

DIGITAL BANKING

NEEDS OF THE UNBANKED

Digital Banking Survey, 2025 (Indonesia)

→ <https://engagement.z.com/>

→ <https://gmo-research.ai/en/>





The Rise of Digital Banking in Southeast Asia

Southeast Asia is one of the fastest-growing regions in the digital banking market, where financial services leveraging mobile technology are transforming the lives of many. However, a significant challenge remains: The "unbanked" population—those without either a traditional or online bank account—continues to hinder economic development across the region.

- *In this article, the term "bank account" refers to both traditional and online bank accounts.
- *"Unbanked" refers to individuals who do not own either a traditional or online bank account.
- *The data on the unbanked population presented in this article is based on a limited sample size and has not been statistically validated. Please use it as a reference only.



Understanding the Unbanked and Their Path to Digital Finance

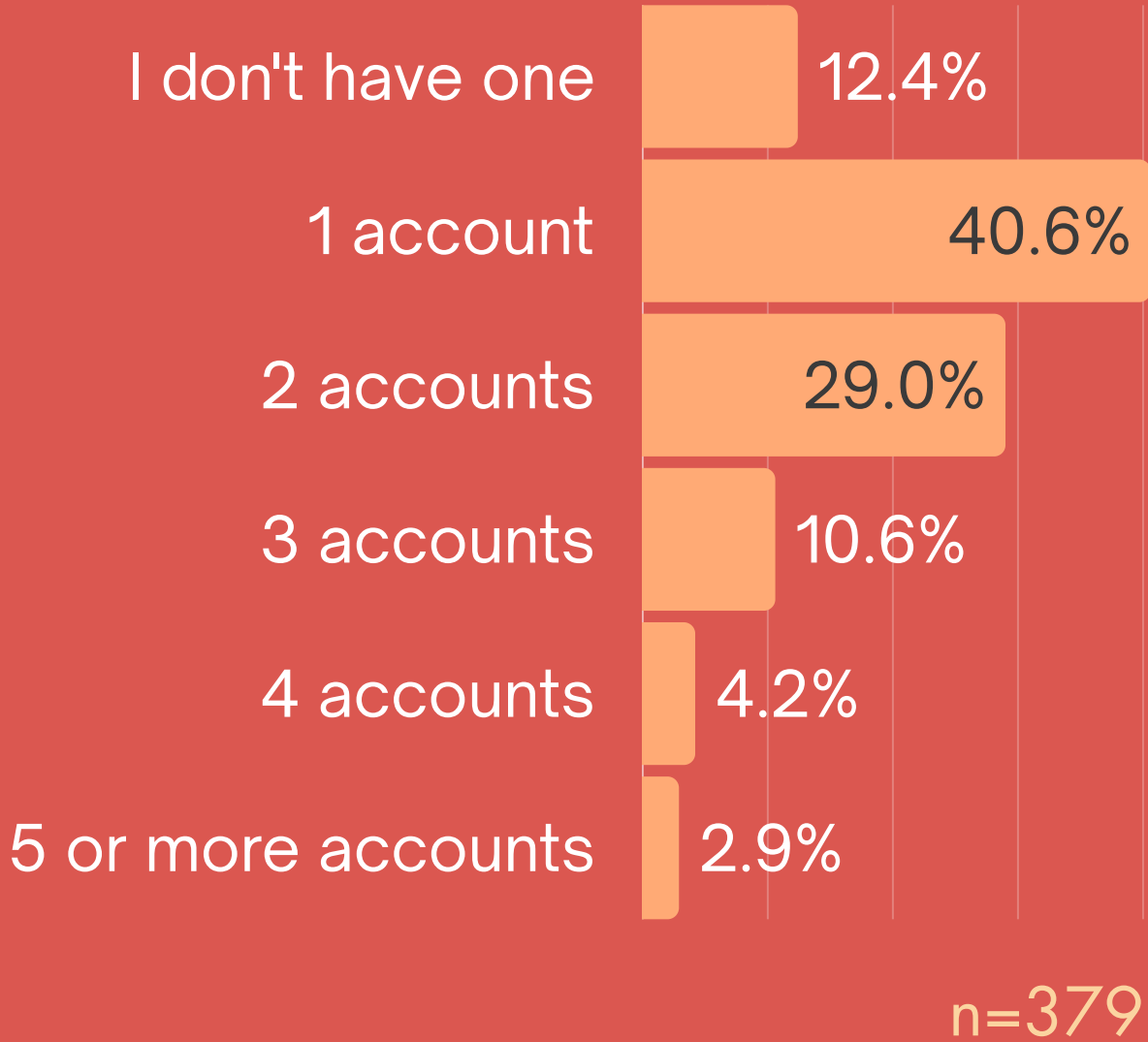
According to data from the World Bank, approximately 50% of adults in Southeast Asia do not have a bank account, with particularly high rates of unbanked individuals in Indonesia and the Philippines. However, our survey found that nearly 90% of digital device users do, in fact, have a bank account. This suggests that the adoption of banking services, including digital banking, is progressing primarily among those who are more open to digital technology.

Additionally, the survey results indicate that approximately 40% of those with a bank account rely on a single account, with limited access to multiple financial services. This highlights the need not only to focus on the unbanked population but also to provide services that cater to the diverse needs of existing users in order to further promote financial inclusion.*

**Financial inclusion refers to a state where all individuals have access to and can utilize the financial services necessary to seize economic opportunities and mitigate financial instability.*

This white paper analyzes the expectations and challenges of the unbanked population regarding digital banking. By examining the current usage patterns of existing users, we aim to identify the necessary approaches to enable broader adoption of these services.

Q. Do you have a personal bank account (including accounts opened online or through an app)?



Characteristics of Unbanked population



While more than half recognize the need for a bank account, economic barriers, and other factors prevent them from opening one.



Approximately 70% express a positive attitude toward using digital banking services in the future.

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Reasons for Not Having a Bank Account

Among the unbanked population, 51.1% stated that they see a need for a bank account, while 34% said they do not need one, and 14.9% were unsure. This indicates that nearly half of the unbanked either do not feel the need for a bank account or are unable to determine its necessity.

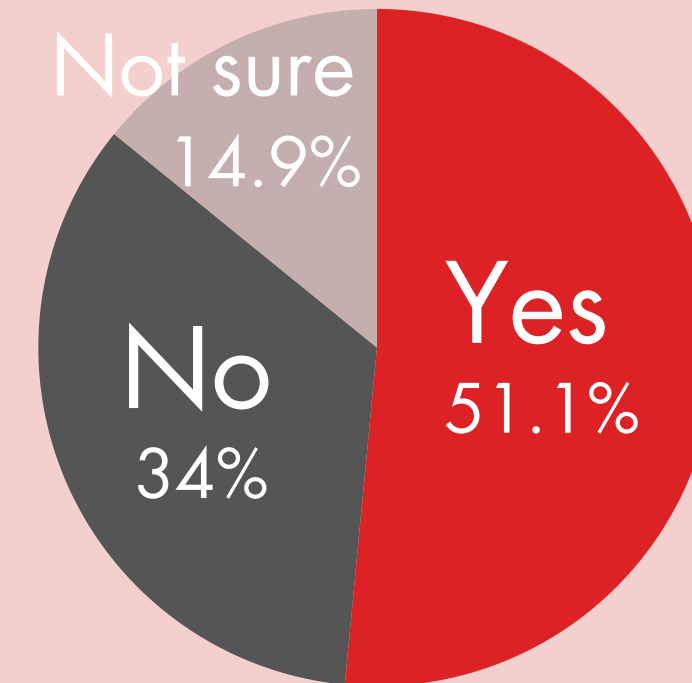
Many of those who recognize the need for a bank account have considered opening one. However, 45.8% were unable to do so due to minimum balance requirements, 29.2% cited a lack of identification documents, 16.7% expressed concerns about security.



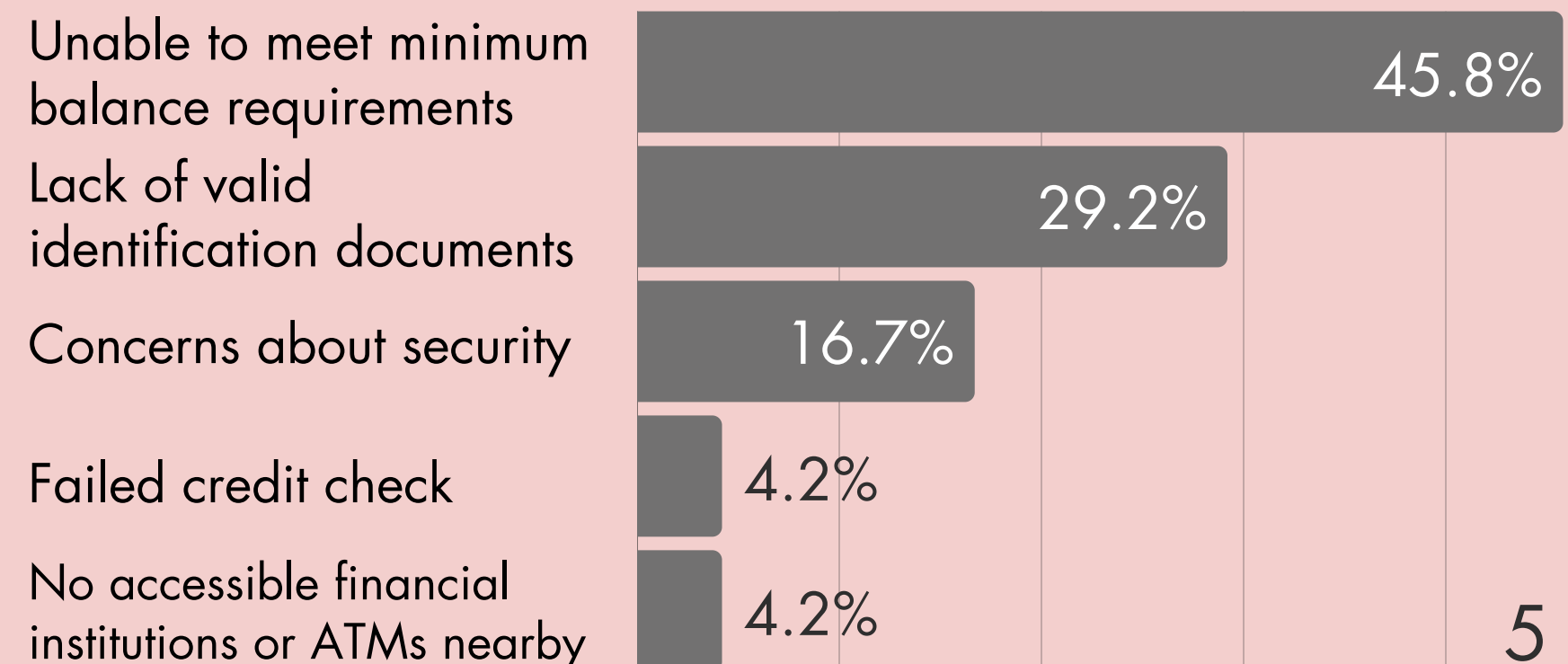
Highlights

These findings highlight economic barriers, procedural challenges, and security concerns as the primary obstacles to opening a bank account.

Q. Do you feel that having a bank account is necessary at this point? (n=47)



Q. Why did you consider opening a bank account but ultimately decide not to? (n=24)



Future Intentions for Use

Regarding future usage intentions, 45.7% responded with "Definitely want to," while 22.9% answered "Somewhat want to," totaling 68.6% who expressed a positive attitude toward digital banking.

Among those with high interest in digital banking, 54.1% cited "Bank services (such as account opening, transfers, deposits, and balance inquiries) can be completed online" as the most attractive feature. Similarly, 63.5% of current digital banking users also consider this feature a major advantage.



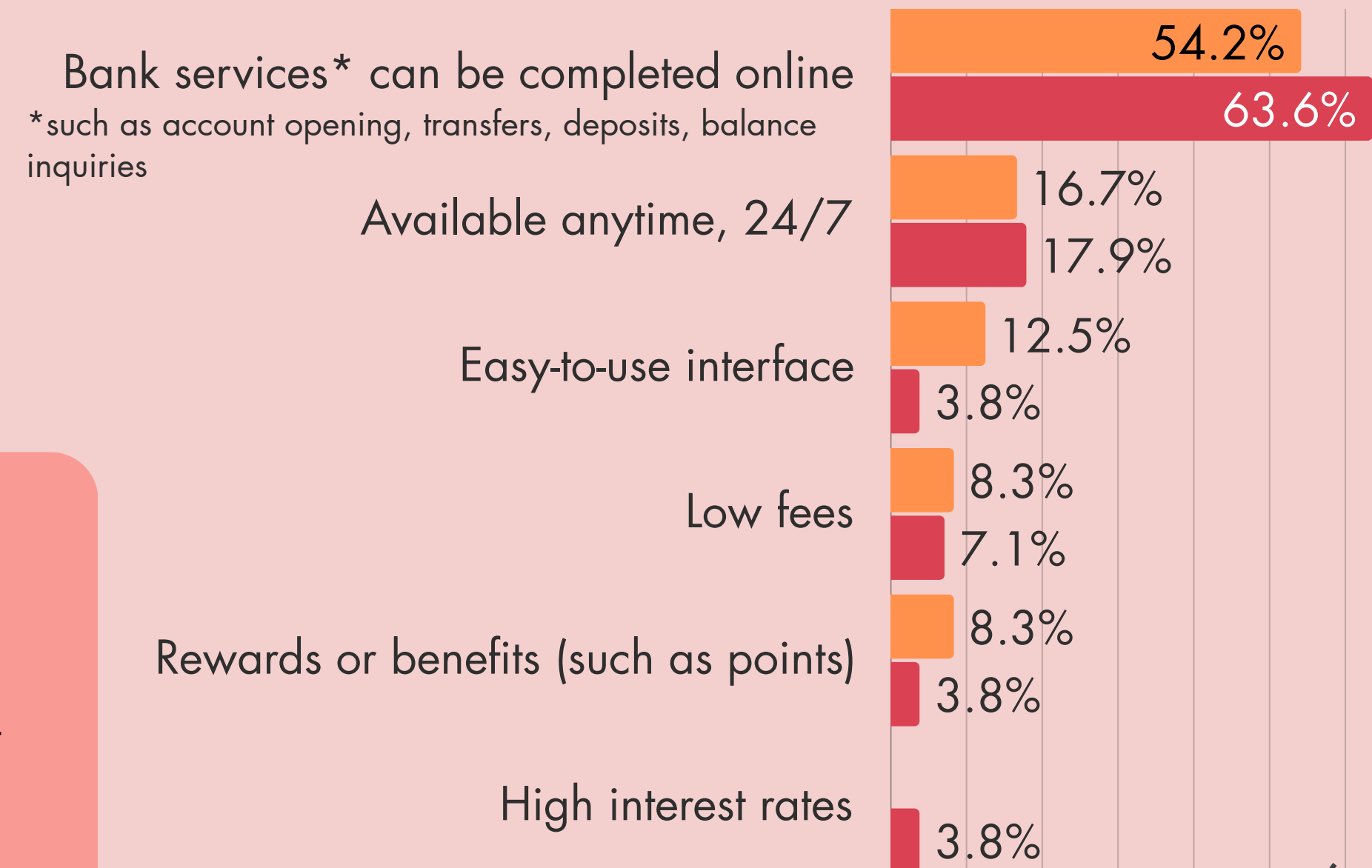
Barriers to Adoption

On the other hand, 31.4% responded "Neutral," indicating that they have no clear stance on future digital banking usage.

The most commonly cited reason for this neutral stance was "Unable to get in-person consultations or support" (45.5%). This suggests that addressing the need for direct support could be a key factor in increasing digital banking adoption among the unbanked population.

- For Unbanked population
Q. Which feature do you find the most appealing? (n=24)
- For Digital banking users
Q. What do you consider the biggest advantage of using digital banking services? (n=184)

● Unbanked population ● Digital banking users



Characteristics of Digital Banking Users



The most widely used service is "Transfers and remittances", likely driven by the presence of migrant workers and geographical challenges.



Over 70% started using digital banking to improve convenience.



Currently Used Features

Overall, the most widely used feature is "Transfers and remittances" (87%), followed by "Viewing account information and transaction details" (62.7%).

Transfers and remittances

Viewing account information and transaction details

Email/message notifications for deposits and transactions

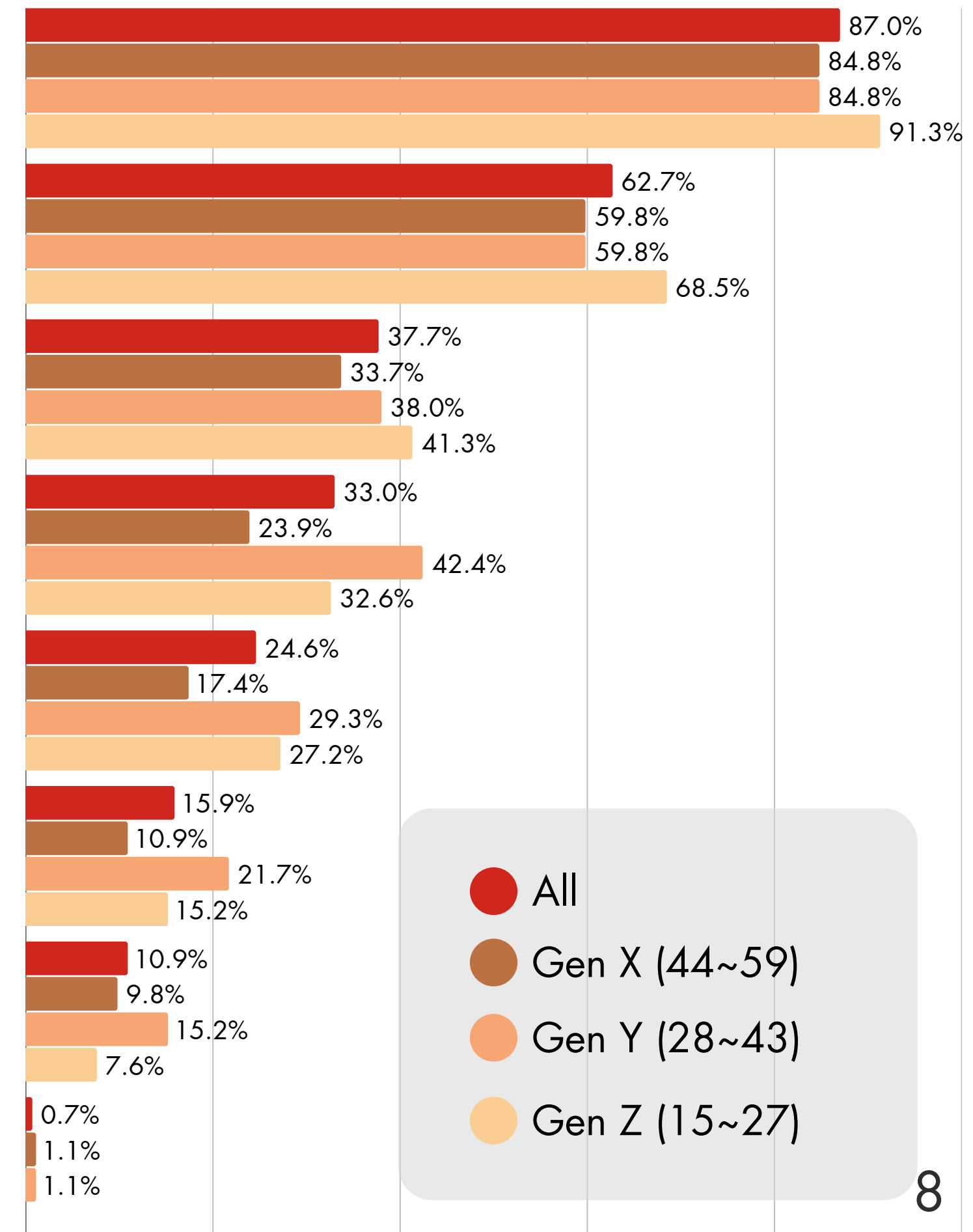
Automatic payments

Fixed deposits or savings plans

Mutual funds

Foreign currency deposits

Other



| Currently Used Features By Age

Across all age groups, the high usage of transfer and remittance services is likely influenced by domestic and international labor migration, as well as geographical challenges in Indonesia.

Looking at usage by generation, the following trends were observed:



Gen X

No specific features stood out with significantly higher usage compared to other generations. In fact, usage rates for all features were below the overall average, suggesting that while they do use digital banking, their engagement is primarily limited to basic functions, with relatively low interest in new financial products.



Gen Y

This group showed higher usage of "Automatic payments," "Fixed deposits or savings plans," "Mutual funds," and "Foreign currency deposits" (by 2 to 10 points) compared to other generations. This indicates a relatively higher interest in investment and financial products beyond basic banking functions.



Gen Z

Compared to other age groups, usage rates for "Transfers and remittances," "Viewing account information and transaction details," and "Email/message notifications for deposits and transactions" were 3 to 10 points higher, suggesting a tendency for frequent financial management.

Key Factors Driving Indonesia's Remittance Needs

● Demand for International Remittances (Migrant Workers)

Indonesia is one of the world's largest sources of labor migration, with the government announcing plans to send approximately 425,000 migrant workers abroad by 2025.

According to World Bank data, personal remittance inflows to Indonesia in 2023 totaled \$14.47 billion, making up a significant portion of household income. Many migrant workers use digital banking to send money to their families, contributing to the high utilization rate of remittance services.

● Habit of Checking Account Information After Transfers

It is expected that verifying transaction history after making a transfer is a common behavior, as "Viewing account information and transaction details" ranks as the second most used feature (61.5%).

This suggests that digital banking is widely utilized to confirm whether transactions have been processed correctly.

● Demand for Domestic Transfers (Geographical Factors as an Archipelagic Nation)

Indonesia consists of over 17,000 islands, making it difficult to access physical bank branches in many areas.

As a result, digital banking plays a crucial role in facilitating domestic transfers, especially for sending money to family members living in rural or remote regions.

1

Learning from Indonesia: Insights for the Southeast Asian Market

The high demand for remittance services is not unique to Indonesia but is a common trend across other Southeast Asian countries as well.

Philippines



According to the World Bank, the total amount of personal remittances received in 2023 reached \$39 billion, making the country the third-largest recipient in the world. The strong tradition of overseas workers sending money back to their families remains deeply ingrained. Additionally, the widening economic gap between urban and rural areas suggests that many young people working in cities are likely to send financial support to their families in rural regions.

Vietnam

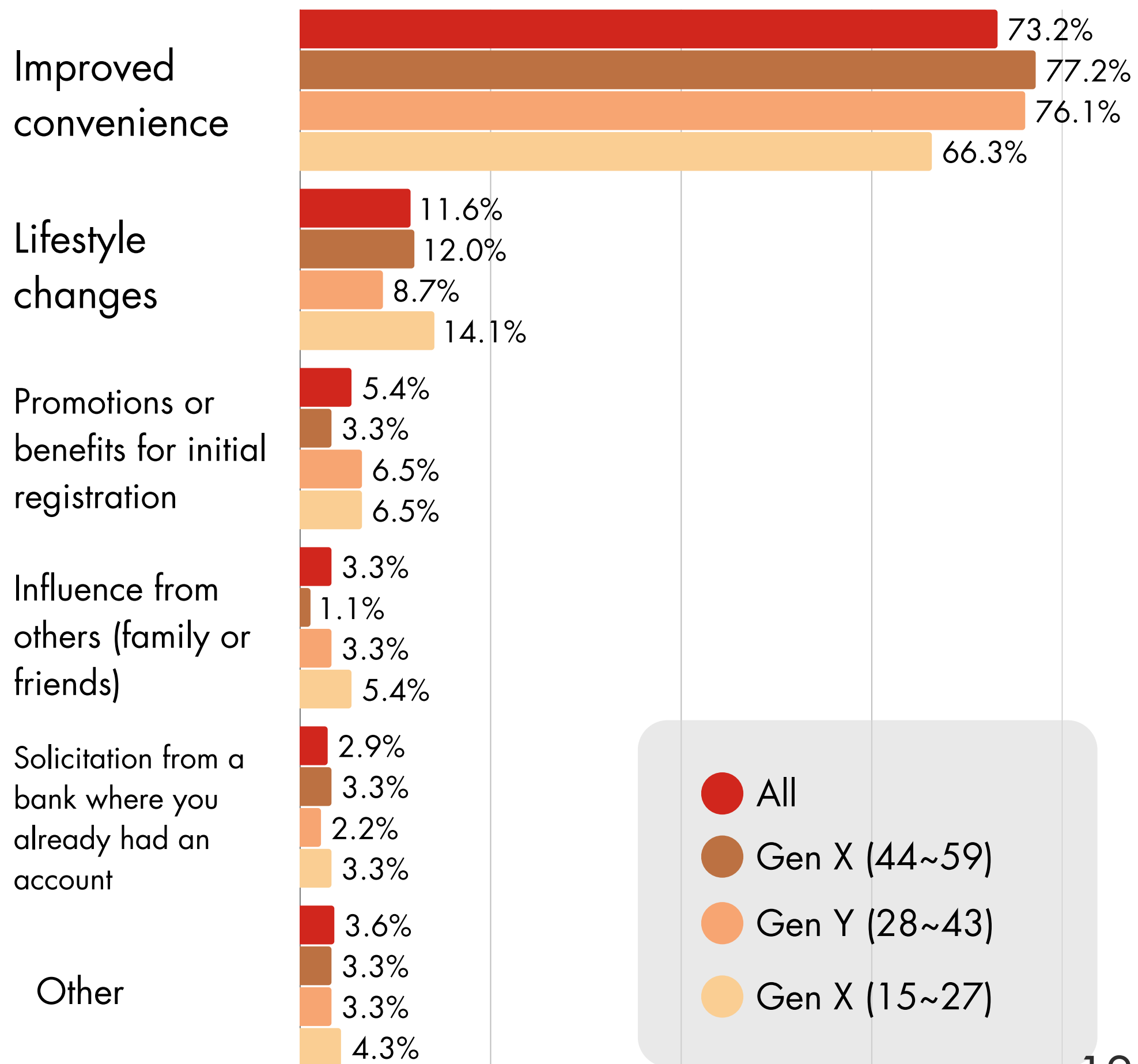


According to the government, remittances to Vietnam are expected to reach approximately \$16 billion in 2024, playing a crucial role in supporting household financial stability.

Main Reasons for Starting Digital Banking Usage

Overall, more than 70% of users cited "Improved convenience (saving time by not visiting bank branches, access anytime and anywhere)" as the primary reason for adopting digital banking. This highlights that the main driver behind digital banking adoption is the need for greater convenience.

The second most common reason, "Lifestyle changes (increased use of cashless payments, etc.)," accounted for around 10% of responses. Notably, among Gen Z, this reason was approximately 6 points higher than in Gen X. This suggests that younger generations are more naturally transitioning to digital banking, driven by the increasing adoption of cashless payments and the broader shift toward digitalization.



2

Learning from Indonesia: Insights for the Southeast Asian Market

Data from Indonesia highlights that "improved convenience" is the primary motivation for adopting digital banking. This suggests that digital banking plays a crucial role in regions where bank branches are limited.

A similar trend is likely to emerge in countries with a low number of bank branches per capita, such as **Vietnam** (data source: 2021, The International Monetary Fund).



How Can We Increase the Use of Digital Banking?

From the analysis so far, it has become clear that there are two key challenges for the unbanked in adopting digital banking: **overcoming financial barriers** and **alleviating security concerns**.

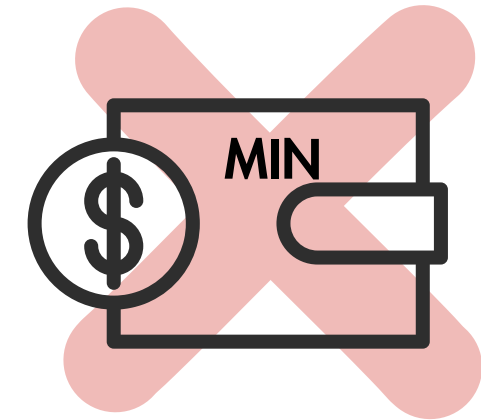
Let's look more closely on the next page.



1 Reducing Economic Barriers

No Minimum Balance

Offer "No Minimum Balance" accounts to enable individuals with limited savings to open an account



Free transaction quotas

Introduce free transaction quotas for small-value transfers (e.g., up to five fee-free transfers per month) to lower the cost barrier.

Successful Case Study

➡ Pradhan Mantri Jan-Dhan Yojana (India)

— Provided zero-balance accounts, significantly enhancing financial inclusion.

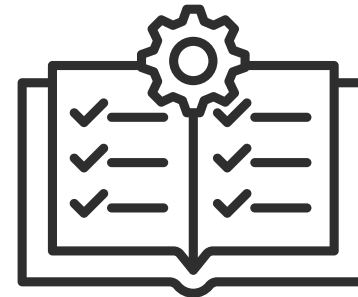


2 Addressing Security Concerns

Strengthening financial education and expanding user support

For example:

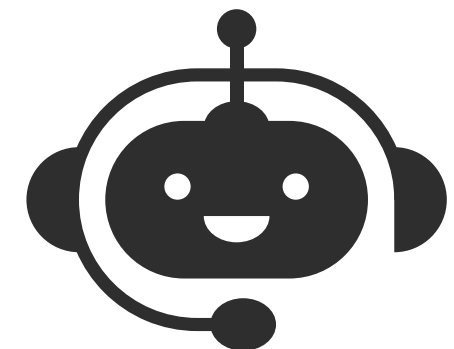
Easy-to-understand security guides



24/7 customer support



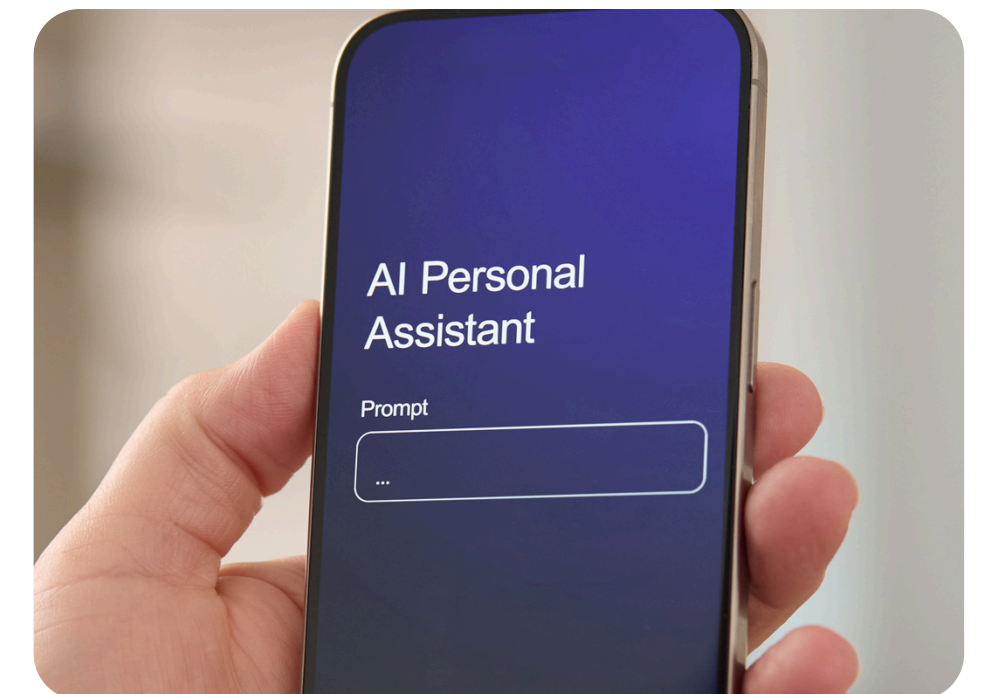
AI chatbots



Successful Case Study

➡ Digibank Virtual Assistant
(DBS Bank, Singapore)

— Responding to customer inquiries in real-time and contributing to the enhancement of digital banking reliability.



Future Outlook

Promoting digital banking adoption among the unbanked is not just about expanding financial access—it is a key initiative for accelerating financial inclusion and economic development across Southeast Asia.

To tap into this potential market, financial institutions and fintech companies must focus on removing economic barriers and creating a secure, user-friendly environment.

We hope that the findings from this study provide practical insights for financial institutions and fintech companies in Southeast Asia as they develop effective strategies for digital banking expansion.

Z.com Engagement Lab from GMO Research & AI offers in-depth insights into the digital banking market, leveraging a panel of **65 million** high-quality survey respondents across **16** APAC countries.

If you are interested in understanding the needs of the unbanked or developing a targeted digital banking strategy, please feel free to contact us.



From **GMO** RESEARCH&AI

Thank you

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