

goHenry

The Youth Economy Report **2023**



Is **this** the **end**
of the **bank**
of Mum & Dad?

Is **this** the end of **the Bank of Mum & Dad**?

The Bank of Mum & Dad handed out almost £14 billion a year between 2018 and 2020, according to [research from the Institute of Fiscal Studies](#), most of which was used to help adult children pay for life events such as buying a house or getting married. In fact, [analysis from property group Savills](#) found that the Bank of Mum & Dad supported nearly half (49%) of all first-time buyer housing transactions in 2021.



However, this looks set to change. The latest figures from the English Housing Survey¹, commissioned by the Department for Levelling Up, Housing and Communities, found that the number of first time buyers using a gift or loan from family members towards their deposit dropped by more than 16% in 2020-21.

New research from GoHenry reveals that kids' and teens' increasing financial freedom combined with growing up in a time of financial instability means that over half (52%) of parents are now less likely to contribute to their kids' financial future, with the overwhelming majority of 6-18 year-olds not expecting their parents to contribute to the cost of higher education, help them to buy a house, or fund their wedding².

So could this signal **the end of the Bank of Mum & Dad?**

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1123670/2020-21_EHS_Headline_Report_revised_v2.pdf

² Research undertaken by Censuswide on behalf of GoHenry, from 22.03.2023 - 27.03.2023. 2,002 UK parents (aged 21+), and their children aged 6-18 years, were surveyed.

Our research indicates³ that 86% of parents are worried about their kids' financial future – but their fears may well be unfounded.

More than four in ten kids aged 6-18 (42%) say that recent events like the Covid pandemic and the Cost of Living crisis have made them more likely to start saving early for big life events. As a result, 35% of young people are planning to save to buy a house, and 65% of those who are saving have already put away up to £1,500 for this purpose⁴.

Although they're growing up in a time of economic instability, today's kids and teens are already on track to become the most financially empowered generation in history. Our data⁵ reveals that GoHenry kids and teens are saving 145% more than they did last year, suggesting that they're already equipped with the financial skills they'll need to live life on their own terms when they reach adulthood.

A helping hand

The Bank of Mum & Dad is planning to reduce the amount of money loaned or gifted to adult children. Almost a quarter of parents (24%) don't plan on saving money to help their child buy property, 15% don't plan on saving to contribute towards the cost of their child's education, 49% don't plan to save towards their child's pension, and 19% don't plan to save to help them buy a car. In 5% of cases, this is because they simply can't afford to contribute.

Even when parents are in a position to help financially, their priorities are clear: they're less likely to help fund their teens going travelling (44% don't plan to save money to contribute), pay towards a wedding (27% don't plan to save money to contribute), help with the costs of starting a business (42% don't plan to save money to contribute), or paying off debts (42% don't plan to save money to contribute).



³ Research undertaken by Censurwide on behalf of GoHenry, from 22.03.2023 - 27.03.2023. 2,002 UK parents (aged 21+), and their children aged 6-18 years, were surveyed.

⁴ Research undertaken by Censurwide on behalf of GoHenry, from 22.03.2023 - 27.03.2023. 2,002 UK parents (aged 21+), and their children aged 6-18 years, were surveyed.

⁵ Based on 746,175 active GoHenry members between 01/03/22 and 28/02.23, compared to members active between 01/03/21 and 28/02/22.

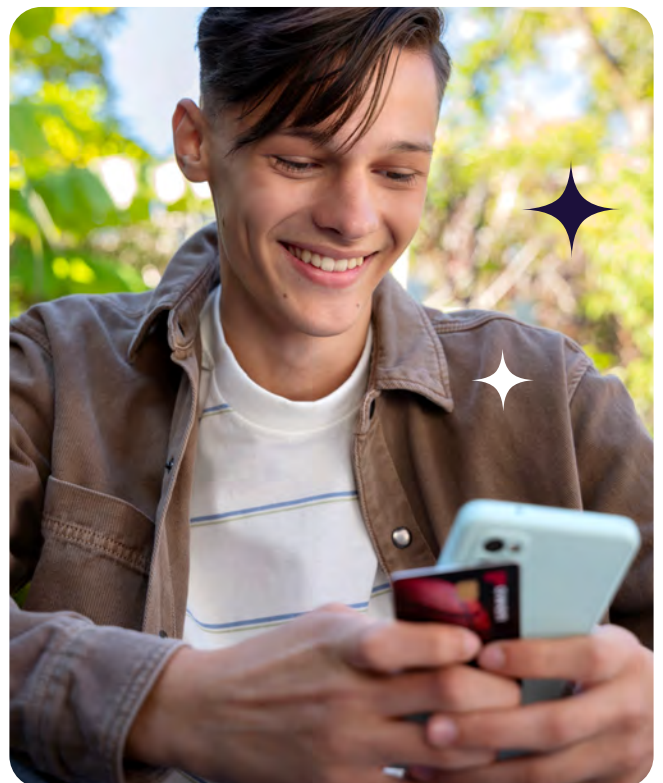
Investing in the future

Our research⁶ shows that young people are already adjusting their expectations, and no longer expect their parents to help fund their future. Almost three-quarters of young people (74%) don't expect their parents to help pay for their wedding, 72% don't expect their parents to help them buy a house, and 64% don't expect their parents to help foot the bill for the cost of their education, such as paying for university, training or an apprenticeship.



Some kids and teens have even started to cover the cost of their own expenses. For example, our research⁷ shows that, since the start of the Cost of Living crisis, 11% of kids and teens have started paying for their own entertainment, including cinema and sporting events, and 11% have started paying for their own clothes and toiletries. In addition, 9% have started paying for their own takeaways, or eating out. In addition, 33% of 17 year-olds are currently saving for driving lessons.

It no doubt helps that 43% of teenagers aged 16-18 have part-time jobs, with average earnings of £79 per week – so young people have the means to cover their own expenses and save for the future⁸. What's more surprising is that much younger children are successfully saving, too. GoHenry data shows that 6-10 year-olds saving for university are putting more aside, with an increase of 11% per child compared to the previous year⁹.



⁶ Research undertaken by Censurwide on behalf of GoHenry, from 22.03.2023 - 27.03.2023. 2,002 UK parents (aged 21+), and their children aged 6-18 years, were surveyed.

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Prioritising financial education

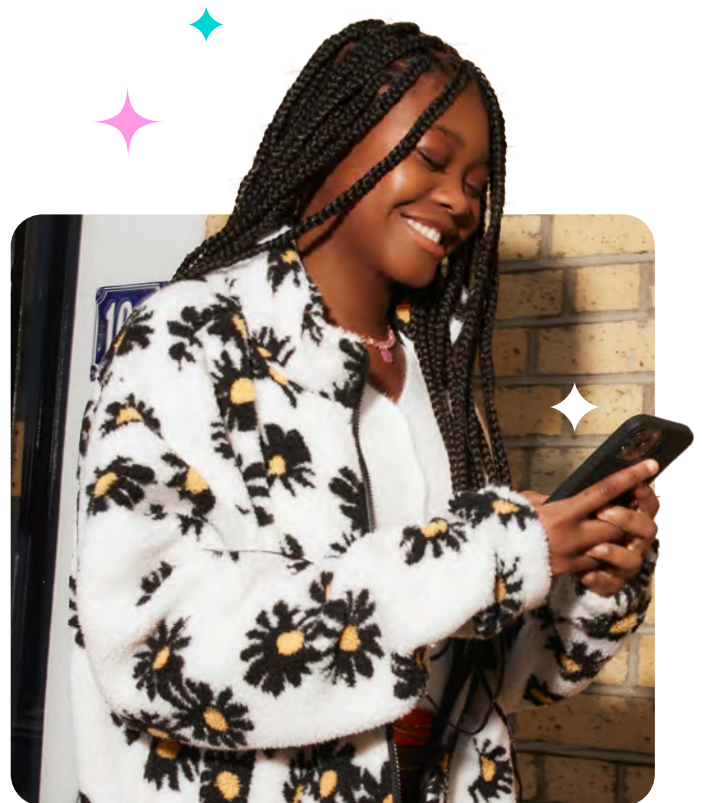


Even if they're willing and able to contribute to their children's financial future, today's parents are acutely aware that their children will still need to learn how to make their money work harder. After all, the average cost of a three-year degree¹⁰ is now over £27,000 for tuition fees alone, and the average deposit for a first time buyer¹¹ is £62,500.

As a result, financial education has never been more important. Almost half of parents (47%) believe that they can help their child to be financially free in the future by teaching them how to budget, how to recognise the difference between wants and needs (39%), teaching them the money skills they'll need in adult life (37%), encouraging them to save a portion of their pocket money (32%), and talking openly about money within the home (30%).

This focus on financial education pays dividends as 71% of the young people we spoke to who are saving for their future, have already saved up to £1,500 towards the cost of university, and an additional 54% have already saved up to £1,000 into their pension pots¹².

Despite the Cost of Living crisis, and decline of the bank of Mum & Dad, a focus on financial education means that kids' financial futures look bright.



¹⁰ Research undertaken by Censuwide on behalf of GoHenry, from 22.03.2023 - 27.03.2023. 2,002 UK parents (aged 21+), and their children aged 6-18 years, were surveyed

¹¹ <https://www.thisismoney.co.uk/money/mortgageshome/article-11671251/Average-time-buyer-deposit-62-500-Halifax-data-shows.html>

¹² Research undertaken by Censuwide on behalf of GoHenry, from 22.03.2023 - 27.03.2023. 2,002 UK parents (aged 21+), and their children aged 6-18 years, were surveyed.

"I'm hoping to buy my first house when I'm 18. My mum and I watch Homes Under the Hammer in the school holidays, and I'd like to buy a council house, as it's a bit cheaper, then I can work on it and rent it out for good money. I'm also saving to buy a car. Any five-seater will do, as long as it's cheap and drives without any problem.

We are a working class family, so my mum can only afford £2 pocket money per week, plus 50p for tasks like brushing my teeth and cleaning my room. When I'm 12 or 13 I can start looking for a part-time job like a paper round. I started getting serious about money when I got GoHenry and could see the amount on screen. That made it more real, and made it easier to keep on top of my savings and tasks. It's important to start saving now as when I'm older I will have to look after myself."

THEO, AGE 8

"I've been saving £1 per week for almost a year, and I hope to have saved about £2,000 by the time I go to university. I'd like to study either art or psychology as I love art and drawing but I'd also like to be a therapist. I know my education is really important, and working hard can give me more opportunities so I want to give myself the best possible chance to do well. University can be quite expensive, and I'd like to have the choice of where I study.

I use the autosave function in GoHenry to save 40% of my pocket money each week. That way I don't spend it by accident. I don't add birthday money to my university fund because I like to be able to treat myself. You have to enjoy spending money and not just save everything you receive! "

ELLIE, AGE 11



"I'm saving for a deposit so that I can buy my own home when I'm 19. I'd like to live in an apartment with a spare room to rent out which will help to pay the mortgage. I'll probably stay in the area where I grew up, but it depends where my mum and dad are living. I'd also like to live near B&M Bargains and McDonalds.

My mum and dad have been saving for me since I was born. When I got my GoHenry account I started saving the money I earn for cleaning my bedroom, which can be up to £20 per week. I also save the money I get for Christmas and my birthday. I'm always coming up with new ways to make extra money to add to my savings, such as making notebooks or dog leads and collars to sell."

EVA, AGE 7

“The Bank of Mum & Dad will always exist, because parents still want to help their kids as much as they can – particularly when it comes to getting an education or buying their first home. However, it’s clear that Gen Z and Gen Alpha no longer can – or want to – rely on it, and are finding ways to forge their own financial futures at a much younger age than we’ve seen in the past. As a result, parents will be less likely to bear the financial burden of paying for their adult children’s life events.

Our research shows that children as young as six are planning to save for these events – and some are already putting money aside. This is supported by the boom we’ve seen in kids earning from a young age, and even starting their own bedroom businesses. In fact, we may even see a role reversal, as 24%¹³ of the young people we spoke to plan to save to help their parents, rather than relying on them for financial support.”

LOUISE HILL,
Co-founder and CEO, GoHenry



Is this **the end** of the Bank of Mum & Dad?*

52% of parents are now less likely to contribute to their kids' financial future

42% of 16-18 year-olds say that the Cost of Living crisis has made them more likely to start saving early for big life events

Around **1 in 5** 16-18 year-olds wouldn't expect their parents to give them any financial help at all

* Censuswide



Footing the bill*

74% of young people don't expect their parents to help pay for their wedding

72% don't expect their parents to help them buy a house

64% don't expect parents to pay towards university or training costs

* Censuswide

Top 5 life events* kids plan to save for

- 35%** buying a house
- 39%** driving lessons
- 34%** holiday
- 32%** moving out fund
- 30%** university

* Censuswide

Successful savers

The young savers we spoke to* are already setting money aside for their future:

* Censuswide (based on kids who are already saving for their future)

69% have already saved up to £1,500 towards starting a business

65% have already saved up to £1,500 towards buying a house

54% have already saved up to £1,000 into their pension

Making money*

43% of 16-18 year-olds have a part time job. On average, they earn £79 per week

* Censuswide



Parents believe that the following* are pivotal to creating a financially free future for their children:

- 47%** teaching them to budget
- 39%** teaching them the difference between needs and wants
- 37%** teaching them the money skills they'll need in adult life

* Censuswide

SOURCES:

Internal: This data is based on 746,175 GoHenry members, active between 01/03/22 and 28/03.23.

Censuswide: The research, commissioned by GoHenry, was conducted by Censuswide between 22nd and 27th March, 2023. A total of 2,002 UK parents (aged 21+) and their children aged 6-18 years were surveyed. Censuswide abides by and employs members of the Market Research Society which is based on the ESOMAR principles.