



The Impact of Consumer Demand and Habits on the Development of Digital Banking Services in Vietnam

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Abstract: This study investigates the impact of consumer demand and habits on the development of digital banking services in the context of Vietnam's extensive digital transformation. The article analyzes four key factors influencing digital banking growth: the level of technology adoption, financial transaction habits, trust in cybersecurity, and the diverse demand for financial services. The research findings indicate that the widespread use of the Internet and smartphones has laid a solid foundation for the advancement of digital banking, accelerating the transition from cash-based to digital payments. This shift is reflected in the increasing adoption of cashless transactions, particularly through mobile platforms and QR codes, as well as the rapid expansion of e-wallets. According to the author, consumer readiness serves as a crucial driver of digital banking development. However, to ensure sustainable growth, banks in Vietnam must enhance security measures, establish an integrated financial ecosystem, and promote financial innovation.

Keywords: Digital banking services, DBS, consumer behavior, digital payments, financial security.

Received : 17 October 2025

Revised : 19 November 2025

Accepted : 30 November 2025

Published : 28 December 2025

TO CITE THIS ARTICLE:

Do Thi Bich Mai (2025). The Impact of Consumer Demand and Habits on the Development of Digital Banking Services in Vietnam, *Journal of International Money, Banking and Finance*, 6: 2, pp. 185-192.

1. INTRODUCTION

The global surge in digital technologies has profoundly transformed the operations of the financial sector, with digital banking services (DBS) emerging as an inevitable trend. In emerging economies such as Vietnam, DBS not only reflects technological advancements but also results from shifts in consumer demand and behavior. With a young, dynamic population and increasing access to technology, Vietnam is becoming a promising market for digital financial services. This study assesses the role of consumer demand and habits in shaping the development of DBS, thereby drawing relevant policy implications in the context of Vietnam's ongoing and intensive digital transformation.

Vietnam's banking system has undergone a significant transformation, shifting from traditional models to digital platforms. The rise of e-commerce, mobile

applications, and cashless payment methods has fostered a new financial ecosystem in which consumers play a central role. Factors such as convenience, transaction speed, and the ability to access services anytime and anywhere have driven the population to transition from conventional financial methods to digital solutions. Moreover, the Covid-19 pandemic has acted as a catalyst, accelerating the digitalization process as physical contact restrictions compelled consumers to turn to online channels to meet their daily financial needs.

In this context, the development of DBS depends not only on technological infrastructure but is also profoundly influenced by consumer psychology and behavior. Key questions arise: Are Vietnamese consumers ready to fully embrace digital services as a replacement for traditional banking? What habits are driving or hindering the growth of DBS? And how can financial institutions leverage these behavioral shifts to optimize their services? This article focuses on analyzing four primary factors: the level of technology acceptance, financial transaction habits, trust in system security, and demand for specific financial services. These are the core elements that reflect the relationship between consumers and the expansion of DBS in Vietnam.

2. CONSUMER DEMAND AND BEHAVIORAL FACTORS INFLUENCING THE DEVELOPMENT OF DBS IN VIETNAM

(1) The Impact of Technology Acceptance and Usage on the Development of DBS. The readiness of Vietnamese consumers to adopt digital technologies has continued to increase significantly. According to the Digital Report 2023, as of January 2023, Vietnam had 77.93 million Internet users, accounting for 79.1% of the population, and 70 million social media users, representing 71% of the population. The proportion of smartphone ownership reached approximately 70% (Vnetwork, 2023), indicating a high level of technology accessibility and establishing a solid foundation for the development of DBS. A study by Visa (September 2023) found that up to 90% of Vietnamese consumers expressed interest in virtual banking services, reflecting a strong demand for alternatives to traditional banking. Additionally, the concept of “open banking” is gradually gaining recognition among Vietnamese consumers. For every 10 consumers, at least 7 are aware of this concept. Open banking is designed to provide customers with more convenient experiences by enabling individuals and businesses to activate third-party applications that can access financial data instantly and securely.

The use of DBS is becoming an integral part of everyday life for Vietnamese consumers. According to the State Bank of Vietnam (SBV), during the first 11 months of 2024, non-cash payment transactions reached 15.92 billion transactions with a total value of VND 263.82 million billion, marking an increase of 56.94% in volume and

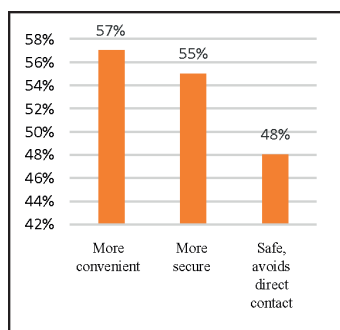


Figure 1: Reasons for Consumers to Choose Cashless Payments

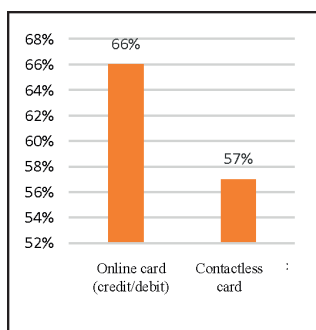


Figure 2: Card-Based Payment Methods

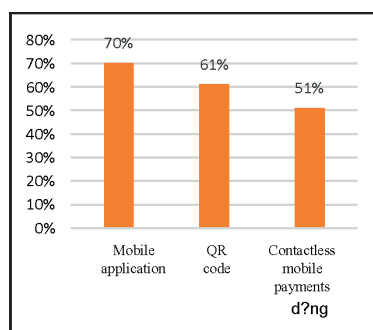


Figure 3: E-Wallet Payment Methods

Source: VISA, 2023

33.76% in value compared to the same period in 2023. Notably, transactions conducted via mobile channels accounted for 11.01 billion transactions with a total value of VND 66.48 million billion, reflecting a growth of 54.62% in volume and 34.47% in value (Lan Chi, 2025). These figures indicate a growing consumer preference for accessing banking services through mobile devices.

E-wallets have also experienced robust growth. By the end of 2024, a total of 85 payment service providers had implemented Internet-based payment services, and 52 organizations had offered mobile-based payment services (SBV, 2024). Applications such as MoMo, ZaloPay, and ShopeePay continued to lead the market, with a significant increase in user numbers. According to projections by FiinGroup, the number of e-wallet users in Vietnam is expected to reach 50 million by 2024, representing a 40% increase compared to 2023. Overall, Vietnamese consumers are increasingly willing to adopt and use DBS, creating substantial opportunities for financial institutions to develop and expand these services.

(2) *The Impact of Consumer Habits and Interaction Patterns on the Development of DBS.* Vietnamese consumers' financial transaction habits are undergoing a marked shift from cash-based to cashless payments. According to the SBV, during the first 11 months of 2024, QR code-based transactions reached 271.58 million, with a total value of VND 152.55 trillion, representing an increase of 106.68% in volume and 84.77% in value compared to the same period in 2023. The widespread adoption of QR code payments reflects consumers' strong preference for convenience and speed in financial transactions. The frequency of digital channel usage in Vietnam has significantly increased in recent years, indicating a strong digital transformation trend in the financial sector. According to the SBV, up to 85% of Vietnamese consumers

use contactless mobile payments at least once a week (VISA, 2023), demonstrating a growing level of consumer acceptance of digital banking platforms, as mobile applications and online banking services become increasingly convenient, efficient, and secure. This trend reflects a growing level of trust in DBS, driven by improvements in security, the diversification of online financial services, and evolving consumer behavior that increasingly prioritizes convenience and speed in everyday financial transactions. Additionally, while the number of ATMs has slightly decreased, the number of POS terminals has risen sharply. By the end of November 2024, there were 21,089 ATMs (a slight increase of 0.36%) and 733,456 POS terminals (a significant increase of 42.82% compared to the same period in 2023). Transactions conducted via ATMs declined by 12.87% in volume and 4.68% in value, indicating a reduced demand for cash withdrawals, which is increasingly being replaced by cashless payment methods. In terms of spending habits, online payments have become a prevailing trend. According to the Ministry of Industry and Trade (2023), Vietnam's retail e-commerce revenue reached USD 20.5 billion in 2023, accounting for 7.8–8% of the country's total retail sales of goods and consumer service revenue. This figure is expected to rise to USD 35 billion by 2025, making up 10% of total retail sales. These developments suggest that consumers are becoming increasingly accustomed to shopping and making payments online.

Table 1: Online Shopping Demand Among Vietnamese Consumers

	2018	2019	2020	2021	2022	2023
Estimated number of online shoppers (million people)	39,9	44,8	49,3	54,6	57,0	61
Estimated online spending per person (USD)	202	225	240	251	288	336
Share of B2C e-commerce revenue in total retail sales of goods and consumer service revenue	4,2%	4,9%	5,5%	7%	7,5%	8%
Internet usage rate among the population	60%	66%	70%	73%	73,2%	78,6%

Source: Vietnam E-Commerce Report 2023, Ministry of Industry and Trade

In recent years, digital consumer lending in Vietnam has grown rapidly, fueled by the boom in financial technology (Fintech) and the rising demand for accessible credit. Currently, the peer-to-peer (P2P) lending market in Vietnam comprises approximately 100 companies, including both officially registered platforms and pilot models (Can Van Luc et al., 2022). Digital consumer lending offers several advantages, enabling individuals to access funding quickly without relying on traditional credit institutions. According to statistics from the SBV, P2P lending transactions increased significantly during 2022–2023, with the average loan value ranging from VND 10 to 50 million. Major platforms have attracted millions of users due to simplified

procedures, fast disbursement, and the absence of collateral requirements. However, the rapid growth of P2P lending also brings with it a range of risks. Currently, Vietnam lacks a comprehensive legal framework to regulate the P2P lending model, resulting in a number of companies operating non-transparently, applying excessive interest rates, and showing signs of evolving into shadow banking practices. Several P2P lending platforms in Vietnam have been accused of fraud, asset misappropriation from investors, or coercing borrowers into repaying loans at interest rates far beyond legal limits. Credit risk also remains a significant concern, as default rates on some platforms are not strictly controlled, increasing the risk of capital loss for individual investors. Additionally, data security and user protection are not yet fully guaranteed. According to the Ministry of Public Security, there have been numerous cases in which borrowers had their personal information stolen or were harassed for failing to repay loans on time. These issues have raised serious concerns regarding the safety of the P2P lending model and highlight the urgent need for stricter regulatory oversight by competent authorities.

(3) *The Impact of Trust and Security on the Development of DBS.* Trust and security play a pivotal role in shaping consumer demand and habits in using DBS, thereby influencing the pace of service development. According to a report by Kaspersky (2022), 74% of Vietnamese users expressed particular concern about using SMS based one-time passwords (OTP) for electronic payments, reflecting a preference for familiar security methods. However, this approach carries certain risks, such as vulnerabilities in SMS OTP protocols and susceptibility to phishing attacks, underscoring the need for innovation in security technologies. Moreover, Vietnamese consumers' usage habits for DBS are gradually shifting, with an increasing adoption of advanced authentication measures. Approximately 57% of users expressed interest in implementing two-factor authentication (2FA), while 56% showed interest in biometric authentication methods such as facial recognition or fingerprint scanning. This indicates that customers are placing increasing demands on security while still prioritizing simple and convenient methods aligned with their daily usage habits. The study also revealed that 65% of consumers expect banks to integrate more protective features, such as periodic password changes or real-time fraud alerts. However, due to a general preference for convenience in financial transactions, a portion of customers remains reluctant to adopt complex security measures, which can negatively affect user experience. This presents a challenge for banks to strike a balance between security and convenience, ensuring that enhanced safety protocols do not disrupt users' established payment behaviors.

(4) *The Impact of Demand for Specific Financial Services on the Development of DBS.* Vietnamese consumers are increasingly demonstrating a high level of demand for basic

banking services through digital channels. In 2023, the number of money transfer transactions via Internet banking reached nearly 2 billion, a 56% increase compared to the previous year (SBV, 2023). Online bill payment also saw significant growth, with over 60% of consumers using this method at least once a month (Nielsen Vietnam Report, 2023). Online account management services allowing users to monitor balances, view transaction histories, and manage personal finances were rated highly by 85% of users for their convenience (Nielsen Vietnam, 2023). In addition to basic services, consumers are increasingly interested in more complex financial products such as online investment, digital asset management, and digital insurance. According to the Vietnam Securities Depository and Clearing Corporation (VSDC) 2024 report, as of the end of August 2024, the total number of investor securities accounts reached 8.7 million, an increase of 1.4 million compared to the end of 2023. Notably, over 330,000 new accounts were opened in August 2024 alone the highest monthly figure since the beginning of the year.

3. CONCLUSION AND POLICY IMPLICATIONS

Consumer demand and behavioral habits play a crucial role in the development of DBS in Vietnam. In the context of rapidly advancing financial technologies, access to and use of DBS have become an essential part of many individuals' financial lives. The significant shift in consumer behavior - particularly the growing preference for cashless payments and online shopping - is accelerating the expansion of digital banking platforms. This trend not only enhances the operational efficiency of the banking system but also delivers practical benefits to consumers, such as time savings, optimized transaction costs, and improved transparency in personal finance management.

Despite the benefits, the level of consumer readiness to fully transition to DBS still depends on several critical factors. One of the key determinants is consumers' trust in the safety and security of digital financial services. In practice, although banks and financial institutions have continuously invested in cybersecurity technologies, concerns remain regarding fraud risks, cyberattacks, and the leakage of personal information. Based on these insights, the author proposes several policy implications as follows:

(1) *Enhancing Trust and Security in DBS*. One of the key factors in promoting DBS is building user trust. It is essential to implement stronger measures for data protection, safeguarding personal information, and preventing financial fraud. Improving the legal framework for cybersecurity in the banking sector aligned with international security standards will contribute to increasing customer confidence in using digital services. In addition, raising public awareness through communication campaigns about users'

rights and responsibilities within the DBS ecosystem is equally important to mitigate the risks of online scams and fraudulent activities.

(2) *Drawing on International Experience in Cashless Payments and Identifying Models Suitable for Vietnam.* Several countries, such as South Korea, Sweden, and China, have successfully promoted cashless payments, fostering the development of robust digital ecosystems. Vietnam can learn from these models but must adapt them to its own socio-economic and technological conditions. One key approach is to explore cost-effective and user-friendly payment methods that are suitable for both urban and rural areas, while ensuring compatibility with the existing financial infrastructure. Pilot testing various payment solutions in selected localities prior to nationwide implementation is also a practical strategy to assess effectiveness and make timely policy adjustments.

(3) *Developing an Integrated Payment Ecosystem and Promoting Collaboration between Banks and Fintech Firms.* Currently, Vietnam's payment system remains fragmented, with multiple platforms lacking seamless interoperability. To address this issue, it is essential to foster collaboration between traditional banks and Fintech companies to build an integrated payment infrastructure, enabling users to conduct transactions more easily. In parallel, policies should aim to reduce transaction fees and expand access to digital financial services for unbanked populations, thereby contributing to greater financial inclusion.

(4) *Proactively Conducting Market Research and Investing in Technology to Keep Pace with Digital Payment Trends.* Financial technologies are evolving rapidly, accompanied by changes in consumer behavior and payment preferences. Therefore, Vietnam must not only keep up but also take a proactive approach by enhancing market research, investing in the development of new technologies, and piloting advanced payment models. Facilitating innovation among enterprises, encouraging partnerships between banks and technology companies, and establishing digital finance research centers will help Vietnam avoid falling behind and even position itself as a pioneer in certain areas of digital payments.

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