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The Future of E-Wallets in Southeast Asia



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Southeast Asia's e-wallet ecosystem has grown fast and is rapidly transforming as digital-first players reshape consumer expectations and improve access to financial services. With digital payments becoming embedded in everyday life, some e-wallets are deliberately stepping away from the crowded super apps arena to rebrand themselves as all-encompassing 'life apps' that go beyond transactions – blending payments, lending, lifestyle services and personal finance tools into a more holistic digital experience. In this article, we look at the industry trajectory and its implications.

The rise of instant onboarding, AI-driven personalization and enhanced cybersecurity is set to revolutionize the e-wallet user experience. However, scalability, data security, regulatory complexities and competition from both traditional financial institutions and emerging players remain key challenges that must be addressed.

As consumer adoption rates climb, the question for market participants is how to scale, innovate and differentiate in an increasingly competitive and rapidly shifting e-wallet market. What strategies will define the next generation of e-wallets, and how can industry players collaborate to drive sustained growth and financial inclusion in Southeast Asia (SEA)?



SEA's e-wallet landscape

SEA is one of the world's fastest-growing digital economies, with e-wallets at the forefront of this transformation.

E-wallets can be broadly defined as a secure digital tool that stores payment information such as bank account details and credit card data. They support effortless transactions through mobile devices at digital checkouts – changing not only the way we make payments but also increasingly how we establish our digital identities and manage tasks such as peer-to-peer money transfers and booking services.

High smartphone penetration, increased internet connectivity, the COVID-19 pandemic and a youthful, tech-savvy demographic have further propelled e-wallet market growth in SEA. As of 2023, the region's e-wallet adoption rate stood at 79%, surpassing that of most European economies.*

This momentum is expected to persist, with SEA maintaining its lead in e-wallet usage as consumers increasingly prioritize convenience, speed and mobile-first financial solutions.

Many e-wallets in SEA operate on prepaid balances and are increasingly integrated with national real-time payment infrastructures such as PromptPay in Thailand, DuitNow in Malaysia and PayNow in Singapore. Alongside the rise of QR code standards, the evolution of the underlying payment rails has helped accelerate adoption by enabling instant, interoperable transfers across platforms.

Some e-wallet providers are already fully fledged super apps, integrating services such

as ride-hailing, food delivery, bill payments and e-commerce alongside their digital wallets. Other players have entered the digital banking space, allowing them to offer broader financial services such as savings accounts, credit and insurance.

Still others are differentiating themselves by offering features such as investment products, toll payments and cross-border QR code compatibility.

As the landscape evolves, factors such as the increasing popularity of Buy Now Pay Later (BNPL), cryptocurrencies and account-to-account payments, as well as the potential future adoption of central bank digital currencies (CBDCs), are further shaping the dynamics of the e-wallet space.

Key fundamental drivers include the need for more financial inclusion in the SEA, a supportive regulatory environment, and competition among players to give consumers ever more convenience and control over their daily and financial lives.



* <https://fintechnews.sg/102286/mobilepayments/e-wallet-southeast-asia/>

E-wallets and financial inclusion

SEA is home to a significant unbanked and underbanked population, with people in remote areas often lacking access to traditional banking infrastructure.

For these communities, e-wallets offer an accessible alternative to store money, make transactions and even access micro-loans.

In countries such as Indonesia and the Philippines, where traditional banking infrastructure is limited, e-wallets are becoming vital tools for enhancing financial inclusion.

Companies such as Gojek in Indonesia and PayMaya in the Philippines are leading the way, transforming from simple payment platforms into more comprehensive financial hubs.

Regulatory environment

Governments in SEA are playing a pivotal role in driving e-wallet adoption by passing legislation that supports digital payments while ensuring consumer protection.

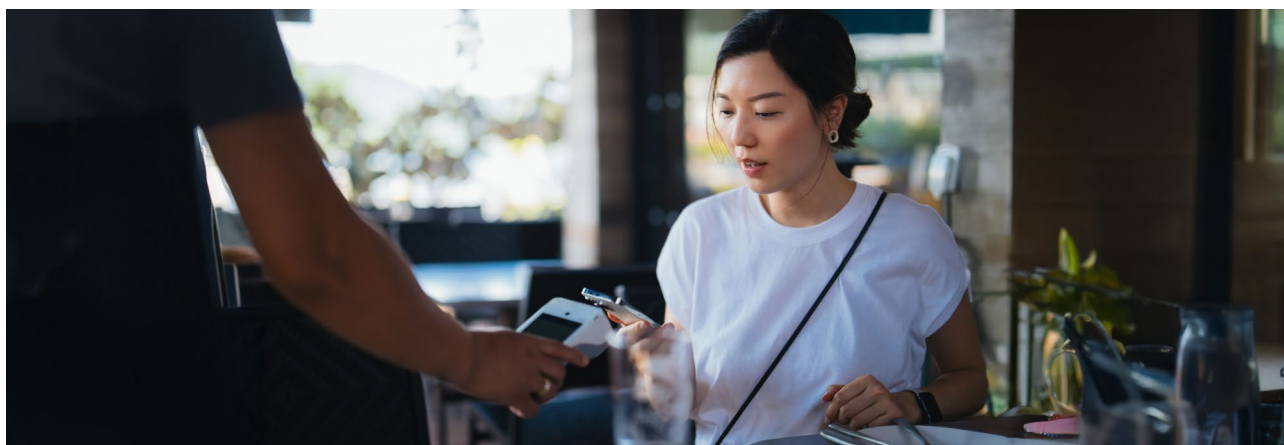
Initiatives such as Singapore's Smart Nation and Thailand's e-payment roadmap are fostering a cashless society, with regulatory bodies encouraging the integration of digital wallets with government services and sponsoring cross-border collaboration. For example:

- Thailand's PromptPay allows users to link their e-wallets to government ID numbers for direct transfers

- Malaysia's DuitNow is connected to Indonesia's QRIS and Singapore's NETS, making it easy for users to make cross-border QR code payments.

Integration with government services simplifies processes such as the disbursement of subsidies, social welfare programs and tax payments. Alongside cross-border collaboration, this is helping to scale e-wallets across the region.

The most ambitious players in the space recognize that e-wallets are no longer just payments tools but apps that integrate essential 'life services'.



E-wallets evolve into life apps

In retail, e-wallets are opening up new opportunities for businesses to engage customers through loyalty programs, personalized offers and data-driven promotions.

For financial services providers looking to create a more seamless and targeted customer journey, integrating e-wallets into customers' daily lives has many advantages.

It makes it easier to track digital footprints, understand customer behavior and enhance customer engagement by providing relevant offers at the right moment.

In banking, e-wallets are evolving into comprehensive financial tools. We are seeing the integration of AI-driven insights that help users manage their finances more efficiently, for example, through offering automated recommendations on saving, budgeting and investing based on spending habits and other behaviors.

As integrated financial planning tools evolve, e-wallets have the potential to transform personal finance by providing users with the ability to set savings goals, track expenses and receive automated advice – all from one platform.

E-wallet type	Features	Future trajectory	Examples
Basic e-wallet	Payment processing	Remain primarily transactional	Banking apps
Hybrid e-wallet	Payments + limited services	Gradually expand into more services	Airasia BigPay
Life app	All-in-one platform	Comprehensive life services	Grab Pay, Touch N Go



Ubiquity in four key areas of everyday life

E-wallets are likely to evolve further to help consumers take control of their daily and financial lives in four key areas.

Universal financial control hub

One natural progression will be to better incorporate personal financial management features such as managing recurring payments and investments.

As more services move to subscription-based models (e.g. streaming, cloud storage, online learning), e-wallets will likely integrate additional services for managing recurring payments to utilities, apps, publications and more.

By leveraging AI and machine learning, e-wallets could also offer more personalized investment strategies. Using customer data such as risk tolerance and savings goals, e-wallets could suggest tailored investment portfolios, making investing more accessible and automated for everyday users.



Comprehensive travel companion

Many e-wallets now offer integrated travel services, allowing users to book flights and hotels and even make restaurant reservations directly from their wallets. This consolidated approach simplifies travel planning and payment.

E-wallets could provide integrated booking options for local transportation services such as taxis, buses, trains and car rentals. Moreover, some e-wallets could use AI or blockchain technology to enable fast and efficient claims processing for travel insurance, allowing users to file claims and receive reimbursement directly into their wallet.



Routine administrative duties

The Singpass system in Singapore provides an example of how digital identity can work in practice to help users to carry out routine tasks. Singpass allows users to authenticate themselves for government services, health records, tax filing and more by using a single digital identity. It supports features such as digital signatures and seamless authentication for both public and private sector services.

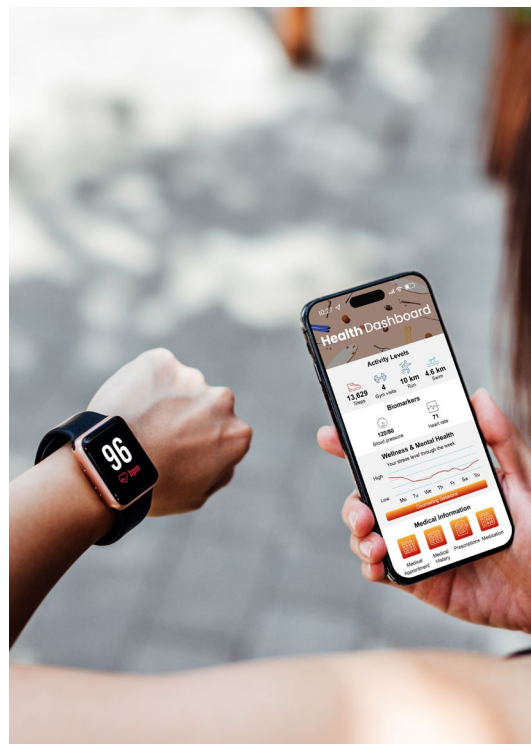
A natural extension of this concept would be Digital Identity & Global Access – expanding digital identity globally while integrating more sectors, travel experiences and professional credentials into a unified system. Global digital IDs have the potential to make international travel, job searches and everyday services more convenient and secure.



Holistic health & wellness services

As health and wellness become an increasingly important part of modern life, e-wallets are expanding their services to include features such as health insurance management, telemedicine consultations and fitness tracking. Some e-wallets now integrate health-related tools, allowing users to track their wellness goals, schedule doctor appointments and manage and claim on their health insurance policies all within the same platform.

Additionally, such platforms could also help address mental health needs by offering easy access to mental health services such as therapy appointments, mindfulness exercises and stress-reduction tools. By centralizing both physical and mental health management, e-wallets can provide users with a more holistic and accessible approach to well-being.



Automation as an e-wallet success driver

Life apps will require the automation of customer interactions and most of the underlying processes.

As life apps integrate multiple functionalities – finance, travel, retail and everyday services – into single, scalable ecosystems, automation will enable the frictionless, personalized customer experience that is essential for success.

Automation is likely to increase across six key areas:

- 1. Frictionless onboarding.** Customers need to be able to set up accounts in minutes with minimal documentation, ensuring a smooth and rapid entry into digital finance.
- 2. Seamless authentication.** Advanced biometric technologies, such as fingerprint and facial recognition, will enhance security while streamlining the user experience.
- 3. Intelligent loyalty programs.** Automated rewards systems adapt in real time to user behavior to increase engagement, e.g. GrabRewards dynamically allocates points based on transactions that unlock exclusive benefits.
- 4. Accelerated lending decisions.** AI-driven risk assessment and automated due diligence will enable instant loan and BNPL approvals.
- 5. Hyper-personalized financial solutions.** Data-driven insights will power tailored offerings, e.g. by adjusting credit limits based on user spending patterns to provide responsible and flexible access to credit.
- 6. AI-driven customer support.** Intelligent chatbots are redefining customer service by delivering instant responses, e.g. the Lazada chatbot enhances user satisfaction by handling inquiries, tracking orders and resolving issues.

Navigating key challenges

For e-wallets to realize their full potential, several obstacles need to be addressed as incumbents and fintechs balance innovation and operational efficiency.

Enhancing tech infrastructure

Legacy systems remain a fundamental barrier to digital payment modernization for many financial institutions. Outdated infrastructure creates integration challenges and limits scalability, agility and innovation.

To maintain competitiveness, incumbent financial institutions must prioritize a comprehensive technology overhaul, investing in cloud-based, API-driven architectures that ensure interoperability between legacy systems and emerging fintech solutions.

A long-term perspective is essential – a robust infrastructure will serve as the foundation for sustainable growth and operational efficiency.

A case in point is DBS Bank in Singapore, which successfully transitioned to an open banking framework, enabling seamless integration with platforms such as Alipay and WeChat Pay to facilitate cross-border transactions.

Strategic partnerships to overcome market fragmentation

The rapid proliferation of e-wallet providers in SEA has intensified competition, resulting in market fragmentation and interoperability challenges. With multiple platforms vying for user adoption, the absence of standardization is hindering efforts to create a frictionless digital payments ecosystem.

To differentiate themselves, financial institutions must pursue strategic collaborations that enhance their value propositions while ensuring compliance

with industry standards. However, partnerships introduce complexities, particularly around data security and adherence to regulations.

Financial institutions must adopt a structured approach to selecting technology collaborators, emphasizing transparency, robust security measures and clear accountability frameworks.

Ethical, privacy and security considerations

The convergence of financial services with broader lifestyle functionalities within apps raises critical ethical, privacy and security considerations.

As some e-wallets evolve into comprehensive service platforms – incorporating payments, healthcare, travel and more – data protection and ethical governance become non-negotiable. To foster trust, e-wallet providers must implement transparent data policies, prioritize informed user consent, and empower customers with control over their privacy settings.

Additionally, the deployment of advanced cybersecurity measures is crucial to mitigating the risks associated with sensitive financial transactions. GrabPay's adoption of two-factor authentication (2FA) and end-to-end encryption is one example of how firms are safeguarding user data.

By proactively addressing ethical and security concerns, e-wallet providers can enhance user confidence and drive sustained engagement.

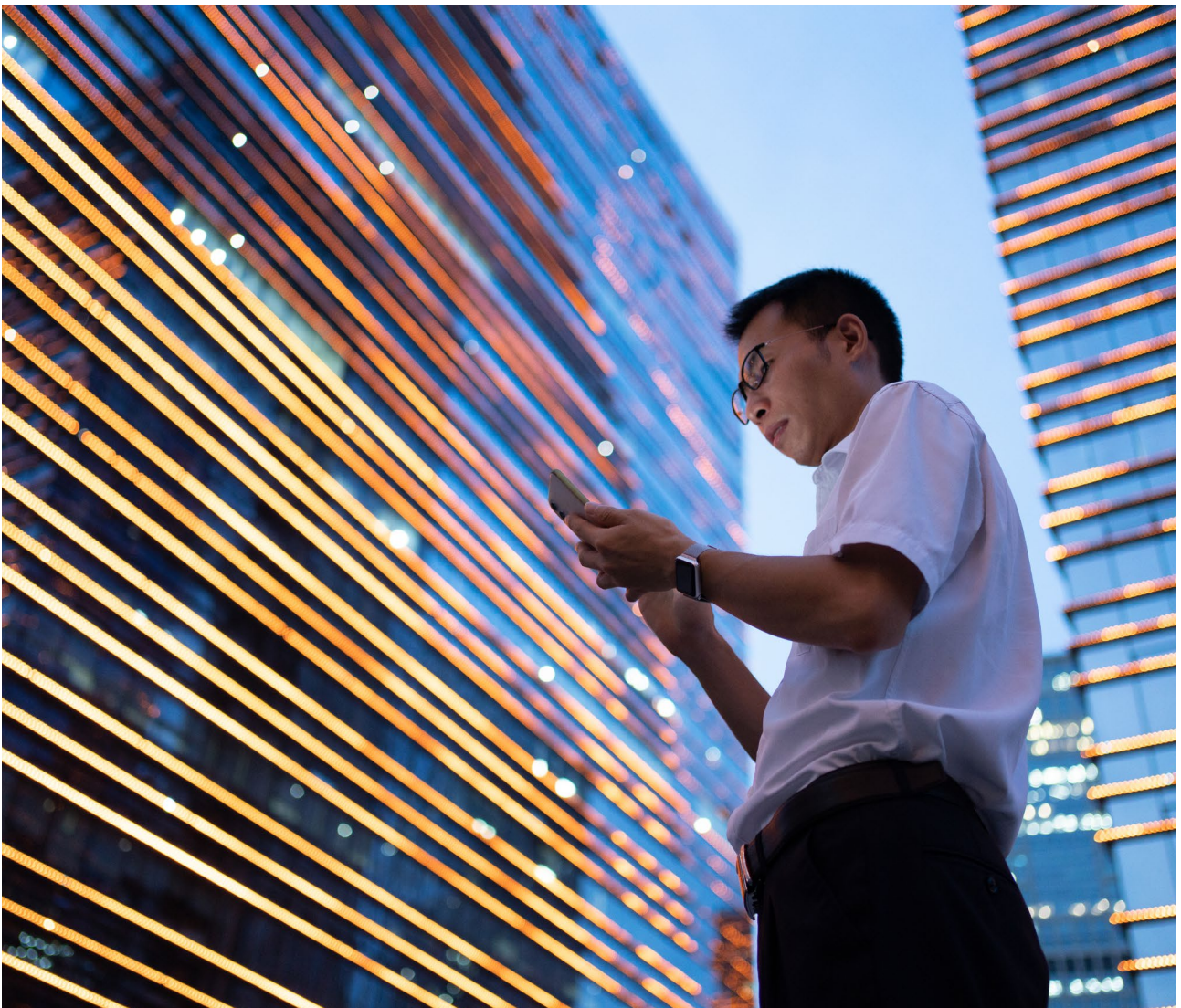
Regulatory alignment for seamless market expansion

Regulatory compliance remains a critical challenge, given the diverse legal frameworks governing digital payments across SEA.

Adhering to anti-money laundering (AML) and know-your-customer (KYC) regulations, while ensuring robust data protection, demands significant investment in compliance infrastructure. The lack of regulatory harmonization across markets is complicating cross-border scalability for both incumbent financial institutions and fintechs.

However, forward-thinking regulatory initiatives – such as Thailand's PromptPay and Singapore's Smart Nation framework – demonstrate the potential for streamlined policies that can facilitate broader adoption. Financial institutions must actively engage with regulators, advocating for frameworks that encourage innovation while maintaining stringent security and compliance standards.

Developing adaptable, regulation-ready systems is the key to efficiently scaling operations across diverse jurisdictions.



Innovate to dominate

E-wallets are no longer just payment tools. Most are seeking to differentiate and innovate by transforming into all-in-one digital ecosystems.

No longer limited to payments, they now offer users financial autonomy, embedded services and seamless digital interactions. To stay ahead, these platforms focus on continuous innovation, strategic partnerships and the ability to adapt quickly to evolving user needs:

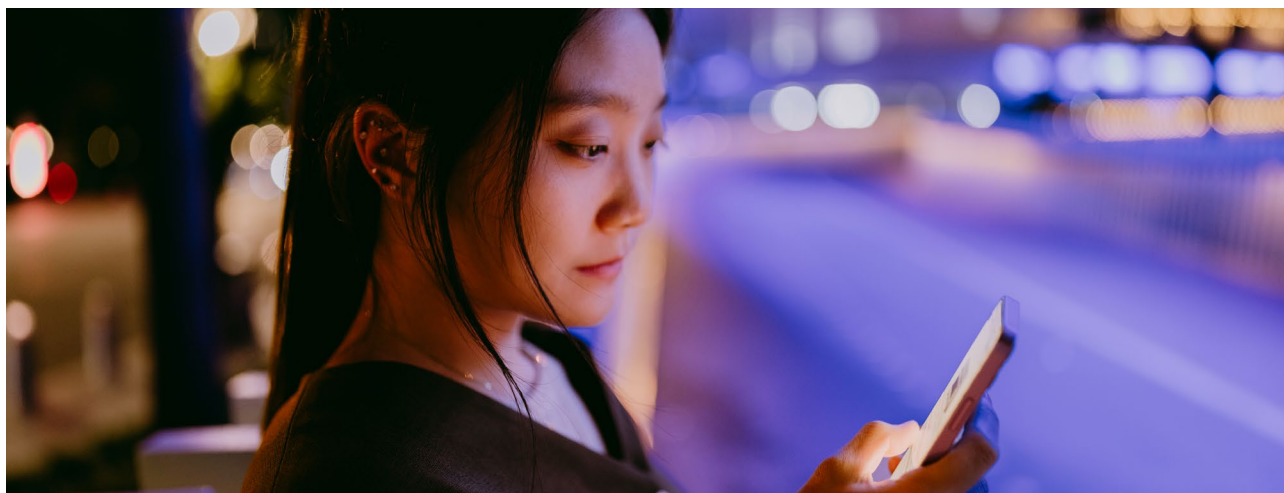
- **Tech innovation:** Scalable, API-first, cloud-based solutions for agility and interoperability.
- **Strategic partnerships:** Collaborating with e-commerce, ride-hailing and lifestyle platforms to expand service ecosystems.
- **Regulatory readiness:** Navigating complex compliance landscapes while driving innovation in open finance.

- **Customer-centricity:** Leveraging AI, automation and data-driven insights to personalize financial services and improve accessibility.

The future belongs to the providers that can seamlessly integrate financial services into the daily lives of users while solving pain points such as fragmented payment experiences and gaps in financial literacy.

As life apps redefine digital interactions, the players that innovate beyond payments – in lending, wealth management and even decentralized finance (DeFi) – are likely to shape the next wave of financial disruption in Southeast Asia.

Want to unlock new growth opportunities in SEA's e-wallet ecosystem? Capco Malaysia provides cutting-edge expertise in digital payment strategies, ecosystem partnerships and regulatory navigation. Let's build the future of fintech together.



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About Capco

Capco, a Wipro company, is a global management and technology consultancy specializing in driving transformation in the financial services and energy industries. Capco operates at the intersection of business and technology by combining innovative thinking with unrivalled industry knowledge to fast-track digital initiatives for banking and payments, capital markets, wealth and asset management, insurance, and the energy sector. Capco's cutting-edge ingenuity is brought to life through its award-winning Be Yourself At Work culture and diverse talent.

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