



May 2014

Gen Y: A Money-Management Style of Their Own

By David Shapiro

Whoever first coined the phrase "age is just a number" has clearly not met up with Generation Y. As the largest age demographic in the United States, these high-profile Millennials offer up some surprises in their financial behaviors, impacting everything from digital adoption to mortgage management and savings. (Gen Y is defined as those born between 1979–1999 and Millennials as a subgroup born between 1986–1992, although the terms are often interchanged.)

As the September 2013 Western Union® Bill Payments Money Mindset Index reveals, this is one consumer group that wants options along with a balanced bottom line.

So, let's take a look at the survey data behind the age group numbers, and see what clues emerge for working with a demographic that looms large on the mortgage origination and servicing landscape.

GEN Y: DIGITAL NATIVES, MOBILE MATURITY

With almost one-quarter (21 percent) of Gen Y having never had a paper-check writing experience in their lives, it's smart to plan on delivering plenty of paperless options for payment and other interactions for this digitally defined consumer.

The survey also found Gen Y is planning on increasing its paperless payment behaviors, and in larger percentages than other age groups.
In the six months following the survey:

- 55 percent of Gen Y'ers said they intend to pay more bills online versus 45 percent of all bill payers; and
- 28 percent intend to pay more bills by mobile devices, versus 15 percent of all bill payers.

MOBILE ADOPTION: LEADING THE PACK

It's true-Gen Y is planning on more mobile adoption. However, Gen Y'ers certainly aren't slacking now in terms of mobile usage, and are leading the pack as mobile money managers:

- 43 percent of Gen Y mobile consumers use mobile apps and tools to view their transaction history versus 25 percent of all other mobile consumers;
- 38 percent of Gen Y mobile consumers use mobile apps and tools to view their bill statements versus 24 percent of all other mobile consumers;
- 38 percent of Gen Y mobile consumers use mobile apps to make bill payments versus 22 percent of all mobile consumers;

-24 percent of Gen Y mobile consumers use mobile apps to set up automated recurring payments versus 15 percent of all mobile consumers.

Gen Y'ers are more than mobile. Yes, they lead the way in mobile adoption; but choice and flexibility are important with this age group-39 percent of Gen Y'ers use three or more methods to pay their monthly bills.

In the next six months following the survey:

- 41 percent of Gen Y'ers intend to pay more bills with a debit card versus 28 percent of all consumers;
- 26 percent intend to pay more bills with a credit card versus 16 percent of all consumers; and
- 25 percent intend to pay more bills with cash versus 16 percent of all consumers.

Gen Y'ers are motivated money managers. They budget, prioritize bill payments and rely on themselves for money-management inspiration. In fact, 53 percent believe they are their own best motivators for money management:

- 71 percent plan on cutting unnecessary spending in the next six months;
- 63 percent plan on creating a budget; and
- 61 percent are looking to save or open a savings account.

GEN Y: HOMEOWNERS AND MORTGAGE PAYEES

Earlier Money Mindset Index findings revealed 40 percent of all Gen Y'ers owned a home during March 2013. In addition, 30 percent of these homeowners indicated that the ability to schedule recurring payments helped them stay on top of their mortgages, and 23 percent felt online budgeting tools were helpful for keeping on track.

In brief, they own homes and are open to using a variety of tools to stay current on their loans.

As survey findings reflect, even though Gen Y'ers are the largest age demographic in the country, they take a very individual approach to their finances and bill payment. Servicers are wise to offer digital options, but to also ensure choice and flexibility to this cents-savvy demographic.

For an infographic of Western Union Bill Payments Money Mindset Index findings about the financial habits and bill payment practices of Gen Y'ers, visit <http://payments.westernunion.com/genymindsetindex>.

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