Young people in Latin America are increasingly distant from the economic independence their parents enjoyed.

Young people face significant challenges to wealth accumulation due to low-quality jobs, a high proportion of NEETs (Not in Education, Employment, or Training), and the impact of automation and artificial intelligence.

Young people in Latin America are increasingly distant from the economic independence their parents enjoyed. (Bloomberg/Gabby Jones)

Bloomberg Línea — **Generation Z** is the most educated and least poor demographic cohort in Latin American history, **but it exhibits lower levels of economic autonomy than its predecessors**, Hernan Winkler, a senior economist in the World Bank's Poverty and Equity Global Practice, told *Bloomberg Línea.*

Although there has been a marked increase in educational attainment across generations and the poverty rate for this age group has fallen by half or more in most of these countries between Generation X and Z, **their ability to form their own households and accumulate wealth has weakened in the face of low-quality jobs.**

"This relative prosperity has not translated into greater residential independence," Hernan Winkler, of the World Bank, explained to this media. On average, "for this group of countries, the proportion of young people who are heads of household or spouses has fallen from 35% to 32% among Gen X and millennials, and from 32% to 26.5% among millennials and Gen Z," he said.

In addition, **labor income reveals heterogeneous gains across countries.**

In the countries analyzed in the region, **generation Z earns between 5% and 36% more than generation X,** and between **8% and 24% more than *millennials.***

These gains have been more pronounced for women.

For this analysis, the World Bank compares three generational cohorts in six Latin American countries—Mexico, Panama, Peru, Uruguay, Costa Rica, the Dominican Republic—focusing on a specific age group: **young people ages 22 to 28 today.**

Generation X is represented by those aged 21 to 27 in 2000, *millennials* by those aged 21 to 27 in 2010, and Generation Z by young people aged 21 to 27 in 2024.

The World Bank indicates that this methodology makes it possible to isolate generational effects from life-cycle effects, **comparing people at the same time in their life trajectories but in different historical contexts**.

The data comes from national household surveys.

Challenges in the labor market

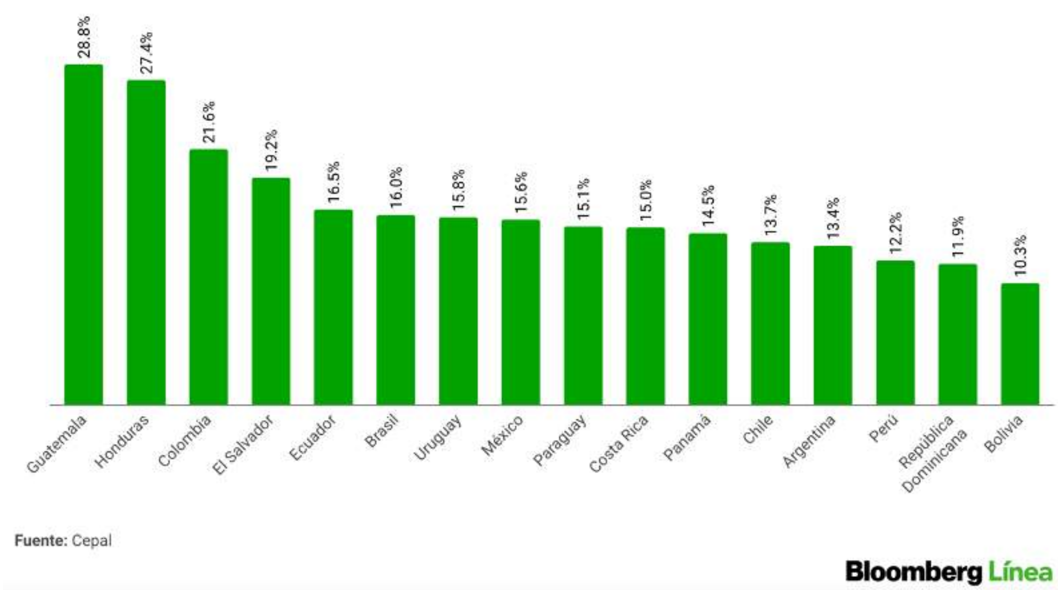
A woman uses a laptop next to clothing items while holding a cup of coffee in this arranged photo in London, Britain, Thursday, Sept. 10, 2020. (Bloomberg/Hollie Adams)

Young people in Latin America face significant challenges to the accumulation of wealth in the face of low-quality jobs, a high proportion of "NEETs" (19% - who do not study or work) and the impact of automation and artificial intelligence, **which is eliminating the first steps of work experience.**

Although the region has experienced a remarkable educational expansion, **the quality of new jobs is a persistent challenge,** which limits the ability of young people to accumulate wealth in the long term.

In addition, Hernan Winkler indicates that **the returns of education in terms of income have decreased**, and three out of four 15-year-olds do not master basic skills in mathematics, **"reducing their potential to generate income".**

Young people aged 15 to 24 who neither study nor work - known as 'ninis' - represent a structural challenge for Latin America. This is the percentage of people aged 15 to 24 who neither study nor work, country by country (figures for 2023):



Percentage of young 'ninis' in Latin American countries

On the other hand, "**the high proportion of NEETs in Latin America and the Caribbean means that millions of young people are disconnected from educational and job opportunities**, which limits their development of skills and their ability to accumulate wealth," Winkler said.

Meanwhile, the emergence of artificial intelligence (AI) and automation **is radically transforming youth jobs.**

AI can perform a large percentage of the tasks that were previously typical of initial jobs, such as data analysis, report writing, and text review.

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See more: Phenomenon of eternal youth: what is it and how does it affect millennials in Latin America?

This, according to Winkler, has created a paradox: companies still need experienced professionals, but AI is removing the lower rungs of the job ladder, making it difficult for young people to gain hands-on experience.

"This is like asking young people to start their careers on the third floor, but we have removed the stairs," he said.

Therefore, the ability of young Gen Zers to accumulate wealth increasingly depends on **their ability to adapt to new market demands, leverage technology as a tool for growth, and seek jobs in dynamic and formal sectors.**

For the World Bank, public policies should focus on **improving the quality of education, promoting lifelong learning, and facilitating the transition to formal and sustainable jobs so that this generation can build a more prosperous future.**

Global challenges for young people

Young American workers see a decline in wage increases amid job shortages. People cross the street in Washington, D.C. (Bloomberg/Al Drago)

Young people around the world face shared challenges in achieving economic independence.

In Spain, for example, the purchasing power of *millennials* is 40% lower than that of their parents at the same age, said Álvaro Zapatel, an economist at IE University, based on data from the Bank of Spain.

In addition, 45% of baby boomers (or parents of *millennials* and Z) own 45% of the home in Spain.

Therefore, the IE University economist details that a factor to highlight **is heredity as a determinant that deepens inequality gaps in these two generations.**

In the U.S., he explained that "the purchasing power of generation Z is 86% lower than that of their parents at the same age," according to figures from the US Bureau of Labor Statistics.

"Both in the U.S. and in Spain, the challenge that makes the context precarious for millennials and Zs underlies greater indebtedness and access to housing," said Álvaro Zapatel.

In the case of Spain, based on data from the National Institute of Statistics (INE), he indicated that the revaluation of 71% of housing in the last decade prevents millennials and Z from being able to structure viable savings plans that facilitate access to a mortgage. **"Such a circumstance makes their ability to acquire a home and increase their wealth uncertain."**

In any case, he believes that young people from Generation Z and Millennial could have a competitive advantage given their adaptability and permeability to innovation and new technologies such as AI, which can improve their job prospects in contrast to other generations.

However, Zapatel believes that structural limitations for access to housing and the necessary financial education to invest in other types of instruments **"diminish the range of access to opportunities that can increase their wealth."**

New routes to wealth

Glen Steward, founder and chairman of boutique investment advisory firm Stewards Investment Capital, says that while high costs of living, inflation, debt and barriers to accessing housing have made it difficult for *millennials* and Gen Z to accumulate wealth like their parents did, **"the story isn't entirely one-sided."**

New sources of wealth have also emerged thanks to digital assets, tech entrepreneurship, and the creator economy.

These fields "have led to a whole new kind of wealth, and even billionaires, **and all at a much younger age**," Glen Steward said.

In his view, these generations operate in an economy that rewards innovation, agility, and new-age industries in a way that previous generations never experienced.

"There are always two sides of the coin. While debt, the high cost of living and housing have made wealth creation an arduous task for many millennials and Gen Zers, others have benefited from the rise of new wealth engines," said Glen Steward.

Consider that today's job market is much more fluid than previous generations, with millennials and Gen Z changing jobs more frequently, engaging in self-employment, and creating multiple sources of income.

That dynamism creates opportunities, but it also means less predictable revenues and fewer traditional safety **nets, such as pensions or long-term company benefits.**

In terms of investment, accessibility to digital platforms and new assets allows you to start earlier, although with greater exposure to volatility and speculation, Steward said.

In this search for new opportunities and mobility, *among millennials* and generation Z it has become common to build portfolios with multiple residences or citizenships, as part of a global trend of wealth diversification, **Michel Soler,** general director of the Latin America division of the investment migration firm Henley & Partners, explained to this media.

These generations, especially the Z, are involved in both traditional and alternative assets — from cryptocurrencies to NFTs — and, in accumulating wealth through these means, they are looking for jurisdictions that combine quality of life and tax efficiency.

Steward stresses that, beyond the numbers, modern wealth depends on discipline, financial education and informed risk management.

In addition, it highlights a profound generational change: for young people, being rich no longer just means accumulating, but achieving freedom, purpose and balance between profitability, sustainability and experiences.

"For many millennials and Gen Z, wealth is not about accumulation," said Glen Steward of Stewards Investment Capital. **"They privilege freedom, flexibility and purpose, prioritizing experiences, sustainability and impact, as well as performance."**