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Ipsos research: Consumer demand for convenient digital payments in Indonesia has reached a scale at which heavy promotions might no longer be necessary

- **Majority of Indonesian consumers (68%) choose convenience as the main driver for using digital wallets - promotions are secondary (23%)**
- **GoPay has the highest market share amongst the four digital wallet companies listed in the survey, with 54% of consumers stating they will use GoPay even without promotions**
- **Consumers surveyed are most likely to use digital wallets for daily needs such as online transportation services and food delivery**

Jakarta, 12 February 2020 - Digital wallets have become an indispensable convenience for users in Indonesia, signaling that the importance of promotions for user retention might be waning, according to global research company Ipsos. The finding was set out in a report titled "The evolution of the digital wallet: driving the next wave of growth," which looks at the evolution of Indonesia's digital wallet industry and analyses user behavior.

The findings show that 68% of consumers surveyed use digital wallets at least once a week and 32% claim to use cash less frequently, since experiencing the convenience of cashless transactions. While most (71%) consumers surveyed were initially motivated to use digital wallets because of promotions, the majority (68%) have evolved in their user journey and choose convenience as the main driver for using digital wallets, followed by promotions (23%) and security (9%). GoPay is chosen by the majority of consumers (54%) as the digital wallet they would continue to use, over others, without the presence of promotions.

The report also finds that GoPay is overall the most well-known (58%) of the digital wallet companies listed in the survey, followed by Ovo (29%), Dana (9%) and LinkAja (4%). GoPay also has the highest market share among the four players as the first digital wallet used by the majority of consumers (60%) and the most frequently used digital wallet (55%). The majority of consumers surveyed use digital wallets to pay for online transportation (40%) and food and beverage delivery services (32%).

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Olivia Samosir, Customer Experience Research Director, Ipsos Indonesia, revealed, “This survey is unique because it is the first time we have asked young consumers about their willingness to keep using digital wallets without promos. Apparently, 54% of consumers said they would continue to use GoPay without promos or they could be called 'organic consumers.' From the rest, 29% will continue to use Ovo, 11% will continue to use Dana and 6% will use LinkAja without promos.

“We also find that consumer loyalty to continue using digital wallets without promos depends on the quality of digital wallet services. For example, GoPay has the highest organic consumers because consumers think that GoPay is superior in terms of safety, practicality, innovation, customer service and can be accepted everywhere.

“Players in the industry have to be proactive in shaping consumer behavior by prioritising use cases, innovation and product quality.”

Budi Gandasoebrata, Managing Director of GoPay, said, “The e-wallet industry has finally come of age, with users viewing them as one of a number of key payment methods they can use, so as long as we continue to develop the best possible product for them, we will see growth and user loyalty continue to rise.

“GoPay's growth strategy has never been centered around promotions as they alone do not create consumer loyalty and long-term demand. Our focus has always been on creating quality digital wallet services and building a more comprehensive payments ecosystem that will improve the daily lives of consumers, one transaction at a time.

“We continue to take a strategic approach by expanding the use cases for consumers, while offering segment-based promotions. This measured strategy is one of our key strengths in building a sustainable business that is appreciated by everyone, including our investors.”

Poltak Hotradero, Business Development Advisor of the Indonesia Stock Exchange, explained, “It's time for e-wallet players to shift from a 'growth at all cost' mindset to sustainable growth, if they want to continue to exist for their consumers. Growing at all costs is surely expensive and only provides a distorted view of actual usage.

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“With the huge potential of micro transactions in the financial sector and the convenience that consumers experience, Indonesians will continue to use e-wallets without the industry players having to ‘burn their money.’ The most important thing now is for all players to enhance safety and convenience for their users.”

The research was conducted as a continuation of the Ipsos report titled "Indonesia - The Next Cashless Society," which was initially presented at the Ipsos Marketing Summit in January 2019.

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RESEARCH METHODOLOGY

The survey was conducted face-to-face with 500 Millennials¹ and Generation Z² respondents in five major cities in Indonesia: Jakarta, Semarang, Yogyakarta, Palembang and Manado. The respondent group was dominated by people from the lower middle segment who have the greatest potential as digital wallet users. This survey was conducted from 20 December 2019 - 5 January 2020. The margin for error for this survey is 2%.

ABOUT IPSOS

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Our research professionals, analysts and scientists have built unique multi-specialist capabilities that provide powerful insights into the actions, opinions and motivations of citizens, consumers, patients, customers or employees. Our 75 business solutions are based on

¹ Generation millennials were born between 1980-1996

² Generation Z were born between 1997-2002

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primary data coming from our surveys, social media monitoring, and qualitative or observational techniques.

“Game Changers” – our tagline – summarises our ambition to help our 5,000 clients to navigate more easily our deeply change the world.

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