Research Findings

Eight in Ten Teenagers Ages 13-17 Say That They Are Currently Saving Money, Whether for Something Specific or Just in General

The Majority Give Themselves an A/B Grade When It Comes to Successful Money Management

Washington, DC, June 28, 2017 — According to a recent online study conducted by Ipsos on behalf of TransUnion, more than eight in ten Gen Z youths (ages 13-17) are saving their money (83%), including just over half who say that they are saving for something in particular (52%) and another 35% who are saving, but not for anything specific. The remaining 17% of teenagers between the ages of 13-17 say that they are not currently saving at all – and this proportion jumps to just over one in five among girls (21% vs. 14% boys) and 16-year-olds (21% vs. 12% 13 years old).

- A similar proportion of Gen Zs - just under eight in ten (79%) - also say that they have saved their money for something they really wanted in the past.

To help with saving their money, a majority (54%) of Gen Zs have a savings account. Among those who have a savings account, 43% report currently having a balance of less than $500 – including nearly a quarter (23%) who have less than $250. On the other hand, a quarter (25%) report having $500-$999 currently set aside in their savings account, while 31% of teenagers between the ages of 13-17 have more than $1,000 saved up.

Most Gen Zs would give themselves a passing grade when it comes to successful money management, with very few giving themselves a 'D' (5%) or 'F' grade (2%), and 8% saying that they simply don't manage their money at all. Instead, one in five give themselves an 'A' grade (20%) when it comes to successfully managing their money, and twice as many give themselves a 'B' (41%). Just under a quarter would give themselves a 'C' grade (23%) for money management.

- Across gender and age, boys (25%) and those between the ages of 13-15 (23%) are among the most likely to give themselves an 'A' for successful money management, especially compared to their respective demographic counterparts (16%, girls and 17%, ages 16-17).

When it comes to learning about money, parents/guardians stand out as being the biggest influencers, with more than eight in ten (84%) teens saying they turn to them as a source of information. Another two in five say they learn about money from real-world experiences (42%) or school class (42%), while three in ten report learning about money from their friends (30%) or siblings/other family members (28%). One in five turn to social media (20%) or television (20%) to learn about money, while the proportion who report learning about money from apps/personal finance tools (11%), extracurricular clubs/groups (8%), or other online sources (6%) drops to roughly one in ten. Only 1% are learning about money from some other source, while a similar proportion say they don't learn about money at all (1%).

- Social media (25%) and television (23%) are especially relevant among younger teens (ages 13-15) as sources of information, versus 16 and 17-year-olds who say the same (15% and 16%, respectively).

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Among youths who learn about money from their parent/guardian, three quarters (77%) confirm that they are the ones actively seeking advice from them.

Gen Z Earning and Spending

Receiving an allowance (e.g. doing household chores to earn money) is the most common source of disposable income for Gen Zs (70%), although just over half also say that they receive spending money from someone who just gives it to them (52%). Roughly a third of Gen Zs are making money via their employment (32%), while less than one in ten are obtaining spending money from some other source (8%). Only 2% say that they do not get any spending money.

- Receiving an allowance and being given money are especially common for those between the ages of 13-15, while having a job is significantly more likely to be a source of income for 16 and 17-year-olds.

When it comes to accessing their funds, two in five currently have a debit card (40%), with 26% also saying that they have a checking account. One in five teenagers between the ages of 13-17 report having an ATM card (22%) or are an authorized user on their parent/guardian's credit card account (19%). However, a sizeable proportion (25%) say that they do not have any of these things.

- Among those who are authorized to use their parent/guardian's credit card, one in ten say that they were added to their parents account before they were 13 years old (10%). Nearly half (44%) were either 13 or 14 years old when they were added as an authorized user, while 39% were between 15-17 years old. One in ten (8%) aren't sure.
- Furthermore, most teens who are authorized to use their parent/guardian's credit card use it regularly, including 14% who say they use it daily and nearly half who report completing a transaction at least weekly (47%). One in five (22%) use a parent's credit card on a monthly basis, while 12% use it only once or twice a year. Very few teens with access/ authorization to use their parent/guardian's credit say that they never use it (4%).

When it comes to their personal experience with different financial transactions/practices, youths are more likely to report having made a purchase with a debit card (45%) or used an online account/app to purchase something (40%) versus using a credit card (25%). Similar proportions – roughly two in five – report having made a deposit (39%) or withdrawal (35%) at a bank, ATM or other financial institution. Gen Z are least likely to have had experience balancing a checkbook (16%) or writing checks (12%) although at least one in ten have done these things. Only 5% haven't done any of these, and 1% are not sure.

In terms of things teens think about before making a purchase, the cost of an item (73%) is most likely to be a point of consideration, while more than half are also likely to consider whether or not they have enough money saved up before buying something (58%). The quality of an item (46%) is also an important factor to consider for more than two in five, more so than a product's brand name (37%). Similar proportions also report thinking about whether they need the item or not (42%) before making a purchase. Roughly a quarter of Gen Zs say that they factor in reviews/recommendations (27%) or acceptance by family/friends (24%) before making a purchase, and 19% take into account the reputation of the store prior to buying something. An item's return policy is not as likely to be top of mind for teens intending to make a purchase, although 14% nevertheless think about this, while fewer consider something not listed here (1%) or do not think about any of these before making a purchase (1%).

Gen Z Understanding of Credit

Less than half of Gen Zs surveyed report being familiar with what a credit score is and how it is calculated (49%), including only 16% who would consider themselves to be *very* familiar with such concepts. The other half (51%) admit that they are not very/not at all familiar with credit scores.

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When asked to indicate whether they believe different factors are included in or excluded from one's credit score, credit card balances (78%) and income level (56%) are most likely to be seen as included, while just under half also believe that cell phone payments (48%), bank account balance(s) (47%), and a person's age (46%) are included in a credit score.

- However, roughly a quarter of Gen Zs report that they are not sure if age (26%), current bank account balance (24%), income level (23%), or cell phone payments (22%) are included or not when determining credit scores. Just over one in ten also admit to being uncertain if credit balances are considered or not (12%).

Things such as buying a car (76%) or opening a credit card (72%) are seen to be most influenced by someone's existing credit score, while nearly six in ten Gen Zs also believe that a credit score can have a large impact on one's ability to rent an apartment (57%). Teens are not as likely to think credit scores have a large impact on things such as opening a cell phone contract (37%) or getting a job (28%) - although more than a quarter nevertheless see credit scores as having a large impact on one's ability to do these things.

When it comes to actions that can increase or decrease a person's credit score, there is consensus among most Gen Zs that paying bills on time (80%) can have a positive impact on credit. Other factors are not as straight-forward for this group – for example, Gen Zs are just as likely to say that cosigning a loan (33%) and closing credit accounts (29%) can increase one's credit score, as they are to say that these things can actually decrease it (31% and 28%, respectively). When it comes to checking one's own credit report, nearly two in five Gen Zs believe this action has no effect on credit scores (38%), although one in five believe it can either increase (20%) or decrease (22%) it, and another 20% are not sure. Using a debit card instead of a credit card is another factor that is more likely to be seen as having no effect (41%) on a credit score versus increasing (24%) or decreasing (10%) it, while the other 25% are unsure here.

About the Study

These are the findings from an Ipsos poll conducted May 8-11, 2017 on behalf of TransUnion. For the survey, a sample of 1,001 teenagers between the ages of 13-17 from the continental U.S., Alaska and Hawaii was interviewed online, in English.

The sample for this study was randomly drawn from Ipsos's online panel (see link below for more info on "Access Panels and Recruitment"), partner online panel sources, and "river" sampling (see link below for more info on the Ipsos "Ampario Overview" sample method) and does not rely on a population frame in the traditional sense. Ipsos uses fixed sample targets, unique to each study, in drawing sample. After a sample has been obtained from the Ipsos panel, Ipsos calibrates respondent characteristics to be representative of the U.S. Population using standard procedures such as raking-ratio adjustments. The source of these population targets is U.S. Census 2016 American Community Survey data. The sample drawn for this study reflects fixed sample targets on demographics. Post-hoc weights were made to the population characteristics on gender, age, region, race/ethnicity and income.

Statistical margins of error are not applicable to online polls. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error and measurement error. Where figures do not sum to 100, this is due to the effects of rounding. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll has a credibility interval of plus or minus 3.5 percentage points for all respondents (see link below for more info on Ipsos online polling "Credibility Intervals"). Ipsos calculates a design effect (DEFF) for each study based on the variation of the weights, following the formula of Kish (1965). This study had a credibility interval adjusted for design effect of the following (n=1,001, DEFF=1.5, adjusted Confidence Interval=5.0).

For more information about conducting research intended for public release or Ipsos' online polling methodology, please visit our Public Opinion Polling and Communication page where you can download our brochure, see our public release protocol, or contact us.

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Research Findings – continued –

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