



 Afterpay

WHY CREDIT CARDS GIVE GEN Z THE ICK

2025



How Americans Save, Manage Spending, and Pay

Shopping is an essential part of life. It impacts how we prepare for our days, get to and from work, nourish ourselves and our families, as well as how we unwind. Yet, for many Americans, paying for routine purchases is increasingly stress-inducing.

01

Spotlight on savings: Half of Americans can't afford an emergency expense of \$500 or more.

A majority of Americans emphasize the importance of managing their shopping expenses, however, 83% state overspending causes them stress. To get a handle on their finances, 82% of Americans rely on budgets, but 77% of those people find managing spending to be challenging.

Increasingly, consumers are examining just *how* they pay for the things they need, and are assessing the benefits and drawbacks of various payment methods—from debit and credit cards to alternative payment methods.

In particular, Gen Z is struggling with saving and managing spending in a turbulent economy. While they self-report as the least confident in their understanding of financial management compared to other generations, Gen Zs are the most open to exploring options that can benefit them outside of the traditional banking and credit systems.

Savings are an important tool when it comes to managing spending, especially when unexpected expenses pop up. However, 48% of Americans have less than \$500 saved for emergencies, and just over a quarter (27%) of Americans

83%

**of Americans state that
overspending causes them stress**

82%

**of Americans rely on budgets to
get a handle on their finances**

77%

**of those that rely on budgets
find managing spending to be
challenging**

have no emergency savings at all. Some Americans find themselves with low savings due to debt—they understandably put any additional money toward paying down their balances instead of saving for the future. Other Americans—debt or debt-free—find themselves living paycheck-to-paycheck due to the rising cost of housing, inflation on everyday goods, and stagnant wages.

Gen Z is most at risk if an emergency expense occurs

More than half of Gen Z (56%) have less than \$500 saved up—not only have they had less time to work and build up savings, but many began their careers during a volatile period for hiring.

Other generations are not far behind their younger counterparts, though: 54% of Gen X (those 44 to 58 years of age) also report having less than \$500 to cover an emergency expense, showing that a wide cross-section of Americans are being impacted by the state of the economy.



56%

of Gen Z have less than \$500 saved up

Unable To Afford \$500 Emergency Expense

Americans, by generation

Generation Z
Ages 18-28

56%

Millennials
Ages 29-43

50%

Generation X
Ages 44-58

54%

Baby Boomers+
Ages 59+

38%

Playing Favorites: Which Payment Options Are Leading the Way?

Liquidity is king. Debit cards are the most popular payment method in the US, followed by cash. For those who opt not to carry cash around, debit cards offer clear benefits—access to your money, without the risk of overspending. Plus, debit cards lack the expensive fees and interest rates that accompany most credit cards.

By comparison, Gen Zers and Millennials rank credit cards lower on their payment methods. Increasingly, these generations are seeking control over their money—on their terms—which other options such as debit cards, cash, and peer 2 peer apps provide.

Debit cards are the

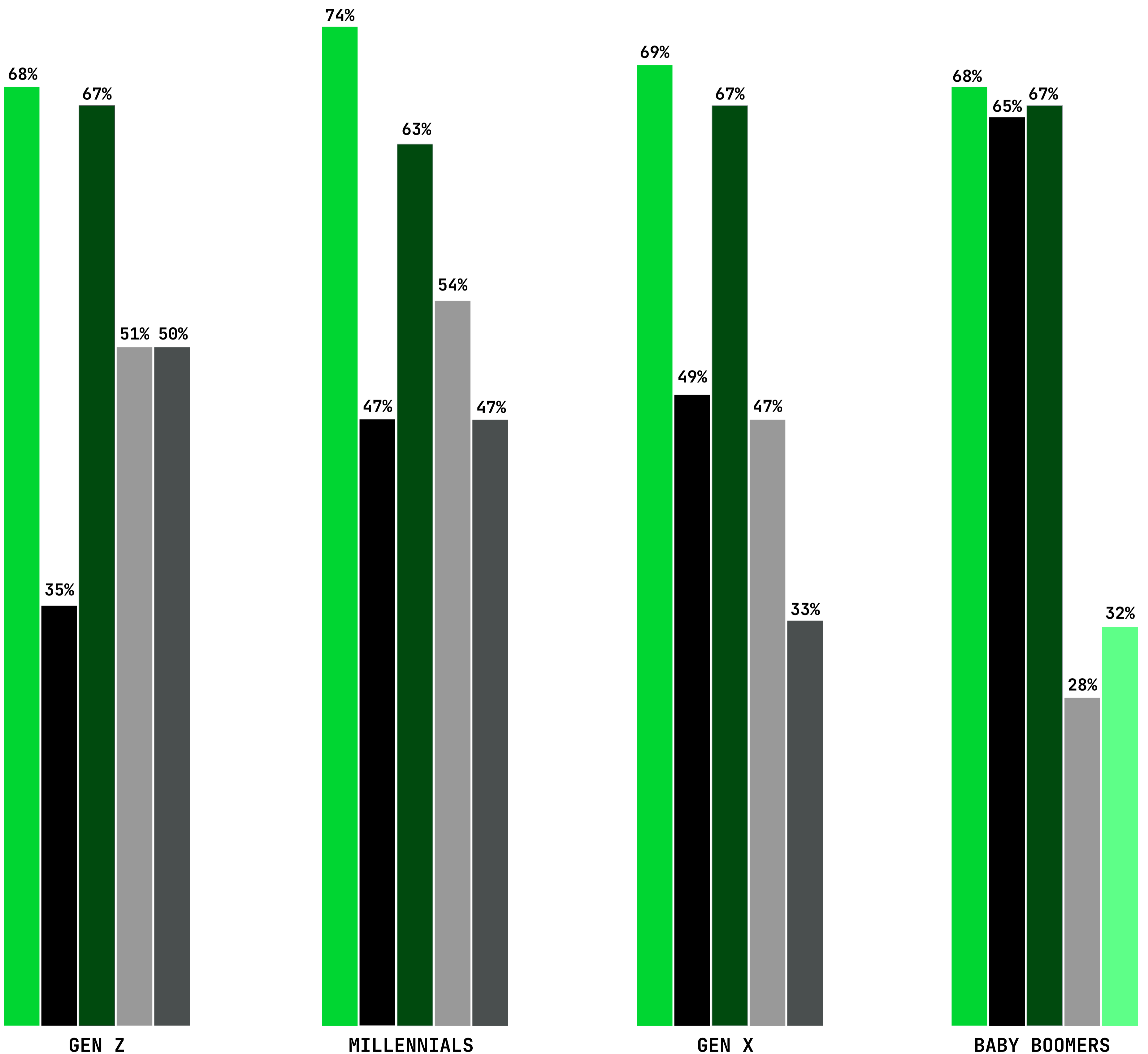
#1

payment method for Gen Z and Millennials.



Top 5 Payment Methods by Generation

DEBIT CARDS CREDIT CARDS CASH PEER 2 PEER MOBILE WALLET CHECK



Not drawn to scale



Nearly half of Gen Z will abandon a purchase if a merchant doesn't accept their preferred form of payment.

Americans are loyal to their preferred payment method—so loyal that half would rather abandon a purchase than use an alternative when merchants don't accept their first choice.

Gen Z follows suit, with 46% saying they won't complete a purchase if the merchant doesn't accept their preferred form of payment. This underscores the importance of merchants not only offering an array of payment options, but understanding how their target customers prefer to pay.

50%

of Americans would rather abandon a purchase than use an alternative when merchants don't accept their first choice.

46%

of Gen Z won't complete a purchase if the merchant doesn't accept their preferred form of payment.



Navigating Credit Cards and Debt

Credit cards have benefits, but are also viewed as risky by many Americans. Over eight-in-ten (82%) adults consider credit cards financially dangerous, and 70% say credit cards make them feel like they're spending money they don't have.

02

57% of Gen Z don't fully understand credit card terms.

Part of Americans' fear of credit cards stems from a lack of understanding of complicated credit card terms, particularly among Gen Z spenders (57%). Across all Americans, 28% view credit cards more negatively than they did 12 months ago, signaling a broader shift toward payment methods that offer more transparency and control over spending and payment terms.

Half of Gen Z says credit cards give them the ick.

For this generation, credit card bills evoke a sense of anxiety or stress (68%) and more than half say credit bills give them the 'ick'. Compared to other generations, Gen Z is most likely to say that the idea of credit card debt makes them feel ashamed.

What consumers think about credit cards

82%

of American adults consider credit cards financially dangerous

70%

of American adults say credit cards make them feel like they're spending money they don't have

28%

of Americans view credit cards more negatively than they did 12 months ago





**MOST COMMON EMOTIONS ASSOCIATED
WITH CREDIT CARD DEBT**

40% STRESS
32% OVERWHELM
32% ANXIETY

Nearly 70% of Americans have struggled with credit card debt.

Nearly seven in ten Americans have struggled with credit card debt at some point in their life, with 43% saying they're currently in debt.

Among those individuals, 37% owe at least \$5,000 to creditors; this decreases to 20% among Gen Z spenders.

While some credit card users plan to carry and pay off a balance, many fall into debt without realizing it. Forty percent of American credit card users say they've been surprised by the amount of interest they pay on their bill—this rises to 53% among Gen Z.

This can happen due to the fine print, high-interest rates, and excessive fees associated with credit cards. It can take as little as a few months to get caught in a cycle of debt while trying to cover everyday expenses and meet payment minimums (let alone chip away at a mounting credit card balance).

53%

Gen Z are surprised by the amount of interest they pay on their credit card bill

43%

of Americans currently have credit card debt.

37%

of Americans owe at least \$5000 to creditors – that number drops to 20% among Gen Z



For most Americans, essential expenses like bills (25%) and groceries (19%) are the primary sources of their credit card debt. Gen Zers are more likely to have debt from basics like clothing purchases (10%), transportation costs (9%), and educational expenses (7%).

More than 6 in 10 Gen Zers have ditched their credit card for another payment method

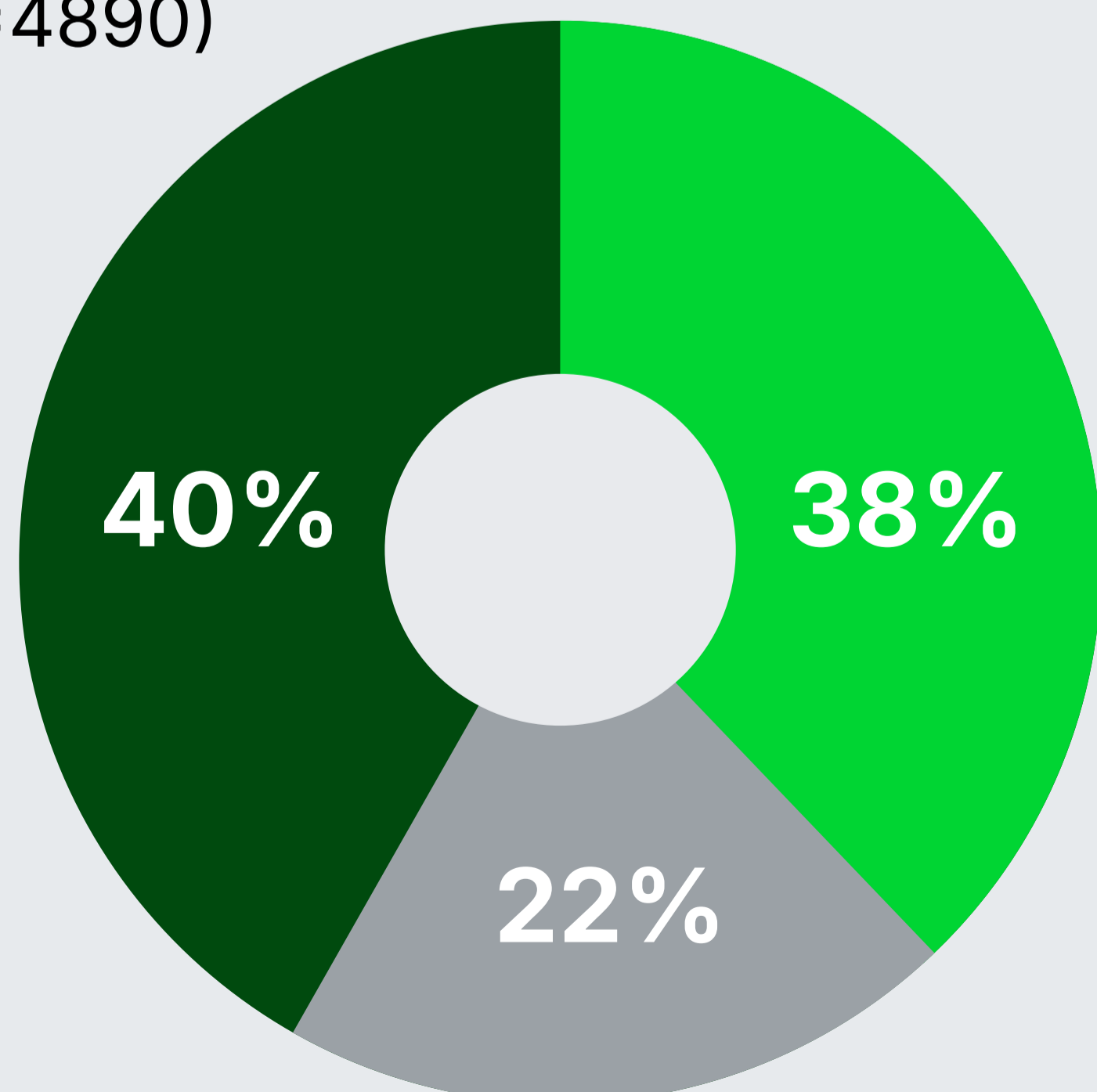
While half of Americans primarily get credit cards to build credit, 42% don't always pay their bill on time, and 64% don't always pay in full—both actions that drive up debt.

Ditched Credit Cards for Other Payment Types

■ YES (MULTIPLE TIMES)
 ■ YES (ONCE)
 ■ NO (NEVER)

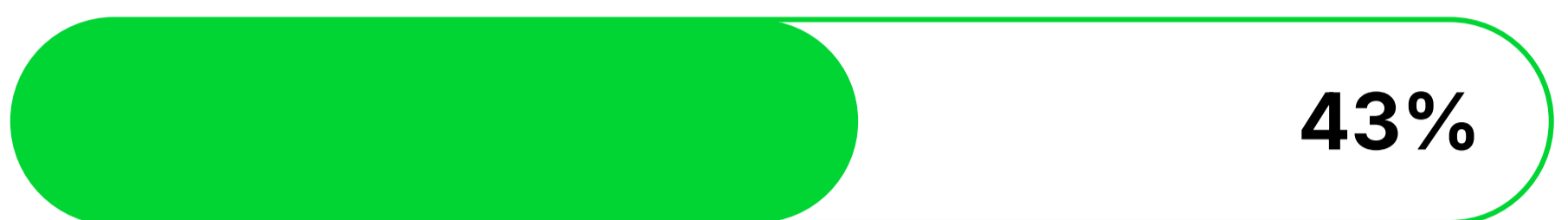
Overall

(=4890)



Credit Cards Have Negatively Impacted Americans

Credit Card Debt Status



I currently have credit card debt.



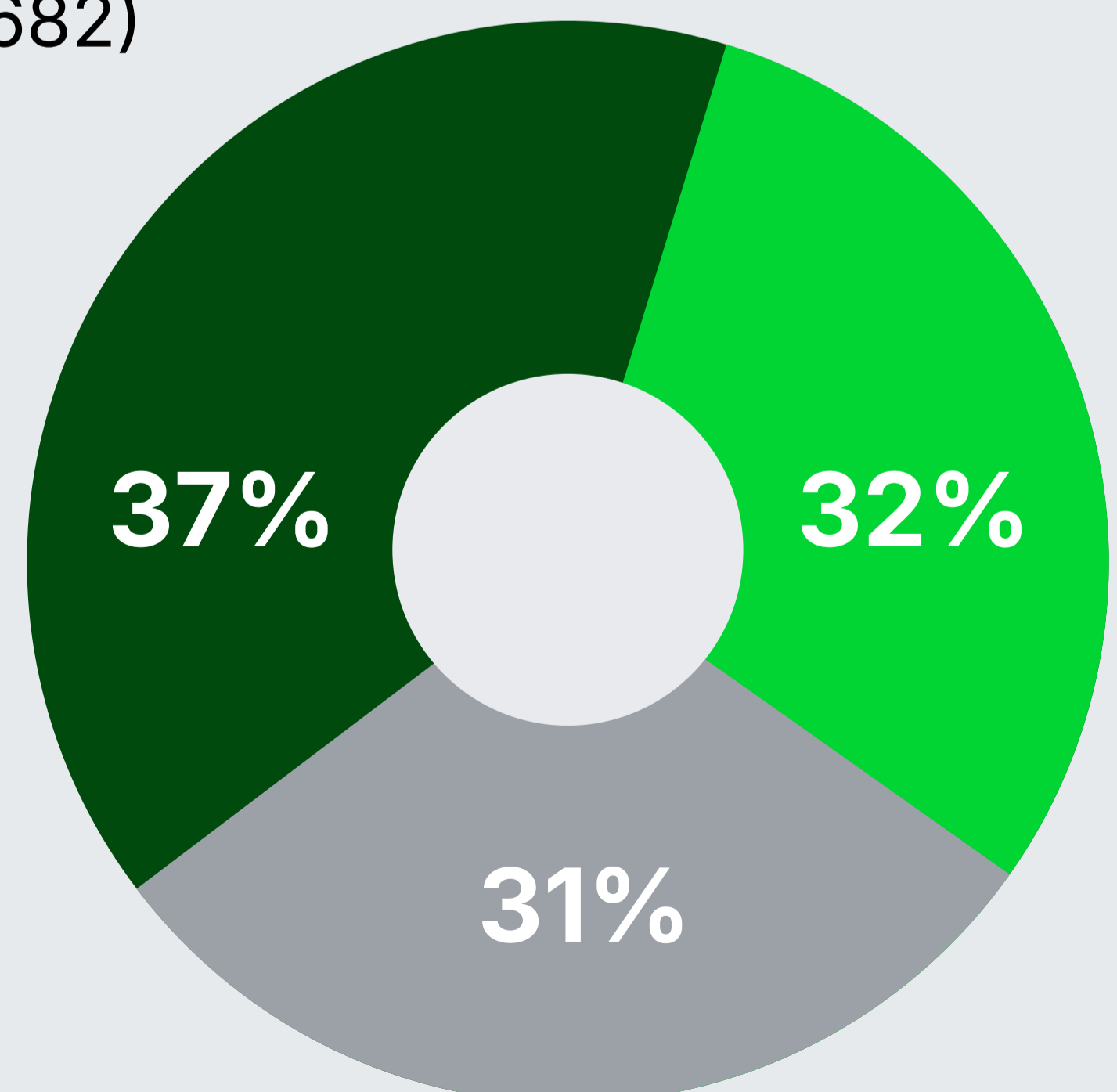
I don't currently have credit card debt but did in the past.



I never had credit card debt.

Gen Z

(=682)



Younger generations who are currently using credit cards are more likely to miss payments: 51% of Gen Z and 50% of Millennials report being unable to pay their credit card bills on time, every time, while just 33% of Boomers say the same. Similarly, 68% of Gen Z and 70% of Millennials don't always pay their credit card bills in full. While some credit cards offer perks (usually associated with an annual fee), those extras often aren't enough to counterbalance the amount of debt that users accrue when they skip or make a late payment. This is part of the reason why 60% of Americans who have owned a credit card have switched to another payment method. This rises slightly among Gen Z, to 63%, with 32% having switched payment methods multiple times.


51%

of Gen Z and 50% of Millennials report being unable to pay their credit card bill on time.

68%

of Gen Z and 70% of Millennials don't always pay their credit card bills in full.





Debit Usage and Preferences

There's a lot to like when it comes to debit cards. Almost 40% of adults prefer debit cards over other payment methods, with Americans having affinity for their simplicity (47%), trustworthiness or security (36%), and accessibility (35%).

03

75% of Gen Z debit card users use their card at least once a week.

Gen Zers—32% of which prefer debit over other payment options—value the option for its simplicity as well, but also opt for it because their friends and social networks do the same. Gen Z is more likely than other generations to say that debit cards offer strong benefits—an indication that simpler is often better with this generation of consumers.

Additionally, Gen Zers tend to pull out their debit cards more frequently for purchases. 75% of Gen Z debit card holders use theirs at least weekly, with just over a quarter (26%) swiping daily. This is in line with overall debit card use across generations (77% use their card at least weekly, and 24% use it daily).

Some debit cards are more preferred than others—especially those offered by neobanks, or banking institutions without traditional physical branch networks. The Cash App Card in particular is the #1 debit card preferred by Gen Z over competitors, and is tied with PayPal's debit card among Millennials. Many of the Cash App Card's 24M monthly users experience a number of financial firsts—including using a debit card and storing money for the first time with Cash App.

77%

of adults across generations use their debit card at least weekly, and 24% use it daily.

40%

of adults prefer debit cards over other payment methods.

Reasons cited are simplicity (47%), trustworthiness or security (36%), and accessibility (35%).





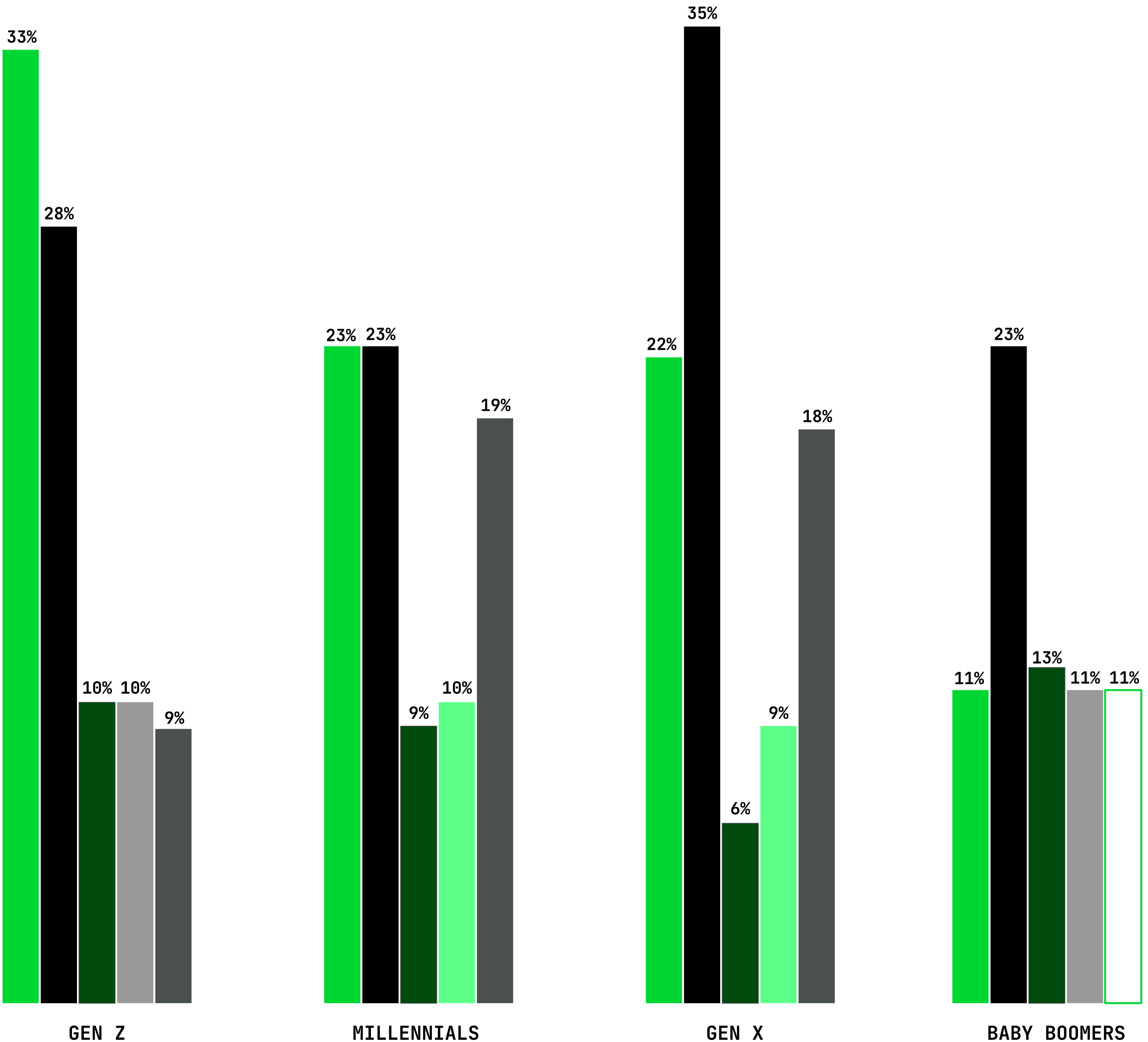
THE CASH APP CARD IS THE #1 DEBIT CARD PREFERRED BY GEN Z OVER COMPETITORS

Many of the Cash App Card's 24M monthly users experience a number of financial
firsts—including using a debit card and storing money for the first time with Cash App.


61% GEN Z*
59% MILLENNIALS*
69% GEN X*
47% BOOMERS*

*Based on the number of respondents who are Cash App users

Top 5 Favorite Debit Cards by Generation



Not drawn to scale

A woman wearing a white hijab and a white denim jacket stands on a city street. She is looking towards the camera with a neutral expression. The background shows a blurred city street with buildings and a tree trunk.

Feeling the Love with Alternative Payments

BNPL options like Cash App Afterpay are becoming more and more mainstream, with 39% of adults saying they trust BNPL more than other alternative payment options.

04



55%

of Gen Z feels that BNPL helps them better manage their finances

BNPL? Americans say it's the trustworthy option

With BNPL, consumers can get what they need now and pay over time—but without the complicated terms and high fees associated with traditional credit cards. Instead, BNPL options like Cash App Afterpay's Pay-in-4 option has no interest and no late fees when users pay their installments on time.

Overall, nearly half (48%) of adults and 55% of Gen Z are open to using BNPL in the future. Gen Z, in particular, (52%) feels that BNPL helps them better manage their finances than other payment methods, and use it more frequently than other generations. When combined with an individual's preferred payment method—likely a debit card among Gen Zers—BNPL becomes a powerful money management tool to help people budget and manage their cash flow, while getting access to large or small spend items.

48%

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39%

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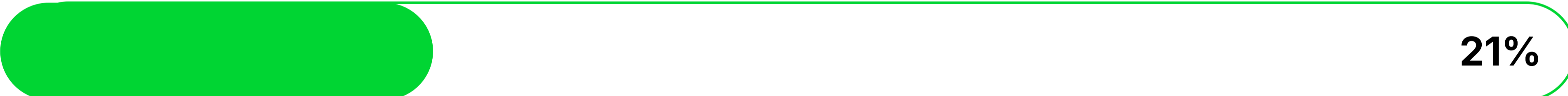
Gen Zers use BNPL more frequently than any other generation.

Because of the flexibility BNPL options affords, Gen Z leads the way as the most prominent users. Nearly 40% of Gen Zers (38%) use BNPL weekly or more frequently, compared to 28% of Millennials, 10% of Gen X, and 7% of Boomers. Across all adults, the majority (27%) use it either a few times a month or once a month or less (49%).



Weekly BNPL Usage

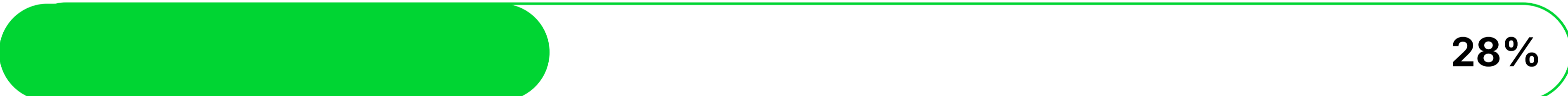
Overall



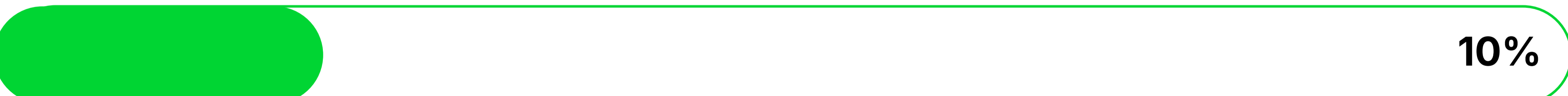
Generation Z



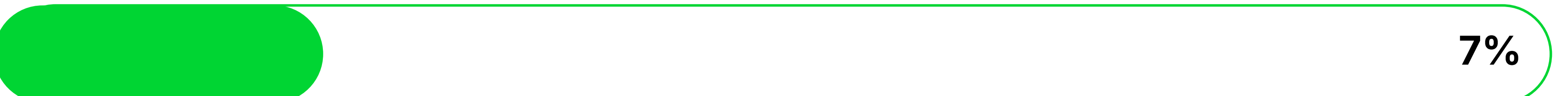
Millennials



Generation x



Baby Boomers+





Methodology

Morning Consult's Cash App Afterpay Credit Card Ick Survey was conducted between January 31-February 3, 2025 among N=5,412 Adults aged 18+ in the US. All interviews were conducted online and the data were weighted to approximate a nationally representative sample of US Adults 18+ based on age, gender, education, race/ethnicity, and region. Results from the full survey have an overall margin of error of +/- 1%, with the margin of error greater among subgroups included in the results.



 **Afterpay**

Give your consumers the choice and flexibility they deserve with Cash App Afterpay.