

GENERATION SAVE: YOUNG SHUNNING DEBT AND SAVING MORE THAN PARENTS NEW RESEARCH ON COST OF COVID-19

- *Young people are spending more carefully than their parents despite pandemic pressures, says a new report into generational spending during COVID-19*
- *68% of Gen Z and 61% of Millennials are regularly budgeting - even though they have been hardest hit financially by the pandemic*
- *Younger generations are also 57% more likely to be saving regularly than their parents, with 63% saving more each month than when their parents were the same age*

New research from BNPL provider, Clearpay, has shown that despite being the generation hit hardest by the pandemic, Gen Z and Millennials are the most financially savvy generation in the UK – with 68% of Gen Z and 61% of Millennials budgeting and saving more responsibly than their older counterparts.

The Accenture report, looking into generational analysis of Clearpay customers, reveals that in addition to topping up the piggybank, young people are also more cautious with debt. While as many Millennials have credit cards as Gen X did at the same age, their outstanding balances are 10% lower. This follows recent research from The Bank of England that reveals that consumer credit growth fell by 9.9% annually – the biggest slump since records began in 1994.

And when it comes to investing in the future, younger generations are the leaders in the uptake of remote banking and investment apps, with nearly three times as many young people (59%) using online apps to invest their money than older generations (19%). Millennials and Gen Z are also over 80% likely to use contactless, over 30% likely to use mobile payments and over 50% likely to use BNPL.

Damian Kassabji, executive vice president for public policy at Clearpay says,

“There are often misperceptions that young people are bad at saving and investing their money. However our research has shown that they are actually more cautious than many of their older counterparts and more committed to responsible spending.

The pandemic has prompted a surge in customers looking to spread out the costs of products without being subjected to extortionate interest rates and payment terms. Young people have seen the value of flexible payments and therefore it's not



surprising they are leading the charge in the payments revolution and becoming more spending savvy as a result.”

As the UK finally starts to emerge from lockdown, it seems that Gen Z were the generation hit hardest by COVID-19, with 11% losing their jobs during the pandemic vs. just 4% of Millennials, Gen X and Baby Boomers. Since 2020, Gen Z were furloughed at double the rate of older generations – as social distancing rules and lockdowns proved more likely to affect employment across hospitality and retail trade.

In addition to this, wealth has also fallen by 10% over the last decade for younger age groups, whereas for age groups 55+, wealth has increased by as much as 30%. The drop is driven by property ownership falling by 23% and student debt quadrupling over the last 10 years.

This means, home ownership is becoming less attainable for younger Brits, as housing costs have increased six times as fast as income. In the last 20 years, house prices have nearly tripled while median income has increased by only 30%. Therefore, 44% fewer Millennials own homes as Baby Boomers did at their age, while Gen Z are nearly 50% more likely to rent than Gen X.

Damian Kassabgi added, *“During the pandemic, we have seen an 134% increase in customers opting to use our service, with 95% of customers choosing to pay via their debit instead of credit options. Over the last 12 months we have seen a definite shift towards more flexible payment options that help customers to budget and save towards their future.*

Unlike some BNPL providers on the market, Clearpay specifically allows for responsible spending and our inbuilt protections mean that customers cannot fall into a revolving debt trap. We do not charge interest, late fees are capped and we automatically pause an account if a single payment is late.”

To find out more about Clearpay, please visit <https://www.clearpay.co.uk/en-GB>

ENDS

About Clearpay Limited

Clearpay is part of the Afterpay Group. Afterpay Limited (ASX: APT) is transforming the way we pay by allowing customers to receive products immediately and pay for their purchases over four installments, always interest free. The service is completely free for customers who pay on time helping people spend responsibly without incurring interest, fees or extended debt. As of April 2021, Afterpay is offered by nearly 85,800 of



the world's favourite retailers and is used by more than 14.6 million active customers globally. Afterpay is currently available in Australia, Canada, New Zealand, the United States and the United Kingdom, France, Italy and Spain, where it is known as Clearpay. Afterpay is on a mission to power an economy in which everyone wins.

Source

Commissioned in March 2021, the Accenture Report was conducted using a wide range of government sources and in total spanned across at least 10,000 respondents. Accenture also surveyed over 2,500 clearpay users in the UK. Time-series data from: ONS, Wealth and Assets Survey, Wave 1 (2006-08, n = 30,000) and Round 6 (2016-2018, n = 16,000), access via UK Data Service; and, University of Sussex, Understanding Society/British Household Panel Survey harmonised series (1991-2019, total n ~30,000), access via UK Data Service. COVID-19 data from Ipsos, Clearpay user survey (2021, n=2611) and General population panel survey (n=1,539), commissioned by Accenture; and University of Sussex, Understanding Society COVID-19 dataset Waves 1-6 (April 2020-Jan 2021), access via UK Data Service. Customer and general population survey response data from Ipsos surveys, 2021. Where possible, relevant sample population sizes have been noted.

Methodology

For time-series analysis, appropriate datasets were identified from surveys which have been conducted consistently over a long period of time. This enabled inter-generational comparisons, which examined wealth and saving behaviours at a similar stage of life for multiple generations. For other analysis, respondents were allocated to a generation by age (or age group) and year of response, and analysis was conducted on respondents using appropriate weightings provided by the ONS in the Wealth and Assets Survey or University of Essex for Understanding Society data. Weightings seek to adjust the representativeness of the sample, to better reflect the whole population. In effect, one response in the sample is adjusted to reflect some proportion of the whole population. Weightings were not used on Ipsos surveys. The Ipsos general population survey involved a representative panel of the United Kingdom by age, sex and region. The Ipsos Clearpay user survey involved a random sample of 20,000+ active Clearpay users, who had used the app in the previous 12 months. This panel was offered a financial incentive for participating in the survey.

Further Regional Breakdown

In London younger generations are even more diligent in having a budget and keeping to it than older generations with 82% of Gen Z and 59% of Millennials regularly budgeting, more than any other generation. Furthermore, in the London region, Clearpay customers are 16% more likely to budget regularly than the general

population – with 65% of Clearpay customers budgeting regularly vs. just 56% of the general population.

When looking across the UK, it seems that young people across Wales were the most worried about money during Covid-19, with 45% of Gen Z and Millennials stressed about their own financial security compared to just 6% of Baby Boomers. This was closely followed by young generations in the North East (45.5%) and London (38.4%).

References

Accenture report, 'Customer and Generational analysis of Clearpay customers' - commissioned March 2021

- *Ipsos/I-view General Population Survey, Fieldwork in January 2021, Commissioned by Accenture on behalf of Clearpay*
- *University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: COVID-19 Study, 2020. [data collection]. 6th Edition. UK Data Service. SN: 8644, 10.5255/UKDA-SN-8644-6.*
- *Wealth and Assets Survey, Wave 1 (2006-2008) to round 6 (2016- 2018), Access via UK Data Service and the Office of National Statistics*
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- *Bank of England, Money and Credit Report, March 2021*