
Strategy for Developing Service Quality Through Banking Digitalization at PT. BPR Tanaoba Lais Manekat

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ABSTRACT

Keywords: digital transformation, banking digitalization, service quality.

This research aims to explore strategies for developing the quality of banking services through digitalization in PT. BPR Tanaoba Lais Manekat (TLM). In the era of Industry 4.0, digital transformation has become an urgent need to improve service efficiency and meet customer needs. The research method used is a descriptive qualitative approach with a case study on BPR TLM in Kupang, East Nusa Tenggara. Data was collected through interviews, observations, and documentation. The results of the study show that BPR TLM has utilized digital technology in the development of its services, such as the use of social media for promotion and implementation plans of self-service service systems, including mobile banking and internet banking. However, there are obstacles in the form of a lack of competent human resources in managing social media and digital infrastructure that are not optimal. This transformation is expected to improve service quality, customer loyalty, and the bank's competitiveness.



Introduction

In the era of Industry 4.0, which shows the rapid increase in digital media, it produces major changes in the future. Some of these changes are predicted to occur in several industrial sectors such as government, MSMEs, and banking. (Bhegawati & Utama, 2020).

Current technological developments have a good influence on the performance of banking management in improving service quality and shaping customer loyalty as well as being a factor in modern lifestyle. (Mehdiabadi, Tabatabeinasab, Spulbar, Karbassi Yazdi, & Birau, 2020).

This influence can be seen from management's performance in improving the quality of new services and adjusting to the market and customer needs, initially as a challenge and now turning into an opportunity (A et al., 2021). It is characterized by the formation of a relationship between humans and machines, information openness, and

the ability to make decisions. The advantages of decision-making skills are that they can increase accuracy and creativity, affordable budgets, human resource management, and proper understanding and analysis of problems. This is motivated to use technological advances to meet human needs, especially banking management (Rustidja et al., 2020). The strategy for banking to excel is to focus on improving services and innovations that focus on customers, to meet customer needs. Banking services always strive to meet the interests of customers as a competitive strategy in maintaining the reputation of banking. Therefore, the quality of banking services must start with customer needs and end with the fulfillment of customer expectations and understanding of the quality of banking services (Mehdiabadi et al., 2020).

Competition in the digital era requires all banks to transform towards the digital era, namely the transition from traditional service systems based on paper management or paper-based manual services to electronic services, as an effort to improve the quality of service to customers. Digital banking services are related to electronic services by utilizing customer data according to their needs and self-service while maintaining the security of personal data. Every bank needs to improve the quality of service to retain or get new customers because when customers get quality services, the bank continues to be sought. (Arlina & Iskandar, 2019). However, when customers are not satisfied with the services received, it has an impact on the level of customer trust in banking services. When customers use banking services and get results that are not the same as expected, that is where dissatisfaction with the services provided arises. This provides banks with opportunities to innovate and improve service quality to meet customer demands and desires and increase customer loyalty to the bank. (Syakur, 2023).

In Indonesia, banks are divided into 3 types according to their functions, namely People's Credit Banks (BPR), central banks, and commercial banks. BPR is defined according to Law Number 10 of 1998 as a bank that conducts its business activities conventionally or based on Sharia principles, in carrying out its activities BPR does not provide services in payment traffic. BPR activities are much smaller in scope compared to commercial banks because BPRs are prohibited from accepting current account deposits, foreign exchange activities, and insurance (Ojk, 2017).

The development of digital technology today plays an important role in the development of banking and convenience for its customers, with a touch of digitalization such as Automatic Teller Machine (ATM), SMS banking, internet banking, mobile banking, and the use of social media as a marketing tool, in the banking sector known as Self-Service Technology (SST). Based on Bank Indonesia data, in April 2023 the value of digital banking transactions in Indonesia reached Rp.4,264.8 trillion. Technology banking services are a development of customer data. According to the head of the BI communication department, Erwin Haryono, digital payment services continue to improve, and the consistency of the service system (Ahdiat, 2023). This is an opportunity for TLM bank management to improve service quality through Self-Service Technology (SST) providing Automatic Teller Machine (ATM), mobile banking, and internet banking. The management of TLM bank has been striving to improve the quality of service through social media platforms such as Instagram,

Facebook, WhatsApp, YouTube, and the official website of TLM bank. However, efforts to improve the quality of service are not optimal because TLM banks do not yet have Self-Service Technology (SST) systems such as Automatic Teller Machines (ATMs), mobile banking, and Internet banking. This makes customers not get easy services in the current digitalization era (Aldabous, 2024).

This research aims to study the quality of banking services through digitalization in PT. BPR Tanaoba Lais Manekat.

Method

This study uses a qualitative descriptive approach, which is a technique that provides descriptions and opinions of researchers based on the data that has been collected and then records all events that occur. (Sjadja'ah, Sopiah, & Wardhana, 2024). This research is useful as a search for answers to problems that have been formulated and as a means to produce solutions to problems that occur in the field. Qualitative research is used to research natural objects, so the researcher himself is the key instrument in this study.

The qualitative research method is used by researchers as a tool to fully examine and describe the strategy for developing the quality of BPR Tanaoba Lais Manekat services in the era of digitalization.

Place and Time of Research

This research is located in PT. Bank Perekonomian Rakyat Tanaoba Lais Manekat (BPR TLM), has 3 cash offices in the province of NTT, namely the Kupang branch office, Babau cash office, Naikoten cash office, and Oesapa cash office. This research is located at the head office of PT. BPR Tanaoba Lais Manekat Jl. Ahmad Yani No.43 Oeba Kupang, East Nusa Tenggara. The location is used by researchers to obtain accurate data.

Research Methods and Approaches

Qualitative case study research is the process of collecting data to conduct a thorough examination of the bound system, by involving the investigation of a single case defined as a study object that is limited by time and place. Case studies will be used by researchers to investigate an object using several data collection methods, such as interviews, field observations, and documentation. (Ruslan, Fajjah, Luthfiyah, & Alouzi, 2024).

Case studies relate to individuals, one group, one organization, and one program of activities at a certain time. The goal is to get complete and in-depth information about banking, then analyze the data, and finally describe it in a research report in detail. (Malthouse, Haenlein, Skiera, Wege, & Zhang, 2013).

Data and data sources

The data obtained in this study used primary and secondary data.

a. Primary Data

The researcher directly obtained primary data from informants at PT. BPR TLM both through direct observation (observation) and interviews (interviews), by observing, asking questions directly to informants, listening to their answers, and being directly

involved in the field to dig up data related to the implementation of BPR TLM digital technology (Sinaga & Nasution, 2018). In this study, there are several informants from BPR TLM such as KA. BAG. Marketing, KA. BAG. Operations, and Trains. BAG. HR & General.

b. Secondary Data

The researcher knew secondary data from relevant previous research, photo taking, reporting documents, and organizational structure in BPR TLM.

Data Acquisition Techniques

This study uses a purposive sampling technique (purposive or judgment sampling). Purposive sampling is a technique for taking data sources based on the researcher's consideration of the most useful data sources and supporting the research. (Retnawati, 2022). The researcher uses the purposive sampling technique because the researcher assumes that the source of the data taken is a population that understands the problem to be researched. The use of purposive sampling in this study is based on the reality that is by the object related to the research topic.

Based on this, the criteria for the research subject can be determined, namely KaBag.Marketing, Ka.Bag.Operational, and Ka.Bag. HR & General BPR TLM.

Data Collection Techniques

To realize the results of this research, the researcher carried out various data collections, both in the form of main data and supporting data. Therefore, the technique used in collecting data for this research is in the form of interviews conducted with resource persons, namely KA. BAG. Marketing, KA. BAG. Operations, and Trains. HR & General BAG. The interview process was obtained from information based on questions and answers face-to-face between the researcher and the resource person, with or without using interview guidelines. The interviews were conducted individually and in groups using tools in the form of recorders, to obtain oriental informatics data. The researcher also took data using the observation method by taking data directly from the BPR TLM on various actual situations and phenomena. In addition, the researcher took data using the documentation available at BPR TLM in the form of letters, photo recordings, meeting results, souvenirs, activity journals, and so on.

Data Analysis Techniques

The qualitative analysis used in this study is interactive analysis, which requires all actions in analyzing data and carried out interactively and running continuously and completely.

Research Limitations

This research was conducted using a qualitative descriptive method and using primary data based on the results of interviews with informants. The researcher realized that there was a limitation in this study, namely the subjectivity of the informant. This research is based on the researcher's interpretation of the meaning underlying the interview process, so that bias can always be present. To reduce this bias, a data source classification process is carried out. The classification of data sources is carried out by cross-verifying data with data in the field as well as with informants and previous research results.

Results and Discussion

PT. BPR TLM is one of the companies engaged in banking, which is headquartered at Jl. Ahmad Yani No.43 Oeba Kupang, East Nusa Tenggara. Tanaoba Lais Manekat comes from the Dawan language which means to carry out the thing of love. BPR TLM's operational areas are spread across 3 areas in the city of Kupang, namely the Babau cash office, Naikoten cash office, and Oesapa cash office.

BPR TLM is one of the five big dreams of the GMIT Synod Assembly in 1980. BPR TLM is under the auspices of the Tanaoba Lais Manekat Foundation which is committed to developing services by establishing a formal financial institution that can utilize third-party funds and serve the community more broadly. BPR TLM was established by the TLM Foundation on February 1, 2008, as a tool for the economic empowerment of the congregation. BPR TLM is a business entity in the form of a bank that aims to generate profits, part of the profits will be handed over to the TLM Foundation as a shareholder. BPR TLM was established and developed by the TLM Foundation to meet customer needs as access to small, medium, and micro capital loans. The goal is to improve the welfare of the congregation and the community.

Number of Customers

The development of BPR TLM has experienced significant growth, especially asset growth. On December 31, 2017, BPR TLM had assets of Rp.215 billion, while the number of loans provided reached Rp.189 billion, savings of Rp.53 billion, deposits of Rp.136 billion, paid-up capital of Rp.12 billion, and profit of Rp.4.9 billion, as well as NPL of 2.38% with a total of 12,458 customers.

Barriers to Service Innovation

The digital transformation of banking is not only an opportunity for the banking industry but also brings challenges that need to be watched out for. Some of these challenges are related to personal data protection, data leakage risks, uneven information technology infrastructure in Indonesia, and huge costs.

Employee Performance Development Program

In carrying out BPR TLM operations, the role of human resources is the most important factor in the development of service quality. Human resources are the initial and main capital in running BPR TLM operations. Therefore, a program is needed that aims to develop the quality of BPR TLM's human resource performance.

Every 2 months the Management of BPR TLM conducts socialization about the work system and service improvement, then every 2 weeks a kind of exam or quiz is carried out that has special score standards for all fields within BPR TLM, the exam is related to existing policies and SOPs and must be followed by all BPR TLM employees. This aims to improve the ability of employees to know all work systems within BPR TLM.

BPR TLM, which is one of the Christian institutions, has a culture of worshiping together in the morning when starting all bank activities and also in the afternoon to end all bank activities. This is done to foster the fear of God and increase the love to work in accordance with the applicable rules in order to minimize the occurrence of fraud.

Employee Performance Measurement

The measurement of BPR TLM employee performance is carried out based on employee performance assessment. Those who have authority over the performance assessment of BPR TLM employees are superiors such as directors and commissioners which are carried out qualitatively and quantitatively. Qualitative employee assessment is seen from the accuracy and speed of employees in working on reports, then quantitative assessments are carried out by looking at the results of numbers based on previously given targets that are carried out every month.

Understanding and Implementation of Social Media in the Development of Service Quality at PT. BPR TLM

Social media allows customers to receive information from banks in the form of text, images, audio, and video. Social media is a supporting factor for the progress and improvement of service quality in banking (Jodi & Dewi, 2022).

First, BPR TLM uses social media as a means of promotion. This is to the statement from Mr. Andre as the head of marketing of PT. BPR TLM said: "Bank TLM already has several social media such as Facebook, Instagram, YouTube, and the official website. The purpose of using social media is to reach more markets, because nowadays if you use social media, you will be left behind by other banks (Interview on Monday, September 11, 2023 at 11.02 WITA).

The second is the challenges faced in managing social media based on the results of interviews with Mr. Andre the Head of Marketing of PT. BPR TLM stated: "For now, the problem we are facing is that we do not have technical human resources in managing social media, so we summarize everything in one special section to manage social media, namely the HR section while the one who makes posters and content is the funding section". (Interview on Monday, September 11, 2023 at 11.02 WITA).

Based on the results of observations in the field, the researcher concluded that the role of digital technology in service development at PT. BPR TLM has been running efficiently in utilizing technology, where it has used technology in providing services to customers. However, the obstacle is that the internet network is sometimes unstable, which is what makes customer service not optimal.

Understanding and Implementation of Banking Digitalization

Banking digitalization or electronic banking (e-banking), is the use of information and communication technology in the provision of financial services. Digital transformation is a consequence of the era of disruption (industry 4.0) which provides changes and overhauls the existing bank ecosystem to be more effective and innovative, as well as complex and dynamic. Digital transformation causes banking to be more effective and efficient, but it requires expert human resources and significant costs. The presence of digital banking will reduce traditional banking that still uses manual transactions (Jodi Gede Antok Setiawan I Wayan, et al, 2022).

First, BPR TLM Has Transformed Towards Digital Banking Based on information from a resource person, Mrs. Rosalina the Head of the Operational Division, who stated that: "it is planned that in early 2024 we will transform towards digital banking". (Interview on Friday, September 29, 2023 at 10.15 WITA).

From the results of the interview above, the researcher concluded that to improve service to customers, BPR TLM needs to transform, namely by providing self-service services by creating mobile banking, internet banking, and ATMs. Because so far, customers have to come directly to the office, this transformation will make it easier for BPR TLM to provide services to customers, which is in accordance with the vision and mission of BPR TLM.

Conclusion

PT. BPR TLM is one of the financial institutions, BPR TLM is under the auspices of the Tanaoba Lais Manekat Foundation which has a determination to develop services to serve the community. BPR TLM was established by the TLM Foundation on February 1, 2008, as a tool for the economic empowerment of the congregation.

As an effort to promote BPR TLM, namely by using social media Facebook, Instagram, YouTube, and website. In providing better service to customers, PT. BPR TLM utilizes technologies such as computers and hardware, office computers, laptops, tablets, smartphones, servers, and other hardware including the internet, computer networks, and telecommunications infrastructure that allows the transmission of digital information between devices. Not only that, PT. BPR TLM is also migrating towards digital banking, namely by presenting self-service service systems such as ATM, mobile banking, and Internet banking.

However, the implementation has not gone well, this is triggered by several factors such as the content uploaded on BPR TLM's social media accounts not providing the latest content and less interesting content and the lack of technical human resources to manage social media accounts. Because for now BPR TLM's social media accounts are managed by HR and Funding. Meanwhile, digital-based banking services such as self-service systems are still in the process of being made.

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