

Building Trust Among Younger Users of Digital Payments

Gen Z and Millennial “digital natives” may be more susceptible to scams than they realize. Providers have an opportunity to help them avoid risk.

Instant, frictionless and accessible, digital payments are rapidly becoming an integral component of our everyday financial lives. And while they continue to grow in popularity across nearly every age and demographic cohort, no group has embraced them more fervently than younger consumers - especially those digital natives who have grown up with smartphone technology and who are accustomed to accessing the entire world via their handheld electronic devices.

To the extent that digital payments represent the future of everyday business transactions, it's these Gen Z and late-Millennial consumers around the world who will play the largest role in ushering it in. The global transaction value of digital payments was more than \$11 trillion in 2024; by 2028, it's expected to rise to [more than \\$16 trillion](#). With that extraordinary degree of growth, however, comes a commensurate degree of risk. Payment platforms, banks and online merchants that are hoping to build loyalty and create lifelong customers will need to earn the trust of the younger users who are driving this surge. Doing so requires understanding the unique ways in which these digital natives approach the purchase of goods and services in markets around the world - and also the unique risks they can face.

A Youth-Driven Global Phenomenon

No region of the populated world remains untouched by the ascendance of digital payments in their various forms. In the United States, more than half of consumers who took part in [one 2023 survey](#) reported using [digital wallets](#) more frequently than traditional payment methods, with 72 percent of them saying they would consider using them as their primary payment method for shopping. In China, where more than [four out of five](#) daily consumer transactions in 2023 were made with a mobile device, [over a billion](#) people actively utilize mobile payment services. According to the [World Economic Forum](#), the digital economy in Southeast Asia could potentially reach the \$1 trillion mark by the end of the decade. And in some Latin American countries, the [number of digital payments](#) per capita has risen from close to zero in 2019 to more than three per month (Peru), 12 per month (Costa Rica) and 24 per month (Brazil).

In all of these parts of the world, young people are leading the way. Nearly 80 percent of Gen Z consumers (born between 1997 and 2012) in the U.S. are avid users of digital wallets, according to [a 2024 study](#) conducted by PYMNTS, which tracks news and trends within the payments industry. Members of the Millennial generation (born between 1981 and 1996) aren't far behind, with 67 percent of them regularly reaching for their digital wallet over their physical one. These younger cohorts are also demonstrably [moving away from cash](#) in the Asia-Pacific markets of [Australia](#), [Hong Kong](#), [South Korea](#) and [Singapore](#). And the same pattern holds true in [Latin America](#), where 90 percent of Millennials now report having access to digital payment methods.

Different Groups, Different Risks

According to a [recent Chubb report](#) analyzing the role of trust within digital payment ecosystems, factors such as education, income, citizenship, employment and relationship status don't significantly influence one's likelihood of being scammed. One factor that does make a difference? Age.

The younger respondents (aged 18 to 34) in our survey self-identify as major users of digital payments. But our report also identifies them as being especially vulnerable to [phishing](#), [fake-product/service](#) scams and other types of fraud. These users are 32 percent more likely than average to fall victim to such crimes, and our research indicates that more than two thirds of them have altered their purchasing behavior or reduced their use of digital payment platforms due to their concerns.

A [2024 report](#) from J.D. Power confirms the idea of an age divide in susceptibility to fraud. In its survey of consumers across age groups, [the firm found](#) that seven percent of respondents between the

ages of 40 and 64 had sent money to a scammer, and five percent of them had purchased something from a scammer using their credit card. But among respondents under the age of 40, the rates of victimization were at least double or higher: 17 percent and 10 percent, respectively.

How to explain this divide? The answer may be found in how different generations perceive risk and exercise caution when engaging in online activity, including financial activity. [One study notes](#) that only 40 percent of Gen Z members consider data protection to be "extremely important" when going online, compared to 65 percent of their older counterparts. And while these younger users may tend to value data protection and privacy less, they may also tend to value the speed and convenience of frictionless purchases more: Roughly [70 percent of them](#) say they feel personally inconvenienced whenever a bank asks them for additional security checks for potentially risky transactions.

Tools For Increasing Safety - and Building Trust

Data collected from [Chubb's report](#) on building trust in the digital payments ecosystem shows that while global users generally have confidence in digital payment technologies, only one in three has *full* confidence in them. It's within that trust gap that banks, merchants, payment platforms and insurers have ample room to collaborate creatively and strengthen the entire ecosystem, making it safer for all participants – and turning current and future generations of users into loyal, lifelong customers in the process.

[Our report](#) reveals that 80 percent of younger users affirm that personal cyber scam or payment protection insurance would increase their trust in digital payments. Platforms that offer their customers protection plans or transaction insurance will find that the ease and speed with which these options can be purchased – often with just the [click of a button](#) – will help close the trust gap for

the members of digital-first generations who value these attributes so highly. Those interested in exploring the [full range of products](#) designed by Chubb to help digital payment platforms, banks and merchants protect against threats to their customers' money and merchandise should [contact us](#) today.

In the end, insurance is just one of several tools – along with education, robust security measures and information-sharing – that participants operating within the digital payments ecosystem can use to fight cyber scammers and increase confidence levels for users of all ages. As today's young people grow older, that ecosystem will only grow larger and more complex. Trust is the key to keeping current generations of customers – and all those to come – safe and satisfied.

