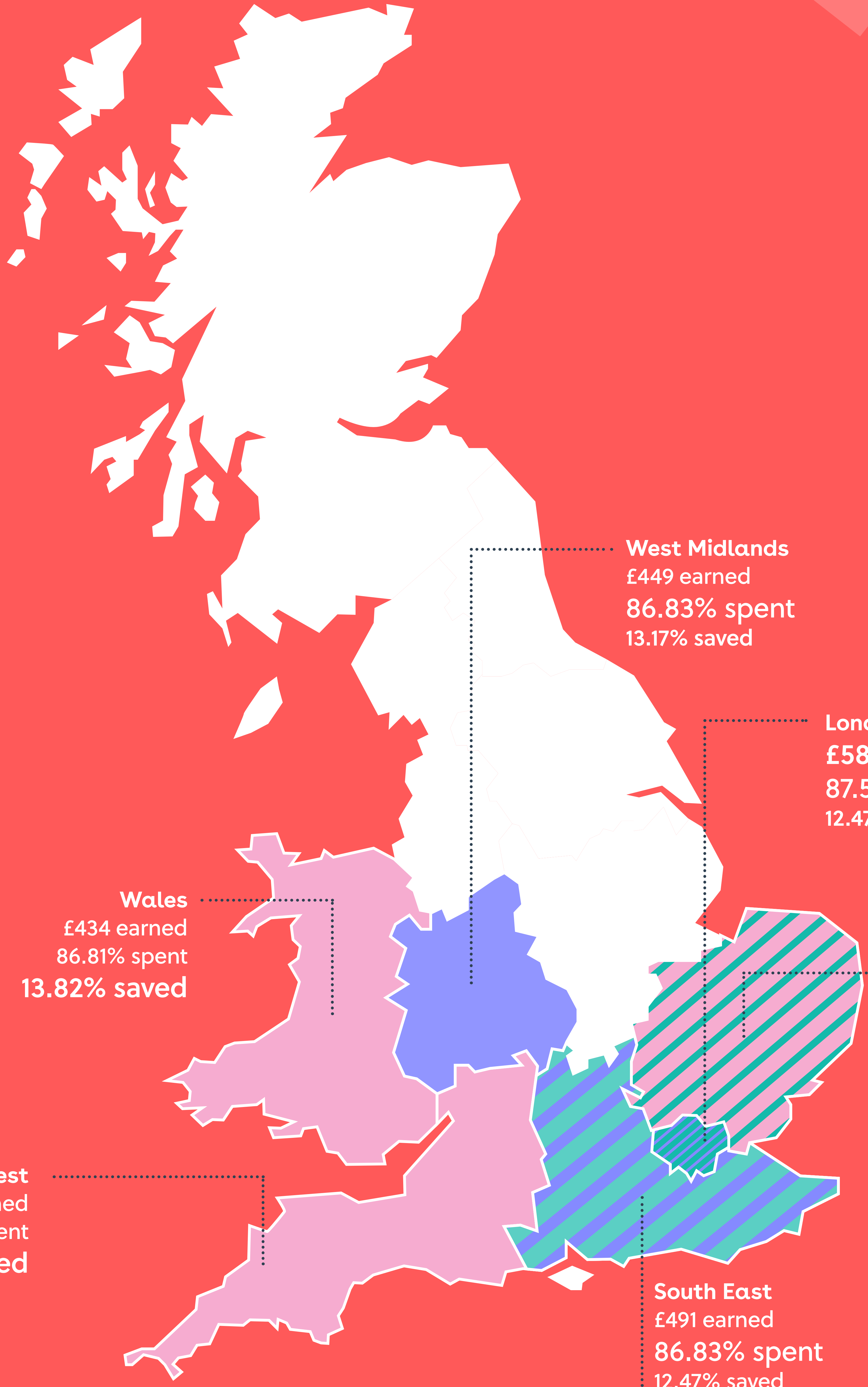
The Youth Economy Report 2019

How Gen-Z earn, spend and save

gohenry

Britain's pocket money hotspots

- Top earners
- Top spenders
- Top savers
- Top earners / savers
- Top earners / spenders



Top earners (annual):

1. London	**£581**
2. East	**£493**
3. South East	**£491**
4. South West	£467
5. Scotland	£465
6. East Midlands	£452
7. North West	£449
8. West Midlands	£449
9. Yorkshire & The Humber	£444
10. North East	£435
11. Wales	£434

Top spenders (annual):

1. London	**£513**	**87.53%**
2. South East	**£428**	**86.88%**
3. West Midlands	**£390**	**86.83%**
4. North West	£390	86.73%
5. Yorkshire & The Humber	£385	86.68%
6. North East	£377	86.64%
7. East Midlands	£392	86.54%
8. Scotland	£403	86.44%
9. South West	£404	86.35%
10. East	£426	86.21%
11. Wales	£374	86.81%

Top savers (annual):

1. Wales	**13.82%**	**£59**
2. East	**13.79%**	**£66**
3. South West	**13.65%**	**£63**
4. Scotland	13.56%	£62
5. East Midlands	13.46%	£60
6. North East	13.36%	£57
7. Yorkshire & The Humber	13.32%	£58
8. North West	13.27%	£58
9. West Midlands	13.17%	£58
10. South East	13.12%	£63
11. London	12.47%	£69

Contents

Introduction

This report gives us an unprecedented insight into where and how children are using money and what they are spending it on. What emerges is a new generation that is much more conscious of the value of money with an incredibly mature attitude towards money management. The collective estimated savings for this generation was over £550 million in 2018 – proportionately three times the current adult savings ratio.

LOUISE HILL
FOUNDER AND COO
OF GOHENRY

We live in an increasingly cashless society – a very different world to the one most of us grew up in. In order for kids to understand the value of money and how to manage it they need access to money in the real and digital world.

gohenry customers are digital banking natives - they are the first kids to grow up with access to the digital economy. For the first time this allows us to get a true picture of how children earn, spend and save when they have access to the digital economy and a chance to experience how money works in 2019. Understanding how kids are interacting with their money now will help us to make sure that this next generation are better than the previous ones at managing their money.

This is our mission at gohenry — to help millions of kids be good with money — and it's why we've partnered with Dr Guy Lansley from University College London's Consumer Data Research Centre to provide the biggest insight yet (based on 75,000 children) into the financial behaviours of Britons aged 6-18.

By combining gohenry data with Office for National Statistics data including mid-year population estimates and other demographic datasets we are able to truly understand the spending, saving, and earning habits of Generation Z (defined as those born after 1998). Not only can we reveal the current state of the youth economy but we can also get a sense of what the future looks like for this first generation of digital banking natives — the first generation of children to have access to money in the way they will have access to it as adults — on cards, online, and contactless.

According to our findings, British children spent around £3.9 billion in pocket money in 2018 alone. That's far from small change. Yet while rolling news reports keep us well informed about the state of the British economy, the youth economy is often overlooked. Our report aims to change this narrative and to give a voice to this first truly digital native generation. They are set to be the first cashless generation too and, as our report shows, they are already displaying financial patterns that could shape the future economy.

Key highlights from the report include:

- A detailed breakdown of how much children receive in pocket money by age, gender and location.
- A Pocket Money Pay Gap showing British boys aged 8-15 being paid 5% more than girls.
- How teenage girls could be the saviour of the High Street with significant spending in offline retail.
- How boys spend almost half their income online, which is more than double the amount spent by girls. This spend is driven by their interest in video games and gaming services.
- The Pocket Money Payment Index which reveals the top chores for kids and how much parents pay them.
- How Gen-Z is a cashless generation with physical money being the least used form of payment for all ages and genders when given the choice between cards or cash.

"Generation Z are the first true digital natives, and they are set to be the first generation of cashless consumers, too," says Louise Hill. "Unlike cash, digital transactions yield a rich source of data on Gen-Z finances — which is why we've focused on what their cashless spending habits look like in our inaugural Youth Economy report. This insight will become increasingly important as more children have access to tools like gohenry and are able to meaningfully engage with the digital economy."

Generational expert and report contributor Dr Eliza Filby says: "The gohenry research suggests the shopping habits of Gen-Z consumers may hold the key to reinvigorating the British high street.

This report also reveals how using a gohenry card can help to educate children and ease them into adult spending habits much earlier. This generation will be much better at monitoring their spending than ever before."

Read on for the ultimate guide to how Gen-Z interacts with the economy – what they do with their money, why they do it and what it signifies for the future.

The gohenry data is unique in that it routinely captures data on consumer behaviour as young people engage in transactions. Through the implementation of imputation techniques with mid-year population estimates and other demographic datasets, it is possible to hone the probable average consumer characteristics of young people across the entire country. This presents a unique opportunity to achieve consumer insights on a demographic group which, until now, has been poorly understood.

DR GUY LANSLEY
SENIOR RESEARCH FELLOW AT UCL'S CONSUMER DATA RESEARCH CENTRE

Chapter 1:

Earn

In 2018, children and teenagers aged 6-18 in Great Britain collectively earned £4.5 billion. This income comes from pocket money and ad-hoc gifts, plus payments for undertaking informal household chores, such as tidying their room, washing dishes or doing homework.

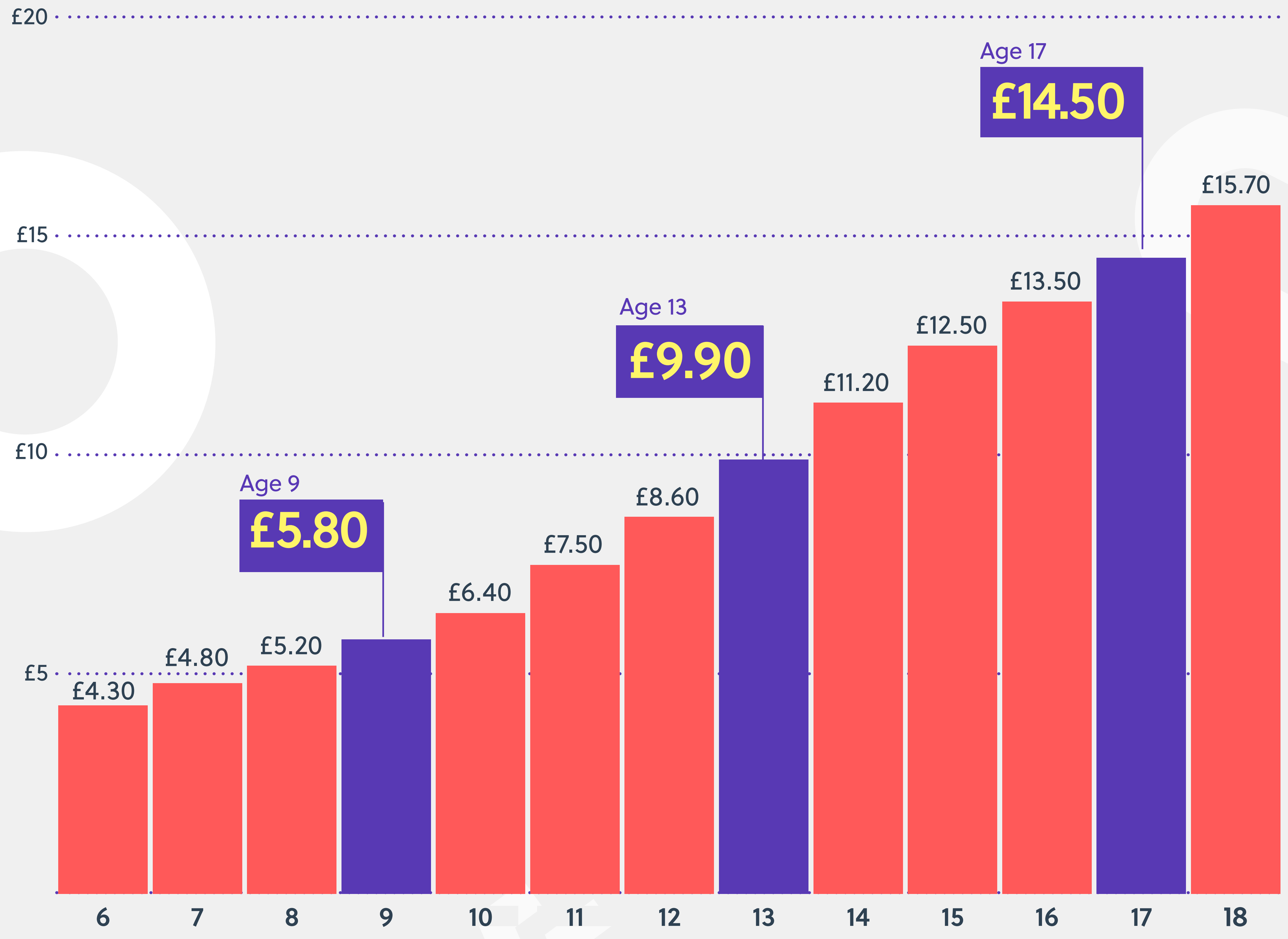
The average British child earns an average of £9 per week — or £39 per month. As you'd expect, the amount they receive increases with age: six year-olds earn £4 per week but their allowance more than doubles by the age of 12, by which time they receive the national average of £9 per week.

The average amount of pocket money that British children receive varies depending on where they live. Children who live in London earn, on average, 20% more than those who live in the rest of the country. "This may be due to the high cost of living in the capital; with more available entertainment options, and higher prices, children have more opportunities to spend money and may also have to pay for transport to get to their chosen activity," says Louise Hill.

Those based in Islington, London are Britain's highest earners, with an annual income of £677, while Welsh children are the lowest earners, with an annual income of £434. This reflects regional variations in income for UK adults. ▶

Pocket money pays

Paying pocket money is an important part of money management, helping children get used to receiving – and managing – a regular income. It's not about how much you pay, but here's a guide to the current national averages:



According to the Office for National Statistics Annual Survey of Hours and Earnings[1], in 2018, median weekly pay was highest for adults living and working in London (£671), and lowest for those in Wales and the North East (£519 and £512, respectively).

"It's important to note these regional differences," says Dr Eliza Filby. "There's a clear difference between somewhere like Wales and London in terms of income, savings and expenditure. It's a common theme that's really resonating in our politics, that disparity between London and the rest of the country."

When it comes to when and how children get their money, eight in ten children with a gohenry account* receive a regular pocket money payment. Over half (51%) receive this on a weekly basis, while almost a third (32%) receive a monthly payment instead.

The majority of parents give their children pocket money at the end of the week, ready for the weekend's activities: the most popular days for pocket money payments are Friday (43%) and Saturday (33%).

*Estimated figures taken from a sample size of over 400,000 active gohenry customers in 2018

I get £8 pocket money every Friday. For the last couple of years my parents have taken 5 from my age and paid me that amount. I think it's a good amount for someone my age.

CLAIRE
13 YEARS OLD

I get money for my birthday and Christmas and sometimes from grandparents which, along with my weekly pocket money, works out at about £300 over the year.

MORGAN
9 YEARS OLD

Work it

Although around 70% of payments to UK children with gohenry accounts* are classed as 'pocket money', 12% are gifts or miscellaneous payments and a further 17% represent payment for tasks. These range from traditional, child-appropriate household tasks such as tidying their room (which accounts for 14% of these payments) or washing the dishes (9%), to more routine daily 'chores' like homework (6%) and brushing teeth (2%).

"The data indicates that parents are willing to use financial incentives to encourage good habits," says Louise Hill. "Earning from chores is also a positive indicator that parents are further educating their children to be financially aware and learn the value of money and where it comes from — helping to set them up for the future."

Some of these tasks are more lucrative than others. For example, walking the dog earns the highest payment (£1.50), along with good behaviour (£1.45) and tidying their room (£1.40). Chores which pay the least include setting the table (£0.70), making their bed (£0.80) and brushing their teeth (£0.80).

There's minimal gender difference between the most popular tasks that young people perform to earn some extra money: tidying their room, washing dishes, doing homework and making their bed are the top tasks for both boys and girls. However, there is one key difference: boys are twice as likely as girls to earn money because they've put out the rubbish.

*Estimated figures taken from a sample size of over 400,000 active gohenry customers in 2018

"I'm surprised by the number of tasks or chores that children do," says Dr Eliza Filby. "People say that kids are pushed into so many after-school activities, have too much homework from an early age and have all their time segmented and planned out. It's reassuring to me that they're still learning how to help around the home."

Unsurprisingly, the types of tasks performed begin to change as children grow older. At the age of five and six, children are rewarded for sleeping in their own bed, getting dressed in the morning and brushing their teeth. Up to the age of ten, there's an increased focus on keeping their room tidy, making their bed and doing their homework. By the time they are ready to leave primary school, at the age of 11, they take on a wider range of general household tasks, such as washing the dishes, vacuuming and helping to manage the household rubbish and recycling.

I'm quite encouraged by this generation. These kids are entrepreneurial and they're earning their own pocket money. In the next few years we'll potentially see that entrepreneurial spirit coming through, even from a young age. This generation won't be reliant on their parents in the same way that previous generations have been. I expect them to be more financially independent.

DR ELIZA FILBY
WRITER, SPEAKER
AND CONSULTANT

Top kids' chores

Savvy school children could boost their income by focusing their efforts on some of the most popular, highest-paid household tasks*

*Estimated figures taken from a sample size of over 400,000 active gohenry customers in 2018

My parents give me an allowance of £8 weekly and I can earn extra for chores. I get paid 75p per shirt or trousers I iron and, most weeks, I do about 12 so that's £9 on a good week. I sometimes take our springer spaniel, Jess, out for a walk too, especially if Dad is working away. I get different amounts depending on how often I go. All together I earn roughly £17 a week. Having a financial motivation for doing chores definitely helps.

BEN
15 YEARS OLD

On a weekly basis I get up to £2.50 for doing all my chores. There are lots like making my bed, brushing my hair, learning my spellings and doing my times tables. I sat down with my mum and dad and we worked out together which chores we should put on the list. Mum logs them all and then we check on a Saturday to see how many I have done before I get paid. I'm good at most of them but I do forget to make my bed sometimes.

CARYS
9 YEARS OLD

The pocket money pay gap

In April 2019, the median UK gender pay gap stood at 9.6%, in favour of men[2]. While British businesses face increased pressure to narrow the gap, it's interesting to note that this gendered financial inequality starts early: there's a pocket money pay gap of 5% among British children aged 8-15 which means that, over the course of a year, boys earn an average of £440, while girls earn £420. This means that boys earn £20 per year more than girls, which equates to 40p per week.

> *"Boys earn around £20 per year more than girls, which equates to 40p per week"*

Although girls start off as the highest earners at the age of six, boys quickly overtake them —and, in real terms, the pocket money pay gap peaks at the age of 11, when boys earn an annual average of £404 compared to girls' annual income of £371.

"While it's surprising that the gender pay gap starts at the age of eight, anecdotally we don't see this as a deliberate decision by parents. No-one is consciously paying boys more than girls, particularly not in the same family. It's really shocking to see it reflected in the data," says Louise Hill.

> **I am so shocked to discover there is a pay gap between boys and girls, it seems so unfair. Many of my friends that are boys do have expensive hobbies like skateboarding where they are always needing new kit, so that may be one reason**

SAFFRON
16 YEARS OLD

Mind the Gap


Boys
Girls
£265
£279
£284
£317
£318
£348
£371
£404
£435
£462
£506
£522
£579
£585
£649
£655
Age 8
Age 9
Age 10
Age 11
Age 12
Age 13
Age 14
Age 15

Chapter 2: Spend

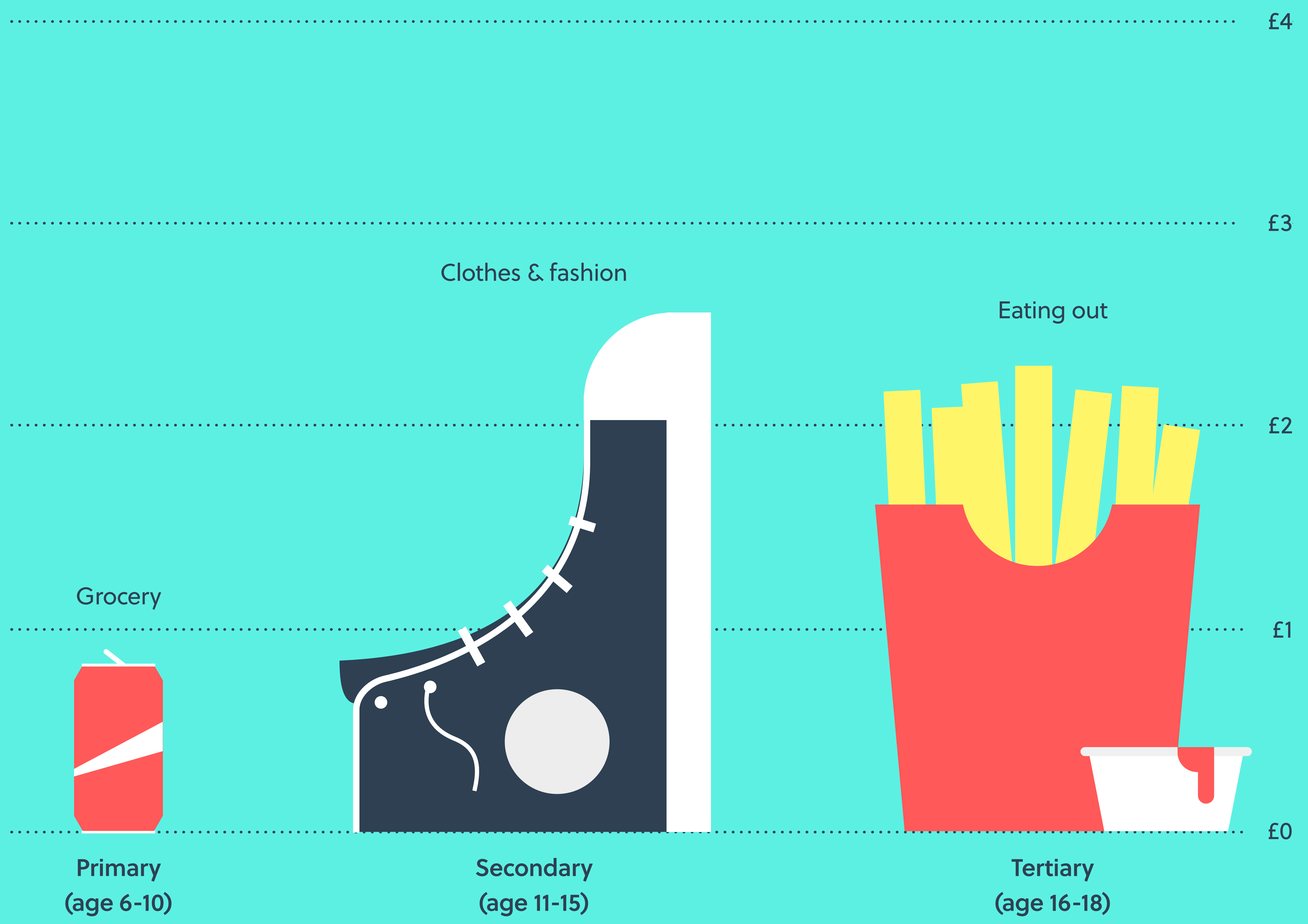
According to the Office for National Statistics Living Costs and Food Survey, in 2018 the median household disposable income in the UK was £28,400[3].

In 2018, British children collectively spent £3.9 billion — which equates to 87% of their total income. Unsurprisingly, spending increases with age (and income). Girls spend a slightly higher proportion of their earnings than boys (87%, compared to 86%), and children who live in London spend the most (88% of their earnings), while those in Wales spend the least (86%).

In order to gain a better understanding of how British children spend their earnings, we've identified three defined stages of consumer behaviour: Primary (ages 6-10), Secondary (ages 11-15) and Tertiary (ages 16-18). The following section explores the payments that they make via card payments in-store and online — their ATM usage is covered later in the report.

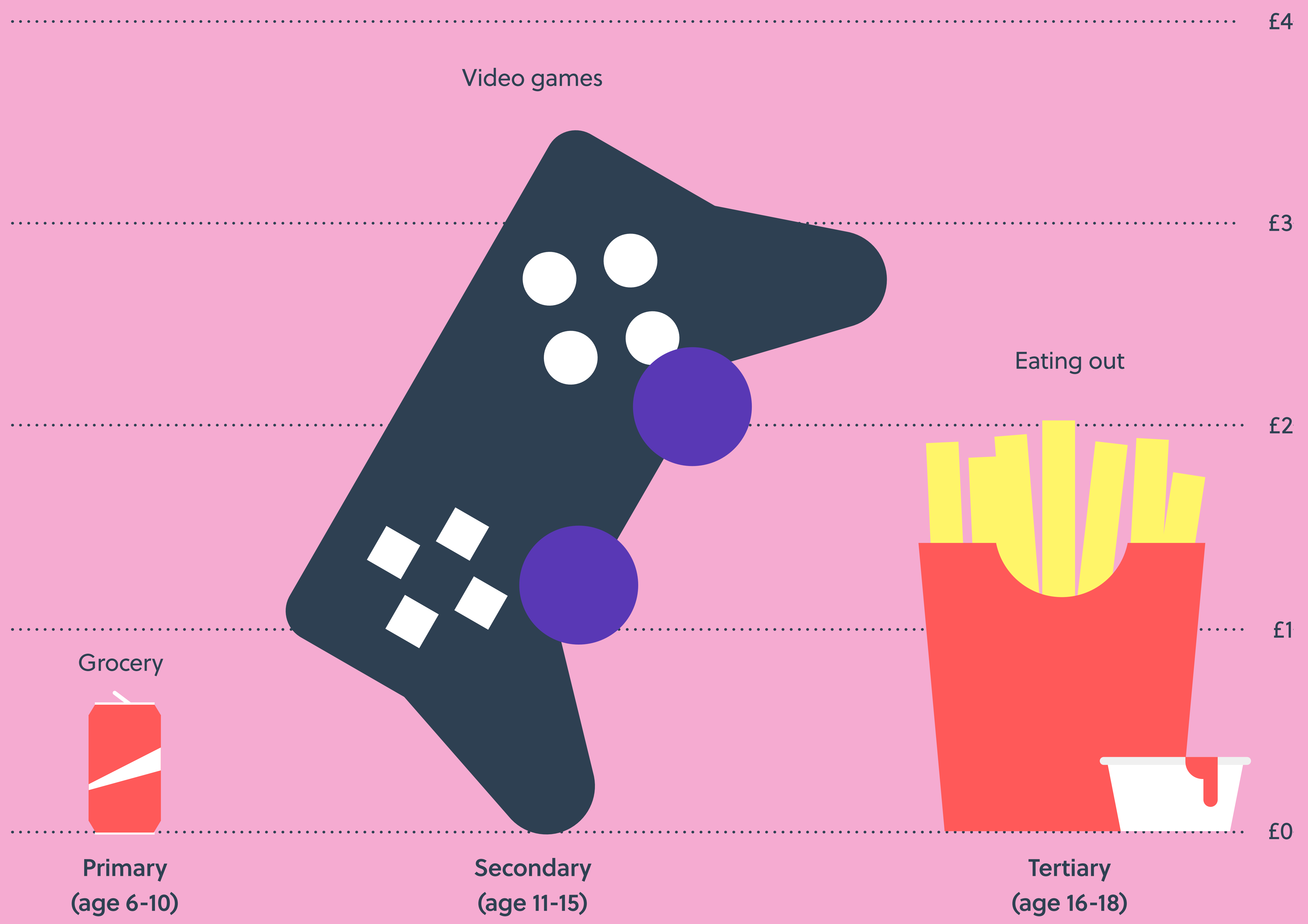
Trends in weekly expenditure: girls

Younger girls tend to spend on sweets and magazines from local shops. By the age of 11, they spend more of their income on clothes and fashion. As their social life becomes more important, older teens' spend in cafes and restaurants increases.



Trends in weekly expenditure: boys

Up to the age of 10, boys spend most of their money on confectionary and magazines. Their passion for gaming drives their spending habits between the ages of 11 and 15. Alongside this interest, older boys, aged 16-18 begin to spend more in cafes and restaurants.



Primary spending

Primary school-aged children aged 6-10 have very little independence, and their consumer transactions are usually made when accompanied by parents or guardians. Consequently, they spend small amounts of pocket money. Up to the age of ten, children spend less than £5 per week on average. After their tenth birthday, this rises to an average of £5.25.

During the primary stage, there's very little difference between the spending behaviour of girls and boys. Amongst younger children, aged six, seven and eight, the most popular purchases fall into the category of grocery, which most likely means that they're spending the money on confectionery or magazines from supermarkets or smaller local shops. Six year-olds spend over a quarter (26%) of their income on this, seven year-olds spend 23%, and eight year olds spend 20%. After this stage, they spend less money on sweets and snacks as they develop new hobbies and interests to which they dedicate most of their income.

I got my gohenry account about a year ago. At the beginning, as soon as I got the money, I'd go to the shops straight away and spend it. I liked buying jewellery or hair slides or lipgloss, or maybe a pony magazine. Now I think much more carefully about what I buy as I want it to last. Once the money has gone, it has gone.

CARYS
9 YEARS OLD

Secondary spending

Children aged 11-15 achieve more independence when they start secondary school, and also become more concerned with fitting in with their peers. This leads to a marked shift in their consumer behaviour as more transactions take place when in the company of their friends rather than their family.

> *In 2018, 13 year-old boys spent an average of £194 each on video games. Girls of the same age spent just £4.60*

During this stage, children's and teenagers' average weekly spend almost doubles, from £6.40 per week at the age of 11, to £11.50 at age 15. Although girls and boys spend similar amounts, they begin to buy different things. Typically, boys spend a large proportion of their earnings on video games and gaming services: their spending peaks at the ages of 11 and 12 when they dedicate 46% of their earnings to gaming, dropping to 28% by the age of 15. Over the course of 2018, 13 year-old boys spent £194 each on video games on average, which is the largest sum across all age groups. Girls of the same age spent just £4.60.

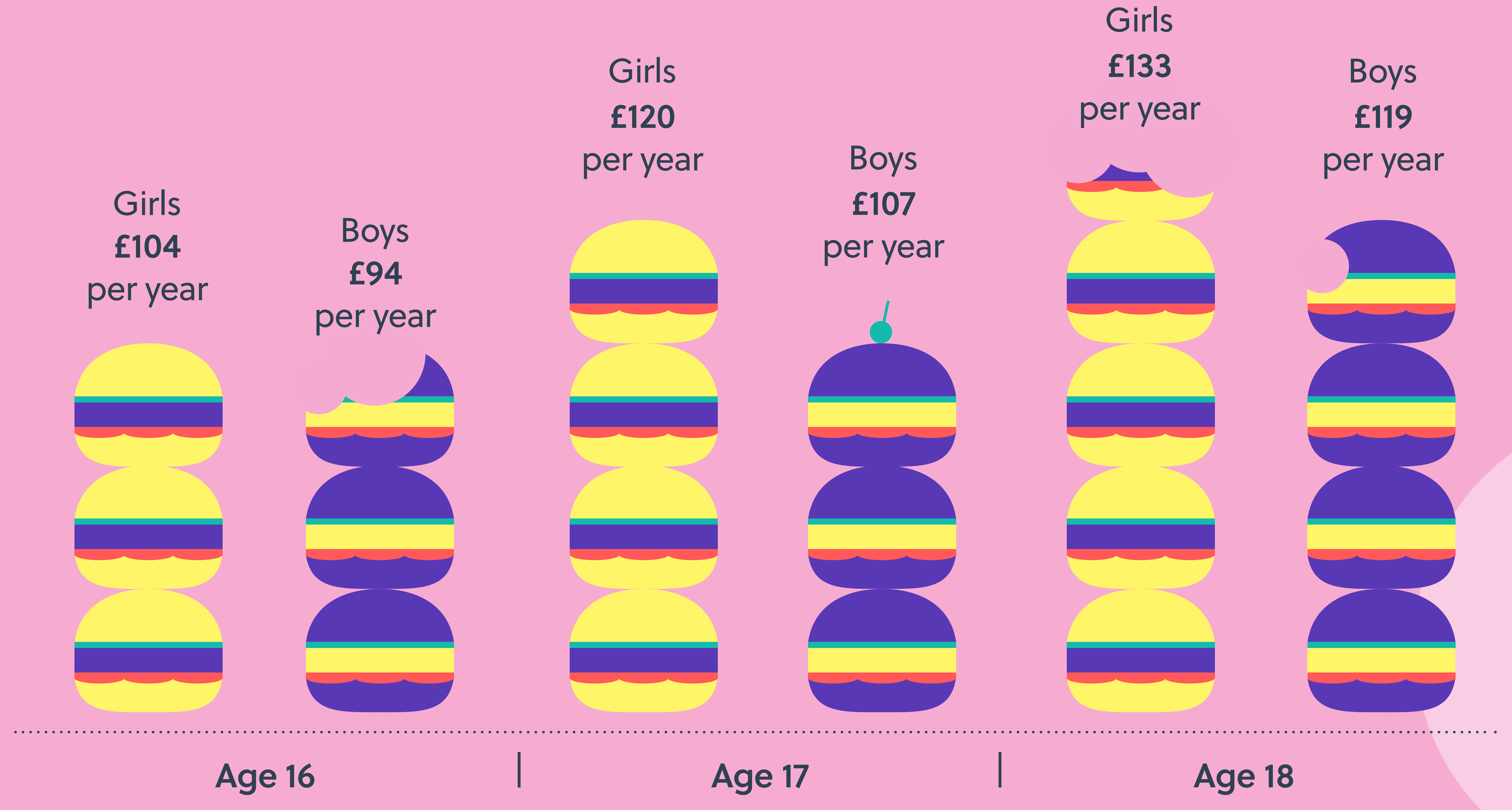
At the age of 11, girls begin to spend more of their money on clothes and fashion. Those aged 11-14 spend almost a third (29%) of their money on this and, during 2018, girls aged 15 spent an average of £167 on clothes. At the same age, boys spent only £46.

Tertiary spending

At the age of 16-18, as teenagers make the transition from school to college or 6th form, their spending habits change once again. Alongside their interest in clothes and fashion (girls) and gaming (boys) they now spend more time socialising with friends, which means that eating out in restaurants and cafes becomes a primary expenditure.

This rises inline with age, accounting for 16% of payments made by 16 year-olds, 17% by 17 year-olds and 18% by 18 year-olds. Girls spend more on this than boys, with the average 16 year-old girl spending £104 per year eating out (compared to £94 for boys), the average 17 year-old girl spending £120 (compared to £107 for boys) and the average 18 year-old girl spending £133 (compared to £119 for boys).

"Eating out in restaurants and cafes becomes a primary expenditure which rises inline with age"



Shopping in-store

In 2018, British children spent just over half (53%) of their earnings via card payments in-store. Unsurprisingly, younger children are most likely to do this (six year-olds spent 76% of their income in-store).

"This is probably because younger children have less independence and are more likely to spend money in actual shops when accompanied by a parent or guardian, rather than using an ATM or shopping online," says Louise Hill. "They also can't resist the lure of sweets or magazines — items more commonly purchased in-store."

> *Shopping in-store accounts for 65% of girls' spending*

Girls are more inclined to shop in-store than boys: across all age groups, shopping in-store accounts for 65% of girls' spending, compared to 41% among boys.

The shop 10
When Gen-Z have pocket money to spend, these are their favourite brands and retailers*

Boys		Girls
XBOX	1	TESCO
PlayStation	2	amazon
TESCO	3	co op
amazon	4	PRIMARK
co op	5	McDonald's
PayPal	6	PayPal
McDonald's	7	ASDA
ASDA	8	NEW LOOK
Sainsbury's	9	Sainsbury's
GAME	10	Superdrug

*gohenry is not affiliated in any way with any of the publishers or brands mentioned in this report.

"For teenagers, the high street is still the area of social congregation where girls in particular gather on a Saturday afternoon to shop, browse, share, enjoy — and experiment with clothes, make-up and food," says Dr Eliza Filby. "The fun and social aspects of shopping, and the way it makes you feel like a grown-up are very important to girls. It's no surprise to me that teenage girls recognise the joys of shopping on the high street."

Children who live in London and the South East spend more in-store than those in other regions (62% and 60% of their income is spent offline, respectively), while those in Wales and the North East (52% and 51%, respectively) spend the least. "This may reflect the fact that urban areas offer more choice with regard to high street shopping," says Louise Hill.

According to the latest figures from the Office for National Statistics, 'bricks and mortar' sales still account for 82% of spending among adults. However, in-store sales figures have remained fairly static since 2014, while online sales have grown at a fast rate[4]. This has created a challenging retail environment where decreased footfall, combined with rising business rents and rates, has led to multiple high street chains closing stores or entering administration. In fact, new research from retail analysts Local Data Company[5] found that 2018 was a particularly tough year for retailers, with the highest rate of closures in five years and a large number of retailers facing difficulties.

> *"Brands need to integrate the online and offline experience and think in terms of 'bricks and clicks' as Gen-Z wants the best of both worlds"*

It's easy to understand the appeal of convenient and competitively-priced online sales among time-poor, financially-stretched Millennials, who are increasingly using their phones and tablets to shop at the touch of a button.

However, Dr Eliza Filby believes that the more traditional shopping habits of Gen-Z consumers may hold the key to reinvigorating the British high street. For example, over the course of 2018, the average 16 year-old girl spent a total of £169 on card payments to high street clothes and fashion retailers. Collectively, these girls spent over £55 million during this time — if this behaviour continues into adulthood it bodes well for high street brands.

"This is the generation who are true digital natives and so a real experience — as opposed to an online experience — is novel," says Dr Eliza Filby. "Gen-Z see offline services and experiences as a luxury so they are a really exciting prospect for the high street — but they have very high expectations of what the retail experience needs to be. If the high street brands can get this right, they have every chance of sustaining Gen-Z's attention. Brands need to integrate the online and offline experience and think in terms of 'bricks and clicks' as Gen-Z want the best of both worlds."

> *Collectively, 16 year-old girls spent over £55 million at clothes and fashion stores in 2018*

I spend most of my money on clothes and really enjoy going to the high street and visiting clothes shops with my girlfriends. It's such a fun and sociable thing to do. A group of us will go together and try on different outfits, saying which ones we like and might get. I might end up buying a new T-shirt or some jeans. It's so satisfying getting the clothes immediately, not like online shopping when you have to wait. Shopping on the internet is quite boring in comparison - plus you never really know what is going to suit you until you try it on. I go shopping about once a fortnight but I'm sensible about how much I spend. I would never spend more than £50 at once and I think carefully before I buy something.

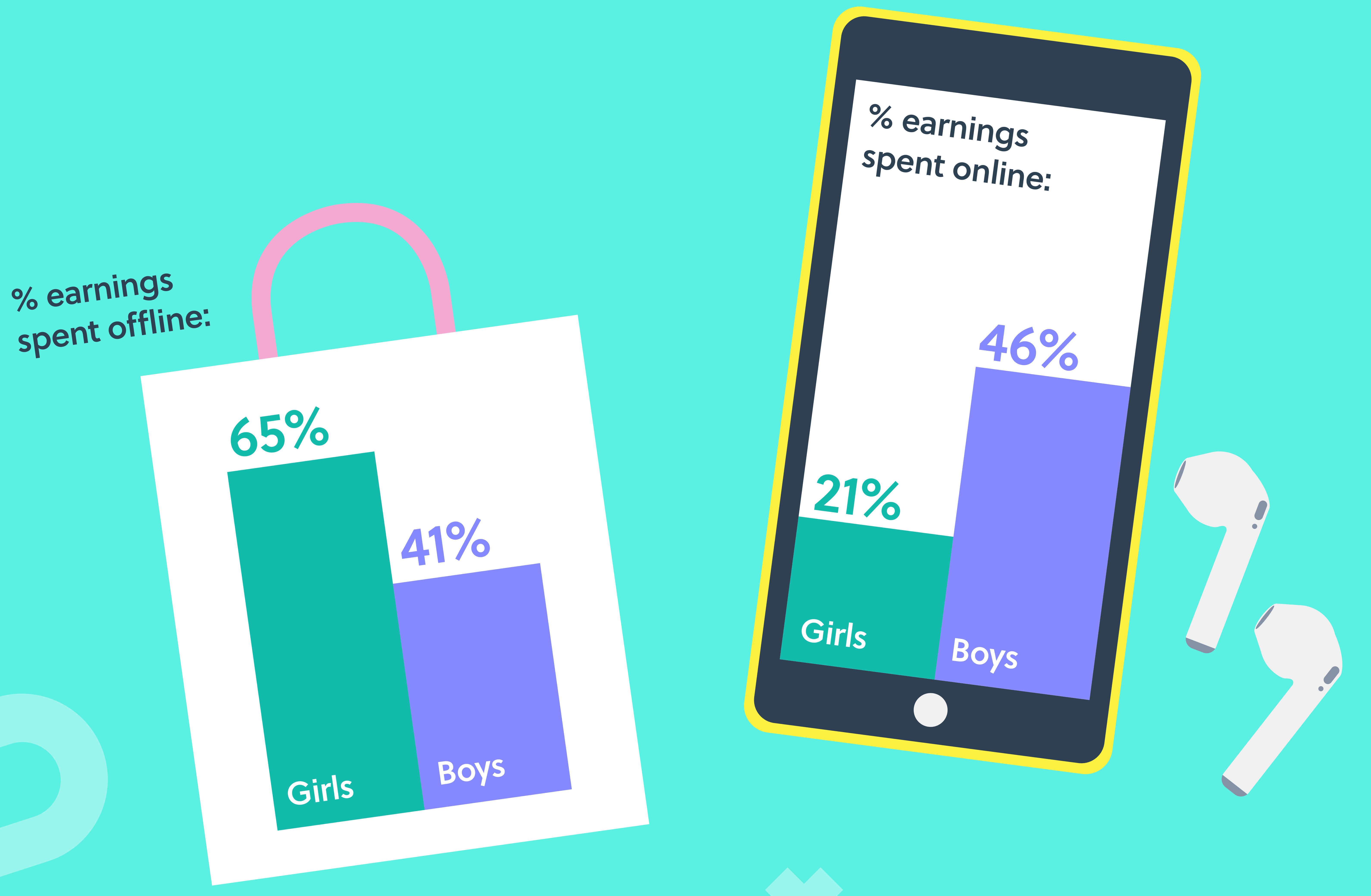
CLAIRE
13, LONDON

Click to buy

In 2018, British children conducted a third (33%) of their consumer transactions online, which adds up to an average annual spend of £185 per child. According to the latest figures from the Office for National Statistics, this is substantially higher than the proportion of online spending among adults, which rose to a record high of 18.2% in August, 2018[6].

Unsurprisingly, the frequency of online transactions increases steadily with age: children aged six make just 13% of their transactions online, with those aged 14 spending the highest proportion of their income online (38%).

"This reflects the behaviour of younger children, who are more likely to shop at local stores for magazines and confectionery, compared to teenagers who are more inclined to spend on gaming, shop at Amazon or make online purchases via PayPal," says Louise Hill.



"At the moment, children are making 33% of their transactions online — and online shopping is facing a real challenge if it wants to sustain that level of engagement," says Dr Eliza Filby. "These are very savvy online consumers with a self-conscious understanding of their data privacy. They know what they want and they know how to get it and they will come to expect fast, convenient online shopping on their own terms."

> *12 year-old boys spend 46% of their income on video games and gaming services, at an average annual cost of £184*

It's important to note that boys are more likely than girls to spend money online: they spend almost half of their income (46%) on digital transactions, which is more than double the amount spent by girls (21%). Significantly, boys' online spending peaks at the age of 12 (56%), which coincides with a significant upturn in the amount that they spend on gaming. Our research shows that 12 year-old boys spend 46% of their income on video games and gaming services, at an average annual cost of £184.

"Boys look for strategic, expensive games with heavy graphics. It's a genuine hobby that involves a lot of investment, interest and time," says Dr Eliza Filby. "However girls are gaming just as much as boys, but they favour free games that aren't heavily branded, and they often play on their phones."

I'm a big gaming fan and I spend money on add-ons or bonuses within games I love like Fifa. You can buy points to get better and improve your team. They can cost anything from less than £1 to £50 and beyond. As the price goes up the points get better. I do try to be disciplined and not spend too much, but it is tempting.

BEN
15 YEARS OLD

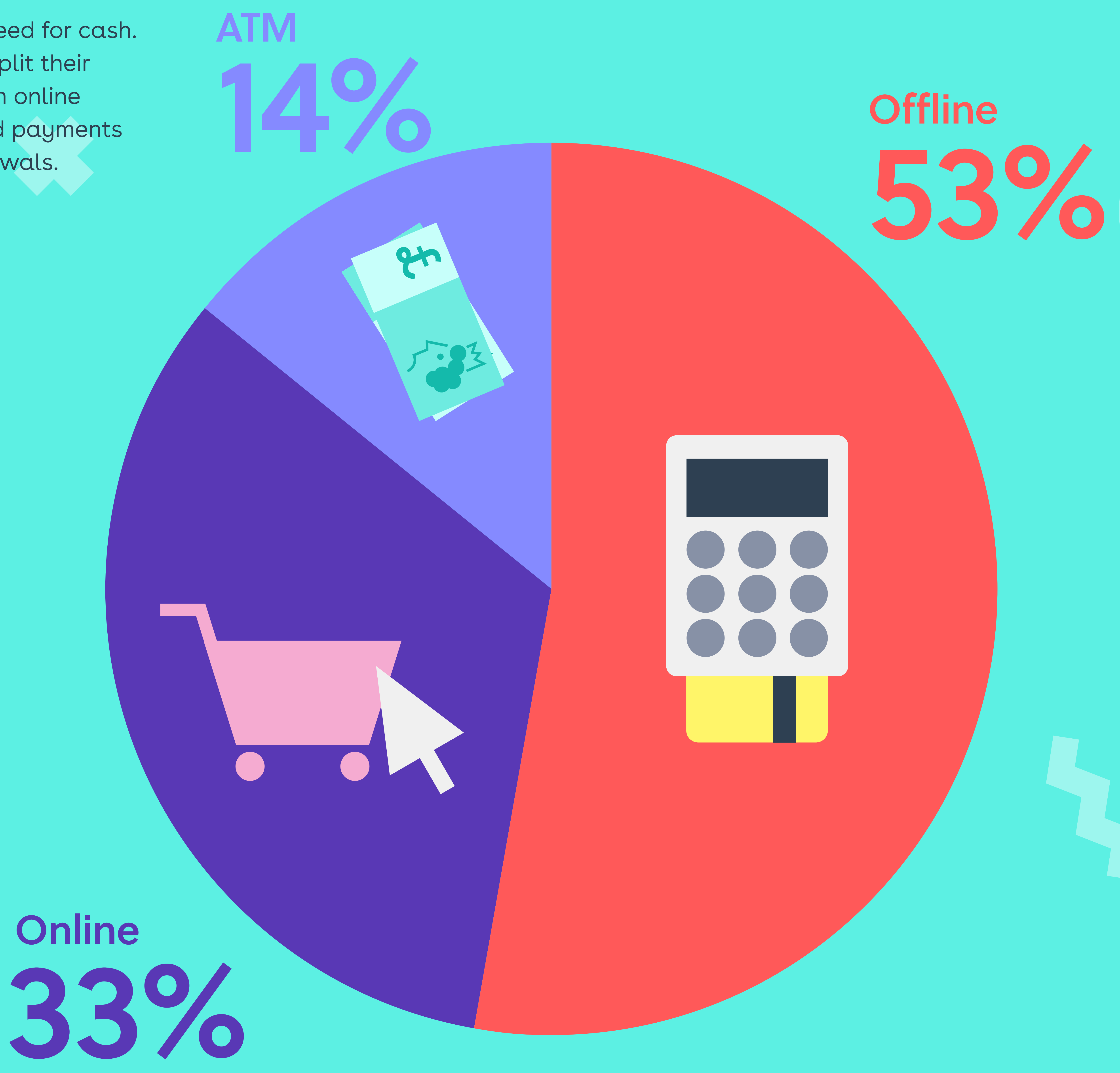
Cold hard cash

Our figures on ATM use indicate that Gen-Z has little need for cash and, when given the opportunity to pay with cash or card, they'll almost always choose to go cashless. Children withdraw roughly 14% of their earnings at ATMs, with girls slightly more likely to do so than boys (14%, compared to 13%). However, ATM usage increases steadily with age, suggesting that older teenagers see more value in carrying cash.

"I think that the young people of this generation will be cashless natives, in the way that they are digital natives," says Dr Eliza Filby. "Although they are going to be the first cashless generation, thanks to apps like gohenry, they are going to be much better at monitoring their spending. It's wrong to assume that because they don't use cash they're not as educated, informed or conscious when they spend. This is a much more sophisticated use of money which wasn't available to Millennials."

Spending habits

Gen-Z has little need for cash. Here's how they split their spending between online transactions, card payments and cash withdrawals.



"The young people of this generation will be cashless natives, in the way that they are digital natives"

According to the Which? Freedom to Pay Our Way Campaign[7], we are already drifting towards a no cash society: more than 400 UK cash machines closed each month between January 2018 and January 2019, and over 3,000 bank branches have closed since 2015. This could result in millions of people who rely on cash being excluded from paying for goods and services, and could also make it more difficult for people to manage their money if they've not been taught how to spend and save in a digital world.

"Digital banking solutions actually empower children to manage and be in control of their own money," says Louise Hill. "Children can learn to manage budgets from an early age as they have a record of how much they have spent and how much is left. We believe very strongly that kids need to experience money in all its forms — and the reality of the 21st century is that you need to be able to spend online, in-store and with cash. At gohenry we give kids the opportunity to experience all three if a parent wants them to, as cash still plays a valuable part in learning about money."

"Gen-Z card holders will almost always choose to go cashless with only 14% of 6-18 year-olds' spending in cash"

Mum doesn't mind if I want to buy something when we go to the shops. Because it comes out of my money I have to think really hard if it's something I actually want, though. When I do buy, I like to use my card to pay for things. It's fun having my own PIN number and it makes me feel important and independent.

MORGAN
9 YEARS OLD

I don't really like using cash and use my card at least 80% of the time. It's just so much more convenient and easy to use. Plus it's less to carry around and it means I can easily keep track of what I'm spending.

SAFFRON
16 YEARS OLD

Chapter 3:

Save

In total, British children saved over £550 million in 2018, which equates to an average of £62 per child over the course of the year, or £5.15 per month.

In practice, this means that 13% of their earnings remain unspent — which is almost three times higher than the UK Household Saving Rate, which increased to 4.8% in the final quarter of 2018[8]. This is particularly impressive given that the FCA's Financial Lives Survey 2017 found that 12% of UK adults have no savings or investments at all[9]. It's also important to note that the children who earn the least are the most efficient savers: children in Wales save the highest percentage of their income (14%), even though they earn, on average, £147 per year less than the highest earners who live in London. Despite their higher income, London-based children save 12% of their earnings. This could be due to the higher cost of living in the capital, or because they have more opportunity to spend.

However, these findings could also point to better money management, with those who earn less being less inclined to splash out.

Of my £5 allowance I put at least £1.50 into my savings account. I never ever dip into this money; I pretend it has an unbreakable force field around it. I'm always saving up for new Lego Creator sets which can take me a few months to get. As well as Lego I think about what I might need when I'm older too. One day I want to buy a car so I'll need money for that and a house too.

TOM
11 YEARS OLD

"While Millennials grew up in the time of the longest consumer boom in history, Gen-Z have grown up in the deepest recession since the Second World War," says Dr Eliza Filby. They are more conscious of the value of money, the need to save before you spend, and the sacrifices their parents are making to give them pocket money. Gen-Z are the generation whose parents have said, 'No, we can't afford it,' so there's a much more conscious understanding of the uncertainty around money."

Overall, boys are slightly better at saving than girls: they save an average of £64 per year, while girls save £60. Up to the age of 16, boys consistently save more money than girls — and the gender savings gap peaks at the age of 13, when boys save an average of £65 per year, while girls save just £41. From the age of 17, girls become much more effective savers: 17 year-old girls save an average of £84 per year, while boys save £68. This continues at the age of 18, when girls save an average of £103 per year, while boys save £84.

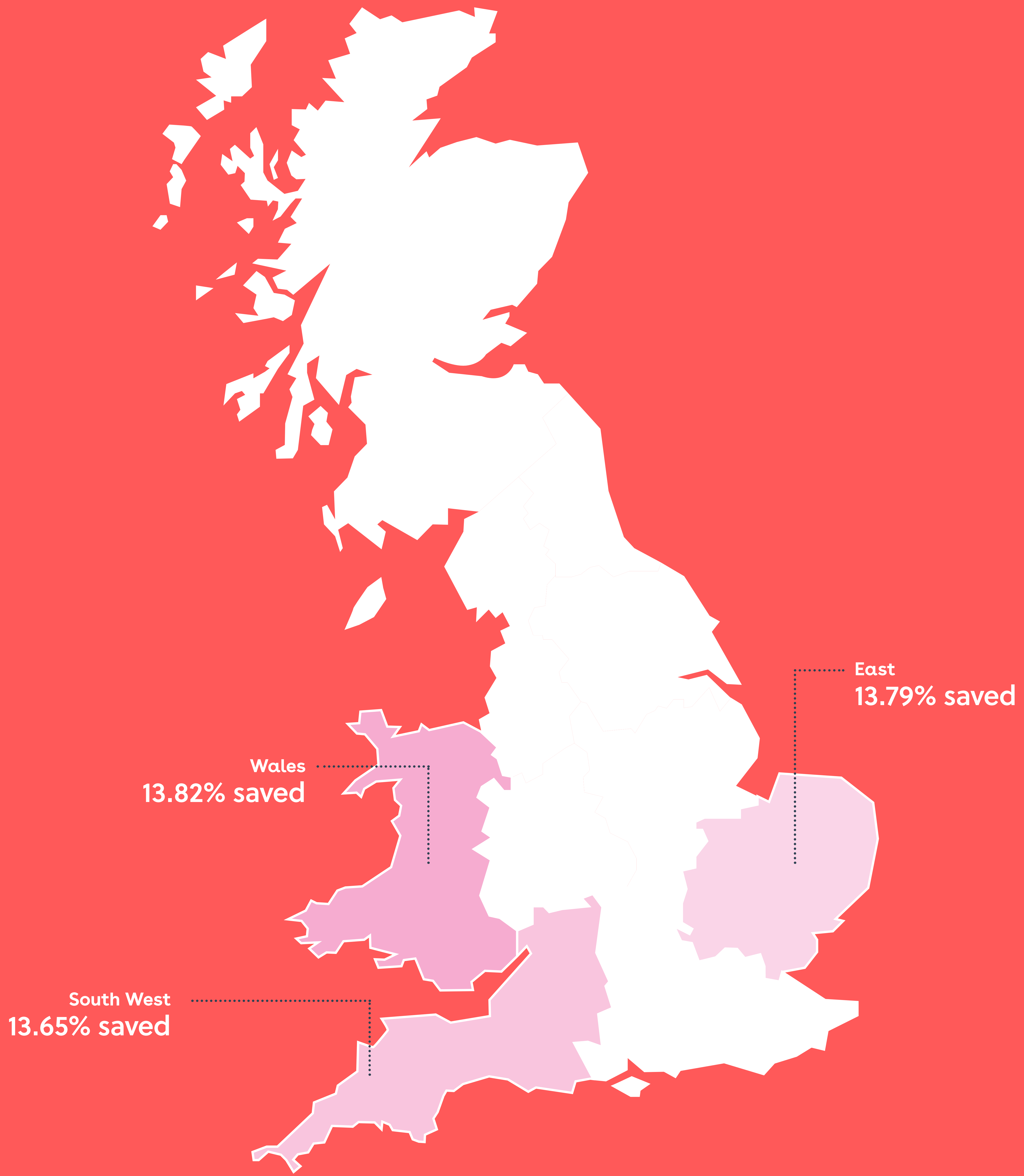
"Many children are setting savings goals which helps them to understand it takes work and effort to accumulate money - and to consider if the item is really needed or wanted in the first place. Nothing like getting children to commit their own money to something to stop the pester-power!" says Louise Hill. "Kids also then get that great feeling when they buy something with their own money — as well as appreciating that once they've spent the money, it's gone."

I'm currently saving up for when I go travelling in my gap year in two years time. I want to go to the Philippines. I make sacrifices to save like walking instead of taking the bus or waiting longer to buy some shoes or something else I really want.

SAFFRON
16 YEARS OLD

Britain's top savers:

1. Wales	**13.82%**	**£59**
2. East	**13.79%**	**£66**
3. South West	**13.65%**	**£63**
4. Scotland	13.56%	£62
5. East Midlands	13.46%	£60
6. North East	13.36%	£57
7. Yorkshire & The Humber	13.32%	£58
8. North West	13.27%	£58
9. West Midlands	13.17%	£58
10. South East	13.12%	£63
11. London	12.47%	£69



Giving

According to the Blackbaud Institute's 2018 study, The Next Generation of UK Giving[10], Gen-Zers and Millennials contribute the largest amount of money to charity — and they're twice as likely as any other generation to say that they plan to give more in the next year.

Indeed, our findings highlight Gen-Z's altruistic tendencies: in 2018, 6,889 children with a gohenry account* donated money to the NSPCC.

"Giving is an important educational tool and the final of our four pillars of good money management: Earn, Spend, Save, Give. To truly understand the value of money, you need an appreciation for what it could mean for those less fortunate, hence the importance of introducing the idea of charity from a young age," says Louise Hill.

Our research suggests that the Youth Economy is booming and, for Generation Z, the future looks bright.

LOUISE HILL
FOUNDER AND COO
OF GOHENRY

"With collective pocket money earnings of £4.5 billion in 2018, they are already learning how to manage their money effectively and, as a result, are learning how to enjoy it.

Whether they're shopping for fashion, socialising with friends or investing in hobbies like gaming, Gen-Z take pleasure in spending their pocket money — in fact, they spent a grand total of £3.9 billion in 2018. However, they're also efficient savers, putting away, on average, 13% of their earnings — which is around three times higher than the UK Household Saving Rate.

It's gohenry's mission to help millions of kids manage their money and, in doing so, sustain the pleasure that children take in their pocket money and avoid the financial stress that blights so many adults. Gen-Z are the first true digital natives and will be the first cashless natives. Although they are more likely than adults to shop in-store, they're also cash refuseniks, favouring contactless payments over coins and cash.

In fact, this could be the key to their successful money management, as card payments and easy-to-use apps help them to keep track of their income and expenditure. When children spend with their gohenry card, they can do so without the risk of serious consequences like debt or overdraft. If they do make mistakes, they can learn from them. It's better to make a £20 mistake aged 7, than a £2,000 one aged 27.

There's every reason therefore to believe that Gen-Z will be more financially empowered than the generations which have gone before. When children spend with their gohenry card, they can do so without the serious consequences of getting into debt. "

Appendix

1. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/previousReleases

2. https://www.bbc.co.uk/news/business-47822291

3. https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddisposableincomeandinequality/yearending2018

4. https://www.ons.gov.uk/businessindustryandtrade/retailindustry/articles/comparingbricksandmortarstoresalestoonlineretailsales/august2018

5. Retail and Leisure Market Analysis, published by the Local Data Company, May 2019

6. https://www.ons.gov.uk/businessindustryandtrade/retailindustry/articles/comparingbricksandmortarstoresalestoonlineretailsales/august2018

7. https://campaigns.which.co.uk/freedom-to-pay/wp-content/uploads/sites/20/2019/06/Campaigns-booklet-June-2019-WEB-1.pdf

8. https://tradingeconomics.com/united-kingdom/personal-savings

9. https://www.fca.org.uk/publication/research/financial-lives-consumers-across-uk.pdf

10. https://hub.blackbaud.co.uk/npinsights/next-generation-of-uk-giving?utm_source=Fundraising%20List&utm_campaign=89aa9f9692-EMAIL_CAMPAIGN_2018_06_12_02_10_COPY_01&utm_medium=email&utm_term=0_95179a4ead-89aa9f9692-

Methodology

The UK-wide findings were modelled through research undertaken in collaboration with Dr Guy Lansley from the University College London (UCL) based Consumer Data Research Centre. gohenry has over 400,000 customers aged between 6 and 18. However, this research was only concerned with 75,000 that were actively engaged throughout 2018. This refers to children who received regular pocket money payments throughout 2018.

The gohenry data was extrapolated through linkage to the adjusted Office for National Statistics Mid-Year Population Estimates, 2017. The estimates could be linked by small area unit, age and gender. Each child in the mid-year population estimates was assigned the median statistics from the most similar children in the gohenry database based on geographic location, age, gender and a geodemographic segmentation using a bespoke profiling algorithm. The model has a local minimum sample size threshold to ensure that a minority of users to do not skew the estimations for large geographic areas. Where data could not be directly inferred due to insufficient sample sizes, data was estimated using a linear multiple imputation model based on the estimates from cases which met the threshold criteria. These methods were necessary in order to overcome data biases and to avoid making imputations based on insufficient sample sizes for areas of low coverage.

These findings were supplemented with data from the 416,473 gohenry users who were active during 2018. This means that they either received or spent money on at least one occasion during the year. When spending money, their age was recorded at the time of each transaction. Data taken from these figures is noted* throughout.

gohenry accounts only capture incoming payments from friends and family and, therefore, do not represent additional earnings made from formal employment or maintenance loans.

gohenry is not affiliated in any way with any of the publishers or brands mentioned in this report.

The Youth Economy Panel

Louise Hill

Louise is the Chief Operating Officer at gohenry. She co-founded gohenry in 2012, along with two other parents, when she realised that her children, now aged 18 and 20, needed to learn how to manage their money in an increasingly digital world.

Louise studied languages at Westminster University in London, and worked as an interpreter before moving into retail. She joined the 'fast track' graduate trainee programme at House of Fraser then, once internet shopping began to gain a foothold, she moved into e-commerce. In the past 20 years she has launched e-commerce websites and run contact centres and warehouses for many of the UK's big-name retailers, including Next Directory, John Lewis, The Innovations Group, Past Times and Debenhams.

Louise now splits her time between gohenry's headquarters in London and their Lymington office — which is housed in a former sweet shop. She dedicates time to talking to MBA groups at a number of universities around the country and, until recently, was a governor at a local secondary school.

Dr Guy Lansley

Dr Guy Lansley is a Senior Research Fellow at UCL's Consumer Data Research Centre. Guy is a specialist in building representative insights on the population and their activities from consumer data.

His previous research has included constructing a linked consumer register of the UK's adult population to denote neighbourhood change and internal migration trends, and applying text-mining techniques to discover activity patterns from social media.

Dr Eliza Filby

Dr Eliza Filby is a writer, speaker and consultant who specialises in 'Generational Intelligence' helping companies and services understand generational shifts within politics, society and the workplace. Her research incorporates not simply Millennials and the new kids on the block, Gen Z, but all generations.

She recently co-authored Fueling Gender Diversity: Unlocking the impact of the next generation workplace on behalf of the Women's Network Forum and is currently writing her second book, a history of generations.

Eliza received her PhD from the University of Warwick in contemporary history and worked as a lecturer in modern British history at King's College London and Renmin University in Beijing. In 2014, she founded GradTrain, helping graduates make the transition from university to the workplace.

The Youth Economy Panel

And the kids...

Claire, 13

When she's not hitting the shops with her friends, Claire also likes them to come over for a sleepover. She's a generous type and will often spend her pocket money on sweets, crisps, and drinks that everyone can share.

Carys, 9

Carys is a horse riding fanatic and is especially proud of saving up for ages to buy a brand new pair of horse riding boots. She proves that good things come to those who wait although it might take a little longer to save up for that first horse...

Ben, 15

Gaming fan Ben loves having financial independence and control over his own money. When he isn't doing the ironing to earn extra money, he also likes to buy clothes online. He's a social type too, and enjoys visiting his local trampoline park or popping to Nandos with his friends.

Tom, 11

Our super saver Tom loves doing extra chores to save up for one of his favourite Lego sets. He once spent over a week of school holidays painting the garden fence but said the reward was well worth it.

Morgan, 9

Bookworm and science mad Morgan is always on the hunt for an exciting new science experiment or cool gadget. He lives by the age-old adage of 'buy cheap, buy twice' and recently chose to save up for several weeks to buy the best binoculars he could rather than some cheap throw-away ones.

Saffron, 16

Saffron loves buying and selling clothes on resale platforms like Depop. She is so good at it she doesn't even have an allowance from her parents anymore. She is incredibly environmentally aware, and steers clear of fast fashion, favouring vintage in her quest to stop climate change.

About gohenry

Launched in the UK in 2012, gohenry is a prepaid Visa debit card and app with unique parent controls designed exclusively for 6-18 year-olds to help them learn good money habits in an increasingly cashless society.

gohenry's innovative app gives young people the freedom to learn and take charge of their own spending and saving in a safe environment, while the app's parent version allows parents to guide kids through the early stages of digital finance.

Having just recently expanded into the US with Mastercard®, gohenry is building a global movement of over 700,000 users who fiercely believe that being good with money is a vital life skill. For more information, visit gohenry.com.

In the UK the gohenry card is issued by IDT Financial Services Limited pursuant to a license from Visa Europe. IDT Financial Services Limited is a regulated bank, licensed by the Financial Services Commission, Gibraltar. Registered office: 57-63 Line Wall Road, Gibraltar. Registered No. 95716. In the US the gohenry card is issued by Community Federal Saving Bank, member FDIC, pursuant to license by Mastercard International.