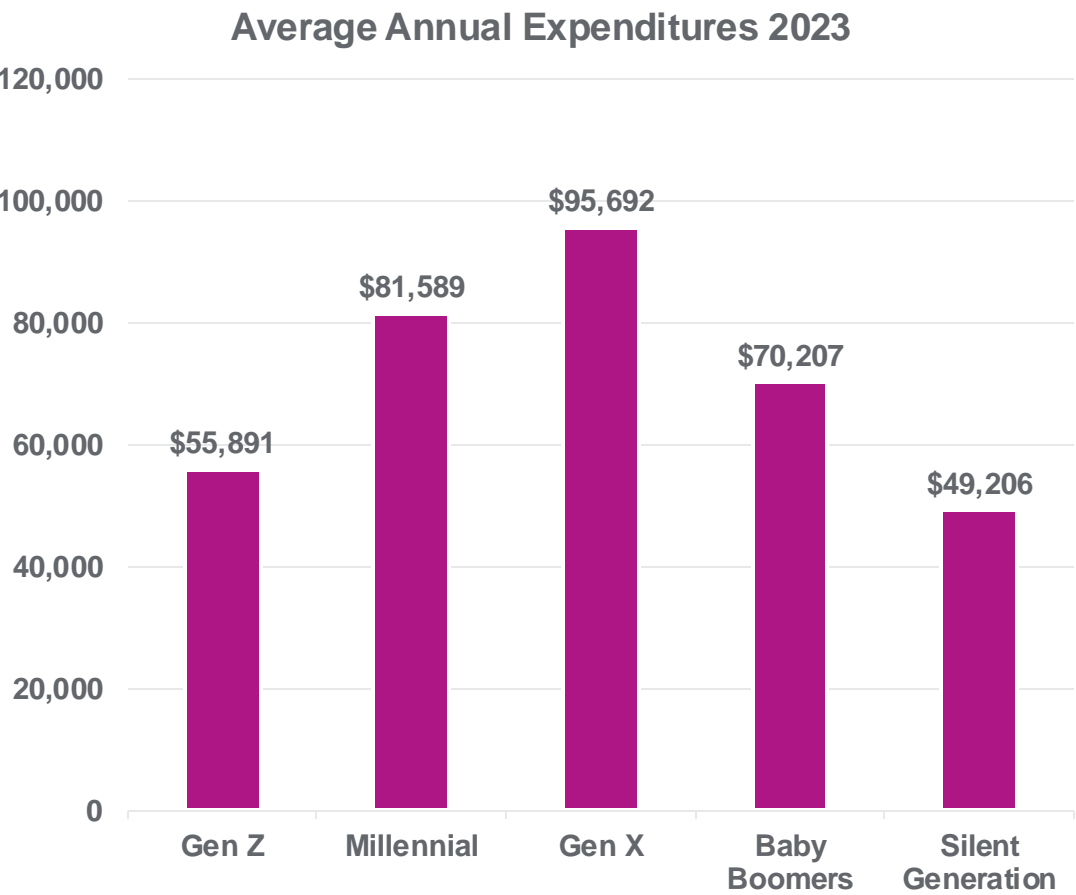
Spending and Credit Trends – Key Takeaways

- **Gen X average annual expenditures (vehicle purchases included) and credit use, exceed other generations**
- While originations are generally down due to elevated rates and tightened lending conditions, **Gen Z continues to gain share of total origination activity**
- While Baby Boomers currently hold the most financial assets, including real estate, **Millennial financial assets are increasing at the fastest rate**
- **The percent of unbanked households has decreased** across age groups, since prior to the pandemic



Gen X spends more on average than other generations

Besides retired silent generation, gen z spends the greatest portion of their annual income

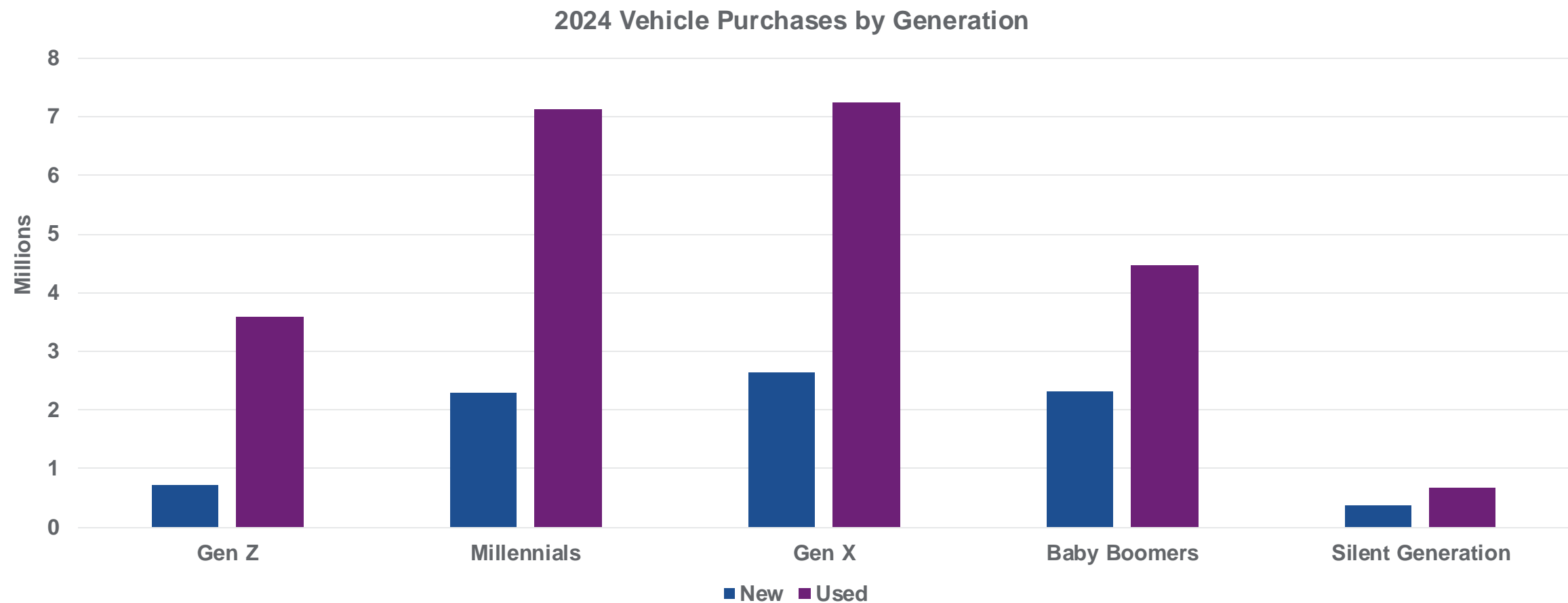


Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*, Experian Economic Strategy Group



Gen X and Millennials lead in used vehicle purchasing

Gen X and Baby Boomers lead in new vehicle purchasing

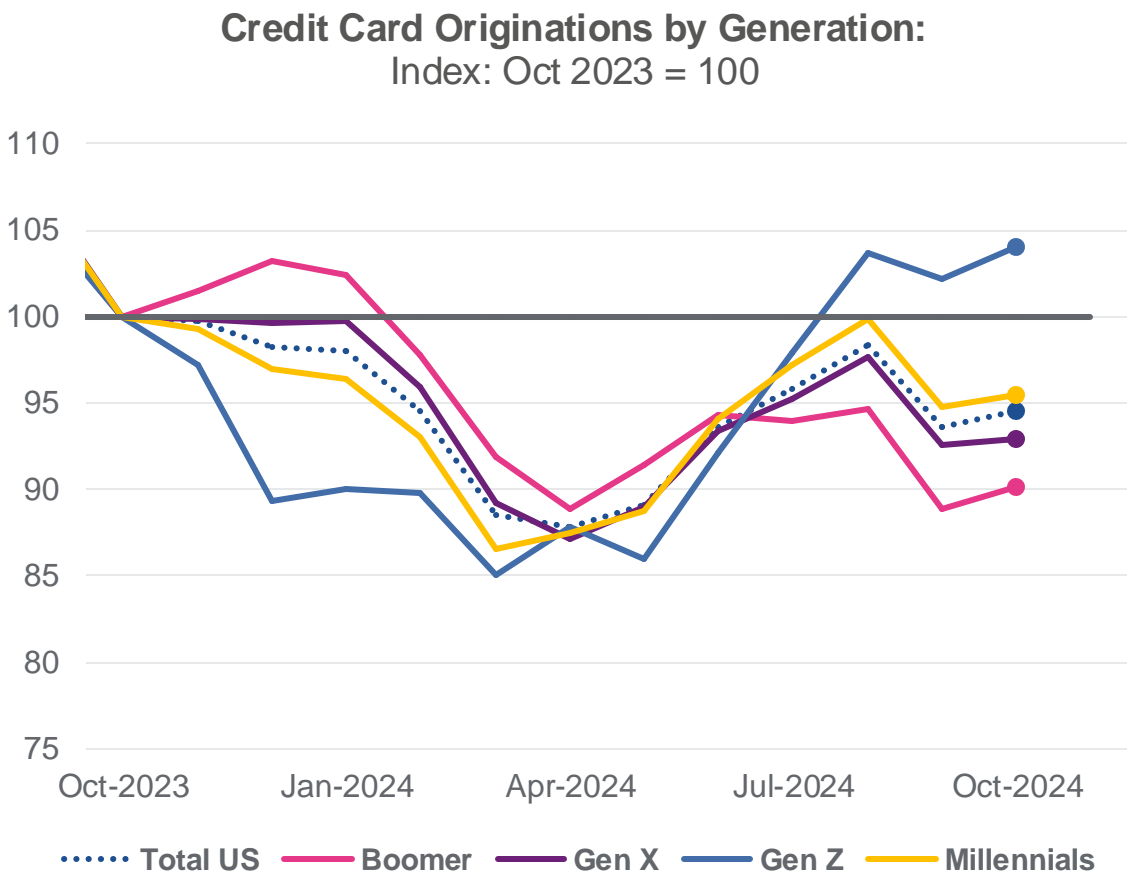
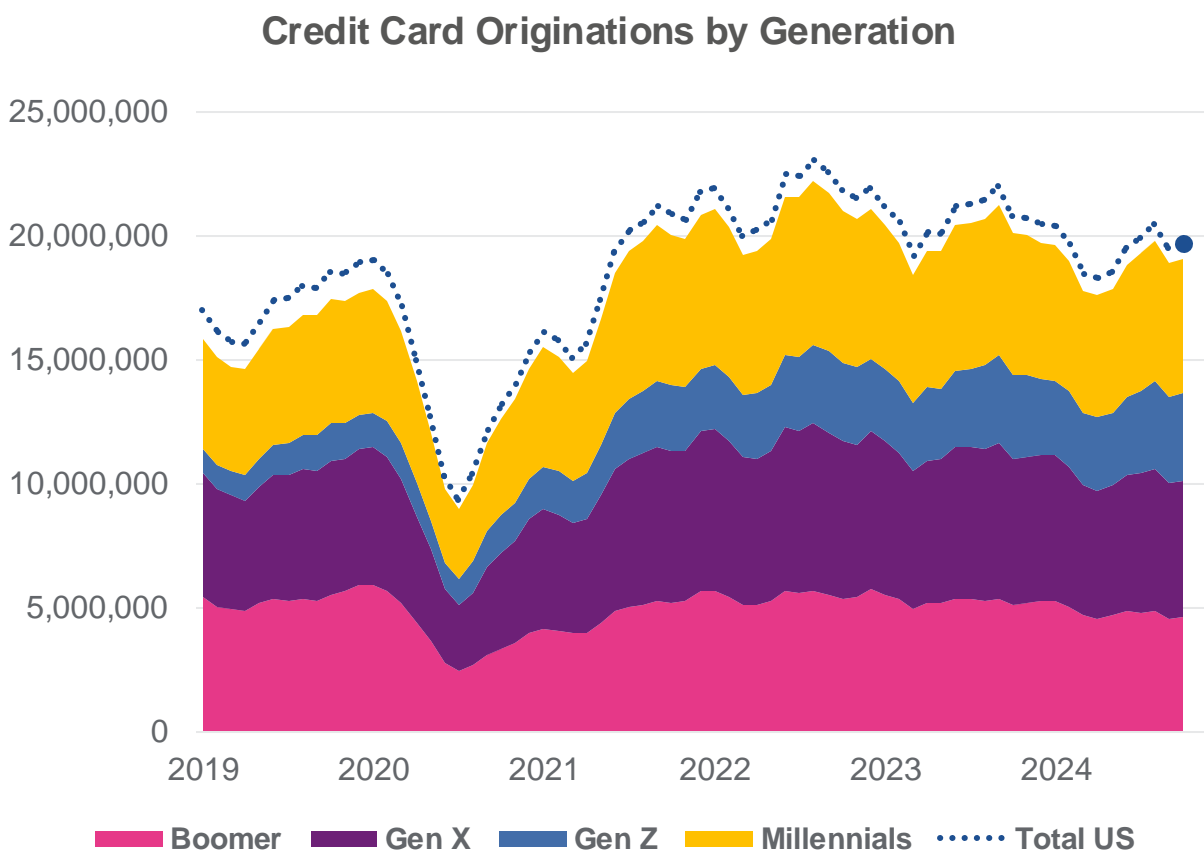


Sources: Experian State of Automotive Finance, Experian Economic Strategy Group



Credit Card: Originations by Generation

Gen Z continues to gain share of credit card originations (a common theme across products)

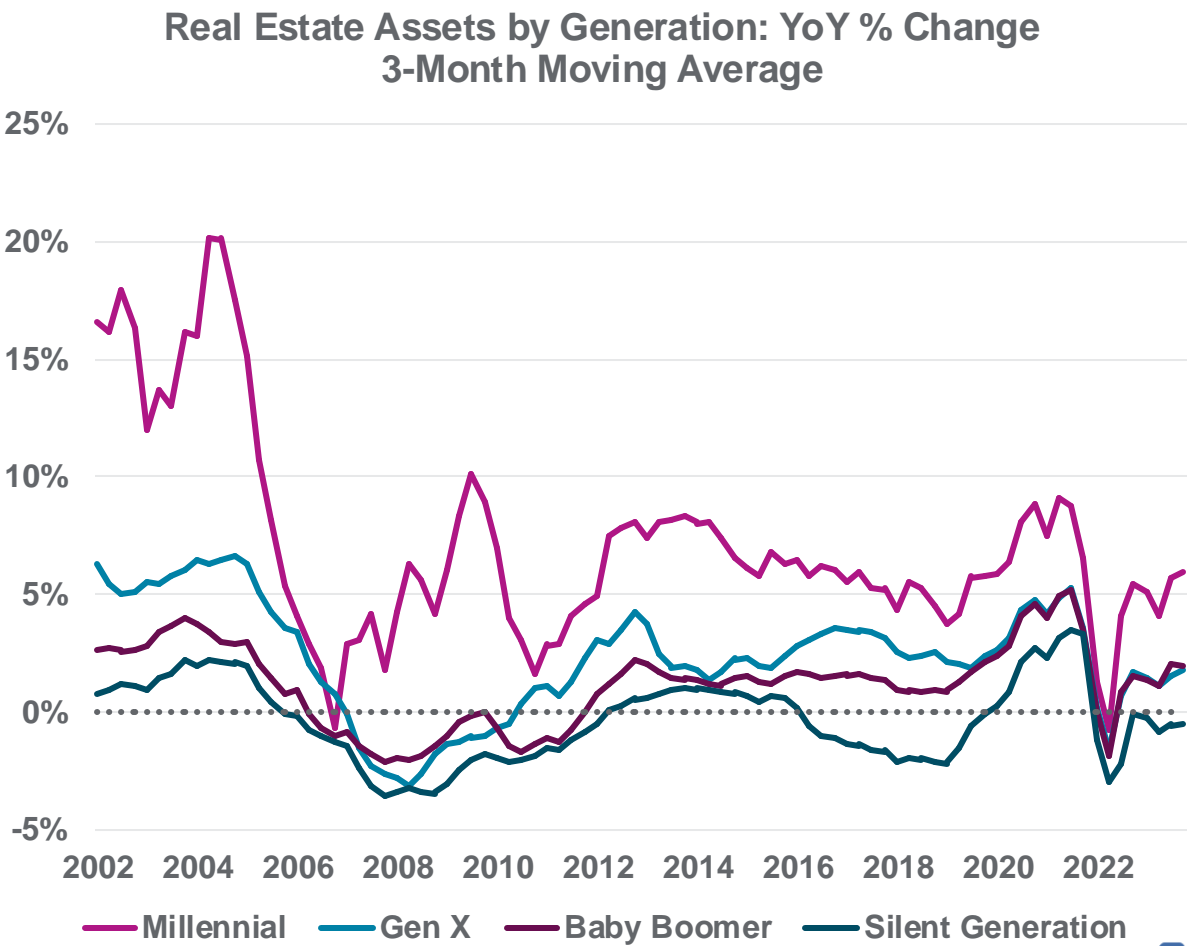
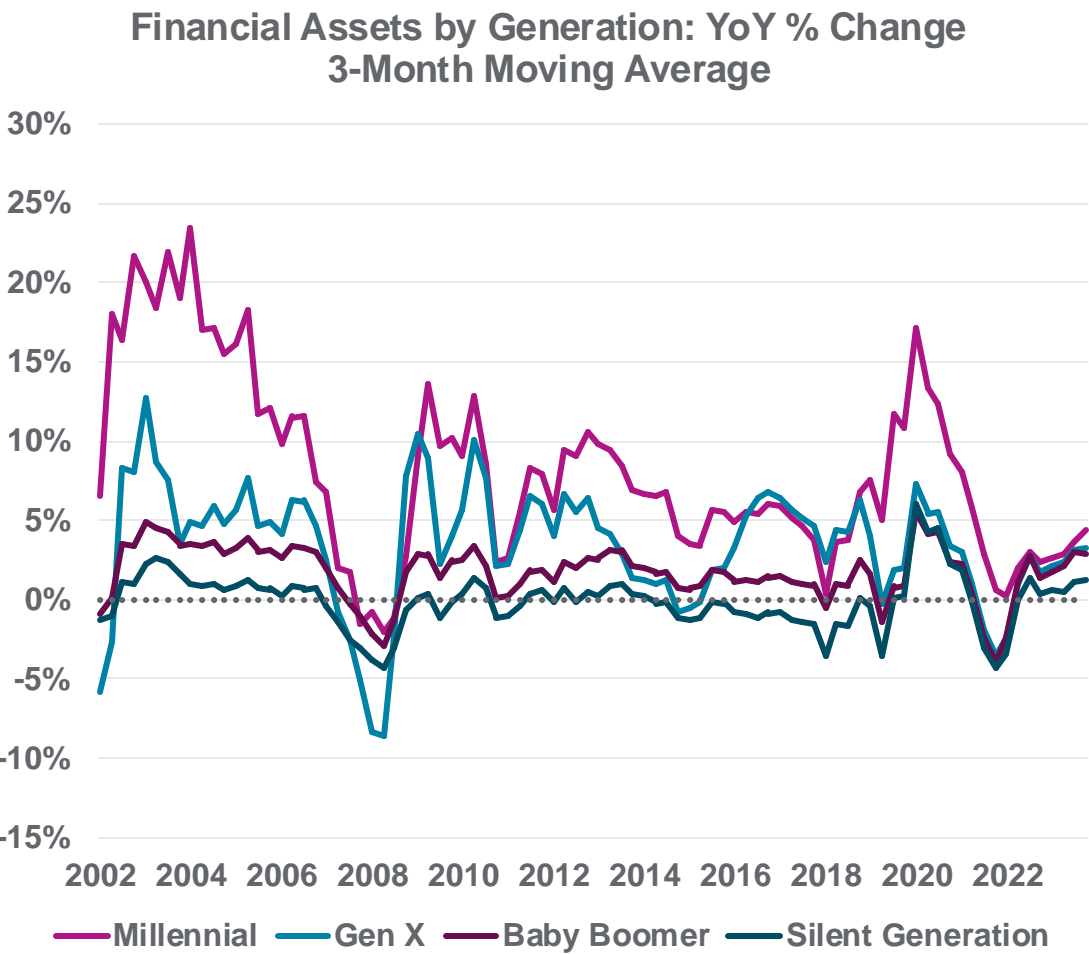


Sources: Experian Sandbox - Credit Trends Dashboard, and Experian Economic Strategy Group



Greatest annual increase in assets for millennials

Steeper increase is driven by uptick in real estate assets as millennials reach their peak home-buying years

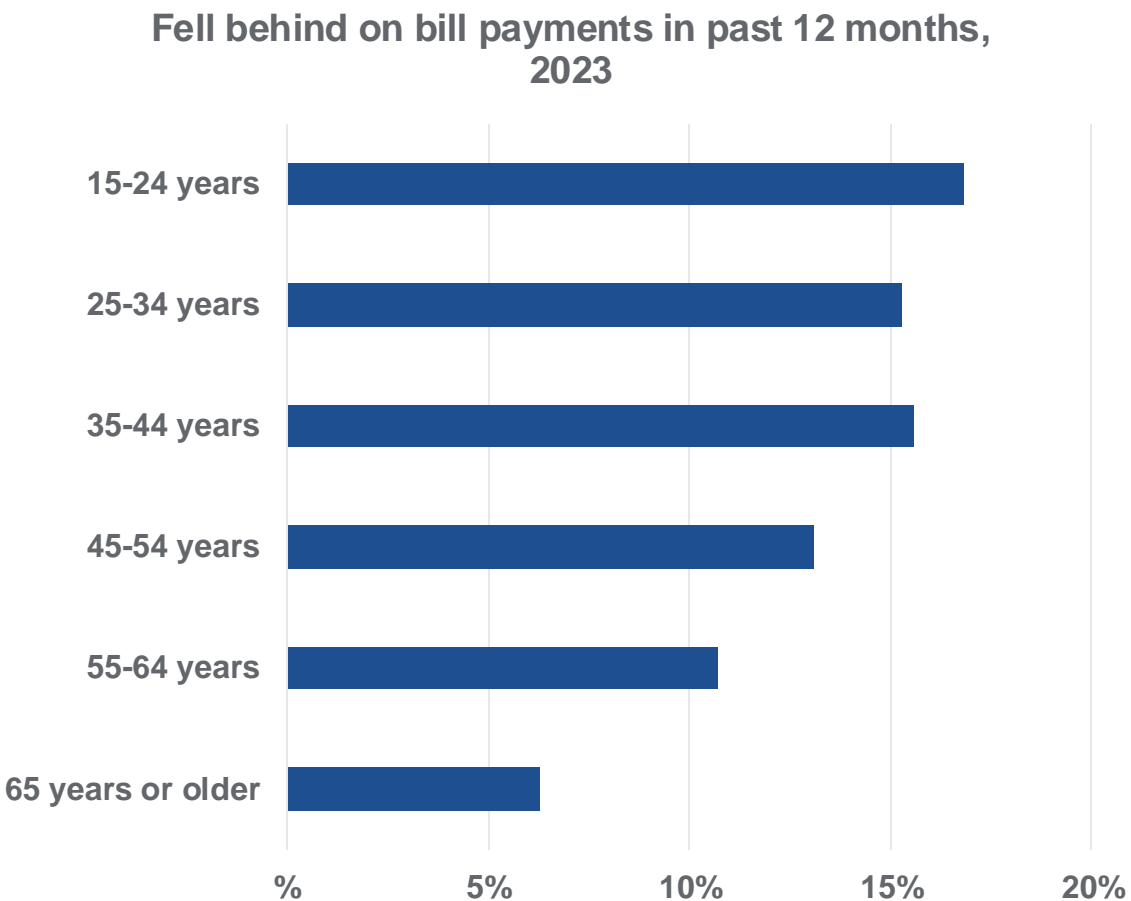
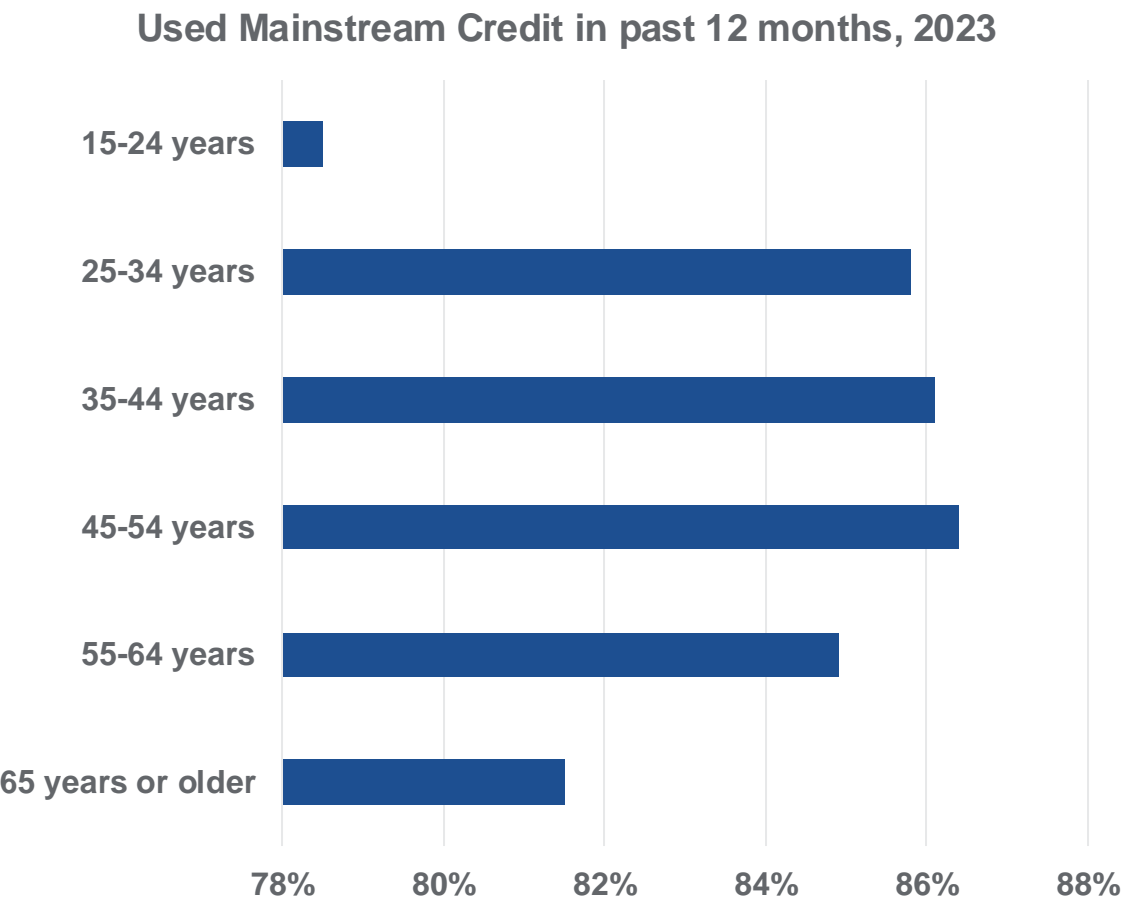


Source: Federal Reserve Distributional Accounts, Experian Economic Strategy Group



Peak credit use in Gen X

Gen Z and older millennials have fallen further behind on payments than other generations

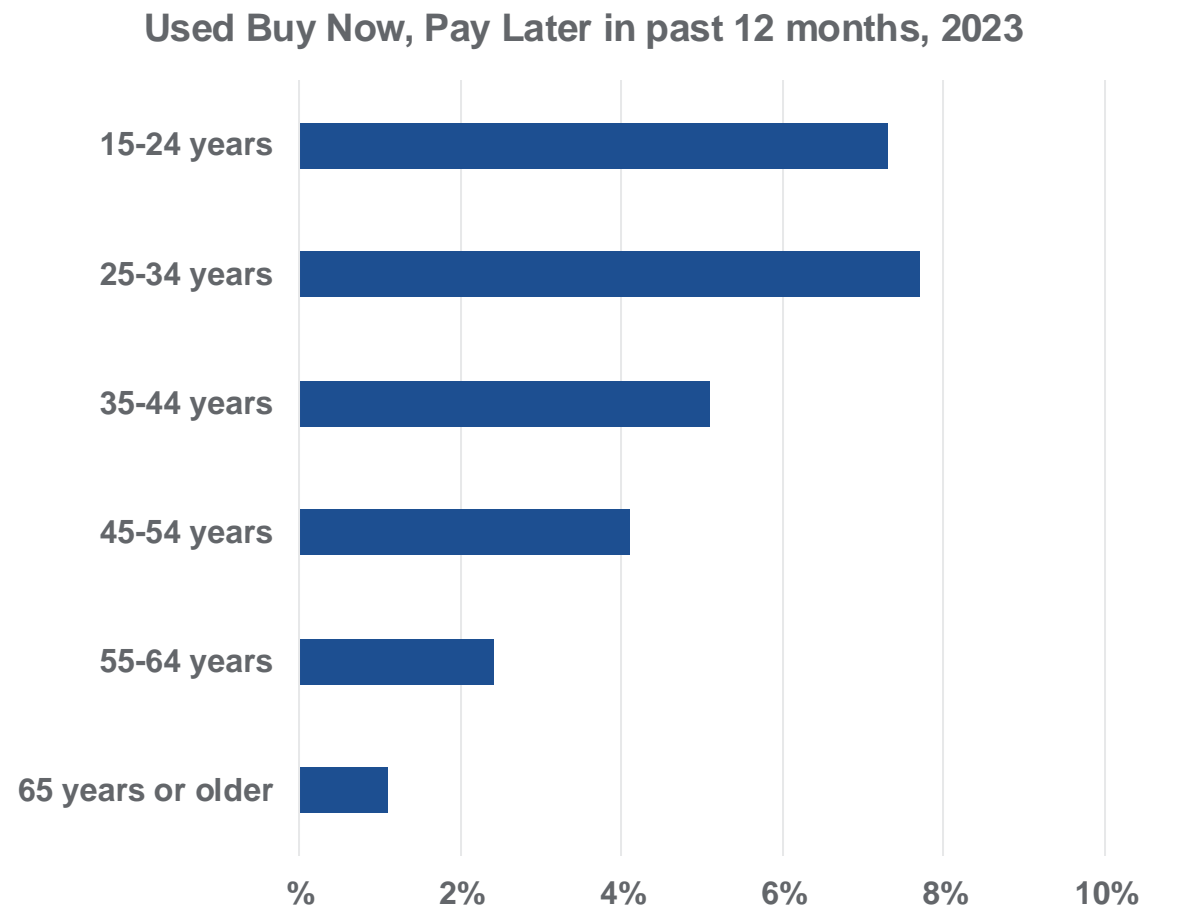
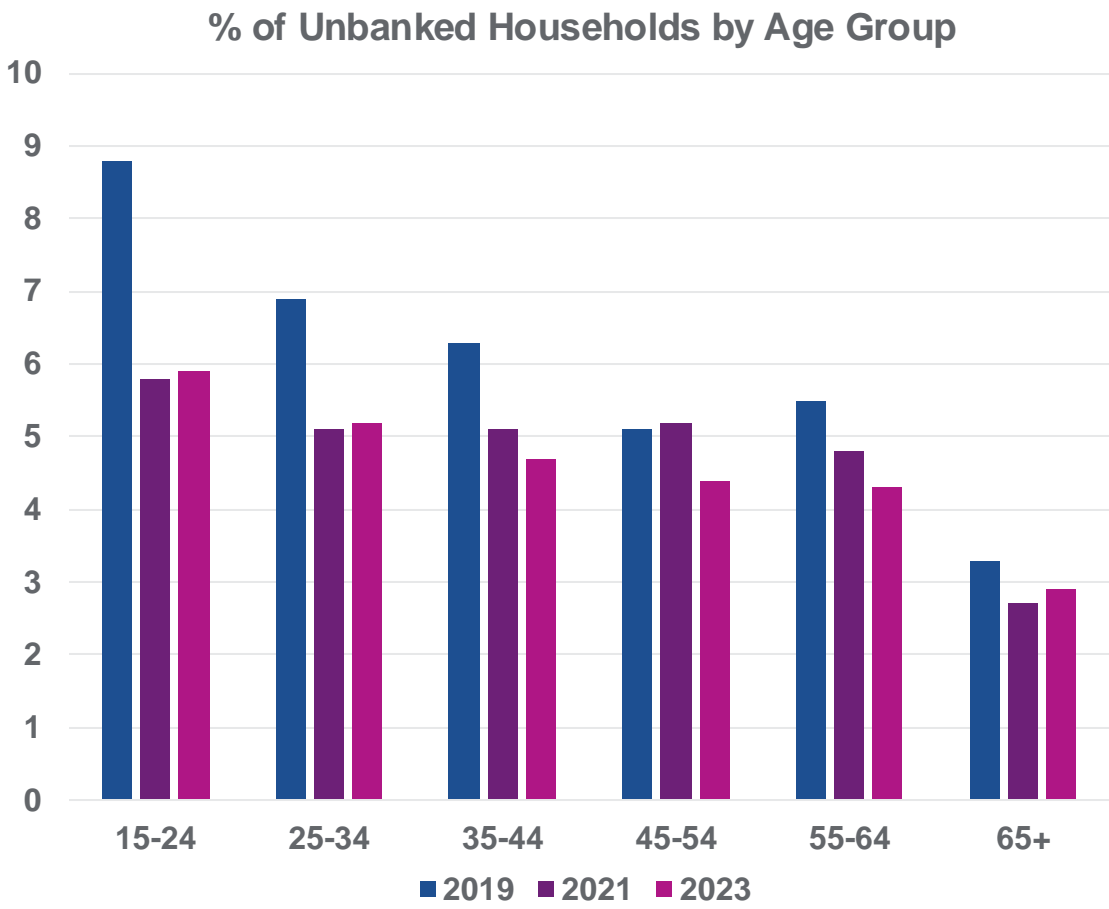


Source: FDIC, Experian Economic Strategy Group



% of unbanked households has declined across age groups

Young millennials most likely to use BNPL



Source: FDIC, Experian Economic Strategy Group



Banking Preferences

Banking and marketing preference survey data
by generation



Banking Preferences – Key Takeaways

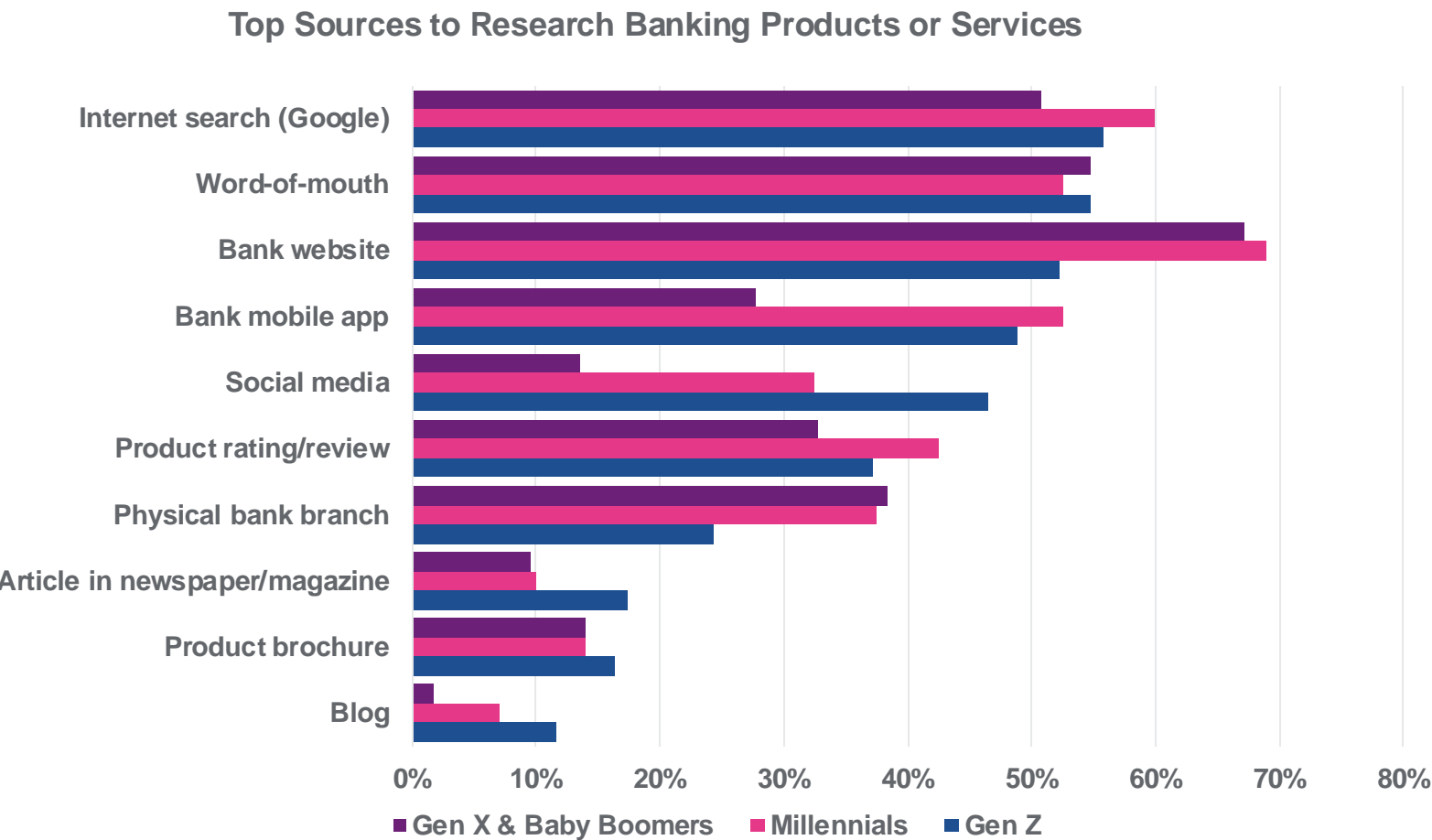
- **Older generations tend to use bank websites more prevalently** as a reference for new financial products and services while younger Gen Z uses wider range of internet search tools
- **Older generations prefer marketing through physical bank branches, while younger generations prefer more digital avenues**
- **Baby Boomers value the option of human interaction** in their banking experience at a much greater rate than all younger generations

Source: PYMTS, E-Marketer, Experian Economic Strategy Group



Bank websites are the top research source for all except Gen Z

Older generations tend to rely less on internet searches and individual research



Gen Z	
1. Internet Search	55.8%
2. Word-of-Mouth	54.7%
3. Bank Website	52.3%

Millennials	
1. Bank Website	69.0%
2. Internet Search	60.0%
3. Bank Mobile App	52.5%

Gen X & Baby Boomers	
1. Bank Website	67.2%
2. Word-of-Mouth	54.7%
3. Internet Search	50.8%

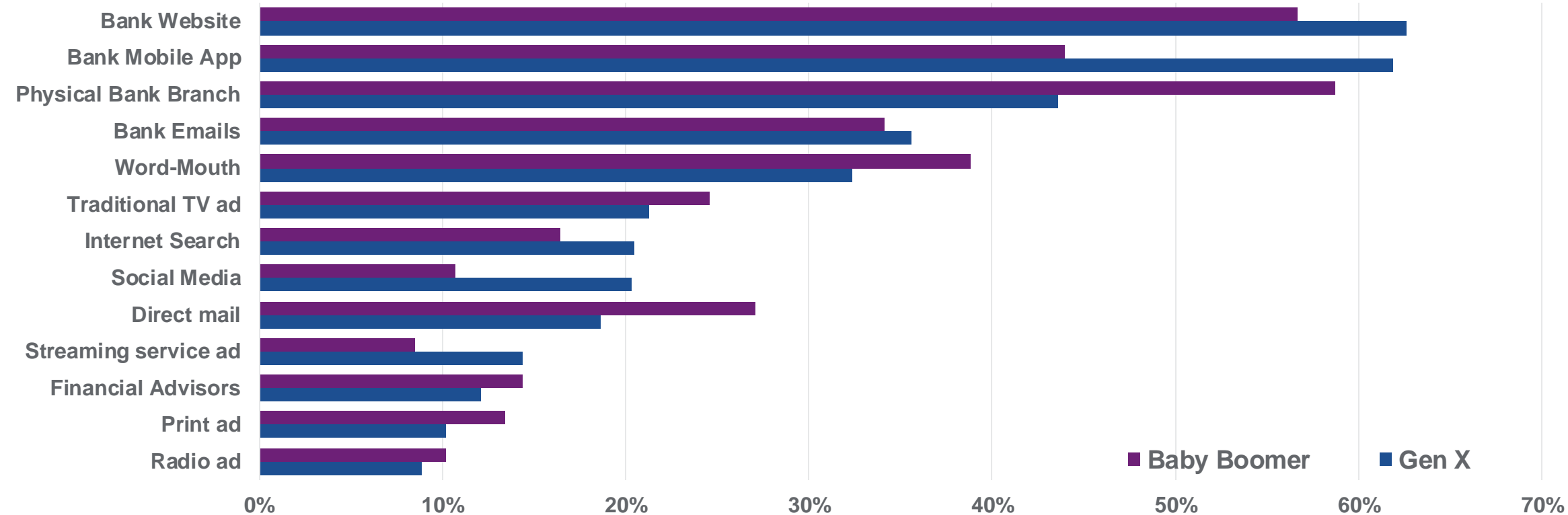
Source: E-Marketer, Experian Economic Strategy Group



Baby Boomers prefer brick and mortar bank branches to learn about new products and services

Gen X prefers bank website and mobile apps over physical locations

Helpful Channels for Bank Product/Service Awareness
Gen X vs. Baby Boomers

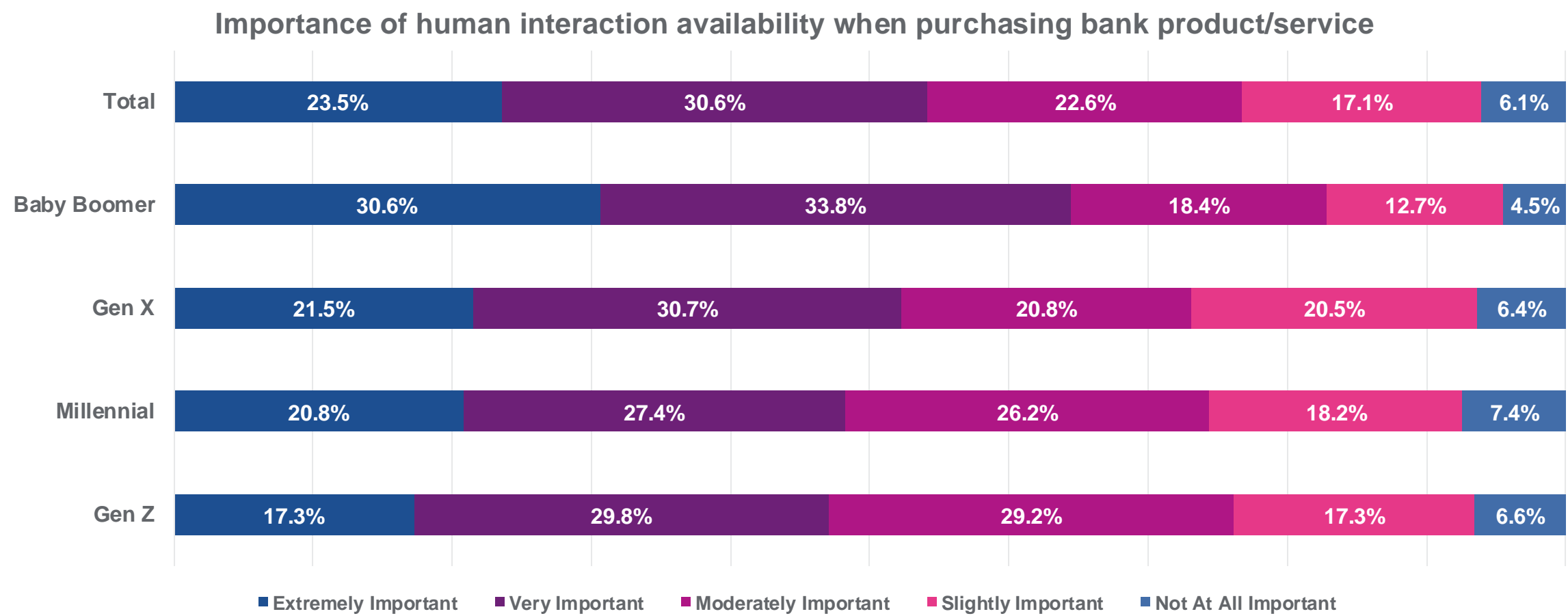


Source: E-Marketer, Experian Economic Strategy Group



Baby Boomers value human interaction more than younger generations

Human interaction is most commonly viewed as “very important” across generations



Source: E-Marketer, Experian Economic Strategy Group



