

UK generational trends in spending and saving

May 2021

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Commissioned by

clearpay 


accenture



Executive summary

Young Britons are facing greater financial pressure than their parents, and have been hit hardest by the COVID-19 pandemic

- Wealth has fallen 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 wealth falling by 23% and student debt quadrupling over the last 10 years.
- Home ownership is becoming less attainable for younger Britons, as housing costs have increased six times as fast as income.
- The COVID-19 pandemic saw 11% of Gen Z and 2% of Millennial jobs disappear; a further 22% and 13% remain furloughed.

In response to greater financial pressure, young Britons are spending more consciously than their parents

- Younger generations have chosen to delay major purchases, with home ownership down 44% for Millennials as compared to Baby Boomers at the same age and rental rates up 46% for Gen Z over Gen X
- Younger generations are involved in the workforce earlier, with 10% more employed by age 30 than previous generations.
- Younger generations are saving more, with Millennials saving 15% more than their parents. Younger generations are more likely to have a budget, with 68% of Gen Z and 61% of millennials regularly budgeting.
- Younger generations are also more cautious with debt, with Millennial credit card balances 10% lower than Gen X, despite similar ownership rates.

Young Britons are embracing new technological solutions to budgeting, saving and spending

- Younger generations are taking up spending and saving technologies at faster rates than older generations such as investment apps (15ppts more consumers than older generations), mobile payments (20ppts) and buy now, pay later (10ppts).
- Younger generations are twice more likely to use an app for budgeting than older generations and 5ppts more likely to research before a significant purchase.

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Young Britons are facing greater financial pressure than their parents, and have been hit hardest by the COVID-19 pandemic **04**

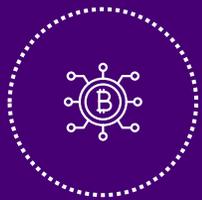
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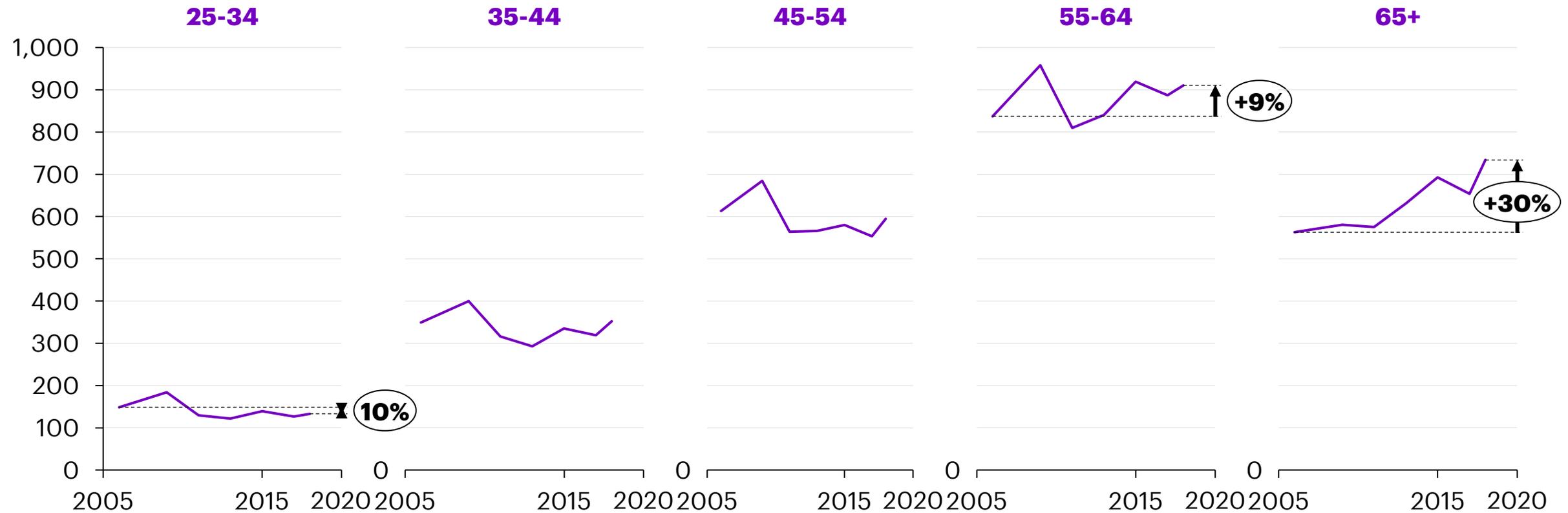


Young Britons are facing greater financial pressure than their parents, and have been hit hardest by the COVID-19 pandemic

Wealth has fallen by 10% over the last decade among younger Britons, whereas for age groups 55+, wealth has increased

Average net wealth by age group over time, 2006-2018

£ '000s, 2020 terms

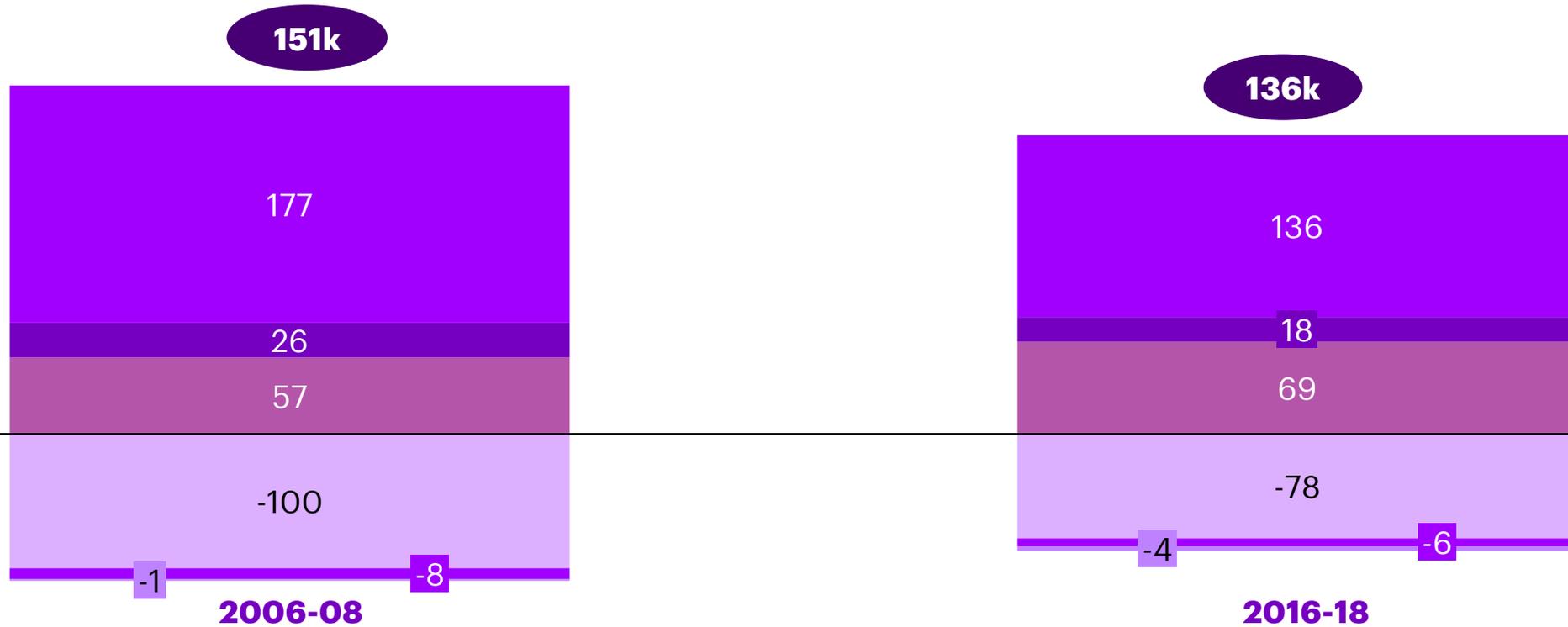


Net wealth for younger Britons has fallen due to a 23% decline in property holdings

While wealth from property has fallen 23%, student debt has quadrupled for the 25-34 year old age group

Assets and liabilities (debt) of 25-34 year olds in 2006-8 and 2016-18; £'000s, adjusted to 2020 terms

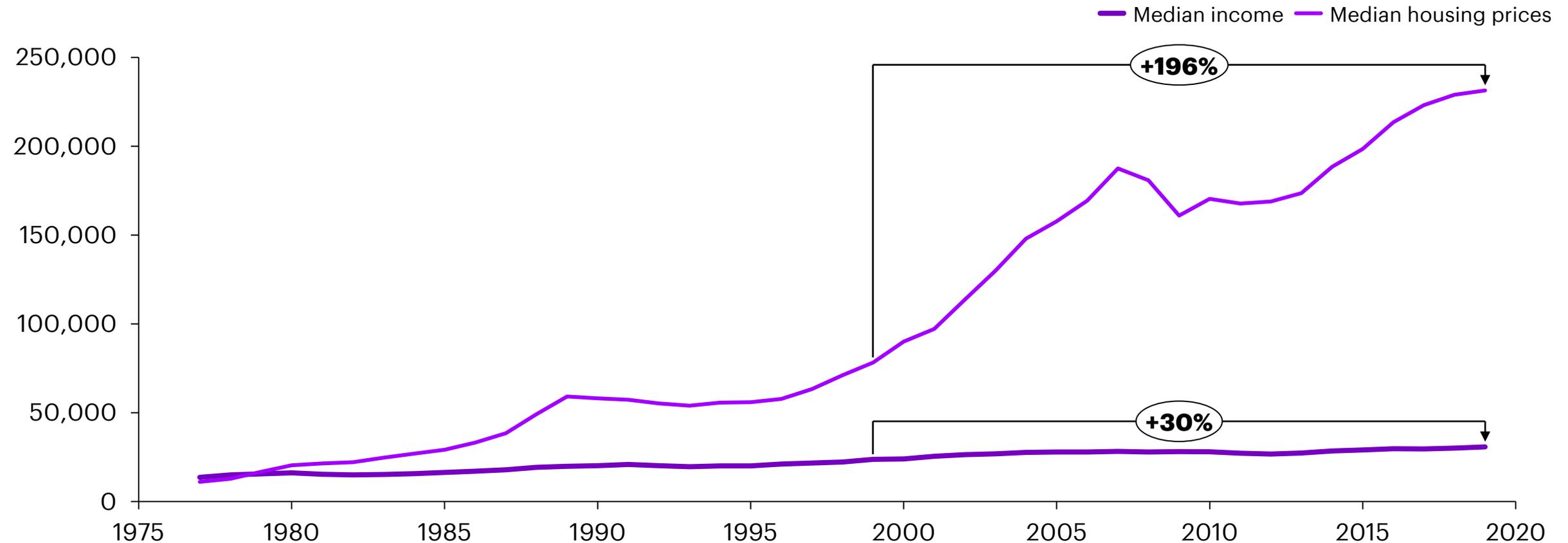
■ Property assets
 ■ Financial assets
 ■ Non-financial assets
 ■ Mortgage debt
 ■ Other liabilities
 ■ Student debt



Home ownership is becoming less attainable for young people, as housing costs have increased six times as fast as income

In the 20 years since 1999, median house prices have nearly tripled while median income has increased by only 30%

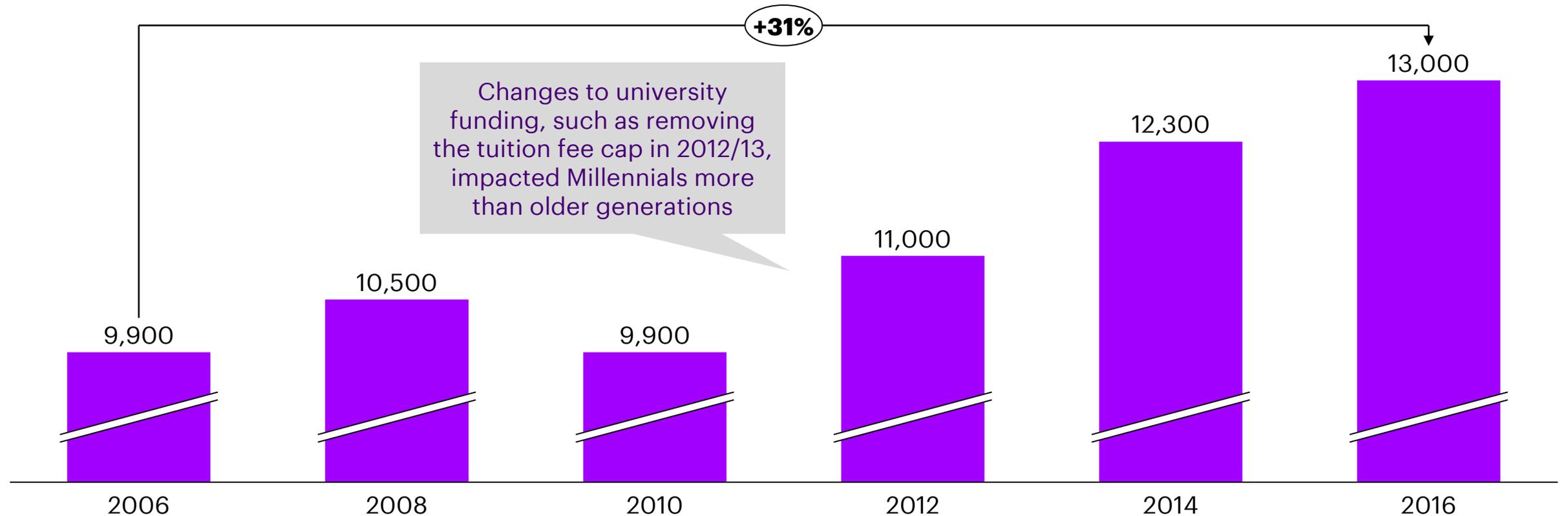
£ (2019/20 prices)



University tuition fees have increased by 31% in the last decade

Median household student debt from student loan companies

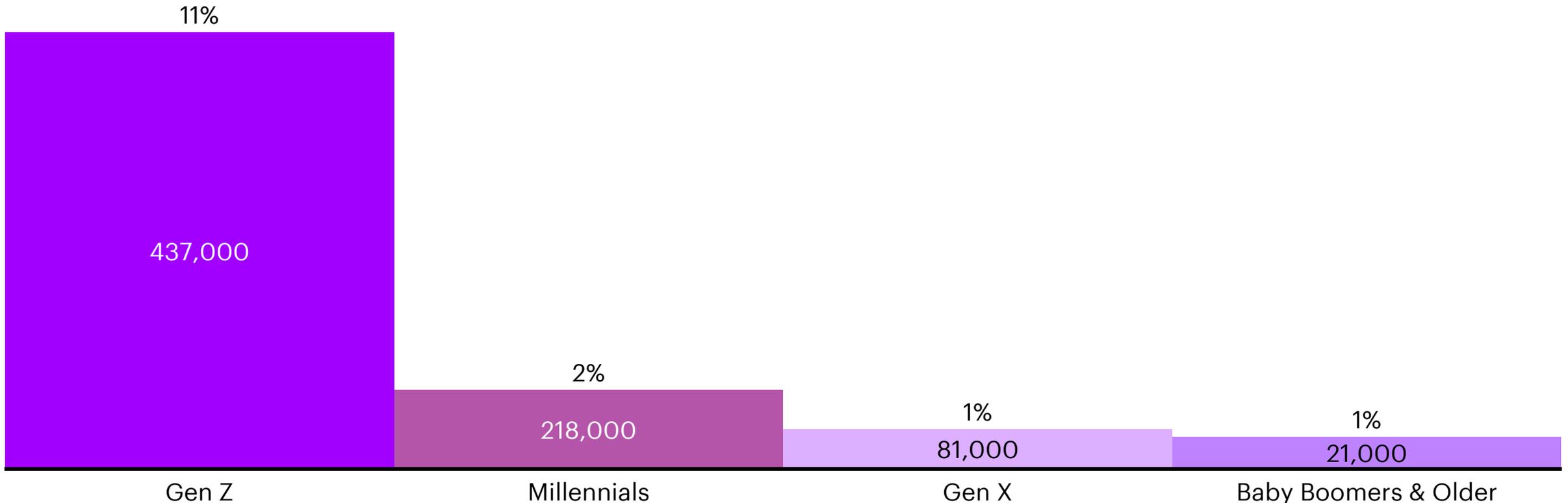
£, median of households with any student debt, inflation adjusted



Gen Z workers were hit hardest by COVID-19, with 11% losing their jobs during the pandemic

Reductions in employment by generation, February 2020 to February 2021

% of pre-COVID employment

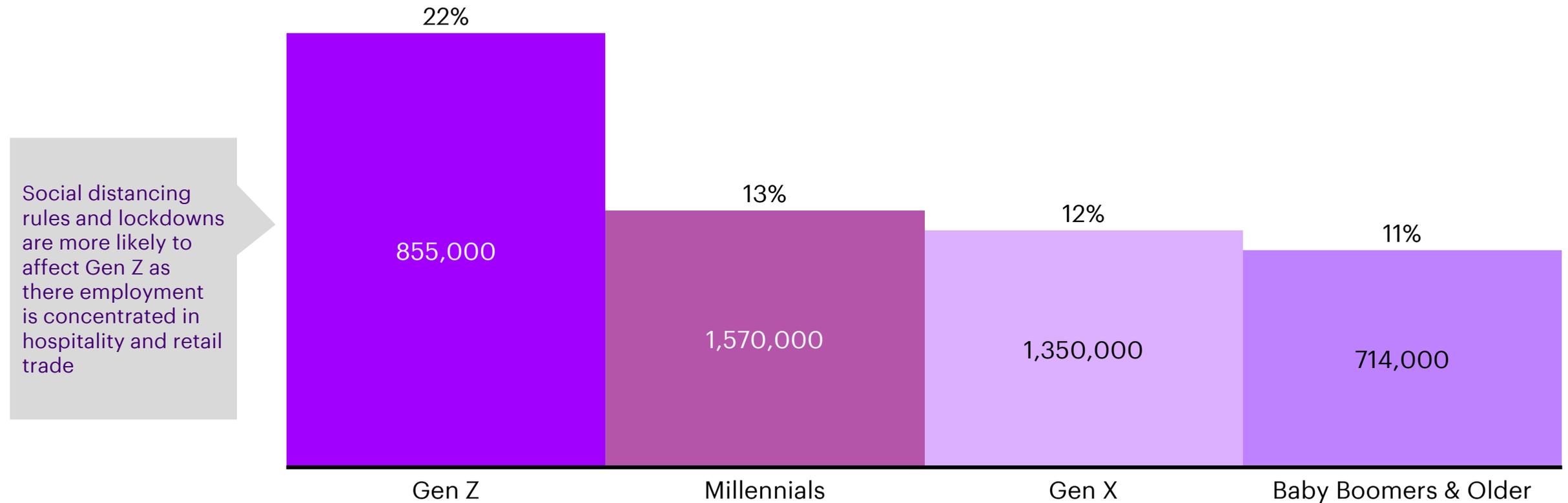


Source: ONS Table A05: Labour market by age group: People by economic activity and age (seasonally adjusted), HM Revenue and Customs – Pay As You Earn Real Time
Notes: This does not count jobs furloughed, including those workers furloughed under the Coronavirus Job Retention Scheme. Gen Z includes individuals born after 1996. Millennials includes individuals born between 1981 – 1996. Gen X are individuals born between 1965 - 1980, Baby Boomers are individuals born between 1951 – 1964, Older generations are individuals born before 1951

22% of Gen Z workers remain furloughed, which is significantly higher relative to older generations

Gen Z are furloughed at double the rate than compared to older generations, February 2020 to January 2021

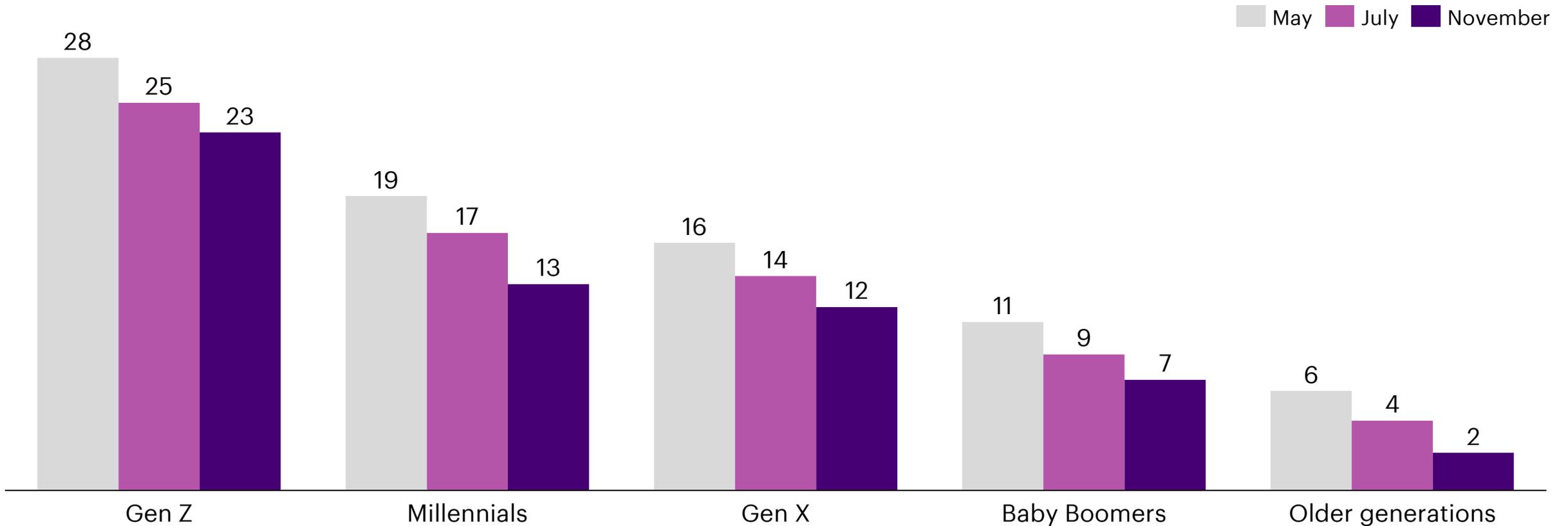
% of pre-COVID employment



Financial insecurity was highest for young people during the pandemic, with up to 28% saying they may not be able to pay bills

Gen Z and Millennials were more likely to experience financial insecurity throughout the pandemic

Responses: How likely do you think it is that you will have difficulty paying your usual bills and expenses in the next three months? (likelihood, %)



02

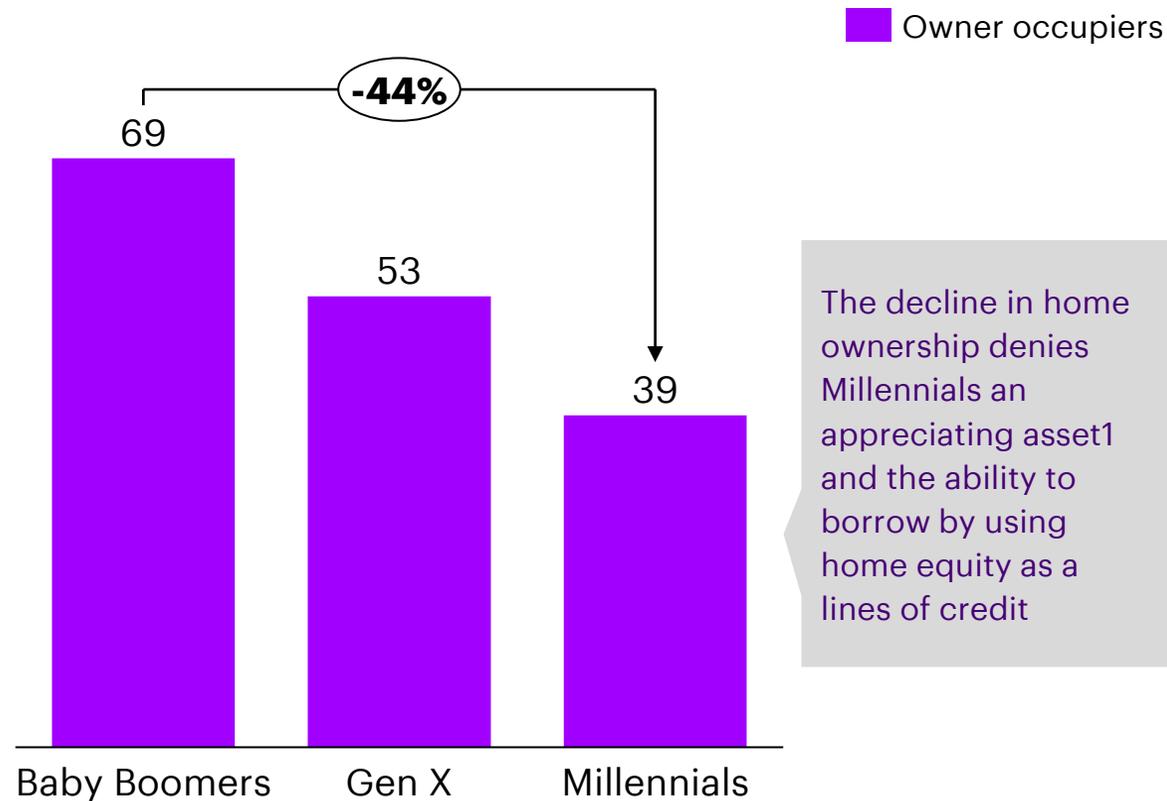


In response to greater financial pressure, young Britons are spending more consciously than their parents

Younger generations are more cautious with large purchases than older generations at the same age, often delaying home ownership

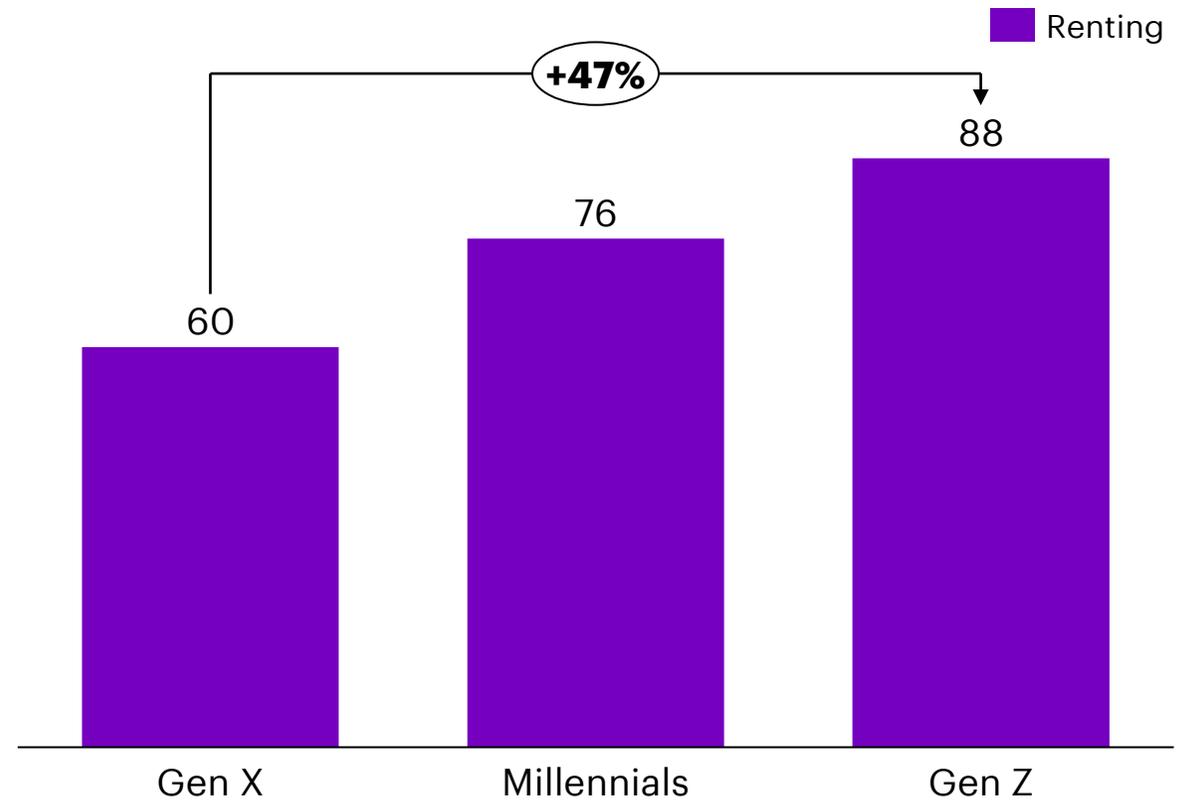
44% fewer Millennials own homes as Baby Boomers did at their age...

% of households headed by member of generation, by tenure type



...while Gen Z are nearly 50% more likely to rent than Gen X

% of households headed by member of generation, by tenure type



Notes: 1. OECD data shows that UK house prices rose by 93 per cent in real terms between 2000 and 2020.

Source: Ministry of Housing, Communities & Local Government, 'English housing survey 2008 to 2009: household report', Annex Table 1.4: Tenure of households by age of HRP, 1981, 1991, 2001 and 2008-09' (Oct 2010) &

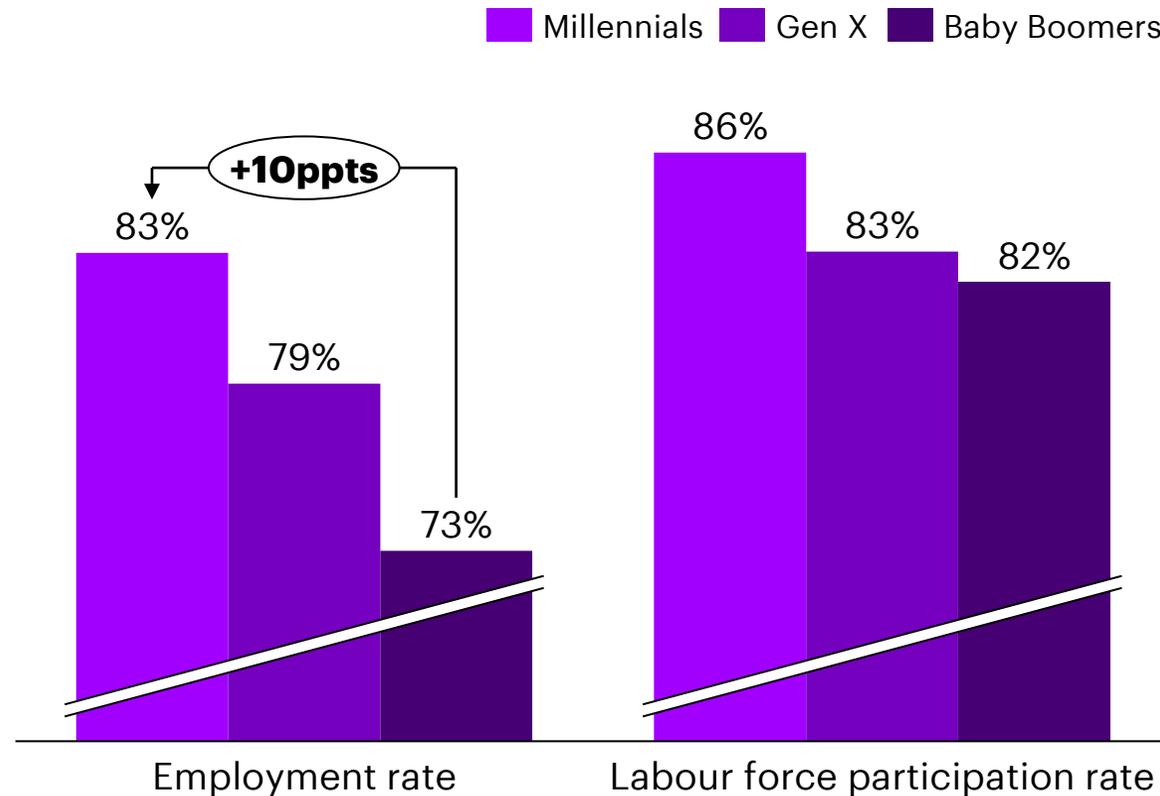
'English Housing Survey: Home ownership, 2017-18' Annex Table 3.1: Average length of time in current accommodation, by age of HRP, 2017-18 (July 2019)

Notes: Ownership statistics taken at median generation age of 25; renting taken when oldest member of generation is aged 21.

Younger generations are more likely to be working and to pursue further qualification than their parents at the same age

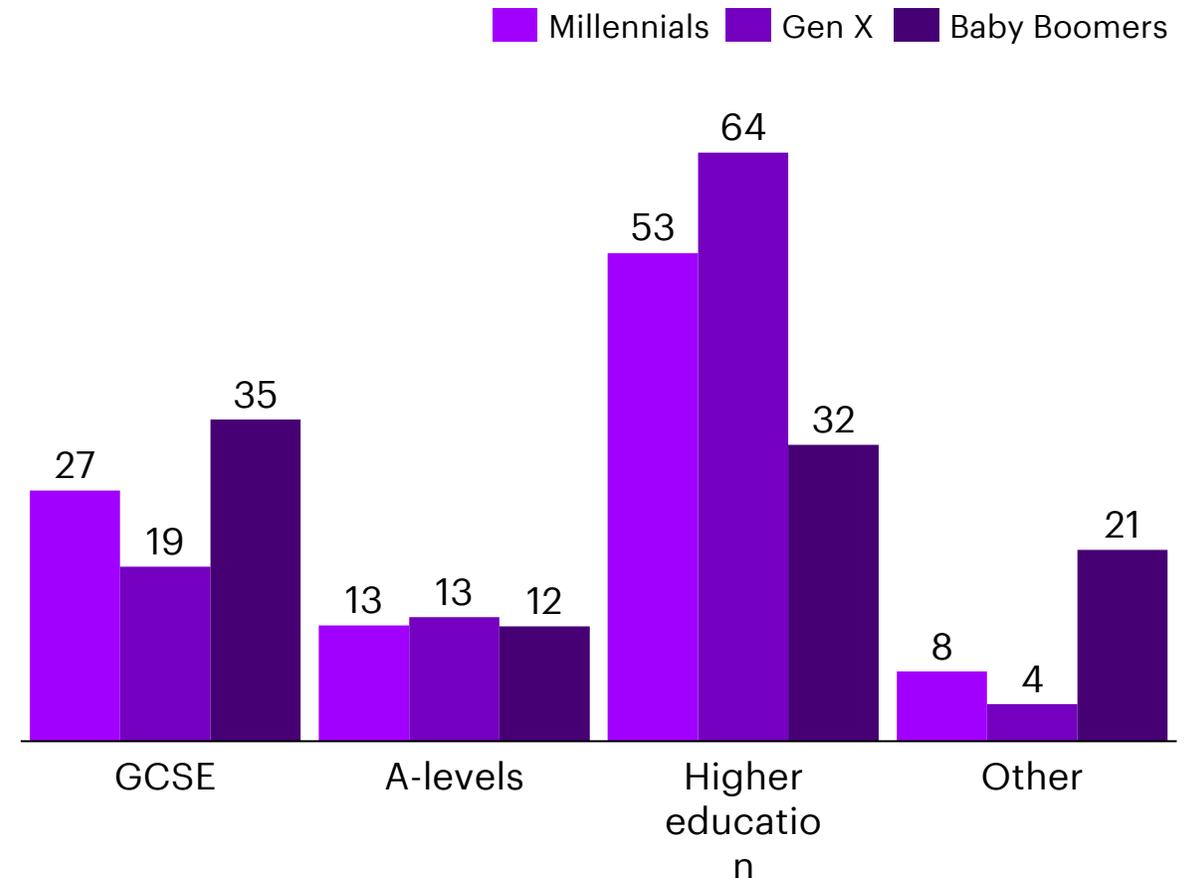
Millennials are 10ppts more likely to be employed than Baby Boomers

Employment as % of labour force; Labour activity as a % of working-aged population



By age 30, Millennials were more qualified than Baby Boomers

% of cohort at education level



Younger generations are far more diligent in having a budget and keeping to it

68% of Gen Z and 61% of millennials regularly budget, more than any other generation cohorts

% of respondents by generation cohort: 'Which of the following best describes your approach to spending and saving?'

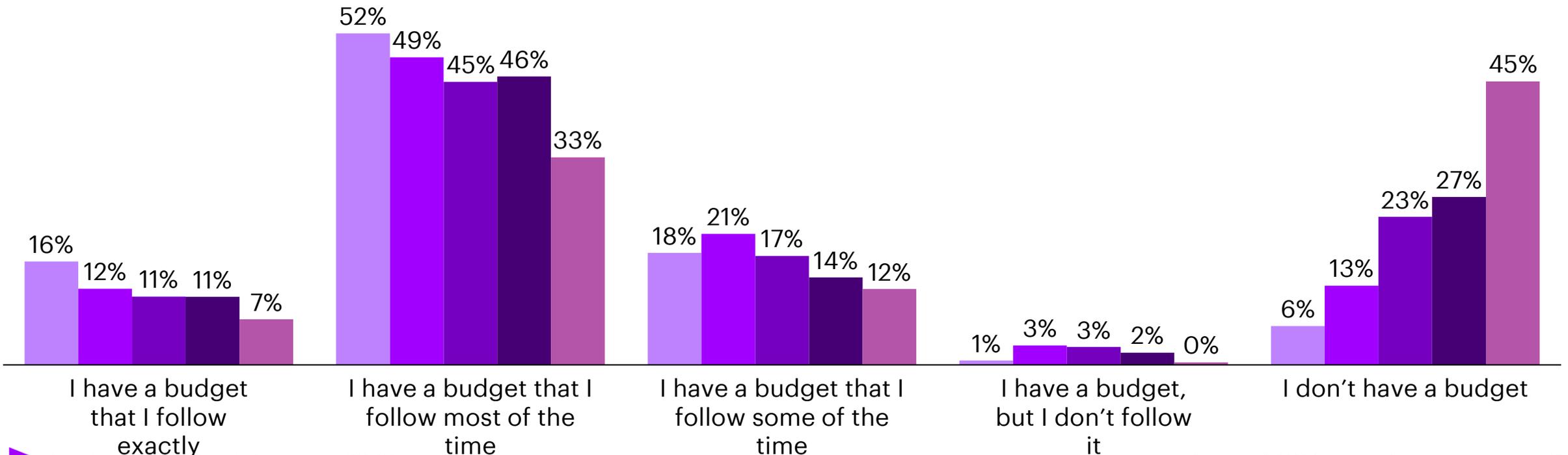
Gen Z Millennials Gen X Baby Boomers Older generations

Regularly budgets

Younger generations - 65% vs Older generations - 53%

Does not regularly budget

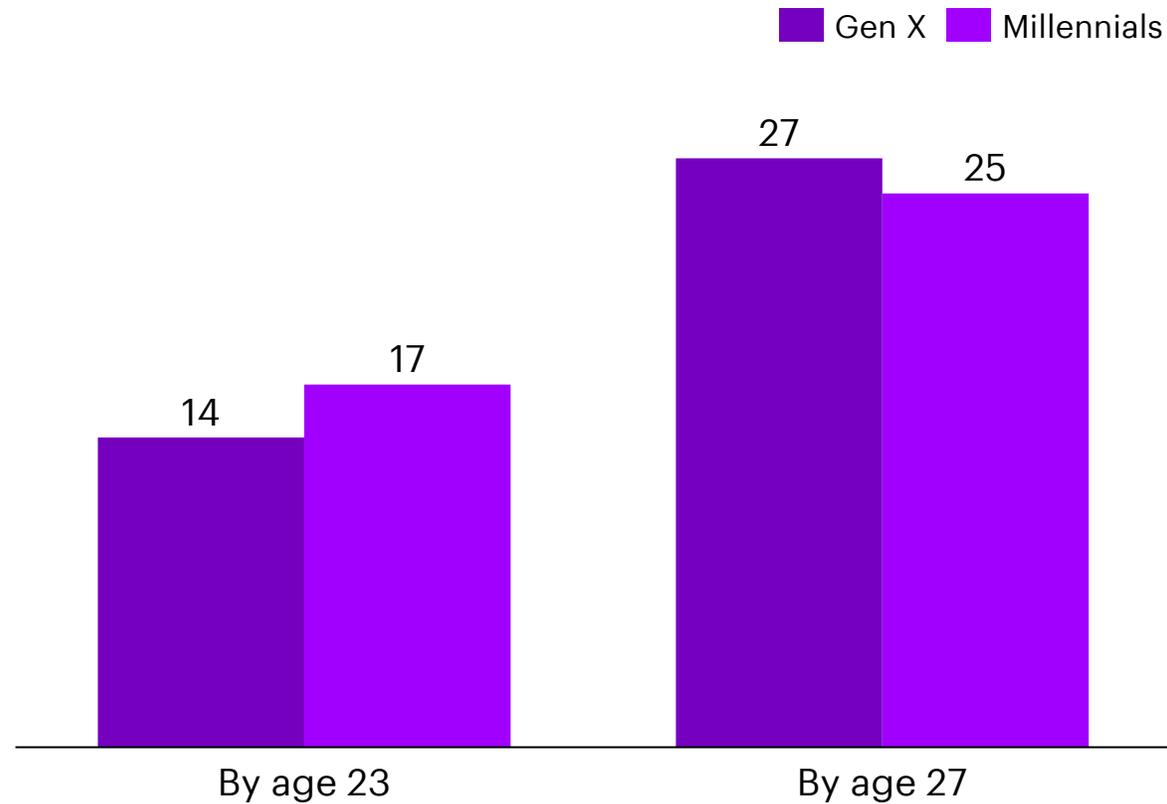
Younger generations - 35% vs Older generations - 47%



While as many Millennials have credit cards as Gen X did at the same age...

Credit card ownership in own or joint name

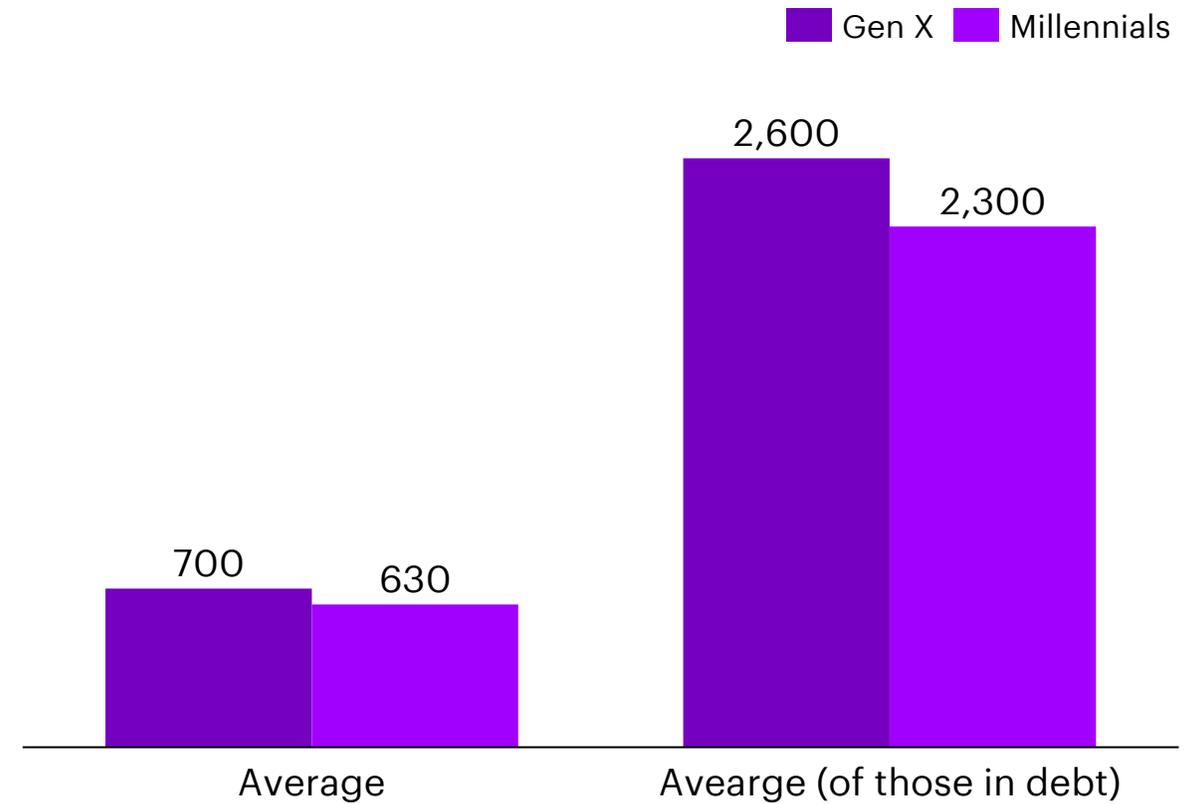
% of individual respondents, when cohort at specified age



...their outstanding balances are 10% lower

Average credit card balance at comparable age

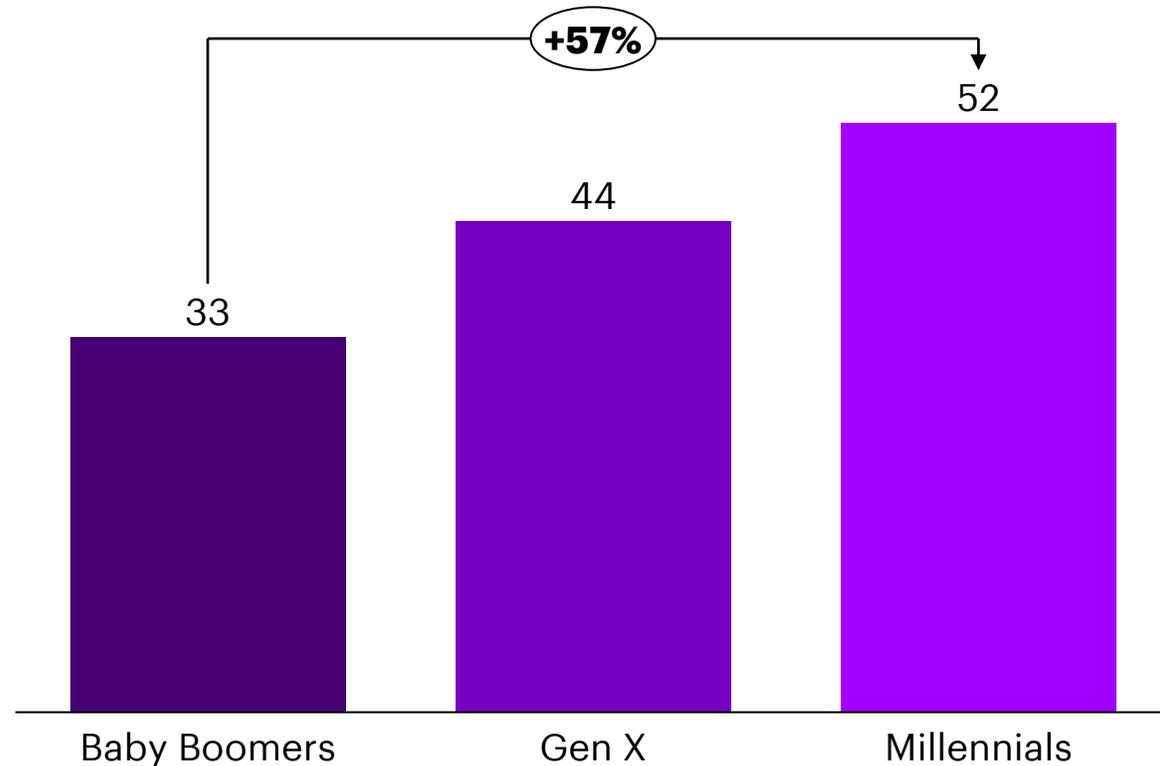
£, median age of 28/34



Younger generations are **57%** more likely to be saving regularly than their parents...

Millennials are more likely to save than earlier generations

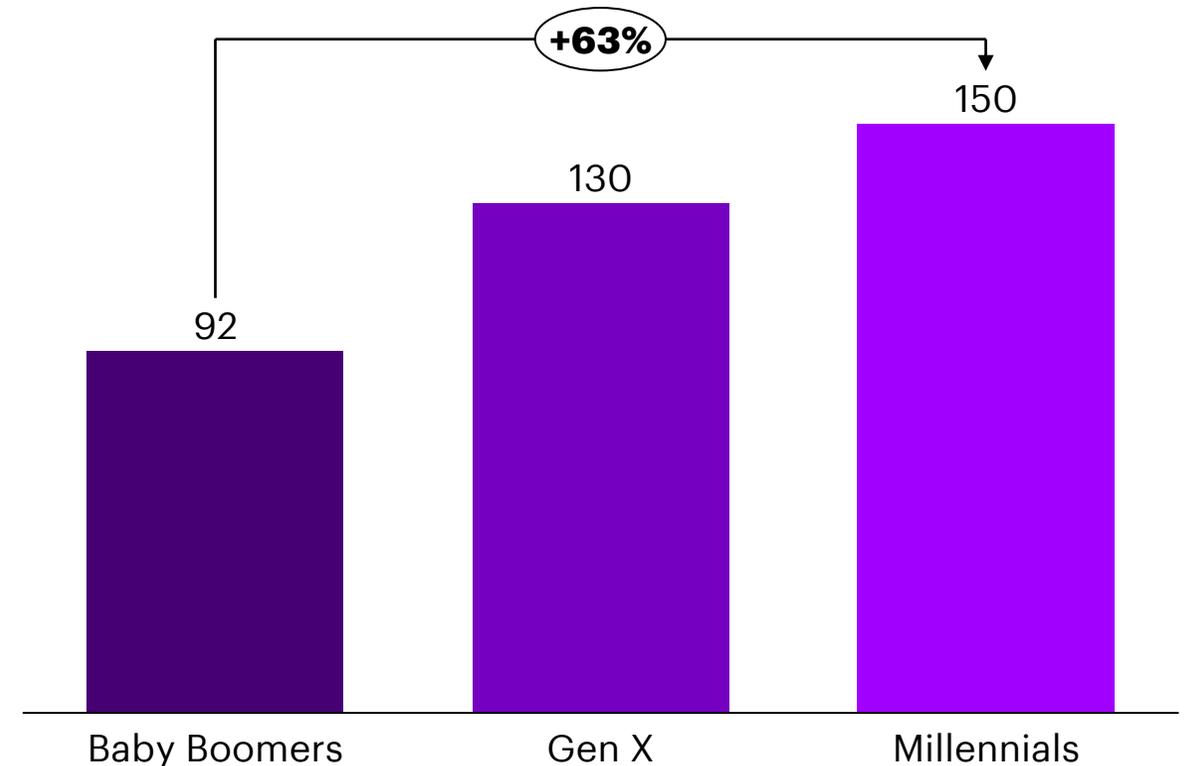
% respondents, age equivalised



...and saving **63%** more each month than when their parents were the same age

Average monthly personal savings

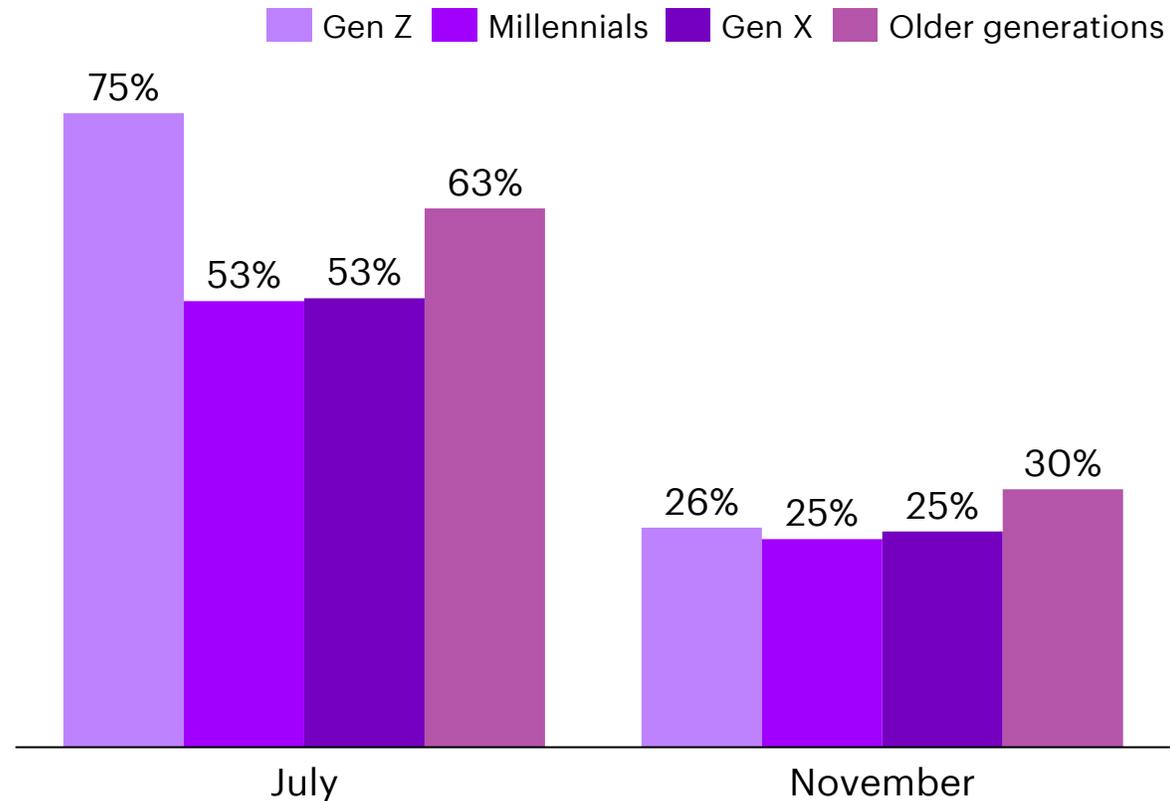
£ (2020), age equivalised



During COVID-19, younger Britons had higher propensities to save and invest additional earnings

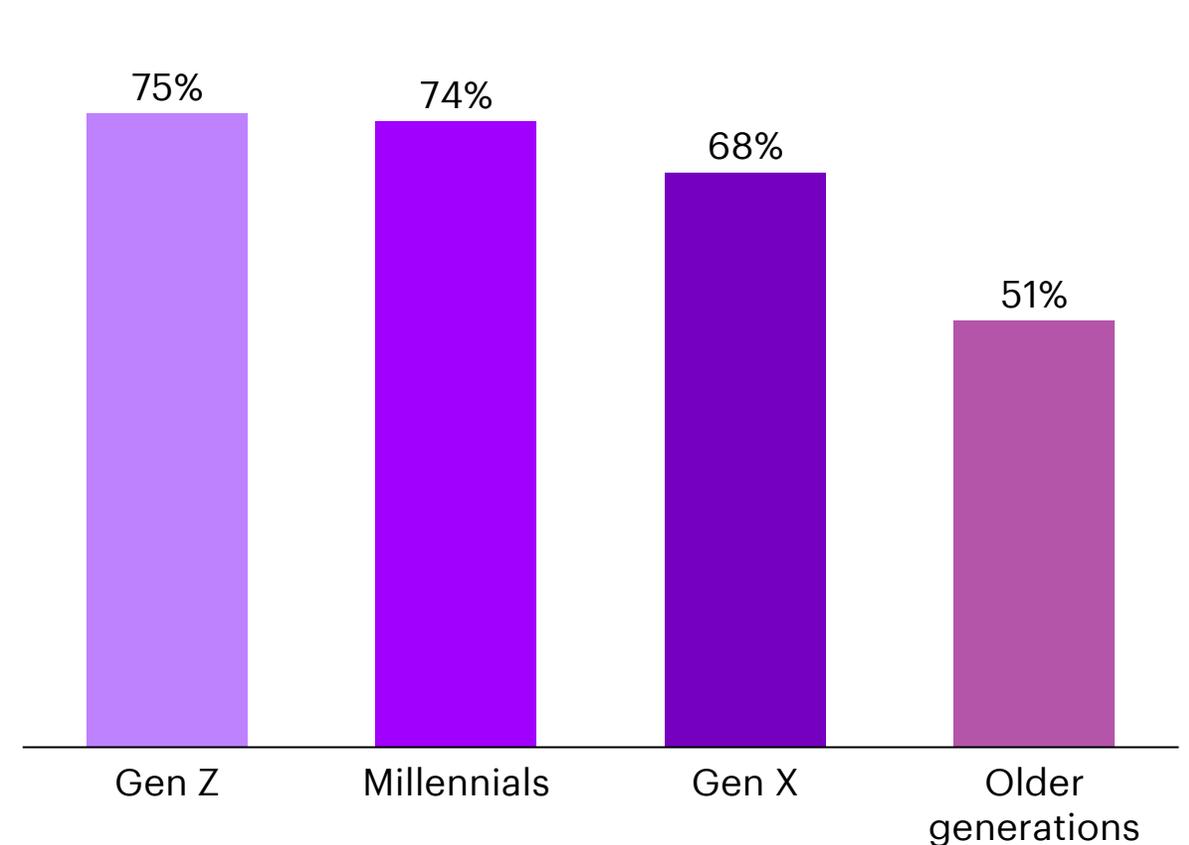
Gen Z were over 15ppts more likely to save some of a £500 windfall than older Britons (until the second wave)

% responses, 2020 (month specified)



Gen Z and Millennials are over 10ppts more likely to be planning to invest in stocks or shares in the next 12 months

% respondents (May 2020)



03

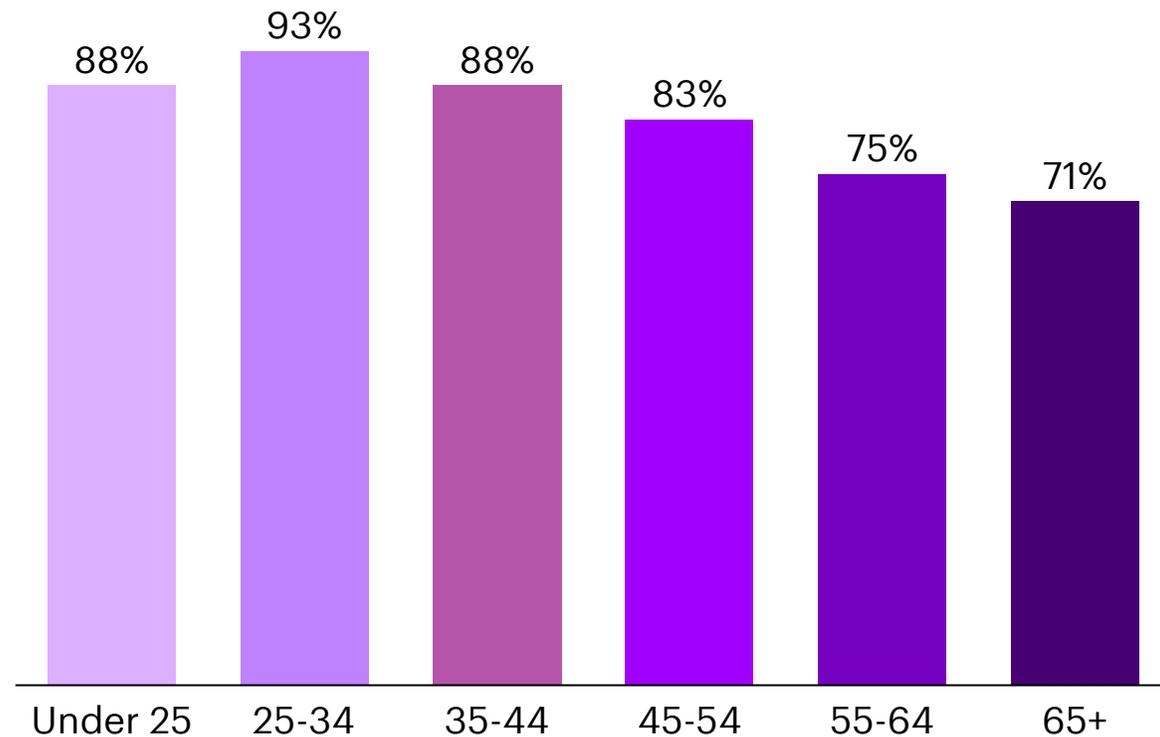


Young Britons are embracing new technological solutions to budgeting, saving and spending

Younger generations are leaders in the uptake of remote banking and investment apps

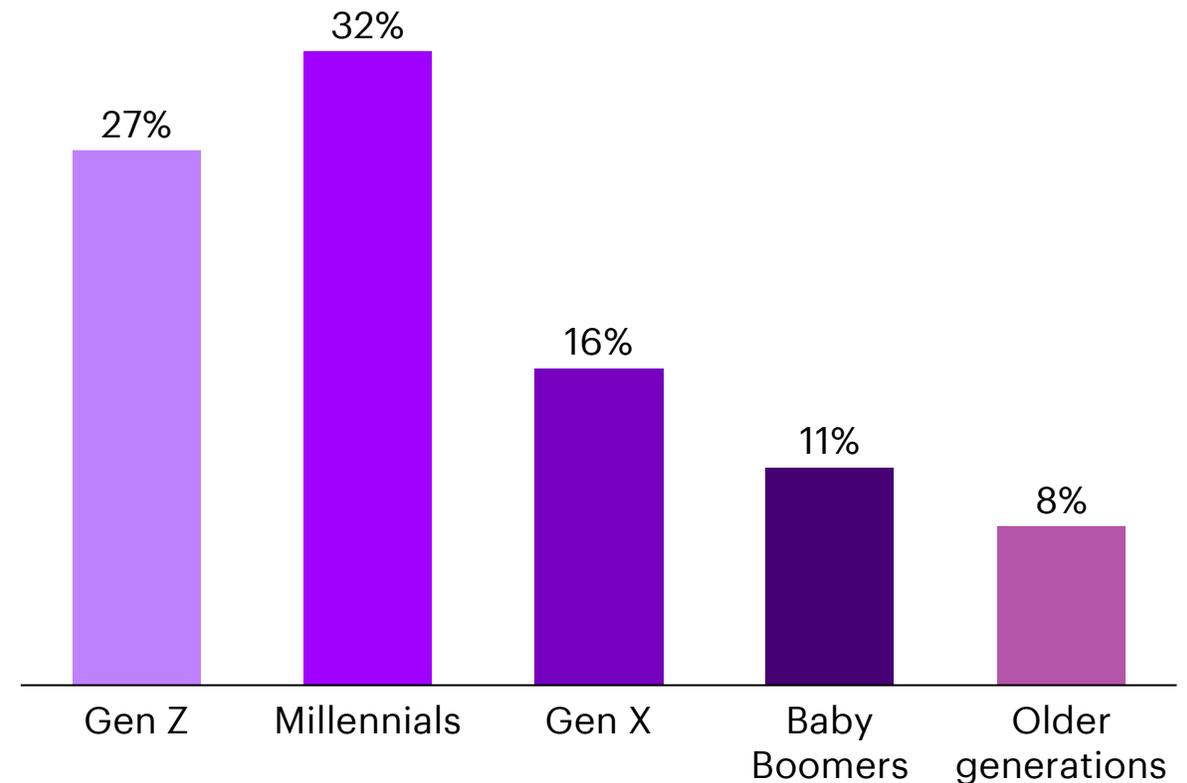
Younger age groups lead the uptake of remote banking

% of age group using remote banking



The ease of dedicated investment platforms motivates twice as many young people to invest than older generations

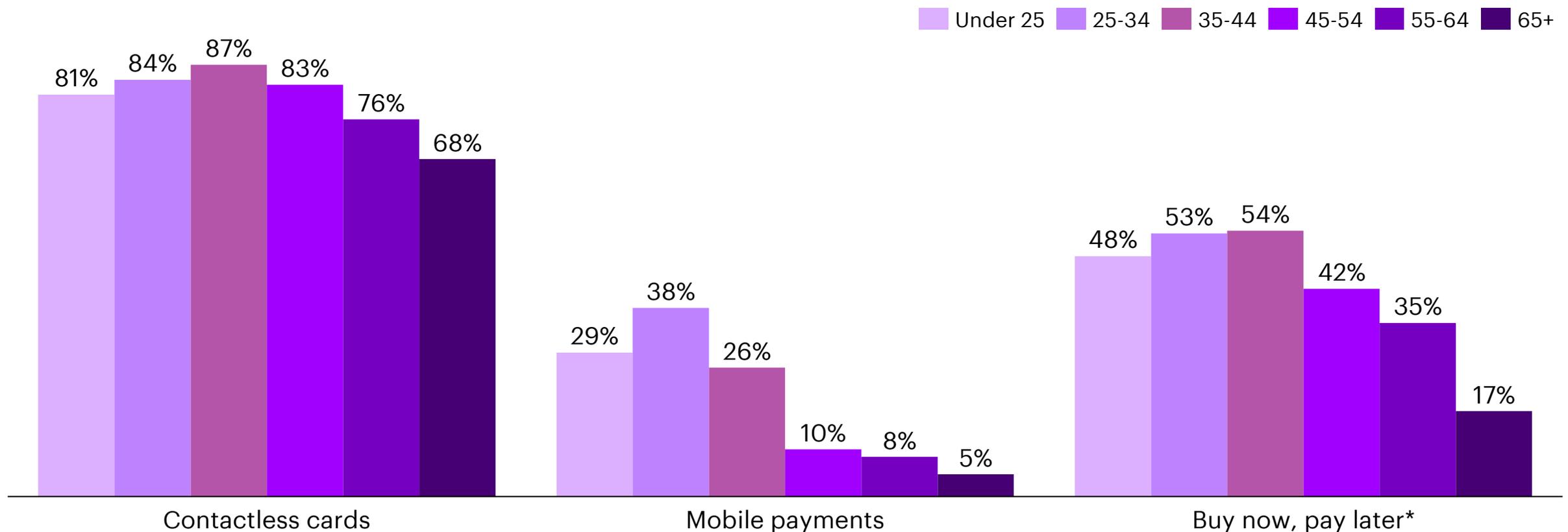
% of respondents



Younger generations are driving use of convenient ways to pay such as contactless, mobile payments and buy now, pay later

Millennials and Gen Z are over 80% likely to use contactless, over 30% likely to use mobile payments and over 50% likely to use BNPL

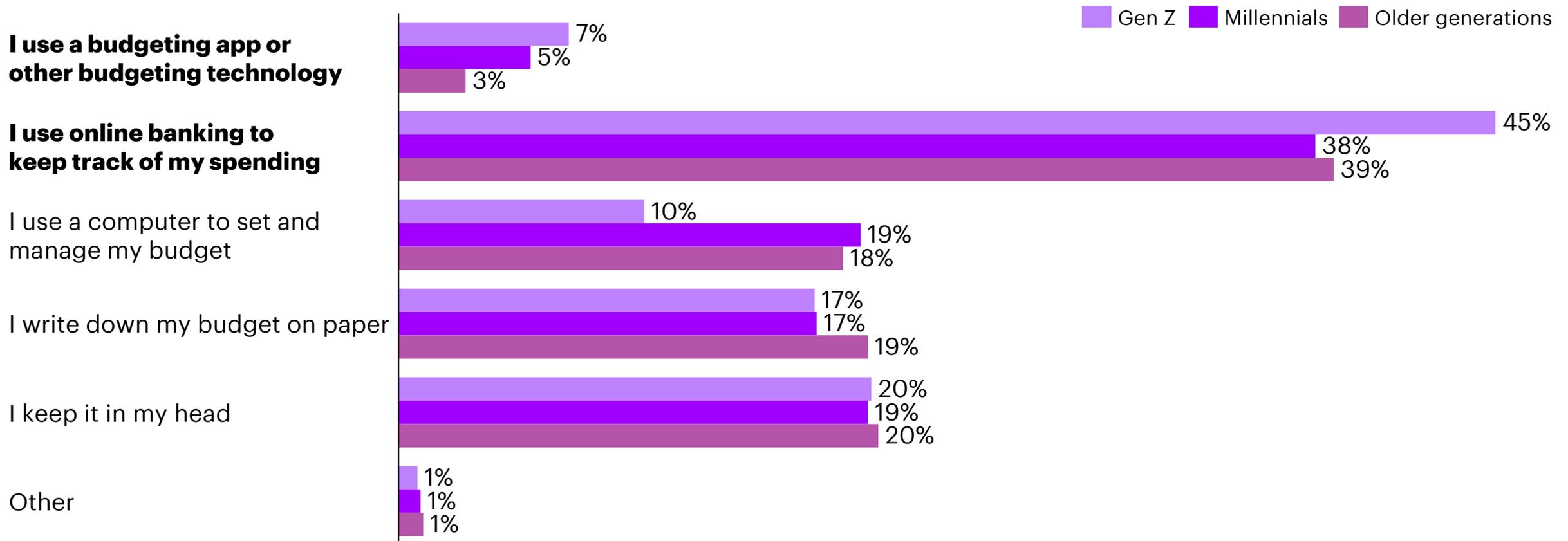
% of population, (*% of respondents)



Millennials are more likely to use financial technologies like budgeting apps and online banking to manage their budget

Younger generations are doubly more likely to use an app for budgeting than older generations

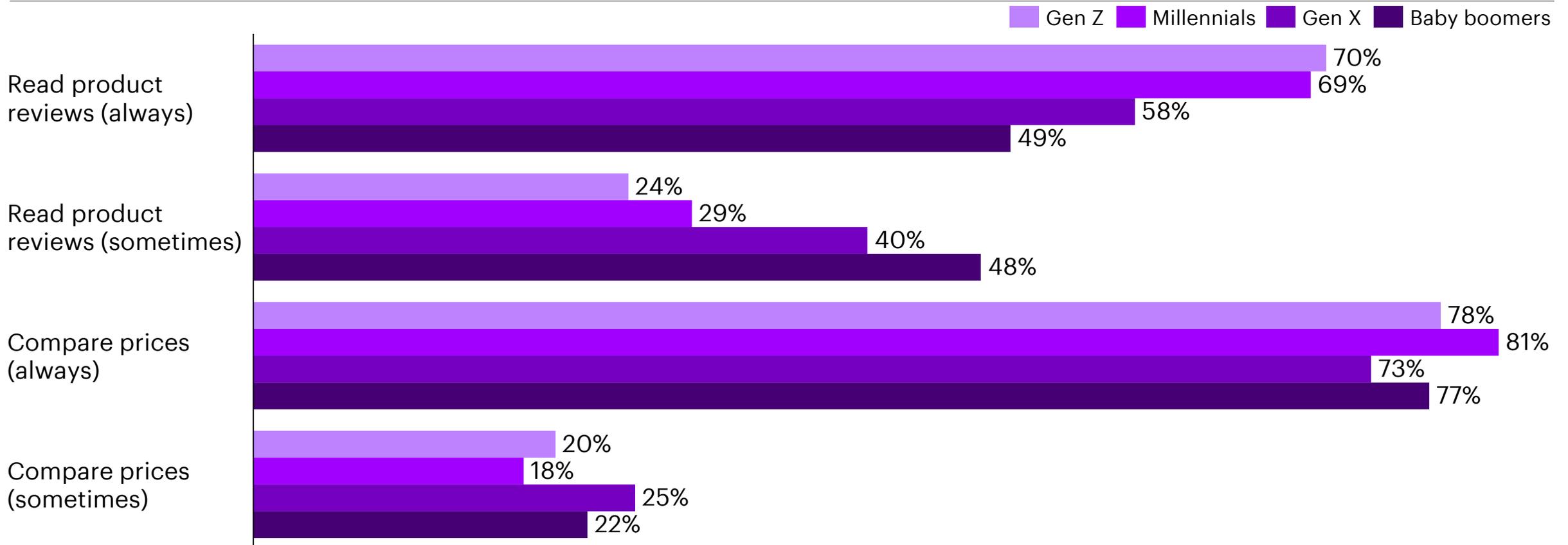
% of respondents, n = 1144



Millennials are more likely to compare prices and read product reviews than older generations

Younger generations are 5ppts more likely to research before a significant purchase

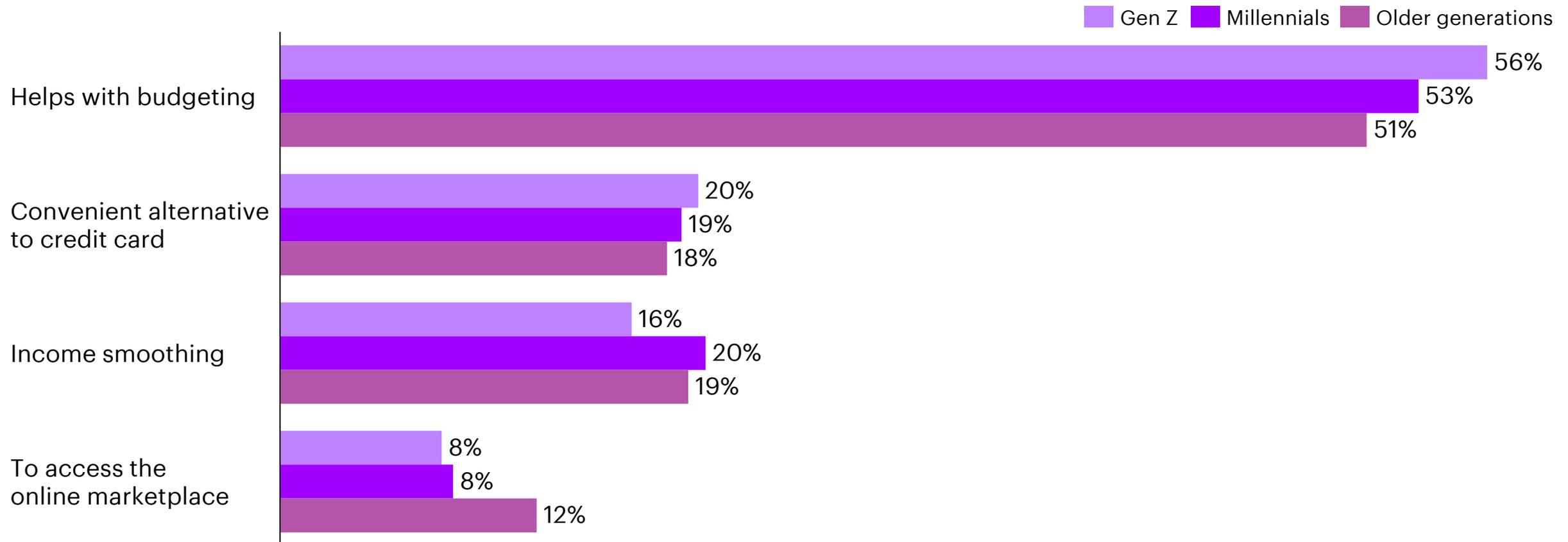
% respondents



Over half of Clearpay consumers from younger generations use the platform because it helps them budget

Clearpay helps consumers budget

% of respondents



04



Appendix

Four major data sources informed this analysis

Ipsos/I-view General Population Survey

Fieldwork in January 2021

Commissioned by Accenture on behalf of Clearpay

- 1,539 respondents
- Matched sample to age, location and gender characteristics
- Data on spending, savings and budgeting

Wealth and Assets Survey

Wave 1 (2006-2008) to round 6 (2016- 2018)

Access via UK Data Service and the Office of National Statistics

- 30,000 respondents in wave 1 and 16,000 in round 6
- Biennial longitudinal survey
- Characteristics (e.g. age) assigned by household reference person
- Detailed data on assets and liabilities

Understanding Society

Main Stage/BHPS harmonised series (1991-2019)

Access via UK Data Service and the University of Sussex

- ~30,000 respondents
- Annual household survey
- Weighted to represent the national population
- Demographic, behavioural and earnings data

Understanding Society

COVID-19 dataset (April 2020-November 2020)

Access via UK Data Service and the University of Sussex

- Baseline taken from January/February 2020
- Monthly longitudinal survey until July, bi-monthly since
- Weighted to represent the national population

Full citations:

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.
University of Essex, Institute for Social and Economic Research, NatCen Social Research and Kantar Public, [producers]: Understanding Society: Waves 1-7, 2009-2016 and harmonised British Household Panel Survey: Waves 1-18 [computer file]. 9th Edition. Colchester, Essex: UK Data Service [distributor], November 2017. SN: 6614, <http://dx.doi.org/10.5255/UKDA-SN-6614-8>.<http://dx.doi.org/10.5255/UKDA-SN-6614-9>.

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