

afterpay 

The Coming of Age Report

by Afterpay.

October 2023



How is Australia coming of age?

Australians are changing and it's giving...maturity.

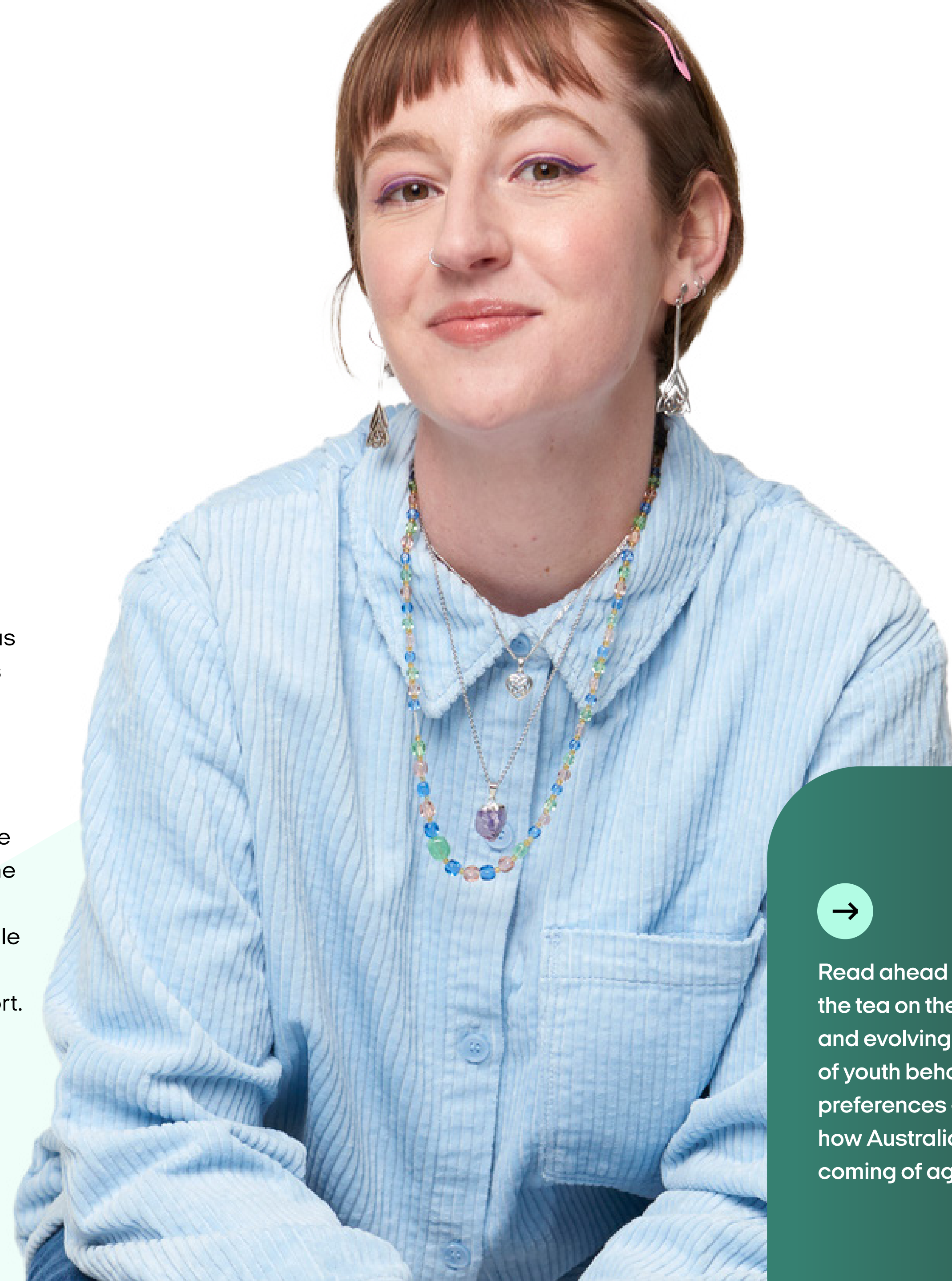
Setting social boundaries, prioritising self-care, planning for financial independence and letting go of societal norms that don't pass the vibe check. These are the characteristics of an Australia that is coming of age.

Younger Aussies haven't just lived through major world moments like the GFC and the COVID pandemic, they've shared their common experiences of those moments on social

media. In doing so, they have collectively shared and learned new ways to overcome life's challenges at a pace unknown to previous generations.

This sense of shared maturity is showing up at home, in the workplace, in the ways they manage their finances and the ways they look after their mental and physical health - did someone say major glow up?

Since inception, Afterpay has understood the preferences of young Aussies. We were built from an understanding of their desire for alternative ways to pay. Staying close to those preferences is at the core of what we do, so for the third year in a row, Afterpay has partnered with McCrindle Research to publish our annual cultural insights report.



Read ahead as we spill the tea on the vibrant and evolving landscape of youth behaviours and preferences - unpacking how Australians are coming of age.

Four key findings.

1

I can buy myself flowers, but I'd rather save it!

For young Australians the top three priorities for the year ahead are prioritising their mental health, their physical health and reaching their savings goals. These fundamentals of self-care are coming in ahead of other priorities like finding a partner or establishing a career.

2

Time is money. But money is also money.

While salary is still the most important consideration when looking at a new job, those under 30 care about it less than those over 30 at the same age. By comparison, having flexible work hours is more important for younger Aussies than it was for their over 30 counterparts.

3

Financial literacy is a major flex.

Under 30's are more financially literate and are actively saving for the long term better than previous generations were in their 20's. That included; saving for retirement; making voluntary contributions to superannuation; understanding how superannuation works; and putting aside a percentage of their paycheck towards long term savings goals.

4

My life, on my terms.

Finances impact the way those under 30's navigate their relationships, and they are making conscious decisions about things like their alcohol consumption - conscious of how it will impact their finances.

In my adult era.

From the rising cost of living to the lingering effects of the pandemic, Gen Z have been hit by multiple crises as they've entered adulthood.

The cost of homes has risen while wages have stagnated, the effect of which is seen through a dip in homeownership in your 20's.

Today, **1 in 6 [16%] of Gen Z's own their own home**, compared with a quarter [24%] of Baby Boomers at the same age. Further 1 in 5 [22%] of Gen Z Aussies think they'll never be able to afford their own home.

The knock on effects of these can be seen through changing home and work lives, with young Aussies

delaying or deciding not to have children, prioritising higher education over entering the workforce [33% vs 24%], and are more likely to prioritise their mental health over their careers or finding a partner [40% vs 14%]. In fact, only 1 in 5 [20%] Gen Z Aussies are prioritising building their career over the next 12 months, compared with a third [33%] of over 30 Aussies who did at the same age.

Relationships.

20% say that getting engaged or married just isn't goals. Comparatively, 40% of Aussies over 30 were married, and a further 11% engaged in their 20's.

Kids:

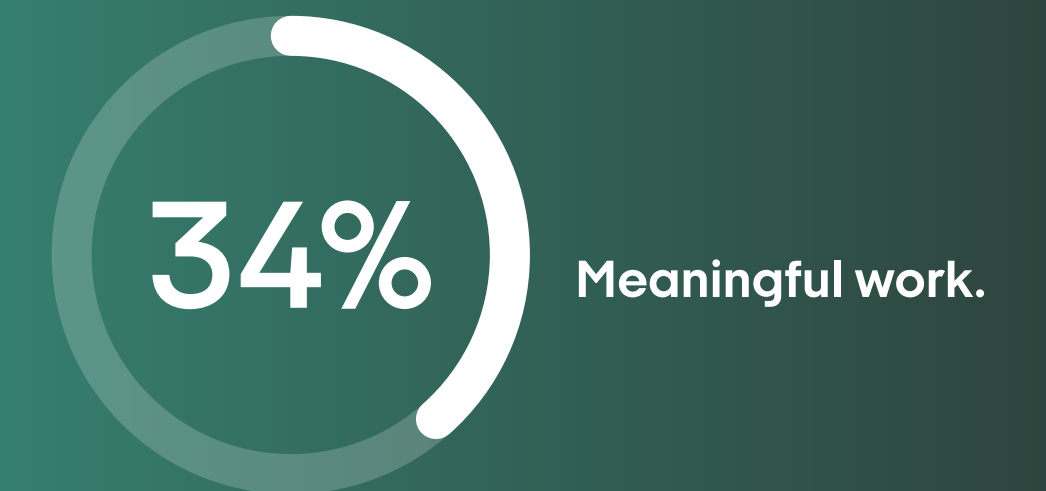
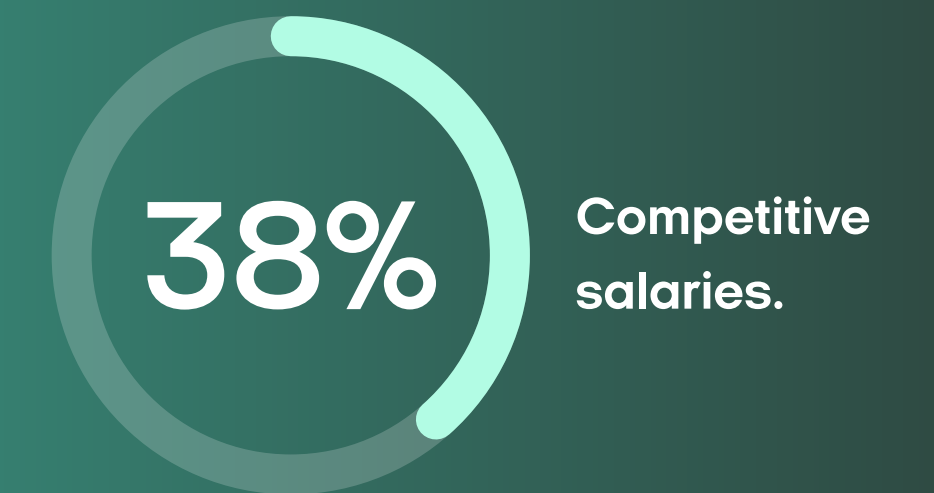
1 in 3 [34%] already have kids, compared with almost half [43%] of over 30's at the same age. Further 1 in 10 [11%] are hitting pause on their baby making plans, double Baby Boomers at the same age [5%].

Careers: critical or trivial?

Gen Z started their careers during a major shift in workplace expectations and culture. As bosses look to revert back to the old-school in-person office grind, young Aussies are all about that work/life balance, with 35% saying that flexible working is a top consideration when job hunting.



What young Aussies are looking for in a new role:



Careers are important to Gen Zs, with 52% identifying it as one of their main priorities and 48% making sacrifices in other areas of their lives in order to hustle on their work.

For young Aussies career loyalty and looking to ride with the same boss forever just ain't it. In fact:

77%

are willing to job hop for better opportunities, compared with only 58% of their older counterparts.

80%

believe it's important to have a side hustle to supplement their income, compared with less than half [44%] of over 30 Aussies.

With **over three-quarters [78%]** having taken a day off work **due to work-related stress** [versus 38% of Gen X and only 17% of Boomers], Gen Z are looking to level up their physical and mental health for the year ahead, with only 25% actively looking to change roles in the next 12 months.

Going out out.

Gen Z are mixing things up when it comes to meeting new friends and dating. As a generation they're drinking less than when Millennials and Gen X were in their 20's, and changing the way they meet and socialise with friends and potential partners.

Popular catch ups such as going out for dinner or drinks has almost halved, with only 1 in 4 [39%] of Gen Zs stating it as their preferred way to catch up, compared with two-thirds [61%] of over 30's. Instead, over a quarter of Gen Zs are opting to run errands together [28%], a trend that less than 1 in 5 [18%] of older Aussies took part in.

When it comes to dating, 1 in 10 [12%] of young Aussies have met their partner via a dating app, compared with 7% of Millennials when they were in their 20's. While meeting at work [15%] or at a pub or bar [17%] were popular ways to meet partners for Baby Boomers, both of these have diminished significantly for Gen Z [6% and 6% respectively].

Gen Z care less about 'out out' culture than previous generations.

- 6% of Gen Z state they don't drink at all, with 56% drinking less than once a week.
- 85% of Gen Z prefer to swap wine and cheese for walks and cranium.
- Popularity of the pub 'round' has dropped, with a quarter [26%] of Gen Z Aussies opting to buy their own drinks, compared with 1 in 5 [18%] of older Aussies.

Changing dating culture.

Gen Zs do not stan a lunch/dinner date, which was the preferred first date for previous generations [47%]. Instead, 1 in 3 [31%] prefer to grab a coffee.



Maintaining relationships in the digital age.

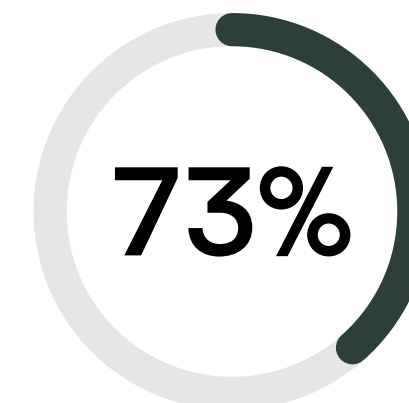
It's not only how Aussies are meeting and making friends that has changed; the way we maintain relationships has also shifted. While almost half [49%] of older Aussies are likely to catch up with their

mates on the phone [rising to 58% of Baby Boomers], less than a third [31%] of Gen Zs list this as their preferred mode, opting for digital communication [39%] instead.

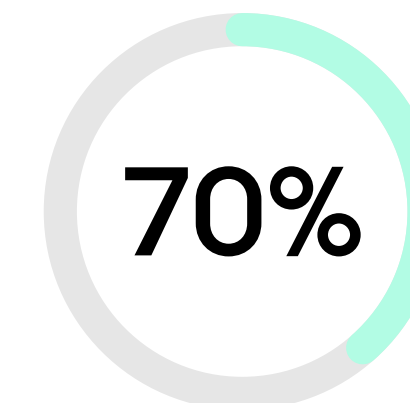
Gen Z Aussies are totally nailing it when it comes to their money game, and it's definitely influencing how they navigate their relationships.

Top ways Gen Z are saving.

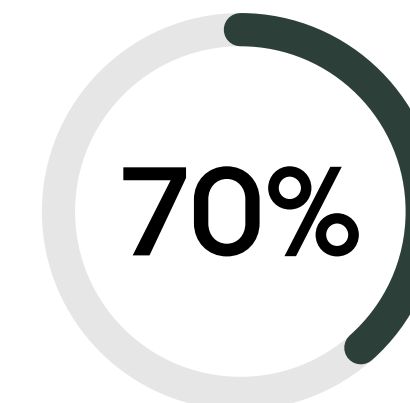
IYKYK, right?



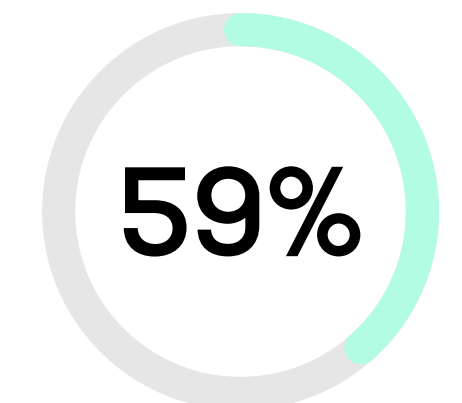
Catch ups such as free activities.



Spending time in free public places.



Hosting dinner parties instead of going out.



Only paying for their share of the bill.

State of savings.

With constant news reports on the rental crisis and rising interest rates, Gen Z aren't playing around, taking control of their future by saving for the long term more than previous generations - big slay.

Two thirds [63%] are going the extra mile by co-contributing to their superannuation, compared with only a quarter [27%] of Baby Boomers in their 20's.

Furthermore, **50% more of Gen Z Aussies are regularly putting a set percentage of their paycheck towards long term savings goals** compared to Gen X.

Younger Aussies are also more savvy when it comes to superannuation, with **3 in 4 [77%] of both Gen Zs and Millennials understanding how superannuation works**, compared with almost a third [60%] of Gen X, and 2 in 5 [43%] of Baby Boomers at the same age. It's all about that financial literacy, baby!

\$1M - \$1.5M

the 'ideal' retirement package younger Aussies believe they will need for a comfortable lifestyle, up from the \$750K - \$1.25M Millennials thought they would need to aim for.

With 40% of Gen Z saying they are worse off financially than a year ago, they are focusing on the important things in life when deciding where to spend their money. Essentials [63%], and people they love [61%] top the list of Gen Z outgoings, along with hobbies [57%] and health and well-being [56%].

The popularity of going out for drinks and dinners out with friends has halved with the current generation [39% compared to 61%], while holidays are also less of a spending priority for Gen Z [19% compared to 26%].

42%

of Gen Z Aussies have \$10,000 or less in their bank accounts, with 31% having \$5000 or less.

Young Aussies have also levelled up their personal spending habits compared with older generations in order to save on expenses:

18%

increase in avoiding dining out [80% vs 68%].

18%

increase in buying second hand goods [77% vs 63%].

17%

increase in prioritising savings and budgeting with the remainder of their pay cheque [82% vs 68%].

6.5%

increase in choosing not to order coffees from cafes [77% vs 72%].

Home is where the heart is.

When Gen Z say “living rent-free”, they were unfortunately not talking about their home lives. Despite two-thirds [62%] of young Aussies today renting the home they live in, the Australian Dream is still alive, with 77% hoping to own a home at some point in the future.

The Australian property scene has been a wild ride lately, with **rental prices soaring by 13.2% in just a year**, and confidence at a low with 56% believing the rental crisis will stay the same or worsen. Further, 22% are concerned they'll never be able to afford a property of their own - yikes.

While a similar amount of Gen Z Aussies already own their own home compared to older generations at the same age [28% vs 30%], Gen Z is more likely to own and live on their own [11% vs 5%], whereas older gens were more likely to live with a spouse or partner [7% vs 18%]. #independancegoals

\$600

the average weekly rent in Australia.*

*Domain Rental Report - September 2023:
<https://www.domain.com.au/research/rental-report/september-2023/>





Despite fewer Australians having children in their 20's than previously [34% versus 44%], **growing their family and having children is still important to 40% of Gen Z.**

Additionally, a whopping 78% more Aussie Gen Zs are spilling the tea on how the high cost of living is low-key making it impossible for them to even think about having kids, when you compare them to older generations at the same point in life.

Only a quarter [24%] of Gen Z Aussies live with their spouse or partner, compared with 42% of older Aussies at the same age.

When it comes to relationships, Gen Z is not in a hurry to lock things down:

<p>25%</p>	<p>24%</p>
<p>are not in a relationship or actively dating.</p>	<p>are either hitched or engaged versus 50% of Millennials and 62% of Boomers.</p>



So where to next?

Coming of age stories have always been about the relatable moments of life.

The unique experience of these big moments ultimately define who we are, and who we're going to become. And whether it's your first kiss or your first financial crisis, the unfolding of these core memories can change the course of our lives.

Growing up looks different for everyone, and this generation was born during a time of rapid technological and societal change. While social media has been around for quite some time now, younger Australians have grown up wary of over-polished content, preferring to share a more honest account of their lives online.

Unlike the edited 'influencer' content of older generations - #nofilter storytelling has uniquely contributed to the maturing process of young Aussies.

The result? Young Zillennials are coming of age with more perspective and insight. They are more aware of life's challenges, and they are tackling them together. Challenging norms and breaking cycles.

As the Coming of Age report underscores, young Australians are maturing in ways that will reshape the next generation's relationship with life's fundamental aspects. Whether they choose to save diligently for the future, or invest in self-care today, every facet of life, from career choices to cultural norms, will evolve under the influence of a generation approaching adulthood collectively with intention and purpose.

About us.

Co-founders Nick Molnar and Anthony Eisen launched Afterpay in Australia back in 2014 as an interest-free, buy-now-pay-later alternative that's more in line with the needs and spending patterns of the Next Gen consumer.

Customers pay in four instalments, and in most cases, the first instalment is completed at the time of purchase. The remaining three instalments are due every two weeks after that, and customers get a reminder when their next payment is due.

By offering this service, Afterpay is transforming the way we pay by allowing anyone to buy products immediately and pay over time – enabling simple, transparent and responsible spending. We are on a mission to power an economy

in which everyone wins. As long as customers pay on time, they aren't charged a single fee for using our standard pay in four product. Afterpay is offered by thousands of the world's favorite retailers and used by millions of active global customers. Afterpay is currently available in Australia, Canada, New Zealand, the United States and the United Kingdom, where it is known as Clearpay. Afterpay is a wholly owned subsidiary of Block, Inc. [NYSE: SQ].





The Afterpay Coming of Age report is based on a collation of quantitative data gained through an online survey of 1,000 Australians conducted by McCrindle Research representative by age, gender and location. The survey was in field from 18th September to 25th of September 2023. A second survey was deployed to gain additional responses from 28th September to 4th of October 2023.