

Banking Performance Analysis and Strategies in Dealing with The Development of Digital Banking

Resti Amelia Hakim*, Sri Widyastuti, Derriawan

Postgraduate Directorate, Magister of Management, Pancasila University, Jakarta, Indonesia

*Corresponding author

Abstract: This research is quantitative and aims to understand the influence of quality service, human resources competency, disruption digital, and transformation digital to corporate performance. A population that used to research this is all staff DBS Indonesia with CBG segment. The size sample taken 133 respondents. Technique the determination of sample uses the method of purposive sampling. Analysis techniques used are partial least square. The result of this research showed that (1) quality service has a significant impact on corporate performance with a coefficient value of 0,180. (2) competency SDM has a significant impact on corporate performance with a coefficient value of 0,101. (3) Disruption Digital has a significant impact on corporate performance with a coefficient value of 0,181 (4) transformation digital has a significant impact on corporate performance with a coefficient value of 0,565.

Keywords: Quality Service, Human resources competency, Disruption Digital, Transformation Digital, Corporate Performance.

I. INTRODUCTION

The development of the digital economy in Indonesia is inseparable from the continued growth in the number of internet users in Indonesia. Indonesia has a large population (\pm 264.16 million) with 171.17 million internet users (64.8%) (APJII, 2018) and 355 million cellular users (133%). Google, Temasek, Bain & Company (2020) estimates that the size of the internet economy in Indonesia in 2025 will reach \$124 billion or almost 5% of Indonesia's Gross Domestic Product, with the e-commerce sector being the largest contributor to the internet economy. The huge potential of the digital economy indicates that digital channels will be increasingly crucial and will become one of the sources of banking growth. According to Vial in Kurniawan Agus et al (2021), Digital transformation is a comprehensive term that describes an organization's ability to utilize digital technology to improve the efficiency and effectiveness of internal operations and external market offerings.

According to the Ministry of Communication and Informatics, in 2018 the growth of internet users experienced a very significant increase, where in 2016 it reached 132.7 million people from a total population of 256.2 million and in 2017 it grew to 143.26 million. This makes Indonesia a target for local and international investors to grow and develop their Information Technology, especially Financial Technology. Along with the rapid development of the digital economy, banks need to accelerate the digitization of their products and services so that they can meet people's expectations. Investors

now make banks not only a place to store money but also one-stop shopping for financial transactions. With the changing behavior of people who now prefer new transaction modes that are easy, safe, and flexible such as Alipay (Dana), Go-Pay, Ovo, Doku, and so on, the banking industry must change management (Change Management) which used to be conventional. become a better financial technology and can compete healthily in the digital era and the current era of globalization.

In the digital era of revolution 4.0, information systems and data exchange are getting better, so there are several changes in economic trends, one of which is payment and money storage. The current payment and depository system is not only dominated by banks but also financial technology (fintech) companies have started to emerge. Since 2015, the number of commercial bank branch offices has continued to decline, this is inseparable from the digitalization of banking services.

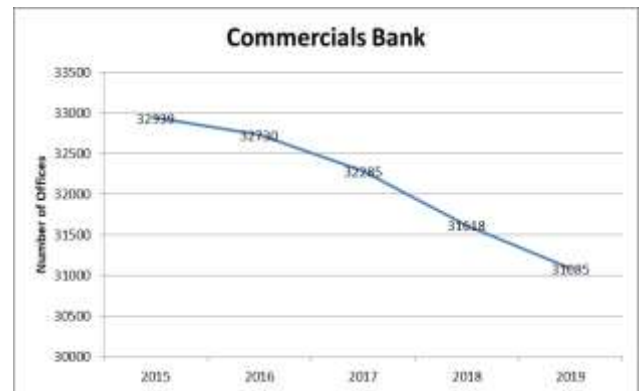


Figure 1. Statistics on the Number of Commercial Bank Offices

Source: Indonesian Financial Services Authority, Banking Information Department

In 2016, the volume of e-banking transactions grew 169 percent to 405.4 million transactions, from 150.8 million transactions in 2012. As a consequence of the increasing trend in the use of digital transactions, the number of bank offices in the country began to shrink. Indonesian Financial Services Authority noted that the number of commercial bank offices in November 2017 was only 32,242 offices, this number decreased by 2 percent from the position in December 2016 which had reached 32,730 offices.

The shift in digital banking services has become the concern of authorities such as the Indonesian Financial Services Authority. Indonesian Financial Services Authority has tried to encourage banks to implement digital banking services or digital branches, namely offices or bank units that specifically provide and serve transactions with digital banking. Indonesian Financial Services Authority has issued Guidelines for the Implementation of Digital Branches by Commercial Banks through letter No. S-98/PB.1/2016 dated December 21, 2016 addressed to all President Directors of Commercial Banks. According to Sutrisno (2019), with the rapid growth of fintech, the competition between fintech and conventional financial services will be increasingly tight, competition will not be sectoral and will instead become free competition. In this digital era 4.0 revolution, many things have changed, especially the use of technology and artificial intelligence or also called Artificial Intelligence, which is quite influential in the banking world.

Seeing the rapid growth, competitors also emerged. Not to be outdone, a year after the launch of Jenius, DBS Indonesia launched Digibank with the theme Bank Less Live More. Bank DBS Indonesia continues to strive to maintain its existence by quickly adapting and taking advantage of opportunities amid disruption. Bank DBS Indonesia is committed to providing a complete, easy, practical, and hassle-free banking experience to customers everywhere. Digital transformation currently plays an important role in meeting the need for services that enable business people to conduct digital transactions. The development of technology and the increasing dynamics of customer needs have encouraged Bank DBS Indonesia to make changes. Bank DBS Indonesia itself has been recognized as the most innovative digital banking globally at the Innovation in Digital Banking Awards 2021 organized by The Banker.

DBS Bank also anticipates disruption and rapid technological developments by preparing digital infrastructure and launching digital corporate banking products and solutions that support customers in carrying out their daily activities. Especially with the proliferation of financial technology (fintech) startups, making businesses in the financial industry more competitive. Bank DBS Indonesia is the first bank to offer an instant settlement with real-time online transactions (RTOL) via API in Indonesia. However, DBS also faces several risks, including poor execution on cross-platform integration, and competition from big banks that are starting to strengthen their digital ecosystem. There are also potential regulatory risks regarding future products and services. As well as the many mergers and acquisitions of banks and startups that have started to launch their business strategies in future digital banking, including red plate banking. DBS Bank believes that digital transformation is not only about technology, but also a digital mindset which means that banks do not stop innovating to be able to solve customer needs digitally. This is realized with digibank by DBS which can answer the current and future needs of customers. Or it can also be called financial democratization.

Kadek (2020) shows that the use of technology and information is very important today. The application of digitization is proven to be able to provide services to customers which in turn can increase customer satisfaction, while according to Sila et al. (2020) The low quality of human resources has an impact on the development of products and services needed by customers. This will cause difficulties in increasing competitiveness.

II. LITERATURE REVIEW

2.1 Service Quality

According to Tjiptono (2012), what is meant by service can be seen as a system consisting of two main components, namely service operations which are often invisible or unknown to customers (back office or backstage), and service delivery which is usually visible or known to the customer (often called the front office or frontstage). While the definition of service according to Kotler: 2002, namely any activity that can be offered by one party to another party, is intangible, and does not result in any ownership. So if we talk about service quality, then the term can be defined as an effort to fulfill the needs and desires of consumers and the accuracy of their delivery in balancing consumer expectations (Tjiptono 2012). Starting from this definition, a study of the quality of banking services (banking service quality), can be identified by comparing the perceptions of customers (customers) to the services they receive, adjusted to the quality standards of banking services intended for their customers.

This means that if the banking service received or perceived by the customer is as expected, then the quality of the service is perceived as good or of high quality. On the other hand, if the level of service received by customers is lower than expected, then the quality of banking services can be perceived as poor or of low quality.

The dimensions of service quality in question can be explained as follows (Lupiyoadi 2001:148).

- a. 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.
- b. Reliability, namely the company's ability to provide services as promised accurately and reliably. Performance must be following customer expectations which means timeliness, the same service for all customers without errors, a sympathetic attitude, and with high accuracy.
- c. Responsiveness, namely the willingness to help and provide fast (responsive) and appropriate service to customers, with clear information delivery.
- d. 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.

- e. Empathy, which is to give sincere and individual or personal attention given to customers by trying to understand consumer desires.

2.2 Disruption

Disruption comes from the word disruption which means chaos. Some innovations make everything good in the past quickly become obsolete and useless. This means it can potentially create unemployment and chaos, as well as disrupt the business of the "old players". (Kasali, 2017). According to Lupiyoadi (Supeno, Wangsit 2018), disruptive innovation emerges with innovations that succeed in replacing, changing, and updating business models, rules of the game, and structure in the era of disruptive innovation is the success of transforming an existing system or market by introducing practicality, ease of access, convenience. and economical cost. Disruptive innovations usually take certain market segments that are less desirable or considered less important for market authorities, but the innovations are breakthrough and are able to define the existing system or market.

2.3 HR Competencies

According to Wibowo, competence is an ability to do a job that is based on skills and knowledge and is supported by a work attitude, namely the experience or learning required by the job. Wibowo also stated that competence is a person's ability to work based on skills and knowledge by including individual attitudes in work. What is also important to support competence is the role of experience and learning in carrying out various tasks properly and professionally (N. Wibowo, 2016).

According to Sutrisno (2012), competency indicators emphasize several indicators of competence, namely: Knowledge; Awareness in the cognitive (knowledge) field. For example, an employee knows how to find things that are needed to learn and how to do good learning according to what is needed by a company. Knowledge is information that is owned by a person in a special field or obtained from the man himself through something that has happened to him.

HR competencies are characteristics of employees by work consistently and appropriately to achieve the desired performance. HR management is a process to help organizations perform HR competencies that can be improved through employee development with training, skill, and motivation characteristics and can be influenced by personal characteristics including adaptive, agile, innovative, and critical thinking to achieve results following company goals and to create high productivity

2.4 Digital Transformation

Digital transformation is a comprehensive term that describes an organization's ability to leverage digital technology to increase the efficiency and effectiveness of its

internal operations and external market offerings (Vial, 2019).

Digital transformation also drives innovation beyond organizational boundaries into external innovation networks (Prince et al., 2014; Westergren et al., 2019). Digital transformation is characterized by changes and transformations that are driven and built on a technological foundation (Nwankpa & Roumani, 2016). Within an enterprise, digital transformation is defined as an organization's shift to big data, analytics, cloud, mobile, and social media platforms. The current business environment is witnessing a radical change in the business landscape fueled by the emergence of digital innovations and opportunities. Companies are increasingly adopting opportunities such as analytics, big data, cloud, social media, and mobile platforms to build competitive digital business strategies.

According to Danuri Muhammad (2019) Digital transformation is a change in the way a job is handled by using information technology to gain efficiency and effectiveness. In some areas that have made this transformation such as banking with e-banking, the point is to increase the efficiency and effectiveness of work and supporting files by using databases. Paperless is the main goal, all transaction evidence in the form of documents has been replaced with a database so that it is more simple, flexible, and can be accessed at any time.

2.5 Company Performance

According to Rivai in Tarigan Bersihanta, et al (2021) Performance or performance is a description of the level of achievement of the implementation of an activity program or policy in realizing the goals, objectives, vision, and mission of the organization as outlined through the strategic planning of an organization. According to the Oxford Dictionary, performance is a process or way of acting or performing organizational functions (Widyastuti & Rahardja, 2018). Moeherson in Rosyida (2010) in his book concludes the notion of performance or performance as a result of performance that can be achieved by a person or group of people in an organization both qualitatively and quantitatively, following their respective authorities, duties, and responsibilities to achieve organizational goals. Concerned legally, does not violate the law, and follows morals and ethics. Performance or performance is a description of the level of achievement of an implementation of an activity program or policy in realizing the goals, objectives, vision, and mission of the organization that is poured through planning an organizational strategy (Maskut, 2014).

III. RESEARCH METHODS

This research uses quantitative and qualitative approaches. This type of research is to obtain accurate information regarding banking performance and strategies in dealing with digital banking developments by distributing questionnaires to employees, managers, and executives of the CBG digital banking segment at Bank DBS Indonesia.

The data analysis technique obtained from the research results was processed using data analysis techniques, namely Partial Least Square (PLS). This research was conducted on 133 respondents

IV. RESULTS AND DISCUSSION

4.1. Descriptive Statistical Analysis Results

Variable quality service, there are the highest and lowest values in points 1 to 8. The highest value is in the X1.6 statement with a mode 4 rating or agreement of 568 from the statement, DBS digital banking provides convenience for customers to access applications. It is easier for DBS customers to carry out their transaction activities, in the DBS digital banking application as well because the funds for merging the system into one digibank application make the application more practical because of the many choices. While the lowest value in the X1.5 statement with a mode 4 rating or agreeing is 370 the statement, Traffic Call Center is higher than the customer service branch for Q&A. This can be explained, that the management agreeing that in conducting questions and answers a lot is done at the call center compared to the customer by coming directly to the branch to meet customer service.

HR competency variables, there are the highest and lowest values in points 1 to 7. The highest value in the X2.1 statement with an assessment of mode 5 or strongly agree is 592 from the statement, HR training can create work productivity. This means that the training implemented by DBS has been able to improve employee performance as expected. While the lowest score in the X2.5 statement with a mode 3 assessment or hesitation from the statement, DBS Bank HR has an agile attitude. This can be explained, if not all employees have an agile attitude because agile is meant to be fast and responsive to changes, sometimes there are still many employees who have to follow instructions and pressure to be agile.

The digital disruption variable has the highest and lowest values in points 1 to 8. The highest value in the X3.5 statement with a mode rating of 5 or strongly agrees is 565 the statement, The existence of digital banking can reduce operational costs. That is, the CBG segment management strongly agrees that the existence of digital banking can cut the operating budget. while the lowest value in the X3.7 statement with a mode 3 rating or doubt is 439 statement, the current adoption of DBS innovation can increase the existence of DBS Bank, because management believes that it still needs evaluation and a revolution in digital development with the adoption of new banking innovations.

For the digital transformation variable, there are the highest and lowest values in points 1 to 9. The highest value in the X4.1 statement with an assessment of mode 5 or strongly agrees is 576 from the statement, DBS Digital banking improves self-service services for branchless banking. That is, With digital banking, customers are more independent in conducting banking transactions without the need to do many

manual transactions by coming to the branch. while the lowest value is in the X4.3 statement with a mode 4 rating or agreement of 535 from the statement, the digital financial advisory has been running effectively. This can be explained if the existence of financial advisory services still provides positive effects in helping managers improve their digital banking services.

The company's performance variable has the highest and lowest values on points 1 to 6. The highest value in statement Y.6 with an assessment of mode 4 or agrees is 562 from the statement, DBS Digital banking has consistently competitive capabilities. This means that DBS Bank continues to strive to consistently provide the best performance to improve its banking performance, while the lowest score is in the Y.4 statement with a mode 4 rating or agrees at 548 from the statement, DBS Digital banking can explain big data in a systematic and structured manner.

4.2. Results of Statistical Calculations Using SEM Analysis

This hypothesis testing stage is carried out after the structural model evaluation stage is carried out. This stage is carried out to determine whether the research hypothesis proposed in the research model is accepted or rejected. To test the proposed hypothesis, it can be seen from the original sample and the T-Statistic value through the bootstrapping procedure.

Table 1. Hypothesis Testing Results

	Original sampel (O)	Sampel mean (M)	Standard Error (Sterr)	T statistics (O/Sterr)	P Values
Service quality (X1) → Corporate performance (Y)	0,180	0,178	0,061	2,972	0,003
HR Competence (X2) → Corporate performance (Y)	0,101	0,101	0,047	2,145	0,032
Digital disruption (X2) → Corporate performance (Y)	0,181	0,181	0,082	2,191	0,029
Digital transformation (X2) → Corporate performance (Y)	0,565	0,567	0,080	7,091	0,00

Source: Data processing with SmartPLS, 2022

Based on the results of hypothesis testing in table 1, it can be explained as follows:

1. The results of testing the service quality variable on the company's performance show that t count > t table is 2.972 > 1.656 and a significance value of 0.003 < 0.05. This shows that service quality has a significant impact on company performance, so H1 is accepted.
2. The results of testing the HR competency variable on the company's performance show that the t count > t table is 2.145 > 1.656 and a significance value of 0.032 < 0.05. This shows that HR competence has a significant impact on company performance, so H2 is accepted.

3. The results of testing the digital disruption variable on the company's performance show that the t count $>$ t table is $2.191 > 1.656$ and a significance value of $0.029 < 0.05$. This shows that digital disruption has a significant and significant impact on the company's performance, so H3 is accepted.
4. The results of testing the digital transformation variable on the company's performance show that t count $>$ t table is $7.091 > 1.990$ and a significance value of $0.000 < 0.05$. This shows that digital transformation has a significant and significant impact on the company's performance, so H4 is accepted.

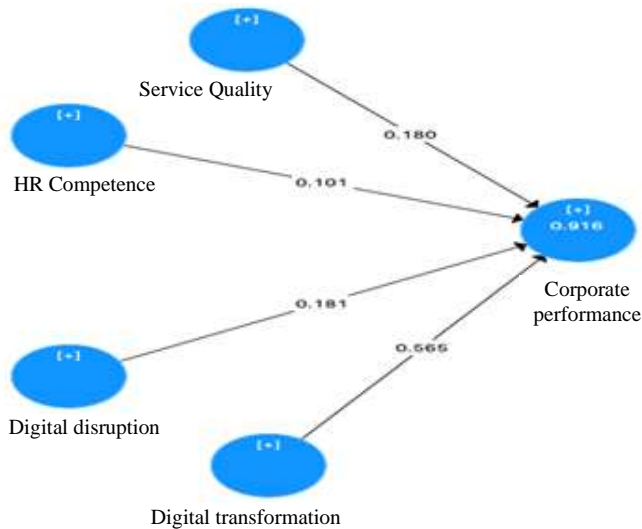


Figure.2. Results of the SmartPLS

Source: Data processing with SmartPLS, 2022

V. DISCUSSION OF HYPOTHESIS TEST RESULTS

Based on the results of quantitative data to answer the formulation of the problem that the researcher made, it can be explained that each of the results of the hypothesis is as follows:

5.1. The Effect of Quality Service on Company Performance

Based on the test results on the service quality variable (X1), the results of the Partial Least Square analysis show the level of significance that the service quality variable has an effect and is significant on the performance of the DBS Bank company so that the hypothesis that has been built previously is accepted. That is, the perceived service and perceived value of the quality service of DBS Bank have an influence on the performance of the DBS bank company and give significant meaning to the company's performance in facing the development of digital banking. So, in this case, the quality service indicators, namely: meeting needs, responsiveness, appearance, convenience, compensation, and trust affect giving meaning to the development of digital banking in improving DBS banking performance so that it is one of the factors or causes that are the focus of DBS bank performance in the face the current development of digital banking. This

result can be explained from the respondents' answers, namely, the management of the digital banking Customer Banking Group (CBG) segment agrees that DBS digital banking is currently able to deliver customer transaction needs faster than front liners, this is due to the current DBS digital banking system. accelerate in delivering consumer desires to transact quickly and easily, DBS digital banking has also been designed to be more responsive than the previous banking system, this is because DBS bank consistently upgrades the digibank application digital system from the previous one from the function of digital banking DBS Bank cannot provide quick response to customer needs, after that the acquisition of DBS Bank with ANZ was able to improve a better and more focused banking system, with innovation in carrying out a unified system of (transactions, investments, and loans) able to make the appearance of one application more practical, so that DBS bank digital banking can provide convenience for customers in accessing applications. With the current digital banking application owned by DBS Bank, respondents from the digital banking customer banking group segment also believe that with DBS bank digital access, they will continue to maintain customer trust and security by providing compensation in the event of a system failure, because DBS bank also participates in guarantees that DBS bank digital banking has a level of security according to standardization so that security privacy and customer transaction data can be ensured to be accurate and reliable.

In conclusion, DBS bank has been preventive in reading the possibilities that will occur in the future by continuously improving quality service, with quality service improvements that have been carried out in improving the performance of DBS bank as evidenced by the many awards it has received, one of which is DBS bank in 5 consecutive years consistently being crowned as the best digital bank, the quality of service that is improved following the development of digital banking has proven to affect the current performance of the bank by always focusing on quality service, one of which is to reduce branchless, paperless and signatureless. In previous research, it was found that the main services provided through digital banking are online balance checks, fund transfers so that these services can provide impetus for banks in marketing strategic services. Banks must also be able to guarantee customer satisfaction in order to encourage them to buy other products. The results of this study are also in line with research conducted by Vebian Vera, (2018) which states that service is not just serving but also feeling. The feelings felt by the customer will open the customer's heart share so that it can lead to customer loyalty to the company's products.

5.2. The Influence of HR Competence on Company Performance

Based on the test results on the HR competency variable (X2), the results from the Partial Least Square analysis show the level of significance that the HR competency variable has an effect and is significant on the performance of the DBS Bank company so that the hypothesis that has been built previously is accepted. That is, the

development of employees and characteristics of the competence of DBS Bank has an influence on the performance of the DBS bank company and gives a significant meaning to the company's performance in facing the development of digital banking. So, in this case the HR competency indicators, namely: training, skills, motivation, adaptive agile, innovative and critical thinking have an effect and provide direct meaning in the development of digital banking to improve DBS banking performance, so that it is one of the factors or causes that become the focus of DBS bank. in today's digital banking changes. This result can be explained from the respondents' answers, namely, the management of the CBG digital banking segment agrees that by conducting HR training it can create employee productivity, so that DBS bank HR already has skills that will have the potential to improve performance, Management also agrees that currently DBS bank HR also has the mainset of motivation to grow, so that HR has an adaptive attitude for future and long-term DBS growth in the midst of uncertain conditions, however, the management still doubts if HR currently has an agile attitude towards change, but DBS bank HR has been able to innovate to create new creations in managing existing competition issues, it can also be said that DBS Bank's human resources are able to solve various problems by thinking critically.

In conclusion, HR competence has a direct effect on the performance of DBS bank companies in digital development because DBS Bank has focused on HR professionals in evaluating external and internal business contexts and translating the evaluation of their HR which helps position the organization to be successful. HR management owned by DBS bank always manages change and culture. By championing change and culture, and helping to make things happen consistently. As well as offering integrated and innovative HR solutions. HR management of DBS Bank has also utilized technology and technological tools to support efforts to create high-performance organizations, one of which relies on social media to recruit, retain, develop, and engage human resources. The digital competence that is already owned by DBS bank human resources will certainly encourage work effectiveness. And the effectiveness of the work itself describes the success of an organization in utilizing its resources in achieving the goals set, so that the competence of DBS bank HR has a direct effect on the company's performance in the development of digital banking. The results of this study are in line with Gultom Lasmada, et al (2020) and Samad (2013) who found that the HR aspect consisting of employee competence and creativity emerged as the main factor influencing company performance. This finding highlights the importance of HR as a key component of internal resources in maintaining competitive advantage and achieving company business performance, as well as the importance of investing in HR. Hartono Budi and Atmajaya (2021) This study shows that the HRM function can be a key factor in a company's success in adapting to the digital era. HR plays a role in creating changes in digital habits within the company, preparing digital human resources in the company, and developing digital capabilities.

The results of this study are also in line with Kadek Sila, et all (2020) it is realized that the development of information technology requires the readiness of large investments and human resources, gradually the banking system continues to make improvements in accordance with the demands of today's competition and will continue to develop products and services. to improve the competitiveness and performance of the Bank effectively and efficiently and in accordance with customer needs. Sutrisno, Rio & Prasetyo (2019) also argues that fintech is growing very rapidly in society, therefore it is necessary to increase competence for banking employees in order to compete with increased capabilities. Innovate and competent employees to be able to take advantage of technology. However, the results of this study are not in line with the research conducted by Jac Fitzenz, in Sutrisno Rio and Prasetyo Sumanto (2019) which states that the leader in benchmarking human resource performance shows that knowledge, skills, and attitudes of the workforce separate the winning companies. It is a complex combination of factors. However, it is not the only force behind the inherent power of human capital. If the key to wealth creation is only a matter of heads, then boring, lowest-level people will be just as valuable as bright, highest-level people. In fact, it is the information that people have the ability and willingness to share that sets the potential value.

5.3. The Effect of Digital Disruption on Company Performance

Based on the results of testing on the digital disruption variable (X3), the results of the Partial Least Square analysis show the level of significance that the digital disruption variable has an effect and is significant on the performance of the DBS Bank company so that the hypothesis that has been built previously is accepted. This means that technological features, market dynamics and the external environment in DBS Bank digital disruption have an influence on the performance of DBS bank companies and give significant meaning to the company's performance in dealing with digital banking developments. So, in this case the indicators of digital disruption, namely: the latest application, technology simplification, introduction of innovation, cost reduction, volatility and ambiguity have an effect and give meaning to the development of digital banking in improving DBS banking performance, so it is one of the factors or causes that become DBS bank focus in today's digital banking changes.

This result can be explained from the respondents' answers, namely the management of the CBG digital banking segment agrees that the latest DBS digital banking application is able to follow changes in the way customers transact, digital banking which is currently designed is also very simple to use for customers, besides that DBS Bank is very aggressively promoting innovations. innovation through exhibitions in large malls that are often visited by many people as well as in public transportation such as advertisements on the KRL Commuter line, many feature innovations in applications that are imitated by many competitors, one of which is presenting various customer transactions in one application such as financial

transactions, loans and investments in one application at once, with DBS bank digital banking, DBS is not one of the banks that has many branches in various parts of Indonesia, DBS only has 44 branches spread across Indonesia, this number is relatively small compared to the number of banking branches red plate in Indonesia, because DBS Bank has seen the potential for long-term development in focusing on branchless banking, so that with digital banking it can reduce banking operational costs, DBS Bank was also formed based on the volatility of changes following technological advances, this makes DBS Bank consistently upgrade the system to prevent unpredictable competitors.

In conclusion, DBS bank always follows the current digital disruption by having attention and prevention on the development of digital banking so that it has a direct effect on DBS banking performance, one of the strategies is that DBS bank has conducted host to host cooperation and predicts competition for raw material acquisition (billers, payment gateways, collaborations) already have a strong relationship with fintech, startups, so digital disruption can affect the performance of DBS Bank. DBS Bank is also always innovating to always provide a complete, easy, and hassle-free banking experience or digital more, hassle free, so that customers can enjoy realtime online banking services anytime and anywhere.

Bank DBS Indonesia has implemented full fledged digital banking through digibank by DBS. Similar to fintech, DBS' digibank service offers many conveniences. For new customers, for example, they only need to manage an account in the account via the application. The results of this study are in line with research conducted by Yurina Titis (2020). The results of hypothesis testing indicate that disruption is proven to be a mediator of the effect of a combination of leadership styles on company performance.

Setyaningsih and Vanda (2018) stated that financial technology in the current disruptive era plays an important role in today's economy with easy, safe and fast banking services that can be enjoyed by all Indonesian people. However, the results of this study are not in line with the research results of Sila Kadek and Martini Ida (2020) which state that unexpected changes are a phenomenon that will often appear in the industrial revolution 4.0. Changes in the digital era are disrupted not only in changes in methods or strategies but also in fundamental aspects of business and customer behavior. This of course will have an impact on the banking industry, both positive and negative impacts, directly or indirectly.

5.4. The Effect of Digital Transformation on Company Performance

Based on the results of testing the digital transformation variable (X4), the results of the Partial Least Square analysis show the level of significance that the digital transformation variable has a positive and significant effect on the performance of the DBS bank company, so the hypothesis that has been built previously is accepted. This means that

artificial intelligence, internet of things and irreversible change in DBS Bank digital transformation have an influence on the performance of DBS bank companies in the development of digital banking. So, in this case the digital transformation indicators are: self service, chatbot, financial advisory, system availability, fulfillment, open banking, IT change, organizational change, and solution identification can give meaning to the performance of DBS bank in the current digital banking development. This result can be explained from respondents' answers that the management of the CBG digital banking segment agrees that digital banking is currently able to improve self-service services for branchless banking, for example if the customer has a dormant card that is not active, which usually the customer must activate it at the nearest branch such as a bank. banks in general, but in DBS digital banking customers can activate it themselves through the application, DBS bank digital bank also has a chatbot that has been effectively used in serving customers and non-customers, DBS bank digital banking also has a special financial advisory as customer financial advisor in choose and make investments, so that the implementation of the DBS system availability has service accuracy and system accuracy, the management also agrees because the presence of various customer transactions in one application makes DBS digital banking more effective for customers to use, DBS bank also conducts open collaboration banking with startups and fintech to fund lending and upgrade digital systems will be better used so as to create more market share than before, so that DBS Bank continues to be committed to improving and managing a controlled infrastructure system, DBS digital banking also has early detection in reduce digital risk in a sustainable manner and consistently maintain the selection of digital system solutions.

In conclusion, the Bank is migrating the Core Banking System from a closed system to an open system. So that DBS Bank has a variety of channels because one of them is a bank that is connected realtime online with Disdukcapil. The bank has a Fintech/Startup incubation, for example by cooperating with the sale of host-to-host products with the Fintech/Startup that is incorporated and with the digital transformation, DBS bank also makes downsizing and digitalization of conventional banking systems and procedures with the aim of agility. DBS Bank also implements the Big Data Platform to build engagement with customers (personalization) so that it is expected to be able to produce more effective and efficient work strategies. And the banking service process is integrated into the customer's daily processes intuitively without the need to change systems to perform banking transactions. This is one form of digital banking transformation of Bank DBS Indonesia.

In anticipating digital developments, DBS Bank carries out digital transformation to the core of the company or digital to the core, starting from banking processes and services to work culture. One of the innovations presented to support this bank's digital transformation is digibank by DBS which is said to be able to answer customer needs. Not only presenting

digital products, in terms of customer complaint services, DBS Bank has also used the Virtual Assistant feature with Artificial Intelligence technology and the Live Chat feature to answer various customer questions. This research is in line with the study conducted by Marlina & Bimo (2018) in order to determine the effect of the implementation of Bank Digitization by BTN Syariah on improving service and customer satisfaction. The results of this study indicate that the use of technology and information is very important today. The implementation of Bank Digitization at BTN Syariah is proven to be able to provide services to customers which in turn can increase customer satisfaction. A study conducted (Kolis, 2018) on Banking in the New Digital Era, the results show that technological developments are indeed unstoppable, which is directly proportional to the human desire to get convenience in every activity. One of them is financial activities, which are in direct contact with banking services.

Through digital transformation, organizations can integrate digital technology in many aspects of their operations and are also able to engage customers with emerging digital innovations Aral & Weill in Kurniawan, Agus et al, (2021). According to Kurniawan Agus, et al (2021) in research from (Nwankpa & Roumani, 2016) revealed that digital transformation plays a more nuanced role with the influence of IT capabilities and company performance. Companies must recognize the importance of digital transformation and how to leverage the influence of IT capabilities in creating and driving enterprise performance. Kurniawan Agus et al (2021) prove that digital transformation has a direct influence on the performance of Bank bjb (West Java Regional Development Bank and Banten, Tbk) and indirectly through innovation. Both of these factors have a substantial influence on the company's performance. Therefore, in order to improve company performance, especially the banking industry, it is necessary to carry out digital transformation in order to create the latest innovations that ultimately improve company performance. However, this research is not in line.

According to Arif Muhammad (2020) from research (Al-Smadi & Al-Wabel, 2012) states that banking transformation has a negative impact on banking performance in Jordan. The finding becomes interesting that in Jordan. According to Arif Muhammad (2020) The findings in his research conclude that banking transformation has a negative and insignificant effect on banking performance in Indonesia as seen from the financial statements in the 2010-2019 period. This result is estimated to be due to the costs required for internet banking services such as infrastructure, maintenance and human resources that require large costs compared to the income from internet banking itself, while the implementation of internet banking in Indonesia has not been comprehensive or has not been effective for every customer. Some banking customers still make their transaction habits to visit the bank instead of using internet banking services. This research is also not in line with Kadek sila, et al (2020) also stated that digital developments will certainly cause disruption to banks if

not handled properly, this is because consumer behavior changes. transformation and revitalization of services in the era of digital revolution 4.0 disruption is more than providing digital banking services or digital-based services. Product-oriented transformation to market-oriented, namely providing products that are able to meet the financial needs of the community or market needs, both in terms of benefits and services desired by the community supported by information technology.

The results of the qualitative analysis in this study are as follows:

Strategy in improving the performance of PT. Bank DBS Indonesia through a strategy formula, it is necessary to analyze the EFE and IFE factors. This is done to find out the right strategy to be implemented by DBS Bank. The analysis is carried out first by analyzing the external factors of DBS Bank that will affect the company's performance, and then based on an understanding of these external factors, it is continued by analyzing the company's internal factors in realizing its vision by identify the primary and secondary data that has been obtained by the researcher then create an EFE and IFE Matrix to be analyzed by 6 DBS digital banking Executive segment.

Tables 2. Matrix IFE-EFE

No.	Internal Factors (IFE)	Total	Rating	Weight	Weight x rating
Strength Factors					
1	DBS Bank is supported by reliable information technology	21	4	0,14	0,56
2	DBS Bank has developed a world leading transaction	18	3	0,12	0,36
3	DBS Bank has the convenience of taking advantage of large-scale financial service data access	18	3	0,12	0,36
4	Having practical applications and convenience to make transactions anytime and anywhere	18	3	0,12	0,36
5	There is a positive view of the asset management, retail, and investment facilities in Asia Pacific because they have the best digital banking	11	3	0,07	0,21
6	DBS Bank has been named the best digital banking 7 years in a row	18	3	0,12	0,36
Weakness Factors					
1	Don't have a unique applications and mobile banks, it's lagged competitors	11	2	0,07	0,14
2	Complexity of access to financial services due to user information technology infrastructure makes it difficult for people to make financial transactions online, so that financial services cannot be accessed optimally	12	2	0,08	0,16
3	The emergence of online services such as shopping, travel, education in financial transactions, makes people hesitate to make online transactions	12	2	0,08	0,16
4	Lack of protection of product payments so that the risk increases used by the upper middle class	12	2	0,08	0,16
5	Complex and slow rate of service from large banks	11	2	0,07	0,14
6	It is difficult to change the mindset and way of thinking online and non-digital customers	11	2	0,07	0,14
TOTAL Score IFE		163	1	1,72	

No.	External Factors (EFE)	Total	Rating	Weight	Weight x rating
Opportunities Factors					
1	Large opportunities for the application of new technologies in IT development	20	3	0,095	0,285
2	People's lifestyles are consumptive and depend on digital transactions	15	2	0,075	0,15
3	Have done open banking with fintech and startups	18	3	0,085	0,255
4	Have very competitive, attractive and different products and services	18	3	0,085	0,255
5	Have high creative and innovative human resources	16	3	0,08	0,24
6	Application of handheld, paperless and signature less creates work effectiveness	20	3	0,095	0,285
Threat Factors					
1	Domestic competitors do not only consist of conventional banks, but also Islamic banks, startups and fintech	19	3	0,09	0,27
2	The number of similar products that offer many advantages	19	3	0,09	0,27
3	The power of customers to choose a bank is quite high	16	3	0,08	0,24
4	The rapid development of technology	14	2	0,06	0,12
5	Many banks are starting to focus on digital banking	15	2	0,075	0,15
6	Many new banking innovations are attracting customers' attention	19	3	0,09	0,27
TOTAL Score EFE		163	1	1,72	

Source: Data processing, 2022

Based on the results of TOWS analysis, it is explained that the work reference for each division is to achieve better company performance at DBS Bank. From the results of the TOWS analysis, it aims to see the right strategy in combining the elements: Strengths, Weaknesses, Opportunities, and Threats. So the results of the research from TOWS analysis produce strategies that may be carried out by Bank DBS Indonesia, namely:

1. Strengths-Opportunities (SO)

- a. Improving the quality of service, this will maintain the quality of the product in order to remain a trusted product.
- b. Expanding cooperation networks by increasing strategic partnerships with third parties to support synergy and collaboration in working on market potential and increasing penetration of financial services.
- c. Management can improve product development, for example by implementing new superior products including new types of services that become new attractions.
- d. Makes improvements that are felt for users with the addition of new satellites. and increase competitiveness by investing in creating digital-based innovations to strengthen competitive and comparative advantages.

2. Weakness-Opportunities (WO)

- a. Collaboration with fintech and startups will cause banks to digitalize and automate in order to facilitate more practical and modern services. This encourages banks to prioritize technology-based services.
- b. Conduct marketing socialization with cashback promotions to attract new markets.
- c. Providing solutions related to transaction rates so that customers can make transactions more often, one example is integrating the implementation of cardless ATM transactions, which will speed up the transaction process thereby increasing service levels. So that DBS bank is not left behind with state-owned banks that have partially implemented it.
- d. Provide more lock/security so that it is not easily accessible if the user's phone is lost/stolen and implement continuous improvements to existing products by monitoring market and competitor developments

3. Strengths-Threats (ST)

- a. Improved security features, increased market penetration and development of advanced and modern application features.
- b. DBS Bank can develop product quality as well as service quality, for example always updating and adding features of the financial technology used.
- c. Improve the competence of DBS Bank employees so that they can compete with the improvement of the ability to innovate and the competence of employees to

be able to take advantage of technology, especially EKYC, Payment Gateway, Big Data, Cloud Infrastructure, Artificial Intelligence.

- d. Focusing and reconsidering the placement of employees who are reliable in quality and quantity will determine the success of the Bank in achieving optimal performance. Employee capacity development with external or internal training that supports business improvement such as negotiation and sales skills, time management, motivation and so on. Implementation of excellent service by all staff to customers and potential customers will increase their loyalty.

4. Weakness-Threats (WT)

- a. Improving the creativity of transaction services, namely cash and non-cash transactions that can be accessed via mobile banking.
- b. Improve and innovate products,
- c. Improved product security so that it is not easily hacked by irresponsible people.
- d. Conducting and redesigning partnership and collaboration strategies, internal strengthening, digital innovation.
- e. Improve the quality of people, products, and processes so that DBS bank can have competitiveness and competitive products in the era of the digital revolution.
- f. Creating innovation differentiation in providing digital-based services to the public so as not to be disturbed by fintech services, especially peer to peer lending. Because fintech start-ups are starting to develop rapidly which can provide easier and faster access to financial services. Financial technology companies (fintech) continue to experience developments ranging from crowdfunding, peer to peer lending, payment gateways and others.

VI. CONCLUSION

Based on the results of the research, it can be concluded as follows:

First, quality Service contributes to the performance of DBS bank companies in dealing with current digital banking developments, this can be explained because DBS Bank has been preventive in reading the possibilities that will occur in the future by improving quality service on an ongoing basis, with quality service improvements that have been carried out. So that the results for the Quality Service variable are following provisional estimates, which have influential and significant results.

Second, HR competencies contribute to the performance of DBS bank companies in facing the current digital banking development, this can be explained because DBS Bank has focused on HR professionals in evaluating external and internal business contexts in translating the evaluation of their HR which helps position the organization to become a success. HR management owned by DBS bank always manages change and culture. As well as offering integrated

and innovative HR solutions. And the effectiveness of the work itself describes the success of an organization in utilizing its resources in achieving the goals set so that the results for the HR Competency variable are following provisional estimates, which have influential and significant results.

Third, Digital disruption contributes to the performance of the DBS bank company in dealing with the current digital banking development, this can be explained because DBS Bank always follows the current digital disruption by having attention to and preventing the development of digital banking so that it has a direct effect on DBS banking performance, One of the things that have been done is that DBS bank has collaborated with host to host and predicts competition for raw materials (billers, payment gateways, collaborations) and already has a strong relationship with fintech and startups, so digital disruption can affect the performance of DBS bank. . So the results for the Digital Disruption variable are following the provisional estimates, which have influential and significant results.

Fourth, Digital transformation contributes to the performance of the DBS bank company in dealing with the current development of digital banking, this can be explained that the presence of artificially intelligent, internet of things, and irreversible change in DBS Bank's digital transformation influences the performance of DBS bank company in developing digital banking. So, in this case, the indicators of digital transformation, namely: self-service, chatbot, financial advisory, system availability, fulfillment, open banking, IT change, organizational change, and solution identification can give meaning to the performance of DBS bank in digital development banking today. DBS Bank has also implemented a big data platform to build engagement with customers (personalization) to create more effective and efficient strategies so that the results for the Digital Transformation variable

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