

Money management basics for Gen Z

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Born between 1995-2010, Gen Z (also known as “internet generation” or “Post Millennials”) are now in grad school, college or have just entered the workforce. This particular generation had things easy, yet at the same time are exposed to more severe lifestyle conditions. In a world where ‘Newer is better’ is believed, this generation is designed to grind harder for the sweet fruit of satisfaction. This generational group’s views of money and how to tackle their finances differ from Millennials. Their experiences and tech prowess typically inform how they save, spend, handle debit and credit, retirement and other investments.

According to a study from 2018 by The Center For Generational Kinetics, 83% of the total Gen Z population identify themselves as conservative on money issues. As the consumption and expenditure patterns have changed over the years, money management for Gen Z



The undertaking of diligent financial planning is key at this early stage of this generation’s lives as they take on increased responsibilities. Studies show, however, they lack confidence in their personal finance management and can use some education.

As they are approaching the early stages of their careers, Gen Zers should have a financial plan to address their short term and long term financial goals. While they can design their own plan, it is a good idea to meet with a financial planner early on to get on the right path for success. Meetings with a planner at major inflexion points in their lives—when getting married, expanding their family, buying a home—can make the transition smoother.

According to financial planners, savings is a priority for maximum financial flexibility. That money should be allocated to an emergency fund, retirement savings and taxable investment accounts. Tracking certain key personal financial ratios to see how you stand and make adjustments is also a good idea.

Tracking savings and spendings

According to the 2018 EVERFI report on Gen Z, 90% of those surveyed had transactional bank accounts, that is, checking accounts, but only 60% were personal accounts with the remainder being joint or custodial accounts with their parents. A majority (59%) checked their account balances during the past year but only 40% of the respondents used or created a budget. The incorporation of tech in all the aspects of this generation’s lifestyle should also include making a budget. It is easier to set up a budget with fewer bills to pay, but the habit of creating one can save both time and money.

The need for an emergency fund

Gen Z’s typically have to adapt to a lot of uncertain scenarios as the world slowly moves to extreme conditions economically. With financial unpredictability derived from the recent pandemic shocked people from all generations, it was a great learning curve for everyone to understand the concept of an emergency fund. This is why, one

should put aside at least 6 months of expenses for emergency funds, for any unforeseen circumstances, according to financial advisors.

This group is industrious at an early age compared to other generations given that the youngest of Gen Z in this study was 13 years old. So the habit of saving should be reflected from early on so that you can have your own back at a time of distress.

Avoiding Impulsive Buying

The upsurge of e-commerce and online shopping has altered consumer behaviour in ways where it is now more expense oriented. In the name of convenience, impulse buying is cluttering the rooms of consumers. According to Statista, in 2018, roughly half of the purchases carried out by 18 to 24-year olds in the United States were as a result of impulse buying.

But the Gen Zers have the option to read reviews and make an educated decision before buying a product. This habit of digitally accessing data to gain more information, seeking better deals and values could help wind down the impulse of purchasing anything that’s trendy.

Preferring digital payments

Many Gen Zers will not apply for a credit card, and the Billtrust’s study found only 18% prefer cash for making payments. Instead, this generation’s digital lifestyle points towards digital wallets and mobile financial services being the norm for making payments.

According to Bluefin, almost 2.1 billion consumers used mobile wallets in 2020 and half of all payments were made on major digital wallets. Over half are using these electronic systems, and over 75% are using some digital payment apps in the same timeframe.

In Bangladesh, mobile financial services handle 97% of all transactions as of 2020. So it goes without saying that digital payment methods are faster, more convenient and it is easier for the Gen Zers to keep track of their transactions.



has become a crucial factor to consider. Personal finance and relevant financial knowledge can save them the hassle of struggling with their budget constraints. But a sound plan for everything is what makes the entire process of money management success.

Having a sound financial plan

Gen Zers are aware of the impact that the severe recession and massive amount of student debt have had on the Millennials. Hence, they aim to be more frugal and avoid debt. This shift in tendency requires a planned approach with how their transactions are to be made.

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