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Serving the next generation of customers

Executive Summary

- **The Relevance Gap:** primary research by PA Consulting highlights that despite 61% of 18 to 30-year-olds stating they would trust a member-owned provider over a shareholder-owned competitor for their long-term future, only 19% currently hold an account with a building society. This reveals a critical "relevance gap" where theoretical trust in mutuality does not translate into active adoption, as younger consumers default to digital-first challengers and established high-street banks.
- **The 2050 Customer Mindset:** using quantitative value mapping and AI-enabled synthetic personas, PA Consulting's research reveals a future generation facing profound economic and environmental uncertainty. However, these younger consumers place immense optimism in new technologies to build financial resilience, and they anticipate highly fluid, non-linear career paths that demand adaptable financial support.
- **Strategic Imperatives:** to capture the next generation, building societies must move beyond existing acquisition strategies to clearly demonstrate the direct, tangible benefits of member ownership. Success requires keeping pace with AI innovations, partnering to provide broader investment options, and designing highly flexible products that support complex, multi-generational lives

The Relevance Gap

Building societies must do more to capture the interest of younger generations. Our research shows that while 61% of 18 to 30 year olds would trust a member-owned provider over a shareholder-owned competitor for their long-term future, only 19% hold a current or savings account with a building society, defaulting to digital-first challengers and established high-street banks. This reveals a fundamental disconnect between the financial models Gen Z and younger millennials trust and the providers they actively choose to bank with; a relevance gap where the mutual model is supported in theory but does not translate into active adoption.

To close this gap, and secure next generation acquisition, building societies will need to understand the evolving expectations of younger customers: who the sector will need to serve in the future, how they will expect to be served, and how this differs from today. Direct engagement with 2050 customers is not possible, but projecting the core values of today's younger generations into a simulated 2050 environment provides a unique insight into these answers.

To explore these questions, PA Consulting conducted a multi-phase foresight and research approach:

- Macro Scanning and Future Baseline Development: Structured STEEP analysis identifying the political, economic, social, technological, and environmental forces most likely to shape future financial behaviour, establishing the baseline reality of 2050.
- Quantitative Value Mapping: A 10-min MaxDiff quantitative survey with 1,700 nationally representative 18–30 year old financial services customers, and 300 nationally representative 40-55 year old customers (a comparison sample to identify the attitudes and priorities unique to younger age groups).
- Synthetic Qualitative Interviews: A set of synthetic personas (AI-enabled agents grounded in the data from the primary quantitative research and the macro scanning) were created and interviewed to generate qualitative style insights on the future 18-30 year old 2050 customer.

Understanding Younger Generations Today

The views and outlook of younger generations today provide a preview into the expectations of future customers. Amidst widespread economic uncertainty, younger customers are placing their optimism in technology. 67% of 18 to 30 year olds agree the traditional path to financial security no longer works for their generation. An equal 67% worry that events outside their control, such as climate change or economic crises, will disrupt their financial plans. Yet 60% are confident new technologies will help their generation become financially better off than previous generations.

This points to a shift in how younger customers view the role of financial services, seeing new technologies as the essential tools needed to regain control and build resilience in a challenging financial landscape. This is also driving a shift towards early investing, with younger generations investing earlier than previous generations[1]. 23% of 18 to 30 year olds hold an investment product or account, and this rises to 31% among 25 to 30 year olds, both higher than the 20% of 40 to 55 year olds who hold investments.

In addition to this, younger customers anticipate a more fluid working life than previous generations. When looking ahead to their financial priorities for the next decade, 17% prioritise preparing financially for major career transitions or fresh starts, compared to only 9% of 40 to 55 year olds reflecting on their own goals at a similar age. Younger customers are also frustrated by the rigidity of many current financial products, with 22% citing that products are hard to adapt when personal situations change.

For younger generations, long term financial stability is increasingly viewed as a shared endeavour. They are frustrated by products that fail to reflect modern household dynamics, with 18% citing a lack of clear options for managing money with extended family. When making trade-offs about what matters most, younger customers are more likely than 40 to 55 year olds to prioritise using money to support those in their community and beyond. Yet they face hurdles here as well, with 14% finding it hard to identify financial services that give back to local communities, compared to only 8% of the older cohort.

[1]*World Economic Forum, "Retail Investing Shift Towards Younger Investors," March 2025, https://www.weforum.org/press/2025/03/new-research-finds-retail-investing-shift-towards-younger-investors-reshaping-market-trends/*

Introducing the 2050 Personas

From the primary quantitative research, we developed four distinct value-based personas so that we could establish the potential needs and tensions that might play out in 2050, and the implications this holds for building societies in how they can best serve the future customer. The personas are deliberately distinct and stretching to enable us to identify the widest spectrum of potential future customer needs. The personas were projected into 2050 to bring future 18–30 year old customers to life.

Persona 1: Cautious Control Seekers

1/3 of current 18-30 year old financial services customers

These customers are characterised by a fundamental need for personal control and financial stability, prioritising clear visibility of their finances and risk protection.

Meet Sian

Sian is a 22 year old living in Birmingham. In 2050, people living longer lives and an ongoing housing crisis has made poly-generational households the norm, so Sian lives with her grandparents, parents, siblings and extended family members.

A personal AI agent acts as an autonomous financial engine managing their shared finances. This system runs a continuous, real-time auction of their spending to secure the best prices and reallocates their communal savings to capture the best rates. While this automation has made shared finances more seamless, she finds it frustrating when her money is moved around without her involvement. To counteract this, she turns to financial providers that offer her direct personal control. She uses financial services that enable her to set strict algorithmic rules over her share of the finances and values access to human support when automated systems generate errors, particularly the face-to-face support available at the local banking hub (a physical space shared by different financial providers) if she ever encounters severe security, fraud, or identity issues.

On an instinctive level, Sian is drawn to a member owned provider over a shareholder owned provider. However, when choosing a financial provider, her primary drivers are accessible customer support and digital products that accommodate her multigenerational living arrangements.

Persona 2: Restless Automators

1/10 of current 18-30 year old financial services customers

These customers are characterised by high financial anxiety, coupled with a profound trust in technology as the means to manage risk and secure their financial future.

Meet Chloe

Chloe is a 28 year-old engineer who lives with her partner in Edinburgh. In 2050, environmental volatility, including extreme weather and climate events, create direct physical and financial risks that disrupt long-term asset preservation and property values. As a result, Chloe finds solace in technology, viewing automation as her only effective shield against unpredictable external shocks.

She does not have a direct financial provider, utilising a complex suite of automated financial tools governed by an overarching personal AI proxy that sits above them all with decision-making authority. This includes a 'Resilience Copilot' service that uses advanced AI and simulation technologies to run both short and long-term stress-tests against her finances. Her AI agent analyses these stress-tests to execute real-time adjustments that protect her investments and assets: *'Flood risk has risen for your postcode. I have authorised the installation of physical flood barriers, releasing 1.5% of your capital to cover the costs. This will provide a projected 5% increase to your home's value over the next 10 years'*

Chloe's must-haves are strong investment options and advanced technology that helps her feel protected and prepared in a volatile financial landscape. She places full trust in her personal AI agent to navigate these challenges, making this agent the customer that financial providers have to win over.

Persona 3: Self-reliant Pivoters

1/10 of current 18-30 year old financial services customers

These customers are characterised by a pursuit of personal wealth, valuing customisable financial services that adapt to their evolving lives.

Meet Alistair

Alistair is a 29 year old freelance architect who lives in a co-living community in Bristol. He recently retrained to become an architect and manages multiple income streams. These include freelance architecture, lifestyle content creation, and selling bespoke design assets directly to AI agents. Although Alistair dreams of buying a home in Bristol, he has been hesitant to take out a mortgage in case it ties him down and prevents him from pursuing fresh starts (e.g., a new career / re-training)

However, his new financial provider offers a mortgage that is specifically designed for his fluid life. The underwriting system connects directly to his automated accounting software and bank accounts, combining every income stream to build a holistic earnings profile that reflects his true financial reality.

Crucially, the mortgage also includes an "Equity Sabbatical" feature which allows him to draw on built up home equity through its 25 year term to fund future career transitions / retraining by pausing repayments, with the paused amount recalculated and spread across the remaining loan with limited administrative effort. This has given him the confidence to place an offer on a home in Bristol.

Alistair seeks out financial providers that are ahead of the curve, offering the flexible, agile products required to support his constantly changing career and lifestyle. He is drawn to providers that act as active partners in his personal progress, enabling his career pivots and life changes rather than restricting them. He values customisation, seeking providers that make space for complexity and see him as an individual.

Persona 4: Collective Builder

1/10 of current 18-30 year old financial services customers

These customers are characterised by a drive for high-growth and a strong commitment to community, seeking financial services that help them build their finances while also making a tangible difference.

Meet Arlo

A history of geopolitical instability and unreliable global supply chains has driven a rise in decentralised, self-sufficient local neighbourhoods. Arlo is a 24-year old living with flatmates in a self-sufficient town near Brighton. Arlo takes great pride in his local area, continually seeking opportunities to grow his finances while simultaneously strengthening the community he relies on.

Arlo has chosen a financial provider that offers a community bank account where he can save and invest with his local community, owning a share of the bank account. Savings are pooled into a community growth fund that invests directly in local assets and infrastructure e.g., housing developments and clean energy projects, which every account holder owns a fractional share of. Holding a share in these assets secures a subscription to low-cost housing and utility services, bypassing volatile rental markets and energy providers, to directly lower his bills. As Arlo walks through his local neighbourhood, his smart glasses project live financial data directly onto these developments. This overlay displays the real time growth of his holding, allowing him to see his personal finances and local area grow in tandem.

For Arlo, supporting his community and growing his personal finances are both important priorities, and he is unwilling to trade one for the other. He expects a financial provider that delivers exceptional service, competitive rates, and seamless digital functionality while also benefiting his local community. Arlo looks for providers that offer solid evidence of the tangible difference they make to both his personal finances and community.

Projecting Today's Young Customers into 2050

Cautious Control Seekers

1/3

1/3 of the young market

Seeking Algorithm Rules and Human Support.

Value setting strict algorithmic rules over money, desire face-to-face support at local hubs when automated systems fail.

Restless Automators

1/10

1/10 of the young market

Governed by"Resilience Copilots".

Rely on AI proxies to stress-test finances and execute real-time adjustments; providers must "win over" the AI.

Self-reliant Pivoters

1/10

1/10 of the young market

Demanding "Equity Sabbaticals".

Seek agile products, such as mortgages that allow drawing on home equity for career retraining or repayment pauses.

Collective Builders

1/10

1/10 of the young market

Investing in Pooled Community Funds.

Seek community bank accounts where savings are pooled to invest in local infrastructure, with results visible via digital overlays.

Strategic Imperatives for Providers

Bridge the Relevance Gap. Move beyond heritage to demonstrate how member ownership leads to better products, digital parity and competitive rates.

Get ahead of the Technological Curve. Offer AI-driven tools for financial resilience, leveraging 60% youth confidence in tech.

Design for Non-Linear Lives. Shift from rigid, single-salary models to flexible products for irregular income and intergenerational lending

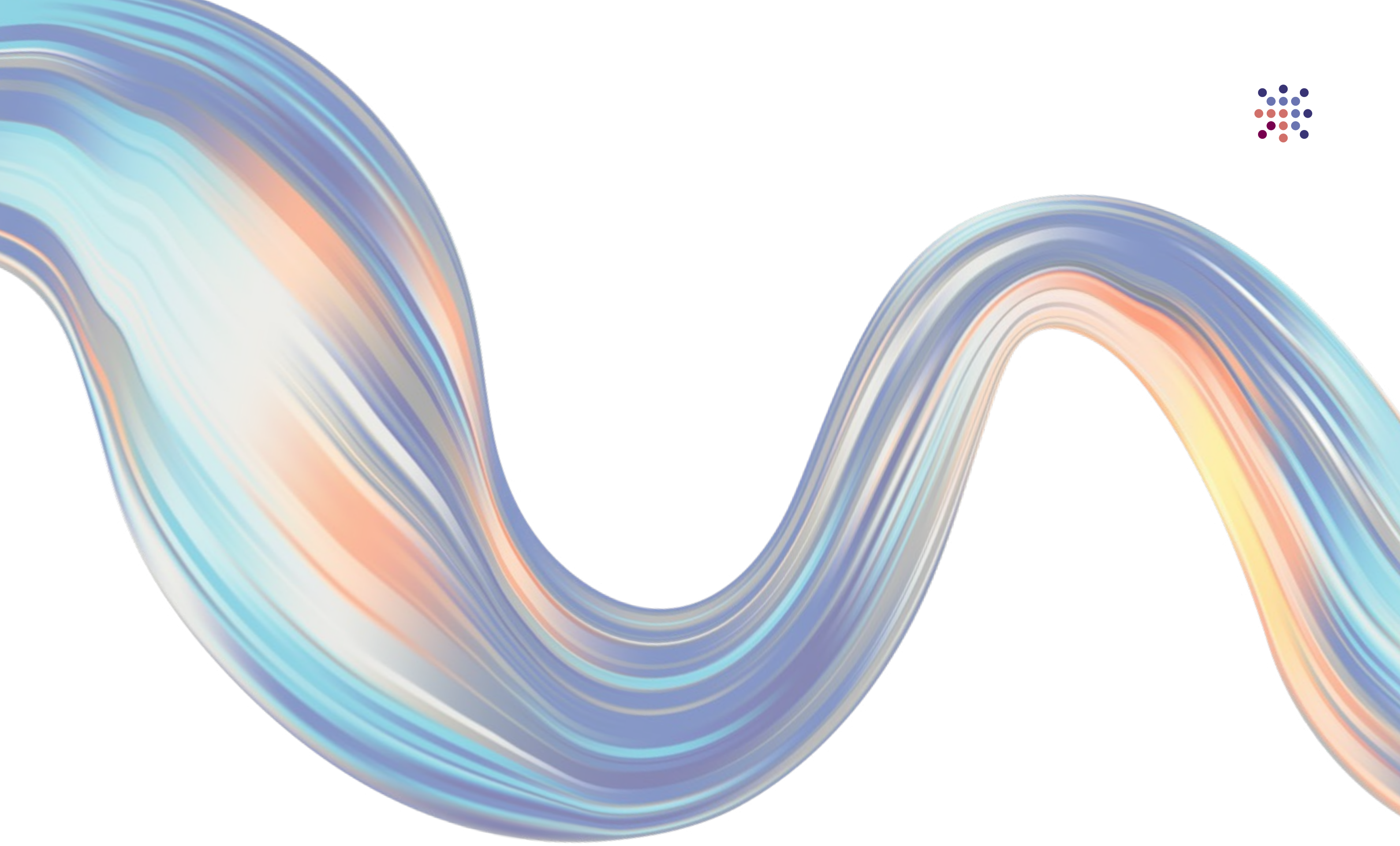
Become a Trusted Gateway to Investments. Partner with values-aligned platforms to offer capital-at-risk options for younger generations investing earlier.

Strategic Implications for Building Societies

These four personas provide insight into the potential expectations of future customers. However, building societies cannot wait until 2050 to act. The path to serving the customer of tomorrow begins with younger generations today:

- **Demonstrate the tangible benefits of building societies:** Younger generations do not fully understand the mutual model and are not actively thinking about it when choosing financial providers. Even for younger customers who are deeply committed to supporting local communities, a provider's mutual ownership structure remains an abstract concept that does not influence their choice. Mutuality is a secondary factor; digital parity, competitive rates, customer service, and product innovation are the primary drivers of their decision making. Bridging the relevance gap requires moving beyond heritage stories, which can be dismissed as marketing, to instead emphasise the direct, personal benefits member ownership delivers, and how this ownership structure can lead to better products and services.
- **Get ahead of the technological curve:** Younger consumers place their hope and optimism in technology when navigating a financial landscape filled with uncertainty. They hold high expectations of technology, seeking providers that offer innovative solutions to help them manage their daily finances and build financial resilience. The rapid rise of AI is increasing these expectations further. Building societies must get ahead of the curve to earn a place in younger customers' consideration set.
- **Offer investment options through strategic third-party partnerships:** Younger generations are investing earlier than previous generations, viewing investment as an essential strategy to build long term financial security. Building societies are not structured to offer direct access to capital at risk investments, but they are uniquely positioned to act as a trusted gateway to investment options. By partnering with values-aligned investment platforms, mutuals can bridge this gap, retain younger members and support their broader financial goals while keeping to the building society model.
- **Develop innovative, flexible products for non-linear lives and intergenerational households:** Younger generations' financial needs are evolving, with their career paths and household structures becoming more varied and complex than those of previous generations This complexity represents a core opportunity for the mutual sector, which has historically excelled at providing flexible, human-centric support to those underserved by the rigid models of commercial banks. To continue delivering on this historic strength, building societies must develop products and offers that accommodate non-linear careers and support multi-generational households (e.g., mortgages designed for irregular income streams or intergenerational lending products).

Financial providers across the market, including established banks and digital first challengers, will all seek to serve younger generations. The core hypothesis is that, all else being equal, the mutual model will only confer a competitive advantage if its benefits are translated into tangible proof points that younger customers see and experience in their own lives and communities.



To differentiate, the sector should explore how it positions member ownership as the direct, structural enabler of better products and services. For example, presenting new technologies and AI through the lens of trust and stability, showing how these capabilities are optimised for the benefit of members and paired with the human support building societies are known for, or showing how the mutual model is designed to embrace financial complexity rather than shun it, and providing visible proof of the tangible difference building societies make as financial engines for local communities. How building societies develop proof points that younger generations fully understand and embrace remains a key area for further exploration.

Conclusion

The path to winning the customer of 2050 begins today. The mutual model possesses an inherent advantage - deep-seated public trust and a purpose built around member outcomes. However purpose alone cannot overcome a lack of digital parity or product flexibility. As the financial lives of younger generations become more fluid, complex and technology-driven, building societies must aggressively modernise. By pairing their historic strength in human-centric support with strategic third-party partnerships, advanced AI integration, and highly adaptable lending models, the sector can transform mutuality from an abstract concept into an indispensable financial tool for the next generation.

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