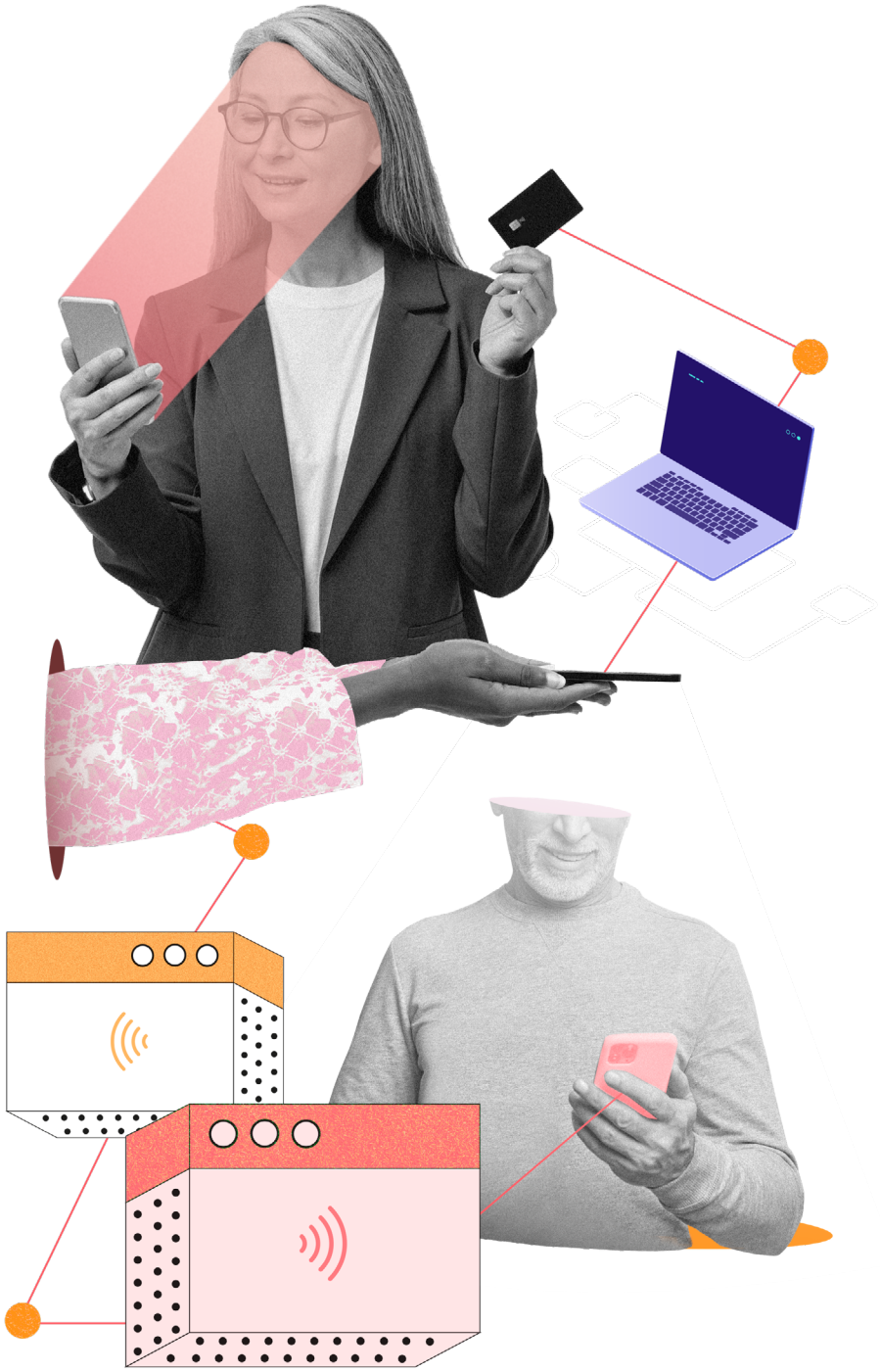
# The Zen Gen & Digital Payments

***Why digital payment adoption among 55-75 year olds matters***



Good Rebels

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# What we mean by digital payments

**For the purpose of this research, we've defined digital payments as:** Any payments not completed by cash or physically by card. Includes: mobile payments in store or online, digital money transfers, any online payments (card payments, subscriptions, paypal, apple pay, google pay) and payments via apps.

# Introduction.

# Digital payments are the new black.

When thinking about digital payment methods, it's not unlikely that our minds go to digital-only banks like Monzo or apps like Apple Pay. You would be forgiven for associating these with Gen Z or a particularly digitally inclined part of the population but, in reality, three quarters of adults in Europe make and receive digital payments.

It may not seem obvious but, as the most financially secure generation, baby boomers are one of the most important groups using digital payment technology. Particularly considering that, according to Statista, the UK has the most advanced ecommerce market in Europe.

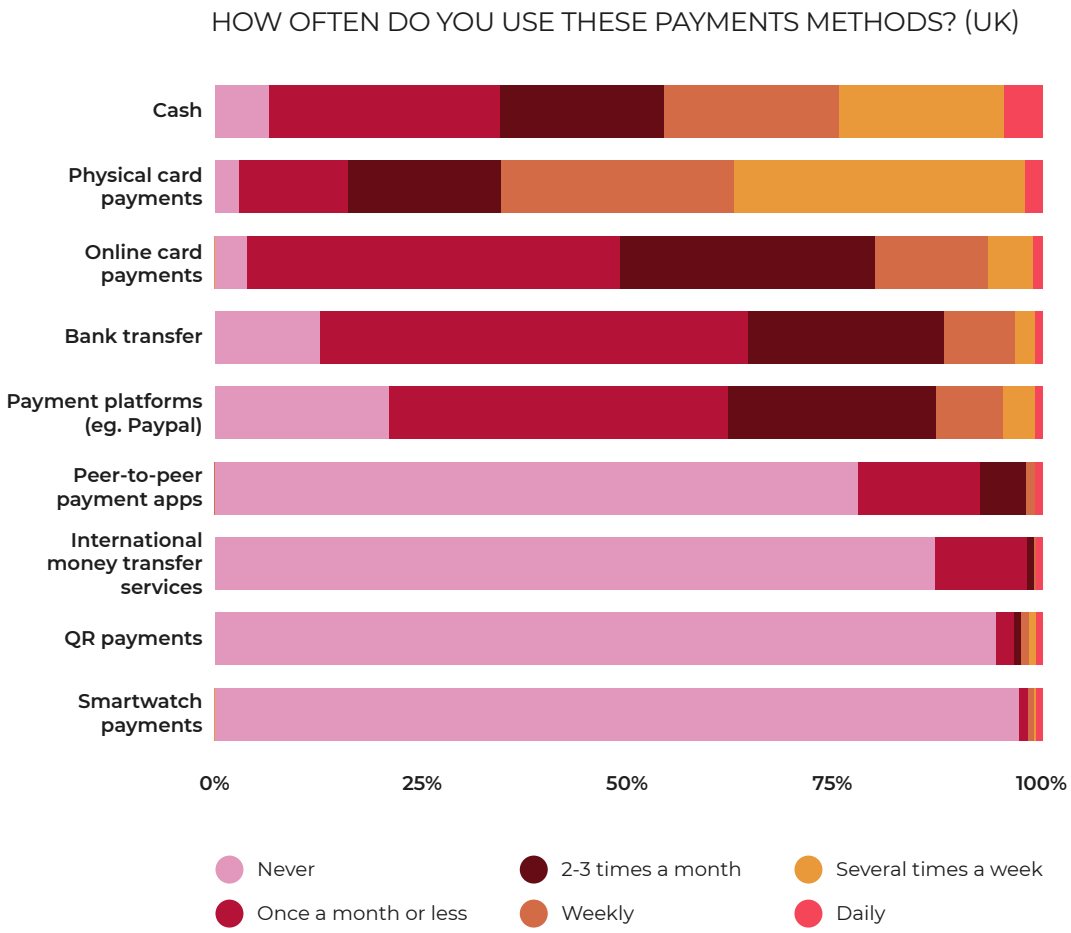
We set out to investigate just how important they are. Following on from our two previous research waves into the generation we have dubbed 'the Zen Gen' (they have a unique approach to digital: relaxed but savvy), we ran a survey and qualitative interviews with over 2,000 55-75-year-olds across seven European markets.

We discovered that, in the UK, **99% of respondents use digital banking.** 56% of UK participants access mobile banking at least weekly, and 70% at least a few times a month. Online banking is primarily used for checking balance and recent transactions.

Seems like they are pretty integrated into digital payments then, right?

Well, yes and no. Despite the common use of some digital payment methods, there is a wealth of them passing this generation by. Only 22% use mobile pay at all (with a mere 1% using it daily), 8% use peer-to-peer payment apps and less than 6% have ever used QR or smartwatch payments.

**There is huge potential in activating this group to adopt a wider variety of digital payment methods.** But how can that be done? Well, you've asked the right people. In this report we outline why this wealthy age group should be integrated into the world of digital payments, and most importantly, how.



Some key take-aways we want you to have in your back pocket after reading this report:

1

**They make more digital payments than they even realise.**
From ordering on Amazon to paying for utilities, managing money digitally is a daily occurrence for 'zenners'.

2

**This generation is open to new payment methods... if you make it worthwhile.**
They won't switch without seeing some serious value, so make sure to show it.

3

**Security is top of mind.**
It's the number one factor for deciding to use a payment method. So it should be top of mind for you too.

4

**Security is also totally subjective.**
They may not realise what is actually the most secure option. Educate, educate, educate.

5

**There is a gap in the market for peer-to-peer payments.**
Other markets are already filling this gap and we should follow suit.

6

**Keep it human.**
Even if the payments are digital, it's important that there is an option for human contact if anything goes wrong. After all, that's how relationships are made.

Want to
learn more?
Great.
Here we go.

# Their lives are already **more digital than you think.**

***I can do all of my banking online, balance, transfers, savings accounts, everything”.***

**John, 63**

We have seen in our previous research in 2020 and 2022 that this generation is more digital than brands think, evidenced by digitalisation supercharged by the pandemic, and they have more than adapted to an increasingly digital life.

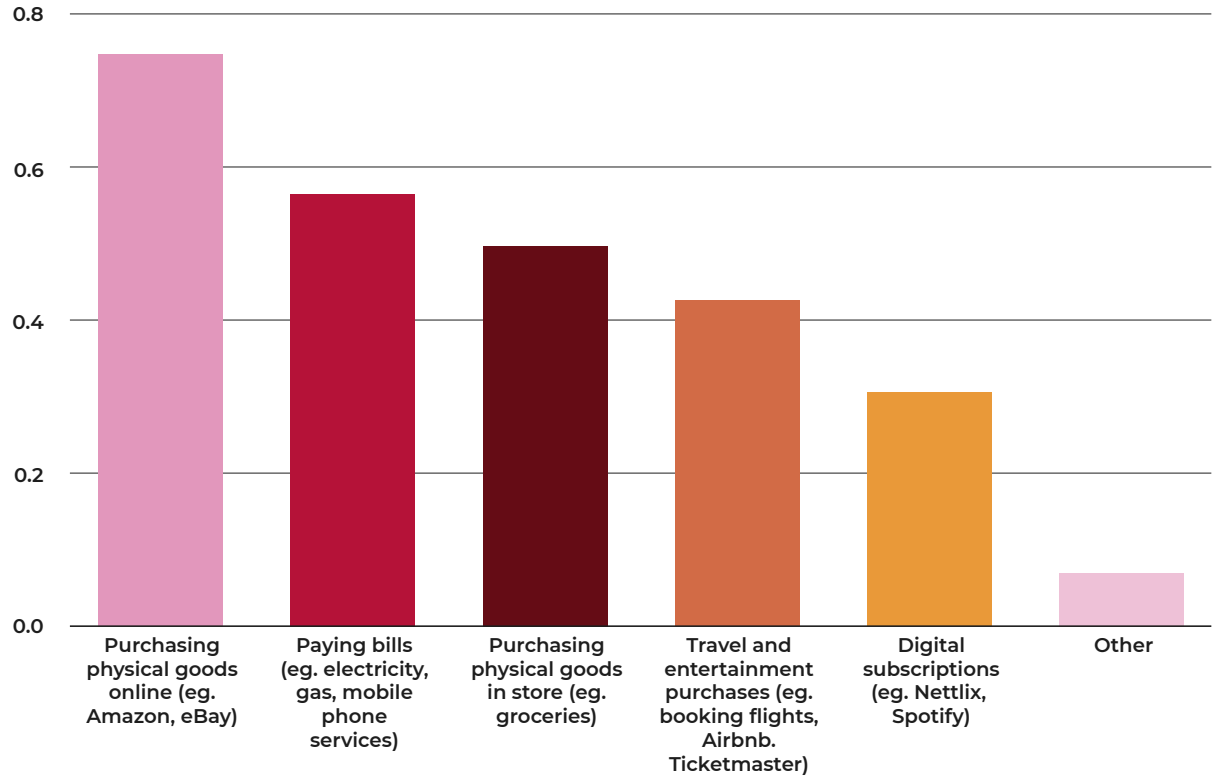
As we have been riding the wave of superdigitalisation, new digital payment methods have been popping up like mushrooms in the rain. If we go back a decade, it wasn't unusual to carry cash with you and we all remember transactions (on the bus, at a farmer's market...) that required physical money. Nowadays it's more likely to come across situations where you can't use cash, than situations when you need it.

**Forming 20% of the UK population, with the majority of them still in work, 55-75-year olds represent a significant demographic in monetary terms.** In fact, this generation owns around half of household wealth in the UK, with 1 in 5 of them classed as a millionaire. So it's not insignificant what they do with their cash (or credit cards, or mobile payments... you get the idea). The vast wealth and spending power is a huge opportunity for brands, service providers and, you guessed it, payment platforms. The more they spend, the more transactions they complete.

In our previous research, we set out to investigate the so-called baby boomer generation's digital behaviours. Starting in the depths of the pandemic, we discovered that 'zenners' are much more digitally savvy than many imagine, having been the original digital pioneers at the dawn of digital technology.

95% of them shop online, and past-pandemic their digital shopping behaviours have gone from ‘need’ to ‘want’. And according to research, the same is true when it comes to digital finance and payments. Although traditional forms of payment, such as cash and debit card, are still largely in favour of ‘zenners’, they are the generation adopting new forms of payment the fastest. So how do you get them to adopt your payment app or platform?

WHAT DO YOU BUY WITH DIGITAL PAYMENTS (EUROPE)



# Proven quality **builds trust.**

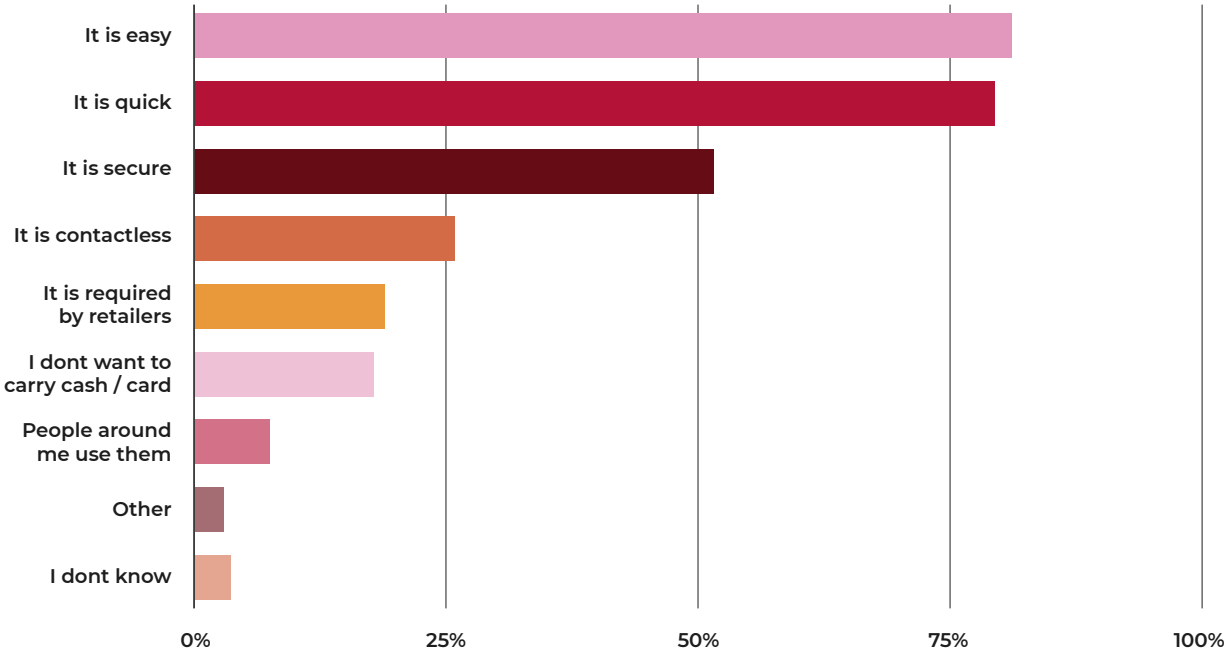
Although the concept of digital payments may be more associated with mobile pay and payment apps, all payment methods conducted online are digital. Bank transfers, online card payments and direct debits are all digital payments - and they are all something this generation is comfortable with.

According to a study commissioned by the European Central Bank, this generation is less likely (compared to younger generations) to use digital payments for two reasons: they don't feel the need to, and it doesn't feel as secure as other types of payments. Let's dissect these two claims.

> ***I like to stick to what I know."***
>
> **Sally, 56**

**The reasons for using digital payments for this generation are simple: it's quick and it's easy (81% and 79% of all respondents listed these as reasons, respectively).** But while the younger generations may be attracted to new features, new gadgets and just the pure 'newness' of digital technology, the Zen Gen isn't so easily swayed.

WHY DO YOU USE DIGITAL PAYMENTS? (EUROPE)



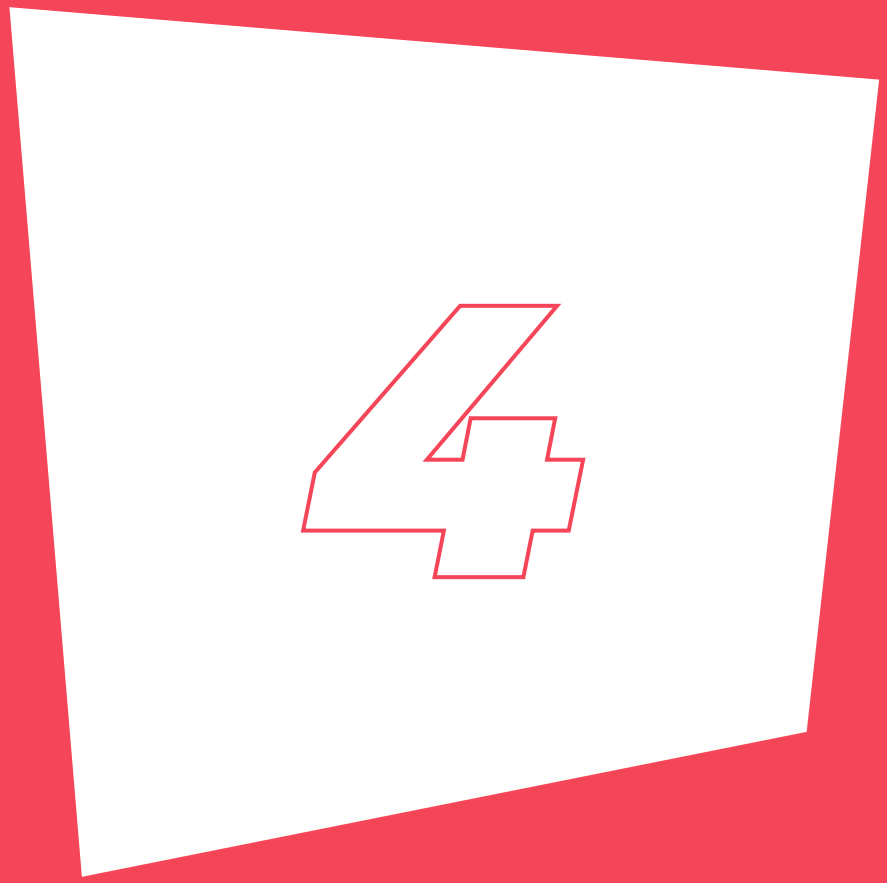
Zenners don't change banks or payment methods without good reason. In fact, in our interviews, we were often told 'nothing' when we asked what would make the person change banks. This was echoed by answers to the same question about digital payment methods.

However, when asked about why they stick to the payment methods or banks that they do use, we got to the core of their key motivations.

**Trust, familiarity and proven value are the motivators for this generation.** We saw in our previous research that a quarter of them have been stopped from making a purchase by a site feeling untrustworthy. We also know that **72% stick to the same brands online and offline, because they are familiar and trusted.** It's safe to say that this age group is brand loyal to the max. Win them over once, have them as a customer for the long run.

We can see this with multi-offering brands; for example, if they already use the Google suite, this increases their probability to use Google Pay, and the same is true with Apple and Apple Pay. In other words, **If people are already in an ecosystem of a brand, it's significantly more feasible to get them to adopt financial service offers within that same brand.** By making the 'transition' feel like a no-brainer or like a natural extension of what they are doing already (i.e. not like a transition at all), it's much easier to win them over.

The same is true when a payment method is directly associated with a bank (either theirs, or another established one). Ultimately, they need to see significant value (and no risk) to their life. Convenience, ease of use, benefits. But most of all trust.



# Perception of security is subjective. **Education is everything.**

It's unsurprising that 55-75 year-olds have a certain amount of scepticism and security concerns when it comes to finance. The baby boomer generation lived through the 2008 financial crisis during their working life, and are now seeing that, for the first time, their offspring have it financially worse than their parents. This age group is, quite understandably, looking to hold onto their money as a top priority, rather than finding the snazziest new digital money management tools.

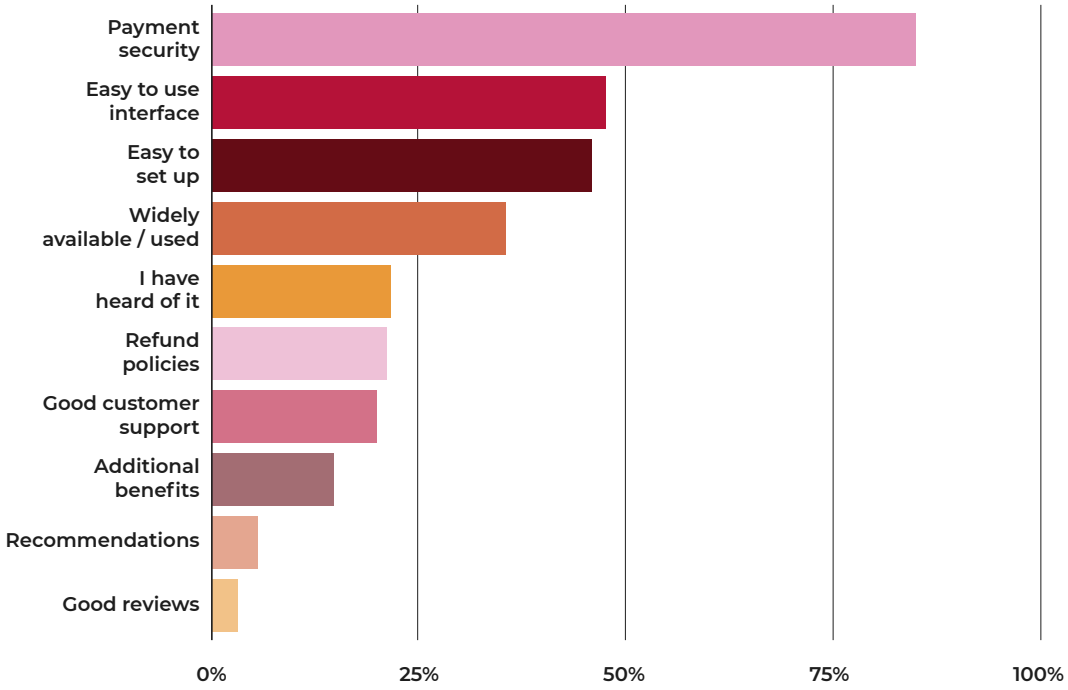
***"I think because I'm quite cautious and I know my way around a laptop, it feels quite secure."***

**Sue, 58**

In fact, **81% of our UK survey participants stated payment security is the most important factor when choosing a payment method.** Pretty straightforward, right? Well, the concept of security is straightforward, but the perception of security is subjective.

**In fact, according to our UK respondents, the payment methods that are considered most secure are cash and bank transfer** (77% and 71% ranked them 8 or higher in security on a scale from 1-10, respectively). Yes, they may feel like the most secure, because they are familiar. But are they really more secure than, say, mobile payments? No. In fact, digital payments for goods and services create a traceable trail of transactions which reduces the risk of money loss. In addition, most mobile phones have their own built-in security systems that add to the safety of mobile payments.

WHAT ARE THE MOST IMPORTANT FACTORS WHEN CHOOSING A NEW PAYMENT METHOD?



With fingerprints and face recognition now being commonplace to increase the personal safety of phone users, one would think that this security-focused generation would be all over paying with their phones. **But despite biometric identification being the epitome of security, 78% of those surveyed in the UK have never used mobile payments.** Instead, the most commonly used payment methods are card payments, online or in store.

# The learnings here are:

1

Educating this generation on the actual realities of security

2

Focusing messaging around how secure a payment method is and *why*

These examples from Visa during the FIFA World Cup, and Mastercard's #PayProtected campaigns are some of the content aimed at promoting payment security. But there is a fruitful opportunity for similar campaigns on methods like mobile payments, aimed specifically to encourage baby boomers to take up these more secure methods.

# User experience should emphasise user agency.

*I like the one-time code because if someone has stolen my account details but doesn't have my phone, that would be a problem, so I like that. Two-step verification is needed."*

**Cali, 58**

**When asked what about a user experience makes them feel secure, the interviewees were unanimous: two-step verification.** It gives a feeling of control, of agency in terms of verification.

In addition to giving agency to users, there are further best practice points to pay attention to:

1

Online payments involve sharing delicate information and it can be a stressful experience so **avoid asking for any information that is not strictly necessary.**

2

**Don't hide information, make sure that the purchase details are visible and as clear as possible.** Users usually double-check before finalising the payment process so make it as easy as possible using sidebars or accordions.

3

**Use progress bars** throughout the long process to ensure users know where they are and how much is left to complete.

4

Make privacy information, delivery costs and returns conditions **easy to consult so that users don't have to exit the payment process** to get some clarification.

5

**Use your brand's logo, colours, typography and tone of voice in every stage of the user experience** so your user can recognize and know they are in the right place.

6

Any errors that might occur during an online payment can lead to mistrust and a sense of uncertainty. In these situations **providing clear and useful feedback is a must**, but also use positive affirmations to ensure users that their actions had a result.

7

Display security badges like Google Trusted Store, **logos for accepted payment methods and icons that are associated with security** such as a lock.

8

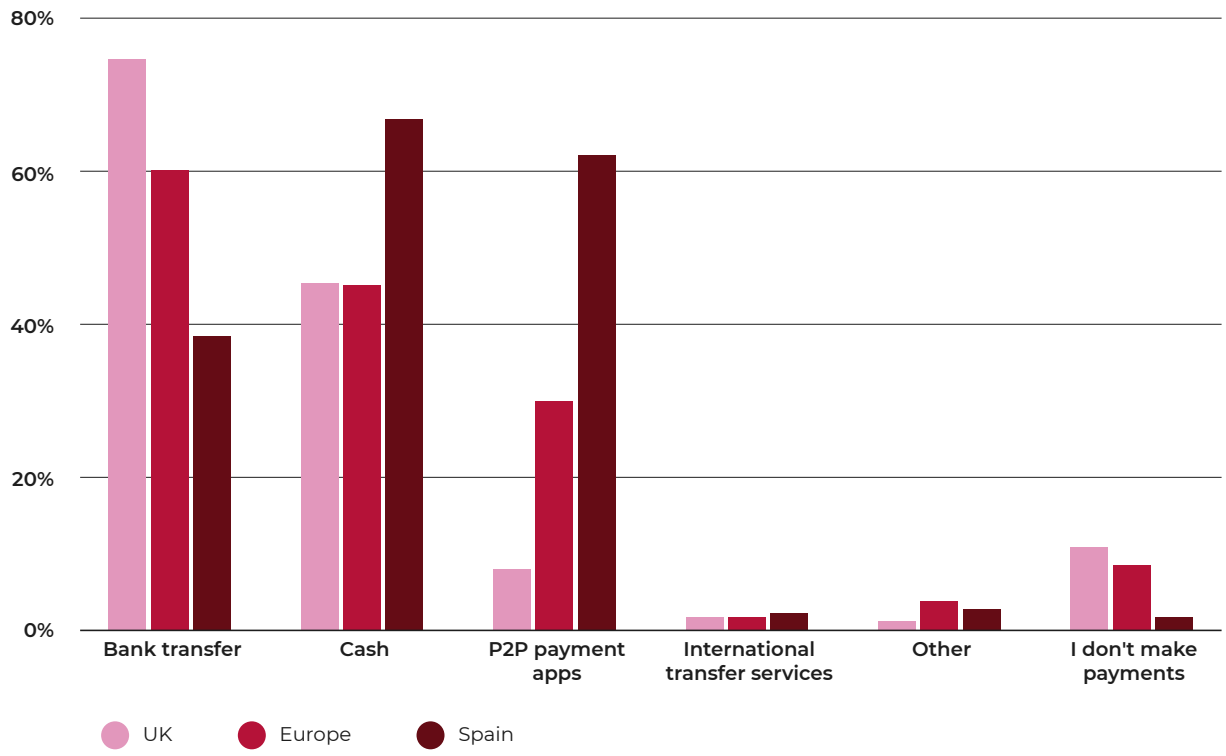
**Be inclusive!** Avoid using industry jargon, most users are not familiar with that language and it can create misunderstandings. Finally, use language localisation to make sure that the platform is in local languages and currencies.

# Peer-to-peer payments show a **gap in the market.**

The UK is a market of relatively strong digital maturity, which is demonstrated by the early adoption of the first forms of digitalisation. **This legacy of being in the forefront at the dawn of digital has cemented certain practices and tech solutions, such as desktop computers, as a staple.**

This impact can also be seen with digital payment, particularly payment apps. Unlike in continental Europe, peer-to-peer payment apps have not quite penetrated the market in the UK yet, compared to markets like Spain where the Bizum peer-to-peer payment (P2P) app is very widely used. **In Spain, 62% of participants stated their primary use of paying money to friends and family as P2P apps. In Europe, the average was 30%, and in the UK only 8%.**

HOW DO YOU MAKE PAYMENTS TO FRIEND AND FAMILY?



Despite Paypal being the original P2P payment method, none of our interviewees were aware that you could complete payments to friends and family with it, rather than just for payments and services. **The majority of P2P payments in the UK by the baby boomer generation are conducted via bank transfer (74% of participants use at least this method) or in cash (46%, respectively).**

Let's remember then, the key factors for using a payment method for this generation: security, ease of use and speed. It's true that they typically use their desktops or laptops more than mobile (35% use a laptop, 25% a mobile phone), but with the increase of smartphone use (and the added security aspect of mobile payment), it seems like a no-brainer to market a P2P payment app to this age group.

There is a definite gap in the market here. And let's be real - not even just for 'zenners' but for all age groups in the UK.

# A human experience **leaves a mark.**

***I'm still with the same bank I opened my first account with. Why? Because I formed a human connection with the bank clerk in that first interaction and therefore still feel I have a relationship with the bank."***

**Ronnie, 59**

From the research we did for this and our previous reports, it's clear that, when it comes to digital, this generation is not driven by the need for something new or exciting, and changing banks, payment methods or digital solutions doesn't have the stand-alone value or appeal it may have with younger generations.

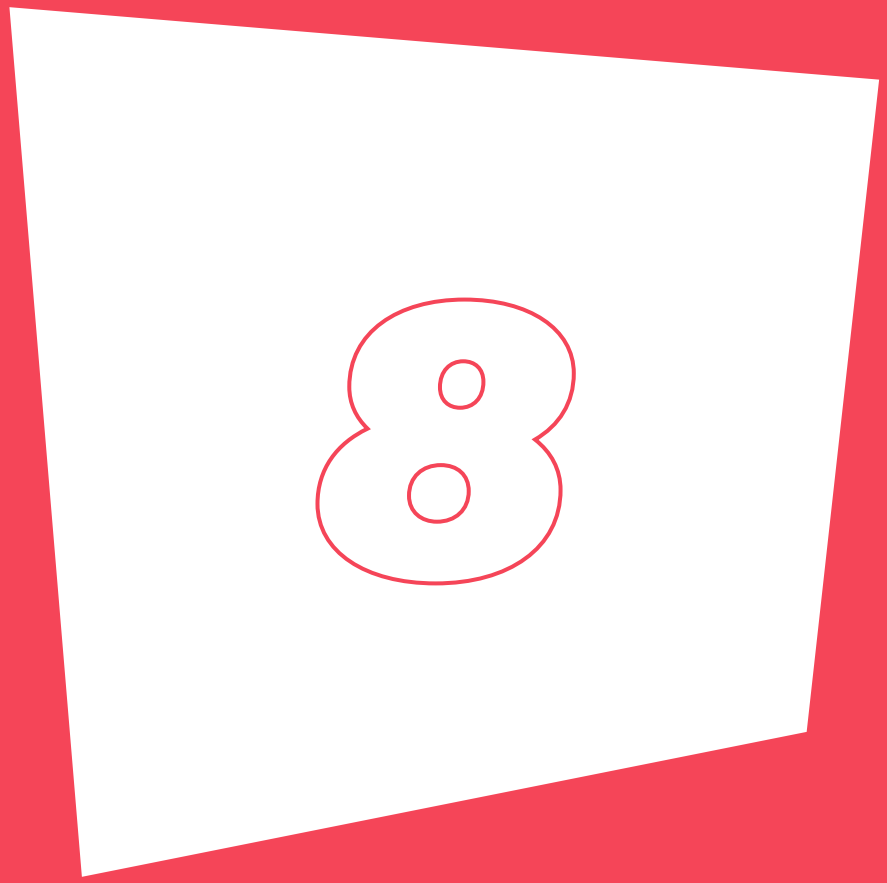
Despite the much-reduced frequency at which people physically go to the bank, there is an element of wanting at least the option of human contact. **73% of those surveyed selected a 5 or a 4 when asked how important having customer support easily available for payment platforms is (on a scale of 1 to 5).** This could be the possibility to call a service number or live chat with an advisor. The key here is human, so a chat bot won't suffice.

In our previous report, we said that being close to a brand makes 'zenners' more likely to buy from the brand and stay loyal. This is critical also when converting them to a new digital solution. I**t's how the brand or service feels to them, and a human contact is one of the most important ways in which they form a connection.**

This also links back to the element of security. As we already discovered, the reasons for perceiving a payment method to be secure are based more on familiarity, trust and how it feels, rather than the technical facts.

How can this be transferred to a business opportunity, you ask? Talk to your baby boomer customers. Face-to-face connections are not feasible for all brands, but even a phone call, a personalised email, or a chat feature with a real human being (not a bot) goes a long way. A human connection works wonders in building a relationship and reinforcing the most important value for this age group:

trust.




# What this means for payment providers and ecommerce businesses.

1

**Understand them.**
Understanding your audience is essential in order to properly meet their needs. How do your zenner consumers think? What do they need? You can't target them without knowing the answers.

2

**Be clear about security.**
It is important to speak the language of the audience, and to understand the (sometimes false) preconceptions they have. Education is key.

3

**Build seamless experiences.**
A user experience can make or break a transaction. From icons to language to the order of information... make sure they are comfortable with every step.

4

**Make it worthwhile.**
This generation needs to see real value to be won over. Understand their needs and meet them, that's how you get their business.

5

**It's how it feels.**
Brand trust is essential, and if you can generate a 'gut feeling' that allows zenners to intuitively gravitate towards you, you will see it in your ROI.

# An inclusive user experience for a financial product.

Our client, a financial services provider, saw that a transactional website for one of their products was receiving plenty of visits with long session times, but the conversion rates were low. They came to us with the challenge of improving the UX design of the website to drive two business objectives: to improve the conversion rate at specific points in the funnel, and to increase customer acquisition.

These types of **financial products can be very complex,** especially for generations that are not digital natives. Therefore, we had to find a way to make the product accessible and user-friendly for users of all ages.

To improve the user experience, we first conducted research with two goals: to **understand the audience's perception of the product,** and to **analyse their behaviour** while browsing the website, in order to detect possible barriers to purchasing the financial product.

Through co-creation sessions with customer service, usability tests and research into consumer habits, we designed a series of buyer personas, and analysed their motivations and the needs that the digital product needed to address. We found that the main obstacles for purchasing the product were:

1 **Misconception of the product.** Having a hard time understanding a product's functionalities and features is a common issue with digital financial products, often resulting in users not fully adopting them and relying on traditional payment methods.

2 **Lack of information.** Despite expressing great trust in our client's brand, users were struggling to make the final decision due to the lack of information on the website, leading to uncertainty. As our research highlights, it is essential to provide clear information in easy-to-understand language for digital products to be truly accessible to everyone.

3 **A very modern and minimalist design.** When the navigation is ultra-simple and lacks detailed information at every step, it can be difficult to navigate for those who are not so familiar with the digital environment. As a result, many users were discouraged and felt that the website was designed for a younger generation.

With these insights, we redesigned the website of the financial product with the needs of 'zenners' in mind. Our motto was simplicity and proximity, with a focus on informative content. We adjusted the textual and visual language to make it more accessible, so that 'zenners' would not feel they were on a website aimed at another generation.

These changes, guided by a user-centric vision, did not only improve the experience of users aged between 55 and 75, but of all users of the site, as it facilitated the processes on a broader scale.

The success of this project is **further proof that online financial products and digital payment methods should not be complicated for this generation.** And it is not the users who must adapt to our products, but the other way around: we must take their needs into account and make sure that products are tailor-made for them.

# 10 Methodology.

**1 Knowledge.**
The online panel allowed us to capture valuable quantitative data on the behaviours, thoughts and attitudes of the target population. The data gave us insight into online shopping, digital payment behaviours and reasons for payment method selection.

**2 Deep-dive.**
On the basis of the survey data, we conducted qualitative interviews with a number of research subjects. This gave us insight into the reasons behind certain behaviours, decisions, and the way this generation feels about digital payments and digital banking services.

**3 Context.**
We placed our findings into context by investigating existing insights. This allowed us to translate our insights into actionable recommendations for brands.

**Participants**

- 2,400 digital survey participants aged 55-75
- 300 per market: UK, Spain, France, Mexico, Belgium, the Netherlands, Denmark, Germany.

# About Good Rebels.

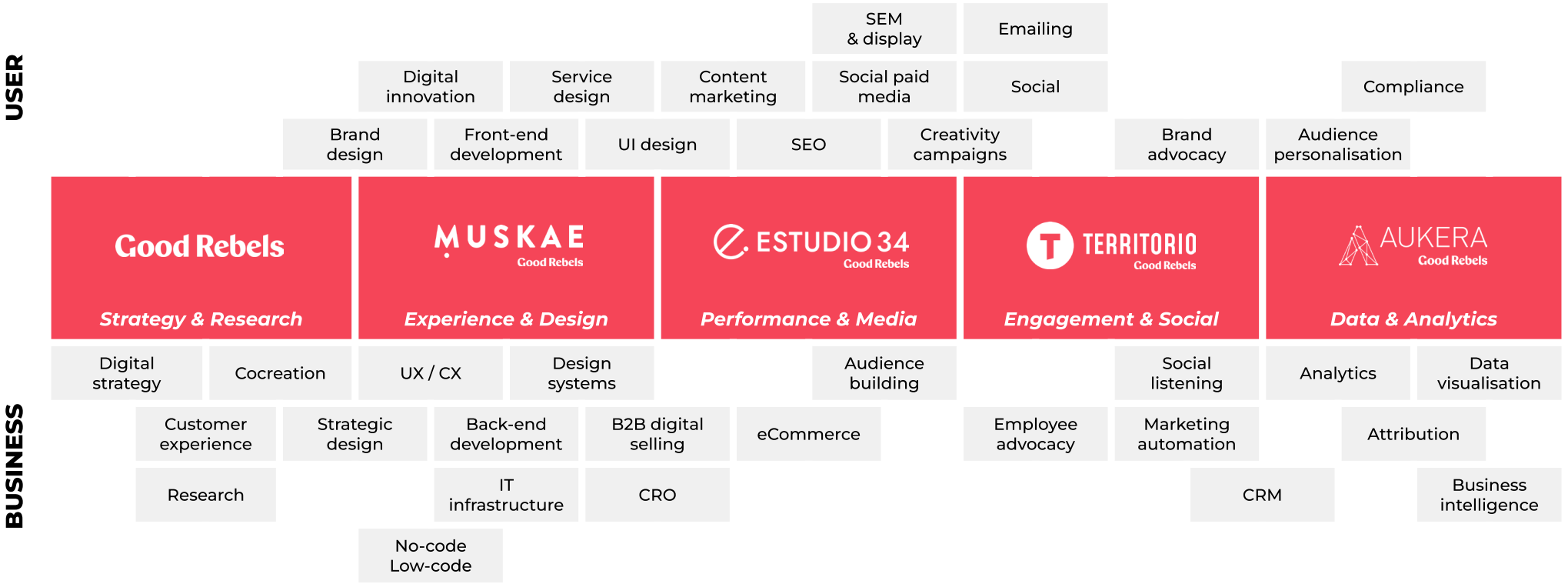
# About Good Rebels

We create digital experiences that connect brands and people. Agile solutions that touch people's hearts.

**140+ Rebels in Spain, the UK and Mexico** helping our clients become more human-centred. Strengthening relationships with their customers, employees and with society. Designers, strategists, creatives, community managers, UX experts, data analysts, programmers... bringing ideas to life.

Founded 25+ years ago, our company has transformed the marketing vision of brands like Toyota, IKEA, Santander, LG Electronics, Abbott Laboratories, H&M or Pepe Jeans.

# Working along the digital customer journey.



# Let's talk!

Good Rebels works to connect several brands with their clients globally. Do not hesitate to contact us if you want to know more about our work or discover how we can help you (and your brand) to create new touchpoints and selling opportunities.

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