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Introduction

Millennials are growing in economic power—and they are also just growing up. Meet the financially responsible Millennial, unfiltered.

Millennials are misunderstood—famous for their impulse for instant gratification. But when we stop to observe their financial behaviors and listen to them describe their relationship with money in their own words, a new Millennial emerges.

Cautious (some would say excessively so) and remarkably responsible, Millennials are diligent in paying down debt, careful with credit cards and dedicated to accumulating savings. But they stand at a crossroads. While most Millennials feel there is more they should be doing with their money, many just don’t know what to do. And half of Millennials say they have no one they trust for financial guidance.

Millennials are on the cusp of many of life’s major milestone moments—from getting married to buying a home to becoming a parent. These moments increase their openness to new sources of guidance, and increasingly those sources come from outside the traditional financial sector.

Why Millennials matter

Now the largest generation in the US work force, Millennials stand to inherit an estimated $30 trillion from their parents. They are transitioning towards important life stages, and many are about to enter their peak earning years. And their values and motivations offer a window into the future of financial services.

The great disconnect

Millennials also feel disconnected from the financial services industry. Many financial institutions have yet to realize that winning over the Millennial generation will require a transformative overhaul—from how each institution views its competition to how it connects with clients. Millennials have already begun shaping the future of financial services—reinventing the concept of financial advice as they increasingly put their investments in the hands of robo-advisors’ algorithms.

To help financial institutions connect with Millennials now and into the future, we explored Millennials’ financial behaviors, attitudes and online conversations. We sought unfiltered answers to mission-critical questions, such as how Millennials relate to money and the financial services industry, what Millennials really want from financial institutions and where the industry should focus to make the most impact.

We uncovered unexpected behaviors and insight into the unique psychology behind them.

Here are our key discoveries:

• Millennials are redefining financial success
• Millennials need a new kind of partner
• Millennials crowdsource financial advice online
• Millennials’ journeys live on mobile
Methodology

To truly understand the Millennial mindset towards money, we looked at audience data, conducted surveys and analyzed financial conversations, listening to Millennials in their own words.

We focused on working-age Millennials (ages 21–34) in the US, including a profile of affluent Millennials (HHI $75k+). We also looked across generations, comparing affluent Millennials to affluent Gen Xers/Boomers (people ages 35–65) to control for income. All of the data that we used have been aggregated and anonymized.

**We used a three-pronged methodology:**

- **Audience Insights**, integrated with third-party partner data, tells us about the demographics and behaviors of Millennials on Facebook and allows us to look at the key differences between Millennials, affluent Millennials and Gen Xers/Boomers.

- **Conversation analysis**—unique to Facebook and now published for the first time. Aggregated and anonymized, these data give us an unfiltered view into what Millennials are really thinking and saying as they share and discuss the things that matter to them most.

- **Survey data** take us a level deeper, revealing the why behind the conversations and behaviors.
Status Update

Figure 1: An overview of US Millennials on Facebook

### Meet your Millennials

A look at working-age (ages 21–34) Millennials on Facebook in the US

<table>
<thead>
<tr>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Average age**: 27
- 21–24: 32%
- 25–34: 68%

**Educated**
- College degree: 66%
- Graduate school: 8%

**Building relationships**
- Single: 40%
- In a relationship: 23%
- Engaged: 6%
- Married: 31%

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**Nearly 1 in 2 Millennials** on Facebook in the US is **affluent**

HHI $75k+ (46%)

### Affluent Millennials

Among affluent Millennials on Facebook in the US

<table>
<thead>
<tr>
<th>$75k–$100k</th>
<th>$100k–$150k</th>
<th>$150k+</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>35%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Women: 52%
Men: 48%

**Average age**: 28
- 21–24: 26%
- 25–34: 74%

**Building relationships**
- Single: 34%
- In a relationship: 23%
- Engaged: 6%
- Married: 37%

**Highly educated**
- College degree: 70%
- Graduate school: 11%

39% more likely to hold a graduate degree than the average Facebooker

**Renting + owning**
Affluent Millennials are 1.1X more likely than non-affluent Millennials to own a home

Source: Facebook internal data for people ages 21–34 with HHI $30k+ in the US, Jan 2016.
Key Findings

Millennials are redefining financial success

While #YOLO so often typifies Millennials’ social mindset, that is not the case with their financial mindset. Millennials have two main financial priorities: paying down debt (43%) and saving for the future (38%).

Dreaming of life without debt

The burden of debt weighs so heavily that Millennials have redefined financial success around it, with 46% saying that financial success means being debt free.

Compare that to the 13% who say being able to retire is the #1 indicator of financial success and the 21% who say owning a home is #1.

Millennials are the most educated generation, and they continue to pay a heavy price for it. But whether it’s student loans or credit card debt, Millennials say paying down debt is their #1 priority.

Figure 2: Word cloud of “credit card” conversation

Key Findings

Credit is complicated
To pay off that debt, Millennials know that they must also avoid incurring additional debt—and their sense of financial responsibility can be seen in the way they pay for everyday things. 57% of Millennials prefer to pay primarily with cash (vs credit).1 And even affluent Millennials are 2.2X more likely than affluent Gen Xers/Boomers to pay primarily with cash.3

Much like their purchase behavior, Millennials’ financial behaviors are a demonstration of their values.

Regardless of whether they currently own a credit card, 25% of Millennials describe credit cards as something that worsens their financial standing. And they are 1.3X more likely than Gen Xers/Boomers to feel this way. Additionally, 30% of Millennials say that they are not sure how credit cards could be helpful.

Similarly, the conversation around credit cards, strongly anchored around “paying off” “card debt” underscores Millennials’ drive to become “debt free.”

But Millennials, not a generation to see the world in black and white, can also give credit its due. Millennials who do have credit cards very much see them as a strategic tool. In fact, 46% of Millennials say the main reason they use credit cards is to help them build credit, and 36% say they use credit to increase their financial flexibility. Only 8% cite rewards as a primary draw.

Starting seems to be the hardest part:
How Millennials on Facebook in the US talk about saving

Figure 3: Word cloud of “saving” conversation
Key Findings

Dedicated to saving
Looking at Millennials’ second most important financial priority, we found that Millennials overwhelmingly value saving, with 86% saying it’s important to them. And 86% say they actually are saving, too—whether it’s to be responsible, start an emergency fund, buy a home or retire.

Conversation analysis indicates that many may just be starting to save—but the saver’s mindset is already firmly entrenched.

And Millennials saving is driven much more by values than by specific objectives.

54% say they save simply because they want to be responsible. Millennials are 2.7X more likely to give that reason than the second most common reason: saving for an emergency (20%). Only 17% say the main reason they are saving is to buy a home—and retirement feels very distant at this point, with only 8% citing it as the primary reason they are saving. Millennials are definitely living in the moment, focused on the here and now.

Underinvested
Millennials’ young age could be an advantage in investing, but they are actually 1.6X more likely than Gen Xers/Boomers to have no investments whatsoever—and what’s interesting is why. While distrust in financial institutions and the economy are typically blamed, only 12% of Millennials say distrust is their primary barrier.

The real reasons Millennials are not investing are that they don’t feel they have the money (54%) and that they don’t know enough about investing (24%). In fact, Millennials are 1.4X more likely than Gen Xers/Boomers to say their lack of knowledge is preventing them from investing.

Responsibly planless
This points to perhaps the most significant issue, which is that many Millennials have not quite taken charge of their financial destiny, with just 37% saying they have a financial plan. 16% are unsure whether they have one. And among those without a plan, having a financial plan feels out of reach—52% say they do not know how they would go about starting to build one.

Meet Millennials where they are
Help them walk before they run: Millennials are focused on near-term goals like paying off debt. Offer them solutions that address those pressing needs, have low barriers to entry (e.g., no minimum deposits) and help them manage multiple financial priorities (e.g., paying down debt vs accumulating savings).

Give credit a makeover: Reposition credit to align with Millennials’ needs and values. Make it a strategic tool that gives financially responsible and goal-oriented Millennials the flexibility to achieve their short-term goals faster and build the credit they’ll need in the future. Appeal to the entrepreneurial mindset and make credit a lifehack.

Make financial planning a gateway: Helping Millennials develop a financial plan will not only provide them with a much-needed service, but it will make you a more valuable partner as you open their eyes to new financial opportunities.
Key Findings

Millennials need a new kind of partner

Only 33% of Millennials say they are happy with the way they are currently saving or investing because many recognize that their money could be working harder.

And the pressure is on as Millennials rapidly approach life’s milestone moments, from getting married to buying a house to becoming a parent.

Life in transition

Millennials are 1.5X more likely than the general Facebook population to be engaged to be married, 1.4X more likely than Gen Xers/Boomers to move and even 1.6X more likely to switch insurance. These moments have major financial implications that many Millennials do not know how to deal with. In fact, 83% seek financial guidance at those times (with buying a home being the main trigger for 48%).

But half (53%) of Millennials say they have no one to turn to for financial guidance. Only 36% talk to their parents about money and just 8% trust financial institutions. Millennials are even 1.3X more likely than Gen Xers/Boomers to turn to a financial advisor.

Growing up in a world of financial instability, constant innovation and near-infinite information, Millennials have unique needs and are not looking for their parents’ kind of bank.

What Millennials want

To start, Millennials want to feel understood. And it matters because Millennials are 1.4X more likely than Gen Xers/Boomers to switch financial institutions. 45% of Millennials say they would switch banks, credit cards or brokerage accounts if a better option came along. Active drivers of the evolving financial landscape, Millennials are 2.5X more likely than Gen Xers/Boomers to trust robo-advisors, putting their faith in algorithms and automated portfolio management.

But only a minority of Millennials (32%) feel their bank understands them (compared to 41% of Gen Xers/Boomers).

Being understood personally goes hand-in-hand with being understood financially. Among the 44% of Millennials who feel their bank does not understand them personally, just 5% feel their bank understands them financially.
Key Findings

Willing to work on it

But Millennials are collaborative by nature and want to work on “the relationship.” While over a third of Millennials currently describe their bank in unflattering terms (e.g., used car salesman or aggressor), the majority of Millennials (60%) express the desire for their bank to be a partner/friend. And the #1 way they say their bank can be a valued partner is by rewarding their loyalty.

As a values-oriented generation, Millennials ultimately expect three things from financial institutions: they want to feel rewarded for their loyalty (30%), they want things to be made easier and more convenient (29%) and they want honesty (28%). Millennials value honesty in their bank 1.7X more than Gen Xers/Boomers.

Be a partner for the Millennial era

Make everyone a competitor: Today’s Millennials see innovation coming from outside the financial services industry. To become and remain relevant, be sure to look both within and beyond the category for inspiration. As a starting point, aim to compete with the clear value propositions, flexibility, hybrid solutions, personalization and clean UX of the best robo-advisors, financial apps and tools.

Make it rewarding: Feeling understood and rewarded for their loyalty is uniquely important to Millennials and will require innovative forms of acknowledgement. Financial institutions could demonstrate their empathy and loyalty by waiving some fees in certain circumstances, offering a credit card with an interest rate that decreases over time or creating a savings account with an interest rate that increases over time.

Make it personal and actionable: Demonstrate understanding through personalized communication and by listening then prescribing. Once Millennials believe you get them, they will be eager for a concrete and customized action plan. Tell them what to do or tell them how you’ll take care of the situation for them.
Key Findings

Millennials crowdsource financial advice online

Where it was once taboo to talk about money in public, Millennials go online to talk about everything that matters to them, and that includes financial issues, financial questions and financial services. Millennials are 1.5X more likely than Gen Xers/Boomers to discuss finances online. And they drive 40% of the conversation about finance on Facebook.\(^3\)

**Figure 4: The financial conversation on Facebook**

<table>
<thead>
<tr>
<th>Average engagement per post</th>
<th>Average</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>8.8</td>
<td></td>
</tr>
<tr>
<td>Loans + mortgages</td>
<td>7.9</td>
<td></td>
</tr>
<tr>
<td>Banking</td>
<td>7.3</td>
<td></td>
</tr>
<tr>
<td>Credit cards</td>
<td>5.9</td>
<td></td>
</tr>
<tr>
<td>Peer-to-peer payments</td>
<td>5.3</td>
<td></td>
</tr>
</tbody>
</table>

Wisdom of the crowd: Burning questions, interconnected issues

There’s a lot Millennials want to know when it comes to money and people trust their online community for the guidance they can’t find elsewhere.


Figure 5: Common questions Millennials ask on Facebook
Key Findings

And as the world shifts towards increasingly visual communication, from photos to videos, GIFs and emojis, the impact of imagery is felt within the financial conversation, too.

Money talks through pictures and hashtags
Popular finance-related hashtags on Instagram

![Image of popular Instagram hashtags]

#newcar #newhouse #invest
#budget #debtfree #savingmoney #creditcards
#taxes #retirement #homeowners #banking #mortgage
#debt #banking #finances #getoutofdebt

Source: Instagram data based on audiences eligible to see ads on Instagram based on a variety of factors, global, Jan 2016.

Elevate the conversation

Educate empathetically: Be present where people are talking about money matters. Champion the cause of financial literacy—a critical area of development for Millennials and massive area of opportunity for financial services to open minds and wallets.

Solve holistically: The questions people post often overlap because their financial needs are interconnected. Similarly, the solutions you offer should take into account and help resolve their multiple priorities.

Connect visually: While money matters are often discussed through text, the conversation is also increasingly visual. Just look to the financial hashtags people are using on Instagram as they share their photos and videos. Whether you use photos, videos or data visualization, inspire and persuade Millennials in the language they love most—images.
Key Findings

Millennials’ journeys live on mobile

**Millennials are multichannel bankers**
They expect to be able to engage across whatever channel is most convenient and best suited to their immediate needs.

**But mobile is their constant companion**
Millennials use mobile to discuss finances, manage finances and connect visually. And the fact that they prefer to bank on mobile or in-branch underscores their expectation for personal, personalized experiences.

**Put mobile at the center of your multichannel ecosystem**

* Maintain mobile loyalty: Focus on your app, web experience or both—and look to seamlessly blend your app and in-branch experiences. Make it easier for people to manage, move and research money—and give them new reasons to stay close on mobile.

* Make it multichannel: Recognize that Millennials may prefer to bank on mobile, but they may also come into branches. Deliver a frictionless, multichannel experience, wherever and whenever your customers want to connect.

* Make it personal: Whether they use your app or visit your branch, make the experience as personal and customizable as possible. Every interaction can serve as a reminder to Millennials that you get them.
## Key Findings

### Connecting with Millennials on mobile

<table>
<thead>
<tr>
<th>US Millennials prefer mobile banking</th>
<th>And are only as far away as their phone</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Smartphone</strong> 49%</td>
<td><strong>77%</strong> of Millennials say their mobile phone is always with them¹</td>
</tr>
<tr>
<td>Branch 39%</td>
<td><strong>90%</strong> access Facebook on mobile only²</td>
</tr>
<tr>
<td>Computer 9%</td>
<td></td>
</tr>
<tr>
<td>Phone call 6%</td>
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</tbody>
</table>

### Millennials talk about money on mobile

- 77% of money conversations on Facebook happen on mobile¹

### Compared to Gen Xers/Boomers

- Millennials are 1.5X more likely to prefer banking via smartphone
- 1.5X likely to reject direct mail offers²

### Move money on mobile

- 78% of people who use financial services mobile apps also use the Facebook mobile app⁴

### Say mobile has made banking better

- 61% Tracking my money
- 19% Making deposits/payments
- 11% Finding ATM/branch
- 9% Doing research

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Source unless otherwise specified: Facebook data (based on survey of 27,000 people on Facebook ages 18–65 in the US), Jan 6–8, 2016.

1. “Path to Purchase” by Nielsen, US only (study of adults commissioned by Facebook), Aug 2015.
2. Facebook internal data for people ages 21–65 with HHI $30k+ in the US, Jan 2016.
Conclusion
The financial revolution

To connect with Millennials, financial services will have to take a fundamentally new approach. Millennials want to entrust their money to a true partner that shares their values and sees them succeeding together as they amass savings and unlock their greatest earning potential. Millennials also represent the future of financial services. And as their momentum continues to grow, the financial institutions that evolve and innovate alongside them will be best positioned to see the strongest long-term returns.

Know

**Millennials are redefining financial success**
They spend responsibly and save diligently, but most couldn’t tell you what they’re specifically saving for.

**Millennials need a new kind of partner**
They want to be understood and feel rewarded for their loyalty.

**Millennials crowdsource financial advice online**
They share what matters to them online, and that includes money matters.

**Millennials’ journeys live on mobile**
Millennials are only as far away as their phone—which they use to discuss, track and move money.

Do

**Meet Millennials where they are**
Align your solutions with Millennials’ priorities: Getting out of the negative, building a foundation and planning for flexibility.

**Be a partner for the Millennial era**
Expand your competitive frame of reference to service Millennials in ways they’ll find invaluable.

**Elevate the conversation**
Support financial literacy—and do it visually and on mobile.

**Bank on mobile**
Put mobile at the center of your multichannel ecosystem.
Appendix

Citations

Sources

Source unless otherwise specified: Facebook data (based on survey of 27,000 people on Facebook ages 18–65 in the US), Jan 6–8, 2016.


3. Facebook internal data for people ages 21–65 with HHI $30k+ in the US, Jan 2016.


For more on Millennials and money:

“Millennials and money: The unfiltered journey” by Facebook IQ, Jan 2016.
