



Analysis Of The Influence Of Financial Literacy And Digital Literacy Of The Community On Smart Branch Mandiri

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Abstract

Today, after the Covid-19 pandemic, the world has forced humans to adapt to technology. Along with the development of technology, the digital world began to penetrate every corner of life. In response to this, the transition of industrial growth to the digital era, a number of activities began to adapt to existing conditions. Starting from the transportation sector, tourism, trade, media, agriculture and fisheries, health, education to digital financial services. The banking sector is one of the rapidly growing ones that can encourage and accelerate the transformation process towards digital banking. Currently, the challenges of digital banking are increasing, banks not only have to compete with other banks, but also have to be able to compete with other financial technology (fintech) companies. this research will discuss in terms of financial literacy and the extent of the Indonesian people's understanding of digital banks. The problem in this study is whether the level of financial literacy and digital literacy affects the use of smart branches.

Keywords: Bank, financial literacy, digital literacy, smart branch

INTRODUCTION

Today, after the Covid-19 pandemic, the world has forced humans to adapt to technology. The development of technology makes the digital world begin to penetrate every corner of life. In response to this, the transition of industrial growth to the digital era, a number of activities began to adapt to existing conditions. Starting from the transportation sector, tourism, trade, media, agriculture and fisheries, health, education to digital financial services.

Banks are financial institutions that accept deposits from the public and create credit for the public. In general, the definition of a bank is a company that manages public

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funds (an institution trusted by the public to secure their money) by providing rewards in the form of profit sharing or interest for each specified period. However, in reality in this modern era as it is now, banks do not only manage public funds, but also carry out business activities such as fund transfer institutions, chiral money makers, important goods / money safekeeping services and so on. (Putong & Andjaswati, 2010)

Conceptually, there is a difference between digital banks and conventional banks that provide digital services such as *mobile banking* and *internet banking*. Digital banks are generally able to conduct all banking activities from account opening, transfers, deposits, to account closure through smartphones/electronic *devices* without the need to be physically present at the bank. In addition, the most significant difference between the two is that digital banks usually do not have physical offices (other than the head office) or are only allowed to use a limited number of physical offices (Financial Services Authority Regulation No.12 of 2021). There are at least two most significant potential positive impacts that may arise from the digital transformation carried out by banks. First, widespread banking accessibility. Second, increased banking competitiveness in Indonesia. Digital banking will be able to increase the ease of access to banking for the public, and increase banking efficiency so that it will encourage increased economic activity. (OJK, 2022)

The financial sector is a rapidly growing field that can support and accelerate the cycle of change towards digital banks. Currently, banking problems are increasing, apart from banks having to compete with other banks, banks also have to compete with other financial technology companies (Fintech). According to (Bank Indonesia, 2021) in total digital transactions throughout Indonesia from 2017 - 2021 grew by 118%, from USD 6.75 trillion in 2021. In Indonesia alone, the progress of digital transactions grew much higher, namely 1,556 percent between 2017 and 2020. For electronic transactions, the value reached IDR 786.35 trillion in 2021. This value increased by IDR 281.39 trillion, or 55.73 percent more than the previous year's total of only IDR 504.96 trillion. (OJK, 2022)

Digital banks emphasize *fully digital* and *platform-based* business processes with lean and *agile* organizational structures and *advanced* digital capabilities. A lean and *agile* organizational structure focuses more on collaboration and integration with other parties such as having a large *market place* community and being consumer-oriented. *Advanced Digital Capabilities* emphasize the use of *updated* and *agile* technology with high *scalability*, as well as a data-driven business model with simple and automated processes by carrying out an open-platform. Digital banking is a trend in the future banking landscape. (OJK, 2021)

Lusardi (2012) states that financial skills are skills that must be mastered by everyone to run their lifestyle by mastering good asset management. (Azizah, 2020). Digital financial literacy is a limited payment or financial system service activity that is carried out not through a physical office, but by using technological means, among others, mobile based, or web based and third party services (agents), with the target service of unbanked and underbanked communities (Bank Indonesia). from the above understanding, it can be concluded that digital financial literacy is the knowledge and ability possessed by a person to manage finances in order to improve the welfare of life, where his decisions can have an impact on society and the economy globally so as to avoid financial problems. (Munthasar, Hasnita, & Yulindawati, 2021)

According to (Effendi 2022) Having good digital and financial literacy will create a good digital banking ecosystem, including for people's understanding of digital banking. Therefore, the development of the digital financial services industry can be a threat to people with minimal financial literacy and minimal digital literacy. According to (Sari & Dwilita, 2018) it is undeniable that financial literacy in Indonesia is still not fully equitable. Indonesian people do not fully understand various financial products and services from formal financial services institutions, this shows that financial literacy in Indonesia is still quite low. (Tiffany, 2023)

This research will discuss Indonesians' level of financial literacy and understanding of digital banking and perspectives on the phenomenon. The difficulty of this research lies in determining whether smart branch usage is influenced by financial literacy and digital literacy. This research looks at how Bank Mandiri's Smart Branch uses digital banking in relation to financial literacy and digital literacy. In Indonesia, digital transformation is driving the growth of digital financial literacy. There are 3 (three) types of Smart Branch Mandiri, namely: Digital Box, Hybrid Branch, and Upgrade Branch. For the West Sulawesi region, Upgrade Branch is being implemented and for the Southeast Sulawesi region, Hybrid Branch is being implemented.

LITERATURE ANALYSIS AND METHODOLOGY

Digital Bank

In Law Number 10 of 1998 on Banking, Banks are referred to as business elements that collect assets from the general public as deposits and distribute them to the general public in the form of credit and also different structures to work on individual lives. Business banks are banks that conduct business activities on a regular basis and also based

on Sharia standards, which in their activities offer types of assistance in payment regulation. (OJK, 2017)

Digital banking services are independent banking services or activities that use digital or electronic facilities owned by the Bank and/or digital media owned by prospective customers or Bank customers. Information, communication, registration for opening and closing accounts, as well as information and other transactions outside of banking products such as investment, e-commerce transactions, and customer needs, are all made possible by digital banking services.

Digital Bank itself based on POJK No.12 /POJK.03/2021 is an Indonesian legal entity bank that provides and assists business activities mainly through electronic channels without a physical office other than the head office or using a limited physical office. The guidelines for digital banks in Indonesia have not been explicitly managed so that they are the same as other business banks, namely using POJK No.12/POJK.03/2021 concerning business banks. (DJPB, 2022)

The emergence of digital banks was triggered by the needs of consumers who want speed and flexibility in banking services so that they can be accessed anytime and anywhere. It is also triggered by the entry of fintech into the financial sector and market openness that penetrates geographical boundaries. The establishment of a digital bank can be done in 2 (two) ways, namely the establishment of a new bank operating as a digital bank with a minimum core capital of Rp10 trillion; or a conventional bank that transforms into a digital bank. Some examples of digital banks are Bank Mandiri, Bank BTPN, Bank BCA, Bank Jago, Digibank, Bank Bukopin, Bank OCBC NISP, SeaBank, and Bank MNC. (DJPB, 2022).

Financial Literacy

Having a high level of monetary proficiency is accepted to work on prosperity . This is because, with a high level of financial literacy, each individual is able to make better financial decisions, so that family or personal financial planning is more optimal which in turn can improve welfare. Financial skills can help a person to understand the economic world and help in making financial decisions, promoting business and ultimately increasing economic growth. Therefore, financial literacy has a positive correlation with GDP per capita and financial economic growth. According to Sethi and Ascharya (2018), financial literacy policies will encourage demand-side public participation in using financial products and services facilities. Financial inclusion policies in the form of capacity building, access, distribution, and diversification of

product segmentation will lead to an increase in supply-side community participation in using financial products and services. (OJK, 2021-2025)

Financial literacy is the knowledge and skills in managing finances. This awareness has long-term effects that can keep financial conditions stable, safe and prosperous. Financial literacy is not only important for individuals, but also affects the economic progress of a country. That is why one of the indicators of a country's progress is marked by the public's awareness of the importance of financial literacy. (Finance, 2022)

Digital Literacy

Literacy, as defined by UNESCO is the ability to identify, understand, interpret, create, communicate, calculate and use written and printed materials in relation to a variety of purposes to develop one's knowledge and potential and participate fully in community and society. (Naufal, 2021)

Smart Branch

After the world-changing coronavirus attack a few years ago, digital transactions in the banking sector have become more complex. Although the number of transactions has been dominated by digital, banks see that the role of the office network is still important. Because in terms of value, office transactions still account for a considerable portion. Therefore, large banks have gradually begun to change the concept of a number of branch offices into *smart branches*, most of which are equipped with innovations that allow some transaction processes to be carried out digitally or allow customers to do *self-service such as Mobile banking, Internet Banking, Robo Advisor, Financial Planner and Wealth Tech*.

Smart Branch is designed to facilitate transactions and provide security for customers with the technology provided. Smart Branch development is *customer-oriented* and *customer centric* in order to accommodate customer needs based on the level of digital adoption. Bank Mandiri's own Smart Branch provides a comfortable room design, selected, reliable and trusted staff, as well as new processes that are safe, new processes that are digital-based and easy. Bank Mandiri's Smart Branch has now reached 241 spread across various provinces. Smart Branch comes in 3 types of branches, namely Digital Box, Hybrid Branch, and Upgrade Branch which are tailored to the character of the customer. (Bank Mandiri, 2023).

(Bank Mandiri, 2023) divides 3 types and functions as follows:



1. Digital Box
 - a. includes ATM services for cash deposits, cash withdrawals and other non-cash transactions.
 - b. Customer Service Machine for debit card replacement and savings account opening.
 - c. Video Conference Box (V-Box) which is to serve banking product advice
2. Hybrid Branch
 - a. Teller Zone
 - 1) Cash deposit
 - 2) Cash withdrawal
 - 3) Overbooking
 - 4) Real Time Gross Settlement
 - 5) National Clearing System
 - 6) Telegraphic transfer
 - 7) Cheque/bilyet giro transactions
 - 8) Foreign exchange transactions
 - 9) Tax payment
 - b. Customer service zone
 - 1) Opening of savings, current and deposit accounts
 - 2) Customer data update
 - 3) eBanking enrollment (Livin, Kopra, QR, EDC)
 - 4) Credit Card, Mortgage, and KSM Applications
 - 5) Microcredit Application
 - 6) SME Loan Application
 - c. More
 - 1) Bank Guarantee Application
 - 2) Wealth product application
 - 3) Treasury product submission
 - 4) Subsidiary product submission
 - 5) Submission of customer complaints
3. Branch Upgrade
 - a. Teller Zone
 - 1) Cash deposit
 - 2) Cash withdrawal
 - 3) Overbooking



- 4) Real Time Gross Settlement
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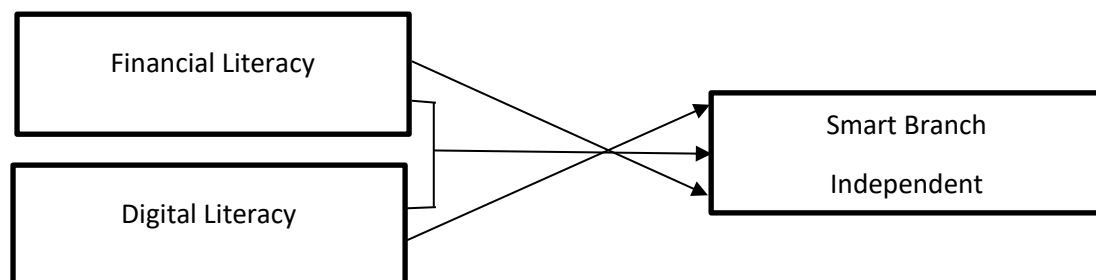
Research Framework

Based on the research discussed and the writing survey researched, the factors in this study are:

X1 (independent variable): Financial competence

X2 (independent variable): Digital literacy

Y (dependent variable): Smart Branch



RESEARCH METHODOLOGY

Data Collection Technique

This research is a type of descriptive research that uses primary data and a quantitative approach. The unmistakable expolari is an examination strategy that attempts to describe the item or subject being concentrated on inside and out, breadth and detail. This exploration technique is used to handle and answer problems by collecting information, characterizing, examining, concluding and reporting. (University, 2022)

The participants of this study were residents in Mamuju district, West Sulawesi and Kendari district, Southeast Sulawesi, who were over 17 years old and were Mandiri bank customers. The choice of domicile is based on the criteria aimed at this research, namely people who use digital banks. So this research takes data from digital bank users who are domiciled in Sulawesi where access to digital bank usage is already supported by adequate internet access.

The testing strategy used is accommodation testing. The sample in this study amounted to 57 respondents. Data was obtained by distributing questionnaires through digital media to people living in the West Sulawesi and Southeast Sulawesi regions. This research involves respondents who are given the obligation to fill out each statement. The type of variable scale used is ordinal scale. The rating scale for each statement uses a rating scale technique with a Likert scale type. The Likert scale method is used in selecting categories with a scale that best reflects opinions or beliefs about the statement. The measurement scale values used are from 1 to 5, the value of each scale indicates: 1 = Strongly Disagree; 2 = Disagree; 3 = Don't Know; 4 = Agree; 5 = Strongly Agree. (Tiffany, The Effect of Financial Literacy and Digital Literacy on Digital Bank Preferences, 2023)

Variable operation is the determination of the *construct* so that it becomes a variable that can be measured. Operational definitions describe the specific ways that scientists can engage in operationalizing a construct. This allows other researchers to measure in a better way or replicate measurements in the same way. Independent / free variables and dependent / dependent variables are used in this study.

Table 1: Variables

Variables	Indicator
Independent Variable: Financial Literacy (X1)	• Understanding of basic accounting • Understanding of how to manage finances effectively

	• Know the requirements needed to get a loan from a bank • Know how to make cash-in and cash-out bookkeeping per day • Understanding of budgeting expenditures per month • Dare to take risks in decision making
Independent Variable: Digital Literacy (X2)	• Can easily understand the content on digital finance • Can find it easy to learn how to use digital finance • Being able to use digital finance makes transactions and tasks faster to complete.
Dependent Variable: Smart Branch (Y)	• Know about smart branch • Smart branch provides an easy solution for customer transactions

Data Analysis

This research uses statistical analysis methods that use statistical application software, namely the *Statistical Package for Social Science* (SPSS).

Validity Test and Reliability Test

A test called validity test is used to determine whether a measuring instrument is valid (valid) or not. The estimation instrument referred to here is the questions in the poll. A poll is considered valid if the questions in the survey can reveal something that is estimated by the survey. (Janna, 2021)

RESEARCH AND RESULTS

Respondent Description

Based on the responses to the survey provided and completed by the respondents, there were 57 respondents with the following characteristics:

Table 2: By Region

Domicile	Total	Percentage
Southeast Sulawesi	31	54,4%
West Sulawesi	26	45,6%
Total	57	100%

From the table above, it can be concluded that based on their domicile, respondents are dominated by Southeast Sulawesi Province, namely 51.9%.

Table 3: By Age

Age	Total	Percentage
17 - 25 Years	10	17,5%
26 - 34 Years	41	71,9%
35 - 43 Years	5	8,8%
44 - 52 Years	1	1,8%
Total	57	100%

From the table above, it can be concluded that based on the age of the respondents, it is dominated by the age range between 26 - 34 years old, amounting to 72.2%.

Table 4: By Gender

Gender	Total	Percentage
Men	15	26,3%
Women	42	73,7%
Total	57	100%

From the table above, it can be concluded that based on gender, respondents are dominated by women, namely 77.8%.

Table 5: Based on Education Level

Education Level	Total	Percentage
SMA/SMK	8	14%
D 3	10	17,5%
Starata 1	25	43,9%
Starata 2	14	24,6%
Grand Total	57	100%

From the table above, it can be concluded that in terms of education level, respondents are dominated by undergraduate education (S 1), namely 46.3%. then respondents with undergraduate education (S 1) are 24.1% more than those with postgraduate education (S2). Respondents with undergraduate education were 27.8% more than those with D3 education. And respondents with undergraduate education were 33.3% more than those with high school / vocational education.

Table 6: By Occupation

Jobs	Total	Percentage
Housewife	3	5,3%
Private Employee	41	71,9%
Student	6	10,5%
PNS	5	8,8%
Not Working	2	3,5%
Grand Total	57	100%

From the table above, it can be assumed that in terms of employment, respondents are dominated by private employees, namely 74.1%. In this study, private employees were more up to 72.2% than those who did not work.

Validity Test Results

Basis for validity test decision making

1. A poll is valid if r count is greater than r table.
2. If the value of r count < r table then the questionnaire item is declared invalid

Comparing the Sig. (2 tailed) with a probability of 0.05

1. If the sig value (2-tailed) < 0.05 and the pearson correlation is positive, then the questionnaire item is valid.
2. If the sig value (2-tailed) < 0.05 and the pearson correlation is negative, then the questionnaire item is valid.
3. If the sig value (2-tailed) > 0.05 then the questionnaire item is invalid

To set the r table using the formula

$$df = n - 2$$

$$df = 57 - 2 = 55$$

the next step is to find the r table 55 at a significant 5% found the r value of 0.266

Table 7: Validity Test Results of X1, X2 and Y Variables

No item	R count	R-table	Description
1	0,752	0,266	valid
2	0,607	0,266	valid
3	0,380	0,266	valid

4	0,747	0,266	valid
5	0,789	0,266	valid
6	0,850	0,266	valid
7	0,803	0,266	valid
8	0,798	0,266	valid
9	0,767	0,266	valid
10	0,726	0,266	valid
11	0,444	0,266	valid

From the table above, it can be seen that the side effects of this study are quite large with the reason that r count is greater than r table.

Reliability Test Results

Research is said to be valid or reliable with the assumption that the *Cronbach's alpha* value indicator is greater than r table. The r table value is 0.266 ($N = 57$ at the 0.05 level).

Table 8: Reliability Test Results

Cronbach's Alpha	Variables
.895	11

The Reliability statics table shows the analysis results of the reliability test with *Cornbach's Alpha* = 0.895 of 11 variables. The reliability value of 0.895 is a moderate value. So this questionnaire is said to be consistent (*reliable*).

CONCLUSION AND RECOMMENDATIONS

After conducting research in the form of distributing questionnaires and testing validity and reliability, it can be concluded that smart branches affect people's financial literacy. In this study, it has been illustrated that customers do not fully know smart branches but already know digital banks. Customers of Southeast Sulawesi and West Sulawesi Province prefer to use digital banks to facilitate all transactions they want to use.

Digitalization of banking can be one of the factors in Indonesia's economic growth. This research can be considered to assist financial businesses in driving strategic plans to advance smart branch items and administration in Indonesia. This research has limitations including sample limitations that are only limited to Southeast Sulawesi and

West Sulawesi Island and research variables that are limited only from financial literacy, digital literacy and smart branches. Therefore additional research is anticipated to expand the sample area and include additional variables

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