



PSCU 

# EYE ON PAYMENTS 2023

Digital Dominates Consumer Consciousness  
as Generational Differences Peak

## Table of Contents

[Introduction](#)[Mobile Wallets](#)[Payment Preferences](#)[Economic Uncertainty](#)[Emerging Payments](#)[Digital Innovations](#)[Card Design & Rewards](#)[Debit's Dominance](#)[Payments through Generations](#)[Final Considerations](#)

# Introduction

The payments landscape is continuously evolving in response to the economic and geopolitical climate, new solutions, generational preferences and more. The economy has been top-of-mind for many consumers throughout 2023. Rising inflation rates and the risk of recession became topics of everyday conversation as the Federal Reserve tried to head off an economic downturn with strategic interest rate hikes. Coupled with bank collapses and turbulent global relations, consumer sentiment and outlook are cautious when it comes to banking and personal finances. The effects of this uncertainty are being felt by all players in the financial services space, including the payments and credit union industries.

Even in the face of uncertainty, a spirit of innovation and collaboration continues to drive these industries and their offerings forward. Digital solutions – from mobile wallets to contactless cards and more – are dominating consumer consciousness as members of every generation look more frequently to these types of offerings to make payments and conduct transactions. At the same time, a divergence among preferences between the oldest and youngest generations is not only becoming apparent, but also impacting top-of-wallet decisions.

For the sixth year in a row, PSCU set out to gauge payment preferences among credit union members and other financial institution customers (“non-members”), including how they evolved over the past year. Through this annual research, PSCU explores the factors that influence consumers when it comes to choice and usage of different payment methods, how these factors may vary among different life stages and economic events, and how credit unions can better serve their members and optimize their offerings to adapt to these evolving preferences and needs – both now and in the future.

PSCU surveyed 1,750 credit union members and non-members from across the U.S. The online survey, conducted in June and July 2023, was taken by participants ages 18 to 65+. Of those surveyed, 55% were male and 45% were female, and demographic characteristics of those surveyed align with consumer data from CUNA’s Member Profile. Generations were defined as: Generation Z, ages 18-26; Younger Millennials, ages 27-34; Older Millennials, ages 35-42; Generation X, ages 43-58; Baby Boomers, ages 59 and above. Consumers were also segmented by household income with average or above average household income defined as those making \$75,000 a year or more, and below average household income encompassing respondents who make less than \$75,000 a year.

## Through Research Gathered in *Eye on Payments*, PSCU Will Share the Following:

- ✓ The factors that influence consumer behavior when it comes to the choice and usage of traditional and emerging payment methods across multiple payment scenarios
- ✓ How the current and anticipated state of the economy impact payment choice
- ✓ The evolution of how consumers are interacting with their credit unions or other financial institutions, and how they anticipate doing so in the future
- ✓ How and why payment method preferences differ among income levels and generations
- ✓ Recommendations for credit unions to better fulfill member payment preferences and needs, based on these findings



## Table of Contents

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

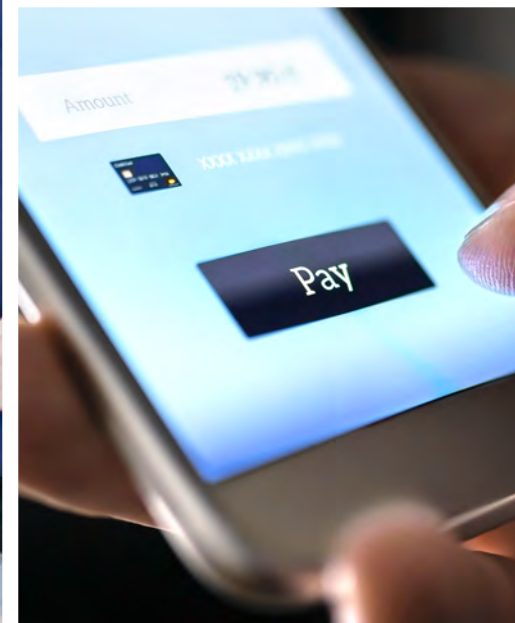
[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



Mobile wallets further stake their claim as a go-to payment method.



**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)

While the economic future remains uncertain, one trend is becoming crystal clear in the payments industry: More consumers are turning to digital payments offerings when making purchasing decisions. Just as they have become more comfortable with economic jargon and forecasting, consumers have also shown an increased interest in and usage of digital options and solutions. Nearly half of credit union members (48%), for example, use their credit union’s website to interact with their trusted financial institutions, 38% turn to a mobile app, 20% use email, 19% chat online and 15% utilize text messaging.

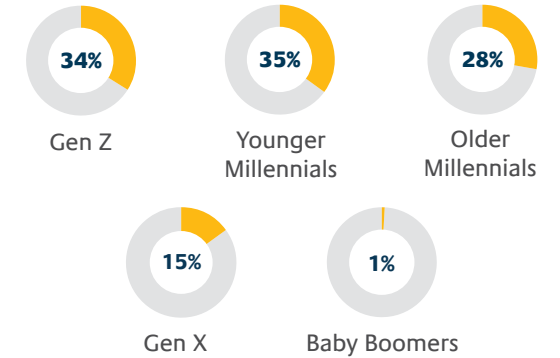
## Nearly 4 in 10 use a mobile wallet

This year, nearly four in 10 respondents (37%) report they desire to use a mobile wallet at the point-of-sale when paying for something in a retail location, with at least 28% of respondents 42 and younger saying they use their mobile wallets at least a few times per week (34% of Generation Z, 35% of Younger Millennials and 28% of Older Millennials). In fact, mobile wallets rank as the third most preferred way to pay (13%) for Gen Z, more than doubling in preference since 2021 (6%) and surpassing cash (12%) for the first time. Younger Millennials have also reached double digits, with 10% reporting they favor mobile wallets to pay for items.

With 43% of credit union members – up from 35% in 2019 – reporting they are likely to use a mobile wallet in the next six months to pay for goods and services, the trend is here to stay. In fact, the number of respondents reporting they never use a mobile wallet has decreased from 57% in 2022 to 48% in 2023, underscoring this upward trajectory. Of those who report they do not use a mobile wallet, 41% claim it is because they do not know what it is or how to use it, followed by 27% reporting they feel it is not secure and 20% noting it is inconvenient. Alternatively, those who use it do so because they feel it is convenient (56%), easy to use (57%) and fast (48%).



### Percent of People Who Use Mobile Wallet at Least a Few Times per Week



### Reasons for Using a Mobile Wallet (Credit Union)





## Table of Contents

[Introduction](#)
[Mobile Wallets](#)
[Payment Preferences](#)
[Economic Uncertainty](#)
[Emerging Payments](#)
[Digital Innovations](#)
[Card Design & Rewards](#)
[Debit's Dominance](#)
[Payments through Generations](#)
[Final Considerations](#)

When looking at other digital payments options like contactless cards, these same three reasons – convenience, ease of use and speed – reign supreme. Only 10% of respondents claim they do not use a contactless card to conduct transactions and, within that segment, the number of credit union members who reported they do not know what a contactless card is or how to use it declined from 33% in 2022 to 25% in 2023, a difference of 24% year over year. Of the majority who do use it, more than half of respondents feel contactless cards are convenient (53%) and fast (56%), while six in 10 report they are easy to use (59%). Since 2022, there was also an increase in contactless card usage among all purchasing situations, including notable increases at fast food or fast-casual restaurants (up to 41% from 34%) and full-service restaurants (up to 25% from 18%).

For the first time, tap-and-go payment options – including contactless cards, mobile wallets and wearables like smart watches – were more preferred than inserting an EMV chip at the point-of-sale: More than half (53%) of respondents report they would rather tap-and-go than insert a chip into a point-of-sale device (38%). Mobile wallet (14%) has also officially outpaced swiping a magnetic stripe (9%) at the point-of-sale device.

## PERSONA: DIGITAL USER

Jessica is a 30-year-old woman living in California. A college graduate, she is employed full-time with a household income of around \$75,000–\$100,000 per year.

She shops online at least a few times a week and typically uses her debit or credit card to pay, followed closely by her mobile wallet. At a retail location, Jessica prefers to use her mobile wallet, and she often likes to use a wearable device, like a smartwatch, to pay.

Jessica changed jobs in the last year. She primarily interacts with her financial institution through its mobile app and is strongly interested in obtaining a credit card. She may also be in the market for a home or auto loan from her financial institution.



**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

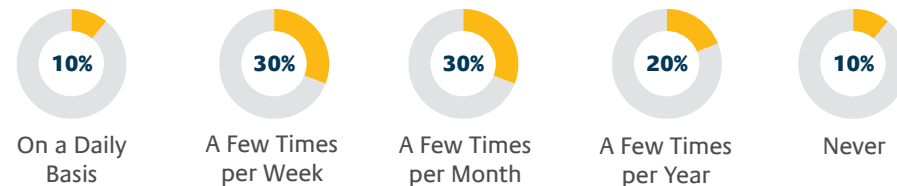
[Final Considerations](#)

**Key Takeaways:**

Enabling and offering tap-and-go options, especially mobile wallet solutions and integrations, are now table stakes for credit unions. What might have seemed like a fad or passing trend has now become a go-to option for many consumers, highlighting that convenience, ease of use and speed are still main drivers of preferred payment methods – a trend seen consistently in *Eye on Payments* for more than five years. When implementing these technologies, credit unions must also prioritize newer technologies for member-focused communications channels like mobile apps and chat text messaging. Digital is here to stay and credit unions must ensure their tools and technologies are meeting – or ideally exceeding – member expectations.

Despite the continued growth in mobile wallet usage, 41% of members who say they never use a mobile wallet say it is because they do not know what it is or how to use it. More than half of credit union members (51%) report they would be likely to utilize educational resources if their credit unions offered them, and there remains an opportunity to inform members about the benefits of these types of digital solutions. Mobile wallets, wearables and contactless cards, for example, all use tokenization, making them extremely secure. These offerings can also be quicker than the traditional EMV chip insert or magnetic stripe swipe when used correctly. All of these benefits can be relayed through education, communications and other channels to arm members with the knowledge necessary to encourage adoption and usage.

**Frequency of Contactless Card Use**  
(Credit Union)





## Table of Contents

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



Differences among payment preferences and usage between the oldest and youngest generations reach an apex.



**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



This year's survey revealed the biggest divergence between Baby Boomers and Gen Z, from where they choose to shop and conduct banking activities, to how they decide to pay and more. While Gen Z is changing jobs (33%) and having or adopting children (12%), Boomers are retiring or leaving the job market (8%). Eight in 10 Gen Z respondents (80%) shop online at least a few times per month, compared to only 59% of Boomers. More Boomer respondents are credit union members than Gen Z, and of those, 64% of credit union member Boomers report they visit a branch, while only 33% of Gen Z do the same.

When asked if they typically make payments or conduct banking via their mobile phone, the vast majority of Gen Z respondents (83%) say, "Yes," while only 35% of Boomers respond affirmatively. Findings are similar for mobile alerts and controls: 90% of Gen Z use them, while only 58% of Boomers turn to alerts and controls to help manage their credit or debit cards. Almost half of Gen Z respondents (49%) would be interested in securing a credit card from their financial institution, whereas six in 10 Boomers (61%) don't feel the need to seek lending services or offerings.

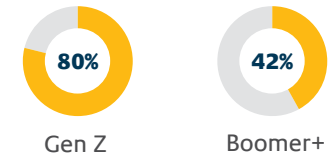
When it comes to payments, 96% of Baby Boomers prefer to use a tried-and-true payment method, like debit cards (42%), credit cards (38%) or cash (16%). Although debit is most preferred among Generation Z (49%), this group leads the way in preference for mobile wallets (13%) and person-to-person (P2P) payment accounts (6%). In addition, only 16% of Gen Z respondents prefer credit cards.

When asked if they tend to pay more with a variety of payment methods than they did a few years ago, 80% of Gen Z agreed they do compared to only 42% of Boomers, the lowest among any generation. Newer payments offerings introduced during Boomers' lifetimes follow a similar pattern: 80% of Gen Z use a contactless card at least a few times per month, while only 59% of Boomers do. Boomers' use of P2P payments offerings on a regular basis is negligible (5%), while 33% of Gen Z report they use them regularly

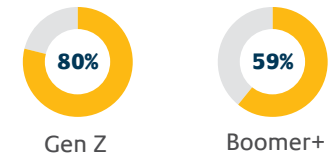


**Comparing Stark Generational Contrasts**

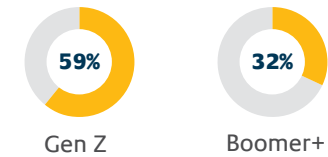
"I use a greater variety of payment methods than I did a few years ago."



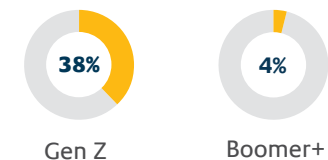
"Use contactless card at least a few times per month"



"Have used their FI's BNPL program"



"Have invested in and/or hold cryptocurrency"





## Table of Contents

[Introduction](#)
[Mobile Wallets](#)
[Payment Preferences](#)
[Economic Uncertainty](#)
[Emerging Payments](#)
[Digital Innovations](#)
[Card Design & Rewards](#)
[Debit's Dominance](#)
[Payments through Generations](#)
[Final Considerations](#)


pscu.com

and 18% consider them a primary payment method. More than half of Gen Z (54%) have used a text message, QR code and/or social media app to pay, with only 8% of Boomers reporting they have utilized one of those options. Nearly half the number of Boomer respondents (32%) report they have used a Buy Now, Pay Later (BNPL) program from their financial institution when compared to 59% of Gen Z. Finally, 4% of Boomers have invested or hold cryptocurrency in contrast to 38% of Gen Z respondents.

### Key Takeaways:

Most credit unions know their members expect personalized, connected experiences. Be sure to take this a step further by personalizing offerings to meet members' needs in different life stages. While digital-first younger generations are always on the hunt for the latest and greatest, older cohorts gravitate toward reliable, time-tested methods. To truly understand your target audiences and be there first with the right solution best suited to each member or potential member, put your data to use. Credit unions can use data to develop targeted campaigns, reaching the appropriate audiences with different messages to drive product use and engagement. Survey members periodically to align on what they are most interested in, how they prefer to communicate and more.

## PERSONA: MOBILE WALLET OPPORTUNITY

Emily is a 26-year-old single woman who lives in Texas. She is a high school graduate who works full-time and earns around \$35,000 per year.

To pay for items, she prefers to use her debit card. Emily doesn't use a mobile wallet primarily because she doesn't know what it is or how to use it. If her financial institution offered educational classes or resources, she would be likely to utilize them.

Emily likes to interact with her financial institution by phone or via mobile app, but she also visits her local branch. She is most interested in opening a credit card with her financial institution, but she may be interested in an auto loan in the future.



**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

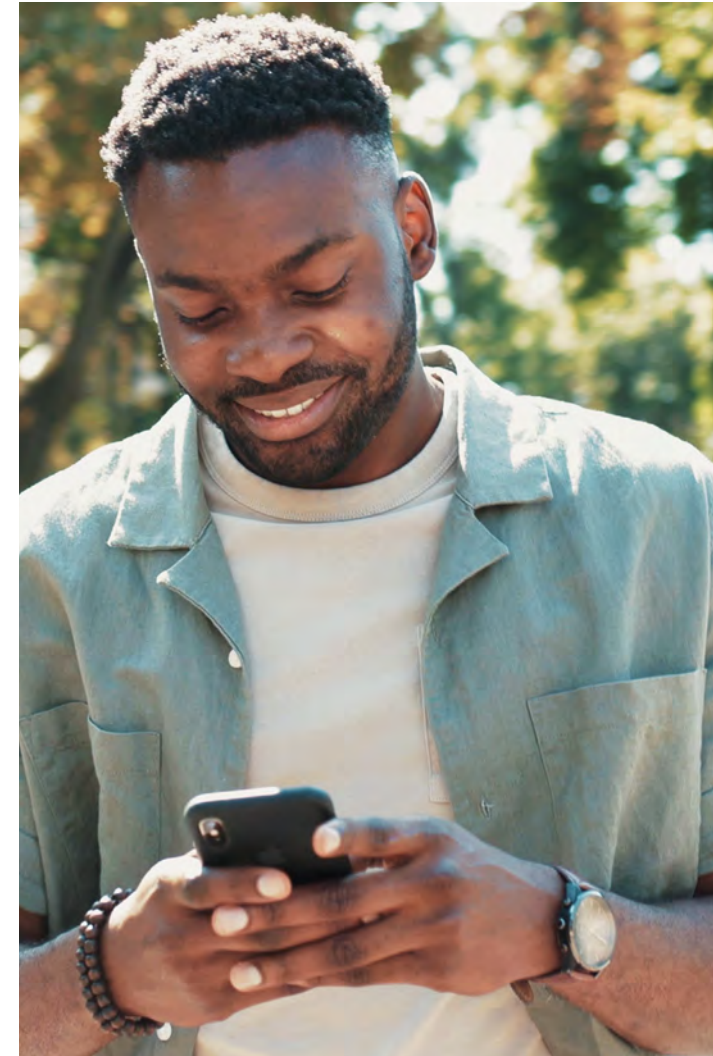
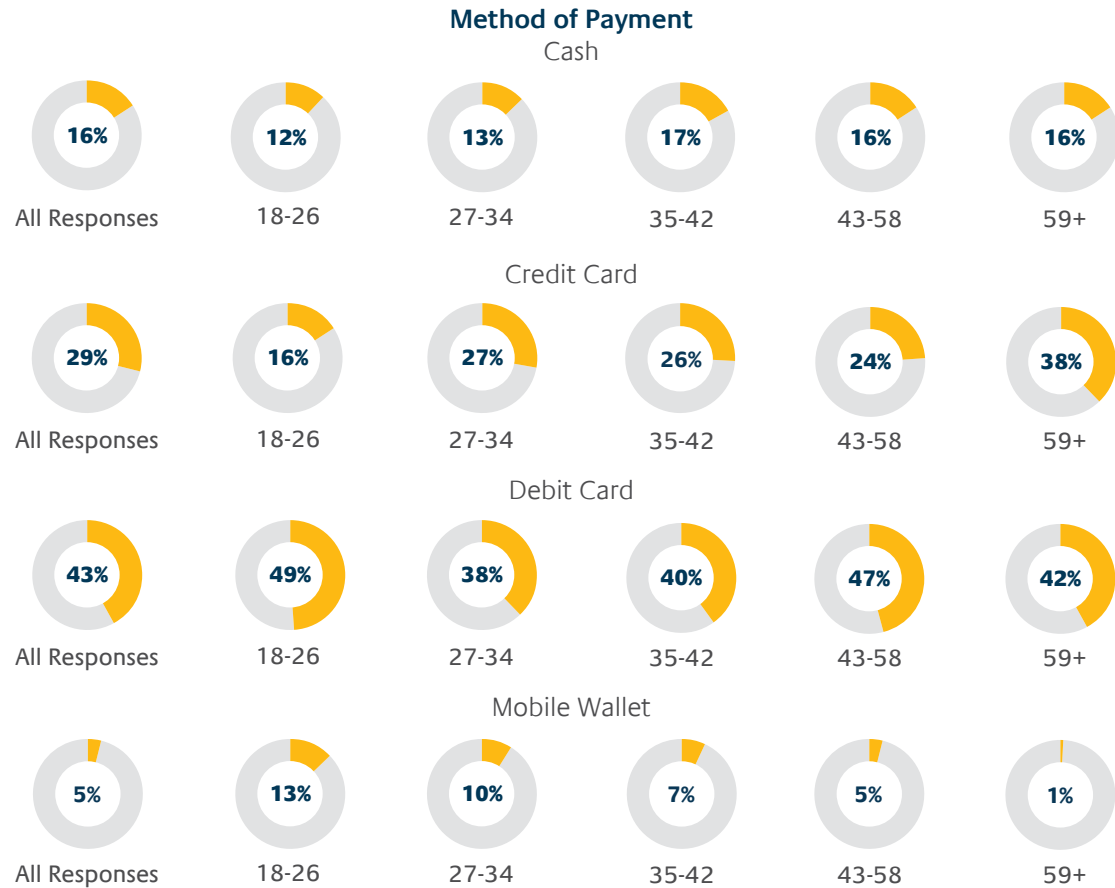
[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)

For credit unions, this will be especially critical as, according to a [recent PYMNTS.com article](#), just 5% of all Millennials and 4% of Gen Z are credit union members. To reach these younger generations and sustain growth for the future, credit unions must invest in and offer key digital innovations like mobile wallets, online apps and BNPL programs, in addition to digital technologies and lending offerings, among others.





## Table of Contents

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



In the aftermath of bank collapses and amid economic uncertainty, a majority of consumers report concern about personal finances.



**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



Over the past year, consumers have felt the ongoing pressure of the inflationary environment, high interest rates, rising fuel and grocery prices and more. With the crash of FTX, a cryptocurrency exchange, followed by the still-recent collapses of Silicon Valley Bank, Signature Bank and Silvergate Bank, it should come as no surprise that consumers are feeling less confident about their personal finances.

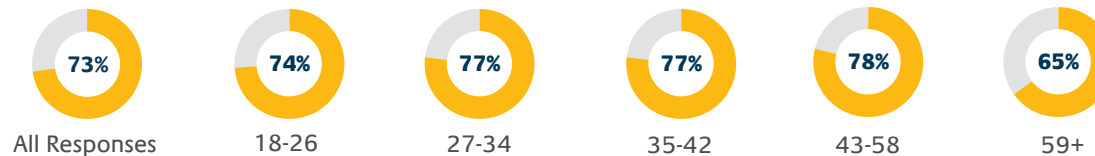
While 93% of credit union members believe their financial institutions are stable and say they trust their credit unions (which is higher than the 88% of non-credit union members who believe their financial institutions are stable and 89% who trust them), six in 10 (63%) are more concerned about the safety and

8 in 10 are worried about the economic outlook

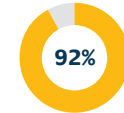
security of their money/savings than they were a year ago. Eight in 10 consumers (80%) report they are concerned about the economic outlook, with 73% being concerned about their personal finances as a result of the economy. This is followed by 62% who report they are more concerned about the security of their money or savings than they were a year ago as a result of the recent bank collapses. The good news for credit unions: 81% want to do business with a financial institution that knows them personally, and 77% prefer a smaller financial institution as opposed to a larger national one.

Similar to previous years, 70% of credit union members decide how to pay for something primarily based on which option is the most secure. Although less than two in 10 credit union members report they were a victim of identity (6%) or card fraud (12%) in 2023, three-quarters (76%) say they are very concerned about identity theft. In addition, 59% are more concerned about fraud given the continued shift to digital channels and platforms like online banking and mobile apps. Of those who did experience fraud, a majority (75%) report it was in connection with a purchase made online. Six in 10 of members (63%) were also pleased with how their credit union handled the situation.

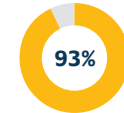
**As a Result of the Economic Outlook, I am Concerned About My Personal Finances**  
(Agree or Completely Agree)



**Do You Trust Your FI?**



All Respondents



Credit Union Members



Non-Credit Union Members



## Table of Contents

[Introduction](#)
[Mobile Wallets](#)
[Payment Preferences](#)
[Economic Uncertainty](#)
[Emerging Payments](#)
[Digital Innovations](#)
[Card Design & Rewards](#)
[Debit's Dominance](#)
[Payments through Generations](#)
[Final Considerations](#)


pscuh.com

## Key Takeaways:

Credit unions would be remiss to not take advantage of the trust members have in their credit unions – a major differentiator from other financial institutions. Leaning into this existing trust can open the opportunity to grow relationships with both existing and new members through positive word-of-mouth and focused advertising.

In addition, with the “people helping people” philosophy at the heart of all that credit unions do, now is the time for credit unions to promote financial wellness and ensure their members know that their best interests are top of mind. This can include balance transfer campaigns, behavior modification alerts and more, all geared toward helping members establish and maintain financial security – while further fostering the trust that members have in their credit unions.

As more consumers turn to digital channels, it might also be a time to take inventory of your fraud toolbox. Ensuring your fraud-fighting efforts are up to date and effective will help credit unions maintain a high level of trust with their members. Once established, credit unions can lean into this trust to expand the services and offerings these members are seeking out from their credit union partners. In addition, be sure to communicate your fraud-fighting capabilities and solutions to members.

## PERSONA: FINANCIAL SECURITY-CONSCIOUS CONSUMER

Lisa is a 57-year-old married woman living in Pennsylvania. She attended college and currently works full-time. Her annual household income is around \$50,000.

Lisa is worried about the economic outlook and the impact it will have on her personal finances. She makes decisions about how she will pay for something primarily based on which option is the most secure. In general, Lisa is more concerned about fraud given the continued shift to digital channels and platforms (i.e., online banking, mobile apps, etc.).

Most interactions with her financial institution occur in person at a branch, but she sometimes communicates via telephone and uses the online app. Lisa would be most interested in a credit card from her financial institution, but she may also have a need for an auto or personal loan in the future.



## Table of Contents

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

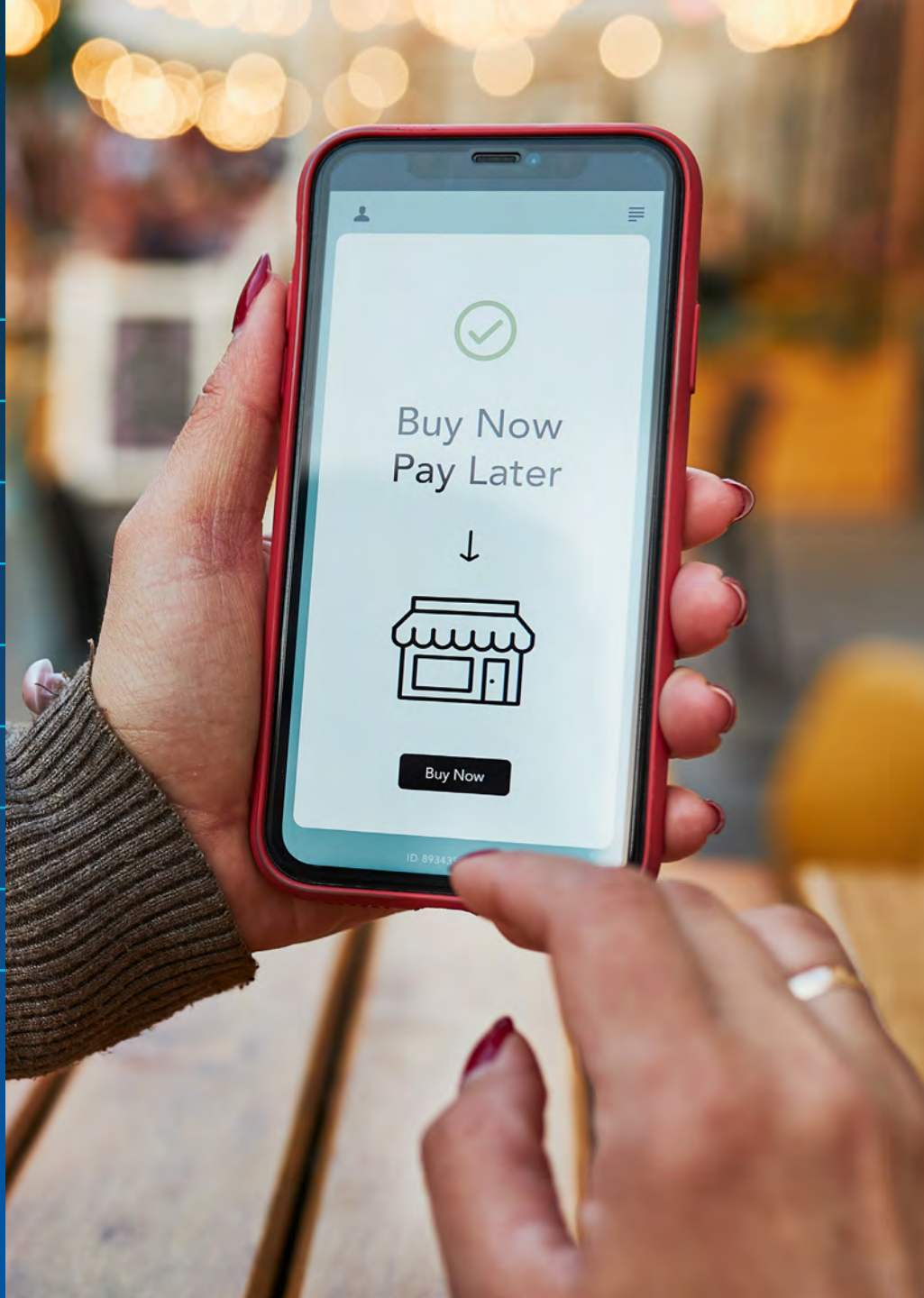
[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



Consumer interest in emerging payments offerings, like Buy Now, Pay Later (BNPL) and cryptocurrency, persists..





**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

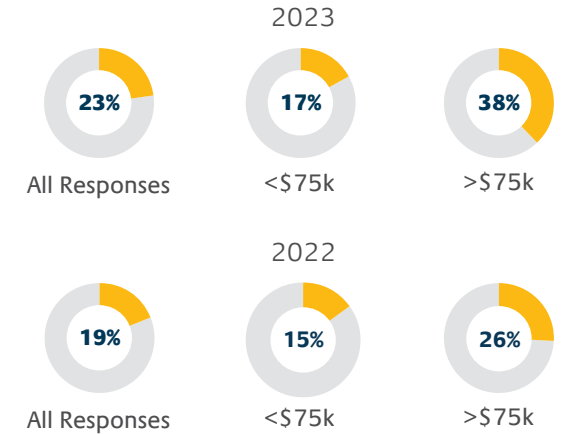
[Final Considerations](#)

Even with a fluctuating economic outlook, both credit union members and non-members remain interested in exploring emerging payments offerings. This year, credit union members are reporting an increase in both the availability and usage of BNPL programs: Of those who say their financial institution offers BNPL, 74% report having used it (up from 69% in 2022). At the same time, 35% have used a program offered through another entity like Affirm or Klarna. Credit union members said they would be more likely to use a BNPL program from a financial institution this year (33%) than in the past two years (31% in 2022 and 25% in 2021).

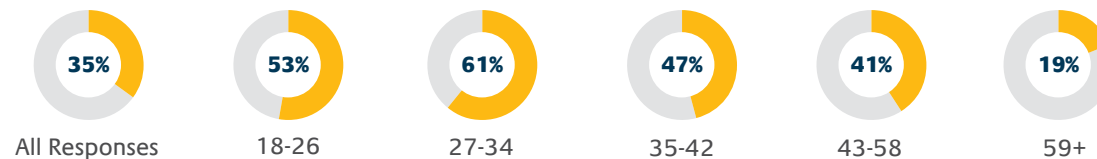
Younger Millennials show the greatest likelihood of using their financial institution's BNPL program (61%), an increase of 74% from 2021 (35%). While more consumers with an average or above average household income have used BNPL offerings (75% of those average or above compared to 58% below), consumers in the below average range are more likely to use them in the future (37% of those below average compared to 31% average or above).

Despite uncertainty surrounding cryptocurrency, there is a slight increase this year in the number of consumers who have invested and/or hold cryptocurrency, up from 19% in 2022 to 23% in 2023, with interest in learning more about cryptocurrency from their financial institutions remaining steady (30% in 2022 and 2023). Slightly more credit union members (24%) report they hold cryptocurrency, compared to 22% of non-members, while both groups report the same level of interest in learning about it (30% for both members and non-members). Millennials (42%) hold the most cryptocurrency of any generation, while consumers with higher income are also more likely to invest in cryptocurrency (38% average or above versus 17% below average). Those with average or above average income levels also report more interest in learning about crypto (41% average or above compared to 26% below). Of those respondents who have invested in cryptocurrency, a majority (56%) hold bitcoin.

**Have Invested in and/or Hold Cryptocurrency – By Income**



**If Your Financial Institution Offered a Buy Now, Pay Later Program, How Likely Would You Be To Use It?**  
(Likely or Extremely Likely)



**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

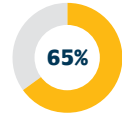
[Debit's Dominance](#)

[Payments through Generations](#)

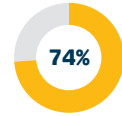
[Final Considerations](#)

**Year-over-Year BNPL Use**

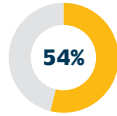
2023



All Responses



CU Members

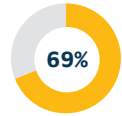


Non-CU Members

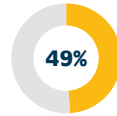
2022



All Responses



CU Members



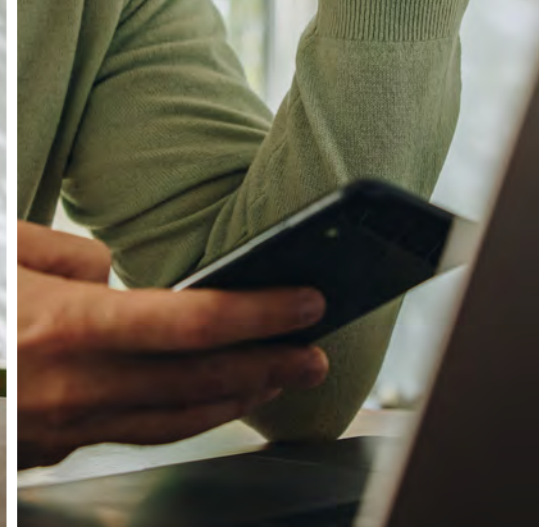
Non-CU Members

**PERSONA: BUY NOW, PAY LATER USER**

Michael is a 37-year-old man who lives in Illinois. He and his spouse earn around \$100,000 in annual household income, and they just bought a house in the past year. Michael is a college graduate and currently works full-time.

He has used his financial institution's Buy Now, Pay Later program and has also used Afterpay and Affirm for short-term financing.

Michael prefers to interact with his financial institution through its mobile app or website. He would be interested in securing a credit card or personal loan from his financial institution.





## Table of Contents

[Introduction](#)[Mobile Wallets](#)[Payment Preferences](#)[Economic Uncertainty](#)[Emerging Payments](#)[Digital Innovations](#)[Card Design & Rewards](#)[Debit's Dominance](#)[Payments through Generations](#)[Final Considerations](#)

## Key Takeaways:

As emerging payments become more mainstream, credit unions must keep a pulse on these offerings and evaluate when and how it makes sense to provide them to members. To maximize value, credit unions should prioritize technologies that advance the organization's overall business objectives. Depending on the credit union's specific needs and goals in a given year, as well as the appetite for risk, exploring a BNPL or installment payments offering or integration should be a priority. As evidenced, the demand and interest for this type of program exists among consumers – and if their financial institution does not offer it, they will be likely to seek it from another vendor.

When it comes to cryptocurrency, many consumers have already shifted their expectations from using crypto on a routine basis to pay for goods and services to using it as a longer-term investment opportunity. With this in mind, it makes sense that those with average or above average income are still interested in cryptocurrency. Again, based on a credit union's appetite for risk, it might be time to consider not only where crypto will go in the future, but how and where it might fit within your strategic plans. Resources like PSCU's [cryptocurrency microsite](#) hold a wealth of information and materials specifically curated to help credit unions remain in the know as the crypto space continues to shift and evolve.

It is also important to provide counseling around BNPL and cryptocurrency offerings, as well as the associated risks, when these newer payment types are utilized in excess or issued by non-financial institutions. When backed by a financial institution, many are able to offer more security and peace of mind as they are federally insured by the National Credit Union Association (NCUA) or Federal Deposit Insurance Corporation (FDIC).



## Table of Contents

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



... while digital innovations capture share of mind and utilization.





**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



Innovation can be a major differentiator in the payments world, with new and cutting-edge offerings showing the potential to drive interest and adoption among consumers of all ages. Take technology giant Apple, for example, which – although not a traditional financial institution – launched a card offering in 2019 and savings account solution in 2023. Half of survey respondents (50%) say they are familiar with the new Apple Card and/or Apple Savings, and of those, 46% have either already opened one of these accounts or plan to in the next six months.

In a similar vein, the number of consumers who use P2P payment accounts at least periodically has risen by 18% since 2021. This year, more than six in 10 (66%) report they used P2P payment accounts periodically, compared to only 57% in 2021. Younger generations are flocking to this option: Younger Millennials use P2P payment accounts most frequently, with over half (57%) saying they use the technology regularly or as a primary payment method. In addition, 6% of Gen Z report P2P payment accounts are their most preferred way to pay. PayPal remains the most popular P2P platform (82%).

Over half of consumers ages 42 and younger (Older Millennials at 58%, Younger Millennials at 61% and Generation Z at 54%) have also used text, a QR code and/or a social media app to pay for goods and services or make a purchase. Overall, respondents in this age range indicated they have paid using a social media app (31%) slightly more than text (25%) or QR code (25%).

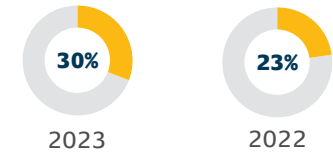
When it comes to digital cards, more credit union members received a digital card to use while waiting on a physical card in 2023 (30%) than in 2022 (23%). Of those who received one, more than eight in 10 (86%) used their digital card while waiting for the physical card to arrive.

**Key Takeaways:**

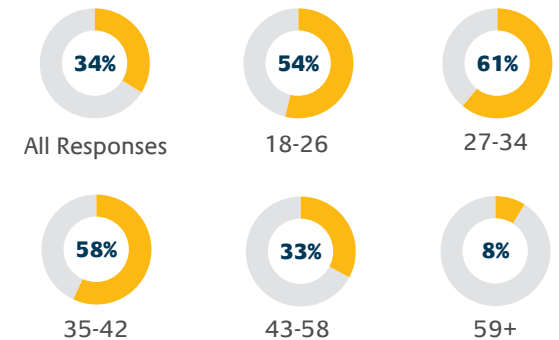
Credit unions need to adopt a policy of perpetual innovation to keep up with not only the bigger banks, but also the many fintech and tech companies that have entered the financial services space. In recent years, these other organizations have developed products that are piquing the interest of credit union members and younger generations and, in turn, drawing them away from traditional financial institutions. Credit unions can't afford to pause, much less stop, their innovation journey. If anything, it should serve as the impetus to accelerate efforts whenever possible. Not only is this commitment to innovation important to retain current members, but it will also be critical to attract new (and younger) ones if credit unions hope to preserve their membership for the future.

**In 2023, More Consumers Received a Digital Card to Use While Waiting on a Physical Card**

(Credit Union)



**Have Used Text, QR Code and/or Social Media App to Pay**



## Table of Contents

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)

As a part of the innovation journey, add marketing as a prominent line item. One of the biggest reasons a majority of people know about Apple's newer offerings and services could be in part due to the brand's focus on marketing its products, tools and services across different channels and to different audiences. A multi-channel, integrated marketing strategy can not only help your credit union showcase its cutting-edge technologies, but it can also help reach different generations through the channels in which they are frequenting the most. While communicating about your innovations, be sure to again highlight the safety and security of services available directly through a consumer's trusted financial institution and the insurance it holds in comparison to non-financial issued offerings.

---

More CU members than bank customers have already opened an Apple Card or Savings Account.

---

## PERSONA: APPLE CARD HOLDER

Michael is a 35-year-old married man who lives in New York and works full-time. He changed jobs within the past year, and his household income is currently greater than \$100,000 annually. Michael holds a college degree.

He has an Apple card and an Apple savings account and plans to use his card to make a purchase in the next six months. In general, Michael prefers to use a credit card to pay, and he is also extremely likely to use his mobile wallet in the near future.

Michael prefers to use his mobile banking app and is strongly interested in securing a credit card from his financial institution.





## Table of Contents

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



Card design and rewards drive usage.



**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



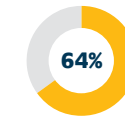
While convenience, ease of use and speed have historically led the way as reasons why consumers turn to credit or debit cards, other factors like card design and rewards also play an important role. Four in 10 credit union members (39%) agree card design – including the material (i.e., metal) or way in which it is made (i.e., sustainably) – influences which card they choose to use. Younger consumers are particularly influenced by card design: Seven in 10 Younger Millennial respondents (70%) and six in 10 Gen Z respondents (63%) report card design influences which card they choose, while only one in 10 Boomers (16%) report the same. While this initially may seem at odds with the increasing interest in and adoption of mobile wallets and digital payments, it likely speaks to the importance younger generations place on variety.

4 in 10 respondents say that card design (e.g. metal, sustainable) influences which card they choose to use.

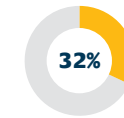
Forty-two percent (42%) of credit union members have also decided to use a credit (39%) or debit card (42%) based solely upon its rewards. A majority report they receive rewards on their credit cards (54%), while 19% report they receive rewards on both their credit and debit cards. Only 8% receive debit card rewards only. More than half agree being able to earn rewards makes them want to use their cards more (49% for credit and 52% for debit), while more than six in 10 agree rewards are

important in their credit (66%) and debit (60%) card usage. The most frequent credit card rewards include cash back (64%), points toward online shopping (32%) and points for travel rewards (28%), while the most common debit card rewards are cash back (55%), merchandise catalog (37%) and points toward online shopping (36%).

**Most Frequent Credit Card Rewards**



Cash Back



Points Toward Online Shopping

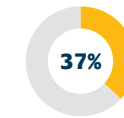


Points for Travel Rewards

**Most Frequent Debit Card Rewards**



Cash Back



Merchandise Catalog



Points Toward Online Shopping





## Table of Contents

[Introduction](#)
[Mobile Wallets](#)
[Payment Preferences](#)
[Economic Uncertainty](#)
[Emerging Payments](#)
[Digital Innovations](#)
[Card Design & Rewards](#)
[Debit's Dominance](#)
[Payments through Generations](#)
[Final Considerations](#)


pscu.com

## Key Takeaways:

Members crave flexibility when it comes to picking a card out of their wallet. Not only do they want the option to choose with what products their card is made and how it is designed, they want to select the rewards in which they are most interested. Is it the parents of four children looking for a card that will help them plan and cover some of the expenses associated with their next family vacation to Disney World, or a single consumer seeking unique and exclusive opportunities, like concert ticket presales or VIP experiences? Robust card design options and tailored rewards programs can help meet the needs of any member.

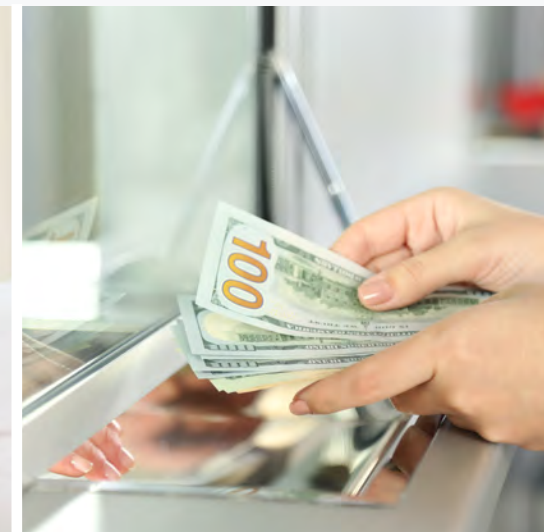
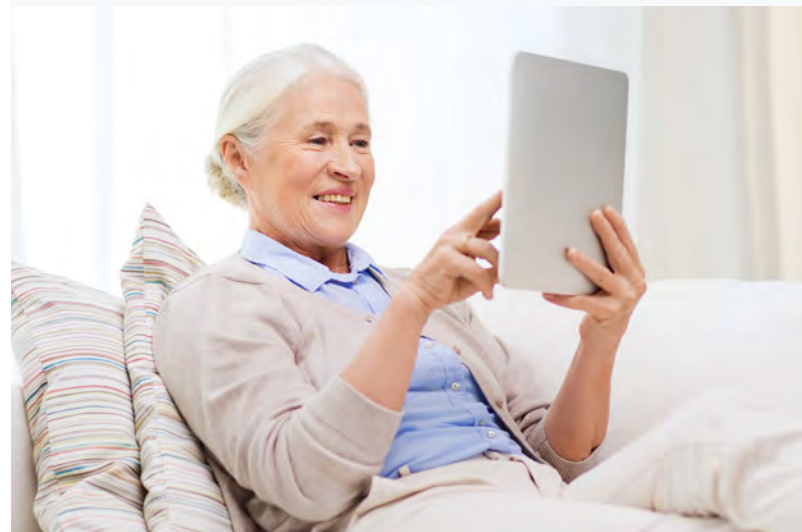
Consider partnering with a credit union service organization (CUSO), like PSCU, or another vendor that can expand and elevate your card design and rewards capabilities. These partners can help evaluate what types of design or rewards are of most interest to members, as well as more seamlessly implement the infrastructure necessary to launch them. A partnership like this can also benefit a credit union in other ways outside of just card design and rewards, including through scale buying power, the ability to leverage relationships with other payments industry leaders and direct access to the relevant services and solutions that credit unions need most to compete. CUSOs in particular also strive to deliver services that enable credit unions to provide their members with unparalleled, seamless experiences.

## PERSONA: REWARDS ENTHUSIAST

Mary is a 67-year-old retired woman who lives in Alabama. She is married, and her household income is around \$50,000–75,000 annually.

She receives rewards on her credit card only, and those rewards are very important in her card use. In fact, Mary believes strongly that rewards make her want to use her credit card more. She enjoys a cash-back reward and also earns points to use for online shopping.

Mary trusts her financial institution, with which she most often engages face-to-face by visiting a branch.



## Table of Contents

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



Growing debit-credit gap highlights debit's continued dominance.





## Table of Contents

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

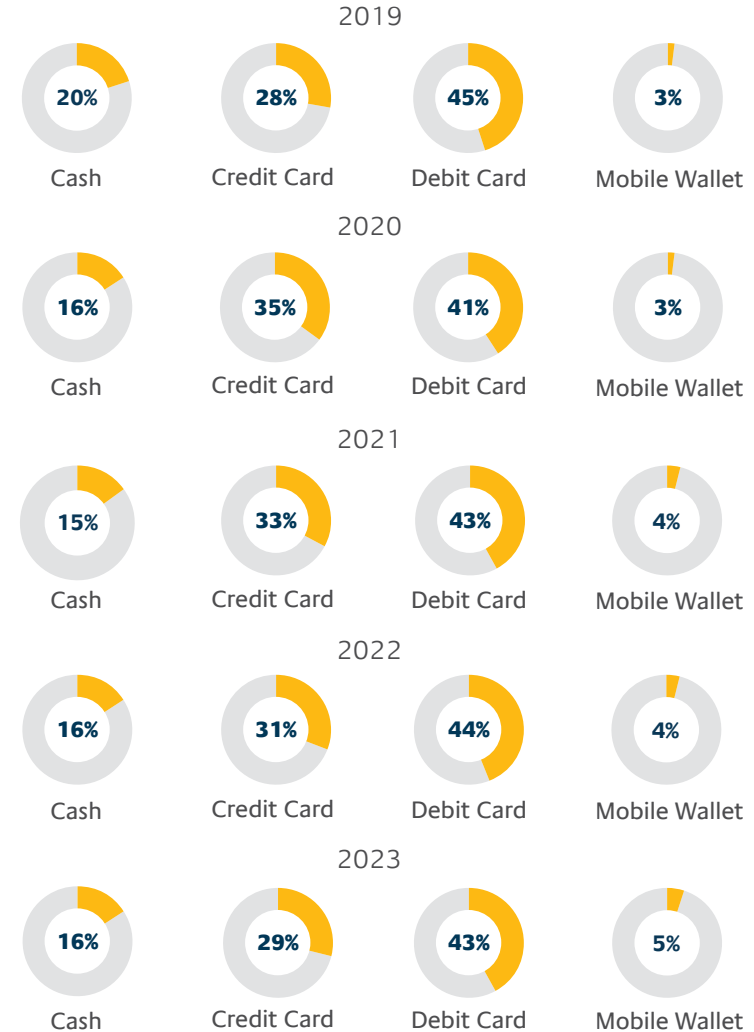
[Final Considerations](#)



Debit solidified its place as the most preferred way to pay (43%) for the fifth year in a row, a finding underscored by a decrease in credit preference from 35% in 2020 to 29% in 2023. This difference is slightly less pronounced among credit union members, with 44% preferring debit and 30% preferring credit (a difference of 14 percentage points), compared to non-credit union members, reporting a preference of 43% for debit and 26% for credit (a 17 percentage-point difference). This is coupled with a consistent increase in preference for mobile wallets and P2P payment accounts, alongside a decrease in cash.

Credit union members use their debit cards more frequently for all types of purchases, from coffee shops and fine dining to grocery and pharmacy purchases, and among almost all scenarios, including routine purchases between \$10–\$30, purchases between \$30–\$200, for subscription services and when buying consumable or tangible goods. A majority of consumers have a debit card loaded in their mobile wallets (68%). That said, usage of both debit and credit cards remains high with 70% of credit union members reporting they used a debit card and 66% reporting they used a credit card in the past 60 days to pay for something in store. When looking toward the next six months, 81% of credit union members anticipate they will use a debit card and 76% predict they will use a credit card. Consumers also turn to credit cards for major purchases, and four in 10 credit union members use their credit cards for online purchases (42%) rather than debit cards (34%).

### First Preferred Payment Method – Trended, Five Years



**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



Debit card preference by Younger Millennials dipped slightly this year (from 46% in 2022 to 38% in 2023), and for the first time in several years, Boomers selected debit (42%) over credit as their first preferred payment method (38%). The decrease in debit preference among Younger Millennials was spread among other payment forms from gift cards to credit cards, mobile wallets and cash. In addition, consumers with an average or above average household income are far more credit card-leaning (49% credit versus 23% debit), whereas those with a below average income prefer debit (40% debit versus 34% credit).

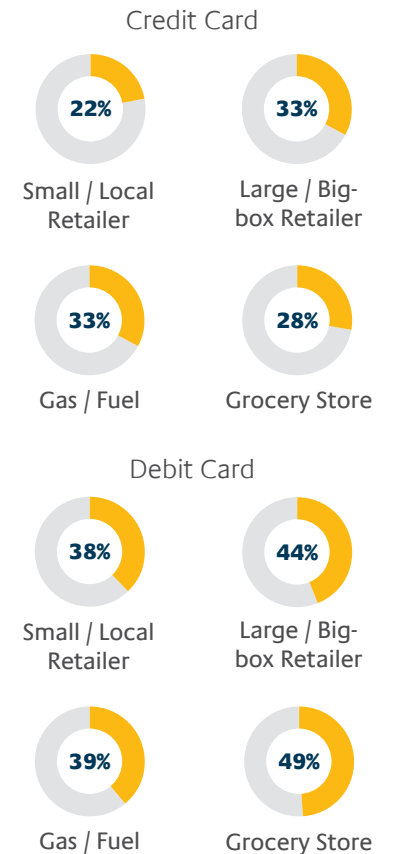
**Key Takeaways:**

While digital options, emerging payments and innovations, among other new solutions, are all attracting consumer interest, legacy offerings still have a valuable place in consumers' wallets. With the economy top of mind among a majority of consumers, it makes sense members might be reaching more frequently for budget-conscious payment methods, like debit cards, for the foreseeable future.

That said, for the second year in a row, there is evidence of a division between what members are reporting as their preferred payment method in comparison to what they are actually using. Yet again, while debit might be the preferred way to pay, data from the [PSCU Payments Index](#) – which tracks actual monthly transactions and purchases – is showing growth on the credit side, as indicated by increasing credit card balances. This trend is likely to continue with sustained inflation and as federal student loan payments resume this fall.



**In All Retail Scenarios, Debit is Preferred**





## Table of Contents

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



# Payments through Generations



## Table of Contents

[Introduction](#)[Mobile Wallets](#)[Payment Preferences](#)[Economic Uncertainty](#)[Emerging Payments](#)[Digital Innovations](#)[Card Design & Rewards](#)[Debit's Dominance](#)[Payments through Generations](#)[Final Considerations](#)

## Baby Boomers

For the first time in several years, more respondents from the Boomer generation selected debit over credit as their first preferred payment method. While they still prefer to use their credit cards more than any other generation, 42% of respondents ages 59 and above said debit is their first preferred payment method, as opposed to the 38% who selected credit. Other external factors could also be playing a role in payment method preferences.

While all generations are concerned about the economy, those ages 59 and above experienced very few major life events, such as purchasing a new home or losing a job, in the past year and, compared to younger consumers, are slightly less worried about the economy's impact on their personal finances. Fifty-nine percent (59%) of Boomers say they are more concerned about fraud, given the shift to digital channels and platforms, but it doesn't stop most of them from using technology, like online banking and mobile apps, to interact with their financial institutions. In fact, more than half of respondents (53%) in this age range say they go online to their financial institution's website, and 25% use its mobile app. About one-third (34%) use their mobile phones to conduct banking and/or make payments.

### Key Takeaways:

Given Boomers' preference shift toward debit, credit unions can better serve this generation through enhanced debit card offerings like rewards and fraud alerts. Credit unions can further meet Boomers' needs by ensuring digital interactions through their websites and online apps are user-friendly and accessible. To further this generation's digital engagement, credit unions should also focus on providing education and resources around mobile wallets and other digital payment types to drive understanding and usage of these products. In fact, one-third of Boomers (32%) reported they would be likely to utilize educational classes or resources if offered by their financial institution.





**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



**Baby Boomers**

Top two most preferred ways to pay:	Debit card (42%), Credit card (38%)
Frequency of contactless card usage:	Few times per month (33%), Few times per year (26%), Few times per week (21%)
Frequency of person-to-person payment account usage:	Don't use at all (60%), Use periodically but not the primary method (34%)
Frequency of mobile wallet usage:	Few times per year (13%), Few times per month (8%), Few times per week (1%)
Likelihood of using their FI's Buy Now, Pay Later (BNPL) option:	Likely (16%), Extremely likely (2%)
Have invested in or hold cryptocurrency:	Yes (4%)
Familiarity with Apple Card/Apple Savings Account:	Have heard of them (36%); Have opened an account (10%)
Economic impact statements with which this group most agrees:	"I believe that my financial institution is stable" (95%), "I am worried about the current economic outlook" (80%)
Payment trends with which this group most agrees:	"I tend to pay more with credit cards than I did a few years ago" (48%), "I use a greater variety of payment methods than I did a few years ago" (42%)
Major life events experienced in the last 12 months:	Retired or left the job market (8%), Purchased a home or changed residences (5%), Changed jobs (4%)

## Table of Contents

[Introduction](#)[Mobile Wallets](#)[Payment Preferences](#)[Economic Uncertainty](#)[Emerging Payments](#)[Digital Innovations](#)[Card Design & Rewards](#)[Debit's Dominance](#)[Payments through Generations](#)[Final Considerations](#)

## Generation X

Gen X continues to be a debit-leaning generation, with almost half of respondents (47%) saying debit cards are their first preferred method of payment across all types of purchases, from coffee shops to full-service restaurants and small/local retailers to grocery stores. This preference for debit has remained relatively unchanged in recent years, but Gen X's inclination toward credit has decreased slightly. In 2023, only 24% of consumers ages 43 to 58 say that credit cards are their first preferred method of payment, as opposed to 30% in 2021.

This group of consumers often serves as a bridge between its neighboring generations when it comes to preferences and technology. For example, Gen X consumers strongly like personal interactions with their financial institutions, similar to Boomers. In fact, 56% of Gen X credit union members indicate they visit a branch, and 45% communicate via telephone. At the same time, this generation also relies on technology for credit union interactions, and a sizable portion (49%) say they go online to their credit union's website and/or use its mobile app (45%). Similarly, nearly seven in 10 members (69%) in this age range use their mobile phones to pay bills and conduct online banking.

### Key Takeaways:

Credit unions should be prepared to bridge the gap between Gen X's need for both personal and digital interactions. When it comes to the tried-and-true branch visit or on-the-go online bill pay, Gen X wants the best of both worlds. Credit unions should be prepared to offer an excellent member experience both in-person and online.





**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



**Generation X**

Top two most preferred ways to pay:	Debit card (47%), Credit card (24%)
Frequency of contactless card usage:	Few times per week (33%), Few times per month (31%), Few times per year (19%)
Frequency of person-to-person payment account usage:	Use periodically but not the primary method (39%), Use regularly but also use other methods (20%)
Frequency of mobile wallet usage:	Few times per year (24%), Few times per month (20%), Few times per week (10%)
Likelihood of using their FI's Buy Now, Pay Later (BNPL) option:	Likely (31%), Extremely likely (10%)
Have invested in or hold cryptocurrency:	Yes (23%)
Familiarity with Apple Card/Apple Savings Account:	Have heard of them (49%); Have opened an account (35%)
Economic impact statements with which this group most agrees:	"I believe that my financial institution is stable" (92%), "I am worried about the current economic outlook" (81%)
Payment trends with which this group most agrees:	"I use a greater variety of payment methods than I did a few years ago" (68%), "I tend to pay more with debit card than I did a few years ago" (66%)
Major life events experienced in the last 12 months:	Changed jobs (13%), Lost my job (10%), Purchased a home or changed residences (8%)

## Table of Contents

[Introduction](#)[Mobile Wallets](#)[Payment Preferences](#)[Economic Uncertainty](#)[Emerging Payments](#)[Digital Innovations](#)[Card Design & Rewards](#)[Debit's Dominance](#)[Payments through Generations](#)[Final Considerations](#)

## Older Millennials

Older Millennials are more stable than younger consumers in terms of both employment and income, and they are looking for services from a solid financial institution. Only 13% report a job loss, and 18% cite a job change within the past year. Four in 10 respondents (43%) ages 35 to 42 say their household earns more than \$75,000 annually, and of those, 22% are earning six figures.

This generation is more concerned about the economy than other age groups, with 83% agreeing or completely agreeing they are worried about the current economic outlook. Their woes also appear to extend to instability in the banking system, as only 23% of Older Millennials completely agree when asked if they feel their financial institution is stable. Perhaps this concern for stability among traditional financial institutions has contributed to Older Millennials' adoption of Apple Card and Apple Savings accounts. Of respondents ages 35 to 42 who have heard of these Apple products, more than half (54%) have opened an account, and more credit union members in this age range (66%) have adopted the products than bank customers (44%). This generation, along with their Younger Millennial counterparts, also leads the way in cryptocurrency investments. This year, 42% of Older Millennials say they hold or have invested in cryptocurrency, up slightly from 37% in 2022.

### Key Takeaways:

Older Millennials are seeking stable banking options that will serve their money well. Credit unions have the opportunity to attract and serve this cohort, especially those with higher incomes, by offering competitive savings, investment and lending products, with a focus on financial security.





**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



**Older Millennials**

Top two most preferred ways to pay:	Debit card (40%), Credit card (26%)
Frequency of contactless card usage:	Few times per week (32%), Few times per month (30%), Few times per year (16%)
Frequency of person-to-person payment account usage:	Use periodically but not the primary method (33%), Use regularly but also use other methods (33%)
Frequency of mobile wallet usage:	Few times per month (24%), Few times per year (22%), Few times per week (21%)
Likelihood of using their FI's Buy Now, Pay Later (BNPL) option:	Likely (32%), Extremely likely (15%)
Have invested in or hold cryptocurrency:	Yes (42%)
Familiarity with Apple Card/Apple Savings Account:	Have heard of them (58%); Have opened an account (54%)
Economic impact statements with which this group most agrees:	"I believe that my financial institution is stable" (85%), "I am worried about the current economic outlook" (83%)
Payment trends with which this group most agrees:	"I use a greater variety of payment methods than I did a few years ago" (79%), "I tend to pay more with debit card than I did a few years ago" (73%)
Major life events experienced in the last 12 months:	Changed jobs (18%), Lost my job (13%), Purchased a home or changed residences (13%)

## Table of Contents

[Introduction](#)[Mobile Wallets](#)[Payment Preferences](#)[Economic Uncertainty](#)[Emerging Payments](#)[Digital Innovations](#)[Card Design & Rewards](#)[Debit's Dominance](#)[Payments through Generations](#)[Final Considerations](#)

## Younger Millennials

Younger Millennials still choose debit as their first preferred method of payment, but that preference dropped slightly this year, with 46% choosing debit as their top pick in 2022 as compared to 38% in 2023. This decrease was spread among different payment methods, including mobile wallet and credit, highlighting the importance of variety, choice and flexibility to this demographic.

Speaking of variety, Younger Millennials use their mobile wallets to pay more frequently than any other generation. In fact, almost half (49%) of credit union members in this generation say they use their mobile wallets at least a few times per week, and of those, 13% use the technology daily. Younger Millennials, especially those who are credit union members, use P2P payment accounts most frequently. A whopping 38% of credit union members ages 27 to 34 say accounts like Venmo are a primary payment method, as opposed to just 17% of bank customers of the same age range.

Younger Millennials crave flexibility and show the greatest likelihood of using a BNPL program from their financial institutions. In fact, 61% of members from this generation say they would be likely or extremely likely to use a BNPL program from their financial institutions. Of those who say their financial institutions offer a BNPL program, 75% have already used it.

### Key Takeaways:

Younger Millennials value variety, choice and flexibility in their payment offerings, and credit unions should be prepared to offer the solutions they want and expect. Credit unions should invest in seamless technologies like mobile wallet integrations, online banking and mobile apps, among other offerings. Furthermore, Younger Millennials want the flexibility of BNPL options. Credit unions should leverage this interest with their own installment plan programs, or members are likely to look elsewhere.





**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



**Younger Millennials**

Top two most preferred ways to pay:	Debit card (38%), Credit card (27%)
Frequency of contactless card usage:	Few times per month (31%), Few times per week (30%), On a daily basis (18%)
Frequency of person-to-person payment account usage:	Use periodically but not the primary method (36%), Use regularly but also use other methods (31%)
Frequency of mobile wallet usage:	Few times per week (26%), Few times per month (25%), Few times per year (23%)
Likelihood of using their FI's Buy Now, Pay Later (BNPL) option:	Likely (37%), Extremely likely (23%)
Have invested in or hold cryptocurrency:	Yes (42%)
Familiarity with Apple Card/Apple Savings Account:	Have heard of them (70%); Have opened an account (51%)
Economic impact statements with which this group most agrees:	"I believe that my financial institution is stable" (88%), "As a result of the current economic outlook, I am concerned about my personal finances" (77%)
Payment trends with which this group most agrees:	"I use a greater variety of payment methods than I did a few years ago" (83%), "I tend to pay more with debit card than I did a few years ago" (73%)
Major life events experienced in the last 12 months:	Changed jobs (21%), Lost my job (14%), Purchased a home or changed residences (11%),

## Table of Contents

[Introduction](#)[Mobile Wallets](#)[Payment Preferences](#)[Economic Uncertainty](#)[Emerging Payments](#)[Digital Innovations](#)[Card Design & Rewards](#)[Debit's Dominance](#)[Payments through Generations](#)[Final Considerations](#)

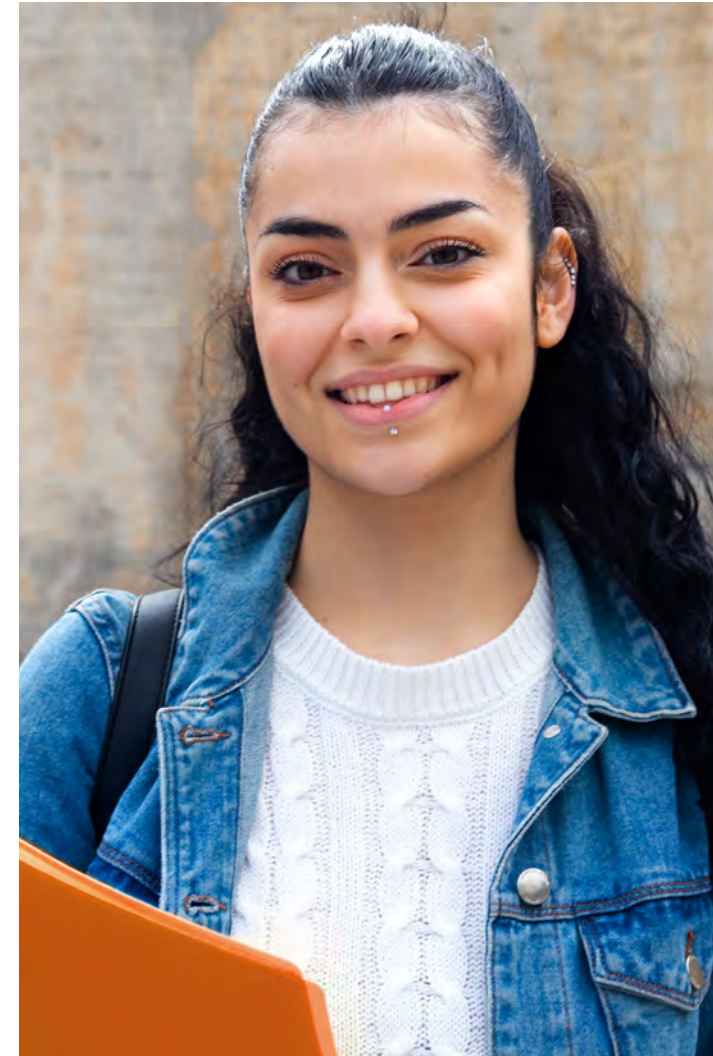
## Generation Z

This generation of 18- to 26-year-olds leads the charge when it comes to mobile wallet technology. While debit ranks No. 1 where payment preference is concerned, Gen Z prefers to use a mobile wallet more than any other generation. In fact, 13% of Gen Z consumers say mobile wallets are their first preferred payment method, which is nearly the same proportion as those who choose credit cards (16%) as their top pick. Gen Z credit union members, in particular, seem to favor mobile wallet technology even more than bank customers of the same age range, so much so that 76% say they use a mobile wallet at the point of sale, compared to just 55% of Gen Z bank customers. Likewise, 67% of members use a wearable, as opposed to only 58% of bank customers from this generation. As mobile wallet enthusiasts, they cite ease of use as the primary reason for using this technology.

These up-and-coming consumers are focused on securing their financial futures. While they are slightly less worried about the economy than the older generations, they are interested in saving money and building credit. Seven in 10 Gen Z respondents say they saved more money in the past year than they typically do, far more than any other generation, and 74% said they prefer to use credit cards to boost their credit. Consistent with this, about half (49%) indicate interest in securing a credit card from their financial institution. Forty-five percent (45%) of Gen Z credit union members, as opposed to just 31% of their bank customer peers, say they have applied for a new credit card through their financial institution in the past 12 months. Lending may be especially important to Gen Z because of fluctuations in their income, as 33% say they changed jobs in the last year, and 13% report losing their job.

### Key Takeaways:

When it comes to member experience, credit unions should focus on building loyalty with this newest generation of consumers – and one way in which to achieve this is by investing in innovative solutions to meet this demographic's digital expectations. Without an eye on innovation, credit unions run the risk of losing out on attracting or retaining this cohort to larger financial institutions, fintechs or other organizations. Recently launched into adulthood, Gen Z members are also eager to secure their financial futures with the help of credit unions that embrace new technology, while still offering them competitive legacy solutions, like credit cards.





**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



**Generation Z**

Top two most preferred ways to pay:	Debit card (49%), Credit card (16%)
Frequency of contactless card usage:	Few times per week (32%), Few times per month (30%), On a daily basis (18%)
Frequency of person-to-person payment account usage:	Use periodically but not the primary method (37%), Use regularly but also use other methods (33%)
Frequency of mobile wallet usage:	Few times per month (26%), Few times per week (21%), Few times per year (20%)
Likelihood of using their FI's Buy Now, Pay Later (BNPL) option:	Likely (37%), Extremely likely (16%)
Have invested in or hold cryptocurrency:	Yes (38%)
Familiarity with Apple Card/Apple Savings Account:	Have heard of them (65%); Have opened an account (46%)
Economic impact statements with which this group most agrees:	"I believe that my financial institution is stable" (87%), "I am worried about the current economic outlook" (75%)
Payment trends with which this group most agrees:	"I use a greater variety of payment methods than I did a few years ago" (80%), "I tend to pay more with debit card than I did a few years ago" (75%)
Major life events experienced in the last 12 months:	Changed jobs (33%), Lost my job (13%), Had or adopted a child (12%)

## Table of Contents

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



## Final Considerations





**Table of Contents**

[Introduction](#)

[Mobile Wallets](#)

[Payment Preferences](#)

[Economic Uncertainty](#)

[Emerging Payments](#)

[Digital Innovations](#)

[Card Design & Rewards](#)

[Debit's Dominance](#)

[Payments through Generations](#)

[Final Considerations](#)



As consumers look toward the remainder of 2023 and beyond, and in the face of continued economic and financial uncertainty, many are seeking stability and reassurance from their financial institutions. With member trust at an all-time high, credit unions are uniquely positioned to offer both, and serve as a safe space for their members. From routine banking to payments offerings, education and giving back, members look to their credit unions to help them achieve financial freedom and make smart, informed decisions.

It all comes down to providing credit union members with the options they are seeking out, then continually looking for ways to optimize, elevate or enhance those offerings. Credit union members still value variety and choice; convenience, ease of use and speed; and personalized experiences. Safety and security remain paramount. At the same time, digital offerings, new technologies and innovation are maintaining their hold over consumer consciousness. Credit unions should prioritize investment in digital solutions and innovations. From investing in innovation itself to promoting new, innovative tools or technologies, this focus will yield a substantial return for credit unions. Keeping products fresh, relevant and in tune to what consumers are demanding is critical to retaining current member relationships and establishing new ones.

**About PSCU**

PSCU, the nation’s premier payments CUSO and an integrated financial technology solutions provider, supports the success of more than 2,400 financial institutions and processes nearly 7.7 billion transactions annually. Committed to service excellence and focused on continuous innovation, PSCU’s payment processing, fraud and risk management, data and analytics, digital banking, strategic consulting and real-time payments platforms, along with 24/7/365-member support via its contact centers, help deliver personalized, connected experiences. The origin of PSCU’s model is collaboration and scale, and the company has leveraged its influence on behalf of credit unions and their members for more than 45 years. Today, PSCU provides an end-to-end, competitive advantage that enables credit unions to securely grow and meet evolving consumer demands. For more information, visit [pscu.com](https://pscu.com).

