



Gen Z Driving Shift Toward Digital Tax Payments, According to New Report From ACI Worldwide

March 27, 2024

Report finds that filing taxes electronically through popular software continues to decrease in popularity

OMAHA, Neb.--(BUSINESS WIRE)--Mar. 27, 2024-- A new tax payment report from [ACI Worldwide](#) (NASDAQ: ACIW), a global leader in mission-critical, [real-time payment solutions](#), developed in partnership with [YouGov](#), shows that younger taxpayers – particularly Gen Z – continue to exhibit unique tax filing and payment behavior compared to older generations. These behaviors reflect growing mistrust of professional tax institutions and a generational shift toward personal networks and digital payment platforms. This has nationwide economic implications given the IRS reports 26-to-34-year-olds file more taxes than any other group.

This year's ACI-commissioned YouGov report found that Gen Z is less likely than all other demographics to pay taxes via electronic fund withdrawals from checking or savings accounts (17%). Unlike Baby Boomers, Gen Xers and even Millennials, Gen Z respondents preferred alternative payment methods (10%) and credit cards (17%).

Additionally, Gen Z taxpayers are several times more likely to engage sources outside of professional tax preparers. When asked where they would go to find information about how to pay any taxes they may owe, Gen Z respondents were more than twice as likely as Millennials to use Google (17%) and more than four times as likely as Millennials to ask family/friends (17%). In comparison, only 1% of Gen X and 3% of Baby Boomer respondents, respectively, said they would use Google. Gen Z is also the least likely to use tax preparation services (e.g., TurboTax, H&R Block, etc.), independent professional tax preparers or the IRS website.

"This year's findings highlight a pivotal shift towards digital and alternative payment methods, especially among Gen Z. As they diverge from traditional tax payment avenues, it's imperative to adapt and innovate. ACI Worldwide is at the forefront, ensuring our payment solutions cater to this digital preference while maintaining the highest security standards," said Ron Shultz, EVP and GM, ACI Speedpay at ACI Worldwide.

This year's study also found that, across all generations, preferences have shifted over time toward digital payments. In 2020, 50% of those surveyed preferred digital payment methods, and 32% preferred analog methods; now, those numbers are 61% and 22%, respectively.

"It is clear that there is a holistic shift in payment preferences, demonstrating a decisive move toward digital methods across all age groups. Our latest report underscores the need for financial institutions to adapt to the cultural and digital transformation already taking place," Shultz added.

For more than 20 years, ACI has supported the billing and payment needs of federal, state and local government entities with secure, Payment Card Industry-compliant solutions. ACI is one of three service providers for the IRS and is one of the platforms taxpayers can use for IRS DirectPay, a new payments system currently piloting in 12 states. In recent years, ACI has added popular alternative payment methods to meet the preferences of younger taxpayers, adding PayPal, PayPal Credit and Venmo as payment options. To date, millions of customers have paid their taxes and other bills using ACI Payments, Inc.

Additional Survey Insights

- Top three ways respondents plan to file their taxes this year:
 - 39% will file electronically through popular software (e.g., TurboTax, H&R Block, TaxSlayer)
 - 30% will file electronically or by mail through a professional (e.g., CPA, tax accountant)
 - 10% will file by mail/paper
- This marks the third consecutive survey in which the percentage of respondents who plan to file electronically through popular software has decreased, from 45% in 2022 to 42% in 2023 to 39% in 2024.
- Top five ways respondents would spend their tax refund, if they received one:
 - 46% would deposit into a savings account
 - 38% would pay down debt (e.g., credit cards, loans, etc.) – a 4% year-over-year increase, perhaps indicating a strain on the consumer amid an inflationary macroeconomic environment
 - 21% would make minor purchases (e.g., clothing, sporting goods, etc.)
 - 17% would make home improvements
 - 14% would invest in stocks, bonds, cryptocurrency, etc. – a 3% year-over-year increase

Survey Methodology

All figures, unless stated otherwise, are from YouGov Plc. The total sample size was 1,185 adults. Field work was undertaken between February 29 and March 1, 2024, and was carried out online. The figures have been weighted and are representative of all U.S. adults (aged 18+). Generations were defined as follows: Gen Z (born after 2000), Millennial (born 1982-1999), Gen X (born 1965-1981) and Baby Boomer (born 1946-1964).

About ACI Worldwide

[ACI Worldwide](#) is a global leader in mission-critical, [real-time payments software](#). Our proven, secure and scalable software solutions enable leading corporations, fintech companies and financial disruptors to process and manage [digital payments](#), power [omni-commerce payments](#), present and process [bill payments](#), and manage [fraud and risk](#). We combine our global footprint with a local presence to drive the [real-time digital transformation](#) of payments and commerce.

© Copyright ACI Worldwide, Inc. 2024

ACI, ACI Worldwide, ACI Payments, Inc., ACI Pay, Speedpay and all ACI product/solution names are trademarks or registered trademarks of ACI Worldwide, Inc., or one of its subsidiaries, in the United States, other countries or both. Other parties' trademarks referenced are the property of their

respective owners.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20240327074323/en/): <https://www.businesswire.com/news/home/20240327074323/en/>

Contacts/Media Relations:

Nick Karoglou | Head of Communications and Corporate Affairs | nick.karoglou@aciworldwide.com

Edelman Smithfield | aci-us@edelmansmithfield.com

Source: ACI Worldwide