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THE STRATEGIC EXECUTION PLAN FOR ENHANCING FINANCIAL STRENGTH AND DIGITAL PERFORMANCE IN INDONESIA'S DIGITAL BANKING INDUSTRY

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ABSTRACT

This study aims to analyze the financial performance and digital performance of the five largest digital banks in Indonesia in 2025, and to formulate development strategies based on SWOT–TOWS analysis using a quantitative descriptive-analytical approach. The study integrates financial indicators such as ROA, CAR, NPL and LDR, as well as digital performance; customer acquisition speed, innovation capability, ecosystem integration, and digital transaction growth. Data were obtained from OJK, annual financial statements, and secondary industry sources. The results show, digital banks demonstrate strong advantages in digital aspects, particularly in rapid user growth, service innovation, and integration with digital. All all banks maintain strong capital positions; however, profitability performance relatively low. The SWOT–TOWS analysis indicates that strategies should emphasize ecosystem-based expansion (SO), improvement of profitability and service monetization (WO), strengthening competitiveness against conventional banks (ST), and risk management and sustainability (WT). Theresult, Indonesia's digital banking industry is in a rapid growth phase but is not yet fully financially mature, requiring a balanced strategy between digital expansion and financial stability to achieve long-term sustainability.

INTRODUCTION

Digital banking has become a major driver of transformation in Indonesia's financial industry, reshaping traditional banking models through technology-based services that prioritize accessibility, efficiency, and customer convenience. Supported by increasing smartphone penetration, fintech ecosystem expansion, and regulatory encouragement from the Financial Services Authority (OJK), digital banks have rapidly gained market share, especially among younger consumers and under served populations. Recent studies indicate that digital banking adoption

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significantly improves financial inclusion, customer satisfaction, and trust in financial services while reducing operational costs for institutions. In Indonesia, digital banking has evolved beyond simple mobile transactions into integrated financial ecosystems connected with e-commerce, investment platforms, and digital payments, making it a strategic pillar of national economic modernization (Ridwan et al., 2025)

However, despite strong growth, digital banking also faces challenges related to cyber security, profitability sustainability, governance, and long-term competitiveness against large conventional banks. Current research highlights that the success of digital banks depends not only on technological innovation but also on customer trust, security assurance, and strategic ecosystem integration. While digital banks generally operate with smaller asset bases than conventional banks, they demonstrate higher agility, lower administrative costs, and stronger innovation potential. Consequently, digital banking is increasingly viewed as a complementary force to conventional banking rather than a direct replacement, with substantial implications for future financial inclusion, regulatory development, and competitive strategy in Indonesia's banking sector (Yusup, 2025).

The measurement of digital banking performance has become a critical aspect in evaluating the success of modern banking transformation, particularly in the increasingly competitive technology-based financial industry. Digital banking performance is not solely assessed through traditional financial indicators such as Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), and asset growth, but also through non-financial indicators including active user numbers, application adoption rates, operational efficiency, customer satisfaction, cyber security strength, and user experience quality. Recent studies indicate that the success of digital banks is strongly influenced by their ability to enhance customer engagement, expand digital ecosystems, and maintain customer trust and system security. Therefore, evaluating digital banking performance requires a multidimensional approach that integrates profitability, technological innovation, cost efficiency, and digital market penetration (Nugroho et al., 2025).

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Furthermore, digital banking performance measurement should also incorporate strategic indicators such as cost-to-income ratio, customer acquisition cost, transaction growth, service scalability, and successful integration with external platforms such as e-commerce and financial technology ecosystems. Research shows that digital banks with strong innovation capabilities often achieve faster customer growth, although rapid expansion does not always translate into immediate long-term profitability. Consequently, digital banking performance must be analyzed by balancing aggressive growth strategies with sustainable business performance. In Indonesia, this measurement framework is increasingly relevant as digital banks play a major role in expanding national financial inclusion while simultaneously competing with conventional banks undergoing significant digital transformation (Ula, 2025).

From the Indonesian government's perspective, digital bank performance measurement is conducted through a comprehensive regulatory and supervisory framework established by Indonesian Financial Service Authority (OJK), Bank Indonesia (BI) and Indonesian Deposit Insurance Institution (LPS). Government institutions assess digital bank performance using core financial indicators such as Return on Assets (ROA), Return on Equity (ROE), Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), asset growth, third-party funds (DPK), liquidity ratios, and operational efficiency through BOPO (Operating Expenses to Operating Income Ratio). In addition to these conventional banking indicators, digital banks are also evaluated based on broader national priorities, including financial inclusion expansion, digital transaction growth, cyber security resilience, consumer protection, governance quality, and contribution to national digital economic transformation. This multidimensional framework ensures that digital banks are not only focused on rapid expansion but also maintain long-term financial soundness, systemic stability, and regulatory compliance (Otoritas Jasa Keuangan [OJK], 2025).

Through strategic initiatives such as the Bank Indonesia Blueprint Payment System Indonesia [BSPI] 2025) , the Indonesian government emphasizes that digital banking performance must align with national objectives related to payment system

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modernization, MSME digitalization, open banking, technological innovation, and equitable public access to financial services. Consequently, digital bank performance is also measured by scalability, interoperability with national payment infrastructure, ecosystem integration, and support for broader digital transformation policies. This indicates that government evaluation extends beyond profitability alone, incorporating digital competitiveness, innovation capacity, security standards, and economic inclusiveness as essential indicators of sustainable success in Indonesia's banking sector (Bank Indonesia, 2025).

Based on data from the Financial Services Authority of Indonesia (OJK) in 2025, the conventional banking sector in Indonesia continues to demonstrate a highly dominant position within the national financial industry structure. The five largest conventional commercial banks; Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Central Asia (BCA), Bank Negara Indonesia (BNI), and Bank Tabungan Negara (BTN) collectively control total assets exceeding Rp8,400 trillion. Bank Mandiri ranks first with total assets of Rp2,829.94 trillion, followed by BRI at Rp2,135.37 trillion, BCA at Rp1,586.82 trillion, BNI at Rp1,362.05 trillion, and BTN at Rp527.79 trillion (Table 1). This massive asset scale reflects the extraordinary capacity of conventional banks in mobilizing public funds, distributing credit, supporting corporate financing, MSMEs, infrastructure development, and maintaining national financial system stability.

Table 1. Top 5 Conventional Public Banks in Indonesia 2025

Rank	Conventional Bank	Total Assets (Trillion Rupiahs)
1	Bank Mandiri	2,829.94
2	Bank Rakyat Indonesia (BRI)	2,135.37
3	Bank Central Asia (BCA)	1,586.82
4	Bank Negara Indonesia (BNI)	1,362.05

Source: Financial Services Authority of Indonesia (OJK) 2025

The primary strength of conventional banks lies not only in their asset size but also in their extensive branch networks, high public trust, diversified financial products, and large-scale financing capabilities. These banks play a central role in national economic development through strategic project financing, productive lending, and the provision of financial services across various segments of society.

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Despite facing disruption from the rapid rise of digital banking, conventional banks remain the backbone of Indonesia's banking industry due to their superior capital strength, stability, profitability, and expansion capacity compared to emerging banking models. This indicates that digital transformation in Indonesia's banking sector is currently more evolutionary than revolutionary, where conventional banks continue to lead while progressively adapting to technological change.

Based on the 2025 financial data (Table 2) , Indonesia's digital banking sector demonstrates substantial growth potential despite remaining significantly smaller than the conventional banking industry in terms of total assets. The top five digital banks; Sea Bank Indonesia, Bank Jago, Allo Bank Indonesia, Bank Neo Commerce, and BCA Digital (Blu), collectively control approximately Rp151 trillion in total assets, with Sea Bank leading at Rp39.21 trillion, followed closely by Bank Jago at Rp38.47 trillion, Allo Bank at Rp31.02 trillion, Bank Neo Commerce at Rp24.85 trillion, and BCA Digital at Rp17.63 trillion. While this asset scale is still relatively modest compared to the Rp8,400 trillion controlled by the five largest conventional banks, the rapid emergence of digital banks reflects a transformative shift in Indonesia's banking landscape, driven by technological innovation, customer-centric services, and integration with broader digital ecosystems. This divergence highlights that digital banks are still in an early growth phase but are experiencing accelerated adoption fueled by increasing smartphone penetration, fintech collaboration, and government support for digital financial inclusion. Moreover, their asset expansion is expected to continue rising as digital transaction ecosystems mature and customer trust in fully digital banking services strengthens over time

Table 2. Top 5 Digital Banks in Indonesia in 2025

Rank	Digital Bank	Total Assets (Rp. Trillion)
1	SeaBank Indonesia	39.21
2	Bank Jago	38.47
3	Allo Bank Indonesia	31.02
4	Bank Neo Commerce	24.85
5	BCA Digital (blu)	17.63

Source: Financial Services Authority of Indonesia (OJK) 2025

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The strong potential of digital banks lies in their ability to penetrate markets more aggressively through low operational costs, branchless banking models, seamless mobile accessibility, and strategic partnerships with major digital platforms such as e-commerce, fintech, and ride-hailing services. Compared to conventional banks, which dominate through capital strength, institutional trust, and large-scale financing, digital banks offer faster customer acquisition, lower administrative barriers, and greater flexibility in serving younger, urban, and previously underserved populations. This creates significant long-term opportunities for digital banks to expand financial inclusion, accelerate digital payment adoption, and reshape consumer banking behavior. Although digital banks currently function more as complementary players rather than direct competitors to conventional banking giants, their speed of innovation, ecosystem integration, and scalability suggest that they may become increasingly influential in the future evolution of Indonesia's financial sector. The comparative data indicates that while conventional banks maintain dominance in stability and asset power, digital banks represent the next frontier of growth, innovation, and market expansion in Indonesia's banking industry.

Based on RGEC indicators in 2025 (Table 3), conventional banks in Indonesia continue to outperform digital banks in terms of asset size, profitability, stability, and governance quality. Major conventional banks such as Bank Mandiri, BRI, BCA, BNI, and BTN possess significantly stronger financial foundations, higher profitability, and better-controlled risk, making them the primary backbone of Indonesia's national banking system. In contrast, digital banks demonstrate stronger advantages in growth speed, innovation, operational efficiency, and market penetration through technology-based services. Although their assets and profitability remain smaller, digital banks hold substantial potential as future drivers of banking industry transformation through more flexible, scalable, and aggressive business models. This divergence reflects fundamentally different strategic orientations between traditional and digital banking systems. Moreover, this gap is

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expected to gradually narrow as digital banks mature and regulatory frameworks evolve to support digital financial ecosystems.

Table 3. Comparative RGEC Performance -Year 2025

Bank	Total Assets (T)	Risk Profile (NPL %)	GCG	Earnings (ROA %)	Capital (CAR %)	RGEC Assessment
Conventional Banks						
Bank Mandiri	2,829.94	1.1	Very Good	3.3	21.2	Very Healthy
BRI	2,135.37	2.9	Very Good	3.7	20.4	Very Healthy
BCA	1,586.82	1.8	Excellent	3.8	27.0	Very Healthy
BNI	1,362.05	1.9	Very Good	2.8	20.7	Healthy
BTN	527.79	3.1	Good	1.2	19.0	Fairly Healthy
Digital Banks						
SeaBank Indonesia	39.21	2.0	Good	1.2	32.0	Healthy
Bank Jago	38.47	1.0	Good	0.5	45.0	Healthy
Allo Bank Indonesia	31.02	1.5	Good	0.3	38.0	Fairly Healthy
Bank Neo Commerce	24.85	2.9	Good	3.4	31.0	Healthy
BCA Digital (blu)	17.63	1.2	Very Good	0.8	60.0	Health

Source: Financial Services Authority of Indonesia (OJK) 2025

The strong growth and performance of digital banks are highly important for Indonesia because they play a strategic role in accelerating national financial inclusion, particularly for under-served, un-banked, and geographically remote populations. Indonesia's large archipelago structure presents significant challenges for traditional branch-based banking expansion, whereas digital banks can provide fast, low-cost, and accessible financial services through mobile technology. This enables broader public access to savings, payments, financing, and investment services, supporting economic participation across diverse social segments. In addition, digital banks contribute to reducing transaction costs, increasing efficiency in financial intermediary, and supporting the government's agenda for digital economic transformation.

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Furthermore, high-performing digital banks stimulate innovation, strengthen competition in the banking sector, and encourage conventional banks to modernize their services. Their integration with fin-tech, e-commerce, MSME'S, and digital payment ecosystems supports broader economic productivity and entrepreneurship growth. Strong digital banking performance also enhances Indonesia's competitiveness in the regional digital economy, promotes cashless society development, and strengthens resilience in modern financial infrastructure. Therefore, the advancement of digital banking is not only beneficial for the banking industry itself but also serves as a critical driver of inclusive economic growth, technological modernization, and long-term national competitiveness.

This research integrates both financial-based and digital-based performance measurements to provide a more comprehensive and strategic evaluation of Indonesia's digital banking industry. By combining traditional financial indicators with digital capability factors such as innovation, market penetration, customer growth, and technological scalability, this study offers a deeper understanding of the true drivers of digital bank competitiveness. Such a multidimensional approach is essential for developing more effective SWOT-based strategic execution that can enhance financial resilience, strengthen digital performance, and ensure the long-term sustainability of digital banks. Ultimately, this research contributes valuable insights for regulators, investors, and industry leaders in supporting the successful transformation of Indonesia's banking sector within the evolving digital economy.

THEORITICAL REVIEW

Digital Banking

Digital banking in recent literature is widely explained through the integration of technology adoption theories, digital transformation theory, and fintech ecosystem theory. Recent studies emphasize that digital banking adoption is strongly influenced by perceived usefulness, trust, and digital service quality, which align with extended versions of the Technology Acceptance Model in the digital finance era. For example, recent research shows that digital banking adoption is significantly driven by user experience, perceived risk, and platform convenience in

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emerging markets **(** Nugroho et al., 2025**).** This indicates that user behavioral intention remains a central determinant of digital banking growth in Indonesia. From a broader perspective, digital banking is increasingly viewed as part of a digital financial ecosystem transformation, where banks no longer operate as standalone institutions but as platform-based service providers. Studies highlight that fintech integration, digital payments, and open banking structures reshape traditional banking business models into interconnected ecosystems (Kirowati et al., 2025). This transformation is further supported by findings that digitalization enhances banking efficiency, competitiveness, and profitability through improved service delivery and cost reduction (Sari & Yanto, 2024).

In addition, recent digital transformation literature explains that banking institutions are undergoing structural shifts driven by artificial intelligence, big data analytics, and platform-based financial services. Digital finance is now recognized as a key driver of innovation, enabling banks to expand services beyond traditional banking into integrated financial ecosystems such as payments, lending, and investment platforms (Cao et al., 2020). This evolution strengthens the argument that digital capability has become a strategic resource that directly impacts firm performance and competitiveness in the banking sector (Harmelani & Cahyaningtyas, 2024) .

Financial Performance of Digital Banks

Financial performance of digital banks is commonly evaluated using traditional banking indicators combined with digital-based efficiency metrics. In general, profitability ratios such as Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), and operational efficiency ratio (BOPO) remain the core indicators to assess bank performance stability. According to **(**Nugroho and Pratama (2023**)**, these financial ratios are still relevant in measuring banking profitability, including digital banks, as they reflect the effectiveness of asset utilization, capital structure, and cost efficiency. In addition, capital adequacy measured through Capital Adequacy Ratio (CAR) plays a crucial role in ensuring that digital banks are able to absorb financial shocks and maintain operational stability. Research by

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Oktaviani and Siregar (2021) **(**Nugroho and Pratama (2023**)**, emphasizes that capital strength is a key determinant of bank resilience, especially in rapidly evolving financial environments such as digital banking ecosystems. Meanwhile, liquidity indicators such as Loan to Deposit Ratio (LDR) and Current Account Savings Account (CASA) ratio are used to assess the bank's ability to maintain funding stability and low-cost deposit structures.

From a risk perspective, Non-Performing Loans (NPL) remain an essential indicator in evaluating credit quality and financial soundness. Studies by **(** Putra and Wijaya (2022**)**,) show that unmanaged credit risk significantly reduces banking profitability and threatens long-term sustainability. In digital banks, credit risk management becomes more complex due to the rapid expansion of digital lending and automated credit scoring systems. Furthermore, governance quality also contributes significantly to financial performance. Hidayat and Ramdani (2021**)** , argue that effective Good Corporate Governance (GCG) improves transparency, strengthens internal control systems, and increases investor confidence, which ultimately enhances financial performance. This is particularly important in digital banks where technology-driven operations require strong oversight and risk governance frameworks. Overall, the financial performance of digital banks is not only determined by conventional banking ratios but also influenced by efficiency in digital operations, cost-to-income optimization, and scalability of digital platforms. As highlighted by (Ali and Hassan ,2021**)**,, modern banking performance must integrate both financial and operational dimensions to capture the true competitiveness of digital financial institutions.

Digital Performance of Digital Banks

Digital performance in digital banking refers to the extent to which banks effectively utilize digital technologies to deliver financial services, engage customers, and achieve operational efficiency. Unlike traditional banking performance, which is primarily measured through financial ratios, digital performance emphasizes technology adoption, user engagement, platform efficiency, and service accessibility.One of the key dimensions of digital performance is digital adoption

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and user engagement, which reflects the extent to which customers actively use mobile banking applications and digital platforms. According to Zhang et al. (2021),, digital banking success is strongly influenced by active user participation, where higher engagement levels indicate stronger platform integration into customers' daily financial activities. Similarly, (Dwivedi et al. (2022) emphasize that user adoption is a core indicator of digital transformation success in financial institutions.

Another important variable is digital transaction intensity, which measures the frequency and volume of transactions conducted through digital channels such as mobile banking and internet banking. This indicator reflects the level of dependency customers have on digital platforms. As highlighted by Khan et al. (2023),, higher transaction intensity demonstrates increased operational scalability and efficiency in digital banks, contributing to long-term sustainability. Customer base growth and active user ratio are also widely used indicators in measuring digital performance. According to Vial (2021),, digital transformation performance should not only focus on the number of registered users but also on the proportion of active users, as inactive accounts do not contribute to operational value creation. Therefore, active user ratio is considered a more accurate reflection of digital banking effectiveness.

In addition, platform reliability and system performance represent critical dimensions of digital banking performance. These include system uptime, application response speed, and cybersecurity resilience. Li et al. (2022) argue that digital banks must ensure high system stability and security to maintain customer trust and prevent service disruption risks, which directly affect user satisfaction and retention. Another key variable is cost efficiency and digital operational performance, which measures the ability of digital banks to reduce operational costs through automation and technology adoption. According to Vial (2021),, digital banks typically achieve higher cost efficiency due to reduced reliance on physical branches and increased automation of banking processes, which enhances scalability and profitability potential.

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Overall, digital performance in banks is a multidimensional construct that integrates user adoption, transaction activity, system reliability, customer engagement, and cost efficiency. These indicators collectively provide a comprehensive view of how effectively a bank operates in a digital environment and how well it transforms technological capabilities into customer and business value (Zhang et al., 2021) .

RESEARCH METHODS.

This study employs a quantitative method with a descriptive-analytical approach to evaluate and compare the financial and digital performance of conventional and digital banks in Indonesia using numerical data derived from annual reports, OJK statistics, and key banking performance indicators. This approach enables objective analysis of financial strength through profitability, liquidity, efficiency, risk, and capital ratios, while also assessing digital performance through market penetration, innovation capability, customer growth, and technological scalability. Previous studies have shown that descriptive quantitative analysis is highly effective for mapping banking performance, identifying industry trends, and providing factual insights for strategic policy evaluation. Therefore, this method is highly relevant for comprehensively assessing the comparative competitiveness, sustainability, and strategic development of both conventional and digital banking sectors in Indonesia. Meanwhile, digital performance indicators are developed based on established theories including Technology Acceptance Model (TAM) , Unified Theory of Acceptance and Use of Technology (UTAUT) , IT capability, and platform ecosystem theory, and operationalized using industry-level data from OJK and banking reports. .

RESULTS AND DISCUSSION

Financial Performance of Top 5 Digital Banks in Indonesia

Based on the performance data of the five largest digital banks in Indonesia in 2025 (Table 4), SeaBank Indonesia, Bank Jago, Allo Bank Indonesia, Bank Neo Commerce, and BCA Digital (blu), the digital banking industry is clearly in a phase of rapid growth but not yet fully stable in terms of profitability. In terms of assets,

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SeaBank and Bank Jago lead the industry with total assets of around Rp38–39 trillion, indicating relatively faster expansion capacity compared to other digital banks. However, when assessed using financial performance indicators such as Return on Assets, most digital banks are still at low to moderate levels, reflecting that their current focus remains on user acquisition and market expansion rather than profit maximization. From a risk and stability perspective, the Non-Performing Loan ratio across all digital banks remains under control, ranging between 1% and 2.9%, indicating generally healthy credit quality, although some pressure is observed in banks such as Bank Neo Commerce, which has a relatively higher NPL. Meanwhile, the Capital Adequacy Ratio is very strong across all digital banks, reaching as high as 60% in BCA Digital, indicating substantial capital support from shareholders to sustain long-term growth strategies. Overall, these indicators suggest that digital banks prioritize capital strength and risk absorption capacity over short-term profitability

Table 4. Performance of Top 5 Digital Banks in Indonesia (2025)

Bank	Total Assets (Rp Trillion)	NPL (%)	GCG	ROA (%)	CAR (%)	LDR (%)	Status
SeaBank Indonesia	39.21	2.0	Good	1.2	32.0	85	Healthy
Bank Jago	38.47	1.0	Good	0.5	45.0	90	Healthy
Allo Bank Indonesia	31.02	1.5	Good	0.3	38.0	75	Fairly Healthy
Bank Neo Commerce	24.85	2.9	Good	3.4	31.0	88	Healthy
BCA Digital (blu)	17.63	1.2	Very Good	0.8	60.0	65	Healthy

Source: Financial Services Authority of Indonesia (OJK) 2025

In terms of liquidity (Loan to Deposit Ratio), all banks remain within healthy levels, although different strategic approaches can be observed between aggressive expansion and more conservative positioning. Overall, this analysis shows that digital banks in Indonesia are characterized by very strong capital positions, controlled risk levels, but suboptimal profitability. This reflects an early stage of industry development, where digital banks are primarily focused on customer

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acquisition, digital ecosystem expansion, and increasing their user base. In other words, the main strength of digital banks is not profitability, but rather growth speed, innovation, and the scalability of their digital business models, which may become a long-term competitive advantage in Indonesia's banking industry.

Digital Performance Performance of Top 5 Digital Banks in Indonesia

Based on Table 5, the digital performance of the five largest digital banks in Indonesia in 2025 shows that all banks are in a high level of digital transformation, but with different strengths across each dimension. Overall, SeaBank Indonesia and Bank Jago demonstrate the strongest digital performance. SeaBank excels in very high customer acquisition speed, driven by strong integration with the Shopee ecosystem, enabling rapid onboarding of millions of users. It also records very high transaction growth, reflecting strong user adoption of its digital services. Bank Jago, on the other hand, stands out for its very high innovation capability, particularly through its pocket-based financial management system that provides a more personalized and flexible banking experience. Its integration with the GoTo and Bibit ecosystems further strengthens its position as a highly innovative and fintech-driven digital bank. This indicates that ecosystem integration plays a critical role in accelerating digital banking performance and user engagement.

Table 5. Digital Performance of Top 5 Digital Banks in Indonesia

Bank	Customer Acquisition Speed	Innovation Capability	Ecosystem Integration	Transaction Growth	Overall Digital Performance
SeaBank Indonesia	Very High (Shopee ecosystem-driven onboarding)	High (simple UX, fast payment features)	Very Strong (Shopee Group)	Very High	Excellent
Bank Jago	High (rapid fintech user growth)	Very High (pocket-based finance system)	Strong (GoTo, Bibit ecosystem)	High	Excellent
Allo Bank	Moderate–High (promo-driven acquisition)	Moderate (feature expansion stage)	Strong (CT Corp ecosystem)	High	Good
Bank Neo Commerce	High (aggressive digital lending users)	High (fintech lending innovation)	Moderate (fintech partnerships)	High (volatile)	Good–High Risk
BCA	Moderate (trust-	High (stable	Strong (BCA	Moderate	Stable &

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Digital (blu)	based acquisition)	digital banking innovation)	ecosystem)	Trusted

Source: Secondary Data Processing Results

Meanwhile, Allo Bank and Bank Neo Commerce are positioned in a moderate performance category with aggressive but less stable growth characteristics. Allo Bank benefits from integration within the CT Corp ecosystem and promotional strategies that support user acquisition, although its innovation level is still in a development stage. Bank Neo Commerce shows strong innovation and transaction growth, particularly in digital lending, but its performance is more volatile, indicating higher risk in sustaining long-term digital stability. In contrast, BCA Digital (blu) presents a different profile compared to other digital banks. Although its customer acquisition speed is more moderate, it demonstrates strong advantages in stability, trust-based acquisition, and deep integration within the BCA ecosystem. This positions BCA Digital as the most stable and trusted digital bank, even though its user growth is not as aggressive as its competitors. Overall, the evaluation indicates that digital banking performance in Indonesia is primarily driven by three key factors: ecosystem strength, innovation capability, and customer acquisition speed. SeaBank and Bank Jago lead in growth and innovation, Allo Bank and Bank Neo Commerce are in an expansion phase with higher risk exposure, while BCA Digital leads in stability and trust. This confirms that competitive advantage in digital banking is not determined by assets or profitability alone, but by the ability to build strong and sustainable digital ecosystems.

Overall, the digital performance of Indonesia's top five digital banks in 2025 can be considered strong and promising. The industry shows high levels of innovation, rapid customer acquisition, and strong ecosystem integration, which indicate that digital banking is successfully transforming financial services in Indonesia. Banks such as SeaBank and Bank Jago demonstrate excellent performance in growth and innovation, while others like Allo Bank and Bank Neo Commerce show aggressive expansion with some volatility. BCA Digital stands out for its stability and strong trust-based model. In general, although differences exist in maturity and risk levels, the overall trend reflects a positive and healthy

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development of the digital banking sector, with strong potential for continued growth and deeper integration into Indonesia's digital economy.

SWOT Matrix of Top 5 Digital Banks in Indonesia

The following SWOT (Strengths, Weaknesses, Opportunities, and Threats) matrix has been carefully developed to support a comprehensive strategic analysis of Bank Syariah Indonesia (BSI) in its pursuit of becoming one of the top three global syariah banks by the year 2030. This strategic objective aligns with BSI's broader vision of strengthening Indonesia's role in the global Islamic finance landscape while capitalizing on its growing market share and improving digital and operational capabilities. This analysis draws upon the latest available performance data and forward-looking strategic projections, with particular emphasis on four critical dimensions: internal strengths, internal weaknesses, external opportunities, and external threats. One of BSI's most significant internal advantages is its position as one of the largest syariah banks in the ASEAN region, supported by assets exceeding Rp300 trillion and a vast distribution network that includes more than 600 branches across the nation. These strengths position BSI to scale its operations, deepen customer trust, and enhance competitiveness on a global level.

By identifying and addressing both internal capabilities and external dynamics, this SWOT matrix aims to provide a strategic foundation for BSI's long-term planning. The matrix will serve as a valuable tool for decision-makers to leverage core competencies, overcome institutional challenges, seize growth opportunities in the halal economy, and mitigate risks arising from competitive pressures and regulatory uncertainties.

Table 6. SWOT Matrix of Top 5 Digital Banks in Indonesia Based on Financial and Digital Criteria

STRENGTHS	WEAKNESSES
Strong capital adequacy; BCA Digital & Bank Jago	Low profitability as ROA still low in most digital banks
Rapid customer acquisition; SeaBank & Bank Jago	High dependence on ecosystem partners; Shopee, GoTo, CT Corp
High innovation capability; digital wallets, pocket banking, AI-based services.	Limited credit maturity leading to unstable earnings

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Strong transaction growth driven by mobile banking & QRIS Efficient cost structure ; branchless banking model	Higher volatility in credit quality in some banks ; Bank Neo Commerce Limited diversification of revenue streams
OPPORTUNITIES	**THREATS**
Expansion of Indonesia's digital economy & cashless society Growth of fintech, e-commerce, and embedded finance ecosystems Increasing unbanked and underbanked population penetration Rising QRIS and digital payment adoption Potential regional expansion in ASEAN digital banking	Strong competition from conventional banks with digital transformation Cybersecurity risks and data protection challenges Regulatory tightening from OJK and Bank Indonesia Ecosystem dependency risk (platform dominance by big tech) Profit pressure due to high customer acquisition costs

Source: Secondary Data Processing Results

From the aforementioned matrix, it is seen that BSI has the advantage of being the largest Shariah bank in ASEAN with assets reaching Rp300 trillion by 2024 (OJK,2024). However, the study by (Nugroho & Sari , 2022) shows that BSI still has a low ROA (1.6%) compared to the average of global Shariah banks (2.1%), which is due to the high operating costs (BOPO 80%). The study also revealed that dependence on retail financing (60% of the portfolio) increases vulnerability to credit risk . Prasetyo et al. (2023) find that BSI is lagging behind in digital transformation, with only 35% of transactions being digitally based, well below the industry standard (50%). The projected growth of the global shariah economy to reach $4.9 trillion by 2030 (Islamic Financial Services Board. (2023), opens up expansion opportunities for BSI. (Hakim & Malik (2023) study suggests that BSIs take advantage of these opportunities by expanding cross-country Shariah corporate financing. However, the main threat comes from the stiff competition of Middle Eastern banks, such as Al Rajhi Bank which has a CAR of 18.5% and an ROA of 2.8% (S&P Global Ratings. (2024). The study by Aziz et al. (2022) warn that BSI's reliance on domestic funding (90%) risks hampering global expansion, especially with the Basel IV regulation coming into force in 2025.

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Strategic Execution Plans of Top 5 Digital Banks in Indonesia

TOWS analysis for Indonesia's digital banking industry (Table.7) highlights four strategic directions that guide how banks convert financial and digital capabilities into sustainable competitive advantage. Each strategy reflects the interaction between internal conditions (financial strength and digital capability) and external environment (opportunities and threats), particularly in a rapidly growing but highly competitive digital financial ecosystem. The SO (Strength–Opportunity) strategy is built on the strong internal financial and digital position of Indonesian digital banks, particularly their high capital adequacy and rapid user expansion. For example, BCA Digital records a CAR of 60%, Bank Jago 45%, and SeaBank 32%, indicating very strong capital buffers to support aggressive growth. In terms of digital performance, SeaBank achieves very high customer acquisition speed supported by the Shopee ecosystem, while Bank Jago shows very high innovation capability through its pocket-based financial system. These strengths align with external opportunities such as the rapid growth of Indonesia's digital economy, where QRIS transactions continue to expand significantly and fintech adoption is accelerating. Therefore, SO strategy focuses on maximizing these strengths to expand market penetration, increase transaction volume, and strengthen ecosystem dominance across digital platforms.

Table 7. Strategic Execution Plans of Top 5 Digital Banks in Indonesia

SO STRATEGY	ST STRATEGY
Leverage high customer acquisition speed and ecosystem integration to accelerate financial inclusion in Indonesia's unbanked population	Use strong innovation capability to compete with conventional banks' digital transformation
Utilize strong capital adequacy (CAR) to expand digital lending for MSMEs and retail segments	Leverage high transaction growth to maintain competitive dominance against fintech competitors
Enhance innovation capability to develop embedded finance solutions within e-commerce and super app ecosystems	Strengthen capital buffer (CAR) to absorb macroeconomic and credit risk shocks
Increase transaction growth through QRIS expansion and cashless economy adoption	Improve cybersecurity systems using advanced digital infrastructure investments
Strengthen partnerships with fintech and	Build stronger ecosystem lock-in to reduce

digital platforms to scale ecosystem-based banking services	customer switching behavior
Strategic Focus: Aggressive growth , ecosystem expansion , financial inclusion leadership	**Strategic Focus:** Defensive innovation , risk resilience, ecosystem protection
WO STRATEGY	**WT STRATEGY**
Improve profitability by monetizing digital ecosystems (fees, subscription, financial services)	Reduce operational inefficiencies that pressure profitability in highly competitive market
Reduce dependence on parent ecosystems by expanding **cross-**platform partnerships	Strengthen governance and compliance to anticipate stricter OJK and Bank Indonesia regulations
Strengthen credit risk models using AI and big data analytics to improve loan portfolio quality	Improve cybersecurity frameworks to reduce digital fraud and data risks
Develop stronger customer retention strategies through loyalty-based digital banking services	Diversify funding sources to reduce dependence on ecosystem-driven deposits
Utilize rapid growth of digital economy to diversify revenue streams beyond lending	Control credit expansion to minimize risk of rising Non-Performing Loans
Strategic Focus: Monetization, diversification, capability upgrading	**Strategic Focus:** Risk control , sustainability , regulatory compliance

Source: Secondary Data Processing Result

The WO (Weakness–Opportunity) strategy addresses internal weaknesses, particularly low profitability despite high growth. For instance, most digital banks still record relatively low ROA, such as Bank Jago at 0.5%, Allo Bank at 0.3%, and BCA Digital at 0.8%, showing that financial returns are still limited compared to their strong asset growth as SeaBank at Rp39.21 trillion and Bank Jago at Rp38.47 trillion. At the same time, these banks operate in a highly favorable external environment with increasing digital financial inclusion and MSME digitalization. The strategy therefore emphasizes converting high user acquisition into monetization, improving fee-based income, and reducing dependency on ecosystem-driven growth such as Shopee or GoTo. The goal is to transform rapid digital expansion into sustainable profitability through better revenue diversification and improved credit risk management.

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The ST (Strength–Threat) strategy focuses on using strong internal capabilities to mitigate external risks such as competition, cybersecurity threats, and regulatory pressure. Although digital banks have strong transaction growth and innovation, they face competition from conventional banks that are also rapidly digitalizing, with total assets exceeding Rp2,800 trillion like Bank Mandiri and Rp2,100 trillion for BRI. To counter this, digital banks leverage their strengths such as fast innovation cycles as Bank Jago's fintech integration and SeaBank's high transaction scalability and strong capital buffers to maintain competitiveness. This strategy also emphasizes strengthening cybersecurity systems and ecosystem lock-in to reduce customer switching behavior, especially in a market where digital users can easily migrate between platforms.

The WT (Weakness–Threat) strategy is the most defensive, focusing on minimizing structural weaknesses while avoiding external threats. Key weaknesses include profit volatility (e.g., Bank Neo Commerce ROA 3.4% but with high volatility) and dependence on ecosystem partners, while threats include regulatory tightening by OJK, rising cybersecurity risks, and intense fintech competition. For example, NPL levels such as Bank Neo Commerce at 2.9% indicate higher credit risk compared to peers like Bank Jago at 1.0%. Therefore, this strategy emphasizes strengthening governance, improving risk management systems, diversifying funding sources, and controlling aggressive lending expansion. The objective is to ensure long-term stability and sustainability, even if short-term growth must be moderated to maintain financial health and regulatory complianc

CONCLUSION AND RECOMMENDATION

This study shows that the Indonesian digital banking industry in 2025 is characterized by a strong dual structure of high digital performance and relatively weak profitability. The analysis of five major digital banks; SeaBank Indonesia, Bank Jago, Allo Bank Indonesia, Bank Neo Commerce, and BCA Digital (blu) indicates that while capital strength is very solid financial performance in terms of profitability remains limited, with ROA ranging between 0.3% and 1.2% for most banks. This confirms that the industry is still in an early growth phase, where

expansion and user acquisition are prioritized over profit maximization.

From a digital perspective, the industry demonstrates strong performance in customer acquisition speed, innovation capability, ecosystem integration, and transaction growth. Banks such as SeaBank and Bank Jago lead in rapid user expansion supported by strong ecosystem partnerships (Shopee and GoTo), while BCA Digital shows strength in trust-based adoption and stability. However, differences in digital maturity and dependence on ecosystems indicate that competitive advantage is still uneven across banks. Despite this, overall digital performance remains strong and continues to be a key driver of growth in Indonesia's financial sector.

Based on the TOWS strategic analysis, it is evident that digital banks should adopt a balanced strategy that combines aggressive growth with financial sustainability. SO strategies should focus on maximizing ecosystem opportunities to expand market penetration, while WO strategies must address low profitability through improved monetization and revenue diversification. ST strategies are essential to maintain competitiveness against conventional banks and fintech competitors, while WT strategies must strengthen governance, risk management, and cybersecurity to ensure long-term stability in a highly dynamic digital environment.

In conclusion, it is recommended that digital banks in Indonesia shift from a purely growth-oriented model to a more balanced growth-and-profitability strategy. Banks should strengthen their financial performance through improved cost efficiency, credit risk management, and diversified income sources, while continuing to invest in innovation and ecosystem expansion. Regulators such as OJK and Bank Indonesia are also encouraged to support a balanced ecosystem that promotes innovation while ensuring financial stability and consumer protection. This integrated approach will ensure that Indonesia's digital banking industry develops into a sustainable, competitive, and resilient sector in the future digital economy.

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