

Gen-Z Investors

Harness the potential of
an ambitious generation



LUMI

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When you imagine a shareholder what sort of person do you see?

The global shareholder demographic is rapidly diversifying; 67% women now invest outside of their retirement accounts, 29% of young, Black investors started investing in 2020 and Gen-Z individuals are investing more than ever before.

These new groups are becoming much more vocal, exerting greater influence on the investment world, as they demand more from the institutions they support. With Gen-Z poised to become the 'most disruptive' generation ever, organizations should look to focusing on the requirements of this age group. Taking time to analyze and act on issues which Gen-Z prioritize is crucial to not being left behind in this space.

In this report we examine the growing power of Gen-Z, the issues they care about and how your organization can harness the power of this ambitious generation.

A large, stylized number '29%' in a dark blue color with a white dotted pattern, set against a light blue background.

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women now invest outside of their retirement accounts



Who is Gen-Z?

Despite Gen-Z's strong buying power and influence, they have expressed concern that they do not feel as knowledgeable or confident in the investing space as they would like.

To upskill, many Gen-Z investors now skip traditional financial advisors in favour of 'finfluencers' who offer savvy peer-to-peer advice for aspiring investors on social media.

Armed with deep financial insight and a lofty social media following, finfluencers tackle the logistics of investment alongside social equity issues at play, supplying accessible financial information that resonates with this generation.



Key characteristics

- Born 1995–2010, aged between 12 and 25
- Strong buying power
- Trust in 'Fin-fluencers'
- Lacking traditional investment knowledge
- Financial freedom focussed
- Home purchase often dominates their investment goals



What is a Finfluencer?

'Finfluencers' are a specific type of influencer who focus on money-related topics. They may share personal experiences such as buying their own homes or clearing debt. They may also share knowledge about finance and investing they consider to have been previously held back or 'gate-kept' from the average young person.



Freedom and rapid digitalization

Money and freedom are significant influences over this generation; there's a deep sense of discontentment and mistrust over financial institutions and behaviours that once served their parents but feel defunct to the average Gen-Z in 2022.

To combat the drift of traditional markers of wealth, Gen-Z turned to the platform that has been with them since birth- the internet.

Digitalization has provided this generation with new modes of access to financial markets, making it easier than ever to circumnavigate traditional gate-keepers and institutions to access new worlds of investing including crypto, social enterprise and crowd sourcing.



ESG has entered the chat

Not only has digitalization given rise to new methods of wealth acquisition, for digital natives, it has never been easier to access information about world issues and inequalities.

Gen-Z consumes more content about social and economic equity than any other age group, particularly news articles, blogs, and videos.

Growing up with online activism, making an impact in a way that is accessible to them is important for Gen-Z, and creating international movements of social awareness comes natural to this age group. The internet is used by them to self-educate on important topics, such as ESG, to become more globalized individuals.

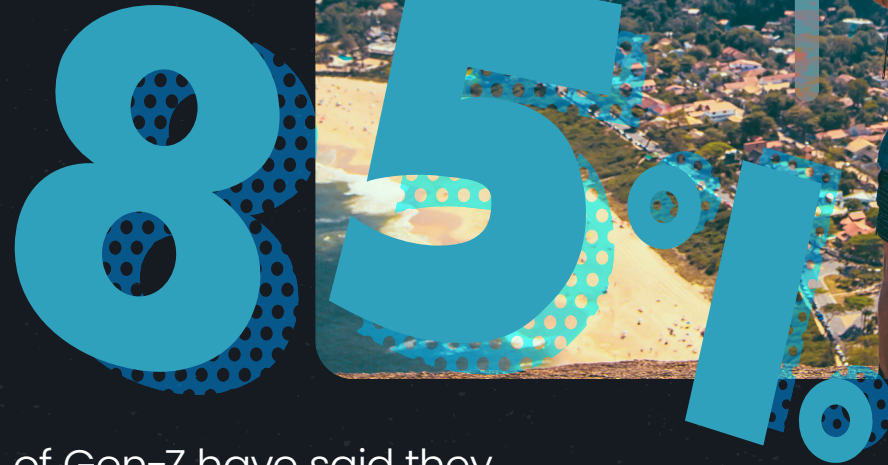


80% of Gen-Z consult ESG issues when making financial decisions.

Why ESG matters

Improving how your business communicates ESG reforms may be a vital piece of the puzzle to attracting and maintaining Gen-Z investment.

Studies show that 80% of Gen-Z shareholders having already voted in their AGMs, and another 9% saying they have an interest in doing the same, which suggests that they are active and circumspect investors. Their desire to engage and participate in crucial votes could shape the future of your organization, influencing the landscape and character of how you do business.



85%

of Gen-Z have said they have been frustrated when a company they invest in or endorse behaves unethically.

An ethical mismatch may spell disaster for wealthy Gen-Z investors

Not only can a strong ESG proposition attract Gen-Z shareholders, but it can bolster profit. For organizations looking to invigorate their shareholder base, or convert customers to stakeholders, a moral disconnect could lead to lack of shareholder loyalty and retention, which is costly for the business.

A study by Plan A Academy has shown that companies performing on ESG practices have higher financial growth, along with higher employee productivity and reduced regulatory and legal interventions. Expanding your success metrics to include social impact measures as well as financial indicators could be a game-changer for attracting influential Gen-Z investors.



Are Gen-Z loyal investors?

In recent findings by Barclays, it was found that many Gen-Z investors are looking for a short-term wins to help bolster personal finances.

73% of Gen Z investors own stocks, making it the most common type of investment within this age group. With 17% of Gen-Z having to change living situations due to Covid-19 in order to increase disposable income, it's not surprising that many turned to investment to make up the shortfall.



73% of Gen Z investors own stocks

Passionate investors

Despite the financial challenges facing this generation, companies have seen a wave of younger people with growing interest in businesses and trading, who apply their personal interests to their investment strategies. Unlike other generations, Gen-Z are much more likely to invest in companies who match their interests, passions, and values.



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Reinvigorate your relationship with Gen-Z

Communicate your triumphs

The notice of meeting could be a great place to
upskill your Gen-Z shareholders on the logistics
and practicalities of an AGM; this will be
particularly useful for first time investors.

With 84% of Gen-Z investors realising the
importance of ESG, it's more important than
ever for companies to disclose what they are
doing for the environment and society to attract
fresh investment. Communicating where your
company is getting it right, without greenwashing
the challenges, is a crucial part of any successful
stakeholder communications strategy- particularly
amongst Gen-Z who look for data evidence
or 'receipts'.



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Deliver seamless engagement days

Investor relation days can help maintain a loyal shareholder base and perceptions of value. Providing clear opportunities for communication, IR days are the perfect moment to share information on the direction of the company.

Where younger investors may rely more on social media and news to judge whether investment is worth it, an investor day allows your organization to take back control and tell your company's story using a more positive lens and be more confiding.



Digitalize your AGM

Making your AGM as accessible as possible is key to engaging this digital generation, with 84% of organizations saying that members now expect to be able to participate online. Most organizations, especially since the pandemic, have opted for a virtual or hybrid meeting format, which allows shareholders to join and participate from anywhere in the world.

82%

have agreed that virtual meetings are better attended than the traditional face-to-face AGMs.



89%

of organizations have found that 'going virtual' has increased global participation.



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