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# Analysis of Financial Technology Implementation on The Quality Of Banking Services in Indonesia: SWOT Analysis

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## Abstract

*It is widely expected that Indonesian banks will significantly improve their services to reach a broader range of customers, especially those in the 3T region. However, only a tiny percentage of the contacts to companies in the 3T region is made by Indonesian banks. In the face of this issue, he prepares and conducts his SWOT analysis of FinTech policies to improve Indonesian banking services, especially by extending their offerings to a more significant segment of Indonesian society. Stakeholders in the banking industry can better understand the importance of good bank governance based on fear of God and respect for others when managing internal and external assets encompassing all banking aspects. This study explores relevant banking literature to learn more about the SWOT (Strengths, Weaknesses, Opportunities and Threats) of implemented financial techniques on the quality of banking services in Indonesia in the digital age.*

*Keywords: Universities, Courses, Education*

## 1. Introduction

Rapid advances in science and technology in the digital age are changing how people access information and electronic services. Financial technology (FinTech[1]) in banking institutions is one of the technological advances highlighted in the latest Indonesian study. Financial technology is a term that describes innovations in financial services as defined by the National Digital Research Center (NDRC). The time combines the words "finance" and "technology." It refers to financial innovations that adapt to technological developments combined with the financial sector of banking institutions to enable more practical, secure and modern financial transactions[2].

The concept above is in line with what was conveyed by the Deputy Director of the Directorate of Banking Licensing and Banking Information, OJK, Tris Yulianta, who revealed that banking institutions need to take advantage of the application of financial technology to improve the efficiency of operational activities and the quality of bank services to their customers, because the use of financial technology is in line with the increasing demand for



financial services[3][4]. The growing public need for online-based financial services and the use of internet media to access digital data.

This means that with the advancement of banking technology, time effectiveness can be accelerated in the banking transaction system between customers. This statement is also supported by the results of a survey published by the Association of Indonesian Internet Service Providers (APJII) in March 2015, which stated that the number of internet users in Indonesia rose from 71.9 million in 2013 to 88.1 million users by the end of 2014, or around 34.9 percent of the current total population. This shows that in terms of numbers, the penetration of the use of digital technology in Indonesia is enormous, even exceeding the combined population of other ASEAN countries, and has changed people's behaviour in almost all aspects of life, such as buying and selling online (e-commerce), digital social interaction, electronic books, electronic newspapers, public transportation (taxi and motorcycle taxis), tourism support services, and financial technology. Compared to 2014, which only reached 83.7 million financial technology users, internet access in Indonesia has shown a significant increase and can be observed in detail in table 1 below.

Based on the information described above, although internet users are increasing every year, the utilization of financial technology for access to banking services in Indonesia is still relatively low[5]. According to a survey conducted by Sharing Vision at 6 major banks in Indonesia, the number of internet banking users reached 5.7 million people in 2012. If you look closely in Table 2, it is clear that from year to year the number of internet users is increasing, but when compared to the number of population, it is clear that the percentage of the Indonesian population who use the internet to access banking services is still relatively low[6].

The unequal entry to banking offerings is another element that makes it challenging for Indonesians to access banking offerings, particularly in 3T regions (Front, Outermost, and Remote). This is further to the reasonably everyday use of the monetary era to access banking establishments[7]. Due to the circumstance of folks who aren't acquainted with banking offerings and different financial offerings, banking establishments preserve to stand the problem of getting entry to banking offerings, in particular for the ones residing in far off regions that can't be reached with the aid of using those monetary offerings. Therefore, irresponsible events may also try to gain it.

"How is the effectiveness of the implementation of the monetary era at the exceptional of banking offerings in Indonesia while analyzed primarily based totally on strengths, weaknesses, opportunities, and threats (SWOT) if you want to be capable of attaining all tiers of Indonesian society, in particular for individuals who stay in 3T regions (Front, Outermost, and Remote)?" is the method of the trouble that has been raised primarily based totally at the history that becomes supplied earlier. This examination employs a literature overview of the monetary and banking fields to solve the above trouble method[8]. As a result, it's far expected that the findings of this examination will function as a fabric for making guidelines to banking control concerning the way to use the maximum current monetary era to beautify the extent of carriers supplied to clients or customers of banking offerings all through Indonesia.

## **2. Literature Review**

### **2.1 Definition of SWOT Analysis**

A SWOT analysis delves into a company's strengths, weaknesses, opportunities and threats. In other words, the strengths and weaknesses of the company's resources and the opportunities and challenges it faces from the outside are evaluated using S-W-O-T. Within the company's functional areas, every organization has strengths and weaknesses that are the basis for setting goals and strategies. Therefore, SWOT analysis is a valuable tool for performing strategic analysis. This article aims to assess the quality of banking services to mitigate weaknesses in banking institutions and minimize the impact of emerging threats.

### **2.2 Banking Financial Technology**

Almost each component of Indonesian existence has been altered via way of means of using virtual era, along with e-commerce, virtual social interaction, books, electronics, digital

newspapers, taxis and motorbike taxis, public transportation, tourism help offerings, and monetary era. This is primarily based totally at the records approximately net customers that become mentioned withinside the introduction. This records is likewise supported via way of means of a quantitative observe that announces that virtual records era has helped many Indonesians run their economies extra successfully and successfully than before, particularly withinside the banking sector. Bank Indonesia spoke back definitely via way of means of making monetary offerings handy and easy to get entry to throughout Indonesia.

The financial institution performed a preliminary observe and released a branchless banking trial in May 2013. Five banks and telecommunications carriers joined the trial in 2013. The 5 provinces are South Sumatra, Bali, West Java, and Central Java. The motive of the trial is to examine which commercial enterprise fashions and preparations are appropriate for Indonesian situations and whether or not the network and carriers have a want to buy [9]. The number one techniques of branchless banking are collaboration with neighborhood dealers or gadgets and the enormous use of cell phones (Bank Indonesia, 2016).

Financial technology information systems continue to improve the performance of banks in serving their customers. According to Julianto (2016), financial technology is believed to play a key role in promoting digital banking and financial inclusion in Indonesia. Similarly, Vene, a researcher named Sutojo, said that with electronic data processing technology now evolving into financial technology, banks would benefit from the speed and accuracy of data processing for product marketing and business operations. I explained that it was possible. The application of information systems in the banking industry is one of the industries most dependent on the activities of collecting, processing, analyzing and transmitting reports (information) necessary to provide satisfactory services to customers. Therefore have a great impact. This is consistent with the previously expressed opinion that: The banking sector is greatly affected by the use of information systems.

### **2.3 Banking Service Quality**

When we talk about the quality of service, we strive to meet the needs and desires of our customers while meeting expectations in terms of accuracy. Put another way, the concept of quality of service is something that service providers need to do well.

By comparing customer perceptions of the service they receive with standards of banking service quality for customers, this definition allows us to identify studies on the quality of banking services. This indicates that customers perceive the service as good or high quality if they receive or receive banking services as expected. On the one hand, customers may have a negative impression of the quality of banking services, and receiving a lower than expected level of service affects bank loyalty. It can be passed on to other customers increase. This shows that customer loyalty is directly influenced by customer perception. It also conveys that highly engaged customers are typically happy to share their positive experiences.

Assessment of the quality of banking services can be observed based on the dimensions of service quality or what is commonly referred to as service quality. The dimensions of service quality in question can be explained as follows.

1. Tangibles, namely the ability of a company to show its existence to external parties. The appearance and capabilities of the company's physical facilities and infrastructure and the state of the surrounding environment are tangible evidence of the services provided by service providers, including physical facilities (buildings, warehouses, etc.), equipment and equipment used (technology), and the appearance of employees [10][11].
2. Reliability, namely the company's ability to provide services as promised accurately and reliably. Performance must be in accordance with customer expectations which means timeliness, the same service for all customers without errors, a sympathetic attitude, and with high accuracy [12].
3. Responsiveness, namely the willingness to help and provide fast (responsive) and appropriate service to customers, with clear information delivery.
4. Assurance, namely the knowledge, courtesy, and ability of company employees to foster customer trust in the company. Consists of several components including communication, credibility, security, competence, and courtesy.

5. Empathy, which is to give sincere and individual or personal attention given to customers by trying to understand consumer desires. Where a company is expected to have understanding and knowledge of customers, understand specific customer needs, and have time for comfortable operations for customers.

Based on the study of the dimensions of service quality above, it can be said that service quality is one of the main factors that have so far influenced customer satisfaction of banking institutions. Providing the best service to customers by banking institutions is needed to maintain customer loyalty and bank credibility.

### **3. Method**

#### **3.1 SWOT Analysis of Financial Technology Implementation on the Quality of Banking Services**

The implementation of financial technology in banking institutions provides breakthroughs in banking services that are faster, easier, and safer so that all elements of Indonesian society can enjoy access to these services. In the following, we will discuss in detail the study of strengths, weaknesses, opportunities, and threats:

##### **Strength Analysis**

Financial technology that will be implemented in banking institutions in Indonesia has the following strength analysis:

1. Ease of taking advantage of access to banking service data in large sizes and ease of conducting transactions anytime and anywhere.
2. Ability to reach community groups that are not served by branch offices of banking institutions, especially in 3T areas.
3. It is more efficient in operating costs and marketing costs because banking institutions simply collaborate with financial technology service providers in offering banking products to the public[13][14].
4. The product variants of banking institutions are widely known by the public, including 24-hour service applications, such as mobile banking, internet banking, sms banking, and call banking. Although the use of these banking services has not been maximized, when banking institutions collaborate with financial technology service providers, it will be easier for the public to access the intended banking service products[15].

##### **Analysis of Weaknesses**

The following is an analysis of the weaknesses of the financial technology that will be implemented in Indonesian banking institutions: First and foremost, a reliable server for sending data files and a speedy internet connection are required because financial transactions will go off without a hitch when internet access is available. disturbance. Second, the rise of online crimes like wiretapping, burglary, and cybercrime in financial banking transactions discourages people from doing business online and gives them hope that banks have branch offices in their area[16][17][18]. Thirdly, not all providers of financial technology services hold licenses that allow them to collaborate with banks or carry out legal and systematic financial transactions. As a result, it is possible to engage in transactional irregularities or abuse of authority, both of which will actually be detrimental to the banks themselves. Fourth, because the general public lacks a thorough understanding of financial technology, they are unable to get the most out of banking services. As a result, the government, in this case OJK and BI, works with financial institutions and service providers to spread information about how to use financial technology. Fifth, there is a disparity in access to banking services as a result of the disparate communication technology infrastructure that exists between urban and rural areas. This makes it difficult for people to conduct online financial transactions, which prevents them from taking full advantage of banking services[19].

### Opportunities Analysis

Financial technology that will be implemented in banking institutions in Indonesia has the following opportunity analysis: First, public awareness is starting to grow to save and borrow financial needs through banking services, because it is considered safer and more profitable with the hope of high interest rates when depositing funds or borrowing money. relatively affordable interest costs when conducting bank lending transactions[20]. Second, the existence of the Financial Services Authority (OJK) which stipulates regulation and supervision of banking financial transactions, thereby minimizing banking crimes and public concerns about using financial technology services provided by banking institutions.

### Threat Analysis (Threats Analysis)

The following threat analysis applies to financial technology implemented in Indonesian banking institutions.

First, fintech service providers are adopting increasingly sophisticated technology without improving the quality of bankers, creating inequalities in how they serve those who use banking services. . Second, the openness and globalization of cross-border transactions will allow financial technology service providers to become more diverse, creating competition to stimulate public interest in banking services. Third, Indonesia's unfavorable political climate and relatively high inflation trend have forced financial institutions to pay more attention to lending to the general public. This complicates the bank bureaucracy and increases the administrative costs commonly charged as collateral.

## 4. Conclusion

After analyzing the strengths, weaknesses, opportunities, and threats (SWOT) of the implementation of financial technology in this study, it can be concluded that the financial technology studied has a good level of effectiveness to improve the quality of banking services in Indonesia, so that the banking management can implement it. to reach all levels of Indonesian society, especially for people living in 3T (Front, Outermost, and Remote) areas. In further research, the results of the analysis can be developed by implementing SWOT into financial technology such as Blockchain so that banking technology becomes more secure.

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