THE CHALLENGES OF DIGITAL BANKING IN TODAY'S BANKING INDUSTRY

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Abstract

Nowadays, the development of technology is very rapid. Technology is used in almost every area of life. The same applies to the banking industry. The digital era has changed the pattern of the banking business. The ease of use of this technology is expected to bring convenience and speed to transactions called digital banking. Digital banking is a banking service that creates a digital economy that is pursued by many new products issued by banks through technology that utilizes digital technology to meet customer needs and facilitate transactions with customers. The research method is with a Qualitative Descriptive approach and the data used in the survey is using literature, documents, news magazines, interviews, and direct observation of what is happening in the rapidly growing financial technology, taking into account the laws and regulations. Namely Bank Indonesia and the Financial Services Authority. The banking industry is facing increasing challenges in the digital world and progress in the coming years is unstoppable. This is because banks not only have to compete with other banks but also with other financial technology companies that provide security and convenience to their users in the digital economy era. The public needs to be educated about digital banking services. As a tech-savvy society, there is no need to hesitate to make technological advances, but also need to be careful not to sacrifice technological advances. The public needs to be educated about digital banking services.

Keywords: Challenges, Digital Bank, Banking Industry

INTRODUCTION

The rapid development of technology today is undeniable. This development also requires all of us to adapt to change. The rapid development of technology provides convenience for everyone in all fields because in principle everyone wants comfort in all fields. To take advantage of the momentum of technological development, there is now a new breakthrough in banking or digital banking services. The Financial Services Authority, Digital Banking Services, is a banking service or banking service that is carried out independently by prospective and/or banking customers using electronic or digital devices owned by banks and/or through digital media. He said it was an activity. Did the Financial Services Authority (OJK) issue regulations on digital banking services in OJK Regulation No. 12/POJK.03/2018? Regarding the implementation of digital banking services by commercial banks. OJK also issued guidelines for digital banking services in the guidelines for the implementation of digital branches by commercial banks. Digital banking offers the same services as traditional banking in general, with one difference. That is, all banking services run independently through a banking app on your smartphone. Digital banking allows customers to use banking services independently (self-service) without having to come directly to the bank. According to the Financial Services Authority (OJK), digital banking services enable potential banking customers to receive information, communicate, register, open accounts, conduct bank transactions, and close accounts. Advice, investments, transactions with electronic commerce systems (e-commerce), and other banking customer needs to survive the second economic crisis.

Some banks have started using different social media platforms to communicate, introduce and socialize various product features that are beneficial to their customers. Encourage two-way and interactive communication to help customers feel more connected and respected This strategy removes the paradigm that banking services can only be accessed from traditional branches. The demand for banking digitalization is also driven by changes in company ownership, which is currently dominated by millennials who prefer the convenience of online and mobile transactions. (Winasis et al., 2020) state that with the development of technology, digital banking began to color the financial activities of all clients. The convenience provided makes customers feel comfortable. But unfortunately, there are still Indonesians who enjoy this digital banking service. Based on data from global

financial institutions, only 54% of Indonesians are reported to be affected by banking services. Millennials today consider ATMs, mobile banking, internet banking, SMS banking, etc. as common or mainstream. Now consider how to open an account, deposit it, introduce yourself directly to loans, credits, and other banking services, or apply without going directly to the bank in question. This is being utilized by banks as a potential opportunity to increase prospective customers' interest in digital banking services.

REVIEW OF LITERATURE

Digital Economy

The time period of the virtual economy system was presented with the help of Don Tapscott in 1995 through his e-book entitled The Digital Economy: Promise and Peril in the Age of Networked Intelligence. The virtual economic system is a financial entertainment based entirely on virtual net generation. Virtual economic systems are also referred to as net economic systems, internet economic systems, virtual-based total economic systems, new understanding economic systems, or new economic systems. The generation of the virtual economic system or the generation of the new economic system appears to be when businesses begin to combine the IT productivity of asset assets with the understanding of human assets to achieve cross-border international transactions in the form of related economic systems. In the new economic system, businesses use IT as an enabling tool and a strategic weapon. Today the question is no longer what is your business but more about what is your virtual business version.

According to Don Tapscott, the virtual economic system has 12 attributes. (1) Knowledge. In the virtual economic system, the energy of understanding is translated into advanced improvements through contemporary possibilities to create aggressive advantages. (2) Digitalization. Business transactions use virtual generation and virtual statistics. Customers as virtual clients use virtual gadgets to make transactions with organizations that promote goods and offers as virtual companies. (3) Virtualization. In a virtual economic system, it is far from possible to display physical goods as digital goods. Intellectual capital is transformed into virtual capital. (4) Molecularization. In the virtual economic system, the heavy business in conventional business becomes a crooked light business, and the M-form enterprise (multidivisional enterprise) turns into an E-form

enterprise or an atmospheric form enterprise that easily evolves into the environment. (5) Internetworking. Using the net community to build interconnections to form a financial community. (6) Disintermediation. There is no desire for intermediaries, transactions can be made without peer-to-peer delays. (7) Convergence. With the convergence of computing, communication, and content material collectively this interactive multimedia bureaucracy turns into a critical platform. (eight) Innovation. Human creativity and creativity are the main assets of the price that make up the innovation economic system. (9) Presumption. In the antique economic system, the important thing becomes mass production, and even in the virtual economic system becomes mass customization. The distinction between producers and consumers is blurred, every consumer in the Information Highway can also be a producer. (10) Proximity. The time difference between ordering items and when they are produced and shipped has shrunk extensively due to the processing level of virtual generation. (11) Globalization. According to Peter Drucker, "Understanding realizes no boundaries". There are no limits whatsoever to international transactions. (12) Discrepancies. There may be a gap between people who recognize generation and people who no longer do. To survive, all players in the virtual economic system must be technologically literate, i.e. able to observe the technological shift towards interaction and integration in the form of an internetworked economic system.

In a virtual economic system, virtual disruptions trigger versions of virtual commercial enterprises. The virtual disruption of the time period shows the emergence of new commercial enterprise versions while the virtual generation affects changes in the transaction prices of commercial enterprises. Digital disruption, for example, is skillful with the help of use of GO-JEK with the help of the use of value conversion and conventional ojek business methods through community interconnection networks. Motorcycle taxi drivers can paint more productive because they can get consumer orders closest to their location. With more orders, drivers can increase or possibly double their income. Conversely, customers can order ojek faster because it is linked to a large fleet of ojek, some of which are stationed opposite the location. As a result, clients can reduce the visible price they bear. For the organization, Transaction prices can drop considerably as they work on bikes they no longer own, thus eliminating the price of funds, the price of motorcycle maintenance, warehouse prices, and others. Finally, the organization can create

a transitional price to win the competition. Today, GO-JEK has partnered with 200,000 drivers in 10 key cities in Indonesia, including Jakarta, Bandung, Bali, Surabaya, Makassar, Yogyakarta, Medan, Semarang, Palembang, and Balikpapan.

Several virtual business models are emerging in the virtual economic system. An open market is a virtual transaction that is open to all of us without delay in peer-to-peer form. Revenue is earned from the wages received. An example is e-public sales such as eBay. Sales come from marketing and marketing and sales. Examples are Lazada, Zalora, and Bhinneka online shops. Portals provide bidding and searching for content material, news, e-mail, chat, and extra. Revenue comes from marketing and marketing and subscription fees. Examples are Yahoo.com, Google.com. Content companies are statistics companies along with newspapers and magazines. Revenue comes from marketing and marketing and subscription fees. Examples are Detik.com and Viva.co.id. Electronic agents are digital intermediaries for conducting transactions. Revenue comes from marketing and marketing and transaction fees. Examples are Agoda.com and Etrading.com. A service company that distributes offers is no longer an online item. Revenue is derived from the sale of its offerings. Examples are Lawinfo.com and Xdrive.com. Community publishers are web pages that offer areas for positive groups, together with fans or positive professionals, to meet. Revenue comes from marketing and marketing and club fees. Indonesia has extensive capacity to enter this new economic system. The increase in e-trade transactions in Indonesia is about 40% per year and is one of the highest in the world. In 2013, e-trade transactions in Indonesia best reached USD eight billion, grew to USD 12 billion in 2014, and reached USD 20 billion in 2015. This figure is expected to reach a value of USD 25 billion by the end of 2016, and USD 130 billion by 2020. E-commerce is a key pillar of the digital economy.

Digital Banking

Banks are one of the financial institutions that play an important role in the economy of all countries, including Indonesia. According to Law Number 10 of 1998 concerning Amendments to Law Number 7 of 1992 concerning Banking in Chapter 1, Article 1, Paragraph 2, a bank is stated as an entity that collects funds from the public in the form of deposits. There is. And these are loans to the public and/or in other forms. To improve the standard of living of the community. Another definition of a bank is also in

Fockema Andrea's legal dictionary. It is stated that a bank is an institution or individual that runs a company by exchanging money with third parties (Fahmi, 2014). Kholis (2018) argues that the main business of banks is to collect funds in the form of deposits which are the source of funds for banks. Similarly, in the payment of funds, banks not only need to achieve maximum profits for their owners, but also direct their activities to improve people's lives. Totok and Nuritomo (2014), more precisely banks can function as follows:

Agent of Trust

The most important foundation of banking is trust in both funding and distribution. People want to deposit their money in a bank when it is based on the element of trust. People believe that money is not misused by banks and money is managed properly. The bank itself allocates or distributes its funds to debtors or the general public if it is based on the element of trust. The bank has good faith that the debtor does not misuse the loan, the debtor manages the loan funds for a specific purpose, and the debtor repays the loan and other obligations when due.

Agent of Development

People's economic activities in the financial sector and the real sector cannot be separated. The two sectors interact and influence each other. If the money sector does not work, the real sector will not work. Banking in the form of collecting and channeling funds is very important for the smooth running of economic activities in the business world. These banking operations do not separate investment, sales, and consumption activities from the use of money, allowing the general public to invest, sell and consume goods and services. The role of banks as agents of development is in addition to their commercial functions.

Agent of Service

The services provided by banks are increasingly recognized by state-owned banks, which are closely related to various economic activities. These services include but are not limited to, remittance services, safekeeping of valuables, bank guarantees, and collection. Digital banking services are an advanced era of electronic banking (e-banking).

In the era of electronic banking, people are given the opportunity to trade through different channels. Digital banking services are banking services or activities using electronic or digital facilities owned by banks, and or through digital media owned by prospective customers and or bank customers that are carried out independently. This allows prospective customers and/or bank customers to obtain information, communicate, register, open accounts, bank transactions, and close accounts. The characteristics of digital banking are that customers can obtain information, register, open accounts, transact, and close accounts independently without involving bank officers, including customers can obtain information and make transactions outside of banking products such as financial advisor services, investment information, e-commerce transactions, and various other customer needs referred to by using only one channel through electronic or digital bank facilities (Puspitadewi, 2019). Digital banking is considered a new way of conducting banking transactions because it has the potential to save costs. Banks must see that this is not just about digitizing existing products, but changing mindsets and solutions to digital in accordance with the behavior and needs of society.

Digital banking services or "Digital Banking" are banking services/activities through designated bank offices by utilizing electronic/digital facilities owned by banks and/or through digital devices run independently by customers who can be prospective customers and/or customers to obtain explanations, communicate, register to open accounts, banking transactions, and account closures, including obtaining information and other transactions outside of banking products, such as financial advisory, investment, e-commerce transactions, and other interests of bank customers. Here are some digital banking services. According to Nasri and Charfeddine's research (2012), the perception of convenience using the attitude of using technology can have a positive effect. Regarding Internet banking, attitude refers to the positive or negative impact of using Internet banking services as a means of payment or other transactions. Internet banking is a form of using Internet media by banks to promote and conduct online transactions, both from conventional products and new products. According to Nugraha and Atahau (2018) the Technology Acceptance Model (TAM) is widely used in information systems research to understand how users react to information systems. According to Davis (1989), the Technology Acceptance Model (TAM) is an information systems theory that creates a

model of how users accept and use technology. This model influences many factors in making decisions about how to use a new system, especially usability, ease of use, and external factors related to beliefs, attitudes, and goals when users are offered to use a new system. The provision of services to customers related to Internet banking includes (1) information services in the form of websites related to financial services information, and (2) communication that customers and banks can do with the above facilities. This consists of phases. Website, (3) Transaction (Transaction/Prepaid) Customers can perform financial transactions (remittance payment type, balance check, etc.). Customers can use various types of Internets such as remittances, account balance information, account changes, exchange rate information, bill payments (credit card, telephone, electricity, etc.), and purchases (credit, train/airplane tickets, hotels, etc.). You can access banking. Banking (financial and non-financial) using a computer that has been connected to a particular bank's internet network. Financial Services Supervisory Regulation (POJK) No. on the Implementation of Digital Banking Services by Commercial Banks. According to 12/POJK.03/2018, the definition of digital banking or faster, easier, more needs-based (customer experience)) and paying attention to security aspects that are completely independent of the customer can do. In other words, Digital Banking Services are account acceptance, communication, registration, account acceptance, receipt of other information, including advice, and non-banking transactions by prospective customers or bank customers, and Friend Attitudes. Allows you to open, bank, and close your accounts. Advice on financial, investment, e-commerce, and other bank customer needs. These services can be accessed from Friend Attitude anytime, anywhere using a smartphone added to the bank's application system as long as it is connected to the internet.

Phone Banking

Phone banking is a service that allows customers to obtain bank information and transactions by calling a specific bank telephone number. This phone banking service is one of the advances in call center technology. Phone banking services are usually available 24 hours a day, so guests can use them anytime, anywhere. Phone banking features include interest rate information, exchange rates, bank product information, bank information such as ATM and branch locations, balance information, utility bill payments, postpaid calls,

credit cards, reservations, interbank transfers, add-on purchases, etc. including banking transactions, recharge, account changes, PIN changes, and customer data.

SMS Banking

SMS Banking is a banking business service that can be used by customers using the short message service (SMS) format of mobile phones. Customers can enter SMS to the bank's phone number to send SMS and make transactions according to the predetermined SMS format. The SMS format depends on the format set by each bank. Example: To make a transfer, customers can enter: Remittance SMS banking features include information services (balance, account changes, credit card bills, and interest rates). Transaction services such as wire transfers, bill payments (electricity, water, taxes, credit cards, insurance, internet), purchases (credit, tickets), and various other features.

Mobile Banking

Mobile banking is a service that allows banks to conduct various banking transactions by sharing the functions and menus of banking applications downloaded and installed from smartphones. Compared to SMS banking, mobile banking is useful because you do not need to remember the format of SMS messages sent to the bank or the destination number of SMS banking. Features of mobile banking services include information services (balance, account changes, credit card statement, interest rate, nearest branch/ATM location). transaction services such as wire transfers, bill payment (electricity, water, tax, credit card, insurance, internet), purchases (credit, ticket), and various other features. Online banking Internet banking is one of the banking services that allow customers to use the Internet network to obtain information and conduct banking transactions through the bank's website. Customers can use a desktop computer, laptop, tablet, or smartphone connected to the Internet as a link between their device and the banking system. Features of Internet banking services include savings/current accounts, deposit accounts, credit cards, account switching information, transfers, both account and bank transfers, loan purchases, ticket purchases, deposits, interest, and exchanges. Pricing which includes general information about the service. Payment of telephone, internet, cable TV, insurance, electricity, and various other payment methods.

Financial Technology (FINTECH)

The development of information and communication technology has penetrated various fields of life in this digital era, including the application of information technology in the financial sector, commonly referred to as fintech. Although various definitions of FinTech are given by many stakeholders, FinTech can generally be defined as an innovation in financial services. Financial service providers are developing technologies that can disrupt traditional financial markets by creating new applications that can be used from artificial intelligence and big data payments to more complex applications.

Carney (2016) states that innovation in the financial sector will change the foundations of central banks and revolutionize all users of financial services. McKinsey (2016) defines fintech or digital finance as financial services provided through digital infrastructure such as mobile phones and the Internet, with minimal cash and traditional banking branches. Mobile phones, computers, or cards used through point-of-sale (POS) devices connect individuals and businesses to a digital national payment infrastructure that enables seamless transactions between all parties. The broad definition includes i. All types of financial services, including payments, savings, loans, insurance, and all financial products. ii. All types of users, including individuals of all income levels, business stakeholders of all company sizes, and governments. And iii. All types of financial service providers, including banks, payment service providers, other financial institutions, telecommunication companies, fintech startups, retailers, and other companies. Kawai (2016) is the Secretary General of the International Association of Insurance Supervisors and a member of the Financial Stability Board (FSB).

The Financial Stability Council defines FinTech as technology that enables innovation in financial services. It will bring new business models, applications, processes, and products to the financial services sector, which can have a significant impact on financial markets, financial institutions, and the provision of financial services. Mackenzie (2015) explains that the term financial technology refers to companies that combine financial services with the latest innovative technology. One example is new entrants to the financial market that offer internet-based products and applications. Fintech generally aims to attract consumers with products and services that are more user-friendly, efficient, transparent, and automated compared to currently available products and services.

Dorfleitner et al. (2017) classify the Fintech industry into four main segments according to our business model. Fintech can be differentiated based on its involvement in financing, asset management, payments, and other Fintech functions. The finance sector consists of fintech segments that finance individuals and businesses. This segment can be further divided into FinTech. FinTech offerings are based on the participation of a large number of participants (crowdfunding subsector) and offer factoring or credit services without public participation (credit and factoring subsector). The Wealth Management segment consists of FinTech, which provides advice, wealth management, and comprehensive personal wealth indicators. This segment is further divided into subsegments. Social trading is a form of investment that allows investors to observe, discuss, and copy the investment strategies or portfolios of other social network members (Liu et al., 2014; Pentland, 2013).

The Rob advice subsegment describes portfolio management systems that provide algorithms, largely automated investment advice, and, in some cases, investment decisions. The personal financial management subsegment includes FinTech companies that provide personal financial planning, mainly the management and display of financial data using software or app-based services. The payments segment is an umbrella term for FinTech, covering domestic and international payment transactions in applications and services. Under this umbrella is the blockchain and cryptocurrency subsegment. This includes FinTech, which offers cryptocurrencies instead of regular fiat currencies, including legal payment methods that allow cryptocurrencies to be stored, used, and exchanged (BaFin, 2016). Banks do not have to act as intermediaries. One of the most well-known cryptocurrencies is Bitcoin. Bitcoin, which has been exposed to significant fluctuations in value in the past, has failed to establish itself as a serious competitor to central bank-authorized currencies. There are more than 700 other cryptocurrencies that have yet to reach Bitcoin's market capitalization level (Coin Market Cap 2016). Like most other digital payment systems, blockchain is used to secure Bitcoin transactions. With this technology, all transactions are registered and stored on separate servers. This makes falsifying information extremely difficult (Grinberg, 2011; Böhmeetal., 2015), and even companies that do not provide cryptocurrencies use blockchain technology for financial services that fall under the blockchain and cryptocurrency subsystems. Fintech also offers insurance or

enables acquisitions in the insurance subsegment. This fintech is often referred to as insurance technology because it provides peer-to-peer insurance that is collectively liable when a group of policyholders comes together to make a claim. If no damage occurs within the group, the premium will be partially refunded (WolffMarting2014).

In addition, FinTech, a sub-segment of search engines and comparison sites that enable Internet-based search and comparison of financial products and services falls under other FinTech. The FinTech, IT, and infrastructure subsector provides technical solutions to financial service providers, including technology. The rapid development of the FinTech industry worldwide to date is represented by FinTech investments that reached $174 million in 2016. Also, 84% of Ernst and Young (2017) consumers and one-third of global consumers report that one-third of some FinTech services recognize the existence of FinTech, of which 22% is the FinTech adoption index.

RESEARCH METHOD

This method is a method that must be done in order to carry out research. This method of investigation is intended to guide, explore, and find scientific truths that are theoretical, and scientifically justified, and do not deviate from the formulation of the problem. The research method used is descriptive and qualitative. This study explains the phenomenon of technological development that is growing very rapidly in Indonesia. This study explains the evolution of financial technology for previously operated banking services. The data used in the survey are literature, documents, news journals, interviews, and direct observation of what is happening in the rapidly growing financial technology. by paying attention to the regulations imposed by the regulators, namely Bank Indonesia and the Financial Services Authority.

RESULTS AND DISCUSSION

With the development of information technology, the banking industry is ready for change and transformation. Information technology has now entered the era of Industrial Revolution 4.0. This era has changed the way people live, work, and interact, especially in the banking sector, which faces increasingly challenging challenges, especially with the presence of financial technology (fintech) and technology partners in recent years. The digital era is increasingly merging with changes in the lifestyle of Indonesians, especially in

the financial industry such as banks, insurance companies, and finance companies (multi finance). There are several issues with the emergence of the digital banking era and the industrial revolution 4.0.

First: Changes in consumer behavior and people's desire for something simple and fast. People's behavior patterns when using financial institution services such as banks are changing.

Second, the proliferation of financial technology (fintech) for payment financing and peer-to-peer lending (P2P).

Third, the security trust factor for digital banking platforms.

Fourth, there are regulations and rules that apply. This is the basis for digital banking actors in their scope of work.

Fifth, the development of customer profiles and characteristics, with millennial- and non-millennial-specific customers. This means expanding the market in terms of the services offered and making them accessible to different groups.

These changes must be able to respond quickly. This is to prepare financial services institutions for digital banking innovation. Currently, the banking sector is transforming into a digital era. The transformation of the banking industry is the answer to the phenomenon of financial technology (FinTech) development and the era of the Industrial Revolution 4.0. Some of the above problems are addressed by the banking industry by continuing to follow the rapid development of technology through digital banking services while managing risks with digital banking services POJK Implementation Regulation 12 No/POJK.03/2018. it is done. Once you have rowed an island, you are led to one or two. This regulation supports the banking industry in bringing innovation in the provision of digital banking services. Changes in people's behavior are a driving force for banks to remain innovative and continue to innovate to maintain their existence and increase customer loyalty. These services bring banks into a new era, the era of digital banking services. Digital banking services are expected to expand and encourage financial inclusion and public access to financial services, so you can do it regardless of time and place.

In line with the vision of the banking business to become a financial institution with excellent service development and performance for digital banking capabilities, banks continue to improve through innovation to answer challenges and changes in line with the

latest developments. The innovations implemented include the development of five digital banking features.

Digital Branding and Proposition. Developing personal customer-based services accompanied by providing information and products according to customer needs and design thinking to validate these needs more deeply.

New Digital Channel. Developing D-Brach as a physical channel by utilizing a smart kiosk; Developing digital banking application based on a Mobile Platform, such as Yap! (QR-based payment feature with the global network); Developing Chat Bot (Artificial Intelligent/AI that can serve messaging-based banking information).

Digital Business and Ecosystem. Enhance digital business solution penetration program in several priority ecosystems; Develop automation process in a series of operational processes.

Agile IT. Develop Two Speed IT Development (development of acceleration and agility capabilities in the solution development process; Develop API Management (Application Programming Interface) which is the development of connecting capabilities to potential digital ecosystems, such as marketplaces, smart cities, and others; Provide Big Data which is the development of behavioral analytic capabilities for the delivery of contextual solutions to consumers.

Digital Culture & Innovation. Building an Innovation Center with the capability to incubate potential digital business ideas; Organizing Business Innovation Award (Binnova) as a competition for business ideas and innovations from internal Bank employees to trigger the spirit of innovation.

Service Digitalization The development of information and digital technology such as the Internet, cloud, big data, Internet of Things (IoT), and artificial intelligence (AI) has triggered changes in the industrial sector. This is an opportunity for the Bank to improve service quality through the right strategic strategy by utilizing existing technology, one of which is digitizing services to improve service quality.

Challenges of the Digital Banking Era

The Digital Banking 4.0 era will provide more innovative opportunities for national banks in serving their customers. These innovations are needed to keep up with the rapid growth of competition and financial technology (fintech). On the other hand, there are

many challenges in the digital banking 4.0 era, and banks need to adapt to the evolution of the digital banking 4.0 era. The rapid development of digital banking technology is a new challenge. The banking sector faces two choices as a service sector that can develop and drive Indonesia's economic growth. That is, adopt digital technology that allows banks to survive or remain traditional but slowly fail. The banking industry needs to continue to improve customer service through digital transformation. However, the transformation must also be in accordance with market needs. For example, banks need to focus on developing and equipping various mobile banking features for individual customers rather than Internet banking. This is because the number of smartphone users in Indonesia is increasing rapidly every year, and due to the nature of the public, especially millennials, there is a tendency to prefer banking services that allow easy and fast transactions anytime, anywhere. There are two important challenges that every banking industry player must face. The first challenge is internal. Banks usually have an organizational structure with very strict standard operating procedures and risk management. The existence of information and communication technology allows the implementation of economic activities to be more flexible. However, the digital economy remains a challenge, especially from a security perspective. The second external challenge comes from the customer side. This is because financial service users tend to prefer financial service providers that offer speed and convenience. The provision of digital banking services aims to improve and encourage public access to financial services. You can maximize their use without knowing time and place restrictions. Financial service users usually prefer financial service providers that offer speed and convenience.

The provision of digital banking services aims to improve and encourage public access to financial services. You can maximize its use without knowing the limitations of time and place. Financial service users usually prefer financial service providers that offer speed and convenience. The provision of digital banking services aims to improve and encourage public access to financial services. You can maximize its use without knowing the limitations of time and place. Furthermore, traditional banking transactions, which are usually done in person, are being abandoned because they are less relevant to the needs of today's society. In this situation, banks need to think hard to adapt and survive amidst

unpredictable changes, even in the midst of a rapidly growing digital market. In response, the banking industry is actively transforming banking services from traditional to digital.

This optimization of digital services is done as a quick response to commercial banks due to the reduction of direct bank transactions. The acceleration of bank digitalization should also improve the efficiency of banking services and save operational costs. on the other hand, First, the acceleration of banking digitalization by improving employee efficiency increases the unemployment rate in Indonesia. In addition, many banks are now preparing to close their branches under the pretext of reducing operational costs, and the presence of digital services is seen as a driver of customer needs. Ideally, banks in this case need to offer new breakthroughs to save operational costs, but employees will continue to do so. Secondly, there is a high possibility of data loss or theft in digital transactions by irresponsible unknown people coming to the bank itself from outside or inside.

Not all customers are well versed in the use of digital banking services because the banking industry's job is to collect public funds that are prone to crime. At this level, banks need to educate their customers by socializing as creatively as possible and continuously informing or reminding them. The goal is to increase awareness of customers' responsibility to maintain the security of their assets and personal data when using digital banking services. Third, in the era of banking digitalization, types of cybercrime are becoming increasingly sophisticated, and no one can predict even the speed of hackers today. This condition has the potential for fraud committed by tricking customers until they run out of money. In addition, cybersecurity regulations in Indonesia are still weak, so they often harm customers as consumers of services. Therefore, banks that automate digital services need to enhance digital banking security to ensure asset protection and protection of customers' personal data. The proposed alternative is to prepare digital infrastructure well supported by talented people to mitigate the risks of the information technology used. There is also a need for clear rules regarding compensation issues and recovery procedures if customers experience technical errors in the loss of digital banking services. This should be followed to ensure legal certainty, security, and customer convenience in the use of digital banking services.

CONCLUSION

The rapid development of technology and the threats and obstacles of the internet should not be taken as a challenge to help better organize and supervise their creative and productive work. In the banking industry, the challenges in the digital world are growing and cannot be stopped in the coming years. Banks not only compete with other banks, but in the digital economy era, they also have to compete with other financial technology companies that provide security and convenience to their users. The public needs to be educated about digital banking services. As a tech-savvy society, you should not hesitate to make technological advancements. Therefore, banks that automate digital services need to enhance digital banking security to ensure the protection of their assets and the protection of their customer's personal information. An alternative is the setup of adequate digital infrastructure supported by competent personnel to mitigate information technology risks. In addition, digital banking services, in the midst of acceleration and change in all fields, are a challenging challenge for society, as well as a key factor in improving the local and national economy.

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