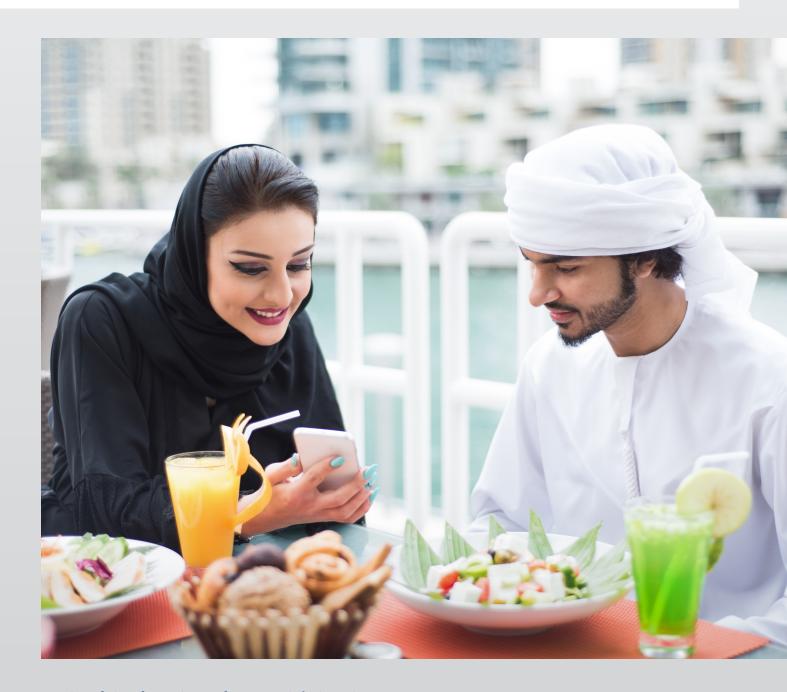# Understanding the millennial mind-set – and what it means for payments in the GCC

What is different about the GCC Millennial mind-set? What does this mean for payment behavior? And what opportunities does it present to forward-looking issuers and merchants?

VISA

Understanding the Millennial mind-set – and what it means for payments

The global Millennial generation, defined as those born between 1980 and 2000, is large, influential and increasingly affluent[2].
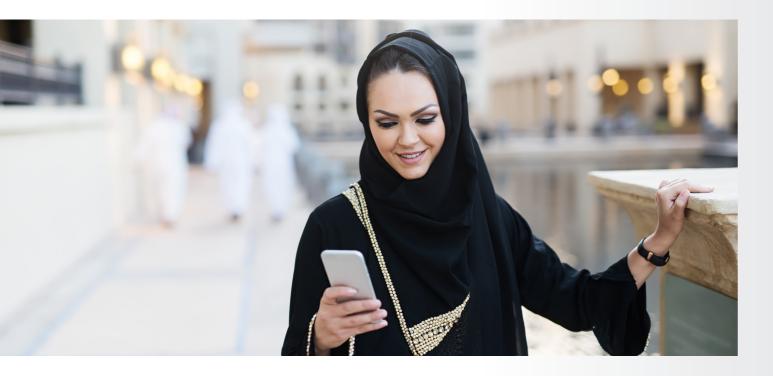
Having been brought up with digital technologies in an era of increasing globalization and consumerism, Millennials are a new breed – with different attitudes, expectations and behavior from their predecessors.

Brands and marketers everywhere wrestle with the challenge of understanding and engaging with Millennials. But, in the Gulf Cooperation Council (GCC) region, the situation is all the more pronounced. Here, the Millennial generation is disproportionately affluent and influential. And the differences with previous generations are even starker.

In this paper, we take a close look at the GCC Millennial mind-set, focusing in particular on the Millennials of the United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA). And we identify opportunities for card issuers and merchants to better engage with this particular generation – and also prepare for the generations that will follow.

Introduction

The Millennial generation (those born between 1980 and 2000) is a key segment for issuers and merchant across the GCC. To get a deeper insight to the Millennial mind-set in both UAE and KSA, Visa Performance Solutions (VPS) conducted a wide range of original qualitative and quantitative research among the respective Millennial populations. And, drawing on the results, combined with our marketplace expertise, we offer broad recommendations to issuers and merchants.

In this paper, we set out to answer four key questions:

WHO?
Who are the GCC Millennials?

HOW?
How are they driving digital adoption and online payment?

WHAT?
What are the key ways to engage with them and stimulate online transactions?

SO WHAT?
What can issuers and merchants do to attract, engage and retain this key segment?

Millennials: abundant, influential and increasingly affluent

Across the world, the Millennial generation make up one-quarter of the population and by 2025 they will account for three-quarters of the global workforce[1].

Millennials make up 3/4 of the global workforce

Already, Millennials have a combined global spending power of US$2.5 trillion[2] and, according to Wall Street estimates, as inheritance of assets is passed down from their baby boomer predecessors, their total lifetime value is set to exceed US$30 trillion[3].

Estimated total lifetime value of
US $30 TRILLION

> "Millennials are a more influential segment in the Middle East than in other countries"
> – *Arabian Business*[4]

Millennials: disproportionately important for GCC

So, for brands and marketers everywhere, Millennials are an important generation to understand and engage with. But, in GCC, this segment is disproportionately important and influential.

Across GCC, for example, Millennials account for an equally large percentage of the population[11] (with about one-third to one-half of the GCC's populations under the age of 25, and by 2050, 54% of population is expected to be below 36 years of age in GCC[5]). But GCC Millennials tend to be higher spenders than their global peers, particularly in high-value segments such as travel[6]. And their behavior and attitudes are also somewhat different from the global cohort (to take just two examples: in a recent PwC survey the proportion of Middle Eastern Millennials who said they preferred to use digital currency, at 48%, was far higher than elsewhere[7]; and, in the Telefonica Global Millennial Survey, 81% said they were on the cutting edge of technology, compared to 75% worldwide[8]).

> **Within GCC, two countries in particular stand out – UAE and KSA. Besides their economic scale, they are home to rapidly developing eCommerce markets, their Millennial populations are particularly affluent, and they exhibit distinct attitudes and behavior. For example:**

Across GCC US$2.5 BILLION
in eCommerce payment volume was generated in 2015, following year-on-year average growth of **24%**. Of this, two-thirds was initiated in UAE and KSA, with the eCommerce markets growing at **28%** and **37%** in UAE and KSA respectively[9].

In terms of their respective affluence, it is estimated that

UAE Millennials will generate US$40,000

in average annual gross income by 2019. The equivalent figure for KSA is US**$18,000**[10].

> **In this paper we provide new insights into the GCC Millennial mind-set, the implications for payment behavior, and the opportunities for issuers and merchants.**

Getting to know the GCC Millennials

Born between 1980 and 2000, the Millennial generation, often referred to as Generation Y - makes up today's younger adults.

Although they are often referred to as a single cohort, they are far from homogeneous. The younger ones may still be in full time education, or taking their first steps on the career ladder, whereas the older ones may be entering family life and experiencing the responsibilities of being a householder. One thing they do have in common is they were all brought up with digital technologies, and never really experienced life without mobile phones or the internet.

> "We very much think of this [Millennial generation] as an American phenomenon but from a demographic perspective, there are 2 billion Millennials around the world and 86% of them are living in emerging markets… It's [all about] the incredible spending they have…"
>
> *- Sarbjit Nahal, Bank of America Merrill Lynch[13]*

Younger Millennials

Born between 1991 and 2000

Relatively young and carefree, they are extremely "connected" to technology, and tend to be highly influenced by the people they surround themselves with. Given their age they are likely to be in full-time education or very early in their career.

Older Millennials

Born between 1980 and 1990

They have the highest spending power among the Millennial generation and have rapidly evolving needs, as many quickly transition into full-time jobs, a family life, and the responsibilities of being a homeowner or householder.

To get a closer understanding of them, who they are, how they behave and what they expect, Visa Performance Solutions conducted an in-depth survey across UAE and KSA (see appendix for the methodology).

It is interesting to note that, when compared to their global peers, GCC Millennials tend to share quite similar expectations, yet exhibit very different behavior. So, for example, research suggests that Millennials everywhere:

- Expect to be kept updated with **real time alerts**
- **Value any analysis** or categorisation of their spending
- Like to keep in **complete control** of their account information and card usage
- Seek out **personalized products** and services
- Prefer **SMS and email** for information on the go
- Demand a frictionless, **high-quality user experience** across their digital devices

But, despite these universal truths, GCC Millennials do tend to spend differently. For example, they are the highest spenders of all their global peers – particularly for travel-related spending.

Per-trip spending habits of global Millennials (US$)

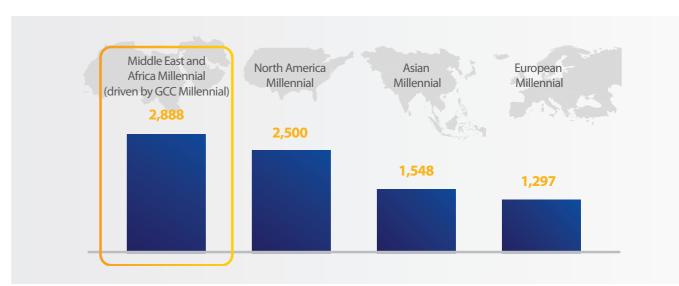| Middle East and Africa Millennial (driven by GCC Millennial)	North America Millennial	Asian Millennial	European Millennial
2,888	**2,500**	**1,548**	**1,297**

Figure 1
Source: Visa analysis[14]

To help understand the similarities and differences between different GCC Millennials, we have focused on the UAE and KSA populations.

Within both of these countries, the Millennial segment accounts for a particularly large proportion of the overall population. In UAE 31% of the population is under 25 years old, and in KSA the equivalent figure is 50%[12]. With relatively high levels of inward migration, Millennials are also the most rapidly growing segment of the KSA and UAE populations, and are more affluent than their GCC peers.

So, put simply, Millennials are a large, growing and affluent population within two of the most dynamic GCC economies.

But how do they behave? What do they expect from today's brands? And what can issuers and merchants do to engage more effectively with them?
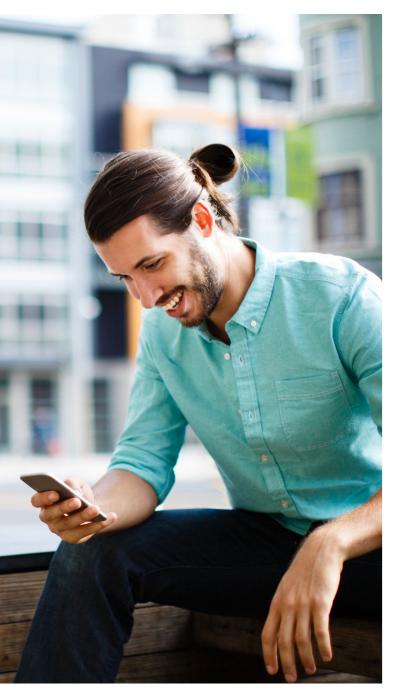
Deloitte estimates that, in 2015, Millennials in the Middle East spent US$15 billion on digital content alone – equating to US$120 per person[15].

The heaviest users of digital technology – and consumers of digital content

It perhaps comes as no surprise that Millennials are heavy users of digital technology and consumers of digital content. In UAE for example, Millennials claim to spend 6.5 hours online each day, compared to 4.5 hours for KSA Millennials. Although smartphone ownership is near-universal, they do use a mix of different digital devices to go online. Males in both countries prefer to use a laptop for most of their browsing, while females favor tablets.

A curious, sociable, tech-savvy population – whose use of technology is deeply embedded in their everyday lives.

"I see something on Facebook like a new boutique shop so I click on it to check what all it has, if I like anything I order"
- Female, Jeddah, Saudi, 25-34yro

" I use mobile to keep in touch with family and access social media, email. It has made my life easier and any information reaches me quickly, and communication / connecting with family and friends has become easier"
- Female, Jeddah, Saudi, 25-34yro

"Mobile is now like my safe deposit. It has all my things from passwords to my work and personal pictures….etc. Also I use it to pay my bills, transfer money, send emails, follow up on reminders, and schedule my appointments. It really has become something I can't live without during my daily life"
- Male, Abu Dhabi, Emirati, 18-24yr

Across both countries, Millennials also have a higher propensity to transact online than other segments of the population, with eCommerce and bill payments emerging as the top two payment types.

GCC Millennials are active – and spend actively – online

% Millennials engaging in online activity

KEY: KSA UAE

Social Media — 81 / 61
General Browsing — 77 / 72
Browsing Products Before Purchase — 34 / 11
Checking Bank Statements — 10 / 12
eCommerce or Online Shopping — 58 / 76
Online Bill Payment — 50 / 55
Online Remittance — 3 / 10

% Millennials conducting online payments

Non Millennials, 34+ years old — 67 / 72
Younger Millennials, 18-24 years old — 65 / 76
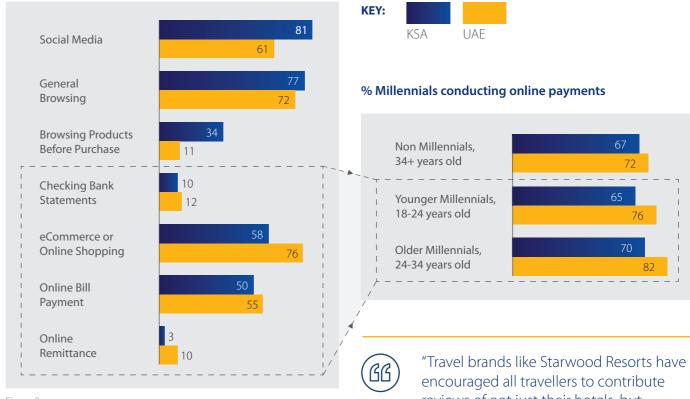Older Millennials, 24-34 years old — 70 / 82

Figure 2

But, again, we should not think of these Millennials as one homogeneous group. As demonstrated in Figure 2, there are some subtle – and sometimes not-so-subtle – disparities in behavior between the two different countries, and also between younger and older Millennials within the same country.

The research also highlights the importance of **social media** and peer reviews, and the ways that these influence spending and purchasing behavior. Although social media is primarily used for entertainment purposes, Millennials in both countries do use sites such as Facebook, YouTube, Twitter and Instagram to actively look for product information, seek out peer reviews and make purchases.

This trend is equally apparent in both countries. However, in KSA social media is particularly influential – as KSA Millennials claim to spend

"Travel brands like Starwood Resorts have encouraged all travellers to contribute reviews of not just their hotels, but surrounding restaurants, destinations, nightclubs, shops, and neighborhoods to create a deep bench of 'expert' content that appeals to young travellers."
- Adage Magazine[16]

twice as much time as their UAE counterparts in searching for products and viewing advertisements on social media.

The clear message is that the consumer voice, the endorsement of peers, and community participation are important and influential among today's Millennials. They see social media as a natural context for commerce as well as communications. They seek out the authenticity of peer reviews and community sharing. And, consequently, it makes sound business sense for any forward-thinking issuer or merchant to turn to social media for customer acquisition and engagement.

But why do Millennials put so much trust in online channels? And what, specifically, can issuers and merchants do to reach out to and engage with Millennials?
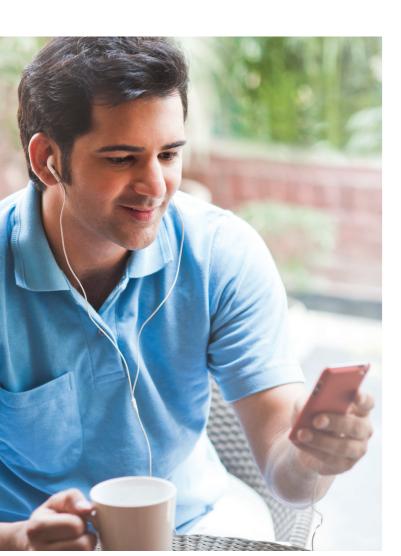
Why is it that Millennials are so drawn to online channels?

Our research demonstrates that 70% of Millennials shop online to save time. For 60% of them, it is a matter of convenience. And, for 40%, it is about transcending their physical location – by being able to buy what they want, from where they want, whenever they want.

It is not just functional considerations that come into play. Millennials feel that online shopping empowers them, giving them a sense of exclusivity, and offering them access to aspirational products from prestigious brands. And it therefore makes sense for issuers and merchants to take these digital motivations into account when positioning their products and services.

Based on the VPS survey, Millennials are an outward-looking, aspirational population – who value easy, immediate access to the brands that make them happy.

> "Whatever is available in the stores is available online, sometimes cheaper and it is so much more convenient."
>
> *- Male, Abu Dhabi, Emirati, 18-24yro*

> "I always book my tickets online."
>
> *- Female, Jeddah, Saudi, 25-35yro*

> "Allows us to know the websites and places in advance from home."
>
> *- Male, Dubai, Asian, 18-24yro*

> "Online shopping makes everything available to you in a click."
>
> *- Male, Dubai, Asian, 18-24yro*

To get a better understanding of Millennial motivations, we quizzed them over their online spending habits. What was their most recent purchase? How much did it cost? Which site did they buy it from? And what device did they use?

% Millennials shopping online, device used for shopping and the average spend on last visit

Top 5 Online Categories			Electronics	Clothing	Travel for Leisure	Travel for Business	Food Take Away
% Millennials Shopping Online	KSA		59%	59%	30%	15%	10%
	UAE		64%	51%	24%	13%	12%
Payment Device	KSA		Phone	Phone	Laptop	Laptop	Laptop
	UAE		Phone	Phone	Laptop/Phone	Laptop/Phone	Laptop/Phone
US$ Avg. Spend Last Visit	KSA		$487	$262	$731	$744	$40
	UAE		$404	$130	$585	$699	$59

Figure 3 *All brand names and logos are the property of their respective owners and are used for identification purposes only*   Laptop Phone App

Once again, the research demonstrates some interesting disparities between UAE and KSA Millennials (see Figure 3). In particular, there are some big differences in the amount spent across each category, and the type of device used – with laptops winning out in KSA, and smartphones gaining the edge in UAE.

Even so, there was consistency over the three big themes of electronics, clothing and travel – with electronics and clothing capturing the greatest frequency of spend, and travel accounting for the greatest volume of spend.

In terms of preferred merchants, Souq.com was the clear number one brand in both countries. Amazon also made it into the top five for both but, beyond those two retail giants, the picture becomes more fragmented.

Issuers have a definite opportunity to take these patterns of spend distribution into account when developing their loyalty programmes. For example, by highlighting the key online spend categories (like electronics, clothing and travel), they have a clear opportunity to support acquisition and lift payment volumes.

Similarly, merchants should consider using product placement and partnership as techniques to support their eCommerce activity. By focusing on key categories, and factoring in the importance of authenticity and peer recommendations, there is a clear opportunity to build relevance as well as trust over the long-term.

Top 5 websites for Online Shopping

	1	2	3	4	5
KSA	souq	amazon	STC	Apple	AliExpress
UAE	souq	dubizzle	amazon	ebay	Booking.com

Figure 4 *All brand names and logos are the property of their respective owners and are used for identification purposes only*

Digging down to the payment preferences of GCC Millennials

The growth in prepaid cards in KSA is supported by the country's regulatory environment, including the wage protection scheme (which has encouraged the issuance of payroll cards), as well as cultural attitudes towards lending and borrowing. However it is also driven by Millennials, who express a strong affinity with the prepaid concept – including the ability to ring-fence certain categories of spending, to keep tight grip on over their everyday finances, and to eliminate any possibility of losing control. By contrast the 'pay later' concept has been broadly embraced by UAE Millennials. They tend to see credit cards as a smart money management tool and welcome the opportunity to pay in installments. They are also attracted by the type of reward programs and offers that credit cards can support. And Sharia-compliant cards are becoming increasingly popular, especially among older, indigenous Millennials.

Another key variable is the type of payment products preferred by Millennials. For example, the use of prepaid propositions is already deeply-entrenched among KSA Millennials. And, although credit propositions currently dominate in UAE, there is a definite opportunity for other card types to gather momentum.

By analyzing the current payment volumes and growth trajectories for different payment products and schemes, we were able to make well-informed predictions for the next 24 months. In UAE, we expect that credit cards will account for 65% of retail payment volumes by 2018. Meanwhile, in KSA, although debit cards will continue to account for a majority of retail payment volumes (at upwards of 70%), we expect prepaid cards to experience sharp double-digit growth – thereby picking-up a progressively larger share of a rapidly growing market.

> "The high demand for prepaid cards in KSA was spurred by the increased number of expatriates and the youth segment, as part of the Central Bank's efforts to reduce the unbanked population and increase bank revenues. While in UAE, many consumers use their credit cards to pay other bills, such as home and auto loans; a trend facilitated by easy access to credit cards."
> - *Euromonitor*[17]

Did You know... "Prepaid cards represent the fastest growing deposit product in the U.S. today and are changing the way Millennials are viewing bank relationships. In less than a year, Walmart and American Express attracted 1 million customers with Bluebird, a prepaid card that offers a low-cost alternative to checking services"[18]

Preferred online payment method by Millennials for eCommerce, KSA and UAE

		Top 5 Online Categories					
		1	2	3	4	5	
		Electronics	Clothing	Travel for Leisure	Travel for Business	Food Take Away	
Most Preferred Payment Mode across Millennials (%)	**KSA** Driven by Prepaid*	40%	33%	44%	53%	40%	*Prepaid driven by 18-24 year old Millennials
		PREPAID VISA	CA$H ON DELIVERY	PREPAID VISA	PREPAID VISA	CA$H ON DELIVERY	
	UAE Credit Preference for ecommerce activity, for all top 5 categories**	58%	52%	63%	59%	48%	**Credit driven by older Millennials and local Emiratis (while debit preferred by Asians)
		CREDIT VISA	CREDIT VISA	CREDIT VISA	CREDIT VISA	CREDIT VISA	

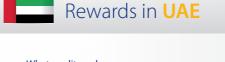Figure 5   *Picture denotes Visa card, however results are scheme agnostic*
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Rewards – what Millennials want versus what they get

With such a clear preference for prepaid in KSA and credit in UAE, we asked Millennials what motivated them to favor one type of payment proposition over another. It was clear that loyalty programs and rewards are a big factor – and there are some big gaps between what Millennials would like versus what they currently get.

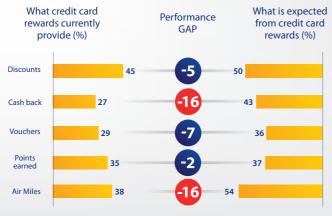## Value Proposition Preference on cards across Millennials (%)

Rewards in KSA

	What credit card rewards currently provide (%)	Performance GAP	What is expected from credit card rewards (%)
Discounts	62	+5	57
Cash back	42	+4	38
Vouchers	30	-6	36
Points earned	37	+5	32
Air Miles	12	-9	21

Rewards in UAE

	What credit card rewards currently provide (%)	Performance GAP	What is expected from credit card rewards (%)
Discounts	45	-5	50
Cash back	27	-16	43
Vouchers	29	-7	36
Points earned	35	-2	37
Air Miles	38	-16	54

Figure 6

Travel is a particularly popular and motivating sector for KSA Millennials.

For example, the 2015 Visa Travel Intention Survey[19] identifies Saudi Arabians as particularly frequent travellers and high spenders. On a typical travel trip, a KSA Millennial will spend two-and-a-half times the global average. This trend is set to continue, with KSA travel sales expected to double in value (to reach US$3.5 billion) by 2019.

As a consequence, KSA Millennials value travel-related benefits and rewards, such as hotel upgrades and discounts, travel insurance, and offers from global retail brands. And, because they will meticulously plan their trip, both issuers and merchants can benefit by targeting their loyalty activities and usage campaigns on the vital pre-booking phase.

Loyalty and rewards programs can also be used to encourage KSA Millennials to shift to higher value propositions such as credit cards and premium cards. And they are very clear about the type of benefits they want: in order of priority, **KSA Millennials are looking for 'discounts' and 'cashback'; younger Millennials want their issuer to provide 'better cash back and air miles'; and older Millennials expect 'better deals on vouchers'.**

Travel-related rewards are also compelling to UAE Millennials.

Like their KSA counterparts, they like to plan their trips well in advance, but tend to have a more cautious outlook. **'Air miles' are far more compelling to UAE Millennials**, which represents a large opportunity gap for the country's issuers.

Younger UAE Millennials, especially those of Asian descent expect 'better discount offers, vouchers and air miles earn rates'.

Although younger Millennials may currently have few cards and limited travel budgets, this is set to change as their wealth increases, their earning potential accelerates, and the card market matures.

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The message for issuers and merchants is clear…

There is a real opportunity to identify and develop new propositions based on the unmet needs and preferences of the Millennial generation. They are relatively dissatisfied with existing reward and loyalty programs, which means a powerful vacuum exists, which can be filled by relevant propositions positioned in the right way.

In other words, traditional, one-size-fits-all propositions offer diminishing returns and leave incumbent issuers vulnerable. By contrast, tightly targeted products, with relevant reward and loyalty programs offer clear opportunities.

Of course, it is not just about product categories and relevant reward programs. Remember, the main reason why GCC Millennials shop online is to gain more convenience and save more time. And the quality of the user experience (UX) should be a key consideration for issuers and merchants alike.

Food for Thought…

GCC Millennials are a curious, tech-savvy, outward-looking breed. With **digital wallets becoming more prevalent**, they are expressing a clear interest in **new payment** and **rewards solutions** that offer a great user experience and fit with their digital lifestyles. Against this backdrop, the innovation agenda has never been more important for issuers or merchants.

The importance of – and satisfaction with – the user experience (UX)

Factors that drive eCommerce engagement	Today's satisfaction level
Secure/trusted site	★★★
Fast, frictionless payment process	★★☆
Mobile responsive site	★☆☆
Intuitive navigation	★☆☆
Awareness of website	★☆☆
Multiple payment options	★☆☆

Figure 7

As demonstrated in Figure 7, the UX has a direct impact on the success of any eCommerce website and online payment solution. A poor experience leads to high drop-outs and low conversion rates. Issuers and merchants alike are well advised to consider the painpoints throughout the entire conversion funnel, from the initial enrollment right through to the eventual checkout and payment.

A key pain point for Millennials is 'easier navigation and optimized websites for mobile/tablets'. In particular, perception around lack of payment security and poor customer experience (such as page errors, poorly designed website, poor interface) are abiding frustrations for today's Millennials – which translates directly to opportunities for issuers and merchants to pursue.

Before offering specific recommendations to issuers and merchants, it is worth spending some time considering one overlooked opportunity.

Today, many brands neglect one of the best ways to stimulate, normalise and benefit from online transactions – that is, bill payments. The fact is, bill payments are the second most important online activity for GCC Millennials – with more than 50% of KSA and UAE Millennials choosing to pay their bills online.

As shown in Figure 8, the proportion of bills paid online is very high and, today, Millennials use a variety of online payment mechanisms. In KSA, for example, prepaid cards are preferred by males and younger Millennials, direct debits are often chosen by older Millennials, and online banking transfers are relatively popular among all segments. By contrast, in UAE, younger Millennials and those of Asian descent tend to favour debit cards, while credit is a popular choice among all segments, including indigenous Millennials.

Bill payments – a huge proportion of online payments

Online bill payment preferences across Millennials (%)

Bill Transaction By Type				
1	2	3	4	5
Utilities (Electricity, Water, Gas)	Phone/Internet	Road Toll	Traffic Fines	Insurance

Online transactions (%)		1	2	3	4	5
	KSA	80%	74%	65%	64%	52%
	UAE	79%	77%	76%	46%	67%

Figure 8   All brand names and logos are the property of their respective owners and are used for identification purposes only

With so much traffic and so many transactions being generated, and a repertoire of payment methods to choose from, surely this is an area of potential

For example, could issuers look at utilities as a redemption category for rewards programs? Could banks and merchants partner with telcos to provide better offers? Could there be any differentiating co-brand opportunities around transportation? Besides the type of travel insurance packages negotiated by payment schemes, could there be other ways to work with insurance providers?

The secret of stickiness – how to embed a great digital payments experience within a great digital banking experience.

For GCC Millennials, digital payments are closely related to the wider world of digital banking – and one opportunity for issuers is to bring greater integration between the two.

Online or in person – how Millennials bank today

Millennial Banking Interactions, Online vs Other Channels

Banking activity by contact channel		1 Real Time Bill Payments	2 Transfer Money	3 Set up Recurring Payments	4 View Banking Statements	5 Contact bank Agent	6 View Bank Offers
KSA	Online	83%	54%	67%	48%	32%	91%
	In person		48%	44%	48%	56%	
	Call centre					31%	
UAE	Online	58%	63%	55%	61%	32%	89%
	In person	57%	47%	50%	48%	58%	
	Call centre					32%	

Figure 9   All brand names and logos are the property of their respective owners and are used for identification purposes only

Online   In person   Call centre

As shown in Figure 9, a large proportion of UAE and KSA Millennials use online banking for many of their key banking activities, particularly to view offers and initiate online payments. And our research suggests that the proportion could be far greater – if only the online banking experience met their needs and lived up to expectations.

More than 50% of Millennials prefer to bank digitally – but they are frustrated by the user experience.

The fact is, Millennials in both countries voice dissatisfaction with the user experience that is currently on offer, with KSA Millennials expressing higher dis-satisfaction. Faced with a poor online experience, many say that they either drop-out of the planned transaction, or revert to a branch or call centre. And, to compound the issue, Millennials in both countries express concern over security – particularly the safety of their card information.

Top 3 Service Gaps

KSA
1. Personalisation
2. Online experience
3. Real-time updates

UAE
1. Ability to monitor card transactions
2. Alerts
3. Personalisation

Again, the prevalence of such gaps represents a significant opportunity for forward thinking issuers – as well as a competitive threat to those issuers who leave them unfilled.

How can issuers and merchants develop and deliver services that are relevant to Millennials?

The key is to shift from a product-centric to a customer-centric approach – which has clear implications for the way that propositions are developed, positioned, distributed and serviced.

Here are our top four recommendations for issuers and merchants:

1. Move from a product-driven to customer-driven business model

- Move from standardized to tailored offerings as one size does not fit all
- Offer a range of card types to meet different needs of demographics
- Develop offers and personalization based on relevance
- Create benefits that correspond to the way Millennials spend (such as electronics, clothing, travel, take-out food, etc.) and offers that reward eCommerce, online bill payment and remittances
- Innovate next generation loyalty programs

2. Move to a digital-by-default ethos

- Give a voice to your customers and encourage community participation, by creating a social network to engage users
- Give your brand a digital presence
- Offer digital access to accounts and communication for the self-reliant Millennial

3. Adopt a multi channel approach

- Integrate and align Customer Relationship Management (CRM) across products to reveal a single user
- Understand and invest in your customers' preferred channels
- Deliver real-time information and alerts
- Plot a seamless customer journey across touch points – to benefit from experience-driven loyalty
- Create a consistent omni-channel experience for you and your customers

4. Be disciplined, with accurate targeting and relevant communications

- Develop differentiated messaging for younger and older Millennials
- Consider strategic inter-generational cross selling – for example from Generation X/ Baby Boomers to Millennials for certain card types
- Be authentic in your communication
- Offer financial literacy and security education campaigns
- Design campaigns that target customers' motivations and trigger points
- Identify relevant offers and channels for cross selling
- Develop strategic offer placement across digital channels (bill payment, internet banking, bank statements etc.)
- Design a customer engagement strategy to cover the entire lifecycle – and facilitate customized spending

An important consideration is to use digital technology to improve customer interaction and meet expectations for a high quality online user experience – and also to build trust.

The fact is, Millennials globally put a high value on transparency and aren't always trustful of financial institutions. And, as a consequence, there is a greater need for providers to use educational and online financial management tools to build trust[20]. For example, many financial institutes, especially in US, such as Bank of America, BMO Harris and Capital One have introduced new ways to educate, inform and guide Millennials – including online financial management tools, advice on how to improve their credit scores, and student loan management services.

Meanwhile, to capture the power of community, and tap into the enthusiasm for social media, institutions like Bank of America, Fidelity, and American Express are promoting self-service and customer engagement on social media websites. Others, such as USAA, BMO and PNC, are working hard to enhance personal interactions with customers. And, all the while, non-traditional players like PayPal, Google, Amazon and Apple are using their digital expertise to capture a share of Millennial wallets.

How can Visa Performance Solutions help?

Visa Performance Solutions is here to help issuers and merchants to develop profitable products and services that will appeal to today's Millennials.

We are a global team of industry experts in strategy, marketing, operations, risk and economics consulting, with decades of experience in the payments industry. Using analytics from the payment network with the most purchase transactions worldwide, our team of subject matter experts can provide you with proven strategies and data-driven insights that support your business objectives.

For further information

On our GCC Millennials study, or our services, please get in touch with us at **cemea.vps@visa.com** or your Visa Account Executive.

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Appendix

Our research methodology

Visa Performance Solutions commissioned Millward Brown to conduct an in-depth market research program in 2015 including both qualitative and quantitative questionnaires. The research involved a statistically representative sample of 1,023 Millennials (18-34 year old) and Non-Millennials (34+ year old) across KSA and UAE. This comprised of:

• **Phase 1:** Qualitative Assessment: leveraging Idea Blogs and Online personal interviews
• **Phase 2:** Quantitative Assessment: leveraging 1,023 CAPI quantitative interviews

The Respondent base for Phase 2 included:
• UAE: 66% Millennials (distributed equally across 18-24, 25-34 year old), 34% Non-Millennials
• KSA: 72% Millennials (distributed equally across 18-24, 25-34 year old, 28% Non-Millennials

Equal distribution of males and females were used for the sample. A mix of locations within KSA/UAE, ethnicity groups, working status, and personal income (or income of wage earner) were used for the sample. An additional sample of booster interviews (109 for KSA and 104 for UAE) was added to the above random sample to increase the base size of online shoppers and bill payers.

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Visa performance Solutions is the advisory business arm of Visa, Inc. Our tailored consulting services and financial institutions, acquirers, and merchants succeed in today's fast-changing payments industry.

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