User Preferences in Digital Financial Services: Evidence from Digital Banking Platforms

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Abstract

The rapid growth of digital banking in Indonesia has expanded consumer choice and intensified competition among providers. This study aims to examine user preferences in digital financial services by identifying which digital banks are more frequently chosen by users. Employing a descriptive approach, the study maps patterns of digital bank selection. Data were collected through a survey of 400 respondents in East Java, a province with relatively high adoption of digital financial services. The data were processed and analyzed using SPSS with descriptive statistics (frequency and percentage distributions). The findings indicate that SeaBank emerged as the primary choice, followed by Bank Jago and BLU by BCA Digital, while Allo Bank, Jenius, and Bank Neo Commerce appeared in the next preference group. These results suggest that, despite the increasing number of digital banking alternatives, users tend to focus on certain banks that align more closely with their usage patterns and expectations. This study contributes to the digital finance literature in an emerging-economy context by providing descriptive evidence on digital bank preference patterns. From a practical perspective, the findings offer insights for digital banking providers and relevant stakeholders to better understand user selection tendencies and the competitive landscape of digital banking services. The results may also support broader efforts to strengthen digital financial services and promote financial inclusion in Indonesia.

Keywords:
Digital Banking; User Preferences; Technological Change

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INTRODUCTION

The rapid advancement of digital technologies has fundamentally transformed the global banking industry. Core banking services such as payments, fund transfers, savings, and customer onboarding are increasingly delivered through mobile-first and platform-based systems (Vives, 2019). This transformation has accelerated the emergence of digital banks, significantly expanded consumer choice while intensified competition among financial service providers as switching costs decline and service comparisons become easier (Ozili, 2018). Beyond efficiency gains, digital banking has also been positioned as a strategic instrument for advancing financial inclusion, particularly in emerging economies where access to physical banking infrastructure remains uneven (Demirgüç-Kunt et al., 2018; Ozili, 2018).

Substantial previous research has examined digital banking primarily through behavioral and technology-acceptance perspectives. These studies emphasize factors such as perceived usefulness, ease of use, trust, and perceived risk as key determinants of digital banking adoption (Alalwan et al., 2017; Tam & Oliveira, 2017). This line of research has provided important insights into why individuals are willing to adopt digital banking services. However, most of these studies conceptualize adoption as an intention-based or binary decision and pay limited attention to how users differentiate among multiple digital banking providers.

As digital banking markets become more mature and competitive, users are no longer choosing between digital and traditional banking, but rather among numerous digital banks offering similar core services. In this context, an intention-based approach becomes insufficient to capture actual user behavior. When faced with a wide range of digital bank alternatives, an increasingly relevant question is not only why people use digital banking, but also which digital banks they choose and use more frequently. Mapping user preferences is therefore critical, as preference patterns reflect actual market behavior rather than stated intentions and can reveal concentration of choices as well as competitive dynamics that are not fully captured by adoption-focused studies (Rahi et al., 2019; Vives, 2019).

Indonesia provides a particularly relevant context for examining these issues. As one of the largest emerging economies, Indonesia has experienced rapid growth in digital financial services, supported by rising mobile penetration, regulatory initiatives, and the expansion of interoperable payment infrastructure such as QR-based payments (World Bank, 2021). In addition, agent-based and branchless banking models commonly referred to as Layanan Keuangan Digital (LKD) have played an important role in extending access to digital financial services beyond traditional banking channels (Banerjee et al.,

2020). These developments have contributed to the proliferation of digital banks with diverse value propositions, creating an increasingly competitive and choice-rich environment for users.

Within Indonesia, East Java represents a particularly suitable setting for examining digital banking preferences. As one of the country's largest and most economically active provinces, East Java exhibits strong regional economic activity alongside a high level of digital payment adoption (BPS-Statistics Indonesia, 2024). Provincial data further indicate that East Java is among the provinces with the largest QRIS merchant bases nationwide, reflecting widespread acceptance of digital payments in everyday transactions (Katadata Databoks, 2025). Such conditions suggest that users in East Java are highly exposed to digital financial services and are therefore well positioned to make informed choices among competing digital banks.

Despite the rapid expansion of digital banking in Indonesia, empirical studies that descriptively document actual user choices across competing digital banks at the regional level remain limited. Most existing research continues to emphasize determinants of adoption or usage behavior, often relying on intention-based models or aggregate measures of digital banking use. Consequently, there is limited empirical evidence on how user preferences are distributed among specific digital bank providers, particularly in high-adoption regions such as East Java. Addressing this gap, the present study examines user preferences in digital financial services by descriptively mapping patterns of digital bank selection among users in East Java. By identifying which digital banks are more frequently chosen, this study contributes descriptive empirical evidence to the digital finance literature and enhances understanding of preference concentration and competitive dynamics within Indonesia's evolving digital banking landscape.

LITERATURE REVIEW

Digital Banking

Digital banking refers to the delivery of banking services through digital platforms that enable customers to conduct financial transactions without direct interaction with physical bank branches (Vives, 2019). Unlike traditional banking models, digital banks rely extensively on mobile applications and online platforms to provide services such as payments, fund transfers, savings, and account management. The expansion of digital banking has been driven by rapid technological innovation, cost efficiency, and evolving consumer expectations for convenience, speed, and accessibility (Ozili, 2018; Gomber et al., 2018).

In emerging economies, digital banking plays a dual role. Beyond improving operational efficiency for financial institutions, it serves as a key mechanism for extending access to formal financial services to underserved and unbanked populations (Demirgüç-Kunt et al., 2018; Ozili, 2018). Digital banking is often supported by broader digital financial ecosystems, including mobile payments and agent-based services, which facilitate daily financial transactions and increase user exposure to digital finance (Suryono et al., 2020). As these ecosystems mature, multiple digital banks frequently coexist within the same market, intensifying competition and expanding the range of choices available to consumers.

User Preferences

User preference refers to an individual's tendency to favor one option over others when making choices among available alternatives. In the context of digital banking, preferences are reflected in the selection and continued use of specific digital banks rather than others (Vives, 2019; Zhou et al., 2018). Preference patterns offer insights into how users navigate choice-rich environments and allocate their usage among competing financial service providers, particularly when core banking functions are relatively similar across platforms.

While a substantial body of literature examines digital banking adoption, fewer studies explicitly focus on user preferences across different digital bank brands. Adoption-focused research typically treats digital banking as a single category and emphasizes whether users adopt digital channels at all, rather than which specific providers they choose (Alalwan et al., 2017; Tam & Oliveira, 2017). However, as digital banking markets expand and competition intensifies, adoption becomes less informative than preference distribution. Users increasingly maintain access to multiple digital banking applications and selectively concentrate their usage on certain providers that best align with their needs and usage patterns (Rahi et al., 2019; Shaikh & Karjaluoto, 2015).

Recent studies in digital financial services suggest that examining preference patterns provides a more realistic representation of market dynamics than intention-based models alone, as preferences capture actual user behavior and reveal concentration tendencies within competitive environments (Gomber et al., 2018; Ozili, 2018). Nevertheless, descriptive empirical evidence documenting how preferences are distributed across digital banks particularly in emerging economies remains limited. This gap highlights the importance of studies that move beyond adoption intentions to map which digital banks are most frequently selected and used by consumers.

RESEARCH METHOD

This study employed a descriptive research design to map user preferences in digital financial services by documenting patterns of digital bank selection without testing causal relationships. The study involved 400 respondents who selected the digital bank they use, with respondents drawn from East Java Province, specifically Surabaya, Malang, Sidoarjo, Lamongan, and Jember. These areas were selected because they represent regions with relatively high adoption of digital financial services, supported by strong economic activity, a substantial number of QRIS merchants, and the significant presence of Digital Financial Service Agents (Layanan Keuangan Digital/LKD). Primary data were collected through a structured questionnaire administered to respondents who met the criterion of having used at least one digital bank. User preference was operationalized as the digital bank most frequently used by each respondent and measured through a direct selection item in the questionnaire. The data were analyzed using descriptive statistics in the form of frequency and percentage distributions, and all statistical processing was conducted using SPSS to summarize the distribution of digital bank choices and identify preference concentration patterns. Participation in the study was voluntary, and respondents' anonymity and confidentiality were fully maintained for academic purposes.

FINDINGS AND DISCUSSION

Table 1.
Digital Bank Used by Respondents

Code	Digital Bank	Frequency	Percentage
1	Jenius	20	5%
2	BLU BCA	70	17,5%
3	Sea Bank	140	35%
4	Allo Bank	40	10%
5	Bank Jago	120	30%
6	Bank Neo Commerce	10	2.5%
Total		400	100%

Source: Author(s) work (2025)

Based on Table 1, the distribution of digital bank usage among the 400 respondents in East Java shows substantial variation across providers and a clear concentration of preferences. SeaBank is the most frequently selected digital bank, reported by 35% of respondents (140 users). Bank Jago follows with 30% (120 users), placing it close to the leading provider with a difference of five percentage points (20 respondents). BLU by BCA Digital ranks third with 17.5% (70 users), accounting for approximately half of Bank Jago's share and exactly half of SeaBank's share. Taken together, the three most frequently selected banks SeaBank, Bank Jago, and BLU by BCA Digital represent 82.5% of all responses (330 out of 400 respondents), indicating that more than four

out of five respondents concentrate their digital bank usage within these providers.

A second tier of usage is observed for Allo Bank, which is selected by 10% of respondents (40 users). This proportion is substantially lower than BLU by BCA Digital by 7.5 percentage points (30 respondents) and represents less than one-third of Bank Jago's share. The remaining providers account for a relatively small portion of respondents' selections. Jenius is reported by 5% of respondents (20 users), while Bank Neo Commerce records 2.5% (10 users). Combined, these two banks account for 7.5% of the sample (30 respondents), which remains lower than the share of Allo Bank alone.

Overall, the findings indicate that digital bank usage among respondents is highly concentrated rather than evenly distributed across available options. Despite the presence of multiple digital banking alternatives, respondents tend to focus their primary usage on a limited number of providers. SeaBank and Bank Jago emerge as the two dominant digital banks within the study sample, followed by BLU by BCA Digital as a provider with a substantial level of usage, while other digital banks appear in the next preference group with smaller shares. Within the context of East Java as a region with relatively high adoption of digital financial services, these results provide a comprehensive descriptive snapshot of how users allocate their digital banking usage in a competitive environment.

The findings of this study indicate that user preferences for digital banking services in East Java are clearly concentrated rather than evenly distributed across available providers. Despite the increasing number of digital banks operating in Indonesia, respondents tend to focus their primary digital banking usage on a limited set of providers. This pattern supports prior arguments in the digital finance literature that actual usage behavior in digital financial markets often reflects selective concentration rather than uniform adoption across platforms (Vives, 2019; Ozili, 2018).

The prominence of SeaBank and Bank Jago within the study sample suggests that users gravitate toward certain digital banks that align more closely with their day-to-day financial usage patterns. While previous studies on digital banking have largely emphasized adoption intentions and behavioral determinants such as perceived usefulness, ease of use, and trust (Alalwan et al., 2017; Tam & Oliveira, 2017), the present findings demonstrate that, in a competitive and mature digital banking environment, adoption alone does not fully capture user behavior. Instead, understanding how users allocate their preferences among multiple providers becomes increasingly important.

The position of BLU by BCA Digital as the third most frequently selected digital bank highlights the continued relevance of established banking ecosystems within the digital banking space. Although BLU operates as a digital-only platform, its association with a well-established conventional bank may influence user confidence and familiarity, contributing to its substantial level of usage. This observation is consistent with prior research suggesting that institutional background and ecosystem integration can shape user behavior in digital financial services (Gomber et al., 2018).

In contrast, the smaller shares observed for Allo Bank, Jenius, and Bank Neo Commerce suggest heterogeneity in user engagement across digital banks. These banks form a secondary preference group within the sample, indicating that while they are part of the digital banking landscape, they are not the primary focus of usage for most respondents. This uneven distribution reinforces the notion that digital banking markets, particularly in high-adoption regions, tend to exhibit preference clustering rather than equal dispersion across providers.

From a regional perspective, the concentration of preferences observed in East Java may reflect the province's advanced digital financial environment, characterized by widespread QR-based payment usage and high exposure to digital financial services. In such contexts, users are more likely to compare alternatives and settle on providers that best fit their financial routines, leading to convergence in preferences. Overall, this study contributes to the digital banking literature by providing descriptive evidence on user preference patterns in an emerging-economy context, complementing intention-based adoption studies and offering a clearer picture of actual user behavior within Indonesia's evolving digital banking landscape.

CONCLUSIONS

This study provides descriptive evidence on user preferences for digital banking services in Indonesia by mapping patterns of digital bank selection among users in East Java, a province characterized by relatively high adoption of digital financial services. The results show that preferences are not evenly distributed across available providers; instead, respondents' primary usage concentrates on a small number of digital banks. SeaBank emerges as the leading choice in the sample, followed by Bank Jago and BLU by BCA Digital, while Allo Bank, Jenius, and Bank Neo Commerce appear in the next preference group. This distribution indicates a clear clustering of user choices, where a limited set of providers captures most primary usage despite the presence of multiple alternatives.

These findings underscore that as digital banking markets become more competitive and increasingly populated by similar service offerings, the central issue extends beyond whether individuals adopt digital banking to how users allocate their primary usage across competing providers. By focusing on revealed preference through the most frequently used digital bank, this study complements intention-based adoption research and adds empirical insight into preference concentration and competitive positioning within Indonesia's evolving digital banking landscape. In practical terms, the results offer a descriptive benchmark for understanding how users in a high-adoption region distribute their digital banking usage and how preference concentration may shape competition among providers. Overall, this research strengthens the emerging-economy digital finance literature by providing regionally grounded evidence on digital bank preference patterns and by establishing a baseline that can support future comparative and explanatory studies on digital banking behavior in Indonesia.

LIMITATION & FURTHER RESEARCH

This study has several limitations that should be considered when interpreting the findings. First, the research adopts a descriptive design and focuses on mapping user preferences without examining the underlying factors that influence digital bank selection. As a result, the study does not identify causal relationships or determinants of user preferences. Second, the data were collected from respondents in East Java, which represents a region with relatively high adoption of digital financial services. While this context is appropriate for examining preference patterns, the findings may not be fully generalizable to regions with different levels of digital financial adoption or socioeconomic characteristics. Third, user preference was measured based on self-reported primary digital bank usage, which may not capture the full extent of multi-bank usage behavior or changes in preferences over time.

Future research may address these limitations in several ways. Subsequent studies could incorporate explanatory or inferential approaches to examine factors influencing digital bank preference, such as service features, user experience, or ecosystem integration. Comparative studies across regions or countries with varying levels of digital financial development would also provide broader insights into how context shapes user preferences. In addition, longitudinal research could explore how digital bank preferences evolve over time as the digital banking market continues to develop. Together, these directions may help deepen understanding of user behavior and competition in digital financial services.

AUTHOR CONTRIBUTION

Author: Ina Uswatun Nihaya: Conceptualisation, Research Design, and Writing Entire Paper. **Achmad Kautsar**: Conceptualisation, Research Design, Methodology, and Data Collection. **Nadia Asandimitra Haryono:** Methodology and Supervision. **Nunik Dwi Kusumawati:** Data Collection and Analysis. **Sefrimel Angriani ZN**: Analysis, Editing and Layouting. All Authors have read the final version of the paper.

Declaration of interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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