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Community engagement in digital banking: Insights from Jakarta and Perth

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ABSTRACT

Background: In the digital era, community engagement plays a pivotal role in driving market share expansion in the banking sector, yet the impact of such initiatives across diverse regulatory and cultural contexts remains underexplored. **Purpose:** This study examines the influence of community engagement on the digital bank market share in Jakarta, Indonesia, and Perth, Australia, while addressing disparities in digital access and customer experience. **Methods:** Employing a quantitative methodology, the study analyzed structured surveys from 300 respondents (150 each from Jakarta and Perth) to uncover relationships between community engagement and market expansion. **Results:** Findings reveal that robust community engagement significantly enhances customer loyalty and market share in Jakarta, with digital literacy and infrastructure playing a critical role. In Perth, the effect is moderated by regulatory environments emphasizing innovation and consumer trust. These outcomes are inferred through improvements in technical capability, information/media literacy, and user experience, which serve as foundational mediators fostering customer trust, loyalty, and ultimately market expansion. **Conclusion:** Community engagement is a vital strategy for expanding digital banking market share, yet its effectiveness is contingent on contextual factors such as digital literacy, regulatory frameworks, and customer preferences. **Implications:** Practically, banks should tailor engagement strategies to local needs, focusing on building trust and addressing digital divides. Theoretically, this research extends the application of Digital Divide Theory in understanding digital banking adoption across contrasting contexts.

Keywords: Digital banking; community engagement; market share; digital divide; quantitative research

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INTRODUCTION

The banking sector has undergone tremendous transformation in recent years, driven by rapid advancements in digital technology and shifting consumer preferences (Aladwani, 2020; Mbama & Ezepue, 2018). In the digital age, community engagement has become an increasingly important strategy for banks to increase their market share. Banking needs to engage with the community actively. Activities like this will strengthen the bank's existence for the general public and clients. Activities with a credible community will foster trust and value for banking as well as service to customers. Community engagement has become a pivotal strategy in the banking sector to foster trust and enhance market share and customer loyalty. In Indonesia, PT BNI's Kampoeng BNI program exemplifies a 'doing with the community' approach, encouraging active participation and reducing dependency. (Magdalena et al., 2019)

Similarly, Bank Indonesia's CSR initiatives, such as the GenBI scholarship program, aim to build sustainable community relations through education and empowerment (Sutarto & Natalia, 2023). These initiatives align with global perspectives on the role of CSR in shaping corporate identity and stakeholder relationships (Pérez et al., 2012).

Digital technology today plays an important role in banking services, providing positive changes, both to customers and the banks themselves (Indriasari et al., 2022). (This also causes the convenience and accessibility of banking services to become a more personal experience. In addition, banking activities that directly affect the community are one of the strategies to expand the market and strengthen the relationship between banks and their customers (Shah, 2024).

According to the study team's report, Australia's banking industry is varied and dynamic. (Liu et al., 2023). Based on this condition, the researcher wishes to observe and investigate bank methods aimed at increasing consumer involvement and fostering customer loyalty in both locations.

This study also examines the parallels, contrasts, challenges, and triumphs of the banks addressed in Jakarta and Perth. The paper examines this comparison in greater detail, evaluating the approach and examining the efficiency of community activities performed by banks in both towns.

Therefore, by analyzing the convergence, divergence, recession, and advancement of banking, this study will positively contribute to the body of existing literature on digital banking and public relations. In this context, it is important to note the dynamic trends—such as digitization, shifts in consumer behavior, and heightened regulation—that impact the Australian and Indonesian banking systems.

Indonesia presents banks with exceptional opportunity to leverage its diversified customer base and the swift growth of the digital economy to enhance digital financial services.

However, this context also poses other

challenges. Meanwhile, the Australian banking sector is regulated for innovation, customer orientation and regulation to comply with regulations that represent strong reasons for comparison. The justification for the implementation of the comparative study by BankSpurse and Jakarta is the need to understand how community engagement strategies affect the growth of digital banks' market share in different socio-economic and regulatory environments. The purpose of this study is to create traceable knowledge for banks, governments and stakeholders interested in increasing digital inclusion by examining bank similarities, differences, best practices and challenges in both countries. With this background in mind, three main questions have been addressed primarily in this study. How do community engagement strategies affect digital banks' market share in different regulatory environments?

What are the best practices for fostering community engagement in the digital banking sector in Indonesia and Australia? What challenges do banks face in implementing these strategies, and what solutions can foster to drive sustainable growth?

In this context, user experience, technical capability, and information/media literacy are viewed as critical enabling factors that precede customer loyalty and market share growth. Improvements in these areas enhance user satisfaction and trust, which have been strongly associated with customer retention and advocacy in previous studies (Laukkanen, 2016); (Schau et al., 2009). To address these research questions, we propose specific questions to explore participants' direct experience with digital banking services through a detailed survey:

Q1: Does Content Relevance significantly impact both Information/Media Literacy and Technical Capability?

Q2: Do geographical factors significantly impact User Experience?

Q3: Does financial status have a critical affect on Client Encounter?

A few ponders have reliably examined how computerized innovation has changed the keeping money division, reshaping client encounters, operational forms, and competitive methodologies (Aladwani, 2020).

Based on this, computerized managing an account can be characterized as a set of administrations, such as versatile keeping money, online stages, and e-payment stages, that have ended up central to buyer exchanges and engagement. (Kshetri, 2021).

Worldwide banks are beginning to embrace computerized arrangements to convey customer-centric encounters, progress operational productivity, and extend their markets (Mbama & Ezepue, 2018). Later improvements in advanced keeping money have been essentially affected by progresses in fake insights (AI), cybersecurity measures, and integration of open managing an account systems.

Among these advancements, AI has played a critical part in improving benefit personalization and moving forward hazard administration

hones. (Kanaparthi, 2024), for case, highlights the basic part of AI in improving benefit personalization and building client believe in advanced managing an account. The consider presents an AI-based credit chance location show that accomplishes around 89% exactness utilizing the "Random Forest" calculation. This appears that AI altogether moves forward credit hazard appraisal and empowers more personalized monetary administrations. (Kanaparthi, 2024). In any case, AI appropriation moreover brings basic challenges, especially in cybersecurity. (Kovacevic et al., 2024) examine the double nature of AI selection in banking—both improving capabilities and presenting cybersecurity dangers. This paper emphasizes the ought to create a demonstrate secure and trusted machine learning that can withstand cyber dangers such as information harming and avoidance assaults (Kovacevic et al., 2024).

In a broader examination of cybersecurity within the budgetary framework, (Al Mahmud et al., 2025) give a comprehensive diagram of the evaluation of cybersecurity dangers within the keeping money framework. Their discoveries emphasize the significance of a layered security system to address the ever-evolving cyber dangers within the computerized keeping money scene (Al Mahmud et al., 2025).

In expansion to security and personalization, computerized managing an account innovations too play a transformative part in growing money related incorporation (Shah, 2024). Methodicallly surveys how advances such as versatile keeping money, advanced wallets, AI-based credit scoring, and blockchain applications can encourage budgetary incorporation, particularly in creating nations. The think about emphasizes that computerized keeping money advances play a basic part in growing money related administrations to underserved populaces (Shah, 2024).

Besides, the supportability of these advancements is basically inspected by Indriasari et al. (2022), who investigate developing innovation patterns and future inquire about plans for computerized managing an account (Indriasari et al., 2022).

Banks develop customer trust, loyalty and brand patronage by following strategic/ community engagement (Schau et al., 2009). Literature emphasizes the crucial role of communities, highlighting elements such as personalized communication, social interactions, and interactive media in creating meaningful community engagement (Liu et al., 2023).

In order to achieve high customer satisfaction and retention rates through successful community outreach initiatives, word-of-mouth communication support has been shown to be crucial. To build long-lasting value, trust, and beneficial effects, this strategy emphasizes active and ongoing engagement with the community (Hennig-Thurau et al., 2004).

This knowledge is crucial as a foundation for figuring out how banks create plans to boost audience engagement and grow their digital market share. An online-to-offline (O2O)

strategy is used by Indonesian digital bank Bank Aladin Syariah to improve customer service and engagement (Husada & Yunus, 2024).

Research on market share growth strategies in banking frequently stresses innovation, client orientation, and competitive tactics (Hernandez-Ortega & Ferreira, 2021). Digital banks will be able to lead in customer acquisition and retention in a competitive and finely tuned market by applying data-driven insights from their analytics, leveraging Artificial Intelligence, and providing omnichannel experiences (Bhatnagr & Rajesh, 2024).

Comparative market analysis sheds light on market circumstances and regulatory settings in comparable locations with similar consumer behavior (Hussain et al., 2023).

While the majority of comparative banking literature in Jakarta and Perth focuses on legislative frameworks, technological adoption rates, and client needs, both sectors are highly influenced by competition from other industries.

Meanwhile, Australian banks prioritize innovation, risk management, and customer service, as well as compliance and security (Liu et al., 2023). Marketing communication theory investigates how marketing communications are communicated to target audiences in order to impact customer behavior (Dipa et al., 2024). While value to producers is typically defined in terms of financial benefit, it can also include improving product and company branding through higher sales and product quality (Ersyad et al., 2018).

In this study, the concept can be used to investigate how banks employ marketing communications to engage communities and increase their digital market share. Several Indonesian digital banks employ various market penetration tactics; for example, blu by BCA Digital implements BaaS (Husada, 2024).

When investigating the relationship between community engagement and digital banking market share expansion, it is critical to identify the constraints that may impede the adoption of digital technology across various groups. The Digital Divide Theory has emerged as one of the most widely used frameworks for understanding these hurdles. Because it sheds light on how socioeconomic, geographic, and skill-based gaps affect people's access and use of digital financial services.

In this study, the concept can be used to investigate how banks employ marketing communications to engage communities and increase their digital market share. Several Indonesian digital banks use various ways to penetrate the market; for example, blu by BCA Digital employs BaaS (Husada & Aruman, 2024). When researching the relationship between community participation and increased digital banking market share, it is critical to identify the hurdles that may impede the adoption of digital technology in various places.

Understanding these elements helps to understand the disparities in customer experience and digital engagement across cities like Jakarta and Perth. According to Pippa Norris, the digital divide idea has progressed dramatically over the last few decades, from

merely providing access to technology to a more sophisticated understanding of how digital skills, socioeconomic circumstances, and social capital influence technology uptake and use (Pippa Norris, 2001). She initially stressed that the digital divide encompasses more than simply internet access; it also involves the ability to successfully employ technology for civic engagement and information involvment, highlighting the "information poverty" difference among communities.

Based on this research, Lisa J. Servon developed a community-centered perspective, arguing that when addressing the digital divide, local contexts such as economic conditions, educational attainment, and cultural factors must be considered, and public policy should be adaptive rather than one-size-fits-all (Servon, 2002).

Based on this discussion, created a multi-layered model of digital inequality that separates motivational, material, skill, and usage access (van Dijk, 2005). Her research argues that the digital divide is the result of wider social and economic imbalances that must be addressed at numerous structural levels. Mark Warschauer expanded on the topic by connecting access to digital technologies to the larger challenge of social inclusion, implying that physical access alone is insufficient without fostering the knowledge, skills, and abilities to integrate technology into economic and social activities. (Mark Warschauer, 2003).

Building on this, Servon proposed a people-centered perspective, arguing that local contexts, such as economic conditions, educational attainment, and cultural factors, should be considered when addressing the digital divide, and that public policy should be adaptive rather than one-size-fits-all (Servon,2002). Expanding on this discussion, suggested a multi-layered model of digital inequality that differentiated between motivational, material, skill, and usage access (van Dijk, 2005).

His work suggests that the digital divide is deeply rooted in broader social and economic discrepancies, thus requiring interventions at multiple structural levels (Mark Warschauer, 2003). It further expanded the discussion by linking access to digital technologies with broader issues of social inclusion, arguing that mere physical access is insufficient without fostering literacy, skills, and the ability to integrate technology into economic and social activities. More modern approaches, such as those of (DiMaggio et al., 2001), urge for the inclusion of demographic controls—such as age, education, and income—in digital divide studies, noting that technology adoption varies greatly among population groups. Their emphasis on "digital inequality" rather than traditional inequality fosters a more complex and multifaceted approach to studying the problem. The study suggests that the digital divide is complex and influenced by variables other than access to technology. Socioeconomic, educational, and cultural factors all have an impact.

Understanding the digital banking divide, of course, necessitates investigating how

Table 1 Summary of Key Contributions to Digital Divide Theory and Their Relevance to Digital Banking

Scholar	Key Focus	Main Insight for Digital Banking
Norris (2001)	Information poverty	Literacy programs are essential for effective digital banking adoption
Servon (2002)	Community-based inclusion	Banks should tailor engagement based on local needs
Van Dijk (2005)	Multilayered digital access	Banks must address motivational, material, skills, and usage divides
Warschauer (2003)	Social inclusion	Integration into daily social and economic activities is crucial
DiMaggio & Hargittai (2001)	Demographic inequality	Customer segmentation strategies are needed to bridge adoption gaps

Source: Compiled by the Author, 2025

disparities in literacy, economic status, and community support influence how people use and experience digital services, particularly in cities such as Jakarta and Perth.

By combining findings from Norris, Servon, van Dijk, Warschauer, and DiMaggio & Hargittai, it is obvious that the digital gap is a complex and varied phenomenon influenced by access, skills, motivations, socioeconomic status, and broader societal structures.

Addressing these layers is critical for digital financial institutions seeking to promote equitable access, build trust, and increase community engagement. This study combines these theoretical perspectives to investigate how different facets of the digital divide influence digital banking adoption and market share development tactics in two diverse regulatory and socio-cultural environments: Jakarta and Perth.

Table 1 shows that tackling the digital divide—which includes factors such as access, skills, community integration, and demographics—is crucial for encouraging effective community engagement in digital banking. The evolving financial business posture, shaped by digital banking literature, market evolution policies, community engagement strategies, and the digital divide, places digital banks at the forefront of holistic innovation and cost reduction while also improving user experience—a significant departure from traditional banking.

Community engagement, when effectively implemented through personalized communications and social responsibility activities, is vital for developing trust and customer loyalty.

Comparing banking operations in Indonesia and Australia will likely reveal distinct strategies shaped by their specific regulatory environments, customer needs and preferences, as well as overall market conditions.

Characterized by frenetic digital growth and fintech cooperation, Indonesia's banking landscape contrasts with Australia's focus on

client evolution, compliance, and consumer protection (Dewan & Riggins, 2005). Banks currently lack timely assessments of trends based on various theoretical models (i.e., Marketing Communication Theory and Community Engagement Theory) to effectively pursue greater market share in the online space and build stronger customer relationships. Both theories emphasize that global expansion requires a two-way strategy grounded in technology, communication, and community for the recruitment and adoption of digital banking.

Lastly, Digital Divide Theory offers a crucial lens for examining variations in technology access and use, emphasizing the need for policies and approaches that bridge these divides to achieve substantive social equity. The digital divide and its social consequences were initially described by academics such as Pippa Norris, Lisa J. Servon, Jan A. G.M. van Dijk, and Mark Warschauer, and later by scholars like Paul M. DiMaggio and Eszter Hargittai. The dimensions and indicators utilized in this study were derived through a deductive process based on established theoretical frameworks, particularly Digital Divide Theory (Norris, 2001; Servon, 2002; van Dijk, 2005; Warschauer, 2003; DiMaggio & Hargittai, 2001), also Marketing Communication theories. More than adopting the pre-existing measurement scales, we developed our operationalization of the constructs, aligning with the specific research context of digital banking community engagement in Jakarta and Perth.

In the context of Perth and Jakarta, major paths include: H1: Content relevance has a major impact on information and media literacy, as well as technical proficiency. H2: Geographic considerations have a significant impact on the user experience. H3: Social and economic issues significantly influence customer happiness.

This structural pattern helps us understand how many elements contribute to digital literacy and how they can be effectively handled. Finally, merging these principles with digital banking procedures creates a chance to profit on the industry's current expansion. As the banking industry evolves, more research will be required to address emerging trends, reduce risks, and extend the benefits of digital banking to everyone.

RESEARCH METHOD

This study takes a quantitative approach to acquire a comprehensive understanding of community engagement initiatives in digital banking. To select and determine the population and sample, we present the following scientific factors. Jakarta is included in the population count because it is Indonesia's largest city and has the highest economic activity.

The city is a national financial center with a high concentration of banking activity, making it an appropriate place to investigate the influence of digital banking on community engagement. Because of its huge population and different demographics, the study was able to gather a wide range of customer behavior and engagement patterns.

Perth, Western Australia: Perth was chosen as the second population because it represents a unique contrast to Jakarta.

Geographically, Perth covers a large area but is less dense than many other Australian capital cities. Despite this, Perth's banking activity is considerable, making it an interesting comparison point. Perth's combination of a smaller, dispersed population with significant banking infrastructure provides a complementary perspective to Jakarta's dense urban environment. The total number of respondents was set at 300, with 150 participants taken from each city, based on the proportional division of the population sizes and characteristics. The scientific approach to determining sample size can be justified using the Yamane formula (Umar & Wachiko, 2021), which is widely used for determining sample size in social science research:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n :sample size

N: population size

e : margin of error (typically set at 5% for a 95% confidence level)

For this study, if we assume that the population of Jakarta's banking customers is in the millions (N > 1,000,000), and Perth's is significantly smaller but still in the hundreds of thousands (N > 100,000), the sample sizes derived from the formula would be relatively similar. Given the large population sizes in both cities, the margin of error decreases, and a sample of 150 respondents per city ensures sufficient representativeness while maintaining feasibility for data collection. Moreover, the proportional allocation of respondents (150 from Jakarta and 150 from Perth) aligns with stratified sampling principles. This method is used when comparing two distinct groups—Jakarta, a large, densely populated urban center, and Perth, a geographically large but sparsely populated city. The equal sample size allows for meaningful comparisons between the two cities despite their different demographic scales. The Margin Error Formula is calculated as below:

$$e = \sqrt{\frac{1}{150}} = \sqrt{0.00667} = 0.0816 = 8.16\%$$

The sample size determination employed the Yamane formula (Yamane, 1967). Initially, targeting a 5% margin of error would have required approximately 375–400 respondents per city. However, given practical constraints and the exploratory nature of this comparative study, we employed a sample of 150 respondents per city, resulting in an approximate margin of error of 8.16%. This margin of error is considered acceptable for social science exploratory studies, especially when comparative analysis between two cities is the primary focus.

Statistical Power: A sample size of 300 ensured sufficient statistical power to detect significant relationships between community engagement and digital banking market share across the

two cities. Comparative Analysis: The sample size supported the study's comparative design, allowing for robust statistical comparisons between Jakarta and Perth. Feasibility: The number of respondents (300 total) was also pragmatic, enabling data collection within reasonable time and resource constraints. In conclusion, the selection of 300 respondents, divided equally between Jakarta and Perth, was scientifically justified based on the Yamane formula, the representativeness of the populations, and the need for comparative analysis in this study. This strategy is a balance between accuracy, practicability, and research objectives.

RESULTS AND DISCUSSIONS

A quantitative analysis of financial data has actual benefits regarding the relationship between community involvement and digital bank market share in Indonesia and Australia. Based on a Likert scale survey of 150 customers in Jakarta and 150 in Perth, a consistent trend was indicated: customers perceiving higher levels of bank community involvement demonstrated greater loyalty and were more likely to recommend the bank. This pattern was observed across all demographic groups, with younger individuals in both cities showing a higher propensity for digital engagement platforms. However, the positive correlation between community engagement and digital bank market share was stronger in Jakarta, Indonesia, compared to Perth, Australia.

In Perth, Australian banks with a strong emphasis on innovation and customer-centric digital offerings appeared to leverage community engagement more effectively, leading to significant gains in customer satisfaction and trust. Conversely, Indonesian banks with well-established community engagement programs saw a more accelerated growth in their digital market share.

However, the data also suggested that the impact of community engagement on market share could be moderated by the regulatory environment, with compliance and consumer protection playing significant roles. The analysis was conducted using SmartPLS (Ringle, C. M., Wende, S., and Becker, 2015), providing robust insights into the underlying relationships between variables.

Jakarta: The Jakarta model demonstrated strong convergent validity, with the majority of outer loadings exceeding 0.7. However, the indicators for Social & Economy and Physical Access showed comparatively lower loadings than those in Perth (Table 2).

Perth: Perth's outer loadings also indicated excellent convergent validity, as all indicators met the 0.7 threshold. This suggests a robust representation of each latent variable (e.g., Content Relevance, Geographic Factors, Information & Media Literacy) by its respective indicators. Notably, the Geographic Factors and Technical Capability indicators exhibited particularly strong loadings.

Comparison: Both cities exhibited strong convergent validity, confirming reliable

Table 2 Outer Loadings and Composite Reliability Results - Jakarta versus Perth

Variable	Measurement Items	Indicator	Outer Loading		Composite Reliability	
			Jakarta	Perth	Jakarta	Perth
Social & Economy (X1)	SE1	My income is sufficient to support the use of digital banking services	0,881	0,893	0,885	0,902
	SE2	I feel my socio-economic status affects my access to digital banking services	0,75	0,782		
	SE3	My education helps me understand and use digital banking services	0,898	0,909		
	SE4	I received special training or education regarding the use of digital technology	0,706	0,748		
Geographic (X2)	GEO1	I live in an area with good internet infrastructure	0,891	0,919	0,9	0,927
	GEO2	Access to digital banking services in my area is very easy	0,918	0,94		
Physical Access & Connectivity (X3)	PC1	I have sufficient digital devices to access digital banking services	0,959	0,988	0,958	0,988
	PC3	I rarely experience interruptions when using the internet to access digital banking	0,959	0,988		
Content Relevance & Use (X4)	CRL1	The content provided by digital banks is relevant to my needs	0,939	0,964	0,934	0,963
	CRL2	Digital banking services are available in languages I understand	0,932	0,963		
User Experience (Z)	UE2	I feel safe and confident using digital banking services	0,948	0,952	0,956	0,956
	UE4	Lack of knowledge about technology prevents me from using digital banking services	0,965	0,962		
Technical Capability (Y1)	TC1	I feel comfortable using digital banking applications	0,913	0,964	0,885	0,962
	TC2	I rarely need help using digital banking services	0,868	0,963		
Information & Media Literacy (Y2)	LIT1	I know how to find the information I need in digital banking services	0,848	0,957	0,948	0,984
	LIT3	I understand how the features in the digital bank application work	0,974	0,994		
	LIT4	I can create and manage digital content related to personal finance	0,955	0,979		

Source: SmartPLS analysis, 2025

measurement of the constructs. Nevertheless, Jakarta's lower loadings for Social & Economic Factors and Physical Access point to areas needing attention. These factors might be less impactful or less well-represented by our measures in Jakarta compared to Perth. Consequently, community engagement initiatives in Jakarta should strategically prioritize improvements in the perceived physical accessibility of banking services and address relevant socio-economic factors.

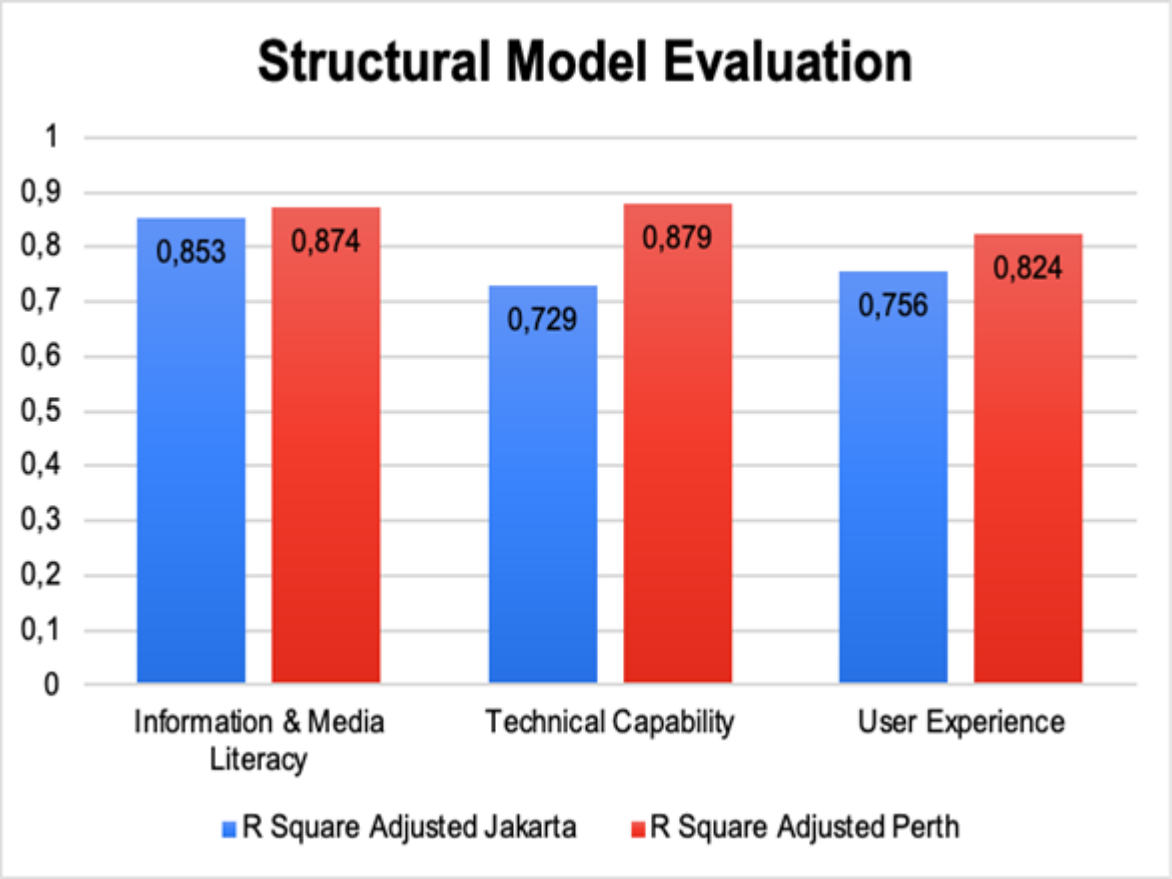
Reliability testing, using Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE), yielded generally strong results for both Jakarta and Perth. Although Jakarta's reliability metrics were robust, its AVE values for Technical Capability and Physical Access were marginally lower than Perth's. Importantly, Cronbach's Alpha, Composite Reliability, and AVE for all constructs exceeded the recommended thresholds, confirming consistent measurement across indicators in both cities. Notably, Information & Media Literacy and Physical Access exhibited particularly high AVE values, indicating a substantial portion of their variance is explained by their respective indicators.

The elevated AVE scores in Perth point to a marginally more precise measurement of the constructs, particularly Technical Capability. This might be attributed to a more consistent understanding of technology-related aspects (such as infrastructure and internet access) among Perth respondents, possibly reflecting a higher level of technological adoption and maturity compared to Jakarta.

Examining the Structural Model (R-Square) for Perth revealed strong predictive power for the key outcomes. The independent variables explained a significant amount of variance in Information & Media Literacy (0.874), Technical Capability (0.879), and User Experience (0.824), indicating a robust model fit for these relationships in the Perth context.

Although Jakarta presented strong R-square values, they were consistently lower than Perth's for Technical Capability (0.729) and User Experience (0.756), while Information & Media Literacy remained similarly high at 0.853 (as shown in Figure 1: Structural Model Evaluation – Jakarta versus Perth). The superior R-square values in Perth indicate that Content Relevance, Geographic Location, and Physical Access were better predictors of Technical Capability and User Experience. This suggests that improvements in content relevance and technical infrastructure have a more pronounced impact on Technical Capability and User Experience for Perth residents. In contrast, strategies aimed at improving User Experience and Technical Capability in Jakarta may find greater success by prioritizing trust-building initiatives and enhancing financial literacy.

Media and information literacy influenced users' capacity and experience when using digital banking. However, as seen in Figure 1, with higher media literacy levels in Perth, residents experienced greater comfort and satisfaction in their technical interactions compared to Jakarta. Perth's higher R-square values suggest that



Source: SmarPLS Analysis, 2025

Figure 1 Structural Model Evaluation - Jakarta versus Perth

factors like Content Relevance, Geographic, and Physical Access better explain the variance in Technical Capability and User Experience. This could mean that Perth residents are more responsive to improvements in content relevance and technical infrastructure, while Jakarta may require a stronger focus on other areas, such as building trust and improving financial literacy, to improve User Experience and Technical Capability.

Examining the Effect Sizes (f-Square), Perth showed notable effects: Content Relevance significantly influenced Information & Media Literacy (0.396), and Geographic Factors had a particularly strong impact on User Experience (1.601). The moderate effect of Societal & Economy on User Experience (0.305) highlights the role of economic factors.

In contrast, while Jakarta also showed a strong effect of Content Relevance on Information & Media Literacy (2.196) and a substantial influence of Physical Access on Technical Capability (1.223), the overall effect sizes for other relationships were less pronounced than in Perth. Notably, Geographic Factors also strongly affected User Experience in Jakarta, similar to Perth.

The significant geographic effect on User Experience in Perth suggests that users highly value their physical location and ease of access to digital banking services, likely facilitated by superior connectivity and infrastructure. In

contrast, the prominence of Physical Access and Technical Capability in Jakarta indicates a more heterogeneous and critical infrastructure landscape for user engagement, implying that digital banks should prioritize improvements in technological access and infrastructure.

While Content Relevance, Geographic Location, and Physical Access were key drivers in Perth, Jakarta's findings underscore a greater necessity for building trust and enhancing financial literacy among users. This divergence highlights the distinct priorities and challenges faced by residents in each city regarding digital banking adoption. Furthermore, the data suggests that despite geographical accessibility, the full potential of digital banking adoption in Jakarta has yet to be realized. This could be partly attributed to the significantly higher number of physical ATMs in Indonesia (91,412 as of June 2024) compared to Australia (6,412 as of June 2022), potentially lessening the reliance on digital alternatives.

Significant Pathways from Hypothesis Testing: The following pathways demonstrated statistical significance in our analysis:

Content Relevance significantly impacts Information & Media Literacy and Technical Capability, respectively. Geography factors significantly impact User Experience (0.808, $p < 0.001$); Social & Economy significantly impact User Experience (0.385, $p < 0.001$), suggesting that economic conditions shape perceptions of user experience in Perth.

In Jakarta, Content Relevance also significantly affects Information & Media Literacy and Technical Capability. However, the path from Geographic to User Experience (0.838, $p < 0.001$) is stronger than in Perth. Physical Access plays a significant role in Technical Capability but has no significant effect on User Experience. Both cities share similar significant pathways, but Perth has stronger paths related to economic and geographic conditions affecting User Experience.

In Jakarta, Content Relevance emerged as the most critical determinant of both Information & Media Literacy and Technical Capability. This suggests that user engagement strategies in Jakarta should prioritize the improvement of digital content and access to information. In contrast, Perth's engagement efforts might benefit more from focusing on enhancing economic factors and geographic accessibility.

The model fit in Perth is excellent (GoF = 0.877), indicating that the model explains a significant amount of the variance in key outcomes.

Jakarta's model fit is also high (GoF = 0.807), though it is slightly lower than Perth's. Both cities demonstrate a high degree of model fit, but Perth's model explains a greater proportion of variance, particularly in areas like User Experience and Technical Capability. This could suggest that the model is more robust for understanding digital banking behaviors in Perth, where technological adoption and infrastructure are likely more advanced.

Prioritize improvements in physical access and infrastructure, as these are critical foundations for boosting Technical Capability.

Strategically strengthen content relevance to enhance user engagement and literacy, particularly by developing tailored content that resonates with the local socio-economic landscape. Implement targeted initiatives to address technological challenges and actively promote accessibility to digital banking platforms, as these are central to enhancing user experience.

Actively employ regional conditions (e.g., convenience, access points) to improve the User Experience, assuring the availability and usability of digital services across geographies. It is critical to recognize economic situations and develop financial solutions that are tailored to the unique economic conditions in Jakarta and Perth. While content relevance is crucial in Perth, user responsiveness to infrastructure and access improvements appears to be higher than in Jakarta.

To effectively expand the market share of digital banking, many strategies are needed: Jakarta should concentrate on infrastructure and content relevance, whereas Perth should stress geographic accessibility and targeted economic engagement strategies.

These findings lend weight to the notion that community participation is a key strategic tool for digital banks seeking to increase their market share. Banks in Indonesia and Australia that actively connect with communities via digital media are likely to increase consumer loyalty, trust, and market penetration.

However, the focus of these efforts should be distinct: Indonesian banks must prioritize addressing diverse customer needs and varying digital literacy, while Australian banks should emphasize innovation and adherence to regulations.

According to Nailul Huda, an economist and Director of the Digital Economy Center of Economic and Law Studies (Celios), digital banks originating from technology companies possess an advantage over traditional banks due to their comprehensive digital ecosystems. Huda explained, "Digital banks created by techno actors (tech businesses) have a strong digital ecosystem. Techno players can employ digital banks to power the digital ecosystem created, such as for paying for goods, service transactions, or on-demand transactions, among other things," emphasizing their typically robust digital ecology (Khaerunnisa, 2024)

The most popular digital banks in Indonesia today include: Seabank, Bank Jago, Bank Neo Commerce, Hibank, blu by BCA Digital, Allo Bank, and Bank Raya (Laras 2024), which have adequate ecosystems. "If asked which one wins (between digital banks by techno players and conventional commercial banks that provide digital services), I think the battle will be more about who can develop the most concrete ecosystem" (Khaerunnisa, 2024).

The success of these digital banks is inextricably linked to their ecosystem integrations, driving significant customer base and market share expansion. This includes blu's connection with Blibli, Bank Jago with Tokopedia, Bank Neo Commerce with Adakami, Allo Bank with Trans Corporation network, and

Bank Ray's affiliation with BRI group, which shows crucial partnerships. Yet, SEA Bank's symbiotic relationship with Shopee Group appears to be the most impactful. Shopee's sheer scale, combined with the seamless incorporation of SEA Bank's offerings, creates a formidable engine for growth and profitability, positioning it as a leader in this ecosystem-driven banking landscape.

PT. Bank Seabank Indonesia (SeaBank) saw a rise in financial performance in the first semester of 2024. This is reflected in Seabank's current-year profit before taxes (PBT) of IDR 204 billion. This profit climbed by 350 percent year-on-year (yoy) compared to the second quarter of 2023. SeaBank reported total assets of IDR 31 trillion in the first semester of 2024's financial performance report, representing an 11 percent year-to-date (ytd) increase. This expansion was aided by the bank's third-party funds (TPF), which increased by 13%. SeaBank also reported a total of IDR 31 trillion in revenue for the first semester of 2024, representing an 11 percent increase year-on-year. This growth is being driven by a 13 percent total of bank deposits (Ibrahim, 2024).

Sasmaya Tuhuleley, the President Director of SeaBank Indonesia, said that bank deposit acquisitions were dominated by low-cost funds or Current Account Saving Account (CASA), which included savings and current accounts at 60%, while high-cost funds or deposits accounted for 40%. In the second quarter of 2024, SeaBank's overall customer base had reached 13 million, with an average of 70% active users. He stated that SeaBank's positive successes through the first semester of 2024 were due to the success of the business strategies and roadmap that SeaBank had adopted. Tuhuleley highlighted that even with a large e-commerce ecosystem, differing ownership can slow down important decision-making. In contrast, SeaBank benefits from quick and straightforward decision processes.

It can be seen how the study sheds light on the role of the digital divide in influencing digital banking adoption. In Indonesia, the digital divide remains a significant barrier, particularly in rural areas with limited access to digital services. This directs attention to the necessity of unified community outreach efforts that reduce inequities and promote digital inclusion. Although less apparent in Australia, it's important to ensure all customers benefit equally from digital innovation. The findings indicate that overcoming the digital divide is essential for banks to maximize their digital market expansion opportunities.

The study's implications are crucial for policymakers and bank practitioners alike. For the banking industry, it suggests that a general community participation policy will often fall short, especially in diverse markets like Indonesia. Banks should instead implement targeted strategies that address specific needs and preferences of different customer segments, prioritizing trust and digital literacy. For policymakers, the research emphasizes the need for regulatory frameworks that support innovation while ensuring consumer

protection and promoting digital inclusion.

The findings also offer several important contributions to the Marketing Communications theory, particularly in the context of digital banking and community engagement strategies. The key contributions are mentioned below.

This study bridges the gap between digital divide theory and marketing communications by demonstrating how variations in technology access and digital literacy could influence the effectiveness of marketing campaigns. By emphasizing the role of infrastructure, digital literacy, and socioeconomic influences in shaping customer engagement, the study offers marketers a framework for developing more inclusive and effective communications strategies. The study stresses the importance of customized communications and engagement strategies that acknowledge varying levels of digital access and literacy, particularly in the developing nation of Indonesia.

The crucial role of customer participation in fostering both customer loyalty and digital bank market share was also highlighted. This finding supports relationship marketing principles, which emphasize that sustained loyalty stems from strong customer relationships. The results deepen our understanding of how online engagement, including financial literacy programs and location-specific services, can cultivate authentic customer connections. This expands on community-based marketing by demonstrating that community-focused activities can generate trust and brand loyalty even within predominantly online environments.

The study also empirically validates the hypothesis that marketing communications tailored to regional culture, digital literacy, and socioeconomic factors improve service delivery.

Banks in Indonesia, a country with major regional gaps in digital literacy, have succeeded in localizing their services and communications in order to gain a larger portion of the digital market. This reinforces the key concept of marketing communications: relevant and personalized content increases digital engagement and conversions.

The study also extends our understanding of marketing communications innovation, particularly in a mature market like Australia, by emphasizing the importance of incorporating data analytics and AI into community participation to improve consumer comprehension and service. This is consistent with customer-centric marketing strategy, which promotes innovation and creating trust (for example, through privacy and compliance) in order to improve customer experience and brand perception.

The comparative analysis of Jakarta and Perth demonstrates how cultural and legal variations affect community participation and digital marketing communication. This validates cross-cultural marketing communication theory, which holds that effective marketing approaches must be adjusted to the local context, as seen in addressing the digital gap in Jakarta and promoting innovation and trust in Perth.

This study adds to marketing

communication theory by proving that effective digital engagement methods must be localized, customer-centric, and adaptable to the digital divide and regulatory landscape of various markets. Additional data analysis reveals that security and trust are important factors driving digital banking adoption in the community, notably in Jakarta (Laukkanen, 2016).

According to the study, Jakarta citizens' concerns about data privacy and cybersecurity assaults serve as a mediating factor in the relationship between community participation and user uptake. Perth respondents were more confident in digital banking protections, which might be attributed to Australia's robust regulatory monitoring and consumer protection measures. These differences emphasize the need for Indonesian banks to strengthen their security communication practices and increase client trust.

Furthermore, the study identifies disparities in marketing and promotional tactics. In Indonesia, digital banks frequently reward users with rebates, referrals, and lower costs, whereas Australian banks focus on improving the customer experience through speedier transactions and AI capabilities. These techniques produced opposing results: financial incentives enhanced customer happiness in Jakarta, whereas high-quality service was the most important driver of customer retention in Perth.

Finally, the study emphasizes the role of regulatory frameworks in increasing digital banking activities (Arner et al., 2017). While Jakarta and Perth have made time for digital banking adoption, Indonesia's stock market is limited by slow growth and a lack of stability, in contrast to Australia's regulatory environment, which promotes innovation and customer service. Addressing regulatory anomalies could considerably enhance the expansion of Indonesian digital banking.

CONCLUSION

To get more specific insights, this study will quantitatively examine how community engagement influences the rise of digital banking market share in Indonesia and Australia. The study's findings indicate that community engagement is an important factor in fostering the expansion of the digital banking sector.

Increased online posting and active community interaction build more loyalty and trust among new and present customers, resulting in market share gains in both nations. For Indonesia's digital banks that implement strong community-based strategies will see a significant increase in their digital share.

These banks were very effective at bridging the digital divide and closing gaps in digital knowledge and access, particularly among rural communities. Furthermore, the quantitative data showed that perceived engagement was connected with higher loyalty and favorable word-of-mouth, with this association being particularly prominent among younger generations.

Similarly, in the nearby market of Perth, Australia, a favorable association between community participation and market share growth was discovered, but to a lesser extent than in Jakarta. Banks in Australia that prioritize innovation and consumer-centric digital products will see increased customer satisfaction and trust. Furthermore, the regulatory environment has a moderating effect on community involvement strategies, as demonstrated by its impact on their development. Overall, the data identifies community participation as a critical determinant of digital banking performance, though to differing degrees among regions.

The study demonstrates that, while community participation is a beneficial tool, its effectiveness varies by context, as seen by the disparities between Jakarta and Perth due to their respective socioeconomic, legislative, and technical situations.

As a result, banks should customize their entire community engagement strategy for each market in order to maximize client fit and market reach. The study also adds significant value to the marketing communications literature by illustrating how community participation can be strategically employed to improve market share in digital banking.

The study also applies the digital divide theory to the banking sector, illustrating how closing gaps in digital literacy and infrastructure can have a substantial influence on the industry. These findings imply that digital banking requires some level of community engagement to be successful, with its effectiveness significantly influenced by local market characteristics, the regulatory environment, and customer trust levels (Hussain et al., 2023).

When comparing Jakarta and Perth, it is evident that, while customer engagement strategies are crucial to increasing customer loyalty and market share in both cities, the fundamental mechanisms are vastly different. Despite efforts to increase trust and minimize regulatory complexity in Jakarta, digital illiteracy remains a barrier to widespread digital banking use.

To solve this, the country's banks must be innovative in their approach, focusing on a multifaceted strategy that includes strengthening cybersecurity communications, public financial education, and moving beyond incentive-based adoption models.

Furthermore, legal improvements that simplify digital banking operations are required to propel market growth and long-term success in Indonesia. The local market environment, regulatory framework, and customer trust all have an impact on community governance, which is important to the success of digital banking.Engagement activities are beneficial in both Jakarta and Perth, but they serve distinct purposes and provide different results in each metropolitan context, according to the study. Trust deficits, regulatory complexity, and a lack of digital literacy are impeding the development of digital banking in Jakarta.

To solve the current problem, banks should start a three-pronged campaign that focuses on improving cybersecurity messaging, providing

comprehensive financial education programs, and maximizing incentive-based adoption strategies.

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