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Financial Futures for U.S. Teens

How Teens Manage Money: Receiving, Spending, and Preferred Payment Methods

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Junior Achievement™

Acknowledgements

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Executive Summary

With the rapid advancement of technology and digital financial services, younger generations tend to have greater familiarity and comfort with technological innovations compared to older generations, as reflected in their greater adoption of mobile financial services.[1] The COVID-19 pandemic may have accelerated the adoption of digital money-transferring methods by parents or caregivers to provide money to their teens.

This report utilized the data from the Junior Achievement Fintech Survey, which includes responses from 1,000 teenagers aged 13 to 18 across the United States, providing a nationally representative sample. The survey was conducted by Wakefield Research and sponsored by MissionSquare Foundation. The findings showed that cash remains the most common method for parents and caregivers to provide money to their teens (ranked 1st), with the majority of teens identifying it as their primary way of receiving money.[2] Digital platforms are also increasingly popular among parents and caregivers, with a significant number of teens reporting that their parents transfer money through apps (ranked 2nd) or electronically deposit funds directly into their bank accounts (ranked 3rd). This trend highlights the growing reliance on technology-driven financial services within American families.[3] Additionally, some parents allow teens to use their credit cards for specific purchases (ranked 4th), such as online shopping, or provide prepaid debit cards to give money while maintaining some level of oversight (ranked 5th). Some teens reported that their parents or caregivers do not provide them with any money at all, which may indicate a way to encourage self-sufficiency and responsibility.[4]

We conducted further analysis of teen profiles based on how they receive money and identified several significant associations between these methods and many demographic factors. Key factors such as gender, age, ethnicity, college enrollment status, employment status, family size, and geographical area were found to statistically influence whether teens receive financial support from their parents or caregivers in a specific method.

American teens now have access to a broad array of payment methods, providing them with diverse options for making purchases. This report also explored a variety of payment methods and found that teens' current payment methods and preferences vary. These methods include cash, credit cards, debit cards, Buy Now Pay Later services, wire transfers, checkbooks, Apple Pay, PayPal, money transfer apps, and others. It is important to note that cash, money transfer apps, and credit cards consistently ranked as the top three most commonly used methods for making purchases and as teens' preferred payment options.

How American Teens Receive Money

The demographics of the sample of 1,000 American teenagers is listed in Table 1. The methods through which parents or caregivers provide financial support reflect a diverse range of practices among these teens. Over half of the respondents (56.2%) reported that they typically receive money directly in the form of cash, continuing the traditional method of receiving money from parents. A notable proportion, 21.6%, indicated that their parents allow them to use their credit cards, often for purposes such as online shopping or other expenses. This method reflects a practical approach to meeting teens' financial needs among contemporary parents, providing flexibility to cater to their teens' shopping preferences while maintaining a degree of parental oversight.

In addition to these more traditional forms of giving financial support, some teens benefit from modern tools. Specifically, 12.6% of teens said their parents provide money through prepaid debit cards. This method bridges the gap between traditional cash allowances and modern financial systems. Prepaid debit cards provide a balance between flexible money management and parental oversight.

With the rise of financial technology, a larger group, 30.6%, reported receiving money through digital payment platforms like Apple Pay, Venmo, or similar apps, through which parents transfer funds electronically. Similarly, 29.1% stated that their parents electronically transfer money directly into their bank accounts, further showcasing the shift toward digital and bank-based financial practices. These two methods of parents giving money to teens give teens the flexibility to make purchases without requiring parental intervention.

While these methods account for the majority of methods parents or caregivers use to give money to their teens, 0.9% of teens mentioned that their parents use alternative methods not listed in the survey to provide money. However, a significant minority, 16.3%, revealed that their parents or caregivers do not provide them with money through any of these methods. These findings shed light on the evolving landscape of money interactions between parents and teenagers, demonstrating a blend of traditional, digital, and banking-based practices, as well as highlighting the portion of teens who do not receive financial support from their parents or caregivers.

Table 1: Sample Demographics and Summary Statistics

Gender		
	Male	39.4%
	Female	60.6%
Age		
	13-15	41.0%
	15-18	59.0%
Non-Hispanic white		
	No	55.8%
	Yes	44.2%
Attending college		
	No	89.0%
	Yes	11.0%
Currently working		
	No	65.3%
	Yes	34.7%
Children in the household		
	One	39.3%
	Two	28.2%
	Three	18.8%
	Four or more	13.7%
Living area		
	City	34.4%
	Suburbs	41.8%
	Rural	23.8%

Teens' Profile Base on How They Received Money from Parents/Caregivers

This report examines the profile of teens according to the way in which their parents or caregivers give them money, as summarized in Figure 1.

Cash

Among the 562 teenagers who had financial support from their parents or caregivers in the form of cash, 63.9% were teen girls (see Figure 2). Most of these cash receivers (54.1%) were between the ages of 16 and 18. Teens getting cash were generally not enrolled in college (90.7%; similar to the 89% of the overall sample not enrolled).. Giving cash often may be impractical due to the distance between college and parents. Furthermore, 71.7% of cash receivers were not working at the time, implying that cash could be given instead of earned income, perhaps to cover immediate personal needs while supporting the focus on studies.

In terms of ethnicity, of the teens who received cash 42.4% were non-Hispanic white. This number, however, was not statistically significant when compared to their general proportion in the study sample, suggesting that ethnic identity had no obvious influence on the possibility of receiving money in cash. Likewise, differences in family size and geographical area were found to have no statistically significant correlation with receiving money in cash form.

Figure 1 **How Do Teens Usually Receive Money from Parents/Caregivers** (select all that apply)

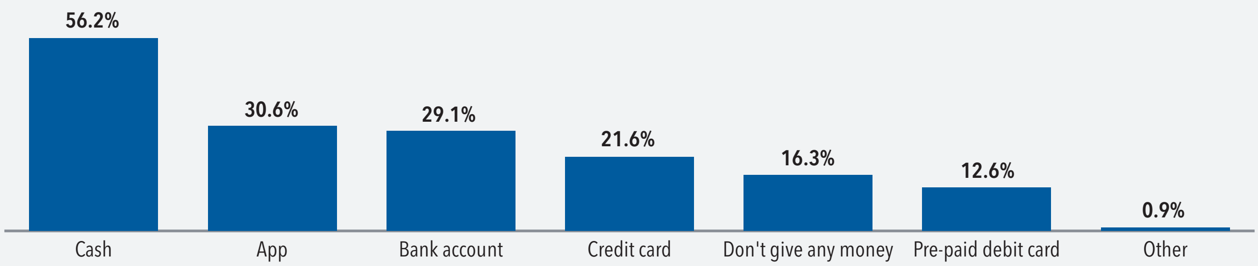


Figure 2 **Profile of Teens Receiving Money from Parents/Caregivers in Cash**

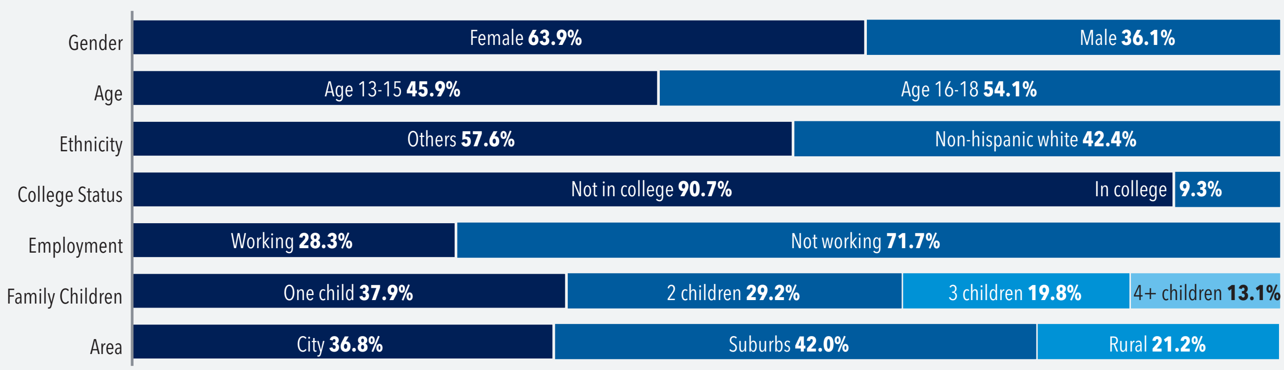


Figure 3 **Profile of Teens Receiving Money from Parents/Caregivers through Using a Credit Card**

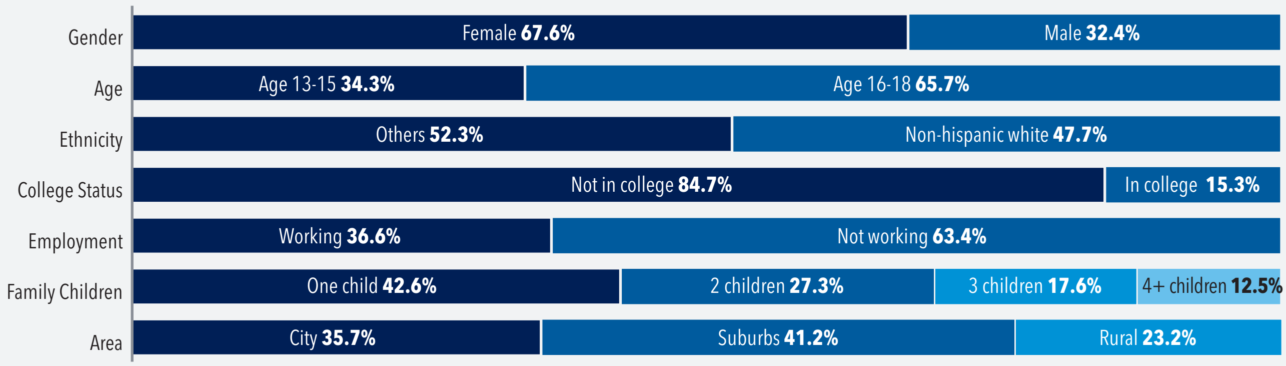
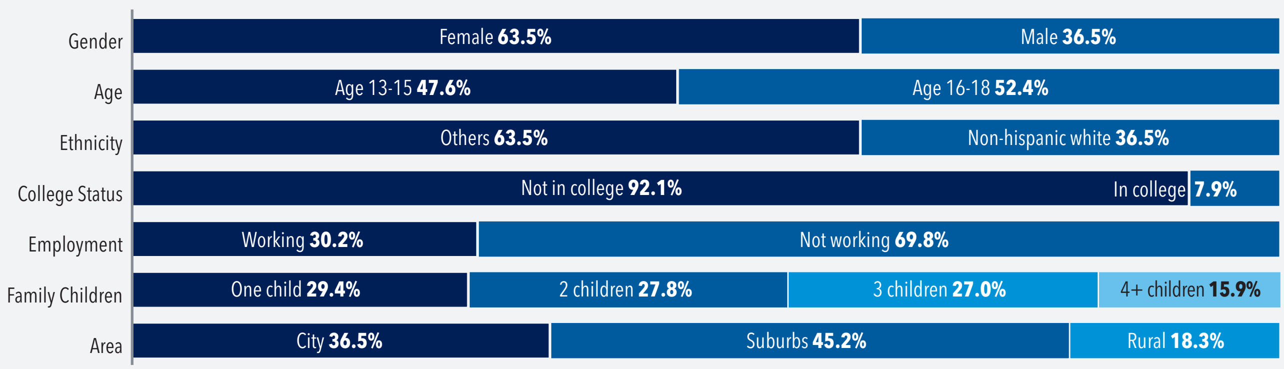


Figure 4 **Profile of Teens Receiving Money from Parents Caregivers through Using a Prepaid Debit Card**



Use Parents' Credit Card

Among 216 teens who received financial support in the form of direct access to their parents' or caregivers' credit cards for making purchases, such as online shopping, teen girls represented the majority at 67.6% (see Figure 3). Furthermore, most of the teens using their parents' credit cards (65.7%) fell between the ages of 16 and 18, perhaps because of more trust or responsibility related to their age than the younger 13 to 15 year-olds. Additionally, 84.7% of the teens who made purchases using credit cards from their parents were not yet enrolled in college. The likelihood of teens receiving funds from their parents or caregivers by allowing them to use their credit cards directly was not statistically significantly influenced by their ethnicity, identity, employment status, family size, or location.

Prepaid Debit Card

Among the 126 teens who received money from their parents or caregivers through the use of a prepaid debit card, the demographic patterns were relatively similar to those observed among teens who received financial support in cash or through access to credit cards (see Figure 4). Across key demographic factors such as gender, age, ethnicity, college enrollment status, employment status, family size, and geographical area, family size, specifically the number of children in the household, was the only demographic factor that showed a statistically significant association with teen receipt of money through a prepaid debit card. Specifically, among teens who received a prepaid debit card, 29.4% came from single-child families, 27.8% were from families with two children, 27.0% were from families with three children, and 15.9% were from families with four or more children. The result suggests that while the overall profile of prepaid debit card users aligns with other financial support recipients, family dynamics may play a more influential role in determining the use of prepaid debit cards as a form of receiving financial support.

Add Money to An App

Among the 306 teens who received money from their parents or caregivers through digital platforms, such as apps like Apple Pay or Venmo, 69.9% were teen girls, highlighting a gender trend in the use of app-based financial transfers between parents and teens (see Figure 5). Additionally, the majority of these recipients (63.7%) were aged 16 to 18, suggesting that older teens are more likely to engage with and benefit from digital payment technologies, potentially due to their familiarity with these tools. In terms of ethnicity, 66% of these teens belonged to groups other than non-Hispanic White, indicating that the use of app-based financial transfers is prevalent among diverse racial and ethnic backgrounds.

While college status, employment status, family size, and geographical area showed dominant group trends in the profiles of teens receiving money from parents or caregivers through app-based transfers, these factors did not demonstrate a statistically significant association.

Bank Account

Among the 291 teens who received money from their parents or caregivers through electronic transfers into their bank accounts, 65.6% were aged 16 to 18 (see Figure 6). This result might suggest that parents may use a bank account, this typical traditional financial instrument, to help older teens develop familiarity with managing money in a more formal financial setting. 84.2% of these teens were not in college, and although they represented the majority, this proportion of non-college teens was the lowest across all examined methods of money transfers in this demographic cohort, indicating that electronic bank transfers may be less attractive way for parents to "provide" money to their not-in-college teens. Family size, measured by the number of children in the household, was statistically associated with whether teens received money through bank transfers. Teens from families with four or more children made up the smallest proportion (9.3%) of this group, which is also the lowest proportion in this demographic factor across the methods of financial support examined in this report. Teens from single-child families accounted

Figure 5 **Profile of Teens Receiving Money from Parents/Caregivers through an App**

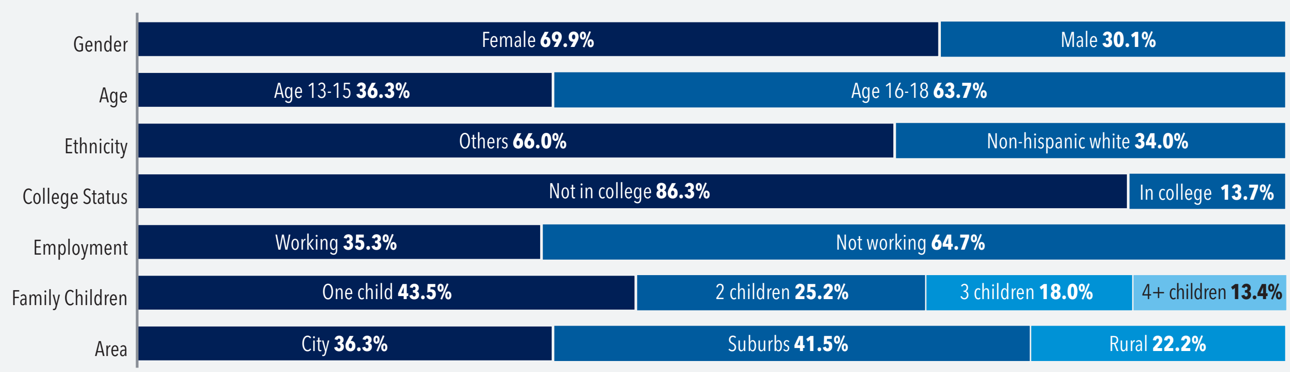
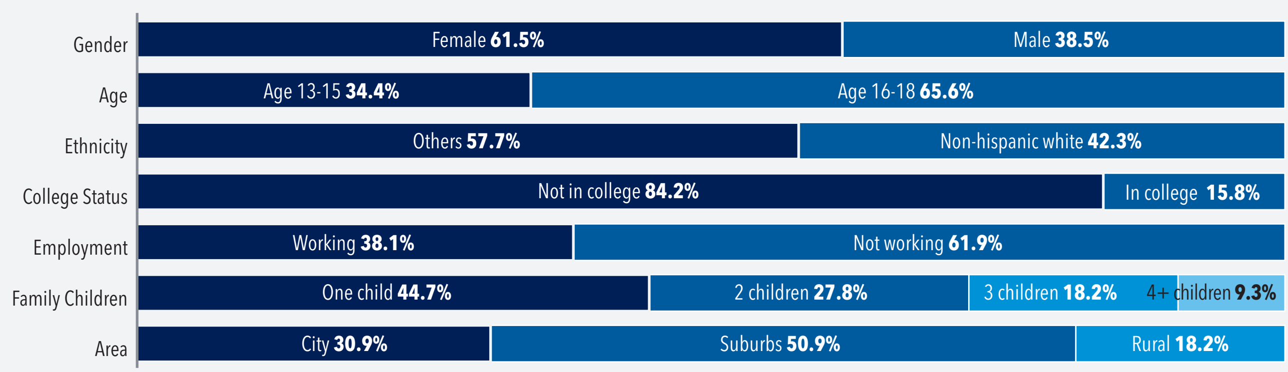


Figure 6 **Profile of Teens Receiving Money from Parents/Caregivers through Bank Accounts**



for the largest proportion (44.7%), followed by those from two-child families (27.8%) and three-child families (18.2%). As for geographical area, suburban teens were the most predominant group, with 50.9% of those receiving money through electronic bank transfers residing in suburban areas. Potentially, this indicates that parents from suburban families may have a preference for formal banking systems.

Gender, ethnic identity, and employment status were not found to have a statistically significant association with the profile of teens receiving money from parents or caregivers through this financial support method.

Other

Among the nine teens who reported receiving money from parents or caregivers through other unspecified methods, no statistically significant patterns were identified across demographic factors for this form of financial support (see Figure 7). To demonstrate the completeness of the sample, the "other" category has been included; however, caution is advised when interpreting the results since the response rate in this category is low.

No Money Given

Among the 163 teens who reported not receiving financial support from their parents or caregivers, more than half (53.4%) were non-Hispanic White, which is the highest proportion of this ethnic group across the forms of financial support examined in this report (see Figure 8). Family size, measured by the number of children in the household, was statistically significantly associated with whether teens received financial support. Of the teens not receiving money, 33.7% came from single-child families, 26.4% were from two-child families, 19.6% were from three-child families, and 20.3% were from families with four or more children. The geographical area also showed a statistically significant association with the likelihood of teens not receiving financial support from their parents or caregivers. The distribution included 31.3% of these teens living in urban areas, 29.5% in suburban areas, and 39.3% in rural areas, indicating a higher

Figure 7 **Profile of Teens Receiving Money from Parents/Caregivers through Other Unspecified Methods**

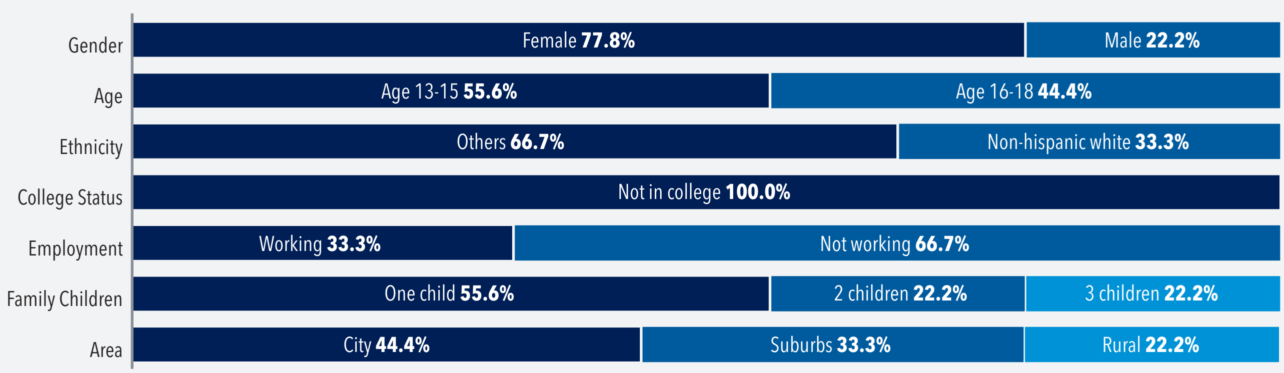
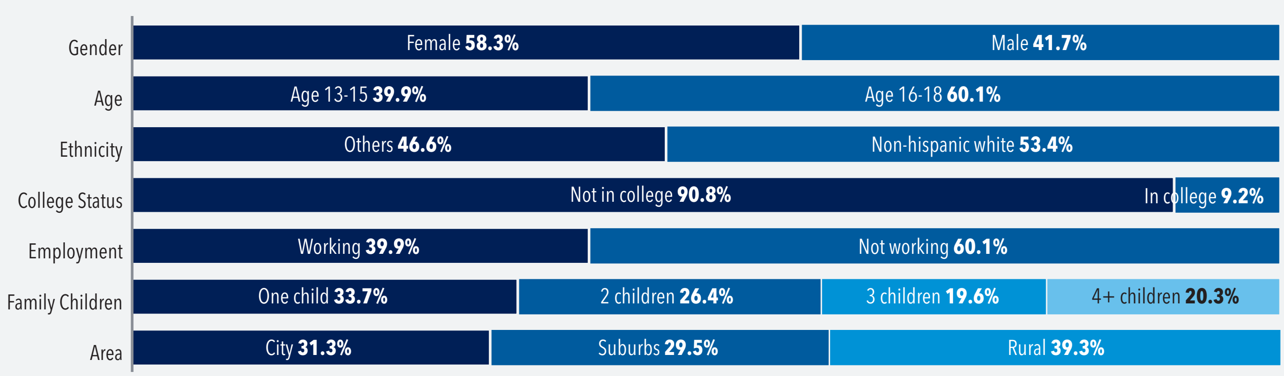


Figure 8 **Profile of Teens Who Have Not Received Money from Parents/Caregivers**



prevalence of non-support in rural settings. While not giving monetary support may show parents are motivating their teenagers to be self-sufficient, the lack of financial support can also cause stress and anxiety for teens, especially if they feel pressured to comply to social norms that involve spending money on social events, clothes, and technology.[5]

The profile of teens who reported not receiving financial support from their parents or caregivers was not statistically significantly associated with gender, age, college status, or employment status.

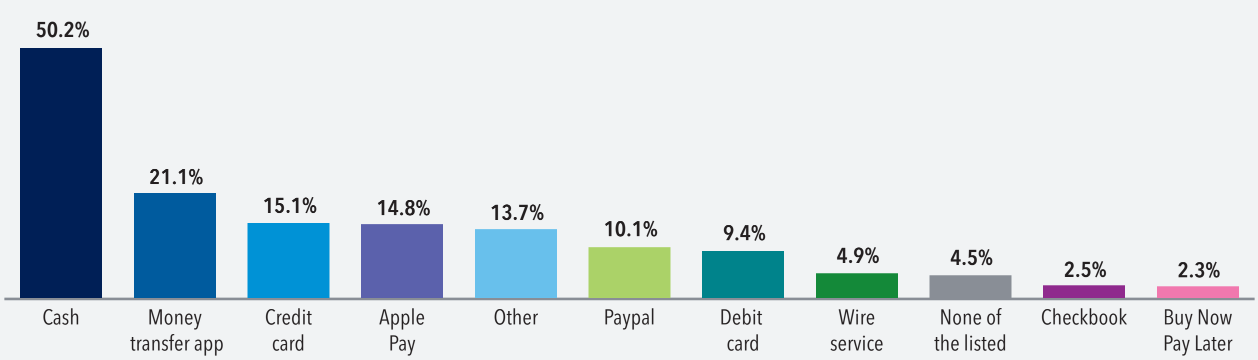
How American Teens Pay for Purchases

This report also examines how American teens pay for their purchases, offering insight into the diverse payment methods utilized by this demographic. All 1,000 teen respondents were asked to select all methods they have used, revealing a mix of traditional and modern payment approaches (see Figure 9). Cash remains the most common form of payment, with 50.2% of teens reporting its use, reflecting its accessibility and familiarity. Wire transfer services like Western Union were used by 4.9% of respondents, likely for specific scenarios such as sending or receiving money from relatives, especially among immigrant families. A small percentage (2.5%) still use checkbooks for payments, showcasing the residual persistence of traditional methods, perhaps guided by parental influence.

Digital payment methods are becoming increasingly prevalent among younger generations. For example, 21.1% reported using money transfer apps such as Zelle, Venmo, or Cash App for purchases. Among respondents, 14.8% use Apple Pay, a popular contactless payment option. These findings reflect the integration of digital payment tools into the daily lives of teens, particularly as these apps simplify peer-to-peer transactions and online purchases. Additionally, 10.1% use PayPal, underscoring its continued relevance as a trusted online payment platform. According to survey responses, 15.1% of respondents use a credit card for purchases, which likely reflects supervised parental allowances or shared accounts rather than independent ownership. Similarly, 9.4% indicated using a debit card. It is important to note that the survey did not clarify whether the reported credit or debit cards were in the teens' own names or registered under their parents' or caregivers' accounts. Interestingly, 2.3% of teens said they used Buy Now, Pay Later services such as Afterpay or Klarna, highlighting the growing adoption of alternative financing tools even among younger consumers.

Meanwhile, 13.7% of teens indicated that they use payment methods that were not specified in the survey, suggesting that some alternative payment options are more widely used among teens. Gift cards or store-specific cards, which may have been provided by parents or relatives and are not included in the predefined survey categories, are a possible example. Interestingly, 4.5% of teens stated that they do not use any of the listed payment methods, including other unmentioned options. This could indicate a complete reliance on their parents to directly handle all purchasing transactions, leaving these teens without personal involvement or experience in managing payments themselves.

Figure 9 **The Methods by Which Teens Pay for Their Purchases** (select all that apply)



American Teens' Preferred Methods for Payment

After excluding teens whose parents or caregivers do not provide them with financial support, the remaining 837 teens were asked to identify their most preferred payment method for making purchases. The responses revealed a clear hierarchy of preferences (see Figure 10). Cash is the most preferred method, chosen by 38.1% of respondents, underscoring its simplicity and universal acceptance.

Among non-cash options, digital payment methods showed significant adoption. Money transfer apps, such as Venmo or Zelle, ranked second in preference, with 13.6% of teens favoring this method for its convenience and growing integration into daily financial transactions. Apple Pay followed at 8.5%, reflecting teens' increasing reliance on mobile payment solutions.

Traditional financial tools, such as credit and debit cards, remained popular among teens but were less favored compared to money transfer apps, with 9.9% and 6.8% preferring these methods, respectively. This suggests that access to these tools may still be limited for this demographic or that digital payment apps are more appealing due to their ease of use and technological familiarity.

Less common methods included wire services (3.8%), PayPal (3.3%), and checkbooks (0.7%), indicating that these options are primarily used in specific circumstances rather than for everyday purchases. Similarly, Buy Now, Pay Later services (0.6%) and other unspecified methods (9.2%) had minimal appeal, reflecting either limited exposure or situational usage among teens. Amont these respondents, 5.4% indicated that none of the listed options were their preferred method.

The rank comparison between the current payment method and the preferred payment method in terms of the number of teens selected is shown in Figure 11. When contrasting the rankings of current and preferred payment methods, the majority of the current payment methods and preferred payment methods align with each other. Cash was the most frequently used and favored payment method among teens. This underscores the enduring prevalence and convenience of cash as a primary payment

Figure 10 **The Methods by Which Teens Prefer to Pay for Purchases** (select one)

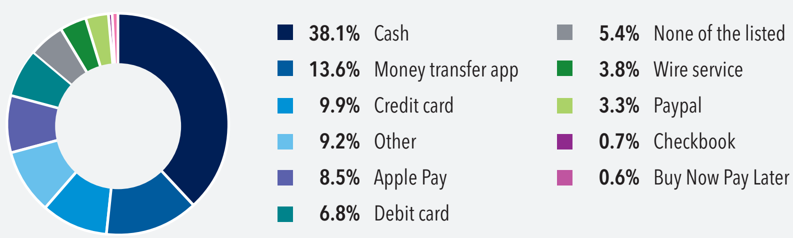


Figure 11a **Current v Preferred Payment Methods (select all that apply)** (n = 1,000)

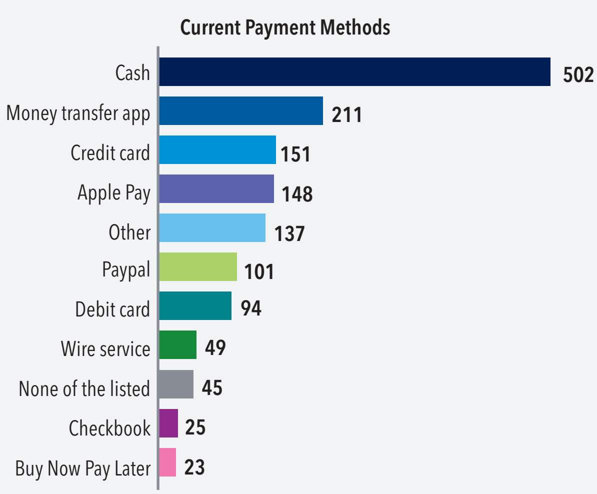
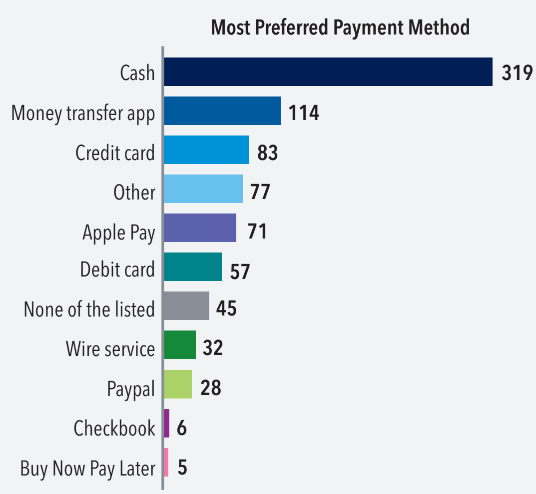


Figure 11b **Current v Preferred Payment Methods (select one)** (n = 1,000)



method among teens, despite the increasing adoption of digital alternatives. Mobile transfer apps were the second most popular payment method and preferred method, illustrating the growing dependence on digital solutions for transactions. The high-ranked preference may be due to mobile transfer apps' convenience and compatibility with contemporary, technologically advanced lifestyles among teens. Credit cards remained one of the most popular financial tools among teens, ranking third overall, while preference for using Apple Pay was slightly lower than its current usage. PayPal showed a sharper drop in preference rank compared to current use. The option that was not specifically labeled was rated higher in the preferred payment method, underscoring the existence of financial payment tools that are not publicly recognized in the current survey design but have a substantial impact on the teen demographic. These tools may warrant further investigation. Buy Now, Pay Later services consistently ranked as the least favored options both in current and preferred payment methods, which might indicate limited payment experience among teens.

Conclusion

The findings of this report offer valuable insights into the methods parents and caregivers use to provide money to teens, highlighting the influence of technological advancements and family dynamics. This report also provides insights into teens' current payment behaviors and their preferred payment methods, revealing both consistency and discrepancy in their rankings.

Here are several key takeaways:

- Parents providing money in the form of cash is still dominant, but digital options are rising. While cash remains the most common method for parents to provide money to teens, digital platforms such as money transfer apps have gained in popularity. Direct bank transfers have also emerged as one of the most popular methods for parents to provide financial support to their teens.
- Demographic factors, such as age, gender, ethnicity, employment status, and geographical location, play a role in the ways that parents provide money to teenagers.
- Teens are currently utilizing a wide range of payment methods, including cash, mobile transfer apps, credit cards, and Apple Pay.
- Teens' preferences in purchasing methods reflect a combination of convenience and accessibility. Unspecified payment methods are worth further exploration.

These findings suggest several actionable recommendations for educators policy makers. For instance, it is beneficial to provide targeted financial education initiatives to assist teens in comprehending and managing their increasing interaction with an array of money-transferring and purchasing methods. Programs should include topics such as budgeting, digital payment security, and the risks and costs associated with credit and Buy Now, Pay Later services for both teens and their parents or caregivers. These topics can provide insight into the advantages and disadvantages of various payment methods and how to utilize them effectively. These initiatives may ensure that all families, irrespective of their socioeconomic status, family dynamics, or geographical status, have access to secure and dependable digital financial services. Furthermore, additional research is required to determine why teens who are non-Hispanic White, raised in rural areas, and belong to families with four or more children are less likely to receive financial assistance from their parents.

Endnotes

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